



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 01/14/03
AGENDA ITEM 6
WORK SESSION ITEM _____

TO: Redevelopment Agency Board Members
Mayor and City Council

FROM: Director of Community and Economic Development

SUBJECT: Adoption of the Annual Report of Redevelopment Agency Activities for FY 2001-02

RECOMMENDATION:

It is recommended that:

1. the Redevelopment Agency Board adopt the attached resolution approving the Annual Report of Redevelopment Agency Activities for FY 2001-02 and present it to the City Council; and
2. the City Council adopt the attached resolution to receive and to authorize staff to file the Annual Report of Redevelopment Agency Activities for FY 2001-02.

BACKGROUND:

California Redevelopment Law requires that the Redevelopment Agency present a report to the City Council, and that the City Council review the report and take any action which it deems appropriate. The report is then filed with the State Controller.

This report identified no exceptions or issues in the Financial Statements and Compliance Report. The Annual State Controllers Report presents the financial audit information in a prescribed manner so that information can be reported on a statewide basis.

The Agency's tax increment revenues increased by approximately \$1.1 million, or 43%, over last fiscal year. This significant revenue increase is largely due to the addition of the 1998 Burbank-Cannery redevelopment plan amendment. Further tax revenue increases are expected in 2002-03 as a result of the Mission-Foothill plan amendment. In 2001-02 the City also lent approximately \$3.5 million to the Agency for the purchase of the former Albertson's site at B and Foothill. That property was purchased following the end of the fiscal year.

The Agency's expenditures from its capital projects and administrative fund were approximately \$2.2 million and were in line with the budget. Overall Agency expenditures were approximately \$1.1 million less than revenues.

A discussion of all the Agency's activities is attached to the end of Appendix B as the Project Area Report. Primary capital fund expenditures were for: 1) the proposed Cannery Project, including acquisition of one parcel on C Street, 2) a refund owed to Albertsons, Inc. as a result of condemnation deposits they had made to the State that were returned to the Agency, and 3) capital projects including a City "gateway" landscaping project, and Phase I of the Downtown sidewalk replacement project at a total cost of \$530,000.

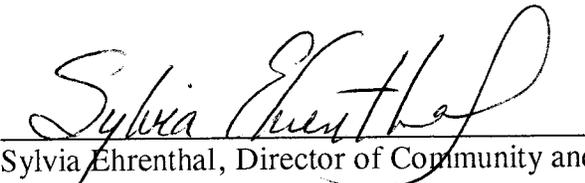
In FY 2001-02, the primary expenditures related both to Site 4 clearance costs, as well as administrative costs for the City's First Time Homebuyer program. In addition to the amounts shown as expenditures, the Agency spent approximately \$1.2 million on land acquisitions in Site 4, however these acquisitions are reflected in the value of "Land held for resale" as well as "Condemnation Deposits" on the Balance Sheet.

Appendix D contains the Statement of Indebtedness, which the Agency is required to file each year with Alameda County and which provides the legal basis for the Agency to receive its tax increment revenue. The Statement includes all debt that the Agency has outstanding, including loans that the City made to the Agency during the early years of its operations when the Agency had very limited tax increment revenues. A significant portion of this amount relates to activities undertaken by the Agency over the period the Redevelopment Project Area has been in existence. In addition, the Statement also includes an estimate of the Agency's required set aside for the Low and Moderate Income Housing Fund for the duration of the Project. Although this appears as "debt", it is more akin to a reservation of future funding to assure compliance with the obligation to set aside funds for low- and moderate-income housing.

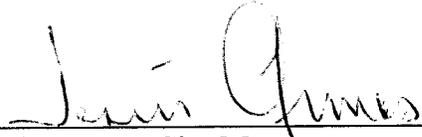
Prepared by:


Maret Bartlett, Redevelopment Director

Recommended by:


Sylvia Ehrenthal, Director of Community and Economic Development

Approved by:



Jesús Armas, City Manager

Exhibit A: Annual Report
Resolutions

DRAFT 787

HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

RESOLUTION ADOPTING THE ANNUAL REPORT OF
REDEVELOPMENT AGENCY ACTIVITIES FOR FISCAL
YEAR 2001-02

BE IT RESOLVED that the City Council of the City of Hayward hereby
acknowledges receipt of the "Annual Report of Redevelopment Agency Activities for
FY 2001-02 and directs that the report be filed with the Office of the State Controller.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2002

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS: None

ABSTAIN: COUNCIL MEMBERS: None

ABSENT: COUNCIL MEMBERS: None

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City of Hayward

DRAFT

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

RESOLUTION NO. RA-_____

Introduced by Agency Member _____

RESOLUTION ADOPTING THE ANNUAL REPORT OF REDEVELOPMENT AGENCY ACTIVITIES FOR FISCAL YEAR 2001-02

BE IT RESOLVED by the Redevelopment Agency of the City of Hayward that it does hereby adopt the "Annual Report of Redevelopment Agency Activities for FY 2001-02 and directs that the report be filed with the Office of th State Controller.

BE IT FURTHER RESOLVED that the Redevelopment Agency of the City of Hayward hereby forwards a copy of the annual report to the City Council of the City of Hayward for its review and appropriate action.

HAYWARD, CALIFORNIA _____, 2002

ADOPTED BY THE FOLLOWING VOTE:

AYES: ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____

Secretary of the Redevelopment Agency of the City of Hayward

APPROVED AS TO FORM:

General Counsel

EXHIBIT "A"

ANNUAL REPORT
OF
REDEVELOPMENT AGENCY ACTIVITIES
FOR
FY 2001-02

Redevelopment Agency of the City of Hayward

December 2002

A. **Independent Financial Audit**

See Appendix A, Redevelopment Agency of the City of Hayward Component Unit Financial Statements for the Year Ended June 30, 2002, Independent Auditors' Report and Independent Auditors' Compliance Report.

B. **Annual Report of Financial Transactions for FY 2001-02**

See Appendix B, Annual Report of Financial Transactions of Community Redevelopment Agencies, Project Area Report, Report Regarding Progress in Alleviating Blight, Status of Loans, and Status of Agency-owned Property.

C. **Description of Agency's Activities Affecting Housing and Displacement**

See Appendix C, Annual Report of Housing Activity of Community Redevelopment Agencies.

D. **Statement of Indebtedness**

See Appendix D, Statement of Indebtedness for the 2002-03 Tax Year

APPENDIX A
INDEPENDENT FINANCIAL AUDIT
FOR FY 2001-02

Redevelopment Agency of the City of Hayward

December 2002

**REDEVELOPMENT AGENCY
OF THE CITY OF HAYWARD
COMPONENT UNIT FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2002**

**REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
 COMPONENT UNIT FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2002**

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INDEPENDENT AUDITOR'S REPORT

Members of the Governing Board of the
Redevelopment Agency of the
City of Hayward, California

We have audited the accompanying component unit financial statements of the Redevelopment Agency of the City of Hayward (Agency), a component unit of the City of Hayward, as of and for the year ended June 30, 2002, as listed in the Table of Contents. These component unit financial statements are the responsibility of the Agency'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* (1994 Revision), issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the component unit financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the component unit financial statements referred to above present fairly in all material respects the financial position of the Agency at June 30, 2002 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

The component unit financial statements referred to above follow the requirements of Government Accounting Standards Board Statements No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, No. 36, *Recipient Reporting for Certain Non-exchange Revenues, an Amendment of GASB Statement No. 33*, No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments; Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures*, as discussed in Note 1 to the Component Unit Financial Statements.

Management's Discussion and Analysis is supplementary information required by the Government Accounting Standards Board, but is not part of the component unit 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.

October 11, 2002.

Maze & Associates

MANAGEMENT'S DISCUSSION AND ANALYSIS

This is the first year the Agency has issued its financial statements in the format prescribed by the provisions of Government Accounting Standards Board Statement 34 (GASB 34), which requires the Agency to provide this overview of its financial activities for the fiscal year. This change in financial statement format was necessary because the Agency is a component unit of the City of Hayward, which has implemented GASB 34.

Please read this overview in conjunction with your reading of the accompanying Basic Financial statements.

THE PURPOSE OF THE AGENCY

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'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 redevelopment of property. 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 also has agreements with other pre-existing governmental entities within its redevelopment area under which it passes through a portion of the property tax increments it receives.

FISCAL 2002 FINANCIAL HIGHLIGHTS

As allowed by GASB 34, the Agency has not yet recorded the cost of infrastructure owned by the Agency in these financial statements.

Financial highlights of the year include the following:

Agency-wide:

- The Agency's net assets increased \$4.5 million to \$11.5 million in fiscal 2002.
- Total assets increased to \$23.0 million and liabilities amounted to \$11.6 million in fiscal 2002
- Total Agency revenues were \$7.9 million and expenses \$3.4 million in fiscal 2002.

Fund Basis:

- General Capital Projects Fund revenues of \$3.3 million were \$.2 million lower than the prior year, while expenditures of \$2.2 million were \$.1 million higher than the prior year.
- Other financing sources increased to \$2.5 million in fiscal due to \$3.5 million in City funds advanced under a repayment agreement, net of transfers out amounting to \$1 million. Advances funds are to be used to acquire land held for redevelopment.
- Fund balance increased \$3.6 million.
- Low and Moderate Income Housing Fund revenues were \$1.1 million and transfers in were \$.1 million.
- Low and Moderate Income Housing Fund expenditures and transfers out of \$.6 million were \$.2 million lower than the prior year.
- Low and Moderate Income Housing Fund ending fund balance increased to \$5.3 million, \$.7 million higher than the prior year.
- Debt Service Fund transfers in were \$.8 million in fiscal 2002, up \$.3 million from the prior year.
- Debt service was constant at \$.5 million in fiscal 2002 and in fiscal 2001.

The Basic Financial Statements

The Basic Financial Statements comprise the Agency-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the Agency's financial activities and financial position.

The Agency-wide Financial Statements provide a longer-term view of the Agency's activities as a whole and comprise the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the Agency as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the Agency's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each the Agency's programs. The Statement of Activities explains in detail the change in Net Assets for the year.

All of the Agency's activities are grouped into Government Activities.

The Fund Financial Statements report the Agency's operations in more detail than the Agency-wide statements and focus primarily on the short-term activities of the Agency's three Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the Agency and are presented individually, while the activities of any Non-major funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. The Agency reports all three of its Funds as Major Funds; their purpose is explained in Note 1.C. to the financial statements.

The Agency-wide Financial Statements

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

- **Governmental activities**—All of the Agency's basic services are considered to be redevelopment activities. These services are supported by general Agency revenues such as property tax increments.

Agency-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the Agency as a whole.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the Agency's most significant funds, called Major Funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all 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 Agency for the year, and may change from year to year as a result of changes in the pattern of Agency's activities.

All the Agency's Funds are Governmental Funds; financial statements for these Funds are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

FINANCIAL ACTIVITIES OF THE AGENCY AS A WHOLE

During fiscal 2002, the Agency adopted a plan amendment expanding the Project Area from 610 acres to 1,348 acres. The Project Area now includes the Mission Boulevard and Foothill Avenue corridors extending north and south of the old project area boundaries. Furthermore, the Agency began to receive tax increment from a prior Redevelopment Plan Amendment completed in 1998. As a result of this addition, plus additions from completed projects, the tax increment grew by 43% to a total of \$3.7 million in fiscal 2002. Also, the City's \$3.5 million advance provided additional resources for the Agency.

The Agency continued to assemble land in the Site #4 area, repaid scheduled debt service. No new outside debt was issued and there were no major additions to capital assets.

This analysis focuses on the net assets and changes in net assets of the Agency's Governmental Activities in the Agency-wide Statement of Net Assets and Statement of Activities that follow.

The Agency's net assets increased 65% to \$11.5 million in 2002 from \$6.9 million in 2001. This increase is the Change in Net Assets reflected in the Statement of Activities, as explained below:

- Cash and investments increased \$2.7 million due primarily to unspent funds advanced by the City and revenues in excess of expenditures.
- Land Held for Redevelopment and other assets, comprising condemnation deposits, increased \$1 million and \$.7 million, respectively, as the Agency continues to assemble land for Site #4.
- Capital assets amounted to \$8.4 million, which decreased \$.3 million due to depreciation expense. The Agency has not yet recorded the cost of infrastructure assets acquired in prior years, as allowed by GASB 34.
- Long-term payable to City decreased \$1 million due to scheduled repayment.
- Long-term debt decreased \$.3 million as a result of scheduled principal retirements.
- Net assets invested in capital assets reflected only the investment in capital assets discussed above.
- Unrestricted net assets is normally the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements.

The Agency's Fund Financial Statements

At June 30, 2002, the Agency's governmental funds reported combined fund balances of \$7.8 million, which is an increase of \$4.6 million compared with last year. This increase represented the \$3.5 million in funds advanced by the City to be used to acquire land for redevelopment and revenues in excess of expenditures of \$1 million. Debt Service Fund expenditures of \$.5 million were funded by transfers in totaling \$.8 million and Low and Moderate Income Housing Fund revenues exceeded expenditures by \$.7 million.

Expenditures totaled \$3.3 million in fiscal 2002 decreasing \$.2 million from the prior year due to a drop in development charges which occurred in fiscal 2001. Albertson's supermarket was completed by the developer and opened for business in fiscal 2002.

Of the \$1.0 million transferred to other funds, \$.8 million was transferred to the Redevelopment Agency Debt Service Fund for debt service on Tax Allocation Bonds and the remainder was transferred to the Low and Moderate Income Housing Fund.

CAPITAL ASSETS

Under GASB 34, the Agency is required to record all its capital assets, including infrastructure, at their historical cost, and to depreciate these assets over their estimated useful lives. These requirements do not take effect with respect to historical infrastructure costs until four years after the Agency implements GASB 34, but the Agency's intention is to complete its research into the costs of these assets and to record them in its financial statements before the four years have passed.

Capital assets of \$8.4 million at June 30, 2002 represent retail façade improvements and parking garage improvements and equipment that is subject to the depreciation requirements of GASB 34. Further detail on the Agency's capital assets may be found in Note 7 to the financial statements.

DEBT ADMINISTRATION

The Agency's debt is discussed in detail in Note 8 to the financial statements. The Agency's outstanding debt consists of 1996 Tax Allocation Bonds with a remaining principal balance of \$4.8 million that bears interest at 4% to 5.5 % and are due serially until 2014. The proceeds from these Bonds were used to refund and retire prior bonds. The Bonds are secured by property tax increment revenues.

The Agency also has four long-term loans payable to the City which amount to \$6.7 million at June 30, 2002, subject to specific repayment terms described in Note 3 to the financial statements. Repayment of these loans are subordinated to debt service on the Bonds.

In addition, the Agency has a Repayment Agreement with the City under which \$11.2 million has been advanced to the Agency to pay for projects. The terms of the Repayment Agreement do not specify when repayment will occur for a portion of this amount. As a result, \$7.7 million of the advance has not been included in long-term debt.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

These Component Unit Financial Statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Agency's finances. Questions about this Report should be directed to the Finance Department, at 777 B Street, Hayward, California 94541.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

The Statement of Net Assets and the Statement of Activities are entirely new statements required by Government Accounting Standards Board Statement 34. Their purpose is to summarize the entire Agency'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 Agency'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 Agency's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between Agency funds have been eliminated.

The Statement of Net Assets reports the difference between the Agency's total assets and the Agency's total liabilities, including all the Agency'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 Agency's net assets, by subtracting total liabilities from total assets.

The Statement of Net Assets summarizes the financial position of all the Agency's financial position in a single column.

The Statement of Activities reports increases and decreases in the Agency's net assets. It is also prepared on the full accrual basis, which means it includes all the Agency'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 differs considerably from those used in the past. It presents the Agency's expenses that are listed by program first. 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 program. The Agency's general revenues are then listed and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

These new financial statements along with the fund financial statements and footnotes are called *Component Unit Financial Statements*.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

STATEMENT OF NET ASSETS JUNE 30, 2002

	Governmental Activities
ASSETS	
Cash and investments available for operations (Note 2)	\$8,586,524
Restricted cash and investments with trustee (Note 2)	578,567
Due from other governments	77,025
Interest receivable	38,213
Long-term receivable due from City (Note 3)	82,525
Land held for resale (Note 6)	4,495,260
Other	729,881
Capital assets, net of accumulated depreciation (Note 7)	<u>8,428,873</u>
Total assets	<u>23,016,868</u>
LIABILITIES	
Accounts payable	29,875
Refundable deposits	53,000
Long-term payable to City (Note 3)	6,728,554
Compensated absences	1,554
Long-term debt (Note 8):	
Due within one year	290,000
Due in more than one year	<u>4,460,000</u>
Total liabilities	<u>11,562,983</u>
NET ASSETS	
Invested in capital assets, net of related debt	<u>3,678,873</u>
Restricted for:	
Debt service	1,000,805
Low and moderate income housing	<u>5,338,554</u>
Total restricted net assets	<u>6,339,359</u>
Unrestricted	<u>1,435,653</u>
Total net assets	<u><u>\$11,453,885</u></u>

See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2002

Functions/Programs	Governmental Activities
Governmental Activities:	
Redevelopment	\$2,697,734
Interest on long-term debt	682,538
	<hr/>
Total Expenses	3,380,272
	<hr/>
Program Revenue	
Charges for services from developer	52,386
	<hr/>
Total Expenses net of Program Revenues	3,327,886
	<hr/>
General revenues:	
Taxes:	
Incremental property tax	3,728,173
Investment earnings	460,090
Proceeds from City repayment agreement (Note 3)	3,470,000
Loss on disposal of capital assets	(14,222)
Other	213,800
	<hr/>
Total general revenues	7,857,841
	<hr/>
Change in Net Assets	4,529,955
	<hr/>
Net Assets-Beginning	6,923,930
	<hr/>
Net assets-Ending	<u>\$11,453,885</u>

See accompanying notes to financial statements

FUND FINANCIAL STATEMENTS

GASB 34 revises the format of the Fund Financial Statements so that 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. No distinction is made between Fund types and the practice of combining like funds and presenting their totals in separate columns (Combined Financial Statements) has been discontinued, along with the use of the General Fixed Assets and General Long-term Debt Groups of Accounts.

All of the Agency funds were determined to be Major Funds in fiscal 2002. They are described below:

The **GENERAL CAPITAL PROJECTS FUND** accounts for all resources used in the acquisition and construction of major capital facilities and other fixed assets under the Redevelopment Plan.

The **LOW-MODERATE INCOME HOUSING CAPITAL PROJECTS FUND** accounts for the receipt of the mandated 20% set-aside of tax increment revenue from the Redevelopment Project Area.

The **DEBT SERVICE FUND** accounts for the accumulation of resources for payment of principal, interest and related costs of the Agency's long-term debt.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2002

	General Capital Projects	Low and Moderate Income Housing	Debt Service Fund	Total Governmental Funds
ASSETS				
Cash, cash equivalents and investments available for operations (Note 2)	\$7,233,370	\$930,916	\$422,238	\$8,586,524
Restricted cash and investments with trustee (Note 2)			578,567	578,567
Due from other governments	61,620	15,405		77,025
Interest receivable	33,258	4,955		38,213
Long-term receivable from City (Note 3)		82,525		82,525
Long-term interfund receivable (Note 5)		1,086,988		1,086,988
Land held for resale (Note 6)	1,984,500	2,510,760		4,495,260
Other	4,881	725,000		729,881
Total Assets	\$9,317,629	\$5,356,549	\$1,000,805	\$15,674,983
LIABILITIES				
Accounts payable	\$11,880	\$17,995		\$29,875
Refundable deposits	53,000			53,000
Long-term interfund payable (Note 5)	1,086,988			1,086,988
Long-term payable to City (Note 3)	6,728,554			6,728,554
Compensated absences	1,554			1,554
Total Liabilities	7,881,976	17,995		7,899,971
FUND BALANCES				
Fund balance				
Reserved for:				
Condemnation deposits		725,000		725,000
Long-term receivables		1,169,513		1,169,513
Land held for resale	1,984,500	2,510,760		4,495,260
Low and moderate income housing		933,281		933,281
Debt service			\$1,000,805	1,000,805
Unreserved, undesignated	(548,847)			(548,847)
TOTAL FUND BALANCES	1,435,653	5,338,554	1,000,805	7,775,012
Total Liabilities and Fund Balances	\$9,317,629	\$5,356,549	\$1,000,805	\$15,674,983

See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

GOVERNMENTAL FUNDS BALANCE SHEET (Continued) JUNE 30, 2002

Total Fund Balances reported on the governmental funds balance sheet \$7,775,012

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

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets
or financial resources and therefore are not reported in the Governmental Funds. 8,428,873

LONG-TERM ASSETS AND LIABILITIES

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

Long-term debt (4,750,000)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$11,453,885

See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED JUNE 30, 2002

	General Capital Projects	Low and Moderate Income Housing	Debt Service Fund	Total Governmental Funds
REVENUES:				
Incremental property taxes	\$2,982,538	\$745,635		\$3,728,173
Interest	272,206	150,427	\$37,457	460,090
Reimbursement from developer	52,386			52,386
Other		213,800		213,800
	<u>3,307,130</u>	<u>1,109,862</u>	<u>37,457</u>	<u>4,454,449</u>
Total Revenues				
EXPENDITURES:				
Current				
Redevelopment:				
Salaries and benefits	310,589	123,931		434,520
Services and supplies	74,651		6,050	80,701
Administrative charges from City of Hayward	294,679	46,209		340,888
First-time Home Buyers Program		78,944		78,944
Capital outlay reimbursements to City of Hayward	530,000			530,000
Capital outlay	578,541	353,913		932,454
Debt service				
Principal retirement			275,000	275,000
Interest and fiscal charges	416,382		266,156	682,538
	<u>2,204,842</u>	<u>602,997</u>	<u>547,206</u>	<u>3,355,045</u>
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,102,288</u>	<u>506,865</u>	<u>(509,749)</u>	<u>1,099,404</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from City repayment agreement (Note 3)	3,470,000			3,470,000
Transfers in		180,000	773,148	953,148
Transfers (out)	(953,148)			(953,148)
	<u>2,516,852</u>	<u>180,000</u>	<u>773,148</u>	<u>3,470,000</u>
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES	3,619,140	686,865	263,399	4,569,404
BEGINNING FUND BALANCE	<u>(2,183,487)</u>	<u>4,651,689</u>	<u>737,406</u>	<u>3,205,608</u>
ENDING FUND BALANCE	<u>\$1,435,653</u>	<u>\$5,338,554</u>	<u>\$1,000,805</u>	<u>\$7,775,012</u>

See accompanying notes to financial statements

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD

Reconciliation of the NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS with the STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2002

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 \$4,569,404

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 9,077

Depreciation expense is deducted from the fund balance (309,304)

Retirements of capital assets (14,222)

Contributions of infrastructure and improvements by developers are capitalized in the Statement of Activities, but are not recorded in the Fund Statements because no cash changed hands.

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.

Repayment of debt principal is added back to fund balance 275,000

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$4,529,955

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Redevelopment Agency and Redevelopment Plan - The Redevelopment Agency of the City of Hayward (the Agency) was created in December 1969 under the provisions of the Community Redevelopment Law (California Health and Safety Code), for clearance and rehabilitation of areas determined to be in a declining condition in the City of Hayward. A Redevelopment Plan was adopted in December of 1975 and amended in April of 1994 to provide an improved physical, social and economic environment in the Project Area. In November 1998 a redevelopment amendment added approximately 370 acres to the existing Project Area for the primary purpose of undertaking neighborhood preservation activities in the residential areas and facilitate reuse or redevelopment of certain industrial and commercial sites over time. In fiscal 2001-2002 the Agency amended its plan to increase the project area by an additional 738 acres near the Mission and Foothill Boulevard corridors extending north and south of the existing project area. As a result, the total acreage of the Redevelopment Project Area is 1,348 acres and the Project Area is capped.

The Agency is authorized to finance the Redevelopment Plan from various sources, including assistance from the City, the State and federal government, property tax increments, interest income and the issuance of Agency notes and bonds.

The Agency is an integral part of the City of Hayward and, accordingly, the accompanying financial statements are included as a component of the general purpose financial statements prepared by the City. A component unit is a separate governmental unit, agency or nonprofit corporation which, when combined with all other component units, constitutes the reporting entity as defined in the City's general purpose financial statements.

B. Basis of Presentation - The Agency's Component Unit 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.

The accompanying financial statements are presented on the basis set forth in Government Accounting Standards Board Statements No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, No.36, *Recipient Reporting for Certain Non-exchange Revenues, an Amendment of GASB Statement No. 33*, No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments; Omnibus*, and No. 38, *Certain Financial Statement Note Disclosures*.

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

Government-wide Statements: The Statement of Net Assets and the Statement of Activities include the financial activities of the overall Agency government. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Agency'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.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

Fund Financial Statements: The fund financial statements provide information about the Agency. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

- C. *Major Funds* - GASB Statement 34 defines major funds and requires that the Agency's major governmental-type funds be identified and presented separately in the fund financial statements.

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 Agency may also select other funds it believes should be presented as major funds. The Agency selected the Low-Mod Income Housing Operating Fund to be treated as a major fund.

The Agency reported all of its governmental funds in the accompanying financial statements as major funds:

The **General Capital Projects Fund** accounts for all resources used in the acquisition and construction of major capital facilities and other fixed assets under the Redevelopment Plan.

The **Low-Moderate Income Housing Capital Projects Fund** accounts for the receipt of the mandated 20% set-aside of tax increment revenue from the Redevelopment Project Area.

The **Debt Service Fund** accounts the accumulation of resources for and the payment of principal, interest and related costs of the Agency's long-term debt.

- D. *Basis of Accounting* - The government-wide 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 Agency considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after 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 Agency 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 interest and charges for services.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

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

- E. Capital Assets* - All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. The Agency's policy is to capitalize all assets with costs exceeding certain minimum thresholds and with useful lives exceeding two years.

With the implementation of GASB Statement 34, the Agency is required to record all its public domain (infrastructure) capital assets, which include roads, bridges, curbs and gutters, streets and sidewalks and drainage systems.

GASB Statement 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Alternatively, the "modified approach" may be used for certain capital assets. Depreciation is not provided under this approach, but all expenditures on these assets are expensed, unless they are additions or improvements.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation of all capital assets is charged as an expense against operations each year and the total amount of depreciation taken over the years, called accumulated depreciation, is reported on the balance sheet as a reduction in the book value 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 Agency has assigned the useful lives listed below to capital assets.

Buildings	10 -50 years
Improvements	10 -50 years
Equipment	7 - 50 years

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

F. Net Assets - 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 is the excess of all the Agency'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 Agency'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 Agency cannot unilaterally alter. These principally include resources received for debt service requirements, redevelopment funds restricted to low and moderate income purposes.

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

G. Fund Balance Reserves and Designations - Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities. Portions of a fund's balance may be reserved or designated for future expenditure.

Reserves are restrictions placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity which provided the funds.

Designations are imposed by the Redevelopment Agency to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by the Redevelopment Agency.

H. Budgets and Budgetary Accounting - The Agency adopts an annual operating budget, effective July 1, for the ensuing fiscal year for the Capital Projects Funds and Debt Service Fund.

The Agency Executive Director may transfer appropriations from one program, activity, or object to another within the same fund. However, transfers of appropriations which increase total fund appropriations must be approved by the Agency Board. Expenditures which exceed appropriations at the fund level must be approved by the Agency Board. All unexpended appropriations lapse at the end of the fiscal year.

Budgets versus actual comparisons for capital projects and debt service funds are excluded from these financial statements as generally accepted accounting principals which do not require such presentations.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNT POLICIES (Continued)

- I. Property Tax Increment* - All property taxes are levied and collected by the County Auditor of the County of Alameda and paid to the various taxing entities including the Agency. Secured taxes are due on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured taxes are due on July 1 and become delinquent on August 31. The lien date for secured and unsecured property taxes is January 1 of the preceding fiscal year. Property tax increment revenues include only property taxes resulting from increased assessed values and are recognized in the fiscal year for which the taxes have been levied, provided they become available and measurable within the current period or soon enough thereafter to be used to pay liabilities of the current period.
- J. Accumulated unpaid vacation and sick pay benefits* are recorded in the capital projects funds and are expected to be liquidated with available expendable resources.

NOTE 2 - CASH AND INVESTMENTS

Agency cash not held by the Trustee is included in a City wide cash and investment pool. The City's cash is fully collateralized with securities held by an agent of the pledging financial institution in the City's name. City statutes permit investments in obligations of the U.S. Treasury or its agencies, money market funds investing in such obligations, negotiable certificates of deposit, commercial paper and medium term corporate notes that meet specified rating requirements, mutual funds, guaranteed investment contracts, repurchase agreements, reverse repurchase agreements when authorized by the Agency's board, the State Treasurer's investment pool (Local Agency Investment Fund) and banker's acceptances. The Agency did not enter into any reverse repurchase agreements during 2001-2002.

In accordance with the Tax Allocation Bond Indentures of Trust, a Trustee holds bond proceeds as a reserve for debt service.

The City's investments are carried at fair value instead of cost, 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.

The Agency's cash and investments comprise the following at June 30, 2002 are as follows:

	2002
<i>Investment Agreements and Pooled Investments (non categorized)</i>	
Cash and Investments with Trustee	
Money Market Funds (U.S. Securities)	\$18,356
Investment Agreement	560,211
	578,567
City of Hayward Treasury	8,586,524
Total Cash and Investments	\$9,165,091

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 3 - RECEIVABLES FROM/PAYABLES TO THE CITY OF HAYWARD

A. Long Term Receivable Due From City

In prior years, the Agency loaned funds to the City's General Fund for use as loans to homebuyers and third-party contractors for the purpose of promoting homeownership in the City and developing low and moderate income housing. Such funds are repaid to the Agency by the City as repayment is received from the loan recipients. At June 30, 2002, \$82,525 of the loan was outstanding.

B. Long term Payable to City

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

Type of Obligation	Maturity	Interest Rates	Authorized and issued	Outstanding at June 30, 2001	Interest Additions	Retirements	Outstanding at June 30, 2002
Loans Payable to the City							
1990 Water Enterprise Fund Loan	06/01/13	7.506%	5,946,333	\$3,693,196	\$245,705	\$530,705	\$3,408,196
1993 Workers' Compensation Insurance Fund (b)	06/30/04	Varies	513,000	790,391	32,485		822,876
Repayment Agreement (c)							
Water Fund	06/30/05	Varies	1,600,000	1,600,000	69,096	420,355	1,248,741
Sewer Fund	06/30/05	Varies	1,600,000	1,600,000	69,096	420,355	1,248,741
Total loans payable to City				<u>\$7,683,587</u>	<u>\$416,382</u>	<u>\$1,371,415</u>	<u>\$6,728,554</u>

(a) In 1990, the City's Water Enterprise Fund made a loan to the Agency to finance the purchase of land for development. Scheduled debt service payments for the loan are being made from available incremental property tax revenues.

(b) During the year ended June 30, 1993, the City made a loan of \$513,000 from its Workers' Compensation Insurance Internal Service Fund to the Agency to help pay for the settlement of a condemnation litigation case. Interest is accrued at the average interest rate of the City's cash and investment pool (5.49% at June 30, 2002). Repayment of the loan will be made from proceeds of the sale of Agency properties. Management expects to repay this amount over the next two fiscal years.

(c) During fiscal 1998-99, \$3.2 million was loaned to the Redevelopment Agency pursuant to a City Council resolution to partially finance parking garage, retail and property acquisition costs. This loan bears interest at the average rate the City earns on its cash and investments (5.49% at June 30, 2002) which is repaid annually. Principal is repayable over the next three fiscal years.

C. City Repayment Agreement

In addition to the above amounts, the City had advanced \$7,716,216 as of June 30, 2001 to the 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.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 3 - RECEIVABLES FROM/PAYABLES TO THE CITY OF HAYWARD (Continued)

In fiscal 2001-2002, the City provided additional funds amounting to \$3,470,000 to the Agency which have been reflected in the accompanying financial statements as Proceeds From Repayment Agreement. These proceeds are to be used to acquire certain land at B Street and Foothill Boulevard for redevelopment parcels.

Amounts due under the Agreement are non-interest bearing, are repayable from available revenues of the Agency and subordinated to the Tax Allocations Bonds. As a result, the final maturity date of the loan has not been determined and the timing of repayment is unknown. Therefore the amount of Repayment Agreement advances which amount to \$11,186,217 at June 30, 2002 have been excluded from the accompanying financial statements as required by generally accepted accounting principals.

NOTE 4 - LOAN RECEIVABLE

In order to carry out low and moderate housing programs Redevelopment low and moderate income housing funds were loaned to the City's General Fund which used these money to finance loans to home buyers and third-party contractors for the purpose of promoting home ownership in the City and in 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. The General Fund records the Loans Receivables as an asset and a corresponding Long-Term Interfund Payable to the Redevelopment Agency. Conversely, the Agency records all monies forwarded to the General Fund as a Long-Term Interfund Receivable.

During the year ended June 30, 2002, the Agency provided the General Fund with no additional financing for loans. During the year ended June 30, 2002, the Agency collected \$400,000 of outstanding loans receivable.

NOTE 5 - LONG-TERM INTERFUND BALANCES

The provisions of the State's annual budget required redevelopment agencies to contribute a portion of their incremental property tax revenues over the three fiscal years prior to 1995-96 to a county Educational Revenue Augmentation Fund ("ERAF"). Accumulated ERAF contributions through June 30, 1995 were funded by the Low and Moderate Income Housing Capital Projects Fund via interfund, interest-free loans, as permitted by State guidelines. The General Capital Projects Fund is required to repay the loans of \$436,988 to the Low and Moderate Income Housing Fund within ten years.

During the year ended June 30, 1998, the Agency elected to use a parcel of land known as Site 3 for the construction of a parking garage. In 1993 the Agency completed the acquisition of the site for \$650,000 with Low and Moderate Income Housing funds. As a result of converting this site from Low/Moderate income uses, the Agency has recorded an interfund loan which was repaid subsequent to June 30, 2002.

NOTE 6 - LAND HELD FOR RESALE

Land held for resale of \$4,495,260 at June 30, 2002, respectively, 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. The stated purpose of the Redevelopment Plan is to provide an improved physical, social and economic environment in the Project Area.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 7 - CAPITAL ASSETS

Changes in the Capital Assets consisted of the following:

	Balance at June 30, 2001	Additions	Retirements	Balance at June 30, 2002
Capital assets not being depreciated:				
Land	\$829,370			\$829,370
Capital assets being depreciated:				
Buildings	1,693,854			1,693,854
Accumulated depreciation	(42,970)	(\$39,512)		(82,482)
Improvements other than buildings	6,607,844			6,607,844
Accumulated depreciation	(361,828)	(268,582)		(630,410)
Machinery and Equipment	40,098	9,077	(\$33,494)	15,681
Accumulated depreciation	(23,046)	(1,210)	19,272	(4,984)
Net capital assets being depreciated	<u>7,913,952</u>	<u>(300,227)</u>	<u>(14,222)</u>	<u>7,599,503</u>
Capital assets, net	<u>\$8,743,322</u>	<u>(\$300,227)</u>	<u>(\$14,222)</u>	<u>\$8,428,873</u>

Depreciation expense has been allocated to the Redevelopment activity on the statement of activities.

NOTE 8 - LONG-TERM OBLIGATIONS

Changes in long-term obligations consist of the following:

Type of Obligation	Authorized and Issued	Principal Outstanding June 30, 2001	Retirements	Principal Outstanding June 30, 2002	Current Portion
1996 Redevelopment Agency Tax Allocation Bonds, due 3/1/2014, interest at 4%-5.5%	<u>\$6,195,000</u>	<u>\$5,025,000</u>	<u>\$275,000</u>	<u>\$4,750,000</u>	<u>\$290,000</u>

In February 1996, the Redevelopment Agency issued \$6,195,000 in Tax Allocation Bonds to advance refund \$5,620,000 of outstanding 1989 Tax Allocation Bonds. Proceeds from the 1996 Bonds were placed in an irrevocable trust to call and retire the defeased 1989 bonds. Debt service payments for the 1996 Bonds are made from incremental property tax revenues.

REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD
Notes to Financial Statements

NOTE 8 - LONG-TERM OBLIGATIONS (Continued)

Summary of scheduled debt service payments follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2003	\$290,000	\$253,506
2004	305,000	239,876
2005	320,000	225,236
2006	340,000	209,556
2007	355,000	192,556
2008-2012	2,110,000	657,587
2013-2014	1,030,000	88,920
Totals	<u>\$4,750,000</u>	<u>\$1,867,237</u>

NOTE 9 - JOINT POWERS AGENCY

The Hayward Public Financing Authority (the "Authority") was established in May 1989 when the Agency and the City entered into a joint powers agreement under the Joint Exercise of Powers Law of the State of California for the purpose of financing certain capital improvements within the City. The governing body of the Authority consists of the City's seven City Council members who also act as the Agency's governing body. As a separate legal entity, the Authority exercises full power and authority within the scope of the Joint Powers Agreement including the accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the Authority are not those of the Agency.

Complete financial statements of the Authority can be obtained from: City of Hayward, Finance Department, 3rd Floor, 777 B Street, Hayward, California 94541.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

The Agency is involved in several legal proceedings arising from its normal operations. It is the opinion of management that any obligations which may result from such legal proceedings will not have a material effect on the financial position of the Agency.

ACCOUNTANCY CORPORATION
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E-Mail: maze@mazeassociates.com
Website: www.mazeassociates.com

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Members of the Governing Board of the
Redevelopment Agency of the
City of Hayward, California

We have audited the financial statements of Redevelopment Agency of the City of Hayward as of and for the year ended June 30, 2002, and have issued our report thereon dated October 11, 2002. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts including provisions contained in the Guidelines for Compliance Audits of California Redevelopment Agencies. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance, that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However we did communicate other matters to the Agency Board in our separate Memorandum on Internal Controls dated October 11, 2002.

This report is intended for the information of the Board, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Maze Associates

October 11, 2002

APPENDIX B
ANNUAL REPORT OF FINANCIAL TRANSACTIONS
FOR FY 2001-02

Redevelopment Agency of the City of Hayward

December 2002

**REDEVELOPMENT AGENCIES
FINANCIAL TRANSACTIONS REPORT
COVER PAGE**

Agency Name: Redevelopment Agency of the City of Hayward

Fiscal Year: 2002 **ID Number:** 13980135800

Submitted by:

City Manager/Executive Director

Signature

Title

Jesus Armas

Name (Please Print)

Date

Per Health and Safety Code section 33080, this report is due within six months after the end of the fiscal year. The report is to include two (2) copies of the agency's component unit audited financial statements, and the report on the Status and Use of the Low and Moderate Income Housing Fund (HCD report). To meet the filing requirements, all portions must be received by the California State Controller's Office.

To file electronically:

1. Complete all forms as necessary.
2. Transmit the completed output file using a File Transfer Protocol (FTP) program or via diskette.
3. Sign this cover page and mail to either address below with 2 audits and the HCD report.

To file a paper report:

1. Complete all forms as necessary.
2. Sign this cover page, and mail complete report to either address below with 2 audits and the HCD report.

Report will not be considered filed until receipt of this signed cover page.

Mailing Address:

State Controller's Office
Division of Accounting and Reporting
Local Government Reporting Section
P. O. Box 942850
Sacramento, CA 94250

Express Mailing Address:

State Controller's Office
Division of Accounting and Reporting
Local Government Reporting Section
3301 C Street, Suite 700
Sacramento, CA 95816

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

General Information

Fiscal Year

Members of the Governing Body			
	Last Name	First Name	Middle Initial
Chairperson	Cooper	Roberta	
Member	Ward	William	H
Member	Henson	Olden	P
Member	Dowling	Kevin	J
Member	Rodriquez	Doris	J
Member	Jimenez	Matt	
Member	Hilson	Joseph	
Member			
Member			
Member			

Agency Officials				
	Last Name	First Name	Middle Initial	Phone
Executive Director	Armas	Jesus		(510) 583-4300
Fiscal Officer	Carter	Perry	H	(510) 583-4010
Secretary	Reyes	Angelina	M	(510) 583-4405

Report Prepared By		Independent Auditor	
Firm Name		Maze & Associates	
Last	Sison	Biggs	
First	Remy	Cory	
Middle Initial	P	A	
Street	777 B Street	1931 San Miguel Avenue, Suite 100	
City	Hayward	Walnut Creek	
State	CA	CA	
Zip Code	94541-	94596-	
Phone	(510) 583-4090	(925) 930-0902	

Mailing Address			
Street 1	<input type="text" value="777 B Street"/>		
Street 2	<input type="text"/>		
City	<input type="text" value="Hayward"/>	State	<input type="text" value="CA"/>
	Zip	<input type="text" value="94541-"/>	
Phone	<input type="text" value="(510) 583-4010"/>	<input checked="" type="checkbox"/> Is Address Changed?	

- 30 -

Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report
Achievement Information (Unaudited)

Fiscal Year

**Indicate Only Those Achievements Completed During the Fiscal Year of this Report as a Direct Result
of the Activities of the Redevelopment Agency.**

Please provide a description of the agency's activities/accomplishments during the past year.

(Please be specific, as this information will be the basis for possible inclusion in the publication.)

Please see Project Area Report attached at the back of report.
C = Downtown sidewalk and streetscape project - in progress.

Enter the amount of square footage completed this year by building type and segregated by new or rehabilitated construction.

Square Footage Completed

	New Construction	Rehabilitated
Commercial Buildings	<input type="text" value="65,000"/>	<input type="text"/>
Industrial Buildings	<input type="text"/>	<input type="text"/>
Public Buildings	<input type="text"/>	<input type="text"/>
Other Buildings	<input type="text"/>	<input type="text" value="4,600"/>
Total Square Footage	<input type="text" value="65,000"/>	<input type="text" value="4,600"/>

Enter the Number of Jobs Created from the Activities of the Agency

Types Completed

A=Utilities B=Recreation C=Landscape D=Sewer/ Storm E=Streets/ Roads
F=Bus/Transit

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Redevelopment Agency Of The City Of Hayward
Redevelopment Agencies Financial Transactions Report

Audit Information

Fiscal Year 2002

Was the Report Prepared from Audited Financial Data, and Did You Submit a Copy of the Audit?

Yes

If compliance opinion includes exceptions, state the areas of non-compliance, and describe the agency's efforts to correct.

Indicate Financial Audit Opinion

Unqualified

If Financial Audit is not yet Completed, What is the Expected Completion Date?

If the Audit Opinion was Other than Unqualified, State Briefly the Reason Given

N/A

Was a Compliance Audit Performed in Accordance with Health and Safety Code Section 33080.1 and the State Controller's Guidelines for Compliance Audits, and Did You Submit a Copy of the Audit?

Yes

Indicate Compliance Audit Opinion

Unqualified

If Compliance Audit is not yet Completed, What is the Expected Completion Date?

Redevelopment Agency Of The City Of Hayward
 Redevelopment Agencies Financial Transactions Report

Project Area Report

Fiscal Year 2002

Project Area Name

Downtown Hayward Project Area

Please Provide a Brief Description of the Activities for this Project Area During the Reporting Year.

Actively Report

Forwarded from Prior Year ?

Enter Code for Type of Project Area Report

P = Standard Project Area Report

A = Administrative Fund

L = Low and Moderate Income Housing Fund

M = Mortgage Revenue Bond Program

O = Other Miscellaneous Funds or Programs

S = Proposed (Survey) Project Area

Does the Plan Include Tax Increment Provisions?

Date Project Area was Established (MM-DD-YY)

Most Recent Date Project Area was Amended

Did this Amendment Add New Territory?

Most Recent Date Project Area was Merged

Will this Project Area be Carried Forward to Next Year?

Established Time Limit :

Repayment of Indebtedness (Year Only)

Effectiveness of Plan (Year Only)

New Indebtedness (Year Only)

Size of Project Area in Acres

Percentage of Land Vacant at the Inception of the Project Area

Health and Safety Code Section 33320.1 (xx.x%)

Percentage of Land Developed at the Inception of the Project Area

Health and Safety Code Section 33320.1 (xx.x%)

Objectives of the Project Area as Set Forth in the Project Area Plan

(Enter the Appropriate Code(s) in Sequence as Shown)

R = Residential I = Industrial C = Commercial P = Public O = Other

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Assessed Valuation Data

Fiscal Year **2002**

Project Area Name

Downtown Hayward Project Area

Frozen Base Assessed Valuation

216,938,131

Increment Assessed Valuation

307,611,316

Total Assessed Valuation

524,549,447

Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Pass-Through / School District Assistance

Fiscal Year

2002

Project Area Name

Downtown Hayward Project Area

Amounts Paid To Taxing Agencies Pursuant To:	Tax Increment Pass Through Detail			Total	Other Payments	
	H & S Code Section 33401	H & S Code Section 33676	H & S Code Section 33607		H & S Code Section 33445	H & S Code Section 33445.5
County			34,124	\$34,124		
Cities				\$0		
School Districts			42,485	\$42,485		
Community College District			5,231	\$5,231		
Special Districts			33,712	\$33,712		
Total Paid to Taxing Agencies	\$0	\$0	\$115,552	\$115,552	\$0	\$0
Net Amount to Agency				\$3,612,621		
Gross Tax Increment Generated				3,728,173		

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Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Capital Improvement Detail

Fiscal Year 2002

Project Area Name	Description	Name of Taxing Agency	Amount	Code Section
Downtown Hayward Project Area	Gateway Landscaping	City of Hayward	206,000	

Fiscal Year 2002

Project Area Name	Description	Name of Taxing Agency	Amount	Code Section
Downtown Hayward Project Area	Downtown Sidewalks	City of Hayward	324,000	

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Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Summary of the Statement of Indebtedness - Project Area

Fiscal Year 2002

Project Area Name

Downtown Hayward Project Area

Tax Allocation Bond Debt

6,617,239

Revenue Bonds

Other Long Term Debt

436,988

City/County Debt

17,914,771

Low and Moderate Income Housing Fund

18,208,906

Other

3,075,355

Total

\$46,253,259

Available Revenues

Net Tax Increment Requirements

\$46,253,259

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Agency Long-Term Debt

Fiscal Year

Project Area Name

Forward from Prior Year	<input type="text" value=""/>
Bond Type	<input type="text" value="City/County Debt"/>
Year of Authorization	<input type="text" value="1975"/>
Principal Amount Authorized	<input type="text" value="10,414,338"/>
Principal Amount Issued	<input type="text" value="10,414,338"/>
Purpose of Issue	<input type="text" value="Property Acquisition"/>
Maturity Date Beginning Year	<input type="text" value="1990"/>
Maturity Date Ending Year	<input type="text" value="2043"/>
Principal Amount Unmatured Beginning of Fiscal Year	<input type="text" value="\$15,399,803"/>
Adjustment Made During Year	<input type="text" value="-242,169"/>
Adjustment Explanation	<input type="text" value="Principal Balance Corrections"/>
Interest Added to Principal	<input type="text" value="170,677"/>
Principal Amount Issued During Fiscal Year	<input type="text" value="3,470,000"/>
Principal Amount Matured During Fiscal Year	<input type="text" value="- 883,540"/>
Principal Amount Defeased During Fiscal Year	<input type="text" value=""/>
Principal Amount Unmatured End of Fiscal Year	<input type="text" value="\$17,914,771"/>
Principal Amount In Default	<input type="text" value=""/>
Interest In Default	<input type="text" value=""/>

Bond Types Allowed:

Tax Allocation Bonds; Revenue Bonds; Certificates of Participation; Tax Allocation Notes; Financing Authority Bonds; City/County Debt; US;State; Loans; Lease Obligations; Notes; Deferred Pass-Throughs; Deferred Compensation; Other

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Fiscal Year

Project Area Name

Forward from Prior Year	<input type="text"/>
Bond Type	<input type="text" value="Tax Allocation Bonds"/>
Year of Authorization	<input type="text" value="1996"/>
Principal Amount Authorized	<input type="text" value="6,195,000"/>
Principal Amount Issued	<input type="text" value="6,195,000"/>
Purpose of Issue	<input type="text" value="Capital Project/Refunding"/>
Maturity Date Beginning Year	<input type="text" value="1996"/>
Maturity Date Ending Year	<input type="text" value="2014"/>
Principal Amount Unmatured Beginning of Fiscal Year	<input type="text" value="5,025,000"/>
Adjustment Made During Year	<input type="text"/>
Adjustment Explanation	<input type="text"/>
Principal Amount Issued During Fiscal Year	<input type="text"/>
Principal Amount Matured During Fiscal Year	<input type="text"/>
Principal Amount Defeased During Fiscal Year	<input type="text" value="275,000"/>
Principal Amount Unmatured End of Fiscal Year	<input type="text" value="4,750,000"/>
Principal Amount in Default	<input type="text"/>
Interest in Default	<input type="text"/>

Bond Types Allowed:
 Mortgage Revenue; Industrial Development; Commercial Revenue Bond; Certificate of Participation

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Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Revenues

Fiscal Year **2002**

Project Area Name **Downtown Hayward Project Area**

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	Total
Tax Increment Gross <i>(Include All Apportionments)</i>	2,982,538		745,635		\$3,728,173
Special Supplemental Subvention					\$0
Property Assessments					\$0
Sales and Use Tax					\$0
Transient Occupancy Tax					\$0
Interest Income	198,014	37,457	150,427		\$385,898
Rental Income	74,192				\$74,192
Lease Income					\$0
Sale of Real Estate					\$0
Gain on Land Held for Resale					\$0
Federal Grants					\$0
Grants from Other Agencies					\$0
Bond Administrative Fees					\$0
Other Revenues	52,386		213,800		\$266,186
Total Revenues	\$3,307,130	\$37,457	\$1,109,862	\$0	\$4,454,449

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Redevelopment Agency Of the City Of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year

Project Area Name

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Administration Costs	605,268	6,050	170,140		\$781,458
Professional Services	74,651				\$74,651
Planning, Survey, and Design					\$0
Real Estate Purchases	578,540		353,913		\$932,453
Acquisition Expense					\$0
Operation of Acquired Property					\$0
Relocation Costs					\$0
Relocation Payments					\$0
Site Clearance Costs					\$0
Project Improvement / Construction Costs	530,000				\$530,000
Disposal Costs					\$0
Loss on Disposition of Land Held for Resale					\$0

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Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Expenditures

Fiscal Year

Project Area Name

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Decline in Value of Land Held for Resale					\$0
Rehabilitation Costs					\$0
Rehabilitation Grants					\$0
Interest Expense	416,382	266,156			\$682,538
Fixed Asset Acquisitions					\$0
Subsidies to Low and Moderate Income Housing			78,944		\$78,944
Debt Issuance Costs					\$0
Other Expenditures Including Pass-Through Payment(s)					\$0
Debt Principal Payments:					
Tax Allocation Bonds and Notes		275,000			\$275,000
Revenue Bonds, Certificates of Participation, Financing Authority Bonds					\$0
City/County Advances and Loans					\$0
All Other Long-Term Debt					\$0
Total Expenditures	\$2,204,841	\$547,206	\$602,997	\$0	\$3,355,044
Excess (Deficiency) Revenues over (under) Expenditures	\$1,102,289	(\$509,749)	\$506,865	\$0	\$1,099,405

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Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year

2002

Project Area Name

Downtown Hayward Project Area

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Proceeds of Long-Term Debt					\$0
Proceeds of Refunding Bonds					\$0
Payment to Refunded Bond Escrow Agent					\$0
Advances from City/County					\$0
Sale of Fixed Assets					\$0
Miscellaneous Financing Sources (Uses)	3,470,000				\$3,470,000
Operating Transfers In		773,148	180,000		\$953,148
Tax Increment Transfers In					\$0
Operating Transfers Out	953,148				\$953,148
Tax Increment Transfers Out					\$0
<i>(To the Low and Moderate Income Housing Fund)</i>					
Total Other Financing Sources (Uses)	\$2,516,852	\$773,148	\$180,000	\$0	\$3,470,000

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Agency Name: Redevelopment Agency of the City of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Other Financing Sources

Fiscal Year

Project Area Name

	Capital Project Funds	Debt Service Funds	Low/Moderate Income Housing	Special Revenue/Other	Total
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	3,619,140	263,399	686,865		
Equity, Beginning of Period	(2,183,487)	737,406	4,651,689		
Prior Period Adjustments					
Residual Equity Transfers					

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Other(Specify)	A	B	C	D	E	Refresh
<input type="text"/>						
Total						

Other Total

Equity, End of Period

Redevelopment Agency Of The City Of Hayward
 Redevelopment Agencies Financial Transactions Report

Balance Sheet - Assets and Other Debits

Fiscal Year 2002	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long- Term Debt	General Fixed Assets	Total
Assets and Other Debits							
Cash and Imprest Cash	7,233,370	422,238	930,916				\$8,586,524
Cash with Fiscal Agent		578,567					\$578,567
Tax Increments Receivable	61,620		15,405				\$77,025
Accounts Receivable							\$0
Accrued Interest Receivable	33,258		4,955				\$38,213
Loans Receivable			82,525				\$82,525
Contracts Receivable							\$0
Lease Payments Receivable							\$0
Unearned Finance Charge							\$0
Due from Capital Projects Fund			1,086,988				\$1,086,988
Due from Debt Service Fund							\$0
Due from Low/Moderate Income Housing Fund							\$0
Due from Special Revenue/Other Funds							\$0

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Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Balance Sheet - Assets and Other Debits

Fiscal Year	2002	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long-Term Debt	General Fixed Assets	Total
Investments								\$0
Other Assets		4,881		725,000				\$729,881
Investments: Land Held for Resale		1,984,500		2,510,760				\$4,495,260
Allowance for Decline In Value of Land Held for Resale								\$0
Fixed Assets: Land, Structures, and Improvements								\$0
Equipment								\$0
Amount Available In Debt Service Fund								\$0
Amount to be Provided for Payment of Long-Term Debt								\$0
Total Assets and Other Debits		\$9,317,629	\$1,000,805	\$5,356,549	\$0	\$0	\$0	\$15,674,983

(Must Equal Total Liabilities, Other Credits, and Equities)

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Redevelopment Agency of The City of Hayward

Redevelopment Agencies Financial Transactions Report

Balance Sheet - Liabilities and Other Credits

Fiscal Year	2002	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long-Term Debt	General Fixed Assets	Total
Liabilities and Other Credits								
Accounts Payable		11,880		17,995				\$29,875
Interest Payable								\$0
Tax Anticipation Notes Payable								\$0
Loans Payable		6,728,554						\$6,728,554
Other Liabilities		54,554						\$54,554
Due to Capital Projects Fund								\$0
Due to Debt Service Fund								\$0
Due to Low/Moderate Income Housing Fund		1,086,988						\$1,086,988
Due to Special Revenue/Other Funds								\$0
Tax Allocation Bonds Payable								\$0
Lease Revenue, Certificates of Participation Payable, Financing Authority Bonds								\$0
All Other Long-Term Debt								\$0
Total Liabilities and Other Credits		\$7,881,976	\$0	\$17,995	\$0	\$0		\$7,899,971

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Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Balance Sheet - Liabilities and Other Credits

Fiscal Year	2002	Capital Projects Funds	Debt Service Funds	Low/Moderate Income Housing Funds	Special Revenue/Other Funds	General Long-Term Debt	General Fixed Assets	Total
Equities								
Investment in General Fixed Assets								\$0
Fund Balance Reserved		1,984,500	1,000,805	5,338,554				\$8,323,859
Fund Balance Unreserved-Designated								\$0
Fund Balance Unreserved-Undesignated		-548,847						(\$548,847)
Total Equities		\$1,435,653	\$1,000,805	\$5,338,554	\$0		\$0	\$7,775,012
Total Liabilities, Other Credits, and Equities		\$9,317,629	\$1,000,805	\$5,356,549	\$0	\$0	\$0	\$15,674,983

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Redevelopment Agency Of The City Of Hayward

Redevelopment Agencies Financial Transactions Report

Statement of Income and Expenditures - Summary, Combined Transfers In/Out

Fiscal Year	2002
Operating Transfers In	\$953,148
Tax Increment Transfers In	\$0
Operating Transfers Out	\$953,148
Tax Increment Transfers Out	\$0

**Supplement to the Annual Report of Community Redevelopment Agencies
For the Fiscal Year Ended June 30, 2002**

Redevelopment Agency ID Number:	13980135800
Name of Redevelopment Agency:	Redevelopment Agency of the City of Hayward
Address:	777 B Street
City, State, Zip:	Hayward, CA 94541

The U.S. Bureau of the Census requests the following information about the fiscal activities of your government for the 2001-2002 fiscal year (defined from July 1, 2001 through June 30, 2002). Governments furnishing this information will no longer receive Census Bureau Form F-32, Survey of Local Government Finances. If you have any questions please contact

U.S. Bureau of the Census
Jeffrey Little
1-800-242-4523

A. Personnel Expenditures

Report your government's total expenditures for salaries and wages during the year, including amounts paid on force account construction projects.

Z00	\$ 434,520
------------	-------------------

B. Mortgage Revenue Bond Interest Payments

Report your government's total amount of interest paid on mortgage revenue bonds during the year.

U20	\$ 0
------------	-------------

C. Cash and Investments Held at the End of the Fiscal Year

Report separately for each of the three types of funds listed below, the total cash on hand, cash on deposit, and investments in Federal government, Federal agency, State and local government and non-governmental securities. Report all investments at par value. Include in the sinking fund total any mortgages and notes receivable held as offsets to housing and industrial financing loans. Exclude accounts receivable, value of real property and non-security assets.

1. Sinking Funds - Reserves held for the redemption of long-term debt. Tax Allocation Bond	W01	\$ 578,567
2. Bond Funds - Unexpended proceeds from the sale of bond issues pending disbursement.	W31	\$ 0
3. All Other Funds - Exclude employee retirement funds.	W61	\$ 0

Project Area Report FY 2001-02

In fiscal year 2001-02 the Hayward Redevelopment Agency continued toward completion of several activities that it has been working on for the past several years, and initiated a major new redevelopment activity.

During this fiscal year the Olson Company started construction of its 77-unit town home project, City Walk. Model units were completed during this year, and construction was approximately one-half completed. A major fire occurred on the construction site in the spring of 2002, which destroyed approximately 18 units and set the project back, however, the damage was repaired by the end of the fiscal year and construction resumed. This market-rate development adjacent to the BART Station is virtually sold out.

Albertsons completed construction of its new 65,000 square foot store this year, and Browman commenced construction of the adjoining 18,000 square feet of shop space. These stores will be completed in FY 2002-03. In addition to facilitating the new Albertsons development, the Agency also negotiated the acquisition of the former Albertsons property and lease at the corner of B Street & Foothill Boulevard. The Agency borrowed funds from the City to acquire the property in FY 2001-02, and the acquisition was completed following the end of the fiscal year. The Agency is currently marketing this key property through a broker.

The Agency initiated the redevelopment of the former Hunts Cannery property in this fiscal year. Following the adoption of the award-winning Cannery Area Design Plan and attendant General Plan and Zoning Ordinance changes, the Agency issued a Request for Proposals. The Agency subsequently entered into negotiations with Shea Homes/Pulte Homes. The proposed development will include approximately 700-units of housing, and would designate 15% of these as affordable housing units. This project will also involve extensive infrastructure and public facilities improvements including a new elementary school, an expanded joint-facility park with play fields, and a series of pedestrian connections. During the year, the Agency acquired one property in the proposed Cannery project Site area.

The Agency also adopted its Mission-Foothill Redevelopment Plan amendment shortly after the beginning of this fiscal year. This amendment area stretches both north and south of the downtown to the City limits, along the Mission and Foothill Boulevard corridors. The Agency also began to receive tax increment from the Burbank-Cannery Redevelopment Plan Amendment that was adopted in November 1998.

Also, during this fiscal year, the Agency approved a five-year lease of a vacant lot it owns on Russell Way, between Foothill Boulevard and Second Street. The vacant lot is being developed as a parking lot to serve an adjacent building that stood vacant for years and was sold privately, and is being rehabilitated.

The Agency also funded two capital improvements projects, including funds for: 1) beautifying gateway areas into the City or the downtown, and 2) the first phase of a downtown sidewalk and streetscape improvement project.

With respect to affordable housing activities, the Agency completed its assembly of a two-acre housing site in the downtown area, known as Site 4. The Agency now owns or has possession of 17 of the 18 parcels on site. The eighteenth property, an occupied single-family home, is excluded from the current project. The site was otherwise cleared of occupants by the end of the fiscal year, and the buildings on site were deconstructed over the summer of 2002. The Agency is in discussions with a developer regarding the site, and has a proposal for a development in which approximately one-half of the units will be sold to moderate-income households. The First-Time Homebuyer program completed six loans in FY 2001-02. While this program has been hampered by steep home prices for the past two years, it is anticipated that more loans will be made in FY 02-03, due to an increase in the allowable maximum home price under this program. The Agency also funded a \$250,000 façade improvement loan for the historic Green Shutter Hotel, in downtown. This building is a 61-units of single-room occupancy hotel, serving low-income households. Finally, the Agency funded the rehabilitation of a tri-plex apartment building in the Burbank area that is rented to low and moderate-income households.

Agency's Progress in Alleviating Blight
(Pursuant to H&S 33080.I (d), (e), and (f))

As noted above the Agency continues to make progress in alleviating blight in several concrete ways. Both the City Walk housing project and Albertsons shopping center continued to build out. These developments are located in the downtown cores area, adjacent to the BART Station and will serve to spur further revitalization efforts in the area. Both sites contained older, obsolete or dilapidated structures, were underutilized and both sites had significant environmental contamination issues.

The Agency also obtained site control on a two-acre parcel known as Site 4, and relocated all occupants. This site contained a mix of old single-family homes - several of which were in deteriorated or dilapidated condition, vacant lots, and underutilized or inappropriate commercial uses. The site also has environmental contamination issues. Subsequent to the end of the fiscal year the Agency has deconstructed the buildings on site, undertaken environmental remediation, and is pursuing discussions with a developer for redevelopment of the site.

Status of Agency Loans
(Pursuant to H&S 33080.I (d), (e), and (f))

The Agency is not in default on any loans, nor is it out of compliance with respect to any of its existing debt.

CITY OF HAYWARD

**Department of Community and Economic Development
Downtown Development Division**

Listing of Land Held for Resale - FY 2001-02

1. **Site Two - bounded by "B" and "C" Streets, Watkins Street and the Downtown BART Station:** Future Office Pad: approx. 31,910 sq. ft. is held for resale.

2. **Site Three - 805-895 "B" Street Marketplace Retail.** 11,500 sq. ft. building, under improvement and being leased. Held for resale.

3. **Site Four - A two-acre block bound by "C" and "D" Streets and Watkins and Atherton Streets.** Under Assembly for future housing redevelopment, is held for resale.

22701 Watkins Street - Commercial Property, under eminent domain, Agency took property under possession on 4/24/02

22723 Watkins Street - SF house on 4,240 sq. ft. lot purchased 6/26/00.

22731 Watkins Street- duplex on 4,220 sq. ft. lot purchased 2/14/00.

22737 Watkins Street - SF house on 4,452 sq. ft. lot, purchased 12/4/00

22745 Watkins Street - SF house on 4,452 sq. ft. lot, purchased 3/1/01,

22767 Watkins Street - SF House and retail property on 4,420 sq. ft. lot, purchased 3/8/01.

22769 Watkins Street.- 4,220 sq. ft. Commercial Property.

22793-22799 Watkins Street - Commercial Property under eminent domain. Agency took possession on 4/24/02.

765 "C" Street - 6,750 sq. ft. vacant lot purchased 10/18/99 (two parcels).

776 "D" Street - 11,000 sq. ft. vacant lot purchased 9/17/99.

22716 Atherton Street - SF House on 4240 sq. ft. lot, purchased 12/22/00.

22720 Atherton Street - SF House on 4240 sq. ft. lot, purchased 10/15/01.

22730 Atherton St.-SF house on 4,325 sq. ft. lot purchased 6/98.

22736 Atherton Street - 4,325 sq. ft. vacant lot. purchased 2/18/99.

22746 Atherton Street - SF house on 4,452 sq. ft. lot, purchased 12/01/00.

22764 Atherton Street - SF house on 3,392 sq. ft. lot, purchased 1/11/02.

4. **Russell Way** - 24,242 sq. ft. Vacant parcel held for resale. Property is now under a 5-year lease agreement.
5. 229 C Street - SF house on 10,200 sq. ft. lot, purchased 4/11/02.

Listing of Other Agency-owned properties

1. **Municipal Lot 10** - 18,750 sq. ft. municipal parking lot. "C" Street and Mission Blvd.
2. **Municipal Parking Structure** - 320-space municipal parking structure on approximately 63,500 sq. ft. lot. Located between Mission Blvd and Watkins Street.
3. **22852 Foothill Boulevard** - 20,313 sq. ft. landscaped lot in a street median/gateway area on the Hayward fault line.
4. **Hayward Civic Center** - Public Paseo and Plaza area at "B" and Watkins Street: approx. 89,792 sq. ft.

APPENDIX C

**DESCRIPTION OF AGENCY'S ACTIVITIES
AFFECTING HOUSING AND DISPLACEMENT**

Redevelopment Agency of the City of Hayward

December 2002

California Redevelopment Agencies-Fiscal Year 2001/2002
 Project Area Contributions to Low and Moderate Income Housing Funds
 Sch A Project Area Summary Report
 HAYWARD RDA

Project Area	100% of Tax Increment	20% Set Aside Requirement	Tax Increment Allocated	Tax Increment Amount Exempted	Deferral Repayment	Tax Incr. Deposited to Hsng Fund	Percent of Tax Incr Dep	Repayment Deferrals	Other Income	Total Deposited to Housing
DOWNTOWN HAYWARD PROJECT	\$3,728,173	\$745,635	\$745,635	\$0	\$0	\$745,635	20.00%	\$0	\$364,227	\$1,109,862
Agency Totals:	\$3,728,173	\$745,635	\$745,635	\$0	\$0	\$745,635	20.00%	\$0	\$364,227	\$1,109,862

Note: Print this report in Landscape Orientation (Use the Print Icon just above, then Properties then Landscape)

California Redevelopment Agencies - Fiscal Year 2001/2002
 Sch A/B Project Area Program Information
HAYWARD RDA

Project Area: **DOWNTOWN HAYWARD PROJECT**

UNITS LOST -----

	<u>Very Low</u>	<u>Low</u>	<u>Moderate</u>	<u>Above Moderate</u>	<u>Total</u>
<u>Reporting Period: Current</u>					
<u>Redevelopment</u>					
Category Households Removed - Non Elderly	0	0	1	0	1

California Redevelopment Agencies - Fiscal Year 2001/2002
 Status of Low and Moderate Income Housing Funds
 Sch C Agency Financial Summary
 HAYWARD RDA

Adjusted Beginning Balance	Project Area Receipts	Agency Other Revenue	Total Expenses	Net Resources Available	Other Housing Fund Assets	Total Housing Fund Assets	Encumbrances	* Unencumbered Balance	Unencumbered Designated	Unencumbered Not Dsgntd
\$4,651,689	\$1,109,862	\$180,000	\$602,997	\$5,338,554	\$0	\$5,338,554	\$5,338,554	\$0	\$0	\$0

Expenses	Planning and Administration Costs	Property Acquisition	Subsidies	Total
2001/2002	\$170,140	\$353,913	\$78,944	\$602,997

*The Unencumbered Balance is equal to Net Resources Available minus Encumbrances

Note: Print this report in Landscape Orientation (Use the Print Icon just above, then Properties then Landscape)

California Redevelopment Agencies - Fiscal Year 2001/2002
 Status of Low and Moderate Income Housing Funds
 Sch C Agency Financial and Program Detail
 HAYWARD RDA

	Beginning Balance	\$4,651,689
	Adjustment to Beginning Balance	\$0
	Adjusted Beginning Balance	\$4,651,689
Total Tax Increment From PA(s) \$745,635	Total Receipts from PA(s)	\$1,109,862
	Other Revenues not reported on Schedule A	\$180,000
	Sum of Beginning Balance and Revenues	\$5,941,551

Expenditure		Amount	Remark
<u>Item</u>	<u>Subitem</u>		
Planning and Administration Costs			
Administration Costs		\$46,209	
Professional Services		\$123,931	
	Subtotal of Planning and Administration Costs	\$170,140	
Property Acquisition			
Acquisition Expense		\$353,913	
	Subtotal of Property Acquisition	\$353,913	
Subsidies from the LMIHF			
1st Time Homebuyer Down Payment Assistance		\$78,944	
	Subtotal of Subsidies from the LMIHF	\$78,944	
	Total Expenditures	\$602,997	

Net Resources Available \$5,338,554

Indebtedness For Setasides Deferred \$0

Other Housing Fund Assets		
<u>Category</u>	<u>Amount</u>	<u>Remark</u>
	Total Other Housing Fund Assets	

Total Fund Equity \$5,338,554

1997/1998 \$439901

California Redevelopment Agencies - Fiscal Year 2001/2002
 Status of Low and Moderate Income Housing Funds
 Sch C Agency Financial and Program Detail
 HAYWARD RDA

1998/1999	\$479796	sum of 4 Previous Years'	Prior Year Ending	Excess Surplus for
1999/2000	\$480988	Tax Increment for 2001/2002	Unencumbered Balance	2001/2002
2000/2001	\$519891	\$1920576	\$0	\$0

Sum of Current and 3 Previous Years' Tax Increments	\$2,226,310
Adjusted Balance	\$0
Excess Surplus for next year	\$0
Net Resources Available	\$5,338,554
Unencumbered Designated	\$0
Unencumbered Undesignated	\$0
Total Encumbrances	\$5,338,554
Unencumbered Balance	\$0
Unencumbered Balance Adjusted for Debt Proceeds	\$0
Unencumbered Balance Adjusted for Land Sales	\$0
Excess Surplus Expenditure Plan	
Excess Surplus Plan Adoption Date	

Site Improvement Activities Benefiting Households				
Income Level	Low	Very Low	Moderate	Total

Land Held for Future Development					
Site Name	Num Of Acres	Zoning	Purchase Date	Estimated Start Date	Remark

Use of the Housing Fund to Assist Mortgagors

Income Adjustment Factor	<input type="text"/>	Requirements Completed	<input type="text"/>
Home	\$ <input type="text"/>	Hope	\$ <input type="text"/>

Non Housing Redevelopment Funds Usage

Resource Needs

California Redevelopment Agencies - Fiscal Year 2001/2002
 Status of Low and Moderate Income Housing Funds
 Sch C Agency Financial and Program Detail
 HAYWARD RDA

LMIHF Deposits/Withdrawals				
<u>Document Name</u>	<u>Document Date</u>	<u>Custodian Name</u>	<u>Custodian Phone</u>	<u>Copy Source</u>
City of Hayward General Ledger	30-JUN-02	Diane Lewis	(510) 583-4901	City of Hayward Finance Department

Achievements
Description

California Redevelopment Agencies - Fiscal Year 2001/2002
Sch D General Project Information
HAYWARD RDA

Project Area Name: OUTSIDE PROJECT AREA

Project Name: First Time Homebuyer Program	
Address: 777 B StreetHayward 94541	
PROJECT FUNDING SOURCE -----	
<u>Funding Source</u>	<u>Amount</u>
Redevelopment Funds	\$78,944

SCHEDULE HCD E
CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES
 (This Form is Information Only: Actual Obligation is based on Implementation Plan)

Report Year: 2001/2002

Agency: HAYWARD RDA

NOTE: This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

PART I [H & SC Section 33413(b)(1)] AGENCY DEVELOPED	
1. New Units	0
2. Substantially Rehabilitated Units	0
3. Subtotal - Baseline of Units (add line 1 & 2)	0
4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)	0
5. Subtotal of Inclusionary Obligation Accrued this year for <u>Very-Low</u> Income Units (line 4 x 50%)	0
PART II [H & SC Section 33413(b)(2)] NON-AGENCY DEVELOPED UNITS	
6. New Units	0
7. Substantially Rehabilitated Units	0
8. Subtotal - Baseline of Units (add lines 6 & 7)	0
9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)	0
10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%)	0
PART III TOTALS	
11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)	0
12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10)	0

SCHEDULE HCD E1
CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES
 (This Form is Information Only: Actual Obligation is based on Implementation Plan)

Report Year: 2001/2002

Agency: HAYWARD RDA

Project Area: DOWNTOWN HAYWARD PROJECT

Project: 24086 PARK STREET REHAB

NOTE: This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

PART I [H & SC Section 33413(b)(1)] AGENCY DEVELOPED	
1. New Units	0
2. Substantially Rehabilitated Units	0
3. Subtotal - Baseline of Units (add line 1 & 2)	0
4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)	0
5. Subtotal of Inclusionary Obligation Accrued this year for <u>Very-Low</u> Income Units (line 4 x 50%)	0
PART II [H & SC Section 33413(b)(2)] NON-AGENCY DEVELOPED UNITS	
6. New Units	0
7. Substantially Rehabilitated Units	0
8. Subtotal - Baseline of Units (add lines 6 & 7)	0
9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)	0
10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%)	0
PART III TOTALS	
11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)	0
12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10)	0

SCHEDULE HCD E1
CALCULATION OF INCREASE IN AGENCY'S INCLUSIONARY OBLIGATION FOR ACTIVITIES
 (This Form is Information Only: Actual Obligation is based on Implementation Plan)

Report Year: 2001/2002

Agency: HAYWARD RDA

Project Area: DOWNTOWN HAYWARD PROJECT

Project: RENTAL REHABILITATION LOAN PROGRAM

NOTE: This form is a summary of the totals of all new construction or substantial rehabilitation units from forms HCD-D7 which are developed in a project area by any entity (agency or non-agency).

PART I
 [H & SC Section 33413(b)(1)]
AGENCY DEVELOPED

1. New Units	0
2. Substantially Rehabilitated Units	0
3. Subtotal - Baseline of Units (add line 1 & 2)	0
4. Subtotal of Inclusionary Obligation Accrued this Year for Units (line 3 x 30%)	0
5. Subtotal of Inclusionary Obligation Accrued this year for <u>Very-Low</u> Income Units (line 4 x 50%)	0

PART II
 [H & SC Section 33413(b)(2)]
NON-AGENCY DEVELOPED UNITS

6. New Units	0
7. Substantially Rehabilitated Units	0
8. Subtotal - Baseline of Units (add lines 6 & 7)	0
9. Subtotal of Inclusionary Obligation Accrued this year for Units (line 8 x 15%)	0
10. Subtotal of Inclusionary Obligation Accrued this year for Very Low Income Units (line 9 x 40%)	0

PART III
TOTALS

11. Total Increase in Inclusionary Obligations During This Fiscal Year (add line 4 & 9)	0
12. Total Increase in Very Low Income Units Inclusionary Obligations During This Fiscal Year (add line 5 & 10)	0

APPENDIX D
STATEMENT OF INDEBTEDNESS

Redevelopment Agency of the City of Hayward

December 2002

**STATEMENT OF INDEBTEDNESS - CONSOLIDATED
FILED FOR THE 2002-2003 TAX YEAR**

Cover Page

Name of Redevelopment Agency Hayward Redevelopment Agency
 Name of Project Area Downtown Hayward Redevelopment Project Area

	Line	Current	
		Total Outstanding Debt	Principal/Interest Due During Tax Year
Balances Carried Forward From:			
Fiscal Period - Totals (Optional)	(1)	46,253,259	6,680,249
Post Fiscal Period - Totals	(2)		
Grand Totals	(3)	46,253,259	6,680,249
Available Revenues	(4)	3,728,172	
From Calculation of Available Revenues, Line 7	(5)	42,525,087	
Requirement			

Consolidate on this form all of the data contained on Form A and B (including supplemental pages). Form A is to include all indebtedness entered into as of June 30 of the Fiscal Year. Form B may be filed at the option of the agency, and is to include indebtedness entered into post June 30 of the Fiscal Year, pursuant to Health and Safety Code Section 33675(c)(2). This is optional for each agency and is not a requirement for filing the Statement of Indebtedness. The Reconciliation Statement is to include indebtedness from Form A only.

Certification of Chief Financial Officer:
 Pursuant to Section 33675 (b) of the Health and Safety Code,
 I hereby certify that the above is a true and accurate Statement
 of Indebtedness for the above named agency.

Diane Lewis, Acting Finance Director

Name _____ Title _____
 Signature _____ Date 1/9/03
 _____ Date _____

**STATEMENT OF INDEBTEDNESS - FISCAL YEAR INDEBTEDNESS
FILED FOR THE 2002-2003 TAX YEAR**

Name of Redevelopment Agency Hayward Redevelopment Agency
Name of Project Area Downtown Hayward Redevelopment Project Area

For Indebtedness Entered into as of June 30, 2002

Debt Identification	Original Data					Current	
	Date	Principal	Term	Interest Rate	Total Interest	Total Outstanding Debt	Principal/Interest Due During Tax Year
(A) Refunding Tax Allocation Bonds	2/1/1996	6,195,000	8/1/2014	4.5.7%	3,649,144	6,617,239	543,506
(B) Advances from City of Hayward	6/1/1990	4,701,112	6/1/2013	7.5%	6,615,603	3,408,196	529,020
(C) Advance from City of Hayward Obligation to Low	8/31/1993	513,000	N/A	N/A		822,876	420,000
(D) Moderate Housing Fund	N/A		6/30/1927	N/A		17,558,906	308,160
(E) 1992-93 ERAF Payment	5/31/1993	220,668	5/13/2018	N/A		170,668	170,668
(F) 1993-94 ERAF Payment	6/13/1993	133,144	6/30/2004	N/A		133,144	100,000
(G) 1994-95 ERAF Payment		133,176	5/30/2005	N/A		133,176	
(H) Loan from Low/Mod fund	6/30/1998	650,000	N/A	N/A		650,000	650,000
(I) Advance from City of Hayward	11/17/1998	3,200,000	12/31/1999	5.37%	379,954	2,497,482	883,540
(J) Payables from Operations - Tax year	6/30/2002	3,075,355	1 Yr.	N/A		3,075,355	3,075,355
(K) Repayment Agreement from City	7/30/2000	14,386,217	N/A	N/A		11,186,217	
Subtotal							
This page							
Totals forward						46,233,259	6,680,249
From All Other Pages							0
Totals, Fiscal Year Indebtedness						46,233,259	6,680,249

Purpose of Indebtedness:

- (A) Refund Tax Allocation Bonds for street improvement
- (B) Various Redevelopment programs
- (C) Various Redevelopment programs
- (D) Housing set aside per Health and Safety Code 33334.2
- (E) Pursuant to Health, and Safety Code Section 33681
- (F) Pursuant to Health and Safety Code Section 33681
- (G) Pursuant to Health and Safety Code Section 33681
- (H) Purchase Site 3 - Parking Structure
- (I) Construct Parking Garage & Purchase Property South of City Hall
- (J) Tax Year operating requirements
- (K) Repay redevelopment project costs paid by the City.

RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Name of Agency Hayward Redevelopment Agency
 Name of Project Area Downtown Hayward Redevelopment Project Area

Tax Year 2002 -2003

Reconciliation Dates: From July 1, 2001 To June 30, 2002

SOI, page and line: Prior Yr Current Yr		Debt Identification: Brief Description	A		B		C		D		E		F
			Outstanding Debt All Beginning Indebtedness	Increases (Attach Explanation)	Decreases (Attach Explanation)	Tax Increment	Amounts Paid Against Indebtedness, from:	Other Funds	Remaining Balance (A+B-C-D-E)				
Pg 1	Pg 1		7,158,393						541,154				6,617,239
Line (A)	Line (A)	Refunding Tax Allocation Bonds											
Pg	Pg		7,141,770	245,705	3,448,574				530,705				3,408,196
Line (B)	Line (B)	Advance from City of Hayward											
Pg 1	Pg 1		790,391	32,485									822,876
Line (C)	Line (C)	Advance from City of Hayward											
Pg 1	Pg 1	Obligation to Low Moderate Housing Fund	18,304,540						745,634				17,558,906
Line (D)	Line (D)												
Pg 1	Pg 1		220,668						50,000				170,668
Line (E)	Line (E)	1992-93 ERAF Payment											
Pg 1	Pg 1		133,144										133,144
Line (F)	Line (F)	1993-94 ERAF Payment											
Pg 1	Pg 1		133,176										133,176
Line (G)	Line (G)	1994-95 ERAF Payment											
Pg 1	Pg 1		650,000										650,000
Line (H)	Line (H)	Loan from Low/Mod fund											
TOTAL-THIS PAGE			34,532,082	278,190	3,448,574			1,867,493					29,494,205
TOTALS FORWARD													
GRAND TOTALS													

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 - June 30 fiscal year period, only those items included on the SOI From A is to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to the fiscal year, enter "new" in the "Prior Yr" page and line columns. Column F must equal the current SOI, Form A Total Outstanding Debt column.

RECONCILIATION STATEMENT - CHANGES IN INDEBTEDNESS

Name of Agency Hayward Redevelopment Agency
 Name of Project Area Downtown Hayward Redevelopment Project Area

Tax Year 2002 -2003

Reconciliation Dates: From July 1, 2001 To June 30, 2002

SOI, page and line: Prior Yr Current Yr		Debt Identification: Brief Description		A		B		C		D		E		F
				Outstanding Debt All Beginning Indebtedness	Increases (Attach Explanation)	Decreases (Attach Explanation)	Tax Increment	Amounts Paid Against Indebtedness, from:	Other Funds	Remaining Balance (A+B-C-D-E)				
Pg 1 Pg 1	Line (I) Line (I)	Advance from City of Hayward	3,693,195	138,192	450,365	883,540								2,497,482
Pg 1 Pg 1	Line (J) Line (J)	Payables from Operations - Tax year	3,300,159	134,995		1,910,677				1,544,477				
Pg 1 Pg 1	Line new Line (J)	Payables from Operations - Tax year		3,075,355										3,075,355
Pg 1 Pg 1	Line (K) Line (K)	Repayment Agreement from City	10,916,217	3,470,000	3,200,000									11,186,217
Pg 1 Pg 1	Line Line													
Pg 1 Pg 1	Line Line													
Pg 1 Pg 1	Line Line													
TOTAL-THIS PAGE			17,909,571	6,838,542	3,650,365	2,794,217				1,544,477				16,759,054
TOTALS FORWARD			34,532,082	278,190	3,448,574	1,867,493								29,494,205
GRAND TOTALS			52,441,653	7,116,732	7,098,939	4,661,710				1,544,477				46,253,259

NOTE: This form is to reconcile the previous Statement of Indebtedness to the current one being filed. However, since the reconciliation period is limited by law to a July 1 --June 30 fiscal year period, only those items included on the SOI From A is to be included on this document. To assist in following each item of indebtedness from one SOI to the next, use page and line number references from each SOI that the item of indebtedness is listed on. If the indebtedness is new to the fiscal year, enter "new" in the "Prior Yr." page and line columns. Column F must equal the current SOI, Form A Total Outstanding Debt column.

EXPLANATIONS OF INCREASES/DECREASES FROM RECONCILIATION STATEMENT

Name of Agency Hayward Redevelopment Agency
 Name of Project Area Downtown Hayward Redevelopment Project Area

Tax Year 2002 -2003

Reconciliation Statement References		Explanation
Current Yr	Brief Description	
Pg 1	Advance from City of Hayward	To add accrued interest.
Line (B)	Advance from City of Hayward	To adjust interest and report advance as Principal only. This is consistent with the other City advances shown in this report.
Pg 1	Advance from City of Hayward	To add accrued interest
Line (B)	Advance from City of Hayward	To add accrued interest
Pg 1	Advance from City of Hayward	To add accrued interest
Line (C)	Advance from City of Hayward	To add accrued interest
Pg 2	Advance from City of Hayward	To add accrued interest
Line (D)	Advance from City of Hayward	To correct beginning balance
Pg 2	Advance from City of Hayward	To adjust obligation for actual activity
Line (J)	Payables from Operations - Tax year	To adjust for additional borrowings for projects costs.
Pg 2	Repayment Agreement from City	Duplicate reporting. Same debt shown on Line 2, Page 1.
Line (K)	Repayment Agreement	
Pg		
Line		
Pg		
Line		

CALCULATION OF AVAILABLE REVENUES

Name of Agency Hayward Redevelopment Agency
 Name of Project Area Downtown Hayward Redevelopment Project Area

Tax Year 2002 -2003

Reconciliation Dates: From July 1, 2001 To June 30, 2002

1 . Beginning Balance, Available Revenues (See Instructions)	\$0
2 . Tax Increment Received - Gross All Tax Increment Revenues, to include any Tax Increment passed through to other local taxing agencies.	3,728,172
3 . All other Available Revenues Received (See Instructions)	_____
4 . Revenues from any other source, included in Column E of the Reconciliation Statement, but not included in (1-3) above	0
5 . Sum of Lines 1 through 4	3,728,172
6 . Total amounts paid against indebtedness in previous year. (D + E on Reconciliation Statement)	0
7 . Available Revenues, End of Year (5 - 6) FORWARD THIS AMOUNT TO STATEMENT ON INDEBTEDNESS, COVER PAGE, LINE 4	\$3,728,172

NOTES

Tax Increment Revenues:

The only amount(s) to be excluded as Tax Increment Revenue are any amounts passed through to other local taxing agencies pursuant to Health and Safety Code Section 33676. Tax increment Revenues set-aside in the Low and Moderate Income Housing Fund will be washed in the above calculation, and therefore omitted from Available Revenues at year end.

Item 4. above:

This represents any payments from any source other than Tax Increment OR available revenues. For instance, an agency funds a project with a bond issue. The previous SOI included a Disposition and Development Agreement(DDA) which was fully satisfied with these bond proceeds. The DDA would be shown on the Reconciliation Statement as fully repaid under the "other " column (Col E), but with funds that were neither Tax Increment, nor "Available Revenues" as defined. The amounts used to satisfy this DDA would be included on line 4 above in order to accurately determine ending "Available Revenues".