

CITY OF HUGHSON
Annual Financial Report
Fiscal Year Ended June 30, 2017

CITY OF HUGHSON
ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2017

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FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Change in Account Principles

As discussed in note 1 of the notes to the basic financial statements effective July 1, 2016, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension", Statement No. 77, "Tax Abatement Disclosures", Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plan", and Statement No. 80, "Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14".

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, Schedule of Changes in the Net Pension Liability and Related Ratios, and Schedule of Pension Contributions on pages 59 through 61 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 and Nonmajor Governmental Funds; the Combining Financial Statements for the Nonmajor Governmental Funds, and the Nonmajor Enterprise 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 and Nonmajor Governmental Funds; the Combining Financial Statements for the Nonmajor Governmental Funds, and the Nonmajor Enterprise 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 January 16, 2018, 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
January 16, 2018

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

This discussion and analysis provides an overview of the City of Hughson's financial performance for the fiscal year ended June 30, 2017. This report has been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as established by the Governmental Accounting Standard Board (GASB). We encourage our readers to consider this information in conjunction with the information provided in the accompanying basic financial statements and notes. The City's fiscal highlights are presented below:

FINANCIAL HIGHLIGHTS

Financial highlights of fiscal year ended June 30, 2017 include the following:

Government-wide:

- The City's total net position was \$75,355,114 as of June 30, 2017. Of this total, \$34,146,027 was governmental net position and \$41,209,087 was business-type net position.
- Governmental revenues include program revenues of \$2,394,267 and general revenues and transfers of \$2,403,129, for a total of \$4,797,396.
- Governmental expenses were \$3,866,825.
- Business-type program revenues, transfers and interest were \$5,444,997 while business-type expenses were \$3,778,549.

Fund Level:

- Governmental fund balances *increased* \$650,564 in fiscal year 2017 excluding prior period adjustments.
- Governmental fund revenues *remained largely the same* in fiscal year 2017.
- Governmental fund expenditures *decreased* \$301,022 in fiscal year 2017.

General Fund:

- General Fund revenues of \$2,957,706 were \$81,862 *higher* than the prior year.
- General Fund expenditures of \$2,562,811 represented a *decrease* of \$52,440 over the prior year.
- General Fund fund balance of \$3,287,322 as of June 30, 2017, *increased* by \$410,567 from 2016 fiscal year's fund balance of \$2,876,755 (restated).

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Annual Financial Report is divided into five parts:

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

Government-wide Financial Statements

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

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 fiscal 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 fiscal year, and may change from year to year as a result of changes in the pattern of the City's activities.

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

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

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

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

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

**CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 Position and Statements of Activities, while Table 4 focuses on the City's Business-type Statement of Net Position and Statement of Activities.

Table 1

	Governmental Activities 2017	Governmental Activities 2016
<u>Assets</u>		
Cash and investments	\$ 7,589,855	\$ 6,696,766
Other assets	2,304,812	2,245,778
Capital assets, net	26,109,025	25,907,327
Total Assets	36,003,692	34,849,871
<u>Deferred Outflows of Resources</u>		
Pension	419,444	216,353
Total Def. Outflows	419,444	216,353
<u>Liabilities</u>		
Long term liabilities	1,539,532	1,247,241
Other liabilities	663,842	466,783
Total Liabilities	2,203,374	1,714,024
<u>Deferred Inflows of Resources</u>		
Pension	73,735	126,730
Total Def. Inflows	73,735	126,730
<u>Net Position</u>		
Net investment in capital assets	26,109,025	25,907,327
Restricted	5,858,030	5,681,625
Unrestricted	2,178,972	1,636,518
Total Net Position	\$ 34,146,027	\$ 33,225,470

The City's governmental net position amounted to \$34,146,027 as of June 30, 2017, an *increase* of \$920,557 over 2016 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, 2017 comprised the following:

Cash and investments comprised \$7,589,855. 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 \$649,961 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 \$26,109,025 net of depreciation charges, which included all the City's capital assets used in governmental activities.

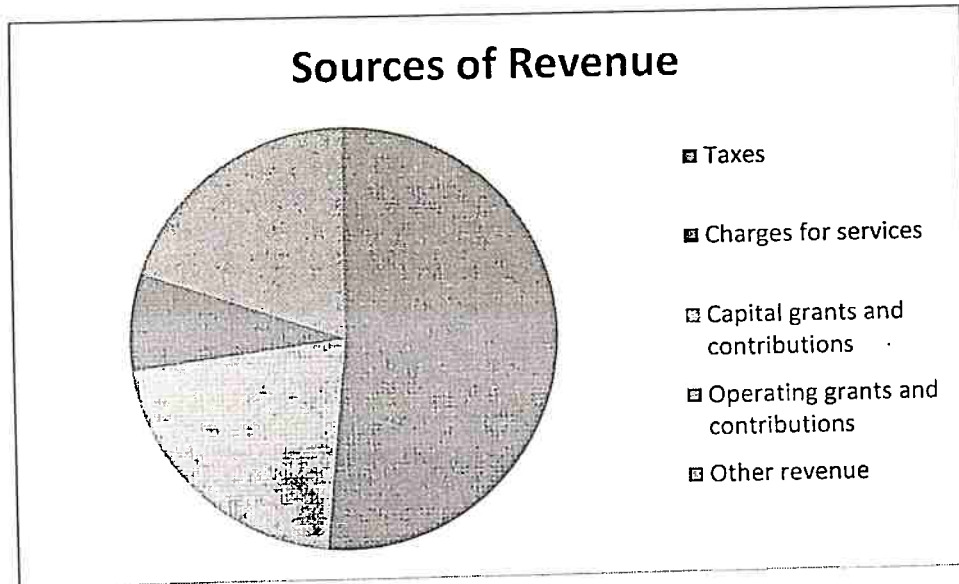
Current liabilities, including accounts payable, claims and other amounts due currently, totaled \$663,842.

Long-term liabilities of \$1,539,532 does not include \$9,734, which is the current portion. The debt is related to the City's Net Pension Liability and compensated absences.

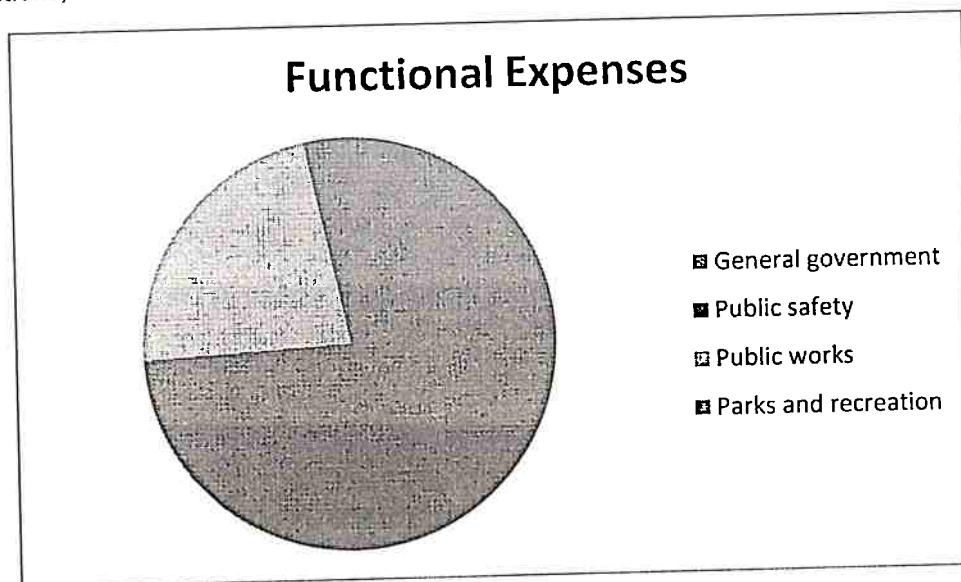
**CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Net investment in capital assets of **\$26,109,025**, representing the City's investment in capital assets used in governmental activities, net of accumulated depreciation and 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 **\$2,178,972** as of June 30, 2017.



As the Sources of Revenue chart above shows, \$1,459,594, or 30% of the City's fiscal year 2017 governmental activities revenue came from taxes, while \$1,017,118, or 21% came from charges for services, \$1,020,572 or 21%, came from capital grants and contributions, \$356,577 or 7% 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 \$1,596,191, or 41%, of total governmental expenses, public safety was \$1,268,222, or 33%, public works was \$871,052, or 23%, parks and recreation was \$131,360, or 3%.

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

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Table 2
CHANGE IN GOVERNMENTAL NET POSITION

	Governmental Activities 2017	Governmental Activities 2016
<u>Expenses</u>		
General government	\$ 1,596,191	\$ 1,435,670
Public safety	1,268,222	1,471,544
Public works	871,052	1,065,834
Parks and recreation	131,360	99,184
Total Expenses	3,866,825	4,072,232
<u>Revenues</u>		
<u>Program revenues</u>		
Charges for services	1,017,118	1,244,569
Operating grants and contributions	356,577	651,599
Capital grants and contributions	1,020,572	1,039,181
Total program revenues	2,394,267	2,935,349
<u>General revenues and transfers</u>		
Taxes	1,459,594	1,423,539
Use of money and property	465,014	31,905
Other revenue	468,645	520,481
Transfers	9,876	21,548
Total general revenues and transfers	2,403,129	1,997,473
Total Revenues and Transfers	4,797,396	4,932,822
Change in Net Position	\$ 930,571	\$ 860,590

As Table 2 above shows, \$2,394,267 or 50%, of the City's fiscal year 2017 governmental revenue, came from program revenues and \$2,403,129, or 50%, came from general revenues such as taxes and interest and transfers. Program revenues were composed of charges for services of \$1,017,118, which included permit revenues, fees and charges used to fund expenses incurred in providing services; \$356,577 of operating grants and contributions, which included gas tax revenues and housing and police grants; and capital grants and contributions of \$1,020,572, that consisted mainly of street project grants and developer impact fees restricted to capital outlay.

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

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

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Table 3
GOVERNMENTAL ACTIVITIES

	Net Revenue (Expense) from Services 2017	Net Revenue (Expense) from Services 2016
General government	\$ (1,384,423)	\$ (569,046)
Public safety	(1,117,837)	(1,266,625)
Community development	168,452	341,918
Public works	866,845	400,158
Parks and recreation	(5,595)	(43,288)
Total	\$ (1,472,558)	\$ (1,136,883)

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, 2017

	Business-type Activities 2017	Business-type Activities 2016
<u>Assets</u>		
Cash and investments	\$ 8,765,836	\$ 7,285,439
Other assets	170,575	144,418
Capital assets, net	53,707,968	54,864,016
Total Assets	62,644,379	62,293,873
<u>Deferred Outflows of Resources</u>		
Pension	357,148	184,221
Total Def. Outflows	357,148	184,221
<u>Liabilities</u>		
Long term liabilities	21,517,953	22,820,798
Other liabilities	211,702	121,263
Total Liabilities	21,729,655	22,942,061
<u>Deferred Inflows of Resources</u>		
Pension	62,785	107,908
Total Def. Inflows	62,785	107,908
<u>Net Position</u>		
Net investment in capital assets	33,499,491	33,107,254
Unrestricted	7,709,596	6,320,871
Total Net Position	\$ 41,209,087	\$ 39,428,125

The net position of business-type activities increased by \$1,780,962 in fiscal year 2017 including prior period adjustments related to capital assets.

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Table 5
CHANGE IN BUSINESS-TYPE NET POSITION

	Business-type Activities 2017	Business-type Activities 2016
<u>Expenses</u>		
Water	\$ 1,223,786	\$ 1,138,855
Sewer	2,490,916	2,600,303
Community Facilities	63,847	61,744
Total Expenses	3,778,549	3,800,902
<u>Revenues</u>		
<u>Program revenues</u>		
Charges for services	5,438,097	4,950,745
Total program revenues	5,438,097	4,950,745
<u>General revenues and transfers</u>		
Use of money and property	16,776	70,435
Transfers	(9,876)	(21,548)
Total general revenues and transfers	6,900	48,887
Total Revenues and Transfers	5,444,997	4,999,632
Change in Net Position	\$ 1,666,448	\$ 1,198,730

Table 6
BUSINESS-TYPE ACTIVITIES

	Net Revenue (Expense) from Services 2017	Net Revenue (Expense) from Services 2016
Water	\$ 354,092	\$ 225,874
Sewer	1,341,229	954,140
Other	(35,773)	(30,171)
Total	\$ 1,659,548	\$ 1,149,843

ANALYSIS OF MAJOR FUNDS

Governmental Funds

General Fund

General Fund revenues increased \$81,862 this fiscal year due primarily to increase in intergovernmental revenue, fines and forfeitures and license and permits. Actual revenues were greater than budgeted by \$102,246. Tax revenues increased \$36,055 during the fiscal year primarily due to increasing sales tax revenue. Charges for services, licenses and permits decreased by \$56,916.

General Fund expenditures were \$2,562,811, a decrease of \$52,440 from the prior year. Expenditures decreased mainly due to decreasing expenses in public safety.

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

As of June 30, 2017 the General Fund's fund balance totaled \$3,287,322. The unassigned portion of \$3,253,574 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.

Proprietary Funds

Water Fund

Operating revenues increased by \$213,149 in fiscal year 2017 and expenses increased by \$121,126 resulting in operating income of \$388,678. Charges for water services increased due to an increase in water usage and an increase in water rates due to the Proposition 218 water rate increase in 2015. Expenditures increased due to personnel, materials and supplies, and maintenance expenses.

The fund's net position increased by \$351,848 to a new total of \$8,575,800. Of this amount, \$8,013,418 was net investment in capital assets.

Sewer Fund

Operating revenues increased \$277,702 in the fiscal year 2017. Operating expenses remained largely the same. The fund's net position increased by \$1,350,248 in fiscal year 2017. The customer base for service remained largely unchanged in fiscal year 2017 and the Consumer Price Index (CPI) increased sewer rates. This increase in 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, 2017, the fund's net position was \$32,259,214, of which \$25,102,975 was net investment in capital assets and \$7,156,239 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.

In fiscal year 2017, 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 2017, the cost of infrastructure and other capital assets recorded on the City's financial statements is as shown in Table 6 on the following page.

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Table 7

	Balance at July 1, 2016	Additions	Deletions	Transfers	Prior Period Adjustment	Balance at June 30, 2017
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	426,554	509,759		(683,020)		253,293
Total capital assets, not being depreciated	12,401,955	509,759		(683,020)		12,228,694
Capital assets, being depreciated:						
Buildings	919,905					919,905
Improvements	4,845,134	157,882		683,020	(114,514)	5,571,522
Equipment	464,150					464,150
Machinery	241,902					241,902
Rolling stock	423,876	134,423	(64,997)			493,302
Infrastructure	13,397,859					13,397,859
Total capital assets being depreciated	20,292,826	292,305	(64,997)	683,020	(114,514)	21,088,640
Less accumulated depreciation for:						
Buildings	(573,355)	(22,054)				(595,409)
Improvements	(985,671)	(153,749)				(1,139,420)
Equipment	(390,981)	(30,634)				(421,615)
Machinery	(241,902)					(241,902)
Rolling stock	(423,875)		64,997			(358,878)
Infrastructure	(4,171,670)	(279,415)				(4,451,085)
Total accumulated depreciation	(6,787,454)	(485,852)	64,997			(7,208,309)
Total capital assets, being depreciated, net	13,505,372	(193,547)		683,020	(114,514)	13,880,331
Governmental activities capital assets, net	\$ 25,907,327	\$ 316,212	\$ -	\$ -	\$ (114,514)	\$ 26,109,025
Business-type activities:						
Capital assets, not being depreciated:						
Land	\$ 18,108,769	\$ -	\$ -	\$ -	\$ -	\$ 18,108,769
Total capital assets, not being depreciated	18,108,769					18,108,769
Capital assets, being depreciated:						
Buildings	28,068,657					28,068,657
Improvements	4,174,182				114,514	4,288,696
Equipment	82,806					82,806
Machinery	235,695					235,695
Infrastructure	19,002,924					19,002,924
Rolling stock	198,136		(10,215)			187,921
Total capital assets, being depreciated	51,762,400		(10,215)		114,514	51,866,699
Less accumulated depreciation for:						
Buildings	(3,912,191)	(931,157)				(4,843,348)
Improvements	(3,299,898)	(49,963)				(3,349,861)
Equipment	(54,592)	(9,389)				(63,981)
Machinery	(234,001)	(1,694)				(235,695)
Infrastructure	(7,365,595)	(265,307)				(7,630,902)
Rolling stock	(140,876)	(13,052)	10,215			(143,713)
Total accumulated depreciation	(15,007,153)	(1,270,562)	10,215			(16,267,500)
Total capital assets, being depreciated, net	36,755,247	(1,270,562)			114,514	35,599,199
Business-type activities capital assets, net	\$ 54,864,016	\$ (1,270,562)	\$ -	\$ -	\$ 114,514	\$ 53,707,968

Details on capital assets, current year additions and construction in progress can be found in the Notes.

The City depreciates all its capital assets over their estimated useful lives, as required by GASB No. 34. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on depreciable lives may be found in the Notes to the financial statements.

CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

DEBT ADMINISTRATION

The City issued no new bonded debt in fiscal year 2017. The City made all scheduled repayments of existing debt. The City's debt issues are discussed in detail in Note 7 of the financial statements. The City's debt balances as of June 30 were as follows:

Table 8
LONG-TERM LIABILITIES

	<u>2017</u>	<u>2016</u>
Governmental activities		
Net pension liability	\$ 1,487,645	\$ 1,201,434
Compensated absences	<u>61,621</u>	<u>55,541</u>
Total governmental activities	<u>\$ 1,549,266</u>	<u>\$ 1,256,975</u>
Business-type activities		
Water		
Compensated absences	\$ 19,818	\$ 22,352
Net pension liability	529,414	427,559
Installment Note Payable	<u>1,335,316</u>	<u>1,460,194</u>
Total for water fund	<u>1,884,548</u>	<u>1,910,105</u>
Sewer		
Compensated absences	22,956	18,685
Net pension liability	737,288	595,440
CSWRCB Revolving Loan	14,519,378	15,621,303
Installment Note Payable	<u>4,353,783</u>	<u>4,675,265</u>
Total for sewer fund	<u>19,633,405</u>	<u>20,910,693</u>
Total business-type activities	<u>\$ 21,517,953</u>	<u>\$ 22,820,798</u>

**CITY OF HUGHSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

ECONOMIC CONDITION, OUTLOOK AND ACTIVITY

The City continues to see a slowly improving economy along with a gradual increase in economic activity. Property assessment remains stable, and building slowly continues within the Community. Hughson's diverse land use has helped to continue a growth pattern that has resulted in economic strength for the City and a stable housing market. Overall, the City continues to be in a favorable position to continue attracting jobs and retail establishments. Hughson's sales tax revenue has stabilized and the City continues to reach out to prospective and current business owners to continue to strengthen the City's tax base.

Overall the City's financial position remains in good condition. In the upcoming year, the City estimates the sales and property tax will remain flat with expected increases in operating and personnel costs. The City continues to maintain a fiscally responsible and conservative approach to its fiscal management and will continue to monitor the economic activity of the City.

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 9, 7018 Pine Street, Hughson, CA 95326.

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CITY OF HUGHSON
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and Investments	\$ 7,589,855	\$ 8,765,836	\$ 16,355,691
Accounts Receivable	411,035	170,575	581,610
Notes Receivable	1,654,851		1,654,851
Deposits Receivable	33,748		33,748
Interest Receivable	205,178		205,178
Capital Assets, Not Being Depreciated	12,228,694	18,108,769	30,337,463
Capital Assets, Net of Accumulated Depreciation	13,880,331	35,599,199	49,479,530
Total Assets	<u>36,003,692</u>	<u>62,644,379</u>	<u>98,648,071</u>
Deferred Outflows of Resources:			
Pension	419,444	357,148	776,592
Total Deferred Outflows of Resources	<u>419,444</u>	<u>357,148</u>	<u>776,592</u>
Liabilities:			
Accounts Payable	654,108	139,048	793,156
Interest Payable		69,062	69,062
Deposits Payable		3,592	3,592
Noncurrent Liabilities:			
Due Within One Year	9,734	1,574,610	1,584,344
Due in More Than One Year	1,539,532	19,943,343	21,482,875
Total Liabilities	<u>2,203,374</u>	<u>21,729,655</u>	<u>23,933,029</u>
Deferred Inflow of Resources:			
Pension	73,735	62,785	136,520
Total Deferred Inflow of Resources	<u>73,735</u>	<u>62,785</u>	<u>136,520</u>
Net Position:			
Net Investment in Capital Assets	26,109,025	33,499,491	59,608,516
Restricted for:			
Home Loans	1,532,499		1,532,499
Community Development	916,197		916,197
Streets and Roads	729,731		729,731
Public Safety	132,464		132,464
Public Facilities	1,245,843		1,245,843
Parks and Recreation	1,062,910		1,062,910
Assessment Districts	238,386		238,386
Unrestricted	2,178,972	7,709,596	9,888,568
Total Net Position	<u>\$ 34,146,027</u>	<u>\$ 41,209,087</u>	<u>\$ 75,355,114</u>

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

CITY OF HUGHSON
Statement of Activities
For the Fiscal Year Ended June 30, 2017

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 1,596,191	\$ 130,768	\$ 81,000	\$ -
Public Safety	1,268,222	14,997	135,388	
Community Development		168,452		
Public Works	871,052	577,136	140,189	1,020,572
Parks and Recreation	131,360	125,765		
Total Governmental Activities	3,866,825	1,017,118	356,577	1,020,572
Business-type Activities:				
Water	1,223,786	1,577,878		
Sewer	2,490,916	3,832,145		
Community Facilities	63,847	28,074		
Total Business-type Activities	3,778,549	5,438,097		
Total Primary Government	\$ 7,645,374	\$ 6,455,215	\$ 356,577	\$ 1,020,572

General Revenues:

Taxes:

Property Taxes

Sales and Use Taxes

Business License Taxes

Other Taxes

Licenses and Permits

Fines and Forfeitures

Special Assessments

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
\$ (1,384,423)	\$ -	\$ (1,384,423)
(1,117,837)		(1,117,837)
168,452		168,452
866,845		866,845
(5,595)		(5,595)
<u>(1,472,558)</u>		<u>(1,472,558)</u>
	354,092	354,092
	1,341,229	1,341,229
	<u>(35,773)</u>	<u>(35,773)</u>
	1,659,548	1,659,548
<u>(1,472,558)</u>	<u>1,659,548</u>	<u>186,990</u>
292,703		292,703
1,015,561		1,015,561
20,851		20,851
130,479		130,479
131,439		131,439
139,781		139,781
184,939		184,939
8,855	16,776	25,631
468,645		468,645
9,876	<u>(9,876)</u>	
<u>2,403,129</u>	<u>6,900</u>	<u>2,410,029</u>
930,571	1,666,448	2,597,019
33,225,470	39,428,125	72,653,595
<u>(10,014)</u>	<u>114,514</u>	<u>104,500</u>
<u>33,215,456</u>	<u>39,542,639</u>	<u>72,758,095</u>
<u>\$ 34,146,027</u>	<u>\$ 41,209,087</u>	<u>\$ 75,355,114</u>

CITY OF HUGHSON
Balance Sheet
Governmental Funds
June 30, 2017

		<u>Special Revenue</u>		
		<u>General</u>	<u>Home Loan</u>	<u>Refuse</u>
Assets:				
Cash and Investments	\$	3,141,024	\$ 75,041	\$ 78,651
Accounts Receivable		210,195		18,476
Loans Receivable			1,423,710	
Due from Other Funds		310,580		
Deposits		33,748		
Total Assets	\$	<u>3,695,547</u>	<u>\$ 1,498,751</u>	<u>\$ 97,127</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$	408,225	\$ -	\$ 40,793
Due to Other Funds				
Total Liabilities		<u>408,225</u>		<u>40,793</u>
Fund Balances:				
Nonspendable		33,748		
Restricted for:				
Home loans			1,498,751	
Parks and recreation				
Capital projects				
Public safety				
Streets and roads				
Community development				56,334
IT Projects				
Special assessments				
Unassigned		3,253,574		
Total Fund Balances		<u>3,287,322</u>	<u>1,498,751</u>	<u>56,334</u>
Total Liabilities and Fund Balances	\$	<u>3,695,547</u>	<u>\$ 1,498,751</u>	<u>\$ 97,127</u>

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

Capital Projects		
Public Facilities	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,290,456	\$ 2,931,380	\$ 7,516,552
	182,364	411,035
	231,141	1,654,851
		310,580
		33,748
<u>\$ 1,290,456</u>	<u>\$ 3,344,885</u>	<u>\$ 9,926,766</u>
\$ 44,613	\$ 160,477	\$ 654,108
	310,580	310,580
<u>44,613</u>	<u>471,057</u>	<u>964,688</u>
		33,748
		1,498,751
	1,062,910	1,062,910
1,245,843		1,245,843
	132,464	132,464
	729,731	729,731
	859,863	916,197
	112,200	112,200
	238,386	238,386
	(261,726)	2,991,848
<u>1,245,843</u>	<u>2,873,828</u>	<u>8,962,078</u>
<u>\$ 1,290,456</u>	<u>\$ 3,344,885</u>	<u>\$ 9,926,766</u>

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CITY OF HUGHSON
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2017

Total fund balances - governmental funds	\$ 8,962,078
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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	\$	33,389,707	
Accumulated depreciation		(7,280,682)	26,109,025

Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.

Deferred inflow related to pension	(73,735)
Deferred outflow related to pension	419,444

In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Net pension liability	(1,487,645)
Compensated absences payable	(61,621)

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.

73,303

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.

205,178

Total net position - governmental activities

\$ 34,146,027

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, 2017

		<u>Special Revenue</u>	
	<u>General</u>	<u>Home Loan</u>	<u>Refuse</u>
Revenues			
Property Taxes	\$ 292,703	\$ -	\$ -
Sales and Use Taxes	1,015,561		
Business License Taxes	20,851		
Other Taxes	130,479		
Licenses and Permits	131,439		
Fines and Forfeitures	139,781		
Interest	4,150		
Charges for Services	130,768		496,293
Intergovernmental	689,974		
Special Assessments			
Other	402,000		
Total Revenues	<u>2,957,706</u>	<u></u>	<u>496,293</u>
Expenditures			
Current:			
General Government	820,836		496,224
Public Safety	1,063,364		
Public Works	547,251		
Parks and Recreation	131,360		
Capital Outlay			
Total Expenditures	<u>2,562,811</u>	<u></u>	<u>496,224</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>394,895</u>	<u></u>	<u>69</u>
Other Financing Sources (Uses):			
Transfers In	86,632		
Transfers Out	(70,960)		
Total Other Financing Sources (Uses)	<u>15,672</u>	<u></u>	<u></u>
Net Change in Fund Balances	<u>410,567</u>	<u></u>	<u>69</u>
Fund Balances - July 1, 2016	<u>2,772,255</u>	<u>1,498,751</u>	<u>56,265</u>
Prior Period Adjustments	<u>104,500</u>	<u></u>	<u></u>
Fund Balances (Deficits) - July 1, 2016, Restated	<u>2,876,755</u>	<u>1,498,751</u>	<u>56,265</u>
Fund Balances - June 30, 2017	<u>\$ 3,287,322</u>	<u>\$ 1,498,751</u>	<u>\$ 56,334</u>

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

<u>Capital Projects</u>		
<u>Public Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 292,703
		1,015,561
		20,851
		130,479
		131,439
		139,781
1,886	2,819	8,855
141,236	248,821	1,017,118
	687,175	1,377,149
	184,939	184,939
	66,645	468,645
<u>143,122</u>	<u>1,190,399</u>	<u>4,787,520</u>
		1,317,060
	83,395	1,146,759
	244,230	791,481
		131,360
<u>153,647</u>	<u>606,525</u>	<u>760,172</u>
<u>153,647</u>	<u>934,150</u>	<u>4,146,832</u>
<u>(10,525)</u>	<u>256,249</u>	<u>640,688</u>
	73,460	160,092
	<u>(79,256)</u>	<u>(150,216)</u>
	<u>(5,796)</u>	<u>9,876</u>
<u>(10,525)</u>	<u>250,453</u>	<u>650,564</u>
1,256,368	2,623,375	8,207,014
		104,500
<u>1,256,368</u>	<u>2,623,375</u>	<u>8,311,514</u>
<u>\$ 1,245,843</u>	<u>\$ 2,873,828</u>	<u>\$ 8,962,078</u>

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CITY OF HUGHSON
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017

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

Net change in fund balances - total governmental funds	\$	650,564
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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	\$	802,064	
Depreciation expense		<u>(485,852)</u>	316,212

Compensated absence expenditures reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period.

(6,080)

In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis pension costs and actual employer contributions was:

(30,125)

Change in net position of governmental activities

\$ 930,571

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

CITY OF HUGHSON
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-type Activities-Enterprise Funds				Governmental Activities
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Fund
Assets					
Current Assets:					
Cash and Investments	\$ 7,799,093	\$ 965,467	\$ 1,276	\$ 8,765,836	\$ 73,303
Accounts Receivable	59,128	111,447		170,575	
Due From Other Funds			1,219	1,219	
Total Current Assets	<u>7,858,221</u>	<u>1,076,914</u>	<u>2,495</u>	<u>8,937,630</u>	<u>73,303</u>
Noncurrent Assets:					
Capital Assets:					
Land	15,075,537	2,928,159	105,073	18,108,769	
Buildings	25,215,708	2,127,666	725,283	28,068,657	
Machinery and Equipment	442,281	64,141		506,422	
Improvements Other Than Buildings	114,514	4,174,182		4,288,696	
Infrastructure	12,900,415	6,102,509		19,002,924	
Less:					
Accumulated Depreciation	(9,772,319)	(6,047,923)	(447,258)	(16,267,500)	
Total Noncurrent Assets	<u>43,976,136</u>	<u>9,348,734</u>	<u>383,098</u>	<u>53,707,968</u>	
Deferred Outflow of Resources:					
Pension	207,879	149,269		357,148	
Total Deferred Outflow of Resources	<u>207,879</u>	<u>149,269</u>		<u>357,148</u>	
Total Assets and Deferred Outflows of Resources	<u>52,042,236</u>	<u>10,574,917</u>	<u>385,593</u>	<u>63,002,746</u>	<u>73,303</u>
Liabilities					
Current Liabilities:					
Accounts Payable	55,484	76,855	6,709	139,048	
Interest Payable	57,589	11,473		69,062	
Due to Other Funds			1,219	1,219	
Deposits Payable			3,592	3,592	
Total Current Liabilities	<u>113,073</u>	<u>88,328</u>	<u>11,520</u>	<u>212,921</u>	
Noncurrent Liabilities:					
Compensated Absences	22,956	19,818		42,774	
Net Pension Liability	737,288	529,414		1,266,702	
Due within One Year	1,445,450	129,160		1,574,610	
Due in More Than One Year	17,427,711	1,206,156		18,633,867	
Total Noncurrent Liabilities	<u>19,633,405</u>	<u>1,884,548</u>		<u>21,517,953</u>	
Deferred Inflows of Resources:					
Pension	36,544	26,241		62,785	
Total Deferred Inflows of Resources	<u>36,544</u>	<u>26,241</u>		<u>62,785</u>	
Total Liabilities and Deferred Inflows of Resources	<u>19,783,022</u>	<u>1,999,117</u>	<u>11,520</u>	<u>21,793,659</u>	
Net Position					
Net Investment in Capital Assets	25,102,975	8,013,418	383,098	33,499,491	
Unrestricted	7,156,239	562,382	(9,025)	7,709,596	73,303
Total Net Position	<u>\$ 32,259,214</u>	<u>\$ 8,575,800</u>	<u>\$ 374,073</u>	<u>\$ 41,209,087</u>	<u>\$ 73,303</u>

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

CITY OF HUGHSON
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

	Business-type Activities - Enterprise funds				Governmental Activities
	Sewer Fund	Water Fund	Nonmajor Enterprise Funds	Total	Internal Service Fund
Operating Revenues:					
Charges for Services	\$ 3,832,145	\$ 1,577,878	\$ 28,074	\$ 5,438,097	\$ -
Total Operating Revenues	<u>3,832,145</u>	<u>1,577,878</u>	<u>28,074</u>	<u>5,438,097</u>	
Operating Expenses:					
Personnel	415,051	370,755		785,806	
Administrative	238,000	164,000	32,927	434,927	
Materials and Supplies	454,730	388,531		843,261	
Maintenance	52,316	56,441	6,744	115,501	
Depreciation	1,036,913	209,473	24,176	1,270,562	
Total Operating Expenses	<u>2,197,010</u>	<u>1,189,200</u>	<u>63,847</u>	<u>3,450,057</u>	
Operating Income (loss)	<u>1,635,135</u>	<u>388,678</u>	<u>(35,773)</u>	<u>1,988,040</u>	
Non-operating Revenues (Expenses):					
Interest Revenue	14,020	2,756		16,776	
Interest Expense	(293,906)	(34,586)		(328,492)	
Total Non-Operating Revenue (Expenses)	<u>(279,886)</u>	<u>(31,830)</u>		<u>(311,716)</u>	
Income (Loss) before transfers	1,355,249	356,848	(35,773)	1,676,324	
Transfers					
Transfers In	2,180,707	185,484	7,500	2,373,691	
Transfers Out	<u>(2,185,708)</u>	<u>(190,484)</u>	<u>(7,375)</u>	<u>(2,383,567)</u>	
Change in Net Position	<u>1,350,248</u>	<u>351,848</u>	<u>(35,648)</u>	<u>1,666,448</u>	
Net Position - Beginning of Fiscal Year	30,794,452	8,223,952	409,721	39,428,125	73,303
Prior Period Adjustments	<u>114,514</u>			<u>114,514</u>	
Net Position - Beginning of the Fiscal Year, Restated	<u>30,908,966</u>	<u>8,223,952</u>	<u>409,721</u>	<u>39,542,639</u>	<u>73,303</u>
Net Position - End of Fiscal Year	<u>\$ 32,259,214</u>	<u>\$ 8,575,800</u>	<u>\$ 374,073</u>	<u>\$ 41,209,087</u>	<u>\$ 73,303</u>

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

CITY OF HUGHSON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2017

	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	\$ 3,823,990	\$ 1,559,876	\$ 28,384	\$ 5,412,250	\$ -
Cash Payments to Suppliers and Contractors	(689,879)	(546,662)	(32,962)	(1,269,503)	
Cash Payments to Employees	(395,849)	(362,567)		(758,416)	
Net Cash Provided (Used) By Operating Activities	2,738,262	650,647	(4,578)	3,384,331	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in	2,180,707	185,484	125	2,366,316	
Transfers out	(2,185,708)	(190,484)		(2,376,192)	
Net Cash Provided (Used) By Noncapital Financing Activities	(5,001)	(5,000)	125	(9,876)	
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest Received	14,020	2,756		16,776	
Net Cash Provided (Used) in Investing Activities	14,020	2,756		16,776	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal Payments on Debt Borrowings	(1,423,407)	(124,878)		(1,548,285)	
Interest Paid	(312,549)	(50,000)		(362,549)	
Net Cash Provided (Used) In Capital and Related Financing Activities	(1,735,956)	(174,878)		(1,910,834)	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,011,325	473,525	(4,453)	1,480,397	
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	6,787,768	491,942	5,729	7,285,439	73,303
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	\$ 7,799,093	\$ 965,467	\$ 1,276	\$ 8,765,836	\$ 73,303
Reconciliation to Statement of Net Position:					
Cash and Investments	\$ 7,799,093	\$ 965,467	\$ 1,276	\$ 8,765,836	\$ 73,303
	<u>\$ 7,799,093</u>	<u>\$ 965,467</u>	<u>\$ 1,276</u>	<u>\$ 8,765,836</u>	<u>\$ 73,303</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 1,635,135	\$ 388,678	\$ (35,773)	\$ 1,988,040	\$ -
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	1,036,913	209,473	24,176	1,270,562	
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(8,155)	(18,002)		(26,157)	
Increase (Decrease) in Accounts Payable	55,167	62,310	6,709	124,186	
Increase (Decrease) in Compensated Absences	4,271	(2,534)		1,737	
Increase (decrease) in Net Pension Liability	14,931	10,722		25,653	
Increase (Decrease) in Deposits Payable			310	310	
Total Adjustments	1,103,127	261,969	31,195	1,396,291	
Net Cash Provided (Used) By Operating Activities	<u>\$ 2,738,262</u>	<u>\$ 650,647</u>	<u>\$ (4,578)</u>	<u>\$ 3,384,331</u>	<u>\$ -</u>

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, 2017**

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
	<u>RDA</u>	<u>Water</u>
	<u>Successor Agency</u>	<u>Deposits</u>
ASSETS		
Cash and investments	\$ 256,319	\$ 61,997
Loans receivable	67,028	
Capital assets, net of accumulated depreciation	<u>629,947</u>	
Total Assets	<u>953,294</u>	<u>\$ 61,997</u>
LIABILITIES		
Accounts payable	\$ 1,300	\$ -
Interest payable	21,738	
Deposits payable		61,997
Long-term debt, due within one year	92,628	
Long-term debt, due in more than one year	<u>2,439,931</u>	
Total Liabilities	<u>2,555,597</u>	<u>\$ 61,997</u>
NET POSITION		
Held in trust for others	<u>(1,602,303)</u>	
Total Net Position	<u>\$ (1,602,303)</u>	

CITY OF HUGHSON
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust Fund
	RDA Successor Agency
Additions:	
Intergovernmental	\$ 317,836
Interest	348
Total additions	<u>318,184</u>
Deductions:	
Community development	11,201
Depreciation	27,490
Interest expense	79,773
Transfer to City	<u>81,000</u>
Total deductions	<u>199,464</u>
Change in net position	118,720
Net Position - July 1, 2016	<u>(1,721,023)</u>
Net Position - June 30, 2017	<u><u>\$ (1,602,303)</u></u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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

There are no entities which meet the Governmental Accounting Standards Board (GASB) Statement No.14 as amended by GASB Statement No.39, GASB Statement No. 61, and GASB Statement No. 80 criteria for 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). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees charged to external parties.

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

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

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

Fund Financial Statements

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

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

The City reports four major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes activities such as public protection, public works and facilities, parks and recreation, and community development.
- The *Home Loan Special Revenue Fund* was established to account for all proceeds of grant revenues from the federal government under the First Time Home Buyer federal grant program and from the State of California's CalHome grant program. The expenditures relate to payments made to eligible recipients for buying homes subject to fulfillment of conditions.
- The *Refuse Special Revenue Fund* was established to account for monies collected on behalf of a franchise garbage collection company.
- The *Public Facilities Capital Projects Fund* was established to account for all proceeds from traffic mitigation fees, whose purpose is to defray the actual costs of constructing improvements to mitigate traffic and circulation impacts resulting from proposed new development.

The City reports the following two major enterprise funds:

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

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City reports the following additional fund types:

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

Fiduciary Funds

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

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

C. Basis of Accounting and Measurement Focus

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

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

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

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

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

2. Receivables and Payables (Continued)

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.

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

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

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 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.

In the fund financial statements, governmental fund types recognize debt premiums and discounts 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.

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.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2017:

Governmental Accounting Standards Board Statement No. 74

GASB has issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension" which was effective for fiscal years beginning after June 15, 2016. This statement had no material impact upon the City's financial statements for the fiscal year ended June 30, 2017.

Governmental Accounting Standards Board Statement No. 77

GASB has issued Statement No. 77, "Tax Abatement Disclosures" which was effective for fiscal years beginning after December 15, 2015. This statement had no material impact upon the City's financial statements for the fiscal year ended June 30, 2017.

Governmental Accounting Standards Board Statement No. 78

GASB has issued Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plan" which was effective for fiscal years beginning after December 15, 2015. This statement had no material impact upon the City's financial statements for the fiscal year ended June 30, 2017.

Governmental Accounting Standards Board Statement No. 80

GASB has issued Statement No. 80, "Blending Requirements for Certain Component Units –an amendment of GASB Statement No. 14" which was effective for reporting periods beginning after June 30, 2016. This statement had no material impact upon the City's financial statements for the fiscal year ended June 30, 2017.

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.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fund Balance (Continued)

- 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.

H. Future Accounting Pronouncements

GASB Statements listed below will be implemented in future financial statements.

Statement No. 75	"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"	The provision of this statement is effective for fiscal years beginning after June 15, 2017.
Statement No. 81	"Irrevocable Split-Interest Agreements"	The provision of this statement is effective for fiscal years beginning after December 15, 2016.
Statement No. 82	"Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73"	The provision of this statement is effective for fiscal years beginning after June 15, 2017.
Statement No. 83	"Certain Asset Retirement Obligations"	The provision of this statement is effective for fiscal years beginning after June 15, 2018.
Statement No. 84	"Fiduciary Activities"	The provision of this statement is effective for fiscal years beginning after December 15, 2018.
Statement No. 85	"Omnibus 2017"	The provision of this statement is effective for fiscal years beginning after June 15, 2017.
Statement No. 86	"Certain Debt Extinguishment Issues"	The provision of this statement is effective for fiscal years beginning after June 15, 2017.
Statement No. 87	"Leases"	The provision of this statement is effective for fiscal years beginning after December 15, 2019.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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.
5. The City Manager is authorized to make transfers between operational expenditure categories within certain departments and funds.
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, 2017, the Refuse Special Revenue Fund, CDBG Rehab Special Revenue Fund, Local Transportation Special Revenue Fund, Storm Drain Special Revenue Fund, Lighting and Landscaping Special Revenue Fund, and Benefit Assessment Special Revenue Fund had excess expenditures over appropriations. Please see required supplementary information and other supplementary information for additional details.

D. Deficit Fund Equity

At June 30, 2017, the following funds had an accumulated deficit:

<u>Fund</u>	<u>Amount</u>
<u>Nonmajor Fund:</u>	
Transportation Capital Projects Fund	\$ 261,726
<u>Private Purpose Trust Fund:</u>	
RDA Successor Agency	1,602,303

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2017 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 16,355,691
Fiduciary funds:	
Cash and investments	<u>318,316</u>
Total cash and investments	<u><u>\$ 16,674,007</u></u>

Cash and investments as of June 30, 2017 consist of the following:

Cash on hand	\$ 100
Deposits with financial institutions	1,181,612
Investments	<u>15,492,295</u>
Total cash and investments	<u><u>\$ 16,674,007</u></u>

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

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

Authorized Investment Type	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.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Investments Authorized by Debt Agreements

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

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

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

C. Disclosures Relating to Interest Rate Risk

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

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

<u>Investment Type</u>	<u>Totals</u>	<u>Remaining maturity (in Months)</u>			
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25-60 Months</u>	<u>More Than 60 Months</u>
State Investment Pool (LAIF)	\$ 79,698	\$ 79,698	\$ -	\$ -	\$ -
Money Market Funds	12,850,405	12,850,405			
Certificates of Deposit	2,562,192	290,137	571,460	1,700,595	
	<u>\$ 15,492,295</u>	<u>\$ 13,220,240</u>	<u>\$ 571,460</u>	<u>\$ 1,700,595</u>	<u>\$ -</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 – CASH AND INVESTMENTS (Continued)

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

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

E. Disclosures Relating to Credit Risk

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

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
State Investment Pool	\$ 79,698	N/A	\$ -	\$ -	\$ -	\$ -	\$ 79,698
Money Market Funds	12,850,405	N/A					12,850,405
Certificates of Deposit	2,562,192	N/A					2,562,192
Total	<u>\$ 15,492,295</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,492,295</u>

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) 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, 2017, all of the City's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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.

I. Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy establish by generally accepted accounting principles. These principles recognize a three tiered fair value hierarchy as follows: Level 1 – Investments reflect prices quoted in active markets; Level 2 – Investments reflect prices that are based on similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active; and Level 3 – Investments reflect prices based upon unobservable sources. The City did not have any investments applicable to recurring fair value measurements as of June 30, 2017.

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, 2017.

Receivable Fund	Amount	Payable Fund	Amount
Major Governmental Fund:		Nonmajor Governmental Fund:	
General Fund	\$ 310,580	Transportation Capital Projects Fund	\$ 310,580
Totals	<u>\$ 310,580</u>	Totals	<u>\$ 310,580</u>

B. Transfers between Funds

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations, and re-allocations of special revenues. All inter-fund transfers between individual government funds have been eliminated on the government-wide statements. The following schedule briefly summarizes the City's transfer activity for the fiscal year ended June 30, 2017:

Fund	Transfers-in	Transfers-out
Major Governmental Funds:		
General Fund	\$ 86,632	\$ 70,960
Major Enterprise Funds:		
Water Fund	185,484	190,484
Sewer Fund	2,180,707	2,185,708
Nonmajor Governmental Funds:		
Gas Tax Special Revenue Fund		48,000
Vehicle Abatement Special Revenue Fund		9,000
Traffic Special Revenue Fund		11,600
Lighting and Landscaping Special Revenue Fund		8,520
Benefit Assessment Special Revenue Fund		2,136
IT Reserve Special Revenue Fund	15,000	
Transportation Special Revenue Fund	58,460	
Nonmajor Enterprise Funds:		
Community Center Operations Fund	7,500	
USF Community Center Fund		7,375
Totals	<u>\$ 2,533,783</u>	<u>\$ 2,533,783</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 – CAPITAL ASSETS

Capital Asset activity for the fiscal year ended June 30, 2017 was as follows:

	Balance at July 1, 2016	Additions	Deletions	Transfers	Prior Period Adjustment	Balance at June 30, 2017
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	426,554	509,759		(683,020)		253,293
Total capital assets, not being depreciated	12,401,955	509,759		(683,020)		12,228,694
Capital assets, being depreciated:						
Buildings	919,905					919,905
Improvements	4,845,134	157,882		683,020	(114,514)	5,571,522
Equipment	464,150					464,150
Machinery	241,902					241,902
Rolling stock	423,876	134,423	(64,997)			493,302
Infrastructure	13,397,859					13,397,859
Total capital assets being depreciated	20,292,826	292,305	(64,997)	683,020	(114,514)	21,088,640
Less accumulated depreciation for:						
Buildings	(573,355)	(22,054)				(595,409)
Improvements	(985,671)	(153,749)				(1,139,420)
Equipment	(390,981)	(30,634)				(421,615)
Machinery	(241,902)					(241,902)
Rolling stock	(423,875)		64,997			(358,878)
Infrastructure	(4,171,670)	(279,415)				(4,451,085)
Total accumulated depreciation	(6,787,454)	(485,852)	64,997			(7,208,309)
Total capital assets, being depreciated, net	13,505,372	(193,547)		683,020	(114,514)	13,880,331
Governmental activities capital assets, net	\$ 25,907,327	\$ 316,212	\$ -	\$ -	\$ (114,514)	\$ 26,109,025
Business-type activities:						
Capital assets, not being depreciated:						
Land	\$ 18,108,769	\$ -	\$ -	\$ -	\$ -	\$ 18,108,769
Total capital assets, not being depreciated	18,108,769					18,108,769
Capital assets, being depreciated:						
Buildings	28,068,657					28,068,657
Improvements	4,174,182				114,514	4,288,696
Equipment	82,806					82,806
Machinery	235,695					235,695
Infrastructure	19,002,924					19,002,924
Rolling stock	198,136		(10,215)			187,921
Total capital assets, being depreciated	51,762,400		(10,215)		114,514	51,866,699
Less accumulated depreciation for:						
Buildings	(3,912,191)	(931,157)				(4,843,348)
Improvements	(3,299,898)	(49,963)				(3,349,861)
Equipment	(54,592)	(9,389)				(63,981)
Machinery	(234,001)	(1,694)				(235,695)
Infrastructure	(7,365,595)	(265,307)				(7,630,902)
Rolling stock	(140,876)	(13,052)	10,215			(143,713)
Total accumulated depreciation	(15,007,153)	(1,270,562)	10,215			(16,267,500)
Total capital assets, being depreciated, net	36,755,247	(1,270,562)			114,514	35,599,199
Business-type activities capital assets, net	\$ 54,864,016	\$ (1,270,562)	\$ -	\$ -	\$ 114,514	\$ 53,707,968

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 242,926
Public Safety	121,463
Public Works	<u>121,463</u>
Total depreciation expense – governmental functions	<u>\$ 485,852</u>

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

Sewer	\$ 1,036,913
Water	209,473
Community Facilities	<u>24,176</u>
Total depreciation expense – business-type functions	<u>\$ 1,270,562</u>

NOTE 6 – NOTES RECEIVABLE

The City has established a number of housing assistance loan programs using HOME Investment Partnerships Program grant funds. These loans consist of several loans for first-time home buyers assistance and home rehabilitation assistance loans for qualified persons. The City also utilizes Community Development Block Grant (CDBG) 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, 2017:

	Balance at June 30, 2016	Additions	Repayments	Balance at June 30, 2017	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 55,541	\$ 15,634	\$ (9,554)	\$ 61,621	\$ 9,734
Net pension liability	1,201,434	466,039	(179,828)	1,487,645	
Total	<u>\$ 1,256,975</u>	<u>\$ 481,673</u>	<u>\$ (189,382)</u>	<u>\$ 1,549,266</u>	<u>\$ 9,734</u>
Business-type Activities:					
Compensated absences	\$ 41,037	\$ 35,066	\$ (33,329)	\$ 42,774	\$ -
Installment note payable - Water	1,460,194		(124,878)	1,335,316	129,160
Installment note payable - Sewer	4,675,265		(321,482)	4,353,783	332,506
Net pension liability	1,022,998	374,075	(130,371)	1,266,702	
CSWRCB Revolving Loan	15,621,303		(1,101,925)	14,519,378	1,112,944
Total	<u>\$ 22,820,797</u>	<u>\$ 409,141</u>	<u>\$ (1,711,985)</u>	<u>\$ 21,517,953</u>	<u>\$ 1,574,610</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 7 – LONG-TERM LIABILITIES (Continued)

1. 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 3.4%, with principal payments varying from \$37,010 to \$85,287, payable semi-annually beginning September 29, 2006, and continuing until March 29, 2026. The balance outstanding at June 30, 2017 is \$1,335,316.

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, later amended to \$6,780,000. The note bears interest at 3.4%, with principal payments varying from \$126,472 to \$234,873, payable semi-annually beginning September 7, 2008, and continuing until March 7, 2028. The balance outstanding at June 30, 2017 is \$4,353,783.

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

Fiscal Year Ended June 30,	Installment Notes Payable - Water		
	Principal	Interest	Total
2018	\$ 129,160	\$ 44,312	\$ 173,472
2019	133,590	39,884	173,474
2020	138,170	35,303	173,473
2021	142,908	30,565	173,473
2022	147,808	25,664	173,472
2023-2026	643,680	50,211	693,891
	<u>\$ 1,335,316</u>	<u>\$ 225,939</u>	<u>\$ 1,561,255</u>

Fiscal Year Ended June 30,	Installment Notes Payable - Sewer		
	Principal	Interest	Total
2018	\$ 332,506	\$ 145,226	\$ 477,732
2019	343,907	133,825	477,732
2020	355,699	122,033	477,732
2021	367,896	109,836	477,732
2022	380,511	97,221	477,732
2023-2027	2,107,444	281,216	2,388,660
2028	465,820	11,912	477,732
	<u>\$ 4,353,783</u>	<u>\$ 901,269</u>	<u>\$ 5,255,052</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 7 – LONG-TERM LIABILITIES (Continued)

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, 2017 is \$14,519,378. Annual debt service requirements for the CSWRCB Loan are shown below:

Fiscal Year Ended June 30,	CSWRCB Loan		
	Principal	Interest	Total
2018	\$ 1,112,944	\$ 145,194	\$ 1,258,138
2019	1,124,074	134,064	1,258,138
2020	1,135,315	122,823	1,258,138
2021	1,146,668	111,470	1,258,138
2022	1,158,134	100,004	1,258,138
2023-2027	5,966,726	323,964	6,290,690
2028-2030	2,875,517	49,260	2,924,777
	<u>\$ 14,519,378</u>	<u>\$ 986,779</u>	<u>\$ 15,506,157</u>

4. Compensated Absences

The City's policy relating to compensated absences is described in Note (1). Compensated absences are liquidated primarily by the general fund and proprietary funds. The total amount outstanding at June 30, 2017, was \$61,621 for governmental activities and \$42,774 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.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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 – PENSION PLAN

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. General Information about the Pension Plan

Plan Descriptions - All qualified employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Plans, cost sharing defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 12 – PENSION PLAN (Continued)

A. General Information about the Pension Plan (Continued)

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	City Misc Plan		City Safety Plan
	Prior to January 1, 2013	On or after January 1, 2013	Prior to January 1, 2013
Hire date			
Benefit formula	2.7% @ 55	2% @ 62	3.0% @ 50
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55	62	50
Monthly benefits, as a % of eligible compensation	2% to 2.7%	2.00%	3.0%
Required employee contribution rates	8%*	6.25%	n/a
Required employer contribution rates	11.634%	6.555%	n/a

* City made 2% contribution on behalf of employees

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2017, the City reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

Proportionate Share of Net Pension Liability	
Misc. Plan	Safety Plan
\$ 2,058,690	\$ 695,657

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 12 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2015 and 2016 was as follows:

	City Miscellaneous Plan	City Safety Plan
Proportion - June 30, 2015	0.06043%	0.01375%
Proportion - June 30, 2016	0.05926%	0.02003%
Change - Increase (Decrease)	-0.00117%	0.00628%

For the fiscal year ended June 30, 2017, the City recognized pension expense of \$219,046. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 250,403	\$ -
Net differences between projected and actual earnings on pension plan investments	383,550	
Differences based on actual experience	6,873	(3,681)
Differences based on change of assumptions		(74,208)
Differences between actual vs proportionate contribution	15,266	(44,146)
Adjustment due to differences in proportions	120,500	(14,485)
Total	<u>\$ 776,592</u>	<u>\$ (136,520)</u>

\$250,403 reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	
2018	\$ 59,790
2019	56,040
2020	174,437
2021	99,402
Total	<u>\$ 389,669</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 12 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions - The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.30%-14.20% (1)	3.30%-14.20% (1)
Investment Rate of Return	7.50% (2)	7.50% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds	

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 12 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Year 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	100.00%		

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 12 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate -The following presents the net pension liability of the Local Government for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.65%	6.65%
Net Pension Liability	\$3,075,733	\$1,021,509
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$2,058,690	\$695,657
1% Increase	8.65%	8.65%
Net Pension Liability	\$1,218,155	\$428,166

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 13 - SUCCESSOR 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 until 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 2012-04.

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

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

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

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

A. Capital assets of the Successor Agency as of June 30, 2017 consisted of the following:

	July 1, 2016 Balance	Additions	Deletions	June 30, 2017 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	(177,791)	(26,531)		(204,322)
Infrastructure	(8,631)	(959)		(9,590)
Total accumulated depreciation, net	(186,422)	(27,490)		(213,912)
Total capital assets, net	\$ 657,437	\$ (27,490)	\$ -	\$ 629,947

B. Long-term debt of the Successor Agency as of June 30, 2017, consisted of the following:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due within one year
Tax Allocation Bonds	\$ 2,660,000	\$ -	\$ (80,000)	\$ 2,580,000	\$ 95,000
Original Issuance Discount	(49,813)		2,372	(47,441)	(2,372)
Totals	\$ 2,610,187	\$ -	\$ (77,628)	\$ 2,532,559	\$ 92,628

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, 2017 was \$2,580,000. The remaining annual debt service requirements as of June 30, 2017 are as follows:

Fiscal Year Ended June 30,	2006 Tax Allocation Bonds		
	Principal	Interest	Total
2018	\$ 95,000	\$ 87,450	\$ 182,450
2019	100,000	85,500	185,500
2020	100,000	83,500	183,500
2021	105,000	81,450	186,450
2022	105,000	78,825	183,825
2023-2027	575,000	344,025	919,025
2028-2032	675,000	234,500	909,500
2033-2037	825,000	85,100	910,100
	<u>\$ 2,580,000</u>	<u>\$ 1,080,350</u>	<u>\$ 3,660,350</u>

CITY OF HUGHSON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2017

NOTE 14 – PRIOR PERIOD ADJUSTMENTS

A prior period adjustment of \$104,500 was made in the General Fund for an understatement of accounts receivable related to taxes in the prior fiscal year.

Prior period adjustments of \$(114,514) and \$114,514 were made on the Statement of Activities to Governmental Activities and Business-type Activities respectively due to a misclassification of capital assets in the prior fiscal year.

Prior period adjustments of \$2,152 and \$(2,152) were made in the Traffic and Gas Tax Special Revenue Funds respectively due to a misclassification of transfers in the prior fiscal year.

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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, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
Revenues				
Property Taxes	\$ 271,000	\$ 284,500	\$ 292,703	\$ 8,203
Sales and Use Taxes	887,000	985,000	1,015,561	30,561
Business License Taxes	20,000	22,000	20,851	(1,149)
Other Taxes	99,400	103,900	130,479	26,579
Licenses and Permits	75,560	114,560	131,439	16,879
Fines and Forfeitures	108,500	126,000	139,781	13,781
Interest	3,000	3,000	4,150	1,150
Charges for Services	128,000	128,000	130,768	2,768
Intergovernmental	552,520	686,500	689,974	3,474
Other	402,000	402,000	402,000	
Total Revenues	2,546,980	2,855,460	2,957,706	102,246
Expenditures				
Current				
General Government	837,071	855,269	820,836	34,433
Public Safety	1,187,071	1,212,171	1,063,364	148,807
Public Works	320,325	523,854	547,251	(23,397)
Parks and Recreation	91,641	120,238	131,360	(11,122)
Total Expenditures	2,436,108	2,711,532	2,562,811	148,721
Excess (Deficiency) of Revenues Over (Under) Expenditures	110,872	143,928	394,895	250,967
Other Financing Sources (uses):				
Transfers In	86,632	86,632	86,632	-
Transfers Out	(12,500)	(70,960)	(70,960)	
Total Other Financing Sources (Uses)	74,132	15,672	15,672	-
Net Change in Fund Balance	185,004	159,600	410,567	250,967
Fund Balance - July 1, 2016	2,772,255	2,772,255	2,772,255	
Prior Period Adjustments			104,500	104,500
Fund Balance - July 1, 2016, Restated	2,772,255	2,772,255	2,876,755	104,500
Fund Balance - June 30, 2017	\$ 2,957,259	\$ 2,931,855	\$ 3,287,322	\$ 355,467

**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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other	\$ -	\$ -	\$ -	\$ -
Total Revenues				
Expenditures				
Current:				
Community Development				
Total Expenditures				
Net Change in Fund Balance				
Fund Balance - July 1, 2016	<u>1,498,751</u>	<u>1,498,751</u>	<u>1,498,751</u>	
Fund Balance - June 30, 2017	<u>\$ 1,498,751</u>	<u>\$ 1,498,751</u>	<u>\$ 1,498,751</u>	<u>\$ -</u>

**CITY OF HUGHSON
SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
REFUSE SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$ 480,000	\$ 480,000	\$ 496,293	\$ 16,293
Total Revenues	480,000	480,000	496,293	16,293
Expenditures				
Current:				
General Government	480,000	480,000	496,224	(16,224)
Total Expenditures	480,000	480,000	496,224	(16,224)
Net Change in Fund Balance			69	69
Fund Balance - July 1, 2016	56,265	56,265	56,265	
Fund Balance - June 30, 2017	\$ 56,265	\$ 56,265	\$ 56,334	\$ 69

**CITY OF HUGHSON
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2017**

Cost Sharing Defined Benefit Pension Plans

Schedule of the City's Proportionate Share of the Net Pension Liability – Last 10 Years*

	June 30, 2017		June 30, 2016		June 30, 2015	
	Misc Plan	Safety Plan	Misc Plan	Safety Plan	Misc Plan	Safety Plan
Proportion of the net pension liability	0.05926%	0.02003%	0.06043%	0.01375%	0.05317%	0.01233%
Proportionate share of the net pension liability	\$ 2,058,690	\$ 695,657	\$ 1,657,967	\$ 566,466	\$ 1,313,993	\$ 462,568
Covered-employee payroll	\$ 920,504	n/a	\$ 819,730	n/a	\$ 838,193	n/a
Proportionate Share of the net pension liability as a percentage of covered-employee payroll	223.65%	n/a	202.26%	n/a	156.76%	n/a
Plan's fiduciary net position	\$ 5,495,601	\$ 1,704,840	\$ 5,367,605	\$ 1,778,871	\$ 5,521,563	\$ 1,959,516
Plan's total pension liability	\$ 7,554,291	\$ 2,400,497	\$ 7,025,572	\$ 2,345,337	\$ 6,835,556	\$ 2,422,084
Plan fiduciary net position as a percentage of total pension liability	72.75%	71.02%	76.40%	75.85%	80.78%	80.90%

Notes to Schedule

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Change in Assumptions: None

*Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

**CITY OF HUGHSON
REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2017**

Cost Sharing Defined Benefit Pension Plans

Schedule of Contributions – Last 10 Years*

	June 30, 2017		June 30, 2016		June 30, 2015	
	Misc Plan	Safety Plan	Misc Plan	Safety Plan	Misc Plan	Safety Plan
Contractual required contribution (actuarially determined)	\$ 192,328	\$ 26,718	\$ 149,103	\$ 29,542	\$ 127,295	\$ 22,606
Contributions in relation to the actuarially determined contributions	(192,328)	(26,718)	(149,103)	(29,542)	(127,295)	(22,606)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 920,504	n/a	\$ 819,730	n/a	\$ 838,193	n/a
Contributions as a percentage of covered employee payroll	20.89%	n/a	18.19%	n/a	15.19%	n/a

Notes to Schedule

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For detail, see June 30, 2012 Funding Valuation Report
Assets Valuation Method	Actuarial Value of Assets. For details, see June 30, 2012 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates included 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

***Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.**

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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, 2017

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 2,500	\$ 1,886	\$ (614)
Charges for Services	<u>95,655</u>	<u>141,236</u>	<u>45,581</u>
Total Revenues	<u>98,155</u>	<u>143,122</u>	<u>44,967</u>
Expenditures:			
Capital Outlay	<u>355,916</u>	<u>153,647</u>	<u>202,269</u>
Total Expenditures	<u>355,916</u>	<u>153,647</u>	<u>202,269</u>
Net Change in Fund Balance	(257,761)	(10,525)	247,236
Fund Balance - July 1, 2016	<u>1,256,368</u>	<u>1,256,368</u>	
Fund Balance - June 30, 2017	<u>\$ 998,607</u>	<u>\$ 1,245,843</u>	<u>\$ 247,236</u>

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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 not set up.

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

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

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

The 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 trench 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 street reconstruction.

The Municipal Park Fund was established to account for future expansion of City parks.

The Parks Development Impact Fees Fund was established to account for developer assessments on new home construction, with the monies to be used for construction of parks.

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CITY OF HUGHSON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017

	Special Revenue Funds				
	Asset Forfeiture	Gas Tax	Vehicle Abatement	CDBG Rehab	CDBG Grants
Assets					
Cash and Investments	\$ 1,660	\$ 33,264	\$ 17,106	\$ 421,498	\$ 93,999
Accounts Receivable		11,276			
Loans Receivable				231,141	
Total Assets	<u>\$ 1,660</u>	<u>\$ 44,540</u>	<u>\$ 17,106</u>	<u>\$ 652,639</u>	<u>\$ 93,999</u>
Liabilities					
Accounts Payable	\$ -	\$ 10,630	\$ -	\$ -	\$ -
Due To Other Funds					
Total Liabilities		<u>10,630</u>			
Fund Balances (Deficits)					
Restricted	1,660	33,910	17,106	652,639	93,999
Unassigned					
Total Fund Balances (Deficits)	<u>1,660</u>	<u>33,910</u>	<u>17,106</u>	<u>652,639</u>	<u>93,999</u>
Total Liabilities and Fund Balances	<u>\$ 1,660</u>	<u>\$ 44,540</u>	<u>\$ 17,106</u>	<u>\$ 652,639</u>	<u>\$ 93,999</u>

Special Revenue Funds

Community Enhancement	Local Transportation	Storm Drain	Traffic	SLESF
\$ 113,225	\$ 77,321 52,453	\$ 372,104	\$ 116,829 1,425	\$ 145,229
<u>\$ 113,225</u>	<u>\$ 129,774</u>	<u>\$ 372,104</u>	<u>\$ 118,254</u>	<u>\$ 145,229</u>
\$ -	\$ -	\$ 483	\$ 454	\$ 67,253
		483	454	67,253
113,225	129,774	371,621	117,800	77,976
<u>113,225</u>	<u>129,774</u>	<u>371,621</u>	<u>117,800</u>	<u>77,976</u>
<u>\$ 113,225</u>	<u>\$ 129,774</u>	<u>\$ 372,104</u>	<u>\$ 118,254</u>	<u>\$ 145,229</u>

Continued

CITY OF HUGHSON
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017
(CONTINUED)

	Special Revenue Funds				
	Lighting and Landscaping	Benefit Assessment	Trench Cut	Public Safety Realignment	IT Reserve
Assets					
Cash and Investments	\$ 89,050	\$ 162,637	\$ 76,626	\$ 35,722	\$ 112,200
Accounts Receivable					
Loans Receivable					
Total Assets	<u>\$ 89,050</u>	<u>\$ 162,637</u>	<u>\$ 76,626</u>	<u>\$ 35,722</u>	<u>\$ 112,200</u>
Liabilities					
Accounts Payable	\$ 10,896	\$ 2,405	\$ -	\$ -	\$ -
Due To Other Funds					
Total Liabilities	<u>10,896</u>	<u>2,405</u>			
Fund Balances (Deficits)					
Restricted	78,154	160,232	76,626	35,722	112,200
Unassigned					
Total Fund Balances (Deficits)	<u>78,154</u>	<u>160,232</u>	<u>76,626</u>	<u>35,722</u>	<u>112,200</u>
Resources, and Fund Balances	<u>\$ 89,050</u>	<u>\$ 162,637</u>	<u>\$ 76,626</u>	<u>\$ 35,722</u>	<u>\$ 112,200</u>

Capital Projects Funds			Total Nonmajor Governmental Funds
Transportation	Municipal Park	Parks Development Impact Fees	
\$ - 117,210	\$ 634,428	\$ 428,482	\$ 2,931,380 182,364 231,141
<u>\$ 117,210</u>	<u>\$ 634,428</u>	<u>\$ 428,482</u>	<u>\$ 3,344,885</u>
\$ 68,356 310,580	\$ -	\$ -	\$ 160,477 310,580
<u>378,936</u>			<u>471,057</u>
(261,726)	634,428	428,482	3,135,554 (261,726)
<u>(261,726)</u>	<u>634,428</u>	<u>428,482</u>	<u>2,873,828</u>
<u>\$ 117,210</u>	<u>\$ 634,428</u>	<u>\$ 428,482</u>	<u>\$ 3,344,885</u>

CITY OF HUGHSON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2017

	Special Revenue Funds				
	Asset Forfeiture	Gas Tax	Vehicle Abatement	CDBG Rehab	CDBG Grants
Revenues:					
Interest	\$ -	\$ -	\$ -	\$ 551	\$ -
Charges for Services			14,997		
Intergovernmental		118,664			
Special Assessments				60,312	
Other				60,863	
Total Revenues		118,664	14,997	60,863	
Expenditures:					
Current:					
Public Safety	5,335			37	
Public Works		65,069			
Capital Outlay		40,610			
Total Expenditures	5,335	105,679		37	
Excess (Deficiency) of Revenues over (Under) Expenditures	(5,335)	12,985	14,997	60,826	
Other Financing Sources (Uses):					
Transfers In		(48,000)	(9,000)		
Transfers Out					
Total Other Financing Sources (Uses)		(48,000)	(9,000)		
Net Change in Fund Balances	(5,335)	(35,015)	5,997	60,826	
Fund Balances (Deficits) - July 1, 2016	6,995	71,077	11,109	591,813	93,999
Prior Period Adjustments		(2,152)			
Fund Balances (Deficits) - July 1, 2016, Restated	6,995	68,925	11,109	591,813	93,999
Fund Balances (Deficits) - June 30, 2017	\$ 1,660	\$ 33,910	\$ 17,106	\$ 652,639	\$ 93,999

Special Revenue Funds				
Community Enhancement	Local Transportation Fund	Storm Drain	Traffic	SLESF
\$ 94 27,216	\$ 136 52,453	\$ 456 80,661	\$ 153 21,525	\$ 42 129,324
	6,333			
<u>27,310</u>	<u>58,922</u>	<u>81,117</u>	<u>21,678</u>	<u>129,366</u>
	22,000	483	996	71,000
	<u>45,921</u>		<u>29,995</u>	
	<u>67,921</u>	<u>483</u>	<u>30,991</u>	<u>71,000</u>
<u>27,310</u>	<u>(8,999)</u>	<u>80,634</u>	<u>(9,313)</u>	<u>58,366</u>
			<u>(11,600)</u>	
			<u>(11,600)</u>	
<u>27,310</u>	<u>(8,999)</u>	<u>80,634</u>	<u>(20,913)</u>	<u>58,366</u>
85,915	138,773	290,987	136,561	19,610
			<u>2,152</u>	
<u>85,915</u>	<u>138,773</u>	<u>290,987</u>	<u>138,713</u>	<u>19,610</u>
<u>\$ 113,225</u>	<u>\$ 129,774</u>	<u>\$ 371,621</u>	<u>\$ 117,800</u>	<u>\$ 77,976</u>

Continued

CITY OF HUGHSON
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2017
(CONTINUED)

	Special Revenue Funds				
	Lighting and Landscaping	Benefit Assessment	Trench Cut	Public Safety Realignment	IT Reserve
Revenues:					
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for Services			182		
Intergovernmental				6,064	
Special Assessments	124,845	60,094			
Other					
Total Revenues	<u>124,845</u>	<u>60,094</u>	<u>182</u>	<u>6,064</u>	
Expenditures:					
Current:					
Public Safety				6,064	
Public Works	128,766	27,875			1,992
Capital Outlay					
Total Expenditures	<u>128,766</u>	<u>27,875</u>		<u>6,064</u>	<u>1,992</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(3,921)</u>	<u>32,219</u>	<u>182</u>		<u>(1,992)</u>
Other Financing Sources (Uses):					
Transfers In					15,000
Transfers Out	(8,520)	(2,136)			
Total Other Financing Sources (Uses)	<u>(8,520)</u>	<u>(2,136)</u>			<u>15,000</u>
Net Change in Fund Balances	<u>(12,441)</u>	<u>30,083</u>	<u>182</u>		<u>13,008</u>
Fund Balances (Deficits) - July 1, 2016	90,595	130,149	76,444	35,722	99,192
Prior Period Adjustments					
Fund Balances (Deficits) - July 1, 2016, Restated	<u>90,595</u>	<u>130,149</u>	<u>76,444</u>	<u>35,722</u>	<u>99,192</u>
Fund Balances (Deficits) - June 30, 2017	<u>\$ 78,154</u>	<u>\$ 160,232</u>	<u>\$ 76,626</u>	<u>\$ 35,722</u>	<u>\$ 112,200</u>

Capital Project Funds			Total Nonmajor Governmental Funds
Transportation	Municipal Park	Parks Development Impact Fees	
\$ -	\$ 815	\$ 572	\$ 2,819
	53,756	72,009	248,821
359,145			687,175
			184,939
			66,645
<u>359,145</u>	<u>54,571</u>	<u>72,581</u>	<u>1,190,399</u>
			83,395
392,556		95,451	244,230
			606,525
<u>392,556</u>		<u>95,451</u>	<u>934,150</u>
(33,411)	54,571	(22,870)	256,249
58,460			73,460
			(79,256)
<u>58,460</u>			<u>(5,796)</u>
25,049	54,571	(22,870)	250,453
(286,775)	579,857	451,352	2,623,375
<u>(286,775)</u>	<u>579,857</u>	<u>451,352</u>	<u>2,623,375</u>
<u>\$ (261,726)</u>	<u>\$ 634,428</u>	<u>\$ 428,482</u>	<u>\$ 2,873,828</u>

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, 2017

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Expenditures:			
Current:			
Public Safety	\$ 5,335	\$ 5,335	\$ -
Total Revenues	<u>5,335</u>	<u>5,335</u>	<u> </u>
Net Change in Fund Balance	(5,335)	(5,335)	
Fund Balance - July 1, 2016	<u>6,995</u>	<u>6,995</u>	<u> </u>
Fund Balance - June 30, 2017	<u><u>\$ 1,660</u></u>	<u><u>\$ 1,660</u></u>	<u><u>\$ -</u></u>

CITY OF HUGHSON
GAS TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 129,910	\$ 118,664	\$ (11,246)
Total Revenues	<u>129,910</u>	<u>118,664</u>	<u>(11,246)</u>
Expenditures:			
Current:			
Public Works	64,000	65,069	(1,069)
Capital Outlay	<u>42,000</u>	<u>40,610</u>	<u>1,390</u>
Total Expenditures	<u>106,000</u>	<u>105,679</u>	<u>321</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>23,910</u>	<u>12,985</u>	<u>(10,925)</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(48,000)</u>	<u>(48,000)</u>	
Total Other Financing Sources (Uses)	<u>(48,000)</u>	<u>(48,000)</u>	
Net Change in Fund Balance	<u>(24,090)</u>	<u>(35,015)</u>	<u>(10,925)</u>
Fund Balance - July 1, 2016	71,077	71,077	
Prior Period Adjustment		<u>(2,152)</u>	<u>(2,152)</u>
Fund Balance - July 1, 2016, Restated	<u>71,077</u>	<u>68,925</u>	<u>(2,152)</u>
Fund Balance - June 30, 2017	<u>\$ 46,987</u>	<u>\$ 33,910</u>	<u>\$ (13,077)</u>

CITY OF HUGHSON
VEHICLE ABATEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Charges For Services	\$ 9,000	\$ 14,997	\$ 5,997
Total Revenues	<u>9,000</u>	<u>14,997</u>	<u>5,997</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(9,000)</u>	<u>(9,000)</u>	
Total Other Financing Sources (Uses)	<u>(9,000)</u>	<u>(9,000)</u>	
Net Change in Fund Balance		5,997	5,997
Fund Balance - July 1, 2016	<u>11,109</u>	<u>11,109</u>	
Fund Balance - June 30, 2017	<u>\$ 11,109</u>	<u>\$ 17,106</u>	<u>\$ 5,997</u>

CITY OF HUGHSON
CDBG REHAB SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 350	\$ 551	\$ 201
Other Revenue	<u>3,000</u>	<u>60,312</u>	<u>57,312</u>
Total Revenues	<u>3,350</u>	<u>60,863</u>	<u>57,513</u>
Expenditures:			
Current:			
Public Works	<u> </u>	<u>37</u>	<u>(37)</u>
Total Expenditures	<u> </u>	<u>37</u>	<u>(37)</u>
Net Change in Fund Balance	3,350	60,826	57,476
Fund Balance - July 1, 2016	<u>591,813</u>	<u>591,813</u>	<u> </u>
Fund Balance - June 30, 2017	<u>\$ 595,163</u>	<u>\$ 652,639</u>	<u>\$ 57,476</u>

CITY OF HUGHSON
CDBG GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ -	\$ -	\$ -
Total Revenues	<u> </u>	<u> </u>	<u> </u>
Net Change in Fund Balance			
Fund Balance - July 1, 2016	<u>93,999</u>	<u>93,999</u>	<u> </u>
Fund Balance - June 30, 2017	<u><u>\$ 93,999</u></u>	<u><u>\$ 93,999</u></u>	<u><u>\$ -</u></u>

CITY OF HUGHSON
COMMUNITY ENHANCEMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 100	\$ 94	\$ (6)
Charges For Services	21,168	27,216	6,048
Total Revenues	<u>21,268</u>	<u>27,310</u>	<u>6,042</u>
Expenditures:			
Capital Outlay	110,000		110,000
Total Expenditures	<u>110,000</u>		<u>110,000</u>
Net Change in Fund Balance	(88,732)	27,310	116,042
Fund Balance - July 1, 2016	<u>85,915</u>	<u>85,915</u>	
Fund Balance - June 30, 2017	<u><u>\$ (2,817)</u></u>	<u><u>\$ 113,225</u></u>	<u><u>\$ 116,042</u></u>

CITY OF HUGHSON
 LOCAL TRANSPORTATION SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ -	\$ 136	\$ 136
Intergovernmental	45,523	52,453	6,930
Other	5,514	6,333	819
Total Revenues	<u>51,037</u>	<u>58,922</u>	<u>7,885</u>
Expenditures:			
Current:			
Public Works	20,000	22,000	(2,000)
Capital Outlay	20,000	45,921	(25,921)
Total Expenditures	<u>40,000</u>	<u>67,921</u>	<u>(27,921)</u>
Net Change in Fund Balance	11,037	(8,999)	(20,036)
Fund Balance - July 1, 2016	<u>138,773</u>	<u>138,773</u>	
Fund Balance - June 30, 2017	<u>\$ 149,810</u>	<u>\$ 129,774</u>	<u>\$ (20,036)</u>

CITY OF HUGHSON
STORM DRAIN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 200	\$ 456	\$ 256
Charges for Services	59,094	80,661	21,567
Total Revenues	<u>59,294</u>	<u>81,117</u>	<u>21,823</u>
Expenditures:			
Current:			
Public Works		483	(483)
Total Expenditures		<u>483</u>	<u>(483)</u>
Net Change in Fund Balance	59,294	80,634	21,340
Fund Balance - July 1, 2016	<u>290,987</u>	<u>290,987</u>	
Fund Balance - June 30, 2017	<u><u>\$ 350,281</u></u>	<u><u>\$ 371,621</u></u>	<u><u>\$ 21,340</u></u>

CITY OF HUGHSON
TRAFFIC SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 100	\$ 153	\$ 53
Intergovernmental	<u>17,034</u>	<u>21,525</u>	<u>4,491</u>
Total Revenues	<u>17,134</u>	<u>21,678</u>	<u>4,544</u>
Expenditures:			
Current:			
Public Works	2,000	996	1,004
Capital Outlay	<u>30,000</u>	<u>29,995</u>	<u>5</u>
Total Expenditures	<u>32,000</u>	<u>30,991</u>	<u>1,009</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,866)</u>	<u>(9,313)</u>	<u>5,553</u>
Other Financing Sources (Uses):			
Transfers Out	<u>(11,600)</u>	<u>(11,600)</u>	
Total Other Financing Sources (Uses)	<u>(11,600)</u>	<u>(11,600)</u>	
Net Change in Fund Balance	<u>(26,466)</u>	<u>(20,913)</u>	<u>5,553</u>
Fund Balance - July 1, 2016	136,561	136,561	
Prior Period Adjustment		<u>2,152</u>	<u>2,152</u>
Fund Balance - July 1, 2016, Restated	<u>136,561</u>	<u>138,713</u>	<u>2,152</u>
Fund Balance - June 30, 2017	<u>\$ 110,095</u>	<u>\$ 117,800</u>	<u>\$ 7,705</u>

CITY OF HUGHSON
SLESF SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ -	\$ 42	\$ 42
Intergovernmental	100,000	129,324	29,324
Total Revenues	<u>100,000</u>	<u>129,366</u>	<u>29,366</u>
Expenditures:			
Current:			
Public Safety	119,000	71,000	48,000
Total Expenditures	<u>119,000</u>	<u>71,000</u>	<u>48,000</u>
Net Change in Fund Balance	(19,000)	58,366	77,366
Fund Balance - July 1, 2016	<u>19,610</u>	<u>19,610</u>	
Fund Balance - June 30, 2017	<u>\$ 610</u>	<u>\$ 77,976</u>	<u>\$ 77,366</u>

CITY OF HUGHSON
 LIGHTING AND LANDSCAPING SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 127,514	\$ 124,845	\$ (2,669)
Total Revenue	<u>127,514</u>	<u>124,845</u>	<u>(2,669)</u>
Expenditures:			
Current:			
Public works	118,944	128,766	(9,822)
Total Expenditures	<u>118,944</u>	<u>128,766</u>	<u>(9,822)</u>
Excess (Deficiency) of			
Revenues Over (Under)			
Expenditures	<u>8,570</u>	<u>(3,921)</u>	<u>(12,491)</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(8,520)</u>	<u>(8,520)</u>	<u>-</u>
Total Other financing			
Sources (Uses)	<u>(8,520)</u>	<u>(8,520)</u>	<u></u>
Net Change in Fund Balance	50	(12,441)	(12,491)
Fund Balance - July 1, 2016	<u>90,595</u>	<u>90,595</u>	<u></u>
Fund Balance - June 30, 2017	<u>\$ 90,645</u>	<u>\$ 78,154</u>	<u>\$ (12,491)</u>

CITY OF HUGHSON
 BENEFIT ASSESSMENT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 61,102	\$ 60,094	\$ (1,008)
Total Revenue	<u>61,102</u>	<u>60,094</u>	<u>(1,008)</u>
Expenditures:			
Current:			
Public Works	<u>26,171</u>	<u>27,875</u>	<u>(1,704)</u>
Total Expenditures	<u>26,171</u>	<u>27,875</u>	<u>(1,704)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>34,931</u>	<u>32,219</u>	<u>(2,712)</u>
Other Financing Sources (Uses)			
Transfers Out	<u>(2,137)</u>	<u>(2,136)</u>	<u>1</u>
Total Other financing Sources (Uses)	<u>(2,137)</u>	<u>(2,136)</u>	<u>1</u>
Net Change in Fund Balance	32,794	30,083	(2,711)
Fund Balance - July 1, 2016	<u>130,149</u>	<u>130,149</u>	
Fund Balance - June 30, 2017	<u>\$ 162,943</u>	<u>\$ 160,232</u>	<u>\$ (2,711)</u>

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, 2017

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 200	\$ 182	\$ (18)
Total Revenue	<u>200</u>	<u>182</u>	<u>(18)</u>
Net Change in Fund Balance	200	182	(18)
Fund Balance - July 1, 2016	<u>76,444</u>	<u>76,444</u>	<u></u>
Fund Balance - June 30, 2017	<u><u>\$ 76,644</u></u>	<u><u>\$ 76,626</u></u>	<u><u>\$ (18)</u></u>

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, 2017

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 5,000	\$ 6,064	\$ 1,064
Total Revenue	<u>5,000</u>	<u>6,064</u>	<u>1,064</u>
Expenditures:			
Current:			
Public Safety	15,000	6,064	8,936
Total Expenditures	<u>15,000</u>	<u>6,064</u>	<u>8,936</u>
Net Change in Fund Balance	(10,000)		10,000
Fund Balance - July 1, 2016	<u>35,722</u>	<u>35,722</u>	
Fund Balance - June 30, 2017	<u>\$ 25,722</u>	<u>\$ 35,722</u>	<u>\$ 10,000</u>

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, 2017

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Expenditures:			
Capital Outlay	\$ 15,000	\$ 1,992	\$ 13,008
Total Expenditures	<u>15,000</u>	<u>1,992</u>	<u>13,008</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,000)</u>	<u>(1,992)</u>	<u>13,008</u>
Other Financing Sources (Uses) Transfers In	<u>15,000</u>	<u>15,000</u>	
Total Other financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	
Net Change in Fund Balance		13,008	13,008
Fund Balance - July 1, 2016	<u>99,192</u>	<u>99,192</u>	
Fund Balance - June 30, 2017	<u><u>\$ 99,192</u></u>	<u><u>\$ 112,200</u></u>	<u><u>\$ 13,008</u></u>

CITY OF HUGHSON
TRANSPORTATION CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 766,670	\$ 359,145	\$ (407,525)
Total Revenues	<u>766,670</u>	<u>359,145</u>	<u>(407,525)</u>
Expenditures:			
Capital Outlay	728,000	392,556	335,444
Total Expenditures	<u>728,000</u>	<u>392,556</u>	<u>335,444</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>38,670</u>	<u>(33,411)</u>	<u>(72,081)</u>
Other Financing Sources (Uses)			
Transfers In	<u>58,460</u>	<u>58,460</u>	
Total Other financing Sources (Uses)	<u>58,460</u>	<u>58,460</u>	
Net Change in Fund Balance	97,130	25,049	(72,081)
Fund Balance (Deficit) - July 1, 2016	<u>(286,775)</u>	<u>(286,775)</u>	
Fund Balance (Deficit) - June 30, 2017	<u>\$ (189,645)</u>	<u>\$ (261,726)</u>	<u>\$ (72,081)</u>

CITY OF HUGHSON
MUNICIPAL PARK CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 1,050	\$ 815	\$ (235)
Charges for Services	<u>41,811</u>	<u>53,756</u>	<u>11,945</u>
Total Revenues	<u>42,861</u>	<u>54,571</u>	<u>11,710</u>
Net Change in Fund Balance	42,861	54,571	11,710
Fund Balance - July 1, 2016	<u>579,857</u>	<u>579,857</u>	<u></u>
Fund Balance - June 30, 2017	<u>\$ 622,718</u>	<u>\$ 634,428</u>	<u>\$ 11,710</u>

CITY OF HUGHSON
PARKS DEVELOPMENT IMPACT FEES CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2017

	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:			
Interest	\$ 800	\$ 572	\$ (228)
Charges for Services	<u>56,007</u>	<u>72,009</u>	<u>16,002</u>
Total Revenues	<u>56,807</u>	<u>72,581</u>	<u>15,774</u>
Expenditures:			
Capital Outlay	<u>140,000</u>	<u>95,451</u>	<u>44,549</u>
Total Expenditures	<u>140,000</u>	<u>95,451</u>	<u>44,549</u>
Net Change in Fund Balance	(83,193)	(22,870)	60,323
Fund Balance - July 1, 2016	<u>451,352</u>	<u>451,352</u>	
Fund Balance - June 30, 2017	<u>\$ 368,159</u>	<u>\$ 428,482</u>	<u>\$ 60,323</u>

NONMAJOR PROPRIETARY FUNDS

PROPRIETARY FUNDS

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

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

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

CITY OF HUGHSON
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2017

	Enterprise Funds		
	Community Center Operations Fund	USF Community Center Fund	Total Nonmajor Enterprise Funds
Assets			
Current Assets:			
Cash and Investments	\$ -	\$ 1,276	\$ 1,276
Due From Other Funds		1,219	1,219
Total Current Assets		2,495	2,495
Noncurrent Assets:			
Capital Assets:			
Land			
Buildings	105,073		105,073
Less:	725,283		725,283
Accumulated Depreciation	(447,258)		(447,258)
Total Noncurrent Assets	383,098		383,098
Total Assets	383,098	2,495	385,593
Liabilities			
Current Liabilities:			
Accounts Payable	4,475	2,234	6,709
Due to Other Funds	1,219		1,219
Deposits Payable	3,592		3,592
Total Liabilities	9,286	2,234	11,520
Net Position			
Net Investment in Capital Assets	383,098		383,098
Unrestricted	(9,286)	261	(9,025)
Total Net Position	\$ 373,812	\$ 261	\$ 374,073

CITY OF HUGHSON
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Enterprise Funds		Total Nonmajor Enterprise Funds
	Community Center Operations Fund	USF Community Center Fund	
Operating Revenues			
Charges for Services	\$ 14,480	\$ 13,594	\$ 28,074
Total Operating Revenues	<u>14,480</u>	<u>13,594</u>	<u>28,074</u>
Operating Expenses			
Administrative	24,184	8,743	32,927
Maintenance	4,100	2,644	6,744
Depreciation	24,176		24,176
Total Operating Expenses	<u>52,460</u>	<u>11,387</u>	<u>63,847</u>
Income (Loss) Before Transfers	(37,980)	2,207	(35,773)
Transfers			
Transfers In	7,500		7,500
Transfers Out		(7,375)	(7,375)
Changes in Net Position	(30,480)	(5,168)	(35,648)
Net Position - Beginning of Fiscal Year	<u>404,292</u>	<u>5,429</u>	<u>409,721</u>
Net Position - End of Fiscal Year	<u>\$ 373,812</u>	<u>\$ 261</u>	<u>\$ 374,073</u>

**CITY OF HUGHSON
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Enterprise Funds		Total Nonmajor Enterprise Funds
	Community Center Operations Fund	USF Community Center Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Users	\$ 14,790	\$ 13,594	\$ 28,384
Cash Payments to Suppliers and Contractors	(23,809)	(9,153)	(32,962)
Net Cash Provided (Used) By Operating Activities	(9,019)	4,441	(4,578)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in (out)	7,500	(7,375)	125
Interfund Borrowing	1,219	(1,219)	
Net Cash Provided (Used) By Noncapital Financing Activities	8,719	(8,594)	125
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(300)	(4,153)	(4,453)
CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR	300	5,429	5,729
CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR	<u>\$ -</u>	<u>\$ 1,276</u>	<u>\$ 1,276</u>
Reconciliation to Statement of Net Position:			
Cash and Cash Equivalents	<u>\$ -</u>	<u>\$ 1,276</u>	<u>\$ 1,276</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ (37,980)	\$ 2,207	\$ (35,773)
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	4,475	2,234	6,709
Increase (Decrease) in Deposits Payable	310		310
Total Adjustments	28,961	2,234	31,195
Net Cash Provided (Used) By Operating Activities	<u>\$ (9,019)</u>	<u>\$ 4,441</u>	<u>\$ (4,578)</u>