

CITY OF HUGHSON
Annual Financial Report
Fiscal Year Ended June 30, 2021

CITY OF HUGHSON
ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2021

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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, 2021, 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, 2021, 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.

Emphasis of Matter

As discussed in Note 14 to the financial statements, In January 2020, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund, and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Refuse Special Revenue Fund, Schedule of Changes in the Net Pension Liability and Related Ratios, and Schedule of Pension Contributions on pages 57 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hughson's basic financial statements. The Budgetary Comparison Schedules for the Public Facilities Capital Projects Fund and Nonmajor Governmental Funds; the Combining Financial Statements for the Nonmajor Governmental Funds, and the Nonmajor Enterprise Funds listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Budgetary Comparison Schedules for the Public Facilities Capital Projects Fund and Nonmajor Governmental Funds; the Combining Financial Statements for the Nonmajor Governmental Funds, and the Nonmajor Enterprise Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
April 28, 2022

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

This discussion and analysis provides an overview of the City of Hughson's financial performance for the fiscal year ended June 30, 2021. This report has been prepared in accordance with Accounting Principles Generally Accepted in the United States of America (USGAAP) 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, 2021 include the following:

Government-wide:

- The City's total net position was \$93,153,450 as of June 30, 2021. Of this total, \$38,486,100 was governmental net position and \$54,667,350 was business-type net position.
- Governmental revenues include program revenues of \$3,486,828 and general revenues and transfers of \$3,400,227, for a total of \$6,887,055.
- Governmental expenses were \$4,249,770.
- Business-type program revenues, transfers and interest were \$11,215,218 while business-type expenses were \$3,818,583.

Fund Level:

- Governmental fund balances *increased* \$2,366,707 in fiscal year 2021.
- Governmental fund revenues *increased* \$607,638 in fiscal year 2021. Although the functional revenue is largely unchanged from the previous fiscal year, the increase in the current fiscal year can be attributed mainly to intergovernmental revenue but is consistent with previous fiscal years due to the nature of the revenue.
- Governmental fund expenditures decreased by \$594,559 mainly due to decreased spending on capital projects.

General Fund:

- General Fund revenues of \$3,266,890 is largely consistent with the previous fiscal year.
- General Fund expenditures of \$2,703,885 is consistent with the previous fiscal year.
- General Fund fund balance of \$4,715,340 as of June 30, 2021, *increased* by \$651,817 from 2020 fiscal year's fund balance of \$4,063,523.

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 the 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 private industry.

**CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The Statement of Activities provides information about all the City's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains in detail the change in net positions for the fiscal year.

All of the City's activities are grouped into governmental activities and business-type activities, as explained below. The amounts in the Statement of Net Position and the Statement of Activities are separated into governmental activities and business-type activities in order to provide a summary of these two activities for the City as a whole.

Government-wide financial statements are prepared on the accrual basis, which mean they measure the flow of all economic resources of the City as a whole.

The Statement of Net Position and the Statement of Activities present information about the following:

Governmental Activities – All of the City's basic services are considered to be governmental activities. These services are supported by the general City revenues such as taxes, and by specific program revenues such as user fees and charges.

Business-type Activities – The City's enterprise activities of water, and wastewater are reported in this area. Unlike governmental services, these services are supported by charges paid by users based on the amount of service they use.

Governmental Fund Financial Statements

The governmental fund financial statements report on the City's operations in more detail than the Government-wide statements and focus primarily on the short-term activities of the City's General Fund and other major funds. The governmental fund financial statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt, and other long-term amounts.

The governmental fund financial statements provide detailed information about each of the City's most significant funds, called major funds. Major funds account for the major financial activities of the City and are presented individually, while the activities of non-major funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. The concept of major funds, and the determination of which funds are major, was established by the Governmental Accounting Standards Board (GASB) Statement No. 34 and replaces the concept of combining like funds and presenting them in total. Instead, each major fund is presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules present detail of these non-major funds. Major funds present the major activities of the City for the fiscal year, and may change from year to year as a result of changes in the pattern of the City's activities.

In the City's case, there are three major governmental funds in addition to the General Fund: Home Loan Special Revenue Fund, Refuse Special Revenue Fund, and Public Facilities Capital Projects Fund.

The City reports 2 major and 2 non-major enterprise funds

Fund financial statements include governmental and proprietary funds as discussed below.

Governmental fund financial statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the governmental fund financial statements.

Proprietary fund financial statements are prepared on the full accrual basis and include all of their assets and liabilities, current and long-term.

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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 Statement of Activities, while Tables 4, 5, and 6 focus on the City's Business-type Statement of Net Position and Statement of Activities.

Table 1
Governmental Activities Net Position at June 30,

	Governmental Activities 2021	Governmental Activities 2020
<u>Assets</u>		
Cash and investments	\$ 11,854,017	\$ 9,356,393
Other assets	2,909,079	1,885,156
Capital assets, net	26,046,581	26,589,179
Total Assets	40,809,677	37,830,728
<u>Deferred Outflows of Resources</u>		
Pension related	350,796	402,437
Total Def. Outflows	350,796	402,437
<u>Liabilities</u>		
Long term liabilities	1,914,459	1,801,460
Other liabilities	699,198	449,212
Total Liabilities	2,613,657	2,250,672
<u>Deferred Inflows of Resources</u>		
Pension related	60,716	133,678
Total Def. Inflows	60,716	133,678
<u>Net Position</u>		
Net investment in capital assets	26,046,581	26,589,179
Restricted	8,469,926	6,720,693
Unrestricted	3,969,593	2,538,943
Total Net Position	\$ 38,486,100	\$ 35,848,815

The City's governmental net position amounted to \$38,486,100 as of June 30, 2021, an *increase* of \$2,637,285 over 2020. 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, 2021 comprised the following:

Cash and investments comprised **\$11,854,017**. 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 **\$1,737,516** of current receivables and loans receivable of **\$1,170,349** that is due over longer periods of time as explained in the Notes.

Capital assets of **\$26,046,581** net of depreciation charges, which included all the City's capital assets used in governmental activities.

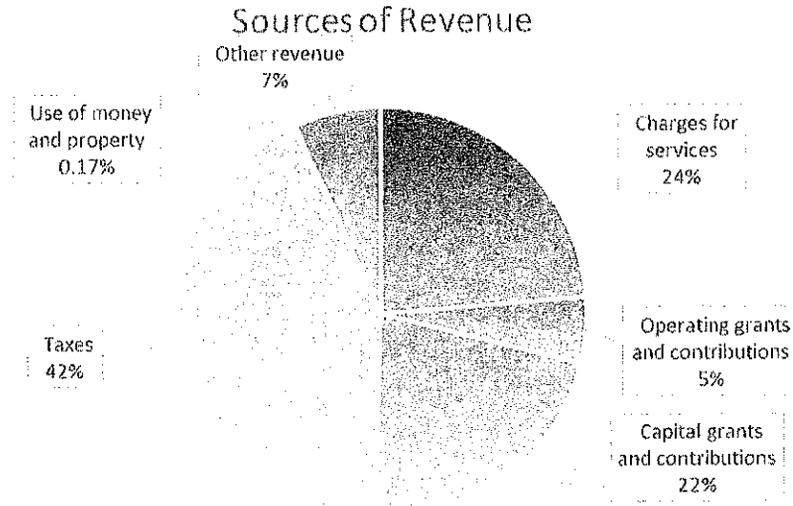
Current liabilities, including accounts payable, claims, and other amounts due currently, totaled **\$699,198**.

Long-term liabilities of **\$1,914,459** does not include **\$10,000**, which is the current portion. The debt is related to the City's Net Pension Liability and compensated absences.

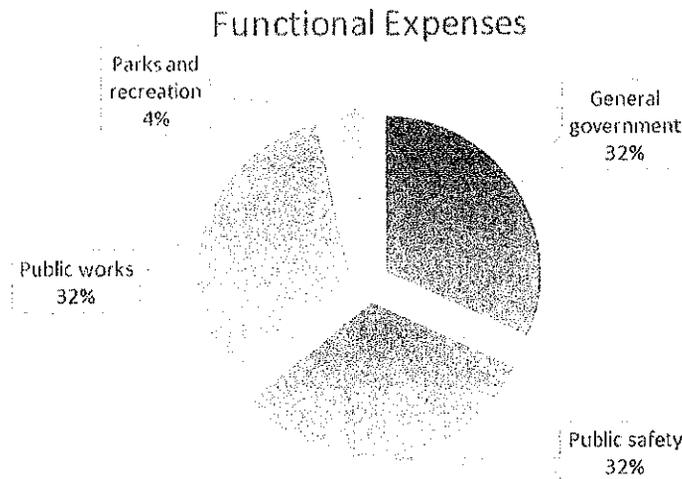
**CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Net investment in capital assets of **\$26,046,581**, represents the City's investment in capital assets used in governmental activities, net of accumulated depreciation and amounts borrowed to finance those investments.

Unrestricted net position, the part of net position that can be used to finance day to day operations without constraints established by debt covenants or other legal requirements or restrictions, was **\$3,969,593** as of June 30, 2021.



As the Sources of Revenue chart above shows, \$2,916,265 or 42% of the City's fiscal year 2021 governmental activities revenue came from taxes, while \$1,634,249 or 24% came from charges for services, \$1,495,727 or 22%, came from capital grants and contributions, \$356,852 or 5% came from operating grants and contributions, and the remainder came from a variety of sources.



The Functional Expenses chart above includes only current fiscal year expenses; it does not include capital outlays, which are added to the City's capital assets. As the chart shows, general government was \$1,352,233, or 32%, of total governmental expenses, public safety was \$1,381,473, or 32%, public works was \$1,364,106, or 32%, parks and recreation was \$151,958, or 4%.

The Statements of Activities presents program revenues and expenses and general revenues in detail. All of these elements in the changes in governmental net position are summarized below.

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Table 2
Change in Governmental Net Position

	Governmental Activities 2021	Governmental Activities 2020
<u>Expenses</u>		
General government	\$ 1,352,233	\$ 1,547,178
Public safety	1,381,473	1,358,476
Public works	1,364,106	1,356,358
Parks and recreation	151,958	128,437
Total Expenses	4,249,770	4,390,449
<u>Revenues</u>		
<u>Program revenues</u>		
Charges for services	1,634,249	1,055,398
Operating grants and contributions	356,852	1,085,983
Capital grants and contributions	1,495,727	773,554
Total program revenues	3,486,828	2,914,935
<u>General revenues and transfers</u>		
Taxes	2,916,265	1,598,099
Use of money and property	11,605	27,143
Other revenue	467,237	829,266
Transfers	5,120	5,120
Total general revenues and transfers	3,400,227	2,459,628
Total Revenues and Transfers	6,887,055	5,374,563
Change in Net Position	\$ 2,637,285	\$ 984,114

As Table 2 above shows, \$3,486,828 or 51%, of the City's fiscal year 2021 governmental revenue, came from program revenues and \$3,400,227, or 49%, came from general revenues such as taxes and interest and transfers. Program revenues were composed of charges for services of \$1,634,249, which included permit revenues, fees and charges used to fund expenses incurred in providing services; \$356,852 of operating grants and contributions, which included gas tax revenues and housing and police grants; and capital grants and contributions of \$1,495,727, 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. 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, 2021

Table 3

Governmental Activities

	Net Revenue (Expense) from Services 2021	Net Revenue (Expense) from Services 2020
General government	\$ (283,159)	\$ (1,398,528)
Public safety	(1,188,810)	(1,136,465)
Community development	477,431	248,897
Public works	119,460	817,911
Parks and recreation	112,136	(7,329)
Total	\$ (762,942)	\$ (1,475,514)

BUSINESS-TYPE ACTIVITIES

The Statement of Net Position and Statement of Activities present a summary of the City's Business-type activities that are composed of the City's enterprise funds.

Table 4

Business-type Activities Net Position

	Business-type Activities 2021	Business-type Activities 2020
<u>Assets</u>		
Cash and investments	\$ 13,835,298	\$ 11,012,390
Other assets	177,463	118,991
Capital assets, net	54,341,188	53,203,362
Total Assets	68,353,949	64,334,743
<u>Deferred Outflows of Resources</u>		
Pension related	298,696	342,670
Total Def. Outflows	298,696	342,670
<u>Liabilities</u>		
Long term liabilities	12,487,861	15,317,660
Other liabilities	1,445,736	1,975,212
Total Liabilities	13,933,597	17,292,872
<u>Deferred Inflows of Resources</u>		
Pension related	51,698	113,826
Total Def. Inflows	51,698	113,826
<u>Net Position</u>		
Net investment in capital assets	42,882,319	37,829,686
Unrestricted	11,785,031	9,441,029
Total Net Position	\$ 54,667,350	\$ 47,270,715

The net position of business-type activities increased by \$7,396,635 in fiscal year 2021.

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Table 5
Change in Business-type Net Position

	Business-type Activities 2021	Business-type Activities 2020
Expenses		
Water	\$ 1,171,444	\$ 1,144,906
Sewer	2,608,825	2,598,216
Community Facilities	38,314	49,782
Total Expenses	3,818,583	3,792,904
Revenues		
<u>Program revenues</u>		
Charges for services	5,808,857	5,383,808
Capital grants and contributions	5,385,894	610,796
Total program revenues	11,194,751	5,994,604
<u>General revenues and transfers</u>		
Use of money and property	25,587	107,175
Transfers	(5,120)	(5,120)
Total general revenues and transfers	20,467	102,055
Total Revenues and Transfers	11,215,218	6,096,659
Change in Net Position	\$ 7,396,635	\$ 2,303,755

Table 6
Business-type Activities

	Net Revenue (Expense) from Services 2021	Net Revenue (Expense) from Services 2020
Water	\$ 6,606,212	\$ 1,646,757
Sewer	789,593	577,143
Other	(19,637)	(22,200)
Total	\$ 7,376,168	\$ 2,201,700

ANALYSIS OF MAJOR FUNDS

Governmental Funds

General Fund

General Fund revenues increased \$141,785 this fiscal year. Activity has largely remained the same as the prior fiscal year. Actual revenues were greater than budgeted by \$424,209. Tax revenues decreased \$20,403 during the fiscal year while licenses and permits increased by \$120,322.

General Fund expenditures were \$2,703,885, a decrease of \$114,880 from the prior fiscal year. Capital outlay made up the majority of the decrease.

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

As of June 30, 2021 the General Fund's fund balance totaled **\$4,715,340**. The unassigned portion of **\$4,715,340** of the fund balance represents available liquid resources.

Home Loan Fund

This fund is utilized to track deferred loans receivable. There was no activity during the fiscal year.

Refuse Fund

This fund accounts for the contracted refuse services within the City. There was no 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 were no major projects completed or initiated in this fund during the fiscal year.

Proprietary Funds

Water Fund

Operating revenues increased by **\$210,895** in fiscal year 2021 and expenses remained largely the same resulting in operating income of **\$1,250,600**. There were no significant changes in rates or activity during the fiscal year and as a result, operating results remained largely consistent with the previous fiscal year.

The fund's net position increased by **\$6,605,343** to **\$18,433,916**, most of this increase is due to intergovernmental revenue from recovery related grant funds. Of this amount, **\$13,390,788** was net investment in capital assets.

Sewer Fund

Operating revenues and expenditures remained largely the same in the fiscal year 2021 as well as the operating income of **\$874,354**. The fund's net position increased by **\$811,049** in fiscal year 2021.

As of June 30, 2021, the fund's net position was **\$35,941,536**, of which **\$29,205,137** was net investment in capital assets and **\$6,736,399** was unrestricted.

CAPITAL ASSETS

GASB No. 34 required the City to record all its capital assets including infrastructure, which was not recorded prior to GASB No. 34. Infrastructure includes roads, bridges, signals and similar assets used by the entire population.

In fiscal year 2021, the City reported the cost of all its infrastructure assets and computed the amounts of accumulated depreciation for these assets based on their original acquisition dates. At the end of fiscal year 2021, the cost of infrastructure and other capital assets recorded on the City's financial statements is as shown in Table 7 on the following page.

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Table 7

	Balance at June 30, 2020	Additions	Deletions	Transfers	Balance at June 30, 2021
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 9,497,612	\$ -	\$ -	\$ -	\$ 9,497,612
Rights of ways	2,777,617				2,777,617
Construction in progress	497,684	57,290		(255,276)	299,698
Total capital assets, not being depreciated	12,772,913	57,290		(255,276)	12,574,927
Capital assets, being depreciated:					
Buildings	919,905				919,905
Improvements	6,957,513			23,107	6,980,620
Equipment	622,663			232,169	854,832
Machinery	241,902				241,902
Rolling stock	565,675		(47,298)		518,377
Infrastructure	13,397,859				13,397,859
Total capital assets being depreciated	22,705,517		(47,298)	255,276	22,913,495
Less accumulated depreciation for:					
Buildings	(644,365)	(15,172)			(659,537)
Improvements	(1,724,842)	(236,079)			(1,960,921)
Equipment	(476,906)	(42,337)			(519,243)
Machinery	(241,902)				(241,902)
Rolling stock	(511,907)	(26,885)	47,298		(491,494)
Infrastructure	(5,289,329)	(279,415)			(5,568,744)
Total accumulated depreciation	(8,889,251)	(599,888)	47,298		(9,441,841)
Total capital assets, being depreciated, net	13,816,266	(599,888)		255,276	13,471,654
Governmental activities capital assets, net	\$ 26,589,179	\$ (542,598)	\$ -	\$ -	\$ 26,046,581
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 18,108,769	\$ -	\$ -	\$ -	\$ 18,108,769
Construction in progress	3,241,632	2,395,467			5,637,099
Total capital assets, not being depreciated	21,350,401	2,395,467			23,745,868
Capital assets, being depreciated:					
Buildings	28,068,657				28,068,657
Improvements	4,288,696				4,288,696
Equipment	94,425				94,425
Machinery	235,695				235,695
Infrastructure	19,002,924				19,002,924
Rolling stock	242,497				242,497
Total capital assets, being depreciated	51,932,894				51,932,894
Less accumulated depreciation for:					
Buildings	(7,649,768)	(926,694)			(8,576,462)
Improvements	(3,495,035)	(42,202)			(3,537,237)
Equipment	(75,540)	(7,472)			(83,012)
Machinery	(235,695)				(235,695)
Infrastructure	(8,426,821)	(265,307)			(8,692,128)
Rolling stock	(197,073)	(15,967)			(213,040)
Total accumulated depreciation	(20,079,932)	(1,257,642)			(21,337,574)
Total capital assets, being depreciated, net	31,852,962	(1,257,642)			30,595,320
Business-type activities capital assets, net	\$ 53,203,363	\$ 1,137,825	\$ -	\$ -	\$ 54,341,188

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, 2021

DEBT ADMINISTRATION

The City issued no new bonded debt in fiscal year 2021. The City made all scheduled repayments of existing debt. The City's debt issues are discussed in detail in Note 7 of the financial statements. The City's debt balances as of June 30 were as follows:

Table 8
LONG-TERM LIABILITIES

	2021	2020
Governmental activities		
Net pension liability	\$ 1,882,844	\$ 1,777,373
Compensated absences	41,615	34,087
Total governmental activities	\$ 1,924,459	\$ 1,811,460
Business-type activities		
Water		
Compensated absences	\$ 44,070	\$ 44,070
Net pension liability	670,054	632,520
Installment Note Payable	792,052	934,960
Total for water fund	1,506,176	1,611,550
Sewer		
Compensated absences	43,987	43,986
Net pension liability	933,152	880,880
CSWRCB Revolving Loan	10,667,379	11,147,045
Installment Note Payable	3,321,671	3,321,671
Total for sewer fund	11,644,518	15,393,582
Total business-type activities	\$ 13,150,694	\$ 17,005,132

**CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

ECONOMIC CONDITION, OUTLOOK, AND ACTIVITY

The City continues to see a mixed economy, with a gradual increase in property tax revenues along with increases in operating expenses and PERS unfunded accrued liabilities. Residential building continues at a steady pace within the community. Hughson's diverse land use has helped to continue a growth pattern that has resulted in economic strength for the City and a stable housing market. Overall, the City continues to be in a favorable position to attract and maintain jobs, retail establishments, and provide highly desired housing. The City continues to reach out to prospective and current business owners to continue to strengthen the City's tax base.

Overall, the City's financial position remains in good condition. In the upcoming fiscal year, the City estimates the sales tax revenue will remain consistent with the current reporting year, while property taxes will continue to see a gradual increase due to new residential development and the anticipated property tax reallocation sharing agreement with the county. The City also expects increases in operating and personnel costs due to ongoing inflation, supply chain issues and residential growth. The City will continue to analyze the increasing costs with the anticipated revenues. The City continues to maintain a fiscally responsible and conservative approach to its fiscal management and will continue to monitor the economic activity of the City.

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.

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CITY OF HUGHSON
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Cash and Investments	\$ 11,854,017	\$ 13,835,298	\$ 25,689,315
Accounts Receivable	1,532,338	178,677	1,711,015
Notes Receivable	1,170,349		1,170,349
Interest Receivable	205,178		205,178
Internal Balances	1,214	(1,214)	
Capital Assets, Not Being Depreciated	12,574,927	23,745,868	36,320,795
Capital Assets, Net of Accumulated Depreciation	13,471,654	30,595,320	44,066,974
Total Assets	<u>40,809,677</u>	<u>68,353,949</u>	<u>109,163,626</u>
Deferred Outflows of Resources:			
Pension related	350,796	298,696	649,492
Total Deferred Outflows of Resources	<u>350,796</u>	<u>298,696</u>	<u>649,492</u>
Liabilities:			
Accounts Payable	364,472	709,057	1,073,529
Interest Payable		69,062	69,062
Deposits Payable	324,726	5,347	330,073
Noncurrent Liabilities:			
Net Pension Liability	1,882,844	1,603,206	3,486,050
Due Within One Year	10,000	662,270	672,270
Due in More Than One Year	31,615	10,884,655	10,916,270
Total Liabilities	<u>2,613,657</u>	<u>13,933,597</u>	<u>16,547,254</u>
Deferred Inflows of Resources:			
Pension related	60,716	51,698	112,414
Total Deferred Inflows of Resources	<u>60,716</u>	<u>51,698</u>	<u>112,414</u>
Net Position:			
Net Investment in Capital Assets	26,046,581	42,882,319	68,928,900
Restricted for:			
Home Loans	1,100,392		1,100,392
Community Development	964,518		964,518
Streets and Roads	2,176,447		2,176,447
Public Safety	546,885		546,885
Public Facilities	1,842,847		1,842,847
Parks and Recreation	1,205,395		1,205,395
IT Projects	106,475		106,475
Assessment Districts	526,967		526,967
Unrestricted	3,969,593	11,785,031	15,754,624
Total Net Position	<u>\$ 38,486,100</u>	<u>\$ 54,667,350</u>	<u>\$ 93,153,450</u>

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

CITY OF HUGHSON
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 1,352,233	\$ 164,220	\$ -	\$ 904,854
Public Safety	1,381,473		192,663	
Community Development		477,431		
Public Works	1,364,106	728,504	164,189	590,873
Parks and Recreation	151,958	264,094		
Total Governmental Activities	4,249,770	1,634,249	356,852	1,495,727
Business-type Activities:				
Water	1,171,444	2,391,762		5,385,894
Sewer	2,608,825	3,398,418		
Community Facilities	38,314	18,677		
Total Business-type Activities	3,818,583	5,808,857		5,385,894
Total Primary Government	\$ 8,068,353	\$ 7,443,106	\$ 356,852	\$ 6,881,621

General Revenues:

Taxes:

- Property Taxes
- Sales and Use Taxes
- Business License Taxes
- Other Taxes
- Licenses and Permits
- Fines and Forfeitures
- Special Assessments
- Investment Earnings
- Other Revenue

Transfers

Total General Revenues and Transfers

Change in net position

Net Position - Beginning of Fiscal Year

Net Position - End of Fiscal Year

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

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business- type Activities</u>	<u>Total</u>
\$ (283,159)	\$ -	\$ (283,159)
(1,188,810)		(1,188,810)
477,431		477,431
119,460		119,460
112,136		112,136
<u>(762,942)</u>		<u>(762,942)</u>
	6,606,212	6,606,212
	789,593	789,593
	(19,637)	(19,637)
	<u>7,376,168</u>	<u>7,376,168</u>
<u>(762,942)</u>	<u>7,376,168</u>	<u>6,613,226</u>
373,550		373,550
1,102,903		1,102,903
28,130		28,130
851,137		851,137
235,660		235,660
39,918		39,918
284,967		284,967
11,605	25,587	37,192
467,237		467,237
5,120	(5,120)	
<u>3,400,227</u>	<u>20,467</u>	<u>3,420,694</u>
2,637,285	7,396,635	10,033,920
<u>35,848,815</u>	<u>47,270,715</u>	<u>83,119,530</u>
<u>\$ 38,486,100</u>	<u>\$ 54,667,350</u>	<u>\$ 93,153,450</u>

CITY OF HUGHSON
Balance Sheet
Governmental Funds
June 30, 2021

	Special Revenue		
	General	Home Loan	Refuse
Assets:			
Cash and Investments	\$ 4,645,287	\$ 75,043	\$ 103,190
Accounts Receivable	398,635		25,244
Loans Receivable		1,025,349	
Due from Other Funds	289,947		
Total Assets	\$ 5,333,869	\$ 1,100,392	\$ 128,434
Liabilities, Deferred Inflows and Fund Balances:			
Liabilities:			
Accounts Payable	\$ 293,803	\$ -	\$ 50,206
Deposit Payable	324,726		
Due to Other Funds			
Total Liabilities	618,529		50,206
Deferred Inflows of Resources::			
Unearned revenue - loans			
Total Deferred Inflows of Resources			
Total Liabilities and Deferred Inflows of Resources	618,529		50,206
Fund Balances:			
Restricted for:			
Home loans		1,100,392	
Parks and recreation			
Public Facilities			
Public safety			
Streets and roads			
Community development			78,228
IT Projects			
District Assessments			
Unassigned	4,715,340		
Total Fund Balances	4,715,340	1,100,392	78,228
Total Liabilities and Fund Balances	\$ 5,333,869	\$ 1,100,392	\$ 128,434

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

Capital Projects

Public Facilities	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,843,287	\$ 5,113,907	\$ 11,780,714
	1,108,459	1,532,338
	145,000	1,170,349
		289,947
<u>\$ 1,843,287</u>	<u>\$ 6,367,366</u>	<u>\$ 14,773,348</u>
\$ 440	\$ 20,023	\$ 364,472
		324,726
	288,733	288,733
<u>440</u>	<u>308,756</u>	<u>977,931</u>
	904,854	904,854
	904,854	904,854
440	1,213,610	1,882,785
		1,100,392
	1,205,395	1,205,395
1,842,847		1,842,847
	546,885	546,885
	2,176,447	2,176,447
	886,290	964,518
	106,475	106,475
	526,967	526,967
	(294,703)	4,420,637
<u>1,842,847</u>	<u>5,153,756</u>	<u>12,890,563</u>
<u>\$ 1,843,287</u>	<u>\$ 6,367,366</u>	<u>\$ 14,773,348</u>

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CITY OF HUGHSON
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2021

Total fund balances - governmental funds		\$ 12,890,563
<p>In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.</p>		
Capital assets at historical cost	\$ 35,488,422	
Accumulated depreciation	<u>(9,441,841)</u>	26,046,581
<p>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.</p>		
Deferred outflow related to pension		350,796
Deferred inflow related to pension		(60,716)
<p>In governmental funds, certain receivables are not available to pay for current period expenditures and, therefore, are offset by deferred inflows of resources.</p>		
		904,854
<p>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</p>		
Net pension liability		(1,882,844)
Compensated absences payable		(41,615)
<p>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.</p>		
		73,303
<p>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.</p>		
		<u>205,178</u>
Total net position - governmental activities		<u><u>\$ 38,486,100</u></u>

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

CITY OF HUGHSON
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	<u>Special Revenue</u>		
	<u>General</u>	<u>Home Loan</u>	<u>Refuse</u>
Revenues			
Property Taxes	\$ 373,550	\$ -	\$ -
Sales and Use Taxes	1,102,903		
Business License Taxes	28,130		
Other Taxes	113,919		
Licenses and Permits	235,660		
Fines and Forfeitures	39,918		
Interest	5,116		148
Charges for Services	164,220		566,432
Intergovernmental	737,218		
Special Assessments			
Other	466,256		
Total Revenues	<u>3,266,890</u>		<u>566,580</u>
Expenditures			
Current:			
General Government	965,185		
Public Safety	1,371,563		
Public Works	268,682		560,904
Parks and Recreation	98,455		
Capital Outlay			
Total Expenditures	<u>2,703,885</u>		<u>560,904</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>563,005</u>		<u>5,676</u>
Other Financing Sources (Uses):			
Transfers In	101,312		
Transfers Out	(12,500)		
Total Other Financing Sources (Uses)	<u>88,812</u>		
Net Change in Fund Balances	651,817		5,676
Fund Balances - July 1, 2020	<u>4,063,523</u>	<u>1,100,392</u>	<u>72,552</u>
Fund Balances - June 30, 2021	<u>\$ 4,715,340</u>	<u>\$ 1,100,392</u>	<u>\$ 78,228</u>

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

<u>Capital Projects</u>		
<u>Public Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 373,550
		1,102,903
		28,130
		113,919
		235,660
		39,918
1,924	4,417	11,605
421,602	481,995	1,634,249
	947,725	1,684,943
	284,967	284,967
	981	467,237
<u>423,526</u>	<u>1,720,085</u>	<u>5,977,081</u>
23,483		988,668
	9,910	1,381,473
	253,665	1,083,251
	4,277	102,732
	59,370	59,370
<u>23,483</u>	<u>327,222</u>	<u>3,615,494</u>
400,043	1,392,863	2,361,587
	10,000	111,312
	(93,692)	(106,192)
	(83,692)	5,120
400,043	1,309,171	2,366,707
1,442,804	3,844,585	10,523,856
<u>\$ 1,842,847</u>	<u>\$ 5,153,756</u>	<u>\$ 12,890,563</u>

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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, 2021

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

Net change in fund balances - total governmental funds	\$	2,366,707
<p>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.</p>		
Capital outlay	\$	57,290
Depreciation expense		<u>(599,888)</u>
		(542,598)
<p>In governmental funds, certain receivables are not available to pay for current period expenditures and, therefore, are offset by deferred inflows of resources. This is the net change in deferred inflows.</p>		
		904,854
<p>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.</p>		
		(7,528)
<p>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:</p>		
		<u>(84,150)</u>
Change in net position of governmental activities	\$	<u>2,637,285</u>

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

CITY OF HUGHSON
Statement of Net Position
Proprietary Funds
June 30, 2021

	Business-type Activities-Enterprise Funds				Governmental Activities
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Fund
Assets					
Current Assets:					
Cash and Investments	\$ 7,592,187	\$ 6,230,896	\$ 12,215	\$ 13,835,298	\$ 73,303
Accounts Receivable	95,853	81,625	1,199	178,677	
Total Current Assets	<u>7,688,040</u>	<u>6,312,521</u>	<u>14,613</u>	<u>14,015,174</u>	<u>73,303</u>
Noncurrent Assets:					
Capital Assets:					
Land	15,075,537	2,928,159	105,073	18,108,769	
Buildings	25,215,708	2,127,666	725,283	28,068,657	
Machinery and Equipment	478,666	93,951		572,617	
Improvements Other Than Buildings	114,514	4,174,181		4,288,695	
Infrastructure	12,900,415	6,102,509		19,002,924	
Construction In Progress		5,637,099		5,637,099	
Less:					
Accumulated Depreciation	(13,912,323)	(6,881,288)	(543,962)	(21,337,573)	
Total Noncurrent Assets	<u>39,872,517</u>	<u>14,182,277</u>	<u>286,394</u>	<u>54,341,188</u>	
Deferred Outflow of Resources:					
Pension related	173,857	124,839		298,696	
Total Deferred Outflow of Resources	<u>173,857</u>	<u>124,839</u>		<u>298,696</u>	
Total Assets and Deferred Outflows of Resources	<u>47,734,414</u>	<u>20,619,637</u>	<u>301,007</u>	<u>68,655,058</u>	<u>73,303</u>
Liabilities					
Current Liabilities:					
Accounts Payable	60,680	647,028	1,349	709,057	
Interest Payable	57,589	11,473		69,062	
Due to Other Funds			1,214	1,214	
Deposits Payable			5,347	5,347	
Total Current Liabilities	<u>118,269</u>	<u>658,501</u>	<u>7,910</u>	<u>784,680</u>	
Noncurrent Liabilities:					
Compensated Absences	28,986	29,070		58,056	
Net Pension Liability	933,152	670,054		1,603,206	
Due within One Year	499,462	162,808		662,270	
Due in More Than One Year	10,182,918	643,681		10,826,599	
Total Noncurrent Liabilities	<u>11,644,518</u>	<u>1,505,613</u>		<u>13,150,131</u>	
Deferred Inflows of Resources:					
Pension related	30,091	21,607		51,698	
Total Deferred Inflows of Resources	<u>30,091</u>	<u>21,607</u>		<u>51,698</u>	
Total Liabilities and Deferred Inflows of Resources	<u>11,792,878</u>	<u>2,185,721</u>	<u>7,910</u>	<u>13,986,509</u>	
Net Position					
Net Investment in Capital Assets	29,205,137	13,390,788	286,394	42,882,319	
Unrestricted	6,736,399	5,043,128	5,504	11,785,031	73,303
Total Net Position	<u>\$ 35,941,536</u>	<u>\$ 18,433,916</u>	<u>\$ 291,898</u>	<u>\$ 54,667,350</u>	<u>\$ 73,303</u>

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, 2021

	Business-type Activities - Enterprise funds				Governmental Activities
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Fund
Operating Revenues:					
Charges for Services	\$ 3,398,418	\$ 2,391,762	\$ 18,677	\$ 5,808,857	\$ -
Total Operating Revenues	<u>3,398,418</u>	<u>2,391,762</u>	<u>18,677</u>	<u>5,808,857</u>	
Operating Expenses:					
Personnel	470,077	299,271		769,348	
Administrative	238,000	164,000	9,107	411,107	
Materials and Supplies	700,952	422,881		1,123,833	
Maintenance	82,275	54,304	5,031	141,610	
Depreciation	1,032,760	200,706	24,176	1,257,642	
Total Operating Expenses	<u>2,524,064</u>	<u>1,141,162</u>	<u>38,314</u>	<u>3,703,540</u>	
Operating Income (loss)	<u>874,354</u>	<u>1,250,600</u>	<u>(19,637)</u>	<u>2,105,317</u>	
Non-operating Revenues (Expenses):					
Interest Revenue	21,456	4,131		25,587	
Interest Expense	(84,761)	(30,282)		(115,043)	
Intergovernmental Revenue		5,385,894		5,385,894	
Total Non-Operating Revenue (Expenses)	<u>(63,305)</u>	<u>5,359,743</u>		<u>5,296,438</u>	
Income (Loss) before transfers	<u>811,049</u>	<u>6,610,343</u>	<u>(19,637)</u>	<u>7,401,755</u>	
Transfers					
Transfers In	4,015,261	185,484	7,500	4,208,245	
Transfers Out	(4,015,261)	(190,484)	(7,620)	(4,213,365)	
Total Transfers		<u>(5,000)</u>	<u>(120)</u>	<u>(5,120)</u>	
Change in Net Position	<u>811,049</u>	<u>6,605,343</u>	<u>(19,757)</u>	<u>7,396,635</u>	
Net Position - Beginning of Fiscal Year	<u>35,130,487</u>	<u>11,828,573</u>	<u>311,655</u>	<u>47,270,715</u>	<u>73,303</u>
Net Position - End of Fiscal Year	<u>\$ 35,941,536</u>	<u>\$ 18,433,916</u>	<u>\$ 291,898</u>	<u>\$ 54,667,350</u>	<u>\$ 73,303</u>

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

CITY OF HUGHSON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2021

	Business-type Activities - Enterprise Funds			Governmental Activities	
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Users	\$ 3,377,097	\$ 2,355,871	\$ 18,978	\$ 5,751,946	\$ -
Cash Payments to Suppliers and Contractors	(1,021,533)	(145,553)	(14,738)	(1,181,824)	
Cash Payments to Employees	(428,372)	(269,324)		(697,696)	
Net Cash Provided (Used) By Operating Activities	1,927,192	1,940,994	4,240	3,872,426	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers In	4,015,261	185,484	7,500	4,208,245	
Transfers Out	(4,015,261)	(190,484)	(7,620)	(4,213,365)	
Interfund Borrowing			(561)	(561)	
Net Cash Provided (Used) By Noncapital Financing Activities		(5,000)	(681)	(5,681)	
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest Received	21,456	4,131		25,587	
Net Cash Provided (Used) in Investing Activities	21,456	4,131		25,587	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of Property, Plant, and Equipment		(2,395,467)		(2,395,467)	
Principal Payments on Debt Borrowings	(3,801,337)	(142,908)		(3,944,245)	
Interest Paid	(84,760)	(30,846)		(115,606)	
Net Cash Provided (Used) In Capital and Related Financing Activities	(3,886,097)	2,816,673		(1,069,424)	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,937,449)	4,756,798	3,559	2,822,908	
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	9,529,636	1,474,098	8,656	11,012,390	73,303
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	\$ 7,592,187	\$ 6,230,896	\$ 12,215	\$ 13,835,298	\$ 73,303
Reconciliation to Statement of Net Position:					
Cash and Investments	\$ 7,592,187	\$ 6,230,896	\$ 12,215	\$ 13,835,298	\$ 73,303
	<u>\$ 7,592,187</u>	<u>\$ 6,230,896</u>	<u>\$ 12,215</u>	<u>\$ 13,835,298</u>	<u>\$ 73,303</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 874,354	\$ 1,250,600	\$ (19,637)	\$ 2,105,317	\$ -
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	1,032,760	200,706	24,176	1,257,642	
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(21,321)	(35,891)	(699)	(57,911)	
Increase (Decrease) in Accounts Payable	(306)	495,632	(600)	494,726	
Increase (Decrease) in Net Pension Liability	41,705	29,947		71,652	
Increase (Decrease) in Deposits Payable			1,000	1,000	
Total Adjustments	1,052,838	690,394	23,877	1,767,109	
Net Cash Provided (Used) By Operating Activities	\$ 1,927,192	\$ 1,940,994	\$ 4,240	\$ 3,872,426	\$ -

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 private purpose trust fund maintained by the City is presented below.

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

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**CITY OF HUGHSON
FIDUCIARY FUND
STATEMENT OF NET POSITION
June 30, 2021**

	Private Purpose Trust Fund
	RDA Successor Agency
ASSETS	
Cash and investments	\$ 422,869
Loans receivable	70,000
Capital assets, net of accumulated depreciation	519,987
Total Assets	1,012,856
LIABILITIES	
Accounts payable	\$ 1,893
Interest payable	21,738
Long-term debt, due within one year	102,628
Long-term debt, due in more than one year	2,039,419
Total Liabilities	2,165,678
NET POSITION	
Held in trust for others	(1,152,822)
Total Net Position	\$ (1,152,822)

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

**CITY OF HUGHSON
 FIDUCIARY FUND
 STATEMENT OF CHANGES IN NET POSITION
 For the Fiscal Year Ended June 30, 2021**

	Private Purpose Trust Fund
	RDA
	Successor Agency
Additions:	
Intergovernmental	\$ 319,666
Interest	820
	320,486
Deductions:	
Community Development	10,250
Depreciation	27,490
Interest Expense	83,771
Contribution to City	96,000
	217,511
Total deductions	217,511
Change in net position	102,975
Net Position - July 1, 2020	(1,255,797)
Net Position - June 30, 2021	\$ (1,152,822)

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, 2021

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, GASB Statement No. 61, and GASB Statement No. 80 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, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements

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

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

The City reports four major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes activities such as public protection, public works and facilities, parks and recreation, and community development.
- The *Home Loan Special Revenue Fund* was established to account for all proceeds of grant revenues from the federal government under the First Time Home Buyer federal grant program and from the State of California's CalHome grant program. The expenditures relate to payments made to eligible recipients for buying homes subject to fulfillment of conditions.
- The *Refuse Special Revenue Fund* was established to account for monies collected on behalf of a franchise garbage collection company.
- The *Public Facilities Capital Projects Fund* was established to account for all proceeds from traffic mitigation fees, whose purpose is to defray the actual costs of constructing improvements to mitigate traffic and circulation impacts resulting from proposed new development.

The City reports the following two major enterprise funds:

- The *Sewer Fund* was established to account for the financial activity for the purpose of operation and maintenance of the City's sewer system including the wastewater treatment plant. The costs of providing these services to the general public are financed or recovered through user charges.
- The *Water Fund* was established to account for the financial activity for the purpose of operation and maintenance of City's water utility. The costs of providing these services to the general public are financed or recovered through user charges.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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

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 the 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, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity

1. Deposits and Investments

In order to maximize the flexibility of its investment program and to aid in cash budgeting, the City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. As the City places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated monthly to the various funds based on month-end balances and is adjusted at fiscal year-end. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

In accordance with the State of California Government Code, the City adopts an investment policy annually that, among other things, authorizes types and concentrations of investments and maximum investment terms.

The City's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from SEC-registered securities exchanges or NASDAQ dealers. LAIF determines the fair value of its portfolio quarterly and reports a factor to the City; the City applies that factor to convert its share of LAIF from amortized cost to fair value. Changes in fair value are allocated to each participating fund.

For purposes of the statement of cash flows, the City has defined cash and cash equivalents to be change and petty cash funds, equity in the City's cash and investment pool, and restricted non-pooled investments with initial maturities of three months or less.

Investments are stated at fair value in accordance with GASB Statement No.31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Short-term investments are reported at cost, which approximates fair value. The fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates. Interest, dividends, and realized and unrealized gains and losses, based on the specific identification method, are included in interest revenue when earned.

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.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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

5. Compensated Absences

Depending upon length of employment, City employees earn vacation leave, sick leave, accrued holiday and compensated time which may be either used or accumulated until paid upon termination or retirement. Upon termination, the City is obligated to compensate employees for all earned but unused vacation days. Unused sick leave may be accumulated to 125 days. The earned but unused sick leave benefits are not payable in the event of employee termination but 25% of the unused accumulated sick leave is paid upon retirement of employees with more than twenty years of continued service.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

5. Compensated Absences (Continued)

A liability is accrued for all earned but unused leave benefits in the government-wide and enterprise fund statements. This liability will be liquidated as either additional cash payments in the event of employee termination or as part of budgeted salary expenditures if used by employees as compensated leave time while still employed by the City. In the fund financial statements governmental funds accrue current liabilities for material vacation leave benefits due on demand to governmental fund employees that have terminated prior to fiscal year-end. Non-current amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees.

6. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Debt premiums and discounts are deferred and amortized over the life of the indebtedness using the straight line method. Notes payable are reported net of the applicable bond premium or discount.

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

GASB Statement No. 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Additional essential information related to debt required to be disclosed includes unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. Note 7 provides separate disclosure of the required information for direct borrowings and direct placements of debt.

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.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

7. Net Position (Continued)

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. 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.

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

The City Council establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements.

Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 89	"Accounting for Interest Cost incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2020.
Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 92	"Omnibus 2020"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 93	"Replacement of Interbank Offered Rates"	The provisions of this statement are effective for fiscal years beginning after December 31, 2021.
Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 97	"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.

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 fiscal 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.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

4. Generally, the budget is amended in the middle of the year and at the end of the fiscal 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, 2021, the following funds had an excess of expenditures over appropriations.

Fund	Final Budget	Actual Amount	Excess
<u>Nonmajor Governmental Funds:</u>			
Community Enhancement	\$ -	\$ 2,139	\$ 2,139
Storm Drain		2,139	2,139
Municipal Park		2,139	2,139
Parks Development Impact Fees		2,138	2,138

The Home Loan, Asset Forfeiture, CDBG Grants, Public Safety Augmentation, CFD and Covid Recovery funds did not adopt a budget.

D. Deficit Fund Equity

At June 30, 2021, the following funds had an accumulated deficit:

Fund	Amount
<u>Nonmajor Governmental Fund:</u>	
Transportation Capital Projects Fund	\$ 294,703
<u>Nonmajor Proprietary Fund:</u>	
USF Community Center Fund	274
<u>Private Purpose Trust Fund:</u>	
RDA Successor Agency	1,152,822

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 25,689,315
Fiduciary funds:	
Cash and investments	422,869
Total cash and investments	\$ 26,112,184

Cash and investments as of June 30, 2021 consist of the following:

Cash on hand	\$ 450
Deposits with financial institutions	631,625
Investments	25,480,109
Total cash and investments	\$ 26,112,184

A. Investments Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City of Hughson (City) by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City rather than the general provisions of the California Government Code or the City's investment policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Bonds issued by the City	N/A	None	None
US Treasury Obligations	5 years	None	None
Federal Agency Issues	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Bankers' Acceptances	180 days	40%	30%
Medium Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	None	10%
Commercial Paper	270 days	25%	None
County Pool Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	\$75 Million
Collateralized Bank Deposits	N/A	None	None
Mortgage Pass-through Securities	5 years	20%	None
Shares of Beneficial Interest by a JPA	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.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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)	\$ 84,929	\$ 84,929	\$ -	\$ -	\$ -
Money Market Funds	22,604,585	22,604,585			
Certificates of Deposit	2,790,595	746,602	177,668	1,866,325	
	<u>\$ 25,480,109</u>	<u>\$ 23,436,116</u>	<u>\$ 177,668</u>	<u>\$ 1,866,325</u>	<u>\$ -</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 3 – CASH AND INVESTMENTS (Continued)

D. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

E. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City’s investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Fiscal Year End</u>			
				<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
State Investment Pool	\$ 84,929	N/A	\$ -	\$ -	\$ -	\$ -	\$ 84,929
Money Market Funds	22,604,585	N/A					22,604,585
Certificates of Deposit	2,790,595	N/A					2,790,595
Total	<u>\$ 25,480,109</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,480,109</u>

F. Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer (other than money market) that represent 5% or more of total City investments.

G. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2021, all of the City’s deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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, 2021.

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, 2021:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Fund:		Nonmajor Governmental Fund:	
General Fund	\$ 289,947	Transportation Capital Projects Fund	\$ 288,733
		Nonmajor Enterprise Fund:	
		USF Community Center Fund	1,214
Totals	<u>\$ 289,947</u>	Totals	<u>\$ 289,947</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 interfund transfers between individual governmental 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, 2021:

<u>Fund</u>	<u>Transfers-in</u>	<u>Transfers-out</u>
Major Governmental Funds:		
General Fund	\$ 101,312	\$ 12,500
Major Enterprise Funds:		
Water Fund	185,484	190,484
Sewer Fund	4,015,261	4,015,261
Nonmajor Governmental Funds:		
Gas Tax Special Revenue Fund		46,600
Vehicle Abatement Special Revenue Fund		10,000
Lighting and Landscaping Special Revenue Fund		20,746
Benefit Assessment Special Revenue Fund		14,846
IT Reserve Special Revenue Fund	10,000	
CFD Special Revenue Fund		1,500
Nonmajor Enterprise Funds:		
Community Center Operations Fund	7,500	
USF Community Center Fund		7,620
Totals	<u>\$ 4,319,557</u>	<u>\$ 4,319,557</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 – CAPITAL ASSETS

Capital Asset activity for the fiscal year ended June 30, 2021 was as follows:

	Balance at June 30, 2020	Additions	Deletions	Transfers	Balance at June 30, 2021
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 9,497,612	\$ -	\$ -	\$ -	\$ 9,497,612
Rights of ways	2,777,617				2,777,617
Construction in progress	497,684	57,290		(255,276)	299,698
Total capital assets, not being depreciated	<u>12,772,913</u>	<u>57,290</u>		<u>(255,276)</u>	<u>12,574,927</u>
Capital assets, being depreciated:					
Buildings	919,905				919,905
Improvements	6,957,513			23,107	6,980,620
Equipment	622,663			232,169	854,832
Machinery	241,902				241,902
Rolling stock	565,675		(47,298)		518,377
Infrastructure	13,397,859				13,397,859
Total capital assets being depreciated	<u>22,705,517</u>		<u>(47,298)</u>	<u>255,276</u>	<u>22,913,495</u>
Less accumulated depreciation for:					
Buildings	(644,365)	(15,172)			(659,537)
Improvements	(1,724,842)	(236,079)			(1,960,921)
Equipment	(476,906)	(42,337)			(519,243)
Machinery	(241,902)				(241,902)
Rolling stock	(511,907)	(26,885)	47,298		(491,494)
Infrastructure	(5,289,329)	(279,415)			(5,568,744)
Total accumulated depreciation	<u>(8,889,251)</u>	<u>(599,888)</u>	<u>47,298</u>		<u>(9,441,841)</u>
Total capital assets, being depreciated, net	<u>13,816,266</u>	<u>(599,888)</u>		<u>255,276</u>	<u>13,471,654</u>
Governmental activities capital assets, net	<u>\$ 26,589,179</u>	<u>\$ (542,598)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,046,581</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 18,108,769	\$ -	\$ -	\$ -	\$ 18,108,769
Construction in progress	3,241,632	2,395,467			5,637,099
Total capital assets, not being depreciated	<u>21,350,401</u>	<u>2,395,467</u>			<u>23,745,868</u>
Capital assets, being depreciated:					
Buildings	28,068,657				28,068,657
Improvements	4,288,696				4,288,696
Equipment	94,425				94,425
Machinery	235,695				235,695
Infrastructure	19,002,924				19,002,924
Rolling stock	242,497				242,497
Total capital assets, being depreciated	<u>51,932,894</u>				<u>51,932,894</u>
Less accumulated depreciation for:					
Buildings	(7,649,768)	(926,694)			(8,576,462)
Improvements	(3,495,035)	(42,202)			(3,537,237)
Equipment	(75,540)	(7,472)			(83,012)
Machinery	(235,695)				(235,695)
Infrastructure	(8,426,821)	(265,307)			(8,692,128)
Rolling stock	(197,073)	(15,967)			(213,040)
Total accumulated depreciation	<u>(20,079,932)</u>	<u>(1,257,642)</u>			<u>(21,337,574)</u>
Total capital assets, being depreciated, net	<u>31,852,962</u>	<u>(1,257,642)</u>			<u>30,595,320</u>
Business-type activities capital assets, net	<u>\$ 53,203,363</u>	<u>\$ 1,137,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,341,188</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 279,415
Public Works	271,247
Parks and Recreation	<u>49,226</u>
Total depreciation expense – governmental functions	<u>\$ 599,888</u>

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

Sewer	\$ 1,032,760
Water	200,706
Community Facilities	<u>24,176</u>
Total depreciation expense – business-type functions	<u>\$ 1,257,642</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, 2021:

	Balance at June 30, 2020	Additions	Repayments	Balance at June 30, 2021	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 34,087	\$ 23,124	\$ (15,596)	\$ 41,615	\$ 10,000
Total	<u>\$ 34,087</u>	<u>\$ 23,124</u>	<u>\$ (15,596)</u>	<u>\$ 41,615</u>	<u>\$ 10,000</u>
Business-type Activities:					
Compensated absences	\$ 88,056	\$ 45,251	\$ (45,251)	\$ 88,056	\$ 30,000
Debt from direct borrowings and direct placements					
Installment note payable - Water	934,960		(142,908)	792,052	147,808
Installment note payable - Sewer	3,321,671		(3,321,671)		
CSWRCB Revolving Loan	11,147,045		(479,666)	10,667,379	484,462
Total	<u>\$ 15,491,732</u>	<u>\$ 45,251</u>	<u>\$ (3,989,496)</u>	<u>\$ 11,547,487</u>	<u>\$ 662,270</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 – LONG-TERM LIABILITIES (Continued)

1. Business -type Activities – Direct Borrowings and Placements of Debt - Installment Notes Payable

On February 27, 2006 the City executed an installment note agreement with Municipal Finance Corporation for the acquisition and construction of a 750,000 gallon water storage tank to meet fire flow requirements and pledged the City’s Water Fund as the specific revenue source for the repayment of the note. The note bears interest at 3.4%, with principal payments varying from \$37,010 to \$85,287, payable semi-annually beginning September 29, 2006, and continuing until March 29, 2026. The balance outstanding at June 30, 2021 is \$792,052.

On March 7, 2008, the City executed an installment note agreement with Municipal Finance Corporation for the acquisition and construction for a wastewater treatment plant in the amount of \$6,750,000, later amended to \$6,780,000, and pledged the City’s Sewer Fund as the specific revenue source for the repayment of the note. The note bears interest at 3.4%, with principal payments varying from \$126,472 to \$234,873, payable semi-annually beginning September 7, 2008, and continuing until March 7, 2028. This note has been paid off during the fiscal year ended June 30, 2021.

In the event of a default the full outstanding balance of the note immediately becomes due and payable.

Annual debt service requirements for the Installment Notes Payable are shown below:

Fiscal Year Ended June 30,	Installment Notes Payable - Water		
	Principal	Interest	Total
2022	\$ 147,808	\$ 25,664	\$ 173,472
2023	152,876	20,597	173,473
2024	158,118	15,355	173,473
2025	163,540	9,933	173,473
2026	169,710	4,326	174,036
	<u>\$ 792,052</u>	<u>\$ 75,875</u>	<u>\$ 867,927</u>

2. Business -type Activities - Direct Borrowings and Placements of Debt - 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) and pledged the City’s Water Fund as the specific revenue source for the repayment of the loan. 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. This Loan was restructured during the fiscal year ended June 30, 2021, to extend the payment period by 10 years. The term of the agreement is now June 16, 2009, to June 7, 2041. The balance outstanding at June 30, 2021 is \$10,667,379.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 7 – LONG-TERM LIABILITIES (Continued)

2. Business -type Activities - Direct Borrowings and Placements of Debt - California State Water Resources Control Board Revolving Loan (Continued)

In the event of a default, the full outstanding balance of the loan immediately becomes due and payable.

Annual debt service requirements for the CSWRCB Loan are shown below:

Fiscal Year Ended June 30,	CSWRCB Loan		
	Principal	Interest	Total
2022	\$ 484,462	\$ -	\$ 484,462
2023	489,307		489,307
2024	494,200	194,683	688,883
2025	499,142	199,025	698,167
2026	504,133	188,621	692,754
2027-2031	2,597,303	780,519	3,377,822
2032-2036	2,729,791	499,444	3,229,235
2037-2041	2,869,041	204,033	3,073,074
	<u>\$ 10,667,379</u>	<u>\$ 2,066,325</u>	<u>\$ 12,733,704</u>

3. 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, 2021, was \$41,615 for governmental activities and \$88,056 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, 2021

NOTE 9 – PROPRIETARY FUNDS INFORMATION

The City maintains four enterprise funds. The Water and Sewer funds account for the provision of basic utility services to all citizens. The Community Center Operations fund and USF Community Center fund are utilized to maintain the operations and maintenance of the City's community center.

NOTE 10 – CONTINGENT LIABILITIES

The City is subject to litigation arising in the normal course of business. In the opinion of the City's management, there is no pending litigation that is likely to have a material adverse effect on the financial position of the City.

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

The City does not offer any other post-employment benefits.

NOTE 12 – PENSION PLAN

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

A. General Information about the Pension Plan

Plan Descriptions - All qualified employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, cost sharing defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 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.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 12 – PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2021, 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	11.634%	6.555%	n/a

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 fiscal 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, 2021, 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
\$ 2,611,642	\$ 874,408

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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 the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

	City Miscellaneous Plan	City Safety Plan
Proportion - June 30, 2019	0.06110%	0.01352%
Proportion - June 30, 2020	0.06192%	0.01312%
Change - Increase (Decrease)	0.00082%	-0.00040%

For the fiscal year ended June 30, 2021, the City recognized pension expense of \$345,188. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 330,474	\$ -
Net differences between projected and actual earnings on pension plan investments	96,588	
Differences based on actual experience	202,392	
Differences based on change of assumptions		(21,540)
Differences between actual vs proportionate contribution		(74,757)
Adjustment due to differences in proportions	20,038	(16,117)
Total	\$ 649,492	\$ (112,414)

\$330,474 reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized as pension expense as follows:

Fiscal Year Ended	Amount
June 30,	
2022	\$ 6,805
2023	84,202
2024	68,864
2025	46,733
	\$ 206,604

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 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, 2019 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
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, 2019 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 be found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.15% 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 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, 2021

NOTE 12 – PENSION PLAN (Continued)

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

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that was scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Year 1-10(a)	Real Return Year 11+(b)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

a) An expected inflation of 2% used for this period

b) An expected inflation of 2.92% used for this period

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

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	6.15%	6.15%	
Net Pension Liability	\$ 3,869,559	\$ 1,239,234	
Current Discount Rate	7.15%	7.15%	
Net Pension Liability	\$ 2,611,642	\$ 874,408	
1% Increase	8.15%	8.15%	
Net Pension Liability	\$ 1,572,265	\$ 575,034	

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.

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.

A. Long-term debt of the Successor Agency as of June 30, 2021, consisted of the following:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due within one year
Tax Allocation Bonds	\$ 2,285,000	\$ -	\$ (105,000)	\$ 2,180,000	\$ 105,000
Original Issuance Discount	(40,325)		2,372	(37,953)	(2,372)
Totals	\$ 2,244,675	\$ -	\$ (102,628)	\$ 2,142,047	\$ 102,628

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2021

NOTE 13 - SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (CONTINUED)

Tax Allocation Bonds – Series 2006

The former redevelopment agency issued \$3,200,000 of tax allocation refunding bonds on February 1, 2006. The principal balance outstanding at June 30, 2021 was \$2,180,000. The remaining annual debt service requirements as of June 30, 2021 are as follows:

Fiscal Year Ended June 30,	2006 Tax Allocation Bonds		
	Principal	Interest	Total
2022	\$ 105,000	\$ 78,825	\$ 183,825
2023	110,000	75,600	185,600
2024	110,000	72,300	182,300
2025	115,000	68,925	183,925
2026	120,000	65,400	185,400
2027-2031	650,000	260,400	910,400
2032-2036	790,000	117,400	907,400
2037	180,000	3,600	183,600
	<u>\$ 2,180,000</u>	<u>\$ 742,450</u>	<u>\$ 2,922,450</u>

B. Capital assets of the Successor Agency as of June 30, 2021 consisted of the following:

	July 1, 2020 Balance	Additions	Deletions	June 30, 2021 Balance
Capital assets, being depreciated:				
Buildings and Improvements	\$ 795,929	\$ -	\$ -	\$ 795,929
Infrastructure	47,930			47,930
Total capital assets, being depreciated	<u>843,859</u>			<u>843,859</u>
Less accumulated depreciation for:				
Buildings and Improvements	(283,915)	(26,531)		(310,446)
Infrastructure	(12,467)	(959)		(13,426)
Total accumulated depreciation, net	<u>(296,382)</u>	<u>(27,490)</u>		<u>(323,872)</u>
Total capital assets, net	<u>\$ 547,477</u>	<u>\$ (27,490)</u>	<u>\$ -</u>	<u>\$ 519,987</u>

NOTE 14 – SUBSEQUENT EVENT

Subsequent to fiscal year-end, the City may be negatively impacted by the effects of the worldwide coronavirus pandemic. The City is closely monitoring its operations, liquidity, and reserves and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the full impact to the City's financial position is not known.

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$ 422,750	\$ 410,317	\$ 373,550	\$ (36,767)
Sales and Use Taxes	900,161	900,161	1,102,903	202,742
Business License Taxes	25,000	21,368	28,130	6,762
Other Taxes	121,698	121,698	113,919	(7,779)
Licenses and Permits	191,380	167,982	235,660	67,678
Fines and Forfeitures	27,099	24,966	39,918	14,952
Interest	3,600	3,000	5,116	2,116
Charges for Services	27,883	37,909	164,220	126,311
Intergovernmental	992,010	732,010	737,218	5,208
Other	423,270	423,270	466,256	42,986
Total Revenues	<u>3,134,851</u>	<u>2,842,681</u>	<u>3,266,890</u>	<u>424,209</u>
Expenditures				
Current				
General Government	1,397,760	1,142,760	965,185	177,575
Public Safety	1,403,747	1,338,437	1,371,563	(33,126)
Public Works	306,572	306,572	268,682	37,890
Parks and Recreation	110,678	110,678	98,455	12,223
Total Expenditures	<u>3,218,757</u>	<u>2,898,447</u>	<u>2,703,885</u>	<u>194,562</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(83,906)</u>	<u>(55,766)</u>	<u>563,005</u>	<u>618,771</u>
Other Financing Sources (uses):				
Transfers In	199,492	199,492	101,312	(98,180)
Transfers Out	(5,000)	(5,000)	(12,500)	(7,500)
Total Other Financing Sources (Uses)	<u>194,492</u>	<u>194,492</u>	<u>88,812</u>	<u>(105,680)</u>
Net Change in Fund Balance	110,586	138,726	651,817	513,091
Fund Balance - July 1, 2020	<u>4,063,523</u>	<u>4,063,523</u>	<u>4,063,523</u>	
Fund Balance - June 30, 2021	<u>\$ 4,174,109</u>	<u>\$ 4,202,249</u>	<u>\$ 4,715,340</u>	<u>\$ 513,091</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, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$ -	\$ -	\$ 148	\$ 148
Charges for Services	<u>564,775</u>	<u>564,775</u>	<u>566,432</u>	<u>1,657</u>
Total Revenues	<u>564,775</u>	<u>564,775</u>	<u>566,580</u>	<u>1,805</u>
Expenditures				
Current:				
Public Works	<u>564,775</u>	<u>564,775</u>	<u>560,904</u>	<u>3,871</u>
Total Expenditures	<u>564,775</u>	<u>564,775</u>	<u>560,904</u>	<u>3,871</u>
Net Change in Fund Balance			5,676	5,676
Fund Balance - July 1, 2020	<u>72,552</u>	<u>72,552</u>	<u>72,552</u>	
Fund Balance - June 30, 2021	<u>\$ 72,552</u>	<u>\$ 72,552</u>	<u>\$ 78,228</u>	<u>\$ 5,676</u>

**CITY OF HUGHSON
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2021**

Cost Sharing Defined Benefit Pension Plans

Schedule of the City's Proportionate Share of the Net Pension Liability – Last 10 Years*

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of net pension liability	0.032040%	0.032110%	0.031920%	0.316500%	0.031830%	0.032410%	0.028550%
Proportionate share of NPL	\$ 3,486,050	\$ 3,290,773	\$ 3,076,140	\$ 3,139,177	\$ 2,754,347	\$ 2,224,303	\$ 1,776,561
Covered payroll	\$ 1,038,083	\$ 996,425	\$ 905,888	\$ 915,771	\$ 920,504	\$ 826,736	\$ 838,193
Proportionate share of NPL as a percentage of covered payroll	335.82%	330.26%	339.57%	342.79%	299.22%	269.05%	211.95%
Plan fiduciary net position as percentage of total pension liability	71.28%	72.72%	73.29%	73.11%	76.65%	70.45%	72.11%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 345,188	\$ 368,005	\$ 329,044	\$ 294,112	\$ 263,559	\$ 246,360	\$ 204,788

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Change in Assumptions: In 2017, the accounting discount rate reduced from 7.65% to 7.15%.

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

**CITY OF HUGHSON
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2021**

Cost Sharing Defined Benefit Pension Plans

Schedule of Contributions – Last 10 Years*

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractual required contribution (actuarially determined)	\$ 345,188	\$ 293,617	\$ 270,473	\$ 242,574	\$ 219,201	\$ 179,701	\$ 149,901
Contributions in relation to the actuarially determined contributions	(345,188)	(293,617)	(270,473)	(242,574)	(219,201)	(179,701)	(149,901)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 996,425	\$ 905,888	\$ 915,771	\$ 920,504	\$ 826,736	\$ 838,193	\$ 826,114
Contributions as a percentage of covered payroll	34.64%	32.41%	29.54%	26.35%	26.51%	21.44%	18.15%

Notes to Schedule

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For detail, see June 30, 2012 Funding Valuation Report
Assets Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates included 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

***Fiscal year 2015 was the 1st year of implementation, therefore only seven 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, 2021

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Interest	\$ 1,000	\$ 1,924	\$ 924
Charges for Services	<u>193,824</u>	<u>421,602</u>	<u>227,778</u>
Total Revenues	<u>194,824</u>	<u>423,526</u>	<u>228,702</u>
Expenditures:			
Current:			
General Government	<u>72,394</u>	<u>23,483</u>	<u>48,911</u>
Total Expenditures	<u>72,394</u>	<u>23,483</u>	<u>48,911</u>
Net Change in Fund Balance	122,430	400,043	277,613
Fund Balance - July 1, 2020	<u>1,442,804</u>	<u>1,442,804</u>	<u> </u>
Fund Balance - June 30, 2021	<u>\$ 1,565,234</u>	<u>\$ 1,842,847</u>	<u>\$ 277,613</u>

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

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

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

The Lighting and Landscaping Fund was established to account for the lighting and landscaping of specified zones in the City.

The Benefit Assessment Fund was established to account for assessments applied to certain districts within the City.

The Trench Cut Fund was established to account for trench cutting costs to be paid with specified charges designed for that specific use.

The Public Safety Realignment Fund was established to account for public safety costs to be paid from a special intergovernmental funding source.

The IT Reserve Fund was established to account for amounts set aside and transferred from all City funds for future IT upgrades.

The Measure L Sales Tax Fund was established to account for Measure L sales tax revenues and expenditures.

The SB-1 Roads Fund was established to account for SB-1 roads funds received from the State.

The Disability Access and Education Fund was established to account for fees per SB 1186 that are applied to the sale of business licenses and renewals.

The CFD Fund was established to account for various CFDs within the City.

The Covid Recovery Fund was established to account for American Recovery Plan Act funds.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The Transportation Fund was established to account for street reconstruction.

The Municipal Park Fund was established to account for future expansion of City parks.

The Parks Development Impact Fees Fund was established to account for developer assessments on new home construction, with the monies to be used for construction of parks.

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**CITY OF HUGHSON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021**

	Special Revenue Funds				
	Asset Forfeiture	Gas Tax	Vehicle Abatement	CDBG Rehab	CDBG Grants
Assets					
Cash and Investments	\$ 1,660	\$ 297,228	\$ 41,034	\$ 439,601	\$ 93,999
Accounts Receivable					
Loans Receivable				145,000	
Total Assets	<u>\$ 1,660</u>	<u>\$ 297,228</u>	<u>\$ 41,034</u>	<u>\$ 584,601</u>	<u>\$ 93,999</u>
Liabilities					
Accounts Payable	\$ -	\$ 5,306	\$ -	\$ -	\$ -
Unearned Revenue					
Due To Other Funds					
Total Liabilities		<u>5,306</u>			
Deferred Inflows of Resources:					
Unavailable Grant Revenue					
Total Deferred Inflows of Resources					
Total Liabilities and Deferred Inflows of Resources		<u>5,306</u>			
Fund Balances (Deficits)					
Restricted	1,660	291,922	41,034	584,601	93,999
Unassigned					
Total Fund Balances (Deficits)	<u>1,660</u>	<u>291,922</u>	<u>41,034</u>	<u>584,601</u>	<u>93,999</u>
Total Liabilities and Fund Balances	<u>\$ 1,660</u>	<u>\$ 297,228</u>	<u>\$ 41,034</u>	<u>\$ 584,601</u>	<u>\$ 93,999</u>

Special Revenue Funds

Community Enhancement	Local Transportation	Storm Drain	SLESF	Lighting and Landscaping	Benefit Assessment	Trench Cut
\$ 205,009	\$ 64,890	\$ 656,284 488	\$ 382,411 86,220	\$ 210,394	\$ 290,583	\$ 3,094
<u>\$ 205,009</u>	<u>\$ 64,890</u>	<u>\$ 656,772</u>	<u>\$ 468,631</u>	<u>\$ 210,394</u>	<u>\$ 290,583</u>	<u>\$ 3,094</u>
\$ 220	\$ -	\$ 220	\$ 162	\$ 3,430	\$ 409	\$ -
<u>220</u>		<u>220</u>	<u>162</u>	<u>3,430</u>	<u>409</u>	
<u>220</u>		<u>220</u>	<u>162</u>	<u>3,430</u>	<u>409</u>	
204,789	64,890	656,552	468,469	206,964	290,174	3,094
<u>204,789</u>	<u>64,890</u>	<u>656,552</u>	<u>468,469</u>	<u>206,964</u>	<u>290,174</u>	<u>3,094</u>
<u>\$ 205,009</u>	<u>\$ 64,890</u>	<u>\$ 656,772</u>	<u>\$ 468,631</u>	<u>\$ 210,394</u>	<u>\$ 290,583</u>	<u>\$ 3,094</u>

Continued

**CITY OF HUGHSON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021
(CONTINUED)**

	Special Revenue Funds				
	Public Safety Realignment	IT Reserve	Measure L Sales Tax	SB-1 Roads	Disability Access and Education
Assets					
Cash and Investments	\$ 35,722	\$ 106,475	\$ 740,707	\$ 306,377	\$ 2,744
Accounts Receivable			103,539	13,188	170
Loans Receivable					
Total Assets	\$ 35,722	\$ 106,475	\$ 844,246	\$ 319,565	\$ 2,914
Liabilities					
Accounts Payable	\$ -	\$ -	\$ 3,822	\$ -	\$ 13
Unearned Revenue					
Due to Other Funds					
Total Liabilities			3,822		13
Deferred Inflows of Resources:					
Unavailable Grant Revenue					
Total Deferred Inflows of Resources					
Total Liabilities and Deferred Inflows of Resources			3,822		13
Fund Balances (Deficits)					
Restricted	35,722	106,475	840,424	319,565	2,901
Unassigned					
Total Fund Balances (Deficits)	35,722	106,475	840,424	319,565	2,901
Total Liabilities and Fund Balances	\$ 35,722	\$ 106,475	\$ 844,246	\$ 319,565	\$ 2,914

CFD	Capital Projects Funds				Total Nonmajor Governmental Funds
	Covid Recovery	Transportation	Municipal Park	Parks Development Impact Fees	
\$ 29,860	\$ - 904,854	\$ -	\$ 527,128	\$ 678,707	\$ 5,113,907 1,108,459 145,000
<u>\$ 29,860</u>	<u>\$ 904,854</u>	<u>\$ -</u>	<u>\$ 527,128</u>	<u>\$ 678,707</u>	<u>\$ 6,367,366</u>
\$ 31	\$ -	\$ 5,970	\$ 220	\$ 220	\$ 20,023
		288,733			- 288,733
<u>31</u>		<u>294,703</u>	<u>220</u>	<u>220</u>	<u>308,756</u>
	904,854				904,854
	904,854				904,854
<u>31</u>	<u>904,854</u>	<u>294,703</u>	<u>220</u>	<u>220</u>	<u>1,213,610</u>
29,829		(294,703)	526,908	678,487	5,448,459 (294,703)
<u>29,829</u>		<u>(294,703)</u>	<u>526,908</u>	<u>678,487</u>	<u>5,153,756</u>
<u>\$ 29,860</u>	<u>\$ 904,854</u>	<u>\$ -</u>	<u>\$ 527,128</u>	<u>\$ 678,707</u>	<u>\$ 6,367,366</u>

CITY OF HUGHSON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021

	Special Revenue Funds				
	Asset Forfeiture	Gas Tax	Vehicle Abatement	CDBG Rehab	CDBG Grants
Revenues:					
Interest	\$ -	\$ 203	\$ -	\$ 576	\$ -
Charges for Services					
Intergovernmental		164,189	21,740		
Special Assessments					
Other				981	
Total Revenues		<u>164,392</u>	<u>21,740</u>	<u>1,557</u>	
Expenditures:					
Current:					
Parks and Recreation					
Public Safety					
Public Works		85,321			
Capital Outlay					
Total Expenditures		<u>85,321</u>			
Excess (Deficiency) of Revenues over (Under) Expenditures		<u>79,071</u>	<u>21,740</u>	<u>1,557</u>	
Other Financing Sources (Uses):					
Transfers In					
Transfers Out		(46,600)	(10,000)		
Total Other Financing Sources (Uses)		<u>(46,600)</u>	<u>(10,000)</u>		
Net Change in Fund Balances		32,471	11,740	1,557	
Fund Balances - July 1, 2020	1,660	259,451	29,294	583,044	93,999
Fund Balances - June 30, 2021	<u>\$ 1,660</u>	<u>\$ 291,922</u>	<u>\$ 41,034</u>	<u>\$ 584,601</u>	<u>\$ 93,999</u>

Special Revenue Funds

Community Enhancement	Local Transportation Fund	Storm Drain	SLESF	Lighting and Landscaping	Benefit Assessment	Trench Cut
\$ 264 54,386	\$ -	\$ 750 161,955	\$ 453	\$ -	\$ -	\$ - 117
			170,923	178,712	90,138	
<u>54,650</u>		<u>162,705</u>	<u>171,376</u>	<u>178,712</u>	<u>90,138</u>	<u>117</u>
2,139		2,139	9,910	128,287	34,701	
<u>2,139</u>		<u>2,139</u>	<u>9,910</u>	<u>128,287</u>	<u>34,701</u>	
<u>52,511</u>		<u>160,566</u>	<u>161,466</u>	<u>50,425</u>	<u>55,437</u>	<u>117</u>
				(20,746)	(14,846)	
				(20,746)	(14,846)	
52,511		160,566	161,466	29,679	40,591	117
<u>152,278</u>	<u>64,890</u>	<u>495,986</u>	<u>307,003</u>	<u>177,285</u>	<u>249,583</u>	<u>2,977</u>
<u>\$ 204,789</u>	<u>\$ 64,890</u>	<u>\$ 656,552</u>	<u>\$ 468,469</u>	<u>\$ 206,964</u>	<u>\$ 290,174</u>	<u>\$ 3,094</u>

Continued

CITY OF HUGHSON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2021
(CONTINUED)

	Special Revenue Funds				
	Public Safety Realignment	IT Reserve	Measure L Sales Tax	SB-1 Roads	Disability Access and Education
Revenues:					
Interest	\$ -	\$ 47	\$ 726	\$ -	\$ -
Charges for Services					1,443
Intergovernmental			445,842	145,031	
Special Assessments					
Other					
Total Revenues		47	446,568	145,031	1,443
Expenditures:					
Current:					
Parks and Recreation					
Public Safety					
Public Works					
Capital Outlay		1,919	6,766	16,342	
Total Expenditures		1,919	6,766	16,342	
Excess (Deficiency) of Revenues over (Under) Expenditures		(1,872)	439,802	128,689	1,443
Other Financing Sources (Uses):					
Transfers In		10,000			
Transfers Out					
Total Other Financing Sources (Uses)		10,000			
Net Change in Fund Balances		8,128	439,802	128,689	1,443
Fund Balances - July 1, 2020	35,722	98,347	400,622	190,876	1,458
Fund Balances - June 30, 2021	\$ 35,722	\$ 106,475	\$ 840,424	\$ 319,565	\$ 2,901

CFD	Capital Project Funds				Total Nonmajor Governmental Funds
	Covid Recovery	Transportation	Municipal Park	Parks Development Impact Fees	
\$ -	\$ -	\$ -	\$ 612	\$ 786	\$ 4,417
			114,119	149,975	481,995
16,117					947,725
					284,967
					981
<u>16,117</u>			<u>114,731</u>	<u>150,761</u>	<u>1,720,085</u>
			2,139	2,138	4,277
1,078					9,910
		34,343			253,665
					59,370
<u>1,078</u>		<u>34,343</u>	<u>2,139</u>	<u>2,138</u>	<u>327,222</u>
<u>15,039</u>		<u>(34,343)</u>	<u>112,592</u>	<u>148,623</u>	<u>1,392,863</u>
					10,000
<u>(1,500)</u>					<u>(93,692)</u>
<u>(1,500)</u>					<u>(83,692)</u>
13,539		(34,343)	112,592	148,623	1,309,171
<u>16,290</u>		<u>(260,360)</u>	<u>414,316</u>	<u>529,864</u>	<u>3,844,585</u>
<u>\$ 29,829</u>	<u>\$ -</u>	<u>\$ (294,703)</u>	<u>\$ 526,908</u>	<u>\$ 678,487</u>	<u>\$ 5,153,756</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, 2021

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 100	\$ 203	\$ 103
Intergovernmental	<u>193,211</u>	<u>164,189</u>	<u>(29,022)</u>
Total Revenues	<u>193,311</u>	<u>164,392</u>	<u>(28,919)</u>
Expenditures:			
Current:			
Public Works	<u>121,000</u>	<u>85,321</u>	<u>35,679</u>
Total Expenditures	<u>121,000</u>	<u>85,321</u>	<u>35,679</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>72,311</u>	<u>79,071</u>	<u>6,760</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(46,600)</u>	<u>(46,600)</u>	<u> </u>
Total Other Financing Sources (Uses)	<u>(46,600)</u>	<u>(46,600)</u>	<u> </u>
Net Change in Fund Balance	25,711	32,471	6,760
Fund Balance - July 1, 2020	<u>259,451</u>	<u>259,451</u>	<u> </u>
Fund Balance - June 30, 2021	<u>\$ 285,162</u>	<u>\$ 291,922</u>	<u>\$ 6,760</u>

CITY OF HUGHSON
VEHICLE ABATEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Charges For Services	\$ 15,000	\$ 21,740	\$ 6,740
Total Revenues	<u>15,000</u>	<u>21,740</u>	<u>6,740</u>
Other Financing Sources (Uses):			
Transfers Out	(14,400)	(10,000)	4,400
Total Other Financing Sources (Uses)	<u>(14,400)</u>	<u>(10,000)</u>	<u>4,400</u>
Net Change in Fund Balance	600	11,740	11,140
Fund Balance - July 1, 2020	<u>29,294</u>	<u>29,294</u>	<u> </u>
Fund Balance - June 30, 2021	<u>\$ 29,894</u>	<u>\$ 41,034</u>	<u>\$ 11,140</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, 2021

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 300	\$ 576	\$ 276
Other Revenue		981	981
Total Revenues	<u>300</u>	<u>1,557</u>	<u>1,257</u>
Net Change in Fund Balance	300	1,557	1,257
Fund Balance - July 1, 2020	<u>583,044</u>	<u>583,044</u>	
Fund Balance - June 30, 2021	<u>\$ 583,344</u>	<u>\$ 584,601</u>	<u>\$ 1,257</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, 2021

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ -	\$ 264	\$ 264
Charges For Services	<u>22,176</u>	<u>54,386</u>	<u>32,210</u>
Total Revenues	<u>22,176</u>	<u>54,650</u>	<u>32,474</u>
Expenditures:			
Public Works	<u> </u>	<u>2,139</u>	<u>(2,139)</u>
Total Expenditures	<u> </u>	<u>2,139</u>	<u>(2,139)</u>
Net Change in Fund Balance	22,176	52,511	30,335
Fund Balance - July 1, 2020	<u>152,278</u>	<u>152,278</u>	<u> </u>
Fund Balance - June 30, 2021	<u>\$ 174,454</u>	<u>\$ 204,789</u>	<u>\$ 30,335</u>

CITY OF HUGHSON
 LOCAL TRANSPORTATION SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures:			
Current:			
Public Works	\$ 20,000	\$ -	\$ 20,000
Total Expenditures	<u>20,000</u>	<u> </u>	<u>20,000</u>
Net Change in Fund Balance	(20,000)		20,000
Fund Balance - July 1, 2020	<u>64,890</u>	<u>64,890</u>	<u> </u>
Fund Balance - June 30, 2021	<u>\$ 44,890</u>	<u>\$ 64,890</u>	<u>\$ 20,000</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, 2021

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 200	\$ 750	\$ 550
Charges for Services	<u>67,276</u>	<u>161,955</u>	<u>94,679</u>
Total Revenues	<u>67,476</u>	<u>162,705</u>	<u>95,229</u>
Expenditures:			
Current:			
Public Works	<u> </u>	<u>2,139</u>	<u>(2,139)</u>
Total Expenditures	<u> </u>	<u>2,139</u>	<u>(2,139)</u>
Net Change in Fund Balance	67,476	160,566	93,090
Fund Balance - July 1, 2020	<u>495,986</u>	<u>495,986</u>	<u> </u>
Fund Balance - June 30, 2021	<u>\$ 563,462</u>	<u>\$ 656,552</u>	<u>\$ 93,090</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, 2021

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 200	\$ 453	\$ 253
Intergovernmental	<u>150,000</u>	<u>170,923</u>	<u>20,923</u>
Total Revenues	<u>150,200</u>	<u>171,376</u>	<u>21,176</u>
Expenditures:			
Current:			
Public Safety	<u>185,960</u>	<u>9,910</u>	<u>176,050</u>
Total Expenditures	<u>185,960</u>	<u>9,910</u>	<u>176,050</u>
Net Change in Fund Balance	(35,760)	161,466	197,226
Fund Balance - July 1, 2020	<u>307,003</u>	<u>307,003</u>	<u> </u>
Fund Balance - June 30, 2021	<u>\$ 271,243</u>	<u>\$ 468,469</u>	<u>\$ 197,226</u>

CITY OF HUGHSON
 LIGHTING AND LANDSCAPING SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 177,657	\$ 178,712	\$ 1,055
Total Revenue	<u>177,657</u>	<u>178,712</u>	<u>1,055</u>
Expenditures:			
Current:			
Public works	<u>184,047</u>	<u>128,287</u>	<u>55,760</u>
Total Expenditures	<u>184,047</u>	<u>128,287</u>	<u>55,760</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,390)</u>	<u>50,425</u>	<u>56,815</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(21,121)</u>	<u>(20,746)</u>	<u>375</u>
Total Other financing Sources (Uses)	<u>(21,121)</u>	<u>(20,746)</u>	<u>375</u>
Net Change in Fund Balance	(27,511)	29,679	57,190
Fund Balance - July 1, 2020	<u>177,285</u>	<u>177,285</u>	<u> </u>
Fund Balance - June 30, 2021	<u>\$ 149,774</u>	<u>\$ 206,964</u>	<u>\$ 57,190</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, 2021

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 101,309	\$ 90,138	\$ (11,171)
Total Revenue	<u>101,309</u>	<u>90,138</u>	<u>(11,171)</u>
Expenditures:			
Current:			
Public Works	128,798	34,701	94,097
Total Expenditures	<u>128,798</u>	<u>34,701</u>	<u>94,097</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(27,489)</u>	<u>55,437</u>	<u>82,926</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(16,346)</u>	<u>(14,846)</u>	<u>1,500</u>
Total Other financing Sources (Uses)	<u>(16,346)</u>	<u>(14,846)</u>	<u>1,500</u>
Net Change in Fund Balance	(43,835)	40,591	84,426
Fund Balance - July 1, 2020	<u>249,583</u>	<u>249,583</u>	<u></u>
Fund Balance - June 30, 2021	<u>\$ 205,748</u>	<u>\$ 290,174</u>	<u>\$ 84,426</u>

CITY OF HUGHSON
TRENCH CUT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 115	\$ 117	\$ 2
Total Revenue	<u>115</u>	<u>117</u>	<u>2</u>
Net Change in Fund Balance	115	117	2
Fund Balance - July 1, 2020	<u>2,977</u>	<u>2,977</u>	<u></u>
Fund Balance - June 30, 2021	<u>\$ 3,092</u>	<u>\$ 3,094</u>	<u>\$ 2</u>

CITY OF HUGHSON
IT RESERVE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ -	\$ 47	\$ 47
Total Revenue	<u> </u>	<u> 47</u>	<u> 47</u>
Expenditures:			
Capital Outlay	<u> 10,000</u>	<u> 1,919</u>	<u> 8,081</u>
Total Expenditures	<u> 10,000</u>	<u> 1,919</u>	<u> 8,081</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u> (10,000)</u>	<u> (1,872)</u>	<u> 8,128</u>
Other Financing Sources (Uses)			
Transfers In	<u> 15,000</u>	<u> 10,000</u>	<u> (5,000)</u>
Total Other financing Sources (Uses)	<u> 15,000</u>	<u> 10,000</u>	<u> (5,000)</u>
Net Change in Fund Balance	5,000	8,128	3,128
Fund Balance - July 1, 2020	<u> 98,347</u>	<u> 98,347</u>	<u> </u>
Fund Balance - June 30, 2021	<u> \$ 103,347</u>	<u> \$ 106,475</u>	<u> \$ 3,128</u>

CITY OF HUGHSON
 MEASURE L SALES TAX SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ -	\$ 726	\$ 726
Intergovernmental	305,798	445,842	140,044
Total Revenues	<u>305,798</u>	<u>446,568</u>	<u>140,770</u>
Expenditures:			
Capital Outlay	7,560	6,766	794
Total Expenditures	<u>7,560</u>	<u>6,766</u>	<u>794</u>
Net Change in Fund Balance	298,238	439,802	141,564
Fund Balance - July 1, 2020	<u>400,622</u>	<u>400,622</u>	<u> </u>
Fund Balance - June 30, 2021	<u>\$ 698,860</u>	<u>\$ 840,424</u>	<u>\$ 141,564</u>

CITY OF HUGHSON
 SB-1 ROADS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 127,173	\$ 145,031	\$ 17,858
Total Revenues	<u>127,173</u>	<u>145,031</u>	<u>17,858</u>
Expenditures:			
Capital Outlay	<u>116,916</u>	<u>16,342</u>	<u>100,574</u>
Total Expenditures	<u>116,916</u>	<u>16,342</u>	<u>100,574</u>
Net Change in Fund Balance	10,257	128,689	118,432
Fund Balance - July 1, 2020	<u>190,876</u>	<u>190,876</u>	<u> </u>
Fund Balance - June 30, 2021	<u>\$ 201,133</u>	<u>\$ 319,565</u>	<u>\$ 118,432</u>

CITY OF HUGHSON
DISABILITY ACCESS AND EDUCATION
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 1,050	\$ 1,443	\$ 393
Total Revenue	<u>1,050</u>	<u>1,443</u>	<u>393</u>
Net Change in Fund Balance	1,050	1,443	393
Fund Balance - July 1, 2020	<u>1,458</u>	<u>1,458</u>	<u> </u>
Fund Balance - June 30, 2021	<u>\$ 2,508</u>	<u>\$ 2,901</u>	<u>\$ 393</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, 2021

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 1,000,042	\$ -	\$ (1,000,042)
Total Revenues	<u>1,000,042</u>	<u> </u>	<u>(1,000,042)</u>
Expenditures:			
Capital Outlay	<u>1,000,042</u>	<u>34,343</u>	<u>965,699</u>
Total Expenditures	<u>1,000,042</u>	<u>34,343</u>	<u>965,699</u>
Net Change in Fund Balance		(34,343)	(34,343)
Fund Balance (Deficit) - July 1, 2020	<u>(260,360)</u>	<u>(260,360)</u>	<u> </u>
Fund Balance (Deficit) - June 30, 2021	<u>\$ (260,360)</u>	<u>\$ (294,703)</u>	<u>\$ (34,343)</u>

CITY OF HUGHSON
MUNICIPAL PARK CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2021

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 500	\$ 612	\$ 112
Charges for Services	<u>43,802</u>	<u>114,119</u>	<u>70,317</u>
Total Revenues	<u>44,302</u>	<u>114,731</u>	<u>70,429</u>
Expenditures:			
Current:			
Parks and Recreation	<u> </u>	<u>2,139</u>	<u>(2,139)</u>
Total Expenditures	<u> </u>	<u>2,139</u>	<u>(2,139)</u>
Net Change in Fund Balance	44,302	112,592	68,290
Fund Balance - July 1, 2020	<u>414,316</u>	<u>414,316</u>	<u> </u>
Fund Balance - June 30, 2021	<u>\$ 458,618</u>	<u>\$ 526,908</u>	<u>\$ 68,290</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, 2021

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Interest	\$ 500	\$ 786	\$ 286
Charges for Services	<u>58,674</u>	<u>149,975</u>	<u>91,301</u>
Total Revenues	<u>59,174</u>	<u>150,761</u>	<u>91,587</u>
Expenditures:			
Current:			
Parks and Recreation	<u> </u>	<u>2,138</u>	<u>(2,138)</u>
Total Expenditures	<u> </u>	<u>2,138</u>	<u>(2,138)</u>
Net Change in Fund Balance	59,174	148,623	89,449
Fund Balance - July 1, 2020	<u>529,864</u>	<u>529,864</u>	<u> </u>
Fund Balance - June 30, 2021	<u>\$ 589,038</u>	<u>\$ 678,487</u>	<u>\$ 89,449</u>

NONMAJOR PROPRIETARY FUNDS

PROPRIETARY FUNDS

Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - for these funds, it is the intent of the City Council that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Community Center Operations - This fund is used to account for revenues and expenses associated with the maintenance and operations of the City's Community Centers.

USF Community Center - This fund is used to account for funds designated for maintenance and operations of the City's Community Centers.

CITY OF HUGHSON
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2021

	Enterprise Funds		Total Nonmajor Enterprise Funds
	Community Center Operations Fund	USF Community Center Fund	
Assets			
Current Assets:			
Cash and Investments	\$ 12,215	\$ -	\$ 12,215
Accounts Receivable		1,199	1,199
Total Current Assets	12,215	1,199	13,414
Noncurrent Assets:			
Capital Assets:			
Land	105,073		105,073
Buildings	725,283		725,283
Less:			
Accumulated Depreciation	(543,962)		(543,962)
Total Noncurrent Assets	286,394		286,394
Total Assets	298,609	1,199	299,808
Liabilities			
Current Liabilities:			
Accounts Payable	1,090	259	1,349
Due to Other Funds		1,214	1,214
Deposits Payable	5,347		5,347
Total Current Liabilities	6,437	1,473	7,910
Total Liabilities	6,437	1,473	7,910
Net Position			
Net Investment in Capital Assets	286,394		286,394
Unrestricted	5,778	(274)	5,504
Total Net Position	\$ 292,172	\$ (274)	\$ 291,898

CITY OF HUGHSON
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Enterprise Funds		Total Nonmajor Enterprise Funds
	Community Center Operations Fund	USF Community Center Fund	
Operating Revenues			
Charges for Services	\$ 4,210	\$ 14,467	\$ 18,677
Total Operating Revenues	<u>4,210</u>	<u>14,467</u>	<u>18,677</u>
Operating Expenses			
Administrative	4,526	4,581	9,107
Maintenance	4,731	300	5,031
Depreciation	24,176		24,176
Total Operating Expenses	<u>33,433</u>	<u>4,881</u>	<u>38,314</u>
Operating Income (Loss)	<u>(29,223)</u>	<u>9,586</u>	<u>(19,637)</u>
Income (Loss) Before Transfers	(29,223)	9,586	(19,637)
Transfers			
Transfers In	7,500		7,500
Transfers Out		(7,620)	(7,620)
Changes in Net Position	(21,723)	1,966	(19,757)
Net Position - Beginning of Fiscal Year	<u>313,895</u>	<u>(2,240)</u>	<u>311,655</u>
Net Position - End of Fiscal Year	<u>\$ 292,172</u>	<u>\$ (274)</u>	<u>\$ 291,898</u>

**CITY OF HUGHSON
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Enterprise Funds		Total Nonmajor Enterprise Funds
	Community Center Operations Fund	USF Community Center Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Users	\$ 5,710	\$ 13,268	\$ 18,978
Cash Payments to Suppliers and Contractors	(9,651)	(5,087)	(14,738)
Net Cash Provided (Used) By Operating Activities	<u>(3,941)</u>	<u>8,181</u>	<u>4,240</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	7,500	(7,620)	(120)
Interfund Borrowing		(561)	(561)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>7,500</u>	<u>(8,181)</u>	<u>(681)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,559		3,559
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	<u>8,656</u>		<u>8,656</u>
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	<u>\$ 12,215</u>	<u>\$ -</u>	<u>\$ 12,215</u>
Reconciliation to Statement of Net Position:			
Cash and Cash Equivalents	<u>\$ 12,215</u>	<u>\$ -</u>	<u>\$ 12,215</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income (Loss)	<u>\$ (29,223)</u>	<u>\$ 9,586</u>	<u>\$ (19,637)</u>
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 Receivable	500	(1,199)	(699)
Increase (Decrease) in Accounts Payable	(394)	(206)	(600)
Increase (Decrease) in Deposits Payable	1,000		1,000
Total Adjustments	<u>25,282</u>	<u>(1,405)</u>	<u>23,877</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ (3,941)</u>	<u>\$ 8,181</u>	<u>\$ 4,240</u>