

# **CITY OF HOLLISTER**

## **California**



City of Hollister's New Fire Station #1  
(Photo courtesy of Renee Perales)

## **Comprehensive Annual Financial Report**

### **For the Fiscal Year Ended**

### **June 30, 2013**

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**CITY OF HOLLISTER  
CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2013**

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**PREPARED BY  
FINANCE DEPARTMENT**

**CITY OF HOLLISTER**  
FOR THE YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

	Page
<b>INTRODUCTORY SECTION:</b>	
Transmittal Letter	i - vi
GFOA Award	vii
City Council and Principal City Officials	viii
Organization Chart	ix
<b>FINANCIAL SECTION:</b>	
Independent Auditor's Report on Basic Financial Statements	1- 2
Management's Discussion and Analysis	3 - 16
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements	
Balance Sheet - Governmental Funds	19
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities - Governmental Funds	22
Statement of Net Position - Proprietary Funds	23 - 24
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	25 - 26
Statement of Cash Flows - Proprietary Funds	27 - 28
Statement of Fiduciary Net Position - Fiduciary Funds	29
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	30
Notes to Basic Financial Statements	31 - 59
<b>Required Supplemental Information:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - General Fund	61 - 65
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Housing Successor Agency	66
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual - Federal Aviation Admin Grant	67
Notes to Required Supplemental Information	68
Schedule of Funding Progress for Other Post Employment Benefits (OPEB)	69

**CITY OF HOLLISTER**  
FOR THE YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

	<u>Page</u>
<b>Combining Financial Statements and Other Supplemental Information:</b>	
Non-Major Governmental Funds:	
Non-Major Fund Descriptions	71 - 72
Combining Balance Sheets	73 - 77
Combining Statements of Revenues, Expenditures and Changes in Fund Balance	78 - 82
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
CDBG Low Income Housing Rehab	83
Gas Tax	84
Park Dedication	85
San Benito Loan Program	86
4th of July Rally	87
Hollister Air Show	88
CHRPO	89
Transportation Development Act	90
Spay/Neuter Education	91
Mello-Roos CFD-001	92
Youth Center	93
Police Special Law Enforcement Safety	94
Office of Traffic Safety	95
Animal Welfare	96
JAG Grant Equipment	97
SB1186	98
CAL Grip	99
Environmental Justice Trans Grant	100
Signal Improvement Fee on Flynn	101
Home Program Revolving Loans	102
Fire Impact Fees	103
Police Impact Fees	104
Storm Drain Fees	105
Storm Drain Impact Fees	106
Traffic Impact Fees	107
AB 1600 Santa Ana Storm Drain	108

**CITY OF HOLLISTER**  
FOR THE YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

	<u>Page</u>
<b>Combining Financial Statements and Other Supplemental Information (continued):</b>	
Jail Juvenile Hall	109
Local Street & Road Improvement	110
Trust and Agency Funds:	
Agency Fund Descriptions	111
Combining Schedule of Fiduciary Net Position	112
Schedule of Changes in Fiduciary Net Position	113 - 115
<b>STATISTICAL SECTION</b>	
Description of Statistical Section	117
<b>Financial Trends</b>	
Net Position by Component	118
Changes in Net Position	119 - 121
Fund Balances - Governmental Funds	122
Changes in Fund Balance - Governmental Funds	123
<b>Revenue Capacity</b>	
Property Taxes Levies and Collections - Direct and Overlapping Governments	124
Assessed Value of Taxable Property	125
Property Tax Rates - Direct and Overlapping Governments	126
Principal Property Taxpayers	127
<b>Debt Capacity</b>	
Legal Debt Margin Information	128
Ratios of Net General Obligation Bonded Debt to Taxable Assessed Value and Net General Obligation Bonded Debt per Capita	129
Ratio of Outstanding Debt by Type	130
Overlapping Bonded Debt	131
Ratio of General Bonded Debt Outstanding	132
<b>Economic and Demographic Information</b>	
Demographic and Economic Statistics	133
Principal Employers	134
Miscellaneous Statistical Information	135

**CITY OF HOLLISTER**  
FOR THE YEAR ENDED JUNE 30, 2013

TABLE OF CONTENTS

	<u>Page</u>
<b>STATISTICAL SECTION (continued)</b>	
<b>Operating Information</b>	
Operating Indicators by Function	136
Capital Asset Statistics by Function	137
Full-time Equivalent City Government Employees by Function/Program	138
<b>GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT</b>	139 - 146

# INTRODUCTORY SECTION





# CITY OF HOLLISTER

375 Fifth Street • Hollister, CA 95023-3876

January 28, 2014

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, 2013, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Mann, Urrutia, Nelson CPAs and Associates, LLP, have issued an unqualified (“clean”) opinion on the City of Hollister’s financial statements for the year ended June 30, 2013. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **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.

City Attorney  
636-4306

City Clerk  
636-4304

City Manager  
636-4305

Finance  
636-4301

Management Services  
636-4324i

Personnel  
636-4308

Fax (831) 636-4310 • TDD Line Only (831) 636-4319

The City Council consists of four 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 Citizens elect the Mayor every two years with elections also held in November.

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 Successor Agency), 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.

### **LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES**

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

#### **County of San Benito and City of San Juan Bautista Fire Contract**

On June 2013, the City of Hollister entered into a contract with the County of San Benito and the City of San Juan Bautista to provide fire service and administration through the County and the City of San Juan Bautista.

#### **City Austerity Plan/ Sale Tax Measure Extension**

The City developed an austerity plan in case the tax initiative did not pass a renewal vote. The austerity plan included the budget reductions of approximately 24% of the general fund budget over three (3) fiscal years. However, with the passage of the renewal, the City was able to avoid implementing the austerity plan. Now management is working with Council to come up with ideas to avoid a future austerity plan when the current extension expires on March 31, 2018.

#### **Housing Growth**

The City has undergone a recent period of growth and expansion. New residential development in and around the City has been extremely strong, with nearly 1,500 new units being constructed and/or approved since the middle of 2013. These units are located throughout the City of Hollister and consist of condominiums and single family housing.

### **LOCAL ECONOMY**

The City of Hollister is a suburb to the affluent San Jose and San Francisco Bay metropolitan areas as well as the Monterey Bay area and functions as a major commuter hub. The City of Hollister is a major regional shopping center for the County of San Benito area. Major industries located within the government's boundaries or in close proximity include hospitals, some manufacturers, and retail stores. The school districts, the Hazel Hakins Hospital, the County of San Benito, and the City of Hollister also have a significant economic presence, employing in total more than 2,000 teachers, professionals, and support staff.

## **Unemployment**

San Benito County's unemployment rate was 9.9% for November 2013 per the Bureau of Labor Statistics ([www.bls.gov/cgi-bin/dsrv](http://www.bls.gov/cgi-bin/dsrv)) and is currently 10.4 percent in December of 2013. The unemployment rate is well above the State's average of 7.9%.

## **Retail Sales**

Retail sales occurring in the April through June quarter were 14.9% higher than the same period last year for the City. The State of California retail sales tax increase 6.2% higher for the same period. However, this is a decrease compared to 2008 which was the City's highest year.

## **Fiscal Year 2013-2014 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 the continue budget challenges that City has been seeing for the last five fiscal years.

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. The State has also as part of its budget gimmicks dissolved redevelopment agencies. 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.

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 some department budget shortfalls, which will have an effect of reducing the City General Fund, the most optimistic trend is the slight increase in sales tax and other discretionary revenue trends. Several key revenues are on track to be about \$.4 million more than originally anticipated. The cause for the estimated \$.4 million surplus rests entirely on the recently turnaround of the state and local economies. The state, national, and global economies have reversed and the general prognosis, among some economists, is that we are entering into a minimal increase in the economy.

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 2013-2014. Staff is forecasting flat to very slight increases in revenues next fiscal year than the City is experiencing this fiscal year. The following fiscal year looks equally the same, 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 to offset CalPERS' prior asset losses in past fiscal years.

The State of California has recently revised their current budget to finally a balanced budget. State financial forecasters are clearly responding to similar revenue 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.

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, 2013. 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, 2014.

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 \$1.7 million of General Fund contingency will be needed to insure any offset unanticipated department expenses and/ or under-realized department revenues.

The City needs to find an additional \$3.5 million in General Fund budgetary solutions by fiscal year 2018-2019, so that it is not necessary for the City to go back to the voters for another tax initiative. 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 has a structurally balanced budget for fiscal year 2013-2014. 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.

## **RELEVANT FINANCIAL POLICIES**

The City implemented a revised investment policy for 2013-2014 fiscal year. Also, the Department of Administrative Services plans on presenting to Council new Grant and Fiscal policies through out the 2013-2014 fiscal year.

## **AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hollister for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. This was the fourth consecutive year that the government 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 generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting 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 Department 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  
Interim Director of Administrative Services/ Assistant City Manager



Government Finance Officers Association

**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, 2012**

Executive Director/CEO

**CITY OF HOLLISTER**  
**CITY COUNCIL AND PRINCIPAL CITY OFFICIALS**  
**JUNE 30, 2013**

**CITY COUNCIL**

Mayor	Ignacio Velazquez*
First District	Ray Friend
Second District	Robert Scattini, Vice Mayor
Third District	Pauline Valdivia
Fourth District	Victor Gomez

\*Elected to a two-year term In November by the Citizens

**APPOINTED OFFICIALS**

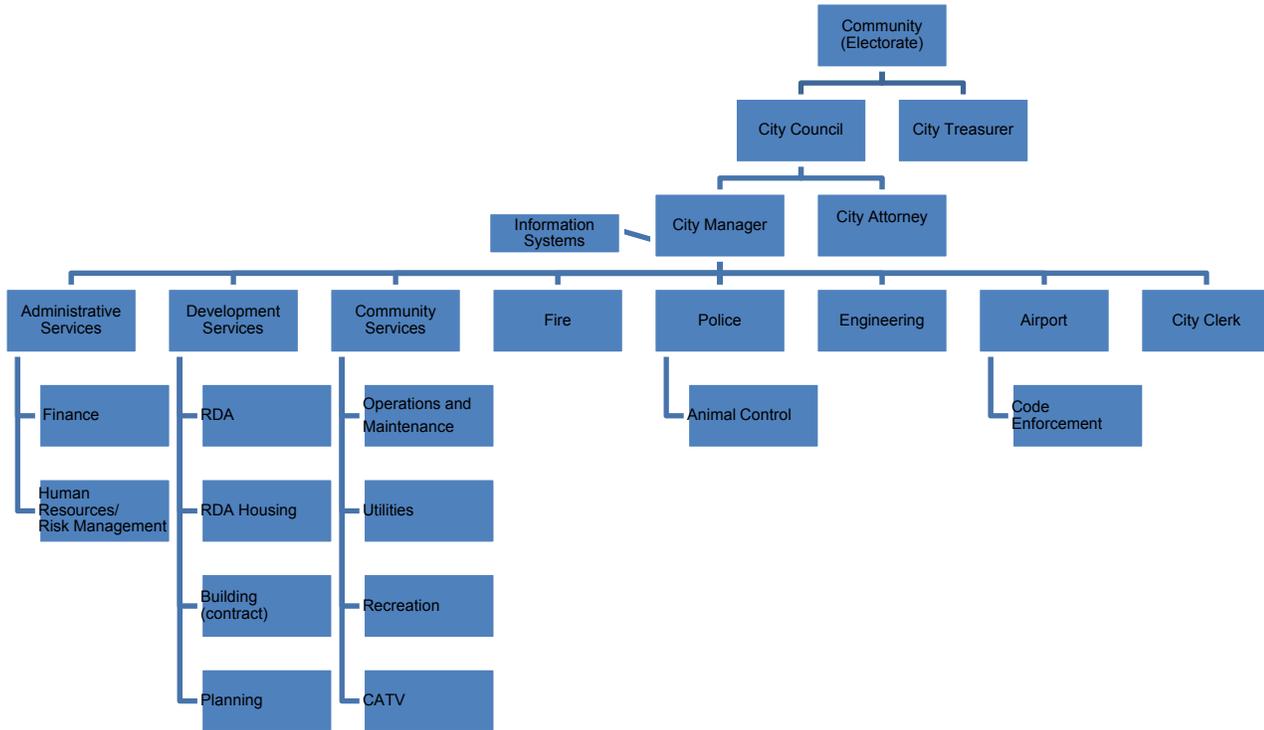
City Manager	William B. Avera
City Attorney	L and G, LLP
City Clerk and Treasurer	Geri Johnson, MMC

**EXECUTIVE STAFF**

Interim Director of Administrative Service	Brett Miller
Director of Community Services/Recreation	Clay Lee
Director of Community Services/Recreation	William B. Avera
Director of Airport /Code Enforcement.	Mike Chambless
Interim City Engineer	David Rubcic
Chief of Fire	Mike O'Connor
Chief of Police/Animal Control	David Westrick

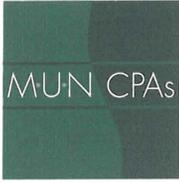
# CITY OF HOLLISTER, CALIFORNIA

## 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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hollister as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hollister, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress 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.

## Other Information

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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the budgetary comparison schedules are fairly stated in all material respects in relation to the basic 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 them.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2014, on our consideration of the City of Hollister's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Hollister's internal control over financial reporting and compliance.

  
Sacramento, California  
January 27, 2014

**CITY OF HOLLISTER**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013

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, 2013. 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**

- The assets of the City of Hollister exceeded its liabilities at the close of the most recent fiscal year by \$122,331,241 (net position). Of this amount, \$36,688,838 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- City of Hollister's total net position increased \$3,211,228 because of property sales and increased building activity during the current period.
- At the close of the current fiscal year, the City of Hollister's governmental funds reported combined fund balances of \$23,930,000, an increase of \$6,021,066 in comparison with the prior year. Approximately 18% of this amount (\$4,301,138) is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$4,311,704, or approximately 30% of total general fund expenditures.
- The City of Hollister's total outstanding long-term debt decreased by \$2,366,356 during the current fiscal year as part of its routine debt service payments.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis provided here are intended to serve as an introduction to the City of Hollister's basic financial statements. The City of Hollister's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City of Hollister's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City of Hollister's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Hollister is improving or deteriorating.

The *statement of activities* presents information on expenses and revenues to show how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**CITY OF HOLLISTER**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE YEAR ENDED JUNE 30, 2013

Both of these government wide financial statements distinguish functions of the City of Hollister 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.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Hollister, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Hollister can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 32 individual governmental funds. On the financial statements for governmental funds, information is presented separately for three major funds: the General Fund, the Housing Successor Agency Fund, and the Federal Aviation Admin Grant Fund. Data from the other governmental funds are aggregated into a single column. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The City of Hollister adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**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.

The City of Hollister maintains two different types of fiduciary funds. The *Private-purpose trust fund* is used to report resources held in trust for the activity of the Oversight Board and the Department of Finance to dissolve the former Redevelopment Agency. The *Agency fund* reports resources held by the City of Hollister in a custodial capacity for individuals, private organizations and other governments.

**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.

**CITY OF HOLLISTER**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE YEAR ENDED JUNE 30, 2013

**Other 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.

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 OVERALL FINANCIAL ANALYSIS**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Hollister, assets and deferred outflows of resources exceeded liabilities by \$122,331,241, at the close of the most recent fiscal year.

**City of Hollister's Net Position**

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

**TABLE 1**  
**GOVERNMENT-WIDE NET POSITION JUNE 30, 2013 and 2012**

	Governmental Activities		Business-type Activities		Total Government	
	2013	2012	2013	2012	2013	2012
<b>ASSETS</b>						
Current and other assets	\$ 36,327,969	\$ 33,646,520	\$ 29,960,165	\$ 28,741,957	\$ 66,288,134	\$ 62,388,477
Capital assets	38,645,064	39,537,412	128,259,495	129,613,523	166,904,559	169,150,935
Total Assets	74,973,033	73,183,932	158,219,660	158,355,480	233,192,693	231,539,412
<b>LIABILITIES</b>						
Current and other liabilities	2,349,979	1,776,265	1,515,759	1,281,064	3,865,738	3,057,329
Long-term liabilities	1,196,425	1,109,864	105,799,289	108,252,206	106,995,714	109,362,070
Total Liabilities	3,546,404	2,886,129	107,315,048	109,533,270	110,861,452	112,419,399
<b>NET POSITION</b>						
Net investment in capital assets	38,645,064	39,537,412	33,076,094	32,131,307	71,721,158	71,668,719
Restricted for debt service	-	-	7,941,851	7,941,652	7,941,851	7,941,652
Restricted for special revenue programs	2,446,274	15,780,674	-	-	2,446,274	15,780,674
Restricted for capital projects	776,001	583,396	-	-	776,001	583,396
Restricted for housing	2,757,119	-	-	-	2,757,119	-
Unrestricted	26,802,171	14,396,321	9,886,667	8,749,251	36,688,838	23,145,572
Total Net Position	\$ 71,426,629	\$ 70,297,803	\$ 50,904,612	\$ 48,822,210	\$ 122,331,241	\$ 119,120,013

**CITY OF HOLLISTER**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE YEAR ENDED JUNE 30, 2013

The City's total government-wide net position amounted to \$122,331,241 as of June 30, 2013. This represented an increase of \$3,211,228 over fiscal year 2012. The increase in the change in net position is reflected in the Statement of Activities shown in Table 2 for governmental funds and Table 3 for business-type activities.

By far, the largest portion of the City of Hollister's net position (58.6%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City of Hollister uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City of Hollister's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Hollister's net position (11.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$36,688,838 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

However, the City of Hollister's overall net position increased \$3,211,228 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$1,128,826 from the prior fiscal year for an ending balance of \$71,426,629. While the current economic slump certainly had an impact on the City of Hollister, management was able to take various actions (e.g. delaying certain nonrecurring expenses, reducing expenses related to non-essential duties, and delayed hiring) that neutralized its effect on governmental activities. The increase in the overall net position of governmental activities is the result of a land sale and cost savings.

**CITY OF HOLLISTER**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE YEAR ENDED JUNE 30, 2013

The City's net position as of June 30, 2013 consisted of the following:

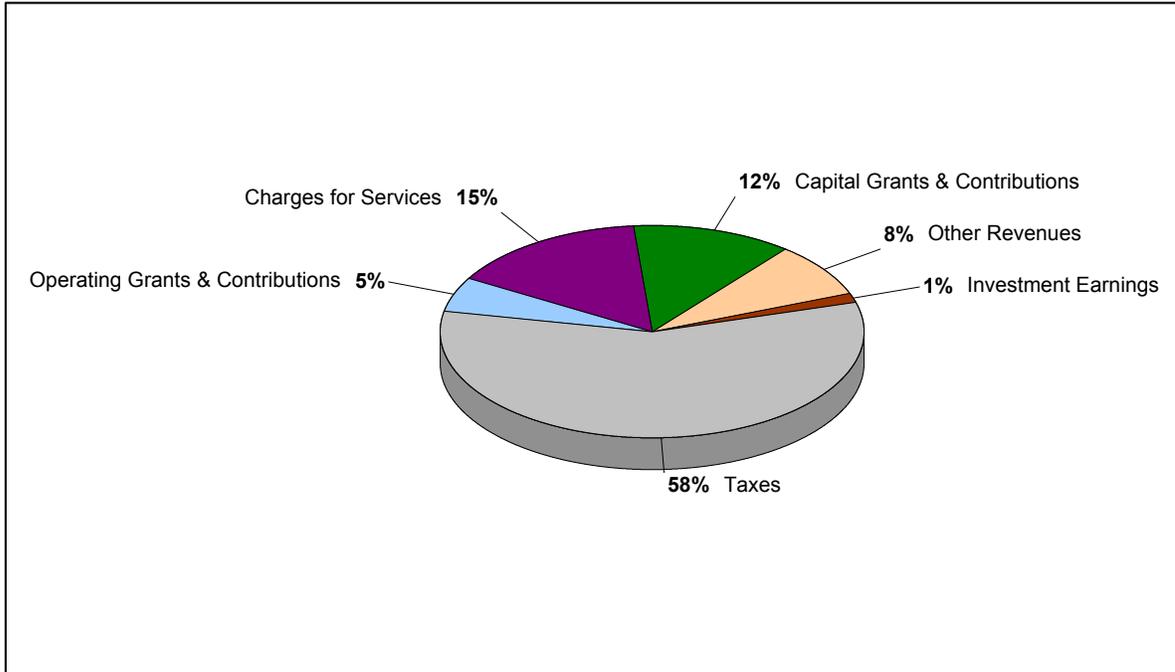
**TABLE 2**  
**GOVERNMENTAL ACTIVITIES CHANGES IN NET POSITION AS OF JUNE 30,**

	<u>2013</u>	<u>2012</u>
<u>REVENUES</u>		
Charges for services	\$ 3,568,974	\$ 2,560,129
Operating grants and contributions	1,243,504	867,250
Capital grants and contributions	2,878,079	1,079,884
Taxes	13,490,843	16,240,798
Investment earnings	325,930	165,079
Other	<u>1,943,202</u>	<u>1,745,419</u>
Total Revenue	<u>23,450,532</u>	<u>22,658,559</u>
<u>EXPENSES</u>		
General government	4,551,007	3,969,427
Public safety	11,437,974	11,114,241
Public works	5,179,959	3,315,807
Recreation	1,408,353	1,465,723
Interest and fiscal charges	<u>723</u>	<u>1,192,033</u>
Total Expenses	<u>22,578,016</u>	<u>21,057,231</u>
Increase in net position before transfers & extraordinary items	872,516	1,601,328
Transfers	<u>256,310</u>	<u>(16,323)</u>
Extraordinary gain	<u>-</u>	<u>20,417,677</u>
Change in net position	<u>1,128,826</u>	<u>22,002,682</u>
Net position - beginning	70,297,803	48,081,721
Prior period restatement	<u>-</u>	<u>213,400</u>
Net position - beginning, restated	70,297,803	48,295,121
Net position - ending	<u>\$ 71,426,629</u>	<u>\$ 70,297,803</u>

**CITY OF HOLLISTER**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE YEAR ENDED JUNE 30, 2013

**Sources of Revenues**

Governmental Activities



As reflected above, fifty-eight (58%) or \$13,490,843 of the City's governmental activities revenues as of June 30, 2013 were comprised of tax increments. Program revenues were thirty-two percent (32%) of governmental activities. Of this amount, five percent (5%) or \$1,243,504 were derived from operating grants and contributions, twelve percent (12%) was derived from capital grants and contributions, and fifteen percent (15%) or \$3,568,974 were derived from charges for services. The remaining sources of revenues included one percent (1%) or \$325,930 of investment earnings, and eight percent (8%) or \$1,943,202 of other revenues.

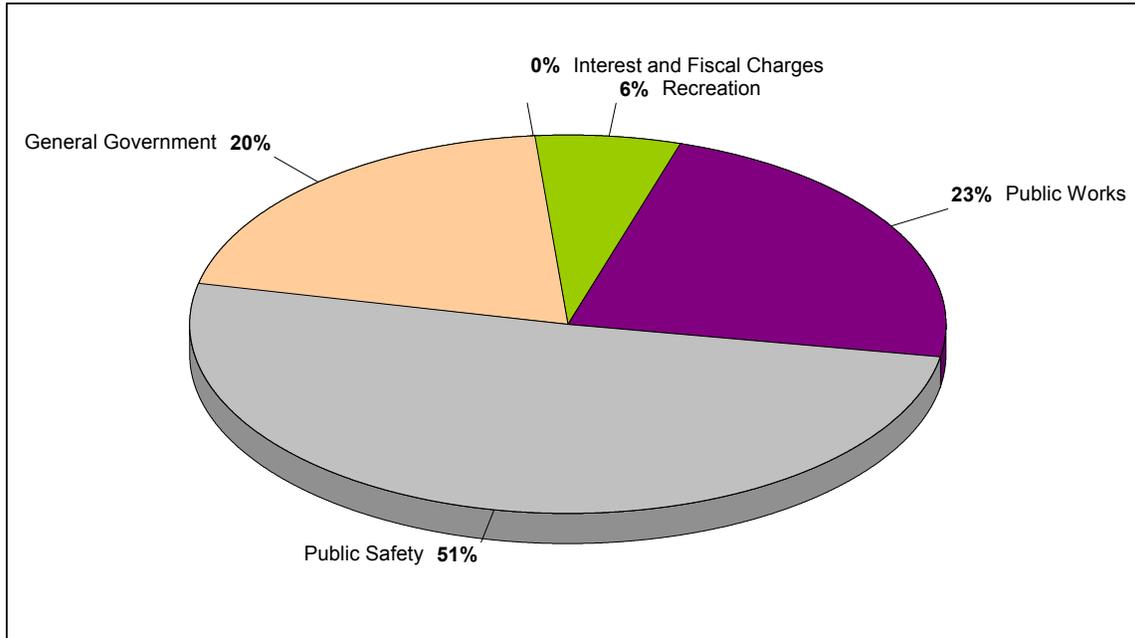
Taxes

The City's overall property taxes have decreased mainly due to the City's redevelopment being dissolved by the State of California during the middle of the fiscal year.

**CITY OF HOLLISTER**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE YEAR ENDED JUNE 30, 2013

**Functional Expenses**

Governmental Activities



As identified in the functional expenses chart, fifty-one percent (51%) or \$11,437,974 of the City's expenses were for public safety. Nineteen (19%) or \$4,551,007 were for general government expenses. The remaining functional expenses included twenty-three (23%) or \$5,179,959 for public works, six percent (6%) or \$1,408,353 in recreation, and less than one percent or \$723 in interest and fiscal charges. The City's total governmental expenses increased \$1,520,785 from the prior fiscal year.

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

General Government Expenses

General government expenses increased \$581,580 or 9%. The main increase was due to expenses associated with increased expenses related to grants.

Public Works Expenses

Public works expenses increased 43% or \$1,864,152 from the prior year. This was attributable to the City increasing spending on design and construction of the street overlay projects.

Public Safety Expenses

In addition, public safety expenses increased 3% or \$323,733. The main increase was related to expenses associated with increase grant funding.

Recreation Expenses

Recreation expenses decreased 4% or \$57,370 due to budget cuts associated with declining revenues.

**CITY OF HOLLISTER**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE YEAR ENDED JUNE 30, 2013

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

	<u>2013</u>	<u>2012</u>
<u>REVENUES</u>		
Charges for services	\$ 19,208,994	\$ 18,384,330
Investment earnings	34,903	54,854
Capital grants and contributions	<u>2,435,230</u>	<u>-</u>
Total Revenue	<u>21,679,127</u>	<u>18,439,184</u>
<u>EXPENSES</u>		
Airport	994,428	1,067,579
Water	4,225,254	3,735,177
Sewer	13,538,301	13,867,751
Street sweeping	353,147	393,323
Briggs Building	<u>229,285</u>	<u>237,237</u>
Total Expenses	<u>19,340,415</u>	<u>19,301,067</u>
(Decrease) increase in net position before transfers	2,338,712	(861,883)
Transfers	<u>(256,310)</u>	<u>16,323</u>
Change in net position	<u>2,082,402</u>	<u>(845,560)</u>
Net position - beginning	48,822,210	48,733,292
Prior period restatement (Note 15)	<u>-</u>	<u>934,478</u>
Net position - beginning, restated	48,822,210	49,667,770
Net position - ending	<u>\$ 50,904,612</u>	<u>\$ 48,822,210</u>

In the fiscal year ended June 30, 2013, business-type activities increased the City's net position by \$2,082,402.

Charges for Services

Charges for services increased \$824,664 or 5% over the prior fiscal year. This was the result of more water, wastewater, and street sweeping accounts being added to the City's monthly billing register.

Investment Earnings

Investment earnings decreased \$19,951 or 36% due to the decline in investment returns.

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 ongoing implementation costs for the City's wastewater treatment plant.

**CITY OF HOLLISTER**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE YEAR ENDED JUNE 30, 2013

**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, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Hollister itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Hollister's Council.

At June 30, 2013, the City's governmental funds reported combined ending fund balances of \$23,930,000. Approximately 18.0% of this total amount (\$4,301,138) constitutes the unassigned 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 nonspendable or restricted to indicate that it is not available for general obligations because it has been committed in the form of inventories, debt service reserves, or the funds have statutory restrictions.

The General Fund is the main operating fund of the City. At June 30, 2013, the unassigned fund balance of the general fund was \$4,311,704 while the total fund balance amounted to \$4,349,225. As measures of the general fund's liquidity, it is useful to note that the unassigned fund balance represents 29.7% percent of total fund expenditures, while the total fund balance represents 30.0% percent of that same amount. The general fund's fund balance increased by \$2,649,440 during the current fiscal year. The City's increase of \$2,649,440 from the prior fiscal year was due to the final payment for the dissolution of the former Redevelopment Agency and sale of land.

The Housing Successor Agency Fund had a total fund balance of \$2,757,119 which is restricted. The overall fund balance increased by \$2,870,703 due to payments for low and moderate housing projects in the fiscal year.

The Federal Aviation Administration Grant, the remaining major fund, had a total fund balance of \$0. The overall activity of the fund was grant related revenues and expenditures.

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

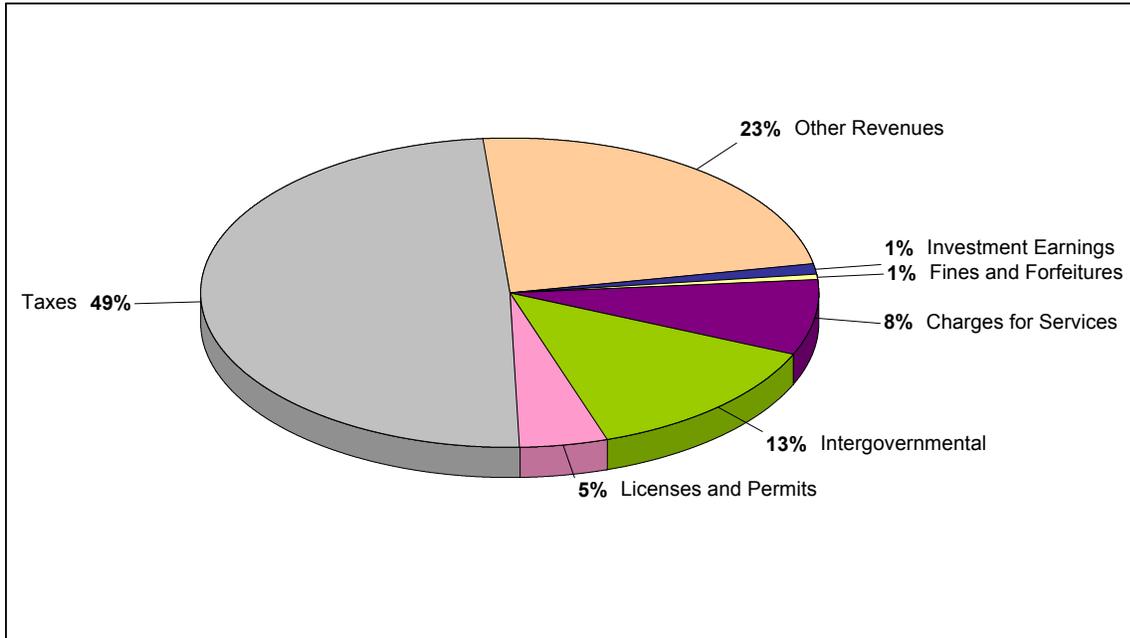
**TABLE 4**  
**REVENUES IN THE GOVERNMENTAL FUNDS (in thousands)**

Revenue Sources	FY 2013		FY 2012		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Taxes	\$ 13,491	49.1 %	\$ 16,241	71.6 %	\$ (2,750)	(16.9)%
Licenses and permits	1,262	4.6 %	1,337	5.9 %	(75)	(5.6)%
Intergovernmental	3,682	13.4 %	1,947	8.6 %	1,735	89.1 %
Charges for services	2,167	7.9 %	1,113	4.9 %	1,054	94.7 %
Fines and forfeitures	140	0.5 %	110	0.5 %	30	27.3 %
Investment earnings	308	1.1 %	148	0.7 %	160	108.1 %
Others	<u>6,439</u>	<u>23.4 %</u>	<u>1,790</u>	<u>7.9 %</u>	<u>4,649</u>	<u>259.7 %</u>
Total	<u>\$ 27,489</u>	<u>100 %</u>	<u>\$ 22,686</u>	<u>100 %</u>	<u>\$ 4,803</u>	<u>21.2 %</u>

**CITY OF HOLLISTER**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE YEAR ENDED JUNE 30, 2013

**Governmental Fund Revenues**

For the Year Ended June 30, 2013



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 the decrease in the property taxes received by the redevelopment agency that has been dissolved.
- Licenses and permits – Decreased revenues from construction permits and planning application fees account for most of the decrease noted in this revenue category.
- Intergovernmental – The increase in this source was due to an increase in Federal Aviation Administration funding.
- Fines and forfeitures – The increase in fines and forfeitures was primarily due to a vacancy in the parking enforcement position in the prior fiscal year.
- Investment earnings – The increase in investment earnings reflects the decrease in earnings of the City's investments.
- Other revenues – Other revenues increased primarily due to a one time reimbursement in the prior fiscal year.

**CITY OF HOLLISTER**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
**FOR THE YEAR ENDED JUNE 30, 2013**

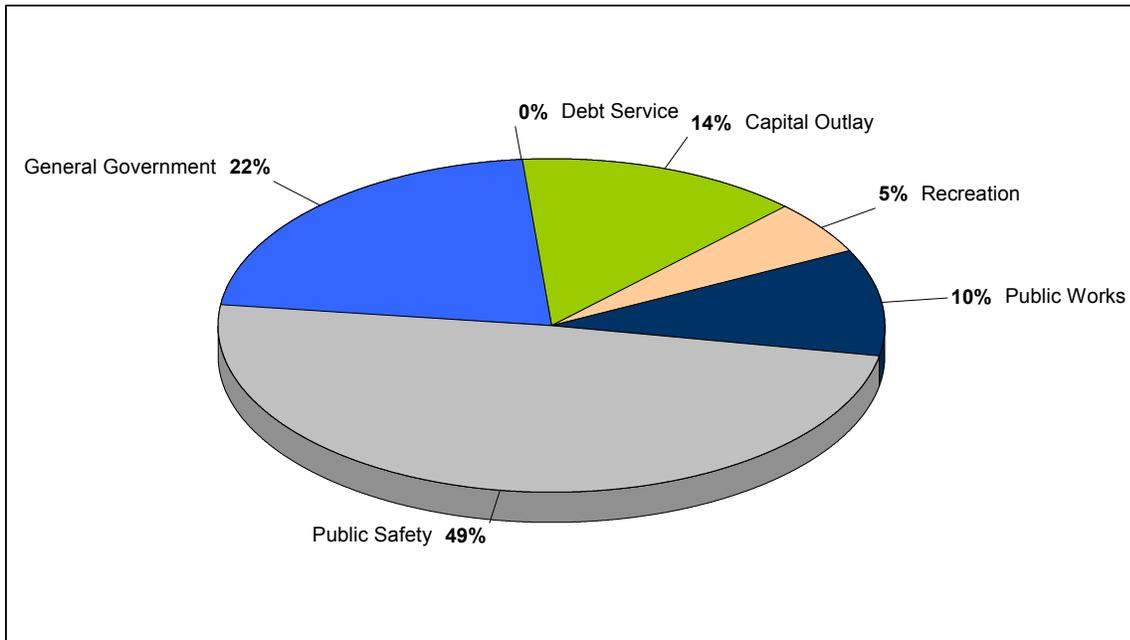
The following table presents expenditures by function compared to prior fiscal year's amounts in the governmental funds.

**TABLE 5**  
**EXPENDITURES IN THE GOVERNMENTAL FUNDS (in thousands)**

Function	FY 2013		FY 2012		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General government	\$ 4,699	21.6 %	\$ 5,421	19.8 %	\$ (722)	(13.3)%
Public safety	10,649	49.0 %	11,353	41.5 %	(704)	(6.2)%
Public works	2,244	10.3 %	2,676	9.8 %	(432)	(16.1)%
Recreation	1,134	5.2 %	1,253	4.6 %	(119)	(9.5)%
Capital outlay	2,995	13.8 %	4,305	15.8 %	(1,310)	(30.4)%
Debt service	3	- %	2,317	8.5 %	(2,314)	(99.9)%
<b>Total</b>	<b>\$ 21,724</b>	<b>100 %</b>	<b>\$ 27,325</b>	<b>100 %</b>	<b>\$ (5,601)</b>	<b>(20.5)%</b>

**Governmental Fund Expenditures**

For the Year Ended June 30, 2013



Significant changes for major functions are explained below:

- General government – The decrease in this function was associated with the City's redevelopment agency being dissolved by the State of California.
- Public safety – The decrease in this function was due to delayed hiring related expenditures related to public safety.
- Public works – The decrease in this function was due to decreases in public works projects.

**CITY OF HOLLISTER**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE YEAR ENDED JUNE 30, 2013

- Recreation – The decrease in this function was due to budget cuts due to the declining revenues.
- Capital outlay – The decrease in this function was due to the construction for the Hollister Fire Station #1 in the prior fiscal year.

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.

Unrestricted net position of the Airport fund at the end of the year was \$1,207,501; Water operations was \$5,076,866; Sewer operations was \$3,730,570; Street Sweeping operations was \$(281,536); and for the Briggs Building operation was \$153,266. The total growth in net position for the five funds was Airport fund was \$1,935,643; Water operations was \$(311,594); Sewer operations was \$615,281; Street Sweeping operations was \$(39,364); and for the Briggs Building operation was \$(117,564). The decrease in net position for Water, Street Sweeping, and Briggs Building operations were due to depreciation costs not being recovered. The net position for the Airport fund increased due to Capital Contributions related to grant activity. The net position for the Sewer fund increased due to bond rate covenant requirements.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget for revenues were an increase of \$1,143,000. This increase was due to the City anticipating additional sales tax funding than original assumptions.

During the fiscal year, actual revenues were more than budgetary estimates by \$2,579,450. This increase was due to the City receiving Redevelopment dissolution funds and startup of building activity that it did not anticipate. Actual expenditures were less than budgetary estimates by \$420,560. The net effect of under-realization of revenues and over-utilization of appropriations resulted in a favorable variance of \$2,859,750.

#### **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, 2013, amounted to \$166,904,559 (net of accumulated depreciation). This investment in capital assets included land, structures and improvements, equipment, construction-in-progress, and infrastructure. The total decrease in the City's net investment in capital assets for the current period was 1.0%. The decrease resulted from improvement depreciation exceeding improvement assets acquired by \$2,246,000.

Additional information on the City's capital assets can be found in the Notes to the Financial Statements section of this report on page 46, note 5 – 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.

**CITY OF HOLLISTER**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE YEAR ENDED JUNE 30, 2013

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</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	-	35	2,275	-	2,275	35
Buildings	21,034	21,469	7,217	7,655	28,251	29,124
Equipment	1,798	2,160	944	1,091	2,742	3,251
Improvements	849	922	111,194	114,239	112,043	115,161
Infrastructure	<u>14,539</u>	<u>14,525</u>	<u>-</u>	<u>-</u>	<u>14,539</u>	<u>14,525</u>
Total	<u>\$ 38,645</u>	<u>\$ 39,536</u>	<u>\$ 128,259</u>	<u>\$ 129,614</u>	<u>\$ 166,904</u>	<u>\$ 169,150</u>

**CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)**

**B. Long-Term Obligations**

At June 30, 2013, the City had total long-term obligations outstanding of \$106,479,029 consisting of \$99,810,000 in bonds, and loan obligations of \$28,443. Additional long-term liabilities include bond issuance premium of \$5,852,467 and compensated absences payable of \$788,119.

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 48, note 6 – Long-Term Liabilities.

**ECONOMIC CONDITION, OUTLOOK, AND ACTIVITY**

The following economic factors currently affect the City of Hollister and were considered in developing the 2013-2014 fiscal year budget.

- The unemployment rate for the County of San Benito for which the City of Hollister is located is currently 10.4 percent. This high unemployment rate will continue to plague the City as the City of Hollister is the main economic hub of the County.
- A 13 percent increase in water rates beginning January 1, 2014 anticipating current and future expenditure increases due to additional state and federal water quality mandates.
- Several new revenue sources were enacted in the 2013-14 budget year, including a fire protection service to the County of San Benito.
- Declines in the taxable assessed value as a percentage of estimated actual value and resulting decreases in property assessments will continue to affect City of Hollister's real property tax base.
- Increases in housing sales and startups are expected to increase throughout the fiscal year, which will increase transfer tax revenues and assessed values.
- Interest rates are expected to remain at record low levels throughout fiscal year 2013-14.
- The City's 1% additional transaction and use tax which was to sunset on March 31, 2013, has been extended for five more years with the passage of Measure E.

**CITY OF HOLLISTER**  
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)  
FOR THE YEAR ENDED JUNE 30, 2013

- On the expenditure side, increases are expected in health insurance premiums, as well as pension and other employee benefit costs.
- Contract settlements with the SEIU, Mid-Management, and Confidential of the City of Hollister's unions.

During the current fiscal year, the unassigned fund balance in the general fund was \$4,349,225. The City of Hollister has appropriated \$900,000 of this amount for spending in the 2013-2014 fiscal year budget. This action was taken to use these funds on one time costs to lower future employee costs for future fiscal year budgets.

**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, 2013. 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 POSITION**  
**JUNE 30, 2013**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and investments (Note 2)	\$ 21,010,021	\$ 17,793,019	\$ 38,803,040
Accounts receivable, net	4,915,953	1,988,692	6,904,645
Interest receivable	8,619	7,253	15,872
Notes receivable, net of allowance (Note 3)	10,047,990	-	10,047,990
Internal balances	307,865	(307,865)	-
Prepaid items	37,521	-	37,521
Deferred charges, net (Note 6)	-	2,537,215	2,537,215
Restricted cash and investments (Note 2)	-	7,941,851	7,941,851
Capital assets, net			
Non-depreciable (Note 5)	425,000	8,903,417	9,328,417
Depreciable, net of accumulated depreciation (Note 5)	<u>38,220,064</u>	<u>119,356,078</u>	<u>157,576,142</u>
<b>Total Assets</b>	<b><u>\$ 74,973,033</u></b>	<b><u>\$ 158,219,660</u></b>	<b><u>\$ 233,192,693</u></b>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 1,844,313	\$ 720,940	\$ 2,565,253
Accrued liabilities	375,611	88,268	463,879
Interest payable	-	409,406	409,406
Deposits	130,055	297,145	427,200
Long-term liabilities (Note 6)			
Due within one year	602,583	2,592,762	3,195,345
Due in more than one year	77,157	103,206,527	103,283,684
Other postemployment benefits (Note 10)			
Due in more than one year	<u>516,685</u>	<u>-</u>	<u>516,685</u>
<b>Total Liabilities</b>	<b><u>3,546,404</u></b>	<b><u>107,315,048</u></b>	<b><u>110,861,452</u></b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	38,645,064	33,076,094	71,721,158
Restricted for:			
Debt service	-	7,941,851	7,941,851
Special revenue programs	2,446,274	-	2,446,274
Capital projects	776,001	-	776,001
Housing	2,757,119	-	2,757,119
Unrestricted	<u>26,802,171</u>	<u>9,886,667</u>	<u>36,688,838</u>
<b>Total Net Position</b>	<b><u>\$ 71,426,629</u></b>	<b><u>\$ 50,904,612</u></b>	<b><u>\$ 122,331,241</u></b>

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

**CITY OF HOLLISTER**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>PRIMARY GOVERNMENT</b>							
Governmental activities:							
General government	\$ 4,551,007	\$ 1,748,481	\$ 366,857	\$ 2,410,889	\$ (24,780)	\$ -	\$ (24,780)
Public safety	11,437,974	248,167	288,277	467,190	(10,434,340)	-	(10,434,340)
Public works	5,179,959	1,190,116	588,370	-	(3,401,473)	-	(3,401,473)
Recreation	1,408,353	382,210	-	-	(1,026,143)	-	(1,026,143)
Interest and fiscal charges	723	-	-	-	(723)	-	(723)
Total governmental activities	<u>22,578,016</u>	<u>3,568,974</u>	<u>1,243,504</u>	<u>2,878,079</u>	<u>(14,887,459)</u>	<u>-</u>	<u>(14,887,459)</u>
Business-type activities:							
Airport	994,428	748,671	-	2,275,233	-	2,029,476	2,029,476
Water	4,225,254	3,905,634	-	159,997	-	(159,623)	(159,623)
Sewer	13,538,301	14,129,540	-	-	-	591,239	591,239
Street sweeping	353,147	313,783	-	-	-	(39,364)	(39,364)
Briggs building	229,285	111,366	-	-	-	(117,919)	(117,919)
Total business-type activities	<u>19,340,415</u>	<u>19,208,994</u>	<u>-</u>	<u>2,435,230</u>	<u>-</u>	<u>2,303,809</u>	<u>2,303,809</u>
Total primary government	<u>\$ 41,918,431</u>	<u>\$ 22,777,968</u>	<u>\$ 1,243,504</u>	<u>\$ 5,313,309</u>	<u>\$ (14,887,459)</u>	<u>\$ 2,303,809</u>	<u>\$ (12,583,650)</u>
General revenues:							
Property taxes					\$ 5,723,813	\$ -	\$ 5,723,813
Sales and use taxes					6,766,465	-	6,766,465
Gas taxes					833,536	-	833,536
Other taxes					128,156	-	128,156
Motor vehicle in lieu					38,873	-	38,873
Investment earnings					325,930	34,903	360,833
Miscellaneous					1,943,202	-	1,943,202
Transfers					<u>256,310</u>	<u>(256,310)</u>	<u>-</u>
Total general revenues and transfers					<u>16,016,285</u>	<u>(221,407)</u>	<u>15,794,878</u>
Change in net position					1,128,826	2,082,402	3,211,228
Net position - July 1, 2012					<u>70,297,803</u>	<u>48,822,210</u>	<u>119,120,013</u>
Net position - June 30, 2013					<u>\$ 71,426,629</u>	<u>\$ 50,904,612</u>	<u>\$ 122,331,241</u>

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

**CITY OF HOLLISTER**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	<b>General Fund</b>	<b>Housing Successor Agency</b>	<b>Fed Aviation Admin Grant</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS</u></b>					
Cash and investments	\$ 1,443,009	\$ 2,786,749	\$ -	\$ 16,780,263	\$ 21,010,021
Accounts receivable	2,893,306	2,078	1,797,848	222,721	4,915,953
Interest receivable	975	1,397	-	6,247	8,619
Notes receivable, net	15,701	12,650,552	-	2,193,039	14,859,292
Due from other funds	1,040,174	-	-	-	1,040,174
Prepaid items	37,521	-	-	-	37,521
 Total Assets	<b>\$ 5,430,686</b>	<b>\$ 15,440,776</b>	<b>\$ 1,797,848</b>	<b>\$ 19,202,270</b>	<b>\$ 41,871,580</b>
 <b><u>LIABILITIES AND FUND BALANCES</u></b>					
LIABILITIES:					
Accounts payable	\$ 607,068	\$ 27,973	\$ 1,105,920	\$ 103,352	\$ 1,844,313
Accrued liabilities	329,671	5,132	906	39,902	375,611
Deposits payable	129,021	-	-	1,034	130,055
Deferred revenue	15,701	12,650,552	-	2,193,039	14,859,292
Due to other funds	-	-	691,022	41,287	732,309
 Total Liabilities	<b>1,081,461</b>	<b>12,683,657</b>	<b>1,797,848</b>	<b>2,378,614</b>	<b>17,941,580</b>
 FUND BALANCES (DEFICITS):					
Nonspendable	37,521	-	-	-	37,521
Restricted	-	2,757,119	-	16,834,222	19,591,341
Unassigned	4,311,704	-	-	(10,566)	4,301,138
 Total Fund Balances (Deficits)	<b>4,349,225</b>	<b>2,757,119</b>	<b>-</b>	<b>16,823,656</b>	<b>23,930,000</b>
 Total Liabilities and Fund Balances (Deficits)	<b>\$ 5,430,686</b>	<b>\$ 15,440,776</b>	<b>\$ 1,797,848</b>	<b>\$ 19,202,270</b>	<b>\$ 41,871,580</b>

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 POSITION**  
**JUNE 30, 2013**

Fund balances - total governmental funds	\$ 23,930,000
Amounts reported for governmental activities in the Statement of Net Position 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	61,657,222
Less: accumulated depreciation	(23,012,158)
Deferred revenue and other resources not available to liquidate liabilities of the current period are not recognized in the funds.	
	10,047,990
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.	
Loan payable	(28,443)
Net OPEB obligation	(516,685)
Compensated absences	<u>(651,297)</u>
Net position of governmental activities	<u>\$ 71,426,629</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**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<b>General Fund</b>	<b>Housing Successor Agency</b>	<b>Fed Aviation Admin Grant</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b><u>REVENUES</u></b>					
Taxes	\$ 11,802,089	\$ -	\$ -	\$ 1,688,754	\$ 13,490,843
Licenses and permits	1,035,891	-	-	226,039	1,261,930
Intergovernmental	403,388	-	2,038,329	1,239,879	3,681,596
Charges for services	1,895,731	-	-	270,838	2,166,569
Fines and forfeitures	140,475	-	-	-	140,475
Investment earnings	5,821	262,828	-	39,781	308,430
Other	<u>1,925,158</u>	<u>4,492,854</u>	<u>-</u>	<u>20,999</u>	<u>6,439,011</u>
 Total Revenues	 <u>17,208,553</u>	 <u>4,755,682</u>	 <u>2,038,329</u>	 <u>3,486,290</u>	 <u>27,488,854</u>
 <b><u>EXPENDITURES</u></b>					
Current:					
General					
government	2,495,421	1,858,824	-	344,974	4,699,219
Public safety	9,601,982	-	-	1,046,648	10,648,630
Public works	1,240,308	-	19,905	983,732	2,243,945
Recreation	1,133,902	-	-	424	1,134,326
Capital outlay	44,092	-	2,274,734	676,004	2,994,830
Debt service:					
Principal	2,425	-	-	-	2,425
Interest	<u>723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>723</u>
 Total Expenditures	 <u>14,518,853</u>	 <u>1,858,824</u>	 <u>2,294,639</u>	 <u>3,051,782</u>	 <u>21,724,098</u>
 Excess (deficiency) of revenues over expenditures	 <u>2,689,700</u>	 <u>2,896,858</u>	 <u>(256,310)</u>	 <u>434,508</u>	 <u>5,764,756</u>
 <b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	-	-	256,310	66,415	322,725
Transfers out	<u>(40,260)</u>	<u>(26,155)</u>	<u>-</u>	<u>-</u>	<u>(66,415)</u>
Total Other Financing Sources (Uses)	<u>(40,260)</u>	<u>(26,155)</u>	<u>256,310</u>	<u>66,415</u>	<u>256,310</u>
 Net change in fund balances	 2,649,440	 2,870,703	 -	 500,923	 6,021,066
 Fund balances - July 1, 2012	 <u>1,699,785</u>	 <u>(113,584)</u>	 <u>-</u>	 <u>16,322,733</u>	 <u>17,908,934</u>
 Fund balances - June 30, 2013	 <u>\$ 4,349,225</u>	 <u>\$ 2,757,119</u>	 <u>\$ -</u>	 <u>\$ 16,823,656</u>	 <u>\$ 23,930,000</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, 2013**

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 position 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 \$ 6,021,066

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	3,017,243
Depreciation expense not reported in governmental funds	(2,074,345)
Capital Contributions from the Successor Agency	439,987
Capital Contributions to the Airport fund of the City of Hollister	(2,275,233)

Debt proceeds provide current financial resources to governmental funds; however issuing debt increases long-term liabilities in the Statement of Net Position. Costs associated with the issuance of long-term liabilities are reported as expenditures in the governmental funds, but in the Statement of Net Position, 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 Position, the repayment reduces long-term liabilities.

Principal payments	2,425
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Repayment of long-term receivables is treated as revenues in governmental funds, but the repayment reduces long-term receivables in the Statement of Net Position. 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 Position.

Loan program receipts	(4,495,809)
Loans made during the year	1,610,230
Direct loan write-offs	(1,073,471)
Deferred interest receivable	17,500

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	16,830
Allowance for notes receivable	28,219
Other post employment benefits	<u>(105,816)</u>

Change in net position of governmental activities \$ 1,128,826

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

**CITY OF HOLLISTER**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2013**

	<u>Airport</u>	<u>Water</u>	<u>Sewer</u>
<b><u>ASSETS</u></b>			
Current Assets			
Cash and investments	\$ 1,093,120	\$ 5,281,718	\$ 11,245,300
Accounts receivable, net of allowance	215,362	471,919	1,260,913
Interest receivable	614	2,138	4,431
Deferred charges, net	<u>-</u>	<u>-</u>	<u>2,537,215</u>
Total Current Assets	<u>1,309,096</u>	<u>5,755,775</u>	<u>15,047,859</u>
Restricted cash and investments	-	-	7,941,851
Capital assets			
Nondepreciable	3,785,817	-	5,000,000
Depreciable, net of accumulated depreciation	<u>3,076,247</u>	<u>3,577,296</u>	<u>109,195,996</u>
Total Non-Current Assets	<u>6,862,064</u>	<u>3,577,296</u>	<u>122,137,847</u>
Total Assets	<u>\$ 8,171,160</u>	<u>\$ 9,333,071</u>	<u>\$ 137,185,706</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accounts payable	\$ 59,718	\$ 381,194	\$ 259,100
Accrued liabilities	8,678	36,124	40,157
Interest payable	-	-	409,406
Due to other funds	-	-	-
Deposits	25,354	180,091	91,700
Compensated absences - current portion	7,200	43,000	37,860
Bonds payable - current portion	<u>-</u>	<u>-</u>	<u>2,499,702</u>
Total Current Liabilities	<u>100,950</u>	<u>640,409</u>	<u>3,337,925</u>
Non-Current Liabilities			
Compensated absences - noncurrent portion	645	38,500	-
Bonds payable - noncurrent portion	<u>-</u>	<u>-</u>	<u>103,162,765</u>
Total Non-Current Liabilities	<u>645</u>	<u>38,500</u>	<u>103,162,765</u>
Total Liabilities	<u>101,595</u>	<u>678,909</u>	<u>106,500,690</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	6,862,064	3,577,296	19,012,595
Restricted for debt services	-	-	7,941,851
Unrestricted	<u>1,207,501</u>	<u>5,076,866</u>	<u>3,730,570</u>
Total Net Position	<u>\$ 8,069,565</u>	<u>\$ 8,654,162</u>	<u>\$ 30,685,016</u>

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

**CITY OF HOLLISTER**  
STATEMENT OF NET ASSETS (continued)  
PROPRIETARY FUNDS  
JUNE 30, 2013

	<u>Street Sweeping</u>	<u>Briggs Building</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Current Assets			
Cash and investments	\$ 1,539	\$ 171,342	\$ 17,793,019
Accounts receivable, net of allowance	40,498	-	1,988,692
Interest receivable	-	70	7,253
Deferred charges, net	<u>-</u>	<u>-</u>	<u>2,537,215</u>
Total Current Assets	<u>42,037</u>	<u>171,412</u>	<u>22,326,179</u>
Restricted cash and investments	-	-	7,941,851
Capital assets			
Nondepreciable	-	117,600	8,903,417
Depreciable, net of accumulated depreciation	<u>110,104</u>	<u>3,396,435</u>	<u>119,356,078</u>
Total Non-Current Assets	<u>110,104</u>	<u>3,514,035</u>	<u>136,201,346</u>
Total Assets	<u>\$ 152,141</u>	<u>\$ 3,685,447</u>	<u>\$ 158,527,525</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities			
Accounts payable	\$ 2,956	\$ 17,972	\$ 720,940
Accrued liabilities	3,135	174	88,268
Interest payable	-	-	409,406
Due to other funds	307,865	-	307,865
Deposits	-	-	297,145
Compensated absences - current portion	5,000	-	93,060
Bonds payable - current portion	<u>-</u>	<u>-</u>	<u>2,499,702</u>
Total Current Liabilities	<u>318,956</u>	<u>18,146</u>	<u>4,416,386</u>
Non-Current Liabilities			
Compensated absences - noncurrent portion	4,617	-	43,762
Bonds payable - noncurrent portion	<u>-</u>	<u>-</u>	<u>103,162,765</u>
Total Non-Current Liabilities	<u>4,617</u>	<u>-</u>	<u>103,206,527</u>
Total Liabilities	<u>323,573</u>	<u>18,146</u>	<u>107,622,913</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	110,104	3,514,035	33,076,094
Restricted for debt services	-	-	7,941,851
Unrestricted	<u>(281,536)</u>	<u>153,266</u>	<u>9,886,667</u>
Total Net Position	<u>\$ (171,432)</u>	<u>\$ 3,667,301</u>	<u>\$ 50,904,612</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, 2013**

	<u>Airport</u>	<u>Water</u>	<u>Sewer</u>
<b><u>OPERATING REVENUES</u></b>			
Charges for services	\$ <u>748,671</u>	\$ <u>3,905,634</u>	\$ <u>14,129,540</u>
Total Operating Revenue	<u>748,671</u>	<u>3,905,634</u>	<u>14,129,540</u>
<b><u>OPERATING EXPENSES</u></b>			
Personnel services	318,842	2,009,684	1,828,162
Contractual and professional services	70,603	868,173	1,119,270
Supplies and operating costs	222,480	734,234	1,288,789
Utilities	38,919	289,280	1,204,245
Intergovernmental	-	150	204
Depreciation	<u>343,584</u>	<u>323,733</u>	<u>3,207,933</u>
Total Operating Expenses	<u>994,428</u>	<u>4,225,254</u>	<u>8,648,603</u>
Operating Income (Loss)	<u>(245,757)</u>	<u>(319,620)</u>	<u>5,480,937</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>			
Grant revenue	159,997	-	-
Investment income	2,480	8,026	24,042
Interest expense	<u>-</u>	<u>-</u>	<u>(4,889,698)</u>
Total Non-Operating Revenues (Expenses)	<u>162,477</u>	<u>8,026</u>	<u>(4,865,656)</u>
Income (Loss) Before Transfers and Capital Contributions	<u>(83,280)</u>	<u>(311,594)</u>	<u>615,281</u>
<b><u>TRANSFERS &amp; CAPITAL CONTRIBUTIONS</u></b>			
Transfers out	(256,310)	-	-
Capital Contributions	<u>2,275,233</u>	<u>-</u>	<u>-</u>
Total Transfers & Contributions	<u>2,018,923</u>	<u>-</u>	<u>-</u>
Change in Net Position	1,935,643	(311,594)	615,281
Total Net Position - July 1, 2012	<u>6,133,922</u>	<u>8,965,756</u>	<u>30,069,735</u>
Total Net Position - June 30, 2013	<u>\$ 8,069,565</u>	<u>\$ 8,654,162</u>	<u>\$ 30,685,016</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, 2013

	<u>Street Sweeping</u>	<u>Briggs Building</u>	<u>Total</u>
<b><u>OPERATING REVENUES</u></b>			
Charges for services	\$ 313,783	\$ 111,366	\$ 19,208,994
Total Operating Revenue	<u>313,783</u>	<u>111,366</u>	<u>19,208,994</u>
<b><u>OPERATING EXPENSES</u></b>			
Personnel services	167,693	1,904	4,326,285
Contractual and professional services	24,761	78,112	2,160,919
Supplies and operating costs	120,470	20,354	2,386,327
Utilities	-	19,352	1,551,796
Intergovernmental	-	-	354
Depreciation	<u>40,223</u>	<u>109,563</u>	<u>4,025,036</u>
Total Operating Expenses	<u>353,147</u>	<u>229,285</u>	<u>14,450,717</u>
Operating Income (Loss)	<u>(39,364)</u>	<u>(117,919)</u>	<u>4,758,277</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>			
Grant revenue	-	-	159,997
Investment income	-	355	34,903
Interest expense	<u>-</u>	<u>-</u>	<u>(4,889,698)</u>
Total Non-Operating Revenues (Expenses)	<u>-</u>	<u>355</u>	<u>(4,694,798)</u>
Income (Loss) Before Transfers and Capital Contributions	<u>(39,364)</u>	<u>(117,564)</u>	<u>63,479</u>
<b><u>TRANSFERS &amp; CAPITAL CONTRIBUTIONS</u></b>			
Transfers out	-	-	(256,310)
Capital Contributions	<u>-</u>	<u>-</u>	<u>2,275,233</u>
Total Transfers & Contributions	<u>-</u>	<u>-</u>	<u>2,018,923</u>
Change in Net Position	(39,364)	(117,564)	2,082,402
Total Net Position - July 1, 2012	<u>(132,068)</u>	<u>3,784,865</u>	<u>48,822,210</u>
Total Net Position - June 30, 2013	<u>\$ (171,432)</u>	<u>\$ 3,667,301</u>	<u>\$ 50,904,612</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, 2013**

	<b>Airport</b>	<b>Water</b>	<b>Sewer</b>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Cash receipts from customers	\$ 539,385	\$ 3,900,236	\$ 14,208,405
Cash paid to suppliers for goods and services	(286,294)	(1,734,589)	(3,639,362)
Cash paid to employees	<u>(321,295)</u>	<u>(2,014,418)</u>	<u>(1,876,338)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(68,204)</u>	<u>151,229</u>	<u>8,692,705</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>			
Transfers out	(256,310)	-	-
Interfund receipts	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(256,310)</u>	<u>-</u>	<u>-</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Principal paid on capital debt	-	-	(2,160,000)
Interest paid on capital debt	-	-	(5,016,400)
Intergovernmental revenues	159,997	-	-
Acquisition and construction of capital assets	<u>(149,998)</u>	<u>(223,735)</u>	<u>(22,042)</u>
<b>Net Cash Used for Capital and Related Financing Activities</b>	<u>9,999</u>	<u>(223,735)</u>	<u>(7,198,442)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Interest and dividends received	<u>2,462</u>	<u>12,839</u>	<u>26,297</u>
<b>Net Cash Provided by Investing Activities</b>	<u>2,462</u>	<u>12,839</u>	<u>26,297</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(312,053)	(59,667)	1,520,560
Cash and Cash Equivalents - July 1, 2012	<u>1,405,173</u>	<u>5,341,385</u>	<u>17,666,591</u>
Cash and Cash Equivalents - June 30, 2013	<u>\$ 1,093,120</u>	<u>\$ 5,281,718</u>	<u>\$ 19,187,151</u>
<b><u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</u></b>			
Cash and investments	\$ 1,093,120	\$ 5,281,718	\$ 11,245,300
Restricted cash and investments	<u>-</u>	<u>-</u>	<u>7,941,851</u>
<b>Total Cash and Investments</b>	<u>\$ 1,093,120</u>	<u>\$ 5,281,718</u>	<u>\$ 19,187,151</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>			
Operating Income (Loss)	\$ (245,757)	\$ (319,620)	\$ 5,480,937
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	343,584	323,733	3,207,933
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(211,128)	(17,169)	54,515
Increase (decrease) in accounts payable	45,708	157,248	(26,854)
Increase in deposits payable	1,842	11,771	24,350
Increase(decrease) in accrued wages	1,773	(1,399)	(7,303)
Increase (decrease) in compensated absences	<u>(4,226)</u>	<u>(3,335)</u>	<u>(40,873)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (68,204)</u>	<u>\$ 151,229</u>	<u>\$ 8,692,705</u>
<b>Non Cash Capital Activities</b>			
Capital Contributions	<u>\$ 2,275,233</u>	<u>\$ -</u>	<u>\$ -</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, 2013**

	<u>Street Sweeping</u>	<u>Briggs Building</u>	<u>Total</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Cash receipts from customers	\$ 305,393	\$ 111,366	\$ 19,064,785
Cash paid to suppliers for goods and services	(146,771)	(100,129)	(5,907,145)
Cash paid to employees	<u>(168,151)</u>	<u>(1,731)</u>	<u>(4,381,933)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(9,529)</u>	<u>9,506</u>	<u>8,775,707</u>
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u></b>			
Transfers out	-	-	(256,310)
Interfund receipts	<u>11,068</u>	<u>-</u>	<u>11,068</u>
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>11,068</u>	<u>-</u>	<u>(245,242)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Principal paid on capital debt	-	-	(2,160,000)
Interest paid on capital debt	-	-	(5,016,400)
Intergovernmental revenues	-	-	159,997
Acquisition and construction of capital assets	<u>-</u>	<u>-</u>	<u>(395,775)</u>
<b>Net Cash Used for Capital and Related Financing Activities</b>	<u>-</u>	<u>-</u>	<u>(7,412,178)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Interest and dividends received	<u>-</u>	<u>398</u>	<u>41,996</u>
<b>Net Cash Provided by Investing Activities</b>	<u>-</u>	<u>398</u>	<u>41,996</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,539	9,904	1,160,283
Cash and Cash Equivalents - July 1, 2012	<u>-</u>	<u>161,438</u>	<u>24,574,587</u>
Cash and Cash Equivalents - June 30, 2013	<u>\$ 1,539</u>	<u>\$ 171,342</u>	<u>\$ 25,734,870</u>
<b><u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</u></b>			
Cash and investments	\$ 1,539	\$ 171,342	\$ 17,793,019
Restricted cash and investments	<u>-</u>	<u>-</u>	<u>7,941,851</u>
Total Cash and Investments	<u>\$ 1,539</u>	<u>\$ 171,342</u>	<u>\$ 25,734,870</u>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</u></b>			
Operating Income (Loss)	\$ (39,364)	\$ (117,919)	\$ 4,758,277
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	40,223	109,563	4,025,036
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(8,390)	-	(182,172)
Increase (decrease) in accounts payable	(1,540)	17,689	192,251
Increase in deposits payable	-	-	37,963
Increase(decrease) in accrued wages	(677)	173	(7,433)
Increase (decrease) in compensated absences	<u>219</u>	<u>-</u>	<u>(48,215)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (9,529)</u>	<u>\$ 9,506</u>	<u>\$ 8,775,707</u>
<b>Non Cash Capital Activities</b>			
Capital Contributions	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,275,233</u>

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

**CITY OF HOLLISTER**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2013**

	<u>Private- Purpose Trust Fund</u>	<u>Agency Funds</u>
<b><u>ASSETS</u></b>		
Cash and investments (Note 2)	\$ 6,025,742	\$ 1,283,249
Accounts receivable	2,348	10,787
Interest receivable	383	351
Notes receivable, net	2,182,308	-
Deferred charges, net	322,832	-
Land held for resale	<u>4,893,154</u>	<u>-</u>
<b>Total Assets</b>	<b>\$ <u>13,426,767</u></b>	<b>\$ <u>1,294,387</u></b>
<b><u>LIABILITIES</u></b>		
Accounts payable	\$ 2,253	\$ 63,636
Accrued liabilities	-	47
Interest payable	565,031	-
Deposits	31,000	-
Long-term liabilities, net of premium/discount	42,461,451	-
Deposits in trust	<u>-</u>	<u>1,230,704</u>
<b>Total Liabilities</b>	<b>\$ <u>43,059,735</u></b>	<b>\$ <u>1,294,387</u></b>
<b><u>NET POSITION</u></b>		
Held in trust for private purposes	<b>\$ <u>(29,632,968)</u></b>	<b>\$ <u>-</u></b>

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

**CITY OF HOLLISTER**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Private- Purpose Trust Fund</u>
<b><u>ADDITIONS</u></b>	
Property taxes	\$ 3,899,031
Investment earnings	113,496
Miscellaneous	<u>2</u>
<b>Total Additions</b>	<u>4,012,529</u>
<b><u>DEDUCTIONS</u></b>	
Contractual services	153,212
Operating costs	7,408,591
Loss on disposal of capital assets	497,415
Interest payments	<u>2,309,765</u>
<b>Total Deductions</b>	<u>10,368,983</u>
Change in Fiduciary Net Position	(6,356,454)
Fiduciary Net Position - July 1, 2012	<u>(23,276,514)</u>
Fiduciary Net Position - June 30, 2013	<u>\$ (29,632,968)</u>

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

**CITY OF HOLLISTER**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

**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.

The accompanying financial statements present the financial activities of the City which comprise the primary government for reporting purposes.

**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 Position and Statement of Activities display information about the primary government (the City). 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.

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.

**CITY OF HOLLISTER**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 *Housing Successor Agency Fund* was created as a result of the dissolution of the Redevelopment Agency of the City of Hollister and the City of Hollister's election to serve as the Housing Successor Agency. The major source of revenue for the fund is from program revenue received from the repayment of housing loans.
- The *Federal Aviation Admin Grant* was established to account for receipt and disbursement of the federal aviation funding provided by Federal funding.

The City reports the following major enterprise funds:

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

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 the Red Cross, Veterans, and local assessment districts.
- The *Private Purpose Trust Fund* is a fund used to report all other trust arrangements under which principal and interest benefit individuals, private organizations, or other governments. This fund was created as a result of the State order to dissolve California Redevelopment Agencies. As the Successor Agency, this fund is used to track the activity by the Oversight Board and the Department of Finance to dissolve the Agency.

**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.

**CITY OF HOLLISTER**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 position are available, unrestricted resources are used only after the restricted resources are depleted.

**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.

**CITY OF HOLLISTER**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 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, 2013 are generally insignificant but have been accrued since they will be collected within 60 days subsequent to year-end.

**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, 2013 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 though they are a component of net current assets.

**CITY OF HOLLISTER**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 \$20,000 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

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 position. 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.

**CITY OF HOLLISTER**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Interfund Transactions**

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

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

**L. Equity Classifications**

Government-wide Statements

The government-wide financial statements and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted net position, or unrestricted net position.

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or legislation.
- *Unrestricted Net Position* – This category represents net position of the City, not restricted for any project or other purpose.

Fund Statements

Governmental fund equity is classified as fund balance. The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable* - Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- *Restricted* - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, laws, or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- *Assigned* - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed.

**CITY OF HOLLISTER**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- *Unassigned* - Amounts representing the residual classification for the general fund.

Further detail about the City's fund balance classification is described in Note 8.

**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 10 for further information.

**N. Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all departments at the major object level within the general, special revenue, capital project, and debt service funds.

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.

**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**

Effective July 1, 2012, the City implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 60

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The City has determined that they do not have any service concession arrangements; therefore, this statement is not applicable to them.

**CITY OF HOLLISTER**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Government Accounting Standards Board Statement No. 61

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances.

Government Accounting Standards Board Statement No. 62

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in certain pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements.

Government Accounting Standards Board Statement No. 63

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement improves financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position.

Government Accounting Standards Board Statement No. 64

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB Statement No. 53*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The City does not invest in derivative instruments; therefore, this statement is not applicable to them.

**R. Future Government Accounting Standards Board Statements**

These statements are not effective until July 1, 2013 or later. The City has not determined the effects on the financial statements.

Government Accounting Standards Board Statement No. 65

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. 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, 2014.

**CITY OF HOLLISTER**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Government Accounting Standards Board Statement No. 66

In March 2012, GASB issued Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Application of this statement is effective for the City's fiscal year ending June 30, 2014.

Government Accounting Standards Board Statement No. 67

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The 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, 2014.

Government Accounting Standards Board Statement No. 68

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. 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, 2015.

Government Accounting Standards Board Statement No. 69

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. 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, 2015.

Government Accounting Standards Board Statement No. 70

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. 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, 2015.

**CITY OF HOLLISTER**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 2: CASH AND INVESTMENTS**

Cash and investments as of June 30, 2013 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	\$ 21,010,021	\$ -	\$ 21,010,021
Business-type activities	<u>17,793,019</u>	<u>7,941,851</u>	<u>25,734,870</u>
Total government-wide cash and investments	<u>38,803,040</u>	<u>7,941,851</u>	<u>46,744,891</u>
Fiduciary activities	<u>7,308,991</u>	<u>-</u>	<u>7,308,991</u>
Total cash and investments	<u>\$ 46,112,031</u>	<u>\$ 7,941,851</u>	<u>\$ 54,053,882</u>

Cash and investments were carried at fair value as of June 30, 2013 and consisted of the following:

Local Area Investment Fund (LAIF)	\$ 27,077,129
Cash with fiscal agent	13,516,705
Deposits with financial institutions	13,302,027
Certificates of deposit	155,535
Cash on hand	<u>2,486</u>
Total cash and investments	<u>\$ 54,053,882</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, 2013

**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
<b>Governmental Funds:</b>			
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
<b>Business Enterprise Funds:</b>			
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, 2013

**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, 2013:

Investment Type	Remaining Maturity		
	12 months or less	1-5 years	Fair Value
Local Area Investment Pool (LAIF)	\$ 27,077,129	\$ -	\$ 27,077,129
Certificates of deposit	155,535	-	155,535
Held by bond trustee:			
Money market funds	<u>13,516,705</u>	<u>-</u>	<u>13,516,705</u>
	<u>\$ 40,749,369</u>	<u>\$ -</u>	<u>\$ 40,749,369</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, 2013.

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 as of Fiscal Year End	
		Rating	S&P	N/A
State Investment Pool (LAIF)	\$ 27,077,129	N/A		Not rated
Certificates of Deposit	155,535	N/A		Not rated
Held by bond trustee:				
Money market funds	<u>13,516,705</u>	N/A	AAA	
	<u>\$ 40,749,369</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, 2013 were as follows:

Issuer	Investment Type	Reported Amount
Blackrock Institutional Funds	US Treasury securities	<u>\$ 13,516,705</u>

**CITY OF HOLLISTER**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

**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, 2013, the carrying amount of the City's bank balances were \$14,059,897, of which \$405,534 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, 2013

**NOTE 3: NOTES RECEIVABLE**

The City has made various business loans to qualifying businesses 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, HOME, 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 City'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, 2013 was as follows:

	<u>Balance</u>
Notes Receivable	\$ 15,344,294
Allowance for Doubtful Notes	<u>(5,296,304)</u>
Notes Receivable, net	<u>\$ 10,047,990</u>

Promissory Notes on Shared Appreciation Loans

Certain housing units in the former redevelopment area are part of an affordable housing program designed to create, preserve, maintain, and protect housing for persons of low or moderate income. Qualified persons ("buyer") are able to purchase the housing units at below fair market value, as a result of the City's investment in the project. The City has a promissory note with the buyer for the amount of the difference between the fair market value and the purchase price of the unit, which is considered the City's initial equity contribution. No payments are due under the promissory note, unless the buyer re-sells the unit to a non-eligible buyer or otherwise defaults on the promissory note, as defined in the agreement. The promissory note is cancelled if the buyer sells the unit to another eligible buyer. If the buyer sells to a non-eligible buyer, the City will receive a pro-rate share (based on the City's and buyer's respective equity) of the appreciation of the unit. As of June 30, 2013, no amounts have been recorded related to these loans as any payment is contingent on sales of units to non-eligible buyers in the future.

**CITY OF HOLLISTER**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 4: INTERFUND TRANSACTIONS**

Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2013 was as follows:

**Balances due to/from other funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Description</u>	<u>Amount</u>
General Fund	Federal Aviation Admin Grant	Deficit cash balance	\$ 691,022
	Mello Roos CFD-001	Deficit cash balance	1,515
	CAL Grip	Deficit cash balance	39,772
	Street Sweeping	Deficit cash balance	<u>307,865</u>
Total Governmental Funds			\$ <u>1,040,174</u>

The General Fund receivable balance results 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. The General Fund payable was to secure funds for cash flow purposes to start the next fiscal year.

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 Fund</u>			
General Fund	Jail Juvenile Hall	Prior year impact fees	\$ 40,260
Housing Successor Agency	HOME Program Revolving Loans	Prior revenues	<u>26,155</u>
<b>Total Major Governmental Interfund Transfers</b>			<u>66,415</u>
<b>Total Governmental Interfund Transfers</b>			<u>\$ 66,415</u>
<u>Proprietary Funds</u>			
Airport	Federal Aviation Admin Grant	Grant matching requirements	\$ <u>256,310</u>
<b>Total Proprietary Interfund Transfers</b>			<u>\$ 256,310</u>

**CITY OF HOLLISTER**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 5: 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, 2013:

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>Governmental Activities:</u>					
Capital assets not being depreciated					
Land	\$ 425,000	\$ -	\$ -	\$ -	\$ 425,000
Construction-in-progress	<u>34,607</u>	<u>2,275,233</u>	<u>(2,275,233)</u>	<u>(34,607)</u>	<u>-</u>
Total capital assets not being depreciated	<u>459,607</u>	<u>2,275,233</u>	<u>(2,275,233)</u>	<u>(34,607)</u>	<u>425,000</u>
Capital assets being depreciated					
Buildings	30,800,235	484,777	-	34,607	31,319,619
Equipment	8,220,443	-	-	-	8,220,443
Improvements	1,428,732	-	-	-	1,428,732
Infrastructure	<u>19,566,208</u>	<u>697,220</u>	<u>-</u>	<u>-</u>	<u>20,263,428</u>
Total capital assets being depreciated	<u>60,015,618</u>	<u>1,181,997</u>	<u>-</u>	<u>34,607</u>	<u>61,232,222</u>
Less accumulated depreciation					
Buildings	(9,330,778)	(954,390)	-	-	(10,285,168)
Equipment	(6,060,064)	(362,303)	-	-	(6,422,367)
Improvements	(505,780)	(74,443)	-	-	(580,223)
Infrastructure	<u>(5,041,191)</u>	<u>(683,209)</u>	<u>-</u>	<u>-</u>	<u>(5,724,400)</u>
Total accumulated depreciation	<u>(20,937,813)</u>	<u>(2,074,345)</u>	<u>-</u>	<u>-</u>	<u>(23,012,158)</u>
Governmental activities capital assets, net	<u>\$ 39,537,412</u>	<u>\$ 1,382,885</u>	<u>\$ (2,275,233)</u>	<u>\$ -</u>	<u>\$ 38,645,064</u>

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

<u>Governmental Activities:</u>	
General government	\$ 403,225
Public services	726,467
Public works	684,863
Recreation	<u>259,790</u>
Total governmental activities depreciation expense	<u>\$ 2,074,345</u>

**CITY OF HOLLISTER**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 5: CAPITAL ASSETS (continued)**

	<u>Balance at July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2013</u>
<u>Business-type Activities:</u>					
Capital assets not being depreciated					
Land	\$ 5,243,600	\$ -	\$ -	\$ -	\$ 5,243,600
Air rights	<u>1,384,584</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,384,584</u>
Construction-in-progress	<u>-</u>	<u>2,275,233</u>	<u>-</u>	<u>-</u>	<u>2,275,233</u>
Total capital assets not being depreciated	<u>6,628,184</u>	<u>2,275,233</u>	<u>-</u>	<u>-</u>	<u>8,903,417</u>
Capital assets being depreciated					
Buildings	16,558,319	44,085	-	-	16,602,404
Equipment	4,078,605	64,822	-	-	4,143,427
Improvements and infrastructure	<u>133,358,739</u>	<u>286,868</u>	<u>-</u>	<u>-</u>	<u>133,645,607</u>
Total capital assets being depreciated	<u>153,995,663</u>	<u>395,775</u>	<u>-</u>	<u>-</u>	<u>154,391,438</u>
Less accumulated depreciation					
Buildings	(8,902,885)	(482,673)	-	-	(9,385,558)
Equipment	(2,987,718)	(211,321)	-	-	(3,199,039)
Improvements and infrastructure	<u>(19,119,721)</u>	<u>(3,331,042)</u>	<u>-</u>	<u>-</u>	<u>(22,450,763)</u>
Total accumulated depreciation	<u>(31,010,324)</u>	<u>(4,025,036)</u>	<u>-</u>	<u>-</u>	<u>(35,035,360)</u>
Business-type capital assets, net	<u>\$129,613,523</u>	<u>\$ (1,354,028)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,259,495</u>

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

Airport	\$ 343,584
Water	323,733
Sewer	3,207,933
Street Sweeping	40,223
Briggs Building	<u>109,563</u>
Total business-type activities depreciation expense	<u>\$ 4,025,036</u>

**CITY OF HOLLISTER**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 6: 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, 2013:

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>	<u>Current Portion</u>
CA Energy Commission loan	\$ 30,868	\$ -	\$ (2,425)	\$ 28,443	\$ 2,583
Total	<u>30,868</u>	<u>-</u>	<u>(2,425)</u>	<u>28,443</u>	<u>2,583</u>
Other liabilities:					
Compensated absences	<u>668,127</u>	<u>670,942</u>	<u>(687,772)</u>	<u>651,297</u>	<u>600,000</u>
Total Long-term Liabilities	<u>\$ 698,995</u>	<u>\$ 670,942</u>	<u>\$ (690,197)</u>	<u>\$ 679,740</u>	<u>\$ 602,583</u>

A description of the long-term liabilities related to governmental activities at June 30, 2013 follows:

**A. California Energy Commission Loan**

In February 2012, the City entered into a loan agreement with the California Energy Commission for their energy conservation project. The loan bears interest at 1%. Principal payments are due semi-annually beginning on December 22, 2012. Future payments are as follows:

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 2,583	\$ 278
2015	2,608	252
2016	2,634	227
2017	2,660	200
2018	2,688	173
2019 - 2023	13,847	455
2024 - 2028	<u>1,423</u>	<u>7</u>
Total	<u>\$ 28,443</u>	<u>\$ 1,592</u>

**B. 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 95% and Nonmajor funds 5%.

**CITY OF HOLLISTER**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 6: 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, 2013

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2013</u>	<u>Current Portion</u>
2006 Wastewater revenue bonds	\$ 96,680,000	\$ -	\$ (1,810,000)	\$ 94,870,000	\$ 1,890,000
2007 Wastewater refunding bonds	<u>5,290,000</u>	<u>-</u>	<u>(350,000)</u>	<u>4,940,000</u>	<u>365,000</u>
Total bonds and loans payable	<u>101,970,000</u>	<u>-</u>	<u>(2,160,000)</u>	<u>99,810,000</u>	<u>2,255,000</u>
Other liabilities:					
Bond issuance premium	6,097,169	-	(244,702)	5,852,467	244,702
Compensated absences	<u>185,037</u>	<u>202,630</u>	<u>(250,845)</u>	<u>136,822</u>	<u>93,060</u>
Total Long-Term Liabilities	<u>\$ 108,252,206</u>	<u>\$ 202,630</u>	<u>\$ (2,655,547)</u>	<u>\$ 105,799,289</u>	<u>\$ 2,592,762</u>

A description of the long-term liabilities related to business-type activities at June 30, 2013 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>
2014	\$ 1,890,000	\$ 4,711,376
2015	1,990,000	4,617,650
2016	2,090,000	4,518,950
2017	2,190,000	5,015,300
2018	2,295,000	4,306,700
2019 - 2023	13,325,000	19,706,726
2024 - 2028	19,655,000	15,863,702
2029 - 2033	25,790,000	10,340,502
2034 - 2038	<u>25,645,000</u>	<u>3,263,376</u>
Total	<u>\$ 94,870,000</u>	<u>\$ 72,344,282</u>

**CITY OF HOLLISTER**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2013

**NOTE 6: LONG-TERM LIABILITIES (continued)**

**B. 2007 Wastewater Refunding Revenue Bonds**

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

<u>For the Year Ending, June 30</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 365,000	\$ 201,500
2015	380,000	186,900
2016	395,000	171,700
2017	415,000	155,900
2018	430,000	139,300
2019 - 2023	2,410,000	423,876
2024 - 2028	<u>545,000</u>	<u>23,162</u>
Total	<u>\$ 4,940,000</u>	<u>\$ 1,302,338</u>

**C. 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>
2014	\$ 2,255,000	\$ 4,912,876
2015	2,370,000	4,804,550
2016	2,485,000	4,690,650
2017	2,605,000	5,171,200
2018	2,725,000	4,446,000
2018- 2022	15,735,000	20,130,602
2023 - 2027	20,200,000	15,886,864
2028 - 2032	25,790,000	10,340,502
2033 - 2037	<u>25,645,000</u>	<u>3,263,376</u>
Total	<u>\$ 99,810,000</u>	<u>\$ 73,646,620</u>

**D. Deferred Charges**

Capitalized bond costs related to the bond issuances have been recorded as deferred charges and bond premium in the amounts of \$2,537,215 and \$5,852,467, 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, 2013 totaled \$138,616.

**E. 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.

**CITY OF HOLLISTER**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2013

**NOTE 6: LONG-TERM LIABILITIES (continued)**

**F. 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, 2013 does not expect to incur a liability.

**NOTE 7: 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, 2013, the outstanding principal amounts of the bonds were:

	<u>Original Principal</u>	<u>Origination Date</u>	<u>Maturity</u>	<u>Balance at June 30, 2013</u>
Meridian Street District	\$ 2,335,000	3/2/1994	9/2/2022	\$ 1,365,000
San Benito Estates	510,000	3/2/1992	9/2/2021	260,000
Gateway Center	<u>1,250,000</u>	3/2/1999	9/2/2019	<u>540,000</u>
Total	<u>\$ 4,095,000</u>			<u>\$ 2,165,000</u>

**NOTE 8: FUND BALANCES AND NET POSITION**

**Fund Balances**

Beginning with fiscal year 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent.

The City established the following fund balance policies:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified inventories and prepaid items as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified debt service resources to be used for future servicing of the revenue note and are restricted through debt covenants. Infrastructure projects are restricted by State statute and County laws are legally segregated for funding of infrastructure improvements.

**CITY OF HOLLISTER**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 8: FUND BALANCES AND NET ASSETS (continued)**

Committed Fund Balance: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City did not have any committed resources as of June 30, 2013.

Assigned Fund Balance: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or through City Council delegating this responsibility to the City Manager through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. The City did not have any assigned fund balances as of June 30, 2013.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The accounting policies of the City consider restricted fund balance to have been spent first when an expenditure is incurred for the purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts, as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

As of June 30, 2013, fund balances were comprised of:

	<u>Major Funds</u>				Total Governmental Funds
	<u>General Fund</u>	<u>Housing Successor Agency</u>	<u>Federal Aviation Admin Grant</u>	<u>Other Governmental Funds</u>	
Nonspendable:					
Prepaid items	\$ 37,521	\$ -	\$ -	\$ -	\$ 37,521
Total Nonspendable	<u>37,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,521</u>
Restricted:					
Grants	-	-	-	703,688	703,688
Housing	-	2,757,119	-	-	2,757,119
Taxes & assessments	-	-	-	13,611,947	13,611,947
Loan programs	-	-	-	1,742,586	1,742,586
Capital projects	-	-	-	776,001	776,001
Total Restricted	<u>-</u>	<u>2,757,119</u>	<u>-</u>	<u>16,834,222</u>	<u>19,591,341</u>
Unassigned	<u>4,311,704</u>	<u>-</u>	<u>-</u>	<u>(10,566)</u>	<u>4,301,138</u>
Total fund balances	<u>\$ 4,349,225</u>	<u>\$ 2,757,119</u>	<u>\$ -</u>	<u>\$ 16,823,656</u>	<u>\$ 23,930,000</u>

**Net Position**

The government-wide Statement of Net Position reports net position totaling \$122,331,241, of which \$71,721,158 is the net investment in capital assets; \$7,941,851 is restricted by debt covenants; \$2,446,274 is restricted for special revenue programs; \$2,757,119 is restricted for housing; and \$776,001 is restricted for capital projects.

**CITY OF HOLLISTER**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2013

**NOTE 9: 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. The Plans' provisions and benefits in effect for the year ended June 30, 2013, 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	2.5%	3%	3%
Actuarially required contributions	\$ 1,189,378	\$ 1,179,186	\$ 734,427

Funding Policy

**First Tier employees, hired prior to November 14, 2011 and Second Tier employees, hired after November 14, 2011 (classic employees)**

Miscellaneous employees are required to contribute seven percent (7%) of their annual salary to PERS, Public Safety- Fire employees are required to contribute nine percent (8%) of their annual salary to PERS, and Public Safety- Police employees are required to contribute nine percent (4.7%) of their annual salary to PERS.

**Third Tier employees, hired after January 1, 2013 and not a PERS member**

On January 1, 2013, the Public Employee's Pension Reform Act (PEPRA) became effective in California. PEPRA made several changes to pension benefits that may be offered to new public employees hired on or after January 1, 2013, including a lower cost formula for Miscellaneous and Safety employees. Miscellaneous employees subject to PEPRA are required to contribute 6.25% of their annual salary to PERS and Public Safety employees are required to contribute 11.5% of their annual salary to PERS. The City is required to contribute the remaining amounts necessary to fund the benefits for its members using the actuarial basis recommended by the PERS actuaries and actuarial consultants and adopted by the PERS Board of Administration. For the fiscal year 2012-13, the City's contribution rate was 11.448% for the miscellaneous plan (classic and PEPRA employees) and 20.156% for the safety plan. The PEPRA Safety contribution rate was 11.5%. For governmental activities, the contribution has generally been liquidated by the general fund.

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 7.50% is assumed, including inflation at 2.75%. 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.

**CITY OF HOLLISTER**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2013

**NOTE 9: PENSION PLAN (continued)**

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, 2011.

**Three Year Trend Information for PERS Miscellaneous Plan**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed
2011	\$ 879,171	100%
2012	\$ 1,161,234	100%
2013	\$ 1,189,378	100%

**Three Year Trend Information for PERS Police Safety Plan**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed
2011	\$ 973,366	100%
2012	\$ 1,157,249	100%
2013	\$ 1,179,186	100%

**Three Year Trend Information for PERS Fire Safety Plan**

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed
2011	\$ 584,681	100%
2012	\$ 721,335	100%
2013	\$ 734,427	100%

**NOTE 10: 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, 2013, the City had sixteen retired employees, as well as 124 active employees who may become eligible to retire and receive benefits in the future.

**CITY OF HOLLISTER**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 10: OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

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 (\$108/month for 2011). 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 0.37% of premium administrative fee on behalf of employees and retirees. As of June 30, 2013, 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, 2013, the City's annual cost for the healthcare plan was \$131,754. The City's annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended June 30, 2013 were as follows:

Annual required contribution			
Service cost at year-end	\$	64,959	
30-year amortization of funded liability		72,980	
Interest on net OPEB obligation		20,543	
Adjustment to net OPEB obligation		<u>(26,728)</u>	
 Total annual required contribution		 <u>131,754</u>	
 Employer contributions		 (25,938)	
 Net pension obligation - June 30, 2012		 <u>410,869</u>	
 Net pension obligation - June 30, 2013	\$	 <u><u>516,685</u></u>	

Year Ended	Annual OPEB cost	Actual Employer Contribution	Percentage Contributed	Net Ending OPEB
6/30/2011	\$ 110,026	\$ 16,899	15 %	\$ 299,624
6/30/2012	\$ 133,429	\$ 22,184	17 %	\$ 410,869
6/30/2013	\$ 131,754	\$ 25,938	20 %	\$ 516,685

**CITY OF HOLLISTER**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 10: OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)**

Funded Status and Funding Progress

The funded status of the plan based on an actuarial study using age-adjusted premiums as of 2009 (most recent actuary report), was as follows:

Actuarial accrued liability (AAL)		
Active employees	\$	694,923
Retired employees		<u>426,957</u>
		<u>1,121,880</u>
 Actuarial value of plan assets		 <u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$	<u>1,121,880</u>
 Funded Ratio (actuarial value of plan assets / AAL)		 0 %
Covered payroll (active plan members)	\$	8,135,019
UAAL as a percentage of covered payroll		14 %

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 two years are presented in the schedule at this time. In future years, required trend data will be presented.

Actuarial Methods and Assumptions

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

In the 2011 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.

**CITY OF HOLLISTER**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2013

**NOTE 11: EXCESS OF EXPENDITURES AND TRANSFERS OVER APPROPRIATIONS**

During fiscal 2013, the following funds had excess expenditures and/or transfers over appropriations:

Fund	Excess
CDBG Low Income Housing Rehab	\$ 8,624
4th of July Rally	5,794
Traffic Impact Fees	1,453

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

**NOTE 12: DEFICIT FUND BALANCES**

As of June 30, 2013, the following funds had a fund deficit:

Fund	Deficit
4th of July Rally	\$ 2,868
Hollister Air Show	7,698

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 13: 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 can be obtained from their management at 100 Pine Street, 11th Floor, San Francisco, CA 94111.

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.

**CITY OF HOLLISTER**  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2013

**NOTE 13: RISK MANAGEMENT (continued)**

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

**NOTE 14: 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.

**NOTE 15: PRIOR PERIOD ADJUSTMENTS**

Due to a reconciliation of the San Benito Loan Program fund, the City determined that funds were owed to the Off Street Parking fund. Accordingly, the balance sheet of the fund financial statements has been adjusted to reflect the following prior period adjustments:

Fund	Description of Restatement	Amount
San Benito Loan Program	Reconciliation of loan balances	\$ (86,592)
Off Street Parking	Reconciliation of loan balances	86,592

**NOTE 16: SUBSEQUENT EVENTS**

Capital Lease

In July 2013, the City entered into a capital lease for five new police vehicles and one new truck for animal control. The vehicles are being leased for a five year term at 3.376% interest with annual payments totaling \$36,400.

Hollister Urban Area Water Supply and Treatment Agreement

In August 2013, the City entered into an agreement with San Benito County Water District and Sunnyslope County Water District known as the Hollister Urban Area Water Supply and Treatment agreement. The agreement defines the roles and terms of financing for the project which includes the upgrade of the Lessalt Water Treatment Plan, the design and construction of the West Hills Water Treatment Plant and associated pipelines. Based on the agreement, the City will be compensating San Benito County Water District for the capital construction of the project over a 20-30 year period.

**CITY OF HOLLISTER**  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2013

**NOTE 16: SUBSEQUENT EVENTS (continued)**

Fire Protection Services Contract

On June 23, 2013, the City and the County of San Benito entered into a contract to provide administrative and operational management of fire services for the County until June 30, 2015. The agreement automatically renews on July 1 of each year after July 1, 2015 for an additional year until 270 day advance termination. Financial impact of the contract will affect the City starting in fiscal year 2014. The agreement calls for quarterly invoices from the City to the County with the first year's contract amount to be \$1,106,715. Each additional year will increase by the San Francisco-Oakland-San Jose CPI not to exceed 3%.

2006 Wastewater Revenue Bonds

In December 2013, the City's 2006 Wastewater Revenue Bonds had a call of \$5.365 million. This call resulted in an interest savings of \$3.39 million and an annual cash flow savings of \$365,000.

**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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes	\$ 10,201,750	\$ 11,079,750	\$ 11,802,089	\$ 722,339
License and permits	995,900	995,900	1,035,891	39,991
Intergovernmental	324,800	339,800	403,388	63,588
Charges for services	1,011,303	1,261,303	1,895,731	634,428
Fines and forfeitures	154,850	154,850	140,475	(14,375)
Investment earnings	6,500	6,500	5,821	(679)
Other	<u>791,000</u>	<u>791,000</u>	<u>1,925,158</u>	<u>1,134,158</u>
Total Revenues	<u>13,486,103</u>	<u>14,629,103</u>	<u>17,208,553</u>	<u>2,579,450</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental				
Personnel	4,700	10,700	13,075	(2,375)
Services & Supplies	108,228	108,228	60,730	47,498
Contractual	<u>241,305</u>	<u>241,305</u>	<u>206,016</u>	<u>35,289</u>
Total Non-Departmental	<u>354,233</u>	<u>360,233</u>	<u>279,821</u>	<u>80,412</u>
City Council				
Personnel	98,159	98,159	102,288	(4,129)
Services & Supplies	<u>66,932</u>	<u>66,932</u>	<u>35,521</u>	<u>31,411</u>
Total City Council	<u>165,091</u>	<u>165,091</u>	<u>137,809</u>	<u>27,282</u>
City Clerk				
Personnel	193,153	193,153	156,150	37,003
Services & Supplies	11,650	11,650	8,254	3,396
Contractual	<u>88,300</u>	<u>18,300</u>	<u>35,699</u>	<u>(17,399)</u>
Total City Clerk	<u>293,103</u>	<u>223,103</u>	<u>200,103</u>	<u>23,000</u>
City Manager				
Personnel	191,038	197,038	182,649	14,389
Services & Supplies	7,699	7,699	5,255	2,444
Contractual	<u>53,713</u>	<u>53,713</u>	<u>53,713</u>	<u>-</u>
Total City Manager	<u>252,450</u>	<u>258,450</u>	<u>241,617</u>	<u>16,833</u>
City Attorney				
Personnel	185,101	191,101	269,936	(78,835)
Services & Supplies	15,700	15,700	13,821	1,879
Contractual	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total City Attorney	<u>202,801</u>	<u>208,801</u>	<u>283,757</u>	<u>(74,956)</u>
City Treasurer				
Personnel	3,000	3,000	4,109	(1,109)
Services & Supplies	<u>150</u>	<u>195</u>	<u>195</u>	<u>-</u>
Total City Treasurer	<u>3,150</u>	<u>3,195</u>	<u>4,304</u>	<u>(1,109)</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>General Government (continued)</b>				
Finance				
Personnel	291,472	299,117	297,869	1,248
Services & Supplies	29,335	29,335	17,888	11,447
Contractual	47,380	47,380	27,016	20,364
Capital	-	5,341	5,340	1
Total Finance	<u>368,187</u>	<u>381,173</u>	<u>348,113</u>	<u>33,060</u>
Information Systems				
Personnel	152,917	152,917	126,096	26,821
Services & Supplies	24,830	24,830	21,486	3,344
Contractual	17,394	17,394	16,550	844
Capital	3,870	3,870	3,341	529
Total Information Systems	<u>199,011</u>	<u>199,011</u>	<u>167,473</u>	<u>31,538</u>
Human Resources				
Personnel	165,368	203,943	152,838	51,105
Services & Supplies	5,025	5,025	13,961	(8,936)
Contractual	9,000	32,651	26,769	5,882
Capital	-	651	650	1
Total Human Resources	<u>179,393</u>	<u>242,270</u>	<u>194,218</u>	<u>48,052</u>
Redevelopment				
Personnel	-	193,125	218,191	(25,066)
Services & Supplies	-	35,980	19,115	16,865
Contractual	-	22,833	45,697	(22,864)
Total Redevelopment	<u>-</u>	<u>251,938</u>	<u>283,003</u>	<u>(31,065)</u>
Planning				
Personnel	305,295	305,295	321,818	(16,523)
Services & Supplies	19,278	26,378	29,146	(2,768)
Contractual	500	500	-	500
Capital	1,400	4,136	4,239	(103)
Total Planning	<u>326,473</u>	<u>336,309</u>	<u>355,203</u>	<u>(18,894)</u>
<b>Total General Government</b>	<u>2,343,892</u>	<u>2,822,699</u>	<u>2,495,421</u>	<u>327,278</u>
<b>Public Safety</b>				
Animal Control				
Personnel	372,618	412,786	372,215	40,571
Services & Supplies	81,527	81,527	91,988	(10,461)
Contractual	23,648	39,048	41,409	(2,361)
Capital	-	3,918	3,917	1
Total Animal Control	<u>477,793</u>	<u>537,279</u>	<u>509,529</u>	<u>27,750</u>
Fire				
Personnel	3,099,431	3,355,764	3,436,058	(80,294)
Services & Supplies	256,189	256,189	297,234	(41,045)
Contractual	259,613	365,485	392,679	(27,194)
Capital	-	-	10	(10)
Total Fire	<u>3,615,233</u>	<u>3,977,438</u>	<u>4,125,981</u>	<u>(148,543)</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Public Safety (continued)</b>				
Police				
Personnel	3,930,560	4,094,049	3,740,468	353,581
Services & Supplies	480,272	480,272	511,527	(31,255)
Contractual	461,917	639,011	682,984	(43,973)
Capital	10,000	31,521	31,493	28
Total Police	<u>4,882,749</u>	<u>5,244,853</u>	<u>4,966,472</u>	<u>278,381</u>
<b>Total Public Safety</b>	<u>8,975,775</u>	<u>9,759,570</u>	<u>9,601,982</u>	<u>157,588</u>
<b>Public Works</b>				
Solid Waste				
Personnel	3,553	3,553	7,412	(3,859)
Contractual	258,000	258,000	212,908	45,092
Total Solid Waste	<u>261,553</u>	<u>261,553</u>	<u>220,320</u>	<u>41,233</u>
Engineering				
Personnel	293,568	363,667	369,532	(5,865)
Services & Supplies	32,133	38,721	40,618	(1,897)
Contractual	3,200	3,200	2,600	600
Capital	-	3,437	3,435	2
Total Engineering	<u>328,901</u>	<u>409,025</u>	<u>416,185</u>	<u>(7,160)</u>
Building				
Personnel	2,640	2,640	2,730	(90)
Services & Supplies	5,308	8,308	6,759	1,549
Contractual	158,015	158,015	240,094	(82,079)
Capital	-	-	1,663	(1,663)
Total Building	<u>165,963</u>	<u>168,963</u>	<u>251,246</u>	<u>(82,283)</u>
Old City Hall				
Contractual	-	270	698	(428)
Capital	-	52,000	44,092	7,908
Total Old City Hall	<u>-</u>	<u>52,270</u>	<u>44,790</u>	<u>7,480</u>
Code Enforcement				
Personnel	37,450	37,450	37,789	(339)
Services & Supplies	6,200	6,200	6,291	(91)
Total Code Enforcement	<u>43,650</u>	<u>43,650</u>	<u>44,080</u>	<u>(430)</u>
Vehicle Maintenance				
Personnel	160,026	160,026	161,760	(1,734)
Services & Supplies	31,293	31,293	38,630	(7,337)
Contractual	16,096	19,225	20,522	(1,297)
Capital	-	3,724	3,723	1
Total Vehicle Maintenance	<u>207,415</u>	<u>214,268</u>	<u>224,635</u>	<u>(10,367)</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Street Maintenance				
Personnel	7,751	7,751	2,189	5,562
Supplies & Services	32,857	32,857	32,846	11
Contractual	23,155	44,953	47,260	(2,307)
Capital	-	850	849	1
Total Street Maintenance	<u>63,763</u>	<u>86,411</u>	<u>83,144</u>	<u>3,267</u>
<b>Total Public Works</b>	<u>1,071,245</u>	<u>1,183,870</u>	<u>1,284,400</u>	<u>(100,530)</u>
<b>Recreation</b>				
Parks				
Personnel	234,891	278,773	205,582	73,191
Services & Supplies	115,796	115,796	144,642	(28,846)
Contractual	146,388	153,314	171,602	(18,288)
Capital	150	150	109	41
Total Parks	<u>497,225</u>	<u>548,033</u>	<u>521,935</u>	<u>26,098</u>
Veteran's Building				
Personnel	99,197	99,197	78,305	20,892
Services & Supplies	51,330	51,330	61,794	(10,464)
Contractual	7,300	7,300	7,845	(545)
Capital	2,000	2,000	369	1,631
Total Veteran's Building	<u>159,827</u>	<u>159,827</u>	<u>148,313</u>	<u>11,514</u>
Recreation				
Personnel	310,887	310,887	312,548	(1,661)
Services & Supplies	125,083	125,083	130,334	(5,251)
Contractual	23,380	23,380	18,909	4,471
Capital	-	864	1,863	(999)
Total Recreation	<u>459,350</u>	<u>460,214</u>	<u>463,654</u>	<u>(3,440)</u>
<b>Total Recreation</b>	<u>1,116,402</u>	<u>1,168,074</u>	<u>1,133,902</u>	<u>34,172</u>
Debt Service:				
Principal	-	-	2,425	2,425
Interest	5,200	5,200	723	(4,477)
Total Debt Service	<u>5,200</u>	<u>5,200</u>	<u>3,148</u>	<u>(2,052)</u>
Total Expenditures	<u>13,512,514</u>	<u>14,939,413</u>	<u>14,518,853</u>	<u>420,560</u>
Excess (deficiency) of revenues over expenditures	<u>(26,411)</u>	<u>(310,310)</u>	<u>2,689,700</u>	<u>3,000,010</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	100,000	-	(100,000)
Transfers out	<u>-</u>	<u>-</u>	<u>(40,260)</u>	<u>(40,260)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>100,000</u>	<u>(40,260)</u>	<u>(140,260)</u>
Net change in fund balance	<u>\$ (26,411)</u>	<u>\$ (210,310)</u>	<u>2,649,440</u>	<u>\$ 2,859,750</u>
Fund balance - July 1, 2012			<u>1,699,785</u>	
Fund balance - June 30, 2013			<u>\$ 4,349,225</u>	

**CITY OF HOLLISTER**  
**HOUSING SUCCESSOR AGENCY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Investment earnings	\$ -	\$ -	\$ 262,828	\$ 262,828
Other	<u>185,221</u>	<u>3,200,221</u>	<u>4,492,854</u>	<u>1,292,633</u>
Total Revenues	<u>185,221</u>	<u>3,200,221</u>	<u>4,755,682</u>	<u>1,555,461</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental				
Contractual	-	-	<u>750</u>	<u>(750)</u>
Housing				
Personnel	173,756	184,256	200,909	(16,653)
Services & Supplies	-	19,600	329,414	(309,814)
Contractual	-	1,672,335	1,313,395	358,940
Capital	-	2,067	2,067	-
Total Housing	<u>173,756</u>	<u>1,878,258</u>	<u>1,845,785</u>	<u>32,473</u>
Finance				
Personnel	<u>11,465</u>	<u>11,465</u>	<u>12,289</u>	<u>(824)</u>
<b>Total General Government</b>	<u>185,221</u>	<u>1,889,723</u>	<u>1,858,824</u>	<u>30,899</u>
Total Expenditures	<u>185,221</u>	<u>1,889,723</u>	<u>1,858,824</u>	<u>30,899</u>
Excess (deficiency) of revenues over expenditures	-	<u>1,310,498</u>	<u>2,896,858</u>	<u>1,586,360</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	-	-	<u>(26,155)</u>	<u>(26,155)</u>
Total other financing sources (uses)	-	-	<u>(26,155)</u>	<u>(26,155)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,310,498</u>	<u>2,870,703</u>	<u>\$ 1,560,205</u>
Fund balance (deficit) - July 1, 2012			<u>(113,584)</u>	
Fund balance - June 30, 2013			<u>\$ 2,757,119</u>	

**CITY OF HOLLISTER**  
**FEDERAL AVIATION ADMIN GRANT - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 1,149,500	\$ -	\$ 2,038,329	\$ 2,038,329
Total Revenues	<u>1,149,500</u>	<u>-</u>	<u>2,038,329</u>	<u>2,038,329</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental Contractual	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>
<b>Total General Government</b>	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>
<b>Public Works</b>				
Airport Runway Personnel	<u>-</u>	<u>11,700</u>	<u>16,634</u>	<u>(4,934)</u>
Airport Storm Drain Capital	<u>1,200,000</u>	<u>2,754,264</u>	<u>2,276,886</u>	<u>477,378</u>
Airport Pavement Personnel	<u>-</u>	<u>52,765</u>	<u>500</u>	<u>52,265</u>
Engineering Personnel	<u>-</u>	<u>1,085</u>	<u>619</u>	<u>466</u>
<b>Total Public Works</b>	<u>1,200,000</u>	<u>2,819,814</u>	<u>2,294,639</u>	<u>525,175</u>
Total Expenditures	<u>1,200,100</u>	<u>2,819,914</u>	<u>2,294,639</u>	<u>525,275</u>
Excess (deficiency) of revenues over expenditures	<u>(50,600)</u>	<u>(2,819,914)</u>	<u>(256,310)</u>	<u>2,563,604</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	<u>60,500</u>	<u>256,811</u>	<u>256,310</u>	<u>(501)</u>
Total other financing sources (uses)	<u>60,500</u>	<u>256,811</u>	<u>256,310</u>	<u>(501)</u>
Net change in fund balance	<u>\$ 9,900</u>	<u>\$ (2,563,103)</u>	<u>-</u>	<u>\$ 2,563,103</u>
Fund balance - July 1, 2012			<u>-</u>	
Fund balance - June 30, 2013			<u>\$ -</u>	

**CITY OF HOLLISTER**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2013**

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 at the major object level within the general, special revenue, capital project, and debt service funds.

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.

**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>
2009	\$ 783,224	\$ -	\$ 783,224	0%	\$ 8,892,778	9 %
2011	\$ 1,121,880	\$ -	\$ 1,121,880	0%	\$ 8,135,019	14 %

**COMBINING FINANCIAL STATEMENTS AND OTHER SUPPLEMENTARY INFORMATION**

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## NON-MAJOR GOVERNMENTAL FUNDS

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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 used to account for and report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects. 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.

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.

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

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

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

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.

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.

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

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

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

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.

SB 1186 - This fund was established to account for the receipts and disbursements of the State's ADA mandate.

CAL Grip - This fund was established to account for activities of the Cal Grip program which used the funds for gang prevention.

Off Street Parking - This fund was established to account for the maintenance and reconstruction of City off-street parking.

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## NON-MAJOR GOVERNMENTAL FUNDS

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### SPECIAL REVENUE FUNDS (continued)

Environmental Justice Trans Grant - This fund was established to account for the receipts and disbursements with the Environmental Justice Transportation Grant.

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

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

### CAPITAL PROJECT FUNDS

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition of land or acquisition or construction of capital facilities and other capital assets. 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.

**CITY OF HOLLISTER**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS**  
**JUNE 30, 2013**

	<b>SPECIAL REVENUE FUNDS</b>					
	<b>CDBG Low Income Housing Rehab</b>	<b>Gas Tax</b>	<b>Park Dedication</b>	<b>San Benito Loan Program</b>	<b>4th of July Rally</b>	<b>Hollister Air Show</b>
<b><u>ASSETS</u></b>						
Cash and investments	\$ 629,662	\$ 966,203	\$ 652,890	\$ 684,617	\$ 2,925	\$ 4,061
Accounts receivable	-	73,914	-	-	-	5,473
Interest receivable	256	362	265	313	1	2
Notes receivable	<u>377,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 1,007,343</u>	<u>\$ 1,040,479</u>	<u>\$ 653,155</u>	<u>\$ 684,930</u>	<u>\$ 2,926</u>	<u>\$ 9,536</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ -	\$ 53,220	\$ -	\$ -	\$ 5,794	\$ 17,176
Accrued liabilities	-	6,674	-	-	-	58
Deposits	-	-	-	-	-	-
Deferred revenue	377,425	-	-	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>377,425</u>	<u>59,894</u>	<u>-</u>	<u>-</u>	<u>5,794</u>	<u>17,234</u>
<b>FUND BALANCES (DEFICITS):</b>						
Restricted	629,918	980,585	653,155	684,930	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,868)</u>	<u>(7,698)</u>
Total Fund Balance (Deficits)	<u>629,918</u>	<u>980,585</u>	<u>653,155</u>	<u>684,930</u>	<u>(2,868)</u>	<u>(7,698)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 1,007,343</u>	<u>\$ 1,040,479</u>	<u>\$ 653,155</u>	<u>\$ 684,930</u>	<u>\$ 2,926</u>	<u>\$ 9,536</u>

**CITY OF HOLLISTER**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS (continued)**  
**JUNE 30, 2013**

	<b>SPECIAL REVENUE FUNDS</b>					
	<b>CHRPO</b>	<b>Transportation Development Act</b>	<b>Spay/ Neuter Education</b>	<b>Mello Roos CFD-001</b>	<b>Youth Center</b>	<b>Police Special Law Enforcement Safety</b>
<b><u>ASSETS</u></b>						
Cash and investments	\$ 82,981	\$ 494,327	\$ 13,331	\$ 62,498	\$ 22,083	\$ 76,444
Accounts receivable	-	41,960	-	17,912	-	25,900
Interest receivable	34	199	5	17	9	31
Notes receivable	-	-	-	-	-	-
Total Assets	<u>\$ 83,015</u>	<u>\$ 536,486</u>	<u>\$ 13,336</u>	<u>\$ 80,427</u>	<u>\$ 22,092</u>	<u>\$ 102,375</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ -	\$ 876	\$ 603	\$ 12,741	\$ -	\$ -
Accrued liabilities	-	974	-	16,539	-	-
Deposits	-	-	1,034	-	-	-
Deferred revenue	-	-	-	-	-	-
Due to other funds	-	-	-	1,515	-	-
Total Liabilities	<u>-</u>	<u>1,850</u>	<u>1,637</u>	<u>30,795</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS):</b>						
Restricted	83,015	534,636	11,699	49,632	22,092	102,375
Unassigned	-	-	-	-	-	-
Total Fund Balance (Deficits)	<u>83,015</u>	<u>534,636</u>	<u>11,699</u>	<u>49,632</u>	<u>22,092</u>	<u>102,375</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 83,015</u>	<u>\$ 536,486</u>	<u>\$ 13,336</u>	<u>\$ 80,427</u>	<u>\$ 22,092</u>	<u>\$ 102,375</u>

**CITY OF HOLLISTER**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS (continued)**  
**JUNE 30, 2013**

<b>SPECIAL REVENUE FUNDS</b>						
	<b>Office of Traffic Safety</b>	<b>Animal Welfare</b>	<b>JAG Grant Equipment</b>	<b>SB 1186</b>	<b>CAL Grip</b>	<b>Off Street Parking</b>
<b><u>ASSETS</u></b>						
Cash and investments	\$ 22,580	\$ 21,630	\$ 1,885	\$ 882	\$ 2,306	\$ 86,592
Accounts receivable	-	-	-	-	57,562	-
Interest receivable	9	9	1	-	-	-
Notes receivable	-	-	-	-	-	-
Total Assets	<u>\$ 22,589</u>	<u>\$ 21,639</u>	<u>\$ 1,886</u>	<u>\$ 882</u>	<u>\$ 59,868</u>	<u>\$ 86,592</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ -	\$ 4,291	\$ -	\$ 61	\$ 6,302	\$ -
Accrued liabilities	-	-	-	-	2,837	-
Deposits	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Due to other funds	-	-	-	-	39,772	-
Total Liabilities	<u>-</u>	<u>4,291</u>	<u>-</u>	<u>61</u>	<u>48,911</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS):</b>						
Restricted	22,589	17,348	1,886	821	10,957	86,592
Unassigned	-	-	-	-	-	-
Total Fund Balance (Deficits)	<u>22,589</u>	<u>17,348</u>	<u>1,886</u>	<u>821</u>	<u>10,957</u>	<u>86,592</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 22,589</u>	<u>\$ 21,639</u>	<u>\$ 1,886</u>	<u>\$ 882</u>	<u>\$ 59,868</u>	<u>\$ 86,592</u>

**CITY OF HOLLISTER**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS (continued)**  
**JUNE 30, 2013**

	<b>SPECIAL REVENUE FUNDS</b>			<b>CAPITAL PROJECT FUNDS</b>		
	<b>Environmental Justice Trans Grant</b>	<b>Signal Improvement Fee on Flynn</b>	<b>Home Program Revolving Loans</b>	<b>Fire Impact Fees</b>	<b>Police Impact Fees</b>	<b>Storm Drain Fees</b>
<b><u>ASSETS</u></b>						
Cash and investments	\$ 2,197	\$ 13,336	\$ 345,839	\$ 153,794	\$ 125,424	\$ 98,711
Accounts receivable	-	-	-	-	-	-
Interest receivable	1	5	-	62	51	40
Notes receivable	-	-	1,815,614	-	-	-
	<u>-</u>	<u>-</u>	<u>1,815,614</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 2,198</u>	<u>\$ 13,341</u>	<u>\$ 2,161,453</u>	<u>\$ 153,856</u>	<u>\$ 125,475</u>	<u>\$ 98,751</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ -	\$ -	\$ 552	\$ -	\$ -	\$ -
Accrued liabilities	-	-	564	-	-	-
Deposits	-	-	-	-	-	-
Deferred revenue	-	-	1,815,614	-	-	-
Due to other funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>1,816,730</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS):</b>						
Restricted	2,198	13,341	344,723	153,856	125,475	98,751
Unassigned	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balance (Deficits)	<u>2,198</u>	<u>13,341</u>	<u>344,723</u>	<u>153,856</u>	<u>125,475</u>	<u>98,751</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 2,198</u>	<u>\$ 13,341</u>	<u>\$ 2,161,453</u>	<u>\$ 153,856</u>	<u>\$ 125,475</u>	<u>\$ 98,751</u>

**CITY OF HOLLISTER**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEETS (continued)**  
**JUNE 30, 2013**

	<b>CAPITAL PROJECT FUNDS</b>					<b>Total Non-Major Governmental Funds</b>
	<b>Storm Drain Impact Fees</b>	<b>Traffic Impact Fees</b>	<b>AB 1600 Santa Ana Storm Drain</b>	<b>Jail Juvenile Hall</b>	<b>Local Street &amp; Road Improvement</b>	
<b><u>ASSETS</u></b>						
Cash and investments	\$ 3,729,018	\$ 6,116,861	\$ 1,990,636	\$ 14,322	\$ 362,228	\$ 16,780,263
Accounts receivable	-	-	-	-	-	222,721
Interest receivable	1,513	2,484	432	-	146	6,247
Notes receivable	-	-	-	-	-	2,193,039
Total Assets	<u>\$ 3,730,531</u>	<u>\$ 6,119,345</u>	<u>\$ 1,991,068</u>	<u>\$ 14,322</u>	<u>\$ 362,374</u>	<u>\$ 19,202,270</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 1,357	\$ -	\$ -	\$ -	\$ 379	\$ 103,352
Accrued liabilities	11,828	3	-	-	425	39,902
Deposits	-	-	-	-	-	1,034
Deferred revenue	-	-	-	-	-	2,193,039
Due to other funds	-	-	-	-	-	41,287
Total Liabilities	<u>13,185</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>804</u>	<u>2,378,614</u>
<b>FUND BALANCES (DEFICITS):</b>						
Restricted	3,717,346	6,119,342	1,991,068	14,322	361,570	16,834,222
Unassigned	-	-	-	-	-	(10,566)
Total Fund Balance (Deficits)	<u>3,717,346</u>	<u>6,119,342</u>	<u>1,991,068</u>	<u>14,322</u>	<u>361,570</u>	<u>16,823,656</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 3,730,531</u>	<u>\$ 6,119,345</u>	<u>\$ 1,991,068</u>	<u>\$ 14,322</u>	<u>\$ 362,374</u>	<u>\$ 19,202,270</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, 2013**

	<b>SPECIAL REVENUE FUNDS</b>					
	<b>CDBG Low Income Housing Rehab</b>	<b>Gas Tax</b>	<b>Park Dedication</b>	<b>San Benito Loan Program</b>	<b>4th of July Rally</b>	<b>Hollister Air Show</b>
<b>REVENUES</b>						
Taxes	\$ -	\$ 833,536	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	2,925	-
Intergovernmental	-	-	-	-	-	-
Charges for service	-	-	103,835	-	-	35,811
Investment earnings	1,262	1,574	1,592	1,527	1	2
Other	-	4,302	-	1,000	-	5,483
Total Revenues	<u>1,262</u>	<u>839,412</u>	<u>105,427</u>	<u>2,527</u>	<u>2,926</u>	<u>41,296</u>
<b>EXPENDITURES</b>						
Current:						
General government	10,724	394	288	377	-	645
Public safety	-	-	-	-	4,656	2,436
Public works	-	666,166	-	-	1,138	44,412
Recreation	-	-	-	-	-	424
Capital Outlay	-	-	-	-	-	-
Total Expenditures	<u>10,724</u>	<u>666,560</u>	<u>288</u>	<u>377</u>	<u>5,794</u>	<u>47,917</u>
Excess (deficiency) of revenues over expenditures	<u>(9,462)</u>	<u>172,852</u>	<u>105,139</u>	<u>2,150</u>	<u>(2,868)</u>	<u>(6,621)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(9,462)</u>	<u>172,852</u>	<u>105,139</u>	<u>2,150</u>	<u>(2,868)</u>	<u>(6,621)</u>
Fund balances (deficits) - July 1, 2012	639,380	807,733	548,016	769,372	-	(1,077)
Prior period adjustment (Note 15)	-	-	-	(86,592)	-	-
Fund balances (deficits) - July 1, 2012, restated	<u>639,380</u>	<u>807,733</u>	<u>548,016</u>	<u>682,780</u>	<u>-</u>	<u>(1,077)</u>
Fund balances (deficits) - June 30, 2013	<u>\$ 629,918</u>	<u>\$ 980,585</u>	<u>\$ 653,155</u>	<u>\$ 684,930</u>	<u>\$ (2,868)</u>	<u>\$ (7,698)</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, 2013**

	<b>SPECIAL REVENUE FUNDS</b>					
	<b>CHRPO</b>	<b>Transportation Development Act</b>	<b>Spay/ Neuter Education</b>	<b>Mello Roos CFD-001</b>	<b>Youth Center</b>	<b>Police Special Law Enforcement Safety</b>
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ 855,218	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	372,560	-	-	-	62,871
Charges for service	-	-	4,602	-	-	-
Investment earnings	164	1,011	26	25	44	99
Other	-	-	-	-	-	-
Total Revenues	<u>164</u>	<u>373,571</u>	<u>4,628</u>	<u>855,243</u>	<u>44</u>	<u>62,970</u>
<b>EXPENDITURES</b>						
Current:						
General government	40	212	8	5,244	11	34
Public safety	-	-	3,888	800,367	-	10,915
Public works	-	50,087	-	-	-	-
Recreation	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	<u>40</u>	<u>50,299</u>	<u>3,896</u>	<u>805,611</u>	<u>11</u>	<u>10,949</u>
Excess (deficiency) of revenues over expenditures	<u>124</u>	<u>323,272</u>	<u>732</u>	<u>49,632</u>	<u>33</u>	<u>52,021</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>124</u>	<u>323,272</u>	<u>732</u>	<u>49,632</u>	<u>33</u>	<u>52,021</u>
Fund balances (deficits) - July 1, 2012	82,891	211,364	10,967	-	22,059	50,354
Prior period adjustment (Note 15)	-	-	-	-	-	-
Fund balances (deficits) - July 1, 2012, restated	<u>82,891</u>	<u>211,364</u>	<u>10,967</u>	<u>-</u>	<u>22,059</u>	<u>50,354</u>
Fund balances (deficits) - June 30, 2013	<u>\$ 83,015</u>	<u>\$ 534,636</u>	<u>\$ 11,699</u>	<u>\$ 49,632</u>	<u>\$ 22,092</u>	<u>\$ 102,375</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, 2013**

	<b>SPECIAL REVENUE FUNDS</b>					
	<b>Office of Traffic Safety</b>	<b>Animal Welfare</b>	<b>JAG Grant Equipment</b>	<b>SB 1186</b>	<b>CAL Grip</b>	<b>Off Street Parking</b>
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	820	-	-
Intergovernmental	13,640	-	18,489	-	218,283	-
Charges for service	-	-	-	-	-	-
Investment earnings	43	41	2	1	14	-
Other	-	3,874	-	-	-	-
Total Revenues	<u>13,683</u>	<u>3,915</u>	<u>18,491</u>	<u>821</u>	<u>218,297</u>	<u>-</u>
<b>EXPENDITURES</b>						
Current:						
General government	10	10	1	-	2	-
Public safety	12,778	4,270	-	-	207,338	-
Public works	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital Outlay	-	-	16,604	-	-	-
Total Expenditures	<u>12,788</u>	<u>4,280</u>	<u>16,605</u>	<u>-</u>	<u>207,340</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>895</u>	<u>(365)</u>	<u>1,886</u>	<u>821</u>	<u>10,957</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>895</u>	<u>(365)</u>	<u>1,886</u>	<u>821</u>	<u>10,957</u>	<u>-</u>
Fund balances (deficits) - July 1, 2012	21,694	17,713	-	-	-	-
Prior period adjustment (Note 15)	-	-	-	-	-	86,592
Fund balances (deficits) - July 1, 2012, restated	<u>21,694</u>	<u>17,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,592</u>
Fund balances (deficits) - June 30, 2013	<u>\$ 22,589</u>	<u>\$ 17,348</u>	<u>\$ 1,886</u>	<u>\$ 821</u>	<u>\$ 10,957</u>	<u>\$ 86,592</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, 2013**

	<b>SPECIAL REVENUE FUNDS</b>			<b>CAPITAL PROJECT FUNDS</b>		
	<b>Environmental Justice Trans Grant</b>	<b>Signal Improvement Fee on Flynn</b>	<b>Home Program Revolving Loans</b>	<b>Fire Impact Fees</b>	<b>Police Impact Fees</b>	<b>Storm Drain Fees</b>
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	20,256	-	-
Intergovernmental	2,197	-	-	-	-	-
Charges for service	-	-	-	-	14,730	-
Investment earnings	1	26	8,285	288	238	196
Other	-	-	6,340	-	-	-
Total Revenues	<u>2,198</u>	<u>26</u>	<u>14,625</u>	<u>20,544</u>	<u>14,968</u>	<u>196</u>
<b>EXPENDITURES</b>						
Current:						
General government	-	6	320,819	69	58	48
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Recreation	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>6</u>	<u>320,819</u>	<u>69</u>	<u>58</u>	<u>48</u>
Excess (deficiency) of revenues over expenditures	<u>2,198</u>	<u>20</u>	<u>(306,194)</u>	<u>20,475</u>	<u>14,910</u>	<u>148</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	26,155	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>26,155</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>2,198</u>	<u>20</u>	<u>(280,039)</u>	<u>20,475</u>	<u>14,910</u>	<u>148</u>
Fund balances (deficits) - July 1, 2012	-	13,321	624,762	133,381	110,565	98,603
Prior period adjustment (Note 15)	-	-	-	-	-	-
Fund balances (deficits) - July 1, 2012, restated	<u>-</u>	<u>13,321</u>	<u>624,762</u>	<u>133,381</u>	<u>110,565</u>	<u>98,603</u>
Fund balances (deficits) - June 30, 2013	<u>\$ 2,198</u>	<u>\$ 13,341</u>	<u>\$ 344,723</u>	<u>\$ 153,856</u>	<u>\$ 125,475</u>	<u>\$ 98,751</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, 2013**

	<b>CAPITAL PROJECT FUNDS</b>					<b>Total Non- major Governmental Funds</b>
	<b>Storm Drain Impact Fees</b>	<b>Traffic Impact Fees</b>	<b>AB 1600 Santa Ana Storm Drain</b>	<b>Jail Juvenile Hall</b>	<b>Local Street &amp; Road Improvement</b>	
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,688,754
Licenses and permits	-	187,716	-	14,322	-	226,039
Intergovernmental	-	-	-	-	551,839	1,239,879
Charges for service	111,860	-	-	-	-	270,838
Investment earnings	7,398	12,010	2,107	-	1,804	39,781
Other	-	-	-	-	-	20,999
Total Revenues	<u>119,258</u>	<u>199,726</u>	<u>2,107</u>	<u>14,322</u>	<u>553,643</u>	<u>3,486,290</u>
<b>EXPENDITURES</b>						
Current:						
General government	1,828	2,952	735	-	459	344,974
Public safety	-	-	-	-	-	1,046,648
Public works	130,584	45,474	-	-	45,871	983,732
Recreation	-	-	-	-	-	424
Capital Outlay	-	-	-	-	659,400	676,004
Total Expenditures	<u>132,412</u>	<u>48,426</u>	<u>735</u>	<u>-</u>	<u>705,730</u>	<u>3,051,782</u>
Excess (deficiency) of revenues over expenditures	<u>(13,154)</u>	<u>151,300</u>	<u>1,372</u>	<u>14,322</u>	<u>(152,087)</u>	<u>434,508</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	40,260	-	66,415
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,260</u>	<u>-</u>	<u>66,415</u>
Net change in fund balances	<u>(13,154)</u>	<u>151,300</u>	<u>1,372</u>	<u>54,582</u>	<u>(152,087)</u>	<u>500,923</u>
Fund balances (deficits) - July 1, 2012	3,730,500	5,968,042	1,989,696	(40,260)	513,657	16,322,733
Prior period adjustment (Note 15)	-	-	-	-	-	-
Fund balances (deficits) - July 1, 2012, restated	<u>3,730,500</u>	<u>5,968,042</u>	<u>1,989,696</u>	<u>(40,260)</u>	<u>513,657</u>	<u>16,322,733</u>
Fund balances (deficits) - June 30, 2013	<u>\$ 3,717,346</u>	<u>\$ 6,119,342</u>	<u>\$ 1,991,068</u>	<u>\$ 14,322</u>	<u>\$ 361,570</u>	<u>\$ 16,823,656</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Investment earnings	\$ <u>600</u>	\$ <u>600</u>	\$ <u>1,262</u>	\$ <u>662</u>
Total Revenues	<u>600</u>	<u>600</u>	<u>1,262</u>	<u>662</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental				
Contractual	<u>2,100</u>	<u>2,100</u>	<u>10,724</u>	<u>(8,624)</u>
<b>Total General Government</b>	<u>2,100</u>	<u>2,100</u>	<u>10,724</u>	<u>(8,624)</u>
Total Expenditures	<u>2,100</u>	<u>2,100</u>	<u>10,724</u>	<u>(8,624)</u>
Net change in fund balance	\$ <u>(1,500)</u>	\$ <u>(1,500)</u>	<u>(9,462)</u>	\$ <u>(7,962)</u>
Fund balance - July 1, 2012			<u>639,380</u>	
Fund balance - June 30, 2013			\$ <u>629,918</u>	

**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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes	\$ 975,315	\$ 975,315	\$ 833,536	\$ (141,779)
Investment earnings	600	600	1,574	974
Other	<u>-</u>	<u>-</u>	<u>4,302</u>	<u>4,302</u>
Total Revenues	<u>975,915</u>	<u>975,915</u>	<u>839,412</u>	<u>(136,503)</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental				
Contractual	<u>600</u>	<u>600</u>	<u>394</u>	<u>206</u>
<b>Total General Government</b>	<u>600</u>	<u>600</u>	<u>394</u>	<u>206</u>
<b>Public Works</b>				
Street Maintenance				
Personnel	456,885	456,885	347,877	109,008
Services & Supplies	414,593	414,593	281,830	132,763
Contractual	<u>109,000</u>	<u>109,000</u>	<u>36,459</u>	<u>72,541</u>
Total Street Maintenance	<u>980,478</u>	<u>980,478</u>	<u>666,166</u>	<u>314,312</u>
<b>Total Public Works</b>	<u>980,478</u>	<u>980,478</u>	<u>666,166</u>	<u>314,312</u>
Total Expenditures	<u>981,078</u>	<u>981,078</u>	<u>666,560</u>	<u>314,518</u>
Net change in fund balance	<u>\$ (5,163)</u>	<u>\$ (5,163)</u>	<u>172,852</u>	<u>\$ 178,015</u>
Fund balance - July 1, 2012			<u>807,733</u>	
Fund balance - June 30, 2013			<u>\$ 980,585</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Charges for services	\$ -	\$ -	\$ 103,835	\$ 103,835
Investment earnings	<u>600</u>	<u>600</u>	<u>1,592</u>	<u>992</u>
Total Revenues	<u>600</u>	<u>600</u>	<u>105,427</u>	<u>104,827</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental Contractual	<u>600</u>	<u>600</u>	<u>288</u>	<u>312</u>
<b>Total General Government</b>	<u>600</u>	<u>600</u>	<u>288</u>	<u>312</u>
<b>Public Works</b>				
Engineering Personnel	<u>8,021</u>	<u>8,021</u>	<u>-</u>	<u>8,021</u>
<b>Total Public Works</b>	<u>8,021</u>	<u>8,021</u>	<u>-</u>	<u>8,021</u>
Total Expenditures	<u>8,621</u>	<u>8,621</u>	<u>288</u>	<u>8,333</u>
Net change in fund balance	\$ <u>(8,021)</u>	\$ <u>(8,021)</u>	<u>105,139</u>	\$ <u>113,160</u>
Fund balance - July 1, 2012			<u>548,016</u>	
Fund balance - June 30, 2013			\$ <u>653,155</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Investment earnings	\$ 2,000	\$ 2,000	\$ 1,527	\$ (473)
Other	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>2,527</u>	<u>527</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental Contractual	<u>1,000</u>	<u>1,000</u>	<u>377</u>	<u>623</u>
<b>Total General Government</b>	<u>1,000</u>	<u>1,000</u>	<u>377</u>	<u>623</u>
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>377</u>	<u>623</u>
Net change in fund balance	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>2,150</u>	<u>\$ 1,150</u>
Fund balance - July 1, 2012			769,372	
Prior period adjustment			<u>(86,592)</u>	
Fund balance - July 1, 2012, restated			<u>682,780</u>	
Fund balance - June 30, 2013			<u>\$ 684,930</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original*</u>	<u>Final*</u>		
<b><u>REVENUES</u></b>				
License and permits	\$ -	\$ -	\$ 2,925	\$ 2,925
Investment earnings	-	-	1	1
Total Revenues	<u>-</u>	<u>-</u>	<u>2,926</u>	<u>2,926</u>
<b><u>EXPENDITURES</u></b>				
<b>Public Safety</b>				
Police				
Service & Supplies	-	-	4,656	(4,656)
Total Public Safety	<u>-</u>	<u>-</u>	<u>4,656</u>	<u>(4,656)</u>
<b>Public Works</b>				
Street Maintenance				
Services & Supplies	-	-	1,138	(1,138)
Total Public Works	<u>-</u>	<u>-</u>	<u>1,138</u>	<u>(1,138)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>5,794</u>	<u>(5,794)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(2,868)</u>	<u>\$ (2,868)</u>
Fund balance - July 1, 2012			-	
Fund balance (deficit) - June 30, 2013			<u>\$ (2,868)</u>	

\* The City did not adopt a budget for the 4th of July Rally fund as of June 30, 2013.

**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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Charges for services	\$ 60,000	\$ 60,000	\$ 35,811	\$ (24,189)
Investment earnings	-	-	2	2
Other	<u>5,000</u>	<u>5,000</u>	<u>5,483</u>	<u>483</u>
Total Revenues	<u>65,000</u>	<u>65,000</u>	<u>41,296</u>	<u>(23,704)</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental				
Contractual	<u>25</u>	<u>25</u>	<u>1</u>	<u>24</u>
Finance				
Personnel	<u>-</u>	<u>-</u>	<u>644</u>	<u>(644)</u>
<b>Total General Government</b>	<u>25</u>	<u>25</u>	<u>645</u>	<u>(620)</u>
<b>Public Safety</b>				
Fire Department				
Personnel	<u>-</u>	<u>-</u>	<u>840</u>	<u>(840)</u>
Police Department				
Personnel	<u>-</u>	<u>-</u>	<u>1,596</u>	<u>(1,596)</u>
<b>Total Public Safety</b>	<u>-</u>	<u>-</u>	<u>2,436</u>	<u>(2,436)</u>
<b>Public Works</b>				
Airport				
Personnel	7,100	7,100	-	7,100
Services & Supplies	<u>57,875</u>	<u>57,875</u>	<u>44,412</u>	<u>13,463</u>
Total Airport	<u>64,975</u>	<u>64,975</u>	<u>44,412</u>	<u>20,563</u>
<b>Total Public Works</b>	<u>64,975</u>	<u>64,975</u>	<u>44,412</u>	<u>20,563</u>
<b>Recreation</b>				
Recreation				
Personnel	<u>-</u>	<u>-</u>	<u>424</u>	<u>(424)</u>
<b>Total Recreation</b>	<u>-</u>	<u>-</u>	<u>424</u>	<u>(424)</u>
Total Expenditures	<u>65,000</u>	<u>65,000</u>	<u>47,917</u>	<u>17,083</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(6,621)</u>	<u>\$ (6,621)</u>
Fund balance (deficit) - July 1, 2012			<u>(1,077)</u>	
Fund balance (deficit) - June 30, 2013			<u>\$ (7,698)</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Investment earnings	\$ <u>100</u>	\$ <u>100</u>	\$ <u>164</u>	\$ <u>64</u>
Total Revenues	<u>100</u>	<u>100</u>	<u>164</u>	<u>64</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental				
Contractual	<u>100</u>	<u>100</u>	<u>40</u>	<u>60</u>
<b>Total General Government</b>	<u>100</u>	<u>100</u>	<u>40</u>	<u>60</u>
Total Expenditures	<u>100</u>	<u>100</u>	<u>40</u>	<u>60</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	<u>124</u>	\$ <u>124</u>
Fund balance - July 1, 2012			<u>82,891</u>	
Fund balance - June 30, 2013			\$ <u>83,015</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 62,873	\$ 62,873	\$ 372,560	\$ 309,687
Investment earnings	<u>1,000</u>	<u>1,000</u>	<u>1,011</u>	<u>11</u>
Total Revenues	<u>63,873</u>	<u>63,873</u>	<u>373,571</u>	<u>309,698</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental				
Contractual	<u>1,000</u>	<u>1,000</u>	<u>212</u>	<u>788</u>
<b>Total General Government</b>	<u>1,000</u>	<u>1,000</u>	<u>212</u>	<u>788</u>
<b>Public Works</b>				
Engineering				
Personnel	61,929	61,929	48,828	13,101
Services & Supplies	944	5,944	1,259	4,685
Capital	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total Engineering	<u>62,873</u>	<u>117,873</u>	<u>50,087</u>	<u>67,786</u>
<b>Total Public Works</b>	<u>62,873</u>	<u>117,873</u>	<u>50,087</u>	<u>67,786</u>
Total Expenditures	<u>63,873</u>	<u>118,873</u>	<u>50,299</u>	<u>68,574</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (55,000)</u>	<u>323,272</u>	<u>\$ 378,272</u>
Fund balance - July 1, 2012			<u>211,364</u>	
Fund balance - June 30, 2013			<u>\$ 534,636</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Charges for services	\$ 7,500	\$ 7,500	\$ 4,602	\$ (2,898)
Investment earnings	<u>20</u>	<u>20</u>	<u>26</u>	<u>6</u>
Total Revenues	<u>7,520</u>	<u>7,520</u>	<u>4,628</u>	<u>(2,892)</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental Contractual	<u>20</u>	<u>20</u>	<u>8</u>	<u>12</u>
<b>Total General Government</b>	<u>20</u>	<u>20</u>	<u>8</u>	<u>12</u>
<b>Public Safety</b>				
Animal Control Services & Supplies	<u>7,500</u>	<u>7,500</u>	<u>3,888</u>	<u>3,612</u>
<b>Total Public Safety</b>	<u>7,500</u>	<u>7,500</u>	<u>3,888</u>	<u>3,612</u>
Total Expenditures	<u>7,520</u>	<u>7,520</u>	<u>3,896</u>	<u>3,624</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	<u>732</u>	\$ <u>732</u>
Fund balance - July 1, 2012			<u>10,967</u>	
Fund balance - June 30, 2013			\$ <u>11,699</u>	

**CITY OF HOLLISTER**  
**MELLO ROOS CFD-001 - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Taxes	\$ 840,000	\$ 840,000	\$ 855,218	\$ 15,218
Investment earnings	<u>600</u>	<u>600</u>	<u>25</u>	<u>(575)</u>
Total Revenues	<u>840,600</u>	<u>840,600</u>	<u>855,243</u>	<u>14,643</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental Contractual	<u>25,000</u>	<u>25,000</u>	<u>5,244</u>	<u>19,756</u>
<b>Total General Government</b>	<u>25,000</u>	<u>25,000</u>	<u>5,244</u>	<u>19,756</u>
<b>Public Safety</b>				
Fire Personnel	<u>443,771</u>	<u>443,771</u>	<u>428,059</u>	<u>15,712</u>
Police Personnel	<u>371,829</u>	<u>371,829</u>	<u>372,308</u>	<u>(479)</u>
<b>Total Public Safety</b>	<u>815,600</u>	<u>815,600</u>	<u>800,367</u>	<u>15,233</u>
Total Expenditures	<u>840,600</u>	<u>840,600</u>	<u>805,611</u>	<u>34,989</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>49,632</u>	<u>\$ 49,632</u>
Fund balance - July 1, 2012			<u>-</u>	
Fund balance - June 30, 2013			<u>\$ 49,632</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Investment earnings	\$ <u>30</u>	\$ <u>30</u>	\$ <u>44</u>	\$ <u>14</u>
Total Revenues	<u>30</u>	<u>30</u>	<u>44</u>	<u>14</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental Contractual	<u>30</u>	<u>30</u>	<u>11</u>	<u>19</u>
<b>Total General Government</b>	<u>30</u>	<u>30</u>	<u>11</u>	<u>19</u>
Total Expenditures	<u>30</u>	<u>30</u>	<u>11</u>	<u>19</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	<u>33</u>	\$ <u>33</u>
Fund balance - July 1, 2012			<u>22,059</u>	
Fund balance - June 30, 2013			\$ <u>22,092</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 62,871	\$ (37,129)
Investment earnings	<u>20</u>	<u>20</u>	<u>99</u>	<u>79</u>
Total Revenues	<u>100,020</u>	<u>100,020</u>	<u>62,970</u>	<u>(37,050)</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental				
Contractual	<u>20</u>	<u>45</u>	<u>34</u>	<u>11</u>
<b>Total General Government</b>	<u>20</u>	<u>45</u>	<u>34</u>	<u>11</u>
<b>Public Safety</b>				
Police				
Personnel	<u>-</u>	<u>25,000</u>	<u>10,915</u>	<u>14,085</u>
<b>Total Public Safety</b>	<u>-</u>	<u>25,000</u>	<u>10,915</u>	<u>14,085</u>
Total Expenditures	<u>20</u>	<u>25,045</u>	<u>10,949</u>	<u>14,096</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 74,975</u>	<u>52,021</u>	<u>\$ (22,954)</u>
Fund balance - July 1, 2012			<u>50,354</u>	
Fund balance - June 30, 2013			<u>\$ 102,375</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, 2013

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 28,000	\$ 28,000	\$ 13,640	\$ (14,360)
Investment earnings	<u>-</u>	<u>-</u>	<u>43</u>	<u>43</u>
Total Revenues	<u>28,000</u>	<u>28,000</u>	<u>13,683</u>	<u>(14,317)</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental				
Contractual	<u>-</u>	<u>10</u>	<u>10</u>	<u>-</u>
<b>Total General Government</b>	<u>-</u>	<u>10</u>	<u>10</u>	<u>-</u>
<b>Public Safety</b>				
Police				
Personnel	15,250	15,250	12,778	2,472
Services & Supplies	1,000	1,000	-	1,000
Capital	<u>11,750</u>	<u>11,750</u>	<u>-</u>	<u>11,750</u>
Total Police	<u>28,000</u>	<u>28,000</u>	<u>12,778</u>	<u>15,222</u>
<b>Total Public Safety</b>	<u>28,000</u>	<u>28,000</u>	<u>12,778</u>	<u>15,222</u>
Total Expenditures	<u>28,000</u>	<u>28,010</u>	<u>12,788</u>	<u>15,222</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (10)</u>	<u>895</u>	<u>\$ 905</u>
Fund balance - July 1, 2012			<u>21,694</u>	
Fund balance - June 30, 2013			<u>\$ 22,589</u>	

**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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Investment earnings	\$ 40	\$ 40	\$ 41	\$ 1
Other	<u>6,800</u>	<u>6,800</u>	<u>3,874</u>	<u>(2,926)</u>
Total Revenues	<u>6,840</u>	<u>6,840</u>	<u>3,915</u>	<u>(2,925)</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental Contractual	<u>40</u>	<u>40</u>	<u>10</u>	<u>30</u>
<b>Total General Government</b>	<u>40</u>	<u>40</u>	<u>10</u>	<u>30</u>
<b>Public Safety</b>				
Animal Control Services & Supplies	<u>6,800</u>	<u>6,800</u>	<u>4,270</u>	<u>2,530</u>
<b>Total Public Safety</b>	<u>6,800</u>	<u>6,800</u>	<u>4,270</u>	<u>2,530</u>
Total Expenditures	<u>6,840</u>	<u>6,840</u>	<u>4,280</u>	<u>2,560</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	<u>(365)</u>	\$ <u>(365)</u>
Fund balance - July 1, 2012			<u>17,713</u>	
Fund balance - June 30, 2013			<u>\$ 17,348</u>	

**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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ -	\$ 29,747	\$ 18,489	\$ (11,258)
Investment earnings	-	-	2	2
Total Revenues	-	29,747	18,491	(11,256)
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental				
Contractual	-	-	1	(1)
Total General Government	-	-	1	(1)
<b>Public Safety</b>				
Police				
Capital	-	29,747	16,604	13,143
Total Public Safety	-	29,747	16,604	13,143
Total Expenditures	-	29,747	16,605	13,142
Net change in fund balance	\$ -	\$ -	1,886	\$ 1,886
Fund balance - July 1, 2012			-	
Fund balance - June 30, 2013			\$ 1,886	

**CITY OF HOLLISTER**  
 SB 1186 - SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
License and permits	-	1,100	820	(280)
Investment earnings	-	-	1	1
Total Revenues	<u>-</u>	<u>1,100</u>	<u>821</u>	<u>(279)</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,100</u>	<u>821</u>	<u>\$ (279)</u>
Fund balance - July 1, 2012			<u>-</u>	
Fund balance - June 30, 2013			<u>\$ 821</u>	

**CITY OF HOLLISTER**  
**CAL GRIP - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ 188,301	\$ 208,888	\$ 218,283	\$ 9,395
Investment earnings	<u>50</u>	<u>50</u>	<u>14</u>	<u>(36)</u>
Total Revenues	<u>188,351</u>	<u>208,938</u>	<u>218,297</u>	<u>9,359</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental				
Contractual	<u>50</u>	<u>50</u>	<u>2</u>	<u>48</u>
<b>Total General Government</b>	<u>50</u>	<u>50</u>	<u>2</u>	<u>48</u>
<b>Public Safety</b>				
Police				
Personnel	147,994	147,994	148,072	(78)
Services & Supplies	21,094	21,094	-	21,094
Contractual	<u>39,800</u>	<u>39,800</u>	<u>59,266</u>	<u>(19,466)</u>
Total Police	<u>208,888</u>	<u>208,888</u>	<u>207,338</u>	<u>1,550</u>
<b>Total Public Safety</b>	<u>208,888</u>	<u>208,888</u>	<u>207,338</u>	<u>1,550</u>
Total Expenditures	<u>208,938</u>	<u>208,938</u>	<u>207,340</u>	<u>1,598</u>
Net change in fund balance	<u>\$ (20,587)</u>	<u>\$ -</u>	<u>10,957</u>	<u>\$ 10,957</u>
Fund balance - July 1, 2012			-	
Fund balance - June 30, 2013			<u>\$ 10,957</u>	

**CITY OF HOLLISTER**  
**ENVIRONMENTAL JUSTICE TRANS GRANT - SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original*</u>	<u>Final*</u>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ -	\$ -	\$ 2,197	\$ 2,197
Investment earnings	-	-	1	1
Total Revenues	<u>-</u>	<u>-</u>	<u>2,198</u>	<u>2,198</u>
<b><u>EXPENDITURES</u></b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>2,198</u>	<u>\$ 2,198</u>
Fund balance - July 1, 2012			<u>-</u>	
Fund balance - June 30, 2013			<u>\$ 2,198</u>	

\*The City did not adopt a budget for the Environmental Justice Trans Grant as of June 30, 2013.

**CITY OF HOLLISTER**  
 SIGNAL IMPROVEMENT FEE ON FLYNN - SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Investment earnings	\$ <u>25</u>	\$ <u>25</u>	\$ <u>26</u>	\$ <u>1</u>
Total Revenues	<u>25</u>	<u>25</u>	<u>26</u>	<u>1</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental Contractual	<u>25</u>	<u>25</u>	<u>6</u>	<u>19</u>
<b>Total General Government</b>	<u>25</u>	<u>25</u>	<u>6</u>	<u>19</u>
Total Expenditures	<u>25</u>	<u>25</u>	<u>6</u>	<u>19</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	<u>20</u>	\$ <u>20</u>
Fund balance - July 1, 2012			<u>13,321</u>	
Fund balance - June 30, 2013			\$ <u>13,341</u>	

**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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Investment earnings	\$ 7,500	\$ 7,500	\$ 8,285	\$ 785
Other	<u>4,500</u>	<u>4,500</u>	<u>6,340</u>	<u>1,840</u>
Total Revenues	<u>12,000</u>	<u>12,000</u>	<u>14,625</u>	<u>2,625</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Planning				
Personnel	-	18,920	19,992	(1,072)
Contractual	-	<u>447,020</u>	<u>300,827</u>	<u>146,193</u>
Total Planning	-	<u>465,940</u>	<u>320,819</u>	<u>145,121</u>
<b>Total General Government</b>	-	<u>465,940</u>	<u>320,819</u>	<u>145,121</u>
Total Expenditures	-	<u>465,940</u>	<u>320,819</u>	<u>436,435</u>
Excess (deficiency) of revenues over expenditures	<u>12,000</u>	<u>(453,940)</u>	<u>(306,194)</u>	<u>147,746</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	-	<u>26,155</u>	<u>26,155</u>
Total other financing sources (uses)	-	-	<u>26,155</u>	<u>26,155</u>
Net change in fund balance	<u>\$ 12,000</u>	<u>\$ (453,940)</u>	<u>(280,039)</u>	<u>\$ 173,901</u>
Fund balance - July 1, 2012			<u>624,762</u>	
Fund balance - June 30, 2013			<u>\$ 344,723</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
License and permits	\$ 13,000	\$ 13,000	\$ 20,256	\$ 7,256
Investment earnings	<u>200</u>	<u>200</u>	<u>288</u>	<u>88</u>
Total Revenues	<u>13,200</u>	<u>13,200</u>	<u>20,544</u>	<u>7,344</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental Contractual	<u>200</u>	<u>200</u>	<u>69</u>	<u>131</u>
<b>Total General Government</b>	<u>200</u>	<u>200</u>	<u>69</u>	<u>131</u>
Total Expenditures	<u>200</u>	<u>200</u>	<u>69</u>	<u>131</u>
Net change in fund balance	\$ <u>13,000</u>	\$ <u>13,000</u>	<u>20,475</u>	\$ <u>7,475</u>
Fund balance - July 1, 2012			<u>133,381</u>	
Fund balance - June 30, 2013			\$ <u>153,856</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Charges for services	\$ 10,000	\$ 10,000	\$ 14,730	\$ 4,730
Investment earnings	<u>150</u>	<u>150</u>	<u>238</u>	<u>88</u>
Total Revenues	<u>10,150</u>	<u>10,150</u>	<u>14,968</u>	<u>4,818</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental Contractual	<u>150</u>	<u>150</u>	<u>58</u>	<u>92</u>
<b>Total General Government</b>	<u>150</u>	<u>150</u>	<u>58</u>	<u>92</u>
Total Expenditures	<u>150</u>	<u>150</u>	<u>58</u>	<u>92</u>
Net change in fund balance	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>14,910</u>	<u>\$ 4,910</u>
Fund balance - July 1, 2012			<u>110,565</u>	
Fund balance - June 30, 2013			<u>\$ 125,475</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Charges for services	\$ 1,000	\$ 1,000	\$ -	\$ (1,000)
Investment earnings	<u>150</u>	<u>150</u>	<u>196</u>	<u>46</u>
Total Revenues	<u>1,150</u>	<u>1,150</u>	<u>196</u>	<u>(954)</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental Contractual	<u>150</u>	<u>150</u>	<u>48</u>	<u>102</u>
<b>Total General Government</b>	<u>150</u>	<u>150</u>	<u>48</u>	<u>102</u>
Total Expenditures	<u>150</u>	<u>150</u>	<u>48</u>	<u>102</u>
Net change in fund balance	<u>\$ 1,000</u>	<u>\$ 1,000</u>	<u>148</u>	<u>\$ (852)</u>
Fund balance - July 1, 2012			<u>98,603</u>	
Fund balance - June 30, 2013			<u>\$ 98,751</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Charges for services	\$ 100,000	\$ 100,000	\$ 111,860	\$ 11,860
Investment earnings	<u>5,000</u>	<u>5,000</u>	<u>7,398</u>	<u>2,398</u>
Total Revenues	<u>105,000</u>	<u>105,000</u>	<u>119,258</u>	<u>14,258</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental				
Contractual	<u>5,000</u>	<u>5,000</u>	<u>1,828</u>	<u>3,172</u>
<b>Total General Government</b>	<u>5,000</u>	<u>5,000</u>	<u>1,828</u>	<u>3,172</u>
<b>Public Works</b>				
Storm Drain				
Services & Supplies	-	17,750	2,272	15,478
Capital	<u>-</u>	<u>62,000</u>	<u>-</u>	<u>62,000</u>
Total Storm Drain	<u>-</u>	<u>79,750</u>	<u>2,272</u>	<u>77,478</u>
Code Enforcement				
Personnel	<u>-</u>	<u>5,000</u>	<u>4,988</u>	<u>12</u>
Engineering				
Personnel	191,172	229,573	105,046	124,527
Supplies & Services	33,872	45,071	8,153	36,918
Contractual	2,200	2,600	2,600	-
Capital	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total Engineering	<u>228,244</u>	<u>278,244</u>	<u>115,799</u>	<u>162,445</u>
Sewer Collection				
Supplies & Services	8,000	8,000	7,525	475
Contractual	1,068	1,068	-	1,068
Total Sewer Collection	<u>9,068</u>	<u>9,068</u>	<u>7,525</u>	<u>1,543</u>
<b>Total Public Works</b>	<u>237,312</u>	<u>372,062</u>	<u>130,584</u>	<u>239,923</u>
Total Expenditures	<u>242,312</u>	<u>377,062</u>	<u>132,412</u>	<u>244,650</u>
Net change in fund balance	<u>\$ (137,312)</u>	<u>\$ (272,062)</u>	<u>(13,154)</u>	<u>\$ 258,908</u>
Fund balance - July 1, 2012			<u>3,730,500</u>	
Fund balance - June 30, 2013			<u>\$ 3,717,346</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
License and permits	\$ 75,000	\$ 75,000	\$ 187,716	\$ 112,716
Investment earnings	<u>7,500</u>	<u>7,500</u>	<u>12,010</u>	<u>4,510</u>
Total Revenues	<u>82,500</u>	<u>82,500</u>	<u>199,726</u>	<u>117,226</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental Contractual	<u>7,500</u>	<u>7,500</u>	<u>2,952</u>	<u>4,548</u>
<b>Total General Government</b>	<u>7,500</u>	<u>7,500</u>	<u>2,952</u>	<u>4,548</u>
<b>Public Works</b>				
Nash Road				
Personnel	-	-	8,378	(8,378)
Services & Supplies	-	10,000	6,028	3,972
Total Nash Road	<u>-</u>	<u>10,000</u>	<u>14,406</u>	<u>(4,406)</u>
Engineering Personnel	<u>-</u>	<u>29,473</u>	<u>31,068</u>	<u>(1,595)</u>
<b>Total Public Works</b>	<u>-</u>	<u>39,473</u>	<u>45,474</u>	<u>(6,001)</u>
Total Expenditures	<u>7,500</u>	<u>46,973</u>	<u>48,426</u>	<u>(1,453)</u>
Net change in fund balance	<u>\$ 75,000</u>	<u>\$ 35,527</u>	<u>151,300</u>	<u>\$ 115,773</u>
Fund balance - July 1, 2012			<u>5,968,042</u>	
Fund balance - June 30, 2013			<u>\$ 6,119,342</u>	

**CITY OF HOLLISTER**  
**AB 1600 SANTA ANA STORM DRAIN - CAPITAL PROJECTS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Investment earnings	\$ <u>2,500</u>	\$ <u>2,500</u>	\$ <u>2,107</u>	\$ <u>(393)</u>
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>2,107</u>	<u>(393)</u>
<b><u>EXPENDITURES</u></b>				
<b>General Government</b>				
Non-Departmental				
Contractual	<u>2,500</u>	<u>2,500</u>	<u>735</u>	<u>1,765</u>
<b>Total General Government</b>	<u>2,500</u>	<u>2,500</u>	<u>735</u>	<u>1,765</u>
Total Expenditures	<u>2,500</u>	<u>2,500</u>	<u>735</u>	<u>1,765</u>
Net change in fund balance	\$ <u>-</u>	\$ <u>-</u>	<u>1,372</u>	\$ <u>1,372</u>
Fund balance - July 1, 2012			<u>1,989,696</u>	
Fund balance - June 30, 2013			<u>\$ 1,991,068</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
License and permits	\$ 30,000	\$ 30,000	\$ 14,322	\$ (15,678)
Investment earnings	<u>10</u>	<u>20</u>	<u>-</u>	<u>(20)</u>
Total Revenues	<u>30,010</u>	<u>30,020</u>	<u>14,322</u>	<u>(15,698)</u>
<b><u>EXPENDITURES</u></b>				
<b>General Governmental</b>				
Non-Departmental				
Contractual	<u>30,010</u>	<u>30,010</u>	<u>-</u>	<u>30,010</u>
<b>Total General Government</b>	<u>30,010</u>	<u>30,010</u>	<u>-</u>	<u>30,010</u>
Total Expenditures	<u>30,010</u>	<u>30,010</u>	<u>-</u>	<u>30,010</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>10</u>	<u>14,322</u>	<u>14,312</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	<u>-</u>	<u>-</u>	<u>40,260</u>	<u>40,260</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>40,260</u>	<u>40,260</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 10</u>	<u>54,582</u>	<u>\$ 54,572</u>
Fund balance (deficit) - July 1, 2012			<u>(40,260)</u>	
Fund balance - June 30, 2013			<u>\$ 14,322</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>REVENUES</u></b>				
Intergovernmental	\$ -	\$ -	\$ 551,839	\$ 551,839
Investment earnings	<u>700</u>	<u>700</u>	<u>1,804</u>	<u>1,104</u>
Total Revenues	<u>700</u>	<u>700</u>	<u>553,643</u>	<u>552,943</u>
<b><u>EXPENDITURES</u></b>				
<b>General Governmental</b>				
Non-Departmental				
Contractual	<u>700</u>	<u>700</u>	<u>459</u>	<u>241</u>
<b>Total General Government</b>	<u>700</u>	<u>700</u>	<u>459</u>	<u>241</u>
<b>Public Works</b>				
Prop 1B				
Personnel	<u>-</u>	<u>-</u>	<u>243</u>	<u>(243)</u>
Engineering				
Personnel	52,377	52,377	44,750	7,627
Services & Supplies	294	15,294	878	14,416
Capital	<u>-</u>	<u>888,000</u>	<u>659,400</u>	<u>228,600</u>
Total Engineering	<u>52,671</u>	<u>955,671</u>	<u>705,028</u>	<u>250,643</u>
<b>Total Public Works</b>	<u>52,671</u>	<u>955,671</u>	<u>705,271</u>	<u>250,400</u>
Total Expenditures	<u>53,371</u>	<u>956,371</u>	<u>705,730</u>	<u>250,641</u>
Net change in fund balance	<u>\$ (52,671)</u>	<u>\$ (51,677)</u>	<u>(152,087)</u>	<u>\$ (100,410)</u>
Fund balance - July 1, 2012			<u>513,657</u>	
Fund balance - June 30, 2013			<u>\$ 361,570</u>	

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## AGENCY FUNDS

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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, 2013**

	<u>Red Cross Relief</u>	<u>Tri- centennial</u>	<u>Veteran's Building Pavers</u>	<u>Meridian Street</u>	<u>San Benito Estates</u>	<u>Hollister Business Park</u>	<u>Landscaping and Lighting</u>	<u>Sunnyslope Village</u>	<u>Gateway Auto Mall</u>	<u>Total</u>
<b><u>ASSETS</u></b>										
Cash and investments	\$ 195	\$ 14	\$ 1,343	\$ 556,058	\$ 256,479	\$ 157,140	\$ 55,887	\$ 907	\$ 255,226	\$ 1,283,249
Accounts receivable	-	-	-	2,006	-	-	4,355	-	4,426	10,787
Interest receivable	-	-	1	84	86	64	52	-	64	351
Total Assets	<u>\$ 195</u>	<u>\$ 14</u>	<u>\$ 1,344</u>	<u>\$ 558,148</u>	<u>\$ 256,565</u>	<u>\$ 157,204</u>	<u>\$ 60,294</u>	<u>\$ 907</u>	<u>\$ 259,716</u>	<u>\$ 1,294,387</u>
<b><u>LIABILITIES</u></b>										
Accounts payable	\$ 195	\$ -	\$ -	\$ 1,937	\$ 704	\$ -	\$ 60,247	\$ -	\$ 553	\$ 63,636
Accrued liabilities	-	-	-	-	-	-	47	-	-	47
Deposits in trust	-	14	1,344	556,211	255,861	157,204	-	907	259,163	1,230,704
Total Liabilities	<u>\$ 195</u>	<u>\$ 14</u>	<u>\$ 1,344</u>	<u>\$ 558,148</u>	<u>\$ 256,565</u>	<u>\$ 157,204</u>	<u>\$ 60,294</u>	<u>\$ 907</u>	<u>\$ 259,716</u>	<u>\$ 1,294,387</u>

**CITY OF HOLLISTER**  
**SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
**TRUST AND AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>Red Cross Relief</u>				
<b>ASSETS</b>				
Cash and investments	\$ 194	\$ 195	\$ 194	\$ 195
Total Assets	<u>\$ 194</u>	<u>\$ 195</u>	<u>\$ 194</u>	<u>\$ 195</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 162	\$ 195	\$ 162	\$ 195
Deposits in trust	<u>32</u>	<u>-</u>	<u>32</u>	<u>-</u>
Total Liabilities	<u>\$ 194</u>	<u>\$ 195</u>	<u>\$ 194</u>	<u>\$ 195</u>
<u>Tricentennial</u>				
<b>ASSETS</b>				
Cash and investments	\$ 14	\$ -	\$ -	\$ 14
Total Assets	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14</u>
<b>LIABILITIES</b>				
Deposits in trust	\$ 14	\$ -	\$ -	\$ 14
Total Liabilities	<u>\$ 14</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14</u>
<u>Veteran's Building Pavers</u>				
<b>ASSETS</b>				
Cash and investments	\$ 991	\$ 352	\$ -	\$ 1,343
Interest receivable	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total Assets	<u>\$ 992</u>	<u>\$ 353</u>	<u>\$ 1</u>	<u>\$ 1,344</u>
<b>LIABILITIES</b>				
Deposits in trust	\$ 992	\$ 353	\$ 1	\$ 1,344
Total Liabilities	<u>\$ 992</u>	<u>\$ 353</u>	<u>\$ 1</u>	<u>\$ 1,344</u>
<u>Meridian Street</u>				
<b>ASSETS</b>				
Cash and investments	\$ 537,185	\$ 18,873	\$ -	\$ 556,058
Accounts receivable	3,780	2,006	3,780	2,006
Interest receivable	<u>186</u>	<u>84</u>	<u>186</u>	<u>84</u>
Total Assets	<u>\$ 541,151</u>	<u>\$ 20,963</u>	<u>\$ 3,966</u>	<u>\$ 558,148</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 1,937	\$ -	\$ 1,937
Deposits in trust	<u>541,151</u>	<u>19,026</u>	<u>3,966</u>	<u>556,211</u>
Total Liabilities	<u>\$ 541,151</u>	<u>\$ 20,963</u>	<u>\$ 3,966</u>	<u>\$ 558,148</u>

**CITY OF HOLLISTER**  
SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS (continued)  
TRUST AND AGENCY FUNDS  
JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>San Benito Estates</u>				
<b>ASSETS</b>				
Cash and investments	\$ 237,702	\$ 18,777	\$ -	\$ 256,479
Accounts receivable	102	-	102	-
Interest receivable	<u>139</u>	<u>86</u>	<u>139</u>	<u>86</u>
Total Assets	<u>\$ 237,943</u>	<u>\$ 18,863</u>	<u>\$ 241</u>	<u>\$ 256,565</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 704	\$ -	\$ 704
Deposits in trust	<u>237,943</u>	<u>18,159</u>	<u>241</u>	<u>255,861</u>
Total Liabilities	<u>\$ 237,943</u>	<u>\$ 18,863</u>	<u>\$ 241</u>	<u>\$ 256,565</u>
<u>Hollister Business Park</u>				
<b>ASSETS</b>				
Cash and investments	\$ 156,860	\$ 280	\$ -	\$ 157,140
Interest receivable	<u>110</u>	<u>64</u>	<u>110</u>	<u>64</u>
Total Assets	<u>\$ 156,970</u>	<u>\$ 344</u>	<u>\$ 110</u>	<u>\$ 157,204</u>
<b>LIABILITIES</b>				
Deposits in trust	<u>\$ 156,970</u>	<u>\$ 344</u>	<u>\$ 110</u>	<u>\$ 157,204</u>
Total Liabilities	<u>\$ 156,970</u>	<u>\$ 344</u>	<u>\$ 110</u>	<u>\$ 157,204</u>
<u>Landscaping and Lighting</u>				
<b>ASSETS</b>				
Cash and investments	\$ 857	\$ 73,271	\$ 18,241	\$ 55,887
Accounts receivable	17,260	4,355	17,260	4,355
Interest receivable	<u>124</u>	<u>52</u>	<u>124</u>	<u>52</u>
Total Assets	<u>\$ 18,241</u>	<u>\$ 77,678</u>	<u>\$ 35,625</u>	<u>\$ 60,294</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 17,851	\$ 60,247	\$ 17,851	\$ 60,247
Accrued liabilities	390	47	390	47
Deposits in trust	<u>-</u>	<u>17,384</u>	<u>17,384</u>	<u>-</u>
Total Liabilities	<u>\$ 18,241</u>	<u>\$ 77,678</u>	<u>\$ 35,625</u>	<u>\$ 60,294</u>
<u>Sunnyslope Village</u>				
<b>ASSETS</b>				
Cash and investments	\$ 906	\$ 1	\$ -	\$ 907
Interest receivable	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>
Total Assets	<u>\$ 907</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 907</u>
<b>LIABILITIES</b>				
Deposits in trust	<u>\$ 907</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 907</u>
Total Liabilities	<u>\$ 907</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 907</u>

**CITY OF HOLLISTER**  
SCHEDULE OF CHANGES IN FIDUCIARY NET ASSETS (continued)  
TRUST AND AGENCY FUNDS  
JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>Gateway Auto Mall</u>				
<b>ASSETS</b>				
Cash and investments	\$ 245,050	\$ 11,441	\$ 1,265	\$ 255,226
Accounts receivable	11,207	4,426	11,207	4,426
Interest receivable	<u>234</u>	<u>64</u>	<u>234</u>	<u>64</u>
Total Assets	<u>\$ 256,491</u>	<u>\$ 15,931</u>	<u>\$ 12,706</u>	<u>\$ 259,716</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 553	\$ -	\$ 553
Deposits in trust	<u>256,491</u>	<u>15,378</u>	<u>12,706</u>	<u>259,163</u>
Total Liabilities	<u>\$ 256,491</u>	<u>\$ 15,931</u>	<u>\$ 12,706</u>	<u>\$ 259,716</u>
<u>Total Agency Funds</u>				
<b>ASSETS</b>				
Cash and investments	\$ 1,179,759	\$ 123,190	\$ 19,700	\$ 1,283,249
Accounts receivable	32,349	10,787	32,349	10,787
Interest receivable	<u>795</u>	<u>351</u>	<u>795</u>	<u>351</u>
Total Assets	<u>\$ 1,212,903</u>	<u>\$ 134,328</u>	<u>\$ 52,844</u>	<u>\$ 1,294,387</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 18,013	\$ 63,636	\$ 18,013	\$ 63,636
Accrued liabilities	390	47	390	47
Deposits in trust	<u>1,194,500</u>	<u>70,645</u>	<u>34,441</u>	<u>1,230,704</u>
Total Liabilities	<u>\$ 1,212,903</u>	<u>\$ 134,328</u>	<u>\$ 52,844</u>	<u>\$ 1,294,387</u>

# STATISTICAL SECTION



CITY OF HOLLISTER

**DESCRIPTION OF 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>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	118 - 123
<b>Revenue Capacity</b>	
These schedules contain trend information to help the reader assess the City's most significant local revenue source, the property tax.	124 - 127
<b>Debt Capacity</b>	
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.	128 - 132
<b>Economic and Demographic Information</b>	
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	133 - 135
<b>Operating Information</b>	
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.	136 - 138

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 POSITION by COMPONENT**  
**LAST TEN FISCAL YEARS**  
(accrual basis of accounting)

	2004	2005	2006	2007 <sup>(1)</sup>	2008	2009	2010	2011	2012 <sup>(2)</sup>	2013
<b><u>Governmental activities:</u></b>										
Net investment in capital assets	\$ 97,106,893	\$ 113,969,767	\$ 116,709,036	\$ (906,002)	\$ (1,076,423)	\$ (1,238,024)	\$ (403,587)	\$ 1,533,436	\$ 39,537,412	\$ 38,645,064
Restricted	50,383,527	41,330,000	40,040,000	23,189,297	18,447,194	15,252,460	15,087,344	35,606,179	16,364,070	5,979,394
Unrestricted	4,786,459	(6,798,832)	(20,174,810)	18,487,468	32,972,977	40,887,336	35,397,359	10,942,106	14,396,321	26,802,171
Total governmental activities net position	<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>\$ 48,081,721</u>	<u>\$ 70,297,803</u>	<u>\$ 71,426,629</u>
<b><u>Business-type activities:</u></b>										
Net investment in capital assets	\$ 94,392,491	\$ 98,409,998	\$ 95,950,871	\$ 25,021,339	\$ 36,637,224	\$ 33,421,263	\$ 34,874,146	\$ 33,289,098	\$ 32,131,307	\$ 33,076,094
Restricted	15,210,954	13,810,000	13,886,003					7,941,508	7,941,652	7,941,851
Unrestricted	(20,345,698)	(20,970,559)	(20,495,761)	3,820,889	3,203,871	10,765,382	13,757,524	7,502,686	8,749,251	9,886,667
Total business-type activities net position	<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>\$ 48,733,292</u>	<u>\$ 48,822,210</u>	<u>\$ 50,904,612</u>
<b><u>Primary government:</u></b>										
Net investment in capital assets	\$ 191,499,384	\$ 212,379,765	\$ 212,659,907	\$ 24,115,337	\$ 35,560,801	\$ 32,183,239	\$ 34,470,559	\$ 34,822,534	\$ 71,668,719	\$ 71,721,158
Restricted	65,594,481	55,140,000	53,926,003	23,189,297	18,447,194	15,252,460	15,087,344	43,547,687	24,305,722	13,921,245
Unrestricted	(15,559,239)	(27,769,391)	(40,670,571)	22,308,357	36,176,848	51,652,718	49,154,883	18,444,792	23,145,572	36,688,838
Total primary government net position	<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>	<u>\$ 96,815,013</u>	<u>\$ 119,120,013</u>	<u>\$ 122,331,241</u>

Source: Finance Department, City of Hollister

Note 1: The City changed auditors for the 2006/07 audit. The 2006/07 audit had major readjustments to the City's financial statements.

Note 2: The State of California dissolved redevelopment agencies during 2011-2012.

**CITY OF HOLLISTER, CALIFORNIA**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012 (3)	2013
<b>Governmental activities:</b>										
<b>Expenses</b>										
General government	\$ 9,135,598	\$ 10,242,260	\$ 21,594,223	\$ 7,393,697	\$ 7,633,251	\$ 7,565,001	\$ 11,496,478	\$ 8,702,170	\$ 3,969,427	\$ 4,551,007
Public safety	9,265,653	9,606,645	9,958,700	14,770,458	10,569,228	12,510,912	11,725,625	11,129,565	11,114,241	11,437,974
Public works	6,359,419	5,111,662	3,864,120	16,164,892	5,792,244	3,802,923	3,368,100	3,041,659	3,315,807	5,179,959
Recreation	799,594	458,325	1,366,530	3,595,118	1,512,531	1,772,027	1,576,338	1,503,455	1,465,723	1,408,353
Interest on long-term debt	3,631,302	1,624,693	2,085,455	2,051,691	2,020,677	1,985,412	2,296,969	2,409,814	1,192,033	723
Total governmental activities expense	29,191,566	27,043,585	38,869,028	43,975,856	27,527,931	27,636,275	30,463,510	26,786,663	21,057,231	22,578,016
<b>Program Revenues</b>										
Charges for services:										
General government	1,185,305	967,484		127,642	86,580	1,530,103	1,121,856	1,196,087	1,096,994	1,748,481
Public safety	13,121	9,188	230,957	646,800	424,451	380,158	513,535	373,329	274,700	248,167
Public works	102,007	21,060	422,834	172,195	128,191	479,797	1,621,172	1,655,111	864,986	1,190,116
Recreation	318,253	195,206	726,712	285,996	290,548	270,260	498,451	651,236	323,449	382,210
Operating grants and contributions	3,270,473	4,465,604	5,144,663	6,205,229	6,059,794	1,362,085	1,116,473	848,526	867,250	1,243,504
Capital grants and contributions							192,620	1,339,706	1,079,884	2,878,079
Total governmental activities program revenues	4,889,159	5,658,542	6,525,166	7,437,862	6,989,564	4,022,403	5,064,107	6,063,995	4,507,263	7,690,557
<b>Net Expense<sup>1</sup></b>	<b>(24,302,407)</b>	<b>(21,385,043)</b>	<b>(32,343,862)</b>	<b>(36,537,994)</b>	<b>(20,538,367)</b>	<b>(23,613,872)</b>	<b>(25,399,403)</b>	<b>(20,722,668)</b>	<b>(16,549,968)</b>	<b>(14,887,459)</b>
<b>General Revenues and Transfers</b>										
Taxes:										
Property taxes and other taxes (2)	14,387,478	14,361,047	15,470,622	16,248,080	17,115,012	21,280,446	18,544,527	18,660,910	16,111,012	13,451,970
Motor vehicle in lieu (2)				247,267	159,130	136,191	109,581	110,564	129,786	38,873
Licenses, permits, and fees (2)				744,855	470,836					
Unrestricted investment earnings	1,897,854	1,605,036	1,997,621	2,722,010	1,732,758	764,469	348,449	249,561	165,079	325,930
Miscellaneous	3,914,190	1,643,016	2,948,910	2,077,720	2,668,418	4,930,074	1,605,007	2,095,931	1,745,419	1,943,202
Transfers				(81,622)	38,759	(353,631)	16,202	(16,323)	256,310	
Total general revenues and transfers	20,199,522	17,609,099	20,417,153	22,039,932	22,064,532	27,149,939	20,253,933	21,133,168	18,134,973	16,016,285
<b>Change in net position- governmental activities</b>	<b>\$ (4,102,885)</b>	<b>\$ (3,775,944)</b>	<b>\$ (11,926,709)</b>	<b>\$ (14,498,062)</b>	<b>\$ 1,526,165</b>	<b>\$ 3,536,067</b>	<b>\$ (5,145,470)</b>	<b>\$ 410,500</b>	<b>\$ 1,585,005</b>	<b>\$ 1,128,826</b>

1

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

Note 3: The State of California dissolved redevelopment agencies during 2011-2012.

(continued)

**CITY OF HOLLISTER, CALIFORNIA**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Business-Type activities:</b>										
<b>Expenses</b>										
Airport	\$ 775,997	\$ 676,283	\$ 754,289	\$ 746,959	\$ 807,734	\$ 873,910	\$ 852,930	\$ 930,971	\$ 1,067,579	\$ 994,428
Water	2,785,903	2,445,174	2,528,405	2,487,804	2,964,693	3,919,817	3,776,513	3,702,692	3,735,177	4,225,254
Wastewater	10,933,663	5,653,507	5,875,070	3,460,118	4,142,410	7,195,980	8,716,397	13,792,619	13,867,751	13,538,301
Street sweeping	281,139	239,450	498,747	348,990	411,282	363,054	409,517	446,664	393,323	353,147
Briggs Building			84,419	206,683	219,093	223,840	228,233	217,980	237,237	229,285
Total business-type activities	14,776,702	9,014,414	9,740,930	7,250,554	8,545,212	12,576,601	13,983,590	19,090,926	19,301,067	19,340,415
<b>Program Revenues</b>										
Charges for services:										
Airport	492,278	536,114	524,951	590,000	560,947	625,513	697,675	662,898	687,380	748,671
Water	1,926,355	1,896,280	2,478,239	4,291,736	4,124,258	4,170,336	4,117,577	3,684,750	3,883,348	3,905,634
Wastewater	5,353,596	4,557,248	4,080,381	6,593,813	9,282,635	11,147,589	12,730,842	13,469,247	13,369,839	14,129,540
Street sweeping	287,456	286,882	286,882	316,001	309,352	320,609	318,057	319,943	311,163	313,783
Briggs Building			132,600	122,400	147,050	121,550	122,400	132,600	132,600	111,366
Capital grants and contributions	36,321							55,800		2,435,230
Total business-type activities program revenues	8,096,006	7,276,524	7,503,053	11,913,950	14,424,242	16,385,597	17,986,551	18,325,238	18,384,330	21,644,224
<b>Net Expense<sup>1</sup></b>	<b>(6,680,696)</b>	<b>(1,737,890)</b>	<b>(2,237,877)</b>	<b>4,663,396</b>	<b>5,879,030</b>	<b>3,808,996</b>	<b>4,002,961</b>	<b>(765,688)</b>	<b>(916,737)</b>	<b>2,303,809</b>
<b>General revenues</b>										
Unrestricted investment earnings	246,964	252,759	329,551	3,101,803	3,779,982	575,313	88,433	71,762	54,854	34,903
Miscellaneous		3,476,823								
Capital contributions				9,877,090						
Transfers					81,622	(38,759)	353,631	(16,202)	16,323	(256,310)
Total general revenues	246,964	3,729,582	329,551	12,978,893	3,861,604	536,554	442,064	55,560	71,177	(221,407)
<b>Change in net position -business-type activities</b>	<b>\$ (6,433,732)</b>	<b>\$ 1,991,692</b>	<b>\$ (1,908,326)</b>	<b>\$ 17,642,289</b>	<b>\$ 9,740,634</b>	<b>\$ 4,345,550</b>	<b>\$ 4,445,025</b>	<b>\$ (710,128)</b>	<b>\$ (845,560)</b>	<b>\$ 2,082,402</b>

(continued)

**CITY OF HOLLISTER, CALIFORNIA**  
**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
(accrual basis of accounting)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Primary Government</b>										
<b>Expenses</b>										
Governmental activities	\$ 29,191,566	\$ 27,043,585	\$ 38,869,028	\$ 43,975,856	\$ 27,527,931	\$ 27,636,275	\$ 30,463,510	\$ 26,786,663	\$ 21,057,231	\$ 22,578,016
Business-type activities	14,776,702	9,014,414	9,740,930	7,250,554	8,545,212	12,576,601	13,983,590	19,090,926	19,301,067	19,340,415
Total primary government expenses	43,968,268	36,057,999	48,609,958	51,226,410	36,073,143	40,212,876	44,447,100	45,877,589	40,358,298	41,918,431
<b>Program Revenues</b>										
Governmental activities	4,889,159	5,658,542	6,525,166	7,437,862	6,989,564	4,022,403	5,064,107	6,063,995	4,507,263	7,690,557
Business-type activities	8,096,006	7,276,524	7,503,053	11,913,950	14,424,242	16,385,597	17,986,551	18,325,238	18,384,330	21,644,224
Total primary government program revenues	12,985,165	12,935,066	14,028,219	19,351,812	21,413,806	20,408,000	23,050,658	24,389,233	22,891,593	29,334,781
<b>Net Expense<sup>1</sup></b>										
Governmental activities	(24,302,407)	(21,385,043)	(32,343,862)	(36,537,994)	(20,538,367)	(23,613,872)	(25,399,403)	(20,722,668)	(16,549,968)	(14,887,459)
Business-type activities	(6,680,696)	(1,737,890)	(2,237,877)	4,663,396	5,879,030	3,808,996	4,002,961	(765,688)	(916,737)	2,303,809
Total primary government net expense	(30,983,103)	(23,122,933)	(34,581,739)	(31,874,598)	(14,659,337)	(19,804,876)	(21,396,442)	(21,488,356)	(17,466,705)	(12,583,650)
<b>General revenues</b>										
Governmental activities	20,199,522	17,609,099	20,417,153	22,039,932	22,064,532	27,149,939	20,253,933	21,133,168	18,134,973	16,016,285
Business-type activities	246,964	3,729,582	329,551	12,978,893	3,861,604	536,554	442,064	55,560	71,177	(221,407)
Total primary government general revenues	20,446,486	21,338,681	20,746,704	35,018,825	25,926,136	27,686,493	20,695,997	21,188,728	18,206,150	15,794,878
<b>Change in net position</b>										
Governmental activities	(4,102,885)	(3,775,944)	(11,926,709)	(14,498,062)	1,526,165	3,536,067	(5,145,470)	410,500	1,585,005	1,128,826
Business-type activities	(6,433,732)	1,991,692	(1,908,326)	17,642,289	9,740,634	4,345,550	4,445,025	(710,128)	(845,560)	2,082,402
Total primary government change in net position	\$ (10,536,617)	\$ (1,784,252)	\$ (13,835,035)	\$ 3,144,227	\$ 11,266,799	\$ 7,881,617	\$ (700,445)	\$ (299,628)	\$ 739,445	\$ 3,211,228

Source: Finance Department, City of Hollister

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

	2004	2005	2006 <sup>(1)</sup>	2007	2008	2009	2010	2011	2012 <sup>(2)</sup>	2013
<b>General Fund:</b>										
Reserved for:										
Deposits with others	\$ -	\$ -	\$ -	\$ -	\$ 48,396	\$ 19,898	\$ 32,748	\$ -	\$ -	\$ -
General restrictions	115,000	115,000	115,000							
Unreserved:										
Undesignated	7,828,041	8,964,051	6,379,909	4,876,784	3,199,546	2,271,733	2,126,112			
Nonspendable								37,812	33,418	37,521
Unassigned								2,565,494	1,666,367	4,311,704
Total general fund balance	<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>	<u>\$ 2,603,306</u>	<u>\$ 1,699,785</u>	<u>\$ 4,349,225</u>
<b>All other Governmental Funds:</b>										
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 <sup>(1)</sup>	37,270,000	15,193,539	15,193,539							
Unreserved:										
Undesignated, reported in:										
Special revenue funds	20,575,249	29,780,729	19,722,398	28,875,523	12,584,759	7,480,999	6,602,287			
Capital projects funds	22,068,576	22,579,086	19,005,706	5,973,444	9,823,651	18,312,449	20,701,390			
Nonspendable:										
Capital projects funds								4,893,154		
Restricted:										
Special revenue funds								24,759,865	7,892,675	7,387,693
Capital projects funds								7,266,662	8,471,395	12,203,648
Debt service funds								3,579,652		
Unassigned:										
Special revenue funds								(35,396)	(114,661)	(10,566)
Capital projects funds								(52,003)	(40,260)	
Total other governmental fund balances	<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>	<u>\$ 40,411,934</u>	<u>\$ 16,209,149</u>	<u>\$ 19,580,775</u>

Source: Finance Department, City of Hollister

Note 1: The City changed auditors for the 2006/07 audit. The 2006/07 audit had major readjustments to the City's financial statements.

Note 2: The State of California dissolved redevelopment agencies during 2011-2012.

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 <sup>(1)</sup>
<b>REVENUES</b>										
Taxes	\$ 14,078,793	\$ 13,986,568	\$ 15,470,622	\$ 16,248,080	\$ 17,115,012	\$ 21,416,637	\$ 18,654,108	\$ 18,771,474	\$ 16,240,798	\$ 13,490,843
Licenses and permits	443,940	374,479	422,834	744,855	470,836	1,071,578	2,135,977	2,155,992	1,337,093	1,261,930
Intergovernmental	3,270,473	4,465,604	5,144,663	4,094,614	8,576,806	1,362,085	1,309,093	2,188,232	1,947,134	3,681,596
Charges for services	1,618,686	1,191,888	726,712	979,577	797,352	945,538	1,433,712	1,587,676	1,112,597	2,166,569
Fines and forfeitures	611,574	152,067	230,957	253,056	132,419	643,202	185,325	132,095	110,439	140,475
Investment earnings	1,897,854	1,605,036	1,997,622	2,722,010	1,732,758	764,469	348,449	232,061	147,579	308,430
Other	3,914,190	6,878,829	2,948,910	2,773,264	2,668,418	4,979,793	1,668,529	2,142,299	1,790,357	6,439,011
<b>Total revenues</b>	<b>25,835,510</b>	<b>28,654,471</b>	<b>26,942,320</b>	<b>27,815,456</b>	<b>31,493,601</b>	<b>31,183,302</b>	<b>25,735,193</b>	<b>27,209,829</b>	<b>22,685,997</b>	<b>27,488,854</b>
<b>EXPENDITURES:</b>										
Current:										
General government	8,396,502	6,473,962	19,381,237	5,403,623	6,505,756	8,558,338	13,423,444	10,313,176	5,420,746	4,699,219
Public safety	9,134,575	9,424,862	9,811,365	9,584,508	9,928,001	11,283,420	11,258,547	10,666,040	11,353,416	10,648,630
Public works	5,656,227	4,193,602	2,908,309	2,677,150	2,652,311	2,654,005	2,564,064	2,374,410	2,676,268	2,243,945
Recreation	799,594	458,325	1,366,530	1,224,766	1,247,593	1,517,656	1,322,829	1,282,078	1,253,142	1,134,326
Capital outlay	2,245,001	10,669,368	6,240,401	27,373,522	4,666,628	1,338,440	1,681,738	3,790,377	4,304,724	2,994,830
Debt Service:										
Principal	4,575,271	1,230,000	1,289,887	735,000	765,000	795,000	835,000	990,000	1,125,000	2,425
Interest	2,167,175	1,926,715	2,045,444	2,067,713	2,036,699	2,001,434	2,686,796	2,408,845	1,192,033	723
<b>Total expenditures</b>	<b>32,974,345</b>	<b>34,376,834</b>	<b>43,043,173</b>	<b>49,066,282</b>	<b>27,801,988</b>	<b>28,148,293</b>	<b>33,772,418</b>	<b>31,824,926</b>	<b>27,325,329</b>	<b>21,724,098</b>
Excess (deficiency) of revenues over expenditures	(7,138,835)	(5,722,363)	(16,100,853)	(21,250,826)	3,691,613	3,035,009	(8,037,225)	(4,615,097)	(4,639,332)	5,764,756
<b>OTHER FINANCING SOURCES (USES):</b>										
Transfers in	1,285,978	1,183,428	1,075,650		366,242	3,316,231	5,104,018	1,968,313	786,687	322,725
Transfer out	(809,261)	(6,685,258)	(1,075,650)		(447,864)	(3,277,472)	(5,457,649)	(1,952,111)	(803,010)	(66,415)
Issuance of debt	35,000,000						8,000,000	-	30,868	-
<b>Total other financing sources (uses)</b>	<b>35,476,717</b>	<b>(5,501,830)</b>	<b>-</b>	<b>-</b>	<b>(81,622)</b>	<b>38,759</b>	<b>7,646,369</b>	<b>16,202</b>	<b>14,545</b>	<b>256,310</b>
<b>EXTRAORDINARY GAINS (LOSSES)</b>									<b>(20,481,519)</b>	
<b>Net change in fund balances</b>	<b>\$ 28,337,882</b>	<b>\$ (11,224,193)</b>	<b>\$ (16,100,853)</b>	<b>\$ (21,250,826)</b>	<b>\$ 3,609,991</b>	<b>\$ 3,073,768</b>	<b>\$ (390,856)</b>	<b>\$ (4,598,895)</b>	<b>\$ (25,106,306)</b>	<b>\$ 6,021,066</b>
Debt service as a percentage of noncapital expenditures	21.94%	13.32%	9.06%	12.92%	12.11%	10.43%	10.97%	12.12%	10.47%	0.02%

Source: Finance Department, City of Hollister

Note 1: The State of California dissolved redevelopment agencies during 2011-2012.

**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
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	13,756,368	13,756,368	100.00%		13,756,368	100.00%
2010	11,479,993	11,479,993	100.00%		11,479,993	100.00%
2011	11,564,994	11,564,994	100.00%		11,564,994	100.00%
2012	10,584,243	10,584,243	100.00%		10,584,243	100.00%
2013	10,066,973	10,066,973	100.00%		10,066,973	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**  
(modified accrual basis of accounting)

Fiscal Year	Secured Roll	Utility Roll	Unsecured Roll	Assessed Value
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
2011	2,499,925,552	76,000	102,329,316	2,602,330,868
2012	2,445,660,741	76,000	105,558,069	2,551,294,810
2013	2,368,331,139	77,470	103,629,847	2,472,038,456

2012-2013 Local Secured Assessed Valuation Breakdown

Residential	Commercial	Industrial	Agricultural/Other	Total Local Secured Property
\$ 1,911,674,214	\$ 234,844,006	\$ 198,072,011	\$ 23,740,908	\$ 2,368,331,139

Note: Reliable trend information for fiscal years 2003-2005 was not available from the County of San Benito. Information will be provided in future years.

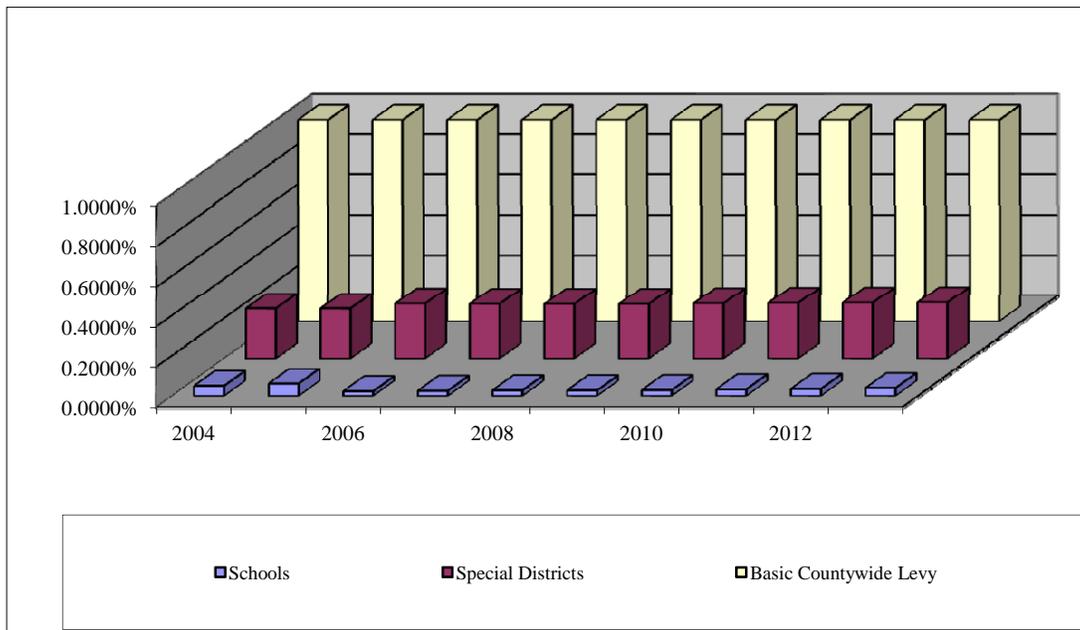
Note: Total estimated actual value of taxable property was not reasonably estimable as the Assessor for San Benito County continues to make reassessments and due to the high foreclosure rate.

Source: California Municipal Statistics, Inc.

**CITY OF HOLLISTER, CALIFORNIA**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
 (Rate per \$100 of assessed value)  
**LAST TEN FISCAL YEARS**

Fiscal Year	Basic Countywide Levy	Schools	Special Districts	Total
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%
2011	1.000%	0.0328%	0.2784%	1.3112%
2012	1.000%	0.0348%	0.2798%	1.3146%
2013	1.000%	0.0389%	0.2811%	1.3200%

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	2013			2004 (1)		
	Rank	Assessed Valuation	Percentage of Total Assessed	Rank	Assessed Valuation	Percentage of Total Assessed
K & S Market, Inc.	1	\$ 34,581,762	1.460%		n/a	
Janet P. Roberts Family Trust	2	18,065,798	0.763%		n/a	
Award Homes Inc.	3	13,000,000	0.549%		n/a	
Northwest Packing Co. Inc.	4	12,580,736	0.531%		n/a	
KMG Electronic Chemicals Inc.	5	11,909,736	0.503%		n/a	
Dayton Hudson Corporation	6	11,623,563	0.491%		n/a	
Marich Confectionery Associates	7	10,632,293	0.449%		n/a	
Pancal West Marine 287 LLC	8	10,576,349	0.447%		n/a	
Milgard Manufacturing Incorporated	9	9,397,620	0.397%		n/a	
2401 Bert LLC	10	9,050,000	0.382%		n/a	
Largest Secured Property Valuation		141,417,857	5.971%			0.000%
Other Secured Taxpayers		2,226,913,282				
Total Secured Property Valuation - net of exemptions		\$ 2,368,331,139			\$ -	

Note 1: In accordance with GASB Statement No. 44, the following table presents information for the City's principal taxpayers as of June 30, 2013 and should also be presented for June 30, 2004. However, June 30, 2004 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

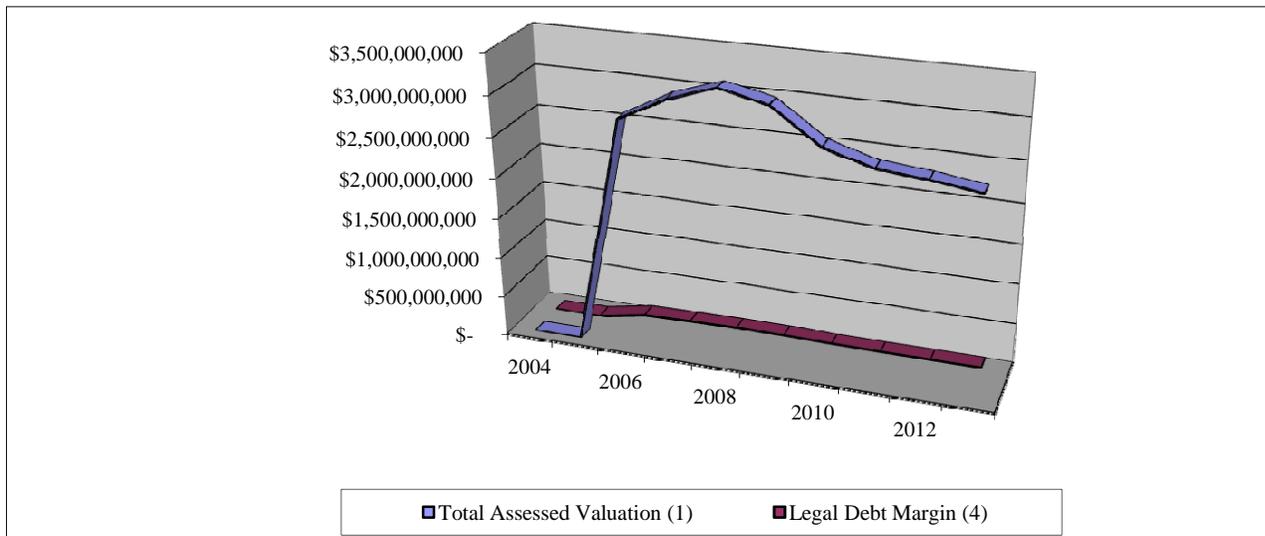
## LEGAL DEBT MARGIN INFORMATION

### 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
2004	n/a	n/a	n/a	n/a	n/a
2005	n/a	n/a	n/a	n/a	n/a
2006	\$ 2,821,026,672	\$ 105,788,500	\$ -	\$ 105,788,500	100%
2007	3,117,987,379	116,924,527		116,924,527	100%
2008	3,310,975,704	124,161,589		124,161,589	100%
2009	3,182,171,474	119,331,430		119,331,430	100%
2010	2,771,912,186	103,946,707		103,946,707	100%
2011	2,602,330,868	97,587,408		97,587,408	100%
2012	2,551,294,810	95,673,555		95,673,555	100%
2013	2,472,038,456	92,701,442		92,701,442	100%

Note:

- (1) Total assessed valuation includes exempt property.
- (2) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted when assessed valuations were based on 25% of full market value. This has since changed to 100% of full market value. Thus, the limit shown is 3.75% (one-fourth the limit of 15%).
- (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	Debt		Net Debt	Ratio of Net Bonded Debt to Assessed Value	Percentage of Personal Income (4)	Net Bonded Debt per Capita
			Gross Bonded Debt	Payable from Enterprise Revenue (2)				
2004	36,750	n/a		\$ 15,210,954	\$ 15,210,954	n/a	n/a	427
2005	36,758	n/a		14,775,066	14,775,066	n/a	n/a	414
2006	36,687	\$ 3,112,647,841		14,311,953	14,311,953	0.459%	n/a	402
2007	36,707	3,305,136,503		128,248,196	128,248,196	3.873%	n/a	390
2008	36,878	3,173,866,869		127,660,505	127,660,505	4.012%	n/a	3,494
2009	37,054	2,762,160,352		118,953,880	118,953,880	4.291%	n/a	3,462
2010 (3)	34,925	2,771,912,186		116,983,321	116,983,321	4.220%	n/a	3,210
2011 (3)	35,165	2,602,330,868		104,603,826	104,603,826	4.020%	8.49%	2,975
2012 (3)	35,533	2,551,294,810		108,067,169	108,067,169	4.236%	8.68%	3,041
2013 (3)	36,108	2,472,038,456		105,662,467	105,662,467	4.274%	7.69%	2,926

Source:

- (1) State of California, Department of Finance  
([www.dof.ca.gov/research/demographic/reports/estimates/](http://www.dof.ca.gov/research/demographic/reports/estimates/))
- (2) Finance Department, City of Hollister
- (3) Includes 2010 Census Changes
- (4) Bureau of Economic Analysis (for San Benito County)  
(<http://www.bea.gov/regional/bearfacts/>)

**CITY OF HOLLISTER, CALIFORNIA**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**

(In Thousands, except Per Capita and Personal Income)

Fiscal Year	Governmental	Business-type Activities		Total Primary Government	Percentage of Assessed Value	Percentage of Personal Income (1)	Per Capita
	Activities	Bonds	Loans				
2004	\$ 42,560	\$ 14,195	\$ 1,016	\$ 57,771	n/a	n/a	\$ 1,572
2005	41,330	13,810	965	56,105	n/a	n/a	1,526
2006	40,550	13,400	912	54,862	1.7626%	n/a	1,495
2007	39,815	19,395	853	60,063	1.8173%	n/a	1,636
2008	39,050	126,870	791	166,711	5.2526%	n/a	4,521
2009	38,255	118,230	724	157,209	5.6915%	n/a	4,243
2010	45,420	116,330	653	162,403	5.8589%	n/a	4,650
2011	44,430	104,025	579	149,034	5.7269%	0.02%	4,238
2012		101,970	30,868	132,838	5.2067%	0.03%	3,738
2013		101,970	28,443	130,413	5.2755%	0.03%	3,612

Source:

- (1) Bureau of Economic Analysis (for San Benito County)  
(<http://www.bea.gov/regional/bearfacts/>)

**CITY OF HOLLISTER, CALIFORNIA**  
**OVERLAPPING BONDED DEBT**  
**JUNE 30, 2013**

2012-13 Assessed Valuation: \$ 2,472,038,456

	Total Debt 6/30/2013	% Applicable (1)	City's Share of Debt 6/30/13	
<b><u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>				
Gavilan Joint Community College District	\$101,415,000	10.870%	\$11,023,811	
Hollister School District	3,270,000	73.065%	2,389,226	
North County Joint Union School District	3,194,906	6.581%	210,257	
San Benito Healthcare District	30,170,000	46.163%	13,927,377	
City of Hollister	30,868	100.000%	28,443	(1)
City of Hollister 1915 Act Bonds	2,165,000	100.000%	<u>2,165,000</u>	
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>29,744,114</u>	
 <b><u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u></b>				
	4,125,000	100.000%	42,125,000	
			<u>42,125,000</u>	
 <b>TOTAL DIRECT DEBT</b>				
			<u>0</u>	
<b>TOTAL OVERLAPPING DEBT</b>				
			<u>71,869,114</u>	
 <b>COMBINED TOTAL DEBT</b>				
			<u>\$ 71,869,114</u>	(2)

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

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

**Ratios to 2012-13 Assessed Valuation:**

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessme	1.20%
Combined Total Debt	2.91%

**Ratios to Redevelopment Successor Agency Incremental Valuation (\$959,056,198):**

Total Overlapping Tax Increment Debt	4.39%
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AB:(\$425)

Source: California Municipal Statistics, Inc.

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

	Fiscal Year										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Obligation Bonds</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Less:</b> Amounts Available in Debt Service Fund											
<b>Total Net Obligation Bonds Outstanding</b>	<u>\$ -</u>										
<b>Percentage of Estimated Actual Taxable Value of Propert</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Per Capita</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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 Unemployment Rate (4)
		County of San Benito Personal Income (2)	Per Capita Personal Income (2)	School Enrollment (3)	
2004	36,750	\$1,709,183,000	31,025	10,937	9.4%
2005	36,758	1,748,023,000	31,823	10,199	8.0%
2006	36,687	1,859,490,000	34,139	10,813	7.5%
2007	36,707	1,969,783,000	36,139	10,754	7.1%
2008	36,878	1,954,831,000	35,674	10,586	10.1%
2009	37,054	1,945,249,000	35,331	10,510	16.0%
2010 (5)	34,925	1,882,370,000	33,904	9,907	15.4%
2011 (5)	35,165	1,964,156,000	35,029	9,692	15.3%
2012 (5)	35,533	2,163,294,000	38,030	9,562	12.6%
2013 (5)	36,108	n/a	n/a	9,615	10.4%

Sources:

- (1) State of California, Department of Finance  
([www.dof.ca.gov/research/demographic/reports/estimates/e-1/](http://www.dof.ca.gov/research/demographic/reports/estimates/e-1/))
- (2) Bureau of Economic Analysis ([www.bea.gov/bea/regional/index.htm/](http://www.bea.gov/bea/regional/index.htm/))
- (3) Ed-data ([www.ed-data.k12.ca.us](http://www.ed-data.k12.ca.us))
- (4) U.S. Bureau of Labor Statistics ([www.bls.gov](http://www.bls.gov))
- (5) Includes 2010 Census Changes

**CITY OF HOLLISTER, CALIFORNIA**  
**PRINCIPAL EMPLOYERS**  
**JUNE 30, 2013 and Nine Years Ago**

**Major County Employers**

Company	2013			2004 <sup>1</sup>		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Natural Select Foods	1000	1	7.19%	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
<b>Total</b>	<b>5,014</b>		<b>36.07%</b>			

<sup>1</sup> The information is not available as the City did not track this information until 2009.

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

**CITY OF HOLLISTER, CALIFORNIA**  
**MISCELLANEOUS STATISTICAL INFORMATION**  
**JUNE 30, 2013**

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**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 four-member City Council and Mayor

**Fiscal Year Begins:** July 1

**City Employees:** as of June 30, 2013: 125 FTEs

Source: Finance Department, City of Hollister

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

<b>Function/Program</b>	<b>For the Fiscal Year Ended June 30,</b>						
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Police</b>							
Criminal Citations Issued	1,976	1,352	2,113	1,184	1,329	1,105	702
Parking Citations	401	399	722	950	1,399	1,091	2,320
<b>Fire</b>							
Number of Calls Received	2,072	1,973	1,921	1,856	1,868	2,007	3,604
<b>Public Works</b>							
Streets Resurfacing (Miles)	7	-	-	-	2	1	1
Tons of debris collected by Street Sweepers	681	708	691	463	960	1,110	833
<b>Community Services</b>							
Facility Rentals	n/a	621	745	745	758	668	735
<b>Community Development</b>							
Building Inspections Completed	727	604	607	1,960	2,006	1,318	1,272
Total Permits Issued	882	645	647	506	513	448	583
<b>Water</b>							
Million Gallons Water Treated	934	903	1,014	800	1,047	822	904
Percent of Drinking Water Regulations Met	99%	99%	99%	99%	99%	99%	99%
<b>Wastewater</b>							
Million Gallons waster Water Treated	931	807	730	1,000	762	744	777
Miles of Wastewater Collection System Pipes Cleaned	8.6	23.8	38.2	22.5	4.4	15.8	15.2
Percent of Discharge Requirement Met	99%	99%	99%	95%	99%	99%	99%
<b>Airport</b>							
Hangar/ Buildings Customers	92	92	90	87	87	87	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 SEVEN FISCAL YEARS**

<b>Function/Program</b>	<b>For the Fiscal Year Ended June 30,</b>						
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Police</b>							
Stations	1	1	1	1	1	1	1
<b>Fire</b>							
Stations	1	2	2	2	2	2	2
<b>Public Works</b>							
Streets (Miles)	95	95	95	95	95	95	95
<b>Community Services</b>							
Parks Acreage	58.75	58.75	108.75	108.75	108.75	108.75	108.75
Parks	12	12	13	13	13	13	13
Tennis Courts	3	3	3	3	3	3	3
Community Buildings	3	3	3	3	3	3	3
<b>Water</b>							
Number of Pump Stations/ Booster Stations	1	1	1	1	1	1	1
Number of Treatment Plants	1	1	1	1	1	1	1
Number of Wells	6	6	6	6	6	6	6
<b>Wastewater</b>							
Number of Treatment Plants	2	2	2	2	2	2	2
Number of Lift Stations	4	4	4	4	4	4	4
<b>Airport</b>							
Runways, Taxiways, Ramps, and Hanger Areas (Paved Surface in sq. ft)(in thousand)	2,455	2,455	2,455	2,455	2,455	2,455	2455
<b>Parking</b>							
Number of Parking Structures and Lots	10	10	10	10	10	10	10
Number of Parking Spaces	425	425	425	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 NINE FISCAL YEARS**

Full-time Equivalent Employees									
Function/Program	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General government:</b>									
City Clerk/ Treasurer	3	2	2	1	1	1	1	1	1
City Attorney			1	1	1	1	1	1	1
City Manager	1	1	1	1	1	1	1	1	1
Community Development	6	6	6	7	9	8	7	5	5
Engineering	8	8	8	8	8	7	7	7	7
Administration	14	16	13	14	16	12	12	11	11
<b>Public Safety:</b>									
Police Protection	31	28	29	29	29	28	28	29	29
Animal Control	4	4	2	4	4	4	3	3	3
Fire Protection	26	26	24	25	25	25	25	24	31
<b>Public Works:</b>									
Public works	19	22	16	14	17	12	12	12	12
<b>Utilities:</b>									
Street Sweeping	2	2	2	2	2	2	2	1	1
Water	9	7	7	8	8	9	9	9	9
Wastewater	5	5	5	4	4	7	7	8	8
<b>Recreation</b>									
	2	3	3	3	3	3	3	3	3
<b>Airport</b>									
	4	1	2	2	3	3	3	3	3
	134	131	121	123	131	123	121	118	125

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

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### GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

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**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

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### GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

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**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

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### GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

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**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.

**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 position. The economic resources measurement focus is used for proprietary and funds, as well as for government-wide financial reporting. It is also used by business enterprises in the private sector.

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

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

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

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

## CITY OF HOLLISTER

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### GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

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**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.

**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.

## CITY OF HOLLISTER

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### GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

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**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 position 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.

**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.

## CITY OF HOLLISTER

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### GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

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**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.

**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.

## CITY OF HOLLISTER

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### GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

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**PROPRIETARY FUNDS.** Funds that focus on the determination of operating income, changes in net position (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.

**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 POSITION.** A component of net position 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.

**TAX AND REVENUE ANTICIPATION NOTES (TRANS).** Notes issued in anticipation of the collection of taxes and revenues, usually retireable 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.

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

CITY OF HOLLISTER

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GLOSSARY FOR THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (continued)

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**UNRESTRICTED NET POSITION.** That portion of net position 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.