



City of Hanford

Hanford, California

Annual Comprehensive Financial Report

For the year ended June 30, 2025

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City of Hanford, California

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For the year ended June 30, 2025

Prepared by the Finance Department

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CITY OF HANFORD

Annual Comprehensive Financial Report
For the year ended June 30, 2025

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December 17, 2025

Rogers, Anderson, Malody & Scott, LLP

This representation letter is provided in connection with your audit of 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 entity) which comprise the statement of financial position as of June 30, 2025, and the respective change in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements of the various opinion units are presented fairly, in all material respects, 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 such that, in the light of surrounding circumstances, 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.

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 December 17, 2025:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 19, 2025, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- The financial statements refer to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, and noted to the basic financial statements.
- We acknowledge our responsibility for the design, implementation, and maintenance of the system 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.
- The methods, data and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP.
- 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.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- The effects of uncorrected misstatements summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

The City of Hanford operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the mayor and four other members. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with two council members elected in one election and three elected in another election, separated by two years. The mayor is selected from among the council members by the council members and serves a two-year term. All five members of the governing board are elected at large. The council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City's manager and attorney. The City manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments.

The City of Hanford provides a full range of services, including police and fire protection; the construction, maintenance, and cleaning of streets and other infrastructure; planning and development services; water service; refuse collection, disposal, and recycling services; sewer service; storm drainage; recreation activities and cultural events; and general administration.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriations to the City Manager during March every two years. The City Manager uses these requests along with input from the council to develop a proposed budget. By the second Tuesday in May the proposed budget is presented to the City Council for review. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City of Hanford's fiscal year. The appropriated budget is prepared by fund and department. The City Manager may make transfers of appropriations within a specific fund. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

THE REPORTING ENTITY

This report includes all activities carried out by the City as a legal entity, including its component units and is financially accountable as determined under the guidelines of the Governmental Accounting Standards Board (GASB). Basic City operations are accounted for in the City's General Fund, with other activities accounted for in separate funds as required by law or determined by management discretion.

ACCOUNTING SYSTEMS AND BUDGETARY CONTROL

The City's fund accounting records are maintained using a modified accrual basis of accounting as explained in the Notes to the Financial Statements, following the accounting practices for governmental units as mandated by the Governmental Accounting Standards Board (GASB).

The Government-Wide financial statements (Statement of Net Position and Statement of Activities) follow the accrual basis of accounting. As required by GASB, an accompanying summary reconciliation schedule is presented following the Governmental fund financial statements.

The Finance Director/City Treasurer is charged with the responsibility for the receipt and disbursement of all monies and to maintain control over all expenditures to ensure that budget appropriations are not exceeded. The level of budgetary control, that is, the level at which expenditures are not to exceed Council-approved appropriations is established at the department level. Adjustments within the same fund and major categories of expenditures are permissible with the department head and Finance Director recommendation and City Manager approval. Adjustments between funds and additional supplemental appropriation funding require City Council approval. Appropriations lapse at year-end unless encumbered and become available for re-appropriation the following year. Capital project appropriations shall continue until the project is completed or no longer determined feasible by the City Manager. City Council is also presented with regular updates on the budget in addition to original budget adoption at mid-year (usually in February or March) and mid-cycle in June.

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

The City of Hanford has achieved several significant milestones and accomplishments in recent years, reflecting its commitment to development, public engagement, and community spirit.

Community Engagement and Technological Advancements

Grant funded, the City was able to enhance the City's GIS and permitting systems, a long overdue project. The project aimed to modernize and streamline the systems to better support staff, residents and developers including expanding public access to planning information. It introduced user-friendly GIS maps on the City website and developed comprehensive datasets covering utilities, zoning, land use, infill potential, and connectivity to trails and multimodal facilities. Permitting processes were updated to reduce manual data entry, improve fee transparency, and minimize errors. The project also included staff training and resources to ensure the City could sustainably maintain and update the GIS system moving forward.

Community Engagement

The City celebrated the 100th anniversary of its iconic landmark, the Civic Auditorium which houses City Council chambers and hosts many events throughout the year including both City-sponsored events and private events. The anniversary was held with an invitation to the public to admire recent updates to the building, historical displays, entertainment and the reveal of a time capsule from 1976.

Hanford Winter Wonderland, now an established regional event at Civic Center Park continued for its 4th year and in support of its popularity and longevity of the event the Community Services Department invested in the purchasing of the ice rink. This will allow for long-term cost savings as well as continue the tradition of the event which has been well-attended by the community and travelers from destinations outside the County and brings about economic activity and community enhancement.

Major Capital Projects and Improvements

The City is currently undertaking a citywide replacement of approximately 19,000 water meters at a total cost of \$16.1 million. At the time of bid, most of the existing meters were more than 15 years old and required replacement due to inconsistent transmission of meter reads, an increase in work orders for repairs and maintenance, and a rise in customer complaints.

The primary goals of this system-wide meter replacement project are to enhance water conservation and efficiency, improve system reliability, reduce ongoing operational costs, and ensure better availability of replacement parts. The City anticipates completing the project by end of 2026 or sooner.

Once a Hanford resident's meter has been installed, they will be able to download the EyeOnWater app to monitor their water usage in near real time. Overall, the project is expected to significantly improve equipment reliability and increase customer satisfaction.

With the City's growing population and the increasing strain on aging infrastructure, the Wastewater Fund has remained a high priority for the City Council. Ensuring that critical backup systems are in place in the event of a major equipment failure has been a central focus. Throughout the fiscal year, the City invested in several significant and costly assets, including a standby pump and new screw pumps. The City also purchased electrical switchgear in preparation for a solar power upgrade at the wastewater treatment plant.

The solar equipment must be operational by April 14, 2026, in order for the City to qualify for a more favorable solar incentive program that provides credits for excess energy returned to the grid. Additionally, the City Council has recently reviewed preliminary information regarding an estimated \$63 million comprehensive upgrade of the entire wastewater treatment plant. These discussions are ongoing. Any project of that scale would require the Council to initiate a Proposition 218 process to determine whether ratepayers would support the additional long-term rate increases needed to fund the improvements.

The Hanford Municipal Airport is also undergoing significant infrastructure enhancements aimed at improving its long-term self-sufficiency. A primary revenue source for the airport is the sale of aviation gasoline (AvGas). To support this, the City Manager successfully secured both federal and state grant funding to initiate design and engineering services for a new fuel island and upgraded fuel tanks.

In addition to installing a new 12,000-gallon AvGas tank, the project will introduce a separate 12,000-gallon tank dedicated to jet fuel. The airport currently does not offer jet fuel, resulting in missed opportunities for substantial revenue growth within the Airport Enterprise Fund. Jet fuel yields a significantly higher profit margin compared to AvGas, and with the steady increase in aircraft operations in recent years—particularly among aircraft that require jet fuel—the demand is rising.

Financial Transparency and Planning

During the Fiscal Year 2024/2025, Hanford maintained its commitment to financial transparency by publishing key financial documents, including the Fiscal Year 2023/24 audited financial statements, single audit and Transportation Development Act Audit. In addition, ARPA fund reports were completed timely and submitted to the US Treasury for viewing on the Treasury's website. The City has maintained these reports on its website as well. These publications provide residents with insights into the city's financial health, strategic planning efforts and use of public funds.

These steps underscore Hanford's dedication to fostering a connected, informed, and vibrant community.

FACTORS AFFECTING FINANCIAL CONDITION

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

LOCAL ECONOMY AND PROSPECTS FOR THE FUTURE

As the City transitions out of the pandemic period and adapts to a “new normal”, we continue to monitor fiscal projections in light of evolving economic indicators. Hanford’s local economy remains stable and with careful management, the City was able to continue to provide service enhancements, infrastructure improvements, and increases in employee compensation and benefits. The City’s unemployment rate in June of 2025 was 7% which is a 1% increase from the prior year. This is largely due to the continued cooling of post-pandemic economic activity, ongoing inflation, and the impact of elevated interest rates, which slowed hiring in key local sectors such as agriculture, retail, and construction. Sales and use tax increased in FY25 as compared to prior year, however projections show a leveling period over the next couple of years. The impact of lower consumer spending is also apparent in the lower than expected forecasting of the newly passed 1% Measure H transactions and use tax. Property tax showed a positive increase. Over the past year home values in Hanford have increased modestly by an approximate 2% in a very competitive market. Any future deficiencies in sales tax will optimistically be balanced by steady and increasing property taxes.

Nationally, inflation increased to 2.7% as of June 2025 (in California 3%) and its associated impacts continue to challenge the broader economy. While inflation has moderated from its peak, price levels remain elevated, and certain sectors—such as housing, energy, and services—are still experiencing persistent cost pressures. As a result, the potential for an economic slowdown or recession remains, particularly given the combination of stubborn inflation in key areas, a tight labor market, moderating consumer spending, and financial markets operating at historically high levels.

The Labor market shows the U.S. unemployment rate at 4.1% as of June 2025, no change from the year prior. Overall personal income has grown compared to last year, supported in part by rising employee compensation. However, this growth has been partially offset by an increase in personal current taxes, which can dampen household spending power and contribute to more cautious consumer behavior.

The Federal Reserve has begun cautiously lowering interest rates in response to cooling inflation and slowing job growth. These reductions are intended to support economic activity while maintaining vigilance against any resurgence of inflationary pressures. Despite these efforts, uncertainty persists. Global conflicts, ongoing trade tensions, and volatility in energy markets continue to pose risks that could influence national and local economic conditions, potentially affecting revenue performance for state and municipal governments.

In this environment, the City will continue to prioritize prudent financial management and long-term planning to maintain fiscal stability. Emphasis will remain on preserving healthy reserves, investing strategically in critical infrastructure, and operating efficiently to sustain essential public services. The City is committed to developing balanced, forward-looking budgets that reflect the City Council’s priorities and respond to evolving economic conditions. These measures will help ensure financial sustainability and strengthen the City’s resilience in the years ahead.

The City of Hanford is part of the Hanford-Corcoran Metropolitan Area. This includes the City of Hanford and the developed areas of the County of Kings. The population of Kings County is 154,015 as of 2025. The City's population of 61,238 experienced a 3.3% growth in 2025 compared to a 1.1% growth rate in the County. There are approximately 53,900 employed in Kings County. The City of Hanford has 24,400 employed out of a total labor force of 25,500.

Major employers of the City include Central Valley Meat Co, Del Monte Foods, Hanford Elementary School District, Hanford Joint Union High School District, Walmart Supercenter, City of Hanford, Costco Wholesale, Marquez Brothers International, College of the Sequoias, and the largest employer, Adventist Health Hanford Hospital with over 1,700 employees.

LONG-TERM FINANCIAL PLANNING AND FINANCIAL POLICIES

As part of the City of Hanford land use planning process, the City's completed General Plan is at the top of the City's land use regulation hierarchy. It is the foundation for most of the Council's budgeting decisions in terms of capital facilities, staffing, programs, utility infrastructure, and levels of service; it establishes a land use pattern for lands beyond the City limit; it provides the vision and guidance for capital improvements and the development of City infrastructure; and it is used to create development impact fees and provides the basis for environmental analysis of the growth of the City. The plan is intended to guide development for a period of ten years and will be the basis of the City's annual 5 year operating and capital forecast. To finance current growth, the City has in place a variety of user and developer fees to pay for streets, parks, water wells and lines, and sewer lines. The City reviews these fees on an annual basis to assure that the fee structure is in line with the cost of construction.

Measure H-Transactions and Use Tax

Approved by voters in November 2024, the Measure H Transactions and Use Tax established a 1% tax, with revenue distributions beginning in June 2025. While the first receipts were recorded in FY25, the City's 10-year expenditure plan budget for Measure H will formally begin in FY26. Including accruals, the City reported approximately \$3.3 million in sales tax revenue for FY25.

In February 2025, the City Council appointed eleven members to the Measure H Oversight Board Committee, with initial terms ranging from two to three years. The committee is charged with reviewing annual expenditure plans, evaluating annual audits, and providing recommendations to the City Council. Beyond these formal responsibilities, the committee serves an important role in supporting the long-term success of Measure H. By ensuring that funds are spent in accordance with the voter-approved plan, the committee helps promote transparency, strengthen accountability, and provides residents with added confidence that community members are directly involved in monitoring how the tax revenues are used.

Developer Impact Fee Study

A comprehensive Impact Fee Study is currently underway. The City's last comprehensive study was completed and subsequently adopted in November of 2019. Since then, only increases based on annual CPI % increases have been made. The City is experiencing rapid and expansive growth which necessitates the need for the study because of significant construction cost increases since 2019. By establishing an updated DIF program the City can ensure that new development pays the capital costs associated with their growth and impact on infrastructure and increased service demands.

Alignment with Council's Goals

Each budget is created with City Councils' established goals in mind. These goals continue to guide decisions and investments as we focus on:

- Improving quality of life for residents
- Maintaining and enhancing fiscal sustainability
- Promoting community outreach and transparent governance
- Strengthening our customer service culture
- Becoming an employer of choice

Structurally Balanced Budget Policy

Maintaining a structurally balanced budget where current estimated expenditures are within projected current revenues is paramount for the long-term financial health of the City in order to provide budgetary stability for all operating budgets. In FY 2020 Council passed a resolution formalizing the requirement of the City Manager to present to the City Council a balanced budget proposal with each budget cycle. This policy has allowed for continued growth to the General Fund unrestricted fund balance over the last several years. Reserve balance % of General Fund expenditures has decreased from prior year 28% to 21% . However, the fund still had a positive increase overall of \$908,363. This does not include the committed fund balance of Measure H which is maintained in a separate fund at a total amount of \$3.25 million.

Assigned for Emergencies

The City currently has a reserve policy with a goal of 35% unrestricted General Fund balance of budgeted expenditures. A portion (15%) of the fund balance is for fiscal emergencies. These emergencies can range from major catastrophic incidents to significant economic downturns. The City Council annually considers a change in the fund balance assigned for emergencies whenever there is unexpected or one-time revenue or expenditure savings are realized.

INDEPENDENT AUDIT

An independent audit of the City's records was performed for the year ended June 30, 2025, by the certified public accounting firm Rogers, Anderson, Malody & Scott, LLP. The auditor's report on the basic financial statements (government-wide financial statements and the fund financial statements), the notes to the basic financial statements and supplementary information is included in the Financial Section of the ACFR.

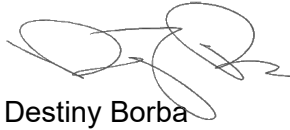
In general, the auditors concluded that the basic financial statements and supplementary information referred to above present fairly, in all material respects, the financial position of the City of Hanford and its component units, as of June 30, 2025, and the results of its operations and cash flows of its proprietary fund types for the year ended in accordance with accounting principles generally accepted in the United States of America. The professionalism and knowledge by Rogers, Anderson, Malody & Scott, LLP during the audit is appreciated.

AWARDS AND ACKNOWLEDGEMENTS

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Distinguished Budget Presentation Award for its biennial budget document for FY 26 & 27. This was the 2nd consecutive award that the City has received. To qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including a policy document, a financial plan, an operations guide and a communications device.

The preparation of this report has been accomplished with the efficient and dedicated service of the City's Finance Department. I would like to express my appreciation to everyone who assisted in its preparation, especially Aubrey Balbina, David Chang and Penny Sutphin.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Destiny Borba', with a stylized flourish at the end.

Destiny Borba
Acting Finance Director

CITY OF HANFORD

PRINCIPAL CITY OFFICIALS

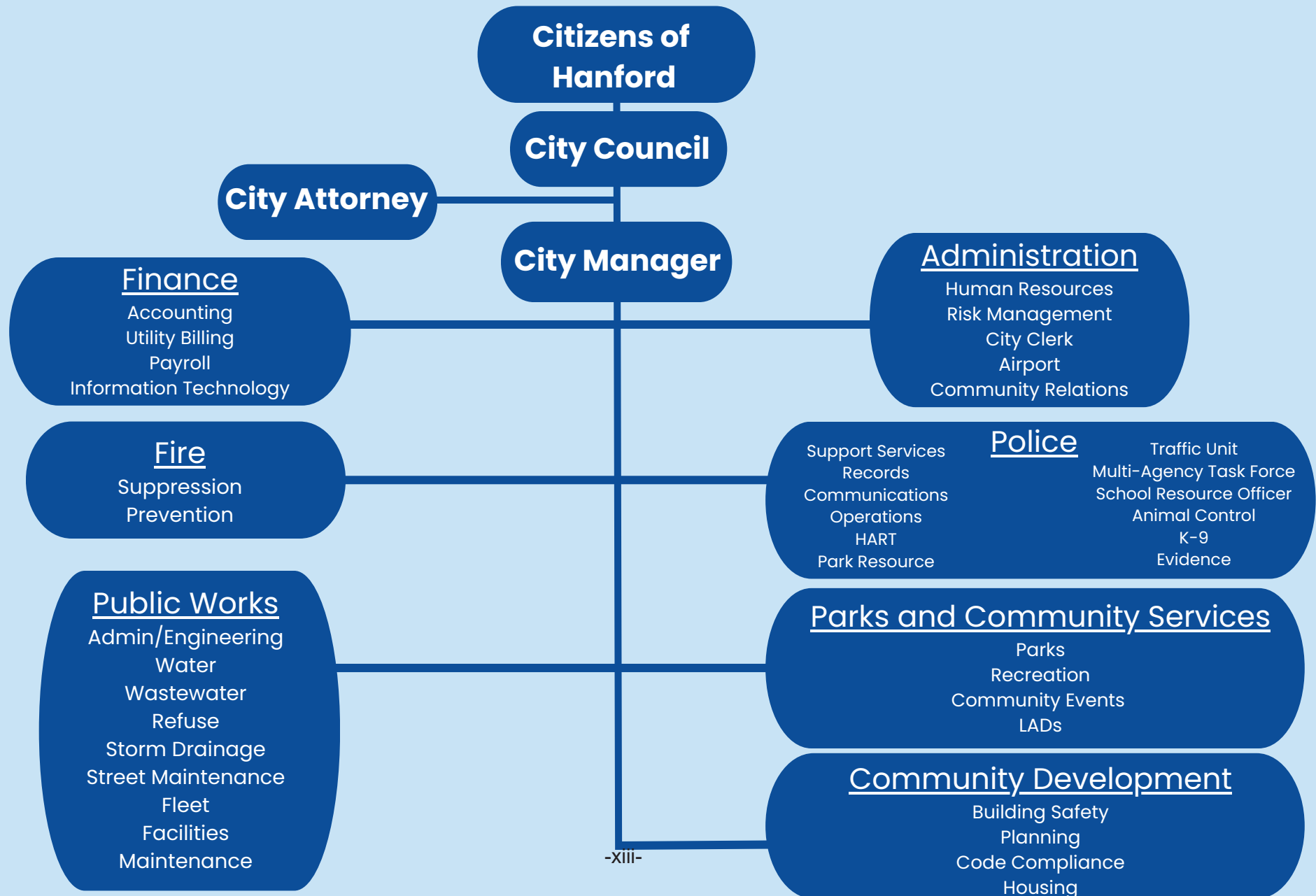
JUNE 30, 2025

<u>NAME</u>		<u>POSITION</u>
	CITY COUNCIL	
Lou Martinez		Mayor
Travis Paden		Vice Mayor
Mark Kairis		Council Member
Nancy Howze		Council Member
Kimber Regan		Council Member

ADMINISTRATION

Christopher Tavarez	Interim City Manager
Griswold, LaSalle, Cobb, Dowd & Ginn, LLP	City Attorneys
Natalie Corral	City Clerk
Destiny Borba	Acting Treasurer/Finance Director
Jason Waters	Community Development Director
Daniel Perkins	Fire Chief
Stephanie Huddleston	Police Chief
Russell Sterling	Public Works Director
Francisco Senteno	Utilities & Engineering Director
Bradley Albert	Community Services Director
Sarah Cardoza	Human Resources Manager

CITY OF HANFORD ORGANIZATIONAL CHART



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, 2025, 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 referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, 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 (*Government Auditing Standards*). 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.

Emphasis of Matter

As described in Note 1 to the financial statements during the year ended June 30, 2025, the City adopted new accounting guidance under Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* and No. 102, *Certain Risk Disclosures*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City'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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2025, 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, Malody & Scott, LLP.

San Bernardino, California
December 17, 2025

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025**

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, 2025. 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 2025 by \$401.8 million. Of this amount, about \$79.2 million in unrestricted net position may be used to meet the City's ongoing obligation to citizens and creditors.
- As of June 30, 2025, the City's governmental funds reported combined ending fund balances of \$87.9 million.
- Approximately 15% of the combined governmental fund balances is considered available for spending at the City's discretion.
- As of June 30, 2025, unassigned fund balance in the General Fund was \$13.6 million, or 21% of total General Fund Expenditures.
- The City's total debt decreased by \$3.9 million during fiscal year 2025, 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 \$26,970,974 are included in the financial statements as required by generally accepted accounting principles: General Government \$24,240,550; Water System Enterprise \$803,066; Wastewater Enterprise \$642,453; Storm Drainage \$321,226; Refuse Enterprise \$963,679; Computer Maintenance \$160,613; Building \$321,226; and Fleet Management \$321,226.

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.

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.

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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 report a fiduciary net position and a statement of changes in net position 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 report 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, Courthouse Square Funds and Building Safety are reported in this category.

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.

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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.

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.

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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 \$401,808,246 at the close of the 2024-2025 fiscal year.

By far, the largest portion of the City's net position, 71%, 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 \$161,143,762, approximately 89.3% or \$143,890,167, 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.

STATEMENT OF NET POSITION						
	As of June 30,					
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current assets	\$ 95,342,888	\$ 84,679,531	\$ 65,800,874	\$ 54,695,865	\$ 161,143,762	\$ 139,375,396
Capital and non-current assets (net of depreciation)	187,150,554	191,642,952	144,328,343	143,660,523	331,478,897	335,303,475
Total Assets	282,493,442	276,322,483	210,129,217	198,356,388	492,622,659	474,678,871
Deferred outflows of resources	16,145,176	18,945,144	1,865,764	1,903,416	18,010,940	20,848,560
LIABILITIES						
Current and other liabilities	10,289,210	13,613,178	7,240,401	5,559,050	17,529,611	19,172,228
Long-term liabilities	57,839,065	56,560,553	22,833,494	26,112,733	80,672,559	82,673,286
Total Liabilities	68,128,275	70,173,731	30,073,895	31,671,783	98,202,170	101,845,514
Deferred inflows of resources	9,279,977	11,762,775	1,343,206	853,940	10,623,183	12,616,715
NET POSITION						
Net investment in capital assets	160,790,661	165,368,191	125,287,048	121,203,106	286,077,709	286,571,297
Restricted	36,440,081	29,207,622	-	-	36,440,081	29,207,622
Unrestricted	23,999,624	18,755,308	55,290,832	46,530,975	79,290,456	65,286,283
Total Net Position	\$ 221,230,366	\$ 213,331,121	\$ 180,577,880	\$ 167,734,081	\$ 401,808,246	\$ 381,065,202

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An additional portion of the City's net position of \$36,440,081 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$79,290,456, 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.

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, 2024 to June 30, 2025, the net position of the City as a whole increased, due to maintaining expenditures below revenue whilst current year capital grants and contributions revenues were significantly lower than year prior but were offset by increase in tax revenue.

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STATEMENT OF ACTIVITIES						
For the fiscal year ended June 30.						
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program Revenues:						
Charges for services	\$ 4,366,807	\$ 4,544,558	\$ 39,903,211	\$ 32,097,134	\$ 44,270,018	\$ 36,641,692
Operating grants and contributions	10,460,453	12,658,886	-	-	10,460,453	12,658,886
Capital grants and contributions	6,085,235	16,354,756	624,700	4,431,308	6,709,935	20,786,064
General Revenues:						
Taxes	41,161,158	35,942,896	-	-	41,161,158	35,942,896
Investment earnings	2,120,623	2,947,174	2,514,315	2,735,869	4,634,938	5,683,043
Other revenues	17,945,684	558,387	3,160,816	2,701,155	21,106,500	3,259,542
Lease revenue	-	-	188,843	111,166	188,843	111,166
Total Revenues	<u>82,139,960</u>	<u>73,006,657</u>	<u>46,391,885</u>	<u>42,076,632</u>	<u>128,531,845</u>	<u>115,083,289</u>
EXPENSES						
Governmental Activities:						
General government	26,361,639	7,755,643	-	-	26,361,639	7,755,643
Public safety	25,850,371	26,472,385	-	-	25,850,371	26,472,385
Public works	10,121,963	10,096,705	-	-	10,121,963	10,096,705
Parks and recreation	7,038,008	5,483,946	-	-	7,038,008	5,483,946
Community development	2,362,734	2,890,465	-	-	2,362,734	2,890,465
Interest expense	1,012,248	1,086,925	-	-	1,012,248	1,086,925
Business-type Activities:						
Water system	-	-	10,570,388	7,711,131	10,570,388	7,711,131
Wastewater system	-	-	8,199,461	7,506,365	8,199,461	7,506,365
Storm drain	-	-	1,208,294	1,680,905	1,208,294	1,680,905
Refuse	-	-	12,416,109	10,852,999	12,416,109	10,852,999
Airport	-	-	707,402	558,304	707,402	558,304
Intermodal	-	-	53,768	56,256	53,768	56,256
Courthouse square	-	-	92,428	107,624	92,428	107,624
Building safety	-	-	1,793,988	1,649,670	1,793,988	1,649,670
Total Expenses	<u>72,746,963</u>	<u>53,786,069</u>	<u>35,041,838</u>	<u>30,123,254</u>	<u>107,788,801</u>	<u>83,909,323</u>
Increase in Net Position Before Transfers	9,392,997	19,220,588	11,350,047	11,953,378	20,743,044	31,173,966
Transfers	(1,805,302)	(1,154,605)	1,805,302	1,154,605	-	-
Change in Net Position	<u>7,587,695</u>	<u>18,065,983</u>	<u>13,155,349</u>	<u>13,107,983</u>	<u>20,743,044</u>	<u>31,173,966</u>
Net Position, Beginning of Year, Restated	<u>213,642,671</u>	<u>195,265,138</u>	<u>167,422,531</u>	<u>154,626,098</u>	<u>381,065,202</u>	<u>349,891,236</u>
Net Position, End of Year	<u>\$ 221,230,366</u>	<u>\$ 213,331,121</u>	<u>\$ 180,577,880</u>	<u>\$ 167,734,081</u>	<u>\$ 401,808,246</u>	<u>\$ 381,065,202</u>

The City's revenue totaled \$128,531,845 with 34% generated from charges for services and 32% generated from taxes. The largest source of revenues in governmental activities comes from taxes at 50.1%. 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 86%. The Business-Type Activities include enterprise fund operations, such as Water, Sewer, Refuse, Storm Drain, Airport, Courthouse Square, Intermodal Funds and Building Safety, all of which recover their costs through fees and charges just like a normal business.

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Expenses of the City totaled \$107,788,801. The two largest categories of expenses in governmental activities are general government, which represents 24.5% of total costs, and public safety which represents 24% of total costs. However, in relation to Governmental Activity totals only, general government makes up 36.2% of the total and public safety makes up 35.5% 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 \$7,587,695, or 3.7% due to significant increase in revenue mostly due to charges for services net general government expenses. In the funds included within the Business-Type Activities category, net position increased by \$13,155,349, or 7.7% mostly due to the increase in charges for services and net expenses and transfers in.

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 \$13,596,699 while total fund balance was \$13,983,364. 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 21.1% of General Fund expenditures.

CDBG/HOME/Housing Fund - The Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) are federal grants that fund affordable housing and community development projects. The grants are administered by the U.S. Department of Housing and Urban Development (HUD). Funds are used for developing and maintaining affordable housing, financing public improvements, funding public service agencies that serve lower income households, etc.

Transportation Development Act Fund - A state level funding sources that provides funding for public transit operations, including bus and rail projects, as well as some non-transit related transportation projects like bike paths and specialized services for people with disabilities, funded through a dedicated quarter-cent sales tax collected statewide; it consists of two main components: the Local Transportation Fund (LTF) and the State Transit Assistance (STA) fund.

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American Resue Plan Act - In March of 2021, the ARPA or also known as the COVID-19 Stimulus Package was signed into law to aid to aid economic recovery and emergency response to COVID-19, The City of Hanford was allocated \$13,077,740 million in federal aid. The Act states that funding can be used to respond to COVID-19 or its economic impacts.

Measure H - The Measure H fund is a special revenue fund approved by voters in November 2024 and is used to account for financial resources provided by a voter-approved one percent (1%) local transactions and use (sales) tax.

Proprietary Funds - The City's proprietary funds include the Water, Wastewater, Storm Drain, Refuse, Airport, Intermodal, Courthouse Square Funds and Building Safety. 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 \$79,330,085 at the end of the fiscal year. Total net position includes \$48,606,642 invested in capital assets which are not available to pay for current expenses. The remaining net position of \$30,723,443 is unrestricted and available to pay for current operating and capital needs of the fund.

The Wastewater Fund has a total net position of \$49,354,305 at the end of the fiscal year. Total net position includes \$40,375,958 invested in capital assets, which are not available to pay for current expenses. The remaining net position of \$8,978,347 is unrestricted and available to pay for current operating and capital needs of the fund.

The Storm Drain Fund has a total net position of \$28,903,928 at the end of the fiscal year. Total net position includes \$23,490,092 invested in capital assets, which are not available to pay for current expenses. The remaining net position of \$5,413,836 is unrestricted and available to pay for current operating and capital needs of the fund.

The Refuse Fund has a total net position of \$2,248,834 at the end of the fiscal year. Total net position includes \$6,034,515 invested in capital assets, which are not available to pay for current expenses.

City of Hanford

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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, 2025 amounts to \$311,832,065 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities and roads. The net decrease in the City's investment in capital assets for the current fiscal year was \$3,969,442. This decrease is a net result of annual depreciation, infrastructure, 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
825600	BADGER METER REPLACEMENT PROJ	\$ 3,024,131
825301	STORM DRAIN VAC TRUCK	776,614
825609	WWTP3RD INTERNAL LIFT ADDITION	427,414
824618	TRANSIT-ORIENTED DEV-HIGH SPEED RAIL	419,850
824011	WW STAND-BY PUMP	364,035
824621	DESIGN & CONTST OF SCE-OWNED FAC	336,962
824002	AUTOMATED REFUSE CONTAINERS	258,985
822649	HEROES PARK	246,325
824001	COMMERCIAL/RECYCLE DUMPSTERS	210,857
824010	ICE RINK	193,962

CAPITAL ASSETS (Net of Depreciation)						
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 61,094,107	\$ 61,094,107	\$ 11,966,873	\$ 11,966,873	\$ 73,060,980	\$ 73,060,980
Construction in progress	7,713,017	6,947,608	4,418,542	509,213	12,131,559	7,456,821
Buildings and improvements	14,101,785	14,572,268	112,761,016	115,852,898	126,862,801	130,425,166
Infrastructure	74,741,815	80,766,404	-	-	74,741,815	80,766,404
Machinery and equipment	7,268,043	7,635,602	15,166,592	15,311,073	22,434,635	22,946,675
Right to use leased asset	1,631,368	927,235	15,320	20,466	1,646,688	947,701
Right to use SBITA asset	953,587	197,760	-	-	953,587	197,760
Total Capital Assets	\$ 167,503,722	\$ 172,140,984	\$ 144,328,343	\$ 143,660,523	\$ 311,832,065	\$ 315,801,507

Long-Term Debt – At the end of the current fiscal year, the City had a total debt outstanding of \$47,307,554.

OUTSTANDING DEBT						
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Pension obligation bonds payable	\$ 22,129,180	\$ 23,922,715	\$ 4,046,820	\$ 4,006,284	\$ 26,176,000	\$ 27,928,999
Bonds payable	-	-	10,845,000	12,725,000	10,845,000	12,725,000
Unamortized bond premium	-	-	336,504	409,811	336,504	409,811
Lease payable	1,160,951	638,867	15,758	20,742	1,176,709	659,609
SBITA payable	929,308	178,371	-	-	929,308	178,371
Notes payable	-	-	3,460,993	3,890,840	3,460,993	3,890,840
Finance purchase arrangement	-	-	4,383,040	5,411,024	4,383,040	5,411,024
Total Outstanding Debt	\$ 24,219,439	\$ 24,739,953	\$ 23,088,115	\$ 26,463,701	\$ 47,307,554	\$ 51,203,654

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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 \$3,155,000 remains. For the sewer system there remains a 2015 \$2,005,000 Refunding Revenue Bond, and a 2012 \$5,685,000 Refunding Revenue Bond. In 2022, the City issued Pension Obligation Bonds of which \$4,046,820 is payable from the Business-Type Activities.

The notes payable portion of the outstanding debt totaling \$3,460,993 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, \$4,383,040, 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.

GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal year budget did not have significant net changes throughout the year with the exception of appropriation roll-over for capital projects or capital projects appropriated in the 5-year Capital Improvement Plan. However, if funding is not available to pay for projects or a grant to cover the expense of the capital project is not received as forecasted in the plan, then the purchase is not approved.

Actual revenues were \$21.2 million over estimated budget amounts. This was mainly due to a legal related stop-loss insurance recovery of \$17.5 million. The remaining is due to increases in property taxes and grant funding.

Federal funding in the amount of \$3,299,497 was used to cover eligible costs of public safety workers performing essential work during Covid-19. This will be the final year of this one-time funding.

Expenditures were over budget in the amount of \$17.9 million. This was primarily due to a legal settlement in the amount of \$17.5 and related costs. In addition, unfilled positions throughout the year and some operational savings also attributed to lower expenditures.

Overall, the unrestricted fund balance of the General Fund increased by \$908,363 million. The Measure H Fund unrestricted balance, which is also considered General Fund generated \$3.3 million (first year of distributions).

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ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The key assumptions and considerations in the General Fund revenue forecast for fiscal year 2025-2026 budget process were:

- Biennial Budget was balanced- Resolution 25-29-R
- Balanced budget was a challenge to achieve for FY26
- Conservative revenue projections in General Fund due to stagnant sales tax projections and fiscal prudence
- 1st year of 10-year expenditure plan for Measure H
- Measure H is General Fund but will be maintained separate for transparency and auditing purposes
- Maintain operating expenditures in General Fund, no large increases or limited increases to non-fixed/essential costs
- No annual increases in staffing in General Fund (unless offset by grants or revenue increases)
- Addition of 20 FTE to be funded by Measure H
- Budgeted salaries at top step
- Reviewed and updated reserves. Fully budgeted
- Updated cost allocation plan. Slight increase to GF and provided for more accurate indirect costs and allocations

Per policy, continue to strive for 35% goal of General Fund Reserve of unrestricted fund balance to budgeted expenditures in preparation of financial pressures or emergencies. As of fiscal year 2025 reserve decreased from 28% to 21%. However, the actual dollar amount increased by \$908,363.

Items addressed in the budget were:

General Fund Operations – Maintain current services and increase efficiency in operations, decrease expenses where possible and anticipate stagnant revenue growth with no draw from reserves. Should continue to anticipate increases to our second largest fund source, property taxes. Some capital projects will be deferred 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.

Parks and Community Services – Continue with a variety of recreation programs and activities including Boys and Girls Club, 46th Renaissance Fair, 100-year Celebration of the Civic Auditorium, Catfish Crawl Fishing Derby, Summer and Winter camps for kids, Adult softball league, etc. Budget was increased for City's fourth annual Winter Wonderland Event to include the purchase of the ice rink. The Parks division also was awarded with a \$1 million dollar grant for the "Hanford Goes Green" project. An integral component of the program's scope of work is to complete a comprehensive tree inventory, tree canopy assessment, urban forestry program background and operations review, and community engagement, leading to the completion of the Urban Forest Master Plan, which will guide the future of the City's Urban Forest Program.

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Additionally, the City collaborated on a purchase with the Hanford Joint Union High School District to purchase an ABI force field machine to be used at the Hanford Softball Complex, a facility jointly used and operated by both parties. The replacement equipment is designed for professional infield maintenance and will enhance field safety and playability due to its precise grading, grooming and surface conditioning.

Fire – With grant funding, purchased 3 unmanned aircraft (drones) with thermal imaging capabilities that can assist during fire incidents, illegal fireworks operations, etc. Replaced an engine for a 2014 Pierce Pumper (Fire Engine) that is critical to operations. Provided additional budget for Part-Time help for the efficiency and effectiveness of the Fire Inspection program to increase public safety.

Police – With grant funding, purchased a patrol Durango for the Departments fleet and new sights and slides that will improve target acquisition and accuracy. Added additional portable ratios to inventory. Final year of participation in the Multi-Agency Task force with the County which allowed for the FTE to be transferred to Operations Division. In coordination with the City's vehicle-leasing agreement with Enterprise, the department added 11 patrol Durangos to its fleet as replacements for aging vehicles, bringing the total number of newly leased replacements to 27 over the past couple of years.

Community Development – With grant funding, hired consultant to make updates to the Hanford Planning documents including the general plan, municipal code and objective-based standards and modernize the GIS and permitting processes to improve efficiency and public access to planning resources. Additionally, the department also obtained funding for planning services for the Kings-Tulare high-speed rail station transit-oriented development and connectivity plan, and Cross Valley Corridor Rail Service planning project. The Building Division is in its second year of prioritizing the scanning and indexing of building plans, with completion anticipated next year. This effort preserves critical records, protects them from loss or damage, and ensures long-term accessibility.

Airport – With grant funding began engineering services for the replacement of fuel island and tanks and reconstruction of South Transient Ramp. Worked with consultant to update the Pavement Management Program which not only evaluates the current condition of the pavement but provides consistent, objective, and systematic procedures. for establishing facility policies, setting priorities and schedules, allocating resources, and budgeting for pavement maintenance and rehabilitation.

Water – Prepared City's 2025 Urban Water Management Plan and Water Shortage Contingency Plan as mandated by the California State Water Resources Control Board (must be prepared every 5 years). Began the water meter replacement project to replace over 19,000 water meters City wide. Estimated to be completed end of 2026. Substantial site facility improvements to water wells 51 & 52.

Based on most recent rate study-remaining rate increases scheduled for 07/01/25 through 2027.

**Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025**

Wastewater – Purchased critical back up equipment including standby pump and screw pumps. Invested in electrical switch gear to prepare for upcoming solar power project. Contracted consultant for additional utility rate study to support current and needs and future growth. Approved net energy metering and interconnection agreement with Southern California Edison which included payment for the design and construction of SCE-owned facilities to accept power generated from proposed City-owned solar energy generating facility.

Based on most recent rate study-remaining rate increases scheduled for 07/01/25 through 2027.

Refuse – Replaced automated refuse containers and commercial/recycle dumpsters. Awarded small grant to place three solar compactors in the downtown area.

Based on most recent rate study- remaining rate increases scheduled for 07/01/25 through 2026.

Storm Drain – Continued curb and gutter installation, increased flow capacity in Peoples Ditch, storm drain repairs, tree trimming and removal for the effectiveness of drains. Purchased portable pumps and new vacuum truck.

Streets – Ongoing resurfacing, sealing, and maintenance, replacing curb, gutters, and sidewalks, lane widening, installing/replacing traffic signals at various locations. Replaced streets water truck.

Building – City made substantial building improvements to the intermodal facility (Amtrak station) both externally and internally to facilitate a shared employee use only health clinic in partnership with the Hanford Joint Union High School Districted. Upon first year City will evaluate employee use and overall fiscal sustainability.

In November 2024, the City Council approved a disposition and development agreement, along with all related documents, for the sale of the historic County of Kings Courthouse to Barrelhouse Brewing for \$1. At the time, the courthouse was largely unoccupied, with most suites vacant due to needed repairs and ADA accessibility upgrades—improvements the City lacked sufficient funding to complete. Barrelhouse plans to undertake major rehabilitation of the building, converting it into a brewery and taproom while also activating additional spaces as a multi-tenant entertainment and food hub. The sale officially closed escrow in October 2025.

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. 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, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 94,275,682	\$ 49,614,485	\$ 143,890,167
Receivables, net	9,373,702	5,166,142	14,539,844
Leases receivables	691,081	852,018	1,543,099
Interest receivable	555	12,356	12,911
Internal balances	(9,897,068)	9,897,068	-
Inventory	295,796	202,235	498,031
Deposits	289,500	14,000	303,500
Prepaid expenses and other assets	313,640	42,570	356,210
Loan receivables	19,646,832	-	19,646,832
Capital Assets:			
Capital assets, not being depreciated	68,807,124	16,385,415	85,192,539
Capital assets, net of accumulated depreciation	98,696,598	127,942,928	226,639,526
Total assets	282,493,442	210,129,217	492,622,659
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	15,122,825	1,399,223	16,522,048
Deferred outflows related to OPEB	1,022,351	466,541	1,488,892
Total deferred outflows of resources	16,145,176	1,865,764	18,010,940
LIABILITIES			
Accounts payable	2,908,208	2,438,460	5,346,668
Salary and benefits payable	568,199	145,625	713,824
Accrued interest payable	5,022	219,338	224,360
Deposits and unearned revenue	1,291,216	189,209	1,480,425
Compensated absences - current portion	880,187	322,935	1,203,122
Compensated absences - noncurrent portion	1,634,632	364,160	1,998,792
Long-term debt - current	1,998,963	3,886,666	5,885,629
Long-term debt - noncurrent	22,220,476	19,201,449	41,421,925
Claims payable	7,566,000	-	7,566,000
Total OPEB liability - current	137,415	38,168	175,583
Total OPEB liability - noncurrent	2,177,407	537,461	2,714,868
Net pension liability	24,240,550	2,730,424	26,970,974
Settlement liability - current	2,500,000	-	2,500,000
Total liabilities	68,128,275	30,073,895	98,202,170
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	7,005,400	51,904	7,057,304
Deferred inflows related to OPEB	1,609,490	499,001	2,108,491
Deferred inflows related to leases	665,087	792,301	1,457,388
Total deferred inflows of resources	9,279,977	1,343,206	10,623,183
NET POSITION			
Net investment in capital assets	160,790,661	125,287,048	286,077,709
Restricted for:			
Community Development	2,577,388	-	2,577,388
Street and Roads	22,422,771	-	22,422,771
Recreation	7,545,344	-	7,545,344
Landscape Maintenance	2,358,368	-	2,358,368
Public Safety	1,536,210	-	1,536,210
Unrestricted	23,999,624	55,290,832	79,290,456
Total net position	\$ 221,230,366	\$ 180,577,880	\$ 401,808,246

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

City of Hanford

Statement of Activities For the Year Ended June 30, 2025

Program Revenues					Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental activities:							
General government	\$ 26,361,639	\$ 259,316	\$ 3,802,527	\$ -	\$ (22,299,796)	\$ -	\$ (22,299,796)
Public safety	25,850,371	1,061,431	2,318,631	404,801	(22,065,508)	-	(22,065,508)
Public works	10,121,963	1,193,779	2,778,934	4,100,501	(2,048,749)	-	(2,048,749)
Recreation	7,038,008	1,039,902	700,419	1,579,933	(3,717,754)	-	(3,717,754)
Community development	2,362,734	812,379	859,942	-	(690,413)	-	(690,413)
Interest expense	1,012,248	-	-	-	(1,012,248)	-	(1,012,248)
Total governmental activities	72,746,963	4,366,807	10,460,453	6,085,235	(51,834,468)	-	(51,834,468)
Business-type activities:							
Water system	10,570,388	15,674,307	-	334,000	-	5,437,919	5,437,919
Wastewater system	8,199,461	9,559,836	-	188,950	-	1,549,325	1,549,325
Storm drain	1,208,294	1,496,551	-	101,750	-	390,007	390,007
Refuse	12,416,109	10,686,423	-	-	-	(1,729,686)	(1,729,686)
Airport	707,402	120,938	-	-	-	(586,464)	(586,464)
Intermodal	53,768	-	-	-	-	(53,768)	(53,768)
Courthouse square	92,428	36,954	-	-	-	(55,474)	(55,474)
Building safety	1,793,988	2,328,202	-	-	-	534,214	534,214
Total business-type activities	35,041,838	39,903,211	-	624,700	-	5,486,073	5,486,073
Total Primary Government	\$ 107,788,801	\$ 44,270,018	\$ 10,460,453	\$ 6,709,935	(51,834,468)	5,486,073	(46,348,395)
General Revenues:							
Taxes:							
Property taxes					16,445,724	-	16,445,724
Sales and use tax					21,107,925	-	21,107,925
Franchise taxes					1,173,931	-	1,173,931
Transfer taxes					217,043	-	217,043
Transient occupancy taxes					705,508	-	705,508
Other taxes					1,511,027	-	1,511,027
Investment earnings					2,120,623	2,514,315	4,634,938
Gain on disposal of capital assets					137,460	5,043	142,503
Miscellaneous/other					17,808,224	3,155,773	20,963,997
Lease revenue					-	188,843	188,843
Transfers - interfund					(1,805,302)	1,805,302	-
Total General Revenues and Transfers					59,422,163	7,669,276	67,091,439
Change in Net Position					7,587,695	13,155,349	20,743,044
Net Position							
Beginning of year, previously reported					213,331,121	167,734,081	381,065,202
Adjustment - correction of error					311,550	(311,550)	-
Beginning of year, as restated					213,642,671	167,422,531	381,065,202
End of year					\$ 221,230,366	\$ 180,577,880	\$ 401,808,246

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

GOVERNMENTAL FUNDS
FINANCIAL STATEMENTS

City of Hanford

Balance Sheet – Governmental Funds June 30, 2025

	Special Revenue			
	General Fund	CDBG/HOME/ Housing Fund	Transportation Development Act Fund	American Rescue Plan Act
ASSETS				
Cash and investments	\$ 10,596,785	\$ 2,479,891	\$ 9,336,450	\$ 1,313,509
Receivables, net:				
Accounts	2,645,143	174,927	-	-
Interest	555	-	-	-
Taxes	1,901,094	-	1,355,009	-
Leases	691,081	-	-	-
Loans	-	17,839,739	-	-
Due from other funds	3,144,260	-	-	-
Deposits	104,500	-	-	-
Prepaid expenses and other assets	282,165	-	-	-
Advances to other funds	-	-	-	-
Total assets	\$ 19,365,583	\$ 20,494,557	\$ 10,691,459	\$ 1,313,509
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,682,054	\$ 77,430	\$ -	\$ 49,121
Accrued wages payable	531,943	-	-	-
Advance from other governments	-	-	-	1,288,081
Consumer deposits	3,135	-	-	-
Settlement liability	2,500,000	-	-	-
Due to other funds	-	-	-	-
Total liabilities	4,717,132	77,430	-	1,337,202
Deferred Inflows of Resources:				
Deferred inflows from leases	665,087	-	-	-
Total deferred inflows of resources	665,087	-	-	-
Fund Balances (deficit):				
Nonspendable:				
Loans receivable	-	17,839,739	-	-
Prepaid expenses	282,165	-	-	-
Deposits	104,500	-	-	-
Restricted for:				
Community development	-	2,577,388	-	-
Street and roads	-	-	10,691,459	-
Recreation	-	-	-	-
Landscape maintenance	-	-	-	-
Public Safety	-	-	-	-
Committed for:				
Parking and business improvement	-	-	-	-
Community development	-	-	-	-
Street and roads	-	-	-	-
Parks and community services	-	-	-	-
Public safety	-	-	-	-
Cannabis	-	-	-	-
Unassigned	13,596,699	-	-	(23,693)
Total fund balances	13,983,364	20,417,127	10,691,459	(23,693)
Total liabilities, deferred inflows of resources and fund balances	\$ 19,365,583	\$ 20,494,557	\$ 10,691,459	\$ 1,313,509

City of Hanford

Balance Sheet – Governmental Funds (concluded) June 30, 2025

<u>Special Revenue</u>		
<u>Measure H Fund</u>	<u>All Other Non-Major Governmental Funds</u>	<u>Total</u>
\$ 729,273	\$ 36,734,515	\$ 61,190,423
-	308,586	3,128,656
-	-	555
2,524,632	461,960	6,242,695
-	-	691,081
-	1,807,093	19,646,832
-	-	3,144,260
-	-	104,500
-	1,100	283,265
-	636,692	636,692
<u>\$ 3,253,905</u>	<u>\$ 39,949,946</u>	<u>\$ 95,068,959</u>
\$ -	\$ 188,787	\$ 1,997,392
-	3,838	535,781
-	-	1,288,081
-	-	3,135
-	-	2,500,000
-	96,199	96,199
<u>-</u>	<u>288,824</u>	<u>6,420,588</u>
-	-	665,087
<u>-</u>	<u>-</u>	<u>665,087</u>
-	1,807,093	19,646,832
-	1,100	283,265
-	-	104,500
-	-	2,577,388
-	11,731,312	22,422,771
-	7,545,344	7,545,344
-	2,358,368	2,358,368
-	1,536,210	1,536,210
-	3,025,495	3,025,495
97,617	11,390,909	11,488,526
1,041,250	-	1,041,250
130,156	-	130,156
1,984,882	-	1,984,882
-	265,291	265,291
-	-	13,573,006
<u>3,253,905</u>	<u>39,661,122</u>	<u>87,983,284</u>
<u>\$ 3,253,905</u>	<u>\$ 39,949,946</u>	<u>\$ 95,068,959</u>

integral part of these financial statements.

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City of Hanford

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2025

Total Fund Balances Governmental Funds \$ 87,983,284

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	\$ 321,874,184	
Right to use asset	3,330,866	
Accumulated depreciation	(156,955,417)	
Accumulated amortization	(745,911)	
Adjustments for Internal Service Fund capital assets, net	<u>(4,622,802)</u>	162,880,920

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.

14,536,734

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	(2,514,819)	
Pension obligation bonds	(22,129,180)	
Lease payable	(1,160,951)	
SBITA payable	(929,308)	
OPEB liability	(2,314,822)	
Net pension liability	(24,240,550)	
Adjustments for Internal Service Fund long term debt	<u>1,985,042</u>	(51,304,588)

Deferred outflows related to pensions and OPEB

16,145,176

Adjustment for Internal Service Fund Deferred outflows related to pension

(411,535)

15,733,641

Deferred inflows related to pensions and OPEB

(8,614,890)

Adjustment for Internal Service Fund Deferred inflows related to pension

15,265

(8,599,625)

Total Net Position - Governmental Activities

\$ 221,230,366

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, 2025

	General Fund	Special Revenue		
		CDBG/HOME/ Housing Fund	Transportation Development Act Fund	American Rescue Plan Act
REVENUES				
Taxes and special assessments	\$ 35,878,197	\$ -	\$ 1,355,009	\$ -
Aid from other government agencies	3,151,749	531,855	-	3,802,527
Licenses and permits	63,690	-	-	-
Fines and forfeitures	144,373	-	-	-
Charges for services	2,733,388	-	-	-
Lease revenue	163,635	-	-	-
Revenue from use of money and property	413,348	309,955	445,506	-
Miscellaneous	17,589,996	148	-	-
Total revenues	60,138,376	841,958	1,800,515	3,802,527
EXPENDITURES				
Current:				
General government	21,986,050	-	9,114	-
Public safety	26,572,968	-	-	-
Public works	2,868,444	-	-	-
Recreation	6,323,733	-	-	-
Community development	895,219	608,065	-	-
Debt service:				
Principal	1,841,625	-	-	-
Interest	1,012,248	-	-	-
Capital outlay	3,089,492	-	50,420	380,011
Total expenditures	64,589,779	608,065	59,534	380,011
Excess (deficiency) of revenues over (under) expenditures	(4,451,403)	233,893	1,740,981	3,422,516
OTHER FINANCING SOURCES (USES)				
Transfers in	5,431,606	-	-	-
Transfers out	(1,719,428)	(191,073)	-	(3,299,497)
Lease and SBITA acquisition	1,755,501	-	-	-
Proceeds from sale of assets	24,896	34,342	-	-
Total other financing sources (uses)	5,492,575	(156,731)	-	(3,299,497)
Net change in fund balances	1,041,172	77,162	1,740,981	123,019
FUND BALANCE (DEFICIT)				
Beginning of year	12,942,192	20,339,965	8,950,478	(146,712)
End of year	\$ 13,983,364	\$ 20,417,127	\$ 10,691,459	\$ (23,693)

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 (concluded) For the Year Ended June 30, 2025

<u>Special Revenue</u>		All Other Non-Major Governmental Funds		<u>Total</u>	
Measure H Fund		Funds		Total	
\$	3,388,557	\$	8,659,443	\$	49,281,206
	-		121,654		7,607,785
	-		-		63,690
	-		29,463		173,836
	-		-		2,733,388
	-		-		163,635
	9,184		1,558,970		2,736,963
	-		165,921		17,756,065
	<u>3,397,741</u>		<u>10,535,451</u>		<u>80,516,568</u>
	86		78,483		22,073,733
	-		-		26,572,968
	-		1,009,529		3,877,973
	-		-		6,323,733
	-		387,503		1,890,787
	-		-		1,841,625
	-		-		1,012,248
	-		1,839,527		5,359,450
	<u>86</u>		<u>3,315,042</u>		<u>68,952,517</u>
	3,397,655		7,220,409		11,564,051
	-		299,805		5,731,411
	(143,750)		(688,123)		(6,041,871)
	-		-		1,755,501
	-		72,172		131,410
	<u>(143,750)</u>		<u>(316,146)</u>		<u>1,576,451</u>
	3,253,905		6,904,263		13,140,502
	-		32,756,859		74,842,782
\$	3,253,905	\$	39,661,122	\$	87,983,284

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, 2025

Total net changes in fund balances - governmental funds \$ 13,140,502

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, net of disposals	\$ 5,335,415	
Depreciation expense (net of internal service funds)	<u>(8,639,923)</u>	(3,304,508)

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	1,824,011	
Lease acquisition, net of internal service funds	(718,760)	
SBITA acquisition, net of internal service funds	<u>(1,036,741)</u>	68,510

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:

(49,008)

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.

(1,008,362)

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

(992,286)

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

(267,153)

Changes in net position of governmental activities

\$ 7,587,695

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

PROPRIETARY FUNDS
FINANCIAL STATEMENTS

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City of Hanford

Statement of Net Position Proprietary Funds June 30, 2025

	Water System Fund	Sewer Improvement Funds Wastewater Fund Storm Drain Fund	Refuse Fund	Total Non-major Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds	
ASSETS							
Current assets:							
Cash and investments	\$ 32,546,564	\$ 9,495,048	\$ 5,754,136	\$ 623,185	\$ 1,195,552	\$ 49,614,485	\$ 33,085,259
Receivables, net:							
Accounts	2,058,276	1,252,891	218,451	1,351,045	285,479	5,166,142	2,351
Leases	-	346,998	-	-	505,020	852,018	-
Interest	-	8,417	-	-	3,939	12,356	-
Deposits	10,000	4,000	-	-	-	14,000	185,000
Prepaid expenses	7,359	34,161	-	-	1,050	42,570	30,375
Inventory	202,235	-	-	-	-	202,235	295,796
Total current assets	34,824,434	11,141,515	5,972,587	1,974,230	1,991,040	55,903,806	33,598,781
Noncurrent assets:							
Capital Assets:							
Land	362,350	4,141,540	4,587,476	-	2,875,507	11,966,873	-
Construction in progress	3,479,372	764,376	37,777	7,816	129,201	4,418,542	-
Buildings and improvements	68,706,226	90,590,955	24,643,775	1,400,645	11,495,823	196,837,424	26,191
Machinery and equipment	18,452,732	2,804,228	2,023,535	11,346,345	401,951	35,028,791	15,301,713
Right to use assets	25,726	-	-	-	-	25,726	237,867
Less accumulated depreciation/amortization	(35,490,276)	(45,813,333)	(7,802,471)	(6,720,291)	(8,122,642)	(103,949,013)	(10,942,969)
Capital assets, net	55,536,130	52,487,766	23,490,092	6,034,515	6,779,840	144,328,343	4,622,802
Total noncurrent assets	55,536,130	52,487,766	23,490,092	6,034,515	6,779,840	144,328,343	4,622,802
Total assets	90,360,564	63,629,281	29,462,679	8,008,745	8,770,880	200,232,149	38,221,583
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	411,536	329,229	164,614	493,844	-	1,399,223	411,535
Deferred outflows related to OPEB	141,991	121,706	-	202,844	-	466,541	-
Total Deferred Outflows of Resources	553,527	450,935	164,614	696,688	-	1,865,764	411,535
LIABILITIES							
Current liabilities:							
Accounts payable	1,717,432	294,448	39,324	319,209	68,047	2,438,460	910,816
Salaries and benefits payable	39,185	31,742	12,999	43,204	18,495	145,625	32,418
Interest payable	63,742	148,791	1,049	5,222	534	219,338	5,022
Deposits and unearned revenue	188,729	-	-	480	-	189,209	-
Due to other funds	-	-	-	3,012,361	35,700	3,048,061	-
Advances to other funds	-	-	-	-	636,692	636,692	-
Compensated absences - current portion	124,445	43,924	25,586	84,240	44,740	322,935	12,106
Bonds and notes payable - current portion	1,935,000	1,811,748	19,268	95,913	19,622	3,881,551	63,463
Total OPEB liability - current portion	12,070	9,847	-	16,251	-	38,168	-
Lease payable	5,115	-	-	-	-	5,115	-
SBITA payable	-	-	-	-	-	-	79,275
Total current liabilities	4,085,718	2,340,500	98,226	3,576,880	823,830	10,925,154	1,103,100
Noncurrent liabilities:							
Compensated absences payable	102,389	67,100	30,346	120,765	43,560	364,160	146,189
Claims payable	-	-	-	-	-	-	7,566,000
Lease payable	10,643	-	-	-	-	10,643	-
Bonds and notes payable, net	6,240,518	11,079,063	267,461	1,331,391	272,373	19,190,806	880,944
Total OPEB liability	164,762	137,983	-	234,716	-	537,461	-
Net pension liability	803,066	642,453	321,226	963,679	-	2,730,424	803,065
Total noncurrent liabilities	7,321,378	11,926,599	619,033	2,650,551	315,933	22,833,494	9,396,198
Total liabilities	11,407,096	14,267,099	717,259	6,227,431	1,139,763	33,758,648	10,499,298
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions	15,266	12,213	6,106	18,319	-	51,904	15,265
Deferred inflows related to OPEB	161,643	126,509	-	210,849	-	499,001	-
Deferred inflows related to leases	-	320,090	-	-	472,211	792,301	-
Total deferred inflows of resources	176,909	458,812	6,106	229,168	472,211	1,343,206	15,265
NET POSITION (DEFICIT)							
Net investment in capital assets	48,606,643	40,375,958	23,490,092	6,034,515	6,779,840	125,287,048	4,622,802
Unrestricted	30,723,443	8,978,347	5,413,836	(3,785,681)	379,066	41,709,011	23,495,753
Total net position	\$ 79,330,086	\$ 49,354,305	\$ 28,903,928	\$ 2,248,834	\$ 7,158,906	166,996,059	\$ 28,118,555
Adjustment to reflect the consolidation of internal service fund activities						13,581,821	
Net Position of Business-type Activities						\$ 180,577,880	

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, 2025

	Water System Fund	Sewer Improvement Funds Wastewater Fund	Storm Drain Fund	Refuse Fund	Total Non-major Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
OPERATING REVENUES							
Charges for services	\$ 15,674,307	\$ 9,559,836	\$ 1,496,551	\$ 10,686,423	\$ 2,486,094	\$ 39,903,211	\$ 13,760,999
Other revenues	1,073,537	1,133,792	407,489	305,984	234,971	3,155,773	64,126
Total operating revenues	16,747,844	10,693,628	1,904,040	10,992,407	2,721,065	43,058,984	13,825,125
OPERATING EXPENSES							
Personnel services	2,629,421	2,096,832	868,117	3,222,920	1,085,107	9,902,397	2,227,301
Services and supplies	5,349,807	4,019,794	989,274	8,343,622	1,169,188	19,871,685	9,136,619
Depreciation and amortization	2,443,992	1,800,683	412,422	785,250	370,523	5,812,870	1,025,725
Total operating expenses	10,423,220	7,917,309	2,269,813	12,351,792	2,624,818	35,586,952	12,389,645
Operating income (loss)	6,324,624	2,776,319	(365,773)	(1,359,385)	96,247	7,472,032	1,435,480
NONOPERATING REVENUES (EXPENSES)							
Interest income	1,178,443	471,958	235,460	19,888	65,694	1,971,443	1,137,104
Unrealized gain (loss) on investments	354,588	109,296	71,091	6,369	1,529	542,873	354,878
Interest expense	(324,221)	(451,727)	(14,479)	(72,077)	(14,211)	(876,715)	(50,330)
Lease revenue	-	78,338	-	-	110,505	188,843	-
Gain/(loss) on disposal of capital assets	-	1,782	-	3,261	-	5,043	(9,469)
Total Nonoperating Revenues (Expenses)	1,208,810	209,647	292,072	(42,559)	163,517	1,831,487	1,432,183
Income (Loss) Before Capital Contributions and Transfers	7,533,434	2,985,966	(73,701)	(1,401,944)	259,764	9,303,519	2,867,663
CAPITAL CONTRIBUTIONS AND TRANSFERS							
Capital contributions	334,000	188,950	101,750	-	-	624,700	-
Transfers in	5,385,557	3,503,910	1,391,918	11,924	1,250,706	11,544,015	4,509,669
Transfers out	(5,050,424)	(3,520,649)	(1,045,798)	(11,924)	(109,918)	(9,738,713)	(6,004,511)
Total Capital Contributions and Transfers	669,133	172,211	447,870	-	1,140,788	2,430,002	(1,494,842)
Change in Net Position	8,202,567	3,158,177	374,169	(1,401,944)	1,400,552	11,733,521	1,372,821
NET POSITION (DEFICIT)							
Beginning of year, as previously reported	71,127,519	46,196,128	28,529,759	3,650,778	6,069,904		26,745,734
Adjustment - correction of an error	-	-	-	-	(311,550)		-
Beginning of year, as restated	71,127,519	46,196,128	28,529,759	3,650,778	5,758,354		26,745,734
End of year	\$ 79,330,086	\$ 49,354,305	\$ 28,903,928	\$ 2,248,834	\$ 7,158,906		\$ 28,118,555
						1,421,828	
						Net Position of Business-type Activities	
						\$ 13,155,349	

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, 2025

		Sewer Improvement Funds		
	Water System Fund	Wastewater Fund	Storm Drain Fund	Refuse Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received for current services	\$ 15,443,673	\$ 9,396,200	\$ 1,488,754	\$ 10,631,603
Cash received for other operating revenues	1,073,537	1,133,792	407,489	305,984
Cash paid to suppliers for goods and services	(4,215,413)	(3,905,950)	(956,264)	(8,350,812)
Cash paid for salaries and benefits	(2,337,109)	(1,912,951)	(781,813)	(2,918,376)
Net cash provided (used) by operating activities	<u>9,964,688</u>	<u>4,711,091</u>	<u>158,166</u>	<u>(331,601)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES				
Transfers (to) from other funds	335,133	(16,739)	346,120	-
Loans from/(to) other funds	-	-	-	1,121,880
Net cash provided (used) by noncapital financing activities	<u>335,133</u>	<u>(16,739)</u>	<u>346,120</u>	<u>1,121,880</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payments on long-term debt	(1,779,845)	(1,694,658)	(19,202)	(95,586)
Interest payments on long-term debt	(368,861)	(510,215)	(13,430)	(66,855)
Payments for capital asset acquisition	(3,300,073)	(1,074,949)	(853,107)	(493,582)
Lease payments	(4,983)	-	-	-
SBITA payments	-	-	-	-
Lease income	-	83,172	-	-
Proceeds from the sale of capital assets	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(5,453,762)</u>	<u>(3,196,650)</u>	<u>(885,739)</u>	<u>(656,023)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Unrealized gain (loss) on investments	354,588	109,296	71,091	6,369
Interest received on investments	1,178,443	471,958	235,460	19,888
Net cash provided by investing activities	<u>1,533,031</u>	<u>581,254</u>	<u>306,551</u>	<u>26,257</u>
Net increase (decrease) in cash and investments	6,379,090	2,078,956	(74,902)	160,513
Cash and investments, beginning of year	<u>26,167,474</u>	<u>7,416,092</u>	<u>5,829,038</u>	<u>462,672</u>
Cash and investments, end of year	<u>\$ 32,546,564</u>	<u>\$ 9,495,048</u>	<u>\$ 5,754,136</u>	<u>\$ 623,185</u>
Reconciliation to Statement of Net Position:				
Cash and investments	<u>\$ 32,546,564</u>	<u>\$ 9,495,048</u>	<u>\$ 5,754,136</u>	<u>\$ 623,185</u>
Total cash and investments	<u>\$ 32,546,564</u>	<u>\$ 9,495,048</u>	<u>\$ 5,754,136</u>	<u>\$ 623,185</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, 2025

	Total Non-major Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received for current services	\$ 2,317,807	\$ 39,278,037	\$ 13,773,713
Cash received for other operating revenues	234,971	3,155,773	64,126
Cash paid to suppliers for goods and services	(1,147,449)	(18,575,888)	(8,287,746)
Cash paid for salaries and benefits	(1,027,416)	(8,977,665)	(2,028,928)
Net cash provided (used) by operating activities	<u>377,913</u>	<u>14,880,257</u>	<u>3,521,165</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers (to) from other funds	1,140,788	1,805,302	(1,494,842)
Loans from/(to) other funds	(1,200,751)	(78,871)	-
Net cash provided (used) by noncapital financing activities	<u>(59,963)</u>	<u>1,726,431</u>	<u>(1,494,842)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on long-term debt	(19,555)	(3,608,846)	(63,246)
Interest payments on long-term debt	(13,677)	(973,038)	(48,413)
Payments for capital asset acquisition	(129,235)	(5,850,946)	(352,957)
Lease payments	-	(4,983)	-
SBITA payments	-	-	(77,207)
Lease income	84,827	167,999	-
Proceeds from the sale of capital assets	-	-	650,516
Net cash provided (used) by capital and related financing activities	<u>(77,640)</u>	<u>(10,269,814)</u>	<u>108,693</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Unrealized gain (loss) on investments	1,529	542,873	354,878
Interest received	62,084	1,967,833	1,137,104
Net cash provided by investing activities	<u>63,613</u>	<u>2,510,706</u>	<u>1,491,982</u>
Net increase (decrease) in cash and investments	303,923	8,847,580	3,626,998
Cash and investments, beginning of year	<u>891,629</u>	<u>40,766,905</u>	<u>29,458,261</u>
Cash and investments, end of year	<u>\$ 1,195,552</u>	<u>\$ 49,614,485</u>	<u>\$ 33,085,259</u>
Reconciliation to Statement of Net Position:			
Cash and investments	<u>\$ 1,195,552</u>	<u>\$ 49,614,485</u>	<u>\$ 33,085,259</u>
Total cash and investments	<u>\$ 1,195,552</u>	<u>\$ 49,614,485</u>	<u>\$ 33,085,259</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, 2025

	Water System Fund	Sewer Improvement Funds Wastewater Fund	Storm Drain Fund	Refuse Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 6,324,624	\$ 2,776,319	\$ (365,773)	\$ (1,359,385)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	2,443,991	1,800,683	412,422	785,250
Changes in assets, liabilities, and deferred resources in:				
Receivables	(154,655)	(163,216)	(7,522)	(54,856)
Prepaid expenses	2,520	4,903	55	55
Inventory	46,247	-	-	-
Deferred outflows of resources	13,614	9,811	(3,188)	17,415
Accounts payable	1,085,628	108,941	32,955	(7,245)
Salaries and benefits payable	9,238	6,390	3,867	8,974
Interest payable	(8,292)	-	-	-
Compensated absences	126,497	53,637	31,057	106,274
Deposits and unearned revenue	(67,687)	(420)	(275)	36
Claims payable	-	-	-	-
Net OPEB liability	536,019	417,909	-	601,106
Net pension liability	(480,212)	(368,149)	63,236	(539,253)
Deferred inflows of resources	87,156	64,283	(8,668)	110,028
Net cash provided (used) by operating activities	<u>\$ 9,964,688</u>	<u>\$ 4,711,091</u>	<u>\$ 158,166</u>	<u>\$ (331,601)</u>
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributed Capital	\$ 334,000	\$ 188,950	\$ 101,750	\$ -

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, 2025

(concluded)

	Total Non-major Enterprise Funds	Total Enterprise Funds	Governmental Activities Internal Fund
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 96,247	\$ 7,472,032	\$ 1,435,480
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	370,523	5,812,869	1,025,725
Changes in assets, liabilities, and deferred resources in:			
Receivables	(168,287)	(548,536)	12,714
Prepaid expenses	(1,050)	6,483	-
Inventory	-	46,247	13,926
Deferred outflows of resources	-	37,652	(7,970)
Accounts payable	22,789	1,243,068	267,947
Salaries and benefits payable	6,927	35,396	(20,559)
Interest payable	-	(8,292)	-
Compensated absences	50,764	368,229	90,482
Deposits and unearned revenue	-	(68,346)	-
Claims payable	-	-	567,000
Net OPEB liability	-	1,555,034	-
Net pension liability	-	(1,324,378)	158,090
Deferred inflows of resources	-	252,799	(21,670)
Net cash provided (used) by operating activities	<u>\$ 377,913</u>	<u>\$ 14,880,257</u>	<u>\$ 3,521,165</u>
SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Contributed Capital	\$ -	\$ 624,700	\$ -

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

FIDUCIARY FUNDS
FINANCIAL STATEMENTS

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City of Hanford

Statement of Fiduciary Net Position Fiduciary Funds June 30, 2025

	Redevelopment Successor Agency Private Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and investments	\$ 271,071	\$ 1,966,030
Accounts receivable	-	29,823
Assets held for resale	38,192	-
Total assets	<u>309,263</u>	<u>1,995,853</u>
LIABILITIES		
Accounts payable	-	1,283,685
Deposits held for others	-	698,311
Total liabilities	<u>-</u>	<u>1,981,996</u>
FIDUCIARY NET POSITION		
Held in trust for the retirement of obligations of the former Hanford Redevelopment Agency and other purposes	309,263	-
Restricted	-	13,857
Total fiduciary net position	<u>\$ 309,263</u>	<u>\$ 13,857</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, 2025

	Redevelopment Successor Agency Private-Purpose Trust Fund	Custodial Funds
ADDITIONS		
Investment earnings	\$ 10,071	\$ -
Unrealized gain/(loss) on investments	3,086	-
Total additions	13,157	-
DEDUCTIONS		
General government	267	-
Total deductions	267	-
Change in fiduciary net position	12,890	-
NET POSITION		
Beginning of year	296,373	13,857
End of year	<u>\$ 309,263</u>	<u>\$ 13,857</u>

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

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

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, 2025 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.

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.

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.

Measure H Fund – This fund is used to account for financial resources provided by a 1% sales tax used to fund public services. The City has elected to present this fund as a major fund.

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.

Building Safety Fund – The Building Safety Fund is used to account for the financial activities of the City's review of building plans from developers, contractors and/or property owners and inspectors of buildings. Revenue is provided by the permit and review fees.

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.

Custodial Funds – Custodial Funds are used to account for assets held by the City in a purely custodial 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, 2025**

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, 2025**

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, 2025**

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	3 to 20 years
Leases and subscription assets	Life of associated contract

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, 2025**

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, 2025**

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, 2025**

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, 2025
Measurement Date	June 30, 2025
Measurement Period	June 30, 2024 to June 30, 2025

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

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, 2023
Measurement Date	June 30, 2024
Measurement Period	June 30, 2023 to June 30, 2024

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.

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, 2025**

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, 2025**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stewardship, Compliance, and Accountability (Continued)

Supplemental budgetary appropriations were negligible for the fiscal year ended June 30, 2025. 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. 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.

Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

The City has implemented GASB No. 101, *Compensated Absences*. The primary objective of this Statement is to establish accounting and financial reporting guidance for compensated absences, which are leave benefits that are attributable to services already rendered, related to rights that accumulate, and are more likely than not to be used for time off or otherwise paid to employees. The Statement requires governments to recognize a liability for certain types of compensated absences, such as vacation, sick leave, and paid time off, when the leave is earned rather than when it is taken.

The City also implemented GASB No. 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of financial statements with better insight into risks that could have a material impact on the government's ability to provide services or meet obligations. These risks include concentration in revenue sources, investments, or loans; constraints imposed by external parties or legislation; and other conditions that may expose the entity to significant vulnerabilities.

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. 103, Financial Reporting Model Changes is effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, Disclosure of Certain Capital Assets is effective for fiscal years beginning after June 15, 2025.

Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 2 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2025 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 143,890,167
Fiduciary funds:	
Cash and investments	<u>2,237,101</u>
Total Cash and Investments	<u>\$ 146,127,268</u>

Cash and investments as of June 30, 2025 consist of the following:

Cash on hand	\$ 4,000
Deposits with financial institutions	10,394,336
Investments	<u>135,728,932</u>
Total Cash and Investments	<u>\$ 146,127,268</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.

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
Mortgage Pass-Through / Asset-Backed Securities	5 years	20%	AA rating or better
Municipal Bonds (Local Agencies)	5 years	None	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.

Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 2 - CASH AND INVESTMENTS (Continued)

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
Mortgage Pass-Through / Asset-Backed Sec	5 years	20%	None
Municipal Bonds (Local Agencies)	5 years	None	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

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
U.S. Treasury Obligations	\$ 10,928,661	\$ 498,144	\$ 4,014,060	\$ 6,416,457	\$ -
U.S. Agency Securities	26,994,266	9,917,120	3,199,538	13,877,608	-
Commercial Paper	3,760,624	3,760,624	-	-	-
Negotiable Certificates of Deposits	4,312,544	1,937,017	493,372	1,882,155	-
Corporate Investments	24,998,043	870,452	7,515,046	16,612,545	-
Asset-Backed Securities	20,173,321	2,465,850	-	17,707,471	-
Municipal Bonds	10,642,811	-	597,054	10,045,757	-
Held by bond trustee:					
Money Market Funds	3,070,842	3,070,842	-	-	-
County Investment Pool	1,158,812	1,158,812	-	-	-
California Class	29,689,008	29,689,008	-	-	-
Total	\$ 135,728,932	\$ 53,367,869	\$ 15,819,070	\$ 66,541,993	\$ -

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 2 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented 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
U.S. Treasury Obligations	\$ 10,928,661	AA	\$ -	\$ 10,928,661	\$ -
U.S. Agency Securities	26,994,266	N/A	-	26,994,266	-
Commercial Paper	3,760,624	N/A	3,760,624	-	-
Negotiable Certificates of Deposits	4,312,544	N/A	-	-	4,312,544
Corporate Investments	24,998,043	N/A	23,492,748	1,505,295	-
Asset-Backed Securities	20,173,321	AA	-	18,143,481	2,029,840
Municipal Bonds	10,642,811	N/A	5,437,471	2,421,085	2,784,255
Held by bond trustee:					
Money Market Funds	3,070,842	N/A	-	-	3,070,842
County Investment Pool	1,158,812	N/A	-	-	1,158,812
California Class	29,689,008	N/A	-	29,689,008	-
Total	<u>\$ 135,728,932</u>		<u>\$ 32,690,843</u>	<u>\$ 89,681,796</u>	<u>\$ 13,356,293</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.

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.

Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 2 - CASH AND INVESTMENTS (Continued)
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.

The City has the following recurring fair value measurements as of June 30, 2025:

Investment type	Level 1	Level 2	Level 3	Total
U.S. Treasury Obligations	\$ -	\$ 10,928,661	\$ -	\$ 10,928,661
U.S. Agency Securities	-	26,994,266	-	26,994,266
Commercial Paper	-	3,760,624	-	3,760,624
Negotiable Certificates of Deposits	-	4,312,544	-	4,312,544
Corporate Investments	-	24,998,043	-	24,998,043
Asset-Backed Securities	-	20,173,321	-	20,173,321
Municipal Bonds	-	10,642,811	-	10,642,811
	<u>\$ -</u>	<u>\$ 101,810,270</u>	<u>\$ -</u>	<u>101,810,270</u>

Investments not subject to fair value hierarchy:

County Investment Pool	1,158,812
California Class	29,689,008
Money Market Funds	3,070,842
Total	<u>\$ 135,728,932</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.

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 3 - CAPITAL ASSETS

Capital assets activities for the year ended June 30, 2025 were as follows:

	Balance July 1, 2024	Additions/ Completions	Retirements/ Adjustments	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 61,094,107	\$ -	\$ -	\$ 61,094,107
Construction in progress	6,947,608	1,291,069	(525,660)	7,713,017
Total capital assets not being depreciated	68,041,715	1,291,069	(525,660)	68,807,124
Capital assets being depreciated/amortized:				
Buildings	25,261,269	-	-	25,261,269
Infrastructure	203,803,718	1,788,809	(644,586)	204,947,941
Equipment	22,870,178	933,191	(945,519)	22,857,850
Right to use leased equipment	1,067,622	988,635	-	2,056,257
Right to use SBITA asset	395,074	1,036,741	(157,206)	1,274,609
Total capital assets being depreciated/amortized	253,397,861	4,747,376	(1,747,311)	256,397,926
Less accumulated depreciation/amortization:				
Buildings	(10,689,001)	(470,483)	-	(11,159,484)
Infrastructure	(123,037,314)	(7,168,812)	-	(130,206,126)
Equipment	(15,234,576)	(1,460,937)	1,105,706	(15,589,807)
Right to use leased equipment	(140,387)	(284,502)	-	(424,889)
Right to use SBITA asset	(197,314)	(280,914)	157,206	(321,022)
Total accumulated depreciation/amortization	(149,298,592)	(9,665,648)	1,262,912	(157,701,328)
Total capital assets being depreciated, net	104,099,269	(4,918,272)	(484,399)	98,696,598
Governmental Activities capital assets, net	<u>\$ 172,140,984</u>	<u>\$ (3,627,203)</u>	<u>\$ (1,010,059)</u>	<u>\$ 167,503,722</u>
Business-type Activities				
Capital assets not being depreciated:				
Land	\$ 11,966,873	\$ -	\$ -	\$ 11,966,873
Construction in progress	509,213	3,975,594	(66,265)	4,418,542
Total capital assets not being depreciated	12,476,086	3,975,594	(66,265)	16,385,415
Capital assets being depreciated:				
Buildings and improvements	196,146,459	690,965	-	196,837,424
Machinery and equipment	33,592,077	2,006,546	(569,832)	35,028,791
Right to use leased equipment	25,726	-	-	25,726
Total capital assets being depreciated	229,764,262	2,697,511	(569,832)	231,891,941
Less accumulated depreciation:				
Buildings and improvements	(80,293,561)	(3,782,847)	-	(84,076,408)
Machinery and equipment	(18,281,004)	(2,024,877)	443,682	(19,862,199)
Right to use leased equipment	(5,260)	(5,146)	-	(10,406)
Total accumulated depreciation	(98,579,825)	(5,812,870)	443,682	(103,949,013)
Total capital assets being depreciated, net	131,184,437	(3,115,359)	(126,150)	127,942,928
Business-type Activities capital assets, net	<u>\$ 143,660,523</u>	<u>\$ 860,235</u>	<u>\$ (192,415)</u>	<u>\$ 144,328,343</u>

City of Hanford

Notes to the Financial Statements For the Year Ended June 30, 2025

NOTE 3 - CAPITAL ASSETS (Continued)

Depreciation/amortization expense for the fiscal year ending June 30, 2025 was charged to the following activities:

Governmental Activities:

General governmental	\$ 6,652,741
Public safety	259,198
Public works	1,382,388
Recreation	259,198
Community development	86,399
Capital assets held by the internal service funds that were charged to the various functions based on their usage	1,025,725
Total	<u>\$ 9,665,648</u>

Business-type Activities:

Water system	\$ 2,443,992
Wastewater	1,800,683
Storm drain	412,422
Refuse	785,250
Airport	319,509
Intermodal	26,116
Building Safety	24,898
Total	<u>\$ 5,812,870</u>

NOTE 4 - LONG-TERM DEBT

The following is a summary of the long-term debt activity for the year ended June 30, 2025:

	Balance July 1, 2024	Prior period adjustment	Additions	Deletions	Balance June 30, 2025	Due Within One Year
Governmental Activities						
Pension obligation bonds payable	\$ 23,922,715	\$ (311,550)	\$ -	\$ (1,481,985)	\$ 22,129,180	\$ 1,487,059
Lease payable	638,867	-	718,760	(196,676)	1,160,951	273,178
SBITA payable	178,371	-	1,036,741	(285,804)	929,308	238,726
Total Governmental Activities	<u>24,739,953</u>	<u>(311,550)</u>	<u>1,755,501</u>	<u>(1,964,465)</u>	<u>24,219,439</u>	<u>1,998,963</u>
Business-type Activities						
Pension obligation bonds payable	4,006,284	311,550	-	(271,014)	4,046,820	271,944
Bonds payable	12,725,000	-	-	(1,880,000)	10,845,000	1,960,000
Bond premiums	409,811	-	-	(73,307)	336,504	73,308
Note payable - direct	3,890,840	-	-	(429,847)	3,460,993	444,892
Finance purchase arrangement - direct borrowing	5,411,024	-	-	(1,027,984)	4,383,040	1,131,407
Lease payable	20,742	-	-	(4,984)	15,758	5,115
Total Business-type Activities	<u>26,463,701</u>	<u>311,550</u>	<u>-</u>	<u>(3,687,136)</u>	<u>23,088,115</u>	<u>3,886,666</u>
Total Primary Government	<u>\$ 51,203,654</u>	<u>\$ -</u>	<u>\$ 1,755,501</u>	<u>\$ (5,651,601)</u>	<u>\$ 47,307,554</u>	<u>\$ 5,885,629</u>

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 4 - 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 pledge from the bond are the revenues payable from the various funds allocated the issuance of the debt.

Pension obligation bonds outstanding on June 30, 2025 for governmental activities are \$22,129,180.

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

Fiscal Year	Principal	Interest	Total
2026	\$ 1,487,059	\$ 918,146	\$ 2,405,205
2027	1,478,605	852,378	2,330,983
2028	1,543,701	783,716	2,327,417
2029	1,269,791	717,767	1,987,558
2030	1,299,380	660,724	1,960,104
2031-2035	7,173,221	2,040,254	9,213,475
2036-2038	7,877,423	904,714	8,782,137
Totals	<u>\$ 22,129,180</u>	<u>\$ 6,877,699</u>	<u>\$ 29,006,879</u>

Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 4 - LONG-TERM DEBT (Continued)**Governmental Activities (Continued)***Leases Payable*

The City entered into several lease agreements for the use of various types of equipment. The lease agreements range from 12 to 60 months. The City is required to make annual fixed payments ranging from \$4,046 to \$14,712. The agreements have interest rates ranging from 0.2% to 2.63%. As of June 30, 2025, the City had total outstanding lease payable of \$1,160,951 and right to use asset of \$1,631,368, net of amortization.

The future maturities of lease payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 273,178	\$ 29,462	\$ 302,640
2027	280,669	21,542	302,211
2028	275,959	13,538	289,497
2029	229,192	6,224	235,416
2030	101,953	1,399	103,352
Totals	<u>\$ 1,160,951</u>	<u>\$ 72,165</u>	<u>\$ 1,233,116</u>

Subscription based IT arrangement (SBITA) payable

The City entered into several subscription-based IT arrangements for the use of various types of software. The subscription agreements range from 12 to 60 months. The City is required to make annual fixed payments ranging from \$21,889 to \$186,707. The agreements have interest rates ranging from 0.2% to 2.63%. As of June 30, 2025, the City had total outstanding SBITA payable of \$929,308 and right to use asset of \$953,587, net of amortization.

The future maturities of SBITA payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 238,726	\$ 23,339	\$ 262,065
2027	164,564	17,540	182,104
2028	169,841	12,148	181,989
2029	175,255	6,519	181,774
2030	180,922	725	181,647
Totals	<u>\$ 929,308</u>	<u>\$ 60,271</u>	<u>\$ 989,579</u>

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 4 - 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, 2025 are \$5,685,000.

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

Fiscal Year	Principal	Interest	Total
2026	\$ 725,000	\$ 201,375	\$ 926,375
2027	750,000	175,563	925,563
2028	785,000	148,209	933,209
2029	805,000	119,391	924,391
2030	835,000	88,100	923,100
2031-2033	1,785,000	109,100	1,894,100
Totals	<u>\$ 5,685,000</u>	<u>\$ 841,738</u>	<u>\$ 6,526,738</u>

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 4 - LONG-TERM DEBT (Continued)**Business-type Activities (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, 2025 are \$3,155,000.

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

Fiscal Year	Principal	Interest	Total
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>\$ 3,155,000</u>	<u>\$ 232,401</u>	<u>\$ 3,387,401</u>

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 4 - LONG-TERM DEBT (Continued)**Business-type Activities (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, 2025 are \$2,005,000.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 220,000	\$ 72,450	\$ 292,450
2027	225,000	65,775	290,775
2028	235,000	57,700	292,700
2029	245,000	48,100	293,100
2030	255,000	38,100	293,100
2031-2033	825,000	50,300	875,300
Totals	<u>\$ 2,005,000</u>	<u>\$ 332,425</u>	<u>\$ 2,337,425</u>

City of Hanford

Notes to the Financial Statements For the Year Ended June 30, 2025

NOTE 4 - LONG-TERM DEBT (Continued)

Business-type Activities (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, 2025 for business-type activities are \$4,046,820.

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

Fiscal Year	Principal	Interest	Total
2026	\$ 271,944	\$ 177,657	\$ 449,601
2027	270,398	165,718	436,117
2028	282,302	153,848	436,150
2029	232,212	141,455	373,666
2030	237,623	131,261	368,883
2031-2035	1,311,794	493,938	1,805,733
2036-2039	1,440,546	102,206	1,542,752
Totals	<u>\$ 4,046,820</u>	<u>\$ 1,366,082</u>	<u>\$ 5,412,902</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, 2025, the balance outstanding was \$3,460,993.

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, 2025**

NOTE 4 - LONG-TERM DEBT (Continued)**Business-type Activities (Continued)**

The future maturities of the note payable are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 444,892	\$ 113,349	\$ 558,241
2027	460,463	97,505	557,968
2028	476,579	81,107	557,686
2029	493,259	64,135	557,394
2030	510,523	46,569	557,092
2031-2032	1,075,277	37,958	1,113,235
Totals	<u>\$ 3,460,993</u>	<u>\$ 440,624</u>	<u>\$ 3,901,617</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, 2025 was \$696,904.

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.

City of Hanford

Notes to the Financial Statements For the Year Ended June 30, 2025

NOTE 4 - LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

The future maturities for the 2011 Finance Purchase Arrangement outstanding on June 30, 2025 are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 332,549	\$ 23,207	\$ 355,756
2027	364,355	12,133	376,488
Totals	<u>\$ 696,904</u>	<u>\$ 35,340</u>	<u>\$ 732,244</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, 2025 was \$3,686,136.

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 future maturities for the 2014 Finance Purchase Arrangement outstanding on June 30, 2025 are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 798,858	\$ 123,481	\$ 1,721,197
2027	877,195	94,514	1,848,905
2028	960,630	62,730	1,983,990
2029	1,049,453	27,944	2,126,848
Totals	<u>\$ 3,686,136</u>	<u>\$ 308,670</u>	<u>\$ 7,680,939</u>

City of Hanford

Notes to the Financial Statements For the Year Ended June 30, 2025

NOTE 4 - LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

Leases Payable

The City entered into a lease agreements for the use of equipment. The lease agreement ranges from 12 to 60 months. The City is required to make annual fixed payments ranging from \$5,814 to \$6,291. The agreement has an interest rate of 2.63%. As of June 30, 2025, the City had total outstanding lease payable of \$15,758 and right to use asset of \$15,320, net of amortization.

The future maturities of lease payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 5,115	\$ 336	\$ 5,451
2027	5,252	199	5,451
2028	5,391	59	5,450
Totals	<u>\$ 15,758</u>	<u>\$ 594</u>	<u>\$ 16,352</u>

NOTE 5 - LEASE RECEIVABLE

Lease Receivables

The City has entered into various lease agreement as the lessor. The leases range from 12 to 240 months. The lessees are required to make monthly fixed payments ranging from \$3,511 to \$90,643. The leases have interest rates ranging from 0.2% to 2.63%. The combined value of lease receivables and deferred inflow of resources as of June 30, 2025 was \$1,543,099 and \$1,457,388, respectively. In addition, the City recognized lease revenue of \$322,344 during the fiscal year related to these leases.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 285,176	\$ 24,128	\$ 309,304
2027	296,695	18,429	315,124
2028	308,630	12,544	321,174
2029	190,544	7,670	198,214
2030	104,556	5,941	110,497
2031-2033	357,498	8,327	365,825
Totals	<u>\$ 1,543,099</u>	<u>\$ 77,040</u>	<u>\$ 1,620,139</u>

Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 6 - CHANGES IN OTHER LONG-TERM LIABILITIES
Compensated Absences

	Balance July 1, 2024	Net Change	Balance June 30, 2025	Due Within One Year
Governmental Activities				
Compensated absences	\$ 1,415,975	\$ 1,098,844	\$ 2,514,819	\$ 880,187
Total Governmental Activities	<u>\$ 1,415,975</u>	<u>\$ 1,098,844</u>	<u>\$ 2,514,819</u>	<u>\$ 880,187</u>
Business-type Activities				
Compensated absences	\$ 318,866	\$ 368,229	\$ 687,095	\$ 322,935
Total Business-type Activities	<u>\$ 318,866</u>	<u>\$ 368,229</u>	<u>\$ 687,095</u>	<u>\$ 322,935</u>

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 7 - PENSION PLAN
Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City participates in three rate plans (one miscellaneous and two safety). The miscellaneous plan is an agent multiple-employer plan and the police and fire safety plans are cost-sharing multiple employer plans. Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 7 - PENSION PLAN (Continued)

Benefits Provided (Continued)

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.

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.

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**Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 7 - PENSION PLAN (Continued)

Benefits Provided (Continued)

The Plan's provisions and benefits in effect as of June 30, 2025, 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	2.000% - 3.000%	1.000% - 2.500%
Required employee contribution rates	8.00%	7.50%
Required employer contribution rates	13.94%	8.25%
Safety Police		
	Prior to January 1, 2013	PEPRA On or After January 1, 2013
Benefit formula	3% @ 55	2.7% @ 57
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	2.400%-3.000%	2.000% - 2.700%
Required employee contribution rates	9.00%	13.75%
Required employer contribution rates	26.29%	14.72%
Safety Fire		
	Prior to January 1, 2013	PEPRA On or After January 1, 2013
Benefit formula	3% @ 55	2.7% @ 57
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	2.400%-3.000%	2.000% - 2.700%
Required employee contribution rates	9.00%	13.75%
Required employer contribution rates	26.29%	14.72%

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 7 - PENSION PLAN (Continued)

As of the June 30, 2023 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	237
Inactive employees entitled to but	
not yet receiving benefits	237
Active employees	199
Total	<u>673</u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The 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 Plan for the fiscal year ended June 30, 2025, were \$2,317,545 for the Miscellaneous plan and \$2,496,401 for the Safety 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, 2024, using an annual actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 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, 2025**

NOTE 7 - PENSION PLAN (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2023 valuation was rolled forward to determine the June 30, 2024 total pension liability, based on the following actuarial methods and assumptions:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Actuarial cost method	Entry Age Actuarial Cost Method
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 ⁽¹⁾	Derived using CalPERS' membership data for all funds
Post retirement benefit	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full 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 2021 Experience Study report from November 2021 that can be found on the CalPERS website.

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.

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 7 - PENSION PLAN (Continued)

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

Asset Class	Assumed Asset Allocation	Real Return^{1,2}
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%)

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate

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

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 7 - PENSION PLAN (Continued)

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

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. 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.

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, 2023	N/A	0.15592%
Proportion - June 30, 2024	N/A	0.14964%
Change - Increase (Decrease)	N/A	-0.00628%

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. The City's proportionate share of the net pension liability/(asset) for the Safety Plan as of June 30, 2023 and 2024 measurement dates was as follows:

	Increase(Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Safety			
Balance at: 6/30/23 (Valuation date)	\$ 116,617,770	\$ 104,962,766	\$ 11,655,004
Balance at: 6/30/24 (Measurement date)	125,137,878	114,228,224	10,909,654
Net changes during 2023-2024	\$ 8,520,108	\$ 9,265,458	\$ (745,350)

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 7 - 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)		Net Pension
	Total Pension Liability	Plan Fiduciary Net Position	Liability / (Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at: 6/30/2023 (VD)	<u>\$ 127,755,342</u>	<u>\$ 114,855,862</u>	<u>\$ 12,899,480</u>
Changes recognized for the measurement period:			
Service cost	2,781,409	-	2,781,409
Interest on the Total Pension Liability	9,014,897	-	9,014,897
Differences between expected and actual experience	5,067,278	-	5,067,278
Contributions from the employer	-	1,897,514	(1,897,514)
Contributions from employees	-	1,103,577	(1,103,577)
Net investment income	-	10,794,112	(10,794,112)
Benefit payments, including refunds of employee contributions	(7,125,290)	(7,125,290)	-
Administrative expense	-	(93,459)	93,459
Net Changes during 2023-24	<u>9,738,294</u>	<u>6,576,454</u>	<u>3,161,840</u>
Balance at: 6/30/2024 (MD)	<u>\$ 137,493,636</u>	<u>\$ 121,432,316</u>	<u>\$ 16,061,320</u>

¹ 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, 2025**

NOTE 7 - 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	\$ 34,601,031	\$ 28,003,368
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$ 16,061,320	\$ 10,909,654
1% Increase	7.90%	7.90%
Net Pension Liability/(Asset)	\$ 838,561	\$ (3,070,601)

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 7 - 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, 2023), the City's net pension liabilities were \$12,899,480 and \$11,655,004, for the Miscellaneous and Safety plans, respectively. For the measurement period ending June 30, 2024 (the measurement date), the City incurred a pension expense of \$4,886,317 and \$1,484,807 for the Miscellaneous and Safety Plans, respectively. The pension expense of the Miscellaneous Plan was as follows:

Description	Amount
Service cost	\$ 2,781,409
Interest on total pension liability	9,014,897
Recognized changes of assumptions	483,691
Recognized differences between expected and actual experience	974,192
Employee contributions	(1,103,577)
Projected earnings on pension plan investments	(7,775,322)
Recognized difference between projected and actual earnings on plan investments	417,568
Administrative expense	93,459
Total pension expense	<u>\$ 4,886,317</u>

As of June 30, 2025, the City has deferred outflows and deferred inflows of resources related to pensions as follows:

Miscellaneous Plan		
	Deferred Outflows	Deferred Inflows
Changes of assumptions	\$ 435,320	\$ -
Differences between expected and actual experiences	3,659,701	305,322
Net differences between projected and actual earnings on investments	1,818,159	-
Pension contributions subsequent to measurement date	2,317,545	-
Total	<u>\$ 8,230,725</u>	<u>\$ 305,322</u>
Safety Plan		
	Deferred Outflows	Deferred Inflows
Changes in assumptions	\$ 268,791	\$ -
Differences between expected and actual experience	890,325	28,948
Net differences between projected and actual earnings on investments	527,323	-
Adjustment due to differences in proportions	3,078,996	2,455,558
Change in employer's proportion	1,029,487	4,267,476
Pension contributions subsequent to measurement date	2,496,401	-
Total	<u>\$ 8,291,323</u>	<u>\$ 6,751,982</u>

Notes to the Financial Statements
For the Year Ended June 30, 2025

NOTE 7 - 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 2023-24 measurement period expense. Contributions subsequent to the measurement date of \$2,317,545 and \$2,496,401, 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
2026	\$ 1,593,538	\$ (1,014,507)
2027	4,211,412	420,788
2028	406,666	(182,914)
2029	(603,758)	(180,427)
Total	<u>\$ 5,607,858</u>	<u>\$ (957,060)</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, 2025.

NOTE 8 - OTHER POST EMPLOYMENT HEALTH CARE BENEFITS

Plan Description: the City participates in the CalPERS medical program under the Public Employees' Medical and Hospital 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 2025. 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, 2025**

NOTE 8 - OTHER POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Employees Covered

As of the June 30, 2025 actuarial valuation, the following current and former City employees were covered by the OPEB plan membership:

Inactive employees or beneficiaries currently receiving benefit payments	42
Inactive employees entitled to, but not yet receiving benefits	13
Active employees	297
Total employees covered by the OPEB plan membership	<u>352</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 2024-2025, the City paid approximately \$47,600 for benefits of 34 retirees or their beneficiaries receiving benefits.

Total OPEB Liability

The City's total OPEB liability was measured as of June 30, 2025 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2025, based on the following actuarial methods and assumptions.

Valuation Date	June 30, 2025
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Discount Rate	5.20% as of June 30, 2025 3.97% as of June 30, 2024
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 2021 Experience Study
Mortality Improvement	MacLeod Watts Scale 2022 applied generationally from 2017
Healthcare Trend	6.0% in 2026, step down to 3.9% by 2075

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 8 - OTHER POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 5.20 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.

Changes in the total OPEB Liability

The change in the total OPEB liability for the year ended June 30, 2025 is as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2024 (6/30/24 measurement date)	\$ 4,169,018	\$ -	\$ 4,169,018
Changes in the year:			
Service cost	291,017	-	291,017
Interest	174,096	-	174,096
Employer contribution	-	149,503	(149,503)
Benefit payments	(149,503)	(149,503)	-
Changes in assumptions	(834,291)	-	(834,291)
Plan experience	(759,886)	-	(759,886)
Net change	(1,278,567)	-	(1,278,567)
Balance at June 30, 2025 (6/30/25 measurement date)	\$ 2,890,451	\$ -	\$ 2,890,451

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 5.20%, if it were calculated using a discount rate that is 1 percentage-point lower (4.20%) or 1 percentage-point higher (6.20%) than the current rate:

	Discount Rate -1% (4.20%)	Current Discount Rate 5.20%	Discount Rate +1% (6.20%)
Total OPEB Liability	\$ 3,153,174	\$ 2,890,451	\$ 2,652,853

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 8 - OTHER POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Change in Assumptions

The discount rate changed from a rate of 3.97% on June 30, 2024, to a rate of 5.20% on June 30, 2025.

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	\$ 2,612,867	\$ 2,890,451	\$ 3,220,531

OPEB Expense

As of the start of the measurement period (July 1, 2025), the total OPEB liability was \$4,169,018. For the measurement period ended June 30, 2025 (the measurement date), the City incurred an OPEB expense of \$501,021. The OPEB expense was as follows:

Description	Amount
Service cost	\$ 291,017
Interest cost	174,096
Assumption changes	1,331
Plan experience	34,577
Total OPEB expense	\$ 501,021

As of June 30, 2025, 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	\$ 551,299	\$ 791,631
Changes in assumptions or other inputs	937,593	1,316,860
Total	\$ 1,488,892	\$ 2,108,491

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 8 - OTHER POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

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

Fiscal Year ended June 30,	Recognized Net Deferred Outflows (Inflows) of Resources
2026	\$ 35,908
2027	35,908
2028	35,908
2029	35,908
2030	(30,612)
Thereafter	(732,619)
	<u>\$ (619,599)</u>

NOTE 9 - 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 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.

Also, the City participates in Alliant's Motor Vehicle Program (AMVP) in an effort to reduce the cost of replacement values for approximately 90 City owned vehicles and equipment.

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.

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 10 - 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.

As of June 30, 2025 the City interfund due from/to other funds were as follows:

	Due From Other Funds	Due To Other Funds
Governmental Funds		
General Fund	\$ 3,144,260	\$ -
Non-major funds	-	96,199
Proprietary Funds		
Refuse	-	3,012,361
Non-major funds	-	35,700
Total	<u>\$ 3,144,260</u>	<u>\$ 3,144,260</u>

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

As of June 30, 2025 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	\$ 636,692	\$ -
Proprietary Funds		
Non-major enterprise funds		
Airport fund	-	375,468
Intermodal fund	-	261,224
Total	<u>\$ 636,692</u>	<u>\$ 636,692</u>

These balances are for long-term financing between funds.

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 10 - 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, 2025 were as follows:

	Transfers In	Transfers Out
Major Governmental Funds		
General Fund	\$ 5,431,606	\$ 1,719,428
CDBG Home/Housing Fund	-	191,073
ARPA Fund	-	3,299,497
Measure H Fund	-	143,750
Non-major Governmental Funds	299,805	688,123
Proprietary Funds		
Water System Fund	5,385,557	5,050,424
Wastewater Fund	3,503,910	3,520,649
Storm Drain Fund	1,391,918	1,045,798
Refuse Fund	11,924	11,924
Non-major enterprise fund types		
Airport Fund	-	109,918
Courthouse Fund	1,250,706	-
Internal Service Funds		
Building Fund	22,705	749,451
Fleet Management Fund	4,486,964	5,255,060
Total	<u>\$ 21,785,095</u>	<u>\$ 21,785,095</u>

These balances are for funding of capital projects, operating expenses and debt service payments.

NOTE 11 - DEFICIT FUND BALANCE/NET POSITION

The American Rescue Plan Act Fund has a fund balance deficit of \$23,693, mainly attributable to the unearned revenues. The deficient will be recovered as the City continues to spend and earn the revenue.

The Courthouse Square Fund has a fund balance deficit of \$36,683, mainly attributable to the due to other funds balance. The deficit will be written off and absorbed by General Fund in FY26 once property has closed escrow.

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 12 - EXCESS EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2025, expenditures exceeded appropriations as follows:

Major Funds:	
General Fund	
General government	\$ (17,526,807)
Public safety	(1,388,562)
Public works	(345,510)
Debt service - principal	(382,810)
Debt service - interest	(6,151)
Transportation Development Act Fund	
General government	(5,114)
Measure H Fund	
General government	(86)
Non-major Funds:	
Park Impact Fees	
General government	(3,037)
Parking Fund	
General government	(335)
Central Parking and Business Improvement Fund	
General government	(29)
Capital outlay	(45,000)
Fire Protection Impact Fees	
General government	(6,479)
Traffic Safety	
General government	(143)
State Gas Tax Fund	
General government	(6,679)
Transportation Impact Fees	
General government	(44,442)
Capital Projects	
General government	(707)
Landscaping Assessment District	
General government	(1,757)
Police Protection Impact Fees	
General government	(3,648)

City of Hanford

Notes to the Financial Statements For the Year Ended June 30, 2025

NOTE 13 - NET POSITION

Net Investment in Capital Assets

Net position for governmental activities and business-type activities is classified as 1) net investments in capital assets, 2) restricted or 3) unrestricted. Net position that was classified as net investments in capital assets as of June 30, 2025, was determined as follows:

	Governmental Activities
Capital assets, net of accumulated depreciation	\$ 167,503,722
Less: Lease liability	(1,160,951)
Subscription liability	(929,308)
Internal service fund capital assets, net	(4,622,802)
Net investment in capital assets	<u>\$ 160,790,661</u>

	Business-type Activities				Non-major Enterprise Funds	Total Enterprise Funds
	Water System Fund	Wastewater Fund	Storm Drain Fund	Refuse Fund		
Capital assets, net of accumulated depreciation	\$ 55,536,130	\$ 52,487,766	\$ 23,490,092	\$ 6,034,515	\$ 6,779,840	\$ 144,328,343
Less capital related debt balances:						
Outstanding principal balance of:						
Bonds payable	(3,155,000)	(7,690,000)	-	-	-	(10,845,000)
Finance lease	(3,686,134)	(696,906)	-	-	-	(4,383,040)
Note payable	-	(3,460,993)	-	-	-	(3,460,993)
Bond premiums	(72,595)	(263,909)	-	-	-	(336,504)
Lease payable	(15,758)	-	-	-	-	(15,758)
Net investment in capital assets	<u>\$ 48,606,643</u>	<u>\$ 40,375,958</u>	<u>\$ 23,490,092</u>	<u>\$ 6,034,515</u>	<u>\$ 6,779,840</u>	<u>\$ 125,287,048</u>

**Notes to the Financial Statements
For the Year Ended June 30, 2025**

NOTE 14 - PRIOR PERIOD RESTATEMENT

The City recorded a prior period restatement to the reallocation of pension bond obligation allocation as detailed in the table below.

Governmental Activities

	<u>Governmental Activities</u>
Net Position, beginning of year, as previously reported	\$ 213,331,121
Correction for reallocation of pension bond obligations	311,550
Net Position, beginning of year, as restated	<u><u>\$ 213,642,671</u></u>

Business-type Activities

	<u>Business-Type Activities</u>
Net position, beginning of year, as previously reported	\$ 16,734,081
Correction for reallocation of pension bond obligations	(311,550)
Net position, beginning of year, as restated	<u><u>\$ 16,422,531</u></u>

Business-type Fund Activities

	<u>Fund Financials</u>
	<u>Building Safety Fund</u>
Net position, beginning of year, as previously reported	\$ 803,227
Correction for reallocation of pension bond obligations	(311,550)
Net position, beginning of year, as restated	<u><u>\$ 491,677</u></u>

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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

Measurement Period	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	\$ 2,781,409	\$ 2,525,214	\$ 2,629,757	\$ 2,307,283	\$ 2,151,214	\$ 2,064,352	\$ 2,105,925	\$ 2,090,309	\$ 1,914,877	\$ 1,859,399
Interest	9,014,897	8,376,796	8,080,540	8,011,156	7,725,010	7,440,145	7,031,320	7,021,932	6,976,069	6,689,193
Change in benefit terms	-	133,790	-	-	-	-	-	-	-	-
Differences between expected and actual experience	5,067,278	(34,421)	(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	(7,125,290)	(6,573,779)	(6,353,883)	(5,729,725)	(5,302,018)	(5,004,441)	(4,588,971)	(4,191,413)	(4,206,587)	(3,783,672)
Net change in total pension liability	9,738,294	4,427,600	4,983,662	4,152,379	4,163,627	5,898,127	(50,268)	7,159,558	3,853,169	2,623,342
Total pension liability- beginning	127,755,342	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
Total pension liability-ending (a)	137,493,636	127,755,342	123,327,742	118,344,080	114,191,701	110,028,074	104,129,947	104,180,215	97,020,657	93,167,488
Plan Fiduciary Net Position										
Contributions-employer	1,897,514	2,415,486	15,804,838	4,300,785	4,072,920	3,791,023	3,415,348	3,213,198	295,917	2,937,484
Contributions-employees	1,103,577	1,006,834	903,798	908,516	852,662	874,603	796,926	760,087	709,460	712,929
Net plan to plan resource movement	-	52,804	(52,804)	-	-	-	(188)	-	-	-
Net investment income	10,794,112	6,736,220	(8,335,831)	20,183,976	4,294,558	5,316,832	6,405,074	7,625,528	366,113	1,494,371
Benefit payments	(7,125,290)	(6,573,779)	(6,353,883)	(5,729,725)	(5,302,018)	(5,004,441)	(4,588,971)	(4,191,413)	(4,206,587)	(3,783,672)
Administrative expense	(93,459)	(81,845)	(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	6,576,454	3,555,720	1,897,967	19,573,819	3,796,841	4,920,320	5,687,465	7,306,830	(2,876,742)	1,284,206
Total plan fiduciary net position-beginning	114,855,862	111,300,142	109,402,175	89,828,356	86,031,515	81,111,195	75,423,730	68,116,900	68,331,642	67,147,436
Total plan fiduciary net position-ending (b)	121,432,316	114,855,862	111,300,142	109,402,175	89,828,356	86,031,515	81,111,195	75,423,730	65,454,900	68,431,642
Net pension liability-ending (a)-(b)	\$ 16,061,320	\$ 12,899,480	\$ 12,027,600	\$ 8,941,905	\$ 24,363,345	\$ 23,996,559	\$ 23,018,752	\$ 28,756,485	\$ 31,565,757	\$ 24,735,846
Plan fiduciary net position as a percentage of the total pension liability	88.32%	89.90%	90.25%	92.44%	78.66%	78.19%	77.39%	72.40%	70.21%	73.34%
City's covered-employee payroll	\$ 13,207,072	\$ 11,717,932	\$ 12,146,682	\$ 11,735,924	\$ 10,586,681	\$ 10,064,610	\$ 10,080,535	\$ 9,434,933	\$ 9,643,787	\$ 9,090,194
Net pension liability as a percentage of covered-employee payroll	121.61%	97.84%	99.02%	76.19%	230.13%	238.43%	228.35%	304.79%	299.71%	273.22%

1 Net of administrative expenses.

Notes to Schedule:

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

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) ¹	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)
6/30/2015	0.2194%	\$ 14,547,172	\$ 6,602,409	220.33%	74.99%
6/30/2016	0.2137%	18,487,608	6,897,272	268.04%	70.87%
6/30/2017	0.2115%	20,972,245	6,409,767	327.19%	70.93%
6/30/2018	0.2153%	20,744,090	6,692,475	309.96%	72.39%
6/30/2019	0.2161%	22,146,339	6,673,847	331.84%	73.25%
6/30/2020	0.2249%	24,469,454	6,889,321	355.18%	72.59%
6/30/2021	0.3957%	13,888,402	9,140,252	151.95%	86.61%
6/30/2022	0.1643%	11,290,136	8,109,211	139.23%	75.52%
6/30/2023	0.1559%	11,655,004	8,109,211	143.73%	74.87%
6/30/2024	0.1496%	10,909,654	8,835,591	123.47%	76.66%

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

¹ Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

City of Hanford

Required Supplementary Information Schedule of Plan Contributions - Pension Plan Last Ten Years

Miscellaneous Plan

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 2,317,545	\$ 2,415,486	\$ 4,261,698	\$ 4,300,785	\$ 4,072,920	\$ 3,791,023	\$ 3,415,348	\$ 3,213,198	\$ 2,957,917	\$ 2,837,484
Contributions in relation to the actuarially determined contribution	(2,317,545)	(2,415,486)	(15,804,838)	(4,300,785)	(4,072,920)	(3,791,023)	(3,415,348)	(3,213,198)	(2,957,917)	(2,837,484)
Contribution deficiency (excess)	\$ -	\$ -	\$ (11,543,140)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 13,988,809	\$ 13,207,072	\$ 11,717,932	\$ 12,146,682	\$ 11,735,924	\$ 10,586,681	\$ 10,064,610	\$ 10,080,535	\$ 9,434,933	\$ 9,643,787
Contributions as a percentage of covered-employee payroll	14.37%	20.61%	130.12%	36.65%	38.47%	37.67%	33.88%	34.06%	30.67%	31.21%

Safety Plan

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 2,496,401	\$ 2,004,715	\$ 2,422,956	\$ 22,748,720	\$ 4,062,968	\$ 3,451,832	\$ 3,067,990	\$ 3,064,625	\$ 3,728,697	\$ 2,859,367
Contributions in relation to the actuarially determined contribution	(2,496,401)	(2,004,715)	(2,422,956)	(22,748,720)	(4,062,968)	(3,451,832)	(3,067,990)	(3,064,625)	(3,728,697)	(2,859,367)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 9,254,159	\$ 8,835,591	\$ 8,109,211	\$ 8,109,211	\$ 9,140,252	\$ 6,889,321	\$ 6,673,847	\$ 6,692,475	\$ 6,409,767	\$ 6,897,272
Contributions as a percentage of covered-employee payroll	26.98%	22.69%	29.88%	280.53%	44.45%	50.10%	45.97%	45.79%	58.17%	41.46%

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.

City of Hanford

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

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service cost	\$ 291,017	\$ 288,001	\$ 235,139	\$ 310,994	\$ 120,203	\$ 105,251	\$ -	\$ -
Interest on total OPEB liability	174,096	159,742	151,238	88,810	63,027	74,534	47,002	50,391
Differences between expected and actual experience	(759,886)	-	(131,402)		283,719	(1,034,539)	1,034,539	-
Changes in assumptions	(834,291)	(41,334)	(100,260)	(699,772)	1,541,087	141,650	39,397	(6,734)
Benefit payments, including refunds of employee contributions	(149,503)	(175,583)	(159,927)	(142,193)	(149,569)	(136,950)	(153,422)	(168,043)
Net change in total OPEB liability	(1,278,567)	230,826	(5,212)	(442,161)	1,858,467	(850,054)	967,516	(124,386)
Total Net OPEB liability - beginning	4,169,018	3,938,192	3,943,404	4,385,565	2,527,098	2,342,613	1,375,097	1,499,483
Total Net OPEB liability- ending (a)	2,890,451	4,169,018	3,938,192	3,943,404	4,385,565	1,492,559	2,342,613	1,375,097
Plan Fiduciary Net Position								
Contributions- employer	149,503	175,583	154,219	142,193	149,569	136,950	153,422	168,043
Benefit payments	(149,503)	(175,583)	(154,219)	(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)	\$ 2,890,451	\$ 4,169,018	\$ 3,938,192	\$ 3,943,404	\$ 4,385,565	\$ 1,492,559	\$ 2,342,613	\$ 1,375,097
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%	0%	0%	0%	0%
City's covered-employee payroll	\$ 28,692,258	\$ 26,822,825	\$ 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	10.07%	15.54%	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 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*

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 149,503	\$ 175,583	\$ 154,219	\$ 142,193	\$ 149,569	\$ 136,950	\$ 153,422	\$ 168,043
Contributions in relation to the actuarially determined contribution	(149,503)	(175,583)	(154,219)	(142,193)	(149,569)	(136,950)	(153,422)	(168,043)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 28,692,258	\$ 26,822,825	\$ 26,307,809	\$ 18,572,290	\$ 19,345,356	\$ 18,420,461	\$ 19,211,409	\$ -
Contributions as a percentage of covered-employee payroll	0.52%	0.65%	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 2024-2025 were as follows for the June 30, 2025 measurement date actuarial valuations.

Valuation Date	June 30, 2025
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation	Fair value of assets
Discount Rate	5.20% as of June 30, 2025 3.97% as of June 30, 2024
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 2021 Experience Study
Mortality Improvement	MacLeod Watts 2022 Scale Generationally
Healthcare Trend	6.0% in 2026, fluctuating down to 3.9%% by 2075

*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, 2025

	General Fund			Variance with
	Original Budget	Final Budget	Actual	Final Budget
REVENUES				
Taxes and special assessments	\$ 34,452,230	\$ 34,452,230	\$ 35,878,197	\$ 1,425,967
Aid from other government agencies	1,125,300	3,778,621	3,151,749	(626,872)
Licenses and permits	47,700	47,700	63,690	15,990
Fines and forfeitures	118,500	118,500	144,373	25,873
Charges for services	2,464,410	2,564,068	2,733,388	169,320
Lease revenue	43,200.00	43,200.00	163,635	120,435
Revenue from use of money and property	62,800	62,800	413,348	350,548
Miscellaneous	8,500	8,500	17,589,996	17,581,496
Total revenues	<u>38,322,640</u>	<u>41,075,619</u>	<u>60,138,376</u>	<u>19,062,757</u>
EXPENDITURES				
Current:				
General government	4,105,968	4,459,243	21,986,050	(17,526,807)
Public safety	24,524,465	25,184,406	26,572,968	(1,388,562)
Public works	2,568,983	2,522,934	2,868,444	(345,510)
Recreation	4,603,208	6,397,114	6,323,733	73,381
Community development	1,024,401	1,119,401	895,219	224,182
Debt service:				
Principal	1,458,815	1,458,815	1,841,625	(382,810)
Interest	1,006,097	1,006,097	1,012,248	(6,151)
Capital outlay	-	5,918,530	3,089,492	2,829,038
Total expenditures	<u>39,291,937</u>	<u>48,066,540</u>	<u>64,589,779</u>	<u>(16,523,239)</u>
Excess (deficiency) of revenues				
Over (under) expenditures	<u>(969,297)</u>	<u>(6,990,921)</u>	<u>(4,451,403)</u>	<u>2,539,518</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,346,000	5,066,799	5,431,606	364,807
Transfers out	(336,393)	(336,393)	(1,719,428)	(1,383,035)
Lease and other financing proceeds	-	-	1,755,501	1,755,501
Proceeds from sale of assets	-	-	24,896	24,896
Total other financing sources (uses)	<u>1,009,607</u>	<u>4,730,406</u>	<u>5,492,575</u>	<u>762,169</u>
Net change in fund balance	40,310	(2,260,515)	1,041,172	3,301,687
FUND BALANCE				
Beginning of year	<u>12,942,192</u>	<u>12,942,192</u>	<u>12,942,192</u>	<u>-</u>
End of year	<u>\$ 12,982,502</u>	<u>\$ 10,681,677</u>	<u>\$ 13,983,364</u>	<u>\$ 3,301,687</u>

City of Hanford

Required Supplementary Information Budgetary Comparison Schedule – (GAAP Basis) CDBG Home/Housing Fund For the Year Ended June 30, 2025

	CDBG/Home/Housing Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Aid from other government agencies	\$ 1,095,000	\$ 1,095,000	\$ 531,855	\$ (563,145)
Revenue from use of money and property	83,150	83,150	309,955	226,805
Miscellaneous	360,000	360,000	148	(359,852)
Total revenues	1,538,150	1,538,150	841,958	(696,192)
EXPENDITURES				
Current:				
Community development	1,381,440	1,423,688	608,065	815,623
Total expenditures	1,381,440	1,423,688	608,065	815,623
Excess (deficiency) of revenues Over (under) expenditures	156,710	114,462	233,893	119,431
OTHER FINANCING SOURCES (USES)				
Transfers out	(400,000)	(400,000)	(191,073)	208,927
Proceeds from sale of assets	-	-	34,342	34,342
Total other financing sources (uses)	(400,000)	(400,000)	(156,731)	208,927
Net change in fund balance	(243,290)	(285,538)	77,162	328,358
FUND BALANCE				
Beginning of year	20,339,965	20,339,965	20,339,965	-
End of year	\$ 20,096,675	\$ 20,054,427	\$ 20,417,127	\$ 362,700

City of Hanford

**Required Supplementary Information
Budgetary Comparison Schedule – (GAAP Basis) Transportation Development Act Fund
For the Year Ended June 30, 2025**

	Transportation Development Act Fund			Variance with
	Original	Final	Actual Amount	Final Budget
REVENUES				
Taxes and special assessments	\$ 821,000	\$ 821,000	\$ 1,355,009	\$ 534,009
Revenue from use of money and property	39,000	39,000	445,506	406,506
Total revenues	860,000	860,000	1,800,515	940,515
EXPENDITURES				
Current:				
General government	4,000	4,000	9,114	(5,114)
Capital outlay	-	1,421,350	50,420	1,370,930
Total expenditures	4,000	1,425,350	59,534	1,365,816
Net change in fund balance	856,000	(565,350)	1,740,981	2,306,331
FUND BALANCE				
Beginning of year	8,950,478	8,950,478	8,950,478	-
End of year	<u>\$ 9,806,478</u>	<u>\$ 8,385,128</u>	<u>\$ 10,691,459</u>	<u>\$ 2,306,331</u>

City of Hanford

Required Supplementary Information Budgetary Comparison Schedule – (GAAP Basis) American Rescue Plan Act Fund For the Year Ended June 30, 2025

	American Rescue Plan Act			Variance with
	Original Budget	Final Budget	Actual	Final Budget
REVENUES				
Aid from other government agencies	\$ -	\$ -	\$ 3,802,527	\$ 3,802,527
Total revenues	-	-	3,802,527	3,802,527
EXPENDITURES				
Capital outlay	-	1,641,260	380,011	1,261,249
Total expenditures	-	1,641,260	380,011	1,261,249
Excess (deficiency) of revenues				
Over (under) expenditures	-	(1,641,260)	3,422,516	5,063,776
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(3,299,497)	(3,299,497)	-
Total other financing sources (uses)	-	(3,299,497)	(3,299,497)	-
Net change in fund balance	-	(4,940,757)	123,019	5,063,776
FUND BALANCE (DEFICIT)				
Beginning of year	(146,712)	(146,712)	(146,712)	-
End of year	\$ (146,712)	\$ (5,087,469)	\$ (23,693)	\$ 5,063,776

City of Hanford

Required Supplementary Information Budgetary Comparison Schedule – (GAAP Basis) Measure H Fund For the Year Ended June 30, 2025

	Measure H Fund			Variance with
	Original Budget	Final Budget	Actual	Final Budget
REVENUES				
Taxes and special assessments	\$ -	\$ -	\$ 3,388,557	\$ 3,388,557
Revenue from use of money and property	-	-	9,184	9,184
Total revenues	-	-	3,397,741	3,397,741
EXPENDITURES				
Current:				
General government	-	-	86	(86)
Total expenditures	-	-	86	(86)
Excess (deficiency) of revenues				
Over (under) expenditures	-	-	3,397,655	3,397,655
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(143,750)	(143,750)	-
Total other financing sources (uses)	-	(143,750)	(143,750)	-
Net change in fund balance	-	(143,750)	3,253,905	3,397,655
FUND BALANCE				
Beginning of year	-	-	-	-
End of year	\$ -	\$ (143,750)	\$ 3,253,905	\$ 3,397,655

City of Hanford

Notes to Budgetary Comparison Required Supplementary Information For the Year Ended June 30, 2025

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, 2025. All unencumbered appropriations lapse at year-end. Budgets were legally adopted for all governmental funds with the exception of the Special Aviation Fund and Street Tree Committee Fund.

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

Excess of expenditures over appropriations for major funds

Major Funds:

General Fund	
General government	\$ (17,526,807)
Public safety	(1,388,562)
Public works	(345,510)
Debt service - principal	(382,810)
Debt service - interest	(6,151)
Transportation Development Act Fund	
General government	(5,114)
Measure H Fund	
General government	(86)

SUPPLEMENTARY INFORMATION

City of Hanford

Combining Balance Sheet Non-Major Special Revenue Funds June 30, 2025

	Special Revenue				
	CMAQ Transportation Fund	Park Impact Fees	Parking Fund	Downtown Reinvestment Fund	Landscaping Assessment District
ASSETS					
Cash and investments	\$ 138,803	\$ 7,537,271	\$ 503,719	\$ 166,987	\$ 2,548,920
Receivables:					
Accounts	31,176	9,577	-	-	15,038
Taxes	-	-	-	-	-
Loans	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Total Assets	\$ 169,979	\$ 7,546,848	\$ 503,719	\$ 166,987	\$ 2,563,958
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 5,850	\$ 1,504	\$ -	\$ -	\$ 110,609
Accrued wages payable	-	-	-	-	-
Due to other funds	-	-	-	-	96,199
Total Liabilities	5,850	1,504	-	-	206,808
Fund Balances (deficit):					
Nonspendable:					
Loan receivable	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Restricted for:					
Streets and roads	164,129	-	-	-	-
Recreation	-	7,545,344	-	-	-
Landscape maintenance	-	-	-	-	2,357,150
Public safety	-	-	-	-	-
Committed for:					
Parking and business improvement	-	-	503,719	166,987	-
Community development	-	-	-	-	-
Cannabis	-	-	-	-	-
Total Fund Balances	164,129	7,545,344	503,719	166,987	2,357,150
Total Liabilities and Fund Balances	\$ 169,979	\$ 7,546,848	\$ 503,719	\$ 166,987	\$ 2,563,958

City of Hanford

Combining Balance Sheet Non-Major Special Revenue Funds June 30, 2025

(continued)

	Special Revenue				
	City Housing Fund	Central Parking and Business Improvement	Fire Protection Impact Fees	Police Protection Impact Fees	Special Aviation
ASSETS					
Cash and investments	\$ 646,527	\$ 123,791	\$ 1,185,845	\$ 152,745	\$ 19,311
Receivables:					
Accounts	-	5,288	1,910	1,036	-
Taxes	-	-	-	-	-
Loans	1,807,093	-	-	-	-
Prepaid expenses	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Total Assets	<u>\$ 2,453,620</u>	<u>\$ 129,079</u>	<u>\$ 1,187,755</u>	<u>\$ 153,781</u>	<u>\$ 19,311</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 1,600	\$ 1,504	\$ 1,504	\$ -
Accrued wages payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>1,600</u>	<u>1,504</u>	<u>1,504</u>	<u>-</u>
Fund Balances (deficit):					
Nonspendable:					
Loan receivable	1,807,093	-	-	-	-
Prepaid expenses	-	-	-	-	-
Restricted for:					
Streets and roads	-	-	-	-	19,311
Recreation	-	-	-	-	-
Landscape maintenance	-	-	-	-	-
Public safety	-	-	1,186,251	152,277	-
Committed for:					
Parking and business improvement	-	127,479	-	-	-
Community development	646,527	-	-	-	-
Cannabis	-	-	-	-	-
Total Fund Balances	<u>2,453,620</u>	<u>127,479</u>	<u>1,186,251</u>	<u>152,277</u>	<u>19,311</u>
Total Liabilities and Fund Balances	<u>\$ 2,453,620</u>	<u>\$ 129,079</u>	<u>\$ 1,187,755</u>	<u>\$ 153,781</u>	<u>\$ 19,311</u>

City of Hanford

Combining Balance Sheet Non-Major Special Revenue Funds June 30, 2025

(continued)

	Special Revenue				
	Traffic Safety	Street Tree Committee	State Gas Tax Fund	Public Housing Authority	Transportation Impact Fees
ASSETS					
Cash and investments	\$ 191,322	\$ 1,218	\$ 11,137,556	\$ 162,379	\$ 10,610,244
Receivables:					
Accounts	6,360	-	-	-	31,013
Taxes	-	-	421,116	-	-
Loans	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Total Assets	\$ 197,682	\$ 1,218	\$ 11,558,672	\$ 162,379	\$ 10,641,257
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 10,800	\$ 639	\$ 54,777
Accrued wages payable	-	-	-	3,838	-
Due to other funds	-	-	-	-	-
Total Liabilities	-	-	10,800	4,477	54,777
Fund Balances (deficit):					
Nonspendable:					
Loan receivable	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Restricted for:					
Streets and roads	-	-	11,547,872	-	-
Recreation	-	-	-	-	-
Landscape maintenance	-	1,218	-	-	-
Public safety	197,682	-	-	-	-
Committed for:					
Parking and business improvement	-	-	-	-	-
Community development	-	-	-	157,902	10,586,480
Cannabis	-	-	-	-	-
Total Fund Balances	197,682	1,218	11,547,872	157,902	10,586,480
Total Liabilities and Fund Balances	\$ 197,682	\$ 1,218	\$ 11,558,672	\$ 162,379	\$ 10,641,257

City of Hanford

Combining Balance Sheet Non-Major Special Revenue Funds June 30, 2025

(concluded)

	<u>Special Revenue</u>		<u>Total Non-Major</u>
	<u>Cannabis</u>	<u>Capital Projects</u>	<u>Special</u>
	<u>Operations</u>	<u>Fund</u>	<u>Revenue Funds</u>
ASSETS			
Cash and investments	\$ 17,259	\$ 1,590,618	\$ 36,734,515
Receivables:			
Accounts	207,188	-	308,586
Taxes	40,844	-	461,960
Loans	-	-	1,807,093
Prepaid expenses	-	1,100	1,100
Advances to other funds	-	636,692	636,692
Total Assets	<u>\$ 265,291</u>	<u>\$ 2,228,410</u>	<u>\$ 39,949,946</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 188,787
Accrued wages payable	-	-	3,838
Due to other funds	-	-	96,199
Total Liabilities	<u>-</u>	<u>-</u>	<u>288,824</u>
Fund Balances (deficit):			
Nonspendable:			
Loan receivable	-	-	1,807,093
Prepaid expenses	-	1,100	1,100
Restricted for:			
Streets and roads	-	-	11,731,312
Recreation	-	-	7,545,344
Landscape maintenance	-	-	2,358,368
Public safety	-	-	1,536,210
Committed for:			
Parking and business improvement	-	2,227,310	3,025,495
Community development	-	-	11,390,909
Cannabis	265,291	-	265,291
Total Fund Balances	<u>265,291</u>	<u>2,228,410</u>	<u>39,661,122</u>
Total Liabilities and Fund Balances	<u>\$ 265,291</u>	<u>\$ 2,228,410</u>	<u>\$ 39,949,946</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, 2025

	Special Revenue				
	CMAQ Transportation Fund	Park Impact Fees	Parking Fund	Downtown Reinvestment Fund	Landscaping Assessment District
REVENUES					
Taxes and special assessments	\$ -	\$ 1,241,466	\$ -	\$ -	\$ 1,158,740
Aid from other government agencies	121,654	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Revenue from use of money and property	-	338,465	24,005	455	103,639
Miscellaneous	1,608	-	-	-	-
Total revenues	123,262	1,579,931	24,005	455	1,262,379
EXPENDITURES					
Current:					
General government	-	6,837	485	-	1,757
Public works	-	-	-	-	948,711
Community development	-	-	-	-	64
Capital outlay	126,654	2,927	-	-	-
Total expenditures	126,654	9,764	485	-	950,532
Excess (deficiency) of revenues over expenditures	(3,392)	1,570,167	23,520	455	311,847
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balance	(3,392)	1,570,167	23,520	455	311,847
FUND BALANCE (DEFICIT)					
Beginning of year	167,521	5,975,177	480,199	166,532	2,045,303
End of year	\$ 164,129	\$ 7,545,344	\$ 503,719	\$ 166,987	\$ 2,357,150

City of Hanford

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Special Revenue Funds For the Year Ended June 30, 2025

(continued)

	Special Revenue				
	City Housing Fund	Central Parking and Business Improvement	Fire Protection Impact Fees	Police Protection Impact Fees	Special Aviation
REVENUES					
Taxes and special assessments	\$ -	\$ 110,418	\$ 223,038	\$ 127,321	\$ -
Aid from other government agencies	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Revenue from use of money and property	19,538	6,312	50,924	3,517	792
Miscellaneous	45	-	1,751	1,902	-
Total revenues	19,583	116,730	275,713	132,740	792
EXPENDITURES					
Current:					
General government	-	129	6,829	3,728	17
Public works	-	60,818	-	-	-
Community development	70,622	16,397	-	-	-
Capital outlay	-	45,000	2,927	2,927	-
Total expenditures	70,622	122,344	9,756	6,655	17
Excess (deficiency) of revenues over expenditures	(51,039)	(5,614)	265,957	126,085	775
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Proceeds from sale of assets	72,172	-	-	-	-
Total other financing sources (uses)	72,172	-	-	-	-
Net change in fund balance	21,133	(5,614)	265,957	126,085	775
FUND BALANCE (DEFICIT)					
Beginning of year	2,432,487	133,093	920,294	26,192	18,536
End of year	\$ 2,453,620	\$ 127,479	\$ 1,186,251	\$ 152,277	\$ 19,311

City of Hanford

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Non-Major Special Revenue Funds For the Year Ended June 30, 2025

(continued)

	Special Revenue				
	Traffic Safety	Street Tree Committee	State Gas Tax Fund	Public Housing Authority	Transportation Impact Fees
REVENUES					
Taxes and special assessments	\$ -	\$ -	\$ 3,615,893	\$ -	\$ 1,589,005
Aid from other government agencies	-	-	-	-	-
Fines and forfeitures	29,463	-	-	-	-
Revenue from use of money and property	8,583	-	464,504	-	493,643
Miscellaneous	-	-	-	615	-
Total revenues	<u>38,046</u>	<u>-</u>	<u>4,080,397</u>	<u>615</u>	<u>2,082,648</u>
EXPENDITURES					
Current:					
General government	173	-	9,279	-	48,542
Public works	-	-	-	-	-
Community development	-	-	-	300,420	-
Capital outlay	-	-	822,127	-	816,451
Total expenditures	<u>173</u>	<u>-</u>	<u>831,406</u>	<u>300,420</u>	<u>864,993</u>
Excess (deficiency) of revenues over expenditures	<u>37,873</u>	<u>-</u>	<u>3,248,991</u>	<u>(299,805)</u>	<u>1,217,655</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	299,805	-
Transfers out	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>299,805</u>	<u>-</u>
Net change in fund balance	<u>37,873</u>	<u>-</u>	<u>3,248,991</u>	<u>-</u>	<u>1,217,655</u>
FUND BALANCE (DEFICIT)					
Beginning of year	<u>159,809</u>	<u>1,218</u>	<u>8,298,881</u>	<u>157,902</u>	<u>9,368,825</u>
End of year	<u>\$ 197,682</u>	<u>\$ 1,218</u>	<u>\$ 11,547,872</u>	<u>\$ 157,902</u>	<u>\$ 10,586,480</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, 2025

(concluded)

	<u>Special Revenue</u>		
	<u>Cannabis Operations</u>	<u>Capital Projects Fund</u>	<u>Total Non-Major Special Revenue Funds</u>
REVENUES			
Taxes and special assessments	\$ 593,562	\$ -	\$ 8,659,443
Aid from other government agencies	-	-	121,654
Fines and forfeitures	-	-	29,463
Revenue from use of money and property	2,246	42,347	1,558,970
Miscellaneous	160,000	-	165,921
Total revenues	<u>755,808</u>	<u>42,347</u>	<u>10,535,451</u>
EXPENDITURES			
Current:			
General government	-	707	78,483
Public works	-	-	1,009,529
Community development	-	-	387,503
Capital outlay	-	20,514	1,839,527
Total expenditures	<u>-</u>	<u>21,221</u>	<u>3,315,042</u>
Excess (deficiency) of revenues over expenditures	<u>755,808</u>	<u>21,126</u>	<u>7,220,409</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	299,805
Transfers out	(688,123)	-	(688,123)
Proceeds from sale of assets	-	-	72,172
Total other financing sources (uses)	<u>(688,123)</u>	<u>-</u>	<u>(316,146)</u>
Net change in fund balance	<u>67,685</u>	<u>21,126</u>	<u>6,904,263</u>
FUND BALANCE (DEFICIT)			
Beginning of year	<u>197,606</u>	<u>2,207,284</u>	<u>32,756,859</u>
End of year	<u>\$ 265,291</u>	<u>\$ 2,228,410</u>	<u>\$ 39,661,122</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, 2025

	CMAQ Transportation Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
REVENUES				
Aid from other government agencies	\$ 839	\$ (839)	\$ 121,654	\$ 122,493
Miscellaneous	-	-	1,608	1,608
Total revenues	839	(839)	123,262	124,101
EXPENDITURES				
Capital outlay	-	949,244	126,654	822,590
Total expenditures	-	949,244	126,654	822,590
Net change in fund balance	839	(950,083)	(3,392)	946,691
FUND BALANCE				
Beginning of year	167,521	167,521	167,521	-
End of year	\$ 168,360	\$ (782,562)	\$ 164,129	\$ 946,691

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, 2025

	Park Impact Fees			Variance with Final Budget
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes and special assessments	\$ 750,000	\$ 750,000	\$ 1,241,466	\$ 491,466
Revenue from use of money and property	38,000	38,000	338,465	300,465
Total revenues	788,000	788,000	1,579,931	791,931
EXPENDITURES				
Current:				
General government	3,800	3,800	6,837	(3,037)
Capital outlay	-	2,344,708	2,927	2,341,781
Total expenditures	3,800	2,348,508	9,764	2,338,744
Net change in fund balance	784,200	(1,560,508)	1,570,167	3,130,675
FUND BALANCE				
Beginning of year	5,975,177	5,975,177	5,975,177	-
End of year	\$ 6,759,377	\$ 4,414,669	\$ 7,545,344	\$ 3,130,675

City of Hanford

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual Parking Fund For the Year Ended June 30, 2025

	Parking Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
REVENUES				
Revenue from use of money and property	\$ 1,100	\$ 1,100	\$ 24,005	\$ 22,905
Total revenues	1,100	1,100	24,005	22,905
EXPENDITURES				
Current:				
General government	150	150	485	(335)
Total expenditures	150	150	485	(335)
Excess (deficiency) of revenues over (under) expenditures	950	950	23,520	22,570
OTHER FINANCING SOURCES (USES)				
Lease acquisition	19,496	19,496	-	(19,496)
Total other financing sources (uses)	19,496	19,496	-	(19,496)
Net change in fund balance	20,446	20,446	23,520	3,074
FUND BALANCE				
Beginning of year	480,199	480,199	480,199	-
End of year	\$ 500,645	\$ 500,645	\$ 503,719	\$ 3,074

City of Hanford

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual Downtown Reinvestment Fund For the Year Ended June 30, 2025

	Downtown Reinvestment Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
REVENUES				
Revenue from use of money and property	\$ 1,300	\$ 1,300	\$ 455	\$ (845)
Miscellaneous	2,500	2,500	-	(2,500)
Total revenues	3,800	3,800	455	(3,345)
EXPENDITURES				
Current:				
General government	100	100	-	100
Total expenditures	100	100	-	100
Net change in fund balance	3,700	3,700	455	(3,245)
FUND BALANCE				
Beginning of year	166,532	166,532	166,532	-
End of year	<u>\$ 170,232</u>	<u>\$ 170,232</u>	<u>\$ 166,987</u>	<u>\$ (3,245)</u>

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, 2025

	Central Parking and Business Improvement Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes and special assessments	\$ 105,000	\$ 105,000	\$ 110,418	\$ 5,418
Revenue from use of money and property	1,000	1,000	6,312	5,312
Total revenues	<u>106,000</u>	<u>106,000</u>	<u>116,730</u>	<u>10,730</u>
EXPENDITURES				
Current:				
General government	100	100	129	(29)
Public works	81,090	81,090	60,818	20,272
Community development	15,000	28,400	16,397	12,003
Capital outlay	-	-	45,000	(45,000)
Total expenditures	<u>96,190</u>	<u>109,590</u>	<u>122,344</u>	<u>(12,754)</u>
Net change in fund balance	9,810	(3,590)	(5,614)	(2,024)
FUND BALANCE				
Beginning of year	<u>133,093</u>	<u>133,093</u>	<u>133,093</u>	<u>-</u>
End of year	<u>\$ 142,903</u>	<u>\$ 129,503</u>	<u>\$ 127,479</u>	<u>\$ (2,024)</u>

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, 2025

	Fire Protection Impact Fees			Variance with Final Budget
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes and special assessments	\$ 170,000	\$ 170,000	\$ 223,038	\$ 53,038
Revenue from use of money and property	3,400	3,400	50,924	47,524
Miscellaneous	-	-	1,751	1,751
Total revenues	<u>173,400</u>	<u>173,400</u>	<u>275,713</u>	<u>102,313</u>
EXPENDITURES				
Current:				
General government	350	350	6,829	(6,479)
Capital outlay	-	13,200	2,927	10,273
Total expenditures	<u>350</u>	<u>13,550</u>	<u>9,756</u>	<u>3,794</u>
Net change in fund balance	173,050	159,850	265,957	106,107
FUND BALANCE				
Beginning of year	<u>920,294</u>	<u>920,294</u>	<u>920,294</u>	<u>-</u>
End of year	<u>\$ 1,093,344</u>	<u>\$ 1,080,144</u>	<u>\$ 1,186,251</u>	<u>\$ 106,107</u>

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, 2025

	Police Protection Impact Fees			Variance with Final Budget
	Original Budget	Final Budget	Actual	
REVENUES				
Taxes and special assessments	\$ 103,000	\$ 103,000	\$ 127,321	\$ 24,321
Revenue from use of money and property	1,000	1,000	3,517	2,517
Miscellaneous	-	-	1,902	1,902
Total revenues	104,000	104,000	132,740	28,740
EXPENDITURES				
Current:				
General government	80	80	3,728	(3,648)
Capital outlay	-	13,200	2,927	10,273
Total expenditures	80	13,280	6,655	6,625
Net change in fund balance	103,920	90,720	126,085	35,365
FUND BALANCE				
Beginning of year	26,192	26,192	26,192	-
End of year	\$ 130,112	\$ 116,912	\$ 152,277	\$ 35,365

City of Hanford

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual Traffic Safety Fund For the Year Ended June 30, 2025

	Traffic Safety			Variance with Final Budget
	Original Budget	Final Budget	Actual	
REVENUES				
Fines and forfeitures	\$ 36,200	\$ 36,200	\$ 29,463	\$ (6,737)
Revenue from use of money and property	300	300	8,583	8,283
Total revenues	36,500	36,500	38,046	1,546
EXPENDITURES				
Current:				
General government	30	30	173	(143)
Total expenditures	30	30	173	(143)
Net change in fund balance	36,470	36,470	37,873	1,403
FUND BALANCE				
Beginning of year	159,809	159,809	159,809	-
End of year	<u>\$ 196,279</u>	<u>\$ 196,279</u>	<u>\$ 197,682</u>	<u>\$ 1,403</u>

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, 2025

	State Gas Tax Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Taxes and special assessments	\$ 3,410,200	\$ 3,410,200	\$ 3,615,893	\$ 205,693
Revenue from use of money and property	24,800	24,800	464,504	439,704
Total revenues	<u>3,435,000</u>	<u>3,435,000</u>	<u>4,080,397</u>	<u>645,397</u>
EXPENDITURES				
Current:				
General government	2,600	2,600	9,279	(6,679)
Capital outlay	425,000	6,521,098	822,127	5,698,971
Total expenditures	<u>427,600</u>	<u>6,523,698</u>	<u>831,406</u>	<u>5,692,292</u>
Net change in fund balance	3,007,400	(3,088,698)	3,248,991	6,337,689
FUND BALANCE				
Beginning of year	<u>8,298,881</u>	<u>8,298,881</u>	<u>8,298,881</u>	<u>-</u>
End of year	<u>\$ 11,306,281</u>	<u>\$ 5,210,183</u>	<u>\$ 11,547,872</u>	<u>\$ 6,337,689</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, 2025

	Public Housing Authority			
	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 615	\$ 615
Total revenues	-	-	615	615
EXPENDITURES				
Current:				
Community development	302,306	309,320	300,420	8,900
Debt service:				
Principal	836	836	-	836
Interest	6	6	-	6
Total expenditures	303,148	310,162	300,420	9,742
Excess (deficiency) of revenues over (under) expenditures	(303,148)	(310,162)	(299,805)	10,357
OTHER FINANCING SOURCES (USES)				
Transfers in	303,148	303,148	299,805	(3,343)
Lease acquisition	3,844	3,844	-	(3,844)
Total other financing sources (uses)	306,992	306,992	299,805	(7,187)
Net change in fund balance	3,844	(3,170)	-	3,170
FUND BALANCE				
Beginning of year	157,902	157,902	157,902	-
End of year	\$ 161,746	\$ 154,732	\$ 157,902	\$ 3,170

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, 2025

	Transportation Impact Fees			Variance with Final Budget
	Original	Final	Actual Amount	
REVENUES				
Taxes and special assessments	\$ 1,430,000	\$ 1,430,000	\$ 1,589,005	\$ 159,005
Revenue from use of money and property	41,000	41,000	493,643	452,643
Total revenues	<u>1,471,000</u>	<u>1,471,000</u>	<u>2,082,648</u>	<u>611,648</u>
EXPENDITURES				
Current:				
General government	4,100	4,100	48,542	(44,442)
Capital outlay	-	6,817,248	816,451	6,000,797
Total expenditures	<u>4,100</u>	<u>6,821,348</u>	<u>864,993</u>	<u>5,956,355</u>
Net change in fund balance	1,466,900	(5,350,348)	1,217,655	6,568,003
FUND BALANCE				
Beginning of year	<u>9,368,825</u>	<u>9,368,825</u>	<u>9,368,825</u>	<u>-</u>
End of year	<u>\$ 10,835,725</u>	<u>\$ 4,018,477</u>	<u>\$ 10,586,480</u>	<u>\$ 6,568,003</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, 2025

	Cannabis Operations			Variance with
	Original Budget	Final Budget	Actual	Final Budget
REVENUES				
Taxes and special assessments	\$ 1,250,000	\$ 1,250,000	\$ 593,562	\$ (656,438)
Revenue from use of money and property	2,700	2,700	2,246	(454)
Miscellaneous	96,000	96,000	160,000	64,000
Total revenues	1,348,700	1,348,700	755,808	(592,892)
EXPENDITURES				
Current:				
General government	300	300	-	300
Total expenditures	300	300	-	300
Excess (deficiency) of revenues over (under) expenditures	1,348,400	1,348,400	755,808	(592,592)
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,346,000)	(1,346,000)	(688,123)	657,877
Total other financing sources (uses)	(1,346,000)	(1,346,000)	(688,123)	657,877
Net change in fund balance	2,400	2,400	67,685	65,285
FUND BALANCE				
Beginning of year	197,606	197,606	197,606	-
End of year	\$ 200,006	\$ 200,006	\$ 265,291	\$ 65,285

City of Hanford

Combining Statement of Net Position Non-major Enterprise Funds June 30, 2025

	Non-major Funds				
	Airport Fund	Intermodal Fund	Courthouse Square	Building Safety Fund	Totals
ASSETS					
Current assets					
Cash and investments	\$ 5,398	\$ 59,900	\$ -	\$ 1,130,254	\$ 1,195,552
Receivables:					
Accounts	4,728	39,528	2,869	238,354	285,479
Leases	379,684	125,336	-	-	505,020
Interest	3,689	250	-	-	3,939
Prepaid expenses	-	-	-	1,050	1,050
Total current assets	393,499	225,014	2,869	1,369,658	1,991,040
Noncurrent assets					
Capital assets:					
Land	2,596,623	278,884	-	-	2,875,507
Construction in progress	128,226	-	-	975	129,201
Building and improvements	10,190,006	1,305,817	-	-	11,495,823
Machinery and equipment	81,851	-	-	320,100	401,951
Accumulated depreciation/amortization	(7,267,558)	(769,315)	-	(85,769)	(8,122,642)
Total capital assets (net of accumulated depreciation)	5,729,148	815,386	-	235,306	6,779,840
Total noncurrent assets	5,729,148	815,386	-	235,306	6,779,840
Total assets	6,122,647	1,040,400	2,869	1,604,964	8,770,880
LIABILITIES					
Current Liabilities					
Accounts payable	14,562	1,066	3,852	48,567	68,047
Salaries and benefits payable	874	-	-	17,621	18,495
Due to other funds	-	-	35,700	-	35,700
Advances to other funds	375,468	261,224	-	-	636,692
Interest payable	-	-	-	534	534
Compensated absences - current portion	-	-	-	44,740	44,740
Bonds and notes payable - current portion	-	-	-	19,622	19,622
Total current liabilities	390,904	262,290	39,552	131,084	823,830
Noncurrent Liabilities					
Compensated absences payable	-	-	-	43,560	43,560
Bonds and notes payable, net	-	-	-	272,373	272,373
Total noncurrent liabilities	-	-	-	315,933	315,933
Total liabilities	390,904	262,290	39,552	447,017	1,139,763
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to leases	354,157	118,054	-	-	472,211
Total deferred inflows of resources	354,157	118,054	-	-	472,211
NET POSITION (DEFICIT)					
Net investment in capital assets	5,729,148	815,386	-	235,306	6,779,840
Unrestricted	(351,562)	(155,330)	(36,683)	922,641	379,066
Total net position	\$ 5,377,586	\$ 660,056	\$ (36,683)	\$ 1,157,947	\$ 7,158,906

City of Hanford

Combining Statement of Revenues, Expenses and Changes in Net Position Non-major Enterprise Funds For the Year Ended June 30, 2025

	Non-major Funds				
	Airport Fund	Intermodal Fund	Courthouse Square	Building Safety Fund	Totals
OPERATING REVENUES					
Charges for services	\$ 120,938	\$ -	\$ 36,954	\$ 2,328,202	\$ 2,486,094
Other revenues	147,631	221	-	87,119	234,971
Total operating revenues	268,569	221	36,954	2,415,321	2,721,065
OPERATING EXPENSES					
Personnel services	55,156	-	-	1,029,951	1,085,107
Services and supplies	327,032	27,652	89,576	724,928	1,169,188
Depreciation and amortization	319,509	26,116	-	24,898	370,523
Total operating expenses	701,697	53,768	89,576	1,779,777	2,624,818
Operating income (loss)	(433,128)	(53,547)	(52,622)	635,544	96,247
NON-OPERATING REVENUES (EXPENSES)					
Interest income	17,883	2,874	-	44,937	65,694
Interest expense	-	-	-	(14,211)	(14,211)
Unrealized gain (loss) on investments	889	640	-	-	1,529
Lease revenue	71,154	39,351	-	-	110,505
Total non-operating revenue (expenses)	89,926	42,865	-	30,726	163,517
Income (loss) before capital contributions and transfers	(343,202)	(10,682)	(52,622)	666,270	259,764
Transfers in	-	-	1,250,706	-	1,250,706
Transfers out	(109,918)	-	-	-	(109,918)
Total Capital Contributions and Transfers	(109,918)	-	1,250,706	-	1,140,788
Change in net position	(453,120)	(10,682)	1,198,084	666,270	1,400,552
NET POSITION (DEFICIT)					
Beginning of year, as previously reported	5,830,706	670,738	(1,234,767)	803,227	6,069,904
Correction of an error	-	-	-	(311,550)	(311,550)
Beginning of year, as restated	5,830,706	670,738	(1,234,767)	491,677	5,758,354
End of year	\$5,377,586	\$ 660,056	\$ (36,683)	\$ 1,157,947	\$7,158,906

City of Hanford

Combining Statement of Cash Flows Non-major Enterprise Funds For the Year Ended June 30, 2025

	Non-major Funds				
	Airport Fund	Intermodal Fund	Courthouse Square	Building Safety Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received for current services	\$ 138,905	\$ -	\$ 39,432	\$ 2,139,470	\$ 2,317,807
Cash received for other operating revenues	147,631	221	-	87,119	234,971
Cash paid for services and supplies	(318,046)	(28,693)	(89,387)	(711,323)	(1,147,449)
Cash paid for salaries and benefits	(54,282)	-	-	(973,134)	(1,027,416)
Net cash provided (used) by operating activities	(85,792)	(28,472)	(49,955)	542,132	377,913
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers (to)/from other funds	(109,918)	-	1,250,706	-	1,140,788
Loans from/(to) other funds	-	-	(1,200,751)	-	(1,200,751)
Net cash provided (used) by non-capital financing activities	(109,918)	-	49,955	-	(59,963)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal payments on long-term debt	-	-	-	(19,555)	(19,555)
Interest payments on long-term debt	-	-	-	(13,677)	(13,677)
Payments for capital asset acquisition	(128,260)	-	-	(975)	(129,235)
Lease income	45,627	39,200	-	-	84,827
Net cash provided (used) by capital and related financing activities	(82,633)	39,200	-	(34,207)	(77,640)
CASH FLOWS FORM INVESTING ACTIVITIES					
Unrealized gain (loss) on investments	889	640	-	-	1,529
Interest received	14,194	2,953	-	44,937	62,084
Net cash provided (used) by investing activities	15,083	3,593	-	44,937	63,613
Net increase (decrease) in cash and investments	(263,260)	14,321	-	552,862	303,923
Cash and investments, beginning of year	268,658	45,579	-	577,392	891,629
Cash and investments, end of year	\$ 5,398	\$ 59,900	\$ -	\$ 1,130,254	\$ 1,195,552
Reconciliation to Statement of Net Position:					
Cash and investments	\$ 5,398	\$ 59,900	\$ -	\$ 1,130,254	\$ 1,195,552
Total cash and investments	\$ 5,398	\$ 59,900	\$ -	\$ 1,130,254	\$ 1,195,552
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (433,128)	\$ (53,547)	\$ (52,622)	\$ 635,544	\$ 96,247
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	319,509	26,116	-	24,898	370,523
(Increase) decrease in:					
Receivables	17,967	-	2,478	(188,732)	(168,287)
Prepays	-	-	-	(1,050)	(1,050)
Accounts payable	8,986	(1,041)	189	14,655	22,789
Salaries and benefits payable	874	-	-	6,053	6,927
Compensated absences	-	-	-	50,764	50,764
Total Adjustments	347,336	25,075	2,667	(93,412)	281,666
Net cash provided (used) by operating activities	\$ (85,792)	\$ (28,472)	\$ (49,955)	\$ 542,132	\$ 377,913
Noncash from Capital and Related Financing Activities					
Capital Contributions	\$ -	\$ -	\$ -	\$ -	\$ -

City of Hanford

Combining Statement of Net Position Internal Service Funds June 30, 2025

	City Payroll Fund	Risk Management Fund	Computer Maintenance Fund
ASSETS			
Current assets			
Cash and investments	\$ 480,346	\$ 8,344,010	\$ 538,209
Receivables	-	-	408
Deposits	-	185,000	-
Prepaid expenses	-	-	-
Inventory	-	-	-
Total current assets	<u>480,346</u>	<u>8,529,010</u>	<u>538,617</u>
Noncurrent assets			
Capital assets:			
Building and improvements	-	-	-
Machinery and equipment	-	-	1,771,281
Right to use assets	-	-	237,867
Accumulated depreciation/amortization	-	-	(1,500,023)
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>-</u>	<u>509,125</u>
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>509,125</u>
Total assets	<u>480,346</u>	<u>8,529,010</u>	<u>1,047,742</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	-	-	82,307
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>82,307</u>
LIABILITIES			
Current Liabilities			
Accounts payable	388,050	177,782	15,141
Salaries and benefits payable	3,060	-	7,384
Interest payable	-	-	2,080
Compensated absences - current portion	-	-	6,818
Bonds and notes payable - current portion	-	-	9,421
SBITA payable - current portion	-	-	79,275
Total current liabilities	<u>391,110</u>	<u>177,782</u>	<u>120,119</u>
Noncurrent Liabilities			
Compensated absences payable	-	-	40,922
Claims payable	-	7,566,000	-
Bonds and notes payable	-	-	130,780
Net pension liability	-	-	160,613
Total noncurrent liabilities	<u>-</u>	<u>7,566,000</u>	<u>332,315</u>
Total liabilities	<u>391,110</u>	<u>7,743,782</u>	<u>452,434</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	-	-	3,053
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>3,053</u>
NET POSITION			
Net investment in capital assets	-	-	509,125
Unrestricted	89,236	785,228	165,437
Total net position	<u>\$ 89,236</u>	<u>\$ 785,228</u>	<u>\$ 674,562</u>

(concluded)

Building Fund	Fleet Management Fund	Medical Fund	Totals
\$ 1,865,477	\$ 20,269,108	\$ 1,588,109	\$ 33,085,259
1,943	-	-	2,351
-	-	-	185,000
-	30,375	-	30,375
-	295,796	-	295,796
1,867,420	20,595,279	1,588,109	33,598,781
-	26,191	-	26,191
35,348	13,495,084	-	15,301,713
-	-	-	237,867
(14,484)	(9,428,462)	-	(10,942,969)
20,864	4,092,813	-	4,622,802
20,864	4,092,813	-	4,622,802
1,888,284	24,688,092	1,588,109	38,221,583
164,614	164,614	-	411,535
164,614	164,614	-	411,535
55,774	159,164	114,905	910,816
8,446	16,725	(3,197)	32,418
1,218	1,724	-	5,022
2,940	2,348	-	12,106
22,369	31,673	-	63,463
-	-	-	79,275
90,747	211,634	111,708	1,103,100
34,595	70,672	-	146,189
-	-	-	7,566,000
310,511	439,653	-	880,944
321,226	321,226	-	803,065
666,332	831,551	-	9,396,198
757,079	1,043,185	111,708	10,499,298
6,106	6,106	-	15,265
6,106	6,106	-	15,265
20,864	4,092,813	-	4,622,802
1,268,849	19,710,602	1,476,401	23,495,753
\$ 1,289,713	\$ 23,803,415	\$ 1,476,401	\$ 28,118,555

City of Hanford

Combining Statement of Revenues, Expenses and Changes in Net Position Internal Service Funds For the Year Ended June 30, 2025

	City Payroll Fund	Risk Management Fund	Computer Maintenance Fund
OPERATING REVENUES			
Charges for services	\$ -	\$ 2,176,745	\$ 1,021,566
Other revenues	-	2,607	30,408
Total operating revenues	-	2,179,352	1,051,974
OPERATING EXPENSES			
Personnel services	-	-	464,771
Services and supplies	217	2,823,418	414,728
Depreciation and amortization	-	-	313,339
Total operating expenses	217	2,823,418	1,192,838
Operating income (loss)	(217)	(644,066)	(140,864)
NON-OPERATING REVENUES (EXPENSES)			
Interest income	8,027	262,883	17,124
Interest expense	-	-	(9,719)
Unrealized gain (loss) on investments	5,114	95,948	5,807
Gain/(loss) on disposals	-	-	-
Total non-operating revenue (expenses)	13,141	358,831	13,212
Income (loss) before capital contributions and transfers	12,924	(285,235)	(127,652)
Transfers in	-	-	-
Transfers out	-	-	-
Change in net position	12,924	(285,235)	(127,652)
NET POSITION			
Beginning of year	76,312	1,070,463	802,214
End of year	\$ 89,236	\$ 785,228	\$ 674,562

(concluded)

Building Fund	Fleet Management Fund	Medical Fund	Totals
\$ 1,452,530	\$ 5,624,258	\$ 3,485,900	\$ 13,760,999
2,103	25,319	3,689	64,126
1,454,633	5,649,577	3,489,589	13,825,125
678,821	1,083,709	-	2,227,301
507,228	2,477,604	2,913,424	9,136,619
1,841	710,545	-	1,025,725
1,187,890	4,271,858	2,913,424	12,389,645
266,743	1,377,719	576,165	1,435,480
52,386	737,462	59,222	1,137,104
(16,810)	(23,801)	-	(50,330)
17,056	230,953	-	354,878
-	(9,469)	-	(9,469)
52,632	935,145	59,222	1,432,183
319,375	2,312,864	635,387	2,867,663
22,705	4,486,964	-	4,509,669
(749,451)	(5,255,060)	-	(6,004,511)
(407,371)	1,544,768	635,387	1,372,821
1,697,084	22,258,647	841,014	26,745,734
\$ 1,289,713	\$ 23,803,415	\$ 1,476,401	\$ 28,118,555

City of Hanford

Combining Statement of Cash Flows Internal Service Funds For the Year Ended June 30, 2025

	City Payroll Fund	Risk Management Fund	Computer Maintenance Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received for current services	\$ -	\$ 2,189,959	\$ 1,021,215
Cash received for other operating revenues	-	2,607	30,408
Cash paid for services and supplies	151,977	(2,273,660)	(409,684)
Cash paid for salaries and benefits	(22,529)	-	(410,702)
Net cash provided (used) by operating activities	129,448	(81,094)	231,237
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers (to)/from other funds	-	-	-
Net cash provided (used) by non-capital financing activities	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal payments on long-term debt	-	-	(9,389)
Interest payments on long-term debt	-	-	(10,744)
Payments for capital asset acquisition	-	-	-
SBITA payments	-	-	(77,207)
Proceeds from the sale of capital assets	-	-	-
Net cash provided (used) by capital and related financing activities	-	-	(97,340)
CASH FLOWS FORM INVESTING ACTIVITIES			
Unrealized gain (loss) on investments	5,114	95,948	5,807
Interest received	8,027	262,883	17,124
Net cash provided (used) by investing activities	13,141	358,831	22,931
Net increase (decrease) in cash and investments	142,589	277,737	156,828
Cash and investments, beginning of year	337,757	8,066,273	381,381
Cash and investments, end of year	\$ 480,346	\$ 8,344,010	\$ 538,209
Reconciliation to Statement of Net Position:			
Cash and investments	\$ 480,346	\$ 8,344,010	\$ 538,209
Total cash and investments	\$ 480,346	\$ 8,344,010	\$ 538,209
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (217)	\$ (644,066)	\$ (140,864)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	-	313,339
(Increase) decrease in:			
Receivables	-	13,214	(351)
Inventory	-	-	-
Deferred outflow of resources	-	-	(1,594)
Accounts payable	152,194	(17,242)	5,044
Salaries and benefits payable	(22,529)	-	1,422
Compensated absences	-	-	26,957
Claims payable	-	567,000	-
Net pension liability	-	-	31,618
Deferred inflow of resources	-	-	(4,334)
Total Adjustments	129,665	562,972	372,101
Net cash provided (used) by operating activities	\$ 129,448	\$ (81,094)	\$ 231,237

(concluded)

Building Fund	Fleet Management Fund	Medical Fund	Totals
\$ 1,451,856	\$ 5,624,481	\$ 3,486,202	\$ 13,773,713
2,103	25,319	3,689	64,126
(513,398)	(2,344,956)	(2,898,025)	(8,287,746)
(604,598)	(987,902)	(3,197)	(2,028,928)
335,963	2,316,942	588,669	3,521,165
(726,746)	(768,096)	-	(1,494,842)
(726,746)	(768,096)	-	(1,494,842)
(22,293)	(31,564)	-	(63,246)
(15,592)	(22,077)	-	(48,413)
(11,264)	(341,693)	-	(352,957)
-	-	-	(77,207)
644,111	6,405	-	650,516
594,962	(388,929)	-	108,693
17,056	230,953	-	354,878
52,386	737,462	59,222	1,137,104
69,442	968,415	59,222	1,491,982
273,621	2,128,332	647,891	3,626,998
1,591,856	18,140,776	940,218	29,458,261
\$ 1,865,477	\$ 20,269,108	\$ 1,588,109	\$ 33,085,259
\$ 1,865,477	\$ 20,269,108	\$ 1,588,109	\$ 33,085,259
\$ 1,865,477	\$ 20,269,108	\$ 1,588,109	\$ 33,085,259
\$ 266,743	\$ 1,377,719	\$ 576,165	\$ 1,435,480
1,841	710,545	-	1,025,725
(674)	223	302	12,714
-	13,926	-	13,926
(3,188)	(3,188)	-	(7,970)
(6,170)	118,722	15,399	267,947
(286)	4,031	(3,197)	(20,559)
23,129	40,396	-	90,482
-	-	-	567,000
63,236	63,236	-	158,090
(8,668)	(8,668)	-	(21,670)
69,220	939,223	12,504	2,085,685
\$ 335,963	\$ 2,316,942	\$ 588,669	\$ 3,521,165

City of Hanford

Combining Statement of Fiduciary Net Position Custodial Funds June 30, 2025

	Civil Subpoena	Renters' Insurance Deposits	COE Park Deposits	Miscellaneous Deposits Trust	Total
ASSETS					
Cash and investments	\$ 75,448	\$ 4,034	\$ 488	\$ 1,886,060	\$ 1,966,030
Accounts receivable	-	-	-	29,823	29,823
Total Assets	<u>75,448</u>	<u>4,034</u>	<u>488</u>	<u>1,915,883</u>	<u>1,995,853</u>
LIABILITIES					
Accounts payable	2,082	-	-	1,281,603	1,283,685
Deposits held for others	143,449	835	-	554,027	698,311
Total Liabilities	<u>145,531</u>	<u>835</u>	<u>-</u>	<u>1,835,630</u>	<u>1,981,996</u>
NET POSITION (DEFICIT)					
Restricted	(70,083)	3,199	488	80,253	13,857
Total Net Position	<u>\$ (70,083)</u>	<u>\$ 3,199</u>	<u>\$ 488</u>	<u>\$ 80,253</u>	<u>\$ 13,857</u>

City of Hanford

**Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2025**

	Civil Subpoena	Renters' Insurance Deposits	COE Park Deposits	Miscellaneous Deposits Trust	Total
ADDITIONS					
Other additions	\$ -	\$ -	\$ -	\$ -	\$ -
Total Additions	-	-	-	-	-
DEDUCTIONS					
General government	-	-	-	-	-
Total Deductions	-	-	-	-	-
Change in Fiduciary Net Position	-	-	-	-	-
NET POSITION (DEFICIT)					
Beginning of year	(70,083)	3,199	488	80,253	13,857
End of year	<u>\$ (70,083)</u>	<u>\$ 3,199</u>	<u>\$ 488</u>	<u>\$ 80,253</u>	<u>\$ 13,857</u>

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STATISTICAL SECTION

City of Hanford

Net Position by Component Last Ten (10) Fiscal Years (accrual basis of accounting)

Fiscal Year	2016	2017	2018	2019
Governmental activities				
Net investment in capital assets	\$ 138,153,691	\$ 143,053,747	\$ 147,136,482	\$ 152,623,126
Restricted	44,303,261	40,033,008	37,759,964	36,912,718
Unrestricted	(4,230,067)	(11,322,040)	(11,446,292)	(10,241,262)
Total governmental activities net position	<u>\$ 178,226,885</u>	<u>\$ 171,764,715</u>	<u>\$ 173,450,154</u>	<u>\$ 179,294,582</u>
Business-type activities				
Net investment in capital assets	\$ 79,775,875	\$ 80,951,839	\$ 86,648,028	\$ 92,471,031
Restricted	324	2,420	2,419	2,419
Unrestricted	17,620,112	21,659,423	28,437,335	32,334,598
Total business-type activities net position	<u>\$ 97,396,311</u>	<u>\$ 102,613,682</u>	<u>\$ 115,087,782</u>	<u>\$ 124,808,048</u>
Primary government				
Net investment in capital assets	\$ 217,929,566	\$ 224,005,586	\$ 233,784,510	\$ 245,094,157
Restricted	44,303,585	40,035,428	37,762,383	36,915,137
Unrestricted	13,390,045	10,337,383	16,991,043	22,093,336
Total primary government net position	<u>\$ 275,623,196</u>	<u>\$ 274,378,397</u>	<u>\$ 288,537,936</u>	<u>\$ 304,102,630</u>

Source: City of Hanford Finance Department

City of Hanford

Net Position by Component, (Continued) Last Ten (10) Fiscal Years (accrual basis of accounting)

2020	2021	2022	2023	2024	2025
\$ 158,401,312	\$ 157,116,548	\$ 153,865,284	\$ 155,203,294	\$ 165,368,191	\$ 160,790,661
31,543,209	39,517,385	44,531,429	23,285,547	29,207,622	36,440,081
(13,031,815)	(16,865,455)	(20,739,018)	16,776,297	18,755,308	23,999,624
<u>\$ 176,912,706</u>	<u>\$ 179,768,478</u>	<u>\$ 177,657,695</u>	<u>\$ 195,265,138</u>	<u>\$ 213,331,121</u>	<u>\$ 221,230,366</u>
\$ 96,648,645	\$ 108,641,344	\$ 104,136,670	\$ 141,608,046	\$ 121,203,106	\$ 125,287,048
2,379	2,379	2,379	4,743	-	-
37,049,575	36,037,365	46,369,374	13,013,309	46,530,975	55,290,832
<u>\$ 133,700,599</u>	<u>\$ 144,681,088</u>	<u>\$ 150,508,423</u>	<u>\$ 154,626,098</u>	<u>\$ 167,734,081</u>	<u>\$ 180,577,880</u>
\$ 255,049,957	\$ 265,757,892	\$ 258,001,954	\$ 296,811,340	\$ 286,571,297	\$ 286,077,709
31,545,588	39,519,764	44,533,808	23,290,290	29,207,622	36,440,081
24,017,760	19,171,910	25,630,356	29,789,606	65,286,283	79,290,456
<u>\$ 310,613,305</u>	<u>\$ 324,449,566</u>	<u>\$ 328,166,118</u>	<u>\$ 349,891,236</u>	<u>\$ 381,065,202</u>	<u>\$ 401,808,246</u>

City of Hanford

Changes in Net Position Last Ten (10) Fiscal Years (accrual basis of accounting)

Fiscal Year	2016	2017	2018	2019
Expenses				
Governmental activities:				
General government	\$ 1,985,661	\$ 1,834,286	\$ 2,411,345	\$ 1,818,009
Public safety	14,331,789	16,605,006	17,908,901	20,415,070
Public works	8,587,563	7,970,040	9,665,063	8,608,632
Parks and recreation	2,992,500	3,577,165	2,986,101	2,681,282
Community development	3,602,920	9,419,387	5,255,402	4,140,104
Interest expense	-	-	-	-
Total governmental activities expenses	31,500,433	39,405,884	38,226,812	37,663,097
Business-type activities:				
Water system	6,416,603	7,038,650	6,897,804	6,097,140
Wastewater system	5,104,626	5,543,929	5,917,049	4,738,256
Storm drain	1,087,813	1,109,392	415,192	(112,831)
Refuse	6,524,554	7,116,048	8,488,643	8,281,902
Airport	401,980	366,610	408,718	429,455
Intermodal	107,976	111,455	68,237	50,808
Courthouse square	266,876	238,637	111,060	177,774
Building Safety	-	-	-	-
Total business-type activities expenses	19,910,428	21,524,721	22,306,703	19,662,504
Total primary government expenses	\$ 51,410,861	\$ 60,930,605	\$ 60,533,515	\$ 57,325,601
Program Revenues				
Governmental activities:				
Charges for services	\$ 8,174,050	\$ 7,378,383	\$ 5,117,638	\$ 8,160,049
Operating grants and contributions	981,843	474,195	1,244,656	1,402,082
Capital grants and contributions	1,435,941	754,175	1,745,470	710,585
Total governmental activities program revenues	10,591,834	\$ 8,606,753	\$ 8,107,764	10,272,716
Business-type activities:				
Charges for services	20,332,313	23,361,084	25,347,121	24,277,814
Capital grants and contributions	1,096,236	763,709	-	-
Total business-type activities program revenues	21,428,549	24,124,793	25,347,121	24,277,814
Total primary government revenues	\$ 32,020,383	\$ 32,731,546	\$ 33,454,885	\$ 34,550,530
Net (expense)/revenue				
Governmental activities	\$ (20,908,599)	\$ (30,799,131)	\$ (30,119,048)	\$ (27,390,381)
Business-type activities	1,518,121	2,600,072	3,040,418	4,615,310
Total primary government net (expense)/revenue	\$ (19,390,478)	\$ (28,199,059)	\$ (27,078,630)	\$ (22,775,071)

Source: City of Hanford Finance Department

City of Hanford

Changes in Net Position, (Continued) Last Ten (10) Fiscal Years (accrual basis of accounting)

2020	2021	2022	2023	2024	2025
\$ 7,424,876	\$ 7,777,169	\$ 6,839,279	\$ 8,647,803	\$ 7,755,643	\$ 26,361,639
22,348,294	21,878,581	21,556,505	36,761,886	26,472,385	25,850,371
5,328,310	4,310,762	4,644,058	4,151,802	10,096,705	10,121,963
3,628,645	3,290,716	3,280,139	4,163,652	5,483,946	7,038,008
2,780,857	2,636,159	2,248,980	2,468,828	2,890,465	2,362,734
-	-	-	1,140,021	1,086,925	1,012,248
41,510,982	39,893,387	38,568,961	57,333,992	53,786,069	72,746,963
7,430,096	7,613,367	8,418,232	10,805,234	7,711,131	10,570,388
5,375,459	5,830,921	5,776,311	7,127,609	7,506,365	8,199,461
747,116	1,082,412	945,288	1,624,217	1,680,905	1,208,294
8,478,104	8,173,990	9,019,863	10,388,974	10,852,999	12,416,109
505,212	645,131	769,767	671,372	558,304	707,402
57,761	57,818	49,616	56,589	56,256	53,768
79,642	102,750	97,270	63,436	107,624	92,428
-	-	-	-	1,649,670	1,793,988
22,673,390	23,506,389	25,076,347	30,737,431	30,123,254	35,041,838
\$ 64,184,372	\$ 63,399,776	\$ 63,645,308	\$ 88,071,423	\$ 83,909,323	\$ 107,788,801
\$ 7,235,394	\$ 5,962,037	\$ 6,970,563	\$ 6,491,551	\$ 4,544,558	\$ 4,366,807
1,606,323	1,908,465	4,897,714	8,160,718	12,658,886	10,460,453
416,429	780,926	531,131	15,030,908	16,354,756	6,085,235
9,258,146	8,651,428	12,399,408	29,683,177	33,558,200	20,912,495
25,726,945	26,671,382	27,232,541	26,733,436	32,097,134	39,903,211
-	-	-	5,154,104	4,431,308	624,700
25,726,945	26,671,382	27,232,541	31,887,540	36,528,442	40,527,911
\$ 34,985,091	\$ 35,322,810	\$ 39,631,949	\$ 61,570,717	\$ 70,086,642	\$ 61,440,406
\$ (32,252,836)	\$ (31,241,959)	\$ (26,169,553)	\$ (27,650,815)	\$ (20,227,869)	\$ (51,834,468)
3,053,555	3,164,993	2,156,194	1,150,109	6,405,188	5,486,073
\$ (29,199,281)	\$ (28,076,966)	\$ (24,013,359)	\$ (26,500,706)	\$ (13,822,681)	\$ (46,348,395)

City of Hanford

Changes in Net Position (Continued) Last Ten (10) Fiscal Years (accrual basis of accounting)

Fiscal Year	2016	2017	2018	2019
Government activities:				
Taxes				
Property Taxes	\$ 10,201,145	\$ 10,019,733	\$ 11,369,719	\$ 11,901,159
Sales and use tax	9,552,912	13,287,020	13,737,784	14,006,613
Franchise tax	1,030,056	952,304	1,080,031	900,895
Other taxes	2,281,349	2,164,133	1,056,995	1,183,139
Revenue from use of money and property	1,657,481	809,857	796,670	1,685,494
Impact Fees	-	-	2,602,398	1,876,232
Contributed capital	-	-	4,993,434	3,014,556
Miscellaneous/other	283,381	334,227	1,077,706	377,283
Transfers - Interfund	(1,140,941)	(506,048)	(1,825,044)	(1,039,937)
Investment earnings	-	-	-	-
Gain (Loss) on disposal of assets	-	-	-	-
Total governmental activities	23,865,383	27,061,226	34,889,693	33,905,434
Business-type activities:				
Revenue from use of money and property	153,781	186,871	169,094	863,991
Impact fees	2,676,359	1,619,558	1,543,490	1,413,423
Contributed Capital	-	-	1,591,676	1,447,855
Impairment loss	-	-	-	-
Miscellaneous/other	566,350	304,822	1,095,274	286,931
Transfers - Interfund	1,140,941	506,048	1,825,044	1,039,937
Investment Earnings	-	-	-	-
Lease Revenue	-	-	-	-
Loss on lease termination	-	-	-	-
Gain (Loss) on sale of capital assets	-	-	-	-
Total business-type activities	4,537,431	2,617,299	6,224,578	5,052,137
Total primary government	\$ 28,402,814	\$ 29,678,525	\$ 41,114,271	\$ 38,957,571
Extraordinary Items (Governmental Activities)				
Settlement expenditures	-	-	-	-
Total primary government	\$ -	\$ -	\$ -	\$ -
Change in Net Position				
Governmental activities	\$ 2,956,784	\$ (3,737,905)	\$ 4,770,645	\$ 6,515,053
Business-type activities	6,055,552	5,217,371	9,264,996	9,667,447
Total primary government	\$ 9,012,336	\$ 1,479,466	\$ 14,035,641	\$ 16,182,500

Source: City of Hanford Finance Department

City of Hanford

Changes in Net Position, (Concluded) Last Ten (10) Fiscal Years (accrual basis of accounting)

2020	2021	2022	2023	2024	2025
\$ 12,295,760	\$ 13,414,233	\$ 14,205,410	\$ 13,988,031	\$ 15,019,781	\$ 16,445,724
14,103,551	16,332,234	18,199,243	18,011,255	16,772,531	21,107,925
998,402	1,152,391	1,141,696	1,256,488	1,310,678	1,173,931
1,239,906	1,292,189	2,735,498	2,696,299	1,853,648	2,433,578
917,907	936,759	(1,478,136)	-	-	-
1,720,516	1,098,344	3,372,830	-	-	-
6,196,908	2,233,673	-	-	-	-
370,256	374,064	111,176	124,250	539,645	17,808,224
(1,004,179)	(1,861,652)	(924,456)	(243,210)	(1,154,605)	(1,805,302)
-	-	-	976,872	2,947,174	2,120,623
(993,957)	(8,936)	21,714	279,583	18,741	137,460
35,845,070	34,963,299	37,384,975	37,089,568	37,307,593	59,422,163
714,727	243,843	(643,781)	-	-	-
1,369,100	2,220,328	2,916,474	-	-	-
3,424,285	885,641	-	-	-	-
(974,950)	-	-	-	-	-
352,995	3,014,868	15,138	2,384,559	2,615,755	3,155,773
1,004,179	1,861,652	924,456	243,210	1,154,605	1,805,302
-	-	-	871,114	2,735,869	2,514,315
-	-	610,805	193,373	111,166	188,843
-	-	-	(724,690)	-	-
-	(134,464)	-	-	85,400	5,043
5,890,336	8,091,868	3,823,092	2,967,566	6,702,795	7,669,276
\$ 41,735,406	\$ 43,055,167	\$ 41,208,067	\$ 40,057,134	\$ 44,010,388	\$ 67,091,439
-	-	-	(12,500,000)	-	-
\$ -	\$ -	\$ -	\$ (12,500,000)	\$ -	\$ -
\$ 3,592,234	\$ 3,721,340	\$ 11,215,422	\$ (3,061,247)	\$ 17,079,724	\$ 7,587,695
8,943,891	11,256,861	5,979,286	4,117,675	13,107,983	13,155,349
\$ 12,536,125	\$ 14,978,201	\$ 17,194,708	\$ 1,056,428	\$ 30,187,707	\$ 20,743,044

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City of Hanford

Governmental Activities Tax and Assessments Revenues by Source Last Ten (10) Fiscal Years (modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Sales & Use Tax</u>	<u>Franchise Taxes</u>	<u>Transfer Taxes</u>	<u>Transient Occupancy Taxes</u>	<u>Other Taxes</u>	<u>Total</u>
2016	\$ 10,147,678	\$ 9,552,912	\$ 1,030,056	\$ 154,528	\$ 380,945	\$ 569,721	\$ 21,835,840
2017	9,968,170	13,287,020	952,304	165,387	381,106	589,580	25,343,567
2018	10,704,232	12,620,519	1,080,031	163,628	391,743	685,830	25,645,983
2019	11,217,176	12,941,563	900,896	155,791	519,663	682,518	26,417,607
2020	11,514,040	12,896,552	998,401	163,345	534,169	1,041,783	27,148,290
2021	12,565,022	15,086,391	1,152,391	214,997	506,042	813,256	30,338,099
2022	13,043,532	16,887,598	1,141,696	266,734	633,951	2,107,462	34,080,973
2023	13,755,470	18,011,255	1,256,488	232,561	770,144	1,926,155	35,952,073
2024	15,019,781	16,772,531	1,310,678	235,563	750,696	1,853,648	35,942,897
2025	16,445,724	21,107,925	1,173,931	217,043	705,508	1,511,027	41,161,158

Includes General Fund, Special Revenue, Capital Projects Funds,

Source: City of Hanford Finance Department

City of Hanford

Fund Balances of Governmental Funds Last Ten (10) Fiscal Years (modified accrual basis of accounting)

Fiscal Year	2016	2017	2018	2019
General fund				
Non Spendable:				
Long-term receivables	\$ 6,551,252	\$ -	\$ -	\$ -
Land for resale	246,450	246,450	-	-
Prepaid expenses	-	-	-	384,221
Deposits	-	-	-	-
Insurance deposits	102,500	102,500	102,500	180,950
Committed for:				
Community development	-	223,841	-	-
Capital Projects	361,571	410,805	-	-
Unassigned	7,588,301	8,243,676	8,504,194	6,884,054
Total general fund	14,850,074	9,227,272	8,606,694	7,449,225
All other governmental funds				
Non Spendable:				
Long-term receivables	\$ 2,327,669	\$ 2,308,419	\$ 2,252,474	\$ 2,252,416
Loan receivable	-	-	-	-
Lease receivable	-	-	-	-
Prepaid expenses	-	-	-	1,686
Restricted for:				
Community development	18,024,438	18,828,294	19,451,267	19,909,210
Streets and roads	9,235,637	3,163,348	3,150,066	6,810,336
Recreation	3,438,237	3,883,314	3,442,097	3,701,300
Landscape Maintenance	633,978	570,497	470,405	526,765
Public safety	1,860,328	1,901,468	847,555	452,490
Committed for:				
Parking and business improvement	7,715,855	7,271,925	7,529,338	5,882,433
Community development	1,154,093	2,490,055	616,762	442,281
Street and roads	-	-	-	-
Parks and community services	-	-	-	-
Public safety	-	-	-	-
Cannabis	-	-	-	-
Unassigned	(49,932)	(1,627,279)	(15,381)	(16,291)
Total all other governmental funds	44,340,303	38,790,041	37,744,583	39,962,626
Total fund balance all governmental funds	\$ 59,190,377	\$ 48,017,313	\$ 46,351,277	\$ 47,411,851

Source: City of Hanford Finance Department

City of Hanford

Fund Balances of Governmental Funds (Continued) Last Ten (10) Fiscal Years (modified accrual basis of accounting)

2020	2021	2022	2023	2024	2025
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
92,744	6,302	144,650	199,992	226,857	282,165
-	-	104,500	104,500	104,500	104,500
104,500	104,500	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,383,628	10,926,987	3,031,928	10,214,594	12,610,835	13,596,699
5,580,872	11,037,789	3,281,078	10,519,086	12,942,192	13,983,364
\$ 2,252,415	\$ 20,503,159	\$ -	\$ -	\$ -	\$ -
-	-	20,346,974	20,378,274	19,501,968	19,646,832
-	-	557,209	-	-	-
1,722	1,722	1,722	1,100	1,100	1,100
20,434,281	1,646,956	1,870,075	-	-	2,577,388
5,744,795	6,522,042	10,075,783	15,276,502	20,079,629	22,422,771
4,204,305	4,322,904	5,107,894	5,705,236	5,975,177	7,545,344
581,818	731,600	968,179	1,451,419	2,046,521	2,358,368
636,174	399,646	713,464	852,390	1,106,295	1,536,210
5,154,829	4,931,758	3,902,047	3,537,705	2,986,008	3,025,495
460,475	552,161	722,548	7,550,690	10,152,998	11,488,526
-	-	-	-	-	1,041,250
-	-	-	-	-	130,156
-	-	-	-	-	1,984,882
-	124,305	121,818	126,255	197,606	265,291
(269,568)	(109,905)	(583,155)	(317,109)	(146,712)	(23,693)
39,201,246	39,626,348	43,804,558	54,562,462	61,900,590	73,999,920
\$ 44,782,118	\$ 50,664,137	\$ 47,085,636	\$ 65,081,548	\$ 74,842,782	\$ 87,983,284

City of Hanford

Changes in Fund Balances of Governmental Funds Last Ten (10) Fiscal Years (modified accrual basis of accounting)

Fiscal Year	2016	2017	2018	2019
Revenues				
Taxes and special assessments	\$ 27,293,684	\$ 29,647,843	\$ 30,598,941	\$ 31,610,153
Aid from other government agencies	3,755,254	2,896,846	4,691,907	6,078,876
Licenses and permits	1,106,359	1,038,419	844,802	938,841
Fines and forfeitures	212,736	185,641	183,604	170,956
Charges for services	1,233,071	1,171,293	1,377,615	1,275,044
Lease Revenue	-	-	-	-
Revenue from use of money and property	1,723,563	866,874	865,159	1,233,994
Miscellaneous	282,591	367,111	1,641,647	439,602
Total Revenues	35,607,258	36,174,027	40,203,675	41,747,466
Expenditures				
General government	2,218,049	1,864,740	2,787,272	1,762,734
Public safety	16,220,588	16,880,475	17,772,608	19,357,821
Public works	4,294,423	3,454,560	4,105,399	3,337,476
Recreation	2,699,506	3,037,478	4,318,774	3,618,014
Community development	3,777,870	9,365,735	2,803,849	2,868,807
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	6,772,187	10,235,425	7,185,808	7,995,534
Total Expenditures	35,982,623	44,838,413	38,973,710	38,940,386
Excess of revenues over (under) expenditures	(375,365)	(8,664,386)	1,229,965	2,807,080
Other Financing Sources (Uses)				
Transfers in	304,218	2,503,606	5,172,191	1,962,967
Transfers out	(1,002,360)	(2,288,019)	(8,095,493)	(3,381,448)
Proceeds from issuance of bonds	-	-	-	-
Lease and SBITA acquisition	-	-	-	-
Loss on lease termination	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Total Other Financing Sources (Uses)	(698,142)	215,587	(2,923,302)	(1,418,481)
Net Change in Fund Balances Before Extraordinary Item	(1,073,507)	(8,448,799)	(1,693,337)	1,388,599
Extraordinary Item	-	-	-	-
Net Change in Fund Balances	\$ (1,073,507)	\$ (8,448,799)	\$ (1,693,337)	\$ 1,388,599
Debt Service as a percentage of non-capital expenditures	0.00%	0.00%	0.00%	0.00%

Source: City of Hanford Finance Department

City of Hanford

Changes in Fund Balances of Governmental Funds (Continued) Last Ten (10) Fiscal Years (modified accrual basis of accounting)

2020	2021	2022	2023	2024	2025
\$ 31,981,731	\$ 34,967,879	\$ 41,422,170	\$ 43,260,146	\$ 44,194,513	\$ 49,281,206
3,516,928	3,097,879	5,380,585	6,208,765	10,445,228	7,607,785
1,105,993	1,052,363	1,797,872	1,849,277	86,270	63,690
171,876	163,068	224,399	242,675	181,315	173,836
1,787,004	2,494,238	3,128,433	3,205,579	2,991,009	2,733,388
-	-	19,496	-	137,197	163,635
1,559,423	761,614	(847,591)	1,335,944	2,660,640	2,736,963
434,160	605,185	194,405	149,569	511,397	17,756,065
40,557,115	43,142,226	51,319,769	56,251,955	61,207,569	80,516,568
2,666,323	2,134,148	4,162,723	3,042,292	3,850,724	22,073,733
20,484,238	20,775,293	42,528,787	23,465,277	23,950,549	26,572,968
4,753,648	3,731,386	6,192,054	3,770,437	3,278,704	3,877,973
3,510,358	3,441,612	5,662,458	4,670,976	4,995,392	6,323,733
2,790,439	2,758,705	3,508,200	2,716,570	2,031,415	1,890,787
-	-	22,193	1,243,300	1,596,228	1,841,625
-	-	513	1,140,021	1,086,925	1,012,248
7,643,581	3,255,771	4,623,507	6,362,118	10,218,712	5,359,450
41,848,587	36,096,915	66,700,435	46,410,991	51,008,649	68,952,517
(1,291,472)	7,045,311	(15,380,666)	9,840,964	10,198,920	11,564,051
320,279	1,583,169	6,194,001	4,627,696	2,176,873	5,731,411
(825,757)	(2,767,302)	(7,508,224)	(4,934,143)	(3,309,157)	(6,041,871)
-	-	25,390,437	-	-	-
-	-	89,571	-	675,857	1,755,501
-	-	-	(11,319)	-	-
-	-	21,716	304,024	18,741	131,410
(505,478)	(1,184,133)	24,187,501	(13,742)	(437,686)	1,576,451
(1,796,950)	5,861,178	8,806,835	9,827,222	9,761,234	13,140,502
-	-	(12,500,000)	-	-	-
\$ (1,796,950)	\$ 5,861,178	\$ (3,693,165)	\$ 9,827,222	\$ 9,761,234	\$ 13,140,502
0.00%	0.00%	0.03%	5.07%	5.44%	4.14%

City of Hanford

General Fund Tax Revenue by Source Last Ten (10) Fiscal Years (modified accrual basis of accounting)

Fiscal Year	Sales & Use Tax	Property Taxes	Franchise Taxes	Transfer Taxes	Transient Taxes	Business Taxes	Misc. Taxes	Total
2016	\$ 8,140,001	\$ 10,147,678	\$ 1,030,056	\$ 154,528	\$ 380,945	\$ 512,677	\$ -	\$ 20,365,885
2017	11,701,687	9,968,170	952,304	165,387	381,106	536,077	-	23,704,731
2018	11,513,314	10,704,232	1,080,031	163,628	391,743	587,200	45,303	24,485,451
2019	11,403,028	11,217,176	900,895	155,791	519,663	586,965	38,726	24,822,244
2020	12,224,645	11,514,040	998,402	163,345	534,170	631,399	64,970	26,130,971
2021	14,719,692	12,438,447	1,152,391	214,997	506,042	678,415	173,510	29,883,494
2022	16,100,599	13,043,532	1,141,696	266,734	633,951	1,156,017	83,091	32,425,620
2023	16,587,257	13,755,470	1,256,488	232,561	770,144	749,580	59,758	33,411,258
2024	15,559,418	15,019,781	1,310,678	235,563	750,696	860,490	8,572	33,745,197
2025	16,364,359	16,445,724	1,173,931	217,043	705,508	840,487	131,145	35,878,197

Source: City of Hanford Finance Department

City of Hanford

Top 25 Sales Tax Producers As of June 30, 2025, and Ten Years Ago

2024-25		2015-16	
Taxpayers	Business Type	Taxpayers	Business Type
Arco AM/PM Mini Marts	Service Stations	AT & T Mobility	Miscellaneous Retail
Chevron Service Stations	Service Stations	Chevron Service Stations	Service Stations
Costco Wholesale	Department Stores	Crop Production Services	Florist/Nursery
Crop Production Services	Florist/Nursery	Foods Co.	Food Markets
First Solar	Leasing	Freeway Toyota Of Hanford	Auto Sales - New
Freeway Toyota Of Hanford	Auto Sales - New	Hanford Chrysler Dodge Jeep Ram	Auto Sales - New
Hanford Bess	Green Energy	Hanford Gas	Service Stations
Hanford Chrysler Dodge Jeep Ram	Auto Sales - New	Hanford Hyundai	Auto Sales - New
Hanford Hyundai	Auto Sales - New	Helena Industries Company	Chemical Products
Helena Industries Company	Chemical Products	Home Depot	Bldg.Matls-Retail
Herbrnjoy - Mmd	Drug Stores	J C Penney Company	Department Stores
Home Depot	Bldg.Matls-Retail	Keller Motors	Auto Sales - New
In-N-Out Burgers	Restaurants	Kohl's Department Stores	Department Stores
Keller Motors	Auto Sales - New	Lawrence Tractor Services	Heavy Industry
Kohl's Department Stores	Department Stores	Lowe's Home Centers	Bldg.Matls-Retail
Lawrence Tractor Services	Heavy Industry	Marshall's Stores	Apparel Stores
Lowe's Home Centers	Bldg.Matls-Retail	Quality Machinery Center	Heavy Industry
Marshall's Stores	Apparel Stores	Ross Stores	Apparel Stores
Mcdonald's Restaurants	Restaurants	Sears Roebuck & Company	Department Stores
Ross Stores	Apparel Stores	Simplot	Food Processing Eqp
Sinclair Service Stations	Service Stations	Target Stores	Department Stores
Target Stores	Department Stores	Valero Service Stations	Service Stations
Ulta	Miscellaneous Retail	Valley Ford Lincoln Mercury	Auto Sales - New
Valley Ford Lincoln Mercury	Auto Sales - New	Viking Ready Mix Co	Bldg.Matls-Whsle
Wal Mart Stores	Department Stores	Wal Mart Stores	Department Stores

Source: MuniServices, LLC / Neumo

City of Hanford

Assessed Value and Estimated Actual Value of Taxable Property Last Ten (10) Fiscal Years

Fiscal Year End	Residential Property	Commercial Property	Industrial Property	Other Property (1)	Unsecured Property	Less: Exemptions	Assessed Value	Total Direct Tax Rate (2)	Actual Taxable Value (3)	Taxable Assessed	Value as a Percentage of
2015-16	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1.13927	\$ -	-	-
2016-17	-	-	-	-	-	-	-	1.12922	-	-	-
2017-18	2,783,525,089	493,114,270	269,659,726	508,752,105	N/A	363,949,952	3,691,101,238	1.12180	-	-	-
2018-19	2,935,804,163	618,989,482	180,727,792	544,280,676	N/A	392,514,570	3,887,287,543	1.11679	-	-	-
2019-20	3,105,274,399	647,007,412	164,095,505	555,146,633	173,827,008	387,715,607	4,257,635,350	1.12726	-	-	-
2020-21*	3,303,584,068	595,201,875	196,957,330	545,065,531	210,480,516	397,812,626	4,453,476,694	1.12388	6,179,434,682	1.387553	72.07%
2021-22	3,439,245,034	591,513,846	207,542,829	386,937,678	194,560,522	181,073,610	4,638,726,299	1.10065	5,971,265,535	1.287264	77.68%
2022-23	3,736,548,034	600,258,781	214,282,452	575,008,635	229,719,368	441,361,676	4,914,455,594	1.10284	7,111,767,664	1.447112	69.10%
2023-24	4,066,427,682	647,434,977	221,963,517	590,350,261	360,905,703	435,786,167	5,451,295,973	1.08077	6,593,766,045	1.209577	82.67%
2024-25	4,424,366,976	712,508,624	239,422,076	616,898,600	410,593,828	523,118,886	5,880,671,218	1.08252	9,202,130,365	1.564810	63.91%

Source: County Assessor data, MuniServices, LLC / Avenu Insights & Analytics

Table is formatted to comply with GASB No. 44 and include estimated actual value.

1.) 2024-25 Value includes state utility in the amount of \$17,634,471

2.) Total direct tax rate is for TRA 2-000.

3.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

*2020-21 is the City's first ACFR Statistical publication, therefore, historical data is limited.

City of Hanford

Direct and Overlapping Property Tax Rates (Rate per \$100 of Taxable Property) Last Ten (10) Fiscal Years

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Basic Levy	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000	1.000000
Hanford EL 93 GOB	0.037628	0.035433	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Hanford EL 16C BD	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.010798	0.009860	0.007687	0.007486
Hanford EL 16B BD	0.000000	0.000000	0.000000	0.000000	0.0171	0.026207	0.003109	0.008020	0.006794	0.006168
Hanford EL 98 BD	0.022953	0.019416	0.017975	0.018392	0.017350	0.016614	0.016477	0.014979	0.000000	0.000000
Hanford EL 16 BD	0.000000	0.000000	0.021672	0.013150	0.008930	0.009275	0.009021	0.008302	0.009728	0.008905
Hanford HI 10 R	0.009540	0.008344	0.008064	0.008234	0.007731	0.007221	0.006449	0.006862	0.000000	0.000000
Hanford HI 98 B	0.013678	0.012028	0.011343	0.011780	0.011000	0.010566	0.010136	0.009644	0.008166	0.000000
Hanford HI 98 C	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Hanford HI 14 REF GOB	0.002899	0.002581	0.002460	0.002509	0.002211	0.002144	0.002009	0.001863	0.005645	0.003894
Hanford HI 04 A	0.030043	0.029459	0.028500	0.023573	0.023189	0.023042	0.023370	0.022949	0.020446	0.026335
Hanford HI 04 B	0.002224	0.001763	0.001785	0.001801	0.001564	0.001454	0.001366	0.001325	0.001137	0.001006
Hanford HI 16 A	0.000000	0.000000	0.000000	0.007351	0.008184	0.005545	0.002542	0.003053	0.002246	0.003053
Hanford HI 16 B	0.000000	0.000000	0.000000	0.000000	0.000000	0.001810	0.000369	0.000987	0.000755	0.001676
Hanford HI GOB 16-C	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.003164	0.008992
COS/ HFD 06- A&B GOB	0.020300	0.020200	0.009800	0.015600	0.015000	0.020000	0.015000	0.015000	0.015000	0.000000
COS/ HFD 06- C GOB	0.000000	0.000000	0.020200	0.014400	0.015000	0.000000	0.000000	0.000000	0.000000	0.015000
Overlapping Rates	0.139265	0.129224	0.121799	0.116790	0.127255	0.123878	0.100646	0.102844	0.080768	0.082515
Total Tax Rates	<u>1.139265</u>	<u>1.129224</u>	<u>1.121799</u>	<u>1.116790</u>	<u>1.127255</u>	<u>1.123878</u>	<u>1.100646</u>	<u>1.102844</u>	<u>1.080768</u>	<u>1.082515</u>

Source: County Auditor/Controller data, MuniServices, LLC / Neumo
TRA 2-000 is represented for this report.

City of Hanford

Principal Property Taxpayers As of June 30, 2025, and Ten Years Ago

Taxpayer	2024-25		2015-16	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Faraday & Future Inc.	\$ 90,536,790	1.54%		
Hanford Mill	45,079,990	0.77%		
Tessengerlo Kerley Inc.	43,171,459	0.73%	\$ 42,101,290	1.32%
Edgewater Isle Apartments LLC	35,453,292	0.60%		
Marquez Brothers Hanford Cheese Plant	32,798,800	0.56%		
545 Centennial Lp	29,346,581	0.50%		
Wal-Mart Real Estate Business Trust	27,595,773	0.47%	24,533,760	0.77%
Bels Poultry LLC	26,091,332	0.44%	14,881,987	0.47%
Costco Wholesale Corporation	24,575,897	0.42%		
10701 Idaho Owner LLC	23,500,000	0.40%		
Hood Packaging Corp	21,952,638	0.37%		
Forebay Farms LLC	20,420,759	0.35%		
3902 Annadale Lane Lp	20,162,594	0.34%		
Marquez Investment Group LLC	18,399,789	0.31%	15,400,801	0.48%
Target Corporation	18,397,962	0.31%	13,819,578	0.43%
ARHC AhhfdCA01 LLC	17,674,271	0.30%	12,299,800	0.38%
Family Healthcare Network	16,458,753	0.28%		
Keller, Jon & Valerie Rev Trust	15,170,787	0.26%	12,610,316	0.39%
Centennial Capital L P	14,733,148	0.25%	13,158,500	0.41%
Lowes HIW Inc.	14,637,030	0.25%	17,493,802	0.55%
Berkshire Crossing LLC	14,326,797	0.24%		
SNR 27 The Remington Owner LLC	14,127,670	0.24%		
River Oaks Holdings LLC	13,492,106	0.23%	11,061,480	0.35%
Centennial-Hanford Center II LLC	12,544,635	0.21%	10,646,523	0.33%
361 E Grangeville Blvd LLC	12,467,868	0.21%		
Passco Hanford Mall LLC			36,597,143	1.14%
Wasatch Pool Holdings LLC			29,636,528	0.93%
Exopack LLC			11,782,873	0.37%
Cappo Real Estate Holdings LLC			11,406,253	0.36%
HD Development Of Maryland Inc			10,013,852	0.31%
Hanford Retirement Residence Ltd			8,882,393	0.28%
Els Properties Corporation			7,895,000	0.25%
Forever 21 Real Estate Holdings LLC			7,782,207	0.24%
Olam West Coast Inc			7,390,295	0.23%
Kings Residential Limited Partnership			7,270,225	0.23%
Calcot Ltd			6,818,022	0.21%
Realty Income Properties 23 LLC			6,814,686	0.21%
Helena Chemical Company			6,443,046	0.20%
Sears Roebuck And Co Lessee			6,425,541	0.20%
Total Top 25 Taxpayers	623,116,721	10.58%	353,165,901	11.04%
Total Taxable Value	5,880,671,218	100.00%	3,200,037,314	100.00%

Source: County Assessor data, MuniServices, LLC / Neumo

Note: 2015-16 represents Secured data only. Unsecured data: N/A

City of Hanford

Property Tax Levies and Collections Last Ten (10) Calendar Years

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years*	Total Collections to Date	
		Current Tax Collections	Percent of Current Taxes Collected		Amount	Percentage of Levy
2016	\$ 4,582,852	\$ 4,569,373	99.7%	\$ 61,312	\$ 4,630,685	101.0%
2017	4,864,505	4,806,803	98.8%	74,190	4,880,993	100.3%
2018	5,177,210	5,060,767	97.8%	86,163	5,146,930	99.4%
2019	5,463,608	5,329,166	97.5%	72,637	5,401,803	98.9%
2020	5,796,254	5,371,270	92.7%	73,483	5,444,753	93.9%
2021	6,077,811	5,974,756	98.3%	43,620	6,018,376	99.0%
2022	6,316,730	6,307,520	99.9%	114,020	6,421,540	101.7%
2023	6,698,385	6,529,976	97.5%	168,330	6,698,306	100.0%
2024	7,503,825	6,942,300	92.5%	124,281	7,066,581	94.2%
2025	7,990,932	7,846,236	98.2%	127,558	7,973,794	99.8%

Source: Kings County Property Tax Division

* Subsequent collections may include amounts related to prior fiscal periods, as the County does not provide property tax collection detail by levy year.

City of Hanford

Assessed Value of Property by Use Code Last Eight (8) Fiscal Years

Category	2017-18	2018-19	2019-20
Residential	\$ 2,770,795,326	\$ 2,935,804,163	\$ 3,105,274,399
Commercial	584,514,310	618,989,482	647,007,412
Institution	260,490,264	262,841,798	265,695,795
Industrial	174,965,382	180,727,792	164,095,505
Professional	143,476,958	157,209,582	164,062,839
Agricultural	39,328,210	44,504,943	54,144,413
Vacant	14,992,337	20,844,947	20,914,525
Miscellaneous	13,564,257	14,317,952	17,663,084
Unitary	37,802,543	28,502,543	17,502,543
Unknown	565,393	558,878	28,945
Recreation	6,840,139	6,948,353	7,008,610
Transportation	5,140,280	5,317,392	5,465,167
Manufacturing	2,558,841	2,591,251	2,643,076
Government	16,950	643,037	17,636
Gross Secured Value	4,055,051,190	4,279,802,113	4,471,523,949
Unsecured	N/A	N/A	173,827,008
Exemptions	363,949,952	392,514,570	387,715,607
Net Taxable Value	<u>\$ 3,691,101,238</u>	<u>\$ 3,887,287,543</u>	<u>\$ 4,257,635,350</u>

Source: County Assessor data, MuniServices, LLC / Neumo
Use code categories are based on County Assessor's data

City of Hanford

Assessed Value of Property by Use Code (Continued) Last Eight (8) Fiscal Years

2020-21	2021-22	2022-23	2023-24	2024-25
\$ 3,303,584,068	\$ 3,439,245,034	\$ 3,736,548,034	\$ 4,066,427,682	\$ 4,424,366,976
595,201,875	591,513,846	600,258,781	647,434,977	712,508,624
270,104,292	110,839,263	270,904,019	248,596,282	265,216,484
196,957,330	207,542,829	214,282,452	221,963,517	239,422,076
171,077,019	152,716,479	179,659,340	190,079,979	212,770,584
39,038,322	53,375,249	55,327,923	46,591,484	40,874,014
16,904,742	18,955,327	34,327,433	45,546,300	33,383,725
15,088,912	15,429,051	100,956	17,129,784	19,698,955
15,602,543	14,534,471	-	15,834,471	17,634,471
451,243	6,819,191	17,464,896	8,830,158	9,030,228
7,257,204	5,518,186	7,387,479	7,162,119	7,344,808
6,845,317	6,026,595	7,058,248	7,129,783	7,270,121
2,695,937	2,723,866	2,778,341	3,449,901	3,675,210
-	-	-	-	-
4,640,808,804	4,625,239,387	5,126,097,902	5,526,176,437	5,993,196,276
210,480,516	194,560,522	229,719,368	360,905,703	410,593,828
397,812,626	181,073,610	441,361,676	435,786,167	523,118,886
<u>\$ 4,453,476,694</u>	<u>\$ 4,638,726,299</u>	<u>\$ 4,914,455,594</u>	<u>\$ 5,451,295,973</u>	<u>\$ 5,880,671,218</u>

City of Hanford

Ratios of Outstanding Debt by Type Last Ten (10) Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita ¹
	Pension Obligation Bonds	Lease Payable	SBITA Payable	Notes Payable	Pension Obligation Bonds	Revenue Bonds	Notes Payable	Finance Purchase Agreements	Lease Payable			
2016	\$ -	\$ -	\$ -	\$ 246,450	\$ -	\$25,455,000	\$ 6,845,590	\$11,293,114	\$ -	\$ 43,840,154	0.81%	\$ 789
2017	-	-	-	246,450	-	24,055,000	6,519,159	10,748,627	-	41,569,236	0.74%	739
2018	-	-	-	-	-	22,605,000	6,181,303	10,015,715	-	38,802,018	0.67%	681
2019	-	-	-	-	-	21,110,000	5,831,622	9,210,709	-	36,152,331	0.61%	626
2020	-	-	-	-	-	19,560,000	5,469,703	8,610,970	-	33,640,673	0.55%	580
2021	-	-	-	-	-	17,945,000	5,095,115	7,936,377	-	30,976,492	0.49%	527
2022	26,506,940	67,378	-	-	4,439,060	16,826,425	4,707,418	7,181,833	-	59,729,054	0.92%	1,023
2023	25,460,230	34,041	353,827	-	4,263,770	15,013,118	4,306,151	6,341,947	-	55,773,084	0.84%	942
2024	23,922,715	638,867	178,371	-	4,006,284	13,134,811	3,890,840	5,411,024	20,742	51,203,654	1.05%	855
2025	22,129,180	1,160,951	929,308	-	4,046,820	11,181,504	3,460,993	4,383,040	15,758	47,307,554	0.92%	773

Note:

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

¹ See the Schedule of Demographic and Economic Statistics for personal income and population

Source: City of Hanford Finance Department

City of Hanford

Ratios of General Bonded Debt Outstanding Last Ten (10) Fiscal Years

Fiscal Year	Pension Obligation Bonds	Revenue Bonds	Total	Percentage of Estimated Actual Taxable Value of Property ¹	Per Capita ²
2016	\$ -	\$ 26,451,303	\$ 25,455,000	0.80%	\$ 362.73
2017	-	24,977,960	24,055,000	0.72%	342.78
2018	-	23,454,653	22,605,000	0.63%	322.11
2019	-	21,886,346	21,110,000	0.56%	300.81
2020	-	20,263,039	19,560,000	0.49%	278.72
2021	-	18,574,732	17,945,000	0.43%	255.71
2022	26,506,940	21,265,485	47,216,000	1.01%	672.81
2023	25,460,230	19,276,888	44,254,000	0.89%	630.61
2024	23,922,715	13,134,811	40,654,000	0.74%	579.31
2025	22,129,180	11,181,504	33,310,684	0.56%	543.95

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

¹ See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for the property value data.

² Population data can be found in the schedule of Demographic and Economic Statistics page

Source: City of Hanford Finance Department

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City of Hanford

Direct and Overlapping Governmental Activities Debt As of June 30, 2025

2024-2025 Assessed Valuation \$ 5,927,348,946

	Total Debt 6/30/25	Percent Applicable (1)	Debt 6/30/25
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:			
College of the Sequoias Hanford Campus Improvement District No. 1	\$ 12,272,888	67.468%	\$ 8,280,272
Hanford Joint Union High School District	53,754,955	67.468%	36,267,393
Armona School District	11,838,712	32.950%	3,900,856
Hanford School District	28,960,000	97.871%	28,349,234
Pioneer Union School District	10,913,571	86.086%	9,395,057
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 86,192,812
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
Kings County General Fund Obligations	\$ 5,165,000	37.655%	\$ 1,944,881
Hanford Joint Union High School District Certificates of Participation	17,225,000	67.468%	11,621,363
Kings River Hardwick Union School District Certificates of Participation	3,780,000	21.843%	825,665
Pioneer Union School District Certificates of Participation	4,545,000	86.086%	3,912,609
City of Hanford Pension Obligations Bonds	22,129,180	100.000%	22,129,180
City of Hanford Lease payable	1,160,951	100.000%	1,160,951
City of Hanford SBITA payable	929,308	100.000%	929,308
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT			\$ 42,523,957
OVERLAPPING TAX INCREMENT DEBT:			
TOTAL DIRECT DEBT			24,219,439
TOTAL OVERLAPPING OBLIGATION DEBT			104,497,330
COMBINED TOTAL DEBT			\$ 128,716,769 (2)

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

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

Ratios to 2024-25 Assessed Valuation:

Total Overlapping Debt (excluding tax increment).....	1.45%
Total Direct Debt (\$24,219,439)	0.44%
Combined Total Debt (excluding tax increment).....	2.20%

AB: (\$600)

Source: California Municipal Statistics and City of Hanford Finance Department

City of Hanford

Computation of Legal Debt Margin Last Ten (10) Fiscal Years

Fiscal Year	2016	2017	2018	2019
Assessed valuation	\$ 3,188,163,290	\$ 3,353,705,246	\$ 3,582,257,800	\$3,775,010,700
Conversion percentage	25%	25%	25%	25%
Adjusted assessed value	\$ 797,040,823	\$ 838,426,312	\$ 895,564,450	\$ 943,752,675
Debt limit percentage	15%	15%	15%	15%
Debt limit	\$ 119,556,123	\$ 125,763,947	\$ 134,334,668	\$ 141,562,901
Total net debt applicable to limit:				
General obligation bonds	\$ -	\$ -	\$ -	\$ -
Legal debt margin	\$ 119,556,123	\$ 125,763,947	\$ 134,334,668	\$ 141,562,901
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Source: Kings County Auditor-Controller Property Tax Division

Note:

The government code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

City of Hanford

Computation of Legal Debt Margin (Continued) Last Ten (10) Fiscal Years

2020	2021	2022	2023	2024	2025
\$ 4,005,538,197	\$ 4,203,023,242	\$ 4,676,333,377	\$ 4,952,642,565	\$ 5,484,273,569	\$ 5,913,290,523
25%	25%	25%	25%	25%	25%
\$ 1,001,384,549	\$ 1,050,755,811	\$ 1,169,083,344	\$ 1,238,160,641	\$ 1,371,068,392	\$ 1,478,322,631
15%	15%	15%	15%	15%	15%
\$ 150,207,682	\$ 157,613,372	\$ 175,362,502	\$ 185,724,096	\$ 205,660,259	\$ 221,748,395
\$ -	\$ -	\$ 26,506,940	\$ 25,460,230	\$ 23,922,715	\$ 22,421,174
\$ 150,207,682	\$ 157,613,372	\$ 148,855,562	\$ 160,263,866	\$ 181,737,544	\$ 199,327,221
0.00%	0.00%	15.12%	13.71%	11.63%	10.11%

City of Hanford

Pledged Revenue Coverage Last Ten (10) Fiscal Years (modified accrual basis of accounting)

Fiscal Year	2016	2017	2018	2019
Wastewater:				
Revenues	\$ 7,061,335	\$ 6,596,108	\$ 7,159,145	\$ 6,712,173
Less: Operating Expenses	(2,826,302)	(3,299,395)	(3,616,935)	(3,356,489)
Net Available Revenue	4,235,033	3,296,713	3,542,210	3,355,684
Water:				
Revenues	7,781,934	10,069,044	10,847,684	10,746,302
Less: Operating Expenses	(4,619,316)	(4,727,413)	(4,421,848)	(4,419,503)
Net Available Revenue	3,162,618	5,341,631	6,425,836	6,326,799
Total Utility Systems Revenues	14,843,269	16,665,152	18,006,829	17,458,475
Less: Total Utility Systems Operating Expenses	(7,445,618)	(8,026,808)	(8,038,783)	(7,775,992)
Total Utility Systems Net Revenue Available	\$ 7,397,651	\$ 8,638,344	\$ 9,968,046	\$ 9,682,483
Debt Service Requirements	\$ 2,358,656	\$ 2,355,806	\$ 2,362,131	\$ 2,357,406
Coverage	3.14	3.67	4.22	4.11

Note: Excludes depreciation and amortization

City of Hanford

Pledged Revenue Coverage (Continued) Last Ten (10) Fiscal Years (modified accrual basis of accounting)

2020	2021	2022	2023	2024	2025
\$ 6,592,213	\$ 6,488,656	\$ 7,134,563	\$ 6,832,219	\$ 8,271,634	\$ 11,355,002
(3,337,601)	(3,688,293)	(3,501,738)	(4,827,492)	(7,060,278)	(7,917,309)
<u>3,254,612</u>	<u>2,800,363</u>	<u>3,632,825</u>	<u>2,004,727</u>	<u>1,211,356</u>	<u>3,437,693</u>
11,179,262	12,307,644	12,413,643	11,541,239	14,062,877	18,280,875
(4,949,316)	(4,983,238)	(5,638,433)	(8,072,888)	(7,446,299)	(10,423,220)
<u>6,229,946</u>	<u>7,324,406</u>	<u>6,775,210</u>	<u>3,468,351</u>	<u>6,616,578</u>	<u>7,857,655</u>
17,771,475	18,796,300	19,548,206	18,373,458	22,334,511	29,635,877
(8,286,917)	(8,671,531)	(9,140,171)	(12,900,380)	(14,506,577)	(18,340,529)
<u>\$ 9,484,558</u>	<u>\$ 10,124,769</u>	<u>\$ 10,408,035</u>	<u>\$ 5,473,078</u>	<u>\$ 7,827,934</u>	<u>\$ 11,295,348</u>
\$ 2,354,131	\$ 2,354,756	\$ 2,351,881	\$ 2,351,635	\$ 2,343,188	\$ 2,344,363
4.03	4.30	4.43	2.33	3.34	4.82

City of Hanford

Demographic and Economic Statistics Last Ten (10) Fiscal Years

Fiscal Year	Population ¹	Personal Income ²	Per Capita Personal Income ²	City Unemployment Rate ³	County Unemployment Rate ³	County Population	School Enrollment	Median Age
2016	56,192	\$ 1,764,934,528	\$ 31,409	8.5%	8.8%	149,042	9,662	31.5
2017	57,011	1,796,302,588	31,508	5.9%	8.1%	148,731	9,753	31.4
2018	57,915	1,840,828,275	31,785	5.0%	6.9%	150,807	9,775	31.9
2019	58,742	1,905,590,480	32,440	5.1%	6.8%	152,762	9,934	32.9
2020	58,121	1,911,192,843	32,883	14.5%	15.2%	152,486	9,944	32.9
2021	58,627	2,101,895,204	35,852	8.0%	9.7%	150,750	9,746	33.5
2022	58,312	2,295,218,632	39,361	5.0%	6.2%	151,494	9,688	33.4
2023	58,893	2,703,814,733	45,911	6.3%	8.0%	151,018	9,762	32.8
2024	59,286	3,041,599,458	51,304	6.0%	7.4%	152,327	9,748	32.5
2025	61,238	5,577,348,831	91,077	7.0%	8.6%	154,015	9,701	32.6

Sources: MuniServices, LLC / Neumo

(1) State of California Department of Finance.

(2) U.S. Census Bureau, adjusted for inflation.

(3) State of California Employment Development Department.

(4) Student Enrollment reflects the total number of students enrolled in the Hanford Elementary and Hanford Joint Union High School Dis

City of Hanford

Principal Employers Current Fiscal Year and Ten Years Ago

Business Name	2025			2021*		
	Employees	Rank	Percentage of total City Employment	Employees	Rank	Percentage of total City Employment
Adventist Health Hanford Hospital	1,713	1	6.72%	1,340	1	5.43%
Central Valley Meat Co	822	2	3.22%	1,025	2	4.15%
Del Monte Foods Co (a)	750	3	2.94%	1,015	3	4.11%
Hanford Elementary School District	734	4	2.88%	563	4	2.28%
Hanford Joint Union High School District	472	5	1.85%	335	5	1.36%
Walmart Supercenter	412	6	1.62%	348	6	1.41%
City of Hanford	306	7	1.20%	298	7	1.21%
Costco Wholesale	255	8	1.00%			
Marquez Brothers International	230	9	0.90%	225	8	0.91%
College of the Sequoias	183	10	0.72%	869	9	3.52%
Kings County Administration				716	10	2.90%
	<u>5,877</u>		<u>23.05%</u>	<u>6,734</u>		<u>27.28%</u>
Total City Labor Force ⁽¹⁾	25,500			24,700		

Source: MuniServices, LLC/ Neumo

¹ Total City Labor Force provided by EDD Labor Force Data

Notes:

Results based on direct correspondence with city's local businesses.

(a) Del Monte Foods Co will shut down operations as of 9/26/2025.

*FY2021 is the City's first ACFR Statistical section. FY2016 historical data is unavailable.

City of Hanford

Full-Time Equivalents City Government Employees by Function Last Ten (10) Fiscal Years

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function										
Administration										
City Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
City Clerk	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Admin Assist	-	-	-	-	1.00	-	-	-	-	-
Community Relations Manage	-	-	-	-	-	-	-	1.00	1.00	1.00
Finance	11.00	13.00	13.00	14.00	14.00	16.00	16.00	18.00	18.00	18.00
Human Resources	3.00	3.00	3.00	3.00	4.00	5.00	5.00	5.00	5.00	5.00
Information Technology	1.00	1.00	1.00	1.00	2.00	2.00	2.00	3.00	3.00	3.00
Public safety										
Animal Control	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Police Officers	56.00	57.00	57.00	59.00	60.00	65.00	65.00	64.00	64.00	64.00
Police Support	23.00	21.00	21.00	25.00	26.00	25.00	25.00	25.00	25.00	25.00
Fire Admin/Suppression	31.00	31.00	31.00	34.00	34.00	34.00	34.00	32.00	32.00	32.00
Fire Prevention	1.00	1.00	1.00	1.00	1.00	2.00	2.00	1.00	1.00	1.00
Community Development										
Planning	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Community Enhancement	2.00	1.00	1.00	1.00	1.00	2.00	2.00	4.00	4.00	4.00
Building and Safety	4.00	5.00	5.00	5.00	5.00	6.00	6.00	8.00	8.00	8.00
Public Housing	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
es										
Parks and Recreation	17.00	17.00	17.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Building Maintenance	6.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Public Works										
Public Works	63.00	67.00	67.00	73.00	73.00	79.00	79.00	82.00	82.00	82.00
Street Maintenance	10.00	11.00	11.00	11.00	11.00	11.00	11.00	10.00	10.00	10.00
Wastewater	18.00	16.00	16.00	16.00	15.00	15.00	15.00	16.00	16.00	17.00
	<u>256.00</u>	<u>262.00</u>	<u>262.00</u>	<u>279.00</u>	<u>283.00</u>	<u>298.00</u>	<u>298.00</u>	<u>305.00</u>	<u>305.00</u>	<u>306.00</u>

Source: City of Hanford Human Resources

Source: City of Hanford Human Resources

City of Hanford

Operating Indicators by Function Last Ten (10) Fiscal Years

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function										
Police										
Calls for service	40,982	39,921	40,924	41,885	45,613	42,938	42,971	44,989	46,975	47,298
Incidents created by Officers	191,180	19,688	17,700	17,498	17,783	17,540	15,366	23,407	15,276	17,099
Physical arrests	3,136	2,652	2,698	3,015	3,073	2,851	3,128	3,201	2,767	2,533
Citations issued by Officers	5,116	4,967	3,886	3,466	4,369	4,669	3,276	4,295	3,371	1,832
Fire										
Total number of calls for service	5,490	5,695	6,296	6,433	6,460	6,382	6,526	6,109	6,428	6,593
% of calls for medical aid	65.88%	63.39%	56.78%	59.26%	55.11%	61.36%	59.81%	57.59%	56.39%	56.32%
Number of fires extinguished	183	166	197	171	232	250	262	247	269	395
Parks										
Park shelter rentals at various citywide parks	787	750	742	689	768	105	377	514	404	364
Amount of rentals	259	226	240	277	251	150	159	186	132	468
Number of programs(Children)	6	6	6	6	7	6	6	6	6	4
Number of programs(Adults)	6	6	7	7	7	7	7	7	7	7
Building Permits										
Residential	1,862	1,836	1,690	1,865	2,156	2,629	3,037	3,045	3,061	2,918
Commercial	199	223	176	161	163	170	165	199	276	284
Public Works										
Permits Issued	454	509	441	600	777	721	494	494	468	515
Waste Collected										
Trash (Tons)	25,657	26,060	24,867	27,189	29,144	29,875	29,518	30,266	30,119	29,464
Recyclables (Tons)	3,459	3,763	3,557	3,927	3,764	4,200	5,445	5,445	5,317	5,387
Green Waste (Tons)	822	8,482	6,840	8,022	8,412	8,489	8,679	9,781	10,196	9,622
Miles of Street	219	222	222	225	225	225	231	231	231	231
Street Resurfacing (SF)	1,115,145	3,076,317	3,985,300	4,955,315	3,240,413	2,735,044	1,791,202	633,600	971,492	972,000
Crack Sealant Applied (Lbs)	34,475	32,795	32,235	87,150	92,058	17,640	14,366	19,740	5,600	1,310
Curb and Gutter (LF)	N/A	60	157	1,684	248	60	194	80	247	1,899
Sidewalk (SF)	1,222	2,759	3,646	5,537	3,688	2,261	8,224	6,030	4,124	3,963
ADA Ramps	3	10	10	13	12	1	8	8	6	6
Deep Patching (SF)	22,080	7,266	7,416	4,150	2,089	7,663	60,177	84,194	56,091	56,091
Leaf Pick Up (Tons)	658	665	1,304	1,455	641	N/A	N/A	N/A	N/A	N/A
Signal Calls	415	520	438	464	524	541	496	512	361	460
Signal PM	47	48	47	47	51	51	51	51	73	34
Signs Maintained	180	580	991	996	916	703	804	790	414	409
Sanitary Sewers (Miles)	218	220	220	220	227	227	227	227	231	237
Storm Water Drains Installed (Miles)	64.91	65.00	65.42	66.09	66.58	69.25	71.28	2.03	0.36	1.80
Water Mains Installed (Miles)	218.65	220.52	221.27	223.20	225.00	233.15	239.72	5.30	1.07	3.50
Fire Hydrants Installed	2,084	2,094	2,104	2,127	2,142	2,193	2,248	55	15	31
Water Conservation										
Notices Issued	2,107	2,272	398	506	376	1,260	910	510	906	567
Citations Issued	580	456	44	30	29	115	148	81	98	41
Average Daily Treatment of Wastewater (million gallons)	4.4	4.3	4.4	4.4	4.4	4.4	4.7	4.9	5.3	5.8
Average Daily Water Consumption (gallons)	9,740,129	9,254,181	9,955,877	10,404,927	10,688,820	11,171,794	10,296,418	9,972,162	10,307,288	10,328,410

City of Hanford

Capital Asset Statistics by Function Last Ten (10) Fiscal Years

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Function										
General Government:										
Number of general government buildings	3	3	3	3	3	3	3	3	3	3
Public Safety:										
Number of police stations	1	1	1	1	1	1	1	1	1	1
Number of fire stations	2	2	2	2	3	3	3	3	3	3
Public Works:										
Number of public works buildings	12	12	12	13	13	13	13	13	13	16
Miles of streets	219	222	222	225	225	225	231	231	231	231
Miles of sanitary sewers	218	220	220	220	227	227	227	227	231	237
Miles of storm water drains	58	58	59	59	60	62	64	65	67	69
Recreation and Parks:										
Number of parks and recreation facilities*	26	26	26	26	27	27	27	28	29	29
Acres of parks*	84	84	84	84	87	87	87	90	96	116
Water										
Miles of water mains	206	208	208	210	212	218	223	224	229	233
Number of fire hydrants**									2,583	2,614

* Does not include leased properties

** Did not start tracking until 2024

Sources: City of Hanford Finance Department