

**CITY OF HURON, CALIFORNIA**

**FINANCIAL STATEMENTS**

For The Year Ending June 30, 2015

# City of Huron

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June 30, 2015

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# Albert & Associates, LLP

*Certified Public Accountants*

## Independent Auditor's Report

The Honorable Mayor and City Council of the  
City of Huron, 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 City of Huron, California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, 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 Huron, California, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 38 through 42 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

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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.

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

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Huron, California's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic 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 December 18, 2015, on our consideration of the City of Huron, California'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 City of Huron, California's internal control over financial reporting and compliance.

#### **Emphasis-Of-Matter**

As discussed in Note 12 to the financial statements, the City reported substantially all of its available special revenue fund cash as being loaned to the General Fund. Our opinion is not modified with respect to this matter.

*Albert & Associates, LLP*

Wasco, California  
December 18, 2015

**City of Huron**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Current Assets:			
Cash and Investments	\$ 1,917,079	\$ 6,399	\$ 1,923,478
Receivables, net	1,126,067	202,576	1,328,643
Prepaid Expenses	43,540	-	43,540
Internal Balances	(1,117,732)	1,117,732	-
Due From RDA Successor Private Purpose Trust Fund	480,227	-	480,227
Land Held For Resale	927,218	-	927,218
Total Current Assets	3,376,399	1,326,707	4,703,106
Noncurrent Assets:			
Capital Assets:			
Land	260,935	212,547	473,482
Construction In Progress	89,140	-	89,140
Depreciable Buildings, Property, Equipment and Infrastructure, net of accumulated depreciation	5,080,495	7,340,218	12,420,713
Notes Receivable	6,809,189	-	6,809,189
Total Noncurrent Assets	12,239,759	7,552,765	19,792,524
Total Assets	15,616,158	8,879,472	24,495,630
<b>Liabilities:</b>			
Current Liabilities:			
Accounts Payable	605,910	122,689	728,599
Accrued Wages	29,058	3,025	32,083
Deposits Received	-	10,600	10,600
Accrued Interest Payable	-	15,036	15,036
Bonds and Notes Payable Due Within One Year	572,987	70,000	642,987
Total Current Liabilities	1,207,955	221,350	1,429,305
Noncurrent Liabilities:			
Bonds and Notes Payable Due in More Than One Year	-	2,206,525	2,206,525
Unearned Revenue	260,394	-	260,394
Compensated Absences	55,291	-	55,291
Total Noncurrent Liabilities	315,685	2,206,525	2,522,210
Total Liabilities	1,523,640	2,427,875	3,951,515
<b>Net Position:</b>			
Invested in Capital Assets, net of related debt	5,430,570	5,276,240	10,706,810
Restricted For:			
Transportation and Public Works	1,809,942	-	1,809,942
Housing and Community Redevelopment	6,613,686	-	6,613,686
Debt Service	-	180,879	180,879
Public Safety	4,518	-	4,518
Unrestricted (Deficit)	233,802	994,478	1,228,280
Net Position	\$ 14,092,518	\$ 6,451,597	\$ 20,544,115

The accompanying notes are an integral part of these financial statements.

**City of Huron**  
**STATEMENT OF ACTIVITIES**  
Year ended June 30, 2015

Functions / Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ 325,587	\$ 401,051	\$ 77,896	\$ -	\$ 153,360	\$ -	\$ 153,360
Public Safety	1,046,113	65,230	109,350	-	(871,533)	-	(871,533)
Public Works	283,916	10,339	-	346,303	72,726	-	72,726
Community Development	436,049	118,580	845,000	-	527,531	-	527,531
Parks and Recreation	47,883	22,304	9,524	-	(16,055)	-	(16,055)
Interest on Long-Term Debt	3,010	-	-	-	(3,010)	-	(3,010)
Total Governmental Activities	2,142,558	617,504	1,041,770	346,303	(136,981)	-	(136,981)
Business-Type Activities:							
Water Utility	1,125,738	1,027,826	-	85,857	-	(12,055)	(12,055)
Water Reclamation and Sewer Refuse Collection and Disposal	524,449	602,139	-	-	-	77,690	77,690
Refuse Collection and Disposal	548,082	594,342	-	5,000	-	51,260	51,260
Total Business-Type Activities	2,198,269	2,224,307	-	90,857	-	116,895	116,895
Total	\$ 4,340,827	\$ 2,841,811	\$ 1,041,770	\$ 437,160	\$ (136,981)	\$ 116,895	\$ (20,086)
General Revenues:							
Taxes:							
Property Tax					120,843	-	120,843
Sales Tax					469,765	-	469,765
Utility Users Tax					146,042	-	146,042
Franchise Tax					35,854	-	35,854
State Allocation of Gas Tax					203,883	-	203,883
Other Taxes					3,857	-	3,857
Intergovernmental, Unrestricted:							
Motor Vehicle In-lieu Tax					530,732	-	530,732
Total Taxes					1,510,976	-	1,510,976
Unrestricted investment earnings					36,493	-	36,493
Transfers					72,952	(72,952)	-
Total General Revenues and Transfers					1,620,421	(72,952)	1,547,469
Change in Net Position					1,483,440	43,943	1,527,383
Net Position - Beginning					12,609,078	6,407,654	19,016,732
Net Position - Ending					\$ 14,092,518	\$ 6,451,597	\$ 20,544,115

The accompanying notes are an integral part of these financial statements.

**City of Huron**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**June 30, 2015**

	General	HOME Grant	CDBG Grant	Measure C	Street Projects	Non-Major Governmental Funds	Total Government
<b>Assets:</b>							
Cash and Investments	\$ 39,357	\$ -	\$ -	\$ 874,894	\$ -	\$ 1,002,828	\$ 1,917,079
Receivables, net	161,917	-	641,635	13,258	6,044	303,213	1,126,067
Prepaid Costs	43,540	-	-	-	-	-	43,540
Due from Other Funds	222,517	-	-	-	-	200,000	422,517
Notes Receivable	-	4,844,647	1,195,474	-	-	769,068	6,809,189
Land Held for Resale	927,218	-	-	-	-	-	927,218
	<hr/>						
Total Assets	\$ 1,394,549	\$ 4,844,647	\$ 1,837,109	\$ 888,152	\$ 6,044	\$ 2,275,109	\$ 11,245,610
<hr/>							
<b>Liabilities:</b>							
Accounts Payable	\$ 100,951	\$ -	\$ 199,361	\$ 301,701	\$ -	\$ 3,897	\$ 605,910
Accrued Wages	26,374	-	-	-	-	2,684	29,058
Due to Other Funds	458,131	52,460	486,979	-	14,569	47,883	1,060,022
Unearned Revenue	-	-	-	-	-	260,394	260,394
Line of Credit	520,000	-	-	-	-	-	520,000
	<hr/>						
Total Liabilities	1,105,456	52,460	686,340	301,701	14,569	314,858	2,475,384
<hr/>							
<b>Deferred Inflows of Resources:</b>							
Unavailable Revenue	-	4,844,647	1,195,474	-	-	741,521	6,781,642
	<hr/>						
Total Deferred Inflows of Resources	-	4,844,647	1,195,474	-	-	741,521	6,781,642
<hr/>							
<b>Fund Balances:</b>							
Nonspendable:							
Land Held for Resale	927,218	-	-	-	-	-	927,218
Prepaid Costs	43,540	-	-	-	-	-	43,540
Restricted:							
Community Development	-	-	-	-	-	-	-
Streets and Transportation	-	-	-	586,451	-	1,030,384	1,616,835
Law Enforcement	-	-	-	-	-	4,518	4,518
Impact Fees	-	-	-	-	-	201,632	201,632
Unassigned	(681,665)	(52,460)	(44,705)	-	(8,525)	(17,804)	(805,159)
	<hr/>						
Total Fund Balances (Deficit)	289,093	(52,460)	(44,705)	586,451	(8,525)	1,218,730	1,988,584
<hr/>							
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,394,549	\$ 4,844,647	\$ 1,837,109	\$ 888,152	\$ 6,044	\$ 2,275,109	\$ 11,245,610
	<hr/>						

The accompanying notes are an integral part of these financial statements.

# City of Huron

## RECONCILIATION OF THE FUND BALANCES OF GOVERNMENTAL FUNDS TO THE NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION June 30, 2015

Fund balances of governmental funds		\$	1,988,584
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not current financial resources, and therefore, are not reported in the Governmental Funds Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the City as a whole.			
Beginning Balance, net of depreciation	\$	3,341,953	
Current Year Additions		2,213,037	
Transfers to RDA Successor Agency		-	
Current Year Depreciation		<u>(124,420)</u>	
Ending Balance, net of depreciation			5,430,570
Long-term assets that are not available to pay for current-period expenditures are considered deferred revenue for the Government Funds Balance Sheet. However, these assets are included in the Statement of Net Position.			
			6,781,642
Long-term liabilities are not due and payable in the current period, and therefore, are not reported as liabilities in the Governmental Funds Balance Sheet. All liabilities, both current and long-term, are reported in the Statement of Net Position.			
Long-Term Debt		(52,987)	
Compensated Absences		<u>(55,291)</u>	
Total Long-Term Liabilities			<u>(108,278)</u>
Net position of governmental activities		\$	<u>14,092,518</u>

The accompanying notes are an integral part of these financial statements.



**City of Huron**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES (DEFICITS) – GOVERNMENTAL FUNDS**  
**Year ended June 30, 2015**

	General	HOME Grant	CDBG Grant	Measure C	Street Projects	Non-Major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Taxes	\$ 721,476	\$ -	\$ -	\$ -	\$ -	\$ 54,885	\$ 776,361
Licenses & Permits	214,526	-	-	-	-	33,490	248,016
Intergovernmental	626,679	-	643,435	227,621	395,773	546,030	2,439,538
Charges for Services	140,792	-	-	-	-	-	140,792
Fines, Forfeitures & Assessments	114,755	-	-	-	-	-	114,755
Use of Money or Property	36,493	-	22	2,778	-	47	39,340
Loan Payments	-	-	11,337	-	-	34,190	45,527
Contributions & Donations	-	-	-	-	-	-	-
Miscellaneous	71,496	-	-	-	-	-	71,496
<b>Total Revenues</b>	<b>1,926,217</b>	<b>-</b>	<b>654,794</b>	<b>230,399</b>	<b>395,773</b>	<b>668,642</b>	<b>3,875,825</b>
<b>Expenditures:</b>							
Current:							
General Government	208,875	-	-	-	-	-	208,875
Public Safety	911,487	-	-	-	-	121,104	1,032,591
Public Works	31,434	-	-	3,434	-	360,245	395,113
Community Development	139,356	7	40,351	-	-	249,371	429,085
Parks and Recreation	20,928	-	-	-	-	-	20,928
Capital Outlay:							
General Capital Outlay	98,404	-	900,410	-	-	-	998,814
Street Improvements	-	-	-	756,568	396,719	-	1,153,287
Debt Service:							
Principal Retirement	-	60,000	-	-	-	-	60,000
Interest and Finance Charges	3,010	-	-	-	-	-	3,010
<b>Total Expenditures</b>	<b>1,413,494</b>	<b>60,007</b>	<b>940,761</b>	<b>760,002</b>	<b>396,719</b>	<b>730,720</b>	<b>4,301,703</b>
Excess of Revenues Over (Under) Expenditures	512,723	(60,007)	(285,967)	(529,603)	(946)	(62,078)	(425,878)
<b>Other Financing Sources (Uses):</b>							
Transfers In	72,952	-	-	-	-	-	72,952
Transfers Out	-	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>72,952</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,952</b>
Net Change in Fund Balances	585,675	(60,007)	(285,967)	(529,603)	(946)	(62,078)	(352,926)
Fund Balances - Beginning	(296,582)	7,547	241,262	1,116,054	(7,579)	1,280,808	2,341,510
Fund Balances - Ending	\$ 289,093	\$ (52,460)	\$ (44,705)	\$ 586,451	\$ (8,525)	\$ 1,218,730	\$ 1,988,584

The accompanying notes are an integral part of these financial statements.

**City of Huron**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year ended June 30, 2015**

Net change in fund balance - total governmental funds	\$ (352,926)
Amounts reported for governmental activities in the statement of activities are different because:	
Government funds report capital outlay as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives, and reported as depreciation expense. This is the amount by which capital expenditures (\$2,213,037) exceeded depreciation (\$124,420) in the current period.	2,088,617
The issuance of long-term debt provides current financial resources to governmental funds, but the issuance has no effect on net assets.	-
Repayment of long-term debt principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	60,000
Long-term compensated absence expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in government funds.	10,529
Earned long-term assets not available to pay for current-period expenditures are not recognized as revenue in the government funds. Revenue in the Statement of Activities is not limited by availability. This adjustment is the amount by which unavailable deferred revenue at the beginning of the year (\$7,104,422) is exceeded by unavailable deferred revenue at the end of the year (\$6,781,642).	<u>(322,780)</u>
Change in net position of governmental activities	<u><u>\$ 1,483,440</u></u>

The accompanying notes are an integral part of these financial statements.

**City of Huron**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2015**

	Water Utility	Water Reclamation and Sewer	Refuse Collection and Disposal	Total Proprietary
<b>Assets:</b>				
Current Assets:				
Cash and Investments	\$ 2,441	\$ 3,958	\$ -	\$ 6,399
Receivables, net	74,581	59,244	68,751	202,576
Due from Other Funds	440,000	1,077,861	-	1,517,861
<b>Total Current Assets</b>	<b>517,022</b>	<b>1,141,063</b>	<b>68,751</b>	<b>1,726,836</b>
Noncurrent Assets:				
Capital Assets:				
Land	-	212,547	-	212,547
Depreciable Buildings, Property, Equipment and Infrastructure, net of accumulated depreciation	3,713,877	3,626,341	-	7,340,218
<b>Total Noncurrent Assets</b>	<b>3,713,877</b>	<b>3,838,888</b>	<b>-</b>	<b>7,552,765</b>
<b>Total Assets</b>	<b>\$ 4,230,899</b>	<b>\$ 4,979,951</b>	<b>\$ 68,751</b>	<b>\$ 9,279,601</b>
<b>Liabilities:</b>				
Current Liabilities:				
Accounts Payable	\$ 21,087	\$ 61,457	\$ 40,145	\$ 122,689
Accrued Wages	1,455	652	918	3,025
Customer Deposits	10,600	-	-	10,600
Accrued Interest Payable	11,704	3,332	-	15,036
Current Portion of Long-Term Debt	51,000	19,000	-	70,000
Due to Other Funds	-	-	400,129	400,129
<b>Total Current Liabilities</b>	<b>95,846</b>	<b>84,441</b>	<b>441,192</b>	<b>621,479</b>
Noncurrent Liabilities:				
Bonds and Notes Payable	1,289,525	917,000	-	2,206,525
<b>Total Noncurrent Liabilities</b>	<b>1,289,525</b>	<b>917,000</b>	<b>-</b>	<b>2,206,525</b>
<b>Total Liabilities</b>	<b>1,385,371</b>	<b>1,001,441</b>	<b>441,192</b>	<b>2,828,004</b>
<b>Net Position:</b>				
Invested in Capital Assets, net of related debt	2,373,352	2,902,888	-	5,276,240
Restricted For:				
Debt Service (expendable)	122,279	58,600	-	180,879
Unrestricted	349,897	1,017,022	(372,441)	994,478
<b>Net Position</b>	<b>\$ 2,845,528</b>	<b>\$ 3,978,510</b>	<b>\$ (372,441)</b>	<b>\$ 6,451,597</b>

The accompanying notes are an integral part of these financial statements.

**City of Huron**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**Year ended June 30, 2015**

	Water Utility	Water Reclamation and Sewer	Refuse Collection and Disposal	Total Proprietary
<b>Operating Revenues:</b>				
Charges for Services	\$ 936,539	\$ 549,303	\$ 594,342	\$ 2,080,184
Total Operating Revenues	936,539	549,303	594,342	2,080,184
<b>Operating Expenses:</b>				
Contractual Services	301,461	151,716	494,258	947,435
Personnel Services and Benefits	55,517	34,089	41,548	131,154
Operations and Maintenance	218,853	10,239	1,149	230,241
Utilities	123,484	67,872	-	191,356
Water Purchases	94,572	-	-	94,572
Administrative Costs	59,819	28,195	11,127	99,141
Depreciation	207,994	134,241	-	342,235
Total Operating Expenses	1,061,700	426,352	548,082	2,036,134
Operating Income (Loss)	(125,161)	122,951	46,260	44,050
<b>Nonoperating Revenues (Expenses):</b>				
Interest Income	-	-	-	-
Connection and Impact Fees	91,287	52,836	-	144,123
Intergovernmental	85,857	-	5,000	90,857
Interest Expense	(64,038)	(98,097)	-	(162,135)
Total Nonoperating Revenues (Expenses)	113,106	(45,261)	5,000	72,845
Income (Loss) Before Contributions and Transfers	(12,055)	77,690	51,260	116,895
Capital Contributions	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	(72,952)	(72,952)
Change in Net Position	(12,055)	77,690	(21,692)	43,943
Net Position - Beginning	2,857,583	3,900,820	(350,749)	6,407,654
Net Position - Ending	\$ 2,845,528	\$ 3,978,510	\$ (372,441)	\$ 6,451,597

The accompanying notes are an integral part of these financial statements.

**City of Huron**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**Year ended June 30, 2015**

	Water Utility	Water Reclamation and Sewer	Refuse Collection and Disposal	Total Proprietary
<b>Cash flows from operating activities:</b>				
Cash received from:				
Customers, including cash deposits	\$ 942,509	\$ 551,337	\$ 598,232	\$ 2,092,078
Cash paid to:				
Suppliers & Contractors	(834,648)	(291,932)	(505,990)	(1,632,570)
Employees	(56,356)	(34,759)	(41,552)	(132,667)
Net cash provided (used) by operating activities	<u>51,505</u>	<u>224,646</u>	<u>50,690</u>	<u>326,841</u>
<b>Net cash provided from noncapital financing activities:</b>				
Cash transferred from other funds	-	-	17,262	17,262
Cash transferred to other funds	(92,787)	(142,456)	(72,952)	(308,195)
Connection fees	91,287	52,836	-	144,123
Intergovernmental revenue	85,857	-	5,000	90,857
Net cash provided (used) by noncapital financing activities	<u>84,357</u>	<u>(89,620)</u>	<u>(50,690)</u>	<u>(55,953)</u>
<b>Cash flows from capital and related financing activities:</b>				
Principal payments:				
Bonds	(29,000)	(3,825)	-	(32,825)
Certificates of Participation	(37,475)	(16,000)	-	(53,475)
Notes	(2,908)	-	-	(2,908)
Interest paid	(64,038)	(98,097)	-	(162,135)
Purchase of capital assets	-	(13,146)	-	(13,146)
Net cash provided (used) by capital and related financing activities	<u>(133,421)</u>	<u>(131,068)</u>	<u>-</u>	<u>(264,489)</u>
<b>Cash flows from investing activities:</b>				
Interest received	-	-	-	-
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	2,441	3,958	-	6,399
Cash and cash equivalents - Beginning of year	-	-	-	-
Cash and cash equivalents - End of year	<u>\$ 2,441</u>	<u>\$ 3,958</u>	<u>\$ -</u>	<u>\$ 6,399</u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (125,161)	\$ 122,951	\$ 46,260	\$ 44,050
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	207,994	134,241	-	342,235
(Increase) decrease in accounts receivable	7,670	2,034	3,890	13,594
Increase (decrease) in accounts payable	(36,459)	(33,910)	544	(69,825)
Increase (decrease) in accrued wages	(839)	(670)	(4)	(1,513)
Increase (decrease) in customer deposits	(1,700)	-	-	(1,700)
Net cash provided (used) by operating activities	<u>\$ 51,505</u>	<u>\$ 224,646</u>	<u>\$ 50,690</u>	<u>\$ 326,841</u>

The accompanying notes are an integral part of these financial statements.

**City of Huron**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**June 30, 2015**

	Pension Plan Trust Fund	RDA Successor Agency Private Purpose Trust Fund
<b>Assets:</b>		
Cash and Investments	\$ 63,153	\$ -
Cash and Investments with Fiscal Agents	-	348,996
Receivables, net	-	13
Due from the City of Huron	-	30,270
	<u>63,153</u>	<u>379,279</u>
 <b>Liabilities:</b>		
Accounts Payable	-	3,333
Accrued Wages	-	531
Interest Payable	-	22,279
Due to the City of Huron	-	510,497
Unearned Revenue	-	268,929
Long-Term Debt	-	3,560,000
	<u>-</u>	<u>4,365,569</u>
 <b>Net Position:</b>		
Held in Trust For:		
Pension Benefits	63,153	
Retirement of Obligations of the Former Huron Redevelopment Agency		(3,986,290)
	<u>63,153</u>	<u>(3,986,290)</u>
Net Position	<u>\$ 63,153</u>	<u>\$ (3,986,290)</u>

The accompanying notes are an integral part of these financial statements.

**City of Huron**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**For the Five Months Ended June 30, 2015**

	Pension Plan Trust Fund	RDA Successor Agency Private Purpose Trust Fund
<b>Additions:</b>		
Taxes	\$ -	\$ 525,027
Use of Money or Property	569	66
Miscellaneous	-	-
	<hr/>	<hr/>
Total Additions	<u>569</u>	<u>525,093</u>
<b>Deductions:</b>		
Benefits	-	-
Administration	-	-
Community Development	-	220,855
Interest and Finance Charges	-	263,462
	<hr/>	<hr/>
Total Deductions	<u>-</u>	<u>484,317</u>
Change in Net Position	569	40,776
Net Position - Beginning, as previously reported	62,584	(3,626,579)
Prior Period Adjustment	-	(400,487)
	<hr/>	<hr/>
Net Position - Ending	<u>\$ 63,153</u>	<u>\$ (3,986,290)</u>

The accompanying notes are an integral part of these financial statements.

**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 1 – Summary of Significant Accounting Policies**

The accompanying financial statements of the City of Huron (the "City") have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The following summary of the City's more significant accounting policies is presented to assist the reader in interpreting the basic financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying basic financial statements.

**A - Reporting Entity**

The City of Huron, California was incorporated in 1951. The City is a full-service city and operates under a Council - Manager form of government, providing the following services: general government; public safety; public works; and development and conservation. The City is located in Fresno County approximately 50 miles southwest of Fresno, the county government seat.

The City has defined its reporting entity in accordance with accounting principles generally accepted in the United States of America which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. The Basic Financial Statements present information on the activities of the reporting entity, including all the fund types of the City (the primary government) and its component units.

Accounting principles generally accepted in the United States of America require that the component units be separated into blended or discretely presented units for reporting purposes. Although legally separate entities, blended component units are, in substance, part of the City's operations. Therefore, they are reported as part of the primary government. Discretely presented component units are reported in a separate column in the basic financial statements to emphasize that they are legally separate from the City. The City has no discretely presented component units.

**Blended Component Units**

On May 1, 1996, the City and the former Huron Redevelopment Agency entered into a Joint Exercise of Powers Agreement establishing the Huron Public Financing Authority (the "Authority") for the purpose of issuing its bonds to be used to provide financial assistance to the City, the Agency or any other public entity of the State of California. The funds of this component unit report no activity for the year. Separate financial statements are not available for the Authority. The City Council of Huron is the governing body for the Authority.



**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 1 – Summary of Significant Accounting Policies, (continued)**

**B - Basis of Presentation**

**Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's sewer, water and refuse function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses have been allocated to major functions in order to present a more accurate and complete picture of the cost of services. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

**Fund Financial Statements**

The accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operation fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 1 – Summary of Significant Accounting Policies, (continued)**

- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.
- c. The government has determined that a fund is important to the financial statement user.

The major funds are as follows:

**Governmental Funds**

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund accounts for the traditional government services of the City such as police, planning, and general administrative services.

The HOME Grant Fund accounts for HOME Grant funds received through the California Department of Housing and Community Development. These grant funds are used for first time home buyer assistance. Qualified applicants can get gap financing under this program for the purchase of their first home. All program income must be accounted for and kept in a reuse fund where it can then be accumulated and lent back out on HOME eligible activities.

The CDBG Grant Fund accounts for funds received through the Community Development Block Grant (CDBG) program. The grant funds are disbursed to homeowners who meet low and moderate income guidelines and qualify for the CDBG program as deferred loans, grants or below market interest rate loans. All program income must be accounted for and kept in a reuse fund where it can then be accumulated and lent back out.

The Measure C Fund accounts for funds received from the County of Fresno for transportation related programs.

The Street Projects Fund accounts for special state grants that are legally restricted to construction and maintenance of local roads within the City limits.

**Proprietary Funds**

The Water Utility Fund is used to account for the provisions of water service to residents of the City. All activities necessary to provide such service are accounted for in this fund.

The Water Reclamation and Sewer Fund is used to account for the provisions of sewer service to the residents of the City. All activities necessary to provide such service are accounted for in this fund.

The Refuse Collection Fund is used to account for the collection and disposal of refuse within the City. All activities necessary to provide such service are accounted for in this fund.

**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 1 – Summary of Significant Accounting Policies, (continued)**

**Fiduciary Fund**

The Pension Plan Trust Fund account for assets held by the City trustee for the City's pension plan.

The RDA Successor Agency Private Purpose Trust Fund accounts for monies received from the Fresno County Auditor Controller for the repayment of the enforceable obligations of the former Huron Redevelopment Agency. These funds are restricted for the sole purpose of payment of items on an approved Recognized Payment Obligation Schedule (ROPS).

**C - Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

**Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus. The accounting objectives of the economic measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets (deferred outflows of resources and deferred inflows of resources are noncurrent). Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. Proprietary fund equity is classified as net position.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 1 – Summary of Significant Accounting Policies, (continued)**

**Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Revenues which are susceptible to accrual include property taxes and special assessments that are levied for and due for the fiscal year and collected within 60 days after year-end. Licenses, permits, fines, forfeits, charges for services and miscellaneous revenues are recorded as governmental fund type revenues when received in cash because they are not generally measurable until actually received. Revenue from taxpayer assessed taxes, such as sales taxes, are recognized in the accounting period in which they became both measurable and available to finance expenditures of the fiscal period. Grant funds and reimbursements of expenses under contractual agreements are reported in governmental fund types and are recorded as a receivable when earned rather than when susceptible to accrual. Generally, this occurs when authorized expenditures are made under the grant program or contractual agreement. Expenditures are recognized when the fund liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

The accrual basis of accounting is followed by the proprietary fund and fiduciary funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

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

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

**D - Assets, Liabilities, Net Position or Equity, and Other Financial Statement Items**

**Cash and Investments**

Cash and investment balances of each of the City’s funds, except for funds required to be held by outside fiscal agents under the provisions of bond indentures, are pooled in order to take advantage of an effective investment strategy. Income earned from pooled investments is allocated to each of the funds based on average pooled cash balances during the year. Deficit cash balances are classified as due to other funds and funded by the General Fund or related operating fund.

**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 1 – Summary of Significant Accounting Policies, (continued)**

California Government Code authorizes the Agency to invest in the following types of investments:

Investment Type	Maximum Maturity	Maximum Specified % Of Portfolio	Minimum Quality Requirements
Local Agency Bonds	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
State Obligations	5 Years	None	None
CA Local Agency Obligations	5 Years	None	None
U.S. Agency Obligations	5 Years	None	None
Bankers' Acceptance	180 Days	40%	None
Commercial Paper - Select Agencies	270 Days	25%	A-1
Commercial Paper - Other Agencies	270 Days	40%	A-1
Negotiable Certificates of Deposit	5 Years	30%	None
CD Placement Service	5 Years	30%	None
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 Days	20%	None
Medium-Term Notes	5 Years	30%	A
Mutual and Money Market Fund	N/A	20%	Multiple
Collateralized Bank Deposits	5 Years	None	None
Mortgage Pass-Through Securities	5 Years	20%	AA
Bank/Time Deposits	5 Years	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None

Investment of debt proceeds held by bond trustees are governed by the provisions of the Agency's debt agreement rather than the general provisions of the California Government Code.

For purposes of the Combined Statement of Cash Flows for the Proprietary fund types, cash and cash equivalents includes all pooled cash investments, non-pooled restricted cash and restricted investments with an original maturity of three months or less. The City considers the investments held in LAIF to be a demand deposit account where funds may be withdrawn and deposited at any time without prior notice or penalty.

**Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/interfund payables (i.e., the current portion of interfund loans) or advances to/from other funds (the noncurrent portion) of interfund loans. All other outstanding balances between funds are reported as interfund receivables/interfund payables. Any residual balances outstanding between the governmental activities and the 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 Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
 June 30, 2015

**Note 1 – Summary of Significant Accounting Policies, (continued)**

All trade and tax receivables are shown net of an allowance for uncollectible accounts and estimated refunds due.

**Property Taxes**

Secured property taxes are levied during September of each year for the fiscal year beginning with the preceding July 1 and ending the following June 30. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. The Kern County Assessor establishes the value of the property on January 1. Taxes are payable in two installments on November 1 and February 1, and are delinquent if not paid by December 10 and April 10, respectively. In 1978, a state constitutional amendment (Proposition 13) provided that the tax rate be limited to 1% of market value, levied only by the County and shared with all other jurisdictions. Such limitation on the rate may only be increased through voter approval. The County collects property taxes and distributes them to taxing jurisdictions on the basis of the taxing jurisdiction’s assessed valuations and on the tax rate for voter-approved debt.

**Capital Assets and Depreciation**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, traffic signals, drainage systems and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment of the primary government as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Improvements other than buildings	20
Machinery and Equipment	5 - 8
Infrastructure	20 - 75

**Compensated Absences**

It is the City’s policy to permit employees to accumulate earned but unused vacation and comp time, and sick pay benefits. Sick leave must be used in the year it is earned and is not allowed to be carried over to subsequent years. Vacation and comp time pay liabilities are calculated at full value based on the employee’s current rate of pay. All compensated absence pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 1 – Summary of Significant Accounting Policies, (continued)**

**Long-Term Obligations**

In the government-wide financial statements and in the proprietary fund financial statements, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when bonds are issued.

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

**Net Position**

The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position is categorized as follows:

**Net Invested 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. The government-wide statement of net position reports \$8,609,025 of restricted net position, all of which is restricted externally by grantors, creditors, or laws or regulations of other governments.

**Unrestricted Net Position** – This category represents net position of the City, not restricted for any project or other purpose.

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

**Fund Balance – Government Funds**

Fund balances of the governmental funds are presented in the financial statements based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. Fund balances are classified as follows:

**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 1 – Summary of Significant Accounting Policies, (continued)**

**Nonspendable** – Amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – Amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

**Committed** – Amounts that can be used only for specific purposes determined by a formal action by Board of Director resolution. This includes the budget reserve account.

**Assigned** – Amounts the City intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Amounts may be assigned by the City Manager.

**Unassigned** – All other spendable amounts.

When expenditures are incurred for purposes for which all restricted, committed, assigned, and unassigned fund balances are available, the City's policy is to apply in the following order, except for instances wherein an ordinance specifies the fund balance: Restricted, Committed, Assigned, and Unassigned.

The City does not have a formal minimum fund balance requirements.

**Appropriated Budget and Budgetary Control**

The City Council is required to adopt an annual budget resolution by July 1 of each fiscal year for the General, Special Revenue, Debt Service and Capital Projects funds. The budgets are presented for reporting purposes on a budgetary basis consistent with accounting principles generally accepted in the United States of America. The City of Huron Public Financing Authority does not adopt a budget for its general fund.

The appropriated budget is prepared by fund, function, and department. The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments requires the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are reappropriated in the ensuing year's budget.

The City Council adopts budgets for the Enterprise and Internal Service funds. However, all Proprietary fund types are accounted for on a cost of service (net income), or "capital maintenance" measurement focus. As a result, budget comparisons are impractical. Additionally, the City is not legally mandated to report the results of operations for these Proprietary fund types on a budget comparison basis; therefore, budgetary data related to these funds has not been presented.

**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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.



**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 1 – Summary of Significant Accounting Policies, (continued)**

**Deferred Compensation Plan**

The City offers some employees a deferred compensation plan. The assets, all property and rights purchased with such amounts and all income attributable to such amounts, are held in trust for the exclusive benefit of the participants and the beneficiaries. The plan is administered by independent plan administrators through administrative service agreements. The City does not have fiduciary responsibility for the plan assets.

**Note 2 – Cash and Investments**

The City pools all of its cash and investments except those funds required to be held by outside fiscal agents under the provisions of bond indentures.

The following is a summary of the City's cash and investments as classified in the accompanying financial statements:

Pooled Cash and Investments - Governmental Funds	\$	1,917,079
Pooled Cash and Investments - Proprietary Funds		6,399
Cash and Investments - Fiduciary Funds		63,153
Cash and Investments with Fiscal Agents - Fiduciary Funds		348,996
Total	\$	2,335,627

Cash and investments at June 30, 2015 consist of the following:

Cash on Hand	\$	750
Demand Deposits		1,918,214
Investments		416,663
Total	\$	2,335,627

**Deposits:**

**Custodial credit risk** – In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has no deposit policy for custodial credit risk.

**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 2 – Cash and Investments, (continued)**

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2015, all of the City's deposits with financial institutions in excess of federal depository insurance limits were held in fully collateralized accounts, as permitted by the California Government Code.

Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an Agent of Depository has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository is considered to be held for, and in the name of, the local governmental agency.

**Investments:**

The City had the following investments at June 30, 2015:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity Date</u>
State Treasurer's Investment Pool (LAIF)	\$ 2,739	N/A
Held by Trustees:		
Cash and Short Term Investments	348,996	N/A
Mutual Funds	<u>64,928</u>	N/A
Total Investments	<u>\$ 416,663</u>	

LAIF is a special fund of the California State Treasury through which local governments may pool investments. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. Included in LAIF's investment portfolio are certain derivative securities or similar products, such as structured notes and asset backed securities. LAIF's and the City's exposure to credit, market, or legal risk is not available. The fair value of the City's position in the pool is the same as the value of the pool shares. LAIF is regulated by the California Government Code.

**Interest rate risk** – The City's exposure to interest rate risk is identified by the above weighted average maturities. The City has no investment policy for interest rate risk.

**Credit rating risk** – The City is required to disclose the credit quality ratings of investments in debt securities as issued by nationally recognized statistical rating organizations (NRSROs). At June 30, 2015, the Credit ratings for the money market funds, mutual funds and investments in LAIF were unavailable. The City has no investment policy for credit risk.

**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 2 – Cash and Investments, (continued)**

**Concentration of credit risk** – The City is required to disclose any investment in any one issuer that represents 5% or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. As such, the City has no concentration of credit risk that exceeds 5%. The City has no investment policy for concentration of credit risk.

**Custodial credit risk** – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). The City has no investment policy for custodial credit risk.

**Restricted Investments with Fiscal Agents**

**Fiduciary Fund Activities:**

<b>Pension Plan Trust Fund</b> – All pension plan investments are required to be held in a reserve account.	<u>\$ 63,153</u>
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**RDA Successor Private Purpose Trust Fund:**

<b>Tax Allocation Bonds</b> – The trustee is required to hold, in a reserve account, funds necessary to secure bonds until 2036.	\$ 156,125
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<b>Revenue Bonds</b> – The trustee is required to hold, in a reserve account, funds necessary to secure bonds until 2036 and to hold unexpended funds for future expenditures within the RDA project area.	<u>192,871</u>
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Total	<u>\$ 348,996</u>
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**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

**Note 3 – Receivables**

Receivables at June 30, 2015 consist of the following:

	General Fund	CDBG Grant	Measure C	Street Projects	Non-Major Governmental Funds	Total Governmental
<b>Governmental Activities:</b>						
Accounts receivable, net	\$ 5,940	\$ -	\$ -	\$ -	\$ -	\$ 5,940
Due from governments	155,977	641,635	13,258	6,044	303,213	1,120,127
Allowance for doubtful accounts	-	-	-	-	-	-
<b>Total</b>	<b>\$ 161,917</b>	<b>\$ 641,635</b>	<b>\$ 13,258</b>	<b>\$ 6,044</b>	<b>\$ 303,213</b>	<b>\$ 1,126,067</b>
	Water Utility	Water Reclamation And Sewer	Refuse Collection And Disposal	Total Business-Type		
<b>Business-Type Activities:</b>						
Accounts receivable, net	\$ 74,581	\$ 59,244	\$ 68,751	\$ 202,576		
Allowance for doubtful accounts	-	-	-	-		
<b>Total</b>	<b>\$ 74,581</b>	<b>\$ 59,244</b>	<b>\$ 68,751</b>	<b>\$ 202,576</b>		

**Note 4 – Interfund Receivables, Payables, Advances and Transfers**

Interfund balances at June 30, 2015 consisted of the following:

Fund	Due From Other Funds	Due To Other Funds
<b>Government Funds:</b>		
General Fund	\$ 222,517	\$ 458,131
HOME Grant	-	52,460
CDBG Grant	-	486,979
Street Projects	-	14,569
Non-Major Funds	200,000	47,883
<b>Total Governmental Funds</b>	<b>422,517</b>	<b>1,060,022</b>
<b>Proprietary Funds:</b>		
Water Utility	440,000	-
Water Reclamation and Sewer	1,077,861	-
Refuse Collection and Disposal	-	400,129
<b>Total Proprietary Funds</b>	<b>1,517,861</b>	<b>400,129</b>
<b>Fiduciary Funds:</b>		
RDA Successor Private Purpose Trust Fund	30,270	510,497
<b>Total Fiduciary Funds</b>	<b>30,270</b>	<b>510,497</b>
<b>Total Due From/To</b>	<b>\$ 1,970,648</b>	<b>\$ 1,970,648</b>

The above balances represent money advanced for cash shortages or expenditures to be reimbursed.

**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 4 – Interfund Receivables, Payables, Advances and Transfers, (continued)**

Interfund transfers at June 30, 2015 consisted of the following:

	Transfers In	Transfers Out
Governmental Funds:		
General Fund	\$ 72,952	\$ -
Proprietary Funds:		
Refuse Collection and Disposal	-	72,952
Total Transfers	\$ 72,952	\$ 72,952

Composition and purpose of interfund transfers is as follows:

General fund transfers in of \$72,952 consist of \$72,952 transferred from the Refuse Collection and Disposal fund representing a franchise fee payment.

**Note 5 – Land Held for Resale**

At June 30, 2015, inventory consisted of 93 acres of land in the General fund valued at original cost of \$927,218.

**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2015**

**Note 6 – Capital Assets**

Capital asset activity for the year ended June 30, 2015 is as follows:

<b>Governmental Activities</b>	Balance June 30, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
<b>Capital Assets Not Being Depreciated:</b>					
Land	\$ 200,000	\$ 60,935	\$ -	\$ -	\$ 260,935
Construction in Progress	104,500	89,140	-	(104,500)	89,140
Total Capital Assets Not Being Depreciated	<u>304,500</u>	<u>150,075</u>	<u>-</u>	<u>(104,500)</u>	<u>350,075</u>
<b>Capital Assets Being Depreciated:</b>					
Buildings and Improvements	3,978,260	1,964,557	-	104,500	6,047,317
Machinery and Equipment	539,488	98,405	-	-	637,893
Total Capital Assets Being Depreciated	<u>4,517,748</u>	<u>2,062,962</u>	<u>-</u>	<u>104,500</u>	<u>6,685,210</u>
<b>Less Accumulated Depreciation For:</b>					
Buildings and Improvements	991,395	106,438	-	-	1,097,833
Machinery and Equipment	488,900	17,982	-	-	506,882
Total Accumulated Depreciation	<u>1,480,295</u>	<u>124,420</u>	<u>-</u>	<u>-</u>	<u>1,604,715</u>
Total Capital Assets Being Depreciated, net	<u>3,037,453</u>	<u>1,938,542</u>	<u>-</u>	<u>104,500</u>	<u>5,080,495</u>
Governmental Activities Capital Assets, net	<u>\$ 3,341,953</u>	<u>\$ 2,088,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,430,570</u>

Depreciation charged to governmental functions on the Statement of Activities during the year is as follows: \$104,388 to General Government, \$17,982 to Public Safety, and \$2,050 to Public Works. No interest was capitalized during the year.

**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 6 – Capital Assets, (continued)**

Proprietary fund type property, plant and equipment are as follows:

<u>Business-Type Activities</u>	Balance June 30, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Capital Assets Not Being Depreciated:					
Land	\$ 212,547	\$ -	\$ -	\$ -	\$ 212,547
Construction in Progress	-	-	-	-	-
Total Capital Assets Not Being Depreciated	<u>212,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,547</u>
Capital Assets Being Depreciated:					
Buildings	272,838	13,146	-	-	285,984
Improvements Other Than Buildings	12,772,148	-	-	-	12,772,148
Machinery and Equipment	278,785	-	-	-	278,785
Total Capital Assets Being Depreciated:	<u>13,323,771</u>	<u>13,146</u>	<u>-</u>	<u>-</u>	<u>13,336,917</u>
Less Accumulated Depreciation For:					
Buildings	102,314	6,821	-	-	109,135
Improvements Other Than Buildings	5,350,036	332,037	-	-	5,682,073
Machinery and Equipment	202,114	3,377	-	-	205,491
Total Accumulated Depreciation	<u>5,654,464</u>	<u>342,235</u>	<u>-</u>	<u>-</u>	<u>5,996,699</u>
Total Capital Assets Being Depreciated, net	<u>7,669,307</u>	<u>(329,089)</u>	<u>-</u>	<u>-</u>	<u>7,340,218</u>
Business-Type Activities Capital Assets, net	<u>\$ 7,881,854</u>	<u>\$ (329,089)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,552,765</u>

Depreciation charged to business-type activities on the Statement of Activities during the year is as follows: \$207,994 to Water Utility and \$134,241 to Water Reclamation and Sewer. No interest was capitalized during the year.

**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 7 – Long-Term Liabilities**

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
<b>Governmental Activities:</b>					
Line of Credit	\$ -	\$ 520,000	\$ -	\$ 520,000	\$ 520,000
Notes Payable	112,987	-	(60,000)	52,987	52,987
Compensated Absences	65,820	-	(10,529)	55,291	-
<b>Total Governmental Activities</b>	<b>178,807</b>	<b>520,000</b>	<b>(70,529)</b>	<b>628,278</b>	<b>572,987</b>
<b>Business-Type Activities:</b>					
Revenue Bonds	952,825	-	(32,825)	920,000	31,000
Certificates of Participation	1,410,000	-	(53,475)	1,356,525	39,000
Notes Payable	2,908	-	(2,908)	-	-
<b>Total Business-Type Activities</b>	<b>2,365,733</b>	<b>-</b>	<b>(89,208)</b>	<b>2,276,525</b>	<b>70,000</b>
<b>Total Statement of Net Assets Long-Term Activities</b>	<b>\$ 2,544,540</b>	<b>\$ 520,000</b>	<b>\$ (159,737)</b>	<b>\$ 2,904,803</b>	<b>\$ 642,987</b>
<b>RDA Successor Agency Private Purpose Trust:</b>					
Tax Allocation Bonds	\$ 2,085,000	\$ -	\$ (60,000)	\$ 2,025,000	\$ 60,000
Revenue Bonds	1,555,000	-	(20,000)	1,535,000	20,000
<b>Total Fiduciary Fund Long-Term Activities</b>	<b>\$ 3,640,000</b>	<b>\$ -</b>	<b>\$ (80,000)</b>	<b>\$ 3,560,000</b>	<b>\$ 80,000</b>

The compensated absences for governmental and business-type activities will be paid by the respective funds in which the expense was accrued. Compensated absences for governmental activities are typically paid from the General Fund.

**Governmental Activities:**

Line of Credit payable to WestAmerica Bank dated November 2, 2012, in the original amount of \$1,242,431 at 4.25% interest; payable on demand or October 29, 2015. Secured by \$1,242,431 Certificate of Deposit.	\$ 520,000
Contract payable to California Department of Housing and Community Development for repayment of unexpended portion of Standard Agreement 05-BEGIN-0060, in the original amount of \$129,114 at 3% interest; payable \$5,000 each month including principal and interest, unsecured.	52,987
Compensated Absences	<u>\$ 55,291</u>
<b>Total Governmental Activities</b>	<u><u>\$ 628,278</u></u>



**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 7 – Long-Term Liabilities, (continued)**

**Business-Type Activities:**

Revenue Bonds:

USDA water plant revenue bonds in the amount of \$986,000 were issued in 2002. Interest in the amount of 4.5% is due semi-annually. Principal is paid annually.	\$ 845,000
Water revenue bonds in the amount of \$199,000 were issued in 1980. Interest in the amount of 5% is due semi-annually. Principal is paid annually.	63,000
Sewer revenue bonds in the amount of \$44,000 were issued in 1980. Interest in the amount of 5% is due semi-annually. Principal is paid annually.	<u>12,000</u>
Total Revenue Bonds	\$ 920,000

Certificates of Participation:

Water COP payable to U.S. Department of Agriculture dated December 1, 1991 in the original amount of \$848,000 at 5.0% interest; payable semi-annually commencing December 1, 1992. Principal is due annually commencing December 1, 1993, with final payment due December 1, 2031. Proceeds used to construct water treatment plant and storage tank. Secured by water revenues.	\$ 432,525
Sewer COP in the amount of \$1,058,500 were issued in 2005. Interest in the amount of 4.25% is due semi-annually. Principal is paid annually.	<u>924,000</u>
Total Certificates of Participation	<u>\$ 1,356,525</u>
Total Business-Type Activities	<u>\$ 2,276,525</u>

**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 7 – Long-Term Liabilities, (continued)**

**RDA Successor Private Purpose Trust Fund:**

Tax Allocation Bonds:

Tax Allocation Bonds dated July 1, 2007, in the original amount of \$2,445,000 at 3.65% to 4.75% interest; payable semi-annually commencing December 1, 2007. Principal is due annually commencing June 1, 2008, with final payment due June 1, 2036. Secured by tax revenues of the Redevelopment Agency. \$ 2,025,000

Revenue Bonds:

Tax Revenue Bonds dated March 1, 2011 in the original amount of \$1,600,000 at 11.0% interest; payable semi-annually commencing June 1, 2011. Principal is due annually commencing December 1, 2011, with final payment due December 1, 2035. Secured by tax revenues of the Redevelopment Agency. 1,535,000

Total RDA Successor Private Purpose Trust Fund \$ 3,560,000

The annual requirements to amortize all bonded indebtedness and other long-term liabilities outstanding at June 30, 2015, are as follows:

**Governmental Activities**

Year Ending	Notes Payable		Line of Credit	
	Principal	Interest	Principal	Interest
June 30				
2016	\$ 52,987	\$ -	\$ 520,000	\$ -
Total	\$ 52,987	\$ -	\$ 520,000	\$ -

**Business-Type Activities**

Year Ending	Revenue Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest
June 30				
2016	\$ 31,000	\$ 41,276	\$ 39,000	\$ 66,370
2017	32,000	39,833	40,000	64,498
2018	37,000	38,213	42,000	62,575
2019	38,000	36,488	44,000	60,560
2020	38,000	34,713	47,000	58,402
2021-2025	159,000	149,044	267,000	256,233
2026-2030	165,000	113,741	295,525	185,779
2031-2035	180,000	74,702	170,000	112,220
2036-2040	200,000	31,500	210,000	70,295
2041-2044	40,000	900	202,000	21,973
Total	\$ 920,000	\$ 560,410	\$ 1,356,525	\$ 958,905

**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 7 – Long-Term Liabilities, (continued)**

Year Ending	<b>RDA Successor Agency Private Purpose Trust</b>			
	<u>Tax Allocation Bonds</u>		<u>Revenue Bonds</u>	
	June 30	Principal	Interest	Principal
2016	\$ 60,000	\$ 91,075	\$ 20,000	\$ 168,850
2017	65,000	88,497	25,000	166,650
2018	65,000	85,816	25,000	163,900
2019	70,000	83,031	30,000	161,150
2020	70,000	80,144	30,000	157,850
2021-2025	405,000	350,076	225,000	728,750
2026-2030	505,000	247,207	375,000	575,300
2031-2035	640,000	113,526	635,000	317,900
2036-2036	145,000	3,444	170,000	18,700
Total	<u>\$ 2,025,000</u>	<u>\$ 1,142,816</u>	<u>\$ 1,535,000</u>	<u>\$ 2,459,050</u>

**Note 8 – Unearned Revenue / Deferred Inflows of Resources**

Unearned Revenue consists of moneys received where the City has not yet incurred the qualifying expenditures as follows:

	<u>Governmental Activities</u>	<u>Fiduciary Activities</u>
LTF Receivable	\$ 260,394	\$ -
RDA Successor - ROPS	-	268,929
	<u>\$ 260,394</u>	<u>\$ 268,929</u>

Deferred inflows of resources represents an acquisition of net position or fund balance that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has one transaction type that qualifies for reporting under this category; unavailable revenue is only reported in the governmental funds balance sheet under the modified accrual basis of accounting. The detail of unavailable revenue is as follows:

**Governmental Activities**

	<u>Unavailable</u>
HOME Grants	\$ 4,844,647
CDBG Grants	1,195,474
CalHome Grants	741,521
Total	<u>\$ 6,781,642</u>

**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 9 – Public Entity Risk Pools**

The City maintains self-insurance programs for workers' compensation, general public liability, auto liability and property coverage through its membership in the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The CSJVRMA is comprised of 55 member cities and special districts and is organized under a Joint Powers Agreement pursuant to the California Government Code. The purpose of the CSJVRMA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. Each member has a representative on the Board of Directors with officers of the CSJVRMA being elected annually by the Board Members.

**Liability Program:** The program provides \$28 million of coverage per occurrence for general & automobile liability and public officials errors & omission coverage. CSJVRMA members self-fund the first \$1 million of exposure; losses above \$1 million to \$28 million are covered through CSJVRMA's participation in the California Affiliated Risk Management Authority's (CARMA) excess pool. The California Affiliated Risk Management Authority (CARMA) is comprised of six member Joint Power Authorities and is organized under a Joint Powers Agreement pursuant to the California Government Code. Losses exceeding \$1 million up to \$28 million are covered through reinsurance. Within CSJVRMA's \$1 million retention, the City of Huron selected a self-insured retention of \$10,000. The pool shares all losses exceeding a member's self-insured retention.

**Employment Practices Liability (EPL):** This program from CSJVRMA covers the EPL exposures through the Employment Risk Management Authority (ERMA). ERMA is comprised of eight members Joint Power Authorities and is organized under a Joint Powers Agreement pursuant to the California Government Code. ERMA covers \$1 million for each occurrence less the members' retained limit. The City of Huron's retained limit is \$25,000.

**Workers' Compensation:** The program is a risk sharing pool. The City self insures for the first \$500,000 of liability. Losses in excess of \$500,000, up to \$5 million are covered through CSJVRMA's participation in the Local Agency Workers' Compensation Excess JPA (LAWCX) which is comprised of 32 different Joint Power Authorities. For excess coverage, LAWCX is a member of the California State Association of Counties Excess Insurance Authority which provides coverage up to the statutory limit.

**Property Insurance:** The City, through its membership in CSJVRMA participates in the Public Entity Property Insurance Program (PEPIP) along with other California public entities. PEPIP is a national property insurance program with several hundred members including the City of Huron. The PEPIP policy is an all-risk, replacement cost policy that covers: tax interruption; municipal bond revenue interruption; service interruption from public and private utilities for gas, electric, water and telecommunication; and vehicle comprehensive and collision. The CSJVRMA's deductible through PEPIP's is \$25,000. The City of Huron's deductible is \$1,000 per occurrence. The program has a \$1,000,000,000 loss limit per occurrence, with various sub limits.

**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 9 – Public Entity Risk Pools, (continued)**

The latest audited financial information available from CSJVRMA is for the year ended June 30, 2014 as follows:

Total Assets	\$ 80,694,798
Total Liabilities	<u>65,440,947</u>
Net Position	<u>\$ 15,253,851</u>
Total Revenue	\$ 32,108,146
Total Expenses	<u>32,739,704</u>
Change in Net Position	<u>\$ (631,558)</u>

**Note 10 – Pension Plan**

The City contributes to and acts as plan administrator to the City of Huron Profit Sharing Plan (the Plan), a defined contribution pension plan. All permanent full-time employees with one year of service may participate. The plan provides that the City’s rate of contribution is at the discretion of the City, with a maximum of 15%. The plan is independently administered by Hicks Pension Services and all investments are directed by the administrator. During the current fiscal year the City contributed \$0 to the plan. All plan assets are stated at market value as determined by the administrator. Employees are immediately vested in their own contributions and earnings on those contributions. Employees become vested in City contributions and earnings on City contributions as follows:

- 0% in the first year, then
- 20% per year thereafter

Nonvested contributions are forfeited upon termination of employment. For the year ended June 30, 2015, there were no forfeitures. The City had no liability to the Plan at June 30, 2015.

**Note 11 – Other Disclosures**

**Pledged Revenues**

The City of Huron has pledged certain water, sewer and tax revenues for the repayment of long-term debt obligations.

**Economic Dependency**

The City is dependent upon taxes and user fees received from the residents of the Huron area.

**Date of Management Evaluation**

Management has evaluated subsequent events through December 18, 2015, the date on which the financial statements were available to be issued.

**Excess of Expenditures over Appropriations**

For the year ended June 30, 2015, some expenditures exceeded appropriations. The over expenditures were funded from current tax revenue and charges for services. All City expenditures were approved by the City Council.

**City of Huron**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
June 30, 2015

**Note 11 – Other Disclosures, (continued)**

**Fund Deficits**

The City had accumulated fund deficits in the following individual funds:

Governmental Funds:	
HOME Grant Fund	\$ (52,460)
CDBG Grant Fund	(44,705)
Street Projects	(8,525)
Non-Major Funds	<u>(17,804)</u>
Total Governmental Funds	<u>\$ (123,494)</u>
Proprietary Funds:	
Refuse Collection and Disposal	<u>\$ (372,441)</u>

The HOME, CDBG and Street Projects deficits are a result of expenditures prior to grant reimbursement.

For the Refuse Collection and Disposal deficit, the City is attempting to increasing rates and improving operational efficiency.

**Contingencies**

**Federal and State Government Programs** – The City participates in several federal and state grant programs. These programs are subject to audit and review by the grantor pursuant to grant provisions. Expenditures may be disallowed by the granting agencies that cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

**Prior Period Adjustment**

Pursuant to GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, bond issue costs are to be expensed in the year they are incurred. A prior period adjustment of \$400,487 was made to the RDA Successor Agency Private Purpose Trust Fund beginning net position to remove such deferred charges from a prior bond financing.

**Note 12 – Special Revenue Funds – Cash Impairment**

Applicable provisions of various special revenue fund grants legally restrict the use of such grant funds, including prohibiting the funds from being loaned to other Funds in the City treasury. As of June 30, 2015, the City reported substantially all of its available special revenue fund cash as being loaned to the General Fund. This borrowing occurred in the year ended June 30, 2011. As of June 30, 2015, the General Fund had \$39,357 available cash but balances due to other funds in the amount of \$458,131. Accordingly, the restricted cash funds reported for financial reporting purposes do not exist because they have been utilized for General Fund or other non-eligible obligations. The result is that grant funds are not available for their intended purpose.

**REQUIRED SUPPLEMENTARY INFORMATION**

**City of Huron**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**Year ended June 30, 2015**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Taxes	\$ 790,146	\$ 745,746	\$ 721,476	\$ (24,270)
Licenses & Permits	100,200	187,144	214,526	27,382
Intergovernmental	548,022	547,149	626,679	79,530
Charges for Services	22,820	22,820	140,792	117,972
Fines, Forfeitures & Assessments	61,325	76,615	114,755	38,140
Use of Money or Property	-	-	36,493	36,493
Contributions & Donations	-	-	-	-
Miscellaneous	129,950	134,212	71,496	(62,716)
<b>Total Revenues</b>	<b>1,652,463</b>	<b>1,713,686</b>	<b>1,926,217</b>	<b>212,531</b>
<b>Expenditures:</b>				
Current:				
General Government	171,159	209,774	208,875	(899)
Public Safety	826,585	848,682	911,487	62,805
Public Works	50,944	40,821	31,434	(9,387)
Community Development	89,084	115,358	139,356	23,998
Parks and Recreation	24,900	24,900	20,928	(3,972)
Capital Outlay:				
General Capital Outlay	-	38,856	98,404	59,548
Debt Service:				
Interest and Finance Charges	-	-	3,010	3,010
<b>Total Expenditures</b>	<b>1,162,672</b>	<b>1,278,391</b>	<b>1,413,494</b>	<b>135,103</b>
Excess of Revenues Over (Under) Expenditures	489,791	435,295	512,723	77,428
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	72,952	72,952
Transfers Out	-	-	-	-
Sale of Capital Assets	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>72,952</b>	<b>72,952</b>
<b>Net Change in Fund Balances</b>	<b>\$ 489,791</b>	<b>\$ 435,295</b>	<b>585,675</b>	<b>\$ 150,380</b>
Fund Balances - Beginning			(296,582)	
Fund Balances - Ending			<u>\$ 289,093</u>	



**City of Huron**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**HOME GRANT**  
**Year ended June 30, 2015**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
Community Development	-	-	7	7
Capital Outlay:				
General Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	60,000	60,000
Interest and Finance Charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>60,007</b>	<b>60,007</b>
Excess of Revenues Over (Under) Expenditures	-	-	(60,007)	(60,007)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(60,007)</b>	<b>\$ (60,007)</b>
Fund Balances - Beginning			<u>7,547</u>	
Fund Balances - Ending			<u>\$ (52,460)</u>	

**City of Huron**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**CDBG GRANT**  
**Year ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 643,435	\$ 643,435
Use of Money or Property	-	-	22	22
Loan Payments	-	-	11,337	11,337
	<hr/>			
Total Revenues	-	-	654,794	654,794
<b>Expenditures:</b>				
Current:				
Community Development	-	-	40,351	40,351
Capital Outlay:				
General Capital Outlay	-	-	900,410	900,410
	<hr/>			
Total Expenditures	-	-	940,761	940,761
	<hr/>			
Excess of Revenues Over (Under) Expenditures	-	-	(285,967)	(285,967)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
	<hr/>			
Total Other Financing Sources (Uses)	-	-	-	-
	<hr/>			
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	(285,967)	<u>\$ (285,967)</u>
	<hr/>			
Fund Balances - Beginning			<u>241,262</u>	
	<hr/>			
Fund Balances - Ending			<u>\$ (44,705)</u>	

**City of Huron**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**MEASURE C**  
**Year ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>				
Intergovernmental	\$ 227,623	\$ 227,623	\$ 227,621	\$ (2)
Use of Money or Property	-	-	2,778	2,778
	<hr/>			
Total Revenues	227,623	227,623	230,399	2,776
<b>Expenditures:</b>				
Current:				
Public Works	14,785	15,113	3,434	(11,679)
Capital Outlay:				
General Capital Outlay	-	-	-	-
Street Improvements	824,175	824,175	756,568	(67,607)
	<hr/>			
Total Expenditures	838,960	839,288	760,002	(79,286)
	<hr/>			
Excess of Revenues Over (Under) Expenditures	(611,337)	(611,665)	(529,603)	82,062
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
	<hr/>			
Total Other Financing Sources (Uses)	-	-	-	-
	<hr/>			
Net Change in Fund Balances	<u>\$ (611,337)</u>	<u>\$ (611,665)</u>	(529,603)	<u>\$ 82,062</u>
	<hr/>			
Fund Balances - Beginning			<u>1,116,054</u>	
	<hr/>			
Fund Balances - Ending			<u>\$ 586,451</u>	

**City of Huron**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**STREET PROJECTS**  
**Year ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 395,773	\$ 395,773
Use of Money or Property	-	-	-	-
	<hr/>			
Total Revenues	-	-	395,773	395,773
<b>Expenditures:</b>				
Current:				
Public Works	-	-	-	-
Capital Outlay:				
Street Improvements	-	-	396,719	396,719
	<hr/>			
Total Expenditures	-	-	396,719	396,719
	<hr/>			
Excess of Revenues Over (Under) Expenditures	-	-	(946)	(946)
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
	<hr/>			
Total Other Financing Sources (Uses)	-	-	-	-
	<hr/>			
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	(946)	<u>\$ (946)</u>
	<hr/>			
Fund Balances - Beginning			<u>(7,579)</u>	
	<hr/>			
Fund Balances - Ending			<u>\$ (8,525)</u>	

**COMBINING AND INDIVIDUAL FUND STATEMENTS**

**City of Huron**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2015**

	Special Revenue Funds					Capital Projects Fund	Total Non-Major Governmental Funds
	Cal HOME Grant	Gas Tax	Local Transportation	Public Safety	Landscape District	Public Impact Fees	
<b>Assets:</b>							
Cash and Investments	\$ -	\$ 702,587	\$ 209,971	\$ -	\$ 88,638	\$ 1,632	\$ 1,002,828
Receivables, net	-	-	293,213	10,000	-	-	303,213
Prepaid Costs	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	200,000	200,000
Notes Receivable	769,068	-	-	-	-	-	769,068
<b>Total Assets</b>	<b>\$ 769,068</b>	<b>\$ 702,587</b>	<b>\$ 503,184</b>	<b>\$ 10,000</b>	<b>\$ 88,638</b>	<b>\$ 201,632</b>	<b>\$ 2,275,109</b>
<b>Liabilities:</b>							
Accounts Payable	\$ 266	\$ 3,407	\$ 19	\$ -	\$ 205	\$ -	\$ 3,897
Accrued Liabilities	-	-	-	2,684	-	-	2,684
Unearned Revenue	-	-	260,394	-	-	-	260,394
Due to Other Funds	45,085	-	-	2,798	-	-	47,883
<b>Total Liabilities</b>	<b>45,351</b>	<b>3,407</b>	<b>260,413</b>	<b>5,482</b>	<b>205</b>	<b>-</b>	<b>314,858</b>
<b>Deferred Inflows of Resources:</b>							
Unavailable Revenue	741,521	-	-	-	-	-	741,521
<b>Total Deferred Inflows of Resources</b>	<b>741,521</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>741,521</b>
<b>Fund Balances:</b>							
<b>Nonspendable:</b>							
Prepaid Costs	-	-	-	-	-	-	-
<b>Restricted:</b>							
Community Development	-	-	-	-	-	-	-
Streets and Transportation	-	699,180	242,771	-	88,433	-	1,030,384
Law Enforcement	-	-	-	4,518	-	-	4,518
Impact Fees	-	-	-	-	-	201,632	201,632
Unassigned	(17,804)	-	-	-	-	-	(17,804)
<b>Total Fund Balances (Deficit)</b>	<b>(17,804)</b>	<b>699,180</b>	<b>242,771</b>	<b>4,518</b>	<b>88,433</b>	<b>201,632</b>	<b>1,218,730</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 769,068</b>	<b>\$ 702,587</b>	<b>\$ 503,184</b>	<b>\$ 10,000</b>	<b>\$ 88,638</b>	<b>\$ 201,632</b>	<b>\$ 2,275,109</b>

**City of Huron**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES (DEFICITS)**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**June 30, 2015**

	Special Revenue Funds					Capital Projects Fund	Total Non-Major Governmental Funds
	Cal HOME Grant	Gas Tax	Local Transportation	Public Safety	Landscape District	Public Impact Fees	
<b>Revenues:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 54,885	\$ -	\$ 54,885
Licenses & Permits	-	-	-	-	-	33,490	33,490
Intergovernmental	203,098	203,883	32,819	106,230	-	-	546,030
Fines, Forfeitures & Assessments	-	-	-	-	-	-	-
Use of Money or Property	47	-	-	-	-	-	47
Loan Payments	34,190	-	-	-	-	-	34,190
<b>Total Revenues</b>	<b>237,335</b>	<b>203,883</b>	<b>32,819</b>	<b>106,230</b>	<b>54,885</b>	<b>33,490</b>	<b>668,642</b>
<b>Expenditures:</b>							
Current:							
Public Safety	-	-	-	121,104	-	-	121,104
Public Works	-	138,350	77,240	-	19,741	124,914	360,245
Community Development	249,371	-	-	-	-	-	249,371
Capital Outlay:							
General Capital Outlay	-	-	-	-	-	-	-
Street Improvements	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>249,371</b>	<b>138,350</b>	<b>77,240</b>	<b>121,104</b>	<b>19,741</b>	<b>124,914</b>	<b>730,720</b>
Excess of Revenues Over Expenditures	(12,036)	65,533	(44,421)	(14,874)	35,144	(91,424)	(62,078)
<b>Other Financing Sources (Uses):</b>							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(12,036)</b>	<b>65,533</b>	<b>(44,421)</b>	<b>(14,874)</b>	<b>35,144</b>	<b>(91,424)</b>	<b>(62,078)</b>
Fund Balances - Beginning	(5,768)	633,647	287,192	19,392	53,289	293,056	1,280,808
<b>Fund Balances - Ending</b>	<b>\$ (17,804)</b>	<b>\$ 699,180</b>	<b>\$ 242,771</b>	<b>\$ 4,518</b>	<b>\$ 88,433</b>	<b>\$ 201,632</b>	<b>\$ 1,218,730</b>

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**ADDITIONAL REPORTING REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

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# Albert & Associates, LLP

*Certified Public Accountants*

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and City Council of the  
City of Huron, California:

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Huron, California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City of Huron's basic financial statements, and have issued our report thereon dated December 18, 2015.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Huron's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Huron's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Huron's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Huron's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2015-1.

## **City of Huron's Response to Findings**

City of Huron's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Huron's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Albert & Associates, LLP*

Wasco, California  
December 18, 2015

**City of Huron**  
**SCHEDULE OF FINDINGS AND RESPONSES**  
 June 30, 2015

**2015-1 Special Revenue Funds – Cash Impairment**

*Criteria:* Applicable provisions of various special revenue fund grants legally restrict the use of such grant funds, including prohibiting the funds from being loaned to other Funds in the City treasury.

*Condition:* As of June 30, 2015, we noted that the City of Huron had reported substantially all of its available special revenue fund cash as being loaned to the General Fund. In addition, as of June 30, 2015, the General Fund had \$39,357 available cash and balances due to other funds in the amount of \$458,131. When a City has effectively utilized its restricted funds to the extent that in reality, the restricted cash funds reported for financial reporting purposes do not exist because they have been utilized for General Fund or other non-eligible obligations, the funds are not available for their intended purpose.

*Cause:* Prior to June 30, 2010, the City did not have appropriate internal control policies and procedures in place to ensure that restricted funds were only utilized for their legally restricted purposes.

*Effect:* As of June 30, 2010, the City had expended special revenue funds for other than their intended purpose.

*Recommendation:* We recommend that the City General Fund repay amounts owed to applicable special revenue funds.

*Management Response:* The City of Huron acknowledges the cash impairment of various special revenue funds. The City is addressing various impairments by attempting to budget surpluses in the General Fund to enable repayments to the special revenue funds. The City is also conferring with various grantors to establish procedures to resolve particular impairments. Since June 30, 2010, the General Fund has reduced cash owed to other funds as follows:

	<u>Balance Due</u> <u>To Other Funds</u>
6/30/2011	\$ 3,002,140
6/30/2012	1,494,508
6/30/2013	1,555,398
6/30/2014	1,231,048
6/30/2015	458,131

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**SINGLE AUDIT REPORTS AND SCHEDULES**

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# Albert & Associates, LLP

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To The Honorable Mayor and City Council of the  
City of Huron, California:

### **Report on Compliance for Each Major Federal Program**

We have audited City of Huron, California's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Huron, California's major federal programs for the year ended June 30, 2015. City of Huron, California's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of City of Huron, California's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Huron, California's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of City of Huron, California's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, City of Huron, California, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

### **Report on Internal Control Over Compliance**

Management of City of Huron, California, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Huron, California's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Huron, California's internal control over compliance.

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A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Albert & Associates, LLP*

Wasco, California  
December 18, 2015

**City of Huron**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year ended June 30, 2015

Federal Grantor/ Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Grant Number / Pass-through Grantor's Number	Federal Expenditures
<b><u>U.S. Department of Transportation</u></b>			
Pass-through State of California Department of Transportation			
Highway Planning & Construction	20.205	CML 5305(011)	\$ 18,571
Highway Planning & Construction	20.205	CML 5305(015)	26,262
Highway Planning & Construction	20.205	CML 5305(013)	34,793
Highway Planning & Construction	20.205	STPL 5305(014)	335,046
<b>Total U.S. Department of Transportation</b>			<u>414,672</u>
<b><u>U.S. Department of Housing and Community Development</u></b>			
Pass-through State of California Department of Transportation			
Community Development Block Grant	14.228	12-CDBG-8393	872,325
<b>Total U.S. Department of Housing and Community Development</b>			<u>872,325</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Pass-through State of California Dept. of Housing & Community Development			
USDA RUS Grant	10.763	22	57,222
<b>Total U.S. Department of Housing and Urban Development</b>			<u>57,222</u>
<b>Total Federal Expenditures</b>			<u>\$ 1,344,219</u>

See accompanying notes to schedule of expenditures of federal awards

**City of Huron**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year ended June 30, 2015

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Huron, California, under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City of Huron, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Huron.

**Note B – Summary of Significant Accounting Policies**

- 1) Expenditures reported on the Schedule are reported generally using the modified-accrual basis of accounting for program expenditures accounted for in the governmental funds and the accrual basis of accounting for program expenditures accounted for in the proprietary funds, as described in Note 1 of the notes to the City of Huron’s basic financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
  
- 2) Pass-through entity identifying numbers are presented where available.

**Note C – Loans Outstanding**

The accompanying schedule of Federal Awards does not include loans receivable at year end relating to the following Loan Programs:

	CFDA#	Note Rec. Balance
Home Reuse Loans Rec. - HURHMPI	14.228	\$ 406,147
Home Reuse Loans Rec. - 95-BEGIN	14.239	74,741
Home Reuse Loans Rec. - 97-HOME-0259	14.239	275,143
Home Reuse Loans Rec. - 98-HOME	14.239	239,281
Home Reuse Loans Rec. - 00-HOME-0429	14.239	350,783
Home Reuse Loans Rec. - 02-HOME-0591	14.239	537,832
Home Reuse Loans Rec. - 05-HOME-1694	14.239	915,498
Home Reuse Loans Rec. - 05-BEGIN-060	14.228	878,626
Home Reuse Loans Rec. - 06-HOME-2471	14.239	376,838
Home Reuse Loans Rec. - 07-HOME-3074	14.239	537,056
Home Reuse Loans Rec. - 09-HOME-6256	14.239	252,702
CDBG Reuse Loans Rec. - 97-STBG-1121	14.228	189,646
CDBG Reuse Loans Rec. - 01-STBG-1589	14.228	228,675
CDBG Reuse Loans Rec. - 05-STBG-1622	14.228	353,774
CDBG Reuse Loans Rec. - 06-STBG-2581	14.228	318,790
EDBG Reuse Loans Rec. - 04-EDBG-1023	14.228	104,289
		\$ 6,039,821

**City of Huron**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year ended June 30, 2015

**A. Summary of Auditor’s Results:**

1. The auditor’s report expresses an unmodified opinion on the financial statements of the City of Huron.
2. No material deficiencies disclosed during the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards. No significant weaknesses are reported.
3. No instances of noncompliance material to the financial statements of the City of Huron, which would be required to be reported in accordance with Government Auditing Standards were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs disclosed during the audit and none are reported in the Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133. No material weaknesses are reported.
5. The auditor’s report on compliance for the major federal award programs for the City of Huron expresses an unmodified opinion on all major federal programs.
6. No audit findings were required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs were:

CFDA Numbers	Program Title
20.205	Ninth St. Road Reconstruction
14.228	Water Line Looping Improvement

8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The City of Huron was not determined to be a low-risk auditee.

**B. Findings – Financial Statements Audit**

No Findings.

**C. Findings and Questioned Costs – Major Federal Award Programs Audit**

No matters were reported.

**City of Huron**  
**SUMMARY SCHEDULE OF PRIOR FINDINGS**  
Year ended June 30, 2015

No Prior Audit Findings