

**CITY OF HURON, CALIFORNIA**  
**ANNUAL FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2022**

**City of Huron**  
**Annual Financial Statements**  
Year Ended June 30, 2022

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**FINANCIAL SECTION**



## Independent Auditor's Report

The Honorable City Council  
City of Huron, California

### Report on the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Huron (City), as of and for the year ended June 30, 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities each major fund, and the aggregate remaining fund information of the City of Huron, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Change in Accounting Principle**

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

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

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

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.

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**Van Lant & Fankhanel, LLP**

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## ***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 generally accepted auditing standards 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 generally accepted auditing standards 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.

### ***Emphasis of Matter***

#### ***Financial Condition***

As discussed in Note 10 to the financial statements, the City's Disposal Enterprise Fund and Home Special Revenue Fund have suffered recurring losses resulting in deficit cash balances of \$453,315 and \$292,963, respectively. In addition, these funds have borrowed from the Sewer Enterprise Fund to continue operations. These issues raise uncertainties regarding future operations. Management's plans in regard to these matters are also described in Note 10. The financial statements do not include any adjustments that might result from the outcome of these uncertainties.

### ***Required Supplementary Information***

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a required 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing

the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining statements and budget schedules, as listed in the table of contents, 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 auditing standards generally accepted in the United States of America. In our opinion, the combining statements, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated September 25, 2025, on our consideration of the City'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Van Lant & Fankhaenel, LLP*

September 25, 2025

## **BASIC FINANCIAL STATEMENTS**

**City of Huron**  
**Statement of Net Position**  
June 30, 2022

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 6,800,272	\$ 2,259,717	\$ 9,059,989
Accounts Receivable	23,230	471,507	494,737
Due from Other Governments	1,231,030	510,908	1,741,938
Internal Balances	(378,658)	378,658	-
Notes Receivable	6,538,553	-	6,538,553
Lease Receivable	159,229	-	159,229
Land Held for Resale	860,004	-	860,004
Capital Assets, Not Being Depreciated	4,593,869	1,982,908	6,576,777
Capital Assets, Depreciated, Net	9,779,543	11,848,469	21,628,012
Total Assets	<u>29,607,072</u>	<u>17,452,167</u>	<u>47,059,239</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	187,654	818,079	1,005,733
Deposits	8,189	20,208	28,397
Accrued Interest Payable	199	5,296	5,495
Unearned Revenue	5,322	18,730	24,052
Noncurrent Liabilities:			
Due within One Year	56,276	103,848	160,124
Due in More Than One Year	157,930	1,854,341	2,012,271
Total Liabilities	<u>415,570</u>	<u>2,820,502</u>	<u>3,236,072</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to Lease Receivable	98,425	-	98,425
Total Deferred Inflows of Resources	<u>98,425</u>	<u>-</u>	<u>98,425</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	14,233,293	11,881,698	26,114,991
Restricted for:			
Street Projects	1,704,686	-	1,704,686
Public Safety	34,930	-	34,930
Housing	6,360,806	-	6,360,806
Capital Projects	475,281	-	475,281
Unrestricted	6,284,081	2,749,967	9,034,048
Total Net Position	<u>\$ 29,093,077</u>	<u>\$ 14,631,665</u>	<u>\$ 43,724,742</u>

The accompanying notes are an integral part of this statement.

**City of Huron**  
**Statement of Activities**  
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$ 904,711	\$ 575	\$ -	\$ -
Public Works	650,765	271,538	345,677	685,422
Public Safety	1,886,028	33,999	1,149,485	4,048,420
Parks and Recreation	117,638	26,345	-	-
Community Development	343,080	38,663	351,207	-
Interest	7,501	-	-	-
<b>Total Governmental Activities</b>	<b>3,909,723</b>	<b>371,120</b>	<b>1,846,369</b>	<b>4,733,842</b>
<b>Business-type Activities:</b>				
Water	1,812,635	1,443,728	-	1,608,394
Sewer	703,876	757,562	-	1,892,750
Disposal	637,064	550,256	5,000	-
<b>Total Business-type Activities</b>	<b>3,153,575</b>	<b>2,751,546</b>	<b>5,000</b>	<b>3,501,144</b>
<b>Total Primary Government</b>	<b>\$ 7,063,298</b>	<b>\$ 3,122,666</b>	<b>\$ 1,851,369</b>	<b>\$ 8,234,986</b>

General Revenues:

- Property Taxes
- Business Licenses
- Sales Taxes
- Franchise and Other Taxes
- Investment Earnings
- Other

Transfers In (Out)

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Restatement of Net Position

Net Position - End of Year

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (904,136)	\$ -	\$ (904,136)
651,872	-	651,872
3,345,876	-	3,345,876
(91,293)	-	(91,293)
46,790	-	46,790
<u>(7,501)</u>	<u>-</u>	<u>(7,501)</u>
<u>3,041,608</u>	<u>-</u>	<u>3,041,608</u>
-	1,239,487	(368,907)
-	1,946,436	1,946,436
<u>-</u>	<u>(81,808)</u>	<u>(81,808)</u>
<u>-</u>	<u>3,104,115</u>	<u>1,495,721</u>
<u>3,041,608</u>	<u>3,104,115</u>	<u>4,537,329</u>
777,896	-	777,896
228,380	-	228,380
1,044,235	-	1,044,235
314,279	-	314,279
43,167	-	43,167
495,818	30,615	526,433
<u>-</u>	<u>-</u>	<u>-</u>
<u>2,903,775</u>	<u>30,615</u>	<u>2,934,390</u>
5,945,383	3,134,730	9,080,113
23,301,818	6,987,255	30,289,073
<u>(154,124)</u>	<u>4,509,680</u>	<u>4,355,556</u>
<u>\$ 29,093,077</u>	<u>\$ 14,631,665</u>	<u>\$ 43,724,742</u>

The accompanying notes are an integral part of this statement.

**City of Huron**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2022

	General Fund	Special Revenue		Capital Projects
		HOME	LTF	Ambulance
<b>ASSETS</b>				
Cash and Investments	\$ -	\$ -	\$ 860,735	\$ 3,959,848
Accounts Receivable	23,230	-	-	-
Due from Other Governments	794,953	-	332,569	-
Notes Receivable	-	5,468,551	-	-
Lease Receivable	159,229	-	-	-
Due from Other Funds	-	-	-	-
Land Held for Resale	860,004	-	-	-
<b>Total Assets</b>	<b>\$ 1,837,416</b>	<b>\$ 5,468,551</b>	<b>\$ 1,193,304</b>	<b>\$ 3,959,848</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 154,311	\$ 816	\$ 475	\$ -
Deposits	8,189	-	-	-
Unearned Revenue	5,322	-	-	-
Advances from Other Funds	76,461	292,963	-	-
<b>Total Liabilities</b>	<b>244,283</b>	<b>293,779</b>	<b>475</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Leases	98,425	-	-	-
Unavailable Revenues	-	-	332,569	-
<b>Total Deferred Inflows of Resources</b>	<b>98,425</b>	<b>-</b>	<b>332,569</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable	920,808	-	-	-
Restricted	-	5,174,772	860,260	3,959,848
Unassigned	573,900	-	-	-
<b>Total Fund Balances</b>	<b>1,494,708</b>	<b>5,174,772</b>	<b>860,260</b>	<b>3,959,848</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,837,416</b>	<b>\$ 5,468,551</b>	<b>\$ 1,193,304</b>	<b>\$ 3,959,848</b>

Other Governmental Funds	Total Governmental Funds
\$ 1,979,689	\$ 6,800,272
-	23,230
103,508	1,231,030
1,070,002	6,538,553
-	159,229
-	-
-	860,004
<u>\$ 3,153,199</u>	<u>\$ 15,612,318</u>
\$ 32,052	\$ 187,654
-	8,189
-	5,322
<u>9,234</u>	<u>378,658</u>
<u>41,286</u>	<u>579,823</u>
-	98,425
-	<u>332,569</u>
-	<u>430,994</u>
-	920,808
3,111,913	13,106,793
-	<u>573,900</u>
<u>3,111,913</u>	<u>14,601,501</u>
<u>\$ 3,153,199</u>	<u>\$ 15,612,318</u>

The accompanying notes are an integral part of this statement.

**City of Huron**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Position**  
June 30, 2022

Fund Balances of Governmental Funds	\$	14,601,501
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds:

Capital Assets		18,470,696
Accumulated Depreciation		(4,097,284)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds:

Leases Payable		(140,119)
Compensated Absences		(74,087)
Accrued Interest Payable		(199)

Long-term assets are not available for current use. Amounts are deferred under the modified accrual basis of accounting.

		332,569
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Net Position of Governmental Activities	\$	29,093,077
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The accompanying notes are an integral part of this statement.

**City of Huron**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
Year Ended June 30, 2022

	General Fund	Special Revenue		Capital Projects
		HOME	LTF	Ambulance
<b>REVENUES</b>				
Taxes	\$ 2,138,770	\$ -	\$ -	\$ -
Licenses, Permits, and Impact Fees	413,367	-	-	-
Intergovernmental	1,274,030	-	-	4,000,000
Charges for Services	4,361	-	-	-
Fines and Forfeitures	53,222	-	-	-
Investment Earnings	76,704	-	-	-
Miscellaneous Revenues	496,166	7,938	-	-
<b>Total Revenues</b>	<b>4,456,620</b>	<b>7,938</b>	<b>-</b>	<b>4,000,000</b>
<b>EXPENDITURES</b>				
Current:				
General Government	783,831	-	-	-
Public Works	70,114	-	117,479	-
Public Safety	1,576,591	-	-	40,152
Parks and Recreation	65,894	-	-	-
Community Development	820,938	6,736	-	-
Capital Outlay	29,135	-	-	-
Debt Service:				
Principal	-	-	53,937	-
Interest	-	-	7,302	-
<b>Total Expenditures</b>	<b>3,346,503</b>	<b>6,736</b>	<b>178,718</b>	<b>40,152</b>
Excess (Deficiency) of Revenues Over Expenditures	1,110,117	1,202	(178,718)	3,959,848
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	936,915	-	-	-
Transfers Out	(30,171)	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>906,744</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>2,016,861</b>	<b>1,202</b>	<b>(178,718)</b>	<b>3,959,848</b>
Fund Balances, Beginning of Year	240,929	(366,452)	1,295,545	-
Prior Period Adjustments	(763,082)	5,540,022	(256,567)	-
<b>Fund Balances, End of Year</b>	<b>\$ 1,494,708</b>	<b>\$ 5,174,772</b>	<b>\$ 860,260</b>	<b>\$ 3,959,848</b>

The accompanying notes are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 60,834	\$ 2,199,604
54,939	468,306
911,291	6,185,321
-	4,361
-	53,222
221	76,925
30,694	534,798
<u>1,057,979</u>	<u>9,522,537</u>
99,909	883,740
306,726	494,319
126,363	1,743,106
-	65,894
33,465	861,139
393,787	422,922
-	53,937
-	7,302
<u>960,250</u>	<u>4,532,359</u>
<u>97,729</u>	<u>4,990,178</u>
30,171	967,086
(936,915)	(967,086)
<u>(906,744)</u>	<u>-</u>
(809,015)	4,990,178
2,699,524	3,869,546
<u>1,221,404</u>	<u>5,741,777</u>
<u>\$ 3,111,913</u>	<u>\$ 14,601,501</u>

**City of Huron**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
Year Ended June 30, 2022

Net Changes in Fund Balances - Total Governmental Funds \$ 4,990,178

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 these assets is allocated over their estimated useful lives as depreciation expense.

Capital Outlay	1,003,167
Depreciation Expense	(433,473)

The issuance of long-term debt (e.g., bonds, leases) 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 assets. Also, governmental funds report the effect premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Payments on Leases	53,937
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Some revenues reported in the Statement of Activities are not considered available to finance current expenditures and therefore are not reported as revenues in the governmental funds. 332,569

The amounts below included in the Statement of Activities do not provide (require) the use of current financial resources and, therefore, are not reported as revenues or expenditures in governmental funds (net change):

Compensated Absences	(796)
Accrued Interest Payable	(199)
	(995)

Change in Net Position of Governmental Activities	\$ 5,945,383
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The accompanying notes are an integral part of this statement.

**City of Huron**  
**Statement of Net Position**  
**Proprietary Funds**  
June 30, 2022

	Water	Sewer	Disposal	Total
<b>ASSETS</b>				
Current Assets:				
Cash and Investments	\$ 895,676	\$ 1,364,041	\$ -	\$ 2,259,717
Accounts Receivable (Net of Allowance)	241,891	109,585	120,031	471,507
Due from Other Governments	510,908	-	-	510,908
Total Current Assets	<u>1,648,475</u>	<u>1,473,626</u>	<u>120,031</u>	<u>3,242,132</u>
Noncurrent Assets:				
Advances to Other Funds	-	831,973	-	831,973
Capital Assets, Not Being Depreciated	1,770,361	212,547	-	1,982,908
Capital Assets, Net of Accumulated Depreciation	2,940,468	8,908,001	-	11,848,469
Total Capital Assets (Net of Accumulated Depreciation)	<u>4,710,829</u>	<u>9,120,548</u>	<u>-</u>	<u>13,831,377</u>
Total Noncurrent Assets	<u>4,710,829</u>	<u>9,952,521</u>	<u>-</u>	<u>14,663,350</u>
Total Assets	<u>6,359,304</u>	<u>11,426,147</u>	<u>120,031</u>	<u>17,905,482</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Expenses	339,200	393,715	85,164	818,079
Accrued Interest Payable	2,578	2,718	-	5,296
Unearned Revenue	18,730	-	-	18,730
Advances from Other Funds	-	-	453,315	453,315
Customer Deposits Payable	20,208	-	-	20,208
Loans and Bonds Payable - Current	70,000	33,848	-	103,848
Total Current Liabilities	<u>450,716</u>	<u>430,281</u>	<u>538,479</u>	<u>1,419,476</u>
Noncurrent Liabilities:				
Compensated Absences	4,611	3,745	154	8,510
Loans and Bonds Payable	906,000	939,831	-	1,845,831
Total Noncurrent Liabilities	<u>910,611</u>	<u>943,576</u>	<u>154</u>	<u>1,854,341</u>
Total Liabilities	<u>1,361,327</u>	<u>1,373,857</u>	<u>538,633</u>	<u>3,273,817</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	3,734,829	8,146,869	-	11,881,698
Unrestricted	1,263,148	1,905,421	(418,602)	2,749,967
Total Net Position	<u>\$ 4,997,977</u>	<u>\$ 10,052,290</u>	<u>\$ (418,602)</u>	<u>\$ 14,631,665</u>

**City of Huron**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
Year Ended June 30, 2022

	Water	Sewer	Disposal	Total
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 1,443,728	\$ 617,636	\$ 550,256	\$ 2,611,620
Connection and Impact Fees	-	139,926	-	139,926
<b>Total Operating Revenues</b>	<b>1,443,728</b>	<b>757,562</b>	<b>550,256</b>	<b>2,751,546</b>
<b>OPERATING EXPENSES</b>				
Personnel Services	105,599	45,773	21,535	172,907
Contractual Services and Utilities	1,153,976	351,362	600,457	2,105,795
Supplies and Materials	267,745	90,029	7,664	365,438
Other	58,969	34,863	7,408	101,240
Depreciation	193,431	154,302	-	347,733
<b>Total Operating Expenses</b>	<b>1,779,720</b>	<b>676,329</b>	<b>637,064</b>	<b>3,093,113</b>
<b>Operating Income (Loss)</b>	<b>(335,992)</b>	<b>81,233</b>	<b>(86,808)</b>	<b>(341,567)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental	1,608,394	1,892,750	5,000	3,506,144
Investment Earnings	-	-	-	-
Other Income	27,446	3,169	-	30,615
Interest Expense	(32,915)	(27,547)	-	(60,462)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>1,602,925</b>	<b>1,868,372</b>	<b>5,000</b>	<b>3,476,297</b>
<b>Income (Loss) Before Capital Contributions and Operating Transfers</b>	<b>1,266,933</b>	<b>1,949,605</b>	<b>(81,808)</b>	<b>3,134,730</b>
Transfers Out	-	-	-	-
<b>Change in Net Position</b>	<b>1,266,933</b>	<b>1,949,605</b>	<b>(81,808)</b>	<b>3,134,730</b>
Net Position - Beginning of Year	3,063,885	4,312,473	(389,103)	6,987,255
Restatement of Net Position	667,159	3,790,212	52,309	4,509,680
<b>Net Position - End of Year</b>	<b>\$ 4,997,977</b>	<b>\$ 10,052,290</b>	<b>\$ (418,602)</b>	<b>\$ 14,631,665</b>

The accompanying notes are an integral part of this statement.

**City of Huron**  
**Statement of Cash Flows**  
**Proprietary Funds**  
Year Ended June 30, 2022

	Water	Sewer	Disposal	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers	\$ 1,581,698	\$ 769,888	\$ 562,900	\$ 2,914,486
Payments to Employees for Services	(105,988)	(46,873)	(21,381)	(174,242)
Payments to Suppliers for Goods and Services	(1,257,978)	(683,872)	(575,641)	(2,517,491)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>217,732</u>	<u>39,143</u>	<u>(34,122)</u>	<u>222,753</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Cash Received from Other Funds	-	-	28,538	28,538
Cash Paid to Other Funds	-	(831,973)	-	(831,973)
Intergovernmental Revenue	-	-	5,584	5,584
<b>Net Cash Provided (Used) by Noncapital and Related Financing Activities</b>	<u>-</u>	<u>(831,973)</u>	<u>34,122</u>	<u>(797,851)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and Construction of Capital Assets	(1,323,113)	(2,041,908)	-	(3,365,021)
Interest Paid	(33,095)	(27,093)	-	(60,188)
Capital Grants	1,361,525	2,060,793	-	3,422,318
Proceeds from Debt Issuance	-	141,679	-	141,679
Payments on Long-term Debt	(68,000)	(25,000)	-	(93,000)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(62,683)</u>	<u>108,471</u>	<u>-</u>	<u>45,788</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received	-	-	-	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	155,049	(684,359)	-	(529,310)
Cash and Cash Equivalents, Beginning of the Year	<u>740,627</u>	<u>2,048,400</u>	<u>-</u>	<u>2,789,027</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 895,676</u>	<u>\$ 1,364,041</u>	<u>\$ -</u>	<u>\$ 2,259,717</u>
<b>Reconciliation of Operating Income (Loss) to</b>				
<b>Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ (335,992)	\$ 81,233	\$ (86,808)	\$ (341,567)
Adjustments to Reconcile Operating Income (Loss) to				
Net Cash Provided (Used) by Operating Activities:				
Other Income	27,446	3,169	-	30,615
Depreciation	193,431	154,302	-	347,733
Changes in Operating Assets and Liabilities:				
Decrease (Increase) in Accounts Receivable	89,794	9,157	12,644	111,595
Increase (Decrease) in Accounts Payable and Accrued Liabilities	222,712	(207,618)	39,888	54,982
Increase (Decrease) in Unearned Revenue	18,730	-	-	18,730
Increase (Decrease) in Compensated Absences	(389)	(1,100)	154	(1,335)
Increase (Decrease) in Deposits Payable	2,000	-	-	2,000
<b>TOTAL CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 217,732</u>	<u>\$ 39,143</u>	<u>\$ (34,122)</u>	<u>\$ 222,753</u>

**City of Huron**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
June 30, 2022

	<u>Successor Agency Private-purpose Trust Fund</u>
<b>ASSETS</b>	
Cash and Investments	<u>\$ 272,197</u>
Total Assets	<u>272,197</u>
<b>LIABILITIES</b>	
Accounts Payable and Accrued Liabilities	3,847
Interest Payable	10,283
Long-term Debt	<u>3,059,777</u>
Total Liabilities	<u>3,073,907</u>
<b>NET POSITION</b>	
Net Position (Deficit) Held in Trust for Successor Agency	<u>(2,801,710)</u>
Total Net Position	<u><u>\$ (2,801,710)</u></u>

The accompanying notes are an integral part of this statement.

**City of Huron**  
**Statement of Changes in Net Position**  
**Fiduciary Funds**  
Year Ended June 30, 2022

	Successor Agency Private-purpose Trust Fund
<b>ADDITIONS</b>	
Contributions:	
Taxes	\$ 273,850
Investment Earnings:	
Interest Income	-
Total Additions	273,850
<b>DEDUCTIONS</b>	
Administrative Costs	13,689
Interest on Bonds	99,150
Total Deductions	112,839
Change in Net Position	161,011
Net Position - Beginning of Year	(3,000,667)
Restatement of Net Position	37,946
Net Position - End of Year	\$ (2,801,710)

The accompanying notes are an integral part of this statement.

**City of Huron**  
**Notes to Financial Statements**  
Year Ended June 30, 2022

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Reporting Entity**

The City of Huron, State of California, was incorporated May 3, 1951. The City is a general law city that operates under a Council-Manager form of government. The City's major operations include public safety; highways and streets; water, sewer, and refuse collection; parks and recreation; building inspection; public improvements; planning and zoning; and general administrative services.

As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government.

The City does not have any component units.

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

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The fiduciary funds also use the accrual basis of accounting.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when 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.

**City of Huron**  
**Notes to Financial Statements**  
Year Ended June 30, 2022

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

General Fund - The General Fund is the general operating fund of the City. It is used for all financial resources except those required legally, or by sound financial management to be accounted for in another fund. Generally, the General Fund is used to account for those traditional governmental services of the City, such as police and fire protection, planning, and general administrative services.

HOME Fund - The Home Program (HOME) Fund was established to account for the monies received from various sources which are to be used for down payment loans for home buyers that meet certain requirements.

LTF Fund - The Local Transportation Funds (LTF) Fund was established to account for the monies received from the County of Fresno which are to be used for street projects.

Ambulance Fund - The Ambulance Fund was established to account for the monies received from the State of California to be used in the construction of the City's ambulance facility.

The City reports the following major enterprise funds:

Water Fund - The Water Fund accounts for the operation and maintenance of the City's water treatment and water transmission and distribution systems.

Sewer Fund - The Sewer Fund accounts for the operation and maintenance of the City's sewer system.

Disposal Fund - The Disposal Fund accounts for the operation and maintenance of the City's sanitation system.

The City reports the following additional fund types:

Private-purpose Trust Fund - The Private-Purpose Trust Fund accounts for assets held by the City as trustee for the Successor Agency.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**City of Huron**  
**Notes to Financial Statements**  
Year Ended June 30, 2022

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

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

**C) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements**

The Governmental Accounting Standards Board has issued the following Statements, which may affect the City's financial reporting requirements in the future:

*GASB 96 – Subscription-Based Information Technology Arrangements:* The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2023.

**D) Assets, Liabilities, and Net Position or Equity**

**Deposits and Investments**

For purposes of the Statement of Cash Flows, the City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City follows the practice of pooling cash and investments of all funds except for funds held in separate trust agreements. Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on the average of the three months cash balance. Interest income from cash and investments of funds excluded from pooled cash is credited directly to the related fund. Investments are stated at fair value (the value at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale).

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of the interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of the interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

**City of Huron**  
**Notes to Financial Statements**  
Year Ended June 30, 2022

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. All trade and property tax receivables are shown net of allowance for uncollectibles.

Fresno County is responsible for the assessment, collection and apportionment of property taxes for all taxing jurisdictions. Property taxes are levied in equal installments on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. The lien date is January 1 of each year. Property taxes are accounted for in the General Fund. Property tax revenues are recognized when they become measurable and available to finance current liabilities. The City considers property taxes as available if they are collected within 60 days after year-end. Property tax on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid on August 31. However, unsecured property taxes are not susceptible to year-end accrual.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed, rather than when purchased.

**Restricted Assets**

Amounts shown as restricted assets have been restricted by either bond indenture, by law, or contractual obligations to be used for specified purposes, such as servicing bonded debt and construction of capital assets. Included in cash and investments are restricted cash assets of \$20,208 for customer deposits in the Water Utility Fund.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets received prior to the implementation of GASB 72 were recorded at fair value on the date of donation. Donated capital assets received subsequent to the implementation of GASB 72 are recorded at acquisition value as of the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Improvements other Than Buildings	40 years
Utility Plant	40 years
Furniture and Equipment	7 years
Automobiles and Trucks	5 years

**City of Huron**  
**Notes to Financial Statements**  
Year Ended June 30, 2022

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Lease obligations of the Proprietary Funds are accounted for in the year of inception as a liability of the fund. The related asset is recorded as an asset of the fund.

**Compensated Absences**

It is the City's policy to permit all employees to accumulate earned but unused vacation, sick leave, and compensatory time benefits. Those employees on shift work schedules may also accumulate hours for holiday time benefits. Vested or accumulated vacation, holiday, sick leave, and any compensation time on the Governmental Funds are not expected to be paid with expendable available financial resources and are reported in the Government-Wide Financial Statements.

**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. 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.

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

**Net Position**

In the government-wide financial statements, net position is classified in the following categories:

*Net investment in the capital assets* describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulation, laws, or other restrictions which the City cannot unilaterally alter.

*Unrestricted* describes the portion of net position which is not restricted to use.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City currently does not report deferred outflows.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has certain items, which arise only under the modified accrual basis of accounting, which qualify for reporting in this category. Accordingly, unavailable revenue is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, grant receivables, and other miscellaneous receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City reports deferred inflows related to leases.

**City of Huron**  
**Notes to Financial Statements**  
Year Ended June 30, 2022

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Net Position Flow Assumption**

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

**Fund Balances**

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts constrained for a specific purpose by City Council resolution. It would require the same action by City Council to remove the constraint.

Assigned Fund Balance - Amounts that are constrained by the City Council's intent to use specified financial resources for specific purposes, but are neither restricted nor committed. The City's fund balance policy delegates the authority to assign amounts to be used for specific purposes to the Finance Director for the purpose of reporting these amounts in the annual financial statements.

Unassigned Fund Balance - This classification includes the residual balances of the government's general fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report deficit balances resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

**Leases**

Lessee: The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements and the proprietary funds. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

**City of Huron**  
**Notes to Financial Statements**  
Year Ended June 30, 2022

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

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.

Key estimates and judgments 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.
- 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.

Lessor: The City is a lessor for a noncancellable lease of certain property for communications facilities. The City recognizes a lease receivable and a deferred inflow of resources in the General Fund and the government-wide financial statements. 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 judgments 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 its estimated incremental borrowing rate as the discount rate for leases.
- 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.

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 the lease receivable.

The lease of properties for communications facilities are up to 30 years and the City will receive annual payments ranging from approximately \$10,000 to \$17,000. The City recognized approximately \$13,000 in lease revenue, including interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the City's receivable for lease payments was \$159,229. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$98,425.

**City of Huron**  
**Notes to Financial Statements**  
Year Ended June 30, 2022

**2) CASH AND INVESTMENTS**

The City's cash and investments consisted of the following at June 30, 2022:

Demand Deposits	\$ 8,679,014
Petty Cash	790
Investments	652,382
Total Cash and Investments	\$ 9,332,186

The City's deposits and investments are reflected in the basic financial statements as follows:

	Statement of Net Position	Fiduciary Funds	Total
Cash and Investments	\$ 9,059,989	\$ 272,197	\$ 9,332,186

*Deposits*

*Custodial Credit Risk* - Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy requires deposits to be covered by the federal depository insurance and collateral having a market value of 110% of the uninsured deposit. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental 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 fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2022, the City's deposits (bank balances) were insured by the Federal Depository Insurance Corporation or collateralized as required under California Law.

**City of Huron**  
**Notes to Financial Statements**  
Year Ended June 30, 2022

**2) CASH AND INVESTMENTS - Continued**

*Investments*

As of June 30, 2022, the City had the following investments:

Investment Type	Remaining Maturity (in Months)			Fair Value
	12 Months or Less	13 to 24 Months	25 to 60 Months	
Local Agency Investment Fund	\$ 2,382	\$ -	\$ -	\$ 2,382
Certificates of Deposit	300,000	350,000	-	650,000
Total	<u>\$ 302,382</u>	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 652,382</u>

*Authorized Investments*

The investments listed above are managed by the City's Finance Director and fiscal agents (bond trustees acting in accordance with bond covenants). Investments managed by the City's Finance Director are invested in accordance with the City's investment policy. Investments managed by bond trustees are invested in accordance with provisions of the respective bond agreements, rather than the general provisions of the California Government Code or the City's investment policy. The City's Finance Director has direct oversight over the City's pooled investment fund which covers cash and investments of the City's governmental funds, proprietary funds, and custodial funds which are invested in accordance with the City's investment policy. The investment policy generally complies with California Government Code Section 53601 and its primary detail is as follows:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer	Minimum Ratings
U.S. Agencies	5 years	100%	100%	None
U.S. Treasury Bills, Notes and Bonds	5 years	100%	100%	None
Local Agency Bonds	5 years	100%	100%	None
Banker's Acceptances	180 days	40%	30%	None
Commercial Paper	270 days	25%	10%	A
Local Agency Investment Fund (LAIF)	N/A	None	None	None
Mortgage Pass-Through Securities	5 years	20%	None	A
Certificates of Deposit (CDs)	5 years	30%	100%	A
Medium Term Notes	5 years	30%	100%	A
Money Market Mutual Funds	N/A	20%	10%	None
County Pooled Investments	N/A	None	None	None

Investments with fiscal agents represent investments held by the bond trustee. The City and its investment advisor select the investments under the terms of the applicable trust agreement, directs the bond trustee to acquire the investments, and the bond trustee then holds the investments on behalf of the City and/or its component units. Proceeds of bonds administered by bond trustees are also generally covered under the City Treasurer's investment policy; however, specific provisions of each issuance are usually used in managing such investments.

**City of Huron**  
**Notes to Financial Statements**  
Year Ended June 30, 2022

**2) CASH AND INVESTMENTS - Continued**

*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. Information about the sensitivity of the fair values of the City's and its component units' investments to market rate fluctuations is provided in the table above that shows the distribution by maturity. The City's investment policy generally complies with the State Government Code with respect to allowable investment instruments as a means of managing its fair value losses arising from changing interest rates. Guaranteed investment contracts are investments held by fiscal agents (bond trustees) and are restricted for construction projects and debt service.

*Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Investment Type	Total Investments	Minimum Legal Rating	Rating as of Year End		
			AAA	Not Required to be Rated	Unrated
Local Agency Investment Fund	\$ 2,382	N/A	\$ -	\$ -	\$ 2,382
Certificates of Deposit	650,000	N/A	-	-	650,000
<b>Total</b>	<b>\$ 652,382</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ 652,382</b>

*Concentration of Credit Risk*

Concentration of credit risk is the increased risk of loss if the City has a significant amount of investments with a single issuer. In accordance with the Investment Policy of the City, none of the investments categories listed exceeded the maximum allowable percentage of its portfolio. The City's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% of more of total City investments in any of the major funds.

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Custodial credit risk for LAIF is not determinable.

*Fair Value*

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. None of the City's investments are subject to the fair value hierarchy.

**City of Huron**  
**Notes to Financial Statements**  
Year Ended June 30, 2022

**2) CASH AND INVESTMENTS - Continued**

*Investment in State Investment Pool*

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**3) NOTES RECEIVABLE**

The City is the recipient of Community Development Block Grant and HOME Program Funds. The funds are provided to use for housing and business loans to qualified recipients at various below market interest rates ranging from 0 to 4%. The terms of the loans range between fifteen and thirty years. All loans are secured by deeds of trust. The amount outstanding as of June 30, 2022, is \$6,538,553.

**4) CAPITAL ASSETS**

The following represents the Capital Asset activity for Governmental Activities, for the 2021-22 fiscal year:

<b>Governmental Activities:</b>	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 2,770,935	\$ -	\$ -	\$ -	\$ 2,770,935
Construction in Progress	-	832,588	990,346	-	1,822,934
<b>Total Capital Assets, Not Depreciated:</b>	<b>2,770,935</b>	<b>832,588</b>	<b>990,346</b>	<b>-</b>	<b>4,593,869</b>
Capital Assets Being Depreciated:					
Buildings and Improvements	12,605,249	-	12,821	-	12,618,070
Machinery and Equipment	1,334,077	(75,320)	-	-	1,258,757
<b>Total Capital Assets, Depreciated:</b>	<b>13,939,326</b>	<b>(75,320)</b>	<b>12,821</b>	<b>-</b>	<b>13,876,827</b>
Less Accumulated Depreciation:					
Buildings and Improvements	(2,666,702)	(57,993)	(338,365)	-	(3,063,060)
Machinery and Equipment	(930,920)	(8,196)	(95,108)	-	(1,034,224)
<b>Total Accumulated Depreciation</b>	<b>(3,597,622)</b>	<b>(66,189)</b>	<b>(433,473)</b>	<b>-</b>	<b>(4,097,284)</b>
<b>Net Capital Assets, Depreciated</b>	<b>10,341,704</b>	<b>(141,509)</b>	<b>(420,652)</b>	<b>-</b>	<b>9,779,543</b>
<b>Total Capital Assets, Net</b>	<b>\$ 13,112,639</b>	<b>\$ 691,079</b>	<b>\$ 569,694</b>	<b>\$ -</b>	<b>\$ 14,373,412</b>

Depreciation expense of \$433,473 was charged to the following functions/programs in the Statement of Activities of the primary government:

<b>Governmental Activities</b>	
General Government	\$ 20,175
Public Works	178,480
Public Safety	183,074
Parks and Recreation	51,744
Total	<u>\$ 433,473</u>

**City of Huron**  
**Notes to Financial Statements**  
Year Ended June 30, 2022

**4) CAPITAL ASSETS - Continued**

The following represents the Capital Asset activity for Business-type Activities, for the 2021-22 fiscal year:

<b>Business-type Activities:</b>	Beginning Balance	Adjustments	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 212,547	\$ -	\$ -	\$ -	\$ 212,547
Construction in Progress	530,885	4,134,999	3,365,021	(6,260,544)	1,770,361
Total Capital Assets, Not Depreciated:	<u>743,432</u>	<u>4,134,999</u>	<u>3,365,021</u>	<u>(6,260,544)</u>	<u>1,982,908</u>
Capital Assets Being Depreciated:					
Buildings	297,513	-	6,260,544	-	6,558,057
Improvements other than Buildings	12,917,017	-	-	-	12,917,017
Machinery and Equipment	712,440	-	-	-	712,440
Total Capital Assets, Depreciated:	<u>13,926,970</u>	<u>-</u>	<u>6,260,544</u>	<u>-</u>	<u>20,187,514</u>
Less Accumulated Depreciation:					
Buildings	(169,799)	(23)	(35,488)	-	(205,310)
Improvements other than Buildings	(7,145,337)	(88,798)	(285,459)	-	(7,519,594)
Machinery and Equipment	(575,637)	(11,718)	(26,786)	-	(614,141)
Total Accumulated Depreciation	<u>(7,890,773)</u>	<u>(100,539)</u>	<u>(347,733)</u>	<u>-</u>	<u>(8,339,045)</u>
Net Capital Assets, Depreciated	<u>6,036,197</u>	<u>(100,539)</u>	<u>5,912,811</u>	<u>-</u>	<u>11,848,469</u>
Total Capital Assets, Net	<u>\$ 6,779,629</u>	<u>\$ 4,034,460</u>	<u>\$ 9,277,832</u>	<u>\$ (6,260,544)</u>	<u>\$ 13,831,377</u>

Depreciation expense of \$347,733 was allocated to the enterprise funds as follows:

<b>Business-type Activities</b>	
Water	\$ 193,431
Sewer	154,302
Total	<u>\$ 347,733</u>

**5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund advances at June 30, 2022 is as follows:

	Receivable Fund	Payable Fund
Sewer Fund	\$ 831,973	\$ -
General Fund	-	76,461
HOME Special Revenue Fund	-	292,963
Other Governmental Funds	-	9,234
Disposal Fund	-	453,315
Total	<u>\$ 831,973</u>	<u>\$ 831,973</u>

The Sewer Fund has loaned monies to the funds listed above to cover operating cash deficits. These amounts are expected to be paid back in future years as additional revenues become available. See Note 10 Financial Condition and Management's Plans for more information.

**City of Huron**  
**Notes to Financial Statements**  
Year Ended June 30, 2022

**5) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - CONTINUED**

Interfund transfers for the year ended June 30, 2022 are as follows:

Transfers Out	Transfers In		Total
	General Fund	Other Governmental Funds	
General Fund	\$ -	\$ 30,171	\$ 30,171
Other Governmental Funds	936,915	-	936,915
Total	<u>\$ 936,915</u>	<u>\$ 30,171</u>	<u>\$ 967,086</u>

The Other Governmental Funds ARPA Fund transferred \$919,342 to the General Fund for operations. In addition, the non-major CDBG fund transferred \$17,573 to the General Fund for administrative costs. The General Fund transferred \$30,171 to the Other Governmental Funds to cover the accumulated operating deficits of those funds.

**6) LONG-TERM DEBT**

Long-term liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Loans from direct borrowings:					
Leases	\$ 194,056	\$ -	\$ 53,937	\$ 140,119	\$ 56,276
Compensated Absences	73,291	796	-	74,087	-
<b>Total Governmental Activities</b>	<u>\$ 267,347</u>	<u>\$ 796</u>	<u>\$ 53,937</u>	<u>\$ 214,206</u>	<u>\$ 56,276</u>
<b>Business-type Activities:</b>					
Loans from direct borrowings:					
2019 Water Refunding Bonds	\$ 1,044,000	\$ -	\$ 68,000	\$ 976,000	\$ 70,000
2019 Sewer Refunding Bonds	857,000	-	25,000	832,000	27,000
State Water Resources Control Board	-	141,679	-	141,679	6,848
Total direct	1,901,000	141,679	93,000	1,949,679	103,848
Compensated Absences	9,845	-	1,335	8,510	-
<b>Total Business-type Activities</b>	<u>\$ 1,910,845</u>	<u>\$ 141,679</u>	<u>\$ 94,335</u>	<u>\$ 1,958,189</u>	<u>\$ 103,848</u>

The General Fund is typically responsible for the compensated absences liability.

**Leases Payable**

The City, at various occasions, enters into lease agreements that qualify as lease liabilities for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The amount of lease assets recognized in governmental activities, net of accumulated amortization, is \$204,323.

**City of Huron**  
**Notes to Financial Statements**  
Year Ended June 30, 2022

**6) LONG-TERM DEBT - Continued**

The following represents the future lease payments to be made:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 56,276	\$ 4,871	\$ 61,147
2024	58,715	2,432	61,147
2025	25,208	268	25,476
Totals	<u>\$ 140,199</u>	<u>\$ 7,571</u>	<u>\$ 147,770</u>

**2019 Water Refunding Bonds**

In 2019, the 2019 Water Refunding Bonds were issued in the amount of \$1,168,000 for the purpose of refunding the 2001 USDA Water Loan Payable, the 1980 Water Revenue Bonds, and the 1991 Water COP Payable. The bonds bear interest at 3.17% and is due semi-annually commencing on December 2019. Principal is paid annually with a maturity date of June 2041. The bonds are secured by the net revenues of the Water enterprise. The outstanding balance of the bonds as of June 30, 2022 was \$976,000.

The annual debt service requirements to maturity for the 2019 Water Bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 70,000	\$ 30,939	\$ 100,939
2024	70,000	28,720	98,720
2025	71,000	26,501	97,501
2026	71,000	24,251	95,251
2027	72,000	22,000	94,000
2028 - 2032	275,000	77,253	352,253
2033 - 2037	194,000	43,017	237,017
2038 - 2041	153,000	12,014	165,014
Totals	<u>\$ 976,000</u>	<u>\$ 264,695</u>	<u>\$ 1,240,695</u>

**2019 Sewer Refunding Bonds**

In 2019, the 2019 Sewer Refunding Bonds were issued in the amount of \$1,168,000 for the purpose of refunding the 1980 Sewer Revenue Bonds and the 1991 Sewer COP Payable. The bonds bear interest at 3.17% and is due semi-annually commencing on December 2019. Principal is paid annually with a maturity date of June 2044. The bonds are secured by the net revenues of the Sewer enterprise. The outstanding balance of the bonds as of June 30, 2022 was \$832,000.

**City of Huron**  
**Notes to Financial Statements**  
Year Ended June 30, 2022

**6) LONG-TERM DEBT - Continued**

The annual debt service requirements to maturity for the 2019 Sewer Bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 27,000	\$ 26,374	\$ 53,374
2024	27,000	25,519	52,519
2025	29,000	24,663	53,663
2026	29,000	23,743	52,743
2027	31,000	22,824	53,824
2028 - 2032	166,000	99,063	265,063
2033 - 2037	196,000	70,913	266,913
2038 - 2042	225,000	37,977	262,977
2043 - 2044	102,000	4,882	106,882
Totals	<u>\$ 832,000</u>	<u>\$ 335,958</u>	<u>\$ 1,167,958</u>

**Water Resources Control Board Loan**

In April 2018, the City entered into a grant funding and loan agreement with the California State Water Resources Control Board for \$5,677,448 in grant funding and up to \$391,103 in loans to be used for the improvements to operations at the wastewater treatment plant and the additional of a reclamation field to change to discharge for crops. The loan matures over 20 years with an interest rate of 1.8%. During the fiscal year ended June 30, 2022, the City used \$141,679 of the available loan funding.

The debt service payments are payable solely from net revenues of the Sewer Enterprise Fund. The loan is a direct borrowing from the State Water Resources Control Board. The loan includes provisions that, in the event of default, all outstanding amounts may become immediately due and payable. The annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 6,848	\$ 1,594	\$ 8,442
2024	6,015	2,427	8,442
2025	6,123	2,319	8,442
2026	6,233	2,208	8,441
2027	6,346	2,096	8,442
2028 - 2032	33,483	8,726	42,209
2033 - 2037	36,607	5,602	42,209
2038 - 2042	40,024	2,187	42,211
Totals	<u>\$ 141,679</u>	<u>\$ 27,159</u>	<u>\$ 168,838</u>

**City of Huron**  
**Notes to Financial Statements**  
Year Ended June 30, 2022

**6) LONG-TERM DEBT - Continued**

**Long-term Liabilities - Fiduciary Funds**

The following is a schedule of changes in long-term debt of the Successor Agency for the fiscal year ended June 30, 2022.

<b>Successor Agency Debt:</b>	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
2019 Tax Allocation Refunding Bonds	\$ 2,785,000	\$ -	\$ 130,000	\$ 2,655,000	\$ 140,000
Premium on Bonds	434,577	-	29,800	404,777	-
<b>Total Successor Agency Debt</b>	<b>\$ 3,219,577</b>	<b>\$ -</b>	<b>\$ 159,800</b>	<b>\$ 3,059,777</b>	<b>\$ 140,000</b>

In April 2019, the Successor Agency to the Redevelopment Agency of the City of Huron issued \$2,915,000 of Tax Allocation Refunding Bonds, Series 2019, to refund the 2007 and 2011 Tax Allocation Bonds of the former Redevelopment Agency of the City of Huron. The 2019 Series Bonds mature in amounts ranging from \$130,000 to \$250,000 annually through 2036, with interest payments ranging from 2.5% to 5.0%, payable semi-annually on June 1 and December 1. The Bonds are payable as to principal and interest exclusively from the pledged tax revenues of the Successor Agency.

Future debt service requirements are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 140,000	\$ 120,600	\$ 260,600
2024	145,000	114,900	259,900
2025	150,000	109,000	259,000
2026	160,000	102,000	262,000
2027	160,000	94,000	254,000
2028 - 2032	950,000	335,750	1,285,750
2033 - 2036	950,000	80,000	1,030,000
Totals	<b>\$ 2,655,000</b>	<b>\$ 956,250</b>	<b>\$ 3,611,250</b>

**City of Huron**  
**Notes to Financial Statements**  
Year Ended June 30, 2022

**7) FUND BALANCES**

The details of the fund balances as of June 30, 2022 are presented below:

	General Fund	HOME Fund	LTF Fund	Ambulance Fund	Other Governmental Funds	Total
<b>Nonspendable:</b>						
Lease Receivable	\$ 60,804	\$ -	\$ -	\$ -	\$ -	\$ 60,804
Land Held for Resale	860,004	-	-	-	-	860,004
<b>Restricted:</b>						
Low Income Housing	-	5,174,772	-	-	1,186,034	6,360,806
Streets and Roads	-	-	860,260	-	1,415,668	2,275,928
Capital Improvements	-	-	-	3,959,848	284,574	4,244,422
Public Works	-	-	-	-	190,707	190,707
Public Safety	-	-	-	-	34,930	34,930
<b>Unassigned</b>	573,900	-	-	-	-	573,900
<b>Total Fund Balance</b>	<b>\$ 1,494,708</b>	<b>\$ 5,174,772</b>	<b>\$ 860,260</b>	<b>\$ 3,959,848</b>	<b>\$ 3,111,913</b>	<b>\$14,601,501</b>

**8) RISK MANAGEMENT**

The City participates with other public entities in a joint venture under a joint powers agreement which established the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The City is covered for the first \$1,000,000 of each liability claim and \$500,000 of each workers' compensation claim through the CSJVRMA. The Authority pays first dollar coverage for all liability and workers' compensation claims and collects the city's retained limit five years after the close of the fiscal year through a retrospective adjustment process. The City's liability and workers' compensation retained limit is \$25,000 per occurrence. The CSJVRMA participates in an excess liability pool which provides liability coverage from \$1,000,000 to \$29,500,000 and an excess workers' compensation pool which provides workers' compensation coverage from \$500,000 to the statutory limits.

The CSJVRMA is a consortium of 54 cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et seq. The CSJVRMA is governed by a Board of Directors, which meets 3 times per year, consisting of one board member and an alternate member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA. At termination of the joint powers agreement and after all claims have been settled, any excess or deficit will be divided among the cities in accordance with its governing documents. Financial statements of CSJVRMA can be obtained from the Authority located at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

The City is exposed to various risks of losses related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City purchases insurance as described above. There are no significant reductions in insurance coverage from prior years and also there have been no settlements exceeding the insurance coverage for each of the past three fiscal years.

**9) COMMITMENTS AND CONTINGENCIES**

The City has received Federal and State funds for specific purposes that are subject to review by the grantor agencies. These programs are subject to audit by the grantor agencies and upon further examination by the grantors, certain costs could be disallowed. The City expects any such amounts to be immaterial.

**City of Huron**  
**Notes to Financial Statements**  
Year Ended June 30, 2022

**10) CITY'S FINANCIAL CONDITION AND MANAGEMENT'S PLANS**

**Advances from Sewer Enterprise Fund**

The Disposal Enterprise Fund and HOME Special Revenue Fund have cash deficits at year-end of \$453,315 and \$292,963 due to ongoing operating deficits. These funds have received advances from the Sewer Enterprise Fund. In the event the Disposal Fund and/or HOME Fund are unable to repay the Sewer Fund, the General Fund will be used to repay the Sewer Enterprise Fund.

**Management's Plans**

The Disposal Fund reported a negative cash balance as customer fees were not set at a level sufficient to recover the cost of vendor services for collection and disposal and the related administrative overhead. The City intends to reevaluate the fee structure to ensure full cost recovery, including a component to eliminate the existing negative balance over a 5- to 10-year period. A revised fee schedule is expected to be implemented no later than January 1, 2026.

The HOME Special Revenue Fund reported a negative cash balance as a result of litigation costs related to a grantee that sold property in violation of the grant agreement. The City intends to seek reimbursement of attorney's fees through the settlement process; however, if no reimbursement is received, the negative cash balance will be subsidized by the General Fund.

**11) PRIOR PERIOD ADJUSTMENTS**

The prior period adjustments in the governmental and enterprise funds are as follows:

General Fund	HOME	LTF	Governmental Funds	Water	Sewer	Disposal	
\$ (888,823)	\$ -	\$ (256,567)	\$ -	\$ -	\$ (354,388)	\$ -	(a)
70,648	-	-	174,446	234,191	48,588	52,309	(b)
33,480	-	-	-	-	-	-	(c)
(37,946)	-	-	-	-	-	-	(d)
59,559	-	-	-	-	-	-	(e)
-	5,540,022	-	1,046,958	-	-	-	(f)
-	-	-	-	432,968	3,601,492	-	(g)
-	-	-	-	-	494,520	-	(h)
<u>\$ (763,082)</u>	<u>\$ 5,540,022</u>	<u>\$ (256,567)</u>	<u>\$ 1,221,404</u>	<u>\$ 667,159</u>	<u>\$ 3,790,212</u>	<u>\$ 52,309</u>	

- (a) – adjustment due to overstatement of receivables in prior year.
- (b) – adjustment due to understatement of receivables in prior year.
- (c) – cash balance incorrectly reported in fiduciary fund in prior year.
- (d) – revenue incorrectly reported in General Fund in prior year, moved to Successor Agency.
- (e) – adjustment due to the implementation of GASB 87.
- (f) – adjustment to remove deferred inflows related to notes receivable.
- (g) – adjustment to record capital assets incorrectly expensed in prior year.
- (h) – adjustment due to overstatement of accounts payable in prior year.

**City of Huron**  
**Notes to Financial Statements**  
Year Ended June 30, 2022

**11) PRIOR PERIOD ADJUSTMENTS – Continued**

Governmental Activities

The adjustment of (\$154,124) in the Statement of Activities is the result of the net adjustments in the governmental funds with the exception of the \$6,586,980 adjustment related to deferred notes receivable and a net adjustment to record capital asset activity not recorded in the prior year of \$691,079.

Business-type Activities

The adjustment of \$4,509,680 in the Statement of Activities is the result of the net adjustments in the enterprise funds as reported in the Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds statement.

Successor Agency Private-purpose Trust Fund

The adjustment of \$37,946 in the Statement of Changes in Fiduciary Net Position is the result of recording revenues from the prior year not previously reported.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Huron**  
**Notes to Required Supplementary Information**  
Year Ended June 30, 2022

**Budgetary Accounting**

Budgetary comparison schedules are presented as part of the Required Supplementary Information for the General Fund and major Special Revenue Funds as provided for in GASB Statement No. 34. The City budget is adopted on a basis consistent with accounting principles generally accepted in United States of America. The City Manager is required to prepare and submit to the City Council the annual budget of the City and administer it after the adoption. City Council approval is required for budget revisions that affect the total appropriations of the City. The City Manager is authorized to approve transfers within individual fund budgets without the approval of City Council; however, total appropriations may not be exceeded at the department level for the General Fund and the fund level for all other funds.

Budgets were not adopted for the following funds:

Major Funds:

- HOME Special Revenue Fund
- Ambulance Capital Projects Fund

Other Governmental Funds:

- CDBG Special Revenue Fund
- Animal Shelter Special Revenue Fund
- USDA Opioid Special Revenue Fund
- Andrew Smith Property Lease Special Revenue Fund
- ARPA Special Revenue Fund
- Landscape District Special Revenue Fund
- 21-IIG Grant Special Revenue Fund

**City of Huron**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - General Fund**  
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,369,800	\$ 1,369,800	\$ 2,138,770	\$ 768,970
Licenses, Permits, and Impact Fees	355,500	355,500	413,367	57,867
Intergovernmental	69,000	69,000	1,274,030	1,205,030
Charges for Services	3,000	3,000	4,361	1,361
Fines and Forfeitures	61,500	61,500	53,222	(8,278)
Investment Earnings	50,400	50,400	76,704	26,304
Miscellaneous Revenues	630,300	630,300	496,166	(134,134)
Total Revenues	<u>2,539,500</u>	<u>2,539,500</u>	<u>4,456,620</u>	<u>1,917,120</u>
<b>EXPENDITURES</b>				
Current:				
General Government	503,834	503,834	783,831	(279,997)
Public Works	46,100	46,100	70,114	(24,014)
Public Safety	1,330,450	1,330,450	1,576,591	(246,141)
Parks and Recreation	48,997	48,997	65,894	(16,897)
Community Development:	320,140	320,140	820,938	(500,798)
Capital Outlay	10,350	10,350	29,135	(18,785)
Total Expenditures	<u>2,259,871</u>	<u>2,259,871</u>	<u>3,346,503</u>	<u>(806,635)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>279,629</u>	<u>279,629</u>	<u>1,110,117</u>	<u>830,488</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	100,000	100,000	936,915	836,915
Transfers Out	-	-	(30,171)	(30,171)
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>100,000</u>	<u>906,744</u>	<u>806,744</u>
Net Change in Fund Balances	379,629	379,629	2,016,861	1,637,232
Fund Balance, Beginning of Year, Restated	<u>(522,153)</u>	<u>(522,153)</u>	<u>(522,153)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (142,524)</u>	<u>\$ (142,524)</u>	<u>\$ 1,494,708</u>	<u>\$ 1,637,232</u>

**City of Huron**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - LTF Special Revenue Fund**  
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 300,000	\$ 300,000	\$ -	\$ (300,000)
Total Revenues	300,000	300,000	-	(300,000)
<b>EXPENDITURES</b>				
Current:				
Public Works	108,000	108,000	117,479	(9,479)
Debt Service				
Principal	-	-	53,937	(53,937)
Interest	-	-	7,302	(7,302)
Total Expenditures	108,000	108,000	178,718	(70,718)
Excess (Deficiency) of Revenues Over Expenditures	192,000	192,000	(178,718)	(370,718)
Fund Balance, Beginning of Year, Restated	1,038,978	1,038,978	1,038,978	-
Fund Balance, End of Year	\$ 1,230,978	\$ 1,230,978	\$ 860,260	\$ (370,718)

**SUPPLEMENTARY INFORMATION**

**City of Huron**  
**Combining Balance Sheet**  
**Non-major Governmental Funds**  
June 30, 2022

	Special Revenue Funds			
	Gas Tax	Measure C	Public Safety	Streets
<b>ASSETS</b>				
Cash and Investments	\$ 766,501	\$ 571,802	\$ 8,346	\$ 41,947
Due from Other Governments	33,163	17,895	30,000	7,211
Notes Receivable	-	-	-	-
	<b>\$ 799,664</b>	<b>\$ 589,697</b>	<b>\$ 38,346</b>	<b>\$ 49,158</b>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	\$ 4,160	\$ 18,455	\$ 3,416	\$ 236
Due to Other Funds	-	-	-	-
	<b>4,160</b>	<b>18,455</b>	<b>3,416</b>	<b>236</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Grants	-	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Restricted	795,504	571,242	34,930	48,922
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<b>795,504</b>	<b>571,242</b>	<b>34,930</b>	<b>48,922</b>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<b>\$ 799,664</b>	<b>\$ 589,697</b>	<b>\$ 38,346</b>	<b>\$ 49,158</b>

Special Revenue

Park Grant	CDBG	Animal Shelter	USDA Opioid	Fresno Housing Authority	Andrew Smith Property Lease	ARPA
\$ -	\$ 116,032	\$ -	\$ -	\$ -	\$ -	\$ -
122	-	-	-	-	-	-
-	1,070,002	-	-	-	-	-
<u>\$ 122</u>	<u>\$ 1,186,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
122	-	-	-	-	-	-
122	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,186,034	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,186,034	-	-	-	-	-
<u>\$ 122</u>	<u>\$ 1,186,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

**City of Huron**  
**Combining Balance Sheet**  
**Non-major Governmental Funds - Continued**  
June 30, 2022

	<u>Special Revenue</u>		<u>Capital Projects Fund</u>	
	<u>Landscape District</u>	<u>21-IIG Grant</u>	<u>Public Impact Fees</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Investments	\$ 190,487	\$ -	\$ 284,574	\$ 1,979,689
Due from Other Governments	220	14,897	-	103,508
Notes Receivable	-	-	-	1,070,002
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 190,707</u>	<u>\$ 14,897</u>	<u>\$ 284,574</u>	<u>\$ 3,153,199</u>
<b>LIABILITIES</b>				
Accounts Payable and Accrued Liabilities	\$ -	\$ 5,785	\$ -	\$ 32,052
Due to Other Funds	-	9,112	-	9,234
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>-</u>	<u>14,897</u>	<u>-</u>	<u>41,286</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenues - Grants	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted	190,707	-	284,574	3,111,913
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>190,707</u>	<u>-</u>	<u>284,574</u>	<u>3,111,913</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 190,707</u>	<u>\$ 14,897</u>	<u>\$ 284,574</u>	<u>\$ 3,153,199</u>

**City of Huron**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
Year Ended June 30, 2022

	Special Revenue Funds			
	Gas Tax	Measure C	Public Safety	Streets
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, Permits, and Impact Fees	-	-	-	-
Intergovernmental	317,223	315,806	100,000	30,439
Investment Earnings	97	93	-	-
Miscellaneous Revenues	-	-	-	-
<b>Total Revenues</b>	<b>317,320</b>	<b>315,899</b>	<b>100,000</b>	<b>30,439</b>
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	-
Public Works	224,727	24,465	-	32,287
Public Safety	-	-	126,363	-
Community Development	-	-	-	-
Capital Outlay	-	393,787	-	-
<b>Total Expenditures</b>	<b>224,727</b>	<b>418,252</b>	<b>126,363</b>	<b>32,287</b>
Excess (Deficiency) of Revenues Over Expenditures	92,593	(102,353)	(26,363)	(1,848)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>92,593</b>	<b>(102,353)</b>	<b>(26,363)</b>	<b>(1,848)</b>
Fund Balances, Beginning of Year	691,443	560,478	61,293	909
Prior Period Adjustments	11,468	113,117	-	49,861
<b>Fund Balances, End of Year</b>	<b>\$ 795,504</b>	<b>\$ 571,242</b>	<b>\$ 34,930</b>	<b>\$ 48,922</b>

Special Revenue Funds

Park Grant	CDBG	USDA Opioid	Animal Shelter	Fresno Housing Authority	Andrew Smith Property Lease	ARPA
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	132,926	-	-	-	-	-
-	31	-	-	-	-	-
-	30,694	-	-	-	-	-
-	163,651	-	-	-	-	-
-	99,909	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	18,568	-	-	-	-	-
-	-	-	-	-	-	-
-	118,477	-	-	-	-	-
-	45,174	-	-	-	-	-
-	-	2,708	23,143	1,880	2,440	-
-	(17,573)	-	-	-	-	(919,342)
-	(17,573)	2,708	23,143	1,880	2,440	(919,342)
-	27,601	2,708	23,143	1,880	2,440	(919,342)
-	111,475	(2,708)	(23,143)	(1,880)	(2,440)	919,342
-	1,046,958	-	-	-	-	-
\$ -	\$ 1,186,034	\$ -	\$ -	\$ -	\$ -	\$ -

(Continued)

**City of Huron**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds - Continued**  
Year Ended June 30, 2022

	Special Revenue		Capital Projects Fund	
	Landscape District	21-IIG Grant	Public Impact Fees	Total
<b>REVENUES</b>				
Taxes	\$ 60,834	\$ -	\$ -	\$ 60,834
Licenses, Permits, and Impact Fees	-	-	54,939	54,939
Intergovernmental	-	14,897	-	911,291
Investment Earnings	-	-	-	221
Miscellaneous Revenues	-	-	-	30,694
	<b>60,834</b>	<b>14,897</b>	<b>54,939</b>	<b>1,057,979</b>
<b>Total Revenues</b>				
<b>EXPENDITURES</b>				
Current:				
General Government	-	-	-	99,909
Public Works	21,448	-	3,799	306,726
Public Safety	-	-	-	126,363
Community Development	-	14,897	-	33,465
Capital Outlay	-	-	-	393,787
	<b>21,448</b>	<b>14,897</b>	<b>3,799</b>	<b>960,250</b>
<b>Total Expenditures</b>				
Excess (Deficiency) of Revenues Over Expenditures	<b>39,386</b>	<b>-</b>	<b>51,140</b>	<b>97,729</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	30,171
Transfers Out	-	-	-	(936,915)
	<b>-</b>	<b>-</b>	<b>-</b>	<b>(906,744)</b>
<b>Total Other Financing Sources (Uses)</b>				
Net Change in Fund Balances	<b>39,386</b>	<b>-</b>	<b>51,140</b>	<b>(809,015)</b>
Fund Balances, Beginning of Year	151,321	-	233,434	2,699,524
Prior Period Adjustments	-	-	-	1,221,404
Fund Balances, End of Year	<b>\$ 190,707</b>	<b>\$ -</b>	<b>\$ 284,574</b>	<b>\$ 3,111,913</b>

**City of Huron**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Gas Tax Special Revenue Fund**  
Year Ended June 30, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 262,000	\$ 317,223	\$ 55,223
Investment Earnings	1,401	97	(1,304)
Total Revenues	<u>263,401</u>	<u>317,320</u>	<u>53,919</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	198,000	224,727	(26,727)
Total Expenditures	<u>198,000</u>	<u>224,727</u>	<u>(26,727)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>65,401</u>	<u>92,593</u>	<u>27,192</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	65,401	92,593	27,192
Fund Balance, Beginning of Year, Restated	<u>702,911</u>	<u>702,911</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 768,312</u></u>	<u><u>\$ 795,504</u></u>	<u><u>\$ 27,192</u></u>

**City of Huron**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Measure C Special Revenue Fund**  
Year Ended June 30, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Intergovernmental	\$ 250,000	\$ 315,806	\$ 65,806
Investment Earnings	-	93	93
Total Revenues	<u>250,000</u>	<u>315,899</u>	<u>65,899</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	25,150	24,465	685
Capital Outlay	1,224,354	393,787	830,567
Total Expenditures	<u>1,249,504</u>	<u>418,252</u>	<u>831,252</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(999,504)</u>	<u>(102,353)</u>	<u>897,151</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(999,504)	(102,353)	897,151
Fund Balance, Beginning of Year, Restated	<u>673,595</u>	<u>673,595</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (325,909)</u>	<u>\$ 571,242</u>	<u>\$ 897,151</u>

**City of Huron**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Public Safety Special Revenue Fund**  
Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 100,000	\$ 100,000	\$ -
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	<u>100,000</u>	<u>126,363</u>	<u>(26,363)</u>
Total Expenditures	<u>100,000</u>	<u>126,363</u>	<u>(26,363)</u>
Excess (Deficiency) of Revenues over Expenditures	-	(26,363)	(26,363)
Fund Balance, Beginning of Year	<u>61,293</u>	<u>61,293</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 61,293</u></u>	<u><u>\$ 34,930</u></u>	<u><u>\$ (26,363)</u></u>

**City of Huron**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual -Streets Special Revenue Fund**  
Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 278,865	\$ 30,439	\$ (248,426)
Total Revenues	<u>278,865</u>	<u>30,439</u>	<u>(248,426)</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	<u>-</u>	<u>32,287</u>	<u>(32,287)</u>
Total Expenditures	<u>-</u>	<u>32,287</u>	<u>(32,287)</u>
Excess (Deficiency) of Revenues over Expenditures	278,865	(1,848)	(280,713)
Fund Balance, Beginning of Year, Restated	<u>50,770</u>	<u>50,770</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 329,635</u></u>	<u><u>\$ 48,922</u></u>	<u><u>\$ (280,713)</u></u>

**City of Huron**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual - Public Impact Fees Capital Projects Fund**  
Year Ended June 30, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Licenses, Permits, and Fines	\$ 94,000	\$ 54,939	\$ (39,061)
Total Revenues	<u>94,000</u>	<u>54,939</u>	<u>(39,061)</u>
<b>EXPENDITURES</b>			
Current:			
Public Works	<u>48,000</u>	<u>3,799</u>	<u>44,201</u>
Total Expenditures	<u>48,000</u>	<u>3,799</u>	<u>44,201</u>
Excess (Deficiency) of Revenues over Expenditures	<u>46,000</u>	<u>51,140</u>	<u>5,140</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	46,000	51,140	5,140
Fund Balance, Beginning of Year	<u>233,434</u>	<u>233,434</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 279,434</u></u>	<u><u>\$ 284,574</u></u>	<u><u>\$ 5,140</u></u>