

CITY OF HUGHSON

Annual Financial Report

June 30, 2008

**CITY OF HUGHSON
Annual Financial Report
June 30, 2008**

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WALNUT CREEK

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SAN MARCOS

SAN DIEGO

The Honorable City Council of
the City of Hughson, California

Independent Auditor's Report

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, as of and for the year ended June 30, 2008, 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 of Hughson'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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and 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, 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, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 26, 2009 on our consideration of the City of Hughson'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.

The required supplementary information identified in the accompanying table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The City has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying major fund budgetary comparison schedules and the combining and individual nonmajor fund financial statements and schedules listed as supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The major fund budgetary comparison schedules and the combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Macias Fini & O'Connell LLP

Certified Public Accountants
Newport Beach, California

January 26, 2009

CITY OF HUGHSON
Statement of Net Assets
June 30, 2008

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and investments	\$ 4,519,181	\$ 6,069,513	\$ 10,588,694
Cash and investments with fiscal agent	207,412	-	207,412
Accounts receivables	185,584	81,414	266,998
Deposits	224,481	-	224,481
Internal balances	537,907	(537,907)	-
Noncurrent assets:			
Loans receivable	1,322,901	-	1,322,901
Capital assets:			
Not being depreciated	760,577	-	760,577
Being depreciated (net of accumulated depreciation)	5,479,348	17,554,922	23,034,270
Total assets	<u>13,237,391</u>	<u>23,167,942</u>	<u>36,405,333</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	404,265	187,633	591,898
Interest payable	37,699	-	37,699
Deposits	-	17,021	17,021
Noncurrent liabilities:			
Due within one year	55,000	354,818	409,818
Due in more than one year	3,167,564	9,302,709	12,470,273
Total liabilities	<u>3,664,528</u>	<u>9,862,181</u>	<u>13,526,709</u>
Net assets:			
Invested in capital assets, net of related debt	6,239,925	12,198,296	18,438,221
Restricted for:			
Low and moderate income housing	808,471	-	808,471
Debt service	723,233	-	723,233
Specific projects and programs	928,486	-	928,486
Unrestricted	872,748	1,107,465	1,980,213
Total net assets	<u>\$ 9,572,863</u>	<u>\$ 13,305,761</u>	<u>\$ 22,878,624</u>

See Accompanying Notes to Financial Statements.

CITY OF HUGHSON
Statement of Activities
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 1,936,310	\$ 630,816	\$ -	\$ -
Public safety	1,175,034	171,367	112,530	-
Public works	752,370	127,435	411,493	3,373
Parks and recreation	62,067	11,095	-	-
Community development	277,314	-	48,554	-
Interest and fiscal charges	158,148	-	-	-
Total governmental activities	<u>4,361,243</u>	<u>940,713</u>	<u>572,577</u>	<u>3,373</u>
Business-type activities:				
Sewer	1,437,997	1,974,873	-	-
Water	1,035,185	1,129,858	-	-
Community facilities	51,876	18,545	-	-
Total business-type activities	<u>2,525,058</u>	<u>3,123,276</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 6,886,301</u>	<u>\$ 4,063,989</u>	<u>\$ 572,577</u>	<u>\$ 3,373</u>

General revenues:

Taxes:

Property taxes

Sales taxes

Motor vehicle in lieu taxes

Other taxes

Developer assessments

Licenses and permits

Use of money and property

Fines and forfeitures

Other revenues

Total general revenues

Change in net assets

Net assets, beginning of year, as restated

Net assets, end of year

See Accompanying Notes to Financial Statements.

**Net (Expense) Revenue and
Changes in Net Assets**

Net (Expense) Revenue	Governmental Activities	Business-type Activities	Total
\$ (1,305,494)	\$ (1,305,494)	\$ -	\$ (1,305,494)
(891,137)	(891,137)	-	(891,137)
(210,069)	(210,069)	-	(210,069)
(50,972)	(50,972)	-	(50,972)
(228,760)	(228,760)	-	(228,760)
(158,148)	(158,148)	-	(158,148)
<u>(2,844,580)</u>	<u>(2,844,580)</u>	<u>-</u>	<u>(2,844,580)</u>
536,876	-	536,876	536,876
94,673	-	94,673	94,673
(33,331)	-	(33,331)	(33,331)
<u>598,218</u>	<u>-</u>	<u>598,218</u>	<u>598,218</u>
<u>\$ (2,246,362)</u>	<u>(2,844,580)</u>	<u>598,218</u>	<u>(2,246,362)</u>
	927,520	-	927,520
	404,415	-	404,415
	584,155	-	584,155
	297,424	-	297,424
	117,575	-	117,575
	71,826	-	71,826
	229,067	63,265	292,332
	80,109	-	80,109
	46,820	-	46,820
	<u>2,758,911</u>	<u>63,265</u>	<u>2,822,176</u>
	(85,669)	661,483	575,814
	<u>9,658,532</u>	<u>12,644,278</u>	<u>22,302,810</u>
<u>\$ 9,572,863</u>	<u>\$ 13,305,761</u>	<u>\$ 22,878,624</u>	

CITY OF HUGHSON
Balance Sheet
Governmental Funds
June 30, 2008

	<u>General Fund</u>	<u>Special Revenue</u>	
		<u>Home Loan Fund</u>	<u>Local Transportation Fund</u>
Assets:			
Cash and investments	\$ 143,016	\$ -	\$ -
Cash and investments with fiscal agent	-	-	-
Accounts receivable	63,773	-	74,600
Due from other funds	1,023,370	-	-
Deposits	224,481	-	-
Loans receivable	-	1,008,257	-
	<u>1,454,640</u>	<u>1,008,257</u>	<u>74,600</u>
Total assets	<u>\$ 1,454,640</u>	<u>\$ 1,008,257</u>	<u>\$ 74,600</u>
Liabilities:			
Accounts payable and accrued liabilities	\$ 269,583	\$ 13,130	\$ -
Deferred revenue	-	943,290	-
Due to other funds	-	184,625	203,510
	<u>269,583</u>	<u>1,141,045</u>	<u>203,510</u>
Total liabilities	<u>269,583</u>	<u>1,141,045</u>	<u>203,510</u>
Fund balances (deficits):			
Reserved:			
Rehab loans receivable	-	64,967	-
Unreserved - Designated for:			
Capital projects - unbudgeted	-	-	-
Unreserved - Undesignated:			
Reported in:			
General fund	1,185,057	-	-
Special revenue funds	-	(197,755)	(128,910)
Capital projects funds	-	-	-
Debt service funds	-	-	-
	<u>1,185,057</u>	<u>(132,788)</u>	<u>(128,910)</u>
Total fund balances (deficits)	<u>1,185,057</u>	<u>(132,788)</u>	<u>(128,910)</u>
Total liabilities and fund balances	<u>\$ 1,454,640</u>	<u>\$ 1,008,257</u>	<u>\$ 74,600</u>

See Accompanying Notes to Financial Statements.

Capital Projects			
Public Facilities Fund	Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
\$ 839,624	\$ 419,477	\$ 2,899,420	\$ 4,301,537
-	-	207,412	207,412
6,434	3,346	36,710	184,863
-	-	-	1,023,370
-	-	-	224,481
-	-	314,644	1,322,901
<u>\$ 846,058</u>	<u>\$ 422,823</u>	<u>\$ 3,458,186</u>	<u>\$ 7,264,564</u>
\$ 1,939	\$ 4,754	\$ 114,859	\$ 404,265
-	-	-	943,290
-	-	97,328	485,463
<u>1,939</u>	<u>4,754</u>	<u>212,187</u>	<u>1,833,018</u>
-	-	314,644	379,611
844,119	418,069	-	1,262,188
-	-	-	1,185,057
-	-	1,527,540	1,200,875
-	-	680,582	680,582
-	-	723,233	723,233
<u>844,119</u>	<u>418,069</u>	<u>3,245,999</u>	<u>5,431,546</u>
<u>\$ 846,058</u>	<u>\$ 422,823</u>	<u>\$ 3,458,186</u>	<u>\$ 7,264,564</u>

CITY OF HUGHSON
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2008

Total fund balance, governmental funds \$ 5,431,546

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental fund balance sheet. (3,222,564)

Interest payable on long-term debt is not accrued as a liability in the balance sheet of governmental funds. (37,699)

Capital outlays are expended in the governmental funds, but are capitalized as a part of capital assets in the statement of net assets. Capital assets are not reported in governmental funds, but are shown in the statement of net assets.

	\$ 7,381,566	
Capital assets		
Accumulated depreciation	(1,141,641)	6,239,925

Internal service funds are eliminated and their net assets are reported as part of the government-wide net assets. 218,365

Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. However, the revenues are included on the accrual basis in the government-wide statements. 943,290

Net assets of governmental activities \$ 9,572,863

See Accompanying Notes to Financial Statements.

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CITY OF HUGHSON
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General Fund	Special Revenue	
		Home Loan Fund	Local Transportation Fund
Revenues:			
Property taxes	\$ 263,320	\$ -	\$ -
Sales and use taxes	404,415	-	-
Business license taxes	26,670	-	-
Other taxes	104,527	-	-
Licenses and permits	71,826	-	-
Fines and forfeitures	80,109	-	-
Use of money and property	32,802	1,162	-
Charges for services	120,883	-	-
Revenues from other agencies	590,799	8,554	120,499
Special assessments	-	-	-
Other revenues	344,020	-	-
Total revenues	<u>2,039,371</u>	<u>9,716</u>	<u>120,499</u>
Expenditures:			
Current:			
General government	1,014,210	-	-
Public safety	826,280	-	-
Public works	549,253	-	-
Parks and recreation	62,067	-	-
Community development	-	277,314	-
Capital outlay	-	-	23,554
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>2,451,810</u>	<u>277,314</u>	<u>23,554</u>
Excess (deficiency) of revenues over expenditures	<u>(412,439)</u>	<u>(267,598)</u>	<u>96,945</u>
Other financing sources (uses):			
Transfers in	22,500	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>22,500</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(389,939)	(267,598)	96,945
Fund balances (deficits), beginning of year	<u>1,574,996</u>	<u>134,810</u>	<u>(225,855)</u>
Fund balances (deficits), end of year	<u>\$ 1,185,057</u>	<u>\$ (132,788)</u>	<u>\$ (128,910)</u>

See Accompanying Notes to Financial Statements.

Capital Projects			
Public Facilities Fund	Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 657,556	\$ 920,876
-	-	-	404,415
-	-	-	26,670
-	-	-	104,527
-	-	-	71,826
-	-	-	80,109
46,498	39,808	105,441	225,711
117,574	-	502,431	740,888
-	-	651,352	1,371,204
-	-	166,227	166,227
-	20,200	-	364,220
<u>164,072</u>	<u>60,008</u>	<u>2,083,007</u>	<u>4,476,673</u>
-	247,512	616,663	1,878,385
-	-	182,811	1,009,091
-	-	112,258	661,511
-	-	-	62,067
-	-	-	277,314
375,521	318,456	197,540	915,071
-	-	50,000	50,000
-	-	158,597	158,597
<u>375,521</u>	<u>565,968</u>	<u>1,317,869</u>	<u>5,012,036</u>
<u>(211,449)</u>	<u>(505,960)</u>	<u>765,138</u>	<u>(535,363)</u>
-	-	-	22,500
-	-	(22,500)	(22,500)
-	-	(22,500)	-
<u>(211,449)</u>	<u>(505,960)</u>	<u>742,638</u>	<u>(535,363)</u>
<u>1,055,568</u>	<u>924,029</u>	<u>2,503,361</u>	<u>5,966,909</u>
<u>\$ 844,119</u>	<u>\$ 418,069</u>	<u>\$ 3,245,999</u>	<u>\$ 5,431,546</u>

CITY OF HUGHSON
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2008

Net change in fund balance - total governmental funds: \$ (535,363)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Internal service funds are used by management to charge the costs of activities involved in rendering services to departments within the City. The assets and liabilities of the internal service funds are included in the statement of net assets. 3,356

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Net changes to capital assets	\$	879,526	
Depreciation expense		<u>(276,571)</u>	602,955

Issuance of long-term debt provides for current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources in governmental funds. Neither transaction has any effect on net assets.

Principal payments	\$	50,000	
Change in interest payable		449	
Change in compensated absences		<u>(2,611)</u>	47,838

Certain revenues in the governmental funds are deferred because they are not collected within the prescribed time period after year-end. However, the revenues are included on the accrual basis used in the government-wide statements. (204,455)

Change in net assets of governmental activities \$ (85,669)

See Accompanying Notes to Financial Statements.

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CITY OF HUGHSON
Statement of Net Assets
Proprietary Funds
June 30, 2008

	Business-type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds
Assets:			
Current assets:			
Cash and investments	\$ 4,977,749	\$ 1,062,405	\$ 7,834
Cash reserved for USDA grant	-	21,525	-
Accounts receivable	48,754	32,635	25
Total current assets	5,026,503	1,116,565	7,859
Capital assets, net	10,773,728	6,706,013	75,181
Total assets	15,800,231	7,822,578	83,040
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	164,034	20,200	3,399
Due to other funds	362,239	149,834	25,834
Deposits	-	-	17,021
Noncurrent liabilities:			
Due within one year	265,725	89,093	-
Due in more than one year	6,669,244	2,633,465	-
Total liabilities	7,461,242	2,892,592	46,254
Net assets:			
Invested in capital assets, net of related debt	8,112,816	4,010,299	75,181
Unrestricted	226,173	919,687	(38,395)
Total net assets	\$ 8,338,989	\$ 4,929,986	\$ 36,786

See Accompanying Notes to Financial Statements.

Business-type Activities Enterprise Funds	Governmental Activities
Total	Internal Service Self Insurance Fund
\$ 6,047,988	\$ 217,644
21,525	-
81,414	721
6,150,927	218,365
17,554,922	-
23,705,849	218,365
187,633	-
537,907	-
17,021	-
354,818	-
9,302,709	-
10,400,088	-
12,198,296	-
1,107,465	218,365
\$ 13,305,761	\$ 218,365

CITY OF HUGHSON
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds
Operating revenues:			
Charges for services	\$ 1,974,873	\$ 1,129,858	\$ 18,545
Operating expenses:			
Personnel	405,829	266,500	-
Administrative	448,303	408,771	36,661
Materials and supplies	208,402	46,081	-
Maintenance	125,613	36,595	6,715
Depreciation	249,850	149,500	8,500
Total operating expenses	1,437,997	907,447	51,876
Operating income (loss)	536,876	222,411	(33,331)
Nonoperating revenues (expenses):			
Interest income	31,258	31,802	205
Interest expense	-	(127,738)	-
Total nonoperating revenues (expenses)	31,258	(95,936)	205
Change in net assets	568,134	126,475	(33,126)
Net assets, beginning of year, as restated	7,770,855	4,803,511	69,912
Net assets, end of year	\$ 8,338,989	\$ 4,929,986	\$ 36,786

See Accompanying Notes to Financial Statements.

Business-type Activities Enterprise Funds	Governmental Activities Internal Service Self Insurance Fund
Total	
\$ 3,123,276	\$ -
672,329	-
893,735	-
254,483	-
168,923	-
407,850	-
<u>2,397,320</u>	<u>-</u>
<u>725,956</u>	<u>-</u>
63,265	3,356
<u>(127,738)</u>	<u>-</u>
<u>(64,473)</u>	<u>3,356</u>
<u>661,483</u>	<u>3,356</u>
<u>12,644,278</u>	<u>215,009</u>
<u>\$ 13,305,761</u>	<u>\$ 218,365</u>

CITY OF HUGHSON
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds		
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	\$ 1,974,284	\$ 1,134,662	\$ 19,190
Cash paid to suppliers of goods and services	(832,243)	(733,322)	(42,126)
Cash paid to employees	(405,335)	(282,808)	-
Net cash provided by (used for) operating activities	<u>736,706</u>	<u>118,532</u>	<u>(22,936)</u>
Cash flows from noncapital financing activities:			
Interfund borrowing	<u>(407,814)</u>	<u>919,887</u>	<u>25,834</u>
Net cash provided by (used for) noncapital financing activities	<u>(407,814)</u>	<u>919,887</u>	<u>25,834</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(2,558,457)	(615,821)	-
Proceeds from capital debt	6,750,000	-	-
Principal paid on capital debt	(42,479)	(85,407)	-
Interest paid on capital debt	-	(127,738)	-
Net cash provided by (used for) capital and related financing activities	<u>4,149,064</u>	<u>(828,966)</u>	<u>-</u>
Cash flows from investing activities:			
Interest on investments	<u>15,792</u>	<u>31,802</u>	<u>205</u>
Net increase (decrease) in cash and cash equivalents	4,493,748	241,255	3,103
Cash and cash equivalents, beginning of year	<u>484,001</u>	<u>842,675</u>	<u>4,731</u>
Cash and cash equivalents, end of year	<u>\$ 4,977,749</u>	<u>\$ 1,083,930</u>	<u>\$ 7,834</u>

See Accompanying Notes to Financial Statements.

Total	Governmental Activities Internal Service Self Insurance Fund
\$ 3,128,136	\$ 524
(1,607,691)	-
(688,143)	-
<u>832,302</u>	<u>524</u>
<u>537,907</u>	<u>-</u>
<u>537,907</u>	<u>-</u>
(3,174,278)	-
6,750,000	-
(127,886)	-
(127,738)	-
<u>3,320,098</u>	<u>-</u>
<u>47,799</u>	<u>3,356</u>
4,738,106	3,880
<u>1,331,407</u>	<u>213,764</u>
<u>\$ 6,069,513</u>	<u>\$ 217,644</u>

CITY OF HUGHSON
Statement of Cash Flows
Proprietary Funds (Continued)
For the Year Ended June 30, 2008

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Nonmajor Enterprise Fund</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 536,876	\$ 222,411	\$ (33,331)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation expense	249,850	149,500	8,500
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(589)	4,804	645
Increase (decrease) in accounts payable and accrued liabilities	(49,925)	(241,875)	(890)
Increase (decrease) in deposits			2,140
Increase (decrease) in compensated absences	494	(16,308)	-
Net cash provided by (used for) operating activities	<u>\$ 736,706</u>	<u>\$ 118,532</u>	<u>\$ (22,936)</u>
Noncash investing, capital, and financing activities:			
Accounts payable relating to capital asset additions	\$ 85,914	\$ -	\$ -

See Accompanying Notes to Financial Statements.

Business-type Activities Enterprise Funds	Governmental Activities
Total	Internal Service Self Insurance Fund
\$ 725,956	\$ -
407,850	-
4,860	524
(292,690)	-
2,140	-
(15,814)	-
<u>\$ 832,302</u>	<u>\$ 524</u>

\$ 85,914	\$ -
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CITY OF HUGHSON
Statement of Assets and Liabilities
Agency Fund
June 30, 2008

Assets:

Cash and investments	\$ 19,711
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Liabilities:

Accounts payable	\$ 19,711
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See Accompanying Notes to Financial Statements.

CITY OF HUGHSON
Notes to Financial Statements
June 30, 2008

(1) Summary of Significant Accounting Policies

The City of Hughson 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.

(a) Reporting Entity

As required by generally accepted accounting principles, 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 Units

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.

Complete financial statements of the Hughson Redevelopment Agency can be obtained from:

City of Hughson
7018 Pine Street, P.O. Box 9
Hughson, CA 95326

(b) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been eliminated from these statements to minimize the double counting of internal activities. 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 and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a

CITY OF HUGHSON
Notes to Financial Statements (Continued)
June 30, 2008

given function or segment and 2) grants and contribution that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(c) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide, proprietary and fiduciary fund 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 when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments are not recognized until paid.

Property taxes, charges for services, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. The major revenue sources for this fund are property taxes, sales taxes, unrestricted revenues from the State, fines and forfeitures, and interest income. Expenditures are made for public safety, planning, building, engineering, recreation, and other general government services.

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.

CITY OF HUGHSON
Notes to Financial Statements (Continued)
June 30, 2008

The Local Transportation Fund was established to account for revenues and expenditures of local transportation fund allocations for streets, roads and sidewalk repairs.

The Public Facilities Capital Projects Fund was established to account for all proceeds from traffic mitigation fees, whose purpose is to defray the actual costs of constructing improvements to mitigate traffic and circulation impacts resulting from proposed new development.

The 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 major proprietary 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.

Additionally, the City reports the following fund types:

Governmental Funds:

The Special Revenue Funds are used to account for proceeds of specific revenue sources (other than major capital projects) that are legally restricted or otherwise designated for specific purposes.

The Debt Service Fund is used to account for the accumulation of resources for and the payment of principal and interest on long-term debt.

The Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital improvements and facilities financed by governmental fund resources.

Proprietary Funds:

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. Costs are financed or recovered primarily through user charges.

The Internal Service Fund is utilized to finance and account for activities involved in rendering services to departments within the City. Costs of services are accumulated in this fund and charged to user departments as such costs are incurred.

CITY OF HUGHSON
Notes to Financial Statements (Continued)
June 30, 2008

The Fiduciary Fund is used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, or other governments. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The Agency Fund is accounted for on an accrual basis of accounting as are the proprietary funds as explained above.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the business-type activities and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to members, customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted resources as needed.

CITY OF HUGHSON
Notes to Financial Statements (Continued)
June 30, 2008

(d) Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

Investments are reported in the accompanying statement of net assets at fair value. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income, earned by the pooled investments, is allocated to the various funds based on each fund's average cash and investment balance.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with maturity of three months or less when purchased to be cash equivalents. Cash invested in the City's cash management pool is also considered to be cash equivalents.

2. Cash and Investments with Fiscal Agents

The City has monies held by trustees or fiscal agents pledged to the payment or security of certain bonds. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, may be invested in accordance with the ordinance, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make.

3. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds" (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. As a phase 3 government under GASB Statement 34, the City has elected to report only major general infrastructure assets acquired subsequent to June 30, 2003. 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 Financial Statements (Continued)
June 30, 2008

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

Buildings and Improvements	40 years
Sewer Mains and Laterals	60 years
Vehicles	5 years
Equipment	5 to 15 years
Infrastructure	20 to 50 years

5. *Compensated Absences*

Depending upon length of employment, City employees earn vacation 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.

In the government-wide financial statements, a liability is accrued for all earned but unused vacation leave benefits relating to the operations of the governmental funds. 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.

6. *Long-term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type 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 Financial Statements (Continued)
June 30, 2008

7. *Claims and Judgments*

The City records a liability for litigation, judgments and claims when it is probable that an asset has been impaired or a liability has been incurred prior to year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the internal service funds, which account for the City's risk management activities.

8. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. *Property Taxes*

Stanislaus County assesses property and it bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1.

Secured property tax is due in two installments, on November 1 and March 1, following the levy date. It becomes delinquent on December 11 and April 11, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31.

The term unsecured refers to taxes on personal property other than real estate, land, and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the City in the fiscal year for which the taxes are assessed and levied. The City elected under teeter plan to receive all of the annual property assessments as follows: December 55%, April 40% and June 5%.

(2) Budgets and Budgetary Accounting

(a) *Budgeting Procedures*

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.

CITY OF HUGHSON
Notes to Financial Statements (Continued)
June 30, 2008

3. Upon completion of the hearings and modifications, if any, to the proposed budget, it is adopted by the City Council through passage of an appropriate resolution.
4. Generally, the budget is amended in the middle of the year and at the end of the year. All approved additional appropriations are added to the adopted budget and an amended budget is presented to the City Council, which adopts it after due review.
5. The City Manager is authorized to transfer from time to time budget amounts of operational expenditure categories within departments as deemed necessary in order to meet the City's needs.
6. City Council approval is required for all fund to fund transfers, department to department transfers, fund reserve to appropriations 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 Asset Forfeiture, Equipment Replacement and Miscellaneous Grants Special Revenue Funds.

(b) *Encumbrances*

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration in all budgeted funds. Unexpended appropriations lapse at year end and must be reappropriated in the following year.

CITY OF HUGHSON
Notes to Financial Statements (Continued)
June 30, 2008

(c) Excess of Expenditures over Appropriations

For the year ended June 30, 2008, certain fund expenditures exceeded final budget as follows:

<u>Fund</u>	<u>Final Budget</u>	<u>Expenditures</u>	<u>Expenditures Over Budget</u>
Major:			
Home Loan Special Revenue Fund	\$ 250,000	\$ 277,314	\$ 27,314
Nonmajor:			
Special Revenue Funds:			
Gas Tax	99,541	103,987	4,446
Traffic	30,000	38,017	8,017
SLESF	100,000	104,047	4,047
Refuse	365,650	420,434	54,784
Debt Service Fund:			
Redevelopment Debt Service	165,455	289,442	123,987

(d) Deficit Fund Balances:

The funds which have a deficit fund balance at June 30, 2008 are as follows:

Major:	
Home Loan Special Revenue Fund	\$ 132,788
Local Transportation Special Revenue Fund	128,910
Nonmajor:	
Special Revenue Funds:	
Vehicle Abatement	55,306
Storm Drain	37,781
Refuse	60,238

The City plans to eliminate the deficits through transfers from the General Fund and future revenues.

CITY OF HUGHSON
Notes to Financial Statements (Continued)
June 30, 2008

(3) Detailed Notes on All Funds

(a) Cash and Investments

Cash and investments as of June 30, 2008 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and investments	\$ 10,588,694
Cash and investments held by fiscal agent	207,412

Fiduciary funds:

Cash and investments	19,711
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Total cash and investments	\$ 10,815,817
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Cash and investments as of June 30, 2008 consist of the following:

Cash on hand	\$ 250
Deposits with financial institutions	2,171,587
Investments	8,643,980
Total cash and investments	\$ 10,815,817

Investments Authorized by the City's Investment Policy

The City of Hughson's Statement of Investment Policy is reviewed and adopted by the City Council each year. The investment policy is more conservative and restrictive than the investment vehicles authorized by Section 53601 of the California Government Code. Investment vehicles not specifically mentioned in the City's investment policy are not authorized unless the policy is amended by the City Council or are approved as part of the provisions of the bond indentures. Investments are limited to:

CITY OF HUGHSON
Notes to Financial Statements (Continued)
June 30, 2008

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentages of Portfolio *</u>	<u>Maximum Investment in One Issuer</u>
Bonds issued by the City	N/A	None	None
U.S. Treasury Bills	5 years	60%	None
U.S. Treasury Notes	5 years	40%	None
Federal Agency Issues	5 years	20%	None
Certificate of Deposit	5 years	30%	None
Repurchase Agreements	N/A	None	None
Bankers' Acceptances	180 days	40%	30%
Medium Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	10%	None
Commercial Paper	270 days	25%	None
County Pool Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Collateralized Bank Deposits	N/A	None	None
Mortgage Pass-through Security	5 years	20%	None
Shares of Beneficial Interest by a JPA	N/A	None	None

* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

The City's investment policy does not contain any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk.

Investments Authorized by Debt Agreements:

Investment of debt proceeds held by bond trustee 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 City is authorized to invest in money market mutual funds.

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.

CITY OF HUGHSON
Notes to Financial Statements (Continued)
June 30, 2008

Information about the sensitivity of the fair values of the City 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>Total Investment</u>	<u>Months to Maturity</u>		
		<u>12 Months Or Less</u>	<u>13 to 24 Months</u>	<u>25 to 60 Months</u>
Certificates of deposit	\$ 1,859,749	\$ 480,202	\$ 1,062,763	\$ 288,729
LAIF	6,576,819	6,576,819	-	-
Held by fiscal agent				
Money market mutual fund	207,412	207,412	-	-
Total	\$ 8,643,980	\$ 7,264,433	\$ 1,062,763	\$ 288,729

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. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

<u>Investment Type</u>	<u>Total Investment</u>	<u>Minimum Legal Rating</u>	<u>Not Required To Be Rated</u>	<u>Rating as of Year End</u>	
				<u>Aaa</u>	<u>Unrated</u>
Certificates of deposit	\$ 1,859,749	n/a	\$ 1,859,749	\$ -	\$ -
LAIF	6,576,819	n/a	-	-	6,576,819
Held by fiscal agent					
Money market mutual fund	207,412	n/a	-	207,412	-
Total	\$ 8,643,980		\$ 1,859,749	\$ 207,412	\$ 6,576,819

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.

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

CITY OF HUGHSON
Notes to Financial Statements (Continued)
June 30, 2008

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 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.

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.

LAIF management has indicated that as of June 30, 2008, the amortized cost of the pool was \$70,027,950,242 and the estimated fair value of the pool was \$70,024,464,150. Included in the LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes, totaling \$6,113.006 million and asset backed securities totaling \$4,188.272 million.

(b) Interfund Transactions

Due to/Due From

Fund	Due From	Due To
Governmental funds:		
General fund	\$ 1,023,370	\$ -
Home loan special revenue fund	-	184,625
Local transportation special revenue fund	-	203,510
Nonmajor governmental funds	-	97,328
Proprietary funds:		
Water fund	-	149,834
Sewer fund	-	362,239
Nonmajor enterprise fund	-	25,834
	<u>\$ 1,023,370</u>	<u>\$ 1,023,370</u>

The purpose of Due To/Due From was to cover the negative cash balances in these funds.

CITY OF HUGHSON
Notes to Financial Statements (Continued)
June 30, 2008

Transfers between Funds

With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2008 were as follows:

Interfund Transfers

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds:		
General fund	\$ 22,500	\$ -
Nonmajor governmental funds	-	22,500
	<u>\$ 22,500</u>	<u>\$ 22,500</u>

The transfer from the Lighting and Landscaping Special Revenue Fund to the General Fund was for program administrative costs.

(c) Loans 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. As of June 30, 2008 the City held loans receivable in the amount of \$1,008,257.

The City also utilizes Community Development Block Grant (CDBG) funds to provide business assistance loans and home rehabilitation loans to qualified persons. As of June 30, 2008, the City held loans receivable of \$314,644.

(d) Capital Assets

The City has reported all capital assets including infrastructure in government-wide Statement of Net Assets. A summary of changes in City's capital assets is as follows:

CITY OF HUGHSON
Notes to Financial Statements (Continued)
June 30, 2008

	Balance	Increases	Decreases	Balance
Governmental Activities:	July 1, 2007	Increases	Decreases	June 30, 2008
Capital assets, not being depreciated:				
Construction in progress	\$ 1,316,791	\$ 745,129	\$ (1,301,343)	\$ 760,577
Capital assets, being depreciated:				
Buildings	757,461	1,287	-	758,748
Improvements	201,392	-	-	201,392
Equipment	499,055	77,957	-	577,012
Infrastructure	3,727,342	1,356,496	-	5,083,838
Total capital assets, being depreciated	<u>5,185,249</u>	<u>1,435,740</u>	<u>-</u>	<u>6,620,989</u>
Less accumulated depreciation for:				
Buildings	(121,059)	(14,024)	-	(135,083)
Improvements	(26,000)	(4,000)	-	(30,000)
Equipment	(375,970)	(34,686)	-	(410,656)
Infrastructure	(342,041)	(223,861)	-	(565,902)
Total accumulated depreciation	<u>(865,070)</u>	<u>(276,571)</u>	<u>-</u>	<u>(1,141,641)</u>
Governmental activities capital assets, net	<u>\$ 5,636,970</u>	<u>\$ 1,904,298</u>	<u>\$ (1,301,343)</u>	<u>\$ 6,239,925</u>
Business-type activities:	Balance	Increases	Decreases	Balance
	July 1, 2007*	Increases	Decreases	June 30, 2008
Capital assets, not being depreciated:				
Construction in progress	\$ 1,083,196	\$ -	\$ (1,083,196)	\$ -
Capital assets, being depreciated:				
Buildings	288,166	-	-	288,166
Improvements	17,050,065	3,126,415	-	20,176,480
Equipment	576,356	1,216,975	-	1,793,331
Total capital assets, being depreciated	<u>17,914,587</u>	<u>4,343,390</u>	<u>-</u>	<u>22,257,977</u>
Less accumulated depreciation for:				
Buildings	(240,249)	(8,500)	-	(248,749)
Improvements	(3,712,622)	(249,850)	-	(3,962,472)
Equipment	(342,334)	(149,500)	-	(491,834)
Total accumulated depreciation	<u>(4,295,205)</u>	<u>(407,850)</u>	<u>-</u>	<u>(4,703,055)</u>
Business-type activities capital assets, net	<u>\$ 14,702,578</u>	<u>\$ 3,935,540</u>	<u>\$ (1,083,196)</u>	<u>\$ 17,554,922</u>

* Capital assets for business-type activities have been restated. See Note (5).

CITY OF HUGHSON
Notes to Financial Statements (Continued)
June 30, 2008

Depreciation expense was charged to the following functions:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
General government	\$ 55,314	\$ -
Public safety	55,314	-
Public works	165,943	-
Water	-	149,500
Sewer	-	249,850
Community facilities	-	8,500
	<u>\$ 276,571</u>	<u>\$ 407,850</u>

(e) Long-Term Liabilities

Governmental Activities:

The City generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt.

<u>Description</u>	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2008</u>	<u>Due within one year</u>
2006 Tax allocation notes	\$ 3,155,000	\$ -	\$ 50,000	\$ 3,105,000	\$ 55,000
Compensated absences	114,953	2,611	-	117,564	-
Total	<u>\$ 3,269,953</u>	<u>\$ 2,611</u>	<u>\$ 50,000</u>	<u>\$ 3,222,564</u>	<u>\$ 55,000</u>

Tax Allocation Bonds Payable:

\$3,200,000 tax allocation refunding bonds were issued on February 1, 2006. The bonds 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%.

CITY OF HUGHSON
Notes to Financial Statements (Continued)
June 30, 2008

The remaining annual debt service requirements on the Bonds are as follows:

Year Ended June 30	Principal	Interest	Total
2009	\$ 55,000	\$ 149,763	\$ 204,763
2010	55,000	147,631	202,631
2011	60,000	145,331	205,331
2012	60,000	142,931	202,931
2013	60,000	140,456	200,456
2014-2018	355,000	657,272	1,012,272
2019-2023	450,000	564,170	1,014,170
2024-2028	570,000	438,650	1,008,650
2029-2033	720,000	278,070	998,070
2034-2037	720,000	75,990	795,990
Total	\$ 3,105,000	\$ 2,740,264	\$ 5,845,264

Business-type Activities:

Description	Balance at July 1, 2007	Additions	Deletions	Balance at June 30, 2008	Due within One Year
USDA rural development promissory note	\$ 456,000	\$ -	\$ 7,000	\$ 449,000	\$ 7,000
Installment notes payable	2,325,118	6,750,000	78,405	8,996,713	303,088
Capital lease	183,906	-	42,479	141,427	44,730
Compensated absences	87,732	-	17,345	70,387	-
Total	\$ 3,052,756	\$ 6,750,000	\$ 145,229	\$ 9,657,527	\$ 354,818

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.

CITY OF HUGHSON
Notes to Financial Statements (Continued)
June 30, 2008

Annual debt service requirements for the USDA Rural Development Promissory Note are shown below:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 7,000	\$ 20,206	\$ 27,206
2010	8,000	19,890	27,890
2011	8,000	19,530	27,530
2012	8,000	19,170	27,170
2013	9,000	18,810	27,810
2014-2018	51,000	87,662	138,662
2019-2023	65,000	74,972	139,972
2024-2028	82,000	58,863	140,863
2029-2033	105,000	38,478	143,478
2034-2037	106,000	11,752	117,752
Total	<u>\$ 449,000</u>	<u>\$ 369,333</u>	<u>\$ 818,333</u>

Installment notes payable

On February 27, 2006 the City executed an installment sales 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, 2008 is \$2,246,713.

On March 7, 2008, the City executed an installment sales 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, 2008 is \$6,750,000.

CITY OF HUGHSON
Notes to Financial Statements (Continued)
June 30, 2008

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

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 303,088	\$ 384,732	\$ 687,820
2010	316,328	371,492	687,820
2011	330,149	357,671	687,820
2012	344,575	343,245	687,820
2013	359,632	328,188	687,820
2014-2018	2,048,146	1,390,954	3,439,100
2019-2023	2,536,812	902,288	3,439,100
2024-2028	2,757,983	309,874	3,067,857
Total	<u>\$ 8,996,713</u>	<u>\$ 4,388,444</u>	<u>\$ 13,385,157</u>

Capital Lease

In 2007, the City entered into a capital lease agreement with Vactor Manufacturing, Inc. to purchase a sewer vacuum truck. The capital lease bears interest at 5.3%, with interest and principal, payable annually beginning July 1, 2006 and continuing until July 1, 2010.

Annual debt service requirements for the Capital Lease are shown below:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 44,730	\$ 7,496	\$ 52,226
2010	47,101	5,125	52,226
2011	49,596	2,630	52,226
Total	<u>\$ 141,427</u>	<u>\$ 15,251</u>	<u>\$ 156,678</u>

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, 2008 was \$117,564 for governmental activities and \$70,387 for business-type activities.

CITY OF HUGHSON
Notes to Financial Statements (Continued)
June 30, 2008

(4) Other Information

(a) Fund Balances

Reserves

Government fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of fund balance may be reserved or designated for future expenditure.

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved fund to the purpose intended by the entity which provided the funds or which indicate these funds are not currently available, expendable resources. The City cannot modify or remove these restrictions or reserves.

Designations

Designations are imposed by City Council to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Council action.

(b) Pension Plan

CalPERS Safety and Miscellaneous Employee Plans

Substantially all 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 14.765% 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.

Actuarial required employer contributions, net of surplus credits, for fiscal year 2008 was \$186,463. The City made these contributions as required, as well as contributing \$95,646 toward employee contributions.

CITY OF HUGHSON
Notes to Financial Statements (Continued)
June 30, 2008

Three-year trend information for CalPERS is as follows:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	\$ 133,757	100%	\$ -
6/30/2007	191,729	100%	-
6/30/2008	186,463	100%	-

Audited annual financial statements are available from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

(b) Risk Management

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. The financial position and results of operations for the CSJVRMA (audited), as of June 30, 2008, are presented below:

Total assets	\$ 55,090,154
Total liabilities	\$ 45,390,299
Total net assets	9,699,855
Total liabilities and net assets	\$ 55,090,154
Total revenues for year	\$ 27,433,580
Total expenses for year	(26,257,315)
Net income for year	\$ 1,176,265

CITY OF HUGHSON
Notes to Financial Statements (Continued)
June 30, 2008

(5) Restatement of Beginning Net Assets

The Sewer Operating Fund and the Sewer Plant Project Fund were combined into one, the Sewer Enterprise Fund. The accompanying financial statements reflect a restatement of beginning net assets for the Sewer Enterprise Fund. This fund is reported as part of the business-type activities. The City reported a correction of an error for capital assets that were expensed in prior years but should have been capitalized.

	Sewer Operating Fund	Sewer Plant Project Fund	Sewer Fund	Business- type Activities
Beginning net assets, as previously reported	\$ 4,758,203	\$ 2,897,822	\$ -	\$ 12,529,448
Combining of funds	(4,758,203)	(2,897,822)	7,656,025	-
Assets capitalized	-	-	114,830	114,830
Beginning net assets, as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,770,855</u>	<u>\$ 12,644,278</u>

The accompanying financial statements also reflect a restatement of beginning net assets for governmental activities. The City reported a correction of an error for long-term receivables that were included in deferred revenue in the government-wide statement of net assets in prior years. As a result, the July 1, 2007 balances have been restated as follows:

	Governmental Activities
Beginning net assets, as previously reported	\$ 8,714,080
Elimination of deferred revenue	<u>944,452</u>
Beginning net assets, as restated	<u>\$ 9,658,532</u>

Required Supplementary Information

CITY OF HUGHSON
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:				
Property taxes	\$ 433,000	\$ 433,000	\$ 263,320	\$ (169,680)
Sales and use taxes	540,000	540,000	404,415	(135,585)
Business license taxes	27,000	27,000	26,670	(330)
Other taxes	161,100	161,100	104,527	(56,573)
Licenses and permits	243,000	243,000	71,826	(171,174)
Fines and forfeitures	72,900	72,900	80,109	7,209
Use of money and property	45,400	45,400	32,802	(12,598)
Charges for services	140,150	140,150	120,883	(19,267)
Revenues from other agencies	553,050	553,050	590,799	37,749
Other revenues	409,600	404,400	344,020	(60,380)
	<u>2,625,200</u>	<u>2,620,000</u>	<u>2,039,371</u>	<u>(580,629)</u>
Expenditures:				
Current:				
General government	1,061,737	1,046,254	1,014,210	(32,044)
Public safety	815,670	815,670	826,280	10,610
Public works	633,409	651,131	549,253	(101,878)
Parks and recreation	149,988	147,749	62,067	(85,682)
	<u>2,660,804</u>	<u>2,660,804</u>	<u>2,451,810</u>	<u>(208,994)</u>
Excess (deficiency) of revenues over expenditures	<u>(35,604)</u>	<u>(40,804)</u>	<u>(412,439)</u>	<u>(371,635)</u>
Other financing sources (uses):				
Transfers in	45,000	45,000	22,500	(22,500)
Transfers out	(56,000)	(56,000)	-	(56,000)
	<u>(11,000)</u>	<u>(11,000)</u>	<u>22,500</u>	<u>33,500</u>
Net change in fund balance	(46,604)	(51,804)	(389,939)	(338,135)
Fund balance, beginning of year	<u>1,574,996</u>	<u>1,574,996</u>	<u>1,574,996</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,528,392</u>	<u>\$ 1,523,192</u>	<u>\$ 1,185,057</u>	<u>\$ (338,135)</u>

See Accompanying Note to Required Supplementary Information.

CITY OF HUGHSON
Home Loan Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:				
Use of money and property	\$ 79,000	\$ 79,000	\$ 1,162	\$ (77,838)
Revenues from other agencies	250,000	250,000	8,554	(241,446)
Total revenues	329,000	329,000	9,716	(319,284)
Expenditures:				
Current:				
Community development	250,000	250,000	277,314	27,314
Net change in fund balance	79,000	79,000	(267,598)	(346,598)
Fund balance, beginning of year	134,810	134,810	134,810	-
Fund balance (deficit), end of year	<u>\$ 213,810</u>	<u>\$ 213,810</u>	<u>\$ (132,788)</u>	<u>\$ (346,598)</u>

See Accompanying Note to Required Supplementary Information.

CITY OF HUGHSON
Local Transportation Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:				
Revenues from other agencies	\$ 115,000	\$ 115,000	\$ 120,499	\$ 5,499
Expenditures:				
Capital outlay	40,000	40,000	23,554	(16,446)
Net change in fund balance	75,000	75,000	96,945	21,945
Fund balance (deficit), beginning of year	(225,855)	(225,855)	(225,855)	-
Fund balance (deficit), end of year	<u>\$ (150,855)</u>	<u>\$ (150,855)</u>	<u>\$ (128,910)</u>	<u>\$ 21,945</u>

See Accompanying Note to Required Supplementary Information.

CITY OF HUGHSON
Note to Required Supplementary Information
June 30, 2008

I. Budgets and Budgetary Accounting

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:

- A. 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.
- B. 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.
- C. 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.
- D. 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.
- E. The City Manager is authorized to transfer from time to time budget amounts of operational expenditure categories within departments as deemed necessary in order to meet the City's needs.
- F. City Council approval is required for all fund to fund transfers, department to department transfers, fund reserve to appropriations transfers, for new revenue sources with offsetting appropriations, and for transfer to/from the capital expenditure category.
- G. The City does not budget for the Asset Forfeiture, Equipment Replacement, and Miscellaneous Grants Special Revenue Funds.

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Supplementary Information

CITY OF HUGHSON
Public Facilities Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:				
Use of money and property	\$ 36,000	\$ 36,000	\$ 46,498	\$ 10,498
Charges for services	<u>500,000</u>	<u>500,000</u>	<u>117,574</u>	<u>(382,426)</u>
Total revenues	536,000	536,000	164,072	(371,928)
Expenditures:				
Capital outlay	<u>385,000</u>	<u>385,000</u>	<u>375,521</u>	<u>(9,479)</u>
Net change in fund balance	151,000	151,000	(211,449)	(362,449)
Fund balance, beginning of year	<u>1,055,568</u>	<u>1,055,568</u>	<u>1,055,568</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,206,568</u></u>	<u><u>\$ 1,206,568</u></u>	<u><u>\$ 844,119</u></u>	<u><u>\$ (362,449)</u></u>

CITY OF HUGHSON
Redevelopment Agency Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:				
Use of money and property	\$ 40,000	\$ 40,000	\$ 39,808	\$ (192)
Other revenues	-	-	20,200	20,200
	<u>40,000</u>	<u>40,000</u>	<u>60,008</u>	<u>20,008</u>
Expenditures:				
Current:				
General government	346,279	308,679	247,512	(61,167)
Capital outlay	321,300	321,300	318,456	(2,844)
	<u>667,579</u>	<u>629,979</u>	<u>565,968</u>	<u>(64,011)</u>
Net change in fund balance	(627,579)	(589,979)	(505,960)	84,019
Fund balance, beginning of year	<u>924,029</u>	<u>924,029</u>	<u>924,029</u>	-
Fund balance, end of year	<u><u>\$ 296,450</u></u>	<u><u>\$ 334,050</u></u>	<u><u>\$ 418,069</u></u>	<u><u>\$ 84,019</u></u>

CITY OF HUGHSON
Description of Nonmajor Governmental Funds
June 30, 2008

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

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

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

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

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

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

The Public Safety Augmentation Fund was established to account for monies received through a special sales tax to be spent to sustain the public safety department.

The Equipment Replacement Fund was established to reserve for future replacement of equipment.

The Solid Waste Management Fund was established to account for AB939 revenues received from county for solid waste recycling efforts.

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 CLEEF Fund was established to account for state grant money disbursed to local law enforcement, to assist local agencies in acquiring high technology equipment and training.

(Continued)

CITY OF HUGHSON
Description of Nonmajor Governmental Funds
June 30, 2008

SPECIAL REVENUE FUNDS (Continued)

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 Refuse Fund was established to account for monies collected on behalf of franchise garbage collection company.

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

The Community Enhancement Fund was established to bridge the gap between old development and new development where Landscaping and Lighting Districts are set up.

DEBT SERVICE FUND

The Redevelopment Debt Service Fund was established to account for the accumulation of resources for, and the payment of, long-term debt principal and interest.

CAPITAL PROJECTS FUNDS

The Transportation Fund was established to account for the 6th 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.

CITY OF HUGHSON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008

	<u>Special Revenue</u>			
	<u>Asset Forfeiture</u>	<u>Gas Tax</u>	<u>Vehicle Abatement</u>	<u>CDBG Rehab</u>
Assets:				
Cash and investments	\$ 1,617	\$ 241,686	\$ -	\$ 124,606
Cash and investments with fiscal agent	-	-	-	-
Accounts receivable	5	801	4,349	411
Loans receivable	-	-	-	306,515
	<u>-</u>	<u>-</u>	<u>-</u>	<u>306,515</u>
Total assets	<u>\$ 1,622</u>	<u>\$ 242,487</u>	<u>\$ 4,349</u>	<u>\$ 431,532</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 9,908	\$ 108	\$ -
Due to other funds	-	-	59,547	-
	<u>-</u>	<u>-</u>	<u>59,547</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>9,908</u>	<u>59,655</u>	<u>-</u>
Fund balances (deficits):				
Reserved for loans receivable	-	-	-	306,515
Unreserved	1,622	232,579	(55,306)	125,017
	<u>1,622</u>	<u>232,579</u>	<u>(55,306)</u>	<u>125,017</u>
Total fund balances (deficits)	<u>1,622</u>	<u>232,579</u>	<u>(55,306)</u>	<u>431,532</u>
Total liabilities and fund balances	<u>\$ 1,622</u>	<u>\$ 242,487</u>	<u>\$ 4,349</u>	<u>\$ 431,532</u>

Special Revenue

CDBG Grants	Public Safety Augmentation	Equipment Replacement	Solid Waste Management	Storm Drain	Traffic	SLESF
\$ 85,708	\$ 15,427	\$ 21,738	\$ 36,752	\$ -	\$ -	\$ 100,778
-	-	-	-	-	-	-
301	-	-	4,332	-	-	369
8,129	-	-	-	-	-	-
<u>\$ 94,138</u>	<u>\$ 15,427</u>	<u>\$ 21,738</u>	<u>\$ 41,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,147</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,119
-	-	-	-	37,781	-	-
-	-	-	-	37,781	-	6,119
8,129	-	-	-	-	-	-
86,009	15,427	21,738	41,084	(37,781)	-	95,028
94,138	15,427	21,738	41,084	(37,781)	-	95,028
<u>\$ 94,138</u>	<u>\$ 15,427</u>	<u>\$ 21,738</u>	<u>\$ 41,084</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,147</u>

(Continued)

CITY OF HUGHSON
Combining Balance Sheet
Nonmajor Governmental Funds (Continued)
June 30, 2008

	Special Revenue				
	CLEEP	Redevelopment Housing	Lighting and Landscaping	Benefit Assessment	Refuse
Assets:					
Cash and investments	\$ 17,807	\$ 802,575	\$ 115,325	\$ 58,080	\$ 14,656
Cash and investments with fiscal agent	-	-	-	-	-
Accounts receivable	59	6,038	-	-	11,807
Loans receivable	-	-	-	-	-
	<u>\$ 17,866</u>	<u>\$ 808,613</u>	<u>\$ 115,325</u>	<u>\$ 58,080</u>	<u>\$ 26,463</u>
Total assets	<u>\$ 17,866</u>	<u>\$ 808,613</u>	<u>\$ 115,325</u>	<u>\$ 58,080</u>	<u>\$ 26,463</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 142	\$ 45	\$ 2,058	\$ 86,701
Due to other funds	-	-	-	-	-
	<u>-</u>	<u>142</u>	<u>45</u>	<u>2,058</u>	<u>86,701</u>
Total liabilities	<u>-</u>	<u>142</u>	<u>45</u>	<u>2,058</u>	<u>86,701</u>
Fund balances (deficits):					
Reserved for loans receivable	-	-	-	-	-
Unreserved	17,866	808,471	115,280	56,022	(60,238)
	<u>17,866</u>	<u>808,471</u>	<u>115,280</u>	<u>56,022</u>	<u>(60,238)</u>
Total fund balances (deficits)	<u>17,866</u>	<u>808,471</u>	<u>115,280</u>	<u>56,022</u>	<u>(60,238)</u>
Total liabilities and fund balances	<u>\$ 17,866</u>	<u>\$ 808,613</u>	<u>\$ 115,325</u>	<u>\$ 58,080</u>	<u>\$ 26,463</u>

<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital Projects</u>			<u>Total</u>
<u>Miscellaneous</u>	<u>Community</u>	<u>Redevelopment</u>		<u>Municipal</u>	<u>Parks</u>	<u>Nonmajor</u>
<u>Grants</u>	<u>Enhancement</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Park</u>	<u>Development</u>	<u>Governmental</u>
					<u>Impact Fees</u>	<u>Funds</u>
\$ 830	\$ 63,679	\$ 510,075	\$ 220,142	\$ 275,392	\$ 192,547	\$ 2,899,420
-	-	207,412	-	-	-	207,412
2	211	5,746	729	912	638	36,710
-	-	-	-	-	-	314,644
<u>\$ 832</u>	<u>\$ 63,890</u>	<u>\$ 723,233</u>	<u>\$ 220,871</u>	<u>\$ 276,304</u>	<u>\$ 193,185</u>	<u>\$ 3,458,186</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,778	\$ 114,859
-	-	-	-	-	-	97,328
-	-	-	-	-	9,778	212,187
-	-	-	-	-	-	314,644
<u>832</u>	<u>63,890</u>	<u>723,233</u>	<u>220,871</u>	<u>276,304</u>	<u>183,407</u>	<u>2,931,355</u>
<u>832</u>	<u>63,890</u>	<u>723,233</u>	<u>220,871</u>	<u>276,304</u>	<u>183,407</u>	<u>3,245,999</u>
<u>\$ 832</u>	<u>\$ 63,890</u>	<u>\$ 723,233</u>	<u>\$ 220,871</u>	<u>\$ 276,304</u>	<u>\$ 193,185</u>	<u>\$ 3,458,186</u>

CITY OF HUGHSON
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	<u>Special Revenue</u>			
	<u>Asset Forfeiture</u>	<u>Gas Tax</u>	<u>Vehicle Abatement</u>	<u>CDBG Rehab</u>
Revenues:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Use of money and property	278	5,672	-	2,870
Charges for services	-	-	16,914	-
Revenues from other agencies	-	87,328	-	12,048
Special assessments	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	278	93,000	16,914	14,918
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	67,747	3,000
Public works	-	65,614	-	-
Capital outlay	-	38,373	1,832	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	103,987	69,579	3,000
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	278	(10,987)	(52,665)	11,918
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses):				
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	278	(10,987)	(52,665)	11,918
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits), beginning of year	1,344	243,566	(2,641)	419,614
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits), end of year	<u>\$ 1,622</u>	<u>\$ 232,579</u>	<u>\$ (55,306)</u>	<u>\$ 431,532</u>

Special Revenue

CDBG Grants	Public Safety Augmentation	Equipment Replacement	Solid Waste Management	Storm Drain	Traffic	SLESF
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,185	-	-	733	-	737	2,857
-	6,748	-	12,067	29,251	-	-
11,491	-	-	-	-	-	100,485
-	-	-	-	-	-	-
<u>13,676</u>	<u>6,748</u>	<u>-</u>	<u>12,800</u>	<u>29,251</u>	<u>737</u>	<u>103,342</u>
-	-	-	-	-	-	-
-	-	-	-	-	8,017	104,047
-	-	-	-	-	-	-
-	-	-	-	13,494	30,000	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,494</u>	<u>38,017</u>	<u>104,047</u>
13,676	6,748	-	12,800	15,757	(37,280)	(705)
-	-	-	-	-	-	-
<u>13,676</u>	<u>6,748</u>	<u>-</u>	<u>12,800</u>	<u>15,757</u>	<u>(37,280)</u>	<u>(705)</u>
<u>80,462</u>	<u>8,679</u>	<u>21,738</u>	<u>28,284</u>	<u>(53,538)</u>	<u>37,280</u>	<u>95,733</u>
<u>\$ 94,138</u>	<u>\$ 15,427</u>	<u>\$ 21,738</u>	<u>\$ 41,084</u>	<u>\$ (37,781)</u>	<u>\$ -</u>	<u>\$ 95,028</u>

(Continued)

CITY OF HUGHSON
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (Continued)
For the Year Ended June 30, 2008

	<u>Special Revenue</u>				
	<u>CLEEP</u>	<u>Redevelopment Housing</u>	<u>Lighting and Landscaping</u>	<u>Benefit Assessment</u>	<u>Refuse</u>
Revenues:					
Property taxes	\$ -	\$ 131,511	\$ -	\$ -	\$ -
Use of money and property	575	37,345	-	-	-
Charges for services	-	-	-	-	397,083
Revenues from other agencies	-	-	-	-	-
Special assessments	-	-	112,118	54,109	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	575	168,856	112,118	54,109	397,083
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:					
Current:					
General government	-	73,665	-	-	420,434
Public safety	-	-	-	-	-
Public works	-	-	43,484	3,160	-
Capital outlay	10,229	-	-	-	-
Debt service:					
Principal	-	10,000	-	-	-
Interest and fiscal charges	-	31,719	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	10,229	115,384	43,484	3,160	420,434
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(9,654)	53,472	68,634	50,949	(23,351)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses):					
Transfers out	-	-	(22,500)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(9,654)	53,472	46,134	50,949	(23,351)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits), beginning of year	27,520	754,999	69,146	5,073	(36,887)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits), end of year	<u>\$ 17,866</u>	<u>\$ 808,471</u>	<u>\$ 115,280</u>	<u>\$ 56,022</u>	<u>\$ (60,238)</u>

<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital Projects</u>			<u>Total</u>
<u>Miscellaneous</u>	<u>Community</u>	<u>Redevelopment</u>		<u>Municipal</u>	<u>Parks</u>	<u>Nonmajor</u>
<u>Grants</u>	<u>Enhancement</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Park</u>	<u>Development</u>	<u>Governmental</u>
					<u>Impact Fees</u>	<u>Funds</u>
\$ -	\$ -	\$ 526,045	\$ -	\$ -	\$ -	\$ 657,556
19	1,431	38,733	1,013	6,417	4,576	105,441
-	7,762	-	-	13,937	18,669	502,431
-	-	-	400,000	-	40,000	651,352
-	-	-	-	-	-	166,227
<u>19</u>	<u>9,193</u>	<u>564,778</u>	<u>401,013</u>	<u>20,354</u>	<u>63,245</u>	<u>2,083,007</u>
-	-	122,564	-	-	-	616,663
-	-	-	-	-	-	182,811
-	-	-	-	-	-	112,258
-	-	-	26,439	-	77,173	197,540
-	-	40,000	-	-	-	50,000
-	-	126,878	-	-	-	158,597
<u>-</u>	<u>-</u>	<u>289,442</u>	<u>26,439</u>	<u>-</u>	<u>77,173</u>	<u>1,317,869</u>
19	9,193	275,336	374,574	20,354	(13,928)	765,138
-	-	-	-	-	-	(22,500)
19	9,193	275,336	374,574	20,354	(13,928)	742,638
813	54,697	447,897	(153,703)	255,950	197,335	2,503,361
<u>\$ 832</u>	<u>\$ 63,890</u>	<u>\$ 723,233</u>	<u>\$ 220,871</u>	<u>\$ 276,304</u>	<u>\$ 183,407</u>	<u>\$ 3,245,999</u>

CITY OF HUGHSON
Gas Tax Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Use of money and property	\$ 5,750	\$ 5,672	\$ (78)
Revenues from other agencies	100,000	87,328	(12,672)
Total revenues	<u>105,750</u>	<u>93,000</u>	<u>(12,750)</u>
Expenditures:			
Current:			
Public works	54,541	65,614	11,073
Capital outlay	45,000	38,373	(6,627)
Total expenditures	<u>99,541</u>	<u>103,987</u>	<u>4,446</u>
Net change in fund balance	6,209	(10,987)	(17,196)
Fund balance, beginning of year	<u>243,566</u>	<u>243,566</u>	-
Fund balance, end of year	<u><u>\$ 249,775</u></u>	<u><u>\$ 232,579</u></u>	<u><u>\$ (17,196)</u></u>

CITY OF HUGHSON
Vehicle Abatement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Over (Under)
Revenues:			
Charges for services	\$ 15,000	\$ 16,914	\$ 1,914
Expenditures:			
Current:			
Public safety	69,826	67,747	(2,079)
Capital outlay	-	1,832	1,832
	69,826	69,579	(247)
Total expenditures			
Excess (deficiency) of revenues over expenditures	(54,826)	(52,665)	2,161
Other financing sources:			
Transfers in	56,000	-	(56,000)
Net change in fund balance	1,174	(52,665)	(53,839)
Fund balance (deficit), beginning of year	(2,641)	(2,641)	-
Fund balance (deficit), end of year	\$ (1,467)	\$ (55,306)	\$ (53,839)

CITY OF HUGHSON
CDBG Rehab Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Over (Under)
Revenues:			
Use of money and property	\$ 5,300	\$ 2,870	\$ (2,430)
Revenues from other agencies	13,720	12,048	(1,672)
Total Revenues	19,020	14,918	(4,102)
Expenditures:			
Current:			
Public safety	8,000	3,000	(5,000)
Net change in fund balance	11,020	11,918	898
Fund balance, beginning of year	419,614	419,614	-
Fund balance, end of year	\$ 430,634	\$ 431,532	\$ 898

CITY OF HUGHSON
CDBG Grants Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Use of money and property	\$ 1,500	\$ 2,185	\$ 685
Revenues from other agencies	-	11,491	11,491
	<u>1,500</u>	<u>13,676</u>	<u>12,176</u>
Fund balance, beginning of year	<u>80,462</u>	<u>80,462</u>	<u>-</u>
Fund balance, end of year	<u>\$ 81,962</u>	<u>\$ 94,138</u>	<u>\$ 12,176</u>

CITY OF HUGHSON
Public Safety Augmentation Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Charges for services	\$ 6,000	\$ 6,748	\$ 748
Other financing sources (uses):			
Transfers out	(5,000)	-	5,000
Net change in fund balance	1,000	6,748	5,748
Fund balance, beginning of year	8,679	8,679	-
Fund balance, end of year	<u>\$ 9,679</u>	<u>\$ 15,427</u>	<u>\$ 5,748</u>

CITY OF HUGHSON
Solid Waste Management Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Use of money and property	\$ 700	\$ 733	\$ 33
Charges for services	<u>2,000</u>	<u>12,067</u>	<u>10,067</u>
Total revenues	2,700	12,800	10,100
Other financing sources (uses):			
Transfers out	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>
Net change in fund balance	(2,300)	12,800	15,100
Fund balance, beginning of year	<u>28,284</u>	<u>28,284</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 25,984</u></u>	<u><u>\$ 41,084</u></u>	<u><u>\$ 15,100</u></u>

CITY OF HUGHSON
Storm Drain Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Over (Under)
Revenues:			
Charges for services	\$ 130,000	\$ 29,251	\$ (100,749)
Expenditures:			
Capital outlay	13,500	13,494	(6)
Net change in fund balance	116,500	15,757	(100,743)
Fund balance (deficit), beginning of year	(53,538)	(53,538)	-
Fund balance (deficit), end of year	\$ 62,962	\$ (37,781)	\$ (100,743)

CITY OF HUGHSON
Traffic Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Use of money and property	\$ -	\$ 737	\$ 737
Expenditures:			
Current:			
Public safety	-	8,017	8,017
Capital outlay	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Total expenditures	<u>30,000</u>	<u>38,017</u>	<u>8,017</u>
Net change in fund balance	(30,000)	(37,280)	(7,280)
Fund balance, beginning of year	<u>37,280</u>	<u>37,280</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 7,280</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (7,280)</u></u>

CITY OF HUGHSON
SLESF Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Use of money and property	\$ 5,000	\$ 2,857	\$ (2,143)
Revenues from other agencies	100,000	100,485	485
Total revenues	105,000	103,342	(1,658)
Expenditures:			
Current:			
Public safety	100,000	104,047	4,047
Net change in fund balance	5,000	(705)	(5,705)
Fund balance, beginning of year	95,733	95,733	-
Fund balance, end of year	<u>\$ 100,733</u>	<u>\$ 95,028</u>	<u>\$ (5,705)</u>

CITY OF HUGHSON
CLEEP Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Use of money and property	\$ 700	\$ 575	\$ (125)
Expenditures:			
Capital outlay	<u>27,550</u>	<u>10,229</u>	<u>-17321</u>
Net change in fund balance	(26,850)	(9,654)	17,196
Fund balance, beginning of year	<u>27,520</u>	<u>27,520</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 670</u></u>	<u><u>\$ 17,866</u></u>	<u><u>\$ 17,196</u></u>

CITY OF HUGHSON
Redevelopment Housing Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Over (Under)
Revenues:			
Property taxes	\$ 108,900	\$ 131,511	\$ 22,611
Use of money and property	20,000	37,345	17,345
Total revenues	128,900	168,856	39,956
Expenditures:			
Current:			
General government	209,850	73,665	(136,185)
Debt service:			
Principal	10,000	10,000	-
Interest and fiscal charges	30,339	31,719	1,380
Total expenditures	250,189	115,384	(134,805)
Net change in fund balance	(121,289)	53,472	174,761
Fund balance, beginning of year	754,999	754,999	-
Fund balance, end of year	\$ 633,710	\$ 808,471	\$ 174,761

CITY OF HUGHSON
Lighting and Landscaping Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Over (Under)
Revenues:			
Special assessments	\$ 121,801	\$ 112,118	\$ (9,683)
Expenditures:			
Current:			
Public works	91,195	43,484	(47,711)
Excess of revenues over expenditures	30,606	68,634	38,028
Other financing sources (uses):			
Transfers out	(22,500)	(22,500)	-
Net change in fund balance	8,106	46,134	38,028
Fund balance, beginning of year	69,146	69,146	-
Fund balance, end of year	\$ 77,252	\$ 115,280	\$ 38,028

CITY OF HUGHSON
Benefit Assessment Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Over (Under)
Revenues:			
Special assessments	\$ 54,750	\$ 54,109	\$ (641)
Expenditures:			
Current:			
Public works	54,750	3,160	(51,590)
Net change in fund balance	-	50,949	50,949
Fund balance, beginning of year	5,073	5,073	-
Fund balance, end of year	\$ 5,073	\$ 56,022	\$ 50,949

CITY OF HUGHSON
Refuse Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Over (Under)
Revenues:			
Charges for services	\$ 401,000	\$ 397,083	\$ (3,917)
Expenditures:			
Current:			
General government	365,650	420,434	54,784
Net change in fund balance	35,350	(23,351)	(58,701)
Fund balance (deficit), beginning of year	(36,887)	(36,887)	-
Fund balance (deficit), end of year	\$ (1,537)	\$ (60,238)	\$ (58,701)

CITY OF HUGHSON
Community Enhancement Special Revenue Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Over (Under)
Revenues:			
Use of money and property	\$ 200	\$ 1,431	\$ 1,231
Charges for services	40,000	7,762	(32,238)
Total revenues	40,200	9,193	(31,007)
Fund balance, beginning of year	54,697	54,697	-
Fund balance, end of year	\$ 94,897	\$ 63,890	\$ (31,007)

CITY OF HUGHSON
Redevelopment Debt Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Over (Under)
Revenues:			
Property taxes	\$ 440,250	\$ 526,045	\$ 85,795
Use of money and property	39,000	38,733	(267)
	<u>479,250</u>	<u>564,778</u>	<u>85,528</u>
Expenditures:			
Current:			
General government	4,100	122,564	118,464
Debt service:			
Principal	40,000	40,000	-
Interest and fiscal charges	121,355	126,878	5,523
	<u>165,455</u>	<u>289,442</u>	<u>123,987</u>
Net change in fund balance	313,795	275,336	(38,459)
Fund balance, beginning of year	<u>447,897</u>	<u>447,897</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 761,692</u></u>	<u><u>\$ 723,233</u></u>	<u><u>\$ (38,459)</u></u>

CITY OF HUGHSON
Transportation Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues:			
Use of money and property	\$ -	\$ 1,013	\$ 1,013
Revenues from other agencies	400,000	400,000	-
Total revenues	400,000	401,013	1,013
Expenditures:			
Capital outlay	310,000	26,439	(283,561)
Net change in fund balance	90,000	374,574	284,574
Fund balance (deficit), beginning of year	(153,703)	(153,703)	-
Fund balance (deficit), end of year	<u>\$ (63,703)</u>	<u>\$ 220,871</u>	<u>\$ 284,574</u>

CITY OF HUGHSON
Municipal Park Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Over (Under)
Revenues:			
Use of money and property	\$ 3,000	\$ 6,417	\$ 3,417
Charges for services	50,000	13,937	(36,063)
Total revenues	53,000	20,354	(32,646)
Fund balance, beginning of year	255,950	255,950	-
Fund balance, end of year	<u>\$ 308,950</u>	<u>\$ 276,304</u>	<u>\$ (32,646)</u>

CITY OF HUGHSON
Parks Development Impact Fees Capital Projects Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2008

	Final Budget	Actual	Variance Over (Under)
Revenues:			
Use of money and property	\$ 1,000	\$ 4,576	\$ 3,576
Charges for services	170,000	18,669	(151,331)
Revenues from other agencies	40,000	40,000	-
Total revenues	211,000	63,245	(147,755)
Expenditures:			
Capital outlay	430,000	77,173	(352,827)
Net change in fund balance	(219,000)	(13,928)	205,072
Fund balance, beginning of year	197,335	197,335	-
Fund balance (deficit), end of year	\$ (21,665)	\$ 183,407	\$ 205,072

CITY OF HUGHSON
Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2008

	<u>Community Center Operations Fund</u>	<u>USF Community Center Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets:			
Current assets:			
Cash and investments	\$ -	\$ 7,834	\$ 7,834
Accounts receivable	-	25	25
Total current assets	<u>-</u>	<u>7,859</u>	<u>7,859</u>
Capital assets:			
Being depreciated, net	<u>75,181</u>	<u>-</u>	<u>75,181</u>
Total assets	<u>75,181</u>	<u>7,859</u>	<u>83,040</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	3,362	37	3,399
Due to other funds	25,834	-	25,834
Deposits	<u>17,021</u>	<u>-</u>	<u>17,021</u>
Total liabilities	<u>46,217</u>	<u>37</u>	<u>46,254</u>
Net Assets:			
Invested in capital assets	75,181	-	75,181
Unrestricted	<u>(46,217)</u>	<u>7,822</u>	<u>(38,395)</u>
Total net assets	<u>\$ 28,964</u>	<u>\$ 7,822</u>	<u>\$ 36,786</u>

CITY OF HUGHSON
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2008

	Community Center Operations Fund	USF Community Center Fund	Total Nonmajor Enterprise Funds
Operating revenues:			
Charges for services	\$ 8,455	\$ 10,090	\$ 18,545
Operating expenses:			
Administrative	26,805	9,856	36,661
Maintenance	4,513	2,202	6,715
Depreciation	8,500	-	8,500
Total operating expenses	39,818	12,058	51,876
Operating income (loss)	(31,363)	(1,968)	(33,331)
Nonoperating revenues:			
Interest income	-	205	205
Change in net assets	(31,363)	(1,763)	(33,126)
Net assets, beginning of year	60,327	9,585	69,912
Net assets, end of year	\$ 28,964	\$ 7,822	\$ 36,786

CITY OF HUGHSON
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2008

	<u>Community Center Operations Fund</u>	<u>USF Community Center Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
Cash flows from operating activities:			
Cash received from customers	\$ 8,455	\$ 10,735	\$ 19,190
Cash paid to suppliers of goods and services	<u>(29,787)</u>	<u>(12,339)</u>	<u>(42,126)</u>
Net cash provided by (used for) operating activities	<u>(21,332)</u>	<u>(1,604)</u>	<u>(22,936)</u>
Cash flows from noncapital financing activities:			
Interfund borrowing	<u>21,332</u>	<u>4,502</u>	<u>25,834</u>
Cash flows from investing activities:			
Interest on investments	<u>-</u>	<u>205</u>	<u>205</u>
Net increase in cash and cash equivalents	-	3,103	3,103
Cash and cash equivalents, beginning of year	<u>-</u>	<u>4,731</u>	<u>4,731</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 7,834</u>	<u>\$ 7,834</u>

(Continued)

CITY OF HUGHSON
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Year Ended June 30, 2008

	<u>Community Center Operations Fund</u>	<u>USF Community Center Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of operating income (loss) to Net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (31,363)	\$ (1,968)	\$ (33,331)
Adjustments to reconcile operating income (loss) to net cash provided by Operating activities:			
Depreciation expense	8,500	-	8,500
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	-	645	645
Increase (decrease) in accounts payable and accrued liabilities	(609)	(281)	(890)
Increase (decrease) in deposits	2,140	-	2,140
	<u> </u>	<u> </u>	<u> </u>
Net cash provided by (used for) operating activities	<u>\$ (21,332)</u>	<u>\$ (1,604)</u>	<u>\$ (22,936)</u>

CITY OF HUGHSON
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2008

<u>Water/Sewer Deposits</u>	<u>Balance</u> <u>June 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
<u>Assets</u>				
Cash and investments	\$ 20,073	\$ 19,711	\$ 20,073	\$ 19,711
<u>Liabilities</u>				
Accounts payable	\$ 20,073	\$ 19,711	\$ 20,073	\$ 19,711

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