

CITY OF HUGHSON

Annual Financial Report

Fiscal Year Ended June 30, 2020

CITY OF HUGHSON
ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2020

TABLE OF CONTENTS

I. FINANCIAL SECTION

A. Independent Auditor's Report	1
B. Management's Discussion and Analysis	3
C. Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Proprietary Funds:	
Statement of Net Position	26
Statement of Revenues, Expenses, and Changes in Net Position	27
Statement of Cash Flows	28
Fiduciary Funds:	
Statement of Fiduciary Net Position	31
Statement of Changes in Fiduciary Net Position	32
Notes to Basic Financial Statements	33
D. Required Supplementary Information:	
General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	57
Refuse Special Revenue Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	58
Schedule of the City's Proportionate Share of the Net Pension Liability	59
Schedule of Pension Contributions	60
E. Other Supplemental Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Other Major Governmental Funds:	
Public Facilities Capital Projects Fund	61

CITY OF HUGHSON
ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2020

TABLE OF CONTENTS

I. FINANCIAL SECTION (Continued)

E. Other Supplemental Information (Continued)

Nonmajor Governmental Funds

Description of Nonmajor Governmental Funds	63
Combining Balance Sheet	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	70
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Gas Tax Special Revenue Fund	74
Vehicle Abatement Special Revenue Fund.....	75
CDBG Rehab Special Revenue Fund	76
Community Enhancement Special Revenue Fund.....	77
Local Transportation Special Revenue Fund	78
Storm Drain Special Revenue Fund.....	79
SLESF Special Revenue Fund	80
Lighting and Landscaping Special Revenue Fund.....	81
Benefit Assessment Special Revenue Fund	82
Trench Cut Special Revenue Fund	83
IT Reserve Special Revenue Fund.....	84
Measure L Sales Tax Special Revenue Fund.....	85
SB-1 Roads Special Revenue Fund	86
Disability Access and Education Special Revenue Fund.....	87
CFD Special Revenue Fund	88
Transportation Capital Projects Fund	89
Municipal Park Capital Projects Fund	90
Parks Development Impact Fees Capital Projects Fund	91

Nonmajor Proprietary Funds

Description of Nonmajor Proprietary Funds	93
Combining Statement of Net Position	94
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	95
Combining Statement of Cash Flows	96

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, 2020, 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, 2020, 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.

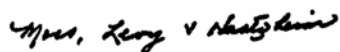
Other Information

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 related 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 February 7, 2021, 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, LLP
Culver City, California
February 7, 2021

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

This discussion and analysis provides an overview of the City of Hughson's financial performance for the fiscal year ended June 30, 2020. 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, 2020 include the following:

Government-wide:

- The City's total net position was \$83,119,530 as of June 30, 2020. Of this total, \$35,848,815 was governmental net position and \$47,270,715 was business-type net position.
- Governmental revenues include program revenues of \$2,914,935 and general revenues and transfers of \$2,459,628, for a total of \$5,374,563.
- Governmental expenses were \$4,390,449.
- Business-type program revenues, transfers and interest were \$6,096,659 while business-type expenses were \$3,792,904.

Fund Level:

- Governmental fund balances *increased* \$1,164,510 in fiscal year 2020.
- Governmental fund revenues *increased* \$302,626 in fiscal year 2020. 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 \$489,774 mainly due to decreased spending on capital projects.

General Fund:

- General Fund revenues of \$3,125,105 has increased during the current fiscal year due to intergovernmental revenues largely related to project reimbursements from project expenditures in the prior fiscal year.
- General Fund expenditures of \$2,818,765 is consistent with the previous fiscal year.
- General Fund fund balance of \$4,063,523 as of June 30, 2020, *increased* by \$394,401 from 2019 fiscal year's fund balance of \$3,669,122.

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, 2020

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, 2020

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 2020	Governmental Activities 2019
<u>Assets</u>		
Cash and investments	\$ 9,356,393	\$ 8,642,801
Other assets	1,885,156	2,093,297
Capital assets, net	26,589,179	26,655,356
Total Assets	37,830,728	37,391,454
<u>Deferred Outflows of Resources</u>		
Pension related	402,437	434,998
Total Def. Outflows	402,437	434,998
<u>Liabilities</u>		
Long term liabilities	1,801,460	1,701,196
Other liabilities	449,212	651,026
Total Liabilities	2,250,672	2,352,222
<u>Deferred Outflows of Resources</u>		
Pension related	133,678	132,284
Total Def. Outflows	133,678	132,284
<u>Net Position</u>		
Net investment in capital assets	26,589,179	26,655,356
Restricted	6,720,693	6,401,746
Unrestricted	2,538,943	2,284,844
Total Net Position	\$ 35,848,815	\$ 35,341,946

The City's governmental net position amounted to \$35,848,815 as of June 30, 2020, an *increase* of \$984,114 over 2019, not including prior period adjustments. This increase in the change in net position is reflected in the Governmental Activities column of the Statement of Activities shown in Table 2. The City's net position as of June 30, 2020 comprised the following:

Cash and investments comprised **\$9,356,393**. 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 **\$713,032** of current receivables and loans receivable of **\$1,170,349** that is due over longer periods of time as explained the Notes.

Capital assets of **\$26,589,179** net of depreciation charges, which included all the City's capital assets used in governmental activities.

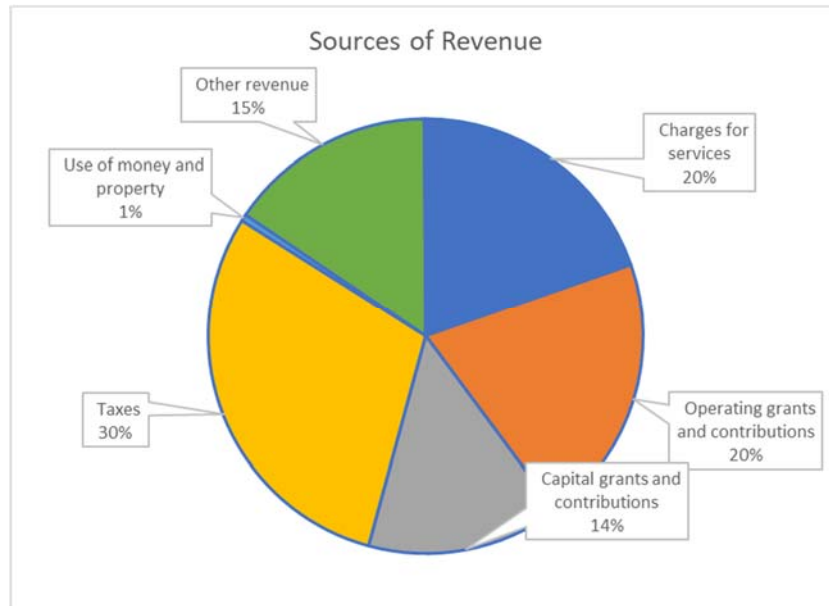
Current liabilities, including accounts payable, claims, and other amounts due currently, totaled **\$449,212**.

Long-term liabilities of **\$1,801,460** does not include **\$10,000**, which is the current portion. The debt is related to the City's Net Pension Liability and compensated absences.

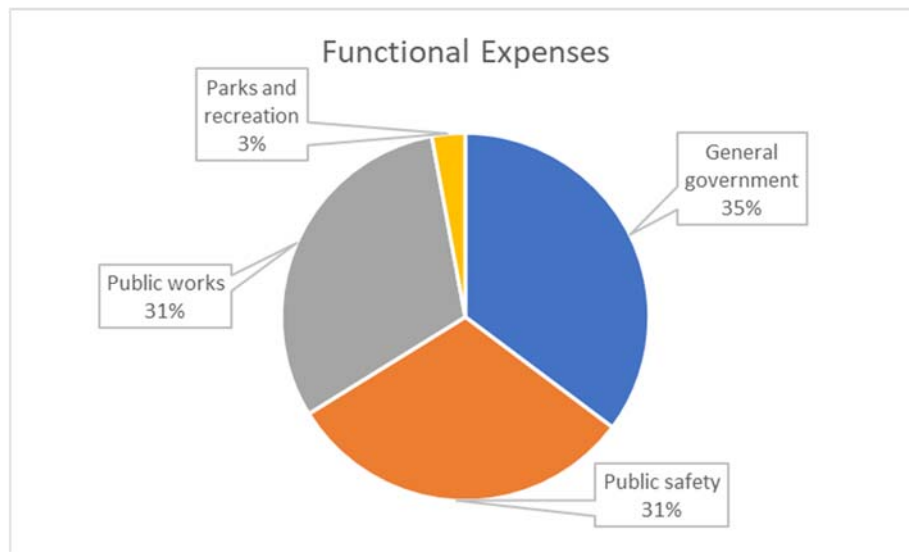
CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Net investment in capital assets of **\$26,589,179**, representing 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 **\$2,538,943** as of June 30, 2020.



As the Sources of Revenue chart above shows, \$1,598,099 or 30% of the City's fiscal year 2020 governmental activities revenue came from taxes, while \$1,055,398 or 20% came from charges for services, \$773,554 or 14%, came from capital grants and contributions, \$1,085,983 or 20% 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 \$1,547,178, or 35%, of total governmental expenses, public safety was \$1,358,476, or 31%, public works was \$1,356,358, or 31%, parks and recreation was \$128,437, or 3%.

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, 2020

Table 2
Change in Governmental Net Position

	Governmental Activities 2020	Governmental Activities 2019
<u>Expenses</u>		
General government	\$ 1,547,178	\$ 1,287,555
Public safety	1,358,476	1,410,895
Public works	1,356,358	1,244,190
Parks and recreation	128,437	117,562
Total Expenses	4,390,449	4,060,202
<u>Revenues</u>		
<u>Program revenues</u>		
Charges for services	1,055,398	594,837
Operating grants and contributions	1,085,983	1,044,526
Capital grants and contributions	773,554	842,118
Total program revenues	2,914,935	2,481,481
<u>General revenues and transfers</u>		
Taxes	1,598,099	1,516,303
Use of money and property	27,143	28,996
Other revenue	829,266	820,608
Transfers	5,120	9,351
Total general revenues and transfers	2,459,628	2,375,258
Total Revenues and Transfers	5,374,563	4,856,739
Change in Net Position	\$ 984,114	\$ 796,537

As Table 2 above shows, \$2,914,935 or 54%, of the City's fiscal year 2020 governmental revenue, came from program revenues and \$2,459,628, or 46%, came from general revenues such as taxes and interest and transfers. Program revenues were composed of charges for services of \$1,055,398, which included permit revenues, fees and charges used to fund expenses incurred in providing services; \$1,085,983 of operating grants and contributions, which included gas tax revenues and housing and police grants; and capital grants and contributions of \$773,554, 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, 2020

Table 3
Governmental Activities

	Net Revenue (Expense) from Services 2020	Net Revenue (Expense) from Services 2019
General government	\$ (1,398,528)	\$ (596,111)
Public safety	(1,136,465)	(1,262,148)
Community development	248,897	35,713
Public works	817,911	352,071
Parks and recreation	(7,329)	(108,246)
Total	\$ (1,475,514)	\$ (1,578,721)

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 at June 30, 2019

	Business-type Activities 2020	Business-type Activities 2019
<u>Assets</u>		
Cash and investments	\$ 11,012,390	\$ 11,664,496
Other assets	118,991	134,339
Capital assets, net	53,203,362	52,039,125
Total Assets	64,334,743	63,837,960
<u>Deferred Outflows of Resources</u>		
Pension related	342,670	370,394
Total Def. Outflows	342,670	370,394
<u>Liabilities</u>		
Long term liabilities	15,317,660	18,535,043
Other liabilities	1,975,212	593,712
Total Liabilities	17,292,872	19,128,755
<u>Deferred Outflows of Resources</u>		
Pension related	113,826	112,639
Total Def. Outflows	113,826	112,639
<u>Net Position</u>		
Net investment in capital assets	37,829,686	35,036,829
Unrestricted	9,441,029	9,930,131
Total Net Position	\$ 47,270,715	\$ 44,966,960

The net position of business-type activities increased by **\$2,303,755** in fiscal year 2020.

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Table 5
Change in Business-type Net Position

	Business-type Activities 2020	Business-type Activities 2019
<u>Expenses</u>		
Water	\$ 1,144,906	\$ 1,161,713
Sewer	2,598,216	2,436,197
Community Facilities	49,782	61,587
Total Expenses	3,792,904	3,659,497
<u>Revenues</u>		
<u>Program revenues</u>		
Charges for services	5,383,808	5,187,356
Capital grants and contributions	610,796	
Total program revenues	5,994,604	5,187,356
<u>General revenues and transfers</u>		
Use of money and property	107,175	105,895
Transfers	(5,120)	(9,351)
Total general revenues and transfers	102,055	96,544
Total Revenues and Transfers	6,096,659	5,283,900
Change in Net Position	\$ 2,303,755	\$ 1,624,403

Table 6
Business-type Activities

	Net Revenue (Expense) from Services 2020	Net Revenue (Expense) from Services 2019
Water	\$ 1,646,757	\$ 788,007
Sewer	577,143	763,299
Other	(22,200)	(23,447)
Total	\$ 2,201,700	\$ 1,527,859

ANALYSIS OF MAJOR FUNDS

Governmental Funds

General Fund

General Fund revenues increased **\$302,626** this fiscal year. This increase is due to intergovernmental revenue related to capital projects in the prior fiscal year. Actual revenues were greater than budgeted by **\$188,557**. Tax revenues increased **\$81,796** during the fiscal year while licenses and permits increased by **\$80,391**.

General Fund expenditures were **\$2,818,765**, an increase of **\$121,167** from the prior fiscal year. Capital outlay made up the majority of the increase.

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

As of June 30, 2020 the General Fund's fund balance totaled **\$4,063,523**. The unassigned portion of **\$4,063,523** of the fund balances 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 **\$231,147** in fiscal year 2020 and expenses remained largely the same resulting in operating income of **\$1,072,390**. 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 **\$1,651,184** to **\$11,828,573**. Of this amount, **\$11,067,555** was net investment in capital assets.

Sewer Fund

Operating revenues remained largely the same in the fiscal year 2020 and operating expenses increased by **\$173,499**. The fund's net position increased by **\$674,891** in fiscal year 2020.

As of June 30, 2020, the fund's net position was **\$35,130,487**, of which **\$26,451,561** was net investment in capital assets and **\$8,678,926** 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 2020, 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 2020, 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, 2020

Table 7

	Balance at July 1, 2019	Additions	Deletions	Transfers	Balance at June 30, 2020
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	469,384	28,300			497,684
Total capital assets, not being depreciated	12,744,613	28,300			12,772,913
Capital assets, being depreciated:					
Buildings	919,905				919,905
Improvements	6,559,069	398,444			6,957,513
Equipment	544,592	78,071			622,663
Machinery	241,902				241,902
Rolling stock	565,675				565,675
Infrastructure	13,397,859				13,397,859
Total capital assets being depreciated	22,229,002	476,515			22,705,517
Less accumulated depreciation for:					
Buildings	(629,193)	(15,172)			(644,365)
Improvements	(1,502,044)	(222,798)			(1,724,842)
Equipment	(450,184)	(26,722)			(476,906)
Machinery	(241,902)				(241,902)
Rolling stock	(485,022)	(26,885)			(511,907)
Infrastructure	(5,009,914)	(279,415)			(5,289,329)
Total accumulated depreciation	(8,318,259)	(570,992)			(8,889,251)
Total capital assets, being depreciated, net	13,910,743	(94,477)			13,816,266
Governmental activities capital assets, net	\$ 26,655,356	\$ (66,177)	\$ -	\$ -	\$ 26,589,179
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 18,108,769	\$ -	\$ -	\$ -	\$ 18,108,769
Construction in progress	801,939	2,439,693			3,241,632
Total capital assets, not being depreciated	18,910,708	2,439,693			21,350,401
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	(6,696,738)	(926,694)			(7,623,432)
Improvements	(3,448,953)	(46,082)			(3,495,035)
Equipment	(88,470)	(11,713)			(100,183)
Machinery	(235,695)	(1,693)			(237,388)
Infrastructure	(8,161,514)	(265,307)			(8,426,821)
Rolling stock	(173,107)	(23,967)			(197,074)
Total accumulated depreciation	(18,804,477)	(1,275,456)			(20,079,933)
Total capital assets, being depreciated, net	33,128,417	(1,275,456)			31,852,961
Business-type activities capital assets, net	\$ 52,039,125	\$ 1,164,237	\$ -	\$ -	\$ 53,203,362

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, 2020

DEBT ADMINISTRATION

The City issued no new bonded debt in fiscal year 2020. 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

	<u>2020</u>	<u>2019</u>
Governmental activities		
Net pension liability	\$ 1,777,373	\$ 1,661,448
Compensated absences	<u>34,087</u>	<u>69,748</u>
Total governmental activities	<u><u>1,811,460</u></u>	<u><u>1,731,196</u></u>
Business-type activities		
Water		
Compensated absences	\$ 44,070	\$ 44,070
Net pension liability	632,520	591,265
Installment Note Payable	<u>934,960</u>	<u>1,073,130</u>
Total for water fund	<u><u>1,611,550</u></u>	<u><u>1,708,465</u></u>
Sewer		
Compensated absences	43,986	43,986
Net pension liability	880,880	823,426
CSWRCB Revolving Loan	11,147,045	12,282,360
Installment Note Payable	<u>3,321,671</u>	<u>3,677,370</u>
Total for sewer fund	<u><u>15,393,582</u></u>	<u><u>16,827,142</u></u>
Total business-type activities	<u><u>\$ 17,005,132</u></u>	<u><u>\$ 18,535,607</u></u>

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 liabilities. Residential building continues at a slow but stable 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 continue attracting jobs and retail establishments. 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 year, the City estimates the sales tax revenue will see slight declines while property taxes will continue to see a gradual increase with expected increases in operating and personnel costs. 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, 2020

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and Investments	\$ 9,356,393	\$ 11,012,390	\$ 20,368,783
Accounts Receivable	507,854	120,766	628,620
Notes Receivable	1,170,349		1,170,349
Interest Receivable	205,178		205,178
Internal Balances	1,775	(1,775)	
Capital Assets, Not Being Depreciated	12,772,913	21,350,400	34,123,313
Capital Assets, Net of Accumulated Depreciation	13,816,266	31,852,962	45,669,228
Total Assets	<u>37,830,728</u>	<u>64,334,743</u>	<u>102,165,471</u>
Deferred Outflows of Resources:			
Pension related	402,437	342,670	745,107
Total Deferred Outflows of Resources	<u>402,437</u>	<u>342,670</u>	<u>745,107</u>
Liabilities:			
Accounts Payable	386,458	214,331	600,789
Interest Payable		69,062	69,062
Deposits Payable	52,754	4,347	57,101
Noncurrent Liabilities:			
Due Within One Year	10,000	1,687,472	1,697,472
Due in More Than One Year	1,801,460	15,317,660	17,119,120
Total Liabilities	<u>2,250,672</u>	<u>17,292,872</u>	<u>19,543,544</u>
Deferred Inflow of Resources:			
Pension related	133,678	113,826	247,504
Total Deferred Inflow of Resources	<u>133,678</u>	<u>113,826</u>	<u>247,504</u>
Net Position:			
Net Investment in Capital Assets	26,589,179	37,829,686	64,418,865
Restricted for:			
Home Loans	1,100,392		1,100,392
Community Development	903,331		903,331
Streets and Roads	1,414,802		1,414,802
Public Safety	373,679		373,679
Public Facilities	1,442,804		1,442,804
Parks and Recreation	944,180		944,180
IT Projects	98,347		98,347
Assessment Districts	443,158		443,158
Unrestricted	2,538,943	9,441,029	11,979,972
Total Net Position	<u>\$ 35,848,815</u>	<u>\$ 47,270,715</u>	<u>\$ 83,119,530</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, 2020

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 1,547,178	\$ 52,650	\$ 96,000	\$ -
Public Safety	1,358,476		222,011	
Community Development		248,897		
Public Works	1,356,358	632,743	767,972	773,554
Parks and Recreation	128,437	121,108		
Total Governmental Activities	4,390,449	1,055,398	1,085,983	773,554
Business-type Activities:				
Water	1,144,906	2,180,867		610,796
Sewer	2,598,216	3,175,359		
Community Facilities	49,782	27,582		
Total Business-type Activities	3,792,904	5,383,808		610,796
Total Primary Government	\$ 8,183,353	\$ 6,439,206	\$ 1,085,983	\$ 1,384,350

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

Prior Period Adjustments

Net Position - Beginning of Fiscal Year (restated)

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		
Governmental Activities	Business- type Activities	Total
\$ (1,398,528)	\$ -	\$ (1,398,528)
(1,136,465)		(1,136,465)
248,897		248,897
817,911		817,911
(7,329)		(7,329)
<u>(1,475,514)</u>		<u>(1,475,514)</u>
	1,646,757	1,646,757
	577,143	577,143
	(22,200)	(22,200)
	<u>2,201,700</u>	<u>2,201,700</u>
<u>(1,475,514)</u>	<u>2,201,700</u>	<u>726,186</u>
432,758		432,758
1,029,761		1,029,761
27,173		27,173
108,407		108,407
115,338		115,338
31,049		31,049
238,870		238,870
27,143	107,175	134,318
444,009		444,009
5,120	(5,120)	
<u>2,459,628</u>	<u>102,055</u>	<u>2,561,683</u>
<u>984,114</u>	<u>2,303,755</u>	<u>3,287,869</u>
35,341,946	44,966,960	80,308,906
<u>(477,245)</u>		<u>(477,245)</u>
<u>34,864,701</u>	<u>44,966,960</u>	<u>79,831,661</u>
<u>\$ 35,848,815</u>	<u>\$ 47,270,715</u>	<u>\$ 83,119,530</u>

CITY OF HUGHSON
Balance Sheet
Governmental Funds
June 30, 2020

		<u>Special Revenue</u>	
	<u>General</u>	<u>Home Loan</u>	<u>Refuse</u>
Assets:			
Cash and Investments	\$ 3,737,866	\$ 75,043	\$ 138,919
Accounts Receivable	399,622		18,887
Loans Receivable		1,025,349	
Due from Other Funds	252,869		
Total Assets	<u>\$ 4,390,357</u>	<u>\$ 1,100,392</u>	<u>\$ 157,806</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$ 274,080	\$ -	\$ 85,254
Deposit Payable	52,754		
Due to Other Funds			
Total Liabilities	<u>326,834</u>		<u>85,254</u>
Fund Balances:			
Restricted for:			
Home loans		1,100,392	
Parks and recreation			
Public Facilities			
Public safety			
Streets and roads			
Community development			72,552
IT Projects			
District Assessments			
Unassigned	4,063,523		
Total Fund Balances	<u>4,063,523</u>	<u>1,100,392</u>	<u>72,552</u>
Total Liabilities and Fund Balances	<u>\$ 4,390,357</u>	<u>\$ 1,100,392</u>	<u>\$ 157,806</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>
\$ 1,442,804	\$ 3,888,458	\$ 9,283,090
	89,345	507,854
	145,000	1,170,349
		252,869
<u>\$ 1,442,804</u>	<u>\$ 4,122,803</u>	<u>\$ 11,214,162</u>
\$ -	\$ 27,124	\$ 386,458
		52,754
	251,094	251,094
<u> </u>	<u>278,218</u>	<u>690,306</u>
		1,100,392
	944,180	944,180
1,442,804		1,442,804
	373,679	373,679
	1,414,802	1,414,802
	830,779	903,331
	98,347	98,347
	443,158	443,158
	(260,360)	3,803,163
<u>1,442,804</u>	<u>3,844,585</u>	<u>10,523,856</u>
<u>\$ 1,442,804</u>	<u>\$ 4,122,803</u>	<u>\$ 11,214,162</u>

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CITY OF HUGHSON
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total fund balances - governmental funds \$ 10,523,856

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

Capital assets at historical cost	\$	35,478,430	
Accumulated depreciation		(8,889,251)	26,589,179

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.

Deferred outflow related to pension	402,437
Deferred inflow related to pension	(133,678)

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

Net pension liability	(1,777,373)
Compensated absences payable	(34,087)

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

73,303

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

205,178

Total net position - governmental activities **\$ 35,848,815**

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, 2020

		<u>Special Revenue</u>	
	<u>General</u>	<u>Home Loan</u>	<u>Refuse</u>
Revenues			
Property Taxes	\$ 432,758	\$ -	\$ -
Sales and Use Taxes	1,029,761		
Business License Taxes	27,173		
Other Taxes	108,407		
Licenses and Permits	115,338		
Fines and Forfeitures	31,049		
Interest	12,408		123
Charges for Services	52,650		551,635
Intergovernmental	873,309		
Special Assessments			
Other	442,252		
Total Revenues	<u>3,125,105</u>	<u></u>	<u>551,758</u>
Expenditures			
Current:			
General Government	1,150,589		
Public Safety	1,232,152		
Public Works	256,413		539,105
Parks and Recreation	101,472		
Capital Outlay	78,139		
Total Expenditures	<u>2,818,765</u>	<u></u>	<u>539,105</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>306,340</u>	<u></u>	<u>12,653</u>
Other Financing Sources (Uses):			
Transfers In	127,543		
Transfers Out	(39,482)		
Total Other Financing Sources (Uses)	<u>88,061</u>	<u></u>	<u></u>
Net Change in Fund Balances	<u>394,401</u>	<u></u>	<u>12,653</u>
Fund Balances - July 1, 2019	<u>3,669,122</u>	<u>1,498,751</u>	<u>59,899</u>
Prior Period Adjustments	<u></u>	<u>(398,359)</u>	<u></u>
Fund Balances - July 1, 2019, Restated	<u>3,669,122</u>	<u>1,100,392</u>	<u>59,899</u>
Fund Balances - June 30, 2020	<u>\$ 4,063,523</u>	<u>\$ 1,100,392</u>	<u>\$ 72,552</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>
\$ -	\$ -	\$ 432,758
		1,029,761
		27,173
		108,407
		115,338
		31,049
4,965	9,647	27,143
222,429	228,684	1,055,398
	986,228	1,859,537
	238,870	238,870
	1,757	444,009
<u>227,394</u>	<u>1,465,186</u>	<u>5,369,443</u>
2,955		1,153,544
	126,324	1,358,476
	265,724	1,061,242
	6,635	108,107
	450,545	528,684
<u>2,955</u>	<u>849,228</u>	<u>4,210,053</u>
<u>224,439</u>	<u>615,958</u>	<u>1,159,390</u>
	10,000	137,543
	(92,941)	(132,423)
	(82,941)	5,120
<u>224,439</u>	<u>533,017</u>	<u>1,164,510</u>
1,218,365	3,390,454	9,836,591
	(78,886)	(477,245)
<u>1,218,365</u>	<u>3,311,568</u>	<u>9,359,346</u>
<u>\$ 1,442,804</u>	<u>\$ 3,844,585</u>	<u>\$ 10,523,856</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, 2020

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

Net change in fund balances - total governmental funds	\$	1,164,510
---	-----------	------------------

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.

Capital outlay	\$	504,815	
Depreciation expense		<u>(570,992)</u>	(66,177)

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.

35,661

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:

(149,880)

Change in net position of governmental activities

\$ 984,114

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

CITY OF HUGHSON
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business-type Activities-Enterprise Funds				Governmental Activities
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Fund
Assets					
Current Assets:					
Cash and Investments	\$ 9,529,636	\$ 1,474,098	\$ 8,656	\$ 11,012,390	\$ 73,303
Accounts Receivable	74,532	45,734	500	120,766	
Total Current Assets	<u>9,604,168</u>	<u>1,519,832</u>	<u>9,156</u>	<u>11,133,156</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		3,241,631		3,241,631	
Less:					
Accumulated Depreciation	(12,879,563)	(6,680,582)	(519,786)	(20,079,931)	
Total Noncurrent Assets	<u>40,905,277</u>	<u>11,987,515</u>	<u>310,570</u>	<u>53,203,362</u>	
Deferred Outflow of Resources:					
Pension related	199,452	143,218		342,670	
Total Deferred Outflow of Resources	<u>199,452</u>	<u>143,218</u>		<u>342,670</u>	
Total Assets and Deferred Outflows of Resources	<u>50,708,897</u>	<u>13,650,565</u>	<u>319,726</u>	<u>64,679,188</u>	<u>73,303</u>
Liabilities					
Current Liabilities:					
Accounts Payable	60,986	151,396	1,949	214,331	
Interest Payable	57,589	11,473		69,062	
Due to Other Funds			1,775	1,775	
Deposits Payable			4,347	4,347	
Total Current Liabilities	<u>118,575</u>	<u>162,869</u>	<u>8,071</u>	<u>289,515</u>	
Noncurrent Liabilities:					
Compensated Absences	28,986	29,070		58,056	
Net Pension Liability	880,880	632,520		1,513,400	
Due within One Year	1,529,564	157,908		1,687,472	
Due in More Than One Year	12,954,152	792,052		13,746,204	
Total Noncurrent Liabilities	<u>15,393,582</u>	<u>1,611,550</u>		<u>17,005,132</u>	
Deferred Inflows of Resources:					
Pension related	66,253	47,573		113,826	
Total Deferred Inflows of Resources	<u>66,253</u>	<u>47,573</u>		<u>113,826</u>	
Total Liabilities and Deferred Inflows of Resources	<u>15,578,410</u>	<u>1,821,992</u>	<u>8,071</u>	<u>17,408,473</u>	
Net Position					
Net Investment in Capital Assets	26,451,561	11,067,555	310,570	37,829,686	
Unrestricted	8,678,926	761,018	1,085	9,441,029	73,303
Total Net Position	<u>\$ 35,130,487</u>	<u>\$ 11,828,573</u>	<u>\$ 311,655</u>	<u>\$ 47,270,715</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, 2020

	Business-type Activities - Enterprise funds				Governmental Activities
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Fund
Operating Revenues:					
Charges for Services	\$ 3,175,359	\$ 2,180,867	\$ 27,582	\$ 5,383,808	\$ -
Total Operating Revenues	3,175,359	2,180,867	27,582	5,383,808	
Operating Expenses:					
Personnel	513,837	338,369		852,206	
Administrative	238,000	164,000	11,673	413,673	
Materials and Supplies	627,413	364,787		992,200	
Maintenance	62,716	29,768	13,933	106,417	
Depreciation	1,039,727	211,553	24,176	1,275,456	
Total Operating Expenses	2,481,693	1,108,477	49,782	3,639,952	
Operating Income (loss)	693,666	1,072,390	(22,200)	1,743,856	
Non-operating Revenues (Expenses):					
Interest Revenue	97,748	9,427		107,175	
Interest Expense	(116,523)	(36,429)		(152,952)	
Intergovernmental Revenue		610,796		610,796	
Total Non-Operating Revenue (Expenses)	(18,775)	583,794		565,019	
Income (Loss) before transfers	674,891	1,656,184	(22,200)	2,308,875	
Transfers					
Transfers In	2,020,724	185,484	7,500	2,213,708	
Transfers Out	(2,020,724)	(190,484)	(7,620)	(2,218,828)	
Total Transfers		(5,000)	(120)	(5,120)	
Change in Net Position	674,891	1,651,184	(22,320)	2,303,755	
Net Position - Beginning of Fiscal Year	34,455,596	10,177,389	333,975	44,966,960	73,303
Net Position - End of Fiscal Year	\$ 35,130,487	\$ 11,828,573	\$ 311,655	\$ 47,270,715	\$ 73,303

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, 2020

	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	\$ 3,182,954	\$ 2,187,643	\$ 26,537	\$ 5,397,134	\$ -
Cash Payments to Suppliers and Contractors	(890,241)	(898,264)	(29,212)	(1,817,717)	
Cash Payments to Employees	(439,555)	(285,031)		(724,586)	
Net Cash Provided (Used) By Operating Activities	1,853,158	1,004,348	(2,675)	2,854,831	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers In	2,020,724	185,484	7,500	2,213,708	
Transfers Out	(2,020,724)	(190,484)	(7,620)	(2,218,828)	
Interfund Borrowing			1,477	1,477	
Net Cash Provided (Used) By Noncapital Financing Activities		(5,000)	1,357	(3,643)	
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest Received	97,748	9,427		107,175	
Net Cash Provided (Used) in Investing Activities	97,748	9,427		107,175	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of Property, Plant, and Equipment		(2,439,693)		(2,439,693)	
Principal Payments on Debt Borrowings	(1,491,014)	(138,170)		(1,629,184)	
Interest Paid	(116,524)	(35,864)		(152,388)	
Net Cash Provided (Used) In Capital and Related Financing Activities	(1,607,538)	(2,002,931)		(3,610,469)	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	343,368	(994,156)	(1,318)	(652,106)	
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	9,186,268	2,468,254	9,974	11,664,496	73,303
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	\$ 9,529,636	\$ 1,474,098	\$ 8,656	\$ 11,012,390	\$ 73,303
Reconciliation to Statement of Net Position:					
Cash and Investments	\$ 9,529,636	\$ 1,474,098	\$ 8,656	\$ 11,012,390	\$ 73,303
	\$ 9,529,636	\$ 1,474,098	\$ 8,656	\$ 11,012,390	\$ 73,303
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 693,666	\$ 1,072,390	\$ (22,200)	\$ 1,743,856	\$ -
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	1,039,727	211,553	24,176	1,275,456	
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	7,595	6,776	(500)	13,871	
Increase (Decrease) in Accounts Payable	37,888	(339,709)	(3,606)	(305,427)	
Increase (Decrease) in Net Pension Liability	74,282	53,338		127,620	
Increase (Decrease) in Deposits Payable			(545)	(545)	
Total Adjustments	1,159,492	(68,042)	19,525	1,110,975	
Net Cash Provided (Used) By Operating Activities	\$ 1,853,158	\$ 1,004,348	\$ (2,675)	\$ 2,854,831	\$ -

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

FIDUCIARY FUNDS

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

Deposits - This fund collects various deposits.

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

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CITY OF HUGHSON
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
June 30, 2020

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
	<u>RDA</u>	
	<u>Successor Agency</u>	<u>Deposits</u>
ASSETS		
Cash and investments	\$ 393,139	\$ 75,605
Loans receivable	70,000	
Capital assets, net of accumulated depreciation	<u>547,477</u>	
Total Assets	<u>1,010,616</u>	<u>\$ 75,605</u>
LIABILITIES		
Interest payable	\$ 21,738	\$ -
Deposits payable		75,605
Long-term debt, due within one year	102,628	
Long-term debt, due in more than one year	<u>2,142,047</u>	
Total Liabilities	<u>2,266,413</u>	<u>\$ 75,605</u>
NET POSITION		
Held in trust for others	<u>(1,255,797)</u>	
Total Net Position	<u>\$ (1,255,797)</u>	

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

CITY OF HUGHSON
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2020

	Private Purpose Trust Fund RDA Successor Agency
Additions:	
Intergovernmental	\$ 350,302
Interest	2,053
	<hr/>
Total additions	352,355
	<hr/>
Deductions:	
Community Development	4,075
Depreciation	27,490
Interest Expense	85,614
Contribution to City	96,000
	<hr/>
Total deductions	213,179
	<hr/>
Change in net position	139,176
	<hr/>
Net Position - July 1, 2019	(1,394,973)
	<hr/>
Net Position - June 30, 2020	\$ (1,255,797)
	<hr/> <hr/>

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, 2020

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, 2020

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, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City reports the following additional fund types:

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

Fiduciary Funds

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

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

C. Basis of Accounting and Measurement Focus

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

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

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

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

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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, 2020

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, 2020

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.

In March of 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. This statement 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. 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, 2020

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, 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Future Accounting Pronouncements

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

The provisions of Statement Number 84 “Fiduciary Activities” are effective for fiscal years beginning after December 15, 2019.

The provisions of Statement Number 87 “Leases” are effective for fiscal years beginning after June 15, 2021.

The provisions for Statement Number 89 “Accounting for Interest Cost Incurred before the End of a Construction Period” are effective for fiscal years beginning after December 15, 2020.

The provisions for Statement Number 90 “Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61” are effective for fiscal years beginning after December 15, 2019.

The provisions of Statement Number 91 “Conduit Debt Obligations” are effective for reporting periods beginning after December 15, 2021.

The provisions of Statement Number 92 “Omnibus 2020” are effective for reporting periods beginning after June 15, 2021.

The provisions of Statement Number 93 “Replacement of Interbank Offered Rates” are effective for reporting periods beginning after June 15, 2021.

The provisions of Statement Number 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” are effective for reporting periods beginning after June 15, 2022.

The provisions of Statement Number 96 “Subscription-Based Information Technology Arrangements” are effective for reporting periods beginning after June 15, 2022.

The provisions of Statement Number 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32” are effective for reporting periods 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, 2020

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, 2020, the following funds had an excess of expenditures over appropriations.

Fund	Final Budget	Actual Amount	Excess
<u>Major Governmental Fund:</u>			
General Fund:			
Capital Outlay	\$ -	\$ 78,139	\$ 78,139
<u>Nonmajor Governmental Fund:</u>			
SLESF Special Revenue Fund:			
Public Safety	125,456	126,324	868

The Asset Forfeiture, CDBG Grants, and Public Safety Augmentation funds do not adopt a budget.

D. Deficit Fund Equity

At June 30, 2020, the following funds had an accumulated deficit:

Fund	Amount
<u>Nonmajor Governmental Fund:</u>	
Transportation Capital Projects Fund	\$ 260,360
<u>Nonmajor Proprietary Fund:</u>	
USF Community Center Fund	2,240
<u>Private Purpose Trust Fund:</u>	
RDA Successor Agency	1,255,797

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 20,368,783
Fiduciary funds:	
Cash and investments	468,744
	<hr/>
Total cash and investments	\$ 20,837,527
	<hr/>

Cash and investments as of June 30, 2020 consist of the following:

Cash on hand	\$ 450
Deposits with financial institutions	2,747,597
Investments	18,089,480
	<hr/>
Total cash and investments	\$ 20,837,527
	<hr/>

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	\$65 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, 2020

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)	\$ 84,216	\$ 84,216	\$ -	\$ -	\$ -
Money Market Funds	15,425,810	15,425,810			
Certificates of Deposit	2,579,454	610,053	762,835	1,206,566	
	<u>\$ 18,089,480</u>	<u>\$ 16,120,079</u>	<u>\$ 762,835</u>	<u>\$ 1,206,566</u>	<u>\$ -</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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.

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
State Investment Pool	\$ 84,216	N/A	\$ -	\$ -	\$ -	\$ -	\$ 84,216
Money Market Funds	15,425,810	N/A					15,425,810
Certificates of Deposit	2,579,454	N/A					2,579,454
Total	<u>\$ 18,089,480</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,089,480</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's 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, 2020, 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, 2020

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, 2020.

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, 2020:

Receivable Fund	Amount	Payable Fund	Amount
Major Governmental Fund:		Nonmajor Governmental Fund:	
General Fund	\$ 252,869	Transportation Capital Projects Fund	\$ 251,094
		Nonmajor Enterprise Fund:	
		USF Community Center Fund	1,775
Totals	<u>\$ 252,869</u>	Totals	<u>\$ 252,869</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 government funds have been eliminated on the government-wide statements. The following schedule briefly summarizes the City's transfer activity for the fiscal year ended June 30, 2020:

Fund	Transfers-in	Transfers-out
Major Governmental Funds:		
General Fund	\$ 127,543	\$ 39,482
Major Enterprise Funds:		
Water Fund	185,484	190,484
Sewer Fund	2,020,724	2,020,724
Nonmajor Governmental Funds:		
Gas Tax Special Revenue Fund		46,600
Vehicle Abatement Special Revenue Fund		10,000
Lighting and Landscaping Special Revenue Fund		22,363
Benefit Assessment Special Revenue Fund		12,478
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>\$ 2,351,251</u>	<u>\$ 2,351,251</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 – CAPITAL ASSETS

Capital Asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance at July 1, 2019	Additions	Deletions	Transfers	Balance at June 30, 2020
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	469,384	28,300			497,684
Total capital assets, not being depreciated	12,744,613	28,300			12,772,913
Capital assets, being depreciated:					
Buildings	919,905				919,905
Improvements	6,559,069	398,444			6,957,513
Equipment	544,592	78,071			622,663
Machinery	241,902				241,902
Rolling stock	565,675				565,675
Infrastructure	13,397,859				13,397,859
Total capital assets being depreciated	22,229,002	476,515			22,705,517
Less accumulated depreciation for:					
Buildings	(629,193)	(15,172)			(644,365)
Improvements	(1,502,044)	(222,798)			(1,724,842)
Equipment	(450,184)	(26,722)			(476,906)
Machinery	(241,902)				(241,902)
Rolling stock	(485,022)	(26,885)			(511,907)
Infrastructure	(5,009,914)	(279,415)			(5,289,329)
Total accumulated depreciation	(8,318,259)	(570,992)			(8,889,251)
Total capital assets, being depreciated, net	13,910,743	(94,477)			13,816,266
Governmental activities capital assets, net	\$ 26,655,356	\$ (66,177)	\$ -	\$ -	\$ 26,589,179
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 18,108,769	\$ -	\$ -	\$ -	\$ 18,108,769
Construction in progress	801,939	2,439,693			3,241,632
Total capital assets, not being depreciated	18,910,708	2,439,693			21,350,401
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	(6,723,074)	(926,694)			(7,649,768)
Improvements	(3,448,953)	(46,082)			(3,495,035)
Equipment	(63,827)	(11,713)			(75,540)
Machinery	(234,002)	(1,693)			(235,695)
Infrastructure	(8,161,514)	(265,307)			(8,426,821)
Rolling stock	(173,107)	(23,967)			(197,074)
Total accumulated depreciation	(18,804,477)	(1,275,456)			(20,079,933)
Total capital assets, being depreciated, net	33,128,417	(1,275,456)			31,852,961
Business-type activities capital assets, net	\$ 52,039,125	\$ 1,164,237	\$ -	\$ -	\$ 53,203,362

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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>20,330</u>
Total depreciation expense – governmental functions	<u>\$ 570,992</u>

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

Sewer	\$ 1,039,727
Water	211,553
Community Facilities	<u>24,176</u>
Total depreciation expense – business-type functions	<u>\$ 1,275,456</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, 2020:

	Balance at June 30, 2019	Additions	Repayments	Balance at June 30, 2020	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 69,748	\$ 23,124	\$ (58,785)	\$ 34,087	\$ 10,000
Net pension liability	1,661,448	252,147	(136,222)	1,777,373	
Total	<u>\$ 1,731,196</u>	<u>\$ 275,271</u>	<u>\$ (195,007)</u>	<u>\$ 1,811,460</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	1,073,130		(138,170)	934,960	142,908
Installment note payable - Sewer	3,677,370		(355,699)	3,321,671	367,896
CSWRCB Revolving Loan	12,282,360		(1,135,315)	11,147,045	1,146,668
Net pension liability	1,414,691	224,164	(125,455)	1,513,400	
Total	<u>\$ 18,535,607</u>	<u>\$ 269,415</u>	<u>\$ (1,799,890)</u>	<u>\$ 17,005,132</u>	<u>\$ 1,687,472</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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, 2020 is \$934,960.

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. The balance outstanding at June 30, 2020 is \$3,321,671.

In the event of a default the full outstanding balance of both notes 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
2021	\$ 142,908	\$ 30,565	\$ 173,473
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>\$ 934,960</u>	<u>\$ 106,440</u>	<u>\$ 1,041,400</u>

Fiscal Year Ended June 30,	Installment Notes Payable - Sewer		
	Principal	Interest	Total
2021	\$ 367,896	\$ 138,284	\$ 506,180
2022	380,511	122,838	503,349
2023	393,558	106,739	500,297
2024	407,053	89,954	497,007
2025	421,010	72,459	493,469
2026-2028	1,351,643	104,815	1,456,458
	<u>\$ 3,321,671</u>	<u>\$ 635,089</u>	<u>\$ 3,956,760</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

NOTE 7 – LONG-TERM LIABILITIES (Continued)

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. The term of the agreement is June 16, 2009, to June 7, 2031. The balance outstanding at June 30, 2020 is \$11,147,045.

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
2021	\$ 1,146,668	\$ 111,470	\$ 1,258,138
2022	1,158,134	100,004	1,258,138
2023	1,169,716	88,422	1,258,138
2024	1,181,413	76,725	1,258,138
2025	1,193,227	64,911	1,258,138
2026-2030	5,297,887	143,166	5,441,053
	<u>\$ 11,147,045</u>	<u>\$ 584,698</u>	<u>\$ 11,731,743</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, 2020, was \$34,087 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, 2020

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, 2020

NOTE 12 – PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2020, 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 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, 2020, 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
\$ 2,446,839	\$ 843,934

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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, 2019, 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, 2018 rolled forward to June 30, 2019 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, 2018 and 2019 was as follows:

	City Miscellaneous Plan	City Safety Plan
Proportion - June 30, 2018	0.06048%	0.01358%
Proportion - June 30, 2019	0.06110%	0.01352%
Change - Increase (Decrease)	0.00062%	-0.00006%

For the fiscal year ended June 30, 2020, the City recognized pension expense of \$320,617. At June 30, 2020, 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	\$ 345,188	\$ -
Net differences between projected and actual earnings on pension plan investments		(54,388)
Differences based on actual experience	225,044	(13,167)
Differences based on change of assumptions	151,268	(48,111)
Differences between actual vs proportionate contribution		(92,921)
Adjustment due to differences in proportions	23,607	(38,917)
Total	<u>\$ 745,107</u>	<u>\$ (247,504)</u>

\$345,188 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, 2021. 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 June 30,	Amount
2021	\$ 184,496
2022	(60,809)
2023	17,824
2024	10,904
Total	<u>\$ 152,415</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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, 2018 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2018	June 30, 2018
Measurement Date	June 30, 2019	June 30, 2019
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, 2018 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, 2020

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 is 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.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Year 1-10(a)</u>	<u>Real Return Year 11+(b)</u>
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, 2020

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:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 3,711,213	\$ 1,209,208
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 2,446,839	\$ 843,934
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 1,403,188	\$ 544,467

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, 2020, consisted of the following:

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2020</u>	<u>Due within one year</u>
Tax Allocation Bonds	\$ 2,385,000	\$ -	\$ (100,000)	\$ 2,285,000	\$ 105,000
Original Issuance Discount	(42,697)		2,372	(40,325)	(2,372)
Totals	<u>\$ 2,342,303</u>	<u>\$ -</u>	<u>\$ (97,628)</u>	<u>\$ 2,244,675</u>	<u>\$ 102,628</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

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, 2020 was \$2,285,000. The remaining annual debt service requirements as of June 30, 2020 are as follows:

Fiscal Year Ended June 30,	2006 Tax Allocation Bonds		
	Principal	Interest	Total
2021	\$ 105,000	\$ 81,450	\$ 186,450
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
2026-2030	630,000	284,200	914,200
2031-2035	760,000	148,400	908,400
2036-2037	350,000	14,200	364,200
	<u>\$ 2,285,000</u>	<u>\$ 823,900</u>	<u>\$ 3,108,900</u>

B. Capital assets of the Successor Agency as of June 30, 2020 consisted of the following:

	July 1, 2019 Balance	Additions	Deletions	June 30, 2020 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	(257,384)	(26,531)		(283,915)
Infrastructure	(11,508)	(959)		(12,467)
Total accumulated depreciation, net	<u>(268,892)</u>	<u>(27,490)</u>		<u>(296,382)</u>
Total capital assets, net	<u>\$ 574,967</u>	<u>\$ (27,490)</u>	<u>\$ -</u>	<u>\$ 547,477</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.

NOTE 15 – PRIOR PERIOD ADJUSTMENTS

Prior period adjustments of (\$398,359) and (\$86,141) were made in the Home Loan Fund and CDBG Rehab Fund respectively due to an overstatement of loan receivables in the prior fiscal year.

A Prior period adjustment of \$7,255 was made in the CFD fund due to understatement of receivables in the prior fiscal year.

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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Property Taxes	\$ 367,045	\$ 367,045	\$ 432,758	\$ 65,713
Sales and Use Taxes	1,000,000	993,000	1,029,761	36,761
Business License Taxes	26,000	26,000	27,173	1,173
Other Taxes	114,800	119,800	108,407	(11,393)
Licenses and Permits	42,618	98,622	115,338	16,716
Fines and Forfeitures	38,808	39,068	31,049	(8,019)
Interest	9,800	9,800	12,408	2,608
Charges for Services	20,203	40,993	52,650	11,657
Intergovernmental	802,737	784,137	873,309	89,172
Other	415,363	458,083	442,252	(15,831)
Total Revenues	2,837,374	2,936,548	3,125,105	188,557
Expenditures				
Current				
General Government	1,202,410	1,229,392	1,150,589	78,803
Public Safety	1,393,634	1,393,634	1,232,152	161,482
Public Works	334,081	337,081	256,413	80,668
Parks and Recreation	97,542	119,542	101,472	18,070
Capital Outlay			78,139	(78,139)
Total Expenditures	3,027,667	3,079,649	2,818,765	260,884
Excess (Deficiency) of Revenues Over (Under) Expenditures	(190,293)	(143,101)	306,340	449,441
Other Financing Sources (uses):				
Transfers In	205,560	195,092	127,543	(67,549)
Transfers Out	(7,500)	(7,500)	(39,482)	(31,982)
Total Other Financing Sources (Uses)	198,060	187,592	88,061	(99,531)
Net Change in Fund Balance	7,767	44,491	394,401	349,910
Fund Balance - July 1, 2019	3,669,122	3,669,122	3,669,122	
Fund Balance - June 30, 2020	\$ 3,676,889	\$ 3,713,613	\$ 4,063,523	\$ 349,910

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, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$ 420	\$ 230	\$ 123	\$ (107)
Charges for Services	<u>544,755</u>	<u>551,000</u>	<u>551,635</u>	<u>635</u>
Total Revenues	<u>545,175</u>	<u>551,230</u>	<u>551,758</u>	<u>528</u>
Expenditures				
Current:				
Public Works	<u>545,175</u>	<u>551,230</u>	<u>539,105</u>	<u>12,125</u>
Total Expenditures	<u>545,175</u>	<u>551,230</u>	<u>539,105</u>	<u>12,125</u>
Net Change in Fund Balance			12,653	12,653
Fund Balance - July 1, 2019	<u>59,899</u>	<u>59,899</u>	<u>59,899</u>	
Fund Balance - June 30, 2020	<u>\$ 59,899</u>	<u>\$ 59,899</u>	<u>\$ 72,552</u>	<u>\$ 12,653</u>

**CITY OF HUGHSON
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2020**

Cost Sharing Defined Benefit Pension Plans

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

Measurement Year Ending June 30:	2014	2015	2016	2017	2018	2019
Plan's Proportion of the Net Pension Liability/(Asset)	0.02855%	0.03241%	0.03183%	0.03165%	0.03192%	0.03211%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$1,776,561	\$2,224,303	\$2,754,347	\$3,139,177	\$3,076,140	\$3,290,773
Plan's Covered Payroll	\$838,193	\$826,736	\$920,504	\$915,771	\$905,888	\$996,425
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	211.95%	269.05%	299.22%	342.79%	339.57%	330.26%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	19.19%	23.72%	27.67%	28.34%	26.71%	27.27%
Plan's Proportionate Share of Aggregate Employer Contributions	\$204,788	\$246,360	\$263,559	\$294,112	\$329,044	\$368,005

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 six years are shown.**

**CITY OF HUGHSON
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2020**

Cost Sharing Defined Benefit Pension Plans

Schedule of Contributions – Last 10 Years*

	Measurement Year Ending June 30:					
	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$149,901	\$179,701	\$219,201	\$242,574	\$270,473	\$293,617
Contributions in Relation to the Actuarially Determined Contribution	\$149,901	\$179,701	\$219,201	\$244,884	\$270,473	\$293,617
Contribution Deficiency (Excess)	\$0	\$0	\$0	(\$2,309)	\$0	\$0
Covered Payroll	\$838,193	\$826,736	\$920,504	\$915,771	\$905,888	\$996,425
Contributions as a Percentage of Covered Payroll	17.88%	21.74%	23.81%	26.74%	29.86%	29.47%

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 six 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, 2020

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 3,500	\$ 4,965	\$ 1,465
Charges for Services	<u>193,824</u>	<u>222,429</u>	<u>28,605</u>
Total Revenues	<u>197,324</u>	<u>227,394</u>	<u>30,070</u>
Expenditures:			
Current:			
General Government	<u>77,226</u>	<u>2,955</u>	<u>74,271</u>
Total Expenditures	<u>77,226</u>	<u>2,955</u>	<u>74,271</u>
Net Change in Fund Balance	120,098	224,439	104,341
Fund Balance - July 1, 2019	<u>1,218,365</u>	<u>1,218,365</u>	<u> </u>
Fund Balance - June 30, 2020	<u><u>\$ 1,338,463</u></u>	<u><u>\$ 1,442,804</u></u>	<u><u>\$ 104,341</u></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.

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, 2020

	Special Revenue Funds				
	Asset Forfeiture	Gas Tax	Vehicle Abatement	CDBG Rehab	CDBG Grants
Assets					
Cash and Investments	\$ 1,660	\$ 266,609	\$ 29,294	\$ 438,044	\$ 93,999
Accounts Receivable					
Loans Receivable				145,000	
Total Assets	<u>\$ 1,660</u>	<u>\$ 266,609</u>	<u>\$ 29,294</u>	<u>\$ 583,044</u>	<u>\$ 93,999</u>
Liabilities					
Accounts Payable	\$ -	\$ 7,158	\$ -	\$ -	\$ -
Due To Other Funds					
Total Liabilities		<u>7,158</u>			
Fund Balances (Deficits)					
Restricted	1,660	259,451	29,294	583,044	93,999
Unassigned					
Total Fund Balances (Deficits)	<u>1,660</u>	<u>259,451</u>	<u>29,294</u>	<u>583,044</u>	<u>93,999</u>
Total Liabilities and Fund Balances	<u>\$ 1,660</u>	<u>\$ 266,609</u>	<u>\$ 29,294</u>	<u>\$ 583,044</u>	<u>\$ 93,999</u>

Special Revenue Funds

Community Enhancement	Local Transportation	Storm Drain	SLESF	Lighting and Landscaping	Benefit Assessment	Trench Cut
\$ 152,278	\$ 64,890	\$ 495,986	\$ 282,610 24,936	\$ 180,184	\$ 250,025	\$ 2,977
<u>\$ 152,278</u>	<u>\$ 64,890</u>	<u>\$ 495,986</u>	<u>\$ 307,546</u>	<u>\$ 180,184</u>	<u>\$ 250,025</u>	<u>\$ 2,977</u>
\$ -	\$ -	\$ -	\$ 543	\$ 2,899	\$ 442	\$ -
			543	2,899	442	
152,278	64,890	495,986	307,003	177,285	249,583	2,977
<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>\$ 152,278</u>	<u>\$ 64,890</u>	<u>\$ 495,986</u>	<u>\$ 307,546</u>	<u>\$ 180,184</u>	<u>\$ 250,025</u>	<u>\$ 2,977</u>

Continued

CITY OF HUGHSON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2020
(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	\$ 98,347	\$ 336,329	\$ 197,653	\$ 1,350
Accounts Receivable			64,293		116
Loans Receivable					
Total Assets	<u>\$ 35,722</u>	<u>\$ 98,347</u>	<u>\$ 400,622</u>	<u>\$ 197,653</u>	<u>\$ 1,466</u>
Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ 6,777	\$ 8
Due to Other Funds					
Total Liabilities				<u>6,777</u>	<u>8</u>
Fund Balances (Deficits)					
Restricted	35,722	98,347	400,622	190,876	1,458
Unassigned					
Total Fund Balances (Deficits)	<u>35,722</u>	<u>98,347</u>	<u>400,622</u>	<u>190,876</u>	<u>1,458</u>
Total Liabilities and Fund Balances	<u>\$ 35,722</u>	<u>\$ 98,347</u>	<u>\$ 400,622</u>	<u>\$ 197,653</u>	<u>\$ 1,466</u>

CFD	Capital Projects Funds			Total Nonmajor Governmental Funds
	Transportation	Municipal Park	Parks Development Impact Fees	
\$ 16,321	\$ -	\$ 414,316	\$ 529,864	\$ 3,888,458
				89,345
				145,000
<u>\$ 16,321</u>	<u>\$ -</u>	<u>\$ 414,316</u>	<u>\$ 529,864</u>	<u>\$ 4,122,803</u>
\$ 31	\$ 9,266	\$ -	\$ -	\$ 27,124
	251,094			251,094
<u>31</u>	<u>260,360</u>			<u>278,218</u>
16,290		414,316	529,864	4,104,945
	(260,360)			(260,360)
<u>16,290</u>	<u>(260,360)</u>	<u>414,316</u>	<u>529,864</u>	<u>3,844,585</u>
<u>\$ 16,321</u>	<u>\$ -</u>	<u>\$ 414,316</u>	<u>\$ 529,864</u>	<u>\$ 4,122,803</u>

CITY OF HUGHSON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2020

	Special Revenue Funds				
	Asset Forfeiture	Gas Tax	Vehicle Abatement	CDBG Rehab	CDBG Grants
Revenues:					
Interest	\$ -	\$ 510	\$ -	\$ 1,603	\$ -
Charges for Services					
Intergovernmental		186,798	22,349		
Special Assessments					
Other				1,757	
Total Revenues		187,308	22,349	3,360	
Expenditures:					
Current:					
Parks and Recreation					
Public Safety					
Public Works		95,161			
Capital Outlay					
Total Expenditures		95,161			
Excess (Deficiency) of Revenues over (Under) Expenditures		92,147	22,349	3,360	
Other Financing Sources (Uses):					
Transfers In					
Transfers Out		(46,600)	(10,000)		
Total Other Financing Sources (Uses)		(46,600)	(10,000)		
Net Change in Fund Balances		45,547	12,349	3,360	
Fund Balances - July 1, 2019	1,660	213,904	16,945	665,825	93,999
Prior Period Adjustments				(86,141)	
Fund Balances - July 1, 2019, Restated	1,660	213,904	16,945	579,684	93,999
Fund Balances - June 30, 2020	\$ 1,660	\$ 259,451	\$ 29,294	\$ 583,044	\$ 93,999

Special Revenue Funds						
Community Enhancement	Local Transportation Fund	Storm Drain	SLESF	Lighting and Landscaping	Benefit Assessment	Trench Cut
\$ 523 26,208	\$ -	\$ 1,710 78,531	\$ 931 212,674	\$ - 157,563	\$ - 70,398	\$ - 2,577
26,731		80,241	213,605	157,563	70,398	2,577
268	20,000		126,324	111,307	38,614	77,000
268	20,000		126,324	111,307	38,614	77,000
26,463	(20,000)	80,241	87,281	46,256	31,784	(74,423)
				(22,363)	(12,478)	
				(22,363)	(12,478)	
26,463	(20,000)	80,241	87,281	23,893	19,306	(74,423)
125,815	84,890	415,745	219,722	153,392	230,277	77,400
125,815	84,890	415,745	219,722	153,392	230,277	77,400
\$ 152,278	\$ 64,890	\$ 495,986	\$ 307,003	\$ 177,285	\$ 249,583	\$ 2,977

Continued

CITY OF HUGHSON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2020
(CONTINUED)

	Special Revenue Funds				
	Public Safety Realignment	IT Reserve	Measure L Sales Tax	SB-1 Roads	Disability Access and Education
Revenues:					
Interest	\$ -	\$ 95	\$ 966	\$ -	\$ -
Charges for Services					260
Intergovernmental			431,236	130,953	
Special Assessments					
Other					
Total Revenues		95	432,202	130,953	260
Expenditures:					
Current:					
Parks and Recreation					
Public Safety					
Public Works					
Capital Outlay		23,801	209,812	111,631	
Total Expenditures		23,801	209,812	111,631	
Excess (Deficiency) of Revenues over (Under) Expenditures		(23,706)	222,390	19,322	260
Other Financing Sources (Uses):					
Transfers In		10,000			
Transfers Out					
Total Other Financing Sources (Uses)		10,000			
Net Change in Fund Balances		(13,706)	222,390	19,322	260
Fund Balances - July 1, 2019	35,722	112,053	178,232	171,554	1,198
Prior Period Adjustments					
Fund Balances - July 1, 2019, Restated	35,722	112,053	178,232	171,554	1,198
Fund Balances - June 30, 2020	\$ 35,722	\$ 98,347	\$ 400,622	\$ 190,876	\$ 1,458

CFD	Capital Project Funds			Total Nonmajor Governmental Funds
	Transportation	Municipal Park	Parks Development Impact Fees	
\$ -	\$ -	\$ 1,449	\$ 1,860	\$ 9,647
		51,766	69,342	228,684
	2,218			986,228
10,909				238,870
				1,757
10,909	2,218	53,215	71,202	1,465,186
		867	5,768	6,635
				126,324
374				265,724
	28,301			450,545
374	28,301	867	5,768	849,228
10,535	(26,083)	52,348	65,434	615,958
(1,500)				10,000
				(92,941)
(1,500)				(82,941)
9,035	(26,083)	52,348	65,434	533,017
	(234,277)	361,968	464,430	3,390,454
7,255				(78,886)
7,255	(234,277)	361,968	464,430	3,311,568
\$ 16,290	\$ (260,360)	\$ 414,316	\$ 529,864	\$ 3,844,585

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, 2020

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 400	\$ 510	\$ 110
Intergovernmental	<u>197,794</u>	<u>186,798</u>	<u>(10,996)</u>
Total Revenues	<u>198,194</u>	<u>187,308</u>	<u>(10,886)</u>
Expenditures:			
Current:			
Public Works	<u>106,045</u>	<u>95,161</u>	<u>10,884</u>
Total Expenditures	<u>106,045</u>	<u>95,161</u>	<u>10,884</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>92,149</u>	<u>92,147</u>	<u>(2)</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(45,600)</u>	<u>(46,600)</u>	<u>(1,000)</u>
Total Other Financing Sources (Uses)	<u>(45,600)</u>	<u>(46,600)</u>	<u>(1,000)</u>
Net Change in Fund Balance	46,549	45,547	(1,002)
Fund Balance - July 1, 2019	<u>213,904</u>	<u>213,904</u>	<u></u>
Fund Balance - June 30, 2020	<u><u>\$ 260,453</u></u>	<u><u>\$ 259,451</u></u>	<u><u>\$ (1,002)</u></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, 2020

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Charges For Services	\$ 17,500	\$ 22,349	\$ 4,849
Total Revenues	<u>17,500</u>	<u>22,349</u>	<u>4,849</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(10,000)</u>	<u>(10,000)</u>	
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	
Net Change in Fund Balance	7,500	12,349	4,849
Fund Balance - July 1, 2019	<u>16,945</u>	<u>16,945</u>	
Fund Balance - June 30, 2020	<u><u>\$ 24,445</u></u>	<u><u>\$ 29,294</u></u>	<u><u>\$ 4,849</u></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, 2020

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 1,200	\$ 1,603	\$ 403
Other Revenue		1,757	1,757
Total Revenues	<u>1,200</u>	<u>3,360</u>	<u>2,160</u>
Net Change in Fund Balance	<u>1,200</u>	<u>3,360</u>	<u>2,160</u>
Fund Balance - July 1, 2019	665,825	665,825	
Prior Period Adjustment	<u> </u>	<u>(86,141)</u>	<u>(86,141)</u>
Fund Balance - July 1, 2019, Restated	<u>665,825</u>	<u>579,684</u>	<u>(86,141)</u>
Fund Balance - June 30, 2020	<u><u>\$ 667,025</u></u>	<u><u>\$ 583,044</u></u>	<u><u>\$ (83,981)</u></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, 2020

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 363	\$ 523	\$ 160
Charges For Services	<u>22,176</u>	<u>26,208</u>	<u>4,032</u>
Total Revenues	<u>22,539</u>	<u>26,731</u>	<u>4,192</u>
Expenditures:			
Public Works	<u>1,863</u>	<u>268</u>	<u>1,595</u>
Total Expenditures	<u>1,863</u>	<u>268</u>	<u>1,595</u>
Net Change in Fund Balance	20,676	26,463	5,787
Fund Balance - July 1, 2019	<u>125,815</u>	<u>125,815</u>	<u></u>
Fund Balance - June 30, 2020	<u><u>\$ 146,491</u></u>	<u><u>\$ 152,278</u></u>	<u><u>\$ 5,787</u></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, 2020

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Expenditures:			
Current:			
Public Works	\$ 20,000	\$ 20,000	\$ -
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u> </u>
Net Change in Fund Balance	(20,000)	(20,000)	
Fund Balance - July 1, 2019	<u>84,890</u>	<u>84,890</u>	<u> </u>
Fund Balance - June 30, 2020	<u><u>\$ 64,890</u></u>	<u><u>\$ 64,890</u></u>	<u><u>\$ -</u></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, 2020

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 1,100	\$ 1,710	\$ 610
Charges for Services	<u>67,276</u>	<u>78,531</u>	<u>11,255</u>
Total Revenues	<u>68,376</u>	<u>80,241</u>	<u>11,865</u>
Expenditures:			
Current:			
Public Works	<u>1,863</u>	<u></u>	<u>1,863</u>
Total Expenditures	<u>1,863</u>	<u></u>	<u>1,863</u>
Net Change in Fund Balance	66,513	80,241	13,728
Fund Balance - July 1, 2019	<u>415,745</u>	<u>415,745</u>	<u></u>
Fund Balance - June 30, 2020	<u>\$ 482,258</u>	<u>\$ 495,986</u>	<u>\$ 13,728</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, 2020

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 500	\$ 931	\$ 431
Intergovernmental	<u>150,000</u>	<u>212,674</u>	<u>62,674</u>
Total Revenues	<u>150,500</u>	<u>213,605</u>	<u>63,105</u>
Expenditures:			
Current:			
Public Safety	125,456	126,324	(868)
Capital Outlay	<u>70,700</u>	<u> </u>	<u>70,700</u>
Total Expenditures	<u>196,156</u>	<u>126,324</u>	<u>69,832</u>
Net Change in Fund Balance	(45,656)	87,281	132,937
Fund Balance - July 1, 2019	<u>219,722</u>	<u>219,722</u>	<u> </u>
Fund Balance - June 30, 2020	<u>\$ 174,066</u>	<u>\$ 307,003</u>	<u>\$ 132,937</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, 2020

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 157,770	\$ 157,563	\$ (207)
Total Revenue	<u>157,770</u>	<u>157,563</u>	<u>(207)</u>
Expenditures:			
Current:			
Public works	<u>184,276</u>	<u>111,307</u>	<u>72,969</u>
Total Expenditures	<u>184,276</u>	<u>111,307</u>	<u>72,969</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(26,506)</u>	<u>46,256</u>	<u>72,762</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(25,589)</u>	<u>(22,363)</u>	<u></u>
Total Other financing Sources (Uses)	<u>(25,589)</u>	<u>(22,363)</u>	<u>3,226</u>
Net Change in Fund Balance	(52,095)	23,893	75,988
Fund Balance - July 1, 2019	<u>153,392</u>	<u>153,392</u>	<u></u>
Fund Balance - June 30, 2020	<u>\$ 101,297</u>	<u>\$ 177,285</u>	<u>\$ 75,988</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, 2020

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 70,637	\$ 70,398	\$ (239)
Total Revenue	<u>70,637</u>	<u>70,398</u>	<u>(239)</u>
Expenditures:			
Current:			
Public Works	89,448	38,614	50,834
Total Expenditures	<u>89,448</u>	<u>38,614</u>	<u>50,834</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(18,811)</u>	<u>31,784</u>	<u>50,595</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(12,478)</u>	<u>(12,478)</u>	<u></u>
Total Other financing Sources (Uses)	<u>(12,478)</u>	<u>(12,478)</u>	<u></u>
Net Change in Fund Balance	(31,289)	19,306	50,595
Fund Balance - July 1, 2019	<u>230,277</u>	<u>230,277</u>	<u></u>
Fund Balance - June 30, 2020	<u>\$ 198,988</u>	<u>\$ 249,583</u>	<u>\$ 50,595</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, 2020

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ -	\$ 2,577	\$ 2,577
Total Revenue	<u> </u>	<u>2,577</u>	<u>2,577</u>
Expenditures:			
Current:			
Public Works	<u>77,000</u>	<u>77,000</u>	<u>-</u>
Total Expenditures	<u>77,000</u>	<u>77,000</u>	<u> </u>
Net Change in Fund Balance		(74,423)	(74,423)
Fund Balance - July 1, 2019	<u>77,400</u>	<u>77,400</u>	<u> </u>
Fund Balance - June 30, 2020	<u><u>\$ 77,400</u></u>	<u><u>\$ 2,977</u></u>	<u><u>\$ (74,423)</u></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, 2020

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 250	\$ 95	\$ (155)
Total Revenue	<u>250</u>	<u>95</u>	<u>(155)</u>
Expenditures:			
Capital Outlay	<u>26,000</u>	<u>23,801</u>	<u>2,199</u>
Total Expenditures	<u>26,000</u>	<u>23,801</u>	<u>2,199</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(25,750)</u>	<u>(23,706)</u>	<u>2,044</u>
Other Financing Sources (Uses)			
Transfers In	<u>10,000</u>	<u>10,000</u>	
Total Other financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	
Net Change in Fund Balance	(15,750)	(13,706)	2,044
Fund Balance - July 1, 2019	<u>112,053</u>	<u>112,053</u>	
Fund Balance - June 30, 2020	<u><u>\$ 96,303</u></u>	<u><u>\$ 98,347</u></u>	<u><u>\$ 2,044</u></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, 2020

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 1,000	\$ 966	\$ (34)
Intergovernmental	<u>371,535</u>	<u>431,236</u>	<u>59,701</u>
Total Revenues	<u>372,535</u>	<u>432,202</u>	<u>59,667</u>
Expenditures:			
Capital Outlay	<u>285,600</u>	<u>209,812</u>	<u>75,788</u>
Total Expenditures	<u>285,600</u>	<u>209,812</u>	<u>75,788</u>
Net Change in Fund Balance	86,935	222,390	135,455
Fund Balance - July 1, 2019	<u>178,232</u>	<u>178,232</u>	<u></u>
Fund Balance - June 30, 2020	<u>\$ 265,167</u>	<u>\$ 400,622</u>	<u>\$ 135,455</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, 2020

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 127,173	\$ 130,953	\$ 3,780
Total Revenues	<u>127,173</u>	<u>130,953</u>	<u>3,780</u>
Expenditures:			
Capital Outlay	<u>183,821</u>	<u>111,631</u>	<u>72,190</u>
Total Expenditures	<u>183,821</u>	<u>111,631</u>	<u>72,190</u>
Net Change in Fund Balance	(56,648)	19,322	75,970
Fund Balance - July 1, 2019	<u>171,554</u>	<u>171,554</u>	<u></u>
Fund Balance - June 30, 2020	<u><u>\$ 114,906</u></u>	<u><u>\$ 190,876</u></u>	<u><u>\$ 75,970</u></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, 2020

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 1,050	\$ 260	\$ (790)
Total Revenue	<u>1,050</u>	<u>260</u>	<u>(790)</u>
Net Change in Fund Balance	1,050	260	(790)
Fund Balance - July 1, 2019	<u>1,198</u>	<u>1,198</u>	<u></u>
Fund Balance - June 30, 2020	<u><u>\$ 2,248</u></u>	<u><u>\$ 1,458</u></u>	<u><u>\$ (790)</u></u>

CITY OF HUGHSON
CFD SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2020

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 10,794	\$ 10,909	\$ 115
Total Revenue	<u>10,794</u>	<u>10,909</u>	<u>115</u>
Expenditures:			
Current:			
Public Works	<u>10,680</u>	<u>374</u>	<u>10,306</u>
Total Expenditures	<u>10,680</u>	<u>374</u>	<u>10,306</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>114</u>	<u>10,535</u>	<u>10,421</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(1,500)</u>	<u>(1,500)</u>	<u></u>
Total Other financing Sources (Uses)	<u>(1,500)</u>	<u>(1,500)</u>	<u></u>
Net Change in Fund Balance	<u>(1,386)</u>	<u>9,035</u>	<u>10,421</u>
Fund Balance - July 1, 2019			
Prior Period Adjustment	<u></u>	<u>7,255</u>	<u>7,255</u>
Fund Balance - July 1, 2019, Restated	<u></u>	<u>7,255</u>	<u>7,255</u>
Fund Balance - June 30, 2020	<u>\$ (1,386)</u>	<u>\$ 16,290</u>	<u>\$ 17,676</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, 2020

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 479,000	\$ 2,218	\$ (476,782)
Total Revenues	<u>479,000</u>	<u>2,218</u>	<u>(476,782)</u>
Expenditures:			
Capital Outlay	<u>445,429</u>	<u>28,301</u>	<u>417,128</u>
Total Expenditures	<u>445,429</u>	<u>28,301</u>	<u>417,128</u>
Net Change in Fund Balance	33,571	(26,083)	(59,654)
Fund Balance (Deficit) - July 1, 2019	<u>(234,277)</u>	<u>(234,277)</u>	<u></u>
Fund Balance (Deficit) - June 30, 2020	<u><u>\$ (200,706)</u></u>	<u><u>\$ (260,360)</u></u>	<u><u>\$ (59,654)</u></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, 2020

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 500	\$ 1,449	\$ 949
Charges for Services	<u>43,802</u>	<u>51,766</u>	<u>7,964</u>
Total Revenues	<u>44,302</u>	<u>53,215</u>	<u>8,913</u>
Expenditures:			
Current:			
Parks and Recreation	<u>1,863</u>	<u>867</u>	<u>996</u>
Total Expenditures	<u>1,863</u>	<u>867</u>	<u>996</u>
Net Change in Fund Balance	42,439	52,348	9,909
Fund Balance - July 1, 2019	<u>361,968</u>	<u>361,968</u>	<u></u>
Fund Balance - June 30, 2020	<u><u>\$ 404,407</u></u>	<u><u>\$ 414,316</u></u>	<u><u>\$ 9,909</u></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, 2020

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 1,500	\$ 1,860	\$ 360
Charges for Services	<u>58,674</u>	<u>69,342</u>	<u>10,668</u>
Total Revenues	<u>60,174</u>	<u>71,202</u>	<u>11,028</u>
Expenditures:			
Current:			
Parks and Recreation	<u>7,863</u>	<u>5,768</u>	<u>2,095</u>
Total Expenditures	<u>7,863</u>	<u>5,768</u>	<u>2,095</u>
Net Change in Fund Balance	52,311	65,434	13,123
Fund Balance - July 1, 2019	<u>464,430</u>	<u>464,430</u>	<u></u>
Fund Balance - June 30, 2020	<u><u>\$ 516,741</u></u>	<u><u>\$ 529,864</u></u>	<u><u>\$ 13,123</u></u>

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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, 2020

	Enterprise Funds		
	Community Center Operations Fund	USF Community Center Fund	Total Nonmajor Enterprise Funds
Assets			
Current Assets:			
Cash and Investments	\$ 8,656	\$ -	\$ 8,656
Accounts Receivable	500		500
Total Current Assets	9,156		9,156
Noncurrent Assets:			
Capital Assets:			
Land	105,073		105,073
Buildings	725,283		725,283
Less:			
Accumulated Depreciation	(519,786)		(519,786)
Total Noncurrent Assets	310,570		310,570
Total Assets	319,726		319,726
Liabilities			
Current Liabilities:			
Accounts Payable	1,484	465	1,949
Due to Other Funds		1,775	1,775
Deposits Payable	4,347		4,347
Total Current Liabilities	5,831	2,240	8,071
Total Liabilities	5,831	2,240	8,071
Net Position			
Net Investment in Capital Assets	310,570		310,570
Unrestricted	3,325	(2,240)	1,085
Total Net Position	\$ 313,895	\$ (2,240)	\$ 311,655

CITY OF HUGHSON
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Enterprise Funds		
	Community Center Operations Fund	USF Community Center Fund	Total Nonmajor Enterprise Funds
Operating Revenues			
Charges for Services	\$ 12,810	\$ 14,772	\$ 27,582
Total Operating Revenues	<u>12,810</u>	<u>14,772</u>	<u>27,582</u>
Operating Expenses			
Administrative	5,340	6,333	11,673
Maintenance	11,567	2,366	13,933
Depreciation	<u>24,176</u>		<u>24,176</u>
Total Operating Expenses	<u>41,083</u>	<u>8,699</u>	<u>49,782</u>
Operating Income (Loss)	<u>(28,273)</u>	<u>6,073</u>	<u>(22,200)</u>
Income (Loss) Before Transfers	(28,273)	6,073	(22,200)
Transfers			
Transfers In	7,500		7,500
Transfers Out		<u>(7,620)</u>	<u>(7,620)</u>
Changes in Net Position	(20,773)	(1,547)	(22,320)
Net Position - Beginning of Fiscal Year	<u>334,668</u>	<u>(693)</u>	<u>333,975</u>
Net Position - End of Fiscal Year	<u>\$ 313,895</u>	<u>\$ (2,240)</u>	<u>\$ 311,655</u>

CITY OF HUGHSON
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Enterprise Funds		
	Community Center Operations Fund	USF Community Center Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Users	\$ 11,765	\$ 14,772	\$ 26,537
Cash Payments to Suppliers and Contractors	(20,583)	(8,629)	(29,212)
Net Cash Provided (Used) By Operating Activities	(8,818)	6,143	(2,675)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	7,500	(7,620)	(120)
Interfund Borrowing		1,477	1,477
Net Cash Provided (Used) By Noncapital Financing Activities	7,500	(6,143)	1,357
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,318)		(1,318)
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	9,974		9,974
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	<u>\$ 8,656</u>	<u>\$ -</u>	<u>\$ 8,656</u>
Reconciliation to Statement of Net Position:			
Cash and Cash Equivalents	<u>\$ 8,656</u>	<u>\$ -</u>	<u>\$ 8,656</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income (Loss)	<u>\$ (28,273)</u>	<u>\$ 6,073</u>	<u>\$ (22,200)</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)		(500)
Increase (Decrease) in Accounts Payable	(3,676)	70	(3,606)
Increase (Decrease) in Deposits Payable	(545)		(545)
Total Adjustments	<u>19,455</u>	<u>70</u>	<u>19,525</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ (8,818)</u>	<u>\$ 6,143</u>	<u>\$ (2,675)</u>