CITY OF HUGHSON

Annual Financial Report

Fiscal Year Ended June 30, 2012

INTRODUCTORY SECTION

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

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hughson, California (City) as of and for the fiscal year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hughson, California, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable thereof, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 6, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contacts, 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.

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Management has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Home Loan Special Revenue Fund, and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – Refuse Special Revenue Fund on pages 41 through 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Moss, Levy & Hartzheim

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

CITY OF HUGHSON
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and Investments	$ 3,500,503	$ 4,760,502	$ 8,261,005
Accounts Receivable	201,618	165,288	366,906
Notes Receivable	1,654,851		1,654,851
Deposits Receivable	52,184		52,184
Interest Receivable	151,815		151,815
Capital Assets, Not Being Depreciated	13,211,040	42,867,857	56,078,897
Capital Assets, Net of Accumulated Depreciation	15,006,404	15,247,016	30,253,420
Total Assets	33,778,415	63,040,663	96,819,078
Liabilities:			
Accounts Payable	362,066	60,508	422,574
Interest Payable		103,119	103,119
Deposits Payable		840	840
Noncurrent Liabilities:			
Due Within One Year		1,316,651	1,316,651
Due in More Than One Year		26,758,791	26,758,791
Total Liabilities	362,066	28,239,909	28,601,975
Net Assets:			
Invested in Capital Assets, Net of Related Debt	28,217,444	30,073,139	58,290,583
Restricted for:			
Home Loans	1,458,212		1,458,212
Community Development	611,769		611,769
Streets and Roads	493,811		493,811
Public Safety	221,680		221,680
Public Facilities	1,338,232		1,338,232
Unrestricted	1,075,201	4,727,615	5,802,816
Total Net Assets	$ 33,416,349	$ 34,800,754	$ 68,217,103

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

CITY OF HUGHSON

Statement of Activities

For the Fiscal Year Ended June 30, 2012

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

General Revenues:

Taxes:

Property Taxes

Sales and Use Taxes

Business License Taxes

Other Taxes

Investment Earnings

Other Revenue

Transfers

Total General Revenues and Transfers

Change in net assets before Extraordinary Item

Gain on Dissolution of the Redevelopment Agency

Change in net assets

Net Assets - Beginning of Fiscal Year

Net Assets - End of Fiscal Year

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

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

CITY OF HUGHSON
Balance Sheet
Governmental Funds
June 30, 2012

		Special Revenue	
	General	**Home Loan**	**Refuse**
Assets:			
Cash and Investments	$ 963,686	$ 34,843	$ -
Accounts Receivable	105,921		23,989
Loans Receivable		1,423,710	
Due from Other Funds	263,365		
Deposits	52,184		
Total Assets	$ 1,385,156	$ 1,458,553	$ 23,989
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	$ 231,068	$ 341	$ 95,125
Deferred Revenue		1,423,710	
Due to Other Funds			8,114
Total Liabilities	231,068	1,424,051	103,239
Fund Balances:			
Nonspendable	52,184		
Restricted for:			
Home loans		34,502	
Capital projects			
Public safety			
Streets and roads			
Community development			
Unassigned	1,101,904		(79,250)
Total Fund Balances (Deficits)	1,154,088	34,502	(79,250)
Total Liabilities and Fund Balances	$ 1,385,156	$ 1,458,553	$ 23,989

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

Debt Service	Capital Projects		
Redevelopment Agency	Redevelopment Agency	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 2,394,938	$ 3,393,467
		71,708	201,618
		231,141	1,654,851
			263,365
			52,184
$ -	$ -	$ 2,697,787	$ 5,565,485
$ -	$ -	$ 35,532	$ 362,066
		231,141	1,654,851
		255,251	263,365
		521,924	2,280,282
			52,184
			34,502
		1,338,232	1,338,232
		221,680	221,680
		493,811	493,811
		380,628	380,628
		(258,488)	764,166
		2,175,863	3,285,203
$ -	$ -	$ 2,697,787	$ 5,565,485

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

Total fund balances - governmental funds		$ 3,285,203
In governmental funds, only current assets are reported. In the statement of net assets, all assets are reported, including capital assets and accumulated depreciation.		
Capital assets at historical cost	$ 35,859,714	
Accumulated depreciation	(7,642,270)	28,217,444
In governmental funds, certain receivables are not available to pay for current period expenditures and, therefore, are offset by deferred revenue.		1,654,851
Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service fund must be added to the statement of net assets.		107,036
In governmental funds, certain accrued interest receivable on notes receivable is not available to pay for current period expenditures and, therefore, is not reported in the governmental funds.		151,815
Total net assets - governmental activities		$ 33,416,349

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

CITY OF HUGHSON
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2012

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

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

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

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CITY OF HUGHSON

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2012

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

Net change in fund balance - total governmental funds		$	(786,273)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those capital assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.			
Capital outlay	$ 594,267		
Depreciation expense	(538,498)		55,769
Certain notes receivable are reported in the governmental funds as expenditures and then offset by a deferred revenue as they are not available to pay current expenditures. Likewise, when the note is collected it is reflected in revenue. This is the net change between notes receivable collected and issued.			(66,170)
The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Issuance of bond principal is an other financing source and repayment of bond principal is an expenditure in governmental funds, but the issuance increases long-term liabilities and the repayment reduces long-term liabilities in the statement of net assets.			
Tax allocation bonds - principal payment			60,000
Compensated absence expenditures reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period.			29,714
Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities.			(811)
The amounts below, included in the Statement of Activities do not provide or require the use of current financial resources and, therefore, are not reported as revenue or expenditures in the governmental funds (net change):			
Amortization - deferred charges			(3,032)
Amortization - discount on bonds			(658)
Difference in the gain/loss on the dissolution of the redevelopment agency between the government activities $1,646,468 and the fund financial statements ($156,381).			1,802,849
Certain accrued interest revenue of notes receivable reported in the statement of activities is not available to pay for current period expenditures, and therefore, is not reported as revenue in a governmental fund. This is the net change in interest receivable for the current period.			13,341
Change in net assets of governmental activities		$	1,104,729

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

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

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

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

CITY OF HUGHSON

Statement of Revenues, Expenses, and Changes in Net Assets

Proprietary Funds

For the Fiscal Year Ended June 30, 2012

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

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

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

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

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

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

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

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Hughson (City) was incorporated in December 1972. The City is a general law city operating under the Council-Manager form of government, with a five member City Council elected for four-year overlapping terms. The City Manager is appointed by the City Council to serve as administrator of the staff and to carry out the Council's policies.

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

Blended Component Unit

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

B. Basis of Presentation

Government-wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City and between the City and its blended component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

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

Fund Financial Statements

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

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

The City reports five major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes activities such as public protection, public works and facilities, parks and recreation, and community development.

- The *Home Loan Special Revenue Fund* was established to account for all proceeds of grant revenues from the federal government under the First Time Home Buyer federal grant program and from the State of California's CalHome grant program. The expenditures relate to payments made to eligible recipients for buying homes subject to fulfillment of conditions.

- The *Refuse Special Revenue Fund* was established to account for monies collected on behalf of a franchise garbage collection company.

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

- The *Redevelopment Agency Capital Projects Fund* was established to undertake projects aimed at eliminating blight within the redevelopment project area. The Agency Board has identified a particular geographic area within the City of Hughson as comprising the project area. In addition to tax increment financing, the City also advances funds for certain capital projects within the project area.

The City reports the following two major enterprise funds:

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

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

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City reports the following additional fund types:

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

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

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

C. Basis of Accounting and Measurement Focus

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

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

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

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

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting and Measurement Focus (Continued)

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

D. Assets, Liabilities, and Equity

1. Deposits and Investments

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

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

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

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

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

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

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

2. Receivables and Payables

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

The City's property taxes are levied on the first day of January by the County assessor, and are payable to the County tax collector in two installments. The first installment is due November 1st, and is delinquent after December 10th; the second installment is due February 1st and is delinquent after April 10th. Taxes become a lien on the property on January 1st, and on the date of the transfer of the title, and the date of new construction. Article 13A of the California Constitution states: "The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent tax is to be collected by the Counties and apportioned according to law to the districts within the counties." The City has elected under State law (TEETER) to receive all of the annual property assessments in three installments as follows: 55% in December, 40% in April and 5% in June.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Restricted Assets

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

5. Capital Assets

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

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

5. Capital Assets (Continued)

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

Buildings and improvements	30 years
Vehicles	5 years
Machinery and equipment	5 to 15 years
Infrastructure	50 to 80 years

6. Compensated Absences

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

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

7. Long-term Obligations

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

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

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

8. Net Assets

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

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. New Accounting Pronouncements

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

Governmental Accounting Standards Board Statement No. 64

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

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

G. Fund Balance

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the City is bound to honor constraints on how specific amounts can be spent.

- Nonspendable fund balance – amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

- Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the City's highest level of decision-making authority (the City Council) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

- Assigned fund balance – amounts that are constrained by the City's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose.

- Unassigned fund balance – the residual classification for the City's funds that include amounts not contained in the other classifications.

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

1. During May of each year, the City Manager submits to the City Council a proposed operating budget for the next following fiscal year. The operating budget includes proposed revenues and expenditures.

2. After a review by the City Council, a public hearing is conducted and further comment is received from the City Council and the general public.

3. Upon completion of the hearings and modifications, if any, to the proposed budget, it is adopted by the City Council through passage of an appropriate resolution.

4. Generally, the budget is amended in the middle of the year and at the end of the year. All approved additional appropriations are added to the adopted budget and an amended budget is presented to the City Council, which adopts it after due review expenditure categories within departments as deemed necessary in order to meet the City's needs.

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

A. Budgetary Information (Continued)

5. The City Manager is authorized to transfer from time to time budget amounts of operational.

6. City Council approval is required for all fund to fund transfers, department to department transfers, fund reserve to appropriations transfers, transfers for new revenue sources with offsetting appropriations, and for transfer to/from the capital expenditure category.

B. Budget/USGAAP Reconciliation

No funds adopted project-length or budgetary basis budgets and, therefore, no schedule reconciling the amounts on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget to Actual to the amounts on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances has been prepared.

C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2012, expenditures exceeded appropriations in the following funds:

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

D. Deficit Fund Equity

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

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

NOTE 3 – CASH AND INVESTMENTS

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

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

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

Cash on hand	$	100
Investments		8,444,406
Total cash and investments	$	8,444,506

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Bonds issued by the City	N/A	None	None
US Treasury Obligations	5 years	None	None
Federal Agency Issues	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Bankers' Acceptances	180 days	40%	30%
Medium Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	None	10%
Commercial Paper	270 days	25%	None
County Pool Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	$50 Million
Collateralized Bank Deposits	N/A	None	None
Mortgage Pass-through Securities	5 years	20%	None
Shares of Beneficial Interest by a JPA	N/A	None	None

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

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Investments Authorized by Debt Agreements

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

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

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

C. Disclosures Relating to Interest Rate Risk

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

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

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

NOTE 3 – CASH AND INVESTMENTS (Continued)

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

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

E. Disclosures Relating to Credit Risk

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

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

F. Concentration of Credit Risk

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

G. Custodial Credit Risk

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

NOTE 3 – CASH AND INVESTMENTS (Continued)

H. Investment in State Investment Pool

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

NOTE 4 – INTERFUND TRANSACTIONS

A. Interfund Receivables and Payables

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

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

B. Transfers between Funds

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

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

NOTE 5 – CAPITAL ASSETS

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

	Balance at July 1, 2011	Additions	Deletions	Transfers Per Dissolution of RDA	Balance at June 30, 2012
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 9,678,610	$ -	$ -	$ -	$ 9,678,610
Rights of ways	2,777,617				2,777,617
Construction in progress	160,546	594,267			754,813
Total capital assets, not being depreciated	12,616,773	594,267			13,211,040
Capital assets, being depreciated:					
Buildings	1,220,796				1,220,796
Improvements	8,190,222			(839,334)	7,350,888
Equipment	321,726				321,726
Machinery	241,902				241,902
Rolling stock	530,299				530,299
Infrastructure	13,157,527			(174,464)	12,983,063
Total capital assets being depreciated	23,662,472			(1,013,798)	22,648,674
Less accumulated depreciation for:					
Buildings	(512,525)	(24,747)			(537,272)
Improvements	(3,148,758)	(268,471)		56,011	(3,361,218)
Equipment	(321,726)				(321,726)
Machinery	(161,686)	(20,934)			(182,620)
Rolling stock	(507,548)	(22,751)			(530,299)
Infrastructure	(2,513,763)	(201,595)		6,223	(2,709,135)
Total accumulated depreciation	(7,166,006)	(538,498)		62,234	(7,642,270)
Total capital assets, being depreciated, net	16,496,466	(538,498)		(951,564)	15,006,404
Governmental activities capital assets, net	$ 29,113,239	$ 55,769	$ -	$ (951,564)	$ 28,217,444

Business-type activities:	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
Capital assets, not being depreciated:				
Land	$ 18,003,696	$ -	$ -	$ 18,003,696
Construction in progress	23,306,127	1,558,034		24,864,161
Total capital assets, not being depreciated	41,309,823	1,558,034		42,867,857
Capital assets, being depreciated:				
Buildings	3,413,530			3,413,530
Improvements	27,321,481	76,561		27,398,042
Equipment	157,040	21,509		178,549
Machinery	235,695			235,695
Rolling stock	132,876			132,876
Total capital assets, being depreciated	31,260,622	98,070		31,358,692
Less accumulated depreciation for:				
Buildings	(1,052,413)	(103,785)		(1,156,198)
Improvements	(13,977,570)	(502,808)		(14,480,378)
Equipment	(125,278)	(13,805)		(139,083)
Machinery	(199,550)	(9,564)		(209,114)
Rolling stock	(102,371)	(24,532)		(126,903)
Total accumulated depreciation	(15,457,182)	(654,494)		(16,111,676)
Total capital assets, being depreciated, net	15,803,440	(556,424)		15,247,016
Business-type activities capital assets, net	$ 57,113,263	$ 1,001,610	$ -	$ 58,114,873

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation

Depreciation expense was charged to governmental functions as follows:

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

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

Sewer	$ 444,836
Water	185,482
Community Facilities	24,176
Total depreciation expense – business-type functions	$ 654,494

NOTE 6 – NOTES RECEIVABLE

The City has established a number of housing assistance loan programs using HOME Investment Partnerships Program grant funds. These loans consist of several loans for first-time home buyers assistance and home rehabilitation assistance loans for qualified persons. The City also utilizes Community Development Block Grant (CDBG) and RDA Low/Mod Incoming Housing funds to provide business assistance loans and home rehabilitation loans to qualified persons.

NOTE 7 – LONG-TERM LIABILITIES

The following is a schedule of long-term liabilities for Governmental Activities and Business-type Activities for the fiscal year ended June 30, 2012:

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

NOTE 7 – LONG-TERM LIABILITIES (Continued)

1. Governmental Activities – 2006 Tax Allocation Bonds Payable

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

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

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

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

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

3. Business -type Activities – Installment Notes Payable

On February 27, 2006 the City executed an installment note agreement with Municipal Finance Corporation for the acquisition and construction of a 750,000 gallon water storage tank to meet fire flow requirements. The note bears interest at 4.7%, with principal payments varying from $37,010 to $90,702, payable semi-annually beginning September 29, 2006, and continuing until March 29, 2026. The balance outstanding at June 30, 2012 is $1,894,436.

NOTE 7 – LONG-TERM LIABILITIES (Continued)

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

On March 7, 2008, the City executed an installment note agreement with Municipal Finance Corporation for the acquisition and construction for a wastewater treatment plant in the amount of $6,750,000. The note bears interest at 4.2%, with principal payments varying from $126,472 to $486,810, payable semi-annually beginning September 7, 2008, and continuing until March 7, 2028. The balance outstanding at June 30, 2012 is $5,808,136.

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

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

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

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

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

NOTE 7 – LONG-TERM LIABILITIES (Continued)

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

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

	CSWRCB Loan		
Ended June 30,	Principal	Interest	Total
2013	$ 948,019	$ -	$ 948,019
2014	957,499	187,811	1,145,310
2015	967,075	178,236	1,145,311
2016	976,745	168,565	1,145,310
2017	986,513	158,798	1,145,311
2018-2022	5,082,529	644,026	5,726,555
2023-2027	5,341,788	384,765	5,726,553
2028-2031	4,660,994	112,280	4,773,274
	$ 19,921,162	$ 1,834,481	$ 21,755,643

6. Compensated Absences

The City's policy relating to compensated absences is described in Note (1). Compensated absences are liquidated primarily by the general fund and proprietary funds. The total amount outstanding at June 30, 2012, was $33,708 for business-type activities.

NOTE 8 – RISK MANAGEMENT

Central San Joaquin Valley Risk Management Authority

The City participates with other public entities in a joint exercise of powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

The City is covered for the first $1,000,000 of each general liability claim and $500,000 of each workers' compensation claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under $10,000 and worker's compensation losses under $10,000. The CSJVRMA participates in an excess pool which provides general liability coverage from $1,000,000 to $10,000,000. The CSJVRMA participates in an excess pool which provides workers' compensation coverage from $350,000 to $500,000 and purchases excess insurance above the $500,000 to the statutory limit.

The CSJVRMA is a consortium of fifty-five (55) cities in the San Joaquin Valley of California. It was established under the provisions of California Government Code Section 6500 et seq. The CSJVRMA is governed by a Board of Directors, which meets 3-4 times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA.

NOTE 9 – PROPRIETARY FUNDS INFORMATION

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

NOTE 10 – CONTINGENT LIABILITIES

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

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

The City does not offer any other post employment benefits.

NOTE 12 – DEFINED BENEFIT PENSION PLANS

Public Employees Retirement System (PERS)

Plan Description and Funding Policy

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

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

Annual Pension Cost

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

Three-Year Trend Information for Miscellaneous Plan

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

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

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

The Bill provides that upon dissolution of a redevelopment agency, either the city or other unit of local government will agree to serve as the "successor agency" to hold the assets units they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of the City resolution number 12-001.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence as the date of the dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Tax Allocation Bonds – Series 2006

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

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

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

NOTE 14 – SUBSEQUENT EVENTS

In preparing the accompanying financial statements, the City management has reviewed all known events that have occurred after June 30, 2012, and through December 6, 2012, the date when this financial statement was available to be issued, for inclusion in the financial statement and footnotes.

REQUIRED SUPPLEMENTAL INFORMATION

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

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

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

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

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

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

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OTHER SUPPLEMENTAL INFORMATION

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

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

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

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

The Transportation Fund was established to account for the 6" 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, 2012

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

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

Continued

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

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

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

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

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

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

Continued

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF HUGHSON
PUBLIC FACILITIES CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

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

CITY OF HUGHSON
TRANSPORTATION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

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

CITY OF HUGHSON
MUNICIPAL PARK CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

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

CITY OF HUGHSON
PARKS DEVELOPMENT IMPACT FEES CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2012

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

NONMAJOR PROPRIETARY FUNDS

PROPRIETARY FUNDS

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

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

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

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

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

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

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

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

	Enterprise Funds		
	Community Center Operations Fund	USF Community Center Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Users	$ 9,448	$ 15,937	$ 25,385
Cash Payments to Suppliers and Contractors	(19,024)	(8,657)	(27,681)
Cash Payments to Employees		(4,339)	(4,339)
Net Cash Provided (Used) By Operating Activities	(9,576)	2,941	(6,635)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	16,000	(4,500)	11,500
Interfund Borrowing	(2,143)	2,143	
Net Cash Provided (Used) By Noncapital Financing Activities	13,857	(2,357)	11,500
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,281	584	4,865
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR		4,626	4,626
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	$ 4,281	$ 5,210	$ 9,491
Reconciliation to Statement of Net Assets:			
Cash and Cash Equivalents	$ 4,281	$ 5,210	$ 9,491
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income (Loss)	$ (23,853)	$ 3,419	$ (20,434)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	24,176		24,176
Changes in Assets and Liabilities:			
Increase (Decrease) in Accounts Payable	731	(478)	253
Increase (Decrease) in Deposits Payable	(10,630)		(10,630)
Total Adjustments	14,277	(478)	13,799
Net Cash Provided (Used) By Operating Activities	$ (9,576)	$ 2,941	$ (6,635)

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