

CITY OF HUGHSON
Annual Financial Report
Fiscal Year Ended June 30, 2015

CITY OF HUGHSON
ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2015

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INTRODUCTORY 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, 2015, 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, 2015, 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.

FINANCIAL SECTION

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**CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This discussion and analysis provides an overview of the City of Hughson's financial performance for the fiscal year ended June 30, 2015. 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, 2015 include the following:

Government-wide:

- The City's total net position was \$70,594,275 as of June 30, 2015. Of this total, \$32,364,880 was governmental net position and \$38,229,395 was business-type net position.
- Government-wide revenues include program revenues of \$ 8,738,379 and general revenues and transfers of \$1,861,915, for a total of \$ 10,600,294.
- Government-wide expenses were \$7,277,260.
- Business-type program revenues and interest were \$ 5,513,284 while business-type expenses and transfers were \$3,838,466.

Fund Level:

- Governmental fund balances *increased* \$1,594,702 in fiscal year 2015.
- Governmental fund revenues *increased* \$1,009,411 in fiscal year 2015.
- Governmental fund expenditures *increased* \$218,688 in fiscal year 2015.

General Fund:

- General Fund revenues of \$2,708,657 were \$570,737 *higher* than the prior year.
- General Fund expenditures of \$2,036,700 represented an *increase* of \$65,373 over the prior year.
- General Fund fund balance of \$2,429,858 as of June 30, 2015, *increased* by \$738,713 from 2014 fiscal year's fund balance of \$1,691,145.

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, 2015

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 2015	Governmental Activities 2014
<u>Assets</u>		
Cash and investments	\$ 6,314,203	\$ 4,895,578
Other assets	2,164,885	2,160,746
Capital assets, net	25,408,440	25,324,808
Total Assets	33,887,528	32,381,132
<u>Deferred Outflows of Resources</u>		
Adjustments	13,968	
Contributions	109,508	
Total Def. Outflows	123,476	
<u>Liabilities</u>		
Long term liabilities	988,738	165,241
Other liabilities	373,381	548,926
Total Liabilities	1,362,119	714,167
<u>Deferred Inflows of Resources</u>		
Pension earnings	284,005	
Total Def. Inflows	284,005	
<u>Net Position</u>		
Net investment in capital assets	25,408,440	25,337,067
Restricted	5,705,813	4,805,306
Unrestricted	1,250,627	1,524,592
Total Net Position	\$ 32,364,880	\$ 31,666,965

The City's governmental net position amounted to \$32,364,880 as of June 30, 2015, an *increase* of \$1,677,216 over 2014 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, 2015 comprised the following:

Cash and investments comprised **\$6,314,203**. 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 **\$510,034** 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 **\$25,408,440** 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 **\$373,381**.

Long-term liabilities of **\$988,738** 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, 2015

Table 2
CHANGE IN GOVERNMENTAL NET POSITION

	Governmental Activities 2015	Governmental Activities 2014
<u>Expenses</u>		
General government	\$ 1,219,563	\$ 1,181,527
Public safety	1,292,278	1,332,351
Public works	857,828	706,148
Parks and recreation	54,625	74,341
Total Expenses	3,424,294	3,294,367
<u>Revenues</u>		
<u>Program revenues</u>		
Charges for services	2,042,410	1,526,802
Operating grants and contributions	961,549	802,955
Capital grants and contributions	547,100	364,645
Total program revenues	3,551,059	2,694,402
<u>General revenues and transfers</u>		
Taxes	1,053,386	1,038,790
Use of money and property	22,848	9,120
Other revenue	459,717	360,000
Transfers	14,500	17,845
Total general revenues and transfers	1,550,451	1,425,755
Total Revenues and Transfers	5,101,510	4,120,157
Change in Net Position	\$ 1,677,216	\$ 825,790

As Table 2 above shows, \$3,551,059 or 70%, of the City's fiscal year 2015 governmental revenue, came from program revenues and \$1,550,451, or 30%, came from general revenues such as taxes and interest and transfers. Program revenues were composed of charges for services of \$2,042,410, which included permit revenues, fees and charges used to fund expenses incurred in providing services; \$961,549 of operating grants and contributions, which included gas tax revenues and housing and police grants; and capital grants and contributions of \$547,100, 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, 2015**

BUSINESS-TYPE ACTIVITIES (continued)

Table 5
CHANGE IN BUSINESS-TYPE NET POSITION

	Net Revenue (Expense) from Services 2015	Net Revenue (Expense) from Services 2014
Water	\$ 432,867	\$ 330,890
Sewer	931,304	599,996
Other	(29,817)	(27,423)
Total	\$ 1,334,354	\$ 903,463

ANALYSIS OF MAJOR FUNDS

Governmental Funds

General Fund

General Fund revenues increased **\$570,737** this fiscal year due primarily to increase in intergovernmental revenues, fines and forfeitures, license and permits, and sales and use tax. Actual revenues were greater than budgeted by **\$489,142**. Tax revenues increased **\$126,805** during the fiscal year primarily due to increasing sales tax revenue. Charges for services, licenses and permits remain relatively flat, increasing by **\$7,412**.

General Fund expenditures were **\$2,036,700**, an increase of **\$65,373** from the prior year. Expenditures increased mainly due to rising public safety contract costs.

As of June 30, 2015 the General Fund's fund balance totaled **\$2,429,858**. The unassigned portion of **\$2,361,863** 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, 2015

Table 6

	Balance at July 1, 2014	Additions	Deletions	Transfers	Balance at June 30, 2015
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	347,927	453,121		(593,191)	207,857
Total capital assets, not being depreciated	12,323,328	453,121		(593,191)	12,183,258
Capital assets, being depreciated:					
Buildings	919,905				919,905
Improvements	3,501,782	71,990		593,191	4,166,963
Equipment	410,980				410,980
Machinery	241,902				241,902
Rolling stock	496,249				496,249
Infrastructure	13,397,859				13,397,859
Total capital assets being depreciated	18,968,677	71,990		593,191	19,633,858
Less accumulated depreciation for:					
Buildings	(529,247)	(22,054)			(551,301)
Improvements	(748,480)	(107,509)			(855,989)
Equipment	(350,980)	(20,001)			(370,981)
Machinery	(229,402)	(12,500)			(241,902)
Rolling stock	(496,248)				(496,248)
Infrastructure	(3,612,840)	(279,415)			(3,892,255)
Total accumulated depreciation	(5,967,197)	(441,479)			(6,408,676)
Total capital assets, being depreciated, net	13,001,480	(369,489)		593,191	13,225,182
Governmental activities capital assets, net	\$ 25,324,808	\$ 83,632	\$ -	\$ -	\$ 25,408,440
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 18,108,769	\$ -	\$ -	\$ -	\$ 18,108,769
Construction in progress	204,181	221,857		(426,038)	
Total capital assets, not being depreciated	18,312,950	221,857		(426,038)	18,108,769
Capital assets, being depreciated:					
Buildings	28,068,657				28,068,657
Improvements	3,719,267	28,877		426,038	4,174,182
Equipment	73,866	8,940			82,806
Machinery	235,695				235,695
Infrastructure	19,002,924				19,002,924
Rolling stock	132,876	40,000			172,876
Total capital assets, being depreciated	51,233,285	77,817		426,038	51,737,140
Less accumulated depreciation for:					
Buildings	(2,040,949)	(935,621)			(2,976,570)
Improvements	(3,222,769)	(30,983)			(3,253,752)
Equipment	(39,388)	(7,602)			(46,990)
Machinery	(225,635)	(4,983)			(230,618)
Infrastructure	(6,834,981)	(265,307)			(7,100,288)
Rolling stock	(132,876)				(132,876)
Total accumulated depreciation	(12,496,598)	(1,244,496)			(13,741,094)
Total capital assets, being depreciated, net	38,736,687	(1,166,679)		426,038	37,996,046
Business-type activities capital assets, net	\$ 57,049,637	\$ (944,822)	\$ -	\$ -	\$ 56,104,815

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, 2015

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.

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 7018 Pine Street, Hughson, CA 95326.

CITY OF HUGHSON
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and Investments	\$ 6,314,203	\$ 6,779,745	\$ 13,093,948
Accounts Receivable	250,202	153,112	403,314
Notes Receivable	1,654,851		1,654,851
Deposits Receivable	67,995		67,995
Interest Receivable	191,837		191,837
Capital Assets, Not Being Depreciated	12,183,258	18,108,769	30,292,027
Capital Assets, Net of Accumulated Depreciation	13,225,182	37,996,046	51,221,228
Total Assets	<u>33,887,528</u>	<u>63,037,672</u>	<u>96,925,200</u>
Deferred Outflows of Resources:			
Adjustments to net pension liability due to differences in proportions	13,968	11,894	25,862
City's Pension Contributions Subsequent to the Measurement Date	109,508	93,244	202,752
Total Deferred Outflows of Resources	<u>123,476</u>	<u>105,138</u>	<u>228,614</u>
Liabilities:			
Accounts Payable	363,647	35,195	398,842
Interest Payable		103,119	103,119
Deposits Payable		1,637	1,637
Noncurrent Liabilities:			
Due Within One Year	9,734	1,532,578	1,542,312
Due in More Than One Year	988,738	22,999,061	23,987,799
Total Liabilities	<u>1,362,119</u>	<u>24,671,590</u>	<u>26,033,709</u>
Deferred Inflow of Resources:			
Differences Between Projected and Actual Earnings on Pension Plan Investments	284,005	241,825	525,830
Total Deferred Inflow of Resources	<u>284,005</u>	<u>241,825</u>	<u>525,830</u>
Net Position:			
Net Investment in Capital Assets	25,408,440	32,435,474	57,843,914
Restricted for:			
Home Loans	1,797,887		1,797,887
Community Development	587,115		587,115
Streets and Roads	883,285		883,285
Public Safety	60,624		60,624
Public Facilities	1,226,663		1,226,663
Parks and Recreation	972,019		972,019
Assessment Districts	178,220		178,220
Unrestricted	1,250,627	5,793,921	7,044,548
Total Net Position	<u>\$ 32,364,880</u>	<u>\$ 38,229,395</u>	<u>\$ 70,594,275</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
\$ 273,668	\$ -	\$ 273,668
(976,561)		(976,561)
645,222		645,222
114,499		114,499
69,937		69,937
<u>126,765</u>		<u>126,765</u>
	683,601	683,601
	931,304	931,304
	(29,817)	(29,817)
	<u>1,585,088</u>	<u>1,585,088</u>
<u>126,765</u>	<u>1,585,088</u>	<u>1,711,853</u>
284,891		284,891
632,696		632,696
22,842		22,842
112,957		112,957
22,848	75,230	98,078
459,717		459,717
14,500	(14,500)	
<u>1,550,451</u>	<u>60,730</u>	<u>1,611,181</u>
<u>1,677,216</u>	<u>1,645,818</u>	<u>3,323,034</u>
31,666,965	37,558,133	69,225,098
<u>(979,301)</u>	<u>(974,556)</u>	<u>(1,953,857)</u>
<u>30,687,664</u>	<u>36,583,577</u>	<u>67,271,241</u>
<u>\$ 32,364,880</u>	<u>\$ 38,229,395</u>	<u>\$ 70,594,275</u>

Capital Projects		
Public Facilities	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,226,663	\$ 2,625,476	\$ 6,240,500
	90,168	250,202
	231,141	1,654,851
		294,967
		67,995
<u>\$ 1,226,663</u>	<u>\$ 2,946,785</u>	<u>\$ 8,508,515</u>
\$ -	\$ -	\$ 363,647
	294,967	294,967
	294,967	658,614
	231,141	1,722,846
		75,041
	972,019	972,019
1,226,663		1,226,663
	60,624	60,624
	883,285	883,285
	544,304	587,115
	77,192	77,192
	178,220	178,220
	(294,967)	2,066,896
<u>1,226,663</u>	<u>2,651,818</u>	<u>7,849,901</u>
<u>\$ 1,226,663</u>	<u>\$ 2,946,785</u>	<u>\$ 8,508,515</u>

CITY OF HUGHSON
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2015

Total fund balances - governmental funds	\$ 7,849,901
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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	\$ 31,817,116	
Accumulated depreciation	<u>(6,408,676)</u>	25,408,440

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	109,508
Differences due to changes in proportions	13,968
Differences between projected and actual earnings on pension plan investments	(284,005)

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	(959,535)
Compensated absences payable	(38,937)

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.	73,703
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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.	<u>191,837</u>
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Total net position - governmental activities	<u>\$ 32,364,880</u>
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<u>Capital Projects</u>		
<u>Public Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 284,891
		632,696
		22,842
		112,957
		162,539
		138,460
2,521	3,308	9,507
482,883	472,981	1,573,037
	630,424	1,508,649
	168,374	168,374
	59,717	459,717
<u>485,404</u>	<u>1,334,804</u>	<u>5,073,669</u>
		984,364
	142,505	1,181,909
	216,404	652,092
		54,625
<u>258,160</u>	<u>362,317</u>	<u>620,477</u>
<u>258,160</u>	<u>721,226</u>	<u>3,493,467</u>
<u>227,244</u>	<u>613,578</u>	<u>1,580,202</u>
	30,000	96,756
	(82,256)	(82,256)
	(52,256)	14,500
<u>227,244</u>	<u>561,322</u>	<u>1,594,702</u>
999,419	1,859,355	4,600,348
	231,141	1,654,851
<u>999,419</u>	<u>2,090,496</u>	<u>6,255,199</u>
<u>\$ 1,226,663</u>	<u>\$ 2,651,818</u>	<u>\$ 7,849,901</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, 2015

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

Net change in fund balances - total governmental funds	\$	1,594,702
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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 depreciation exceeded capital outlay in the current period.

	\$	525,111	
Capital outlay			
Depreciation expense		(441,479)	83,632

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.		(38,937)
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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:		24,478
--	--	--------

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.		13,341
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Change in net position of governmental activities	\$	1,677,216
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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, 2015

	Business-type Activities - Enterprise funds				Governmental Activities
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Fund
Operating Revenues:					
Charges for Services	\$ 3,457,663	\$ 1,519,223	\$ 29,976	\$ 5,006,862	\$ -
Total Operating Revenues	<u>3,457,663</u>	<u>1,519,223</u>	<u>29,976</u>	<u>5,006,862</u>	
Operating Expenses:					
Personnel	438,613	301,650	6,564	746,827	
Administrative	266,304	150,181	28,210	444,695	
Materials and Supplies	409,586	509,050		918,636	
Maintenance	39,390	16,820	843	57,053	
Depreciation	1,032,536	187,784	24,176	1,244,496	
Total Operating Expenses	<u>2,186,429</u>	<u>1,165,485</u>	<u>59,793</u>	<u>3,411,707</u>	
Operating Income (loss)	<u>1,271,234</u>	<u>353,738</u>	<u>(29,817)</u>	<u>1,595,155</u>	
Non-operating Revenues (Expenses):					
Interest Revenue	73,579	1,651		75,230	
Interest Expense	(355,137)	(86,122)		(441,259)	
Intergovernmental Revenue	15,207	165,251		180,458	
Capital Contribution		250,734		250,734	
Total Non-Operating Revenue (Expenses)	<u>(266,351)</u>	<u>331,514</u>		<u>65,163</u>	
Income (Loss) before transfers	1,004,883	685,252	(29,817)	1,660,318	
Transfers					
Transfers In			7,500	7,500	
Transfers Out	(11,000)	(11,000)		(22,000)	
Change in Net Position	<u>993,883</u>	<u>674,252</u>	<u>(22,317)</u>	<u>1,645,818</u>	
Net Position - Beginning of Fiscal Year	29,357,557	7,738,819	461,757	37,558,133	73,703
Prior Period Adjustments	(567,244)	(407,312)		(974,556)	
Net Position - Beginning of the Fiscal Year, Restated	<u>28,790,313</u>	<u>7,331,507</u>	<u>461,757</u>	<u>36,583,577</u>	<u>73,703</u>
Net Position - End 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>

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, 2015**

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
	<u>RDA Successor Agency</u>	<u>Water Deposits</u>
ASSETS		
Cash and investments	\$ 331,625	\$ 54,966
Loans receivable	67,028	
Capital assets, net of accumulated depreciation	<u>684,927</u>	
Total Assets	<u>1,083,580</u>	<u>\$ 54,966</u>
LIABILITIES		
Interest payable	\$ 33,526	\$ -
Deposits payable		54,966
Long-term debt, due within one year	70,000	
Long-term debt, due in more than one year	<u>2,610,000</u>	
Total Liabilities	<u>2,713,526</u>	<u>\$ 54,966</u>
NET POSITION		
Held in trust for others	<u>(1,629,946)</u>	
Total Net Position	<u>\$ (1,629,946)</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, 2015

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, 2015

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, 2015

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." 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 fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

7. Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment In Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the City, not restricted for any project or other purpose.

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the City's policy is to apply restricted resources first.

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, 2015:

Governmental Accounting Standards Board Statement No. 68

For the fiscal year ended June 30, 2015, City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers as well as the requirements of Statement No. 50, Pension Disclosures. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pensions. Implementation of GASB Statement No. 68 did have an impact on the City's financial statements for the fiscal year ended June 30, 2015, see Note 12 and 14.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

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 expenditure categories within departments as deemed necessary in order to meet the City's needs.
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, 2015, no funds had expenditures over appropriation.

D. Deficit Fund Equity

At June 30, 2015, the following funds had an accumulated deficit:

Fund	Amount
<u>Nonmajor Fund:</u>	
Transportation Capital Projects Fund	\$ 294,967
<u>Private Purpose Trust Fund:</u>	
RDA Successor Agency	1,629,946

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

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)	\$ 78,717	\$ 78,717	\$ -	\$ -	\$ -
Money Market Funds	10,405,630	10,405,630			
Certificates of Deposit	2,479,626	2,479,626			
	<u>\$ 12,963,973</u>	<u>\$ 12,963,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

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.

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, 2015.

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Fund:		Nonmajor Governmental Fund:	
General Fund	\$ 294,967	Transportation Capital Projects Fund	\$ 294,967
Totals	<u>\$ 294,967</u>	Totals	<u>\$ 294,967</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, 2015:

<u>Fund</u>	<u>Transfers-in</u>	<u>Transfers-out</u>
Major Governmental Funds:		
General Fund	\$ 66,756	\$ -
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		170
Benefit Assessment Special Revenue Fund		10,486
IT Reserve Special Revenue Fund	30,000	
Nonmajor Enterprise Funds:		
Community Center Operations Fund	7,500	
Totals	<u>\$ 104,256</u>	<u>\$ 104,256</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 220,740
Public Safety	110,369
Public Works	<u>110,370</u>
Total depreciation expense – governmental functions	<u>\$ 441,479</u>

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

Sewer	\$ 1,032,536
Water	187,784
Community Facilities	<u>24,176</u>
Total depreciation expense – business-type functions	<u>\$ 1,244,496</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, 2015:

	Balance at June 30, 2014	Prior Period Adjustment	Additions	Repayments	Balance at June 30, 2015	Due Within One Year
Governmental Activities:						
PERS side fund	\$ 165,241	\$ (165,241)	\$ -	\$ -	\$ -	\$ -
Compensated absences			38,937		38,937	9,734
Net pension liability		1,144,542	458,599	(643,606)	959,535	
Total	<u>\$ 165,241</u>	<u>\$ 979,301</u>	<u>\$ 497,536</u>	<u>\$ (643,606)</u>	<u>\$ 998,472</u>	<u>\$ 9,734</u>
Business-type Activities:						
Compensated absences	\$ 45,272	\$ -	\$ 33,329	\$ (33,329)	\$ 45,272	\$ -
USDA Promissory Note	400,000			(10,000)	390,000	10,000
Installment note payable - Water	1,692,468			(111,535)	1,580,933	120,738
Installment note payable - Sewer	5,286,611			(300,520)	4,986,091	310,825
Net pension liability		974,556	390,658	(548,188)	817,026	
CSWRCB Revolving Loan	17,792,531			(1,080,213)	16,712,318	1,091,015
Total	<u>\$ 25,216,882</u>	<u>\$ 974,556</u>	<u>\$ 423,987</u>	<u>\$ (2,083,785)</u>	<u>\$ 24,531,640</u>	<u>\$ 1,532,578</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 7 – LONG-TERM LIABILITIES (Continued)

2. Business -type Activities – Installment Notes Payable (Continued)

Fiscal Year Ended June 30,	Installment Notes Payable - Sewer		
	Principal	Interest	Total
2016	\$ 310,825	\$ 206,572	\$ 517,397
2017	321,482	194,026	515,508
2018	332,506	180,946	513,452
2019	343,907	167,312	511,219
2020	355,699	153,100	508,799
2021-2025	1,970,028	530,274	2,500,302
2026-2028	1,351,644	104,815	1,456,459
	<u>\$ 4,986,091</u>	<u>\$ 1,537,045</u>	<u>\$ 6,523,136</u>

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, 2015 is \$16,712,318. Annual debt service requirements for the CSWRCB Loan are shown below:

Fiscal Year Ended June 30,	CSWRCB Loan		
	Principal	Interest	Total
2016	\$ 1,091,015	\$ 167,123	\$ 1,258,138
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
2021-2025	5,849,158	441,532	6,290,690
2026-2030	5,297,887	143,166	5,441,053
	<u>\$ 16,712,318</u>	<u>\$ 1,310,115</u>	<u>\$ 18,022,433</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, 2015, was \$45,272 for business-type activities.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 12 – PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, 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	2.0% to 2.7%	1.0% to 2.5%	3.0%
Required employee contribution rates	8.0%*	6.25%	n/a
Required employer contribution rates	10.958%	6.25%	n/a

* City made 6.0% 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, 2015, the City reported net pension liabilities for its proportionate share of the net position liability of the Plan as follows:

Proportionate Share of Net Pension Liability	
Misc. Plan	Safety Plan
\$ 1,313,993	\$ 462,568

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

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, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 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, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Payrol 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, 2013 valuation were based on the results of a January 2014 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 7.50% 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 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 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.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

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	6.50%	6.50%
Net Pension Liability	\$2,220,816	\$787,000
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$1,313,993	\$462,568
1% Increase	8.50%	8.50%
Net Pension Liability	\$561,415	\$195,250

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 - SUCCESSORY 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 units 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.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2015

NOTE 14 – PRIOR PERIOD ADJUSTMENTS

A prior period adjustment of \$165,241 was made which affects the government-wide financial statement under governmental activities due to the CalPERS side fund liability being combined with the Net Pension Liability as part of the implement of The City implemented GASB Statement No. 68 and 71.

Prior period adjustments of \$1,423,710 and \$231,141 were made to the Home Loan special revenue fund and CDBG Rehab special revenue fund respectively on the fund statements only due to loans/notes receivable being considered nonspendable and no longer being offset with deferred revenue on the fund statements. No changes are necessary on the government-wide statements.

A prior period adjustment of \$67,028 was made in the RDA Successor Agency Private Purpose Trust Fund due to loans/notes receivable no longer being offset with deferred revenue.

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, during fiscal year 2015. The cumulative effect of applying GASB No. 68 and 71 has resulted in a decrease to the net position at July 1, 2014 as follows:

Major Enterprise Funds	Net Pension Liability	Deferred Outflow of Resources
Water	\$ (446,675)	\$ 39,362
Sewer	(622,062)	54,819
Governmental Activities	(1,255,150)	110,608

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, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Property Taxes	\$ 286,000	\$ 286,000	\$ 284,891	\$ (1,109)
Sales and Use Taxes	520,000	520,000	632,696	112,696
Business License Taxes	22,000	22,000	22,842	842
Other Taxes	83,500	83,500	112,957	29,457
Licenses and Permits	109,140	109,140	162,539	53,399
Fines and Forfeitures	126,975	126,975	138,460	11,485
Interest	1,000	2,200	3,678	1,478
Charges for Services	76,200	76,200	112,369	36,169
Intergovernmental	633,500	633,500	878,225	244,725
Other	360,000	360,000	360,000	
Total Revenues	2,218,315	2,219,515	2,708,657	489,142
Expenditures				
Current				
General Government	604,811	629,934	506,983	122,951
Public Safety	1,081,996	1,081,996	1,039,404	42,592
Public Works	481,448	481,448	435,688	45,760
Parks and Recreation	94,302	94,302	54,625	39,677
Total Expenditures	2,262,557	2,287,680	2,036,700	250,980
Excess (Deficiency) of Revenues Over (Under) Expenditures	(44,242)	(68,165)	671,957	740,122
Other Financing Sources (uses):				
Transfers In	113,938	113,938	66,756	(47,182)
Total Other Financing Sources (Uses)	113,938	113,938	66,756	(47,182)
Net Change in Fund Balance	69,696	45,773	738,713	692,940
Fund Balance - July 1, 2014	1,691,145	1,691,145	1,691,145	
Fund Balance - June 30, 2015	\$ 1,760,841	\$ 1,736,918	\$ 2,429,858	\$ 692,940

**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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$ 475,000	\$ 475,000	\$ 504,804	\$ 29,804
Total Revenues	<u>475,000</u>	<u>475,000</u>	<u>504,804</u>	<u>29,804</u>
Expenditures				
Current:				
General Government	<u>452,200</u>	<u>480,000</u>	<u>477,381</u>	<u>2,619</u>
Total Expenditures	<u>452,200</u>	<u>480,000</u>	<u>477,381</u>	<u>2,619</u>
Net Change in Fund Balance	22,800	(5,000)	27,423	32,423
Fund Balance - July 1, 2014	<u>15,388</u>	<u>15,388</u>	<u>15,388</u>	
Fund Balance - June 30, 2015	<u>\$ 38,188</u>	<u>\$ 10,388</u>	<u>\$ 42,811</u>	<u>\$ 32,423</u>

**CITY OF HUGHSON
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2015**

Cost Sharing Defined Benefit Pension Plans

Schedule of Contributions – Last 10 Years*

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

Notes to Schedule

Valuation Date: June 30, 2013

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 one year is 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, 2015

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 3,000	\$ 2,521	\$ (479)
Charges for Services	<u>178,775</u>	<u>482,883</u>	<u>304,108</u>
Total Revenues	<u>181,775</u>	<u>485,404</u>	<u>303,629</u>
Expenditures:			
Capital Outlay	<u>282,400</u>	<u>258,160</u>	<u>24,240</u>
Total Expenditures	<u>282,400</u>	<u>258,160</u>	<u>24,240</u>
Net Change in Fund Balance	(100,625)	227,244	327,869
Fund Balance - July 1, 2014	<u>999,419</u>	<u>999,419</u>	<u></u>
Fund Balance - June 30, 2015	<u>\$ 898,794</u>	<u>\$ 1,226,663</u>	<u>\$ 327,869</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
\$ 94,789	\$ 187,437 73,941	\$ 350,999	\$ 138,339 5,988	\$ 11,278
<u>\$ 94,789</u>	<u>\$ 261,378</u>	<u>\$ 350,999</u>	<u>\$ 144,327</u>	<u>\$ 11,278</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
94,789	261,378	350,999	144,327	11,278
<u>94,789</u>	<u>261,378</u>	<u>350,999</u>	<u>144,327</u>	<u>11,278</u>
<u>\$ 94,789</u>	<u>\$ 261,378</u>	<u>\$ 350,999</u>	<u>\$ 144,327</u>	<u>\$ 11,278</u>

Continued

Capital Projects Funds			Total
Transportation	Municipal Park	Parks Development Impact Fees	Nonmajor Governmental Funds
\$ -	\$ 554,098	\$ 417,921	\$ 2,625,476
			90,168
			231,141
<u>\$ -</u>	<u>\$ 554,098</u>	<u>\$ 417,921</u>	<u>\$ 2,946,785</u>
<u>\$ 294,967</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,967</u>
<u>294,967</u>			<u>294,967</u>
			231,141
	554,098	417,921	2,715,644
<u>(294,967)</u>			<u>(294,967)</u>
<u>(294,967)</u>	<u>554,098</u>	<u>417,921</u>	<u>2,651,818</u>
<u>\$ -</u>	<u>\$ 554,098</u>	<u>\$ 417,921</u>	<u>\$ 2,946,785</u>

Special Revenue Funds				
Community Enhancement	Local Transportation Fund	Storm Drain	Traffic	SLESF
\$ - 56,663	\$ 276 150,457	\$ 541 151,597	\$ 220 65,893	\$ - 106,367
<u>56,663</u>	<u>150,733</u>	<u>152,138</u>	<u>66,113</u>	<u>106,367</u>
			31,518	107,112
21,579	11,800 86,072	42,103		
<u>21,579</u>	<u>97,872</u>	<u>42,103</u>	<u>31,518</u>	<u>107,112</u>
<u>35,084</u>	<u>52,861</u>	<u>110,035</u>	<u>34,595</u>	<u>(745)</u>
			(11,600)	
			(11,600)	
<u>35,084</u>	<u>52,861</u>	<u>110,035</u>	<u>22,995</u>	<u>(745)</u>
59,705	208,517	240,964	121,332	12,023
<u>59,705</u>	<u>208,517</u>	<u>240,964</u>	<u>121,332</u>	<u>12,023</u>
<u>\$ 94,789</u>	<u>\$ 261,378</u>	<u>\$ 350,999</u>	<u>\$ 144,327</u>	<u>\$ 11,278</u>

Continued

Capital Project Funds			Total
Transportation	Municipal Park	Parks Development Impact Fees	Nonmajor Governmental Funds
\$ -	\$ 919	\$ 743	\$ 3,308
176,153	108,049	147,341	472,981
			630,424
			168,374
			59,717
176,153	108,968	148,084	1,334,804
			142,505
179,012		71,990	216,404
			362,317
179,012		71,990	721,226
(2,859)	108,968	76,094	613,578
			30,000
			(82,256)
			(52,256)
(2,859)	108,968	76,094	561,322
(292,108)	445,130	341,827	1,859,355
			231,141
(292,108)	445,130	341,827	2,090,496
\$ (294,967)	\$ 554,098	\$ 417,921	\$ 2,651,818

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, 2015

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 300	\$ -	\$ (300)
Intergovernmental	<u>134,982</u>	<u>117,074</u>	<u>(17,908)</u>
Total Revenues	<u>135,282</u>	<u>117,074</u>	<u>(18,208)</u>
Expenditures:			
Current:			
Public Works	<u>69,000</u>	<u>61,268</u>	<u>7,732</u>
Total Expenditures	<u>69,000</u>	<u>61,268</u>	<u>7,732</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>66,282</u>	<u>55,806</u>	<u>(10,476)</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(50,000)</u>	<u>(50,000)</u>	<u></u>
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u></u>
Net Change in Fund Balance	16,282	5,806	(10,476)
Fund Balance - July 1, 2014	<u>45,047</u>	<u>45,047</u>	<u></u>
Fund Balance - June 30, 2015	<u>\$ 61,329</u>	<u>\$ 50,853</u>	<u>\$ (10,476)</u>

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, 2015

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 475	\$ 609	\$ 134
Other Revenue	<u>12,700</u>	<u>59,717</u>	<u>47,017</u>
Total Revenues	<u>13,175</u>	<u>60,326</u>	<u>47,151</u>
Expenditures:			
Current:			
Public Works	<u>4,100</u>	<u>84</u>	<u>4,016</u>
Total Expenditures	<u>4,100</u>	<u>84</u>	<u>4,016</u>
Net Change in Fund Balance	<u>9,075</u>	<u>60,242</u>	<u>51,167</u>
Fund Balance - July 1, 2014	295,274	295,274	
Prior Period Adjustment	<u> </u>	<u>231,141</u>	<u>231,141</u>
Fund Balance - July 1, 2014, Restated	<u>295,274</u>	<u>526,415</u>	<u>231,141</u>
Fund Balance - June 30, 2015	<u>\$ 304,349</u>	<u>\$ 586,657</u>	<u>\$ 282,308</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, 2015

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 200	\$ -	\$ (200)
Charges For Services	<u>25,200</u>	<u>56,663</u>	<u>31,463</u>
Total Revenues	<u>25,400</u>	<u>56,663</u>	<u>31,263</u>
Expenditures:			
Capital Outlay	<u>20,000</u>	<u>21,579</u>	<u>(1,579)</u>
Total Expenditures	<u>20,000</u>	<u>21,579</u>	<u>(1,579)</u>
Net Change in Fund Balance	5,400	35,084	29,684
Fund Balance - July 1, 2014	<u>59,705</u>	<u>59,705</u>	<u></u>
Fund Balance - June 30, 2015	<u>\$ 65,105</u>	<u>\$ 94,789</u>	<u>\$ 29,684</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, 2015

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 100	\$ 541	\$ 441
Charges for Services	<u>70,350</u>	<u>151,597</u>	<u>81,247</u>
Total Revenues	<u>70,450</u>	<u>152,138</u>	<u>81,688</u>
Expenditures:			
Current:			
Public Works	<u>90,000</u>	<u>42,103</u>	<u>47,897</u>
Total Expenditures	<u>90,000</u>	<u>42,103</u>	<u>47,897</u>
Net Change in Fund Balance	(19,550)	110,035	129,585
Fund Balance - July 1, 2014	<u>240,964</u>	<u>240,964</u>	<u></u>
Fund Balance - June 30, 2015	<u>\$ 221,414</u>	<u>\$ 350,999</u>	<u>\$ 129,585</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, 2015

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 400	\$ -	\$ (400)
Intergovernmental	<u>100,000</u>	<u>106,367</u>	<u>6,367</u>
Total Revenues	<u>100,400</u>	<u>106,367</u>	<u>5,967</u>
Expenditures:			
Current:			
Public Safety	<u>100,000</u>	<u>107,112</u>	<u>(7,112)</u>
Total Expenditures	<u>100,000</u>	<u>107,112</u>	<u>(7,112)</u>
Net Change in Fund Balance	400	(745)	(1,145)
Fund Balance - July 1, 2014	<u>12,023</u>	<u>12,023</u>	<u></u>
Fund Balance - June 30, 2015	<u>\$ 12,423</u>	<u>\$ 11,278</u>	<u>\$ (1,145)</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, 2015

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 38,445	\$ 37,353	\$ (1,092)
Total Revenue	<u>38,445</u>	<u>37,353</u>	<u>(1,092)</u>
Expenditures:			
Current:			
Public Works	<u>21,372</u>	<u>8,316</u>	<u>13,056</u>
Total Expenditures	<u>21,372</u>	<u>8,316</u>	<u>13,056</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,073</u>	<u>29,037</u>	<u>11,964</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(2,137)</u>	<u>(10,486)</u>	<u>(8,349)</u>
Total Other financing Sources (Uses)	<u>(2,137)</u>	<u>(10,486)</u>	<u>(8,349)</u>
Net Change in Fund Balance	14,936	18,551	3,615
Fund Balance - July 1, 2014	<u>83,335</u>	<u>83,335</u>	
Fund Balance - June 30, 2015	<u>\$ 98,271</u>	<u>\$ 101,886</u>	<u>\$ 3,615</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, 2015

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 5,000	\$ 14,480	\$ 9,480
Total Revenue	<u>5,000</u>	<u>14,480</u>	<u>9,480</u>
Expenditures:			
Current:			
Public Works	<u>17,000</u>	<u>3,875</u>	<u>13,125</u>
Total Expenditures	<u>17,000</u>	<u>3,875</u>	<u>13,125</u>
Net Change in Fund Balance	(12,000)	10,605	22,605
Fund Balance - July 1, 2014	<u>17,872</u>	<u>17,872</u>	
Fund Balance - June 30, 2015	<u><u>\$ 5,872</u></u>	<u><u>\$ 28,477</u></u>	<u><u>\$ 22,605</u></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, 2015

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 150	\$ -	\$ (150)
Intergovernmental	<u>268,600</u>	<u>176,153</u>	<u>(92,447)</u>
Total Revenues	<u>268,750</u>	<u>176,153</u>	<u>(92,597)</u>
Expenditures:			
Capital Outlay	<u>192,600</u>	<u>179,012</u>	<u>13,588</u>
Total Expenditures	<u>192,600</u>	<u>179,012</u>	<u>13,588</u>
Net Change in Fund Balance	76,150	(2,859)	(79,009)
Fund Balance (Deficit) - July 1, 2014	<u>(292,108)</u>	<u>(292,108)</u>	<u></u>
Fund Balance (Deficit) - June 30, 2015	<u>\$ (215,958)</u>	<u>\$ (294,967)</u>	<u>\$ (79,009)</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, 2015

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 450	\$ 743	\$ 293
Charges for Services	<u>66,675</u>	<u>147,341</u>	<u>80,666</u>
Total Revenues	<u>67,125</u>	<u>148,084</u>	<u>80,959</u>
Expenditures:			
Capital Outlay	<u>80,000</u>	<u>71,990</u>	<u>8,010</u>
Total Expenditures	<u>80,000</u>	<u>71,990</u>	<u>8,010</u>
Net Change in Fund Balance	(12,875)	76,094	88,969
Fund Balance - July 1, 2014	<u>341,827</u>	<u>341,827</u>	<u></u>
Fund Balance - June 30, 2015	<u><u>\$ 328,952</u></u>	<u><u>\$ 417,921</u></u>	<u><u>\$ 88,969</u></u>

CITY OF HUGHSON
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2015

	<u>Enterprise Funds</u>		
	<u>Community Center Operations Fund</u>	<u>USF Community Center Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets			
Current Assets:			
Cash and Investments	\$ 9,727	\$ -	\$ 9,727
Total Current Assets	<u>9,727</u>	<u></u>	<u>9,727</u>
Noncurrent Assets:			
Capital Assets:			
Land	105,073		105,073
Buildings	725,283		725,283
Less:			
Accumulated Depreciation	<u>(398,906)</u>	<u></u>	<u>(398,906)</u>
Total Noncurrent Assets	<u>431,450</u>	<u></u>	<u>431,450</u>
Total Assets	<u>441,177</u>	<u></u>	<u>441,177</u>
Liabilities			
Current Liabilities:			
Accounts Payable		100	100
Deposits Payable	<u>1,637</u>	<u></u>	<u>1,637</u>
Total Liabilities	<u>1,637</u>	<u>100</u>	<u>1,737</u>
Net Position			
Net Investment in Capital Assets	431,450		431,450
Unrestricted	<u>8,090</u>	<u>(100)</u>	<u>7,990</u>
Total Net Position	<u>\$ 439,540</u>	<u>\$ (100)</u>	<u>\$ 439,440</u>

CITY OF HUGHSON
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Enterprise Funds		
	Community Center Operations Fund	USF Community Center Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Users	\$ 15,622	\$ 14,986	\$ 30,608
Cash Payments to Suppliers and Contractors	(26,965)	(7,456)	(34,421)
Cash Payments to Employees		(6,564)	(6,564)
Net Cash Provided (Used) By Operating Activities	(11,343)	966	(10,377)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	7,500	(966)	6,534
Net Cash Provided (Used) By Noncapital Financing Activities	7,500	(966)	6,534
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,843)		(3,843)
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	13,570		13,570
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	\$ 9,727	\$ -	\$ 9,727
Reconciliation to Statement of Net Positions:			
Cash and Cash Equivalents	\$ 9,727	\$ -	\$ 9,727
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ (31,194)	\$ 1,377	\$ (29,817)
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	(4,957)	(411)	(5,368)
Increase (Decrease) in Deposits Payable	632		632
Total Adjustments	19,851	(411)	19,440
Net Cash Provided (Used) By Operating Activities	\$ (11,343)	\$ 966	\$ (10,377)