

CITY OF
HAYWARD
CALIFORNIA

COMPREHENSIVE
ANNUAL FINANCIAL
REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2011



HEART OF THE BAY

CITY OF HAYWARD, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2011

Prepared by:

Accounting Division, Department of Finance

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December 28, 2011

Honorable Mayor, Members of the City Council, and Citizens of the City of Hayward, California:

It is my pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Hayward for the fiscal year ended June 30, 2011. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. In the opinion of management, the data is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and contains all disclosures necessary to enable the reader to understand the City's financial affairs.

FINANCIAL STATEMENT PRESENTATION

The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB). This report consists of management's representations concerning the finances of the City of Hayward, California. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP.

The City's financial statements have been audited by Maze and Associates, a public accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The goal of the independent auditor is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Hayward, California's financial statements for the year ended June 30, 2011, are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this Report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis related to and involving the administration of Federal Awards. These reports are available in the City's separately issued Single Audit Report.

This CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The financial section includes the basic financial statements and the combined financial statements and schedules, the independent auditor's report on these financial statements and schedules, and management's discussion and analysis (MD&A). The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

The independent auditor's report is presented as the first component of the financial section of the CAFR, followed by the MD&A, which provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

CITY PROFILE

With a population currently estimated at 153,104, Hayward is the third largest city in Alameda County and is located fourteen miles south of Oakland in the San Francisco Bay Area. The City area includes sixty-one square miles lying between the eastern shore of San Francisco Bay and the southern Oakland-Berkeley Hills. Hayward serves as a major transportation hub and a center of commercial and industrial activity, with immediate access to major interstate freeways, rail lines, and public transit routes such as Bay Area Rapid Transit (BART). The community includes approximately 48,000 homes and residences of all types and considerable commercial and industrial development. Major institutional facilities include California State University-East Bay, Chabot Community College, two major hospitals, and state and county offices.

City Structure

The City was incorporated in 1876. Under the City Charter adopted in 1956, the City government is organized in the Council-Manager form. The Mayor is directly elected to a four-year term of office and serves as a voting member and the presiding officer of the City Council. The City Council includes six other members, each of whom is elected at-large to overlapping four-year terms. The Mayor and City Council serve as the legislative and policy-making body of the City government. The Mayor and City Council appoint a City Manager, a City Clerk, and a City Attorney. The City Manager is the City's chief executive officer and appoints all other City staff. The City Manager is responsible for the daily administration of the City government and provides overall direction to all City departments.

Hayward provides a full range of services to its residents including: law enforcement; fire prevention and protection; paramedic services; housing and economic development; land use development services and regulations; community planning; street construction and maintenance; landscape maintenance services; transportation planning; and contracted curbside recycling and refuse collection. In addition, the City operates and maintains facilities for water distribution, storm water, and sanitary sewer collection and disposal. The City also operates a general aviation executive airport, downtown parking facilities, a main and branch library, and a civic center. Through its Redevelopment Agency, the City provides development services and improvements in a project area encompassing approximately 1,500 acres. Park and recreation services are provided through partnership with the regional Hayward Area Recreational District (HARD), headquartered in the City. This partnership includes two public golf courses under operational lease to HARD.

After school programs and literacy classes are provided through the Library system and on school campuses in partnership with Hayward Unified School District (HUSD).

Component Units

The City Council is also financially accountable for the Hayward Redevelopment Agency, the Hayward Public Financing Authority, the Hayward Housing Authority, and the Hayward Business Improvement District; therefore, these component unit activities are included in the accompanying basic financial statements. Furthermore, the City participates in a number of joint ventures and authorities, which exist due to joint exercise of power agreements. An equity interest is reported for the East Bay Dischargers Authority (www.ebda.org/). The complete financial activities have not been included for this entity, as the City Council is not financially accountable for them. Other entities, which have been excluded, that do not meet the established criteria for inclusion in the reporting entity are the Hayward Area Recreation and Park District (www.haywardrec.org/) and Hayward Unified School District (www.husd.k12.ca.us/).

ECONOMIC CONDITION AND OUTLOOK

The information presented in the financial statements is best understood when it is considered within the broader perspective of the specific environment in the City of Hayward.

Local Economy

Hayward is a diverse city with a diverse economy – comprised of a growing business community that represents a balance of retail, industrial, and emerging technologies. Located midway between San Francisco and San Jose, in fiscal year 2011, the City of Hayward continued to experience a significant down-turn in the economy like many other municipalities located in the San Francisco bay area. The recession resulting from the global financial and credit market meltdown in 2008 has had a direct and dramatic impact on Hayward's local revenues.

Economic reports on the state of California are improving—ever so slightly. The Employment Development Department has released its latest figures, which show 6,600 new jobs were added during the month of November 2011. Consequently, the State unemployment rate now stands at 11.3%, thereby making November the fourth straight month in which the jobless rate has declined. In October 2011 it was at 11.7%. The latest rate is the best the State has experienced since the worst of the recession dealt California (and the nation) a blow back in 2008 and now the country's overall unemployment rate stands at 8.6 percent. While this is optimistic news, management has mixed views regarding the outlook for the future due to the expectation that major revenues will not rebound to prior year high levels in the foreseeable future.

The General Fund revenue outlook for the long-term future of the City is difficult to predict. The slow recovery of the housing market is expected to restrain property tax growth. The City experienced an 8.4% decline in property tax revenues in fiscal year 2010 and a 1.5% decline in fiscal year 2011. According to the County Assessor, property assessed values have been leveling off and a .25% decline is expected for fiscal year 2012. However, as the City's single largest revenue source, this has resulted in a dramatic loss of revenue of about \$8.5 million between fiscal years 2009 and 2011.

Sales tax revenue declined by 10.75% from 2009 to 2010, largely due to lagging automobile sales, along with business-to-business, construction, and other retail sectors. On a positive note,

the City did see its sales tax revenues rebound in fiscal year 2011, experiencing an 8.4% increase over fiscal year 2010. While this does not achieve the level of sales tax revenues experienced in 2008, it does indicate economic improvement. Staff anticipates moderate growth in sales tax revenue for the foreseeable future. On May 19, 2009, the voters of the City of Hayward approved Measure A allowing for the collection of a 5.5% utility users tax to maintain key essential services and prevent further reductions to basic City services. The utility users' tax revenue for fiscal year 2011 was \$14.7 million and is estimated to be \$14.8 million in fiscal year 2012.

Controlling expenditures has been key to responding to this economic recession. Management and employee groups have partnered to identify significant savings. Our challenge is to continue this partnership and to identify how to turn short-term savings measures, such as employee furloughs, into longer term, more permanent, structural savings.

Factors Affecting the City's Financial Condition

The City has lost almost \$95 million in local revenues to the State since 1994, and while staff is not aware of any additional direct local revenue losses incorporated in the most recent version of the State budget (excluding redevelopment agency funding and the local impact of State realignment), the State's resolution of its continued budget dilemma is unknown. The State's ability to take local government revenues, particularly in the area of redevelopment, has significantly hampered the future plans of local government for years.

Future of California Redevelopment Agencies: In late June 2011, the Governor approved the FY 2012 State budget, which included two trailer bills ABx1 26 (the "Dissolution Act") and ABx1 27 (the "Alternative Redevelopment Program Act") that fundamentally restructure operations of local redevelopment agencies throughout the State. ABx1 26 dissolves redevelopment agencies as they currently exist and establishes successor entities to determine ongoing payment of enforceable obligations similar to the Governor's original redevelopment elimination proposal from January 2011. ABx1 27 provides redevelopment agencies and their sponsoring communities with a mechanism for "voluntarily" deciding to continue redevelopment activities (with new restrictions), while requiring the local agencies to provide significant on-going financial contributions ("Remittance Payments") to fund school and specified special (the "Alternative Redevelopment Program"). Under this alternative, the City's Remittance Payment for fiscal year 2012 would be approximately \$4.1 million, and the City's ongoing annual Remittance Payment for future years would be approximately \$960,000.

Shortly following adoption of the legislation, the CRA and League of California of Cities filed a lawsuit in the California Supreme Court challenging the validity of the Redevelopment Restructuring Acts. The Court has indicated it will render a decision by January 15, 2012, the deadline for making the first half of the required FY 2012 Remittance Payment. On August 11, 2011 the Court issued a court order staying specified elements of the Redevelopment Restructuring Acts (as modified August 17, 2011, the "Stay"), which for all intents and purposes has halted all business associated with the Agency, except for basic operational costs and obligations. In May 2011, in accordance with ABX4-26, the Agency paid an additional \$909,000 in Supplemental Education Relief Augmentation Fund (SERAF) payments.

Long-term Perspective

As stated previously, both prolonged recessionary pressures and the sustained impact of State takeaways influence the City in both the near and long term. The City has been prudent with its financial resources and has contained costs by implementing both structural and one-time budget savings. Nonetheless, the economy is tenuous and the future is difficult to predict. The City must also make adjustments to its general expenditures in order to address an ongoing structural deficit over the next few fiscal years.

The City adopts a biennial budget and employs long-term planning as the framework for its fiscal decisions. While Hayward’s underlying economy is viewed as positive in the long-term, today’s economic challenges, notably to the City’s General Fund, must be dealt with now to ensure long-term economic stability. The other enormous challenge is to maintain an acceptable level of service to the community while meeting increased service demands with shrinking resources – while ensuring long-term economic stability.

MAJOR INITIATIVES & ACCOMPLISHMENTS

In its role of providing direction and general oversight, the City Council has adopted three overarching priorities and three supporting priorities:

Overarching Priorities:	SAFE
	CLEAN
	GREEN
Supporting Priorities:	Organizational Health
	Land Use
	Fiscal Stability

Through the budget planning process, and with City Council direction, the management team aligned its program priorities and service delivery objectives with these priorities. The operating budget provides details related to the progress made in each department related to these City Council Priorities. Some of the City’s efforts toward accomplishing these initiatives are discussed below.

Capital Improvement Program

An example of one of the strategies to meet Council priorities is the City’s Capital Improvement Program, which for FY 2011 totaled \$78 million, and over the Ten-Year Planning Cycle, the Capital Improvement Program totals \$406 million in project allocations. These projects will improve the economic base of the City as well as improving the safety and reliability of City infrastructure for residents, businesses, and visitors.

Neighborhood Services/Cleanliness

Neighborhood Partnership Program: In fiscal year 2011, the City conducted eight Phase I Neighborhood Partnership meetings in eight additional Hayward neighborhoods, totaling sixty-one Phase I meetings in seventeen neighborhoods since program inception in September 2007; and continued the Hayward Blight Busters Program to clean up neighborhoods and provide graffiti removal.

Neighborhood Stabilization Program: Implemented Neighborhood Stabilization Program with Federal stimulus grant funding provided by the American Recovery and Reinvestment Act (ARRA) to acquire and rehabilitate foreclosed properties; and rehabilitated five properties in fiscal year 2011, which were sold to income-eligible homebuyers.

Graffiti Prevention Program: The City has contracted with local artists to complete many murals throughout the community, as well as covering multiple utility boxes with art. The program was developed and is funded as a graffiti prevention program and has been very successful in that walls and boxes covered in art rarely, if ever, get tagged with graffiti. The City was honored with the Helen Putnam Award from the California League of Cities for this program; provided at least one webinar on the program for the Alliance of Innovation; and has been asked by other cities in the Bay Area to assist them in developing a similar program.

In addition, Hayward continues to enjoy the active support and involvement of its Keep Hayward Clean and Green Task Force, which is a group of residents and business owners who are dedicated to keeping Hayward free of graffiti and litter. Through their efforts and the impacts of the mural/utility box program, Hayward is becoming one of the cleanest and most graffiti-free cities along the I-880 corridor. Visit http://www.hayward-ca.gov/mural/?page_id=26 to view a sample of our utility box art; or <http://user.govoutreach.com/hayward/faq.php?cid=11713> for our murals.

Land Use and Sustainability

Route 238 Settlement: Route 238 stretches north to south from one end of the City of Hayward to the other and involves several projects related to this corridor. One major project relates to the disposition of over four hundred parcels of property accumulated by the State Department of Transportation (Caltrans) in preparation for the old 238 bypass freeway, which was abandoned by Caltrans through pressure by the community and housing advocates. The City and Caltrans worked with housing advocates to develop a settlement agreement that outlines how the residents of State-owned properties will be accommodated as property disposition progresses. In previous years, the City conducted a land use study on these 238 properties and now continues to work towards implementing the terms of the Settlement Agreement in conformance with the results of the Land Use Study.

Route 238 Corridor Improvement Project: The City is making many improvements to transportation and pedestrian access on Route 238, primarily along Mission and Foothill Boulevards. The project, which is one of the largest undertaken by the City, includes improvements to major intersections such as Mission and Carlos Bee, as well as relieving vehicle congestion through the Downtown. The project will address existing and projected traffic congestion all along the Route 238 Corridor using funding from various sources, including proceeds from the disposition of the 238 Corridor properties; and will make tremendous improvements in streetscape, lighting, and the pedestrian experience

South Hayward BART Transit Oriented Development (TOD) Project: This mixed-use TOD project received an allocation of \$47 million in State Prop 1C funding to fund Phase I of a transit-oriented development. Phase I includes market-rate rental units, affordable rental units, senior housing, and parking. Future plans call for retail, home-ownership condominiums, and a replacement parking garage to serve BART patrons. A Joint Powers Authority is being formed

between the City and BART to manage the current and future parking needs of both BART patrons and those of neighbors and businesses surrounding the City's two BART stations.

Sustainability Efforts: The City Council adopted an aggressive and thorough Climate Action Plan, a Green Building Ordinance and a Bay Friendly Landscaping Ordinance for private development; as well as an ordinance banning smoking in public areas and banning use of Styrofoam containers for restaurants. Staff has begun development of a residential and commercial energy conservation ordinance. The Council Sustainability Committee has also been very active in seeking out various other ways to "Green" the City, including actively promoting use of both solar for hot water heating and photovoltaic solar in both existing and new residences.

Organizational Health and Fiscal Stability

Long Range Financial Planning: The City continues to refine its ten-year financial planning tools as part of managing the annual budget for the General Fund, other key revenue funds such as internal service and enterprise funds, the Capital Improvement Program, and the Redevelopment Agency. Utilizing this ten-year approach has helped the City identify and plan accordingly to head off potential future structural deficits.

FINANCIAL INFORMATION

Internal Controls

The City's management is responsible for establishing and maintaining an internal control structure designed to ensure that adequate accounting data is compiled to prepare the City's financial statements in conformity with generally accepted accounting principles. The internal control structure is 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) the calculation of costs and benefits requires estimates and judgments by management.

Budgetary Controls & Financial Policies

The City Council adopts financial policies that provide guidance to critical areas such as budget administration and long-term planning, debt and cash management, fund balance/reserve levels, and risk management.

Budget Control: Budgetary controls ensure compliance with legal provisions embodied in the annual budget approved by the City Council. Per the City Charter, the City Council is required to adopt an annual budget resolution by July 1 of each fiscal year. Activities of all funds, except agency funds, are included in the Annual Budget. The City also adopts a ten-year capital improvement program, appropriating the current year's expenditures in the annual budget. The level of control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. The City Manager may authorize transfers of appropriations in the adopted budget within funds; however, any revisions which alter the total expenditures of any fund must be approved by the City Council.

Long-term Planning: One of the financial policies noted above outlines the City's goals related to long-range financial forecasting. As recommended by the policy, the City annually prepares and adopts a ten-year financial plan for the General Fund as part of the operating budget.

In addition, the City maintains long-range forecasting models for other key operating funds, including a capital improvement program plan. The City adopts a ten-year Capital Improvements Program annually, that includes planned projects in the areas of transportation, redevelopment, low to moderate income housing, pedestrian access, utilities, airport, and internal services capital replacements. Special funds are designated to fund these projects. All these investments in the various areas reflect the City Council's commitment to maintain or improve the City of Hayward and provide the citizens with the highest possible service and level of infrastructure possible given constrained funding.

Debt Administration: The City has adopted a comprehensive debt management policy that guides the issuance and management of City debt. The policy includes establishing the legal debt limits (per State law this equates to 15% of assessed value of all real and personal property of the city); identifying the types of debt that can be issued and purposes for which debt proceeds can be used; establishing financial limits affecting debt issuance; and identifying guidelines regarding the structuring of debt (such as term). At the end of fiscal year 2011, the City had total bonded debt outstanding of \$152.4 million, which complies with the current policy. This is further detailed in the accompanying Management Discussion and Analysis section of this document.

Cash Management: Cash temporarily idle during the year was mainly invested in U.S. Government securities and with the State Treasurer's Local Agency Investment Fund (L.A.I.F.). FY 2011 unaudited portfolio interest totaled \$1.5 million, annual portfolio yield was 0.79%, and average monthly cash available for investment was \$170 million. The City's investment policy is conservative. The City Council annually adopts a Statement of Investment Policy that defines the objectives and priorities of the investment program, stressing the safety and liquidity of funds as the highest priority. The final priority is to achieve the maximum yield possible within the constraints and limits stated in the policy. The City plans to move toward hiring a third-party investment manager to assist in managing and balancing the City's pooled cash portfolio, and improving the overall yield within policy guidelines.

Reserve Policies: As the City complies with the provisions of GASB 54 (fund balance reporting and fund type definitions), some of the current reserve designations may change. For FY 2011, the policy states that General Fund reserves for economic uncertainty and liquidity should be 15% of the annual General Fund operating appropriations. The policy also sets forth a \$10 million reserve for disaster-related emergencies to be established over a ten year planning period, which is critical given the risk of a major earthquake or other natural disaster affecting the City. However, due to the economic recession, funding for this reserve has been delayed, and \$3.1 million is currently designated for this reserve purpose.

While further delineated in the accompanying MD&A, at the end of fiscal year 2011, the unassigned fund balance of the General Fund was \$29.55 million, while the total fund balance was \$47.9 million. The unassigned fund balance represents 24% of total General Fund expenditures of \$121.1 million (including Transfers Out. The total economic uncertainty and liquidity balances total \$14.02 million, which is 12% of total General Fund expenditures, 3% less than Council policy of a combined 15%.

Risk Management: The City is self-insured for comprehensive general liability claims and workers' compensation. The City is a member of the Exclusive Risk Management Authority of California (ERMAC), a joint powers authority for general municipal liability insurance coverage, which assists the City in managing its risk exposure and predictability of costs.

AWARDS AND ACKNOWLEDGEMENTS

Award Recognition

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 Hayward for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This was the twenty-fourth consecutive year that the City of Hayward has received this prestigious national award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This Report must also satisfy both GAAP and applicable legal requirements.

A *Certificate of Achievement for Excellence in Financial Reporting* from the GFOA is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement requirements and staff will submit it to the GFOA to determine eligibility for another certificate.

Acknowledgements

The preparation of this report would not have been possible without the dedicated efforts of the entire Finance Department staff, as well as the audit firm of Maze & Associates. All those who contributed to the preparation of this report deserve commendation for their dedication and hard work. In particular, I would like to express special appreciation to Mikyung Pustelnik, Acting Accounting Manager; Virginia Casuga, Senior Account Technician; and the entire Accounting Division staff.

I also wish to recognize the commitment of the City Manager, the Mayor, and the City Council to the high standards embodied in this Report and express appreciation to them and each City department for their cooperation and support in conducting the fiscal operations of the City.

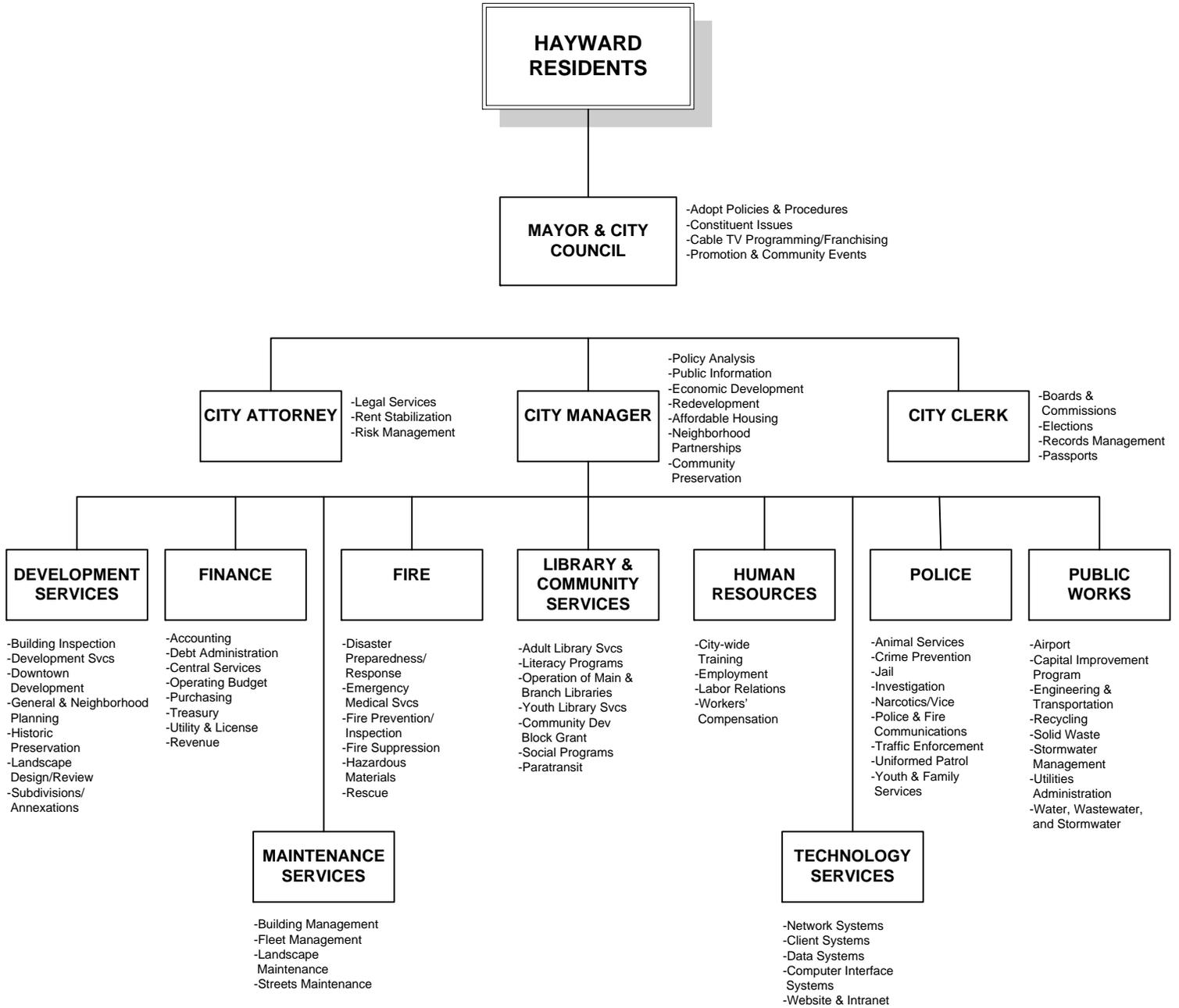
Respectfully Submitted,



Tracy A. Vesely
Director of Finance
City of Hayward

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CITY OF HAYWARD ORGANIZATION



City of Hayward Elected Officials

The Mayor and six Council members represent Hayward residents, adopt public policy, and approve resource allocations consistent with community priorities. The City Council generally meets the first, third, and fourth Tuesday of each month at 7:00 p.m. in Council Chambers, 2nd Floor of 777 B Street, Hayward, CA 94541. The public is invited and encouraged to attend Council meetings.



Michael Sweeney
Mayor
Term Expires 2014



Bill Quirk
Council Member
Term Expires 2012



Barbara Halliday
Council Member
Term Expires 2012



Mark Salinas
Council Member
Term Expires 2014



Olden Henson
Council Member
Term Expires 2012



Francisco Zermeño
Council Member
Term Expires 2012



Marvin Peixoto
Council Member
Term Expires 2014

Appointed by City Council

City Manager	Fran David
City Attorney	Michael Lawson
City Clerk	Miriam Lens

Department Directors

Assistant City Manager	Kelly McAdoo Morariu
Development Services	David Rizk
Finance	Tracy Vesely
Fire	Chief Craig Bueno
Human Resources	Fran Robustelli
Library & Community Services	Sean Reinhart
Maintenance Services	Matt McGrath
Police	Chief Diane Urban
Public Works	Robert Bauman
Technology Services	Clancy Priest

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hayward
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

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



President

Executive Director

INDEPENDENT AUDITORS' OPINION

City Council
City of Hayward, California

We have audited the basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hayward as of and for the year ended June 30, 2011 as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards for 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 as to whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the basic financial statements referred to above present fairly in all material respects the respective financial position of governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Hayward at June 30, 2011 and the results of its operations and the cash flows of its proprietary funds and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

As disclosed in Note 19, the State of California adopted ABx1 26 on June 28, 2011, which suspends all new redevelopment activities except for limited specified activities as of that date and dissolves redevelopment agencies effective October 1, 2011. The State simultaneously adopted ABx1 27 which allows redevelopment agencies to avoid dissolution by opting into an "alternative voluntary redevelopment program" requiring specified substantial annual contributions to local schools and special districts. These conditions raise substantial doubt about the ability of the Redevelopment Agency of the City of Hayward, a component unit of the City, to continue as a going concern. However, on August 11, 2011, the California Supreme Court issued a partial stay of ABx1 26 and a full stay of ABx1 27, but the partial stay did not include the section of ABx1 26 that suspends all new redevelopment activities. As a result, the accompanying financial statements have been prepared assuming that the Redevelopment Agency of the City of Hayward will continue as a going concern. The activities of the Redevelopment Agency of the City of Hayward are included in the Redevelopment Agency Capital Projects of the accompanying financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

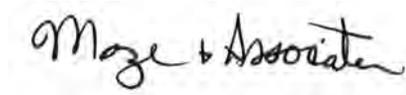
In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2011 on our consideration of the City of Hayward's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As discussed in Note 9, the City adopted the provision of Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, and restated certain fund balances as of July 1, 2010.

Management's Discussion and Analysis and Required Supplemental Information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City of Hayward. Such information has been subjected to the auditing procedures applied in our audits of the basic financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The statistical section listed in the Table of Contents was not audited by us and we do not express an opinion on this information.

A handwritten signature in cursive script that reads "Maze & Associates". The signature is written in black ink on a light-colored background.

December 10, 2011

CITY OF HAYWARD, CALIFORNIA Management's Discussion and Analysis

As management of the City of Hayward (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information furnished in the Letter of Transmittal, which can be found in the preceding Introductory section of this Report, and with the City's basic financial statements and accompanying notes to those financial statements.

Financial Highlights

- At the close of the most recent fiscal year, the assets of the City exceeded its liabilities by \$554.0 million (*net assets*). Of this amount, \$194.6 million (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors within the restrictions set forth by the various funding sources.
- The City's total *net assets* increased by \$22.1 million during the current fiscal year. Governmental activities, including the General Fund and Redevelopment Agency, increased by \$20.1 million due to capital contributions and grants as well as a slight uptick in sales tax and the utility users tax over the prior fiscal year, while business-type activities such as Sewer, Water, and Airport Funds, increased by \$2 million.
- As of June 30, 2011, the City's governmental funds reported combined fund balances of \$84.4 million, an increase of \$.4 million from the prior year.
- At the end of fiscal year 2011, total fund balance for the General Fund was \$47.8 million, of which \$18.3 million was nonspendable (illiquid reserves), largely comprised of \$7.8 million in long-term Interfund receivables and \$10.3 million in land held for resale (assets transferred from the Hayward Redevelopment Agency). The remainder of the \$29.55 million fund balance was designated for specific purposes, including contingencies, by the City Council. The fund balance designated by City Council for contingencies of \$10.7 million represents 13% of total General Fund expenditures (\$121.45 million, including Transfers Out).
- Fiscal year 2011 ended with net increase to the General Fund reserve of \$208,053 (less non-liquid assets), which indicates the year basically broke-even and expenditures were almost equal to revenues. This is due to some revenue growth and the continued savings generated from position reductions and employee concessions.
- As of June 30, 2011, the City's proprietary funds (Sewer, Water, and Airport) reported combined fund balances of \$246.5 million, an increase of \$2.1 million from the previous year.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic financial statements, this report also contains required supplementary budget vs. actual information and other statistical supplementary information.

Government-wide Financial Statements. (pages 18-19) The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Redevelopment Agency of the City of Hayward. The Redevelopment Agency functions as an integral part of the *primary government* and has been included in these financial statements.

The *statement of net assets* (see Table 1 below on page 6) presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities and change in net assets* (see Table 2 below on page 8) presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow impacts in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the *government-wide financial statements* distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include: general government; public safety; public works and transportation; library and community services; redevelopment; planning and building; maintenance services; and interest on long-term debt. The business-type activities of the City include: sewer and water services; storm water runoff management; and the Hayward Executive Airport.

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, 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 can be divided into three categories: governmental funds; proprietary funds; and fiduciary funds.

Governmental Funds. (pages 22-26) 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 the City's near-term financial requirements.

Because the focus of governmental funds are more narrow than that of the government-wide financial statements, it is useful to compare the information presented for *government 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 City'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 fund and governmental activities.

The City maintains twenty-nine individual government funds for financial reporting. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, Community Development Block Grant Program (CDBG), HOME investment in Affordable Housing Program (HOME), and Redevelopment Agency Capital Project Fund, all of which are considered to be major funds. Data from the other twenty-five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the *Non-major Governmental Funds* section of this Report. *Combining statements* present and summarize all the details of the non-major funds.

The City adopts an annual appropriated budget for all its governmental funds. A budgetary comparison statement is provided for all governmental funds with annually adopted budgets. The budget comparison statement for the General Fund is located in the basic financial statements on page 26 of this Report. All other major and non-major funds with legally adopted annual budgets are located in the supplementary information section.

Proprietary Funds. (pages 28-30) The City maintains two different types of *proprietary funds*, the Enterprise Funds and the Internal Service Funds. The *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 sewer, water, storm water runoff, and airport operations. The *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Workers Compensation, General Liability, Fleet Management, Facilities, Technology Services, and Employee Benefits Funds. Because these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary fund statements provide the same type of information as the *government-wide financial statements*, only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Water, and Airport Funds which are considered to be major funds. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the *Internal Service Funds* section of this Report.

Fiduciary Funds. (page 31) Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs.

Notes to the Basic Financial Statements. (pages 33-73) The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, supplementary information on major and non-major governmental funds and internal service

funds are presented in this report. Combining and individual fund statements and schedules can be found beginning on page 75 of this Report.

Government-wide Financial Analysis

The *statement of net assets* and the *statement of activities* of the City's governmental activities and business-type activities are presented below in Table 1 and 2.

Statement of Net Assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$553.9 million at the close of the current fiscal year.

The largest portion of the City's net assets, \$309.9 million or 56%, reflects its investment in capital assets (e.g. land, buildings, street infrastructure, sewer and water pipelines, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1 - City of Hayward Statement of Net Assets

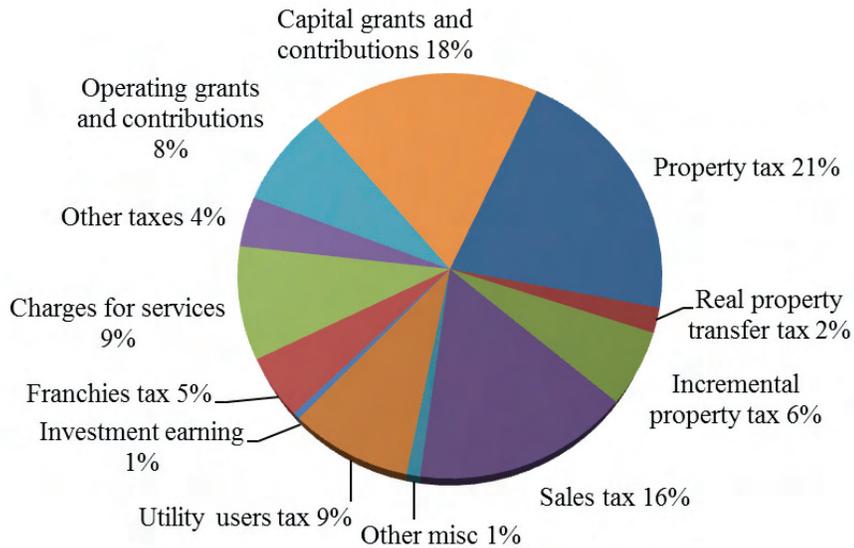
(Amounts expressed in millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$158.3	\$153.4	\$140.4	\$143.4	\$298.7	\$296.8
Capital assets	275.5	255.2	180.0	178.8	\$455.5	\$434.0
Total assets	433.8	408.6	320.4	322.2	754.2	730.8
Long term liabilities outstanding	84.2	106.2	68.2	71.5	152.4	177.7
Other liabilities	42.2	15.1	5.7	6.2	47.9	21.3
Total liabilities	126.4	121.3	73.9	77.7	200.3	199.0
Net assets:						
Invested in capital assets, net of debt	198.1	175.6	111.8	108.4	309.9	284.0
Restricted	49.4	46.4	0.0	0.0	49.4	46.4
Unrestricted	59.9	65.3	134.7	136.1	194.6	201.4
Total net assets	\$307.4	\$287.3	\$246.5	\$244.5	\$553.9	\$531.8

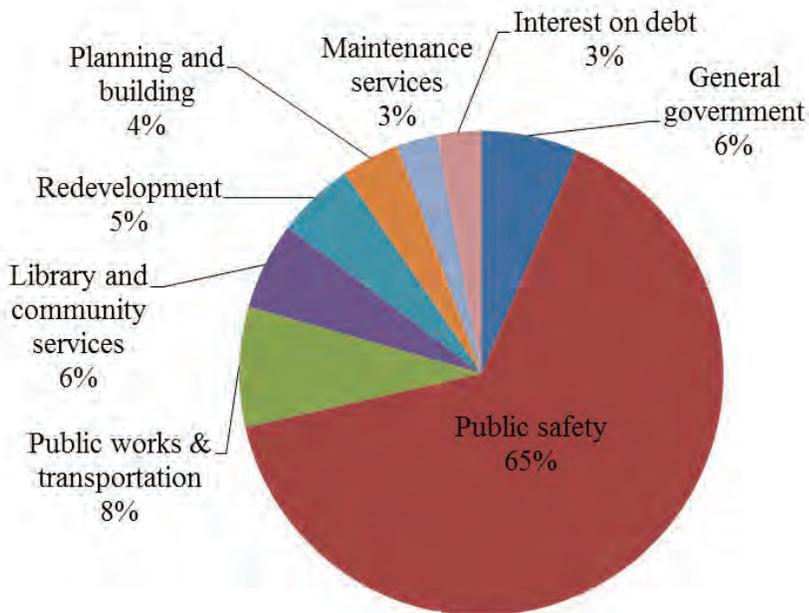
Another portion of the City's net assets, \$49.4 million or 9%, represent resources that are subject to external restrictions on how they may be used. Almost all of these restricted net assets are related to restrictions on the City's special revenue and capital projects funds. The remaining balance of unrestricted net assets, \$194.6 million or 35%, may be used to meet the City's ongoing obligations to citizens and creditors within the restrictions set forth by the various funding sources.

Governmental activities – the two charts illustrate the City’s revenues by source and governmental activities by function, including the Redevelopment Agency.

Revenues by Source – Governmental Activities



Expenses by Function – Governmental Activities



Statement of Activities. The Statement of Activities provides information about all the City’s revenues and all its expenses, with the emphasis on measuring net revenues or expenses of each of the City’s programs. The Statement of Activities explains in detail the change in Net Assets for the year.

Table 2 - City of Hayward Statement of Activities and Change in Net Assets

(Amounts expressed in millions)

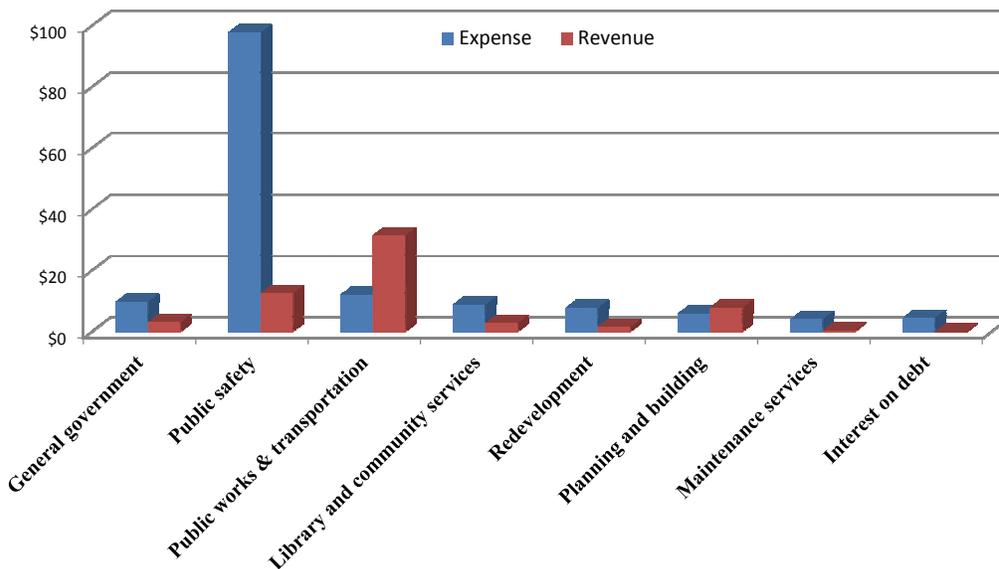
	Governmental		Business-type		Total	
	Activities		Activities			
	2011	2010	2011	2010	2011	2010
Program revenues						
Charges for services	\$15.9	\$15.2	\$57.5	\$51.0	\$73.4	\$66.2
Operating contributions and grants	12.9	17.2		1.6	12.9	18.8
Capital contributions and grants	30.7	18.8	1.3	2.6	32.0	21.4
	<u>59.5</u>	<u>51.2</u>	<u>58.8</u>	<u>55.2</u>	<u>118.3</u>	<u>106.4</u>
General revenues						
Property tax	35.7	37.3			35.7	37.3
Incremental property tax	10.4	10.2			10.4	10.2
Sales tax	25.5	23.5			25.5	23.5
Utility user tax	14.7	10.9			14.7	10.9
Real property transfer tax	3.8	3.8			3.8	3.8
Franchise tax	9.1	8.3			9.1	8.3
Other taxes	6.5	6.1			6.5	6.1
Motor vehicle in lieu	0.7	0.5			0.7	0.5
Investment earnings	0.4	0.8	0.8	1.7	1.2	2.5
Miscellaneous	1.5	2.9		0.9	1.5	3.8
General revenues subtotal	<u>108.3</u>	<u>104.3</u>	<u>0.8</u>	<u>2.6</u>	<u>109.1</u>	<u>106.9</u>
Total Revenues	<u>167.8</u>	<u>155.5</u>	<u>59.6</u>	<u>57.8</u>	<u>227.4</u>	<u>213.3</u>
Expenses by activity						
General Government	9.7	12.5			9.7	12.5
Public safety	97.8	91.9			97.8	91.9
Public works and transportation	12.1	6.6			12.1	6.6
Library and neighborhood services	8.8	8.9			8.8	8.9
Redevelopment	7.8	10.1			7.8	10.1
Planning and building	5.9	5.9			5.9	5.9
Maintenance services	4.0	4.6			4.0	4.6
Interest on long term debt	4.5	4.1			4.5	4.1
Sewer			19.4	18.3	19.4	18.3
Water			29.8	28.3	29.8	28.3
Airport			3.1	3.0	3.1	3.0
Stormwater			2.3	2.2	2.3	2.2
Centennial Hall				0.3	0.0	0.3
Total expenses	<u>150.6</u>	<u>144.6</u>	<u>54.6</u>	<u>52.1</u>	<u>205.2</u>	<u>196.7</u>
Increase (decrease) before transfers	17.2	10.9	5.0	5.7	22.2	16.6
Centennial Hall transfer to Facility	0.8		(0.8)		0.0	0.0
Transfers	2.1	1.7	(2.1)	(1.7)	0.0	0.0
Increase (decrease) in net assets	<u>20.1</u>	<u>12.6</u>	<u>2.1</u>	<u>4.0</u>	<u>22.2</u>	<u>16.6</u>
Net assets - July 1	<u>287.3</u>	<u>274.7</u>	<u>244.5</u>	<u>240.5</u>	<u>531.8</u>	<u>515.2</u>
Net Assets - June 30	<u>\$307.4</u>	<u>\$287.3</u>	<u>\$246.6</u>	<u>\$244.5</u>	<u>\$554.0</u>	<u>\$531.8</u>

The City’s governmental activities net assets increased by \$20.1 million. Governmental revenues increased by a total of \$12.3 million. This is attributed to a net \$8.3 million increase in program revenues, largely driven by capital contributions and grants; and a net \$4 million increase in program revenues. This category continues to see the impacts of the economic recession. Property tax revenues decreased by \$1.6 million (-4.3%), miscellaneous revenues decreased by \$1.4 million (-48%), and investment earnings decreased \$0.4 million (-50%). Other revenue increases offset these reductions, including sales tax, and a full year of the new utility users tax.

The governmental expenses increased by \$6 million to \$150.6 million, of which the increase is mostly attributed to expenses for capital projects and public safety grants/special funds.

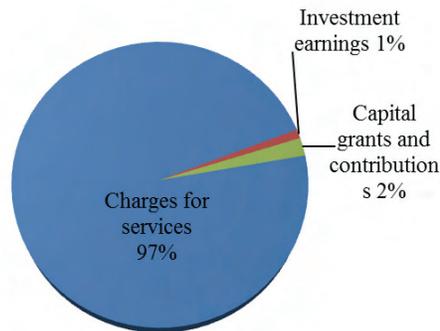
Business-Type Activities. The City’s business-type activities net assets increased by \$2.1 million. The business-type revenue increased by \$1.8 million to \$59.6 million. This is entirely due to an increase in charges for services due to increased fees and an increase in project activity. The business-type expenses increased by \$2.5 million to \$54.6 million, which reflects increased operating expenses.

Expenses and Program Revenues - Governmental Activities
(amounts expressed in millions)



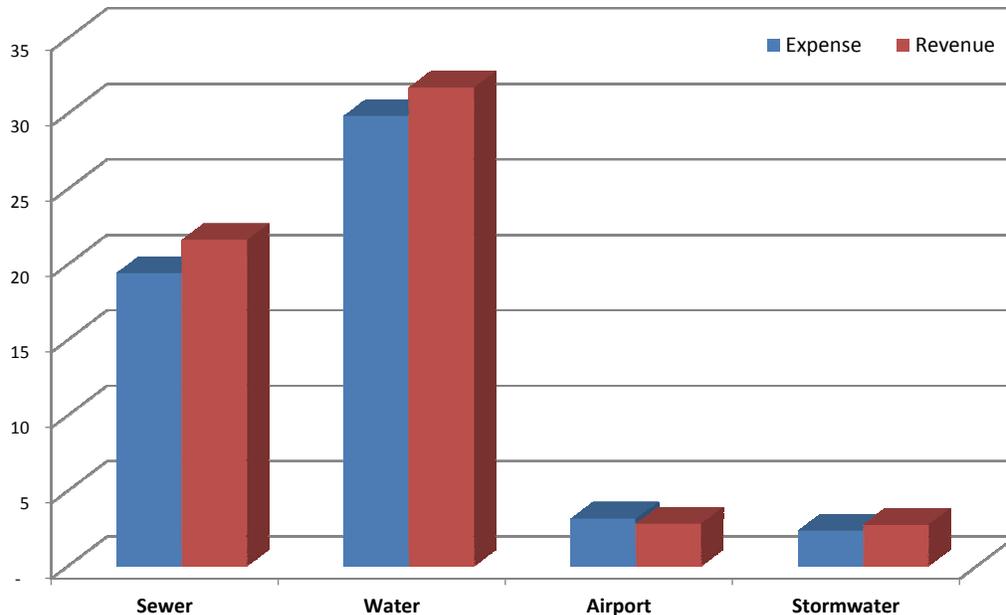
The above *Expenses by Function* chart illustrates the City’s governmental expenses by major activity and the related program revenue generated to support that activity. Program revenue includes charges for services such as traffic safety fines, licenses, permits, plan check fees, building inspection and other construction related fees. Contributions and grants include amounts contributed by developers and grants from state and federal government, of which the majority is public works capital grants.

Revenues by Source – Business-type Activities



The net assets of business-type activities were \$246.6 million at June 30, 2011, an increase of \$2.1 million over last fiscal year. The increase in business-type assets is attributed to a \$6.5 million increase over the prior fiscal year for charges for services, such as permit and inspection fees pertaining to new developments or improvements. Program revenues totaled \$59.6 million, while program expenditures totaled \$54.6 million. Investment earnings totaled \$0.8 million. As the *Revenues by Source* chart indicates, charges for utility services account for 97% of the revenue for the City’s enterprise funds.

Expenses and Program Revenues – Business-type Activities (expressed in millions)



As the *Expenses and Program Revenues* chart above shows, the Sewer and Water Funds include both operations and capital improvements. These funds were able to increase their reserve balances with program revenues exceeding expenses by \$2.2 million and \$1.9 million respectively. Given future capital expenses to be borne by these funds, this is an appropriate level of revenue growth. Airport experienced a decrease in net assets of \$333,000 due to an increase in operating expenses over the year before. Stormwater Funds increased their reserve balances by \$398,000.

Financial Analysis of the Government's Funds

Governmental Funds. The focus of the City 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 funding requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of fiscal year 2011, the City's governmental funds reported combined ending fund balances of \$84.4 million, an increase of \$400,000 in comparison with the prior year. Approximately 99% of the fund balance or \$66.3 million represent unassigned fund balances; which is available for spending at the government's discretion. However, of the \$66.3 million, 63% or \$41.9 million, is allocated for certain General Fund designations, special revenue programs, capital projects, and debt service that must be spent according to the terms of various bond issues. The remainder of the fund balance is reserved to indicate that it is not available for spending because of capital project deposits, encumbrance commitments, and land held for resale.

General Fund. The General Fund, by definition, is a major governmental fund and represents all funds not required to be accounted for in other funds. The General Fund accounted for 69% of the total governmental revenues and 69% of the total expenditures. A number of City services are accounted for in the General Fund, such as public safety, general government, development services, maintenance services, and Library and community services.

At the end of fiscal year 2011, the unassigned fund balance of the General Fund was \$29.55 million, while the total fund balance was \$47.9 million. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. The unassigned fund balance represents 24% of total General Fund expenditures of \$121.1 million (including Transfers Out. The unassigned fund balance has been designated for the following purposes:

- \$9.35 million for economic uncertainty
- \$4.67 million for liquidity
- \$190,000 for hotel/conference center*
- \$522,000 for a retirement reserve
- \$3.1 million for emergencies
- \$1 million for public safety
- \$10.7 million for contingencies

**Previously established at \$1 million, but \$810,000 was spent on eligible expenses in FY 2011.*

The total economic uncertainty and liquidity balances total \$14.02 million, which is 12% of total General Fund expenditures, 3% less than Council policy of a combined 15%.

At the end of fiscal year 2011, total fund balance in the General Fund increased by \$11.08 million. The change in fund balance is due primarily to the transfer of Land Held for Redevelopment from the City's Redevelopment Agency into the General Fund, which added \$10.3 million to fund balance. However, the Land is an illiquid asset and is reflected in the nonspendable portion of total fund balance. Generally accepted accounting principles (GAAP

Basis) require that all funds not required to be accounted for in other funds be included in the General Fund, resulting in several general ledger funds being combined and reported as the General Fund in the financial statements. For budgetary reporting purposes, only the principal operating General Fund (Budget Basis) is presented. All other funds represent perspective differences that account for \$603,667 of General Fund - GAAP Basis Fund balance. Excluding these perspective differences, the spendable portion of the General Fund (Budget Basis) fund balance increased by a net of \$208,053.

General Fund Budgetary Highlights. FY 2011 ended with a net \$208,053 in positive surplus (revenues less expenditures) – which represents less than .18% of the total General Fund expenditure budget. The chart below compares fiscal year 2011 actuals to fiscal year 2011 Adjusted Budget to gauge performance against expectations. The net variance between the actual revenues and expenditures compared to the Adjusted Budget is \$2.1 million, and is largely attributed to revenues – much of which are non-recurring (i.e., one-time in nature).

	FY 2011 Adopted	FY 2011 Adjusted	FY 2011 Actual	Variance (Adjusted to Actual)	Variance %
Revenues	109,774	112,246	114,890	2,644	2.4%
Expenditures	114,271	115,477	114,725	751	0.7%
Transfers In/Out	2,136	1,326	10,315		
*Less Land Transfer in from RDA			(10,272)		
Revised Transfers In/Out	2,136	1,326	43	(1,283)	
Net Change in Fund Balance	(2,361)	(1,904)	208	2,112	

Of the \$2.6 million directly related to the variance in revenues from that which was projected in the Adjusted Budget, about \$2 million is non-recurring. The \$751,000 in expenditure variance from the Adjusted Budget is entirely caused by salary and benefit savings from a large number of vacant positions that were not filled. This figure reflects the considerable savings achieved through position reductions and employee concessions. It is also net of a budgeting error in the Fire Department budget that resulted in a \$936,000 over expenditure due to the failure to accurately budget for three battalion chief positions.

The change to “Transfers In/Out” is a result of a land transfer to the General Fund from the Redevelopment Agency. In March 2011, the Agency Board adopted a resolution making required findings under Health and Safety Code Section 33430 to allow the conveyance of twenty parcels to the City. This resulted in a transfer from the Agency to the General Fund in the amount of \$10.3 million. This is included in this summary as an asset and is shown in this financial summary. However, since these assets are illiquid, the chart backs this out to display a more accurate cash fund balance. With this adjustment, it can be seen that the net of transfers in and out was \$43,000 – which is \$1.28 million less than anticipated in the Adjusted Budget. This is attributed to Transfers In to the General Fund from other funds and due to salary savings in these other revenue funds that resulted in lower indirect cost allocation transfers.

Other Major Governmental funds. In addition to the General Fund, there are three other governmental funds considered to be major due to significant balances or activities in the current year and warrant a separate discussion in the management discussion and analysis. Those funds include the Redevelopment Agency Capital Projects, Route 238 Settlement, and Route 238 Corridor Improvement Project Funds.

The Redevelopment Agency Capital Projects Fund accounts for property tax increment revenues used for capital projects and loans connected with downtown redevelopment and all project areas. During fiscal year 2011, the Agency initiated and continued work in the following activities:

- Entered into a developer and disposition agreement with Eden Housing, Incorporated to convey and develop a land parcel for low and moderate income housing units;
- Provided funding for Mission Boulevard and other planning studies; the South Hayward BART development; and Foothill Boulevard façade designs and other related projects;
- Continued annual debt service payments related to the 2004 and 2006 issuance of Tax Allocation Bonds;
- Provided contributions to the Business Improvement Area, Community Promotions Program and Public Art Program; and
- Repaid advances from the City General Fund for previous projects such as the City Hall Parking Structure, and B & Foothill property.

The Agency's tax increment revenues totaled \$10.3 million for fiscal year 2011, compared with \$10.2 million for fiscal year 2010. Other Agency revenues totaled \$1.5 million, of which the majority were repayments for the Agency's cost to build the new Burbank School and Cannery Park under an agreement with the Hayward Area Recreation District (HARD) and Hayward Unified School District (HUSD). Agency expenditures totaled \$14.1 million, which included \$2.2 million in pass-through payments to other local agencies and a payment to the State for the Supplemental Educational Relief Augmentation Fund (SERAF). The other remaining expenditures of \$11.9 million included: \$3.9 million for debt service payments; of program-related services and expenditures; \$2.4 million for low and moderate income housing ; \$3.3 million for the repayment of City advances on previously completed projects; and \$2.3 million in salary, administration, capital outlay, and overhead charges. Transfers out totaled \$4 million, which was applied to the Debt Service Fund. The ending fund balance for the Agency is \$6.9 million, of which the total amount is restricted.

The Route 238 Settlement Fund accounts for lump sum stipends for relocation, home ownership assistance, and program administration in connection with the Route 238 Corridor Settlement Agreement approved in October 2009. No transfers into the fund occurred during fiscal year 2011, thereby leaving an ending fund balance of \$2.6 million.

The Route 238 Corridor Improvements Project Fund accounts for various roadway improvements along Foothill and Mission Boulevard between the northern and southern city limits, including a downtown one-way loop system, peak hour traffic lanes, pedestrian and bicycle improvements, and landscaping enhancements. During fiscal year 2011, the City received \$ 17.8 million in grant funding from the Alameda County Transportation Commission as reimbursement for \$13.9 million in fiscal year 2011 and \$3.9 million in prior year design and right-of-way acquisition costs. Construction began in August 2010 and completion is expected in December 2012. The ending fund balance is \$8.7 million, of which \$2.4 million is *reserved* for land held for resale.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of fiscal year 2011, the unrestricted net assets of the Sewer, Water, and Airport Funds amounted to \$68.1, \$52.4, and

\$11.8 million, respectively. Sewer net assets increased \$1 million; Water net assets increased \$2 million; and Airport net assets decreased by \$420,000. The increase to Sewer net assets was primarily due to an \$840,000 increase in charges for service, which in turn was due to a 5% increase to sewer rates. Similarly, revenues from the sale of water increased by 3.8 million due to a 16% increase in Water rates in fiscal year 2011.

Wholesale water rate increases of 17% from the San Francisco Public Utilities Commission (SFPUC) have increased expenditures to the Water and Sewer Funds. The major factor for the increases is implementation of the Water System Improvement Program (WSIP) by the SFPUC. The WSIP is a series of projects to rebuild and retrofit the aging regional water system in order to improve water supply reliability, seismic safety, and to ensure that water quality standards will continue to be met. Two thirds of the cost of fixing the regional system will be borne by wholesale customers of SFPUC water, including Hayward. The remaining one-third will be paid by retail customers within San Francisco.

The net assets in the Airport Fund decreased by \$420,000 over last year due to an increase in operating expenses. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City's business-type activities.

Capital Asset and Debt Administration

Capital Assets. As of June 30, 2011, the City's investments in capital assets for its governmental and business-type activities are \$455.5 million (net of accumulated depreciation) as presented below in Table 3. The investment in capital assets includes land, buildings, land improvements, machinery and equipment, vehicles, and street infrastructure such as roads, bridges, street lights, traffic signals, airport hangers, sewer, and water pipelines. The City's investment in capital assets for the current fiscal year increased by 5%, which is attributed mostly to the Route 238 Corridor Improvements Project.

Table 3 - City of Hayward Capital Assets
(Net of depreciation / amounts expressed in millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$14.7	\$14.3	\$4.8	\$5.1	\$19.5	\$19.4
Construction in progress	47.9	34.5	4.9	9.4	52.8	43.9
Buildings	43.0	44.4	11.6	7.9	54.6	52.3
Improvements other than buildings	4.9	5.3			4.9	5.3
Machinery and equipment	12.1	12.1	16.8	10.1	28.9	22.2
Street infrastructure	152.9	144.6			152.9	144.6
Sewer infrastructure			91.7	94.2	91.7	94.2
Water infrastructure			36.8	37.8	36.8	37.8
Airport infrastructure			13.4	14.3	13.4	14.3
Total	<u>\$275.5</u>	<u>\$255.2</u>	<u>\$180.0</u>	<u>\$178.8</u>	<u>\$455.5</u>	<u>\$434.0</u>

Additional information on the City's capital assets can be found in Note 5 to the basic financial statements.

Debt Administration. At the end of fiscal year 2011, the City had total bonded debt outstanding of \$152.4 million as presented on the next page in Table 4. Of this amount, \$27.6 million represents certificates of participation debt for Civic Center Project (City Hall); \$14.8 million represents certificates of participation for sewer and water system improvements; \$5.4 million represents lease revenue bonds for capital improvements; \$5.1 million represents capital leases for a solar power generator, fleet vehicles, computer, and telephone equipment; \$50.2 million represents tax allocation bonds for redevelopment projects; and \$49.1 million represents State Water Board financing for a water pollution control facility. Deductions to long-term debt include payments of \$7.9 million.

Table 4 - City of Hayward Outstanding Debt
(Amounts expressed in millions)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Certificates of Participation	\$27.6	\$29.0	\$14.8	\$16.2	\$42.4	\$45.2
Promissory Note	\$0.2				\$0.2	\$0.0
Lease Revenue Bonds	1.1	1.4	4.3	2.5	\$5.4	\$3.9
Capital Lease Obligations	5.1	3.1			\$5.1	\$3.1
Tax Allocation Bonds	50.2	51.6			\$50.2	\$51.6
State Water Resources Control Board Loan			49.1	51.8	\$49.1	\$51.8
Total Long-Term Debt	\$84.2	\$85.1	\$68.2	\$70.5	\$152.4	\$155.6

Local Improvement Districts (LIDS) in different parts of the City and a Community Facilities District #1 (Eden Shores) have also issued debt to finance infrastructure and facilities construction in their respective districts. As described in Note 17 to the financial statements, the City has sponsored special assessment debt issues, but has no legal liability for repayment. Therefore, these are not included in the City's governmental debt. As of June 30, 2011, a total of \$9.7 million in special assessment district debt was outstanding by four special assessment districts. (Further detail regarding the City debt can be found in Note 8 to the financial statements.)

Economic Outlook and Major Initiatives

The economy of the City and major initiatives are discussed in the Transmittal Letter located in the Introductory Section of the CAFR.

Contacting the City's Financial Management

This report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Additional financial information is available on our website at: www.hayward-ca.gov. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Hayward Finance Department, 777 B Street, Hayward, California 94541-5007.

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CITY OF HAYWARD, CALIFORNIA

STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

The Statement of Net Assets and the Statement of Activities summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets presents similar information to the old balance sheet format, but presents it in a way that focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of the entire City's Governmental Activities in a single column, and the financial position of the entire City's Business-Type Activities in a single column; these columns are followed by a total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-Type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net assets. It is also prepared using the full accrual basis of accounting, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the “modified accrual” basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, the Redevelopment Agency of the City of Hayward, the Hayward Public Financing Authority, the Hayward Business Improvement District and the Hayward Housing Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for activities.

These financial statements along with the fund financial statements and footnotes are called *Basic Financial Statements*.

CITY OF HAYWARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
GOVERNMENTAL ACTIVITIES:							
General government	\$9,728,753	\$1,019,505	\$2,057,031		(\$6,652,217)		(\$6,652,217)
Public safety	97,783,089	8,608,854	3,827,145	\$44,683	(85,302,407)		(85,302,407)
Public works and transportation	12,061,250	744,992	2,159,371	28,493,957	19,337,070		19,337,070
Library and community services	8,826,270	90,947	2,738,923		(5,996,400)		(5,996,400)
Redevelopment	7,755,610	121,677	1,264,636	157,578	(6,211,719)		(6,211,719)
Planning and building	5,878,086	5,022,960	857,492	1,978,813	1,981,179		1,981,179
Maintenance services	4,028,800	269,786			(3,759,014)		(3,759,014)
Interest on long term debt	4,486,345				(4,486,345)		(4,486,345)
Total Governmental Activities	150,548,204	15,878,721	12,904,598	30,675,031	(91,089,854)		(91,089,854)
BUSINESS-TYPE ACTIVITIES:							
Sewer	19,395,928	20,338,593		1,246,130		\$2,188,795	2,188,795
Water	29,807,045	31,684,462				1,877,417	1,877,417
Airport	3,124,022	2,790,998				(333,024)	(333,024)
Stormwater	2,326,729	2,724,244				397,515	397,515
Total Business-type Activities	54,653,724	57,538,297		1,246,130		4,130,703	4,130,703
Total	\$205,201,928	\$73,417,018	\$12,904,598	\$31,921,161	(91,089,854)	4,130,703	(86,959,151)
GENERAL REVENUES:							
Taxes:							
Property taxes					35,725,966		35,725,966
Incremental property tax					10,351,054		10,351,054
Sales taxes					25,491,533		25,491,533
Utility users tax					14,699,792		14,699,792
Real property transfer tax					3,821,387		3,821,387
Franchise tax					9,091,479		9,091,479
Business tax					2,389,657		2,389,657
Excise tax					1,699,438		1,699,438
Other taxes					1,683,087		1,683,087
Special assessments					714,017		714,017
Motor vehicle in lieu, unrestricted					694,933		694,933
Investment earnings					434,426	841,733	1,276,159
Miscellaneous					1,505,212		1,505,212
TRANSFERS (Note 4)					2,141,488	(2,141,488)	
Total General Revenues And Transfers					110,443,469	(1,299,755)	109,143,714
CHANGE IN NET ASSETS					19,353,615	2,830,948	22,184,563
BEGINNING NET ASSETS, as restated (Note 10)					288,093,660	243,698,943	531,792,603
ENDING NET ASSETS					\$307,447,275	\$246,529,891	\$553,977,166

See accompanying notes to basic financial statements

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CITY OF HAYWARD, CALIFORNIA

FUND FINANCIAL STATEMENTS

The Fund financial statements include only individual major funds are presented, while non-major funds are combined in a single column. Major funds are defined generally as having significant activities or balances in the current year.

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal year 2011. Individual non-major funds are reported in the Supplemental Section.

General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources, which are not accounted for in another fund.

Hayward Redevelopment Agency Capital Projects Fund - Accounts for property tax increment revenues used for capital projects connected with downtown redevelopment.

Route 238 Settlement Fund – Accounts for lump sum stipends, home ownership assistance, and program administration in connection with Route 238 Corridor Settlement Agreement.

Route 238 Corridor Improvement Fund – Accounts for various roadway improvements along Foothill and Mission Boulevard between northern city limits and Industrial Parkway including a downtown one-way loop street system, peak hour traffic lanes, pedestrian and bicycle improvements, and landscaping enhancements.

CITY OF HAYWARD
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011

	Capital Projects Funds				Other Governmental Funds	Total Governmental Funds
	General	Redevelopment Agency	Route 238 Settlement	Route 238 Corridor Improvement		
ASSETS:						
Cash and investments (Note 2)	\$28,424,837	\$4,153,377	\$4,080,496		\$25,742,262	\$62,400,972
Cash and investments with fiscal agents (Note 2)	56,228	239,896		\$1,336,618	4,157,384	5,790,126
Accounts receivable, net	3,682,850	9,744		1,462,567	461,262	5,616,423
Due from other governments	3,480,224			3,559,496	1,736,896	8,776,616
Interest receivable	69,871	7,736	9,662	(5,146)	53,174	135,297
Due from other funds (Note 4)	1,419,079				1,962,993	3,382,072
Loans receivable (Note 3)		33,973,002			18,430,133	52,403,135
Long-term interfund receivables (Note 4)	7,789,843					7,789,843
Land held for redevelopment (Note 1)	10,272,570			4,468,731		14,741,301
Deposits, parts, supplies and other	17,366				68	17,434
Total Assets	\$55,212,868	\$38,383,755	\$4,090,158	\$10,822,266	\$52,544,172	\$161,053,219
LIABILITIES:						
Accounts payable	\$1,389,495	\$136,677	\$9,485	\$307,711	\$872,078	\$2,715,446
Accrued liabilities	2,422,987	18,456			35,724	2,477,167
Due to other funds (Note 4)		218,003	1,477,344	430,067	947,818	3,073,232
Due to other governments		766,934				766,934
Deferred revenue	79,598	33,973,001			18,430,133	52,482,732
Refundable deposits	3,434,719	367,896		1,336,618	2,161,833	7,301,066
Long-term interfund payables (Note 4)		7,789,843				7,789,843
Total Liabilities	7,326,799	43,270,810	1,486,829	2,074,396	22,447,586	76,606,420
FUND BALANCES (Note 9):						
Nonspendable	18,079,779				68	18,079,847
Restricted						
Public Safety					127,817	127,817
Public works and transportation			2,603,329	8,747,870	3,935,176	15,286,375
Planning and Building					6,136,484	6,136,484
Redevelopment Projects & Programs		823			10,386,332	10,387,155
Debt Service					4,156,409	4,156,409
Assigned	256,170				5,568,584	5,824,754
Unassigned	29,550,120	(4,887,878)			(214,284)	24,447,958
Total Fund Balances (Deficit)	47,886,069	(4,887,055)	2,603,329	8,747,870	30,096,586	84,446,799
Total Liabilities and Fund Balances	\$55,212,868	\$38,383,755	\$4,090,158	\$10,822,266	\$52,544,172	\$161,053,219

See accompanying notes to basic financial statements

CITY OF HAYWARD
GOVERNMENTAL FUNDS
BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL
FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

Total Fund Balances reported on the governmental funds balance sheet \$84,446,799

Amounts reported for Governmental Activities in the Statement of Net Assets are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS - GOVERNMENTAL ACTIVITIES

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.

Land	14,318,634
Construction in progress	45,220,972
Depreciable capital assets, net	203,528,531

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Assets.

Cash and investments	10,571,875
Accounts receivable	241,162
Interest receivable	17,977
Deposits, parts, supplies and other	173,292
Land	372,748
Construction in progress	2,640,120
Depreciable capital assets, net	9,441,229
Accounts payable	(592,806)
Accrued liabilities	(5,840,423)
Due to other funds	(255,164)
Long-term interfund payables	(2,660,714)
Compensated absences	(594,780)
Long term debt	(4,841,226)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.

Deferred revenue	52,403,134
Interest payable	(1,199,076)

LONG TERM ASSETS AND LIABILITIES

The assets and liabilities below are not due and payable in the current period and therefore are not reported in the Funds:

Long-term debt	(79,402,269)
Long-term liability	(639,269)
Compensated absences	(8,710,208)
Net OPEB Obligation	<u>(11,193,263)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$307,447,275

See accompanying notes to basic financial statements

CITY OF HAYWARD
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	Capital Projects Funds				Other Governmental Funds	Total Governmental Funds
	General	Redevelopment Agency	Route 238 Settlement	Route 238 Corridor Improvement		
REVENUES:						
Property taxes	\$35,725,967					\$35,725,967
Property tax increment		\$10,351,054				10,351,054
Sales taxes	25,491,532					25,491,532
Utility users tax	14,699,792					14,699,792
Other taxes	18,494,398				\$234,687	18,729,085
Licenses and permits	3,259,291					3,259,291
Fines and forfeitures	2,739,642				16,990	2,756,632
Special assessments					714,015	714,015
Investment income	192,629	85,912	\$80,416	(\$17,006)	92,495	434,446
Rental income	356,763	50,600		311,550		718,913
Intergovernmental	7,268,623			17,828,084	11,855,888	36,952,595
Fees and charges for services	6,132,385	34		1,979,638	1,150,291	9,262,348
School District reimbursement		1,064,680				1,064,680
Other revenue	1,708,505	342,042		10	5,737,145	7,787,702
Total Revenues	116,069,527	11,894,322	80,416	20,102,276	19,801,511	167,948,052
EXPENDITURES:						
Current:						
General government	7,930,669					7,930,669
Public safety	88,874,582				105,757	88,980,339
Public works and transportation	3,638,970				5,586,618	9,225,588
Library and community services	5,513,793				2,370,746	7,884,539
Redevelopment		3,198,560			2,423,967	5,622,527
Planning and building	5,481,728				80,570	5,562,298
Maintenance services	3,783,213					3,783,213
Capital outlay		987,812	3,441,522	13,934,091	9,853,241	28,216,666
Debt service						
Principal					3,071,058	3,071,058
Interest and fiscal charges	95,645	109,652			4,378,970	4,584,267
Pass-through payments		2,151,873				2,151,873
Total Expenditures	115,318,600	6,447,897	3,441,522	13,934,091	27,870,927	167,013,037
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	750,927	5,446,425	(3,361,106)	6,168,185	(8,069,416)	935,015
OTHER FINANCING SOURCES (USES):						
Proceeds from sale of capital assets	17,961					17,961
Proceeds from debt (Note 6)					200,000	200,000
Transfers in (Note 4)	16,735,447				18,661,878	35,397,325
Transfers (out) (Note 4)	(6,420,045)	(22,376,264)		(800,000)	(6,537,492)	(36,133,801)
Total Other Financing Sources (Uses)	10,333,363	(22,376,264)		(800,000)	12,324,386	(518,515)
NET CHANGE IN FUND BALANCES	11,084,290	(16,929,839)	(3,361,106)	5,368,185	4,254,970	416,500
BEGINNING FUND BALANCES	36,801,779	12,042,784	5,964,435	3,379,685	25,841,616	84,030,299
ENDING FUND BALANCES (DEFICITS)	\$47,886,069	(\$4,887,055)	\$2,603,329	\$8,747,870	\$30,096,586	\$84,446,799

See accompanying notes to basic financial statements

CITY OF HAYWARD
RECONCILIATION OF THE
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
WITH THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$416,500

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

CAPITAL ASSETS TRANSACTIONS

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 balance 28,231,704

Depreciation expense is deducted from fund balance

(Depreciation expense is net of internal service fund depreciation of \$1,498,559 which has already been allocated to service funds.) (9,868,793)

Capital assets sold or retired (54,807)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of principal is an expenditure in governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Issuance of long-term debt (200,000)

Repayment of debt principal is added back to fund balance 3,071,058

ACCRUAL OF NON-CURRENT ITEMS

The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):

Receipt of loans receivable principal (244,955)

New loans made 249,747

Compensated absences (1,037,043)

Net OPEB Obligation (3,401,362)

Interest payable 195,524

Long-term liability (639,269)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal Service Funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance, and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with governmental activities, because they service those activities.

Change in Net Assets - All Internal Service Funds 2,635,311

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$19,353,615

See accompanying notes to basic financial statements

CITY OF HAYWARD
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	Variance with Adjusted Budget
	<u>Adopted</u>	<u>Adjusted</u>		Positive (Negative)
REVENUES:				
Property taxes	\$36,261,000	\$36,261,000	\$35,725,967	(\$535,033)
Sales taxes	22,684,000	25,258,000	25,491,532	233,532
Other taxes	32,388,000	32,644,000	33,194,190	550,190
Licenses and permits	3,072,000	2,891,087	3,259,291	368,204
Fines and forfeitures	2,281,000	2,240,555	2,739,642	499,087
Use of money and property	590,000	490,000	548,989	58,989
Intergovernmental	4,478,000	4,370,158	5,045,836	675,678
Fees and charges for services	4,114,000	4,266,374	5,468,608	1,202,234
Other revenue	3,906,000	3,825,509	3,416,630	(408,879)
Total Revenues	<u>109,774,000</u>	<u>112,246,683</u>	<u>114,890,685</u>	<u>2,644,002</u>
EXPENDITURES:				
Current:				
General government	9,204,352	9,550,532	9,015,107	535,425
Public safety	87,452,672	87,923,511	88,859,537	(936,026)
Public works and transportation	3,034,077	3,031,561	2,675,905	355,656
Library and community services	5,142,534	5,380,932	4,996,073	384,859
Planning and building	5,397,797	5,474,862	5,299,987	174,875
Maintenance services	4,039,975	4,039,975	3,783,210	256,765
Debt Service:				
Interest and fiscal charges		75,560	95,645	(20,085)
Total Expenditures	<u>114,271,407</u>	<u>115,476,933</u>	<u>114,725,464</u>	<u>751,469</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,497,407)</u>	<u>(3,230,250)</u>	<u>165,221</u>	<u>3,395,471</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	7,745,885	7,745,885	16,735,447	8,989,562
Transfers (out)	(5,609,609)	(6,419,609)	(6,420,045)	(436)
Total Other Financing Sources (Uses)	<u>2,136,276</u>	<u>1,326,276</u>	<u>10,315,402</u>	<u>8,989,126</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>(\$2,361,131)</u>	<u>(\$1,903,974)</u>	10,480,623	<u>\$12,384,597</u>
PROSPECTIVE DIFFERENCES - NON- BUDGETED SUB FUNDS			<u>603,667</u>	
NET CHANGE IN FUND BALANCE - GAAP BASIS			11,084,290	
BEGINNING FUND BALANCE			<u>36,801,779</u>	
ENDING FUND BALANCE			<u>\$47,886,069</u>	

See accompanying notes to basic financial statements

CITY OF HAYWARD, CALIFORNIA

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City has identified the funds below as major proprietary funds in fiscal year 2011.

The disclosure of budget vs. actual comparisons is not required for proprietary funds.

Sewer Fund - Accounts for activities associated with sewage transmission and treatment.

Water Fund - Accounts for activities associated with distribution and transmission of potable water to users.

Airport Fund - Accounts for the operation, development and maintenance of the Hayward Air Terminal.

CITY OF HAYWARD
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2011

	Business-type Activities-Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Sewer	Water	Airport	NonMajor Fund: Stormwater		
ASSETS:						
Current Assets:						
Cash and investments (Note 2)	\$45,310,943	\$45,862,793	\$14,042,424	\$2,414,954	\$107,631,114	\$7,917,507
Cash and investments with fiscal agents (Note 2)	47,101	1,797,880			1,844,981	2,654,368
Accounts receivable, net	3,143,593	5,460,451	(80,398)	83,956	8,607,602	241,162
Due from other governments				9,348	28,075	37,423
Interest receivable	102,913	107,359	32,742	5,682	248,696	17,977
Deposits, parts, supplies and other		518,435			518,435	173,292
Total Current Assets	48,604,550	53,746,918	14,004,116	2,532,667	118,888,251	11,004,306
Noncurrent Assets:						
Long-term interfund receivables (Note 4)	2,660,714	2,105,000			4,765,714	
Deposits, parts, supplies and other	6,740,614	217,900	185,600		7,144,114	
Investment in East Bay Dischargers Authority (Note 16)	11,757,254				11,757,254	
Capital assets (Note 5):						
Land	1,830,143	2,683,047	244,302		4,757,492	372,748
Construction in progress	1,714,686	3,101,092	115,799		4,931,577	2,640,120
Depreciable capital assets, net	106,720,726	48,813,761	14,804,342	3,046	170,341,875	9,441,229
Total Noncurrent Assets	131,424,137	56,920,800	15,350,043	3,046	203,698,026	12,454,097
Total Assets	180,028,687	110,667,718	29,354,159	2,535,713	322,586,277	23,458,403
LIABILITIES:						
Current Liabilities:						
Accounts payable	350,882	2,084,264	32,811	5,852	2,473,809	592,806
Accrued interest	595,514	128,566			724,080	
Accrued liabilities	100,818	140,082	24,159	21,443	286,502	5,840,423
Due to other funds (Note 4)		53,676			53,676	255,164
Unearned revenue		185,600	1,808		187,408	
Refundable deposits		558,265	95,019		653,284	
Compensated absences - Due within one year (Note 1)	274,929	350,503	50,557	63,675	739,664	279,386
Accrued reclamation costs (Note 10)	158,508				158,508	
Long term debt - Due within one year (Note 6)	3,876,601	999,615			4,876,216	1,012,183
Total Current Liabilities	5,357,252	4,500,571	204,354	90,970	10,153,147	7,979,962
Noncurrent Liabilities:						
Long-term interfund payables (Note 4)			2,105,000		2,105,000	2,660,714
Compensated absences Note 1)	168,505	214,824	30,987	39,026	453,342	315,394
Long term debt - Due in more than one year (Note 6)	54,067,517	9,277,380			63,344,897	3,829,043
Total Noncurrent Liabilities	54,236,022	9,492,204	2,135,987	39,026	65,903,239	6,805,151
Total Liabilities	59,593,274	13,992,775	2,340,341	129,996	76,056,386	14,785,113
NET ASSETS (Note 9):						
Invested in capital assets, net of related debt	52,321,437	44,320,905	15,164,443	3,046	111,809,831	10,267,239
Unrestricted	68,113,976	52,354,038	11,849,375	2,402,671	134,720,060	(1,593,949)
Total Net Assets	\$120,435,413	\$96,674,943	\$27,013,818	\$2,405,717	\$246,529,891	\$8,673,290

See accompanying notes to basic financial statements

CITY OF HAYWARD
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities-Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Sewer	Water	Airport	NonMajor Fund: Stormwater		
OPERATING REVENUES:						
Charges for services	\$20,027,772	\$5,698,650	\$2,784,834	\$2,714,353	\$31,225,609	\$21,136,499
Sale of water		25,866,882			25,866,882	
Miscellaneous	310,821	118,930	6,164	9,891	445,806	307,415
Total Operating Revenues	<u>20,338,593</u>	<u>31,684,462</u>	<u>2,790,998</u>	<u>2,724,244</u>	<u>57,538,297</u>	<u>21,443,914</u>
OPERATING EXPENSES:						
Salaries and related expenses	5,663,427	5,516,763	1,222,828	1,652,617	14,055,635	5,435,910
Materials, supplies and services	7,239,777	5,386,436	674,041	655,340	13,955,594	7,111,873
Repairs and maintenance	786,413	1,014,153	207,478	17,853	2,025,897	1,586,615
Water purchases		15,435,741			15,435,741	
Self-funded insurance expense						5,658,222
Depreciation (Note 5)	4,571,332	1,968,519	1,019,675	919	7,560,445	1,498,559
Total Operating Expenses	<u>18,260,949</u>	<u>29,321,612</u>	<u>3,124,022</u>	<u>2,326,729</u>	<u>53,033,312</u>	<u>21,291,179</u>
Operating Income (Loss)	<u>2,077,644</u>	<u>2,362,850</u>	<u>(333,024)</u>	<u>397,515</u>	<u>4,504,985</u>	<u>152,735</u>
NONOPERATING REVENUES (EXPENSES):						
Investment income	304,507	437,596	87,743	11,887	841,733	57,234
Intergovernmental						
Interest (expense)	(967,315)	(485,433)			(1,452,748)	(97,602)
Gain/loss on sale of capital assets						(355,020)
Loss from equity investment	(167,664)				(167,664)	
Net Nonoperating Revenues (Expenses)	<u>(830,472)</u>	<u>(47,837)</u>	<u>87,743</u>	<u>11,887</u>	<u>(778,679)</u>	<u>(395,388)</u>
Income (Loss) Before Contributions and Transfers	<u>1,247,172</u>	<u>2,315,013</u>	<u>(245,281)</u>	<u>409,402</u>	<u>3,726,306</u>	<u>(242,653)</u>
CONTRIBUTIONS AND TRANSFERS						
Contributions	1,246,130				1,246,130	
Transfers in (Note 4)		750,001			750,001	3,827,505
Transfers (out) (Note 4)	(1,517,135)	(1,079,478)	(174,253)	(120,623)	(2,891,489)	(949,541)
Net Contributions and Transfers	<u>(271,005)</u>	<u>(329,477)</u>	<u>(174,253)</u>	<u>(120,623)</u>	<u>(895,358)</u>	<u>2,877,964</u>
CHANGE IN NET ASSETS	976,167	1,985,536	(419,534)	288,779	2,830,948	2,635,311
BEGINNING NET ASSETS, as restated (Note 9)	<u>119,459,246</u>	<u>94,689,407</u>	<u>27,433,352</u>	<u>2,116,938</u>	<u>243,698,943</u>	<u>6,037,979</u>
ENDING NET ASSETS	<u>\$120,435,413</u>	<u>\$96,674,943</u>	<u>\$27,013,818</u>	<u>\$2,405,717</u>	<u>\$246,529,891</u>	<u>\$8,673,290</u>

See accompanying notes to basic financial statements

CITY OF HAYWARD
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Sewer	Water	Airport	NonMajor Fund: Stormwater	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$20,665,979	\$31,744,987	\$2,980,634	\$2,711,647	\$58,103,247	\$21,268,482
Payments to suppliers	(7,819,171)	(22,876,382)	(922,723)	(672,853)	(32,291,129)	(8,340,962)
Payments to employees	(5,608,623)	(5,452,371)	(1,211,058)	(1,650,304)	(13,922,356)	(5,359,208)
Claims paid						(5,658,222)
Net Cash Flows From Operating Activities	7,238,185	3,416,234	846,853	388,490	11,889,762	1,910,090
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:						
Interfund receipts	1,401,304	1,136,075			2,537,379	242,140
Interfund payments		53,676	(95,000)		(41,324)	(569,427)
Transfers in		750,001			750,001	3,827,505
Transfers (out)	(1,517,135)	(1,079,478)	(174,253)	(120,623)	(2,891,489)	(949,541)
Net Cash Flows From Noncapital and Related Financing Activities	(115,831)	860,274	(269,253)	(120,623)	354,567	2,550,677
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition of capital assets	(4,622,814)	(3,500,407)	(209,956)		(8,333,177)	(2,953,186)
Issuance of long-term debt	2,450,000				2,450,000	3,502,517
Principal payments on capital debt	(3,733,200)	(955,700)			(4,688,900)	(1,511,367)
Interest paid	(1,005,496)	(493,993)			(1,499,489)	(97,602)
Net Cash Flows From Capital and Related Financing Activities	(6,911,510)	(4,950,100)	(209,956)		(12,071,566)	(1,059,638)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income	201,594	447,382	89,839	11,772	750,587	55,052
Purchase of investments	(1,983)	131,469			129,486	(1,989,649)
Net Cash Flows From Investing Activities	199,611	578,851	89,839	11,772	880,073	(1,934,597)
NET CASH FLOWS	410,455	(94,741)	457,483	279,639	1,052,836	1,466,532
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	44,900,488	45,957,534	13,584,941	2,135,315	106,578,278	6,450,975
CASH AND EQUIVALENTS AT END OF PERIOD	\$45,310,943	\$45,862,793	\$14,042,424	\$2,414,954	\$107,631,114	\$7,917,507
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income	\$2,077,644	\$2,362,850	(\$333,024)	\$397,515	\$4,504,985	\$152,735
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	4,571,332	1,968,519	1,019,675	919	7,560,445	1,498,559
Change in assets and liabilities:						
Receivables, net	213,896	34,800	167,301	(4,550)	411,447	(175,432)
Due from other governments	113,490		23,147	(8,047)	128,590	
Parts and supplies		62,306			62,306	
Other assets	718,970	27,782	11,600		758,352	174,391
Accounts payable and other accrued expenses	(603,198)	(1,130,140)	(52,804)	340	(1,785,802)	183,135
Compensated absences	54,804	64,392	11,770	2,313	133,279	76,702
Refundable deposits		(11,600)	(289)		(11,889)	
Deferred revenue		37,325	(523)		36,802	
Accrued reclamation costs	91,247				91,247	
Net Cash Flows From Operating Activities	\$7,238,185	\$3,416,234	\$846,853	\$388,490	\$11,889,762	\$1,910,090
NONCASH FINANCING ACTIVITIES						
Transfer of Capital Assets	\$1,246,130				\$1,246,130	

See accompanying notes to basic financial statements

CITY OF HAYWARD
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2011

	Agency Funds
ASSETS:	
Cash and investments (Note 2)	\$1,747,454
Cash and investments with fiscal agents (Note 2)	2,610,370
Due from other governments	1,963,954
Interest receivable	(58,856)
Total Assets	\$6,262,922
LIABILITIES:	
Accounts payable	\$742
Refundable deposits	(44,799)
Due to assessment districts and others	6,306,979
Total Liabilities	\$6,262,922

See accompanying notes to basic financial statements

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CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity – The City of Hayward, California (the “City”) was originally incorporated as the Town of Hayward in 1876. On March 7, 1956, the people of the City adopted a City Charter under which the City currently operates. The City maintains a Council-Manager form of government and is governed by an independently elected seven-member City Council. The City provides the following services as authorized by its charter: public safety (police, fire, and building inspection), highways and streets, sanitation, water, airport, social services, public improvements, planning library and zoning, and general administrative services.

Reporting Entity – The accompanying basic financial statements present the financial activity of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. The City Council sits in a different capacity as the governing boards of the following entities. Although they are separate legal entities, *blended* component units are in substance part of the City’s operations and are reported as an integral part of the City’s financial statements. This City’s component units which are described below are all blended.

- *The Redevelopment Agency of the City of Hayward* (the “Redevelopment Agency”) was created in December 1969 under the provisions of the Community Redevelopment Law (California Health and Safety Code, commencing with Section 33000), primarily to assist in the clearance and rehabilitation of areas determined to be in a declining condition in the City. The Downtown Hayward Redevelopment Project Area (comprised of the downtown area of the City) was established under the Redevelopment Plan (the “Plan”), which was adopted in December 1975 and amended in 1994. The stated purpose of the Plan is to provide an improved physical, social and economic environment in the Project Area. Operating activities of the Redevelopment Agency are included as a capital projects fund of the City, while debt service payments and interest income and expenditures are recorded as a debt service fund of the City.
- *Hayward Public Financing Authority* (the “Authority”) - In May 1989, the City and the Redevelopment Agency entered into a joint powers agreement under the Joint Exercise of Powers Law of the State of California, thereby forming the Authority for the purpose of financing certain capital improvements within the City. These capital improvements are leased to the City for rental payments, which, together with restricted assets of the Authority, will be sufficient to meet the debt service obligations of the Authority. At the termination of the individual leases, title to the related improvements will pass to the City. Operating activities of the Authority are recorded as an enterprise fund of the City.
- *The Hayward Business Improvement District* (the “District”) was established in 1984 to collect certain charges imposed on businesses within the downtown business improvement district and to expend such monies on activities, which enhance the district as a shopping and business center. Operating activities of the District are included as a special revenue fund of the City.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *The Hayward Housing Authority (“Housing Authority”)* was originally established in 1946. The Housing Authority is only a conduit to issue housing mortgage revenue bonds for developers, whereby such developers are entirely responsible for meeting the related debt obligations and where the funds raised through such housing mortgage revenue bond issues are used to finance multifamily rental housing developments. A certain percentage of housing units being financed must be for low and moderate income purposes. The Housing Authority is paid a fee by the benefited developers for issuing the bonds and for monitoring the occupancy of these housing developments. This activity is recorded as a special revenue fund of the City.

The City participates in a joint venture, the East Bay Dischargers Authority (“EBDA”), which is not included in the accompanying basic financial statements as it is administered by a board separate from and independent of the City. EBDA is also fiscally independent of the City (see Note 16).

Complete financial statements of the individual component units and the joint venture can be obtained from:

City of Hayward
Finance Department, 3rd Floor
777 B Street
Hayward, California 94541

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 U.S.A.

Government-wide Statements: The Statement of Net Assets and the Statement of Activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements: The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category—*governmental*, *proprietary*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major 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.

Major Funds – Governmental Accounting Standards Board requires that the City's major governmental and business-type funds be identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. 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 reported the following major governmental funds in the accompanying financial statements:

General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources, which are not accounted for in another fund.

Hayward Redevelopment Agency Capital Projects Fund - Accounts for property tax increment revenues used for capital projects connected with downtown redevelopment.

Route 238 Settlement Fund – Accounts for lump sum stipends, home ownership assistance, and program administration in connection with Route 238 Corridor Settlement Agreement.

Route 238 Corridor Improvement Fund – Accounts for various roadway improvements along Foothill and Mission Boulevard between northern city limits and Industrial Parkway including a downtown one-way loop street system, peak hour traffic lanes, pedestrian and bicycle improvements, and landscaping enhancements.

The City reported all the following proprietary-enterprise funds as major funds in the accompanying financial statements:

Sewer Fund - Accounts for activities associated with sewage transmission and treatment.

Water Fund - Accounts for activities associated with distribution and transmission of potable water to users.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Airport Fund - Accounts for the operation, development and maintenance of the Hayward Air Terminal.

The City also reports the following fund types:

Internal Service funds

These funds account for workers' compensation reimbursable costs, risk management expenses, self-insurance costs, and operation, maintenance and replacement of vehicles and mobile radio units; all of which are provided to other departments on a cost-reimbursement basis.

Fiduciary funds

These funds account for assets held by the City in trust or as an agent for various assessment and community facilities districts. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements. Agency funds apply the accrual basis of accounting but do not have a measurement focus.

Basis of Accounting - The government-wide, proprietary, and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within forty-five days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as *other financing sources*.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property 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. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Other revenues susceptible to accrual include other taxes, intergovernmental revenues, interest and charges for services.

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.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be made available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's business-type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The City follows Statements and interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, unless they conflict with Government Accounting Standards Board pronouncements.

Budgets and Budgetary Accounting – The City adopts an annual operating budget on or before June 30 for the ensuing fiscal year for all Funds. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various governmental fund types. The level of budgetary control within all governmental fund types is at the fund level. The City Council may amend the budget by resolution during the fiscal year. The City Manager may transfer appropriations from one program, activity, or object to another within the same fund without the approval of the City Council. All appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

All governmental fund type annual operating budgets are presented on a basis consistent with generally accepted accounting principals ("GAAP") except as follows:

- The City has several unrestricted subfunds it accounts for separately in its general ledger that are combined and included in General Fund amounts reported in the accompanying financial statements. However for budgetary presentation purposes, the City only reports its main operating fund. Other subfunds not included in the budgetary presentation are reported as perspective differences.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

At June 30, 2011 expenditures exceeded budget for the following funds:

Fund Name	Amount
Housing Mortgage revenue Bonds	\$1,500
Narcotics Asset Seizure	58,201
Certificates of Participation	437
Redevelopment Agency	2,205

Parts and Supplies of the General Fund consist of expendable supplies held for consumption and are valued at cost (first-in, first-out). The cost is recorded as expenditure in the General Fund at the time individual items are consumed. Reported General Fund supplies are equally offset by a fund balance reservation which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets. Supplies of enterprise funds are valued at the lower of cost (first-in, first-out) or market. Supplies of the enterprise funds consist principally of materials and supplies for utility operations and are expensed or capitalized as such supplies are consumed.

Land held for redevelopment of \$14,741,301 at June 30, 2011 is stated at the lowest of historical cost, net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer performing projects in accordance with the Redevelopment Plan of the Redevelopment Agency of the City of Hayward. The stated purpose of the Redevelopment Plan is to provide an improved physical, social and economic environment in the Project Area.

In March 2011, the Agency made required findings in accordance with Health and Safety Code Sections 33430 to allow the transfer of land held for redevelopment to the City.

Property taxes – Alameda County assesses properties and bills for and collects property taxes as follows:

	Secured	Unsecured
Valuation dates	March 1	March 1
Lien/levy dates	January 1	January 1
Due dates	50% on November 1	July 1
	50% on February 1	
Delinquent as of	December 10 (for November) April 10 (for February)	August 31

The term “unsecured” refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the property being taxed.

Property taxes levied are recorded as revenue and receivables, net of estimated uncollectibles, in the fiscal year of levy.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences - The long-term portion of the liability for vested vacation, time off in lieu of overtime and sick pay for governmental fund type operations is recorded as compensated absences in the government-wide financial statements. The portion expected to be permanently liquidated (matured due to termination) is recorded in the governmental funds. Vested vacation and sick pay of proprietary fund type operations is recorded in the respective proprietary fund type. Compensated absences attributable to governmental funds are typically liquidated by the General Fund. Compensated Absences are presented below as of June 30, 2011:

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$8,191,243	\$1,059,727	\$9,250,970
Additions	5,206,363	853,496	6,059,859
Payments	(4,092,618)	(720,217)	(4,812,835)
Ending Balance	\$9,304,988	\$1,193,006	\$10,497,994
Current Portion	\$5,025,916	\$739,664	\$5,765,580

Special Assessment Debt - The City is considered to be “obligated in some manner,” as defined by Governmental Accounting Standards Board Statement No. 6, *Accounting and Financial Reporting for Special Assessments*, for certain special assessment district debt. The City is obligated to purchase properties on which owners have failed to pay installments of assessments as they fall due or is obligated to honor deficiencies to the extent that lien foreclosures proceeds are insufficient. Special assessment debt has been included in the government-wide financial statements (see Note 6), and special assessment transactions are included in the debt service funds to reflect the individual special assessment funds’ activities. There are other special assessment districts for which the City has no commitment to repay the debt (see Note 8). Activities for these districts are reported in Agency Funds.

Debt Defeasance And Refundings - In an advance refunding, new debt (termed refunding debt) is issued to provide the cash needed to refund old debt (termed refunded debt). Proceeds from the refunding debt are used to purchase U.S. government securities which are placed in an irrevocable trust with an escrow agent to provide for all future debt service on the refunded debt. As a result the refunded debt is considered defeased and is removed from the City’s financial statements. The City is amortizing the loss on debt defeasance over the life of refunding debt.

Estimates and Assumptions - The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except cash with fiscal agent so that it can be invested at the maximum yield, consistent with the principles of safety and liquidity. Individual funds can make expenditures at any time. Investments are carried at fair value.

Policies - The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to maximize security, the City employs the Trust Department of a bank as the custodian of all City managed investments, regardless of their form.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year. In the City's case, fair value equals fair market value, since all of the City's investments are readily marketable.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit or first trust deed mortgage notes with a value of 150% of the City's cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the City's name and places the City ahead of general creditors of the institution pledging the collateral. As of June 30, 2011, the City held \$1,250,602 in uncollateralized deposits under escrow agreements with construction contractors. Such deposits are permitted to be uncollateralized under the government code.

The City maintains a cash management pool that is available for use by all funds. Each fund type's portion of the pool is shown on the combined balance sheet as "Cash and investments available for operations," or "Due to other funds" (for cash overdrafts), as appropriate.

Classification – As of June 30, 2011 cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

Statement of Net Assets

Cash and investments available for operations	\$177,949,593
Cash and investments fiscal agent	10,289,475

Fiduciary Funds

Cash and investments available for operations	1,747,454
Cash and investments fiscal agent	<u>2,610,370</u>

Total Cash and Investments	<u><u>\$192,596,892</u></u>
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CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Cash and investments as of June 30, 2011 consist of the following:

Cash on hand	\$5,515
Cash in bank	37,533,854
Investments	<u>155,057,523</u>
 Total Cash and Investments	 <u><u>\$192,596,892</u></u>

Cash and investments are used in preparing Proprietary Fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

Investments Authorized by the California Government Code and the City's Investment Policy - The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the City's Investment Policy where it is more restrictive:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligation	4 years	None	No Limit	No Limit
U.S. Agency Securities (fully backed)	4 years	None	No Limit	No Limit
U.S. Agency Securities (sponsored)	4 years	None	50%	20%
Banker's Acceptance	180 days	A-1/P-1	40%	30%
Commercial Paper	270 days	A-1/P-1	15%	10%
Negotiable Certificates of Deposit	4 years	A to AA	30%	20%
Repurchase Agreements	1 year	None	25%	20%
Reverse Repurchase Agreements	92 days	None	20%	20%
Medium Term Notes	2-4 years	A to AA	30%	20%
Mutual Funds		Limited to bond proceeds only		
Money Market Fund	2 years	AAA	20%	10%
Asset-backed Corporate notes	4 years	AA	20%	20%
County Treasurer Pool	None	None	15%	20%
California Local Agency Investment Fund	None	None	\$150 Million	\$40 Million
Certificates of Deposit	4 years	None	25%	20%

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements - The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged reserves to be used if the City fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with City resolutions, bond indentures or State statutes. The table below identifies the investment types that are authorized for investments held by fiscal agents. The bond indentures contain no limitations for the maximum investment in any one issuer or the maximum percentage of the portfolio that may be invested in any one investment type. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit
U.S. Treasury Obligations	No Limit	No Limit
U.S. Agency Securities (fully backed)	No Limit	No Limit
U.S. Agency Securities (sponsored)	No Limit	None to AAA
Money Market Mutual Funds	No Limit	Aam to AAAm-G
Collateralized Certificates of Deposits	None to 1 year	None to A-1+
FDIC Insured Deposits	No Limit	No Limit
		None to two
Investment Agreements	No Limit	Highest Categories
Commercial Paper	None to 270 days	A-1 to A-1+
		A/A2 to Two
State General Obligations	No Limit	Highest Categories
		AAA to Two
Municipal Obligations	No Limit	Highest Categories
Federal Funds or Bankers Acceptances	180 days to 1 year	A-1 to A-1+
Repurchase Agreements	None to 30 days	None to A
Pre-funded Municipal Bonds	No Limit	AAA
California Local Agency Investment Fund	No Limit	No Limit

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City generally manages its interest rate risk by holding investments to maturity.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

Investment Type	12 Months or less	13 to 24 Months	Total
U.S. Treasury Obligations	\$819,290		\$819,290
U.S. Agency Securities	43,748,233	\$3,063,960	46,812,193
California Local Agency Investment Fund	100,156,747		100,156,747
Guaranteed Investment Contract	623,830		623,830
Money Market Mutual Fund	6,645,463		6,645,463
Total Investments	<u>\$151,993,563</u>	<u>\$3,063,960</u>	<u>155,057,523</u>
Cash in Banks			37,533,854
Petty Cash			<u>5,515</u>
Total Cash			<u>37,539,369</u>
Total Cash and Investments			<u>\$192,596,892</u>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2011, these investments have an average maturity of 237 days.

Money market funds are available for withdrawal on demand and at June 30, 2011, have an average maturity of 23 to 50.

Credit Risk - 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 actual rating as of June 30, 2011 for each investment type as provided by Standard and Poor's investment rating system:

Investment Type	AAA	AAAm	Not Rated	Total
U.S. Agency Securities	\$46,812,193			\$46,812,193
U.S. Treasury Obligations			\$819,290	819,290
Guaranteed Investment Contract			623,830	623,830
California Local Agency Investment Fund			100,156,747	100,156,747
Money Market Mutual Fund		\$6,645,463		6,645,463
Total Investments	<u>\$46,812,193</u>	<u>\$6,645,463</u>	<u>\$101,599,867</u>	<u>\$155,057,523</u>

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

U.S. Credit Downgrade – On August 5, 2011, Standard & Poor’s Ratings Services (S&P) lowered its long-term credit rating on the United States of America from AAA to AA+. At the same time, S&P affirmed its A-1+ short-term rating on the United States of America.

On August 8, 2011, S&P lowered its issuer credit ratings and related issue ratings on ten of twelve Federal Home Loan Banks (FHLBs) and the senior debt issued by the FHLB System from AAA to AA+. S&P also lowered the ratings on the senior debt issued by the Federal Farm Credit Banks (FFCB) from AAA to AA+, and lowered the senior issue ratings on Fannie Mae (FNMA) and Freddie Mac (FHLMC) from AAA to AA+. The A subordinated debt rating and the C rating on the preferred stock of these entities remained unchanged. Finally, S&P affirmed the short-term issue ratings for these entities at A-1+. As of June 30, 2011, the City’s investments in these agencies that were subject to the downgrade were as follows: FHLB \$24,133,078, FFCB \$22,266,838, FNMA \$412,277.

Custodial Credit Risk – Investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, mutual funds, are set forth below:

Major Fund	Issuer	Investment Type	Reported Amount
General Fund	Federal Farm Credit Bank	Federal Agency Securities	\$24,133,078
	Federal Home Loan Bank	Federal Agency Securities	22,266,838

3. REDEVELOPMENT ACTIVITIES

Eden Housing - In June 2011 the City, on behalf of the Agency, entered into a developer and disposition agreement with Eden Housing Inc. to convey and develop a land parcel for low and moderate income housing units. The property was sold for \$1. Approximately 22 units are to be built at the site.

Loans Receivable - In order to carry out low and moderate housing programs, Redevelopment low and moderate income housing funds were loaned to homebuyers and third-party contractors for the purposes of promoting home ownership in the City and developing low and moderate income housing. The loans bear interest at rates equivalent to either the 11th District cost of funds or the rate the City earns on its cash and investments.

Huntwood Commons Apartments – The City has a loan agreement with Eden Housing, Inc., a California nonprofit public benefit corporation. Eden Housing intends to rehabilitate thirty-nine units of rental housing for rental to low-income households and one manager’s unit. The loans are in the amount of \$840,000 consisting of HOME funds and \$175,500 consisting of Workforce Housing Reward funds. At June 30, 2011 the principal balances outstanding for the HOME and Workforce Housing Reward loan funds were \$840,000 and \$132,471, respectively. The outstanding principal balance of the loan funds will accrue interest at a rate of 3% annually. Repayments of the principal amount of the loan and any accrued interest on such principal shall be deferred until April 30, 2062.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

3. REDEVELOPMENT ACTIVITIES (Continued)

The City also pools certain funds received from the U.S. Department of Housing and Urban Development and the State of California Department of Housing and Community Development, and administrative fees received from owners of multifamily projects funded by mortgage revenues bonds sponsored by the City. These monies are loaned to businesses, nonprofit and for-profit housing developers and to qualified first-time homebuyers for the above purposes. Loans receivable are offset in fund financial statements by deferred revenue in the Funds providing the loans, as these loans are not expected to be collected in the next year.

Elementary School and Public Improvements (Cannery/Burbank Project) - Pursuant to an agreement between the Agency, City, the Hayward Area Park and Recreation District (HARD), and the Hayward Unified School District, the City has agreed to construct and the Agency has agreed to pay for the design and construction of a new elementary school to be located on a site composed of parcels owned by or to be acquired by the Agency. The project was completed during the year ended June 30, 2009 for a total cost of \$35,944,664. The site and improvements have been conveyed to the School District in exchange for a portion of land owned by the School District (the old school site).

The Agency also agreed to deconstruct the old school site, and finance the cost of certain infrastructure improvements to the adjacent Cannery Park, which will be jointly used by the HARD, Park District and the School District. This infrastructure project was completed during the year ended June 30, 2009 for a total cost of \$6,813,260. The site and improvements have been conveyed to the HARD.

Receivables – To partially compensate the Agency for the above design and construction costs and repay the advances, the School District, HARD and the City have agreed to assign certain school development fees and park-in-lieu fees to the Agency. In addition, the School District has agreed that the Agency may retain pass-through payments due the School District pursuant to the Health and Safety Code, as partial compensation for the above costs. The remaining unreimbursed costs are recorded in a schedule of changes in the loan receivable balance for the year ended June 30, 2011.

	School Project	Cannery Park
Balance at June 30, 2010	\$29,789,611	\$4,517,553
Additional reimbursable costs incurred during the fiscal year	5,623	13,063
Less: Pass-through payments	(256,653)	
Less: Development fees	(808,027)	
Less: Park in lieu fees		(208,371)
Balance at June 30, 2011	\$28,730,554	\$4,322,245

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

4. INTERFUND TRANSACTIONS

Transfers Between Funds – With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2011 were as follows:

FROM FUND:	TO FUND:	AMOUNT:
General Fund	Non Major Governmental Funds	\$3,909,992 A
	Internal Service Funds	2,510,053 C
Redevelopment Agency		
Capital Projects Fund	General Fund	4,989,931 D
	General Fund	5,870,000 G
	Non Major Governmental Funds	10,751,347 F
	Non Major Governmental Funds	707,539 G
	Internal Service Funds	57,447 C
Route 238 Corridor Improvement		
Capital Projects Fund	Non Major Governmental Funds	800,000 B
Sewer	General Fund	406,531 D
	Water	750,001 B
	Non Major Governmental Funds	7,000 B
	Internal Service Funds	353,603 C
Water	General Fund	800,680 D
	Internal Service Funds	278,798 C
Airport	General Fund	110,855 D
	Internal Service Funds	63,398 C
Non-Major Governmental Funds	General Fund	3,637,372 D
	Non Major Governmental Funds	2,486,000 E
	Internal Service Funds	414,120 C
Non-Major Enterprise Funds	General Fund	87,731 D
	Internal Service Funds	32,892 C
Internal Service Funds	General Fund	832,347 D
	Internal Service Funds	117,194 C
		<hr/>
		<u><u>\$39,974,831</u></u>

- A To fund debt service, capital projects and administrative overhead
- B To fund capital projects
- C To fund general liability insurance fund
- D To fund allocation of administrative overhead
- E To fund capital projects and public safety activities
- F To fund Housing Authority
- G To transfer land held for redevelopment

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

4. INTERFUND TRANSACTIONS (Continued)

(1) - In March 2011, the Agency made required findings in accordance with Health and Safety Code Sections 33430 to allow for the transfer of land held for redevelopment to the City.

(2) – Under a cooperation agreement, the Agency granted funds to the Housing Authority of the City of Hayward which it will use for purposes consistent with the California Redevelopment Law. The Agency Low & Moderate Income Housing Capital Projects Fund transferred \$2,519,118 and \$4,194,091 to the Housing Authority Low & Moderate Income Housing Capital Projects Fund and the Housing Authority Capital Projects Fund, respectively. In addition, the Agency transferred loans receivable with a balance amounting to \$5,987,621 to the Housing Authority during fiscal 2010-11. As of June 30, 2011, the balance of unspent grant funds held by the Housing Authority totaled \$7,228,291.

(3) The City expends funds on capital projects on behalf of the Agency and the Agency often transfers the required funds to the City prior to the start of the project. Any unspent funds are returned to the Agency upon completion of the project. As of June 30, 2011, the balance of unspent project funds held by the City on behalf of the Agency totaled \$450,000.

Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after end of the fiscal year. At June 30, 2011 interfund balances were as follows:

<u>Due from Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
General Fund	Route 238 Corridor Improvement Capital Projects Fund	\$430,067
	Water Enterprise Fund	53,676
	Non-major Governmental Funds	448,426
	Internal Service Funds	255,164
	Redevelopment Agency Capital Projects Fund	218,003
Non-major Governmental Funds	Route 238 Settlement Capital Projects Fund	1,477,344
	Non-major Governmental Funds	499,392
		<u>\$3,382,072</u>

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

4. INTERFUND TRANSACTIONS (Continued)

Long-Term Interfund Advances - At June 30, 2011, the funds below had made advances that were not expected to be repaid within the next year.

	Long-Term Interfund Receivable	Long-Term Interfund Payable
General Fund	\$7,789,843	
Redevelopment Agency Capital Projects Fund		\$7,789,843
Enterprise Funds		
Sewer	2,660,714	
Water	2,105,000	
Airport		2,105,000
Internal Service Funds	<u> </u>	<u>2,660,714</u>
Total	<u><u>\$12,555,557</u></u>	<u><u>\$12,555,557</u></u>

In fiscal year 2002, the Water Enterprise Fund loaned \$2.89 million to the Airport Enterprise Fund bearing interest between 3% to 4.75%, due in annual installments until October 2026. As June 30, 2011 the outstanding loan balance is \$2,105,000.

Sewer Fund Long-term Receivable from Technology Services Fund - In fiscal year 2009, the Sewer Enterprise Fund loaned \$2,250,000 to the Technology Services Internal Service Fund for the public safety aided dispatch/records management system replacement. This loan bears 2% interest and repayments commenced in fiscal year 2010. As of June 30, 2011 the outstanding loan balance is \$1,875,000.

Sewer Fund Long-term Receivable from Fleet Fund - In fiscal year 2010, the Water Enterprise Fund loaned \$1,000,000 to the Fleet Internal Service Fund for the design, build and purchase of an aerial tiller Fire Apparatus. The interest will accrue on the unpaid balance at the rate equal to the City's monthly average investment portfolio rate. As of June 30, 2011 the outstanding loan balance is \$785,714.

The City has made various loans and advances to finance Agency operations and consist of the following:

- a. In 1990, the City's Water Enterprise Fund made a loan to the Agency to finance the purchase of land for development. Scheduled debt service payments for the loan are being made from available incremental property tax revenues. During the year ended June 30, 2011, the Agency repaid the outstanding balance of \$1,041,075 pursuant to Board Resolution.
- b. During fiscal year 2003, the Sewer Enterprise Fund loaned \$2.35 million to the Redevelopment Agency pursuant to a City Council resolution to partially finance sidewalk improvements. This loan bears interest from 2.25% to 3.00%, which is repaid quarterly. Principal is repayable over a five-year period commencing the fourth quarter of fiscal year 2006. During the year ended June 30, 2011, the Agency repaid the outstanding balance of \$831,877 pursuant to Board Resolution.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

4. INTERFUND TRANSACTIONS (Continued)

- c. In addition to the above amounts, funds have been advanced under an Amended Repayment Agreement whereby the Agency has agreed to reimburse the City a portion of project costs for the B Street/Watkins/Mission Garage and B Street Retail and Civic Center Plaza not to exceed \$11,186,217

The Agency is to pay annual installments of \$800,000 July 1 of each year and interest will accrue on the unpaid balance at a rate equal to the average rate earned by the City on moneys invested in LAIF for the applicable fiscal year. Interest shall accrue and be added to the principal balance June 30 of each year. During the year ended June 30, 2011, interest amounting to \$65,273 was added and pursuant to Board resolution, the Agency repaid \$1,420,000. As of June 30, 2011, the balance outstanding was \$7,789,843.

Internal Balances - Internal balances are presented only in the Government-wide financial statements. They represent the net interfund receivable and payables remaining after the elimination of all such balances within governmental and business-type activities.

5. CAPITAL ASSETS

All capital assets are valued 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. The City's policy is to capitalize all assets with costs exceeding \$5,000 and with useful lives exceeding two years.

With the implementation of GASB Statement 34, the City has recorded all current year additions for its public domain (infrastructure) capital assets, which include traffic signals, medians and streets in its Governmental-wide financial statements. In fiscal year 2003, as allowed under GASB Statement 34, the City implemented the retroactive accounting for its infrastructure assets acquired in prior years.

GASB Statement 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of the assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City begins depreciation on July 1st of the year following acquisition. The City has assigned the useful lives listed below to capital assets.

Buildings and improvements	10 - 50 years
Machinery and equipment	7 - 50 years
Streets	25 - 40 years
Traffic Signals	20 years
Medians	25 - 40 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS (Continued)

Capital Asset Additions and Retirements – Capital assets at June 30 comprise:

	Balance June 30, 2010	Additions	Retirements	Transfers	Balance June 30, 2011
<i>Governmental activities:</i>					
Capital assets not being depreciated:					
Land	\$14,320,040		(\$1,406)	\$372,748	\$14,691,382
Construction in progress	34,542,413	\$26,620,095	(53,401)	(13,248,015)	47,861,092
Total capital assets not being depreciated	<u>48,862,453</u>	<u>26,620,095</u>	<u>(54,807)</u>	<u>(12,875,267)</u>	<u>62,552,474</u>
Capital assets being depreciated:					
Buildings & improvements	64,797,824		(754,835)	130,047	64,173,036
Improvements other than buildings	9,294,241				9,294,241
Machinery and equipment	38,256,579	2,092,415	(2,719,420)		37,629,574
Streets	177,046,719			13,248,015	190,294,734
Traffic Signal	7,257,235				7,257,235
Conduits	1,540,569				1,540,569
Medians	3,425,279				3,425,279
Drains	2,994,000				2,994,000
Total capital assets being depreciated	<u>304,612,446</u>	<u>2,092,415</u>	<u>(3,474,255)</u>	<u>13,378,062</u>	<u>316,608,668</u>
Less accumulated depreciation for:					
Buildings & improvements	20,397,508	1,484,587	(754,835)		21,127,260
Improvements other than buildings	4,029,446	352,202			4,381,648
Machinery and equipment	26,184,477	2,005,887	(2,681,112)		25,509,252
Streets	40,444,690	4,426,157			44,870,847
Traffic Signal	3,762,892	319,361			4,082,253
Conduits	1,416,943	71,778			1,488,721
Medians	954,255	85,631			1,039,886
Drains	989,673	149,368			1,139,041
Total accumulated depreciation	<u>98,179,884</u>	<u>8,894,971</u>	<u>(3,435,947)</u>		<u>103,638,908</u>
Net depreciable assets	<u>206,432,562</u>	<u>(6,802,556)</u>	<u>(38,308)</u>	<u>13,378,062</u>	<u>212,969,760</u>
Governmental activity capital assets, net	<u>\$255,295,015</u>	<u>\$19,817,539</u>	<u>(\$93,115)</u>	<u>\$502,795</u>	<u>\$275,522,234</u>

In March 2011, the Redevelopment Agency made required findings in accordance with Health and Safety Code Section 33430 to allow the conveyance of twenty parcels that had been recorded as capital assets with a book value of \$19,602,599 to the City. The parcels will be used for parkland, open space, public facilities and other uses.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS (Continued)

	Balance June 30, 2010	Additions	Retirements	Transfers	Balance June 30, 2011
<i>Business-type activities:</i>					
Capital assets not being depreciated:					
Land	\$5,130,240			(\$372,748)	\$4,757,492
Construction in progress	9,409,500	\$9,592,311	(\$13,004)	(14,057,230)	4,931,577
Total capital assets not being depreciated	14,539,740	9,592,311	(13,004)	(14,429,978)	9,689,069
Capital assets being depreciated:					
Buildings	25,594,502		(2,254,054)	4,193,049	27,533,497
Improvements other than buildings	58,417		(58,417)		
Machinery and equipment	19,625,770		(552,631)	7,236,484	26,309,623
Sewer pipelines and other infrastructure	119,328,040			1,407,611	120,735,651
Water pipelines and other infrastructure	61,276,835			723,670	62,000,505
Airport hangars, tarmacs and other infrastructure assets	25,345,457			55,037	25,400,494
Total capital assets being depreciated	251,229,021		(2,865,102)	13,615,851	261,979,770
Less accumulated depreciation for:					
Buildings	17,672,441	492,019	(1,938,325)	(311,332)	15,914,803
Improvements other than buildings	58,417		(58,417)		
Machinery and equipment	9,565,910	480,893	(551,647)		9,495,156
Sewer pipelines and other infrastructure	25,052,993	3,987,832			29,040,825
Water pipelines and other infrastructure	23,516,039	1,694,959			25,210,998
Airport hangars, tarmacs and other infrastructure assets	11,071,371	904,742			11,976,113
Total accumulated depreciation	86,937,171	7,560,445	(2,548,389)	(311,332)	91,637,895
Net depreciable assets	164,291,850	(7,560,445)	(316,713)	13,927,183	170,341,875
Business-type activity capital assets, net	\$178,831,590	\$2,031,866	(\$329,717)	(\$502,795)	\$180,030,944

Governmental capital assets construction in progress was composed of the following at June 30, 2011:

	Project Budget	Expended to June 30, 2011	Encumbered	Committed
Streets	\$98,108,674	\$47,861,092	\$40,497,213	\$9,750,370

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

5. CAPITAL ASSETS (Continued)

A summary of enterprise fund construction in progress at June 30, 2011 follows:

	Project Budget	Expended to June 30, 2011	Encumbered	Committed
Sewer Enterprise Fund	\$4,876,780	\$1,714,686	\$66,085	\$3,096,009
Water Enterprise Fund	10,766,709	3,101,092	458,900	7,206,717
Airport Enterprise Fund	970,000	115,799	3,600	850,601
Total	<u>\$16,613,489</u>	<u>\$4,931,577</u>	<u>\$528,585</u>	<u>\$11,153,327</u>

Sewer facilities constructed for the sole use of the City by EBDA, including construction in progress, are included in capital assets at their full construction cost.

Capital Asset Contributions – Some capital assets may be acquired using Federal and State grant funds, or they may be contributed by developers or other governments. GAAP requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

Depreciation Allocation – Depreciation expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program were as follows:

Governmental Activities

General Government	\$883,916
Public Safety	4,895,422
Public Works and Transportation	352,222
Library and Neighborhood Services	472,520
Redevelopment	230,957
Planning and Building	315,788
Maintenance Services	245,587
Internal Service Funds	<u>1,498,559</u>
	<u>\$8,894,971</u>

Business-Type Activities

Sewer Fund	\$4,571,332
Water Fund	1,968,519
Airport Fund	1,019,675
Stormwater Fund	<u>919</u>
	<u>\$7,560,445</u>

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT

The City's long-term debt issues and transactions are summarized below:

Type of Obligation	Authorized and Issued	Balance June 30, 2010	Additions	Retirements	Outstanding at June 30, 2011	Current Portion
Governmental Activity Debt:						
Certificates of Participation						
2007 Refunding COP 4.0-4.5%, due 8/1/26	\$31,820,000	\$29,045,000		\$1,440,000	\$27,605,000	\$1,510,000
Promissory Note						
Fire Suppression Equipment, 3%, due on 7/31/13	200,000		200,000		200,000	100,000
Lease Revenue Bonds						
ABAG Series 2001-2 (a), 3.0-5.0%, due 12/01/20	3,589,835	789,610		68,600	721,010	70,770
Capital Lease Obligations, for acquisition of:						
Boys and Girls Club (a), 4.660%, due 09/20/16	1,215,000	740,339		99,981	640,358	104,695
Police Motorola Radios, (a), 5.48%, due 01/01/12	257,512	128,378		62,477	65,901	65,901
Total capital lease obligations		868,717		162,458	706,259	170,596
Tax Allocation Bonds						
2004 Redevelopment Agency (b), 3.0-5.23% due 3/1/34	44,790,000	39,770,000		1,400,000	38,370,000	1,460,000
2006 Redevelopment Agency (b), 3.75-4.3% due 3/1/36	11,800,000	11,800,000			11,800,000	80,000
Total tax allocation bonds		51,570,000		1,400,000	50,170,000	1,540,000
Subtotal		82,273,327	200,000	3,071,058	79,402,269	3,391,366
Internal Service Fund Long Term Debt (c)						
Lease Revenue Bonds						
ABAG Series 2001-02, 3.0-5.0%, due 12/01/20	2,480,000	660,000		280,000	380,000	290,000
Capital Leases - Equipment						
Solar Power Generator Equipment (a), 6%, due 03/01/30	1,035,000	920,000		30,000	890,000	30,000
Computer Mainframe Equipment, (a), 4%, due 03/30/11	491,602	80,957		80,957		
VOIP System, (a), 4.24-4.44%, due 10/15/10	1,274,030	256,275		256,275		
Capital Leases - Fleet						
Trucks, Pickup, Cars 3.920%, due 01/30/11	1,656,763	357,565		357,565		
City Vehicles 4.06%, due 7/27/12	1,290,863	575,278		306,985	268,293	212,684
Police Vehicles 1.827%, due 10/22/14	360,001		360,001	43,581	316,420	88,360
Fire Engines 3.240%, due 10/22/20	1,991,525		1,991,525	85,112	1,906,413	174,383
Maintenance Vehicles 2.88%, due on 10/22/17	818,557		818,557	53,191	765,366	108,691

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued)

Type of Obligation	Authorized and Issued	Balance June 30, 2010	Additions	Retirements	Outstanding at June 30, 2011	Current Portion
Capital Leases - Technology						
Computer Mainframe 2.98%, due on 4/1/14	332,434		332,434	17,700	314,734	108,065
Total capital lease obligations		2,190,075	3,502,517	1,231,366	4,461,226	722,183
Subtotal		2,850,075	3,502,517	1,511,366	4,841,226	1,012,183
Total Governmental Activity Debt		\$85,123,402	\$3,702,517	\$4,582,424	\$84,243,495	\$4,403,549
Business-type Activity Debt:						
<i>Enterprise Long Term Debt</i>						
Revenue Bonds						
Hayward Public Financing Authority, Series 1996 (d), 3.0-5.2%, due 6/1/14	\$6,440,000	\$2,010,000		\$460,000	\$1,550,000	\$485,000
ABAG Series 2001-2 (d) & (e), 3.0-5.0%, due 12/01/20	1,405,165	415,389		131,399	283,990	139,230
Energy Efficiency Loan, 3%, due 6/22/25	2,450,000		\$2,450,000		2,450,000	99,485
Total Revenue Bonds		2,425,389	2,450,000	591,399	4,283,990	723,715
Certificates of Participation						
For acquisition of:						
2001 Water System Improvement Project (d), 2.0-4.75%, due 10/1/26	5,030,000	2,685,000		335,000	2,350,000	345,000
2004 Water System Improvement Project (d), 2.0-4.375%, due 10/1/24	6,845,000	6,330,000		95,000	6,235,000	100,000
2007 Sewer 3.5-4.0%, due 2/1/18	9,880,000	7,195,000		940,000	6,255,000	980,000
Total certificates of participation		16,210,000		1,370,000	14,840,000	1,425,000
State Water Resource Control Board Loan						
0%, due 9/30/28 (e)		51,824,624		2,727,501	49,097,123	2,727,501
Total State Water Loan		51,824,624		2,727,501	49,097,123	2,727,501
Total Business-type Activity Debt		\$70,460,013	\$2,450,000	\$4,688,900	\$68,221,113	\$4,876,216

Debt service payments are generally made from the following sources:

- (a) Revenues recorded in the General Fund.
- (b) Incremental property taxes recorded in the Redevelopment Agency Capital Projects Fund.
- (c) Operating revenues recorded in the Equipment Management Internal Service Fund.
- (d) Operating Revenues from the Water Enterprise Fund.
- (e) Operating revenues recorded in the Sewer Enterprise Fund.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued)

A. 2007 Refunding Certificates of Participation

In August 2007, the Authority issued \$31,820,000 in Certificates of Participation (2007 COPs) to prepay \$26,740,000 of the outstanding principal of the 1996 Civic Center Certificates of Participation and to prepay \$4,245,000 of the outstanding principal of the 1997 Road and Seismic Retrofit Refunding Certificates of Participation. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. This advance refunding was undertaken to reduce total debt service payments over the next 18 years by \$2,864,926 and resulted in an economic gain of \$1,991,771. The 2007 Refunding COPs bear interest at 3% to 5.2% and are due serially each August 1. Interest payments are due semi-annually on February 1 and August 1, through maturity in 2026.

B. 2001 ABAG Lease Revenue Bonds

In fiscal year 2002, the City issued \$7,475,000 principal amount of ABAG Lease Revenue Bonds, Series 2001-2, (2001-2 Bonds), the proceeds of which were used to finance the cost of acquiring capital assets and to refund and retire various capital lease and certificates of participation obligations. This bifurcated Bond issue is repayable from governmental funds, the Equipment Management Internal Service Fund, the Sewer Enterprise Fund and the Water Enterprise Fund and as a result, the principal balance of the 2001-2 Bonds has been prorated and recorded in each of the above funds and activities.

C. Capital Lease Obligations

The City has entered into various capital lease agreements to acquire property, miscellaneous computer mainframe equipment, and various City vehicles. All of the lease agreements require annual payments.

D. Promissory Note

In fiscal year 2011, the City entered into a promissory note agreement with A100 US, LLC. The City borrowed \$200,000 to help finance the purchase of new City vehicles. The note bears no interest and will be paid in two consecutive yearly installments of \$100,000 each, commencing on July 31, 2012 with the remaining balance being paid in full on July 31, 2013.

E. 2004 Tax Allocation Bonds

In fiscal year 2004, the Agency issued \$44,790,000 of Tax Allocation Bonds to provide funds to defeased and retire the 1996 Tax Allocation Bonds and to finance various redevelopment projects within the Redevelopment Project Area. The Bonds are a special obligation of the Agency secured by tax increment revenues on parity with the Agency's 2006 Tax Allocation Bonds. The bonds are payable in annual installments as indicated below, until Maturity on March 1, 2034. Interest is paid semiannually on March 1 and September 1, with rates ranging from 3% to 5.23% per annum.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued)

F. 2006 Tax Allocation Bonds

In fiscal year 2006, the Agency issued \$11,800,000 principal amount of Redevelopment Agency Tax Allocation Bonds, Series 2006, the proceeds of which will be used to finance various redevelopment projects within the Redevelopment Area. The Bonds are special obligation of the Agency secured by tax increment revenues on parity with the Agency's 2004 Tax Allocation Bonds. The Bonds are payable in annual installments as indicated below, until maturity on March 1, 2036. Interest is paid semiannually on March 1 and September 1, with rates ranging from 3.75% to 4.3% per annum.

The 2004 and 2006 Tax Allocation Bonds are secured by a pledge of tax increment revenues. The pledge of future incremental property tax revenues ends upon repayment of the remaining debt service on the Bonds scheduled to occur in 2036. During fiscal year 2011, pledged revenues amounted to \$10,351,054 representing 263% of the \$3,932,021 in debt service.

G. Public Financing Authority 1996 Revenue Bonds

In February 1996, the City issued \$6,440,000 in Lease Revenue Refunding Bonds; Series 1996, to advance refund \$5,915,000 of outstanding 1989 Lease Revenue Bonds. Improvements, initially financed with 1989 lease revenue bonds, and which have been completed, include a Reservoir Telemetry Control System, installation of two emergency electrical generators used to pump water in the even of electrical failure, fuel tanks, and replacement of 16,600 feet of water mains.

The 1996 Bonds bear interest at 3% to 5.2% and are due serially each June 1. Interest payments are due semi-annually on December 1 and June 1. 1996 Bonds maturing on or after June 1, 2005 may be prepaid on any date beginning June 1, 2004 at par plus 2%. The prepayment price decreases one-half of one percent each year until June 1, 2006, at which time the 1996 Bonds may be prepaid at par.

H. 2001 Water System Improvement Project Certificates of Participation

On October 24, 2001 the City issued \$5,030,000 in Certificates of Participation to finance construction of the Hesperian Booster Pump Station. The 2001 COPs bear interest at 2% to 4.75% and are due semi-annually on April 1 and October 1, commencing April 1, 2002. Principal payments are due annually on October 1. 2001 COPs maturing on or after October 1, 2012 may be prepaid, on any payment date beginning October 1, 2011 at par.

I. 2004 Water System Improvement Project Certificates of Participation

In January 2004, the City issued \$6,845,000 in Certificates of Participation to the design and construction of a new booster pump station. The 2004 COPs are payable from net revenue from operations of the City's water system. The 2004 COPs bear interest serially of 2% to 4.375% and are due serially on October 1. Interest payments are due semi-annually on April 1 and October 1.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (Continued)

J. Energy Efficiency Loan

In fiscal year 2011, the City was issued a \$2,450,000 loan from the Energy Conservation Assistance Program, issued by the California Infrastructure and Economic Development Bank. The loan will finance an Energy Savings Project that consists of 1 MW Tracking Photovoltaic System on the City's Water Pollution Control Facility. The loan bears interest at 3% and payments are to be made bi-annually on June 22 and December 22 of each year until 2025.

K. 2007 Sewer Refunding Certificates of Participation

The City's 2007 Sewer Refunding Certificates of Participation are due August 1, 2026 and bear interest at rates of 4% and 4.5%. The proceeds from the 2007 COPs were used to advance refund the remaining outstanding balance on the City's 1996 Sewer System Improvement Certificates of Participation and the 1998 Sewer System Improvement Certificates of Participation. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of net assets. Certificates maturing on or after August 1, 2017 are subject to optional prepayment by the City after this date. Interest payments are due on February 1 and August 1 of each year through maturity in 2018.

L. State Water Resources Control Board Loan

In June 2006, the City entered into a loan agreement with the State of California's State Water Resources Control Board for the purpose of financing the Wastewater System Improvement Project. Under the terms of the contract, the City has agreed to repay \$54,550,018 to the State in exchange for receiving \$45,458,167 in proceeds used to fund the Project. The difference between the repayment obligation and proceeds amounts to \$9,091,852 upon issue and represents in-substance interest on the outstanding balance. As of June 30, 2010, the City's gross repayment obligation totaled \$51,824,624 and has a corresponding prepayment of interest expense for \$7,255,880. The repayments of the loan are due annually on September 30, commencing September 30, 2009.

At June 30, 2011, annual debt service requirements to maturity for long-term debt, including interest payments, were as follows:

Year Ending June 30:	Governmental Activities				Business-Type Activities	
	Outstanding Bonds		Capital Leases		Principal	Interest
	Principal	Interest	Principal	Interest		
2012	\$3,510,770	\$3,614,811	\$892,779	\$177,389	\$4,876,216	\$1,524,127
2013	3,440,240	3,480,620	688,473	143,893	5,027,573	1,348,205
2014	3,370,000	3,345,638	637,819	125,440	4,967,356	1,217,769
2015	3,515,000	3,200,845	512,118	106,051	4,487,038	1,094,504
2016	3,675,000	3,048,500	481,046	88,677	4,556,711	995,810
2017 - 2021	19,245,000	12,758,603	1,435,250	245,232	18,441,767	3,694,226
2022 - 2026	22,465,000	8,075,054	260,000	102,000	17,504,844	1,877,091
2027 - 2031	12,590,000	3,215,786	260,000	29,875	8,359,608	420,858
2032 - 2036	7,265,000	1,142,259				
Totals	<u>\$79,076,010</u>	<u>\$41,882,116</u>	<u>\$5,167,485</u>	<u>\$1,018,557</u>	<u>\$68,221,113</u>	<u>\$12,172,590</u>

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

7. LEASING ARRANGEMENTS

Certificates of Participation, Lease Revenue Bonds and Capital Leases are issued for the purpose of financing the construction or acquisition of projects defined in each leasing arrangement. Projects are leased to the City for lease payments which, together with unspent proceeds of the leasing arrangement, will be sufficient to meet the debt service obligations of the leasing arrangement. At the termination of the leasing arrangement title to the project will pass to the City.

Leasing arrangements are similar to debt; they allow investors to participate in a share of guaranteed payments, which are made by the City. Because they are similar to debt, the present value of the total of the payments to be made by the City is recorded as long-term debt. The City's leasing arrangements are included in long term obligations discussed in the preceding note.

8. SPECIAL ASSESSMENT DEBT WITHOUT CITY COMMITMENT

The City has sponsored special assessment debt issues under which it has no legal or moral liability with respect to repayment of the debt and therefore does not include this debt in the City's Governmental Activity. A summary of such debt follows:

In June 1994 the Local Improvement District No. 16, Garin Avenue, issued Limited Obligation Improvement Bonds in the original principal amount of \$3,000,000 to finance construction of a water system within the District. Outstanding debt at June 30, 2011 was \$1,580,000. In July 1997 the Local Improvement District No. 16 issued additional Limited Obligation Improvement Bonds in the original principal amount of \$50,952. Outstanding debt at June 30, 2011 was \$0.

In June 1999 the Local Improvement District No. 17, Twin Bridges Community Park, issued Limited Obligation Improvement Bonds in the original principal amount of \$396,014 to finance improvements within the District. Outstanding debt at June 30, 2011 was \$289,000.

In July 2002 the Community Facilities District No. 1, Eden Shores issued Special Tax Bonds in the original principal amount of \$9,965,000 to finance improvements within the District. Outstanding debt at June 30, 2011 was \$9,380,000.

9. NET ASSETS AND FUND BALANCES

GASB Statement 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

Net Assets - Net Assets is the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions under GASB Statement 34. These captions apply only to Net Assets, which is determined only at the Government-wide level, and are described below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

9. NET ASSETS AND FUND BALANCES (Continued)

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include the following:

Redevelopment Activities – These Net Assets are restricted by state law to operations of the Redevelopment Agency of the City of Hayward.

Special Revenue Projects - These Net Assets are to be used for various Special Revenue Programs operated by the City including state gasoline tax programs and projects, Alameda County Measure B programs, various housing rental and rehabilitation programs, recycling, Emergency Medical Services, various police grants, and other programs.

Unrestricted describes the portion of Net Assets which is not restricted as to use.

Fund balances/Net Assets - Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendables represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

9. NET ASSETS AND FUND BALANCES (Continued)

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. This category includes encumbrances; Nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

Minimum Fund Balance Policies - The City's Budget and Fiscal Policy requires the City to strive to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one time expenditures. These resources also provide a first defense against deficit spending and help maintain liquidity when budgeted draw downs are inevitable. Designations may be used at the City Council's discretion to address temporary cash flow shortages, emergencies, unanticipated economic downturns, and one time opportunities. These resources are intended to provide flexibility to respond to unexpected opportunities that may help the City of Hayward achieve its goals. The use of these funds may also be tied to an adverse change in economic indicators to ensure that the funds are not depleted before an emergency arises.

It is the policy of the City of Hayward to establish and maintain adequate financial reserves in order to avoid the negative effects of economic cycles upon essential services to the public and to assure that annual fluctuations in revenue receipts do not impede the City's ability to meet its expenditure obligations. During periods of economic sufficiency, these designations shall be used as a source of supplemental revenue through prudent investments and earnings under policies of the City Council and for meeting short term cash flow deficiencies. During periods of economic downturns, when revenues fail to meet the normal operating requirements of essential public services, or when need for disbursements temporarily exceeds receipts, these designations may, upon the recommendation of the City Manager and the authorization of the City Council, be used in accordance with the standards set forth herein.

Under GASB 54, such designations are includable in Unassigned fund balance when the usage is predicated on general circumstances which are expected to routinely occur.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

9. NET ASSETS AND FUND BALANCES (Continued)

The City’s designations are detailed below and described along with the minimum balance target and purpose of the designation:

	<u>Balance at June 30, 2011</u>
Nonspendables:	
Items not in spendable form:	
Long-term interfund receivables	\$7,789,843
Land held for resale	10,272,570
Deposits, parts, supplies and Prepaid Expenses	<u>17,366</u>
Total Nonspendable Fund	<u>18,079,779</u>
Assigned:	
Encumbrances	<u>256,170</u>
Unassigned:	
Designations	
Contingencies	10,695,200
Economic Uncertainty	9,350,000
Liquidity	4,675,000
Public Safety	1,000,000
Hotel Conference Center	190,000
Retirement Reserve	522,000
Undesignated Fund Balance	<u>3,117,920</u>
Total Unassigned Fund	<u>29,550,120</u>
Total Fund Balances	<u><u>\$47,886,069</u></u>

- **Economic Uncertainty:** Minimum balance equal to greater of \$5 million or 10% of the annual general fund operating appropriations.

This designation is to be used to soften economic impacts. Sales tax, real property transfer tax and development related fees are sensitive to general economic cycles. Since they are major revenue sources to the general fund it is necessary to create a reserve that will allow the City to continue providing acceptable service levels during economic downturns.

- **Liquidity:** Minimum balance equal to greater of \$2.5 million or 5% of the annual general fund operating appropriations.

This designation is to address short term borrowing needs the City may encounter. Certain major revenues of the general fund are passed through other government agencies, state and county. The City cannot control the timing of when they make payments to the City.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

9. NET ASSETS AND FUND BALANCES (Continued)

- **Emergencies:** Minimum balance of \$10 million to be established in \$1 million annual increments starting in fiscal 2008-09. Maximum balance equivalent to three months City payroll.

To ensure that the City can provide essential services to the public during a disaster, a Adopted Operating Budget Fiscal Years 2011 and 2012 Page 531 Supplemental Information Financial Policies and Practices over 10 year planning period) reserve for emergencies will be developed over the next 10 year planning period.

- **Hotel Conference Center:** Minimum balance equal to \$1 million. This designation is to be used for the City Center Project.
- **Police Staffing:** Minimum balance equal to \$1 million.

This designation is to supplement loss of COP Grant funding in fiscal 2012-13.

- **Contingencies:** To ensure that the City can provide essential services to the public during a disaster, a Adopted Operating Budget Fiscal Years 2011 and 2012 Page 531 Supplemental Information Financial Policies and Practices over 10 year planning period) reserve for emergencies will be developed over the next 10 year planning period.

Deficit Fund Balances – As of June 30, 2011, the following funds had deficits:

The Redevelopment Agency Capital Projects Fund reported a deficit of \$4,877,055 which is expected to be eliminated with future tax increments.

The HOME and Neighborhood Stabilization Program Special Revenue Funds reported deficits of \$48,093 and \$166,191, respectively which is expected to be eliminated with future federal awards.

The Workers' Compensation Insurance Internal Service Fund reported a deficit of \$3,381,469 which is expected to be eliminated with future interdepartmental charges.

Recategorized Fund- During the fiscal year ended June 30, 2011, the City recategorized and combined the Centennial Hall Maintenance and Operation Enterprise Fund into the Facilities Management Internal Service Fund which increased the July 1, 2010 beginning fund balance by \$806,101.

10. ACCRUED RECLAMATION COSTS

To comply with regulatory requirements imposed by the California Regional Water Quality Control Board and the Alameda County Department of Environmental Health, the City expects to incur reclamation costs associated with an abandoned 60 acre landfill site. Such costs represent placing an 18-inch vegetative cover over the landfill site as well as ongoing monitoring costs. As of June 30, 2011, the City expects to incur \$158,508 for remaining reclamation costs, funded from operating revenue of the Sewer Enterprise Fund. Reclamation payments totaled \$123,039 for the year ended June 30, 2011. Reclamation costs are accrued in the Sewer Enterprise Fund. Actual costs may be higher due to inflation, changes in technology, or changes in State or federal regulations.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

11. DEFERRED COMPENSATION PLAN

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them. Distributions may be made only at termination, retirement, death, or in an emergency defined by the Plan.

The laws governing deferred compensation plan assets require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these plans are not the City's property and are not subject to City control, they have been excluded from these financial statements.

12. CALPERS SAFETY AND MISCELLANEOUS EMPLOYEES RETIREMENT PLANS

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, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2011, are summarized below:

	<u>Safety</u>		<u>Miscellaneous</u>
	<u>Police</u>	<u>Fire</u>	
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	55
Monthly benefits, as a % of annual salary	3%	3%	3%
Required employee contribution rates	9%	9%	8%
Required employer contribution rates	30.005%	27.493%	11.947%

CALPERS determine 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 related total payroll cost. Normal benefit cost under this method is the level amount the employer 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.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

12. CALPERS SAFETY AND MISCELLANEOUS EMPLOYEES PLANS (Continued)

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

The Plans’ actuarial value (which differs from fair value) and funding progress over the most recent three years available is set forth below at their actuarial valuation date of June 30:

Police Safety Plan:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2008	\$213,582,862	\$170,318,181	\$43,264,681	79.70%	\$21,154,343	204.50%
2009	232,210,728	177,072,753	55,137,975	76.30%	20,412,494	270.12%
2010	237,600,574	184,722,971	52,877,603	77.75%	21,813,351	242.41%

Fire Safety Plan:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2008	\$176,978,776	\$145,409,830	\$31,568,946	82.20%	\$15,141,749	208.50%
2009	188,893,249	150,123,772	38,769,477	79.50%	14,668,974	264.30%
2010	193,955,889	154,756,793	39,199,096	79.79%	14,816,463	264.56%

Miscellaneous Plan:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2008	\$260,901,585	\$234,622,155	\$26,279,430	89.90%	\$39,495,060	66.50%
2009	301,787,752	243,588,232	58,199,520	80.72%	38,112,160	152.71%
2010	318,597,286	252,506,731	66,090,555	79.26%	40,903,589	161.58%

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

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

13. PUBLIC AGENCY RETIREMENT SYSTEM

The Omnibus Budget Reconciliation Act of 1990 (OBRA) mandates that public sector employees who are not members of their employer's existing retirement system as of January 1, 1992 be covered by either Social Security or an alternative plan. Effective January 1, 1992, the City contracted with the Public Agency Retirement System (PARS), a defined contribution plan. This Plan covers part-time, seasonal and temporary employees and all employees not covered by another retirement system. All eligible employees covered by the Plan are fully vested. Employer liabilities are limited to the amount of current contributions.

Under PARS employees contribute 3.75 % and the City contributes 3.75% of the employees' salary each pay period. For the fiscal year ending June 30, 2011, total contributions of \$17,622 were made based on a total amount of covered compensation of \$501,996.

14. OTHER POSTEMPLOYMENT BENEFITS

By City Council resolution the City provides certain health care benefits for employees who retire directly from the City with at least five years of service with the City and who are vested in the California Public Employees Retirement System (CalPERS). The City participates in the CalPERS health care plan which is governed under the California Public Employees Health and Medical Care Act (PEMCHA). Required retiree medical plan contributions are also governed by PEMCHA for member agencies.

The City contributes up to a fixed dollar amount for retiree medical benefits, which varies by employee bargaining group and coverage level as governed by PEMCHA. Benefits continue for surviving spouses in amounts as required by PEMCHA. Should an eligible retiree opt out of the CalPERS medical plan, they will receive \$120 to \$125 per month in lieu of contributions to the CalPERS plan. As of June 30, 2011, approximately 744 retirees were eligible and were receiving retiree health care benefits from the City. There were approximately 792 active employees that should they meet requirements will be eligible to receive health care benefits upon retirement.

Funding Policy and Actuarial Assumptions - The annual required contribution (ARC) was determined as part of a September 13, 2011 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included 4.60% investment rate of return, 3.50% projected annual salary increase, and 5% to 7% health cost inflation increases. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period for an initial June 30, 2008 Unfunded Actuarial Accrued Liability (UAAL), a 20 year amortization period for method assumptions and plan changes and 15 years for gains and losses, with a maximum of a 30 year combined period.

Funding Progress and Funded Status - In fiscal year 2011, the City made contributions toward the ARC and amortized its net OPEB obligation as presented below:

Net OPEB Liability at June 30, 2010	<u>\$7,791,901</u>
Annual required contribution (ARC)	6,302,436
Interest on net OPEB obligation	358,427
Adjustment to annual required contribution	<u>(558,710)</u>
Annual OPEB cost	<u>6,102,153</u>
Contributions made:	
City's portion of current year premiums paid	(2,469,117)
Contribution to CERBT Trust	<u>(231,675)</u>
Subtotal	<u>(2,700,792)</u>
Change in net OPEB Liability	<u>3,401,361</u>
Net OPEB Obligation June 30, 2011	<u><u>\$11,193,262</u></u>

The Plan's annual required contributions and actual contributions for the past three years is set forth below:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$6,471,992	\$2,059,756	32%	\$4,412,236
6/30/2010	5,710,526	2,330,861	41%	7,791,901
6/30/2011	6,102,153	2,700,792	44%	11,193,262

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the January 1, 2011 actuarial study is presented below:

Miscellaneous

Valuation Date	Actuarial		Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
6/30/2007		\$23,630,852	(\$23,630,852)		\$32,554,020	-72.59%
6/30/2009		17,689,982	(17,689,982)		34,031,772	-51.98%
6/30/2011		17,580,936	(17,580,936)		39,213,057	-44.83%

Fire

Valuation Date	Actuarial		Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
6/30/2007		\$9,883,767	(\$9,883,767)		\$13,252,058	-74.58%
6/30/2009		16,717,981	(16,717,981)		10,949,127	-152.69%
6/30/2011	\$155,121	12,687,117	(12,531,996)	1%	15,634,077	-80.16%

Police

Valuation Date	Actuarial		Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
6/30/2007		\$37,242,641	(\$37,242,641)		\$18,648,792	-199.71%
6/30/2009		28,005,965	(28,005,965)		17,169,192	-163.12%
6/30/2011	\$362,243	38,686,935	(38,324,692)	1%	22,673,602	-169.03%

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

15. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; natural disasters. The City is self-insured for its general liability, workers' compensation, malpractice liability, and general and auto liability. The City has chosen to establish risk financing internal service funds where assets are set aside for claim settlements associated with the above risks of loss up to certain limits.

Type of Coverage	Self Insurance	Coverage and Limits
General Liability	\$0 - \$250,000 per occurrence	\$250,000 - \$15,000,000
Workers' compensation	\$0 - statutory limits	None
Property	\$0 - \$500,000 per occurrence	\$250,000 - \$1,000,000,
Cyber	\$0 - \$100,000 per occurrence	\$25,000 - \$20,000,000
Boiler and machinery	\$0 - \$350,000 per occurrence	\$1,000,000 - \$100,000,
Accidental medical expense	None	\$5,000 per occurrence
Airport	\$0 - \$1,000 per occurrence	\$1,000 - \$20,000,000

Amounts in excess of the insured limits are self-insured.

In fiscal year 2004, the City did not renew its workers' compensation insurance coverage and instead elected to self-insure all workers' compensation claims.

The City is a member of the Exclusive Risk Management Authority of California (formally known as CA Risk Management Authority) JPA for general municipal liability insurance coverage.

Self-Insurance - The City records estimated liabilities for general liability claims filed or expected to be filed in the General Liability Fund (internal service fund). As of June 30, 2011, the recorded liability was \$991,134. Charges to the General Fund and other funds are determined from an analysis of self-insured claim costs and recorded as operating transfers from such funds to the General Liability Fund.

The City records estimated liabilities for workers' compensation claims filed or expected to be filed in the Worker's Compensation Insurance Fund (internal service fund). As of June 30, 2011, the recorded liability was \$4,711,398. Premiums are paid to the Insurance Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program.

Property damage risks are covered on an occurrence basis up to the deductibles listed above by commercial insurance, Driver Alliant Insurance Services Inc, purchased from independent third parties. All properties are insured at full replacement values. During the past three years there have been no significant reductions in any of the City's insurance coverage and no settlement amounts have exceeded insurance coverage.

The unpaid workers' compensation claims liabilities included in the Worker's Compensation Insurance Internal Service Fund are based on the results of an actuarial study and include amounts for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. In addition, the liability is discounted using an annual interest rate of 6%.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

15. RISK MANAGEMENT (Continued)

Changes in the balances of claims liabilities, including a provision for claims incurred but not reported, during the past two fiscal years are as follows:

	<u>2011</u>	<u>2010</u>
Unpaid claims, beginning of the year	\$ 5,088,006	\$ 6,008,856
Increase (decrease) in estimated liability	5,795,998	2,493,137
Claims payments	<u>(5,181,472)</u>	<u>(3,413,987)</u>
Unpaid claims, end of the fiscal year	<u>\$ 5,702,532</u>	<u>\$ 5,088,006</u>

There are no outstanding claims for which an annuity contract has been purchased in the claimant's name, and therefore removed from the liability.

16. JOINT POWERS AGREEMENTS

The East Bay Dischargers Authority ("EBDA") was established in 1974 under the Joint Exercise of Powers Act of the State of California by the Cities of Hayward and San Leandro, and the Ora Loma, Castro Valley, and Union Sanitary Districts for the purpose of planning, acquiring, constructing, managing and operating common use and individual wastewater treatment and disposal facilities for the member agencies. The governing body of EBDA consists of five members, one appointed by each of the member agencies. The City exercises a weighted vote of 20.7% of the total vote. As a separate legal entity, EBDA exercises full powers and authorities within the scope of the Joint Powers Agreement. Obligations and liabilities of EBDA are not those of the member agencies.

The financial activities for EBDA are not included in the accompanying financial statements as it is administered by a board separate from and independent of the City. Transactions with and the investment in the joint powers agency are accounted for as follows:

- a) Payments related to the services which the City received during fiscal year 2011 amounted to \$627,761 and are recorded as materials, supplies and services expenses.
- b) Payments related to the City's long-term investment in the joint powers agency, for which the City has the ability to exercise significant influence over operating and financial policies, are recorded as an investment in the East Bay Dischargers Authority under the equity method. The City's equity approximates one-third of the total assets of EBDA and amounts to \$11,757,254 at June 30, 2011.

The investment in East Bay Dischargers Authority is valued as of June 30, 2010, the latest date for which financial information is available.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

16. JOINT POWERS AGREEMENTS (Continued)

Summary financial information as of and for the year ended June 30, 2010 (the most recent audited financial information available) for EBDA's common use operations was as follows:

Assets	
Current	\$4,559,032
Fixed - net	<u>31,462,663</u>
Total	<u><u>\$36,021,695</u></u>
Liabilities	\$393,652
Net Assets	<u>35,628,043</u>
Total	<u><u>\$36,021,695</u></u>
Revenues	\$3,188,716
Expenses	(3,725,831)
Non-operating revenues	440,289
Non-operating expenses	<u>(411,248)</u>
Change in Net Assets	<u><u>(\$508,074)</u></u>

Complete financial statements of EBDA can be obtained from:

City of Hayward
Finance Department, 3rd Floor
777 B Street
Hayward, California 94541

17. COMMITMENTS AND CONTINGENCIES

The City is a defendant in several lawsuits arising from its normal operations. City management is of the opinion that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the basic financial statements of the City.

The City has line of credit agreements with its bank under which the bank is authorized to draw on the lines to cover overdrafts from the City's bank account and to cover liquidity requirements. The lines have a maximum amount of \$6,800,000; bear interest at the bank's reference.

18. CONDUIT DEBT WITHOUT CITY COMMITMENT

On March 26, 1998, the City assisted in the issuance of \$9,500,000 in Variable Rate Demand Multifamily Housing Revenue Bonds, Series 1998A for the purpose of providing funds to make a loan to Santa Clara Associates, LLC to provide permanent financing for a multifamily rental housing project known as the Timbers Apartments Project. Interest on the bonds is payable monthly commencing April 1, 1998. Principal on the Bonds is due March 1, 2023. The City has no legal or moral commitment for the repayment of these bonds.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

18. CONDUIT DEBT WITHOUT CITY COMMITMENT (Continued)

On August 15, 2001, the City sponsored the issuance of the City of Hayward Variable Rate Demand Multifamily Housing Revenue Bonds (Lord Tennyson Apartments), 2001 Series A which were issued in the aggregate principal amount of \$6,450,000 to assist a developer in financing the acquisition and rehabilitation of a 96-unit multifamily complex located in Hayward. Repayments for the loan are required to be made by the developer. The City has no legal or moral liability with respect to the payment of this debt.

On January 6, 2004 the City sponsored the issuance of the second supplement of the 1984A City of Hayward Variable Rate Demand Multifamily Housing Revenue Bonds, (Shorewood Apartment Project) which were issued in the aggregate principal amount of \$33,100,000 to refinance prior bonds used to finance the acquisition and construction of a 544-unit multifamily rental housing complex. Repayments for the loan are required to be made by the developer. The City has no legal or moral liability with respect to the payment of this debt.

On April 1, 2005, the City sponsored the issuance of City of Hayward Multifamily Housing Revenue Bonds (Lord Tennyson Apartments) 2005 Series A and 2005 Series A-T which were issued in the aggregate principal amount of \$14,625,000 to finance the acquisition, rehabilitation and development of multifamily rental housing facilities. The City has no legal or moral liability with respect to the payment of this debt.

On October 1, 2005, the City sponsored the issuance of City of Hayward Multifamily Housing Revenue Bonds (Las Casitas of Hayward) 2005 Series A which were issued in the aggregate principal amount of \$6,325,000 to finance the acquisition, rehabilitation and development of multifamily rental housing facilities. The City has no legal or moral liability with respect to the payment of this debt.

On November 28, 2006, the City sponsored the issuance of Multi-Family Housing Revenue Bonds (Saklan Family Housing Development) 2006 Series A which were issued in the aggregate principal amount of \$14,000,000 to assist in the construction and development 78-unit Saklan Family Housing project. The City has no legal or moral liability with respect to the payment of this debt.

19. PROPOSED DISSOLUTION OF REDEVELOPMENT AGENCIES

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, which suspends all new redevelopment activities except for limited specified activities as of that date and dissolves redevelopment agencies effective October 1, 2011. The State simultaneously adopted ABx1 27 which allows redevelopment agencies to avoid dissolution by the City opting into an “alternative voluntary redevelopment program” requiring specified substantial annual contributions to local schools and special districts. Concurrently with these two measures, the State passed various budget and trailer bills that are related and collectively constitute the Redevelopment Restructuring Acts. If all sponsoring communities were to opt-in to the voluntary program, these contributions amount to an estimated \$1.7 billion for fiscal year 2012 and an estimated \$400 million in each succeeding year. The City enacted an “opt-in” ordinance on August 2, 2011, whereby the City agreed to comply with the requirements of ABx1 27, including committing to making the voluntary program payments. If the City fails to make the voluntary program payment, the Agency would become subject to the dissolution provisions of ABx1 26.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

19. PROPOSED DISSOLUTION OF REDEVELOPMENT AGENCIES (Continued)

On July 18, 2011, the California Redevelopment Association, the League of California Cities and others challenged the validity and constitutionality of ABx1 26 and 27 to the California Supreme Court on numerous grounds, including that the acts violate certain provisions of the California Constitution. On August 11, 2011, as modified on August 17, 2011, the California Supreme Court agreed to hear the case and issued a partial stay of ABx1 26 and a full stay of ABx1 27, but the stay did not include the section of ABx1 26 that suspends all new redevelopment activities. It is anticipated that the Court will render its decision before January 15, 2012, the date the first voluntary program payment is due.

The suspension provisions of ABx1 26 prohibit all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26. During the suspension period, an agency is required to prepare an Enforceable Obligation Payment Schedule no later than August 29, 2011, that allows it to continue to pay certain obligations. The Agency adopted its Enforceable Obligation Payment Schedule on August 13, 2011.

In addition, the suspension provisions require the State Controller to review the activities of all redevelopment agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the State Controller is required to order the asset returned to the redevelopment agency. The State Controller's Office has not yet provided any information about the timing or the process for this statewide asset transfer review.

The Agency is currently subject to the suspension provisions as described above. These facts indicate that there is more than a remote possibility the Agency may not continue as a going concern beyond October 1, 2011. The continuation of the Agency beyond October 1, 2011 will initially depend upon whether the Supreme Court rules in favor of the petitioners. There are three possible consequences to the Agency from a decision of the Supreme Court, when it is rendered:

1. If the Supreme Court determines that both ABx1 26 and ABx1 27 are valid, then the City will opt-in to the alternative voluntary redevelopment program. In August 2011 the City enacted an Ordinance which the City elected, on behalf of itself and the Agency, to comply with the provisions of Part 1.9 of the Redevelopment Law, including the required annual payments to the County Auditor-Controller and the Agency would no longer be subject to the suspension provisions. It is anticipated that the City's annual remittances would be reimbursed by the Agency from tax increment revenues of the Downtown Hayward Project Area. The State Department of Finance calculated the City's Voluntary Program payment for fiscal year 2012 to be \$4,040,772. The City filed an appeal of that amount in accordance with the provisions of Health and Safety Code Section 34194(b)(2)(L); however, the State Department of Finance denied the remittance appeal.

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

19. PROPOSED DISSOLUTION OF REDEVELOPMENT AGENCIES (Continued)

2. If the Supreme Court determines that ABx1 26 is valid, but ABx1 27 is not valid, the Agency will continue to be subject to the suspension provisions and would be dissolved in accordance with certain provisions of ABx1 26. Prior to dissolution, any transfers of Agency assets subsequent to January 1, 2011 to the City and the Housing Authority, including those discussed in Notes 4 and 6, that were not obligated to third parties or encumbered may be subject to the State Controller's review discussed above and required to be returned to the Agency. Upon dissolution, all assets and obligations of the Agency would be transferred to a successor agency.
3. If the Supreme Court determines that both ABx1 26 and ABx1 27 are invalid, the Agency would no longer be subject to the suspension provisions and would continue in existence under California Redevelopment Law as it existed prior to the enactment of ABx1 26 and ABx1 27.

As of December 10, 2011, the Supreme Court has not ruled on the case and the Agency is subject to the suspension provisions as discussed above.

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CITY OF HAYWARD
REDEVELOPMENT AGENCY CAPITAL PROJECT FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Final Budget	Actual	Variance with Adjusted Budget Positive (Negative)
REVENUES:			
Property tax increment	\$10,036,750	\$10,351,054	\$314,304
Investment income	94,746	85,912	(8,834)
Rental income	50,000	50,600	600
Fees and charges for services	34	34	
School District reimbursement	143,102	1,064,680	921,578
Other revenue	122,892	342,042	219,150
	<u>10,447,524</u>	<u>11,894,322</u>	<u>1,446,798</u>
EXPENDITURES:			
Current:			
Redevelopment	6,097,438	3,198,560	2,898,878
Capital outlay	65,814,450	987,812	64,826,638
Debt Service:			
Principal	3,123,215		3,123,215
Interest and fiscal charges	213,944	109,652	104,292
Pass-through payments	2,311,535	2,151,873	159,662
	<u>77,560,582</u>	<u>6,447,897</u>	<u>71,112,685</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(67,113,058)</u>	<u>5,446,425</u>	<u>72,559,483</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	3,700,000		(3,700,000)
Transfers (out)	(9,271,827)	(22,376,264)	(13,104,437)
	<u>(5,571,827)</u>	<u>(22,376,264)</u>	<u>(16,804,437)</u>
NET CHANGE IN FUND BALANCE	<u>(\$72,684,885)</u>	<u>(16,929,839)</u>	<u>\$55,755,046</u>
BEGINNING FUND BALANCE		<u>12,042,784</u>	
ENDING FUND BALANCE		<u>(\$4,887,055)</u>	

CITY OF HAYWARD
ROUTE 238 SETTLEMENT FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	Variance with Adjusted Budget Positive (Negative)
REVENUES:			
Investment income		\$80,416	\$80,416
Total Revenues		<u>80,416</u>	<u>80,416</u>
EXPENDITURES:			
Capital outlay	\$7,477,344	<u>3,441,522</u>	<u>4,035,822</u>
Total Expenditures	<u>7,477,344</u>	<u>3,441,522</u>	<u>4,035,822</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(7,477,344)</u>	<u>(3,361,106)</u>	<u>4,116,238</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>1,477,344</u>		<u>(1,477,344)</u>
Total Other Financing Sources (Uses)	<u>1,477,344</u>		<u>(1,477,344)</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$6,000,000)</u></u>	<u>(3,361,106)</u>	<u><u>\$2,638,894</u></u>
BEGINNING FUND BALANCE		<u>5,964,435</u>	
ENDING FUND BALANCE (DEFICIT)		<u><u>\$2,603,329</u></u>	

CITY OF HAYWARD
ROUTE 238 CORRIDOR IMPROVEMENT PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Final Budget</u>	<u>Actual</u>	Variance with Adjusted Budget Positive (Negative)
REVENUES:			
Investment income	\$61,000	(\$17,006)	(\$78,006)
Rental income	257,000	311,550	54,550
Intergovernmental	83,380,000	17,828,084	(65,551,916)
Fees and charges for services	1,974,000	1,979,638	5,638
Other revenue	<u>2,109,000</u>	<u>10</u>	<u>(2,108,990)</u>
Total Revenues	<u>87,781,000</u>	<u>20,102,276</u>	<u>(67,678,724)</u>
EXPENDITURES:			
Capital outlay	<u>85,964,147</u>	<u>13,934,091</u>	<u>72,030,056</u>
Total Expenditures	<u>85,964,147</u>	<u>13,934,091</u>	<u>72,030,056</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>1,816,853</u>	<u>6,168,185</u>	<u>4,351,332</u>
OTHER FINANCING SOURCES (USES):			
Transfers (out)	<u>(800,000)</u>	<u>(800,000)</u>	
Total Other Financing Sources (Uses)	<u>(800,000)</u>	<u>(800,000)</u>	
NET CHANGE IN FUND BALANCE	<u><u>\$1,016,853</u></u>	5,368,185	<u><u>\$4,351,332</u></u>
BEGINNING FUND BALANCE		<u>3,379,685</u>	
ENDING FUND BALANCE		<u><u>\$8,747,870</u></u>	

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Gasoline Tax Fund - Accounts for revenue apportioned to the City from State collected gasoline taxes and expended for construction and maintenance of City streets.

Community Development Block Grant Program Fund – Accounts for monies received from the U.S. Department of Housing and Urban Development (“HUD”) and expended for development of jobs and suitable housing for low-income residents.

HOME Investment in Affordable Housing Fund (HOME) – Accounts for monies received from HUD through the Alameda County Housing Consortium and expended for acquisition, rehabilitation and new construction of affordable housing and tenant-based rental assistance.

Federal Rental Rehabilitation Grant Program Fund - Accounts for grants from HUD used to rehabilitate rental property.

HCD Deferred Loans Fund - Accounts for funds granted by HUD and used for loans to rehabilitate properties of qualified homeowners.

Housing Mortgage Revenue Bonds Fund - Accounts for fees paid by benefited developers of multifamily rental housing and used to reimburse City cost related to bond issuance and program monitoring.

Park Dedication Ordinance Fund - Accounts for park dedication fees applied to new construction and expended for acquisition of recreational land and construction of recreational facilities.

Business Improvement Fund - Accounts for fees imposed on businesses within the downtown business improvement district and expended on activities, which enhance the district as a shopping and business center.

Donation Fund - Accounts for miscellaneous donations expended for purposes agreed upon by the City and the donors.

Neighborhood Stabilization Program Fund – Accounts for funds received from the State of California Department of Housing and Community Development (HCD) under Title III of the American Reinvestment and Recovery Act of 2009 (ARRA) for emergency assistance to acquire and develop foreclosed properties that might otherwise become sources of abandonment and blight within the community.

Homelessness Prevention and Rapid Re-Housing Fund – Accounts for funds received through the U.S. Department of Housing and Urban Development (HUD) as authorized by the American Reinvestment and Recovery Act of 2009 (ARRA) which may be used to prevent homelessness and/or rapidly re-house people who are already homeless.

Energy Efficiency Conservation Fund – Accounts for funds received from the U.S. Department of Energy as authorized by the American Reinvestment and Recovery Act of 2009 (ARRA) which will be used for energy efficiency programs, retrofit grants, residential and commercial energy audits, LED streetlights, and a sustainability coordinator.

Recycling Fund - Accounts for revenue received from County Measure D funds, curbside recycling and multifamily recycling service fees, and grants used to support the City’s recycling program.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

Narcotics Asset Seizure Fund - Accounts for funds received pursuant to federal and State narcotic and seizure laws used to support identified law enforcement activities.

Local Law Enforcement Block Grant Fund - Accounts for funds received as block grant from the Department of Justice, Bureau of Justice Assistance, to support law enforcement.

Citizens' Option For Public Safety Fund - Accounts for funds received pursuant to State legislation, which provides resources, to fight crime and protect public safety at the local level.

Park Maintenance District Fund - Accounts for revenues from annual assessments of developers' proportionate shares of the City's costs for park maintenance in the areas of the developers' projects and accounts for the actual park maintenance costs.

Measure B Pedestrian Fund - Accounts for revenue apportioned to the City from locally collected retail sales taxes and expended for pedestrian projects.

Measure B Paratransit Fund - Accounts for the provision of taxi and van transportation for the elderly and the handicapped.

Measure B Transportation Sales Tax Fund - Accounts for revenue apportioned to the City from locally collected retail sales taxes and expended for street maintenance projects.

DEBT SERVICE FUNDS

Certificates of Participation – Accounts for transfers of revenue from the general and capital projects funds for payment of interest and principal on certificates of participation.

Redevelopment Agency - Accounts for tax increment revenues transferred for the payment of interest and principal of the Redevelopment Agency's 2004 and 2006 tax allocation bonds.

Debt Service Fund - Accounts for transfers of revenue for the payment of interest and principal on the fire suppression note.

Motorola Police Radio – Accounts for transfers of revenue for the payment of interest and principal on the Motorola Police Radio lease.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

CAPITAL PROJECTS FUNDS

General Capital Projects Fund - Accounts for general fund or special revenue fund transfers expended for acquisition and construction of general purpose public facilities, street surfacing and improvements.

Traffic Signal Construction Fund - Accounts for traffic signal fees paid by developers of residential housing and expended for installation of traffic signal equipment.

HA Low & Moderate Income Housing Fund – Under a cooperation agreement with the Redevelopment Agency, the Housing Authority will use resources for purposes consistent with the California Redevelopment Law. The fund accounts for the activities financed by grants of the mandated 20% set-aside of tax increment revenue from the Redevelopment Agency.

Housing Authority – Under a cooperation agreement with the Redevelopment Agency, the Housing Authority will use resources for purposes consistent with the California Redevelopment Law. This accounts for activities financed by grants of property tax increment revenues, less the 20% reported in the Low-Moderate Income Fund.

CITY OF HAYWARD, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

SPECIAL REVENUE FUNDS

	Special Gasoline Tax	Community Development Block Grant	HOME	Federal Rental Rehabilitation Grant Program	HCD Deferred Loans	Housing Mortgage Revenue Bonds
ASSETS:						
Cash and investments		\$2,247,580		\$28,456	\$34,738	\$1,045,736
Cash and investments with fiscal agents						
Accounts receivable, net		468				
Due from other governments	\$447,535					
Interest receivable	(1,312)	5,009			81	2,655
Due from other funds						
Loans receivable		3,249,326	\$6,950,000		73,631	175,500
Deposits, parts, supplies and other:						
Total Assets	<u>\$446,223</u>	<u>\$5,502,383</u>	<u>\$6,950,000</u>	<u>\$28,456</u>	<u>\$108,450</u>	<u>\$1,223,891</u>
LIABILITIES:						
Accounts payable	\$4,568	\$102,122	\$23,435			
Accrued liabilities		19,716				\$2,610
Due to other funds	109,296	80,043	24,658			
Deferred revenue		3,249,326	6,950,000		\$73,631	175,500
Refundable deposits		2,200				
Total Liabilities	<u>113,864</u>	<u>3,453,407</u>	<u>6,998,093</u>		<u>73,631</u>	<u>178,110</u>
FUND BALANCES:						
Nonspendable						
Restricted						
Public Safety						
Public works and transportation	332,359					
Planning and Building						
Redevelopment Projects & Programs		2,048,976		\$28,456	34,819	1,045,781
Debt Service						
Assigned						
Unassigned			(48,093)			
Total Fund Balances (Deficit)	<u>332,359</u>	<u>2,048,976</u>	<u>(48,093)</u>	<u>28,456</u>	<u>34,819</u>	<u>1,045,781</u>
Total Liabilities and Fund Balances	<u>\$446,223</u>	<u>\$5,502,383</u>	<u>\$6,950,000</u>	<u>\$28,456</u>	<u>\$108,450</u>	<u>\$1,223,891</u>

<u>Park Dedication Ordinance</u>	<u>Business Improvement</u>	<u>Donation</u>	<u>Neighborhood Stabilization Program</u>	<u>Homelessness Prevention</u>	<u>Energy Efficiency Conservation</u>
\$5,071,051	\$208,859	\$254,769			
		1,932		\$9	\$22,710
11,749	484	596	(\$306)	120,373	
485,649					
	68				
<u>\$5,568,449</u>	<u>\$209,411</u>	<u>\$257,297</u>	<u>(\$306)</u>	<u>\$120,382</u>	<u>\$22,710</u>
\$188,912	\$20,472	\$8,586	\$224	\$60,538	\$34
		352			
485,649			165,661	59,835	22,676
1,751,981					
<u>2,426,542</u>	<u>20,472</u>	<u>8,938</u>	<u>165,885</u>	<u>120,373</u>	<u>22,710</u>
	68				
3,141,907	188,871	248,359		9	
			(166,191)		
<u>3,141,907</u>	<u>188,939</u>	<u>248,359</u>	<u>(166,191)</u>	<u>9</u>	
<u>\$5,568,449</u>	<u>\$209,411</u>	<u>\$257,297</u>	<u>(\$306)</u>	<u>\$120,382</u>	<u>\$22,710</u>

(Continued)

CITY OF HAYWARD, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

SPECIAL REVENUE FUNDS

	<u>Recycling</u>	<u>Narcotics Asset Seizure</u>	<u>Local Law Enforcement Block Grant</u>	<u>Citizens' Option For Public Safety</u>	<u>Park Maintenance District</u>
ASSETS:					
Cash and investments	\$1,359,043	\$65,897	\$318		\$2,619,257
Cash and investments with fiscal agents					
Accounts receivable, net	6,963				
Due from other governments	192,989			\$61,450	10,074
Interest receivable	3,117	152			6,079
Due from other funds					
Loans receivable					
Deposits, parts, supplies and other:					
Total Assets	<u>\$1,562,112</u>	<u>\$66,049</u>	<u>\$318</u>	<u>\$61,450</u>	<u>\$2,635,410</u>
LIABILITIES:					
Accounts payable	\$6,381				\$58,063
Accrued liabilities	5,540				
Due to other funds					
Deferred revenue					
Refundable deposits					20,000
Total Liabilities	<u>11,921</u>				<u>78,063</u>
FUND BALANCES:					
Nonspendable					
Restricted					
Public Safety		\$66,049	\$318	\$61,450	
Public works and transportation	1,550,191				
Planning and Building					2,557,347
Redevelopment Projects & Programs					
Debt Service					
Assigned					
Unassigned					
Total Fund Balances (Deficit)	<u>1,550,191</u>	<u>66,049</u>	<u>318</u>	<u>61,450</u>	<u>2,557,347</u>
Total Liabilities and Fund Balances	<u>\$1,562,112</u>	<u>\$66,049</u>	<u>\$318</u>	<u>\$61,450</u>	<u>\$2,635,410</u>

DEBT SERVICE FUNDS

<u>Measure B Retail Sales Tax</u>	<u>Measure B Pedestrian</u>	<u>Measure B Paratransit</u>	<u>Certificates of Participation</u>	<u>Redevelopment Agency</u>	<u>Debt Service</u>
\$295,199	\$428,395	\$479,731	\$3,366 148,015	\$4,009,369	
470,469 436	97,567 949	168,106 1,120			
<u>\$766,104</u>	<u>\$526,911</u>	<u>\$648,957</u>	<u>\$151,381</u>	<u>\$4,009,369</u>	
\$13,839		\$53,596 2,606		\$4,341	
<u>13,839</u>		<u>56,202</u>		<u>4,341</u>	
752,265	\$526,911	592,755			
			\$151,381	4,005,028	
<u>752,265</u>	<u>526,911</u>	<u>592,755</u>	<u>151,381</u>	<u>4,005,028</u>	
<u>\$766,104</u>	<u>\$526,911</u>	<u>\$648,957</u>	<u>\$151,381</u>	<u>\$4,009,369</u>	

(Continued)

CITY OF HAYWARD, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

	CAPITAL PROJECTS FUNDS					Total Nonmajor Governmental Funds
	DEBT SERVICE FUNDS	General Capital Projects	Traffic Signal Construction	HA Low & Moderate Income Housing	Housing Authority	
	Motorola Police Radio					
ASSETS:						
Cash and investments		\$5,338,258	\$93,417	\$975,695	\$5,192,497	\$25,742,262
Cash and investments with fiscal agents						4,157,384
Accounts receivable, net		360,688	90,202	1,000		461,262
Due from other governments		145,623				1,736,896
Interest receivable		9,067	247	1,568	11,483	53,174
Due from other funds				1,477,344		1,962,993
Loans receivable				7,981,676		18,430,133
Deposits, parts, supplies and other:						68
Total Assets		<u>\$5,853,636</u>	<u>\$183,866</u>	<u>\$10,437,283</u>	<u>\$5,203,980</u>	<u>\$52,544,172</u>
LIABILITIES:						
Accounts payable		\$197,400	\$3,171	\$53,359	\$73,037	\$872,078
Accrued liabilities				4,900		35,724
Due to other funds						947,818
Deferred revenue				7,981,676		18,430,133
Refundable deposits		87,652		300,000		2,161,833
Total Liabilities		<u>285,052</u>	<u>3,171</u>	<u>8,339,935</u>	<u>73,037</u>	<u>22,447,586</u>
FUND BALANCES:						
Nonspendable						68
Restricted						
Public Safety						127,817
Public works and transportation			180,695			3,935,176
Planning and Building						6,136,484
Redevelopment Projects & Programs				2,097,348	5,130,943	10,386,332
Debt Service						4,156,409
Assigned		5,568,584				5,568,584
Unassigned						(214,284)
Total Fund Balances (Deficit)		<u>5,568,584</u>	<u>180,695</u>	<u>2,097,348</u>	<u>5,130,943</u>	<u>30,096,586</u>
Total Liabilities and Fund Balances		<u>\$5,853,636</u>	<u>\$183,866</u>	<u>\$10,437,283</u>	<u>\$5,203,980</u>	<u>\$52,544,172</u>

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CITY OF HAYWARD, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS					
	Special Gasoline Tax	Community Development Block Grant	HOME	Federal Rental Rehabilitation Grant Program	HCD Deferred Loans	Housing Mortgage Revenue Bonds
REVENUES:						
Other taxes						
Fines and forfeitures						
Special assessments						
Investment income	(\$27,341)	\$20,695			\$223	\$3,837
Intergovernmental	3,884,822	1,261,227	\$75,328			
Fees and charges for services	92,753					
Other		398,094				145,104
Total Revenues	3,950,234	1,680,016	75,328		223	148,941
EXPENDITURES:						
Current:						
General government						
Public safety						
Public works and transportation	493,358	128,365	125,279			
Library and community services		1,893,307				
Redevelopment		359,129				172,731
Planning and building		80,570				
Capital outlay						
Debt Service:						
Principal repayment		99,981				
Interest and fiscal charges		35,824				216
Total Expenditures	493,358	2,597,176	125,279			172,947
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,456,876	(917,160)	(49,951)		223	(24,006)
OTHER FINANCING SOURCES (USES)						
Issuance of long term debt						
Transfers in						
Transfers (out)	(3,711,000)	(65,847)				(1,002,989)
Total Other Financing Sources (Uses)	(3,711,000)	(65,847)				(1,002,989)
NET CHANGE IN FUND BALANCES	(254,124)	(983,007)	(49,951)		223	(1,026,995)
BEGINNING FUND BALANCES	586,483	3,031,983	1,858	\$28,456	34,596	2,072,776
ENDING FUND BALANCES (DEFICITS)	\$332,359	\$2,048,976	(\$48,093)	\$28,456	\$34,819	\$1,045,781

<u>Park Dedication Ordinance</u>	<u>Business Improvement</u>	<u>Donation</u>	<u>Neighborhood Stabilization Program</u>	<u>Homelessness Prevention</u>	<u>Energy Efficiency Conservation</u>
	\$44,037				
\$52,836	1,318	\$1,719	(\$634) 37,197	\$293,654 21	\$233,898
<u>623,683</u>	<u>308</u>	<u>64,055</u>	<u>782,837</u>		
<u>676,519</u>	<u>45,663</u>	<u>65,774</u>	<u>819,400</u>	<u>293,675</u>	<u>233,898</u>
		47,020		293,666	233,898
225,046	97,494		1,261,792		
<u>225,046</u>	<u>97,494</u>	<u>47,020</u>	<u>1,261,792</u>	<u>293,666</u>	<u>233,898</u>
<u>451,473</u>	<u>(51,831)</u>	<u>18,754</u>	<u>(442,392)</u>	<u>9</u>	
	55,000				
	<u>55,000</u>				
451,473	3,169	18,754	(442,392)	9	
<u>2,690,434</u>	<u>185,770</u>	<u>229,605</u>	<u>276,201</u>		
<u>\$3,141,907</u>	<u>\$188,939</u>	<u>\$248,359</u>	<u>(\$166,191)</u>	<u>\$9</u>	

(Continued)

CITY OF HAYWARD, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS				
	Recycling	Narcotics Asset Seizure	Local Law Enforcement Block Grant	Citizens' Option For Public Safety	Park Maintenance District
REVENUES:					
Other taxes					
Fines and forfeitures		\$16,990			
Special assessments					\$714,015
Investment income	\$10,108	112	\$602		15,901
Intergovernmental	953,180		88,927	\$150,135	
Fees and charges for services					
Other	3,480				
	966,768	17,102	89,529	150,135	729,916
Total Revenues					
EXPENDITURES:					
Current:					
General government					
Public safety		58,737			
Public works and transportation	500,475				
Library and community services					
Redevelopment					
Planning and building					
Capital outlay					
Debt Service:					
Principal repayment					
Interest and fiscal charges	2,888				593,186
	503,363	58,737			593,186
Total Expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	463,405	(41,635)	89,529	150,135	136,730
OTHER FINANCING SOURCES (USES)					
Issuance of long term debt					
Transfers in					
Transfers (out)	(82,417)		(89,619)	(158,128)	
	(82,417)		(89,619)	(158,128)	
Total Other Financing Sources (Uses)					
NET CHANGE IN FUND BALANCES	380,988	(41,635)	(90)	(7,993)	136,730
BEGINNING FUND BALANCES	1,169,203	107,684	408	69,443	2,420,617
ENDING FUND BALANCES (DEFICITS)	\$1,550,191	\$66,049	\$318	\$61,450	\$2,557,347

DEBT SERVICE FUNDS

<u>Measure B Local Streets and Roads</u>	<u>Measure B Pedestrian</u>	<u>Measure B Paratransit</u>	<u>Certificates of Participation</u>	<u>Redevelopment Agency</u>	<u>Debt Service</u>
\$8,223	\$5,517	\$3,998	\$9,069	(\$3,666)	
1,789,469	367,218	811,007			
1,230	455				
<u>1,798,922</u>	<u>373,190</u>	<u>815,005</u>	<u>9,069</u>	<u>(3,666)</u>	
3,303,140	435,400	477,439			
			1,508,600	1,400,000	
		2,476	1,195,881	2,541,363	
<u>3,303,140</u>	<u>435,400</u>	<u>479,915</u>	<u>2,704,481</u>	<u>3,941,363</u>	
<u>(1,504,218)</u>	<u>(62,210)</u>	<u>335,090</u>	<u>(2,695,412)</u>	<u>(3,945,029)</u>	
					\$200,000
		(13,797)	2,704,480	3,940,675	(200,000)
		(13,797)	(19,339)		
		(13,797)	2,685,141	3,940,675	
(1,504,218)	(62,210)	321,293	(10,271)	(4,354)	
<u>2,256,483</u>	<u>589,121</u>	<u>271,462</u>	<u>161,652</u>	<u>4,009,382</u>	
<u>\$752,265</u>	<u>\$526,911</u>	<u>\$592,755</u>	<u>\$151,381</u>	<u>\$4,005,028</u>	

(Continued)

CITY OF HAYWARD, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS				Total Nonmajor Governmental Funds
	Motorola Police Radio	General Capital Projects	Traffic Signal Construction	HA Low & Moderate Income Housing	Housing Authority	
REVENUES:						
Other taxes		\$190,650				\$234,687
Fines and forfeitures						16,990
Special assessments						714,015
Investment income		24,924	(\$678)	(\$44,155)	\$9,887	92,495
Intergovernmental		1,193,077	90,202	626,547		11,855,888
Fees and charges for services		1,047,832	8,000			1,150,291
Other		3,699,764		19,820		5,737,145
Total Revenues		6,156,247	97,524	602,212	9,887	19,801,511
EXPENDITURES:						
Current:						
General government						
Public safety						105,757
Public works and transportation					73,037	5,586,618
Library and community services						2,370,746
Redevelopment				307,775		2,423,967
Planning and building						80,570
Capital outlay		9,575,808	277,433			9,853,241
Debt Service:						
Principal repayment	\$62,477					3,071,058
Interest and fiscal charges	7,035			101		4,378,970
Total Expenditures	69,512	9,575,808	277,433	307,876	73,037	27,870,927
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(69,512)	(3,419,561)	(179,909)	294,336	(63,150)	(8,069,416)
OTHER FINANCING SOURCES (USES)						
Issuance of long term debt						200,000
Transfers in	69,512	3,879,000		2,819,118	5,194,093	18,661,878
Transfers (out)		(178,250)		(1,016,106)		(6,537,492)
Total Other Financing Sources (Uses)	69,512	3,700,750		1,803,012	5,194,093	12,324,386
NET CHANGE IN FUND BALANCES		281,189	(179,909)	2,097,348	5,130,943	4,254,970
BEGINNING FUND BALANCES		5,287,395	360,604			25,841,616
ENDING FUND BALANCES (DEFICITS)		\$5,568,584	\$180,695	\$2,097,348	\$5,130,943	\$30,096,586

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CITY OF HAYWARD, CALIFORNIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SPECIAL REVENUE FUNDS

	Special Gasoline Tax			Community Development Block Grant		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Property tax increment						
Other taxes						
Fines and forfeitures						
Special assessments						
Investment income	\$6,000	(\$27,341)	(\$33,341)	\$38,091	\$20,695	(\$17,396)
Intergovernmental	2,505,000	3,884,822	1,379,822	3,145,774	1,261,227	(1,884,547)
Fees and charges for services	110,000	92,753	(17,247)			
Other				259,037	398,094	139,057
Total Revenues	<u>2,621,000</u>	<u>3,950,234</u>	<u>1,329,234</u>	<u>3,442,902</u>	<u>1,680,016</u>	<u>(1,762,886)</u>
EXPENDITURES:						
Current:						
General government						
Public safety						
Public works and transportation	5,687,558	493,358	5,194,200	460,000	128,365	331,635
Library and community services				2,445,402	1,893,307	552,095
Redevelopment				346,596	359,129	(12,533)
Planning and building				303,184	80,570	222,614
Capital outlay						
Debt Service						
Principal repayment				99,981	99,981	
Interest and fiscal charges				34,954	35,824	(870)
Total Expenditures	<u>5,687,558</u>	<u>493,358</u>	<u>5,194,200</u>	<u>3,690,117</u>	<u>2,597,176</u>	<u>1,092,941</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,066,558)</u>	<u>3,456,876</u>	<u>6,523,434</u>	<u>(247,215)</u>	<u>(917,160)</u>	<u>(669,945)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long term debt						
Transfers in				340,007		(340,007)
Transfers (out)	(3,711,000)	(3,711,000)		(405,854)	(65,847)	340,007
Total Other Financing Sources (Uses)	<u>(3,711,000)</u>	<u>(3,711,000)</u>		<u>(65,847)</u>	<u>(65,847)</u>	
NET CHANGE IN FUND BALANCES	<u>(\$6,777,558)</u>	<u>(254,124)</u>	<u>\$6,523,434</u>	<u>(\$313,062)</u>	<u>(983,007)</u>	<u>(\$669,945)</u>
BEGINNING FUND BALANCES		586,483			3,031,983	
ENDING FUND BALANCES (DEFICIT)		<u>\$332,359</u>			<u>\$2,048,976</u>	

HOME			Federal Rental Rehabilitation Grant Program			HCD Deferred Loans		
Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
\$2,010,375	\$75,328	(\$1,935,047)					\$223	\$223
<u>2,010,375</u>	<u>75,328</u>	<u>(1,935,047)</u>					<u>223</u>	<u>223</u>
2,035,736	125,279	1,910,457						
<u>2,035,736</u>	<u>125,279</u>	<u>1,910,457</u>						
(25,361)	(49,951)	(24,590)					223	223
<u>(\$25,361)</u>	<u>(49,951)</u>	<u>(\$24,590)</u>					223	<u>\$223</u>
	1,858			\$28,456			34,596	
	<u>(\$48,093)</u>			<u>\$28,456</u>			<u>\$34,819</u>	

(Continued)

CITY OF HAYWARD, CALIFORNIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS					
	Housing Mortgage Revenue Bonds			Park Dedication Ordinance		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Property tax increment						
Other taxes						
Fines and forfeitures						
Special assessments						
Investment income	\$42,152	\$3,837	(\$38,315)		\$52,836	\$52,836
Intergovernmental						
Fees and charges for services						
Other	<u>124,822</u>	<u>145,104</u>	<u>20,282</u>	<u>\$107,841</u>	<u>623,683</u>	<u>515,842</u>
Total Revenues	<u>166,974</u>	<u>148,941</u>	<u>(18,033)</u>	<u>107,841</u>	<u>676,519</u>	<u>568,678</u>
EXPENDITURES:						
Current:						
General government						
Public safety						
Public works and transportation						
Library and community services						
Redevelopment	171,403	172,731	(1,328)	385,212	225,046	160,166
Planning and building						
Capital outlay						
Debt Service						
Principal repayment						
Interest and fiscal charges	<u>44</u>	<u>216</u>	<u>(172)</u>			
Total Expenditures	<u>171,447</u>	<u>172,947</u>	<u>(1,500)</u>	<u>385,212</u>	<u>225,046</u>	<u>160,166</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,473)</u>	<u>(24,006)</u>	<u>(19,533)</u>	<u>(277,371)</u>	<u>451,473</u>	<u>728,844</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long term debt						
Transfers in						
Transfers (out)	<u>(1,002,989)</u>	<u>(1,002,989)</u>				
Total Other Financing Sources (Uses)	<u>(1,002,989)</u>	<u>(1,002,989)</u>				
NET CHANGE IN FUND BALANCES	<u><u>(\$1,007,462)</u></u>	<u><u>(1,026,995)</u></u>	<u><u>(\$19,533)</u></u>	<u><u>(\$277,371)</u></u>	<u><u>451,473</u></u>	<u><u>\$728,844</u></u>
BEGINNING FUND BALANCES		<u>2,072,776</u>			<u>2,690,434</u>	
ENDING FUND BALANCES (DEFICIT)		<u><u>\$1,045,781</u></u>			<u><u>\$3,141,907</u></u>	

Business Improvement			Donation			Neighborhood Stabilization Program		
Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
\$55,000	\$44,037	(\$10,963)						
2,397	1,318	(1,079)		\$1,719	\$1,719	\$522,678	(\$634) 37,197	(\$634) (485,481)
250	308	58	(\$353)	64,055	64,408	767,837	782,837	15,000
57,647	45,663	(11,984)	(353)	65,774	66,127	1,290,515	819,400	(471,115)
			165,182	47,020	118,162			
			2,463		2,463			
126,310	97,494	28,816				1,565,138	1,261,792	303,346
126,310	97,494	28,816	167,645	47,020	120,625	1,565,138	1,261,792	303,346
(68,663)	(51,831)	16,832	(167,998)	18,754	186,752	(274,623)	(442,392)	(167,769)
55,000	55,000							
55,000	55,000							
(\$13,663)	3,169	\$16,832	(\$167,998)	18,754	\$186,752	(\$274,623)	(442,392)	(\$167,769)
	185,770			229,605			276,201	
	\$188,939			\$248,359			(\$166,191)	

(Continued)

CITY OF HAYWARD, CALIFORNIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SPECIAL REVENUE FUNDS

	<u>Homelessness Prevention</u>			<u>Energy Efficiency Conservation</u>		
	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Property tax increment						
Other taxes						
Fines and forfeitures						
Special assessments						
Investment income						
Intergovernmental		\$293,654	\$293,654	\$1,361,900	\$233,898	(\$1,128,002)
Fees and charges for services		21	21			
Other						
Total Revenues		<u>293,675</u>	<u>293,675</u>	<u>1,361,900</u>	<u>233,898</u>	<u>(1,128,002)</u>
EXPENDITURES:						
Current:						
General government						
Public safety						
Public works and transportation	\$703,342	293,666	409,676	1,361,900	233,898	1,128,002
Library and community services						
Redevelopment						
Planning and building						
Capital outlay						
Debt Service						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	<u>703,342</u>	<u>293,666</u>	<u>409,676</u>	<u>1,361,900</u>	<u>233,898</u>	<u>1,128,002</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(703,342)</u>	<u>9</u>	<u>703,351</u>			
OTHER FINANCING SOURCES (USES)						
Proceeds from long term debt						
Transfers in						
Transfers (out)				(70,000)		70,000
Total Other Financing Sources (Uses)				<u>(70,000)</u>		<u>70,000</u>
NET CHANGE IN FUND BALANCES	<u><u>(\$703,342)</u></u>	<u>9</u>	<u><u>\$703,351</u></u>	<u><u>(\$70,000)</u></u>		<u><u>\$70,000</u></u>
BEGINNING FUND BALANCES						
ENDING FUND BALANCES (DEFICIT)		<u><u>\$9</u></u>				

Recycling			Narcotics Asset Seizure			Local Law Enforcement Block Grant		
Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
				\$16,990	\$16,990			
\$20,000	\$10,108	(\$9,892)		112	112		\$602	\$602
737,039	953,180	216,141				\$85,942	88,927	2,985
2,500	3,480	980						
759,539	966,768	207,229		17,102	17,102	85,942	89,529	3,587
			\$536	58,737	(58,201)			
1,213,173	500,475	712,698						
	2,888	(2,888)						
1,213,173	503,363	709,810	536	58,737	(58,201)			
(453,634)	463,405	917,039	(536)	(41,635)	(41,099)	85,942	89,529	3,587
(82,417)	(82,417)					(85,942)	(89,619)	(3,677)
(82,417)	(82,417)					(85,942)	(89,619)	(3,677)
(\$536,051)	380,988	\$917,039	(\$536)	(41,635)	(\$41,099)		(90)	(\$90)
	1,169,203			107,684			408	
	\$1,550,191			\$66,049			\$318	

(Continued)

CITY OF HAYWARD, CALIFORNIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SPECIAL REVENUE FUNDS

	Citizens' Option For Public Safety			Park Maintenance District		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Property tax increment				\$52,492		(\$52,492)
Other taxes						
Fines and forfeitures						
Special assessments				739,267	\$714,015	(25,252)
Investment income					15,901	15,901
Intergovernmental	\$157,658	\$150,135	(\$7,523)			
Fees and charges for services						
Other						
Total Revenues	<u>157,658</u>	<u>150,135</u>	<u>(7,523)</u>	<u>791,759</u>	<u>729,916</u>	<u>(61,843)</u>
EXPENDITURES:						
Current:						
General government						
Public safety						
Public works and transportation						
Library and community services						
Redevelopment						
Planning and building						
Capital outlay						
Debt Service						
Principal repayment						
Interest and fiscal charges				892,029	593,186	298,843
Total Expenditures				<u>892,029</u>	<u>593,186</u>	<u>298,843</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>157,658</u>	<u>150,135</u>	<u>(7,523)</u>	<u>(100,270)</u>	<u>136,730</u>	<u>237,000</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long term debt						
Transfers in						
Transfers (out)	<u>(157,658)</u>	<u>(158,128)</u>	<u>(470)</u>			
Total Other Financing Sources (Uses)	<u>(157,658)</u>	<u>(158,128)</u>	<u>(470)</u>			
NET CHANGE IN FUND BALANCES	<u><u> </u></u>	<u>(7,993)</u>	<u>(\$7,993)</u>	<u>(\$100,270)</u>	<u>136,730</u>	<u>\$237,000</u>
BEGINNING FUND BALANCES		<u>69,443</u>			<u>2,420,617</u>	
ENDING FUND BALANCES (DEFICIT)		<u>\$61,450</u>			<u>\$2,557,347</u>	

Measure B Retail Sales Tax			Measure B Pedestrian			Measure B Paratransit		
Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
\$4,000	\$8,223	\$4,223	\$1,000	\$5,517	\$4,517	\$1,500	\$3,998	\$2,498
1,599,000	1,789,469	190,469	342,000	367,218	25,218	550,000	811,007	261,007
	1,230	1,230		455	455			
			531,000		(531,000)			
1,603,000	1,798,922	195,922	874,000	373,190	(500,810)	551,500	815,005	263,505
5,401,000	3,303,140	2,097,860	1,764,011	435,400	1,328,611	607,722	477,439	130,283
						1,606	2,476	(870)
5,401,000	3,303,140	2,097,860	1,764,011	435,400	1,328,611	609,328	479,915	129,413
(3,798,000)	(1,504,218)	2,293,782	(890,011)	(62,210)	827,801	(57,828)	335,090	392,918
						(13,797)	(13,797)	
						(13,797)	(13,797)	
(\$3,798,000)	(1,504,218)	\$2,293,782	(\$890,011)	(62,210)	\$827,801	(\$71,625)	321,293	\$392,918
	2,256,483			589,121			271,462	
	\$752,265			\$526,911			\$592,755	

(Continued)

CITY OF HAYWARD, CALIFORNIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

DEBT SERVICE FUNDS

	Certificates of Participation			Redevelopment Agency		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Property tax increment						
Other taxes						
Fines and forfeitures						
Special assessments						
Investment income	\$3,000	\$9,069	\$6,069	\$1,000	(\$3,666)	(\$4,666)
Intergovernmental						
Fees and charges for services						
Other						
Total Revenues	<u>3,000</u>	<u>9,069</u>	<u>6,069</u>	<u>1,000</u>	<u>(3,666)</u>	<u>(4,666)</u>
EXPENDITURES:						
Current:						
General government						
Public safety						
Public works and transportation						
Library and community services						
Redevelopment						
Planning and building						
Capital outlay						
Debt Service						
Principal repayment	1,508,600	1,508,600		1,400,000	1,400,000	
Interest and fiscal charges	1,195,444	1,195,881	(437)	2,539,158	2,541,363	(2,205)
Total Expenditures	<u>2,704,044</u>	<u>2,704,481</u>	<u>(437)</u>	<u>3,939,158</u>	<u>3,941,363</u>	<u>(2,205)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,701,044)</u>	<u>(2,695,412)</u>	<u>5,632</u>	<u>(3,938,158)</u>	<u>(3,945,029)</u>	<u>(6,871)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long term debt						
Transfers in	2,704,044	2,704,480	436	3,939,158	3,940,675	1,517
Transfers (out)		(19,339)	(19,339)			
Total Other Financing Sources (Uses)	<u>2,704,044</u>	<u>2,685,141</u>	<u>(18,903)</u>	<u>3,939,158</u>	<u>3,940,675</u>	<u>1,517</u>
NET CHANGE IN FUND BALANCES	<u>\$3,000</u>	<u>(10,271)</u>	<u>(\$13,271)</u>	<u>\$1,000</u>	<u>(4,354)</u>	<u>(\$5,354)</u>
BEGINNING FUND BALANCES		<u>161,652</u>			<u>4,009,382</u>	
ENDING FUND BALANCES (DEFICIT)		<u>\$151,381</u>			<u>\$4,005,028</u>	

CAPITAL PROJECTS FUNDS

Debt Service			Motorola Police Radio			General Capital Projects		
Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
						\$100,000	\$190,650	\$90,650
						22,000	24,924	2,924
						28,641,000	1,193,077	(27,447,923)
						2,137,000	1,047,832	(1,089,168)
						5,438,000	3,699,764	(1,738,236)
						36,338,000	6,156,247	(30,181,753)
						63,101,140	9,575,808	53,525,332
			\$62,477	\$62,477		3,637,375		3,637,375
			7,035	7,035		737,546		737,546
			69,512	69,512		67,476,061	9,575,808	57,900,253
			(69,512)	(69,512)		(31,138,061)	(3,419,561)	27,718,500
\$200,000	\$200,000		69,512	69,512		3,872,000	3,879,000	7,000
(200,000)	(200,000)					(178,250)	(178,250)	
			69,512	69,512		3,693,750	3,700,750	7,000
						(\$27,444,311)	281,189	\$27,725,500
							5,287,395	
							\$5,568,584	

(Continued)

CITY OF HAYWARD, CALIFORNIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

CAPITAL PROJECTS FUNDS

	<u>Traffic Signal Construction</u>			<u>HA Low & Moderate Income Housing</u>		
	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES:						
Property tax increment						
Other taxes						
Fines and forfeitures						
Special assessments						
Investment income	\$5,000	(\$678)	(\$5,678)	\$87,549	(\$44,155)	(\$131,704)
Intergovernmental		90,202	90,202	1,044,676	626,547	(418,129)
Fees and charges for services		8,000	8,000	(34)		34
Other				32,075	19,820	(12,255)
Total Revenues	<u>5,000</u>	<u>97,524</u>	<u>92,524</u>	<u>1,164,266</u>	<u>602,212</u>	<u>(562,054)</u>
EXPENDITURES:						
Current:						
General government						
Public safety						
Public works and transportation						
Library and community services				782,188	307,775	474,413
Planning and building						
Capital outlay	4,347,829	277,433	4,070,396			
Debt Service						
Principal repayment						
Interest and fiscal charges				(71)	101	(172)
Total Expenditures	<u>4,347,829</u>	<u>277,433</u>	<u>4,070,396</u>	<u>782,117</u>	<u>307,876</u>	<u>474,241</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,342,829)</u>	<u>(179,909)</u>	<u>4,162,920</u>	<u>382,149</u>	<u>294,336</u>	<u>(87,813)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from long term debt						
Transfers in	70,000		(70,000)	200,000	2,819,118	2,619,118
Transfers (out)				(1,216,106)	(1,016,106)	200,000
Total Other Financing Sources (Uses)	<u>70,000</u>		<u>(70,000)</u>	<u>(1,016,106)</u>	<u>1,803,012</u>	<u>2,819,118</u>
NET CHANGE IN FUND BALANCES	<u><u>(\$4,272,829)</u></u>	<u>(179,909)</u>	<u><u>\$4,092,920</u></u>	<u><u>(\$633,957)</u></u>	<u>2,097,348</u>	<u><u>\$2,731,305</u></u>
BEGINNING FUND BALANCES		<u>360,604</u>				
ENDING FUND BALANCES		<u><u>\$180,695</u></u>			<u><u>\$2,097,348</u></u>	

CAPITAL PROJECTS FUNDS

Housing Authority

<u>Adjusted Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
	\$9,887	\$9,887
	<u>9,887</u>	<u>9,887</u>
\$4,912,501	73,037	4,839,464
<u>4,912,501</u>	<u>73,037</u>	<u>4,839,464</u>
<u>(4,912,501)</u>	<u>(63,150)</u>	<u>4,849,351</u>
	5,194,093	5,194,093
	<u>5,194,093</u>	<u>5,194,093</u>
<u>(\$4,912,501)</u>	5,130,943	<u>\$10,043,444</u>
	<u>\$5,130,943</u>	

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NON-MAJOR ENTERPRISE FUNDS

Stormwater Fund – Accounts for activities with stormwater management and urban runoff control, as required by Federal and State law.

CITY OF HAYWARD
NONMAJOR PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Stormwater</u>
ASSETS:	
Current Assets:	
Cash and investments (Note 2)	\$2,414,954
Accounts receivable, net	83,956
Due from other governments	28,075
Interest receivable	5,682
Total Current Assets	2,532,667
Noncurrent Assets:	
Capital assets (Note 5):	
Depreciable capital assets, net	3,046
Total Noncurrent Assets	3,046
Total Assets	2,535,713
LIABILITIES:	
Current Liabilities:	
Accounts payable	5,852
Accrued liabilities	21,443
Compensated absences - Due within one year (Note 1)	63,675
Total Current Liabilities	90,970
Noncurrent Liabilities:	
Compensated absenceS	39,026
Total Noncurrent Liabilities	39,026
Total Liabilities	129,996
NET ASSETS:	
Invested in capital assets, net of related debt	3,046
Unrestricted	2,402,671
Total Net Assets	\$2,405,717

CITY OF HAYWARD
NONMAJOR PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Stormwater</u>
OPERATING REVENUES:	
Charges for services	\$2,714,353
Miscellaneous	9,891
Total Operating Revenues	<u>2,724,244</u>
OPERATING EXPENSES:	
Salaries and related expenses	1,652,617
Materials, supplies and services	655,340
Repairs and maintenance	17,853
Depreciation	919
Total Operating Expenses	<u>2,326,729</u>
Operating Income (Loss)	<u>397,515</u>
NONOPERATING REVENUES (EXPENSES):	
Investment income	<u>11,887</u>
Net Nonoperating Revenues (Expenses)	<u>11,887</u>
Income (Loss) Before Contributions and Transfers	<u>409,402</u>
CONTRIBUTIONS AND TRANSFERS	
Transfers (out)	<u>(120,623)</u>
Net Contributions and Transfers	<u>(120,623)</u>
CHANGE IN NET ASSETS	288,779
BEGINNING NET ASSETS, as restated	<u>2,116,938</u>
ENDING NET ASSETS	<u><u>\$2,405,717</u></u>

CITY OF HAYWARD
NONMAJOR PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Stormwater</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$2,711,647
Payments to suppliers	(672,853)
Payments to employees	(1,650,304)
Net Cash Flows From Operating Activities	388,490
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:	
Transfers (out)	(120,623)
Net Cash Flows From Noncapital and Related Financing Activities	(120,623)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investment income	11,772
Net Cash Flows From Investing Activities	11,772
NET CASH FLOWS	279,639
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	2,135,315
CASH AND EQUIVALENTS AT END OF PERIOD	\$2,414,954
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$397,515
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	919
Change in assets and liabilities:	
Receivables, net	(4,550)
Due from other governments	(8,047)
Accounts payable and other accrued expenses	340
Compensated absences	2,313
Net Cash Flows From Operating Activities	\$388,490

INTERNAL SERVICE FUNDS

Internal service funds are used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds does not extend to internal service funds because they do not do business with outside parties. GASB Statement 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Assets.

However, internal service funds are still presented separately in the Fund financial statements, including the funds below.

Workers' Compensation Insurance Fund - Accounts for workers' compensation reimbursable costs.

General Liability Fund - Accounts for risk management expenses and self-insurance costs.

Facilities Management Fund – Accounts for operation, maintenance and replacement of City Hall and other city-owned buildings.

Fleet Management Fund – Accounts for operation, maintenance and replacement of vehicles.

Technology Services Fund – Accounts for operation, maintenance and replacement of Technology infrastructure and resources.

Employee Benefits Fund – Accounts for funding related to Other Post Employment Benefits (OPEB) and payments for the retiree medical stipends.

Equipment Management Fund - Accounts for operation, maintenance and replacement of vehicles and mobile radio units.

CITY OF HAYWARD
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2011

	Workers' Compensation Insurance	General Liability	Facilities Management	Fleet Management	Technology Services	Employee Benefits	Total
ASSETS:							
Current Assets:							
Cash and investments	\$1,209,532	\$1,602,932	\$350,809	\$1,686,035	\$2,858,269	\$209,930	\$7,917,507
Cash and investments with fiscal agents			82,325	2,572,043			2,654,368
Accounts receivable, net	136,483		8,608	43,053	53,018		241,162
Interest receivable	3,223	3,270	188	3,513	7,310	473	17,977
Deposits, parts, supplies and other				163,627	9,665		173,292
Total Current Assets	1,349,238	1,606,202	441,930	4,468,271	2,928,262	210,403	11,004,306
Noncurrent Assets:							
Land			372,748				372,748
Construction in progress					2,640,120		2,640,120
Depreciable capital assets, net			1,637,100	6,612,494	1,191,635		9,441,229
Total Noncurrent Assets			2,009,848	6,612,494	3,831,755		12,454,097
Total Assets	1,349,238	1,606,202	2,451,778	11,080,765	6,760,017	210,403	23,458,403
LIABILITIES:							
Current Liabilities:							
Accounts payable	\$4,430	\$30,821	\$130,149	\$299,923	\$127,483		592,806
Accrued liabilities	4,721,676	1,001,305	21,733	49,526	46,183		5,840,423
Due to other funds			255,164				255,164
Compensated absences			71,278	81,688	126,420		279,386
Long term debt			110,000	794,118	108,065		1,012,183
Total Current Liabilities	4,726,106	1,032,126	588,324	1,225,255	408,151		7,979,962
Noncurrent Liabilities:							
Long-term interfund payables				785,714	1,875,000		2,660,714
Compensated absences	4,601	42,365	68,482	78,484	121,462		315,394
Long term debt			950,000	2,672,374	206,669		3,829,043
Total Noncurrent Liabilities	4,601	42,365	1,018,482	3,536,572	2,203,131		6,805,151
Total Liabilities	4,730,707	1,074,491	1,606,806	4,761,827	2,611,282		14,785,113
NET ASSETS:							
Invested in capital assets, net of related debt			1,032,173	5,718,045	3,517,021		10,267,239
Unrestricted	(3,381,469)	531,711	(187,201)	600,893	631,714	210,403	(1,593,949)
Total Net Assets (Deficit)	(\$3,381,469)	\$531,711	\$844,972	\$6,318,938	\$4,148,735	\$210,403	\$8,673,290

CITY OF HAYWARD
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011

	Workers' Compensation Insurance	General Liability	Facilities Management	Fleet Management	Technology Services	Employee Benefits	Total
OPERATING REVENUES							
Charges for services	\$5,460,049	(\$9,000)	\$3,163,070	\$5,203,620	\$4,780,833	\$2,537,927	\$21,136,499
Other	29,674	33,788	79,591	145,334	19,028		307,415
Total Operating Revenues	<u>5,489,723</u>	<u>24,788</u>	<u>3,242,661</u>	<u>5,348,954</u>	<u>4,799,861</u>	<u>2,537,927</u>	<u>21,443,914</u>
OPERATING EXPENSES							
Salaries and related expenses	345,609	433,417	1,142,964	1,227,753	2,209,656	76,511	5,435,910
Materials, supplies and services	480,520	1,141,120	1,337,985	986,591	874,198	2,291,459	7,111,873
Repairs and maintenance			665,741	200,397	720,477		1,586,615
Self-funded insurance expense	4,842,917	815,305					5,658,222
Depreciation			82,948	1,160,330	255,281		1,498,559
Total Operating Expenses	<u>5,669,046</u>	<u>2,389,842</u>	<u>3,229,638</u>	<u>3,575,071</u>	<u>4,059,612</u>	<u>2,367,970</u>	<u>21,291,179</u>
Operating Income (Loss)	<u>(179,323)</u>	<u>(2,365,054)</u>	<u>13,023</u>	<u>1,773,883</u>	<u>740,249</u>	<u>169,957</u>	<u>152,735</u>
NONOPERATING REVENUES (EXPENSES)							
Investment income	10,257	36,191	1,832	18,113	(10,892)	1,733	57,234
Interest (expense)			(54,088)	(6,854)	(36,660)		(97,602)
Gain (Loss) on disposal of capital assets			(316,712)	(38,308)			(355,020)
Total Nonoperating Revenues (Expenses)	<u>10,257</u>	<u>36,191</u>	<u>(368,968)</u>	<u>(27,049)</u>	<u>(47,552)</u>	<u>1,733</u>	<u>(395,388)</u>
Income (Loss) Before Transfers	<u>(169,066)</u>	<u>(2,328,863)</u>	<u>(355,945)</u>	<u>1,746,834</u>	<u>692,697</u>	<u>171,690</u>	<u>(242,653)</u>
CONTRIBUTIONS AND TRANSFERS							
Transfers in		3,300,001	149,254	278,250	100,000		3,827,505
Transfers (out)	(153,976)	(318,006)	(121,463)	(174,727)	(181,369)		(949,541)
Net Contributions and Transfers	<u>(153,976)</u>	<u>2,981,995</u>	<u>27,791</u>	<u>103,523</u>	<u>(81,369)</u>		<u>2,877,964</u>
CHANGE IN NET ASSETS	<u>(323,042)</u>	<u>653,132</u>	<u>(328,154)</u>	<u>1,850,357</u>	<u>611,328</u>	<u>171,690</u>	<u>2,635,311</u>
BEGINNING NET ASSETS (DEFICIT)	<u>(3,058,427)</u>	<u>(121,421)</u>	<u>1,173,126</u>	<u>4,468,581</u>	<u>3,537,407</u>	<u>38,713</u>	<u>6,037,979</u>
ENDING NET ASSETS (DEFICIT)	<u><u>(\$3,381,469)</u></u>	<u><u>\$531,711</u></u>	<u><u>\$844,972</u></u>	<u><u>\$6,318,938</u></u>	<u><u>\$4,148,735</u></u>	<u><u>\$210,403</u></u>	<u><u>\$8,673,290</u></u>

CITY OF HAYWARD
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

	Workers' Compensation Insurance	General Liability	Facilities Management	Fleet Management	Technology Services	Employee Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$5,362,074	\$24,832	\$3,234,210	\$5,305,901	\$4,803,538	\$2,537,927	\$21,268,482
Payments to suppliers	(140,962)	(891,561)	(2,062,199)	(1,256,221)	(1,698,560)	(2,291,459)	(8,340,962)
Payments to employees	(357,141)	(451,271)	(1,136,829)	(1,199,331)	(2,138,125)	(76,511)	(5,359,208)
Claims paid	(4,842,917)	(815,305)					(5,658,222)
Cash Flows from Operating Activities	21,054	(2,133,305)	35,182	2,850,349	966,853	169,957	1,910,090
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Receipts from other funds			242,140				242,140
Payments to other funds				(142,857)	(426,570)		(569,427)
Transfers in		3,300,001	149,254	278,250	100,000		3,827,505
Transfers out	(153,976)	(318,006)	(121,463)	(174,727)	(181,369)		(949,541)
Cash Flows from Noncapital Financing Activities	(153,976)	2,981,995	269,931	(39,334)	(507,939)		2,550,677
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Acquisition of capital assets				(1,759,980)	(1,193,206)		(2,953,186)
Proceeds from debt				3,170,083	332,434		3,502,517
Principal payments on capital debt			(110,000)	(1,046,434)	(354,933)		(1,511,367)
Interest paid on capital debt			(54,088)	(6,854)	(36,660)		(97,602)
Cash Flows from Capital and Related Financing Activities			(164,088)	356,815	(1,252,365)		(1,059,638)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest	11,174	33,978	1,927	15,532	(8,825)	1,266	55,052
Investments purchased			22,369	(2,012,018)			(1,989,649)
Cash Flows from Investing Activities	11,174	33,978	24,296	(1,996,486)	(8,825)	1,266	(1,934,597)
Net increase (decrease) in cash and cash equivalents	(121,748)	882,668	165,321	1,171,344	(802,276)	171,223	1,466,532
Cash and cash equivalents at beginning of period	1,331,280	720,264	185,488	514,691	3,660,545	38,707	6,450,975
Cash and cash equivalents at end of period	<u>\$1,209,532</u>	<u>\$1,602,932</u>	<u>\$350,809</u>	<u>\$1,686,035</u>	<u>\$2,858,269</u>	<u>\$209,930</u>	<u>\$7,917,507</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:							
Operating income (loss)	(\$179,323)	(\$2,365,054)	\$13,023	\$1,773,883	\$740,249	\$169,957	\$152,735
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation			82,948	1,160,330	255,281		1,498,559
Change in assets and liabilities:							
Receivables, net	(127,649)	44	(8,451)	(43,053)	3,677		(175,432)
Other assets				184,056	(9,665)		174,391
Accounts and other payables	(2,411)	(27,104)	(59,094)	(281,572)	(100,728)		(470,909)
Compensated absences	(11,532)	(17,854)	6,135	28,422	71,531		76,702
Other accrued expenses	341,969	276,663	621	28,283	6,508		654,044
Cash Flows from Operating Activities	\$21,054	(\$2,133,305)	\$35,182	\$2,850,349	\$966,853	\$169,957	\$1,910,090

AGENCY FUNDS

Agency Funds, which are the only fiduciary funds the City has, are to be presented separately from the Government-wide and Fund financial statements.

Agency Funds account for assets held by the City as agent for individuals, governmental entities, and non-public organizations. These funds include the following:

Local Improvement Districts Fund - Accounts for debt service activities for LIDs #14, #15, #16, #17 and Community Facilities District #1. The City has no commitment for the repayment of these Districts' debt.

Other Agency Funds – Accounts for activities of Hayward Coalition for Youth and the Hayward Friends of the Library Fund.

CITY OF HAYWARD
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>Local Improvement Districts</u>				
ASSETS:				
Cash and investments	\$1,815,720	\$1,729,545	\$1,815,720	\$1,729,545
Cash and investments with fiscal agents	2,735,893	2,610,370	2,735,893	2,610,370
Due from other governments	4,178	1,963,954	4,178	1,963,954
Interest receivable	773	3,852	773	3,852
	<u>4,556,564</u>	<u>6,307,721</u>	<u>4,556,564</u>	<u>6,307,721</u>
Total Assets	<u>\$4,556,564</u>	<u>\$6,307,721</u>	<u>\$4,556,564</u>	<u>\$6,307,721</u>
LIABILITIES:				
Accounts payable	\$31	\$742	\$31	\$742
Due to bondholders	4,556,533	6,306,979	4,556,533	6,306,979
	<u>4,556,564</u>	<u>6,307,721</u>	<u>4,556,564</u>	<u>6,307,721</u>
Total Liabilities	<u>\$4,556,564</u>	<u>\$6,307,721</u>	<u>\$4,556,564</u>	<u>\$6,307,721</u>
<u>Other Agency Funds</u>				
ASSETS:				
Cash and investments	\$5,819	\$17,909	\$5,819	\$17,909
Interest receivable	15	(62,708)	15	(62,708)
	<u>\$5,834</u>	<u>(\$44,799)</u>	<u>\$5,834</u>	<u>(\$44,799)</u>
Total Assets	<u>\$5,834</u>	<u>(\$44,799)</u>	<u>\$5,834</u>	<u>(\$44,799)</u>
LIABILITIES:				
Accounts payable	\$1,888		\$1,888	
Refundable deposits	3,946	(44,799)	3,946	(44,799)
	<u>\$5,834</u>	<u>(\$44,799)</u>	<u>\$5,834</u>	<u>(\$44,799)</u>
Total Liabilities	<u>\$5,834</u>	<u>(\$44,799)</u>	<u>\$5,834</u>	<u>(\$44,799)</u>
<u>Total</u>				
ASSETS:				
Cash and investments	\$1,821,539	\$1,747,454	\$1,821,539	\$1,747,454
Cash and investments with fiscal agents	2,735,893	2,610,370	2,735,893	2,610,370
Due from other governments	4,178	1,963,954	4,178	1,963,954
Interest receivable	788	(58,856)	788	(58,856)
	<u>\$4,562,398</u>	<u>\$6,262,922</u>	<u>\$4,562,398</u>	<u>\$6,262,922</u>
Total Assets	<u>\$4,562,398</u>	<u>\$6,262,922</u>	<u>\$4,562,398</u>	<u>\$6,262,922</u>
LIABILITIES:				
Accounts payable	\$1,919	\$742	\$1,919	742
Due to bondholders	4,556,533	6,306,979	4,556,533	6,306,979
Refundable deposits	3,946	(44,799)	3,946	(44,799)
	<u>\$4,562,398</u>	<u>\$6,262,922</u>	<u>\$4,562,398</u>	<u>\$6,262,922</u>
Total Liabilities	<u>\$4,562,398</u>	<u>\$6,262,922</u>	<u>\$4,562,398</u>	<u>\$6,262,922</u>

STATISTICAL SECTION

The statistical section of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding the information in the financial statements, note disclosures, and required supplementary information. This section provides a history of the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time:

1. Net Assets by Component
2. Changes in Net Assets
3. Fund Balances of Governmental Funds
4. Changes in Fund Balance of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Overlapping Governments
3. Principal Property Taxpayers
4. Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Computation of Direct and Overlapping Debt
3. Computation of Legal Bonded Debt Margin
4. Bonded Debt Pledged Revenue Coverage, Redevelopment Agency Tax Allocation Bonds

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

These 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:

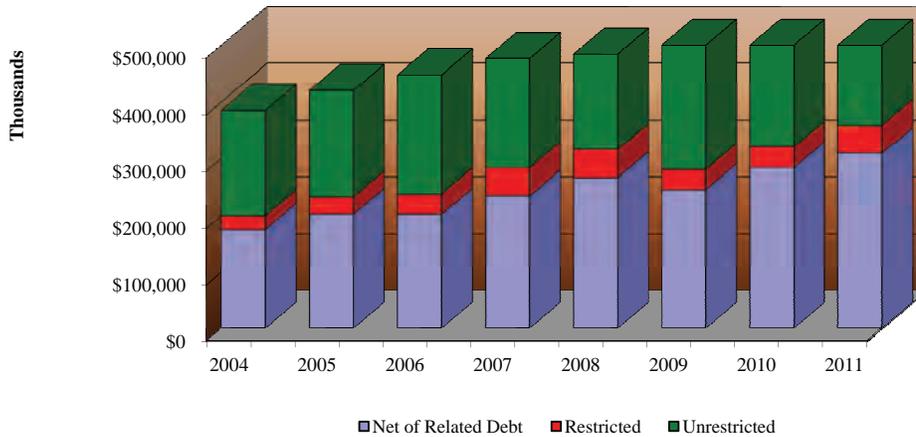
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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CITY OF HAYWARD
Net Assets by Component
Last Eight Fiscal Years
(accrual basis of accounting)



	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities								
Invested in capital assets, net of related debt	\$87,010,579	\$105,543,242	100,174,478	\$126,446,824	\$165,674,448	\$144,536,663	\$175,603,110	\$198,089,516
Restricted	19,969,088	26,607,973	31,759,679	45,104,958	50,176,114	35,212,631	37,145,242	49,459,120
Unrestricted	97,124,330	91,426,581	100,340,730	79,057,083	33,506,242	94,984,265	74,605,502	59,898,640
Total governmental activities net assets	\$204,103,997	\$223,577,796	\$232,274,887	\$250,608,865	\$249,356,804	\$274,733,559	\$287,353,854	\$307,447,276
Business-type activities								
Invested in capital assets, net of related debt	\$88,717,547	\$96,826,953	\$102,076,570	\$108,163,977	\$100,748,593	\$100,949,049	\$108,371,577	\$111,809,831
Restricted	3,633,608	3,740,371	4,066,211	3,934,308				
Unrestricted	88,951,145	96,273,748	109,237,767	113,683,272	134,111,663	139,593,608	136,133,467	134,720,060
Total business-type activities net assets	\$181,302,300	\$196,841,072	\$215,380,548	\$225,781,557	\$234,860,256	\$240,542,657	\$244,505,044	\$246,529,891
Primary government								
Invested in capital assets, net of related debt	\$175,728,126	\$202,370,195	\$202,251,048	\$234,610,801	\$266,423,041	\$245,485,712	\$283,974,687	\$309,899,347
Restricted	23,602,696	30,348,344	35,825,890	49,039,266	50,176,114	35,212,631	37,145,242	49,459,120
Unrestricted	186,075,475	187,700,329	209,578,497	192,740,355	167,617,905	234,577,873	210,738,969	194,618,700
Total primary government net assets	\$385,406,297	\$420,418,868	\$447,655,435	\$476,390,422	\$484,217,060	\$515,276,216	\$531,858,898	\$553,977,167

Source: City of Hayward Comprehensive Annual Financial Report (CAFR)

CITY OF HAYWARD
Changes in Net Assets
Last Eight Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,							
	2004	2005	2006	2007	2008	2,009	2010	2011
Expenses								
Governmental Activities:								
General Government	\$12,177,247	\$13,654,224	\$14,609,331	\$14,937,511	\$15,432,428	\$12,844,106	\$12,526,820	\$9,728,751
Public Safety	64,331,055	67,222,703	70,477,309	73,909,494	83,609,438	89,391,667	91,936,447	97,783,089
Public Works and Transportation	13,800,927	17,390,733	14,323,266	19,796,435	6,896,062	5,097,319	6,614,756	12,061,251
Library and Neighborhood Services					9,654,552	9,448,832	8,873,963	8,826,270
Redevelopment					4,685,202	2,814,162	4,337,389	7,755,610
Planning and Building					5,524,642	6,383,986	5,930,519	5,878,086
Maintenance Services					7,202,019	3,899,394	4,612,144	4,028,800
Community Development	11,900,314	7,984,954	8,865,415	8,016,005				
Culture and Leisure	3,477,318	3,596,431	3,672,910	3,785,273				
Nondepartmental	652,406	1,433,854	1,874,955	1,379,106				
Interest on Long Term Debt	3,605,614	5,505,758	4,377,655	5,006,826	6,060,020	4,175,089	4,073,192	4,486,345
Total Governmental Activities Expenses	109,944,881	116,788,657	118,200,841	126,830,650	139,064,363	134,054,555	138,905,230	150,548,202
Business-Type Activities:								
Sewer	12,039,604	12,392,848	13,266,648	13,349,209	15,250,146	15,783,768	18,276,551	19,395,928
Water	22,242,953	22,701,995	30,543,073	24,582,923	25,585,042	27,602,545	28,336,545	29,807,045
Airport	2,760,572	2,299,811	2,628,720	2,442,805	2,644,168	3,568,997	3,008,282	3,124,022
Centennial Hall Maintenance and Operation	572,039	655,943	638,060	678,612	678,964	782,509	313,299	
Stormwater	1,877,223	1,898,390	1,926,372	1,909,447	2,049,493	1,908,290	2,227,090	2,326,729
Total Business-Type Activities Expenses	39,492,391	39,948,987	49,002,873	42,962,996	46,207,813	49,646,109	52,161,767	54,653,724
Total Primary Government Expenses	\$149,437,272	\$156,737,644	\$167,203,714	\$169,793,646	\$185,272,176	\$183,700,664	\$191,066,997	\$205,201,926
Program Revenues								
Governmental Activities:								
Charges for Services:								
General Government	\$833,861	\$953,629	\$898,607	\$949,015	\$817,256	\$379,561	\$190,261	\$1,019,505
Public Safety	3,892,046	4,254,278	4,366,551	5,075,945	5,123,501	8,016,352	9,128,483	8,608,854
Public Works and Transportation	5,095,192	6,582,192	5,442,263	7,279,079	1,092,482	507,944	555,541	744,992
Library and Neighborhood Services					106,920	111,630	98,968	90,947
Redevelopment					103,864	166,223	79,484	121,677
Planning and Building					6,242,967	6,780,653	5,074,620	5,022,960
Maintenance Services					149,268	29,190	37,098	269,786
Community Development	537,193	936,424	439,991	525,981				
Culture and Leisure	90,359	109,454	112,009	96,406				
Nondepartmental		115,163						
Operating Grants and Contributions	13,148,844	17,200,534	14,349,003	18,296,402	15,332,573	14,294,205	17,196,527	12,904,598
Capital Grants and Contributions	9,182,567	14,963,874	3,800,451	2,596,202	2,856,295	22,570,080	18,885,041	30,675,031
Total Government Activities Program Revenues	32,780,062	45,115,548	29,408,875	34,819,030	31,825,126	52,855,838	51,246,023	59,458,350

* Due to City of Hayward department reorganization; Community Development and Culture and Leisure departments no longer exist. The new departments are Library and Neighborhood Services, Redevelopment, Planning and Building, and Maintenance Services

Source: City of Hayward Comprehensive Annual Financial Report (CAFR)

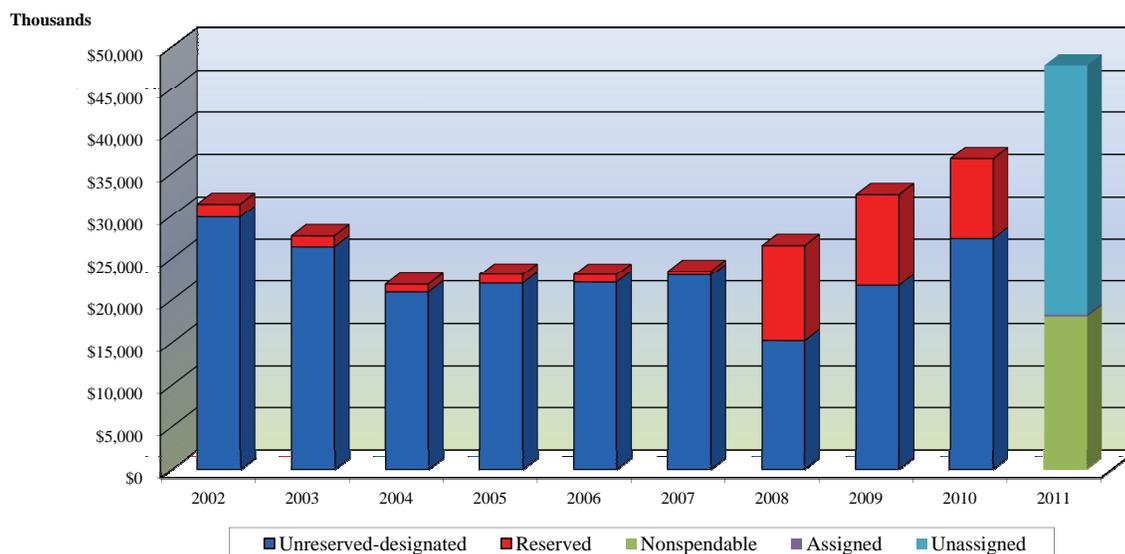
CITY OF HAYWARD
Changes in Net Assets
(continued)
Last Eight Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,							
	2004	2008	2006	2007	2008	2,009	2010	2011
Business-Type Activities:								
Charges for Services:								
Sewer	14,534,334	14,418,438	13,803,163	15,981,344	16,507,956	18,861,871	19,186,749	20,338,593
Water	27,448,531	29,781,593	32,666,971	23,287,599	24,550,837	29,246,643	28,143,863	31,684,462
Airport	2,565,353	2,567,609	2,863,279	3,179,495	2,049,105	2,843,185	2,783,068	2,790,998
Centennial Hall Maintenance & Operation	293,508	325,606	335,079	331,503	293,948	288,869	42,954	
Stormwater	1,847,674	1,875,879	1,892,761	1,899,910	2,710,813	2,791,915	2,700,531	2,724,244
Operating Grants and Contributions	1,474,610	2,002,317	2,486,029	4,315,427	4,771,353			
Capital Grants and Contributions	211,414	4,558,307	3,399,012	400,343	1,728,487	167,026	2,411,519	1,246,130
Total Business-Type Activities Program Revenue	48,375,424	55,529,749	57,446,294	49,395,621	52,612,499	54,199,509	55,268,684	58,784,427
Total Primary Government Program Revenues	\$81,155,486	\$100,645,297	\$86,855,169	\$84,214,651	\$84,437,625	\$107,055,347	\$106,514,707	\$118,242,777
Net (Expense)/Revenue								
Governmental Activities	(\$77,164,819)	(\$71,673,109)	(\$88,791,966)	(\$92,011,620)	(\$107,239,237)	(\$81,198,717)	(\$87,659,207)	(\$91,089,852)
Business-Type Activities	8,883,033	15,580,762	8,443,421	6,432,625	6,404,686	4,553,400	3,106,917	4,130,703
Total Primary Government Net Expense	(\$68,281,786)	(\$56,092,347)	(\$80,348,545)	(\$85,578,995)	(\$100,834,551)	(\$76,645,317)	(\$84,552,290)	(\$86,959,149)
Total Primary Government Net Expense from prior page	(\$68,281,786)	(\$56,092,347)	(\$80,348,545)	(\$85,578,995)	(\$100,834,551)	(\$76,645,317)	(\$84,552,290)	(\$86,959,149)
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Taxes:								
Property Taxes	\$19,577,399	\$18,979,828	\$21,644,158	\$24,652,905	\$38,464,255	\$40,699,344	\$37,292,466	\$35,725,966
Incremental Property Tax	6,138,632	7,035,684	9,154,816	11,465,642	10,729,476	10,657,184	4,520,035	10,351,054
Special Assessments	547,431	435,625	487,740	919,634				714,017
Sales Taxes	25,412,984	27,155,334	26,685,813	28,857,677	28,512,340	25,630,173	23,508,544	25,491,533
Utility Users Tax							10,927,290	14,699,792
Real Property Transfer Tax	6,868,993	9,726,317	9,707,512	7,119,746	5,077,214	3,852,507	3,796,719	3,821,387
Franchise Tax	4,025,269	4,573,497	4,772,210	4,766,970	6,166,499	5,831,272	8,316,848	9,091,479
Business Tax	2,048,226	2,244,517	2,331,639	2,481,365	2,480,696	2,502,991	2,337,106	2,389,657
Excise Tax	1,593,025	1,682,266	1,942,949	1,918,155	1,931,187	1,858,267	1,857,223	1,699,438
Other Taxes	4,646,800	4,377,074	4,739,437	5,079,403	4,933,567	4,958,591	1,938,591	1,683,087
Motor Vehicle in lieu	6,445,650	9,336,645	12,886,423	10,821,864	671,084	522,508	457,126	694,933
Investment Earnings	1,098,659	1,378,102	1,976,795	3,135,049	3,638,001	2,132,768	819,649	434,426
Gain (Loss) from disposal of capital assets					53,845	2,362,950		
Miscellaneous	897,242	1,980,050	704,136	6,906,996	2,889,548	2,289,663	2,834,841	1,505,212
Transfers	1,970,456	2,241,969	455,429	2,220,192	2,829,378	3,277,254	1,673,064	2,141,488
Total Governmental Activities General Revenues and Transfers	81,270,766	91,146,908	97,489,057	110,345,598	108,377,090	106,575,472	100,279,502	110,443,469
Business-Type Activities:								
Investment Earnings	1,586,986	2,199,979	2,702,484	6,078,001	5,245,152	3,720,221	1,694,085	841,733
Gain (Loss) from disposal of capital assets			7,849,000	110,575	251,354			
Miscellaneous					437,661	686,034	834,449	
Transfers	(1,907,456)	(2,241,969)	(455,429)	(2,220,192)	(2,829,378)	(3,277,254)	(1,673,064)	(2,141,488)
Total Business-Type Activities General Revenues and Transfers	(320,470)	(41,990)	10,096,055	3,968,384	3,104,789	1,129,001	855,470	(1,299,755)
Total Primary Government General Revenues and Transfers	\$80,950,296	\$91,104,918	\$107,585,112	\$114,313,982	\$111,481,879	\$107,704,473	\$101,134,972	\$109,143,714
Change in Net Assets								
Governmental Activities	\$4,042,947	\$19,473,799	\$8,697,091	\$18,333,978	\$1,137,853	\$25,376,755	\$12,620,295	\$19,353,617
Business-Type Activities	8,562,563	15,538,772	18,539,476	10,401,009	9,509,475	5,682,401	3,962,387	2,830,948
Total Primary Government	\$12,605,510	\$35,012,571	\$27,236,567	\$28,734,987	\$10,647,328	\$31,059,156	\$16,582,682	\$22,184,565

Source: City of Hayward Comprehensive Annual Financial Report (CAFR)

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CITY OF HAYWARD
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved	\$1,550,636	\$1,267,228	\$913,353	\$1,063,439	\$925,067	\$502,204	\$11,213,927	\$10,827,978	\$9,434,579	
Unreserved-designated	29,878,057	26,401,209	20,983,427	22,021,325	22,142,634	23,022,362	15,317,927	21,758,830	27,367,200	
Nonspendable										\$18,079,779 (b)
Assigned										256,170 (b)
Unassigned										29,550,120 (b)
Total General Fund (a)	\$31,428,693	\$27,668,437	\$21,896,780	\$23,084,764	\$23,067,701	\$23,524,566	\$26,531,854	\$32,586,808	\$36,801,779	\$47,886,069
All Other Governmental Funds										
Reserved	\$12,359,973	\$16,130,182	\$53,422,372	\$49,019,982	\$62,656,549	\$55,418,227	\$4,154,570	\$19,356,635	\$12,853,145	
Unreserved-designated	\$18,952,712	\$18,642,397								
Unreserved, reported in:										
Debt Service funds		11,488	11,488	11,488			4,308,979	4,206,222	4,171,034	
Special revenue funds	419,182	6,117,979	12,410,301	15,497,821	16,667,600	16,985,069	18,065,349	15,211,686	16,022,583	
Capital project funds	9,486,892	4,629,077	24,301,396	25,391,873	25,573,270	24,096,411	40,928,952	21,442,946	14,181,758	
Undesignated funds	5,008,134									
Nonspendable										\$68 (b)
Restricted										36,094,240 (b)
Assigned										5,568,584 (b)
Unassigned										(5,102,162) (b)
Total all other governmental funds	\$46,226,893	\$45,531,123	\$90,145,557	\$89,921,164	\$104,897,419	\$96,499,707	\$67,457,850	\$60,217,489	\$47,228,520	\$36,560,730

Source: City of Hayward Comprehensive Annual Financial Report (CAFR)

(a) The change in total fund balance for the General Fund and All Other Governmental Funds is explained in Management's Discussion and Analysis.

The detail of Reserved and Designated Fund balance is explained in Note 9 of the financial statement footnotes.

(b) Starting Fiscal Year ending June 30, 2011, the City's fund balances are classified in accordance with GASB54 which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned and Unassigned.

CITY OF HAYWARD
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,					
	2002	2003	2004	2005	2006	2007
Revenues						
Property Taxes	\$17,491,441	\$18,728,438	\$19,577,399	\$18,859,966	\$21,446,064	\$24,687,960
Property Tax Increment	3,728,173	5,113,404	6,138,632	7,035,685	9,154,816	11,465,642
Special Assessments	331,974	248,175	547,431	555,487	685,832	884,579
Sales Taxes	30,040,063	25,779,520	25,412,984	27,155,333	26,685,812	28,857,677
Utility Users Taxes						
Other Taxes	16,993,758	16,059,700	19,182,313	22,603,671	23,493,746	21,365,639
Licenses, permits	2,268,159	2,474,133	3,501,299	3,198,850	3,058,982	4,024,802
Fines and forfeitures	671,481	1,512,510	989,574	1,807,424	1,369,873	1,150,614
Use of money and property	3,905,886	2,889,938	1,231,361	3,059,783	3,663,298	5,969,155
Intergovernmental revenues	27,428,038	21,876,919	26,655,486	26,328,946	26,099,613	27,904,422
Fees and charges for services	5,219,207	3,881,800	4,352,191	4,385,916	5,059,499	6,760,792
Reimbursement from Developer	52,386	75,000				5,000,000
Other	4,208,662	5,373,302	4,799,061	7,092,766	7,418,334	4,823,715
Total Revenues	112,339,228	104,012,839	112,387,731	122,083,827	128,135,869	142,894,997
Expenditures						
Current:						
General government	9,018,411	8,826,326	8,985,611	10,083,636	10,595,772	10,729,759
Public safety	55,367,946	56,707,431	62,511,746	63,399,896	67,486,231	71,172,116
Public works and transportation	10,136,455	10,989,386	11,310,705	11,728,493	12,282,568	13,037,745
Library and Community Services	6,819,730	6,931,533	7,046,871	10,378,197	6,880,898	7,533,647
Redevelopment	3,835,139	3,529,115	3,386,153	3,421,821	3,520,852	3,628,763
Planning and building						
Maintenance services						
Community development						
Culture and leisure						
Nondepartmental	1,078,434	729,191	652,406	1,433,854	1,874,955	1,379,106
Capital outlay	20,289,015	25,862,483	16,310,072	17,942,515	17,426,130	37,397,788
Debt service:						
Principal repayment	1,579,128	1,720,103	5,809,203	1,338,715	2,059,939	2,221,503
Interest and fiscal charges	3,073,252	2,750,879	3,499,130	3,890,878	4,824,827	4,792,626
Pass-through payments						
Total Expenditures	111,197,510	118,046,447	119,511,897	123,618,005	126,952,172	151,893,053
Excess (deficiency) of revenues over (under) expenditures	1,141,718	(14,033,608)	(7,124,166)	(1,534,178)	1,183,697	(8,998,056)
Other Financing Sources (Uses)						
Gain on Sale				2,500,000		
Transfer of land held for resale to cap assets				(3,443,016)		
Proceeds from sale of capital asset						
Proceeds of refunding bonds						
Payment to refunded bond escrow agent	(3,409,396)					
Proceeds of repayment agreement						
Proceeds from long term debt	3,589,835		44,790,000	2,250,000	12,291,602	257,512
Contributions from assessment district		8,693,706				
Operating transfers in	28,066,581	13,242,059	17,676,689	10,616,069	15,198,496	13,790,988
Operating transfers out	(28,031,509)	(12,358,183)	(16,499,746)	(9,425,284)	(13,714,603)	(12,991,291)
Total other financing sources (uses)	215,511	9,577,582	45,966,943	2,497,769	13,775,495	1,057,209
Net Change in fund balances	\$1,357,229	(\$4,456,026)	\$38,842,777	\$963,591	\$14,959,192	(\$7,940,847)
Debt service as a percentage of noncapital expenditures	(a)	(a)	9.9%	5.2%	6.7%	6.5%

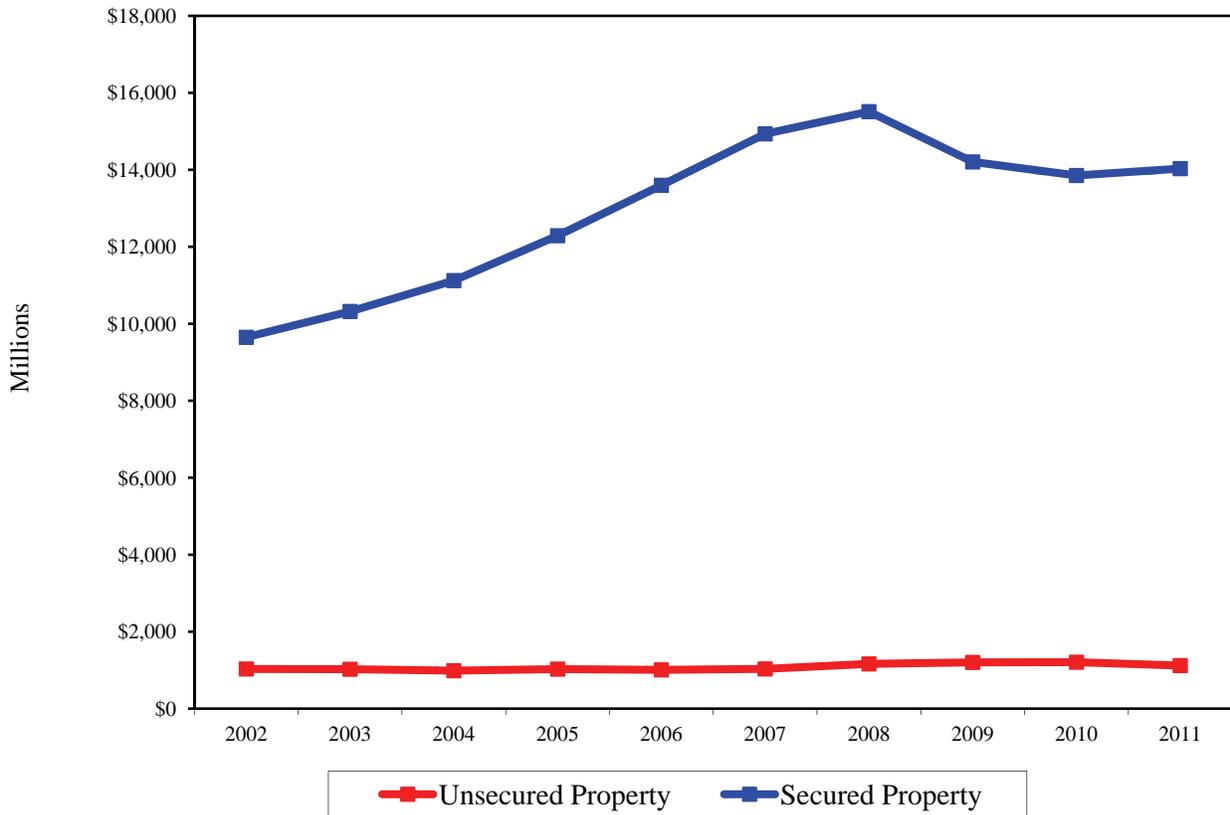
NOTE:

- (a) The City implemented GASB Statement 34 in fiscal year 2002. Therefore this calculation is included only for fiscal years subsequent to that date.
(b) The City reorganized its departments. As a result, Community Development and Culture and Leisure departments no longer exist.

Source: City of Hayward Comprehensive Annual Financial Report

Fiscal Years Ended June 30,			
2008	2009	2010	2011
\$39,135,339	\$41,221,852	\$37,292,466	\$35,725,967
12,082,986	12,630,213	10,180,653	10,351,054
1,051,269	741,098	610,058	714,015
29,233,148	26,341,473	23,508,544	25,491,532
		10,927,290	14,699,792
22,941,172	21,419,990	20,996,991	18,729,085
4,712,325	4,650,694	3,084,964	3,259,291
985,858	1,657,789	2,042,460	2,756,632
5,517,114	3,239,537	1,471,396	1,153,359
10,914,969	32,634,889	25,004,880	36,952,595
6,244,187	8,428,414	8,807,886	9,262,348
1,813,604	381,868	484,205	1,064,680
3,782,765	1,781,740	2,559,991	7,787,702
<u>138,414,736</u>	<u>155,129,557</u>	<u>146,971,784</u>	<u>167,948,052</u>
11,639,480	10,421,821	8,564,302	7,930,669
79,941,250	79,537,953	82,051,155	88,980,339
6,186,587	9,558,688	6,152,137	9,225,588
8,511,524	8,771,317	7,986,000	7,884,539
6,039,172	4,810,371	5,986,083	5,622,527
6,454,120	6,095,525	5,558,437	5,562,298
7,160,250	3,723,200	4,384,873	3,783,213
(b)			
(b)			
32,072,854	29,560,203	15,712,302	28,216,666
3,026,920	3,094,025	2,940,621	3,071,058
5,186,476	4,046,129	3,966,495	4,584,267
		5,660,618	2,151,873
<u>166,218,633</u>	<u>159,619,232</u>	<u>148,963,023</u>	<u>167,013,037</u>
<u>(27,803,897)</u>	<u>(4,489,675)</u>	<u>(1,991,239)</u>	<u>935,015</u>
	2,301,320		17,961
31,820,000			
(31,184,483)			
1,342,011			200,000
21,111,234	22,583,520	26,352,391	35,397,325
(19,687,595)	(21,476,956)	(33,068,855)	(36,133,801)
<u>3,401,167</u>	<u>3,407,884</u>	<u>(6,716,464)</u>	<u>(518,515)</u>
<u>(\$24,402,730)</u>	<u>(\$1,081,791)</u>	<u>(\$8,707,703)</u>	<u>\$416,500</u>
6.5%	5.8%	5.7%	5.9%

CITY OF HAYWARD
ASSESSED AND ESTIMATED ACTUAL
VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS



Fiscal Year	Total Secured Property	Total Unsecured Property	Total Assessed	Estimated Full Market (a)	Direct Tax Rate (b)
2002	\$9,648,053,727	\$1,030,843,430	\$10,678,897,157	\$10,678,897,157	1%
2003	10,319,487,654	1,024,667,076	11,344,154,730	11,344,154,730	1%
2004	11,122,042,996	986,816,539	12,108,859,535	12,108,859,535	1%
2005	12,288,165,552	1,027,365,069	13,315,530,621	13,315,530,621	1%
2006	13,597,846,461	1,007,627,707	14,605,474,168	14,605,474,168	1%
2007	14,934,382,599	1,032,847,525	15,967,230,124	15,967,230,124	1%
2008	15,511,405,943	1,162,782,433	16,674,188,376	16,674,188,376	1%
2009	14,205,256,130	1,202,570,890	15,407,827,020	15,407,827,020	1%
2010	13,852,339,086	1,206,621,783	15,058,960,869	15,058,960,869	1%
2011	14,031,375,627	1,119,664,498	15,151,040,125	15,151,040,125	1%

(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

(b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.

Source: Alameda County Auditor Controller Office Certificate of Assessed Valuations

**CITY OF HAYWARD
PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**



Fiscal Year	Basic County Wide Levy	City	Misc Special Districts	Total
2002	\$1.0000	\$0.0018	\$0.0072	\$1.0090
2003	1.0000	0.0018	0.0065	1.0083
2004	1.0000	0.0018	0.0057	1.0075
2005	1.0000	0.0018	0.0243	1.0261
2006	1.0000	0.0018	0.0502	1.0520
2007	1.0000	0.0018	0.0294	1.0312
2008	1.0000	0.0018	0.0674	1.0692
2009	1.0000	0.0018	0.0976	1.0994
2010	1.0000	0.0018	0.1070	1.1088
2011	1.0000	0.0018	0.0892	1.0910

Source: Alameda County Assessor's Office

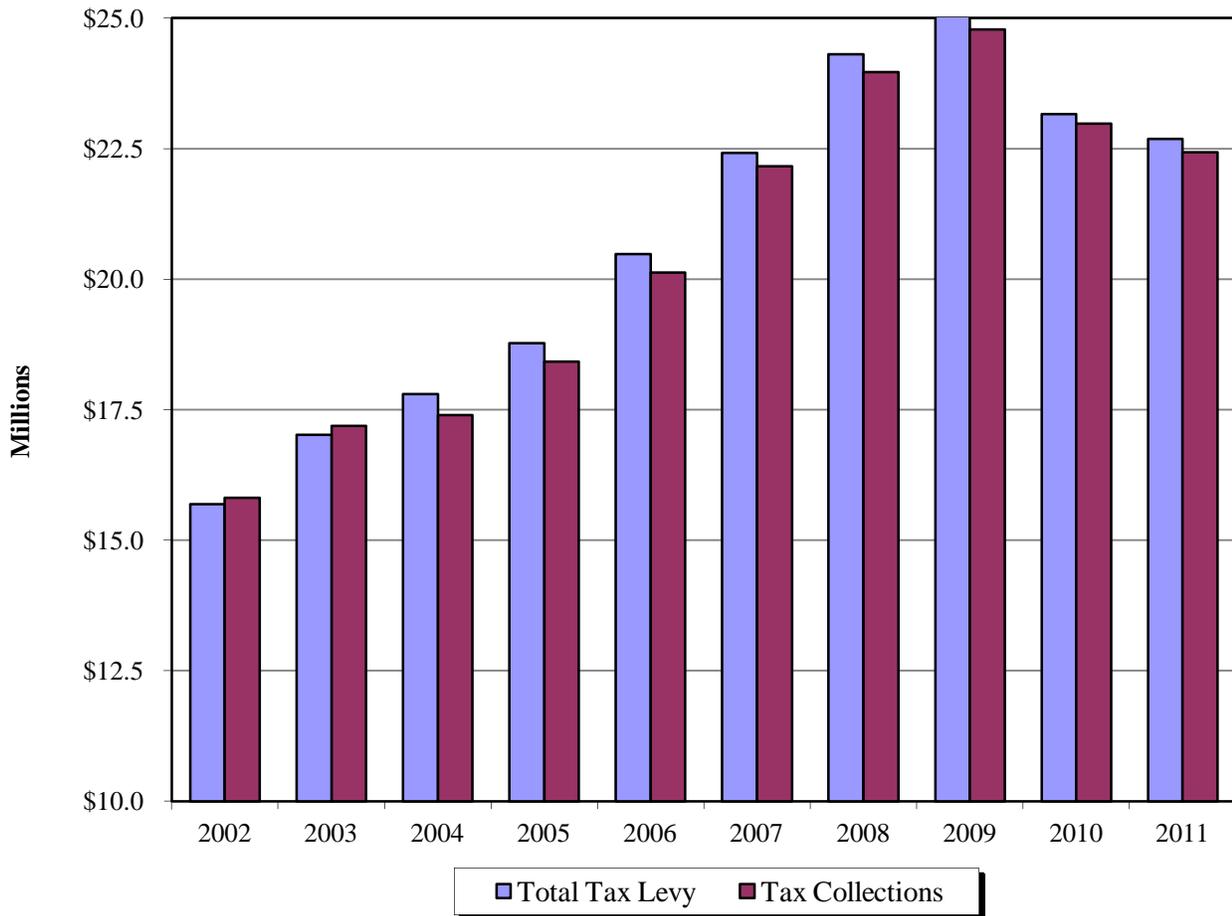
City of Hayward
Principal Property Tax Payers

<u>Employer</u>	<u>2010-11</u>			<u>2001-02</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Northern Cal Industrial Portfolio	\$181,732,715	1	1.2%			
Southland Mall LP	144,630,426	2	1.0%			
Berkeley Farm Inc.	104,738,681	3	0.7%	\$119,819,432	2	1.1%
Hayward Point Eden I Ltd. Prt.	91,084,101	4	0.6%	64,456,868	6	0.6%
SCI Limited Partnership I	79,539,747	5	0.5%	72,423,525	5	0.7%
Impax Laboratories Inc.	72,420,374	6	0.5%			
Bottling Group LLC	70,132,390	7	0.5%	54,803,265	8	0.5%
North 3 Holding LLC	60,290,190	8	0.4%			
Target Corporation	55,656,863	9	0.4%			
Stonebrae LP	36,362,567	10	0.2%			
SPK Industrial Portfolio LLC				157,307,237	1	1.5%
Equitable Life Assurance Soc.				101,425,617	3	0.9%
ESI (CA) QRS 12-6 Inc.				85,654,500	4	0.8%
Calwest Industrial Properties LLC				55,654,260	7	0.5%
Essex Wimbledon Woods Apartments LLC				48,003,999	9	0.4%
GE Credit Auto Auctions Inc.				18,790,671	10	0.2%
Subtotal	<u>896,588,054</u>		<u>5.9%</u>	<u>778,339,374</u>		<u>7.3%</u>

Total Assessed Valuation:
 Fiscal Year 2010/2011 \$ 15,151,040,125
 Fiscal Year 2001/2002 10,678,897,157

Source: Alameda County Assessor Fiscal Year Combined Tax Rolls.

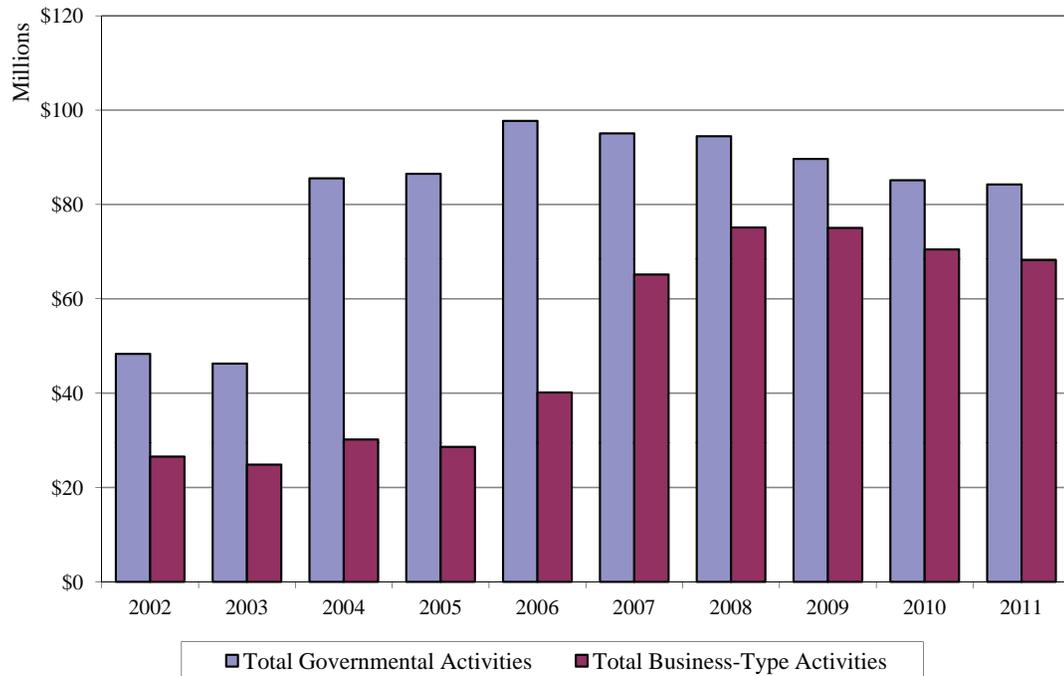
**CITY OF HAYWARD
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years**



Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2002	\$15,690,705	\$15,281,762	97.39%	\$535,586	\$15,817,348	100.81%
2003	17,024,389	16,558,946	97.27%	628,813	17,187,759	100.96%
2004	17,798,479	16,847,330	94.66%	549,264	17,396,594	97.74%
2005	18,777,530	17,834,790	94.98%	585,811	18,420,601	98.10%
2006	20,479,673	19,465,790	95.05%	657,640	20,123,430	98.26%
2007	22,414,567	21,022,743	93.79%	1,133,169	22,155,912	98.85%
2008	24,307,591	22,564,833	92.83%	1,393,980	23,958,813	98.57%
2009	25,157,590	23,387,921	92.97%	1,396,493	24,784,414	98.52%
2010	23,161,547	21,849,101	94.33%	1,132,552	22,981,653	99.22%
2011	22,689,887	21,518,638	94.84%	907,086	22,425,724	98.84%

Source: Alameda County Assessor Office

CITY OF HAYWARD
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years



Governmental Activities					
Fiscal Year	Tax Allocation Bonds	Certificates of Participation	Revenue Bonds	Capital Lease Obligations	Total
2002	\$4,750,000	\$36,930,000	\$6,069,835	\$576,332	\$48,326,167
2003	4,460,000	36,050,000	5,513,235	236,367	46,259,602
2004	44,790,000	35,125,000	4,935,070	692,271	85,542,341
2005	44,790,000	34,160,000	4,334,710	3,218,896	86,503,606
2006	55,995,000	33,150,000	3,711,230	4,857,110	97,713,340
2007	55,385,000	32,095,000	3,068,590	4,506,396	95,054,986
2008	54,175,000	31,820,000	2,367,210	6,085,299	94,447,509
2009	52,905,000	30,430,000	1,785,520	4,536,751	89,657,271
2010	51,570,000	29,045,000	1,449,610	3,058,792	85,123,402
2011	50,170,000	27,605,000	1,101,010	5,367,484	84,243,494

Business-Type Activities					
Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	Total	Total Government	Government Debt Per Capita (a)
2002	\$10,937,028	\$15,607,583	\$26,544,611	\$74,870,778	518.84
2003	10,040,001	14,810,883	24,850,884	71,110,486	491.36
2004	16,154,965	14,019,965	30,174,930	115,717,271	800.08
2005	15,417,645	13,192,645	28,610,290	115,113,896	788.31
2006	14,646,885	25,490,235	40,137,120	137,850,460	941.61
2007	13,853,205	51,289,612	65,142,817	160,197,803	1,083.55
2008	12,502,790	62,618,065	75,120,855	169,568,364	1,136.48
2009	12,147,240	62,885,113	75,032,353	164,689,624	1,091.54
2010	11,232,695	59,227,319	70,460,014	155,583,416	1,016.19
2011	10,276,995	57,944,117	68,221,112	152,464,606	1,045.43

Note : Debt amounts exclude any premiums, discounts, or other amortization amounts.

(a) Per Capita based on City population; refer to Demographic and Statistics Schedule for population data.

Sources: City of Hayward Long Term Debt Schedule
State of California, Department of Finance (population)
U.S. Department of commerce, Bureau of the Census (income)

CITY OF HAYWARD
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>General Bonded Debt Outstanding</u>				
<u>Fiscal Year</u>	<u>Tax Allocation Bonds</u>	<u>Total</u>	<u>Percentage of Debt To Taxable Property Value</u>	<u>General Bonded Debt Per Capita (a)</u>
2002	\$4,750,000	\$4,750,000	0.04%	32.92
2003	4,460,000	4,460,000	0.04%	30.82
2004	44,790,000	44,790,000	0.37%	309.68
2005	44,790,000	44,790,000	0.34%	306.72
2006	55,995,000	55,995,000	0.38%	382.48
2007	55,385,000	55,385,000	0.35%	374.62
2008	54,175,000	54,175,000	0.32%	363.09
2009	52,905,000	52,905,000	0.34%	350.65
2010	51,570,000	51,570,000	0.34%	336.83
2011	50,170,000	50,170,000	0.33%	344.01

(a) Per Capita based on City population; see Schedule 13 Demographic and Statistics for population data.
Source: City of Hayward Long Term Debt Schedule

**CITY OF HAYWARD
COMPUTATION OF DIRECT AND OVERLAPPING DEBT**

2010-11 Assessed Valuation:	\$14,664,098,991
Redevelopment Incremental Valuation:	<u>1,068,517,161</u>
Adjusted Assessed Valuation:	\$13,595,581,830

<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Total Debt 6/30/2011	% Applicable (1)	City's Share of Debt 6/30/11
Bay Area Rapid Transit District	\$413,865,000	3.13%	\$12,933,281
Chabot-Las Positas Community College District	454,819,320	17.595	80,039,104
Castro Valley Unified School District	83,550,000	0.189	157,910
Hayward Unified School District	196,044,877	86.272	169,131,836
New Haven Unified School District	193,354,589	19.95	38,574,241
Pleasanton Unified School District	87,984,429	0.035	30,795
San Lorenzo Unified School District	98,375,000	20.683	20,346,901
Washington Township Healthcare District	70,425,000	2.59	1,824,008
East Bay Regional Park District	153,990,000	4.842	7,456,196
City of Hayward Community Facilities District No. 1	9,380,000	100	9,380,000
City of Hayward 1915 Act Bonds	1,865,000	100	1,865,000
Alameda County Combined Reassessment District	100,000	100	<u>100,000</u>
SUBTOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$341,839,272</u>

Ratios to 2010-11 Assessed Valuation:

Subtotal Overlapping Tax and Assessment Debt	2.50%
--	-------

DIRECT AND OVERLAPPING GENERAL FUND DEBT

Alameda County General Fund Obligations	\$711,512,000	8.06%	\$57,347,867
Alameda County Pension Obligations	154,584,741	8.06	12,459,530
Alameda-Contra Costa Transit District Certificates of Participation	37,465,000	9.834	3,684,308
Chabot-Las Positas Community College District Certificates of Participation	4,495,000	17.598	791,030
Hayward Unified School District Certificates of Participation	17,920,000	86.272	15,459,942
San Lorenzo Unified School District Certificates of Participation	21,535,000	20.683	4,454,084
Castro Valley and Pleasanton Unified School District Certificates of Participation	17,820,000	0.189 & 0.035	6,715
City of Hayward General Fund Obligations	31,430,000	100	<u>31,430,000</u>
SUBTOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$125,633,476</u>
Less: City of Hayward Public Financing Authority Lease Revenue Bonds (100% supported) and Association of Bay Area Governments, Series 2001-2 (20% supported)			<u>1,827,000</u>
SUBTOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$123,806,476</u>

TOTAL GROSS DIRECT DEBT			<u>\$31,430,000</u>
TOTAL NET DIRECT DEBT			<u>\$29,603,000</u>
TOTAL OVERLAPPING DEBT			<u>\$436,042,748</u>
GROSS COMBINED TOTAL DEBT			<u>\$467,472,748</u> (2)
NET COMBINED TOTAL DEBT			<u>\$465,645,748</u>

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

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

Qualified Zone Academy Bonds are included based on principal due at maturity.

RATIOS TO 2010-11 ASSESSED VALUATION:

Subtotal Gross Direct and Overlapping Tax and Assessment Debt	2.26%
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Source: California Municipal Statistics, Inc.

**CITY OF HAYWARD
COMPUTATION OF LEGAL BONDED DEBT MARGIN
Last Ten Fiscal Years**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	<u>\$15,151,040,125</u>
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BONDED DEBT LIMIT (15.% OF ASSESSED VALUE)	<u>\$2,272,656,019</u>
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AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$84,243,494
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Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	<u>84,243,494</u>
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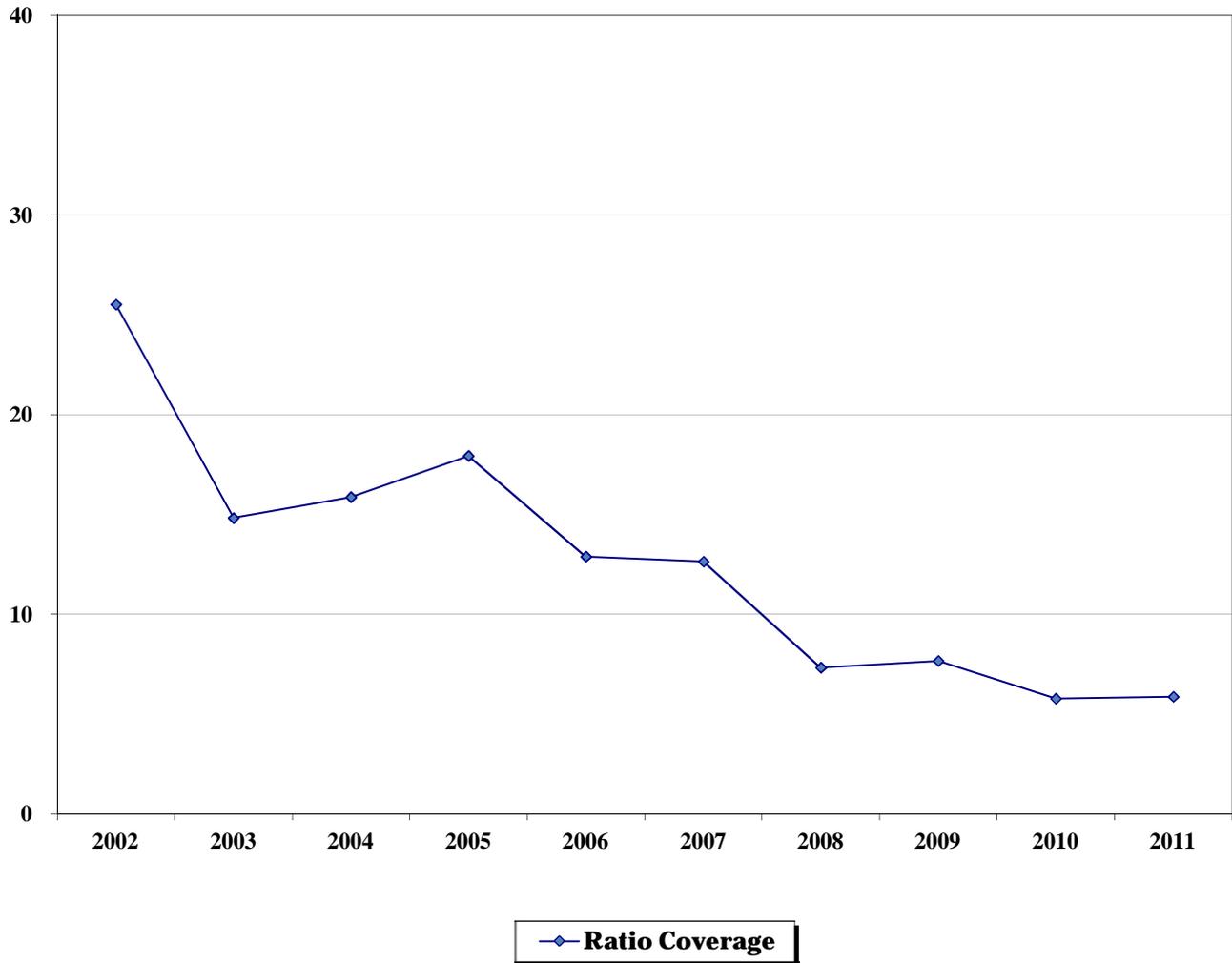
Amount of debt subject to limit	<u>0</u>
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LEGAL BONDED DEBT MARGIN	<u><u>\$2,272,656,019</u></u>
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Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2002	\$1,601,834,574	0	\$1,601,834,574	0.00%
2003	1,701,623,210	0	1,701,623,210	0.00%
2004	1,816,328,930	0	1,816,328,930	0.00%
2005	1,997,329,593	0	1,997,329,593	0.00%
2006	2,190,821,125	0	2,190,821,125	0.00%
2007	2,395,084,519	0	2,395,084,519	0.00%
2008	2,501,128,256	0	2,501,128,256	0.00%
2009	2,311,174,053	0	2,311,174,053	0.00%
2010	2,258,844,130	0	2,258,844,130	0.00%
2011	2,272,656,019	0	2,272,656,019	0.00%

Source: County of Alameda Auditors Office

**CITY OF HAYWARD
REVENUE BOND COVERAGE
WASTE WATER REVENUE BONDS
LAST TEN FISCAL YEARS**

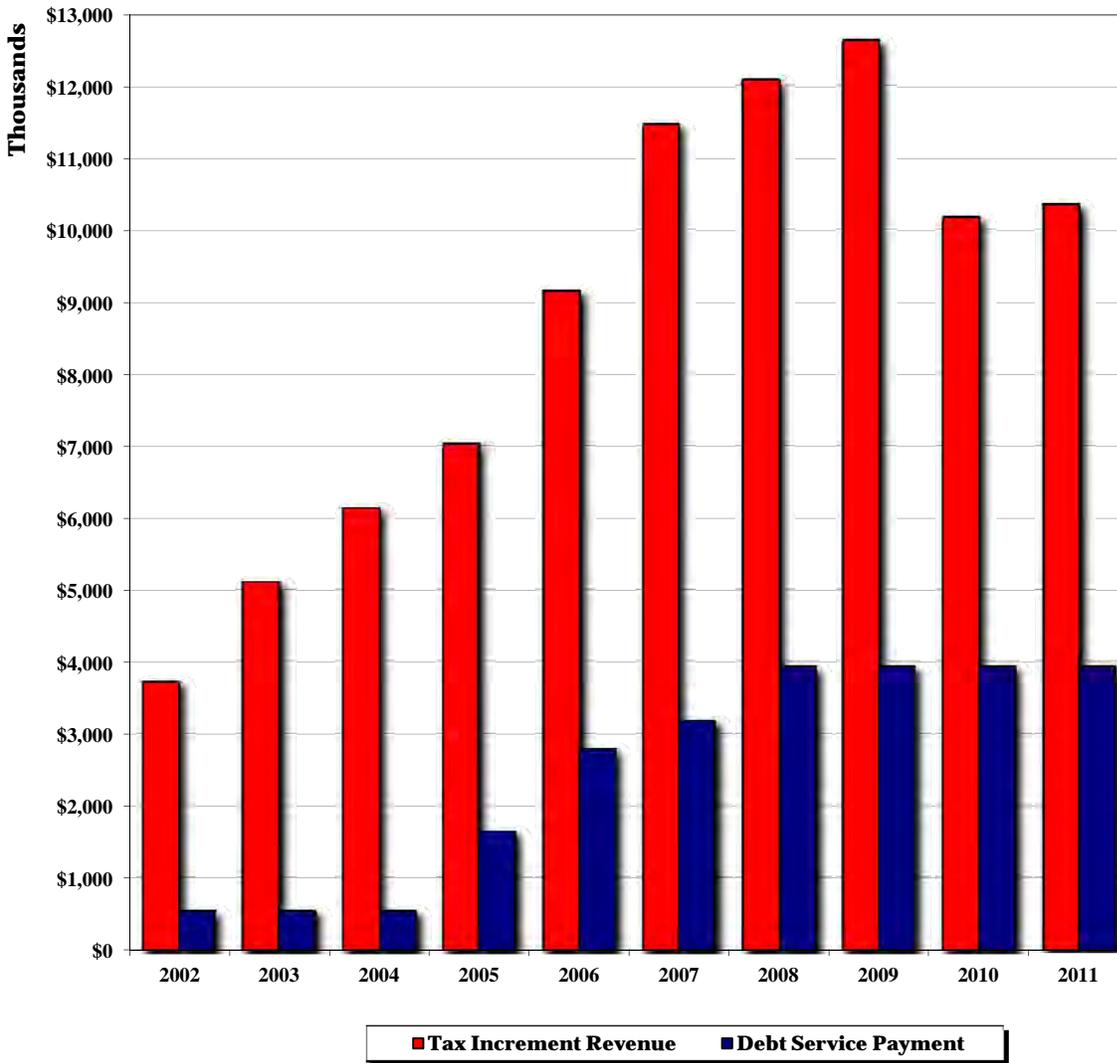


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Ratio Coverage
				Principal	Interest	Total	
2002	\$37,008,979	\$22,336,686	\$14,672,293	\$260,000	\$315,000	\$575,000	25.52
2003	37,117,660	21,657,598	15,460,062	550,000	493,240	1,043,240	14.82
2004	45,157,589	28,749,172	16,408,417	560,000	474,167	1,034,167	15.87
2005	48,501,867	29,848,059	18,653,808	575,000	464,851	1,039,851	17.94
2006	40,424,483	27,212,260	13,212,223	595,000	429,960	1,024,960	12.89
2007	49,256,682	32,133,601	17,123,081	700,000	654,199	1,354,199	12.64
2008	50,796,313	34,331,143	16,465,170	1,630,000	615,493	2,245,493	7.33
2009	52,045,189	36,734,951	15,310,238	1,275,000	723,400	1,998,400	7.66
2010	49,514,021	37,952,868	11,561,153	1,325,000	676,988	2,001,988	5.77
2011	52,765,158	41,042,710	11,722,448	1,370,000	628,288	1,998,288	5.87

Notes: (1) Includes all Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue
(2) Includes all Wastewater Operating Expenses less Depreciation and Interest

Source: City of Hayward Annual Financial Statements

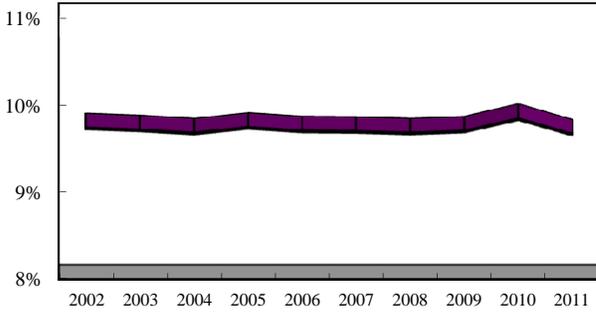
**CITY OF HAYWARD
BONDED DEBT PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**



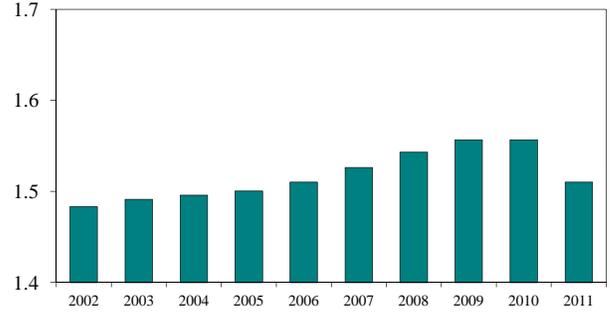
Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2002	\$3,728,173	\$275,000	\$266,156	\$541,156	6.89
2003	5,113,404	290,000	253,506	543,506	9.41
2004	6,138,632	305,000	239,876	544,876	11.27
2005	7,035,685	0	1,643,576	1,643,576	4.28
2006	9,154,816	595,000	2,199,581	2,794,581	3.28
2007	11,465,642	610,000	2,571,716	3,181,716	3.60
2008	12,082,986	1,210,000	2,722,771	3,932,771	3.07
2009	12,630,212	1,270,000	2,662,272	3,932,272	3.21
2010	10,180,653	1,335,000	2,598,772	3,933,772	2.59
2011	10,351,054	1,400,000	2,532,021	3,932,021	2.63

Source: City of Hayward Annual Financial Statements

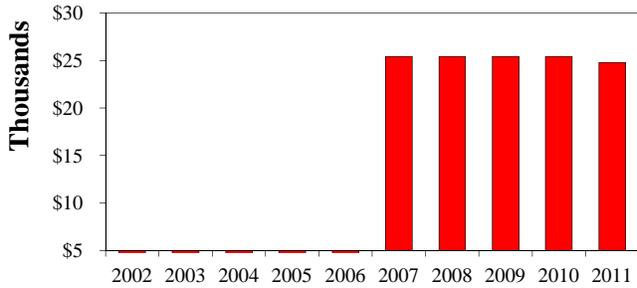
CITY OF HAYWARD
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years



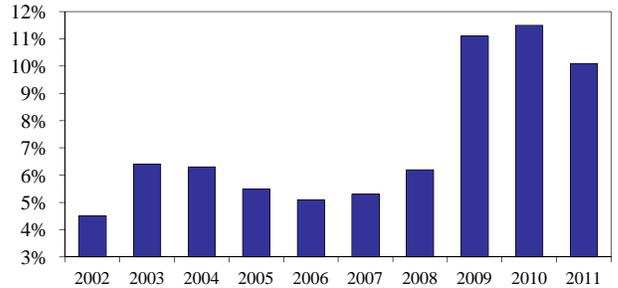
■ City Population as a % of County Population



■ Alameda Co. Population



■ Per Capita Income



■ Unemployment Rate (%)

Fiscal Year	City Population	Per Capita Income	City Unemployment Rate	Alameda Co. Population	City Population % of County
2002	144,304	n/a	4.5%	1,483,438	9.73%
2003	144,721	n/a	6.4%	1,491,247	9.70%
2004	144,633	n/a	6.3%	1,495,775	9.67%
2005	146,027	n/a	5.5%	1,500,228	9.73%
2006	146,398	n/a	5.1%	1,510,303	9.69%
2007	147,845	25,439	5.3%	1,526,148	9.69%
2008	149,205	25,439	6.2%	1,543,000	9.67%
2009	150,878	25,407	11.1%	1,556,657	9.69%
2010	153,104	25,407	11.5%	1,556,657	9.84%
2011	145,839	24,803	10.1%	1,510,271	9.66%

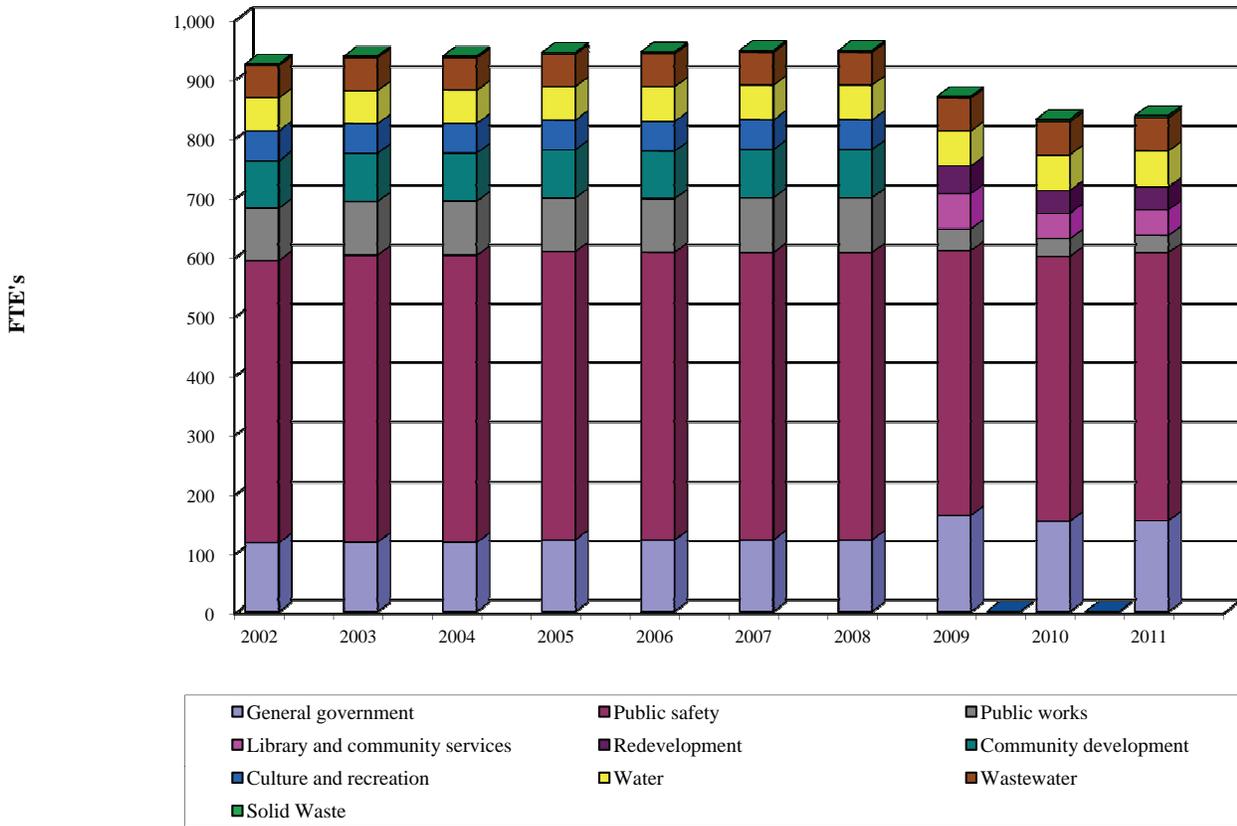
Source: California State Department of Finance
 U.S. Census Bureau

City of Hayward Principal Employers

<u>Employer</u>	<u>2010-11</u>			<u>2001-02</u>		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Hayward Unified School District	1981	3	1.4%	2100	2	1.5%
California University East Bay	1500	4	1.0%	1600	4	1.1%
Kaiser Permanente Medical Center	2200	1	1.5%	2200	1	1.5%
City of Hayward	812	6	0.6%	835	6	0.6%
St. Rose	1065	5	0.7%	660	8	0.5%
Gillig Corporation	700	7	0.5%	600	10	0.4%
Chabot College	615	8	0.4%	763	7	0.5%
Alameda County	2000	2	1.4%			
Kobe Precision	450	10	0.3%	440	11	0.3%
Plastikon	400	11	0.3%			
Mervyn's				2000	3	1.4%
Pacific Bell				940	5	0.7%
Etec Systems, Inc.				600	9	0.4%
Subtotal	11,723		8.0%	12,738		8.8%
Total City Population Using Census Data	145,839			144,304		

* Mervyns filed for bankruptcy as of November 2008

CITY OF HAYWARD
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years



For Fiscal Year Ended June 30,										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Function										
General government	116.00	117.00	117.00	121.00	121.00	121.00	121.00	162.50	152.50	153.50
Public safety	476.20	484.20	484.20	486.20	485.20	484.70	484.70	446.70	446.70	452.20
Public works	88.75	90.75	91.75	90.75	90.75	92.75	92.75	36.50	29.75	29.00
Library and community services								59.85	43.45	43.45
Redevelopment								46.50	38.50	38.50
Community development	79.50	80.50	80.50	80.50	79.50	80.50	80.50	*	*	*
Culture and recreation	49.85	49.85	49.85	49.85	49.85	49.85	49.85	*	*	*
Water	56.00	56.00	56.00	57.00	59.00	59.00	59.00	58.25	59.25	60.00
Wastewater	54.50	55.50	54.50	54.50	55.50	55.50	55.50	55.50	55.50	55.50
Solid Waste	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00
Total	923.80	936.80	936.80	942.80	943.80	946.30	946.30	868.80	829.65	836.15

*Due to City of Hayward department reorganization; Community Development and Culture and Leisure departments no longer exist.
Source: City of Hayward Adopted Operating Budget

CITY OF HAYWARD
Operating Indicators by Function/Program
Last Three Fiscal Years

Function/Program	Fiscal Year Ended June 30,		
	2009	2010	2011
Public safety:			
Fire alarms	14,537	14,183	14,427
Police: (Uniform Crime Reporting Statistics)			
Property crime calls	4,445	3,985	3,753
Violent crime calls	991	1,406	1,435
Arson calls	60	42	55
Public works			
Pavement Condition Index (PCI)*	70	70	70
*Industry measure of street condition with 100 ideal score			
Annual pavement improvement projects	11	11	12
Airport operations count/flights	133,941	91,536	88,053
Airport reported based aircraft	480	454	448
Redevelopment			
Housing Units Developed in the Vicinity of Downtown Hayward BART Station			
Social Services Projects Funded	0	0	0
Facilities Projects Funded	24	24	25
Economic Development Projects Funded	7	7	7
New Housing/Rehab Projects Funded	4	4	3
Public Services Projects Funded	2	2	2
	12	12	13
Planning			
Active Subdivisions	51	45	48
Active Parcel Maps	9	22	17
Building Permits	1,534	3,431	3,702
Residential Rental Inspections	4,106	1,251	2,177
Library and neighborhood services			
Library Materials in Collection	160,022	161,042	167,164
Library Circulation (Items checked out)	1,005,053	1,175,550	1,277,359
Community Preservation Cases	2,520	3,527	4,065
Water			
Water service connections	32,352 (a)	32,683	32,805
Water main breaks	56 (a)	27	22
Average daily consumption (thousands of gallons)	18,568 (a)	17,442	17,027
Wastewater			
Sewer service connections	31,139 (a)	31,491	31,238
Average daily treatment (thousands of gallons)	12,250 (a)	11,900	12,500
Solid Waste			
Landfilled waste recycled and diversion rate [‡]	68% (b)	60%-65%	60%-65%
*Diversion rate beginning in calendar year 2000 and each year thereafter.			

Source: City of Hayward

CITY OF HAYWARD
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30,			
	2002	2003	2004	2005
Public safety:				
Fire stations (a)	9	9	9	9
Number of firefighters and officers (b)	128	125	115	119
Police stations	1	1	1	1
Number of police officers (c)	204	204	196	188
Public works				
Miles of streets	255	258	258	258
Street lights	6,950	7,000	7,000	7,300
Traffic Signals	101	103	105	106
Airport	1	1	1	1
Library and neighborhood services				
City Libraries	2	2	2	2
Water				
Number of consumers	130,000	130,000	130,000	140,000
Average daily consumption (gallons)	17,608,073	17,688,993	19,647,860	18,500,000
Miles of water mains	325	325	325	325
Storage capacity (gallons)	25,250,000	25,250,000	25,250,000	28,100,000
Wastewater				
Miles of sewers	325	325	325	325
Number of treatment plants	1	1	1	1
Treatment capacity (gallons)	16,500,000	16,500,000	16,500,000	16,500,000

(a) Includes Fairview Fire District Station under contract

(b) represents actual hired firefighters and officers which may be different than budgeted number of positions

(c) represents actual hired police officers which may be different than budgeted number of positions

Sources: City of Hayward Capital Asset Schedule

Fiscal Year Ended June 30,

2006	2007	2008	2009	2010	2011
9	9	9	9	9	9
118	120	121	116	121	121
1	1	1	1	1	1
192	186	186	181	198	207
258	258	260	260	260	266
7,300	7,300	7,700	7,700	8,000	8,143
107	107	108	108	108	133
1	1	1	1	1	1
2	2	2	2	2	2
140,000	140,000	140,000	140,000	140,000	140,000
18,300,000	18,200,000	19,300,000	18,600,000	17,400,000	17,400,000
325	340	340	350	350	350
28,100,000	28,100,000	28,100,000	28,100,000	28,100,000	29,300,000
325	340	340	320	320	320
1	1	1	1	1	1
16,500,000	16,500,000	16,500,000	16,500,000	16,500,000	18,500,000

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