

CITY OF HUGHSON
Annual Financial Report
Fiscal Year Ended June 30, 2016

CITY OF HUGHSON
ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2016

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

The Members of the City Council of the
City of Hughson
Hughson, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hughson, California (City) as of and for the fiscal year ended June 30, 2016, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hughson, California, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

**CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

This discussion and analysis provides an overview of the City of Hughson's financial performance for the fiscal year ended June 30, 2016. This report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standard Board (GASB). We encourage our readers to consider this information in conjunction with the information provided in the accompanying basic financial statements and notes. The City's fiscal highlights are presented below:

FINANCIAL HIGHLIGHTS

Financial highlights of fiscal year ended June 30, 2016 include the following:

Government-wide:

- The City's total net position was \$72,653,595 as of June 30, 2016. Of this total, \$33,225,470 was governmental net position and \$39,428,125 was business-type net position.
- Government-wide revenues include program revenues of \$7,886,094 and general revenues and transfers of \$2,046,360, for a total of \$9,932,454.
- Government-wide expenses were \$7,873,134.
- Business-type program revenues and interest were \$5,021,180 while business-type expenses and transfers were \$3,822,450.

Fund Level:

- Governmental fund balances *increased* \$357,113 in fiscal year 2016.
- Governmental fund revenues *decreased* \$290,250 in fiscal year 2016.
- Governmental fund expenditures *increased* \$954,387 in fiscal year 2016.

General Fund:

- General Fund revenues of \$2,875,844 were \$167,187 *higher* than the prior year.
- General Fund expenditures of \$2,615,251 represented an *increase* of \$578,551 over the prior year.
- General Fund fund balance of \$2,772,255 as of June 30, 2016, *increased* by \$342,397 from 2015 fiscal year's fund balance of \$2,429,858.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Annual Financial Report is divided into five parts:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to these financial statements
4. Required supplementary information
5. Other supplemental information

Government-wide Financial Statements

The Government-wide financial statements provide a longer-term view of the City's activities as a whole, and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City as a whole, including all of its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations.

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

This analysis focuses on the net positions and changes in net positions of the City as a whole. Tables 1, 2 and 3 focus on the City's Governmental Statement of Net Position and Statements of Activities, while Table 4 focuses on the City's Business-type Statement of Net Position and Statement of Activities.

Table 1

	Governmental Activities 2016	Governmental Activities 2015
<u>Assets</u>		
Cash and investments	\$ 6,696,766	\$ 6,314,203
Other assets	2,245,778	2,164,885
Capital assets, net	25,907,327	25,408,440
Total Assets	34,849,871	33,887,528
<u>Deferred Outflows of Resources</u>		
Pension	216,353	123,476
Total Def. Outflows	216,353	123,476
<u>Liabilities</u>		
Long term liabilities	1,247,241	988,738
Other liabilities	466,783	373,381
Total Liabilities	1,714,024	1,362,119
<u>Deferred Inflows of Resources</u>		
Pension	126,730	284,005
Total Def. Inflows	126,730	284,005
<u>Net Position</u>		
Net investment in capital assets	25,907,327	25,408,440
Restricted	5,681,625	5,705,813
Unrestricted	1,636,518	1,250,627
Total Net Position	\$ 33,225,470	\$ 32,364,880

The City's governmental net position amounted to \$33,225,470 as of June 30, 2016, an *increase* of \$860,590 over 2015 not including prior period adjustments. This increase in the change in net position is reflected in the Governmental Activities column of the Statement of Activities shown in Table 2. The City's net position as of June 30, 2016 comprised the following:

Cash and investments comprised **\$6,696,766**. Substantially all of these amounts were held in short term investments in government securities, as detailed in Note 3 to the financial statements.

Receivables comprised **\$590,927** of current receivables and loans receivable of **\$1,654,851** that is due over longer periods of time as explained the Notes.

Capital assets of **\$25,907,327** net of depreciation charges, which included all the City's capital assets used in governmental activities.

Current liabilities, including accounts payable, claims and other amounts due currently, totaled **\$466,783**.

Long-term liabilities of **\$1,247,241** does not include **\$9,734**, which is the current portion. The debt is related to the City's Net Pension Liability and compensated absences.

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Table 2
CHANGE IN GOVERNMENTAL NET POSITION

	Governmental Activities 2016	Governmental Activities 2015
<u>Expenses</u>		
General government	\$ 1,435,670	\$ 1,219,563
Public safety	1,471,544	1,292,278
Public works	1,065,834	857,828
Parks and recreation	99,184	54,625
Total Expenses	4,072,232	3,424,294
<u>Revenues</u>		
<u>Program revenues</u>		
Charges for services	1,244,569	2,042,410
Operating grants and contributions	651,599	961,549
Capital grants and contributions	1,039,181	547,100
Total program revenues	2,935,349	3,551,059
<u>General revenues and transfers</u>		
Taxes	1,423,539	1,053,386
Use of money and property	31,905	22,848
Other revenue	520,481	459,717
Transfers	21,548	14,500
Total general revenues and transfers	1,997,473	1,550,451
Total Revenues and Transfers	4,932,822	5,101,510
Change in Net Position	\$ 860,590	\$ 1,677,216

As Table 2 above shows, \$2,935,349 or 60%, of the City's fiscal year 2016 governmental revenue, came from program revenues and \$1,997,473, or 40%, came from general revenues such as taxes and interest and transfers. Program revenues were composed of charges for services of \$1,244,569, which included permit revenues, fees and charges used to fund expenses incurred in providing services; \$651,599 of operating grants and contributions, which included gas tax revenues and housing and police grants; and capital grants and contributions of \$1,039,181, that consisted mainly of street project grants and developer impact fees restricted to capital outlay.

General revenues are not allocable to programs. General revenues are used to pay for the net cost of governmental programs.

Table 3 presents the net expense or revenue of each of the City's governmental activities, including interest on long-term liabilities. Net expense is defined as total program cost less the revenues generated by those specific activities.

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

BUSINESS-TYPE ACTIVITIES (continued)

Table 5
CHANGE IN BUSINESS-TYPE NET POSITION

	Net Revenue (Expense) from Services 2016	Net Revenue (Expense) from Services 2015
Water	\$ 225,874	\$ 432,867
Sewer	954,140	931,304
Other	(30,171)	(29,817)
Total	\$ 1,149,843	\$ 1,334,354

ANALYSIS OF MAJOR FUNDS

Governmental Funds

General Fund

General Fund revenues increased \$167,187 this fiscal year due primarily to increase in sales and use tax. Actual revenues were greater than budgeted by \$325,079. Tax revenues increased \$370,153 during the fiscal year primarily due to increasing sales tax revenue. Charges for services, licenses and permits remain relatively flat, increasing by \$44,215.

General Fund expenditures were \$2,615,251, an increase of \$578,551 from the prior year. Expenditures increased mainly due to rising costs in every department.

As of June 30, 2016 the General Fund's fund balance totaled \$2,772,255. The unassigned portion of \$2,712,972 of the fund balances represents available liquid resources.

Home Loan Fund

This fund is utilized to track deferred loans receivable. There wasn't significant activity during the fiscal year.

Refuse Fund

This fund accounts for the contracted refuse services within the City. There wasn't significant variance from activities in prior fiscal years.

Public Facilities Capital Projects Fund

This fund accounts for resources and expenditures in construction of public facilities within the City. There weren't any major projects completed or initiated in this fund during the fiscal year.

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Table 6

	Balance at July 1, 2015	Additions	Deletions	Transfers	Balance at June 30, 2016
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 9,197,784	\$ -	\$ -	\$ -	\$ 9,197,784
Rights of ways	2,777,617				2,777,617
Construction in progress	207,857	896,868		(678,171)	426,554
Total capital assets, not being depreciated	12,183,258	896,868		(678,171)	12,401,955
Capital assets, being depreciated:					
Buildings	919,905				919,905
Improvements	4,166,963			678,171	4,845,134
Equipment	410,980	53,170			464,150
Machinery	241,902				241,902
Rolling stock	496,249		(72,373)		423,876
Infrastructure	13,397,859				13,397,859
Total capital assets being depreciated	19,633,858	53,170	(72,373)	678,171	20,292,826
Less accumulated depreciation for:					
Buildings	(551,301)	(22,054)			(573,355)
Improvements	(855,989)	(129,682)			(985,671)
Equipment	(370,981)	(20,000)			(390,981)
Machinery	(241,902)				(241,902)
Rolling stock	(496,248)		72,373		(423,875)
Infrastructure	(3,892,255)	(279,415)			(4,171,670)
Total accumulated depreciation	(6,408,676)	(451,151)	72,373		(6,787,454)
Total capital assets, being depreciated, net	13,225,182	(397,981)		678,171	13,505,372
Governmental activities capital assets, net	\$ 25,408,440	\$ 498,887	\$ -	\$ -	\$ 25,907,327
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 18,108,769	\$ -	\$ -	\$ -	\$ 18,108,769
Total capital assets, not being depreciated	18,108,769				18,108,769
Capital assets, being depreciated:					
Buildings	28,068,657				28,068,657
Improvements	4,174,182				4,174,182
Equipment	82,806				82,806
Machinery	235,695				235,695
Infrastructure	19,002,924				19,002,924
Rolling stock	172,876	25,260			198,136
Total capital assets, being depreciated	51,737,140	25,260			51,762,400
Less accumulated depreciation for:					
Buildings	(2,976,570)	(935,621)			(3,912,191)
Improvements	(3,253,752)	(46,146)			(3,299,898)
Equipment	(46,990)	(7,602)			(54,592)
Machinery	(230,618)	(3,383)			(234,001)
Infrastructure	(7,100,288)	(265,307)			(7,365,595)
Rolling stock	(132,876)	(8,000)			(140,876)
Total accumulated depreciation	(13,741,094)	(1,266,059)			(15,007,153)
Total capital assets, being depreciated, net	37,996,046	(1,240,799)			36,755,247
Business-type activities capital assets, net	\$ 56,104,815	\$ (1,240,799)	\$ -	\$ -	\$ 54,864,016

Details on capital assets, current year additions and construction in progress can be found in the Notes.

The City depreciates all its capital assets over their estimated useful lives, as required by GASB No. 34. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on depreciable lives may be found in the Notes to the financial statements.

**CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

ECONOMIC CONDITION, OUTLOOK AND ACTIVITY

The City continues to see a slowly improving economy along with a gradual increase in economic activity. Property Assessment is trending upwards, and building has resumed in the Community. Hughson's diverse land use has helped to continue a growth pattern that has resulted in an upswing of economic strength for the City and a strong housing market. The trend that developed in 2008, which has seen a significant drop in housing prices and a significant rise in home foreclosures, is changing.

Overall, the City continues to be in a favorable position to continue attracting jobs and retail establishments. Hughson's sales tax revenue continues to climb with expected growth in the retail sector along with the addition of businesses to the City's tax base. This type of growth helps strengthen the City's tax base and increases the diversity of where revenues are generated.

During the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. Government employers that sponsor defined benefit pension plans must recognize a net pension liability in the statement of net position. This is the difference between total pension liability (actuarial accrued liability) and plan assets (at fair value). Pension expense is now based on the net pension liability change between reporting dates with some recognized immediately in expense and others amortized over years. The City of Hughson is a part of a cost sharing multiple employer defined benefit pension plan and as such reports a net pension liability and pension expense equal to the proportionate share of the cost-sharing plan. The implementation of GASB 68 did not change the City's pension obligations in any significant way but rather created more transparency and disclosure. The City continues with disclosure requirements and has updated the pension information for the fiscal year end June 30, 2016. Please see the note section of the financial statements for more detailed information.

Overall the City's financial position remains in good condition. The City continues to maintain a fiscally responsible and conservative approach to its fiscal management.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Financial Report is intended to provide citizens, taxpayers, and creditors with a general overview of the City's finances. Questions about this report should be directed to the City of Hughson, at PO Box 9, 7018 Pine Street, Hughson, CA 95326.

CITY OF HUGHSON
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and Investments	\$ 6,696,766	\$ 7,285,439	\$ 13,982,205
Accounts Receivable	326,466	144,418	470,884
Notes Receivable	1,654,851		1,654,851
Deposits Receivable	59,283		59,283
Interest Receivable	205,178		205,178
Capital Assets, Not Being Depreciated	12,401,955	18,108,769	30,510,724
Capital Assets, Net of Accumulated Depreciation	13,505,372	36,755,247	50,260,619
Total Assets	<u>34,849,871</u>	<u>62,293,873</u>	<u>97,143,744</u>
Deferred Outflows of Resources:			
Pension	216,353	184,221	400,574
Total Deferred Outflows of Resources	<u>216,353</u>	<u>184,221</u>	<u>400,574</u>
Liabilities:			
Accounts Payable	457,049	14,862	471,911
Interest Payable		103,119	103,119
Deposits Payable		3,282	3,282
Noncurrent Liabilities:			
Due Within One Year	9,734	1,548,285	1,558,019
Due in More Than One Year	1,247,241	21,272,513	22,519,754
Total Liabilities	<u>1,714,024</u>	<u>22,942,061</u>	<u>24,656,085</u>
Deferred Inflow of Resources:			
Pension	126,730	107,908	234,638
Total Deferred Inflow of Resources	<u>126,730</u>	<u>107,908</u>	<u>234,638</u>
Net Position:			
Net Investment in Capital Assets	25,907,327	33,107,254	59,014,581
Restricted for:			
Home Loans	1,789,175		1,789,175
Community Development	596,851		596,851
Streets and Roads	713,842		713,842
Public Safety	73,436		73,436
Public Facilities	1,256,368		1,256,368
Parks and Recreation	1,031,209		1,031,209
Assessment Districts	220,744		220,744
Unrestricted	1,636,518	6,320,871	7,957,389
Total Net Position	<u>\$ 33,225,470</u>	<u>\$ 39,428,125</u>	<u>\$ 72,653,595</u>

The notes to the financial statements are an integral part of this statement.

Net (Expenses) Revenues and Changes in Net Position

Governmental Activities	Business- type Activities	Total
\$ (569,046)	\$ -	\$ (569,046)
(1,266,625)		(1,266,625)
341,918		341,918
400,158		400,158
(43,288)		(43,288)
<u>(1,136,883)</u>		<u>(1,136,883)</u>
	225,874	225,874
	954,140	954,140
	(30,171)	(30,171)
	<u>1,149,843</u>	<u>1,149,843</u>
<u>(1,136,883)</u>	<u>1,149,843</u>	<u>12,960</u>
286,475		286,475
996,725		996,725
22,268		22,268
118,071		118,071
31,905	70,435	102,340
520,481		520,481
21,548	(21,548)	
<u>1,997,473</u>	<u>48,887</u>	<u>2,046,360</u>
860,590	1,198,730	2,059,320
<u>32,364,880</u>	<u>38,229,395</u>	<u>70,594,275</u>
<u>\$ 33,225,470</u>	<u>\$ 39,428,125</u>	<u>\$ 72,653,595</u>

Capital Projects		
Public Facilities	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,256,368	\$ 2,649,990	\$ 6,623,463
	73,456	326,466
	231,141	1,654,851
		266,546
		59,283
<u>\$ 1,256,368</u>	<u>\$ 2,954,587</u>	<u>\$ 8,930,609</u>
\$ -	\$ 64,666	\$ 457,049
	266,546	266,546
	331,212	723,595
	231,141	1,714,134
		75,041
	1,031,209	1,031,209
1,256,368		1,256,368
	73,436	73,436
	713,842	713,842
	540,586	596,851
	99,192	99,192
	220,744	220,744
	(286,775)	2,426,197
<u>1,256,368</u>	<u>2,623,375</u>	<u>8,207,014</u>
<u>\$ 1,256,368</u>	<u>\$ 2,954,587</u>	<u>\$ 8,930,609</u>

CITY OF HUGHSON
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2016

Total fund balances - governmental funds **\$ 8,207,014**

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	\$	32,767,154	
Accumulated depreciation		<u>(6,859,827)</u>	25,907,327

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

City's pension contributions subsequent to the measurement date	136,264
Deferred inflow related to pension	(126,730)
Deferred outflow related to pension	80,089

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Net pension liability	(1,201,434)
Compensated absences payable	(55,541)

Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service fund must be added to the statement of net position.

73,303

In governmental funds, certain accrued interest receivable on notes receivable is not available to pay for current period expenditures and, therefore, is not reported in the governmental funds.

205,178

Total net position - governmental activities **\$ 33,225,470**

<u>Capital Projects</u>		
<u>Public Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 286,475
		996,725
		22,268
		118,071
		93,018
		72,090
4,834	6,237	18,564
70,985	134,967	919,038
	924,667	1,576,266
	160,423	160,423
	118,481	520,481
<u>75,819</u>	<u>1,344,775</u>	<u>4,783,419</u>
		1,201,344
	141,086	1,358,756
	307,006	877,586
		99,184
46,114	864,870	910,984
<u>46,114</u>	<u>1,312,962</u>	<u>4,447,854</u>
<u>29,705</u>	<u>31,813</u>	<u>335,565</u>
	22,000	111,304
	(82,256)	(89,756)
	(60,256)	21,548
29,705	(28,443)	357,113
<u>1,226,663</u>	<u>2,651,818</u>	<u>7,849,901</u>
<u>\$ 1,256,368</u>	<u>\$ 2,623,375</u>	<u>\$ 8,207,014</u>

CITY OF HUGHSON
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds	\$	357,113
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	\$	950,038	
Depreciation expense		<u>(451,151)</u>	498,887

Compensated absence expenditures reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period.	(16,604)
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In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis pension costs and actual employer contributions was:	8,253
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Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities.	(400)
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Certain accrued interest revenue of notes receivable reported in the statement of activities is not available to pay for current period expenditures, and therefore, is not reported as revenue in a governmental fund. This is the net change in interest receivable for the current period.	<u>13,341</u>
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Change in net position of governmental activities	\$	<u>860,590</u>
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The notes to the financial statements are an integral part of this statement.

CITY OF HUGHSON
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Business-type Activities - Enterprise funds				Governmental Activities
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Fund
Operating Revenues:					
Charges for Services	\$ 3,554,443	\$ 1,364,729	\$ 31,573	\$ 4,950,745	\$ -
Total Operating Revenues	<u>3,554,443</u>	<u>1,364,729</u>	<u>31,573</u>	<u>4,950,745</u>	
Operating Expenses:					
Personnel	349,716	318,474		668,190	
Administrative	280,670	189,601	30,913	501,184	400
Materials and Supplies	458,814	322,754		781,568	
Maintenance	27,623	30,298	6,655	64,576	
Depreciation	1,034,936	206,947	24,176	1,266,059	
Total Operating Expenses	<u>2,151,759</u>	<u>1,068,074</u>	<u>61,744</u>	<u>3,281,577</u>	<u>400</u>
Operating Income (loss)	<u>1,402,684</u>	<u>296,655</u>	<u>(30,171)</u>	<u>1,669,168</u>	<u>(400)</u>
Non-operating Revenues (Expenses):					
Interest Revenue	67,116	3,319		70,435	
Interest Expense	(334,030)	(70,781)		(404,811)	
Capital Contribution	(114,514)			(114,514)	
Total Non-Operating Revenue (Expenses)	<u>(381,428)</u>	<u>(67,462)</u>		<u>(448,890)</u>	
Income (Loss) before transfers	1,021,256	229,193	(30,171)	1,220,278	(400)
Transfers					
Transfers In			7,500	7,500	
Transfers Out	(11,000)	(11,000)	(7,048)	(29,048)	
Change in Net Position	1,010,256	218,193	(29,719)	1,198,730	(400)
Net Position - Beginning of Fiscal Year	<u>29,784,196</u>	<u>8,005,759</u>	<u>439,440</u>	<u>38,229,395</u>	<u>73,703</u>
Net Position - End of Fiscal Year	<u>\$ 30,794,452</u>	<u>\$ 8,223,952</u>	<u>\$ 409,721</u>	<u>\$ 39,428,125</u>	<u>\$ 73,303</u>

The notes to the financial statements are an integral part of this statement.

FIDUCIARY FUNDS

Agency Funds and Private Purpose Trust Funds are used to account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the City, acting in the capacity of an agent for distribution to other governmental units or other organizations. The agency fund and private purpose trust fund maintained by the City is presented below.

Water/Sewer Deposits - This fund collects deposits for water and sewer services.

RDA Successor Agency - This fund accounts for the former redevelopment agency.

**CITY OF HUGHSON
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
June 30, 2016**

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
	<u>RDA</u>	<u>Water</u>
	<u>Successor</u>	<u>Deposits</u>
	<u>Agency</u>	
ASSETS		
Cash and investments	\$ 198,225	\$ 59,863
Loans receivable	67,028	
Capital assets, net of accumulated depreciation	<u>657,437</u>	
Total Assets	<u>922,690</u>	<u>\$ 59,863</u>
LIABILITIES		
Interest payable	\$ 33,526	\$ -
Deposits payable		59,863
Long-term debt, due within one year	77,510	
Long-term debt, due in more than one year	<u>2,532,677</u>	
Total Liabilities	<u>2,643,713</u>	<u>\$ 59,863</u>
NET POSITION		
Held in trust for others	<u>(1,721,023)</u>	
Total Net Position	<u>\$ (1,721,023)</u>	

The notes to the financial statements are an integral part of this statement.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Hughson (City) was incorporated in December 1972. The City is a general law city operating under the Council-Manager form of government, with a five member City Council elected for four-year overlapping terms. The City Manager is appointed by the City Council to serve as administrator of the staff and to carry out the Council's policies.

As required by accounting principles generally accepted in the United States of America (USGAAP), these basic financial statements present the City of Hughson (the primary government) and any component units.

Individual Component Unit Disclosures

There are no entities which meet the Governmental Accounting Standards Board (GASB) Statement No.14 as amended by GASB Statement No.39 and GASB Statement No. 61 criteria for disclosure within these financial statements.

B. Basis of Presentation

Government-wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. 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 charged to external parties.

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

When both restricted and unrestricted net positions are available, unrestricted resources are used only after the restricted resources are depleted.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City reports the following additional fund types:

Internal Service Fund account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis for insurance.

Fiduciary Funds

Agency Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other government units, and/or other funds.

Private Purpose Trust Fund accounts for the operations of the former redevelopment agency.

C. Basis of Accounting and Measurement Focus

The government-wide, proprietary, and fiduciary funds financial statements except for Agency Funds (that have no measurement focus) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers all revenues available if they are collected within 60 days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for debt service expenditures which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and capital leases are reported as other financing sources.

Property taxes, transient occupancy taxes, and interest are susceptible to accrual. Sales taxes collected and held by the state at fiscal year-end on behalf of the City are also recognized as revenue. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

2. Receivables and Payables (Continued)

The City's property taxes are levied on the first day of January by the County assessor, and are payable to the County tax collector in two installments. The first installment is due November 1st, and is delinquent after December 10th; the second installment is due February 1st and is delinquent after April 10th. Taxes become a lien on the property on January 1st, and on the date of the transfer of the title, and the date of new construction. Article 13A of the California Constitution states: "The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent tax is to be collected by the Counties and apportioned according to law to the districts within the counties." The City has elected under State law (TEETER) to receive all of the annual property assessments in three installments as follows: 55% in December, 40% in April and 5% in June.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. As a phase 3 government under GASB Statement 34, the City has elected to restate its capital assets as of July 1, 2008, to report infrastructure assets acquired prior to June 30, 2003. The City has determined that it is preferable to report all City infrastructure to provide for more accurate reporting. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are valued at the fair value of the assets on the date on which they were contributed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. The City utilizes a capitalization threshold of \$5,000.

Depreciation is charged to operations using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	30 years
Vehicles	5 years
Machinery and equipment	5 to 15 years
Infrastructure	50 to 80 years

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Use of Estimates

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

F. New Accounting Pronouncements

The City has implemented the following Governmental Accounting Standards Board (GASB) Statements during the fiscal year ended June 30, 2016:

Governmental Accounting Standards Board Statement No. 72

For the fiscal year ended June 30, 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72, Fair Value Measurement and Application, addresses accounting and reporting issues related to fair value measurements. Fair value is defined as the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. The pronouncement provides for three valuation techniques: the market approach, the cost approach and the income approach. The valuation technique should be consistently applied, maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The hierarchy of inputs used to measure fair value falls into three categories: Level 1 is quoted market prices for identical assets or liabilities; Level 2 is for observable inputs either directly or indirectly; Level 3 is unobservable inputs. The pronouncement will be effective for the years ending June 30, 2016, and will require restatement of prior periods. Please see Note 3(I) for impact on the financial statements.

Governmental Accounting Standards Board Statement No. 73

For the fiscal year ended June 30, 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Reporting for Pensions and Related Assets not within the Scope of GASB 68 and Amendments to GASB 67 and 68*. This pronouncement applies the approach to accounting and financial reporting established in GASB 68 to all pension plans that are not within the scope of GASB 68, with certain modifications.

Amendments to GASB 67 and 68 relate to information about investment-related factors and clarify that only information about trends that the plan has influence over should be presented. It also clarifies that payables to a pension plan for any unpaid financing obligations are not separately financed specific liabilities as defined by GASB 67. The last amendment relates to recognizing revenue for support of nonemployer contributions to a pension plan and requires that the contribution be recognized in the same period as the change in the net pension liability is recognized. The amendments will be effective for years ending June 30, 2016. This pronouncement had no impact on the financial statements.

G. Fund Balance

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

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The City Council adopts an Annual Budget no later than the second meeting of June of each year for the fiscal year commencing the following July 1. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. During May of each year, the City Manager submits to the City Council a proposed operating budget for the next following fiscal year. The operating budget includes proposed revenues and expenditures.
2. After a review by the City Council, a public hearing is conducted and further comment is received from the City Council and the general public.
3. Upon completion of the hearings and modifications, if any, to the proposed budget, it is adopted by the City Council through passage of an appropriate resolution.
4. Generally, the budget is amended in the middle of the year and at the end of the year. All approved additional appropriations are added to the adopted budget and an amended budget is presented to the City Council, which adopts it after due review.
5. The City Manager is authorized to make transfers between operational expenditure categories within certain departments and funds.
6. City Council approval is required for all fund to fund transfers, department to department transfers, fund reserve to appropriations transfers, transfers for new revenue sources with offsetting appropriations, and for transfer to/from the capital expenditure category.

B. Budget/USGAAP Reconciliation

No funds adopted project-length or budgetary basis budgets and, therefore, no schedule reconciling the amounts on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual to the amounts on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances has been prepared.

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2016, no funds had expenditures over appropriation.

D. Deficit Fund Equity

At June 30, 2016, the following funds had an accumulated deficit:

Fund	Amount
<u>Nonmajor Fund:</u>	
Transportation Capital Projects Fund	\$ 286,775
<u>Private Purpose Trust Fund:</u>	
RDA Successor Agency	1,721,023

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Investments Authorized by Debt Agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	N/A	None	None
U.S. Treasury Obligations	N/A	None	None
State Obligations	N/A	None	None
U.S. Government Agency Issues	N/A	None	None
Money Market Mutual Fund	N/A	None	None
Bankers Acceptances	N/A	None	None
Commercial Paper	270 days	None	None
Certificates of Deposit	N/A	None	None
Repurchase Agreements	N/A	None	None
Investment Agreements	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

The investment policy allows for the above investments which have equal safety and liquidity as all other allowed investments. Maturity depends on the cash needs of the City.

C. Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
State Investment Pool (LAIF)	\$ 79,000	\$ 79,000	\$ -	\$ -	\$ -
Money Market Funds	11,072,429	11,072,429			
Certificates of Deposit	2,558,319	408,342	450,014	1,699,963	
	<u>\$ 13,709,748</u>	<u>\$ 11,559,771</u>	<u>\$ 450,014</u>	<u>\$ 1,699,963</u>	<u>\$ -</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 3 – CASH AND INVESTMENTS (Continued)

H. Investment in State Investment Pool

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

I. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy as follows: Level 1 – Investments reflect prices quoted in active markets; Level 2 – Investments reflect prices that are based on similar observable assets either directly or indirectly, which may include inputs in markets that are not considered active; and Level 3 – Investments reflect prices based upon unobservable sources. The City did not have any investments applicable to recurring fair value measurements as of June 30, 2016.

NOTE 4 – INTERFUND TRANSACTIONS

A. Interfund Receivables and Payables

During the course of normal operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds". The following presents a summary of current interfund balances at June 30, 2016.

Receivable Fund	Amount	Payable Fund	Amount
Major Governmental Fund:		Nonmajor Governmental Fund:	
General Fund	\$ 266,546	Transportation Capital Projects Fund	\$ 266,546
Totals	<u>\$ 266,546</u>	Totals	<u>\$ 266,546</u>

B. Transfers between Funds

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations, and re-allocations of special revenues. All inter-fund transfers between individual government funds have been eliminated on the government-wide statements. The following schedule briefly summarizes the City's transfer activity for the fiscal year ended June 30, 2016:

Fund	Transfers-in	Transfers-out
Major Governmental Funds:		
General Fund	\$ 89,304	\$ 7,500
Major Enterprise Funds:		
Water Fund		11,000
Sewer Fund		11,000
Nonmajor Governmental Funds:		
Gas Tax Special Revenue Fund		50,000
Vehicle Abatement Special Revenue Fund		10,000
Traffic Special Revenue Fund		11,600
Lighting and Landscaping Special Revenue Fund		8,520
Benefit Assessment Special Revenue Fund		2,136
IT Reserve Special Revenue Fund	22,000	
Nonmajor Enterprise Funds:		
Community Center Operations Fund	7,500	3,524
USF Community Center Fund		3,524
Totals	<u>\$ 118,804</u>	<u>\$ 118,804</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 225,575
Public Safety	112,788
Public Works	<u>112,788</u>
Total depreciation expense – governmental functions	<u>\$ 451,151</u>

Depreciation expense was charged to business-type functions as follows:

Sewer	\$ 1,034,936
Water	206,947
Community Facilities	<u>24,176</u>
Total depreciation expense – business-type functions	<u>\$ 1,266,059</u>

NOTE 6 – NOTES RECEIVABLE

The City has established a number of housing assistance loan programs using HOME Investment Partnerships Program grant funds. These loans consist of several loans for first-time home buyers assistance and home rehabilitation assistance loans for qualified persons. The City also utilizes Community Development Block Grant (CDBG) to provide business assistance loans and home rehabilitation loans to qualified persons.

NOTE 7 – LONG-TERM LIABILITIES

The following is a schedule of long-term liabilities for Governmental Activities and Business-type Activities for the fiscal year ended June 30, 2016:

	Balance at June 30, 2015	Additions	Repayments	Balance at June 30, 2016	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 38,937	\$ 16,604	\$ -	\$ 55,541	\$ -
Net pension liability	959,535	241,899		1,201,434	
Total	<u>\$ 998,472</u>	<u>\$ 258,503</u>	<u>\$ -</u>	<u>\$ 1,256,975</u>	<u>\$ -</u>
Business-type Activities:					
Compensated absences	\$ 45,272	\$ 33,329	\$ (37,564)	\$ 41,037	\$ -
USDA Promissory Note	390,000		(390,000)		
Installment note payable - Water	1,580,933		(120,739)	1,460,194	124,878
Installment note payable - Sewer	4,986,091		(310,826)	4,675,265	321,482
Net pension liability	817,026	205,972		1,022,998	
CSWRCB Revolving Loan	16,712,318		(1,091,015)	15,621,303	1,101,925
Total	<u>\$ 24,531,640</u>	<u>\$ 239,301</u>	<u>\$ (1,950,144)</u>	<u>\$ 22,820,797</u>	<u>\$ 1,548,285</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 7 – LONG-TERM LIABILITIES (Continued)

3. Business -type Activities – California State Water Resources Control Board Revolving Loan

On September 10, 2009, the City entered into a project finance agreement with the California State Water Resource Control Board (Water Control Board). Through the use of ARRA funds, the Water Control Board provided funding assistance in the amount of \$23,100,000 for the rehabilitation and upgrade of the wastewater treatment plant. The City must repay the project funds at an interest rate of 1% per annum. The term of the agreement is June 16, 2009, to June 7, 2031. The balance outstanding at June 30, 2016 is \$15,621,303. Annual debt service requirements for the CSWRCB Loan are shown below:

Fiscal Year Ended June 30,	CSWRCB Loan		
	Principal	Interest	Total
2017	\$ 1,101,925	\$ 156,213	\$ 1,258,138
2018	1,112,944	145,194	1,258,138
2019	1,124,074	134,064	1,258,138
2020	1,135,315	122,823	1,258,138
2021	1,146,668	111,470	1,258,138
2022-2026	5,907,649	383,041	6,290,690
2027-2030	4,092,728	90,187	4,182,915
	<u>\$ 15,621,303</u>	<u>\$ 1,142,992</u>	<u>\$ 16,764,295</u>

4. Compensated Absences

The City's policy relating to compensated absences is described in Note (1). Compensated absences are liquidated primarily by the general fund and proprietary funds. The total amount outstanding at June 30, 2016, was \$41,037 for business-type activities.

NOTE 8 – RISK MANAGEMENT

Central San Joaquin Valley Risk Management Authority

The City participates with other public entities in a joint exercise of powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes. The City is covered for the first \$1,000,000 of each general liability claim and \$500,000 of each workers' compensation claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under \$10,000 and worker's compensation losses under \$10,000. The CSJVRMA participates in an excess pool which provides general liability coverage from \$1,000,000 to \$10,000,000. The CSJVRMA participates in an excess pool which provides workers' compensation coverage from \$350,000 to \$500,000 and purchases excess insurance above the \$500,000 to the statutory limit. The CSJVRMA is a consortium of fifty-five (55) cities in the San Joaquin Valley of 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 3-4 times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 12 – PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2016, are summarized as follows:

	City Misc Plan		City Safety Plan
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013
Hire date			
Benefit formula	2.7% @ 55	2% @ 62	3.0% @ 50
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	62	50
Monthly benefits, as a % of eligible compensation	2% to 2.7%	2.00%	3.0%
Required employee contribution rates	8%*	6.25%	n/a
Required employer contribution rates	10.958%	6.237%	n/a

* City made 4% contribution on behalf of employees

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

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

As of June 30, 2016, the City reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

Proportionate Share of Net Pension Liability	
Misc. Plan	Safety Plan
\$ 1,657,967	\$ 566,466

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 12 – PENSION PLAN (Continued)

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

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions - The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.30%-14.20% (1)	3.30%-14.20% (1)
Investment Rate of Return	7.50% (2)	7.50% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds	

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2016

NOTE 12 – PENSION PLAN (Continued)

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate -The following presents the net pension liability of the Local Government for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.65%	6.65%
Net Pension Liability	\$ 2,780,514	\$ 908,260
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$ 1,657,967	\$ 566,466
1% Increase	8.65%	8.65%
Net Pension Liability	\$ 731,161	\$ 286,224

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 13 - SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Hughson (City) that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or other unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of the City resolution number 2012-04.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence as of the date of the dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF HUGHSON
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
Revenues				
Property Taxes	\$ 321,000	\$ 321,000	\$ 286,475	\$ (34,525)
Sales and Use Taxes	867,000	867,000	996,725	129,725
Business License Taxes	22,000	22,000	22,268	268
Other Taxes	87,000	87,000	118,071	31,071
Licenses and Permits	69,140	69,140	93,018	23,878
Fines and Forfeitures	57,500	57,500	72,090	14,590
Interest	2,200	2,200	7,493	5,293
Charges for Services	170,175	170,175	226,105	55,930
Intergovernmental	552,750	552,750	651,599	98,849
Other	402,000	402,000	402,000	
Total Revenues	<u>2,550,765</u>	<u>2,550,765</u>	<u>2,875,844</u>	<u>325,079</u>
Expenditures				
Current				
General Government	728,360	724,004	727,817	(3,813)
Public Safety	1,237,720	1,237,720	1,217,670	20,050
Public Works	551,037	544,657	570,580	(25,923)
Parks and Recreation	95,323	114,823	99,184	15,639
Total Expenditures	<u>2,612,440</u>	<u>2,621,204</u>	<u>2,615,251</u>	<u>5,953</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(61,675)</u>	<u>(70,439)</u>	<u>260,593</u>	<u>331,032</u>
Other Financing Sources (uses):				
Transfers In	89,307	89,307	89,304	(3)
Transfers Out	<u>(7,500)</u>	<u>(7,500)</u>	<u>(7,500)</u>	
Total Other Financing Sources (Uses)	<u>81,807</u>	<u>81,807</u>	<u>81,804</u>	<u>(3)</u>
Net Change in Fund Balance	20,132	11,368	342,397	331,029
Fund Balance - July 1, 2015	<u>2,429,858</u>	<u>2,429,858</u>	<u>2,429,858</u>	
Fund Balance - June 30, 2016	<u>\$ 2,449,990</u>	<u>\$ 2,441,226</u>	<u>\$ 2,772,255</u>	<u>\$ 331,029</u>

CITY OF HUGHSON
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
REFUSE SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for Services	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 486,981</u>	<u>\$ (13,019)</u>
Total Revenues	<u>500,000</u>	<u>500,000</u>	<u>486,981</u>	<u>(13,019)</u>
Expenditures				
Current:				
General Government	<u>500,000</u>	<u>500,000</u>	<u>473,527</u>	<u>26,473</u>
Total Expenditures	<u>500,000</u>	<u>500,000</u>	<u>473,527</u>	<u>26,473</u>
Net Change in Fund Balance			13,454	13,454
Fund Balance - July 1, 2015	<u>42,811</u>	<u>42,811</u>	<u>42,811</u>	
Fund Balance - June 30, 2016	<u>\$ 42,811</u>	<u>\$ 42,811</u>	<u>\$ 56,265</u>	<u>\$ 13,454</u>

**CITY OF HUGHSON
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2016**

Cost Sharing Defined Benefit Pension Plans

Schedule of Contributions – Last 10 Years*

	June 30, 2016		June 30, 2015	
	Miscellaneous Plan	Safety Plan	Miscellaneous Plan	Safety Plan
Contractual required contribution (actuarially determined)	\$ 149,103	\$ 29,542	\$ 127,295	\$ 22,606
Contributions in relation to the actuarially determined contributions	(149,103)	(29,542)	(127,295)	(22,606)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 819,730	n/a	\$ 838,193	n/a
Contributions as a percentage of covered employee payroll	18.19%	n/a	15.19%	n/a

Notes to Schedule

Valuation Date: June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Inflation	2.75%
Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Investment Rate of Return	7.50%, net of pension plan investment and administrative Expenses; includes Inflation
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds

⁽¹⁾The mortality table was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

*Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.

OTHER SUPPLEMENTAL INFORMATION

CITY OF HUGHSON
PUBLIC FACILITIES CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 3,000	\$ 4,834	\$ 1,834
Charges for Services	<u>197,338</u>	<u>70,985</u>	<u>(126,353)</u>
Total Revenues	<u>200,338</u>	<u>75,819</u>	<u>(124,519)</u>
Expenditures:			
Capital Outlay	<u>388,000</u>	<u>46,114</u>	<u>341,886</u>
Total Expenditures	<u>388,000</u>	<u>46,114</u>	<u>341,886</u>
Net Change in Fund Balance	(187,662)	29,705	217,367
Fund Balance - July 1, 2015	<u>1,226,663</u>	<u>1,226,663</u>	<u></u>
Fund Balance - June 30, 2016	<u>\$ 1,039,001</u>	<u>\$ 1,256,368</u>	<u>\$ 217,367</u>

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

The Asset Forfeiture Fund was established to account for monies received from asset seizures in the City's jurisdiction. The monies are to be spent on police protection and enforcement.

The Gas Tax Fund was established to account for state gas tax revenues based on population. The revenues may be expended only for street and road repair, maintenance, design, construction, and traffic signal design and installation.

The Vehicle Abatement Fund was established to account for vehicle abatement fees, revenues, and expenditures.

The CDBG Rehab Fund was established to account for federal grants under the Housing and Community Development Act, to assist low and moderate income groups in obtaining loans to rehabilitate or revitalize their homes.

The CDBG Grants Fund was established to account for federal planning grants under the Housing and Community Development Act.

The Community Enhancement Fund was established to bridge the gap between old development and new development where Landscaping and Lighting Districts are not set up.

The Local Transportation Authority Fund is used to account for the revenue and expenditure of funds generated by a one-half cent voter approved sales tax earmarked for street improvements.

The Storm Drain Fund was established to account for storm drain revenues.

The Traffic Fund was established to account for revenues received and expenditures made for traffic improvements.

The SLESF Fund established to account for revenues received and expenditures made for Special Law Enforcement Services.

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Special Revenue Funds

Community Enhancement	Local Transportation	Storm Drain	Traffic	SLESF
\$ 85,915	\$ 79,914 58,859	\$ 290,987	\$ 136,561	\$ 64,047
<u>\$ 85,915</u>	<u>\$ 138,773</u>	<u>\$ 290,987</u>	<u>\$ 136,561</u>	<u>\$ 64,047</u>
\$ -	\$ -	\$ -	\$ -	\$ 44,437
				<u>44,437</u>
85,915	138,773	290,987	136,561	19,610
<u>85,915</u>	<u>138,773</u>	<u>290,987</u>	<u>136,561</u>	<u>19,610</u>
<u>\$ 85,915</u>	<u>\$ 138,773</u>	<u>\$ 290,987</u>	<u>\$ 136,561</u>	<u>\$ 64,047</u>

Continued

Capital Projects Funds			Total
Transportation	Municipal Park	Parks Development Impact Fees	Nonmajor Governmental Funds
\$ -	\$ 579,857	\$ 451,352	\$ 2,649,990
			73,456
			231,141
<u>\$ -</u>	<u>\$ 579,857</u>	<u>\$ 451,352</u>	<u>\$ 2,954,587</u>
\$ 20,229	\$ -	\$ -	\$ 64,666
266,546			266,546
<u>286,775</u>			<u>331,212</u>
			231,141
	579,857	451,352	2,679,009
<u>(286,775)</u>			<u>(286,775)</u>
<u>(286,775)</u>	<u>579,857</u>	<u>451,352</u>	<u>2,623,375</u>
<u>\$ -</u>	<u>\$ 579,857</u>	<u>\$ 451,352</u>	<u>\$ 2,954,587</u>

Special Revenue Funds				
Community Enhancement	Local Transportation Fund	Storm Drain	Traffic	SLESF
\$ 107 17,492	\$ 339 77,672	\$ 874 53,628	\$ 434 34,947	\$ - 117,871
	114,514			
17,599	192,525	54,502	35,381	117,871
			31,547	109,539
26,473	29,725 285,405	114,514		
26,473	315,130	114,514	31,547	109,539
(8,874)	(122,605)	(60,012)	3,834	8,332
			(11,600)	
			(11,600)	
(8,874)	(122,605)	(60,012)	(7,766)	8,332
94,789	261,378	350,999	144,327	11,278
<u>\$ 85,915</u>	<u>\$ 138,773</u>	<u>\$ 290,987</u>	<u>\$ 136,561</u>	<u>\$ 19,610</u>

Continued

Capital Project Funds			Total
Transportation	Municipal Park	Parks Development Impact Fees	Nonmajor Governmental Funds
\$ -	\$ 1,867	\$ 1,427	\$ 6,237
	23,892	32,004	134,967
561,184			924,667
			160,423
			118,481
<u>561,184</u>	<u>25,759</u>	<u>33,431</u>	<u>1,344,775</u>
			141,086
			307,006
552,992			864,870
<u>552,992</u>			<u>1,312,962</u>
8,192	25,759	33,431	31,813
			22,000
			<u>(82,256)</u>
			(60,256)
8,192	25,759	33,431	(28,443)
<u>(294,967)</u>	<u>554,098</u>	<u>417,921</u>	<u>2,651,818</u>
<u>\$ (286,775)</u>	<u>\$ 579,857</u>	<u>\$ 451,352</u>	<u>\$ 2,623,375</u>

CITY OF HUGHSON
GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 300	\$ -	\$ (300)
Intergovernmental	124,032	125,748	1,716
Total Revenues	124,332	125,748	1,416
Expenditures:			
Current:			
Public Works	59,000	55,524	3,476
Total Expenditures	59,000	55,524	3,476
Excess (Deficiency) of Revenues Over (Under) Expenditures	65,332	70,224	4,892
Other Financing Sources (Uses):			
Transfers Out	(50,000)	(50,000)	
Total Other Financing Sources (Uses)	(50,000)	(50,000)	
Net Change in Fund Balance	15,332	20,224	4,892
Fund Balance - July 1, 2015	50,853	50,853	
Fund Balance - June 30, 2016	\$ 66,185	\$ 71,077	\$ 4,892

CITY OF HUGHSON
CDBG REHAB SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 475	\$ 1,189	\$ 714
Other Revenue	<u>12,000</u>	<u>3,967</u>	<u>(8,033)</u>
Total Revenues	<u>12,475</u>	<u>5,156</u>	<u>(7,319)</u>
Expenditures:			
Current:			
Public Works	<u>4,100</u>	<u></u>	<u>4,100</u>
Total Expenditures	<u>4,100</u>	<u></u>	<u>4,100</u>
Net Change in Fund Balance	8,375	5,156	(3,219)
Fund Balance - July 1, 2015	<u>586,657</u>	<u>586,657</u>	<u></u>
Fund Balance - June 30, 2016	<u>\$ 595,032</u>	<u>\$ 591,813</u>	<u>\$ (3,219)</u>

CITY OF HUGHSON
COMMUNITY ENHANCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 200	\$ 107	\$ (93)
Charges For Services	<u>22,473</u>	<u>17,492</u>	<u>(4,981)</u>
Total Revenues	<u>22,673</u>	<u>17,599</u>	<u>(5,074)</u>
Expenditures:			
Capital Outlay	<u>16,000</u>	<u>26,473</u>	<u>(10,473)</u>
Total Expenditures	<u>16,000</u>	<u>26,473</u>	<u>(10,473)</u>
Net Change in Fund Balance	6,673	(8,874)	(15,547)
Fund Balance - July 1, 2015	<u>94,789</u>	<u>94,789</u>	<u></u>
Fund Balance - June 30, 2016	<u>\$ 101,462</u>	<u>\$ 85,915</u>	<u>\$ (15,547)</u>

CITY OF HUGHSON
STORM DRAIN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 100	\$ 874	\$ 774
Charges for Services	<u>67,568</u>	<u>53,628</u>	<u>(13,940)</u>
Total Revenues	<u>67,668</u>	<u>54,502</u>	<u>(13,166)</u>
Expenditures:			
Current:			
Public Works	<u>114,514</u>	<u>114,514</u>	<u></u>
Total Expenditures	<u>114,514</u>	<u>114,514</u>	<u></u>
Net Change in Fund Balance	(46,846)	(60,012)	(13,166)
Fund Balance - July 1, 2015	<u>350,999</u>	<u>350,999</u>	<u></u>
Fund Balance - June 30, 2016	<u>\$ 304,153</u>	<u>\$ 290,987</u>	<u>\$ (13,166)</u>

CITY OF HUGHSON
SLESF SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 400	\$ -	\$ (400)
Intergovernmental	100,000	117,871	17,871
Total Revenues	<u>100,400</u>	<u>117,871</u>	<u>17,471</u>
Expenditures:			
Current:			
Public Safety	100,000	109,539	(9,539)
Total Expenditures	<u>100,000</u>	<u>109,539</u>	<u>(9,539)</u>
Net Change in Fund Balance	400	8,332	7,932
Fund Balance - July 1, 2015	<u>11,278</u>	<u>11,278</u>	<u></u>
Fund Balance - June 30, 2016	<u>\$ 11,678</u>	<u>\$ 19,610</u>	<u>\$ 7,932</u>

CITY OF HUGHSON
BENEFIT ASSESSMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 56,538	\$ 56,200	\$ (338)
Total Revenue	<u>56,538</u>	<u>56,200</u>	<u>(338)</u>
Expenditures:			
Current:			
Public Works	23,691	25,801	(2,110)
Total Expenditures	<u>23,691</u>	<u>25,801</u>	<u>(2,110)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>32,847</u>	<u>30,399</u>	<u>(2,448)</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(2,137)</u>	<u>(2,136)</u>	<u>1</u>
Total Other financing Sources (Uses)	<u>(2,137)</u>	<u>(2,136)</u>	<u>1</u>
Net Change in Fund Balance	30,710	28,263	(2,447)
Fund Balance - July 1, 2015	<u>101,886</u>	<u>101,886</u>	<u></u>
Fund Balance - June 30, 2016	<u>\$ 132,596</u>	<u>\$ 130,149</u>	<u>\$ (2,447)</u>

CITY OF HUGHSON
PUBLIC SAFETY REALIGNMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 5,000	\$ 7,245	\$ 2,245
Total Revenue	<u>5,000</u>	<u>7,245</u>	<u>2,245</u>
Expenditures:			
Current:			
Public Works	<u>17,000</u>	<u>-</u>	<u>17,000</u>
Total Expenditures	<u>17,000</u>	<u></u>	<u>17,000</u>
Net Change in Fund Balance	(12,000)	7,245	19,245
Fund Balance - July 1, 2015	<u>28,477</u>	<u>28,477</u>	<u></u>
Fund Balance - June 30, 2016	<u>\$ 16,477</u>	<u>\$ 35,722</u>	<u>\$ 19,245</u>

CITY OF HUGHSON
TRANSPORTATION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 150	\$ -	\$ (150)
Intergovernmental	<u>723,220</u>	<u>561,184</u>	<u>(162,036)</u>
Total Revenues	<u>723,370</u>	<u>561,184</u>	<u>(162,186)</u>
Expenditures:			
Capital Outlay	<u>562,370</u>	<u>552,992</u>	<u>9,378</u>
Total Expenditures	<u>562,370</u>	<u>552,992</u>	<u>9,378</u>
Net Change in Fund Balance	161,000	8,192	(152,808)
Fund Balance (Deficit) - July 1, 2015	<u>(294,967)</u>	<u>(294,967)</u>	<u></u>
Fund Balance (Deficit) - June 30, 2016	<u>\$ (133,967)</u>	<u>\$ (286,775)</u>	<u>\$ (152,808)</u>

CITY OF HUGHSON
PARKS DEVELOPMENT IMPACT FEES CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 450	\$ 1,427	\$ 977
Charges for Services	<u>45,339</u>	<u>32,004</u>	<u>(13,335)</u>
Total Revenues	<u>45,789</u>	<u>33,431</u>	<u>(12,358)</u>
 Net Change in Fund Balance	 45,789	 33,431	 (12,358)
 Fund Balance - July 1, 2015	 <u>417,921</u>	 <u>417,921</u>	 <u> </u>
 Fund Balance - June 30, 2016	 <u><u>\$ 463,710</u></u>	 <u><u>\$ 451,352</u></u>	 <u><u>\$ (12,358)</u></u>

CITY OF HUGHSON
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2016

	Enterprise Funds		
	Community Center Operations Fund	USF Community Center Fund	Total Nonmajor Enterprise Funds
Assets			
Current Assets:			
Cash and Investments	\$ 300	\$ 5,429	\$ 5,729
Total Current Assets	300	5,429	5,729
Noncurrent Assets:			
Capital Assets:			
Land	105,073		105,073
Buildings	725,283		725,283
Less:			
Accumulated Depreciation	(423,082)		(423,082)
Total Noncurrent Assets	407,274		407,274
Total Assets	407,574	5,429	413,003
Liabilities			
Current Liabilities:			
Deposits Payable	3,282		3,282
Total Liabilities	3,282		3,282
Net Position			
Net Investment in Capital Assets	407,274		407,274
Unrestricted	(2,982)	5,429	2,447
Total Net Position	\$ 404,292	\$ 5,429	\$ 409,721

CITY OF HUGHSON
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Enterprise Funds		
	Community Center Operations Fund	USF Community Center Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Users	\$ 18,763	\$ 16,092	\$ 34,855
Cash Payments to Suppliers and Contractors	(32,166)	(7,139)	(39,305)
Net Cash Provided (Used) By Operating Activities	(13,403)	8,953	(4,450)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	3,976	(3,524)	452
Net Cash Provided (Used) By Noncapital Financing Activities	3,976	(3,524)	452
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,427)	5,429	(3,998)
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	9,727		9,727
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	\$ 300	\$ 5,429	\$ 5,729
Reconciliation to Statement of Net Position:			
Cash and Cash Equivalents	\$ 300	\$ 5,429	\$ 5,729
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ (39,224)	\$ 9,053	\$ (30,171)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	24,176		24,176
Changes in Assets and Liabilities:			
Increase (Decrease) in Accounts Payable		(100)	(100)
Increase (Decrease) in Deposits Payable	1,645		1,645
Total Adjustments	25,821	(100)	25,721
Net Cash Provided (Used) By Operating Activities	\$ (13,403)	\$ 8,953	\$ (4,450)