

CITY OF HAYWARD California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For Fiscal Year Ended
June 30, 2007

CITY OF HAYWARD, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2007

Prepared by:

Accounting Division, Department of Finance

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CITY OF HAYWARD, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2007

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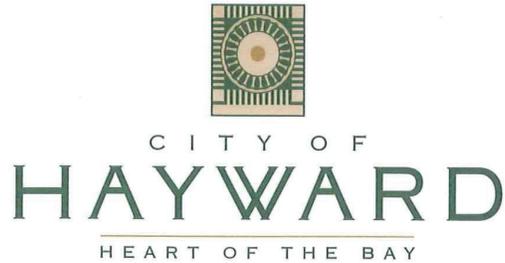
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CITY OF HAYWARD



INTRODUCTORY



October 31, 2007

**To the Honorable Mayor and City Council of the
City of Hayward, California**

I. FORMAL TRANSMITTAL

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Hayward (the City) for the fiscal year ended June 30, 2007 (hereafter referred to as the Report). The Report is intended to provide the Mayor and City Council, other City officials, and the general public with a complete and comprehensive view of the City's financial activity, condition, and performance for the year ended June 30, 2007.

Management Responsibility for Financial Information. This Report consists of management's representations concerning the finances of the City: we are responsible for both its fairness and its accuracy. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this Report. As management, we assert that to the best of our knowledge and belief, the information and data presented are accurate in all material respects; that the Report is a fair description of the financial position and results of operations of the City, as measured by the financial activity of its various funds and component units; and that all necessary disclosures have been included so that a complete understanding of the City's financial affairs and condition may be obtained by reading the Report.

Internal Control Structure. Establishing and maintaining an effective internal control structure is a primary management responsibility. Effective internal controls are intended to provide reasonable, but not absolute, assurances against the loss of assets from unauthorized use or disposition; and to ensure reliability of financial records for preparing financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits derived, and that the evaluation of costs and benefits requires management to make estimates and judgments of risk, cost, and benefit. We believe the City's internal control structure now in effect provides reasonable assurances on the safeguarding of assets and proper recording and reporting of financial transactions.

Independent Audit. The City's financial statements have been audited by Maze & Associates Inc., a firm of licensed certified public accountants as required by the City Charter and State and Federal Law. 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, 2007, 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's financial statements for the year ended June 30, 2007 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The Independent Auditors' Report is presented as the first component of the financial section of this Report.

The City is also required to undergo an annual Federal Single Audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget's Circular A-133, "Audits of State and Local Governments and Nonprofit Organizations". 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 City's internal controls and compliance with legal requirements, with special emphasis on the administration of federal awards. Information related to this single audit, including a schedule of federal financial assistance, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs are included in a separately issued Single Audit Report.

Management's Discussion & Analysis (MD&A). Management is also required, by GAAP, to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditor's Report.

II. PROFILE OF THE GOVERNMENT

General Information. With a population currently estimated at 148,000, Hayward is the third largest city in Alameda County. Hayward is located south of Oakland in the San Francisco Bay Area. The City area includes 61 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 highways, rail lines, and public transit routes. 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, several hospitals, and State and County offices.

Organization of Government. 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 the City departments.

Services Provided. Hayward provides a full range of services to its residents including law enforcement; fire prevention and protection; housing and economic development; land use development services and regulations; community planning; libraries; street construction and maintenance; landscape maintenance services; transportation planning; and contracted curbside recycling and refuse collection. City departments include Public Works, Library, Human Resources, Community and Economic Development, Finance and Internal Services, Fire, Police, City Clerk, City Attorney and City Manager. 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 airport, downtown parking facilities, a civic center, and an exhibition hall with meeting rooms. Through its Redevelopment Agency, the City provides development services and improvements in a project area encompassing approximately 1,500 acres.

Component Units. This Report includes all the funds and account groups of the City. It reports all activities of those agencies that are controlled by the City's legislative body, and includes the Redevelopment Agency of the City of Hayward, the Hayward Public Financing Authority, the Business Improvement District, and the Hayward Housing Authority.

The financial activities of other agencies with which the City is associated, but which are separate and independent from the City's legislative body, and for which the City is not financially accountable are not included. These other boards and agencies are identified in Note 1 of the notes to the financial statements. The financial statements of these other agencies are available upon request from their respective offices.

III. ECONOMIC OUTLOOK

Local Economy. The economic challenge for the City of Hayward and for California in general, is to provide for needed services, while providing an environment that encourages economic development, and neighborhood preservation and revitalization. The City has a diverse economic base, including significant commercial and industrial businesses. The largest business segments include: wholesale (business to business), transportation, and general retail industries. Therefore, as certain sectors of the economy struggle, such as the housing market, the City is less likely to encounter overall economic volatility. Since 2005, the City has experienced a steady to moderate economic upturn. In fiscal year 2007, the City's largest general revenue source, which is sales tax increased by 8 percent from the prior year. Property tax revenue increased 15 percent, as compared to the prior year. Looking forward however, sales tax growth is expected to slow to approximately 3 percent; and property tax revenue is expected to increase at a significantly slower pace. Although, the City experienced growth in the top revenue categories, the General Fund is projecting that expenditures will exceed estimated revenues over the long-term, due to cost of living increases and market forces affecting the cost of providing general services.

Hayward's unemployment rate is lower than the State, but higher than the unemployment rate experienced nationally. In June of 2007, the national unemployment rate stood at approximately 4.6 percent and for California the rate was approximately 5.5 percent. For the same period the unemployment rate for Hayward was approximately 5.3 percent. Hayward's unemployment rate as of June 2006 was 5.1 percent.

Long-term Financial Planning. The vision for the City of Hayward centers on providing a long-term secure and expanding revenue base; well planned residential and business development; a safe and secure environment for residents; a downtown core alive with shopping, dining, entertainment, and residential opportunities; local schools the community can be proud to support; neighborhoods filled with attractive, well maintained properties and public spaces; uncongested transportation networks; and employment opportunities offering Hayward residents well paying jobs. In order to achieve this vision the City is preparing long-term revenue and expenditure forecasts for operating funds; updating fiscal policies to include provisions for infrastructure and capital replacement programs; and developing community information and outreach programs. These forecasts and policies, in conjunction with the City's five-year capital improvement program are the tools necessary for sound long-term strategic planning.

Adoption of the FY 2008 Budget. Although the City Council approved a two-year budget cycle for fiscal year 2007 and 2008, in keeping with the requirements of the City Charter for an annual budget, the City Council approved an operating budget for 2008 of \$195 million, which includes \$10.1 million operating budget for the Redevelopment Agency. A capital budget was also authorized for 2008 of approximately \$66.3 million. The operating budget for 2008 assumes revenues are to remain relatively flat. The economy has softened, particularly in the areas of housing sales and construction, which will impact City revenue for real property tax transfer. Another factor affecting this year's budget is that the City is involved in renewing its labor agreements for all represented employees. The overall effect of flat-to-moderate revenue growth combined with contractual obligations is that the City has approved the use of approximately \$3.8 million of unreserved fund balance to fulfill its operating requirements. The adopted budget estimates the General fund balance reserves to be \$19.6 million at the end of fiscal year 2008.

Redevelopment. During the 2007 fiscal year, the Redevelopment Agency continued construction on the Cinema Place retail-theater project in the downtown area. The Agency has built an adjacent parking structure and will share parking operating costs with the developer. The Agency also moved forward on the Cannery/Burbank Area projects, which includes a new Burbank elementary school, expanded Cannery park, and related street improvements. Other studies and improvements in which the Redevelopment Agency is involved is completion of the South Hayward BART Station Concept Plan involving transit-oriented development and amenities and the Route 238 Corridor Improvement Project to alleviate congestion and local traffic.

Other Major Initiatives. In addition to the Redevelopment Agency projects, the City has been developing strategies for the reuse of Caltrans Route 238 surplus properties, planning for a new main library, completing the Mt. Eden annexation and improvement projects, and implementing technology improvements for public safety and other City departments.

IV. AWARDS & ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hayward for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Hayward has received a Certificate of Achievement for the last twenty-one consecutive years (fiscal years ended 1986-2006). We believe our current report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

This Report is the result of the combined efforts of the Finance Department staff, with the assistance and encouragement of the City's independent auditors. All those who have contributed to the preparation of this report deserve commendation for their efforts and dedication. In particular we would like to express our appreciation to Mr. Henry Gudino, Ms. Virginia Casuga, and Ms. Elena Ramos of the Accounting Division whose knowledge and dedication were most valuable. We 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 our appreciation to them for their continuing support.

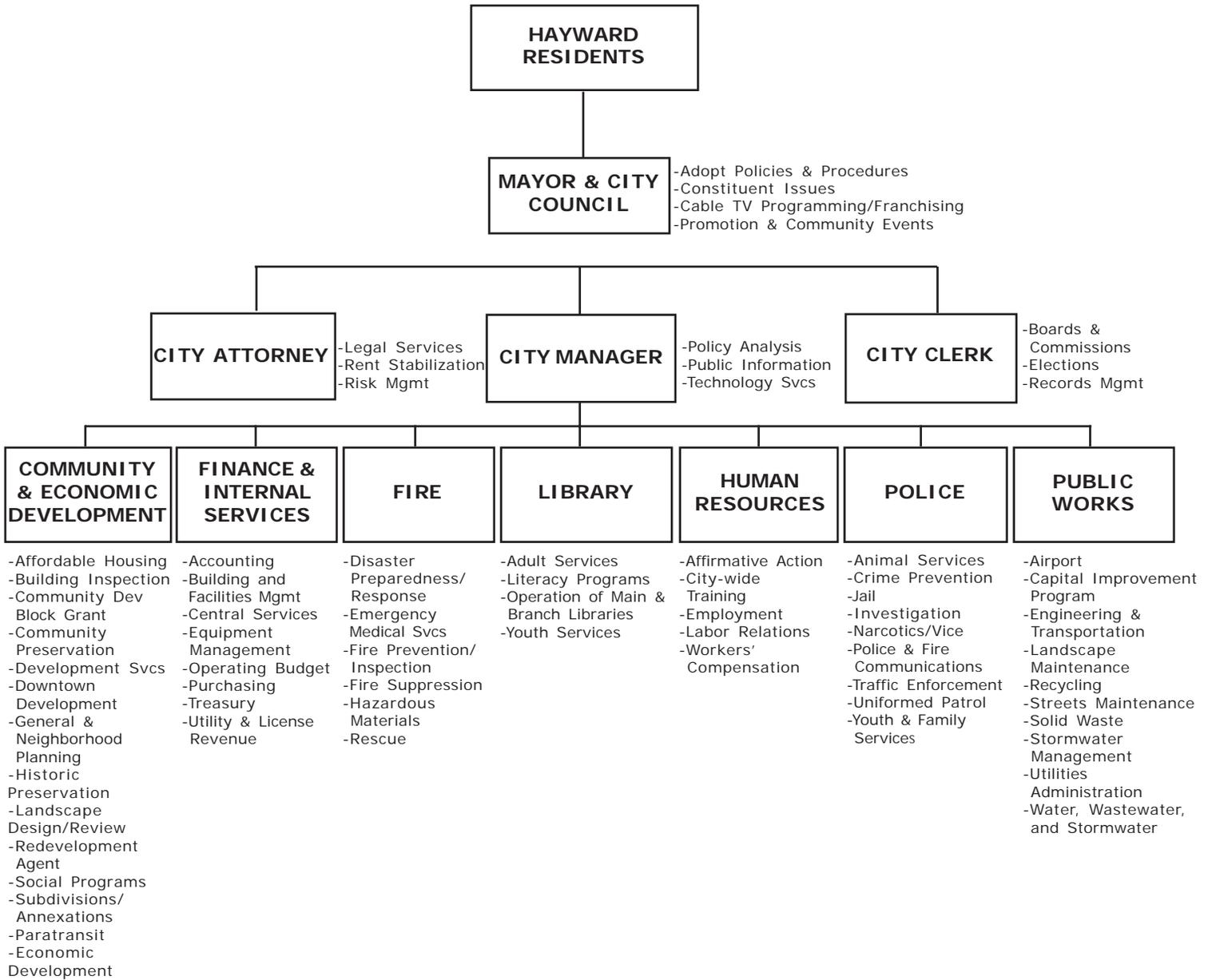
Respectfully Submitted,



Debra C. Auken

Director of Finance and Internal Services

CITY OF HAYWARD ORGANIZATION



City of Hayward

Elected Officials in office as of June 30, 2007

The Mayor and six Council members represent Hayward residents, review public policy, and adopt policies responsive to the community. The City Council meets the first four Tuesdays of each month at 8:00 p.m. in Council Chambers, 2nd Floor of 777 B Street, Hayward, CA 94541. The public is invited to attend Council meetings.



Michael Sweeney,
Mayor



Kevin Dowling,
Council Member



Barbara Halliday,
Council Member



Olden Henson,
Council Member



Bill Quirk,
Council Member



Doris Rodriguez,
Council Member



Bill Ward,
Council Member

City Of Hayward

Administrative Staff as of June 30, 2007

Appointed by City Council

City Manager	Jesús Armas
City Attorney	Michael O'Toole
City Clerk	Angelina Reyes

Department Directors

Assistant City Manager	Fran David
Community and Economic Development Director	Susan Daluddung
Finance and Internal Services Director	Debra Auker
Fire Chief	Larry Arfsten
Human Resources Director	Holly Brock-Cohn
Library Director	Lisa Rosenblum
Police Chief	Lloyd Lowe
Public Works Director	Robert Bauman

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, 2006

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.



Oliver S. Cox

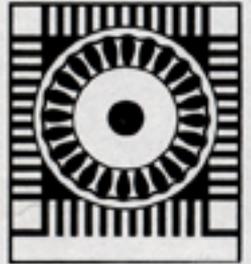
President

Jeffrey R. Emery

Executive Director

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CITY OF HAYWARD



FINANCIAL

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the 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, 2007, 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 of America. 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 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 our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hayward at June 30, 2007 and the results of its operations and cash flows of its proprietary fund types 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.

In accordance with *Government Auditing Standards*, we have also issued reports dated October 31, 2007 on our consideration of the City of Hayward's internal control structure and on its compliance with laws and regulation.

Management's Discussion and Analysis and Required Supplemental Information are supplementary information required by the Government Accounting Standards Board, but are not part of the basic financial statements. We have applied certain limited procedures to this information, principally inquiries of management regarding the methods of measurement and presentation of this information, but we did not audit this information and we 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 is presented for the purpose of additional analysis and is not a required part of the basic statements of the City of Hayward. Such information has been subjected to the auditing procedures applied in the audit of the government-wide and fund financial statements, and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

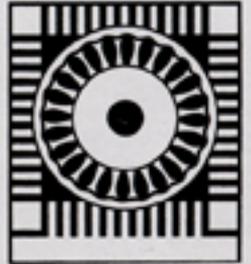
The statistical section listed in the Table of Contents was not audited by us, and we do not express an opinion on this information.

October 31, 2007



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CITY OF HAYWARD



Management Discussion and Analysis

CITY OF HAYWARD
MANAGEMENT'S DISCUSSION AND ANALYSIS

The purpose of the Management's Discussion and Analysis is to offer the reader of the City's financial statements a narrative overview of the City of Hayward's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the additional information furnished in the transmittal letter and the accompanying basic financial statements.

2007 FINANCIAL HIGHLIGHTS

Financial highlights of the fiscal year ended June 30, 2007 include the following:

Government-wide:

- The City's total net assets were \$476.4 million at June 30, 2007, of which \$250.6 million were in Governmental Activities and \$225.8 million were in Business-type Activities.
- Total City revenues were \$198.5 million, of which \$145.1 million were derived from Governmental Activities and \$53.4 million were derived from Business-type Activities.
- Total City expenses were \$169.8 million, of which \$126.8 million were incurred by Governmental Activities and \$43 million were incurred by Business-type Activities.

Fund Level:

- Governmental funds balances were \$120 million, while net assets in enterprise funds were \$225.8 million.
- Governmental fund revenues were \$142.9 million, an increase of \$14.8 million from fiscal year 2006's \$128.1 million.
- Governmental fund expenditures increased to \$151.9 million in fiscal year 2007, up \$24.9 million from the prior year.
- Enterprise fund operating revenues were \$49.4 million in fiscal year 2007, up \$6.3 million from the prior year.
- Enterprise fund operating expenses were \$41.6 million in fiscal year 2007, an increase of \$5.3 million from the prior year.
- Net nonoperating revenues of enterprise funds were \$4.8 million in fiscal year 2007, compared to prior year non-operating revenues of \$12.2 million.

General Fund:

- General Fund revenues were \$104.4 million, an increase of \$4.4 million from the prior year.
- General Fund expenditures were \$103 million, an increase of \$5 million over the prior year.
- Net transfers out of the General Fund were \$1 million in fiscal year 2007, a decrease of \$1 million over the prior year.
- General Fund ending balance was \$23.5 million at June 30, 2007, an increase of \$400 thousand over the prior year.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report (CAFR) is in six parts:

1. Introductory section, which includes the transmittal letter and general information,
2. Management's Discussion and Analysis,
3. The Basic Financial Statements, which includes the government-wide and the fund financial statements, along with the notes to these financial statements,
4. Required supplemental information,
5. Combining statements for non-major government funds, non-major proprietary and fiduciary funds,
6. Statistical information.

The Basic Financial Statements

The basic financial statements provide two different views of the City's financial activities and financial position. The Statement of Net Assets provides information on the City's assets and liabilities, with the difference between the two reported as net assets. The Statement of Activities provides information showing how the City's net assets changed during the fiscal year. 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 Net Assets and Statement of Activities are separated into governmental and business-type activities, which summarize these two types of activities for the City as a whole.

Fund financial statements focus on the short term, measuring only current revenues and expenditures and the City's fund balances. Fund financial statements report the City's operations in more detail than the government-wide statements and provide information about the City's major funds.

The activities of the remainder of the City's funds, called non-major funds, are combined in one column on each fund statement.

The fiduciary statements provide financial information about activities for which the City acts solely as agent for the benefit of others.

The Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities present information about the following:

- Government activities – All of the City's basic services are considered to be governmental activities, including general government, public safety, public works and transportation, community development, culture and leisure and nondepartmental.
- The City's governmental activities include the activities of the following separate legal entities because the City is financially accountable for them: the Redevelopment Agency of the City of Hayward, the Hayward Public Financing Authority, the Hayward Improvement District and the Hayward Housing Authority.

- Business-type activities—All the City’s enterprise activities are reported here, including sewer, water, airport, Centennial Hall maintenance and operation, and stormwater.

Government-wide financial statements are prepared using the accrual basis of accounting, which means they measure the flow of economic resources of the City as a whole.

Fund Financial Statements

The fund financial statements provide detailed information about each of the City’s most significant funds, called major funds. Each Major Fund is presented individually, with any Non-major Funds summarized and presented only in a single column. Subordinate schedules present the detail of these Non-major Funds. Major Funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of City’s activities.

Governmental Fund Financial Statements are prepared using the modified accrual basis of accounting, which means only current financial resources and uses are measured. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements because of their long-term life.

Enterprise and Internal Service Fund Financial Statements are prepared using the full accrual basis of accounting, and include all assets and liabilities, current and long-term.

Since the City’s Internal Service Funds provide goods and services only to the City’s governmental and business-type activities, their activities are reported only in total at the fund level. Internal Service Funds may not be Major Funds because their revenues are derived from other City funds. These revenues are eliminated in the government-wide financial statements and any related profits or losses are returned to the activities which created them, along with any residual net assets of the Internal Service Funds.

Actual financial information as compared to the budget, are presented for the Governmental Fund Financial Statements only.

Fiduciary Statements

The City is the agent for certain assessment districts, called Local Improvement Districts, holding amounts collected from property owners that await transfer to these districts’ bond trustees. The City’s fiduciary activities are reported in separate Statement of Fiduciary Net Assets and Changes in Fiduciary Net Assets. These activities are excluded from the City’s other financial statement because the City cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Combining Statements and Schedules

The combining statements referred to earlier in connection with non-major governmental funds, internal service funds and agency funds are presented immediately following the notes to the financial statements.

EXECUTIVE SUMMARY GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis focuses on the net assets and changes in net assets of the City's governmental (Tables 1, 2 and 3) and business type (Tables 4 and 5) activities in the government-wide statements.

Governmental Funds

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At June 30, 2007, the City's net assets of governmental activities totaled \$250.6 million, an increase of \$18.3 million from the previous year. Key elements of this increase include growth in tax revenues and capital asset purchased by the Redevelopment Agency.

Table 1
Governmental Net Assets at June 30, 2007
(In Millions)
With Comparative Amounts as of June 30, 2006

	<u>2007</u>	<u>2006</u>
Cash and investments	\$129.6	\$134.1
Other assets	20.3	18.3
Capital assets	<u>221.5</u>	<u>198.0</u>
Total assets	<u>371.4</u>	<u>350.4</u>
Long term debt outstanding	95.1	97.9
Other liabilities	<u>25.7</u>	<u>20.2</u>
Total liabilities	<u>120.8</u>	<u>118.1</u>
Net assets:		
Invested in capital assets, net of debt	126.4	100.2
Restricted	45.1	31.8
Unrestricted	<u>79.1</u>	<u>100.3</u>
Total net assets	<u><u>\$250.6</u></u>	<u><u>\$232.3</u></u>

Components of governmental activities net assets are comprised of the following:

Cash and investments:

- Cash and investments totaling \$129.6 million, of which \$98.7 million were available for City operations and \$30.9 million were restricted for special purpose. A listing of all City investments is detailed in Note 2 to the financial statements.

Other assets:

- Receivables were \$15 million, net of allowances for uncollectible debt. Of this total, \$2.7 million represented interest and accounts that are due currently, and \$12.3 million was in notes and loans that are due over longer periods of time, as explained in Note 3 to the financial statements.
- \$3.6 million is due from other governments representing taxes and grants currently due primarily from the state and federal government.
- Land held by the Redevelopment Agency is carried at cost of \$4.2 million, which may be different than market value.
- Other assets, at cost, of \$1 million.

Capital assets:

- Capital assets of \$221.5 million, net of depreciation charges, which include non-enterprise City facilities and street related infrastructure.

Long-term debt:

- Long-term debt is \$95.1 million, of which \$91.2 million is due in future years and \$3.9 million is due currently. See Table 7 for the components of debt outstanding.

Other Liabilities:

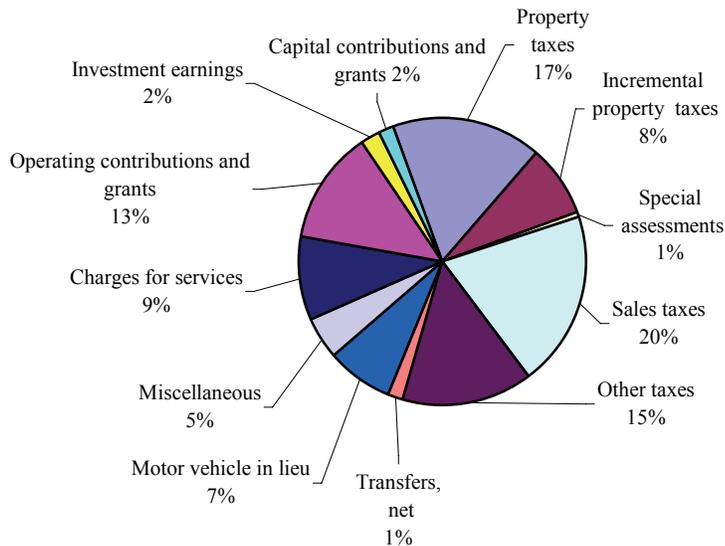
- Current liabilities, including accounts payable, accrued liabilities and other amounts due currently, totaling \$16.3 million.
- Refundable deposits of \$3.1 million which are performance deposits that are not due until the work has been satisfactorily completed.
- Internal borrowing of \$3.5 million, representing net long-term amounts due from the Redevelopment Agency to the City's water and sewer business-type activities.
- Compensated absence liabilities of \$6.3 million representing the total amount of accrued vacation and compensatory leave for employees.

Net assets:

- Net assets invested in capital assets, net of related debt is \$126.4 million, representing the City's net investment in land, buildings, infrastructure and other capital assets used in Governmental activities.
- Restricted net assets of \$45.1 million, most of which may be used only for Redevelopment purposes or for specified special revenue projects.

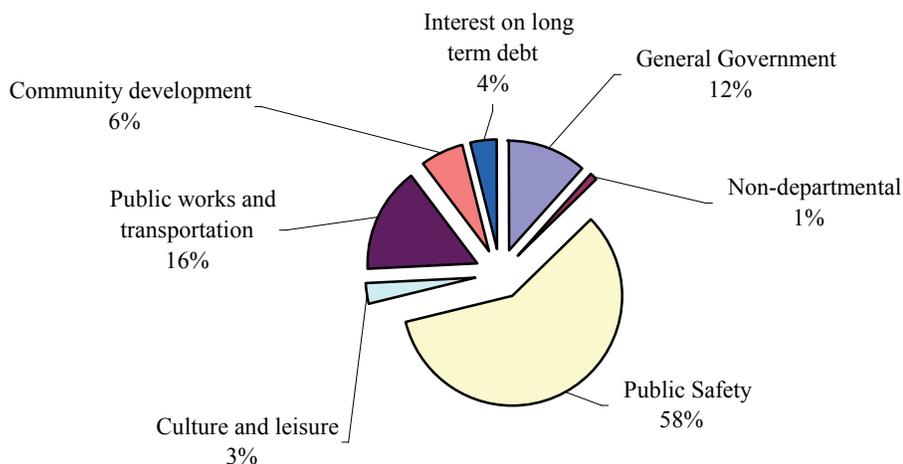
- \$79.1 million of unrestricted net assets, which are that part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements. Unrestricted net assets declined by \$21.2 million since last year, mainly due to investments in capital projects.

Sources of Revenues



The above *Sources of Revenue* chart for all governmental funds shows, that the largest source of 2007 governmental activities revenue was the 20% generated from sales taxes, while 17% came from property taxes, 9% from charges for services, and a total of 15% came from grants and contributions. The remaining 39% came from a variety of sources as shown above.

Functional Expenses



The *Functional Expenses* chart above includes only current year expenses; it does not include capital outlays, which are added to the City's capital assets. As the chart shows, public safety generated 58% of total expenses, public works 16%, and general government 12%, while other functions accounted for the remaining 14%.

The Statement of Activities presents program revenues and expenses and general revenues in detail. All these are elements in the Changes in Governmental Net Assets summarized below:

Table 2
Governmental Activities
(In Millions)

With Comparative Amounts as of June 30, 2006

Activities	2007	2006
General government	\$14.9	\$14.6
Public safety	73.9	70.5
Public works and transportation	19.8	14.3
Community development	8.1	8.8
Culture and leisure	3.8	3.7
Non-departmental	1.4	1.9
Interest on long term debt	5.0	4.4
Total expenses	<u>126.9</u>	<u>118.2</u>
Revenues		
Program revenues:		
Charges for services	13.9	11.3
Operating contributions and grants	18.4	14.3
Capital contributions and grants	2.6	3.8
Total program revenues	<u>34.9</u>	<u>29.4</u>
General revenues:		
Taxes:		
Property taxes	24.7	21.6
Incremental property tax	11.5	9.2
Sales taxes	28.9	26.7
Special assessments	0.9	0.5
Other taxes	21.3	23.5
Motor vehicle in lieu	10.8	12.9
Investment earnings	3.1	2.0
Miscellaneous	6.9	0.7
Total general revenues	<u>108.1</u>	<u>97.1</u>
Total Revenues	<u>142.9</u>	<u>126.5</u>
Change in net assets before Transfers	16.1	8.3
Transfers	2.2	0.4
Change in net assets	18.3	8.7
Net Assets-Beginning	<u>232.3</u>	<u>223.6</u>
Net Assets-Ending	<u><u>\$250.6</u></u>	<u><u>\$232.3</u></u>

Table 2 shows that governmental expenses discussed above, which totaled \$126.8 million, were offset in part by program revenues of \$34.8 million. These program revenues included \$13.9 million in charges for services, \$18.3 million in operating grants and contributions and \$2.6 million in capital grants and contributions. Charges for services include traffic safety fines, plan check fees, building inspection fees and other charges related to new construction, etc. Grants and contributions include amounts contributed by developers and grants from the state and federal government.

Table 3 below summarizes financial information from on the Statement of Activities in the Basic Financial Statements. Certain significant revenue sources such as property taxes and sales taxes are classified as general revenue and hence not attributable to government activities shown in Table 3.

Table 3
Governmental Activities – Net (Expenses) Revenue From Services
(In Millions)
 With Comparative Amounts as of June 30, 2006

	2007	2006
General government	(\$13.9)	(\$13.6)
Public safety	(65.6)	(63.3)
Public works and transportation	(3.0)	1.3
Community development	0.4	(3.5)
Culture and leisure	(3.5)	(3.4)
Non-departmental	(1.4)	(1.9)
Interest on long term debt	(5.0)	(4.4)
Subtotals	(92.0)	(88.8)
General Revenues and Transfers	110.3	97.5
Change in Net Assets	\$18.3	\$8.7

Table 3 presents the net cost of each of the City’s major activities – general government, public safety, public works and transportation, community development, culture and leisure, nondepartmental, and interest on long-term debt. Net cost is defined as total revenue less expenses generated by each specific activity.

Positive net cost of services indicates that the overall cost of the government activity is less than the revenues generated to support it. In the case of Community Development, the City received \$7.9 million in operating grants and contributions restricted to fund affordable housing programs, which exceeded the overall expenses by \$400 thousand.

The overall increase in net assets is largely due to growth in general revenues, grants and development related contributions, as well as investment in capital assets.

Business-type Funds

The net assets of business-type activities were \$225.8 million at June 30, 2007, an increase of \$10.4 million over last year. The increase in business-type net assets is attributed to investments in sewer and water infrastructure, revenue from investment earnings, grants and charges for services.

Table 4
Business-type Assets at June 30, 2007
(In Millions)

With Comparative Amounts as of June 30, 2006

	<u>2007</u>	<u>2006</u>
Cash and Investment	\$100.7	\$83.8
Other assets	26.5	39.2
Capital assets	<u>166.7</u>	<u>142.2</u>
Total assets	<u>293.9</u>	<u>265.2</u>
Long-term debt outstanding	58.5	40.1
Other liabilities	<u>9.6</u>	<u>9.7</u>
Total liabilities	<u>68.1</u>	<u>49.8</u>
Net assets:		
Invested in capital assets, net of debt	108.2	102.1
Restricted	3.9	4.1
Unrestricted	<u>113.7</u>	<u>109.2</u>
Total net assets	<u>\$225.8</u>	<u>\$215.4</u>

Components of business-type activities net assets are comprised of the following:

Assets included a total of \$100.7 million in cash and investments, \$6.9 million in receivables from customers, \$1.6 million due from State and Federal government, \$3.5 million in internal loans, \$14.5 million in other assets, and \$166.7 million in capital assets.

Liabilities included \$9.6 million accounts payable and other liabilities and reclamation costs, and \$58.5 million in long-term debt.

Net assets from business-type activities included \$108.2 million invested in capital assets net of related debt, \$3.9 million restricted for debt service, and \$113.7 million that was unrestricted as to use.

Table 5
Business-type Activities
(In Millions)

With Comparative Amounts as of June 30, 2006

	<u>2007</u>				<u>2006</u>
	Sewer	Water	Other- Enterprise	Total	Total
Revenues:					
Program Revenues:					
Charges for Services	\$16.0	\$23.3	\$5.4	\$44.7	\$40.4
Operating Grants & Contributions	1.7	2.6		4.3	2.5
Capital Grants & Contributions	0.4			0.4	3.4
Total Program Revenues	18.1	25.9	5.4	49.4	46.3
General Revenues:					
Investment Earnings	2.3	3.0	0.8	6.1	2.7
Gain on Sale of Capital Assets			0.1	0.1	7.8
Total General Revenues	2.3	3.0	0.9	6.2	10.5
Total Revenues	20.4	28.9	6.3	55.6	56.8
Expenses:					
Program Expenses	13.3	24.6	5.1	43.0	37.8
Change in Net Assets before					
Transfers	7.1	4.3	1.2	12.6	19.0
Transfers	(1.0)	(1.1)	(0.1)	(2.2)	(0.4)
Change in Net Assets	\$6.1	\$3.2	\$1.1	\$10.4	\$18.6
Net Assets- Beginning	102.3	86.6	26.5	215.4	196.8
Net Assets- Ending	\$108.4	\$89.8	\$27.6	\$225.8	\$215.4

Table 5 shows that program revenues of business-type activities totaled \$49.4 million in fiscal year 2007 while program expenses totaled \$43 million. The sewer and water activities as a whole were profitable and the three other enterprise activities generated a combined profit of \$1.1 million.

Included in the other enterprise activities is the Airport which gained \$1.4 million in net assets, while the Storm Water Fund has a loss of \$249,000 and Centennial Hall Maintenance and Operation Fund lost \$69,000.

The Airport profit was generated from investment earning and charges for services. The Storm Water Fund loss was attributed to an increase in the transfer for administrative overhead. Centennial Hall's loss was due to more repair and maintenance expense than the previous year.

ANALYSIS OF FUND FINANCIAL STATEMENTS

Governmental Funds

At June 30, 2007, the City's governmental funds reported combined fund balances of \$120 million, which is a decrease of \$8 million or 6% compared to the prior fiscal year. The fund balance of the General Fund increased \$500 thousand, the CDBG Fund decreased \$3,000, the Redevelopment Agency Capital Project Fund decreased \$3.6 million, and there was a \$4.8 million decrease in Other Governmental Funds.

Governmental fund revenues were \$142.9 million in fiscal year 2007, with the General Fund accounting for \$104.4 million of this total. Expenditures totaled \$151.9 million, with the General Fund accounting for \$103 million of the amount. Transfers and other financing sources netted to \$1.1 million into the City governmental funds.

General Fund

In fiscal year 2006, General Fund revenues totaled \$100 million and in fiscal year 2007 General Fund revenues increased to \$104.4 million. This \$4.4 million increase is represented by the following:

- \$3.2 million increase in secured property tax receipts over last year
- \$2.2 million increase in sales tax over last year
- \$1 million increase over last year from charges for services
- offset against an overall \$2.0 million decrease in real property transfer tax

Expenditures in the General Fund increased \$5 million to \$103 million in fiscal year 2007. Salaries and wages, benefits, and retirement leave pay outs contributed to expenditure increases in public safety, public works, and general government.

Transfers In from all other funds increased slightly by \$100 thousand over last year. Transfers Out decreased \$1 million over last year due to a one time transfer included in last year of \$1.6 million for a public safety radio system.

General Fund Budgetary Highlights

Differences between the original adopted budget and the final adjusted budget are amendments totaling \$1.3 million which are for \$300 thousand increased cost of overtime in Public Safety, \$600 thousand additional expense for plan checks and Route 238 studies, and \$400 thousand in computer and office equipment for police and library. Actual revenues exceeded budgetary estimates during the year by \$4.1 million and provided for all budget amendments to the fiscal year 2007 budget. The revenue increases were in property taxes, intergovernmental, and charges for services.

Community Development Block Grant Fund

The CDBG fund accounts for Housing and Urban Development (HUD) awards and programs. The City operates grant funding to other agencies and operates loan programs under which loans are made to not-for-profit developers and qualified first-time home buyers to encourage low and moderate housing in the City. Interest and principal collections on these loans, called "program income", are recycled and used to provide loans to new borrowers and pay for administration of

the program. Expenditures not paid out of the program's income are funded by grants from HUD. During fiscal year 2007, the City incurred \$2.7 million in expenditures of which all was funded by HUD grants.

HOME Investment in Affordable Housing Fund

The HOME fund accounts for monies received by HUD through the Alameda County Housing Consortium and is expended for acquisition, rehabilitation, and new construction of affordable housing and tenant-based rental assistance. During fiscal year 2007, the City incurred \$900 thousand in expenditures funded by HUD grants.

Redevelopment Agency Capital Project Fund

The Hayward Redevelopment Agency functions as a division within the City of Hayward. The Agency is governed by the City Council, which sits in a separate capacity as the Agency's Board of Directors. City employees perform all the duties and functions required of the Agency. The Agency is a component unit of the City of Hayward.

The Agency's purpose under California law is to eliminate urban blight in the City of Hayward. The Agency is given certain powers under the law to assist it in that endeavor. The Agency may condemn property under certain circumstances as prescribed by the law, and it may incur indebtedness to finance its redevelopment activities. The Agency may not assess or receive property taxes, but it may receive any increases in property taxes over amounts received in the year before the property in the Agency's area became subject to redevelopment (called the Base Year). The increases are called Property Tax Increments. Twenty percent of the property tax increments received must be used to increase the supply of low- and moderate-income housing. The Agency must also make "pass through" payments to other pre-existing governmental entities within its redevelopment area, in accordance with statutory formulas.

The Cannery Area Public Facilities Projects are located between B and C Streets, west of Filbert Street, and consist of three components. These components are outlined and estimated in the development agreement as follows: 1) a \$34.5 million construction project for an approximately 80,000 square foot public elementary school to replace the existing Burbank School, 2) a \$6.2 million expansion of Cannery Park, with construction of new recreational elements, and joining it to the new Burbank School by vacating the existing Burbank Street, and 3) a \$5.8 million construction of new roads and infrastructure west and south of the new park and school, and the extension of Filbert Street from C Street to B Street. Upon completion of the school, the site and improvements are to be conveyed by the Agency to the School District. As part of this transaction, a portion of the current school site owned by the School District will be conveyed to the Agency. The Agency has also agreed to deconstruct the current school site and advance funds to Hayward Area Recreation & Park District (HARD) to finance the cost of certain improvements to adjacent Cannery Park, to be jointly used by HARD and the School District. To partially compensate the Agency for the design and construction costs and to repay the advances, the School District, HARD and the City have agreed to assign school development fees and park in lieu fees generated within the Cannery zone to the Agency. In addition, the School District has agreed that the Agency may keep pass-through payments, owed to the School District, as partial payment for the construction costs. Further, the old school site that will be conveyed to the Agency will be sold as additional repayment. The Agency also received developer contributions of \$5 million to assist with the financing of the Burbank school project. These

projects are included in the Hayward Cannery Area Design Plan, which was adopted in 2001. The new facilities will serve both residents of the new development in the Cannery area as well as the existing Burbank neighborhood. The Burbank-Cannery area was added to the Hayward Redevelopment Project in 1998.

During October 2005, the Agency signed an agreement with a developer to construct a theater/retail complex (Cinema Place) consisting of a twelve screen, 1,876-seat movie theater and approximately 19,500 square feet of restaurant/retail space. The Agency is obligated to construct, operate, and maintain an approximate 241 stall, three-level, detached parking structure. Construction of the projects began this year on an Agency owned site (B Street & Foothill Boulevard) consisting of a theater/retail complex parcel to be leased to the Developer and a parking structure parcel to be retained by the Agency. Lease rent for the theater/retail complex started in January 1, 2006 for \$4,167 per month plus five percent of the subtenant revenues over \$660,000. The parking structure was 90% complete as of June 30, 2006. A second amendment to the agreement calls for the Agency to provide \$1.5 million in developer assistance plus the payment of \$135,000 in City building permits by the Agency on behalf of the developer.

In its effort to carry out low and moderate income housing programs, the Agency has a \$1 million loan with Eden Housing, Inc. a California non-profit public benefit corporation. Eden Housing intends to rehabilitate thirty-nine units of rental housing for rental to low-moderate income households and one manager's unit.

Land held for redevelopment decreased \$300 thousand due to the conversion of property located behind City Hall as a public use park.

Expenditures totaled \$20.4 million in fiscal year 2007; increasing \$14.6 million from the prior year due primarily to Cannery Area construction projects.

Other financing uses was \$1.1 million in park in lieu fees transferred from the City towards additional funding of Cannery Area park project.

Transfers out of \$3.8 million were made to the Agency Debt Service Fund to pay debt service on the 2004 and 2006 Tax Allocation Bonds.

Propriety Funds

Propriety-Enterprise Fund net assets totaled \$225.8 million at June 30, 2007, an increase of \$10.4 million over the prior year. Enterprise operating revenues were \$49.4 million, up \$6.3 million from the prior year. Non-operating revenues were \$4.8 million, down by \$7.4 million over last year. Enterprise Fund operating expenses were \$41.6 million, up by \$5.3 million from the prior year. Net transfers out increased to \$2.2 million in fiscal year 2007, up from \$400 thousand in the prior fiscal year.

Sewer Fund

Net assets increased \$6.1 million in fiscal year 2007 compared to an increase of \$3.4 million in the prior year. Operating revenues increased \$3.1 million to \$18.1 million in fiscal year 2007 as

a result of increases in charges for services revenue. Operating expenses increased \$100 thousand to \$12.6 million over the prior year due to additional salaries, supplies, and services. Non-operating revenues net of expenses increased \$1.4 million due to increases in interest income.

Sewer Fund assets increased \$26.5 million and liabilities increased by \$20.4 million in fiscal year 2007. The increase in assets is attributed to construction in progress of sewer projects. The liabilities increase is due to a \$19.1 million current year drawdown of a \$54.6 million State Water Resources loan and a \$1.3 million increase in contractor payables and retentions.

Water Fund

Net assets increased \$3.2 million compared to \$4.6 million in the prior year. Operating revenues increased \$2.9 million to \$25.9 million in fiscal year 2007. Charges for services increased \$1.3 million due to increased revenue from water system facilities fees. Sale of water increased by \$1.4 million due to more consumption from residents and businesses.

Operating expenses for fiscal year 2007 increased \$5.3 million to \$24 million. The increase is due to \$2.7 million increase in supplies & services along with an \$1.7 million increase in water purchases over last year.

Water Fund assets increased \$0.9 million and liabilities decreased by \$2.3 million in fiscal year 2007. Assets increased due to a \$1.2 million increase in cash available for operations combined with a decrease in inter-fund receivables. Liabilities decreased due to \$1.8 million payment towards contractor payables and retentions combined with \$800 thousand in scheduled debt service payments.

Airport Fund

Net assets increased \$1.4 million compared to \$10.8 million in the prior year. Operating revenues increased \$300 thousand to \$3.2 million in fiscal year 2007. Charges for services increased \$300 thousand over the prior year due to aircraft taxes.

Operating expenses for fiscal year 2007 decreased \$200 thousand to \$2.4 million. The decrease is due to less expenditures for supplies & services.

Airport Fund assets increased \$1.4 million and liabilities decreased by \$16 thousand in fiscal year 2007. Assets increased due to a \$2.3 million increase in cash available for operations offset by an \$800 thousand decrease in receivables and \$100 thousand increase in capital assets depreciation. Liabilities decreased due to \$85 thousand in scheduled loan payments offset by \$69 thousand increase in vendor payables.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City records all infrastructure projects such as streets, roads, bridges, signals, airport tarmacs, sewer, and water lines as required by GASB 34. The City includes all infrastructure costs, net of accumulated depreciation in its capital assets. In the current year, governmental

activity assets increased \$23.5 million, net of accumulated depreciation to \$221.5 million. Business-type assets increased \$24.4 million, net of accumulated depreciation to \$166.6 million. At the end of fiscal year 2007 the cost of capital assets recorded on the City's financial statements is provided in Table 6 below.

Table 6
Capital Assets at Year-end
(In Millions)

With Comparative Amounts as of June 30, 2006

	<u>2007</u>	<u>2006</u>
<i>Governmental Activities</i>		
Land	\$10.9	\$10.5
Construction in progress	37.7	20.7
Buildings	57.7	54.2
Improvements other than buildings	8.5	6.8
Machinery and equipment	33.2	32.4
Streets	133.9	126.9
Traffic signals	7.3	7.3
Conduits	1.5	1.5
Medians	3.4	3.4
Drains	3.0	3.0
Less accumulated depreciation	<u>(75.6)</u>	<u>(68.7)</u>
Totals	<u>\$221.5</u>	<u>\$198.0</u>
 <i>Business-type Activities</i>		
Land	\$3.5	\$3.5
Construction in progress	49.2	34.5
Buildings	25.9	25.9
Machinery and equipment	32.2	32.2
Sewer infrastructure	61.1	60.6
Water infrastructure	59.1	46.7
Airport infrastructure	20.0	18.0
Less accumulated depreciation	<u>(84.4)</u>	<u>(79.2)</u>
Totals	<u>\$166.6</u>	<u>\$142.2</u>

The City capitalized its current year infrastructure costs, which amounted to \$7 million for streets, \$13 million for sewer and water infrastructure, \$5.2 million for building and improvements, and \$2 million for airport infrastructure. These comprised the major additions to City capital assets this year. (Further detail regarding the City's capital assets can be found in Note 5 to the financial statements.)

Debt Administration

Total governmental activity debt decreased by \$2.8 million.

There was one new debt issue in fiscal year 2007 creating \$300 thousand in additional governmental activity debt which was a vehicle radio equipment lease. Business-type activity debt increased with a current year drawdown of \$20.1 million from a State Water Resources loan to finance sewer plant improvements. Debt retirements totaled \$3.1 million for governmental activity and \$1.7 million for business-type activity.

Table 7
Outstanding Debt
(In Millions)

With Comparative Amounts as of June 30, 2006

	<u>2007</u>	<u>2006</u>
<i>Governmental Activity Debt:</i>		
Certificates of Participation	\$32.1	\$33.2
Lease Revenue Bonds	3.1	3.7
Capital Lease Obligations	4.5	5.0
Tax Allocation Bonds	55.4	56.0
	<u> </u>	<u> </u>
Total Governmental Activity Debt	<u>\$95.1</u>	<u>\$97.9</u>
<i>Business-type Activity Debt</i>		
Certificate of Participation	\$21.2	\$22.5
Lease Revenue Bonds	4.0	4.5
State Water Resources Control Board Loan	33.3	13.1
	<u> </u>	<u> </u>
Total Business-type Activity Debt	<u>\$58.5</u>	<u>\$40.1</u>

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 9 to the financial statements, the City has sponsored special assessment debt issues, but has no legal liability for repayment and is not included in the City's governmental debt. As of June 30, 2007, a total of \$13.7 million in special assessment district debt was outstanding by six special assessment districts. (Further detail regarding the City debt can be found in Note 6 to the financial statements.)

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

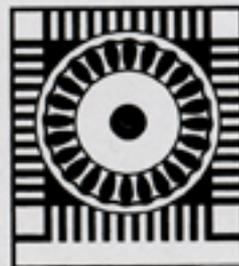
The economy of the City and major initiatives for the coming year are discussed in detail in the Transmittal Letter.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Comprehensive Annual Financial Report is intended to provide residents, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this report should be directed to the Finance Department, at 777 B Street, Hayward, California 94541-5007.

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CITY OF HAYWARD



Basic Financial Statements

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, CALIFORNIA
STATEMENT OF NET ASSETS
JUNE 30, 2007

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments available for operations (Note 2)	\$98,717,685	\$93,963,902	\$192,681,587
Restricted cash and cash equivalents (Note 2)	16,315,223	4,116,809	20,432,032
Restricted investments (Note 2)	14,568,717	2,662,396	17,231,113
Accounts receivable (net of allowances for uncollectibles)	1,993,810	6,945,603	8,939,413
Interest receivable	724,392	743,728	1,468,120
Due from other governments	3,582,803	1,555,781	5,138,584
Internal balances (Note 4)	(3,530,696)	3,530,696	
Parts and supplies	28,044	537,170	565,214
Loans receivable (Note 3)	12,283,246		12,283,246
Land held for redevelopment (Note 1)	4,154,570		4,154,570
Other	1,029,707	1,002,081	2,031,788
Investment in East Bay Dischargers Authority (Note 17)		12,153,313	12,153,313
Capital assets (Note 5):			
Land and construction in progress	48,600,626	52,692,020	101,292,646
Capital assets being depreciated, net of accumulated depreciation	172,901,183	113,969,406	286,870,589
Total assets	371,369,310	293,872,905	665,242,215
LIABILITIES			
Accounts payable	6,186,836	1,002,989	7,189,825
Accrued interest	1,032,642	402,038	1,434,680
Accrued liabilities	8,362,559	2,216,516	10,579,075
Due to other governments	57,865		57,865
Unearned revenue	660,987	235,114	896,101
Refundable deposits	3,138,245	4,734,478	7,872,723
Compensated absences (Note 1):			
Due within one year	4,616,002	736,835	5,352,837
Due in more than one year	1,650,324		1,650,324
Accrued reclamation costs (Note 11)		265,929	265,929
Long-term debt (Note 6):			
Due within one year	3,855,496	1,788,620	5,644,116
Due in more than one year	91,199,489	56,708,829	147,908,318
Total liabilities	120,760,445	68,091,348	188,851,793
NET ASSETS (Note 10)			
Invested in capital assets, net of related debt	126,446,824	108,163,977	234,610,801
Restricted for:			
Debt service	5,589,205	3,934,308	9,523,513
Redevelopment Activities	29,548,530		29,548,530
Special Revenue Projects	9,967,223		9,967,223
Total restricted net assets	45,104,958	3,934,308	49,039,266
Unrestricted	79,057,083	113,683,272	192,740,355
Total net assets	\$250,608,865	\$225,781,557	\$476,390,422

See accompanying notes to basic financial statements

CITY OF HAYWARD, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

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	\$14,937,510	\$949,015	\$94,414	\$384	(\$13,893,697)		(\$13,893,697)
Public safety	73,909,495	5,075,945	3,204,782		(65,628,768)		(65,628,768)
Public works and transportation	19,796,435	7,279,079	6,910,725	2,595,818	(3,010,813)		(3,010,813)
Community development	8,057,685	525,981	7,956,460		424,756		424,756
Culture and leisure	3,785,273	96,406	171,701		(3,517,166)		(3,517,166)
Nondepartmental	1,379,106				(1,379,106)		(1,379,106)
Interest on long term debt	5,006,826				(5,006,826)		(5,006,826)
Total Governmental Activities	126,872,330	13,926,426	18,338,082	2,596,202	(92,011,620)		(92,011,620)
Business-type Activities:							
Sewer	13,349,209	15,981,344	1,721,811	400,343		\$4,754,289	4,754,289
Water	24,582,923	23,287,599	2,593,616			1,298,292	1,298,292
Airport	2,442,805	3,179,495				736,690	736,690
Centennial Hall Maintenance and Operation	678,612	331,503				(347,109)	(347,109)
Stormwater	1,909,447	1,899,910				(9,537)	(9,537)
Total Business-type Activities	42,962,996	44,679,851	4,315,427	400,343		6,432,625	6,432,625
Total	\$169,835,326	\$58,606,277	\$22,653,509	\$2,996,545	(92,011,620)	6,432,625	(85,578,995)
General revenues:							
Taxes:							
Property taxes					24,652,905		24,652,905
Incremental property tax					11,465,642		11,465,642
Sales taxes					28,857,677		28,857,677
Real property transfer tax					7,119,746		7,119,746
Franchise tax					4,766,970		4,766,970
Business tax					2,481,365		2,481,365
Excise tax					1,918,155		1,918,155
Special assessments					919,634		919,634
Other taxes					5,079,403		5,079,403
Motor vehicle in lieu, unrestricted					10,821,864		10,821,864
Investment earnings					3,135,049	6,078,001	9,213,050
Gain on sale of capital assets						110,575	110,575
Miscellaneous					6,906,996		6,906,996
Transfers (Note 4)					2,220,192	(2,220,192)	
Total general revenues and transfers					110,345,598	3,968,384	114,313,982
Change in Net Assets					18,333,978	10,401,009	28,734,987
Net Assets-Beginning					232,274,887	215,380,548	447,655,435
Net assets-Ending					<u>\$250,608,865</u>	<u>\$225,781,557</u>	<u>\$476,390,422</u>

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 2007. 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.

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.

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

CITY OF HAYWARD, CALIFORNIA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2007

	General	Community Development Block Grant	HOME	Hayward Redevelopment Agency Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash, cash equivalents and investments available for operations (Note 2)	\$22,869,955	\$2,559,024		\$25,213,043	\$43,386,368	\$94,028,390
Restricted cash and cash equivalents (Note 2)	836			14,827,308	761,106	15,589,250
Restricted investments (Note 2)	32,679			10,708,265	3,672,318	14,413,262
Accounts receivable (net of allowances for uncollectibles)	1,541,733			275,624	176,431	1,993,788
Due from other governments	1,467,426		\$42,680	1,024,083	1,048,614	3,582,803
Due from other funds (Note 4)	731,819					731,819
Loans receivable (Note 3)		3,322,467	5,760,000	2,994,677	206,102	12,283,246
Interest receivable	164,690	12,751		177,227	337,386	692,054
Parts and supplies	28,044					28,044
Land held for resale				4,154,570		4,154,570
Other	714,825				68	714,893
Total Assets	\$27,552,007	\$5,894,242	\$5,802,680	\$59,374,797	\$49,588,393	\$148,212,119
LIABILITIES						
Accounts payable	\$1,022,282	\$396,687		\$1,742,854	\$2,601,773	\$5,763,596
Accrued liabilities	1,841,173	5,204		853,877	7,567	2,707,821
Due to other governments	57,865					57,865
Due to other funds (Note 4)			\$41,680		3,710	45,390
Long-term interfund payables (Note 4)				3,530,696		3,530,696
Deferred revenue	659,987	3,322,467	5,761,000	2,994,677	206,102	12,944,233
Refundable deposits	446,134	2,200		920,700	1,769,211	3,138,245
Total Liabilities	4,027,441	3,726,558	5,802,680	10,042,804	4,588,363	28,187,846
FUND BALANCES (Note 10)						
Reserved	502,204			45,865,767	9,552,460	55,920,431
Unreserved:						
General Fund	23,022,362					23,022,362
Special Revenue Funds		2,167,684			14,817,385	16,985,069
Capital Projects Funds				3,466,226	20,630,185	24,096,411
TOTAL FUND BALANCES	23,524,566	2,167,684		49,331,993	45,000,030	120,024,273
Total Liabilities and Fund Balance:	\$27,552,007	\$5,894,242	\$5,802,680	\$59,374,797	\$49,588,393	\$148,212,119

See accompanying notes to basic financial statements

CITY OF HAYWARD, CALIFORNIA
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2007

	General	Community Development Block Grant	HOME	Hayward Redevelopment Agency Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property taxes	\$24,687,960					\$24,687,960
Property tax increment				\$11,465,642		11,465,642
Sales taxes	28,857,677					28,857,677
Other taxes	21,000,164				\$365,475	21,365,639
Licenses and permits	4,024,802					4,024,802
Fines and forfeitures	1,129,614				21,000	1,150,614
Use of money and property	828,355	\$96,842		2,730,906	3,109,661	6,765,764
Intergovernmental	16,003,605	1,999,532	\$859,020		9,083,945	27,946,102
Charges for current services	5,447,985			7,485	127,619	5,583,089
Park development fees					1,177,703	1,177,703
Special assessments					884,579	884,579
School District reimbursement				110,436		110,436
Developer contribution				5,000,000		5,000,000
Other revenue	2,434,555	566,154		194,741	721,220	3,916,670
Total Revenues	104,414,717	2,662,528	859,020	19,509,210	15,491,202	142,936,677
EXPENDITURES						
Current:						
General government	10,729,759					10,729,759
Public safety	71,167,746				4,370	71,172,116
Public works and transportation	12,485,763	551,982				13,037,745
Community development	2,955,207	1,968,333	859,020		1,792,767	7,575,327
Culture and leisure	3,628,763					3,628,763
Nondepartmental charges	839,417				539,689	1,379,106
Capital outlay	1,055,784			20,067,799	16,274,205	37,397,788
Debt service						
Principal	65,000	83,156			2,073,347	2,221,503
Interest and fiscal charges	22,581	50,173		293,813	4,426,059	4,792,626
Total Expenditures	102,950,020	2,653,644	859,020	20,361,612	25,110,437	151,934,733
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,464,697	8,884		(852,402)	(9,619,235)	(8,998,056)
OTHER FINANCING SOURCES (USES)						
Issuance of long term debt (Note 6)					257,512	257,512
Transfers in (Note 4)	5,041,903			1,105,648	7,643,437	13,790,988
Transfers (out) (Note 4)	(6,049,735)	(11,962)		(3,811,796)	(3,117,798)	(12,991,291)
Total Other Financing Sources (Uses)	(1,007,832)	(11,962)		(2,706,148)	4,783,151	1,057,209
NET CHANGE IN FUND BALANCES	456,865	(3,078)		(3,558,550)	(4,836,084)	(7,940,847)
BEGINNING FUND BALANCES	23,067,701	2,170,762		52,890,543	49,836,114	127,965,120
ENDING FUND BALANCES	\$23,524,566	\$2,167,684		\$49,331,993	\$45,000,030	\$120,024,273

See accompanying notes to basic financial statements

CITY OF HAYWARD, CALIFORNIA
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2007

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 (\$7,940,847)

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.

The capital outlay expenditures are therefore added back to fund balance	29,741,858
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$1,345,162 which has already been allocated to service funds.)	(6,190,196)
Capital assets sold or retired	(89,559)

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 bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

Issuance of long-term debt	(257,512)
Repayment of debt principal is added back to fund balance	2,221,503

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	(217,980)
New loans made	2,572,513
Compensated absences	(506,887)
Interest payable	(72,210)

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	<u>(926,705)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$18,333,978

See accompanying notes to basic financial statements

CITY OF HAYWARD, CALIFORNIA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Adjusted</u>		
Resources (inflows):				
Property taxes	\$23,680,000	\$23,680,000	\$24,687,960	\$1,007,960
Sales taxes	28,933,000	28,933,000	28,857,677	(75,323)
Other taxes	22,132,000	22,511,923	21,000,164	(1,511,759)
Licenses and permits	3,513,650	3,513,650	4,024,802	511,152
Fines and forfeitures	1,224,828	1,224,828	1,129,614	(95,214)
Use of money and property	640,300	640,300	828,355	188,055
Intergovernmental	13,821,387	14,067,395	16,003,605	1,936,210
Charges for current services	2,586,850	2,586,850	5,447,985	2,861,135
Other revenue	3,145,100	3,155,100	2,434,555	(720,545)
	<u>99,677,115</u>	<u>100,313,046</u>	<u>104,414,717</u>	<u>4,101,671</u>
Charges to appropriations (outflows)				
General government	10,727,637	11,561,601	10,729,759	831,842
Public safety	68,429,857	69,196,428	71,167,746	(1,971,318)
Public works and transportation	11,991,350	12,202,085	12,485,763	(283,678)
Community development	2,923,540	3,169,535	2,955,207	214,328
Culture and leisure	3,654,829	3,869,575	3,628,763	240,812
Nondepartmental charges	874,792	809,564	839,417	(29,853)
Debt Service:				
Principal	81,600	71,600	65,000	6,600
Interest and fiscal charges	22,744	22,581	22,581	
	<u>98,706,349</u>	<u>100,902,969</u>	<u>101,894,236</u>	<u>(991,267)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,058,957	5,083,956	5,041,903	(42,053)
Transfers (out)	(5,559,290)	(6,049,271)	(6,049,735)	(464)
	<u>(500,333)</u>	<u>(965,315)</u>	<u>(1,007,832)</u>	<u>(42,517)</u>
NET CHANGE IN FUND BALANCE - BUDGET BASIS	<u>\$470,433</u>	<u>(\$1,555,238)</u>	1,512,649	<u>\$3,067,887</u>
DEDUCT CAPITAL OUTLAY - Budgeted on a Project Length Basis			<u>(1,055,784)</u>	
NET CHANGE IN FUND BALANCE - GAAP BASIS			456,865	
BEGINNING FUND BALANCE			<u>23,067,701</u>	
ENDING FUND BALANCE			<u>\$23,524,566</u>	

See accompanying notes to basic financial statements

CITY OF HAYWARD, CALIFORNIA
COMMUNITY DEVELOPMENT BLOCK GRANT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Adjusted</u>		
Resources (inflows):				
Use of money and property	\$74,000	\$74,000	\$96,842	\$22,842
Intergovernmental	1,766,614	1,766,614	1,999,532	232,918
Other	<u>495,858</u>	<u>1,999,977</u>	<u>566,154</u>	<u>(1,433,823)</u>
Amounts available for appropriation	<u>2,336,472</u>	<u>3,840,591</u>	<u>2,662,528</u>	<u>(1,178,063)</u>
Charges to appropriations (outflows):				
Public works and transportation	575,000	845,784	551,982	293,802
Community development	1,854,470	3,120,331	1,968,333	1,151,998
Debt service				
Principal	83,156	83,156	83,156	
Interest and fiscal charges		<u>50,173</u>	<u>50,173</u>	
Total charges to appropriations	<u>2,512,626</u>	<u>4,099,444</u>	<u>2,653,644</u>	<u>1,445,800</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(176,154)</u>	<u>(258,853)</u>	<u>8,884</u>	<u>267,737</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(11,962)</u>	<u>(11,962)</u>	<u>(11,962)</u>	
Total other financing sources (uses)	<u>(11,962)</u>	<u>(11,962)</u>	<u>(11,962)</u>	
NET CHANGE IN FUND BALANCE	<u><u>(\$188,116)</u></u>	<u><u>(\$270,815)</u></u>	<u><u>(3,078)</u></u>	<u><u>\$267,737</u></u>
BEGINNING FUND BALANCE			<u>2,170,762</u>	
ENDING FUND BALANCE			<u><u>\$2,167,684</u></u>	

See accompanying notes to financial statements

CITY OF HAYWARD, CALIFORNIA
HOME FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Adopted	Adjusted		
Resources (inflows):				
Intergovernmental	\$30,000	\$30,000	\$859,020	\$829,020
Amounts available for appropriation	30,000	30,000	859,020	829,020
Charges to appropriations (outflows):				
Current				
Community development	30,000	1,070,000	859,020	210,980
Total charges to appropriations	30,000	1,070,000	859,020	210,980
NET CHANGE IN FUND BALANCE	<u> </u>	<u>(\$1,040,000)</u>		<u>\$1,040,000</u>
BEGINNING FUND BALANCE				
ENDING FUND BALANCE				

See accompanying notes to 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 2007.

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, CALIFORNIA
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2007

	Business-type Activities-Enterprise Fund				Totals	Governmental Activities- Internal Service Funds
	Sewer	Water	Airport	Other Enterprise Funds		
ASSETS						
Current Assets:						
Cash and investments available for operations (Note 2)	\$36,419,865	\$42,812,457	\$14,235,968	\$495,612	\$93,963,902	\$4,689,295
Restricted cash and cash equivalents (Note 2)	2,941,015	1,175,794			4,116,809	725,973
Restricted investments (Note 2)	1,438,059	1,224,337			2,662,396	155,455
Accounts receivable (net of allowance for uncollectibles)	2,619,482	4,325,131		990	6,945,603	22
Interest receivable	287,121	344,275	108,285	4,047	743,728	32,338
Due from other governments	1,555,781				1,555,781	
Parts and supplies		537,170			537,170	
Total Current Assets	45,261,323	50,419,164	14,344,253	500,649	110,525,389	5,603,083
Noncurrent Assets:						
Other	228,402	541,679	232,000		1,002,081	314,814
Long-term interfund receivables (Note 4)	1,762,500	4,238,196			6,000,696	
Investment in East Bay Dischargers Authority (Note 17)	12,153,313				12,153,313	
Capital assets (Note 5):						
Land and construction in progress	47,597,065	2,044,597	2,677,610	372,748	52,692,020	
Capital assets being depreciated, net of accumulated depreciation	52,335,875	49,193,619	11,860,822	579,090	113,969,406	6,194,728
Total Noncurrent Assets	114,077,155	56,018,091	14,770,432	951,838	185,817,516	6,509,542
Total Assets	159,338,478	106,437,255	29,114,685	1,452,487	296,342,905	12,112,625
LIABILITIES						
Current Liabilities:						
Accounts payable	539,254	261,119	180,611	22,005	1,002,989	423,240
Accrued interest	242,111	159,927			402,038	
Accrued liabilities	2,130,862	20,357	95	65,202	2,216,516	5,654,738
Refundable deposits	2,844,897	1,784,213	98,241	7,127	4,734,478	
Deferred revenue		232,000	3,114		235,114	
Compensated absences	286,055	298,340	49,712	102,728	736,835	
Due to other funds						686,429
Long term debt - Due within one year (Note 6)	954,310	834,310			1,788,620	911,007
Total Current Liabilities	6,997,489	3,590,266	331,773	197,062	11,116,590	7,675,414
Noncurrent Liabilities:						
Long-term interfund payables (Note 4)			2,470,000		2,470,000	
Compensated absences						138,078
Accrued reclamation costs (Note 11)	265,929				265,929	
Long term debt - Due in more than one year (Note 6)	43,689,934	13,018,895			56,708,829	2,104,951
Total Noncurrent Liabilities	43,955,863	13,018,895	2,470,000	197,062	59,444,758	2,243,029
Total Liabilities	50,953,352	16,609,161	2,801,773	197,062	70,561,348	9,918,443
NET ASSETS (Note 10)						
Invested in capital assets, net of related debt	55,288,696	37,385,011	14,538,432	951,838	108,163,977	3,178,770
Restricted for debt service	1,534,177	2,400,131			3,934,308	
Unrestricted	51,562,253	50,042,952	11,774,480	303,587	113,683,272	(984,588)
Total Net Assets	\$108,385,126	\$89,828,094	\$26,312,912	\$1,255,425	\$225,781,557	\$2,194,182

See accompanying notes to basic financial statements

CITY OF HAYWARD, CALIFORNIA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN FUND NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities-Enterprise Fund				Totals	Governmental Activities- Internal Service Funds
	Sewer	Water	Airport	Other Enterprise Funds		
OPERATING REVENUES						
Charges for services	\$17,954,096	\$5,952,654	\$2,833,102	\$2,229,186	\$28,969,038	\$8,215,249
Sale of water		19,711,294			19,711,294	
Miscellaneous	149,402	217,267	346,393	2,227	715,289	300,550
Total Operating Revenues	18,103,498	25,881,215	3,179,495	2,231,413	49,395,621	8,515,799
OPERATING EXPENSES						
Salaries and related expenses	4,929,059	4,984,035	908,982	1,692,303	12,514,379	1,877,046
Materials, supplies and services	3,873,205	5,553,558	638,168	689,216	10,754,147	6,809,296
Repairs and maintenance	910,929	757,997	172,873	163,324	2,005,123	282,935
Water purchases		11,124,818			11,124,818	
Self-funded insurance expense						382,304
Depreciation (Note 5)	2,890,456	1,548,724	722,782	43,216	5,205,178	1,345,162
Total Operating Expenses	12,603,649	23,969,132	2,442,805	2,588,059	41,603,645	10,696,743
Operating Income	5,499,849	1,912,083	736,690	(356,646)	7,791,976	(2,180,944)
NONOPERATING REVENUES (EXPENSES)						
Interest income	2,276,915	2,995,054	789,477	16,555	6,078,001	267,419
Interest (expense)	(627,825)	(613,791)			(1,241,616)	(141,990)
Intergovernmental						
Gain/loss on sale of capital assets			110,575		110,575	(291,685)
Loss from equity investment	(117,735)				(117,735)	
Total Nonoperating Revenues (Expenses)	1,531,355	2,381,263	900,052	16,555	4,829,225	(166,256)
Income Before Transfers	7,031,204	4,293,346	1,636,742	(340,091)	12,621,201	(2,347,200)
Transfers in (Note 4)		5,460		391,136	396,596	2,091,641
Transfers (out) (Note 4)	(926,331)	(1,083,788)	(237,864)	(368,805)	(2,616,788)	(671,146)
Net transfers	(926,331)	(1,078,328)	(237,864)	22,331	(2,220,192)	1,420,495
Change in net assets	6,104,873	3,215,018	1,398,878	(317,760)	10,401,009	(926,705)
BEGINNING NET ASSETS	102,280,253	86,613,076	24,914,034	1,573,185	215,380,548	3,120,887
ENDING NET ASSETS	\$108,385,126	\$89,828,094	\$26,312,912	\$1,255,425	\$225,781,557	\$2,194,182

See accompanying notes to basic financial statements

CITY OF HAYWARD, CALIFORNIA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2007

	Business-type Activities-Enterprise Fund					Governmental Activities- Internal Service Funds
	Sewer	Water	Airport	Other Enterprise Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$31,198,999	\$25,818,413	\$3,945,947	\$2,230,363	\$63,193,722	\$8,542,187
Payments to suppliers	(4,964,132)	(19,167,940)	(682,199)	(846,873)	(25,661,144)	(7,110,461)
Payments to employees	(4,924,103)	(5,009,485)	(914,107)	(1,684,923)	(12,532,618)	(1,873,880)
Claims paid						(382,304)
Net Cash Provided by Operating Activities	<u>21,310,764</u>	<u>1,640,988</u>	<u>2,349,641</u>	<u>(301,433)</u>	<u>24,999,960</u>	<u>(824,458)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Intergovernmental						
Interfund receipts	470,000	445,000			915,000	686,429
Interfund payments			(85,000)		(85,000)	
Transfers in		5,460		391,136	396,596	2,091,641
Transfers (out)	(926,331)	(1,083,788)	(237,864)	(368,805)	(2,616,788)	(671,146)
Cash Flows from Noncapital Financing Activities	<u>(456,331)</u>	<u>(633,328)</u>	<u>(322,864)</u>	<u>22,331</u>	<u>(1,390,192)</u>	<u>2,106,924</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital asset	(27,826,991)	(1,287,407)	(538,516)		(29,652,914)	(1,637,151)
Proceeds from sale of capital asset			110,575		110,575	
Issuance of long-term debt	31,670,258				31,670,258	
Principal payments on capital debt	(12,516,249)	(793,680)			(13,309,929)	(845,948)
Interest paid	(645,283)	(620,328)			(1,265,611)	(141,990)
Cash Flows from Capital and Related Financing Activities	<u>(9,318,265)</u>	<u>(2,701,415)</u>	<u>(427,941)</u>		<u>(12,447,621)</u>	<u>(2,625,089)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Investment income	2,123,351	2,880,493	739,264	20,412	5,763,520	281,847
Cash Flows from Investing Activities	<u>2,123,351</u>	<u>2,880,493</u>	<u>739,264</u>	<u>20,412</u>	<u>5,763,520</u>	<u>281,847</u>
Net increase (decrease) in cash and cash equivalent	13,659,519	1,186,738	2,338,100	(258,690)	16,925,667	(1,060,776)
Cash and cash equivalents at beginning of period	25,701,361	42,801,513	11,897,868	754,302	81,155,044	6,476,044
Cash and cash equivalents at end of period	<u>\$39,360,880</u>	<u>\$43,988,251</u>	<u>\$14,235,968</u>	<u>\$495,612</u>	<u>\$98,080,711</u>	<u>\$5,415,268</u>
Reconciliation of operating income to net cash provided by operating activities						
Operating income	\$5,499,849	\$1,912,083	\$736,690	(\$356,646)	\$7,791,976	(\$2,180,944)
Adjustments to reconcile operating income to net cash provided by operating activities						
Depreciation	2,890,456	1,548,724	722,782	43,216	5,205,178	1,345,162
Change in assets and liabilities:						
Receivables, net	1,977	(401,456)	2,375		(397,104)	26,388
Due from other governments	11,607,569		807,061		12,414,630	
Parts and supplies		(5,225)			(5,225)	
Other assets	23,299	58,160	11,600		93,059	(314,814)
Accounts payable and other accrued expense:	(116,917)	(1,784,502)	117,242	5,667	(1,778,510)	296,584
Compensated absences	4,956	(25,450)	(5,125)	7,380	(18,239)	3,166
Refundable deposits	1,485,955	350,254	(41,988)	(1,050)	1,793,171	
Deferred revenue		(11,600)	(996)		(12,596)	
Accrued reclamation costs	(86,380)				(86,380)	
Net Cash Provided by Operating Activities	<u>\$21,310,764</u>	<u>\$1,640,988</u>	<u>\$2,349,641</u>	<u>(\$301,433)</u>	<u>\$24,999,960</u>	<u>(\$824,458)</u>
NONCASH FINANCING ACTIVITIES						
Transfer of Capital Assets						
State Loan/Due from other governments	<u>\$1,555,781</u>				<u>\$1,555,781</u>	

See accompanying notes to basic financial statement

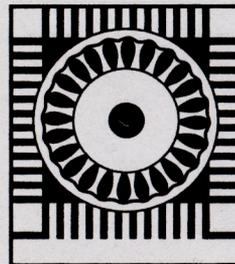
CITY OF HAYWARD, CALIFORNIA
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET ASSETS
 JUNE 30, 2007

	Agency Funds
ASSETS:	
Cash and investments available for operations (Note 2)	\$2,884,266
Restricted cash and cash equivalent (Note 2)	1,199,208
Interest receivable	22,473
TOTAL ASSETS	\$4,105,947
 LIABILITIES:	
Accounts payable	\$37,462
Accrued liabilities	31
Refundable deposits	26,391
Due to assessment districts and others	4,042,063
Total Liabilities	\$4,105,947

See accompanying notes to basic financial statements

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CITY OF HAYWARD



Footnotes

CITY OF HAYWARD, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

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.

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 17).

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.

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.

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.

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

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.

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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the General Fund; all Special Revenue Funds, except the Federal Rental Rehabilitation Grant and the Gates Learning Foundation Grant Funds and all debt service 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.

The City also adopts budgets annually for its other capital projects funds. Such budgets are based on a project time frame, rather than a fiscal year “operating” time frame, reappropriating unused appropriations from year to year until project completion.

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

- Capital projects expenditures for special revenue and capital projects funds are budgeted on a project time frame rather than an annual basis.

At June 30, 2007 expenditures exceeded budget for the following funds:

Fund Name	Amount
General Fund	\$991,267
Park Maintenance District	1,415
Redevelopment Debt Service	2,229

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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land held for redevelopment of \$4,154,570 at June 30, 2007 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.

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 50% on February 1	July 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.

Vested Vacation, Time Off in Lieu of Overtime and Sick Pay - 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, 2007:

	Governmental Activities	Business Type Activities	Total
Compensated Absences:			
Beginning Balance	\$5,777,404	\$755,074	\$6,532,478
Additions	5,066,170	751,896	5,818,066
Payments	<u>(4,577,248)</u>	<u>(770,135)</u>	<u>(5,347,383)</u>
Ending Balance	<u>\$6,266,326</u>	<u>\$736,835</u>	<u>\$7,003,161</u>
Due within one year	<u>\$4,616,002</u>	<u>\$736,835</u>	<u>\$5,352,837</u>

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2007, 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, 2007 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	\$192,681,587
Restricted cash and cash equivalents	20,432,032
Restricted investments	<u>17,231,113</u>
Total City Cash and Investments	<u>230,344,732</u>

Fiduciary Funds:

Cash and investments available for operations	2,884,266
Restricted cash and cash equivalents	<u>1,199,208</u>
Total Fiduciary Cash and Investments	<u>4,083,474</u>
Total Cash and Investments	<u><u>\$234,428,206</u></u>

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Cash and investments as of June 30, 2007 consist of the following:

Cash on hand	\$5,533
Deposits(overdraft) with financial institutions	(17,571)
Investments	<u>234,440,244</u>
Total Cash and Investments	<u>\$234,428,206</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 Obligations	4 years	N/A	None	None
U.S. Government Agency Obligations	4 years	N/A	None	None
U.S. Government Sponsored Obligations	4 years	N/A	50%	20%
Bankers Acceptances	180 days	A-1	40%	30%
Certificates of Deposit	4 years	A-1 to A	25%	20%
Commercial Paper	270 days	A-1	15%	10%
Medium Term Corporate Notes	4 years	A to AA	30%	20%
Asset-Backed Corporate Notes	4 years	A	20%	10%
Repurchase Agreements	1 year	N/A	20%	20%
Reverse Repurchase Agreements	92 days	A-1 to A	20%	20%
Negotiable Certificates of Deposit	4 years	A to AA	30%	20%
Money Market Funds	2 years	AAA	20%	10%
County Agency Investment Fund	N/A	N/A	15%	10%
California Local Agency Investment Fund	N/A	N/A	None	None

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 Quality
U.S. Treasury Obligations	No limit	No limit
U.S. Government Agency Obligations	No limit	No limit
U.S. Government Sponsored Obligations	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
Investment Agreements	No limit	None to Two Highest Categories
Commercial Paper	None to 270 days	A-1 to A-1+
State General Obligations	No limit	A/A2 to Two Highest Categories
Municipal Obligations	No limit	AAA to Two 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-refunded 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.

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	12 to 24 months	Over 2 years	Total
<i>Held by City:</i>				
U.S. Government Sponsored Obligations:				
Non-callable	\$4,081,991	\$6,866,562	\$5,010,937	\$15,959,490
Callable	44,845,215	6,962,500		51,807,715
Medium Term Notes				
Non-callable	39,621,251	1,972,140		41,593,391
Negotiable Certificates of Deposit	20,000,000			20,000,000
Non-negotiable Certificates of Deposit	99,000			99,000
Commercial Paper	25,000,000			25,000,000
California Local Agency Investment Fund	42,580,618			42,580,618
Money Market Mutual Funds (U.S. Securities)	88,186			88,186
<i>Held by Trustees:</i>				
Money Market Mutual Funds (U.S. Securities)	16,403,260			16,403,260
U.S. Government Agencies				
Non-callable	518,633			518,633
Commercial Paper	2,844,348			2,844,348
U.S. Treasury Bills and Notes	833,024	533,288		1,366,312
Investment Agreements		10,708,365	5,470,926	16,179,291
Total Investments	<u>\$196,915,526</u>	<u>\$27,042,855</u>	<u>\$10,481,863</u>	<u>\$234,440,244</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.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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, 2007 for each investment type as provided by Standard and Poor's investment rating system:

Investment Type	AAA / AAAm	AA+ to AA-	A-1	Total
<i>Held by City:</i>				
U.S. Government Sponsored Obligations:				
Non-callable	\$15,959,490			\$15,959,490
Callable	51,807,715			51,807,715
Medium Term Notes	14,886,567	\$26,706,824		41,593,391
Negotiable Certificates of Deposit			\$20,000,000	20,000,000
Non-negotiable Certificates of Deposit		99,000		99,000
Commercial Paper			25,000,000	25,000,000
Money Market Mutual Funds (U.S. Securities)				
<i>Held by Trustees:</i>				
Money Market Mutual Funds (U.S. Securities)	15,691,460			15,691,460
Commercial Paper			2,844,348	2,844,348
U.S. Government Agencies	518,633			518,633
Totals	<u>\$98,863,865</u>	<u>\$26,805,824</u>	<u>\$47,844,348</u>	<u>173,514,037</u>
<i>Not rated:</i>				
California Local Agency Investment Fund				42,580,618
<i>Exempt from credit rating disclosures:</i>				
U.S. Treasury Bills and Notes				1,366,312
Money Market Mutual Funds (U.S. Securities)				799,986
Investment Agreements				16,179,291
Total Investments				<u>\$234,440,244</u>

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Significant investments in the securities of any individual issuers, other than U. S. Treasury securities, mutual funds, are set forth below:

Reporting Unit	Issuer	Investment Type	Reported Amount
Entity-wide:			
	FHLB	Federal Agency Securities	\$40,432,558
	FFCB	Federal Agency Securities	27,334,647
	Citibank National CD	CDs	15,000,000
	USB Financial	Commercial Paper	15,000,000
	Pallas Capital Corporation	Guaranteed Investment Agreement	10,708,365
Major Funds:			
Sewer	General Electric Capital Corporation	Commercial Paper	2,844,348
Hayward Redevelopment Agency Capital Projects Fund	Pallas Capital Corporation	Guaranteed Investment Agreement	10,708,365
Hayward Redevelopment Agency Capital Projects Fund	AIG Matched Funding Corp	Guaranteed Investment Agreement	3,374,432

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. Of the City's investments of \$234 million, the government has a custodial credit risk of \$5 million because the related securities are issued and held by the City's broker.

3. REDEVELOPMENT ACTIVITIES

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, 2007 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.

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.

Theater/Retail Complex and Parking Structure Projects (Cinema Place) - As of October 2005, the Agency had signed an agreement with a Developer which will construct a Theater/Retail Complex consisting of a twelve screen, 1,876 seats movie theater, and approximately 19,500 square feet of restaurant/retail space. The Agency is obligated to construct, operate, and maintain a 241 stall, three level detached parking structure. The Developer is obligated to pay 50 percent of the net parking structure operating costs.

These projects are to be constructed on an Agency owned site consisting of a Theater/Retail Complex parcel to be leased to the Developer and a parking structure parcel to be retained by the Agency. Pursuant to a related agreement with an initial movie theater operator, the Agency is contingently liable for \$5 million to be paid if a competing movie theater is open outside the Downtown Core Area.

Under the related ground lease for the Theater/Retail Complex parcel, rent due the Agency began on January 1, 2006 consisting of monthly base rent of \$4,167, plus an annually remitted percentage rent equal to five percent of subtenant receipts received in excess of \$660,000. Base rent increases in the eleventh, twenty-fifth year and each tenth year anniversary thereafter as defined in the agreement. The term of the lease is 50 years, plus a two 5-year renewal options.

A Second amendment to this agreement calls for the Agency to provide a \$1.5 million site assistance loan, and for the Agency to pay the building permit fees, estimated to be \$135,000 to the City. As of June 30, 2007 there were draw downs of \$276,000 from the \$1.5 million site assistance loan, and no building permit fees were paid.

As of June 30, 2006, the Agency transferred the \$3,443,016 cost for both parcels from land held for resale to governmental activities capital assets. As of June 30, 2007, the parking structure was under construction, and construction costs were estimated to be \$7.2 million of which \$6,592,015 had been incurred to date. The amount will eventually offset against the \$1.5 million site assistance loan to reduce the loan principal.

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 the Agency. Upon completion of the school, the site and improvements are to be conveyed by the Agency to the School District in exchange for a portion of the current school site owned by the School District. As part of this transaction, a portion of the current school site owned by the School District will be conveyed to the Agency. The Agency has also agreed to deconstruct the current school site and advance funds to HARD to finance the cost of certain improvements to the adjacent Cannery Park, jointly used by HARD and the School District.

3. REDEVELOPMENT ACTIVITIES (Continued)

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, respectively, 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. At June 30, 2007, the Agency retained \$110,436 in pass-through payments due the School District. The Agency also received developer contributions of \$5 million to assist with the financing of the Burbank School project. The Agency's commitments under the agreement are presented below:

	Budget	Committed
Construction of new Burbank School	\$34,439,000	\$33,671,000
Expansion of Cannery Park	6,170,000	1,083,000
New streets and infrastructure	<u>5,795,000</u>	<u>5,488,000</u>
Total Estimated Commitment	<u>\$46,404,000</u>	<u>\$40,242,000</u>

As of June 30, 2007, the Agency had accumulated land held for redevelopment and construction in progress amounting to \$4,154,570 and \$13,553,900, respectively.

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, 2007 were as follows:

FROM FUND:	TO FUND:	AMOUNT:	
General Fund	Non Major Governmental Funds	\$4,104,821	A
	Non Major Enterprise Fund	391,136	A
	Internal Service Fund	1,553,778	B
CDBG Special Revenue Fund	Internal Service Fund	11,962	B
Hayward Redevelopment Agency Capital Projects Fund	General Fund	575,794	C
	Non Major Governmental Funds	3,223,616	A
	Water Enterprise Fund	5,460	C
	Internal Service Fund	6,926	B
Sewer	General Fund	716,474	C
	Internal Service Fund	209,857	B
Water	General Fund	911,705	C
	Internal Service Fund	172,083	B
Airport	General Fund	185,400	C
	Internal Service Fund	52,464	C
Non-Major Governmental Funds	General Fund	1,765,226	D
	Hayward Redevelopment Agency Capital Projects Fund	1,105,648	A
	Non Major Governmental Funds	240,000	E
	Internal Service Fund	6,924	B
Non-Major Enterprise Funds	General Fund	260,438	C
	Non Major Governmental Funds	75,000	E
	Internal Service Funds	33,367	B
Internal Service Funds	General Fund	626,866	C
	Internal Service Funds	44,280	B
		<hr/> <hr/>	
		\$16,279,225	

- A To fund debt service, capital projects and administrative overhead
- B To fund General Liability insurance fund
- C To fund allocation of administrative overhead
- D To fund capital projects and public safety activities
- E To fund capital projects

4. INTERFUND TRANSACTIONS (Continued)

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, 2007 interfund balances were as follows:

Due from Other Funds	Due To Other Funds	Amount
General Fund	HOME Fund	\$41,680
	Non Major Governmental Funds	3,710
	Internal Service	<u>686,429</u>
		<u><u>\$731,819</u></u>

Long-Term Interfund Advances - At June 30, 2007, 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
Capital Projects Funds		
Redevelopment Agency		\$3,530,696
Enterprise Funds		
Sewer	\$1,762,500	
Water	4,238,196	
Airport		<u>2,470,000</u>
Total	<u><u>\$6,000,696</u></u>	<u><u>\$6,000,696</u></u>

In fiscal year 2002, the Water Enterprise Fund loaned \$2.89 million to the Airport Enterprise Fund bearing interest at between 3% to 4.75%, due in annual installments until October 2026. As of June 30, 2007 the outstanding loan balance is \$2,470,000.

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. As of June 30, 2007, the outstanding loan balance is \$1,762,500.

In fiscal year 1990, the Water Enterprise Fund loaned \$5,946,333 to the Redevelopment 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. As of June 30, 2007, the outstanding loan balance is \$1,768,196.

4. INTERFUND TRANSACTIONS (Continued)

Interfund Commitments - In addition to the above amounts, funds have been advanced from the City to the Redevelopment Agency, 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.

Amounts due under the Agreement are non-interest bearing, are repayable from available revenues of the Agency and are subordinated to the Tax Allocation Bonds. As a result, the final maturity date has not been determined and the timing of repayment is unknown. Therefore Repayment Agreement advances which amount to \$11,186,217 at June 30, 2007 have been excluded from the accompanying financial statements as required by generally accepted accounting principles.

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 \$1,000 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

5. CAPITAL ASSETS (Continued)

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.

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

	Balance at June 30, 2006	Additions	Retirements	Transfers	Balance at June 30, 2007
Governmental activities					
Capital assets not being depreciated:					
Land	\$10,539,524	\$337,500			\$10,877,024
Construction in progress	20,656,575	29,404,358	(\$89,559)	(\$12,247,772)	37,723,602
Total capital assets not being depreciated	31,196,099	29,741,858	(89,559)	(12,247,772)	48,600,626
Capital assets being depreciated:					
Buildings	54,108,978			3,466,201	57,575,179
Improvements other than buildings	6,497,932			1,714,479	8,212,411
Machinery and equipment	14,824,723			39,894	14,864,617
Streets	126,892,970			7,027,198	133,920,168
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	217,541,686			12,247,772	229,789,458
Less accumulated depreciation for:					
Buildings	15,005,565	1,228,197			16,233,762
Improvements other than buildings	2,645,106	240,536			2,885,642
Machinery and equipment	8,548,565	867,149			9,415,714
Streets	26,146,051	3,195,692			29,341,743
Traffic signal	2,415,086	351,513			2,766,599
Conduits	667,143	71,778			738,921
Medians	1,074,418	85,631			1,160,049
Drains	390,873	149,700			540,573
Total accumulated depreciation	56,892,807	6,190,196			63,083,003
Net capital assets being depreciated	160,648,879	(6,190,196)		12,247,772	166,706,455
Net Governmental Fund Program Capital Assets Being Depreciated					
	191,844,978	23,551,662	(89,559)		215,307,081
Internal Service Fund Capital Assets					
Buildings	110,543				110,543
Improvements other than buildings	309,665				309,665
Machinery and equipment	17,550,171	1,637,151	(861,063)		18,326,259
Total capital assets being depreciated	17,970,379	1,637,151	(861,063)		18,746,467
Less accumulated depreciation for:					
Buildings	110,543	12,385			122,928
Improvements other than buildings	97,408	1,326,149			1,423,557
Machinery and equipment	11,568,004	6,628	(569,378)		11,005,254
Total accumulated depreciation	11,775,955	1,345,162	(569,378)		12,551,739
Net capital assets being depreciated	6,194,424	291,989	(291,685)		6,194,728
Internal Service capital assets, net	6,194,424	291,989			6,194,728
Governmental Activity Capital Assets, Net	\$198,039,402	\$23,843,651	(\$89,559)		\$221,501,809

5. CAPITAL ASSETS (Continued)

	Balance at June 30, 2006	Additions	Transfers	Balance at June 30, 2007
Business-type activities:				
Capital assets not being depreciated:				
Land and improvements	\$3,533,920			\$3,533,920
Construction in progress	34,486,441	\$29,652,914	(\$14,981,255)	49,158,100
Total capital assets not being depreciated	<u>38,020,361</u>	<u>29,652,914</u>	<u>(14,981,255)</u>	<u>52,692,020</u>
Capital assets being depreciated:				
Buildings	25,887,766			25,887,766
Improvements other than buildings	58,417			58,417
Machinery and equipment	32,202,182		36,125	32,238,307
Sewer pipelines and other infrastructure assets	60,614,874		515,939	61,130,813
Water pipelines and other infrastructure assets	46,656,417		12,477,249	59,133,666
Airport hangers, tarmacs and other infrastructure assets	17,996,889		1,951,942	19,948,831
Total capital assets being depreciated	<u>183,416,545</u>		<u>14,981,255</u>	<u>198,397,800</u>
Less accumulated depreciation for:				
Buildings	16,043,296	552,522		16,595,818
Improvements other than buildings	58,417			58,417
Machinery and equipment	19,466,354	1,112,605		20,578,959
Sewer pipelines and other infrastructure assets	18,274,089	1,704,867		19,978,956
Water pipelines and other infrastructure assets	17,266,741	1,218,583		18,485,324
Airport hangers, tarmacs and other infrastructure assets	8,114,319	616,601		8,730,920
Total accumulated depreciation	<u>79,223,216</u>	<u>5,205,178</u>		<u>84,428,394</u>
Net capital assets being depreciated	<u>104,193,329</u>	<u>(5,205,178)</u>	<u>14,981,255</u>	<u>113,969,406</u>
Business-type activity capital assets, net	<u>\$142,213,690</u>	<u>\$24,447,736</u>		<u>\$166,661,426</u>

Governmental capital assets construction in progress was composed of the following at June 30, 2007:

	Project Budget	Expended to June 30, 2007	Encumbered	Committed
Land	\$3,443,016	\$3,443,016		
Buildings	42,084,071	15,217,329	\$22,800,184	\$4,066,558
Improvement other than buildings	6,550,262	1,427,394		5,122,868
Machinery and equipment	2,250,000	1,871,842	173,445	204,713
Streets	20,106,257	15,764,021	2,638,949	1,703,287
Total	<u>\$74,433,606</u>	<u>\$37,723,602</u>	<u>\$25,612,578</u>	<u>\$11,097,426</u>

5. CAPITAL ASSETS (Continued)

A summary of enterprise fund construction in progress at June 30, 2007 follows:

	Project Budget	Expended to June 30, 2007	Encumbered	Committed
Sewer Enterprise Fund Projects	\$48,689,612	\$45,766,920	\$2,462,580	\$460,112
Water Enterprise Fund Projects	6,841,897	957,870	195,718	5,688,309
Airport Enterprise Fund Projects	<u>4,480,488</u>	<u>2,433,310</u>	<u>138,684</u>	<u>1,908,494</u>
Total	<u>\$60,011,997</u>	<u>\$49,158,100</u>	<u>\$2,796,982</u>	<u>\$8,056,915</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	\$3,957,849
Public Safety	723,592
Public Works and Transportation	1,227,716
Community Development	188,941
Culture and Leisure	92,098
Internal Service Funds	<u>1,345,162</u>
	<u>\$7,535,358</u>

Business-Type Activities

Sewer Fund	\$2,890,457
Water Fund	1,548,724
Airport Fund	722,781
Centennial Hall Maintenance and Operations Fund	40,190
Stormwater Fund	<u>3,026</u>
	<u>\$5,205,178</u>

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, 2006	Additions	Retirements	Outstanding at June 30, 2007	Current Portion
Governmental Activity Debt:						
Certificates of Participation						
1996 Civic Center Project (a), 4.45-5.5%, due 8/1/26	\$32,595,000	\$28,270,000		\$745,000	\$27,525,000	\$785,000
1997 Refunding COP Capital Projects (a), 4.0-5.2%, due 8/1/17	7,045,000	4,880,000		310,000	4,570,000	325,000
Total certificates of participation		33,150,000		1,055,000	32,095,000	1,110,000
Lease Revenue Bonds						
ABAG Series 2001-2 (a), 3.0-5.0%, due 12/01/20	3,589,835	2,266,230		357,640	1,908,590	371,380
Capital Lease Obligations, for acquisition of:						
Boys and Girls Club (a), 4.660%, due 09/20/16	1,215,000	1,097,233		83,156	1,014,077	87,077
Solar Power Generator Equipment (a), 6%, due 03/01/30	1,035,000	1,025,000		25,000	1,000,000	25,000
Computer Mainframe Equipment, (a), 4%, due 03/30/11	491,602	469,555		90,707	378,848	94,873
Police Motorola Radios, (a), 5.48%, due 01/01/12	257,512		\$257,512		257,512	46,159
Total capital lease obligations		2,591,788		198,863	2,650,437	253,109
Tax Allocation Bonds						
2004 Redevelopment Agency (b), 3.0-5.23% due 3/1/34	44,790,000	44,195,000		610,000	43,585,000	1,210,000
2006 Redevelopment Agency (b), 3.75-4.3% due 3/1/36	11,800,000	11,800,000			11,800,000	
Total tax allocation bonds		55,995,000		610,000	55,385,000	1,210,000
Subtotal		94,003,018		2,221,503	92,039,027	2,944,489
Internal Service Fund Long Term Debt (c)						
Revenue Bonds						
ABAG Series 2001, 3.0-5.0%, due 12/01/20	2,480,000	1,445,000		285,000	1,160,000	330,000
Capital Lease Obligations						
Public works vehicles, 3.03%, due 12/18/08	763,565	396,127		154,886	241,241	159,615
Trucks, Van, Loader & Cutter Equipment, 3.190%, due 10/28/09	508,094	364,016		99,924	264,092	103,136
Trucks, Pickup, Cars 3.920%, due 01/30/11	1,656,763	1,656,763		306,138	1,350,625	318,256
Total capital lease obligations		2,416,906		560,948	1,855,958	581,007
Subtotal		3,861,906		845,948	3,015,958	911,007
Total Governmental Activity Debt		\$97,864,924		\$3,067,451	\$95,054,985	\$3,855,496

6. LONG-TERM DEBT (Continued)

Type of Obligation	Authorized and Issued	Balance June 30, 2006	Additions	Retirements	Outstanding at June 30, 2007	Current Portion
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	\$3,600,000		\$360,000	\$3,240,000	\$385,000
ABAG Series 2001-2 (d) & (e), 3.0-5.0%, due 12/01/20	1,405,165	903,770		117,360	786,410	118,620
Total Revenue Bonds		4,503,770		477,360	4,026,410	503,620
Certificates of Participation						
For acquisition of:						
Hayward Public Financing Authority						
1998 Sewer System Improvement Project (e), 4.0-5.0%, due 2/1/18	7,300,000	5,160,000		325,000	4,835,000	340,000
1996 Sewer System Refunding and Improvement Project (e), 3.7-5.625%, due 2/1/16	10,665,000	6,715,000		525,000	6,190,000	555,000
2001 Water System Improvement Project (d), 3.0-4.75%, due 10/1/26	5,030,000	3,910,000		295,000	3,615,000	300,000
2004 Water System Improvement Project (d), 2.0-4.375%, due 10/1/24	6,845,000	6,685,000		80,000	6,605,000	90,000
Total certificates of participation		22,470,000		1,225,000	21,245,000	1,285,000
State Water Resource Control Board Loan						
0%, due 9/30/28 (e)		13,163,350	\$26,708,057		39,871,407	
Less: unamortized discount/issuance cost			(6,645,368)		(6,645,368)	
Total State Water Loan		13,163,350	20,062,689		33,226,039	
Total Business-type Activity Debt		\$40,137,120	\$20,062,689	\$1,702,360	\$58,497,449	\$1,788,620

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.

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.

6. LONG-TERM DEBT (Continued)

In fiscal year 2006, the City 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.

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, 2007, the City's gross repayment obligation totaled \$39,871,407 and is being reported in the accompanying financial statement net of the unamortized discount of \$6,645,368. The repayments of the loan are due annually on September 30, commencing September 30, 2009.

In fiscal year 2006, the City entered into two lease agreements, one for acquiring computer mainframe equipment in the amount of \$491,602, which requires monthly payments and one in the amount of \$1,656,763 for acquiring various vehicles, which requires semi-annual payments. In fiscal year 2007, the City entered into a lease agreement for police Motorola radios in the amount of \$257,512, which requires annual payments.

At June 30, 2007, 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	
	Principal	Interest	Principal	Interest
2008	\$3,855,496	\$4,680,152	\$1,788,620	\$1,191,706
2009	3,804,722	4,500,325	1,868,310	1,110,895
2010	3,579,985	4,327,200	3,957,660	1,024,067
2011	3,661,276	4,152,739	4,049,970	931,198
2012	3,457,603	3,979,224	4,152,800	831,433
2013-2017	17,950,903	17,457,466	19,207,610	2,515,733
2018-2022	19,650,000	12,782,364	13,612,850	935,981
2023-2027	24,000,000	7,342,974	12,517,850	215,133
2028-2032	9,140,000	2,666,539	3,987,147	
2033-2036	5,955,000	771,015		
Totals	<u>\$95,054,985</u>	<u>\$62,659,998</u>	65,142,817	<u>\$8,756,146</u>
Reconciliation of long-term debt				
Less unamortized original issue discount			<u>(6,645,368)</u>	
Net long-term debt			<u>\$58,497,449</u>	

7. AUTHORIZED BUT UNISSUED DEBT

On July 15, 2007, the City and the Hayward Public Financing Authority approved the issuance of \$31,820,000 in Certificates of Participation (COPs) to refinance of 1996 (Civic Center Project) and 1997 Certificates of Participation. The COPs are payable solely from the lease payment made by the City to the Authority pursuant to a Lease Agreement between the City and the Authority. Interest payments are payable semiannually on February 1 and August 1, commencing February 1, 2008. Principal payments are due annually on August 1.

On July 15, 2007, the City approved the issuance of \$9,880,000 of Sewer Revenue Refunding Bonds to prepay of 1996 and 1998 (Sewer System Refunding and Improvement Project) Certificates of Participation. The Bonds are payable solely from and secured by net revenues derived from the operation of the Sewer system. Interest payments are payable semiannually on February 1 and August 1, commencing February 1, 2008. Principal payments are due annually on February 1.

8. 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.

A summary of capital assets leased follows:

	Fund Activity	Cost
Fire Station #7	Governmental Activity	\$620,417
Land/fire trucks	Equipment Management	
	Internal Service Fund	462,464
Street lighting facilities	Governmental Activity	2,107,375
Civic Center	Governmental Activity	30,938,179
	Internal Service Fund	521,360
Public Works Vehicles	Governmental Activity	230,000
Fire Apparatus	Governmental Activity	1,745,000
Sedan/Jeeps/Dump/Sweepers	Governmental Activity	765,233
Trucks/Van/Loader	Equipment Management	
	Internal Service Fund	508,094
Trucks, Pickup, Cars	Equipment Management	
	Internal Service Fund	1,656,763
Boys & Girls Club Site Lease	Governmental Activity	1,215,000
Solar Energy	Governmental Activity	1,035,000
Building Energy Retrofit	Governmental Activity	865,000
Computer Mainframe Upgrade	Governmental Activity	491,602
Police Motorola Radios	Governmental Activity	257,512

9. 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 December 1987 the Local Improvement District No. 14, Whitesell Street, issued Limited Obligation Improvement Bonds in the original principal amount of \$1,330,000 to finance utility improvements within the District. Outstanding debt at June 30, 2007 was \$170,000.

In February 1989 the Local Improvement District No. 15 issued Limited Obligation Improvement Bonds in the original principal amount of \$6,214,297 to finance improvements within the District. Outstanding debt at June 30, 2007 was \$1,390,000.

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, 2007 was \$2,015,000. 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, 2007 was \$20,500.

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, 2007 was \$305,000.

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, 2007 was \$9,840,000.

10. 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.

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:

Debt Service – These Net Assets are to be used for debt service in the event of default by the City. Net assets are held by a Trustee pursuant to applicable trust indentures.

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

10. NET ASSETS AND FUND BALANCES (Continued)

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 - consist of reserved and unreserved amounts. Reserved fund balances/net assets represent that portion of fund balance/net assets which is not appropriable for expenditure or is legally segregated for a specific future use. The remaining portion is unreserved fund balance/net assets.

Portions of unreserved fund balance may be designated to indicate tentative plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans or intent are subject to change, have not been legally authorized and may not result in expenditures.

At June 30, 2007, fund balances for governmental fund types consisted of the following reservations and designations:

	General Fund	Community Development Block Grant	Hayward Redevelopment Agency Capital Projects	Other Governmental Funds
Reserved for:				
Encumbrances	\$474,160			
Debt service				\$5,919,256
Capital projects			\$32,173,533	3,633,204
Developer assistance			1,224,376	
Parts and supplies	28,044			
Low and moderate income housing			8,313,288	
Land held for resale			4,154,570	
Total reserved fund balances	<u>502,204</u>		<u>45,865,767</u>	<u>9,552,460</u>
Designated for:				
Capital improvement program			3,466,226	20,031,096
Social programs		\$424,039		5,118,244
Public safety	1,000,000			
Economic uncertainty	7,000,000			
Liquidity	3,500,000			
Redevelopment Agency Loan	1,336,000			
Hotel/Conference Center	1,250,000			
Contingencies	8,936,362			138,092
Total designated fund balances	<u>23,022,362</u>	<u>424,039</u>	<u>3,466,226</u>	<u>25,287,432</u>
Total reserved and designated fund balance	<u>\$23,524,566</u>	<u>\$424,039</u>	<u>\$49,331,993</u>	<u>\$34,839,892</u>

10. NET ASSETS AND FUND BALANCES (Continued)

The Workers Compensation Insurance Internal Service Fund reflected accumulated deficits of \$2,727,575 at June 30, 2007. These deficits are expected to be eliminated through future revenues.

11. 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, 2007, the City expects to incur \$349,490 for remaining reclamation costs, funded from operating revenue of the Sewer Enterprise Fund. Reclamation payments totaled \$83,561 for the year ended June 30, 2007. 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.

12. 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.

13. 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, 2007, are summarized below:

	Safety		
	Police	Fire	Miscellaneous
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	50
Monthly benefits, as a % of annual salary	3%	3%	1.43% - 2.42%
Required employee contribution rates	9%	9%	7%
Required employer contribution rates	28.911%	27.122%	11.365%

13. CALPERS SAFETY AND MISCELLANEOUS EMPLOYEES PLANS (Continued)

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.

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
2004	\$162,780,476	\$125,276,324	\$37,504,152	77.0%	\$18,945,037	198.0%
2005	173,282,219	134,967,636	38,314,583	77.9%	18,185,439	210.7%
2006	183,523,823	146,030,286	37,493,537	79.6%	18,319,728	204.7%

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
2004	\$136,707,410	\$112,460,952	\$24,246,458	82.3%	\$11,641,876	208.3%
2005	142,607,592	119,313,097	23,294,495	83.7%	11,747,946	198.3%
2006	150,851,333	127,396,462	23,454,871	84.5%	12,502,617	187.6%

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
2004	\$191,635,217	\$174,137,858	\$17,497,359	90.9%	\$34,987,564	50.0%
2005	214,466,629	190,027,743	24,438,886	88.6%	35,095,877	69.6%
2006	230,202,685	204,005,259	26,197,426	88.6%	35,158,623	74.5%

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

13. CALPERS SAFETY AND MISCELLANEOUS EMPLOYEES PLANS (Continued)

Additional disclosures will be included when made available by PERS.

Actuarially required contributions for fiscal years 2007, 2006, and 2005 were \$18,951,282, \$18,778,846 and \$16,530,003, respectively. The City made these contributions as required, together with certain immaterial amounts required as the result of the payment of overtime and other additional employee compensation.

14. 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 3.750 % and the City contributes 3.750 % of the employees' salary each pay period. For the fiscal year ending June 30, 2007, total contributions of \$42,284 were made based on a total amount of covered compensation of \$563,785.

15. OTHER POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 12, the City provides postretirement health care benefits, in accordance with memoranda of understanding between the City and various collective bargaining units. Employees in those collective bargaining units who retire from the City must have attained age 50 and be enrolled in a medical plan offered through the State of California Public Employees' Retirement System. Currently, 475 retirees meet those eligibility requirements. The City reimburses Medicare retirees for medical premiums in amounts that range from \$25.10 to \$431.17 per month depending on the memorandum of understanding in effect for that particular collective bargaining unit. The City reimburses for the lesser of the actual premium or the retiree allowance. Expenditures for postretirement health care benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2007, approximately \$1,578,590 in expenditures were made for postretirement health care.

16. 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	Coverages 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 - \$350,000,000
Airport	\$0 - \$1,000 per occurrence	\$1,000- \$20,000,000
Boiler and machinery	\$0 - \$350,000 per occurrence	\$1,000,000 - \$100,000,000
Accidental medical expense	None	\$5,000 per occurrence

16. RISK MANAGEMENT (Continued)

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, 2007, the recorded liability was \$1,065,134. 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, 2007, the recorded liability was \$4,589,394. 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%.

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:

	2007	2006
Unpaid claims, beginning of fiscal year	\$5,652,483	\$5,653,726
Incurred claims	3,753,304	3,552,464
Claim payments	<u>(3,751,259)</u>	<u>(3,553,707)</u>
Unpaid claims, end of fiscal year	<u><u>\$5,654,528</u></u>	<u><u>\$5,652,483</u></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.

17. 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 2007 amounted to \$494,884 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 \$12,153,313 at June 30, 2007.

The investment in East Bay Dischargers Authority is valued as of June 30, 2006, the latest date for which financial information is available.

Summary financial information as of and for the year ended June 30, 2006 (the most recent audited financial information available) for EBDA’s common use operations was as follows:

Assets	
Current	\$4,897,490
Fixed - net	<u>32,438,416</u>
Total	<u><u>\$37,335,906</u></u>
Liabilities	\$507,684
Net Assets	<u>36,828,222</u>
Total	<u><u>\$37,335,906</u></u>
Revenues	\$2,785,297
Expenses	(3,355,456)
Non-operating revenues	593,600
Non-operating expenses	<u>(407,629)</u>
Change in Net Assets	<u><u>(\$384,188)</u></u>

Complete financial statements of EBDA can be obtained from:

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

18. 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 \$5,000,000; bear interest at the bank's reference rate (7 % as of June 30, 2007) and are due January 1, 2008.

19. 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.

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.

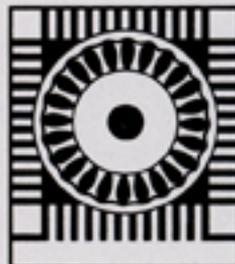
On April 1, 2005, the City sponsored the issuance of City of Hayward Multifamily Housing Revenue Bonds (Lord Tennyson Apartments) 2005 Series A and 2005 Series A-T which were issued in the aggregate principal amount of \$14,625,000 to finance the acquisition, rehabilitation and development of multifamily 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.

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CITY OF HAYWARD



Non-Major Governmental Funds

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.

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.

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

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.

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.

Gates Learning Foundation Grant Fund - Accounts for funds received from the Bill & Melinda Gates Foundation to provide access to digital information for public library patrons in low-income communities by providing PCs and software, NT servers, and network printers.

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.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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.

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

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

Unisys Computer Lease - Accounts for transfers of revenue from the general fund for payment of interest and principal of Unisys computer lease obligation.

Hayward Public Financing Authority Fund - Accounts for debt issuance's used to finance capital improvements within the City.

Solar Panel Electric Generator - Accounts for resources used for the payment of interest and principal of the Solar Panel Electric Generator obligation.

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.

Route 238 Fund - Accounts for the City's increment of state right-of-way rentals for state property within the City and other City monies set aside for City projects connected with freeway development.

Local Improvement District 16 Fund - Accounts for bond proceeds expended for construction of public improvements in designated zones.

Special Assessments - Accounts for revenue received from special assessments against benefited property for payment of interest and principal of special assessment bonds.

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CITY OF HAYWARD, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2007

	SPECIAL REVENUE FUNDS				
	Special Gasoline Tax	HCD Deferred Loans	Housing Mortgage Revenue Bonds	Park Dedication Ordinance	Business Improvement
ASSETS					
Cash and investments available for operations	\$1,338,619	\$31,236	\$1,979,351	\$2,870,684	\$182,484
Restricted cash and cash equivalents					
Restricted investments					
Accounts receivable	109,309				
Loans receivable		73,631	132,471		
Interest receivable	10,859	246	15,566	24,964	1,455
Due from other governments	244,532				
Other					68
Total Assets	\$1,703,319	\$105,113	\$2,127,388	\$2,895,648	\$184,007
LIABILITIES					
Accounts payable	\$928,930		\$105		\$5,900
Accrued liabilities					
Due to other funds					
Deferred revenue		\$73,631	132,471		
Refundable deposits			42,000		
Total Liabilities	928,930	73,631	174,576		5,900
FUND EQUITY					
Fund balances					
Reserved for debt service					
Reserved for capital projects					
Unreserved					
Special Revenue Funds	774,389	31,482	1,952,812	2,895,648	178,107
Capital Projects Funds					
TOTAL FUND BALANCES	774,389	31,482	1,952,812	2,895,648	178,107
Total Liabilities and Fund Balances	\$1,703,319	\$105,113	\$2,127,388	\$2,895,648	\$184,007

SPECIAL REVENUE FUNDS

<u>Donation</u>	<u>Federal Rental Rehabilitation Grant Program</u>	<u>Recycling</u>	<u>Narcotics Asset Seizure</u>	<u>Local Law Enforcement Block Grant</u>	<u>Citizens' Option For Public Safety</u>	<u>Gates Learning Foundation Grant</u>
\$165,862	\$28,456	\$4,223,086	\$125,325	\$39,483		\$2,910
1,250		32,644	989	312		
<u>\$167,112</u>	<u>\$28,456</u>	<u>\$4,255,730</u>	<u>\$126,314</u>	<u>\$39,795</u>		<u>\$2,910</u>
\$770 352		\$29,882				
<u>1,122</u>		<u>29,882</u>				
165,990	\$28,456	4,225,848	\$126,314	\$39,795		\$2,910
<u>165,990</u>	<u>28,456</u>	<u>4,225,848</u>	<u>126,314</u>	<u>39,795</u>		<u>2,910</u>
<u>\$167,112</u>	<u>\$28,456</u>	<u>\$4,255,730</u>	<u>\$126,314</u>	<u>\$39,795</u>		<u>\$2,910</u>

(Continued)

CITY OF HAYWARD, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2007

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUND
	Park Maintenance District	Measure B Retail Sales Tax	Measure B Paratransit	Measure B Pedestrian	Certificates of Participation
ASSETS					
Cash and investments available for operations	\$1,819,132	\$2,458,453	\$34,821	\$226,887	\$297,352
Restricted cash and cash equivalents					7,910
Restricted investments					189,627
Accounts receivable				550	
Loans receivable					
Interest receivable	14,572	20,951	691	1,719	
Due from other governments		466,222	238,082	99,778	
	<u>\$1,833,704</u>	<u>\$2,945,626</u>	<u>\$273,594</u>	<u>\$328,934</u>	<u>\$494,889</u>
Total Assets					
LIABILITIES					
Accounts payable	\$113,929	\$768,510	\$51,016	\$29,059	
Accrued liabilities					
Due to other funds	3,710				
Deferred revenue					
Refundable deposits	20,000				
	<u>137,639</u>	<u>768,510</u>	<u>51,016</u>	<u>29,059</u>	
Total Liabilities					
FUND EQUITY					
Fund balances					
Reserved for debt service					\$494,889
Reserved for capital projects					
Unreserved					
Special Revenue Funds	1,696,065	2,177,116	222,578	\$299,875	
Capital Projects Funds					
	<u>1,696,065</u>	<u>2,177,116</u>	<u>222,578</u>	<u>299,875</u>	<u>494,889</u>
TOTAL FUND BALANCES (DEFICITS)					
Total Liabilities and Fund Balances	<u>\$1,833,704</u>	<u>\$2,945,626</u>	<u>\$273,594</u>	<u>\$328,934</u>	<u>\$494,889</u>

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS		
Redevelopment Agency	Unisys Computer Lease	Hayward Public Financing Authority	Solar Panel Electric Generator	General Capital Projects	Traffic Signal Construction
\$585,678		\$224,901	\$4,274	\$7,660,421	\$794,172
649,550		1,134	99,742	2,770	
3,374,432				108,259	
				66,572	
				60,356	5,909
<u>\$4,609,660</u>		<u>\$226,035</u>	<u>\$104,016</u>	<u>\$7,898,378</u>	<u>\$800,081</u>
				\$560,878	\$18,851
				2,722	
				1,707,211	
				2,270,811	18,851
\$4,609,660		\$226,035	\$104,016	2,851,974	781,230
				2,775,593	
<u>4,609,660</u>		<u>226,035</u>	<u>104,016</u>	<u>5,627,567</u>	<u>781,230</u>
<u>\$4,609,660</u>		<u>\$226,035</u>	<u>\$104,016</u>	<u>\$7,898,378</u>	<u>\$800,081</u>

(Continued)

CITY OF HAYWARD, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2007

	CAPITAL PROJECTS FUNDS			
	Route 238	Local Improvement District 16	Special Assessments	Total Nonmajor Governmental Funds
Cash and investments available for operations	\$17,799,815	\$7,646	\$485,320	\$43,386,368
Restricted cash and cash equivalents				761,106
Restricted investments				3,672,318
Accounts receivable				176,431
Loans receivable				206,102
Interest receivable	141,014	60	3,829	337,386
Due from other governments				1,048,614
Other				68
	<u>\$17,940,829</u>	<u>\$7,706</u>	<u>\$489,149</u>	<u>\$49,588,393</u>
Total Assets				
Accounts payable	\$93,943			\$2,601,773
Accrued liabilities			\$4,493	7,567
Due to other funds				3,710
Deferred revenue				206,102
Refundable deposits				1,769,211
	<u>93,943</u>	<u></u>	<u>4,493</u>	<u>4,588,363</u>
Total Liabilities				
FUND EQUITY				
Fund balances				
Reserved for debt service			484,656	5,919,256
Reserved for capital projects				3,633,204
Unreserved, undesignated				
Special Revenue Funds				14,817,385
Capital Projects Funds	17,846,886	\$7,706		20,630,185
	<u>17,846,886</u>	<u>7,706</u>	<u>484,656</u>	<u>45,000,030</u>
	<u>\$17,940,829</u>	<u>\$7,706</u>	<u>\$489,149</u>	<u>\$49,588,393</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, 2007

	SPECIAL REVENUE FUNDS				
	Special Gasoline Tax	HCD Deferred Loans	Housing Mortgage Revenue Bonds	Park Dedication Ordinance	Business Improvement
REVENUES					
Fines and forfeitures					
Use of money and property	\$68,923	\$1,541	\$105,679	\$159,918	\$8,164
Intergovernmental	2,654,951		175,500		
Charges for services	119,785				
Park development fees				1,177,703	
Special assessments					
Other taxes					
Other			322,735		60,001
Total Revenues	2,843,659	1,541	603,914	1,337,621	68,165
EXPENDITURES					
Current					
Public safety					
Community development			268,820	77,506	68,949
Nondepartmental					
Capital outlay	2,950,028				
Debt Service					
Principal repayment					
Interest and fiscal charges					
Total Expenditures	2,950,028		268,820	77,506	68,949
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	(106,369)	1,541	335,094	1,260,115	(784)
OTHER FINANCING SOURCES (USES)					
Issuance of long term debt					
Transfers in					35,000
Transfers (out)	(1,374,334)		(1,678)	(750,000)	
Total Other Financing Sources (Uses)	(1,374,334)		(1,678)	(750,000)	35,000
NET CHANGE IN FUND BALANCES					
	(1,480,703)	1,541	333,416	510,115	34,216
BEGINNING FUND BALANCES					
	2,255,092	29,941	1,619,396	2,385,533	143,891
ENDING FUND BALANCES					
	\$774,389	\$31,482	\$1,952,812	\$2,895,648	\$178,107

SPECIAL REVENUE FUNDS

Donation	Federal Rental Rehabilitation Grant Program	Recycling	Narcotics Asset Seizure	Local Law Enforcement Block Grant	Citizens' Option For Public Safety Fund	Gates Learning Foundation Grant
			\$21,000			
\$7,315		\$219,565 816,100	5,888	\$1,381 38,047	\$3,443 284,944	
65,083		2,800				
72,398		1,038,465	26,888	39,428	288,387	
440 15,730		637,874	3,930			
16,170		637,874	3,930			
56,228		400,591	22,958	39,428	288,387	
		(50,246)		(57,399)	(288,493)	
		(50,246)		(57,399)	(288,493)	
56,228		350,345	22,958	(17,971)	(106)	
109,762	\$28,456	3,875,503	103,356	57,766	106	\$2,910
\$165,990	\$28,456	\$4,225,848	\$126,314	\$39,795		\$2,910

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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, 2007

	SPECIAL REVENUE FUNDS				DEBT SERVICE FUND
	Park Maintenance District	Measure B Retail Sales Tax	Measure B Paratransit	Measure B Pedestrian	Certificates of Participation
REVENUES					
Fines and forfeitures					
Use of money and property	\$74,013	\$124,336	\$3,502	\$10,222	\$7,798
Intergovernmental		1,844,218	826,768	394,521	
Charges for services		575		145	
Park development fees					
Special assessments	884,579				
Other taxes					
Other	35,000		3,242	44,143	
Total Revenues	993,592	1,969,129	833,512	449,031	7,798
EXPENDITURES					
Current					
Public safety					
Community development			723,888		
Nondepartmental	535,242				2,533
Capital outlay		2,353,828		466,798	
Debt Service					
Principal repayment					807,640
Interest and fiscal charges					1,515,823
Total Expenditures	535,242	2,353,828	723,888	466,798	2,325,996
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	458,350	(384,699)	109,624	(17,767)	(2,318,198)
OTHER FINANCING SOURCES (USES)					
Issuance of long term debt					
Transfers in					2,325,896
Transfers (out)					
Total Other Financing Sources (Uses)					2,325,896
NET CHANGE IN FUND BALANCES	458,350	(384,699)	109,624	(17,767)	7,698
BEGINNING FUND BALANCES	1,237,715	2,561,815	112,954	317,642	487,191
ENDING FUND BALANCES	\$1,696,065	\$2,177,116	\$222,578	\$299,875	\$494,889

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS		
Redevelopment	Unisys Computer Lease	Hayward Public Financing Authority	Solar Panel Electric Generator	General Capital Projects	Traffic Signal Construction
\$122,088		\$1,214	\$4,785	\$417,332 1,900,783 6,214	\$37,806
				365,475 188,216	
<u>122,088</u>		<u>1,214</u>	<u>4,785</u>	<u>2,878,020</u>	<u>37,806</u>
		1,914		9,318,501	194,813
610,000	\$90,707	310,000	25,000	230,000	
<u>2,583,245</u>	<u>19,274</u>	<u>233,416</u>	<u>48,613</u>	<u>25,688</u>	
<u>3,193,245</u>	<u>109,981</u>	<u>545,330</u>	<u>73,613</u>	<u>9,574,189</u>	<u>194,813</u>
<u>(3,071,157)</u>	<u>(109,981)</u>	<u>(544,116)</u>	<u>(68,828)</u>	<u>(6,696,169)</u>	<u>(157,007)</u>
3,188,616 (355,648)	109,981	545,331	73,613	257,512 1,015,000	350,000
<u>2,832,968</u>	<u>109,981</u>	<u>545,331</u>	<u>73,613</u>	<u>1,272,512</u>	<u>350,000</u>
(238,189)		1,215	4,785	(5,423,657)	192,993
<u>4,847,849</u>		<u>224,820</u>	<u>99,231</u>	<u>11,051,224</u>	<u>588,237</u>
<u>\$4,609,660</u>		<u>\$226,035</u>	<u>\$104,016</u>	<u>\$5,627,567</u>	<u>\$781,230</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, 2007

	<u>CAPITAL PROJECTS FUNDS</u>			
	<u>Route 238</u>	<u>Local Improvement District 16</u>	<u>Special Assessments</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Fines and forfeitures				\$21,000
Use of money and property	\$1,700,428	\$377	\$23,943	3,109,661
Intergovernmental	148,113			9,083,945
Charges for services	900			127,619
Park development fees				1,177,703
Special assessments				884,579
Other taxes				365,475
Other				721,220
	<u>1,849,441</u>	<u>377</u>	<u>23,943</u>	<u>15,491,202</u>
EXPENDITURES				
Current				
Public safety				4,370
Community development				1,792,767
Nondepartmental				539,689
Capital outlay	990,237			16,274,205
Debt Service				
Principal repayment				2,073,347
Interest and fiscal charges				4,426,059
	<u>990,237</u>	<u></u>	<u></u>	<u>25,110,437</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>859,204</u>	<u>377</u>	<u>23,943</u>	<u>(9,619,235)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of long term debt				257,512
Transfers in				7,643,437
Transfers (out)	(240,000)			(3,117,798)
	<u>(240,000)</u>	<u></u>	<u></u>	<u>4,783,151</u>
NET CHANGE IN FUND BALANCES				
	619,204	377	23,943	(4,836,084)
BEGINNING FUND BALANCES				
	<u>17,227,682</u>	<u>7,329</u>	<u>460,713</u>	<u>49,836,114</u>
ENDING FUND BALANCES				
	<u>\$17,846,886</u>	<u>\$7,706</u>	<u>\$484,656</u>	<u>\$45,000,030</u>

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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, 2007

	SPECIAL GASOLINE TAX			HCD DEFERRED LOANS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Fines and forfeitures						
Use of money and property	\$65,000	\$68,923	\$3,923	\$407	\$1,541	\$1,134
Intergovernmental	142,998	2,654,951	2,511,953			
Charges for services		119,785	119,785			
Park development fees						
Special assessments						
Other						
Total Revenues	<u>207,998</u>	<u>2,843,659</u>	<u>2,635,661</u>	<u>407</u>	<u>1,541</u>	<u>1,134</u>
EXPENDITURES						
Current						
Public safety						
Community development						
Nondepartmental						
Debt Service						
Principal repayment						
Interest and fiscal charges						
Total Expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>207,998</u>	<u>2,843,659</u>	<u>2,635,661</u>	<u>407</u>	<u>1,541</u>	<u>1,134</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	<u>(1,374,334)</u>	<u>(1,374,334)</u>				
Total Other Financing Sources (Uses)	<u>(1,374,334)</u>	<u>(1,374,334)</u>				
NET CHANGE IN FUND BALANCES	<u><u>(\$1,166,336)</u></u>	<u>1,469,325</u>	<u><u>\$2,635,661</u></u>	<u><u>\$407</u></u>	<u>1,541</u>	<u><u>\$1,134</u></u>
Adjustments to budgetary basis:						
Capital outlay		(2,950,028)				
BEGINNING FUND BALANCES		<u>2,255,092</u>			<u>29,941</u>	
ENDING FUND BALANCES		<u><u>\$774,389</u></u>			<u><u>\$31,482</u></u>	

HOUSING MORTGAGE REVENUE BONDS			PARK DEDICATION ORDINANCE			BUSINESS IMPROVEMENT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$22,535	\$105,679	\$83,144	\$24,100	\$159,918	\$135,818	\$4,188	\$8,164	\$3,976
175,500	175,500			1,177,703	1,177,703			
130,562	322,735	192,173				55,000	60,001	5,001
328,597	603,914	275,317	24,100	1,337,621	1,313,521	59,188	68,165	8,977
365,587	268,820	96,767	600,000	77,506	522,494	93,929	68,949	24,980
365,587	268,820	96,767	600,000	77,506	522,494	93,929	68,949	24,980
(36,990)	335,094	372,084	(575,900)	1,260,115	1,836,015	(34,741)	(784)	33,957
(1,678)	(1,678)		(1,500,000)	(750,000)	750,000	35,000	35,000	
(1,678)	(1,678)		(1,500,000)	(750,000)	750,000	35,000	35,000	
<u>(\$38,668)</u>	333,416	<u>\$372,084</u>	<u>(\$2,075,900)</u>	510,115	<u>\$2,586,015</u>	<u>\$259</u>	34,216	<u>\$33,957</u>
	1,619,396			2,385,533			143,891	
	<u>\$1,952,812</u>			<u>\$2,895,648</u>			<u>\$178,107</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, 2007

	DONATION			RECYCLING		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Fines and forfeitures						
Use of money and property	\$2,000	\$7,315	\$5,315	\$55,428	\$219,565	\$164,137
Intergovernmental				734,000	816,100	82,100
Charges for services						
Park development fees						
Special assessments						
Other	9,437	65,083	55,646	8,600	2,800	(5,800)
Total Revenues	<u>11,437</u>	<u>72,398</u>	<u>60,961</u>	<u>798,028</u>	<u>1,038,465</u>	<u>240,437</u>
EXPENDITURES						
Current						
Public safety		440	(440)			
Community development	80,620	15,730	64,890	987,478	637,874	349,604
Nondepartmental						
Debt Service						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	<u>80,620</u>	<u>16,170</u>	<u>64,450</u>	<u>987,478</u>	<u>637,874</u>	<u>349,604</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(69,183)</u>	<u>56,228</u>	<u>125,411</u>	<u>(189,450)</u>	<u>400,591</u>	<u>590,041</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				(50,246)	(50,246)	
Total Other Financing Sources (Uses)				<u>(50,246)</u>	<u>(50,246)</u>	
	<u>(\$69,183)</u>	56,228	<u>\$125,411</u>	<u>(\$239,696)</u>	350,345	<u>\$590,041</u>
Adjustments to budgetary basis:						
Capital outlay						
BEGINNING FUND BALANCES		<u>109,762</u>			<u>3,875,503</u>	
ENDING FUND BALANCES		<u>\$165,990</u>			<u>\$4,225,848</u>	

CITIZENS' OPTION
FOR PUBLIC
SAFETY FUND

NARCOTICS ASSET SEIZURE			LOCAL LAW ENFORCEMENT GRAN7			CITIZENS' OPTION FOR PUBLIC SAFETY FUND		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$20,000	\$21,000 5,888	\$1,000 5,888	\$38,431	\$1,381 38,047	\$1,381 (384)	\$334,910	\$3,443 284,944	\$3,443 (49,966)
20,000	26,888	6,888	38,431	39,428	997	334,910	288,387	(46,523)
20,000	3,930	16,070						
20,000	3,930	16,070						
	22,958	22,958	38,431	39,428	997	334,910	288,387	(46,523)
			(38,431)	(57,399)	(18,968)	(334,914)	(288,493)	46,421
			(38,431)	(57,399)	(18,968)	(334,914)	(288,493)	46,421
	22,958	\$22,958		(17,971)	(\$17,971)	(\$4)	(106)	(\$102)
	103,356			57,766			106	
	\$126,314			\$39,795				

(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, 2007

	PARK MAINTENANCE DISTRICT			MEASURE B RETAIL SALES TAX		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Fines and forfeitures						
Use of money and property	\$6,500	\$74,013	\$67,513	\$27,000	\$124,336	\$97,336
Intergovernmental					1,844,218	1,844,218
Charges for services					575	575
Park development fees						
Special assessments	596,167	884,579	288,412			
Other		35,000	35,000			
Total Revenues	<u>602,667</u>	<u>993,592</u>	<u>390,925</u>	<u>27,000</u>	<u>1,969,129</u>	<u>1,942,129</u>
EXPENDITURES						
Current						
Public safety						
Community development						
Nondepartmental	533,827	535,242	(1,415)			
Debt Service						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	<u>533,827</u>	<u>535,242</u>	<u>(1,415)</u>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>68,840</u>	<u>458,350</u>	<u>389,510</u>	<u>27,000</u>	<u>1,969,129</u>	<u>1,942,129</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
	<u>\$68,840</u>	458,350	<u>\$389,510</u>	<u>\$27,000</u>	1,969,129	<u>\$1,942,129</u>
Adjustments to budgetary basis:						
Capital outlay					(2,353,828)	
BEGINNING FUND BALANCES		<u>1,237,715</u>			<u>2,561,815</u>	
ENDING FUND BALANCES		<u>\$1,696,065</u>			<u>\$2,177,116</u>	

MEASURE B PEDESTRIAN			MEASURE B PARATRANSIT			CERTIFICATES OF PARTICIPATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$2,000	\$10,222	\$8,222	\$647	\$3,502	\$2,855		\$7,798	\$7,798
	394,521	394,521	889,973	826,768	(63,205)			
	145	145						
72,000	44,143	(27,857)	95,106	3,242	(91,864)			
74,000	449,031	375,031	985,726	833,512	(152,214)		7,798	7,798
			985,726	723,888	261,838	\$4,919	2,533	2,386
						807,640	807,640	
						1,515,823	1,515,823	
			985,726	723,888	261,838	2,328,382	2,325,996	2,386
74,000	449,031	375,031		109,624	109,624	(2,328,382)	(2,318,198)	10,184
						2,325,432	2,325,896	464
						2,325,432	2,325,896	464
<u>\$74,000</u>	449,031	<u>\$375,031</u>		109,624	<u>\$109,624</u>	<u>(\$2,950)</u>	7,698	<u>\$10,648</u>
	(466,798)							
	317,642			112,954			487,191	
	<u>\$299,875</u>			<u>\$222,578</u>			<u>\$494,889</u>	

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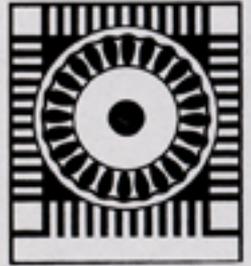
CITY OF HAYWARD, CALIFORNIA
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	REDEVELOPMENT			UNISYS COMPUTER LEASE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Fines and forfeitures						
Use of money and property		\$122,088	\$122,088			
Intergovernmental						
Charges for services						
Park development fees						
Special assessments						
Other						
Total Revenues		122,088	122,088			
EXPENDITURES						
Current						
Public safety						
Community development						
Nondepartmental						
Debt Service						
Principal repayment	\$610,000	610,000		\$90,707	\$90,707	
Interest and fiscal charges	2,581,016	2,583,245	(2,229)	19,274	19,274	
Total Expenditures	3,191,016	3,193,245	(2,229)	109,981	109,981	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	(3,191,016)	(3,071,157)	119,859	(109,981)	(109,981)	
OTHER FINANCING SOURCES (USES)						
Transfers in	3,191,016	3,188,616	(2,400)	109,981	109,981	
Transfers (out)		(355,648)	(355,648)			
Total Other Financing Sources (Uses)	3,191,016	2,832,968	(358,048)	109,981	109,981	
		(238,189)	(\$238,189)			
Adjustments to budgetary basis:						
Capital outlay						
BEGINNING FUND BALANCES						
		4,847,849				
ENDING FUND BALANCES						
		\$4,609,660				

HAYWARD PUBLIC FINANCING AUTHORITY			SOLAR PANEL ELECTRIC GENERATOR		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
	\$1,214	\$1,214		\$4,785	\$4,785
	1,214	1,214		4,785	4,785
\$1,915	1,914	1			
310,000	310,000		\$25,000	25,000	
233,416	233,416		48,613	48,613	
545,331	545,330	1	73,613	73,613	
(545,331)	(544,116)	1,215	(73,613)	(68,828)	4,785
545,331	545,331		73,613	73,613	
545,331	545,331		73,613	73,613	
	1,215	\$1,215		4,785	\$4,785
	224,820			99,231	
	\$226,035			\$104,016	

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CITY OF HAYWARD



Non-Major Enterprise Funds

NON-MAJOR ENTERPRISE FUNDS

Centennial Hall Maintenance and Operation Fund – Accounts for rental of the public facilities of Centennial Hall and the use of rental revenue to support Centennial Hall operation and maintenance.

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

CITY OF HAYWARD, CALIFORNIA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2007

	Centennial Hall Maintenance and Operation	Stormwater	Total
ASSETS			
Current Assets:			
Cash and investments available for operations	\$46,102	\$449,510	\$495,612
Accounts receivable (net of allowance for uncollectibles)	990		990
Interest receivable		4,047	4,047
	47,092	453,557	500,649
Total Current Assets			
Noncurrent Assets:			
Capital assets:			
Land and construction in progress	372,748		372,748
Capital assets being depreciated, net of accumulated depreciation	567,331	11,759	579,090
	940,079	11,759	951,838
Total Noncurrent Assets			
	987,171	465,316	1,452,487
Total Assets			
LIABILITIES			
Current Liabilities:			
Accounts payable	10,401	11,604	22,005
Accrued liabilities	64,202	1,000	65,202
Refundable deposits	7,127		7,127
Compensated absences	16,737	85,991	102,728
	98,467	98,595	197,062
Total Current Liabilities			
	98,467	98,595	197,062
Total Liabilities			
NET ASSETS			
Invested in capital assets, net of related debt	940,079	11,759	951,838
Unrestricted	(51,375)	354,962	303,587
	\$888,704	\$366,721	\$1,255,425
Total Net Assets			

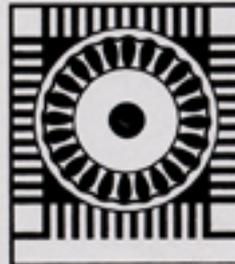
CITY OF HAYWARD, CALIFORNIA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Centennial Hall Maintenance and Operation</u>	<u>Stormwater</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$329,481	\$1,899,705	\$2,229,186
Miscellaneous	2,022	205	2,227
	<u>331,503</u>	<u>1,899,910</u>	<u>2,231,413</u>
OPERATING EXPENSES			
Salaries and related expenses	438,584	1,253,719	1,692,303
Materials, supplies and services	75,593	613,623	689,216
Repairs and maintenance	124,245	39,079	163,324
Depreciation	40,190	3,026	43,216
	<u>678,612</u>	<u>1,909,447</u>	<u>2,588,059</u>
Operating Income (Loss)	<u>(347,109)</u>	<u>(9,537)</u>	<u>(356,646)</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income		16,555	16,555
		<u>16,555</u>	<u>16,555</u>
Income (Loss) Before Transfers	<u>(347,109)</u>	<u>7,018</u>	<u>(340,091)</u>
Transfers in	391,136		391,136
Transfers (out)	<u>(112,801)</u>	<u>(256,004)</u>	<u>(368,805)</u>
Net transfers & Contributions	<u>278,335</u>	<u>(256,004)</u>	<u>22,331</u>
Change in net assets	(68,774)	(248,986)	(317,760)
BEGINNING NET ASSETS	<u>957,478</u>	<u>615,707</u>	<u>1,573,185</u>
ENDING NET ASSETS	<u><u>\$888,704</u></u>	<u><u>\$366,721</u></u>	<u><u>\$1,255,425</u></u>

CITY OF HAYWARD, CALIFORNIA
NON-MAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

	Centennial Hall Maintenance and Operation	Stormwater	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$330,453	\$1,899,910	\$2,230,363
Payments to suppliers	(195,539)	(651,334)	(846,873)
Payments to employees	(434,968)	(1,249,955)	(1,684,923)
	<u>(300,054)</u>	<u>(1,379)</u>	<u>(301,433)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfer in	391,136		391,136
Transfer out	(112,801)	(256,004)	(368,805)
	<u>278,335</u>	<u>(256,004)</u>	<u>22,331</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received		20,412	20,412
		<u>20,412</u>	<u>20,412</u>
	(21,719)	(236,971)	(258,690)
Cash and investments at beginning of period	<u>67,821</u>	<u>686,481</u>	<u>754,302</u>
Cash and investments at end of period	<u>\$46,102</u>	<u>\$449,510</u>	<u>\$495,612</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	(\$347,109)	(\$9,537)	(\$356,646)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	40,190	3,026	43,216
Change in assets and liabilities:			
Accounts receivable			
Accounts payable and other accrued expenses	4,299	1,368	5,667
Compensated absences	3,616	3,764	7,380
Refundable deposits	(1,050)		(1,050)
Cash Flows from Operating Activities	<u>(\$300,054)</u>	<u>(\$1,379)</u>	<u>(\$301,433)</u>

CITY OF HAYWARD



Internal Service Funds

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.

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

CITY OF HAYWARD, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2007

	Workers' Compensation Insurance	General Liability	Equipment Management	Total
ASSETS				
Current Assets:				
Cash and investments available for operations	\$1,859,314	\$2,829,731	\$250	\$4,689,295
Restricted cash and cash equivalents			725,973	725,973
Restricted investments			155,455	155,455
Accounts receivable (net of allowance for uncollectibles)	22			22
Interest receivable	16,427	20,274	(4,363)	32,338
Total Current Assets	1,875,763	2,850,005	877,315	5,603,083
Noncurrent Assets:				
Other assets		130,758	184,056	314,814
Capital assets, net of accumulated depreciation			6,194,728	6,194,728
Total Noncurrent Assets		130,758	6,378,784	6,509,542
Total Assets	1,875,763	2,980,763	7,256,099	12,112,625
LIABILITIES				
Current Liabilities:				
Accounts payable	294	321,368	101,578	423,240
Due to other funds			686,429	686,429
Long term debt - Due within one year			911,007	911,007
Accrued liabilities	4,589,394	1,065,134	210	5,654,738
Total Current Liabilities	4,589,688	1,386,502	1,699,224	7,675,414
Noncurrent Liabilities:				
Compensated absences	13,650	23,208	101,220	138,078
Long term debt - Due in more than one year			2,104,951	2,104,951
Total Noncurrent Liabilities	13,650	23,208	2,206,171	2,243,029
Total Liabilities	4,603,338	1,409,710	3,905,395	9,918,443
NET ASSETS				
Invested in capital assets, net of related debt			3,178,770	3,178,770
Unrestricted	(2,727,575)	1,571,053	171,934	(984,588)
Total Net Assets (Deficit)	(\$2,727,575)	\$1,571,053	\$3,350,704	\$2,194,182

CITY OF HAYWARD, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	Workers' Compensation Insurance	General Liability	Equipment Management	Total
OPERATING REVENUES				
Charges for services	\$4,595,856		\$3,619,393	\$8,215,249
Other		\$281,018	19,532	300,550
Total Operating Revenues	4,595,856	281,018	3,638,925	8,515,799
OPERATING EXPENSES				
Salaries and related expenses	232,427	424,726	1,219,893	1,877,046
Materials, supplies and services	3,937,281	1,946,873	925,142	6,809,296
Repairs and maintenance		93	282,842	282,935
Self-funded insurance expense		382,304		382,304
Depreciation			1,345,162	1,345,162
Total Operating Expenses	4,169,708	2,753,996	3,773,039	10,696,743
Operating Income (Loss)	426,148	(2,472,978)	(134,114)	(2,180,944)
NONOPERATING REVENUES (EXPENSES)				
Interest income	104,899	123,013	39,507	267,419
Interest (expense)			(141,990)	(141,990)
Loss on disposal of capital assets			(291,685)	(291,685)
Total Nonoperating Revenues (Expenses)	104,899	123,013	(394,168)	(166,256)
Income (Loss) Before Transfers	531,047	(2,349,965)	(528,282)	(2,347,200)
Transfers in		2,091,641		2,091,641
Transfers (out)	(150,174)	(345,050)	(175,922)	(671,146)
Net transfers	(150,174)	1,746,591	(175,922)	1,420,495
Change in Net Assets	380,873	(603,374)	(704,204)	(926,705)
BEGINNING NET ASSETS (DEFICITS)	(3,108,448)	2,174,427	4,054,908	3,120,887
ENDING NET ASSETS (DEFICITS)	(\$2,727,575)	\$1,571,053	\$3,350,704	\$2,194,182

CITY OF HAYWARD, CALIFORNIA
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

	Workers' Compensation Insurance	General Liability	Equipment Management	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$4,595,834	\$281,018	\$3,665,335	\$8,542,187
Payments to suppliers	(3,934,955)	(1,809,325)	(1,366,181)	(7,110,461)
Payments to employees	(227,959)	(426,179)	(1,219,742)	(1,873,880)
Claims paid		(382,304)		(382,304)
	<u>432,920</u>	<u>(2,336,790)</u>	<u>1,079,412</u>	<u>(824,458)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Receipts from other funds			686,429	686,429
Transfers in		2,091,641		2,091,641
Transfers out	(150,174)	(345,050)	(175,922)	(671,146)
	<u>(150,174)</u>	<u>1,746,591</u>	<u>510,507</u>	<u>2,106,924</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets			(1,637,151)	(1,637,151)
Principal payments on capital debt			(845,948)	(845,948)
Interest paid on capital debt			(141,990)	(141,990)
			<u>(2,625,089)</u>	<u>(2,625,089)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest	96,016	123,520	62,311	281,847
	<u>96,016</u>	<u>123,520</u>	<u>62,311</u>	<u>281,847</u>
Net increase (decrease) in cash and cash equivalents	378,762	(466,679)	(972,859)	(1,060,776)
Cash and cash equivalents at beginning of period	1,480,552	3,296,410	1,699,082	6,476,044
Cash and cash equivalents at end of period	<u>\$1,859,314</u>	<u>\$2,829,731</u>	<u>\$726,223</u>	<u>\$5,415,268</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$426,148	(\$2,472,978)	(\$134,114)	(\$2,180,944)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation			1,345,162	1,345,162
Change in assets and liabilities:				
Receivables, net	(22)		26,410	26,388
Other assets		(130,758)	(184,056)	(314,814)
Accounts and other payables	281	268,399	25,859	294,539
Compensated absences	4,468	(1,453)	151	3,166
Other accrued expenses	2,045			2,045
	<u>\$432,920</u>	<u>(\$2,336,790)</u>	<u>\$1,079,412</u>	<u>(\$824,458)</u>
Cash Flows from Operating Activities	<u>\$432,920</u>	<u>(\$2,336,790)</u>	<u>\$1,079,412</u>	<u>(\$824,458)</u>

CITY OF HAYWARD



Agency Funds

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, CALIFORNIA
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Balance June 30, 2006	Additions	Deductions	Balance June 30, 2007
LOCAL IMPROVEMENT DISTRICTS				
Assets:				
Cash and investments available for operations	\$2,043,669		\$255,022	\$1,788,647
Restricted cash and cash equivalent	892,779	\$306,429		1,199,208
Interest receivable	18,052	13,872	18,052	13,872
Total Assets	\$2,954,500	\$320,301	\$273,074	\$3,001,727
Liabilities:				
Accounts payable	\$2,337	\$30,004	\$2,337	\$30,004
Accrued liabilities		31		31
Refundable deposits	20,000			20,000
Due to assessment districts	2,932,163	290,266	270,737	2,951,692
Total Liabilities	\$2,954,500	\$320,301	\$273,074	\$3,001,727
OTHER AGENCY FUNDS				
Assets:				
Cash and investments available for operations	\$1,032,016	\$1,095,619	\$1,032,016	\$1,095,619
Interest receivable	4,977	8,601	4,977	8,601
Total Assets	\$1,036,993	\$1,104,220	\$1,036,993	\$1,104,220
Liabilities:				
Accounts payable		\$7,458		\$7,458
Refundable deposits	\$3,310	3,081		6,391
Due to others	1,033,683	1,093,681	\$1,036,993	1,090,371
Total Liabilities	\$1,036,993	\$1,104,220	\$1,036,993	\$1,104,220
TOTAL				
Assets:				
Cash and investments available for operations	\$3,075,685	\$1,095,619	\$1,287,038	\$2,884,266
Restricted cash and cash equivalent	892,779	306,429		1,199,208
Interest receivable	23,029	22,473	23,029	22,473
Total Assets	\$3,991,493	\$1,424,521	\$1,310,067	\$4,105,947
Liabilities:				
Accounts payable	\$2,337	\$37,462	\$2,337	\$37,462
Accrued liabilities		31		31
Refundable deposits	23,310	3,081		26,391
Due to assessment districts and others	3,965,846	1,383,947	1,307,730	4,042,063
Total Liabilities	\$3,991,493	\$1,424,521	\$1,310,067	\$4,105,947

CITY OF HAYWARD



STATISTICAL

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:

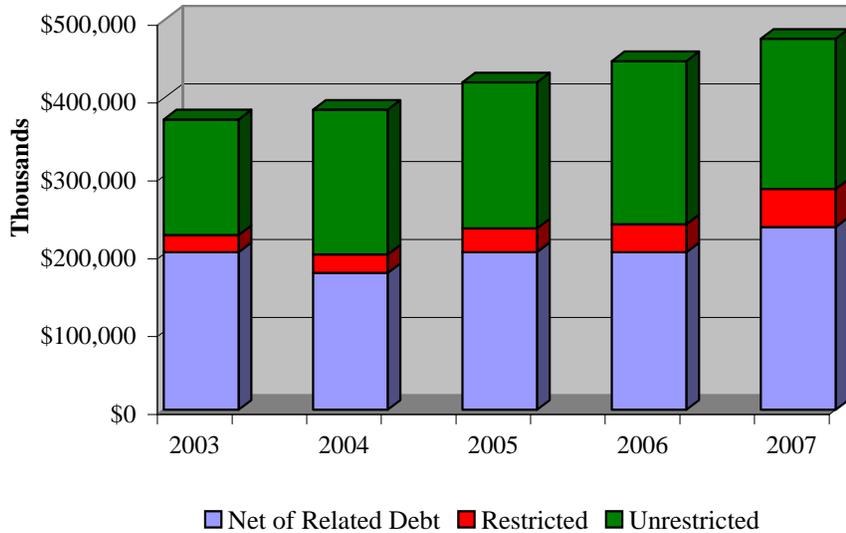
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

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 Five Fiscal Years
(accrual basis of accounting)



	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<i>Governmental activities</i>					
Invested in capital assets, net of related debt	\$123,266,895	\$87,010,579	\$105,543,242	\$100,174,478	\$126,446,824
Restricted	17,056,861	19,969,088	26,607,973	31,759,679	45,104,958
Unrestricted	<u>59,737,294</u>	<u>97,124,330</u>	<u>91,426,581</u>	<u>100,340,730</u>	<u>79,057,083</u>
Total governmental activities net assets	<u>\$200,061,050</u>	<u>\$204,103,997</u>	<u>\$223,577,796</u>	<u>\$232,274,887</u>	<u>\$250,608,865</u>
<i>Business-type activities</i>					
Invested in capital assets, net of related debt	\$79,137,435	\$88,717,547	\$96,826,953	\$102,076,570	\$108,163,977
Restricted	4,803,294	3,633,608	3,740,371	4,066,211	3,934,308
Unrestricted	<u>88,799,008</u>	<u>88,951,145</u>	<u>96,273,748</u>	<u>109,237,767</u>	<u>113,683,272</u>
Total business-type activities net assets	<u>\$172,739,737</u>	<u>\$181,302,300</u>	<u>\$196,841,072</u>	<u>\$215,380,548</u>	<u>\$225,781,557</u>
<i>Primary government</i>					
Invested in capital assets, net of related debt	\$202,404,330	\$175,728,126	\$202,370,195	\$202,251,048	\$234,610,801
Restricted	21,860,155	23,602,696	30,348,344	35,825,890	49,039,266
Unrestricted	<u>148,536,302</u>	<u>186,075,475</u>	<u>187,700,329</u>	<u>209,578,497</u>	<u>192,740,355</u>
Total primary government net assets	<u>\$372,800,787</u>	<u>\$385,406,297</u>	<u>\$420,418,868</u>	<u>\$447,655,435</u>	<u>\$476,390,422</u>

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

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses					
Governmental Activities:					
General Government	\$11,895,649	\$12,177,247	\$13,654,224	\$14,609,331	\$14,937,511
Public Safety	56,775,787	64,331,055	67,222,703	70,477,309	73,909,494
Public Works and Transportation	14,788,124	13,800,927	17,390,733	14,323,266	19,796,435
Community Development	9,719,606	11,900,314	7,984,954	8,865,415	8,057,685
Culture and Leisure	3,576,397	3,477,318	3,596,431	3,672,910	3,785,273
Nondepartmental	729,191	652,406	1,433,854	1,874,955	1,379,106
Interest on Long Term Debt	2,855,330	3,605,614	5,505,758	4,377,655	5,006,826
Total Governmental Activities Expenses	<u>100,340,084</u>	<u>109,944,881</u>	<u>116,788,657</u>	<u>118,200,841</u>	<u>126,872,330</u>
Business-Type Activities:					
Sewer	11,158,694	12,039,604	12,392,848	13,266,648	13,349,209
Water	16,643,862	22,242,953	22,701,995	19,326,276	24,582,923
Airport	2,658,604	2,760,572	2,299,811	2,628,720	2,442,805
Centennial Hall Maintenance and Operation	574,082	572,039	655,943	638,060	678,612
Stormwater	1,936,600	1,877,223	1,898,390	1,926,372	1,909,447
Total Business-Type Activities Expenses	<u>32,971,842</u>	<u>39,492,391</u>	<u>39,948,987</u>	<u>37,786,076</u>	<u>42,962,996</u>
Total Primary Government Expenses	<u>\$133,311,926</u>	<u>\$149,437,272</u>	<u>\$156,737,644</u>	<u>\$155,986,917</u>	<u>\$169,835,326</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$1,337,041	\$833,861	\$953,629	\$898,607	\$949,015
Public Safety	3,682,729	3,892,046	4,254,278	4,366,551	5,075,945
Public Works and Transportation	3,678,382	5,095,192	6,582,192	5,442,263	7,279,079
Community Development	534,447	537,193	936,424	439,991	525,981
Culture and Leisure	86,620	90,359	109,454	112,009	96,406
Nondepartmental			115,163		
Operating Grants and Contributions	11,469,965	13,148,844	17,200,534	14,349,003	18,338,082
Capital Grants and Contributions	12,970,191	9,182,567	14,963,874	3,800,451	2,596,202
Total Government Activities Program Revenues	<u>33,759,375</u>	<u>32,780,062</u>	<u>45,115,548</u>	<u>29,408,875</u>	<u>34,860,710</u>
Business-Type Activities:					
Charges for Services:					
Sewer	12,182,686	14,534,334	14,418,438	13,803,163	15,981,344
Water	20,436,927	27,448,531	29,781,593	32,666,971	23,287,599
Airport	3,083,235	2,565,353	2,567,609	2,863,279	3,179,495
Centennial Hall Maintenance & Operation	327,908	293,508	325,606	335,079	331,503
Stormwater	1,890,135	1,847,674	1,875,879	1,892,761	1,899,910
Operating Grants and Contributions	2,127,585	1,474,610	2,002,317	2,486,029	4,315,427
Capital Grants and Contributions	238,917	211,414	4,558,307	3,399,012	400,343
Total Business-Type Activities Program Revenue	<u>40,287,393</u>	<u>48,375,424</u>	<u>55,529,749</u>	<u>57,446,294</u>	<u>49,395,621</u>
Total Primary Government Program Revenues	<u>\$74,046,768</u>	<u>\$81,155,486</u>	<u>\$100,645,297</u>	<u>\$86,855,169</u>	<u>\$84,256,331</u>
Net (Expense)/Revenue					
Governmental Activities	(\$66,580,709)	(\$77,164,819)	(\$71,673,109)	(\$88,791,966)	(\$92,011,620)
Business-Type Activities	7,315,551	8,883,033	15,580,762	19,660,218	6,432,625
Total Primary Government Net Expense	<u>(\$59,265,158)</u>	<u>(\$68,281,786)</u>	<u>(\$56,092,347)</u>	<u>(\$69,131,748)</u>	<u>(\$85,578,995)</u>

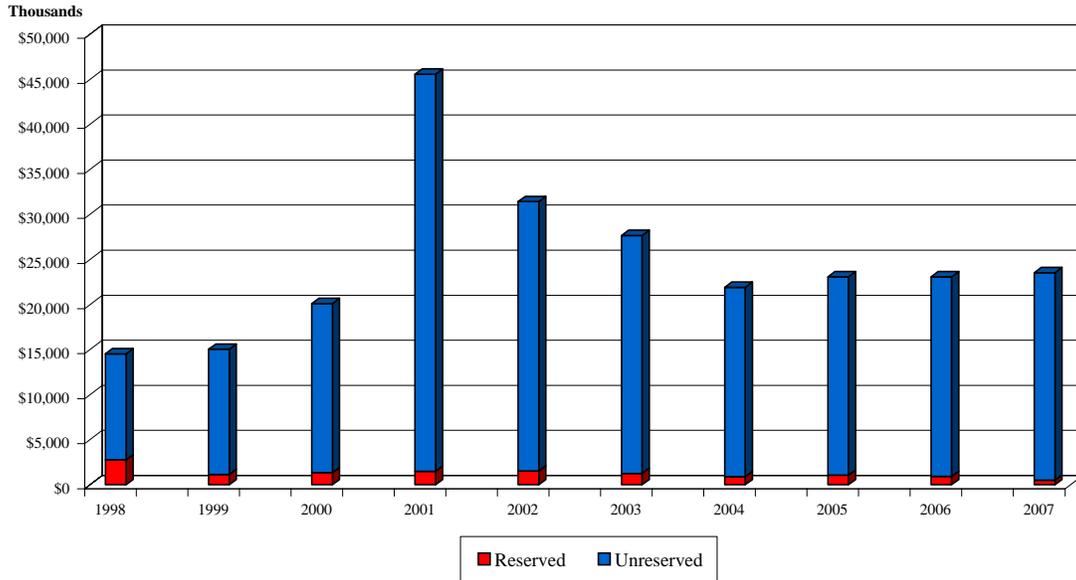
Source: City of Hayward Comprehensive Annual Financial Report (CAFR)

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total Primary Government Net Expense from prior page	(\$59,265,158)	(\$68,281,786)	(\$56,092,347)	(\$69,131,748)	(\$85,578,995)
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes:					
Property Taxes	\$18,728,438	\$19,577,399	\$18,979,828	\$21,644,158	\$24,652,905
Incremental Property Tax	5,113,404	6,138,632	7,035,684	9,154,816	11,465,642
Special Assessments	248,175	547,431	435,625	487,740	919,634
Sales Taxes	25,779,520	25,412,984	27,155,334	26,685,813	28,857,677
Real Property Transfer Tax	4,971,171	6,868,993	9,726,317	9,707,512	7,119,746
Franchise Tax	4,163,954	4,025,269	4,573,497	4,772,210	4,766,970
Business Tax	2,103,418	2,048,226	2,244,517	2,331,639	2,481,365
Excise Tax	1,658,398	1,593,025	1,682,266	1,942,949	1,918,155
Other Taxes	3,162,762	4,646,800	4,377,074	4,739,437	5,079,403
Motor Vehicle in lieu	8,529,787	6,445,650	9,336,645	12,886,423	10,821,864
Investment Earnings	884,860	1,098,659	1,378,102	1,976,795	3,135,049
Gain (Loss) from disposal of capital assets					
Miscellaneous	3,045,565	897,242	1,980,050	704,136	6,906,996
Transfers	1,740,407	1,907,456	2,241,969	455,429	2,220,192
Total Governmental Activities General Revenues and Transfers	<u>80,129,859</u>	<u>81,207,766</u>	<u>91,146,908</u>	<u>97,489,057</u>	<u>110,345,598</u>
Business-Type Activities:					
Investment Earnings	2,338,462	1,586,986	2,199,979	2,702,484	6,078,001
Gain (Loss) from disposal of capital assets				7,849,000	110,575
Transfers	(1,740,407)	(1,907,456)	(2,241,969)	(455,429)	(2,220,192)
Total Business-Type Activities General Revenues and Transfers	598,055	(320,470)	(41,990)	10,096,055	3,968,384
Total Primary Government General Revenues and Transfers	<u>\$80,727,914</u>	<u>\$80,887,296</u>	<u>\$91,104,918</u>	<u>\$107,585,112</u>	<u>\$114,313,982</u>
Change in Net Assets					
Governmental Activities	\$13,549,150	\$4,042,947	\$19,473,799	\$8,697,091	\$18,333,978
Business-Type Activities	7,913,606	8,562,563	15,538,772	29,756,273	10,401,009
Total Primary Government	<u>\$21,462,756</u>	<u>\$12,605,510</u>	<u>\$35,012,571</u>	<u>\$38,453,364</u>	<u>\$28,734,987</u>

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

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



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	\$2,766,617	\$1,158,145	\$1,346,708	\$1,514,988	\$1,550,636	\$1,267,228	\$913,353	\$1,063,439	\$925,067	\$502,204
Unreserved	11,757,273	13,881,528	18,776,161	44,061,822	29,878,057	26,401,209	20,983,427	22,021,325	22,142,634	23,022,362
Total General Fund (a)	\$14,523,890	\$15,039,673	\$20,122,869	\$45,576,810	\$31,428,693	\$27,668,437	\$21,896,780	\$23,084,764	\$23,067,701	\$23,524,566
All Other Governmental Funds										
Reserved	\$16,710,073	\$13,681,508	\$14,119,508	\$12,208,419	\$12,359,973	\$16,130,182	\$53,422,372	\$49,019,982	\$62,656,549	\$55,920,431
Unreserved-designated (b)	18,410,998	18,718,615	21,130,205	19,838,903	18,952,712	18,642,397				
Unreserved, reported in:										
Debt Service funds						11,488	11,488	11,488		
Special revenue funds	140,195	57,942	521,293	2,394,910	419,182	6,117,979	12,410,301	15,497,821	16,667,600	16,985,069
Capital project funds	(13,323)	(1,335,079)	567,159	3,560,750	9,486,892	4,629,077	24,301,396	25,391,873	25,573,270	24,096,411
Undesignated funds (b)	143,529	288,660	436,893	491,708	5,008,134					
Total all other governmental funds	\$35,391,472	\$31,411,646	\$36,775,058	\$38,494,690	\$46,226,893	\$45,531,123	\$90,145,557	\$89,921,164	\$104,897,419	\$97,001,911

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.

(b) Commencing in fiscal year 2003, undesignated fund balances were reclassified and included with each fund type (i.e. special revenue, capital projects, etc.) Commencing in fiscal year 2004, unreserved, designated fund balances were reclassified and included with each fund type (i.e. special revenue, capital projects, etc.)

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Revenues				
Property Taxes	\$12,906,899	\$13,755,263	\$14,739,372	\$16,548,863
Property Tax Increment	2,199,504	2,378,779	2,404,938	2,599,452
Special Assessments	497,351	352,001	58,333	58,515
Sales Taxes	24,975,318	26,535,664	29,484,139	34,434,023
Other Taxes	12,993,338	15,779,506	15,671,931	18,404,266
Licenses, permits	1,724,348	2,401,021	2,318,115	2,122,084
Fines and forfeitures	499,446	927,466	727,615	938,720
Use of money and property	3,875,898	2,587,530	2,990,081	5,908,916
Intergovernmental revenues	17,910,462	17,410,611	16,617,791	19,536,031
Charges for services	2,485,693	2,801,032	2,832,853	3,212,084
Park Development Fees	136,242	246,250	1,221,717	566,601
Reimbursement from Developer			1,183,749	772,472
Other	3,214,173	4,245,976	4,044,819	13,630,131
Total Revenues	<u>83,418,672</u>	<u>89,421,099</u>	<u>94,295,453</u>	<u>118,732,158</u>
Expenditures				
Current:				
General government	6,954,053	7,244,499	7,797,012	7,892,720
Public safety	42,586,007	45,764,761	44,438,857	48,556,109
Public works and transportation	9,159,496	9,109,643	9,046,513	9,264,448
Community development	4,906,993	5,897,149	4,634,372	4,972,441
Culture and leisure	2,419,420	2,547,019	2,644,211	2,799,749
Nondepartmental	314,145	325,153	648,217	483,824
Capital outlay	23,450,365	26,346,684	12,752,301	13,099,823
Debt service:				
Principal repayment	2,085,283	1,297,311	4,695,042	1,843,425
Interest and fiscal charges	2,639,157	2,605,294	2,944,662	2,649,656
Issuance Costs				
Total Expenditures	<u>94,514,919</u>	<u>101,137,513</u>	<u>89,601,187</u>	<u>91,562,195</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,096,247)</u>	<u>(11,716,414)</u>	<u>4,694,266</u>	<u>27,169,963</u>
Other Financing Sources (Uses)				
Gain on Sale				
Transfer of land held for resale to cap assets				
Proceeds of refunding bonds	3,600,631			
Payment to refunded bond escrow agent				
Proceeds of repayment agreement		5,491,093	5,702,124	
Proceeds from long term debt		2,900,000		380,154
Contributions from assessment district				
Operating transfers in	10,872,571	12,959,003	12,803,751	11,556,084
Operating transfers out	(10,281,837)	(13,242,856)	(12,901,766)	(12,301,406)
Total other financing sources (uses)	<u>4,191,365</u>	<u>8,107,240</u>	<u>5,604,109</u>	<u>(365,168)</u>
Net Change in fund balances	<u>(\$6,904,882)</u>	<u>(\$3,609,174)</u>	<u>\$10,298,375</u>	<u>\$26,804,795</u>
Debt service as a percentage of noncapital expenditures	(a)	(a)	(a)	(a)

NOTE:

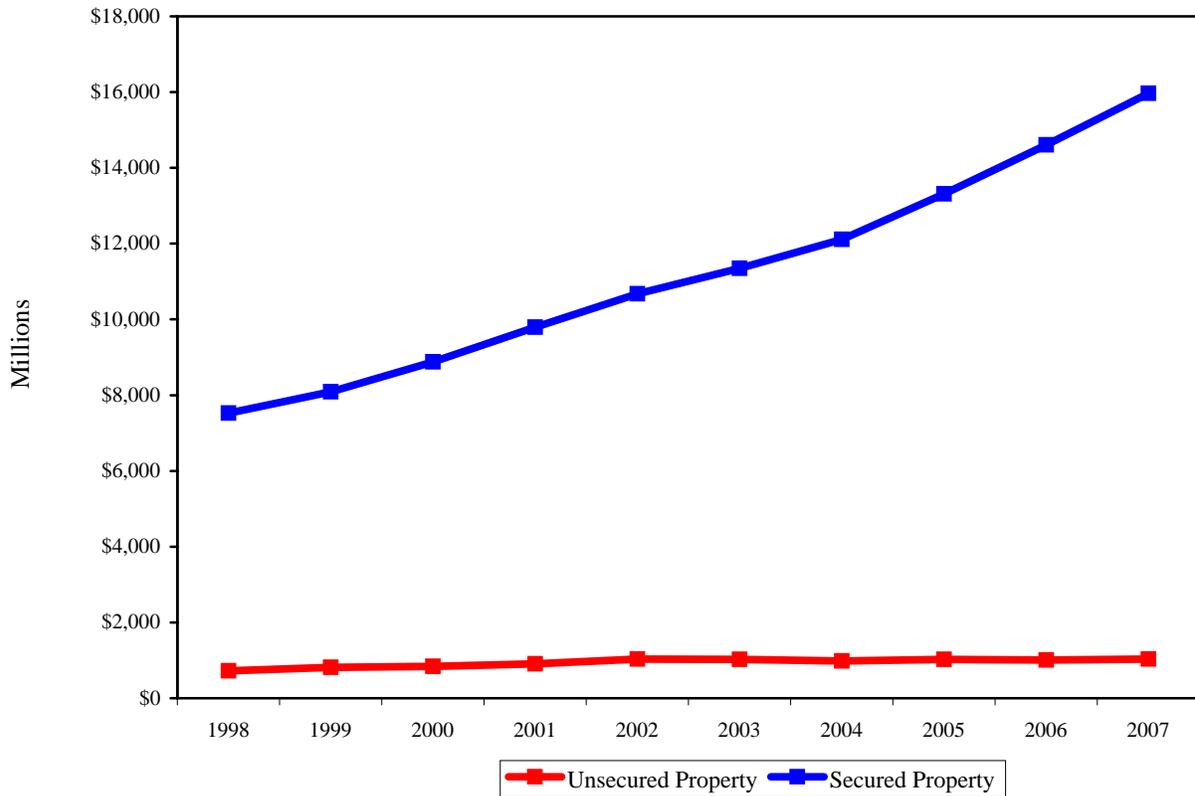
(a) The City implemented GASB Statement 34 in fiscal year 2002. Therefore this calculation is included only for fiscal years subsequent to that date.

Source: City of Hayward Comprehensive Annual Financial Report

Fiscal Year Ended June 30,

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$17,491,441	\$18,728,438	\$19,577,399	\$18,859,966	\$21,446,064	\$24,687,960
3,728,173	5,113,404	6,138,632	7,035,685	9,154,816	11,465,642
331,974	248,175	547,431	555,487	685,832	884,579
30,040,063	25,779,520	25,412,984	27,155,333	26,685,812	28,857,677
16,993,758	16,059,700	19,182,313	22,603,671	23,493,746	21,365,639
2,268,159	2,474,133	3,501,299	3,198,850	3,058,982	4,024,802
671,481	1,512,510	989,574	1,807,424	1,369,873	1,150,614
3,905,886	2,889,938	1,231,361	3,059,783	3,663,298	5,969,155
27,428,038	21,876,919	26,655,486	26,328,946	26,099,613	27,946,102
5,013,107	3,333,000	4,215,041	4,215,345	4,388,585	5,583,089
206,100	548,800	137,150	170,571	670,914	1,177,703
52,386	75,000				5,000,000
4,208,662	5,373,302	4,799,061	7,092,766	7,418,334	4,823,715
<u>112,339,228</u>	<u>104,012,839</u>	<u>112,387,731</u>	<u>122,083,827</u>	<u>128,135,869</u>	<u>142,936,677</u>
9,018,411	8,826,326	8,985,611	10,083,636	10,595,772	10,729,759
55,367,946	56,707,431	62,511,746	63,399,896	67,486,231	71,172,116
10,136,455	10,989,386	11,310,705	11,728,493	12,282,568	13,037,745
6,819,730	6,931,533	7,046,871	10,378,197	6,880,898	7,575,327
3,835,139	3,529,115	3,386,153	3,421,821	3,520,852	3,628,763
1,078,434	729,191	652,406	1,433,854	1,874,955	1,379,106
20,289,015	25,862,483	16,310,072	17,942,515	17,426,130	37,397,788
1,579,128	1,720,103	5,809,203	1,338,715	2,059,939	2,221,503
3,073,252	2,750,879	3,499,130	3,890,878	4,824,827	4,792,626
<u>111,197,510</u>	<u>118,046,447</u>	<u>119,511,897</u>	<u>123,618,005</u>	<u>126,952,172</u>	<u>151,934,733</u>
<u>1,141,718</u>	<u>(14,033,608)</u>	<u>(7,124,166)</u>	<u>(1,534,178)</u>	<u>1,183,697</u>	<u>(8,998,056)</u>
			2,500,000 (3,443,016)		
(3,409,396)					
3,589,835		44,790,000	2,250,000	12,291,602	257,512
	8,693,706				
28,066,581	13,242,059	17,676,689	10,616,069	15,198,496	13,790,988
(28,031,509)	(12,358,183)	(16,499,746)	(9,425,284)	(13,714,603)	(12,991,291)
<u>215,511</u>	<u>9,577,582</u>	<u>45,966,943</u>	<u>2,497,769</u>	<u>13,775,495</u>	<u>1,057,209</u>
<u>\$1,357,229</u>	<u>(\$4,456,026)</u>	<u>\$38,842,777</u>	<u>\$963,591</u>	<u>\$14,959,192</u>	<u>(\$7,940,847)</u>
4.4%	3.9%	8.4%	4.4%	5.7%	4.8%

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

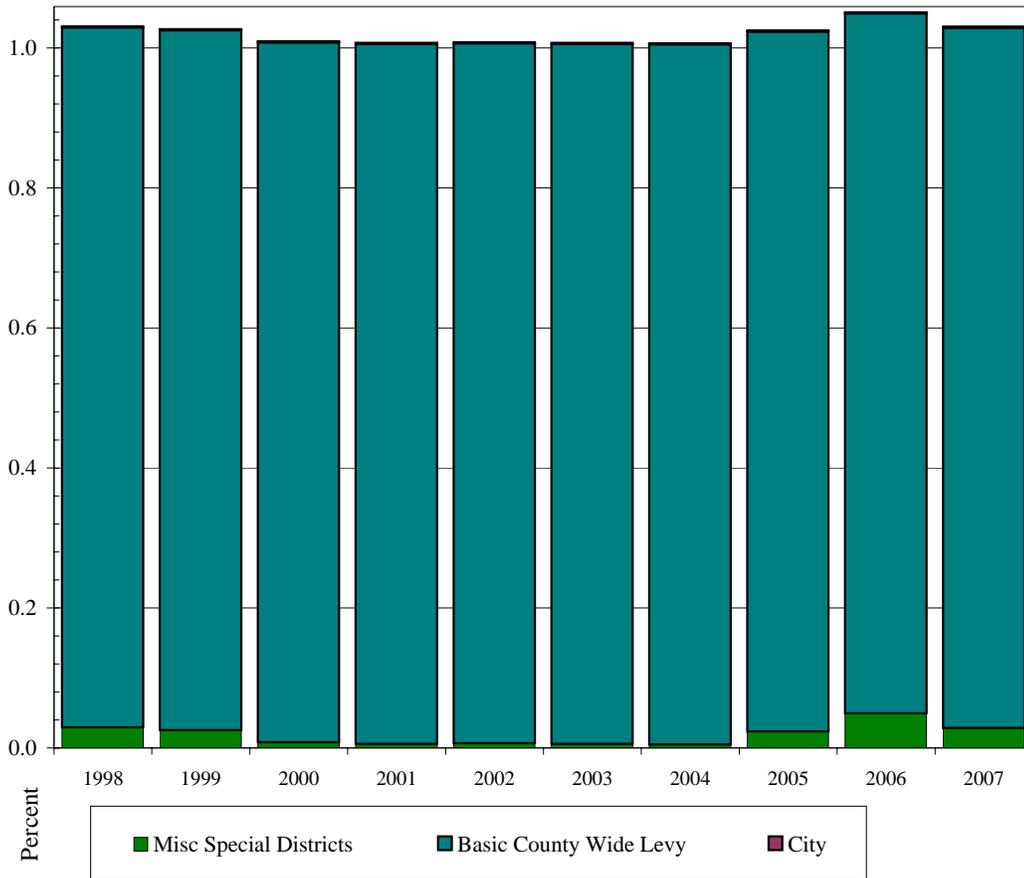


Fiscal Year	Total Secured Property	Total Unsecured Property	Total Assessed	Estimated Full Market (a)	Direct Tax Rate (b)
1998	\$6,801,949,376	\$725,866,095	\$7,527,815,471	\$7,527,815,471	1%
1999	7,277,164,857	813,485,606	8,090,650,463	8,090,650,463	1%
2000	8,032,875,841	842,933,934	8,875,809,775	8,875,809,775	1%
2001	8,886,868,948	908,109,523	9,794,978,471	9,794,978,471	1%
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%

Source: Alameda County Auditor Controller Office Certificate of Assessed Valuations

- (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.

**CITY OF HAYWARD
PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS
Last Ten Fiscal years**



Fiscal Year	Basic County Wide Levy	City	Misc Special Districts	Total
1998	\$1.0000	\$0.0018	\$0.0301	\$1.0319
1999	1.0000	0.0018	0.0259	1.0277
2000	1.0000	0.0018	0.0088	1.0106
2001	1.0000	0.0018	0.0065	1.0083
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

Source: Alameda County Assessor's Office

City of Hayward
Principal Property Tax Payers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2006-07</u>			<u>1997-98</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	\$174,724,762	1	1.1%			
Southland Mall LP	137,268,039	2	0.9%			
Berkeley Farm Inc.	130,919,842	3	0.8%			
SCI Limited Partnership I	80,786,284	4	0.5%	\$66,555,210	2	0.9%
Bottling Group LLC	75,747,710	5	0.5%			
First American Title Co.	71,747,874	6	0.4%			
Hayward Point Eden I Ltd. Prt.	69,596,752	7	0.4%			
Impax Laboratories Inc.	67,661,738	8	0.4%			
Toll Stonebrae LP	63,147,780	9	0.4%			
Standard Pacific Corporation	56,589,419	10	0.4%			
Equitable Life Assurance Soc.				90,067,236	1	1.2%
Kobe Precision Inc.				45,121,703	3	0.6%
Mervyn's				41,336,114	4	0.6%
Speiiker Properties LP				41,267,627	5	0.6%
Hayward Industrial Park Assoc.				37,586,945	6	0.5%
Copzel Properties				35,608,901	7	0.5%
W.P. Hayman LP				34,204,718	8	0.5%
Bay Waterford Inc.				32,881,406	9	0.4%
GE Credit Auto Auctions Inc.				20,176,221	10	0.3%
Subtotal	928,190,200		5.8%	444,806,081		5.9%

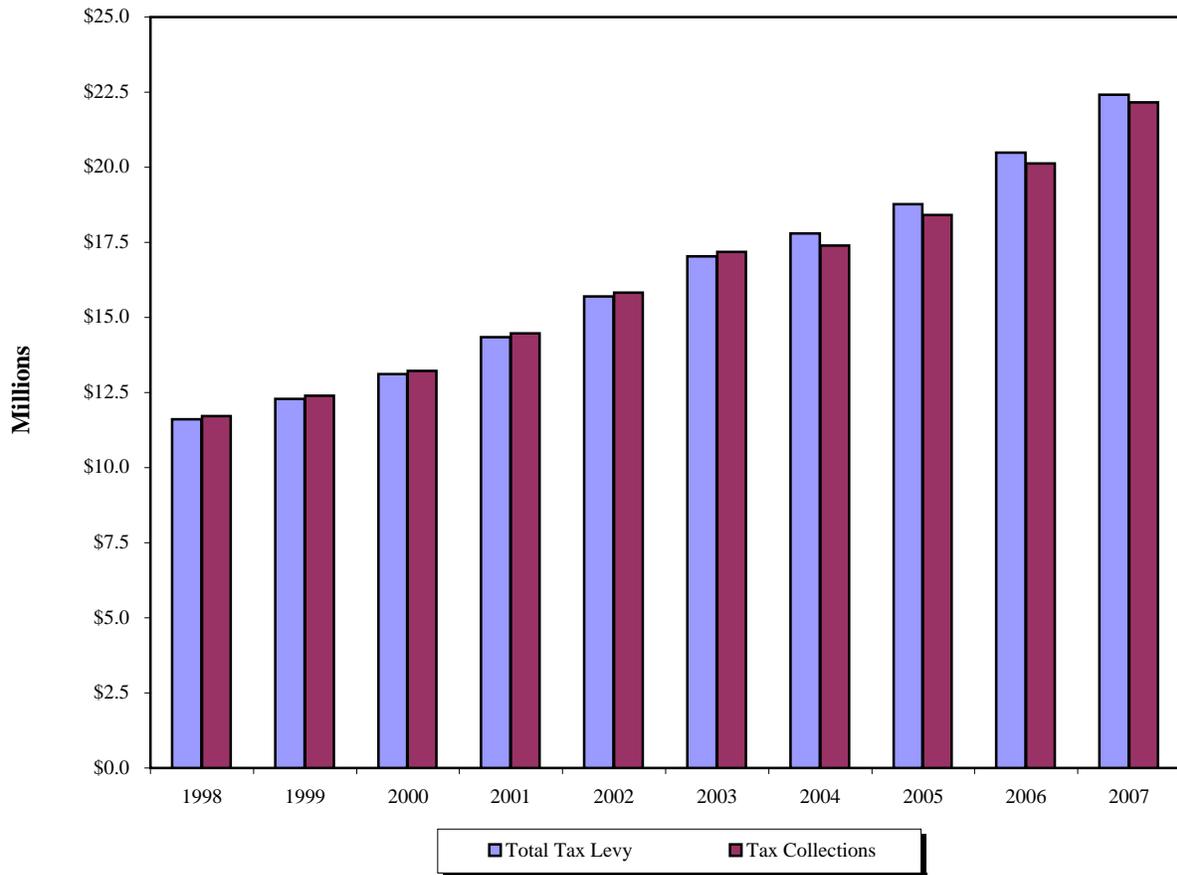
Total Net Assessed Valuation:

Fiscal Year 2006/2007 \$ 15,967,230,124

Fiscal Year 1997/1998 7,527,815,471

Source: Alameda County Assessor Fiscal Year Combined Tax Rolls.

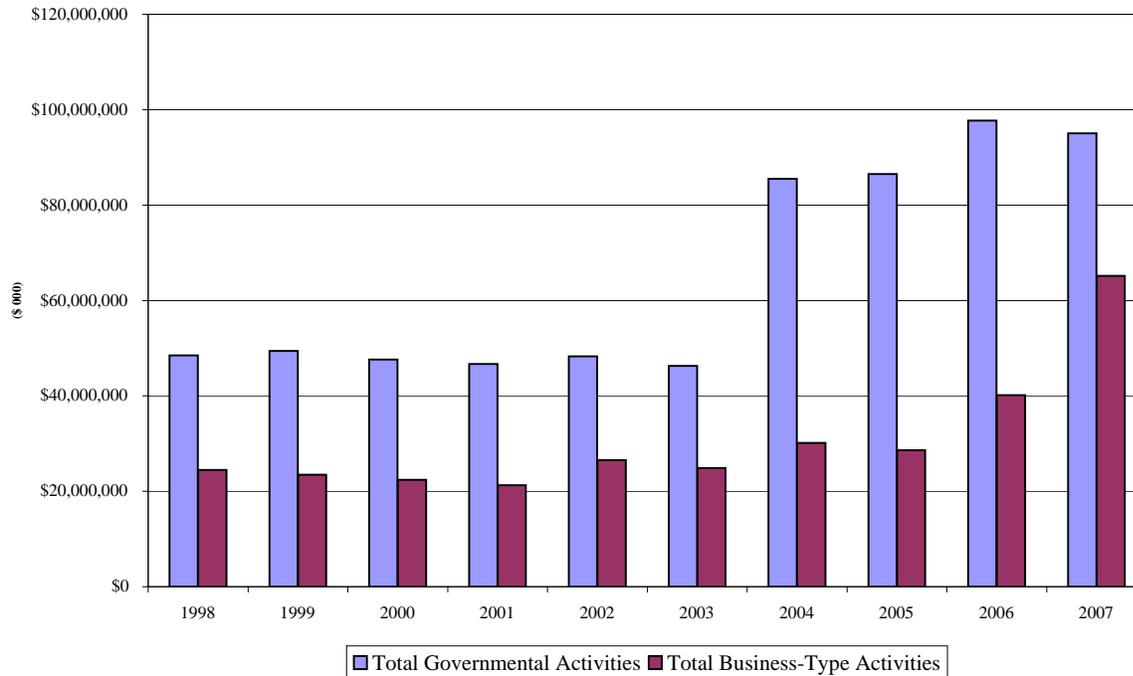
**CITY OF HAYWARD
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**



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
1998	\$11,600,925	\$11,319,242	97.57%	\$404,916	\$11,724,158	101.06%
1999	12,286,537	11,983,302	97.53%	419,229	12,402,531	100.94%
2000	13,121,398	12,858,874	98.00%	358,324	13,217,198	100.73%
2001	14,345,461	14,043,529	97.90%	421,843	14,465,372	100.84%
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%

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
1998	\$5,780,000	\$39,640,000		\$3,047,971	\$48,467,971
1999	5,540,000	39,340,000		4,529,026	49,409,026
2000	5,290,000	38,570,000		3,793,821	47,653,821
2001	5,025,000	37,765,000		3,888,592	46,678,592
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

Business-Type Activities

Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	Total	Total Government	Total Government Debt Per Capita (a)
1998	\$7,000,751	\$17,460,000	\$24,460,751	\$72,928,722	\$576.73
1999	6,590,424	16,860,000	23,450,424	72,859,450	570.49
2000	6,160,098	16,235,000	22,395,098	70,048,919	540.46
2001	5,699,771	15,585,000	21,284,771	67,963,363	471.85
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

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

(a) Per Capita based on City population; see Schedule 13 Demographic and Statistics for population data.

Sources: City of Hayward
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

Fiscal Year	General Bonded Debt Outstanding		Percentage of Actual Taxable Value of Property	General Bonded Debt Per Capita (a)
	Tax Allocation Bonds	Total		
1998	\$5,780,000	\$5,780,000	0.08%	\$45.71
1999	5,540,000	5,540,000	0.07%	43.38
2000	5,290,000	5,290,000	0.06%	40.81
2001	5,025,000	5,025,000	0.05%	34.89
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

Source: City of Hayward Long Term Debt Schedule

(a) Per Capita based on City population; see Schedule 13 Demographic and Statistics for population data.

**CITY OF HAYWARD
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2007**

2006-07 Assessed Valuation:	\$14,314,224,563
Redevelopment Incremental Valuation:	<u>\$938,000,398</u>
Adjusted Assessed Valuation:	<u>\$13,376,224,165</u>

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u>	Net Debt Outstanding	Percentage Applicable to City of Hayward	Amount Applicable to City of Hayward
Bay Area Rapid Transit District	\$87,185,000	3.392%	\$2,957,315
Chabot-Las Positas Community College District	488,944,226	18.210%	89,036,744
Miscellaneous Unified School District	452,759,191	39.467%	38,219,076
East Bay Municipal Utility District	1,095,000	0.372%	4,073
East Bay Regional Park District	166,295,000	4.931%	8,200,006
City of Hayward Community Facilities District No. 1	9,840,000	100.000%	9,840,000
City of Hayward 1915 Act Bonds	3,935,500	100.000%	3,935,500
Alameda County Combined Reassessment District	955,000	100.000%	955,000
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT			<u>153,147,714</u>
Less: East Bay Municipal Utility District (100% self-supporting)			<u>4,073</u>
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT			<u>153,143,641</u>

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Alameda County General Fund Obligations	\$462,174,000	8.530%	39,423,442
Alameda County Pension Obligations	254,826,843	8.530%	21,736,730
Alameda County Board of Education Certificates of Participation	490,000	8.530%	41,797
Alameda-Contra Costa Transit District Certificates of Participation	18,905,000	10.264%	1,940,409
Chabot-Las Positas Community College District Certificates of Participation	5,145,000	18.210%	936,905
Hayward Unified School District Certificates of Participation	23,860,000	85.861%	20,486,435
San Lorenzo Unified School District Certificates of Participation	13,350,000	18.080%	2,413,680
Castro Valley and Pleasanton Unified School District Certificates of Participation	20,035,000	0.155% & 0.032%	7,715
City of Hayward General Fund Obligations	40,190,000	100.000%	40,190,000
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$127,177,113</u>
Less: City of Hayward Public Financing Authority Lease Revenue Bonds (100% self-supporting) and Association of Bay Area Governments, Series 2001-2 (18.50% self-supporting)			<u>3,994,809</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>123,182,304</u>

GROSS COMBINED TOTAL DEBT	\$280,324,827
NET COMBINED TOTAL DEBT	<u>\$276,325,945</u>

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

<u>RATIOS TO 2006-07 ASSESSED VALUATION:</u>	
Total Gross Direct and Overlapping Tax and Assessment Debt	1.07%
Total Net Direct and Overlapping Tax and Assessment Debt	1.07%

Source: California Municipal Statistics, Inc.

**CITY OF HAYWARD
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2007**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	<u><u>\$15,967,230,124</u></u>
---	--------------------------------

BONDED DEBT LIMIT (15.% OF ASSESSED VALUE)	<u>\$2,395,084,519</u>
--	------------------------

AMOUNT OF DEBT SUBJECT TO LIMIT(a):

Total Bonded Debt	\$95,054,985
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	<u>95,054,985</u>

Amount of debt subject to limit	<u>0</u>
---------------------------------	----------

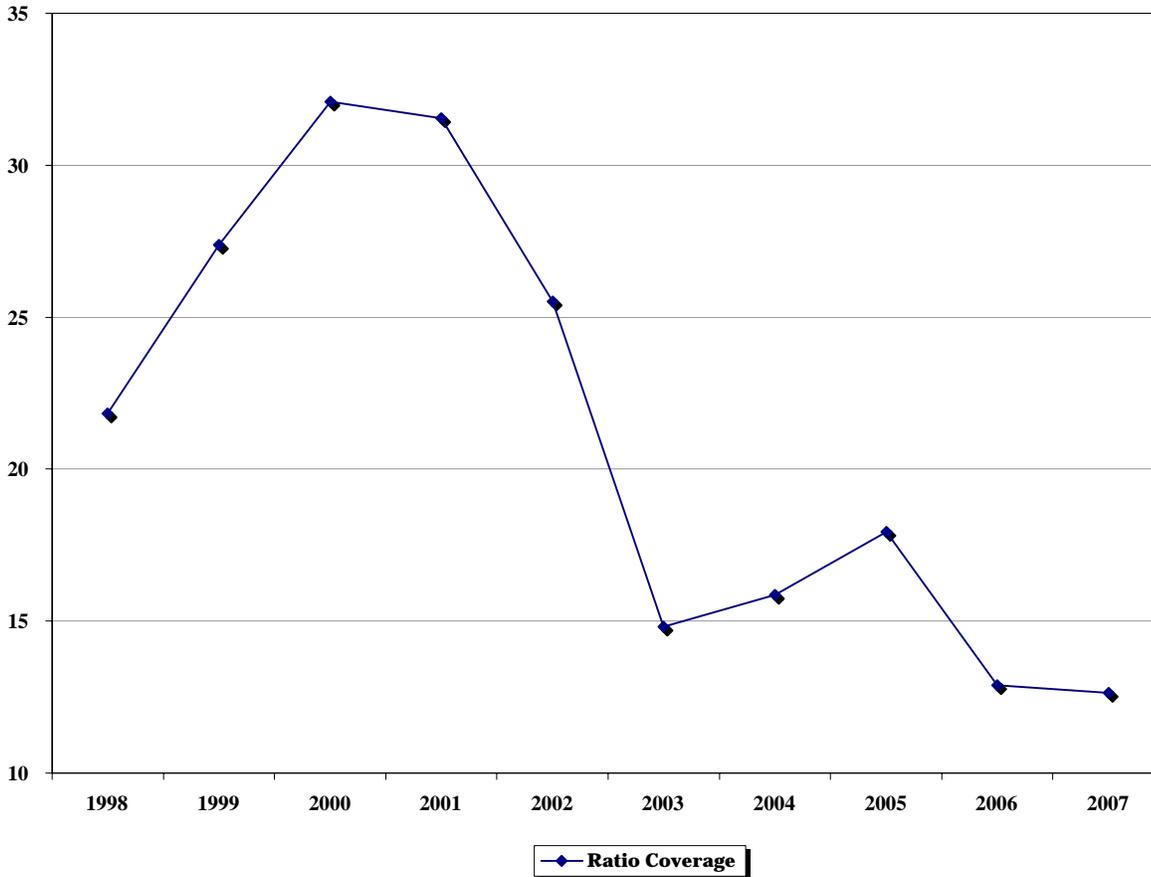
LEGAL BONDED DEBT MARGIN	<u><u>\$2,395,084,519</u></u>
--------------------------	-------------------------------

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
1998	\$1,129,172,321	0	\$1,129,172,321	0.00%
1999	1,213,597,569	0	1,213,597,569	0.00%
2000	1,331,371,466	0	1,331,371,466	0.00%
2001	1,469,246,771	0	1,469,246,771	0.00%
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%

(a) This schedule demonstrates the City's compliance with state law which limits the issuance of general obligation bonded debt. In California, general obligation bonded debt requires super majority voter approval. All other types of debt are not subject to this limitation and these other types of debt have been excluded from this calculation.

Source: County of Alameda Auditors Office

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

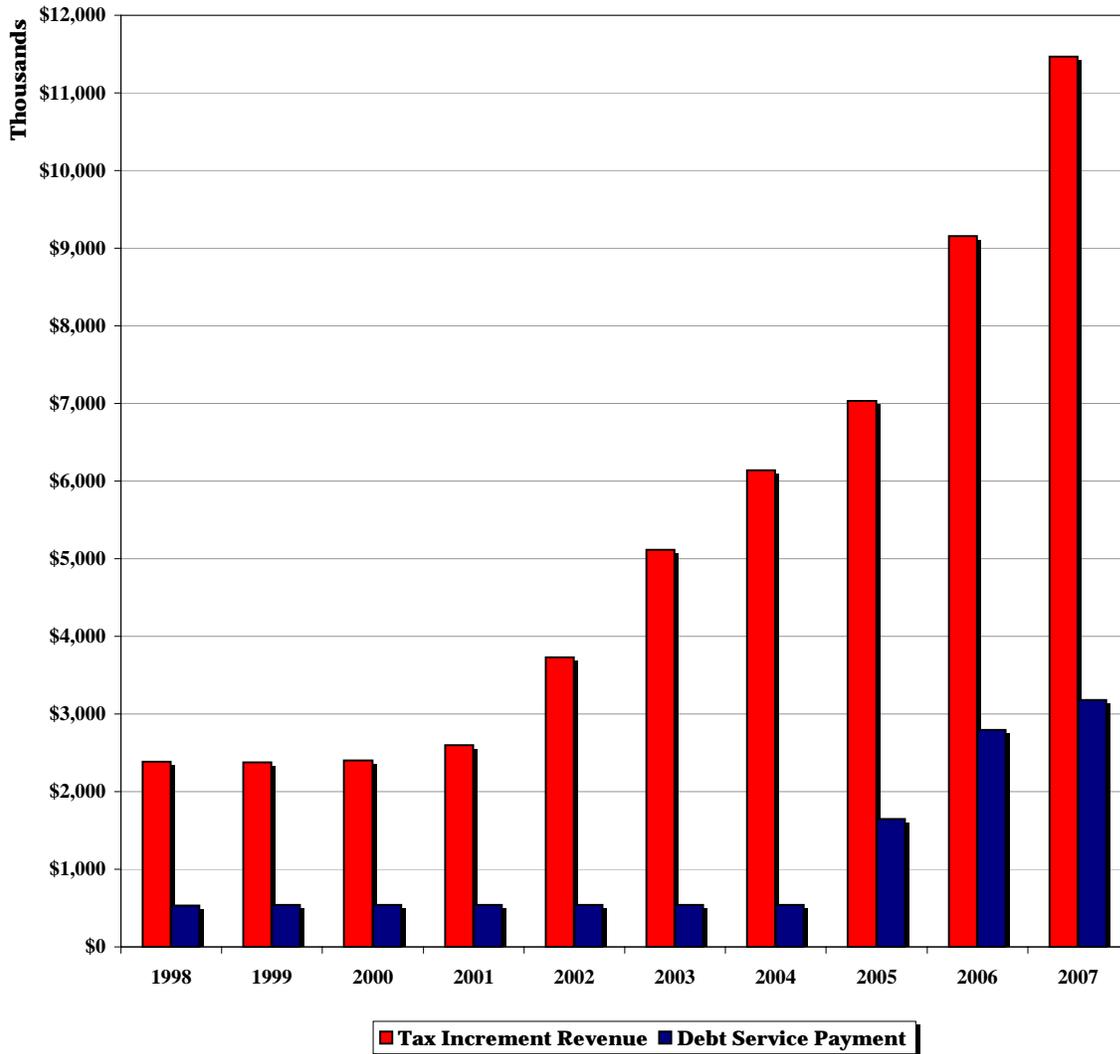


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Ratio Coverage
				Principal	Interest	Total	
1998	\$27,729,739	\$16,387,274	\$11,342,465	\$235,000	\$284,410	\$519,410	21.84
1999	31,625,348	17,226,281	14,399,067	250,000	275,950	525,950	27.38
2000	36,970,003	20,241,739	16,728,264	255,000	266,450	521,450	32.08
2001	38,043,354	21,431,811	16,611,543	270,000	256,505	526,505	31.55
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

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

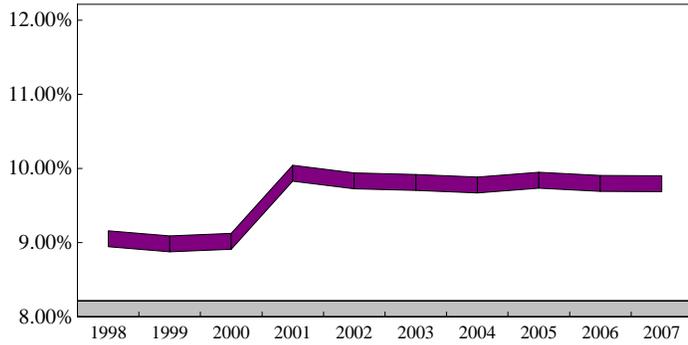
**CITY OF HAYWARD
 BONDED DEBT PLEDGED REVENUE COVERAGE
 TAX ALLOCATION BONDS
 LAST TEN FISCAL YEARS**



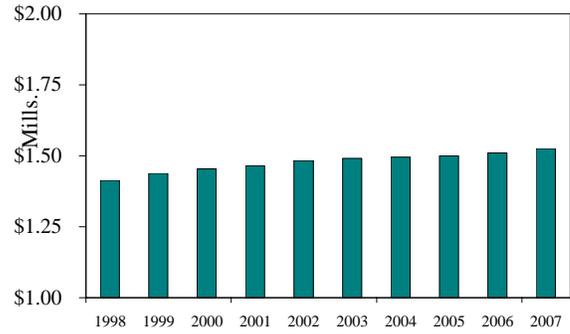
Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
1998	\$2,387,460	\$225,000	\$307,919	\$532,919	4.48
1999	2,378,779	240,000	298,919	538,919	4.41
2000	2,404,938	250,000	289,019	539,019	4.46
2001	2,599,452	265,000	278,081	543,081	4.79
2002	3,728,173	275,000	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		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

Source: City of Hayward Annual Financial Statements

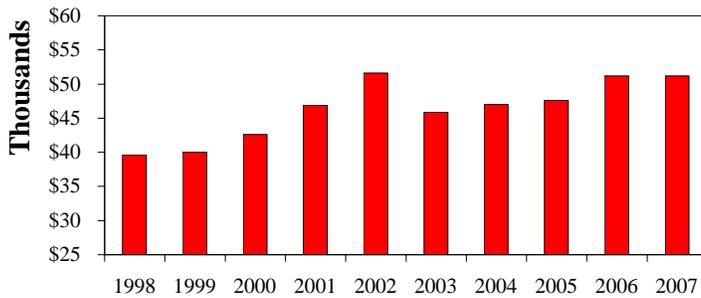
CITY OF HAYWARD DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS



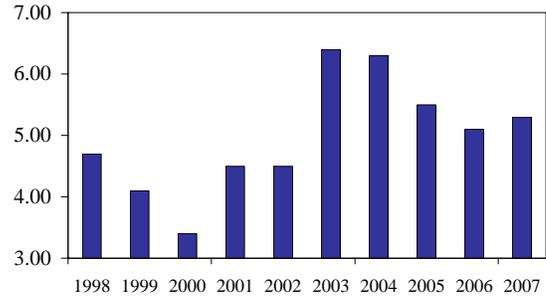
■ City Population as a % of County Population



■ Alameda County Population



■ Net Effective Buying Income Per Family



■ Unemployment Rate (%)

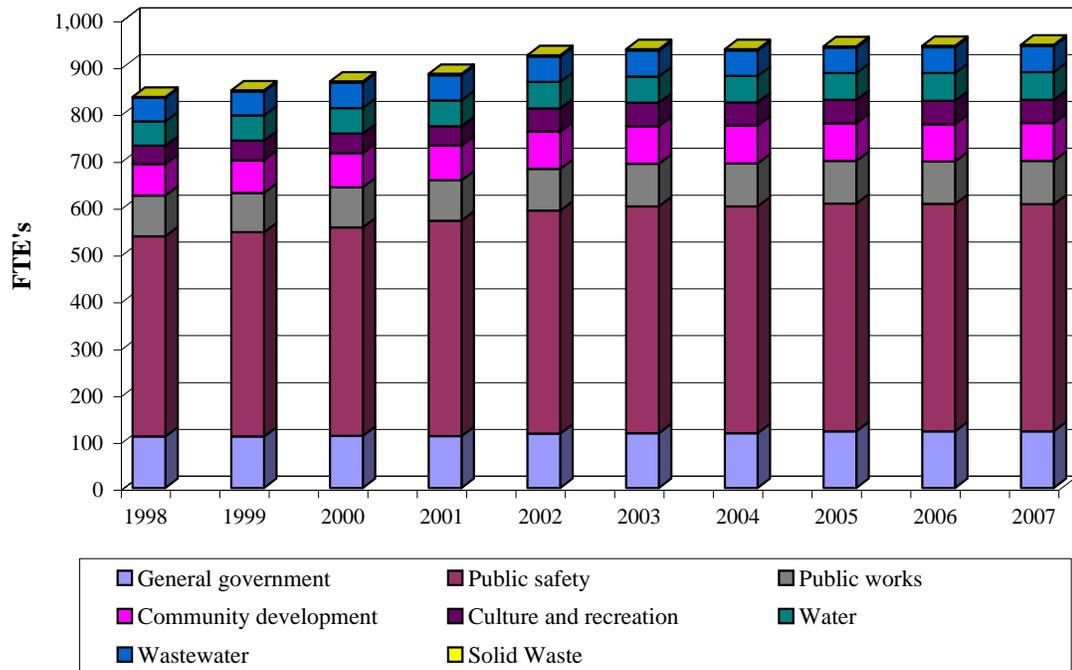
Fiscal Year	City Population	Net Effective Buying Income Per Family	City Unemployment % Rate	Alameda County Population	City Population % of County
1998	126,452	\$39,643	4.7	1,413,371	8.95%
1999	127,713	\$39,989	4.1	1,438,516	8.88%
2000	129,610	\$42,615	3.4	1,454,302	8.91%
2001	144,037	\$46,919	4.5	1,465,669	9.83%
2002	144,304	\$51,588	4.5	1,483,438	9.73%
2003	144,721	\$45,899	6.4	1,491,247	9.70%
2004	144,633	\$46,994	6.3	1,495,775	9.67%
2005	146,027	\$47,606	5.5	1,500,228	9.73%
2006	146,398	\$51,177	5.1	1,510,303	9.69%
2007	147,845	\$51,177	5.3	1,526,148	9.69%

Source: California State Department of Finance

City of Hayward
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	2006-07			1997-98		
	<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>
Kaiser Permanente Medical Center	2200	1	1.5%	2266	2	1.8%
Hayward Unified School District	2100	2	1.4%	2317	1	1.8%
California University East Bay	1600	3	1.1%	1481	4	1.2%
Mervyn's	1300	4	0.9%	2137	3	1.7%
A T & T	940	5	0.6%			
City of Hayward	847	6	0.6%	797	5	0.6%
St. Rose	660	7	0.4%	631	6	0.5%
Berkeley Farms	640	8	0.4%			
Gillig Corporation	474	9	0.3%	474	7	0.4%
Alameda Newspaper Group	406	10	0.3%	405	8	0.3%
Pepsi Cola	400	11	0.3%	400	9	0.3%
Cell Genesys, Inc.	375	12	0.3%			
Injex Industries, Inc.	350	13	0.2%	283	10	0.2%
Morgan Advanced Ceramics	250	14	0.2%			
Subtotal	<u>12,542</u>		<u>8.4%</u>	<u>11,191</u>		<u>8.8%</u>
Total City Day Population Using Census Data	<u>149,664</u>			<u>126,933</u>		

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



Years Ended June 30, 1998-2007

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Function										
General government	110.00	110.00	111.00	110.50	116.00	117.00	117.00	121.00	121.00	121.00
Public safety	427.50	436.00	445.00	460.20	476.20	484.20	484.20	486.20	485.20	484.70
Public works	86.25	83.75	85.75	85.75	88.75	90.75	91.75	90.75	90.75	92.75
Community development	67.50	70.00	72.50	74.00	79.50	80.50	80.50	80.50	79.50	80.50
Culture and recreation	39.15	41.65	41.95	41.95	49.85	49.85	49.85	49.85	49.85	49.85
Water	52.00	54.00	55.00	55.00	56.00	56.00	56.00	57.00	59.00	59.00
Wastewater	50.50	50.50	53.50	53.50	54.50	55.50	54.50	54.50	55.50	55.50
Solid Waste	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total	<u>834.90</u>	<u>848.90</u>	<u>867.70</u>	<u>883.90</u>	<u>923.80</u>	<u>936.80</u>	<u>936.80</u>	<u>942.80</u>	<u>943.80</u>	<u>946.30</u>

Source: City of Hayward Adopted Operating Budget Book

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

Function/Program	2006	2007
Public safety:		
Fire alarms	13,400	13,660
Police: (Uniform Crime Reporting Statistics)		
Property crime calls	5,761	5,360
Violent crime calls	729	1,521
Arson calls	74	71
Public works		
Pavement Condition Index (PCI)*	74	70
*Industry measure of street condition with 100 ideal score		
Annual pavement improvement projects	9	11
Airport operations count/flights	133,462	125,516
Airport reported based aircraft	477	487
Community and Economic Development		
Housing Units Developed in the Vicinity of Downtown Hayward BART Station	305	305
Active Subdivisions	12	13
Active Parcel Maps	14	14
Building Permits	2,386	2,522
Residential Rental Inspections	4,076	3,554
Community Preservation Cases	1,259	1,599
Social Services Projects Funded	23	24
Facilities Projects Funded	9	8
Economic Development Projects Funded	1	1
New Housing/Rehab Projects Funded	2	2
Public Services Projects Funded	10	10
Culture and recreation:		
Library Materials in Collection	175,030	156,168
Library Circulation (Items checked out)	727,500	746,442
Water		
Water service connections	31,679	31,537 (a)
Water main breaks	50	43 (a)
Average daily consumption (thousands of gallons)	18,000	18,401 (a)
Wastewater		
Sewer service connections	28,817	30,518 (a)
Average daily treatment (thousands of gallons)	13,200	12,733 (a)
Solid Waste		
Landfilled waste recycled and diversion rate*	50%	50 (b)
*Measurement of City effort to comply with state law requiring 25% of all landfilled waste to be recycled and 50% diverted		

Source: City of Hayward

(a) Best annualized estimate using partial year data

(b) Best estimate--data needed to determine rate is not available from state

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

	Fiscal Year				
	1998	1999	2000	2001	2002
Function/Program					
Public safety:					
Fire stations (a)	8	9	9	9	9
Number of firefighters and officers (b)	134	119	120	127	128
Police stations	1	1	1	1	1
Number of police officers (c)	176	173	182	197	204
Public works					
Miles of streets	248	251	252	253	255
Street lights	6,750	6,800	6,850	6,900	6,950
Traffic Signals	97	98	99	100	101
Airport	1	1	1	1	1
Community Development					
City Libraries	2	2	2	2	2
Water					
Number of consumers	126,000	126,000	126,000	126,000	130,000
Average daily consumption (gallons)	17,100,000	17,920,000	18,717,410	18,360,735	17,608,073
Miles of water mains	300	300	300	325	325
Storage capacity (gallons)	25,250,000	25,250,000	25,250,000	25,250,000	25,250,000
Wastewater					
Miles of sewers	301	301	301	325	325
Number of treatment plants	1	1	1	1	1
Treatment capacity (gallons)	13,100,000	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

Fiscal Year

2003	2004	2005	2006	2007
9	9	9	9	9
125	115	119	118	120
1	1	1	1	1
204	196	188	192	186
258	258	258	258	258
7,000	7,000	7,300	7,300	7,300
103	105	106	107	107
1	1	1	1	1
2	2	2	2	2
130,000	130,000	140,000	140,000	140,000
17,688,993	19,647,860	18,500,000	18,300,000	18,200,000
325	325	325	325	340
25,250,000	25,250,000	28,100,000	28,100,000	28,100,000
325	325	325	325	340
1	1	1	1	1
16,500,000	16,500,000	16,500,000	16,500,000	16,500,000

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City of Hayward

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