CITY OF HUGHSON
BUDGET & FINANCE SUBCOMMITTEE

AGENDA
THURSDAY, DECEMBER 4, 2014
@ 4:30 P.M.

COUNCIL CHAMBERS
7018 PINE STREET, HUGHSON, CA. 95326
CITY HALL

CALL TO ORDER:

Matt Beekman, Mayor
Jill Silva, Councilmember

Staff Present: Raul Mendez, City Manager
Dominique Spinale, Assistant to the City Manager
Jaylen French, Community Development Director
Margaret Souza, Finance Director
Lisa Whiteside, Finance Manager

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.

RULES FOR ADDRESSING THE SUBCOMMITTEE

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.**

Topic of Discussion:

1) Review the City of Hughson's Audit, ending June 30, 2014.

2) City of Hughson's Investment Portfolio.

ADJOURNMENT:

CERTIFICATION

I, Dominique Spinale, Assistant to the City Manager/City Clerk, or his/her designee, do hereby declare under penalty of perjury that the foregoing Agenda was posted on the outdoor bulletin board at the Hughson City Hall, 7018 Pine Street, Hughson CA and made available for public review, prior to or on this 3rd day of December, 2014, at or before 4:30 p.m.

_____
Dominique Spinale, City Clerk

CITY OF HUGHSON

Annual Financial Report

Fiscal Year Ended June 30, 2014

CITY OF HUGHSON
ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2014

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INTRODUCTORY SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial 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, 2014, 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, 2014, 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.

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Emphasis of Matters

As discussed in Note 1 to the basic financial statements effective July 1, 2013, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *"Items Previously Reported as Assets and Liabilities."*, Statement No. 66, *"Technical Correction – 2012."*, Statement No. 67, *"Financial Reporting for Pension Plans."*, and Statement No. 70, *"Accounting and Financial Reporting for Non-exchange Financial Guarantees."*. 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 November 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
November 21, 2014

The City of Hughson (the City) is well on its way to recover from the economic slump which began in 2007. That drop in the housing market had a global effect, but is now on the upturn in Hughson. The assessed property value has increased for the past two years. It rose 10.78% last year and continued to increase another 20.44% this year. The accumulated increase (32.73%) has now surpassed the accumulated decrease over the prior four years (31.16%). Due to the administration of Proposition 13, this does not equate to exact increase in property tax revenue. Nevertheless, property tax, which is a major source of General Fund, is increasing. The City's fiscal highlights are presented below:

FINANCIAL HIGHLIGHTS

Financial highlights of fiscal year ended June 30, 2014 include the following:

Government-wide:

- The City's total net position was $69,225,099 as of June 30, 2014. Of this total, $31,666,966 was governmental net position and $37,558,133 was business-type net position.
- Government-wide revenues include program revenues of $7,476,377 and general revenues and transfers of $1,410,105, for a total of $8,886,482.
- Government-wide expenses were $7,193,697.
- Business-type program revenues and interest were $4,784,170 while business-type expenses and transfers were $3,917,176.

Fund Level:

- Governmental fund balances *increased* $807,325 in fiscal year 2014.
- Governmental fund revenues *decreased* $135,075 in fiscal year 2014.
- Governmental fund expenditures *decreased* $557,598 in fiscal year 2014.

General Fund:

- General Fund revenues of $2,137,920 were $124,046 *higher* than the prior year.
- General Fund expenditures of $1,971,327 represented an *increase* of $88,804 over the prior year.
- General Fund fund balance of $1,691,145 as of June 30, 2014, *increased* by $255,109 from 2013 fiscal year's fund balance of $1,436,036.

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.

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.

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 2014	Governmental Activities 2013
Assets		
Cash and investments	$ 4,895,578	$ 3,994,234
Other assets	2,160,746	2,136,504
Capital assets, net	25,324,808	25,331,067
Total Assets	32,381,132	31,461,805
Liabilities		
Long term liabilities	165,241	189,618
Other liabilities	548,925	468,931
Total Liabilities	714,166	658,549
Net Position		
Net investment in capital assets	25,337,067	25,141,449
Restricted	4,249,190	4,034,252
Unrestricted	2,080,709	1,627,555
Total Net Position	$ 31,666,966	$ 30,803,256

The City's governmental net position amounted to $31,666,966 as of June 30, 2014, an *increase* of $825,791 over 2013 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, 2014 comprised the following:

Cash and investments comprised **$4,895,578.** 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 **$267,621** of current receivables and loans receivable of **$1,654,851** that is due over longer periods of time as explained the Notes.

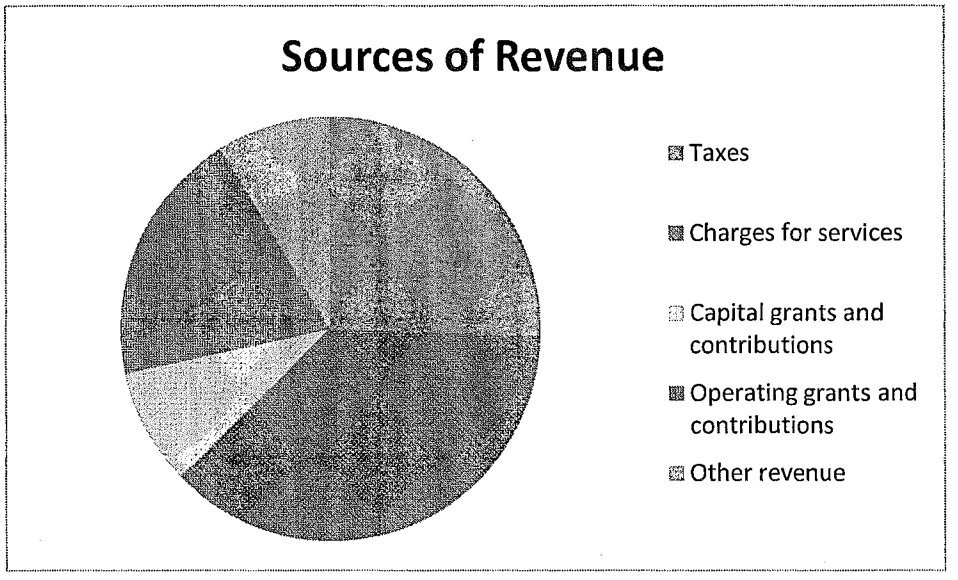
Capital assets of **$25,324,808** net of depreciation charges, which included all the City's capital assets used in governmental activities.

Current liabilities, including accounts payable, claims and other amounts due currently, totaled **$548,925**.

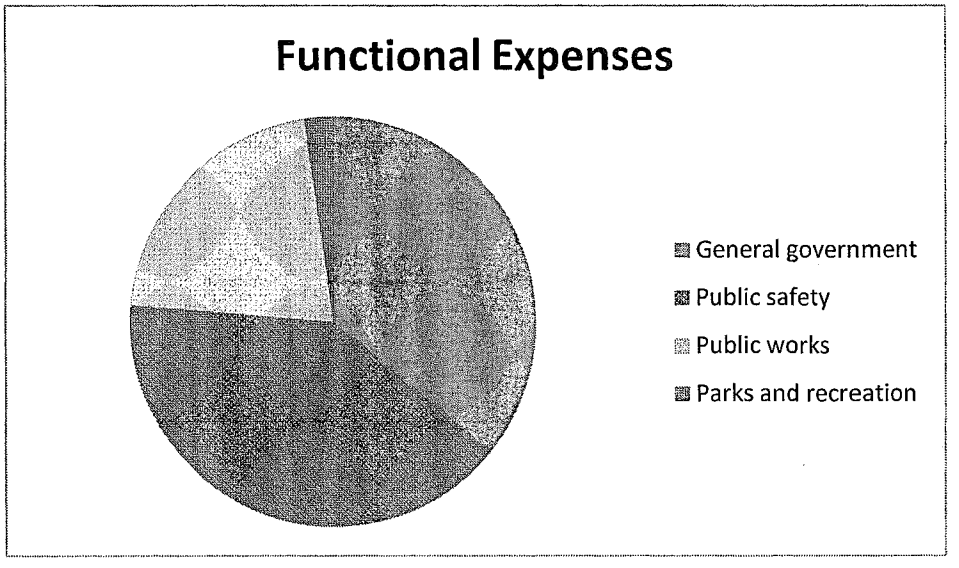
Long-term liabilities of **$165,241** of which **$127,133** is due in future years and **$38,108** is due within the next year. All of the debt is related to the City's PERS side fund liability.

Net investment in capital assets of **$25,337,067**, 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 **$2,080,709** as of June 30, 2014.



As the Sources of Revenue chart above shows, $1,038,790, or 26% of the City's fiscal year 2014 governmental activities revenue came from taxes, while $1,526,802, or 37% came from charges for services, $364,645 or 9%, came from capital grants and contributions, $802,955 or 20% came from operating grants and contributions, and the remainder came from a variety of sources.



The Functional Expenses chart above includes only current year expenses; it does not include capital outlays, which are added to the City's capital assets. As the chart shows, general government was $1,181,527 , or 36%, of total governmental expenses, public safety was $1,332,351, or 40%, public works was $706,147, or 21%, parks and recreation was $74,341, 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.

Table 2
CHANGE IN GOVERNMENTAL NET POSITION

	Governmental Activities 2014	Governmental Activities 2013
Expenses		
General government	$ 1,181,527	$ 1,152,573
Public safety	1,332,351	1,202,366
Community development		1,546
Public works	706,147	846,408
Parks and recreation	74,341	64,691
Interest and fiscal charges		
Total Expenses	3,294,366	3,267,584
Revenues		
Program revenues		
Charges for services	1,526,802	1,005,248
Operating grants and contributions	802,955	435,303
Capital grants and contributions	364,645	1,543,848
Total program revenues	2,694,402	2,984,399
General revenues and transfers		
Taxes	1,038,790	824,548
Use of money and property	9,120	2,287
Other revenue	360,000	401,440
Transfers	17,845	18,500
Total general revenues and transfers	1,425,755	1,246,775
Total Revenues and Transfers	4,120,157	4,231,174
Change in Net Position	$ 825,791	$ 963,590

As Table 2 above shows, $2,694,402 or 65%, of the City's fiscal year 2014 governmental revenue, came from program revenues and $1,425,755, or 35%, came from general revenues such as taxes and interest and transfers. Program revenues were composed of charges for services of $1,526,802, which included permit revenues, fees and charges used to fund expenses incurred in providing services; $802,955 of operating grants and contributions, which included gas tax revenues and housing and police grants; and capital grants and contributions of $364,645, 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.

Table 3
GOVERNMENTAL ACTIVITIES

	Net Revenue (Expense) from Services 2014	Net Revenue (Expense) from Services 2013
General government	$ (56,348)	$ (7,616)
Public safety	(1,120,663)	(320,160)
Community development	545,222	615,342
Public works	103,825	(515,036)
Parks and recreation	(72,001)	(55,715)
Total	$ (599,965)	$ (283,185)

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, 2014

	Business-type Activities 2014	Business-type Activities 2013
Assets		
Cash and investments	$ 5,839,742	$ 5,109,719
Other assets	113,140	306,469
Capital assets, net	57,049,635	58,278,713
Total Assets	63,002,517	63,694,901
Liabilities		
Long term liabilities	25,216,882	26,758,791
Other liabilities	227,502	376,884
Total Liabilities	25,444,384	27,135,675
Net Position		
Net investment in capital assets	31,878,025	31,553,630
Unrestricted	5,680,108	5,005,596
Total Net Position	$ 37,558,133	$ 36,559,226

The net position of business-type activities increased by **$887,813** in fiscal year 2014 not including prior period adjustments related to capital assets.

BUSINESS-TYPE ACTIVITIES (continued)

Table 5
CHANGE IN BUSINESS-TYPE NET POSITION

	Net Revenue (Expense) from Services 2014	Net Revenue (Expense) from Services 2013
Water	$ 330,890	$ 172,510
Sewer	599,996	1,232,686
Other	(27,423)	(23,524)
Total	$ 903,463	$ 1,381,672

ANALYSIS OF MAJOR FUNDS

Governmental Funds

General Fund

General Fund revenues increased **$124,046** this fiscal year due primarily to increase in Property and Sales Tax. Actual revenues were greater than budgeted by **$143,505**. Tax revenues increased **$77,526** during the fiscal year. Charges for services, licenses and permits decreased **$90,401** due to a decrease in building permit activity and plan check activity.

General Fund expenditures were **$1,971,327 an increase of $88,804** from the prior year. Expenditures increased due to rising public safety contract costs. Administartion costs also increased.

As of June 30, 2014 the General Fund's fund balance totaled **$1,691,145**. The unassigned portion of **$1,632,334** 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.

ANALYSIS OF MAJOR FUNDS (continued)

Proprietary Funds

Water Fund

Operating revenues increased by **$115,026** in fiscal year 2014 and expenses decreased by **$3,460** resulting in operating income of **$413,293**. Charges for water services largely remained the same from the prior fiscal year.

The fund's net position increased by **$323,240**, to a new total of **$7,738,819**. Of this amount, **$7,577,104** was net investment in capital assets.

Sewer Fund

Operating revenues increased **$198,484** in the fiscal year 2014. Operating expenses increased by **$1,010,898** due to the large increase in depreciation from the wastewater treatment plant that was completed in the prior fiscal year and began depreciation during the current fiscal year. The fund's net positions increased by **$588,996** in fiscal year 2014. The customer base for service increased in fiscal year 2014 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, 2014, the fund's net positions were **$29,357,557**, of which **$23,845,295** was net investment in capital assets and **$5,512,262** 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 2014, 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 2014, the cost of infrastructure and other capital assets recorded on the City's financial statements is as shown in Table 6 and 7 below:

Table 6

	Balance at July 1, 2013	Additions	Deletions	Transfers	Balance at June 30, 2014
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 9,197,784	$ -	$ -	$ -	$ 9,197,784
Rights of ways	2,777,617				2,777,617
Construction in progress	197,004	427,428		(276,505)	347,927
Total capital assets, not being depreciated	12,172,405	427,428		(276,505)	12,323,328
Capital assets, being depreciated:					
Buildings	919,905				919,905
Improvements	3,225,277			276,505	3,501,782
Equipment	410,980				410,980
Machinery	241,902				241,902
Rolling stock	496,249				496,249
Infrastructure	13,397,859				13,397,859
Total capital assets being depreciated	18,692,172			276,505	18,968,677
Less accumulated depreciation for:					
Buildings	(528,337)	(910)			(529,247)
Improvements	(640,971)	(107,509)			(748,480)
Equipment	(330,979)	(20,001)			(350,980)
Machinery	(203,551)	(25,851)			(229,402)
Rolling stock	(496,248)				(496,248)
Infrastructure	(3,333,424)	(279,416)			(3,612,840)
Total accumulated depreciation	(5,533,510)	(433,687)			(5,967,197)
Total capital assets, being depreciated, net	13,158,662	(433,687)		276,505	13,001,480
Governmental activities capital assets, net	$ 25,331,067	$ (6,259)	$ -	$ -	$ 25,324,808

Business-type activities:	Balance at July 1, 2013	Additions	Deletions	Transfers	Balance at June 30, 2014
Capital assets, not being depreciated:					
Land	$ 18,108,769	$ -	$ -	$ -	$ 18,108,769
Construction in progress	204,181				204,181
Total capital assets, not being depreciated	18,312,950				18,312,950
Capital assets, being depreciated:					
Buildings	28,068,657				28,068,657
Improvements	3,719,267				3,719,267
Equipment	57,190	16,676			73,866
Machinery	235,695				235,695
Infrastructure	19,002,924				19,002,924
Rolling stock	132,876				132,876
Total capital assets, being depreciated	51,216,609	16,676			51,233,285
Less accumulated depreciation for:					
Buildings	(1,105,330)	(935,621)			(2,040,951)
Improvements	(3,191,786)	(30,983)			(3,222,769)
Equipment	(33,453)	(5,935)			(39,388)
Machinery	(217,728)	(7,907)			(225,635)
Infrastructure	(6,569,672)	(265,308)			(6,834,980)
Rolling stock	(132,877)				(132,877)
Total accumulated depreciation	(11,250,846)	(1,245,754)			(12,496,600)
Total capital assets, being depreciated, net	39,965,763	(1,229,078)			38,736,685
Business-type activities capital assets, net	$ 58,278,713	$ (1,229,078)	$ -	$ -	$ 57,049,635

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.

DEBT ADMINISTRATION

The City issued no new bonded debt in fiscal year 2014. 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

	2014	2013
Governmental activities		
PERS Side Fund	$ 165,241	$ 189,618-
Total governmental activities	$ 189,618	$ 189,618-
Business-type activities		
Water		
Compensated absences	$ 20,316	$ 11,415
USDA Promissory Note	400,000	409,000
Installment Note Payable	1,692,467	1,795,722
Total for water fund	2,112,783	2,216,187
Sewer		
Compensated absences	24,956	22,293
CSWRCB Revolving Loan	17,792,531	18,973,143
Installment Note Payable	5,286,611	5,547,168
Total for sewer fund	23,104,098	24,542,604
Total business-type activities	$ 25,216,881	$ 26,758,791

ECONOMIC CONDITION, OUTLOOK AND ACTIVITY

The City of Hughson has been impacted by the economic slump, 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 an upswing of economic strength for the City and a strong housing market. The trend that developed in 2007, which has seen a significant drop in housing prices and a significant rise 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.

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FINANCIAL SECTION

CITY OF HUGHSON
Statement of Net Position
June 30, 2014

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and Investments	$ 4,895,578	$ 5,839,742	$ 10,735,320
Accounts Receivable	267,621	113,140	380,761
Notes Receivable	1,654,851		1,654,851
Deposits Receivable	58,811		58,811
Interest Receivable	178,497		178,497
Due From Other Funds	966		966
Capital Assets, Not Being Depreciated	12,323,328	18,312,950	30,636,278
Capital Assets, Net of Accumulated Depreciation	13,001,480	38,736,685	51,738,165
Total Assets	32,381,132	63,002,517	95,383,649
Liabilities:			
Accounts Payable	548,925	122,412	671,337
Interest Payable		103,119	103,119
Deposits Payable		1,005	1,005
Due to Other Funds		966	966
Noncurrent Liabilities:			
Due Within One Year	38,108	1,498,898	1,537,006
Due in More Than One Year	127,133	23,717,984	23,845,117
Total Liabilities	714,166	25,444,384	26,158,550
Net Position:			
Net Investment in Capital Assets	25,337,067	31,878,025	57,215,092
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	51,696		51,696
Public Facilities	846,377		846,377
Parks and Recreation	626,064		626,064
Assessment Districts	75,432		75,432
Unrestricted	2,080,709	5,680,108	7,760,817
Total Net Position	$ 31,666,966	$ 37,558,133	$ 69,225,099

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, 2014

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	$ 1,181,527	$ 602,355	$ 522,824	$ -
Public Safety	1,332,351	92,853	118,835	
Community Development		545,222		
Public Works	706,14~~8~~ 7	284,032	161,296	364,645
Parks and Recreation	74,341	2,340		
Total Governmental Activities	3,294,366	1,526,802	802,955	364,645
Business-type Activities:				
Water	1,199,254	1,509,325	20,819	
Sewer	2,638,632	3,238,628		
Community Facilities	61,445	34,022		
Total Business-type Activities	3,899,331	4,781,975		
Total Primary Government	$ 7,193,697	$ 6,308,777	$ 802,955	$ 364,645

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
$ (56,348)	$ -	$ (56,348)
(1,120,663)		(1,120,663)
545,222		545,222
103,825		103,825
(72,001)		(72,001)
(599,964)		(599,964)
	330,890	330,890
	599,996	599,996
	(27,423)	(27,423)
	903,463	903,463
(599,964)	903,463	303,499
269,369		269,369
690,158		690,158
21,609		21,609
57,654		57,654
9,120	2,195	11,315
360,000		360,000
17,845	(17,845)	
1,425,755	(15,650)	1,410,105
825,791	887,813	1,713,604
30,803,256	36,670,320	67,473,576
37,919		37,919
30,841,175	36,670,320	67,511,495
$ 31,666,966	$ 37,558,133	$ 69,225,099

CITY OF HUGHSON
Balance Sheet
Governmental Funds
June 30, 2014

		Special Revenue	
	General	**Home Loan**	**Refuse**
Assets:			
Cash and Investments	$ 1,537,797	$ 35,041	$ 101,809
Accounts Receivable	155,664		18,087
Loans Receivable		1,423,710	
Due from Other Funds	291,230		
Deposits	58,811		
Total Assets	$ 2,043,502	$ 1,458,751	$ 119,896
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	$ 352,357	$ -	$ 104,508
Due to Other Funds			
Total Liabilities	352,357		104,508
Deferred Inflows of Resources::			
Unearned revenue - loans/advances		1,423,710	
Total Deferred Inflows of Resources		1,423,710	
Total Liabilities and Deferred Inflows of Resources	352,357	1,423,710	104,508
Fund Balances:			
Nonspendable	58,811		
Restricted for:			
Home loans		35,041	
Parks and recreation			
Capital projects			
Public safety			
Streets and roads			
Community development			
IT Projects			
Special assessments			
Unassigned	1,632,334		15,388
Total Fund Balances (Deficits)	1,691,145	35,041	15,388
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,043,502	$ 1,458,751	$ 119,896

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

Capital Projects		
Public Facilities	Nonmajor Governmental Funds	Total Governmental Funds
$ 1,028,115	$ 2,119,113	$ 4,821,875
14,224	79,646	267,621
	231,141	1,654,851
		291,230
		58,811
$ 1,042,339	$ 2,429,900	$ 7,094,388
$ 42,920	$ 49,140	$ 548,925
	290,264	290,264
42,920	339,404	839,189
	231,141	1,654,851
	231,141	1,654,851
42,920	570,545	2,494,040
		58,811
		35,041
	786,956	786,956
999,419		999,419
	51,696	51,696
	691,326	691,326
	448,978	448,978
	50,856	50,856
	121,651	121,651
	(292,108)	1,355,614
999,419	1,859,355	4,600,348
$ 1,042,339	$ 2,429,900	$ 7,094,388

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CITY OF HUGHSON
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2014

Total fund balances - governmental funds		$ 4,600,348
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	$ 31,292,005	
Accumulated depreciation	(5,967,197)	25,324,808
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		(165,241)
Internal service funds are used by management to charge the costs of certain activities, such as self-insurance, to individual funds. The assets and liabilities of the internal service fund must be added to the statement of net position.		73,703
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.		178,497
Total net position - governmental activities		$ 31,666,966

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

CITY OF HUGHSON
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2014

		Special Revenue	
	General	Home Loan	Refuse
Revenues			
Property Taxes	$ 269,369	$ -	$ -
Sales and Use Taxes	577,949		
Business License Taxes	21,609		
Other Taxes	57,654		
Licenses and Permits	102,113		
Fines and Forfeitures	46,101		
Interest	2,792		
Charges for Services	165,383		482,783
Intergovernmental	520,229		
Special Assessments			
Other	374,721		
Total Revenues	2,137,920		482,783
Expenditures			
Current:			
General Government	518,367		431,803
Public Safety	990,221		
Public Works	388,398		
Parks and Recreation	74,341		
Capital Outlay			
Total Expenditures	1,971,327		431,803
Excess (Deficiency) of Revenues over (under) Expenditures	166,593		50,980
Other Financing Sources (Uses):			
Transfers In	88,516		
Transfers Out			
Total Other Financing Sources (Uses)	88,516		
Net Change in Fund Balances	255,109		50,980
Fund Balances (Deficits) - July 1, 2013	1,436,036	35,041	(35,592)
Prior Period Adjustments			
Fund Balances (Deficits) - July 1, 2013, Restated	1,436,036	35,041	(35,592)
Fund Balances (Deficits) - June 30, 2014	$ 1,691,145	$ 35,041	$ 15,388

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

Capital Projects		
Public Facilities	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ -	$ 269,369
		577,949
		21,609
		57,654
		102,113
		46,101
3,104	3,225	9,121
245,946	351,796	1,245,908
	635,233	1,155,462
	196,567	196,567
	7,684	382,405
249,050	1,194,505	4,064,258
		950,170
	233,708	1,223,929
	209,328	597,726
		74,341
96,008	332,604	428,612
96,008	775,640	3,274,778
153,042	418,865	789,480
	30,000	118,516
	(100,671)	(100,671)
	(70,671)	17,845
153,042	348,194	807,325
846,377	1,473,242	3,755,104
	37,919	37,919
846,377	1,511,161	3,793,023
$ 999,419	$ 1,859,355	$ 4,600,348

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CITY OF HUGHSON

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

For the Fiscal Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds		$	807,325
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	$ 427,428		
Depreciation expense	(433,687)		(6,259)
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.			24,377
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.			(12,993)
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		$	825,791

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

CITY OF HUGHSON
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-type Activities-Enterprise Funds				Governmental Activities
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Fund
Assets					
Current Assets:					
Cash and Investments	$ 5,617,612	$ 208,560	$ 13,570	$ 5,839,742	$ 73,703
Accounts Receivable	49,957	63,183		113,140	
Due From Other Funds					
Total Current Assets	5,667,569	271,743	13,570	5,952,882	73,703
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	31,511		442,437	
Improvements Other Than Buildings		3,719,267		3,719,267	
Infrastructure	12,900,415	6,102,509		19,002,924	
Construction In Progress		204,181		204,181	
Less:					
Accumulated Depreciation	(6,678,149)	(5,443,721)	(374,730)	(12,496,600)	
Total Noncurrent Assets	46,924,437	9,669,572	455,626	57,049,635	
Total Assets	52,592,006	9,941,315	469,196	63,002,517	73,703
Liabilities					
Current Liabilities:					
Accounts Payable	54,119	62,825	5,468	122,412	
Interest Payable	76,232	26,887		103,119	
Due to Other Funds			966	966	
Deposits Payable			1,005	1,005	
Total Current Liabilities	130,351	89,712	7,439	227,502	
Noncurrent Liabilities:					
Compensated Absences	24,956	20,316		45,272	
Due within One Year	1,380,733	118,165		1,498,898	
Due in More Than One Year	21,698,409	1,974,303		23,672,712	
Total Noncurrent Liabilities	23,104,098	2,112,784		25,216,882	
Total Liabilities	23,234,449	2,202,496	7,439	25,444,384	
Net Position					
Net Investment in Capital Assets	23,845,295	7,577,104	455,626	31,878,025	
Unrestricted	5,512,262	161,715	6,131	5,680,108	73,703
Total Net Positions	$ 29,357,557	$ 7,738,819	$ 461,757	$ 37,558,133	$ 73,703

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, 2014

	Business-type Activities - Enterprise funds				Governmental Activities
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Fund
Operating Revenues:					
Charges for Services	$ 3,238,628	$ 1,509,325	$ 34,022	$ 4,781,975	$ 336
Total Operating Revenues	3,238,628	1,509,325	34,022	4,781,975	336
Operating Expenses:					
Personnel	415,883	322,037	7,671	745,591	
Administrative	264,794	129,000	27,677	421,471	13,329
Materials and Supplies	412,232	289,255		701,487	
Maintenance	101,089	169,624	1,921	272,634	
Depreciation	1,035,462	186,116	24,176	1,245,754	
Total Operating Expenses	2,229,460	1,096,032	61,445	3,386,937	13,329
Operating Income (loss)	1,009,168	413,293	(27,423)	1,395,038	(12,993)
Non-operating Revenues (Expenses):					
Interest Revenue		2,195		2,195	
Interest Expense	(409,172)	(103,222)		(512,394)	
Intergovernmental Revenue		20,819		20,819	
Total Non-Operating Revenue (Expenses)	(409,172)	(80,208)		(489,380)	
Income (Loss) before transfers	599,996	333,085	(27,423)	905,658	(12,993)
Transfers					
Transfers In		1,155	7,500	8,655	
Transfers Out	(11,000)	(11,000)	(4,500)	(26,500)	
Change in Net Position	588,996	323,240	(24,423)	887,813	(12,993)
Net Position - Beginning of Fiscal Year	28,768,561	7,415,579	486,180	36,670,320	86,696
Net Position - End of Fiscal Year	$ 29,357,557	$ 7,738,819	$ 461,757	$ 37,558,133	$ 73,703

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, 2014

	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	$ 3,236,890	$ 1,500,606	$ 33,487	$ 4,770,983	$ 336
Cash Payments to Suppliers and Contractors	(756,546)	(556,091)	(28,982)	(1,341,619)	(13,329)
Cash Payments to Employees	(413,220)	(313,136)	(7,671)	(734,027)	
Net Cash Provided (Used) By Operating Activities	2,067,124	631,379	(3,166)	2,695,337	(12,993)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in			3,966	3,966	
Transfers out	(11,000)	(9,845)		(20,845)	
Interfund Borrowing	203,786	(203,786)			
Net Cash Provided (Used) By Noncapital Financing Activities	192,786	(213,631)	3,966	(16,879)	
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest Received		2,195		2,195	
Net Cash Provided (Used) in Investing Activities		2,195		2,195	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal Payments on Debt Borrowings	(1,341,849)	(112,305)		(1,454,154)	
Interest Paid	(397,398)	(103,221)		(500,619)	
Acquisition of Property, Plant, and Equipment		(16,676)		(16,676)	
Net Cash Provided (Used) In Capital and Related Financing Activities	(1,739,247)	(211,383)		(1,950,630)	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	520,663	208,560	800	730,023	(12,993)
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	5,096,949		12,770	5,109,719	86,696
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	$ 5,617,612	$ 208,560	$ 13,570	$ 5,839,742	$ 73,703
Reconciliation to Statement of Net Position:					
Cash and Investments	$ 5,617,612	$ 208,560	$ 13,570	$ 5,839,742	$ 73,703
	$ 5,617,612	$ 208,560	$ 13,570	$ 5,839,742	$ 73,703
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating Income (Loss)	$ 1,009,168	$ 413,293	$ (27,423)	$ 1,395,038	$ (12,993)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	1,035,462	186,116	24,176	1,245,754	
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(1,738)	(8,719)		(10,457)	
Increase (Decrease) in Accounts Payable	21,569	31,788	616	53,973	
Increase (Decrease) in Compensated Absences	2,663	8,901		11,564	
Increase (Decrease) in Deposits Payable			(535)	(535)	
Total Adjustments	1,057,956	218,086	24,257	1,300,299	
Net Cash Provided (Used) By Operating Activities	$ 2,067,124	$ 631,379	$ (3,166)	$ 2,695,337	$ (12,993)

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.

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CITY OF HUGHSON
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
June 30, 2014

	Private Purpose Trust Fund	Agency Fund
	RDA Successor Agency	Water Deposits
ASSETS		
Cash and investments	$ 151,203	$ 38,867
Loans receivable	67,028	
Capital assets, net of accumulated depreciation	712,417	
Total Assets	930,648	$ 38,867
LIABILITIES		
Accounts payable	2,150	
Interest payable	33,526	$ 5,839
Deposits payable		33,028
Long-term debt, due within one year	70,000	
Long-term debt, due in more than one year	2,680,000	
Total Liabilities	2,785,676	$ 38,867
DEFERRED INFLOWS OF RESOURCES		
Unearned Revenue - Loans/Notes	67,028	
Total Deferred Inflows of Resources	67,028	
Total Liabilities and Deferred Inflows	2,852,704	
NET POSITION		
Held in trust for others	(1,922,056)	
Total Net Position	$ (1,922,056)	

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, 2014

	Private Purpose Trust Fund RDA Successor Agency
Additions:	
Tax increment	$ 317,945
Interest	18
Total additions	317,963
Deductions:	
Community development	80,272
Depreciation	27,491
Interest expense	135,821
Total deductions	243,584
Change in net position	74,379
Net Position - July 1, 2013	(1,846,731)
Prior period adjustment	(149,704)
Net Position, July 1, 2013, Restated	(1,996,435)
Net Position - June 30, 2014	$ (1,922,056)

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

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

As required by accounting principles generally accepted in the United States of America (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.

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.

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.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting and Measurement Focus (Continued)

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

D. Assets, Liabilities, and Equity

1. Deposits and Investments

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

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

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

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

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

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

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

2. Receivables and Payables

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

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

3. Inventories and Prepaid Items

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

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

4. Capital Assets

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

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

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.

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, 2014:

<u>Governmental Accounting Standards Board Statement No. 65</u>

For the fiscal year June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of the GASB Statement No. 65 did have an impact on the City's financial statements for the fiscal year ended June 30, 2014. Some items reported as assets and liabilities are now reported as deferred inflows or outflows of resources.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 66

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 66, "Technical Correction – 2012." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 62 Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,* regarding the reporting of risk financing activities. Questions also have arisen abut differences between Statement 62 and Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases,* regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues,* concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. Implementation of the GASB Statement No. 66 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 67

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 67, "Financial Reporting for Pension Plans." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 50 "Pension Disclosures" as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of the GASB Statement No. 67 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

Governmental Accounting Standards Board Statement No. 70

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 70, "Accounting and Financial Reporting for Non-exchange Financial Guarantees." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions. Implementation of the GASB Statement No. 70 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

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.

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, 2014, expenditures exceeded appropriations in the following funds:

Fund	Final Appropriation	Expenditures	Excess
Nonmajor Funds:			
Gas Tax Special Revenue Fund	$ 78,000	$ 79,481	$ 1,481
Community Enhancement Special Revenue Fund	29,000	29,523	523
SLESF Special Revenue Fund	200,000	201,870	1,870

D. Deficit Fund Equity

At June 30, 2014, the following funds had an accumulated deficit:

Fund	Amount
Nonmajor Fund:	
Transportation Capital Projects Fund	$ 292,108
Private Purpose Trust Fund:	
RDA Successor Agency	1,922,056

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of net position:		
Cash and investments	$	10,735,320
Fiduciary funds:		
Cash and investments		190,070
Total cash and investments	$	10,925,390

Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	$	100
Deposits with financial institutions		1,259,676
Investments		9,665,614
Total cash and investments	$	10,925,390

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

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

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

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

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Investments Authorized by Debt Agreements

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

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

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

C. Disclosures Relating to Interest Rate Risk

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

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

		Remaining maturity (in Months)			
Investment Type	Totals	12 Months or Less	13 to 24 Months	25-60 Months	More Than 60 Months
State Investment Pool (LAIF)	$ 78,379	$ 78,379	$ -	$ -	$ -
Money Market Funds	7,184,605	7,184,605			
Certificates of Deposit	2,402,630	2,402,630			
	$ 9,665,614	$ 9,665,614	$ -	$ -	$ -

NOTE 3 – CASH AND INVESTMENTS (Continued)

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

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

E. Disclosures Relating to Credit Risk

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

				Rating as of Fiscal Year End			
Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	AAA	AA	A	Not Rated
State Investment Pool	$ 78,379	N/A	$ -	$ -	$ -	$ -	$ 78,379
Money Market Funds	7,184,605	N/A					7,184,605
Certificates of Deposit	2,402,630	N/A					2,402,630
Total	$ 9,665,614		$ -	$ -	$ -	$ -	$ 9,665,614

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, 2014, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

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, 2014.

Receivable Fund	Amount	Payable Fund	Amount
Major Governmental Fund:		Nonmajor Enterprise Fund:	
General Fund	$ 291,230	USF Community Center Fund	$ 966
		Nonmajor Governmental Fund:	
		Transportation Capital Projects Fund	290,264
Totals	$ 291,230	Totals	$ 291,230

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, 2014:

Fund	Transfers-in	Transfers-out
Major Governmental Funds:		
General Fund	$ 88,516	$ -
Major Enterprise Funds:		
Water Fund	1,155	11,000
Sewer Fund		11,000
Nonmajor Governmental Funds:		
Gas Tax Special Revenue Fund		50,000
Vehicle Abatement Special Revenue Fund		10,000
Community Enhancement Special Revenue Fund		1,155
Traffic Special Revenue Fund		11,600
Lighting and Landscaping Special Revenue Fund		21,940
Benefit Assessment Special Revenue Fund		5,976
IT Reserve Special Revenue Fund	30,000	
Nonmajor Enterprise Funds:		
Community Center Operations Fund	7,500	
USF Community Center Fund		4,500
Totals	$ 127,171	$ 127,171

NOTE 5 – CAPITAL ASSETS

Capital Asset activity for the fiscal year ended June 30, 2014 was as follows:

	Balance at July 1, 2013	Additions	Deletions	Transfers	Balance at June 30, 2014
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 9,197,784	$ -	$ -	$ -	$ 9,197,784
Rights of ways	2,777,617				2,777,617
Construction in progress	197,004	427,428		(276,505)	347,927
Total capital assets, not being depreciated	12,172,405	427,428		(276,505)	12,323,328
Capital assets, being depreciated:					
Buildings	919,905				919,905
Improvements	3,225,277			276,505	3,501,782
Equipment	410,980				410,980
Machinery	241,902				241,902
Rolling stock	496,249				496,249
Infrastructure	13,397,859				13,397,859
Total capital assets being depreciated	18,692,172			276,505	18,968,677
Less accumulated depreciation for:					
Buildings	(528,337)	(910)			(529,247)
Improvements	(640,971)	(107,509)			(748,480)
Equipment	(330,979)	(20,001)			(350,980)
Machinery	(203,551)	(25,851)			(229,402)
Rolling stock	(496,248)				(496,248)
Infrastructure	(3,333,424)	(279,416)			(3,612,840)
Total accumulated depreciation	(5,533,510)	(433,687)			(5,967,197)
Total capital assets, being depreciated, net	13,158,662	(433,687)		276,505	13,001,480
Governmental activities capital assets, net	$ 25,331,067	$ (6,259)	$ -	$ -	$ 25,324,808

Business-type activities:	Balance at July 1, 2013	Additions	Deletions	Transfers	Balance at June 30, 2014
Capital assets, not being depreciated:					
Land	$ 18,108,769	$ -	$ -	$ -	$ 18,108,769
Construction in progress	204,181				204,181
Total capital assets, not being depreciated	18,312,950				18,312,950
Capital assets, being depreciated:					
Buildings	28,068,657				28,068,657
Improvements	3,719,267				3,719,267
Equipment	57,190	16,676			73,866
Machinery	235,695				235,695
Infrastructure	19,002,924				19,002,924
Rolling stock	132,876				132,876
Total capital assets, being depreciated	51,216,609	16,676			51,233,285
Less accumulated depreciation for:					
Buildings	(1,105,330)	(935,621)			(2,040,951)
Improvements	(3,191,786)	(30,983)			(3,222,769)
Equipment	(33,453)	(5,935)			(39,388)
Machinery	(217,728)	(7,907)			(225,635)
Infrastructure	(6,569,672)	(265,308)			(6,834,980)
Rolling stock	(132,877)				(132,877)
Total accumulated depreciation	(11,250,846)	(1,245,754)			(12,496,600)
Total capital assets, being depreciated, net	39,965,763	(1,229,078)			38,736,685
Business-type activities capital assets, net	$ 58,278,713	$ (1,229,078)	$ -	$ -	$ 57,049,635

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	$ 216,844
Public Safety	108,422
Public Works	108,422
Total depreciation expense – governmental functions	$ 433,687

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

Sewer	$ 1,035,462
Water	186,116
Community Facilities	24,176
Total depreciation expense – business-type functions	$ 1,245,754

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, 2014:

	Balance at July 1, 2013	Additions	Repayments	Balance at June 30, 2014	Due Within One Year
Governmental Activities:					
PERS side fund	$ 189,618	$ 12,850	$ (37,227)	$ 165,241	$ 38,108
Total	$ 189,618	$ 12,850	$ (37,227)	$ 165,241	$ 38,108
Business-type Activities:					
Compensated absences	$ 33,708	$ 33,329	$ (21,765)	$ 45,272	$ -
USDA Promissory Note	409,000		(9,000)	400,000	10,000
Installment note payable - Water	1,795,772		(103,305)	1,692,467	108,165
Installment note payable - Sewer	5,547,168	30,000	(290,557)	5,286,611	300,520
CSWRCB Revolving Loan	18,862,049		(1,069,518)	17,792,531	1,080,213
Total	$ 26,647,697	$ 63,329	$ (1,494,145)	$ 25,216,881	$ 1,498,898

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, 2014 was $165,241.

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, 2014 is $400,000.

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

Fiscal Year	USDA Rural Development Promissory Note		
Ended June 30,	Principal	Interest	Total
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	12,000	16,110	28,110
2020-2024	68,000	72,048	140,048
2025-2029	86,000	55,172	141,172
2030-2034	111,000	33,752	144,752
2035-2037	81,000	7,382	88,382
	$ 400,000	$ 253,720	$ 653,720

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, 2014 is $1,692,468.

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, 2014 is $5,286,611.

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

Fiscal Year	Installment Notes Payable - Water		
Ended June 30,	Principal	Interest	Total
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	129,999	55,622	185,621
2020-2024	747,683	180,425	928,108
2025-2026	350,628	20,615	371,243
	$ 1,692,468	$ 534,992	$ 2,227,460

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
2015	$ 300,520	$ 218,609	$ 519,129
2016	310,825	206,572	517,397
2017	321,482	194,026	515,508
2018	332,506	180,946	513,452
2019	343,907	167,312	511,219
2020-2024	1,904,717	610,915	2,515,632
2025-2028	1,772,654	177,274	1,949,928
	$ 5,286,611	$ 1,755,654	$ 7,042,265

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, 2014 is $17,792,531. Annual debt service requirements for the CSWRCB Loan are shown below:

Ended June 30,	CSWRCB Loan		
	Principal	Interest	Total
2015	$ 1,080,213	$ 187,811	$ 1,268,024
2016	1,091,015	178,236	1,269,251
2017	1,101,925	168,565	1,270,490
2018	1,112,944	158,798	1,271,742
2019	1,124,074	148,933	1,273,007
2020-2024	5,791,246	593,201	6,384,447
2025-2029	6,086,657	331,347	6,418,004
2030-2031	404,457	67,590	472,047
	$ 17,792,531	$ 1,834,481	$ 19,627,012

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, 2014, was $45,272 for business-type activities.

NOTE 8 – RISK MANAGEMENT

Central San Joaquin Valley Risk Management Authority

The City participates with other public entities in a joint exercise of powers agreement which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.The City is covered for the first $1,000,000 of each general liability claim and $500,000 of each workers' compensation claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under $10,000 and worker's compensation losses under $10,000. The CSJVRMA participates in an excess pool which provides general liability coverage from $1,000,000 to $10,000,000. The CSJVRMA participates in an excess pool which provides workers' compensation coverage from $350,000 to $500,000 and purchases excess insurance above the $500,000 to the statutory limit. The CSJVRMA is a consortium of fifty-five (55) cities in the San Joaquin Valley of California. It was established under the provisions of California Government Code Section 6500 et seq. The CSJVRMA is governed by a Board of Directors, which meets 3-4 times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA.

NOTE 9 – PROPRIETARY FUNDS INFORMATION

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

NOTE 10 – CONTINGENT LIABILITIES

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

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

The City does not offer any other post employment benefits.

NOTE 12 – DEFINED BENEFIT PENSION PLANS

Public Employees Retirement System (PERS)

Plan Description and Funding Policy

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

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 2013/2014, 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, 2014, was 18 years.

Three-Year Trend Information for Miscellaneous Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/12	$157,966	100%	$ -
06/30/13	129,564	100%	-
06/30/14	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.

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

A. Capital assets of the Successor Agency as of June 30, 2014 consisted of the following:

	July 1, 2013 Balance	Additions	Deletions	June 30, 2014 Balance
Capital assets, being depreciated:				
Buildings and Improvements	$ 795,929	$ -	$ -	$ 795,929
Infrastructure	47,930			47,930
Total capital assets, being depreciated	843,859			843,859
Less accumulated depreciation for:				
Buildings and Improvements	(98,197)	(26,532)		(124,729)
Infrastructure	(5,754)	(959)		(6,713)
Total accumulated depreciation, net	(103,951)	(27,491)		(131,442)
Total capital assets, net	$ 739,908	$ (27,491)	$ -	$ 712,417

B. Long-term debt of the Successor Agency as of June 30, 2014, consisted of the following:

	Balance July 1, 2013	Additions	Deletions	Prior Period Adjustment	Balance June 30, 2014	Due within one year
Tax Allocation Bonds	$ 2,815,000	$ -	$ (65,000)	$ -	$ 2,750,000	$ 70,000
Cost of Issuance	(149,704)			149,704	-	
Totals	$ 2,665,296	$ -	$ (65,000)	$ 149,704	$ 2,750,000	$ 70,000

Tax Allocation Bonds – Series 2006

The former redevelopment agency issued $3,200,000 of tax allocation refunding bonds on February 1, 2006. The principal balance outstanding at June 30, 2014 was $2,750,000.The remaining annual debt service requirements as of June 30, 2014 are as follows:

Fiscal Year Ended June 30,	2006 Tax Allocation Bonds		
	Principal	Interest	Total
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	80,000	121,200	201,200
2020-2024	470,000	541,850	1,011,850
2025-2029	600,000	409,400	1,009,400
2030-2034	755,000	240,953	995,953
2035-2038	555,000	43,477	598,477
	$ 2,750,000	$ 1,876,393	$ 4,626,393

NOTE 14 – SUBSEQUENT EVENTS

In preparing the accompanying financial statements, the City management has reviewed all known events that have occurred after June 30, 2014, and through November 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

Prior period adjustment of ($149,704) was made to the RDA Successor Agency Fund due to the fact that cost of issuance is no longer considered a deferred outflow of resources under GASB No.65.

Prior period adjustment of $37,919 was made to IT Reserve special revenue fund due to understatement of receivables in the prior fiscal year.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF HUGHSON
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Property Taxes	$ 218,000	$ 218,000	$ 269,369	$ 51,369
Sales and Use Taxes	475,000	475,000	577,949	102,949
Business License Taxes	25,000	25,000	21,609	(3,391)
Other Taxes	96,000	96,000	57,654	(38,346)
Licenses and Permits	162,140	162,140	102,113	(60,027)
Fines and Forfeitures	20,000	20,000	46,101	26,101
Interest	3,600	3,600	2,792	(808)
Charges for Services	140,175	140,175	165,383	25,208
Intergovernmental	483,500	483,500	520,229	36,729
Other	371,000	371,000	374,721	3,721
Total Revenues	1,994,415	1,994,415	2,137,920	143,505
Expenditures				
Current				
General Government	550,200	554,903	518,367	36,536
Public Safety	1,011,007	1,011,007	990,221	20,786
Public Works	252,430	372,430	388,398	(15,968)
Parks and Recreation	61,539	61,539	74,341	(12,802)
Total Expenditures	1,875,176	1,999,879	1,971,327	28,552
Excess (Deficiency) of Revenues Over (Under) Expenditures	119,239	(5,464)	166,593	172,057
Other Financing Sources (uses):				
Transfers In	135,695	135,695	88,516	(47,179)
Total Other Financing Sources (Uses)	135,695	135,695	88,516	(47,179)
Net Change in Fund Balance	254,934	130,231	255,109	124,878
Fund Balance - July 1, 2013	1,436,036	1,436,036	1,436,036	
Fund Balance - June 30, 2014	$ 1,690,970	$ 1,566,267	$ 1,691,145	$ 124,878

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, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Interest	$ 100	$ 100	$ -	$ (100)
Intergovernmental				
Total Revenues	100	100		(100)
Expenditures				
Current:				
Community Development	2,000	2,000		2,000
Total Expenditures	2,000	2,000		2,000
Net Change in Fund Balance	(1,900)	(1,900)		1,900
Fund Balance - July 1, 2013	35,041	35,041	35,041	
Fund Balance - June 30, 2014	$ 33,141	$ 33,141	$ 35,041	$ 1,900

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, 2014

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Charges for Services	$ 471,000	$ 471,000	$ 482,783	$ 11,783
Total Revenues	471,000	471,000	482,783	11,783
Expenditures				
Current:				
General Government	432,080	432,080	431,803	277
Total Expenditures	432,080	432,080	431,803	277
Net Change in Fund Balance	38,920	38,920	50,980	12,060
Fund Balance (Deficit) - July 1, 2013	(35,592)	(35,592)	(35,592)	
Fund Balance (Deficit) - June 30, 2014	$ 3,328	$ 3,328	$ 15,388	$ 12,060

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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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amount	Positive (Negative)
Revenues:				
Interest	$ 8,000	$ 8,000	$ 3,104	$ (4,896)
Charges for Services	250,285	250,285	245,946	(4,339)
Total Revenues	258,285	258,285	249,050	(9,235)
Expenditures:				
Capital Outlay	462,000	462,000	96,008	365,992
Total Expenditures	462,000	462,000	96,008	365,992
Excess (Deficiency) of Revenues Over (Under) Expenditures	(203,715)	(203,715)	153,042	356,757
Net Change in Fund Balance	(203,715)	(203,715)	153,042	356,757
Fund Balance - July 1, 2013	846,377	846,377	846,377	
Fund Balance - June 30, 2014	$ 642,662	$ 642,662	$ 999,419	$ 356,757

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

The Trench Cut Fund was established to account for trenching cutting costs to be paid with specified charges designed for that specific use.

The Public Safety Realignment Fund was established to account for public safety costs to be paid from a special intergovernmental funding source.

The IT Reserve Fund was established to account for amounts set aside and transferred from all City funds for future IT upgrades.

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, 2014

	Special Revenue Funds				
	Asset Forfeiture	Gas Tax	Vehicle Abatement	CDBG Rehab	CDBG Grants
Assets					
Cash and Investments	$ 6,995	$ 13,047	$ 14,806	$ 295,404	$ 93,999
Accounts Receivable		37,100			
Loans Receivable				231,141	
Total Assets	$ 6,995	$ 50,147	$ 14,806	$ 526,545	$ 93,999
Liabilities					
Accounts Payable	$ -	$ 5,099	$ -	$ 130	$ -
Unearned Revenue					
Due To Other Funds					
Total Liabilities		5,099		130	
Deferred Inflows of Resources:					
Unearned Revenue - Loans/Notes				231,141	
Total Deferred Inflows of Resources				231,141	
Total Liabilities and Deferred Inflows of Resources		5,099		231,271	
Fund Balances (Deficits)					
Restricted	6,995	45,048	14,806	295,274	93,999
Unassigned					
Total Fund Balances (Deficits)	6,995	45,048	14,806	295,274	93,999
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 6,995	$ 50,147	$ 14,806	$ 526,545	$ 93,999

Special Revenue Funds				
Community Enhancement	Local Transportation	Storm Drain	Traffic	SLESF
$ 57,697	$ 200,190	$ 236,917	$ 103,897	$ 40,933
2,008	8,327	4,047	17,435	
$ 59,705	$ 208,517	$ 240,964	$ 121,332	$ 40,933
$ -	$ -	$ -	$ -	$ 28,910
				28,910
				28,910
59,705	208,517	240,964	121,332	12,023
59,705	208,517	240,964	121,332	12,023
$ 59,705	$ 208,517	$ 240,964	$ 121,332	$ 40,933

Continued

CITY OF HUGHSON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014
(CONTINUED)

	Special Revenue Funds				
	Lighting and Landscaping	Benefit Assessment	Trench Cut	Public Safety Realignment	IT Reserve
Assets					
Cash and Investments	$ 46,277	$ 83,106	$ 75,465	$ 17,872	$ 54,476
Accounts Receivable	996	809			
Loans Receivable					
Total Assets	$ 47,273	$ 83,915	$ 75,465	$ 17,872	$ 54,476
Liabilities					
Accounts Payable	$ 8,957	$ 580			$ 3,620
Unearned Revenue					
Due To Other Funds					
Total Liabilities	8,957	580			3,620
Deferred Inflows of Resources:					
Unearned Revenue - Loans/Notes					
Total Deferred Inflows of Resources					
Total Liabilities and Deferred Inflows of Resources	8,957	580			3,620
Fund Balances (Deficits)					
Restricted	38,316	83,335	75,465	17,872	50,856
Unassigned					
Total Fund Balances (Deficits)	38,316	83,335	75,465	17,872	50,856
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 47,273	$ 83,915	$ 75,465	$ 17,872	$ 54,476

Capital Projects Funds			Total
Transportation	Municipal Park	Parks Development Impact Fees	Nonmajor Governmental Funds
$ -	$ 441,872	$ 336,160	$ 2,119,113
	3,258	5,666	79,646
			231,141
$ -	$ 445,130	$ 341,826	$ 2,429,900
$ 1,844	$ -	$ -	$ 49,140
290,264			290,264
292,108			339,404
			231,141
			231,141
292,108			570,545
	445,130	341,826	2,151,463
(292,108)			(292,108)
(292,108)	445,130	341,826	1,859,355
$ -	$ 445,130	$ 341,826	$ 2,429,900

CITY OF HUGHSON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2014

	Special Revenue Funds				
	Asset Forfeiture	Gas Tax	Vehicle Abatement	CDBG Rehab	CDBG Grants
Revenues:					
Interest	$ -	$ -	$ -	$ 590	$ 11
Charges for Services			12,488		
Intergovernmental		125,503			
Special Assessments					
Other				7,684	
Total Revenues		125,503	12,488	8,274	11
Expenditures:					
Current:					
Public Safety					
Public Works		79,481			
Capital Outlay					
Total Expenditures		79,481			
Excess (Deficiency) of Revenues over (Under) Expenditures		46,022	12,488	8,274	11
Other Financing Sources (Uses):					
Transfers In					
Transfers Out		(50,000)	(10,000)		
Total Other Financing Sources (Uses)		(50,000)	(10,000)		
Net Change in Fund Balances		(3,978)	2,488	8,274	11
Fund Balances (Deficits) - July 1, 2013	6,995	49,026	12,318	287,000	93,988
Prior Period Adjustments					
Fund Balances (Deficits) - July 1, 2013, Restated	6,995	49,026	12,318	287,000	93,988
Fund Balances (Deficits) - June 30, 2014	$ 6,995	$ 45,048	$ 14,806	$ 295,274	$ 93,999

Special Revenue Funds				
Community Enhancement	Local Transportation Fund	Storm Drain	Traffic	SLESF
$ -	$ 321	$ 445	$ 26	$ 15
34,743		70,025		
	82,900		96,535	100,963
34,743	83,221	70,470	96,561	100,978
			31,838	201,870
	1,200	6,215		
29,523	64,516		88,145	
29,523	65,716	6,215	119,983	201,870
5,220	17,505	64,255	(23,422)	(100,892)
(1,155)			(11,600)	
(1,155)			(11,600)	
4,065	17,505	64,255	(35,022)	(100,892)
55,640	191,012	176,709	156,354	112,915
55,640	191,012	176,709	156,354	112,915
$ 59,705	$ 208,517	$ 240,964	$ 121,332	$ 12,023

Continued

CITY OF HUGHSON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2014
(CONTINUED)

	Special Revenue Funds				
	Lighting and Landscaping	Benefit Assessment	Trench Cut	Public Safety Realignment	IT Reserve
Revenues:					
Interest	$ -	$ -	$ -	$ -	$ -
Charges for Services			75,465		
Intergovernmental				17,872	
Special Assessments	124,913	71,654			
Other					
Total Revenues	124,913	71,654	75,465	17,872	
Expenditures:					
Current:					
Public Safety					
Public Works	98,216	24,216			
Capital Outlay					17,063
Total Expenditures	98,216	24,216			17,063
Excess (Deficiency) of Revenues over (Under) Expenditures	26,697	47,438	75,465	17,872	(17,063)
Other Financing Sources (Uses):					
Transfers In					30,000
Transfers Out	(21,940)	(5,976)			
Total Other Financing Sources (Uses)	(21,940)	(5,976)			30,000
Net Change in Fund Balances	4,757	41,462	75,465	17,872	12,937
Fund Balances (Deficits) - July 1, 2013	33,559	41,873			
Prior Period Adjustments					37,919
Fund Balances (Deficits) - July 1, 2013, Restated	33,559	41,873			37,919
Fund Balances (Deficits) - June 30, 2014	$ 38,316	$ 83,335	$ 75,465	$ 17,872	$ 50,856

Capital Project Funds			Total
Transportation	Municipal Park	Parks Development Impact Fees	Nonmajor Governmental Funds
$ -	$ 860	$ 957	$ 3,225
	58,296	100,779	351,796
211,460			635,233
			196,567
			7,684
211,460	59,156	101,736	1,194,505
			233,708
			209,328
133,357			332,604
133,357			775,640
78,103	59,156	101,736	418,865
			30,000
			(100,671)
			(70,671)
78,103	59,156	101,736	348,194
(370,211)	385,974	240,090	1,473,242
			37,919
(370,211)	385,974	240,090	1,511,161
$ (292,108)	$ 445,130	$ 341,826	$ 1,859,355

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CITY OF HUGHSON
ASSET FORFEITURE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	$ 5,000	$ -	$ (5,000)
Total Revenues	5,000		(5,000)
Net Change in Fund Balance	5,000		(5,000)
Fund Balance - July 1, 2013	6,995	6,995	
Fund Balance - June 30, 2014	$ 11,995	$ 6,995	$ (5,000)

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, 2014

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	$ 100	$ -	$ (100)
Intergovernmental	95,700	125,503	29,803
Total Revenues	95,800	125,503	29,703
Expenditures:			
Current:			
Public Works	78,000	79,481	(1,481)
Total Expenditures	78,000	79,481	(1,481)
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,800	46,022	28,222
Other Financing Sources (Uses):			
Transfers Out	(50,000)	(50,000)	
Total Other Financing Sources (Uses)	(50,000)	(50,000)	
Net Change in Fund Balance	(32,200)	(3,978)	28,222
Fund Balance - July 1, 2013	49,027	49,027	
Fund Balance - June 30, 2014	$ 16,827	$ 45,049	$ 28,222

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, 2014

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Charges For Services	$ 10,000	$ 12,488	$ 2,488
Total Revenues	10,000	12,488	2,488
Other Financing Sources (Uses):			
Transfers Out	(10,000)	(10,000)	
Total Other Financing Sources (Uses)	(10,000)	(10,000)	
Net Change in Fund Balance		2,488	2,488
Fund Balance - July 1, 2013	12,318	12,318	
Fund Balance - June 30, 2014	$ 12,318	$ 14,806	$ 2,488

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, 2014

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	$ 550	$ 590	$ 40
Other Revenue	12,700	7,684	(5,016)
Total Revenues	13,250	8,274	(4,976)
Net Change in Fund Balance	13,250	8,274	(4,976)
Fund Balance - July 1, 2013	287,000	287,000	
Fund Balance - June 30, 2014	$ 300,250	$ 295,274	$ (4,976)

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, 2014

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	$ 250	$ 11	$ (239)
Total Revenues	250	11	(239)
Net Change in Fund Balance	250	11	(239)
Fund Balance - July 1, 2013	93,988	93,988	
Fund Balance - June 30, 2014	$ 94,238	$ 93,999	$ (239)

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, 2014

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	$ 500	$ -	$ (500)
Charges For Services	35,280	34,743	(537)
Total Revenues	35,780	34,743	(1,037)
Expenditures:			
Capital Outlay	29,000	29,523	(523)
Total Expenditures	29,000	29,523	(523)
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,780	5,220	(1,560)
Other Financing Sources (Uses):			
Transfers Out		(1,155)	(1,155)
Total Other Financing Sources (Uses)		(1,155)	(1,155)
Net Change in Fund Balance	6,780	4,065	(2,715)
Fund Balance - July 1, 2013	55,640	55,640	
Fund Balance - June 30, 2014	$ 62,420	$ 59,705	$ (2,715)

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, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	$ -	$ 321	$ 321
Intergovernmental	50,000	82,900	32,900
Total Revenues	50,000	83,221	33,221
Expenditures:			
Current:			
Public Works	3,500	1,200	2,300
Capital Outlay	65,000	64,516	484
Total Expenditures	68,500	65,716	2,784
Net Change in Fund Balance	(18,500)	17,505	36,005
Fund Balance - July 1, 2013	191,012	191,012	
Fund Balance - June 30, 2014	$ 172,512	$ 208,517	$ 36,005

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, 2014

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	$ 100	$ 445	$ 345
Charges for Services	61,908	70,025	8,117
Total Revenues	62,008	70,470	8,462
Expenditures:			
Current:			
Public Works	50,000	6,215	43,785
Total Expenditures	50,000	6,215	43,785
Net Change in Fund Balance	12,008	64,255	52,247
Fund Balance - July 1, 2013	176,709	176,709	
Fund Balance - June 30, 2014	$ 188,717	$ 240,964	$ 52,247

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, 2014

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	$ 100	$ 26	$ (74)
Intergovernmental	66,000	96,535	30,535
Total Revenues	66,100	96,561	30,461
Expenditures:			
Current:			
Public Works	31,500	31,838	(338)
Capital Outlay	98,145	88,145	10,000
Total Expenditures	129,645	119,983	9,662
Excess (Deficiency) of Revenues Over (Under) Expenditures	(63,545)	(23,422)	40,123
Other Financing Sources (Uses):			
Transfers Out	(11,600)	(11,600)	
Total Other Financing Sources (Uses)	(11,600)	(11,600)	
Net Change in Fund Balance	(75,145)	(35,022)	40,123
Fund Balance - July 1, 2013	156,354	156,354	
Fund Balance - June 30, 2014	$ 81,209	$ 121,332	$ 40,123

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, 2014

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	$ 700	$ 15	$ (685)
Intergovernmental	100,000	100,963	963
Total Revenues	100,700	100,978	278
Expenditures:			
Current:			
Public Safety	200,000	201,870	(1,870)
Total Expenditures	200,000	201,870	(1,870)
Net Change in Fund Balance	(99,300)	(100,892)	(1,592)
Fund Balance - July 1, 2013	112,915	112,915	
Fund Balance - June 30, 2014	$ 13,615	$ 12,023	$ (1,592)

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, 2014

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	$ 125,848	$ 124,913	$ (935)
Total Revenue	125,848	124,913	(935)
Expenditures:			
Current:			
Public works	128,436	98,216	30,220
Total Expenditures	128,436	98,216	30,220
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,588)	26,697	29,285
Other Financing Sources (Uses)			
Transfers Out	(21,938)	(21,940)	2
Total Other financing Sources (Uses)	(21,938)	(21,940)	(2)
Net Change in Fund Balance	(24,526)	4,757	29,283
Fund Balance - July 1, 2013	33,559	33,559	
Fund Balance - June 30, 2014	$ 9,033	$ 38,316	$ 29,283

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, 2014

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	$ 73,448	$ 71,654	$ (1,794)
Total Revenue	73,448	71,654	(1,794)
Expenditures:			
Current:			
Public Works	36,716	24,216	12,500
Total Expenditures	36,716	24,216	12,500
Excess (Deficiency) of Revenues Over (Under) Expenditures	36,732	47,438	10,706
Other Financing Sources (Uses)			
Transfers Out	(5,977)	(5,976)	1
Total Other financing Sources (Uses)	(5,977)	(5,976)	1
Net Change in Fund Balance	30,755	41,462	10,707
Fund Balance - July 1, 2013	41,873	41,873	
Fund Balance - June 30, 2014	$ 72,628	$ 83,335	$ 10,707

CITY OF HUGHSON
TRENCH CUT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	$ 75,000	$ 75,465	$ 465
Total Revenue	75,000	75,465	465
Net Change in Fund Balance	75,000	75,465	465
Fund Balance - July 1, 2013			
Fund Balance - June 30, 2014	$ 75,000	$ 75,465	$ 465

CITY OF HUGHSON
PUBLIC SAFETY REALIGNMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	$ 18,000	$ 17,872	$ (128)
Total Revenue	18,000	17,872	(128)
Net Change in Fund Balance	18,000	17,872	(128)
Fund Balance - July 1, 2013			
Fund Balance - June 30, 2014	$ 18,000	$ 17,872	$ (128)

CITY OF HUGHSON
IT RESERVE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2014

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Expenditures:			
Capital Outlay	25,000	17,063	7,937
Total Expenditures	25,000	17,063	7,937
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,000)	(17,063)	7,937
Other Financing Sources (Uses)			
Transfers In	30,000	30,000	
Total Other financing Sources (Uses)	30,000	30,000	
Net Change in Fund Balance	5,000	12,937	7,937
Fund Balance (Deficit) - July 1, 2013			
Prior Period Adjustment	37,919	37,919	
Fund Balance - July 1, 2013, Restated	37,919	37,919	
Fund Balance (Deficit) - June 30, 2014	$ 42,919	$ 50,856	$ 7,937

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, 2014

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	$ 150	$ -	$ (150)
Intergovernmental	961,000	211,460	(749,540)
Total Revenues	961,150	211,460	(749,690)
Expenditures:			
Capital Outlay	365,550	133,357	232,193
Total Expenditures	365,550	133,357	232,193
Net Change in Fund Balance	595,600	78,103	(517,497)
Fund Balance (Deficit) - July 1, 2013	(370,211)	(370,211)	
Fund Balance (Deficit) - June 30, 2014	$ 225,389	$ (292,108)	$ (517,497)

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, 2014

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	$ 1,200	$ 860	$ (340)
Charges for Services	69,685	58,296	(11,389)
Total Revenues	70,885	59,156	(11,729)
Net Change in Fund Balance	70,885	59,156	(11,729)
Fund Balance - July 1, 2013	385,974	385,974	
Fund Balance - June 30, 2014	$ 456,859	$ 445,130	$ (11,729)

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, 2014

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	$ 500	$ 957	$ 457
Charges for Services	93,345	100,779	7,434
Total Revenues	93,845	101,736	7,891
Net Change in Fund Balance	93,845	101,736	7,891
Fund Balance - July 1, 2013	240,090	240,090	
Fund Balance - June 30, 2014	$ 333,935	$ 341,826	$ 7,891

NONMAJOR PROPRIETARY FUNDS

PROPRIETARY FUNDS

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

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

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

CITY OF HUGHSON
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2014

	Enterprise Funds		
	Community Center Operations Fund	USF Community Center Fund	Total Nonmajor Enterprise Funds
Assets			
Current Assets:			
Cash and Investments	$ 13,570	$ -	$ 13,570
Total Current Assets	13,570		13,570
Noncurrent Assets:			
Capital Assets:			
Land	105,073		105,073
Buildings	725,283		725,283
Less:			
Accumulated Depreciation	(374,730)		(374,730)
Total Noncurrent Assets	455,626		455,626
Total Assets	469,196		469,196
Liabilities			
Current Liabilities:			
Accounts Payable	4,957	511	5,468
Due to Other Funds		966	966
Deposits Payable	1,005		1,005
Total Liabilities	5,962	1,477	7,439
Net Position			
Net Investment in Capital Assets	455,626		455,626
Unrestricted	7,608	(1,477)	6,131
Total Net Position	$ 463,234	$ (1,477)	$ 461,757

CITY OF HUGHSON
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Enterprise Funds		
	Community Center Operations Fund	USF Community Center Fund	Total Nonmajor Enterprise Funds
Operating Revenues			
Charges for Services	$ 17,463	$ 16,559	$ 34,022
Total Operating Revenues	17,463	16,559	34,022
Operating Expenses			
Personnel		7,671	7,671
Administrative	20,788	6,889	27,677
Maintenance	1,784	137	1,921
Depreciation	24,176		24,176
Total Operating Expenses	46,748	14,697	61,445
Income (Loss) Before Transfers	(29,285)	1,862	(27,423)
Transfers			
Transfers In	7,500		7,500
Transfers Out		(4,500)	(4,500)
Changes in Net Assets	(21,785)	(2,638)	(24,423)
Net Position - Beginning of Fiscal Year	485,019	1,161	486,180
Net Position - End of Fiscal Year	$ 463,234	$ (1,477)	$ 461,757

CITY OF HUGHSON
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Enterprise Funds		
	Community Center Operations Fund	USF Community Center Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Users	$ 16,928	$ 16,559	$ 33,487
Cash Payments to Suppliers and Contractors	(22,001)	(6,981)	(28,982)
Cash Payments to Employees		(7,671)	(7,671)
Net Cash Provided (Used) By Operating Activities	(5,073)	1,907	(3,166)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	7,500	(3,534)	3,966
Net Cash Provided (Used) By Noncapital Financing Activities	7,500	(3,534)	3,966
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,427	(1,627)	800
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	11,143	1,627	12,770
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	$ 13,570	$ -	$ 13,570
Reconciliation to Statement of Net Positions:			
Cash and Cash Equivalents	$ 13,570	$ -	$ 13,570
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income (Loss)	$ (29,285)	$ 1,862	$ (27,423)
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	571	45	616
Increase (Decrease) in Deposits Payable	(535)		(535)
Total Adjustments	24,212	45	24,257
Net Cash Provided (Used) By Operating Activities	$ (5,073)	$ 1,907	$ (3,166)