



CITY OF HUGHSON
CITY COUNCIL MEETING
 CITY HALL COUNCIL CHAMBERS
 7018 Pine Street, Hughson, CA

AGENDA
MONDAY, MARCH 10, 2014 – 7:00 P.M.

CALL TO ORDER: Mayor Matt Beekman

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

FLAG SALUTE: Mayor Matt Beekman

INVOCATION:

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

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

2. PRESENTATIONS: NONE.

3. CONSENT CALENDAR:

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

3.1: Approve the February 24, 2014 Regular Meeting Minutes.

3.2: Approve the Warrants Register.

- 3.3:** Approve Resolution No. 2014-07, a Resolution of the City Council of the City of Hughson designating the City Manager to act on its behalf for the SDWSRF financing and sign on behalf of the City on related application documents to the CDPH, designating the City Engineer to act on its behalf in signing the Budget and Expenditure Summary and final inspections and completions, agreeing to raise user water rates as appropriate, and identifying the source of revenue for loan repayment as required by CDPH.
- 3.4:** Approve the Annual Report of AB1600 Fees for Fiscal Year Ending 2013.
- 3.5:** Approve Resolution No. 2014-08, in support of approving the Draft Annual Action Plan (AAP) for Fiscal Year 2014-2015.
- 3.6:** Approve the Re-Appointment of Julie Strain, Karen Minyard, and Mark Fontana to the Planning Commission.

4. UNFINISHED BUSINESS:

- 4.1:** Accept the Progress Report on the City of Hughson Lighting and Landscaping Districts and Benefit Assessment Districts.
- 4.2** Consider Resolution No. 2014-09, Approving Adjustments to the Operating Budget for Fiscal Year 2013-14.
- 4.3:** Receive and Review the Audit for 2013-2014.

5. PUBLIC HEARING TO CONSIDER THE FOLLOWING:

- 5.1:** Introduce and Waive the First Reading of Ordinance No. 2014-01, Amending Hughson Municipal Code Title Chapter 2.04 – Meeting Location.
- 5.2:** Introduce and Waive the First Reading of Ordinance No. 2014-02, Amending Hughson Municipal Code Title Chapter 3.28 – Informal Bidding.
- 5.3:** Introduce and Waive the First Reading of the Ordinance No. 2014-03, Amending Hughson Municipal Code Title Chapter 9.36 – Massage Establishments.

6. NEW BUSINESS: NONE.

7. CORRESPONDENCE: NONE.

8. COMMENTS:

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

City Manager:

City Clerk:

Community Development Director:

Director of Finance:

Police Services:

City Attorney:

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

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

9. CLOSED SESSION TO DISCUSS THE FOLLOWING:

9.1: CONFERENCE WITH LABOR NEGOTIATOR pursuant to Government Code Section 54957.6.

Agency Negotiator: Raul L. Mendez, City Manager

Employee Organizations: Operating Engineers Local No. 3
(Skilled Trades, Professional and Technical)
Management

10. REPORT FROM CLOSED SESSION:

ADJOURNMENT:

WAIVER WARNING

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

UPCOMING EVENTS:

March 18	▪ Relay for Life 3 on 3 Basketball Tournament Fundraiser, HHS Gym, 5-9:00pm
March 18	▪ Planning Commission Meeting, City Council Chambers, 6:00pm
March 22	▪ 4 th Annual Taste of Hughson, St. Anthony’s Catholic Church, 4:30-9:00pm
March 24	▪ City Council Meeting, City Council Chambers, 7:00pm
April 14	▪ City Council Meeting, City Council Chambers, 7:00pm
April 15	▪ Planning Commission Meeting, City Council Chambers, 6:00pm
April 26-27	▪ City-Wide Yard Sale Event

April 28	<ul style="list-style-type: none"> ▪ City Council Meeting, City Council Chambers, 7:00pm
May 3	<ul style="list-style-type: none"> ▪ City-Wide Clean Up Day, 9:00-2:00pm

RULES FOR ADDRESSING CITY COUNCIL

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

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

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

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

AFFIDAVIT OF POSTING

DATE: March 7, 2014 **TIME:** 3:00pm
NAME: Dominique Spinale **TITLE:** Deputy City Clerk

Notice Regarding Non-English Speakers:

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

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

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

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



CITY OF HUGHSON AGENDA ITEM NO. 3.1 SECTION 3: CONSENT CALENDAR

Meeting Date: March 10, 2014
Subject: Approval of the City Council Minutes
Presented By: Dominique Spinale, Deputy City Clerk

Approved By: _____

Staff Recommendation:

Approve the Regular Meeting Minutes of February 24, 2014 as presented.

Background and Overview:

The draft minutes of the February 24 meeting are prepared for the Council's review.



CITY OF HUGHSON
CITY COUNCIL MEETING
CITY HALL COUNCIL CHAMBERS
7018 Pine Street, Hughson, CA

MINUTES
MONDAY, FEBRUARY 24, 2014 – 7:00 P.M.

CALL TO ORDER: Mayor Matt Beekman

ROLL CALL:

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

Staff Present: Raul Mendez, City Manager
Jim Duval, Interim Community Development Director
Daniel J. Schroeder, City Attorney
Darin Gharat, Chief of Police Services
Dominique Spinale, Management Analyst/Deputy City Clerk
Lisa Whiteside, Finance Manager
Sam Rush, Public Works Superintendent

FLAG SALUTE: Mayor Matt Beekman

INVOCATION: Reverend Ernie Spears

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

Jenna Silva asked the Council to join in supporting the Relay for Life event at Hughson High School May 2-3.

Chief Darin Gharat introduced Sergeant Hector Longoria and Captain Jim Gordan with the Stanislaus County Sheriff's Department to the City Council.

2. PRESENTATIONS: NONE.

3. CONSENT CALENDAR:

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

- 3.1: Approve the February 10, 2014 Regular Meeting Minutes.
- 3.2: Approve the Warrants Register.
- 3.3: Approve the Treasurer's Report for the month of December 2013.

BEEKMAN/SILVA 5-0 motion passes to approve the Consent Calendar as presented.

4. UNFINISHED BUSINESS:

- 4.1: Accept the Progress Report on the City of Hughson Lighting and Landscaping Districts and Benefit Assessment Districts.

City Manager Mendez provided an update on this item. The City of Turlock's IT Department does not have the capacity to develop the required database solution to meet the City's annual assessment timeframes. The City contacted Stanislaus County and due to recent staffing changes currently didn't have the capacity to provide the technical support. The City Manager discussed developing a Request for Proposals for the necessary services as an option. The City Manager indicated that the LMDs and BADs would be a focus during the mid-year review.

5. PUBLIC HEARING TO CONSIDER THE FOLLOWING: NONE.**6. NEW BUSINESS:**

- 6.1: Consider the Adoption of Resolution No. 2014-05, Supporting the Efforts of the Healthy Eating Active Living (HEAL) Cities Campaign.

Lourdes Perez with the Ceres Partnership for Healthy Children and LaCresia Hawkins from California Center for Public Health Advocacy provided a PowerPoint presentation on the efforts of the HEAL Cities Campaign. Supervisor Jim DeMartini, Chairman of the Stanislaus County Board of Supervisors made some comments in support of the HEAL Cities Campaign.

HILL/CARR 5-0 motion passes to adopt Resolution No. 2014-05, Supporting the Efforts of the Healthy Eating Active Living (HEAL) Cities Campaign.

- 6.2: Accept an update on the Hughson Pavement Management Program and receive The City of Hughson's "State of the Pavements" presentation, presented by Margot Yapp, Nichols Consulting Engineers.

Margot Yapp, Nichols Consulting Engineers presented a PowerPoint on the City of Hughson’s “State of the Pavements”.

BEEKMAN/CARR 5-0 motion passes to accept the update.

- 6.3:** Consider the Adoption of Resolution No. 2014-06, Supporting the Stanislaus County 2014 Regional Transportation Tax Measure Financial Expenditure Plan.

Carlos Yamzon, Executive Director of the Stanislaus Council of Governments presented a PowerPoint on the County 2014 Regional Transportation Tax Measure Financial Expenditure Plan.

The City Council discussed this item with Mr. Yamzon and City staff.

CARR/SILVA 5-0 motion passes to adopt Resolution No. 2014-06, Supporting the Stanislaus County 2014 Regional Transportation Tax Measure Financial Expenditure Plan.

7. CORRESPONDENCE: NONE.

8. COMMENTS:

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

City Manager: City Manager Mendez updated the Council on the upcoming Water Advisory Committee meeting scheduled for February 26.

City Clerk:

Community Development Director: Director Duval updated the Council on meeting with Chevron to discuss a Solar Paneling Project that would incorporate all the City’s facilities.

Director of Finance:

Police Services:

City Attorney:

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

Councilmember Carr updated the Council on his attendance at the Turlock Mosquito Abatement District and the Hughson Family Resource Advisory Board meetings.

Councilmember Silva updated the Council on meeting with Governor Jerry Brown during his visit to Stanislaus County and reminded the Council about the Relay for Life Event discussed earlier at the meeting.

Councilmember Hill updated the Council on his attendance at the Fire 2+2 meeting.

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

Mayor Beekman updated the Council on his attendance at the Economic Development Committee and StanCOG meeting.

9. CLOSED SESSION TO DISCUSS THE FOLLOWING: 8:46 P.M.

9.1: CONFERENCE WITH LABOR NEGOTIATOR pursuant to Government Code Section 54957.6.

Agency Negotiator: Raul L. Mendez, City Manager

Employee Organizations: Operating Engineers Local No. 3
(Skilled Trades, Professional and Technical)

Management

10. REPORT FROM CLOSED SESSION: 9:08 P.M.

No reportable action was taken.

ADJOURNMENT:

BEEKMAN/HILL motion passes to adjourn the meeting at 9:08 P.M.

MATT BEEKMAN, Mayor

DOMINIQUE SPINALE, Deputy City Clerk



CITY OF HUGHSON AGENDA ITEM NO. 3.2

SECTION 3: CONSENT CALENDAR

Meeting Date: March 10, 2014
Subject: Approval of Warrants Register
Enclosure: Warrant Register
Presented By: Lisa Whiteside, Finance Manager

Approved By: _____

Staff Recommendation:

Approve the Warrants Register as presented.

Background and Overview:

The warrant register presented to the City Council is a listing of all expenditures paid from February 25 through March 6, 2014.

Fiscal Impact:

There are reductions in various funds for payment of expenses.

REPORT.: Mar 06 14 Thursday
 RUN....: Mar 06 14 Time: 16:24
 Run By.: KATHY DAHLIN

City of Hughson
 Cash Disbursement Detail Report
 Check Listing for 03-14 Bank Account.: 0100

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

dw

Check Number	Check Date	Vendor Number	Name	Net Amount	-----Payment Information-----	
					Invoice #	Description
44823	3/6/2014	ABS00	ABS PRESORT	630.97	91757	STATEMENTS FOR FEBRUARY
44824	3/6/2014	AFL01	AFLAC	747.38	550644	AFLAC
44825	3/6/2014	AND02	ANDREWS ELECTRIC	4738.01	76121	REBUILD WELL SITE #6 MOTOR
44826	3/6/2014	ATT01	AT&T	2414.89	B40306	PHONE
44827	3/6/2014	ATT03	AT&T	14.08	5159650	PHONE
44828	3/6/2014	ATT04	AT&T MOBILITY	84.27	X02272014	PHONE
44829	3/6/2014	AVA00	AVAYA, INC	72.22	732973443	PHONE
				92.57	732977563	PHONE
			Check Total:	164.79		
44830	3/6/2014	BAR02	BARTLE WELLS ASSOCIATES,I	4121	A443L1006	WATER RATE STUDY SERVICES 12/30/13-1/31/14
44831	3/6/2014	BLU00	BLUE SHIELD	10764	B40306	HEALTH PREMIUMS MARCH 2014
44832	3/6/2014	CAR11	CARR, GEORGE	9.99	B40306	REIMBURSEMENT FOR SOFTWARE APP
44833	3/6/2014	CHA01	CHARTER COMMUNICATION	84.99	B40306	IP ADDRESS
44834	3/6/2014	CIT16	CITIZENS BUSINESS BANK	92810.79	B40306	ACQUISITION OF WATER TANK BOND PAYMENT
44835	3/6/2014	COG00	COGDILL & GIOMI	1500	B40306	APPRAISAL SERV. RENDERED 6 PARCEL @ WHITMORE & 7TH
44836	3/6/2014	CSU02	CSU STANISLAUS	150	CMP002411	PARK GRANT PROCESS
44837	3/6/2014	DOM01	DOMINGUEZ, RAUL	210	B40306	DAMAGE DEPOSIT & KEY DEPOSIT REFUND 2/22/14
44838	3/6/2014	ENV02	ENVIRONMENTAL SYSTEMS	1788.93	26779	MONTHLY STREET SWEEPING HUGHSON SALES TAX
44839	3/6/2014	EWI00	EWING IRRIGATION PRODUCTS	845.84	7519158	MISC PVC MATERIAL FOR THE WWTP & SPRINKLERS
				1715.6	7528406	WEED KILLER FOR WWTP
			Check Total:	2561.44		
44840	3/6/2014	EXP00	EXPRESS PERSONNEL SERVICE	1709.76	B40306	EXTRA HELP-BLDG/GROUNDS & PARKS
44841	3/6/2014	EZN00	EZ NETWORK SOLUTIONS	2882.78	B40306	IT SERVICES
44842	3/6/2014	FAR03	FARMERS BROTHERS COFFEE	54.57	59532271	COFFEE
44843	3/6/2014	FED02	FED EX	28.18	56656191	SHIPPING
44844	3/6/2014	GEO01	GEOANALYTICAL LABORATORIE	55	A4A0702	MONITORING WWTP
				200	A4A1406	MONITORING WWTP
				55	A4A2108	MONITORING OF WWTP

				55	A4A2803	MONITORING WWTP
		Check Total:	-----	365		
44845	3/6/2014	GIB00	GIBBS MAINTENANCE CO	2090	15857	JANITOR SERVICES FEBRUARY & MOP FEE, STRIP & WAX
44846	3/6/2014	HDL00	HDL SOFTWARE, LLC	6115.52	0021833IN	CONTRACT SERVICES & SALES TAX 1ST QTR SALES QTR 3
44847	3/6/2014	HIL00	HILL, HAROLD	9.99	B40306	REIMBURSEMENT FOR SOFTWARE APP
44848	3/6/2014	HUG03	HUGHSON CHRONICLE	3582	103933	LEGAL #8417 ORDINANCE NO 2013-04
				54.73	103938	LEGAL # 8440
		Check Total:	-----	3636.73		
44849	3/6/2014	HUG11	HUGHSON FARM SUPPLY	233.54	B40306	BATTERIES FOR BARRICADES, BLOWER WELLS, PVC MATER.
44850	3/6/2014	HUG28	HUGHSON TIRE	25	435414	REPLACE WHEEL STUDS
44851	3/6/2014	IRI00	IRISH CONSTRUCTION	408.78	B40306	REFUND REMAINDER OF DEPOS IT HELD FOR ENCR. PERMIT
44852	3/6/2014	LOP04	LOPEZ, DIANA	175	B40306	DAMAGE DEPOSIT REFUND
44853	3/6/2014	LUN01	LUNA, SAM	144.08	B40306	REIMBURSEMENT FOR DEPT. PESTICIDE LIC & MILEAGE
44854	3/6/2014	MCR01	MCR ENGINEERING, INC	6325	10051	ENGINEERING SERVICES THRO UGH 1/31/14
44855	3/6/2014	MUN01	MUNIMETRIX	1878	1403022	IMAGEFLOW SOFTWARE SUPPORT FOR 3/17/14-3/16/15
44856	3/6/2014	MUN02	MUNIZ, LUISANA	210	B40306	DAMAGE DEPOSIT & KEY DEPOSIT REFUND 3/1/14
44857	3/6/2014	PAC05	PACIFIC PLAN REVIEW	2295	B40306	CONTRACT SRVCS PLANNING/B
				177.08	H100014	CONTRACT SRVCS PLANNING/B
				583.78	H105713	CONTRACT SRVCS PLANNING/B
		Check Total:	-----	3055.86		
44858	3/6/2014	PGE01	PG & E	669.61	B40306	UTILITIES
44859	3/6/2014	PIT02	PITNEY BOWES, INC	70.43	502411858	POSTAGE MACHINE SUPPLIES
44860	3/6/2014	PUR01	PURCHASE POWER	852.06	B40306	POSTAGE MACHINE POSTAGE
44861	3/6/2014	RIC04	RICOH USA, INC	1402.41	91793096	COPIER MACHINE LEASE
44862	3/6/2014	STA47	STANISLAUS COUNTY SHERIFF	23140.87	1314182	SLESP RECORDS MGMT & LAW ENFORCEMENT
				25204.55	1314184	SLESP LAW ENFORCEMENT
				1956.79	1314-189	VEHICLE CHARGES JANUARY
		Check Total:	-----	50302.21		
44863	3/6/2014	SYN02	SYNAGRO WEST, LLC	7222.81	30102483	SLUDGE REMOVAL
44864	3/6/2014	TID01	TURLOCK IRRIGATION DIST.	34441.88	B40306	ELECTRIC

44865	3/6/2014	UNI08	UNION BANK OF CALIFORNIA	1978	12742	ADMINISTRATION FEE
44866	3/6/2014	VSP01	VISION SERVICE PLAN	377.94	B40306	VISION INSURANCE WITHHELD
44867	3/6/2014	WAR00	WARDEN'S OFFICE	56.82	18144520	OFFICE SUPPLIES
				215.24	18158620	OFFICE SUPPLIES
			Check Total:	272.06		
44868	3/6/2014	WAS01	WASTE MANAGEMENT	69.81	98105425	DISPOSAL OF CITY REFUSE
44869	3/6/2014	WIL01	CORBIN WILLITS SYSTEM	571.4	00B402151	ENHANCEMENT & SERVICE FEE
44870	3/6/2014	WIL03	C.H. WILLIAMS & SONS	62.12	131451	ACETYLENE & OXYGEN FOR THE CORP YARD
44871	3/6/2014	WIL05	WILLE ELECTRIC	361.62	59338001	LED LIGHT REPLACEMENTS FEATHERS GLEN
44872	3/6/2014	\C008	CHAVEZ, ABEL	0.03	000B40301	MQ CUSTOMER REFUND FOR CHA0023
44873	3/6/2014	\C016	CLAWSON, KELLY	78.56	000B40301	MQ CUSTOMER REFUND FOR CLA0009
44874	3/6/2014	\M003	AIQ MS 363,	80	000B40301	MQ CUSTOMER REFUND FOR MAS0016
44875	3/6/2014	\V001	VALENCIA, ERIBERTO	141.49	000B40301	MQ CUSTOMER REFUND FOR VAL0017
			Cash Account Total:	251097.76		
			Total Disbursements:	251097.76		



CITY OF HUGHSON AGENDA ITEM NO. 3.3 SECTION 3: CONSENT CALENDAR

Meeting Date: March 10, 2014
Subject: Adoption of Resolution No. 2014-08, A Resolution of the City Council of the City of Hughson Agreeing to the Notice of Acceptance of Application (NOAA) Terms and Conditions for the Safe Drinking Water State Revolving Fund Project Funding for the City of Hughson, Project No. 50100008-011C and Related Actions.

Enclosure: Notice of Acceptance of Application (NOAA) for the Safe Drinking Water State Revolving Fund Project Funding for the City of Hughson, Project No. 50100008-011C.

Presented By: Raul L. Mendez, City Manager

Approved By: _____

Staff Recommendation:

1. Adopt Resolution No. 2014-08, A Resolution of the City Council of the City of Hughson agreeing to the Notice of Acceptance of Application (NOAA) terms and conditions for the Safe Drinking Water State Revolving Fund Project Funding for the City of Hughson, Project No. 50100008-011C.
2. Authorize the City Manager to sign the NOAA to formally indicate the City of Hughson's intent to continue with the project as proposed.

Background and Overview:

In July of 2012, the California Department of Public Health (CDPH), Drinking Water Division confirmed receipt of the City of Hughson's Universal Pre Application for the Well No. 7 Replacement Project. On May 28, 2014, the City Council approved the submission of a full construction application prior to July 8, 2013 deadline. On January 28, 2014, the City of Hughson received notification from CDPH that its application for funding under the Safe Drinking Water State Revolving Fund (SDWSRF) was determined to be eligible for construction funding.

The letter served as Notice of Acceptance of Application (NOAA) and funds in the amount of \$6,607,210 have been reserved for the City of Hughson's proposed project provided that specific terms and conditions are met, subject to availability of funds. The funding agreement when issued and executed will provide for a \$6,607,210 loan at a 1.7875% interest rate to be repaid over 20 years. The NOAA is not an authorization to begin construction but is a necessary step prior to the

execution of the funding agreement. In order to maintain the reservation of funds in the SDWSRF account for the project, the City of Hughson is required to sign the terms and conditions of the NOAA and return it within 60 calendar days of receipt. CDPH has advised the City to proceed with formally accepting the NOAA even amidst some of the other work in progress (described later in the staff report) to maintain the project's status. CDPH has the ability to modify the terms and conditions as needed at a later date. A City resolution is also required designating individuals with legal authority to: (1) Sign the SDWSRF funding agreement; (2) Approve the Claims for Reimbursement; (3) Sign the Budget and Expenditure Summary; (4) Sign the Final Release Form; and (5) Sign the certification that the project is complete and ready for final inspection.

Hughson Municipal Water System

The City of Hughson relies entirely upon groundwater to supply drinking water to its consumers. Well No. 8 has a coagulation/filtration treatment system that removes arsenic from the groundwater prior to its use in the system. All other wells in the system are non-compliant with current drinking water standards. In 2012, the Department of Public Health (CDPH) issued Addendum No. 1 to Compliance Order No. 03-10-09CO-001A for violation of the arsenic maximum contaminant level (MCL) which extended the City's compliance date for removal of arsenic from the drinking water until no later than July 1, 2015.

The City's Water Enterprise currently owns a 1.12 acre site facing the future extension of Roeding Road at its intersection of Tully Road, directly behind and to the east of Grossi Manufacturing. A test well was sunk to almost 900 feet in 2012 to ascertain the water quality at different depths. The test showed surface contaminates, such as nitrates and DBCP, were not detected below 300 feet. However, below 300 feet, arsenic is present throughout the different strata, so the well designed to replace Well No. 7 will have arsenic treatment facilities similar to Well No. 8. To completely eliminate arsenic from the municipal water system, a third compliant well is needed also. Toward that end, CDPH encouraged the expansion of the new treatment plant project to include a third well. The nearest well site to the new proposed site is Well No. 5, located in the parking lot of the wood truss plant on Tully Road. The existing Well No. 5 shaft would be abandoned and a new deeper shaft will be sunk on the same site. The water would then be piped to the new treatment plant site so that the City would have two water wells feeding into a central arsenic treatment facility. This project will satisfy the Compliance Order that the City of Hughson's Municipal Water System currently working under.

Other Opportunities for Consideration

Out of Boundary Water Service Connection

Just prior to the City of Hughson's receipt of the NOAA, CDPH contacted City staff to discuss a possible incentive that may be available. CDPH indicated that there are two private water systems (originally indicated one) just outside of the City boundaries along Geer Road that are experiencing a similar arsenic presence above the MCL. The State of California has been working with those property

owners (Cobles Corner and Country Villa) to address the water quality issues but due to the fact that they are private water systems, public funding opportunities are not available. CDPH did indicate that under its Consolidation Program, municipalities that extend services to such private water systems are eligible for grant funding for the necessary infrastructure. In addition, such municipalities that enter into such Consolidation Projects are better positioned to secure other funding for other improvement projects in the future.

City staff has held a series of discussions with CDPH representatives regarding the State making available the grant funding through the existing Notice of Acceptance of Application. CDPH staff has indicated that they are open to accommodating the necessary infrastructure through the existing NOAA. As such, the City Engineer is developing a proposal for the infrastructure that would be associated with the extension of the pipe line out to the private water systems mentioned. Once the associated cost proposal is complete, it will be provided to CDPH for review and to determine the associated granting level. If accepted, this would reduce the total loan amount and hence debt service associated with the Well No. 7 Replacement Project.

The City's Interim Community Development Director has already researched Local Area Formation Commission (LAFCO) policies to determine the necessary steps for the proposed out of boundary pipe line project and found that it falls under Policy 15 – Out of Boundary Service Contracts or Agreements (Amended January 23, 2013). In summary, "The Commission may authorize a city or district to provide new or extended services outside its sphere of influence to respond to an existing or impending threat to the public health or safety of the residents of the affected territory in accordance with Government Code Section 56133(c)."

Disadvantaged Community Classification

During the recent discussions with CDPH, City staff inquired as to their definition of a "disadvantaged community" which provides additional benefits to municipalities under the Safe Drinking Water State Revolving Fund—specifically up to \$3 million of the approved project costs in the form of a grant and the ability to request a 30 year debt service repayment schedule. The "disadvantaged community" classification is based on the jurisdictions median household income and the current threshold is \$46,979. The City of Hughson median household income is around \$50,000 (Department of Finance).

CDPH indicated that the City has the opportunity to conduct an income survey to determine if current levels (based on the response received) are within the "disadvantaged community" threshold. If they are, CDPH has the ability to modify the terms and conditions of the NOAA accordingly. Typically, income surveys are done by an outside independent firm. In this case, CDPH has agreed to provide the resource, free of charge to the City, through an agreement with Rural Community Assistance Corporation (RCAC). City staff has been working with RCAC over the last month and provided them necessary information to conduct the survey. The survey is anticipated to take approximately 4-6 weeks to complete once initiated and is scheduled to go out this month to Hughson residents.

Non Potable Water System

On January 27, 2014, the City of Hughson awarded the Well No. 6 Improvements Project to Travioli Construction. The work in this project includes the installation of a hydro-pneumatic tank and controls, modification piping, the installation of a magnetic flow meter, and miscellaneous electrical and mechanical improvements to the City's existing Well No. 6 facility located on Locust Street near Samaritan Village. This is the first phase of Well No. 6 modifications needed to fulfill the future implementation of the Non-Potable Water Distribution System which is envisioned to serve the City's large turf areas in local parks and schools. These improvements are expected to reduce future water system needs (calculated by the State as the maximum demand). Phase I of the project is anticipated to be completed in May 2014 with the next phases planned for Fiscal Year 2014-2015. Although not part of the loan application to the State, this project is significant since once complete will strengthen the City's municipal water system.

Fiscal Impact:

On August 12, 2013, the City Council retained the services of Bartle Wells and Associates to perform an updated Water Rate Study in anticipation of a favorable response by CDPH to the Safe Drinking Water State Revolving Fund loan application. When application for the Well No. 7 Replacement Project was made, it was understood that a water rate adjustment would be necessary in compliance with Proposition 218 to repay any debt incurred. Bartle Wells presented its preliminary study during the City Council special meeting held on January 29, 2014. The City Council reviewed the current water rate structure and the associated increase that would be required with the SDWSRF loan. The City Council was also briefed on the recent discussions with CDPH that could possibly reduce the amount of the loan associated with the project and hence the impact to current water rates. The Water Rate Study analysis by Bartle Wells is on hold until the income survey is complete and the out of boundary service connection project is further explored and vetted with CDPH. The outcome of those items will determine the necessary water rate adjustment that would be needed and at that time Bartle Wells and City staff will return to the City Council with a recommended approach and associated implementation schedule. The City's goal is to comprehensively explore all opportunities available to ensure that the impact to current water rate payers is minimized.

**CITY OF HUGHSON
CITY COUNCIL
RESOLUTION NO. 2014-07**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUGHSON, AGREEING TO THE NOTICE OF ACCEPTANCE OF APPLICATION (NOAA) TERMS AND CONDITIONS AND AUTHORIZING THE CITY MANAGER TO SIGN ALL NECESSARY DOCUMENTS TO APPLY FOR FUNDS THROUGH THE DRINKING WATER STATE REVOLVING FUND (SDWSRF) FOR PROJECT NUMBER 5010008-011C- THE WELL NO. 7 REPLACEMENT PROJECT (WELL NO. 9)

WHEREAS, the City Council recognizes the need and requirement for the City of Hughson's water system to come into compliance with the State of California's safe drinking water mandates by July 1, 2015; and

WHEREAS, the City Council of the City of Hughson represents that the total project cost of the Well No. 7 Replacement Project (Well No. 9) is estimated at \$6,607,210, of which the State agrees is eligible for Safe Drinking Water State Revolving Fund (SDWSRF) financing at a 1.7875 percent interest rate with a 20 year repayment; and

WHEREAS, the City of Hughson and the California Department of Public Health (CDPH) acknowledge that the total project cost, interest rate, and terms of conditions in the NOAA, dated January 23, 2014, remains under negotiation, contingent upon the City's willingness to assist one or more private water systems, located outside of the City limits as requested by CDPH; and also pending the results of an income survey conducted through CDPH, that may provide grant funding to the City to assist with project costs and provide more cost-effective loan terms and conditions; and

WHEREAS, the City Council of the City of Hughson designates the City Manager to act on its behalf for SDWSRF financing, including but not limited to the signing of the SDWSRF funding agreement, approval of claims for reimbursement, signing the final release form, and signing the certification that the project is complete and ready for final inspection; and

WHEREAS, the City Council of the City of Hughson designates the City Engineer to act on its behalf in signing the Budget and Expenditure Summary and the certification that the project is complete and ready for final inspections; and

WHEREAS, the City Council of the City of Hughson agrees to increase rates as appropriate to satisfy debt service over the term of the loan, pending completion of an updated water rate analysis, Proposition 218 hearing process, and adoption by the City Council of the updated water rate schedule; and

WHEREAS, the City Council of the City of Hughson identifies the City's Water Fund (account 80, user water rates) as the source of revenue and hereby dedicates and pledges this revenue source for the repayment of the loan;

NOW, THEREFORE, BE IT RESOLVED that:

The City Council of the City of Hughson hereby designates the City Manager to act on its behalf for the SDWSRF financing and sign on behalf of the City on related application documents to the CDPH, designates the City Engineer to act on its behalf in signing the Budget and Expenditure Summary and final inspections and completions, agrees to raise user water rates as appropriate, and identifies the source of revenue as required by CDPH;

PASSED AND ADOPTED by the City Council of the City of Hughson at its regular meeting held on this 10th day of March, 2014 by the following roll call votes:

AYES: CARR, SILVA, HILL, YOUNG, and Mayor BEEKMAN.

NOES: NONE.

ABSTENTIONS: NONE.

ABSENT: NONE.

MATT BEEKMAN, Mayor

ATTEST:

DOMINIQUE SPINALE, Deputy City Clerk

CERTIFICATION

I do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the City Council of the City of Hughson, held on March 10, 2014.

ATTEST:

DOMINIQUE SPINALE, Deputy City Clerk

**City of Hughson
Project No. 5010008-011C**

**SAFE DRINKING WATER STATE REVOLVING FUND
NOTICE OF ACCEPTANCE OF APPLICATION
TERMS AND CONDITIONS**

Unless otherwise expressly directed herein, all items must be submitted to the California Department of Public Health ("CDPH") at the following address:

California Department of Public Health
Division of Drinking Water and
Environmental Management
Safe Drinking Water State Revolving Fund Program
Attention: Anne Novak
Project Support Unit
1616 Capitol Avenue, MS 7418
Post Office Box 997377
Sacramento, California 95899-7377

****Copies of all documents referenced below are enclosed. You are encouraged to share these documents with your legal and financial advisor(s).***

I. Prior to issuance of the funding agreement for signature by the Supplier's authorized representative, the following items must be provided:

1. A written designation, by resolution or as otherwise appropriate, of individual(s) with legal authority to:
 - a. Sign the SDWSRF funding agreement;
 - b. Approve the Claims for Reimbursement;
 - c. Sign the Budget and Expenditure Summary;
 - d. Sign the Final Release form; and
 - e. Sign the certification that the project is complete and ready for final inspection.

Person(s) signing the Budget and Expenditure Summary and certification that the project is complete and ready for final inspection must be a registered engineer(s) or person(s) approved by CDPH.

2. A written certification, resolution, or ordinance (as appropriate) adopted by Supplier's governing body identifying a source of revenue and pledging/dedicating such source of revenue for repayment of the Loan. When identifying the source of repayment, the identification should be as specific as possible (for example, if using: assessments provide assessment name, date or number; user water rates, fees, or charges; CPUC authorized surcharge provide

identity of CPUC order; or provide identity of accounts receivable as appropriate). The document shall also include a statement agreeing to increase rates as appropriate whenever necessary to satisfy debt service over the term of the Loan.

Supplier is encouraged to submit a draft of the certificates, resolutions, or ordinances to CDPH for review **prior** to taking it to its board or governing body for adoption or approval. CDPH will review the draft and recommend any required modifications, thus avoiding unnecessary delays in issuance of the funding agreement. Any required documentation failing to meet program requirements will not be accepted.

3. Provide the identity of your Contract Manager.
4. If property will be purchased for the project, Supplier shall provide documentation that it acquired land in conformance with the federal Uniform Relocation Assistance and Real Property Acquisition Act (Uniform Act) requirements to the Uniform Act coordinator at CDPH's Sacramento SDWSRF Program Office no later than one (1) year from the date of this NOAA. Please refer to the enclosed letter dated October 14, 2011 from Mr. Kim Wilhelm, Chief of the Division of Drinking Water and Environmental Management.
5. Supplier shall obtain a Data Universal Number System (DUNS) identification number and submit the DUNS number to CDPH for review. The DUNS number is a unique, nine digit identification number specific to Supplier and is a means of identifying business entities on a location specific basis. There is no charge for obtaining a DUNS number, which can be obtained online at <http://fedgov.dnb.com/webform/> or by phone at 1-866-705-5711.
6. Supplier shall increase its water rates as necessary to operate and maintain the public water system, including the project, for a term of at least twenty (20) years and demonstrate such operation and maintenance financial capacity to CDPH.
7. Supplier shall provide to CDPH documentation disclosing an adopted water rate structure, including but not limited to resolutions, annual audited financial statements 5-year budget and subsequent non-audited financial statements to demonstrate Supplier will operate 1.2 times total annual debt service ("the Debt Coverage Ratio") upon completion of the project. The term "total annual debt service", as used in this condition, means all of the Supplier's outstanding debt supported by its water rates and charges, including the Loan.
8. Supplier shall provide documentation that the increased rates have been adopted to meet the Debt Coverage Ratio and SDWSRF loan debt service, and that such rates have been approved in accordance with Article XIII C and XIII D of the California constitution (Proposition 218). The documentation shall be provided to CDPH within 30 working days of receipt.

9. Supplier shall submit to CDPH a plan to repay all funds owed to its Sewer Enterprise Fund.

All requirements under this **Section I** must be satisfied before a funding agreement will be issued for signature by Supplier's authorized representative, and all such requirements must be satisfied no later than July 1, 2014. Failure to do so may result in the withdrawal of funding.

II. Prior to final execution of the funding agreement by CDPH, the following items must be provided:

1. Complete and sign a Payee Data Record (STD 204).
2. Complete and sign a Water Measurement Self-Certification.
3. Complete and sign a Highly Compensated Individuals Reporting Form.
4. Supplier shall certify to CDPH that it has complied with Title 40 CFR Part 34 "New Lobbying Requirements." Enclosed is an acceptable certification form which may be used to satisfy this requirement.

All items under this **Section II** must be provided to CDPH **before final execution of the funding agreement** by CDPH.

Failure to timely comply with the requirements of **Sections I and II** may result in a withdrawal of the Notice of Acceptance of Application ("NOAA"). Should this occur, the project will be bypassed but will remain on the project priority list. You may submit a new application for future funding only after receiving another letter of invitation from CDPH. If for any unforeseen reason you are unable to comply with any of the above requirements, you should contact the State's Stockton District Office as soon as possible.

III. General Requirements

1. The funding provided to Supplier will be provided in part from Proposition 84 bond proceeds to the extent such bond proceeds are used as the source of required state match of SDWSRF federal funds.

As the body awarding construction contract(s) funded in part with Proposition 84 funds Supplier shall comply with Public Resources Code Section 75075 as directed by California Department of Industrial Relations ("DIR"), regarding labor compliance monitoring and enforcement on the project. (Information is available on the DIR website: <http://www.dir.ca.gov/lcp.asp>).

Prior to any construction bid solicitation, Supplier shall have instituted a Labor Compliance Program ("LCP") for the project that has been approved in advance by DIR.

In addition to the state labor compliance laws and regulations enforced by DIR, Supplier will comply with the federal labor compliance requirements (e.g., Davis-Bacon) due to the federal funds that will constitute the majority of funding for the project.

Supplier's failure or refusal to comply with these requirements shall be considered a substantial breach of the funding agreement.

Appropriate provisions related to the LCP shall be included in all construction bid solicitation(s).

2. Supplier shall comply with Davis-Bacon Act requirements, and include the applicable Davis-Bacon language (see Attachment 7 enclosed) in all project bid solicitation documents and in all project contracts and subcontracts for the actual construction, alteration and/or repair, including painting and decorating of an project component in excess of \$2,000.
3. Supplier shall certify to CDPH that it has a Davis-Bacon compliance plan for the project. Enclosed is an acceptable certification form which may be used to satisfy this requirement. The certification shall be sent to the address stated on the form no later than sixty (60) days from execution of the funding agreement.
4. Supplier shall file a report at the end of each calendar quarter following the execution of the funding agreement on a form that is acceptable to CDPH, in which Supplier shall certify to CDPH that all applicable Davis-Bacon Act requirements for project are being complied with. Supplier's failure to provide the quarterly reports may result in CDPH's withholding disbursement until the reports are provided in a form acceptable to CDPH.
5. Supplier shall comply with the Title 40 CFR Part 34 "New Lobbying Requirements," and include the New Lobbying Requirements language (sample enclosed) in all project contracts and subcontracts.

Supplier shall require certification from its contractors and subcontracts, that each has complied with the New Lobbying Requirements. Enclosed is an acceptable certification form which may be used to satisfy this requirement.

6. Supplier must use a competitive bid process for the construction of the project. Bids must be submitted to State's Stockton District Office for review and approval **prior** to the awarding of the prime construction contract

7. Subsequent to execution of the funding agreement Supplier may request a **one-time** increase in funding. Such request must be **based upon competitive bids** and shall be submitted to State's Stockton District Office. Approval of the request may be granted or denied at the sole discretion of CDPH, subject to funding availability and your financial qualifications.
8. Any significant changes in the project design subsequent to the issuance of the NOAA and prior to issuance of a funding agreement may be subject to further environmental review.
9. CDPH shall have no obligation to disburse any SDWSRF loan funding until the basic conditions precedent for disbursement have been satisfied by Supplier. Please see Article A-3 of the enclosed sample SDWSRF funding agreement for the conditions for disbursement of SDWSRF loan funds. Please be advised that SDWSRF disbursement conditions included within Article A-3 of the enclosed sample funding agreement may be subject to change following the execution of the Terms and Conditions and prior to the issuance of a funding agreement for Supplier.
10. Pursuant to Government Code Section 8546.7 the contracting parties shall be subject to the examination and audit of CDPH or any agent thereof, and the California State Auditor. Parties are also subject to examination and audit of the U.S. Environmental Protection Agency, the Comptroller General of the United States, and Office of the Inspector General.
17. Cross-cutting Federal Authorities apply to the project (see enclosed list). In order to conform to the federally mandated Disadvantaged Business Enterprise (DBE) good faith effort requirements, Supplier must include the appropriate DBE "good faith effort" provisions in any bid documents (must meet the "good faith effort" requirements even if you do not utilize a formal bid process). In order to demonstrate conformance with the federally mandated DBE good faith effort requirements, you must submit the construction bid solicitation package and the DBE good faith effort documentation from the construction contract award to CDPH DBE Coordinator John Paul Blanco.

The United States Environmental Protection Agency has established a good faith effort process to assure DBEs' have the opportunity to compete to participate in federally funded procurement. To comply with this requirement, you must:

- Demonstrate compliance with the six affirmative steps required to meet the good faith effort requirements on procurement of construction, equipment, supplies and services for the project;
- Report semiannually on or before April 15 and October 15 of each year on the enclosed CDPH Minority Business Enterprise-Women's Business Enterprise (MBE/WBE) Utilization Report;

- **Create and maintain a bidder's list** if the recipient of the funding is subject to, or chooses to follow, competitive bidding requirements. The list of all firms that bid or quote on prime contracts, or bid or quote subcontracts, must be kept until the project completion has been certified to CDPH;
- Include "Good Faith Effort" language in all contracts and subcontracts requiring compliance with the above;

Enclosed is a copy of the **Disadvantaged Business Enterprise (DBE)-Guidance for Public Water Systems (June 2009)** concerning conformance with the federal regulations for Participation by Disadvantaged Business Enterprise in USEPA funded projects. Should you have any questions regarding DBE/MBE/WBE, please contact John Paul Blanco with CDPH at (916) 449-5600.

Under the Federal Drinking Water State Revolving Fund Guidelines, Supplier is required to comply with the Single Audit Act. This Act requires entities to conduct an audit in accordance with the Office of Management and Budget (OMB) Circular A-133 Act if the entity expends \$500,000 or more (or as said threshold amount may be amended by the federal government) in federal awards from any funding source, during the entity's fiscal year. A copy of the audit is to be submitted to CDPH. Information regarding the Single Audit Act can be found on the Internet at <http://www.whitehouse.gov/omb/circulars/a133/a133.html>



The Terms and Conditions set forth in the Notice of Acceptance of Application dated January 15, 2014, including those set forth in the "CITY OF HUGHSON Project No. 5010008-011C SAFE DRINKING WATER STATE REVOLVING FUND NOTICE OF ACCEPTANCE OF APPLICATION TERMS AND CONDITIONS" are acceptable to the City of Hughson and it is City of Hughson's intent to continue with the project as proposed.

City of Hughson

Signature: _____

Date: _____

Print Name: _____

Title: _____

Address: _____



CITY OF HUGHSON AGENDA ITEM NO. 3.4

SECTION 3: CONSENT CALENDAR

Meeting Date: March 10, 2014
Subject: Approval of Annual Report of AB1600 Fees for Fiscal Year Ended June 30, 2013.
Presented By: Margaret Souza, Director of Finance
Enclosures: Schedule of Revenue and Expenditures

Approved By: _____

Staff Recommendation:

Review and approve the attached AB1600 Annual Report for the year ended June 30, 2013.

Background and Overview:

In 1978, following the passage of Proposition 13, many cities began charging fees on new development to fund public improvements and services such as streets, park facilities, sewers, water and storm drains. These fees are commonly known as development impact fees. In order to ensure that these fees were spent in a timely manner and on projects for which they were being collected, the State Legislature passed a bill known as AB1600 (Mitigation Fee Act). This bill applies to developer fees which were increased or imposed on or after January 1, 1989. AB1600 enacts Sections 66000-66008 of the Government Code which generally contains four requirements:

1. A local jurisdiction must follow the process set forth in the bill and make certain determinations regarding the purpose and use of the fees, and establish a "nexus" or connection between a development project or class of project and the public improvement.
2. The fee revenue must be segregated from the general fund in order to avoid commingling of public improvement fees and the general fund.
3. If a local jurisdiction has had possession of a developer fee for five or more years and has not committed that money to a project or spent that money, then it must make findings describing the continuing need for that money. In addition, an annual report must be made of fees collected, interest earned, projects on which fees were expended, and any transfers for loans from the

fee account. This report is to be reviewed by the local agency assessing the fees.

4. If a local jurisdiction cannot make the findings required under paragraph three (3), the City must refund the fees collected.

Government Code Section 66006 requires local agencies to submit an annual report detailing the status of development impact fees. The annual report shall be presented to the City Council.

City of Hughson Development Fees:

The City of Hughson development fees covered by AB1600, and documented in the attached report, include the following:

- Storm Drain Fund
- Community Enhancement Fund
- Facility Development Fund
- Public Facility Streets Fund
- Park In Lieu Fund
- Parks Development Fund
- Sewer Capital Improvement Fund
- Water Capital Improvement Fund

City staff examined each of the funds for the impact fees listed above to determine if any development fees remain unexpended five years or more after receipt and are subject to refund. Based on the analysis, no refunds are due. Unexpended fund balances represent fees collected for respective Council approved projects which will be financed and implemented when financially feasible or practical.

City of Hughson
For the Year Ending June 30, 2013
Summary
Report of Sources and Uses of
Development Impact Fees

Fee Type	Fund #	Beginning Balance 7/1/2012	Liability	Revenue					Ending Balance 6/30/2013		
				ARRA Grant	Fees	Interest	Transfer In	Projects			Transfer Out
Storm Drain Fund	10	110,879			65,448	381				176,708	
Community Enhancement Fund	20	111,037			30,144			85,541		55,640	
Facility Development Fund	41	1,532,758	88,018		101,484	4,052		154,064	1,522	1,570,726	(3)
Public Facility Streets	42	(748,441)			112,110					(636,331)	(1)
Park In Lieu Fund	54	366,200			18,844	930				385,974	
Parks Development Fund	55	187,715			51,863	512				240,090	
Sewer Capital Improvement Fund	62	2,301,299			14,142	2,325			1,388,619	929,147	
Water Capital Improvement Fund	81	(1,493,837)	897,886		47,532					(548,419)	(2) (3)
Totals		2,367,610		0	441,567	8,200	0	239,605	1,390,141	2,173,535	

(1) The Public Facilities - Street Development Fund (41) has a negative balance of \$636,331 due to the Euclid Bridge, built back in 2006 and 2007 for more than \$1.3 million. This bridge was built with future developer impact fees. Shortly after, new home building plummeted. As a result of recent home construction, impact fees are reducing that deficit.

(2) The Water Developer Impact Fee participated in the Well 8 project, which was partially funded by a Grant. However, not all costs were covered. In addition, there was a payment exceeding \$600,000 for legal settlement - Water Tank. The deficit has been reduced to \$548,418. This year the report shows the payment for the Water Tank Bond obtained in 2005-06. Costs are shared with the Water Fund.

(3) Liability for Fund 81 is Debt Service - Water Tank Project Loan Liability for Fund 41 is Acct Payable bill.

City of Hughson
For the Year Ending June 30, 2010
Detail
Report of Uses of
Development Impact Fees

	Fund #	Capital Improvements	
		Cost	Percent
Storm Drain Fund	10		
Valley Industrial Park-Reimbursement for taxes on Ruddy Court for Storm Basin.		\$ 1,683	100%
Total		\$ 1,683	
Parks Development Fund	55		
California Consulting for Prop 84 Grant Writing		\$ 8,168	100%
Total		\$ 8,168	100%
Sewer Capital Improvement Fund	62		
Carollo Engineers-Engineering for Sewer System Improvements		\$ 1,918	100%
Total		\$ 1,918	100%
Water Capital Improvement Fund	81		
Professional Services: Water Tank settlements, TID, Stanislaus Coop annual renewal.		\$ 353,845	20%
Water Tank Interest Payments		49,834	3%
Well #8 Construction		1,338,834	77%
Total		\$ 1,742,512	100%
Grand Total		1,754,281	

City of Hughson
For the Year Ending June 30, 2014
BUDGET PROJECTIONS
Report of Sources and Uses of Impact Fees

Fee Type	Fund #	Beginning Balance 7/1/2013	Revenue	Expenditures	Projected Ending Balance 6/30/2014
Storm Drain Fund	10	176,708	98,590	14,100	261,198
Community Enhancement Fund	20	55,640	35,480	0	91,120
Facility Development Fund	41	1,570,726	114,750	462,000	1,223,476
Public Facility Streets	42	(636,331)	143,565	0	(492,766)
Park In Lieu Fund	54	385,974	70,885	0	456,859
Parks Development Fund	55	240,090	93,845	0	333,935
Sewer Capital Improvement Fund	62	929,147	1,500	0	930,647
Water Capital Improvement Fund	81	(548,418)	133,105	120,000	(535,313)
Totals		2,173,536	691,720	596,100	2,269,156

Revenue - \$11,050 projected to be Interest, balance is Developer Fees

Expenses - \$496,100 Projects

- \$100,000 payment on Bond

PENDING PROJECTS

Storm Drain Fund	10	Storm Drain Basin at 7th and Whitmore
Community Enhancement Fund	20	Various small projects
Facility Development Fund	41	City Hall and Corporation Yard
Park In Lieu Fund	54	7th & Whitmore Park
Parks Development Fund	55	Euclid Park and 7th & Whitmore Park
Sewer Capital Improvement Fund	62	Whitmore Ave and Industrial Lift Station Improvement



CITY OF HUGHSON AGENDA ITEM NO. 3.5

SECTION 3: CONSENT CALENDAR

Meeting Date: March 10, 2014
Presented By: Dominique Spinale, Management Analyst
Subject: Adoption of Resolution No. 2014-08, Supporting Approval of the Draft Annual Action Plan for Fiscal Year 2014-2015.
Enclosure: The Draft Annual Action Plan for Fiscal Year 2014-2015
Approved By: _____

Staff Recommendation:

Adopt Resolution No. 2014-08, in support of approving the Draft Annual Action Plan for Fiscal Year 2014-2015.

Background and Overview:

Stanislaus County along with the cities of Ceres, Newman, Oakdale, Patterson, Waterford, and Hughson form what is known as the Stanislaus County Community Development Block Grant (CDBG) Consortium.

Federal regulations previously required that the City Councils advertise a public hearing at least 14 days in advance to receive any public comments and to approve the Draft Annual Action Plan (AAP) annually. The Urban County cities are no longer required to hold a public hearing and approve the Draft AAP. The cities are now required to submit an AAP resolution of concurrence and support for Stanislaus County to submit to the Department of Housing and Urban Development (HUD).

The City of Hughson did conduct a community meeting on February 10, 2014 as part of the development of the Fiscal Year 2014-2015 AAP and in an effort to solicit public input. No members from the public attended the meeting. Stanislaus County presented the Draft AAP to the Board of Supervisors on March 4, 2014 and opened a 30 day comment period. The public hearing on the Draft AAP is scheduled for April 15, 2014.

As identified in the AAP, the City of Hughson's projects for the 2014-2015 fiscal year include the Hughson Avenue Sidewalk Infill Project and the Fox Road Sidewalk Project. They include sidewalk infill, curb, gutter, storm drainage, ADA, and street pavement improvements.

**CITY OF HUGHSON
CITY COUNCIL
RESOLUTION 2014-08**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUGHSON IN
SUPPORT OF APPROVING THE DRAFT FISCAL YEAR 2014-2015 ANNUAL
ACTION PLAN (AAP)**

WHEREAS, Stanislaus County, City of Ceres, City of Newman, City of Oakdale, City of Patterson, City of Waterford and the City of Hughson have worked together to prepare the Annual Action Plan for Fiscal Year 2014-2015; and

WHEREAS, the Urban County includes the County of Stanislaus, Cities of Ceres, Newman, Oakdale, Patterson, Waterford and Hughson and each have unanimously chosen to participate in the entitlement process thereby receiving a portion of the CDBG and HOME Funds allocated to Stanislaus County; and

WHEREAS, the Draft 2014-2015 Annual Action Plan is made available to the public as an opportunity to review and provide comments prior to the public hearing to be held by the Stanislaus County Board of Supervisors on April 15, 2014 to consider adoption of the Final Annual Action Plan for Fiscal Year 2014-2015;

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Hughson hereby supports approval of the Draft Annual Action Plan for Fiscal Year 2014-2015.

PASSED AND ADOPTED by the Hughson City Council at a regular meeting thereof held on March 10, 2014, by the following vote:

AYES: CARR, SILVA, HILL, YOUNG, and Mayor BEEKMAN.

NOES: NONE.

ABSTENTIONS: NONE.

ABSENT: NONE.

MATT BEEKMAN, Mayor

ATTEST:

DOMINIQUE SPINALE, Deputy City Clerk



COMMUNITY DEVELOPMENT BLOCK GRANT



STANISLAUS URBAN COUNTY

*Prepared by the Stanislaus County
Planning and Community Development Department
1010 10th Street, Suite 3400
Modesto, CA 95354
209.525.6330*

ANNUAL ACTION PLAN Fiscal Year –2014-2015 **DRAFT**

April 2014

Attachment 1

**STANISLAUS COUNTY
BOARD OF SUPERVISORS**

District 2 Vito Chiesa,
District 5 Jim DeMartini, Chairman
District 1 William O'Brien
District 3 Terry Withrow, Vice-Chairman
District 4 Dick Monteith



CITY OF CERES

Mayor Chris Vierra
Vice Mayor Bret Durossette
Councilmember Mike Kline
Councilmember Ken Lane
Councilmember Linda Ryno



CITY OF HUGHSON

Mayor Matthew Beekman
Mayor Pro Tem Jeramy Young
Councilmember George Carr
Councilmember Jill Silva
Councilmember Harold Hill



CITY OF NEWMAN

Mayor Ed Katen
Mayor Pro Tem Robert Martina
Councilmember Roberta Davis
Councilmember Nicholas Candea
Councilmember Donald Hutchins



CITY OF OAKDALE

Mayor Pat Paul
Councilmember Tom Dunlop
Councilmember Michael Brennan
Councilmember Farrell Jackson
Councilmember Donald Peterson



CITY OF PATTERSON

Mayor Luis Molina
Councilmember Dominic Farinha
Councilmember Sheree D. Lustgarten
Councilmember Deborah Novelli
Councilmember Larry Buehner



CITY OF WATERFORD

Mayor Charlie Goeken
Vice Mayor Jose Aldaco
Councilmember Joshua Whitfield
Councilmember Michael Van Winkle
Councilmember Ken Krause



TABLE OF CONTENTS

GENERAL OVERVIEW.....	1
EXECUTIVE SUMMARY	1
EVALUATION OF PAST PERFORMANCE	4
ACTION PLAN	6
GENERAL QUESTIONS	8
MANAGING THE PROCESS.....	14
CITIZEN PARTICIPATION.....	16
CITIZEN COMMENT SUMMARY	17
INSTITUTIONAL STRUCTURE	19
MONITORING.....	20
LEAD BASED PAINT	21
HOUSING	22
SPECIFIC HOUSING OBJECTIVES	22
NEEDS OF PUBLIC HOUSING	23
BARRIERS TO AFFORDABLE HOUSING	24
HOME/AMERICAN DREAM DOWN PAYMENT INITIATIVE (ADDI).....	26
NON-HOMELESS SPECIAL NEEDS HOUSING	28
HOMELESS PROGRAMS.....	28
HOMELESS & SPECIAL NEEDS.....	28
EMERGENCY SOLUTIONS GRANT (ESG)	38
COMMUNITY DEVELOPMENT	61
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)	61
PROPOSED CDBG PROJECTS FOR FISCAL YEAR 2014-2015	63
CDBG PUBLIC SERVICE GRANT PROGRAM	75
PROVIDING DECENT HOUSING	79
ANTI-POVERTY STRATEGY.....	80

Third Program Year 2014-2015 Action Plan **GENERAL OVERVIEW**



This Annual Action Plan includes the [SF 424](#) and Narrative Responses to Action Plan questions that CDBG, HOME, and ESG grantees must respond to each year in order to be compliant with the Consolidated Planning Regulations.

Executive Summary

As required by the U.S. Department of Housing and Urban Development (HUD) this document is part of Stanislaus Urban County's Fiscal Year 2012-2015 Consolidated Plan (CP) which describes the needs and strategy for using HUD funds for housing and community development programs/projects for Fiscal Years 2012 – 2015 (beginning July 1, 2012 and ending June 30, 2015). This Annual Action Plan (AAP) describes the specific programs/projects that will be undertaken during Fiscal Year 2014-2015, from July 1, 2014 to June 30, 2015.

Stanislaus County, along with the cities of Ceres, Hughson, Newman, Oakdale, Patterson, and Waterford, form what is known as the CDBG Consortium (hereafter referred to as the "Stanislaus Urban County"). The Stanislaus Urban County is an Entitlement Jurisdiction and receives Community Development Block Grant (CDBG) and Emergency Solutions Grant (ESG) entitlement funds from HUD on an annual basis based on a formula allocation. Stanislaus County is recognized as the "lead entity" under these entitlement programs. The Stanislaus Urban County will be entering its thirteenth year as an Entitlement Jurisdiction for CDBG and the eleventh year as a recipient of ESG funds.

Since 1992, the Stanislaus Urban County has also been a member of the City of Turlock and Stanislaus County HOME Consortium (hereafter referred to as the "HOME Consortium"). The City of Turlock is the "lead entity" with responsibility for implementing and administering the HUD funded HOME Investment Partnerships Program (HOME) funds for the HOME Consortium. During Fiscal Year 2014-2015 the City of Turlock, will remain the "lead entity" for the Stanislaus Urban County, and will take the lead in monitoring participating Stanislaus Urban County members' use of HOME funds. Ultimately, the City of Turlock is responsible for ensuring that all HOME Consortium funded activities meet the program requirements.

The Fiscal Year 2014-2015 grant allocation amounts under each respective program are approximately*:

CDBG	\$ 1,874,100
ESG	\$ 143,917
HOME	\$ <u>482,837</u> (allocation amount for CDBG Stanislaus Urban County members)
TOTAL	\$2,500,854

* The above allocation amounts are estimates. Final allocation amounts are subject to final HUD allocations expected to be released in April 2014. All proposed activities identified in this Action Plan will be proportionally increased or decreased from the estimated funding levels to match actual allocation amounts. Per HUD’s instruction (CPD Notice 13-010), this Annual Action plan will not be submitted to HUD until FY 2014-2015 allocations are announced reflecting actual and final allocations, but no later than August 16, 2014

OBJECTIVES:

There are three specific goals of the Federal CDBG/ESG and HOME programs. They are:

1. Provide decent housing;
2. Provide a suitable living environment; and,
3. Expand economic opportunities

The AAP has been developed to assist the participating jurisdictions achieve these three goals. The overriding consideration that is required of the CDBG program is to benefit those members of the population that meet the definition of Targeted Income. A Targeted Income person is one who earns 80% or less of the Area Median Income (AMI) for CDBG funds, and 30% or less than the AMI for ESG grant funds. Additionally, if a project benefits a specific neighborhood or community, at least 51% of the population within that geographic boundary must be within the Targeted Income Group (TIG). The following table identifies Stanislaus Urban County’s Fiscal Year 2014-2015 income limits established by HUD:

Median Income	Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
\$52,700	Extremely Low (30%)	\$11,800	\$13,450	\$15,150	\$16,800	\$18,150	\$19,500	\$20,850	\$22,200
	Very Low (50%)	\$19,600	\$22,400	\$25,200	\$28,000	\$30,250	\$32,500	\$34,750	\$37,000
	Low (80%)	\$31,400	\$35,850	\$40,350	\$44,800	\$48,400	\$52,000	\$55,600	\$59,150

COMMUNITY NEEDS:

As identified by the CP for Fiscal Years 2012-2015, priority will be given to projects in the following areas: Infrastructure, Economic Development, Housing Assistance, Housing Programs, and Public Services.

There is a need in the Stanislaus Urban County for new or rehabilitated community infrastructure. Infrastructure in many of the older residential communities has either deteriorated or is non-existent. From sewer infrastructure and storm drainage to sidewalks, the lack of these improvements does not promote safe and healthy communities, which in turn negatively impacts quality of life.

The CP feedback indicated a strong desire for an economic development program with a high emphasis on job creation. Stanislaus County has been working with HUD throughout Fiscal Year 2013-2014 to identify potential Economic Development activities that would be a good fit for Stanislaus County. . In developing a viable Economic Development program, Stanislaus County must ensure that all CDBG Economic Development standards are met. Stanislaus County will continue to work with HUD to develop an Economic Development strategy and expects to have an Economic Development program up and running by the beginning of Fiscal Year 2014-2015.

Housing assistance and programs were also identified as a community need via the CP process. In Fiscal Year 2014-2015, Stanislaus Urban County members will continue to use any funds available including State CalHome housing funds (not all Stanislaus Urban County members are recipients of CalHome funds) and their HOME funds to address the variety of housing needs within the jurisdiction. Although the Stanislaus Urban County has identified housing assistance and housing programs as one of the top three priorities, the Stanislaus Urban County members' ability to considerably contribute toward the provision and development of affordable housing programs/projects has been drastically limited both by the State of California's elimination of Redevelopment Agencies (which was the most significant tool for the provision of affordable housing, economic development, job creation and elimination of blight), as well as by the continued reduction of HOME funds in recent years.

Further, CDBG and ESG funds allow an opportunity for Stanislaus Urban County to fund non-profit agencies that provide public services to the community. Stanislaus Urban County received and reviewed twenty-nine (29) CDBG Public Service and ten (10) ESG competitive applications (some from the same organizations serving new community needs), to obtain funds for the public service and emergency shelter components of the programs, respectively. The Board of Supervisors is presented the eligible applicants for partial or full funding based on scoring recommendations made by a review panel that consisted of seven representatives from the Stanislaus Urban County members, a representative from the Stanislaus County Continuum of Care, and a representative from the Stanislaus County Chief Executive Office. Although Federal guidelines permit a grantee to budget up to 15% of its allocation to public service programs, the Stanislaus Urban County has traditionally agreed to utilize approximately 10%, for this purpose.

The following are non-profit organizations that are recommended for Fiscal Year 2014-2015 funding under the CDBG/ESG Public Service Programs. Final recommendations will be presented to the Board of Supervisors during the April 8, 2014 public hearing:

Emergency Solutions Grant (ESG):

Children's Crisis Center
Community Housing and Shelter Services*
We Care Program, Turlock*
The Salvation Army

* Organization recommended for more than one ESG award (Specific overview of programs listed is provided in the ESG Program section of this document).

Community Development Block Grant (CDBG):

American Red Cross
Court Appointed Special Advocates (CASA)
Center for Human Services*
Children's Crisis Center *
Healthy Aging
Howard Training Center
The Salvation Army Red Shield
The Salvation Army
Second Harvest Food Bank*
We Care

- * Organization recommended for more than one CDBG award (Specific overview of programs listed is provided in the CDBG Public Services Grant Program section of this document).

Evaluation of Past Performance

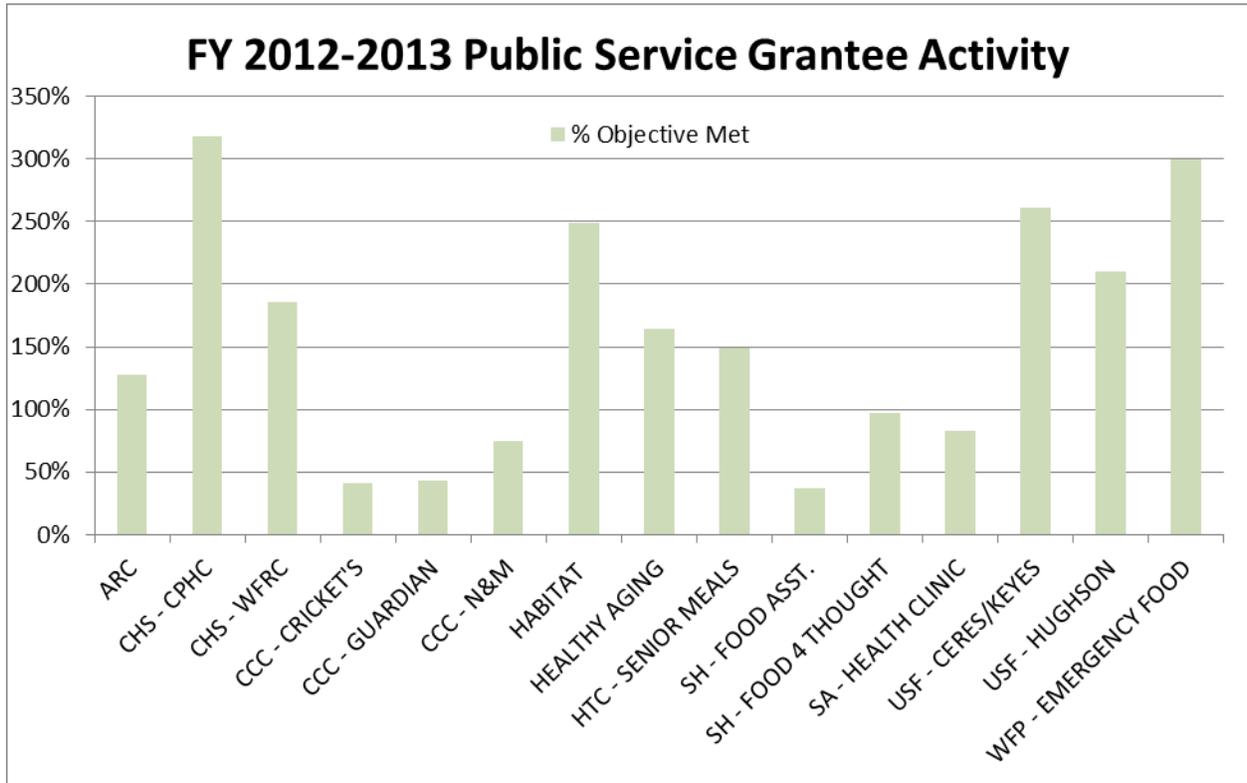
As lead entity of the Stanislaus Urban County, Stanislaus County staff assumes overall responsibility for administration of CDBG and ESG funds.

One of HUD's requirements is that entitlement communities must not have more than 1.5 times their annual allocation amount on account by April of every Fiscal Year. The Stanislaus Urban County has successfully incorporated the 1.5 annual allocation timeliness guidelines to apply to all participating Stanislaus Urban County members individually. This reduces burden being placed upon any one participating member in the Stanislaus Urban County, and evenly distributes the responsibility of expending CDBG funds in a timely manner to all membership and their respective projects in a more uniform manner.

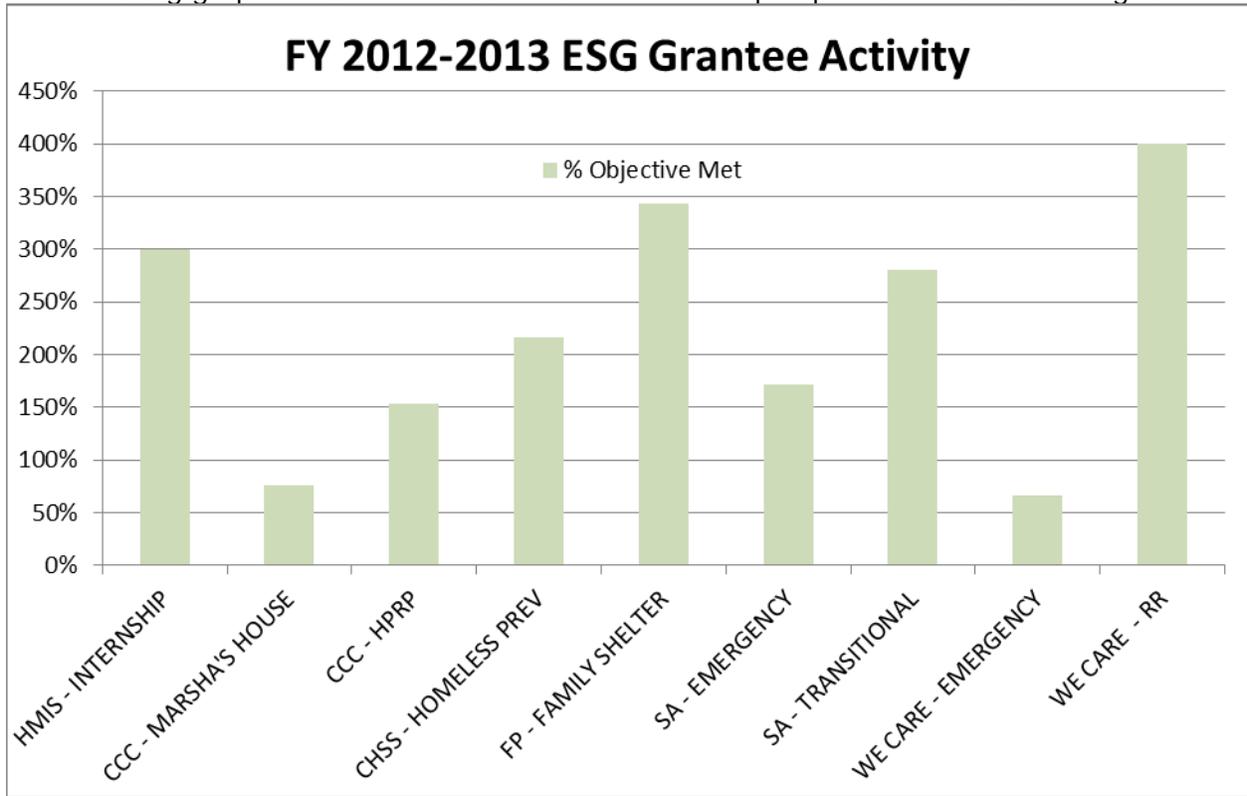
Performance of all Stanislaus Urban County members and public service grantees are tracked in various categories from appropriate use of administrative funds to verifying that outputs (numbers served) and outcomes (how those served are better off after receiving the service) are being met for all awarded public service related activities and County and City projects.

Public Service/ESG Grantees that are not meeting the thresholds they pledged to meet during key points throughout the year are in jeopardy of only receiving partial or no funding in future fiscal years if they reapply for funding. Stanislaus County staff also monitors non-profit organization processes used to better track and follow up with participants to ascertain participant outcomes (how the participant is better off after receiving a given service). This process helps to better justify the need for the service they provide within the community.

The following is a graph which measures how each activity performed in terms of meeting their targets for the number of individuals to be served with their FY 2012-2013 grant funds. This graph demonstrates one aspect of our public service tracking methodology:



The following graph shows similar information from the perspective of the ESG Program:



County and City Infrastructure projects are tracked by timeline criteria. Stanislaus Urban County members are encouraged to begin their environmental work on projects in early March of each year so that the construction phase of the project can begin in July at the beginning of the fiscal year. Request for funds are made on a quarterly basis and timeline compliance is confirmed at that time to assure that the Stanislaus Urban County's collective projects are on task.

Stanislaus County staff continues to collaboratively work with its Stanislaus Urban County members to ensure that timeliness deadlines continue to be met within a timely manner.

Action Plan

The Stanislaus Urban County Area is comprised of the unincorporated portions of Stanislaus County and the cities of Ceres, Hughson, Newman, Oakdale, Patterson, and Waterford. Stanislaus County is located just south and east of the San Francisco/Oakland metropolitan region and the San Jose/Silicon Valley area. It is bordered to the north by San Joaquin County, the east by Tuolumne and Calaveras Counties, and the south by Merced County.

State Route 99 and Interstate 5, two of the State's major north/south roadways, pass through Stanislaus County, offering excellent access in both these directions. Due to the presence of the Union Pacific and the Burlington Northern and Santa Fe railroads, available Amtrak Service, an intercity bus line and a metropolitan airport, Stanislaus County is strategically located to continue its major role in intra-and interstate trade. This regional transportation network in conjunction with relatively low land and power costs has attracted nonagricultural-related industrial development.

Historically, food processing has been one of the area's largest manufacturing industries.

The increasingly close ties to the San Francisco Bay Area, the Sacramento metropolitan area, and the larger Central Valley have resulted in more interregional travel and have strained Stanislaus County's roadways.

Stanislaus County is a combination of both urban and rural development. There are thirteen unincorporated communities that are home to 110,480 citizens that reside in the unincorporated limits of the Stanislaus County. There are residential subdivisions, businesses, industrial parks, highway commercial corners, public open space and facilities and farms, both large and small. For the most part, residential urban development has occurred in the community of Salida and to a lesser degree the town of Keyes, but older and larger residential neighborhoods are adjacent to the City of Modesto, the seat of Stanislaus County.

Stanislaus Urban County's traditional approach in the use of CDBG funds for capital improvement projects was to synchronize with their former Redevelopment Agencies to address and alleviate blighting conditions within eligible areas; however in 2012, the State of California eliminated this valuable tool. This has greatly impacted the Stanislaus Urban County's ability to carry out meaningful housing and community development projects. Most Urban County members leveraged CDBG and HOME funds with Redevelopment dollars, but have been forced to scale back on planned projects, or stretch the projects over several phases as funds allow. The Stanislaus Urban County members have been forced to re-strategize to meet affordable housing and community development objectives as they continue to seek-out other resources to leverage with CDBG and HOME funds in order to allow these essential projects to take place.

The following is a map of Stanislaus County including the geographical locations of all Stanislaus Urban County members:

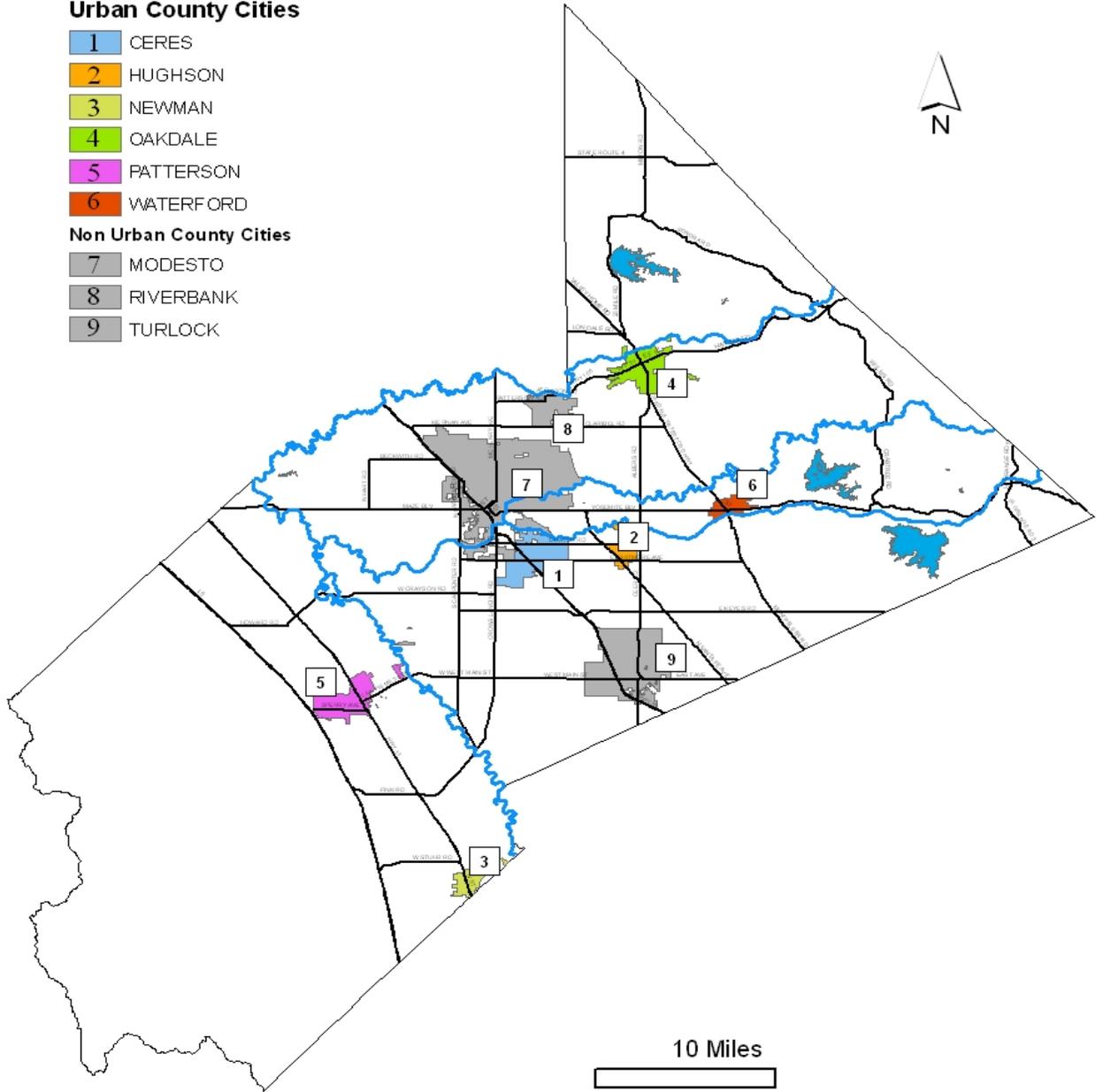
STANISLAUS COUNTY

Urban County Cities

- 1 CERES
- 2 HUGHSON
- 3 NEWMAN
- 4 OAKDALE
- 5 PATTERSON
- 6 WATERFORD

Non Urban County Cities

- 7 MODESTO
- 8 RIVERBANK
- 9 TURLOCK



March 25, 2010

General Questions

- 1. Describe the geographic areas of the jurisdiction (including areas of low income families and/or racial/minority concentration) in which assistance will be directed during the next year. Where appropriate, the jurisdiction should estimate the percentage of funds the jurisdiction plans to dedicate to target areas.**

For the development of the AAP, the participating jurisdictions used population information derived from the U.S. Census regarding median household income. The target areas of the Stanislaus Urban County members are the very low and low-income areas of the jurisdictions. Although funds are used for all residents of the Stanislaus Urban County's members, priority is given to programs and projects in the target areas.

CDBG funds allocated to the Stanislaus Urban County will be utilized for various programs including infrastructure improvements, economic development, public services, and fair housing. Some programs are funded collectively for the benefit of the entire Stanislaus Urban County, such as public services. Other programs are specific to individual members of the Stanislaus Urban County. Each member of the Stanislaus Urban County identifies the specific needs within its respective communities as a means to determine use of its specific allocations. The following represents each participating jurisdiction's focus in relation to the use of its respective CDBG allocations:

Stanislaus County

Stanislaus County will continue its focus towards needed infrastructure improvements to address blighting conditions that include, but are not limited to, the lack of public infrastructure, deteriorating buildings, declination of economic development activity, and the deterioration of, or the lack of affordable housing.

The AAP is the guide by which Stanislaus County staff performs programs and projects that facilitate infrastructure improvements. Needs within the eligible areas are then categorized as programs and projects within this document. In order to consider these projects for funding, a number of factors need to be taken into consideration. In the case of public infrastructure, these considerations can include, but may not be limited to the following:

- a. Health and safety needs of the program/project and how those needs compare with the needs of other programs/projects (i.e. high per-capita septic system failures).
- b. The willingness and ability of the local community to assess themselves for purposes of contributing towards project costs and costs of ongoing maintenance and operation of improvements inclusive of support of the program/project by the area's Municipal Advisory Council (MAC) or an organized community group (if no MAC exists to represent the area).
- c. Identified and available funding sources for the specific program/project (the ability to leverage local agency dollars with outside funding sources are critical to ensuring a successful program/project).
- d. For public infrastructure improvement projects: 1) A working partnership between the service provider(s), the local community, and Stanislaus County, 2) The availability of engineered designs and a cost analysis for the project, 3) The willingness/ability of the service provider(s) to consider annexation of the improvements to be made.

Fiscal Year 2014-2015 Planned Infrastructure Activities

Parklawn Sewer Infrastructure Project

In Fiscal Year 2014-2015 Stanislaus County will begin construction on the remaining phase of the Parklawn Sewer Infrastructure Project. Construction of the first phase was completed during Fiscal Year 2013-2014 and was completely funded with CDBG funds. The first phase consisted of installation of the sewer “backbone” along Church Lane, Parklawn Avenue, Midway Avenue, Nelson Way and Morgan. Approximately 7,000 linear feet of sewer main were installed in this first phase of the project.

During Fiscal Year 2013-2014, Stanislaus County was able to secure funding through the State of California’s State Water Board Revolving Fund (CWSRF) and is currently in the final stages of executing funding agreements to finance the remaining phase of the Parklawn Sewer Project. Final funding agreements are anticipated to be executed by the end of the current fiscal year. Through this loan, Stanislaus County will be able to complete the much needed Parklawn Sewer system.

Empire Storm Drain Infrastructure Project

Because of the substantial cost to complete the remaining phases of this project, CDBG funds alone are not adequate to continue the project. In an effort to identify a lower-cost effort, staff is exploring the possible alternative of a lower-cost Low Impact Development (LID) swale storm water drainage system.

In Fiscal Year 2014-2015 Public Works and Planning and Community Development Department staff will work together to determine the most feasible project alternative (either the positive storm drain system or LID swale drainage system) and seek financing options for either alternative.

No additional CDBG funds will be allocated to this project for Fiscal Year 2014-2015.

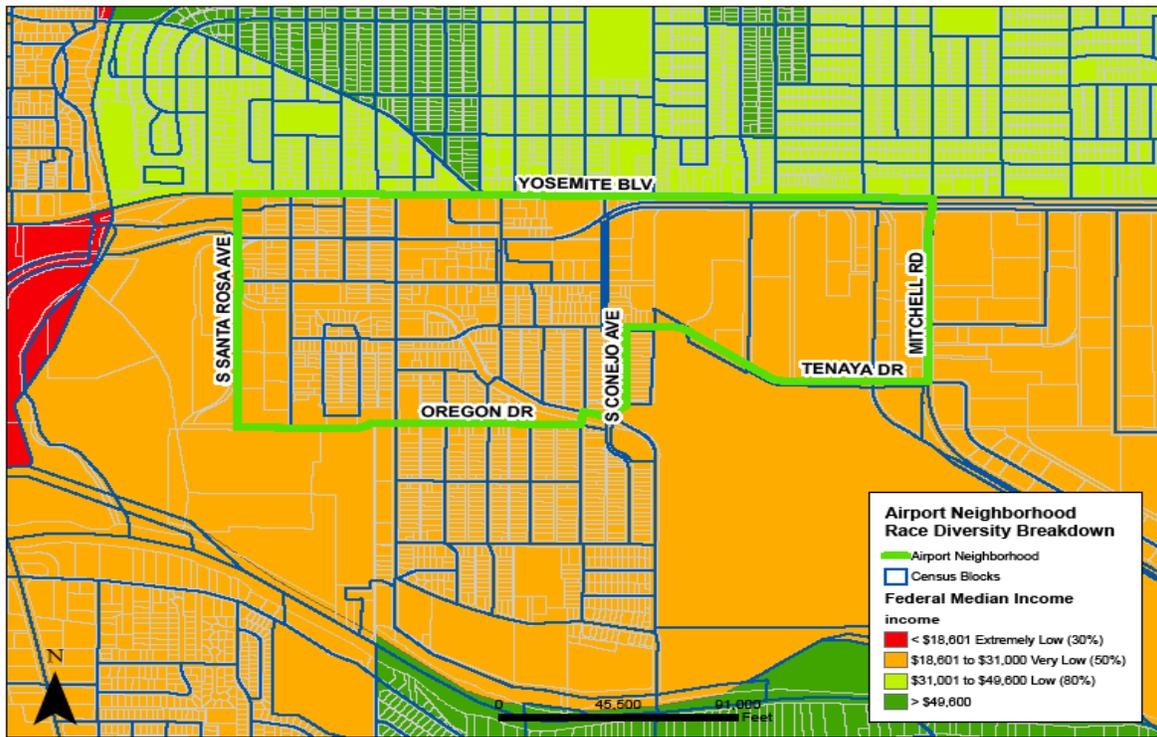
Airport Sewer Infrastructure Project

In November 2013, City of Modesto voters voted in favor of Measure V. The ballot measure was an advisory vote to extend sewer services to the Airport Neighborhood. The City of Modesto requires an advisory vote before the city extends sewer service to a new area.

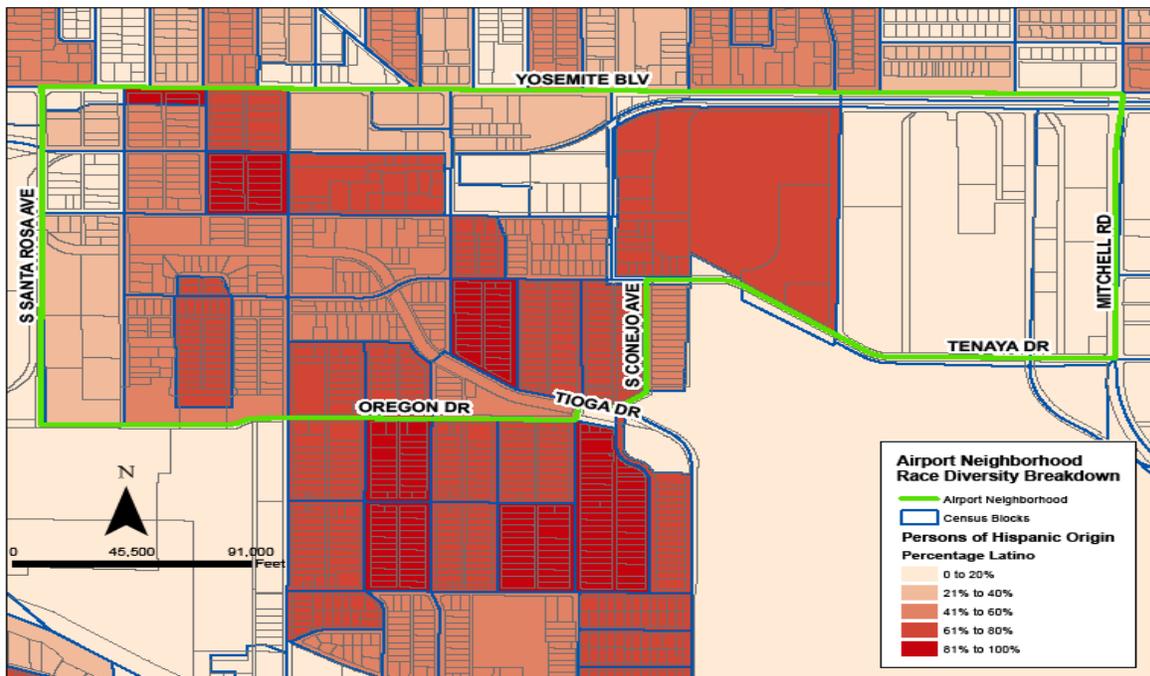
Fiscal Year 2014-2015 CDBG funds will be utilized to fund the first phase of the Airport Neighborhood Sewer system. Similar to the Parklawn Sewer Infrastructure Project, Stanislaus County will also seek State Water Board funds to finance the remaining phases of the Airport project.

The following maps are demographic maps of Airport Neighborhood in which CDBG funds will be used for sewer improvements:

Airport Neighborhood Median Income Map

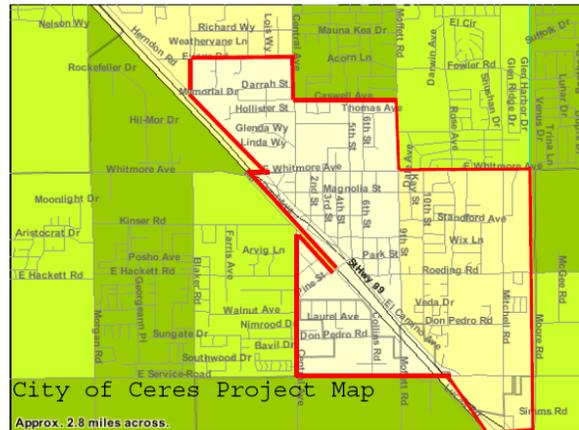


Airport Neighborhood Percentage of Residents of Hispanic Origin



City of Ceres

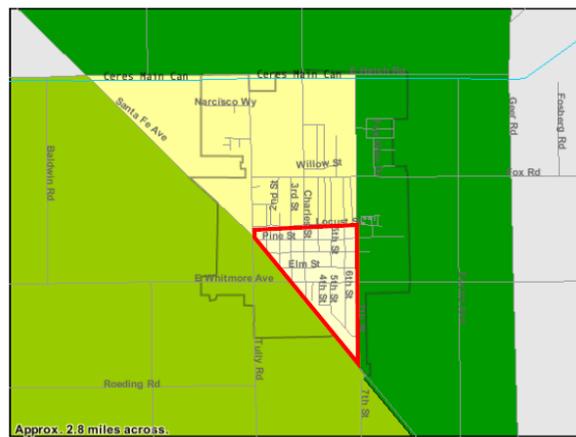
The City of Ceres will continue to focus on infrastructure improvements. The City of Ceres' target area is composed of its lowest income Census Block Groups as outlined in the map below. These infrastructure improvements will include ADA curb cuts and minor related sidewalk repairs. Adequate infrastructure improvements are essential for a community to experience community revitalization.

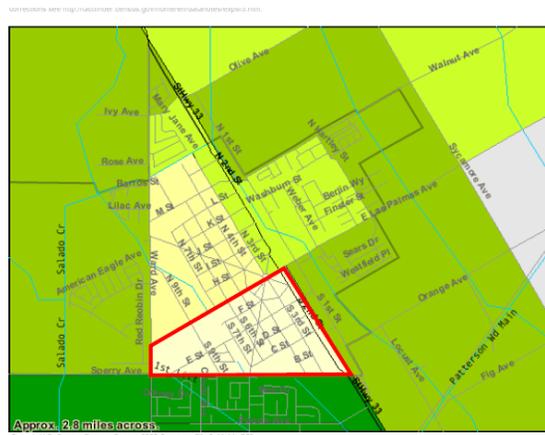


City of Hughson

The City of Hughson has similar infrastructure improvement needs as the rest of the Stanislaus Urban County members. CDBG funds will be used to conduct needed infrastructure improvements within the low income Census Block Group as identified in the project area map below.

One issue facing the City of Hughson is identifying areas that meet eligible Low-Moderate Area (LMA) requirements for CDBG activities. Often times, as in this case, census data may group areas of lower and higher Area Median Incomes (AMI) together, making it more difficult for those areas with a lower AMI to qualify for CDBG activities. Staff is currently working with HUD on approval of a survey to better identify income eligible areas in the City of Hughson.





City of Waterford

Waterford has traditionally faced challenges related to the accuracy of Census data in relation to income eligible Census tracts and Block Groups.

In Fiscal Year 2012-2013, Stanislaus County and City of Waterford staff conducted surveys in specific locations within the City. The survey results met area benefit criteria and were approved by HUD. The City of Waterford undertook the C & Covey project in Fiscal Year 2012-2013 as one of the projects subject to the survey and will begin construction of a second project “La Gallina Infrastructure” improvement project in Fiscal Year 2014-2015. This project may take up to three fiscal years for completion due to the loss of Redevelopment funds, and annual CDBG allocations are not enough to complete the project.

It is likely that the City of Waterford may need to continue conducting project area income surveys for future projects depending on final HUD Census Block data results.

2. Describe the basis for allocating investments geographically within the jurisdiction (or within the EMSA for HOPWA) (91.215(a)(1)) during the next year and the rationale for assigning the priorities.

The main objective of the CDBG program is to develop viable communities by providing decent housing and a suitable living environment and by expanding opportunities for persons of low and moderate-income.

Approximately 10% of the Stanislaus Urban County's CDBG entitlement allocation is designated under the “Public Service” program. The Public Service program provides funds to non-profit organizations, through a competitive application process, to provide essential public service programs throughout the participating Stanislaus Urban County members.

The remaining funds are distributed among the Stanislaus Urban County members, via a formula that represents poverty and population census data, to address community infrastructure needs. These needs may include, but are not limited to, sewer infrastructure and storm drainage to sidewalk infill projects. CDBG funds are used to address infrastructure improvement needs, which in turn improve the quality of life by promoting safe and healthy communities.

3. Describe actions that will take place during the next year to address obstacles to meeting underserved needs.

One of the ongoing challenges in meeting the needs of the underserved is the lack of sufficient funding for services provided by local governments, non-profit organizations, and other agencies. Service providers faced with this challenge are expected to provide more and more services with the same, if not smaller, budget every year.

To address this obstacle, Stanislaus County will continue to seek funding opportunities through different sources, encourage projects or programs that leverage funds, and ensure that projects and programs are operated as effectively and efficiently as possible.

Stanislaus County, in partnership with the Housing Authority of the County of Stanislaus (HACS), continues to support the Family Self Sufficiency program to assist eligible low income persons become homeowners. Stanislaus County also continues to partner with Habitat for Humanity, when feasible, in the acquisition of lots for the construction or rehabilitation of affordable housing units to be made available to low income households.

Further, Stanislaus County also administers State of California CalHome funds to supplement federal HOME funds for the provision of the Stanislaus County First Time Homebuyer and Housing Rehabilitation Programs. Stanislaus County's Housing Rehabilitation Program assists owner-occupied households address health and safety related repairs in their homes. These funds will continue to be used to leverage other resources and maximize the number of households to be assisted thereby addressing underserved needs.

Stanislaus County will continue its partnership with the Stanislaus County Continuum of Care (CoC), a multi-agency collaborative which focuses on the community's housing and social service needs, also allows for the distribution of much needed SuperNOFA funds to affordable housing developers within Stanislaus County. The Stanislaus Urban County will continue partnering with SHSSC to address the needs of the community and addressing obstacles to meeting underserved needs.

4. Identify the federal, state, and local resources expected to be made available to address the needs identified in the plan. Federal resources should include Section 8 funds made available to the jurisdiction, Low-Income Housing Tax Credits, and competitive McKinney-Vento Homeless Assistance Act funds expected to be available to address priority needs and specific objectives identified in the strategic plan.

In order to address the priority needs addressed in the CP a combination of federal, state, and local dollars will continue to be employed to assist those in need of essential services within Stanislaus County. The HACS as the administrator of the Housing Choice Voucher Program (known as Section 8) expects to receive approximately \$31,760,860 for the operation and implementation of the Section 8 Program.

The combination of CDBG, ESG, Cal Home (First Time Home Buyer and Housing Rehabilitation Program Funds – State), HOME Investment Partnerships Program (HOME), Neighborhood Stabilization Program (NSP) funds, and various other matching fund sources help to address many of the priority needs and objectives identified in the AAP.

Managing the Process

1. Identify the lead agency, entity, and agencies responsible for administering programs covered by the consolidated plan.

Community Development Block Grant/Emergency Solutions Grant:

Stanislaus County is the lead agency of the Stanislaus Urban County. Specifically, the Stanislaus County Planning and Community Development Department, serves as the lead entity for overseeing the development, implementation, and administration of the CP and AAP.

The CP and AAP's are prepared by Stanislaus County staff, with assistance from the cities of Ceres, Hughson, Newman, Oakdale, Patterson, and Waterford staff. Staff from the following Stanislaus County departments also played a key role in the development of the CP and AAP: Chief Executive Office (CEO), Health Services Agency (HSA), Community Services Agency (CSA), and Behavioral Health and Recovery Services (BHRS), as well as staff from the Housing Authority of the County of Stanislaus (HACS). The Stanislaus County Continuum of Care (CoC) (which includes representatives from countywide service providers) also provided a significant amount of input.

HOME Investment Partnerships Program (HOME):

The Stanislaus Urban County is also a member of the City of Turlock and Stanislaus County HOME Consortium. The City of Turlock is the "lead entity" with responsibility for implementing and administering HOME funds to the HOME Consortium.

2. Identify the significant aspects of the process by which the plan was developed, and the agencies, groups, organizations, and others who participated in the process.

Relationships with the resource providers listed in section one above consisted of written contacts, phone interviews, electronic information transfers, and face-to-face meetings, both public and informal, with both public and private sector agencies and service providers. The former were generally utilized to generate data and update previously provided information. The latter, generally taking the form of informal meetings between Stanislaus County staff and occasional formal public hearings, were used to review draft documents and receive public comments on those documents, respectively.

3. Describe actions that will take place during the next year to enhance coordination between public and private housing, health, and social service agencies.

The Stanislaus County Planning and Community Development Department, as administrator of the Stanislaus Urban County, coordinates and consults with other program providers, local, state and federal government entities, non-profit and for-profit organizations and business, professional organizations, interest groups, and other parties interested in the implementation of federal programs.

Specifically, they are: Housing Authority of the County of Stanislaus (HACS), Stanislaus County Health Services Agency, Stanislaus County Community Services Agency, Stanislaus County Behavioral Health and Recovery Services; California Department of Housing and Community Development; U.S. Department of Agriculture/Rural Development, U.S. Economic Development Administration, U.S. Department of Housing and Urban Development (HUD); California Coalition for Affordable Housing; Habitat for Humanity, Stanislaus County Affordable Housing Corporation (STANCO), California Rural Legal Assistance (CRLA), and Self-Help Enterprises).

Stanislaus County will continue to participate in regularly scheduled meetings with the cities of Modesto and Turlock to coordinate any CDBG, HOME and ESG funded activity that may be of benefit to each of the separate entitlement communities within Stanislaus County. Further, quarterly meetings will be held between the participating jurisdictions of the

Stanislaus Urban County. This will assure that the activities outlined in the AAP are given the fullest attention for design and implementation or construction.

The Stanislaus Urban County will maintain its membership and active involvement in the Stanislaus County Continuum of Care (CoC), a multi-agency collaborative which focuses on the community's housing and social service needs, to continue outreach and information sharing with other Stanislaus County agencies serving similar clientele.

Citizen Participation

1. Provide a summary of the citizen participation process.

Citizen Participation is an integral part of the planning and implementation processes for the CDBG/ESG and HOME Programs, pursuant to the rules and regulations governing administration of the programs. In its attempt to assure adequate opportunity for participation by program beneficiaries and the general public, The Stanislaus Urban County not only complies with Federal regulations, but also wishes to ensure that all residents of the participating jurisdictions, and principally families with low or moderate incomes, have the opportunity to participate in the needs identification and strategy formulation process for these programs. This AAP outlines the steps developed by the Stanislaus Urban County to ensure compliance with Federal regulations governing implementation of the Federal programs administered by the Stanislaus County staff, and meet its mandate to involve local residents in the planning and implementation of related projects and programs. All required elements are contained herein including: encouragement of citizen participation; information to be provided (including specific information regarding public hearings and Plan amendments); access to records; technical assistance; and comments and complaints.

The AAP process involves: scheduling, publicizing and conducting meetings and public hearings; providing technical assistance to applicants and other interested persons/groups; and maintaining accurate and current information regarding the CDBG/ESG and HOME programs which are available to citizens upon request.

The preparation of the AAP utilized consultation and coordination among various government agencies, private groups (for- and non-profit), including agencies that provide assisted housing, health services, social fair housing services, and individuals. Relationships with these resource providers consisted of both written contacts and face-to-face meetings. Most important among them were the meetings with the Stanislaus Urban County members and the input from the membership of the Stanislaus County Continuum of Care (CoC).

All meetings were conducted in accessible locations and were held at times in which the general public could participate including after-work hours. Upon request, Stanislaus County may provide translation services for persons with limited English proficiency. The Stanislaus County Department of Planning and Community has staff with proficient Spanish speaking and writing abilities that provide translation of documents and oral translation services for the Spanish speaking.

2. Provide a summary of citizen comments or views on the plan.

The AAP will be released for its official public review and comment period on March 4, 2014. In order to solicit public participation in the preparation of the AAP, public hearing notices were published defining the development process and how persons, agencies and interested groups could participate. Stanislaus County was also able to post announcements regarding the CDBG/ESG and HOME programs on the Stanislaus County Planning and Community Development internet homepage, which facilitates the receipt of citizen input online, <http://www.stancounty.com/planning/index.shtm>

A series of public meetings will be held in the months of February, March, and April 2014 to discuss the preparation of the AAP and seek public input. An overview of any comments received not included in this draft plan, will be included in the final AAP version presented to the Board of Supervisors on April 8, 2014. The series meetings to be conducted include:

JURISDICTION	DATE	TIME	LOCATION
<u>County/Cities</u>			
Stanislaus County	February 19, 2014	10:00am/6:00 pm	1010 10 th St., Modesto
City of Ceres	February 24, 2014	5:00 pm	2701 Fourth St., Ceres
City of Hughson	February 10, 2014	5:30 pm	7018 Pine St., Hughson
City of Newman	February 19, 2014	5:00 pm	1200 Main St., Newman
City of Oakdale	February 18, 2014	3:30 pm	455 S. 5 th St., Oakdale
City of Patterson	February 18, 2014	5:00 pm	1 Plaza, Patterson
City of Waterford	February 20, 2014	6:00 pm	101 E St., Waterford
<u>Municipal Advisory Councils / Communities</u>			
Denair	April 1, 2014	7:00 pm	3460 Lester Rd., Denair
Hickman	April 3, 2014	7:00 pm	13306 4 th St., Hickman
Empire	March 10, 2014	7:00 pm	18 S. Abbie, Empire
South Modesto	March 13, 2014	6:00 pm	3800 Cornucopia Way, Modesto
Keyes	April 17, 2014	7:00 pm	5601 7 th St., Keyes
Salida	March 25, 2014	7:00 pm	4835 Sisk Rd., Salida

Copies of the draft AAP are available for review at the Stanislaus County Planning and Community Development Department, the Planning Departments of the cities of Ceres, Hughson, Newman, Oakdale, Patterson, and Waterford and the Stanislaus County Main Library. A final public hearing is scheduled for April 8, 2014 before the Stanislaus County Board of Supervisors.

Stanislaus County will consider all oral and written public comments received in preparing and revising the AAP. A summary of responses to public comments relating to the review of the AAP is included in the Citizen Comment Summary section of this AAP.

Citizen Comment Summary

Throughout the months of February, March, and April 2014, Stanislaus County staff will have conducted several public meetings throughout the unincorporated areas and at least one general meeting in each of the CDBG participating jurisdictions.

Stanislaus County

On February 19, 2014 Stanislaus County held a morning and evening meeting for the public regarding the AAP development process.

No comments were received.

City of Hughson

A community meeting was held on February 10, 2014.

No comments were received.

City of Ceres

A community meeting will be held on February 24, 2014.

City of Newman

A community meeting was held on February 19, 2014.

No comments were received.

City of Oakdale

A community meeting was held on February 18, 2014.
No comments were received.

City of Patterson

A community meeting was held on February 18, 2014.
No comments were received.

City of Waterford

A community meeting was held on February 20, 2014.
No comments were received.

Town of Hickman

A community meeting will be held on April 3, 2014.

Town of Denair

A community meeting will be held on April 1, 2014.

South Modesto

A community meeting will be held on March 13, 2014.

Town of Empire

A community meeting will be held March 10, 2014.

Town of Keyes

A community meeting will be held April 17, 2014.

Town of Salida

A community meeting will be held on March 25, 2014.

Services to Older Adults Advisory Council (STOACC)

Stanislaus County staff regularly attends STOACC's monthly meetings to remain engaged with service providers who focus its efforts in serving the senior community and to keep them updated about Stanislaus Urban County HUD programs.

Continuum of Care (CoC)

The Continuum of Care (CoC) members were informed about the AAP process including the citizen participation process during the February 20, 2014 meeting. Draft AAP recommendations will be presented to the CoC during their March 20, 2014 meeting.

The ESG/SHP/HMIS Sub-committee will be consulted on March 20, 2014, after the general CoC meeting, to get input on the funding recommendations for the ESG Fiscal Year 2014-2015 awards. Input received will be included in the final version of this document.

Children and Families Commission

Stanislaus County staff will attend The Children and Families Commission's March 25, 2014 meeting. Stanislaus County staff will give a presentation informing the Commission about the AAP process and collaboration and coordination opportunities.

Airport Neighborhood Collaborative (ANC)

Stanislaus County staff regularly attends ANC monthly meetings and collaborates with local non-profits, agencies, and stakeholders in the Airport Neighborhood. Stanislaus County staff will attend the March 10, 2014 meeting and inform stakeholders about the AAP process.

Stanislaus County - Public Hearing

A Public Hearing will be held April 8, 2014.

3. Provide a summary of efforts made to broaden public participation in the development of the consolidated plan, including outreach to minorities and non-English speaking persons, as well as persons with disabilities.

Every year, English notices for meetings are placed in The Modesto Bee, Ceres Courier, Hughson Chronicle, Oakdale Leader, Patterson Irrigator, West Side Index, and Waterford News. In an effort to seek input and participation from the Spanish-speaking population, a Spanish notice is also published in the Modesto Bee newspaper. The notices are published ten days before the public meetings. The notices indicate the specific dates by which both written and oral comments must be received and include a telephone number for those who are deaf, hard of hearing, or speech disabled to receive relay communications services. That service is provided by the California Relay Service: 1 (800) 735-2929 (text telephones) and 1 (800) 735-2922 (voice). The notices also include the statement that translator services may be provided upon such service being requested: "Reasonable accommodations may be made available with advance notice at meeting locations to ensure access for persons with disabilities including sign language, interpreters, and assistive listening device." Public meetings held in predominantly Spanish-speaking communities are attended by bilingual staff for translation purposes.

Provide a written explanation of comments not accepted and the reasons why these comments were not accepted.

Comments pending the public hearing scheduled for April 8, 2014.

Institutional Structure

Describe actions that will take place during the next year to develop institutional structure.

To the extent that a gap exists in the institutional structure, a strategy of the AAP is to take action to close that gap. Example of gap closure is the effort of the Stanislaus County Continuum of Care to link potential partners to successfully and fully implement a program project as well as new partnerships formed with agencies supporting the Probation Action Committee Team (P.A.C.T.), which connects ex-prisoners to services such as housing and employment, and other agencies promoting the development and well-being of children 0-5 years of age, through the Children and Families Commission.

During public service monitoring, agency-to-agency referrals are also tracked to verify that participants receiving services do not experience any gaps as they strive to reach their goal of independence from the need of public services within the community. The Stanislaus County CoC is providing (ESG) participants with access to HMIS software operated by Client Track. The five (5) agencies receiving ESG funding, within Stanislaus County, have agreed to share limited Universal Data Elements for clients enrolled in ESG. HMIS data sharing helps reduce the instances of assistance gaps by allowing a streamlined intake process where agencies can refer clients to one another without duplication of intake as well as to prevent the duplication of services. The group also meets monthly in a subcommittee meeting, after the Housing Coalition meeting, to work out any issues with implementation

and reporting for ESG. An HMIS Data Entry Assistant was hired by the Community Housing and Shelter Services, and funded with ESG HMIS funds, to provide data entry assistance to shelter providers in Stanislaus County. This has allowed a more complete assessment of shelter utilization and demographics through the HMIS system. This HMIS Technician position will continue to be funded for the 2014-2015 Fiscal Year. In addition, ESG recipients are continually working on strengthening relationships with landlords to ensure affordable housing to ESG clients that may have poor credit or who are working on increasing their income.

In terms of meeting the goals set forth in the Urban County's Neighborhood Stabilization Strategy Area (NRSA) plans, approved by HUD in Fiscal Year 2012-2013, County staff has been working with agencies in the Parklawn and Airport Neighborhoods to explore their potential for qualifying as a CBDO. This process is extending into the third year of the NRSA plan due to its complexity and it is uncertain at this point whether any of the existing agencies have the capacity to take on the role of a CBDO.

Monitoring

1. Describe actions that will take place during the next year to monitor its housing and community development projects and ensure long-term compliance with program requirements and comprehensive planning requirements.

Stanislaus County, as the lead agency for CDBG and ESG funds, monitors all sub-recipients on a regular basis through written contacts, phone conversations, electronic information transfers, face-to-face monitoring visits (at least once per quarter), and project file review. Monitoring is conducted to ensure statutory and regulatory requirements are being met and that information submitted to Stanislaus County is accurate and complete.

An agreement is executed with every sub-recipient which clearly states all contractual requirements including but not limited to the project scope of work, performance measurement standards, reporting requirements, draw-down requirements, and applicable federal requirements. The monitoring process emphasizes on-site field visits, desk audits, technical assistance, and assistance to sub-recipients to ensure a good data collection and reporting system is in place.

Specifically, the objectives of Stanislaus County's monitoring program are to:

- Ensure that sub-recipients implement their program and individual activities, as described in the application and the sub-recipient Agreement.
- Ensure that sub-recipients conduct its activities in a timely manner, in accordance with the schedule included in the Agreement.
- Ensure that sub-recipients costs charged to the project are eligible under applicable laws and CDBG regulations and reasonable in light of the services or products delivered.
- Ensure that sub-recipients conduct activities with adequate control over program and financial performance, and reasonable in light of the services or products.
- Ensure that sub-recipients have continuing capacity to carry out the approved project, as well as other grants for which it may apply.
- Identify potential problem areas and assist the sub-recipients with applicable laws and regulations compliance.
- Assist sub-recipients in resolving compliance problems through discussion, negotiation, and the provision of technical assistance and training.
- Provide adequate follow-up measures to ensure that performance and compliance deficiencies are corrected and not repeated.
- Comply with the federal monitoring requirements of 24 CFR 570.501(b) and 24 CFR 85.40.

- Determine if any conflicts of interest exist in the operation of the CDBG program per 24 CFR 570.611.
- Ensure that required records are maintained to demonstrate compliance with applicable regulations.
- Verify that the outputs and outcomes are realized in a timely manner.
- Track grantee's progress in fulfilling its goals and objectives set forth in the CP, measured with established guidelines to assure that the program remains on task. Additionally, with data collected by the grantee during monitoring visits and ultimately entered into the Integrated Disbursement and Information System (IDIS) and the Disaster Recovery Grant Reporting (DRGR) System, these programs are capable of presenting the data to defend its progression towards accomplishment of its goals and objectives set forth in CP. On a semi-annual basis this information is compiled and compared with the goals and objectives in the CP. If this information reflects the accomplishments set forth in the CP, the programs will proceed as planned. If this information falls short of the goals set forth, appropriate adjustments will be made and notification sent to the respective sub-recipients to be cognizant of their need to meet certain milestones and timeliness requirements to assure receipt of program expected funds for their respective programs.

Lead-Based Paint

- 1. Describe the actions that will take place during the next year to evaluate and reduce the number of housing units containing lead-based paint hazards in order to increase the inventory of lead-safe housing available to extremely low-income, low-income, and moderate-income families, and how the plan for the reduction of lead-based hazards is related to the extent of lead poisoning and hazards.**

Stanislaus County staff works with the Childhood Lead Poisoning Prevention Program to provide information in the unincorporated areas and the Stanislaus Urban County members. The Childhood Lead Poisoning Prevention Program of Stanislaus County, administered through the Public Health Department, becomes involved with lead-based poisoning when notification of an elevated screening blood level is received either from the laboratory or physician. If the blood level is 10ug/dL (micrograms per deciliter), notification is made to the family. Once a child meets the case definition, an environmental investigation is performed by a Registered Environmental Health Specialist. If possible, the potential source of lead exposure is determined.

If the source of lead exposure is related to the residential physical environment (e.g. peeling paint that indicates the presence of lead) then the Housing Rehabilitation Program may participate in the source eradication.

The Stanislaus Urban County currently has various programs in place that are increasing the inventory of lead-safe housing available to extremely low-income, low-income, and moderate-income families.

During the implementation of local housing programs, appropriate steps are taken when the presence of lead-based paint is detected. Steps include full encapsulation, complete abatement (removal), painting or spot-repair (as per HUD-sponsored abatement course). These actions are part of the overall strategy of the CP and will continue their implementation in activities funded by that Plan.

To the extent possible, the Stanislaus Urban County will continue to purchase bank owned homes through the NSP until program funds are expended. The homes that are purchased by the Stanislaus Urban County members are rehabilitated and then made available for purchase or long-term rental by families of extremely low to moderate incomes. The

majority of the homes that the Stanislaus Urban County has purchased have been homes that were built after 1978. To date, the Stanislaus Urban County has purchased nineteen (19) homes that were built before 1978 and five (5) of those homes are scheduled to be demolished and replaced with new single-family homes. Any homes purchased by the Stanislaus Urban County that were built prior to 1978 will be tested for lead-based paint. If lead based paint is found, lead abatement will be conducted by qualified contractors. Any homes determined to not contain lead-based paint, will have the interior and exterior repainted.

HOUSING

Specific Housing Objectives



1. Describe the priorities and specific objectives the jurisdiction hopes to achieve during the next year.

The CP identifies homeownership and owner occupied housing health and safety related rehabilitation as top priorities to be addressed. The specific housing objectives in the coming fiscal year are to:

- Increase the supply of affordable housing through the continued implementation of the NSP, First Time Home Buyer (FTHB) Down Payment Assistance (DPA) Program, and through partnerships with local affordable housing developers (such as Habitat for Humanity, Housing Authority of the County of Stanislaus, the State of California, and Federal Housing and Urban Development).
- Maintain safe and sanitary housing for low-income households through the continued provision of housing rehabilitation programs,
- Ensure long-term affordability of units for low-income households,
- Promote homeownership, retrofit communities and neighborhoods with public infrastructure, and
- Eliminate the physical barriers that deny access to public and community facilities to those with limited mobility.

2. Describe how federal, state, and local public and private sector resources that are reasonably expected to be available will be used to address identified needs for the period covered by this Action Plan.

The Stanislaus Urban County anticipates \$1,874,100 in CDBG, \$143,917 in ESG, and \$482,837 in HOME (Stanislaus Urban County Allocation amount) funding for the Fiscal Year 2014-2015 program year.

Over the next plan year, Stanislaus County intends to continue the pursuit of other federal and state funds to increase the amount of resources available to assist low and moderate income families and individuals. The following summarizes these resources:

Federal Resources

CDBG, ESG, HOME, and NSP funds will continue to be used by the Stanislaus Urban County to fill funding gaps for affordable housing projects/programs as needed to help leverage other funds when possible.

State Resources

Stanislaus County will continue the use of State of California funds designed to fund affordable housing projects/programs. Stanislaus County is a recipient of Cal Home funds to provide down payment assistance to first time home buyers and owner occupied housing rehabilitation.

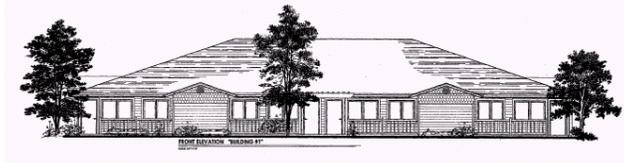
HUD Section 8 Program

The Housing Authority of the County of Stanislaus (HACS) administers the HUD Section 8 Housing Choice Voucher (HCV) program which is vital in providing affordable housing opportunities to low and moderate-income households.

McKinney Vento Act Funds

The Stanislaus Urban County is not a direct recipient of McKinney Vento Act funds, but members of the SHSSC will continue to seek this funding source on an individual basis to address housing needs for the homeless in Stanislaus County. Wherever possible, the Stanislaus Urban County will collaborate with the CoC in the implementation and delivery of services to the homeless. Urban County staff participated in the scoring of the CoC grant applications for the 2013 grant applications.

Needs of Public Housing



- 1. Describe the manner in which the plan of the jurisdiction will help address the needs of public housing and activities it will undertake during the next year to encourage public housing residents to become more involved in management and participate in homeownership.**

Wherever opportunities arise, the Stanislaus Urban County will continue to assist the Housing Authority of the County of Stanislaus in the rehabilitation of its existing public housing units and in the search for opportunities to increase its housing inventory.

Credit counseling and home ownership courses are also offered to low/moderate-income individuals/households through partnerships with Community Housing and Shelter Services, Habitat for Humanity, Project Sentinel, Clearpoint, and the Home Loan Counseling Center. This allows first time homebuyer households to better prepare for homeownership and the homeownership process.

Stanislaus County will also continue partnering with the Housing Authority of the County of Stanislaus to provide housing opportunities for farm workers, migrants, homeless, special needs, low-income families, and multiple-family construction projects.

- 2. If the public housing agency is designated as "troubled" by HUD or otherwise is performing poorly, the jurisdiction shall describe the manner in which it will provide financial or other assistance in improving its operations to remove such designation during the next year.**

Not Applicable. The Housing Authority of the County of Stanislaus is identified as a "High Performer."

Barriers to Affordable Housing

1. Describe the actions that will take place during the next year to remove barriers to affordable housing.

General Overview

An updated Analysis of Impediments (AI) was prepared for Stanislaus County by Project Sentinel in February 2012. The 2012 AI identifies the continued shortage of affordable rental housing, particularly for larger families.

An area in which improvement was made (compared to the previous AI), is the area of comprehensive fair housing services and addressing the potential for housing discrimination and predatory practices. The 2012 AI indicates that this impediment has been largely addressed and satisfactorily resolved by virtue of the Stanislaus Urban County's annual funding of comprehensive fair housing services.

In addition to an updated evaluation of these issues, the 2012 AI broadened its scope to include all the current participating cities. These new areas of analysis included Stanislaus County's relationship to the Housing Authority of the County of Stanislaus, an examination of zoning ordinances and reasonable accommodations policies, and the allocation of community development resources. Ultimately the items described below were highlighted as potential or existing impediments to fair housing within Stanislaus County followed by recommendations to address each impediment:

2012 Analysis of Impediments to Affordable Housing

AFFORDABILITY

Lack of New Multi-Family Housing Construction for Very Low Income Households

According to the 2012 AI, there continues to be a shortfall of affordable rental housing for very low income households throughout the Stanislaus Urban County. However, as noted in the AI, housing market circumstances have clearly changed. The likelihood of significant new affordable multi-family housing development in the near future appears small. The present abundance of vacant single-family properties throughout Stanislaus County, the absence of private developer interest in new housing construction of any kind, the continuing tight credit market and the constraints imposed on county planners by "Measure E" (a land use restriction initiative which requires voter approval before any new residential development is expanded into agricultural and open-space areas) in all weigh heavily against new construction in the short term. In light of these facts, maximum creativity, coordination of all available resources, and inter-jurisdictional planning will be essential if this impediment is to be addressed.

Although the AI highlights the shortage of affordable rental housing, Stanislaus Urban County members are doing everything possible with the amount of resources at their disposal to provide further affordable housing opportunities to its low income community. Since 2005 there have been three high density affordable housing projects for seniors, either approved or in the process of construction. One is located within the City of Newman, another in the City of Oakdale and the third is located within the City of Patterson. Considering the economic conditions and the limited amount of resources available to the community, these Urban County members were able to bring these three high density affordable housing projects to fruition, adding to Stanislaus Urban County's affordable housing inventory.

Further, NSP has created twenty three (23) units of affordable rental housing since 2008. The most recent project was the construction of eight (8) (5 multi-family and 3 single family) units in Fiscal Year 2013-2014. The rental of these units will be managed by the HACS. These projects have provided a total of 165 affordable housing units combined over the past six years (both rental and owner occupied).

As economic conditions improve, and the interest of private developers in new housing construction returns, affordable housing funding resources increase, and market conditions permit; Stanislaus Urban County members will continue to consider improving and adding to its affordable rental housing stock.

Zoning Policies

The 2012 AI review of zoning regulations in the Stanislaus Urban County showed overall compliance.

However, the 2012 AI notes that the Cities of Ceres and Waterford zoning codes may discourage secondary unit development.

Stanislaus County coordinated with Project Sentinel on a fair housing training, which was held in January of 2013, to educate Urban County members about fair housing law in an effort to address impediments identified in the AI and to identify any errors within the AI relating to established ordinance provisions overlooked by Project Sentinel. All activity in this regard will be reported in the CAPER. In addition, changes to CA Housing Element regulations should assist in eliminating impediments to fair housing choice in terms of zoning regulations in the Urban County because of the incentive of qualifying for an 8 year housing element cycle by having zoning allowances such as density bonus ordinances in place to allow for affordable housing development.

The Foreclosure Crisis

The AI identified the foreclosure crisis as a detrimental impediment to fair housing choice. Although the foreclosure crisis did have damaging impacts to the nation's economy, the foreclosure crisis also brought home affordability levels to record highs. Households who were not able to purchase homes at the peak of the housing market in 2006 were able to become homeowners.

To address the effects of this potential impediment, Stanislaus Urban County members will continue to collaborate with the HACS, mortgage lenders, Habitat for Humanity and first time home buyers to continue the efforts of the NSP program. In addition, Stanislaus County staff will continue to engage in foreclosure events to assist and/or provide referral households in danger of foreclosure and collaborate with Project Sentinel in fair housing related efforts. Stanislaus County will also continue to collaborate with Habitat for Humanity and other HUD certified counselors to help home buyers avoid predatory lending practices.

Actions to Address Barriers to Affordable Housing

In an effort to address the barriers to affordable housing, the Stanislaus Urban County will continue implementing the following programs/projects during the coming fiscal year:

Neighborhood Stabilization Program (NSP)

Although the inventory of available foreclosures is decreasing, Stanislaus County will continue to use NSP funds to acquire, rehabilitate and sale foreclosed properties to first time homebuyers as the opportunity arises. NSP activities are expected to decrease in the coming year, however staff expects to provide approximately five affordable units in the coming year. NSP connects first time homebuyers to Down Payment Assistance (DPA) and affordable single family homes within the Stanislaus Urban County. In order to offset a shortfall of available DPA funds, NSP program income is now being used to serve program eligible participants in their pursuit of their first home.

Down Payment Assistance Programs

Stanislaus Urban County members will continue to offer down payment assistance programs to eligible first time home buyers. This assistance makes homeownership a reality for first time home buyers who are qualified to purchase a home but do not have the means to provide a down payment. The current activity focus is NSP unit centric, to assist in program momentum and funding leverage. This approach allows for a larger number of foreclosed units to return to active housing stock within the Community which would otherwise remain vacant.

Multi-Family Housing Development

To address the need for multi-family housing, the City of Oakdale completed a fifty unit multi-family affordable housing project for extremely low, very low, and low-income seniors in Fiscal Year 2012-2013. The project cost was \$11.2 million and was financed through a variety of sources including Redevelopment Agency Housing Set-Aside, HOME Investment Partnerships Program, and low-income housing tax credits. This project has added multi-family rental housing to Stanislaus Urban County's affordable housing inventory.

The City of Waterford, Stanislaus County and the HACS have completed the construction of a five unit senior housing project in the City of Waterford. The project was financed with NSP funds. The project replaced a blighted, foreclosed multi-family building that was acquired through NSP. In the coming year, the HACS will place tenants in the building and will manage the development.

The cities of Newman and Patterson, in past years, have also shown commitment to providing affordable housing opportunities through their undertaking of multi-family affordable housing projects. These projects continue to be utilized by low income families and are at full capacity.

Homeless Prevention & Rapid Re-Housing Program (HPRP)

Approximately 25% of the Fiscal Year 2014-2015 ESG award will go towards ESG programs that provide rental assistance, utility assistance, payment of rental and utility arrears, or rental or utility deposits in combination with case management which works with clients on an individual basis to sustain permanent housing. Modeled after the 2009 Recovery Act Homeless Prevention and Rapid Re-housing (HPRP) Recovery program, which concluded in August 2012, the program utilizes housing search and placement services, intensive case management, and rental assistance to remove barriers to permanent housing for homeless persons and persons 30% or under the AMI who are at-risk of losing their housing.

HOME/American Dream Down Payment Initiative (ADDI)

The Stanislaus Urban County is a member of the City of Turlock and Stanislaus County Home Investment Partnerships Program (HOME) Consortium (hereinafter referred to as the "HOME Consortium"). The City of Turlock is the "lead entity" with responsibility for implementing and administering HOME funds to the HOME Consortium.

HOME program funds are used by localities to provide the following activities:

- Affordable housing development
- Assist low-income first time homebuyer households purchase their first home
- Provide health and safety related owner occupied housing rehabilitation
- Provide program administration

The members of the Stanislaus Urban County will continue to use their HOME funds to address the variety of housing needs within their individual jurisdictions. The Stanislaus Urban County's CP identifies homeownership and owner occupied housing rehabilitation as top housing priorities. As such, the Stanislaus Urban County will address these priorities through the continued provision of First Time Home Buyer Down Payment Assistance Programs and through partnerships with local affordable housing developers (such as Habitat for Humanity and the Housing Authority of the County of Stanislaus).

The following includes narrative responses to AAP questions, relating to this section, as a requirement to be compliant with CP regulations:

Describe other forms of investment not described in § 92.205(b).

The Stanislaus Urban County is a participating jurisdiction under the City of Turlock HOME Consortium. The Stanislaus Urban County utilizes its annual HOME funds allocation to assist low and moderate income households through its First Time Home Buyers Down Payment Assistance Program (DPA) and/or housing rehabilitation. Additionally, the City of Turlock utilizes American Dream Down Payment Initiative funds (a separate down-payment assistance fund allocation administered as part of the HOME Program) and Workforce Initiative Subsidy for Homeownership (WISH) funds are utilized by the Housing Authority of the County of Stanislaus in partnership with their Family Self-Sufficiency program.

1. If the participating jurisdiction (PJ) will use HOME or ADDI funds for homebuyers, it must state the guidelines for resale or recapture, as required in § 92.254 of the HOME rule.

Stanislaus Urban County members will continue to use HOME funds to provide affordable housing opportunities to low income populations. When using HOME funds the Stanislaus Urban County will use the Recapture provision.

The HOME statute specifies that under recapture provisions, the participating jurisdiction (PJ) must recapture the HOME investment from available net proceeds in order to assist other HOME-eligible families. The HOME recapture provisions are established at §92.253(a)(5)(ii), and unlike the resale approach, permit the original homebuyer to sell the property to any willing buyer during the period of affordability while the PJ is able to recapture all or a portion of the HOME-assistance provided to the original homebuyer.

The four basic recapture options are described in the HOME rule:

1. *PJ Recaptures Entire Direct HOME Subsidy*
2. *Reduction During Affordability Period*
3. *Shared Net Proceeds*
4. *Owner Investment Returned First*

The Stanislaus Urban County will use the first method under the Recapture model: **PJ Recaptures Entire Direct HOME Subsidy**. With this option, Stanislaus County recaptures the entire amount of the direct HOME subsidy provided to the homebuyer before the homebuyer receives a return. Stanislaus County's recapture amount is limited to the net proceeds available from the sale.

In cases where the net proceeds available at the time of sale are insufficient to recapture the entire direct HOME subsidy provided to the homebuyer, Stanislaus County is not required to repay the difference between the total direct HOME subsidy and the amount Stanislaus County is able to recapture from available net proceeds.

In applying the first option of the recapture provision, the following formula shall be used:

$$\begin{array}{r} \text{Sales Price of Unit} \\ - \text{Superior Non HOME Debt} \\ - \text{Closing Costs} \\ \hline = \text{Net Proceeds} \end{array}$$

- 2. If the PJ will use HOME funds to refinance existing debt secured by multifamily housing that is being rehabilitated with HOME funds, it must state its refinancing guidelines required under § 92.206(b). The guidelines shall describe the conditions under which the PJ will refinance existing debt. At a minimum these guidelines must:**

Not Applicable

Non-Homeless Special Needs Housing

- 1. Describe the priorities and specific objectives the jurisdiction hopes to achieve for the period covered by the Action Plan.**

The Stanislaus Urban County will continue to serve the non-homeless special needs populations such as those victimized or in jeopardy of experiencing domestic violence. Through the public service programs we will support single parents and children that are victimized by this violence.

The Stanislaus Urban County also offers public service programs to other non-homeless special needs populations including but not limited to the elderly and frail, those diagnosed with mental, developmental, and physical illnesses, those suffering from alcohol and drug addictions, HIV and AIDS.

Whenever possible, the Stanislaus Urban County will partner with agencies such as Behavioral Health and Recovery Services (BHRS) to address the housing needs of these special needs populations.

HOMELESS PROGRAMS

Homeless and Special Needs

- 1. Identify the federal, state, and local resources (including program income) the jurisdiction expects to receive to address the needs identified in the plan. Federal resources should include Section 8 funds made available to the jurisdiction, Low-Income Housing Tax Credits, and competitive McKinney-Vento Homeless Assistance Act funds expected to be available to address priority needs and specific objectives identified in the strategic plan.**
- 2. Explain how federal funds will leverage resources from private and non-federal public sources, including how matching requirements of HUD programs will be satisfied.**

Competitive McKinney-Vento Homeless Assistance Act funds

The chart below indicates the funding acquired through the Continuum of Care (for Fiscal Year 2012-2013) to assist those individuals/families directly suffering from homelessness along with those in jeopardy of becoming homeless.

Project Name	Agency	Program Type	Award Amount
Pathways	Center for Human Services	TH	\$78,976
Pathways – Support Services	Center for Human Services	TH	\$43,241
Families in Transition	Community Housing and Shelter Services	SSO	\$69,643
Homes for Homeless	Community Housing and Shelter Services	SSO	\$90,011
Stanislaus Homeless Collaborative	Community Housing and Shelter Services	SSO	\$97,129
HALO Housing (1) 2011	Community Impact Central Valley	PH	\$124,154
HALO Homes (3) 2011	Community Impact Central Valley	PH	\$199,962
HALO 4 2011	Community Impact Central Valley	PH	\$164,716
HALO Apartments (5)	Community Impact Central Valley	PH	\$230,043
HALO 7 (14)	Community Impact Central Valley	PH	\$92,025
Permanent Housing #1	Stan County Housing Authority	PH	\$95,850
Shelter Plus Care 1-4, 6 & 7 2011 Renewal	Stan County Housing Authority	PH	\$981,287
Shelter Plus Care 5 2012 Renewal	Stan County Housing Authority	PH	\$142,300
Stanislaus HMIS Renewal 2012	Stan County Housing Authority	HMIS	\$84,795
Berberian Transitional Housing Program	The Salvation Army	TH	\$101,905
Turning Point Affordable Housing Project	Turning Point Community Programs	PH	\$103,793
Turning Point Supportive Housing Program	Turning Point Community Programs	PH	\$166,083
Total:			\$2,865,913

SSO - Support Services Only

TH – Transitional Housing

PH – Permanent Housing

Source: HUD Fiscal Year 2012 CoC Grants Award

Housing Choice Voucher Program

The Housing Choice Voucher (HCV) Program, previously and still commonly known as the Section 8 Program, provides financial assistance to low-income households by paying a portion of the monthly rent directly to property owners. The HCV program is the largest assistance program administered by the HACS. The voucher program permits families to select their own units from available private housing stock. There is no limit on the rent for the unit a family selects. However, the rent charged by the owner must be reasonable in relation to the rent charged for comparable unassisted units. Assistance is equal to the difference between the tenant contribution (30 percent of adjusted income) and the payment standard. If the family selects a unit renting for more than the payment standard, the family pays the excess. Its rent to income ratio would then exceed 30 percent of adjusted income. If the family selects a unit renting for less than the payment standard, it, in effect, keeps the difference by paying a lower percentage of its income for rent.

According to the HACS, a total of 4,045 Housing Choice vouchers and certificates were active, countywide, as of January 2014, of which 3,419 are currently in use (see Figure IV-7). Of this total, 3,419 are presently being used within the city limits of Modesto, Turlock, and Riverbank, the three cities not part of the Stanislaus Urban County. This leaves a total of 626 vouchers and certificates in use within the Stanislaus Urban County cities and County Unincorporated areas (15%).

Distribution of In-Use Housing Choice Vouchers (HCV)		
Non-Stanislaus Urban County Cities	3,419	85%
Stanislaus Urban County Cities and County	626	15%
Total	4,045	100.0%

Emergency Solutions Grant (ESG) Funds

Another tool available to Stanislaus Urban County residents to address homelessness is the Stanislaus County ESG program. This program provides funds for emergency and transitional shelter programs as well as for rental assistance and housing search and placement services for households who are homeless or at-risk of becoming homeless. ESG funding is also utilized to improve data collection and quality in the Homeless Management Information System (HMIS). Ensuring accurate and complete data of a person's entry into and out of homelessness will allow the County and CoC to more effectively target homeless funds throughout the county.

3. ESG Match Funds

Below is a summary of the match funding identified for the Fiscal Year 2014-2015 ESG Allocation, listed by each agency receiving funding:

Funding	Federal	State	In-Kind	Private	Total Match	Match Required
CHILDREN'S CRISIS CENTER - OAKDALE RESPITE SHELTER PROGRAM						
HUD CDBG	\$ 20,000.00					
Guardian Fund				\$ 100,053.00		
State CCTR funds		\$ 100,000.00				
Prop 10		\$ 77,000.00			\$ 297,053.00	\$ 20,000.00
COMMUNITY HOUSING AND SHELTER SERVICES - SANTA FE PROJECT						
Omega Nu				\$ 1,000.00		
HUD SHP	\$ 41,563.00				\$ 42,563.00	\$ 25,725.00
COMMUNITY HOUSING AND SHELTER SERVICES - HMIS						
HUD SHP	\$ 28,098.00				\$ 28,098.00	\$ 15,000.00
COMMUNITY HOUSING AND SHELTER SERVICES - HPRP						
HUD SHP	\$ 24,338.00				\$ 24,338.00	\$ 13,979.00
SALVATION ARMY - EMERGENCY SHELTER						
EFSP	\$ 35,000.00					
Donations				\$ 409,506.00		
HUD CDBG	\$ 10,000.00				\$ 454,506.00	\$ 17,000.00
WE CARE - EMERGENCY SHELTER PROGRAM						
Volunteer Hours			\$ 20,000.00			
Food Donations			\$ 6,550.00			
HUD CDBG	\$ 15,976.00					
EFSP	\$ 10,000.00				\$ 52,526.00	\$ 12,000.00
WE CARE - RAPID RE-HOUSING PROGRAM						
United Samaritans Foundation			\$ 9,559.00			
Bright Foundation				\$ 5,000.00		
Contributions/Cash on hand				\$ 23,680.00	\$ 33,239.00	\$ 29,420.00
	\$ 184,975.00	\$ 177,000.00	\$ 36,109.00	\$ 539,239.00	\$ 937,323.00	\$ 133,124.00

4. Describe, briefly, the jurisdiction's plan for the investment and use of available resources and one-year goals for reducing and ending homelessness.
5. Describe specific action steps for reducing and ending homelessness that (i) reach out to homeless persons (especially unsheltered persons) and assessing their individual needs; (ii) address emergency shelter and transitional housing needs; (iii) help homeless persons (especially persons that are chronically homeless, families with children, veterans, and unaccompanied youth) make the transition to permanent housing and independent living.

Homeless Funding Overview

To develop the Stanislaus Urban County's ESG funding priorities, the current condition of homelessness in the Nation and Stanislaus County was examined by pulling from the 2011

Point-in-Time (PIT) count, the CoC's 2012 Exhibit 1, the Stanislaus Urban County's 2012-2015 CP, the CoC's 10-Year Plan to End Long-Term Homelessness (2007), and the United States Interagency Council on Homelessness's Report, "Opening Doors – Federal Strategic Plan to Prevent and End Homelessness" (2010). A recent Community Survey, conducted in preparation for the development of Stanislaus Urban County's 2012-2015 CP, identified homeless services as a high priority and homeless prevention activities as a medium priority. The eligible activities under ESG, were then compared to existing services available to homeless and at-risk persons to develop ESG funding priorities that would serve target populations while not duplicating services.

The Federal Strategic Plan to Prevent and End Homelessness has the following four Goals:

- End Chronic Homelessness in five years
- Prevent and End Homelessness among Veterans in 5 years
- Prevent and End Homelessness for Families, Youth and Children in 10 years
- Set a Path to End all Homelessness

This document focuses on solving homelessness for the chronic homeless, homeless veterans, homeless families with children, and homeless unaccompanied youth. Within the document six (six) strategies are discussed as paths to housing those target populations:

- Individualized Goal-Based Service Planning
- On-Going Support Services Connected to Mainstream Resources
- Independent Living Skills Training
- Connections to Supportive and Trustworthy Adults and Support Networks
- Employment and Education
- Housing

Similarly, the CoC's 10-Year Plan to End Long-term Homelessness, identifies chronically homeless, long-term homeless adults and families, and homeless youth as target groups for homeless assistance. Currently, the focus of CoC funding has been to provide permanent supportive housing for chronically homeless, homeless veterans and for homeless youth out of foster care. In terms of serving unsheltered homeless, the CoC coordinated with the Gospel Mission to put on a homeless fair in the Fall of 2012 and again in the Spring of 2013, where service providers were able to connect homeless persons to medical screenings, enrollment assistance, documentation replacements, emergency food and clothing, as well as for general resource and referral services.

Although both shelter activities and homeless prevention and rapid re-housing activities continue to be funding priorities, it is important to note that due to the fact that the level of available ESG funding for rental assistance is approximately 25% of the amount received for the Recovery Act HPRP program, the number of rental assistance units available to Stanislaus County have been greatly reduced. Homeless prevention activities, while remaining to be a service that is greatly needed throughout the Stanislaus Urban County, received slightly less priority than Rapid Re-housing and shelter services and accordingly, less funding is proposed to be allocated to this activity. Additionally, the Stanislaus Urban County, in recognition that HMIS has the potential to be utilized as a critical data tool in identifying the best methods for preventing and ending homelessness, will focus a portion of its Fiscal Year 2014-2015 ESG award to improving the CoC's HMIS system. Lastly, in conjunction with our CDBG Economic Development program, a strong focus for ESG funds will be providing job training and placement opportunities for Rapid Re-housing and Homeless Prevention recipients.

Based on an evaluation of the information provided above, the Stanislaus Urban County has identified a funding gap in emergency and transitional shelters programs and in rental

assistance programs. Without emergency and transitional shelters providing temporary shelter for homeless individuals and families, re-housing the homeless would not be as effective. In response to this funding gap and symbiotic nature of the two program types, County ESG funds will be targeting shelter and/or HPRP programs.

Homeless Funding Priorities

Based on the data provided above the following funding priorities have been identified for the Stanislaus Urban County's ESG Program:

Target Populations: Chronic Homeless, Homeless Veterans, Homeless Families with Children, Homeless Unaccompanied Youth.

High Priority Services: Employment assistance and job training, Benefit Enrollment, Resource and Referral Services, Medium –term Rental Assistance, HMIS, Housing Search and Placement, Housing Stability Case Management, Life Skills training, Shelter Operations, Essential Shelter Services.

Medium Priority Services: Short-term Rental Assistance, Utility Assistance, Utility Deposits, Security Deposits, Rental Arrears, Rental application fees, Child care, Education services, Transportation.

Low Priority Services: Legal Services, Mental Health Services, Last month's rent payments, Moving costs, Mediation, Credit Repair, Outpatient Health Services, Mental Health Services, Substance Abuse Treatment Services, Services for Special Populations, Renovation, Uniform Relocation Assistance.

- 6. Homelessness Prevention—Describe planned action steps for reducing ending homelessness that help low-income individuals and families avoid becoming homeless, especially extremely low-income individuals and families who are likely to be discharged from publicly funded institution and systems of care or those receiving assistance from public or private agencies that address housing, health, social service, employment, education or youth needs.**

Homelessness Prevention

Although we have no exact count as to the number of persons who lose their housing and become homeless each year, we do know what risk factors play into causing homelessness.

Some risk factors for homelessness include the following:

- Sudden and significant increase in utility costs
- Mental health and substance abuse issues
- Physical disabilities and other chronic health issues, including HIV/AIDS
- Severe housing cost burden (greater than 50 percent of income for housing costs)
- Homelessness in the last 12 months
- Young head of household (under 25 with children or pregnant)
- Current or past involvement with child welfare, including foster care
- Pending foreclosure of housing (rental or homeownership)
- Extremely low income (less than 30 percent of Area Median Income)
- Past institutional care (prison, treatment facility, hospital)
- Recent traumatic life event, such as death of a spouse or primary care provider, abandonment of spouse or primary care provider, or recent health crisis that prevented the household from meeting its financial responsibilities
- Credit problems that preclude obtaining of housing
- Significant amount of medical debt
- Eviction within 2 weeks from a private dwelling (including housing provided by family or friends)

- Discharge within 2 weeks from an institution in which the person has been a resident for more than 180 days (including prisons, mental health institutions, hospitals)
- Residency in housing that has been condemned by housing officials and is no longer meant for human habitation
- Sudden and significant loss of income

Persons who are “at-risk of homelessness” include individuals or families that are experiencing one or more of the risk factors described below. When evaluating these risk factors within the context of Stanislaus County a rise in persons at-risk of homelessness is anticipated. These factors will be taken into consideration when evaluating a client’s risk of entering homelessness:

Mental or Physical Disabilities, Substance Abuse and Other Chronic Health Issues

Living with mental illness, physical disabilities, substance abuse or other chronic health issues can increase the risk of homelessness. The Health Services Agency’s Stanislaus County Community Health Assessment Survey for 2008 found that Stanislaus County residents who needed help for emotional or mental health problems increased from 14.6% in 2001 to 20.5% in 2005. However, the number of persons who did not see health professionals who needed it for emotional or mental problems was at 43.3%. When asked why those not receiving help did not get it, 62.4% responded that it was due to a lack of insurance. The 2010 American Community Survey estimates that 12.3% of Stanislaus County residents are living with a disability. Stanislaus County rates for chronic health issues, such as diabetes, asthma and obesity, are higher than averages for the State.

“Standard Condition” & “Substandard Condition But Suitable For Rehabilitation”

Housing that is substandard, such as housing units with inadequate plumbing or heating, increases the risk of homelessness. HUD Community Planning and Development (CPD) Maps identifies Stanislaus County as having 1,225 substandard housing units, 335 of which are occupied by persons who are 30% and under the AMI. A housing unit is considered to be in “Standard Condition” if:

- The unit is structurally sound and provides adequate shelter from the weather elements and a securable interior environment.
- Has operable indoor plumbing (a minimum of one of each; wash basin, water closet, bathing facilities, kitchen sink).
- Has an adequate, safe electrical system.
- Have sanitary food preparation facilities.
- Has no presence of environmental health concerns such as mold and lead.
- Meets HUD Housing Quality Standards (HQS) standards.

A housing unit is considered to be in “substandard condition but suitable for rehabilitation” if the housing unit:

- Does not meet one or more of the conditions required for a dwelling to be in “standard condition” and the cost to bring the dwelling into compliance does not exceed 75% of the value of the house and property.
- Has been declared unfit or unsafe for occupancy by a government agency and the cost to bring the dwelling into compliance does not exceed 75% of the value of the house and property.

Cost Burden and Severe Cost Burden

Cost is the primary reason many individuals are unable to obtain or maintain quality housing. With the downturn in the economy, Stanislaus County has been one of the hardest hit areas in the country. Approximately 78,418 households in Stanislaus County have monthly housing costs in excess of 30% of their monthly income. Approximately 45% (28,158 households) of rental households earning less than \$35,000/year have monthly

housing costs of 30% or greater compared to 14% (14,251 households) for owners who earn less than \$35,000/year.

Unemployment and Underemployment

Stanislaus County's 2013 unemployment rate is 12.2%. The population is extremely low income (less than 30 percent of Area Median Income), and many have suffered a sudden and significant loss of income. Job scarcity, pay rate cut-backs and low wage jobs also contribute to a higher risk for homelessness. Barriers to obtaining employment that provide adequate income for housing stability include, a lack of education, illiteracy, language barriers, lack of basic life skills, lack of transportation.

Overcrowding

Extremely low incomes, combined with substandard housing provide a high risk factor for homelessness. Households whose housing becomes uninhabitable or who have experienced a sudden decrease in income often lose their housing and end up staying with friends or family in a doubled up. In coping with economic challenges over the past few years, many of us have combined households with other family members or individuals. These "doubled-up" households are defined as those that include at least one "additional" adult – in other words, a person 18 or older who is not enrolled in school and is not the householder, spouse or cohabiting partner of the householder.

The Census Bureau reported that the number and share of doubled-up households and adults sharing households across the country increased over the course of the recession, which began in December 2007 and ended in June 2009. In spring 2007, there were 19.7 million doubled-up households, amounting to 17.0 percent of all households. Four years later, in spring 2011, the number of such households had climbed to 21.8 million, or 18.3 percent.

These factors combined with high amounts of household debt, and rising utility, gas and food costs raise the risk that individuals or families may enter into homelessness. Households at-risk of homelessness need access to the following services:

- Job training;
- Sustainable paying jobs;
- Affordable housing;
- Supplemental food supplies;
- Life-skills training;
- Basic coping skills, financial planning, food shopping, spending;
- Safe, affordable child care;
- Accessible and reliable public transportation;
- Case management services or supportive housing after leaving a shelter;
- Coordinated case management for those involved with a variety of public entities, such as the courts and parole;
- A safe environment that is drug and gang free;
- Recreational programs for adults;
- Chore services, including yard maintenance for the elderly;
- Medication administration assistance for the elderly; and,
- A short-term housing payment program for those with health problems or job loss.

With continued funding for our Housing Rehabilitation programs, we are able to limit/reduce the amount of affordable housing units that fall into disrepair. If these units are maintained and are able to meet appropriate health and safety standards, then the families/individuals are able to maintain their housing status without having to face the prospect of homelessness.

Through the ESG, Stanislaus County residents facing short-term financial crisis are able to seek assistance through agencies such as Community Housing and Shelter Services, who provide rental vouchers and monthly rental payments to prevent people in jeopardy of becoming homeless within seven (7) to ten (10) days.

Shelters receiving ESG rental assistance funds also assist the transition of individuals and families from homelessness to permanent housing through the combination of emergency and transitional shelter with case management and housing search and placement. ESG funds are also utilized by funded agencies to provide basic food, shelter and access to showers and clean clothing to assist in meeting the basic needs of the homeless community. These resources ease the financial burden of the homeless and assist in the facilitation of achieving permanent shelter.

7. Discharge Coordination Policy—Explain planned activities to implement a cohesive, community-wide Discharge Coordination Policy, and how, in the coming year, the community will move toward such a policy.

Discharge Coordination Policy

Representatives from Behavioral Health and Recovery Services (BHRS) and the Community Services Agency (CSA) regularly attend the monthly CoC Housing Collaborative meetings and are active participants in program planning for homeless fund utilization throughout Stanislaus County. The Health Services Agency (HSA) has been contacted in regard to recent and upcoming health care reform legislation, some of which encourages incorporating rental assistance and case management into discharge planning. Because Stanislaus County does not have a public hospital, private hospitals will ultimately need to be consulted in the future as to which health care reform measures they will be implementing. On October 1, 2011 California passed a corrections realignment plan, which shifts responsibility from the state to counties for the custody, treatment, and supervision of individuals convicted of specified nonviolent, non-serious, non-sex crimes. In anticipation for the huge impact this will have on Stanislaus County in terms of discharging persons released from County jails into homelessness the CoC has collaborated with Stanislaus County Sheriff's and Probation Departments to discuss what services are available for recently discharged parolees.

The CDBG and ESG programs will interface with the Stanislaus County Community Services Agency to respond with shelter needs of those persons 'aging-out' of the Foster Care system. Stanislaus County staff will also work with agencies (e.g. Behavioral Health and Recovery Services (BHRS) to develop housing projects that respond to needs beyond a stand-alone shelter (i.e. a facility that would include among other things medical services).

- **Describe specific activities the jurisdiction plans to undertake to address the housing and supportive service needs of persons who are not homeless (elderly, frail elderly, persons with disabilities, persons with HIV/AIDS, persons with alcohol or other substance abuse problems).**

Non-Homeless Special Needs

Individuals with disabilities make up about 63,000 individuals of the entire County of Stanislaus or about 12.3%. Those requiring special needs services may require housing services as well. According to the Stanislaus County Health Services Agency's 2008 Community Health Assessment, over 50% of persons with disabilities within Stanislaus County are also elderly. The Stanislaus Urban County's CDBG Public Service funds provide funding for programs that serve persons with disabilities with basic needs, such as food, transportation, and assistive technologies for increased mobility.

In Stanislaus County, a total of 102 cases of HIV were on record. Of those, the greatest number of cases of HIV was among Caucasians (61), followed by Hispanics (24) through the end of 2007. By age, 20 to 29 year olds had the highest number of cases of HIV (36), followed by 30 to 39 year olds (28). Although, we do not have a housing program in Stanislaus County that specifically targets persons with special needs, we do offer rental assistance and first-time home buyer programs that serve all low-income populations throughout Stanislaus County such as the NSP Program, We Care of Turlock, the Children's Crisis Center or the Community Housing and Shelter Services. Additionally, individuals with unmet medical needs are referred to the Stanislaus County Health Services Agency's (HSA) HIV/STD/Hepatitis C Program which provides residents living with HIV/AIDS medical assistance based on a sliding fee scale. Clients with special needs who are not at-risk of losing their housing are often served through resource and referral programs where case managers can assist them in obtaining SSDI in combination with short-term rental assistance so they can maintain permanent stable housing.

Homeless Funding Summary

Approval of the Stanislaus Housing and Support Services Collaboratives (SHSSC), federally recognized as the CoC, 10-Year Plan (2002-2012) to End Long-Term Homelessness has been received from all Stanislaus Urban County members and the City of Modesto. SHSSC will provide annual updates regarding the plan and continue to develop the vision of addressing the housing and support service needs of this population; as well as, updates about the communities goal of meeting the pledged number of affordable housing units intended to serve the chronically homeless by the end of Fiscal Year 2012 - 2013.

In addition to providing basic food, shelter and access to showers and clean clothing, agencies that have received ESG funds through the Stanislaus Urban County assist the transition of individuals and families from homelessness to permanent housing by combining shelter with case management and housing search and placement.

The Stanislaus Urban County members will continue to work with service providers to address the needs of the homeless by leveraging funding and work with institutions such as social service agencies, the correctional system, mental health system, which may have a direct engagement in the lives of the homeless and those at risk of becoming homeless.

Emergency Solutions Grant (ESG)

1 Identify the written standards for providing ESG assistance in accordance with 24 CFR 576.400(e)(1) and (e)(3).

Stanislaus County's written standards include:

a. Standard policies and procedures for evaluating individuals' and families' eligibility for assistance under ESG.

b. Policies and procedures for coordination among emergency shelter providers, essential service providers, homelessness prevention and rapid re-housing assistance providers, other homeless assistance providers, and mainstream service and housing providers.

c. Policies and procedures for determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and which eligible families and individuals will receive rapid re-housing assistance.

d. Standards for determining the share of rent and utilities costs that each program participant must pay, if any, while receiving homelessness prevention or rapid rehousing assistance.

e. Standards for determining how long a particular program participant will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time.

f. Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participants receives assistance; or the maximum number of times the program participants may receive assistance.

Evaluating Eligibility for Assistance under ESG

1. **Initial Evaluations.** The recipient or its sub-recipient must conduct an initial evaluation to determine the eligibility of each individual or family's eligibility for ESG assistance and the amount and types of assistance the individual or family needs to regain stability in permanent housing, in accordance with the centralized or coordinated assessment requirements set forth under 24 CFR §576.400(d) and the written standards established under 24 CFR §576.400(e).
2. **Determining Program Participant Eligibility.** The following criteria shall be used to determine program participant eligibility for assistance under ESG:
 - a. Income shall be annualized and calculated based on the standards for the Housing Choice Voucher Program (Section 8 Eligibility Standards). Program participants must be 30% and under the Area Median Income to be determined to be eligible.
 - b. A client cannot be determined to be ineligible for the program due to a lack of income.
 - c. Additional criteria, established by the CoC's ESG Sub-committee shall be followed.
 - d. Rapid Re-housing assistance, specifically for the target populations listed below, shall be prioritized over Homeless Prevention assistance:
 - i. Chronically Homeless
 - ii. Homeless Veterans
 - iii. Homeless Families with Children
 - iv. Homeless Unaccompanied Youth
3. **Annual income.** For each program participant who receives homelessness prevention assistance, or who receives rapid re-housing assistance longer than one year, the following documentation of annual income must be maintained:
 - a. Income evaluation form containing the minimum requirements specified by HUD and completed by the recipient or sub-recipient; and
 - b. Source documents for the assets held by the program participant and income received over the most recent period for which representative data is available before the date of the evaluation (e.g., wage statement, unemployment compensation statement, public benefits statement, bank statement);
 - c. To the extent that source documents are unobtainable, a written statement by the relevant third party (e.g., employer, government benefits administrator) or the written certification by the recipient's or sub-recipient's intake staff of the oral verification by the relevant third party of the income the program participant received over the most recent period for which representative data is available; or
 - d. To the extent that source documents and third party verification are unobtainable, the written certification by the program participant of the

amount of income the program participant received for the most recent period representative of the income that the program participant is reasonably expected to receive over the 3-month period following the evaluation.

4. **Determinations of ineligibility.** For each individual and family determined ineligible to receive ESG assistance, the record must include documentation of the reason for that determination.
5. **Re-evaluations for homelessness prevention and rapid re-housing assistance.** The recipient or sub-recipient must re-evaluate the program participant's eligibility and the types and amounts of assistance the program participant needs not less than once every three (3) months for program participants receiving homelessness prevention assistance, and not less than once annually for program participants receiving rapid re-housing assistance. At a minimum, each reevaluation of eligibility must establish that:
 - a. The program participant does not have an annual income that exceeds 30 percent of median family income for the area, as determined by HUD; and
 - b. The program participant lacks sufficient resources and support networks necessary to retain housing without ESG assistance.
 - c. The recipient or sub-recipient may require each program participant receiving homelessness prevention or rapid re-housing assistance to notify the recipient or sub-recipient regarding changes in the program participant's income or other circumstances (e.g., changes in household composition) that affect the program participant's need for assistance under ESG. When notified of a relevant change, the recipient or sub-recipient must re-evaluate the program participant's eligibility and the amount and types of assistance the program participant needs.
 - d. Annual income. When determining the annual income of an individual or family, the recipient or sub-recipient must use the standard for calculating annual income under 24 CFR 5.609.
 - e. Connecting program participants to mainstream and other resources. The recipient and its sub-recipients must assist each program participant, as needed, to obtain:
 - f. Appropriate supportive services, including assistance in obtaining permanent housing, medical health treatment, mental health treatment, counseling, supervision, and other services essential for achieving independent living; and
 - g. Other Federal, State, local, and private assistance available to assist the program participant in obtaining housing stability, including:
 - i. Medicaid (42 CFR chapter IV, subchapter C);
 - ii. Supplemental Nutrition Assistance Program (7 CFR parts 271-283);
 - iii. Women, Infants and Children (WIC) (7 CFR part 246);
 - iv. Federal-State Unemployment Insurance Program (20 CFR parts 601-603, 606, 609, 614-617, 625, 640, 650);
 - v. Social Security Disability Insurance (SSDI) (20 CFR part 404);
 - vi. Supplemental Security Income (SSI) (20 CFR part 416);
 - vii. Child and Adult Care Food Program (42 U.S.C. 1766(t) (7 CFR part 226));
 - viii. Other assistance available under the programs listed in 24 CFR § 576.400(c).
6. **Eligibility for Rental Units.** The rental unit identified to receive financial assistance must meet the following minimum qualifications. This applies to both rental units receiving Rapid Re-housing and Homeless Prevention assistance:

- a. Unit must pass habitability inspections, which includes an assessment for lead-based paint hazards. Inspections shall be requested on a standard form and will be conducted by Stanislaus County Building Permits Division staff.
 - b. Rental assistance cannot be provided unless the rent does not exceed the Fair Market Rent established by HUD, as provided under 24 CFR part 888.111-888.115, and complies with HUD's standard of rent reasonableness, as established under 24 CFR 982.507. (1) For purposes of calculating rent under this section, the rent shall equal the sum of the total monthly rent for the unit, any fees required for occupancy under the lease (other than late fees and pet fees) and, if the tenant pays separately for utilities, the monthly allowance for utilities (excluding telephone) established by the public Housing Authority of the County of Stanislaus for the area in which the housing is located.
 - c. Best efforts must be made to ensure that units receiving ESG assistance are legal dwellings and are not in the process of foreclosure.
 - d. Units receiving assistance, or the client's last known residence, must be located within the areas covered by the Stanislaus Urban County. These areas include the Cities of Ceres, Hughson, Newman, Oakdale, Patterson, Waterford and the unincorporated areas of Stanislaus County. This limitation does not apply if the client has been homeless for one (1) year or more.
7. **Terminating assistance.** In general, if a program participant violates program requirements, the recipient or sub-recipient may terminate the assistance in accordance with a formal process established by the CoC that recognizes the rights of individuals affected. The recipient or sub-recipient must exercise judgment and examine all extenuating circumstances in determining when violations warrant termination so that a program participant's assistance is terminated only in the most severe cases.
- a. To terminate rental assistance or housing relocation and stabilization services to a program participant, the required formal process, at a minimum, must consist of:
 - i. Written notice to the program participant containing a clear statement of the reasons for termination;
 - ii. A review of the decision, in which the program participant is given the opportunity to present written or oral objections before a person other than the person (or a subordinate of that person) who made or approved the termination decision; and
 - iii. Prompt written notice of the final decision to the program participant.
 - b. Ability to provide further assistance. Termination under this section does not bar the recipient or sub-recipient from providing further assistance at a later date to the same family or individual.

Rapid Re-Housing and Homeless Prevention Assistance

1. **Rapid Re-Housing Assistance.** If a program participant can document that they meet the following criteria, then they shall be considered to meet the definition of "homeless" and may qualify for Rapid Re-Housing assistance, provided that all other eligibility criteria can also be met:
 - a. An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:
 - i. An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;
 - ii. An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements

- (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by federal, state, or local government programs for low-income individuals); or
- iii. An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution;
 - b. An individual or family who will imminently lose their primary nighttime residence should be classified as Homeless Prevention
 - c. Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:
 - i. Are defined as homeless under the Runaway and Homeless Youth, Head Start, Violence Against Women, Public Health Services, Food and Nutrition, or Child Nutrition Acts;
 - ii. Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;
 - iii. Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and
 - iv. Can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addition, histories of domestic violence or childhood abuse (including neglect), the presence of a child or youth with a disability, or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment; or
 - d. Any individual or family who:
 - i. Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual or family's primary nighttime residence or has made the individual or family afraid to return to their nighttime residence;
 - ii. Has no other residence; and
 - iii. Lacks the resources or support networks, e.g., family, friends, faith-based or other social networks, to obtain other permanent housing.
2. **Homeless Prevention Assistance.** If a program participant can document that they meet the following criteria, then they shall be considered to meet the definition of "At-risk of Homelessness" and may qualify for Homeless Prevention assistance, provided that all other eligibility criteria can also be met:
- a. An individual or family who:
 - i. Has an annual income below 30 percent of area median family income;
 - ii. Does not have sufficient resources or support networks, e.g., family, friends, faith-based or other social networks, immediately available to prevent them from moving to an emergency shelter or another place described in the homeless definition; and

- iii. Meets one of the following conditions:
 - 1. Has moved because of economic reasons two or more times during the 60 days immediately preceding the application for homelessness prevention assistance;
 - 2. Is living in the home of another because of economic hardship;
 - 3. Has been notified in writing that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance;
 - 4. Lives in a hotel or motel and the cost of the hotel or motel stay is not paid by charitable organizations or by federal, state, or local government programs for low-income individuals;
 - 5. Lives in a single-room occupancy or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than two (2) (1.5 people per room, as defined by the U.S. Census Bureau);
 - 6. Is exiting a publicly funded institution, or system of care, e.g., health-care facility, mental health facility, foster care, or other youth facility, or correction program or institution; or
 - 7. Otherwise lives in housing that has characteristics associated with instability and an increased risk of homelessness, as identified in the Stanislaus Urban County approved CP;
 - b. A child or youth who does not qualify as homeless under the HEARTH Act but qualifies as homeless under the Runaway and Homeless Youth, Head Start, Violence Against Women, Public Health Services, Food and Nutrition, or Child Nutrition Acts; or
 - c. A child or youth who does qualify as homeless under the HEARTH Act but qualifies as homeless under the McKinney-Vento Homeless Assistance Act, and the parent(s) or guardian(s) of that child or youth if living with her or him.
- 3. **Short-term Rental Assistance.** (Medium priority as referenced in the CP survey results priority list) Short-term rental assistance is defined as rental assistance provided for up to 3 months.
 - 4. **Medium-term Rental Assistance.** (High priority as referenced in the CP survey results priority list) Medium-term rental assistance is defined as rental assistance provided for more than 3 months but not more than 24 months of rent, within a 3 year period.
 - 5. **Rental Arrears.** (Medium priority as referenced in the CP survey results priority list) Payment of rental arrears consists of a one-time payment for up to 6 months of rent in arrears, including any late fees on those arrears.
 - 6. **Tenant-based rental assistance.** Includes providing rental assistance to program participants who pay rent for a unit that is under a lease. The following standards apply to this type of rental assistance:
 - a. A program participant who receives tenant-based rental assistance may select a housing unit in which to live and may move to another unit or building and continue to receive rental assistance, as long as the program participant continues to meet the program requirements.
 - b. The recipient may require that all program participants live within a particular area for the period in which the rental assistance is provided.
 - c. The rental assistance agreement with the owner must terminate and no further rental assistance payments under that agreement may be made if:

- i. The program participant moves out of the housing unit for which the program participant has a lease;
 - ii. The lease terminates and is not renewed; or
 - iii. The program participant becomes ineligible to receive ESG rental assistance.
7. **Project-based rental assistance.** Project-based rental assistance is an eligible ESG activity. However, any ESG funded project-based rental assistance program must work with Stanislaus County staff to ensure the program complies with 24 CFR § 576.106 (i).
8. **Use with other subsidies.** Except for a one-time payment of rental arrears on the tenant's portion of the rental payment, rental assistance cannot be provided to a program participant who is receiving tenant-based rental assistance, or living in a housing unit receiving project-based rental assistance or operating assistance, through other public sources. Rental assistance may not be provided to a program participant who has been provided with replacement housing payments under the URA during the period of time covered by the URA payments.
9. **Maximum Amounts and Periods of Assistance.** Each program participant may receive up to 12 months of rental assistance and housing relocation and stabilization services. This assistance may be extended if the program participant's housing plan has been followed and the case manager determines that additional months of assistance are required for the participant to overcome additional barriers to housing. In no case can HPRP assistance exceed 24 months during any 3-year period.
10. **Prioritizing Assistance Type.** Standards for determining and prioritizing which eligible families and individuals will receive homelessness prevention assistance and which eligible families and individuals will receive rapid re-housing assistance.
 - a. Rapid Re-housing assistance, particularly for chronically homeless, for veterans, for unaccompanied youth, and for families with children, shall be prioritized over other financial assistance types.
 - b. When developing a client's housing plan, the following eligible activities should be considered a high priority:
 - a. Employment Assistance and job training
 - b. Benefit enrollment
 - c. Resource and referral services
 - d. Medium-term rental assistance
 - e. Housing search and placement
 - f. Housing stability case management
 - g. Life skills training
 - c. When developing a client's housing plan, the following eligible activities should be considered a medium priority:
 - a. Short-term rental assistance
 - b. Utility assistance
 - c. Utility deposits
 - d. Security deposits
 - e. Rental arrears
 - f. Rental application fees
 - g. Child care
 - h. Education services
 - i. Transportation
 - d. When developing a client's housing plan, the following eligible activities should be considered a low priority:
 - a. Legal services

- b. Mental health services
 - c. Last's month rental payments
 - d. Moving costs
 - e. Mediation
 - f. Credit repair
 - g. Outpatient health services
 - h. Mental health services
 - i. Substance abuse treatment services
 - j. Services for special populations
- e. If a client enters the program as Rapid Re-housing, then exits and re-enters, they will be reclassified as Homeless Prevention. The length of Rapid Re-housing and Homeless Prevention assistance will be counted towards the maximum number of months to receive assistance together.
11. **Program Participant Responsibilities.** Standards for determining the share of rent and utilities costs that each program participant is responsible to pay, if any, while receiving homelessness prevention or rapid rehousing assistance is as follows:
- a. If at intake a client is determined to have cash-income or benefits, their rental assistance shall decrease by 10% every month. If a case manager determines that barriers exist that would make this requirement an obstacle to stable permanent housing at program exit, then this requirement may be waived. Barriers shall be documented in client file and must be consistent with CoC established barriers.
 - b. Debt to income ratio limits include: 35% income to housing ratio; and a 45% total monthly debt to income ratio. If a case manager creates a housing plan that includes a plan for getting a program participant's debt to income ratio to these levels, then this requirement may be waived. This shall be documented in the client's Housing Plan and signed by the client.
12. **Rental assistance agreement.** The recipient or sub-recipient may make rental assistance payments only to an owner with whom the recipient or sub-recipient has entered into a rental assistance agreement. The rental assistance agreement must set forth the terms under which rental assistance will be provided, including the requirements that apply under this section. The rental assistance agreement must provide that, during the term of the agreement, the owner must give the recipient or sub-recipient a copy of any notice to the program participant to vacate the housing unit, or any complaint used under state or local law to commence an eviction action against the program participant.
13. **Late payments.** The recipient or sub-recipient must make timely payments to each owner in accordance with the rental assistance agreement. The rental assistance agreement must contain the same payment due date, grace period, and late payment penalty requirements as the program participant's lease. The recipient or sub-recipient is solely responsible for paying late payment penalties that it incurs with non-ESG funds.
14. **Lease.** Each program participant receiving rental assistance must have a legally binding, written lease for the rental unit, unless the assistance is solely for rental arrears. The lease must be between the owner and the program participant. Where the assistance is solely for rental arrears, an oral agreement may be accepted in place of a written lease, if the agreement gives the program participant an enforceable leasehold interest under state law and the agreement and rent owed are sufficiently documented by the owner's financial records, rent ledgers, or canceled checks. For program participants living in housing with project-based rental assistance under paragraph (i) of this section, the lease must have an initial term of one year.

15. **Housing Relocation and Stabilization Services.** 24 CFR § 576.105. Any rapid re-housing or homeless prevention rental assistance must be provided in accordance with the housing relocation and stabilization services, in particular monthly case management. Program staff salary related costs cannot exceed 20% of the total grant award. Staff time will be reimbursed based on the number of hours spent providing housing relocation and stabilization services for Urban County clients plus up to 20% benefits, excluding overhead costs. Paid time off (PTO) is not an eligible expense.
16. **Financial assistance costs.** Financial assistance costs are eligible activities under Housing Relocation and Stabilization Services. Subject to the general conditions under 24 CFR § 576.103 and 24 CFR §576.104, ESG funds may be used to pay housing owners, utility companies, and other third parties for the following costs in order of funding priority:
- a. *Rental application fees.* ESG funds may pay for the rental housing application fee that is charged by the owner to all applicants.
 - b. *Security deposits.* ESG funds may pay for a security deposit that is equal to no more than 2 months' rent.
 - c. *Last month's rent.* If necessary to obtain housing for a program participant, the last month's rent may be paid from ESG funds to the owner of that housing at the time the owner is paid the security deposit and the first month's rent. This assistance must not exceed one month's rent and must be included in calculating the program participant's total rental assistance, which cannot exceed 24 months during any 3-year period.
 - d. *Utility deposits.* ESG funds may pay for a standard utility deposit required by the utility company for all customers for the utilities listed in paragraph (v) of this section.
 - e. *Utility payments.* ESG funds may pay for up to 24 months of utility payments per program participant, per service, including up to 6 months of utility payments in arrears, per service. A partial payment of a utility bill counts as one month. This assistance may only be provided if the program participant or a member of the same household has an account in his or her name with a utility company or proof of responsibility to make utility payments. Eligible utility services are gas, electric, water, and sewage. No program participant shall receive more than 24 months of utility assistance within any 3-year period.
 - f. *Moving costs.* ESG funds may pay for moving costs, such as truck rental or hiring a moving company. This assistance may include payment of temporary storage fees for up to 3 months, provided that the fees are accrued after the date the program participant begins receiving assistance under paragraph (b) of this section and before the program participant moves into permanent housing. Payment of temporary storage fees in arrears is not eligible.
17. **Housing search and placement.** Housing Search and Placement is an eligible activity under Housing Relocation and Stabilization Services. This includes activities necessary to assist program participants in locating, obtaining, and retaining suitable permanent housing, as follows:
- a. Assessment of housing barriers, needs, and preferences;
 - b. Development of an action plan for locating housing;
 - c. Housing search;
 - d. Outreach to and negotiation with owners;
 - e. Assistance with submitting rental applications and understanding leases;
 - f. Assessment of housing for compliance with ESG requirements for habitability, lead-based paint, and rent reasonableness;
 - g. Assistance with obtaining utilities and making moving arrangements; and

- h. Referral for tenant counseling, to local fair housing provider.

18. **Housing Stability Case Management.** Housing Stability Case Management is an eligible activity under Housing Relocation and Stabilization Services. Each program participant receiving homelessness prevention or rapid rehousing assistance must meet regularly with a case manager and the assistance provider must develop an individualized housing plan to help that program participant retain permanent housing after the ESG assistance ends. These requirements are intended to help ensure that the ESG-funded emergency, short-term or medium-term assistance will be effective in helping program participants regain long-term housing stability and avoid relapses into homelessness. ESG funds may be used to pay cost of assessing, arranging, coordinating, and monitoring the delivery of individualized services to facilitate housing stability for a program participant who resides in permanent housing or to assist a program participant in overcoming immediate barriers to obtaining housing. This assistance cannot exceed 30 days during the period the program participant is seeking permanent housing and cannot exceed 24 months during the period the program participant is living in permanent housing. Component services and activities consist of:

- a. Using the centralized or coordinated assessment system as required under 24 CFR §576.400(d), to evaluate individuals and families applying for or receiving homelessness prevention or rapid re-housing assistance;
- b. Conducting the initial evaluation required under 24 CFR § 576.401(a), including verifying and documenting eligibility, for individuals and families applying for homelessness prevention or rapid re-housing assistance;
- c. Counseling;
- d. Developing, securing, and coordinating services and obtaining Federal, State, and local benefits;
- e. Monitoring and evaluating program participant progress;
- f. Providing information and referrals to other providers;
- g. Developing an individualized housing and service plan, including planning a path to permanent housing stability; and
- h. Conducting re-evaluations required under 24 CFR § 576.401(b).

19. **Mediation.** Mediation is an eligible activity under Housing Relocation and Stabilization Services. ESG funds may pay for mediation between the program participant and the owner or person(s) with whom the program participant is living, provided that the mediation is necessary to prevent the program participant from losing permanent housing in which the program participant currently resides.

20. **Legal services.** Providing legal services is an eligible activity under Housing Relocation and Stabilization Services. ESG funds may pay for legal services, as set forth in 24 CFR § 576.102(a)(1)(vi), except that the eligible subject matters also include landlord/tenant matters, and the services must be necessary to resolve a legal problem that prohibits the program participant from obtaining permanent housing or will likely result in the program participant losing the permanent housing in which the program participant currently resides.

21. **Credit repair.** Assisting with credit repair is an eligible activity under Housing Relocation and Stabilization Services. ESG funds may pay for credit counseling and other services necessary to assist program participants with critical skills related to household budgeting, managing money, accessing a free personal credit report, and resolving personal credit problems. This assistance does not include the payment or modification of a debt.

22. **24 CFR § 576.107 HMIS component.** Provided funding from another local source is not already available for the HMIS related costs below, the recipient or sub-

recipient may use ESG funds to pay the costs of contributing data to the HMIS designated by the CoC for the area. Activities funded under this section must comply with HUD's standards on participation, data collection, and reporting under a local HMIS. Eligible activities under this category include:

- a. Purchasing or leasing computer hardware;
- b. Purchasing software or software licenses;
- c. Purchasing or leasing equipment, including telephones, fax machines, and furniture;
- d. Obtaining technical support;
- e. Leasing office space;
- f. Paying charges for electricity, gas, water, phone service, and high-speed data transmission necessary to operate or contribute data to the HMIS;
- g. Paying salaries for operating HMIS including, completing data entry, monitoring and reviewing data quality, completing data analysis, reporting to the HMIS Lead, training staff on using the HMIS or comparable database, and implementing and complying with HMIS requirements;
- h. Paying costs of staff to travel to and attend HUD-sponsored and HUD-approved training on HMIS and programs authorized by Title IV of the McKinney-Vento Homeless Assistance Act;
- i. Paying staff travel costs to conduct intake;
- j. Paying participation fees charged by the HMIS Lead, if the recipient or sub-recipient is not the HMIS Lead. The HMIS Lead is the entity designated by the CoC to operate the area's HMIS; and
- k. If the sub-recipient is a victim services provider or a legal services provider, it may use ESG funds to establish and operate a comparable database that collects client-level data over time (i.e., longitudinal data) and generates unduplicated aggregate reports based on the data. Information entered into a comparable database must not be entered directly into or provided to an HMIS.

Evaluating Outcomes

1. **Defining Stably Housed.** For the purposes of evaluating outcomes of Rapid Re-housing and Homeless Prevention assistance, a program participant is considered to be stably housed, if their residence at time of exit includes one of the following:
 - a. Permanent Supportive Housing
 - b. Rental by client no housing subsidy
 - c. Rental by client, VASH housing subsidy
 - d. Rental by client, other (non-VASH) housing subsidy
 - e. Staying or living with family, permanent tenure
 - f. Staying for living with friends, permanent tenure
2. **Additional Outcomes.** Additional outcomes to be tracked include the following:
 - a. Changes in employment
 - b. Changes in cash benefits
 - c. Changes in non-cash benefits
 - d. Supportive services received
 - e. Job or life skills training received

Record Keeping

1. **Homeless status.** Documentation of homeless status must occur at intake. Lack of third-party documentation must not prevent an individual or family from being immediately admitted to emergency shelter, receiving street outreach services, or being immediately admitted to shelter or receiving services provided by a victim service provider. Records contained in an HMIS or comparable database used by victim service or legal service providers are acceptable evidence of third-party

documentation and intake worker observations if the HMIS retains an auditable history of all entries, including the person who entered the data, the date of entry, and the change made; and if the HMIS prevents overrides or changes of the dates on which entries are made. Priority for obtaining evidence is as follows:

- a. Third Party Written
- b. Third Party Oral
- c. Documents provided by program participant
- d. Self-declaration

2. **Documenting Homelessness.** For each individual or family who receives ESG homelessness assistance, the records must include the evidence relied upon to establish and verify the individual or family's "homelessness" status. This evidence must include an intake and certification form that meets HUD specifications and is completed by the sub-recipient. Required documentation includes the following:

- a. If the individual or family is lacking a fixed nighttime residence and is staying in either a place not meant for habitation or a shelter, acceptable evidence includes:
 - i. A written observation by an outreach worker of the conditions where the individual or family was living,
 - ii. A written referral by another housing or service provider, or
 - iii. A certification by the individual or head of household seeking assistance.
- b. If the individual or family is exiting a public institution where their stay was 90 days or less, and where they stayed either in a place not meant for habitation or a shelter prior to entry, acceptable evidence includes 2a.i-iii above and:
 - i. Discharge paperwork or a written or oral referral from a social worker, case manager, or other appropriate official of the institution, stating the beginning and end dates of the time residing in the institution. All oral statements must be recorded by the intake worker; or
 - ii. Where the evidence in paragraph (b)(2)(i) of this section is not obtainable, a written record of the intake worker's due diligence in attempting to obtain the evidence described in paragraph (b)(2)(i) and a certification by the individual seeking assistance that states he or she is exiting or has just exited an institution where he or she resided for 90 days or less.
- c. For any other circumstances where an individual or family qualifies as homeless under 24 CFR §576.2 of the Federal Code, the evidence must comply with 24 CFR §576.500(b) of the Federal Code.

3. **Documenting At risk of homelessness status.** For each individual or family who receives ESG homelessness prevention assistance, the records must include the evidence relied upon to establish and verify the individual or family's "at risk of homelessness" status. This evidence must include an intake and certification form that meets HUD specifications and is completed by the recipient or sub-recipient. The evidence must also include:

- a. Determination of annual income
- b. The program participant's certification on a form specified by HUD that the program participant has insufficient financial resources and support networks (e.g., family, friends, faith-based or other social networks, immediately available to attain housing stability and meets one or more of the conditions described of the definition of "at risk of homelessness" in 24 CFR §576.2)
- c. The most reliable evidence available to show that the program participant does not have sufficient resources or support networks. Acceptable evidence includes:

- i. Source documents (e.g., eviction notice, notice of termination from employment, unemployment compensation statement, bank statement, health-care bill showing arrears, utility bill showing arrears);
 - ii. To the extent that source documents are unobtainable, a written statement by the relevant third party (e.g., former employer, public administrator, relative) or the written certification by the recipient's or sub-recipient's intake staff of the oral verification by the relevant third party that the applicant meets one or both of the criteria under paragraph (1)(ii) of the definition of "at risk of homelessness" in 24 CFR § 576.2; or
 - iii. To the extent that source documents and third-party verification are unobtainable, a written statement by the recipient's or sub-recipient's intake staff describing the efforts taken to obtain the required evidence; and a statement that the intake staff that the staff person has visited the applicant's residence and determined that the applicant meets one or more of the criteria under paragraph (1)(iii) of the definition or, if a visit is not practicable or relevant to the determination, a written statement by the recipient's or sub-recipient's intake staff describing the efforts taken to obtain the required evidence
4. **Rental assistance agreements and payments.** The records must include copies of all leases and rental assistance agreements for the provision of rental assistance, documentation of payments made to owners for the provision of rental assistance, and supporting documentation for these payments, including dates of occupancy by program participants.
5. **Utility allowance.** The records must document the monthly allowance for utilities (excluding telephone) used to determine compliance with the rent restriction.
6. **Services and assistance provided.** The recipient must keep records of the types of essential services, rental assistance, and housing stabilization and relocation services provided under the recipient's program and the amounts spent on these services and assistance. The recipient and its sub-recipients that are units of general purpose local government must keep records to demonstrate compliance with the maintenance of effort requirement, including records of the unit of the general purpose local government's annual budgets and sources of funding for street outreach and emergency shelter services.
7. **Program participant records.** In addition to evidence of homeless status or "at risk of homelessness" status, as applicable, records must be kept for each program participant that document:
 - a. The services and assistance provided to that program participant, including, as applicable, the security deposit, rental assistance, and utility payments made on behalf of the program participant;
 - b. Compliance with the applicable requirements for providing services and assistance to that program participant under the program components and eligible activities provisions at 24 CFR § 576.101 through 24 CFR § 576.106, the provision on determining eligibility and amount and type of assistance at 24 CFR §576.401(a) and (b), and the provision on using appropriate assistance and services at 24 CFR §576.401(d) and (e); and
 - c. Where applicable, compliance with the termination of assistance requirement in 24 CFR § 576.402.

Coordination among Homeless Service Providers

1. **Centralized or coordinated assessment systems and procedures.** The recipient and its sub-recipients must keep documentation evidencing the use of, and written intake procedures for, the centralized or coordinated assessment system(s) developed by the Continuum(s) of Care (CoC(s)) in accordance with the requirements established by HUD.
2. **Provider Coordination.** The ESG Sub-committee will meet once a month, after the general CoC meeting. ESG recipients must attend this sub-committee meeting bi-monthly to ensure standardized coordination among emergency shelter providers, essential service providers, homelessness prevention and rapid re-housing assistance providers, other homeless assistance providers, and mainstream service and housing providers.
3. **Coordination with CoC(s) and other programs.** The recipient and its sub-recipients must document their compliance with the requirements of 24 CFR § 576.400 for consulting with the Continuum(s) of Care and coordinating and integrating ESG assistance with programs targeted toward homeless people and mainstream service and assistance programs. *HMIS*. The recipient must keep records of the participation in HMIS or a comparable database by all projects of the recipient and its sub-recipients.

Other

1. **Match Funding.** The recipient must keep records of the source and use of contributions made to satisfy the matching requirement in 24 CFR § 576.201. The records must indicate the particular fiscal year grant for which each matching contribution is counted. The records must show how the value placed on third-party, Non-cash contributions was derived. To the extent feasible, volunteer services must be supported by the same methods that the organization uses to support the allocation of regular personnel costs.
2. **Program income.** Program income shall have the meaning provided in 24 CFR 85.25. Program income includes any amount of a security or utility deposit returned to the recipient or sub-recipient.
3. **Conflicts of interest.** The recipient and its sub-recipients must keep records to show compliance with the organizational conflicts-of-interest requirements in 24 CFR § 576.404(a)

2 If the Continuum of Care for the jurisdiction's area has established a centralized or coordinated assessment system that meets HUD requirements, describe the centralized or coordinated assessment system and the requirements for using the system, including the exception for victim service providers, as set forth under 24 CFR 576.400(d)

The CoC has developed two working committees to evaluate the best method for implementing a coordinated client intake and assessment process. As it is required to participate in HMIS as an ESG sub-recipient, a common set of data is currently being collected through entry of client information into the HMIS. However, a HMIS sub-committee has been formed and the group is in discussions about the pros and cons of data sharing in terms of the implications that sharing has on client privacy vs. the benefits of not having to reproduce client intake. Throughout Fiscal Year 2013-2014, the Sub-committee finalized and implemented a common release form for client permission to be entered into HMIS and continued to work together to vet a common client intake form. Some agencies may add more details to their intake forms but the same basic data must be contained on

all intake forms, including SSN's, date of birth, race, ethnicity, sex, age, veteran status, prior residence, income, monthly expenses, familial information, etc. These fields are all required for HMIS entry and are therefore standardized for all HPRP providers. Throughout the 2014-2015 Fiscal Year, the Sub-committee will continue to work together to develop a coordinated assessment process. Sub-committee discussions have occurred but no specific method has been established. The sub-committee is leaning toward a coordinated, rather than centralized, assessment system due to the limitations on the number of HMIS licenses and computers available to service providers.

3 Identify the process for making awards and how the jurisdiction intends to make its allocation available to nonprofit organizations, and in the case of urban counties, funding to participating units of local government.

ESG funds were allocated based on a competitive grant cycle to which homeless and homeless prevention service providers can apply. Applicants are restricted to submitting two (2) applications per agency, provided each application is a request for a different program or office. All applicants are required to attend a technical workshop prior to submission of an application. A panel made up of representation from each Stanislaus Urban County members, the Stanislaus County Chief Executive Office, and the CoC, reviewed each written application submission and oral presentation and scored them individually.

As part of the Stanislaus Urban County's Substantial Amendment (approved April 2012 by the Board) to the Fiscal Year 2011-2012 AAP and 2012-2015 Consolidated Planning process, community outreach was conducted to prioritize the targeting of ESG funds within the community. A community survey requested that citizens rank the following eight (8) public services in order of importance:

- Homeless Services
- Homeless Prevention Services
- Services for Victims of Domestic Violence
- Services for At-risk Children and Youth
- Services for Persons with Physical and Mental Disabilities
- Services for the Elderly
- Emergency Food Assistance
- Workforce Development and Job Creation

Based on the survey results, each public service applicant receives a score between 0-5 representing the priority, as identified by the community surveys, of the primary population they serve. Additional criteria for public service providers scoring during the competitive grant application process include:

CAPACITY & EXPERIENCE

- Team Member Composition & Employees Experience
- Agency experience with carrying out activity

NEED/EXTENT OF THE PROBLEM

- Benefit to Low-income Persons
- Stanislaus Urban County Area Served
- Critical Community Need Met
- Consolidated Plan Priority

SOUNDNESS OF APPROACH

- New or expanded program
- Eligible and Reasonable Expenses Requested
- Agency Referral & Collaboration
- Program Focus on Removal of Barriers to Self-Sufficiency (CDBG)
- Rapid Re-Housing Services Included (ESG)

OUTPUTS

- Proposed number of people served
- Standardized Intake/Eligibility Process

ACCOMPLISHMENTS

- Short-term Accomplishments (Measureable, Verifiable, Effective)
- Long-term Accomplishments (Measureable, Verifiable, Effective)

LEVERAGING RESOURCES

- Public Sector Funding
- Private/Nonprofit Funding

ACHIEVING RESULTS & PROGRAM EVALUATION

- Based on current Fiscal Year performance
- Timeliness of drawing down funds
- Monitoring results
- Participation in the Stanislaus County Housing Collaborative (CoC)

As discussed earlier within the Consultation Process section of this document, the results of the competitive process will be presented to the CoC, and the ESG/SHP/HMIS Sub-committee for input in March 2014.

4 If the jurisdiction is unable to meet the homeless participation requirement in 24 CFR 576.405(a), specify the plan for reaching out to and consulting with homeless or formerly homeless individuals in considering and making policies and decisions regarding any facilities or services that receive funding under ESG.

The CoC has one formerly homeless person currently actively participating on the CoC. This representative is a member of a larger group of currently and formerly homeless advocates who meet monthly and whose input is brought to the CoC via the actively attending representative. The CoC will continue to work to gain input from this and other homeless community groups for all CoC projects. A Street Relief resources fair for the homeless, hosted by the Gospel Mission, was held in April 2013 which connected homeless persons to medical screenings, enrollment assistance, documentation replacements, emergency food and clothing, as well as for general resource and referral services. The CoC hopes to continue to help coordinate this event at-least once a year. The 2014 unsheltered homeless count was conducted on Thursday, January 30, 2014. Surveys conducted included comments from homeless persons on what services they needed most.

5 Describe the performance standards for evaluating ESG activities.

For the purposes of evaluating outcomes of Rapid Re-housing and Homeless Prevention assistance, a program participant is considered to be stably housed, if their residence at time of exit includes one of the following:

- Permanent Supportive Housing
- Rental by client no housing subsidy
- Rental by client, VASH housing subsidy
- Rental by client, other (non-VASH) housing subsidy
- Staying or living with family, permanent tenure
- Staying for living with friends, permanent tenure

Additionally, sub-grantees will be required to document each program participant's barriers to obtaining and maintaining stable housing at program entry, re-certification, and at program exit. In particular, sub-grantees must keep detailed records for each program participant in the following categories:

- Changes in employment
- Changes in cash benefits
- Changes in non-cash benefits
- Supportive services received
- Job or life skills training received

In general, program participants whose residence at program exit is considered to be "stably housed" and who experiences a decrease in the number of barriers from program exit to program entry, will be considered to be a program success.

6 Describe the consultation with each Continuum of Care that serves the jurisdiction in determining how to allocate ESG funds, develop performance standards, evaluate outcomes of activities assisted by ESG funds, and develop funding policies, and procedures for the administration and operation HMIS.

CONTINUUM OF CARE (CoC)

Stanislaus County staff consults and collaborates with the Stanislaus County CoC's committee in multiple ways. The CoC is made up of representatives from the City of Modesto, the City of Turlock, Housing Authority of the County of Stanislaus (HACS), Stanislaus County Behavioral Health and Recovery Services, Stanislaus County Child Support Services, housing service providers, social service providers, fair housing service providers, health service providers and homeless service providers. Announcements for all funding opportunities through the County are routinely advertised at the CoC meetings. A representative from the CoC participates on the panel which scores applications for the competitive CDBG Public Service and ESG grants. Additionally, draft ESG and CDBG Public Services funding recommendations will be presented to the CoC during their March 20, 2014 Housing Collaborative meeting for comment.

ESG/SHP/HMIS SUB-COMMITTEE

A more detailed consultation for how ESG funds are allocated and implemented occurs at the ESG/SHP/HMIS Sub-committee, which takes place monthly after the general CoC meeting. Over Fiscal Year 2013-2014 the sub-committee has worked hard to implement the revised ESG, SHP, and HMIS regulations, both in practice and in the HMIS system itself. In general, the Sub-committee has agreed that its goal is to develop coordinated intake and data collection processes that still maintain the flexibility to work for each individual or family's unique needs. Throughout Fiscal Year 2014-2015 the sub-committee has a goal to continue to work on refining a list of barriers that impede housing stability, on identifying and implementing a coordinated assessment process, on streamlining HMIS data entry, and on standardizing ESG Policies and Procedures. The sub-committee has an ultimate goal to utilize HMIS data to draw meaningful patterns of homelessness within the County which will allow for more effective targeting of homeless funds.

INSTITUTIONS THAT MAY DISCHARGE PERSONS INTO HOMELESSNESS

Representatives from Behavioral Health and Recovery Services (BHRS) and the Community Services Agency (CSA) regularly attend the monthly CoC Housing Collaborative meetings and are active participants in program planning for homeless fund utilization throughout Stanislaus County. The Health Services Agency (HAS) has been contacted in regard to recent and upcoming health care reform legislation, some of which encourages incorporating rental assistance and case management into discharge planning. Because Stanislaus County does not have a public hospital, private hospitals will ultimately need to be consulted in the future as to which health care reform measures they will be implementing. On October 1, 2011 California passed a corrections realignment plan, which shifts responsibility from the state to counties for the custody, treatment, and supervision of individuals convicted of specified nonviolent, non-serious, non-sex crimes. In anticipation for the huge impact this will have on Stanislaus County in terms of discharging persons released from County jails into homelessness the CoC has collaborated with Stanislaus County Sheriff's and Probation Departments to discuss what services are available for recently discharged paroles.

SERVICE PROVIDERS

Consultation with public and private agencies that provide assisted housing, health services, and social services to determine what resources are available to address the needs of any persons that are chronically homeless was addressed via coordination with our local CoC.

MEETING THE REQUIREMENTS OF 24 CFR §91.220

Through the jurisdictional and Municipal Advisory Committee's public meetings and through consultation with the CoC, Stanislaus Urban County met the requirements of §91.100. Meeting participants included homeless service providers, public service providers, Stanislaus Urban County members, community groups, business and civic leaders, and adjacent governmental entities throughout Stanislaus County.

Overview of Program

Funds are set aside to allow non-profit organizations and service providers to apply through a competitive process for an ESG Program grant. The ESG grant is intended for services provided to eligible Stanislaus Urban County residents. Applications were released on November 13, 2013 and were due for submittal December 13, 2013. Submitted applications were received by the Stanislaus County Planning and Community Development Department and reviewed and scored by a review team, consisting of a representative from each Stanislaus Urban County member, the Stanislaus County Chief Executive Office, and a representative from the Stanislaus County Continuum of Care (CoC). This year's grant applicants presented to the grant review team on January 15, and 16, 2014. Final recommendations regarding funds are provided below.

The ESG Program, formerly the Emergency Shelter Grant Program, is intended to supplement State, local and private efforts to improve the quality and number of emergency shelters and transitional facilities for homeless people as well as to provide case management and financial assistance to prevent homelessness and to permanently re-house homeless persons. The U.S. Department of Housing and Urban Development (HUD) has issued an interim rule for the ESG Program. This rule amended the McKinney-Vento Homeless Assistance Act in accordance with the Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act), enacted into law on May 20, 2009. The interim rule establishes a list of eligible activities, and allows the local grantee, Stanislaus County (County), to select activities in accordance with its own community development objectives.

Designed as a first step in a Continuum of Care plan of assistance, the ESG program strives to address the immediate needs of persons residing on the street and needing emergency shelter and transitional housing, as well as assisting their movement to independent living. While flexible in terms of serving all homeless subpopulations and preventing persons from becoming homeless, ESG program legislation and implementing regulations do limit the types of activities and amounts of funds that can be spent on different activities. The following categories of eligible activities and applicable limitations are discussed in the Program Requirements section of these Guidelines:

- STREET OUTREACH ACTIVITIES *(Capped)*
- EMERGENCY SHELTER ACTIVITIES *(Capped)*
- HOMELESS PREVENTION ACTIVITIES
- RAPID RE-HOUSING ACTIVITIES
- HOMELESS MANAGEMENT INFORMATION SYSTEM (HMIS) ACTIVITIES

To be eligible for ESG assistance, a public service project **must serve very low income households** (at or below 30% of the area median income), **homeless persons or those at-risk of homelessness**. An income table is attached under the Program Requirements Section of these Guidelines for your reference.

While flexible, in terms of serving all homeless subpopulations and preventing persons from becoming homeless, the ESG program limits the types of activities and amounts of funds that can be spent on different activities. The following is a breakdown of Stanislaus County's ESG allocations for Fiscal Year 2012-2013, *(these figures are subject to change based upon HUD's issuance of final HEARTH Act regulations and actual allocations)*:

Total Fiscal Year 2014-2015 ESG award (estimate) = \$143,917

The HEARTH Act, which took effect mid-Fiscal Year 2011-2012, eliminated the current program caps and replaced them with a 60% maximum (or Hold Harmless Need "HHN" maximum) of grant funds to be spent on shelter and street outreach activities. A total of 7.5% of the total grant amount is set aside for Administration costs and approximately 8% is set aside for HMIS. The remaining grant funds will be split between shelter activities, Homeless Prevention and Rapid Re-Housing activities, and Homeless Management Information Systems (HMIS) data entry activities.

Program Eligibility

To be eligible for ESG assistance, an ESG project must serve extremely low income households. These income categories are defined as those at or below 30% of the area median income.

Area Median Income (AMI) Levels:

Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Extremely Low (30%)	\$12,400	\$14,150	\$15,900	\$17,650	\$19,100	\$20,500	\$21,900	\$23,300

The following costs are listed as eligible under the ESG Program's interim rule:

STREET OUTREACH AND EMERGENCY SHELTER ACTIVITIES (Up to 60% of FISCAL YEAR 2012-2013 ESG allocation)

- **Street Outreach** – Essential Services assisting **unsheltered** homeless persons to meet emergency needs including:
 - Engagement
 - Case Management
 - Emergency Health Services (*if otherwise unavailable to the client*)
 - Emergency Mental Health Care (*if otherwise unavailable to the client*)
 - Transportation (*to and from another eligible Street Outreach service for both staff and clients, includes public transportation costs*)
 - Services for Special Populations (*homeless youth, victim services, persons living with HIV/AIDS provided the services are one of those listed above*)

- **Emergency Shelter**– Funds for facilities providing overnight shelter to homeless families and individuals including:
 - **Operational Costs**
 - **Renovation of Buildings used as emergency shelters for homeless**
 - **Assistance Required under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA)**
 - **Essential Services**
 - Case Management
 - Child Care
 - Education Services
 - Employment Assistance and Job Skills Training
 - Outpatient Health Services
 - Legal Services
 - Life Skills Training
 - Mental Health Services (*if otherwise unavailable to the client*)
 - Substance Abuse Treatment Services (*if otherwise unavailable to the client*)
 - Transportation (*for client to and from medical care, employment, child care, or other eligible essential services, includes public transportation costs, or for staff for client home visits, for facility vehicle leasing costs when used specifically for transporting clients to and from medical care, employment, child care, or other eligible essential services*)
 - Services for Special Populations (*homeless youth, victim services, persons living with HIV/AIDS provided the services are one of those listed above*)

HOMELESS PREVENTION AND RAPID RE-HOUSING ACTIVITIES (No Cap)

- **Homeless Prevention** – Services that provide housing relocation and stabilization and short- and/or medium-term rental assistance necessary to prevent an individual or family who fits under the “at-risk of homelessness” definition from becoming homeless; including:
 - Housing Relocation and Stabilization Services
 - Financial Assistance Costs (*includes rental application fees, security deposits, last month’s rent, utility deposits, utility payments, moving costs, services costs*)
 - Housing Search and Placement (*staff time spent assisting clients in locating, obtaining and retaining housing*)
 - Housing Stability Case Management (*Staff time spent assessing, arranging, coordinating, and monitoring the client’s progress towards achieving housing stability*)
 - Mediation (*between the client and landlord*)

- Legal Services (*necessary to resolve a legal problem that prohibits the program participant from obtaining permanent housing or will likely result in the program participant losing the permanent housing in which the program participant currently resides*)
 - Credit Repair (*cannot be used to pay down client debt*)
 - Short-term Rental Assistance (*up to 3 months*)
 - Medium-term Rental Assistance (*4 – 24 months*)
 - Payment of Rental Arrears (*one-time payment for up to 6 months of rental arrears, including any applicable late fees*)
- **Rapid Re-Housing** – Services that provide housing relocation and stabilization and short- and/or medium-term rental assistance necessary to move an individual or family who fits under the “homeless” definition into permanent housing; including
 - Housing Relocation and Stabilization Services
 - Financial Assistance Costs (*includes rental application fees, security deposits, last month’s rent, utility deposits, utility payments, moving costs, services costs*)
 - Housing Search and Placement (*staff time spent assisting clients in locating, obtaining and retaining housing*)
 - Housing Stability Case Management (*Staff time spent assessing, arranging, coordinating, and monitoring the client’s progress towards achieving housing stability*)
 - Mediation (*between the client and landlord*)
 - Legal Services (*necessary to resolve a legal problem that prohibits the program participant from obtaining permanent housing or will likely result in the program participant losing the permanent housing in which the program participant currently resides*)
 - Credit Repair (*cannot be used to pay down client debt*)
 - Short-term Rental Assistance (*up to 3 months*)
 - Medium-term Rental Assistance (*4 – 24 months*)
 - Payment of Rental Arrears (*one-time payment for up to 6 months of rental arrears, including any applicable late fees*)
- **Homeless Management Information Systems (HMIS)** – Participation in HMIS is required. HMIS eligible expenses include:
 - Administering
 - Monitoring
 - Reporting
 - Training
 - Technical Support
 - Participation Fees/Software
- **Administration (Up to 7.5% of total ESG allocation)**

ESG Monitoring

Stanislaus County staff reviews quarterly ESG statistical tables, narratives, Request for Funds forms and budget printouts, which identify the total funds used/requested by each grantee during that reporting period. Stanislaus County staff verifies and cross-references the information on the quarterly budget activity reports. Monitoring visits are also scheduled quarterly by Stanislaus County staff for each grantee to ensure appropriate expenditure of funds (including match requirements). Monitoring will include on-site visits, review of records such as client files, financial records, and interviews with staff and project participants. On-site monitoring will include formal and advance notification of the visit; pre-visit preparation based on review of existing information, and clear conclusions and

recommendations provided to the grantee following the monitoring visit. As part of the ESG monitoring process invoices and accompanying receipts are reviewed for reimbursement eligibility. Once eligibility is confirmed, fifty percent (50%) of the costs related to the project are reimbursed. The sub-recipient in turn commits their dollar-to-dollar match by paying the remainder of the expenses from non-Federal sources.

Fiscal Year 2014-2015 ESG Programs

The following lists the funding recommendations based on final application scoring results for Fiscal Year 2014-2015. Final funding awards will be based off of the actual award amount received from HUD for Fiscal Year 2014-2015:

Stanislaus County

ESG Program Administration

\$10,793

ADMIN Funds - \$10,793

ESG Program administration will be conducted by Stanislaus County staff and will include enforcing grantee and sub-grantee compliance with programmatic regulations in terms of recordkeeping, reporting, and implementing the program in accordance with standard policies and procedures. ESG program administration funds will also be utilized for program development, monitoring, training and for the allocation of funds.

Children's Crisis Center

Oakdale Respite Shelter Program

\$20,000

Shelter Essential Services - \$20,000

This program provides shelter opportunities and specialized care for an impoverished population of high risk infant and toddlers from the communities of Oakdale, Waterford, Valley Home Hickman, Empire, and Hughson. This project will offer emergency shelter and protective care to children, age newborn to 17 years, who are victims of domestic violence, familial abuse, and/or homelessness. This target population will consist of infants and children from families living in low income households, experiencing numerous social and economic challenges, who have undergone traumas stemming from exposure to domestic violence, substance abuse, poverty, mental illness or homelessness. They are likely to be frightened, suffering poor hygiene and displaying indications of disrupted development. Without intervention, these vulnerable children face an increased risk for serious abuse, neglect, chronic illness, developmental delays, emotional disturbance, mental health afflictions and future academic failures. This project will employ specialized caregivers to tend to each young child's physical, emotional and therapeutic needs. Caregivers will have advanced education and training in early child development, disaster preparedness, and crisis intervention. Caregivers will focus on early intervention, and developmental advancement. Behavioral screenings, health exams, and developmental assessments will be facilitated and administered on-site through this project.

Community Housing and Shelter Services

Homeless Management Information System (HMIS)

\$15,000

HMIS - \$15,000

This project will involve HMIS data entry, running of HMIS reports, completing data analysis, providing training to other HMIS users and conducting outreach and engagement to encourage HMIS participation. This overall goal of this HMIS program is to improve HMIS data quality and participation and to create one new job within the Stanislaus Urban

County. This funding will also be used to purchase HMIS user licenses if necessary. The data technician placed in this position will rotate sites, performing data entry and other various HMIS tasks as needed.

HPRP Project

\$13,979

Homeless Prevention Housing Relocation and Stabilization Services - \$3,979

Homeless Prevention Short-term Tenant-based Rental Assistance - \$10,000

Community Housing and Shelter Services (CHSS) will provide rental assistance and homeless prevention services aimed at helping families at imminent risk of losing their housing avoid eviction. Utilizing ESG funding, case managers work with families who are lacking resources and support networks and who are at high risk for becoming homeless to maintain and stabilize housing. All HPRP participants will be monitored by Case Managers who will determine family eligibility, assess housing barriers, develop a Housing Plan, offer rental assistance, provide life skills training, connect participants to potential employers, and track family progress towards goals outlined in their Housing Plan.

Santa Fe Project

\$25,725

Shelter Essential Services - \$11,076

Shelter Operations - \$481

Rapid Re-housing Housing Relocation and Stabilization Services - \$3,634

Rapid Re-housing Short-term Tenant-based Rental Assistance - \$10,534

Community Housing and Shelter Services (CHSS) is leasing 8 units in a Migrant Camp in Empire, called Santa Fe House, from the Housing Authority of the County of Stanislaus, to allow Transitional Shelter for homeless families during the inclement winter months. In addition to shelter, this program will provide counseling and related public services that will assist the household in attaining permanent housing and new employment. After families exit Santa Fe House rental assistance will be provided as needed to assist the families to becoming stably housed. One of the main goals of the program is create pathways that lead to increased skills, wages and new job opportunities for low-income households participating in the program. The program intends to partner with the Alliance WorkNet to provide on the job training opportunities (OJT &/or Project YES) as the program participant's pursue permanent housing opportunities during the program stay.

The Salvation Army

***Emergency Shelter**

\$17,000

Shelter Essential Services - \$17,000

The Salvation Army's Emergency Shelter is a cold-weather facility, offering emergency beds for homeless individuals who are unable to find shelter elsewhere. The facility provides up to 100 beds per night to homeless citizens throughout Stanislaus County. The Shelter's target population is adult homeless persons who are over the age of 18 and without dependents. The Emergency Shelter exists to provide a warm, dry, and safe place for homeless persons to sleep each night. The ability to spend the night out of the bitter cold and rain offers hope and health to each homeless person who enters the shelter. The Emergency Shelter offers services to the un-served and underserved at-risk adults with preference to 1) ambulatory physically handicapped and/or 2) 50 years of age and older who is at greater risk being in the night elements, and are unable to access other shelter facilities that are not ADA compatible, and/or need night time machines for their health (i.e. breathing, etc.) and have an emergency need of shelter during the months the Winter Shelter is not in operation. Access to electric outlets is also available to these clients year round. Clients who show stability and a desire for a greater self-determination are eligible

to enroll in the Salvation Army's transitional living program, providing an opportunity to move closer towards obtaining permanent housing.

We Care

Emergency Cold Weather Shelter **\$12,000**
Emergency Shelter Operations - \$2,400
Emergency Shelter Essential Services - \$9,600

The We Care Program (WCP) Emergency Cold Weather Shelter serves chronically homeless men over the age of 18 throughout Stanislaus County. The WCP's Cold Weather Shelter has the capacity to shelter 34 homeless individuals a night during the worst part of the winter. The Shelter will operate from December 1, 2013 to March 31, 2014, seven days a week from 6:30 p.m. to 8:00 a.m. Nutritious meals are provided nightly by various churches, organizations, clubs, individual families, and CSU Stanislaus faculty and students.

Rapid Re-Housing Program **\$29,420**
Rapid Re-housing Housing Relocation and Stabilization Services - \$10,920
Rapid Re-housing Medium-term Tenant-based Rental Assistance - \$15,000
Rapid Re-housing Short-term Tenant-based Rental Assistance - \$3,500

The We Care Rapid Re-housing Program provides services for homeless individuals and families without children over the age of 18 who fall at or below 30% of the area median income. This project will assist 4 homeless individuals and families with housing search and placement, rental application fees, rental and utility assistance, rental and utility deposits, case management, referrals, and support services. Referrals to Alliance Worknet will be provided to unemployed or underemployed program participants. Project participants receive a housing plan created specifically to meet their individual housing needs and goals. A case manager meets with program participants at least once a month in their home to assess their housing plan progress. The goal of the program is to move individuals and families that are homeless through the transition into a permanent, sustainable, housing situation.

COMMUNITY DEVELOPMENT

Community Development Block Grant (CDBG)

- 1. Identify the jurisdiction's priority non-housing community development needs eligible for assistance by CDBG eligibility category specified in the Community Development Needs Table (formerly Table 2B), public facilities, public improvements, public services and economic development.**

Public Improvement & Facilities

All members of the Stanislaus Urban County are faced with either the non-existence of certain public infrastructure or the deterioration of existing infrastructure caused by time, material, and installation methodology used decades ago. Examples of public infrastructure and services include water systems, sewer lines and community facilities.

Funding for public improvements and facilities may come from a variety of resources that include, but are not limited to: CDBG, USDA Rural Development, state infrastructure bank, and regional water board.

Public Services

The Stanislaus Urban County has agreed to set aside approximately ten percent (10%) of its Fiscal Year 2014-2015 CDBG allocation, or \$187,410 to fund non-profit organizations under the Public Service Grant Program. Non-profit organizations and service providers may competitively apply for grants of up to \$20,000. The Stanislaus Urban County anticipates receiving \$148,932 in ESG Program funds that will be distributed to agencies that applied through a competitive grant process.

Grant applications were made available in a CDBG/ESG Technical Workshop held on November 13, 2013. Applications received were reviewed and scored by a committee consisting of a representative from each Stanislaus Urban County member, the Stanislaus County Chief Executive Office, and a representative from the Stanislaus County Continuum of Care (CoC). The recommendation for funding will be presented to the Board of Supervisors for approval on April 16, 2013 at a public hearing. The activities funded will further the goals and objectives of the CP.

Annual Allocations

The figures in the budget below are Fiscal Year 2014-2015 HUD CDBG projected allocations. Final allocation amounts will be adjusted once Fiscal Year 2014-2015 award amounts are released by HUD, which are expected to be available in April 2014.

Allocation amounts to each Urban County member and special activities (i.e. public services allocation) identified in this Action Plan will be proportionally increased or decreased from the estimated funding levels to match actual allocation amounts. As such, respective Urban County member activities will be adjusted to match actual overall individual member allocation amounts. Per HUD's instruction (CPD Notice 13-010), this Annual Action plan will be submitted to HUD until FY 2014-2015 allocations are announced reflecting actual and final allocations, but no later than August 16, 2014. Planning staff will make the necessary budget adjustments to be submitted to HUD, and will be reflected in the Special Revenue Grants Fiscal Year 2014-2015 Proposed and Final Budgets.

Urban County Member	Activities	Administration	Total
Ceres	208,915	12,970	221,885
Hughson	104,490	12,970	117,460
Newman	118,659	12,970	131,629
Oakdale	130,925	12,970	143,895
Patterson	118,527	12,970	131,497
Waterford	108,820	12,970	121,790
Stanislaus County	521,534	272,000	793,534
Public Services	187,410		187,410
Fair Housing		25,000	\$25,000
Total	1,499,280	\$374,820	\$1,874,100

A summary description of the activities to be funded by the above noted allocations is provided in the section below.

It is anticipated that all projects included in this AAP will be implemented during this Fiscal Year 2014-2015. However, there may be some projects (e.g. extensive infrastructure) that may require funding from multiple years to complete the project. This is particularly the case now for most Urban County members as the State of California's elimination of Redevelopment Agencies, has forced the scale back on planned projects, or the stretching the projects over several phases to be carried out only with CDBG funds. It is expected that for these projects, at least preliminary work will begin in the year in which the projects are initially funded.

Proposed CDBG Projects for Fiscal Year 2014-2015

The following is an overview of the activities to be carried out by each of the Stanislaus Urban County member:

Stanislaus County

Stanislaus County-CDBG Program Administration

Stanislaus County will provide management and administration services to the Stanislaus Urban County program member. The funds will cover the costs of salary, publications, public notices, and other eligible costs directly related to the program. These funds will also cover administration costs incurred from administering the ESG program (costs incurred in excess of ESG administration funds).

Stanislaus County Infrastructure Projects:

Empire Storm Drain Project

The Empire Storm Drain Project was initiated in Fiscal Year 2006-2007 as a Stanislaus County Redevelopment Agency (RDA) project with the intent to leverage CDBG funds and RDA resources (with RDA funds being the major funding source). This project was engineered and designed to build a "positive storm drain system" and as such, Phase 1A (the first phase of four phases) was completed in 2010, serving 80 parcels for approximately \$2.5 utilizing both CDBG and RDA funds. With the State of California's elimination of redevelopment agencies in 2011, Stanislaus County was left facing an incomplete project, with three remaining phases at an estimated cost of approximately \$12.4 million.

Because of the substantial cost to complete the remaining phases of this project, coupled with the limited funding opportunities for storm drain projects, CDBG funds alone are not adequate to continue the project without the community of Empire's financial contribution through a County Service Area (CSA) that would allow Stanislaus County to secure a loan to finance the project. Throughout Fiscal Year 2013-2014, Stanislaus County has been exploring different options that would allow the delivery of the remainder of the Empire Storm Drain Project at the most reasonable cost to the community.

A potential source that Stanislaus County has identified is United States Department of Agriculture (USDA) Rural Development's Water and Waste Disposal Loan and Grant program. However, in order for Stanislaus County to secure USDA loan funds to fund the construction of this project, it must develop a method to repay the loan acquired. Staff has determined that the most feasible method is the formation of a County Service Area (CSA) in the Empire community. This would entail implementing a Proposition 218 ballot measure for Empire residents to vote for or against assessing themselves for the purposes of contributing toward the project costs and costs of ongoing operation and maintenance of the improvements.

Public Works and Planning and Community Development staff have conducted several CSA analyses to provide an approximation of the monthly assessment amount each property owner would be required to pay based on estimated project costs and available funding. According to these estimates, staff has determined that Empire property owners would be faced with an assessment amount of about \$120 per month.

In an effort to identify a lower-cost effort, staff is exploring the possible alternative of a lower-cost Low Impact Development (LID) swale storm water drainage system.

During Fiscal Year 2014-2015 Stanislaus County will continue analyzing options that would allow Stanislaus County to continue with the original project design as well as conduct LID project design studies and engineer's report to determine LID project feasibility and cost. As part of effort, staff will conduct public outreach/education of the alternative LID system and work with USDA and/or other agencies to identify and secure the funding resources necessary for implementation of either option. Staff will work on developing the Prop 218 ballot measures for CSA formation for both the positive and LID system options

Airport Sewer Project

The completion of the first Phase of the Parklawn Sewer Infrastructure Project took place in Fiscal Year 2013-2014 (fully funded with CDBG funds). Stanislaus County will construct the remaining phases of this project with the support from the California State Water Board during Fiscal Year 2014-2015. This will allow Stanislaus County to allocate Fiscal Year 2014-2015 CDBG funds to the next project ready for construction - the Airport Neighborhood Sewer Project.

The Airport Neighborhood is an unincorporated disadvantaged community on the southeast side of the City of Modesto with approximately four hundred eighty one residential (481) parcels that rely on septic tanks for treatment of sewage. The project is proposed in response to health and safety concerns associated with failing septic systems. The project scope will include the installation of a sewer system with approximately 23,000 linear feet of sewer main, a pump station (if necessary), and street overlays. The total cost of these improvements is approximately \$9.5 million. The system will allow for individual sewer connections and removal of existing septic systems and may provide an opportunity to connect commercial and industrial properties in the future. The new sewer infrastructure will connect into the City of Modesto's existing public sewer system.

Engineering and design was completed in Fiscal Year 2012-2013 for this project. In November 2013, City of Modesto voters approved Measure M, thereby approving the extension of sewer services to the unincorporated portion of the Airport Neighborhood.

Fiscal Year 2014-2015 CDBG funds will be utilized to follow the same model used with the Parklawn Infrastructure Project. Funds will be used to install a sewer "trunk-line" along Kerr Avenue as an initial phase. The Kerr Trunk Line Project is proposing to connect into the existing City sewer system on Oregon Drive and running northerly to Page Court. The project will consist of trunk line, fly line and associated manholes and sewer laterals. The project cost estimate is \$825,000. Unlike the Parklawn project, this initial phase will be available for use once constructed and not dependent on future project phases.

The map below outlines the trunk line and fly construction area:



Throughout Fiscal Year 2014-2015, Stanislaus County will also work on pursuing State Water Board CSWRB funds to fund the remainder of the project.

Once the project is completely constructed, neighborhood residents will be responsible for hooking up their residential property into the main line. Residential hook-up costs may range from \$3,000 to \$5,000, depending on individual project scopes and whether the work is conducted by the property owner or a licensed contractor. Stanislaus County has identified state and federal resources that may assist eligible residents with the costs to connect to sewer via low interest loans.

Fair Housing Program

Stanislaus County will contract with Project Sentinel, a HUD certified fair housing agency, throughout the 2014-2015 Fiscal Year to carry out its Fair Housing Program. Funds will be used to provide fair housing information, housing counseling and tenant/landlord mediation services to residents of the Stanislaus Urban County. Project Sentinel provides housing advocacy to the Stanislaus Urban County's members through community forums, town-hall meetings, and housing fairs.

Economic Development

Stanislaus County developed an economic development program which was included as part of the Fiscal Year 2012-2013 CDBG Annual Action Plan (AAP) approved by the Board of Supervisors on April 17, 2012. The plan proposed to create a partnership between Stanislaus County and the Alliance Worknet that would result in a job creation program. While the program was developed in accordance with guidance provided by HUD, the Stanislaus Urban County's local HUD representative does not believe the program qualifies as an eligible activity. The program was subsequently put on hold throughout Fiscal Year 2012-2013 due to discussions with HUD regarding the eligibility of proposed activities. None of the allocated funds for the Economic Development program have been spent.

Stanislaus County is in the process of identifying potential Economic Development activities with the assistance of HUD approved technical assistance (TA) providers. In developing a viable Economic Development program, Stanislaus County must ensure that all CDBG Economic Development standards are met. Stanislaus County expects to have an Economic Development program up and running by the beginning of Fiscal Year 2014-2015.

Neighborhood Revitalization Strategy Areas (NRSAs)

The NRSA's for the Parklawn and Airport Neighborhoods, approved by HUD in December 2012, cover a five (5) year period (Fiscal Years 2012-2017) during which Stanislaus County staff proposed to engage local non-profits with experience in implementing Revitalization Strategy (RS) activities, including but not limited to experience with developing Community Development Based Organizations (CDBOs). The ultimate objective of the RS is to empower low-income residents through a targeted approach aimed at revitalizing the neighborhoods by investing resources that will improve/add housing stock, provide economic development opportunities through job creation, install needed infrastructure, and provide public services.

The following provides a comparison of the goals and actual achievements for the first two years (2012-2014) as well as the goals for Fiscal Year 2014-2015 for the Airport and Parklawn NRSA:

AFFORDABLE HOUSING PRODUCTION/RETENTION

Goal: Major Rehabilitation and/or Unit Replacement

- 4 Units – Below 50% AMI
- 4 Units – Below 80% AMI

Actual achieved: Stanislaus County has acquired two vacant lots in the Parklawn Neighborhood. Stanislaus County will build affordable housing units for low-income families utilizing NSP Program funds. One unit was acquired in the Airport Neighborhood and will be rehabilitated and sold to a low income first time home buyer.

Fiscal Year 2014-2015 Goal: Major Rehabilitation and/or Unit Replacement

- 4 Units – Below 80% AMI

JOB CREATION

Goal: Job placement for low-income Airport and Parklawn residents

- 8 Jobs – 51% Below 80% AMI (One position will serve as the CBDO liaison between the community and County government)

Actual achieved: No job placement has occurred due to the Economic Development Program still being under construction. The approved NRSAs included funding for a staff a coordinator position that was to undertake the task of identifying and developing CDBOs within the Airport and Parklawn Neighborhoods. However, after beginning the implementation of the year one (1) goal of the NRSAs, County staff determined that this position would be most appropriate for current County staff who already have a working knowledge of what is involved in the certification of a CBDO. Throughout year two (2), County staff acted as a liaison between residents within the target communities, government agencies, and other RS participants to develop a non-profit organization that will become a CBDO in the Airport and Parklawn neighborhoods. County staff also coordinated these efforts with local community groups such as the Municipal Advisory

Council (MAC), neighborhood associations within these target areas, the City of Modesto Community Development staff, and HUD staff.

Fiscal Year 2014-2015 Goal: Airport and Parklawn residents will be provided job placement assistance through case management staff from Healthy Start FRC and the Ceres Partnership for Healthy Children through Fiscal Year 2014-2015 CDBG Public Services funds. The goal is to place four (4) unemployed Airport or Parklawn residents into jobs. Additional job placement is anticipated to take place after the Economic Development program is finalized and begins implementation.

INFRASTRUCTURE

Goal:

- Complete Planning, Engineering, and Design for the Sewer Infrastructure Projects
- Complete the construction of sewer main line infrastructure project for the Parklawn Neighborhood.
- Airport Neighborhood Measure M vote on ballot. The City of Modesto's Citizens Advisory Growth Management Act of 1995 (commonly known as "Measure M") requires an advisory election as provided by California Elections Code section 9603, before the city council approves, authorizes, or appropriates funds for extension of sewer services.

Actual achieved: Planning, engineering, and design for both Airport and Parklawn Sewer projects was completed in October 2012. Stanislaus County completed Phase I construction of the Parklawn Sewer Infrastructure Project on June 2013. Phase I was completely funded with CDBG funds. In November 2013, City of Modesto voters approved Measure M, thereby approving the extension of sewer services to the unincorporated portion of the Airport Neighborhood.

Fiscal Year 2014-2015 Goal: Stanislaus County is currently in the final stages in securing a 100% loan forgiveness via the State of California Water Resources Control Board's Clean Water State Revolving Fund (CWSRF) to entirely fund the construction of the remaining phases of the project. Final funding agreements are anticipated to be executed by the end of the current fiscal year. Stanislaus County expects to construct the remainder of this project in Fiscal Year 2014-2015.

Stanislaus County will use Fiscal Year 2014-2015 CDBG funds to finance a first phase of the Airport Neighborhood Sewer Project.

Public Services

Goal:

- Secure a non-profit to provide for the development of a Community Based Development Organization (CBDO)
- Job education training (workforce development).
- Provide rapid rehousing services.
- Secure a non-profit to provide senior services.
- Secure a non-profit to provide at risk youth services/programs

Actual achieved: Due to the complexity of identifying and certifying a CBDO, Goal 2.4 of the NRSA which is to enhance existing, and introduce new, public services that will allow the Airport and Parklawn Neighborhoods to realize the dream of a stable environment, will be addressed in Fiscal Year 2014-2015 through the implementation of public service programs (not to exceed the 15% public service cap limit for Fiscal Year 13-14). Urban County staff worked with community members from both neighborhoods throughout the year to continue to explore the possibility of the formation of a Community Based Development Organization

(CBDO). However the capacity required for becoming a CBDO exceeds that which is currently present in any of the existing neighborhood organizations.

Fiscal Year 2014-2015 Goal: Staff will continue to work with members of both communities to explore this further throughout the 2014-2015 Fiscal Year. The following provides a summary of their public service projects to be provided in the Airport and Parklawn Neighborhoods throughout the next fiscal year:

Orville Wright Elementary

Airport Neighborhood Healthy Start FRC **\$10,000**

This Family Resource Center provides supportive services for low-income at-risk children/youth and their families in the unincorporated portions of the Airport Neighborhood. Case managers work with Orville Wright Elementary School students and their families to provide access and referrals to needed resources revolving around issues such as crisis intervention, job and education training, food insecurity, access to transportation, crime prevention, health insurance enrollment assistance, or mental health services.

Parent Resource Center

Airport Neighborhood Partnership **\$10,000**

Parent Resource Center's (PRC) Airport Neighborhood Partnership (ANP) brings much needed family focused services to one of Modesto's most impoverished and socioeconomically challenged areas. PRC brings 18 years of expertise in providing intensive case management, parent education and supportive services to their collaborative site shared between PRC, Orville Wright Elementary School and Wright Start-Healthy Start. The CDBG funds requested will provide resources to facilitate a parent education group, intensive case management services and onsite childcare while parents attend parent education groups. The parent education provided uses a research based, nurturing, positive parenting curriculum.

Center for Human Services

Ceres Partnership for Healthy Children **\$20,000**

CHS through their Ceres Partnership for Healthy Children (CPHC) Program will provide case management services, job search and placement assistance and recreational scholarships to low-income families residing in the Parklawn neighborhood.

Stanislaus County-CDBG Program Income

Stanislaus County does not generate program income, but receives loan repayments periodically that were originally loaned with CDBG funds to low-income individuals via the respective housing rehabilitation or down payment assistance programs. These funds are deposited into the respective program revolving loan fund (reuse accounts) and serve to increase the unallocated fund balance available for re-distribution to Stanislaus County's down payment assistance and rehabilitation programs.

City of Ceres

Project Administration

This expenditure includes costs associated management, oversight, and coordination of the related CDBG funded projects.

ADA Infill Infrastructure Project (Morrow Tract/San Ramon Estates #2/ Palm Estates)

The City of Ceres will install ADA compliant handicap ramps in the Morrow Tract, San Ramon Estates #2 and Palm Estates areas. A majority of these areas have no handicap ramps. In areas where they do exist, the ramps are very old and do not meet current ADA requirements. The project will result in the installation of approximately 60 ADA compliant ramps with minor sidewalk repairs where needed and required.



Photos reflect Thomas Street in need of storm drain improvements to address flooding issues.

City of Hughson

Project Administration

This expenditure includes costs associated management, oversight, and coordination of the related CDBG funded projects.

The City of Hughson is limited as to conducting Low-Moderate Area (LMA) based activities/projects due to 2010 census data. The 2010 Census data shows many areas of the City not meeting LMA requirements. The data does not reflect the conditions in many of these incorporated residential areas of the City of Hughson that lack basic infrastructure, resulting in obvious blight.

In Fiscal Year 2013-2014, Stanislaus County submitted a survey method tool to the local HUD field office to conduct door-to-door surveys of two project areas. The tool was approved in January 2014 with minor adjustments. The survey results will provide the information necessary to determine CDBG LMA project eligibility. If determined eligible the City of Hughson will undertake the following projects:

Hughson Avenue Sidewalk Infill Project:

The Hughson Avenue Sidewalk Infill project is located within an area that does not meet LMA requirements for CDBG activities according to 2010 Census data. This is an area proposed to be surveyed under the pending survey format. The project will include sidewalk infill, curb, gutter, an ADA ramp and storm drainage improvements. Street paving will be constructed as necessary.



Photos reflect the Hughson Avenue Sidewalk Infill project area in need of curb, gutter, storm drain, sidewalk, ADA ramp and incidental street repaving.

Fox Road Sidewalk Infill Project

The Fox Road Sidewalk Infill project is also located within an area that does not meet LMA requirements for CDBG activities and is also an area proposed to be surveyed under the pending survey format. The project will include the infill of missing sidewalk sections and install storm drainage improvements as necessary. The project will be located on the south side of Fox Road between Tully Road and Charles Street.



City of Newman

Project Administration

This expenditure includes costs associated management, oversight, and coordination of the related CDBG funded projects.

Water Line Infrastructure Project – Phase II Construction (3 phase project)

The City of Newman will begin construction of its Water Line Infrastructure Project in Fiscal Year 2014-2015. The project will replace existing water lines and outdated hydrants in various sections of the CDBG eligible project area. Current lines and hydrants are non-compliant and pose a potential health and safety issue. Phase III will consist of the final phase of construction of said improvements.

Inyo Avenue Infrastructure Project (Engineering)

The City of Newman will also undertake a new infrastructure project consisting of the infill installation and repair of curb, gutter and sidewalk and street repair and overlay for a street within its CDBG eligible area. The project will be on the north side of Inyo Avenue, from P Street to Merced Street. This phase of the project will provide engineering of the project.



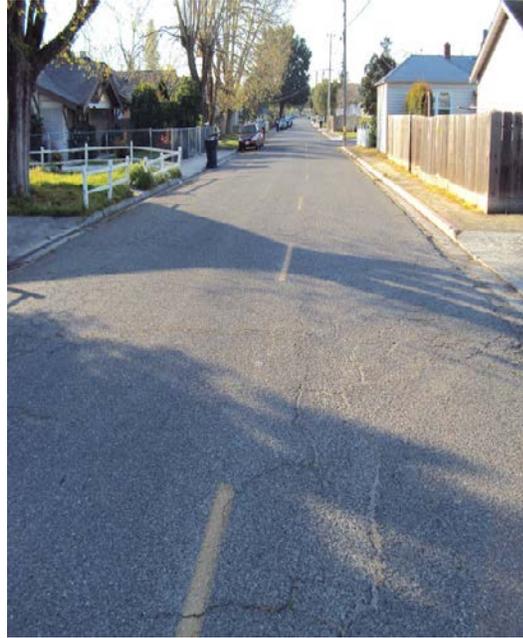
City of Oakdale

Project Administration

This expenditure includes costs associated management, oversight, and coordination of the related CDBG funded projects.

Davitt Avenue Infrastructure Project – Phase II

The City of Oakdale will continue construction of the Davitt Avenue Phase II project. Due to higher project costs that anticipated, the City of Oakdale was forced to split the project into several phases. Phase II was been split into two parts. The first part has been completed using Fiscal Year 2013-2014 funds. The next part of Phase II will be funded using Fiscal Year 2014-2015 funds. The construction will consist of water and sewer line replacement and installation of curb, gutter and sidewalks along Davitt Road from West J Street to the north and ends at the Burlington Northern Santa Fe Railroad right-of-way to the south.



Photos reflect antiquated infrastructure in need of replacement or improvements along Davitt Avenue (Work to include underground water and sewer line replacement).

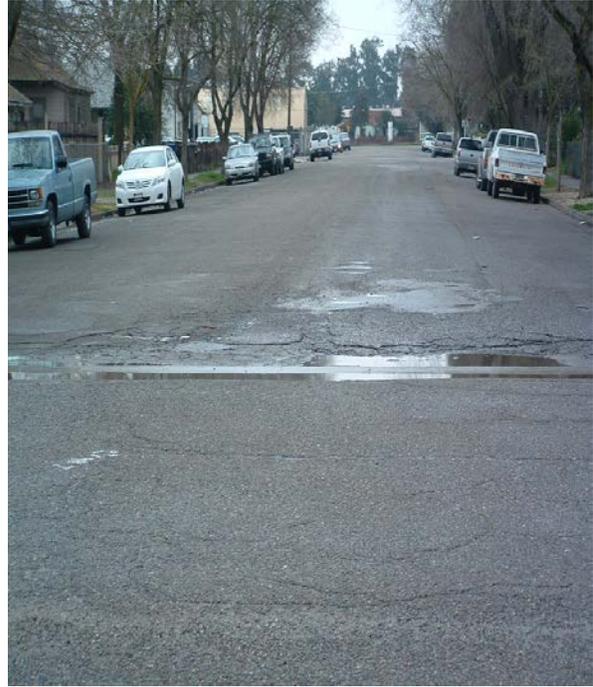
City of Patterson

Project Administration

This expenditure includes costs associated management, oversight, and coordination of the related CDBG funded projects.

Fifth Street Infrastructure Project

In Fiscal Year 2014-2015, the City of Patterson will begin construction on the first phase of the 5th Street Infrastructure Project. Depending on funding availability and project cost, this project may need to be further phased. The project will consist of water main replacement of water main and installation of curb, gutter, storm drain, sidewalks, and street repaving. The project is located on 5th Street and is bounded by E Street to the north and C Street Sperry Avenue to the south, and is part of the greater Downtown Infrastructure Improvements Project.



Photos reflect the Fifth Street project area in need of curb, gutter, storm drain, sidewalk, ADA ramps repair or installation and incidental street repaving. (Work to include underground water line replacement).

City of Waterford

Project Administration

This expenditure includes costs associated management, oversight, and coordination of the related CDBG funded projects.

La Gallina Avenue Infrastructure Project

The City of Waterford will begin the first construction phase of the La Gallina Avenue Infrastructure project for Fiscal Year 2014-2015. The project has experienced delays over the past fiscal year as the City of Waterford has been working with the Modesto Irrigation District (MID) to strategize a relocation plan for utility poles located in the project area.

The project will include installation of curb, gutter, sidewalk, ADA accessible ramps, and storm drain, infrastructure improvements along La Gallina Avenue from F Street on the West to C Street on the east. This will be a multi-phased project due to the loss of redevelopment funds and the extensive work required to complete the project.



Photos reflect the La Gallina Avenue Infrastructure project area in need of curb, gutter, storm drain, and sidewalk.

Workforce/Economic Development Program

The City of Waterford will continue its Economic Development Program created with Fiscal Year 2012-2013 funds. The program provides grants to local businesses to assist with operating capital (including license and permitting fees) as well as to assist with rehabilitation of internal or external leased space or owner occupied businesses.

The program requires the creation of jobs by the business in order to meet the CDBG Public Benefit requirement. Under this requirement the business must create a full-time equivalent (FTE) job for each \$35,000 in CDBG assistance provided. Part-time staff may be combined to make up one FTE.

This program is approximately 70% complete.

CDBG Public Service Grant Program

CDBG Public Service Program Overview

The CDBG Stanislaus Urban County Public Service Grant Program will distribute approximately \$187,410 to eligible non-profits and agencies for public service programs throughout the participating jurisdictions of the Stanislaus Urban County. To be eligible for CDBG funds, a project must first meet one of the three National Objectives of the CDBG Program. They are established by the U.S. Department of Housing and Urban Development (HUD). These objectives are: 1) Directly benefit low and moderate income people; 2) Prevent or eliminate slum and blight conditions; or 3) Meet a particular urgent community development need. (The last objective is generally considered by HUD to mean an unusual condition posing an immediate threat to health and welfare such as an earthquake or other natural disaster.) HUD has established a list of eligible activities, and allows the local grantee, Stanislaus County, to select activities in accordance with its own community development objectives.

Public services include, but are not limited to: job training, child care, drug abuse counseling and treatment, services for senior citizens, health care, recreation programs,

energy conservation counseling, services for homeless persons, education programs, public safety services, and fair housing counseling.

Funds will be set aside for this program that allows non-profits and service providers to apply through a competitive process for a public service grant. The maximum amount that an eligible organization may apply for is \$20,000. The public service grant requires that the service provider provides a new or expanded service to eligible Stanislaus County Stanislaus Urban County residents.

Applications for funding were released on November 13, 2013 and were due December 13, 2013. Submitted applications were reviewed and scored by a team consisting of a representative from each Stanislaus Urban County member, the Stanislaus County Chief Executive Office, and a representative from the Stanislaus County Continuum of Care (CoC). This year's grant applicants presented their proposals to the grant review team on January 15 and/or January 16, 2014.

Public Service Program Grantees

The following is a summary of the public service programs, who after going through a competitive grant application process, have been recommended for Fiscal Year 2014-2015 CDBG Public Services funding (final recommendations are subject to final HUD grant allocations):

American Red Cross

Emergency Response Shelter Services

\$9,072

The Emergency Response Shelter Services Program supports clients after a household fire or other justifiable unexpected event that makes a home uninhabitable (tree, vehicle collision, etc.). CDBG funding will help to insure that very low, low and moderately low-income households within the Stanislaus Urban County's targeted communities have access to safe emergency motel shelter. Additional services include individualized case assessment to determine level of service needed, which include access to food, clothing and community resource contacts, referrals, recovery/relocation plans, emotional support systems and follow-up. This program provides immediate on-scene response and recovery case management and resource access.

Court Appointed Special Advocates (CASA)

Direct Services

\$9,150

CASA connects youth in foster care with case managers who advocate for them throughout their time in the foster care system. At-risk youth in the foster care system are referred to CASA by the Stanislaus County Superior Court to provide advocacy services for children in dependency. The advocate works with everyone involved and makes independent, informed recommendations on the child's behalf directly to the Judge who makes all orders regarding the case. The dedication of CASA volunteers allows judges to ensure successful outcomes for children. For many abused children, their CASA volunteer will be the one constant adult presence in their lives. Independent research has demonstrated that children with a CASA volunteer are substantially less likely to spend time in long-term foster care and less likely to reenter care.

Center for Human Services

Ceres Partnership for Healthy Children

\$15,000

CHS in partnership with Ceres Partnership for Healthy Children (CPHC) will provide emergency assistance (food, clothing, utility assistance, baby supplies, transportation vouchers, hygiene needs) to low-income families from the Ceres area through their Concrete Support in Times of Need Program. CPHC's Family Resource Center provides case management services to families referred from Ceres Unified School District, Ceres Public Safety, Community Services Agency, local businesses, or self-referred. Families will receive a Family Development Assessment to determine need and to help with future family goal planning. Families that are in need of emergency assistance would work with a Family Advocate to access other programs such as housing assistance, Cal Fresh, Temporary Assistance for Needy Families, WIC and other community programs.

Oakdale Family Resource Center

\$14,000

CHS will assist residents and families from Oakdale, Valley Home and Knights Ferry who need assistance with utility bills, food, clothing, temporary shelter and mental health or alcohol and drug counseling services through their Crisis Support program at the Oakdale Family Resource Center (FRC). A Family Advocate will provide strength-based assessments, an empowerment plan with goals, resource and referrals and other needed services. The goal is to increase each resident's capacity to become a healthy and productive member of the Eastside community by providing concrete support for basic and emergency needs.

Westside Family Resource Center

\$14,000

The Patterson and Newman Family Resource Centers will provide brief case management and crisis intervention, utility assistance, emergency food, and resource and referral services for low-income families in need residing on the Westside of the County. Families and individuals that are in need of utility assistance must work with a case manager to complete a three session Budget and Financial Planning Training in order to receive the utility assistances. Families and individuals in need of emergency food can receive a one-time emergency food bag and would be referred to our nutrition classes to help address any future emergency food needs. CHS will work with community partners on the Westside to maximize the number and depth of resources provided to the homeless or low income residents seeking services and support.

Children's Crisis Center

Ceres Respite Shelter Program

\$15,000

This program, located at a new site in the city of Ceres, provides emergency respite day-time and overnight shelter, and specialized care to young children, age newborn to 6 years, who have undergone traumas stemming from exposure to domestic violence, substance abuse, poverty, mental illness or homelessness. They are likely to be frightened, suffering poor hygiene and displaying disrupted development. Without intervention, they face an increased risk for further abuse, chronic illness, developmental delays, emotional disturbance, mental health afflictions and future academic failures. This project will employ specialized caregivers to tend to each child's physical, emotional and therapeutic needs. These caregivers will have been educated and trained in early child development, disaster preparedness, and crisis intervention. Caregivers will focus on early intervention, and developmental advancement. Behavioral screenings, health exams, and developmental assessments will be facilitated and administered on-site through this project.

Healthy Aging

Young at Heart Program

\$16,000

The "Young at Heart" Program provides strength training and exercise, fall prevention, and health education outreach to seniors 62 and over in the cities of Oakdale, Waterford, Hughson, Ceres, Grayson/Westley, Patterson and Newman. The classes are provided two to three times a week in the above listed cities. Health Education and Outreach will also be provided to other unincorporated areas within Stanislaus County. The programs are designed to improve the prevention, early intervention, treatment and management of chronic conditions by providing community-based health and wellness resources for Stanislaus County's low-income and at-risk seniors and disabled individuals at no cost. The classes are available in multiple neighborhoods throughout the county to reduce the barriers to participation by seniors who do not have access to transportation.

Howard Training Center

Senior Meals Program

\$14,000

The Senior Meal Program provides fresh hot or frozen meals, Monday through Friday, to Seniors 62 years and older residing within eligible Stanislaus Urban County areas. For seniors who are not able to leave their home due to emotional or health problems a meal is delivered to their door. Congregate Meal Sites are available in seven Urban County locations: Oakdale, Newman, Hughson, Patterson, Ceres, Waterford, and Westley-Grayson. The Congregate Meal Sites offer a nutritious hot meal, socialization, and opportunities to remain engaged in the community. The Senior Meal Program targets seniors in the following categories: low income, ethnic minority, frail elderly and individuals with disabilities, and rural and otherwise isolated individuals. Meals provided to seniors help them remain healthy, regain health after an illness/injury, and facilitate them being able to remain independent. Each meal provides 1/3rd the daily nutritional requirements for a senior. The Programs help seniors extend their food budget, while receiving a well-balanced meal. Nutritional education is provided at least four times each year to help seniors implement strategies to address health problems and remain healthy.

The Salvation Army

Child Development Program

\$14,000

The Salvation Army Child Development Center in Modesto provides early childhood education and care for at-risk low-income children ages 2 – 6 years of age. The program can serve up to 60 children per day and operates year-round from 6:45 am TO 5:30 pm Monday thru Friday. Children are guided through group and individual learning. Indoor and outdoor activities help the children to develop physically, emotionally, academically, and socially.

Salvation Army Red Shield

Tutoring & Mentoring Program

\$19,812

This program offers low-income children attending the Red Shield's Youth Center, located in South Modesto, additional help with their homework. Each student enrolled in the program receives an assessment so focus can be brought to the areas where each student needs the most assistance. In the case where no homework is given, the children work on level appropriate packets of work that have been prepared by a licensed teacher. The tutoring center also offers students participating in the program access to books in the library, and to computers in the computer lab.

Second Harvest Food Bank

Food Assistance Program

\$12,400

The Food Assistance Program interacts with non-profit charities that have a food pantry program of their own. This program is currently serving 22 non-profit organizations in the Cities of Ceres, Newman, Oakdale, Patterson, Waterford, and the unincorporated cities of Stanislaus County. Each non-profit organization visits the Food Bank to select packaged groceries, canned fruits and vegetables, cereals and breads, dairy products, meats, and fresh fruits and vegetables. Through the Food Assistance Program, Second Harvest Food Bank is able to collect, store, and distribute a large quantity and diversity of food product, and in turn make these groceries available to local non-profit charities.

Food 4 Thought Program

\$18,000

The Food 4 Thought Program is an innovative program to address the nutritional needs of hungry school children and offers them the incentive to improve their academic skills. By operating through existing tutorial programs at local schools, community centers, and Give Every Child A Chance tutoring centers, this program can more consistently reach this most vulnerable of populations. Children participate in after school tutorial programs each week and for their participation in the after school studies, Second Harvest Food Bank gives each child a 15-18 pound bag of nutritious supplemental groceries twice a month. Each bag contains staples like cereals, breads, fresh fruits and vegetables, canned fruits and vegetables, and dry supplemental groceries for the children along with recipes for parents.

We Care

Emergency Cold Weather Shelter

\$15,976

The We Care Program (WCP) Emergency Cold Weather Shelter serves chronically homeless men over the age of 18 throughout Stanislaus County. The WCP's Cold Weather Shelter has the capacity to shelter 34 homeless individuals a night during the worst part of the winter. The Shelter will operate from December 1, 2013 to March 31, 2014, seven days a week from 6:30 p.m. to 8:00 a.m. Nutritious meals are provided nightly by various churches, organizations, clubs, individual families, and CSU Stanislaus faculty and students.

Identify specific long-term and short-term community development objectives (including economic development activities that create jobs), developed in accordance with the statutory goals described in section 24 CFR 91.1 and the primary objective of the CDBG program to provide decent housing and a suitable living environment and expand economic opportunities, principally for low and moderate-income persons.

Providing Decent Housing

The following is a summary of the programs and projects to be carried out by the current Stanislaus Urban County members in an effort to provide affordable and decent housing:

Neighborhood Stabilization Program (NSP)

The Stanislaus Urban County will continue the implementation of the NSP to increase affordable housing stock within Stanislaus County. This program is designed to acquire foreclosed properties within the Stanislaus Urban County areas and provide safe and decent affordable housing to eligible households, either through rental programs for families at or below 50% of the AMI or purchase for families at or below 120% of AMI.

In Fiscal Year 2014-2015, Stanislaus County will develop a program that will allow Stanislaus County to use NSP Program Income to fund the removal of blighted, dangerous buildings in NSP target areas. NSP staff will be working with Stanislaus County's Building

Division staff to remove buildings that have been identified as blighted and a nuisance to NSP target areas. This activity is eligible under NSP eligible use D, demolition of blighted structures. This activity will be added to the Stanislaus Urban County NSP 1 and NSP 3 Action Plans through a substantial amendment to each plan. The substantial amendments will be processed independently of this Annual Action Plan.

Community Development Block Grant - Recovery (CDBG-R)

In Fiscal Year 2009-2010, Stanislaus County was awarded \$669,134 in CDBG-R Program funding under the American Recovery and Reinvestment Act (ARRA) of 2009. Following the intent of the Recovery Act, Stanislaus County's CDBG-R funds were utilized to modernize and improve energy efficiency and expand educational opportunities within the housing industry. These services are being provided in the form of rehabilitation or retrofitting of NSP acquired units with solar systems and other related energy efficiency improvements. These improvements have assisted those impacted by the recession by reducing their energy costs and foster energy independence for first time home buyers.

A total of twenty eight (28) NSP housing units were retrofitted with energy efficiency weatherization improvements and a total of twenty-seven (27) units have also been retrofitted with photovoltaic solar systems.

In Fiscal Year 2012-2013, Stanislaus County resumed the program expending 100% of program funds. The program generated revolving loan funds which will be used for the same activity until all funds are exhausted. The program has generated over \$100,000 in revolving loan fund program income. This program will continue to contribute to the efforts of Stanislaus County to increase decent and affordable housing stock within Stanislaus County.

Emergency Solutions Grant Program

Through the ESG Program, Stanislaus Urban County residents facing short-term financial crisis are able to seek assistance through agencies such as Community Housing and Shelter Services, the Children's Crisis Center, and We Care, who provide rental assistance in combination with intensive case management to homeless persons and families or to prevent people in jeopardy of becoming homeless. Case managers work with ESG participants to overcome barriers to permanent housing by providing financial management training, job and housing search assistance, and service referrals. These resources ease the financial burden of the homeless and assist in the facilitation of achieving permanent housing.

Anti-Poverty Strategy

1. Describe the actions that will take place during the next year to reduce the number of poverty level families.

The California Employment Development Department (EDD) provides employment training through a partnership with Modesto Junior College (MJC) and facilitates General Education Diploma (GED) instruction. In collaboration with EDD and MJC the Stanislaus County Workforce Investment Board (The Alliance Worknet) is cultivating relationships with area employers for entry-level employment opportunities. The following are the tools currently used by this collaborative and other partners to create employment opportunities and thereby reduce the number of poverty level families:

- Cal-WORKS, a program implemented and administered by the Stanislaus County Community Services Agency, is designed to place former recipients of Aid to Families with Dependent Children in employment that ultimately weans the participant from

public assistance. This program mandates work activity to those receiving the assistance.

- Stanislaus County expanded the program to include other fields by creating a new work experience program in partnership with the Department of Employment and Training. In collaboration with the West Modesto King Kennedy Collaborative Stanislaus County has implemented a grass roots outreach and recruitment, case management and basic skills training within income eligible communities of County and City of Modesto residents.
- The first component consists of construction and building industry curriculum and training. The training involves general education, literacy courses, employment skills and direct training experience in the construction industry. The second component is hands-on work experience for the students enrolled in the program at Habitat for Humanity construction sites and other local construction. Students are provided the opportunity to learn about plumbing, wiring and other construction skills at designated sites with experienced instructors, and other professionals of the trade. The third component, the Small Contractors Center serves as a resource center to building contractors who are interested in assistance with meeting bonding, insurance, bidding, and licensing requirements. The program as a whole has been extremely successful in placing program graduates with various companies that use building trade's apprentices and professionals.
- Stanislaus County CDBG funded public services providers refer clients to the Alliance Worknet, which provides a wide range of employment and training services to the community through various programs under the Federal Workforce Investment Act (WIA). The Alliance is overseen by two separate entities: the Stanislaus County Board of Supervisors and the Stanislaus Economic Development and Workforce Alliance Board (Alliance). The primary function of the Alliance is to increase the readiness of the local workforce to accept employment opportunities.
- The Stanislaus Urban County will continue to partner with the Alliance Worknet and MJC in the creation and provision of programs that provide training and employment opportunities for low and moderate income individuals such as the CDBG-R funded program through which displaced workers are being trained in green jobs and assisted in obtaining competitive jobs within the field.

The Alliance partners with Stanislaus County and its cities in fulfilling the following objectives:

- Promotion of Stanislaus County and its nine incorporated cities as a desirable location for new and expanding businesses.
- To work with public agencies and local businesses to promote cooperation in the economic development process.
- To assist in business retention and expansion efforts by offering programs for technical and financial assistance.

The Alliance offers these programs: Technical Assistance, Training and Education, and Loan Programs. This organization also offers confidential, one-on-one counseling to businesses needing assistance in a variety of areas, and a small business center that offers a wide variety of training seminars and conferences for the business community throughout the year.

The Alliance maintains a small revolving loan fund for gap financing. Typically, the Alliance will provide up to half the business financing needs while a bank provides the other half. The Alliance revolving loans are for terms of up to 7 years and are at competitive interest rates.



CITY OF HUGHSON AGENDA ITEM NO. 3.6

SECTION 3: CONSENT CALENDAR

Meeting Date: March 10, 2014
Subject: Re-appointment of Julie Strain, Karen Minyard, and Mark Fontana to the Hughson Planning Commission
Presented By: Dominique Spinale, Management Analyst

Approved By: _____

Staff Recommendation:

Consider the re-appointment of Julie Strain, Karen Minyard, and Mark Fontana to the Hughson Planning Commission.

Background and Overview:

At the January 13, 2014 regular meeting, the City Council was advised that the Planning Commission had three Commissioners whose terms expired on December 31, 2013. Commissioners Julie Strain, Karen Minyard, and Mark Fontana advised staff at that time that they were interested in re-appointment. The City Council directed staff to add the re-appointment of Planning Commissioners to the next agenda for consideration.

At the January 27, 2014 meeting, the Council expressed interest in advertising the vacancies to provide an opportunity to any residents who may be interested in applying. Staff advertised the vacancies for 30 days which ended February 28, but did not receive any applications.

Since no applications were received, the City Council may re-appoint the current Commissioners to the seats, renewing their terms for two more years. Commissioners Strain, Minyard, and Fontana's new term would then expire on December 31, 2015.

The two remaining seats held by Commissioner Sanjay Patel and Commissioner Ken Sartain will expire on December 31, 2014. Staff will bring this item to Council in November for direction.

Fiscal Impact:

Per the Hughson Municipal Code, Hughson Planning Commissioners are compensated \$50 per meeting attended and reimbursement of necessary travel and other expenses incurred by the performance of their official duties. The City's annual budget includes funding for this commitment.



CITY OF HUGHSON AGENDA ITEM NO. 4.1 SECTION 4: UNFINISHED BUSINESS

Meeting Date: March 10, 2014
Subject: Progress Report on the City of Hughson Lighting and Landscaping Districts and Benefit Assessment Districts
Presented By: Raul L. Mendez, City Manager
Approved By: _____

Staff Recommendation:

Accept the progress report on the City of Hughson Lighting and Landscaping Districts and Benefit Assessment Districts.

Background:

On August 12, 2013, the City Council held a public hearing to consider the annual review of special assessment districts for Fiscal Year 2013-2014. After the public hearing, the City adopted resolutions approving the annual report, confirming the assessment and ordering the levy for the City of Hughson Lighting and Landscaping Districts and Benefit Assessment Districts for Fiscal Year 2013-2014.

The City of Hughson ("City") utilizes special financing districts to provide various services and improvements to the property owners within the City. These are currently comprised of two types of assessments, Lighting and Landscaping Districts and Benefit Assessment Districts. Each Lighting and Landscaping District (LLD) was formed and the annual assessments are levied pursuant to the Lighting and Landscaping Act of 1972, Part 2 of Division 15 of the California Streets and Highways Code (the "1972 Act"). Each Benefit Assessment District (BAD) was formed and the annual assessments are levied pursuant to the Benefit Assessment Act of 1982 (the "1982 Act"), Part 1 of Division 2 of the California Government Code.

During the August 12, 2013 public hearing and a subsequent special meeting held on September 16, 2013, the City Council expressed concerns regarding the condition of the City's special assessment districts. Specifically, those special assessment districts with low or negative reserve balances were discussed at length along with others with structural operating deficits. The Council directed staff to develop a short term and long term strategy to strengthen the fiscal stability of each district.

During the September 23, 2013 regular meeting, the City Council had an opportunity to discuss concerns with NBS Local Government Solutions who had been working with the City of Hughson since 2005. At that meeting, information was shared by NBS Local Government Solutions regarding the preparation and work needed to develop the required Engineer's Report and the process for establishing the annual assessments. The dialogue focused on the Engineer's Reports not only establishing the appropriate assessment level as provided for by State law but also being an accurate depiction of the fiscal condition of each respective district. The City Manager indicated that the special assessment districts would be a priority moving forward and staff would work on a variety of improvement areas. Technical administrative and engineering support was also discussed and City staff was directed to explore other options including partnering with the County or a local municipality.

Progress Report:

A progress report will be provided at each regular meeting until such time as the City Council directs otherwise. The following is a summary of the work done by staff on the City's special assessment districts since the last reporting.

Administrative/Engineering Services – It was previously reported that the City of Turlock Municipal Services Department would be unable to extend administrative/engineering services to the City of Hughson for its special assessment districts as envisioned for the upcoming fiscal year. The City of Turlock had provided a very cost effective proposal for annual support to the City of Hughson (not to exceed \$110 per district annually) as well as a cost methodology for optional services including the formation of new assessment districts in compliance with Proposition 218 Ballot Procedures (\$750 for each formation). The City of Turlock shared concerns with lack of support from their Information Technology Department to provide the necessary setup of a database module for the City of Hughson's special assessment districts for ease of management. Since the last update, the City of Turlock contacted City staff regarding a modified arrangement for the upcoming fiscal year that wouldn't provide the database module until a later date but would make available the necessary expert support for the upcoming year. A scope of service has been drafted that would be incorporated into a formal job sharing agreement. City staff is working with the City of Turlock to develop the parameters for an agreement that would be provided to each respective legal counsel for review and approval of content. It is envisioned that the agreement would be brought back on March 24, 2014 for consideration by the Hughson City Council and on April 8, 2014 for consideration by the Turlock City Council.

Mid Year Analysis of Special Assessment Districts – City staff has evaluated the Lighting and Landscaping Districts and Benefit Assessment Districts as part of the mid-year review. A comparison of program budgets to actual expenses and revenue receipts as of January 31, 2014 was conducted (Attachment A). Findings were shared with the City's Budget and Finance Subcommittee during its February 25, 2014 meeting. The mid-year analysis revealed information that will be critical as City staff begins to develop respective program budgets for Fiscal Year 2014-2015. In summary, the analysis indicated:

- Assessment revenue is received in two installments consistent with property tax payments. As of January 31, 2014, the revenue received ranged from 49% to 59% for Benefit Assessment Districts and 49% to 58% for Lighting and Landscaping Districts of what was anticipated for the current fiscal year.
- Assessment expenditures as of January 31, 2014 ranged from 21% to 82% for Benefit Assessment Districts and 44% to 60% for Lighting and Landscaping Districts of what was projected by City staff.
- Utility expenses ranged from 42% to 58% for most Lighting and Landscaping Districts of what was projected by City staff. Fontana Ranch South was the outlier at 74%. There are no utility expenses associated with the Benefit Assessment Districts.

Generally, most special assessment districts expenses are tracking as anticipated. Those that are tracking a little higher in expenses include: Fontana Ranch North BAD, Fontana Ranch South LMD and Sterling Glen III BAD. City Finance is conducting an audit of expenditures to make sure they were applied correctly. City staff will continue monitoring these

Energy Efficiency – Based on utility bill information submitted to them by City staff and a tour of City facilities, Chevron Energy Solutions is preparing an energy efficiency report for the purpose of discussing possible opportunities for consideration. When completed, the item will be placed on the agenda for a presentation to the City Council. Additionally, the Public Works Superintendent has completed the benchmarking of the Pacific Gas and Electric Company (PG&E) LED Street Light Program (Turnkey Replacement Service). Representatives from both the City of Ceres and City of Riverbank indicated that implementation of the program should yield long term efficiencies. Some of the challenges identified include financing the initial capital investment, monitoring of the installation which is done by several sub contractors, and unknowns about the Turlock Irrigation District (TID) utility rates that directly impact anticipated savings. Public Works staff has installed two LED lights in the City for monitoring purposes and as a pilot is soliciting input from residents. The two lights are located at the Feathers Glen LMD (on 7th Street and Charles Street). City staff is working with Turlock Irrigation District to determine the cost of such upgrade by light for comparison purposes.

Fiscal Impact:

The current Lighting and Landscaping Districts and Benefit Assessment Districts provide the City of Hughson with funding annually to provide specific services and improvements to properties within their respective approved boundaries. For Fiscal Year 2013-2014, annual assessments are expected to generate a total of \$199,295.42, an increase of 5% when compared to the prior fiscal year, for associated labor, administration, utilities, equipment, materials, and preparation of the annual Engineer's Report.

Description	Cent. Hughson BAD 2 (Engineer's Report)	Cent. Hughson BAD 2 (Analysis)	Cent. Hughson BAD 2 (01/31/14)	Feathers Glen BAD (Engineer's Report)	Feathers Glen BAD (Analysis)	Feathers Glen BAD (1/31/14)	Fontana Ranch N BAD (Engineer's Report)	Fontana Ranch N BAD (Analysis)	Fontana Ranch N BAD (1/31/14)
Direct Costs									
Total Personnel Labor & Fringe	\$7,408.00	\$7,408.00	\$0.00	\$4,233.00	\$4,233.00	\$2,187.00	\$1,587.00	\$1,587.00	\$1,640.00
Contract Services	2,371.00	2,371.00	1,412.73	1,355.00	1,355.00	956.73	508.00	508.00	401.73
Other Services – City Forces	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities: Water, Sewer, Electricity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Equipment & Material Costs	313.00	0.00	0.00	313.00	0.00	0.00	313.00	0.00	0.00
Capital Improvement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Incidental Costs (Insurance)	449.21	0.00	0.00	202.14	0.00	0.00	466.31	0.00	0.00
Total Direct Costs	\$10,541.21	\$9,779.00	\$1,412.73	\$6,103.14	\$5,588.00	\$3,143.73	\$2,874.31	\$2,095.00	\$2,041.73
Indirect Costs									
Program Administration	\$2,108.24	\$1,955.80	\$1,186.00	\$1,220.63	\$1,117.60	\$486.00	\$574.86	\$419.00	\$387.00
Contingency	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Engineer's Annual Report	3,021.98	3,021.98	438.27	610.21	610.21	438.27	1,322.11	1,322.11	438.27
Stanislaus County Assessor's Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Regulatory Programs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Indirect Costs	\$5,130.22	\$4,977.78	\$1,624.27	\$1,830.84	\$1,727.81	\$924.27	\$1,896.97	\$1,741.11	\$825.27
Total Costs	\$15,671.43	\$14,756.78	\$3,037.00	\$7,933.97	\$7,315.81	\$4,068.00	\$4,771.28	\$3,836.11	\$2,867.00
Balance to Levy (Total Revenue)	28,345.51	28,345.51	16,644.00	7,831.32	7,831.32	3,920.00	17,874.22	17,874.22	9,339.00
Net Cost (Revenue-Costs)	12,674.08	13,588.73	13,607.00	(102.65)	515.51	(148.00)	13,102.94	14,038.11	6,472.00
Reserve and Other Contribution									
Reserve Balance	\$15,034.75	\$6,051.00	\$6,379.00	\$7,291.47	\$3,513.00	\$3,513.00	\$21,508.24	\$27,151.00	\$27,151.00
Reserve Collection/Credit (Net Cost)	12,674.08	13,588.73	13,607.00	(102.65)	515.51	(148.00)	13,102.94	14,038.11	6,472.00
<i>City Contribution (Budget Shortfall)</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
Subtotal Reserve and Other Cont.	\$27,708.83	\$19,639.73	\$19,986.00	\$7,188.81	\$4,028.51	\$3,365.00	\$34,611.17	\$41,189.11	\$33,623.00

Description	Fontana Ranch S BAD (Engineer's Report)	Fontana Ranch S BAD (Analysis)	Fontana Ranch S BAD (1/31/14)	Sterling Glen III BAD (Engineer's Report)	Sterling Glen III BAD (Analysis)	Sterling Glen III BAD (1/31/14)
Direct Costs						
Total Personnel Labor & Fringe	\$4,762.00	\$4,762.00	\$1,913.00	\$2,117.00	\$2,117.00	\$2,187.00
Contract Services	1,525.00	1,525.00	1,067.73	678.00	678.00	514.73
Other Services – City Forces	0.00	0.00	0.00	0.00	0.00	0.00
Utilities: Water, Sewer, Electricity	0.00	0.00	0.00	0.00	0.00	0.00
Equipment & Material Costs	313.00	0.00	0.00	313.00	0.00	0.00
Capital Improvement	0.00	0.00	0.00	0.00	0.00	0.00
Other Incidental Costs (Insurance)	236.62	0.00	0.00	424.00	0.00	0.00
Total Direct Costs	\$6,836.62	\$6,287.00	\$2,980.73	\$3,532.00	\$2,795.00	\$2,701.73
Indirect Costs						
Program Administration	\$1,367.32	\$1,257.40	\$431.00	\$706.40	\$559.00	\$499.00
Contingency	0.00	0.00	0.00	0.00	0.00	0.00
Engineer's Annual Report	813.61	813.61	438.27	1,060.60	1,060.60	438.27
Stanislaus County Assessor's Fee	0.00	0.00	0.00	0.00	0.00	0.00
Regulatory Programs	0.00	0.00	0.00	0.00	0.00	0.00
Total Indirect Costs	\$2,180.93	\$2,071.01	\$869.27	\$1,767.00	\$1,619.60	\$937.27
Total Costs	\$9,017.55	\$8,358.01	\$3,850.00	\$5,299.00	\$4,414.60	\$3,639.00
Balance to Levy (Total Revenue)	8,937.60	8,937.60	4,634.00	10,458.91	10,458.91	5,168.00
Net Cost (Revenue-Costs)	(79.95)	579.59	784.00	5,159.91	6,044.31	1,529.00
Reserve and Other Contribution						
Reserve Balance	\$5,865.46	\$3,643.00	\$3,643.00	\$4,743.72	\$1,186.00	\$1,186.00
Reserve Collection/Credit (Net Cost)	(79.95)	579.59	784.00	5,159.91	6,044.31	1,529.00
City Contribution (Budget Shortfall)	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal Reserve and Other Cont.	\$5,785.51	\$4,222.59	\$4,427.00	\$9,903.63	\$7,230.31	\$2,715.00

	Brittany Woods LMD (Engineer's Report)	Brittany Woods LMD (Analysis)	Brittany Woods LMD (1/31/14)	Cent. Hughson LMD (Engineer's Report)	Cent. Hughson LMD (Analysis)	Cent. Hughson LMD (1/31/14)	Feathers Glen LMD (Engineer's Report)	Feathers Glen LMD (Analysis)	Feathers Glen LMD (1/31/14)
Direct Costs									
Total Personnel Labor & Fringe	\$2,117.00	\$2,117.00	\$1,140.00	\$8,996.00	\$1,000.00	\$0.00	\$4,233.00	\$4,233.00	\$2,279.00
Contract Services	678.00	678.00	628.73	2,880.00	500.00	1,473.38	1,355.00	1,355.00	1,097.73
Other Services – City Forces	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities: Water, Sewer, Electricity	1,588.78	2,515.67	1,046.00	60.15	116.16	58.00	242.62	603.77	308.00
Equipment & Material Costs	1,338.00	585.62	0.00	1,331.00	2,418.01	0.00	1,331.00	716.94	0.00
Capital Improvement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Incidental Costs (Insurance)	85.51	0.00	0.00	152.88	0.00	0.00	67.39	0.00	0.00
Total Direct Costs	\$5,807.30	\$5,896.29	\$2,814.73	\$13,420.03	\$4,034.17	\$1,531.38	\$7,229.02	\$6,908.71	\$3,684.73
Indirect Costs									
Program Administration	\$1,161.46	\$1,179.26	\$603.00	\$2,684.01	\$806.83	\$1,276.00	\$1,445.80	\$1,381.74	\$708.00
Contingency	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Engineer's Annual Report	944.37	944.37	438.27	624.74	624.74	438.27	610.21	610.21	438.27
Stanislaus County Assessor's Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Regulatory Programs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Indirect Costs	\$2,105.83	\$2,123.63	\$1,041.27	\$3,308.75	\$1,431.57	\$1,714.27	\$2,056.01	\$1,991.95	\$1,146.27
Total Costs	\$7,913.12	\$8,019.92	\$3,856.00	\$16,728.78	\$5,465.74	\$3,245.65	\$9,285.03	\$8,900.66	\$4,831.00
Balance to Levy (Total Revenue)	8,060.00	8,060.00	4,285.00	12,745.52	12,745.52	7,330.00	12,668.46	12,668.46	6,338.00
Net Cost (Revenue-Costs)	146.88	40.08	429.00	(3,983.26)	7,279.78	4,084.35	3,383.43	3,767.80	1,507.00
Reserve and Other Contribution									
Reserve Balance	\$11,241.06	\$5,499.00	\$5,499.00	(\$16,617.84)	(\$9,753.00)	(\$8,638.00)	\$17,660.13	\$21,690.00	\$21,690.00
Reserve Collection/Credit (Net Cost)	146.88	40.08	429.00	(3,983.26)	7,279.78	4,084.35	3,383.43	3,767.80	1,507.00
City Contribution (Budget Shortfall)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal Reserve and Other Cont.	\$11,387.94	\$5,539.08	\$5,928.00	(\$20,601.10)	(\$2,473.22)	(\$4,553.65)	\$21,043.56	\$25,457.80	\$23,197.00

	Fontana Ranch N LMD (Engineer's Report)	Fontana Ranch N LMD (Analysis)	Fontana Ranch N LMD (1/31/14)	Fontana Ranch S LMD (Engineer's Report)	Fontana Ranch S LMD (Analysis)	Fontana Ranch S LMD (1/31/14)	Rhapsody 1 LMD (Engineer's Report)	Rhapsody Unit 1 LMD (Analysis)
Direct Costs								
Total Personnel Labor & Fringe	\$2,646.00	\$2,646.00	\$1,425.00	\$3,704.00	\$3,704.00	\$1,994.00	\$1,058.00	\$1,058.00
Contract Services	847.00	847.00	763.73	1,186.00	1,186.00	1,766.73	339.00	339.00
Other Services – City Forces	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities: Water, Sewer, Electricity	5,685.26	5,891.16	3,339.00	5,797.30	7,157.37	5,262.00	1,231.52	1,415.74
Equipment & Material Costs	1,381.00	839.32	0.00	1,337.00	2,122.14	0.00	1,355.00	585.62
Capital Improvement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Incidental Costs (Insurance)	67.39	0.00	0.00	67.39	0.00	0.00	67.39	0.00
Total Direct Costs	\$10,626.66	\$10,223.48	\$5,527.73	\$12,091.69	\$14,169.51	\$9,022.73	\$4,050.91	\$3,398.36
Indirect Costs								
Program Administration	\$2,125.33	\$2,044.70	\$1,073.00	\$2,418.34	\$2,833.90	\$1,168.00	\$810.18	\$679.67
Contingency	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Engineer's Annual Report	1,322.11	1,322.11	438.27	813.61	813.61	438.27	1,147.77	1,147.77
Stanislaus County Assessor's Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Regulatory Programs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Indirect Costs	\$3,447.44	\$3,366.81	\$1,511.27	\$3,231.95	\$3,647.51	\$1,606.27	\$1,957.95	\$1,827.44
Total Costs	\$14,074.10	\$13,590.29	\$7,039.00	\$15,323.64	\$17,817.02	\$10,629.00	\$6,008.86	\$5,225.80
Balance to Levy (Total Revenue)	17,103.45	17,103.45	8,937.00	10,141.60	10,141.60	5,258.00	6,794.00	6,794.00
Net Cost (Revenue-Costs)	3,029.35	3,513.16	1,898.00	(5,182.04)	(7,675.42)	(5,371.00)	785.14	1,568.20
Reserve and Other Contribution								
Reserve Balance	\$8,816.87	\$3,908.00	\$3,908.00	(\$15,388.08)	(\$25,004.00)	(\$25,004.00)	\$11,392.99	\$4,510.00
Reserve Collection/Credit (Net Cost)	3,029.35	3,513.16	1,898.00	(5,182.04)	(7,675.42)	(5,371.00)	785.14	1,568.20
City Contribution (Budget Shortfall)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal Reserve and Other Cont.	\$11,846.23	\$7,421.16	\$5,806.00	(\$20,570.13)	(\$32,679.42)	(\$30,375.00)	\$12,178.13	\$6,078.20

	Rhapsody Unit 1 LMD (1/31/14)	Rhapsody 2 LMD (Engineer's Report)	Rhapsody 2 LMD (Analysis)	Rhapsody 2 LMD (1/31/14)	Santa Fe 1 LMD (Engineer's Report)	Santa Fe 1 LMD (Analysis)	Santa Fe 1 LMD (1/31/14)	Santa Fe 2 LMD (Engineer's Report)	Santa Fe 2 LMD (Analysis)
Direct Costs									
Total Personnel Labor & Fringe	\$570.00	\$1,058.00	\$1,058.00	\$570.00	\$6,350.00	\$6,350.00	\$3,419.00	\$6,350.00	\$6,350.00
Contract Services	430.73	339.00	339.00	430.73	2,033.00	2,033.00	1,541.73	2,033.00	2,033.00
Other Services – City Forces	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities: Water, Sewer, Electricity	603.00	1,525.26	1,530.98	721.00	1,255.87	4,204.25	2,412.00	528.75	2,360.81
Equipment & Material Costs	0.00	1,383.00	585.62	0.00	2,604.00	843.86	0.00	1,490.00	585.63
Capital Improvement	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Incidental Costs (Insurance)	0.00	67.39	0.00	0.00	37.15	0.00	0.00	37.15	0.00
Total Direct Costs	\$1,603.73	\$4,372.65	\$3,513.60	\$1,721.73	\$12,280.02	\$13,431.11	\$7,372.73	\$10,438.90	\$11,329.44
Indirect Costs									
Program Administration	\$458.00	\$874.53	\$702.72	\$465.00	\$2,456.00	\$2,686.22	\$1,184.00	\$2,087.78	\$2,265.89
Contingency	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Engineer's Annual Report	438.27	857.20	857.20	438.27	799.08	799.08	438.27	740.97	740.97
Stanislaus County Assessor's Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Regulatory Programs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Indirect Costs	\$896.27	\$1,731.73	\$1,559.92	\$903.27	\$3,255.08	\$3,485.30	\$1,622.27	\$2,828.75	\$3,006.86
Total Costs	\$2,500.00	\$6,104.38	\$5,073.52	\$2,625.00	\$15,535.10	\$16,916.41	\$8,995.00	\$13,267.65	\$14,336.30
Balance to Levy (Total Revenue)	3,620.00	6,490.00	6,490.00	3,196.00	7,260.00	7,260.00	3,768.00	6,630.00	6,630.00
Net Cost (Revenue-Costs)	1,120.00	385.62	1,416.48	571.00	(8,275.10)	(9,656.41)	(5,227.00)	(6,637.65)	(7,706.30)
Reserve and Other Contribution									
Reserve Balance	\$4,510.00	\$7,546.27	\$2,688.00	\$2,688.00	\$8,669.87	(\$12,096.00)	(\$11,845.00)	\$17,414.88	\$277.00
Reserve Collection/Credit (Net Cost)	1,120.00	385.62	1,416.48	571.00	(8,275.10)	(9,656.41)	(5,227.00)	(6,637.65)	(7,706.30)
City Contribution (Budget Shortfall)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal Reserve and Other Cont.	\$5,630.00	\$7,931.89	\$4,104.48	\$3,259.00	\$394.77	(\$21,752.41)	(\$17,072.00)	\$10,777.23	(\$7,429.30)

	Santa Fe 2 LMD (1/31/14)	Starn Estates LMD (Engineer's Report)	Starn Estates LMD (Analysis)	Starn Estates LMD (1/31/14)	Sterling Glen III LMD (Engineer's Report)	Sterling Glen III LMD (Analysis)	Sterling Glen III LMD (1/31/14)	Sun Glow LMD (Engineer's Report)	Sun Glow LMD (Analysis)
Direct Costs									
Total Personnel Labor & Fringe	\$3,419.00	\$1,058.00	\$1,058.00	\$570.00	\$3,175.00	\$3,175.00	\$1,709.00	\$2,381.00	\$2,381.00
Contract Services	2,303.73	339.00	339.00	430.73	1,016.00	1,016.00	874.73	762.00	762.00
Other Services – City Forces	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Utilities: Water, Sewer, Electricity	1,041.00	973.59	1,000.42	432.00	6,286.82	3,213.45	1,855.00	1,019.13	962.86
Equipment & Material Costs	0.00	1,308.00	585.61	0.00	1,342.00	639.31	0.00	1,613.00	585.60
Capital Improvement	0.00	0.00	0.00	0.00	3,000.00	3,000.00	0.00	0.00	0.00
Other Incidental Costs (Insurance)	0.00	37.15	0.00	0.00	67.39	0.00	0.00	73.41	0.00
Total Direct Costs	\$6,763.73	\$3,715.73	\$2,983.03	\$1,432.73	\$14,887.22	\$11,043.76	\$4,438.73	\$5,848.54	\$4,691.46
Indirect Costs									
Program Administration	\$1,012.00	\$743.15	\$596.61	\$426.00	\$2,977.44	\$2,208.75	\$1,449.00	\$1,169.71	\$938.29
Contingency	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Engineer's Annual Report	438.27	1,133.24	1,133.24	438.27	1,133.24	1,133.24	438.27	1,322.11	1,322.11
Stanislaus County Assessor's Fee	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Regulatory Programs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Indirect Costs	\$1,450.27	\$1,876.39	\$1,729.85	\$864.27	\$4,110.68	\$3,341.99	\$1,887.27	\$2,491.82	\$2,260.40
Total Costs	\$8,214.00	\$5,592.12	\$4,712.88	\$2,297.00	\$18,997.90	\$14,385.75	\$6,326.00	\$8,340.36	\$6,951.86
Balance to Levy (Total Revenue)	3,515.00	7,956.00	7,956.00	4,241.00	15,063.99	15,063.99	7,454.00	8,939.84	8,939.84
Net Cost (Revenue-Costs)	(4,699.00)	2,363.88	3,243.12	1,944.00	(3,933.91)	678.24	1,128.00	599.48	1,987.98
Reserve and Other Contribution									
Reserve Balance	\$277.00	\$12,335.37	\$12,368.00	\$12,368.00	\$12,805.18	\$14,352.00	\$14,352.00	\$18,279.61	\$16,644.00
Reserve Collection/Credit (Net Cost)	(4,699.00)	2,363.88	3,243.12	1,944.00	(3,933.91)	678.24	1,128.00	599.48	1,987.98
City Contribution (Budget Shortfall)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Subtotal Reserve and Other Cont.	(\$4,422.00)	\$14,699.25	\$15,611.12	\$14,312.00	\$8,871.27	\$15,030.24	\$15,480.00	\$18,879.09	\$18,631.98

	Sun Glow LMD (1/31/14)	Walnut Haven III LMD (Engineer's Report)	Walnut Haven III LMD (Analysis)	Walnut Haven III LMD (1/31/14)
Direct Costs				
Total Personnel Labor & Fringe	\$1,282.00	\$2,117.00	\$2,117.00	\$1,140.00
Contract Services	707.73	678.00	678.00	654.73
Other Services – City Forces	0.00	0.00	0.00	0.00
Utilities: Water, Sewer, Electricity	446.00	747.36	1,130.96	492.00
Equipment & Material Costs	0.00	1,349.00	585.61	0.00
Capital Improvement	0.00	0.00	0.00	0.00
Other Incidental Costs (Insurance)	0.00	31.09	0.00	0.00
Total Direct Costs	\$2,435.73	\$4,922.45	\$4,511.57	\$2,286.73
Indirect Costs				
Program Administration	\$636.00	\$984.49	\$902.31	\$511.00
Contingency	0.00	0.00	0.00	0.00
Engineer's Annual Report	438.27	799.08	799.08	438.27
Stanislaus County Assessor's Fee	0.00	0.00	0.00	0.00
Regulatory Programs	0.00	0.00	0.00	0.00
Total Indirect Costs	\$1,074.27	\$1,783.57	\$1,701.39	\$949.27
Total Costs	\$3,510.00	\$6,706.02	\$6,212.96	\$3,236.00
Balance to Levy (Total Revenue)	4,774.00	5,995.00	5,995.00	3,167.00
Net Cost (Revenue-Costs)	1,264.00	(711.02)	(217.96)	(69.00)
Reserve and Other Contribution				
Reserve Balance	\$16,644.00	\$6,835.76	\$3,112.00	\$3,112.00
Reserve Collection/Credit (Net Cost)	1,264.00	(711.02)	(217.96)	(69.00)
City Contribution (Budget Shortfall)	0.00	0.00	0.00	0.00
Subtotal Reserve and Other Cont.	\$17,908.00	\$6,124.74	\$2,894.04	\$3,043.00



CITY OF HUGHSON AGENDA ITEM NO. 4.2

SECTION 4: UNFINISHED BUSINESS

Meeting Date: March 10, 2014
Subject: Adopt Resolution No. 2014-09, Approving Adjustments to the Operating Budget for Fiscal Year 2013-2014
Presented By: Margaret Souza, Finance Director

Approved By: _____

Staff Recommendation:

Adopt Resolution No. 2014-09, approving adjustments to the operating budget for Fiscal Year 2013-2014.

Background and Overview:

In September 2013, the City Council adopted the 2013-2014 City of Hughson Budget. During the course of the first half of the year things have changed and need to be re-evaluated at mid-year to ensure that the budgeted figures are correct. City staff recommends that the Council approve \$63,045 in budget adjustments. The information contained in this staff report was shared with the City Budget and Finance Subcommittee on February 25, 2014.

Exhibit A lists the line item accounts to which the adjustments are to be made.

Fiscal Impact:

There are adjustments to the General Fund but the net difference is zero.

A summary of the substantial adjustments for the other funds are:

1. \$35,900 - State permitting requirements for storm drain
2. \$15,000 - Multiple projects engineering work for streets
3. \$ 9,145 - Carryover from prior year project cost for Hatch Road
4. \$11,000 - Motor rebuild for Well #6

Review of the attached worksheets and detail will assist in understanding the adjustments.

**CITY OF HUGHSON
CITY COUNCIL
RESOLUTION NO. 2014-09**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUGHSON
APPROVING THE ADJUSTMENTS TO THE OPERATING BUDGET FOR
FISCAL YEAR 2013-2014**

WHEREAS, on September 23, 2013, the City Council approved the operating budget, adopting Resolution No.2013-29 and

WHEREAS, City staff have reviewed the funds and accounts of the City Budget during a midyear examination; and

WHEREAS, after conducting an extensive review and analysis of the entire operational budget, of the City staff recommend budget adjustments and fund transfers that increase the budget by \$63,045 as shown in Attachment "A"; and

THEREFORE, BE IT RESOLVED, that the City Council of the City of Hughson hereby adopts Resolution No. 2014-09, replacing Resolution No. 2013-29, by approving the budget adjustments and fund transfers to increase the budget by \$63,045; as shown in Attachment "A";

PASSED AND ADOPTED by the City Council of the City of Hughson at its regular meeting held on this 10th day of March, 2014 by the following roll call votes:

AYES: CARR, SILVA, HILL, YOUNG, and Mayor BEEKMAN.

NOES: NONE.

ABSTENTIONS: NONE.

ABSENT: NONE.

MATT BEEKMAN, Mayor

ATTEST:

DOMINIQUE SPINALE, Deputy City Clerk

CITY OF HUGHSON - MID YEAR BUDGET REVIEW 2013-14

Exhibit A

FUND	ACCT	DEPT	ACCT Desc	Actual	Budget	Balance	Act/Bud % Used	Mid Year Adjustment
40	6101	180	DEPT SUPPLIES	1,804	5,000	3,196	36.08%	-1,000 Transfer
40	6111	180	MAINT OF EQUIP	2,108	1,500	-608	140.53%	1,000 Well Transmitter/Starn Park
40	6202	190	CONTRACT SRVCS	29,690	63,000	33,310	47.13%	-1,000 Transfer
40	6004	190	DUES/PUBLICATNS	10,872	10,550	-322	103.05%	1,000 LAFCO up
40	6202	310	CONTRACT SRVCS	694	200	-494	347.00%	1,000 Legal Service
40	6110	320	PETROLEUM PROD	2,214	5,900	3,686	37.53%	-1,000 Transfer
40	6005	120	TRAVEL/MEETINGS	1,070	1,250	180	85.60%	1,200 LCC Costs
40	6111	320	MAINT OF EQUIP	2,392	2,000	-392	119.60%	1,000 Storm Pump Repair
40	6106	170	UTILITIES	5,177	11,500	6,323	45.02%	-1,200 Transfer
40	6202	320	CONTRACT SRVCS	1,602	7,800	6,198	20.54%	-1,000 Transfer
General Fund Total								0
10	6202	800	CONTRACT SRVCS	4,864	14,100	9,236	34.50%	35,900 State Permit
11	8010	105	HATCH RD PROJEC	9,145	0	-9,145		9,145 Carryover last year
71	6202	800	CONTRACT SRVCS	14,215	0	-14,215		15,000 Engineering work
80	6202	340	CONTRACT SRVCS	36,943	141,500	104,557	26.11%	-11,000 Transfer
80	7003	340	IMP OTHR TN BLD	4,930	5,000	70	98.60%	11,000 Motor Rebuilds-Well
100	6450	100	SANTA FE 1 UT	2,332	1,256	-1,076	185.67%	2,000 Utilities High
100	6453	100	SANTA FE 2 UT	1,006	529	-477	190.17%	1,000 Utilities High
								63,045

MID YEAR BUDGET REVIEW

EXPENDITURES

2013-14

City Of Hughson

Fund Listing - with Sources and Expenditures

11/25/2013

FUND #	FUND NAME	SOURCE OF FUNDS	USES OF FUNDS
GENERAL FUND TYPE			
40	General Fund	Property/Sales Tax, State Subventions, Permits/Licenses, User Fees, Fines	Discretion of Council: Administration, Public Safety, Parks and Recreation
401	General Fund Reserve	Transferred from General Fund	Discretion of Council
SPECIAL REVENUE FUND TYPE			
8	Vehicle Abatement	Assessment on Motor Vehicle Fees -County	Regulating Abandoned Vehicle
11	Traffic Congestion	State Funding	Expenditures for Streets
18	BSCC AB 109 - Realignment	State of California	Assist Cities with Prison Realignment Program
19	Asset Forfeiture	Property seized by Police	Law Enforcement Related Activity
25-35	Gas Tax	State/Federal Gas Tax (Sec 2105-2107.2)	Street/Road Maintenance
42	Trench Cut	Developers whose projects require trenching	Restore Streets
51	Self Insurance	Adjustments/Payments - Insurance Policies	Claims/Premiums on Insurance
53	SLESF (Supplemental Law Enforcement)	Funds from State	Additional Law Enforcement Service
90	Solid Waste (Garbage)	User Fees - Garbage Bills	Cost of Garbage Service
92/99	Grants (CDBG) - Housing	Funds State HCD/Feds; Distributed by County	Housing Rehab/Constr, P W Projects, Sen Housing
13	Redevelopment	Portion of Tax Increment	Payment of Bond
100/200	Landscape/Benefit Assessment District	Tax Assessment	Maintenance of Parks and Streetscape
SPECIAL REVENUE FUND TYPE Capital Projects			
Impact / Developer Fees			
20	Community Enhancement	Fees collected from Development	Funding for Sports Complex, Community Ctr, Parks
41	General Government Impact Fee	Fees collected from Development	Funding for City Hall, Corporation Yard
54	Parkland In-Lieu Fee	Fees collected from Development	Park Land Purchase
55	Parks Capital Improvements	Fees collected from Development	Park Land Purchase/Development
42	Street Impact	Fees collected from Development	Street Projects
81	Water Impact Fee	Fees collected from Development	Water Capital Projects
10	Storm Drain Impact Fee	Fees collected from Development	Storm Drain Capital Projects
62	Sewer Improvement Impact Fee	Fees collected from Development	Sewer Capital Projects
Other Capital			
69-70	LTF - Street Fund - Non Motorized	Transportation Development Act - LTF, other Money for Street Projects	Used for Street Projects, Sidewalk Repair, Signal Lights, Street Project local match
71	Transportation	Other funding sources, includes CMAQ, STIP	Street Projects - Construction
ENTERPRISE FUND TYPE			
48	Community Senior Center	Rental Income	Cost of Operations for Senior Center
50	USF Community Center	Rental Income	Cost of Operations for USF Center
60/61/66	Sewer/Sewer Capital	User Fees - Sewer Bills	Cost of Operations of Sewer/Storm Drain System Capital Portion for Capital Improvements
80/81/82	Water/Water Capital	User Fees - Water Bills	Cost of Operations of Water System Capital Portion for Capital Improvements

2/19/2014

**City of Hughson
Budget Summary - Projected Balance
2013-14**

Revised/Unaudited

	Projected Beginning Bal 7/1/2013	Projected Revenue	Transfer In	Projected Expenditures	Transfer Out	Projected Ending Bal 06/30/14	Rev vs Exp
40 General Fund	605,000	1,997,915	135,695	2,112,365	15,500	610,745	5,745
401 General Fund Reserve	671,700	1,500	0	0	0	673,200	1,500
General Fund	1,276,700	1,999,415	135,695	2,112,365	15,500	1,283,945	7,245
8 Vehicle Abatement	12,000	10,000	0	0	10,000	12,000	0
11 Traffic Cong - Prop 42/Gas Tax 2103	145,000	66,100	0	129,645	11,600	69,855	-75,145
18 AB 109 - Realignment Funding	8,330	0	0	0	0	8,330	0
19 Asset Forfeiture	6,000	3,000	0	0	0	9,000	3,000
25 Gas Tax 2106	9,600	23,700	0	33,000	0	300	-9,300
30 Gas Tax 2107	11,300	43,100	0	26,000	20,000	8,400	-2,900
31 Gas Tax 2105	-1,800	27,200	0	11,000	14,400	0	1,800
35 Gas Tax 2107.5	14,000	2,000	0	0	15,000	1,000	-13,000
49 IT Reserve	38,000	0	30,000	25,000	0	43,000	5,000
51 Self Insurance	86,000	9,830	0	5,890	0	89,940	3,940
53 SLESF	62,900	100,700	0	100,000	0	63,600	700
90 Garbage/Refuse	42,000	471,000	0	449,280	0	63,720	21,720
91 Miscellaneous Grants	0	0	0	0	0	0	0
92 Small Business Loan Grant	93,500	250	0	0	0	93,750	250
94 96-EDBG-738 Grant	400	0	0	0	0	400	0
95 1994 CDBG Housing Rehab STBG-799	155,000	4,150	0	3,700	0	155,450	450
96 Home Grant - FTHB	35,000	100	0	2,000	0	33,100	-1,900
97 1996 CDBG Housing Rehab	128,000	9,100	0	400	0	136,700	8,700
98 Home Rehab - CalHome	0	1,100	0	1,000	0	100	100
100 LLD	36,000	125,848	0	124,936	21,938	14,974	-21,026
200 BAD	42,000	73,448	0	36,716	5,977	72,755	30,755
Special Revenue	923,230	970,626	30,000	948,567	98,915	876,374	-46,856
48 Community Senior Center	11,143	13,500	7,500	21,000	0	11,143	0
50 United Samaritans Community Center	1,600	17,600	0	14,414	4,500	286	-1,314
60 Sewer O & M	1,100,000	2,909,000	0	1,566,181	455,836	1,986,983	886,983
80 Water	102,029	1,314,840	0	988,878	196,482	231,509	129,480
Enterprise Funds	1,214,772	4,254,940	7,500	2,590,473	656,818	2,229,921	1,015,149
10 Storm Drain	175,000	98,590	0	50,000	0	223,590	48,590
20 Community Enhancement	55,000	35,480	0	0	0	90,480	35,480
41 Public Facility Development	1,550,000	114,750	0	462,000	0	1,202,750	-347,250
42 Public Facility - Streets	-635,000	143,535	0	0	0	-491,465	143,535
54 Park Project - In Lieu	385,000	70,885	0	0	0	455,885	70,885
55 Park Development Impact Fees	240,000	93,845	0	0	0	333,845	93,845
61 Sewer Fixed Asset Replacement	1,850,000	3,000	444,836	0	0	2,297,836	447,836
62 Sewer Developer Impact Fee	925,000	1,500	0	0	0	926,500	1,500
66 WWTP Expansion	1,400,000	20,000	0	0	0	1,420,000	20,000
69 Local Transportation Fund - Non Mot	0	3,500	0	0	0	3,500	3,500
70 Local Transportation Fund	140,000	50,000	0	73,500	0	116,500	-23,500
71 Transportation	-350,000	961,250	0	365,550	0	245,700	595,700
81 Water Development Fee	-520,000	133,105	0	20,000	0	-406,895	113,105
82 Water Fixed Asst Replacement	300,000	0	185,482	0	0	485,482	185,482
88 Public Works Street Projects - CDBG	0	230,185	0	230,185	0	0	0
Capital Projects	5,515,000	1,959,625	630,318	1,201,235	0	6,903,708	1,388,708
13 RDA - Debt Service	110,000	253,439	0	221,759	31,680	110,000	0
14 RDA - Housing	0	0	0	0	0	0	0
15 RDA	0	0	0	0	0	0	0
RDA	110,000	253,439	0	221,759	31,680	110,000	0
GRAND TOTAL	9,039,702	9,438,045	803,513	7,074,399	802,913	11,403,948	2,364,246

CITY OF HUGHSON - MID YEAR BUDGET REVIEW 2013-14

Fund	Acct	Dept	ACCT Desc	Actual	Budget	Balance	Act/Bud % Used	Mid Year Adjustment	Fund Description	Dept
GENERAL FUND (40)										
40	5001	110	REG. SALARIES	7,800	15,600	7,800	50.00%			
40	5170	110	MEDICARE TAX	597	1,195	598	49.96%			
40	6001	110	OFFICE SUPPLIES	194	500	306	38.80%			
40	6004	110	DUES/PUBLICATNS	1,508	8,100	6,592	18.62%			
40	6005	110	TRAVEL/MEETINGS	597	1,000	403	59.70%			
40	6101	110	DEPT SUPPLIES	619	300	-319	206.33%			
40	6105	110	PHONE/RADIO	239	440	201	54.32%			
Total for FUND/DEPT 40 /110 ---->				11,554	27,135	15,581	42.58%		GENERAL FUND	LEGISLATIVE
40	5001	120	REG. SALARIES	57,720	115,000	57,280	50.19%			
40	5008	120	TECH ALLOWANCE	510	1,020	510	50.00%			
40	5009	120	VEHICLE ALLOWAN	1,800	3,600	1,800	50.00%			
40	5110	120	P.E.R.S.	15,058	31,152	16,094	48.34%			
40	5120	120	MEDICAL INS.	314	16,242	15,928	1.93%			
40	5130	120	UNEMPLOYMNT INS	139	911	772	15.26%			
40	5140	120	WORKER'S COMP	2,096	4,183	2,087	50.11%			
40	5150	120	LIFE INS	0	819	819	0.00%			
40	5160	120	DENTAL INS	808	2,131	1,323	37.92%			
40	5170	120	MEDICARE TAX	908	1,735	827	52.33%			
40	5175	120	DEF COMP	0	600	600	0.00%			
40	6001	120	OFFICE SUPPLIES	194	400	206	48.50%			
40	6003	120	POSTAGE	5	100	95	5.00%			
40	6004	120	DUES/PUBLICATNS	39	1,250	1,211	3.12%			
40	6005	120	TRAVEL/MEETINGS	1,070	1,250	180	85.60%	1,200	Travel to LCC Mtg	
40	6101	120	DEPT SUPPLIES	20	300	280	6.67%			
40	6105	120	PHONE/RADIO	831	1,540	709	53.96%			
40	6107	120	RENTS/LEASES	466	1,055	589	44.17%			
40	6110	120	PETROLEUM PROD	421	1,245	824	33.82%			
40	6121	120	INCENTIVE PROG	0	30,000	30,000	0.00%			
40	6202	120	CONTRACT SRVCS	1,438	1,500	62	95.87%			
Total for FUND/DEPT 40 /120. ---->				83,837	216,033	132,196	38.81%		GENERAL FUND	CITY MANAGER
40	5001	130	REG. SALARIES	7,904	10,982	3,078	71.97%		More Part time help	
40	5170	130	MEDICARE TAX	601	840	239	71.55%			
40	6001	130	OFFICE SUPPLIES	700	1,200	500	58.33%			
40	6003	130	POSTAGE	14	200	186	7.00%			
40	6004	130	DUES/PUBLICATNS	433	500	67	86.60%			
40	6005	130	TRAVEL/MEETINGS	332	300	-32	110.67%			
40	6101	130	DEPT SUPPLIES	76	300	224	25.33%			
40	6104	130	ADVERTISING	871	2,300	1,429	37.87%			
40	6105	130	PHONE/RADIO	594	1,200	606	49.50%			
40	6107	130	RENTS/LEASES	393	888	495	44.26%			
40	6113	130	INS/SURETIES	183	350	167	52.29%			
40	6202	130	CONTRACT SRVCS	12,168	40,000	27,832	30.42%			
Total for FUND/DEPT 40 /130 ---->				24,268	59,060	34,792	41.09%		GENERAL FUND	ADMIN SER/C.C.

Fund	Acct	Dept	ACCT Desc	Actual	Budget	Balance	Act/Bud % Used	Mid Year Adjustment	Fund Description	Dept
40	5001	140	REG. SALARIES	14,034	33,702	19,668	41.64%			
40	5110	140	P.E.R.S.	3,693	9,128	5,435	40.46%			
40	5120	140	MEDICAL INS.	3,861	10,147	6,286	38.05%			
40	5130	140	UNEMPLOYMNT INS	0	243	243	0.00%			
40	5140	140	WORKER'S COMP	204	409	205	49.88%			
40	5150	140	LIFE INS	146	360	214	40.56%			
40	5160	140	DENTAL INS	422	1,406	984	30.01%			
40	5170	140	MEDICARE TAX	192	489	297	39.26%			
40	5175	140	DEF COMP	128	297	169	43.10%			
40	6001	140	OFFICE SUPPLIES	389	1,300	911	29.92%			
40	6003	140	POSTAGE	12	300	288	4.00%			
40	6004	140	DUES/PUBLICATNS	0	110	110	0.00%			
40	6005	140	TRAVEL/MEETINGS	0	200	200	0.00%			
40	6101	140	DEPT SUPPLIES	48	200	152	24.00%			
40	6105	140	PHONE/RADIO	358	660	302	54.24%			
40	6107	140	RENTS/LEASES	613	1,400	787	43.79%			
40	6110	140	PETROLEUM PROD	421	1,045	624	40.29%			
40	6202	140	CONTRACT SRVCS	23,076	46,000	22,924	50.17%			
40	6351	140	Misc.Bank Chgs	667	2,000	1,333	33.35%			
Total for FUND/DEPT 40 /140 ---->				48,264	109,396	61,132	44.12%		GENERAL FUND	FINANCE
40	6113	145	INS/SURETIES	10,837	13,517	2,680	80.17%			
40	6119	145	PROP TAX ADMIN	0	3,370	3,370	0.00%			
40	8505	145	TRANSFERS-OUT	3,750	7,500	3,750	50.00%			
40	8506	145	IT REPLACEMENT	4,000	8,000	4,000	50.00%			
Total for FUND/DEPT 40 /145 ---->				18,587	32,387	13,800	57.39%		GENERAL FUND	NON DEPARTMENT
40	5001	150	REG. SALARIES	600	1,200	600	50.00%			
40	5170	150	MEDICARE TAX	46	92	46	50.00%			
Total for FUND/DEPT 40 /150 ---->				646	1,292	646	50.00%		GENERAL FUND	CITY TREASURER
40	6202	160	CONTRACT SRVCS	40,952	75,000	34,048	54.60%			
Total for FUND/DEPT 40 /160 ---->				40,952	75,000	34,048	54.60%		GENERAL FUND	LEGAL SERVICES
40	6001	170	OFFICE SUPPLIES	62	100	38	62.00%			
40	6004	170	DUES/PUBLICATNS	0	400	400	0.00%			
40	6101	170	DEPT SUPPLIES	2,840	5,000	2,160	56.80%			
40	6103	170	UNIFRM/CLTH EXP	457	700	243	65.29%			
40	6105	170	PHONE/RADIO	887	1,650	763	53.76%			
40	6106	170	UTILITIES	5,177	11,500	6,323	45.02%	-1,200 Transfer		
40	6108	170	MAINT BLDGS/GRD	515	3,500	2,985	14.71%			
40	6110	170	PETROLEUM PROD	354	1,080	726	32.78%			
40	6111	170	MAINT OF EQUIP	264	500	236	52.80%			
40	6202	170	CONTRACT SRVCS	2,100	5,000	2,900	42.00%			
40	7006	170	OTHER EQUIPMENT	1,000	1,000	0	100.00%			
Total for FUND/DEPT 40 /170 ---->				13,656	30,430	16,774	44.88%		GENERAL FUND	BLDGS & GRNDS
40	5001	180	REG. SALARIES	3,323	10,903	7,580	30.48%			
40	5110	180	P.E.R.S.	785	1,899	1,114	41.34%			

Fund	Acct	Dept	ACCT Desc	Actual	Budget	Balance	Act/Bud % Used	Mid Year Adjustment	Fund Description	Dept
40	5120	180	MEDICAL INS.	940	2,362	1,422	39.80%			
40	5130	180	UNEMPLOYMNT INS	0	61	61	0.00%			
40	5140	180	WORKER'S COMP	430	859	429	50.06%			
40	5150	180	LIFE INS	35	72	38	48.61%			
40	5160	180	DENTAL INS	97	211	114	45.97%			
40	5170	180	MEDICARE TAX	47	86	39	54.65%			
40	5175	180	DEF COMP	18	36	18	50.00%			
40	6001	180	OFFICE SUPPLIES	58	150	92	38.67%			
40	6003	180	POSTAGE	4	50	47	8.00%			
40	6004	180	DUES/PUBLICATNS	0	350	350	0.00%			
40	6005	180	TRAVEL/MEETINGS	196	300	104	65.33%			
40	6101	180	DEPT SUPPLIES	1,804	5,000	3,196	36.08%	-1,000	Transfer	
40	6102	180	SMALL TOOLS	0	100	100	0.00%			
40	6105	180	PHONE/RADIO	887	1,650	763	53.76%			
40	6106	180	UTILITIES	14,683	29,000	14,317	50.63%			
40	6107	180	RENTS/LEASES	1,481	2,800	1,319	52.89%			
40	6108	180	MAINT BLDGS/GRD	0	250	250	0.00%			
40	6111	180	MAINT OF EQUIP	2,108	1,500	-608	140.53%	1,000	Well transmitter Starn Park	
40	6202	180	CONTRACT SRVCS	1,518	3,000	1,483	50.60%			
40	6376	180	PARKS-LMB COSTS	0	30,000	30,000	0.00%			
40	7006	180	OTHER EQUIPMENT	1,000	1,000	0	100.00%			
Total for FUND/DEPT 40 /180 ---->				29,413	91,639	62,226	32.10%		GENERAL FUND	PARKS & REC.
40	5001	190	REG. SALARIES	21,224	41,881	20,657	50.68%			
40	5110	190	P.E.R.S.	4,451	10,533	6,082	42.26%			
40	5120	190	MEDICAL INS.	1,249	8,605	7,356	14.51%			
40	5130	190	UNEMPLOYMNT INS	62	304	242	20.39%			
40	5140	190	WORKER'S COMP	504	1,009	505	49.95%			
40	5150	190	LIFE INS	177	373	196	47.45%			
40	5160	190	DENTAL INS	233	774	541	30.10%			
40	5170	190	MEDICARE TAX	447	793	346	56.37%			
40	5175	190	DEF COMP	146	330	184	44.24%			
40	6001	190	OFFICE SUPPLIES	583	1,800	1,217	32.39%			
40	6003	190	POSTAGE	40	400	360	10.00%			
40	6004	190	DUES/PUBLICATNS	10,872	10,550	-322	103.05%	1,000	LAFCO up	
40	6005	190	TRAVEL/MEETINGS	100	500	400	20.00%			
40	6101	190	DEPT SUPPLIES	99	1,600	1,501	6.19%			
40	6105	190	PHONE/RADIO	355	660	305	53.79%			
40	6107	190	RENTS/LEASES	196	444	248	44.14%			
40	6111	190	MAINT OF EQUIP	0	100	100	0.00%			
40	6202	190	CONTRACT SRVCS	29,690	63,000	33,310	47.13%	-1,000	Transfer	
Total for FUND/DEPT 40 /190 ---->				70,429	143,656	73,227	49.03%		GENERAL FUND	PLANNING/BLDG
40	5110	210	P.E.R.S.	0	22,606	22,606	0.00%			
40	6125	210	VEHICLE REIM	10,203	45,300	35,097	22.52%			
40	6202	210	CONTRACT SRVCS	373,110	990,023	616,913	37.69%			
Total for FUND/DEPT 40 /210 ---->				383,313	1,057,929	674,616	36.23%		GENERAL FUND	POLICE DEPT

Fund	Acct	Dept	ACCT Desc	Actual	Budget	Balance	Act/Bud % Used	Mid Year Adjustment	Fund Description	Dept
40	6202	211	CONTRACT SRVCS	12,170	27,717	15,547	43.91%			
40	6205	211	Loan Debt Serv	1,190	4,761	3,571	24.99%			
Total for FUND/DEPT 40 /211 ---->				13,360	32,478	19,118	41.14%		GENERAL FUND	ANIMAL CONTROL
40	5001	310	REG. SALARIES	19,637	38,880	19,243	50.51%			
40	5110	310	P.E.R.S.	4,451	10,533	6,082	42.26%			
40	5120	310	MEDICAL INS.	493	11,867	11,374	4.15%			
40	5130	310	UNEMPLOYMNT INS	62	304	242	20.39%			
40	5140	310	WORKER'S COMP	708	1,414	706	50.07%			
40	5150	310	LIFE INS	175	368	193	47.55%			
40	5160	310	DENTAL INS	330	991	661	33.30%			
40	5170	310	MEDICARE TAX	349	563	214	61.99%			
40	5175	310	DEF COMP	146	330	184	44.24%			
40	6001	310	OFFICE SUPPLIES	272	750	478	36.27%			
40	6003	310	POSTAGE	10	250	240	4.00%			
40	6004	310	DUES/PUBLICATNS	30	100	70	30.00%			
40	6005	310	TRAVEL/MEETINGS	145	200	55	72.50%			
40	6101	310	DEPT SUPPLIES	14	100	86	14.00%			
40	6105	310	PHONE/RADIO	1,242	2,300	1,058	54.00%			
40	6110	310	PETROLEUM PROD	354	1,080	726	32.78%			
40	6202	310	CONTRACT SRVCS	694	200	-494	347.00%	1,000	Legal Service	
40	6210	310	AB939 GRANT	4,851	5,000	149	97.02%			
40	6407	310	ENCROACHMENT	957	1,500	543	63.80%			
Total for FUND/DEPT 40 /310 ---->				34,921	76,730	41,809	45.51%		GENERAL FUND	P.W. ADM.
40	5001	320	REG. SALARIES	26,091	49,130	23,039	53.11%			
40	5003	320	OVERTIME	2,705	4,800	2,095	56.35%			
40	5110	320	P.E.R.S.	6,718	13,308	6,590	50.48%			
40	5120	320	MEDICAL INS.	8,567	20,335	11,768	42.13%			
40	5130	320	UNEMPLOYMNT INS	0	365	365	0.00%			
40	5140	320	WORKER'S COMP	3,574	7,148	3,574	50.00%			
40	5150	320	LIFE INS	276	572	296	48.25%			
40	5160	320	DENTAL INS	929	2,451	1,522	37.90%			
40	5170	320	MEDICARE TAX	403	782	379	51.53%			
40	5175	320	DEF COMP	188	345	157	54.49%			
40	6001	320	OFFICE SUPPLIES	194	600	406	32.33%			
40	6003	320	POSTAGE	7	175	168	4.00%			
40	6004	320	DUES/PUBLICATNS	80	5,100	5,020	1.57%			
40	6005	320	TRAVEL/MEETINGS	85	150	65	56.67%			
40	6101	320	DEPT SUPPLIES	3,170	5,000	1,830	63.40%			
40	6103	320	UNIFRM/CLTH EXP	766	1,500	734	51.07%			
40	6105	320	PHONE/RADIO	1,267	2,200	933	57.59%			
40	6107	320	RENTS/LEASES	2,257	4,900	2,643	46.06%			
40	6108	320	MAINT BLDGS/GRD	300	300	0	100.00%			
40	6109	320	MAINT VEHICLES	1,200	1,500	300	80.00%			
40	6110	320	PETROLEUM PROD	2,214	5,900	3,686	37.53%	-1,000	Transfer	
40	6111	320	MAINT OF EQUIP	2,392	2,000	-392	119.60%	1,000	Storm Pump Repair	
40	6202	320	CONTRACT SRVCS	1,602	7,800	6,198	20.54%	-1,000	Transfer	
40	6211	320	CLEANUP DAY	0	1,250	1,250	0.00%			
Total for FUND/DEPT 40 /320 ---->				64,986	137,611	72,625	47.22%		GENERAL FUND	STREET MAINT

Fund	Acct	Dept	ACCT Desc	Actual	Budget	Balance	Act/Bud % Used	Mid Year Adjustment	Fund Description	Dept
40	5001	325	REG. SALARIES	6,811	12,294	5,483	55.40%			
40	5003	325	OVERTIME	2,022	1,000	-1,022	202.20%			1,500
40	5110	325	P.E.R.S.	1,730	3,330	1,600	51.95%			
40	5120	325	MEDICAL INS.	1,482	4,386	2,904	33.79%			
40	5130	325	UNEMPLOYMNT INS	0	122	122	0.00%			
40	5140	325	WORKER'S COMP	894	1,789	895	49.97%			
40	5150	325	LIFE INS	63	132	69	47.73%			
40	5160	325	DENTAL INS	189	533	344	35.46%			
40	5170	325	MEDICARE TAX	125	178	53	70.22%			
40	5175	325	DEF COMP	75	75	0	100.00%			
40	6001	325	OFFICE SUPPLIES	194	200	6	97.00%			
40	6101	325	DEPT SUPPLIES	115	1,000	885	11.50%			
40	6102	325	SMALL TOOLS	34	250	216	13.60%			
40	6103	325	UNIFORM/CLTH EXP	670	1,500	830	44.67%			
40	6105	325	PHONE/RADIO	1,242	2,310	1,068	53.77%			
40	6109	325	MAINT VEHICLES	1,279	5,000	3,721	25.58%			
40	6110	325	PETROLEUM PROD	399	1,190	791	33.53%			
40	6111	325	MAINT OF EQUIP	43	300	257	14.33%			
40	6202	325	CONTRACT SRVCS	1,500	1,500	0	100.00%			
Total for FUND/DEPT 40 /325 ---->				18,866	37,089	18,223	50.87%		GENERAL FUND	FLEET MAINT.
GENERAL FUND TOTALS				857,052	2,127,865	1,270,815	40.28%	0		

Fund	Acct	Dept	ACCT Desc	Actual	Budget	Balance	Act/Bud % Used	Mid Year Adjustment	Fund Description	Dept
OTHER FUNDS										
08	8505	212	TRANSFERS-OUT	5,000	10,000	5,000	50.00%			
	Total for FUND/DEPT 08 /212 ---->			5,000	10,000	5,000	50.00%		VEH. ABATEMENT	VEHICLE ABATEMT
10	6202	800	CONTRACT SRVCS	4,864	14,100	9,236	34.50%	35,900	STATE PERMIT	
	Total for FUND/DEPT 10 /800 ---->			4,864	14,100	9,236	34.50%		STORM DRAIN	CAP IMP. PROJ
100	5001	100	REG. SALARIES	12,560	25,105	12,545	50.03%			
100	5110	100	P.E.R.S.	2,993	6,886	3,893	43.47%			
100	5120	100	MEDICAL INS.	3,175	8,550	5,375	37.13%			
100	5130	100	UNEMPLOYMNT INS	0	182	182	0.00%			
100	5140	100	WORKER'S COMP	1,482	2,964	1,482	50.00%			
100	5150	100	LIFE INS	128	270	142	47.41%			
100	5160	100	DENTAL INS	357	810	453	44.07%			
100	5170	100	MEDICARE TAX	177	326	149	54.29%			
100	5175	100	DEF COMP	75	150	75	50.00%			
100	6420	100	BRITT WOODS UT	971	1,589	618	61.11%			
100	6421	100	BRIT WOODS OTH	886	3,046	2,160	29.09%			
100	6426	100	CEN HUGHSON2 UT	48	60	12	80.00%			
100	6427	100	CN HUGHSON2 OTH	1,540	4,989	3,449	30.87%			
100	6435	100	FEATHERS GLE UT	298	243	-55	122.63%			
100	6436	100	FEATHERS GL OTH	1,192	3,363	2,171	35.44%			
100	6438	100	FONTANA RAN UT	2,455	5,685	3,230	43.18%			
100	6439	100	FONTANA RAN OTH	981	3,617	2,636	27.12%			
100	6441	100	FONTANA RH 5 UT	4,636	5,797	1,161	79.97%			
100	6442	100	FONT RAN 5 OTH	1,509	3,404	1,895	44.33%			
100	6444	100	RHAPSODY 1 UT	540	1,232	692	43.83%			
100	6445	100	RHAPSODY 1 OTH	771	2,909	2,138	26.50%			
100	6447	100	RHAPSODY 2 UT	618	1,525	907	40.52%			
100	6448	100	RHAPSODY 2 OTH	771	2,646	1,875	29.14%			
100	6450	100	SANTA FE 1 UT	2,332	1,256	-1,076	185.67%	2,000	Utilities Higher	
100	6451	100	SANTA FE 1 OTH	1,473	5,473	4,000	26.91%			
100	6453	100	SANTA FE 2 UT	1,006	529	-477	190.17%	1,000	Utilities Higher	
100	6454	100	SANTA FE 2 OTH	2,235	4,301	2,066	51.96%			
100	6456	100	STARN EST UT	377	974	597	38.71%			
100	6457	100	STARN EST OTH	771	2,817	2,046	27.37%			
100	6459	100	STERLING 3 UT	1,359	6,287	4,928	21.62%			
100	6460	100	STERLING 3 OTH	1,052	6,558	5,506	16.04%			
100	6462	100	SUNGLOW UT	371	1,019	648	36.41%			
100	6463	100	SUNGLOW OTH	946	3,770	2,824	25.09%			
100	6465	100	WALNUT HAV 3 UT	437	747	310	58.50%			
100	6466	100	WALNUT HAV3 OTH	911	2,857	1,946	31.89%			
100	8505	100	TRANSFERS-OUT	10,970	21,938	10,968	50.00%			
	Total for FUND/DEPT 100/100 ---->			62,404	143,874	81,470	43.37%		LLD	LLD
11	6101	105	DEPT SUPPLIES	0	1,500	1,500	0.00%			
11	6206	105	STREER STRIPING	29,955	30,000	45	99.85%			
11	8010	105	HATCH RD PROJEC	9,145	0	-9,145		9,145	Carryover last year	
11	8018	105	FOX STREET	43,328	50,000	6,672	86.66%			

Fund	Acct	Dept	ACCT Desc	Actual	Budget	Balance	Act/Bud % Used	Mid Year Adjustment	Fund Description	Dept
11	8045	105	5TH STREET PROJ	39,000	39,000	0	100.00%			
11	8505	105	TRANSFERS-OUT	5,800	11,600	5,800	50.00%			
Total for FUND/DEPT 11 /105 ---->				127,228	132,100	4,872	96.31%		TRAF/GS TX 2103	TRAFFIC CONG.MI
13	6202	610	CONTRACT SRVCS	5,640	19,000	13,360	29.68%			
13	6350	610	INTEREST EXPENS	69,580	137,759	68,179	50.51%			
13	6801	610	RETIRE PRINCIPL	65,000	65,000	0	100.00%			
13	8505	610	TRANSFERS-OUT	15,840	31,680	15,840	50.00%			
Total for FUND/DEPT 13 /610 ---->				156,059	253,439	97,380	61.58%		DEBT SERVICE	RDA DEBT SERV,
200	5001	200	REG. SALARIES	7,021	10,838	3,817	64.78%			
200	5110	200	P.E.R.S.	1,684	2,920	1,236	57.67%			
200	5120	200	MEDICAL INS.	1,608	3,813	2,205	42.17%			
200	5130	200	UNEMPLOYMNT INS	0	122	122	0.00%			
200	5140	200	WORKER'S COMP	766	1,533	767	49.97%			
200	5150	200	LIFE INS	71	149	78	47.65%			
200	5160	200	DENTAL INS	195	459	264	42.48%			
200	5170	200	MEDICARE TAX	99	183	84	54.10%			
200	5175	200	DEF COMP	45	90	45	50.00%			
200	6427	200	CN HUGHSON2 OTH	1,448	6,155	4,707	23.53%			
200	6436	200	FEATHERS GL OTH	1,027	2,480	1,453	41.41%			
200	6439	200	FONTANA RAN OTH	675	2,609	1,934	25.87%			
200	6442	200	FONT RAN S OTH	1,097	2,889	1,792	37.97%			
200	6460	200	STERLING 3 OTH	750	2,476	1,726	30.29%			
200	8505	200	TRANSFERS-OUT	2,988	5,977	2,989	49.99%			
Total for FUND/DEPT 200/200 ---->				19,475	42,693	23,218	45.62%		BAD	BAD
25	6106	700	UTILITIES	17,325	33,000	15,675	52.50%			
Total for FUND/DEPT 25 /700 ---->				17,325	33,000	15,675	52.50%		GAS TAX 2106	Streets Divisio
30	6202	700	CONTRACT SRVCS	12,755	26,000	13,245	49.06%			
30	8505	700	TRANSFERS-OUT	10,000	20,000	10,000	50.00%			
Total for FUND/DEPT 30 /700 ---->				22,755	46,000	23,245	49.47%		GAS TAX 2107	Streets Divisio
31	6101	700	DEPT SUPPLIES	5,407	10,000	4,593	54.07%			
31	6202	700	CONTRACT SRVCS	0	1,000	1,000	0.00%			
31	8505	700	TRANSFERS-OUT	7,500	15,000	7,500	50.00%			
Total for FUND/DEPT 31 /700 ---->				12,907	26,000	13,093	49.64%		2105 HWY USR TX	Streets Divisio
35	8505	700	TRANSFERS-OUT	7,500	15,000	7,500	50.00%			
Total for FUND/DEPT 35 /700 ---->				7,500	15,000	7,500	50.00%		GAS TAX 2107.5	Streets Divisio

Fund	Acct	Dept	ACCT Desc	Actual	Budget	Balance	Act/Bud % Used	Mid Year Adjustment	Fund Description	Dept
41	7016	800	COUNCIL CHAMBER	1,904	20,000	18,096	9.52%			
41	8046	800	NONPOTABLE SYST	20,230	292,000	271,770	6.93%			
41	8048	800	WELL #9	8,409	150,000	141,591	5.61%			
Total for FUND/DEPT 41 /800 ---->				30,543	462,000	431,457	6.61%		PUB FAC DEV	CAP IMP. PROJ
48	6101	360	DEPT SUPPLIES	164	600	436	27.33%			
48	6106	360	UTILITIES	2,814	5,300	2,486	53.09%			
48	6108	360	MAINT BLDGS/GRD	246	2,500	2,254	9.84%			
48	6111	360	MAINT OF EQUIP	405	1,800	1,395	22.50%			
48	6202	360	CONTRACT SRVCS	6,846	10,800	3,954	63.39%			
Total for FUND/DEPT 48 /360 ---->				10,474	21,000	10,526	49.88%		COMM CTR O & M	COMM CTR O & M
49	7009	147	COMPUTER HARDWA	5,982	20,000	14,018	29.91%			
49	7014	147	SOFTWARE REPLC	358	5,000	4,642	7.16%			
Total for FUND/DEPT 49 /147 ---->				6,340	25,000	18,660	25.36%		IT RESERVE	IT RESERVE
50	5001	365	REG. SALARIES	2,216	3,935	1,719	56.32%			
50	5110	365	P.E.R.S.	523	1,066	543	49.06%			
50	5120	365	MEDICAL INS.	627	1,373	746	45.67%			
50	5140	365	WORKER'S COMP	286	572	286	50.00%			
50	5150	365	LIFE INS	23	48	25	47.92%			
50	5160	365	DENTAL INS	65	140	75	46.43%			
50	5170	365	MEDICARE TAX	31	56	25	55.36%			
50	5175	365	DEF COMP	12	24	12	50.00%			
50	6001	365	OFFICE SUPPLIES	78	200	122	39.00%			
50	6101	365	DEPT SUPPLIES	191	1,100	909	17.36%			
50	6106	365	UTILITIES	2,653	5,100	2,447	52.02%			
50	6108	365	MAINT BLDGS/GRD	0	100	100	0.00%			
50	6111	365	MAINT OF EQUIP	0	100	100	0.00%			
50	6375	365	MISC	0	600	600	0.00%			
50	8505	365	TRANSFERS-OUT	2,250	4,500	2,250	50.00%			
Total for FUND/DEPT 50 /365 ---->				8,954	18,914	9,960	47.34%		USF COM. CENTER	C. RESOURCE CTR
51	6375	146	MISC	0	5,890	5,890	0.00%			
Total for FUND/DEPT 51 /146 ---->				0	5,890	5,890	0.00%		SELF-INSURANCE	SELF INSURANCE
53	6202	215	CONTRACT SRVCS	73,252	100,000	26,748	73.25%			
Total for FUND/DEPT 53 /215 ---->				73,252	100,000	26,748	73.25%		SLESF	SLESF - PD
60	5001	330	REG. SALARIES	82,587	167,729	85,142	49.24%			
60	5003	330	OVERTIME	2,222	5,100	2,878	43.57%			
60	5110	330	P.E.R.S.	20,640	45,438	24,798	45.42%			
60	5120	330	MEDICAL INS.	17,750	51,941	34,191	34.17%			
60	5130	330	UNEMPLOYMNT INS	62	1,518	1,456	4.08%			
60	5140	330	WORKER'S COMP	5,038	10,076	5,038	50.00%			

Fund	Acct	Dept	ACCT Desc	Actual	Budget	Balance	Act/Bud % Used	Mid Year Adjustment	Fund Description	Dept
60	5150	330	LIFE INS	820	1,803	983	45.48%			
60	5160	330	DENTAL INS	2,239	6,662	4,423	33.61%			
60	5170	330	MEDICARE TAX	1,272	2,505	1,233	50.78%			
60	5175	330	DEF COMP	601	1,371	770	43.84%			
60	6001	330	OFFICE SUPPLIES	330	3,700	3,370	8.92%			
60	6003	330	POSTAGE	87	1,000	913	8.70%			
60	6004	330	DUES/PUBLICATNS	1,940	5,000	3,060	38.80%			
60	6005	330	TRAVEL/MEETINGS	0	150	150	0.00%			
60	6101	330	DEPT SUPPLIES	416	1,000	584	41.60%			
60	6103	330	UNIFRM/CLTH EXP	670	1,500	830	44.67%			
60	6105	330	PHONE/RADIO	1,395	2,500	1,105	55.80%			
60	6107	330	RENTS/LEASES	1,374	2,900	1,526	47.38%			
60	6109	330	MAINT VEHICLES	363	3,000	2,637	12.10%			
60	6110	330	PETROLEUM PROD	1,329	3,550	2,221	37.44%			
60	6111	330	MAINT OF EQUIP	1,043	7,100	6,057	14.69%			
60	6113	330	INS/SURETIES	13,547	16,897	3,350	80.17%			
60	6202	330	CONTRACT SRVCS	12,644	25,000	12,356	50.58%			
60	6203	330	ADMIN SRVCS	115,500	231,000	115,500	50.00%			
60	6500	330	Bad Debt	0	10,000	10,000	0.00%			
60	7006	330	OTHER EQUIPMENT	3,000	3,000	0	100.00%			
60	8016	330	CHARLES STREET	0	40,000	40,000	0.00%			
60	8505	330	TRANSFERS-OUT	222,418	444,836	222,418	50.00%			
60	8506	330	IT REPLACEMENT	5,500	11,000	5,500	50.00%			
Total for FUND/DEPT 60 /330 ---->				514,788	1,107,276	592,488	46.49%		SEWER O & M	SEWER O & M
60	5001	350	REG. SALARIES	35,015	63,400	28,385	55.23%			
60	5003	350	OVERTIME	9,987	15,000	5,013	66.58%			
60	5110	350	P.E.R.S.	7,434	17,174	9,740	43.29%			
60	5120	350	MEDICAL INS.	3,817	23,045	19,228	16.56%			
60	5130	350	UNEMPLOYMNT INS	260	486	226	53.50%			
60	5140	350	WORKER'S COMP	4,612	9,224	4,612	50.00%			
60	5150	350	LIFE INS	260	843	583	30.84%			
60	5160	350	DENTAL INS	1,003	3,410	2,407	29.41%			
60	5170	350	MEDICARE TAX	630	1,137	507	55.41%			
60	5175	350	DEF COMP	150	480	330	31.25%			
60	6001	350	OFFICE SUPPLIES	272	800	528	34.00%			
60	6003	350	POSTAGE	35	600	565	5.83%			
60	6004	350	DUES/PUBLICATNS	13,893	14,050	157	98.88%			
60	6005	350	TRAVEL/MEETINGS	343	2,000	1,657	17.15%			
60	6101	350	DEPT SUPPLIES	1,669	30,000	28,331	5.56%			
60	6102	350	SMALL TOOLS	0	1,000	1,000	0.00%			
60	6103	350	UNIFRM/CLTH EXP	1,020	2,600	1,580	39.23%			
60	6105	350	PHONE/RADIO	1,281	2,500	1,219	51.24%			
60	6106	350	UTILITIES	107,102	162,000	54,898	66.11%			
60	6107	350	RENTS/LEASES	1,619	3,300	1,681	49.06%			
60	6108	350	MAINT BLDGS/GRD	0	4,000	4,000	0.00%			
60	6109	350	MAINT VEHICLES	77	1,500	1,423	5.13%			
60	6110	350	PETROLEUM PROD	1,949	5,500	3,551	35.44%			
60	6111	350	MAINT OF EQUIP	2,037	6,000	3,963	33.95%			
60	6113	350	INS/SURETIES	13,547	16,897	3,350	80.17%			
60	6117	350	SLUDGE REMOVAL	14,725	50,000	35,275	29.45%			
60	6118	350	Enviro Monitor	9,272	62,000	52,728	14.95%			

Fund	Acct	Dept	ACCT Desc	Actual	Budget	Balance	Act/Bud % Used	Mid Year Adjustment	Fund Description	Dept
60	6202	350	CONTRACT SRVCS	3,806	40,000	36,194	9.52%			
60	6350	350	INTEREST EXPENS	94,812	187,175	92,363	50.65%			
60	6353	350	INTEREST EXPENS	0	188,620	188,620	0.00%			
Total for FUND/DEPT 60 /350 ---->				330,628	914,741	584,113	36.14%		SEWER O & M	WWTP O & M
70	6202	700	CONTRACT SRVCS	1,200	3,500	2,300	34.29%			
70	8018	700	FOX STREET	0	5,000	5,000	0.00%			
70	8026	700	FOX/CHARLES	0	0	0				
70	8045	700	5TH STREET PROJ	45,008	65,000	19,993	69.24%			
Total for FUND/DEPT 70 /700 ---->				46,208	73,500	27,293	62.87%		LOCAL TRANSPRT	Streets Divisio
71	6202	800	CONTRACT SRVCS	14,215	0	-14,215		15,000	Engineering work	
71	8033	800	4TH STREET PROJ	112,927	181,950	69,023	62.06%			
71	8045	800	5TH STREET PROJ	0	168,600	168,600	0.00%			
Total for FUND/DEPT 71 /800 ---->				127,142	350,550	223,408	36.27%		TRANPORTATION	CAP IMP. PROJ
80	5001	340	REG. SALARIES	95,265	185,035	89,770	51.48%			
80	5003	340	OVERTIME	3,265	5,100	1,835	64.02%			
80	5110	340	P.E.R.S.	22,697	50,125	27,428	45.28%			
80	5120	340	MEDICAL INS.	17,962	56,810	38,848	31.62%			
80	5130	340	UNEMPLOYMNT INS	236	1,458	1,222	16.19%			
80	5140	340	WORKER'S COMP	6,364	12,729	6,365	50.00%			
80	5150	340	LIFE INS	871	2,071	1,200	42.06%			
80	5160	340	DENTAL INS	2,504	7,681	5,177	32.60%			
80	5170	340	MEDICARE TAX	1,399	2,759	1,360	50.71%			
80	5175	340	DEF COMP	649	1,512	863	42.92%			
80	6001	340	OFFICE SUPPLIES	389	4,000	3,611	9.73%			
80	6003	340	POSTAGE	157	4,000	3,843	3.93%			
80	6004	340	DUES/PUBLICATNS	9,548	21,000	11,452	45.47%			
80	6005	340	TRAVEL/MEETINGS	111	1,500	1,389	7.40%			
80	6101	340	DEPT SUPPLIES	15,950	32,000	16,050	49.84%			
80	6102	340	SMALL TOOLS	0	200	200	0.00%			
80	6103	340	UNIFORM/CLTH EXP	1,020	2,600	1,580	39.23%			
80	6105	340	PHONE/RADIO	1,361	2,000	639	68.05%			
80	6106	340	UTILITIES	68,206	100,000	31,794	68.21%			
80	6107	340	RENTS/LEASES	1,619	3,300	1,681	49.06%			
80	6109	340	MAINT VEHICLES	363	1,500	1,137	24.20%			
80	6110	340	PETROLEUM PROD	1,417	4,000	2,583	35.43%			
80	6111	340	MAINT OF EQUIP	27,249	56,000	28,751	48.66%			
80	6113	340	INS/SURETIES	16,255	20,276	4,021	80.17%			
80	6202	340	CONTRACT SRVCS	36,943	141,500	104,557	26.11%	-11,000	Transfer	
80	6203	340	ADMIN SRVCS	64,500	129,000	64,500	50.00%			
80	6350	340	INTEREST EXPENS	41,752	100,722	58,970	41.45%			
80	6500	340	Bad Debt	0	2,000	2,000	0.00%			
80	7003	340	IMP OTHR TN BLD	4,930	5,000	70	98.60%	11,000	Motor Rebuilds	
80	7006	340	OTHER EQUIPMENT	2,268	23,000	20,732	9.86%			
80	8046	340	NONPOTABLE SYST	0	10,000	10,000	0.00%			
80	8505	340	TRANSFERS-OUT	92,742	185,482	92,740	50.00%			
80	8506	340	IT REPLACEMENT	5,500	11,000	5,500	50.00%			
Total for FUND/DEPT 80 /340 ---->				543,491	1,185,360	641,869	45.85%		WATER	WATER O & M

Fund	Acct	Dept	ACCT Desc	Actual	Budget	Balance	Act/Bud % Used	Mid Year Adjustment	Fund Description	Dept
81	6202	800	CONTRACT SRVCS	7,956	20,000	12,044	39.78%			
Total for FUND/DEPT 81 /800 ---->				7,956	20,000	12,044	39.78%		WATER DIF	CAP IMP. PROJ
88	8033	800	4TH STREET PROJ	76,888	125,685	48,797	61.18%			
88	8045	800	5TH STREET PROJ	0	104,500	104,500	0.00%			
Total for FUND/DEPT 88 /800 ---->				76,888	230,185	153,297	33.40%		PW STREET PROJ	CAP IMP. PROJ
90	6001	380	OFFICE SUPPLIES	3,387	4,080	693	83.01%			
90	6003	380	POSTAGE	0	12,000	12,000	0.00%			
90	6101	380	DEPT SUPPLIES	0	200	200	0.00%			
90	6116	380	FRANCHISE FEE	0	37,000	37,000	0.00%			
90	6202	380	CONTRACT SRVCS	102,539	386,000	283,461	26.56%			
90	6500	380	Bad Debt	0	10,000	10,000	0.00%			
Total for FUND/DEPT 90 /380 ---->				105,926	449,280	343,354	23.58%		GARBAGE REFUSE	GARBAGE
95	6005	901	TRAVEL/MEETINGS	0	700	700	0.00%			
95	6202	901	CONTRACT SRVCS	0	3,000	3,000	0.00%			
Total for FUND/DEPT 95 /901 ---->				0	3,700	3,700	0.00%		94-STBG-799	CDBG-LOANS
96	6202	900	CONTRACT SRVCS	0	2,000	2,000	0.00%			
Total for FUND/DEPT 96 /900 ---->				0	2,000	2,000	0.00%		HOME PROG.GRAA	CDBG-GEN ADM
97	6104	900	ADVERTISING	0	400	400	0.00%			
Total for FUND/DEPT 97 /900 ---->				0	400	400	0.00%		96-STBG-1013	CDBG-GEN ADM
98	6202	900	CONTRACT SRVCS	0	1,000	1,000	0.00%			
Total for FUND/DEPT 98 /900 ---->				0	1,000	1,000	0.00%		CaIHOME REHAB	CDBG-GEN ADM
OTHER FUNDS TOTALS				2,318,107	5,687,002	3,368,896	40.76%	63,045		
GRAND TOTAL				3,175,159	7,814,867	4,639,711	40.63%	63,045		

MID YEAR BUDGET REVIEW

REVENUE

2013-14

CITY OF HUGHSON - MID YEAR BUDGET REVIEW REVENUE 2013-14

Fund	Acct	Description	Actual	Budget	Balance	Act/Bud % Received	Note
GENERAL FUND (40)							
40	4001	CURRENT PROPERTY	0	-185,000	-185,000	0.00%	Will get \$200K
40	4003	PRIOR YEAR	-16	-5,000	-4,984	0.32%	
40	4004	PROPERTY TAX - OTHER	-67	-10,000	-9,933	0.67%	
40	4006	RDA PROPERTY TAX CONTRIBUTIOI	0	-10,000	-10,000	0.00%	
40	4101	SALES TAX	-185,529	-360,000	-174,471	51.54%	
40	4102	IN LIEU SALES TAX	0	-115,000	-115,000	0.00%	Got \$92K in January
40	4103	PROPERTY TRANSFER TAX	-3,537	-8,000	-4,463	44.21%	
40	4201	GAS UTILITY	-3,553	-15,000	-11,447	23.69%	
40	4202	GARBAGE FRANCHISE	-3,845	-50,000	-46,155	7.69%	Not transferred yet
40	4203	CABLE T.V.	-9,427	-31,000	-21,573	30.41%	
40	4301	BUSINESS LICENSES	-2,918	-25,000	-22,082	11.67%	Collect in January
40	4401	BUILDING PERMITS	-70,782	-155,000	-84,218	45.67%	
40	4405	YARD SALE PERMITS	-365	-740	-375	49.32%	
40	4407	ENCROACHMENT PERMITS	-8,170	-5,000	3,170	163.40%	
40	4408	ORDINANCE UPDATE	-228	-400	-172	57.00%	
40	4409	OTHER PERMITS	-385	-1,000	-615	38.50%	
40	4501	TRAFFIC FINES	-12,807	-17,500	-4,693	73.18%	
40	4504	PARKING FINES	-3,687	-2,500	1,187	147.48%	
40	4601	INTEREST EARNED	-17	-900	-883	1.89%	Not posted yet
40	4602	RENTS, LEASERIGHTS, & ROYALTYS	0	-1,200	-1,200	0.00%	
40	4706	GRANTS	-25,128	-67,000	-41,872	37.50%	
40	4710	MOTOR VEHICLE IN LIEU TAX	-2,961	-405,000	-402,039	0.73%	Got \$214K in January
40	4720	HOMEOWNER'S PROP. TAX RELIEF	0	-5,000	-5,000	0.00%	
40	4725	SB813 SUPPLEMENTAL TAXES	0	-500	-500	0.00%	
40	4728	STANISLAUS COUNTY FEES	0	-2,500	-2,500	0.00%	
40	4735	PLANNING APPLICATION	0	-1,000	-1,000	0.00%	
40	4737	PUBLIC SAFETY AUGMENTATION	-3,053	-6,000	-2,947	50.88%	
40	4803	UTILITY PENALTIES	-37,387	-60,000	-22,613	62.31%	
40	4813	PLAN CHECK FEES	-17,014	-45,000	-27,986	37.81%	
40	4815	ENGINEERING PLAN REVIEW	0	-1,500	-1,500	0.00%	
40	4821	BLDG CODE VIOLATIONS	-252	-1,000	-748	25.20%	
40	4827	VEHICLE RELEASE FEES	-9,917	-13,000	-3,083	76.28%	
40	4829	MISC. FEES & CHARGES	-1,713	-4,500	-2,787	38.07%	
40	4830	RETURNED CHECK CHARGES	-880	-2,000	-1,120	44.00%	
40	4833	BOOKING FEES	-25	-475	-451	5.26%	
40	4902	SALE OF DOCUMENTS	-272	-200	72	136.00%	
40	4915	REFUND	1,523	-12,000	-13,523	-12.69%	
40	4919	SUNDRY REVENUES	-1,039	-2,000	-961	51.95%	
40	4920	QUASI-EXTERNAL TRANSACTION	-180,000	-360,000	-180,000	50.00%	

Fund	Acct	Description	Actual	Budget	Balance	Act/Bud % Received	Note
40	4931	RENTAL FEE	-8,836	-6,000	2,836	147.27%	
40	4935	AB939 SOURCE REDUCTION	0	-5,000	-5,000	0.00%	
40	4999	TRANSFER IN	-67,848	-135,695	-67,847	50.00%	
GENERAL FUND TOTAL			-660,135	-2,133,610	-1,473,476	30.94%	GENERAL FUND

OTHER FUNDS

08	4831	ABAND VEHICLE ABATEMENT	-6,160	-10,000	-3,840	61.60%	
Total for FUND 08 ---->			-6,160	-10,000	-3,840	61.60%	VEH. ABATEMENT
10	4601	INTEREST EARNED	9	-100	-109	-9.00%	
10	4603	STORM DRAIN FEE	-29,592	-98,490	-68,898	30.05%	
10	4829	MISC. FEES & CHARGES	-12,000	0	12,000		
Total for FUND 10 ---->			-41,583	-98,590	-57,007	42.18%	STORM DRAIN
100	4150	BRITTANY WOODS	0	-8,060	-8,060	0.00%	Received Jan
100	4152	CENTRAL HUGHSON 2	0	-12,746	-12,746	0.00%	
100	4155	FEATHERS GLEN	0	-12,668	-12,668	0.00%	
100	4156	FONTANA RANCH NORTH	0	-17,103	-17,103	0.00%	
100	4157	FONTANA RANCH SOUTH	0	-10,142	-10,142	0.00%	
100	4158	RHAPSODY 1	0	-6,794	-6,794	0.00%	
100	4159	RHAPSODY 2	0	-6,490	-6,490	0.00%	
100	4160	SANTA FE ESTATES 1	0	-7,260	-7,260	0.00%	
100	4161	SANTA FE ESTATES 2	0	-6,630	-6,630	0.00%	
100	4162	STARN ESTATES	0	-7,956	-7,956	0.00%	
100	4163	STERLING GLEN III	0	-15,064	-15,064	0.00%	
100	4164	SUNGLOW	0	-8,940	-8,940	0.00%	
100	4165	WALNUT HAVEN III	0	-5,995	-5,995	0.00%	
Total for FUND 100 ---->			0	-125,848	-125,848	0.00%	LLD
11	4601	INTEREST EARNED	12	-100	-112	-12.00%	
11	4746	TRAFFIC CONGESTION RELIEF	-27,459	-66,000	-38,541	41.60%	
Total for FUND 11 ---->			-27,446	-66,100	-38,654	41.52%	TRAF/GS TX 2103

Fund	Acct	Description	Actual	Budget	Balance	Act/Bud % Received	Note
13	4002	TAX INCREMENT	0	-253,439	-253,439	0.00%	Received \$156K in Jan
13	4601	INTEREST EARNED	16	0	-16		
		Total for FUND 13 ---->	16	-253,439	-253,455	-0.01%	DEBT SERVICE
18	4756	BSCC ALLOCATION/AB109 FUNDIN	-9,543	0	9,543		
		Total for FUND 18 ---->	-9,543	0	9,543		BSCC ALLOCATION
19	4503	ASSET FORFEITURES	0	-3,000	-3,000	0.00%	
		Total for FUND 19 ---->	0	-3,000	-3,000	0.00%	ASSET FORFEITRE
20	4601	INTEREST EARNED	0	-200	-200	0.00%	
20	4604	DEVELOPMENT IMPACT FEES	-24,000	-35,280	-11,280	68.03%	
		Total for FUND 20 ---->	-24,000	-35,480	-11,480	67.64%	COMMUNITY ENHAN
200	4152	CENTRAL HUGHSON 2	0	-28,346	-28,346	0.00%	Received in Jan
200	4155	FEATHERS GLEN	0	-7,831	-7,831	0.00%	
200	4156	FONTANA RANCH NORTH	0	-17,874	-17,874	0.00%	
200	4157	FONTANA RANCH SOUTH	0	-8,938	-8,938	0.00%	
200	4163	STERLING GLEN III	0	-10,459	-10,459	0.00%	
		Total for FUND 200 ---->	0	-73,448	-73,448	0.00%	BAD
25	4707	2106 ALLOCATION	-6,873	-23,700	-16,827	29.00%	
		Total for FUND 25 ---->	-6,873	-23,700	-16,827	29.00%	GAS TAX 2106
30	4601	INTEREST EARNED	0	-100	-100	0.00%	
30	4708	2107 ALLOCATION	-14,121	-43,000	-28,879	32.84%	Only 3 mons
		Total for FUND 30 ---->	-14,121	-43,100	-28,979	32.76%	GAS TAX 2107
31	4601	INTEREST EARNED	0	-200	-200	0.00%	
31	4704	2105 HWY USERS TAX	-8,294	-27,000	-18,706	30.72%	Only 3 mons
		Total for FUND 31 ---->	-8,294	-27,200	-18,906	30.49%	2105 HWY USR TX
35	4709	2107.5 ALLOCATION	0	-2,000	-2,000	0.00%	
		Total for FUND 35 ---->	0	-2,000	-2,000	0.00%	GAS TAX 2107.5

Fund	Acct	Description	Actual	Budget	Balance	Act/Bud % Received	Note
401	4601	INTEREST EARNED	97	-1,500	-1,597	-6.47%	
		Total for FUND 401 ---->	97	-1,500	-1,597	-6.47%	GF CONT RESERVE
41	4601	INTEREST EARNED	78	-8,000	-8,078	-0.98%	
41	4604	DEVELOPMENT IMPACT FEES	-93,168	-106,750	-13,582	87.28%	
		Total for FUND 41 ---->	-93,090	-114,750	-21,660	81.12%	PUB FAC DEV
42	4604	DEVELOPMENT IMPACT FEES	-76,584	-143,535	-66,951	53.36%	
		Total for FUND 42 ---->	-76,584	-143,535	-66,951	53.36%	PF - STREETS
43	4609	TRENCH CUT FEE	-75,173	0	75,173		
		Total for FUND 43 ---->	-75,173	0	75,173		TRENCH CUT FUND
48	4931	RENTAL FEE	-4,835	-11,000	-6,165	43.95%	
48	4936	CLEANING FEES	-910	-2,500	-1,590	36.40%	
48	4999	TRANSFER IN	-3,750	-7,500	-3,750	50.00%	
		Total for FUND 48 ---->	-9,495	-21,000	-11,505	45.21%	COMM CTR O & M
49	4999	TRANSFER IN	-15,000	-30,000	-15,000	50.00%	
		Total for FUND 49 ---->	-15,000	-30,000	-15,000	50.00%	IT RESERVE
50	4601	INTEREST EARNED	0	-100	-100	0.00%	
50	4931	RENTAL FEE	-4,087	-17,500	-13,413	23.35%	Will pay
		Total for FUND 50 ---->	-4,087	-17,600	-13,513	23.22%	USF COM. CENTER
51	4903	INSURANCE REFUNDS	-336	-9,830	-9,494	3.42%	
		Total for FUND 51 ---->	-336	-9,830	-9,494	3.42%	SELF-INSURANCE
53	4601	INTEREST EARNED	-15	-700	-685	2.14%	
53	4740	SUPLMTL LAW ENFORCEMENT SER	-1,024	-100,000	-98,976	1.02%	Received 52k in Feb
		Total for FUND 53 ---->	-1,039	-100,700	-99,661	1.03%	SLESF

Fund	Acct	Description	Actual	Budget	Balance	Act/Bud % Received	Note
54	4601	INTEREST EARNED	20	-1,200	-1,220	-1.67%	
54	4911	PARK IN LIEU FEES	-37,689	-69,685	-31,996	54.08%	
Total for FUND 54 ---->			-37,669	-70,885	-33,216	53.14%	PARK PROJECT
55	4601	INTEREST EARNED	10	-500	-510	-2.00%	
55	4605	Development Fee	-72,000	-93,345	-21,345	77.13%	
Total for FUND 55 ---->			-71,990	-93,845	-21,855	76.71%	PARKS DIF
60	4601	INTEREST EARNED	-77	-8,000	-7,923	0.96%	
60	4808	SEWER SERVICE	0	-2,900,000	-2,900,000	0.00%	
60	4808	SEWER SERVICE - SINGLE FAMILY	-906,480	0	906,480		
60	4808	SEWER SERVICE - DUPLEXES	-15,083	0	15,083		
60	4808	SEWER SERVICE - TRIPLEXES	-3,017	0	3,017		
60	4808	SEWER SERVICE-HOUSING AUTHOI	-19,206	0	19,206		
60	4808	SEWER SERVICE - APARTMENTS	-124,835	0	124,835		
60	4808	SEWER SERVICE-MOB. HOME PARK	-23,561	0	23,561		
60	4808	SEWER SERVICE-PERS HEALTH SVC.	-2,168	0	2,168		
60	4808	SEWER SERVICE-PHARMACY & BAN	-1,006	0	1,006		
60	4808	SEWER SERVICE - INST/CIVIC	-4,983	0	4,983		
60	4808	SEWER SERVICE-PROF. SERVICES	-7,039	0	7,039		
60	4808	SEWER SERVICE - RETAIL VENDORS	-8,013	0	8,013		
60	4808	SEWER SERVICE - COMM/INDUST	-447,185	0	447,185		
60	4808	SEWER SERVICE - BARS	-3,759	0	3,759		
60	4808	SEWER SERVICE - RESTAURANTS	-3,569	0	3,569		
60	4808	SEWER SERVICE-DRIVE-IN/FSTFD	-1,059	0	1,059		
60	4808	SEWER SERVICE - CONV. MARKET	-1,508	0	1,508		
60	4808	SEWER SERVICE-MAJOR FOOD MK'	-5,002	0	5,002		
60	4808	SEWER SERVICE - COM'L LAUNDRY	-2,338	0	2,338		
60	4808	SEWER SERVICE-GAS STATIONS	-503	0	503		
60	4808	SEWER SERVICE-AUTO SERVICE 39	-1,006	0	1,006		
60	4808	SEWER SERVICE-CHURCHES	-6,303	0	6,303		
60	4808	SEWER SERVICE-SCHOOLS	-30,368	0	30,368		
60	4808	SEWER SERVICE - DAYCARE	-503	0	503		
60	4810	SEWER MISC. INCOME	-288	-1,000	-712	28.80%	
60	4822	COLLECTION AGENCY	-143	0	143		
Total for FUND 60 ---->			-1,619,002	-2,909,000	-1,289,998	55.65%	SEWER O & M

Fund	Acct	Description	Actual	Budget	Balance	Act/Bud % Received	Note
61	4601	INTEREST EARNED	99	-3,000	-3,099	-3.30%	
61	4809	SEWER CONNECTION CHARGES	-28,800	0	28,800		
61	4999	TRANSFER IN	-222,418	-444,836	-222,418	50.00%	
Total for FUND 61 ---->			-251,119	-447,836	-196,717	56.07%	SEWER F A REPL
62	4601	INTEREST EARNED	50	-1,500	-1,550	-3.33%	
Total for FUND 62 ---->			50	-1,500	-1,550	-3.33%	SEWER DIF
66	4601	INTEREST EARNED	1,181	-10,000	-11,181	-11.81%	
66	4829	MISC. FEES & CHARGES	0	-10,000	-10,000	0.00%	
Total for FUND 66 ---->			1,181	-20,000	-21,181	-5.91%	WWTP EXPANSION
69	4716	NONMOTORIZED ALLOCATION	0	-3,500	-3,500	0.00%	
Total for FUND 69 ---->			0	-3,500	-3,500	0.00%	LTF NON MOTORIZ
70	4104	LTF ALLOCATION	0	-50,000	-50,000	0.00%	
70	4601	INTEREST EARNED	16	0	-16		
Total for FUND 70 ---->			16	-50,000	-50,016	-0.03%	LOCAL TRANSPRT
71	4601	INTEREST EARNED	0	-150	-150	0.00%	
71	4706	GRANTS	0	0	0		
71	4752	GRANT - FOURTH	-81,618	-200,000	-118,382	40.81%	
71	4753	GRANT - FIFTH	0	-168,600	-168,600	0.00%	
71	4754	GRANT - HATCH	0	-300,000	-300,000	0.00%	
71	4755	GRANT - PINE	-43,730	-292,500	-248,770	14.95%	
Total for FUND 71 ---->			-125,348	-961,250	-835,902	13.04%	TRANSPORTATION
80	4601	INTEREST EARNED	15	0	-15		
80	4801	WATER SERVICE	0	-1,302,840	-1,302,840	0.00%	
80	4801	WATER SVC.- SINGLE FAMILY	-587,255	0	587,255		
80	4801	WATER SVC.- DUPLEXES	-5,726	0	5,726		
80	4801	WATER SVC.- TRIPLEXES	-13,370	0	13,370		
80	4801	WATER SVC.- HOUSING AUTHORIT	-16,887	0	16,887		
80	4801	WATER SVC.- APARTMENTS	-7,931	0	7,931		
80	4801	WATER SVC.- MOBILE HOME PARK	-4,772	0	4,772		
80	4801	WATER SVC.- PERS. HEALTH SVCS.	-992	0	992		

Fund	Acct	Description	Actual	Budget	Balance	Act/Bud % Received	Note
80	4801	WATER SVC.- PHARMACY & BANK	-1,831	0	1,831		
80	4801	WATER SVC.- INST. & CIVIC	-11,804	0	11,804		
80	4801	WATER SVC.- PROFESSIONAL SVCS.	-5,422	0	5,422		
80	4801	WATER SVC.- RETAIL VENDORS	-3,119	0	3,119		
80	4801	WATER SVC.- COMMERCIAL/INDUS	-16,251	0	16,251		
80	4801	WATER SVC.- RESTAURANTS	-2,176	0	2,176		
80	4801	WATER SVC.- DRIVE-IN/QUICKFOO	-453	0	453		
80	4801	WATER SVC.- CONVENIENCE MART	-1,075	0	1,075		
80	4801	WATER SVC.- MAJOR FOOD MARKE	-707	0	707		
80	4801	WATER SVC.- COMMERCIAL LAUNI	-1,883	0	1,883		
80	4801	WATER SVC.- CHURCHES	-8,725	0	8,725		
80	4801	WATER SVC.- SCHOOLS	-64,870	0	64,870		
80	4801	WATER SVC.- METERED SERVICE	-855	0	855		
80	4801	WATER SVC.- AUTO SERVICE	-319	0	319		
80	4801	WATER SVC.- CONSTR. WATER	-2,783	0	2,783		
80	4802	RECONNECTION FEE	-5,603	-12,000	-6,397	46.69%	
80	4822	COLLECTION AGENCY	-102	0	102		
80	4829	MISC. FEES & CHARGES	-150	0	150		
Total for FUND 80 ---->			-765,045	-1,314,840	-549,795	58.19%	WATER
81	4604	DEVELOPMENT IMPACT FEES	-47,549	-133,105	-85,556	35.72%	
Total for FUND 81 ---->			-47,549	-133,105	-85,556	35.72%	WATER DIF
82	4601	INTEREST EARNED	16	0	-16		
82	4804	WATER CONNECTION CHARGES	-24,000	0	24,000		
82	4999	TRANSFER IN	-92,742	-185,482	-92,740	50.00%	
Total for FUND 82 ---->			-116,726	-185,482	-68,756	62.93%	WATER F A REPL
88	4752	GRANT - FOURTH	-3,420	-125,685	-122,265	2.72%	
88	4753	GRANT - FIFTH	0	-104,500	-104,500	0.00%	
Total for FUND 88 ---->			-3,420	-230,185	-226,765	1.49%	PW STREET PROJ
90	4812	GARBAGE SERVICE	-238,726	-471,000	-232,274	50.68%	
90	4822	COLLECTION AGENCY	-30	0	30		
Total for FUND 90 ---->			-238,756	-471,000	-232,244	50.69%	GARBAGE REFUSE

Fund	Acct	Description	Actual	Budget	Balance	Act/Bud % Received	Note
92	4601	INTEREST EARNED	0	-250	-250	0.00%	
		Total for FUND 92 ---->	0	-250	-250	0.00%	
95	4601	INTEREST EARNED	8	-450	-458	-1.78%	
95	4739	PROGRAM INCOME-CDBG LOAN RI	-705	-3,700	-2,995	19.05%	
		Total for FUND 95 ---->	-697	-4,150	-3,453	16.80%	94-STBG-799
96	4601	INTEREST EARNED	0	-100	-100	0.00%	
		Total for FUND 96 ---->	0	-100	-100	0.00%	HOME PROG.GRANT
97	4601	INTEREST EARNED	7	-100	-107	-7.00%	
97	4739	PROGRAM INCOME-CDBG LOAN RI	-3,146	-9,000	-5,854	34.96%	
		Total for FUND 97 ---->	-3,139	-9,100	-5,961	34.49%	96-STBG-1013
98	4706	GRANTS	0	-1,100	-1,100	0.00%	
		Total for FUND 98 ---->	0	-1,100	-1,100	0.00%	CalHOME REHAB
OTHER FUNDS TOTAL			-3,691,925	-8,107,948	-4,416,023	45.53%	
GRAND TOTAL			-4,352,060	-10,241,558	-5,889,499	42.49%	



CITY OF HUGHSON AGENDA ITEM NO. 4.3

SECTION 4: UNFINISHED BUSINESS

Meeting Date: March 10, 2014
Subject: Acceptance of Fiscal Year 2012-13 City of Hughson
Financial Audit
Presented By: Margaret Souza, Finance Director

Approved By: _____

Staff Recommendation:

Accept the City of Hughson's Fiscal Year 2012-2013 Audit.

Background and Overview:

The City's Auditors, Moss, Levy & Hartzheim, recently completed the audit of the 2012-2013 Financial Statements. All in all, the process went very well. There are a few highlights that should be mentioned. The opinion given was "Unqualified", the highest opinion that the auditors can give on the financial statements. A summary of the City's financial position is included in the Management's Discussion and Analysis (pages 3-13). This is a new element that is included in the audit at the request of Mayor Matthew Beekman. A few highlights to denote:

1. On the government-wide statements, the assets exceeded the liabilities by \$30,803,256.
2. The change in net position for the government-wide statement (difference between Revenue and Expenses) is \$963,590. Last year, the figure was a deficit of \$541,739.
3. For Business Type (Enterprise Funds) assets exceed the liabilities by \$36,559,226, an increase of \$1,758,474 over last year. However, due to a prior period adjustment the increase is actually 1,381,672. This is primarily due to increased sewer and water charges.
4. GASB 54 was implemented in a prior year. This pronouncement makes financial statements easier for the public to understand and allow the City Council and the City Manager to further segment the fund balance for governmental funds by setting up assignments and commitments. This makes it easier to identify available funding for budgeting purposes.
5. The number of "significant" findings/recommendations has remained the same at 3. However, the one "material" weakness which deals with the recording of capital assets has been corrected. Those remaining

recommendations are a result of having a limited staff. These matters are continually being addressed, but are not cause of great concern.

6. General Fund reserve ratio has increased to 76% (an increase of 15% from last year). While this is a very healthy sign, an entity should not risk dipping into reserves. It can decrease quickly. Anything above 40% is very good.

The City's financial picture and recordkeeping has improved over the past year but continued process improvement is an emphasis to better adapt to changing economic conditions.

CITY OF HUGHSON
Annual Financial Report
Fiscal Year Ended June 30, 2013

CITY OF HUGHSON
ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS

I. FINANCIAL SECTION

A. Independent Auditor’s Report.....	1
B. Management’s Discussion and Analysis.....	3
C. Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	21
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Proprietary Funds:	
Statement of Net Position.....	26
Statement of Revenues, Expenses, and Changes in Net Position.....	27
Statement of Cash Flows	28
Fiduciary Funds:	
Statement of Fiduciary Net Position	31
Statement of Changes in Net Position.....	32
Notes to Basic Financial Statements.....	33
D. Required Supplementary Information:	
General Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual.....	55
Home Loan Special Revenue Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	56
Refuse Special Revenue Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual	57
E. Other Supplemental Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Other Major Governmental Funds:	
Public Facilities Capital Projects Fund	59

CITY OF HUGHSON
ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2013

TABLE OF CONTENTS

I. FINANCIAL SECTION (Continued)

E. Other Supplemental Information (Continued)

Nonmajor Governmental Funds

Description of Nonmajor Governmental Funds.....	61
Combining Balance Sheet.....	64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	68
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Asset Forfeiture Special Revenue Fund.....	73
Gas Tax Special Revenue Fund	74
Vehicle Abatement Special Revenue Fund.....	75
CDBG Rehab Special Revenue Fund.....	76
CDBG Grants Special Revenue Fund	77
Community Enhancement Special Revenue Fund	78
Local Transportation Special Revenue Fund	79
Storm Drain Special Revenue Fund.....	80
Traffic Special Revenue Fund	81
SLESF Special Revenue Fund	82
Lighting and Landscaping Special Revenue Fund	83
Benefit Assessment Special Revenue Fund	84
Misc. Grants Special Revenue Fund	85
Transportation Capital Projects Fund.....	86
Municipal Park Capital Projects Fund	87
Parks Development Impact Fees Capital Projects Fund	88

Nonmajor Enterprise Funds

Description of Nonmajor Enterprise Funds.....	89
Combining Statement of Net Position	91
Combining Statement of Revenues, Expenses, and Changes in Net Position	92
Combining Statement of Cash Flows	93



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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

COMMERCIAL ACCOUNTING & TAX SERVICES
433 CAMDEN DR. SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

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, 2013, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hughson, California, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the basic financial statements effective July 1, 2012, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget to Actual – General Fund, 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.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
February 21, 2014

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

The City of Hughson (the City) was not seriously impacted by any weakness in the economy in Northern California in fiscal year 2013. As is everywhere, recovery seems to be on its way. While revenues increased, as did the net number of residents in the City, the impact of the weak housing market is upon the City. However, assessed property value has increased over 10%. The City's fiscal highlights are presented below:

FINANCIAL HIGHLIGHTS

Financial highlights of fiscal year ended June 30, 2013 include the following:

Government-wide:

- The City's total net position was \$67,362,482 as of June 30, 2013. Of this total, \$30,803,256 was governmental net position and \$36,559,226 was business-type net position.
- Government-wide revenues include program revenues of \$7,451,136 and general revenues and transfers of \$1,255,301, for a total of \$8,706,437.
- Government-wide expenses were \$6,361,175.
- Business-type program revenues and interest were \$4,493,763 while business-type expenses and transfers were \$3,112,091.

Fund Level:

- Governmental fund balances *increased* \$385,457 in fiscal year 2013.
- Governmental fund revenues *decreased* \$359,072 in fiscal year 2013.
- Governmental fund expenditures *decreased* \$626,277 in fiscal year 2013.

General Fund:

- General Fund revenues of \$2,013,874 were \$40,343 *higher* than the prior year.
- General Fund expenditures of \$1,882,523 represented a *decrease* of \$17,781 over the prior year.
- General Fund fund balance of \$1,436,036 as of June 30, 2013, *increased* by \$281,948 from 2012 fiscal year's fund balance of \$1,154,088.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Annual Financial Report is divided into three parts:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to these financial statements
4. Required supplementary information
5. Other supplemental information

Government-wide Financial Statements

The Government-wide financial statements provide a longer-term view of the City's activities as a whole, and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City as a whole, including all of its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations.

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

This analysis focuses on the net positions and changes in net positions of the City as a whole. Tables 1, 2 and 3 focus on the City's Governmental Statement of Net Positions and Statements of Activities, while Table 4 focuses on the City's Business-type Statement of Net Positions and Statement of Activities.

Table 1

	Governmental Activities 2013	Governmental Activities 2012
<u>Assets</u>		
Cash and investments	\$ 3,994,234	\$ 3,500,503
Other assets	2,136,504	2,060,468
Capital assets, net	25,331,067	28,217,444
Total Assets	31,461,805	33,778,415
<u>Liabilities</u>		
Long term liabilities	189,618	
Other liabilities	468,931	362,066
Total Liabilities	658,549	362,066
<u>Net Position</u>		
Net investment in capital assets	25,141,449	28,217,444
Restricted	4,034,252	4,123,704
Unrestricted	1,627,555	1,075,201
Total Net Position	\$ 30,803,256	\$ 33,416,349

The City's governmental net position amounted to \$30,803,256 as of June 30, 2013, an *increase* of \$963,590 over 2012 not including prior period adjustments. This increase in the change in net position is reflected in the Governmental Activities column of the Statement of Activities shown in Table 2. The City's net position as of June 30, 2013 comprised the following:

Cash and investments comprised **\$3,994,234**. Substantially all of these amounts were held in short term investments in government securities, as detailed in Note 3 to the financial statements.

Receivables comprised **\$273,780** of current receivables and loans receivable of **\$1,671,653** that is due over longer periods of time as explained the Notes.

Capital assets of **\$25,331,067** net of depreciation charges, which included all the City's capital assets used in governmental activities.

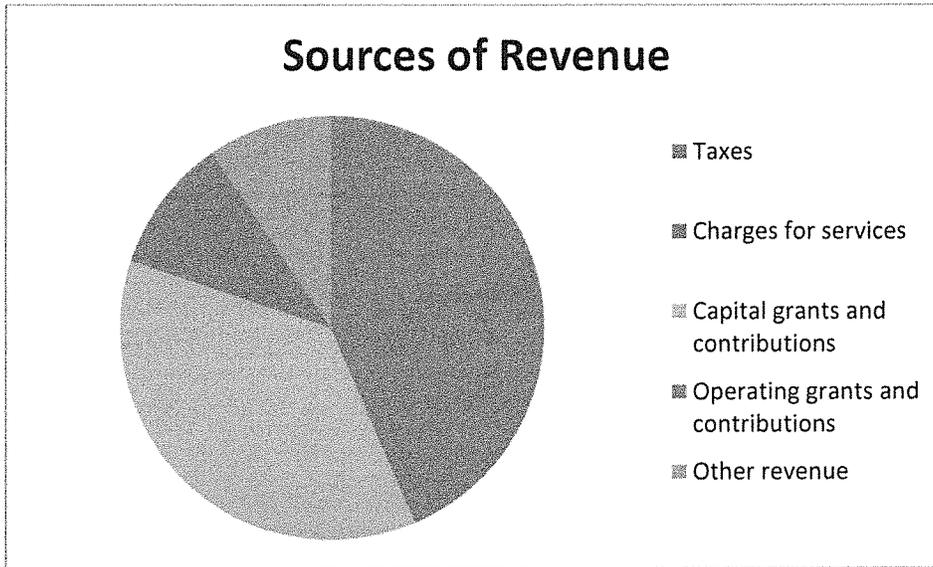
Current liabilities, including accounts payable, claims and other amounts due currently, totaled **\$468,931**.

Long-term liabilities of **\$189,618** of which **\$152,391** is due in future years and **\$37,227** is due within the next year. All of the debt is related to the City's PERS side fund liability.

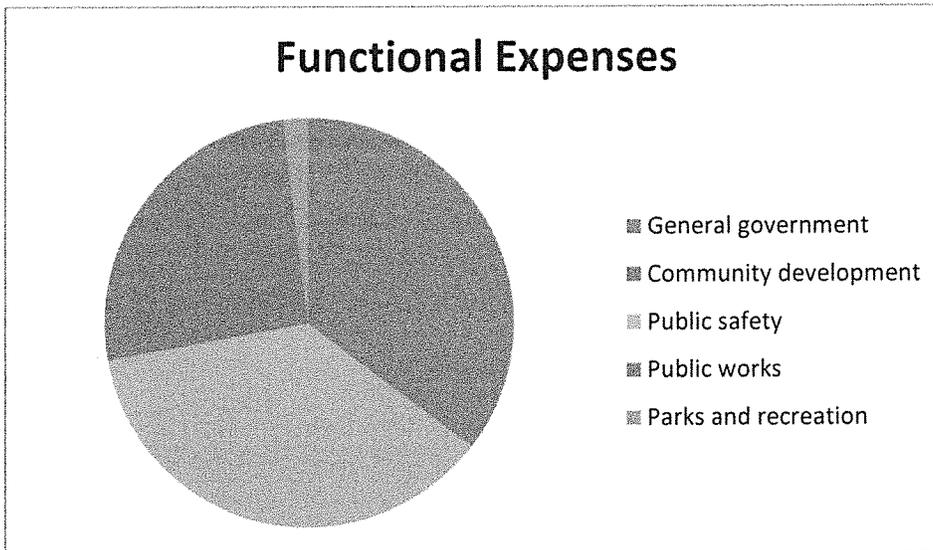
**CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Net investment in capital assets of **\$25,141,449**, representing the City's investment in capital assets used in governmental activities, net of amounts borrowed to finance those investments.

Unrestricted net position, the part of net positions that can be used to finance day to day operations without constraints established by debt covenants or other legal requirements or restrictions, was **\$1,627,555** as of June 30, 2013.



As the Sources of Revenue chart above shows, \$826,835, or 20% of the City's fiscal year 2013 governmental activities revenue came from taxes, while \$1,005,248, or 24% came from charges for services, \$1,543,848 or 37%, came from capital grants and contributions, \$435,303 or 10% came from operating grants and contributions, and the remainder came from a variety of sources.



The Functional Expenses chart above includes only current year expenses; it does not include capital outlays, which are added to the City's capital assets. As the chart shows, general government was \$1,152,573, or 35%, of total governmental expenses, community development was \$1,546, or less than 1%, public safety was \$1,202,366, or 37%, public works was \$846,408, or 26%, parks and recreation was \$64,691, or 2%.

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

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Table 2
CHANGE IN GOVERNMENTAL NET POSITION

	Governmental Activities 2013	Governmental Activities 2012
<u>Expenses</u>		
General government	\$ 1,152,573	\$ 2,065,151
Public safety	1,202,366	1,127,355
Community development	1,546	294,754
Public works	846,408	842,083
Parks and recreation	64,691	66,661
Interest and fiscal charges		146,610
Total Expenses	3,267,584	4,542,614
<u>Revenues</u>		
<u>Program revenues</u>		
Charges for services	1,005,248	1,172,391
Operating grants and contributions	435,303	743,710
Capital grants and contributions	1,543,848	743,848
Total program revenues	2,984,399	2,659,949
<u>General revenues and transfers</u>		
Taxes	824,548	923,534
Use of money and property	2,287	20,845
Other revenue	401,440	408,047
Transfers	18,500	(11,500)
Total general revenues and transfers	1,246,775	1,340,926
Total Revenues and Transfers	4,231,174	4,000,875
Change in Net Position	\$ 963,590	\$ (541,739)

As Table 2 above shows, \$2,984,399 or 71%, of the City's fiscal year 2013 governmental revenue, came from program revenues and \$1,246,775, or 29%, came from general revenues such as taxes and interest and transfers. Program revenues were composed of charges for services of \$1,005,248, which included permit revenues, fees and charges used to fund expenses incurred in providing services; \$435,303 of operating grants and contributions, which included gas tax revenues and housing and police grants; and capital grants and contributions of \$1,543,848, that consisted mainly of street project grants and developer impact fees restricted to capital outlay.

General revenues are not allocable to programs. General revenues are used to pay for the net cost of governmental programs.

Table 3 presents the net expense or revenue of each of the City's governmental activities, including interest on long-term liabilities. Net expense is defined as total program cost less the revenues generated by those specific activities.

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Table 3
GOVERNMENTAL ACTIVITIES

	<u>Net Revenue (Expense) from Services 2013</u>	<u>Net Revenue (Expense) from Services 2012</u>
General government	\$ (7,616)	\$ (1,430,200)
Public safety	(320,160)	(580,658)
Community development	615,342	717,991
Public works	(515,036)	(385,503)
Parks and recreation	(55,715)	(57,685)
Interest and fiscal charges		(146,610)
Total	<u>\$ (283,185)</u>	<u>\$ (1,882,665)</u>

BUSINESS-TYPE ACTIVITIES

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

Table 4
BUSINESS-TYPE NET POSITION AT JUNE 30, 2013

	<u>Business-type Activities 2013</u>	<u>Business-type Activities 2012</u>
<u>Assets</u>		
Cash and investments	\$ 5,109,719	\$ 4,760,502
Other assets	306,469	431,319
Capital assets, net	58,278,713	58,114,873
Total Assets	<u>63,694,901</u>	<u>63,306,694</u>
<u>Liabilities</u>		
Long term liabilities	26,758,791	28,075,442
Other liabilities	376,884	430,498
Total Liabilities	<u>27,135,675</u>	<u>28,505,940</u>
<u>Net Position</u>		
Net investment in capital assets	31,553,630	30,073,139
Unrestricted	5,005,596	4,727,615
Total Net Position	<u>\$ 36,559,226</u>	<u>\$ 34,800,754</u>

The net position of business-type activities increased by \$1,381,672 in fiscal year 2013 not including prior period adjustments related to capital assets.

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

BUSINESS-TYPE ACTIVITIES (continued)

Table 5
CHANGE IN BUSINESS-TYPE NET POSITION

	Net Revenue (Expense) from Services 2013	Net Revenue (Expense) from Services 2012
Water	\$ 172,510	\$ 1,125,417
Sewer	1,232,686	741,532
Other	(23,524)	(8,934)
Total	\$ 1,381,672	\$ 1,858,015

ANALYSIS OF MAJOR FUNDS

Governmental Funds

General Fund

General Fund revenues increased **\$40,343** this fiscal year due primarily to increase in grant, and charges for services. Actual revenues were greater than budgeted by **\$80,729**. Tax revenues decreased **\$74,479** during the fiscal year. Charges for services, licenses and permits increased **\$151,183** due to a increase in building permit activity and plan check activity.

General Fund expenditures were **\$1,882,523** a decrease of **\$17,781** from the prior year. Expenditures decreased due to continuing cuts.

As of June 30, 2013 the General Fund's fund balance totaled **\$1,546,036**. The unassigned portion of **\$1,410,121** of the fund balances represents available liquid resources.

Home Loan Fund

This fund is utilized to track deferred loans receivable. There wasn't significant activity during the fiscal year.

Refuse Fund

This fund accounts for the contracted refuse services within the City. There wasn't significant variance from activities in prior fiscal years.

Public Facilities Capital Projects Fund

This fund accounts for resources and expenditures in construction of public facilities within the City. There weren't any major projects completed or initiated in this fund during the fiscal year.

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

ANALYSIS OF MAJOR FUNDS (continued)

Proprietary Funds

Water Fund

Operating revenues decreased by \$ **841,206** in fiscal year 2013 and expenses increased by **\$98,172** resulting in operating income of **\$294,807**. Charges for water services largely remained the same from the prior fiscal year, the large decrease was due to one time operating income that was not received during the current fiscal year..

The fund's net position increased by **\$172,510**, to a new total of **\$7,415,579** after prior period adjustments. Of this amount, **\$7,634,240** was net investment in capital assets.

Sewer Fund

Operating revenues increased **\$456,008** in the fiscal year 2013. Operating expenses decreased by **\$240,309**. The fund's net positions increased by **\$1,232,686** in fiscal year 2013. The customer base for service increased in fiscal year 2013 along with increases in sewer rates. This increase revenue is necessary to make future debt service payments for the SWRCB loan for the construction of the wastewater treatment plant.

As of June 30, 2013, the fund's net positions were **\$28,657,467** after prior period adjustments, of which **\$23,439,588** was net investment in capital assets and **\$5,217,879** was unrestricted.

CAPITAL ASSETS

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

The City performed a thorough study of all existing capital assets as well as recalculating accumulated depreciation to date. Due to the study, a prior period adjustment was made on the financial statements in order to adjust values presented to actual values.

In fiscal year 2013, the City reported the cost of all its infrastructure assets and computed the amounts of accumulated depreciation for these assets based on their original acquisition dates. At the end of fiscal year 2013, the cost of infrastructure and other capital assets recorded on the City's financial statements is as shown in Table 6 and 7 below:

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Table 6

	Balance at July 1, 2012	Additions	Deletions	Transfers	Prior Period Adjustment	Balance at June 30, 2013
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$ 9,678,610	\$ -	\$ -	\$ -	\$ (480,826)	\$ 9,197,784
Rights of ways	2,777,617					2,777,617
Construction in progress	754,813	197,004			(754,813)	197,004
Total capital assets, not being depreciated	<u>13,211,040</u>	<u>197,004</u>			<u>(1,235,639)</u>	<u>12,172,405</u>
Capital assets, being depreciated:						
Buildings	1,220,796				(300,891)	919,905
Improvements	7,350,888	751,966			(4,877,577)	3,225,277
Equipment	321,726	100,000			(10,746)	410,980
Machinery	241,902					241,902
Rolling stock	530,299				(34,050)	496,249
Infrastructure	12,983,063				414,796	13,397,859
Total capital assets being depreciated	<u>22,648,674</u>	<u>851,966</u>			<u>(4,808,468)</u>	<u>18,692,172</u>
Less accumulated depreciation for:						
Buildings	(537,272)	(46,230)			55,165	(528,337)
Improvements	(3,361,218)	(107,509)			2,827,756	(640,971)
Equipment	(321,726)	(23,497)			14,244	(330,979)
Machinery	(182,620)	(27,493)			6,562	(203,551)
Rolling stock	(530,299)	(1,610)			35,661	(496,248)
Infrastructure	(2,709,135)	(279,415)			(344,874)	(3,333,424)
Total accumulated depreciation	<u>(7,642,270)</u>	<u>(485,754)</u>			<u>2,594,514</u>	<u>(5,533,510)</u>
Total capital assets, being depreciated, net	<u>15,006,404</u>	<u>366,212</u>			<u>(2,213,954)</u>	<u>13,158,662</u>
Governmental activities capital assets, net	<u>\$ 28,217,444</u>	<u>\$ 563,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,449,593)</u>	<u>\$ 25,331,067</u>
Business-type activities:						
Capital assets, not being depreciated:						
Land	\$ 18,003,696	\$ -	\$ -	\$ -	\$ 105,073	\$ 18,108,769
Construction in progress	24,864,161	204,181		(24,864,161)		204,181
Total capital assets, not being depreciated	<u>42,867,857</u>	<u>204,181</u>		<u>(24,864,161)</u>	<u>105,073</u>	<u>18,312,950</u>
Capital assets, being depreciated:						
Buildings	3,413,530			24,864,161	(209,034)	28,068,657
Improvements	27,398,042				(23,678,775)	3,719,267
Equipment	178,549	29,670			(151,029)	57,190
Machinery	235,695					235,695
Infrastructure					19,002,924	19,002,924
Rolling stock	132,876					132,876
Total capital assets, being depreciated	<u>31,358,692</u>	<u>29,670</u>		<u>24,864,161</u>	<u>(5,035,914)</u>	<u>51,216,609</u>
Less accumulated depreciation for:						
Buildings	(1,156,191)	(112,750)			163,611	(1,105,330)
Improvements	(14,480,378)	(30,983)			11,319,575	(3,191,786)
Equipment	(139,083)	(11,437)			117,067	(33,453)
Machinery	(209,114)	(9,231)			617	(217,728)
Infrastructure	(265,307)	(265,307)			(6,304,365)	(6,569,672)
Rolling stock	(126,905)	(17,108)			11,136	(132,877)
Total accumulated depreciation	<u>(16,111,671)</u>	<u>(446,816)</u>			<u>5,307,641</u>	<u>(11,250,846)</u>
Total capital assets, being depreciated, net	<u>15,247,021</u>	<u>(417,146)</u>		<u>24,864,161</u>	<u>271,727</u>	<u>39,965,763</u>
Business-type activities capital assets, net	<u>\$ 58,114,878</u>	<u>\$ (212,965)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 376,800</u>	<u>\$ 58,278,713</u>

Details on capital assets, current year additions and construction in progress can be found in the Notes.

The City depreciates all its capital assets over their estimated useful lives, as required by GASB No. 34. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on depreciable lives may be found in the Notes to the financial statements.

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

DEBT ADMINISTRATION

The City issued no new bonded debt in fiscal year 2013. The City made all scheduled repayments of existing debt. The City's debt issues are discussed in detail in Note 9 of the financial statements. The City's debt balances as of June 30 were as follows:

Table 8
LONG-TERM LIABILITIES

	2013	2012
Governmental activities		
PERS Side Fund	\$ <u>189,618</u>	\$ <u>-</u>
Total governmental activities	<u>\$ 189,618</u>	<u>\$ -</u>
 Business-type activities		
Water		
Compensated absences	\$ 11,415	\$ 11,415
USDA Promissory Note	409,000	418,000
Installment Note Payable	<u>1,795,772</u>	<u>1,894,436</u>
Total for water fund	<u>2,216,187</u>	<u>2,323,851</u>
Sewer		
Compensated absences	22,293	22,293
CSWRCB Revolving Loan	18,973,143	19,921,162
Installment Note Payable	<u>5,547,168</u>	<u>5,808,136</u>
Total for sewer fund	<u>24,542,604</u>	<u>25,751,591</u>
 Total business-type activities	 <u>\$ 26,758,791</u>	 <u>\$ 28,075,442</u>

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

ECONOMIC CONDITION, OUTLOOK AND ACTIVITY

The City of Hughson has been impacted by the economic sloop, which has affected the County, State and Country. But, as elsewhere, the economy around City is picking up. Property Assessment is on the rise, and building has resumed in the Community. Hughson's diverse land use has helped to continue a growth pattern that has resulted in upswing economic strength for the City and a strong housing market. The trend that developed in 2008, which has seen a significant drop in housing prices and a significant raise in home foreclosures, is changing.

Overall, the City appears to be in a favorable position to continue attracting jobs and retail establishments. While other cities in the County have experienced a decline in sales tax, Hughson's revenue continues to climb. This type of growth helps strengthen the City's tax base and increases the diversity of where revenues are generated.

This is the first year to notice a significant raise in the number of delinquent property tax payments. Regular tax collection will not be effected, since the City has agreed to participate in the Teeter Plan. The County forwards the proceeds of property taxes based on what is billed, not on what is collected (55% is remitted in December, 40% is April, and 5% in June).

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Financial Report is intended to provide citizens, taxpayers, and creditors with a general overview of the City's finances. Questions about this report should be directed to the City of Hughson, at PO Box 7018 Pine Street, Hughson, CA 95326.

This page left intentionally blank

FINANCIAL SECTION

CITY OF HUGHSON
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and Investments	\$ 3,994,234	\$ 5,109,719	\$ 9,103,953
Accounts Receivable	290,582	102,683	393,265
Notes Receivable	1,654,851		1,654,851
Deposits Receivable	25,915		25,915
Interest Receivable	165,156		165,156
Capital Assets, Not Being Depreciated	12,172,405	18,312,950	30,485,355
Capital Assets, Net of Accumulated Depreciation	13,158,662	39,965,763	53,124,425
Total Assets	31,461,805	63,491,115	94,952,920
 Liabilities:			
Accounts Payable	468,931	68,439	537,370
Interest Payable		103,119	103,119
Deposits Payable		1,540	1,540
Noncurrent Liabilities:			
Due Within One Year	37,227	1,341,849	1,379,076
Due in More Than One Year	152,391	25,416,942	25,569,333
Total Liabilities	658,549	26,931,889	27,590,438
 Net Position:			
Net Investment in Capital Assets	25,337,067	31,553,630	56,890,697
Restricted for:			
Home Loans	1,458,751		1,458,751
Community Development	617,769		617,769
Streets and Roads	573,101		573,101
Public Safety	132,228		132,228
Public Facilities	846,377		846,377
Parks and Recreation	626,064		626,064
Assessment Districts	75,432		75,432
Unrestricted	1,136,467	5,005,596	6,142,063
Total Net Position	\$ 30,803,256	\$ 36,559,226	\$ 67,362,482

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, 2013

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government	\$ 1,152,573	\$ 254,783	\$ 83,729	\$ 806,445
Public Safety	1,202,366	384,392	164,232	333,582
Community Development	1,546	61,606	187,342	367,940
Public Works	846,408	295,491		35,881
Parks and Recreation	64,691	8,976		
Total Governmental Activities	<u>3,267,584</u>	<u>1,005,248</u>	<u>435,303</u>	<u>1,543,848</u>
Business-type Activities:				
Water	1,210,630	1,394,299		
Sewer	1,821,643	3,040,144		
Community Facilities	61,318	32,294		
Total Business-type Activities	<u>3,093,591</u>	<u>4,466,737</u>		
Total Primary Government	<u>\$ 6,361,175</u>	<u>\$ 5,471,985</u>	<u>\$ 435,303</u>	<u>\$ 1,543,848</u>

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 position

Net Position - Beginning of Fiscal Year

Prior Period Adjustments

Net Position - Beginning of Fiscal Year (restated)

Net Position - End of Fiscal Year

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

Net (Expenses) Revenues and Changes in Net Position

Governmental Activities	Business- type Activities	Total
\$ (7,616)	\$ -	\$ (7,616)
(320,160)		(320,160)
615,342		615,342
(515,036)		(515,036)
(55,715)		(55,715)
<u>(283,185)</u>		<u>(283,185)</u>
	183,669	183,669
	1,218,501	1,218,501
	(29,024)	(29,024)
	<u>1,373,146</u>	<u>1,373,146</u>
<u>(283,185)</u>	<u>1,373,146</u>	<u>1,089,961</u>
197,820		197,820
536,409		536,409
21,087		21,087
69,232		69,232
2,287	27,026	29,313
401,440		401,440
18,500	(18,500)	
<u>1,246,775</u>	<u>8,526</u>	<u>1,255,301</u>
<u>963,590</u>	<u>1,381,672</u>	<u>2,345,262</u>
33,416,349	34,800,754	68,217,103
<u>(3,576,683)</u>	<u>376,800</u>	<u>(3,199,883)</u>
<u>29,839,666</u>	<u>35,177,554</u>	<u>65,017,220</u>
<u>\$ 30,803,256</u>	<u>\$ 36,559,226</u>	<u>\$ 67,362,482</u>

CITY OF HUGHSON
Balance Sheet
Governmental Funds
June 30, 2013

	Special Revenue		
	General	Home Loan	Refuse
Assets:			
Cash and Investments	\$ 1,173,927	\$ 35,041	\$ 42,513
Accounts Receivable	141,247		16,802
Loans Receivable		1,423,710	
Due from Other Funds	350,952		
Deposits	25,915		
Total Assets	\$ 1,692,041	\$ 1,458,751	\$ 59,315
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$ 256,005	\$ -	\$ 94,907
Unearned Revenue		1,423,710	
Due to Other Funds			
Total Liabilities	256,005	1,423,710	94,907
Fund Balances:			
Nonspendable	25,915		
Restricted for:			
Home loans		35,041	
Parks and recreation			
Capital projects			
Public safety			
Streets and roads			
Community development			
Special assessments			
Unassigned	1,410,121		(35,592)
Total Fund Balances (Deficits)	1,436,036	35,041	(35,592)
Total Liabilities and Fund Balances	\$ 1,692,041	\$ 1,458,751	\$ 59,315

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

<u>Capital Projects</u>		
<u>Public Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 934,395	\$ 1,721,662	\$ 3,907,538
	132,533	290,582
	231,141	1,654,851
		350,952
		25,915
<u>\$ 934,395</u>	<u>\$ 2,085,336</u>	<u>\$ 6,229,838</u>
\$ 88,018	\$ 30,001	\$ 468,931
	231,141	1,654,851
	350,952	350,952
<u>88,018</u>	<u>612,094</u>	<u>2,474,734</u>
		25,915
		35,041
	626,064	626,064
846,377		846,377
	132,228	132,228
	573,101	573,101
	436,628	436,628
	75,432	75,432
	(370,211)	1,004,318
<u>846,377</u>	<u>1,473,242</u>	<u>3,755,104</u>
<u>\$ 934,395</u>	<u>\$ 2,085,336</u>	<u>\$ 6,229,838</u>

This page left intentionally blank

CITY OF HUGHSON
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2013

Total fund balances - governmental funds \$ 3,755,104

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

Capital assets at historical cost	\$ 30,864,577	
Accumulated depreciation	<u>(5,533,510)</u>	25,331,067

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

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

PERS side fund	(189,618)
----------------	-----------

Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service fund must be added to the statement of net position. 86,696

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. 165,156

Total net position - governmental activities \$ 30,803,256

CITY OF HUGHSON
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	<u>Special Revenue</u>		
	<u>General</u>	<u>Home Loan</u>	<u>Refuse</u>
Revenues			
Property Taxes	\$ 191,496	\$ -	\$ -
Sales and Use Taxes	563,691		
Business License Taxes	21,087		
Other Taxes	72,781		
Licenses and Permits	179,960		
Fines and Forfeitures	21,753		
Interest	2,376		
Charges for Services	177,937		460,418
Intergovernmental	398,820	2,085	
Special Assessments			
Other	383,973		
Total Revenues	<u>2,013,874</u>	<u>2,085</u>	<u>460,418</u>
Expenditures			
Current:			
General Government	479,607		416,760
Public Safety	869,876		
Public Works	468,349		
Parks and Recreation	64,691		
Community Development		1,546	
Capital Outlay			
Total Expenditures	<u>1,882,523</u>	<u>1,546</u>	<u>416,760</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>131,351</u>	<u>539</u>	<u>43,658</u>
Other Financing Sources (Uses):			
Transfers In	150,597		
Transfers Out			
Total Other Financing Sources (Uses)	<u>150,597</u>		
Net Change in Fund Balances	<u>281,948</u>	<u>539</u>	<u>43,658</u>
Fund Balances (Deficits) - July 1, 2012	1,154,088	34,502	(79,250)
Prior Period Adjustments			
Fund Balances (Deficits) - July 1, 2012, Restated	<u>1,154,088</u>	<u>34,502</u>	<u>(79,250)</u>
Fund Balances (Deficits) - June 30, 2013	<u>\$ 1,436,036</u>	<u>\$ 35,041</u>	<u>\$ (35,592)</u>

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

<u>Capital Projects</u>		
<u>Public Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 191,496
		563,691
		21,087
		72,781
		179,960
		21,753
4,052	3,196	9,624
213,594	153,299	1,005,248
	1,019,598	1,420,503
	213,292	213,292
	115,925	499,898
<u>217,646</u>	<u>1,505,310</u>	<u>4,199,333</u>
		896,367
	211,051	1,080,927
	256,621	724,970
		64,691
		1,546
154,064	909,811	1,063,875
<u>154,064</u>	<u>1,377,483</u>	<u>3,832,376</u>
		63,582
	127,827	366,957
	1,522	152,119
(1,522)	(132,097)	(133,619)
<u>(1,522)</u>	<u>(130,575)</u>	<u>18,500</u>
62,060	(2,748)	385,457
784,317	1,391,546	3,285,203
	84,444	84,444
<u>784,317</u>	<u>1,475,990</u>	<u>3,369,647</u>
<u>\$ 846,377</u>	<u>\$ 1,473,242</u>	<u>\$ 3,755,104</u>

This page left intentionally blank

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, 2013

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

Net change in fund balances - total governmental funds \$ 385,457

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	\$	1,048,970	
Depreciation expense		<u>(485,754)</u>	563,216

The repayment of the PERS side fund liability consumes the current financial resources of the governmental funds and decreases the balance of PERS side fund on the government-wide statements. The increase of the side fund liability due to interest does not consume current financial resources of the governmental funds but increases the balance of the PERS side fund on the governmental-wide statements.

This is the net change in the side fund liability. 21,916

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.

(20,340)

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 position of governmental activities

\$ 963,590

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

CITY OF HUGHSON
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activities-Enterprise Funds				Governmental
	Sewer Fund	Water Fund	Nonmajor	Total	Internal
			Enterprise Funds		Service Fund
Assets					
Current Assets:					
Cash and Investments	\$ 5,096,949	\$ -	\$ 12,770	\$ 5,109,719	\$ 86,696
Accounts Receivable	48,219	54,464		102,683	
Due From Other Funds	203,786			203,786	
Total Current Assets	<u>5,348,954</u>	<u>54,464</u>	<u>12,770</u>	<u>5,416,188</u>	<u>86,696</u>
Noncurrent Assets:					
Capital Assets:					
Land	15,075,537	2,928,159	105,073	18,108,769	
Buildings	25,215,708	2,127,666	725,283	28,068,657	
Machinery and Equipment	410,926	14,835		425,761	
Improvements Other Than Buildings	6,797,906	(3,078,639)		3,719,267	
Infrastructure	6,102,509	12,900,415		19,002,924	
Construction In Progress		204,181		204,181	
Less:					
Accumulated Depreciation	(5,642,687)	(5,257,605)	(350,554)	(11,250,846)	
Total Noncurrent Assets	<u>47,959,899</u>	<u>9,839,012</u>	<u>479,802</u>	<u>58,278,713</u>	
Total Assets	<u>53,308,853</u>	<u>9,893,476</u>	<u>492,572</u>	<u>63,694,901</u>	<u>86,696</u>
Liabilities					
Current Liabilities:					
Accounts Payable	32,550	31,037	4,852	68,439	
Interest Payable	76,232	26,887		103,119	
Due to Other Funds		203,786		203,786	
Deposits Payable			1,540	1,540	
Total Current Liabilities	<u>108,782</u>	<u>261,710</u>	<u>6,392</u>	<u>376,884</u>	
Noncurrent Liabilities:					
Compensated Absences	22,293	11,415		33,708	
Due within One Year	1,229,544	112,305		1,341,849	
Due in More Than One Year	23,290,767	2,092,467		25,383,234	
Total Noncurrent Liabilities	<u>24,542,604</u>	<u>2,216,187</u>		<u>26,758,791</u>	
Total Liabilities	<u>24,651,386</u>	<u>2,477,897</u>	<u>6,392</u>	<u>27,135,675</u>	
Net Position					
Net Investment in Capital Assets	23,439,588	7,634,240	479,802	31,553,630	
Unrestricted	5,217,879	(218,661)	6,378	5,005,596	86,696
Total Net Positions	<u>\$ 28,657,467</u>	<u>\$ 7,415,579</u>	<u>\$ 486,180</u>	<u>\$ 36,559,226</u>	<u>\$ 86,696</u>

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

CITY OF HUGHSON
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2013

	Business-type Activities - Enterprise funds				Governmental Activities
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Fund
Operating Revenues:					
Charges for Services	\$ 3,040,144	\$ 1,394,299	\$ 32,294	\$ 4,466,737	\$ -
Total Operating Revenues	<u>3,040,144</u>	<u>1,394,299</u>	<u>32,294</u>	<u>4,466,737</u>	<u>-</u>
Operating Expenses:					
Personnel	366,392	316,667	7,412	690,471	
Administrative	275,934	259,229	24,723	559,886	20,340
Materials and Supplies	162,386	190,987		353,373	
Maintenance	180,293	143,526	5,007	328,826	
Depreciation	233,557	189,083	24,176	446,816	
Total Operating Expenses	<u>1,218,562</u>	<u>1,099,492</u>	<u>61,318</u>	<u>2,379,372</u>	<u>20,340</u>
Operating Income (loss)	<u>1,821,582</u>	<u>294,807</u>	<u>(29,024)</u>	<u>2,087,365</u>	<u>(20,340)</u>
Non-operating Revenues (Expenses):					
Interest Revenue	26,185	841		27,026	
Interest Expense	(603,081)	(111,138)		(714,219)	
Total Non-Operating Revenue (Expenses)	<u>(576,896)</u>	<u>(110,297)</u>		<u>(687,193)</u>	
Income (Loss) before transfers	1,244,686	184,510	(29,024)	1,400,172	(20,340)
Transfers					
Transfers In			10,000	10,000	
Transfers Out	(12,000)	(12,000)	(4,500)	(28,500)	
Change in Net Position	<u>1,232,686</u>	<u>172,510</u>	<u>(23,524)</u>	<u>1,381,672</u>	<u>(20,340)</u>
Net Position - Beginning of Fiscal Year	23,342,774	10,948,276	509,704	34,800,754	107,036
Prior Period Adjustments	4,082,007	(3,705,207)		376,800	
Net Position - Beginning of the Fiscal Year, Restated	<u>27,424,781</u>	<u>7,243,069</u>	<u>509,704</u>	<u>35,177,554</u>	<u>107,036</u>
Net Position - End of Fiscal Year	<u>\$ 28,657,467</u>	<u>\$ 7,415,579</u>	<u>\$ 486,180</u>	<u>\$ 36,559,226</u>	<u>\$ 86,696</u>

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

CITY OF HUGHSON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities	
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds	Totals	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Users	\$ 3,066,298	\$ 1,430,750	\$ 32,994	\$ 4,530,042	\$ -
Cash Payments to Suppliers and Contractors	(603,493)	(602,858)	(27,803)	(1,234,154)	(20,340)
Cash Payments to Employees	(366,392)	(316,667)	(7,412)	(690,471)	
Net Cash Provided (Used) By Operating Activities	2,096,413	511,225	(2,221)	2,605,417	(20,340)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in			10,000	10,000	
Transfers out	(12,000)	(12,000)	(4,500)	(28,500)	
Interfund Borrowing	(171,606)	(62,245)		(233,851)	
Net Cash Provided (Used) By Noncapital Financing Activities	(183,606)	(74,245)	5,500	(252,351)	
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest Received	26,185	841		27,026	
Net Cash Provided (Used) in Investing Activities	26,185	841		27,026	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal Payments on Debt Borrowings	(1,208,987)	(107,664)		(1,316,651)	
Interest Paid	(384,067)	(96,306)		(480,373)	
Acquisition of Property, Plant, and Equipment		(233,851)		(233,851)	
Net Cash Provided (Used) In Capital and Related Financing Activities	(1,593,054)	(437,821)		(2,030,875)	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	345,938		3,279	349,217	(20,340)
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	4,751,011		9,491	4,760,502	107,036
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	\$ 5,096,949	\$ -	\$ 12,770	\$ 5,109,719	\$ 86,696
Reconciliation to Statement of Net Position:					
Cash and Investments	\$ 5,096,949	\$ -	\$ 12,770	\$ 5,109,719	\$ 86,696
	<u>\$ 5,096,949</u>	<u>\$ -</u>	<u>\$ 12,770</u>	<u>\$ 5,109,719</u>	<u>\$ 86,696</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 1,821,582	\$ 294,807	\$ (29,024)	\$ 2,087,365	\$ (20,340)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	233,557	189,083	24,176	446,816	
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	26,155	36,451		62,606	
Increase (Decrease) in Accounts Payable	15,119	(9,116)	1,927	7,930	
Increase (Decrease) in Deposits Payable			700	700	
Total Adjustments	274,831	216,418	26,803	518,052	
Net Cash Provided (Used) By Operating Activities	\$ 2,096,413	\$ 511,225	\$ (2,221)	\$ 2,605,417	\$ (20,340)

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

FIDUCIARY FUNDS

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

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

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

This page left intentionally blank

**CITY OF HUGHSON
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
June 30, 2013**

	Private Purpose Trust Fund	Agency Fund
	RDA	Water
	Successor Agency	Deposits
ASSETS		
Cash and investments	\$ 114,099	\$ 30,325
Loans receivable	67,028	
Deferred charges	149,704	
Capital assets, net of accumulated depreciation	739,908	
Total Assets	1,070,739	\$ 30,325
LIABILITIES		
Interest payable	\$ 35,442	\$ -
Deposits payable		30,325
Unearned revenue	67,028	
Long-term debt, due within one year	65,000	
Long-term debt, due in more than one year	2,750,000	
Total Liabilities	2,917,470	\$ 30,325
NET POSITION		
Unrestricted	(1,846,731)	
Total Net Position	\$ (1,846,731)	

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

**CITY OF HUGHSON
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2013**

	Private Purpose Trust Fund
	RDA
	Successor
	Agency
Additions:	
Tax increment	\$ 340,738
Interest	60
Total additions	340,798
Deductions:	
Community development	182,645
Depreciation	27,490
Interest expense	146,760
Total deductions	356,895
Change in net position	(16,097)
Net Position - July 1, 2012	(1,655,824)
Prior period adjustment	(174,810)
Net Position, July 1, 2012, Restated	(1,830,634)
Net Position - June 30, 2013	\$ (1,846,731)

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

As required by accounting principles generally accepted in the United States of America (USGAAP), these basic financial statements present the City of Hughson (the primary government) and any component units.

Individual Component Unit Disclosures

Blended Component Units. There are no component units of the City which meet the criteria of a blended component unit.

Discretely Presented Component Units. There are no entities which meet the Governmental Accounting Standards Board (GASB) Statement No.14 as amended by GASB Statement No.39 and GASB Statement No. 61 criteria for discrete disclosure within these financial statements.

B. Basis of Presentation

Government-wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the City) 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. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees charged to external parties.

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

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

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements

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

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

The City reports four major governmental funds:

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

The City reports the following two major enterprise funds:

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

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City reports the following additional fund types:

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

Fiduciary Funds

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

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

C. Basis of Accounting and Measurement Focus

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

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

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

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

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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. Capital Assets

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

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

4. 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

5. Compensated Absences

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

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.

6. Long-term Obligations

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

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

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

7. Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment In Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents net position of the City, not restricted for any project or other purpose.

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the City's policy is to apply restricted resources first.

E. Use of Estimates

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

F. New Accounting Pronouncements

The City has implemented the following Governmental Accounting Standards Board (GASB) Statements during the fiscal year ended June 30, 2013:

Governmental Accounting Standards Board Statement No. 60

For the fiscal year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to Service Concession Arrangements. This Statement improves consistency in reporting and enhances the comparability of the accounting and financial reporting of Service Concession Arrangements among state and local governments. Implementation of the GASB Statement No. 60, did not have an impact on the City's financial statements for the fiscal year ended June 30, 2013.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 61

For the fiscal year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 61 “The Financial Reporting Entity: Omnibus—*an amendment of GASB Statements No. 14 and No. 34.*” This statement is effective for periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for component units. The Statement modifies certain requirements for inclusion of component units in the financial reporting entity and clarifies the reporting of equity interests in legally separate organizations. Implementation of the GASB Statement No. 61, did not have an impact on the City’s financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 62

For the fiscal year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 62 “Codification of Accounting and Financial Reporting Guidance Contained in *Pre-November 30, 1989 FASB and AICPA Pronouncements.*” This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November 30, 1989. This Statement specifically identifies and consolidates the accounting and financial reporting provisions that apply to state and local governments. Implementation of the GASB Statement No. 62, did not have an impact on the City’s financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 63

For the fiscal year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to establish guidance for reporting deferred outflows or resources, deferred inflows of resources, and net position in a statement of financial position. This Statement sets forth framework that specifies where deferred outflows of resources and deferred inflows of resources, as well as assets and liabilities should be displayed. This Statement also specifies how net position, no longer referred to as net positions, should be displayed. Implementation of the Statement and the impact of the City’s financial statements are explained in Note 1.D.7 – Net Position.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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, 2013, expenditures exceeded appropriations in the following funds:

Fund	Final Appropriation	Expenditures	Excess
<u>Nonmajor Funds:</u>			
CDGB Rehab Special Revenue Fund	\$ 400	\$ 5,000	\$ 4,600
SLESF Special Revenue Fund	201,000	201,051	51
Lighting and Landscaping Special Revenue Fund	100,000	132,694	32,694

D. Deficit Fund Equity

At June 30, 2013, the following funds had an accumulated deficit:

Fund	Amount
<u>Major Fund:</u>	
Refuse Special Revenue Fund	\$ 35,592
<u>Nonmajor Fund:</u>	
Transportation Capital Projects Fund	370,211

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Statement of net position:		
Cash and investments	\$	9,103,953
Fiduciary funds:		
Cash and investments		<u>144,424</u>
Total cash and investments	\$	<u><u>9,248,377</u></u>

Cash and investments as of June 30, 2013 consist of the following:

Cash on hand	\$	100
Investments		<u>9,248,277</u>
Total cash and investments	\$	<u><u>9,248,377</u></u>

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

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

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Investments Authorized by Debt Agreements

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

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

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

C. Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
State Investment Pool (LAIF)	\$ 78,379	\$ 78,379	\$ -	\$ -	\$ -
Money Market Funds	6,769,333	6,769,333			
Certificates of Deposit	2,400,565	2,400,565			
	<u>\$ 9,248,277</u>	<u>\$ 9,248,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 3 – CASH AND INVESTMENTS (Continued)

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

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

E. Disclosures Relating to Credit Risk

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

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
State Investment Pool	\$ 78,379	N/A	\$ -	\$ -	\$ -	\$ -	\$ 78,379
Money Market Funds	6,769,333	N/A					6,769,333
Certificates of Deposit	2,400,565	N/A					2,400,565
Total	\$ 9,248,277		\$ -	\$ -	\$ -	\$ -	\$ 9,248,277

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.

As of June 30, 2013, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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, 2013.

Receivable Fund	Amount	Payable Fund	Amount
Major Governmental Fund:		Major Enterprise Fund:	
General Fund	\$ 350,952	Water Fund	\$ 203,786
Major Enterprise Fund:		Nonmajor Governmental Fund:	
Sewer Fund	203,786	Transportation Capital Projects Fund	350,952
Totals	<u>\$ 554,738</u>	Totals	<u>\$ 554,738</u>

B. Transfers between Funds

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations, and re-allocations of special revenues. All inter-fund transfers between individual government funds have been eliminated on the government-wide statements. The following schedule briefly summarizes the City's transfer activity for the fiscal year ended June 30, 2013:

Fund	Transfers-in	Transfers-out
Major Governmental Funds:		
General Fund	\$ 150,597	\$ -
Public Facilities Capital Projects Fund		1,522
Major Enterprise Funds:		
Water Fund		12,000
Sewer Fund		12,000
Nonmajor Governmental Funds:		
Misc. Grants Special Revenue Fund	1,522	
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		80,000
Nonmajor Enterprise Funds:		
Community Center Operations Fund	10,000	
USF Community Center Fund		4,500
Totals	<u>\$ 162,119</u>	<u>\$ 162,119</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 5 – CAPITAL ASSETS

Capital Asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance at July 1, 2012	Additions	Deletions	Transfers	Prior Period Adjustment	Balance at June 30, 2013
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$ 9,678,610	\$ -	\$ -	\$ -	\$ (480,826)	\$ 9,197,784
Rights of ways	2,777,617					2,777,617
Construction in progress	754,813	197,004			(754,813)	197,004
Total capital assets, not being depreciated	<u>13,211,040</u>	<u>197,004</u>			<u>(1,235,639)</u>	<u>12,172,405</u>
Capital assets, being depreciated:						
Buildings	1,220,796				(300,891)	919,905
Improvements	7,350,888	751,966			(4,877,577)	3,225,277
Equipment	321,726	100,000			(10,746)	410,980
Machinery	241,902					241,902
Rolling stock	530,299				(34,050)	496,249
Infrastructure	12,983,063				414,796	13,397,859
Total capital assets being depreciated	<u>22,648,674</u>	<u>851,966</u>			<u>(4,808,468)</u>	<u>18,692,172</u>
Less accumulated depreciation for:						
Buildings	(537,272)	(46,230)			55,165	(528,337)
Improvements	(3,361,218)	(107,509)			2,827,756	(640,971)
Equipment	(321,726)	(23,497)			14,244	(330,979)
Machinery	(182,620)	(27,493)			6,562	(203,551)
Rolling stock	(530,299)	(1,610)			35,661	(496,248)
Infrastructure	(2,709,135)	(279,415)			(344,874)	(3,333,424)
Total accumulated depreciation	<u>(7,642,270)</u>	<u>(485,754)</u>			<u>2,594,514</u>	<u>(5,533,510)</u>
Total capital assets, being depreciated, net	<u>15,006,404</u>	<u>366,212</u>			<u>(2,213,954)</u>	<u>13,158,662</u>
Governmental activities capital assets, net	<u>\$ 28,217,444</u>	<u>\$ 563,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,449,593)</u>	<u>\$ 25,331,067</u>
Business-type activities:						
Capital assets, not being depreciated:						
Land	\$ 18,003,696	\$ -	\$ -	\$ -	\$ 105,073	\$ 18,108,769
Construction in progress	24,864,161	204,181		(24,864,161)		204,181
Total capital assets, not being depreciated	<u>42,867,857</u>	<u>204,181</u>		<u>(24,864,161)</u>	<u>105,073</u>	<u>18,312,950</u>
Capital assets, being depreciated:						
Buildings	3,413,530			24,864,161	(209,034)	28,068,657
Improvements	27,398,042				(23,678,775)	3,719,267
Equipment	178,549	29,670			(151,029)	57,190
Machinery	235,695					235,695
Infrastructure					19,002,924	19,002,924
Rolling stock	132,876					132,876
Total capital assets, being depreciated	<u>31,358,692</u>	<u>29,670</u>		<u>24,864,161</u>	<u>(5,035,914)</u>	<u>51,216,609</u>
Less accumulated depreciation for:						
Buildings	(1,156,191)	(112,750)			163,611	(1,105,330)
Improvements	(14,480,378)	(30,983)			11,319,575	(3,191,786)
Equipment	(139,083)	(11,437)			117,067	(33,453)
Machinery	(209,114)	(9,231)			617	(217,728)
Infrastructure		(265,307)			(6,304,365)	(6,569,672)
Rolling stock	(126,905)	(17,108)			11,136	(132,877)
Total accumulated depreciation	<u>(16,111,671)</u>	<u>(446,816)</u>			<u>5,307,641</u>	<u>(11,250,846)</u>
Total capital assets, being depreciated, net	<u>15,247,021</u>	<u>(417,146)</u>		<u>24,864,161</u>	<u>271,727</u>	<u>39,965,763</u>
Business-type activities capital assets, net	<u>\$ 58,114,878</u>	<u>\$ (212,965)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 376,800</u>	<u>\$ 58,278,713</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 242,877
Public Safety	121,439
Public Works	<u>121,438</u>
Total depreciation expense – governmental functions	<u>\$ 485,754</u>

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

Sewer	\$ 233,557
Water	189,083
Community Facilities	<u>24,176</u>
Total depreciation expense – business-type functions	<u>\$ 446,816</u>

NOTE 6 – NOTES RECEIVABLE

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

NOTE 7 – LONG-TERM LIABILITIES

The following is a schedule of long-term liabilities for Governmental Activities and Business-type Activities for the fiscal year ended June 30, 2013:

	Balance at July 1, 2012	Additions	Repayments	Balance at June 30, 2013	Due Within One Year
Governmental Activities:					
PERS side fund	\$ 211,534	\$ 14,524	\$ (36,440)	\$ 189,618	\$ 37,227
Total	<u>\$ 211,534</u>	<u>\$ 14,524</u>	<u>\$ (36,440)</u>	<u>\$ 189,618</u>	<u>\$ 37,227</u>
Business-type Activities:					
Compensated absences	\$ 33,708	\$ -	\$ -	\$ 33,708	\$ -
USDA Promissory Note	418,000		(9,000)	409,000	9,000
Installment note payable - Water	1,894,436		(98,664)	1,795,772	103,305
Installment note payable - Sewer	5,808,136		(260,968)	5,547,168	272,045
CSWRCB Revolving Loan	19,921,162		(948,019)	18,973,143	957,499
Total	<u>\$ 28,075,442</u>	<u>\$ -</u>	<u>\$ (1,316,651)</u>	<u>\$ 26,758,791</u>	<u>\$ 1,341,849</u>

1. Governmental Activities – PERS side fund

During the 2005-2006 fiscal year, the City was required to participate in the Public Employees Retirement System (PERS) risk pool. As a result, a side fund was created to account for the difference between the funded status of the pool and funded status of the City's plan, in addition to the existing unfunded liability. The outstanding liability at June 30, 2013 was \$189,618.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 7 – LONG-TERM LIABILITIES (Continued)

1. 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, 2013 is \$409,000.

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
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	11,000	16,606	27,606
2019-2023	65,000	74,972	139,972
2024-2028	82,000	58,862	140,862
2029-2033	105,000	38,478	143,478
2034-2037	106,000	12,152	118,152
	<u>\$ 409,000</u>	<u>\$ 272,126</u>	<u>\$ 681,126</u>

2. 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, 2013 is \$1,795,772.

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, 2013 is \$5,547,168.

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

Fiscal Year Ended June 30,	Installment Notes Payable - Water		
	Principal	Interest	Total
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	124,159	61,463	185,622
2019-2023	714,092	214,015	928,107
2024-2026	514,217	42,647	556,864
	<u>\$ 1,795,772</u>	<u>\$ 617,309</u>	<u>\$ 2,413,081</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 7 – LONG-TERM LIABILITIES (Continued)

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

Fiscal Year Ended June 30,	Installment Notes Payable - Sewer		
	Principal	Interest	Total
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	321,252	180,946	502,198
2019-2023	1,822,720	688,273	2,510,993
2024-2028	2,243,763	267,228	2,510,991
	<u>\$ 5,547,168</u>	<u>\$ 1,985,809</u>	<u>\$ 7,532,977</u>

3. 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, 2013 is \$18,973,143. Annual debt service requirements for the CSWRCB Loan are shown below:

Ended June 30,	CSWRCB Loan		
	Principal	Interest	Total
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	996,378	148,933	1,145,311
2019-2023	5,133,354	593,201	5,726,555
2024-2028	5,395,206	331,347	5,726,553
2029-2031	3,560,373	67,590	3,627,963
	<u>\$ 18,973,143</u>	<u>\$ 1,834,481</u>	<u>\$ 20,807,624</u>

4. 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, 2013, was \$33,708 for business-type activities.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 12 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 2012/2013, 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, 2010, 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 20 years.

Three-Year Trend Information for Miscellaneous Plan

Fiscal Year <u>Ending</u>	Annual Pension Cost <u>(APC)</u>	Percentage of APC <u>Contributed</u>	<u>Net Pension Obligation</u>
06/30/11	\$157,966	100%	\$ -
06/30/12	129,564	100%	-
06/30/13	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).

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.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

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

A. Capital assets of the Successor Agency as of June 30, 2013 consisted of the following:

	July 1, 2012 Balance	Additions	Deletions	Prior Period Adjustment	June 30, 2013 Balance
Capital assets, being depreciated:					
Buildings and Improvements	\$ 839,334	\$ -	\$ -	\$ (43,405)	\$ 795,929
Infrastructure	174,464			(126,534)	47,930
Total capital assets, being depreciated	<u>1,013,798</u>			<u>(169,939)</u>	<u>843,859</u>
Less accumulated depreciation for:					
Buildings and Improvements	(62,910)	(26,531)		(8,756)	(98,197)
Infrastructure	(8,680)	(959)		3,885	(5,754)
Total accumulated depreciation, net	<u>(71,590)</u>	<u>(27,490)</u>		<u>(4,871)</u>	<u>(103,951)</u>
Total capital assets, net	<u>\$ 942,208</u>	<u>\$ (27,490)</u>	<u>\$ -</u>	<u>\$ (174,810)</u>	<u>\$ 739,908</u>

B. Long-term debt of the Successor Agency as of June 30, 2013, consisted of the following:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due within one year
Tax Allocation Bonds	\$ 2,875,000	\$ -	\$ (60,000)	\$ 2,815,000	\$ 65,000
Cost of Issuance	(156,029)		6,325	(149,704)	(6,325)
Totals	<u>\$ 2,718,971</u>	<u>\$ -</u>	<u>\$ (53,675)</u>	<u>\$ 2,665,296</u>	<u>\$ 58,675</u>

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, 2013 was \$2,815,000. The remaining annual debt service requirements as of June 30, 2013 are as follows:

Fiscal Year Ended June 30,	2006 Tax Allocation Bonds		
	Principal	Interest	Total
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	75,000	124,834	199,834
2019-2023	450,000	564,170	1,014,170
2024-2028	570,000	438,650	1,008,650
2029-2033	720,000	278,070	998,070
2034-2038	720,000	75,990	795,990
	<u>\$ 2,815,000</u>	<u>\$ 2,014,153</u>	<u>\$ 4,829,153</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 14 – SUBSEQUENT EVENTS

In preparing the accompanying financial statements, the City management has reviewed all known events that have occurred after June 30, 2013, and through February 21, 2014, the date when this financial statement was available to be issued, for inclusion in the financial statement and footnotes.

NOTE 15 – PRIOR PERIOD ADJUSTMENTS

During the FY 12/13, the City undertook a study of capital assets. As a result of the study, differences were found from an inventory of capital assets and the amounts presented in prior fiscal years. Due to the differences, the following prior period adjustments were made: prior period adjustment of (\$3,365,149) was made on the government-wide statements to governmental activities due to an overstatement of capital assets, prior period adjustment of \$4,082,007 and (\$3,705,207) were made to the sewer and water enterprise funds respectively due to understatement and overstatement of capital assets, and prior period adjustment of (\$174,810) was made to the Successor Agency private purpose trust fund due to overstatement of capital assets.

Prior period adjustment of (\$211,534) was made to governmental activities on the government-wide statements due to the City not recording the PERS side fund liability in prior fiscal years.

Prior period adjustment of \$56,500 was made to the Light and Landscaping special revenue fund due to understatement of cash in the prior fiscal year.

Prior period adjustment of \$27,944 was made to the Benefit Assessment special revenue fund due to understatement of cash in the prior fiscal year.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF HUGHSON
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$ 243,200	\$ 243,200	\$ 191,496	\$ (51,704)
Sales and Use Taxes	425,000	425,000	563,691	138,691
Business License Taxes	25,000	25,000	21,087	(3,913)
Other Taxes	121,500	121,500	72,781	(48,719)
Licenses and Permits	98,440	98,440	179,960	81,520
Fines and Forfeitures	15,000	15,000	21,753	6,753
Interest	5,400	5,400	2,376	(3,024)
Charges for Services	109,105	109,105	177,937	68,832
Intergovernmental	508,000	508,000	398,820	(109,180)
Other	382,500	382,500	383,973	1,473
Total Revenues	1,933,145	1,933,145	2,013,874	80,729
Expenditures				
Current				
General Government	556,716	557,516	479,607	77,909
Public Safety	971,303	971,303	869,876	101,427
Public Works	483,220	483,220	468,349	14,871
Parks and Recreation	65,937	65,937	64,691	1,246
Total Expenditures	2,077,176	2,077,976	1,882,523	195,453
Excess (Deficiency) of Revenues Over (Under) Expenditures	(144,031)	(144,831)	131,351	276,182
Other Financing Sources (uses):				
Transfers In	150,777	150,777	150,597	(180)
Total Other Financing Sources (Uses)	150,777	150,777	150,597	(180)
Net Change in Fund Balance	6,746	5,946	281,948	276,002
Fund Balance - July 1, 2012	1,154,088	1,154,088	1,154,088	
Fund Balance - June 30, 2013	\$ 1,160,834	\$ 1,160,034	\$ 1,436,036	\$ 276,002

**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, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$ 100	\$ 100	\$ -	\$ (100)
Intergovernmental			2,085	2,085
Total Revenues	100	100	2,085	1,985
Expenditures				
Current:				
Community Development	2,000	2,000	1,546	454
Total Expenditures	2,000	2,000	1,546	454
Net Change in Fund Balance	(1,900)	(1,900)	539	2,439
Fund Balance - July 1, 2012	34,502	34,502	34,502	
Fund Balance - June 30, 2013	<u>\$ 32,602</u>	<u>\$ 32,602</u>	<u>\$ 35,041</u>	<u>\$ 2,439</u>

CITY OF HUGHSON
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
REFUSE SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 421,000	\$ 421,000	\$ 460,418	\$ 39,418
Total Revenues	421,000	421,000	460,418	39,418
Expenditures				
Current:				
General Government	448,080	448,080	416,760	31,320
Total Expenditures	448,080	448,080	416,760	31,320
Net Change in Fund Balance	(27,080)	(27,080)	43,658	70,738
Fund Balance (Deficit) - July 1, 2012	(79,250)	(79,250)	(79,250)	
Fund Balance (Deficit) - June 30, 2013	<u>\$ (106,330)</u>	<u>\$ (106,330)</u>	<u>\$ (35,592)</u>	<u>\$ 70,738</u>

This page left intentionally blank

OTHER SUPPLEMENTAL INFORMATION

CITY OF HUGHSON
PUBLIC FACILITIES CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Interest	\$ 8,000	\$ 8,000	\$ 4,052	\$ (3,948)
Charges for Services	<u>157,322</u>	<u>157,322</u>	<u>213,594</u>	<u>56,272</u>
Total Revenues	<u>165,322</u>	<u>165,322</u>	<u>217,646</u>	<u>52,324</u>
Expenditures:				
Capital Outlay	<u>350,000</u>	<u>350,000</u>	<u>154,064</u>	<u>195,936</u>
Total Expenditures	<u>350,000</u>	<u>350,000</u>	<u>154,064</u>	<u>195,936</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(184,678)</u>	<u>(184,678)</u>	<u>63,582</u>	<u>248,260</u>
Other Financing Sources (Uses)				
Transfers Out	<u>(1,500)</u>	<u>(1,500)</u>	<u>(1,522)</u>	<u>(22)</u>
Total Other financing Sources (Uses)	<u>(1,500)</u>	<u>(1,500)</u>	<u>(1,522)</u>	<u>(22)</u>
Net Change in Fund Balance	(186,178)	(186,178)	62,060	248,238
Fund Balance - July 1, 2012	<u>784,317</u>	<u>784,317</u>	<u>784,317</u>	<u> </u>
Fund Balance - June 30, 2013	<u>\$ 598,139</u>	<u>\$ 598,139</u>	<u>\$ 846,377</u>	<u>\$ 248,238</u>

This page left intentionally blank

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.

This page left intentionally blank

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 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, 2013**

	Special Revenue Funds				
	Asset Forfeiture	Gas Tax	Vehicle Abatement	CDBG Rehab	CDBG Grants
Assets					
Cash and Investments	\$ 6,995	\$ 33,899	\$ 12,318	\$ 286,925	\$ 93,988
Accounts Receivable		18,523		75	
Loans Receivable				231,141	
Total Assets	<u>\$ 6,995</u>	<u>\$ 52,422</u>	<u>\$ 12,318</u>	<u>\$ 518,141</u>	<u>\$ 93,988</u>
Liabilities					
Accounts Payable	\$ -	\$ 3,396	\$ -	\$ -	\$ -
Unearned Revenue				231,141	
Due To Other Funds					
Total Liabilities		<u>3,396</u>		<u>231,141</u>	
Fund Balances (Deficits)					
Restricted	6,995	49,026	12,318	287,000	93,988
Unassigned					
Total Fund Balances (Deficits)	<u>6,995</u>	<u>49,026</u>	<u>12,318</u>	<u>287,000</u>	<u>93,988</u>
Total Liabilities and Fund Balances	<u>\$ 6,995</u>	<u>\$ 52,422</u>	<u>\$ 12,318</u>	<u>\$ 518,141</u>	<u>\$ 93,988</u>

Special Revenue Funds

Community Enhancement	Local Transportation	Storm Drain	Traffic	SLESF
\$ 55,640	\$ 140,343 55,229	\$ 176,709	\$ 147,648 8,706	\$ 62,915 50,000
<u>\$ 55,640</u>	<u>\$ 195,572</u>	<u>\$ 176,709</u>	<u>\$ 156,354</u>	<u>\$ 112,915</u>
\$ -	\$ 4,560	\$ -	\$ -	\$ -
	<u>4,560</u>			
55,640	191,012	176,709	156,354	112,915
<u>55,640</u>	<u>191,012</u>	<u>176,709</u>	<u>156,354</u>	<u>112,915</u>
<u>\$ 55,640</u>	<u>\$ 195,572</u>	<u>\$ 176,709</u>	<u>\$ 156,354</u>	<u>\$ 112,915</u>

Continued

CITY OF HUGHSON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013
(CONTINUED)

	Special Revenue Funds		
	Lighting and Landscaping	Benefit Assessment	Misc. Grants
Assets			
Cash and Investments	\$ 36,056	\$ 42,162	\$ -
Accounts Receivable			
Loans Receivable			
Total Assets	\$ 36,056	\$ 42,162	\$ -
 Liabilities			
Accounts Payable	\$ 2,497	\$ 289	\$ -
Unearned Revenue			
Due To Other Funds			
Total Liabilities	2,497	289	
 Fund Balances (Deficits)			
Restricted	33,559	41,873	
Unassigned			
Total Fund Balances (Deficits)	33,559	41,873	
Total Liabilities and Fund Balances	\$ 36,056	\$ 42,162	\$ -

<u>Capital Projects Funds</u>			Total
Transportation	Municipal Park	Parks Development Impact Fees	Nonmajor Governmental Funds
\$ -	\$ 385,974	\$ 240,090	\$ 1,721,662
			132,533
			231,141
<u>\$ -</u>	<u>\$ 385,974</u>	<u>\$ 240,090</u>	<u>\$ 2,085,336</u>
\$ 19,259	\$ -	\$ -	\$ 30,001
			231,141
<u>350,952</u>			<u>350,952</u>
<u>370,211</u>			<u>612,094</u>
	385,974	240,090	1,843,453
<u>(370,211)</u>			<u>(370,211)</u>
<u>(370,211)</u>	<u>385,974</u>	<u>240,090</u>	<u>1,473,242</u>
<u>\$ -</u>	<u>\$ 385,974</u>	<u>\$ 240,090</u>	<u>\$ 2,085,336</u>

CITY OF HUGHSON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2013

	Special Revenue Funds				
	Asset Forfeiture	Gas Tax	Vehicle Abatement	CDBG Rehab	CDBG Grants
Revenues:					
Interest	\$ -	\$ 6	\$ -	\$ 472	\$ -
Charges for Services	5,335		11,808		
Intergovernmental		104,653			
Special Assessments				115,925	
Other					
Total Revenues	<u>5,335</u>	<u>104,659</u>	<u>11,808</u>	<u>116,397</u>	
Expenditures:					
Current:					
Public Safety			10,000		
Public Works		69,814		5,000	
Capital Outlay					
Total Expenditures		<u>69,814</u>	<u>10,000</u>	<u>5,000</u>	
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>5,335</u>	<u>34,845</u>	<u>1,808</u>	<u>111,397</u>	
Other Financing Sources (Uses):					
Transfers In					
Transfers Out		(80,000)			
Total Other Financing Sources (Uses)		<u>(80,000)</u>			
Net Change in Fund Balances	<u>5,335</u>	<u>(45,155)</u>	<u>1,808</u>	<u>111,397</u>	
Fund Balances (Deficits) - July 1, 2012	1,660	94,181	10,510	175,603	93,988
Prior Period Adjustments					
Fund Balances (Deficits) - July 1, 2012, Restated	<u>1,660</u>	<u>94,181</u>	<u>10,510</u>	<u>175,603</u>	<u>93,988</u>
Fund Balances (Deficits) - June 30, 2013	<u>\$ 6,995</u>	<u>\$ 49,026</u>	<u>\$ 12,318</u>	<u>\$ 287,000</u>	<u>\$ 93,988</u>

Special Revenue Funds

Community Enhancement	Local Transportation Fund	Storm Drain	Traffic	SLESF
\$ -	\$ 180	\$ 381	\$ 392	\$ 323
30,144	96,108	65,449	53,415	104,133
<u>30,144</u>	<u>96,288</u>	<u>65,830</u>	<u>53,807</u>	<u>104,456</u>
				201,051
85,541	32,846		47,034	
85,541	32,846		47,034	201,051
<u>(55,397)</u>	<u>63,442</u>	<u>65,830</u>	<u>6,773</u>	<u>(96,595)</u>
			(11,600)	
			(11,600)	
<u>(55,397)</u>	<u>63,442</u>	<u>65,830</u>	<u>(4,827)</u>	<u>(96,595)</u>
111,037	127,570	110,879	161,181	209,510
<u>111,037</u>	<u>127,570</u>	<u>110,879</u>	<u>161,181</u>	<u>209,510</u>
<u>\$ 55,640</u>	<u>\$ 191,012</u>	<u>\$ 176,709</u>	<u>\$ 156,354</u>	<u>\$ 112,915</u>

Continued

CITY OF HUGHSON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2013
(CONTINUED)

	Special Revenue Funds		
	Lighting and Landscaping	Benefit Assessment	Misc. Grants
Revenues:			
Interest	\$ -	\$ -	\$ -
Charges for Services			
Intergovernmental			133,776
Special Assessments	135,882	77,410	
Other			
Total Revenues	<u>135,882</u>	<u>77,410</u>	<u>133,776</u>
Expenditures:			
Current:			
Public Safety			
Public Works	132,694	49,113	
Capital Outlay			100,000
Total Expenditures	<u>132,694</u>	<u>49,113</u>	<u>100,000</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>3,188</u>	<u>28,297</u>	<u>33,776</u>
Other Financing Sources (Uses):			
Transfers In			1,522
Transfers Out	(26,129)	(14,368)	
Total Other Financing Sources (Uses)	<u>(26,129)</u>	<u>(14,368)</u>	<u>1,522</u>
Net Change in Fund Balances	<u>(22,941)</u>	<u>13,929</u>	<u>35,298</u>
Fund Balances (Deficits) - July 1, 2012			(35,298)
Prior Period Adjustments	<u>56,500</u>	<u>27,944</u>	
Fund Balances (Deficits) - July 1, 2012, Restated	<u>56,500</u>	<u>27,944</u>	<u>(35,298)</u>
Fund Balances (Deficits) - June 30, 2013	<u>\$ 33,559</u>	<u>\$ 41,873</u>	<u>\$ -</u>

<u>Capital Project Funds</u>			Total
Transportation	Municipal Park	Parks Development Impact Fees	Nonmajor Governmental Funds
\$ -	\$ 930	\$ 512	\$ 3,196
	18,844	51,863	153,299
497,369			1,019,598
			213,292
			115,925
<u>497,369</u>	<u>19,774</u>	<u>52,375</u>	<u>1,505,310</u>
			211,051
			256,621
644,390			909,811
<u>644,390</u>			<u>1,377,483</u>
(147,021)	19,774	52,375	127,827
			1,522
			(132,097)
			(130,575)
(147,021)	19,774	52,375	(2,748)
(223,190)	366,200	187,715	1,391,546
			84,444
(223,190)	366,200	187,715	1,475,990
<u>\$ (370,211)</u>	<u>\$ 385,974</u>	<u>\$ 240,090</u>	<u>\$ 1,473,242</u>

This page left intentionally blank

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, 2013

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 5,000	\$ 5,335	\$ 335
Total Revenues	<u>5,000</u>	<u>5,335</u>	<u>335</u>
Net Change in Fund Balance	5,000	5,335	335
Fund Balance - July 1, 2012	<u>1,660</u>	<u>1,660</u>	<u></u>
Fund Balance - June 30, 2013	<u>\$ 6,660</u>	<u>\$ 6,995</u>	<u>\$ 335</u>

CITY OF HUGHSON
GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 200	\$ 6	\$ (194)
Intergovernmental	<u>98,500</u>	<u>104,653</u>	<u>6,153</u>
Total Revenues	<u>98,700</u>	<u>104,659</u>	<u>5,959</u>
Expenditures:			
Current:			
Public Works	<u>71,500</u>	<u>69,814</u>	<u>1,686</u>
Total Expenditures	<u>71,500</u>	<u>69,814</u>	<u>1,686</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>27,200</u>	<u>34,845</u>	<u>7,645</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(84,500)</u>	<u>(80,000)</u>	<u>4,500</u>
Total Other Financing Sources (Uses)	<u>(84,500)</u>	<u>(80,000)</u>	<u>4,500</u>
Net Change in Fund Balance	(57,300)	(45,155)	12,145
Fund Balance - July 1, 2012	<u>94,181</u>	<u>94,181</u>	<u></u>
Fund Balance - June 30, 2013	<u>\$ 36,881</u>	<u>\$ 49,026</u>	<u>\$ 12,145</u>

CITY OF HUGHSON
 VEHICLE ABATEMENT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2013

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Charges For Services	\$ 10,000	\$ 11,808	\$ 1,808
Total Revenues	<u>10,000</u>	<u>11,808</u>	<u>1,808</u>
Expenditures:			
Current:			
Public Safety	<u>10,000</u>	<u>10,000</u>	<u> </u>
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u> </u>
Net Change in Fund Balance		1,808	1,808
Fund Balance - July 1, 2012	<u>10,510</u>	<u>10,510</u>	<u> </u>
Fund Balance - June 30, 2013	<u>\$ 10,510</u>	<u>\$ 12,318</u>	<u>\$ 1,808</u>

CITY OF HUGHSON
 CDBG REHAB SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 200	\$ 472	\$ 272
Other Revenue	<u>12,700</u>	<u>115,925</u>	<u>103,225</u>
Total Revenues	<u>12,900</u>	<u>116,397</u>	<u>103,497</u>
Expenditures:			
Current:			
Public Works	<u>400</u>	<u>5,000</u>	<u>(4,600)</u>
Total Expenditures	<u>400</u>	<u>5,000</u>	<u>(4,600)</u>
Net Change in Fund Balance	12,500	111,397	98,897
Fund Balance - July 1, 2012	<u>175,603</u>	<u>175,603</u>	<u> </u>
Fund Balance - June 30, 2013	<u>\$ 188,103</u>	<u>\$ 287,000</u>	<u>\$ 98,897</u>

CITY OF HUGHSON
 CDBG GRANTS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 250	\$ -	\$ (250)
Total Revenues	<u>250</u>	<u> </u>	<u>(250)</u>
Net Change in Fund Balance	250		(250)
Fund Balance - July 1, 2012	<u>93,988</u>	<u>93,988</u>	<u> </u>
Fund Balance - June 30, 2013	<u>\$ 94,238</u>	<u>\$ 93,988</u>	<u>\$ (250)</u>

CITY OF HUGHSON
COMMUNITY ENHANCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 500	\$ -	\$ (500)
Intergovernmental	<u>22,176</u>	<u>30,144</u>	<u>7,968</u>
Total Revenues	<u>22,676</u>	<u>30,144</u>	<u>7,468</u>
Expenditures:			
Capital Outlay	<u>86,000</u>	<u>85,541</u>	<u>459</u>
Total Expenditures	<u>86,000</u>	<u>85,541</u>	<u>459</u>
Net Change in Fund Balance	(63,324)	(55,397)	7,927
Fund Balance - July 1, 2012	<u>111,037</u>	<u>111,037</u>	<u> </u>
Fund Balance - June 30, 2013	<u>\$ 47,713</u>	<u>\$ 55,640</u>	<u>\$ 7,927</u>

CITY OF HUGHSON
 LOCAL TRANSPORTATION SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ -	\$ 180	\$ 180
Intergovernmental	50,000	96,108	46,108
Total Revenues	<u>50,000</u>	<u>96,288</u>	<u>46,288</u>
Expenditures:			
Capital Outlay	92,368	32,846	59,522
Total Expenditures	<u>92,368</u>	<u>32,846</u>	<u>59,522</u>
Net Change in Fund Balance	(42,368)	63,442	105,810
Fund Balance - July 1, 2012	<u>127,570</u>	<u>127,570</u>	
Fund Balance - June 30, 2013	<u>\$ 85,202</u>	<u>\$ 191,012</u>	<u>\$ 105,810</u>

CITY OF HUGHSON
 STORM DRAIN SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 100	\$ 381	\$ 281
Charges for Services	61,908	65,449	3,541
Total Revenues	<u>62,008</u>	<u>65,830</u>	<u>3,822</u>
Net Change in Fund Balance	62,008	65,830	3,822
Fund Balance - July 1, 2012	<u>110,879</u>	<u>110,879</u>	<u> </u>
Fund Balance - June 30, 2013	<u><u>\$ 172,887</u></u>	<u><u>\$ 176,709</u></u>	<u><u>\$ 3,822</u></u>

CITY OF HUGHSON
 TRAFFIC SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ -	\$ 392	\$ 392
Intergovernmental	66,000	53,415	(12,585)
Total Revenues	<u>66,000</u>	<u>53,807</u>	<u>(12,193)</u>
Expenditures:			
Capital Outlay	50,000	47,034	2,966
Total Expenditures	<u>50,000</u>	<u>47,034</u>	<u>2,966</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,000</u>	<u>6,773</u>	<u>(9,227)</u>
Other Financing Sources (Uses):			
Transfers Out	(11,600)	(11,600)	
Total Other Financing Sources (Uses)	<u>(11,600)</u>	<u>(11,600)</u>	
Net Change in Fund Balance	4,400	(4,827)	(9,227)
Fund Balance - July 1, 2012	<u>161,181</u>	<u>161,181</u>	
Fund Balance - June 30, 2013	<u>\$ 165,581</u>	<u>\$ 156,354</u>	<u>\$ (9,227)</u>

CITY OF HUGHSON
SLESF SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 700	\$ 323	\$ (377)
Intergovernmental	<u>100,000</u>	<u>104,133</u>	<u>4,133</u>
Total Revenues	<u>100,700</u>	<u>104,456</u>	<u>3,756</u>
Expenditures:			
Current:			
Public Safety	<u>201,000</u>	<u>201,051</u>	<u>(51)</u>
Total Expenditures	<u>201,000</u>	<u>201,051</u>	<u>(51)</u>
Net Change in Fund Balance	(100,300)	(96,595)	3,705
Fund Balance - July 1, 2012	<u>209,510</u>	<u>209,510</u>	<u> </u>
Fund Balance - June 30, 2013	<u>\$ 109,210</u>	<u>\$ 112,915</u>	<u>\$ 3,705</u>

CITY OF HUGHSON
 LIGHTING AND LANDSCAPING SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 122,031	\$ 135,882	\$ 13,851
Total Revenue	122,031	135,882	13,851
Expenditures:			
Current:			
Public works	100,000	132,694	(32,694)
Total Expenditures	100,000	132,694	(32,694)
Excess (Deficiency) of Revenues Over (Under) Expenditures	22,031	3,188	(18,843)
Other Financing Sources (Uses)			
Transfers Out	(26,071)	(26,129)	58
Total Other financing Sources (Uses)	(26,071)	(26,129)	(58)
Net Change in Fund Balance	(4,040)	(22,941)	(18,901)
Fund Balance - July 1, 2012			
Prior Period Adjustment		56,500	56,500
Fund Balance - July 1, 2012, Restated		56,500	56,500
Fund Balance - June 30, 2013	\$ (4,040)	\$ 33,559	\$ 37,599

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, 2013

	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:			
Special Assessments	\$ 67,416	\$ 77,410	\$ 9,994
Total Revenue	<u>67,416</u>	<u>77,410</u>	<u>9,994</u>
 Expenditures:			
Current:			
Public Works	<u>54,984</u>	<u>49,113</u>	<u>5,871</u>
Total Expenditures	<u>54,984</u>	<u>49,113</u>	<u>5,871</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,432</u>	<u>28,297</u>	<u>15,865</u>
 Other Financing Sources (Uses)			
Transfers Out	<u>(14,106)</u>	<u>(14,368)</u>	<u>(262)</u>
 Total Other financing Sources (Uses)	<u>(14,106)</u>	<u>(14,368)</u>	<u>(262)</u>
 Net Change in Fund Balance	<u>(1,674)</u>	<u>13,929</u>	<u>15,603</u>
 Fund Balance - July 1, 2012			
 Prior Period Adjustment	<u> </u>	<u>27,944</u>	<u>27,944</u>
 Fund Balance - July 1, 2012, Restated	<u> </u>	<u>27,944</u>	<u>27,944</u>
 Fund Balance - June 30, 2013	<u>\$ (1,674)</u>	<u>\$ 41,873</u>	<u>\$ 43,547</u>

CITY OF HUGHSON
MISCELLANEOUS GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Intergovernmental	\$ 35,300	\$ 133,776	\$ 98,476
Total Revenue	<u>35,300</u>	<u>133,776</u>	<u>98,476</u>
 Expenditures:			
Capital Outlay	<u>100,000</u>	<u>100,000</u>	<u> </u>
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u> </u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(64,700)</u>	<u>33,776</u>	<u>98,476</u>
 Other Financing Sources (Uses)			
Transfers In	<u> </u>	<u>1,522</u>	<u>1,522</u>
Total Other financing Sources (Uses)	<u> </u>	<u>1,522</u>	<u>1,522</u>
 Net Change in Fund Balance	(64,700)	35,298	99,998
 Fund Balance (Deficit) - July 1, 2012	<u>(35,298)</u>	<u>(35,298)</u>	<u> </u>
 Fund Balance (Deficit) - June 30, 2013	<u>\$ (99,998)</u>	<u>\$ -</u>	<u>\$ 99,998</u>

CITY OF HUGHSON
TRANSPORTATION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 150	\$ -	\$ (150)
Intergovernmental	<u>832,932</u>	<u>497,369</u>	<u>(335,563)</u>
Total Revenues	<u>833,082</u>	<u>497,369</u>	<u>(335,713)</u>
Expenditures:			
Capital Outlay	<u>1,023,932</u>	<u>644,390</u>	<u>379,542</u>
Total Expenditures	<u>1,023,932</u>	<u>644,390</u>	<u>379,542</u>
Net Change in Fund Balance	(190,850)	(147,021)	43,829
Fund Balance (Deficit) - July 1, 2012	<u>(223,190)</u>	<u>(223,190)</u>	<u>_____</u>
Fund Balance (Deficit) - June 30, 2013	<u>\$ (414,040)</u>	<u>\$ (370,211)</u>	<u>\$ 43,829</u>

CITY OF HUGHSON
MUNICIPAL PARK CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 1,200	\$ 930	\$ (270)
Charges for Services	<u>43,802</u>	<u>18,844</u>	<u>(24,958)</u>
Total Revenues	<u>45,002</u>	<u>19,774</u>	<u>(25,228)</u>
Net Change in Fund Balance	45,002	19,774	(25,228)
Fund Balance - July 1, 2012	<u>366,200</u>	<u>366,200</u>	<u> </u>
Fund Balance - June 30, 2013	<u>\$ 411,202</u>	<u>\$ 385,974</u>	<u>\$ (25,228)</u>

CITY OF HUGHSON
PARKS DEVELOPMENT IMPACT FEES CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 500	\$ 512	\$ 12
Charges for Services	<u>58,674</u>	<u>51,863</u>	<u>(6,811)</u>
Total Revenues	<u>59,174</u>	<u>52,375</u>	<u>(6,799)</u>
Net Change in Fund Balance	59,174	52,375	(6,799)
Fund Balance - July 1, 2012	<u>187,715</u>	<u>187,715</u>	<u> </u>
Fund Balance - June 30, 2013	<u><u>\$ 246,889</u></u>	<u><u>\$ 240,090</u></u>	<u><u>\$ (6,799)</u></u>

NONMAJOR PROPRIETARY FUNDS

PROPRIETARY FUNDS

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

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

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

This page left intentionally blank

**CITY OF HUGHSON
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2013**

	Enterprise Funds		Total Nonmajor Enterprise Funds
	Community Center Operations Fund	USF Community Center Fund	
Assets			
Current Assets:			
Cash and Investments	\$ 11,143	\$ 1,627	\$ 12,770
Total Current Assets	11,143	1,627	12,770
Noncurrent Assets:			
Capital Assets:			
Land	105,073		105,073
Buildings	725,283		725,283
Less:			
Accumulated Depreciation	(350,554)		(350,554)
Total Noncurrent Assets	479,802		479,802
Total Assets	490,945	1,627	492,572
Liabilities			
Current Liabilities:			
Accounts Payable	4,386	466	4,852
Deposits Payable	1,540		1,540
Total Liabilities	5,926	466	6,392
Net Position			
Net Investment in Capital Assets	479,802		479,802
Unrestricted	5,217	1,161	6,378
Total Net Position	\$ 485,019	\$ 1,161	\$ 486,180

**CITY OF HUGHSON
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Enterprise Funds		Total Nonmajor Enterprise Funds
	Community Center Operations Fund	USF Community Center Fund	
Operating Revenues			
Charges for Services	\$ 16,983	\$ 15,311	\$ 32,294
Total Operating Revenues	<u>16,983</u>	<u>15,311</u>	<u>32,294</u>
Operating Expenses			
Personnel		7,412	7,412
Administrative	17,606	7,117	24,723
Maintenance	4,693	314	5,007
Depreciation	24,176		24,176
Total Operating Expenses	<u>46,475</u>	<u>14,843</u>	<u>61,318</u>
Income (Loss) Before Transfers	(29,492)	468	(29,024)
Transfers			
Transfers In	10,000		10,000
Transfers Out		(4,500)	(4,500)
Changes in Net Assets	(19,492)	(4,032)	(23,524)
Net Position - Beginning of Fiscal Year	<u>504,511</u>	<u>5,193</u>	<u>509,704</u>
Net Position - End of Fiscal Year	<u>\$ 485,019</u>	<u>\$ 1,161</u>	<u>\$ 486,180</u>

**CITY OF HUGHSON
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Enterprise Funds		Total Nonmajor Enterprise Funds
	Community Center Operations Fund	USF Community Center Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Users	\$ 17,683	\$ 15,311	\$ 32,994
Cash Payments to Suppliers and Contractors	(20,821)	(6,982)	(27,803)
Cash Payments to Employees		(7,412)	(7,412)
Net Cash Provided (Used) By Operating Activities	<u>(3,138)</u>	<u>917</u>	<u>(2,221)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	<u>10,000</u>	<u>(4,500)</u>	<u>5,500</u>
Net Cash Provided (Used) By Noncapital Financing Activities	<u>10,000</u>	<u>(4,500)</u>	<u>5,500</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,862	(3,583)	3,279
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	<u>4,281</u>	<u>5,210</u>	<u>9,491</u>
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	<u>\$ 11,143</u>	<u>\$ 1,627</u>	<u>\$ 12,770</u>
Reconciliation to Statement of Net Positions:			
Cash and Cash Equivalents	<u>\$ 11,143</u>	<u>\$ 1,627</u>	<u>\$ 12,770</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income (Loss)	<u>\$ (29,492)</u>	<u>\$ 468</u>	<u>\$ (29,024)</u>
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	24,176		24,176
Changes in Assets and Liabilities:			
Increase (Decrease) in Accounts Payable	1,478	449	1,927
Increase (Decrease) in Deposits Payable	700		700
Total Adjustments	<u>26,354</u>	<u>449</u>	<u>26,803</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ (3,138)</u>	<u>\$ 917</u>	<u>\$ (2,221)</u>

CITY OF HUGHSON
MANAGEMENT REPORT
AND
AUDITOR'S COMMUNICATION LETTER

June 30, 2013

CITY OF HUGHSON
June 30, 2013

TABLE OF CONTENTS

Transmittal Letter 1

Required Communication 3

Current Year Recommendations:

Significant Deficiencies:

 2013-1 Lack of segregation of duties over cash receipts 5

 2013-2 Two sets of cash receipts utilized 5

 2013-3 Lack of segregation of duties over payroll 5

 2013-4 Adjusting entries not properly reviewed..... 6

Status of Prior Year Recommendations..... 6



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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

COMMERCIAL ACCOUNTING & TAX SERVICES

433 NORTH CAMDEN DR. SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES

5800 HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

February 21, 2014

Members of the City Council
City of Hughson
Hughson, California

In planning and performing our audit of the financial statements of the City of Hughson (City), as of and for the fiscal year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify deficiencies in internal control that we consider to be significant deficiencies.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies presented in the current year recommendations section as findings 2013-1 through 2013-4 to be significant deficiencies in internal control.

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

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

Moss, Levy & Hartzheim

MOSS, LEVY & HARTZHEIM, LLP
Culver City, CA



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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

COMMERCIAL ACCOUNTING & TAX SERVICES
433 NORTH CAMDEN DR. SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 HANNUM, SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

February 21, 2014

Members of the City Council
City of Hughson
Hughson, California

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining information of the City of Hughson (City) for the fiscal year ended June 30, 2013. Professional standards require that we provide you with the information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and OMB Circular A-133 as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 29, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Hughson are described in Note 1 to the financial statements. As discussed in Note 1 of the notes to the basic financial statements, effective July 1, 2012, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

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

Management's estimate of the funding progress for CALPERS is based on CALPERS' estimate. The estimated historical cost of capital assets and the estimated useful life of the capital assets were based on historical data, industry guidelines, and an outside consultant which was hired by the City in a previous fiscal year. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. All adjusting entries that were proposed as a result of audit procedures were corrected by management. These included entries to adjust capital assets, long term debt, fund balance, accounts payable and accounts receivable.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 21, 2014.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,



MOSS, LEVY & HARTZHEIM, LLP
Culver City, CA

CURRENT YEAR RECOMMENDATIONS

Significant Deficiencies

2013-1 Finding – Lack of segregation of duties over cash receipts:

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

Effect:

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

Recommendation:

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

Management's response:

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

2013-2 Finding – Two sets of cash receipts utilized:

During the review of internal controls, it was noted that the City did not use the cash receipt generated from the cash register which is integrated with MOM software. Instead, the City issued manual receipts from a separate cash receipt ledger.

Effect:

When two different sets of cash receipts are utilized, there is a lack of an audit trail which is needed to keep track and to reconcile the accuracy of fees collected and a misappropriation of funds could occur and go undetected.

Recommendation:

We recommend that the City ensure that receipts are issued exclusively from the cash register which is integrated with MOM software.

Management's response:

We use the MoM software for receipt issuing most of the time. There are two rare cases that a hand written receipt may be issued:

1. When a building permit is issued and the account numbers have not been assigned. If clerk assigning the numbers is not present, staff accepts builder's check and provides him with a hand written receipt.
2. When a customer signs up and pays for a utility deposit. The utility account must be set up in MoM before issuing a receipt. This takes time and to expedite the process, the customer is given a hand written receipt and the account is set up later.

The purpose of this method is to alleviate the waiting time for customers. All receipts are keyed in to the MoM software system at some point in time.

2013-3 Finding – Lack of segregation of duties over payroll:

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

Effect:

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

Recommendation:

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

Management's response:

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

2013-4 Finding – Adjusting journal entries not properly reviewed:

During our review of adjusting adjusted entries, it was noted that adjusting entries are not properly reviewed.

Effect:

Without properly review of adjusting journal entries, it increases the risk or errors and irregularities may occur and go undetected, which can lead to a misappropriation of funds.

Recommendation:

We recommend that the City ensure that a responsible official, other than preparer, reviews all adjusting journal entries and approves them by signature.

Management's response:

All journal entries are reviewed by management and prepared by someone other than the reviewer but documentation is not always retained. Entries are often reviewed as a batch and staff will sign printed general ledger sheets after they review the entries.

STATUS OF PRIOR YEAR RECOMMENDATIONS

Material Weaknesses

2012-1 Lack of reconciliation of capital assets:

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

Effect:

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

Recommendation:

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

Current Status:

Implemented.

Significant Deficiencies

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

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

Effect:

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

Recommendation:

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

Current Status:

Not implemented, see finding 2013-1.

2012-3 Finding – Two sets of cash receipts utilized:

During the review of internal controls, it was noted that the City did not use the cash receipt generated from the cash register which is integrated with MOM software. Instead, the City issued manual receipts from a separate cash receipt ledger.

Effect:

When two different sets of cash receipts are utilized, there is a lack of an audit trail which is needed to keep track and to reconcile the accuracy of fees collected and a misappropriation of funds could occur and go undetected.

Recommendation:

We recommend that the City ensure that receipts are issued exclusively from the cash register which is integrated with MOM software.

Current Status:

Not implemented, see finding 2013-2.

2012-4 Finding – Lack of segregation of duties over payroll:

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

Effect:

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

Recommendation:

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

Current Status:

Not implemented, see finding 2013-3.

2012-5 Finding – Bank reconciliations were not properly completed and reviewed:

During the review of bank reconciliations, it was noted there were unreconciled differences between the book and bank balances. In addition, it was noted that the bank reconciliations were not reviewed by an employee other than the preparer.

Effect:

Proper bank reconciliations help to safeguard cash by detecting errors on the part of the bank or the City. In addition, bank reconciliations help create stronger internal controls and establish accountability for cash. When bank reconciliations are not being completed and reviewed properly, it increases the risk that errors and irregularities may occur and go undetected, which can lead to a misappropriation of funds.

Recommendation:

We recommend that the City ensure that bank reconciliations are properly completed and reviewed.

Current Status:

Implemented.

2012-6 Finding – Adjusting journal entries not properly reviewed:

During our review of adjusting adjusted entries, it was noted that adjusting entries are not properly reviewed.

Effect:

Without properly review of adjusting journal entries, it increases the risk or errors and irregularities may occur and go undetected, which can lead to a misappropriation of funds.

Recommendation:

We recommend that the City ensure that a responsible official, other than preparer, reviews all adjusting journal entries and approves them by signature.

Current Status:

Not implemented, see finding 2013-4.



CITY OF HUGHSON AGENDA ITEM NO. 5.1 SECTION 5: PUBLIC HEARING

Meeting Date: March 10, 2014
Subject: Approval to Introduce and Waive the First Reading of the Ordinance Amending Hughson Municipal Code Title Chapter 2.04 – Meeting Location
Presented By: Raul L. Mendez, City Manager
Approved By: _____

Staff Recommendation:

Introduce and waive the first reading of Ordinance No. 2014 - 01 amending Chapter 2.04 of the Hughson Municipal Code – Meeting Location.

Background and Overview:

Per the current Hughson Municipal Code (HMC), the regular meetings of the City Council are to be held in the council meeting room of the city office building located at 7018 Pine Street in the City of Hughson, Stanislaus County, California.

During the January 27, 2014 City Council regular meeting, an inquiry was made by the Council as to the possibility of holding meetings at a location other than 7018 Pine Street. The City Attorney was directed to look into the inquiry and come back with a recommendation. During the February 10, 2014 regular meeting, City Attorney Schroeder indicated that an amendment of the HMC would be necessary to allow the City Council to meet offsite. He indicated that the HMC was silent as to the location of special meetings of the City Council and that would be an appropriate place to indicate the parameters for meetings offsite.

The proposed ordinance amendment states: "Special meetings of the city council may be held in an alternate location provided such location is within the boundaries of the city of Hughson."

Fiscal Impact:

There is no significant fiscal impact associated with this item. If special meetings are held offsite, there may be related incidental costs such as rental fees, meeting preparation and additional setup and travel time.

**CITY OF HUGHSON
CITY COUNCIL
ORDINANCE NO. 2014 - 01**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
HUGHSON AMENDING MUNICIPAL CODE CHAPTER 2.04- MEETING LOCATION**

WHEREAS, the City Council of the City of Hughson previously added Chapter 2.04 to the Hughson Municipal Code, pertaining to City Council meeting time and location; and

WHEREAS, the City of Hughson desires to amend its municipal code to provide for the flexibility to hold special meetings of the City Council within the boundaries of the City of Hughson.

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

Section 1. Chapter 2.04 is amended in part to read as follows:

“2.04.020 Meeting – Location

Regular meetings of the city council shall be held in the council meeting room of the city office building located at 7018 Pine Street in the city of Hughson, Stanislaus County, California. Special meetings of the city council may be held in an alternate location provided such location is within the boundaries of the city of Hughson.”

Section 2. This ordinance is not intended to and shall not be construed or given effect in a manner that imposes upon the city or any officer or employee thereof a mandatory duty of care toward persons and property within or without the city so as to provide a basis of civil liability for damages, except as otherwise imposed by law.

Section 3. If any provision of this ordinance or application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable. The city council hereby declares that it would have adopted this ordinance irrespective of the validity of any particular portion thereof.

Section 4. This ordinance shall become effective thirty (30) days after its final passage.

Section 5. Within fifteen (15) days after its final passage, the City Clerk shall cause this ordinance to be posted in full accordance with Section 36933 of the Government Code.

The foregoing ordinance was introduced and the title thereof read at the regular meeting of the City Council of the City of Hughson held on, March 10, 2014, and by a unanimous vote of the council members present, further reading was waived.

On motion of councilperson _____, seconded by councilperson _____, the foregoing ordinance was duly passed by the City Council of the Hughson City Council at a regular meeting thereof held on _____, 2014, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

MATT BEEKMAN, Mayor

ATTEST:

DOMINIQUE SPINALE, City Clerk



CITY OF HUGHSON AGENDA ITEM NO. 5.2

SECTION 5: PUBLIC HEARING

Meeting Date: March 10, 2014
Subject: Approval to Introduce and Waive the First Reading of the Ordinance Amending Hughson Municipal Code Title Chapter 3.28 – Informal Bidding
Presented By: Raul L. Mendez, City Manager
Approved By: _____

Staff Recommendation:

Introduce and waive the first reading of Ordinance No. 2014 - 02 amending Chapter 3.28 of the Hughson Municipal Code – Informal Bidding.

Background and Overview:

The City of Hughson has adopted the California Uniform Public Construction Cost Accounting Act which allows the City to utilize informal bidding procedures when contracting for certain types of work.

Under the Act, a “Public project” means:

- Construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility; or
- Painting or repainting of any publicly owned, leased, or operated facility; or
- In the case of a publicly owned utility system, shall include only the construction, erection, improvement or repair of dams, reservoirs, power plants, and electrical transmission lines of 230,000 volts and higher.

“Public project” does not include maintenance work which for purposes of this section includes all of the following:

- Routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes; or
- Minor repainting; or
- Resurfacing of streets and highways at less than one inch; or

- Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems.

The dollar amounts for certain types of projects triggering the thresholds for informal bidding procedures have been updated by the State of California. It is appropriate for the City of Hughson to amend its ordinance to account for these changes for consistency purposes.

The following table summarizes the substantial changes in the informal bidding thresholds:

When Bids Are Required	Current Hughson Municipal Code	Proposed Revision to Hughson Municipal Code
No Bids Required	Projects of \$30,000 or less may be performed by: the employees of the public agency; by force account; negotiated contract; or purchase order.	Projects of \$45,000 or less may be performed by: the employees of the public agency; by force account; negotiated contract; or purchase order.
Informal Bids	Contracts for work valued at \$125,000 or less may be awarded through the Act's informal bidding procedures	Contracts for work valued at \$175,000 or less may be awarded through the Act's informal bidding procedures
Formal Bids	Contracts for work valued at more than \$125,000 must be awarded through the Act's formal bidding procedures. These procedures are similar to the procedures most agencies already use.	Contracts for work valued at more than \$175,000 must be awarded through the Act's formal bidding procedures. These procedures are similar to the procedures most agencies already use.

Fiscal Impact:

There is no fiscal impact associated with this ordinance amendment. City projects following the informal bidding procedures per the Act are historically programmed in the annual budget process or brought to the Council individually for formal consideration.

**CITY OF HUGHSON
CITY COUNCIL
ORDINANCE NO. 2014 - 02**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
HUGHSON AMENDING MUNICIPAL CODE CHAPTER 3.28- INFORMAL BIDDING**

WHEREAS, the City Council of the City of Hughson previously added Chapter 3.28 to the Hughson Municipal Code, adopting an informal bidding procedure pursuant to California Public Contract Code (“PCC”) Sections 22000 and following; and

WHEREAS, the dollar limits specified in PCC Section 22032 have increased, pursuant to notice from the California State Controller, in accordance with authority granted to him pursuant to PCC 22020;

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

Section 1. Section 3.28.010 of the Hughson Municipal Code is amended to read in full as follows:

3.28.010 APPLICATION

Contracts for Work of \$175,000.00 or less shall be governed by the Uniform Public Construction Cost Accounting Act, Division 2, Part 3, Chapter 2, of the Public Contract Code, Section 22000 et seq. and this chapter of the Hughson Municipal Code.

Section 2. Section 3.28.020 of the Hughson Municipal Code is amended to read in full as follows:

3.28.020 DEFINITIONS

For purposes of this chapter, and in accordance with the Uniform Public Construction Cost Accounting Act (“Act”) (Public Contract Code Section 22000, et seq.), the terms are defined as follows:

- A. “Public project” means any of the following:
1. Construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving any publicly owned, leased, or operated facility.
 2. Painting or repainting of any publicly owned, leased, or operated facility.
 3. In the case of a publicly owned utility system, “public project” shall include only the construction, erection, improvement, or repair of

dams, reservoirs, powerplants, and electrical transmission lines of 230,000 volts and higher.

B. "Public project" does not include maintenance work. For purposes of this section, "maintenance work" includes all of the following:

1. Routine, recurring, and usual work for the preservation or protection of any publicly owned or publicly operated facility for its intended purposes.
2. Minor repainting.
3. Resurfacing of streets and highways at less than one inch.
4. Landscape maintenance, including mowing, watering, trimming, pruning, planting, replacement of plants, and servicing of irrigation and sprinkler systems.
5. Work performed to keep, operate, and maintain publicly owned water, power, or waste disposal systems, including, but not limited to, dams, reservoirs, powerplants, and electrical transmission lines of 230,000 volts and higher.

C. "Work" means either a public project or maintenance work as defined above.

D. "Facility" means any plant, building, structure, ground facility, utility system, real property, streets and highways, or other public work improvement.

Section 3. Sections 3.28.030 of the Hughson Municipal Code is amended to read in full as follows:

3.28.030 WORK OF \$45,000 OR LESS

Pursuant to Public Contract Code Sections 22003 and 22032, when contracting for "maintenance work" as defined herein, or when contracting for any other work which does not fall within the definition of "Public project" of forty-five thousand dollars (\$45,000) or less may be performed by the employees of the City by force account, by negotiated contract, or by purchase order.

Section 3. Section 3.28.040 of the Hughson Municipal Code is amended to read in full as follows:

3.28.040 INFORMAL BIDDING PROCEDURES

Any Work, as defined herein, of one hundred seventy-five thousand dollars (\$175,000.00) or less may be contracted for by the informal bidding procedures set forth in this part.

Section 4. Section 3.28.090 of the Hughson Municipal Code is amended to read in full as follows:

3.28.090 BIDS RECEIVED IN EXCESS OF \$175,000.00

If all bids received are in excess of \$175,000.00, the City Council may, by passage of a resolution by a four-fifths vote, award the contract for \$187,500.00, or less, to the lowest responsible bidder, if the City Council determines that the cost estimate was reasonable.

Section 5. Section 3.28.100 of the Hughson Municipal Code is amended to read in full as follows:

3.28.100 AWARD OF CONTRACTS

Except as specified under Section 3.28.090, dealing with bids in excess of \$175,000.00, the City's Director of Public Works is authorized to award or enter into contracts pursuant to the provisions of this part. If informal bidding has been solicited, the City's Director of Public Works shall award the contract to the lowest responsible bidder. If two or more bids are the same and the lowest, the City's Director of Public Works may accept the one he or she chooses.

Section 6. This ordinance is not intended to and shall not be construed or given effect in a manner that imposes upon the city or any officer or employee thereof a mandatory duty of care toward persons and property within or without the city so as to provide a basis of civil liability for damages, except as otherwise imposed by law.

Section 7. If any provision of this ordinance or application thereof to any person or circumstances is held invalid, such invalidity shall not effect other provisions or applications of the ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this ordinance are severable. The city council hereby declares that it would have adopted this ordinance irrespective of the validity of any particular portion thereof.

Section 8. This ordinance shall become effective thirty (30) days after its final passage.

Section 9. Within fifteen (15) days after its final passage, the City Clerk shall cause this ordinance to be posted in full accordance with Section 36933 of the Government Code.

The foregoing ordinance was introduced and the title thereof read at the regular meeting of the City Council of the City of Hughson held on, _____, 2014, and by a unanimous vote of the council members present, further reading was waived.

On motion of councilperson _____, seconded by councilperson _____, the foregoing ordinance was duly passed by the City Council of the Hughson City Council at a regular meeting thereof held on _____, 2014, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

MATT BEEKMAN, Mayor

ATTEST:

DOMINIQUE SPINALE, City Clerk



CITY OF HUGHSON AGENDA ITEM NO. 5.3

SECTION 5: PUBLIC HEARING

Meeting Date: March 10, 2014
Subject: Approval to Introduce and Waive the First Reading of the Ordinance Amending Hughson Municipal Code Title Chapter 9.36 – Massage Establishments
Presented By: Raul L. Mendez, City Manager
Approved By: _____

Staff Recommendation:

Introduce and waive the first reading of Ordinance No. 2014 -03 amending Chapter 9.36 of the Hughson Municipal Code – Massage Establishments.

Background and Overview:

In 2008, the California legislature enacted Business and Professions Code Sections 4600 *et seq.* which provides for the certification of massage practitioners. Prior to the enactment of these provisions of the Business and Professions Code, state law required the city council to enact ordinances providing for the licensing and regulation of the business of massage when carried on within the city.

State laws now provides for the certification of massage practitioners and massage therapists by the California Massage Therapy Council, a nonprofit organization, and imposes certain duties on the organization. All applicants for massage therapist/practitioner must be at least 18 years of age or older and must undergo criminal background checks through the State. State law sets forth disciplinary actions against certificate holders and calls for the suspension or revocation of a certificate if the certificate holder is arrested for and charged with certain crimes. State law also makes it an unfair business practice for a person to state, advertise or represent that he or she is certified or licensed by a governmental agency as a massage therapist or practitioner, or to make false representations. State law also prohibits cities and counties from enacting certain ordinances regulating the practice of massage by a certified holder.

The City of Hughson desires to update its municipal code to reflect the changes to state law pertaining to the licensing and oversight of massage professionals and establishments.

Fiscal Impact:

There is no significant fiscal impact associated with this item outside of the nominal cost of printing information regarding the change to share with local establishments as needed.

**CITY OF HUGHSON
CITY COUNCIL
ORDINANCE NO. 2014 -03**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
HUGHSON AMENDING MUNICIPAL CODE CHAPTER 9.36- MASSAGE
ESTABLISHMENTS**

WHEREAS, the City Council of the City of Hughson previously added Chapter 9.36 to the Hughson Municipal Code, pertaining to massage establishments and schools of massage; and

WHEREAS, the California legislature has adopted legislation pertaining to massage establishments, codified in Business and Professions Code Section 4600 et seq, and such statutory provisions supersede local ordinances; and

WHEREAS, the City of Hughson desires to amend its municipal code to provide for the orderly regulation of massage establishments and massage technicians in accordance with state law.

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

Section 1. Chapter 9.36 is amended in full to read as follows:

9.36.010 Purpose and intent.

It is the purpose and intent of this chapter to provide for the orderly regulation of massage establishments and massage technicians, as defined in this chapter, in the interests of the public health, safety, and welfare by providing certain minimum building, sanitation and health standards for massage establishments, and by providing certain minimum qualifications for the operators of massage establishments and for massage technicians and massage technician trainees.

9.36.020 Definitions.

Unless the particular provision or the context otherwise requires, the definitions and provisions contained in this section shall govern the construction, meaning, and application of the words and phrases used in this chapter.

“California Massage Therapy Council (CAMTC)” means the nonprofit organization created to regulate the massage industry pursuant to Chapter 10.5 of Division 2 of the California Business and Professions Code, commencing with Section 4600.

“CAMTC Certificate” means a massage practitioner certificate issued by the CAMTC pursuant to Business and Professions Code Section 4601(b), or later enacted

amendment, or a massage therapist certificate issued by the CAMTC pursuant to Business and Professions Code Section 4601(c).

“Certified massage practitioner” or “practitioner” means any person to whom the CAMTC has issued a certificate pursuant to Business and Professions Code section 4601(b) and who provides massage services for compensation.

“Certified massage therapist” or “therapist” means any person to whom the CAMTC has issued a certificate pursuant to Business and Professions Code section 4601(c), and who provides massage services for compensation.

“Chief of police” means the chief of police of the city of Hughson.

“City manager” means the city manager of the city of Hughson or his or her designated representative.

“Massage” includes methods that are undertaken to promote wellness, relaxation, stress reduction, pain relief and postural improvement, or provide general or specific therapeutic benefits, including, but not limited to massaging, stroking, friction, kneading, rolling, vibrating, cupping, petrissage, rubbing, effleurage, tapotement and any other non-incident touching, with the hands or other parts of the body, with or without the aid of any mechanical or electrical device or appliance, and with or without supplementary aids such as rubbing alcohol, liniments, antiseptics, oils, powder, creams, lotions, ointments, or other similar preparations commonly used in this practice. Massage services include, but are not limited to, hydrotherapy, and therapeutic application of wraps, oils, alcohol rubs, skin brushing, salt glows and similar applications of products to the skin.

“Massage establishment” means any business where any person engages in, conducts, carries on, or permits to be engaged in or conducted, for money or any other consideration, massage services or health treatments involving massage including, but not limited to, those businesses that provide massage services accessory to their principal permitted use, such as aromatherapy, beauty salon, health club, beach club, skin care salon, and day spa.

“Massage therapy act” means those provisions in Chapter 10.5 of Division 2 of the California Business and Professions Code commencing with section 4600.

“Operator” means any person who supervises, manages, directs, organizes, controls or in any other way is responsible for or in charge of the overall operation, conduct or activities of a massage business or establishment.

“Owner” means any of the following:

- A. The sole proprietor of a massage business or establishment. As used in this chapter, the term “sole proprietor” shall mean a massage business or

establishment where the owner is the only person employed by that business or establishment to provide massage therapy;

- B. Any general partner of a partnership that owns and operates a massage business or establishment; or
- C. An person who has an ownership interest in a corporation that owns and operates a massage business or establishment.

9.36.030 Permit Required.

It is unlawful for any person to perform or engage in the practice of massage for compensation within the city without possessing a valid CAMTC certificate obtained and maintained in compliance with the massage therapy act. All persons certified by the CAMTC shall have the right to perform or engage in the practice of massage consistent with the massage therapy act, the qualifications established by his or her certification, and the provisions of this chapter.

9.36.040 Deadline for compliance.

- A. Any person holding a valid permit or license issued by the city to perform or engage in the practice of massage for compensation within the city may continue to provide such massage services under that permit or license until that permit or license expires, but shall otherwise comply with the requirements of this chapter upon this chapter's effective date. Upon expiration of the permit or license issued by the city, any person who desires to continue to provide massage services for compensation within the city shall first obtain a CAMTC certificate;
- B. Any massage business or establishment legally in business prior to the effective date of this chapter may continue to operate as a massage establishment until its permit or license expires provided that all of the massage establishment's employees, agents, independent contractors, or other persons providing massage services, possess either a valid city-issued permit or license to practice massage or a valid CAMTC certificate. Upon expiration of the massage establishment's permit or license to operate, any massage business or establishment that desires to continue to operate as such shall comply with the requirements of this chapter; and
- C. All massage establishments, including its owners, operators, and employees, and all persons engaged in the practice of massage for compensation within the city, shall comply with all health and safety requirements set forth in this chapter once this chapter becomes effective.

9.36.050 City business license required.

- A. It shall be unlawful for any message establishment to operate, or any independently employed certified massage practitioner or therapist to perform or engage in the practice of massage for compensation within the city, without first obtaining a city business license;

- B. In applying for a city business license, a massage establishment owner shall fill out an application and shall file along with the completed application a copy of the current and valid CAMTC certificate possessed by every person who will be performing or engaging in the practice of massage at the massage establishment. In addition, massage establishment owners who do not possess a CAMTC certificate, and who own five percent or more of the massage establishment, are subject to a background check pursuant to Section 9.36.080, prior to the issuance of a city business license. Massage establishment operators who do not possess a CAMTC certificate shall also be subject to a background check pursuant to Section 9.36.080;
- C. In applying for a city business license, a certified massage practitioner or therapist who will be independently employed shall fill out an application and shall file along with the completed application a copy of his or her current and valid CAMTC certificate;
- D. Prior to the issuance of a city business license to any massage establishment or any independently employed certified massage practitioner or certified massage therapist, the police department shall make a reasonable investigation into the information provided in the application, and shall contact the CAMTC to verify the status of the CAMTC certificate(s) filed by the business license applicant;
- E. No city business license shall be issued to a massage establishment that will employ or contract with one or more persons to perform or engage in the practice of massage without that person or persons possessing a current and valid CAMTC certificate;
- F. No city business license shall be issued to a person who wishes to perform or engage in the practice of massage for compensation within the city and who does not possess a current and valid CAMTC certificate;
- G. The city may deny a business license to any applicant who has provided materially false information in applying for a business license; and
- H. The chief of police may order that a business license required by this chapter be revoked pursuant to the procedures set forth in Section 9.36.200.

9.38.060 Exchange of information.

The chief of police may request information from the CAMTC pertaining to any individual who possesses a CAMTC certificate and who is engaging in the practice of massage in the city. The requested information may include, but need not be limited to, the current status of the individual's CAMTC certificate, any history of disciplinary action(s) taken against the individual, the home and work addresses of the CAMTC certificate holder, and any other information that may be necessary to verify facts relevant to administering the provisions of this chapter.

9.38.070 Regulation of massage establishment.

- A. It shall be unlawful for any massage establishment or its owner(s) or operator(s) to hire or employ any person for the purpose of performing or engaging in the

practice of massage without requiring that person to possess a valid CAMTC certificate; and

- B. It shall be unlawful for any massage establishment or its owner(s) or operator(s) to allow an independent contractor to perform or engage in the practice of massage at the massage establishment if that independent contractor does not possess a valid CAMTC certificate.

9.38.080 Massage establishment owners and operators.

- A. Massage establishment owners who do not possess a current and valid CAMTC certificate, and who own five percent or more of the massage establishment, are subject to a background check prior to the city's issuance of a business license. If a massage establishment has multiple owners with a five percent or greater ownership interest in the business, each of those owners shall be subject to a background check and each owner shall be considered an "applicant" for purposes of applying for a business license;
- B. Massage establishment operators who do not possess a current and valid CAMTC certificate are subject to a background check;
- C. Massage establishment owners and operators who are subject to a background check shall complete an application that requests information regarding topics including, but not limited to, the applicant's business, occupation, employment history for the five years preceding the date of the application, and the name and address of any massage business or like establishment owned or operated by the applicant;
- D. All massage establishment owners and operators who are subject to this section shall personally appear at the police department to be fingerprinted. The police department shall conduct, or shall cause to be conducted on its behalf, a background investigation of the applicant;
- E. At the time of fingerprinting, the applicant shall pay to the police department a fingerprinting fee, and the cost of obtaining criminal history information and conducting a background investigation. Fees are set forth in the city's fee schedule in amounts established by resolution of the city council;
- F. With respect to massage establishment owners who are subject to a background check, the chief of police shall determine, based on the background investigation and the information submitted with the application, whether a business license to operate a massage establishment in the city shall be issued. If the chief of police determines that the applicant is not qualified to operate a massage establishment, the chief of police shall inform the applicant in writing and specify the reasons for the denial. The city may deny a business license to a massage establishment owner for the following reasons:
 - 1. The applicant has provided materially false information in applying for a business license.
 - 2. Within five years immediately preceding the date of the filing of the application, the applicant has been convicted of, or pled guilty to, any of the following offenses: violation of Penal Code sections 243.4, 261, 266a

through 266j, inclusive, 267, 288, 314 to 316 inclusive, 318, 647(a), 647(b), 647(d), 647(i), or 647(j); any offense requiring registration under Penal Code section 290 or Health and Safety Code section 11590; any felony offense involving the possession, possession for sale, sale, transportation, furnishing, or giving away of a controlled substance specified in Health and Safety Code sections 11054 to 11058, inclusive, as amended; any offense in another state which, if committed in California, would have been punishable as one or more of the offenses mentioned here; any offense involving the use of force or violence upon the person of another; or any offense involving theft, embezzlement, or moral turpitude.

3. The applicant has had a massage technician, massage establishment, or similar permit or license suspended within one-year or revoked within three years immediately preceding the date of the filing of the application, unless the applicant can show a material change in circumstances or that mitigating circumstances exist since the revocation or suspension.
- G. Any person aggrieved by the decision of the chief of police may appeal that decision to the city manager or designee by filing a notice of appeal within ten days of being notified of the decision. The notice of appeal shall explain the reason(s) for the appeal. As soon as practicable after receiving the notice, the city manager's office shall set a date for the city manager to hear the appeal. The city manager shall render his or her decision within thirty (30) days of the conclusion of the hearing, unless the parties agree otherwise. The city manager shall notify the appellant in writing of the decision within ten (10) days of that decision being made. The city manager's decision shall be final; and
- H. The massage establishment owner shall be responsible for notifying the city when it hires a new operator for the massage establishment. Such notification shall be in writing and provided to the city within five business days of the commencement of the new operator's employment. If the new operator is subject to a background check pursuant to this section, he or she shall have thirty days from date of hire to submit the application required by this section, to personally appear at the police department for fingerprinting, and to pay all applicable fees.

9.38.090 Responsibilities of massage establishment.

- A. For the purpose of enforcing the requirements of this chapter and of the massage therapy act, the owner(s) and operator(s) of a massage establishment within the city shall be responsible for the conduct of all employees and independent contractors working at the massage establishment while those persons are on the premises of the massage establishment or providing massage services;
- B. If the owner(s) or operator(s) of a massage establishment violates any provision of the city's municipal code, including but not limited to the provisions of this chapter, or of any state or federal law, including but not limited to the massage

therapy act, the massage establishment's license to conduct business within the city may be revoked pursuant to the procedures set forth in Section 9.38.200. In addition, the city shall report all violations to the CAMTC; and

- C. If any employee or independent contractor working at a massage establishment violates any provision of the city's municipal code, including but not limited to the provisions of this chapter, or of any state or federal law, including but not limited to the massage therapy act, the massage establishment's license to conduct business within the city may be revoked pursuant to the procedures set forth in Section 9.38.200. In addition, the city shall report all violations to the CAMTC.

9.38.100 Responsibilities of practitioners and therapists.

- A. If an independently employed certified massage practitioner or certified massage therapist violates any provision of the city's municipal code, including but not limited to the provisions of this chapter, or of any state or federal law, including but not limited to the massage therapy act, his or her license to conduct business within the city may be revoked pursuant to the procedures set forth in Section 9.38.200. In addition, the city shall report all violations to the CAMTC; and
- B. No certified massage practitioner or certified massage therapist shall engage in the practice of massage for compensation within the city under any name other than the name reflected on his or her CAMTC certificate.

9.38.110 Changes regarding massage establishment.

The owner or operator of a massage establishment must notify the city's finance department of any intention to rename, change management, or convey the massage establishment to another person.

9.38.120 Inspection of massage establishment.

- A. The city has the right to conduct reasonable inspections of any massage establishment during regular business hours to ensure compliance with the massage therapy act, this chapter, and other applicable fire and health and safety requirements;
- B. It is a violation of this chapter for a massage establishment owner, operator, employee, or representative to prohibit or interfere with any lawful inspection of the premises; and
- C. Nothing in this chapter shall prohibit the city from pursuing any and all available legal remedies to secure entry into and inspection of the premises if such entry is refused.

9.38.130 Proof of certification.

- A. Every massage establishment shall maintain on its premises evidence for review by city authorities that demonstrates that all persons providing massage services

at the business establishment, whether such persons are employees or independent contractors, are certified by the CAMTC; and

- B. Every certified massage practitioner and certified massage therapist shall display his or her CAMTC certificate at his or her place of business.

9.38.140 Massage establishment facility requirements.

All massage establishments within the city must comply with the following facility requirements:

- A. Every massage establishment shall comply with all applicable city code and state law requirements and standards, including, but not limited to, those related to health, zoning, fire, and safety;
- B. All exterior doors shall remain unlocked from the interior during business hours;
- C. No room in a massage establishment shall be equipped with tinted or “one-way” glass;
- D. Minimum lighting shall be provided in accordance with Article 220 of the National Electrical Code, and in addition, at least one artificial light of not less than forty watts shall be provided in each room where massage services are performed; and
- E. All massage establishments must comply with all state and federal laws and regulations pertaining to disabled clients.

9.38.150 Massage establishment health and safety requirements.

All massage establishment owners, operators, and employees, and all practitioners and therapists working within the city, must comply with all of the following health and safety requirements:

- A. All persons shall be fully clothed at all times in clean and professional attire;
- B. Each practitioner and therapist shall display his or her original CAMTC certificate in an open and conspicuous place in his or her place of business;
- C. Each practitioner and therapist shall have his or her CAMTC-issued identification card in his or her possession while providing massage services;
- D. It shall be unlawful for any individual to enter, or remain in, any part of a massage establishment while intoxicated or under the influence of any controlled substance. The owner or operator shall be responsible to ensure that no such person shall enter or remain in the massage establishment. Service of alcoholic beverages in a massage establishment shall be permitted only if the establishment is licensed to serve such alcohol. Alcohol consumption shall not be permitted in any room where massage services are being performed;
- E. It shall be unlawful for any certified massage practitioner or certified massage therapist to administer massage services while in the possession of, consuming, using or under the influence of, any alcoholic beverage or controlled substance;

- F. It shall be unlawful for an individual to employ any electrical, mechanical or artificial device in the massage establishment for audio and/or video recording or for monitoring the performance of massage services, or conversation or other sounds in rooms without the knowledge and consent of the affected client(s);
- G. No client of the massage establishment shall receive, and no certified massage practitioner or certified massage therapist shall administer, massage services unless the client is properly draped and covered;
- H. The client's genitals, pubic area, anus, and female breast must be fully draped by an opaque material at all times while an employee of the massage establishment is in the room with the client. No massage shall be provided to a client for sexual gratification by intentional contact, or occasional and repetitive contact, with the client's genitals, pubic area, anus, or female breasts; and
- I. No individual shall give, or assist in the giving, of any massage service to any person under the age of eighteen years, unless the parent or guardian of such minor has consented to such massage service in writing.

9.38.160 Advertising.

- A. All independently employed certified massage practitioners and certified massage therapists shall include in any advertising for massage services the name under which he or she is certified and his or her CAMTC certificate number;
- B. It shall be unlawful for any massage establishment or business or any independently employed certified massage practitioner or certified massage therapist to place, publish or distribute, or cause to be placed, published or distributed, any advertising matter that would reasonably suggest to prospective clients that any massage service of any type or any other service or activity is offered or available for purposes intended to arouse, appeal to, or gratify a prurient interest, lust, sexual, or passionate desire;
- C. It shall be unlawful for any massage establishment or business or any independently employed certified massage practitioner or certified massage therapist to advertise through any media that is classified for "adults only" or other similar classification; and
- D. It shall be unlawful for any person who does not possess a valid and current CAMTC certificate to do any of the following within the city;
 - 1. Advertise or represent to the public in any manner that he or she is certified, registered, or licensed by a governmental agency as a massage practitioner or massage therapist; or
 - 2. Hold himself or herself out as, or use the title of, "certified massage practitioner" or "certified massage therapist" or any other term such as "licensed" or "registered" that implies or suggests that he or she possesses a current and valid CAMTC certificate.

9.38.170 Exceptions.

The provisions of this chapter shall not apply, except as noted, to the following classes of individuals or businesses while engaged in the performance of their duties provided sufficient documentation verifying exempt status is furnished to the police department:

- A. Employees of state-licensed hospitals, nursing homes, and other state-permitted health care facilities while working in those facilities;
- B. Individuals holding a valid permit to practice the healing arts under the laws of the State of California, including but not limited to holders of medical degrees such as physicians, surgeons or chiropractors, osteopaths, naturopaths, podiatrists, acupuncturists, physical therapists, registered nurses and licensed vocational nurses;
- C. Barbers and cosmetologists who are licensed under the laws of the State of California while providing massage therapy within the scope of such licenses, provided that the massage therapy is limited to the neck, face, scalp, feet, and lower limbs up to the knees, hands and arms of clients; and
- D. Recognized schools of massage and their students in training provided the students administer massage therapy only under the direct personal supervision of an instructor.

9.38.180 Applicability of other ordinances.

Nothing contained in this chapter shall be construed to exempt any person from complying with the provisions of any other applicable ordinance, rule, or regulation, or to exempt a massage establishment or independently employed certified massage practitioner or certified massage therapist from the provisions of any zoning, licensing, taxing, or other building ordinance, rule, or regulation.

9.38.190 Public nuisance.

Any massage establishment operated, conducted or maintained contrary to the provisions of this chapter is unlawful and a public nuisance, and the city attorney may, in addition to or in lieu of prosecuting a criminal action, commence an action or proceeding for the abatement, removal or enjoinder thereof, in the manner provided by law, and shall take such other steps and shall apply to such court(s) as may have jurisdiction to grant such relief as will abate or remove such businesses and restrain and enjoin any person from operating, conducting or maintaining a massage establishment contrary to the provisions of this chapter.

9.38.200 Business license revocation.

- A. The city manager may revoke approvals issued under this chapter for one or more of the following reasons:

1. The applicant practiced fraud or deceit in obtaining an approval under this chapter.
 2. The massage establishment owner, operator, employee, or any person performing or engaging in the practice of massage, violated a provision or provisions of this chapter or of the massage therapy act.
 3. The facilities and operations of the massage establishment are not maintained in compliance with the provisions of this chapter, and the owner or operator has failed to promptly remedy any deficiency for which they have received notice. For purposes of this provision, "notice" means notice given personally to an owner or operator of the massage establishment; notice delivered to the massage establishment premises; or notice mailed to an address provided in the business license application.
 4. The massage establishment has employed, allowed, or permitted a person who was not certified by the CAMTC to perform massage services at the massage establishment.
 5. An independently employed certified massage practitioner or therapist is no longer in possession of a current and valid CAMTC certificate.
 6. The approval was issued in error.
- B. The chief of police shall cause a notice of revocation to be mailed by first class, postage prepaid, to the address provided in the business license application.
- C. A person who received notice of business license revocation may request a public hearing on the issue by submitting a written request for such hearing to the city clerk within ten days of receipt of the notice. As soon as practicable after receiving the hearing request, the city manager's office shall set a date for the hearing. At such hearing, all persons interested shall be given an opportunity to be heard. The public hearing shall take place before the city manager or his or her designated representative, who shall hear all facts and testimony he or she deems pertinent. The city manager shall not be limited by the technical rules of evidence.
- D. Following the revocation hearing, the city manager or his or her designated representative may find that the facts do or do not support a revocation of a business license and may order that a business license be revoked if the facts justify such determination. The city manager shall render his or her decision within fifteen days of the conclusion of the hearing, unless the parties agree otherwise. The city manager shall notify the licensee in writing of the decision. The decision of the city manager or designee shall be final.

Section 2. This ordinance is not intended to and shall not be construed or given effect in a manner that imposes upon the city or any officer or employee thereof a mandatory duty of care toward persons and property within or without the city so as to provide a basis of civil liability for damages, except as otherwise imposed by law.

Section 3. If any provision of this ordinance or application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given effect without the invalid provision

or application, and to this end the provisions of this ordinance are severable. The city council hereby declares that it would have adopted this ordinance irrespective of the validity of any particular portion thereof.

Section 4. This ordinance shall become effective thirty (30) days after its final passage.

Section 5. Within fifteen (15) days after its final passage, the City Clerk shall cause this ordinance to be posted in full accordance with Section 36933 of the Government Code.

The foregoing ordinance was introduced and the title thereof read at the regular meeting of the City Council of the City of Hughson held on, _____, 2014, and by a unanimous vote of the council members present, further reading was waived.

On motion of councilperson _____, seconded by councilperson _____, the foregoing ordinance was duly passed by the City Council of the Hughson City Council at a regular meeting thereof held on _____, 2014, by the following vote:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

MATT BEEKMAN, Mayor

ATTEST:

DOMINIQUE SPINALE, City Clerk