

CITY OF HOLLISTER

CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended

June 30, 2009



**CITY OF HOLLISTER
CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2009**

**PREPARED BY
FINANCE DEPARTMENT**

CITY OF HOLLISTER
FOR THE YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION:	
Transmittal Letter	i - ix
Organization Chart	x
City Council and Principal City Officials	xi
FINANCIAL SECTION:	
Independent Auditor's Report on Basic Financial Statements	1
Management's Discussion and Analysis	2 - 13
Basic Financial Statements:	
Government-wide Financial Statements	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	16 - 17
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Assets	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19 - 20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Funds	21
Statement of Net Assets - Proprietary Funds	22 - 23
Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds	24 - 25
Statement of Cash Flows - Proprietary Funds	26 - 27
Statement of Fiduciary Net Assets - Fiduciary Funds	28
Notes to Basic Financial Statements	29 - 59
Required Supplemental Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund	60 - 63
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Measure T Fund	64 - 65
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Redevelopment Agency Housing Fund	66
Notes to Required Supplemental Information	67
Schedule of Funding Progress for CalPERS Pension Plans	68
Schedule of Funding Progress for Other Post Employment Benefits (OPEB)	69

CITY OF HOLLISTER
FOR THE YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

	<u>Page</u>
Combining Financial Statements and Other Supplemental Information:	
Budgetary Comparison Schedule - RDA Capital Projects Fund	70 - 71
Budgetary Comparison Schedule - RDA Debt Service Fund	72
Non-Major Governmental Funds:	
Non-Major Fund Descriptions	73 - 75
Combining Balance Sheets	76 - 81
Combining Statements of Revenues, Expenditures and Changes in Fund Balance	82 - 87
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
CDBG Low Income Housing Rehab	88
Federal HES CalTran	89
Gas Tax	90
Traffic Safety	91
Park Dedication	92
Local Transportation	93
San Benito Loan Program	94
Law Enforcement Program	95
Federal Aviation Admin Grant	96
CHRPO	97
EDA	98
Transportation Development Act	99
Spay/Neuter Education	100
Mello-Roos CFD-001	101
Youth Center	102
Oil Recycling Grants	103
Police Special Law Enforcement Safety	104
Office of Traffic Safety	105
Local Law Enforcement	106
COPS More Program	107
Animal Welfare	108
COPS in School Program	109
Airport Building 25 Reimbursement	110
4th of July Rally	111

CITY OF HOLLISTER
FOR THE YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

	Page
Combining Financial Statements and Other Supplemental Information (continued):	
Information Systems	112
Police Office of Traffic Safety	113
Traffic Congestion Relief	114
Airport Master Plan Study	115
RZH River Trail	116
Signal Improvement Fee on Flynn	117
Council of Governments	118
San Felipe Bikeway	119
Home Program Revolving Loans	120
Fire Impact	121
Police Impact	122
Storm Drain Fees	123
Storm Drain Impact Fees	124
Traffic Impact	125
AB 1600 Santa Ana Storm Drain	126
Jail Juvenile Hall	127
Local Street & Road Improvement	128
Trust and Agency Funds:	
Agency Fund Descriptions	129
Combining Statement of Fiduciary Net Assets	130
Statement of Changes in Fiduciary Net Assets	131 - 133
STATISTICAL SECTION	
Description of Statistical Section	134
Financial Trends	
Net Assets by Component	135
Changes in Net Assets	136 - 138
Fund Balances - Governmental Funds	139
Changes in Fund Balance - Governmental Funds	140
Revenue Capacity	
Property Taxes Levies and Collections - Direct and Overlapping Governments	141

CITY OF HOLLISTER
FOR THE YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

	Page
STATISTICAL SECTION (continued)	
Assessed Value of Taxable Property	142
Property Tax Rates - Direct and Overlapping Governments	143
Principal Property Taxpayers	144
Debt Capacity	
Legal Debt Margin Information	145
Ratios of Net General Obligation Bonded Debt to Taxable Assessed Value and Net General Obligation Bonded Debt per Capita	146
Ratio of Outstanding Debt by Type	147
Overlapping Bonded Debt	148
Ratio of General Bonded Debt Outstanding	149
Economic and Demographic Information	
Demographic and Economic Statistics	150
Principal Employers	151
Miscellaneous Statistical Information	152
Operating Information	
Operating Indicators by Function	153
Capital Asset Statistics by Function	154
Full-time Equivalent City Government Employees by Function/Program	155
GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT	156 - 163
OTHER REPORTS:	
Report on Compliance and Internal Control over Financial Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	164 - 165
Schedule of Findings and Responses	166 - 167
Schedule of Prior Year Findings and Responses	168 - 171

INTRODUCTORY SECTION





CITY OF HOLLISTER

375 Fifth Street • Hollister, CA 95023-3876

November 30, 2009

To the Honorable Mayor, City Council and the Citizens of Hollister, California

The Comprehensive Annual Financial Report (CAFR) of the City of Hollister (City) for the fiscal year ended June 30, 2009, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and present fairly the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2009, and the respective changes in financial position and cash flow, where applicable, thereof for the fiscal year then ended. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This letter of transmittal is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The City's MD&A can be found on pages 2 through 13 of this report.

The financial reporting entity of the City includes all the funds of the primary government (i.e., Hollister City as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, certain districts and agencies accounted for in the Special Revenue and Trust and Agency Fund Types are reported as part of the primary government.

For a more detailed overview of the City's component units see the Notes to the Basic Financial Statements.

PROFILE OF THE GOVERNMENT

Hollister is a city in and the county seat of San Benito County, California, United States. The population was 34,413 at the 2000 census and is currently 36,599. Hollister is primarily an agricultural town. The Mutsun Ohlone Indians were the first known inhabitants of the Hollister region.

The town, then located in Monterey County, was founded November 19, 1868 originally as the San Justo Homestead Association, established by William Welles Hollister (1818–1886), a group that originally intended to name it San Justo. An association member, Napa vintner Henry Hagen, objected. Hagen argued that place names in California were dominated by Spanish saint names, and suggested that the state should have a town named after someone less holy. The City was incorporated on August 29, 1872. The western portion of San Benito County, including Hollister, was separated from Monterey County in 1874. The county was expanded eastward in 1887 to include portions taken from Merced and Fresno Counties.

The City of Hollister is a General Law City and is governed by a “Council Manager” form of government. The Council, as the legislative body, represents the citizens of Hollister, and is empowered by the Municipal Code to formulate citywide policy, enact local legislation, adopt budgets, and appoint the City Manager and City Attorney.

The City Council consists of five Council Members who are elected by district by the citizens of Hollister, and serve staggered four-year terms, with elections held in November of even-numbered years. The Council Members elect the Mayor from among themselves every year.

The City of Hollister has 117 full time employees and an operating budget of over \$42,000,000. The City offices are comprised of the following departments: City Manager, City Attorney, City Clerk, Administrative Services (Finance and Human Resources), Information Systems, Development Services(Planning, Building, and Redevelopment), Code Enforcement, Engineering, Community Services(Public Works, Operation and Maintenance, Utilities, and Recreation), Airport, Fire, and Police(which includes Animal Control.

The City provides a full range of services including law enforcement; fire protection; the construction and maintenance of streets and infrastructure assets; code enforcement; building inspections; water and wastewater; and administration.

MAJOR INITIATIVES

City of Hollister is undertaking several major initiatives notwithstanding significant fiscal limitations:

Completion of the City’s Wastewater Treatment Plant and End of Development Moratorium

On May 6, 2002, the City Council adopted, as an urgency ordinance, its Ordinance No. 973, suspending the issuance of building permits for new construction in the City. The purpose of Ordinance No. 973 was to protect the public health, safety and welfare until the Council determined the exact cause of a breach at a pond which released treated wastewater from the City’s Industrial Wastewater Treatment Plant. Ordinance No. 974, adopted on May 20, 2002, essentially reaffirmed the previous Ordinance No. 973, with further findings, and prohibited properties outside the jurisdictional limits of the City to connect to the City’s wastewater system.

On September 19, 2002, the State's Central Coast Regional Water Quality Control Board (RWQCB) adopted a Cease and Desist Order prohibiting the issuance of permits for additional connections to the community (domestic/municipal) wastewater system. The City corrected its wastewater capacity problem by instituting a Long-Term Wastewater Program, which included the completion of a new \$95 million wastewater treatment facility in October of 2008. Consequently, the City Council adopted Ordinance No. 1003 on August 18, 2008, repealing Ordinance No. 974. On December 5, 2008, the RWQCB adopted Order No. R3-2008-0069, and on December 15, 2008, the City adopted Ordinance No. 1039, both allowing additional connection to the City's wastewater system.

Growth Control Ordinance

On December 3, 2002, the City Council adopted an annual residential growth limit. For a five year period beginning the later of January 1, 2004, or the date on which the City's domestic wastewater treatment facility may accept additional capacity, the annual growth limit is established at 244 residential units per year. Approximately 1,100 building permits approved prior to the imposition of the growth limit are exempt from this cap. A minimum of 40 units per year will be set aside for very-low and low income units. This growth limit, Ordinance No. 979, will automatically terminate on June 30, 2012.

Measure T Sales Tax Initiative

On November 6, 2007, the citizens of the City of Hollister passed Measure T which increase the City's sales and use tax by 1%. The measure also required the assemblage of an advisory citizens' oversight committee which tracks the spending of the tax proceeds. The tax increase will sunset after five years.

Redevelopment Agency Projects

The City's redevelopment agency is working with the County of San Benito and the State of California to locate a new courthouse building on agency/ city owned property in the downtown area. In addition, the Agency recently purchased a blighted 7-acre non-conforming industrial site which formerly was a paper mill and expects to redevelop the site for new commercial use. The property is adjacent to downtown and a new 10-theater cinema complex, which opened in April of 2006.

FACTORS AFFECTING FINANCIAL CONDITION

Foreclosures

Foreclosures continue to be a major factor for the City. At one time the City was the second worst City in the State of California for foreclosures based on estimates from Realtytrac.com.

According to Realtytrac.com, there are approximately 847 homes in the City of Hollister that are at some stage of foreclosure as of the end of fiscal year 2009:

- 373 Homes are currently-Bank Owned properties
- 137 Homes are scheduled for Trustee Sale
- 9 Pre-foreclosure Homes are in the market for re-sale; and
- 328 Homes are in Pre-Foreclosure process (Notice of Defaults-most of these units will be foreclosed)

The median home sales price for the City of Hollister has dropped 38.6% from \$396,000 in March of 2008 to \$242,909 as of April 1st, 2009, increasing the number of negative equity at-risk homeowners, the current average foreclosure sales price is at \$232,632.

In addition, according to the California Department of Finance, the estimated residential foreclosure rate for the City of Hollister is 8.0%, based on the total number (847) of foreclosure filings divided by the total number (10,584) of residential housing units.

Abandoned and foreclosed homes have had an adverse impact on various major metropolitan, suburban and rural areas to varying degrees. Specifically, the City of Hollister has been burdened with a correlated rise in blight, vandalism, illegal occupancy, code enforcement violations and declining land values as a result of abandoned and foreclosed homes and the declining housing market. Recently, the City increased the number of code enforcement officers in an effort to properly mitigate the negative impacts caused by code enforcement violations.

Based on HUD projections, this matter is only forecasted to worsen due to relaxed underwriting standards in the recent past, for mortgages that are due to have variable interest rates reset in the near future, thus producing an increase in mortgage defaults and eventual foreclosures.

Homeowners who can't keep up with their mortgages aren't the only ones being hit by the foreclosure crisis. City and County governments are losing time and money to the problem. Assessors have to look more closely at housing to figure out its market value. Inspectors spend more time citing properties for health and safety sub-standards. Houses are taking longer to sell which keeps them off tax rolls. Unoccupied houses also don't use utilities such as water; sewer and garbage services, meaning the costs have to be spread among fewer people.

It takes a significant amount of time and resources to track down the owners of foreclosed properties. It's difficult to find the owners because mortgage loans are resold among lenders and investors. It is much more cost effective for lenders to work with at-risk homeowner's to keep them in their homes. The Foreclosure Prevention Workshops will be valuable and necessary in meeting the needs of the community by educating at risk homeowners on various options of foreclosure prevention.

The public's concern has expedited the need to develop a pro-active foreclosure prevention program; therefore City staff is exploring the creation of a Hollister Neighborhood Stabilization Pilot-Program, with a multi-approach to developing a local foreclosure prevention strategy. The strategy includes:

- Continue the implementation of the City Ordinance requiring Lenders to register foreclosure homes;
- Collaborate with the County of San Benito to conduct Foreclosure Prevention Workshops in an effort to educate households at risk of losing their homes and promote awareness of fair housing in the community as well as pursuing additional funding opportunities;
- Stabilize neighborhoods deeply affected by foreclosure crisis by acquiring foreclosed and/or abandoned homes with limited rehabilitation requirements. Rehabilitate the homes to meet minimum housing quality standards and cost effective energy efficiency if needed and sell them to low and moderate-income households up to 120% of area median income;

- Continue providing Downpayment Assistance to first-time homebuyers to purchase foreclosure homes; and
- Collaborate with the County of San Benito to apply for additional funding.

Unemployment

San Benito County's unemployment rate was 12.5% for August 2009. This equated to 3,100 individuals that were unemployed (not adjusted for seasonal employment) in the local area in August 2009. The unemployment rate has been as high as 15% this calendar year.

Retail Sales

Retail sales occurring in the April and June quarters were 17.7% lower than the same period last year. The State of California retail sales tax dropped 13% for fiscal year 2008-09.

Fiscal Year 2009-2010 second Quarter Financial Forecast

Similar to the vast majority of public agencies and private enterprises around the globe, City of Hollister is experiencing financial crises involving swells of instability in the financial markets, significant delays of cash reimbursement from the State of California for services provided on their behalf, and a budget challenge deeper than the City has seen in decades.

The global financial crisis of 2009 is expected to cause a deep global economic recession in 2010 that will drive down revenues for years to come. All the while, the State of California appears to be unwilling or maybe unable to truly balance its own budget deficits.

Many long-term financial challenges are occurring concurrently and deepening suddenly. The State of California has been delaying or deferring payments to the City of Hollister for mandated costs, Highway User taxes, and other payments. It has caused a cash crunch that is demanding extraordinary cash management efforts be performed by the Finance office. Because of the global liquidity crisis in the financial markets, the State of California and others, including the City of Hollister, do not have access to additional credit at affordable rates. This credit crunch requires staff to seek short-term cash flow borrowing between City operating and special revenue and enterprise funds to ensure sufficient operating capital through the end of the fiscal year. And, last but not least concerning, the City is expecting a \$4.5 million budget shortfall in tax revenues, interest earnings, other revenues and unanticipated expenses by fiscal year 2013-2014.

Economy-driven impacts to City provided programs and services will be less severe with proactive management of the City's budget. A broad array of immediate actions will be taken to ensure sufficient liquidity, by curtailing spending, improving revenue collections, and adjusting to a new economic condition. Actions may include increased advocacy, internal borrowing, extraordinary reviews of proposed hiring, a stringent purchase and contract review procedure, deferment of capital projects, and required cost reductions.

While analysis finds substantial department budget shortfalls, which will likely reduce the City General Fund contingency to near zero by the end of the 2009-10 fiscal year, the most concerning trend is the sharp drop in tax and other discretionary revenue trends. Several key revenues are on track to be about \$.5 million less than originally anticipated. The cause for the estimated \$.5 million shortfall rests entirely on the recently sharpening downturn in the state and local economies. The state, national, and global economies have fallen sharply and the general prognosis, among economists at all levels, is that we are entering into a deepening and prolonged global recession.

City tax receipts typically lag behind economic activity, ranging from 6 months for sales taxes to more than a year for property taxes. Economic activity is expected to continue to decline more in 2010 compared to 2009. Staff is forecasting further declines in revenues next fiscal year than the City is experiencing this fiscal year. The following fiscal year looks equally bleak or worse, due to the property tax collections lag following re-evaluations, and recent news from the California Public Employees' Retirement System (CalPERS) that the City can expect a 4% of payroll cost increase to the City's pension obligations beginning July 1, 2011, if CalPERS' current 21% asset loss holds up through the balance of the fiscal year.

The State of California has recently revised their current budget deficit from \$6.3 billion. State financial forecasters are clearly responding to similar revenue decline trends and economic data that the City and other California agencies are observing. Since the City relies on State subventions for part of its budget, staff expects additional risk and potentially additional budgetary impacts this fiscal year, if and when the State comes to terms with its increasing budget deficit.

One action that the State Legislature has taken in fiscal year 2009-10 was to suspend Proposition 1A and, subsequently, transfer approximately \$1.9 billion in property taxes away from local governments. The impact to the City was for the City to join 1,270 other State municipalities in the selling of \$1.9 billion in property taxes receivables to the California Statewide Communities Development Authority. The City will be receiving its share of the proceeds in January 2010 and May 2010.

The Administrative and Finance offices were joined by fiscal staff in all City departments to conduct a thorough review of the City's financial condition, including current year budgetary status, cash situation, credit position, and its outlook for the new budget year commencing July 1, 2009. The City is not alone in facing these unprecedented challenges on three tough financial fronts. Governments and businesses, at all levels worldwide, are facing these same challenges. The review of all three fiscal arenas concludes with the following findings:

The City needs to conduct internal short-term cash borrowing to ensure sufficient cash for daily operations through June 30, 2010.

The City, and other municipalities, will have new challenges when seeking cash flow loans and selling bonds for capital and/or other obligations. Staff efforts will need to be redirected to minimize new credit costs.

The remaining \$2.3 million of General Fund contingency will be needed to offset unanticipated department expenses and under-realized department revenues. Much of these adjustments are due to the summer fire responses and recovery efforts.

The City needs to find an additional \$4.5 million in General Fund budgetary solutions by fiscal year 2013-2014, due to the sharp economic downturn's impact on tax and other discretionary revenues. Since the City is a service organization that must maintain a balanced budget, these solutions are expected to significantly impact important services, City residents, other customers, and City employees.

The City is facing a structural budget deficit by fiscal year 2010-2011 that is currently estimated to be at \$1 million. This estimate will be revised after the first installment of property taxes is collected in January and closure of the second quarter.

The City is fortunate to have an experienced City Council and professional staff to lead our community through these very difficult financial challenges. Collectively, the City will fully and comprehensively respond to the economic downturn, while minimizing short and long-term impacts. We will need to wrestle with the State of California over their delays in reimbursements. We will need to contemplate all ideas for solutions, leaving no rock or stone unturned.

Internal Control

The management of the City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) choices between these two concepts often require estimates and judgments by management.

Budgeting Controls

In addition to accounting controls, the City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council.

In accordance with the provisions of the City's Municipal Code and other statutory provisions, the City prepares a budget for each fiscal year on or before June 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the City Council.

An operating budget is adopted each fiscal year for all Governmental Funds. Expenditures are controlled at the major object level within budget units for the City. The major object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Any amendments or transfers of appropriations between object levels within the same budget unit or between departments or funds are authorized by the City Manager and must be approved by the City Council. The City Council must approve supplementary appropriations normally financed by unanticipated revenues during the year.

Cash Management

Cash temporarily idle during the year was invested in the Local Agency Investment Fund (LAIF) managed by the California State Treasurer's Office.

The first and primary objective of the City Treasurer's investment of public funds is to safeguard investment principal; second, to maintain sufficient liquidity within the portfolio to meet daily cash flow requirements, and third, to achieve a reasonable rate of return or yield on the portfolio consistent with these objectives. The portfolio is actively managed in a manner that is responsive to the public trust and consistent with State law.

Restrictive investment policies are in place to minimize credit and market risks while maintaining a competitive yield on the portfolios. The City Treasurer's selection of investments is more restrictive than those authorized in Sections 53601 and 53635 of the California Government Code and gives primary consideration to the safety and preservation of the principal amounts invested. On-going cash flow projections are maintained for the coming twelve months to assure that adequate funds are available to meet daily cash expenditure requirements.

State statutes, specific debt financing indentures and contractual arrangements generally determine the investment restrictions of City cash and investments not held in the City Treasury.

Risk Management

The City of Hollister uses a program of self-insurance for workers' compensation and general liability claims to minimize losses. The City is self-insured for workers' compensation up to \$500,000 per occurrence. The City participates in a multi-agency joint powers authority to provide excess insurance coverage for liability coverage. The joint powers authority and the City rely on estimates prepared by professional actuaries to set aside funds adequate to meet potential future losses. Excess coverage purchased through the joint powers authority covers claims in excess of \$1,000,000 for general liability claims.

Employee Benefit Plans

The City participates in and contributes to the employee retirement plans with CalPERS, an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state governmental agencies within the state. CalPERS provides retirement, disability, and death benefits based on the employees' years of service, age, and final compensation. Copies of the CalPERS' annual financial report are available through CalPERS.

OTHER INFORMATION

Independent Audit

The City requires an annual audit by independent certified public accountants. The firm of Mann, Urrutia, and Nelson, CPAs and Associates, LLP was selected by the City to meet this requirement. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2009, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified ("clean") opinion that the City's basic financial statements for the fiscal year ended June 30, 2009, are fairly presented in conformity with accounting standards generally accepted in the United States of America. The independent auditor's report is presented as the first item of the financial section of the report.

Acknowledgments

The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of staff from the Finance Office, and the cooperation and assistance of all City departments. We also want to thank the partners and staff of our auditors for their assistance and support. I would like to commend the Mayor, City Council, the City Manager, and the Director of Administrative Services for their interest, support, and exemplary leadership in planning and conducting the financial operations of the City in a responsive and progressive manner.

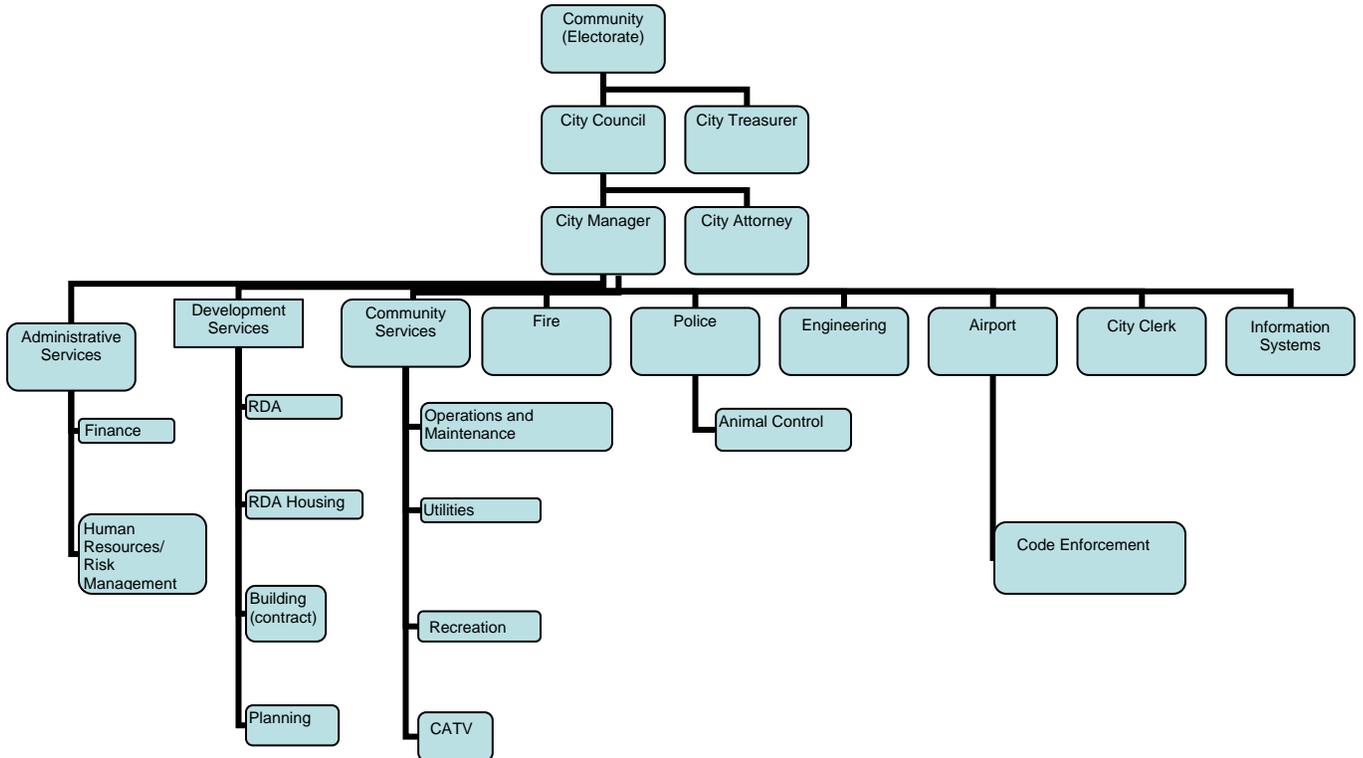
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Brett I. Miller", written in a cursive style.

Brett I. Miller, CPA
Accounting Manager

CITY OF HOLLISTER, CALIFORNIA

Organizational Chart



CITY OF HOLLISTER
CITY COUNCIL AND PRINCIPAL CITY OFFICIALS
JUNE 30, 2009

CITY COUNCIL

First District	Raymond Friend
Second District	Eugenia Sanchez, Mayor *
Third District	Pauline Valdivia
Fourth District	Doug Emerson
Fifth District	Victor Gomez, Mayor Pro Temp *

*Chosen annually at the first meeting in December

APPOINTED OFFICIALS

City Manager	Clint Quilter
City Attorney	Stephanie Atigh
City Clerk and City Treasurer	Geri Johnson, MMC

EXECUTIVE STAFF

Director of Administrative Services	Robert Galvan
Director of Community Services/Recreation	Clay Lee
Director of Development Services/Redevelopment	William B. Avera
Director of Airport /Code Enforcement	Mike Chambless
Director of Engineering	Vacant
Chief of Fire	Fred Cheshire
Chief of Police/Animal Control	Jeff Miller

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

To The Honorable Mayor and Members of the City Council
 of the City of Hollister
 Hollister, California

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hollister (the City) as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

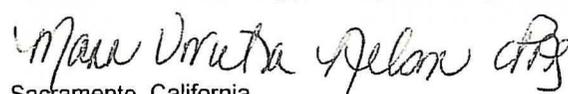
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan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

In our opinion, the basic 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 Hollister as of June 30, 2009, and the respective changes in the financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2009 on our consideration of the City of Hollister's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison schedules as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hollister's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.


 Sacramento, California
 November 30, 2009

PRINCIPALS

Chris A. Mann, CPA, CFP • John R. Urrutia, CPA • Michelle O. Nelson, CPA, CFE, CVA • Christine L. Collins, EA

Kriss Ann Mann, CPA CCPS • Justin J. Williams, CPA

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

The information in this section is not covered by the Independent Auditor's Report. It is presented as required supplementary information for the benefit of the readers of the Comprehensive Annual Financial Report.

We offer those interested in the City of Hollister's financial statements this narrative overview and analysis of the financial activities of the City of Hollister for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report and in conjunction with the City's financial statements following this section.

FINANCIAL HIGHLIGHTS

Financial highlights of the fiscal year ended June 30, 2009 include the following:

Government-wide

The City's total net assets were \$99,088,417 as of June 30, 2009. Of this total, \$54,901,772 represented governmental net assets and \$44,186,645 represented business-type activities. Of this amount, \$51,652,718 may be used to meet the government's ongoing obligations to citizens and creditors.

Current assets totaling \$64,378,284 included \$45,760,148 in cash and investments, \$15,636,679 in accounts, interest, and notes receivable, \$2,961,559 in deferred charges, and \$19,898 in other assets. Restricted assets included restricted cash and investments of \$27,404,825 and land held for resale of \$6,318,450. Non-current assets included \$166,597,179 in capital assets, net of accumulated depreciation, and \$1,384,584 in other assets. Current liabilities totaling \$1,482,466 included \$1,309,278 in accounts payable and accrued liabilities and \$173,188 in deposits. Non-current liabilities included \$105,214 in net OPEB obligation and long-term liabilities totaling \$3,183,283 due in one year and \$162,223,942 due in more than one year.

Government-wide revenues totaling \$48,094,493 included \$20,408,000 in program revenues, \$21,416,637 in taxes, \$1,339,782 in investment earnings, and \$4,930,074 in other revenues.

Government-wide expenses totaling \$40,212,876 included \$7,565,001 in general government expenses, \$12,510,912 in public safety expenses, \$3,802,923 in public works expenses, \$1,772,027 in recreation expenses, \$1,985,412 in interest and fiscal charges, and \$12,576,601 in business-type expenses.

Fund level

The City's General Fund balance decreased \$956,311 from the prior fiscal year due to current revenues not meeting expectations in the amount of \$884,724 less than originally budgeted.

The City's Measure T fund balance increased \$902,215 from the prior fiscal year due to the City receiving a complete year of Measure T tax receipts.

The City's RDA - Housing fund increased \$139,054 from the prior fiscal year due to payments received from outstanding loan receivables.

The City's RDA - Capital Projects fund decreased \$1,042,340 from the prior fiscal year due to the redevelopment agency transferring excess capital project funds to the agency's debt service fund.

The City's RDA - Debt Service fund increased \$1,355,922 from the prior fiscal year due to the redevelopment agency transferring excess capital project funds to the agency's debt service fund.

The City's other governmental fund balances increased \$2,675,228 from the prior fiscal year primarily due to a legal settlement.

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2009

OVERVIEW OF THE FINANCIAL STATEMENTS

A. GASB 34 Financial Report Model

The City of Hollister has adopted a financial reporting model that is designed to demonstrate government accountability by presenting both a long-term and a near-term view of its finances. This model is prescribed by Statement Number 34 of the Government Accounting Standard Board (GASB 34). This model is comprised of three parts: 1) Management's Discussion and Analysis which provides the financial highlights; 2) The City's basic financial statements, which consist of the Government-Wide financial statements; the Fund financial statements, and the Notes to the financial statements; and 3) Required Supplementary Information.

B. Government-Wide Financial Statements

The government-wide financial statements provide an overview of the City's finances, in a manner similar to a private-sector business that is, using the accrual basis of accounting. They demonstrate accountability of the City of Hollister by showing the extent to which it has met operating objectives efficiently and effectively, using all resources available, and whether it can continue to do so.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information on expenses and revenues to show how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported as soon as earned and expenses are reported as soon as incurred even though the related cash flows may not take place until future fiscal periods (e.g., earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities) The governmental activities of the City include general government, public protection, public works, and recreation. The business-type activities of the City include the Airport, Water, Wastewater, Street Sweeping, and Briggs Building funds.

Certain component units such as the Redevelopment Agency are essentially part of City operations and their financial data are blended in with operational funds of the City.

C. Fund Financial Statements

The fund financial statements provide evidence of accountability by demonstrating compliance with budgetary decisions made in a public forum. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes stipulated by laws, regulations or policies. The funds of the City are divided into three categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The City maintains 46 individual governmental funds. On the financial statements for governmental funds, information is presented separately for five major funds: the General Fund, the Measure T Fund, the RDA - Housing Fund, the RDA – Capital Projects Fund, and the RDA – Debt Service Fund. Data from the other governmental funds are aggregated into a single column.

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2009

Proprietary funds are of two types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Airport, Water, Wastewater, Street Sweeping, and Briggs Building operations. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City does not use internal service funds.

Proprietary funds statements provide the same type of information as the part of government-wide financial statements pertaining to business-type activities, only in more detail.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's programs.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the financial information provided in the government-wide and fund financial statements.

D. Required Supplementary Information

In addition to the basic financial statements, this report presents Required Supplementary Information. The required supplementary information presents the City's progress in funding its obligation to provide pension benefits to its employees as well as the City's General Fund and major special revenue fund's budgetary comparison schedules.

E. Combining Statements and Schedules

The combining and individual fund statements and schedules referred to earlier provide information for nonmajor governmental funds and fiduciary funds, and are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This analysis focuses on net assets and the changes in net assets of the City as a whole:

TABLE 1
GOVERNMENT-WIDE NET ASSETS JUNE 30, 2009 and 2008

	Governmental Activities		Business-type Activities		Total Government	
	2009	2008	2009	2008	2009	2008
ASSETS						
Cash and investments	\$ 37,028,952	\$ 28,818,635	\$ 8,731,196	\$ 4,158,048	\$ 45,760,148	\$ 32,976,683
Restricted assets	9,208,486	11,984,170	24,514,789	56,870,267	33,723,275	68,854,437
Other assets	14,381,496	13,074,964	5,621,224	5,189,299	20,002,720	18,264,263
Capital assets	<u>34,867,109</u>	<u>37,973,577</u>	<u>131,730,070</u>	<u>111,435,794</u>	<u>166,597,179</u>	<u>149,409,371</u>
Total Assets	<u>95,486,043</u>	<u>91,851,346</u>	<u>170,597,279</u>	<u>177,653,408</u>	<u>266,083,322</u>	<u>269,504,754</u>
LIABILITIES						
Current and other liabilities	1,109,080	1,275,723	478,600	2,991,651	1,587,680	4,267,374
Long-term liabilities	<u>39,475,191</u>	<u>40,231,875</u>	<u>125,932,034</u>	<u>134,820,662</u>	<u>165,407,225</u>	<u>175,052,537</u>
Total Liabilities	<u>40,584,271</u>	<u>41,507,598</u>	<u>126,410,634</u>	<u>137,812,313</u>	<u>166,994,905</u>	<u>179,319,911</u>
NET ASSETS						
Invested in capital assets, net of related debt	(1,238,024)	(1,076,423)	33,421,263	36,637,224	32,183,239	35,560,801
Restricted for debt service	2,889,536	1,814,977	-	-	2,889,536	1,814,977
Redevelopment activities	12,362,924	16,632,217	-	-	12,362,924	16,632,217
Unrestricted	<u>40,887,336</u>	<u>32,972,977</u>	<u>10,765,382</u>	<u>3,203,871</u>	<u>51,652,718</u>	<u>36,176,848</u>
Total Net Assets	<u>\$ 54,901,772</u>	<u>\$ 50,343,748</u>	<u>\$ 44,186,645</u>	<u>\$ 39,841,095</u>	<u>\$ 99,088,417</u>	<u>\$ 90,184,843</u>

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2009

The City's total government-wide net assets amounted to \$99,088,417 as of June 30, 2009. This represented an increase of \$8,903,574 over fiscal year 2008. The increase in the change in net assets is reflected in the Statement of Activities shown in Table 2 for governmental funds and Table 3 for business-type activities. Further, see Note 17 for detailed information on the prior period adjustments made in the current year.

Investment in capital assets net of related debt reflects the City's investment in capital assets (i.e. its land, structures and improvements, infrastructure, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets represent resources that are subject to external restrictions on how they may be used.

Unrestricted net assets represent 40.1% of the total net assets and may be used to meet the City's ongoing obligations to citizens and creditors.

In addition to the amount invested in capital assets, there are externally imposed debt service reserve and statutory constraints on the use of 100% of the restricted net assets.

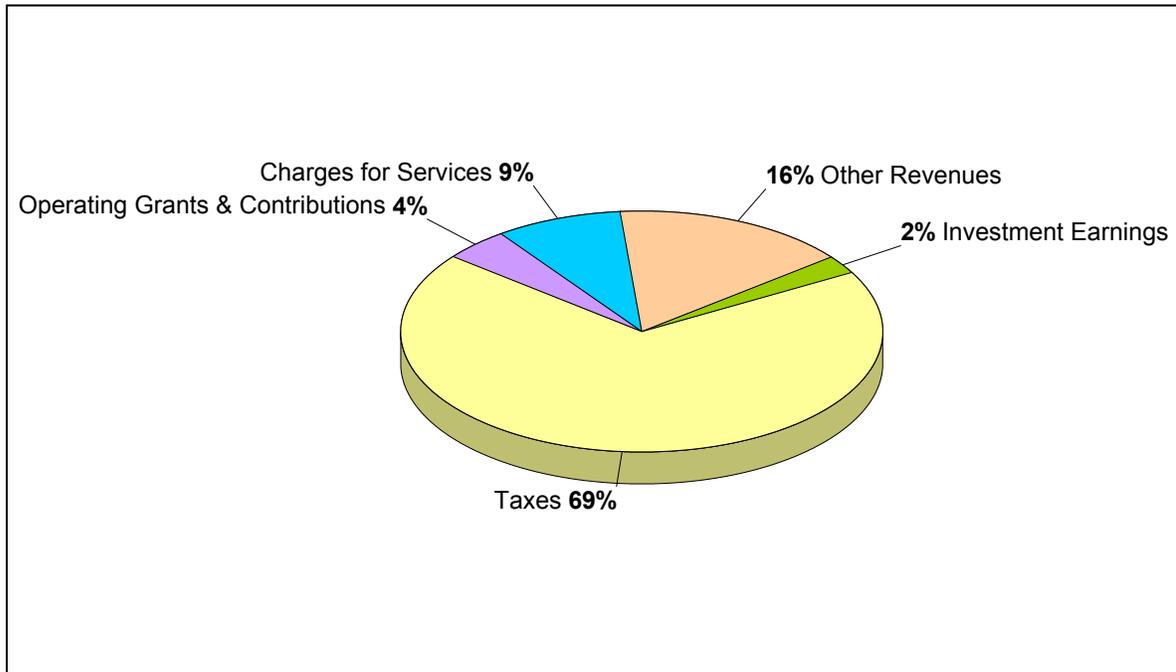
The City's net assets as of June 30, 2009 consisted of the following:

TABLE 2
GOVERNMENTAL ACTIVITIES CHANGES IN NET ASSETS AS OF JUNE 30,

	<u>2009</u>	<u>2008</u>
REVENUES		
Charges for services	\$ 2,660,318	\$ 1,400,606
Operating grants and contributions	1,362,085	3,400,148
Taxes	21,416,637	19,933,788
Investment earnings	764,469	1,732,758
Other	4,930,074	2,668,418
Transfers	<u>38,759</u>	<u>-</u>
Total Revenue	<u>31,172,342</u>	<u>29,135,718</u>
EXPENSES		
General government	7,565,001	7,633,251
Public safety	12,510,912	10,569,228
Public works	3,802,923	5,792,244
Recreation	1,772,027	1,512,531
Interest and fiscal charges	1,985,412	2,020,677
Transfers	<u>-</u>	<u>81,622</u>
Total Expenses	<u>27,636,275</u>	<u>27,609,553</u>
Net assets - beginning	50,343,748	40,770,763
Prior period restatement (Note 17)	1,021,957	8,046,720
Net assets - beginning, restated	51,365,705	48,817,583
Net assets - ending	<u>54,901,772</u>	<u>50,343,748</u>
Change in Net Assets	<u>\$ 3,536,067</u>	<u>\$ 1,526,165</u>

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2009

Sources of Revenues
Governmental Activities



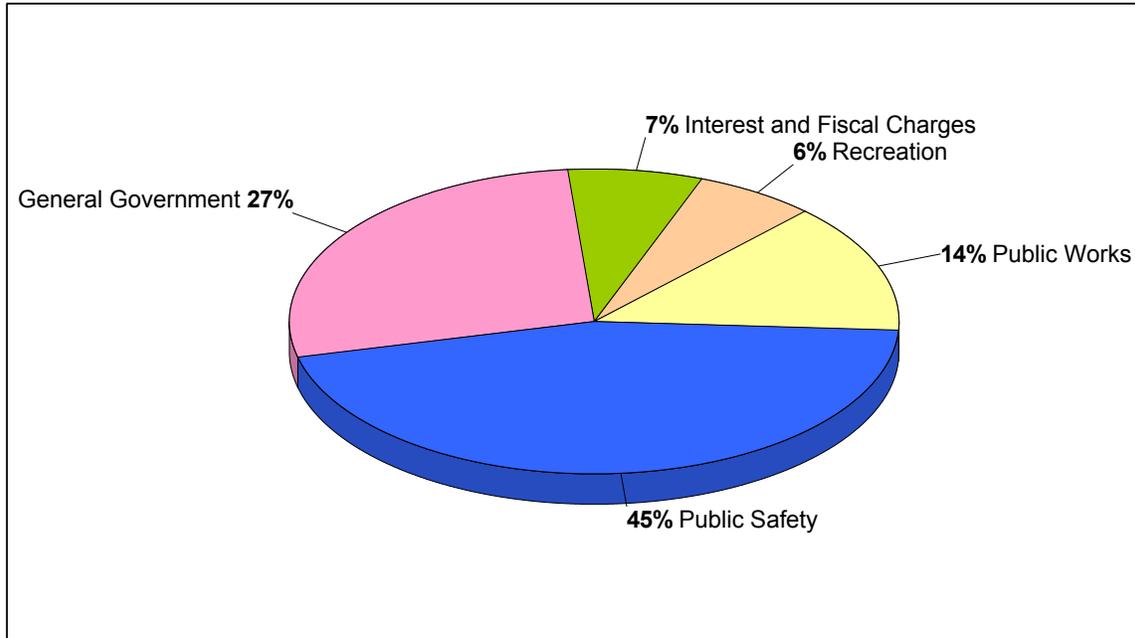
As reflected above, sixty-nine percent (69%) or \$21,416,637 of the City's governmental activities revenues as of June 30, 2009 were comprised of tax increments. Program revenues were thirteen percent (13%) of governmental activities. Of this amount, four percent (4%) or \$1,362,085 were derived from operating grants and contributions and nine percent (9%) or \$2,660,318 were derived from charges for services. The remaining sources of revenues included two percent (2%) or \$764,469 of investment earnings, and sixteen percent (16%) or \$4,930,074 of other revenues.

Taxes

The City's overall allocation of tax increments has remained relatively consistent based upon the current building moratorium and the relatively zero-percent growth rate the City experienced from the prior fiscal year. For this reason, the 7.4% increase (\$21,416,637 in FY '08-09 vs. \$19,933,788 in prior year FY '07-08) illustrates this point.

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2009

Functional Expenses
Governmental Activities



As identified in the functional expenses chart, forty-five percent (45%) or \$12,510,912 of the City's expenses were for public safety. Twenty-seven percent (27%) or \$7,565,001 were for general government expenses. The remaining functional expenses included fourteen (14%) or \$3,802,923 for public works, six percent (6%) or \$1,772,027 in recreation, and seven percent (7%) or \$1,985,412 in interest and fiscal charges. The City's total governmental expenses increased \$26,722 from the prior fiscal year.

The change in expenses from prior year is attributable to various factors:

General Government Expenses

General government expenses decreased \$68,250 or 3.2%. The main decrease was for expenses associated with the Hollister Rally which the City did not hold in the fiscal year.

Public Works Expenses

Public works expenses decreased 64% or \$1,989,321 from the prior year. This was attributable to the City decreasing spending on design and construction of the street overlay projects.

Public Safety Expenses

In addition, public safety expenses increased 18% or \$1,941,684. The main increase was for expenses associated with the Hollister Rally which the City did not hold in the previous fiscal year.

Recreation Expenses

Recreation expenses increased 17% or \$259,496 due to normal annual salary increase and increases in depreciation expense.

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2009

TABLE 3
BUSINESS-TYPE ACTIVITIES CHANGES IN NET ASSETS AS OF JUNE 30,

	<u>2009</u>	<u>2008</u>
<u>REVENUES</u>		
Charges for services	\$ 16,385,597	\$ 14,424,242
Investment earnings	575,313	3,779,982
Transfers	<u>-</u>	<u>81,622</u>
Total Revenue	<u>16,960,910</u>	<u>18,285,846</u>
<u>EXPENSES</u>		
Airport	873,910	807,734
Water	3,919,817	2,964,693
Sewer	7,195,980	4,142,410
Street sweeping	363,054	411,282
Briggs Building	223,840	219,093
Transfers	<u>38,759</u>	<u>-</u>
Total Expenses	<u>12,615,360</u>	<u>8,545,212</u>
Net assets - beginning	39,841,095	28,842,228
Prior period restatement (Note 17)	-	1,258,233
Net assets - beginning, restated	39,841,095	30,100,461
Net assets - ending	<u>44,186,645</u>	<u>39,841,095</u>
Change in Net Assets	<u>\$ 4,345,550</u>	<u>\$ 9,740,634</u>

In the fiscal year ended June 30, 2009, business-type activities increased the City's net assets by \$4,345,550.

Charges for Services

Charges for services increased \$1,961,355 or 14% over the prior fiscal year. This was the result of two major rate increases for water and wastewater charges. The increase in wastewater charges was directly related to the costs associated with the debt incurred for the construction of the City's wastewater treatment plant.

Investment Earnings

Investment earnings decreased \$3,204,669 or 85% due to the use of bond proceeds for the completion of the City's wastewater treatment plant. Cash related to the bond issuances was invested and yielded \$575,313 in earnings.

Expenses

Expenses under the City's water and wastewater enterprise funds were directly attributable to the normal operation costs associated with the operation of both systems. The additional costs incurred under the wastewater fund corresponded to the initial implementation costs for the City's wastewater treatment plant.

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2009

FINANCIAL ANALYSIS OF FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with budgetary and legal requirements.

Governmental funds - The general government functions are included in the General, Special Revenue, Capital Project, and Debt Service Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

At June 30, 2009, the City's governmental funds reported combined ending fund balances of \$49,655,989. Approximately 56.5% of this total amount (\$28,065,181) constitutes the unreserved fund balance, which may be used to meet the City's ongoing general obligations to citizens and creditors. The remainder of the fund balance is reserved to indicate that it is not available for general obligations because it has been committed in the form of land held for resale, inventories, debt service reserves, or the funds have statutory restrictions.

The General Fund is the main operating fund of the City. At June 30, 2009, the unreserved fund balance of the general fund was \$2,271,733 while the total fund balance amounted to \$2,291,631. As measures of the general fund's liquidity, it is useful to note that the unreserved fund balance represents 15.1% percent of total fund expenditures, while the total fund balance represents 15.3% percent of that same amount. The general fund's fund balance decreased by \$956,311 during the current fiscal year. The City's decrease of \$956,311 from the prior fiscal year was due to current revenues not meeting expectations in the amount of \$884,724 less than originally budgeted.

The Measure T fund had a total fund balance of \$903,224 which is unreserved. The overall fund balance increased by \$902,215 due to a complete year of Measure T tax receipts.

The RDA - Housing fund has a total fund balance of \$12,362,924 which is reserved. The overall fund balance increased by \$139,054 due to payments received from outstanding loan receivables.

The RDA - Capital Projects fund had a total fund balance of \$13,926,569. Of this amount, \$6,318,450 was reserved, and the balance of \$7,608,119 was unreserved. The City's RDA - Capital Projects fund decreased \$1,042,340 from the prior fiscal year due to the redevelopment agency's transferring excess capital projects funds to the agency's debt service fund.

The RDA - Debt Service fund had a total fund balance of \$2,889,536 which was reserved. The City's RDA - Debt Service fund increased \$1,355,922 from the prior fiscal year due to the redevelopment agency's transferring excess capital projects funds to the agency's debt service fund.

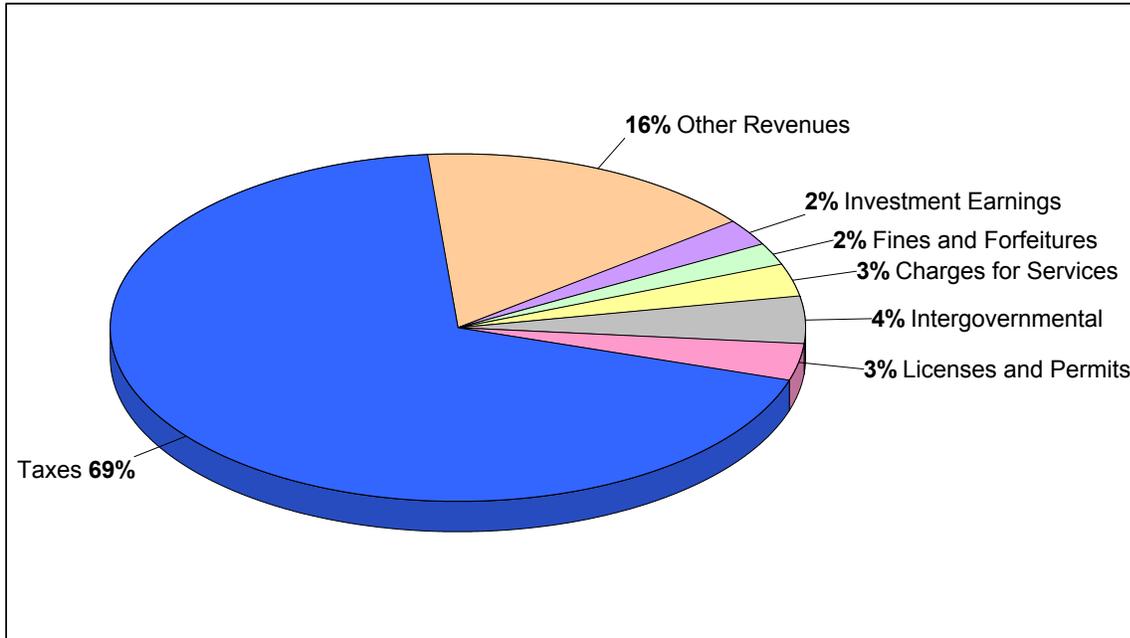
The following table presents revenues from various sources as well as reflecting increases or decreases from the prior fiscal year in the governmental funds.

TABLE 4
REVENUES IN THE GOVERNMENTAL FUNDS (in thousands)

Revenue Sources	FY 2009		FY 2008		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Taxes	\$ 21,417	68.7 %	\$ 19,183	60.9 %	\$ 2,234	11.6 %
Licenses and permits	1,071	3.4 %	1,053	3.3 %	18	1.7 %
Intergovernmental	1,362	4.4 %	5,927	18.8 %	(4,565)	(77.0)%
Charges for services	946	3.0 %	797	2.5 %	149	18.7 %
Fines and forfeitures	643	2.1 %	132	0.4 %	511	387.1 %
Investment earnings	764	2.5 %	1,733	5.5 %	(969)	(55.9)%
Others	4,980	16.0 %	2,668	8.5 %	2,312	86.7 %
Total	\$ 31,183	100 %	\$ 31,493	100 %	\$ (310)	(1.0)%

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2009

Governmental Fund Revenues
For the Year Ended June 30, 2009



Significant changes for major revenue sources are explained below:

- Taxes – Tax revenues include sales taxes and property taxes. The increase in tax revenues was due primarily to normal property increases.
- Licenses and permits – Increased revenues from construction permits and planning application fees account for most of the increase noted in this revenue category.
- Intergovernmental – The decrease in this source was due to a decrease in State reimbursements and transportation grants.
- Fines and forfeitures – The increase in fines and forfeitures was due to forfeitures of deposits in the current fiscal year.
- Investment earnings – The decrease in investment earnings reflects the decrease in earnings of the City's investments.
- Other revenues – Other revenues increased primarily due to increase in legal reimbursements.

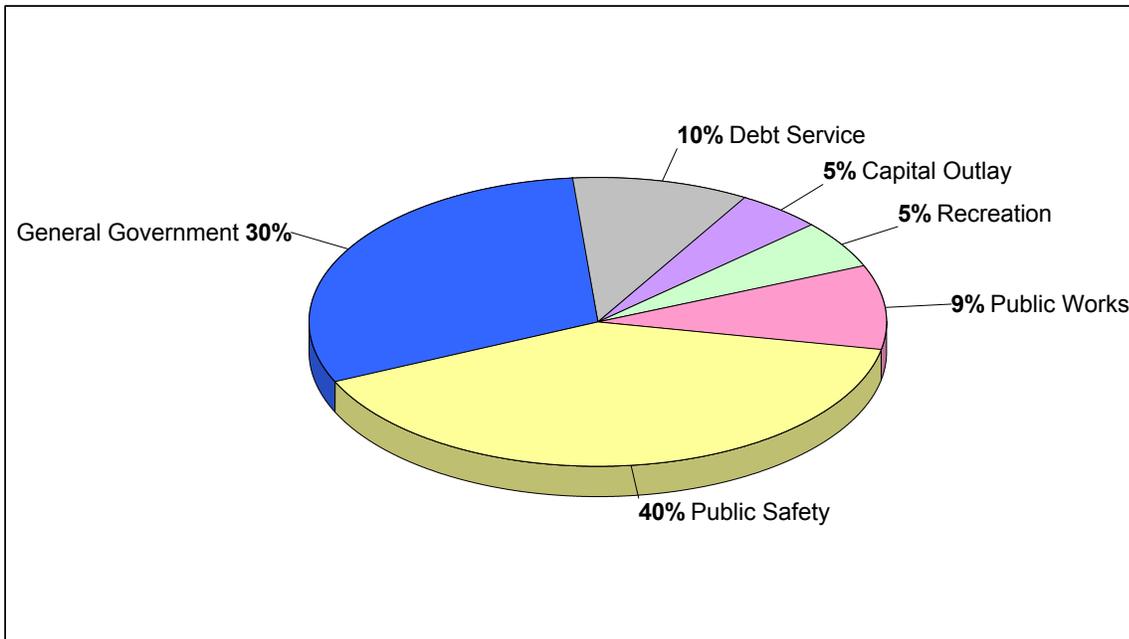
CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2009

The following table presents expenditures by function compared to prior fiscal year's amounts in the governmental funds.

TABLE 5
EXPENDITURES IN THE GOVERNMENTAL FUNDS (in thousands)

Function	FY 2009		FY 2008		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General government	\$ 8,558	30.4 %	\$ 6,507	23.4 %	\$ 2,051	31.5 %
Public safety	11,283	40.1 %	9,928	35.7 %	1,355	13.6 %
Public works	2,654	9.4 %	2,652	9.5 %	2	0.1 %
Recreation	1,518	5.4 %	1,248	4.5 %	270	21.6 %
Capital outlay	1,338	4.8 %	4,667	16.8 %	(3,329)	(71.3)%
Debt service	<u>2,796</u>	<u>9.9 %</u>	<u>2,800</u>	<u>10.1 %</u>	<u>(4)</u>	<u>(0.1)%</u>
Total	\$ <u>28,147</u>	<u>100 %</u>	\$ <u>27,802</u>	<u>100 %</u>	\$ <u>345</u>	<u>1.2 %</u>

Governmental Fund Expenditures
For the Year Ended June 30, 2009



Significant changes for major functions are explained below:

- General government – The increase in this function was due to the increase in housing expenditures in the redevelopment agency.
- Public safety – The increase in this function was due to public safety grants expenditures.
- Recreation – The increase in this function was due to increased staffing from the Measure T funding.
- Capital outlay – The decrease in this function was due to the completion of the City's animal shelter in fiscal year 2007-08.

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2009

Proprietary funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The funds include the enterprise funds: Airport, Water, Wastewater, Street Sweeping, and Briggs Building operations.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget for revenues were a decrease of \$884,724. This decrease was due to the City anticipating decrease in reimbursements from other governments that was not originally anticipated.

During the fiscal year, actual revenues were less than budgetary estimates by \$487. The main reason for the decrease was that taxes were \$858,512 less than the estimated amount due to decreased sales taxes. Plus, revenues from licenses and permits decreased \$207,100 less than estimated amount due to decreases in estimated permits. Actual expenditures were less than budgetary estimates by \$527,529. The net effect of under-realization of revenues and under-utilization of appropriations resulted in a favorable variance of \$2,003,757.

CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounted to \$166,597,179 (net of accumulated depreciation). This investment in capital assets included land, structures and improvements, equipment, construction-in-progress, and infrastructure. The total increase in the City's net investment in capital assets for the current period was 12.6%. The increase resulted from infrastructure assets acquired exceeding infrastructure depreciation by \$18,644,526.

Additional information on the City's capital assets can be found in the Notes to the Financial Statements section of this report on page 44, note 6 – Capital Assets.

Key events affecting capital assets during the fiscal year included the following:

- Construction in progress capital assets being transferred to structures and improvements and equipment.
- For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures.

TABLE 6
CAPITAL ASSETS (NET OF DEPRECIATION) (in thousands)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 425	\$ 425	\$ 5,244	\$ 5,244	\$ 5,669	\$ 5,669
Construction in Progress	-	1,301	20	86,317	20	87,618
Buildings	18,516	18,044	8,799	9,266	27,315	27,310
Equipment	2,505	2,734	854	960	3,359	3,694
Improvements	828	820	116,813	9,648	117,641	10,468
Infrastructure	<u>12,593</u>	<u>13,193</u>	<u>-</u>	<u>-</u>	<u>12,593</u>	<u>13,193</u>
Total	<u>\$ 34,867</u>	<u>\$ 36,517</u>	<u>\$ 131,730</u>	<u>\$ 111,435</u>	<u>\$ 166,597</u>	<u>\$ 147,952</u>

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2009

B. Long-Term Obligations

At June 30, 2009, the City had total long-term obligations outstanding of \$165,407,225 consisting of \$156,485,000 in bonds, and loan obligations of \$723,880. Additional long-term liabilities include bond issuance premium of \$7,231,814 and compensated absences payable of \$966,531.

Additional information on the City's long-term liabilities can be found in the Notes to the Financial Statements section of this report on page 46, note 7 – Long-Term Liabilities.

ECONOMIC CONDITION, OUTLOOK, AND ACTIVITY

The City adopted its fiscal year 2009-2010 Final Budget in the total amount of \$42,429,925, with a General Fund Contingency of \$281,263. The City will continue to face difficult fiscal challenges in the foreseeable future. Although the most critical fiscal uncertainty facing the City continues to be the impact on local government resulting from actions the State of California may take in addressing its own fiscal problems, increasing foreclosures due to the declining economy will also impact the ability of the City to maintain current service levels.

The City has experienced slow growth and has experienced a less favorable economic environment as a result of the long standing imposition of the building moratorium as mandated by the State Water Quality Control Board. In addition, the economic outlook and budget deficit that continues to plague the State of California has also weighed unfavorably on the City's ability to expand in a manner consistent with the ability to sustain the necessary level of services required for the entire community.

The completion of the City's wastewater treatment plant at the end of calendar year 2008 has provided an additional resource for the City to fully implement projects and provide the level of wastewater capacity needed to address the current and future growth requirements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

These basic financial statements have been prepared in order to provide the citizens, taxpayers, investors, and creditors with financial report which is designed to demonstrate accountability of the City of Hollister government by providing both long-term and near-term views of the City's finances for the year ended June 30, 2009. Any questions pertaining to this report shall be directed to the City's Director of Administrative Services at 375 Fifth Street, Hollister, CA 95023.

CITY OF HOLLISTER
STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments (Note 2)	\$ 37,028,952	\$ 8,731,196	\$ 45,760,148
Accounts receivable, net of allowance	4,172,228	1,363,455	5,535,683
Interest receivable	96,341	45,576	141,917
Notes receivable, net of allowance (Note 3)	9,959,079	-	9,959,079
Internal balances	133,950	(133,950)	-
Inventory	19,898	-	19,898
Deferred charges, net (Note 7)	-	2,961,559	2,961,559
Restricted cash and investments (Note 2)	2,890,036	24,514,789	27,404,825
Land held for resale (Note 4)	6,318,450	-	6,318,450
Other assets	-	1,384,584	1,384,584
Capital assets, net			
Non-depreciable (Note 6)	425,000	5,263,888	5,688,888
Depreciable, net of accumulated depreciation (Note 6)	<u>34,442,109</u>	<u>126,466,182</u>	<u>160,908,291</u>
Total Assets	<u>\$ 95,486,043</u>	<u>\$ 170,597,279</u>	<u>\$ 266,083,322</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 631,321	\$ 336,224	\$ 967,545
Accrued liabilities	290,562	51,171	341,733
Deposits	81,983	91,205	173,188
Other postemployment benefits (Note 11)	105,214	-	105,214
Long-term liabilities (Note 7)			
Due within one year	905,022	2,278,261	3,183,283
Due in more than one year	<u>38,570,169</u>	<u>123,653,773</u>	<u>162,223,942</u>
Total Liabilities	<u>40,584,271</u>	<u>126,410,634</u>	<u>166,994,905</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	(1,238,024)	33,421,263	32,183,239
Restricted for:			
Debt service	2,889,536	-	2,889,536
Redevelopment activities	12,362,924	-	12,362,924
Unrestricted	<u>40,887,336</u>	<u>10,765,382</u>	<u>51,652,718</u>
Total Net Assets	<u>\$ 54,901,772</u>	<u>\$ 44,186,645</u>	<u>\$ 99,088,417</u>

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

CITY OF HOLLISTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Activities	Business-type Activities	Total
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 7,565,001	\$ 1,530,103	\$ 432,183	\$ -	\$ (5,602,715)	\$ -	\$ (5,602,715)
Public safety	12,510,912	380,158	19,191	-	(12,111,563)	-	(12,111,563)
Public works	3,802,923	479,797	910,711	-	(2,412,415)	-	(2,412,415)
Recreation	1,772,027	270,260	-	-	(1,501,767)	-	(1,501,767)
Interest and fiscal charges	<u>1,985,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,985,412)</u>	<u>-</u>	<u>(1,985,412)</u>
Total governmental activities	<u>27,636,275</u>	<u>2,660,318</u>	<u>1,362,085</u>	<u>-</u>	<u>(23,613,872)</u>	<u>-</u>	<u>(23,613,872)</u>
Business-type activities:							
Airport	873,910	625,513	-	-	-	(248,397)	(248,397)
Water	3,919,817	4,170,336	-	-	-	250,519	250,519
Sewer	7,195,980	11,147,589	-	-	-	3,951,609	3,951,609
Street sweeping	363,054	320,609	-	-	-	(42,445)	(42,445)
Briggs building	<u>223,840</u>	<u>121,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(102,290)</u>	<u>(102,290)</u>
Total business-type activities	<u>12,576,601</u>	<u>16,385,597</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,808,996</u>	<u>3,808,996</u>
Total primary government	<u>\$ 40,212,876</u>	<u>\$ 19,045,915</u>	<u>\$ 1,362,085</u>	<u>\$ -</u>	<u>\$ (23,613,872)</u>	<u>\$ 3,808,996</u>	<u>\$ (19,804,876)</u>
General revenues:							
Taxes					\$ 21,280,446	\$ -	\$ 21,280,446
Motor vehicle in lieu					136,191	-	136,191
Unrestricted investment earnings					764,469	575,313	1,339,782
Miscellaneous					4,930,074	-	4,930,074
Transfers (Note 5)					<u>38,759</u>	<u>(38,759)</u>	<u>-</u>
Total general revenues and transfers					<u>27,149,939</u>	<u>536,554</u>	<u>27,686,493</u>
Change in net assets					3,536,067	4,345,550	7,881,617
Net assets - July 1, 2008					50,343,748	39,841,095	90,184,843
Prior period restatement (Note 17)					<u>1,021,957</u>	<u>-</u>	<u>1,021,957</u>
Net assets - July 1, 2008, restated					<u>51,365,705</u>	<u>39,841,095</u>	<u>91,206,800</u>
Net assets - June 30, 2009					<u>\$ 54,901,772</u>	<u>\$ 44,186,645</u>	<u>\$ 99,088,417</u>

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

CITY OF HOLLISTER
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	General Fund	Measure T	RDA - Housing	RDA- Capital Projects
<u>ASSETS</u>				
Cash and investments	\$ 232,066	\$ 512,009	\$ 12,761,199	\$ 6,808,689
Restricted cash and investments	-	-	-	-
Accounts receivable	2,528,522	391,800	1,998	881,271
Interest receivable	-	2,711	8,068	41,251
Notes receivable	21,775	-	11,036,146	2,184,637
Due from other funds	19,550	-	-	-
Inventory	19,898	-	-	-
Land held for resale	-	-	-	6,318,450
	<u>2,821,811</u>	<u>906,520</u>	<u>23,807,411</u>	<u>16,234,298</u>
Total Assets	<u>\$ 2,821,811</u>	<u>\$ 906,520</u>	<u>\$ 23,807,411</u>	<u>\$ 16,234,298</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ 135,881	\$ -	\$ 382,180	\$ 28,734
Accrued liabilities	256,840	3,296	7,997	9,505
Deposits payable	49,949	-	-	31,000
Deferred revenue	21,775	-	11,036,146	2,184,637
Due to other funds	65,735	-	18,164	53,853
	<u>530,180</u>	<u>3,296</u>	<u>11,444,487</u>	<u>2,307,729</u>
Total Liabilities	<u>530,180</u>	<u>3,296</u>	<u>11,444,487</u>	<u>2,307,729</u>
 FUND BALANCES:				
Reserved for:				
Land held for resale	-	-	-	6,318,450
Housing set-aside	-	-	12,362,924	-
Debt service	-	-	-	-
Inventory	19,898	-	-	-
Unreserved:				
Undesignated, reported in:				
General fund	2,271,733	-	-	-
Special revenue funds	-	903,224	-	-
Capital projects funds	-	-	-	7,608,119
	<u>2,291,631</u>	<u>903,224</u>	<u>12,362,924</u>	<u>13,926,569</u>
Total Fund Balances	<u>2,291,631</u>	<u>903,224</u>	<u>12,362,924</u>	<u>13,926,569</u>
Total Liabilities and Fund Balances	<u>\$ 2,821,811</u>	<u>\$ 906,520</u>	<u>\$ 23,807,411</u>	<u>\$ 16,234,298</u>

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

CITY OF HOLLISTER
BALANCE SHEET (continued)
GOVERNMENTAL FUNDS
JUNE 30, 2009

	RDA - Debt Service	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and investments	\$ -	\$ 16,714,989	\$ 37,028,952
Restricted cash and investments	2,890,036	-	2,890,036
Accounts receivable	-	368,637	4,172,228
Interest receivable	-	44,311	96,341
Notes receivable	-	1,770,344	15,012,902
Due from other funds	-	1,178,156	1,197,706
Inventory	-	-	19,898
Land held for resale	-	-	6,318,450
	-	-	6,318,450
Total Assets	\$ 2,890,036	\$ 20,076,437	\$ 66,736,513
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts payable	\$ 500	\$ 84,026	\$ 631,321
Accrued liabilities	-	12,924	290,562
Deposits payable	-	1,034	81,983
Deferred revenue	-	1,770,344	15,012,902
Due to other funds	-	926,004	1,063,756
	-	926,004	1,063,756
Total Liabilities	500	2,794,332	17,080,524
 FUND BALANCES:			
Reserved for:			
Land held for resale	-	-	6,318,450
Housing set-aside	-	-	12,362,924
Debt service	2,889,536	-	2,889,536
Inventory	-	-	19,898
Unreserved:			
Undesignated, reported in:			
General fund	-	-	2,271,733
Special revenue funds	-	6,577,775	7,480,999
Capital projects funds	-	10,704,330	18,312,449
	-	10,704,330	18,312,449
Total Fund Balances	2,889,536	17,282,105	49,655,989
Total Liabilities and Fund Balances	\$ 2,890,036	\$ 20,076,437	\$ 66,736,513

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

CITY OF HOLLISTER
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2009

Fund balances - total governmental funds	\$ 49,655,989
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	
Governmental capital assets	50,513,424
Less: accumulated depreciation	(15,646,315)
Deferred revenue and other resources not available to liquidate liabilities of the current period are not recognized in the funds.	
	9,959,079
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported in the governmental funds.	
Bonds payable	(38,255,000)
Deferred premium	(400,539)
Net OPEB obligation	(105,214)
Compensated absences	<u>(819,652)</u>
Net assets of governmental activities	<u>\$ 54,901,772</u>

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

CITY OF HOLLISTER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>General Fund</u>	<u>Measure T</u>	<u>RDA - Housing</u>	<u>RDA - Capital Projects</u>
<u>REVENUES</u>				
Taxes	\$ 7,175,970	\$ 3,206,058	\$ 2,561,041	\$ 4,405,459
Licenses and permits	973,840	-	-	-
Intergovernmental	432,183	-	-	-
Charges for services	888,670	-	-	-
Fines and forfeitures	643,202	-	-	-
Investment earnings	108,659	9,985	138,139	109,454
Other	<u>1,947,740</u>	<u>-</u>	<u>24,368</u>	<u>6,837</u>
Total Revenues	<u>12,170,264</u>	<u>3,216,043</u>	<u>2,723,548</u>	<u>4,521,750</u>
<u>EXPENDITURES</u>				
Current:				
General government	2,108,255	130,011	2,581,076	2,903,496
Public safety	9,960,147	423,017	-	44,739
Public works	1,584,486	40,908	-	116,793
Recreation	1,342,144	69,892	-	105,620
Capital outlay	740	-	3,418	946,408
Debt service:				
Principal	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>14,995,772</u>	<u>663,828</u>	<u>2,584,494</u>	<u>4,117,056</u>
Excess (deficiency) of revenues over expenditures	<u>(2,825,508)</u>	<u>2,552,215</u>	<u>139,054</u>	<u>404,694</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,869,197	-	-	-
Transfers out	<u>-</u>	<u>(1,650,000)</u>	<u>-</u>	<u>(1,447,034)</u>
Total Other Financing Sources (Uses)	<u>1,869,197</u>	<u>(1,650,000)</u>	<u>-</u>	<u>(1,447,034)</u>
Net change in fund balances	<u>(956,311)</u>	<u>902,215</u>	<u>139,054</u>	<u>(1,042,340)</u>
Fund balances - July 1, 2008	3,247,942	1,009	12,644,173	12,548,909
Prior period adjustment (Note 17)	<u>-</u>	<u>-</u>	<u>(420,303)</u>	<u>2,420,000</u>
Fund balances - July 1, 2008 (restated)	<u>3,247,942</u>	<u>1,009</u>	<u>12,223,870</u>	<u>14,968,909</u>
Fund balances - June 30, 2009	<u>\$ 2,291,631</u>	<u>\$ 903,224</u>	<u>\$ 12,362,924</u>	<u>\$ 13,926,569</u>

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

CITY OF HOLLISTER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (continued)
GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>RDA - Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Taxes	\$ 2,679,922	\$ 1,388,187	\$ 21,416,637
Licenses and permits	-	97,738	1,071,578
Intergovernmental	-	929,902	1,362,085
Charges for services	-	56,868	945,538
Fines and forfeitures	-	-	643,202
Investment earnings	170,123	228,109	764,469
Other	-	<u>3,000,848</u>	<u>4,979,793</u>
Total Revenues	<u>2,850,045</u>	<u>5,701,652</u>	<u>31,183,302</u>
<u>EXPENDITURES</u>			
Current:			
General government	15,903	819,597	8,558,338
Public safety	-	855,517	11,283,420
Public works	-	911,818	2,654,005
Recreation	-	-	1,517,656
Capital outlay	128,820	259,054	1,338,440
Debt service:			
Principal	795,000	-	795,000
Interest	<u>2,001,434</u>	<u>-</u>	<u>2,001,434</u>
Total Expenditures	<u>2,941,157</u>	<u>2,845,986</u>	<u>28,148,293</u>
Excess (deficiency) of revenues over expenditures	<u>(91,112)</u>	<u>2,855,666</u>	<u>3,035,009</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	1,447,034	-	3,316,231
Transfers out	<u>-</u>	<u>(180,438)</u>	<u>(3,277,472)</u>
Total Other Financing Sources (Uses)	<u>1,447,034</u>	<u>(180,438)</u>	<u>38,759</u>
Net change in fund balances	<u>1,355,922</u>	<u>2,675,228</u>	<u>3,073,768</u>
Fund balances - July 1, 2008	1,533,614	14,127,899	44,103,546
Prior period adjustment (Note 17)	<u>-</u>	<u>478,978</u>	<u>2,478,675</u>
Fund balances - July 1, 2008 (restated)	<u>1,533,614</u>	<u>14,606,877</u>	<u>46,582,221</u>
Fund balances - June 30, 2009	<u>\$ 2,889,536</u>	<u>\$ 17,282,105</u>	<u>\$ 49,655,989</u>

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

CITY OF HOLLISTER
RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

The schedule below reconciles the net changes in fund balances reported on the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances, which measure only changes in current assets and current liabilities on the modified accrual basis, with the changes in net assets of governmental activities reported in the Statement of Activities, which is prepared on the full accrual basis.

Net change in fund balances - total governmental funds \$ 3,073,768

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are therefore added back to fund balances 35,656
 Depreciation expense not reported in governmental funds (1,685,406)

Debt proceeds provide current financial resources to governmental funds; however issuing debt increases long-term liabilities in the Statement of Net Assets. Costs associated with the issuance of long-term liabilities are reported as expenditures in the governmental funds, but in the Statement of Net Assets, the costs are deferred and amortized throughout the period during which the related debt is outstanding. Repayment of debt principal is an expenditure in the governmental funds, but in the Statement of Net Assets, the repayment reduces long-term liabilities.

Principal payments 795,000
 Amortization expense of costs of issuance not reported in governmental funds 16,022

Repayment of long-term receivables is treated as revenues in governmental funds, but the repayment reduces long-term receivables in the Statement of Net Assets. Issuance of long-term receivables is treated as expenditures in the governmental funds, but the issuance increases long-term receivables in the Statement of Net Assets.

Loan program receipts (49,719)
 Loans made during the year 1,660,782

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available (net change).

Compensated absences (54,338)
 Allowance for notes receivable (150,484)
 Other post employment benefits (105,214)

Change in net assets of governmental activities \$ 3,536,067

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

CITY OF HOLLISTER
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	<u>Airport</u>	<u>Water</u>	<u>Sewer</u>
<u>ASSETS</u>			
Current Assets			
Cash and investments	\$ 113,198	\$ 4,085,527	\$ 4,413,003
Accounts receivable, net of allowance	26,747	233,288	1,048,421
Interest receivable	1,153	12,986	31,068
Deferred charges, net	<u>-</u>	<u>-</u>	<u>2,961,559</u>
Total Current Assets	<u>141,098</u>	<u>4,331,801</u>	<u>8,454,051</u>
Restricted cash and investments	-	-	24,514,789
Other assets	1,384,584	-	-
Capital assets			
Nondepreciable	146,288	-	5,000,000
Depreciable, net of accumulated depreciation	<u>3,942,057</u>	<u>4,253,727</u>	<u>114,164,716</u>
Total Assets	<u>\$ 5,614,027</u>	<u>\$ 8,585,528</u>	<u>\$ 152,133,556</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 137	\$ 33,527	\$ 295,738
Accrued liabilities	4,930	18,815	24,753
Due to other funds	-	-	-
Deposits	16,596	74,609	-
Compensated absences - current portion	4,000	33,000	17,000
Bonds payable - current portion	<u>70,559</u>	<u>-</u>	<u>2,144,702</u>
Total Current Liabilities	<u>96,222</u>	<u>159,951</u>	<u>2,482,193</u>
Non-Current Liabilities			
Compensated absences - noncurrent portion	6,437	34,237	42,613
Bonds payable - noncurrent portion	<u>653,321</u>	<u>-</u>	<u>122,916,573</u>
Total Liabilities	<u>755,980</u>	<u>194,188</u>	<u>125,441,379</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	3,364,465	4,253,727	21,579,789
Unrestricted	<u>1,493,582</u>	<u>4,137,613</u>	<u>5,112,388</u>
Total Net Assets	<u>\$ 4,858,047</u>	<u>\$ 8,391,340</u>	<u>\$ 26,692,177</u>

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

CITY OF HOLLISTER
STATEMENT OF NET ASSETS (continued)
PROPRIETARY FUNDS
JUNE 30, 2009

	<u>Street Sweeping</u>	<u>Briggs Building</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets			
Cash and investments	\$ -	\$ 119,468	\$ 8,731,196
Accounts receivable, net of allowance	44,799	10,200	1,363,455
Interest receivable	-	369	45,576
Deferred charges, net	-	-	<u>2,961,559</u>
Total Current Assets	<u>44,799</u>	<u>130,037</u>	<u>13,101,786</u>
Restricted cash and investments	-	-	24,514,789
Other assets	-	-	1,384,584
Capital assets			
Nondepreciable	-	117,600	5,263,888
Depreciable, net of accumulated depreciation	<u>270,996</u>	<u>3,834,686</u>	<u>126,466,182</u>
Total Assets	<u>\$ 315,795</u>	<u>\$ 4,082,323</u>	<u>\$ 170,731,229</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 1,307	\$ 5,515	\$ 336,224
Accrued liabilities	2,673	-	51,171
Due to other funds	133,950	-	133,950
Deposits	-	-	91,205
Compensated absences - current portion	9,000	-	63,000
Bonds payable - current portion	-	-	<u>2,215,261</u>
Total Current Liabilities	<u>146,930</u>	<u>5,515</u>	<u>2,890,811</u>
Non-Current Liabilities			
Compensated absences - noncurrent portion	592	-	83,879
Bonds payable - noncurrent portion	-	-	<u>123,569,894</u>
Total Liabilities	<u>147,522</u>	<u>5,515</u>	<u>126,544,584</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	270,996	3,952,286	33,421,263
Unrestricted	<u>(102,723)</u>	<u>124,522</u>	<u>10,765,382</u>
Total Net Assets	<u>\$ 168,273</u>	<u>\$ 4,076,808</u>	<u>\$ 44,186,645</u>

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

CITY OF HOLLISTER
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Airport</u>	<u>Water</u>	<u>Sewer</u>
<u>OPERATING REVENUES</u>			
Charges for services	\$ <u>625,513</u>	\$ <u>4,170,336</u>	\$ <u>11,147,589</u>
Total Operating Revenue	<u>625,513</u>	<u>4,170,336</u>	<u>11,147,589</u>
<u>OPERATING EXPENSES</u>			
Personnel services	263,118	1,120,799	1,274,259
Contractual and professional services	43,993	635,046	1,269,481
Supplies and operating costs	127,192	1,581,812	1,254,995
Utilities	29,428	285,258	976,247
Depreciation	<u>370,368</u>	<u>296,902</u>	<u>2,420,998</u>
Total Operating Expenses	<u>834,099</u>	<u>3,919,817</u>	<u>7,195,980</u>
Operating Income (Loss)	<u>(208,586)</u>	<u>250,519</u>	<u>3,951,609</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Investment income	6,680	66,820	500,025
Interest expense	<u>(39,811)</u>	<u>-</u>	<u>-</u>
Income (Loss) Before Transfers	(241,717)	317,339	4,451,634
Transfers in	140,856	-	-
Transfers out	<u>-</u>	<u>(120,187)</u>	<u>(59,428)</u>
Change in Net Assets	(100,861)	197,152	4,392,206
Total Net Assets - July 1, 2008	<u>4,958,908</u>	<u>8,194,188</u>	<u>22,299,971</u>
Total Net Assets - June 30, 2009	<u>\$ 4,858,047</u>	<u>\$ 8,391,340</u>	<u>\$ 26,692,177</u>

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

CITY OF HOLLISTER
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS (continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Street Sweeping</u>	<u>Briggs Building</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for services	\$ <u>320,609</u>	\$ <u>121,550</u>	\$ <u>16,385,597</u>
Total Operating Revenue	<u>320,609</u>	<u>121,550</u>	<u>16,385,597</u>
<u>OPERATING EXPENSES</u>			
Personnel services	178,980	5,219	2,842,375
Contractual and professional services	4,836	76,344	2,029,700
Supplies and operating costs	139,015	21,411	3,124,425
Utilities	-	11,303	1,302,236
Depreciation	<u>40,223</u>	<u>109,563</u>	<u>3,238,054</u>
Total Operating Expenses	<u>363,054</u>	<u>223,840</u>	<u>12,536,790</u>
Operating Income (Loss)	<u>(42,445)</u>	<u>(102,290)</u>	<u>3,848,807</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Investment income	-	1,788	575,313
Interest expense	<u>-</u>	<u>-</u>	<u>(39,811)</u>
Income (Loss) Before Transfers	(42,445)	(100,502)	4,384,309
Transfers in	-	-	140,856
Transfers out	<u>-</u>	<u>-</u>	<u>(179,615)</u>
Change in Net Assets	(42,445)	(100,502)	4,345,550
Total Net Assets - July 1, 2008	<u>210,718</u>	<u>4,177,310</u>	<u>39,841,095</u>
Total Net Assets - June 30, 2009	<u>\$ 168,273</u>	<u>\$ 4,076,808</u>	<u>\$ 44,186,645</u>

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

CITY OF HOLLISTER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Airport</u>	<u>Water</u>	<u>Sewer</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash receipts from customers	\$ 649,825	\$ 4,281,154	\$ 11,490,291
Cash paid to suppliers for goods and services	(201,176)	(2,522,003)	(5,990,468)
Cash paid to employees	<u>(256,276)</u>	<u>(1,082,876)</u>	<u>(1,252,224)</u>
Net Cash Provided (Used) by Operating Activities	<u>192,373</u>	<u>676,275</u>	<u>4,247,599</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Transfers in	140,856	-	-
Transfer out	-	(120,187)	(59,428)
Interfund payments	<u>(258,396)</u>	<u>-</u>	<u>(764,130)</u>
Net Cash Used for Noncapital Financing Activities	<u>(117,540)</u>	<u>(120,187)</u>	<u>(823,558)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal paid on capital debt	(66,625)	-	(8,640,000)
Interest paid on capital debt	(39,811)	-	(138,615)
Acquisition and construction of capital assets	<u>(20,288)</u>	<u>(411,085)</u>	<u>(23,100,957)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(126,724)</u>	<u>(411,085)</u>	<u>(31,879,572)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest and dividends received	<u>6,693</u>	<u>69,643</u>	<u>513,056</u>
Net Cash Provided by Investing Activities	<u>6,693</u>	<u>69,643</u>	<u>513,056</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(45,198)	214,646	(27,942,475)
Cash and Cash Equivalents - July 1, 2008	<u>158,396</u>	<u>3,870,881</u>	<u>56,870,267</u>
Cash and Cash Equivalents - June 30, 2009	<u>\$ 113,198</u>	<u>\$ 4,085,527</u>	<u>\$ 28,927,792</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS			
Cash and investments	\$ 113,198	\$ 4,085,527	\$ 4,413,003
Restricted cash and investments	<u>-</u>	<u>-</u>	<u>24,514,789</u>
Total Cash and Investments	<u>\$ 113,198</u>	<u>\$ 4,085,527</u>	<u>\$ 28,927,792</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ (208,586)	\$ 250,519	\$ 3,951,609
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	370,368	296,902	2,420,998
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	22,425	121,425	342,702
Decrease in accounts payable	(563)	(19,887)	(2,489,745)
Increase (decrease) in deposits payable	1,887	(10,607)	-
Increase (decrease) in accrued wages	2,552	4,664	6,477
Increase in compensated absences	<u>4,290</u>	<u>33,259</u>	<u>15,558</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 192,373</u>	<u>\$ 676,275</u>	<u>\$ 4,247,599</u>

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

CITY OF HOLLISTER
STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Street Sweeping</u>	<u>Briggs Building</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash receipts from customers	\$ 309,963	\$ 121,550	\$ 16,852,783
Cash paid to suppliers for goods and services	(143,921)	(117,292)	(8,974,860)
Cash paid to employees	<u>(168,825)</u>	<u>(5,307)</u>	<u>(2,765,508)</u>
Net Cash Provided (Used) by Operating Activities	<u>(2,783)</u>	<u>(1,049)</u>	<u>5,112,415</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Transfers in	-	-	140,856
Transfer out	-	-	(179,615)
Interfund payments	<u>(7,681)</u>	<u>-</u>	<u>(1,030,207)</u>
Net Cash Used for Noncapital Financing Activities	<u>(7,681)</u>	<u>-</u>	<u>(1,068,966)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal paid on capital debt	-	-	(8,706,625)
Interest paid on capital debt	-	-	(178,426)
Acquisition and construction of capital assets	<u>-</u>	<u>-</u>	<u>(23,532,330)</u>
Net Cash Used for Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(32,417,381)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest and dividends received	<u>301</u>	<u>1,909</u>	<u>591,602</u>
Net Cash Provided by Investing Activities	<u>301</u>	<u>1,909</u>	<u>591,602</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(10,163)	860	(27,782,330)
Cash and Cash Equivalents - July 1, 2008	<u>10,163</u>	<u>118,608</u>	<u>61,028,315</u>
Cash and Cash Equivalents - June 30, 2009	<u>\$ -</u>	<u>\$ 119,468</u>	<u>\$ 33,245,985</u>
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</u>			
Cash and investments	\$ -	\$ 119,468	\$ 8,731,196
Restricted cash and investments	<u>-</u>	<u>-</u>	<u>24,514,789</u>
Total Cash and Investments	<u>\$ -</u>	<u>\$ 119,468</u>	<u>\$ 33,245,985</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	\$ (42,445)	\$ (102,290)	\$ 3,848,807
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	40,223	109,563	3,238,054
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	(10,646)	-	475,906
Decrease in accounts payable	(70)	(8,234)	(2,518,499)
Increase (decrease) in deposits payable	-	-	(8,720)
Increase (decrease) in accrued wages	563	(88)	14,168
Increase in compensated absences	<u>9,592</u>	<u>-</u>	<u>62,699</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,783)</u>	<u>\$ (1,049)</u>	<u>\$ 5,112,415</u>

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

CITY OF HOLLISTER
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

<u>ASSETS</u>	<u>Agency Funds</u>
Cash and investments (Note 2)	\$ 1,292,783
Accounts receivable	63,345
Interest receivable	<u>2,433</u>
Total Assets	\$ <u>1,358,561</u>
 <u>LIABILITIES</u>	
Accounts payable	\$ 28,028
Accrued liabilities	1,083
Deposits in trust	<u>1,329,450</u>
Total Liabilities	\$ <u>1,358,561</u>

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

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The City of Hollister was incorporated in 1872. The City is a general law City located in San Benito County, located 100 miles southeast of San Francisco and 40 miles east of Monterey. The City provides the following services: public safety (police and fire), highways and streets, health and social services, culture recreation, public improvements, planning and zoning, and general administrative services. The City's powers are exercised through a City Council under a Council Manager form of government with five elected Council members served by a full time City Manager and staff, which, as the governing body of the City, is responsible for the legislative and executive control of the City. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units; legally separate entities for which the City is considered to be financially accountable. Financial accountability is demonstrated by the City Council acting as the governing board for the component unit.

Blended component unit, although legally separate entity is, in substance, part of the City's operations: therefore data from this unit is combined with data of the primary government. This blended component unit has a June 30, 2009 fiscal year-end.

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity."

The Redevelopment Agency of the City of Hollister (the Agency) is a separate government entity whose purpose is to prepare and implement plans for improvement, rehabilitation, and development of certain areas within the City. The Agency was formed in 1983 and is controlled by the City and has the same governing board as the City, which also performs all accounting and administrative functions for the Agency. The financial activities of the Agency have been included in these financial statements in the Redevelopment Funds.

Audited financial statements for the Agency may be obtained from the City of Hollister, 375 Fifth Street, Hollister, CA 95023.

B. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

These standards require that the financial statements described below be presented.

Government-wide Financial Statements

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

The Statement of Activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) fees, fines, and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

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

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

GASB Statement No. 34 defines major funds and requires that the City's major governmental and proprietary funds are identified and presented separately in the fund financial statements. All other funds, called nonmajor funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have assets, liabilities, revenues, or expenditures/expenses equal to or greater than ten percent of their fund-type total and five percent of all fund-type totals. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as general government, public safety, public works, and recreation.
- The *Measure T Fund* was established to account for all revenues and expenditures necessary to carry out the requirements of Measure T. Measure T was a special sales tax approved by special election.
- The *RDA - Housing Fund* was established to account for the activities of the Hollister Redevelopment Agency's low and moderate income housing. The Agency provides a wide range of services designed to assist and enhance the availability of low and moderate income housing to the community.
- The *RDA Capital Projects Fund* was established to account for financial resources used for the acquisition or construction of major capital facilities of the Hollister Redevelopment Agency.
- The *RDA Debt Service Fund* was established to account for the accumulation of financial resources for the payment of interest and principal on the long-term liabilities of the Hollister Redevelopment Agency.

The City reports the following major enterprise funds:

- The *Airport Fund* was established to account for the City's costs of providing airport services to the citizens of the City of Hollister.
- The *Water Fund* was established to account for the City's costs of providing water services to the citizens of the City of Hollister.
- The *Sewer Fund* was established to account for the City's costs of providing sewer services to the citizens of the City of Hollister.
- The *Street Sweeping Fund* was established to account for the City's costs of providing street sweeping services to the citizens of the City of Hollister.
- The *Briggs Building Fund* was established to account for the City's costs of running the Briggs Building.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City reports the following additional fund types:

- The *Agency Funds* are custodial in nature and do not involve measurement of the results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds account for assets held by the City as an agent for other government units or individuals.

C. Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the *current financial measurement focus* and *modified accrual basis of accounting*. Under this method, revenues are recognized when "susceptible to accrual" (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means that revenues are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenues are recognized in the current year if they are collected within 60 days of fiscal year end. For all other revenues, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues not considered available are recorded as deferred revenue. The City's other primary revenue sources: investment income, intergovernmental revenues and charges for services have been treated as "susceptible to accrual" under the modified accrual basis. Licenses and permits, fines, forfeitures and penalties, and other revenue are not considered "susceptible to accrual" under the modified accrual basis and are recorded as revenues when received. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

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

For its proprietary funds, the City has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), are accounting principles generally accepted in the United States of America.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Property Taxes

Property taxes in the State of California (State) are administered for all local agencies at the county level, and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property Valuation. Valuations are established by the Assessor of the County of San Benito (County) for the secured and unsecured property tax rolls; the utility property tax roll is valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. Proposition 13 also modified the value of taxable real property for fiscal 1979 by rolling back values to fiscal 1976 levels. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

Tax Levies. Under the provisions of Proposition 13, the County-wide tax levy for general revenue purposes is limited to 1% of full market value, which results in a tax rate of \$1.00 per \$100 assessed valuation. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax Levy Dates. All lien dates attach annually on January 1 proceeding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. The lien against real estate as well as the tax on personal property is not relieved by subsequent renewal or change in ownership.

Tax Collections. The County Treasurer/Tax Collector is responsible for all property tax collections. Taxes and assessments on the secured and utility rolls, which constitute a lien against the property, may be paid in two installments: the first installment is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second installment is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property. However, if the taxes become delinquent the lien is attached against anything the individual owns, which could include real property. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.

Teeter Plan. In 1993-94, the City elected to receive property tax revenue in accordance with the alternative method of distribution prescribed by Sections 4701-4717 of the California Revenue and Taxation Code, which is commonly known as the "Teeter Plan" whereby the County remits 100% of taxes levied without regard to delinquencies. The County then pursues collection, retaining any delinquent taxes and related penalties and interest.

Tax Levy Apportionments. Due to the nature of the County-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the County Auditor-Controller based primarily on two factors: the ratio that each agency represented of the total County-wide levy for the three years prior to fiscal 1979; and subsequent adjustments to these apportionments and transfers to the "Educational Revenue Augmentation Fund" (ERAF) as determined by the State.

City Property Tax Distribution Policy. Property taxes are recorded in the General Fund and Redevelopment Fund as general purpose revenue. Transfers are made from the General Fund as needed to support expenditures in the Capital Outlay and Debt Service Funds. Property taxes receivable at June 30, 2009 are generally insignificant but have been accrued since they will be collected within 60 days subsequent to year-end.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the combined balance sheet as cash and investments. Investments held at June 30, 2009 with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year end. All investments not required to be stated at fair value are stated at cost or amortized cost.

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments with a maturity of three months or less and pooled cash when purchased to be cash equivalents.

F. Accounts and Interest Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines and other fees. Business-type activities report rental fees, charges for services, and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but are not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Long-term notes in governmental funds are treated as expenditures in the year advanced and as revenues in the year repayment is measurable and available. Notes receivable are recorded in the fund statements, but are deferred to indicate they do not represent current financial resources. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Rental fees, charges for services, and interest earnings compose the majority of proprietary fund receivables.

G. Prepaid Items and Inventory

Supplies are valued at cost. Supplies of the general fund consist of expendable supplies held for consumption. The cost is recorded as an expenditure in the general fund at the time individual items are consumed. Reported general fund prepaid supplies are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even through they are a component of net current assets.

H. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The City defines capital assets excluding infrastructure as assets with an initial, individual cost of more than \$15,000 and an estimated useful life in excess of one year. Infrastructure assets with a historical cost of \$250,000 or more are accounted for as capital assets. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and the proprietary funds.

The range of estimated useful lives by type of asset is as follows:

Buildings	20 - 50 years
Water and Sewer System	30 - 50 years
Infrastructure	20 - 35 years
Machinery and Equipment	5 - 10 years
Improvements	20 years

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction phase of debt financed capital assets is included as part of the capitalized value of the asset constructed.

I. Compensated Absences

The liability for compensated absences is comprised of unused vacation leave and compensatory time off, which are accrued as earned. In addition, those employees with 10 years of service may cash out sick leave up to a City maximum upon termination. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

J. Long-Term Liabilities

In the government-wide financial statements and the proprietary fund financial statements, long-term liabilities, and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Initial issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition prices of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bond issuance costs, including deferred refunding amounts and underwriters' discounts, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, issuance costs, and deferred amounts on refunding are included in interest expense.

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

K. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). 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 available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

L. Equity Classifications

Government-wide Statements

The government-wide financial statements and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted net assets, or unrestricted net assets.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- *Invested In Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. 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 Assets* – 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 legislation.
- *Unrestricted Net Assets* – This category represents net assets of the City, not restricted for any project or other purpose.

Fund Statements

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not appropriable or legally restricted for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Proprietary fund equity is classified the same as in the government-wide statements.

Reserve for land held for resale is the portion of fund balance related to the RDA's purchase of land held for resale.

Reserve for housing set-aside is the portion of fund balance relating to State required low-to-moderate income housing.

Reserve for debt service is the portion of fund balance legally restricted for the payment of principal and interest on long-term liabilities.

Reserve for inventory is the portion of fund balance reserved for inventory.

M. Post Employment Health Care Benefits

The City provides health care, life insurance, dental insurance, and disability income to eligible retirees, terminated employees, and their dependents. The benefits are provided in accordance with City ordinances, collective bargaining agreements, and the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). The criteria to determine eligibility include: years of service, employee age, disability due to line of duty, and whether the employee has vested in the respective retirement plan. Currently, the City funds the benefits on a pay-as-you-go basis. Eligible employees are required to pay set premiums for a portion of the cost with the City subsidizing the remaining costs. See footnote 11 for further information.

N. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all departments within the general, special revenue and capital project funds. Formal budgets are not employed for debt service funds because debt indenture provisions specify payments.

During the period December through February of each fiscal year, department heads prepare estimates of required appropriations for the following fiscal year. These estimates are compiled into a proposed operating budget that includes a summary of proposed expenditures and financial resources and historical data for the preceding fiscal year. The operating budget is presented by the City Manager to the City Council for review. Public hearings are conducted to obtain citizen comments. The City Council generally adopts the budget during one of its June meetings. The City Manager is legally authorized to transfer budgeted amounts between divisions and accounts within the same department. Transfer of appropriations between departments or funds and increased appropriations must be authorized by the City Council. Expenditures may not legally exceed budgeted appropriations at the departmental level within a fund. All appropriations shall lapse at the end of the fiscal year to the extent they have not been expended or lawfully encumbered, except for appropriations for capital projects which shall continue to their completion.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

P. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Q. Implementation of Government Accounting Standards Board Statements and Standards

Effective July 1, 2008, the City implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 45

In August 2006, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement is effective for periods beginning after December 15, 2008. The statement generally requires that state and local governmental employers account for and report the annual cost of other nonpension benefits (OPEB) and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. The statement also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. As of June 30, 2009, the City of Hollister is in compliance with GASB No. 45.

Government Accounting Standards Board Statement No. 49

In November of 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The requirements of the new statement became effective for fiscal periods beginning after December 15, 2007. The City has determined that the statement's provisions are not applicable to them as they do not have any costs or obligations associated with pollution cleanup efforts.

R. Future Government Accounting Standards Board Statements

These statements are not effective until June 30, 2010 or later. The City has not determined the effects on the financial statements.

Government Accounting Standards Board Statement No. 51

In June of 2008, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. GASB Statement No. 51 establishes standards for accounting and financial reporting for intangible assets. This statement requires that an intangible asset be recognized in the Statement of Net Assets only if it is identifiable. Additionally, this statement establishes a specific-conditions approach to recognizing intangible assets that are internally generated. This statement also establishes guidance specific to intangible assets related to amortization. This statement provides guidance on determining the useful life of intangible assets when the length of their life is limited by contractual or legal provisions. The provisions of this statement generally are required to be applied retroactively for intangible assets acquired in fiscal years ending after June 30, 1980. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2010.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Accounting Standards Board Statement No. 52

On November 2008, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. The statement improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The City has elected not to early implement GASB No. 52 and has not determined its effect, if any, on the City's financial statements.

Government Accounting Standards Board Statement No. 53

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 53, establishes standards for accounting and financial reporting for derivative instruments. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments Entered into by state and local governments. A key provision in this statement is that derivative instruments covered in its scope, with the exception of synthetic guaranteed investment contracts (SGICs) that are fully benefit-responsive are reported at fair value. Much of this statement describes the methods of evaluation effectiveness. The disclosures required by Technical Bulletin No. 2003-1, "Disclosure Requirements of Derivatives Not Reported a Fair Value on the Statements of Net Assets", have been incorporated into this Statement. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2010.

Government Accounting Standards Board Statement No. 54

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective to this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Application of this statement is effective for the City's fiscal year ending June 30, 2011.

Government Accounting Standards Board Statement No. 55

In April 2009, GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The statement incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature.

Government Accounting Standards Board Statement No. 56

In April 2009, GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. This statement incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants (AICPA) auditing literature into the GASB's accounting and financial reporting literature for state and local governments.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2009 were classified in the accompanying financial statements as follows:

	<u>Cash and investments</u>	<u>Restricted cash and investments</u>	<u>Total</u>
Governmental activities	\$ 37,028,952	\$ 2,890,036	\$ 39,918,988
Business-type activities	<u>8,731,196</u>	<u>24,514,789</u>	<u>33,245,985</u>
Total government-wide cash and investments	<u>45,760,148</u>	<u>27,404,825</u>	<u>73,164,973</u>
Fiduciary activities	<u>1,292,783</u>	<u>-</u>	<u>1,292,783</u>
Total cash and investments	<u>\$ 47,052,931</u>	<u>\$ 27,404,825</u>	<u>\$ 74,457,756</u>

Cash and investments were carried at fair value as of June 30, 2009 and consisted of the following:

Local Area Investment Fund (LAIF)	\$ 40,864,980
Cash with fiscal agent	27,909,880
Deposits with financial institutions	4,843,668
Certificates of deposit	837,848
Cash on hand	<u>1,380</u>
Total cash and investments	<u>\$ 74,457,756</u>

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

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in one Issuer</u>
Local Agency Investment Fund (LAIF)	5 years	50%	50%
U.S. Treasury Bills and Notes	5 years	50%	50%
Other Local California Agency Debt	5 years	50%	50%
U.S. Agency Securities or Government -Sponsored Enterprises	5 years	50%	50%
Certificates of Deposit	5 years	50%	50%

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
Governmental Funds:			
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Money Market Funds rated "AAA-m" or better	None	None	None
Certificates of Deposit	366 days	None	None
Commercial Paper rated "AAA" or better	92 days	None	None
Business Enterprise Funds:			
Defeasance Securities	None	None	None
Obligations issued by:			
Resolution Funding Corporation	None	None	None
Loan marketing Association	None	None	None
Government National Mortgage Association	None	None	None
Bankers Acceptances rated "AAA" or better	180 days	None	None
Commercial Paper (not to represent more than 10% of the outstanding commercial paper of an issuing corporation)	270 days	None	None
Non-negotiable Certificates of Deposit	365 days	None	None
Deposit accounts fully insured by the F.D.I.C.	None	None	None
State or Municipal Bonds or Notes rated "A" or better	None	None	None
Money Market Funds rated "AAA-m" or better composed of obligations of the United States or its Agencies	None	None	None
Guaranteed Investment Contracts rated "AA" or better	None	None	None
Local Agency Investment Fund (LAIF)	None	None	None

Disclosure Relating to Interest Rate Risk

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

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2009:

Investment Type	Remaining Maturity		
	12 months or less	1-5 years	Fair Value
Local Area Investment Pool (LAIF)	\$ 40,864,980	\$ -	\$ 40,864,980
Certificates of deposit	837,848	-	837,848
Held by bond trustee:			
Money market funds	<u>27,909,880</u>	<u>-</u>	<u>27,909,880</u>
	<u>\$ 69,612,708</u>	<u>\$ -</u>	<u>\$ 69,612,708</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City had no investments (including investments held by bond trustees) that were highly sensitive to interest rate fluctuations as of June 30, 2009.

Disclosures Relating to Credit Risk

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

	Total	Minimum Legal Rating	Rating as of Fiscal Year End		
			S&P	Moody's	N/A
State Investment Pool (LAIF)	\$ 40,864,980	N/A			Not rated
Certificates of Deposit	837,848	N/A			Not rated
Held by bond trustee:					
Money market funds	<u>27,909,880</u>	N/A	AAAm		
	<u>\$ 69,612,708</u>				

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represented 5% or more of total City investments as of June 30, 2009 were as follows:

Issuer	Investment Type	Reported Amount
Blackrock Institutional Funds	US Treasury securities	\$ <u>27,909,880</u>

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government 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 City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2009, the carrying amount of the City's bank balances were \$6,251,105, of which \$1,000,000 was insured.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair value provided by LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis.

Allocation of Interest Income Among Funds

Interest income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Interest is allocated monthly based on the ending cash balances of the previous month in each fund receiving interest.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 3: NOTES RECEIVABLE

The City has made various business loans to qualifying businesses in the redevelopment area through programs designed to encourage construction or improvement in low-to-moderate income housing or other projects. In addition, the City has made various loans under the Community Development Block Grant (CDBG) revolving loan program and the San Benito Revolving Loan Fund. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to suspend these funds in accordance with the Agency's terms.

The balance of the notes receivable, net of allowance, has been offset in the fund financial statements by deferred revenue as they are not deemed measurable and available (within 60 days). In the government-wide financial statements, the City has provided a 100% allowance for all notes receivable subject to long-term deferral and/or payment from future refinancing except those accounts that have current payment and activity and are not delinquent. Individual loans range from \$3,000 to \$1,000,000. Total notes receivable as of June 30, 2009 was as follows:

	Balance
Notes Receivable	\$ 15,134,496
Allowance for Doubtful Notes	(5,175,417)
Notes Receivable, net	\$ 9,959,079

NOTE 4: LAND HELD FOR RESALE

At June 30, 2009, the City had the following property for resale or development:

111 Hillcrest Road	\$ 4,000,000
Fremont School Site	2,318,450
Total Land held for Resale	\$ 6,318,450

NOTE 5: INTERFUND TRANSACTIONS

Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2009 was as follows:

Balances due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	RDA - Housing Fund	\$ 18,164
	Non-Major Governmental Funds	1,386
		19,550
Non-Major Governmental Funds	General Fund	65,735
	RDA - Capital Projects Fund	53,853
	Non-Major Governmental Funds	924,618
	Street Sweeping Fund	133,950
		1,178,156
	Total	\$ 1,197,706

These interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, and (2) payments between funds are made.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 5: INTERFUND TRANSACTIONS (continued)

Transfers to/from other funds:

Transfers are indicative of funding for capital projects, debt service, subsidies of various City operations and re-allocations of special revenue. The following schedule briefly summarizes the City's transfer activity:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Description of Transfer</u>	<u>Amount Transferred</u>
<u>Major Governmental Funds</u>			
Measure T	General Fund	Cover operating costs	\$ 1,650,000
RDA Capital Projects	RDA Debt Service	Scheduled debt service	<u>1,447,034</u>
		Total Major Governmental Interfund Transfers	<u><u>3,097,034</u></u>
<u>Non-Major Governmental Funds</u>			
Airport Building 25 Reimbursement	General Fund	Cover operating costs	39,582
Airport Building 25 Reimbursement	Airport	Cover operating costs	<u>140,856</u>
		Total Non-Major Governmental Interfund Transfers	<u>\$ 180,438</u>
		Total Governmental Interfund Transfers	<u><u>\$ 3,277,472</u></u>
<u>Proprietary Funds</u>			
Water	General Fund	Cover operating costs	\$ 120,187
Sewer	General Fund	Cover operating costs	<u>59,428</u>
		Total Proprietary Interfund Transfers	<u><u>\$ 179,615</u></u>

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 6: CAPITAL ASSETS

The following is a summary of capital asset transactions related to governmental and business-type activities of the City for the year ended June 30, 2009:

	<u>Balance at July 1, 2008</u>	<u>Adjustments (Note 17)</u>	<u>Balance at July 1, 2008, restated</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2009</u>
<u>Governmental Activities:</u>							
Capital assets not being depreciated							
Land	\$ 425,000	\$ -	\$ 425,000	\$ -	\$ -	\$ -	\$ 425,000
Construction-in-progress	<u>1,300,698</u>	<u>-</u>	<u>1,300,698</u>	<u>-</u>	<u>-</u>	<u>(1,300,698)</u>	<u>-</u>
Total capital assets not being depreciated	<u>1,725,698</u>	<u>-</u>	<u>1,725,698</u>	<u>-</u>	<u>-</u>	<u>(1,300,698)</u>	<u>425,000</u>
Capital assets being depreciated							
Buildings	25,983,040	(1,704,581)	24,278,459	-	-	1,249,925	25,528,384
Equipment	7,586,934	-	7,586,934	35,656	-	-	7,622,590
Improvements	1,132,427	-	1,132,427	-	-	50,773	1,183,200
Infrastructure	<u>15,754,250</u>	<u>-</u>	<u>15,754,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,754,250</u>
Total capital assets being depreciated	<u>50,456,651</u>	<u>(1,704,581)</u>	<u>48,752,070</u>	<u>35,656</u>	<u>-</u>	<u>1,300,698</u>	<u>50,088,424</u>
Less accumulated depreciation							
Buildings	(6,482,291)	247,863	(6,234,428)	(777,979)	-	-	(7,012,407)
Equipment	(4,853,271)	-	(4,853,271)	(264,537)	-	-	(5,117,808)
Improvements	(311,917)	-	(311,917)	(43,366)	-	-	(355,283)
Infrastructure	<u>(2,561,293)</u>	<u>-</u>	<u>(2,561,293)</u>	<u>(599,524)</u>	<u>-</u>	<u>-</u>	<u>(3,160,817)</u>
Total accumulated depreciation	<u>(14,208,772)</u>	<u>247,863</u>	<u>(13,960,909)</u>	<u>(1,685,406)</u>	<u>-</u>	<u>-</u>	<u>(15,646,315)</u>
Governmental activities capital assets, net	<u>\$ 37,973,577</u>	<u>\$ (1,456,718)</u>	<u>\$ 36,516,859</u>	<u>\$ (1,649,750)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,867,109</u>

Depreciation was charged to functions based on their usage of the related assets as follows:

<u>Governmental Activities:</u>	
General government	\$ 404,467
Public services	449,192
Public works	594,561
Recreation	<u>237,186</u>
Total governmental activities depreciation expense	<u>\$ 1,685,406</u>

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 6: CAPITAL ASSETS (continued)

	<u>Balance at July 1, 2008</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2009</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated					
Land	\$ 5,243,600	\$ -	\$ -	\$ -	\$ 5,243,600
Construction-in-progress	<u>86,316,956</u>	<u>20,288</u>	<u>-</u>	<u>(86,316,956)</u>	<u>20,288</u>
Total capital assets not being depreciated	<u>91,560,556</u>	<u>20,288</u>	<u>-</u>	<u>(86,316,956)</u>	<u>5,263,888</u>
Capital assets being depreciated					
Buildings	16,282,088	-	-	-	16,282,088
Equipment	3,348,247	15,000	-	-	3,363,247
Improvements and infrastructure	<u>16,352,811</u>	<u>23,497,042</u>	<u>-</u>	<u>86,316,956</u>	<u>126,166,809</u>
Total assets being depreciated	<u>35,983,146</u>	<u>23,512,042</u>	<u>-</u>	<u>86,316,956</u>	<u>145,812,144</u>
Less accumulated depreciation					
Buildings	(7,015,634)	(467,760)	-	-	(7,483,394)
Equipment	(2,387,763)	(121,662)	-	-	(2,509,425)
Improvements and infrastructure	<u>(6,704,511)</u>	<u>(2,648,632)</u>	<u>-</u>	<u>-</u>	<u>(9,353,143)</u>
Total accumulated depreciation	<u>(16,107,908)</u>	<u>(3,238,054)</u>	<u>-</u>	<u>-</u>	<u>(19,345,962)</u>
Business-type capital assets, net	<u>\$ 111,435,794</u>	<u>\$ 20,294,276</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,730,070</u>

Depreciation was charged to functions/programs of the City's business-type activities as follows:

Airport	\$ 370,368
Water	296,902
Sewer	2,420,998
Street Sweeping	40,223
Briggs Building	<u>109,563</u>
Total business-type activities depreciation expense	<u>\$ 3,238,054</u>

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 7: LONG-TERM LIABILITIES

Governmental Activities

Long-term obligations of the City consist of bonds, and other liabilities, which are payable from the General, Debt Service, Capital Projects, and Enterprise Funds. The following is a summary of long-term liabilities transactions related to governmental activities of the City for the year ended June 30, 2009:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2009</u>	<u>Current Portion</u>
1997 Tax allocation bonds	\$ 5,045,000	\$ -	\$ (740,000)	\$ 4,305,000	\$ 775,000
2003 Tax allocation bonds	<u>34,005,000</u>	<u>-</u>	<u>(55,000)</u>	<u>33,950,000</u>	<u>60,000</u>
Total Bonds Payable	<u>39,050,000</u>	<u>-</u>	<u>(795,000)</u>	<u>38,255,000</u>	<u>835,000</u>
Other liabilities:					
Bond issuance premium	416,561	-	(16,022)	400,539	16,022
Compensated absences	<u>765,314</u>	<u>54,338</u>	<u>-</u>	<u>819,652</u>	<u>54,000</u>
Total Long-term Liabilities	<u>\$ 39,815,314</u>	<u>\$ 54,338</u>	<u>\$ (795,000)</u>	<u>\$ 39,475,191</u>	<u>\$ 905,022</u>

A description of the long-term liabilities related to governmental activities at June 30, 2009 follows:

A. 1997 Tax Allocation Bonds

In May 1997, the City authorized the issuance of \$9,025,000 of refunding tax allocation bonds to advance refund \$9,720,000 outstanding 1988 and 1989 series bonds. The bonds were issued with an average interest rate of 5.38%. Principal payments are due annually in October until 2014. Future payments are as follows:

	<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2010		\$ 775,000	\$ 209,500
2011		815,000	167,835
2012		860,000	122,819
2013		905,000	25,531
2014		<u>950,000</u>	<u>25,531</u>
Total		<u>\$ 4,305,000</u>	<u>\$ 551,216</u>

CITY OF HOLLISTER
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

NOTE 7: LONG-TERM LIABILITIES (continued)

B. 2003 Tax Allocation Bonds

In August 2003, the City authorized the issuance of \$35,000,000 of refunding tax allocation bonds to advance refund the City's Series 1991 A and 1991 B tax allocation bonds. The bond bears interest from 3.00 - 5.25%. Principal payments are due annually on October 1 until 2032. Interest is due semi-annually on October 1 and April 1 through 2033. Future payments are as follows:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 60,000	\$ 1,751,886
2011	60,000	1,749,801
2012	65,000	1,747,441
2013	65,000	1,744,906
2014	75,000	1,742,012
2015 - 2019	5,985,000	7,948,062
2020 - 2024	7,725,000	6,158,861
2025 - 2029	9,955,000	3,878,985
2030 - 2034	<u>9,960,000</u>	<u>1,052,931</u>
Total	<u>\$ 33,950,000</u>	<u>\$ 27,774,885</u>

C. Debt Service Requirements

Total debt service requirements for the governmental funds are shown below:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 835,000	\$ 1,961,386
2011	875,000	1,917,636
2012	925,000	1,870,260
2013	970,000	1,770,437
2014	1,025,000	1,767,543
2015 - 2019	5,985,000	7,948,062
2020 - 2024	7,725,000	6,158,861
2025 - 2029	9,955,000	3,878,985
2030 - 2034	<u>9,960,000</u>	<u>1,052,931</u>
Total	<u>\$ 38,255,000</u>	<u>\$ 28,326,101</u>

D. Deferred Premium

Capitalized bond costs related to bond issuances have been recorded as deferred premium in the amount of \$400,539. The balance is amortized using the straight line method over the bond terms of 30 years. Amortization expense for bond costs for the year ended June 30, 2009 totaled \$16,022.

E. Compensated Absences

Compensated absences comprise unused vacation leave and compensatory time off, which are accrued as earned. The liability for compensated absences is determined annually. The City does not accrue for compensated absences in its governmental fund statements and recognizes liabilities for compensated absences only if they are due and payable in an event such as termination. However, in the Statement of Activities the expenditure is allocated to each function based on usage. The compensated absences liability attributable to the governmental activities was liquidated as follows: General Fund 70%, Measure T Fund 5%, RDA – Capital Projects Fund 20%, and Nonmajor funds 5%.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 7: LONG-TERM LIABILITIES (continued)

Business-type Activities

The following is a summary of long-term liabilities transactions related to business-type activities of the City for the year ended June 30, 2009

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2009</u>	<u>Current Portion</u>
2006 Wastewater revenue bonds	\$ 120,300,000	\$ -	\$ (8,340,000)	\$ 111,960,000	\$ 1,585,000
2007 Wastewater refunding bonds	6,570,000	-	(300,000)	6,270,000	315,000
CA Dept. of Transportation loan	<u>790,505</u>	<u>-</u>	<u>(66,625)</u>	<u>723,880</u>	<u>70,559</u>
Total bonds and loans payable	<u>127,660,505</u>	<u>-</u>	<u>(8,706,625)</u>	<u>118,953,880</u>	<u>1,970,559</u>
Other liabilities:					
Bond issuance premium	7,075,977	-	(244,702)	6,831,275	244,702
Compensated absences	<u>84,180</u>	<u>62,699</u>	<u>-</u>	<u>146,879</u>	<u>63,000</u>
Total Long-Term Liabilities	<u>\$ 134,820,662</u>	<u>\$ 62,699</u>	<u>\$ (8,951,327)</u>	<u>\$ 125,932,034</u>	<u>\$ 2,278,261</u>

A description of the long-term liabilities related to business-type activities at June 30, 2009 is as follows:

A. 2006 Wastewater Revenue Bonds

In December 2006, the Hollister Joint Powers Financing Authority authorized the issuance of \$120,535,000 of general obligation bonds to (i) refund a portion of the 1993 revenue bonds; (ii) finance the costs of acquisition and construction of wastewater facilities for the City; (iii) fund capitalized interest on the 2006 bonds; (iv) fund a reserve fund for the 2006 bonds; and (v) pay costs of issuance of the 2006 bonds. Of the total issuance, \$6,290,000 was used to refund the Authority's \$12,965,000 outstanding principal amount of 1993 bonds. Upon the issuance, the Refunded 1993 bonds were defeased pursuant to terms of the trust indenture pursuant to which such refunded 1993 bonds were issued. Upon delivery of the 2006 bonds and the refunding of the Refunded 1993 bonds, there was \$6,675,000 outstanding principal amount remaining of 1993 bonds. This refunding generated net present value economic savings of \$741,450 and average annual savings of approximately \$66,360. The 2006 bonds bear interest from 4.00 - 5.00%. Principal payments are due annually on June 1 until 2037. Interest is due semi-annually on June 1 and December 1 through 2037. Future payments are as follows:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,585,000	\$ 5,513,500
2011	1,840,000	5,434,250
2012	1,930,000	5,342,250
2013	2,030,000	5,247,526
2014	2,125,000	5,147,874
2015 - 2019	12,310,000	24,066,126
2020 - 2024	15,650,000	20,731,674
2025 - 2029	23,305,000	16,166,950
2030 - 2034	29,650,000	9,831,400
2035 - 2039	<u>21,535,000</u>	<u>2,157,174</u>
Total	<u>\$ 111,960,000</u>	<u>\$ 99,638,724</u>

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 7: LONG-TERM LIABILITIES (continued)

B. 2007 Wastewater Refunding Revenue Bonds

In May 2007, the Hollister Joint Powers Financing Authority authorized the issuance of \$6,860,000 of general obligation bonds to (i) refund the \$6,675,000 outstanding principal amount of the 1993 bonds on June 1, 2007; (ii) fund a reserve fund for the 2007 bonds; and (iii) pay costs of issuance of the 2007 bonds. The refunding generated economic savings of approximately \$675,900 or 10.13% of the refunded bonds, and average annual savings of approximately \$53,820. The 2007 Refunding bonds bear interest at 3.52 - 4.42%. Principal payments are due annually on June 1 until 2024. Interest payments are due semi-annually on June 1 and December 1 through 2024. Future payments are as follows:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 315,000	\$ 254,700
2011	325,000	252,100
2012	340,000	229,110
2013	350,000	215,500
2014	365,000	201,500
2015 - 2019	2,065,000	775,900
2020 - 2024	<u>2,510,000</u>	<u>324,938</u>
Total	<u>\$ 6,270,000</u>	<u>\$ 2,253,748</u>

C. California Department of Transportation Loan

In January of 2001, the City entered into a loan agreement with the State of California, Department of Transportation, for the purpose of planning, acquisition, construction, improvement, maintenance, and operation of the Hollister Municipal Airport. The loan extends for a period of 17 years at an annual interest rate of 5.03%. Principal payments are due annually in May. Future payments are as follows:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 70,559	\$ 36,069
2011	74,494	32,467
2012	78,428	29,667
2013	82,362	24,659
2014	86,297	20,472
2015 - 2019	<u>331,740</u>	<u>37,246</u>
Total	<u>\$ 723,880</u>	<u>\$ 180,580</u>

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 7: LONG-TERM LIABILITIES (continued)

D. Debt Service Requirements

Total debt service requirements for business-type activities:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,970,559	\$ 5,804,269
2011	2,239,494	5,718,817
2012	2,348,428	5,601,027
2013	2,462,362	5,487,685
2014	2,576,297	5,369,846
2015 - 2019	14,706,740	24,879,272
2020 - 2024	18,160,000	21,056,612
2025 - 2029	23,305,000	16,166,950
2030 - 2034	29,650,000	9,831,400
2035 - 2039	<u>21,535,000</u>	<u>2,157,174</u>
Total	<u>\$ 118,953,880</u>	<u>\$ 102,073,052</u>

E. Deferred Charges

Capitalized bond costs related to the bond issuances have been recorded as deferred charges and bond premium in the amounts of \$2,961,559 and \$6,831,275, respectively. The balances are amortized (accrued) using the straight line method over the bond terms of 30 years. Net accretion for bond costs for the year ended June 30, 2009 totaled \$138,616.

F. Limitations and Restrictions

There are a number of limitations and restrictions contained in the various debt indentures. The City's management believes that the City is in compliance with all significant limitations and restrictions.

G. Rebutable Arbitrage Earnings

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. During the current year, the City performed calculations of excess investment earnings on various bonds and financings and at June 30, 2009 does not expect to incur a liability.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 8: DEBT WITHOUT CITY COMMITMENT

Special assessment bonds and related interest costs are payable solely from assessments and interest collected from the property owners benefited by the respective improvements. The City has no liability for payment of the bonds should assessments be insufficient to cover bond principal and interest; however due to the City's oversight relationship with the Special Assessment Districts, they are included in the City's reporting entity as Special Assessment Debt in the Agency Funds. As of June 30, 2009, the outstanding principal amounts of the bonds were:

	<u>Original Principal</u>	<u>Origination Date</u>	<u>Maturity</u>	<u>Balance at June 30, 2009</u>
Meridian Street District	\$ 2,335,000	3/2/1994	9/2/2022	\$ 1,690,000
San Benito Estates	510,000	3/2/1992	9/2/2021	335,000
Gateway Center	<u>1,250,000</u>	3/2/1999	9/2/2019	<u>850,000</u>
Total	<u>\$ 4,095,000</u>			<u>\$ 2,875,000</u>

NOTE 9: RESTRICTED NET ASSETS/RESERVED AND DESIGNATED FUND BALANCES

Fund Balances

Fund balances that are not available for appropriation or are not considered "expendable available financial resources" are reserved. Unreserved fund balances that have been earmarked by the Council for a specified purpose are considered designated. Such reserved and designated fund balances at June 30, 2009 were as follows:

	<u>Major Funds</u>					<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Measure T</u>	<u>RDA - Housing</u>	<u>RDA - Capital Projects</u>	<u>RDA - Debt Service</u>		
Reserved for:							
Land held for resale	\$ -	\$ -	\$ -	\$ 6,318,450	\$ -	\$ -	\$ 6,318,450
Housing set-aside	-	-	12,362,924	-	-	-	12,362,924
Debt service	-	-	-	-	2,889,536	-	2,889,536
Inventory	<u>19,898</u>	-	-	-	-	-	<u>19,898</u>
Total reserved fund balance	<u>19,898</u>	-	<u>12,362,924</u>	<u>6,318,450</u>	<u>2,889,536</u>	-	<u>21,590,808</u>
Unreserved- undesignated							
Reported in:							
General fund	2,271,733	-	-	-	-	-	2,271,733
Special revenue funds	-	903,224	-	-	-	6,577,775	7,480,999
Capital project funds	-	-	-	<u>7,608,119</u>	-	<u>10,704,330</u>	<u>18,312,449</u>
Total unreserved fund balances	<u>2,271,733</u>	<u>903,224</u>	-	<u>7,608,119</u>	-	<u>17,282,105</u>	<u>28,065,181</u>
Total fund balances	<u>\$ 2,291,631</u>	<u>\$ 903,224</u>	<u>\$ 12,362,924</u>	<u>\$ 13,926,569</u>	<u>\$ 2,889,536</u>	<u>\$ 17,282,105</u>	<u>\$ 49,655,989</u>

Net Assets

The government-wide Statement of Net Assets reports \$15,252,460 of restricted net assets, of which \$2,889,536 is restricted by debt covenants and \$12,362,924 is restricted by enabling legislation.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 10: PENSION PLAN

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CalPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service; one year of credited service is equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect for the year ended June 30, 2009, are summarized as follows:

	<u>Miscellaneous</u>	<u>Police Safety</u>	<u>Fire Safety</u>
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	50	50
Monthly benefits, as a % of annual salary	2%	3%	3%
Required employee contribution rates	7%	9%	9%
Required employer contribution rates	15.178%	35.377%	25.526%
Actuarially required contributions	\$ 753,973	\$ 919,916	\$ 541,822

CalPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the total related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities.

The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The City does not have a net pension obligation since it pays these actuarially required contributions monthly.

CalPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.0%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and ten percent of the net balance is amortized annually.

Audited annual financial statements and ten-year trend information are available from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

The Plans' actuarial value (which differs from market value) and funding progress over the past three years, as reported by PERS in their most recent actuarial evaluation are set forth below at their most recent actuarial valuation date of June 30, 2007:

Three Year Trend Information for PERS for all Plans			
<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC</u>	<u>Net Pension Obligation</u>
	(APC)	Contributed	
2007	\$ 1,689,915	100%	-
2008	\$ 2,213,201	100%	-
2009	\$ 2,215,711	100%	-

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 10: PENSION PLAN (continued)

The funded status of the plan as of June 30, 2007, the most recent actuarial valuation date, was as follows:

Miscellaneous Plan
Schedule of Funding Progress for PERS
(Risk Pool as a Whole)

Actuarial Valuation Date	Normal Accrued Liability	Actuarial Value of Assets	Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL as a % of Covered Payroll
6/30/07	\$ 2,611,746,790	\$ 2,391,434,447	\$ 220,312,343	91.6%	\$ 665,522,859	33.1%

Police Safety Plan
Schedule of Funding Progress for PERS
(Risk Pool as a Whole)

Actuarial Valuation Date	Normal Accrued Liability	Actuarial Value of Assets	Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL as a % of Covered Payroll
6/30/07	\$ 7,986,055,176	\$ 6,826,599,459	\$ 1,159,455,717	85.5%	\$ 831,607,658	139.4%

Fire Safety Plan
Schedule of Funding Progress for PERS
(Risk Pool as a Whole)

Actuarial Valuation Date	Normal Accrued Liability	Actuarial Value of Assets	Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL as a % of Covered Payroll
6/30/07	\$ 7,986,055,176	\$ 6,826,599,459	\$ 1,159,455,717	85.5%	\$ 831,607,658	139.4%

The schedule of funding progress, which is presented as required supplementary information immediately following the notes to the financial statements, provides multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF HOLLISTER
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

NOTE 11: OTHER POST EMPLOYMENT BENEFITS (OPEB)

This note includes information required by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*.

Description of the Plan

The City sponsors and administers a single-employer health care plan for its employees. Medical coverage is provided through CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA), also referred to as PERS Health. The City sets its monthly contribution rates for health insurance on behalf of active employees according to PEMHCA statutory minimum. These amounts are indexed in all future years according to the rate of medical inflation. The excess of the designated City contribution for healthcare over PEMHCA statutory minimum is contributed to a Cafeteria Plan and employees may elect to have some or all of this excess contributed on their behalf to CalPERS as an employee contribution towards healthcare benefits.

For the year ended June 30, 2009, the City had nine retired employees (including covered dependents), as well as 137 active employees who may become eligible to retire and receive benefits in the future.

Funding Policy

Employees become eligible to retire under PEMHCA and receive City-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by attaining qualifying disability retirement status. The City's contribution on behalf of all retirees except sworn police and fire employees is the statutory minimum (\$97/month for 2008 and \$101/month for 2009). Sworn police officers who have completed at least 15 years of service, and fire employees who have completed at least 20 consecutive years of service, receive a City contribution of \$200 per month, ending at age 65, with the contribution reverting to the statutory minimum at that time and for their further lifetime. In addition, the City pays a 0.45% of premium administrative fee on behalf of employees and retirees. As of June 30, 2009, the City had not established a formal funding policy or trust to maintain future required contributions. The City is currently funding the benefits on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

For the year ended June 30, 2009, the City's annual cost for the healthcare plan was \$113,134. The City's annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended June 30, 2009 were as follows:

Annual required contribution			
Service cost at year-end	\$	62,184	
30-year amortization of funded liability		50,950	
Total annual required contribution		113,134	
Employer contributions		(7,920)	
Net pension obligation	\$	105,214	

Year Ended	Annual OPEB cost	Actual Employer Contribution	Percentage Contributed	Net Ending OPEB
6/30/2009	\$ 113,134	\$ 7,920	7 %	\$ 105,214

Fiscal year 2009 was the year of implementation of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The City has elected to implement the statement prospectively. Therefore, prior year comparative data is not available. In future years, three-year trend information will be presented.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 11: OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

Funded Status and Funding Progress

The funded status of the plan based on an actuarial study using age-adjusted premiums as of June 30, 2009, was as follows:

Actuarial accrued liability (AAL)		
Active employees	\$	554,600
Retired employees		<u>228,624</u>
		<u>783,224</u>
 Actuarial value of plan assets		 <u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$	<u>783,224</u>
 Funded Ratio (actuarial value of plan assets / AAL)		 0 %
Covered payroll (active plan members)	\$	9,292,926
UAAL as a percentage of covered payroll		8 %

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on the values which the City's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Because 2009 was the year of implementation of GASB Statement No. 45 and the City elected to apply the statement prospectively, only one year is presented in the schedule at this time. In future years, required trend data will be presented.

Actuarial Methods and Assumptions

Calculations of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the 2009 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 5.0% investment rate of return. The turnover rates were taken from a standard actuarial table according to the Crocker-Sarason Table T-5 less mortality, increased by 40% at all ages. This assumption was found to match historical City turnover experience. Retirement rates were also based on experience of the City blended with experience of other cities of similar size and with similar retiree health benefits. A 4% per year medical inflation rate was assumed to project PERS statutory minimum. 70% of future retirees other than police and fire were assumed to waive coverage under PEMHCA. 50% of future retirees were assumed to have spouses at the time of retirement. The healthcare trend rates are based on the actuarial consultant's knowledge of the general healthcare environment and the specific coverages offered by the City.

CITY OF HOLLISTER
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2009

NOTE 12: OPERATING LEASES

The City leases office space under a non-cancelable lease agreement. The lease commenced in May 2008 and expires in April 2010. Rent paid in advance in yearly installments of \$52,500 each year are due on or before the first of each May 1, beginning May 1, 2008. Total rent expense for the year ended June 30, 2009 totaled \$52,500.

NOTE 13: EXCESS OF EXPENDITURES AND TRANSFERS OVER APPROPRIATIONS

During fiscal 2009, the following funds had excess expenditures and/or transfers over appropriations:

Fund	Excess Expenditures
RDA Housing	\$ 1,886,077
RDA - Capital Projects	1,241,276
RDA - Debt Service	124,048
CDBG Low Income Housing	27,935
Park Dedication	97,613
Federal Aviation Grant	81,255
Spay/Neuter Education	13,511
Local Law Enforcement	101
Animal Welfare	2,970
Airport Building 25 Reimbursement	77,640
4th of July Rally	632,719
Information Systems	100
Police Office of Traffic Safety	24
RZH River Trail	24
San Felipe Bikeway	16,775
Traffic Impact Fees	49,566
Storm Drain Impact Fees	23,857
Fire Impact Fees	130
Jail Juvenile Hall	70,000

The excess expenditures were covered by available fund balances in the funds.

NOTE 14: DEFICIT FUND BALANCES

As of June 30, 2009, the following funds had a fund deficit:

Fund	Deficit
Federal HES CalTran	\$ 18,514
Traffic Safety	3,540
Law Enforcement Program	40,399
4th of July Rally	184,853
Information Systems	15,821
Police Office of Training Safety	6,417
RZH River Trail Project	7,622
San Felipe Bikeway	21,931
Jail Juvenile Hall	68,532

These deficits were a result of expenditures incurred in advance of receipt of revenue and will be eliminated through future revenues and expenditure reductions.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 15: RISK MANAGEMENT

The City manages risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters by participating in the public entity risk pool described below and by retaining certain risks.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California which exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the member's responsibility.

Risk Coverage

The City is a member of the Monterey Bay Area Self Insurance Authority (MBASIA). MBASIA provides coverage against risks under terms of joint-powers agreement with the City and several other cities and governmental agencies. MBASIA covers losses in excess of \$10,000 for members of the liability group and carries excess insurance for losses between \$1,000,000 and \$20,000,000. Members of the workers' compensation group pay temporary disability claims, while MBASIA pays for permanent disability claims, medical costs, rehabilitation costs, and legal costs and carries excess workers' compensation coverage for between \$500,000 and statutory.

Audited financial statements for MBASIA for the fiscal year ended June 30, 2008 (the most current information available) was as follows:

Total Assets	\$	14,373,266
Total Liabilities	\$	21,203,633
Net Assets	\$	(6,830,367)
Total Revenues	\$	4,656,515
Total Expenses	\$	6,183,313
Change in Net Assets	\$	(1,526,798)

MBASIA is governed by a Board consisting of representatives from member municipalities. The Board controls the operations of MBASIA, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

The City's deposits with MBASIA are in accordance with formulas established by MBASIA. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

NOTE 16: COMMITMENTS AND CONTINGENCIES

Litigation

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are adequately covered by insurance and not expected to result in a material adverse financial impact on the City.

Grant Awards

Under the terms of Federal and State grants, audits may be required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to requests for reimbursement to the grantor agencies. City management believes disallowances, if any, will be immaterial.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 17: PRIOR PERIOD ADJUSTMENTS

The City determined that certain accounts were invalid or inactive and should be adjusted to actual amounts. Accordingly, the balance sheet of the fund financials has been adjusted to reflect the following prior period adjustments:

<u>Fund</u>	<u>Description of Restatement</u>	<u>Amount</u>
<u>Governmental Funds</u>		
RDA Housing Fund	Loan funds were previously recorded in the incorrect fund	\$ (420,303)
RDA Capital Projects	Record purchase of Fremont School land and buildings	<u>2,420,000</u>
	Total Major Fund Balance Restatement	<u>1,999,697</u>
Non-Major Funds	Loan funds were previously recorded in the incorrect fund	420,303
	Correct gas tax accrual	<u>58,675</u>
	Total Non-Major Fund Balance Restatement	<u>478,978</u>
	Total Governmental Fund Balance Restatement	\$ <u>2,478,675</u>

Government-wide Statement of Net Assets - In addition, the government-wide Statement of Net Assets for governmental activities has been adjusted to reflect the following restatements:

<u>Description of Restatement</u>	<u>Amount</u>
Fund prior period adjustments	\$ 2,478,675
Capital asset reconciliation	<u>(1,456,718)</u>
Total Government Wide Net Assets Restatement	\$ <u>1,021,957</u>

NOTE 18: SUBSEQUENT EVENTS

Proposition 1A

On July 28, 2009, the California legislature and Governor Arnold Schwarzenegger passed the state budget and approved a provision allowing the state to borrow 8% of the amount of property tax revenue apportioned to cities, counties, and special districts. Under the provision, the state will be required to repay those obligations by June 13, 2013. The provision also created an option for California local public agencies to relieve the burden of loaning the state property tax revenue. The provision, called Proposition 1A Securitization, authorizes the California Statewide Communities Development Authority ("California Communities") to purchase the receivable due to local agencies from the State. In a simultaneous transaction, California Communities will issue bonds and remit the cash proceeds to the participating local public agencies. To offset the shortages related to the borrowing of property taxes, the City has elected to participate in the Proposition 1A Securitization program.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 18: SUBSEQUENT EVENTS (continued)

Redevelopment Agencies

In July 2009, the California Legislature passed ABX4-26 as part of the State's budget package which requires redevelopment agencies to remit approximately \$2.05 billion in redevelopment revenues back to the State. Under ABX4-26, each redevelopment agency must contribute a proportionate share of revenue to the newly created Supplemental Educational Revenue Augmentation Fund (SERAF). The bill authorizes redevelopment agencies, from July 1, 2009, to June 30, 2010, to suspend all or part of its required 20% allocation to its Low and Moderate Income Housing Fund in order to make the required payments. The Housing Fund must be repaid by June 30, 2015. If the agency fails to repay the Housing Fund, the required allocation of tax increment to the Housing Fund is increased to 25% for most agencies as long as the project area continues to receive tax increment. This will result in the delay or elimination of many affordable housing projects where redevelopment funding is a key funding component. In October 2009, the California Redevelopment Association and two of its members filed a lawsuit to challenge the constitutionality of the bill. A ruling is expected before May 2010, the date redevelopment agencies must make their 2009-2010 payment to the State. The amount payable to the State from the City totals \$4,458,626 in 2009-2010 and \$917,952 in 2010-2011.

Bond Issuance

In July 2009, the Redevelopment Agency of the City of Hollister issued \$8,000,000 in tax allocation bonds, series 2009. The proceeds of the Series 2009 Bonds will be used to (i) aid in financing the Hollister Community Development Project (the "Project"), (ii) make a deposit into the Reserve Account established for the Bonds, and (iii) pay costs incidental to the issuance of the Series 2009 Bonds. Interest on the Series 2009 Bonds will be payable on April 1 and October 1 of each year, commencing April 1, 2010.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HOLLISTER
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 5,461,426	\$ 8,034,482	\$ 7,175,970	\$ (858,512)
License and permits	814,740	1,180,940	973,840	(207,100)
Intergovernmental	3,357,532	385,239	432,183	46,944
Charges for services	1,073,722	823,722	888,670	64,948
Fines and forfeitures	136,100	136,100	643,202	507,102
Investment earnings	167,961	167,961	108,659	(59,302)
Others	<u>2,043,507</u>	<u>1,442,307</u>	<u>1,947,740</u>	<u>505,433</u>
Total Revenues	<u>13,054,988</u>	<u>12,170,751</u>	<u>12,170,264</u>	<u>(487)</u>
EXPENDITURES				
General Government				
Non-Departmental				
Personnel	-	-	1,971	(1,971)
Services & Supplies	35,305	47,500	74,786	(27,286)
Contractual	183,608	183,608	211,386	(27,778)
Other	<u>117,207</u>	<u>117,207</u>	-	<u>117,207</u>
Total Non-Departmental	<u>336,120</u>	<u>348,315</u>	<u>288,143</u>	<u>60,172</u>
City Council				
Personnel	46,244	46,244	75,857	(29,613)
Services & Supplies	114,077	114,077	33,014	81,063
Contractual	-	-	60	(60)
Total City Council	<u>160,321</u>	<u>160,321</u>	<u>108,931</u>	<u>51,390</u>
City Clerk				
Personnel	128,913	130,805	149,971	(19,166)
Services & Supplies	12,700	12,700	9,144	3,556
Contractual	87,800	87,800	42,904	44,896
Capital	<u>500</u>	<u>500</u>	-	<u>500</u>
Total City Clerk	<u>229,913</u>	<u>231,805</u>	<u>202,019</u>	<u>29,786</u>
City Manager				
Personnel	156,349	158,867	160,713	(1,846)
Services & Supplies	7,380	7,380	5,613	1,767
Contractual	<u>15,000</u>	<u>15,000</u>	<u>14,708</u>	<u>292</u>
Total City Manager	<u>178,729</u>	<u>181,247</u>	<u>181,034</u>	<u>213</u>
City Attorney				
Personnel	145,849	145,849	150,019	(4,170)
Services & Supplies	59,100	59,100	32,463	26,637
Contractual	<u>14,400</u>	<u>14,400</u>	<u>14,269</u>	<u>131</u>
Total City Attorney	<u>219,349</u>	<u>219,349</u>	<u>196,751</u>	<u>22,598</u>
City Treasurer				
Personnel	3,257	3,257	3,274	(17)
Services & Supplies	<u>525</u>	<u>525</u>	-	<u>525</u>
Total City Treasurer	<u>3,782</u>	<u>3,782</u>	<u>3,274</u>	<u>508</u>

CITY OF HOLLISTER
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
General Government (continued)				
Finance				
Personnel	331,431	339,590	236,360	103,230
Services & Supplies	42,259	42,259	36,910	5,349
Contractual	55,398	73,286	63,621	9,665
Capital	<u>25,175</u>	<u>15,175</u>	<u>5,203</u>	<u>9,972</u>
Total Finance	<u>454,263</u>	<u>470,310</u>	<u>342,094</u>	<u>128,216</u>
Information Systems				
Personnel	84,450	88,114	85,296	2,818
Services & Supplies	9,115	9,115	7,616	1,499
Contractual	34,580	34,580	14,927	19,653
Capital	<u>34,200</u>	<u>34,200</u>	<u>33,678</u>	<u>522</u>
Total Information Systems	<u>162,345</u>	<u>166,009</u>	<u>141,517</u>	<u>24,492</u>
Human Resources				
Personnel	126,890	131,152	141,767	(10,615)
Services & Supplies	12,965	12,965	20,119	(7,154)
Contractual	<u>12,400</u>	<u>12,400</u>	<u>11,856</u>	<u>544</u>
Total Human Resources	<u>152,255</u>	<u>156,517</u>	<u>173,742</u>	<u>(17,225)</u>
Rally				
Services & Supplies	<u>-</u>	<u>-</u>	<u>3,642</u>	<u>(3,642)</u>
Planning				
Personnel	333,599	344,567	317,924	26,643
Services & Supplies	54,422	135,322	146,413	(11,091)
Contractual	1,790	1,790	1,501	289
Capital	<u>1,400</u>	<u>1,400</u>	<u>1,270</u>	<u>130</u>
Total Planning	<u>391,211</u>	<u>483,079</u>	<u>467,108</u>	<u>15,971</u>
Total General Government	<u>2,288,288</u>	<u>2,420,734</u>	<u>2,108,255</u>	<u>312,479</u>
Public Safety				
Animal Control				
Personnel	355,285	366,977	380,125	(13,148)
Services & Supplies	79,835	79,835	68,318	11,517
Contractual	20,805	20,805	30,596	(9,791)
Capital	<u>2,600</u>	<u>2,600</u>	<u>-</u>	<u>2,600</u>
Total Animal Control	<u>458,525</u>	<u>470,217</u>	<u>479,039</u>	<u>(8,822)</u>
Fire				
Personnel	3,074,378	3,177,134	3,513,849	(336,715)
Services & Supplies	340,694	240,694	167,755	72,939
Contractual	322,925	322,925	297,730	25,195
Capital	<u>46,600</u>	<u>46,600</u>	<u>39,258</u>	<u>7,342</u>
Total Fire	<u>3,784,597</u>	<u>3,787,353</u>	<u>4,018,592</u>	<u>(231,239)</u>

CITY OF HOLLISTER
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Safety (continued)				
Police				
Personnel	3,964,949	4,129,787	4,459,031	(329,244)
Services & Supplies	606,635	606,635	418,028	188,607
Contractual	542,003	542,003	525,928	16,075
Capital	62,779	62,779	60,269	2,510
Total Police	<u>5,176,366</u>	<u>5,341,204</u>	<u>5,463,256</u>	<u>(122,052)</u>
Total Public Safety	<u>9,419,488</u>	<u>9,598,774</u>	<u>9,960,887</u>	<u>(362,113)</u>
Public Works				
Solid Waste				
Personnel	-	-	7,651	(7,651)
Contractual	247,816	247,816	171,912	75,904
Total Solid Waste	<u>247,816</u>	<u>247,816</u>	<u>179,563</u>	<u>68,253</u>
Engineering				
Personnel	434,260	449,833	446,896	2,937
Services & Supplies	44,366	44,366	37,599	6,767
Contractual	2,440	2,440	914	1,526
Total Engineering	<u>481,066</u>	<u>496,639</u>	<u>485,409</u>	<u>11,230</u>
Building				
Personnel	-	-	1,136	(1,136)
Services & Supplies	6,158	6,158	5,184	974
Contractual	301,475	301,475	197,225	104,250
Total Building	<u>307,633</u>	<u>307,633</u>	<u>203,545</u>	<u>104,088</u>
Vehicle Maintenance				
Personnel	159,586	164,966	171,809	(6,843)
Services & Supplies	35,764	35,764	37,028	(1,264)
Contractual	20,638	20,638	18,469	2,169
Capital	10,100	10,100	8,747	1,353
Total Vehicle Maintenance	<u>226,088</u>	<u>231,468</u>	<u>236,053</u>	<u>(4,585)</u>
Street Maintenance				
Personnel	336,759	378,520	363,403	15,117
Supplies & Services	50,565	50,565	86,000	(35,435)
Contractual	27,692	27,692	26,353	1,339
Capital	11,500	11,500	4,160	7,340
Total Street Maintenance	<u>426,516</u>	<u>468,277</u>	<u>479,916</u>	<u>(11,639)</u>
Total Public Works	<u>1,689,119</u>	<u>1,751,833</u>	<u>1,584,486</u>	<u>167,347</u>

CITY OF HOLLISTER
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Recreation				
Parks				
Personnel	364,171	374,309	358,018	16,291
Services & Supplies	215,122	215,122	203,954	11,168
Contractual	99,119	99,119	112,058	(12,939)
Capital	<u>29,500</u>	<u>29,500</u>	<u>24,660</u>	<u>4,840</u>
Total Parks	<u>707,912</u>	<u>718,050</u>	<u>698,690</u>	<u>19,360</u>
Veteran's Building				
Personnel	79,631	80,092	94,092	(14,000)
Services & Supplies	72,441	72,441	62,719	9,722
Contractual	13,200	13,200	13,354	(154)
Capital	<u>3,750</u>	<u>3,750</u>	<u>3,066</u>	<u>684</u>
Total Veteran's Building	<u>169,022</u>	<u>169,483</u>	<u>173,231</u>	<u>(3,748)</u>
Recreation				
Personnel	263,764	268,899	268,919	(20)
Services & Supplies	176,588	176,588	169,904	6,684
Contractual	44,790	44,790	25,352	19,438
Capital	<u>21,250</u>	<u>21,250</u>	<u>6,048</u>	<u>15,202</u>
Total Recreation	<u>506,392</u>	<u>511,527</u>	<u>470,223</u>	<u>41,304</u>
Total Recreation	<u>1,383,326</u>	<u>1,399,060</u>	<u>1,342,144</u>	<u>56,916</u>
Total Expenditures	<u>14,780,221</u>	<u>15,170,401</u>	<u>14,995,772</u>	<u>527,529</u>
Excess (deficiency) of revenues over expenditures	<u>(1,725,233)</u>	<u>(2,999,650)</u>	<u>(2,825,508)</u>	<u>174,142</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>-</u>	<u>39,582</u>	<u>1,869,197</u>	<u>1,829,615</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>39,582</u>	<u>1,869,197</u>	<u>1,829,615</u>
Net change in fund balance	<u>(1,725,233)</u>	<u>(2,960,068)</u>	<u>(956,311)</u>	<u>2,003,757</u>
Fund balance - July 1, 2008			<u>3,247,942</u>	
Fund balance - June 30, 2009			<u>\$ 2,291,631</u>	

CITY OF HOLLISTER
MEASURE T
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes	\$ 2,800,000	\$ 2,800,000	\$ 3,206,058	\$ 406,058
Investment earnings	<u>-</u>	<u>-</u>	<u>9,985</u>	<u>9,985</u>
Total Revenues	<u>2,800,000</u>	<u>2,800,000</u>	<u>3,216,043</u>	<u>416,043</u>
<u>EXPENDITURES</u>				
General Government				
City Clerk Personnel	<u>33,390</u>	<u>34,192</u>	<u>-</u>	<u>34,192</u>
City Manager Personnel	<u>12,840</u>	<u>13,558</u>	<u>14,926</u>	<u>(1,368)</u>
Finance				
Personnel	98,125	99,911	92,376	7,535
Services & Supplies	<u>-</u>	<u>-</u>	<u>22,709</u>	<u>(22,709)</u>
Total Finance	<u>98,125</u>	<u>99,911</u>	<u>115,085</u>	<u>(15,174)</u>
Human Resources Personnel	<u>130,103</u>	<u>132,196</u>	<u>-</u>	<u>132,196</u>
Total General Government	<u>274,458</u>	<u>279,857</u>	<u>130,011</u>	<u>149,846</u>
Public Safety				
Animal Control				
Personnel	63,530	64,332	-	64,332
Supplies & Services	<u>-</u>	<u>-</u>	<u>87</u>	<u>(87)</u>
Total Animal Control	<u>63,530</u>	<u>64,332</u>	<u>87</u>	<u>64,245</u>
Fire Personnel	<u>258,993</u>	<u>267,102</u>	<u>341,896</u>	<u>(74,794)</u>
Police				
Personnel	558,984	574,789	79,414	495,375
Services & Supplies	<u>-</u>	<u>-</u>	<u>1,620</u>	<u>(1,620)</u>
Total Police	<u>558,984</u>	<u>574,789</u>	<u>81,034</u>	<u>493,755</u>
Total Public Safety	<u>881,507</u>	<u>906,223</u>	<u>423,017</u>	<u>483,206</u>
Public Works				
Street Maintenance Personnel	<u>59,501</u>	<u>61,650</u>	<u>40,908</u>	<u>20,742</u>

CITY OF HOLLISTER
MEASURE T
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Recreation				
Parks				
Personnel	59,501	61,610	55,757	5,853
Contractual	<u>50,000</u>	<u>50,000</u>	<u>3,375</u>	<u>46,625</u>
Total Parks	<u>109,501</u>	<u>111,610</u>	<u>59,132</u>	<u>52,478</u>
Veteran's Building				
Personnel	<u>24,525</u>	<u>27,514</u>	<u>4,463</u>	<u>23,051</u>
Recreation				
Personnel	<u>77,801</u>	<u>80,888</u>	<u>6,297</u>	<u>74,591</u>
Total Recreation	<u>211,827</u>	<u>220,012</u>	<u>69,892</u>	<u>150,120</u>
Total Expenditures	<u>1,427,293</u>	<u>1,467,742</u>	<u>663,828</u>	<u>803,914</u>
Excess (deficiency) of revenues over expenditures	<u>1,372,707</u>	<u>1,332,258</u>	<u>2,552,215</u>	<u>1,219,957</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>-</u>	<u>-</u>	<u>(1,650,000)</u>	<u>(1,650,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(1,650,000)</u>	<u>(1,650,000)</u>
Net change in fund balance	<u>1,372,707</u>	<u>1,332,258</u>	902,215	<u>(430,043)</u>
Fund balance - July 1, 2008			<u>1,009</u>	
Fund balance - June 30, 2009			\$ <u>903,224</u>	

CITY OF HOLLISTER
RDA - HOUSING
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes	\$ 2,473,476	\$ 2,473,476	\$ 2,561,041	\$ 87,565
Investment earnings	100,000	100,000	138,139	38,139
Other	<u>750</u>	<u>-</u>	<u>24,368</u>	<u>24,368</u>
Total Revenues	<u>2,574,226</u>	<u>2,573,476</u>	<u>2,723,548</u>	<u>150,072</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	10,190	10,190	77,809	(67,619)
Other	<u>307,200</u>	<u>307,200</u>	<u>322,560</u>	<u>(15,360)</u>
Total Non-Departmental	<u>317,390</u>	<u>317,390</u>	<u>400,369</u>	<u>(82,979)</u>
RDA General				
Personnel	-	-	70,342	(70,342)
Services & Supplies	-	-	102	(102)
Total RDA General	<u>-</u>	<u>-</u>	<u>70,444</u>	<u>(70,444)</u>
Affordable Housing				
Personnel	248,246	257,885	324,132	(66,247)
Services & Supplies	74,900	74,900	74,703	197
Contractual	46,242	46,242	1,656,304	(1,610,062)
Capital	<u>2,000</u>	<u>2,000</u>	<u>11,301</u>	<u>(9,301)</u>
Total Affordable Housing	<u>371,388</u>	<u>381,027</u>	<u>2,066,440</u>	<u>(1,685,413)</u>
Finance				
Contractual	<u>-</u>	<u>-</u>	<u>315</u>	<u>(315)</u>
Rental Assistance				
Contractual	<u>-</u>	<u>-</u>	<u>46,926</u>	<u>(46,926)</u>
Total Expenditures	<u>688,778</u>	<u>698,417</u>	<u>2,584,494</u>	<u>(1,886,077)</u>
Net change in fund balance	<u>1,885,448</u>	<u>1,875,059</u>	<u>139,054</u>	<u>(1,736,005)</u>
Fund balance - July 1, 2008			12,644,173	
Prior period adjustment			<u>(420,303)</u>	
Fund balance - July 1, 2008, restated			<u>12,223,870</u>	
Fund balance - June 30, 2009			<u>\$ 12,362,924</u>	

CITY OF HOLLISTER
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all departments within the general, special revenue and capital project funds. Formal budgets are not employed for debt service funds because debt indenture provisions specify payments.

During the period December through February of each fiscal year, department heads prepare estimates of required appropriations for the following fiscal year. These estimates are compiled into a proposed operating budget that includes a summary of proposed expenditures and financial resources and historical data for the preceding fiscal year. The operating budget is presented by the City Manager to the City Council for review. Public hearings are conducted to obtain citizen comments. The City Council generally adopts the budget during one of its June meetings. The City Manager is legally authorized to transfer budgeted amounts between divisions and accounts within the same department. Transfer of appropriations between departments or funds and increased appropriations must be authorized by the City Council. Expenditures may not legally exceed budgeted appropriations at the departmental level within a fund. All appropriations shall lapse at the end of the fiscal year to the extent they have not been expended or lawfully encumbered, except for appropriations for capital projects which shall continue to their completion.

**CITY OF HOLLISTER
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF FUNDING PROGRESS FOR CalPERS PENSION PLANS

Miscellaneous Plan

Schedule of Funding Progress for PERS
(Risk Pool as a Whole)

Actuarial Valuation Date	Normal Accrued Liability	Actuarial Value of Assets	Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL* as a % of Covered Payroll
6/30/05**	\$ 2,891,460,651	\$ 2,588,713,000	\$ 302,747,651	89.5%	\$ 755,046,679	40.1%
6/30/06**	\$ 2,754,396,608	\$ 2,492,226,176	\$ 262,170,432	90.5%	\$ 699,897,835	37.5%
6/30/07**	\$ 2,611,746,790	\$ 2,391,434,447	\$ 220,312,343	91.6%	\$ 665,522,859	33.1%

Safety Plans

Schedule of Funding Progress for PERS
(Risk Pool as a Whole)

Actuarial Valuation Date	Normal Accrued Liability	Actuarial Value of Assets	Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL* as a % of Covered Payroll
6/30/05**	\$ 6,367,049,264	\$ 5,295,150,375	\$,071,898,889	83.2%	\$ 664,147,796	161.4%
6/30/06**	\$ 7,278,049,834	\$ 6,102,615,567	\$,175,434,267	83.8%	\$ 754,730,438	155.7%
6/30/07**	\$ 7,986,055,176	\$ 6,826,599,459	\$,159,455,717	85.5%	\$ 831,607,658	139.4%

* UAAL - Unfunded actuarial accrued liability

** A new State Law authorized the creation of risk pools by PERS and required mandatory participation of small employers to help reduce large fluctuations in their contribution rates. As an employer with less than 100 active members, the City of Hollister is now required to participate in the risk pool. Under this pooling method, assets and liabilities of the participant employers are aggregated. As such, individual employer's retirement data is no longer available.

**CITY OF HOLLISTER
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF FUNDING PROGRESS FOR OTHER POST EMPLOYMENT BENEFITS (OPEB)

<u>Actuarial Valuation Date</u>	<u>Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Liability (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
6/30/09	\$ 783,224	\$ -	\$ 783,224	0%	\$ 9,292,926	8 %

COMBINING FINANCIAL STATEMENTS AND OTHER SUPPLEMENTARY INFORMATION

CITY OF HOLLISTER
RDA - CAPITAL PROJECTS - MAJOR CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 4,886,011	\$ 4,866,011	\$ 4,405,459	\$ (460,552)
Investment earnings	90,000	90,000	109,454	19,454
Other	-	-	6,837	6,837
Total Revenues	<u>4,976,011</u>	<u>4,956,011</u>	<u>4,521,750</u>	<u>(434,261)</u>
EXPENDITURES				
General Government				
Non-Departmental				
Services & Supplies	-	-	8,995	(8,995)
Contractual	14,190	14,190	1,038,396	(1,024,206)
Other	307,200	307,200	777,560	(470,360)
Total Non-Departmental	<u>321,390</u>	<u>321,390</u>	<u>1,824,951</u>	<u>(1,503,561)</u>
City Council				
Personnel	-	-	2,631	(2,631)
City Clerk				
Personnel	40,576	41,050	39,120	1,930
City Manager				
Personnel	37,647	38,277	43,102	(4,825)
Contractual	3,600	3,600	4,116	(516)
Total City Manager	<u>41,247</u>	<u>41,877</u>	<u>47,218</u>	<u>(5,341)</u>
RDA General				
Personnel	387,578	398,020	290,676	107,344
Services & Supplies	107,016	191,193	364,891	(173,698)
Contractual	316,000	386,000	230,901	155,099
Capital	6,000	14,323	10,767	3,556
Total RDA General	<u>816,594</u>	<u>989,536</u>	<u>897,235</u>	<u>92,301</u>
City Attorney				
Personnel	36,462	36,462	38,897	(2,435)
Contractual	-	-	6,044	(6,044)
Total City Attorney	<u>36,462</u>	<u>36,462</u>	<u>44,941</u>	<u>(8,479)</u>
Finance				
Personnel	39,031	39,817	20,079	19,738
Services & Supplies	-	-	946	(946)
Contractual	700	700	315	385
Total Finance	<u>39,731</u>	<u>40,517</u>	<u>21,340</u>	<u>19,177</u>
Information Systems				
Personnel	33,544	34,708	27,139	7,569
Total General Government	<u>1,329,544</u>	<u>1,505,540</u>	<u>2,904,575</u>	<u>(1,399,035)</u>
Public Safety				
Animal Shelter				
Personnel	-	-	30,260	(30,260)
Services & Supplies	-	90,000	14,479	75,521
Capital	34,700	799,250	783,550	15,700
Total Animal Shelter	<u>34,700</u>	<u>889,250</u>	<u>828,289</u>	<u>60,961</u>

CITY OF HOLLISTER
RDA - CAPITAL PROJECTS - MAJOR CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Works				
Road Rehabilitation				
Services & Supplies	-	-	22,812	(22,812)
Leatherback Demolition				
Services & Supplies	-	130,000	63,376	66,624
Capital	-	-	13,046	(13,046)
Total Leatherback Demolition	-	130,000	76,422	53,578
Fremont School Demolition				
Services & Supplies	-	203,103	1,811	201,292
Capital	-	-	148,733	(148,733)
Total Fremont School Demo	-	203,103	150,544	52,559
Engineering				
Personnel	46,625	48,271	26,794	21,477
Services & Supplies	2,000	2,000	2,000	-
Total Engineering	150,544	50,271	28,794	21,477
Total Public Works	150,544	383,374	278,572	104,802
Recreation				
Parks				
Personnel	82,437	85,320	91,341	(6,021)
Services & Supplies	12,296	12,296	14,279	(1,983)
Total Parks	94,733	97,616	105,620	(8,004)
Total Expenditures	1,609,521	2,875,780	4,117,056	(1,241,276)
Excess (deficiency) of revenues over expenditures	3,366,490	2,080,231	404,694	(1,675,537)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	-	(1,447,034)	(1,447,034)
Total other financing sources (uses)	-	-	(1,447,034)	(1,447,034)
Net change in fund balance	3,366,490	2,080,231	(1,042,340)	(3,122,571)
Fund balance - July 1, 2008			12,548,909	
Prior period adjustment			2,420,000	
Fund balance - July 1, 2008, restated			14,968,909	
Fund balance - June 30, 2009			\$ 13,926,569	

CITY OF HOLLISTER
RDA - DEBT SERVICE - MAJOR DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes	\$ 2,817,108	\$ 2,817,108	\$ 2,679,922	\$ (137,186)
Investment earnings	-	-	170,123	170,123
Total Revenues	<u>2,817,108</u>	<u>2,817,108</u>	<u>2,850,045</u>	<u>32,937</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	-	15,903	(15,903)
Public Works				
Fremont School				
Services & Supplies	-	-	128,820	(128,820)
Debt service				
Principal	835,000	835,000	795,000	40,000
Interest	1,982,109	1,982,109	2,001,434	(19,325)
Total Debt Service	<u>2,817,109</u>	<u>2,817,109</u>	<u>2,796,434</u>	<u>20,675</u>
Total Expenditures	<u>2,817,109</u>	<u>2,817,109</u>	<u>2,941,157</u>	<u>(124,048)</u>
Excess (deficiency) of revenues over expenditures	<u>(1)</u>	<u>(1)</u>	<u>(91,112)</u>	<u>(91,111)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	1,447,034	1,447,034
Total other financing sources (uses)	-	-	1,447,034	1,447,034
Net change in fund balance	<u>(1)</u>	<u>(1)</u>	<u>1,355,922</u>	<u>1,355,923</u>
Fund balance - July 1, 2008			<u>1,533,614</u>	
Fund balance - June 30, 2009			<u>\$ 2,889,536</u>	

NON-MAJOR GOVERNMENTAL FUNDS

The following funds are reported in total in the Governmental Fund Financial Statements under the column "Other Governmental Funds."

SPECIAL REVENUE FUNDS

Special revenue funds are established to finance particular governmental activities and are financed by specific taxes or other revenues. Such funds are authorized by statutory provisions to pay for certain activities of a continuing nature. The nonmajor special revenue funds are listed below:

CDBG Low Income Housing Rehab - This fund accounts for accounts for revenues and expenditures relating to community development block grant.

Federal HES CalTran - This fund accounts for revenues and expenditures relating to FED HES CalTran grant.

Gas Tax - This fund provides for planning, design, construction, maintenance, and administration of City transportation activities. Revenues consist primarily of the City's share of state highway user.

Traffic Safety - This fund was established to account for the revenue allocation to the City under Streets and Highways Code Section 2182 and Revenue and Taxation Code Section 7104. Funds must be expended for maintenance or reconstruction of public streets and roads.

Park Dedication - This fund was established to provide financing for parks.

Local Transportation - This fund was established to account for the receipt and disbursement of the City's local transportation funding provided by State funding.

San Benito Loan Program - This fund accounts for the financial resources provide by the federal government for rehabilitation loans and grants programs.

Law Enforcement Program - This fund was established to account for the receipt and disbursement of the City's law enforcement grant funding provided by State funding.

Federal Aviation Admin Grant - This fund was established to account for the receipt and disbursement of the federal aviation funding provided by Federal funding.

CHRPO - This fund was established to account for the receipt and disbursement of the CHRPO funding.

EDA - This fund established to account for the receipt and disbursement of the EDA funding provided by Federal funding.

Transportation Development Act - This fund was established to account for the activities of the Transportation Development Act funding from the State of California.

Spay/Neuter Education - This fund was established to account for the receipt and disbursement of the City's spay and neuter grant and donation funds.

Mello Roos CFD-001 - This fund was established to account for the receipt and disbursement of the CFD-1 funding.

Youth Center - This fund was established to account for the receipt and disbursement of the Youth Center funding.

Oil Recycling Grants - This fund was established to account for the receipt and disbursement of the recycling of oil.

Police Special Law Enforcement Safety - This fund was established to account for the receipt and disbursement of the state funding provided by Police Special Law Enforcement Safety grant.

Office of Traffic Safety - This fund was established to account for the receipt and disbursement of the City's traffic safety funding provided by State funding.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (continued)

Local Law Enforcement - This fund was established to account for the receipt and disbursement of the state funding provided by local law enforcement grant.

COPS More Program - This fund was established to account for the receipt and disbursement of the federal funding provided by the COPS More grant.

Animal Welfare - This fund was established to account for the receipt and disbursement of the local funding provided by animal welfare grant.

COPS in School Program - This fund was established to account for the receipt and disbursement of the local funding provided by the COPS in School program.

Airport Building 25 Reimbursement - This fund was established to account for the receipt and disbursement of the replacement of City's Airport building #25.

4th of July Rally - This fund was established to account for the receipt and disbursement of the local funding of the annual 4th of July Rally.

Information Systems - This fund was established to account for the receipt and disbursements of the costs sharing of information systems between the City and County of San Benito.

Police Office of Traffic Safety - This fund was established to account for the receipt and disbursement of the State funding provided by the Office of Training Safety.

Traffic Congestion Relief - This fund was established to account for the receipt and disbursement of the State funding.

Airport Master Plan Study - This fund was established to account for the receipt and disbursement of the local funding for a master plan surrounding the City's airport.

RZH River Trail - This fund was established to account for the receipt and disbursement of the local funding for a San Benito River trail.

Signal Improvement Fee on Flynn - This fund was established to account for the fees collected for the Flynn Road Signal Improvement.

Council of Governments - This fund was established to account for the receipt and disbursement of the local funding received from the Council of Governments.

San Felipe Bikeway - This fund established as depositories for grant funding for the San Felipe bikeway.

Home Program Revolving Loans - This fund was established to account for the receipt and disbursement of the City's Federal HOME grant funds.

CAPITAL PROJECT FUNDS

Capital project funds are used to account for financial resources to be used for the acquisition of land or acquisition and construction of major facilities other than those financed by the proprietary fund types. The nonmajor capital project funds are listed below:

Fire Impact Fees - This fund was established as depositories for fire development impact fees. The fees are levied against all new development in the City in order to pay for the construction or improvement of fire facilities as a result of City growth.

Police Impact Fees - This fund was established as depositories for police development impact fees. The fees are levied against all new development in the City in order to pay for the construction or improvement of police facilities as a result of City growth.

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS (continued)

Storm Drain Fees - This fund was established as depositories for storm drain development fees. The fees are levied against development in the City in order to pay for the construction or improvement of storm drains.

Storm Drain Impact Fees - This fund was established as depositories for storm drain development impact fees. The fees are levied against all new development in the City in order to pay for the construction or improvement of storm drains as a result of City growth.

Traffic Impact Fees - This fund Fund was established as depositories for traffic development impact fees. The fees are levied against all new development in the City in order to pay for traffic construction or improvements as a result of City growth.

AB 1600 Santa Ana Storm Drain - This fund was established as depositories for Santa Ana storm drain development impact fees. The fees are levied against all new development in the Santa Ana Road area in order to pay for the construction or improvement of storm drains as a result of City growth.

Jail Juvenile Hall - This fund was established as depositories for Juvenile Hall development impact fees. The fees are levied against all new development in the City in order to pay for Juvenile Hall construction or improvements as a result of City growth.

Local Street & Road Improvement - This fund was established to account for the revenues and expenditures related to State and Local Road funding.

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2009

	SPECIAL REVENUE FUNDS						
	CDBG Low Income Housing Rehab	Federal HES CalTran	Gas Tax	Traffic Safety	Park Dedication	Local Transpor- tation	San Benito Loan Program
<u>ASSETS</u>							
Cash and investments	\$ 734,784	\$ 57,728	\$ 132,271	\$ 223	\$ 60,118	\$ 37,599	\$ 691,337
Accounts receivable	-	153,777	50,189	-	-	-	-
Interest receivable	-	178	531	1	186	116	-
Notes receivable	440,264	-	-	-	-	-	101,761
Due from other funds	-	-	-	-	-	-	-
Total Assets	<u>\$ 1,175,048</u>	<u>\$ 211,683</u>	<u>\$ 182,991</u>	<u>\$ 224</u>	<u>\$ 60,304</u>	<u>\$ 37,715</u>	<u>\$ 793,098</u>
<u>LIABILITIES AND FUND BALANCES</u>							
LIABILITIES:							
Accounts payable	\$ 15,000	\$ -	\$ 65,427	\$ -	\$ 1,765	\$ -	\$ -
Accrued liabilities	-	569	894	-	-	-	-
Deposits	-	-	-	-	-	-	-
Deferred revenue	440,264	-	-	-	-	-	101,761
Due to other funds	-	<u>229,628</u>	-	<u>3,764</u>	-	-	-
Total Liabilities	<u>455,264</u>	<u>230,197</u>	<u>66,321</u>	<u>3,764</u>	<u>1,765</u>	<u>-</u>	<u>101,761</u>
FUND BALANCES (DEFICITS):							
Unreserved:							
Undesignated, reported in:							
Special revenue funds	719,784	(18,514)	116,670	(3,540)	58,539	37,715	691,337
Capital project funds	-	-	-	-	-	-	-
Total Fund Balance (Deficits)	<u>719,784</u>	<u>(18,514)</u>	<u>116,670</u>	<u>(3,540)</u>	<u>58,539</u>	<u>37,715</u>	<u>691,337</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 1,175,048</u>	<u>\$ 211,683</u>	<u>\$ 182,991</u>	<u>\$ 224</u>	<u>\$ 60,304</u>	<u>\$ 37,715</u>	<u>\$ 793,098</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2009

SPECIAL REVENUE FUNDS							
	Law Enforcement Program	Federal Aviation Admin Grant	CHRPO	EDA	Transportation Development Act	Spay/ Neuter Education	Mello Roos CFD-1
ASSETS							
Cash and investments	\$ 253,420	\$ 77,900	\$ 81,912	\$ 439	\$ 1,301,629	\$ 14,958	\$ -
Accounts receivable	-	-	-	-	-	-	79,440
Interest receivable	783	-	253	2	4,053	46	-
Notes receivable	-	-	-	-	-	-	-
Due from other funds	-	276,292	-	-	-	-	-
	<u>-</u>	<u>276,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 254,203</u>	<u>\$ 354,192</u>	<u>\$ 82,165</u>	<u>\$ 441</u>	<u>\$ 1,305,682</u>	<u>\$ 15,004</u>	<u>\$ 79,440</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ -	\$ 15	\$ -	\$ -	\$ -	\$ 1,432	\$ -
Accrued liabilities	-	641	-	-	46	-	-
Deposits	-	-	-	-	-	1,034	-
Deferred revenue	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	8,150	-	79,440
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,150</u>	<u>-</u>	<u>79,440</u>
Total Liabilities	<u>-</u>	<u>656</u>	<u>-</u>	<u>-</u>	<u>8,196</u>	<u>2,466</u>	<u>79,440</u>
FUND BALANCES (DEFICITS):							
Unreserved:							
Undesignated, reported in:							
Special revenue funds	254,203	353,536	82,165	441	1,297,486	12,538	-
Capital project funds	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance (Deficits)	<u>254,203</u>	<u>353,536</u>	<u>82,165</u>	<u>441</u>	<u>1,297,486</u>	<u>12,538</u>	<u>-</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 254,203</u>	<u>\$ 354,192</u>	<u>\$ 82,165</u>	<u>\$ 441</u>	<u>\$ 1,305,682</u>	<u>\$ 15,004</u>	<u>\$ 79,440</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2009

	SPECIAL REVENUE FUNDS						
			Police Special Law Enforcement Safety	Office of Traffic Safety	Local Law Enforcement	COPS More Program	Animal Welfare
	<u>Youth Center</u>	<u>Oil Recycling</u>					
<u>ASSETS</u>							
Cash and investments	\$ 21,783	\$ 26,232	\$ 223,897	\$ 12,953	\$ -	\$ 38	\$ 33,192
Accounts receivable	-	-	-	-	-	-	-
Interest receivable	67	81	692	40	-	-	103
Notes receivable	-	-	-	-	-	-	-
Due from other funds	-	-	6,417	-	-	-	-
	<u>-</u>	<u>-</u>	<u>6,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 21,850</u>	<u>\$ 26,313</u>	<u>\$ 231,006</u>	<u>\$ 12,993</u>	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ 33,295</u>
<u>LIABILITIES AND FUND BALANCES</u>							
LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	40,399	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,399</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,399</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):							
Unreserved:							
Undesignated, reported in:							
Special revenue funds	21,850	26,313	231,006	12,993	(40,399)	38	33,295
Capital project funds	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance (Deficits)	<u>21,850</u>	<u>26,313</u>	<u>231,006</u>	<u>12,993</u>	<u>(40,399)</u>	<u>38</u>	<u>33,295</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 21,850</u>	<u>\$ 26,313</u>	<u>\$ 231,006</u>	<u>\$ 12,993</u>	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ 33,295</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2009

	SPECIAL REVENUE FUNDS						
	COPS in School Program	Airport Building 25 Reimburse- ment	4th of July Rally	Information Systems	Police Office of Traffic Safety	Traffic Congestion Relief	Airport Masterplan Study
ASSETS							
Cash and investments	\$ 51	\$ 1,804,363	\$ -	\$ -	\$ -	\$ 244,068	\$ 413
Accounts receivable	-	-	-	-	-	74,671	-
Interest receivable	-	6,183	-	-	-	-	1
Notes receivable	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Total Assets	\$ 51	\$ 1,810,546	\$ -	\$ -	\$ -	\$ 318,739	\$ 414
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ -	\$ 387	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	150	-	-	-	-	-
Deposits	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-
Due to other funds	-	-	184,853	15,821	6,417	-	-
Total Liabilities	-	537	184,853	15,821	6,417	-	-
FUND BALANCES (DEFICITS):							
Unreserved:							
Undesignated, reported in:							
Special revenue funds	51	1,810,009	(184,853)	(15,821)	(6,417)	318,739	414
Capital project funds	-	-	-	-	-	-	-
Total Fund Balance (Deficits)	51	1,810,009	(184,853)	(15,821)	(6,417)	318,739	414
Total Liabilities and Fund Balances (Deficits)	\$ 51	\$ 1,810,546	\$ -	\$ -	\$ -	\$ 318,739	\$ 414

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2009

	SPECIAL REVENUE FUNDS				CAPITAL PROJECT FUNDS		
	RZH River Trail Project	Signal Improvement Fee on Flynn	Council of Governments	San Felipe Bikeway	Home Program Revolving Loans	Fire Impact Fees	Police Impact Fees
<u>ASSETS</u>							
Cash and investments	\$ -	\$ 13,154	\$ 161,960	\$ -	\$ 622,095	\$ 291,681	\$ 36,274
Accounts receivable	-	-	-	-	-	-	-
Interest receivable	-	41	500	-	-	901	112
Notes receivable	-	-	-	-	1,228,319	-	-
Due from other funds	-	-	-	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 13,195</u>	<u>\$ 162,460</u>	<u>\$ -</u>	<u>\$ 1,850,414</u>	<u>\$ 292,582</u>	<u>\$ 36,386</u>
<u>LIABILITIES AND FUND BALANCES</u>							
LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-	-
Deposits	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	1,228,319	-	-
Due to other funds	<u>7,622</u>	<u>-</u>	<u>-</u>	<u>21,931</u>	<u>-</u>	<u>259,447</u>	<u>-</u>
Total Liabilities	<u>7,622</u>	<u>-</u>	<u>-</u>	<u>21,931</u>	<u>1,228,319</u>	<u>259,447</u>	<u>-</u>
FUND BALANCES (DEFICITS):							
Unreserved:							
Undesignated, reported in:							
Special revenue funds	(7,622)	13,195	162,460	(21,931)	622,095	-	-
Capital project funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,135</u>	<u>36,386</u>
Total Fund Balance (Deficits)	<u>(7,622)</u>	<u>13,195</u>	<u>162,460</u>	<u>(21,931)</u>	<u>622,095</u>	<u>33,135</u>	<u>36,386</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ 13,195</u>	<u>\$ 162,460</u>	<u>\$ -</u>	<u>\$ 1,850,414</u>	<u>\$ 292,582</u>	<u>\$ 36,386</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2009

	CAPITAL PROJECT FUNDS						Total Non-Major Governmental Funds
	Storm Drain Fees	Storm Drain Impact Fees	Traffic Impact Fees	AB 1600 Santa Ana Storm Drain	Jail Juvenile Hall	Local Street & Road Improvement	
ASSETS							
Cash and investments	\$ 70,104	\$ 3,929,768	\$ 3,507,365	\$ 1,674,230	\$ -	\$ 597,050	\$ 16,714,989
Accounts receivable	-	10,560	-	-	-	-	368,637
Interest receivable	217	13,427	10,624	5,173	-	-	44,311
Notes receivable	-	-	-	-	-	-	1,770,344
Due from other funds	-	406,372	229,628	259,447	-	-	1,178,156
	<u>-</u>	<u>406,372</u>	<u>229,628</u>	<u>259,447</u>	<u>-</u>	<u>-</u>	<u>1,178,156</u>
Total Assets	<u>\$ 70,321</u>	<u>\$ 4,360,127</u>	<u>\$ 3,747,617</u>	<u>\$ 1,938,850</u>	<u>\$ -</u>	<u>\$ 597,050</u>	<u>\$ 20,076,437</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,026
Accrued liabilities	-	10,624	-	-	-	-	12,924
Deposits	-	-	-	-	-	-	1,034
Deferred revenue	-	-	-	-	-	-	1,770,344
Due to other funds	-	-	-	-	68,532	-	926,004
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,532</u>	<u>-</u>	<u>926,004</u>
Total Liabilities	<u>-</u>	<u>10,624</u>	<u>-</u>	<u>-</u>	<u>68,532</u>	<u>-</u>	<u>2,794,332</u>
FUND BALANCES (DEFICITS):							
Unreserved:							
Undesignated, reported in:							
Special revenue funds	-	-	-	-	-	-	6,577,775
Capital project funds	70,321	4,349,503	3,747,617	1,938,850	(68,532)	597,050	10,704,330
	<u>70,321</u>	<u>4,349,503</u>	<u>3,747,617</u>	<u>1,938,850</u>	<u>(68,532)</u>	<u>597,050</u>	<u>17,282,105</u>
Total Fund Balance (Deficits)	<u>70,321</u>	<u>4,349,503</u>	<u>3,747,617</u>	<u>1,938,850</u>	<u>(68,532)</u>	<u>597,050</u>	<u>17,282,105</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 70,321</u>	<u>\$ 4,360,127</u>	<u>\$ 3,747,617</u>	<u>\$ 1,938,850</u>	<u>\$ -</u>	<u>\$ 597,050</u>	<u>\$ 20,076,437</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

	SPECIAL REVENUE FUNDS						
	CDBG Low Income Housing Rehab	Federal HES CalTran	Gas Tax	Traffic Safety	Park Dedication	Local Transportation	San Benito Loan Program
REVENUES							
Taxes	\$ -	\$ -	\$ 589,661	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for service	-	-	-	-	-	-	-
Investment earnings	9,662	70	1,426	-	2,438	609	15,237
Other	-	-	-	-	-	-	35,764
Total Revenues	<u>9,662</u>	<u>70</u>	<u>591,087</u>	<u>-</u>	<u>2,438</u>	<u>609</u>	<u>51,001</u>
EXPENDITURES							
Current:							
General government	27,935	-	160	7	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	920	560,769	393	157,066	-	-
Capital Outlay	-	27,974	-	-	9,469	-	-
Total Expenditures	<u>27,935</u>	<u>28,894</u>	<u>560,929</u>	<u>400</u>	<u>166,535</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(18,273)</u>	<u>(28,824)</u>	<u>30,158</u>	<u>(400)</u>	<u>(164,097)</u>	<u>609</u>	<u>51,001</u>
OTHER FINANCING SOURCES (USES)							
Transfers out	-	-	-	-	-	-	-
Net change in fund balances	<u>(18,273)</u>	<u>(28,824)</u>	<u>30,158</u>	<u>(400)</u>	<u>(164,097)</u>	<u>609</u>	<u>51,001</u>
Fund balances (deficits) - July 1, 2008	738,057	10,310	27,837	(3,140)	222,636	37,106	640,336
Prior period adjustment (Note17)	-	-	58,675	-	-	-	-
Fund balances (deficits) - July 1, 2008, restated	<u>738,057</u>	<u>10,310</u>	<u>86,512</u>	<u>(3,140)</u>	<u>222,636</u>	<u>37,106</u>	<u>640,336</u>
Fund balances (deficits) - June 30, 2009	<u>\$ 719,784</u>	<u>\$ (18,514)</u>	<u>\$ 116,670</u>	<u>\$ (3,540)</u>	<u>\$ 58,539</u>	<u>\$ 37,715</u>	<u>\$ 691,337</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

SPECIAL REVENUE FUNDS							
	Law Enforcement Program	Federal Aviation Admin Grant	CHRPO	EDA	Transportation Development Act	Spay/ Neuter Education	Mello Roos CFD-1
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 798,526
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	19,191	-	-	-	-	-	-
Charges for service	-	-	-	-	-	11,347	-
Investment earnings	3,851	-	1,327	19	12,996	269	152
Other	414	-	-	-	-	-	-
Total Revenues	<u>23,456</u>	<u>-</u>	<u>1,327</u>	<u>19</u>	<u>12,996</u>	<u>11,616</u>	<u>798,678</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	37,513
Public safety	-	-	-	-	-	13,511	839,036
Public works	-	20,217	-	-	17,021	-	-
Capital Outlay	-	61,678	-	-	14,212	-	-
Total Expenditures	<u>-</u>	<u>81,895</u>	<u>-</u>	<u>-</u>	<u>31,233</u>	<u>13,511</u>	<u>876,549</u>
Excess (deficiency) of revenues over expenditures	<u>23,456</u>	<u>(81,895)</u>	<u>1,327</u>	<u>19</u>	<u>(18,237)</u>	<u>(1,895)</u>	<u>(77,871)</u>
OTHER FINANCING SOURCES (USES)							
Transfers out	-	-	-	-	-	-	-
Net change in fund balances	<u>23,456</u>	<u>(81,895)</u>	<u>1,327</u>	<u>19</u>	<u>(18,237)</u>	<u>(1,895)</u>	<u>(77,871)</u>
Fund balances (deficits) - July 1, 2008	230,747	435,431	80,838	422	1,315,723	14,433	77,871
Prior period adjustment (Note17)	-	-	-	-	-	-	-
Fund balances (deficits) - July 1, 2008, restated	<u>230,747</u>	<u>435,431</u>	<u>80,838</u>	<u>422</u>	<u>1,315,723</u>	<u>14,433</u>	<u>77,871</u>
Fund balances (deficits) - June 30, 2009	<u>\$ 254,203</u>	<u>\$ 353,536</u>	<u>\$ 82,165</u>	<u>\$ 441</u>	<u>\$ 1,297,486</u>	<u>\$ 12,538</u>	<u>\$ -</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

	SPECIAL REVENUE FUNDS						
	Youth Center	Oil Recycling	Police Special Law Enforcement Safety	Office of Traffic Safety	Local Law Enforcement	COPS More Program	Animal Welfare
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for service	-	-	-	-	-	-	-
Investment earnings	353	424	3,646	210	-	-	532
Other	-	-	-	-	-	-	4,484
Total Revenues	<u>353</u>	<u>424</u>	<u>3,646</u>	<u>210</u>	<u>-</u>	<u>-</u>	<u>5,016</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	101	-	-
Public safety	-	-	-	-	-	-	2,970
Public works	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101</u>	<u>-</u>	<u>2,970</u>
Excess (deficiency) of revenues over expenditures	<u>353</u>	<u>424</u>	<u>3,646</u>	<u>210</u>	<u>(101)</u>	<u>-</u>	<u>2,046</u>
OTHER FINANCING SOURCES (USES)							
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>353</u>	<u>424</u>	<u>3,646</u>	<u>210</u>	<u>(101)</u>	<u>-</u>	<u>2,046</u>
Fund balances (deficits) - July 1, 2008	21,497	25,889	227,360	12,783	(40,298)	38	31,249
Prior period adjustment (Note17)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) - July 1, 2008, restated	<u>21,497</u>	<u>25,889</u>	<u>227,360</u>	<u>12,783</u>	<u>(40,298)</u>	<u>38</u>	<u>31,249</u>
Fund balances (deficits) - June 30, 2009	<u>\$ 21,850</u>	<u>\$ 26,313</u>	<u>\$ 231,006</u>	<u>\$ 12,993</u>	<u>\$ (40,399)</u>	<u>\$ 38</u>	<u>\$ 33,295</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

	SPECIAL REVENUE FUNDS						
	COPS in School Program	Airport Building 25 Reimburse- ment	4th of July Rally	Information Systems	Police Office of Traffic Safety	Traffic Congestion Relief	Airport Masterplan Study
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	313,503	-
Charges for service	-	-	-	-	-	-	-
Investment earnings	38	6,186	5,270	-	-	83	414
Other	-	2,275,693	418,906	-	-	-	-
Total Revenues	<u>38</u>	<u>2,281,879</u>	<u>424,176</u>	<u>-</u>	<u>-</u>	<u>313,586</u>	<u>414</u>
EXPENDITURES							
Current:							
General government	-	-	683,733	100	24	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Capital Outlay	-	77,640	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>77,640</u>	<u>683,733</u>	<u>100</u>	<u>24</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>38</u>	<u>2,204,239</u>	<u>(259,557)</u>	<u>(100)</u>	<u>(24)</u>	<u>313,586</u>	<u>414</u>
OTHER FINANCING SOURCES (USES)							
Transfers out	-	(180,438)	-	-	-	-	-
Net change in fund balances	<u>38</u>	<u>2,023,801</u>	<u>(259,557)</u>	<u>(100)</u>	<u>(24)</u>	<u>313,586</u>	<u>414</u>
Fund balances (deficits) - July 1, 2008	13	(213,792)	74,704	(15,721)	(6,393)	5,153	-
Prior period adjustment (Note 17)	-	-	-	-	-	-	-
Fund balances (deficits) - July 1, 2008, restated	<u>13</u>	<u>(213,792)</u>	<u>74,704</u>	<u>(15,721)</u>	<u>(6,393)</u>	<u>5,153</u>	<u>-</u>
Fund balances (deficits) - June 30, 2009	<u>\$ 51</u>	<u>\$ 1,810,009</u>	<u>\$ (184,853)</u>	<u>\$ (15,821)</u>	<u>\$ (6,417)</u>	<u>\$ 318,739</u>	<u>\$ 414</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

	SPECIAL REVENUE FUNDS					CAPITAL PROJECT FUNDS	
	RZH River Trail Project	Signal Improvement Fee on Flynn	Council of Governments	San Felipe Bikeway	Home Program Revolving Loans	Fire Impact Fees	Police Impact Fees
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	4,436	-
Intergovernmental	-	-	-	-	-	158	-
Charges for service	-	-	-	-	-	-	3,601
Investment earnings	-	214	2,624	-	1,600	244	582
Other	-	-	-	-	7,096	-	-
Total Revenues	<u>-</u>	<u>214</u>	<u>2,624</u>	<u>-</u>	<u>8,696</u>	<u>4,838</u>	<u>4,183</u>
EXPENDITURES							
Current:							
General government	24	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	16,775	-	130	-
Capital Outlay	-	-	-	-	-	-	-
Total Expenditures	<u>24</u>	<u>-</u>	<u>-</u>	<u>16,775</u>	<u>-</u>	<u>130</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(24)</u>	<u>214</u>	<u>2,624</u>	<u>(16,775)</u>	<u>8,696</u>	<u>4,708</u>	<u>4,183</u>
OTHER FINANCING SOURCES (USES)							
Transfers out	-	-	-	-	-	-	-
Net change in fund balances	<u>(24)</u>	<u>214</u>	<u>2,624</u>	<u>(16,775)</u>	<u>8,696</u>	<u>4,708</u>	<u>4,183</u>
Fund balances (deficits) - July 1, 2008	(7,598)	12,981	159,836	(5,156)	193,096	28,427	32,203
Prior period adjustment (Note17)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>420,303</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) - July 1, 2008, restated	<u>(7,598)</u>	<u>12,981</u>	<u>159,836</u>	<u>(5,156)</u>	<u>613,399</u>	<u>28,427</u>	<u>32,203</u>
Fund balances (deficits) - June 30, 2009	<u>\$ (7,622)</u>	<u>\$ 13,195</u>	<u>\$ 162,460</u>	<u>\$ (21,931)</u>	<u>\$ 622,095</u>	<u>\$ 33,135</u>	<u>\$ 36,386</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2009

	CAPITAL PROJECT FUNDS						Total Non- major Governmental Funds
	Storm Drain Fees	Storm Drain Impact Fees	Traffic Impact Fees	AB 1600 Santa Ana Storm Drain	Jail Juvenile Hall	Local Street & Road Improvement	
REVENUES							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,388,187
Licenses and permits	-	-	91,834	-	1,468	-	97,738
Intergovernmental	-	-	-	-	-	597,050	929,902
Charges for service	39,300	2,620	-	-	-	-	56,868
Investment earnings	761	71,615	58,124	27,133	-	-	228,109
Other	-	-	258,491	-	-	-	3,000,848
Total Revenues	<u>40,061</u>	<u>74,235</u>	<u>408,449</u>	<u>27,133</u>	<u>1,468</u>	<u>597,050</u>	<u>5,701,652</u>
EXPENDITURES							
Current:							
General government	-	-	-	-	70,000	-	819,597
Public safety	-	-	-	-	-	-	855,517
Public works	-	128,517	10,010	-	-	-	911,818
Capital Outlay	-	-	68,081	-	-	-	259,054
Total Expenditures	<u>-</u>	<u>128,517</u>	<u>78,091</u>	<u>-</u>	<u>70,000</u>	<u>-</u>	<u>2,845,986</u>
Excess (deficiency) of revenues over expenditures	<u>40,061</u>	<u>(54,282)</u>	<u>330,358</u>	<u>27,133</u>	<u>(68,532)</u>	<u>597,050</u>	<u>2,855,666</u>
OTHER FINANCING SOURCES (USES)							
Transfers out	-	-	-	-	-	-	(180,438)
Net change in fund balances	<u>40,061</u>	<u>(54,282)</u>	<u>330,358</u>	<u>27,133</u>	<u>(68,532)</u>	<u>597,050</u>	<u>2,675,228</u>
Fund balances (deficits) - July 1, 2008	30,260	4,403,785	3,417,259	1,911,717	-	-	14,127,899
Prior period adjustment (Note17)	-	-	-	-	-	-	478,978
Fund balances (deficits) - July 1, 2008, restated	<u>30,260</u>	<u>4,403,785</u>	<u>3,417,259</u>	<u>1,911,717</u>	<u>-</u>	<u>-</u>	<u>14,606,877</u>
Fund balances (deficits) - June 30, 2009	<u>\$ 70,321</u>	<u>\$ 4,349,503</u>	<u>\$ 3,747,617</u>	<u>\$ 1,938,850</u>	<u>\$ (68,532)</u>	<u>\$ 597,050</u>	<u>\$ 17,282,105</u>

CITY OF HOLLISTER
CDBG LOW INCOME HOUSING REHAB - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ <u>5,600</u>	\$ <u>5,600</u>	\$ <u>9,662</u>	\$ <u>4,062</u>
Total Revenues	<u>5,600</u>	<u>5,600</u>	<u>9,662</u>	<u>4,062</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	-	<u>27,935</u>	<u>(27,935)</u>
Total Non-Departmental	-	-	<u>27,935</u>	<u>(27,935)</u>
Total Expenditures	-	-	<u>27,935</u>	<u>(27,935)</u>
Net change in fund balance	<u>5,600</u>	<u>5,600</u>	<u>(18,273)</u>	<u>(23,873)</u>
Fund balance - July 1, 2008			<u>738,057</u>	
Fund balance - June 30, 2009			\$ <u><u>719,784</u></u>	

CITY OF HOLLISTER
FEDERAL HES CALTRAN - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ -	\$ -	\$ 70	\$ 70
Total Revenues	-	-	70	70
<u>EXPENDITURES</u>				
Public Works				
San Felipe				
Personnel	-	-	920	(920)
ARRA Road Rehab				
Personnel	-	-	2,474	(2,474)
Services & Supplies	-	35,000	25,500	9,500
Capital	-	1,191,000	-	1,191,000
Total ARRA Road Rehab	-	1,226,000	27,974	1,198,026
Total Expenditures	-	1,226,000	28,894	1,197,106
Net change in fund balance	-	(1,226,000)	(28,824)	1,197,176
Fund balance - July 1, 2008			10,310	
Fund balance (deficit) - June 30, 2009			\$ (18,514)	

CITY OF HOLLISTER
GAS TAX - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes	\$ 653,372	\$ 653,372	\$ 589,661	\$ (63,711)
Investment earnings	<u>-</u>	<u>-</u>	<u>1,426</u>	<u>1,426</u>
Total Revenues	<u>653,372</u>	<u>653,372</u>	<u>591,087</u>	<u>(62,285)</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Services & Supplies	<u>-</u>	<u>-</u>	<u>160</u>	<u>(160)</u>
Total Non-Departmental	<u>-</u>	<u>-</u>	<u>160</u>	<u>(160)</u>
Public Works				
Street Maintenance				
Personnel	124,617	126,806	194,767	(67,961)
Services & Supplies	424,682	424,682	326,954	97,728
Contractual	<u>80,250</u>	<u>80,250</u>	<u>39,048</u>	<u>41,202</u>
Total Street Maintenance	<u>629,549</u>	<u>631,738</u>	<u>560,769</u>	<u>70,969</u>
Total Expenditures	<u>629,549</u>	<u>631,738</u>	<u>560,929</u>	<u>70,809</u>
Net change in fund balance	<u>23,823</u>	<u>21,634</u>	<u>30,158</u>	<u>8,524</u>
Fund balance - July 1, 2008			27,837	
Prior period adjustment			<u>58,675</u>	
Fund balance - July 1, 2008, restated			<u>86,512</u>	
Fund balance - June 30, 2009			<u>\$ 116,670</u>	

CITY OF HOLLISTER
TRAFFIC SAFETY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Total Revenues	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
<u>EXPENDITURES</u>				
General Government				
Non-Departmental Services & Supplies	_____ -	_____ -	_____ 7	_____ (7)
Public Works				
Engineering				
Personnel	-	-	393	(393)
Services & Supplies	685	685	-	685
Contractual	<u>2,500</u>	<u>2,500</u>	-	<u>2,500</u>
Total Street Maintenance	<u>3,185</u>	<u>3,185</u>	<u>393</u>	<u>2,792</u>
Total Expenditures	<u>3,185</u>	<u>3,185</u>	<u>400</u>	<u>2,785</u>
Net change in fund balance	<u>(3,185)</u>	<u>(3,185)</u>	<u>(400)</u>	<u>2,785</u>
Fund balance - July 1, 2008			<u>(3,140)</u>	
Fund balance (deficit) - June 30, 2009			<u>\$ (3,540)</u>	

CITY OF HOLLISTER
PARK DEDICATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ 250	\$ 250	\$ 2,438	\$ 2,188
Total Revenues	<u>250</u>	<u>250</u>	<u>2,438</u>	<u>2,188</u>
<u>EXPENDITURES</u>				
Public Works				
RZH River Trails Project				
Personnel	-	-	34,614	(34,614)
Services & Supplies	-	68,650	76,480	(7,830)
Contractual	-	-	135	(135)
Capital	-	-	1,221	(1,221)
Total RZH River Trails	<u>-</u>	<u>68,650</u>	<u>112,450</u>	<u>(43,800)</u>
Vista Park Hill				
Services & Supplies	-	-	53,280	(53,280)
Engineering				
Personnel	-	-	805	(805)
Services & Supplies	272	272	-	272
Total Engineering	<u>272</u>	<u>272</u>	<u>805</u>	<u>(533)</u>
Total Expenditures	<u>272</u>	<u>68,922</u>	<u>166,535</u>	<u>(97,613)</u>
Net change in fund balance	<u>(22)</u>	<u>(68,672)</u>	<u>(164,097)</u>	<u>(95,425)</u>
Fund balance - July 1, 2008			<u>222,636</u>	
Fund balance - June 30, 2009			<u>\$ 58,539</u>	

CITY OF HOLLISTER
LOCAL TRANSPORTATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ <u>25</u>	\$ <u>25</u>	\$ <u>609</u>	\$ <u>584</u>
Total Revenues	<u>25</u>	<u>25</u>	<u>609</u>	<u>584</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>25</u>	<u>25</u>	<u>609</u>	<u>584</u>
Fund balance - July 1, 2008			<u>37,106</u>	
Fund balance - June 30, 2009			\$ <u><u>37,715</u></u>	

CITY OF HOLLISTER
SAN BENITO LOAN PROGRAM - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ 800	\$ 800	\$ 15,237	\$ 14,437
Other	<u>-</u>	<u>-</u>	<u>35,764</u>	<u>35,764</u>
Total Revenues	<u>800</u>	<u>800</u>	<u>51,001</u>	<u>50,201</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>800</u>	<u>800</u>	<u>51,001</u>	<u>50,201</u>
Fund balance - July 1, 2008			<u>640,336</u>	
Fund balance - June 30, 2009			<u>\$ 691,337</u>	

CITY OF HOLLISTER
LAW ENFORCEMENT PROGRAM - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ -	\$ 19,191	\$ 19,191
Investment earnings	275	275	3,851	3,576
Other	-	-	414	414
Total Revenues	<u>275</u>	<u>275</u>	<u>23,456</u>	<u>23,181</u>
<u>EXPENDITURES</u>				
Total Expenditures	-	-	-	-
Net change in fund balance	<u>275</u>	<u>275</u>	<u>23,456</u>	<u>23,181</u>
Fund balance - July 1, 2008			<u>230,747</u>	
Fund balance - June 30, 2009			<u>\$ 254,203</u>	

CITY OF HOLLISTER
FEDERAL AVIATION GRANT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ 112,000	\$ 112,000	\$ -	\$ (112,000)
Total Revenues	<u>112,000</u>	<u>112,000</u>	<u>-</u>	<u>(112,000)</u>
<u>EXPENDITURES</u>				
Public Works				
Airport Perimeter Fence				
Services & Supplies	-	-	3,000	(3,000)
Capital	-	-	6,443	(6,443)
Total Airport Perimeter Fence	<u>-</u>	<u>-</u>	<u>9,443</u>	<u>(9,443)</u>
Airport Runway				
Services & Supplies	640	640	2,638	(1,998)
Capital	-	-	61,678	(61,678)
Total Airport Runway	<u>-</u>	<u>640</u>	<u>64,316</u>	<u>(63,676)</u>
Airport Visual Aid				
Personnel	-	-	8,121	(8,121)
Services & Supplies	-	-	15	(15)
Total Airport Visual Aid	<u>-</u>	<u>-</u>	<u>8,136</u>	<u>(8,136)</u>
Total Expenditures	<u>-</u>	<u>640</u>	<u>81,895</u>	<u>(81,255)</u>
Net change in fund balance	<u>112,000</u>	<u>111,360</u>	<u>(81,895)</u>	<u>(193,255)</u>
Fund balance - July 1, 2008			<u>435,431</u>	
Fund balance - June 30, 2009			<u>\$ 353,536</u>	

CITY OF HOLLISTER
 CHRPO - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ <u>25</u>	\$ <u>25</u>	\$ <u>1,327</u>	\$ <u>1,302</u>
Total Revenues	<u>25</u>	<u>25</u>	<u>1,327</u>	<u>1,302</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>25</u>	<u>25</u>	<u>1,327</u>	<u>1,302</u>
Fund balance - July 1, 2008			<u>80,838</u>	
Fund balance - June 30, 2009			\$ <u><u>82,165</u></u>	

CITY OF HOLLISTER
EDA - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original*</u>	<u>Final*</u>		
<u>REVENUES</u>				
Investment earnings	\$ -	\$ -	\$ 19	\$ 19
Total Revenues	-	-	19	19
<u>EXPENDITURES</u>				
Total Expenditures	-	-	-	-
Net change in fund balance	-	-	19	19
Fund balance - July 1, 2008			422	
Fund balance - June 30, 2009			\$ 441	

*The City did not adopt a budget for the EDA fund for the year ended June 30, 2009.

CITY OF HOLLISTER
TRANSPORTATION DEVELOPMENT ACT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ 250	\$ 250	\$ 12,996	\$ 12,746
Total Revenues	<u>250</u>	<u>250</u>	<u>12,996</u>	<u>12,746</u>
<u>EXPENDITURES</u>				
Public Works				
Road Rehab				
Personnel	-	-	1,683	(1,683)
Services & Supplies	-	-	<u>14,231</u>	<u>(14,231)</u>
Total Airport Perimeter Fence	<u>-</u>	<u>-</u>	<u>15,914</u>	<u>(15,914)</u>
Engineering				
Personnel	<u>44,972</u>	<u>45,953</u>	<u>15,319</u>	<u>30,634</u>
Total Expenditures	<u>-</u>	<u>45,953</u>	<u>31,233</u>	<u>14,720</u>
Net change in fund balance	<u>250</u>	<u>(45,703)</u>	<u>(18,237)</u>	<u>27,466</u>
Fund balance - July 1, 2008			<u>1,315,723</u>	
Fund balance - June 30, 2009			<u>\$ 1,297,486</u>	

CITY OF HOLLISTER
SPAY/NEUTER EDUCATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for services	\$ -	\$ -	\$ 11,347	\$ 11,347
Investment earnings	<u>25</u>	<u>25</u>	<u>269</u>	<u>244</u>
Total Revenues	<u>25</u>	<u>25</u>	<u>11,616</u>	<u>11,591</u>
<u>EXPENDITURES</u>				
Public Safety				
Animal Control				
Services & Supplies	<u>-</u>	<u>-</u>	<u>13,511</u>	<u>(13,511)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>13,511</u>	<u>(13,511)</u>
Net change in fund balance	<u>25</u>	<u>25</u>	<u>(1,895)</u>	<u>(1,920)</u>
Fund balance - July 1, 2008			<u>14,433</u>	
Fund balance - June 30, 2009			\$ <u>12,538</u>	

CITY OF HOLLISTER
MELLO ROOS CFD-1 - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes	\$ 887,179	\$ 887,179	\$ 798,526	\$ (88,653)
Investment earnings	<u>25</u>	<u>25</u>	<u>152</u>	<u>127</u>
Total Revenues	<u>887,204</u>	<u>887,204</u>	<u>798,678</u>	<u>(88,526)</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>7,000</u>	<u>7,000</u>	<u>37,513</u>	<u>(30,513)</u>
Public Safety				
Fire				
Personnel	<u>420,307</u>	<u>436,226</u>	<u>422,206</u>	<u>14,020</u>
Police				
Personnel	<u>421,371</u>	<u>438,789</u>	<u>416,830</u>	<u>21,959</u>
Total Public Safety	<u>841,678</u>	<u>875,015</u>	<u>839,036</u>	<u>35,979</u>
Total Expenditures	<u>848,678</u>	<u>882,015</u>	<u>876,549</u>	<u>5,466</u>
Net change in fund balance	<u>38,526</u>	<u>5,189</u>	<u>(77,871)</u>	<u>(83,060)</u>
Fund balance - July 1, 2008			<u>77,871</u>	
Fund balance - June 30, 2009			<u>\$ -</u>	

CITY OF HOLLISTER
YOUTH CENTER - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ <u>10</u>	\$ <u>10</u>	\$ <u>353</u>	\$ <u>343</u>
Total Revenues	<u>10</u>	<u>10</u>	<u>353</u>	<u>343</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>10</u>	<u>10</u>	<u>353</u>	<u>343</u>
Fund balance - July 1, 2008			<u>21,497</u>	
Fund balance - June 30, 2009			\$ <u><u>21,850</u></u>	

CITY OF HOLLISTER
OIL RECYCLING - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ <u>10</u>	\$ <u>10</u>	\$ <u>424</u>	\$ <u>414</u>
Total Revenues	<u>10</u>	<u>10</u>	<u>424</u>	<u>414</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>10</u>	<u>10</u>	<u>424</u>	<u>414</u>
Fund balance - July 1, 2008			<u>25,889</u>	
Fund balance - June 30, 2009			\$ <u><u>26,313</u></u>	

CITY OF HOLLISTER
POLICE SPECIAL LAW ENFORCEMENT SAFETY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ 75	\$ 75	\$ 3,646	\$ 3,571
Total Revenues	<u>75</u>	<u>75</u>	<u>3,646</u>	<u>3,571</u>
<u>EXPENDITURES</u>				
Public Safety				
Police				
Capital	<u>231,164</u>	<u>231,164</u>	<u>-</u>	<u>231,164</u>
Total Expenditures	<u>231,164</u>	<u>231,164</u>	<u>-</u>	<u>231,164</u>
Net change in fund balance	<u>(231,089)</u>	<u>(231,089)</u>	<u>3,646</u>	<u>234,735</u>
Fund balance - July 1, 2008			<u>227,360</u>	
Fund balance - June 30, 2009			<u>\$ 231,006</u>	

CITY OF HOLLISTER
OFFICE OF TRAFFIC SAFETY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ <u>10</u>	\$ <u>10</u>	\$ <u>210</u>	\$ <u>200</u>
Total Revenues	<u>10</u>	<u>10</u>	<u>210</u>	<u>200</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>10</u>	<u>10</u>	<u>210</u>	<u>200</u>
Fund balance - July 1, 2008			<u>12,783</u>	
Fund balance - June 30, 2009			\$ <u><u>12,993</u></u>	

CITY OF HOLLISTER
LOCAL LAW ENFORCEMENT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original*</u>	<u>Final*</u>		
<u>REVENUES</u>				
Total Revenues	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
<u>EXPENDITURES</u>				
General Government				
Non-Departmental Services & Supplies	_____ -	_____ -	_____ 101	_____ (101)
Total Expenditures	_____ -	_____ -	_____ 101	_____ (101)
Net change in fund balance	_____ -	_____ -	_____ (101)	_____ (101)
Fund balance - July 1, 2008			_____ (40,298)	
Fund balance (deficit) - June 30, 2009			\$ _____ (40,399)	

*The City did not adopt a budget for the Local Law Enforcement fund for the year ended June 30, 2009.

CITY OF HOLLISTER
COPS MORE PROGRAM - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original*</u>	<u>Final*</u>		
<u>REVENUES</u>				
Total Revenues	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
<u>EXPENDITURES</u>				
Total Expenditures	_____ -	_____ -	_____ -	_____ -
Net change in fund balance	_____ -	_____ -	_____ -	_____ -
Fund balance - July 1, 2008			_____ 38	
Fund balance - June 30, 2009			\$ _____ 38	

*The City did not adopt a budget for the COPS More Program fund for the year ended June 30, 2009.

CITY OF HOLLISTER
ANIMAL WELFARE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ -	\$ 25	\$ 532	\$ 507
Other	-	-	<u>4,484</u>	<u>4,484</u>
Total Revenues	<u>-</u>	<u>25</u>	<u>5,016</u>	<u>4,991</u>
<u>EXPENDITURES</u>				
Public Safety				
Animal Control				
Services & Supplies	-	-	2,201	(2,201)
Capital	-	-	<u>769</u>	<u>(769)</u>
Total Animal Control	<u>-</u>	<u>-</u>	<u>2,970</u>	<u>(2,970)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>2,970</u>	<u>(2,970)</u>
Net change in fund balance	<u>-</u>	<u>25</u>	<u>2,046</u>	<u>2,021</u>
Fund balance - July 1, 2008			<u>31,249</u>	
Fund balance - June 30, 2009			<u>\$ 33,295</u>	

CITY OF HOLLISTER
COPS IN SCHOOL PROGRAM - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for services	\$ 100,000	\$ -	\$ -	\$ -
Investment earnings	<u>-</u>	<u>-</u>	<u>38</u>	<u>38</u>
Total Revenues	<u>100,000</u>	<u>-</u>	<u>38</u>	<u>38</u>
<u>EXPENDITURES</u>				
Public Safety				
Police				
Personnel	<u>-</u>	<u>106,986</u>	<u>-</u>	<u>106,986</u>
Total Police	<u>-</u>	<u>106,986</u>	<u>-</u>	<u>106,986</u>
Total Expenditures	<u>-</u>	<u>106,986</u>	<u>-</u>	<u>106,986</u>
Net change in fund balance	<u>100,000</u>	<u>(106,986)</u>	<u>38</u>	<u>107,024</u>
Fund balance - July 1, 2008			<u>13</u>	
Fund balance - June 30, 2009			<u>\$ 51</u>	

CITY OF HOLLISTER
AIRPORT BUILDING 25 REIMBURSEMENT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ -	\$ -	\$ 6,186	\$ 6,186
Other	-	-	<u>2,275,693</u>	<u>2,275,693</u>
Total Revenues	-	-	<u>2,281,879</u>	<u>2,281,879</u>
<u>EXPENDITURES</u>				
Public Works				
Police				
Personnel	-	-	7,916	(7,916)
Services & Supplies	-	-	49,436	(49,436)
Capital	-	-	<u>20,288</u>	<u>(20,288)</u>
Total Police	-	-	<u>77,640</u>	<u>(77,640)</u>
Total Expenditures	-	-	<u>77,640</u>	<u>(77,640)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	(180,438)	(180,438)	-
Total other financing sources (uses)	-	(180,438)	(180,438)	-
Net change in fund balance	-	(180,438)	<u>2,023,801</u>	<u>2,204,239</u>
Fund balance (deficit) - July 1, 2008			<u>(213,792)</u>	
Fund balance - June 30, 2009			<u>\$ 1,810,009</u>	

CITY OF HOLLISTER
4th OF JULY RALLY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ 12,400	\$ 12,400	\$ 5,270	\$ (7,130)
Other	<u>-</u>	<u>-</u>	<u>418,906</u>	<u>418,906</u>
Total Revenues	<u>12,400</u>	<u>12,400</u>	<u>424,176</u>	<u>411,776</u>
<u>EXPENDITURES</u>				
General Government				
Rally				
Personnel	51,014	51,014	50,046	968
Services & Supplies	-	-	350,881	(350,881)
Contractual	<u>-</u>	<u>-</u>	<u>282,806</u>	<u>(282,806)</u>
Total Rally	<u>51,014</u>	<u>51,014</u>	<u>683,733</u>	<u>(632,719)</u>
Total Expenditures	<u>51,014</u>	<u>51,014</u>	<u>683,733</u>	<u>(632,719)</u>
Net change in fund balance	<u>(38,614)</u>	<u>(38,614)</u>	<u>(259,557)</u>	<u>(220,943)</u>
Fund balance - July 1, 2008			<u>74,704</u>	
Fund balance (deficit) - June 30, 2009			\$ <u>(184,853)</u>	

CITY OF HOLLISTER
INFORMATION SYSTEMS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original*</u>	<u>Final*</u>		
<u>REVENUES</u>				
Total Revenues	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Services & Supplies	_____ -	_____ -	100	(100)
Total Non-Departmental	_____ -	_____ -	100	(100)
Total Expenditures	_____ -	_____ -	100	(100)
Net change in fund balance	_____ -	_____ -	(100)	(100)
Fund balance (deficit) - July 1, 2008			(15,721)	
Fund balance (deficit) - June 30, 2009			\$ (15,821)	

*The City did not adopt a budget for the Information Systems fund for the year ended June 30, 2009.

CITY OF HOLLISTER
POLICE OFFICE OF TRAFFIC SAFETY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original*</u>	<u>Final*</u>		
<u>REVENUES</u>				
Total Revenues	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Services & Supplies	_____ -	_____ -	_____ 24	_____ (24)
Total Non-Departmental	_____ -	_____ -	_____ 24	_____ (24)
Total Expenditures	_____ -	_____ -	_____ 24	_____ (24)
Net change in fund balance	_____ -	_____ -	_____ (24)	_____ (24)
Fund balance (deficit) - July 1, 2008			_____ (6,393)	
Fund balance (deficit) - June 30, 2009			\$ _____ (6,417)	

*The City did not adopt a budget for the Police Office of Traffic Safety fund for the year ended June 30, 2009.

CITY OF HOLLISTER
TRAFFIC CONGESTION RELIEF - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ -	\$ 313,503	\$ 313,503
Investment earnings	<u>250</u>	<u>250</u>	<u>83</u>	<u>(167)</u>
Total Revenues	<u>250</u>	<u>250</u>	<u>313,586</u>	<u>313,336</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>250</u>	<u>250</u>	<u>313,586</u>	<u>313,336</u>
Fund balance - July 1, 2008			<u>5,153</u>	
Fund balance - June 30, 2009			<u>\$ 318,739</u>	

CITY OF HOLLISTER
AIRPORT MASTERPLAN STUDY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ <u>10</u>	\$ <u>10</u>	\$ <u>414</u>	\$ <u>404</u>
Total Revenues	<u>10</u>	<u>10</u>	<u>414</u>	<u>404</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>10</u>	<u>10</u>	<u>414</u>	<u>404</u>
Fund balance - July 1, 2008			<u>-</u>	
Fund balance - June 30, 2009			\$ <u><u>414</u></u>	

CITY OF HOLLISTER
RZH RIVER TRAIL PROJECT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original*</u>	<u>Final*</u>		
<u>REVENUES</u>				
Total Revenues	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Services & Supplies	_____ -	_____ -	_____ 24	_____ (24)
Total Non-Departmental	_____ -	_____ -	_____ 24	_____ (24)
Total Expenditures	_____ -	_____ -	_____ 24	_____ (24)
Net change in fund balance	_____ -	_____ -	_____ (24)	_____ (24)
Fund balance (deficit) - July 1, 2008			_____ (7,598)	
Fund balance (deficit) - June 30, 2009			\$ _____ (7,622)	

The City did not adopt a budget for the RZH River Trail Project Fund for the year ended June 30, 2009.

CITY OF HOLLISTER
SIGNAL IMPROVEMENT ON FLYNN - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ <u>10</u>	\$ <u>10</u>	\$ <u>214</u>	\$ <u>204</u>
Total Revenues	<u>10</u>	<u>10</u>	<u>214</u>	<u>204</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>10</u>	<u>10</u>	<u>214</u>	<u>204</u>
Fund balance - July 1, 2008			<u>12,981</u>	
Fund balance - June 30, 2009			\$ <u><u>13,195</u></u>	

CITY OF HOLLISTER
COUNCIL OF GOVERNMENTS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ <u>75</u>	\$ <u>75</u>	\$ <u>2,624</u>	\$ <u>2,549</u>
Total Revenues	<u>75</u>	<u>75</u>	<u>2,624</u>	<u>2,549</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>75</u>	<u>75</u>	<u>2,624</u>	<u>2,549</u>
Fund balance - July 1, 2008			<u>159,836</u>	
Fund balance - June 30, 2009			\$ <u><u>162,460</u></u>	

CITY OF HOLLISTER
SAN FELIPE BIKEWAY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original*</u>	<u>Final*</u>		
<u>REVENUES</u>				
Total Revenues	\$ _____ -	\$ _____ -	\$ _____ -	\$ _____ -
<u>EXPENDITURES</u>				
Public Works				
Road Rehab				
Services & Supplies	_____ -	_____ -	16,775	(16,775)
Total Road Rehab	_____ -	_____ -	16,775	(16,775)
Total Expenditures	_____ -	_____ -	16,775	(16,775)
Net change in fund balance	_____ -	_____ -	(16,775)	(16,775)
Fund balance (deficit) - July 1, 2008			(5,156)	
Fund balance (deficit) - June 30, 2009			\$ (21,931)	

*The City did not adopt a budget for the San Felipe Bikeway fund for the year ended June 30, 2009.

CITY OF HOLLISTER
HOME PROGRAM REVOLVING LOANS - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original*</u>	<u>Final*</u>		
<u>REVENUES</u>				
Investment earnings	\$ -	\$ -	\$ 1,600	\$ 1,600
Other	-	-	<u>7,096</u>	<u>7,096</u>
Total Revenues	-	-	<u>8,696</u>	<u>8,696</u>
<u>EXPENDITURES</u>				
Total Expenditures	-	-	-	-
Net change in fund balance	-	-	<u>8,696</u>	<u>8,696</u>
Fund balance - July 1, 2008			193,096	
Prior period adjustment			<u>420,303</u>	
Fund balance - July 1, 2008, restated			<u>613,399</u>	
Fund balance - June 30, 2009			\$ <u>622,095</u>	

*The City did not adopt a budget for the Home Program Revolving Loans fund for the year ended June 30, 2009.

CITY OF HOLLISTER
FIRE IMPACT FEES - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
License and permits	\$ -	\$ -	\$ 4,436	\$ 4,436
Intergovernmental	-	-	158	158
Investment earnings	<u>10</u>	<u>10</u>	<u>244</u>	<u>234</u>
Total Revenues	<u>10</u>	<u>10</u>	<u>4,838</u>	<u>4,828</u>
<u>EXPENDITURES</u>				
Public Works				
Engineering				
Personnel	<u>-</u>	<u>-</u>	<u>130</u>	<u>(130)</u>
Total Engineering	<u>-</u>	<u>-</u>	<u>130</u>	<u>(130)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>130</u>	<u>(130)</u>
Net change in fund balance	<u>10</u>	<u>10</u>	<u>4,708</u>	<u>4,698</u>
Fund balance - July 1, 2008			<u>28,427</u>	
Fund balance - June 30, 2009			<u>\$ 33,135</u>	

CITY OF HOLLISTER
POLICE IMPACT FEES - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for services	\$ -	\$ -	\$ 3,601	\$ 3,601
Investment earnings	-	-	<u>582</u>	<u>582</u>
Total Revenues	-	-	<u>4,183</u>	<u>4,183</u>
<u>EXPENDITURES</u>				
Total Expenditures	-	-	-	-
Net change in fund balance	-	-	<u>4,183</u>	<u>4,183</u>
Fund balance - July 1, 2008			<u>32,203</u>	
Fund balance - June 30, 2009			<u>\$ 36,386</u>	

CITY OF HOLLISTER
STORM DRAIN FEES - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for services	\$ -	\$ -	\$ 39,300	\$ 39,300
Investment earnings	<u>10</u>	<u>10</u>	<u>761</u>	<u>751</u>
Total Revenues	<u>10</u>	<u>10</u>	<u>40,061</u>	<u>40,051</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>10</u>	<u>10</u>	<u>40,061</u>	<u>40,051</u>
Fund balance - July 1, 2008			<u>30,260</u>	
Fund balance - June 30, 2009			<u>\$ 70,321</u>	

CITY OF HOLLISTER
STORM DRAIN IMPACT FEES - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Charges for services	\$ -	\$ -	\$ 2,620	\$ 2,620
Investment earnings	<u>10,000</u>	<u>10,000</u>	<u>71,615</u>	<u>61,615</u>
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>74,235</u>	<u>64,235</u>
<u>EXPENDITURES</u>				
Public Works				
Storm Drain				
Personnel	-	-	387	(387)
Services & Supplies	-	-	<u>20,226</u>	<u>(20,226)</u>
Total Storm Drain	<u>-</u>	<u>-</u>	<u>20,613</u>	<u>(20,613)</u>
Engineering				
Personnel	69,934	72,073	56,191	15,882
Supplies & Services	<u>32,587</u>	<u>32,587</u>	<u>50,586</u>	<u>(17,999)</u>
Total Engineering	<u>102,521</u>	<u>104,660</u>	<u>106,777</u>	<u>(2,117)</u>
Street Maintenance				
Contractual	<u>-</u>	<u>-</u>	<u>1,127</u>	<u>(1,127)</u>
Total Expenditures	<u>102,521</u>	<u>104,660</u>	<u>128,517</u>	<u>(23,857)</u>
Net change in fund balance	<u>(92,521)</u>	<u>(94,660)</u>	<u>(54,282)</u>	<u>40,378</u>
Fund balance - July 1, 2008			<u>4,403,785</u>	
Fund balance - June 30, 2009			<u>\$ 4,349,503</u>	

CITY OF HOLLISTER
TRAFFIC IMPACT FEES - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
License and permits	\$ -	\$ -	\$ 91,834	\$ 91,834
Investment earnings	75,000	75,000	58,124	(16,876)
Other	-	-	258,491	258,491
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>408,449</u>	<u>333,449</u>
<u>EXPENDITURES</u>				
Public Works				
North Street to San Benito				
Personnel	-	-	4,205	(4,205)
Services & Supplies	-	25,000	6,356	18,644
Capital	-	2,500	1,845	655
Total North Street to San Benito	<u>-</u>	<u>27,500</u>	<u>12,406</u>	<u>15,094</u>
Highway 25 Improvements				
Personnel	-	-	605	(605)
Nash Road				
Personnel	-	-	3,866	(3,866)
Services & Supplies	-	-	32	(32)
Capital	-	-	59,880	(59,880)
Total Nash Road	<u>-</u>	<u>-</u>	<u>63,778</u>	<u>(63,778)</u>
Engineering				
Personnel	-	-	1,302	(1,302)
Supplies & Services	-	1,025	-	1,025
Total Engineering	<u>-</u>	<u>1,025</u>	<u>1,302</u>	<u>(277)</u>
Total Expenditures	<u>-</u>	<u>28,525</u>	<u>78,091</u>	<u>(49,566)</u>
Net change in fund balance	<u>75,000</u>	<u>46,475</u>	<u>330,358</u>	<u>283,883</u>
Fund balance - July 1, 2008			<u>3,417,259</u>	
Fund balance - June 30, 2009			<u>\$ 3,747,617</u>	

CITY OF HOLLISTER
 AB 1600 SANTA ANNA STORM DRAIN - CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Investment earnings	\$ <u>10,000</u>	\$ <u>10,000</u>	\$ <u>27,133</u>	\$ <u>17,133</u>
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>27,133</u>	<u>17,133</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>10,000</u>	<u>10,000</u>	<u>27,133</u>	<u>17,133</u>
Fund balance - July 1, 2008			<u>1,911,717</u>	
Fund balance - June 30, 2009			\$ <u><u>1,938,850</u></u>	

CITY OF HOLLISTER
JAIL JUVENILE HALL - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original*</u>	<u>Final*</u>		
<u>REVENUES</u>				
License and permits	\$ -	\$ -	\$ 1,468	\$ 1,468
Total Revenues	-	-	1,468	1,468
<u>EXPENDITURES</u>				
General Governmental				
Non-Departmental				
Contractual	-	-	70,000	(70,000)
Total Non-Departmental	-	-	70,000	(70,000)
Total Expenditures	-	-	70,000	(70,000)
Net change in fund balance	-	-	(68,532)	(68,532)
Fund balance - July 1, 2008			-	
Fund balance (deficit) - June 30, 2009			\$ (68,532)	

The City did not adopt a budget for the Jail Juvenile Hall fund for the year ended June 30, 2009.

CITY OF HOLLISTER
LOCAL STREET & ROAD IMPROVEMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original*</u>	<u>Final*</u>		
<u>REVENUES</u>				
Intergovernmental	\$ _____ -	\$ _____ -	\$ 597,050	\$ 597,050
Total Revenues	_____ -	_____ -	597,050	597,050
<u>EXPENDITURES</u>				
Total Expenditures	_____ -	_____ -	_____ -	_____ -
Net change in fund balance	_____ -	_____ -	597,050	597,050
Fund balance - July 1, 2008			_____ -	
Fund balance - June 30, 2009			\$ 597,050	

The City did not adopt a budget for the Local Street & Road Improvement fund for the year ended June 30, 2009.

AGENCY FUNDS

Fiduciary Funds account for assets held by the City in a trustee capacity, or as an agent for private organizations, other governmental units, or other funds. The following are the City's Fiduciary Funds:

Red Cross Relief - This fund accounts for assets held for the Red Cross Relief Fund in a fiduciary capacity.

Tricentennial - This fund accounts for assets held for the Tri-Centennial in a fiduciary capacity.

Veteran's Building Pavers - This fund accounts for assets held for the Veteran's Building Pavers in a fiduciary capacity.

Meridian Street - This fund accounts for assets held for the Meridian Street Assessment District in a fiduciary capacity.

San Benito Estates - This fund accounts for assets held for the San Benito Estates Assessment District in a fiduciary capacity.

Hollister Business Park - This fund accounts for assets held for the Hollister Business Park Assessment District in a fiduciary capacity.

Landscaping and Lighting - This fund accounts for assets held for the Landscaping and Lighting Assessment District in a fiduciary capacity.

Sunnyslope Village - This fund accounts for assets held for the Landscaping and Lighting Assessment District in a fiduciary capacity.

Gateway Auto Mall - This fund accounts for assets held for the Gateway Auto Mall Assessment District in a fiduciary capacity.

CITY OF HOLLISTER
COMBINING STATEMENTS OF FIDUCIARY NET ASSETS
TRUST AND AGENCY FUNDS
JUNE 30, 2009

	<u>Red Cross Relief</u>	<u>Tri- centennial</u>	<u>Veteran's Building Pavers</u>	<u>Meridian Street</u>	<u>San Benito Estates</u>	<u>Hollister Business Park</u>	<u>Landscaping and Lighting</u>	<u>Sunnyslope Village</u>	<u>Gateway Auto Mall</u>	<u>Total</u>
<u>ASSETS</u>										
Cash and investments	\$ 192	\$ 14	\$ -	\$ 605,472	\$ 247,865	\$ 155,005	\$ -	\$ 894	\$ 283,341	\$ 1,292,783
Accounts receivable	-	-	263	10,296	12,569	-	23,128	-	17,089	63,345
Interest receivable	<u>1</u>	<u>-</u>	<u>-</u>	<u>790</u>	<u>622</u>	<u>479</u>	<u>-</u>	<u>2</u>	<u>539</u>	<u>2,433</u>
Total Assets	<u>\$ 193</u>	<u>\$ 14</u>	<u>\$ 263</u>	<u>\$ 616,558</u>	<u>\$ 261,056</u>	<u>\$ 155,484</u>	<u>\$ 23,128</u>	<u>\$ 896</u>	<u>\$ 300,969</u>	<u>\$ 1,358,561</u>
<u>LIABILITIES</u>										
Accounts payable	\$ -	\$ -	\$ 263	\$ 2,545	\$ 1,096	\$ -	\$ 22,207	\$ -	\$ 1,917	\$ 28,028
Accrued liabilities	162	-	-	-	-	-	921	-	-	1,083
Deposits in trust	<u>31</u>	<u>14</u>	<u>-</u>	<u>614,013</u>	<u>259,960</u>	<u>155,484</u>	<u>-</u>	<u>896</u>	<u>299,052</u>	<u>1,329,450</u>
Total Liabilities	<u>\$ 193</u>	<u>\$ 14</u>	<u>\$ 263</u>	<u>\$ 616,558</u>	<u>\$ 261,056</u>	<u>\$ 155,484</u>	<u>\$ 23,128</u>	<u>\$ 896</u>	<u>\$ 300,969</u>	<u>\$ 1,358,561</u>

CITY OF HOLLISTER
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
TRUST AND AGENCY FUNDS
JUNE 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
<u>Red Cross Relief</u>				
ASSETS				
Cash and investments	\$ 189	\$ 165	\$ 162	\$ 192
Interest receivable	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total Assets	<u>\$ 190</u>	<u>\$ 166</u>	<u>\$ 163</u>	<u>\$ 193</u>
LIABILITIES				
Accrued liabilities	\$ 162	\$ 162	\$ 162	\$ 162
Deposits in trust	<u>28</u>	<u>4</u>	<u>1</u>	<u>31</u>
Total Liabilities	<u>\$ 190</u>	<u>\$ 166</u>	<u>\$ 163</u>	<u>\$ 193</u>
<u>Tri-centennial</u>				
ASSETS				
Cash and investments	\$ <u>13</u>	\$ <u>1</u>	\$ -	\$ <u>14</u>
Total Assets	<u>\$ 13</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 14</u>
LIABILITIES				
Deposits in trust	\$ <u>13</u>	\$ <u>1</u>	\$ -	\$ <u>14</u>
Total Liabilities	<u>\$ 13</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 14</u>
<u>Veteran's Building Pavers</u>				
ASSETS				
Cash and investments	\$ 285	\$ -	\$ 285	\$ -
Accounts receivable	-	263	-	263
Interest receivable	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total Assets	<u>\$ 286</u>	<u>\$ 263</u>	<u>\$ 286</u>	<u>\$ 263</u>
LIABILITIES				
Accounts payable	\$ -	\$ 263	\$ -	\$ 263
Deposits in trust	<u>286</u>	<u>-</u>	<u>286</u>	<u>-</u>
Total Liabilities	<u>\$ 286</u>	<u>\$ 263</u>	<u>\$ 286</u>	<u>\$ 263</u>
<u>Meridian Street</u>				
ASSETS				
Cash and investments	\$ 575,329	\$ 31,979	\$ 1,836	\$ 605,472
Accounts receivable	31,702	10,296	31,702	10,296
Interest receivable	<u>929</u>	<u>790</u>	<u>929</u>	<u>790</u>
Total Assets	<u>\$ 607,960</u>	<u>\$ 43,065</u>	<u>\$ 34,467</u>	<u>\$ 616,558</u>
LIABILITIES				
Accounts payable	\$ 652	\$ 2,545	\$ 652	\$ 2,545
Deposits in trust	<u>607,308</u>	<u>40,520</u>	<u>33,815</u>	<u>614,013</u>
Total Liabilities	<u>\$ 607,960</u>	<u>\$ 43,065</u>	<u>\$ 34,467</u>	<u>\$ 616,558</u>

CITY OF HOLLISTER
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS (continued)
TRUST AND AGENCY FUNDS
JUNE 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
<u>San Benito Estates</u>				
ASSETS				
Cash and investments	\$ 247,862	\$ 11,297	\$ 11,294	\$ 247,865
Accounts receivable	10,752	12,569	10,752	12,569
Interest receivable	<u>768</u>	<u>622</u>	<u>768</u>	<u>622</u>
Total Assets	<u>\$ 259,382</u>	<u>\$ 24,488</u>	<u>\$ 22,814</u>	<u>\$ 261,056</u>
LIABILITIES				
Accounts payable	\$ 223	\$ 1,096	\$ 223	\$ 1,096
Deposits in trust	<u>259,159</u>	<u>23,392</u>	<u>22,591</u>	<u>259,960</u>
Total Liabilities	<u>\$ 259,382</u>	<u>\$ 24,488</u>	<u>\$ 22,814</u>	<u>\$ 261,056</u>
<u>Hollister Business Park</u>				
ASSETS				
Cash and investments	\$ 152,343	\$ 2,662	\$ -	\$ 155,005
Interest receivable	<u>629</u>	<u>479</u>	<u>629</u>	<u>479</u>
Total Assets	<u>\$ 152,972</u>	<u>\$ 3,141</u>	<u>\$ 629</u>	<u>\$ 155,484</u>
LIABILITIES				
Deposits in trust	<u>\$ 152,972</u>	<u>\$ 3,141</u>	<u>\$ 629</u>	<u>\$ 155,484</u>
Total Liabilities	<u>\$ 152,972</u>	<u>\$ 3,141</u>	<u>\$ 629</u>	<u>\$ 155,484</u>
<u>Landscaping and Lighting</u>				
ASSETS				
Cash and investments	\$ 3,242	\$ 9,101	\$ 12,343	\$ -
Accounts receivable	-	23,128	-	23,128
Interest receivable	<u>577</u>	<u>-</u>	<u>577</u>	<u>-</u>
Total Assets	<u>\$ 3,819</u>	<u>\$ 32,229</u>	<u>\$ 12,920</u>	<u>\$ 23,128</u>
LIABILITIES				
Accounts payable	\$ 10,759	\$ 22,207	\$ 10,759	\$ 22,207
Accrued liabilities	1,584	921	1,584	921
Deposits in trust	<u>(8,524)</u>	<u>9,101</u>	<u>577</u>	<u>-</u>
Total Liabilities	<u>\$ 3,819</u>	<u>\$ 32,229</u>	<u>\$ 12,920</u>	<u>\$ 23,128</u>
<u>Sunnyslope Village</u>				
ASSETS				
Cash and investments	\$ 879	\$ 15	\$ -	\$ 894
Interest receivable	<u>4</u>	<u>2</u>	<u>4</u>	<u>2</u>
Total Assets	<u>\$ 883</u>	<u>\$ 17</u>	<u>\$ 4</u>	<u>\$ 896</u>
LIABILITIES				
Deposits in trust	<u>\$ 883</u>	<u>\$ 17</u>	<u>\$ 4</u>	<u>\$ 896</u>
Total Liabilities	<u>\$ 883</u>	<u>\$ 17</u>	<u>\$ 4</u>	<u>\$ 896</u>

CITY OF HOLLISTER
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS (continued)
TRUST AND AGENCY FUNDS
JUNE 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
<u>Gateway Auto Mall</u>				
ASSETS				
Cash and investments	\$ 286,148	\$ 10,965	\$ 13,772	\$ 283,341
Accounts receivable	10,237	17,089	10,237	17,089
Interest receivable	<u>728</u>	<u>539</u>	<u>728</u>	<u>539</u>
Total Assets	<u>\$ 297,113</u>	<u>\$ 28,593</u>	<u>\$ 24,737</u>	<u>\$ 300,969</u>
LIABILITIES				
Accounts payable	\$ 35	\$ 1,917	\$ 35	\$ 1,917
Deposits in trust	<u>297,078</u>	<u>26,676</u>	<u>24,702</u>	<u>299,052</u>
Total Liabilities	<u>\$ 297,113</u>	<u>\$ 28,593</u>	<u>\$ 24,737</u>	<u>\$ 300,969</u>
<u>Total Agency Funds</u>				
ASSETS				
Cash and investments	\$ 1,266,290	\$ 66,185	\$ 39,692	\$ 1,292,783
Accounts receivable	52,691	63,345	52,691	63,345
Interest receivable	<u>3,637</u>	<u>2,433</u>	<u>3,637</u>	<u>2,433</u>
Total Assets	<u>\$ 1,322,618</u>	<u>\$ 131,963</u>	<u>\$ 96,020</u>	<u>\$ 1,358,561</u>
LIABILITIES				
Accounts payable	\$ 11,669	\$ 28,028	\$ 11,669	\$ 28,028
Accrued liabilities	1,746	1,083	1,746	1,083
Deposits in trust	<u>1,309,203</u>	<u>102,852</u>	<u>82,605</u>	<u>1,329,450</u>
Total Liabilities	<u>\$ 1,322,618</u>	<u>\$ 131,963</u>	<u>\$ 96,020</u>	<u>\$ 1,358,561</u>

STATISTICAL SECTION



CITY OF HOLLISTER
STATISTICAL SECTION

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a government's economic condition.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	135 - 140
Revenue Capacity	
These schedules contain trend information to help the reader assess the City's most significant local revenue source, the property tax.	141 - 144
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	145 - 149
Economic and Demographic Information	
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	150 - 152
Operating Information	
Theses schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	153 - 155

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF HOLLISTER, CALIFORNIA
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
(accrual basis of accounting)

	2003	2004	2005	2006	2007 ⁽²⁾	2008	2009
<u>Governmental activities:</u>							
Invested in capital assets, net of related debt	\$ 92,636,995	\$ 97,106,893	\$113,969,767	\$116,709,036	\$ (906,002)	\$ (1,076,423)	\$ (1,238,024)
Restricted	29,678,279	50,383,527	41,330,000	40,040,000	23,189,297	18,447,194	15,252,460
Unrestricted	34,064,490	4,786,459	(6,798,832)	(20,174,810)	18,487,468	32,972,977	40,887,336
Total governmental activities net assets	<u>\$156,379,764</u>	<u>\$152,276,879</u>	<u>\$148,500,935</u>	<u>\$136,574,226</u>	<u>\$ 40,770,763</u>	<u>\$ 50,343,748</u>	<u>\$ 54,901,772</u>
<u>Business-type activities:</u>							
Invested in capital assets, net of related debt	\$ 98,433,891	\$ 94,392,491	\$ 98,409,998	\$ 95,950,871	\$ 25,021,339	\$ 36,637,224	\$ 33,421,263
Restricted	15,621,435	15,210,954	13,810,000	13,886,003			
Unrestricted	(18,363,847)	(20,345,698)	(20,970,559)	(20,495,761)	3,820,889	3,203,871	10,765,382
Total business-type activities net assets	<u>\$ 95,691,479</u>	<u>\$ 89,257,747</u>	<u>\$ 91,249,439</u>	<u>\$ 89,341,113</u>	<u>\$ 28,842,228</u>	<u>\$ 39,841,095</u>	<u>\$ 44,186,645</u>
<u>Primary government:</u>							
Invested in capital assets, net of related debt	\$191,070,886	\$191,499,384	\$212,379,765	\$212,659,907	\$ 24,115,337	\$ 35,560,801	\$ 32,183,239
Restricted	45,299,714	65,594,481	55,140,000	53,926,003	23,189,297	18,447,194	15,252,460
Unrestricted	15,700,643	(15,559,239)	(27,769,391)	(40,670,571)	22,308,357	36,176,848	51,652,718
Total primary government net assets	<u>\$252,071,243</u>	<u>\$241,534,626</u>	<u>\$239,750,374</u>	<u>\$225,915,339</u>	<u>\$ 69,612,991</u>	<u>\$ 90,184,843</u>	<u>\$ 99,088,417</u>

Note 1: The government-wide reporting requirements related to the implementation of GASB 34 were initiated during fiscal year 2002-03. We therefore only have seven years of data available to report.

Note 2: The City changed auditors for the 2006/07 audit. The 2006/07 audit had major readjustments to the City's financial statements.

Source: Finance Department, City of Hollister

CITY OF HOLLISTER, CALIFORNIA
CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009
Governmental activities:							
Expenses							
General government	\$ 6,911,718	\$ 9,135,598	\$ 10,242,260	\$ 21,594,223	\$ 7,393,697	\$ 7,633,251	\$ 7,565,001
Public safety	8,447,474	9,265,653	9,606,645	9,958,700	14,770,458	10,569,228	12,510,912
Public works	8,952,829	6,359,419	5,111,662	3,864,120	16,164,892	5,792,244	3,802,923
Recreation	925,768	799,594	458,325	1,366,530	3,595,118	1,512,531	1,772,027
Interest and fiscal charges	361,346	3,631,302	1,624,693	2,085,455	2,051,691	2,020,677	1,985,412
Total governmental activities expense	25,599,135	29,191,566	27,043,585	38,869,028	43,975,856	27,527,931	27,636,275
Program Revenues							
Charges for services:							
General government	882,029	1,185,305	967,484		127,642	86,580	1,530,103
Public safety	88,849	13,121	9,188	230,957	646,800	424,451	380,158
Public works	323,416	102,007	21,060	422,834	172,195	128,191	479,797
Recreation	396,848	318,253	195,206	726,712	285,996	290,548	270,260
Operating grants and contributions	2,919,263	3,270,473	4,465,604	5,144,663	6,205,229	3,400,148	1,362,085
Capital grants and contributions	1,040,934						
Total governmental activities program revenues	5,651,339	4,889,159	5,658,542	6,525,166	7,437,862	4,329,918	4,022,403
Net Expense¹	(19,947,796)	(24,302,407)	(21,385,043)	(32,343,862)	(36,537,994)	(23,198,013)	(23,613,872)
General Revenues and Transfers							
Taxes:							
Property taxes and other taxes (2)	14,577,752	14,387,478	14,361,047	15,470,622	16,248,080	19,774,658	21,280,446
Motor vehicle in lieu (2)					247,267	159,130	136,191
Licenses, permits, and fees (2)					744,855	470,836	
Unrestricted investment earnings	2,468,001	1,897,854	1,605,036	1,997,621	2,722,010	1,732,758	764,469
Miscellaneous	1,559,425	3,914,190	1,643,016	2,948,910	2,077,720	2,668,418	4,930,074
Transfers						(81,622)	38,759
Total general revenues and transfers	18,605,178	20,199,522	17,609,099	20,417,153	22,039,932	24,724,178	27,149,939
Change in net assets- governmental activities	\$ (1,342,618)	\$ (4,102,885)	\$ (3,775,944)	\$ (11,926,709)	\$ (14,498,062)	\$ 1,526,165	\$ 3,536,067

¹ Net expense is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues. Numbers in parentheses are net expenses, indicating that expenses were greater than program revenues and general revenues were needed to finance that function or program.

Note 2: The City changed auditors for the 2006/07 audit. The 2006/07 audit had major readjustments to the City's financial statements.

Source: Finance Department, City of Hollister

CITY OF HOLLISTER, CALIFORNIA
CHANGES IN NET ASSETS (continued)
LAST SEVEN FISCAL YEARS
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009
Business-Type activities:							
Expenses							
Airport	\$ 579,988	\$ 775,997	\$ 676,283	\$ 754,289	\$ 746,959	\$ 807,734	\$ 873,910
Water	2,124,645	2,785,903	2,445,174	2,528,405	2,487,804	2,964,693	3,919,817
Wastewater	6,610,919	10,933,663	5,653,507	5,875,070	3,460,118	4,142,410	7,195,980
Street sweeping	260,297	281,139	239,450	498,747	348,990	411,282	363,054
Briggs Building				84,419	206,683	219,093	223,840
Total business-type activities	9,575,849	14,776,702	9,014,414	9,740,930	7,250,554	8,545,212	12,576,601
Program Revenues							
Charges for services:							
Airport	515,662	492,278	536,114	524,951	590,000	560,947	625,513
Water	1,910,710	1,926,355	1,896,280	2,478,239	4,291,736	4,124,258	4,170,336
Wastewater	3,713,123	5,353,596	4,557,248	4,080,381	6,593,813	9,282,635	11,147,589
Street sweeping	286,262	287,456	286,882	286,882	316,001	309,352	320,609
Briggs Building				132,600	122,400	147,050	121,550
Capital grants and contributions	10,000	36,321					
Total business-type activities program revenues	6,435,757	8,096,006	7,276,524	7,503,053	11,913,950	14,424,242	16,385,597
Net Expense¹	(3,140,092)	(6,680,696)	(1,737,890)	(2,237,877)	4,663,396	5,879,030	3,808,996
General revenues							
Unrestricted investment earnings	181,398	246,964	252,759	329,551	3,101,803	3,779,982	575,313
Miscellaneous			3,476,823				
Capital contributions					9,877,090		
Transfers						81,622	(38,759)
Total general revenues	181,398	246,964	3,729,582	329,551	12,978,893	3,861,604	536,554
Change in net assets							
-business-type activities	\$ (2,958,694)	\$ (6,433,732)	\$ 1,991,692	\$ (1,908,326)	\$ 17,642,289	\$ 9,740,634	\$ 4,345,550

¹ Net expense is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues. Numbers in parentheses are net expenses, indicating that expenses were greater than program revenues and general revenues were needed to finance that function or program.

Note 2: The City changed auditors for the 2006/07 audit. The 2006/07 audit had major readjustments to the City's financial statements.

Source: Finance Department, City of Hollister

CITY OF HOLLISTER, CALIFORNIA
CHANGES IN NET ASSETS (continued)
LAST SEVEN FISCAL YEARS
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009
Primary Government							
Expenses							
Governmental activities	\$ 25,599,135	\$ 29,191,566	\$ 27,043,585	\$ 38,869,028	\$ 43,975,856	\$ 27,527,931	\$ 27,636,275
Business-type activities	9,575,849	14,776,702	9,014,414	9,740,930	7,250,554	8,545,212	12,576,601
Total primary government expenses	35,174,984	43,968,268	36,057,999	48,609,958	51,226,410	36,073,143	40,212,876
Program Revenues							
Governmental activities	5,651,339	4,889,159	5,658,542	6,525,166	7,437,862	4,329,918	4,022,403
Business-type activities	6,435,757	8,096,006	7,276,524	7,503,053	11,913,950	14,424,242	16,385,597
Total primary government program revenues	12,087,096	12,985,165	12,935,066	14,028,219	19,351,812	18,754,160	20,408,000
Net Expense¹							
Governmental activities	(19,947,796)	(24,302,407)	(21,385,043)	(32,343,862)	(36,537,994)	(23,198,013)	(23,613,872)
Business-type activities	(3,140,092)	(6,680,696)	(1,737,890)	(2,237,877)	4,663,396	5,879,030	3,808,996
Total primary government net expense	(23,087,888)	(30,983,103)	(23,122,933)	(34,581,739)	(31,874,598)	(17,318,983)	(19,804,876)
General revenues							
Governmental activities	18,605,178	20,199,522	17,609,099	20,417,153	22,039,932	24,724,178	27,149,939
Business-type activities	181,398	246,964	3,729,582	329,551	12,978,893	3,861,604	536,554
Total primary government general revenues	18,786,576	20,446,486	21,338,681	20,746,704	35,018,825	28,585,782	27,686,493
Change in net assets							
Governmental activities	(1,342,618)	(4,102,885)	(3,775,944)	(11,926,709)	(14,498,062)	1,526,165	3,536,067
Business-type activities	(2,958,694)	(6,433,732)	1,991,692	(1,908,326)	17,642,289	9,740,634	4,345,550
Total primary government change in net assets	\$ (4,301,312)	\$ (10,536,617)	\$ (1,784,252)	\$ (13,835,035)	\$ 3,144,227	\$ 11,266,799	\$ 7,881,617

¹ Net expense is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues. Numbers in parentheses are net expenses, indicating that expenses were greater than program revenues and general revenues were needed to finance that function or program.

Note 2: The City changed auditors for the 2006/07 audit. The 2006/07 audit had major readjustments to the City's financial statements.

Note 3: The Government-wide reporting requirements related to the implementation of GASB 34 were initiated during fiscal year 2002-03. We therefore only have seven years of data available to report.

Source: Finance Department, City of Hollister

CITY OF HOLLISTER, CALIFORNIA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009
General Fund:							
Reserved for:							
Imprest cash							
Prepaid items							
Inventory						48,396	19,898
General restrictions	115,000	115,000	115,000	115,000			
Debt service							
Unreserved:							
Designated							
Undesignated	7,926,189	7,828,041	8,964,051	6,379,909	4,876,784	3,199,546	2,271,733
Total general fund balance	<u>\$ 8,041,189</u>	<u>\$ 7,943,041</u>	<u>\$ 9,079,051</u>	<u>\$ 6,494,909</u>	<u>\$ 4,876,784</u>	<u>\$ 3,247,942</u>	<u>\$ 2,291,631</u>
All other Governmental Funds:							
Reserved for:							
Land held for resale						4,000,000	6,318,450
Housing set-aside						12,632,217	12,362,924
Debt service						1,814,977	2,889,536
Low and moderate income housing (2)	13,119,852	37,270,000	15,193,539	15,193,539			
Unreserved:							
Undesignated, reported in:							
Special revenue funds	15,490,214	20,575,249	29,780,729	19,722,398	28,875,523	12,584,759	7,480,999
Capital projects funds	22,795,761	22,068,576	22,579,086	19,005,706	5,973,444	9,823,651	18,312,449
Total other governmental fund balances	<u>\$ 51,405,827</u>	<u>\$ 79,913,825</u>	<u>\$ 67,553,354</u>	<u>\$ 53,921,643</u>	<u>\$ 34,848,967</u>	<u>\$ 40,855,604</u>	<u>\$ 47,364,358</u>

Note 1: The government-wide reporting requirements related to the implementation of GASB 34 were initiated during fiscal year 2002-03. We therefore only have seven years of data available to report.

Note 2: The City changed auditors for the 2006/07 audit. The 2006/07 audit had major readjustments to the City's financial statements.

Source: Finance Department, City of Hollister

CITY OF HOLLISTER, CALIFORNIA
CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST SEVEN FISCAL YEARS
(modified accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009
REVENUES							
Taxes	\$ 14,482,615	\$ 14,078,793	\$ 13,986,568	\$ 15,470,622	\$ 16,248,080	\$ 19,774,658	\$ 21,416,637
Licenses and permits	418,902	443,940	374,479	422,834	744,855	470,836	1,071,578
Intergovernmental	3,960,198	3,270,473	4,465,604	5,144,663	4,094,614	5,917,160	1,362,085
Charges for services	1,691,142	1,618,686	1,191,888	726,712	979,577	797,352	945,538
Fines and forfeitures	89,598	611,574	152,067	230,957	253,056	132,419	643,202
Investment earnings	2,468,001	1,897,854	1,605,036	1,997,622	2,722,010	1,732,758	764,469
Other	1,559,425	3,914,190	6,878,829	2,948,910	2,773,264	2,668,418	4,979,793
Total revenues	<u>24,669,881</u>	<u>25,835,510</u>	<u>28,654,471</u>	<u>26,942,320</u>	<u>27,815,456</u>	<u>31,493,601</u>	<u>31,183,302</u>
EXPENDITURES:							
Current:							
General government	4,720,607	8,396,502	6,473,962	19,381,237	5,403,623	6,505,756	8,558,338
Public safety	8,310,077	9,134,575	9,424,862	9,811,365	9,584,508	9,928,001	11,283,420
Public works	7,311,765	5,656,227	4,193,602	2,908,309	2,677,150	2,652,311	2,654,005
Recreation	925,768	799,594	458,325	1,366,530	1,224,766	1,247,593	1,517,656
Capital outlay	6,542,366	2,245,001	10,669,368	6,240,401	27,373,522	4,666,628	1,338,440
Debt Service:							
Principal	1,295,000	4,575,271	1,230,000	1,289,887	735,000	765,000	795,000
Interest	571,538	2,167,175	1,926,715	2,045,444	2,067,713	2,036,699	2,001,434
Total expenditures	<u>29,677,121</u>	<u>32,974,345</u>	<u>34,376,834</u>	<u>43,043,173</u>	<u>49,066,282</u>	<u>27,801,988</u>	<u>28,148,293</u>
Excess (deficiency) of revenues over expenditures	<u>(5,007,240)</u>	<u>(7,138,835)</u>	<u>(5,722,363)</u>	<u>(16,100,853)</u>	<u>(21,250,826)</u>	<u>3,691,613</u>	<u>3,035,009</u>
OTHER FINANCING SOURCES (USES):							
Transfers in	436,190	1,285,978	1,183,428	1,075,650		366,242	3,316,231
Transfer out	(482,967)	(809,261)	(6,685,258)	(1,075,650)		(447,864)	(3,277,472)
Proceeds from issuance of debt		35,000,000					
Total other financing sources (uses)	<u>(46,777)</u>	<u>35,476,717</u>	<u>(5,501,830)</u>	<u>-</u>	<u>-</u>	<u>(81,622)</u>	<u>38,759</u>
Net change in fund balances	<u>\$ (5,054,017)</u>	<u>\$ 28,337,882</u>	<u>\$ (11,224,193)</u>	<u>\$ (16,100,853)</u>	<u>\$ (21,250,826)</u>	<u>\$ 3,609,991</u>	<u>\$ 3,073,768</u>
Debt service as a percentage of noncapital expenditures	8.8%	28.1%	15.4%	10.0%	14.8%	13.8%	11.6%

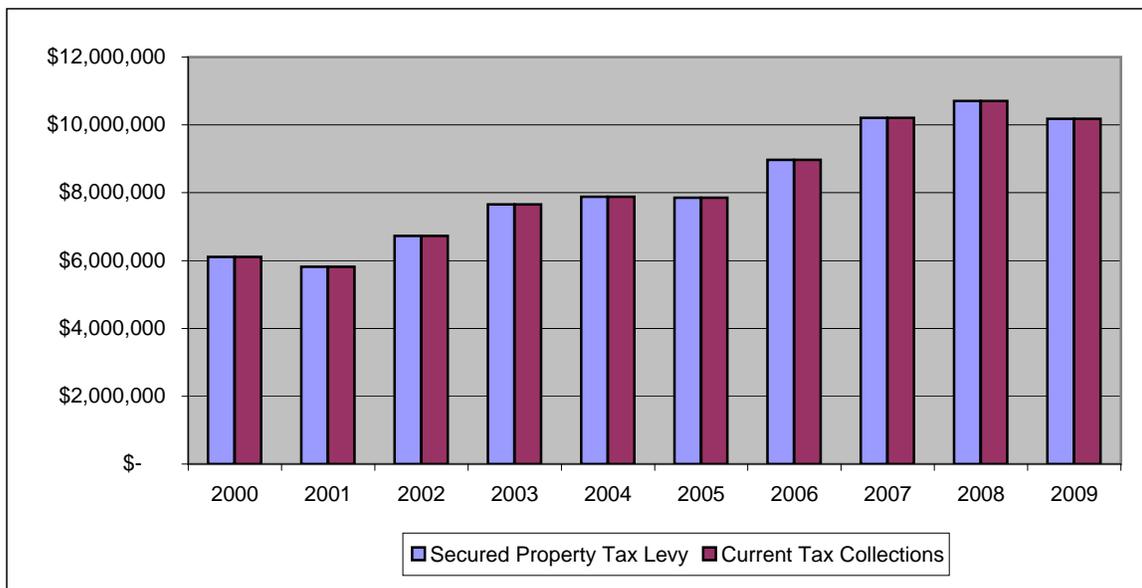
Note: The government-wide reporting requirements related to the implementation of GASB 34 were initiated during fiscal year 2002-03.
We therefore only have seven years of data available to report.

Source: Finance Department, City of Hollister

**CITY OF HOLLISTER, CALIFORNIA
PROPERTY TAXES LEVIES AND COLLECTIONS
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

Fiscal Year	Total Secured Property Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections June 30 (1)	Percent of Total Tax Collections to Tax Levy
2000	\$ 6,105,326	\$ 6,105,326	100.00%	\$ -	\$ 6,105,326	100.00%
2001	5,820,585	5,820,585	100.00%		5,820,585	100.00%
2002	6,728,134	6,728,134	100.00%		6,728,134	100.00%
2003	7,653,219	7,653,219	100.00%		7,653,219	100.00%
2004	7,878,410	7,878,410	100.00%		7,878,410	100.00%
2005	7,850,033	7,850,033	100.00%		7,850,033	100.00%
2006	8,972,404	8,972,404	100.00%		8,972,404	100.00%
2007	10,204,926	10,204,926	100.00%		10,204,926	100.00%
2008	10,703,399	10,703,399	100.00%		10,703,399	100.00%
2009	10,182,794	10,182,794	100.00%		10,182,794	100.00%



Note 1: Includes current and teeter buy-out, penalties, and interest.

Source: Finance Department, City of Hollister

**CITY OF HOLLISTER, CALIFORNIA
 ASSESSED VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Fiscal Year	Secured Roll	Utility Roll	Unsecured Roll	Assessed Value
2000	n/a	n/a	n/a	n/a
2001	n/a	n/a	n/a	n/a
2002	n/a	n/a	n/a	n/a
2003	n/a	n/a	n/a	n/a
2004	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a
2006	3,023,976,407	52,902	88,618,532	3,112,647,841
2007	3,216,374,691	76,000	88,685,812	3,305,136,503
2008	3,075,368,584	76,000	98,422,285	3,173,866,869
2009	2,666,436,361	76,000	95,647,991	2,762,160,352

Note: Reliable trend information for fiscal years 2000-2005 was not available from the County of San Benito. Information will be provided in future years.

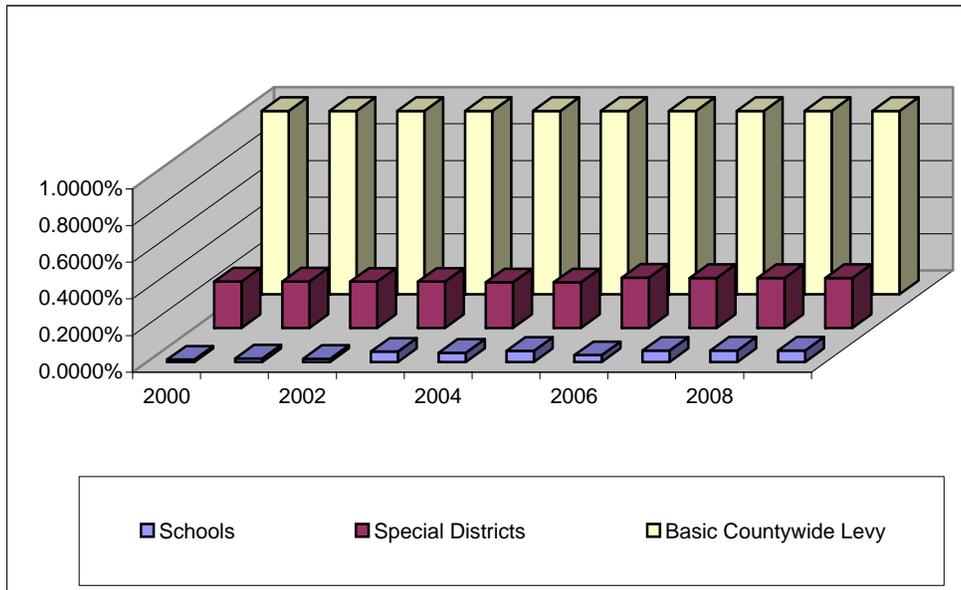
Note: Total estimated actual value of taxable property was not reasonably estimable.

Source: Auditor-Controller's Office of San Benito County

CITY OF HOLLISTER, CALIFORNIA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	Basic Countywide Levy	Schools	Special Districts	Total
2000	1.000%	0.0127%	0.2539%	1.2666%
2001	1.000%	0.0194%	0.2541%	1.2735%
2002	1.000%	0.0168%	0.2536%	1.2704%
2003	1.000%	0.0560%	0.2533%	1.3093%
2004	1.000%	0.0497%	0.2500%	1.2997%
2005	1.000%	0.0610%	0.2500%	1.3110%
2006	1.000%	0.0369%	0.2750%	1.3119%
2007	1.000%	0.0616%	0.2736%	1.3352%
2008	1.000%	0.0619%	0.2730%	1.3349%
2009	1.000%	0.0622%	0.2734%	1.3356%

Note: California voters, on June 6, 1978, approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, which limits the taxing power of the California public agencies. Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978 Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each County will levy the maximum tax permitted by Article XIII A of \$1 per \$100 of full cash value. Assessed value is equal to full cash value, pursuant to Senate Bill 1656, Statutes of 1978. The rates shown above are percentages of assessed valuation.



Source: Auditor-Controller's Office of San Benito County

**CITY OF HOLLISTER, CALIFORNIA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND PRIOR YEAR**

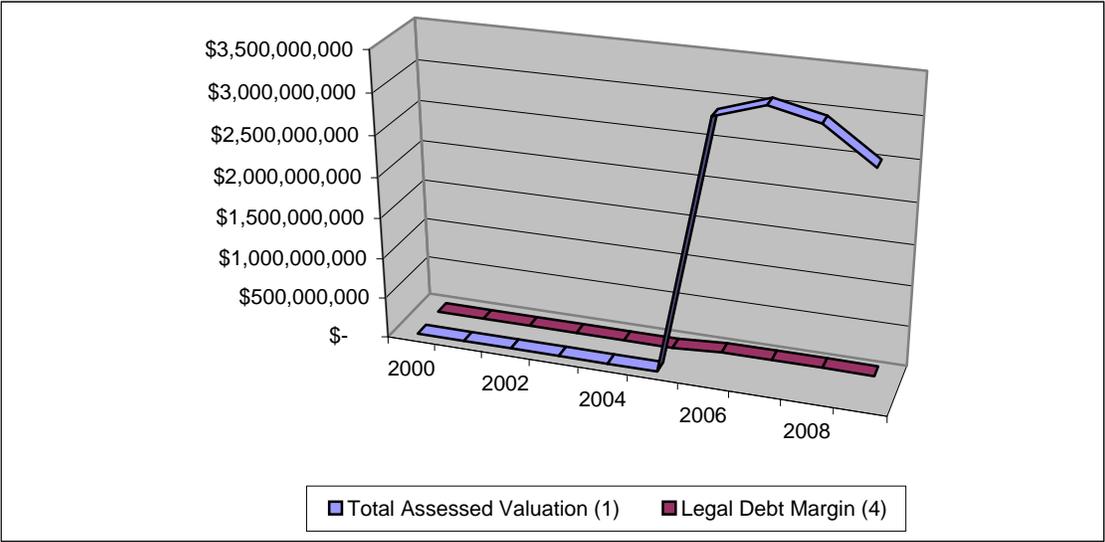
Taxpayer	2009			2000 (1)		
	Rank	Assessed Valuation	Percentage of Total Assessed	Rank	Assessed Valuation	Percentage of Total Assessed
K & S Market, Inc.	1	\$ 37,363,229	1.353%		n/a	
Northwest Packing Company	2	15,470,782	0.560%		n/a	
RMP properties, LLC	3	11,424,109	0.414%		n/a	
Janet P. Roberts Trust	4	39,932,845	1.446%		n/a	
NMD Properties	5	7,942,539	0.288%		n/a	
Deutsche Bank National Trust Co.	6	7,782,149	0.282%		n/a	
Ridgefield Storage Inc.	7	6,009,409	0.218%		n/a	
Heritage Plaza Associates, LLC	8	5,962,033	0.216%		n/a	
Ozeki Corporation	9	5,905,351	0.214%		n/a	
Iffany & Albert Valles Jr.	10	5,310,120	0.192%		n/a	
Largest Secured Property Valuation		143,102,566	<u>5.181%</u>			<u>0.000%</u>
Other Secured Taxpayers		<u>2,619,057,786</u>				
Total Secured Property Valuation - net of exemptions		<u>\$ 2,762,160,352</u>			<u>\$ -</u>	

Note 1: In accordance with GASB Statement No. 44, the following table presents information for the City's principal taxpayers as of June 30, 2009 and should also be presented for June 30, 2000. However, June 30, 2000 information is not available from the County of San Benito. Information will not be presented until there is a nine year separation.

Source: Fiscal consultants Rosenow Spevacek Group, Inc. and San Benito County

**CITY OF HOLLISTER, CALIFORNIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Fiscal Year	Total Assessed Valuation (1)	Legal Debt Limit (2)	Total Net Debt Applicable to Limit	Legal Debt Margin (4)	Legal Debt Margin/Debt Limit
2000	n/a	n/a	n/a	n/a	n/a
2001	n/a	n/a	n/a	n/a	n/a
2002	n/a	n/a	n/a	n/a	n/a
2003	n/a	n/a	n/a	n/a	n/a
2004	n/a	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a	n/a
2006	\$ 3,112,647,841	\$ 38,908,098	\$ -	\$ 38,908,098	100%
2007	3,305,136,503	41,314,206		41,314,206	100%
2008	3,173,866,869	39,673,336		39,673,336	100%
2009	2,762,160,352	34,527,004		34,527,004	100%



- Note:
- (1) Total assessed valuation includes exempt property.
 - (2) The legal debt limit is set by statute at 1.25 percent of the total assessed valuation.
 - (3) The City does not have any general bonded debt.
 - (4) The legal debt margin is the legal debt limit reduced by all general bonded debt.

Source: Finance Department, City of Hollister and the County of San Benito County

CITY OF HOLLISTER, CALIFORNIA
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO TAXABLE ASSESSED
VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	City Population (1)	Assessed Value	Gross Bonded Debt	Debt Payable from Enterprise Revenue (2)	Net Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2000	34,424	n/a	\$ -	\$ 15,500,000	\$ 15,500,000	n/a	\$ 450
2001	35,142	n/a		15,170,000	15,170,000	n/a	432
2002	36,150	n/a		15,928,494	15,928,494	n/a	441
2003	36,618	n/a		15,618,014	15,618,014	n/a	427
2004	36,750	n/a		15,210,954	15,210,954	n/a	414
2005	36,758	n/a		14,775,066	14,775,066	n/a	402
2006	36,687	3,112,647,841		14,311,953	14,311,953	0.460%	390
2007	36,707	3,305,136,503		128,248,196	128,248,196	3.880%	3,494
2008	36,878	3,173,866,869		127,660,505	127,660,505	4.022%	3,462
2009	37,054	2,762,160,352		118,953,880	118,953,880	4.307%	3,210

Source:

(1) State of California, Department of Finance
 (www.dof.ca.gov/research/demographic/reports/estimates/e-4_2001-07/)

(2) Finance Department, City of Hollister

CITY OF HOLLISTER, CALIFORNIA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(In thousands, except per capita)

Fiscal Year	<u>Governmental Activities</u>		<u>Business-type Activities</u>		Total Primary Government	Percentage of Assessed Value	Per Capita	
	Bonds		Bonds	Loans				
2000	\$	16,210	\$	15,500	\$	31,710	n/a	\$ 921
2001		15,030		15,170		30,200	n/a	859
2002		13,290		14,825		29,218	n/a	808
2003		11,995		14,560		27,613	n/a	754
2004		42,560		14,195		57,771	n/a	1,572
2005		41,330		13,810		56,105	n/a	1,526
2006		40,550		13,400		54,862	1.7626%	1,495
2007		39,815		19,395		60,063	1.8173%	1,636
2008		39,050		126,870		166,711	5.2526%	4,521
2009		38,255		118,230		157,209	5.6915%	4,243

Source: Finance Department, City of Hollister

**CITY OF HOLLISTER, CALIFORNIA
OVERLAPPING BONDED DEBT
JUNE 30, 2009**

2008-2009 Assessed Valuation:	\$ 3,182,171,474
Redevelopment Incremental Valuation:	1,280,253,509
Adjusted Assessed Valuation:	<u>\$ 1,901,917,965</u>

<u>Direct and Overlapping Tax and Assessment Debt:</u>	<u>Total Debt as of June 30, 2009</u>	<u>% Applicable (1)</u>	<u>City's Share of Debt June 30, 2009</u>
Gavilan Joint Community College District	\$ 74,835,000	8.486%	\$ 6,350,498
Hollister School District	4,375,000	62.951%	2,754,106
North County Joint Union School District	339,906	13.015%	434,689
San Benito Healthcare District	30,890,000	37.022%	11,436,096
City of Hollister (1)	-	100.000%	
City of Hollister 1915 Act Bonds	2,875,000	100.000%	<u>2,875,000</u>
Total Direct and Overlapping Tax and Assessment Debt			\$ 23,850,389
 <u>Overlapping General Fund Debt:</u>			
San Benito County Certificates of Participation	\$ 665,000	35.447%	\$ 235,723
Monterey Bay Unified Air Pollution Control Authority	2,740,000	2.348%	<u>64,335</u>
Total Overlapping General Fund Debt			\$ 300,058
Combined Total Debt (2)			\$ 24,150,447

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the City.

(2) Excludes tax and revenue anticipation notes, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2008-09 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	0.75%

Ratios to Adjusted Assessed Valuation:

Combined Total Debt	1.27%
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State School Building Aid Repayable as of 6/30/09: \$ -

AB: (\$425)

Source: California Municipal Statistics, Inc.

CITY OF HOLLISTER, CALIFORNIA
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less:										
Amounts Available in Debt Service Fund										
Total Net Obligation Bonds Outstanding	<u>\$ -</u>									
Percentage of Estimated Actual Taxable Value of Property	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.00%
Per Capita	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Source: Finance Department, City of Hollister

**CITY OF HOLLISTER, CALIFORNIA
DEMOGRAPHICS AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	County of San Benito Population (1)	County of San Benito		School Enrollment (3)	Unemployment Rate (4)
		County of San Benito Personal Income (2)	Per Capita Personal Income		
2000	34,424	\$ 1,561,059,000	\$ 29,004	9,374	6.3%
2001	35,142	1,579,602,000	28,856	10,566	5.9%
2002	36,150	1,575,049,000	28,531	10,677	9.3%
2003	36,618	1,623,818,000	29,327	10,837	10.7%
2004	36,750	1,681,863,000	30,534	10,937	9.4%
2005	36,758	1,704,973,000	31,041	10,199	8.0%
2006	36,687	1,809,212,000	33,228	10,813	7.5%
2007	36,707	1,897,021,000	34,874	10,754	7.1%
2008	36,878	n/a	n/a	10,586	10.1%
2009	37,054	n/a	n/a	10,510	16.0%

Sources:

- (1) State of California, Department of Finance
(www.dof.ca.gov/research/demographic/reports/estimates/e-4_2001-07/)
- (2) Bureau of Economic Analysis (www.bea.gov/bea/regional/reis/)
- (3) Ed-data (www.ed-data.k12.ca.us)
- (4) U.S. Bureau of Labor Statistics (www.bls.gov)

CITY OF HOLLISTER, CALIFORNIA
PRINCIPAL EMPLOYERS
JUNE 30, 2009 and NINE YEARS AGO

Major County Employers

Company	2009			2000		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Natural Select Foods	700	1	5.04%	n/a	n/a	n/a
Pride of San Juan	425	2	3.06%	n/a	n/a	n/a
Milgard	330	3	2.37%	n/a	n/a	n/a
Hazel Hawkins Memorial Hospital	327	4	2.35%	n/a	n/a	n/a
San Benito Foods	250	5	1.80%	n/a	n/a	n/a
Quantic Halex	240	6	1.73%	n/a	n/a	n/a
McCormick Selph	220	7	1.58%	n/a	n/a	n/a
Semifab	200	8	1.44%	n/a	n/a	n/a
Target	155	9	1.12%	n/a	n/a	n/a
Safeway	153	10	1.10%	n/a	n/a	n/a
West Marine	150	11	1.08%	n/a	n/a	n/a
Ridgemark	140	12	1.01%	n/a	n/a	n/a
City of Hollister	117	13	0.84%	n/a	n/a	n/a
Granite Rock	112	14	0.81%	n/a	n/a	n/a
Cable Car Sunglasses	110	15	0.79%	n/a	n/a	n/a
Safety Storage	100	16	0.72%	n/a	n/a	n/a
California PC Products	100	17	0.72%	n/a	n/a	n/a
Lifesparc Inc.	100	18	0.72%	n/a	n/a	n/a
Total	<u>3,929</u>		<u>28.27%</u>			

Source: Finance Department, City of Hollister and San Benito County Chamber of Commerce

CITY OF HOLLISTER, CALIFORNIA
MISCELLANEOUS STATISTICAL INFORMATION
JUNE 30, 2009

Geographical Location: The City is located at the north end of San Benito County, which is surrounded by Santa Cruz, Santa Clara, Merced, Fresno, and Monterey Counties. The City is located approximately 95 miles south of San Francisco, 40 miles south of San Jose, 30 miles northeast of Salinas, and 40 miles east of Monterey.

Area of City: 6.6 square miles

County Seat: Hollister, California

Date of Incorporation: August 29, 1872

Form of Government: General Law City, governed by a five-member City Council

Fiscal Year Begins: July 1

City Employees: as of June 30, 2009: 117

Source: Finance Department, City of Hollister

CITY OF HOLLISTER, CALIFORNIA
OPERATING INDICATORS BY FUNCTION
LAST THREE FISCAL YEARS

Function/Program	For the Fiscal Year Ended June 30,		
	2007	2008	2009
Police			
Criminal Citations Issued	1,976	1,352	2,113
Parking Citations	401	399	722
Fire			
Number of Calls Received	2,072	1,973	1,921
Public Works			
Streets Resurfacing (Miles)	7	-	-
Tons of debris collected by Street Sweepers	681	708	691
Community Services			
Facility Rentals	n/a	621	745
Community Development			
Building Inspections Completed	727	604	607
Total Permits Issued	882	645	647
Water			
Million Gallons Water Treated	934	903	1,014
Percent of Drinking Water Regulations Met	99%	99%	99%
Wastewater			
Million Gallons waster Water Treated	931	807	730
Miles of Wastewater Collection System Pipes Cleaned	8.6	23.8	38.2
Percent of Discharge Requirement Met	99%	99%	99%
Airport			
Hangar/ Buildings Customers	92	92	90

Note: Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.

Source: Various City Departments, City of Hollister

**CITY OF HOLLISTER, CALIFORNIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST THREE FISCAL YEARS**

Function/Program	For the Fiscal Year Ended June 30,		
	2007	2008	2009
Police			
Stations	1	1	1
Fire			
Stations	1	2	2
Public Works			
Streets (Miles)	95	95	95
Community Services			
Parks Acreage	58.75	58.75	108.75
Parks	12	12	13
Tennis Courts	3	3	3
Community Buildings	3	3	3
Water			
Number of Pump Stations/ Booster Stations	1	1	1
Number of Treatment Plants	1	1	1
Number of Wells	6	6	6
Wastewater			
Number of Treatment Plants	2	2	2
Number of Lift Stations	4	4	4
Airport			
Runways, Taxiways, Ramps, and Hanger Areas (Paved Surface in sq. ft)	2,455,000	2,455,000	2,455,000
Parking			
Number of Parking Structures and Lots	10	10	10
Number of Parking Spaces	425	425	425

Note: Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.

Source: Various City Departments, City of Hollister

CITY OF HOLLISTER, CALIFORNIA
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/ PROGRAM
LAST FIVE FISCAL YEARS

Function/Program	Full-time Equivalent Employees				
	2005	2006	2007	2008	2009
General government:					
City Clerk/ Treasurer	3	2	2	1	1
City Attorney			1	1	1
City Manager	1	1	1	1	1
Community Development	6	6	6	7	7
Engineering	8	8	8	8	7
Administration	14	16	13	14	14
Public Safety:					
Police Protection	31	28	29	29	26
Animal Control	4	4	2	4	4
Fire Protection	26	26	24	25	24
Public Works:					
Public works	6	7	4	3	3
Operations and Maintenance	13	15	12	11	11
Utilities:					
Water	9	7	7	8	7
Wastewater	7	7	7	6	6
Recreation	2	3	3	3	3
Airport	4	1	2	2	2
	<u>134</u>	<u>131</u>	<u>121</u>	<u>123</u>	<u>117</u>

Note: Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.

Source: Payroll Department, City of Hollister, CA

GLOSSARY



CITY OF HOLLISTER

GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

ACCOUNTS PAYABLE. A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

ACCOUNTS RECEIVABLE. An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).

ACCRUAL BASIS. The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

ACCUMULATED DEPRECIATION. A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of capital assets.

ADVANCE FROM OTHER FUNDS. A liability account used to record noncurrent portions of a long-term debt owed by one fund to another fund within the same reporting entity. See **DUE TO OTHER FUNDS and INTERFUND RECEIVABLE/PAYABLE.**

ADVANCE TO OTHER FUNDS. An asset account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See **DUE FROM OTHER FUNDS.**

AGENCY FUND. A fund normally used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or other funds.

AMORTIZATION. (1) The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

APPROPRIATION. A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

ASSESSED VALUATION. A valuation set upon real estate or other property by a government as a basis for levying taxes.

AUDITOR'S REPORT. In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

BALANCE SHEET. The financial statement disclosing the assets, liabilities and equity of an entity at a specified date in conformity with GAAP.

BASIC FINANCIAL STATEMENTS (BFS). The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP. Basic financial statements have three components: government-wide financial statements, fund financial statements and notes to the financial statements.

BASIS OF ACCOUNTING. A term used to refer to when revenues, expenditures, expenses, and transfers - and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the nature of the measurement, on either the cash or the accrual method.

BUDGET. A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating governing body for adoption, and sometimes, the plan finally approved by that body.

BUDGETARY CONTROL. The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

CITY OF HOLLISTER

GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

CAPITAL ASSETS. Long-lived tangible assets obtained or controlled as a result of past transactions, events or circumstances. Capital assets include buildings, equipment, and improvements other than buildings, land and infrastructure. In the private sector, these assets are referred to most often as property, plant and equipment.

CAPITAL EXPENDITURES. Expenditures resulting in the acquisition of or addition to the government's general capital assets.

CAPITALIZATION POLICY. The criteria used by a government to determine which outlays should be reported as capital assets.

CAPITAL LEASE. An agreement that conveys the right to use property, plant or equipment, usually for a stated period of time. See **LEASE-PURCHASE AGREEMENTS**.

CAPITAL PROJECTS FUND. A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

CASH BASIS. A basis of accounting under which transactions are recognized only when cash is received or disbursed.

CASH WITH FISCAL AGENT. An asset account reflecting deposits with fiscal agents, such as commercial banks, for the payment of bond principal and interest.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM. A voluntary program administered by the GFOA to encourage governments to publish efficiently organized and easily readable CAFR's and to provide technical assistance and peer recognition to the finance officers preparing them.

CHANGE IN THE FAIR VALUE OF INVESTMENTS. The difference between the fair value of investments at the beginning of the year and at the end of the year, taking into consideration investment purchases, sales, and redemptions.

COMPENSATED ABSENCES. Absences, such as vacation, illness and holidays, for which it is expected employees will be paid. The term does not encompass severance or termination pay, postretirement benefits, deferred compensation or other long-term fringe benefits, such as group insurance and long-term disability pay.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR). A financial report that encompasses all funds and component units of the government. The CAFR should contain (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. The CAFR is the governmental unit's official annual report and also should contain introductory information, schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, and statistical data.

CONCENTRATION OF CREDIT RISK. The risk of loss attributed to the magnitude of a government's investment in a single issuer.

CONTINGENT LIABILITY. Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders and uncompleted contracts. Contingent liabilities should be disclosed within the financial statements (including the notes) when there is a reasonable possibility a loss may have been incurred. Guarantees, however, should be disclosed even though the possibility of loss may be remote.

CREDIT RISK. The risk that an issuer or a counter-party to an investment will not fulfill its obligations.

CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS. Measurement focus according to which the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

CITY OF HOLLISTER

GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

DEBT. An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants and notes.

DEBT SERVICE FUND. A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

DEFERRED CHARGES. Expenditures that are not chargeable to the fiscal period in which they were made but that are carried as an asset on the balance sheet, pending amortization or other disposition (e.g. bond issuance costs). Deferred charges differ from prepaid items in that they usually extend over a long period of time (more than five years) and are not regularly recurring costs of operation.

DEFERRED REVENUE. Resource inflows that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts also are reported as deferred revenue until they are available to liquidate liabilities of the current period.

DEFICIT. (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.

DEFINED BENEFIT PENSION PLAN. A pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation.

DEPRECIATION. (1) Expiration in the service life of capital assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy and obsolescence. (2) The portion of the cost of a capital asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

DESIGNATED FUND BALANCE. A portion of an unreserved fund balance that has been "earmarked" by the chief executive officer or the legislative body for specified purposes.

DUE FROM OTHER FUNDS. An asset account used to indicate amounts owed to a particular fund by another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans.

DUE TO OTHER FUNDS. A liability account reflecting amounts owed by a particular fund to another fund for goods sold or services rendered. These amounts include only short-term obligations on open account, not interfund loans.

ECONOMIC RESOURCES MEASUREMENT FOCUS. Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net assets. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting. It is also used by business enterprises in the private sector.

ENCUMBRANCES. Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

ENTERPRISE FUND. Proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

EXPENDITURE-DRIVEN GRANTS. Government-mandated or voluntary nonexchange transactions in which expenditure is the prime factor for determining eligibility. Also referred to as reimbursement grants.

EXCHANGE-LIKE TRANSACTION. Transaction in which there is an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange.

CITY OF HOLLISTER

GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

EXPENDITURES. Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental grants, entitlement and shared revenues.

EXPENSES. Outflows or other using up of assets or incurrences of liabilities (or a combination of both) from delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or central operations.

EXTERNAL AUDITORS. Independent auditors typically engaged to conduct an audit of a government's financial statements.

EXTERNAL INVESTMENT POOL. An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants is not part of the sponsors reporting entity. An external investment pool can be sponsored by an individual government, jointly by more than one government, or by a nongovernmental entity. An investment pool that is sponsored by an individual state or local government is an external investment pool if it includes participation by a legally separate entity that is not part of the same reporting entity as the sponsoring government. If a government-sponsored pool includes only the primary government and its component units, it is an internal investment pool and not an external investment pool.

FAIR VALUE. The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL DEPOSIT INSURANCE CORPORATION. A corporation created by the federal government that insures deposits in banks and savings associations.

FIDUCIARY FUNDS. The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units and/or other funds.

FINANCIAL RESOURCES. Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash (e.g. receivables, investments). Financial resources may also include inventories and pre-pays (because they obviate the need to expend current available resources).

FISCAL AGENT. A fiduciary agent, usually a bank or county treasurer, who performs the function of paying debt principal and interest when due.

FOREIGN EXCHANGE RISK. The risk that changes in exchange rate will adversely affect the fair value of an investment or a deposit.

FUND. A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

FUND BALANCE. The difference between fund assets and fund liabilities of governmental and similar trust funds.

FUND FINANCIAL STATEMENTS. Basic financial statements presented on the basis of funds. Term used in contrast with government-wide financial statements.

FUND TYPE. Any one of seven categories into which all funds are classified in governmental accounting. The seven fund types are: general, special revenue, debt service, capital projects, enterprise, internal service, and trust and agency.

CITY OF HOLLISTER

GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

GENERAL REVENUES. All revenues that are not required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax – for example, property tax, sales tax, and transient occupancy tax. All other nontax revenues (including interest, grants and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues.

GENERAL FUND. The general fund is one of five governmental fund types and typically serves as the chief operating fund of the government. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP). The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The various sources of GAAP for state and local governments are set forth by SAS No. 69, The Meaning of “Present Fairly in Conformity with Generally Accepted Accounting Principles” in the Independent Auditor’s Report.

GOVERNMENTAL ACCOUNTING. The composite activity of analyzing, recording, summarizing, reporting and interpreting the financial transactions of governments.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB). The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The GASB was established in June 1984 to replace the National Council on Governmental Accounting (NCGA).

GOVERNMENTAL FUNDS. Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds and permanent funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS. Financial statements that incorporate all of a government’s governmental and business-type activities, as well as its nonfiduciary component units. There are two basic government-wide financial statements: the statement of net assets and the statement of net activities. Both basic governmental financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

INFRASTRUCTURE. Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems.

INTEREST RATE RISK. The risk that changes in interest rates will adversely affect the fair value of an investment or a deposit.

INTERFUND RECEIVABLE/PAYABLE. Short-term loans made by one fund to another, or the current portion of an advance to or from another fund.

INTERFUND TRANSFERS. Flow of assets (such as cash or goods) between funds and blended component units of the primary government without equivalent flows of assets in return and without a requirement for payment.

INTERNAL SERVICE FUND. A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

JOINT VENTURE. A legal entity or other contractual arrangement in which a government participates as a separate and specific activity for the benefit of the public or service recipients and in which the government retains an ongoing financial interest.

LAPSE. As applied to appropriations, the automatic termination of an appropriation. Except for indeterminate appropriations and continuing appropriations, an appropriation is made for a certain period of time. At the end of this period, any unexpended or unencumbered balance thereof lapses, unless otherwise provided by law.

CITY OF HOLLISTER

GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

LEASE-PURCHASE AGREEMENTS. Contractual agreements that are termed leases, but that in substance are purchase contracts.

LEGAL LEVEL OF BUDGETARY CONTROL. The level at which spending in excess of budgeted amounts would be a violation of law.

LEVEL OF BUDGETARY CONTROL. The level at which a government's management may not reallocate resources without special approval from the legislative body.

LIABILITIES. Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

LOANS RECEIVABLE. An asset account reflecting amounts loaned to individuals or organizations external to a government, including notes taken as security for such loans. Loans to other funds and governments should be recorded and reported separately.

MAJOR FUND. A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The general fund is always a major fund. Otherwise, major funds are funds whose revenues/expenditures, assets or liabilities are at least 10 percent of corresponding totals for all government or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. Any other government or enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

MANAGEMENT'S DISCUSSION AND ANALYSIS. A component of required supplementary information used to introduce the basic financial statements and to provide an analytical overview of the government's financial activities.

MEASUREMENT FOCUS. A way of presenting an entity's financial performance and position by considering which resources are measured (financial or economic) and when the effects of transactions or events involving those resources are recognized (the basis of accounting). The measurement focus of government-wide financial statements, proprietary fund financial statements and fiduciary fund financial statements is economic resources. The measurement focus of governmental fund financial statements is current financial resources.

MODIFIED ACCRUAL BASIS. The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (e.g. bond issue proceeds) are recognized when they become susceptible to accrual, that is when they become both "measurable" and "available to finance expenditures of the current period." "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, expenditures are recognized when the fund liability is incurred. All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting.

OTHER FINANCING SOURCES. An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the other financing sources category is limited to items so classified by GAAP.

OPERATING LEASE. A lease does not transfer ownership rights, risks and rewards from the lessor to the lessee, the lease is called an operation lease and is similar to a rental.

OTHER FINANCING USES. A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of other financing uses category is limited to items so classified by GAAP.

OVERLAPPING DEBT. The proportionate share property within each government must bear of the debts of all local governments located wholly or in part within the geographic boundaries of the reporting government. Except for special assessment debt, the amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessment receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments receivable, which will be used wholly or in part for this purpose.

CITY OF HOLLISTER

GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

PROGRAM REVENUES. Term used in connection with the government-wide statement of activities. Revenues that derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues.

PROPRIETARY FUNDS. Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

REBATABLE ARBITRAGE. A term used in connection with the reinvestment of the proceeds of tax-exempt debt. A requirement to remit to the federal government interest revenue in excess of interest costs when the proceeds from the sale of tax-exempt securities are reinvested in a taxable money market instrument with a materially higher yield.

REPORTING ENTITY. The oversight unit and all of its component units, if any, that are combined in the CAFR/BFS.

REQUIRED SUPPLEMENTARY INFORMATION. Consists of statements, schedules, statistical data or other information which, according to the GASB, is necessary to supplement, although not required to be a part of the basic financial statements.

RESERVED FUND BALANCE. The portion of a governmental fund's net assets that is not available for appropriation.

RESTRICTED ASSETS. Assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

RESTRICTED NET ASSETS. A component of net assets calculated by reducing the carrying value of restricted assets by the amount of any related debt outstanding.

RETAINED EARNINGS. An equity account reflecting the accumulated earnings of an enterprise or internal service fund.

REVENUE BONDS. Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

RISK MANAGEMENT. All the ways and means used to avoid accidental loss or to reduce its consequences if it does occur.

SELF-INSURANCE. A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self insurance is a misnomer.

SINGLE AUDIT. An audit performed in accordance with the Single Audit Act of 1997 and Office of Management and Budget's (OMB) Circular A-133, Audits of State and Local Governments and Non-Profit Organizations. The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal agencies.

SPECIAL DISTRICT. An independent unit of local government organized to perform a single government function or a restricted number of related functions. Special districts usually have the power to incur debt and levy taxes; however, certain types of special districts are entirely dependent upon enterprise earnings and cannot impose taxes. Examples of special districts are water districts, drainage districts, flood control districts, hospital districts, fire protection districts, transit authorities, port authorities and electric power authorities.

SPECIAL REVENUE FUND. A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

CITY OF HOLLISTER

GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

TAX AND REVENUE ANTICIPATION NOTES (TRANS). Notes issued in anticipation of the collection of taxes and revenues, usually retirable only from tax collections, and frequently only from the proceeds of the tax and revenues levy whose collection they anticipate.

TRUST FUNDS. Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments and/or other funds.

UNDESIGNATED UNRESERVED FUND BALANCE. That portion of a fund balance that is available for spending or appropriation and has not been "earmarked" for specified purposes by the chief executive officer or the legislative body.

UNQUALIFIED OPINION. An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

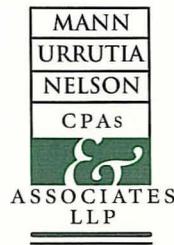
UNRESERVED FUND BALANCE. That portion of a fund balance available for spending or appropriation in the future.

UNRESTRICTED NET ASSETS. That portion of net assets that is neither restricted nor invested in capital assets (net of related debt).

VARIABLE-RATE INVESTMENT. An investment with terms that provide for the adjustment of its interest rate (such as the last day of the month or a calendar quarter) and that, upon each adjustment until the final maturity of the instrument or the period remaining until the principal amount can be recovered through demand, can reasonably be expected to have a fair value that will be unaffected by interest rate changes.

OTHER REPORTS





**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE
 BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
 AUDITING STANDARDS**

To the Honorable Mayor and Members of the City Council
 of the City of Hollister
 Hollister, California

We have audited the financial statements of City of Hollister (the "City") as of and for the year ended June 30, 2009, and have issued our report thereon November 30, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Hollister's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Hollister's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Hollister's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Hollister's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Hollister's financial statements that is more than inconsequential will not be prevented or detected by the City of Hollister's internal control. We consider the deficiency in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting: finding 2009-02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Hollister's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Hollister's financial statements are free of 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedules of findings and responses as item 2009-01.

PRINCIPALS

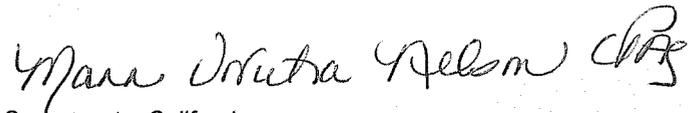
Chris A. Mann, CPA, CFP • John R. Urrutia, CPA • Michelle O. Nelson, CPA, CFE, CVA • Christine L. Collins, EA

Kriss Ann Mann, CPA CCPS • Justin J. Williams, CPA

We noted certain matters that we reported to management of the City of Hollister, in a separate letter dated November 30, 2009.

The City of Hollister's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the City of Hollister's response and, accordingly we express no opinion on it.

This report is intended solely for the information and use of management, City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Debra Nelson CPA". The signature is written in black ink and is positioned above the typed name and date.

Mary Debra Nelson
Sacramento, California
November 30, 2009

CITY OF HOLLISTER
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2009

Finding 2009-01: RDA Compliance

Criteria

Health and Safety code 33334.3(d) requires the Redevelopment Agency of the City of Hollister prepare a written determination showing that planning and administrative expenditures were necessary for the production, improvement, or preservation of low and moderate income housing.

Condition

A written determination for Agency administrative expenditures was not made.

Cause

Management was not aware of the compliance requirement.

Recommendation

We recommend the Agency include in their board resolution, a written determination for their administrative expenditures. This board resolution may be part of the Agency's approved budget.

Management's Response

Management concurs with the finding and plans to include such wording in their board resolution.

CITY OF HOLLISTER
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2009

Finding 2009-02: Redevelopment Program/Loans Receivable (repeat finding)

Criteria

Certain deficiencies in the internal control system over financial reporting could adversely affect an entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Condition

Upon review of the loans receivable schedule, we noted numerous loans on the City's records without complete or proper documentation. There were also several loans with expiring terms that were not being renewed or followed up on a timely basis. Further, the recording of loans was not performed consistently in the general ledger.

Cause

It appears the Development Services Department has not been able to take a full inventory of the loans the Agency has since the City's conversion of general ledger systems. For older loans, there lacks a clearly specified system for filing and recording transactions.

Recommendation

We recommend that the Development Services Department, along with the Finance Department, reconcile their listing of loans with current documentation. For those loans without proper documentation, an analysis should be performed to determine if the balance is still owed to the City as a loan. We also recommend management prepare an analysis of uncollectible accounts on an annual basis after reviewing the analysis of loans and making appropriate collection efforts in order to collect as much possible and to ensure that the estimated loss from uncollectible loan receivables is reflected on the balance sheet.

Management's Response

The Development Services Department is currently working with the Finance Department to reconcile their loan listing. New loans are now being recorded in the general ledger on a consistent basis.

CITY OF HOLLISTER
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2009

Finding 2008-01: Accounting Department Staffing Needs

Condition

The staff is able to perform day to day operations but the performance of financial analysis and month-end closing procedures are not performed accurately due to the lack of staffing.

Recommendation

We recommend Management assess the staffing needs of the accounting department and plan for increasing capacity through hiring or reorganizing current responsibilities.

Status

Implemented.

Finding 2008-02: Reimbursement Requests

Condition

Upon review of accounts receivable, it was noted that reimbursement requests for projects are not filed timely. The untimely filing of the reimbursement requests puts the City into financial hardships. The situation will likely only get worse as the City grows and transactions and reporting requirements increase.

Recommendation

We recommend the Project Managers and the Finance Department improve communications regarding project status and completion. Reimbursement requests should be submitted by the person managing the project within the fiscal year the expenditures are incurred. This information needs to be forwarded to the Finance Department for entry into the general ledger.

Status

Not implemented. See current year management letter.

CITY OF HOLLISTER
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2009

Finding 2008-03: Redevelopment Program/CDBG Notes Receivable

Condition

We noted that updated records for loans were not being maintained. There were numerous loans without complete and proper documentation. Loan originations, payments, and transactions were not being properly recorded on the City's general ledger, resulting in inaccurate balances and approximately \$5 million in loans that were not recorded on the City's books. In addition, loans with expiring terms were not being renewed or followed up on a timely basis.

Recommendation

The loan department should keep track of all loans originated, outstanding, and significant terms, and should forward this information to the Finance department periodically. In turn, the Finance department should forward information on major transactions related to the loans such as payments and payoffs to the loan department so both departments have current information regarding all loans. A master spreadsheet should be maintained with all loan information and be reconciled with the general ledger on a regular basis. Appropriate supporting documentation should be maintained to support the spreadsheet. Both departments should be consistent with the accounts that are used to record loan transactions. Loan extensions should be granted on a timely basis. Further, we recommend that management prepare an analysis of uncollectible accounts annually. This analysis should consider prior charge-off experience, as well as other information management may have about the account, such as indications of financial difficulty. Management should adjust the allowance for doubtful accounts after reviewing the analysis of uncollectible accounts and making appropriate collection efforts, in order to collect as much as possible and to ensure that the estimated loss from uncollectible accounts receivable is reflected on the balance sheet.

Status

In process. The Agency is currently working with the Finance Department to reconcile the loan balances.

Finding 2008-04: Capital Assets

Condition

During our audit, we noted that it was difficult to determine the physical presence of assets recorded on the City's records. In addition, we noted that a majority of the assets on the Redevelopment Agency's records are actually being maintained by the City; therefore, should be on the City's capital assets listing as opposed to the Agency. In addition, the City could not provide documentation to support the valuation of a sample of capital assets.

Recommendation

The establishment of updated subsidiary records will assist the City in maintaining control over individual assets, and provide a means whereby information pertinent to the property and equipment assets can be kept up to date. A physical count of property should be periodically taken, compared to the items carried on the detailed subsidiary records of property and equipment, and significant differences investigated. Such physical counts will help detect the loss or unauthorized use of valuable property. We also recommend that the Finance Director, or designated official, at the time of approval of purchase orders, indicate on the purchase order which items should be added to the fixed asset subsidiary schedules. When invoices are matched with purchase orders and receiving reports, the accounts payable clerk should enter property and equipment acquisitions into the subsidiary ledger. Monthly comparisons of capital expenditure guideline reports with recorded fixed asset additions will help ensure all capital expenditures are entered into fixed asset detail records.

Status

Implemented.

CITY OF HOLLISTER
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2009

Finding 2008-05: Bank Reconciliations

Condition

We noted that many old outstanding checks and other old uncleared reconciling items, some over one year old, are being carried on monthly cash reconciliations. This causes additional time to be spent by personnel to reconcile the bank accounts each month, and also does not report an accurate balance of cash funds.

Recommendation

We recommend that checks and other uncleared reconciling items that are over one year old be investigated and removed from the bank reconciliation and that the original transaction be reversed. Research should be done periodically to eliminate large numbers of old items being carried from month to month.

Status

Implemented.

Finding 2008-06: General Ledger Account Balances

Condition

During review of several account balances and classes of transactions, it was noted that balance sheet accounts had old, unidentifiable, or unaccountable items included in their balances. Some of the accounts included cash, accounts receivable, loans receivable, utility billing, deposits, accrued payroll, and accounts payable.

Recommendation

The City should adopt a policy requiring monthly reconciliation of all balance sheet accounts to their subsidiary ledgers in order to ensure that accuracy of the monthly financial statements and underlying subsidiary ledgers. Balance sheet reconciliations quickly identify errors and needed corrections. If reconciliations are performed infrequently, errors and adjustments can occur, resulting in the need for significant corrections when the reconciliations are performed. Any reconciling differences should be corrected before the books are closed for the month end.

Status

Implemented.

Finding 2008-07: Sewer Fund Accounts Payable Accrual

Condition

During the audit, we observed that accounts payable on jobs in process for the sewer plant were not recorded, which resulted in an audit adjustment of over \$2.7 million dollars. All expenses incurred as of year end should be recorded so that costs to date on jobs in process reflect all work performed on the jobs.

Recommendation

We recommend that all invoices received for a period of two to three weeks after each month and year end, that apply to work done before the period end, be recorded as job costs and liabilities. This will result in more accurate monthly financial statements, will keep management current on the progress of the jobs, and may highlight a problem area earlier so that corrective action can be taken.

Status

Implemented.

CITY OF HOLLISTER
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2009

Finding 2008-08: RDA Compliance

Condition

The Agency failed to file their annual report and required documents for the 2007-08 year in a timely manner.

Recommendation

We recommend that Agency management ensure they submit all required reports based on RDA guidelines for the next fiscal year. In addition, we believe that if management were to implement the findings stated in the following pages, that they would be able to meet the required timeline.

Status

Implemented.