

CITY OF HOLLISTER CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2010



**CITY OF HOLLISTER
CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010**

**PREPARED BY
FINANCE DEPARTMENT**

CITY OF HOLLISTER
FOR THE YEAR ENDED JUNE 30, 2010

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INTRODUCTORY SECTION





CITY OF HOLLISTER

375 Fifth Street • Hollister, CA 95023-3876

January 14, 2011

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, 2010, 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, 2010, 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 3 through 14 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 123 full time employees and an operating budget of over \$53,000,000. 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:

Issuance of the Redevelopment Agency’s 2009 Tax Allocation Bond and beginning construction of the remodeling of the City’s Fire Station

On July 22, 2009, the Redevelopment Agency of the City of Hollister issued \$8,000,000 in tax allocation bonds. The proceeds of the bond have been used to start the remodeling of the City’s Fire Station Number one. Construction is planned to be finished by the end of the next fiscal year.

State of California and the Supplemental Educational Revenue Augmentation Fund (SERAF)

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.

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.

Other Redevelopment Agency Project

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.

Solar Agreement

The City approved a deal with ClearSpot Energy to build a 1.2-megawatt solar plant at the City's wastewater treatment plant which will provide power for the plant at a reduced rate. Construction is to begin in fiscal year 2010-2011.

Vista Meadows Senior Housing

The City provided public infrastructure and financing to help in the completion of the Vista Meadows Senior Housing project. The project is a 72 unit very low income senior housing apartment complex.

Self-Help Housing

The City provided public infrastructure and financing to help in the completion of 25 self-help low income housing units.

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. Currently 1 in every 187 housing units received a foreclosure filing in 2010.

According to Realtytrac.com, there are approximately 603 homes in the City of Hollister that are at some stage of foreclosure as of the end of fiscal year 2010:

- 235 Homes are currently-Bank Owned properties
- 213 Homes are scheduled for Trustee Sale; and
- 155 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 increased from \$243,000 as of April 1st, 2009 to \$271,000 as of June 2010. The current average foreclosure sales price is at \$266,277.

In addition, according to the California Department of Finance, the estimated residential foreclosure rate for the City of Hollister is 6.0%, based on the total number (603) 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 15.6% for June 2010 per the Bureau of Labor Statistics (www.bls.gov/cgi-bin/dsrv). The unemployment rate has been as high as 22.1% this calendar year well above the National's average of 9.7%. This equated to more than 6,000 individuals that were unemployed (not adjusted for seasonal employment) in the local area in February 2010.

Retail Sales

Retail sales occurring in the April through June quarter were 3.2% higher than the same period last year for the City. The State of California retail sales tax increase 4.7% higher for the same period. However, this is an 18.4% decrease compared to 2008.

Fiscal Year 2010-2011 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.

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 2010-11 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 be flat in 2011. 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, to offset CalPERS' prior asset losses in past fiscal years.

The State of California has recently revised their current budget deficit from \$8.3 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 pass 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.

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, 2010. 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, 2011.

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 \$2.1 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 2011-2012 that is currently estimated to be at \$0.3 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, 2010, 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, 2010, 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.

Awards and Acknowledgments

Financial Reporting Certificate of Achievement: The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City’s CAFR for the fiscal year ended June 30, 2009. This was the first year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both accounting principles generally accepted in the United States of America (USGAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,



Brett I. Miller, CPA, CPFO
Accounting Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hollister
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CITY OF HOLLISTER
CITY COUNCIL AND PRINCIPAL CITY OFFICIALS
JUNE 30, 2010

CITY COUNCIL

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

*Chosen annually at the first meeting in December

APPOINTED OFFICIALS

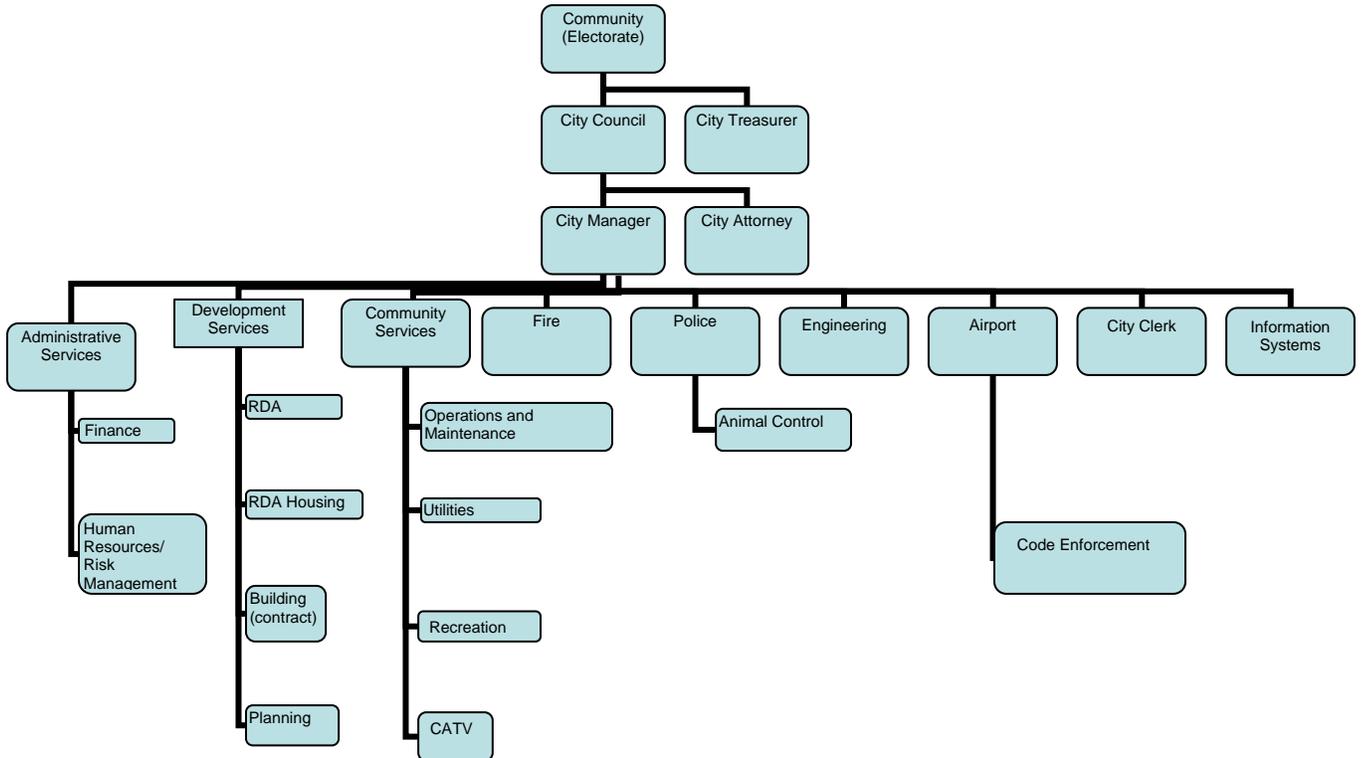
City Manager.....Clint G. Quilter
City Attorney.....Stephanie Atigh
City Clerk and City Treasurer.....Geri Johnson, MMC

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

CITY OF HOLLISTER, CALIFORNIA

Organizational Chart



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, 2010, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2010, 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 January 14, 2011 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.

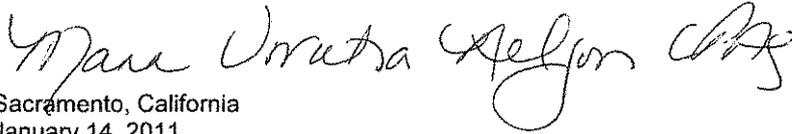
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

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, budgetary comparison schedules, 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 and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. 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 do not express an opinion or provide any assurance on it.

A handwritten signature in cursive script that reads "Mary Umata Nelson". The signature is written in dark ink and is positioned above the typed name and date.

Mary Umata Nelson
Sacramento, California
January 14, 2011

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

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, 2010. 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, 2010 include the following:

Government-wide

The City's total net assets were \$98,712,786 as of June 30, 2010. Of this total, \$50,081,116 represented governmental net assets and \$48,631,670 represented business-type activities. Of this amount, \$49,154,883 may be used to meet the government's ongoing obligations to citizens and creditors.

Current assets totaling \$65,645,538 included \$44,653,195 in cash and investments, \$17,726,895 in accounts, interest, and notes receivable, \$3,229,278 in deferred charges, and \$36,170 in other assets. Restricted assets included restricted cash and investments of \$29,859,641 and land held for resale of \$4,810,482. Non-current assets included \$170,756,051 in capital assets, net of accumulated depreciation. Current liabilities totaling \$1,745,433 included \$1,529,738 in accounts payable and accrued liabilities and \$215,695 in deposits. Non-current liabilities included \$206,498 in net OPEB obligation and long-term liabilities totaling \$3,908,218 due in one year and \$166,498,777 due in more than one year.

Government-wide revenues totaling \$43,746,655 included \$23,050,658 in program revenues, \$18,654,108 in taxes, \$436,882 in investment earnings, and \$1,605,007 in other revenues.

Government-wide expenses totaling \$44,447,100 included \$11,496,478 in general government expenses, \$11,725,625 in public safety expenses, \$3,368,100 in public works expenses, \$1,576,338 in recreation expenses, \$2,296,969 in interest and fiscal charges, and \$13,983,590 in business-type expenses.

Fund level

The City's General Fund balance decreased \$228,002 from the prior fiscal year due to current revenues not meeting expectations in the amount of \$1,145,785 less than originally budgeted.

The City's Measure T fund balance decreased \$894,744 from the prior fiscal year due to the City transferring excess receipts to the general fund.

The City's RDA - Housing fund decreased \$1,294,829 from the prior fiscal year due to payments to recipients for low and moderate income housing grants and assistance.

The City's RDA - Capital Projects fund increased \$124,267 from the prior fiscal year due to the redevelopment agency receiving bond proceeds in the amount of \$6,970,380 for the remodel of the City's fire station #1 and the West Gateway improvements.

The City's RDA - Debt Service fund increased \$1,129,713 from the prior fiscal year due to the redevelopment agency receiving bond proceeds in the amount of \$1,029,620 for reserve requirements.

The City's other governmental fund balances increased \$772,739 from the prior fiscal year primarily due to licenses and permits increasing approximately \$1,000,000 more than in the previous fiscal year.

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

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 50 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, 2010

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, 2010 and 2009

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
ASSETS						
Current and other assets	\$ 63,627,668	\$ 60,618,934	\$ 36,687,993	\$ 38,867,209	\$ 100,315,661	\$ 99,486,143
Capital assets	<u>34,477,787</u>	<u>34,867,109</u>	<u>136,278,264</u>	<u>111,435,794</u>	<u>170,756,051</u>	<u>146,302,903</u>
Total Assets	<u>98,105,455</u>	<u>95,486,043</u>	<u>172,966,257</u>	<u>150,303,003</u>	<u>271,071,712</u>	<u>245,789,046</u>
LIABILITIES						
Current and other liabilities	1,199,964	1,109,080	545,469	478,600	1,745,433	1,587,680
Long-term liabilities	<u>46,824,375</u>	<u>39,475,191</u>	<u>123,789,118</u>	<u>125,932,034</u>	<u>170,613,493</u>	<u>165,407,225</u>
Total Liabilities	<u>48,024,339</u>	<u>40,584,271</u>	<u>124,334,587</u>	<u>126,410,634</u>	<u>172,358,926</u>	<u>166,994,905</u>
NET ASSETS						
Invested in capital assets, net of related debt	(403,587)	(1,238,024)	34,874,146	33,421,263	34,470,559	32,183,239
Restricted for debt service	4,019,249	2,889,536	-	-	4,019,249	2,889,536
Redevelopment activities	11,068,095	12,362,924	-	-	11,068,095	12,362,924
Unrestricted	<u>35,397,359</u>	<u>40,887,336</u>	<u>13,757,524</u>	<u>10,765,382</u>	<u>49,154,883</u>	<u>51,652,718</u>
Total Net Assets	<u>\$ 50,081,116</u>	<u>\$ 54,901,772</u>	<u>\$ 48,631,670</u>	<u>\$ 44,186,645</u>	<u>\$ 98,712,786</u>	<u>\$ 99,088,417</u>

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

The City's total government-wide net assets amounted to \$98,712,786 as of June 30, 2010. This represented a decrease of \$375,631 over fiscal year 2009. The decrease 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 18 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 49.8% 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.

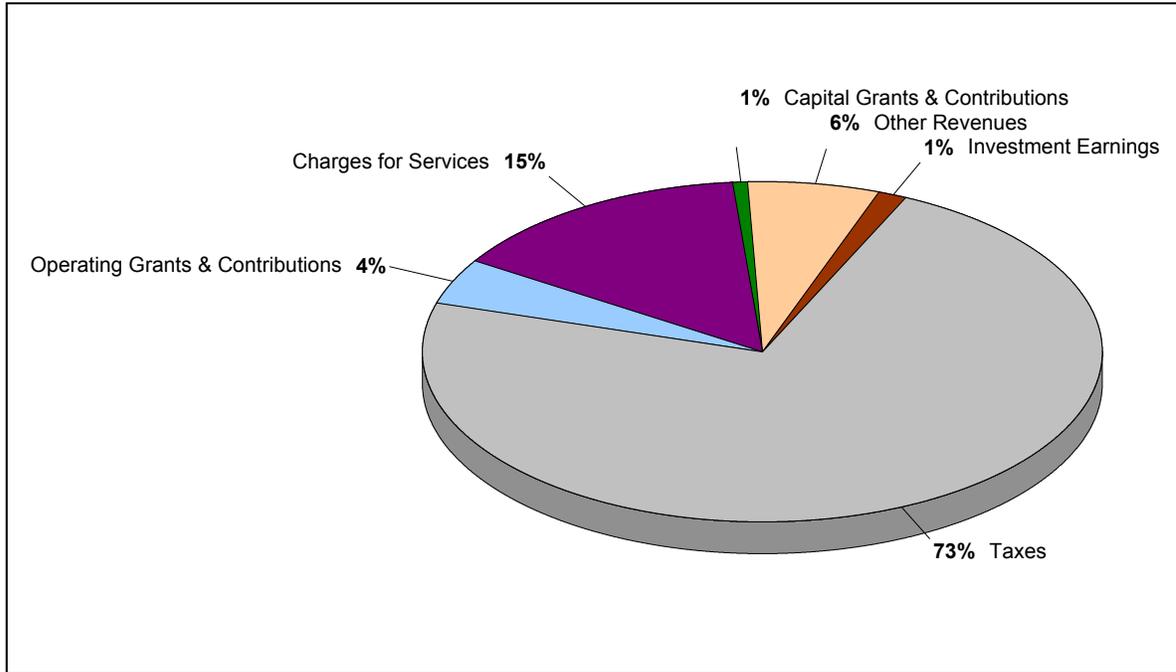
The City's net assets as of June 30, 2010 consisted of the following:

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

	<u>2010</u>	<u>2009</u>
<u>REVENUES</u>		
Charges for services	\$ 3,755,014	\$ 2,660,318
Operating grants and contributions	1,116,473	1,362,085
Capital grants and contributions	192,620	-
Taxes	18,654,108	21,416,637
Investment earnings	348,449	764,469
Other	<u>1,605,007</u>	<u>4,930,074</u>
Total Revenue	<u>25,671,671</u>	<u>31,133,583</u>
<u>EXPENSES</u>		
General government	11,496,478	7,565,001
Public safety	11,725,625	12,510,912
Public works	3,368,100	3,802,923
Recreation	1,576,338	1,772,027
Interest and fiscal charges	<u>2,296,969</u>	<u>1,985,412</u>
Total Expenses	<u>30,463,510</u>	<u>27,636,275</u>
(Decrease) increase in net assets before transfers	(4,791,839)	3,497,308
Transfers	<u>(353,631)</u>	<u>38,759</u>
Change in net assets	<u>(5,145,470)</u>	<u>3,536,067</u>
Net assets - beginning	54,901,772	50,343,748
Prior period restatement (Note 18)	<u>324,814</u>	<u>1,021,957</u>
Net assets - beginning, restated	55,226,586	51,365,705
Net assets - ending	<u>\$ 50,081,116</u>	<u>\$ 54,901,772</u>

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

Sources of Revenues
Governmental Activities



As reflected above, seventy-three percent (73%) or \$18,654,108 of the City's governmental activities revenues as of June 30, 2010 were comprised of tax increments. Program revenues were twenty percent (20%) of governmental activities. Of this amount, four percent (4%) or \$1,116,473 were derived from operating grants and contributions, one percent (1%) was derived from capital grants and contributions, and fifteen percent (15%) or \$3,755,014 were derived from charges for services. The remaining sources of revenues included one percent (1%) or \$348,449 of investment earnings, and six percent (6%) or \$1,605,007 of other revenues.

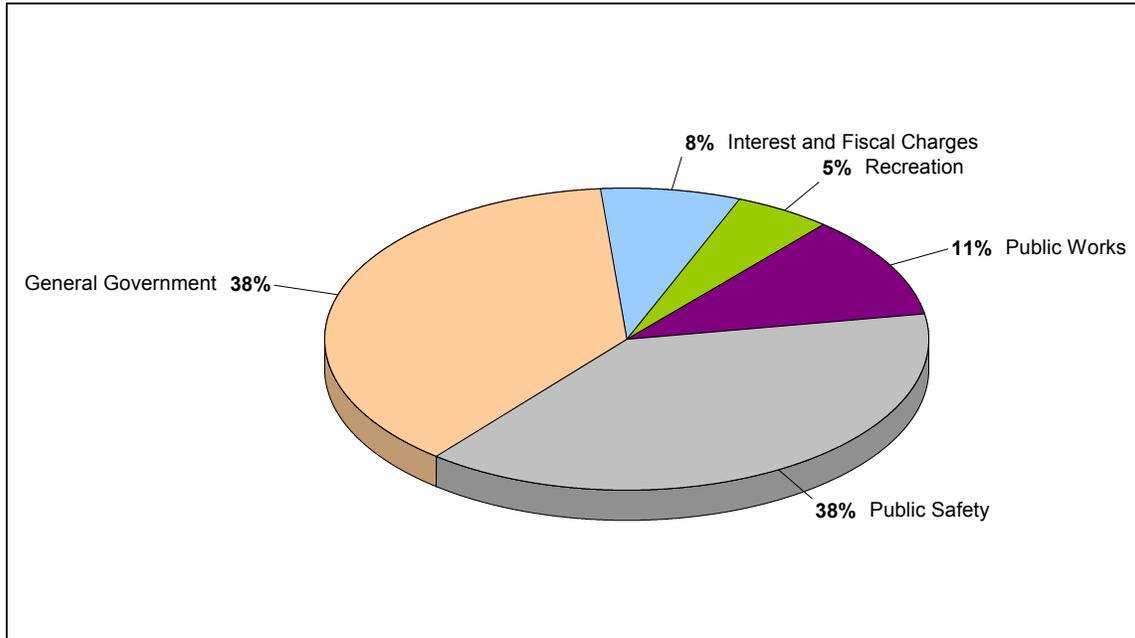
Taxes

The City's overall allocation of tax increments have decreased mainly due to the City's Redevelopment Agency. The Agency experienced a \$1.6 million decrease in property taxes compared to the prior fiscal year. In addition, sales taxes have declined which is associated with the decline in the economy. For this reason, the 12.9% decrease (\$18,654,108 in FY '09-10 vs. \$21,416,637 in prior year FY '08-09) illustrates this point.

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

Functional Expenses

Governmental Activities



As identified in the functional expenses chart, thirty-eight percent (38%) or \$11,725,625 of the City's expenses were for public safety. Thirty-eight (38%) or \$11,496,478 were for general government expenses. The remaining functional expenses included eleven (11%) or \$3,368,100 for public works, five percent (5%) or \$1,576,338 in recreation, and eight percent (8%) or \$2,296,969 in interest and fiscal charges. The City's total governmental expenses increased \$2,827,235 from the prior fiscal year.

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

General Government Expenses

General government expenses increased \$3,931,477 or 51.9%. The main increase was due to expenses associated with the City's Redevelopment Agency's requirement to pay \$4,462,862 to the Supplemental Education Revenue Augmentation Fund (SERAF) as part of the State of California's budget package which required redevelopment agencies to remit approximately \$2.05 billion in redevelopment revenues back to the State.

Public Works Expenses

Public works expenses decreased 11.44% or \$434,823 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 decreased 6.3% or \$785,287. The main decrease was related to expenses associated with budget cuts due to declining revenues.

Recreation Expenses

Recreation expenses decreased 11.0% or \$195,689 due to budget cuts associated with declining revenues.

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

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

	<u>2010</u>	<u>2009</u>
<u>REVENUES</u>		
Charges for services	\$ 17,986,551	\$ 16,385,597
Investment earnings	<u>88,433</u>	<u>575,313</u>
Total Revenue	<u>18,074,984</u>	<u>16,960,910</u>
<u>EXPENSES</u>		
Airport	852,930	873,910
Water	3,776,513	3,919,817
Sewer	8,716,397	7,195,980
Street sweeping	409,517	363,054
Briggs Building	<u>228,233</u>	<u>223,840</u>
Total Expenses	<u>13,983,590</u>	<u>12,576,601</u>
Increase in net assets before transfers	4,091,394	4,384,309
Transfers	<u>353,631</u>	<u>(38,759)</u>
Change in net assets	<u>4,445,025</u>	<u>4,345,550</u>
Net assets - beginning	44,186,645	39,841,095
Net assets - ending	<u>\$ 48,631,670</u>	<u>\$ 44,186,645</u>

In the fiscal year ended June 30, 2010, business-type activities increased the City's net assets by \$4,445,025.

Charges for Services

Charges for services increased \$1,600,954 or 9.8% over the prior fiscal year. This was the result of a 10% rate increase for 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 \$486,880 or 84.6% 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 \$88,433 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, 2010

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, 2010, the City's governmental funds reported combined ending fund balances of \$49,360,363. Approximately 59.6% of this total amount (\$29,429,789) 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, 2010, the unreserved fund balance of the general fund was \$2,126,112 while the total fund balance amounted to \$2,158,860. As measures of the general fund's liquidity, it is useful to note that the unreserved fund balance represents 13.8% percent of total fund expenditures, while the total fund balance represents 14.0% percent of that same amount. The general fund's fund balance decreased by \$228,002 during the current fiscal year. The City's decrease of \$228,002 from the prior fiscal year was due to current revenues not meeting expectations for property and sales taxes.

The Measure T fund had a total fund balance of \$8,480 which is unreserved. The overall fund balance decreased by \$894,744 due to the transfer of excess revenues to the general fund.

The RDA - Housing fund has a total fund balance of \$11,068,095 which is reserved. The overall fund balance decreased by \$1,294,829 due to payments for low and moderate housing projects in the fiscal year.

The RDA - Capital Projects fund had a total fund balance of \$14,050,836. Of this amount, \$4,810,482 was reserved, and the balance of \$9,240,354 was unreserved. The City's RDA - Capital Projects fund increased \$124,267 from the prior fiscal year due to the redevelopment agency's bond proceeds not being completely expended in the current fiscal year.

The RDA - Debt Service fund had a total fund balance of \$4,019,249 which was reserved. The City's RDA - Debt Service fund increased \$1,129,713 from the prior fiscal year due to the redevelopment agency's increase in bond reserves associated with the current year's bond issuance.

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

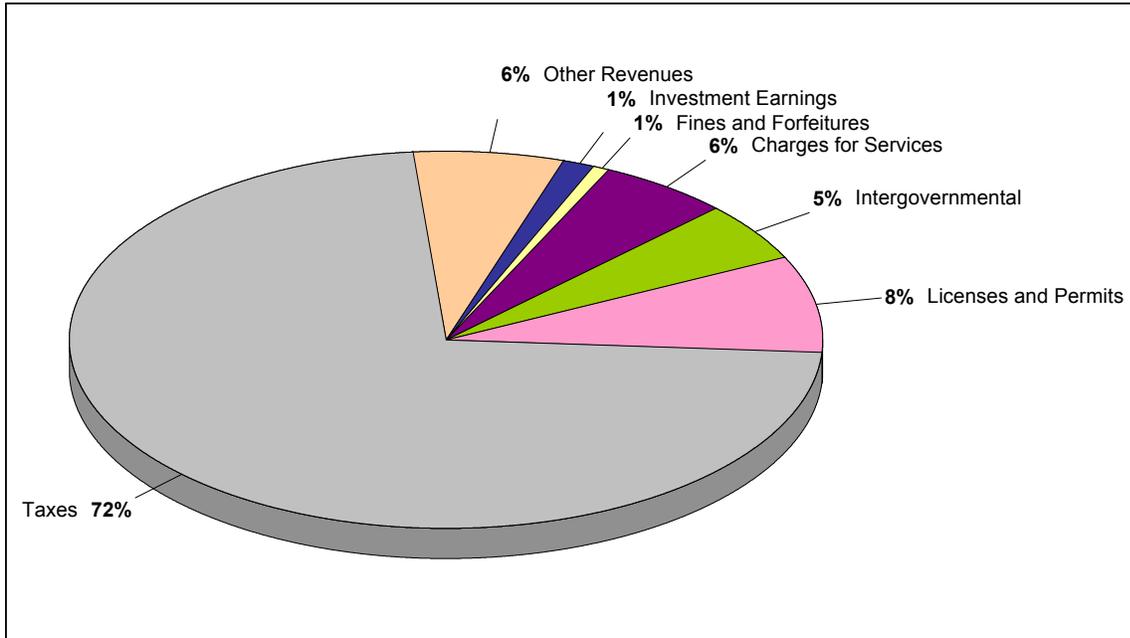
TABLE 4
REVENUES IN THE GOVERNMENTAL FUNDS (in thousands)

Revenue Sources	FY 2010		FY 2009		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Taxes	\$ 18,654	72.5 %	\$ 21,417	68.7 %	\$ (2,763)	(12.9)%
Licenses and permits	2,136	8.3 %	1,071	3.4 %	1,065	99.4 %
Intergovernmental	1,309	5.1 %	1,362	4.4 %	(53)	(3.9)%
Charges for services	1,434	5.6 %	946	3.0 %	488	51.6 %
Fines and forfeitures	185	0.7 %	643	2.1 %	(458)	(71.2)%
Investment earnings	348	1.4 %	764	2.5 %	(416)	(54.5)%
Others	1,669	6.5 %	4,980	16.0 %	(3,311)	(66.5)%
Total	\$ 25,735	100 %	\$ 31,183	100 %	\$ (5,448)	(17.5)%

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

Governmental Fund Revenues

For the Year Ended June 30, 2010



Significant changes for major revenue sources are explained below:

- Taxes – Tax revenues include sales taxes and property taxes. The decrease in tax revenues was due primarily to decreased economic conditions.
- 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.
- Fines and forfeitures – The decrease in fines and forfeitures was due to decreased fines 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 decreased primarily due to a one-time, large dollar amount reimbursement in the prior year.

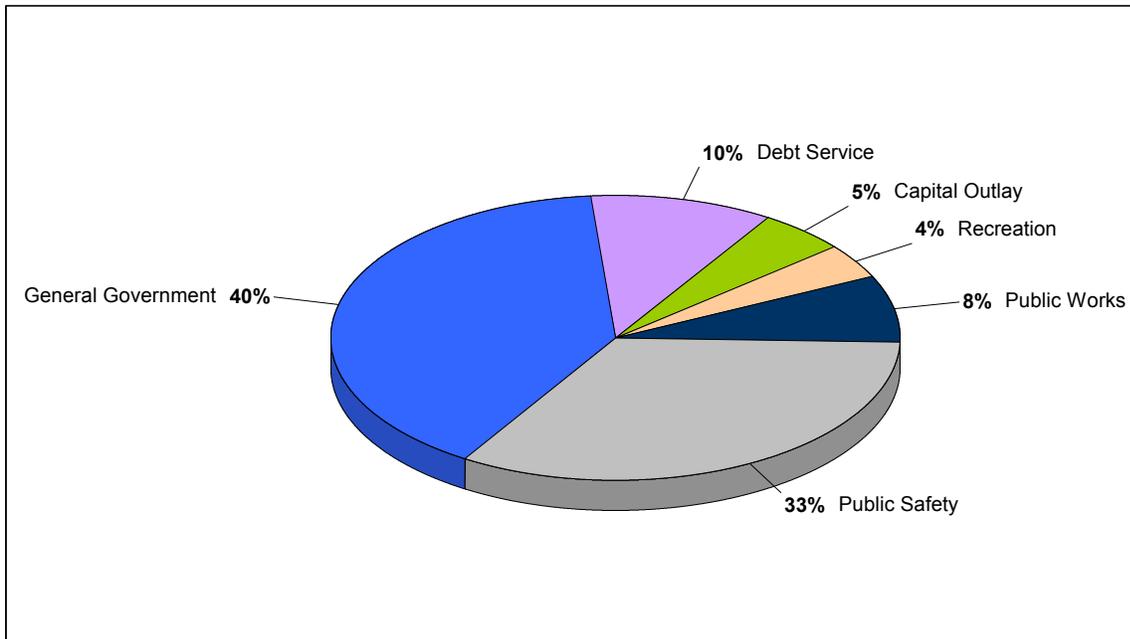
CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

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 2010		FY 2009		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General government	\$ 13,423	39.7 %	\$ 8,558	30.4 %	\$ 4,865	56.8 %
Public safety	11,259	33.3 %	11,283	40.1 %	(24)	(0.2)%
Public works	2,564	7.6 %	2,654	9.4 %	(90)	(3.4)%
Recreation	1,323	3.9 %	1,518	5.4 %	(195)	(12.8)%
Capital outlay	1,682	5.0 %	1,338	4.8 %	344	25.7 %
Debt service	<u>3,522</u>	<u>10.4 %</u>	<u>2,796</u>	<u>9.9 %</u>	<u>726</u>	<u>26.0 %</u>
Total	<u>\$ 33,773</u>	<u>100 %</u>	<u>\$ 28,147</u>	<u>100 %</u>	<u>\$ 5,626</u>	<u>20.0 %</u>

Governmental Fund Expenditures
For the Year Ended June 30, 2010



Significant changes for major functions are explained below:

- General government – The increase in this function was due to the increase associated with the City's redevelopment agency's requirement to pay \$4,462,862 to the Supplemental Education Revenue Augmentation Fund (SERAF) as part of the State of California's budget package which required redevelopment agencies to remit approximately \$2.05 billion in redevelopment revenues back to the State.
- Public safety – The decrease in this function was due to public safety budget cuts due to declining revenues.
- Recreation – The decrease in this function was due to budget cuts due to the declining revenues.
- Capital outlay – The increase in this function was due to the start of construction for the Hollister Fire Station #1.

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

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 \$1,145,785. This decrease was due to the City anticipating decrease in reimbursements from other governments that was not originally anticipated and decreases in property and sales taxes.

During the fiscal year, actual revenues were less than budgetary estimates by \$1,543,392. The main reason for the decrease was that taxes were \$424,442 less than the estimated amount due to decreased property and sales taxes. Plus, revenues from licenses and permits decreased \$21,119 less than estimated amount due to decreases in estimated permits. Actual expenditures were more than budgetary estimates by \$286,558. The net effect of under-realization of revenues and under-utilization of appropriations resulted in an unfavorable variance of \$(439,453).

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, 2010, amounted to \$170,756,051 (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 1.6%. The increase resulted from improvement assets acquired exceeding improvement depreciation by \$2,774,000.

Additional information on the City's capital assets can be found in the Notes to the Financial Statements section of this report on page 47, 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>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Land	\$ 425	\$ 425	\$ 5,244	\$ 5,244	\$ 5,669	\$ 5,669
Air rights	-	-	1,385	1,385	1,385	1,385
Construction in Progress	569	-	20	20	589	20
Buildings	17,751	18,516	8,331	8,799	26,082	27,315
Equipment	2,449	2,505	823	854	3,272	3,359
Improvements	785	827	120,475	116,814	121,260	117,641
Infrastructure	<u>12,499</u>	<u>12,593</u>	<u>-</u>	<u>-</u>	<u>12,499</u>	<u>12,593</u>
Total	<u>\$ 34,478</u>	<u>\$ 34,866</u>	<u>\$ 136,278</u>	<u>\$ 133,116</u>	<u>\$ 170,756</u>	<u>\$ 167,982</u>

CITY OF HOLLISTER
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
FOR THE YEAR ENDED JUNE 30, 2010

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

B. Long-Term Obligations

At June 30, 2010, the City had total long-term obligations outstanding of \$170,406,995 consisting of \$161,750,000 in bonds, and loan obligations of \$653,321. Additional long-term liabilities include bond issuance premium of \$6,971,090 and compensated absences payable of \$1,032,584.

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 49, note 7 – Long-Term Liabilities.

ECONOMIC CONDITION, OUTLOOK, AND ACTIVITY

The City adopted its fiscal year 2010-2011 Final Budget in the total amount of \$46,323,060, with the General Fund using \$325,616 of its reserves. The City will continue to face difficult fiscal challenges in the foreseeable future. For the General Fun, the City implemented a 12.5% budget cut for the fiscal year 2010-2011. 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 as it has caused a decline in property taxes.

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 unfavorable 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.

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, 2010. 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, 2010

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments (Note 2)	\$ 32,868,936	\$ 11,784,259	\$ 44,653,195
Accounts receivable, net of allowance	1,969,735	3,003,973	4,973,708
Interest receivable	44,450	15,201	59,651
Notes receivable, net of allowance (Note 3)	12,693,536	-	12,693,536
Internal balances	281,216	(281,216)	-
Inventory	32,748	-	32,748
Prepaid expenses	3,422	-	3,422
Deferred charges, net (Note 7)	373,805	2,855,473	3,229,278
Restricted cash and investments (Note 2)	10,549,338	19,310,303	29,859,641
Land held for resale (Note 4)	4,810,482	-	4,810,482
Capital assets, net			
Non-depreciable (Note 6)	994,455	6,648,472	7,642,927
Depreciable, net of accumulated depreciation (Note 6)	<u>33,483,332</u>	<u>129,629,792</u>	<u>163,113,124</u>
Total Assets	<u>\$ 98,105,455</u>	<u>\$ 172,966,257</u>	<u>\$ 271,071,712</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 803,184	\$ 329,821	\$ 1,133,005
Accrued liabilities	330,833	65,900	396,733
Deposits	65,947	149,748	215,695
Long-term liabilities (Note 7)			
Due within one year	1,306,022	2,602,196	3,908,218
Due in more than one year	45,311,855	121,186,922	166,498,777
Other postemployment benefits (Note 11)	<u>206,498</u>	<u>-</u>	<u>206,498</u>
Total Liabilities	<u>48,024,339</u>	<u>124,334,587</u>	<u>172,358,926</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	(403,587)	34,874,146	34,470,559
Restricted for:			
Debt service	4,019,249	-	4,019,249
Redevelopment activities	11,068,095	-	11,068,095
Unrestricted	<u>35,397,359</u>	<u>13,757,524</u>	<u>49,154,883</u>
Total Net Assets	<u>\$ 50,081,116</u>	<u>\$ 48,631,670</u>	<u>\$ 98,712,786</u>

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

CITY OF HOLLISTER
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

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 Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 11,496,478	\$ 1,121,856	\$ 546,158	\$ 192,620	\$ (9,635,844)	\$ -	\$ (9,635,844)
Public safety	11,725,625	513,535	210,825	-	(11,001,265)	-	(11,001,265)
Public works	3,368,100	1,621,172	359,490	-	(1,387,438)	-	(1,387,438)
Recreation	1,576,338	498,451	-	-	(1,077,887)	-	(1,077,887)
Interest and fiscal charges	2,296,969	-	-	-	(2,296,969)	-	(2,296,969)
Total governmental activities	<u>30,463,510</u>	<u>3,755,014</u>	<u>1,116,473</u>	<u>192,620</u>	<u>(25,399,403)</u>	<u>-</u>	<u>(25,399,403)</u>
Business-type activities:							
Airport	852,930	697,675	-	-	-	(155,255)	(155,255)
Water	3,776,513	4,117,577	-	-	-	341,064	341,064
Sewer	8,716,397	12,730,842	-	-	-	4,014,445	4,014,445
Street sweeping	409,517	318,057	-	-	-	(91,460)	(91,460)
Briggs building	228,233	122,400	-	-	-	(105,833)	(105,833)
Total business-type activities	<u>13,983,590</u>	<u>17,986,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,002,961</u>	<u>4,002,961</u>
Total primary government	<u>\$ 44,447,100</u>	<u>\$ 21,741,565</u>	<u>\$ 1,116,473</u>	<u>\$ 192,620</u>	<u>\$ (25,399,403)</u>	<u>\$ 4,002,961</u>	<u>\$ (21,396,442)</u>
General revenues:							
Property taxes					\$ 12,616,045	\$ -	\$ 12,616,045
Sales and use taxes					5,212,029	-	5,212,029
Gas taxes					597,268	-	597,268
Other taxes					119,185	-	119,185
Motor vehicle in lieu					109,581	-	109,581
Investment earnings					348,449	88,433	436,882
Miscellaneous					1,605,007	-	1,605,007
Transfers					(353,631)	353,631	-
Total general revenues and transfers					<u>20,253,933</u>	<u>442,064</u>	<u>20,695,997</u>
Change in net assets					(5,145,470)	4,445,025	(700,445)
Net assets - July 1, 2009					54,901,772	44,186,645	99,088,417
Prior period restatement (Note 18)					324,814	-	324,814
Net assets - July 1, 2009, restated					<u>\$ 55,226,586</u>	<u>\$ 44,186,645</u>	<u>\$ 99,413,231</u>
Net assets - June 30, 2010					<u>\$ 50,081,116</u>	<u>\$ 48,631,670</u>	<u>\$ 98,712,786</u>

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

CITY OF HOLLISTER
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Measure T	RDA - Housing	RDA- Capital Projects
<u>ASSETS</u>				
Cash and investments	\$ 1,341,731	\$ 138	\$ 11,105,986	\$ 1,774,872
Restricted cash and investments	-	-	-	6,971,331
Accounts receivable	791,335	450,300	9,768	504,511
Interest receivable	876	-	16,666	2,863
Notes receivable	24,051	-	13,218,128	2,268,910
Due from other funds	685,947	8,481	16,919	184,913
Inventory	32,748	-	-	-
Prepaid expenses	3,422	-	-	-
Land held for resale	-	-	-	4,810,482
	-	-	-	4,810,482
Total Assets	\$ 2,880,110	\$ 458,919	\$ 24,367,467	\$ 16,517,882
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES:				
Accounts payable	\$ 197,870	\$ -	\$ 56,775	\$ 102,354
Accrued liabilities	288,317	8,971	6,306	10,841
Deposits payable	33,913	-	-	31,000
Deferred revenue	24,051	-	13,218,128	2,268,910
Due to other funds	177,099	441,468	18,163	53,941
Total Liabilities	721,250	450,439	13,299,372	2,467,046
FUND BALANCES:				
Reserved for:				
Land held for resale	-	-	-	4,810,482
Housing set-aside	-	-	11,068,095	-
Debt service	-	-	-	-
Inventory	32,748	-	-	-
Unreserved:				
Undesignated, reported in:				
General fund	2,126,112	-	-	-
Special revenue funds	-	8,480	-	-
Capital projects funds	-	-	-	9,240,354
Total Fund Balances	2,158,860	8,480	11,068,095	14,050,836
Total Liabilities and Fund Balances	\$ 2,880,110	\$ 458,919	\$ 24,367,467	\$ 16,517,882

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

CITY OF HOLLISTER
BALANCE SHEET (continued)
GOVERNMENTAL FUNDS
JUNE 30, 2010

	RDA - Debt Service	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and investments	\$ 441,242	\$ 18,204,967	\$ 32,868,936
Restricted cash and investments	3,578,007	-	10,549,338
Accounts receivable	-	213,821	1,969,735
Interest receivable	-	24,045	44,450
Notes receivable	-	1,700,229	17,211,318
Due from other funds	-	261,077	1,157,337
Inventory	-	-	32,748
Prepaid expenses	-	-	3,422
Land held for resale	-	-	4,810,482
Total Assets	\$ 4,019,249	\$ 20,404,139	\$ 68,647,766
 <u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES:			
Accounts payable	\$ -	\$ 446,185	\$ 803,184
Accrued liabilities	-	16,398	330,833
Deposits payable	-	1,034	65,947
Deferred revenue	-	1,700,229	17,211,318
Due to other funds	-	185,450	876,121
Total Liabilities	-	2,349,296	19,287,403
FUND BALANCES:			
Reserved for:			
Land held for resale	-	-	4,810,482
Housing set-aside	-	-	11,068,095
Debt service	4,019,249	-	4,019,249
Inventory	-	-	32,748
Unreserved:			
Undesignated, reported in:			
General fund	-	-	2,126,112
Special revenue funds	-	6,593,807	6,602,287
Capital projects funds	-	11,461,036	20,701,390
Total Fund Balances	4,019,249	18,054,843	49,360,363
Total Liabilities and Fund Balances	\$ 4,019,249	\$ 20,404,139	\$ 68,647,766

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, 2010

Fund balances - total governmental funds	\$ 49,360,363
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	51,827,833
Less: accumulated depreciation	(17,350,046)
Deferred revenue and other resources not available to liquidate liabilities of the current period are not recognized in the funds.	12,693,536
Prepaid bond issuance costs are not capitalized and are therefore not reported in the Governmental Funds	373,805
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	(45,420,000)
Deferred premium	(384,517)
Net OPEB obligation	(206,498)
Compensated absences	<u>(813,360)</u>
Net assets of governmental activities	<u>\$ 50,081,116</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, 2010

	<u>General Fund</u>	<u>Measure T</u>	<u>RDA - Housing</u>	<u>RDA - Capital Projects</u>
<u>REVENUES</u>				
Taxes	\$ 6,186,129	\$ 3,013,530	\$ 2,017,934	\$ 2,517,242
Licenses and permits	1,033,621	-	-	-
Intergovernmental	454,799	-	-	-
Charges for services	1,039,936	-	-	-
Fines and forfeitures	179,986	-	-	-
Investment earnings	8,574	3,497	81,907	45,257
Other	<u>1,582,303</u>	<u>-</u>	<u>47,790</u>	<u>202</u>
Total Revenues	<u>10,485,348</u>	<u>3,017,027</u>	<u>2,147,631</u>	<u>2,562,701</u>
<u>EXPENDITURES</u>				
Current:				
General government	2,284,324	40,880	3,441,361	7,510,028
Public safety	10,275,493	183,889	-	-
Public works	1,778,357	41,078	-	40,467
Recreation	1,080,772	148,565	-	93,492
Capital outlay	13,535	-	1,099	570,793
Debt service:				
Principal	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>15,432,481</u>	<u>414,412</u>	<u>3,442,460</u>	<u>8,214,780</u>
Excess (deficiency) of revenues over expenditures	<u>(4,947,133)</u>	<u>2,602,615</u>	<u>(1,294,829)</u>	<u>(5,652,079)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from bond issuance	-	-	-	6,970,380
Transfers in	4,719,331	-	-	-
Transfers out	<u>(200)</u>	<u>(3,497,359)</u>	<u>-</u>	<u>(1,194,034)</u>
Total Other Financing Sources (Uses)	<u>4,719,131</u>	<u>(3,497,359)</u>	<u>-</u>	<u>5,776,346</u>
Net change in fund balances	<u>(228,002)</u>	<u>(894,744)</u>	<u>(1,294,829)</u>	<u>124,267</u>
Fund balances - July 1, 2009	2,291,631	903,224	12,362,924	13,926,569
Prior period adjustment (Note 18)	<u>95,231</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - July 1, 2009 (restated)	<u>2,386,862</u>	<u>903,224</u>	<u>12,362,924</u>	<u>13,926,569</u>
Fund balances - June 30, 2010	<u>\$ 2,158,860</u>	<u>\$ 8,480</u>	<u>\$ 11,068,095</u>	<u>\$ 14,050,836</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, 2010

	<u>RDA - Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Taxes	\$ 3,521,795	\$ 1,397,478	\$ 18,654,108
Licenses and permits	-	1,102,356	2,135,977
Intergovernmental	-	854,294	1,309,093
Charges for services	-	393,776	1,433,712
Fines and forfeitures	-	5,339	185,325
Investment earnings	100,094	109,120	348,449
Other	-	<u>38,234</u>	<u>1,668,529</u>
Total Revenues	<u>3,621,889</u>	<u>3,900,597</u>	<u>25,735,193</u>
<u>EXPENDITURES</u>			
Current:			
General government	-	146,851	13,423,444
Public safety	-	799,165	11,258,547
Public works	-	704,162	2,564,064
Recreation	-	-	1,322,829
Capital outlay	-	1,096,311	1,681,738
Debt service:			
Principal	835,000	-	835,000
Interest	<u>2,686,796</u>	<u>-</u>	<u>2,686,796</u>
Total Expenditures	<u>3,521,796</u>	<u>2,746,489</u>	<u>33,772,418</u>
Excess (deficiency) of revenues over expenditures	<u>100,093</u>	<u>1,154,108</u>	<u>(8,037,225)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from bond issuance	1,029,620	-	8,000,000
Transfers in	-	384,687	5,104,018
Transfers out	-	<u>(766,056)</u>	<u>(5,457,649)</u>
Total Other Financing Sources (Uses)	<u>1,029,620</u>	<u>(381,369)</u>	<u>7,646,369</u>
Net change in fund balances	<u>1,129,713</u>	<u>772,739</u>	<u>(390,856)</u>
Fund balances - July 1, 2009	2,889,536	17,282,104	49,655,988
Prior period adjustment (Note 18)	-	-	<u>95,231</u>
Fund balances - July 1, 2009 (restated)	<u>2,889,536</u>	<u>17,282,104</u>	<u>49,751,219</u>
Fund balances - June 30, 2010	<u>\$ 4,019,249</u>	<u>\$ 18,054,843</u>	<u>\$ 49,360,363</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, 2010

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 \$ (390,856)

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 1,314,409
 Depreciation expense not reported in governmental funds (1,703,731)

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.

Issuance of bond proceeds (8,000,000)
 Bond issuance costs 390,796
 Principal payments 835,000
 Accretion of bond premium not reported in governmental funds 16,022
 Amortization expense of costs of issuance not reported in governmental funds (16,991)

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 (63,522)
 Loans made during the year 2,487,443

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 6,292
 Allowance for notes receivable 80,952
 Other post employment benefits (101,284)

Change in net assets of governmental activities \$ (5,145,470)

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

CITY OF HOLLISTER
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	<u>Airport</u>	<u>Water</u>	<u>Sewer</u>
<u>ASSETS</u>			
Current Assets			
Cash and investments	\$ 518,680	\$ 4,684,475	\$ 6,446,165
Accounts receivable, net of allowance	17,786	534,927	2,408,538
Interest receivable	246	6,082	8,698
Due from other funds	-	-	9,937
Deferred charges, net	<u>-</u>	<u>-</u>	<u>2,855,473</u>
Total Current Assets	<u>536,712</u>	<u>5,225,484</u>	<u>11,728,811</u>
Restricted cash and investments	-	-	19,310,303
Capital assets			
Nondepreciable	1,530,872	-	5,000,000
Depreciable, net of accumulated depreciation	<u>3,726,229</u>	<u>3,951,021</u>	<u>117,996,645</u>
Total Non-Current Assets	<u>5,257,101</u>	<u>3,951,021</u>	<u>142,306,948</u>
Total Assets	<u>\$ 5,793,813</u>	<u>\$ 9,176,505</u>	<u>\$ 154,035,759</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 7,443	\$ 76,761	\$ 233,106
Accrued liabilities	6,021	24,072	30,788
Due to other funds	5,581	111,099	4,215
Deposits	17,895	131,853	-
Compensated absences - current portion	7,000	46,000	55,000
Bonds payable - current portion	<u>74,494</u>	<u>-</u>	<u>2,409,702</u>
Total Current Liabilities	<u>118,434</u>	<u>389,785</u>	<u>2,732,811</u>
Non-Current Liabilities			
Compensated absences - noncurrent portion	7,230	46,913	42,108
Bonds payable - noncurrent portion	<u>578,827</u>	<u>-</u>	<u>120,506,871</u>
Total Non-Current Liabilities	<u>586,057</u>	<u>46,913</u>	<u>120,548,979</u>
Total Liabilities	<u>704,491</u>	<u>436,698</u>	<u>123,281,790</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	4,603,780	3,951,021	22,245,848
Unrestricted	<u>485,542</u>	<u>4,788,786</u>	<u>8,508,121</u>
Total Net Assets	<u>\$ 5,089,322</u>	<u>\$ 8,739,807</u>	<u>\$ 30,753,969</u>

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

CITY OF HOLLISTER
STATEMENT OF NET ASSETS (continued)
PROPRIETARY FUNDS
JUNE 30, 2010

	<u>Street Sweeping</u>	<u>Briggs Building</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets			
Cash and investments	\$ -	\$ 134,939	\$ 11,784,259
Accounts receivable, net of allowance	42,722	-	3,003,973
Interest receivable	-	175	15,201
Due from other funds	-	-	9,937
Deferred charges, net	<u>-</u>	<u>-</u>	<u>2,855,473</u>
Total Current Assets	<u>42,722</u>	<u>135,114</u>	<u>17,668,843</u>
Restricted cash and investments	-	-	19,310,303
Capital assets			
Nondepreciable	-	117,600	6,648,472
Depreciable, net of accumulated depreciation	<u>230,773</u>	<u>3,725,124</u>	<u>129,629,792</u>
Total Non-Current Assets	<u>230,773</u>	<u>3,842,724</u>	<u>155,588,567</u>
Total Assets	<u>\$ 273,495</u>	<u>\$ 3,977,838</u>	<u>\$ 173,257,410</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	\$ 6,485	\$ 6,026	\$ 329,821
Accrued liabilities	4,966	53	65,900
Due to other funds	170,258	-	291,153
Deposits	-	-	149,748
Compensated absences - current portion	10,000	-	118,000
Bonds payable - current portion	<u>-</u>	<u>-</u>	<u>2,484,196</u>
Total Current Liabilities	<u>191,709</u>	<u>6,079</u>	<u>3,438,818</u>
Non-Current Liabilities			
Compensated absences - noncurrent portion	4,973	-	101,224
Bonds payable - noncurrent portion	<u>-</u>	<u>-</u>	<u>121,085,698</u>
Total Non-Current Liabilities	<u>4,973</u>	<u>-</u>	<u>121,186,922</u>
Total Liabilities	<u>196,682</u>	<u>6,079</u>	<u>124,625,740</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	230,773	3,842,724	34,874,146
Unrestricted	<u>(153,960)</u>	<u>129,035</u>	<u>13,757,524</u>
Total Net Assets	<u>\$ 76,813</u>	<u>\$ 3,971,759</u>	<u>\$ 48,631,670</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, 2010

	<u>Airport</u>	<u>Water</u>	<u>Sewer</u>
<u>OPERATING REVENUES</u>			
Charges for services	\$ <u>697,675</u>	\$ <u>4,117,577</u>	\$ <u>12,730,842</u>
Total Operating Revenue	<u>697,675</u>	<u>4,117,577</u>	<u>12,730,842</u>
<u>OPERATING EXPENSES</u>			
Personnel services	308,896	1,116,537	1,352,746
Contractual and professional services	15,940	1,046,844	1,654,967
Supplies and operating costs	143,166	994,076	1,600,879
Utilities	29,806	316,350	881,570
Depreciation	<u>318,692</u>	<u>302,706</u>	<u>2,971,535</u>
Total Operating Expenses	<u>816,500</u>	<u>3,776,513</u>	<u>8,461,697</u>
Operating Income (Loss)	<u>(118,825)</u>	<u>341,064</u>	<u>4,269,145</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Investment income	1,261	28,773	57,615
Interest expense	<u>(36,430)</u>	<u>-</u>	<u>(254,700)</u>
Income (Loss) Before Transfers	<u>(153,994)</u>	<u>369,837</u>	<u>4,072,060</u>
Transfers in	400,269	-	-
Transfers out	<u>(15,000)</u>	<u>(21,370)</u>	<u>(10,268)</u>
Transfers	<u>385,269</u>	<u>(21,370)</u>	<u>(10,268)</u>
Change in Net Assets	231,275	348,467	4,061,792
Total Net Assets - July 1, 2009	<u>4,858,047</u>	<u>8,391,340</u>	<u>26,692,177</u>
Total Net Assets - June 30, 2010	<u>\$ 5,089,322</u>	<u>\$ 8,739,807</u>	<u>\$ 30,753,969</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, 2010

	<u>Street Sweeping</u>	<u>Briggs Building</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for services	\$ 318,057	\$ 122,400	\$ 17,986,551
Total Operating Revenue	<u>318,057</u>	<u>122,400</u>	<u>17,986,551</u>
<u>OPERATING EXPENSES</u>			
Personnel services	193,755	5,269	2,977,203
Contractual and professional services	12,110	80,414	2,810,275
Supplies and operating costs	163,429	21,920	2,923,470
Utilities	-	11,068	1,238,794
Depreciation	<u>40,223</u>	<u>109,562</u>	<u>3,742,718</u>
Total Operating Expenses	<u>409,517</u>	<u>228,233</u>	<u>13,692,460</u>
Operating Income (Loss)	<u>(91,460)</u>	<u>(105,833)</u>	<u>4,294,091</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Investment income	-	784	88,433
Interest expense	<u>-</u>	<u>-</u>	<u>(291,130)</u>
Income (Loss) Before Transfers	<u>(91,460)</u>	<u>(105,049)</u>	<u>4,091,394</u>
Transfers in	-	-	400,269
Transfers out	<u>-</u>	<u>-</u>	<u>(46,638)</u>
Transfers	<u>-</u>	<u>-</u>	<u>353,631</u>
Change in Net Assets	(91,460)	(105,049)	4,445,025
Total Net Assets - July 1, 2009	<u>168,273</u>	<u>4,076,808</u>	<u>44,186,645</u>
Total Net Assets - June 30, 2010	<u>\$ 76,813</u>	<u>\$ 3,971,759</u>	<u>\$ 48,631,670</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, 2010

	<u>Airport</u>	<u>Water</u>	<u>Sewer</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash receipts from customers	\$ 707,935	\$ 3,873,182	\$ 11,370,726
Cash paid to suppliers for goods and services	(181,606)	(2,314,036)	(4,200,048)
Cash paid to employees	<u>(304,012)</u>	<u>(1,085,604)</u>	<u>(1,309,216)</u>
Net Cash Provided (Used) by Operating Activities	<u>222,317</u>	<u>473,542</u>	<u>5,861,462</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Transfers in	385,269	-	-
Transfer out	-	(21,370)	(10,268)
Interfund receipts (payments)	<u>5,581</u>	<u>111,099</u>	<u>(5,722)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>390,850</u>	<u>89,729</u>	<u>(15,990)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal paid on capital debt	(70,559)	-	(1,900,000)
Interest paid on capital debt	(36,430)	-	(393,317)
Acquisition and construction of capital assets	<u>(102,864)</u>	<u>-</u>	<u>(6,803,464)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(209,853)</u>	<u>-</u>	<u>(9,096,781)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest and dividends received	<u>2,168</u>	<u>35,677</u>	<u>79,985</u>
Net Cash Provided by Investing Activities	<u>2,168</u>	<u>35,677</u>	<u>79,985</u>
Net Increase (Decrease) in Cash and Cash Equivalents	405,482	598,948	(3,171,324)
Cash and Cash Equivalents - July 1, 2009	<u>113,198</u>	<u>4,085,527</u>	<u>28,927,792</u>
Cash and Cash Equivalents - June 30, 2010	<u>\$ 518,680</u>	<u>\$ 4,684,475</u>	<u>\$ 25,756,468</u>
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</u>			
Cash and investments	\$ 518,680	\$ 4,684,475	\$ 6,446,165
Restricted cash and investments	<u>-</u>	<u>-</u>	<u>19,310,303</u>
Total Cash and Investments	<u>\$ 518,680</u>	<u>\$ 4,684,475</u>	<u>\$ 25,756,468</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	\$ (118,825)	\$ 341,064	\$ 4,269,145
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	318,692	302,706	2,971,535
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	8,961	(301,639)	(1,360,116)
Increase (decrease) in accounts payable	7,306	43,234	(62,632)
Increase in deposits payable	1,299	57,244	-
Increase in accrued wages	1,091	5,257	6,035
Increase in compensated absences	<u>3,793</u>	<u>25,676</u>	<u>37,495</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 222,317</u>	<u>\$ 473,542</u>	<u>\$ 5,861,462</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, 2010

	<u>Street Sweeping</u>	<u>Briggs Building</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash receipts from customers	\$ 320,134	\$ 132,600	\$ 16,404,577
Cash paid to suppliers for goods and services	(170,361)	(112,891)	(6,978,942)
Cash paid to employees	<u>(186,081)</u>	<u>(5,216)</u>	<u>(2,890,129)</u>
Net Cash Provided (Used) by Operating Activities	<u>(36,308)</u>	<u>14,493</u>	<u>6,535,506</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Transfers in	-	-	385,269
Transfer out	-	-	(31,638)
Interfund receipts (payments)	<u>36,308</u>	<u>-</u>	<u>147,266</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>36,308</u>	<u>-</u>	<u>500,897</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Principal paid on capital debt	-	-	(1,970,559)
Interest paid on capital debt	-	-	(429,747)
Acquisition and construction of capital assets	<u>-</u>	<u>-</u>	<u>(6,906,328)</u>
Net Cash Used for Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(9,306,634)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest and dividends received	<u>-</u>	<u>978</u>	<u>118,808</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>978</u>	<u>118,808</u>
Net Increase (Decrease) in Cash and Cash Equivalents	-	15,471	(2,151,423)
Cash and Cash Equivalents - July 1, 2009	<u>-</u>	<u>119,468</u>	<u>33,245,985</u>
Cash and Cash Equivalents - June 30, 2010	<u>\$ -</u>	<u>\$ 134,939</u>	<u>\$ 31,094,562</u>
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS</u>			
Cash and investments	\$ -	\$ 134,939	\$ 11,784,259
Restricted cash and investments	<u>-</u>	<u>-</u>	<u>19,310,303</u>
Total Cash and Investments	<u>\$ -</u>	<u>\$ 134,939</u>	<u>\$ 31,094,562</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u>			
Operating Income (Loss)	\$ (91,460)	\$ (105,833)	\$ 4,294,091
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	40,223	109,562	3,742,718
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	2,077	10,200	(1,640,517)
Increase (decrease) in accounts payable	5,178	511	(6,403)
Increase in deposits payable	-	-	58,543
Increase in accrued wages	2,293	53	14,729
Increase in compensated absences	<u>5,381</u>	<u>-</u>	<u>72,345</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (36,308)</u>	<u>\$ 14,493</u>	<u>\$ 6,535,506</u>

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

CITY OF HOLLISTER
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash and investments (Note 2)	\$ 1,269,782
Accounts receivable	66,213
Interest receivable	<u>993</u>
Total Assets	\$ <u>1,336,988</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 35,332
Accrued liabilities	1,894
Deposits in trust	<u>1,299,762</u>
Total Liabilities	\$ <u>1,336,988</u>

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

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010

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.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- The *Briggs Building Fund* was established to account for the City's costs of running the Briggs Building.

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, 2010

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, 2010 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, 2010

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, 2010 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, 2010

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.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

- *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.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2009, the City implemented the following accounting and financial reporting standards:

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. As of June 30, 2010, the City of Hollister is in compliance with GASB No. 51.

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 determined that the statement's provisions are not applicable to them as they do not have any land or other real estate held as investments by endowments.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 determined that the statement's provisions are not applicable to them as they do not invest in derivative instruments.

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. 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. 57

In December 2009, GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This statement addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. 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, 2012.

Government Accounting Standards Board Statement No. 58

In December 2009, GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This statement provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms (that is, approves) a new payment plan. 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, 2011.

Government Accounting Standards Board Statement No. 59

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. This statement updates and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Application of this statement is effective for the City's fiscal year ending June 30, 2011.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2010 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	\$ 32,868,936	\$ 10,549,338	\$ 43,418,274
Business-type activities	<u>11,784,259</u>	<u>19,310,303</u>	<u>31,094,562</u>
Total government-wide cash and investments	<u>44,653,195</u>	<u>29,859,641</u>	<u>74,512,836</u>
Fiduciary activities	<u>1,269,782</u>	<u>-</u>	<u>1,269,782</u>
Total cash and investments	<u>\$ 45,922,977</u>	<u>\$ 29,859,641</u>	<u>\$ 75,782,618</u>

Cash and investments were carried at fair value as of June 30, 2010 and consisted of the following:

Local Area Investment Fund (LAIF)	\$ 42,434,370
Cash with fiscal agent	30,364,762
Deposits with financial institutions	2,824,207
Certificates of deposit	157,563
Cash on hand	<u>1,716</u>
Total cash and investments	<u>\$ 75,782,618</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, 2010

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, 2010

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, 2010:

Investment Type	Remaining Maturity		
	12 months or less	1-5 years	Fair Value
Local Area Investment Pool (LAIF)	\$ 42,434,370	\$ -	\$ 42,434,370
Certificates of deposit	157,563	-	157,563
Held by bond trustee:			
Money market funds	<u>30,364,762</u>	<u>-</u>	<u>30,364,762</u>
	<u>\$ 72,956,695</u>	<u>\$ -</u>	<u>\$ 72,956,695</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, 2010.

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)	\$ 42,434,370	N/A			Not rated
Certificates of Deposit	157,563	N/A			Not rated
Held by bond trustee:					
Money market funds	<u>30,364,762</u>	N/A	AAA		
	<u>\$ 72,956,695</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, 2010 were as follows:

Issuer	Investment Type	Reported Amount
Blackrock Institutional Funds	US Treasury securities	\$ <u>30,364,762</u>

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010, the carrying amount of the City's bank balances were \$3,814,178, of which \$642,977 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, 2010

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, 2010 was as follows:

	Balance
Notes Receivable	\$ 17,788,001
Allowance for Doubtful Notes	(5,094,465)
Notes Receivable, net	\$ 12,693,536

NOTE 4: LAND HELD FOR RESALE

At June 30, 2010, the City had the following properties for resale or development:

Hillcrest Road (Leatherback property)	\$ 4,614,519
Fremont School Site	195,963
Total Land held for Resale	\$ 4,810,482

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5: INTERFUND TRANSACTIONS

Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2010 was as follows:

Balances due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Measure T	\$ 441,468
	RDA - Housing	18,163
	Non-Major Governmental Funds	105,421
	Airport	5,581
	Water	111,099
	Sewer	<u>4,215</u>
		<u>685,947</u>
Measure T	Non-Major Governmental Funds	8,481
RDA - Housing	Non-Major Governmental Funds	16,919
RDA - Capital Projects	General Fund	177,099
	Non-Major Governmental Funds	<u>7,814</u>
		<u>184,913</u>
Non-Major Governmental Funds	RDA - Capital Projects Fund	53,941
	Non-Major Governmental Funds	36,878
	Street Sweeping Fund	<u>170,258</u>
		<u>261,077</u>
Sewer	Non-Major Governmental Funds	<u>9,937</u>
	Total	\$ <u>1,167,274</u>

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, 2010

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>			
General Fund	Non-major governmental funds	Close inactive funds	\$ 200
Measure T	General Fund	Cover operating costs	3,497,359
RDA Capital Projects	General Fund	Reimburse lost tax proceeds	<u>1,194,034</u>
Total Major Governmental Interfund Transfers			<u>4,691,593</u>
<u>Non-Major Governmental Funds</u>			
Local Transportation	Non-major governmental funds	Close inactive funds	37,802
Law Enforcement Program	Non-major governmental funds	Close inactive funds	247,975
Federal Aviation Admin Grant	Airport	Move restricted balance out of grant	329,499
EDA Fund	Non-major governmental funds	Close inactive funds	442
COPS More Program	General Fund	Cover operating costs	38
COPS in School Program	Non-major governmental funds	Close inactive funds	51
Airport Building 25 Reimbursement	Airport	Cover operating costs	60,088
Airport Master Plan	Airport	Close inactive funds	414
Traffic Impact Fee	Federal HES CalTrans	Cover operating costs	<u>89,747</u>
Total Non-Major Governmental Interfund Transfers			<u>\$ 766,056</u>
Total Governmental Interfund Transfers			<u>\$ 5,457,649</u>
<u>Proprietary Funds</u>			
Airport	Hollister Air Show	Start up funding	\$ 15,000
Water	General Fund	Cover operating costs	21,370
Sewer	Airport	Cover operating costs	<u>10,268</u>
Total Proprietary Interfund Transfers			<u>\$ 46,638</u>

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2010</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated				
Land	\$ 425,000	\$ -	\$ -	\$ 425,000
Construction-in-progress	<u>-</u>	<u>569,455</u>	<u>-</u>	<u>569,455</u>
Total capital assets not being depreciated	<u>425,000</u>	<u>569,455</u>	<u>-</u>	<u>994,455</u>
Capital assets being depreciated				
Buildings	25,528,384	13,535	-	25,541,919
Equipment	7,622,590	225,907	-	7,848,497
Improvements	1,183,200	-	-	1,183,200
Infrastructure	<u>15,754,250</u>	<u>505,512</u>	<u>-</u>	<u>16,259,762</u>
Total capital assets being depreciated	<u>50,088,424</u>	<u>744,954</u>	<u>-</u>	<u>50,833,378</u>
Less accumulated depreciation				
Buildings	(7,012,407)	(778,136)	-	(7,790,543)
Equipment	(5,117,808)	(282,173)	-	(5,399,981)
Improvements	(355,283)	(43,366)	-	(398,649)
Infrastructure	<u>(3,160,817)</u>	<u>(600,056)</u>	<u>-</u>	<u>(3,760,873)</u>
Total accumulated depreciation	<u>(15,646,315)</u>	<u>(1,703,731)</u>	<u>-</u>	<u>(17,350,046)</u>
Governmental activities capital assets, net	<u>\$ 34,867,109</u>	<u>\$ (389,322)</u>	<u>\$ -</u>	<u>\$ 34,477,787</u>

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

<u>Governmental Activities:</u>	
General government	\$ 400,110
Public services	469,145
Public works	597,172
Recreation	<u>237,304</u>
Total governmental activities depreciation expense	<u>\$ 1,703,731</u>

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 6: CAPITAL ASSETS (continued)

	<u>Balance at July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2010</u>
<u>Business-type Activities:</u>				
Capital assets not being depreciated				
Land	\$ 5,243,600	\$ -	\$ -	\$ 5,243,600
Air rights	1,384,584	-	-	1,384,584
Construction-in-progress	<u>20,288</u>	<u>-</u>	<u>-</u>	<u>20,288</u>
Total capital assets not being depreciated	<u>6,648,472</u>	<u>-</u>	<u>-</u>	<u>6,648,472</u>
Capital assets being depreciated				
Buildings	16,282,088	-	-	16,282,088
Equipment	3,363,247	97,520	-	3,460,767
Improvements and infrastructure	<u>126,166,809</u>	<u>6,808,808</u>	<u>-</u>	<u>132,975,617</u>
Total capital assets being depreciated	<u>145,812,144</u>	<u>6,906,328</u>	<u>-</u>	<u>152,718,472</u>
Less accumulated depreciation				
Buildings	(7,483,394)	(467,760)	-	(7,951,154)
Equipment	(2,509,425)	(128,225)	-	(2,637,650)
Improvements and infrastructure	<u>(9,353,143)</u>	<u>(3,146,733)</u>	<u>-</u>	<u>(12,499,876)</u>
Total accumulated depreciation	<u>(19,345,962)</u>	<u>(3,742,718)</u>	<u>-</u>	<u>(23,088,680)</u>
Business-type capital assets, net	<u>\$ 133,114,654</u>	<u>\$ 3,163,610</u>	<u>\$ -</u>	<u>\$ 136,278,264</u>

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

Airport	\$ 318,692
Water	302,706
Sewer	2,971,535
Street Sweeping	40,223
Briggs Building	<u>109,562</u>
Total business-type activities depreciation expense	<u>\$ 3,742,718</u>

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>	<u>Current Portion</u>
1997 Tax allocation bonds	\$ 4,305,000	\$ -	\$ (775,000)	\$ 3,530,000	\$ 815,000
2003 Tax allocation bonds	33,950,000	-	(60,000)	33,890,000	60,000
2009 Tax allocation bonds	<u>-</u>	<u>8,000,000</u>	<u>-</u>	<u>8,000,000</u>	<u>115,000</u>
Total Bonds Payable	<u>38,255,000</u>	<u>8,000,000</u>	<u>(835,000)</u>	<u>45,420,000</u>	<u>990,000</u>
Other liabilities:					
Bond issuance premium	400,539	-	(16,022)	384,517	16,022
Compensated absences	<u>819,652</u>	<u>568,890</u>	<u>(575,182)</u>	<u>813,360</u>	<u>300,000</u>
Total Long-term Liabilities	<u>\$ 39,475,191</u>	<u>\$ 8,568,890</u>	<u>\$ (1,426,204)</u>	<u>\$ 46,617,877</u>	<u>\$ 1,306,022</u>

A description of the long-term liabilities related to governmental activities at June 30, 2010 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>
2011	\$ 815,000	\$ 167,835
2012	860,000	122,819
2013	905,000	75,384
2014	<u>950,000</u>	<u>25,531</u>
Total	<u>\$ 3,530,000</u>	<u>\$ 391,569</u>

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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>
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	1,080,000	1,712,068
2016 - 2020	6,295,000	7,625,713
2021 - 2025	8,130,000	5,743,789
2026 - 2030	10,465,000	3,355,722
2031 - 2035	<u>7,655,000</u>	<u>601,547</u>
Total	<u>\$ 33,890,000</u>	<u>\$ 26,022,999</u>

C. 2009 Tax Allocation Bonds

In July 2009, the Agency 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 range from 3.0% - 5.625% and are payable on April 1 and October 1 of each year, commencing on April 1, 2010. Principal payments are due annually in October. The bonds are secured by a pledge of tax revenue in the project area. Future payments are as follows:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 115,000	\$ 522,602
2012	200,000	476,056
2013	210,000	469,131
2014	215,000	461,156
2015	220,000	452,181
2016 - 2020	1,280,000	2,085,165
2021 - 2025	1,685,000	1,663,261
2026 - 2030	2,290,000	1,027,318
2031 - 2035	<u>1,785,000</u>	<u>193,025</u>
Total	<u>\$ 8,000,000</u>	<u>\$ 7,349,895</u>

CITY OF HOLLISTER
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 7: LONG-TERM LIABILITIES (continued)

D. 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>
2011	\$ 990,000	\$ 2,440,238
2012	1,125,000	2,346,316
2013	1,180,000	2,289,421
2014	1,240,000	2,194,193
2015	1,300,000	2,164,249
2016 - 2020	7,575,000	9,710,878
2021 - 2025	9,815,000	7,407,050
2026 - 2030	12,755,000	4,383,040
2031 - 2035	<u>9,440,000</u>	<u>794,572</u>
Total	<u>\$ 45,420,000</u>	<u>\$ 33,729,957</u>

E. Bond Issuance Costs and Premiums

Capitalized bond costs related to bond issuances have been recorded as deferred charges of \$373,805 and bond premium in the amount of \$384,517. 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, 2010 totaled \$969.

F. 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, 2010

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, 2010

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2010</u>	<u>Current Portion</u>
2006 Wastewater revenue bonds	\$ 111,960,000	\$ -	\$ (1,585,000)	\$ 110,375,000	\$ 1,840,000
2007 Wastewater refunding bonds	6,270,000	-	(315,000)	5,955,000	325,000
CA Dept. of Transportation loan	<u>723,880</u>	<u>-</u>	<u>(70,559)</u>	<u>653,321</u>	<u>74,494</u>
Total bonds and loans payable	<u>118,953,880</u>	<u>-</u>	<u>(1,970,559)</u>	<u>116,983,321</u>	<u>2,239,494</u>
Other liabilities:					
Bond issuance premium	6,831,275	-	(244,702)	6,586,573	244,702
Compensated absences	<u>146,879</u>	<u>191,838</u>	<u>(119,493)</u>	<u>219,224</u>	<u>118,000</u>
Total Long-Term Liabilities	<u>\$ 125,932,034</u>	<u>\$ 191,838</u>	<u>\$ (2,334,754)</u>	<u>\$ 123,789,118</u>	<u>\$ 2,602,196</u>

A description of the long-term liabilities related to business-type activities at June 30, 2010 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>
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	2,235,000	5,043,576
2016 - 2020	12,915,000	23,461,750
2021 - 2025	17,035,000	19,962,974
2026 - 2030	24,450,000	15,018,926
2031 - 2035	31,115,000	8,370,348
2036 - 2040	<u>14,700,000</u>	<u>1,095,750</u>
Total	<u>\$ 110,375,000</u>	<u>\$ 94,125,224</u>

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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:

For the Year Ending, June 30	Principal	Interest
2011	\$ 325,000	\$ 252,100
2012	340,000	229,110
2013	350,000	215,500
2014	365,000	201,500
2015	380,000	186,900
2016 - 2020	2,145,000	346,650
2021 - 2025	2,050,000	110,319
Total	\$ 5,955,000	\$ 1,542,079

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:

For the Year Ending, June 30	Principal	Interest
2011	\$ 74,494	\$ 32,467
2012	78,428	29,667
2013	82,362	24,659
2014	86,298	20,472
2015	88,522	16,150
2016 - 2020	243,217	21,096
Total	\$ 653,321	\$ 144,511

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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>
2011	\$ 2,239,494	\$ 5,718,817
2012	2,348,428	5,601,027
2013	2,462,362	5,487,685
2014	2,576,298	5,369,846
2015	2,703,522	5,246,626
2016 - 2020	15,303,217	23,829,496
2021 - 2025	19,085,000	20,073,293
2026 - 2030	24,450,000	15,018,926
2031 - 2035	31,115,000	8,370,348
2036 - 2040	<u>14,700,000</u>	<u>1,095,750</u>
Total	<u>\$ 116,983,321</u>	<u>\$ 95,811,814</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 \$2,855,473 and \$6,586,573, 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, 2010 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. Rebatable 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, 2010 does not expect to incur a liability.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010, the outstanding principal amounts of the bonds were:

	<u>Original Principal</u>	<u>Origination Date</u>	<u>Maturity</u>	<u>Balance at June 30, 2010</u>
Meridian Street District	\$ 2,335,000	3/2/1994	9/2/2022	\$ 1,620,000
San Benito Estates	510,000	3/2/1992	9/2/2021	320,000
Gateway Center	<u>1,250,000</u>	3/2/1999	9/2/2019	<u>790,000</u>
Total	<u>\$ 4,095,000</u>			<u>\$ 2,730,000</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, 2010 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	\$ -	\$ -	\$ -	\$ 4,810,482	\$ -	\$ -	\$ 4,810,482
Housing set-aside	-	-	11,068,095	-	-	-	11,068,095
Debt service	-	-	-	-	4,019,249	-	4,019,249
Inventory	<u>32,748</u>	-	-	-	-	-	<u>32,748</u>
Total reserved fund balance	<u>32,748</u>	-	<u>11,068,095</u>	<u>4,810,482</u>	<u>4,019,249</u>	-	<u>19,930,574</u>
Unreserved- undesignated							
Reported in:							
General fund	2,126,112	-	-	-	-	-	2,126,112
Special revenue funds	-	8,480	-	-	-	6,593,807	6,602,287
Capital project funds	-	-	-	<u>9,240,354</u>	-	<u>11,461,036</u>	<u>20,701,390</u>
Total unreserved fund balances	<u>2,126,112</u>	<u>8,480</u>	-	<u>9,240,354</u>	-	<u>18,054,843</u>	<u>29,429,789</u>
Total fund balances	<u>\$ 2,158,860</u>	<u>\$ 8,480</u>	<u>\$ 11,068,095</u>	<u>\$ 14,050,836</u>	<u>\$ 4,019,249</u>	<u>\$ 18,054,843</u>	<u>\$ 49,360,363</u>

Net Assets

The government-wide Statement of Net Assets reports \$15,087,344 of restricted net assets, of which \$4,019,249 is restricted by debt covenants and \$11,068,095 is restricted by enabling legislation.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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, 2010, 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	\$ 879,171	\$ 973,366	\$ 584,681

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, 2009:

Three Year Trend Information for PERS for all Plans			
<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2007	\$ 2,213,201	100%	-
2008	\$ 2,196,340	100%	-
2009	\$ 2,437,218	100%	-

CITY OF HOLLISTER
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 10: PENSION PLAN (continued)

The funded status of the plan as of June 30, 2009, 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
6/30/09	\$ 1,834,424,640	\$ 1,493,430,831	\$ 340,993,809	81.4%	\$ 355,150,151	96.0%

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
6/30/09	\$ 9,721,675,347	\$ 8,027,158,724	\$ 1,694,516,623	82.6%	\$ 973,814,168	174.0%

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
6/30/09	\$ 9,721,675,347	\$ 8,027,158,724	\$ 1,694,516,623	82.6%	\$ 973,814,168	174.0%

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, 2010

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. The City's plan does not issue a stand-alone financial report and it is not included in the report of another public entity.

For the year ended June 30, 2010, 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, 2010, 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, 2010, the City's annual cost for the healthcare plan was \$111,551. The City's annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended June 30, 2010 were as follows:

Annual required contribution		
Service cost at year-end	\$	62,184
30-year amortization of funded liability		50,950
Interest on net OPEB obligation		5,261
Adjustment to net OPEB obligation		<u>(6,844)</u>
 Total annual required contribution		 <u>111,551</u>
 Employer contributions		 (10,267)
 Net pension obligation - June 30, 2009		 <u>105,214</u>
 Net pension obligation - June 30, 2010	\$	 <u>206,498</u>

Year Ended	Annual OPEB cost	Actual Employer Contribution	Percentage Contributed	Net Ending OPEB
6/30/2009	\$ 113,134	\$ 7,920	7 %	\$ 105,214
6/30/2010	\$ 111,551	\$ 10,267	9 %	\$ 206,498

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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

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*. Therefore, prior year comparative data is not available. In future years, three-year trend information will be presented.

Funded Status and Funding Progress

The funded status of the plan based on an actuarial study using age-adjusted premiums as of June 30, 2010, 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)	\$	8,892,778
UAAL as a percentage of covered payroll		9 %

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.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

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

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 amortization based on a 30-year level dollar (open) and 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.

NOTE 12: EXCESS OF EXPENDITURES AND TRANSFERS OVER APPROPRIATIONS

During fiscal 2010, the following funds had excess expenditures and/or transfers over appropriations:

Fund	Excess
General Fund	\$ 286,758
Measure T	157,914
RDA Housing	172,056
RDA - Capital Projects	5,904,838
RDA - Debt Service	711,410
CDBG Low Income Housing	783
Federal HES CalTran	71,578
Traffic Safety	291
Local Transportation	37,837
San Benito Loan Program	463
Law Enforcement Program	236,502
Federal Aviation Admin Grant	163,452
CHRPO	90
EDA	443
Spay/Neuter Education	1,968
Youth Center	24
Oil Recycling	29
COPS More Program	38
Animal Welfare	666
COPS in School Program	51
Airport Building 25 Reimbursement	1,080
4th of July Rally	214
Information Systems	1
JAG Grant Equipment	2
JAG Grant Recovery Act	4,003
Traffic Congestion Relief	83,450
Airport Masterplan Study	414
Signal Improvement Fee on Flynn	14
Council of Governments	177
Fire Impact Fees	335
Police Impact Fees	51
Storm Drain Fees	100
AB1600 Santa Ana Storm Drain	1,830

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

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 13: DEFICIT FUND BALANCES

As of June 30, 2010, the following funds had a fund deficit:

Fund	Deficit
Mello Roos CFD-1	\$ 4,773
Jail Juvenile Hall	43,576
ARRA	39,390

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

NOTE 14: 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, 2009 (the most current information available) was as follows:

Total Assets	\$ 14,512,890
Total Liabilities	\$ 17,455,967
Net Assets	\$ (2,943,077)
Total Revenues	\$ 4,991,024
Total Expenses	\$ 2,872,734
Change in Net Assets	\$ 2,118,290

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.

CITY OF HOLLISTER
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 15: PROPOSITION 1A- BORROWING FROM THE STATE OF CALIFORNIA

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City was \$368,588.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

NOTE 16: SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION FUND

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. Payments were to be made in two parts, one in FY 2010 and the other in FY 2011. In October 2009, the California Redevelopment Association and two of its members filed a lawsuit to challenge the constitutionality of the bill. In May 2010, the ruling was upheld and the California Redevelopment Association submitted for another appeal in August 2010. The appeal seeks repayment of the funds paid out in FY 2010 and a prohibition of the funds to be paid in FY 2011. A ruling is expected before May 2011, the date the redevelopment agencies must make their FY 2011 payment to the State. The amount paid to the State from the Agency totaled \$4,462,882 in FY 2010 and the amount to be paid in FY 2011 totals \$917,952.

NOTE 17: 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, 2010

NOTE 18: PRIOR PERIOD ADJUSTMENTS

The City determined that certain transactions were incorrectly recorded in prior years. Accordingly, the balance sheet of the fund financial statements has been adjusted to reflect the following prior period adjustment:

<u>Fund</u>	<u>Description of Restatement</u>	<u>Amount</u>
<u>Governmental Funds</u>		
General Fund	Overpayment of utilities to the water fund	\$ <u>95,231</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	\$ 95,231
Notes receivable reconciliation	<u>229,583</u>
Total Government Wide Net Assets Restatement	\$ <u>324,814</u>

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, 2010

	<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	\$ 7,394,863	\$ 6,610,571	\$ 6,186,129	\$ (424,442)
License and permits	1,180,941	1,054,740	1,033,621	(21,119)
Intergovernmental	385,239	496,061	454,799	(41,262)
Charges for services	1,009,211	1,036,779	1,039,936	3,157
Fines and forfeitures	136,100	174,250	179,986	5,736
Investment earnings	82,472	20,001	8,574	(11,427)
Other	<u>1,442,307</u>	<u>2,636,338</u>	<u>1,582,303</u>	<u>(1,054,035)</u>
Total Revenues	<u>11,631,133</u>	<u>12,028,740</u>	<u>10,485,348</u>	<u>(1,543,392)</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Services & Supplies	71,482	71,482	102,429	(30,947)
Contractual	252,247	249,747	196,713	53,034
Total Non-Departmental	<u>323,729</u>	<u>321,229</u>	<u>299,142</u>	<u>22,087</u>
City Council				
Personnel	80,406	80,557	92,029	(11,472)
Services & Supplies	102,297	142,297	186,211	(43,914)
Total City Council	<u>182,703</u>	<u>222,854</u>	<u>278,240</u>	<u>(55,386)</u>
City Clerk				
Personnel	160,712	156,994	155,931	1,063
Services & Supplies	12,400	14,900	16,325	(1,425)
Contractual	13,300	13,300	11,209	2,091
Total City Clerk	<u>186,412</u>	<u>185,194</u>	<u>183,465</u>	<u>1,729</u>
City Manager				
Personnel	180,858	174,975	172,367	2,608
Services & Supplies	6,395	20,915	19,027	1,888
Contractual	81,667	81,667	41,425	40,242
Total City Manager	<u>268,920</u>	<u>277,557</u>	<u>232,819</u>	<u>44,738</u>
City Attorney				
Personnel	153,449	160,593	154,867	5,726
Services & Supplies	43,875	43,875	25,236	18,639
Contractual	24,976	12,276	4,374	7,902
Total City Attorney	<u>222,300</u>	<u>216,744</u>	<u>184,477</u>	<u>32,267</u>
City Treasurer				
Personnel	3,000	3,000	3,868	(868)
Services & Supplies	150	150	-	150
Total City Treasurer	<u>3,150</u>	<u>3,150</u>	<u>3,868</u>	<u>(718)</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, 2010

	<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	365,258	357,832	336,432	21,400
Services & Supplies	56,850	56,850	54,148	2,702
Contractual	40,900	40,900	31,198	9,702
Capital	<u>4,100</u>	<u>4,100</u>	<u>2,622</u>	<u>1,478</u>
Total Finance	<u>467,108</u>	<u>459,682</u>	<u>424,400</u>	<u>35,282</u>
Information Systems				
Personnel	92,055	90,061	89,031	1,030
Services & Supplies	8,755	8,755	8,395	360
Contractual	7,060	7,060	5,492	1,568
Capital	<u>4,800</u>	<u>4,800</u>	<u>4,980</u>	<u>(180)</u>
Total Information Systems	<u>112,670</u>	<u>110,676</u>	<u>107,898</u>	<u>2,778</u>
Human Resources				
Personnel	143,528	140,597	142,371	(1,774)
Services & Supplies	12,130	12,130	18,764	(6,634)
Contractual	<u>12,400</u>	<u>12,400</u>	<u>8,714</u>	<u>3,686</u>
Total Human Resources	<u>168,058</u>	<u>165,127</u>	<u>169,849</u>	<u>(4,722)</u>
Planning				
Personnel	327,907	319,890	359,844	(39,954)
Services & Supplies	51,166	94,886	38,534	56,352
Contractual	1,305	1,305	1,362	(57)
Capital	<u>1,400</u>	<u>1,400</u>	<u>426</u>	<u>974</u>
Total Planning	<u>381,778</u>	<u>417,481</u>	<u>400,166</u>	<u>17,315</u>
Total General Government	<u>2,316,828</u>	<u>2,379,694</u>	<u>2,284,324</u>	<u>95,370</u>
Public Safety				
Animal Control				
Personnel	398,688	391,241	398,019	(6,778)
Services & Supplies	92,258	92,258	84,813	7,445
Contractual	19,548	19,548	73,937	(54,389)
Capital	<u>19,000</u>	<u>19,000</u>	<u>13,535</u>	<u>5,465</u>
Total Animal Control	<u>529,494</u>	<u>522,047</u>	<u>570,304</u>	<u>(48,257)</u>
Fire				
Personnel	3,308,422	3,253,396	3,650,972	(397,576)
Services & Supplies	245,902	286,140	251,108	35,032
Contractual	310,805	310,805	332,347	(21,542)
Capital	<u>5,700</u>	<u>2,700</u>	<u>707</u>	<u>1,993</u>
Total Fire	<u>3,870,829</u>	<u>3,853,041</u>	<u>4,235,134</u>	<u>(382,093)</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, 2010

	<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	4,459,048	4,231,219	4,512,519	(281,300)
Services & Supplies	521,859	521,859	395,607	126,252
Contractual	576,953	576,953	555,010	21,943
Capital	60,000	78,761	20,454	58,307
Total Police	<u>5,617,860</u>	<u>5,408,792</u>	<u>5,483,590</u>	<u>(74,798)</u>
Total Public Safety	<u>10,018,183</u>	<u>9,783,880</u>	<u>10,289,028</u>	<u>(505,148)</u>
Public Works				
Solid Waste				
Personnel	3,300	3,300	6,330	(3,030)
Contractual	254,095	254,095	295,292	(41,197)
Total Solid Waste	<u>257,395</u>	<u>257,395</u>	<u>301,622</u>	<u>(44,227)</u>
Engineering				
Personnel	484,747	473,163	490,944	(17,781)
Services & Supplies	53,265	53,265	35,066	18,199
Contractual	2,681	42,681	32,902	9,779
Total Engineering	<u>540,693</u>	<u>569,109</u>	<u>558,912</u>	<u>10,197</u>
Building				
Personnel	1,212	1,212	1,038	174
Services & Supplies	5,401	5,401	4,622	779
Contractual	301,475	301,475	232,044	69,431
Total Building	<u>308,088</u>	<u>308,088</u>	<u>237,704</u>	<u>70,384</u>
Code Enforcement				
Personnel	42,263	15,650	15,647	3
Services & Supplies	15,125	15,125	1,008	14,117
Total Code Enforcement	<u>57,388</u>	<u>30,775</u>	<u>16,655</u>	<u>14,120</u>
Vehicle Maintenance				
Personnel	176,438	172,946	162,272	10,674
Services & Supplies	32,378	32,378	31,525	853
Contractual	18,127	18,127	15,600	2,527
Total Vehicle Maintenance	<u>226,943</u>	<u>223,451</u>	<u>209,397</u>	<u>14,054</u>
Street Maintenance				
Personnel	360,510	342,679	392,050	(49,371)
Supplies & Services	56,132	56,132	33,780	22,352
Contractual	40,448	40,448	28,237	12,211
Total Street Maintenance	<u>457,090</u>	<u>439,259</u>	<u>454,067</u>	<u>(14,808)</u>
Total Public Works	<u>1,847,597</u>	<u>1,828,077</u>	<u>1,778,357</u>	<u>49,720</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, 2010

	<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	379,672	219,566	269,655	(50,089)
Services & Supplies	225,006	225,006	164,278	60,728
Contractual	123,454	123,454	118,900	4,554
Capital	150	150	90	60
Total Parks	<u>728,282</u>	<u>568,176</u>	<u>552,923</u>	<u>15,253</u>
Veteran's Building				
Personnel	29,688	13,406	20,893	(7,487)
Services & Supplies	77,574	77,574	58,045	19,529
Contractual	8,800	8,800	4,683	4,117
Total Veteran's Building	<u>116,062</u>	<u>99,780</u>	<u>83,621</u>	<u>16,159</u>
Recreation				
Personnel	270,115	266,891	264,139	2,752
Services & Supplies	185,915	185,915	155,241	30,674
Contractual	27,510	27,510	24,848	2,662
Capital	6,000	6,000	-	6,000
Total Recreation	<u>489,540</u>	<u>486,316</u>	<u>444,228</u>	<u>42,088</u>
Total Recreation	<u>1,333,884</u>	<u>1,154,272</u>	<u>1,080,772</u>	<u>73,500</u>
Total Expenditures	<u>15,516,492</u>	<u>15,145,923</u>	<u>15,432,481</u>	<u>(286,558)</u>
Excess (deficiency) of revenues over expenditures	<u>(3,885,359)</u>	<u>(3,117,183)</u>	<u>(4,947,133)</u>	<u>(1,829,950)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,650,000	3,328,634	4,719,331	1,390,697
Transfers out	-	-	(200)	(200)
Total Other Financing Sources (Uses)	<u>1,650,000</u>	<u>3,328,634</u>	<u>4,719,131</u>	<u>1,390,497</u>
Net change in fund balance	<u>(2,235,359)</u>	<u>211,451</u>	<u>(228,002)</u>	<u>(439,453)</u>
Fund balance - July 1, 2009			2,291,631	
Prior Period Adjustment			<u>95,231</u>	
Fund balance - July 1, 2009, restated			<u>2,386,862</u>	
Fund balance - June 30, 2010			<u>\$ 2,158,860</u>	

CITY OF HOLLISTER
MEASURE T
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Taxes	\$ 2,800,000	\$ 2,849,000	\$ 3,013,530	\$ 164,530
Investment earnings	<u>1,633</u>	<u>1,633</u>	<u>3,497</u>	<u>1,864</u>
Total Revenues	<u>2,801,633</u>	<u>2,850,633</u>	<u>3,017,027</u>	<u>166,394</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>-</u>	<u>39</u>	<u>(39)</u>
City Manager				
Personnel	<u>16,822</u>	<u>16,471</u>	<u>926</u>	<u>15,545</u>
Finance				
Personnel	<u>34,498</u>	<u>33,709</u>	<u>39,915</u>	<u>(6,206)</u>
Total General Government	<u>51,320</u>	<u>50,180</u>	<u>40,880</u>	<u>9,300</u>
Public Safety				
Fire				
Personnel	<u>183,736</u>	<u>188,204</u>	<u>180,704</u>	<u>7,500</u>
Police				
Personnel	<u>-</u>	<u>56,771</u>	<u>3,185</u>	<u>53,586</u>
Total Public Safety	<u>183,736</u>	<u>244,975</u>	<u>183,889</u>	<u>61,086</u>
Public Works				
Street Maintenance				
Personnel	<u>63,579</u>	<u>21,742</u>	<u>41,078</u>	<u>(19,336)</u>
Total Public Works	<u>63,579</u>	<u>21,742</u>	<u>41,078</u>	<u>(19,336)</u>
Recreation				
Parks				
Personnel	66,458	20,772	41,811	(21,039)
Service & Supplies	<u>-</u>	<u>-</u>	<u>217</u>	<u>(217)</u>
Total Parks	<u>66,458</u>	<u>20,772</u>	<u>42,028</u>	<u>(21,256)</u>
Veteran's Building				
Personnel	<u>81,095</u>	<u>72,715</u>	<u>79,963</u>	<u>(7,248)</u>
Recreation				
Personnel	<u>15,067</u>	<u>14,839</u>	<u>26,574</u>	<u>(11,735)</u>
Total Recreation	<u>162,620</u>	<u>108,326</u>	<u>148,565</u>	<u>(40,239)</u>
Total Expenditures	<u>461,255</u>	<u>425,223</u>	<u>414,412</u>	<u>10,811</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over expenditures	<u>2,340,378</u>	<u>2,425,410</u>	<u>2,602,615</u>	<u>177,205</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(1,650,000)</u>	<u>(3,328,634)</u>	<u>(3,497,359)</u>	<u>(168,725)</u>
Total other financing sources (uses)	<u>(1,650,000)</u>	<u>(3,328,634)</u>	<u>(3,497,359)</u>	<u>(168,725)</u>
Net change in fund balance	<u>690,378</u>	<u>(903,224)</u>	<u>(894,744)</u>	<u>8,480</u>
Fund balance - July 1, 2009			<u>903,224</u>	
Fund balance - June 30, 2010			<u>\$ 8,480</u>	

CITY OF HOLLISTER
RDA - HOUSING
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<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	\$ 2,530,843	\$ 2,530,843	\$ 2,017,934	\$ (512,909)
Investment earnings	100,000	100,000	81,907	(18,093)
Other	<u>-</u>	<u>-</u>	<u>47,790</u>	<u>47,790</u>
Total Revenues	<u>2,630,843</u>	<u>2,630,843</u>	<u>2,147,631</u>	<u>(483,212)</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	11,865	11,865	7,380	4,485
Other	<u>322,560</u>	<u>322,560</u>	<u>323,643</u>	<u>(1,083)</u>
Total Non-Departmental	<u>334,425</u>	<u>334,425</u>	<u>331,023</u>	<u>3,402</u>
Affordable Housing				
Personnel	399,546	432,811	355,700	77,111
Services & Supplies	96,154	1,667,250	116,194	1,551,056
Contractual	280,848	781,398	2,592,316	(1,810,918)
Capital	<u>3,695</u>	<u>3,695</u>	<u>1,099</u>	<u>2,596</u>
Total Affordable Housing	<u>780,243</u>	<u>2,885,154</u>	<u>3,065,309</u>	<u>(180,155)</u>
Finance				
Contractual	<u>700</u>	<u>700</u>	<u>-</u>	<u>700</u>
Rental Assistance				
Contractual	<u>-</u>	<u>35,000</u>	<u>40,956</u>	<u>(5,956)</u>
Code Enforcement				
Services & Supplies	<u>15,125</u>	<u>15,125</u>	<u>5,172</u>	<u>9,953</u>
Total Expenditures	<u>1,130,493</u>	<u>3,270,404</u>	<u>3,442,460</u>	<u>(172,056)</u>
Net change in fund balance	<u>1,500,350</u>	<u>(639,561)</u>	<u>(1,294,829)</u>	<u>(655,268)</u>
Fund balance - July 1, 2009			<u>12,362,924</u>	
Fund balance - June 30, 2010			<u>\$ 11,068,095</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
6/30/07**	\$ 1,315,454,361	\$ 1,149,247,298	\$ 166,207,063	87.4%	\$ 289,090,187	57.5%
6/30/08**	\$ 1,537,909,933	\$ 1,337,707,835	\$ 200,202,098	87.0%	\$ 333,307,600	60.1%
6/30/09**	\$ 1,834,424,640	\$ 1,493,430,831	\$ 340,993,809	81.4%	\$ 355,150,151	96.0%

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
6/30/07**	\$ 7,986,055,176	\$ 6,826,599,459	\$1,159,455,717	85.5%	\$ 831,607,658	139.4%
6/30/08**	\$ 8,700,467,733	\$ 7,464,927,716	\$1,235,540,017	85.8%	\$ 914,840,596	135.1%
6/30/09**	\$ 9,721,675,347	\$ 8,027,158,724	\$1,694,516,623	82.6%	\$ 973,814,168	174.0%

* 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%	\$ 8,892,778	9 %

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, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes	\$ 4,865,715	\$ 4,865,715	\$ 2,517,242	\$ (2,348,473)
Investment earnings	42,830	43,955	45,257	1,302
Other	<u>2,258</u>	<u>2,258</u>	<u>202</u>	<u>(2,056)</u>
Total Revenues	<u>4,910,803</u>	<u>4,911,928</u>	<u>2,562,701</u>	<u>(2,349,227)</u>
EXPENDITURES				
General Government				
Non-Departmental				
Services & Supplies	-	-	387	(387)
Contractual	493,365	495,865	5,304,663	(4,808,798)
Other	<u>322,560</u>	<u>322,560</u>	<u>1,269,880</u>	<u>(947,320)</u>
Total Non-Departmental	<u>815,925</u>	<u>818,425</u>	<u>6,574,930</u>	<u>(5,756,505)</u>
City Council				
Personnel	<u>4,329</u>	<u>4,329</u>	<u>2,640</u>	<u>1,689</u>
City Clerk				
Personnel	40,009	39,076	38,780	296
Services & Supplies	-	-	208	(208)
Total City Clerk	<u>40,009</u>	<u>39,076</u>	<u>38,988</u>	<u>88</u>
City Manager				
Personnel	43,792	43,932	42,350	1,582
Services & Supplies	-	-	2,968	(2,968)
Contractual	-	357	356	1
Total City Manager	<u>43,792</u>	<u>44,289</u>	<u>45,674</u>	<u>(1,385)</u>
RDA General				
Personnel	363,548	355,043	312,218	42,825
Services & Supplies	111,765	127,765	90,844	36,921
Contractual	315,000	315,000	325,939	(10,939)
Capital	<u>6,745</u>	<u>6,745</u>	<u>1,991</u>	<u>4,754</u>
Total RDA General	<u>797,058</u>	<u>804,553</u>	<u>730,992</u>	<u>73,561</u>
City Attorney				
Personnel	37,759	39,668	38,216	1,452
Services & Supplies	-	-	241	(241)
Contractual	<u>4,056</u>	<u>756</u>	<u>356</u>	<u>400</u>
Total City Attorney	<u>41,815</u>	<u>40,424</u>	<u>38,813</u>	<u>1,611</u>
Finance				
Personnel	41,397	40,450	44,534	(4,084)
Services & Supplies	700	1,000	968	32
Contractual	<u>1,000</u>	<u>700</u>	<u>-</u>	<u>700</u>
Total Finance	<u>43,097</u>	<u>42,150</u>	<u>45,502</u>	<u>(3,352)</u>
Information Systems				
Personnel	33,683	32,959	33,352	(393)
Services & Supplies	-	-	236	(236)
Total Information Systems	<u>33,683</u>	<u>32,959</u>	<u>33,588</u>	<u>(629)</u>
Total General Government	<u>1,819,708</u>	<u>1,826,205</u>	<u>7,511,127</u>	<u>(5,684,922)</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Works				
Fire Station #1				
Personnel	-	-	526	(526)
Services & Supplies	-	716,340	528,474	187,866
Capital	-	-	5,000	(5,000)
Total Fire Station #1	<u>-</u>	<u>716,340</u>	<u>534,000</u>	<u>182,340</u>
Leatherback Demolition				
Services & Supplies	-	127,950	-	127,950
Capital	-	366,729	-	366,729
Total Leatherback Demolition	<u>-</u>	<u>494,679</u>	<u>-</u>	<u>494,679</u>
Fremont School Demolition				
Services & Supplies	-	-	6	(6)
West Gateway				
Personnel	-	-	689	(689)
Services & Supplies	-	-	35,171	(35,171)
Capital	-	300,000	-	300,000
Total West Gateway	<u>-</u>	<u>300,000</u>	<u>35,860</u>	<u>264,140</u>
Engineering				
Personnel	41,961	40,601	14,997	25,604
Services & Supplies	-	1,041	192	849
Contractual	2,031	2,031	12,545	(10,514)
Total Engineering	<u>43,992</u>	<u>43,673</u>	<u>27,734</u>	<u>15,939</u>
Code Enforcement				
Personnel	48,979	16,598	11,686	4,912
Services & Supplies	-	875	875	-
Total Code Enforcement	<u>48,979</u>	<u>17,473</u>	<u>12,561</u>	<u>4,912</u>
Total Public Works	<u>92,971</u>	<u>1,572,165</u>	<u>610,161</u>	<u>962,004</u>
Recreation				
Parks				
Personnel	96,296	94,736	84,528	10,208
Services & Supplies	10,870	10,870	8,964	1,906
Total Parks	<u>107,166</u>	<u>105,606</u>	<u>93,492</u>	<u>12,114</u>
Total Expenditures	<u>2,019,845</u>	<u>3,503,976</u>	<u>8,214,780</u>	<u>(4,710,804)</u>
Excess (deficiency) of revenues over expenditures	<u>2,890,958</u>	<u>1,407,952</u>	<u>(5,652,079)</u>	<u>(7,060,031)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from bond issuance	-	6,970,380	6,970,380	-
Transfers out	-	-	(1,194,034)	(1,194,034)
Total other financing sources (uses)	<u>-</u>	<u>6,970,380</u>	<u>5,776,346</u>	<u>(1,194,034)</u>
Net change in fund balance	<u>\$ 2,890,958</u>	<u>\$ 8,378,332</u>	<u>124,267</u>	<u>\$ (8,254,065)</u>
Fund balance - July 1, 2009			<u>13,926,569</u>	
Fund balance - June 30, 2010			<u>\$ 14,050,836</u>	

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, 2010

	<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	\$ 3,521,795	\$ 704,687
Investment earnings	<u>66,134</u>	<u>66,134</u>	<u>100,094</u>	<u>33,960</u>
Total Revenues	<u>2,883,242</u>	<u>2,883,242</u>	<u>3,621,889</u>	<u>738,647</u>
<u>EXPENDITURES</u>				
Debt service				
Principal	835,000	835,000	835,000	-
Interest	<u>1,975,386</u>	<u>1,975,386</u>	<u>2,686,796</u>	<u>(711,410)</u>
Total Debt Service	<u>2,810,386</u>	<u>2,810,386</u>	<u>3,521,796</u>	<u>(711,410)</u>
Total Expenditures	<u>2,810,386</u>	<u>2,810,386</u>	<u>3,521,796</u>	<u>(711,410)</u>
Excess (deficiency) of revenues over expenditures	<u>72,856</u>	<u>72,856</u>	<u>100,093</u>	<u>27,237</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from bond issuance	<u>-</u>	<u>-</u>	<u>1,029,620</u>	<u>1,029,620</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,029,620</u>	<u>1,029,620</u>
Net change in fund balance	<u>\$ 72,856</u>	<u>\$ 72,856</u>	<u>1,129,713</u>	<u>\$ 1,056,857</u>
Fund balance - July 1, 2009			<u>2,889,536</u>	
Fund balance - June 30, 2010			<u>\$ 4,019,249</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.

Hollister Air Show - This fund was established to manage and track all expenditures and corresponding revenues received from the Hollister Air Show.

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.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS (continued)

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.

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.

JAG Grant Equipment - This fund was established to account for the JAG Program, administered by the Bureau of Justice Assistance (BJA), to support designated program areas directly related to law enforcement.

JAG Grant Recovery Act - This fund was established to account for the JAG ARRA Program, administered by the Bureau of Justice Assistance (BJA), to support designated program areas directly related to law enforcement.

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.

NON-MAJOR GOVERNMENTAL 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.

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 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.

ARRA - This fund was established to account for funding from the Economic Stimulus Package. The City's receipt of funding under this program has been designated for rehabilitation of major Collector Roadways within the City of Hollister.

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2010

	SPECIAL REVENUE FUNDS					
	CDBG Low Income Housing Rehab	Federal HES CalTran	Gas Tax	Traffic Safety	Park Dedication	Local Transportation
<u>ASSETS</u>						
Cash and investments	\$ 720,650	\$ 38	\$ 226,144	\$ 867	\$ 251,483	\$ -
Accounts receivable	-	-	57,296	-	-	-
Interest receivable	936	182	294	6	327	-
Notes receivable	400,634	-	-	-	-	-
Due from other funds	-	-	1,630	-	-	-
	<u>-</u>	<u>-</u>	<u>1,630</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,122,220</u>	<u>\$ 220</u>	<u>\$ 285,364</u>	<u>\$ 873</u>	<u>\$ 251,810</u>	<u>\$ -</u>
<u>LIABILITIES AND FUND BALANCES</u>						
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ 34,847	\$ -	\$ -	\$ -
Accrued liabilities	-	1	961	-	-	-
Deposits	-	-	-	-	-	-
Deferred revenue	400,634	-	-	-	-	-
Due to other funds	-	219	-	-	53	-
	<u>-</u>	<u>219</u>	<u>-</u>	<u>-</u>	<u>53</u>	<u>-</u>
Total Liabilities	<u>400,634</u>	<u>220</u>	<u>35,808</u>	<u>-</u>	<u>53</u>	<u>-</u>
FUND BALANCES (DEFICITS):						
Unreserved:						
Undesignated, reported in:						
Special revenue funds	721,586	-	249,556	873	251,757	-
Capital project funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance (Deficits)	<u>721,586</u>	<u>-</u>	<u>249,556</u>	<u>873</u>	<u>251,757</u>	<u>-</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 1,122,220</u>	<u>\$ 220</u>	<u>\$ 285,364</u>	<u>\$ 873</u>	<u>\$ 251,810</u>	<u>\$ -</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (continued)
JUNE 30, 2010

	SPECIAL REVENUE FUNDS					
	San Benito Loan Program	Law Enforcement Program	Federal Aviation Admin Grant	Hollister Air Show	CHRPO	EDA
<u>ASSETS</u>						
Cash and investments	\$ 719,655	\$ -	\$ 11,246	\$ 21,435	\$ 82,440	\$ -
Accounts receivable	-	-	-	-	-	-
Interest receivable	935	-	84	28	107	-
Notes receivable	77,424	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
	-	-	-	-	-	-
Total Assets	\$ 798,014	\$ -	\$ 11,330	\$ 21,463	\$ 82,547	\$ -
<u>LIABILITIES AND FUND BALANCES</u>						
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ 1,019	\$ -	\$ -
Accrued liabilities	-	-	273	58	-	-
Deposits	-	-	-	-	-	-
Deferred revenue	77,424	-	-	-	-	-
Due to other funds	-	-	27	-	-	-
	-	-	27	-	-	-
Total Liabilities	77,424	-	300	1,077	-	-
FUND BALANCES (DEFICITS):						
Unreserved:						
Undesignated, reported in:						
Special revenue funds	720,590	-	11,030	20,386	82,547	-
Capital project funds	-	-	-	-	-	-
	-	-	-	-	-	-
Total Fund Balance (Deficits)	720,590	-	11,030	20,386	82,547	-
Total Liabilities and Fund Balances (Deficits)	\$ 798,014	\$ -	\$ 11,330	\$ 21,463	\$ 82,547	\$ -

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (continued)
JUNE 30, 2010

	SPECIAL REVENUE FUNDS					
	Transportation Development Act	Spay/ Neuter Education	Mello Roos CFD-1	Youth Center	Oil Recycling	Police Special Law Enforcement Safety
<u>ASSETS</u>						
Cash and investments	\$ 1,276,885	\$ 13,551	\$ -	\$ 21,924	\$ 26,402	\$ 209,072
Accounts receivable	-	-	48,112	-	-	15,000
Interest receivable	1,669	18	-	28	34	263
Notes receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total Assets	<u>\$ 1,278,554</u>	<u>\$ 13,569</u>	<u>\$ 48,112</u>	<u>\$ 21,952</u>	<u>\$ 26,436</u>	<u>\$ 224,335</u>
<u>LIABILITIES AND FUND BALANCES</u>						
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	58	-	-	-	-	-
Deposits	-	1,034	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Due to other funds	214	-	52,885	-	-	-
Total Liabilities	<u>272</u>	<u>1,034</u>	<u>52,885</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):						
Unreserved:						
Undesignated, reported in:						
Special revenue funds	1,278,282	12,535	(4,773)	21,952	26,436	224,335
Capital project funds	-	-	-	-	-	-
Total Fund Balance (Deficits)	<u>1,278,282</u>	<u>12,535</u>	<u>(4,773)</u>	<u>21,952</u>	<u>26,436</u>	<u>224,335</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 1,278,554</u>	<u>\$ 13,569</u>	<u>\$ 48,112</u>	<u>\$ 21,952</u>	<u>\$ 26,436</u>	<u>\$ 224,335</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (continued)
JUNE 30, 2010

	SPECIAL REVENUE FUNDS					
	Office of Traffic Safety	Local Law Enforcement	COPS More Program	Animal Welfare	COPS in School Program	Airport Building 25 Reimburse- ment
<u>ASSETS</u>						
Cash and investments	\$ 19,178	\$ -	\$ -	\$ 30,427	\$ -	\$ 1,743,963
Accounts receivable	-	-	-	-	-	-
Interest receivable	25	-	-	40	-	2,265
Notes receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
	-	-	-	-	-	-
Total Assets	\$ 19,203	\$ -	\$ -	\$ 30,467	\$ -	\$ 1,746,228
<u>LIABILITIES AND FUND BALANCES</u>						
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	-
FUND BALANCES (DEFICITS):						
Unreserved:						
Undesignated, reported in:						
Special revenue funds	19,203	-	-	30,467	-	1,746,228
Capital project funds	-	-	-	-	-	-
	-	-	-	-	-	-
Total Fund Balance (Deficits)	19,203	-	-	30,467	-	1,746,228
Total Liabilities and Fund Balances (Deficits)	\$ 19,203	\$ -	\$ -	\$ 30,467	\$ -	\$ 1,746,228

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (continued)
JUNE 30, 2010

	SPECIAL REVENUE FUNDS					
	<u>4th of July Rally</u>	<u>Information Systems</u>	<u>JAG Grant Equipment</u>	<u>JAG Grant Recovery Act</u>	<u>Police Office of Traffic Safety</u>	<u>Traffic Congestion Relief</u>
ASSETS						
Cash and investments	\$ -	\$ -	\$ 18,334	\$ 96,942	\$ -	\$ 515,267
Accounts receivable	-	-	-	-	-	93,413
Interest receivable	-	-	24	126	-	669
Notes receivable	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,358</u>	<u>\$ 97,068</u>	<u>\$ -</u>	<u>\$ 609,349</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ 3,995	\$ -	\$ 349,766
Accrued liabilities	-	-	-	-	-	2,900
Deposits	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	49
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,995</u>	<u>-</u>	<u>352,715</u>
FUND BALANCES (DEFICITS):						
Unreserved:						
Undesignated, reported in:						
Special revenue funds	-	-	18,358	93,073	-	256,634
Capital project funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance (Deficits)	<u>-</u>	<u>-</u>	<u>18,358</u>	<u>93,073</u>	<u>-</u>	<u>256,634</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,358</u>	<u>\$ 97,068</u>	<u>\$ -</u>	<u>\$ 609,349</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (continued)
JUNE 30, 2010

	SPECIAL REVENUE FUNDS					
	Airport Masterplan Study	RZH River Trail Project	Signal Improvement Fee on Flynn	Council of Governments	San Felipe Bikeway	Home Program Revolving Loans
<u>ASSETS</u>						
Cash and investments	\$ -	\$ -	\$ 13,239	\$ 163,005	\$ -	\$ 635,403
Accounts receivable	-	-	-	-	-	-
Interest receivable	-	-	17	212	-	876
Notes receivable	-	-	-	-	-	1,222,171
Due from other funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,256</u>	<u>\$ 163,217</u>	<u>\$ -</u>	<u>\$ 1,858,450</u>
<u>LIABILITIES AND FUND BALANCES</u>						
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	1,222,171
Due to other funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,222,171</u>
FUND BALANCES (DEFICITS):						
Unreserved:						
Undesignated, reported in:						
Special revenue funds	-	-	13,256	163,217	-	636,279
Capital project funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance (Deficits)	<u>-</u>	<u>-</u>	<u>13,256</u>	<u>163,217</u>	<u>-</u>	<u>636,279</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,256</u>	<u>\$ 163,217</u>	<u>\$ -</u>	<u>\$ 1,858,450</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (continued)
JUNE 30, 2010

	CAPITAL PROJECT FUNDS				
	Fire Impact Fees	Police Impact Fees	Storm Drain Fees	Storm Drain Impact Fees	Traffic Impact Fees
<u>ASSETS</u>					
Cash and investments	\$ 67,337	\$ 60,950	\$ 92,543	\$ 4,144,526	\$ 4,756,981
Accounts receivable	-	-	-	-	-
Interest receivable	424	79	120	5,382	5,934
Notes receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
	-	-	-	-	-
Total Assets	\$ 67,761	\$ 61,029	\$ 92,663	\$ 4,149,908	\$ 4,762,915
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ -	\$ 56,558	\$ -
Accrued liabilities	-	-	-	11,554	93
Deposits	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	669	48,770
	-	-	-	68,781	48,863
Total Liabilities	-	-	-	68,781	48,863
FUND BALANCES (DEFICITS):					
Unreserved:					
Undesignated, reported in:					
Special revenue funds	-	-	-	-	-
Capital project funds	67,761	61,029	92,663	4,081,127	4,714,052
	67,761	61,029	92,663	4,081,127	4,714,052
Total Fund Balance (Deficits)	67,761	61,029	92,663	4,081,127	4,714,052
Total Liabilities and Fund Balances (Deficits)	\$ 67,761	\$ 61,029	\$ 92,663	\$ 4,149,908	\$ 4,762,915

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (continued)
JUNE 30, 2010

	CAPITAL PROJECT FUNDS				
	AB 1600 Santa Ana Storm Drain	Jail Juvenile Hall	Local Street & Road Improvement	ARRA	Total Non-Major Governmental Funds
<u>ASSETS</u>					
Cash and investments	\$ 1,685,033	\$ -	\$ 580,047	\$ -	\$ 18,204,967
Accounts receivable	-	-	-	-	213,821
Interest receivable	2,188	-	753	-	24,045
Notes receivable	-	-	-	-	1,700,229
Due from other funds	<u>259,447</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>261,077</u>
Total Assets	<u>\$ 1,946,668</u>	<u>\$ -</u>	<u>\$ 580,800</u>	<u>\$ -</u>	<u>\$ 20,404,139</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 446,185
Accrued liabilities	-	-	72	428	16,398
Deposits	-	-	-	-	1,034
Deferred revenue	-	-	-	-	1,700,229
Due to other funds	<u>-</u>	<u>43,576</u>	<u>26</u>	<u>38,962</u>	<u>185,450</u>
Total Liabilities	<u>-</u>	<u>43,576</u>	<u>98</u>	<u>39,390</u>	<u>2,349,296</u>
FUND BALANCES (DEFICITS):					
Unreserved:					
Undesignated, reported in:					
Special revenue funds	-	-	-	-	6,593,807
Capital project funds	<u>1,946,668</u>	<u>(43,576)</u>	<u>580,702</u>	<u>(39,390)</u>	<u>11,461,036</u>
Total Fund Balance (Deficits)	<u>1,946,668</u>	<u>(43,576)</u>	<u>580,702</u>	<u>(39,390)</u>	<u>18,054,843</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 1,946,668</u>	<u>\$ -</u>	<u>\$ 580,800</u>	<u>\$ -</u>	<u>\$ 20,404,139</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE FUNDS					
	CDBG Low Income Housing Rehab	Federal HES CalTran	Gas Tax	Traffic Safety	Park Dedication	Local Transportation
REVENUES						
Taxes	\$ -	\$ -	\$ 597,268	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for service	-	-	-	-	192,484	-
Fines and forfeitures	-	-	-	5,339	-	-
Investment earnings	4,085	345	303	6	952	122
Other	-	-	3,234	-	-	-
Total Revenues	<u>4,085</u>	<u>345</u>	<u>600,805</u>	<u>5,345</u>	<u>193,436</u>	<u>122</u>
EXPENDITURES						
Current:						
General government	2,283	71,274	-	-	163	35
Public safety	-	-	-	-	-	-
Public works	-	304	467,919	932	55	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	<u>2,283</u>	<u>71,578</u>	<u>467,919</u>	<u>932</u>	<u>218</u>	<u>35</u>
Excess (deficiency) of revenues over expenditures	<u>1,802</u>	<u>(71,233)</u>	<u>132,886</u>	<u>4,413</u>	<u>193,218</u>	<u>87</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	89,747	-	-	-	-
Transfers out	-	-	-	-	-	(37,802)
Net change in fund balances	<u>1,802</u>	<u>18,514</u>	<u>132,886</u>	<u>4,413</u>	<u>193,218</u>	<u>(37,715)</u>
Fund balances (deficits) - July 1, 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>
Fund balances (deficits) - June 30, 2010	<u>\$ 721,586</u>	<u>\$ -</u>	<u>\$ 249,556</u>	<u>\$ 873</u>	<u>\$ 251,757</u>	<u>\$ -</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE FUNDS					
	San Benito Loan Program	Law Enforcement Program	Federal Aviation Admin Grant	Hollister Air Show	CHRPO	EDA
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	192,620	-	-	-
Charges for service	-	-	-	18,774	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment earnings	6,878	801	672	46	472	1
Other	24,338	695	-	1,123	-	-
Total Revenues	<u>31,216</u>	<u>1,496</u>	<u>193,292</u>	<u>19,943</u>	<u>472</u>	<u>1</u>
EXPENDITURES						
Current:						
General government	1,963	227	107	15	90	-
Public safety	-	7,497	-	-	-	-
Public works	-	-	13,448	14,542	-	-
Capital Outlay	-	-	192,744	-	-	-
Total Expenditures	<u>1,963</u>	<u>7,724</u>	<u>206,299</u>	<u>14,557</u>	<u>90</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>29,253</u>	<u>(6,228)</u>	<u>(13,007)</u>	<u>5,386</u>	<u>382</u>	<u>1</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	15,000	-	-
Transfers out	-	(247,975)	(329,499)	-	-	(442)
Net change in fund balances	<u>29,253</u>	<u>(254,203)</u>	<u>(342,506)</u>	<u>20,386</u>	<u>382</u>	<u>(441)</u>
Fund balances (deficits) - July 1, 2009	<u>691,337</u>	<u>254,203</u>	<u>353,536</u>	<u>-</u>	<u>82,165</u>	<u>441</u>
Fund balances (deficits) - June 30, 2010	<u>\$ 720,590</u>	<u>\$ -</u>	<u>\$ 11,030</u>	<u>\$ 20,386</u>	<u>\$ 82,547</u>	<u>\$ -</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE FUNDS					
	Transportation Development Act	Spay/ Neuter Education	Mello Roos CFD-1	Youth Center	Oil Recycling	Police Special Law Enforcement Safety
REVENUES						
Taxes	\$ -	\$ -	\$ 800,210	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	200,000
Charges for service	-	10,888	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment earnings	7,450	77	486	126	152	945
Other	-	-	-	-	-	-
Total Revenues	<u>7,450</u>	<u>10,965</u>	<u>800,696</u>	<u>126</u>	<u>152</u>	<u>200,945</u>
EXPENDITURES						
Current:						
General government	1,415	15	41,051	24	29	220
Public safety	-	10,953	764,418	-	-	-
Public works	6,735	-	-	-	-	-
Capital Outlay	<u>18,504</u>	-	-	-	-	<u>207,396</u>
Total Expenditures	<u>26,654</u>	<u>10,968</u>	<u>805,469</u>	<u>24</u>	<u>29</u>	<u>207,616</u>
Excess (deficiency) of revenues over expenditures	<u>(19,204)</u>	<u>(3)</u>	<u>(4,773)</u>	<u>102</u>	<u>123</u>	<u>(6,671)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(19,204)</u>	<u>(3)</u>	<u>(4,773)</u>	<u>102</u>	<u>123</u>	<u>(6,671)</u>
Fund balances (deficits) - July 1, 2009	<u>1,297,486</u>	<u>12,538</u>	<u>-</u>	<u>21,850</u>	<u>26,313</u>	<u>231,006</u>
Fund balances (deficits) - June 30, 2010	<u>\$ 1,278,282</u>	<u>\$ 12,535</u>	<u>\$ (4,773)</u>	<u>\$ 21,952</u>	<u>\$ 26,436</u>	<u>\$ 224,335</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE FUNDS					
	Office of Traffic Safety	Local Law Enforcement	COPS More Program	Animal Welfare	COPS in School Program	Airport Building 25 Reimburse- ment
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	10,825	-	-	-	-	-
Charges for service	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment earnings	97	-	-	185	-	9,987
Other	-	-	-	1,853	-	-
Total Revenues	<u>10,922</u>	<u>-</u>	<u>-</u>	<u>2,038</u>	<u>-</u>	<u>9,987</u>
EXPENDITURES						
Current:						
General government	21	-	-	33	-	13,680
Public safety	4,691	-	-	4,833	-	-
Public works	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	<u>4,712</u>	<u>-</u>	<u>-</u>	<u>4,866</u>	<u>-</u>	<u>13,680</u>
Excess (deficiency) of revenues over expenditures	<u>6,210</u>	<u>-</u>	<u>-</u>	<u>(2,828)</u>	<u>-</u>	<u>(3,693)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	40,400	-	-	-	-
Transfers out	-	-	(38)	-	(51)	(60,088)
Net change in fund balances	<u>6,210</u>	<u>40,400</u>	<u>(38)</u>	<u>(2,828)</u>	<u>(51)</u>	<u>(63,781)</u>
Fund balances (deficits) - July 1, 2009	<u>12,993</u>	<u>(40,400)</u>	<u>38</u>	<u>33,295</u>	<u>51</u>	<u>1,810,009</u>
Fund balances (deficits) - June 30, 2010	<u>\$ 19,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,467</u>	<u>\$ -</u>	<u>\$ 1,746,228</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE FUNDS					
	4th of July Rally	Information Systems	JAG Grant Equipment	JAG Grant Recovery Act	Police Office of Traffic Safety	Traffic Congestion Relief
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	18,314	96,834	-	335,701
Charges for service	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment earnings	849	-	46	242	-	2,083
Other	843	-	-	-	-	-
Total Revenues	<u>1,692</u>	<u>-</u>	<u>18,360</u>	<u>97,076</u>	<u>-</u>	<u>337,784</u>
EXPENDITURES						
Current:						
General government	1,809	1	2	8	-	428
Public safety	2,778	-	-	3,995	-	-
Public works	-	-	-	-	-	20,698
Capital Outlay	-	-	-	-	-	378,763
Total Expenditures	<u>4,587</u>	<u>1</u>	<u>2</u>	<u>4,003</u>	<u>-</u>	<u>399,889</u>
Excess (deficiency) of revenues over expenditures	<u>(2,895)</u>	<u>(1)</u>	<u>18,358</u>	<u>93,073</u>	<u>-</u>	<u>(62,105)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	187,748	15,822	-	-	6,417	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>184,853</u>	<u>15,821</u>	<u>18,358</u>	<u>93,073</u>	<u>6,417</u>	<u>(62,105)</u>
Fund balances (deficits) - July 1, 2009	<u>(184,853)</u>	<u>(15,821)</u>	<u>-</u>	<u>-</u>	<u>(6,417)</u>	<u>318,739</u>
Fund balances (deficits) - June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,358</u>	<u>\$ 93,073</u>	<u>\$ -</u>	<u>\$ 256,634</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE FUNDS					
	Airport Masterplan Study	RZH River Trail Project	Signal Improvement Fee on Flynn	Council of Governments	San Felipe Bikeway	Home Program Revolving Loans
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for service	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Investment earnings	-	-	75	934	-	8,036
Other	-	-	-	-	-	6,148
Total Revenues	<u>-</u>	<u>-</u>	<u>75</u>	<u>934</u>	<u>-</u>	<u>14,184</u>
EXPENDITURES						
Current:						
General government	-	-	14	177	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>14</u>	<u>177</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>61</u>	<u>757</u>	<u>-</u>	<u>14,184</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	7,622	-	-	21,931	-
Transfers out	<u>(414)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(414)</u>	<u>7,622</u>	<u>61</u>	<u>757</u>	<u>21,931</u>	<u>14,184</u>
Fund balances (deficits) - July 1, 2009	<u>414</u>	<u>(7,622)</u>	<u>13,195</u>	<u>162,460</u>	<u>(21,931)</u>	<u>622,095</u>
Fund balances (deficits) - June 30, 2010	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,256</u>	<u>\$ 163,217</u>	<u>\$ -</u>	<u>\$ 636,279</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
FOR THE YEAR ENDED JUNE 30, 2010

CAPITAL PROJECT FUNDS					
	<u>Fire Impact Fees</u>	<u>Police Impact Fees</u>	<u>Storm Drain Fees</u>	<u>Storm Drain Impact Fees</u>	<u>Traffic Impact Fees</u>
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	33,190	-	-	-	1,044,210
Intergovernmental	-	-	-	-	-
Charges for service	-	24,420	21,920	125,290	-
Fines and forfeitures	-	-	-	-	-
Investment earnings	1,771	274	522	24,324	22,689
Other	-	-	-	-	-
Total Revenues	<u>34,961</u>	<u>24,694</u>	<u>22,442</u>	<u>149,614</u>	<u>1,066,899</u>
EXPENDITURES					
Current:					
General government	335	51	100	4,569	4,227
Public safety	-	-	-	-	-
Public works	-	-	-	129,925	5,237
Capital Outlay	-	-	-	<u>283,496</u>	<u>1,253</u>
Total Expenditures	<u>335</u>	<u>51</u>	<u>100</u>	<u>417,990</u>	<u>10,717</u>
Excess (deficiency) of revenues over expenditures	<u>34,626</u>	<u>24,643</u>	<u>22,342</u>	<u>(268,376)</u>	<u>1,056,182</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	<u>(89,747)</u>
Net change in fund balances	<u>34,626</u>	<u>24,643</u>	<u>22,342</u>	<u>(268,376)</u>	<u>966,435</u>
Fund balances (deficits) - July 1, 2009	<u>33,135</u>	<u>36,386</u>	<u>70,321</u>	<u>4,349,503</u>	<u>3,747,617</u>
Fund balances (deficits) - June 30, 2010	<u>\$ 67,761</u>	<u>\$ 61,029</u>	<u>\$ 92,663</u>	<u>\$ 4,081,127</u>	<u>\$ 4,714,052</u>

CITY OF HOLLISTER
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
FOR THE YEAR ENDED JUNE 30, 2010

	CAPITAL PROJECT FUNDS				
	AB 1600 Santa Ana Storm Drain	Jail Juvenile Hall	Local Street & Road Improvement	ARRA	Total Non-major Governmental Funds
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,397,478
Licenses and permits	-	24,956	-	-	1,102,356
Intergovernmental	-	-	-	-	854,294
Charges for service	-	-	-	-	393,776
Fines and forfeitures	-	-	-	-	5,339
Investment earnings	9,648	-	3,397	42	109,120
Other	-	-	-	-	38,234
Total Revenues	<u>9,648</u>	<u>24,956</u>	<u>3,397</u>	<u>42</u>	<u>3,900,597</u>
EXPENDITURES					
Current:					
General government	1,830	-	646	9	146,851
Public safety	-	-	-	-	799,165
Public works	-	-	4,944	39,423	704,162
Capital Outlay	-	-	14,155	-	1,096,311
Total Expenditures	<u>1,830</u>	<u>-</u>	<u>19,745</u>	<u>39,432</u>	<u>2,746,489</u>
Excess (deficiency) of revenues over expenditures	<u>7,818</u>	<u>24,956</u>	<u>(16,348)</u>	<u>(39,390)</u>	<u>1,154,108</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	384,687
Transfers out	-	-	-	-	(766,056)
Net change in fund balances	<u>7,818</u>	<u>24,956</u>	<u>(16,348)</u>	<u>(39,390)</u>	<u>772,739</u>
Fund balances (deficits) - July 1, 2009	<u>1,938,850</u>	<u>(68,532)</u>	<u>597,050</u>	<u>-</u>	<u>17,282,104</u>
Fund balances (deficits) - June 30, 2010	<u>\$ 1,946,668</u>	<u>\$ (43,576)</u>	<u>\$ 580,702</u>	<u>\$ (39,390)</u>	<u>\$ 18,054,843</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, 2010

	<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>3,720</u>	\$ <u>3,720</u>	\$ <u>4,085</u>	\$ <u>365</u>
Total Revenues	<u>3,720</u>	<u>3,720</u>	<u>4,085</u>	<u>365</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>1,500</u>	<u>2,283</u>	<u>(783)</u>
Total Expenditures	<u>-</u>	<u>1,500</u>	<u>2,283</u>	<u>(783)</u>
Net change in fund balance	\$ <u><u>3,720</u></u>	\$ <u><u>2,220</u></u>	<u>1,802</u>	\$ <u><u>(418)</u></u>
Fund balance - July 1, 2009			<u>719,784</u>	
Fund balance - June 30, 2010			\$ <u><u>721,586</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, 2010

	<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	\$ -	\$ -	\$ 345	\$ 345
Total Revenues	-	-	345	345
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Services & Supplies	-	-	71,234	(71,234)
Contractual	-	-	40	(40)
Total Non-Departmental	-	-	71,274	(71,274)
Public Works				
San Felipe				
Personnel	-	-	304	(304)
Total Expenditures	-	-	71,578	(71,578)
Excess (deficiency) of revenues over expenditures	-	-	(71,233)	(71,233)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	89,747	89,747
Total other financing sources (uses)	-	-	89,747	89,747
Net change in fund balance	\$ -	\$ -	18,514	\$ 18,514
Fund balance (deficit) - July 1, 2009			(18,514)	
Fund balance - June 30, 2010			\$ -	

The City did not adopt a budget for the Federal HES Caltran fund for the year ended June 30, 2010.

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, 2010

	<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	\$ 597,268	\$ (56,104)
Investment earnings	631	631	303	(328)
Other	-	-	3,234	3,234
Total Revenues	<u>654,003</u>	<u>654,003</u>	<u>600,805</u>	<u>(53,198)</u>
<u>EXPENDITURES</u>				
Public Works				
Street Maintenance				
Personnel	113,622	112,666	71,822	40,844
Services & Supplies	440,464	440,464	322,221	118,243
Contractual	105,263	105,263	72,976	32,287
Contractual	900	900	900	-
Total Street Maintenance	<u>660,249</u>	<u>659,293</u>	<u>467,919</u>	<u>191,374</u>
Total Expenditures	<u>660,249</u>	<u>659,293</u>	<u>467,919</u>	<u>191,374</u>
Net change in fund balance	<u>\$ (6,246)</u>	<u>\$ (5,290)</u>	<u>132,886</u>	<u>\$ 138,176</u>
Fund balance - July 1, 2009			<u>116,670</u>	
Fund balance - June 30, 2010			<u>\$ 249,556</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, 2010

	<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>				
Fines and forfeitures	\$ -	\$ -	\$ 5,339	\$ 5,339
Investment earnings	<u>1</u>	<u>1</u>	<u>6</u>	<u>5</u>
Total Revenues	<u>1</u>	<u>1</u>	<u>5,345</u>	<u>5,344</u>
<u>EXPENDITURES</u>				
Public Works				
Engineering				
Personnel	-	-	932	(932)
Services & Supplies	<u>641</u>	<u>641</u>	<u>-</u>	<u>641</u>
Total Street Maintenance	<u>641</u>	<u>641</u>	<u>932</u>	<u>(291)</u>
Total Expenditures	<u>641</u>	<u>641</u>	<u>932</u>	<u>(291)</u>
Net change in fund balance	\$ <u>(640)</u>	\$ <u>(640)</u>	<u>4,413</u>	\$ <u>5,053</u>
Fund balance(deficit) - July 1, 2009			<u>(3,540)</u>	
Fund balance - June 30, 2010			\$ <u>873</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, 2010

	<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	\$ -	\$ -	\$ 192,484	\$ 192,484
Investment earnings	<u>1,036</u>	<u>1,036</u>	<u>952</u>	<u>(84)</u>
Total Revenues	<u>1,036</u>	<u>1,036</u>	<u>193,436</u>	<u>192,400</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>-</u>	<u>163</u>	<u>(163)</u>
Public Works				
Engineering				
Personnel	-	-	2	(2)
Services & Supplies	<u>258</u>	<u>258</u>	<u>53</u>	<u>205</u>
Total Engineering	<u>258</u>	<u>258</u>	<u>55</u>	<u>203</u>
Total Expenditures	<u>258</u>	<u>258</u>	<u>218</u>	<u>40</u>
Net change in fund balance	<u>\$ 778</u>	<u>\$ 778</u>	<u>193,218</u>	<u>\$ 192,440</u>
Fund balance - July 1, 2009			<u>58,539</u>	
Fund balance - June 30, 2010			<u>\$ 251,757</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, 2010

	<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	\$ 186	\$ 186	\$ 122	\$ (64)
Total Revenues	<u>186</u>	<u>186</u>	<u>122</u>	<u>(64)</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	-	35	(35)
Total Expenditures	<u>-</u>	<u>-</u>	<u>35</u>	<u>(35)</u>
Excess (deficiency) of revenues over expenditures	<u>186</u>	<u>186</u>	<u>87</u>	<u>(99)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	-	(37,802)	(37,802)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(37,802)</u>	<u>(37,802)</u>
Net change in fund balance	<u>\$ 186</u>	<u>\$ 186</u>	<u>(37,715)</u>	<u>\$ (37,901)</u>
Fund balance - July 1, 2009			<u>37,715</u>	
Fund balance - June 30, 2010			<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, 2010

	<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	\$ 9,201	\$ 9,201	\$ 6,878	\$ (2,323)
Other	<u>-</u>	<u>12,000</u>	<u>24,338</u>	<u>12,338</u>
Total Revenues	<u>9,201</u>	<u>21,201</u>	<u>31,216</u>	<u>10,015</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	-	777	(777)
Other	<u>-</u>	<u>1,500</u>	<u>1,186</u>	<u>314</u>
Total Non-Departmental	<u>-</u>	<u>1,500</u>	<u>1,963</u>	<u>(463)</u>
Total Expenditures	<u>-</u>	<u>1,500</u>	<u>1,963</u>	<u>(926)</u>
Net change in fund balance	<u>\$ 9,201</u>	<u>\$ 19,701</u>	<u>29,253</u>	<u>\$ 9,552</u>
Fund balance - July 1, 2009			<u>691,337</u>	
Fund balance - June 30, 2010			<u>\$ 720,590</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, 2010

	<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	\$ 1,157	\$ 1,157	\$ 801	\$ (356)
Other	<u>414</u>	<u>414</u>	<u>695</u>	<u>281</u>
Total Revenues	<u>1,571</u>	<u>1,571</u>	<u>1,496</u>	<u>(75)</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	-	<u>227</u>	<u>(227)</u>
Total Non-Departmental	<u>-</u>	<u>-</u>	<u>227</u>	<u>(227)</u>
Public Safety				
Police				
Capital	-	<u>19,197</u>	<u>7,497</u>	<u>11,700</u>
Total Expenditures	<u>-</u>	<u>19,197</u>	<u>7,724</u>	<u>11,473</u>
Excess (deficiency) of revenues over expenditures	<u>1,571</u>	<u>(17,626)</u>	<u>(6,228)</u>	<u>11,398</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	-	<u>(247,975)</u>	<u>(247,975)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(247,975)</u>	<u>(247,975)</u>
Net change in fund balance	<u>\$ 1,571</u>	<u>\$ (17,626)</u>	<u>(254,203)</u>	<u>\$ (236,577)</u>
Fund balance - July 1, 2009			<u>254,203</u>	
Fund balance - June 30, 2010			<u>\$ -</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, 2010

	<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	\$ 280,000	\$ 192,620	\$ 192,620	\$ -
Investment earnings	<u>-</u>	<u>-</u>	<u>672</u>	<u>672</u>
Total Revenues	<u>280,000</u>	<u>192,620</u>	<u>193,292</u>	<u>672</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>-</u>	<u>107</u>	<u>(107)</u>
Public Works				
Airport Perimeter Fence				
Services & Supplies	<u>-</u>	<u>940</u>	<u>940</u>	<u>-</u>
Airport				
Contractual	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Airport Visual Aid				
Personnel	<u>-</u>	<u>10,000</u>	<u>11,819</u>	<u>(1,819)</u>
Capital	<u>-</u>	<u>231,946</u>	<u>102,865</u>	<u>129,081</u>
Total Airport Visual Aid	<u>-</u>	<u>241,946</u>	<u>114,684</u>	<u>127,262</u>
Airport Storm Drain				
Services & Supplies	<u>-</u>	<u>97,695</u>	<u>89,879</u>	<u>7,816</u>
Engineering				
Personnel	<u>12,127</u>	<u>11,765</u>	<u>662</u>	<u>11,103</u>
Services & Supplies	<u>-</u>	<u>-</u>	<u>27</u>	<u>(27)</u>
Total Engineering	<u>12,127</u>	<u>11,765</u>	<u>689</u>	<u>11,076</u>
Total Public Works	<u>12,127</u>	<u>372,346</u>	<u>206,192</u>	<u>166,154</u>
Total Expenditures	<u>12,127</u>	<u>372,346</u>	<u>206,299</u>	<u>166,047</u>
Excess (deficiency) of revenues over expenditures	<u>267,873</u>	<u>(179,726)</u>	<u>(13,007)</u>	<u>166,719</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>-</u>	<u>-</u>	<u>(329,499)</u>	<u>(329,499)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(329,499)</u>	<u>(329,499)</u>
Net change in fund balance	<u>\$ 267,873</u>	<u>\$ (179,726)</u>	<u>(342,506)</u>	<u>\$ (162,780)</u>
Fund balance - July 1, 2009			<u>353,536</u>	
Fund balance - June 30, 2010			<u>\$ 11,030</u>	

CITY OF HOLLISTER
HOLLISTER AIR SHOW - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<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	-	-	18,774	18,774
Investment earnings	-	-	46	46
Other	-	-	<u>1,123</u>	<u>1,123</u>
Total Revenues	-	-	<u>19,943</u>	<u>19,943</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	-	<u>15</u>	<u>(15)</u>
Public Works				
Airport				
Personnel	-	-	1,500	(1,500)
Supplies & Services	-	<u>15,000</u>	<u>13,042</u>	<u>1,958</u>
Total Airport	-	<u>15,000</u>	<u>14,542</u>	<u>458</u>
Total Expenditures	-	<u>15,000</u>	<u>14,557</u>	<u>443</u>
Excess (deficiency) of revenues over expenditures	-	<u>(15,000)</u>	<u>5,386</u>	<u>20,386</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	<u>15,000</u>	<u>15,000</u>	-
Total other financing sources (uses)	-	<u>15,000</u>	<u>15,000</u>	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>20,386</u>	<u>\$ 20,386</u>
Fund balance - July 1, 2009			-	
Fund balance - June 30, 2010			<u>\$ 20,386</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, 2010

	<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>405</u>	\$ <u>405</u>	\$ <u>472</u>	\$ <u>67</u>
Total Revenues	<u>405</u>	<u>405</u>	<u>472</u>	<u>67</u>
<u>EXPENDITURES</u>				
General Government Non-Departmental Contractual	<u>-</u>	<u>-</u>	<u>90</u>	<u>(90)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>90</u>	<u>-</u>
Net change in fund balance	\$ <u><u>405</u></u>	\$ <u><u>405</u></u>	<u>382</u>	\$ <u><u>(23)</u></u>
Fund balance - July 1, 2009			<u>82,165</u>	
Fund balance - June 30, 2010			\$ <u><u>82,547</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, 2010

	<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>2</u>	\$ <u>2</u>	\$ <u>1</u>	\$ <u>(1)</u>
Total Revenues	<u>2</u>	<u>2</u>	<u>1</u>	<u>(1)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2</u>	<u>2</u>	<u>1</u>	<u>(1)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>-</u>	<u>-</u>	<u>(442)</u>	<u>(442)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(442)</u>	<u>(442)</u>
Net change in fund balance	\$ <u><u>2</u></u>	\$ <u><u>2</u></u>	<u>(441)</u>	\$ <u><u>(443)</u></u>
Fund balance - July 1, 2009			<u>441</u>	
Fund balance - June 30, 2010			\$ <u><u>-</u></u>	

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, 2010

	<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	\$ 6,580	\$ 6,580	\$ 7,450	\$ 870
Total Revenues	<u>6,580</u>	<u>6,580</u>	<u>7,450</u>	<u>870</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	-	1,415	(1,415)
Public Works				
Road Rehab				
Personnel	-	5,000	1,166	3,834
Services & Supplies	-	11,000	427	10,573
Capital	-	110,000	18,504	91,496
Total Road Rehab	<u>-</u>	<u>126,000</u>	<u>20,097</u>	<u>105,903</u>
Engineering				
Personnel	28,365	27,724	4,928	22,796
Services & Supplies	-	-	214	(214)
Total Engineering	<u>-</u>	<u>27,724</u>	<u>5,142</u>	<u>22,582</u>
Total Public Works	<u>-</u>	<u>153,724</u>	<u>25,239</u>	<u>128,485</u>
Total Expenditures	<u>-</u>	<u>153,724</u>	<u>26,654</u>	<u>127,070</u>
Net change in fund balance	\$ <u>6,580</u>	\$ <u>(147,144)</u>	<u>(19,204)</u>	\$ <u>127,940</u>
Fund balance - July 1, 2009			<u>1,297,486</u>	
Fund balance - June 30, 2010			<u>\$ 1,278,282</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, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Charges for services	\$ 8,763	\$ 8,763	\$ 10,888	\$ 2,125
Investment earnings	<u>85</u>	<u>85</u>	<u>77</u>	<u>(8)</u>
Total Revenues	<u>8,848</u>	<u>8,848</u>	<u>10,965</u>	<u>2,117</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>-</u>	<u>15</u>	<u>(15)</u>
Public Safety				
Animal Control				
Services & Supplies	<u>-</u>	<u>9,000</u>	<u>10,953</u>	<u>(1,953)</u>
Total Expenditures	<u>-</u>	<u>9,000</u>	<u>10,968</u>	<u>(1,968)</u>
Net change in fund balance	\$ <u>8,848</u>	\$ <u>(152)</u>	<u>(3)</u>	\$ <u>149</u>
Fund balance - July 1, 2009			<u>12,538</u>	
Fund balance - June 30, 2010			\$ <u>12,535</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, 2010

	<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	\$ 800,210	\$ (86,969)
Investment earnings	<u>112</u>	<u>112</u>	<u>486</u>	<u>374</u>
Total Revenues	<u>887,291</u>	<u>887,291</u>	<u>800,696</u>	<u>(86,595)</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>-</u>	<u>41,051</u>	<u>(41,051)</u>
Public Safety				
Fire				
Personnel	458,754	447,721	371,215	76,506
Services & Supplies	<u>-</u>	<u>-</u>	<u>3,007</u>	<u>(3,007)</u>
Total Street Maintenance	<u>458,754</u>	<u>447,721</u>	<u>374,222</u>	<u>73,499</u>
Police				
Personnel	485,623	473,399	387,196	86,203
Services & Supplies	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>(3,000)</u>
Total Police	<u>485,623</u>	<u>473,399</u>	<u>390,196</u>	<u>83,203</u>
Total Public Safety	<u>944,377</u>	<u>921,120</u>	<u>764,418</u>	<u>156,702</u>
Total Expenditures	<u>944,377</u>	<u>921,120</u>	<u>805,469</u>	<u>115,651</u>
Net change in fund balance	<u>\$ (57,086)</u>	<u>\$ (33,829)</u>	<u>(4,773)</u>	<u>\$ 29,056</u>
Fund balance - July 1, 2009			<u>-</u>	
Fund balance (deficit) - June 30, 2010			<u>\$ (4,773)</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, 2010

	<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>108</u>	\$ <u>108</u>	\$ <u>126</u>	\$ <u>18</u>
Total Revenues	<u>108</u>	<u>108</u>	<u>126</u>	<u>18</u>
<u>EXPENDITURES</u>				
General Government Non-Departmental Contractual	<u>-</u>	<u>-</u>	<u>24</u>	<u>(24)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>24</u>	<u>(24)</u>
Net change in fund balance	\$ <u><u>108</u></u>	\$ <u><u>108</u></u>	<u>102</u>	\$ <u><u>(6)</u></u>
Fund balance - July 1, 2009			<u>21,850</u>	
Fund balance - June 30, 2010			\$ <u><u>21,952</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, 2010

	<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>130</u>	\$ <u>130</u>	\$ <u>152</u>	\$ <u>22</u>
Total Revenues	<u>130</u>	<u>130</u>	<u>152</u>	<u>22</u>
<u>EXPENDITURES</u>				
General Government Non-Departmental Contractual	<u>-</u>	<u>-</u>	<u>29</u>	<u>(29)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>29</u>	<u>(29)</u>
Net change in fund balance	\$ <u><u>130</u></u>	\$ <u><u>130</u></u>	<u>123</u>	\$ <u><u>(7)</u></u>
Fund balance - July 1, 2009			<u>26,313</u>	
Fund balance - June 30, 2010			\$ <u><u>26,436</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, 2010

	<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	\$ -	\$ -	\$ 200,000	\$ 200,000
Investment earnings	<u>1,126</u>	<u>1,126</u>	<u>945</u>	<u>(181)</u>
Total Revenues	<u>1,126</u>	<u>1,126</u>	<u>200,945</u>	<u>199,819</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>-</u>	<u>220</u>	<u>(220)</u>
Public Safety				
Police				
Capital	<u>-</u>	<u>213,335</u>	<u>207,396</u>	<u>5,939</u>
Total Expenditures	<u>-</u>	<u>213,335</u>	<u>207,616</u>	<u>5,719</u>
Net change in fund balance	<u>\$ 1,126</u>	<u>\$ (212,209)</u>	<u>(6,671)</u>	<u>\$ 205,538</u>
Fund balance - July 1, 2009			<u>231,006</u>	
Fund balance - June 30, 2010			<u>\$ 224,335</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, 2010

	<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	\$ -	\$ 7,800	\$ 10,825	\$ 3,025
Investment earnings	<u>64</u>	<u>64</u>	<u>97</u>	<u>33</u>
Total Revenues	<u>64</u>	<u>7,864</u>	<u>10,922</u>	<u>3,058</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>-</u>	<u>21</u>	<u>(21)</u>
Public Safety				
Police				
Services & Supplies	<u>-</u>	<u>7,800</u>	<u>4,691</u>	<u>3,109</u>
Total Expenditures	<u>-</u>	<u>7,800</u>	<u>4,712</u>	<u>3,130</u>
Net change in fund balance	<u>\$ 64</u>	<u>\$ 64</u>	<u>6,210</u>	<u>\$ 6,146</u>
Fund balance - July 1, 2009			<u>12,993</u>	
Fund balance - June 30, 2010			<u>\$ 19,203</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, 2010

	<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	_____ -	_____ -	_____ -	_____ -
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	_____ -	_____ -	40,400	40,400
Total other financing sources (uses)	_____ -	_____ -	40,400	40,400
Net change in fund balance	\$ _____ -	\$ _____ -	40,400	\$ 40,400
Fund balance (deficit) - July 1, 2009			(40,400)	
Fund balance - June 30, 2010			\$ _____ -	

*The City did not adopt a budget for the Local Law Enforcement fund for the year ended June 30, 2010.

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, 2010

	<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	_____ -	_____ -	_____ -	_____ -
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	_____ -	_____ -	_____ (38)	_____ (38)
Total other financing sources (uses)	_____ -	_____ -	_____ (38)	_____ (38)
Net change in fund balance	\$ _____ -	\$ _____ -	_____ (38)	\$ _____ (38)
Fund balance - July 1, 2009			_____ 38	
Fund balance - June 30, 2010			\$ _____ -	

*The City did not adopt a budget for the COPS More Program fund for the year ended June 30, 2010.

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, 2010

	<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	\$ 158	\$ 158	\$ 185	\$ 27
Other	<u>4,024</u>	<u>4,024</u>	<u>1,853</u>	<u>(2,171)</u>
Total Revenues	<u>4,182</u>	<u>4,182</u>	<u>2,038</u>	<u>(2,144)</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>-</u>	<u>33</u>	<u>(33)</u>
Public Safety				
Animal Control				
Services & Supplies	<u>-</u>	<u>4,200</u>	<u>4,833</u>	<u>(633)</u>
Total Expenditures	<u>-</u>	<u>4,200</u>	<u>4,866</u>	<u>(666)</u>
Net change in fund balance	<u>\$ 4,182</u>	<u>\$ (18)</u>	<u>(2,828)</u>	<u>\$ (2,810)</u>
Fund balance - July 1, 2009			<u>33,295</u>	
Fund balance - June 30, 2010			<u>\$ 30,467</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, 2010

	<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	-	-	-	-
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	-	(51)	(51)
Total other financing sources (uses)	-	-	(51)	(51)
Net change in fund balance	\$ -	\$ -	(51)	\$ (51)
Fund balance - July 1, 2009			51	
Fund balance - June 30, 2010			\$ -	

*The City did not adopt a budget for the COPS in School Program fund for the year ended June 30, 2010.

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, 2010

	<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	\$ 500	\$ 500	\$ 9,987	\$ 9,487
Total Revenues	<u>500</u>	<u>500</u>	<u>9,987</u>	<u>9,487</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	-	1,894	(1,894)
Building 25				
Personnel	-	600	519	81
Services & Supplies	-	12,000	11,267	733
Total Building 25	<u>-</u>	<u>12,600</u>	<u>11,786</u>	<u>814</u>
Total Expenditures	<u>-</u>	<u>12,600</u>	<u>13,680</u>	<u>(1,080)</u>
Excess (deficiency) of revenues over expenditures	<u>500</u>	<u>(12,100)</u>	<u>(3,693)</u>	<u>8,407</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	(180,438)	(60,088)	120,350
Total other financing sources (uses)	<u>-</u>	<u>(180,438)</u>	<u>(60,088)</u>	<u>120,350</u>
Net change in fund balance	<u>\$ 500</u>	<u>\$ (192,538)</u>	<u>(63,781)</u>	<u>\$ 128,757</u>
Fund balance - July 1, 2009			<u>1,810,009</u>	
Fund balance - June 30, 2010			<u>\$ 1,746,228</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, 2010

	<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	\$ -	\$ 145	\$ 849	\$ 704
Other	-	<u>535</u>	<u>843</u>	<u>308</u>
Total Revenues	-	<u>680</u>	<u>1,692</u>	<u>1,012</u>
<u>EXPENDITURES</u>				
General Government				
Rally				
Personnel	40,580	-	-	-
Services & Supplies	1,000	1,595	1,595	-
Contractual	-	-	<u>214</u>	<u>(214)</u>
Total Rally	<u>41,580</u>	<u>1,595</u>	<u>1,809</u>	<u>(214)</u>
Public Safety				
Police				
Personnel	<u>2,778</u>	<u>2,778</u>	<u>2,778</u>	-
Total Expenditures	<u>44,358</u>	<u>4,373</u>	<u>4,587</u>	<u>(214)</u>
Excess (deficiency) of revenues over expenditures	<u>(44,358)</u>	<u>(3,693)</u>	<u>(2,895)</u>	<u>798</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	<u>187,748</u>	<u>187,748</u>
Total other financing sources (uses)	-	-	<u>187,748</u>	<u>187,748</u>
Net change in fund balance	<u>\$ (44,358)</u>	<u>\$ (3,693)</u>	<u>184,853</u>	<u>\$ 188,546</u>
Fund balance (deficit) - July 1, 2009			<u>(184,853)</u>	
Fund balance - June 30, 2010			<u>\$ -</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, 2010

	<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	_____ -	_____ -	_____ 1	_____ (1)
Total Expenditures	_____ -	_____ -	_____ 1	_____ (1)
Excess (deficiency) of revenues over expenditures	_____ -	_____ -	_____ (1)	_____ (1)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	_____ -	_____ -	_____ 15,822	_____ 15,822
Total other financing sources (uses)	_____ -	_____ -	_____ 15,822	_____ 15,822
Net change in fund balance	\$ _____ -	\$ _____ -	_____ 15,821	\$ _____ 15,821
Fund balance (deficit) - July 1, 2009			_____ (15,821)	
Fund balance - June 30, 2010			\$ _____ -	

*The City did not adopt a budget for the Information Systems fund for the year ended June 30, 2010.

CITY OF HOLLISTER
JAG GRANT EQUIPMENT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original*</u>	<u>Final*</u>		
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ -	\$ 18,314	\$ 18,314
Investment earnings	-	-	46	46
Total Revenues	<u>-</u>	<u>-</u>	<u>18,360</u>	<u>18,360</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	-	2	(2)
Total Expenditures	<u>-</u>	<u>-</u>	<u>2</u>	<u>(2)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>18,358</u>	<u>\$ 18,358</u>
Fund balance - July 1, 2009			<u>-</u>	
Fund balance - June 30, 2010			<u>\$ 18,358</u>	

*The City did not adopt a budget for the JAG Grant Equipment fund for the year ended June 30, 2010.

CITY OF HOLLISTER
JAG GRANT RECOVERY ACT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<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	\$ -	\$ -	\$ 96,834	\$ 96,834
Investment earnings	-	-	<u>242</u>	<u>242</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>97,076</u>	<u>97,076</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	-	<u>8</u>	<u>(8)</u>
Public Safety				
Police				
Capital	-	-	<u>3,995</u>	<u>(3,995)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>4,003</u>	<u>(4,003)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>93,073</u>	<u>\$ 93,073</u>
Fund balance - July 1, 2009			<u>-</u>	
Fund balance - June 30, 2010			<u>\$ 93,073</u>	

*The City did not adopt a budget for the JAG Grant Recovery Act fund for the year ended June 30, 2010.

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, 2010

	<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	_____ -	_____ -	_____ -	_____ -
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	_____ -	_____ -	6,417	6,417
Total other financing sources (uses)	_____ -	_____ -	6,417	6,417
Net change in fund balance	\$ _____ -	\$ _____ -	6,417	\$ 6,417
Fund balance (deficit) - July 1, 2009			(6,417)	
Fund balance - June 30, 2010			\$ _____ -	

*The City did not adopt a budget for the Police Office of Traffic Safety fund for the year ended June 30, 2010.

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, 2010

	<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	\$ 79,235	\$ 79,235	\$ 335,701	\$ 256,466
Investment earnings	<u>84</u>	<u>84</u>	<u>2,083</u>	<u>1,999</u>
Total Revenues	<u>79,319</u>	<u>79,319</u>	<u>337,784</u>	<u>258,465</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>-</u>	<u>428</u>	<u>(428)</u>
Public Works				
Road Rehab				
Personnel	-	2,500	20,126	(17,626)
Services & Supplies	-	10,500	29,622	(19,122)
Capital	<u>-</u>	<u>303,439</u>	<u>349,713</u>	<u>(46,274)</u>
Total Non-Departmental	<u>-</u>	<u>316,439</u>	<u>399,461</u>	<u>(83,022)</u>
Total Expenditures	<u>-</u>	<u>316,439</u>	<u>399,889</u>	<u>(83,450)</u>
Net change in fund balance	\$ <u>79,319</u>	\$ <u>(237,120)</u>	<u>(62,105)</u>	\$ <u>175,015</u>
Fund balance - July 1, 2009			<u>318,739</u>	
Fund balance - June 30, 2010			\$ <u>256,634</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, 2010

	<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>409</u>	\$ <u>409</u>	\$ -	\$ <u>(409)</u>
Total Revenues	<u>409</u>	<u>409</u>	-	<u>(409)</u>
<u>EXPENDITURES</u>				
Total Expenditures	-	-	-	-
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	-	(414)	(414)
Total other financing sources (uses)	-	-	(414)	(414)
Net change in fund balance	\$ <u>409</u>	\$ <u>409</u>	<u>(414)</u>	\$ <u>(823)</u>
Fund balance - July 1, 2009			<u>414</u>	
Fund balance - June 30, 2010			<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, 2010

	<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	_____ -	_____ -	_____ -	_____ -
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	_____ -	_____ -	<u>7,622</u>	<u>7,622</u>
Total other financing sources (uses)	_____ -	_____ -	<u>7,622</u>	<u>7,622</u>
Net change in fund balance	<u>\$ _____ -</u>	<u>\$ _____ -</u>	<u>7,622</u>	<u>\$ 7,622</u>
Fund balance (deficit) - July 1, 2009			<u>(7,622)</u>	
Fund balance - June 30, 2010			<u>\$ _____ -</u>	

The City did not adopt a budget for the RZH River Trail Project Fund for the year ended June 30, 2010.

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, 2010

	<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>65</u>	\$ <u>65</u>	\$ <u>75</u>	\$ <u>10</u>
Total Revenues	<u>65</u>	<u>65</u>	<u>75</u>	<u>10</u>
<u>EXPENDITURES</u>				
General Government Non-Departmental Contractual	<u>-</u>	<u>-</u>	<u>14</u>	<u>(14)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>14</u>	<u>(14)</u>
Net change in fund balance	\$ <u><u>65</u></u>	\$ <u><u>65</u></u>	<u>61</u>	\$ <u><u>(4)</u></u>
Fund balance - July 1, 2009			<u>13,195</u>	
Fund balance - June 30, 2010			\$ <u><u>13,256</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, 2010

	<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>801</u>	\$ <u>801</u>	\$ <u>934</u>	\$ <u>133</u>
Total Revenues	<u>801</u>	<u>801</u>	<u>934</u>	<u>133</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>-</u>	<u>177</u>	<u>(177)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>177</u>	<u>(177)</u>
Net change in fund balance	\$ <u><u>801</u></u>	\$ <u><u>801</u></u>	<u>757</u>	\$ <u><u>(44)</u></u>
Fund balance - July 1, 2009			<u>162,460</u>	
Fund balance - June 30, 2010			\$ <u><u>163,217</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, 2010

	<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	_____ -	_____ -	_____ -	_____ -
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	_____ -	_____ -	21,931	21,931
Total other financing sources (uses)	_____ -	_____ -	21,931	21,931
Net change in fund balance	\$ _____ -	\$ _____ -	21,931	\$ 21,931
Fund balance (deficit) - July 1, 2009			(21,931)	
Fund balance - June 30, 2010			\$ _____ -	

*The City did not adopt a budget for the San Felipe Bikeway fund for the year ended June 30, 2010.

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, 2010

	<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	\$ 1	\$ 8,036	\$ 8,035
Other	<u>-</u>	<u>-</u>	<u>6,148</u>	<u>6,148</u>
Total Revenues	<u>1</u>	<u>1</u>	<u>14,184</u>	<u>14,183</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 1</u>	<u>\$ 1</u>	<u>14,184</u>	<u>\$ 14,183</u>
Fund balance - July 1, 2009			<u>622,095</u>	
Fund balance - June 30, 2010			<u>\$ 636,279</u>	

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, 2010

	<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	\$ 2,711	\$ 2,711	\$ 33,190	\$ 30,479
Investment earnings	<u>70</u>	<u>70</u>	<u>1,771</u>	<u>1,701</u>
Total Revenues	<u>2,781</u>	<u>2,781</u>	<u>34,961</u>	<u>32,180</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental Contractual	<u>-</u>	<u>-</u>	<u>335</u>	<u>(335)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>335</u>	<u>(335)</u>
Net change in fund balance	\$ <u>2,781</u>	\$ <u>2,781</u>	<u>34,626</u>	\$ <u>31,845</u>
Fund balance - July 1, 2009			<u>33,135</u>	
Fund balance - June 30, 2010			\$ <u>67,761</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, 2010

	<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	\$ 2,921	\$ 2,921	\$ 24,420	\$ 21,499
Investment earnings	<u>161</u>	<u>161</u>	<u>274</u>	<u>113</u>
Total Revenues	<u>3,082</u>	<u>3,082</u>	<u>24,694</u>	<u>21,612</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>-</u>	<u>51</u>	<u>(51)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>51</u>	<u>(51)</u>
Net change in fund balance	\$ <u>3,082</u>	\$ <u>3,082</u>	<u>24,643</u>	\$ <u>21,561</u>
Fund balance - July 1, 2009			<u>36,386</u>	
Fund balance - June 30, 2010			\$ <u>61,029</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, 2010

	<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	\$ 36,680	\$ 36,680	\$ 21,920	\$ (14,760)
Investment earnings	<u>152</u>	<u>152</u>	<u>522</u>	<u>370</u>
Total Revenues	<u>36,832</u>	<u>36,832</u>	<u>22,442</u>	<u>(14,390)</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental Contractual	<u>-</u>	<u>-</u>	<u>100</u>	<u>(100)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>100</u>	<u>(100)</u>
Net change in fund balance	\$ <u>36,832</u>	\$ <u>36,832</u>	<u>22,342</u>	\$ <u>(14,490)</u>
Fund balance - July 1, 2009			<u>70,321</u>	
Fund balance - June 30, 2010			\$ <u>92,663</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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ -	\$ -	\$ 125,290	\$ 125,290
Investment earnings	<u>22,022</u>	<u>22,022</u>	<u>24,324</u>	<u>2,302</u>
Total Revenues	<u>22,022</u>	<u>22,022</u>	<u>149,614</u>	<u>127,592</u>
EXPENDITURES				
General Government				
Non-Departmental				
Contractual	<u>-</u>	<u>-</u>	<u>4,569</u>	<u>(4,569)</u>
Public Works				
Storm Drain				
Personnel	-	18,000	19,570	(1,570)
Services & Supplies	-	236,500	206,275	30,225
Capital	<u>-</u>	<u>120,000</u>	<u>106,100</u>	<u>13,900</u>
Total Storm Drain	<u>-</u>	<u>-</u>	<u>331,945</u>	<u>42,555</u>
Engineering				
Personnel	74,294	54,237	47,481	6,756
Supplies & Services	28,675	28,675	19,727	8,948
Contractual	2,031	2,031	11,813	(9,782)
Capital	<u>-</u>	<u>-</u>	<u>1,387</u>	<u>(1,387)</u>
Total Engineering	<u>105,000</u>	<u>84,943</u>	<u>80,408</u>	<u>4,535</u>
Street Maintenance				
Contractual	<u>1,200</u>	<u>1,200</u>	<u>1,068</u>	<u>132</u>
Total Public Works	<u>106,200</u>	<u>86,143</u>	<u>413,421</u>	<u>47,222</u>
Total Expenditures	<u>106,200</u>	<u>86,143</u>	<u>417,990</u>	<u>42,653</u>
Net change in fund balance	\$ <u>(84,178)</u>	\$ <u>(64,121)</u>	<u>(268,376)</u>	\$ <u>(204,255)</u>
Fund balance - July 1, 2009			<u>4,349,503</u>	
Fund balance - June 30, 2010			\$ <u>4,081,127</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, 2010

	<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	\$ 44,128	\$ 44,128	\$ 1,044,210	\$ 1,000,082
Investment earnings	<u>16,914</u>	<u>16,914</u>	<u>22,689</u>	<u>5,775</u>
Total Revenues	<u>61,042</u>	<u>61,042</u>	<u>1,066,899</u>	<u>1,005,857</u>
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	-	<u>4,227</u>	-
Public Works				
North Street to San Benito				
Personnel	-	48	2,866	(2,818)
Services & Supplies	-	-	<u>1,253</u>	<u>(1,253)</u>
Total North Street to San Benito	<u>-</u>	<u>-</u>	<u>4,119</u>	<u>(4,071)</u>
SB and Thompson				
Personnel	-	-	606	(606)
Services & Supplies	-	13,000	-	13,000
Capital	-	<u>531,200</u>	-	<u>531,200</u>
Total Nash Road	<u>-</u>	<u>544,200</u>	<u>606</u>	<u>543,594</u>
Engineering				
Personnel	21,015	20,471	1,470	19,001
Supplies & Services	-	-	295	(295)
Total Engineering	<u>21,015</u>	<u>20,471</u>	<u>1,765</u>	<u>18,706</u>
Total Public Works	<u>21,015</u>	<u>564,671</u>	<u>6,490</u>	<u>558,229</u>
Total Expenditures	<u>21,015</u>	<u>564,671</u>	<u>10,717</u>	<u>558,229</u>
Excess (deficiency) of revenues over expenditures	<u>40,027</u>	<u>(503,629)</u>	<u>1,056,182</u>	<u>1,559,811</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	-	<u>(89,747)</u>	<u>(89,747)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(89,747)</u>	<u>(89,747)</u>
Net change in fund balance	<u>\$ 40,027</u>	<u>\$ (503,629)</u>	<u>966,435</u>	<u>\$ 1,470,064</u>
Fund balance - July 1, 2009			<u>3,747,617</u>	
Fund balance - June 30, 2010			<u>\$ 4,714,052</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, 2010

	<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>8,283</u>	\$ <u>8,283</u>	\$ <u>9,648</u>	\$ <u>1,365</u>
Total Revenues	<u>8,283</u>	<u>8,283</u>	<u>9,648</u>	<u>1,365</u>
<u>EXPENDITURES</u>				
General Government Non-Departmental Contractual	<u>-</u>	<u>-</u>	<u>1,830</u>	<u>(1,830)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,830</u>	<u>(1,830)</u>
Net change in fund balance	\$ <u>8,283</u>	\$ <u>8,283</u>	<u>7,818</u>	\$ <u>(465)</u>
Fund balance - July 1, 2009			<u>1,938,850</u>	
Fund balance - June 30, 2010			\$ <u>1,946,668</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, 2010

	<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	\$ -	\$ -	\$ 24,956	\$ 24,956
Investment earnings	<u>734</u>	<u>734</u>	<u>-</u>	<u>(734)</u>
Total Revenues	<u>734</u>	<u>734</u>	<u>24,956</u>	<u>24,222</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 734</u>	<u>\$ 734</u>	<u>24,956</u>	<u>\$ 24,222</u>
Fund balance (deficit) - July 1, 2009			<u>(68,532)</u>	
Fund balance (deficit) - June 30, 2010			<u>\$ (43,576)</u>	

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, 2010

	<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)
Investment earnings	-	-	3,397	3,397
Total Revenues	-	597,050	3,397	(593,653)
<u>EXPENDITURES</u>				
General Governmental				
Non-Departmental				
Contractual	-	-	646	(646)
Public Works				
Prop 1B				
Personnel	-	-	4,918	(4,918)
Services & Supplies	-	-	26	(26)
Capital	-	597,050	14,155	582,895
Total Prop 1B	-	597,050	19,099	577,951
Total Expenditures	-	597,050	19,745	577,305
Net change in fund balance	\$ -	\$ -	(16,348)	\$ (16,348)
Fund balance - July 1, 2009			597,050	
Fund balance - June 30, 2010			\$ 580,702	

CITY OF HOLLISTER
ARRA - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<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	\$ -	\$ 1,218,531	\$ -	\$ (1,218,531)
Investment earnings	-	-	42	42
Total Revenues	-	1,218,531	42	(1,218,489)
<u>EXPENDITURES</u>				
General Government				
Non-Departmental				
Contractual	-	-	9	(9)
Public Works				
Road Rehab				
Personnel	-	-	18,420	(18,420)
Services & Supplies	-	1,218,531	20,802	1,197,729
Total Road Rehab	-	1,218,531	39,222	1,179,309
Engineering				
Services & Supplies	-	-	201	(201)
Total Public Works	-	1,218,531	39,423	1,179,108
Total Expenditures	-	1,218,531	39,432	1,179,099
Net change in fund balance	\$ -	\$ -	(39,390)	\$ (39,390)
Fund balance - July 1, 2009			-	
Fund balance (deficit) - June 30, 2010			\$ (39,390)	

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 SCHEDULE OF FIDUCIARY NET ASSETS
TRUST AND AGENCY FUNDS
JUNE 30, 2010

	Red Cross Relief	Tri- centennial	Veteran's Building Pavers	Meridian Street	San Benito Estates	Hollister Business Park	Landscaping and Lighting	Sunnyslope Village	Gateway Auto Mall	Total
<u>ASSETS</u>										
Cash and investments	\$ 193	\$ 14	\$ 338	\$ 544,622	\$ 252,571	\$ 156,005	\$ -	\$ 901	\$ 315,138	\$ 1,269,782
Accounts receivable	-	-	-	8,337	4,072	-	37,065	-	16,739	66,213
Interest receivable	-	-	-	253	268	203	-	1	268	993
Total Assets	<u>\$ 193</u>	<u>\$ 14</u>	<u>\$ 338</u>	<u>\$ 553,212</u>	<u>\$ 256,911</u>	<u>\$ 156,208</u>	<u>\$ 37,065</u>	<u>\$ 902</u>	<u>\$ 332,145</u>	<u>\$ 1,336,988</u>
<u>LIABILITIES</u>										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,332	\$ -	\$ -	\$ 35,332
Accrued liabilities	161	-	-	-	-	-	1,733	-	-	1,894
Deposits in trust	32	14	338	553,212	256,911	156,208	-	902	332,145	1,299,762
Total Liabilities	<u>\$ 193</u>	<u>\$ 14</u>	<u>\$ 338</u>	<u>\$ 553,212</u>	<u>\$ 256,911</u>	<u>\$ 156,208</u>	<u>\$ 37,065</u>	<u>\$ 902</u>	<u>\$ 332,145</u>	<u>\$ 1,336,988</u>

CITY OF HOLLISTER
SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS
TRUST AND AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>Red Cross Relief</u>				
ASSETS				
Cash and investments	\$ 192	\$ 1	\$ -	\$ 193
Interest receivable	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total Assets	<u>\$ 193</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 193</u>
LIABILITIES				
Accrued liabilities	\$ 162	\$ -	\$ 1	\$ 161
Deposits in trust	<u>31</u>	<u>1</u>	<u>-</u>	<u>32</u>
Total Liabilities	<u>\$ 193</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 193</u>
<u>Tri-centennial</u>				
ASSETS				
Cash and investments	\$ <u>14</u>	\$ -	\$ -	\$ <u>14</u>
Total Assets	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14</u>
LIABILITIES				
Deposits in trust	\$ <u>14</u>	\$ -	\$ -	\$ <u>14</u>
Total Liabilities	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14</u>
<u>Veteran's Building Pavers</u>				
ASSETS				
Cash and investments	\$ -	\$ 601	\$ 263	\$ 338
Accounts receivable	<u>263</u>	<u>-</u>	<u>263</u>	<u>-</u>
Total Assets	<u>\$ 263</u>	<u>\$ 601</u>	<u>\$ 526</u>	<u>\$ 338</u>
LIABILITIES				
Accounts payable	\$ 263	\$ -	\$ 263	\$ -
Deposits in trust	<u>-</u>	<u>601</u>	<u>263</u>	<u>338</u>
Total Liabilities	<u>\$ 263</u>	<u>\$ 601</u>	<u>\$ 526</u>	<u>\$ 338</u>
<u>Meridian Street</u>				
ASSETS				
Cash and investments	\$ 605,472	\$ 11,086	\$ 71,936	\$ 544,622
Accounts receivable	10,296	8,337	10,296	8,337
Interest receivable	<u>790</u>	<u>253</u>	<u>790</u>	<u>253</u>
Total Assets	<u>\$ 616,558</u>	<u>\$ 19,676</u>	<u>\$ 83,022</u>	<u>\$ 553,212</u>
LIABILITIES				
Accounts payable	\$ 2,545	\$ -	\$ 2,545	\$ -
Deposits in trust	<u>614,013</u>	<u>19,676</u>	<u>80,477</u>	<u>553,212</u>
Total Liabilities	<u>\$ 616,558</u>	<u>\$ 19,676</u>	<u>\$ 83,022</u>	<u>\$ 553,212</u>

CITY OF HOLLISTER
SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS (continued)
TRUST AND AGENCY FUNDS
JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>San Benito Estates</u>				
ASSETS				
Cash and investments	\$ 247,865	\$ 13,191	\$ 8,485	\$ 252,571
Accounts receivable	12,569	4,072	12,569	4,072
Interest receivable	<u>622</u>	<u>268</u>	<u>622</u>	<u>268</u>
Total Assets	<u>\$ 261,056</u>	<u>\$ 17,531</u>	<u>\$ 21,676</u>	<u>\$ 256,911</u>
LIABILITIES				
Accounts payable	\$ 1,096	\$ -	\$ 1,096	\$ -
Deposits in trust	<u>259,960</u>	<u>17,531</u>	<u>20,580</u>	<u>256,911</u>
Total Liabilities	<u>\$ 261,056</u>	<u>\$ 17,531</u>	<u>\$ 21,676</u>	<u>\$ 256,911</u>
<u>Hollister Business Park</u>				
ASSETS				
Cash and investments	\$ 155,005	\$ 1,000	\$ -	\$ 156,005
Interest receivable	<u>479</u>	<u>203</u>	<u>479</u>	<u>203</u>
Total Assets	<u>\$ 155,484</u>	<u>\$ 1,203</u>	<u>\$ 479</u>	<u>\$ 156,208</u>
LIABILITIES				
Deposits in trust	<u>\$ 155,484</u>	<u>\$ 1,203</u>	<u>\$ 479</u>	<u>\$ 156,208</u>
Total Liabilities	<u>\$ 155,484</u>	<u>\$ 1,203</u>	<u>\$ 479</u>	<u>\$ 156,208</u>
<u>Landscaping and Lighting</u>				
ASSETS				
Cash and investments	\$ -	\$ 23,128	\$ 23,128	\$ -
Accounts receivable	<u>23,128</u>	<u>37,065</u>	<u>23,128</u>	<u>37,065</u>
Total Assets	<u>\$ 23,128</u>	<u>\$ 60,193</u>	<u>\$ 46,256</u>	<u>\$ 37,065</u>
LIABILITIES				
Accounts payable	\$ 22,207	\$ 35,332	\$ 22,207	\$ 35,332
Accrued liabilities	921	1,733	921	1,733
Deposits in trust	<u>-</u>	<u>23,128</u>	<u>23,128</u>	<u>-</u>
Total Liabilities	<u>\$ 23,128</u>	<u>\$ 60,193</u>	<u>\$ 46,256</u>	<u>\$ 37,065</u>
<u>Sunnyslope Village</u>				
ASSETS				
Cash and investments	\$ 894	\$ 7	\$ -	\$ 901
Interest receivable	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>
Total Assets	<u>\$ 896</u>	<u>\$ 8</u>	<u>\$ 2</u>	<u>\$ 902</u>
LIABILITIES				
Deposits in trust	<u>\$ 896</u>	<u>\$ 8</u>	<u>\$ 2</u>	<u>\$ 902</u>
Total Liabilities	<u>\$ 896</u>	<u>\$ 8</u>	<u>\$ 2</u>	<u>\$ 902</u>

CITY OF HOLLISTER
SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS (continued)
TRUST AND AGENCY FUNDS
JUNE 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>Gateway Auto Mall</u>				
ASSETS				
Cash and investments	\$ 283,341	\$ 33,714	\$ 1,917	\$ 315,138
Accounts receivable	17,089	16,739	17,089	16,739
Interest receivable	<u>539</u>	<u>268</u>	<u>539</u>	<u>268</u>
Total Assets	<u>\$ 300,969</u>	<u>\$ 50,721</u>	<u>\$ 19,545</u>	<u>\$ 332,145</u>
LIABILITIES				
Accounts payable	\$ 1,917	\$ -	\$ 1,917	\$ -
Deposits in trust	<u>299,052</u>	<u>50,721</u>	<u>17,628</u>	<u>332,145</u>
Total Liabilities	<u>\$ 300,969</u>	<u>\$ 50,721</u>	<u>\$ 19,545</u>	<u>\$ 332,145</u>
<u>Total Agency Funds</u>				
ASSETS				
Cash and investments	\$ 1,292,783	\$ 82,728	\$ 105,729	\$ 1,269,782
Accounts receivable	63,345	66,213	63,345	66,213
Interest receivable	<u>2,433</u>	<u>993</u>	<u>2,433</u>	<u>993</u>
Total Assets	<u>\$ 1,358,561</u>	<u>\$ 149,934</u>	<u>\$ 171,507</u>	<u>\$ 1,336,988</u>
LIABILITIES				
Accounts payable	\$ 28,028	\$ 35,332	\$ 28,028	\$ 35,332
Accrued liabilities	1,083	1,733	922	1,894
Deposits in trust	<u>1,329,450</u>	<u>112,869</u>	<u>142,557</u>	<u>1,299,762</u>
Total Liabilities	<u>\$ 1,358,561</u>	<u>\$ 149,934</u>	<u>\$ 171,507</u>	<u>\$ 1,336,988</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.	146 - 151
Revenue Capacity	
These schedules contain trend information to help the reader assess the City's most significant local revenue source, the property tax.	152 - 155
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.	156 - 160
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.	161 - 163
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.	164 - 166

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 EIGHT FISCAL YEARS
(accrual basis of accounting)

	2003	2004	2005	2006	2007 ⁽²⁾	2008	2009	2010
<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)	\$ (403,587)
Restricted	29,678,279	50,383,527	41,330,000	40,040,000	23,189,297	18,447,194	15,252,460	15,087,344
Unrestricted	34,064,490	4,786,459	(6,798,832)	(20,174,810)	18,487,468	32,972,977	40,887,336	35,397,359
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>\$ 50,081,116</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	\$ 34,874,146
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	13,757,524
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>\$ 48,631,670</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	\$ 34,470,559
Restricted	45,299,714	65,594,481	55,140,000	53,926,003	23,189,297	18,447,194	15,252,460	15,087,344
Unrestricted	15,700,643	(15,559,239)	(27,769,391)	(40,670,571)	22,308,357	36,176,848	51,652,718	49,154,883
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>	<u>\$ 98,712,786</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 eight 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 EIGHT FISCAL YEARS
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 11,496,478
Public safety	8,447,474	9,265,653	9,606,645	9,958,700	14,770,458	10,569,228	12,510,912	11,725,625
Public works	8,952,829	6,359,419	5,111,662	3,864,120	16,164,892	5,792,244	3,802,923	3,368,100
Recreation	925,768	799,594	458,325	1,366,530	3,595,118	1,512,531	1,772,027	1,576,338
Interest on long-term debt	361,346	3,631,302	1,624,693	2,085,455	2,051,691	2,020,677	1,985,412	2,296,969
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	30,463,510
Program Revenues								
Charges for services:								
General government	882,029	1,185,305	967,484		127,642	86,580	1,530,103	1,121,856
Public safety	88,849	13,121	9,188	230,957	646,800	424,451	380,158	513,535
Public works	323,416	102,007	21,060	422,834	172,195	128,191	479,797	1,621,172
Recreation	396,848	318,253	195,206	726,712	285,996	290,548	270,260	498,451
Operating grants and contributions	2,919,263	3,270,473	4,465,604	5,144,663	6,205,229	6,059,794	1,362,085	1,116,473
Capital grants and contributions	1,040,934							192,620
Total governmental activities program revenues	5,651,339	4,889,159	5,658,542	6,525,166	7,437,862	6,989,564	4,022,403	5,064,107
Net Expense¹	(19,947,796)	(24,302,407)	(21,385,043)	(32,343,862)	(36,537,994)	(20,538,367)	(23,613,872)	(25,399,403)
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	17,115,012	21,280,446	18,544,527
Motor vehicle in lieu ⁽²⁾					247,267	159,130	136,191	109,581
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	348,449
Miscellaneous	1,559,425	3,914,190	1,643,016	2,948,910	2,077,720	2,668,418	4,930,074	1,605,007
Transfers						(81,622)	38,759	(353,631)
Total general revenues and transfers	18,605,178	20,199,522	17,609,099	20,417,153	22,039,932	22,064,532	27,149,939	20,253,933
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	\$ (5,145,470)

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 EIGHT FISCAL YEARS
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
Business-Type activities:								
Expenses								
Airport	\$ 579,988	\$ 775,997	\$ 676,283	\$ 754,289	\$ 746,959	\$ 807,734	\$ 873,910	\$ 852,930
Water	2,124,645	2,785,903	2,445,174	2,528,405	2,487,804	2,964,693	3,919,817	3,776,513
Wastewater	6,610,919	10,933,663	5,653,507	5,875,070	3,460,118	4,142,410	7,195,980	8,716,397
Street sweeping	260,297	281,139	239,450	498,747	348,990	411,282	363,054	409,517
Briggs Building				84,419	206,683	219,093	223,840	228,233
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	13,983,590
Program Revenues								
Charges for services:								
Airport	515,662	492,278	536,114	524,951	590,000	560,947	625,513	697,675
Water	1,910,710	1,926,355	1,896,280	2,478,239	4,291,736	4,124,258	4,170,336	4,117,577
Wastewater	3,713,123	5,353,596	4,557,248	4,080,381	6,593,813	9,282,635	11,147,589	12,730,842
Street sweeping	286,262	287,456	286,882	286,882	316,001	309,352	320,609	318,057
Briggs Building				132,600	122,400	147,050	121,550	122,400
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	17,986,551
Net Expense¹	(3,140,092)	(6,680,696)	(1,737,890)	(2,237,877)	4,663,396	5,879,030	3,808,996	4,002,961
General revenues								
Unrestricted investment earnings	181,398	246,964	252,759	329,551	3,101,803	3,779,982	575,313	88,433
Miscellaneous			3,476,823					
Capital contributions					9,877,090			
Transfers						81,622	(38,759)	353,631
Total general revenues	181,398	246,964	3,729,582	329,551	12,978,893	3,861,604	536,554	442,064
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	\$ 4,445,025

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 EIGHT FISCAL YEARS
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 30,463,510
Business-type activities	9,575,849	14,776,702	9,014,414	9,740,930	7,250,554	8,545,212	12,576,601	13,983,590
Total primary government	35,174,984	43,968,268	36,057,999	48,609,958	51,226,410	36,073,143	40,212,876	44,447,100
Program Revenues								
Governmental activities	5,651,339	4,889,159	5,658,542	6,525,166	7,437,862	6,989,564	4,022,403	5,064,107
Business-type activities	6,435,757	8,096,006	7,276,524	7,503,053	11,913,950	14,424,242	16,385,597	17,986,551
Total primary government program revenues	12,087,096	12,985,165	12,935,066	14,028,219	19,351,812	21,413,806	20,408,000	23,050,658
Net Expense¹								
Governmental activities	(19,947,796)	(24,302,407)	(21,385,043)	(32,343,862)	(36,537,994)	(20,538,367)	(23,613,872)	(25,399,403)
Business-type activities	(3,140,092)	(6,680,696)	(1,737,890)	(2,237,877)	4,663,396	5,879,030	3,808,996	4,002,961
Total primary government	(23,087,888)	(30,983,103)	(23,122,933)	(34,581,739)	(31,874,598)	(14,659,337)	(19,804,876)	(21,396,442)
General revenues								
Governmental activities	18,605,178	20,199,522	17,609,099	20,417,153	22,039,932	22,064,532	27,149,939	20,253,933
Business-type activities	181,398	246,964	3,729,582	329,551	12,978,893	3,861,604	536,554	442,064
Total primary government	18,786,576	20,446,486	21,338,681	20,746,704	35,018,825	25,926,136	27,686,493	20,695,997
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	(5,145,470)
Business-type activities	(2,958,694)	(6,433,732)	1,991,692	(1,908,326)	17,642,289	9,740,634	4,345,550	4,445,025
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	\$ (700,445)

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

Source: Finance Department, City of Hollister

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

	2003	2004	2005	2006	2007	2008	2009	2010
General Fund:								
Reserved for:								
Imprest cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prepaid items								
Inventory						48,396	19,898	32,748
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	2,126,112
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>	<u>\$ 2,158,860</u>
All other Governmental Funds:								
Reserved for:								
Land held for resale	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000,000	\$ 6,318,450	\$ 4,810,482
Housing set-aside						12,632,217	12,362,924	11,068,095
Debt service						1,814,977	2,889,536	4,019,249
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	6,602,287
Capital projects funds	22,795,761	22,068,576	22,579,086	19,005,706	5,973,444	9,823,651	18,312,449	20,701,390
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>	<u>\$ 47,201,503</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 eight 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 EIGHT FISCAL YEARS
(modified accrual basis of accounting)

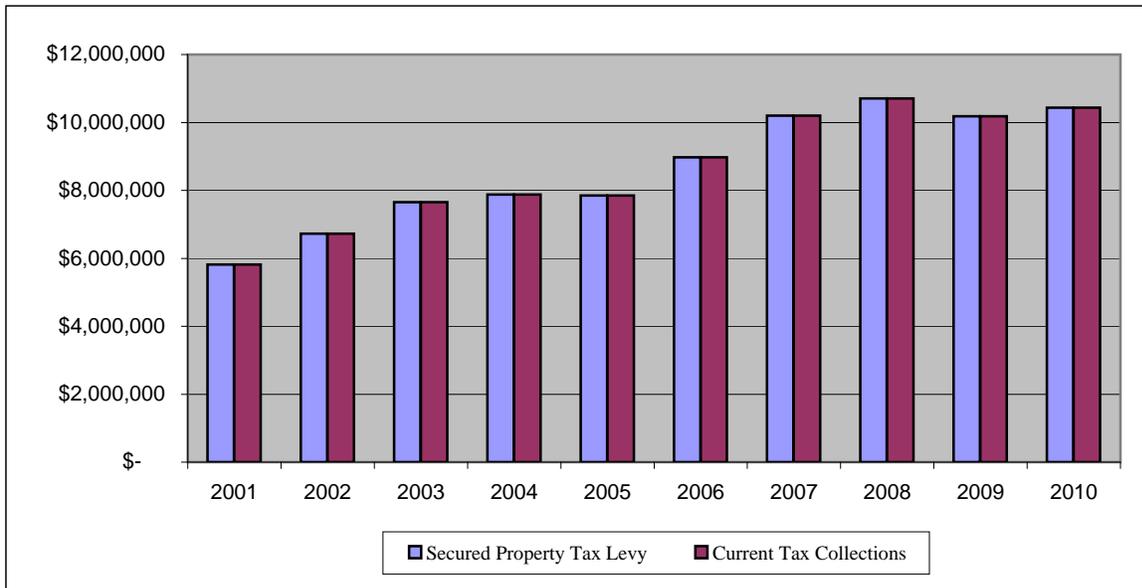
	2003	2004	2005	2006	2007	2008	2009	2010
REVENUES								
Taxes	\$ 14,482,615	\$ 14,078,793	\$ 13,986,568	\$ 15,470,622	\$ 16,248,080	\$ 17,115,012	\$ 21,416,637	\$ 18,654,108
Licenses and permits	418,902	443,940	374,479	422,834	744,855	470,836	1,071,578	2,135,977
Intergovernmental	3,960,198	3,270,473	4,465,604	5,144,663	4,094,614	8,576,806	1,362,085	1,309,093
Charges for services	1,691,142	1,618,686	1,191,888	726,712	979,577	797,352	945,538	1,433,712
Fines and forfeitures	89,598	611,574	152,067	230,957	253,056	132,419	643,202	185,325
Investment earnings	2,468,001	1,897,854	1,605,036	1,997,622	2,722,010	1,732,758	764,469	348,449
Other	1,559,425	3,914,190	6,878,829	2,948,910	2,773,264	2,668,418	4,979,793	1,668,529
Total revenues	24,669,881	25,835,510	28,654,471	26,942,320	27,815,456	31,493,601	31,183,302	25,735,193
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	13,423,444
Public safety	8,310,077	9,134,575	9,424,862	9,811,365	9,584,508	9,928,001	11,283,420	11,258,547
Public works	7,311,765	5,656,227	4,193,602	2,908,309	2,677,150	2,652,311	2,654,005	2,564,064
Recreation	925,768	799,594	458,325	1,366,530	1,224,766	1,247,593	1,517,656	1,322,829
Capital outlay	6,542,366	2,245,001	10,669,368	6,240,401	27,373,522	4,666,628	1,338,440	1,681,738
Debt Service:								
Principal	1,295,000	4,575,271	1,230,000	1,289,887	735,000	765,000	795,000	835,000
Interest	571,538	2,167,175	1,926,715	2,045,444	2,067,713	2,036,699	2,001,434	2,686,796
Total expenditures	29,677,121	32,974,345	34,376,834	43,043,173	49,066,282	27,801,988	28,148,293	33,772,418
Excess (deficiency) of revenues over expenditures	(5,007,240)	(7,138,835)	(5,722,363)	(16,100,853)	(21,250,826)	3,691,613	3,035,009	(8,037,225)
OTHER FINANCING SOURCES (USES)								
Sales of capital asset								
Transfers in	436,190	1,285,978	1,183,428	1,075,650		366,242	3,316,231	5,104,018
Transfer out	(482,967)	(809,261)	(6,685,258)	(1,075,650)		(447,864)	(3,277,472)	(5,457,649)
Proceeds from issuance of debt		35,000,000						8,000,000
Total other financing sources (uses)	(46,777)	35,476,717	(5,501,830)	-	-	(81,622)	38,759	7,646,369
Net change in fund balances	\$ (5,054,017)	\$ 28,337,882	\$ (11,224,193)	\$ (16,100,853)	\$ (21,250,826)	\$ 3,609,991	\$ 3,073,768	\$ (390,856)
Debt service as a percentage of noncapital expenditures								
	8.8%	28.1%	15.4%	10.0%	14.8%	13.8%	11.6%	12.2%

Note: The government-wide reporting requirements related to the implementation of GASB 34 were initiated during fiscal year 2002-03. We therefore only have eight 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
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%
2010	10,436,147	10,436,147	100.00%		10,436,147	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
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	n/a	n/a	n/a	\$ 2,821,026,672
2007	3,023,976,407	52,902	93,958,070	3,117,987,379
2008	3,216,374,691	76,000	94,525,013	3,310,975,704
2009	3,075,368,584	76,000	106,726,890	3,182,171,474
2010	2,666,436,361	76,000	105,399,825	2,771,912,186

Note: Reliable trend information for fiscal years 2001-2005 was not available from the County of San Benito.
 Information will be provided in future years.

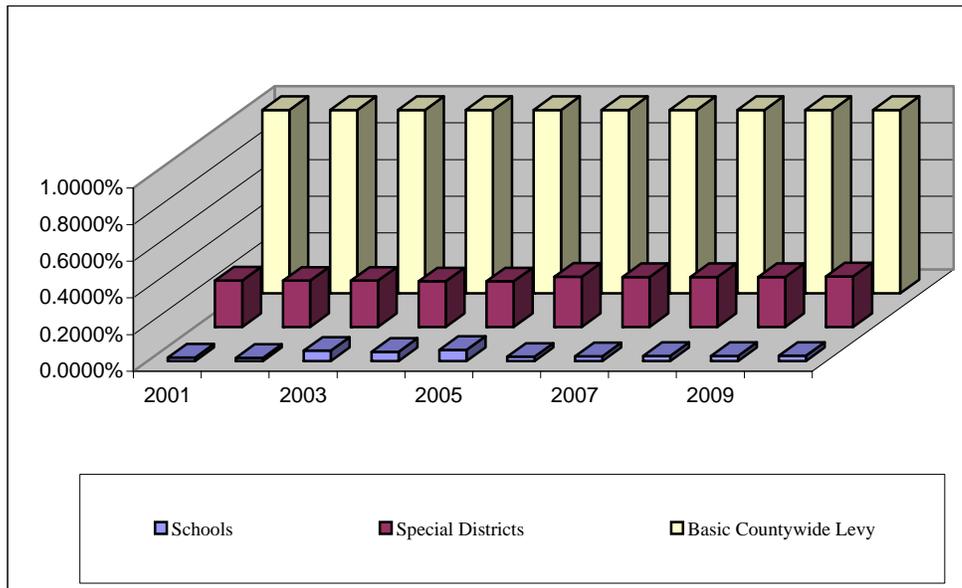
Note: Total estimated actual value of taxable property was not reasonably estimable as the Assessor for San Benito County
 continues to make reassessments and due to the high foreclosure rate.

Source: California Municipal Statistics, Inc.

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

Fiscal Year	Basic Countywide Levy	Schools	Special Districts	Total
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%	0.0231%	0.2750%	1.2981%
2007	1.000%	0.0256%	0.2736%	1.2992%
2008	1.000%	0.0274%	0.2730%	1.3004%
2009	1.000%	0.0273%	0.2734%	1.3007%
2010	1.000%	0.0286%	0.2762%	1.3048%

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: California Municipal Statistics, Inc.

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

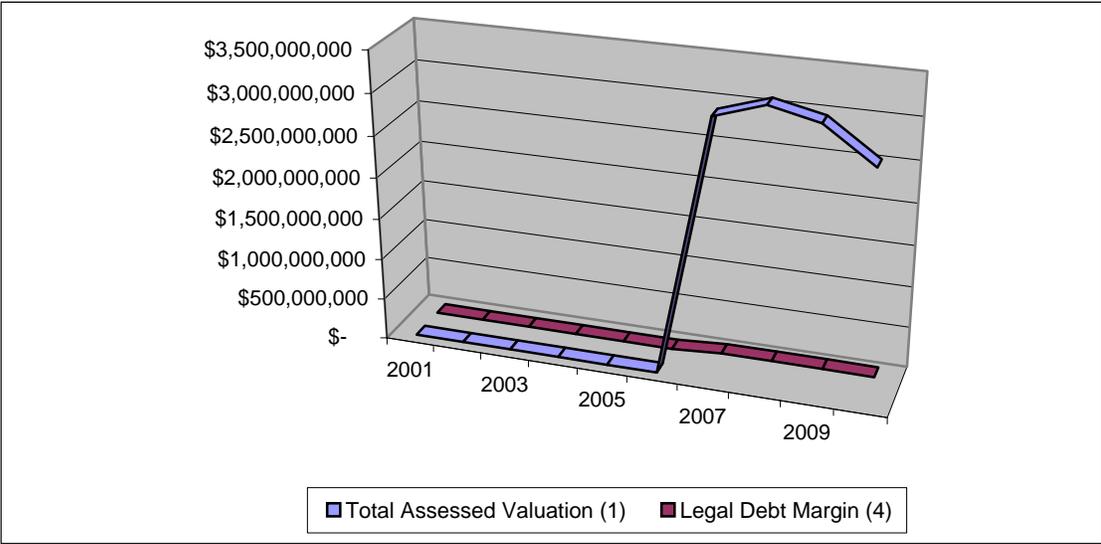
Taxpayer	2010			2001 (1)		
	Rank	Assessed Valuation	Percentage of Total Assessed	Rank	Assessed Valuation	Percentage of Total Assessed
Lifeparc Inc.	1	\$ 56,924,108	2.135%		n/a	
K & S Market, Inc.	2	37,014,051	1.388%		n/a	
Janet P. Roberts Family Trust	3	23,392,999	0.877%		n/a	
Award Homes Inc.	4	19,076,523	0.715%		n/a	
Milgard Manufacturing Incorporated	5	16,500,665	0.619%		n/a	
2401 Bert LLC	6	12,775,499	0.479%		n/a	
Edgewood Sunrise North	7	12,530,800	0.470%		n/a	
Marich Confectionery Associates	8	10,954,927	0.411%		n/a	
General Chemical West Liability Co.	9	10,954,741	0.411%		n/a	
Deutsche Bank National Trust Co.	10	10,793,985	0.405%		n/a	
Largest Secured Property Valuation		210,918,298	<u>7.910%</u>			<u>0.000%</u>
Other Secured Taxpayers		<u>2,455,518,063</u>				
Total Secured Property Valuation - net of exemptions		<u>\$ 2,666,436,361</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, 2010 and should also be presented for June 30, 2001. However, June 30, 2001 information is not available from the County of San Benito. Information will not be presented until there is a nine year separation.

Source: California Municipal Statistics, Inc.

**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
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	n/a	n/a	n/a	n/a	n/a
2007	\$ 3,117,987,379	\$ 38,974,842	\$ -	\$ 38,974,842	100%
2008	3,310,975,704	41,387,196		41,387,196	100%
2009	3,182,171,474	39,777,143		39,777,143	100%
2010	2,771,912,186	34,648,902		34,648,902	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	Percentage of Personal Income (1)	Net Bonded Debt per Capita
2001	\$ 35,142	n/a	\$ -	\$ 15,170,000	\$ 15,170,000	n/a	n/a	\$ 432
2002	36,150	n/a		15,928,494	15,928,494	n/a	n/a	441
2003	36,618	n/a		15,618,014	15,618,014	n/a	n/a	427
2004	36,750	n/a		15,210,954	15,210,954	n/a	n/a	414
2005	36,758	n/a		14,775,066	14,775,066	n/a	479	402
2006	36,687	3,112,647,841		14,311,953	14,311,953	0.459%	n/a	390
2007	36,707	3,305,136,503		128,248,196	128,248,196	3.873%	n/a	3,494
2008	36,878	3,173,866,869		127,660,505	127,660,505	4.012%	n/a	3,462
2009	37,054	2,762,160,352		118,953,880	118,953,880	4.291%	n/a	3,210
2010	37,301	2,771,912,186		116,983,321	116,983,321	4.220%	n/a	3,136

Source:

(1) State of California, Department of Finance
(www.dof.ca.gov/research/demographic/reports/estimates/)

(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				
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
2010		45,420		116,330		162,403	5.8589%	4,354

Source: Finance Department, City of Hollister

CITY OF HOLLISTER, CALIFORNIA
OVERLAPPING BONDED DEBT
JUNE 30, 2010

2009-10 Assessed Valuation:	\$ 2,771,912,186
Redevelopment Incremental Valuation:	1,069,602,732
Adjusted Assessed Valuation:	<u>\$ 1,702,309,454</u>

<u>Direct and Overlapping Tax and Assessment Debt:</u>	<u>Total Debt as of June 30, 2010</u>	<u>% Applicable (1)</u>	<u>City's Share of Debt June 30, 2010</u>
Gavilan Joint Community College District	\$ 74,535,000	7.856%	\$ 5,930,005
Hollister School District	4,115,000	62.053%	2,553,481
North County Joint Union School District	3,314,906	13.494%	447,313
San Benito Healthcare District	30,775,000	35.524%	10,932,511
City of Hollister (1)	-	100.000%	-
City of Hollister 1915 Act Bonds	2,730,000	100.000%	<u>2,730,000</u>
Total Direct and Overlapping Tax and Assessment Debt			<u>\$ 22,593,310</u>
 <u>Overlapping General Fund Debt:</u>			
San Benito County Certificates of Participation	\$ 455,000	33.915%	\$ 154,313
Monterey Bay Unified Air Pollution Control Authority	2,440,000	2.181%	<u>53,216</u>
Total Overlapping General Fund Debt			<u>\$ 207,529</u>
Combined Total Debt (2)			\$ 22,800,839

(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 2009-10 Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	0.82%

Ratios to Adjusted Assessed Valuation:

Combined Total Debt	1.34%
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State School Building Aid Repayable as of 6/30/10: \$ -

AB: (\$425)

Source: California Municipal Statistics, Inc.

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	City of Hollister Population (1)	County of San Benito			
		County of San Benito Personal Income (2)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (4)
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	1,971,598,000	34,874	10,754	7.1%
2008	36,878	1,985,792,000	36,239	10,586	10.1%
2009	37,054	n/a	n/a	10,510	16.0%
2010	37,301	n/a	n/a	9,907	15.6%

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, 2010 and Nine Years Ago

Major County Employers

Company	2010			2001		
	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
Hazel Hawkins Memorial Hospital	575	2	4.14%	n/a	n/a	n/a
San Benito Foods	500	3	3.60%	n/a	n/a	n/a
Pride of San Juan	425	4	3.06%	n/a	n/a	n/a
Milgard	330	5	2.37%	n/a	n/a	n/a
San Benito High School District	245	6	1.76%	n/a	n/a	n/a
Quantic Halex	240	7	1.73%	n/a	n/a	n/a
McCormick Selph	220	8	1.58%	n/a	n/a	n/a
Semifab	200	9	1.44%	n/a	n/a	n/a
Target	167	10	1.20%	n/a	n/a	n/a
Safeway	153	11	1.10%	n/a	n/a	n/a
Guerra Nut Shelling Co. Inc.	130	12	0.94%	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
Corbin, Inc.	105	16	0.76%	n/a	n/a	n/a
Lifesparc Inc.	100	17	0.72%	n/a	n/a	n/a
Safety Storage	100	18	0.72%	n/a	n/a	n/a
California PC Products	100	19	0.72%	n/a	n/a	n/a
West Marine	85	20	0.61%	n/a	n/a	n/a
Total	4,714		33.91%			

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

CITY OF HOLLISTER, CALIFORNIA
MISCELLANEOUS STATISTICAL INFORMATION
JUNE 30, 2010

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, 2010: 123

Source: Finance Department, City of Hollister

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

Function/Program	For the Fiscal Year Ended June 30,			
	2007	2008	2009	2010
Police				
Criminal Citations Issued	1,976	1,352	2,113	1,184
Parking Citations	401	399	722	950
Fire				
Number of Calls Received	2,072	1,973	1,921	1,856
Public Works				
Streets Resurfacing (Miles)	7	-	-	-
Tons of debris collected by Street Sweepers	681	708	691	463
Community Services				
Facility Rentals	n/a	621	745	745
Community Development				
Building Inspections Completed	727	604	607	1,960
Total Permits Issued	882	645	647	506
Water				
Million Gallons Water Treated	934	903	1,014	800
Percent of Drinking Water Regulations Met	99%	99%	99%	99%
Wastewater				
Million Gallons waster Water Treated	931	807	730	1,000
Miles of Wastewater Collection System Pipes Cleaned	8.6	23.8	38.2	22.5
Percent of Discharge Requirement Met	99%	99%	99%	95%
Airport				
Hangar/ Buildings Customers	92	92	90	87

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	2010
Police				
Stations	1	1	1	1
Fire				
Stations	1	2	2	2
Public Works				
Streets (Miles)	95	95	95	95
Community Services				
Parks Acreage	58.75	58.75	108.75	108.75
Parks	12	12	13	13
Tennis Courts	3	3	3	3
Community Buildings	3	3	3	3
Water				
Number of Pump Stations/ Booster Stations	1	1	1	1
Number of Treatment Plants	1	1	1	1
Number of Wells	6	6	6	6
Wastewater				
Number of Treatment Plants	2	2	2	2
Number of Lift Stations	4	4	4	4
Airport				
Runways, Taxiways, Ramps, and Hanger Areas (Paved Surface in sq. ft)(in thousand)	2,455	2,455	2,455	2,455
Parking				
Number of Parking Structures and Lots	10	10	10	10
Number of Parking Spaces	425	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 CITY GOVERNMENT EMPLOYEES BY FUNCTION/ PROGRAM
LAST SIX FISCAL YEARS

Function/Program	Full-time Equivalent Employees					
	2006	2006	2007	2008	2009	2010
General government:						
City Clerk/ Treasurer	3	2	2	1	1	1
City Attorney			1	1	1	1
City Manager	1	1	1	1	1	1
Community Development	6	6	6	7	9	8
Engineering	8	8	8	8	8	7
Administration	14	16	13	14	16	16
Public Safety:						
Police Protection	31	28	29	29	29	28
Animal Control	4	4	2	4	4	4
Fire Protection	26	26	24	25	25	25
Public Works:						
Public works	6	7	4	3	5	2
Operations and Maintenance	13	15	12	11	12	6
Utilities:						
Water	9	7	7	8	8	9
Wastewater	7	7	7	6	6	9
Recreation	2	3	3	3	3	3
Airport	4	1	2	2	3	3
	<u>134</u>	<u>131</u>	<u>121</u>	<u>123</u>	<u>131</u>	<u>123</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.

CITY OF HOLLISTER

GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

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.

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.

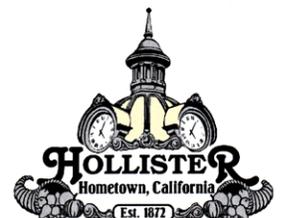
UNQUALIFIED OPINION. An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

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 the City of Hollister (the "City") as of and for the year ended June 30, 2010, and have issued our report thereon January 14, 2011. 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 *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2010-1.

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 January 14, 2011.

The City of Hollister's response to the finding 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, others within the entity, the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be used by anyone other than these specified parties.


Sacramento, California
January 14, 2011

CITY OF HOLLISTER
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2010

Finding 2010:1 RDA Compliance

Criteria

Redevelopment agencies must produce Implementation Plans, in accordance with Health & Safety Code §33490 and §33413(b), for each project area every five years and have the first plan adopted by December 31, 1994, or within five years following the adoption of the redevelopment plan in cases under which the redevelopment plans were adopted on or after January 1, 1994. Each plan must contain certain items.

Condition

The Agency's implementation plan was created in 2004 for the 5-year period from 2004 to 2009. A new or revised implementation plan for the next 5 year period was not in place for fiscal year 2010.

Cause

Due to turnover and changes in the department, the renewal of the implementation plan was not able to be completed on time.

Recommendation

We recommend the Agency complete their five year implementation plan as soon as possible and provide it to their governing board for adoption.

Management's Response

Management concurs with the finding and is in the process of completing the five-year implementation plan for the period 2010 - 2015.

CITY OF HOLLISTER
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2010

Finding 2009-01: RDA Compliance

Condition

A written determination for Agency administrative expenditures was not made.

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.

Status

Implemented.

Finding 2009-02: Redevelopment Program/Loans Receivable (repeat finding)

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.

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.

Status

Partially implemented. The Redevelopment Agency 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. See separate management letter issued to the City.