



CITY OF HUGHSON  
**CITY COUNCIL MEETING**  
City Hall Council Chambers  
7018 Pine Street, Hughson, CA

**AGENDA**  
**MONDAY, JANUARY 14, 2013 – 7:00 P.M.**

**CALL TO ORDER:** Mayor Matt Beekman

**ROLL CALL:** Mayor Matt Beekman  
Mayor Pro Tem Jeramy Young  
Councilmember Jill Silva  
Councilmember George Carr

**FLAG SALUTE:** Mayor Matt Beekman

**INVOCATION:**

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**1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken):**

Members of the Audience may address the City Council on any item of interest to the public pertaining to the City and may step to the podium, State their name and City of Residence for the record (requirement of Name and City of Residence is optional) and make their presentation. Please limit presentations to five minutes. Since the City Council cannot take action on matters not on the agenda, unless the action is authorized by Section 54954.2 of the Government Code, items of concern, which are not urgent in nature can be resolved more expeditiously by completing and submitting to the City Clerk a "Citizen Request Form" which may be obtained from the City Clerk.

**2. PRESENTATIONS:** None.

**3. CONSENT CALENDAR:**

All items listed on the Consent Calendar are to be acted upon by a single action of the City Council unless otherwise requested by an individual Councilmember for special consideration. Otherwise, the recommendation of staff will be accepted and acted upon by roll call vote.

**3.1:** Approval of the December 10, 2012 Regular Council Minutes and the January 2, 2013 and January 7, 2013 Special Council Minutes.

**3.2:** Approval of the Warrants.

- 3.3: Approval of the Treasurer's Reports for the month of November 2012.
- 3.4: Review and Approve the City Council Meeting Schedule for 2013.
- 3.5: Approve Resolution No. 2013-01, A Resolution of the City Council of the City of Hughson Accepting the Pine Street Sidewalk Infill Project and Authorizing the City Clerk to File a Notice of Completion.
- 3.6: Adopt Resolution No. 2013-02, A Resolution of the City Council of the City of Hughson Accepting the Hatch Road Overlay Project and Authorizing the City Clerk to File a Notice of Completion.

**4. UNFINISHED BUSINESS:**

- 4.1: Review and Discuss applications received for the vacant seat on the City Council and establish schedule for interviews.

**5. PUBLIC HEARING TO CONSIDER THE FOLLOWING:**

- 5.1: Introduction and first reading of Ordinance No. 2013-01, an Ordinance of the City Council of the City of Hughson adding Chapter 16.50 to the City of Hughson Municipal Code concerning the City of Hughson's Farmland Preservation Program.

**6. NEW BUSINESS:**

- 6.1: Accept 2011-12 City of Hughson Financial Audit.
- 6.2: Approve the StanCOG 2014 Regional Transportation Plan Projects for Hughson.

**7. CORRESPONDENCE:** None.

**8. COMMENTS:**

- 8.1: Staff Reports and Comments: (Information Only – No Action)

**City Manager:**

**City Clerk:**

**Community Development Director:**

**Director of Finance:**

**Police Services:**

**City Attorney:**

**8.2:** Council Comments: (Information Only – No Action)

**8.3:** Mayor’s Comments: (Information Only – No Action)

**9. CLOSED SESSION TO DISCUSS THE FOLLOWING:**

**9.1: PUBLIC EMPLOYMENT**

Title: City Manager  
(Pursuant to Government Code Section 54957.6)

**9.2: PUBLIC EMPLOYMENT**

Title: Interim City Manager  
(Pursuant to Government Code Section 54957.6)

**10. REPORT FROM CLOSED SESSION:**

**10.1:** Appointment of Interim City Manager and approval of employment agreement.

**ADJOURNMENT:**

**WAIVER WARNING**

If you challenge a decision/direction of the City Council in court, you may be limited to raising only those issues you or someone else raised at a public hearing(s) described in this Agenda, or in written correspondence delivered to the City of Hughson at or prior to, the public hearing(s).

**UPCOMING EVENTS:**

<b>January 15</b>	▪ Planning Commission Meeting, Council Chambers, 6:00pm
<b>January 28</b>	▪ City Council Meeting, Council Chambers, 7:00pm
<b>February 2</b>	▪ Hughson Ag Boosters Dinner Auction-HHS Ag Department, 6:00pm, \$12
<b>February 11</b>	▪ <i>Lincoln's Birthday - Holiday- City Hall will be closed.</i>
<b>February 12</b>	▪ City Council Meeting, Council Chambers, 7:00pm (Tuesday)
<b>February 13</b>	▪ Parks & Recreation Meeting, Council Chambers 6:00p.m. (Wednesday)
<b>February 18</b>	▪ <i>Washington's Birthday - Holiday- City Hall will be closed.</i>
<b>February 19</b>	▪ Planning Commission Meeting, Council Chambers, 6:00pm
<b>February 25</b>	▪ City Council Meeting, Council Chambers, 7:00pm
<b>March 11</b>	▪ City Council Meeting, Council Chambers, 7:00pm
<b>March 12</b>	▪ Parks & Recreation Meeting, Council Chambers 6:00p.m.

<b>March 19</b>	▪ City Council Meeting, Council Chambers, 7:00pm
<b>March 23</b>	▪ Lorraine’s Luncheon - “High Tea” @ Samaritan Village- 3pm
<b>March 25</b>	▪ City Council Meeting, Council Chambers, 7:00pm

**RULES FOR ADDRESSING CITY COUNCIL**

Members of the audience who wish to address the City Council are requested to complete one of the forms located on the table at the entrance of the Council Chambers and submit it to the City Clerk. **Filling out the card is voluntary.**

**AMERICANS WITH DISABILITIES ACT/CALIFORNIA BROWN ACT  
NOTIFICATION FOR THE CITY OF HUGHSON**

This agenda shall be made available upon request in alternative formats to persons with a disability; as required by the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12132) and the Ralph M. Brown Act (California Government Code Section 54954.2).

**Disabled or Special needs Accommodation:** In compliance with the Americans with Disabilities Act, persons requesting a disability related modification or accommodation in order to participate in the meeting and/or if you need assistance to attend or participate in a City Council meeting, please contact the City Clerk’s office at (209) 883-4054. Notification at least 48-hours prior to the meeting will assist the City Clerk in assuring that reasonable accommodations are made to provide accessibility to the meeting.

**AFFIDAVIT OF POSTING**

**DATE:** January 11, 2013                      **TIME:** 5:00pm

**NAME:** Dominique Spinale                      **TITLE:** Deputy City Clerk

**Notice Regarding Non-English Speakers:**

Pursuant to California Constitution Article III, Section IV, establishing English as the official language for the State of California, and in accordance with California Code of Civil Procedures Section 185, which requires proceedings before any State Court to be in English, notice is hereby given that all proceedings before the City of Hughson City Council shall be in English and anyone wishing to address the Council is required to have a translator present who will take an oath to make an accurate translation from any language not English into the English language.

**General Information:** The Hughson City Council meets in the Council Chambers on the second and fourth Mondays of each month at 7:00 p.m., unless otherwise noticed.

**Council Agendas:** The City Council agenda is now available for public review at the City’s website at [www.hughson.org](http://www.hughson.org) and City Clerk’s Office, 7018 Pine Street, Hughson, California on the Friday, prior to the scheduled meeting. Copies and/or subscriptions can be purchased for a nominal fee through the City Clerk’s Office.

**Questions:** Contact the City Clerk at (209) 883-4054





CITY OF HUGHSON  
**CITY COUNCIL MEETING**  
 City Hall Council Chambers  
 7018 Pine Street, Hughson, CA

**MINUTES**  
**MONDAY, DECEMBER 10, 2012 – 7:00 P.M.**

**CALL TO ORDER:** Mayor Ramon Bawan

**ROLL CALL:**

Present: Mayor Ramon Bawan  
 Mayor Pro Tem Matt Beekman  
 Councilmember Jill Silva  
 Councilmember George Carr  
 Councilmember Jeramy Young

Staff Present: Bryan Whitemyer, City Manager  
 Dan Schroeder, City Attorney  
 Thom Clark, Community Development Director  
 Dominique Spinale, Management Analyst/Deputy City Clerk  
 Lisa Whiteside, Finance Manager  
 Sam Rush, Public Works Superintendent

**FLAG SALUTE:** Mayor Ramon Bawan

**INVOCATION:** Stan Skooglund, Hughson Methodist Church

**1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken): None.**

**2. PRESENTATIONS: None.**

**3. CONSENT CALENDAR:**

All items listed on the Consent Calendar are to be acted upon by a single action of the City Council unless otherwise requested by an individual Councilmember for special consideration. Otherwise, the recommendation of staff will be accepted and acted upon by roll call vote.

**3.1:** Approval of the November 26, 2012 Regular City Council Minutes.

- 3.2:** Approval of the Warrants.
- 3.3:** Approve Resolution No. 2012-50, Approving a One-Year Extension of the Master Professional Services Agreement with MCR Engineering, Inc., for On-Call City Engineer Services and Authorizing the City Manager to Sign the Agreement.

**Mayor Pro Tem Beekman pulled Item 3.1 for corrections.**

**Carr/Silva 5-0-0-0 motion passes to approve Consent Calendar Items 3.2 and 3.3.**

**Mayor Pro Tem Beekman asked for Staff to correct the Minutes as requested. Staff will amend the Minutes as requested.**

**Beekman/Carr 5-0-0-0 motion passes to approve Consent Calendar Item 3.1 as amended.**

**4. UNFINISHED BUSINESS: None.**

**5. PUBLIC HEARING TO CONSIDER THE FOLLOWING: None.**

**6. NEW BUSINESS:**

- 6.1:** Consider Resolution No. 2012-51, a Resolution of the City Council of the City of Hughson Declaring the Results of the Consolidated General Municipal Election held on November 6, 2012.

**Deputy City Clerk Spinale presented the Staff Report on this Item and announced the election results.**

- 6.1. a:** City Clerk to administer the Oath of Office to newly elected Mayor, Matt Beekman, and re-elected Council members Jeramy Young and Jill Ferriera-Silva.

**Deputy City Clerk Spinale administered the Oath of Office to newly elected Mayor Matt Beekman, and then administered the Oath of Office to re-elected Council Members Jeramy Young and Jill Silva.**

- 6.1. b:** Passing of the gavel to newly elected Mayor, and Seating and Roll Call of new City Council:

**Mayor Bawanani introduced Matt Beekman as Mayor of Hughson and passed him the gavel. Mayor Bawanani then stepped up to the podium and gave a heart-warming speech on his years of service as a Councilmember and Mayor of the City of Hughson. The new Council was seated and a Roll Call was taken.**

**Mayor Matt Beekman  
Councilmember Jill Ferriera-Silva  
Councilmember George Carr  
Councilmember Jeramy Young**

**6.1. c:** Recognition of exiting Mayor, Ramon Bawanana.

**Mayor Beekman presented a memorable plaque to Ramon Bawanana in appreciation of his years of service as a Councilmember and Mayor of the City of Hughson.**

**RECESS OF CITY COUNCIL MEETING (refreshments) - 7:15pm.**

**RECONVENE THE CITY COUNCIL MEETING - 7:30pm.**

**4. UNFINISHED BUSINESS:**

**4.1:** City Council Reorganization: Election of a Mayor Pro Tem.

**Deputy City Clerk Spinale presented the Staff Report on this Item. Mayor Beekman nominated Councilmember Young for the position of Mayor Pro Tem. No other nominations were made.**

**Beekman/Carr 4-0-1 motion passes to appoint Councilmember Young as Mayor Pro Tem.**

**4.2:** Review and Approve a Conditional Permit by Which the City of Hughson Grants to the River Oaks Ceres Congregation of Jehovah's Witnesses Permission for the Installation of a Water Well within the City.

**Director Clark presented the Staff Report on this Item.**

**Beekman/Carr 4-0-1 motion passes to approve a Conditional Permit by Which the City of Hughson Grants to the River Oaks Ceres Congregation of Jehovah's Witnesses Permission for the Installation of a Water Well within the City.**

**5. PUBLIC HEARING TO CONSIDER THE FOLLOWING: None.**

**6. NEW BUSINESS:**

**6.1:** Consider approving the re-appointment of Harold Hill to the Planning Commission and direct Staff to advertise an available seat on the Planning Commission vacated by the term expiration of Commissioner Kyle Little.

**Deputy City Clerk Spinale presented the Staff Report on this Item.**

**Silva/Young 4-0-1 motion passes to re-appoint Commissioner Harold Hill to the Planning Commission, and to advertise the vacant seat on the Planning Commission with the vacant City Council seat, setting the application deadline for January 14, 2013 by 5:00pm.**

**Deputy City Clerk Spinale administered the Oath of Office to Commissioner Hill. His new term will expire December 31, 2014.**

- 6.2:** Consider Resolution No. 2012-52, Authorizing the Refinancing of an Existing Installment Sale Agreement, the Execution and Delivery of Amendment No. 1 to the Installment Sale Agreement and Authorizing and Directing Certain Actions in Connection therewith.

**City Manager Whitemyer presented the Staff Report on this Item. Council discussed this Item with Staff.**

**Carr/Silva 4-0-1 motion passes to adopt Resolution No. 2012-52, authorizing the Refinancing of an Existing Installment Sale Agreement, the Execution and Delivery of Amendment No. 1 to the Installment Sale Agreement and Authorizing and Directing Certain Actions in Connection therewith.**

- 6.3:** Discuss the County Planning Commission's approval of the Santa Fe Crossings Time Extension and provide direction to Staff.

**City Manager Whitemyer and Director Clark spoke to the Council about the Santa Fe Crossings Project. Mayor Beekman expressed interest in the City of Hughson filing an appeal with Stanislaus County on this item. Council members Carr and Silva agreed with Mayor Beekman and would also like an appeal to be filed.**

**Silva/Carr 4-0-1 motion passes to direct Staff to file an appeal with Stanislaus County regarding the County Planning Commission's recent approval of the Santa Fe Crossings Time Extension.**

**7. CORRESPONDENCE: None.**

**8. COMMENTS:**

- 8.1:** Staff Reports and Comments: (Information Only – No Action)

**City Manager:** City Manager Whitemyer thanked Ramon Bawanon for his service to the City of Hughson.

**City Clerk:** Deputy City Clerk Spinale reminded all those present that the application deadline for the vacant seat on the City Council and the Planning Commission is January 14, 2013, by 5:00pm.

**Community Development Director:**

**Director of Finance:**

**Police Services:**

**City Attorney:**

**8.2:** Council Comments: (Information Only – No Action)

**Councilmember Carr congratulated Mayor Beekman on becoming Mayor and congratulated Council Members Silva and Young for being re-elected to the Council. He also thanked Ramon Bawan for his service to the City and wished everyone a happy holiday.**

**Councilmember Silva congratulated Mayor Beekman on becoming Mayor and thanked Ramon Bawan for his service to the City as well.**

**Mayor Pro Tem Young thanked Ramon Bawan for his leadership and provided updates on the 2+2 School Committee, the Christmas Festival, and the Chamber of Commerce.**

**8.3:** Mayor’s Comments: (Information Only – No Action)

**Mayor Beekman thanked Ramon Bawan for his service and updated the Council on his attendance at the Cal-LAFCO meeting.**

**9. CLOSED SESSION TO DISCUSS THE FOLLOWING: 8:13PM**

**9.1: CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION Pursuant to subdivision (a) of Section 54956.9:**

City of Bellflower et. al. vs. Matosantos and State of California et. al.  
Sacramento County Superior Court Case No. 34-2012-80001269.

**9.2: PUBLIC EMPLOYEE PERFORMANCE EVALUATION pursuant to Government Code Section 54957:**

Title: City Manager

**10. REPORT FROM CLOSED SESSION:**

**Council returned from Closed Session at 9:10pm. All four (4) council members were present. No reportable action was taken.**

**ADJOURNMENT:**

**Mayor Beekman asked for a motion from Council to adjourn the meeting. A motion was made by Councilmember Silva, followed by a second motion by Councilmember Carr. The meeting was adjourned at 9:10pm.**

\_\_\_\_\_  
**MATT BEEKMAN, Mayor**

\_\_\_\_\_  
**DOMINIQUE SPINALE, Deputy City Clerk**



CITY OF HUGHSON  
**SPECIAL CITY COUNCIL MEETING**  
City Hall Council Chambers  
7018 Pine Street, Hughson, CA

**SPECIAL MEETING MINUTES**  
**WEDNESDAY, JANUARY 2, 2013 – 6:00 P.M.**

**CALL TO ORDER:** Mayor Matt Beekman

**ROLL CALL:**

Present: Mayor Matt Beekman  
Mayor Pro Tem Jeramy Young  
Councilmember Jill Silva  
Councilmember George Carr

Staff Present: Bryan Whitemyer, City Manager  
Monica Streeter, Deputy City Attorney  
Dominique Spinale, Management Analyst/Deputy City Clerk

**FLAG SALUTE:** Mayor Matt Beekman

**INVOCATION:** Mayor Matt Beekman

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**1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken):**

None.

**2. CLOSED SESSION TO DISCUSS THE FOLLOWING:**

2.1: PUBLIC EMPLOYMENT  
Title: City Manager  
(Pursuant to Government Code Section 54957.6)

**3. REPORT FROM CLOSED SESSION:**

**Council returned from Closed Session at 7:13pm. All four (4) Council members were present for the duration of the session. No reportable action was taken.**

**ADJOURNMENT:**

**Mayor Beekman asked for a motion from Council to adjourn the meeting. A motion was made by Councilmember Carr, followed by a second motion by Councilmember Young. The meeting was adjourned at 7:10pm.**

\_\_\_\_\_  
**MATT BEEKMAN, Mayor**

\_\_\_\_\_  
**DOMINIQUE SPINALE, Deputy City Clerk**



CITY OF HUGHSON  
**SPECIAL CITY COUNCIL MEETING**  
City Hall Council Chambers  
7018 Pine Street, Hughson, CA

**SPECIAL MEETING MINUTES**  
**MONDAY, JANUARY 7, 2013 – 7:00 P.M.**

**CALL TO ORDER:** Mayor Matt Beekman

**ROLL CALL:**

Present: Mayor Matt Beekman  
Mayor Pro Tem Jeramy Young  
Councilmember Jill Silva  
Councilmember George Carr

Staff Present: Bryan Whitemyer, City Manager  
Dan Schroeder, City Attorney  
Dominique Spinale, Management Analyst/Deputy City Clerk  
Thom Clark, Community Development Director

**FLAG SALUTE:** Mayor Matt Beekman

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**1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken):**

None.

**2. CLOSED SESSION TO DISCUSS THE FOLLOWING:**

**2.1: PUBLIC EMPLOYMENT**

Title: City Manager  
(Pursuant to Government Code Section 54957.6)

**2.2: PUBLIC EMPLOYMENT**

Title: Interim City Manager  
(Pursuant to Government Code Section 54957.6)

**3. REPORT FROM CLOSED SESSION:**

Council returned from Closed Session at 8:05pm. All four (4) Council members were present for the duration of the session.

Attorney Schroeder reported that the Council has elected not to retain a recruiting firm for the recruitment of a City Manager, and have elected to conduct the search themselves at this time.

Attorney Schroeder advised Item 4.1 was removed from the Agenda in Closed Session by the City Council.

**4. NEW BUSINESS:**

- 4.1: Discussion and possible action to contract with Recruiting Firm for City Manager recruitment.

This item was removed from the Agenda in Closed Session by the City Council.

**ADJOURNMENT:**

Mayor Beekman asked for a motion from Council to adjourn the meeting. A motion was made by Councilmember Silva, followed by a second motion by Councilmember Carr. The meeting was adjourned at 8:05pm.

\_\_\_\_\_  
**MATT BEEKMAN, Mayor**

\_\_\_\_\_  
**DOMINIQUE SPINALE, Deputy City Clerk**

REPORT.: Jan 07 13 Monday  
 RUN.....: Jan 07 13 Time: 09:23  
 Run By.: KATHY DAHLIN

City of Hughson  
 Cash Disbursement Detail Report  
 Check Listing for 12-12 Bank Account.: 0100

PAGE: 001  
 ID #: PY-DP  
 CTL: HUG

Check Number	Check Date	Vendor Number	Name	Net Amount	-----Payment Information-----	
					Invoice #	Description
43211	12/13/2012	STA49	STANISLAUS CO PLANNING	\$ 622.00	B21213	APPEAL DECISION OF COUNTY PLANNING COMMISSION
43212	12/18/2012	VOID	VOIDED CHECK			
43213	12/18/2012	VOID	VOIDED CHECK			
43214	12/18/2012	VOID	VOIDED CHECK			
43215	12/18/2012	VOID	VOIDED CHECK			
43216	12/18/2012	VOID	VOIDED CHECK			
43217	12/18/2012	VOID	VOIDED CHECK			
43218	12/18/2012	VOID	VOIDED CHECK			
43219	12/18/2012	VOID	VOIDED CHECK			
43220	12/18/2012	VOID	VOIDED CHECK			
43221	12/18/2012	VOID	VOIDED CHECK			
43222	12/18/2012	VOID	VOIDED CHECK			
43223	12/18/2012	VOID	VOIDED CHECK			
43224	12/18/2012	VOID	VOIDED CHECK			
43225	12/18/2012	VOID	VOIDED CHECK			
43226	12/18/2012	VOID	VOIDED CHECK			
43227	12/18/2012	VOID	VOIDED CHECK			
43228	12/18/2012	VOID	VOIDED CHECK			
43229	12/18/2012	VOID	VOIDED CHECK			
43230	12/18/2012	VOID	VOIDED CHECK			
43231	12/18/2012	VOID	VOIDED CHECK			
43232	12/18/2012	VOID	VOIDED CHECK			
43233	12/18/2012	VOID	VOIDED CHECK			
43234	12/18/2012	VOID	VOIDED CHECK			
43235	12/18/2012	VOID	VOIDED CHECK			
43236	12/18/2012	VOID	VOIDED CHECK			
43237	12/18/2012	VOID	VOIDED CHECK			
43238	12/18/2012	VOID	VOIDED CHECK			
43239	12/18/2012	VOID	VOIDED CHECK			
43240	12/18/2012	VOID	VOIDED CHECK			
43241	12/18/2012	VOID	VOIDED CHECK			
43242	12/18/2012	VOID	VOIDED CHECK			
43243	12/18/2012	VOID	VOIDED CHECK			
43244	12/18/2012	VOID	VOIDED CHECK			
43245	12/18/2012	VOID	VOIDED CHECK			
43246	12/18/2012	VOID	VOIDED CHECK			
43247	12/18/2012	VOID	VOIDED CHECK			
43248	12/18/2012	VOID	VOIDED CHECK			
43249	12/18/2012	VOID	VOIDED CHECK			
43250	12/18/2012	VOID	VOIDED CHECK			
43251	12/18/2012	VOID	VOIDED CHECK			
43252	12/18/2012	ABS00	ABS PRESORT	\$ 617.99	85052	STATEMENTS DEC. 2012
43253	12/18/2012	AFL01	AFLAC	\$ 941.45	442107	AFLAC
43254	12/18/2012	AND02	ANDREWS ELECTRIC	\$ 1,253.96	74080	REPLACEMENT PUMP
				\$ 1,253.96	74081	REPLACEMENT PUMP
			Check Total:	\$ 2,507.92		
43255	12/18/2012	ARR00	ARROWHEAD MOUNTAIN SPRING	\$ 15.44	02L002566	BOTTLED WATER
43256	12/18/2012	ATT01	AT&T	\$ 20.76	B21217	PHONE
43257	12/18/2012	AVA00	AVAYA, INC	\$ 125.16	273227577	PHONE CITY HALL
43258	12/18/2012	BAY02	BAY ALARM CO	\$ 265.19	421211301	MONITORING OF FIRE & BURGAR SYSTEM WWTP

43259	12/18/2012	BLU00	BLUE SHIELD	\$	11,584.00	B21217	HEALTH PREMIUMS 1/2013
43260	12/18/2012	CAL44	CALIFORNIA CONTRACTORS SU	\$	199.49	41341	STREET SAFETY EQUIP
43261	12/18/2012	CEN14	CENTRAL JANITOR'S SUPPLY	\$	395.08	1162995	SANITARY SUPPLIES
				\$	594.98	1165860	SANITARY SUPPLIES
				\$	97.71	1162995-1	GLOVES OF WWTP
			Check Total:	\$	1,087.77		
43262	12/18/2012	CLA03	CLARK'S PEST CONTROL	\$	102.00	13555021	PEST CONTROL
				\$	57.00	13585022	PEST CONTROL
			Check Total:	\$	159.00		
43263	12/18/2012	CON14	CONDOR EARTH TECHNOLOGIES	\$	2,914.30	65224	GROUNDWATER MONITORING 11/9-11/23/12
				\$	15,920.30	65225	HUGHSON 2012 NOV RESPONSE
			Check Total:	\$	18,834.60		
43264	12/18/2012	DHA01	DHAMI, LAKHBIR S.	\$	210.00	B21217	REFUND DAMAGE & KEY DEPOSIT
43265	12/18/2012	ENV03	ENVIRONMENTAL SCIENCE ASS	\$	6,107.50	100671	PLANNING SVCS 9/11/12
43266	12/18/2012	EZN00	EZ NETWORK SOLUTIONS	\$	23.45	25684	IT SVCS 12/12
				\$	2,341.60	TS25622	IT SVCS
			Check Total:	\$	2,365.05		
43267	12/18/2012	FAR03	FARMERS BROTHERS COFFEE	\$	54.57	57155394	COFFEE
43268	12/18/2012	FRA03	FRANTZ WHOLESALE NURSERY	\$	300.65	521528	REPLACEMENT STREET TREES
43269	12/18/2012	GAR13	GARZA, HOMER	\$	172.90	B21218	REIMB MILEAGE & WATER DISTRIBUTION FEE
43270	12/18/2012	GEO00	GEORGE REED, INC	\$	380.42	100033366	ASPHALT
43271	12/18/2012	GRA01	GRAND FLOW	\$	678.53	121549	A/P CHECKS, BL RENEWALS & CERTIFICATES
				\$	149.82	121578	W-2'S & 1099'S 2012
			Check Total:	\$	828.35		
43272	12/18/2012	HOM01	THE HOME DEPOT CRC	\$	98.52	5025339	GFI PLUGS
				\$	14.27	5025347	EXTENSION CORDS
				\$	97.55	5054597	CLEANING SUPPLIES FOR BLD MATERIALS
				\$	734.21	6025097	WWTP PRESSURE WASHER & MISC
				\$	36.41	7592265	SUPPLIES TO INSTALL WATER HEATER
			Check Total:	\$	980.96		
43273	12/18/2012	HUG03	HUGHSON CHRONICLE	\$	189.05	101340	LEGAL #7016 PUBLIC HEARING
43274	12/18/2012	HUG08	CITY OF HUGHSON	\$	1,415.79	B21218	LLD WATER SERVICE
43275	12/18/2012	HUG11	HUGHSON FARM SUPPLY	\$	39.68	0424987IN	SAFETY SUPPLIES
				\$	72.15	0425838IN	BEARINGS FOR UTILITY TRAILER
				\$	85.13	0427138IN	BEARING FOR FLAIL MOWER
				\$	225.43	0427148IN	REPLACEMENT PRUNER
				\$	16.65	0427342IN	PARKS SUPPLIES
			Check Total:	\$	439.04		
43276	12/18/2012	IND05	INDUSTRIAL ELECTRICAL CO	\$	1,318.50	1040489	REPROGRAM FLOW METER WELL#3
				\$	1,045.41	1040651	BEARINGS FOR WELL #8
			Check Total:	\$	2,363.91		

43277	12/18/2012	LEG01	LEGAL SHIELD	\$	51.80	B21218	LEGAL SVCS
43278	12/18/2012	MAN01	MANZANO, EDGAR	\$	210.00	B21218	REFUND DAMAGE & KEY DEPOSIT
43279	12/18/2012	MER03	MERCY MEDICAL	\$	304.54	B21218	MEDICAL CLAIMS REIMB NOT PAID BY TASC S.RUSH
43280	12/18/2012	MOS01	MOSS, LEVY & HARTZHEIM, L	\$	4,440.00	4069	COMPLETION OF SINGLE AUDIT
43281	12/18/2012	NEU01	NEUMILLER & BEARDSLEE	\$	1,200.00	252598	LEGAL SVCS - GENERAL 11/12
				\$	4,277.60	252599	LEGAL SVCS - GENERAL 11/12
				\$	160.00	252600	LEGAL SVCS - SPECIAL 11/12
			Check Total:	\$	5,637.60		
43282	12/18/2012	OPE01	OPERATING ENGINEERS LOCAL	\$	389.00	B21218	LOCAL UNION #3 DUES
43283	12/18/2012	QUI03	QUICK N SAVE	\$	125.01	1-7881	DIESEL
43284	12/18/2012	RIC04	RICOH USA, INC	\$	1,337.04	88193000	COPIER LEASE
43285	12/18/2012	STA42	STANISLAUS COUNTY	\$	4,808.50	R12278875	3RD QTR OPERATIONAL COST 12/13, 2011-12 TRUE-UP
				\$	1,191.00	R12278877	12/13 3RD QTR DEBT SERVICE
			Check Total:	\$	5,999.50		
43286	12/18/2012	STA47	STANISLAUS COUNTY SHERIFF	\$	2,950.01	1213-129	VEHICLE CHARGES OCT.12
				\$	8,440.97	1213-132	SLESF-EXTRA PATROL & RECORDS MGMT 10/12
			Check Total:	\$	11,390.98		
43287	12/18/2012	UNU01	UNUM LIFE INSURANCE CO.	\$	628.53	B21218	LIFE INSURANCE WITHHOLDING
43288	12/18/2012	URB00	URBAN FUTURES INCORP	\$	2,351.60	1212-006	PROF. SVCS 11/2012
43289	12/18/2012	USA02	USA MOBILITY	\$	11.66	V0190776L	PAGER SERVICE
43290	12/18/2012	WAR00	WARDEN'S OFFICE	\$	356.62	1769915-0	OFFICE SUPPLIES
43291	12/18/2012	WIL05	WILLE ELECTRIC	\$	661.40	S14873611	REPLACEMENT LIGHTS
43291	12/18/2012	WIL05	WILLE ELECTRIC	\$	45.05	S14887871	FUSES
				\$	5.38	S14887872	FUSES
			Check Total:	\$	711.83		
43292	12/19/2012	EMP01	STATE OF CALIFORNIA	\$	1,723.82	B21219	PAYROLL TAXES
43293	12/19/2012	HAR02	THE HARTFORD	\$	604.63	B21219	DEFERRED COMPENSATION
43294	12/19/2012	PER01	P.E.R.S.	\$	8,077.11	B21219	RETIREMENT
43295	12/19/2012	STA12	SWRCB ACCOUNTING OFFICE	\$	1,521.00	0082356A	ANNUAL PERMIT FEE ID #5SS10968
				\$	4,852.00	0083175A	ANNUAL PERMIT FEE ID #5B5ONP00018
				\$	10,873.00	0084039A	ANNUAL PERMIT FEE ID #5C5101002
			Check Total:	\$	17,246.00		
43296	12/19/2012	STA23	CalPERS SUPPLEMENTAL INCO	\$	20.00	B21219	DEFERRED COMPENSATION
43297	12/19/2012	UNI07	UNITED WAY OF STANISLAUS	\$	9.00	B21219	UNITED WAY
			Cash Account Total:	\$	114,415.23		
			Total Disbursements:	\$	114,415.23		

REPORT.: Jan 11 13 Friday  
 RUN.....: Jan 11 13 Time: 12:07  
 Run By.: KATHY DAHLIN

City of Hughson  
 Cash Disbursement Detail Report  
 Check Listing for 01-13 Bank Account.: 0100

PAGE: 001  
 ID #: PY-DP  
 CTL.: HUG

Check Number	Check Date	Vendor Number	Name	Net Amount	-----Payment Information-----	
					Invoice #	Description
43265	1/9/2013	ENV03	ENVIRONMENTAL SCIENCE ASSOC	\$ (6,107.50)	100671u	Ck# 043265 Reversed
43298	1/9/2013	VOID	VOIDED CHECK			
43299	1/9/2013	ABS00	ABS PRESORT	\$ 5,000.00	MP2012122	POSTAGE ADVANCE
43300	1/9/2013	ALL05	ALLIED ADMINISTRATORS	\$ 2,192.61	B30109	DENTAL 2/13
43301	1/9/2013	ATT01	AT&T	\$ 20.70	B30109	PHONE
43302	1/9/2013	ATT02	AT&T MOBILITY	\$ 280.40	B30109	WIRELESS
43303	1/9/2013	ATT03	AT&T	\$ 14.59	B30109	PHONE
43304	1/9/2013	AVA00	AVAYA, INC	\$ 149.81	273229734	PHONE CITY HALL
43305	1/9/2013	AZE01	AZEVEDO'S AUTO SERVICE	\$ 248.76	B30109	SMOG INSPECTIONS
43306	1/9/2013	BAY02	BAY ALARM CO	\$ 57.51	42121215M	ALARM MONITORING
43307	1/9/2013	BRE01	W.H. BRESHEARS	\$ 1,223.57	231085	UNLEADED FUEL
43308	1/9/2013	CAL44	CALIFORNIA CONTRACTORS SU	\$ 108.64	46045	JUMPER CABLE
43309	1/9/2013	CEN14	CENTRAL JANITOR'S SUPPLY	\$ 337.33	390916	FLOOR CLEANING MATERIAL
43310	1/9/2013	CHA01	CHARTER COMMUNICATION	\$ 84.99	B30109	IP ADDRESS
43311	1/9/2013	CON14	CONDOR EARTH TECHNOLOGIES	\$ 215.00 \$ 740.00	65307 65384	GROUNDWATER MONITORING GROUNDWATER MONITORING
			Check Total:	\$ 955.00		
43312	1/9/2013	EMP01	STATE OF CALIFORNIA	\$ 1,265.29	B30107	PAYROLL TAXES
43313	1/9/2013	ENV02	ENVIRONMENTAL SYSTEMS	\$ 1,788.93	26357	STREET SWEEPING 12/12
43314	1/9/2013	ENV03	ENVIRONMENTAL SCIENCE ASSOC	\$ 5,191.37	100671A	PLANNING SVCS 9/12-11/12
43315	1/9/2013	EWI00	EWING IRRIGATION PRODUCTS	\$ 163.21	5731175	ROOT BARRIERS
43316	1/9/2013	EXP00	EXPRESS PERSONNEL SERVICE	\$ 342.00 \$ 784.56 \$ 1,106.40	118550649 118837343 119124840	EXTRA HELP WWTP EXTRA HELP WWTP/WATER/PARKS EXTRA HELP WWTP/WATER/PARKS
			Check Total:	\$ 2,232.96		
43317	1/9/2013	EZN00	EZ NETWORK SOLUTIONS	\$ 4,467.70 \$ 657.41 \$ 3,010.88 \$ 2,341.60	25559 25579 25728 TS25746	ITEMS FOR SERVER UPGRADE REPLACEMENT COMPUTER CITY HALL SERVER REPLC PROJ IT SVCS
			Check Total:	\$ 10,477.59		
43318	1/9/2013	FRA03	FRANTZ WHOLESALE NURSERY	\$ 987.85	115153	PLANTS FOR CITY
43319	1/9/2013	GEO00	GEORGE REED, INC	\$ 336,354.15	11000859	HATCH RD OVERLAY PROJ

43320	1/9/2013	GEO01	GEOANALYTICAL LABORATORIE	\$ 775.78	Y2L1117	LAB TESTING
				\$ 30.00	Y2L1808	LAB TESTING
				\$ 30.00	Y2L2602	LAB TESTING
			Check Total:	\$ 835.78		
43321	1/9/2013	GIB00	GIBBS MAINTENANCE CO	\$ 555.00	14039	JANITOR SVCS FOR 12/12
43322	1/9/2013	GRA03	W.W. GRAINGER, INC.	\$ 262.32	995887038	ELECTRICAL CONDUIT SUPPLIES
43323	1/9/2013	HAR02	THE HARTFORD	\$ 604.63	B30107	DEFERRED COMPENSATION
43324	1/9/2013	HUG03	HUGHSON CHRONICLE	\$ 150.00	101659	BRIDAL SPECIAL 1/2013
				\$ 109.45	101725	LEGAL NOTICE COUNCIL VACANCY
				\$ 184.08	101811	LEGAL #7173 ORD 2013-01
			Check Total:	\$ 443.53		
43325	1/9/2013	HUG11	HUGHSON FARM SUPPLY	\$ 34.16	0427903IN	DEPT SUPPLIES
				\$ 54.18	0428876IN	SAFETY SUPPLIES
				\$ 49.71	0429866IN	JACK FOR TRAILER
			Check Total:	\$ 138.05		
43326	1/9/2013	HUG28	HUGHSON TIRE	\$ 200.00	8601-36	TIRES FOR TRAILER
43327	1/9/2013	PER01	P.E.R.S.	\$ 7,541.95	B30107	RETIREMENT
43328	1/9/2013	STA23	CalPERS SUPPLEMENTAL INCO	\$ 20.00	B30107	DEFERRED COMPENSATION
43329	1/9/2013	UNI07	UNITED WAY OF STANISLAUS	\$ 9.00	B30107	UNITED WAY
43330	1/9/2013	\A007	ALONSO, BERTHA & JOSE R.	\$ 53.40	000B30101	MQ CUSTOMER REFUND FOR ALO0001
43331	1/9/2013	\A008	AMARAL, JOHNNY	\$ 80.00	000B30101	MQ CUSTOMER REFUND FOR AMA0007
43332	1/9/2013	\L006	LIBERTY GENERAL INSURANC,	\$ 124.77	000B30101	MQ CUSTOMER REFUND FOR LIB0001
43333	1/9/2013	\R004	ROBERT, RONI	\$ 74.34	000B30101	MQ CUSTOMER REFUND FOR ROB0032
43334	1/9/2013	\S001	SEQUOIA PROPERTY MGMT,	\$ 6.74	000B30101	MQ CUSTOMER REFUND FOR SEQ0001
43335	1/10/2013	ARA00	ARAMARK UNIFORM SERVICE	\$ 459.47	B30110	UNIFORM
43336	1/10/2013	DEP08	DEPT. OF CONSERVATION	\$ 270.11	B30110	SMIP FEES OCT-DEC 2012
43337	1/10/2013	HUG34	VALLEY PARTS WAREHOUSE, I	\$ 41.51	77085	FITTINGS, TUBING
				\$ 23.71	77479	AIR COMPRESSED
				\$ 5.47	77786	OIL
				\$ 2.92	78354	GREASE CAP
			Check Total:	\$ 73.61		
43338	1/10/2013	IND05	INDUSTRIAL ELECTRICAL CO	\$ 517.50	1039282	LABOR TO HOOK UP VFD AT WELL #3
				\$ 405.00	1040931	TROUBLESHOOT MOTOR AT WELL #6
			Check Total:	\$ 922.50		
43339	1/10/2013	KNO00	KNOX COMPANY	\$ 380.11	INV005420	EMERGENCY ENTRY FOR FIRE @ WWTP
43340	1/10/2013	KUB00	KUBWATER RESOURCES, INC	\$ 1,625.23	3165	POLYMER
				\$ 2,437.84	3170	POLYMER
			Check Total:	\$ 4,063.07		

43341	1/10/2013	LAD00	LADD CRANE SERVICE	\$	162.50	22932	CRANE SERVICE
43342	1/10/2013	LEG00	LEGENDS SPORTS TROPHY	\$	64.43	1578	NAMEPLATES
43343	1/10/2013	LEG01	LEGAL SHIELD	\$	51.80	B30110	LEGAL SVCS
43344	1/10/2013	3-Mar	MARTY REIS BLACKFLOW	\$	1,433.50	2372	ANNUAL BACKFLOW INSPECTION
43345	1/10/2013	MCR01	MCR ENGINEERING, INC	\$	12,070.00	9408	ENGINEERING SVCS 11/12
43346	1/10/2013	MEN05	DARIO MENDOZA	\$	111.42	B30110	MEDICAL REIMB
43347	1/10/2013	MOD01	THE MODESTO BEE	\$	180.00	B30110	RENEWAL
43348	1/10/2013	MOD04	CITY OF MODESTO	\$	214.12	R126-02	PLANNING SVCS
43349	1/10/2013	OPE01	OPERATING ENGINEERS LOCAL	\$	391.00	B30110	LOCAL UNION #3 DUES
43350	1/10/2013	PAC05	PACIFIC PLAN REVIEW	\$	3,802.50	H1031-12	CONTRACT SRVCS PLANNING/B
43351	1/10/2013	PER02	CalPERS	\$	20,660.00	13898940	MEDICAL INSURANCE WITHHELD
43352	1/10/2013	PGE01	PG & E	\$	859.22	B30110	UTILITIES
43353	1/10/2013	PIT01	PITNEY BOWES	\$	512.18	7062540DC	POSTAGE MACHINE LEASE
43354	1/10/2013	QUI03	QUICK N SAVE	\$	77.02	1-1619	QUICK N SAV
				\$	114.28	1-8991	DIESEL
			Check Total:	\$	191.30		
43355	1/10/2013	SAF01	SAFETLITE	\$	627.45	292350	STREET SIGNS POST & SUPPLIES
				\$	347.81	292506	PUBLIC WORKS SUPPLIES
			Check Total:	\$	975.26		
43356	1/10/2013	SHO02	SHORE CHEMICAL COMPANY	\$	1,237.99	35864	FERRIC CHLORIDE
43357	1/10/2013	SHR02	SHRED-IT CENTRAL CA	\$	117.31	940126070	SHREDDING SVC
43358	1/10/2013	STA47	STANISLAUS COUNTY SHERIFF	\$	9,577.71	1213-144	SLESF-DEPUTY 11/12
				\$	9,468.93	1213-147	SLESF-EXTRA PATROL & RECORDS MGMT 11/12
				\$	1,585.25	1213-154	VEHICLE CHARGES 11/12
			Check Total:	\$	20,631.89		
43359	1/10/2013	SYN01	SYNECTIC TECHNOLOGIES	\$	2,792.70	30-101739	SLUDGE REMOVAL
				\$	(2,792.70)	30-101739u	Ck# 043359 Reversed
			Check Total:	\$	-		
43360	1/10/2013	TID01	TURLOCK IRRIGATION DIST.	\$	20,921.23	B30110	ELECTRIC
43361	1/10/2013	TRO00	TROPHY WORKS	\$	113.76	75706	PLAQUE & GAVEL
43362	1/10/2013	TUR12	TURLOCK, CITY OF	\$	225.00	2013-18	CNG FUEL
43363	1/10/2013	UND01	UNDERGROUND SERVICE ALERT	\$	118.50	12120008	ALERT RENEWAL
43364	1/10/2013	UNI11	UNIVAR USA, INC	\$	454.93	SJ526129	SODIUM HYPOCHLORITE
				\$	405.41	SJ528324	SODIUM HYPOCHLORITE
			Check Total:	\$	860.34		
43365	1/10/2013	USA02	USA MOBILITY	\$	11.64	W0190776A	PAGER SERVICE
43366	1/10/2013	VSP01	VISION SERVICE PLAN	\$	384.69	B30110	VISION INSURANCE
43367	1/10/2013	WAR00	WARDEN'S OFFICE	\$	97.79	1770740-0	OFFICE SUPPLIES
43368	1/10/2013	WAS01	WASTE MANAGEMENT	\$	687.04	272997505	DISPOSAL OF CITY REFUSE

43369	1/10/2013	WIL01	CORBIN WILLITS SYSTEM	\$	65.00	B21215	INSTALL PRINTERS
				\$	571.40	B212151	ENHANCEMENT & SERVICE FEES
					-----		
			Check Total:	\$	636.40		
43370	1/10/2013	WIL05	WILLE ELECTRIC	\$	(271.20)	S14668871C	RETURN PHOTO CONTROL
				\$	464.09	S14811731	REPLACEMENT BALLASTS
					-----		
			Check Total:	\$	192.89		
					-----		
			Cash Account Total:	\$	468,061.84		
					-----		
			Total Disbursements:	\$	468,061.84		
					=====		



## CITY OF HUGHSON AGENDA ITEM NO. 3.3

### SECTION 3: CONSENT CALENDAR

**Meeting Date:** January 14, 2013  
**Presented By:** Lisa Whiteside, Finance Manager  
**Subject:** Treasurer's Report – November 2012

**Approved By:** \_\_\_\_\_

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Enclosed you will find the City of Hughson Treasurer's Report for November 2012. After review and evaluation of the report, I have researched the following Fund's with a deficit balance. After discussion with other management staff personnel, I submit the following detailed explanation:

#### **Redevelopment- Debt Service Fund:**

The Redevelopment Debt Service Fund currently reflects a negative balance of (\$128,057.09). State Legislature passed AB 1484, the redevelopment budget trailer bill, containing unconstitutional sales and property tax clawback or garnishment provisions. This legislation required successor agencies (cities) to pay its share of the December 2011 Property Tax distribution to the County Auditor-Controller. The City received a payment demand letter from the Stanislaus County Auditor-Controller that the property tax revenue received by the Hughson Successor Agency exceeded the total enforceable obligations by \$134,786.

As a result, the Successor Agency did not have the funds to pay the required payment. The City provided a loan to the Successor Agency to cover these costs. This loan was list as an enforceable obligation of the Successor Agency and was included on the Recognized Obligation Payment Schedule for January 2013 to June 2013. However, the Department of Finance denied the enforceable obligation request. The Successor Agency filed an appeal with the Department of Finance. We meet with the Department of Finance on November 16, 2012. On December 18, 2012, we received notice from the Department of Finance denying the Recognized Obligation Payment.

### **Public Facilities Development Streets Fund:**

The Public Facilities Development Streets Fund currently reflects a negative balance of (\$678,724.33). The deficit is a result of the Euclid Bridge Project, which was constructed in Fiscal Year 2006/2007, for approximately \$1.3 million. The project was completed in anticipation of funding from Developer Impact Fees collected from new development. Unfortunately, the housing market declined significantly and the new development never materialized. Once the economy strengthens and new building starts again, we can recognize additional developer impact fees and reduce the deficit more quickly.

### **Water Developer Impact Fee Fund:**

The Water Developer Impact Fee Fund currently reflects a negative balance of (\$536,781.94). After extensive review City staff discovered that the remaining deficit is attributable to settlement arrangements that were made in FY 2008/2009 and FY 2009/2010 for the Water Tank on Fox Road near Charles Street. During that period the City paid out \$650,000 in settlements.

This account will be in a deficit position until additional development occurs and developer impact fees are collected to cover those costs.

### **Transportation Capital Project Fund:**

The Transportation Capital Project Fund currently reflects a negative balance of (\$491,671.85). The City currently has two Street projects under construction Pine Street and Hatch Rd. The Pine Street project is completed and the city is in the process of applying for reimbursement from the CMAQ and CDBG funds.

### **PW CDBG Street Project:**

The PW CDBG Street Project Fund currently reflects a negative balance of (\$78,516.00). The City currently has two Street projects under construction Pine Street and 4<sup>th</sup> Street. The Pine Street project is completed and the city is in the process of applying for reimbursement from the CDBG fund.

### **Recommendation:**

Staff recommends the City Council review and receives the enclosed City of Hughson Treasurer's Report for November 2012.

**City of Hughson  
Treasurer's Report  
November 2012**

	<b>MONEY MARKET</b>	<b>GENERAL</b>	<b>REDEVELOPMENT**</b>	<b>TOTAL</b>
Bank Statement Totals	\$ 4,821,401.24	\$ 1,087,593.58	\$ 206,383.69	\$ 6,115,378.51
Adjustment-Direct Deposit Payroll	\$ -			\$ -
Outstanding Deposits +	\$ -	\$ -	\$ -	\$ -
Outstanding Checks/transfers -	\$ (3,167.44)	\$ (76,889.89)	\$ -	\$ (80,057.33)
<b>ADJUSTED TOTAL</b>	<b>\$ 4,818,233.80</b>	<b>\$ 1,010,703.69</b>	<b>\$ 206,383.69</b>	<b>\$ 6,035,321.18</b>
Investments: Various				\$ 994,846.99
Multi-Bank WWTP				\$ 1,400,166.49
Investments: L.A.I.F.		\$ 39,134.25	\$ 39,009.81	\$ 78,144.06
<b>TOTAL CASH &amp; INVESTMENTS</b>				<b>\$ 8,508,478.72</b>

<b>Books - All Funds</b>	<b>November 2011</b>	<b>November 2012</b>
2 Water/Sewer Deposit	26,259.81	29,325.51
4 Sale of Vehicle	0.00	2,385.00
5 AB939 Source Reduction	5,000.00	277.83
7 Public Safety Augmentation	0.00	0.00
8 Vehicle Abatement	1,097.86	15,110.45
11 Traffic Congestion Fund	102,596.65	170,567.70
13 Redevelopment - Debt Service	259,341.35	-128,057.09
14 Redevelopment - Housing	778,299.59	0.00
15 Redevelopment - Capital Projects	-316,175.00	0.00
17 Federal Officer Grant	6,620.00	6,620.00
19 Asset Forfeiture	1,660.43	1,660.43
25 Gas Tax 2106	48,535.80	26,905.75
30 Gas Tax 2107	24,530.73	11,294.30
31 Gas Tax 2105	106,409.83	26,423.88
35 Gas Tax 2107.5	12,672.14	14,672.14
40 General Fund	-300,134.64	289,455.82
401 General Fund Contingency Reserve	668,836.09	671,159.44
48 Senior Community Center	-5,330.53	4,939.37
49 IT Reserve	7,500.00	27,709.23
50 U.S.F. Resource Com. Center	4,572.22	5,226.02
51 Self-Insurance	107,847.52	97,073.49
52 CLEEP(California Law Enforcement E	0.00	0.00
53 SLESF (Supplemental Law Enforceme	200,124.43	171,349.61
54 Park Project	329,542.81	366,714.37
60 Sewer O & M	50,879.12	787,713.11
61 Sewer Fixed Asset Replacement	1,054,954.31	1,504,741.97
66 WWTP Expansion 2008	3,683,926.91	2,459,469.36
70 Local Transportation	39,686.03	126,534.41
71 Transportation	-277,647.68	-491,671.85
100/200 LLD's and BAD's	75,228.78	16,073.31
80 Water O & M	220,726.04	170,140.25
82 Water Fixed Asset Replacement	-13,036.86	178,525.33
88 PW CDBG Street Project	0.00	-78,516.00
80 Water Reserve-USDA GRANT	21,524.50	21,524.50
90 Garbage/Refuse	73,992.53	-17,603.97
91 Misc. Grants	-36,898.02	0.00
92 98-EDBG-605 Small Bus. Loans	93,585.12	93,585.12
94 96-EDBG-438 Grant	403.43	403.43
95 94-STBG-799 Grant	155,862.56	157,385.87
96 HOME Program Grant (FTHB)	37,810.91	35,041.19
97 96-STBG-1013 Grant	13,205.80	34,625.85
98 HOME Rehabilitation Fund	-1,084.71	0.00
Developer Impact Fees ***	1,678,781.28	1,699,693.59
<b>TOTAL ALL FUNDS:</b>	<b>8,941,707.14</b>	<b>8,508,478.72</b>

I hereby certify that the investment activity for this reporting period conforms with the Investment Policy adopted by the Hughson City Council, and the California Government Code Section 53601. I also certify that there are adequate funds available to meet the City of Hughson's budgeted and actual expenditures for the next six months.

<b>Break Down of Impact Fees ***</b>		
10 Storm Drain	43,285.27	158,926.01
20 Community Enhancement	101,943.10	54,026.59
41 Public Facilities Development	2,167,322.89	1,585,305.12
42 Public Facilities Development-Streets	-982,373.33	-678,724.33
55 Parks DIF	134,089.25	202,979.99
62 Sewer Developer Impact Fees	890,110.35	913,962.15
81 Water Developer Impact Fees	-675,596.25	-536,781.94
<b>Break Down of Impact Fees ***</b>	<b>1,678,781.28</b>	<b>1,699,693.59</b>

Lisa Whiteside, Treasurer

Date





**City Council Meeting Schedule for 2013**

Monday, January 14, 2013

Monday, January 28, 2013

Tuesday, February 12, 2013 (Monday – Holiday - Lincoln’s Birthday)

Monday, February 25, 2013

Monday, March 11, 2013

Monday, March 25, 2013

Monday, April 8, 2013

Monday, April 22, 2013

Monday, May 13, 2013

Tuesday, May 28, 2013 (Monday - Holiday - Memorial Day)

Monday, June 10, 2013

Monday, June 24, 2013

Monday, July 8, 2013

Monday, July 22, 2013

Monday, August 12, 2013

Monday, August 26, 2013

Monday, September 9, 2013

Monday, September 23, 2013

Monday, October 14, 2013

Monday, October 28, 2013

Tuesday, November 12, 2013 (Monday - Holiday -Veterans Day)

Monday, November 25, 2013

Monday, December 9, 2013

Monday, December 23, 2013 (CANCEL FOR THE HOLIDAYS)



## CITY OF HUGHSON AGENDA ITEM NO. 3.5

### SECTION 3: CONSENT CALENDAR

**Meeting Date:** January 14, 2013  
**Presented By:** Thom Clark, Community Development Director  
**Subject:** Consideration of Resolution No. 2013-01, a Resolution of the City Council of the City of Hughson Accepting the Pine Street Sidewalk Infill Project and Authorizing the City Clerk to File a Notice of Completion

**Approved:** \_\_\_\_\_

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#### **Background:**

At its regularly scheduled meeting of May 29, 2012 the City Council awarded a contract for the Pine Street Sidewalk Infill Project to low bidder Rolfe Construction in the amount of \$331,744. The City Council also authorized a 10% contingency and a 10% set-aside for testing and inspection.

#### **Discussion:**

This street project included new storm drain lines to upgrade the system down Pine Street. Although the project was not designed to have a complete street overlay, we ended up with one, making the final product look brand new. The reason for this was twofold. First, the soil under Pine Street was very sandy. In some places it looked like beach sand. When the street was trenched to install the storm drain lines, the sides kept caving in causing the pavement to be undercut. It was hard to find a good place to stop. So the City Engineer did some additional calculations on the soil and its weight bearing capacity and ended up with a thinner asphalt cross section that saved enough money to re-pave the entire street width.

There are a couple of design features I would like to point out as well because they are different. The street is narrower than the standard residential 60 foot wide right-of-way. We wanted to keep the sidewalk away from the old motel building on the south side of Pine between 4<sup>th</sup> and 5<sup>th</sup> Streets. These are now Single Room Occupancy units with the bathroom windows facing the right-of-way. You can see the street width reduction if you are standing on the City Hall steps and look east to the project. The reduction in width also saves us long term street maintenance costs and makes it easier to use by pedestrians because of the shorter distance to walk. We have also enhanced the crosswalks by using a wide "ladder" pattern. This makes the crosswalks very visible as you look down the street. This should

make them safer for pedestrians and we are heartened to see people using these facilities, even out across 7<sup>th</sup> Street.

The project is now complete. The next step is to file a Notice of Completion with the Stanislaus County Clerk-Recorder.

**Fiscal Impact:**

Contingency funds in the amount of \$17,746 were used for this project. The total project cost is then \$349,490. Monies in the amount of \$402,704 were budgeted in this fiscal year from the CMAQ, CDBG, and Community Enhancement accounts. Unused CDBG funds will be rolled over to the next sidewalk infill project on 4<sup>th</sup> Street scheduled for construction in the spring.

**Staff Recommendation:**

Adopt Resolution No. 2013-01, A Resolution of the City Council of the City of Hughson Accepting the Pine Street Sidewalk Infill Project and Authorizing the City Clerk to File a Notice of Completion.

**CITY OF HUGHSON**  
**CITY COUNCIL**  
**RESOLUTION NO. 2013-01**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUGHSON  
ACCEPTING THE PINE STREET SIDEWALK INFILL PROJECT AND  
AUTHORIZING THE CITY CLERK TO FILE A NOTICE OF COMPLETION**

**WHEREAS**, at its regularly scheduled meeting of May 29, 2012 the Hughson City Council awarded a contract for the Pine Street Sidewalk Infill Project in the amount of \$331,744 to low bidder Rolfe Construction; and

**WHEREAS**, the work has been inspected and found to be complete; and

**NOW THEREFORE BE IT RESOLVED** that the Hughson City Council hereby accept the Pine Street Infill Project and authorize the City Clerk to File a Notice of Completion with the County Clerk-Recorder.

**PASSED AND ADOPTED** by the City Council of the City of Hughson at its regular meeting held on this 14th day of January, 2013 by the following roll call votes: ( )

AYES:

NOES:

ABSENT:

ABSTENTIONS:

\_\_\_\_\_  
MATT BEEKMAN, Mayor

\_\_\_\_\_  
DOMINIQUE SPINALE, Deputy City Clerk



## CITY OF HUGHSON AGENDA ITEM NO. 3.6

### SECTION 3: CONSENT CALENDAR

**Meeting Date:** January 14, 2013  
**Presented By:** Thom Clark, Community Development Director  
**Subject:** Consideration of Resolution No. 2013-02, a Resolution of the City Council of the City of Hughson Accepting the Hatch Road Overlay Project and Authorizing the City Clerk to File a Notice of Completion

**Approved:** \_\_\_\_\_

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#### **Background:**

At its regularly scheduled meeting of August 27, 2012 the City Council awarded a contract for the Hatch Road Overlay Project to low bidder George Reed Inc. in the amount of \$354,057. The City Council also authorized a 5% contingency and a 5% set-aside for testing and inspection.

#### **Discussion:**

This project went fairly quickly and smoothly considering the amount of traffic on Hatch Road and the anticipated bridge closures that really didn't happen. Much of the work was done at night. We used a rubberized asphaltic material on this job that is purported to make a smoother and quieter ride.

The project is now complete. The next step is to file a Notice of Completion with the Stanislaus County Clerk-Recorder.

#### **Fiscal Impact:**

No contingency funds were used for this project. Monies were budgeted in this fiscal year from the Transportation, Traffic, and Local Transportation accounts.

#### **Staff Recommendation:**

Adopt Resolution No. 2013-02, A Resolution of the City Council of the City of Hughson Accepting the Hatch Road Overlay Project and Authorizing the City Clerk to File a Notice of Completion.

**CITY OF HUGHSON**  
**CITY COUNCIL**  
**RESOLUTION NO. 2013-02**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUGHSON  
ACCEPTING THE HATCH ROAD OVERLAY PROJECT AND AUTHORIZING  
THE CITY CLERK TO FILE A NOTICE OF COMPLETION**

**WHEREAS**, at its regularly scheduled meeting of August 27, 2012 the Hughson City Council awarded a contract for the Hatch Road Overlay Project in the amount of \$354,057 to low bidder George Reed Inc.; and

**WHEREAS**, the work has been inspected and found to be complete; and

**NOW THEREFORE BE IT RESOLVED** that the Hughson City Council hereby accept the Hatch Road Overlay Project and authorize the City Clerk to File a Notice of Completion with the County Clerk-Recorder.

**PASSED AND ADOPTED** by the City Council of the City of Hughson at its regular meeting held on this 14th day of January, 2013 by the following roll call votes: ( )

AYES:

NOES:

ABSENT:

ABSTENTIONS:

\_\_\_\_\_  
MATT BEEKMAN, Mayor

\_\_\_\_\_  
DOMINIQUE SPINALE, Deputy City Clerk



## **CITY OF HUGHSON AGENDA ITEM NO. 4.1**

### **SECTION 4: UNFINISHED BUSINESS**

**Meeting Date:** January 14, 2013  
**Subject:** City Council and Planning Commission Vacancy  
**Presented By:** Dominique Spinale, Management Analyst

**Approved By:** \_\_\_\_\_

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#### **RECOMMENDATION:**

Staff recommends continuing to advertise the vacant seat available on the Planning Commission, reviewing the applications received for the vacant seat on the City Council, and schedule interviews for City Council Candidates.

#### **DISCUSSION:**

As of Friday January 11, the following residents have submitted applications for City Council:

Jared Costa  
Harold Hill  
Sanjay Patel  
Jerry Lee Finley

The application deadline is Monday January 14, 2013 by 5:00pm, so the City may receive other applications. Staff will present any applications received on Monday at the Council meeting.

No applications have been received for the Planning Commission seat at this time. Staff will continue to advertise for the vacancy until it is filled.

Upon approval of a date and time of the City Council interviews, Staff will contact and inform applicants.

In past processes, each Councilmember sends Staff possible interview questions to be asked of each of the applicants. Staff will prepare a final list of questions and send them to the Council to prepare for the interviews.



## CITY OF HUGHSON AGENDA ITEM NO. 5.1

### SECTION 5: PUBLIC HEARING

**Presented By:** Thom Clark, Community Development Director  
**Meeting Date:** January 14, 2013  
**Subject:** Consideration of Ordinance No. 2013-01, An Ordinance of the City Council of the City of Hughson Adding Chapter 16.50 Concerning the City of Hughson's Farmland Preservation Program to the Hughson Municipal Code.

**Enclosures:**

1. General Plan Important Farmland Map (COS-1)
2. Map Showing Urban Change from 1984 to 2008
3. Map of Natural Recharge Areas in Stanislaus County
4. Farmland Preservation Program
5. Planning Commission Resolution No. PC 2012-05
6. Ordinance No. 2013-01

**Desired Actions:**

1. Hold the Public Hearing and Take Testimony from the Public
2. Introduce Ordinance No. 2013-01 and Waive Further Reading

**Approved:** \_\_\_\_\_

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#### **Background:**

At its regularly scheduled meeting of November 20, 2012, the Planning Commission held a public hearing regarding a proposed Farmland Preservation Program (FPP). Following the public hearing the Planning Commission adopted Resolution No. PC 2012-05.

With a few exceptions, Hughson is surrounded by farmland which is listed on the attached General Plan Important Farmland Map as Prime Farmland. The soils around us are also in the top tier of the attached map titled Natural Recharge Areas in Stanislaus County.

Quality of farmland and soils are not the only reason why Stanislaus County has an agricultural industry that produces over three billion dollars a year. We also have a very unique climate that coupled with prime farmland and excellent recharge soils gives us the opportunity to out-perform other areas, world-wide, with crops such as almonds.

Also attached is an excerpt from a California Department of Conservation's map showing what lands around us have been urbanized between 1984 and 2008. The lands shown in yellow are lands that have been converted from agriculture to urban use during that time period. This is only for background purposes. The City of Hughson has annexed about 110 acres since the map was made – all of it Prime Farmland.

### **Discussion:**

The FPP is patterned after the Farmland Mitigation Program (FMP) adopted by Stanislaus County and their Program was used as a beginning template for this proposed program. It is the intent of the FPP to be consistent with the County's FMP so that future multi-jurisdictional coordination of agricultural preservation programs may be made easier.

While the basics of the Hughson FPP are similar, it differs from the County's FMP in the following ways:

1. The word "mitigation" was changed to "preservation" throughout the document since you can't mitigate the loss of important farmland. Once it is lost, it's lost forever.
2. The description of Water Supply has been expanded to clarify that adequate water shall be available to support the current agricultural use of the preservation land.
3. The trigger for requiring farmland preservation is the County used zone changes and the Hughson FPP uses a change in use from agricultural to residential as the trigger for applicability of the Program.
4. The County's FMP uses a 1:1 ratio for one acre of agricultural land preserved for each acre taken out of agricultural production and our proposed FPP has a 2:1 ratio.

Farmland of the quality in and around Hughson is a finite and irreplaceable resource. What both programs do is to protect farmland in perpetuity using a voluntary easement or other means to do so. The County's FMP uses a ratio of 1:1. This means that for every acre of farmland converted to urban use, another acre will be preserved in agriculture. The outcome of a program with a 1:1 ratio is

that only half of the farmland left in the County will be preserved. This FPP proposes a higher ratio of 2:1.

Commercial and industrial uses are not subject to the program. The rationale is such because these types of land uses have other positive outcomes for the City of Hughson (and the County in general), which residential development does not: such as job and sales tax creation.

### **End User Costs:**

In 2011 the Central Valley Farmland Trust purchased three agricultural easements using funding made available through the California Department of Conservation. Farmland conservation easements were acquired in three counties: San Joaquin, Merced and Stanislaus. The easement acquired in Stanislaus County was on 151 acres of Prime Farmland 3 miles west of Modesto's Sphere of Influence. The cost was \$732,000 or \$4,848 per acre. If we use the approximate cost per acre from the Stanislaus County easement, let's say \$5,000 per acre, we can apply that to theoretical projects in Hughson to evaluate the cost to the end user.

- A. The R-1 Single Family Residential density standard is 5 units per net acre. Applying a 2:1 preservation easement at \$5,000/acre divided by 5 residential units equates to \$2,000 per unit or less than 1% of the cost of the home.
- B. The R-2 Medium Density Residential density varies from 5.1 to 14 units per net acre. The cost of farmland preservation will vary in this zoning district from \$1,960 to \$714 per unit depending on actual density.
- C. The R-3 High Density Residential density varies from 10.1 to 27 units per net acre. The cost of farmland preservation will vary in this zoning district from \$990 to \$370 per unit depending on actual density.

### **Legal:**

Stanislaus County's FMP was challenged legally by the Building Industry Association of Central California (BIA). The trial court found in favor of the BIA. However, the Court of Appeals overturned the ruling. "This sweeping opinion provides strong support for local governments seeking to protect farmland and the agricultural economy and culture it supports. The ruling will give cities and counties throughout California the confidence they need to ensure that developers mitigate the impact of new development on farmland," said Matthew Zinn of Shute, Mihaly & Weinberger, who represented the County in the case.

It should be noted that the Stanislaus Farm Bureau joined Stanislaus County in this case. Also, several conservation and local government organizations filed amicus briefs in support of the County and Farm Bureau including the Sierra Club, the Planning and Conservation League, the Greenbelt Alliance, the League of California Cities, the California State Association of Counties, and the California Council of Land Trusts.

This is important to Hughson because now there is legal precedence for establishing a program to support and preserve agriculture as well as the culture that has grown around it here in the Central Valley. This is another reason why the Stanislaus County FMP was used for Hughson's FPP; the important legal issues have already been adjudicated.

The applicability of the proposed FPP is different from the County's FMP but both are based on discretionary actions by the governing body. There is no requirement for the County to change its zoning - which is the trigger for their program, just as there is no requirement for Hughson to approve a change in use, which is the trigger in our program.

The FPP, as well as the adopting ordinance, has been reviewed by the City Attorney's Office.

### **General Plan:**

The FPP and other agricultural concerns are supported by the following General Plan goals, policies and actions:

- Goal LU-1 Control and direct future growth so as to preserve Hughson's existing small town character of the community and its agricultural heritage.
- Policy LU-1.3 The City will work with the County, surrounding jurisdictions and farmland preservation organizations to ensure that urban development occurs only in areas adjacent to existing urbanized areas and to develop a countywide program to permanently preserve agricultural community separators between urban areas.
- Action LU-1.3 Work with Ceres, the County and Stanislaus LAFCO to create a community separator program that includes or identifies the following:
  - ◆ Agreements between Hughson, Ceres and Stanislaus County to maintain permanent agricultural community separators between Hughson and Ceres.
  - ◆ Appropriate locations for urban separators between Hughson and Ceres.

- ◆ Agreements between Hughson and the County to preserve agriculture to the north, east and south of Hughson.
- ◆ Appropriate locations for expansion of the Hughson SOI to designate areas as Agriculture, thereby providing more control to the City to avoid urbanization in areas targeted for agricultural preservation.
- ◆ Areas within separator areas to be targeted for property or conservation easement purchase to create barriers to development.
- ◆ Community partners, such as Central Valley Farmland Trust, and funding sources useful for program implementation.
- Action LU-1.4 Explore the creation of an agricultural mitigation fee program to generate fees to use for the purchase of farmland and farmland conservation easements. Community partners, such as Central Valley Farmland Trust, will be included in the formation of the program to assist in determining the best use of collected fees and to ensure the program's ongoing success.
- Policy LU-3.6 New development should preserve views of the surrounding agricultural lands through building orientation and design.
- Policy LU-3.10 While the City recognizes that there will be a loss of orchard trees as development occurs, new development will be encouraged to design landscaping with mature trees to create a feeling similar to that of an active orchard.
- Goal COS-1 Preserve and protect agricultural lands in and around Hughson.
- Policy COS-1.1 Property owners within the Sphere of Influence will be encouraged to maintain their land in agricultural production until the land is converted to urban uses.
- Policy COS-1.2 The City should endeavor to direct new growth away from areas established as Prime Farmland and/or under Williamson Act contracts, and discourage the premature conversion of agricultural land to urban uses.
- Policy COS-1.3 The City will support Stanislaus County in its efforts to maintain agricultural lands in viable farming units for those areas not currently designated for urban uses.
- Policy COS-1.4 Any County proposals within the Hughson Planning Area that involve the development of urban uses on land designated as Agriculture outside of the City's Sphere of Influence will be discouraged by the City.
- Policy COS-1.5 The City will support the application and renewal of Williamson Act contracts or other conservation easements for areas outside of the City's Sphere of Influence.

- Policy COS-1.6 The City will work cooperatively with land trusts and other non-profit organizations to preserve agricultural land in the Planning Area.
- Policy COS-1.7 The City will minimize conflicts between agriculture and urban uses.
- Action COS-1.1 Work with the County and surrounding jurisdictions to create a county-wide policy to limit urban growth to areas adjacent to existing development and preserve permanent agricultural separators between urbanized areas.
- Action COS-1.2 Require that development projects include sufficient buffer zones within site designs, such as roads, setbacks and other physical boundaries, between agricultural uses and urban development.
- Action COS-1.3 Consider adopting a Right-to-Farm Ordinance to require new development adjacent to agricultural land to include deed restrictions recognizing the right to farm on neighboring parcels currently under agricultural production.

#### DISCUSSION ON GENERAL PLAN POLICIES, GOALS AND ACTIONS:

Although there is language in the General Plan regarding the use of agricultural easements as community separators (Policy LU-1.3, Action LU-1.3, Action COS-1.1), in conversation with Bill Martin of the Central Valley Farmland Trust (See Policy LU-1.4), restricting easements to a specific area does not work well in practice. Until the paradigm changes of farmers selling their property to developers as their legacy, it is hard enough to find property owners in the county willing to use an easement program, so restricting the area where easements can be placed just makes it harder. A successful County-wide agricultural preservation program can change this paradigm. The American Farmland Trust has proved this with their successes in the eastern United States. There is a statement in the FPP that we “prefer” the location of preservation efforts east of Highway 99, but it is not a restrictive statement for real life application by the Land Trusts. There is one restrictive statement in the FPP and that is that easements may not be purchased within a half mile of a city’s Sphere of Influence.

Staff has approached Ceres and Stanislaus County about agreements for community separators without much success. The County says basically they support agriculture wherever it is and don’t need an agreement to do so. During the Mayor’s Group’s push for urban growth boundaries staff had discussion with Ceres (again) regarding community separators and Ceres agreed to pull the eastern boundary of their 2050 Urban Growth Boundary back by a quarter mile to leave sufficient room between our two cities for practical farmland operations. Both City Councils subsequently adopted an Urban Growth Boundary map

effective through 2050. The City of Hughson adopted the current Sphere of Influence as our Urban Growth Boundary.

In accordance with Action COS-1.3 the City of Hughson has adopted a Right-to-Farm Ordinance. Additionally, the mandate for creation of a farmland preservation program is directly addressed under Policy LU-1.3, Action LU-1.4, and Policy COS-1.6.

Following are the General Plan definitions of farmland quality.

**TABLE COS-2 DEFINITIONS OF FARMLAND QUALITY TERMS**

Name	Description
Prime Farmland	Land which has the best combination of physical and chemical characteristics for the production of crops. It has the soil quality, growing season, and moisture supply needed to produce sustained high yields of crops when treated and managed, including water management, according to current farming methods. Prime Farmland must have been used for the production of irrigated crops within the last three years
Farmland of Statewide Importance	Land other than Prime Farmland which has a good combination of physical and chemical characteristics for the production of crops. It must have been used for the production of irrigated crops within the last three years.
Unique Farmland	Land which does not meet the criteria for Prime Farmland or Farmland of Statewide Importance that is currently used for the production of specific high economic value crops. It has the special combination of soil quality, location, growing season, and moisture supply needed to produce sustained high quality or high yields of a specific crop when treated and managed according to current farming methods. Examples of such crops may include oranges, olives, avocados, rice, grapes and cut flowers.
Farmland of Local Importance	Land other than Prime Farmland, Farmland of Statewide Importance or Unique Farmland that is either currently producing crops or that has the capability of production. This land may be important to the local economy due to its productivity. The county-specific definition for Stanislaus County is farmlands growing dryland pasture, dryland small grains and irrigated pasture.

**CONSERVATION EASEMENTS:**

The California Legislature has declared “that the preservation of land in its natural, scenic, agricultural, historical, forested, or open-space condition is among the most important environmental assets of California”. They subsequently enacted Chapter 4 of Title 2 of Part 2 of Division 2 of the Civil Code, to further the public policy of encouraging “the voluntary conveyance of conservation easements to qualified nonprofit organizations”. The easements under the proposed FPP qualifies as a Conservation Easement under Section 815, et seq. Staff believes the FPP follows the intent of the Legislature to preserve agricultural land by using a voluntary conveyance of conservation easements to a qualified land trust as one of the methods to preserve farmland. In fact, Section 816 states that, “The provisions of this chapter shall be liberally construed in order to effectuate the policy and purpose of Section 815”.

Conservation easements under the Civil Code include much more than just agricultural land. They include all the land types mentioned in the first sentence of the preceding paragraph, as well as wildlife habitat easements, grazing easements, etc.

Stacking of conservation easements is discussed in two places in the FPP. Under the section Agricultural Preservation Lands - Locations and Characteristics, subsection 6, Previous Encumbrances, the PFF states that land already effectively encumbered by a conservation easement of any nature is not eligible to qualify as agricultural preservation land. This is good policy because it ensures the agricultural preservation easement will not be impaired by a previous conservation easement and will therefore have full force for the intended outcome.

The second place the FPP discusses stacking of easements is the last section of the FPP that says it is possible to put a conservation easement upon property that already has an agricultural easement, pending the approval of the City Council. I would caution the use of this section since it does not take into account the changing economy and what affect that may have on a farming operation. If for instance an agricultural easement is placed on a parcel, then a Swainson’s hawk foraging easement is later approved, the second or stacked easement will not allow the planting of orchards because of the hawk foraging requirement. So even if the market changed and the farmer wished to change to orchard crops, they would not be allowed to do so because of the stacked easement. Yolo County, for one, has had land owner problems with this very same issue. If this section is to remain in the FPP, it should be used sparingly and with changing economic conditions for farming operations as a major concern of approval.

WATER:

The County's FMP's definition of water supply for the agricultural land to be preserved used the term "adequate". This is a very vague term and subsequently, the proposed FPP has expanded this definition to require an adequate water supply sufficient to support the current agricultural use of the land. The Stanislaus Farm Bureau agrees this is better language.

There have been instances with other agricultural preservation programs where land owners have purposely let the land to be converted to urban use go fallow so as to avoid the requirement of having sufficient water for an agricultural operation on the preservation land. In our case, since any change in use will involve Prime Farmland, and since Prime Farmland must have been used for the production of irrigated crops within the last three years (see definitions), the expanded definition of water supply should be sufficient to assure that abuse of this provision will not occur.

CEQA:

It has been determined that the FPP is exempt from CEQA pursuant to Section 15061(b) (3) or 15307, 15308 of the CEQA Guidelines. The Program is consistent with Civil Code Section 815, et seq which states in part that agricultural preservation is among the most important environmental assets of California. As such, it has been determined that there is no possibility the Program will have a significant effect on the environment and a Notice of Exemption has been prepared.

#### STANISLAUS LAFCO'S AGRICULTURAL PRESERVATION PROGRAM

On August 22, 2012 the Stanislaus LAFCO adopted an Agricultural Preservation Program. The Program requires cities to provide a Plan for Agricultural Preservation upon application for either an expansion of a sphere of influence or an annexation request. The Plan must specify the method proposed to minimize the loss of farmland and encourages applicants to use one or more of the following strategies:

- Removal of agricultural land from the existing sphere of influence to offset a proposed expansion
- Adopt a policy requiring agricultural mitigation at a ratio of at least 1:1
- A voter-approved urban growth boundary

It is anticipated that the Hughson FPP will comply with the second recommend strategy, thereby facilitating the drafting of a Plan for Agricultural Preservation when that time comes.

## CONSISTANCY WITH OTHER LAWS AND PROGRAMS:

The preservation of farmland is consistent with the following laws and programs:

- California Civil Code
- Hughson General Plan
- San Joaquin Valley Blueprint
- Stanislaus LAFCO'S adopted Agricultural Preservation Policy
- Smart Growth Principles

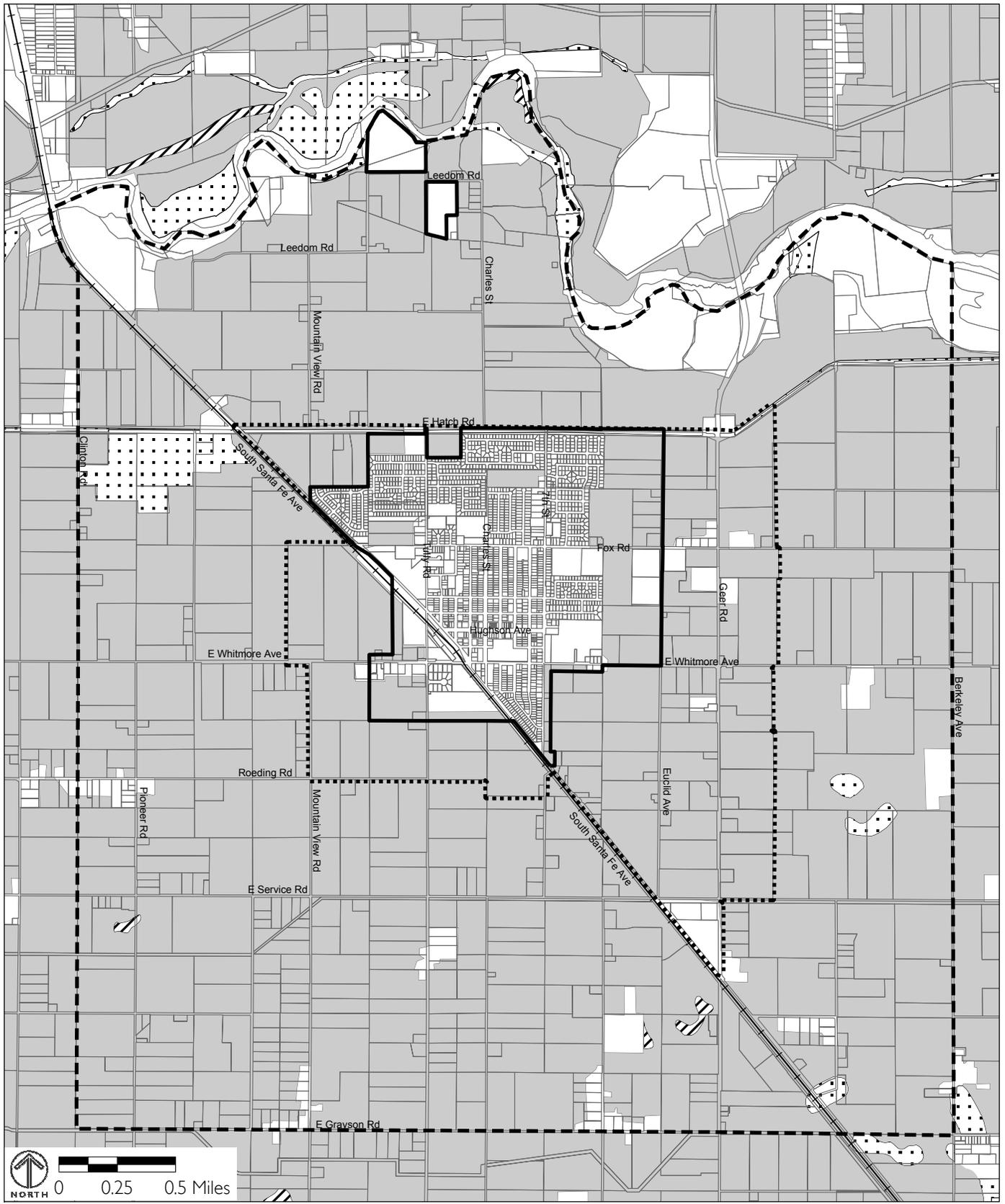
## SUMMARY:

The preservation of farmland is an issue of statewide concern. In Stanislaus County the agricultural industry generates an annual gross agricultural value in excess of a billion dollars into the local economy. Hughson, like other cities in the County, is converting farmland to urban use; in many cases Prime Farmland, at a rate that is not sustainable for long-term agricultural viability within Stanislaus County. Hughson is an agricultural town and supports agriculture through many policies, goals and actions in the General Plan. An agricultural preservation program is one of the mandates of the General Plan as reflected in the adopted policies.

The proposed Farmland Preservation Program is hereby presented pursuant to that mandate as well as the legislative mandate to preserve agricultural land as an asset to California. The FPP requires the permanent protection of farmland on a 2:1 ratio to the amount of farmland converted to a residential use.

## Recommendation:

1. Hold the Public Hearing and Take Testimony from the Public.
2. Introduce Ordinance No. 2013-01 and Waive Further Reading.



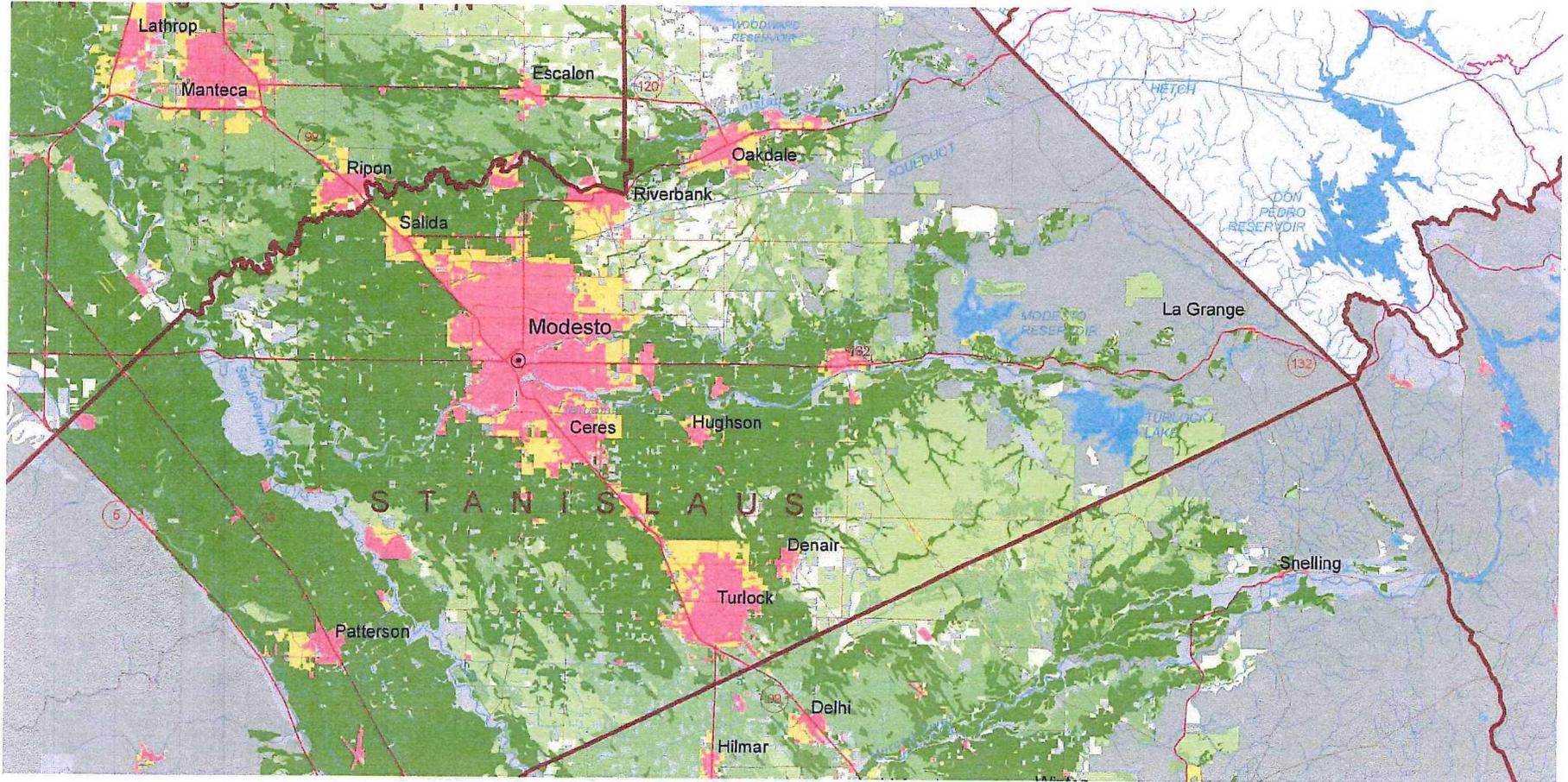
Data Source: California Department of Conservation, Farmland and Monitoring Program, 2002.  
 Note that recently-urbanized areas within the city limits have been removed from farmland data layer.

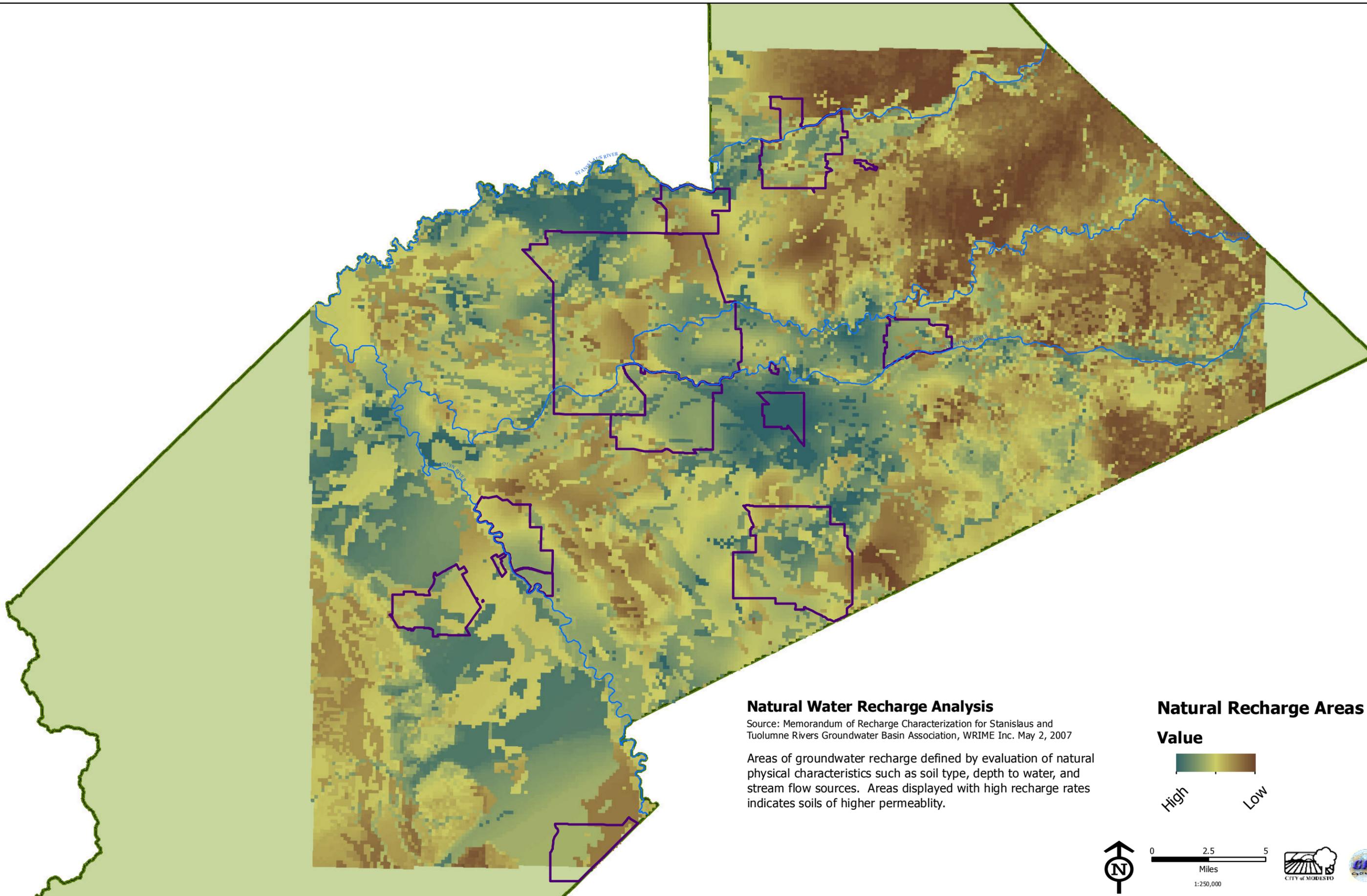
**FIGURE COS-1**

- |   |   |   |                            |
|---|---|---|----------------------------|
|  | <b>Prime Farmland</b>                   |  | <b>City Limits</b>         |
|  | <b>Farmland of Statewide Importance</b> |  | <b>Sphere of Influence</b> |
|  | <b>Unique Farmland</b>                  |  | <b>Planning Area</b>       |
|  | <b>Urban, Built Up, Other Land</b>      |   |                            |

**IMPORTANT FARMLAND**

URBAN CHANGE - 1984 TO 2008





**Natural Water Recharge Analysis**

Source: Memorandum of Recharge Characterization for Stanislaus and Tuolumne Rivers Groundwater Basin Association, WRIME Inc. May 2, 2007

Areas of groundwater recharge defined by evaluation of natural physical characteristics such as soil type, depth to water, and stream flow sources. Areas displayed with high recharge rates indicates soils of higher permeability.

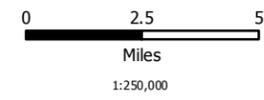
**Natural Recharge Areas**

**Value**



High

Low





## **CITY OF HUGHSON FARMLAND PRESERVATION PROGRAM**

### **Purpose and Intent:**

The purposes of the Farmland Preservation Program (FPP) is to aid in slowing the loss of farmland resulting from urban development; and at the same time, require the permanent protection of farmland based on a 2:1 ratio to the amount of farmland converted from an agricultural use to a residential use. The FPP is designed to utilize agricultural conservation easements or other means granted in perpetuity as a means of minimizing the loss of farmland.

This program establishes standards for the acquisition and long-term oversight of agricultural conservation easements purchased in accordance with the FPP. It is purposely patterned after the Farmland Mitigation Program adopted by Stanislaus County for ease of future coordination between jurisdictions.

### **Applicability:**

These guidelines shall apply to development projects which will convert agricultural land over 1 acre in size to a residential land use. The acreage requiring preservation shall be the overall size of the legal parcel underlying a change in use from agricultural to a residential use.

### **Definitions:**

#### **Agricultural Preservation Land:**

Agricultural land encumbered by an agricultural conservation easement or other conservation mechanism acceptable to the City Council. "Agricultural land" is used synonymously with "farmland" in these guidelines.

#### **Agriculture Conservation Easement:**

An easement over agricultural land for the purpose of restricting its use to agriculture consistent with these guidelines. The interest granted pursuant to an agricultural conservation easement is an interest in land which is less than fee simple. Agricultural conservation easements acquired in accordance with these guidelines shall be established in perpetuity (or shall be permanently protected from future development via enforceable deed restriction).

#### **Building Envelope:**

An area delineated by the agricultural conservation easement within which existing structures may remain or future structures may be permitted to be built.

Development Interest:

The property owner, developer, proponent, and/or sponsor of a discretionary development project subject to these guidelines.

Land Trust:

A nonprofit public benefit 501(c)(3) corporation or other appropriate legal entity operating in Stanislaus County for the purpose of conserving and protecting land in agriculture, and approved for this purpose by the City Council.

Legal Parcel:

A portion of land separated from another parcel or portion of land in accordance with the Subdivision Map Act. A separate Assessor's Parcel Number alone shall not constitute a legal parcel.

**Methods of Farmland Preservation:** Farmland preservation at a 2:1 ratio shall be satisfied by using one or more of the following techniques:

- 1) Where the total land area subject to an application which would result in the conversion of agricultural land to a residential use, and is less than 20-acres in size, farmland preservation shall be satisfied by direct acquisition of an agricultural conservation easement or purchase of banked mitigation credits as set forth in these guidelines. Payment of an in-lieu mitigation fee may be authorized by the City Council only when the development interest can show a diligent effort to obtain an agricultural conservation easement or banked mitigation credits have been made without success. Facts the City Council may consider in making a decision regarding a request for payment of an in-lieu fee include, but are not limited to; a showing of multiple good faith offers to purchase an easement or banked mitigation credits having been declined by the seller(s).
- 2) Where the total land area subject to an application which would result in the conversion of agricultural land to a residential use, and is 20-acres or more in size, farmland preservation shall be satisfied by direct acquisition of a farmland conservation easement as allowed by these guidelines and the Land Trust's program. It shall be the development interest's sole responsibility to obtain the required easement.
- 3) Alternative Farmland Preservation Methods - Alternative methods may be authorized by the City Council provided the land will remain in agricultural use consistent with this program. Any request for consideration of an alternative Farmland Preservation Method shall be reviewed by the Planning Commission for consistency with this program prior to a decision by the City Council.

➤ **Direct Acquisition (In-Kind Acquisition):**

- 1) The City Council may approve the acquisition of any agricultural conservation easement intended to satisfy the requirements of these guidelines.
- 2) The location and characteristics of the agricultural preservation land shall comply with the provisions of these guidelines.
- 3) The development interest shall pay an administrative fee equal to cover the costs of administering, monitoring and enforcing the farmland conservation easement. The fee amount shall be determined by the Land Trust and approved by the City Council.
- 4) The Planning Commission shall review each agricultural conservation easement for consistency with these guidelines prior to approval by the City Council. The Commission shall make a formal recommendation to the City Council for consideration.

- **In - Lieu Fees:** The payment of an in-lieu fee shall be subject to the following provisions:
  - 1) The in-lieu fee shall be determined case-by-case in consultation with the Land Trust and approved by the City Council. In no case shall the in-lieu fee be less than 35% of the average per acre price for five (5) comparable land sales in Stanislaus County.
  - 2) The in-lieu fee shall include the costs of managing the easement, including the cost of administering, monitoring and enforcing the farmland conservation easement, and a five percent (5%) endowment of the cost of the easement, and the payment of the estimated transaction costs associated with acquiring the easement. The costs shall be approved by the City Council based on information relating to the costs provided by the Land Trust.
  - 3) The Planning Commission shall review the final in-lieu fee proposal for consistency with this program prior to approval by the City Council. The Commission shall make a formal recommendation to the City Council for consideration.
  - 4) The City Council shall approve the final amount and other terms of the in-lieu fee.
  - 5) Projects that qualify to pay the in-lieu fee shall be subject to a 2.5% administration fee.

**Use of In-lieu Fees** - In-lieu fees shall be administered by the Land Trust in fulfillment of its programmatic responsibilities. These responsibilities cover, without exception, acquiring interests in land and administering, monitoring and enforcing the agricultural conservation easement or other instrument designed to conserve the agricultural value of the land for farmland preservation purposes and managing the land trust. The location and characteristics of agricultural preservation land shall comply with the provisions of these guidelines.

- **Agricultural Preservation Land Credit Banking:** preservation land credits may be banked and utilized in accordance with the following provisions:
  - 1) **Purpose** - The purpose of establishing a method of banking preservation land credits is to equalize the imbalance between the acreage size of farmland suitable, and available, for purchase of farmland conservation easements and the amount of acreage required to meet a 2:1 ratio.
  - 2) **Process** - Any project requiring the acquisition of an agricultural conservation easement in accordance with this program may be approved by the City Council to bank conservation credits on the acreage in excess of the acreage required for the original project. The conservation credits shall be held by the individual/entity purchasing the agricultural conservation easement.
  - 3) **Credit Value** - Each acre in excess of the required acreage for farmland preservation may be utilized at a 2:1 ratio to satisfy the conservation requirements of another development.
  - 4) **Negotiations** - Negotiations to purchase agricultural preservation land credits shall not involve the City and shall be subject to free market values. The City shall make available a contact list of individuals/entities with banked credits on record. The sale of banked credits shall not alter the terms of the original farmland conservation easement which generated the credits.
  - 5) **Authorization** - The City Council shall accept purchased credits upon

receipt of a sales agreement, provided the credits have been banked within Stanislaus County.

- 6) **Records** - The City shall maintain a record of banked credits and purchased credits to insure the Farmland Preservation Program is maintained whole.

### **Agricultural Preservation Lands - Locations and Characteristics:**

- 1) **Location** - Agricultural preservation land shall be: A) located in Stanislaus County; B) designated Agriculture by the Land Use Element of the Stanislaus County General Plan; C) zoned A-2 (General Agriculture); and D) located at least one-half mile outside a Local Agency Formation Commission (LAFCO) adopted Sphere of Influence of a city.
- 2) **Allowable Uses** - Agricultural Mitigation land shall be in conformance with the Stanislaus County's A-2 zoning district. Any legal nonconforming use of the property shall be abandoned prior to execution of the agricultural conservation easement and shall not be allowed to reestablish except as authorized within a building envelope. The type of agricultural related activity allowed on preservation land shall be specified as part of the agricultural conservation easement and shall not be less restrictive than the A-2 zoning district.
- 3) **Parcel Size** - Agricultural mitigation land shall consist of legal parcel(s) of twenty (20) net acres or more in size. Parcels less than twenty (20) net acres in size shall only be considered if merged to meet the minimum size requirement prior to execution of the farmland conservation easement. Any building envelope allowed by the Land Trust shall not be counted towards the required parcel size.
- 4) **Soil Quality** - The agricultural preservation land shall be of equal or better soil quality than the agricultural land whose use is being changed to nonagricultural uses. Priority shall be given to lands designated as 'prime farmland', 'farmland of statewide importance' and 'unique farmland' by the California Department of Conservation's Farmland Mapping and Monitoring Program.
- 5) **Water Supply** - The agricultural preservation land shall have an adequate water supply sufficient to support the current agricultural use of the land. The water rights on the agricultural preservation land shall be protected in the farmland conservation easement.
- 6) **Previous Encumbrances** - Land already effectively encumbered by a conservation easement of any nature is not eligible to qualify as agricultural preservation land.

### **Final Approval:**

Final approval of any project subject to this program shall be contingent upon the execution of any necessary legal instrument and/or payment of fees as specified by this program. Final approval shall be obtained prior to whichever of the following shall occur first: (1) the issuance of any building grading or encroachment permit(s) required for development; (2) recording of any parcel or final subdivision map; or (3) operation of the approved use.

### **Legal Instruments for Encumbering Agricultural Preservation Land:**

**Requirement** - To qualify as an instrument encumbering the land for agricultural preservation: 1) all owners of the agricultural preservation land shall execute the

instrument; 2) the instrument shall be in recordable form and contain an accurate legal description of the agricultural preservation land; 3) the instrument shall prohibit any activity which impairs or diminishes the agricultural productivity of the agricultural preservation land; 4) the instrument shall protect the existing water rights and retain them with the agricultural preservation land; 5) the interest in the agricultural preservation land shall be held in trust by the Land Trust in perpetuity; 6) the Land Trust shall not sell, lease, or convey any interest in the agricultural preservation land except for fully compatible agricultural uses; and 7) if the Land Trust ceases to exist, the duty to hold, administer, monitor, and enforce the interest shall pass to the City of Hughson to be retained until a qualified entity to serve as the Land Trust is located.

### **Monitoring, Enforcing, and Reporting:**

- 1) **Monitoring and Enforcing** - The Land Trust shall monitor all lands and easements acquired in accordance with these guidelines and shall review and monitor the implementation of all management and maintenance plans for these lands and easement areas. It shall also enforce compliance with the terms of the conservation easement or agricultural preservation instruments.
- 2) **Reporting by the Land Trust** - Annually, beginning one year after the adoption of this program, the Land Trust shall provide to the Hughson City Manager an annual report delineating the activities undertaken pursuant to the requirements of this program and assessment of these activities. The report(s) shall describe the status of all lands and easements acquired in accordance with this program, including a summary of all enforcement actions.

### **Stacking of Conservation Easements:**

Stacking of easements for both habitat conservation easements on top of an existing agricultural easement granted in accordance with these guidelines may be allowed if approved by the City Council provided the habitat needs of the species addressed by the conservation easement shall not restrict the active agricultural use of the land.

- The Planning Commission shall review all stacking proposals to insure the stacking will not be incompatible with the maintenance and preservation of economically sound and viable agricultural activities and operations. The recommendation of the Planning Commission shall be considered by the City Council.

**HUGHSON PLANNING COMMISSION**

**RESOLUTION NO. PC 2012-05**

**A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF HUGHSON RECOMMENDING TO THE CITY COUNCIL ADOPTION OF ORDINANCE NO. 2012-XX, AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HUGHSON ADDING CHAPTER 16.50 TO THE HUGHSON MUNICIPAL CODE CONCERNING THE CITY OF HUGHSON'S FARMLAND PRESERVATION PROGRAM**

**WHEREAS**, preservation of agricultural lands is a Statewide priority;  
and

**WHEREAS**, the City of Hughson is an agriculturally oriented community surrounded by Prime Farmland; and

**WHEREAS**, Hughson's General Plan through its policies, goals, and actions mandates adoption of an agricultural preservation plan to slow the conversion of farmland to urban usage; and

**WHEREAS**, a Farmland Preservation Program to implement that General Plan mandate is attached hereto as Exhibit A; and

**WHEREAS**, it has been determined that the Program will not have a significant effect on the environment and a Notice of Exemption will therefore be filed following approval of the Program; and

**WHEREAS**, following a public hearing to consider the Farmland Preservation Program and after receiving public testimony the Planning Commission, using its own independent judgment does hereby approve the Farmland Preservation Program in Exhibit A:

**WHEREAS, NOW, THEREFORE, BE IT RESOLVED** that the Planning Commission of the City of Hughson, does hereby recommend to the City Council of the City of Hughson adoption of Ordinance No. 2012-XX, an Ordinance of the City Council of the City of Hughson Adding Chapter 16.50 Concerning the City of Hughson's Farmland Preservation Program to the Hughson Municipal Code.

**PASSED AND ADOPTED** by the Hughson Planning Commission at a special meeting thereof, held on November 20, 2012, by the following vote:

**AYES:**

**NOES:**

**ABSTENTIONS:**

**ABSENT:**

\_\_\_\_\_  
**JARED COSTA, Chair**

**ATTEST:**

\_\_\_\_\_  
**THOM CLARK, Secretary**

**CITY OF HUGHSON  
CITY COUNCIL  
ORDINANCE NO. 2013-01**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF  
HUGHSON ADDING CHAPTER 16.50 TO THE CITY OF  
HUGHSON MUNICIPAL CODE CONCERNING THE CITY OF  
HUGHSON'S FARMLAND PRESERVATION PROGRAM**

---

**WHEREAS**, the California Legislature has declared that the preservation of land in its natural, scenic, agricultural, historical, forested, or open-space condition is among the most important environmental assets of California. The Legislature further declared it to be the public policy and in the public interest of this state to encourage the voluntary conveyance of conservation easements to qualified nonprofit organizations; and

**WHEREAS**, the Hughson city limits are surrounded by Prime Farmland as defined and determined by the California Department of Conservation; and

**WHEREAS**, Prime Farmland is a finite and irreplaceable resource; and

**WHEREAS**, Hughson is an agriculturally oriented community linked culturally and financially to agricultural production; and

**WHEREAS**, Stanislaus County has an agricultural industry that produces over a billion dollars per year; and

**WHEREAS**, the City desires to preserve its agricultural heritage as well as the county-wide agricultural industry through preservation of farmland within the County; and

**WHEREAS**, a farmland preservation policy is consistent with the City's General Plan, the Valley-wide Blueprint, and Chapter 4 of Title 2 of Part 2 of Division 2 of the Civil Code, Section 815; and

**WHEREAS**, at its regularly scheduled meeting of November 20, 2012, the Hughson Planning Commission held a public hearing to receive public input on the Farmland Preservation Policy and subsequently adopted Resolution No. PC 2012-05, A Resolution of the Planning Commission of the City of Hughson Recommending to the City Council Adoption of Ordinance No. 2013-01, An Ordinance of the City Council of the City of Hughson Adding Chapter 16.050 to the Hughson Municipal Code Concerning the City of Hughson's Farmland Preservation Program; and

**WHEREAS**, the City Council finds that this Ordinance will to aid in slowing the loss of farmland resulting from urban development; and at the same time, require the permanent protection of farmland based on a 2:1 ratio to the amount of farmland changed from an agricultural use to a residential use:

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF HUGHSON DOES ORDAIN AS FOLLOWS:**

**Section 1** Chapter 16.50 of the Hughson Municipal Code is adopted to read in full as follows:

**16.50 Title.**

The title of this chapter is the City of Hughson's Farmland Preservation Program

**16.50.010 Purpose and Intent.**

The declared purposes of this chapter are to aid in slowing the loss of farmland resulting from urban development; and at the same time, require the permanent protection of farmland based on a 2:1 ratio to the amount of farmland converted from an agricultural use to a residential use. The Farmland Preservation Program (FPP) is designed to utilize agricultural conservation easements or other means granted in perpetuity as a means of minimizing the loss of farmland.

This program establishes standards for the acquisition and long-term oversight of agricultural conservation easements purchased in accordance with the FPP. It is purposely patterned after the Farmland Mitigation Program adopted by Stanislaus County for ease of future coordination between jurisdictions.

**16.50.020 Applicability.**

These guidelines shall apply to development projects which will convert agricultural land over one acre in size to a residential land use. The acreage requiring preservation shall be two times the overall size of the legal parcel undergoing a change in use from agricultural to a residential land use.

**16.50.030 Definitions**

Agricultural Preservation Land:

Agricultural land encumbered by an agricultural conservation easement or other conservation mechanism acceptable to the City Council. "Agricultural land" is used synonymously with "farmland" in these guidelines.

Agriculture Conservation Easement:

An easement over agricultural land for the purpose of restricting its use to agriculture consistent with these guidelines. The interest granted pursuant to an

agricultural conservation easement is an interest in land which is less than fee simple. Agricultural conservation easements acquired in accordance with these guidelines shall be established in perpetuity (or shall be permanently protected from future development via enforceable deed restriction).

Building Envelope:

An area delineated by the agricultural conservation easement within which existing structures may remain or future structures may be permitted to be built.

Development Interest:

The property owner, developer, proponent, and/or sponsor of a discretionary development project subject to these guidelines.

Land Trust:

A nonprofit public benefit 501(c)(3) corporation or other appropriate legal entity operating in Stanislaus County for the purpose of conserving and protecting land in agriculture, and approved for this purpose by the City Council.

Legal Parcel:

A portion of land separated from another parcel or portion of land in accordance with the Subdivision Map Act. A separate Assessor's Parcel Number alone shall not constitute a legal parcel.

**16.50.040 Methods of Farmland Preservation**

Farmland preservation at a 2:1 ratio shall be satisfied by using one or more of the following techniques:

- 1) Where the total land area subject to an application which would result in the conversion of agricultural land to a residential use, and is less than 20-acres in size, farmland preservation shall be satisfied by direct acquisition of an agricultural conservation easement or purchase of banked mitigation credits as set forth in these guidelines. Payment of an in-lieu fee may be authorized by the City Council only when the development interest can show a diligent effort to obtain an agricultural conservation easement or banked mitigation credits have been made without success. Facts the City Council may consider in making a decision regarding a request for payment of an in-lieu fee include, but are not limited to; a showing of multiple good faith offers to purchase an easement or banked mitigation credits having been declined by the seller(s).
- 2) Where the total land area subject to an application which would result in the conversion of agricultural land to a residential use, and is 20-acres or more in size, farmland preservation shall be satisfied by direct acquisition of a farmland conservation easement as allowed by these guidelines and the Land Trust's program. It shall be the development interest's sole responsibility to obtain the required easement.

- 3) Alternative Farmland Preservation Methods - Alternative methods may be authorized by the City Council provided the land will remain in agricultural use consistent with this program. Any request for consideration of an alternative Farmland Preservation Method shall be reviewed by the Planning Commission for consistency with this program prior to a decision by the City Council.

**16.050.041 Direct Acquisition (In-Kind Acquisition)**

- 1) The City Council may approve the acquisition of any agricultural conservation easement intended to satisfy the requirements of these guidelines.
- 2) The location and characteristics of the agricultural preservation land shall comply with the provisions of these guidelines.
- 3) The development interest shall pay an administrative fee equal to cover the costs of administering, monitoring and enforcing the farmland conservation easement. The fee amount shall be determined by the Land Trust and approved by the City Council.
- 4) The Planning Commission shall review each agricultural conservation easement for consistency with these guidelines prior to approval by the City Council. The Commission shall make a formal recommendation to the City Council for consideration.

**16.050.042 In-Lieu Fees**

The payment of an in-lieu fee shall be subject to the following provisions:

- 1) The in-lieu fee shall be determined case-by-case in consultation with the Land Trust and approved by the City Council. In no case shall the in-lieu fee be less than 35% of the average per acre price for five (5) comparable land sales in Stanislaus County.
- 2) The in-lieu fee shall include the costs of managing the easement, including the cost of administering, monitoring and enforcing the farmland conservation easement, and a five percent (5%) endowment of the cost of the easement, and the payment of the estimated transaction costs associated with acquiring the easement. The costs shall be approved by the City Council based on information relating to the costs provided by the Land Trust.
- 3) The Planning Commission shall review the final in-lieu fee proposal for consistency with this program prior to approval by the City Council. The

Commission shall make a formal recommendation to the City Council for consideration.

- 4) The City Council shall approve the final amount and other terms of the in-lieu fee.
- 5) Projects that qualify to pay the in-lieu fee shall be subject to a 2.5% administration fee.

#### **16.050.043 Use of In-Lieu Fees**

In-lieu fees shall be administered by the Land Trust in fulfillment of its programmatic responsibilities. These responsibilities cover, without exception, acquiring interests in land and administering, monitoring and enforcing the agricultural conservation easement or other instrument designed to conserve the agricultural value of the land for farmland preservation purposes and managing the land trust. The location and characteristics of agricultural preservation land shall comply with the provisions of these guidelines.

##### **A. Agricultural Preservation Land Credit Banking**

Preservation land credits may be banked and utilized in accordance with the following provisions:

- 1) **Purpose** - The purpose of establishing a method of banking preservation land credits is to equalize the imbalance between the acreage size of farmland suitable, and available, for purchase of farmland conservation easements and the amount of acreage required to meet a 2:1 ratio.
- 2) **Process** - Any project requiring the acquisition of an agricultural conservation easement in accordance with this program may be approved by the City Council to bank conservation credits on the acreage in excess of the acreage required for the original project. The conservation credits shall be held by the individual/entity purchasing the agricultural conservation easement.
- 3) **Credit Value** - Each acre in excess of the required acreage for farmland preservation may be utilized at a 2:1 ratio to satisfy the conservation requirements of another development.
- 4) **Negotiations** - Negotiations to purchase agricultural preservation land credits shall not involve the City and shall be subject to free market values. The City shall make available a contact list of individuals/entities with banked credits on record. The sale of banked credits shall not alter the terms of the original farmland conservation easement which generated the credits.

5) **Authorization** - The City Council shall accept purchased credits upon receipt of a sales agreement, provided the credits have been banked within Stanislaus County.

6) **Records** - The City shall maintain a record of banked credits and purchased credits to insure the Farmland Preservation Program is maintained whole.

#### **16.050.050 Agricultural Preservation Lands - Locations and Characteristics**

1) **Location** - Agricultural preservation land shall be: A) located in Stanislaus County; B) designated Agriculture by the Land Use Element of the Stanislaus County General Plan; C) zoned A-2 (General Agriculture); and D) located outside a Local Agency Formation Commission (LAFCO) adopted Sphere of Influence of a city.

2) **Allowable Uses** - Agricultural Mitigation land shall be in conformance with the Stanislaus County's A-2 zoning district. Any legal nonconforming use of the property shall be abandoned prior to execution of the agricultural conservation easement and shall not be allowed to reestablish except as authorized within a building envelope. The type of agricultural related activity allowed on preservation land shall be specified as part of the agricultural conservation easement and shall not be less restrictive than the A-2 zoning district.

3) **Parcel Size** - Agricultural mitigation land shall consist of legal parcel(s) of twenty (20) net acres or more in size. Parcels less than twenty (20) net acres in size shall only be considered if merged to meet the minimum size requirement prior to execution of the farmland conservation easement. Any building envelope allowed by the Land Trust shall not be counted towards the required parcel size.

4) **Soil Quality** - The agricultural preservation land shall be of equal or better soil quality than the agricultural land whose use is being changed to nonagricultural uses. Priority shall be given to lands designated as 'prime farmland', 'farmland of statewide importance' and 'unique farmland' by the California Department of Conservation's Farmland Mapping and Monitoring Program.

5) **Water Supply** - The agricultural preservation land shall have an adequate water supply sufficient to support the current agricultural use of the land. The water rights on the agricultural preservation land shall be protected in the farmland conservation easement.

6) **Previous Encumbrances** - Land already effectively encumbered by a conservation easement of any nature is not eligible to qualify as agricultural preservation land.

#### **16.050.060 Final Approval**

Final approval of any project subject to this program shall be contingent upon the execution of any necessary legal instrument and/or payment of fees as specified by this program. Final approval shall be obtained prior to whichever of the following shall occur first: (1) the issuance of any building, grading or encroachment permit(s) required for development; (2) recording of any parcel or final subdivision map; or (3) operation of the approved use.

#### **16.050.061 Legal Instruments for Encumbering Agricultural Preservation Land**

##### **A. Requirement**

To qualify as an instrument encumbering the land for agricultural preservation: 1) all owners of the agricultural preservation land shall execute the instrument; 2) the instrument shall be in recordable form and contain an accurate legal description of the agricultural preservation land; 3) the instrument shall prohibit any activity which impairs or diminishes the agricultural productivity of the agricultural preservation land; 4) the instrument shall protect the existing water rights and retain them with the agricultural preservation land; 5) the interest in the agricultural preservation land shall be held in trust by the Land Trust in perpetuity; 6) the Land Trust shall not sell, lease, or convey any interest in the agricultural preservation land except for fully compatible agricultural uses; and 7) if the Land Trust ceases to exist, the duty to hold, administer, monitor, and enforce the interest shall pass to the City of Hughson to be retained until a qualified entity to serve as the Land Trust is located.

##### **B. Monitoring, Enforcing, and Reporting**

1) **Monitoring and Enforcing** - The Land Trust shall monitor all lands and easements acquired in accordance with these guidelines and shall review and monitor the implementation of all management and maintenance plans for these lands and easement areas. It shall also enforce compliance with the terms of the conservation easement or agricultural preservation instruments.

2) **Reporting by the Land Trust** - Annually, beginning one year after the adoption of this program, the Land Trust shall provide to the Hughson City Manager an annual report delineating the activities undertaken pursuant to the requirements of this program and assessment of these activities. The report(s) shall describe the status of all lands and easements acquired in accordance with this program, including a summary of all enforcement actions.

##### **C. Stacking of Conservation Easements**

Stacking of easements for both habitat conservation easements on top of an existing agricultural easement granted in accordance with these guidelines may be allowed if approved by the City Council provided the habitat needs of the species addressed by the conservation easement shall not restrict the active agricultural use of the land.

1. The Planning Commission shall review all stacking proposals to insure the stacking will not be incompatible with the maintenance and preservation of economically sound and viable agricultural activities and operations. The recommendation of the Planning Commission shall be considered by the City Council.

**Section 3** Effective Date: This Ordinance shall become effective thirty (30) days from and after its final passage and adoption, provided it is published in a newspaper of general circulation at least fifteen (15) days prior to its effective date.

The foregoing Ordinance was introduced and the title thereof read at the regular meeting of the City Council of the City of Hughson held on \_\_\_\_\_, **2012**, and by a unanimous vote of the Council members present, further reading was waived.

On motion of Councilmember \_\_\_\_\_, seconded by Councilmember \_\_\_\_\_, the foregoing Ordinance was passed by the City Council of the City of Hughson at a regular meeting held on \_\_\_\_\_, 2013, by the following votes:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTENTION:**

APPROVED:

\_\_\_\_\_  
MATT BEEKMAN, Mayor

ATTEST:

\_\_\_\_\_  
DOMINIQUE SPINALE, Deputy City Clerk



## CITY OF HUGHSON AGENDA ITEM NO. 6.1

### SECTION 6: NEW BUSINESS

**Meeting Date:** January 14, 2013  
**Subject:** 2011-12 City of Hughson Financial Audit  
**Presented By:** Margaret Souza, Finance Director  
**Desired Action:** Accept 2011-12 City of Hughson Financial Audit

**Approved By:** \_\_\_\_\_

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#### **Background:**

The City's Auditors, Moss, Levy & Hartzheim, recently completed the 2011-12 Financial Statements. All in all, the process went very well. There are a few highlights that should be mentioned.

1. The opinion given was "Unqualified", the highest opinion that the auditors can give on the financial statements.
2. On the government-wide statements, the assets exceeded the liabilities by \$33,416,349. That was an increase of \$1,104,729 over last year, a good sign.
3. For Business Type (Enterprise Funds) assets exceed the liabilities by \$34,800,754, an increase of \$1,858,012 over last year. This is primarily due to increased sewer and water charges. This increase is two times more than last year's increase.
4. GASB 54 was implemented in a prior year. This pronouncement makes financial statements easier for the public to understand and allow the City Council and the Manager to further segment the fund balance for governmental funds by setting up assignments and commitments. This makes it easier to identify available funding for budgeting.
5. The number of findings/recommendations has remained the same at 3. The one "material" weakness deals with the recording of capital assets. This matter was addressed by engaging the services of CBIZ to update and review the files. While this was completed, more detail is required. Once again this will be taken by staff. The other two items deal with the limited staffing in Finance and its affect on separation of duties.
6. General Fund reserve ratio has increased to 61% (an increase of 12%). While this is a very healthy sign, an entity should not risk dipping into reserves. It can decrease quickly. Anything of 40% is very good.

7. The Sewer fund unrestricted net assets have increased by \$741,532 due to increased rates. This is necessary due to the fact that the SCRWB loan payments will be due in future years.
8. Water fund unrestricted net assets have increased by \$1,125,417.
9. There is a decrease from 4 to 3 funds with a deficit fund balance.

RDA operations have ceased as of February 2012.

The City's financial picture and recording keeping has improved over the past year. We are continuing to improve the process.

**Budget & Finance Committee:**

The City of Hughson Budget & Finance Committee met on Tuesday, January 8, 2013 and reviewed the audited 2011-2012 Financial Statements. The Committee recommended that the documents be forwarded to the Council for its review and acceptance.

**Recommendation:**

Review and Accept 2011-12 City's Audit.

**CITY OF HUGHSON**  
**MANAGEMENT REPORT**  
**AND**  
**AUDITOR'S COMMUNICATION LETTER**

**June 30, 2012**

**CITY OF HUGHSON**  
June 30, 2012

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**MOSS, LEVY & HARTZHEIM LLP**

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

RONALD A LEVY, CPA  
CRAIG A HARTZHEIM, CPA  
HADLEY Y HUI, CPA

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December 6, 2012

Members of the City Council  
City of Hughson  
Hughson, California

In planning and performing our audit of the financial statements of the City of Hughson (City), as of and for the fiscal year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weakness and therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency presented in the current recommendations section as finding 2012-1 to be a material weakness in internal control.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies presented in the current year recommendations section as findings 2012-2 and 2012-3 to be significant deficiencies in internal control.

The City's written responses to the findings identified in our audit are described in the current year recommendations section. We did not audit the City's responses and, accordingly, we express no opinion on them. In addition, we would be pleased to discuss the recommendations in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing these recommendations.

We have included in this letter a summary of communication with the members of the City Council as required by professional auditing standards. We would like to thank the City's management and staff for the courtesy and cooperation extended to us during the course of our engagement. The accompanying communications and recommendations are intended solely for the information and use of management, the members of the City Council, and others within the City, and is not intended to be and should not be used by anyone other than these specified parties.

*Moss, Levy & Hartzheim*

MOSS, LEVY & HARTZHEIM, LLP  
Culver City, CA



MOSS, LEVY & HARTZHEIM LLP

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December 6, 2012

Members of the City Council  
City of Hughson  
Hughson, California

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining information of the City of Hughson (City) for the fiscal year ended June 30, 2012. Professional standards require that we provide you with the information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and OMB Circular A-133 as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 9, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Hughson are described in Note 1 to the financial statements. As discussed in note 1 of the notes to basic financial statements effective July 1, 2011, The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 64, "*Derivative Instruments: Application of Hedge Accounting Termination Provisions.*"

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of the funding progress for CALPERS is based on CALPERS's estimate. The estimated historical cost of capital assets and the estimated useful life of the capital assets were based on historical data, industry guidelines, and an outside consultant which was hired by the City in a previous

fiscal year. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. All adjusting entries that were purposed as a result of audit procedures were corrected by management.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 6, 2012.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of Hughson's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

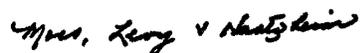
*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City of Hughson's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Information in Documents Containing Audited Financial Statements*

This information is intended solely for the information and use of the members of the City Council and Management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



MOSS, LEVY & HARTZHEIM, LLP  
Culver City, CA

## CURRENT YEAR RECOMMENDATIONS

### Material Weaknesses

#### 2012-1 Lack of reconciliation of capital assets:

During the review of capital assets, it was noted that the City does not have adequate procedures in place to maintain a list of the City's capital assets. The City does not track additions, deletions, and transfers to the asset list and also does not calculate depreciation expense and total accumulated depreciation of the City's assets.

#### Effect:

Without adequate procedures in place to maintain a list of capital assets, the government-wide statement of net assets could be materially misstated and the City is not able to properly safeguard its assets.

#### Recommendation:

We recommend that the City implement procedures to adequately maintain a list of capital assets and to accurately capture fixed asset additions, deletions, depreciation expenses and accumulated depreciation in accordance with City policies and procedures as well as accounting principles generally accepted in the United States of America.

#### Management's Response:

In 2008 the City engaged the services of a consultant (CBIZ) to analyze and quantify the City's capital assets. The base line was established and an Excel spreadsheet was created to track all items, including depreciation. It was staff's intent to update the sheet and bring the revised numbers forward. As the file was reviewed, it was discovered that it was very cumbersome and difficult to navigate. It was recommended that CBIZ be contacted to update the file and review the procedures of maintaining the file. Staff is in the process of doing this.

### Significant Deficiencies

#### 2012-2 Finding – Lack of segregation of duties over cash receipts:

During the review of internal controls, it was noted that one staff member is responsible for both preparing the bank reconciliations and reconciling daily cash receipts to the general ledger.

#### Effect:

A lack of segregation of duties increases the risk that errors and irregularities may occur and go undetected. It could adversely affect the City's ability to initiate, authorize, record, process or report financial data reliably, which could lead to a misappropriation of funds.

#### Recommendation:

We recommend that the City ensure that the internal control deficiencies mentioned above are rectified with increased segregation of duties and establish a centralized purchasing and receiving position.

#### Management's response:

The staff for City of Hughson is small. Two employees manage all counter activities (which includes opening the mail). With the help of a supervisor, all things are doubled checked. The supervisor does the bank reconciliations while the two Account Clerks handle cash receipts and deposit preparation. A review of duties is taking place and implementation of a more thorough process will be evaluated.

#### 2012-3 Finding – Lack of segregation of duties over payroll:

During the review of internal controls, it was noted that one staff member is responsible for entering payroll information into the computer system, preparing payroll checks, distributing payroll checks, reconciling the payroll bank account, and entering payroll changes. It was also noted that multiple users have access to change payroll rates and no log is kept of changes made.

#### Effect:

A lack of segregation of duties increases the risk that errors and irregularities may occur and go undetected. It could adversely affect the City's ability to initiate, authorize, record, process or report financial data reliably, which could lead to a misappropriation of funds.

Recommendation:

We recommend that the City ensure that the internal control deficiencies mentioned above are rectified with increased segregation of duties and establish a centralized purchasing and receiving position. Also, the City should restrict access to the payroll module and ensure that a log is kept all adjustments to wage rates.

Management's response:

Currently, payroll time slips/sheets are verified and approved by Department Heads and Supervisors. These are keyed in to generate payroll by Finance Personnel. A second employee proofs keying in and any changes made to the record. Further enhancements are being made to proof the payroll process. Additionally, only two Finance employees have access to payroll. Two is necessary to provide adequate coverage to do the process. Others (such as the Manager) have access to "view" payroll files.

## STATUS OF PRIOR YEAR RECOMMENDATIONS

### Material Weaknesses

2011-1 Lack of reconciliation of capital assets:

During the review of capital assets, it was noted that the City does not have adequate procedures in place to maintain a list of the City's capital assets. The City does not track additions, deletions, and transfers to the asset list and also does not calculate depreciation expense and total accumulated depreciation of the City's assets.

Effect:

Without adequate procedures in place to maintain a list of capital assets, the government-wide statement of net assets could be materially misstated and the City is not able to properly safeguard its assets.

Recommendation:

We recommend that the City implement procedures to adequately maintain a list of capital assets and to accurately capture fixed asset additions, deletions, depreciation expenses and accumulated depreciation in accordance with City policies and procedures as well as accounting principles generally accepted in the United States of America.

Status:

Not implemented, see Finding 2012-1.

### Significant Deficiencies

2011-2 Finding – Lack of segregation of duties over cash receipts:

During the review of internal controls, it was noted that one staff member is responsible for both preparing the bank reconciliations and reconciling daily cash receipts to the general ledger.

Effect:

A lack of segregation of duties increases the risk that errors and irregularities may occur and go undetected. It could adversely affect the City's ability to initiate, authorize, record, process or report financial data reliably, which could lead to a misappropriation of funds.

Recommendation:

We recommend that the City ensure that the internal control deficiencies mentioned above are rectified with increased segregation of duties and establish a centralized purchasing and receiving position.

Status:

Not implemented, see Finding 2012-2.

2011-3 Finding – Lack of segregation of duties over payroll:

During the review of internal controls, it was noted that one staff member is responsible for entering payroll information into the computer system, preparing payroll checks, distributing payroll checks, reconciling the payroll bank account, and entering payroll changes. It was also noted that multiple users have access to change payroll rates and no log is kept of changes made.

Effect:

A lack of segregation of duties increases the risk that errors and irregularities may occur and go undetected. It could adversely affect the City's ability to initiate, authorize, record, process or report financial data reliably, which could lead to a misappropriation of funds.

Recommendation:

We recommend that the City ensure that the internal control deficiencies mentioned above are rectified with increased segregation of duties and establish a centralized purchasing and receiving position. Also, the City should restrict access to the payroll module and ensure that a log is kept all adjustments to wage rates.

Status:

Not implemented, see Finding 2012-3.

**CITY OF HUGHSON**  
**Annual Financial Report**  
**Fiscal Year Ended June 30, 2012**

## **INTRODUCTORY SECTION**

CITY OF HUGHSON  
 ANNUAL FINANCIAL REPORT  
 Fiscal Year Ended June 30, 2012

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CITY OF HUGHSON  
 ANNUAL FINANCIAL REPORT  
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CITY OF HUGHSON  
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## **FINANCIAL SECTION**



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# MOSS, LEVY & HARTZHEIM LLP

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CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

RONALD A LEVY, CPA  
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## INDEPENDENT AUDITOR'S REPORT

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

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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, 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, 2012, and the respective changes in financial position and cash flows, where applicable thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 of the notes to basic financial statements effective July 1, 2011, The City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 64, "*Derivative Instruments: Application of Hedge Accounting Termination Provisions.*"

In accordance with *Government Auditing Standards*, we have also issued a report dated December 6, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Home Loan Special Revenue Fund, and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Refuse Special Revenue Fund 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The combining nonmajor fund financial statements, major capital projects fund budgetary comparison schedule, major debt service fund budgetary comparison schedule, nonmajor funds budgetary comparison schedules, combining nonmajor proprietary fund financial statements, and agency fund statement of changes in assets and liabilities are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining nonmajor fund financial statements, major capital projects fund budgetary comparison schedule, major debt service fund budgetary comparison schedule, nonmajor funds budgetary comparison schedules, combining nonmajor proprietary fund financial statements, and agency fund statement of changes in assets and liabilities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
December 6, 2012

**CITY OF HUGHSON**  
**Statement of Net Assets**  
June 30, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Cash and Investments	\$ 3,500,503	\$ 4,760,502	\$ 8,261,005
Accounts Receivable	201,618	165,288	366,906
Notes Receivable	1,654,851		1,654,851
Deposits Receivable	52,184		52,184
Interest Receivable	151,815		151,815
Capital Assets, Not Being Depreciated	13,211,040	42,867,857	56,078,897
Capital Assets, Net of Accumulated Depreciation	15,006,404	15,247,016	30,253,420
Total Assets	<u>33,778,415</u>	<u>63,040,663</u>	<u>96,819,078</u>
<b>Liabilities:</b>			
Accounts Payable	362,066	60,508	422,574
Interest Payable		103,119	103,119
Deposits Payable		840	840
Noncurrent Liabilities:			
Due Within One Year		1,316,651	1,316,651
Due in More Than One Year		26,758,791	26,758,791
Total Liabilities	<u>362,066</u>	<u>28,239,909</u>	<u>28,601,975</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	28,217,444	30,073,139	58,290,583
Restricted for:			
Home Loans	34,502		34,502
Community Development	380,628		380,628
Streets	493,811		493,811
Public Safety	221,680		221,680
Parks	553,915		553,915
Unrestricted	3,514,369	4,727,615	8,241,984
Total Net Assets	<u>\$ 33,416,349</u>	<u>\$ 34,800,754</u>	<u>\$ 68,217,103</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, 2012

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 2,065,151	\$ 54,783	\$ 273,723	\$ 306,445
Public Safety	1,127,355	340,773	172,342	33,582
Community Development	294,754	347,160	297,645	367,940
Public Works	842,083	420,699		35,881
Parks and Recreation	66,661	8,976		
Interest on Long-Term Liabilities	146,610			
Total Governmental Activities	4,542,614	1,172,391	743,710	743,848
Business-type Activities:				
Water	1,110,674	2,235,505		
Sewer	1,891,556	2,584,136		
Community Facilities	56,449	36,015		
Total Business-type Activities	3,058,679	4,855,656		
Total Primary Government	\$ 7,601,293	\$ 6,028,047	\$ 743,710	\$ 743,848

**General Revenues:**

Taxes:

Property Taxes

Sales and Use Taxes

Business License Taxes

Other Taxes

Investment Earnings

Other Revenue

**Transfers**

Total General Revenues and Transfers

Change in net assets before Extraordinary Item

Gain on Dissolution of the Redevelopment Agency

Change in net assets

**Net Assets - Beginning of Fiscal Year**

**Net Assets - End of Fiscal Year**

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

**Net (Expenses) Revenues and Changes in Net Assets**

<b>Governmental Activities</b>	<b>Business- type Activities</b>	<b>Total</b>
\$ (1,430,200)	\$ -	\$ (1,430,200)
(580,658)		(580,658)
717,991		717,991
(385,503)		(385,503)
(57,685)		(57,685)
(146,610)		(146,610)
<u>(1,882,665)</u>		<u>(1,882,665)</u>
	1,124,831	1,124,831
	692,580	692,580
	(20,434)	(20,434)
	<u>1,796,977</u>	<u>1,796,977</u>
<u>(1,882,665)</u>	<u>1,796,977</u>	<u>(85,688)</u>
293,334		293,334
492,863		492,863
20,477		20,477
116,860		116,860
20,845	49,538	70,383
408,047		408,047
(11,500)	11,500	
<u>1,340,926</u>	<u>61,038</u>	<u>1,401,964</u>
(541,739)	1,858,015	1,316,276
<u>1,646,468</u>		<u>1,646,468</u>
1,104,729	1,858,015	2,962,744
<u>32,311,620</u>	<u>32,942,739</u>	<u>65,254,359</u>
<u>\$ 33,416,349</u>	<u>\$ 34,800,754</u>	<u>\$ 68,217,103</u>

**CITY OF HUGHSON**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	<b>Special Revenue</b>		
	<b>General</b>	<b>Home Loan</b>	<b>Refuse</b>
<b>Assets:</b>			
Cash and Investments	\$ 963,686	\$ 34,843	\$ -
Accounts Receivable	105,921		23,989
Loans Receivable		1,423,710	
Due from Other Funds	263,365		
Deposits	52,184		
Total Assets	\$ 1,385,156	\$ 1,458,553	\$ 23,989
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 231,068	\$ 341	\$ 95,125
Deferred Revenue		1,423,710	
Due to Other Funds			8,114
Total Liabilities	231,068	1,424,051	103,239
<b>Fund Balances:</b>			
Restricted for:			
Home loans		34,502	
Capital projects			
Public safety			
Streets and roads			
Community development			
Unassigned	1,154,088		(79,250)
Total Fund Balances (Deficits)	1,154,088	34,502	(79,250)
Total Liabilities and Fund Balances	\$ 1,385,156	\$ 1,458,553	\$ 23,989

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

<u>Debt Service</u>	<u>Capital Projects</u>		
<u>Redevelopment Agency</u>	<u>Redevelopment Agency</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 2,394,938	\$ 3,393,467
		71,708	201,618
		231,141	1,654,851
			263,365
			52,184
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,697,787</u>	<u>\$ 5,565,485</u>
\$ -	\$ -	\$ 35,532	\$ 362,066
		231,141	1,654,851
		255,251	263,365
		521,924	2,280,282
			34,502
		1,338,232	1,338,232
		221,680	221,680
		493,811	493,811
		380,628	380,628
		(258,488)	816,350
		2,175,863	3,285,203
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,697,787</u>	<u>\$ 5,565,485</u>

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**CITY OF HUGHSON**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Assets**  
June 30, 2012

**Total fund balances - governmental funds** \$ 3,285,203

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

Capital assets at historical cost	\$ 35,859,714	
Accumulated depreciation	<u>(7,642,270)</u>	28,217,444

In governmental funds, certain receivables are not available to pay for current period expenditures and, therefore, are offset by deferred revenue. 1,654,851

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 assets. 107,036

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. 151,815

**Total net assets - governmental activities** \$ 33,416,349

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, 2012**

	<u>Special Revenue</u>		
	<u>General</u>	<u>Home Loan</u>	<u>Refuse</u>
<b>Revenues</b>			
Property Taxes	\$ 293,334	\$ -	\$ -
Sales and Use Taxes	492,863		
Business License Taxes	20,477		
Other Taxes	116,860		
Licenses and Permits	116,539		
Fines and Forfeitures	71,368		
Interest	5,389		
Charges for Services	40,560		433,669
Intergovernmental	420,057		
Other	396,084		
Total Revenues	<u>1,973,531</u>		<u>433,669</u>
<b>Expenditures</b>			
Current			
General Government	494,278		434,583
Public Safety	932,728		
Public Works	406,637		
Parks and Recreation	66,661		
Community Development		2,224	
Capital Outlay			
Debt Service			
Principal			
Interest and Fiscal Charges			
Total Expenditures	<u>1,900,304</u>	<u>2,224</u>	<u>434,583</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>73,227</u>	<u>(2,224)</u>	<u>(914)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers In	191,597		
Transfers Out	(16,000)		
Total Other Financing Sources (Uses)	<u>175,597</u>		
Net Change in Fund Balances Before Extraordinary Items	248,824	(2,224)	(914)
<b>Extraordinary Items</b>			
Gain (Loss) on Dissolution of the Redevelopment Agency			
Net Change in Fund Balances	248,824	(2,224)	(914)
<b>Fund Balances (Deficits) - July 1, 2011</b>	<u>905,264</u>	<u>36,726</u>	<u>(78,336)</u>
<b>Fund Balances (Deficits) - June 30, 2012</b>	<u>\$ 1,154,088</u>	<u>\$ 34,502</u>	<u>\$ (79,250)</u>

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

<u>Debt Service</u>	<u>Capital Projects</u>		
<u>Redevelopment Agency</u>	<u>Redevelopment Agency</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 316,858	\$ -	\$ 41,469	\$ 651,661
			492,863
			20,477
			116,860
			116,539
			71,368
4,448		11,008	20,845
		539,389	1,013,618
		507,926	927,983
		11,963	408,047
<u>321,306</u>	<u></u>	<u>1,111,755</u>	<u>3,840,261</u>
3,514		848,268	1,780,643
		80,888	1,013,616
		321,706	728,343
			66,661
	69,979		72,203
		594,267	594,267
48,000		12,000	60,000
114,336		28,584	142,920
<u>165,850</u>	<u>69,979</u>	<u>1,885,713</u>	<u>4,458,653</u>
<u>155,456</u>	<u>(69,979)</u>	<u>(773,958)</u>	<u>(618,392)</u>
		275,683	467,280
	(10,000)	(452,780)	(478,780)
	(10,000)	(177,097)	(11,500)
155,456	(79,979)	(951,055)	(629,892)
<u>(516,101)</u>	<u>359,720</u>	<u></u>	<u>(156,381)</u>
(360,645)	279,741	(951,055)	(786,273)
<u>360,645</u>	<u>(279,741)</u>	<u>3,126,918</u>	<u>4,071,476</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,175,863</u>	<u>\$ 3,285,203</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, 2012

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

**Net change in fund balance - total governmental funds** **\$ (786,273)**

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	\$	594,267	
Depreciation expense		(538,498)	55,769

Certain notes receivable are reported in the governmental funds as expenditures and then offset by a deferred revenue as they are not available to pay current expenditures. Likewise, when the note is collected it is reflected in revenue. This is the net change between notes receivable collected and issued. (66,170)

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Issuance of bond principal is an other financing source and repayment of bond principal is an expenditure in governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the statement of net assets. 60,000

Tax allocation bonds - principal payment

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. 29,714

Accrued interest is interest due on long-term debt payable. This is the net change in accrued interest for the current period.

Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities. (811)

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

Amortization - deferred charges		(3,032)	
Amortization - discount on bonds		(658)	

Difference in the gain/loss on the dissolution of the redevelopment agency between the government activities \$1,646,468 and the fund financial statements (\$156,381). 1,802,849

Certain accrued interest revenue of notes receivable reported in the statement of activities is not available to pay for current period expenditures, and therefore, is not reported as revenue in a governmental fund. This is the net change in interest receivable for the current period. 13,341

**Change in net assets of governmental activities** **\$ 1,104,729**

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

**CITY OF HUGHSON**  
**Statement of Net Assets**  
**Proprietary Funds**  
June 30, 2012

	<b>Business-type Activities-Enterprise Funds</b>				<b>Governmental Activities</b>
	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and Investments	\$ 4,751,011	\$ -	\$ 9,491	\$ 4,760,502	\$ 107,036
Accounts Receivable	74,373	90,915		165,288	
Due From Other Funds	266,031			266,031	
Total Current Assets	<u>5,091,415</u>	<u>90,915</u>	<u>9,491</u>	<u>5,191,821</u>	<u>107,036</u>
<b>Noncurrent Assets:</b>					
<b>Capital Assets:</b>					
Land	14,970,464	2,928,159	105,073	18,003,696	
Buildings	560,581	2,127,666	725,283	3,413,530	
Machinery and Equipment	525,610	21,510		547,120	
Improvements Other Than Buildings	17,344,111	10,053,931		27,398,042	
Construction In Progress	21,321,982	3,542,179		24,864,161	
<b>Less:</b>					
Accumulated Depreciation	(10,626,136)	(5,159,162)	(326,378)	(16,111,676)	
Total Noncurrent Assets	<u>44,096,612</u>	<u>13,514,283</u>	<u>503,978</u>	<u>58,114,873</u>	
Total Assets	<u>49,188,027</u>	<u>13,605,198</u>	<u>513,469</u>	<u>63,306,694</u>	<u>107,036</u>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts Payable	17,430	40,153	2,925	60,508	
Interest Payable	76,232	26,887		103,119	
Due to Other Funds		266,031		266,031	
Deposits Payable			840	840	
Total Current Liabilities	<u>93,662</u>	<u>333,071</u>	<u>3,765</u>	<u>430,498</u>	
<b>Noncurrent Liabilities:</b>					
Compensated Absences	22,293	11,415		33,708	
Due within One Year	1,208,987	107,664		1,316,651	
Due in More Than One Year	24,520,311	2,204,772		26,725,083	
Total Noncurrent Liabilities	<u>25,751,591</u>	<u>2,323,851</u>		<u>28,075,442</u>	
Total Liabilities	<u>25,845,253</u>	<u>2,656,922</u>	<u>3,765</u>	<u>28,505,940</u>	
<b>Net Assets</b>					
Invested in Capital Assets, Net of Related Debt	18,367,314	11,201,847	503,978	30,073,139	
Unrestricted	4,975,460	(253,571)	5,726	4,727,615	107,036
Total Net Assets	<u>\$ 23,342,774</u>	<u>\$ 10,948,276</u>	<u>\$ 509,704</u>	<u>\$ 34,800,754</u>	<u>\$ 107,036</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 Assets**  
**Proprietary Funds**  
For the Fiscal Year Ended June 30, 2012

	<u>Business-type Activities - Enterprise funds</u>				<u>Governmental Activities</u>
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
<b>Operating Revenues:</b>					
Charges for Services	\$ 2,584,136	\$ 2,235,505	\$ 36,015	\$ 4,855,656	\$ 2,392
Total Operating Revenues	<u>2,584,136</u>	<u>2,235,505</u>	<u>36,015</u>	<u>4,855,656</u>	<u>2,392</u>
<b>Operating Expenses:</b>					
Personnel	344,229	314,017	4,339	662,585	
Administrative	336,489	236,638	24,562	597,689	3,203
Materials and Supplies	130,188	139,977		270,165	
Maintenance	203,129	125,206	3,372	331,707	
Depreciation	444,836	185,482	24,176	654,494	
Total Operating Expenses	<u>1,458,871</u>	<u>1,001,320</u>	<u>56,449</u>	<u>2,516,640</u>	<u>3,203</u>
Operating Income (loss)	<u>1,125,265</u>	<u>1,234,185</u>	<u>(20,434)</u>	<u>2,339,016</u>	<u>(811)</u>
<b>Non-operating Revenues (Expenses):</b>					
Interest Revenue	48,952	586		49,538	
Interest Expense	<u>(432,685)</u>	<u>(109,354)</u>		<u>(542,039)</u>	
Total Non-Operating Revenue (Expenses)	<u>(383,733)</u>	<u>(108,768)</u>		<u>(492,501)</u>	
Income (Loss) before transfers	741,532	1,125,417	(20,434)	1,846,515	(811)
<b>Transfers</b>					
Transfer In			16,000	16,000	
Transfer Out			<u>(4,500)</u>	<u>(4,500)</u>	
<b>Change in Net Assets</b>	741,532	1,125,417	(8,934)	1,858,015	(811)
Net Assets - Beginning of Fiscal Year	<u>22,601,242</u>	<u>9,822,859</u>	<u>518,638</u>	<u>32,942,739</u>	<u>107,847</u>
Net Assets - End of Fiscal Year	<u>\$ 23,342,774</u>	<u>\$ 10,948,276</u>	<u>\$ 509,704</u>	<u>\$ 34,800,754</u>	<u>\$ 107,036</u>

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

**CITY OF HUGHSON**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Fiscal Year Ended June 30, 2012

	<b>Business-type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Sewer Fund</b>	<b>Water Fund</b>	<b>Nonmajor Enterprise Funds</b>	<b>Totals</b>	<b>Activities Internal Service Fund</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash Received from Users	\$ 2,561,607	\$ 2,220,085	\$ 25,385	\$ 4,807,077	\$ 2,392
Cash Payments to Suppliers and Contractors	(2,013,273)	(481,059)	(27,681)	(2,522,013)	(3,203)
Cash Payments to Employees	(344,228)	(314,017)	(4,339)	(662,584)	
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>204,106</b>	<b>1,425,009</b>	<b>(6,635)</b>	<b>1,622,480</b>	<b>(811)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in			11,500	11,500	
Interfund Borrowing	1,183,693	(1,183,693)			
<b>Net Cash Provided (Used) By Noncapital Financing Activities</b>	<b>1,183,693</b>	<b>(1,183,693)</b>	<b>11,500</b>	<b>11,500</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest Received	48,952	586		49,538	
<b>Net Cash Provided (Used) in Investing Activities</b>	<b>48,952</b>	<b>586</b>		<b>49,538</b>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from Debt Borrowings	2,817,277			2,817,277	
Principal Payments on Debt Borrowings	(1,200,972)	(102,231)		(1,303,203)	
Interest Paid	(435,972)	(110,554)		(546,526)	
Acquisition of Property, Plant, and Equipment	(1,626,987)	(29,117)		(1,656,104)	
<b>Net Cash Provided (Used) In Capital and Related Financing Activities</b>	<b>(446,654)</b>	<b>(241,902)</b>		<b>(688,556)</b>	
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>990,097</b>		<b>4,865</b>	<b>994,962</b>	<b>(811)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR</b>	<b>3,760,914</b>		<b>4,626</b>	<b>3,765,540</b>	<b>107,847</b>
<b>CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR</b>	<b>\$ 4,751,011</b>	<b>\$ -</b>	<b>\$ 9,491</b>	<b>\$ 4,760,502</b>	<b>\$ 107,036</b>
<b>Reconciliation to Statement of Net Assets:</b>					
Cash and Investments	\$ 4,751,011	\$ -	\$ 9,491	\$ 4,760,502	\$ 107,036
	<u>\$ 4,751,011</u>	<u>\$ -</u>	<u>\$ 9,491</u>	<u>\$ 4,760,502</u>	<u>\$ 107,036</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Operating Income (Loss)	\$ 1,125,265	\$ 1,234,185	\$ (20,434)	\$ 2,339,016	\$ (811)
<b>Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Depreciation Expense	444,836	185,482	24,176	654,494	
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(22,528)	(15,420)		(37,948)	
Increase (Decrease) in Accounts Payable	(1,343,467)	20,762	253	(1,322,452)	
Increase (Decrease) in Deposits Payable			(10,630)	(10,630)	
<b>Total Adjustments</b>	<b>(921,159)</b>	<b>190,824</b>	<b>13,799</b>	<b>(716,536)</b>	
<b>Net Cash Provided (Used) By Operating Activities</b>	<b>\$ 204,106</b>	<b>\$ 1,425,009</b>	<b>\$ (6,635)</b>	<b>\$ 1,622,480</b>	<b>\$ (811)</b>

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

**CITY OF HUGHSON  
FIDUCIARY FUNDS  
STATEMENT OF NET ASSETS  
June 30, 2012**

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>	
	<u>RDA Successor Agency</u>	<u>Water Deposits</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 156,381	\$ 27,120	\$ 183,501
Deferred charges	156,029		156,029
Capital assets, net of accumulated depreciation	942,208		942,208
<b>Total Assets</b>	<u>1,254,618</u>	<u>27,120</u>	<u>1,281,738</u>
<b>LIABILITIES</b>			
Interest payable	35,442		35,442
Deposits payable		27,120	27,120
Long-term debt, due within one year	60,000		60,000
Long-term debt, due in more than one year	2,815,000		2,815,000
<b>Total Liabilities</b>	<u>2,910,442</u>	<u>27,120</u>	<u>2,937,562</u>
<b>NET ASSETS</b>			
Unrestricted	(1,655,824)		(1,655,824)
<b>Total Net Assets</b>	<u>\$ (1,655,824)</u>	<u>\$ -</u>	<u>\$ (1,655,824)</u>

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

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## **NOTES TO BASIC FINANCIAL STATEMENTS**

**CITY OF HUGHSON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

**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, the financial statements present the government and its component units for which the government is considered financially accountable. The component unit, although a legally separate entity, is in substance part of the government's operations and so data from this unit is combined with the data of the primary government. The financial statements of the City of Hughson include the financial activities of the City as well as the Hughson Redevelopment Agency, which is controlled by and dependent on the City.

**Blended Component Unit**

The Hughson Redevelopment Agency (Agency) was activated by the City in January 2002, by Ordinance No. 01-11 pursuant to Community Redevelopment Law of the State of California to conduct economic development and other redevelopment activities in order to eliminate blight in the project area designated by its Board. The Agency is controlled by the City and has the same governing board as the City, which also performs all accounting and administrative functions for the Agency. The financial activities of the Agency have been aggregated and merged (termed "blending") with those of the City. The activities of the Hughson Redevelopment Agency were transferred to the Redevelopment Agency's Successor Agency on February 1, 2012. See Note 13 for more information.

**B. Basis of Presentation**

**Government-wide Financial Statements**

The statement of net assets and statement of activities display information about the primary government (the City) and its component units. 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 and between the City and its blended component unit. 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.

CITY OF HUGHSON  
NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2012

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Basis of Presentation (Continued)**

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

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. 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 five 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 *Redevelopment Agency Debt Service Fund* was established to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.
- The *Redevelopment Agency Capital Projects Fund* was established to undertake projects aimed at eliminating blight within the redevelopment project area. The Agency Board has identified a particular geographic area within the City of Hughson as comprising the project area. In addition to tax increment financing, the City also advances funds for certain capital projects within the project area.

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, 2012**

**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* 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 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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of 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, 2012**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Accounting and Measurement Focus (Continued)**

For its business-type activities and enterprise funds, the City has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes (GAAP) for government units.

**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.

**CITY OF HUGHSON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Equity (Continued)**

**2. Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The City's property taxes are levied on the first day of January by the County assessor, and are payable to the County tax collector in two installments. The first installment is due November 1<sup>st</sup>, and is delinquent after December 10<sup>th</sup>; the second installment is due February 1<sup>st</sup> and is delinquent after April 10<sup>th</sup>. Taxes become a lien on the property on January 1<sup>st</sup>, 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. Restricted Assets**

Certain assets of special revenue grant funds are classified as restricted assets because their use is restricted by grant agreements.

**5. Capital Assets**

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

**CITY OF HUGHSON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Equity (Continued)**

**5. Capital Assets (Continued)**

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

**6. 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.

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 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.

**7. Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Debt premiums and discounts, as well as issuance costs, 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. Issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, 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.

**CITY OF HUGHSON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Equity (Continued)**

**8. Net Assets**

In the Government-wide financial statements and proprietary fund financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Restricted net assets represent net assets restricted by parties outside of the City (such as creditors, grantors, contributors, laws, etc.) and include unspent proceeds of bonds issued to acquire or construct capital assets. The City's other restricted net assets are temporarily restricted (ultimately expendable assets). All other net assets are considered unrestricted.

**9. 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.

**10. New Accounting Pronouncements**

The City has implemented the requirements of Governmental Accounting Standards Board (GASB) Statement No. 64 during the fiscal year ended June 30, 2012.

Governmental Accounting Standards Board Statement No. 64

For the fiscal year ended June 30, 2012, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions." This statement is effective for periods beginning after June 15, 2011. The objective of this statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. Implementation of the GASB Statement No. 64, did not have an impact on the City's financial statements for the fiscal year ended June 30, 2012.

**CITY OF HUGHSON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities, and Equity (Continued)**

**11. 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.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

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

1. During May of each year, the City Manager submits to the City Council a proposed operating budget for the next following fiscal year. The operating budget includes proposed revenues and expenditures.
2. After a review by the City Council, a public hearing is conducted and further comment is received from the City Council and the general public.
3. Upon completion of the hearings and modifications, if any, to the proposed budget, it is adopted by the City Council through passage of an appropriate resolution.
4. Generally, the budget is amended in the middle of the year and at the end of the year. All approved additional appropriations are added to the adopted budget and an amended budget is presented to the City Council, which adopts it after due review expenditure categories within departments as deemed necessary in order to meet the City’s needs.

**CITY OF HUGHSON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

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

**A. Budgetary Information (Continued)**

5. The City Manager is authorized to transfer from time to time budget amounts of operational.
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.
7. The City does not budget for the Equipment Replacement Special Revenue Fund.

**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, 2012, expenditures exceeded appropriations in the following funds:

Fund	Final Appropriation	Expenditures	Excess
<u>Major Fund:</u>			
Home Loan Special Revenue Fund	\$ -	\$ 2,224	\$ 2,224
<u>Nonmajor Funds:</u>			
CDGB Rehab Special Revenue Fund	400	819	419
Storm Drain Special Revenue Fund	24,000	24,008	8
Benefit Assessment Special Revenue Fund	35,000	35,725	725
Misc Grants Special Revenue Fund	35,000	35,298	298
Public Facilities Capital Projects Fund	627,000	628,411	1,411

**D. Deficit Fund Equity**

At June 30, 2012, the following funds had an accumulated deficit:

Fund	Amount
<u>Major Fund:</u>	
Refuse Special Revenue Fund	\$ 79,250
<u>Nonmajor Funds:</u>	
Misc. Grants Special Revenue Fund	35,298
Transportation Capital Projects Fund	223,190

**CITY OF HUGHSON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 3 – CASH AND INVESTMENTS**

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Statement of net assets:		
Cash and investments	\$	8,261,005
Fiduciary funds:		
Cash and investments		183,501
		<hr/>
Total cash and investments	\$	8,444,506
		<hr/> <hr/>

Cash and investments as of June 30, 2012 consist of the following:

Cash on hand	\$	100
Investments		8,444,406
		<hr/>
Total cash and investments	\$	8,444,506
		<hr/> <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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
	<hr/>	<hr/>	<hr/>
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	\$50 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, 2012**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

**B. Investments Authorized by Debt Agreements**

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

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

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

**C. Disclosures Relating to Interest Rate Risk**

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

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

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
State Investment Pool (LAIF)	\$ 78,144	\$ 78,144	\$ -	\$ -	\$ -
Money Market Funds	5,996,896	5,996,896			
Certificates of Deposit	2,369,366	2,369,366			
	<u>\$ 8,444,406</u>	<u>\$ 8,444,406</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF HUGHSON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

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

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

**E. Disclosures Relating to Credit Risk**

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

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Fiscal Year End</u>			
				<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Not Rated</u>
State Investment Pool	\$ 78,144	N/A	\$ -	\$ -	\$ -	\$ -	\$ 78,144
Money Market Funds	5,996,896	N/A					5,996,896
Certificates of Deposit	2,369,366	N/A					2,369,366
<b>Total</b>	<b>\$ 8,444,406</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,444,406</b>

**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 investment pools) 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 market 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.

**CITY OF HUGHSON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 3 – CASH AND INVESTMENTS (Continued)**

H. Investment in State Investment Pool

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

**NOTE 4 – INTERFUND TRANSACTIONS**

**A. Interfund Receivables and Payables**

During the course of normal operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds". The following presents a summary of current interfund balances at June 30, 2012.

Receivable Fund	Amount	Payable Fund	Amount
Major Governmental Fund:		Major Enterprise Fund:	
General Fund	\$ 263,365	Water Fund	\$ 266,031
Major Enterprise Fund:		Major Governmental Fund:	
Sewer Fund	266,031	Refuse Special Revenue Fund	8,114
		Nonmajor Governmental Funds:	
Totals	<u>\$ 529,396</u>	Misc. Grants Special Revenue Fund	29,502
		Transportation Capital Projects Fund	225,749
		Totals	<u>\$ 529,396</u>

**B. Transfers between Funds**

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations, and re-allocations of special revenues. All inter-fund transfers between individual government funds have been eliminated on the government-wide statements. The following schedule briefly summarizes the City's transfer activity for the fiscal year ended June 30, 2012:

Fund	Transfers-in	Transfers-out
Major Governmental Funds:		
General Fund	\$ 191,597	\$ 16,000
Redevelopment Agency Capital Projects Fund		10,000
Nonmajor Governmental Funds:		
CDBG Rehab Special Revenue Fund	103,277	103,277
Misc. Grants Special Revenue Fund	36,898	
Public Facilities Capital Projects Fund	135,508	172,406
Benefit Assessment Special Revenue Fund		14,368
Lighting and Landscaping Special Revenue Fund		26,129
Traffic Special Revenue Fund		11,600
Gas Tax Special Revenue Fund		125,000
Nonmajor Enterprise Funds:		
Community Center Operations Fund	16,000	
USF Community Center Fund		4,500
Totals	<u>\$ 1,113,598</u>	<u>\$ 1,113,598</u>

**CITY OF HUGHSON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 5 – CAPITAL ASSETS**

Capital Asset activity for the fiscal year ended June 30, 2012 was as follows:

	Balance at July 1, 2011	Additions	Deletions	Dissolution of RDA	Balance at June 30, 2012
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 9,678,610	\$ -	\$ -	\$ -	\$ 9,678,610
Rights of ways	2,777,617				2,777,617
Construction in progress	160,546	594,267			754,813
Total capital assets, not being depreciated	<u>12,616,773</u>	<u>594,267</u>			<u>13,211,040</u>
Capital assets, being depreciated:					
Buildings	1,220,796				1,220,796
Improvements	8,190,222			(839,334)	7,350,888
Equipment	321,726				321,726
Machinery	241,902				241,902
Rolling stock	530,299				530,299
Infrastructure	13,157,527			(174,464)	12,983,063
Total capital assets being depreciated	<u>23,662,472</u>			<u>(1,013,798)</u>	<u>22,648,674</u>
Less accumulated depreciation for:					
Buildings	(512,525)	(24,747)			(537,272)
Improvements	(3,148,758)	(268,471)		56,011	(3,361,218)
Equipment	(321,726)				(321,726)
Machinery	(161,686)	(20,934)			(182,620)
Rolling stock	(507,548)	(22,751)			(530,299)
Infrastructure	(2,513,763)	(201,595)		6,223	(2,709,135)
Total accumulated depreciation	<u>(7,166,006)</u>	<u>(538,498)</u>		<u>62,234</u>	<u>(7,642,270)</u>
Total capital assets, being depreciated, net	<u>16,496,466</u>	<u>(538,498)</u>		<u>(951,564)</u>	<u>15,006,404</u>
Governmental activities capital assets, net	<u>\$ 29,113,239</u>	<u>\$ 55,769</u>	<u>\$ -</u>	<u>\$ (951,564)</u>	<u>\$ 28,217,444</u>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 18,003,696	\$ -	\$ -	\$ 18,003,696	
Construction in progress	23,306,127	1,558,034		24,864,161	
Total capital assets, not being depreciated	<u>41,309,823</u>	<u>1,558,034</u>		<u>42,867,857</u>	
Capital assets, being depreciated:					
Buildings	3,413,530				3,413,530
Improvements	27,321,481	76,561			27,398,042
Equipment	157,040	21,509			178,549
Machinery	235,695				235,695
Rolling stock	132,876				132,876
Total capital assets, being depreciated	<u>31,260,622</u>	<u>98,070</u>			<u>31,358,692</u>
Less accumulated depreciation for:					
Buildings	(1,052,413)	(103,785)			(1,156,198)
Improvements	(13,977,570)	(502,808)			(14,480,378)
Equipment	(125,278)	(13,805)			(139,083)
Machinery	(199,550)	(9,564)			(209,114)
Rolling stock	(102,371)	(24,532)			(126,903)
Total accumulated depreciation	<u>(15,457,182)</u>	<u>(654,494)</u>			<u>(16,111,676)</u>
Total capital assets, being depreciated, net	<u>15,803,440</u>	<u>(556,424)</u>			<u>15,247,016</u>
Business-type activities capital assets, net	<u>\$ 57,113,263</u>	<u>\$ 1,001,610</u>	<u>\$ -</u>	<u>\$ 58,114,873</u>	

**CITY OF HUGHSON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 5 – CAPITAL ASSETS (Continued)**

**Depreciation**

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 311,019
Public Safety	113,739
Public Works	<u>113,740</u>
Total depreciation expense – governmental functions	<u>\$ 538,498</u>

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

Sewer	\$ 444,836
Water	185,482
Community Facilities	<u>24,176</u>
Total depreciation expense – business-type functions	<u>\$ 654,494</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) and RDA Low/Mod Incoming Housing funds 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, 2012:

	Balance at July 1, 2011	Additions	Repayments	RDA Transfer	Balance at June 30, 2012	Due Within One Year
<b>Governmental Activities:</b>						
Compensated absences	\$ 29,714	\$ -	\$ (29,714)	\$ -	\$ -	\$ -
Tax allocation bonds payable	2,935,000		(60,000)	(2,875,000)		
Total	<u>\$ 2,964,714</u>	<u>\$ -</u>	<u>\$ (89,714)</u>	<u>\$ (2,875,000)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Business-type Activities:</b>						
Compensated absences	\$ 33,708	\$ -	\$ -	\$ -	\$ 33,708	\$ -
USDA Promissory Note	426,000		(8,000)		418,000	9,000
Installment note payable - Water	1,988,668		(94,232)		1,894,436	98,664
Installment note payable - Sewer	6,058,480		(250,344)		5,808,136	260,968
CSWRCB Revolving Loan	18,054,513	2,817,277	(950,628)		19,921,162	948,019
Total	<u>\$ 26,561,369</u>	<u>\$ 2,817,277</u>	<u>\$ (1,303,204)</u>	<u>\$ -</u>	<u>\$ 28,075,442</u>	<u>\$ 1,316,651</u>

**CITY OF HUGHSON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 7 – LONG-TERM LIABILITIES (Continued)**

**1. Governmental Activities – 2006 Tax Allocation Bonds Payable**

The City issued \$3,200,000 of tax allocation refunding bonds on February 1, 2006. The bonds were issued to (i) currently refund all of the outstanding Hughson Redevelopment Project Tax Allocation Notes Series 2003 and (ii) finance additional redevelopment activities of the Agency (\$858,351). Principal payments ranging from \$45,000 to \$195,000 are due annually, starting October 1, 2006 through 2037. Interest is due semi-annually on October 1 and April 1, at rates ranging from 3.5% to 5.1%.

The bonds are secured by a pledge of the tax increment revenues, other than those deposited in the low and moderate income set-aside fund, for the Agency’s project area. These revenues have been pledged until the year 2037. Interest and principal paid on the bonds for the fiscal year ended June 30, 2012, was \$142,930 and \$60,000 respectively. The principal balance outstanding at June 30, 2012 was \$2,875,000. Due to the activities of the Hughson Redevelopment Agency being transferred to the Redevelopment Agency’s Successor Agency on February 1, 2012, the bonds have been also transferred to the Successor Agency. Please see Note 13 for more details.

**2. Business -type Activities - USDA Rural Development Promissory Note**

In 1998, the City executed a promissory note with the United States Department of Agriculture with the proceeds to be used for water system development. The note bears interest at 4.5%, with interest and principal (varying from \$4,500 to \$28,000) payable semi-annually beginning April 1, 1998 and continuing until April 1, 2037. The balance outstanding at June 30, 2012 is \$418,000. Annual debt service requirements for the USDA Rural Development Promissory Note are shown below:

Fiscal Year Ended June 30,	USDA Rural Development Promissory Note		
	Principal	Interest	Total
2013	\$ 9,000	\$ 18,810	\$ 27,810
2014	9,000	18,406	27,406
2015	10,000	18,000	28,000
2016	10,000	17,550	27,550
2017	11,000	17,100	28,100
2018-2022	62,000	77,762	139,762
2023-2027	78,000	62,372	140,372
2028-2032	100,000	42,978	142,978
2033-2037	129,000	17,958	146,958
	<u>\$ 418,000</u>	<u>\$ 290,936</u>	<u>\$ 708,936</u>

**3. Business -type Activities – 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. The note bears interest at 4.7%, with principal payments varying from \$37,010 to \$90,702, payable semi-annually beginning September 29, 2006, and continuing until March 29, 2026. The balance outstanding at June 30, 2012 is \$1,894,436.

**CITY OF HUGHSON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 7 – LONG-TERM LIABILITIES (Continued)**

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

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. The note bears interest at 4.2%, with principal payments varying from \$126,472 to \$245,934, payable semi-annually beginning September 7, 2008, and continuing until March 7, 2028. The balance outstanding at June 30, 2012 is \$5,808,136.

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

Fiscal Year Ended June 30,	Installment Notes Payable - Water		
	Principal	Interest	Total
2013	\$ 98,664	\$ 86,957	\$ 185,621
2014	103,305	82,317	185,622
2015	108,165	77,457	185,622
2016	113,253	72,369	185,622
2017	118,581	67,041	185,622
2018-2022	682,010	246,097	928,107
2023-2026	670,458	72,028	742,486
	<u>\$ 1,894,436</u>	<u>\$ 704,266</u>	<u>\$ 2,598,702</u>

Fiscal Year Ended June 30,	Installment Notes Payable - Sewer		
	Principal	Interest	Total
2013	\$ 260,968	\$ 241,230	\$ 502,198
2014	272,045	230,155	502,200
2015	283,590	218,609	502,199
2016	295,626	206,572	502,198
2017	308,172	194,026	502,198
2018-2022	1,748,512	762,480	2,510,992
2023-2027	2,152,413	358,579	2,510,992
2028	486,810	15,388	502,198
	<u>\$ 5,808,136</u>	<u>\$ 2,227,039</u>	<u>\$ 8,035,175</u>

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

On September 10, 2009, the City entered into a project finance agreement with the California State Water Resource Control Board (Water Control Board). Through the use of ARRA funds, the Water Control Board provided funding assistance in the amount of \$23,100,000 for the rehabilitation and upgrade of the wastewater treatment plant. The City must repay the project funds at an interest rate of 1% per annum. The term of the agreement is June 16, 2009, to June 7, 2031. The balance outstanding at June 30, 2012 is \$19,921,162.

**CITY OF HUGHSON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

**5. Business -type Activities – California State Water Resources Control Board Revolving Loan (Continued)**

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

Ended June 30,	CSWRCB Loan		
	Principal	Interest	Total
2013	\$ 948,019	\$ -	\$ 948,019
2014	957,499	187,811	1,145,310
2015	967,075	178,236	1,145,311
2016	976,745	168,565	1,145,310
2017	986,513	158,798	1,145,311
2018-2022	5,082,529	644,026	5,726,555
2023-2027	5,341,788	384,765	5,726,553
2028-2032	4,660,994	112,280	4,773,274
	<u>\$ 19,921,162</u>	<u>\$ 1,834,481</u>	<u>\$ 21,755,643</u>

**6. 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, 2012, was \$33,708 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.

**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.

**CITY OF HUGHSON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

**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 – DEFINED BENEFIT PENSION PLANS**

**Public Employees Retirement System (PERS)**

**Plan Description and Funding Policy**

Substantially all full-time City employees are eligible to participate in pension plans offered by California Public Employee Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. There are currently no active employees enrolled in the Safety Plan. Benefit provisions under both plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both plans are determined annually on an actuarial basis as of June 30 by CalPERS; the City must contribute these amounts. The current required contribution rate is 16.957% for the miscellaneous plan.

The City's labor contracts require it to pay employee contributions for miscellaneous plan members as well as the employer required contributions. The employee contribution is 8% of their annual covered salary.

**Annual Pension Cost**

For the fiscal year 2011/2012, the City's annual pension cost of \$123,919 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) overall payroll growth of 3.25% compounded annually; and (c) an inflation rate of 3.0% compounded annually. The actuarial value of PERS was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2012, was 21 year for miscellaneous.

**CITY OF HUGHSON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Public Employees Retirement System (PERS) (Continued)**

**Annual Pension Cost (Continued)**

**Three-Year Trend Information for Miscellaneous Plan**

Fiscal Year <u>Ending</u>	Annual Pension Cost <u>(APC)</u>	Percentage of APC <u>Contributed</u>	<u>Net Pension Obligation</u>
06/30/10	\$157,966	100%	\$ -
06/30/11	129,564	100%	
06/30/12	123,919	100%	

**NOTE 13 - SUCCESSORY AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY**

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

The Bill provides that upon dissolution of a redevelopment agency, either the city or other unit of local government will agree to serve as the “successor agency” to hold the assets units 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 12-001.

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 the date of the dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, 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.

The Bill directs that State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the state Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

**CITY OF HUGHSON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 13 - SUCCESSORY AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY (Continued)**

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss).

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss(gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

The difference between the extraordinary gain recognized in the fund financial statements and the extraordinary loss recognized in the fiduciary fund financial statements is reconciled as follows:

Total extraordinary (gain)/loss reported in governmental fund – (decrease)/increase to net assets of the Successor Agency Trust Funds	\$156,381
Capital assets recorded in the government-wide financial statements – increase of net assets of the Successor Agency Trust Funds	951,564
Accrued bond interest reported in the government-wide financial statements – decrease to net assets of the Successor Agency Trust Funds	(35,442)
Deferred charges reported in the government-wide financial statements – increase of net assets of the Successor Agency Trust Funds	156,029
Long-term debt reported in the government-wide financial statements – decrease to net assets of the Successor Agency Trust Funds	<u>(2,875,000)</u>
Net decrease to net assets of the Successor Agency Trust Funds as a result of initial transfers (equal to amount of extraordinary gain reported in the government-wide financial statements of the City)	<u>\$(1,646,468)</u>

**CITY OF HUGHSON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2012**

**NOTE 13 - SUCCESSORY AGENCY**

A. Capital assets of the Successor Agency as of June 30, 2012 consisted of the following:

	July 1, 2011 Balance	Transfers From RDA	Additions	Deletions	June 30, 2012 Balance
Capital assets, being depreciated:					
Improvements	\$ -	\$ 839,334	\$ -	\$ -	\$ 839,334
Infrastructure		174,464			174,464
Total capital assets, being depreciated		1,013,798			1,013,798
Less accumulated depreciation for:					
Improvements		(56,011)	(6,899)		(62,910)
Infrastructure		(6,223)	(2,457)		(8,680)
Total accumulated depreciation, net		(62,234)	(9,356)		(71,590)
Total capital assets, net	\$ -	\$ 951,564	\$ (9,356)	\$ -	\$ 942,208

B. Long-term debt of the Successor Agency as of June 30, 2012, consisted of the following:

	Balance July 1, 2011	Transfer From RDA	Additions	Deletions	Balance June 30, 2012	Due within one year
Tax Allocation Bonds	\$ -	\$ 2,875,000	\$ -	\$ -	\$ 2,875,000	\$ 60,000
Cost of Issuance		(158,194)		2,165	(156,029)	(5,197)
Bond Discount		(27,829)		470	(27,359)	(1,128)
Totals	\$ -	\$ 2,688,977	\$ -	\$ -	\$ 2,691,612	\$ 53,675

Tax Allocation Bonds – Series 2006

The former redevelopment agency issued \$3,200,000 of tax allocation refunding bonds on February 1, 2006. Interest and principal paid on the bonds for the fiscal year ended June 30, 2011, was \$147,631 and \$60,000 respectively. The principal balance outstanding at June 30, 2012 was \$2,875,000.

The remaining annual debt service requirements as of June 30, 2012 are as follows:

Fiscal Year Ended June 30,	2006 Tax Allocation Bonds		
	Principal	Interest	Total
2013	\$ 60,000	\$ 140,456	\$ 200,456
2014	65,000	137,760	202,760
2015	70,000	134,763	204,763
2016	70,000	131,613	201,613
2017	75,000	128,303	203,303
2018-2022	425,000	585,124	1,010,124
2023-2027	545,000	466,525	1,011,525
2028-2032	685,000	313,275	998,275
2033-2037	880,000	116,790	996,790
	<u>\$ 2,875,000</u>	<u>\$ 2,154,609</u>	<u>\$ 5,029,609</u>

## **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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$ 198,000	\$ 198,000	\$ 293,334	\$ 95,334
Sales and Use Taxes	430,824	430,824	492,863	62,039
Business License Taxes	25,000	25,000	20,477	(4,523)
Other Taxes	112,500	112,500	116,860	4,360
Licenses and Permits	103,440	103,440	116,539	13,099
Fines and Forfeitures	78,000	78,000	71,368	(6,632)
Interest	6,500	6,500	5,389	(1,111)
Charges for Services	40,505	40,505	40,560	55
Intergovernmental	435,700	435,700	420,057	(15,643)
Other	379,346	379,346	396,084	16,738
Total Revenues	<u>1,809,815</u>	<u>1,809,815</u>	<u>1,973,531</u>	<u>163,716</u>
<b>Expenditures</b>				
Current				
General Government	519,513	520,313	494,278	26,035
Public Safety	937,532	937,532	932,728	4,804
Public Works	437,864	437,864	406,637	31,227
Parks and Recreation	72,255	72,255	66,661	5,594
Total Expenditures	<u>1,967,164</u>	<u>1,967,964</u>	<u>1,900,304</u>	<u>67,660</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(157,349)</u>	<u>(158,149)</u>	<u>73,227</u>	<u>231,376</u>
<b>Other Financing Sources (uses):</b>				
Transfers In	201,597	201,597	191,597	(10,000)
Transfers Out	(16,000)	(16,000)	(16,000)	
Total Other Financing Sources (Uses)	<u>185,597</u>	<u>185,597</u>	<u>175,597</u>	<u>(10,000)</u>
Net Change in Fund Balance	28,248	27,448	248,824	221,376
<b>Fund Balance - July 1, 2011</b>	<u>905,264</u>	<u>905,264</u>	<u>905,264</u>	<u></u>
<b>Fund Balance - June 30, 2012</b>	<u>\$ 933,512</u>	<u>\$ 932,712</u>	<u>\$ 1,154,088</u>	<u>\$ 221,376</u>

**CITY OF HUGHSON  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
HOME LOAN SPECIAL REVENUE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues</b>				
Interest	\$ 100	\$ 100	\$ -	\$ (100)
Intergovernmental	1,100	1,100		(1,100)
<b>Total Revenues</b>	<u>1,200</u>	<u>1,200</u>		<u>(1,200)</u>
<b>Expenditures</b>				
Current:				
Community Development			2,224	(2,224)
<b>Total Expenditures</b>			<u>2,224</u>	<u>(2,224)</u>
<b>Net Change in Fund Balance</b>	1,200	1,200	(2,224)	(3,424)
<b>Fund Balance - July 1, 2011</b>	<u>36,726</u>	<u>36,726</u>	<u>36,726</u>	
<b>Fund Balance - June 30, 2012</b>	<u>\$ 37,926</u>	<u>\$ 37,926</u>	<u>\$ 34,502</u>	<u>\$ (3,424)</u>

**CITY OF HUGHSON**  
**SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**REFUSE SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$ 421,000	\$ 421,000	\$ 433,669	\$ 12,669
Total Revenues	421,000	421,000	433,669	12,669
<b>Expenditures</b>				
Current:				
General Government	448,080	448,080	434,583	13,497
Total Expenditures	448,080	448,080	434,583	13,497
Net Change in Fund Balance	(27,080)	(27,080)	(914)	26,166
<b>Fund Balance (Deficit) - July 1, 2011</b>	(78,336)	(78,336)	(78,336)	
<b>Fund Balance (Deficit) - June 30, 2012</b>	\$ (105,416)	\$ (105,416)	\$ (79,250)	\$ 26,166

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## **OTHER SUPPLEMENTAL INFORMATION**

**CITY OF HUGHSON  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
REDEVELOPMENT AGENCY DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Property Taxes	\$ 391,302	\$ 316,858	\$ (74,444)
Interest	50	4,448	4,398
	<u>391,352</u>	<u>321,306</u>	<u>(70,046)</u>
<b>Total Revenues</b>			
<b>Expenditures</b>			
Current:			
General Government	2,000	3,514	(1,514)
Debt Service:			
Principal	48,000	48,000	
Interest and Fiscal Charges	116,265	114,336	1,929
	<u>166,265</u>	<u>165,850</u>	<u>415</u>
<b>Total Expenditures</b>			
Net Change in Fund Balance Before Extraordinary Items	225,087	155,456	(69,631)
<b>Extraordinary Items</b>			
Loss on Dissolution of Redevelopment Agency		(516,101)	(516,101)
		<u>(516,101)</u>	<u>(516,101)</u>
Net Change in Fund Balance	225,087	(360,645)	(585,732)
<b>Fund Balance - July 1, 2011</b>	<u>360,645</u>	<u>360,645</u>	
<b>Fund Balance - June 30, 2012</b>	<u>\$ 585,732</u>	<u>\$ -</u>	<u>\$ (585,732)</u>

**CITY OF HUGHSON  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
REDEVELOPMENT AGENCY CAPITAL PROJECTS FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Interest	\$ 2,800	\$ -	\$ (2,800)
Total Revenues	<u>2,800</u>	<u>          </u>	<u>(2,800)</u>
<b>Expenditures</b>			
Current:			
Community Development	<u>86,979</u>	<u>69,979</u>	<u>17,000</u>
Total Expenditures	<u>86,979</u>	<u>69,979</u>	<u>17,000</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>(84,179)</u>	<u>(69,979)</u>	<u>14,200</u>
<b>Other Financing Sources (Uses)</b>			
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>          </u>
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>(10,000)</u>	<u>          </u>
Net Change in Fund Balance Before Extraordinary Items	(94,179)	(79,979)	14,200
<b>Extraordinary Items</b>			
Gain on Dissolution of Redevelopment Agency	<u>          </u>	<u>359,720</u>	<u>359,720</u>
Net Change in Fund Balance	(94,179)	279,741	373,920
<b>Fund Balance (Deficit) - June 30, 2011</b>	<u>(279,741)</u>	<u>(279,741)</u>	<u>          </u>
<b>Fund Balance (Deficit) - June 30, 2012</b>	<u>\$ (373,920)</u>	<u>\$ -</u>	<u>\$ 373,920</u>

# NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

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

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**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 set up.

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

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

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

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

**The Redevelopment Housing Fund** was established to account for increase in property taxes within the Redevelopment Agency area to be used exclusively for development of low and moderate income housing.

**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 Miscellaneous Grants Fund** was established to account for different grant revenues and expenditures.

#### CAPITAL PROJECTS FUNDS

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**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.**

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**The Public Facilities 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 Transportation Fund** was established to account for the 6<sup>th</sup> 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, 2012**

	<b>Special Revenue Funds</b>				
	Asset Forfeiture	Gas Tax	Vehicle Abatement	CDBG Rehab	CDBG Grants
<b>Assets</b>					
Cash and Investments	\$ 1,660	\$ 92,953	\$ 6,885	\$ 176,063	\$ 93,988
Accounts Receivable		17,476	3,625		
Loans Receivable				231,141	
Total Assets	<u>\$ 1,660</u>	<u>\$ 110,429</u>	<u>\$ 10,510</u>	<u>\$ 407,204</u>	<u>\$ 93,988</u>
<b>Liabilities</b>					
Accounts Payable	\$ -	\$ 16,248	\$ -	\$ 460	\$ -
Deferred Revenue				231,141	
Due To Other Funds					
Total Liabilities		<u>16,248</u>		<u>231,601</u>	
<b>Fund Balances (Deficits)</b>					
Restricted	1,660	94,181	10,510	175,603	93,988
Unassigned					
Total Fund Balances (Deficits)	<u>1,660</u>	<u>94,181</u>	<u>10,510</u>	<u>175,603</u>	<u>93,988</u>
Total Liabilities and Fund Balances	<u>\$ 1,660</u>	<u>\$ 110,429</u>	<u>\$ 10,510</u>	<u>\$ 407,204</u>	<u>\$ 93,988</u>

**Special Revenue Funds**

Community Enhancement	Local Transportation	Storm Drain	Traffic	SLESF
\$ 111,037	\$ 127,570	\$ 110,879	\$ 142,158 19,023	\$ 193,513 29,025
<u>\$ 111,037</u>	<u>\$ 127,570</u>	<u>\$ 110,879</u>	<u>\$ 161,181</u>	<u>\$ 222,538</u>
\$ -	\$ -	\$ -	\$ -	\$ 13,028
				<u>13,028</u>
111,037	127,570	110,879	161,181	209,510
<u>111,037</u>	<u>127,570</u>	<u>110,879</u>	<u>161,181</u>	<u>209,510</u>
<u>\$ 111,037</u>	<u>\$ 127,570</u>	<u>\$ 110,879</u>	<u>\$ 161,181</u>	<u>\$ 222,538</u>

Continued

**CITY OF HUGHSON**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2012**  
**(CONTINUED)**

	Special Revenue Funds			
	Redevelopment Housing	Lighting and Landscaping	Benefit Assessment	Misc. Grants
<b>Assets</b>				
Cash and Investments	\$ -	\$ -	\$ -	\$ -
Accounts Receivable				
Loans Receivable				
Total Assets	\$ -	\$ -	\$ -	\$ -
<b>Liabilities</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ 5,796
Deferred Revenue				
Due To Other Funds				29,502
Total Liabilities				35,298
<b>Fund Balances (Deficits)</b>				
Restricted				
Unassigned				(35,298)
Total Fund Balances (Deficits)				(35,298)
Total Liabilities and Fund Balances	\$ -	\$ -	\$ -	\$ -

<b>Capital Projects Funds</b>				Total
Public Facilities	Transportation	Municipal Park	Parks Development Impact Fees	Nonmajor Governmental Funds
\$ 784,317	\$ - 2,559	\$ 366,200	\$ 187,715	\$ 2,394,938 71,708 231,141
<u>\$ 784,317</u>	<u>\$ 2,559</u>	<u>\$ 366,200</u>	<u>\$ 187,715</u>	<u>\$ 2,697,787</u>
\$ -	\$ - 225,749	\$ -	\$ -	\$ 35,532 231,141 255,251
	<u>225,749</u>			<u>521,924</u>
784,317	(223,190)	366,200	187,715	2,434,351 (258,488)
<u>784,317</u>	<u>(223,190)</u>	<u>366,200</u>	<u>187,715</u>	<u>2,175,863</u>
<u>\$ 784,317</u>	<u>\$ 2,559</u>	<u>\$ 366,200</u>	<u>\$ 187,715</u>	<u>\$ 2,697,787</u>

**CITY OF HUGHSON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Special Revenue Funds</b>				
	Asset Forfeiture	Gas Tax	Vehicle Abatement	CDBG Rehab	CDBG Grants
Revenues:					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Interest		99		482	
Charges for Services			10,479		
Intergovernmental		101,137			
Other				11,963	
Total Revenues	<u>          </u>	<u>101,236</u>	<u>10,479</u>	<u>12,445</u>	<u>          </u>
Expenditures:					
Current:					
General Government					
Public Safety				819	
Public Works		76,681			
Capital Outlay		20,948			
Debt Service:					
Principal					
Interest and Fiscal Charges					
Total Expenditures	<u>          </u>	<u>97,629</u>	<u>          </u>	<u>819</u>	<u>          </u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>          </u>	<u>3,607</u>	<u>10,479</u>	<u>11,626</u>	<u>          </u>
Other Financing Sources (Uses):					
Transfers In				103,277	
Transfers Out		(125,000)		(103,277)	
Total Other Financing Sources (Uses)	<u>          </u>	<u>(125,000)</u>	<u>          </u>	<u>          </u>	<u>          </u>
Net Change in Fund Balances		(121,393)	10,479	11,626	
Fund Balances (Deficits) - July 1, 2011	<u>1,660</u>	<u>215,574</u>	<u>31</u>	<u>163,977</u>	<u>93,988</u>
Fund Balances (Deficits) - June 30, 2012	<u>\$ 1,660</u>	<u>\$ 94,181</u>	<u>\$ 10,510</u>	<u>\$ 175,603</u>	<u>\$ 93,988</u>

**Special Revenue Funds**

Community Enhancement	Local Transportation Fund	Storm Drain	Traffic	SLESF
\$ -	\$ -	\$ -	\$ -	\$ -
264			266	650
		109,803		
39,313	87,884		90,337	105,147
<u>39,577</u>	<u>87,884</u>	<u>109,803</u>	<u>90,603</u>	<u>105,797</u>
				80,069
15,301		24,008		
<u>15,301</u>		<u>24,008</u>		<u>80,069</u>
24,276	87,884	85,795	90,603	25,728
			(11,600)	
			(11,600)	
24,276	87,884	85,795	79,003	25,728
86,761	39,686	25,084	82,178	183,782
<u>\$ 111,037</u>	<u>\$ 127,570</u>	<u>\$ 110,879</u>	<u>\$ 161,181</u>	<u>\$ 209,510</u>

Continued

**CITY OF HUGHSON**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2012**  
**(CONTINUED)**

	<b>Special Revenue Funds</b>			
	Redevelopment Housing	Lighting and Landscaping	Benefit Assessment	Misc. Grants
Revenues:				
Property Taxes	\$ 41,469	\$ -	\$ -	\$ -
Interest	2,107			
Charges for Services				
Intergovernmental				
Other				
Total Revenues	<u>43,576</u>			
Expenditures:				
Current:				
General Government	812,970			35,298
Public Safety				
Public Works		95,675	35,725	
Capital Outlay				
Debt Service:				
Principal	12,000			
Interest and Fiscal Charges	28,584			
Total Expenditures	<u>853,554</u>	<u>95,675</u>	<u>35,725</u>	<u>35,298</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(809,978)</u>	<u>(95,675)</u>	<u>(35,725)</u>	<u>(35,298)</u>
Other Financing Sources (Uses):				
Transfers In				36,898
Transfers Out		(26,129)	(14,368)	
Total Other Financing Sources (Uses)		<u>(26,129)</u>	<u>(14,368)</u>	<u>36,898</u>
Net Change in Fund Balances	(809,978)	(121,804)	(50,093)	1,600
Fund Balances (Deficits) - July 1, 2011	<u>809,978</u>	<u>121,804</u>	<u>50,093</u>	<u>(36,898)</u>
Fund Balances (Deficits) - June 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (35,298)</u>

Capital Project Funds				Total
Public Facilities	Transportation	Municipal Park	Parks Development Impact Fees	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 41,469
5,630		1,051	459	11,008
278,889		55,848	84,370	539,389
	84,108			507,926
				11,963
<u>284,519</u>	<u>84,108</u>	<u>56,899</u>	<u>84,829</u>	<u>1,111,755</u>
				848,268
				80,888
89,617				321,706
538,794	19,224			594,267
				12,000
				28,584
<u>628,411</u>	<u>19,224</u>			<u>1,885,713</u>
<u>(343,892)</u>	<u>64,884</u>	<u>56,899</u>	<u>84,829</u>	<u>(773,958)</u>
135,508				275,683
<u>(172,406)</u>				<u>(452,780)</u>
<u>(36,898)</u>				<u>(177,097)</u>
(380,790)	64,884	56,899	84,829	(951,055)
<u>1,165,107</u>	<u>(288,074)</u>	<u>309,301</u>	<u>102,886</u>	<u>3,126,918</u>
<u>\$ 784,317</u>	<u>\$ (223,190)</u>	<u>\$ 366,200</u>	<u>\$ 187,715</u>	<u>\$ 2,175,863</u>

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CITY OF HUGHSON  
ASSET FORFEITURE SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Interest	\$ 100	\$ -	\$ (100)
Total Revenues	<u>100</u>	<u>          </u>	<u>(100)</u>
Net Change in Fund Balance	100		(100)
Fund Balance - July 1, 2011	<u>1,660</u>	<u>1,660</u>	<u>          </u>
Fund Balance - June 30, 2012	<u>\$ 1,760</u>	<u>\$ 1,660</u>	<u>\$ (100)</u>

CITY OF HUGHSON  
GAS TAX SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Interest	\$ 1,520	\$ 99	\$ (1,421)
Intergovernmental	<u>104,011</u>	<u>101,137</u>	<u>(2,874)</u>
Total Revenues	<u>105,531</u>	<u>101,236</u>	<u>(4,295)</u>
Expenditures:			
Current:			
Public Works	87,400	76,681	10,719
Capital Outlay	<u>38,868</u>	<u>20,948</u>	<u>17,920</u>
Total Expenditures	<u>126,268</u>	<u>97,629</u>	<u>28,639</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(20,737)</u>	<u>3,607</u>	<u>24,344</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(135,000)</u>	<u>(125,000)</u>	<u>10,000</u>
Total Other Financing Sources (Uses)	<u>(135,000)</u>	<u>(125,000)</u>	<u>10,000</u>
Net Change in Fund Balance	(155,737)	(121,393)	34,344
Fund Balance - July 1, 2011	<u>215,574</u>	<u>215,574</u>	
Fund Balance - June 30, 2012	<u>\$ 59,837</u>	<u>\$ 94,181</u>	<u>\$ 34,344</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, 2012

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Charges For Services	\$ 15,000	\$ 10,479	\$ (4,521)
Total Revenues	<u>15,000</u>	<u>10,479</u>	<u>(4,521)</u>
Expenditures:			
Current:			
Public Safety	<u>15,000</u>	<u></u>	<u>15,000</u>
Total Expenditures	<u>15,000</u>	<u></u>	<u>15,000</u>
Net Change in Fund Balance		10,479	10,479
Fund Balance - July 1, 2011	<u>31</u>	<u>31</u>	<u></u>
Fund Balance - June 30, 2012	<u>\$ 31</u>	<u>\$ 10,510</u>	<u>\$ 10,479</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, 2012

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Interest	\$ 200	\$ 482	\$ 282
Other Revenue	<u>12,700</u>	<u>11,963</u>	<u>(737)</u>
Total Revenues	<u>12,900</u>	<u>12,445</u>	<u>(455)</u>
Expenditures:			
Current:			
Public Safety	<u>400</u>	<u>819</u>	<u>(419)</u>
Total Expenditures	<u>400</u>	<u>819</u>	<u>(419)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,500</u>	<u>11,626</u>	<u>(874)</u>
Other Financing Sources (Uses)			
Transfers In		103,277	103,277
Transfers Out		<u>(103,277)</u>	<u>(103,277)</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balance	12,500	11,626	(874)
Fund Balance - July 1, 2011	<u>163,977</u>	<u>163,977</u>	
Fund Balance - June 30, 2012	<u>\$ 176,477</u>	<u>\$ 175,603</u>	<u>\$ (874)</u>

CITY OF HUGHSON  
 CDBG GRANTS SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Interest	\$ 250	\$ -	\$ (250)
Total Revenues	<u>250</u>	<u>          </u>	<u>(250)</u>
Net Change in Fund Balance	250		(250)
Fund Balance - July 1, 2011	<u>93,988</u>	<u>93,988</u>	<u>          </u>
Fund Balance - June 30, 2012	<u>\$ 94,238</u>	<u>\$ 93,988</u>	<u>\$ (250)</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, 2012

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Interest	\$ 500	\$ 264	\$ (236)
Intergovernmental	<u>17,136</u>	<u>39,313</u>	<u>22,177</u>
Total Revenues	<u>17,636</u>	<u>39,577</u>	<u>21,941</u>
Expenditures:			
Capital Outlay	<u>77,000</u>	<u>15,301</u>	<u>61,699</u>
Total Expenditures	<u>77,000</u>	<u>15,301</u>	<u>61,699</u>
Net Change in Fund Balance	(59,364)	24,276	83,640
Fund Balance - July 1, 2011	<u>86,761</u>	<u>86,761</u>	<u>          </u>
Fund Balance - June 30, 2012	<u>\$ 27,397</u>	<u>\$ 111,037</u>	<u>\$ 83,640</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, 2012

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 5,000	\$ 87,884	\$ 82,884
Total Revenues	<u>5,000</u>	<u>87,884</u>	<u>82,884</u>
Net Change in Fund Balance	5,000	87,884	82,884
Fund Balance - July 1, 2011	<u>39,686</u>	<u>39,686</u>	
Fund Balance - June 30, 2012	<u><u>\$ 44,686</u></u>	<u><u>\$ 127,570</u></u>	<u><u>\$ 82,884</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, 2012

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Charges for Services	\$ 48,338	\$ 109,803	\$ 61,465
Total Revenues	<u>48,338</u>	<u>109,803</u>	<u>61,465</u>
Expenditures:			
Current:			
Public Works	<u>24,000</u>	<u>24,008</u>	<u>(8)</u>
Total Expenditures	<u>24,000</u>	<u>24,008</u>	<u>(8)</u>
Net Change in Fund Balance	24,338	85,795	61,457
Fund Balance - July 1, 2011	<u>25,084</u>	<u>25,084</u>	<u>          </u>
Fund Balance - June 30, 2012	<u>\$ 49,422</u>	<u>\$ 110,879</u>	<u>\$ 61,457</u>

CITY OF HUGHSON  
 TRAFFIC SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Interest	\$ -	\$ 266	\$ 266
Intergovernmental	<u>50,000</u>	<u>90,337</u>	<u>40,337</u>
Total Revenues	<u>50,000</u>	<u>90,603</u>	<u>40,603</u>
Expenditures:			
Capital Outlay	<u>47,307</u>	<u>          </u>	<u>47,307</u>
Total Expenditures	<u>47,307</u>	<u>          </u>	<u>47,307</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,693</u>	<u>90,603</u>	<u>87,910</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(11,600)</u>	<u>(11,600)</u>	<u>          </u>
Total Other Financing Sources (Uses)	<u>(11,600)</u>	<u>(11,600)</u>	<u>          </u>
Net Change in Fund Balance	(8,907)	79,003	87,910
Fund Balance - July 1, 2011	<u>82,178</u>	<u>82,178</u>	<u>          </u>
Fund Balance - June 30, 2012	<u>\$ 73,271</u>	<u>\$ 161,181</u>	<u>\$ 87,910</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, 2012

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Interest	\$ 700	\$ 650	\$ (50)
Intergovernmental	<u>100,000</u>	<u>105,147</u>	<u>5,147</u>
Total Revenues	<u>100,700</u>	<u>105,797</u>	<u>5,097</u>
Expenditures:			
Current:			
Public Safety	<u>180,000</u>	<u>80,069</u>	<u>99,931</u>
Total Expenditures	<u>180,000</u>	<u>80,069</u>	<u>99,931</u>
Net Change in Fund Balance	(79,300)	25,728	105,028
Fund Balance - July 1, 2011	<u>183,782</u>	<u>183,782</u>	<u>          </u>
Fund Balance - June 30, 2012	<u>\$ 104,482</u>	<u>\$ 209,510</u>	<u>\$ 105,028</u>

CITY OF HUGHSON  
REDEVELOPMENT HOUSING SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2012

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Property Tax	\$ 97,876	\$ 41,469	\$ (56,407)
Interest	<u>21,500</u>	<u>2,107</u>	<u>(19,393)</u>
Total Revenues	<u>119,376</u>	<u>43,576</u>	<u>(75,800)</u>
Expenditures:			
Current:			
General Government	824,745	812,970	11,775
Debt Service:			
Principal	12,000	12,000	
Interest and Fiscal Charges	<u>29,066</u>	<u>28,584</u>	<u>482</u>
Total Expenditures	<u>865,811</u>	<u>853,554</u>	<u>12,257</u>
Net Change in Fund Balance	(746,435)	(809,978)	(63,543)
Fund Balance - July 1, 2011	<u>809,978</u>	<u>809,978</u>	
Fund Balance - June 30, 2012	<u>\$ 63,543</u>	<u>\$ -</u>	<u>\$ (63,543)</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, 2012

	Final Budget	Actual Amount	Variance Positive (Negative)
Expenditures:			
Current:			
Public works	\$ 100,000	\$ 95,675	\$ 4,325
Total Expenditures	<u>100,000</u>	<u>95,675</u>	<u>4,325</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(100,000)</u>	<u>(95,675)</u>	<u>4,325</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(25,000)</u>	<u>(26,129)</u>	<u>1,129</u>
Total Other financing Sources (Uses)	<u>(25,000)</u>	<u>(26,129)</u>	<u>(1,129)</u>
Net Change in Fund Balance	(125,000)	(121,804)	3,196
Fund Balance - July 1, 2011	<u>121,804</u>	<u>121,804</u>	<u>          </u>
Fund Balance - June 30, 2012	<u>\$ (3,196)</u>	<u>\$ -</u>	<u>\$ 3,196</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, 2012

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
Current:			
Public Works	\$ 35,000	\$ 35,725	\$ (725)
Total Expenditures	<u>35,000</u>	<u>35,725</u>	<u>(725)</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>(35,000)</u>	 <u>(35,725)</u>	 <u>(725)</u>
 Other Financing Sources (Uses)			
Transfers Out	<u>(15,000)</u>	<u>(14,368)</u>	<u>632</u>
 Total Other financing Sources (Uses)	 <u>(15,000)</u>	 <u>(14,368)</u>	 <u>632</u>
 Net Change in Fund Balance	 (50,000)	 (50,093)	 (93)
 Fund Balance - July 1, 2011	 <u>50,093</u>	 <u>50,093</u>	 <u>          </u>
 Fund Balance - June 30, 2012	 <u>\$ 93</u>	 <u>\$ -</u>	 <u>\$ (93)</u>

CITY OF HUGHSON  
 MISCELLANEOUS GRANTS SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual Amount	Variance Positive (Negative)
Expenditures:			
Current:			
General Government	\$ 35,000	\$ 35,298	\$ (298)
Total Expenditures	<u>35,000</u>	<u>35,298</u>	<u>(298)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(35,000)</u>	<u>(35,298)</u>	<u>(298)</u>
Other Financing Sources (Uses)			
Transfers In	<u>                    </u>	<u>36,898</u>	<u>36,898</u>
Total Other financing Sources (Uses)	<u>                    </u>	<u>36,898</u>	<u>36,898</u>
Net Change in Fund Balance	(35,000)	1,600	36,600
Fund Balance (Deficit) - July 1, 2011	<u>(36,898)</u>	<u>(36,898)</u>	<u>                    </u>
Fund Balance (Deficit) - June 30, 2012	<u>\$ (71,898)</u>	<u>\$ (35,298)</u>	<u>\$ 36,600</u>

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, 2012

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Interest	\$ 12,000	\$ 5,630	\$ (6,370)
Charges for Services	<u>121,567</u>	<u>278,889</u>	<u>157,322</u>
Total Revenues	<u>133,567</u>	<u>284,519</u>	<u>150,952</u>
Expenditures:			
Current:			
Public Works	89,000	89,617	(617)
Capital Outlay	<u>538,000</u>	<u>538,794</u>	<u>(794)</u>
Total Expenditures	<u>627,000</u>	<u>628,411</u>	<u>(1,411)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(493,433)</u>	<u>(343,892)</u>	<u>149,541</u>
Other Financing Sources (Uses)			
Transfers In		135,508	135,508
Transfers Out	<u>(36,000)</u>	<u>(172,406)</u>	<u>(136,406)</u>
Total Other financing Sources (Uses)	<u>(36,000)</u>	<u>(36,898)</u>	<u>(898)</u>
Net Change in Fund Balance	(529,433)	(380,790)	148,643
Fund Balance - July 1, 2011	<u>1,165,107</u>	<u>1,165,107</u>	<u>          </u>
Fund Balance - June 30, 2012	<u>\$ 635,674</u>	<u>\$ 784,317</u>	<u>\$ 148,643</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, 2012

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Interest	\$ 150	\$ -	\$ (150)
Intergovernmental	<u>709,700</u>	<u>84,108</u>	<u>(625,592)</u>
Total Revenues	<u>709,850</u>	<u>84,108</u>	<u>(625,742)</u>
Expenditures:			
Capital Outlay	<u>645,000</u>	<u>19,224</u>	<u>625,776</u>
Total Expenditures	<u>645,000</u>	<u>19,224</u>	<u>625,776</u>
Net Change in Fund Balance	64,850	64,884	34
Fund Balance (Deficit) - July 1, 2011	<u>(288,074)</u>	<u>(288,074)</u>	<u>_____</u>
Fund Balance (Deficit) - June 30, 2012	<u>\$ (223,224)</u>	<u>\$ (223,190)</u>	<u>\$ 34</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, 2012

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Interest	\$ 2,100	\$ 1,051	\$ (1,049)
Charges for Services	<u>33,847</u>	<u>55,848</u>	<u>22,001</u>
Total Revenues	<u>35,947</u>	<u>56,899</u>	<u>20,952</u>
Net Change in Fund Balance	35,947	56,899	20,952
Fund Balance - July 1, 2011	<u>309,301</u>	<u>309,301</u>	<u>          </u>
Fund Balance - June 30, 2012	<u>\$ 345,248</u>	<u>\$ 366,200</u>	<u>\$ 20,952</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, 2012

	Final Budget	Actual Amount	Variance Positive (Negative)
Revenues:			
Interest	\$ 500	\$ 459	\$ (41)
Charges for Services	<u>45,339</u>	<u>84,370</u>	<u>39,031</u>
Total Revenues	<u>45,839</u>	<u>84,829</u>	<u>38,990</u>
Net Change in Fund Balance	45,839	84,829	38,990
Fund Balance - July 1, 2011	<u>102,886</u>	<u>102,886</u>	<u>          </u>
Fund Balance - June 30, 2012	<u><u>\$ 148,725</u></u>	<u><u>\$ 187,715</u></u>	<u><u>\$ 38,990</u></u>

# NONMAJOR PROPRIETARY FUNDS

## PROPRIETARY FUNDS

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**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.**

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**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.

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**CITY OF HUGHSON**  
**NONMAJOR PROPRIETARY FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**June 30, 2012**

	Enterprise Funds		Total Nonmajor Enterprise Funds
	Community Center Operations Fund	USF Community Center Fund	
<b>Assets</b>			
Current Assets:			
Cash and Investments	\$ 4,281	\$ 5,210	\$ 9,491
Total Current Assets	<u>4,281</u>	<u>5,210</u>	<u>9,491</u>
Noncurrent Assets:			
Capital Assets:			
Land	105,073		105,073
Buildings	725,283		725,283
Less:			
Accumulated Depreciation	<u>(326,378)</u>		<u>(326,378)</u>
Total Noncurrent Assets	<u>503,978</u>		<u>503,978</u>
Total Assets	<u>508,259</u>	<u>5,210</u>	<u>513,469</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts Payable	2,908	17	2,925
Deposits Payable	<u>840</u>		<u>840</u>
Total Liabilities	<u>3,748</u>	<u>17</u>	<u>3,765</u>
<b>Net Assets</b>			
Invested in Capital Assets	503,978		503,978
Unrestricted	<u>533</u>	<u>5,193</u>	<u>5,726</u>
Net Assets	<u>\$ 504,511</u>	<u>\$ 5,193</u>	<u>\$ 509,704</u>

**CITY OF HUGHSON  
NONMAJOR PROPRIETARY FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Enterprise Funds		Total Nonmajor Enterprise Funds
	Community Center Operations Fund	USF Community Center Fund	
Operating Revenues			
Charges for Services	\$ 20,078	\$ 15,937	\$ 36,015
Total Operating Revenues	<u>20,078</u>	<u>15,937</u>	<u>36,015</u>
Operating Expenses			
Personnel		4,339	4,339
Administrative	16,609	7,953	24,562
Maintenance	3,146	226	3,372
Depreciation	24,176		24,176
Total Operating Expenses	<u>43,931</u>	<u>12,518</u>	<u>56,449</u>
Income (Loss) Before Transfers	(23,853)	3,419	(20,434)
Transfers			
Transfers In	16,000		16,000
Transfers Out		<u>(4,500)</u>	<u>(4,500)</u>
Changes in Net Assets	(7,853)	(1,081)	(8,934)
Net Assets - Beginning of Fiscal Year	<u>512,364</u>	<u>6,274</u>	<u>518,638</u>
Net Assets - End of Fiscal Year	<u>\$ 504,511</u>	<u>\$ 5,193</u>	<u>\$ 509,704</u>

**CITY OF HUGHSON  
NONMAJOR PROPRIETARY FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Enterprise Funds		Total Nonmajor Enterprise Funds
	Community Center Operations Fund	USF Community Center Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash Received from Users	\$ 9,448	\$ 15,937	\$ 25,385
Cash Payments to Suppliers and Contractors	(19,024)	(8,657)	(27,681)
Cash Payments to Employees		(4,339)	(4,339)
Net Cash Provided (Used) By Operating Activities	<u>(9,576)</u>	<u>2,941</u>	<u>(6,635)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers	16,000	(4,500)	11,500
Interfund Borrowing	(2,143)	2,143	
Net Cash Provided (Used) By Noncapital Financing Activities	<u>13,857</u>	<u>(2,357)</u>	<u>11,500</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>4,281</u>	<u>584</u>	<u>4,865</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR</b>		<u>4,626</u>	<u>4,626</u>
<b>CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR</b>	<u>\$ 4,281</u>	<u>\$ 5,210</u>	<u>\$ 9,491</u>
Reconciliation to Statement of Net Assets:			
Cash and Cash Equivalents	<u>\$ 4,281</u>	<u>\$ 5,210</u>	<u>\$ 9,491</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating Income (Loss)	<u>\$ (23,853)</u>	<u>\$ 3,419</u>	<u>\$ (20,434)</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 Payable	731	(478)	253
Increase (Decrease) in Deposits Payable	(10,630)		(10,630)
Total Adjustments	<u>14,277</u>	<u>(478)</u>	<u>13,799</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ (9,576)</u>	<u>\$ 2,941</u>	<u>\$ (6,635)</u>

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## **FIDUCIARY FUNDS**

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**Agency 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 maintained by the City is presented below.**

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

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

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**CITY OF HUGHSON  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN NET ASSETS  
For the Fiscal Year Ended June 30, 2012**

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>	
	<u>RDA Successor Agency</u>	<u>Water Deposits</u>	<u>Total</u>
Additions:			
Charges for services	\$ -	\$ -	\$ -
Net assets received upon dissolution of redevelopment agency	(1,646,468)		(1,646,468)
Total additions	(1,646,468)		(1,646,468)
Deductions:			
Depreciation	9,356		9,356
Total deductions	9,356		9,356
Change in net assets	(1,655,824)		(1,655,824)
Net Assets - July 1, 2011			
Net Assets - June 30, 2012	<u>\$ (1,655,824)</u>	<u>\$ -</u>	<u>\$ (1,655,824)</u>

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



## **CITY OF HUGHSON AGENDA ITEM NO. 6.2**

### **SECTION 6: NEW BUSINESS**

**Meeting Date:** January 14, 2013  
**Subject:** StanCOG 2014 Regional Transportation Plan Projects for Hughson  
**Enclosures:** 1. Tier I and Tier II Project Lists from 2011  
2. Recommended Amendments to Tier I and Tier II Lists for 2014  
**Presented By:** Thom Clark, Community Development Director  
**Approved By:** \_\_\_\_\_

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#### **BACKGROUND AND OVERVIEW:**

StanCOG is in the process of updating the Regional Transportation Plan (RTP) for 2014 and has asked us to review and amend the project lists as applicable. The 2014 RTP is being developed in conjunction with the Sustainable Communities Strategy (SCS). The RTP and SCS are being developed in compliance with AB 32 and SB 375.

The attached project lists from the 2011 RTP include Tier I and Tier II projects. Tier I projects are those that have a reasonable chance of being built in the construction year identified because funding is relatively secure. Please note that the projects in Tier I are divided into motorized and non-motorized categories. Tier II projects are those that are important to us and we would do them if we had the money.

Projects must be in Tier I to receive federal funding. If federal funding becomes available for a Tier II project, it needs to be moved to Tier I before it can receive that funding.

Staff has analyzed the projects in the current RTP and has some recommendations to amend both project lists. See attached spreadsheets. Since Tier II is, in a way, a wish list, StanCOG has asked us to prioritize these projects in case money does become available. Proposed amendments to the spreadsheets are in red.

## DESIGNING STREETS FOR PEOPLE

It is important to note that transportation planning is not land use planning, however it does affect land use planning. Street systems have for many years been designed as conduits to move vehicles. There is a growing awareness that there are certain drawbacks to this paradigm. Streets should be thought of as public spaces that have people walking and kids riding bikes, and also recognize that aesthetics is an important factor in community development. Even the State of California has recognized that the end result of letting traffic engineers design streets has caused us to create transportation systems that actually make it harder to walk and bike than to drive a car. They have mandated that all Transportation Elements of General Plans must adopt a Complete Streets program at the time of an update to that element. (The Planning Commission is currently studying a Design Manual for Living Streets, which is compliant with the Complete Streets program, in anticipation of forwarding a recommendation for adoption to the City Council).

Recognizing that streets are public spaces is an important paradigm shift that when applied to the projects in the RTP, can produce very different results for what we think is important to this community's future: are we designing streets for cars or are we designing streets for people?

An example of that concept is project HO3 on the 2011 Tier I project list. The project proposes to widen the bridge over the TID canal on Tully Road by adding one lane. It is estimated to cost \$800,000. The benefit would be that right turn movements onto Hatch Road would be made easier since left turning vehicles would have their own lane to queue in. This is a very dubious benefit for \$800,000. It would probably encourage more cars to use Tully Road, which is mostly residential and has the City's largest park. This is not a desirable outcome for development of our community - plus it's expensive. Staff recommends we delete this project from the list (It has been deleted from the amended Tier I list).

## FUNDING STREET PROJECTS

The 2011 project lists show various funding sources identified for construction of street projects. The most frequently used are Developer Impact Fees (DIF), RSTP (Regional Surface Transportation Program), and CMAQ (Congestion Management and Air Quality). The remaining sources of funding are RDA (no longer in existence), BTA (Bicycle Transportation Account – this is a competitive grant), and Prop. 42 monies, which are gas taxes.

We receive \$3,191 per home from Street DIFs. We currently have 39 un-built lots in the Feathers Glen subdivision and around 78 in the Fontana Ranch North subdivision. The latter number is very fluid because the developer is pulling

building permits like crazy right now. Let's say we have 115 homes yet to build inside city limits. At \$3,191 per home this equates to around \$367,000 in DIFs that we will receive in street revenue from existing lots. That doesn't go very far with street construction. Consider the Pine Street Sidewalk Infill and Hatch Road Overlay projects that recently cost \$349,490 and \$354,057 respectively.

RSTP and CMAQ funds each have a default floor for smaller cities of \$100,000 per year. With the 20 year RTP, we will receive \$4 million from these two sources. Realistically, our Tier I projects should total around \$4 million too, although there is a possibility of obtaining other funding sources. The \$20 million in Tier I projects shown on the 2011 RTP project list does not meet the Tier I criteria of having a reasonable chance of being built because funding is relatively secure. So the existing list needs to be pared down. Staff has moved a number of projects from Tier I to Tier II to try to achieve this goal.

## TIER I AND TIER II PROJECT LISTS

We also receive funds that may be used for streets from CDBG. This funding source has been added to the amended project lists. All changes are shown in red. Deletions can't be shown but the old lists can be compared with the new list to clarify amendments.

### Tier I List

Staff has added an overlay on Santa Fe Avenue to Tier 1. The first row, H01, has had the intersection improvements total cost reduced by almost \$6 million. Row H02 has been amended to clarify the scope of the work needed on Locust street and has had the total cost reduced by about \$600,000. Row H08 has had the Fox Road project, east of city limits, moved to Tier II. H10, Tully Road has had total costs greatly reduced. The future extension of Mountain View at H12 has been moved to Tier II. The Whitmore Avenue and 7<sup>th</sup> Street bike and pedestrian project at row H16 has been moved to Tier II. H17, bike and pedestrian projects, has had total costs reduced by about \$2 million.

In all, about \$14 million has been pared off of the Tier I list.

### Tier II List

Staff has added the bridge over the TID canal needed to extend Mountain View Road south to Santa Fe. Also, as noted above, three projects have been moved to this list from the Tier I list including Fox Road, Mountain View, and the Whitmore/7<sup>th</sup> Street bike and pedestrian project.

These projects have been tentatively prioritized in the far left column. The City Council should examine these prioritized projects and amend the prioritization as necessary.

## **FISCAL IMPACT**

There is no fiscal impact involved with updating the RTP.

## **RECOMMENDATION:**

1. Approve the Tier I and Tier II project lists for the 2014 RTP.
2. Prioritize the Tier II projects as recommended by staff or amended by the City Council.

**StanCOG 2011 Regional Transportation Plan  
Tier I Hughson Projects**

Project Details						Purpose/Need			
Location	Project Limits	Description	Total Cost	Construction Year	Funding Source	System Preserv.	Capacity Enhance.	Safety	Alt. Mode
<b>City of Hughson</b>									
H01	Various Locations	Various Locations	Various Intersection Improvements	\$5,926,500	2010 - 2022	RSTP, CMAQ	x		
H02	Locust St	Dominic Ave to Euclid Ave	Construct new 2-lane Minor Collector	\$1,107,400	2020	RSTP, Dev. Impact Fees		x	
H03	Tully Rd	Tully Rd at Irrigation Canal Bridge	Widen bridge over Irrigation Canal to 3-lanes	\$802,400	2025	RSTP, Dev. Impact Fees		x	
H07	7th St	Whitmore Ave to Santa Fe Ave	Improve to 2-lane Major Collector	\$1,344,000	2019	RSTP, Dev. Impact Fees		x	
H08	Fox Rd	Fox Glen Dr to Geer Rd	Improve to 2-lane Constrained Major Collector	\$1,815,200	2023	RSTP, Dev. Impact Fees		x	
H10	Tully Rd	Santa Fe Ave to Whitmore Ave	Improvements to 2-lane Arterial	\$1,125,600	2013	RSTP		x	
H11	Euclid Ave	Hatch Rd to Whitmore Ave	Construct 2-lane Major Collector	\$1,957,200	2018	Dev. Impact Fees		x	
H12	Mountain View Rd	Hatch Rd to Santa Fe Ave	Construct new 2-lane street extension	\$950,100	2017	Dev. Impact Fees, Prop 42, RDA		x	
H13	Various Locations	Various Locations	Roadway Rehabilitation	\$165,000	2010-2014	RSTP	x		
<b>Total City of Hughson</b>			<b>\$15,193,400</b>						
<b>City of Hughson</b>									
H14	Various Locations	Various Locations	Construct Class I, Class II, Class III Bikeway Improvements (Per Master Plan)	\$164,000	2012	BTA, CMAQ		x	x
H15	Hatch Rd	Santa Fe Ave to Geer Rd	Construct Class I Bike Path	\$675,400	2013	CMAQ		x	x
H16	Whitmore Ave and 7th St	Whitmore Ave (600' E) and 7th St (600' S)	Curb, Gutter and Sidewalk, Pedestrian Improvements	\$1,507,100	2014	CMAQ	x		x
H17	Various Locations	Various Locations	Sidewalk In-Fill and Streetscape Improvements (ADA)	\$2,243,200	2010 - 2015	CMAQ	x		x
<b>Total City of Hughson (Roadway)</b>			<b>\$4,589,700</b>						
<b>Total Hughson Tier I Costs</b>			<b>\$19,783,100</b>						

**StanCOG 2011 Regional Transportation Plan  
Tier II Hughson Projects**

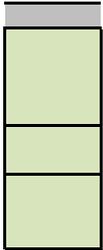
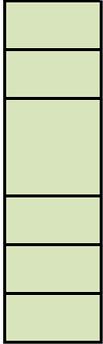
Project Details						Purpose/Need			
Location	Project Limits	Description	Total Cost	Construction Year	Funding Source	System Preserv.	Capacity Enhance.	Safety	Alt. Mode
<b>City of Hughson</b>									
Santa Fe Ave	Hatch Rd to N. City Limit	Widen to 4-lane Expressway	\$13,174,500	2017	CMAQ, RSTP, Impact Fees, Prop 42		x		
Santa Fe Ave	N. City Limit to S. City Limit	Widen to 4-lane Arterial	\$9,374,100	2017	CMAQ, RSTP, Impact Fees, Prop 42		x		
Hatch Rd	Santa Fe Ave to Geer Rd	Widen to 4-lane Expressway	\$26,617,400	2018	CMAQ, RSTP, Impact Fees, Prop 42		x		
<b>Total City of Hughson (Roadway)</b>			<b>\$49,166,000</b>						
<b>Total Hughson Tier II Costs</b>			<b>\$49,166,000</b>						

**Proposed 2014 Regional Transportation Plan  
Tier I Hughson Projects**

Project Details						Purpose/Need	
Location	Project Limits	Description	Total Cost	Construction Year	Funding Source	System Preserv.	Capacity Enhance.
<b>City of Hughson</b>							
Various Locations	Various Locations	Various Intersection Improvements	\$26,500	2015 - 2035	RSTP, CMAQ	x	
Locust St	Orchard Lane to Euclid Ave	Add 2nd lane to a 2-lane Minor Collector	\$297,500	2024	RSTP, Dev. Impact Fees		x
7th St	Whitmore Ave to Santa Fe Ave	Improve to 2-lane Major Collector	\$1,344,000	2030	RSTP, Dev. Impact Fees		x
Tully Rd	Santa Fe Ave to Whitmore Ave	Improvements to 2-lane Arterial	\$400,800	2014	RSTP		x
<b>Santa Fe</b>	<b>7th Street to Hatch Road</b>	<b>Roadway Rehabilitation</b>	<b>\$390,000</b>	<b>2019</b>	RSTP, Prop. 42	<b>x</b>	
Euclid Ave	Hatch Rd to Whitmore Ave	Construct 2-lane Major Collector	\$1,957,200	2022	Dev. Impact Fees		x
Various Locations	Various Locations	Roadway Rehabilitation	\$165,000	2015-2035	RSTP	x	
<b>Total City of Hughson</b>			<b>\$4,581,000</b>				
<b>City of Hughson</b>							
Various Locations	Various Locations	Construct Class I, Class II, Class III Bikeway Improvements (Per Master Plan)	\$64,000	2020	BTA, CMAQ		x
Hatch Rd	Santa Fe Ave to Geer Rd	Construct Class I Bike Path	\$675,400	2017	CMAQ, BTA		x
Various Locations	Various Locations	Sidewalk In-Fill and Streetscape Improvements (ADA)	\$123,200	2015 - 2035	CMAQ, CDBG	x	
<b>Total City of Hughson (Roadway)</b>			<b>\$862,600</b>				
<b>Total Hughson Tier I Costs</b>			<b>\$5,443,600</b>				

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Safety



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**Proposed 2014 Regional Transportation Plan  
Tier II Hughson Projects**

Priority	Project Details						Purpose/Need				
	Location	Project Limits	Description	Total Cost	Construction Year	Funding Source	System Preserv.	Capacity Enhance.	Safety	Alt. Mode	
	<b>City of Hughson</b>										
3	Fox Rd	Fox Glen Dr to Geer Rd	Improve to 2-lane Constrained Major Collector	\$1,815,200	2025	RSTP, Dev. Impact Fees		x			
2	Mountain View Rd	Hatch Rd to Santa Fe Ave	Construct new 2-lane street extension	\$950,100	2022	Dev. Impact Fees, Prop 42, RDA		x			
2	Mountain View Rd	Mountain View at Irrigation Canal	Construct new 2-lane bridge	\$1,200,000	2022	Dev. Impact Fees, Prop 42		x			
5	Santa Fe Ave	Hatch Rd to N. City Limit	Widen to 4-lane Expressway	\$13,174,500	2032	CMAQ, RSTP, Impact Fees, Prop 42		x			
4	Santa Fe Ave	N. City Limit to S. City Limit	Widen to 4-lane Arterial	\$9,374,100	2028	CMAQ, RSTP, Impact Fees, Prop 42		x			
1	Hatch Rd	Santa Fe Ave to Geer Rd	Intersection improvements at bridges (3)	\$480,000	2018	CMAQ, RSTP, Impact Fees, Prop 42		x			
Bike and Ped	Whitmore Ave and 7th St	Whitmore Ave (600' E) and 7th St (600' S)	Curb, Gutter and Sidewalk, Pedestrian Improvements	\$1,507,100	2030	CMAQ	x				
	<b>Total City of Hughson</b>			<b>\$49,166,000</b>							
	<b>Total Hughson Tier II Costs</b>			<b>\$49,166,000</b>							