

CITY OF UNION CITY CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2004

CITY OF UNION CITY, CALIFORNIA

Comprehensive Annual Financial Report

Year Ended June 30, 2004

Prepared by:
Administrative Services Department

INTRODUCTORY SECTION

CITY OF UNION CITY

Year Ended June 30, 2004

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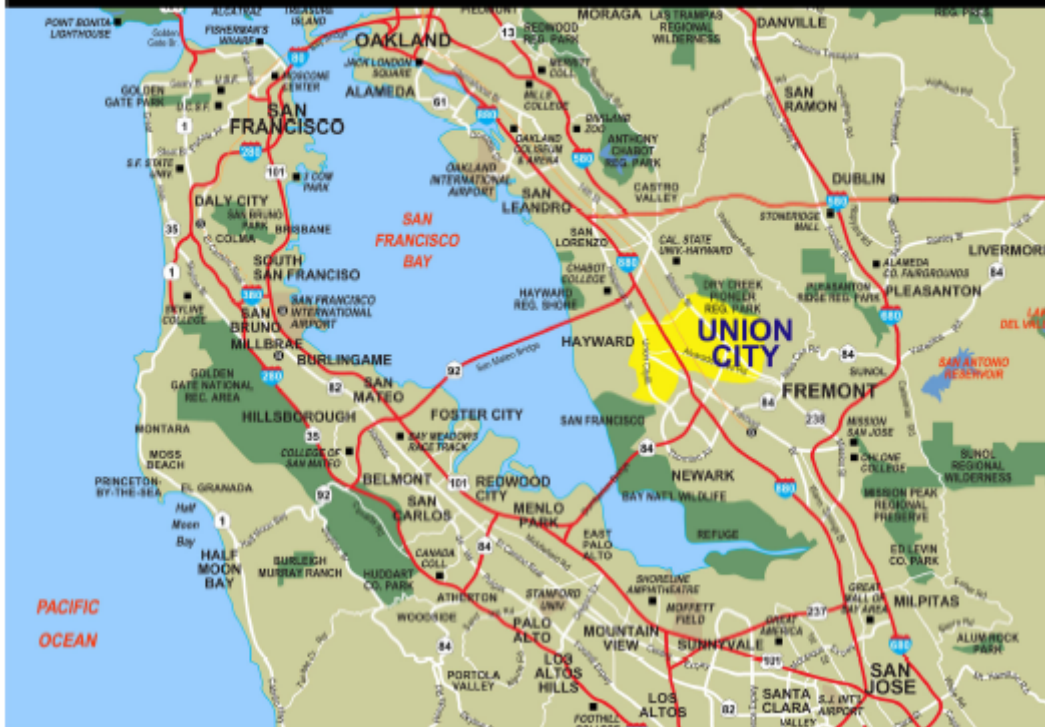
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UNION CITY





January 7, 2005

Honorable Mayor, Members of the City Council and
Citizens of the City of Union City

The Comprehensive Annual Financial Report (CAFR) of the City of Union City, California (the City) for the fiscal year ended June 30, 2004 is hereby submitted. This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report.

To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). The internal controls are designed to provide reasonable, but not absolute assurance that these objectives are met. These internal controls are periodically reviewed and, where necessary and feasible, improved by management. Annually, our independent auditors also review our controls as part of the audit of the accompanying financial statements. We believe that this financial report is complete and reliable in all material respects, and is presented in a manner that fairly and accurately sets forth the financial position and operation of the City as measure by the financial activities of its various funds.

This year's report is prepared in accordance with the Governmental Accounting Standards Board Statement No. 34 guidelines. One of the requirements is a Management's Discussion and Analysis (MD&A) that provides a narrative introduction, overview, and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A, which is located immediately following the report of the independent auditors.

Macias, Gini & Company LLP, a firm of licensed certified public accountants, has audited the City of Union City's basic financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2004, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial presentation. The independent auditors concluded that there was reasonable basis for rendering an unqualified opinion on the City of Union City's financial statements for the fiscal year ended June 30, 2004. The audit of the financial statements of the City included a federally mandated "Single Audit" which is designed to meet the requirements of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report, not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, especially those involving the administration of federal grants. This Single Audit Report is available and is issued separately by the City.

General Information

The City of Union City was incorporated in 1959 and has now a population of over 70,300. It has an area of 18 square miles located between Oakland and San Francisco to the north, and San Jose to the south. The City enjoys a mix of residential, commercial and industrial tax base all of which are being further developed in accordance with the City's master plan.

The City has a Council-Manager form of government with five council members comprising the governing body. The members of council are elected on a staggered basis for a term of four years and are all subject to three-year term limits. The City Council is responsible, among other things, for passing ordinances, adopting the budget, hiring both the City Manager and City Attorney, and approving nominees to advisory commissions and committees.

The City provides the full range of municipal services normally associated with a municipality. These include public safety (police, fire, emergency medical services and code enforcement); construction and maintenance of streets and parks and other infrastructures; social and recreation services; planning, economic development and housing programs; and general administrative services. The City also operates a bus transit system that is coordinated with other bus transit providers and the Bay Area Rapid Transit (BART) system. The City manages franchises for solid waste disposal, cable television and energy. Other common municipal services delivered within the City boundaries, such as water, wastewater, education, libraries, regional parks and flood control, are provided by other agencies.

The City is a general law city and as such, does not operate under the provision of a voter-approved charter. Like other general law cities, the City has limited ability to set tax rates. The State Constitution establishes a maximum rate for property tax and limits the growth of assessed value. The property tax collected is allocated among the jurisdictions in the City's tax rate areas based on criteria established by the state legislature. The rates and tax base of the City's two other major general taxes – sales tax and vehicle-in lieu fess (VLF) – are also controlled by the state legislature.

Increases in existing local taxes and any new taxes require voter approval. Taxes used for general purposes are subject to approval by a simple majority of voters, while taxes levied for specific purposes require a two-thirds majority of voters, as do property tax levies that are used to pay for debt issued to build capital assets. Special property assessments must be approved by a two-thirds vote, with the voting rights apportioned based on the amount of the assessments. In addition, fees for facilities and services are subject to requirements that they not be set at levels that exceed the reasonable costs of providing the services. The balance generated by the difference between fee revenue and the related expenses are retained and designated for services and facilities that benefit the fee payers.

The Reporting Entity

The financial statements included in this CAFR present the City (the primary governments), the Community Redevelopment Agency of the City (the Agency), the Union City Public Facilities Authority (the Authority) and the City of Union City Public Facilities Corporation (the Corporation) as its component units. The Agency was created by the City Council in 1988. It is broadly empowered to engage in the general economic revitalization and redevelopment of certain areas of the City. The Authority was formed for the purpose of financing the purchase of the Lincoln-Alvarado Industrial Park Assessment District Local Improvement District No. 25 refunding bonds. The Agency, Authority and the Corporation, although legally separate entities, are in substance, parts of the City operations. Members of City council serve as members of boards of these entities and the City Manager as Executive Director. These component units are combined and included in the operations of the City in the accompanying financial statements.

We are also presenting information on the Community Facilities District No. 97-1 (Union Landing) of the City. This District was formed and established by the City pursuant to the Mello-Roos Community Facilities Act of 1981, as amended. This followed a public hearing and a landowner election at which occasion it received over a two-thirds majority vote that authorized the District to incur bonded indebtedness and the levy of special taxes.

Economic Condition and Outlook

The experience of the last two fiscal years have reinforced management's cautious view of economic recovery both locally and statewide, as they related to the City's budget strategy. A special concern is the budget problem facing the State of California.

The City recognizes some positive factors in financial planning. The continued growth in building development for residential and business development areas. This is evidenced by the increase in collection of development-related fees and increases in assessed valuation of properties in the City. There are currently over 500 residential units that are either completed or under construction, and an estimated 430,000 square feet of commercial and industrial projects in progress. In addition, over the last two quarters of the fiscal year and through the first quarter of the new year, allocation of sales tax to the City has increased by 2.5%, 17.6% and 7.5%, respectively for the last three quarters. These factors ameliorate to some degree the deficit that the City was projecting for the General Fund for FY2003/04 due primarily to the mandatory increases in employee wages, as required by existing memoranda of understanding, and the inflationary cost increases in services, supplies and materials.

As part of the City's budget balancing strategies, various vacant positions were left unfilled. Pension costs were also reduced by paying off the City's unfunded liabilities with proceeds from a bond issue (further described in the accompanying Management's Discussion and Analysis and Note 10). There are three major initiatives adopted by the City to impede any erosion in public safety services: the levy of a special public safety assessment on properties; a 911 fee on phone lines for the purpose of recovering most of the costs associated with the operation of the City's emergency communication system; and the special property assessment levied to the business owners in the major commercial center of the City (Union Landing). In addition to all the foregoing measures that enhance the ongoing financial stability of the City, the City plans a one-time revenue source to be generated by the sale of surplus City assets.

The City faces economic and fiscal challenges common to most cities in California, especially those in the San Francisco Bay Area. Management continues to explore various ways of reducing the City's operating costs without the deterioration of public service; and to examine any possible sources of additional revenue to stave off any deleterious effect of the State's volatile fiscal condition and slow economic recovery of the area.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financing Reporting to the City of Union City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2003. This is the 14th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. The report must satisfy both GAAP and applicable legal requirements.

The preparation of this report would not have been possible without the dedicated efforts of the staff of the Administrative Services Department. We would like to express our appreciation to the members of the various City departments who assisted and contributed to the preparation of this report. We also want to thank the members of the audit team of Macias, Gini & Company LLP for their unflagging support and assistance. We thank also the Mayor and City Council Members for their support in maintaining the highest standards of professionalism in the management of the City of Union City's finances.

Respectfully submitted,

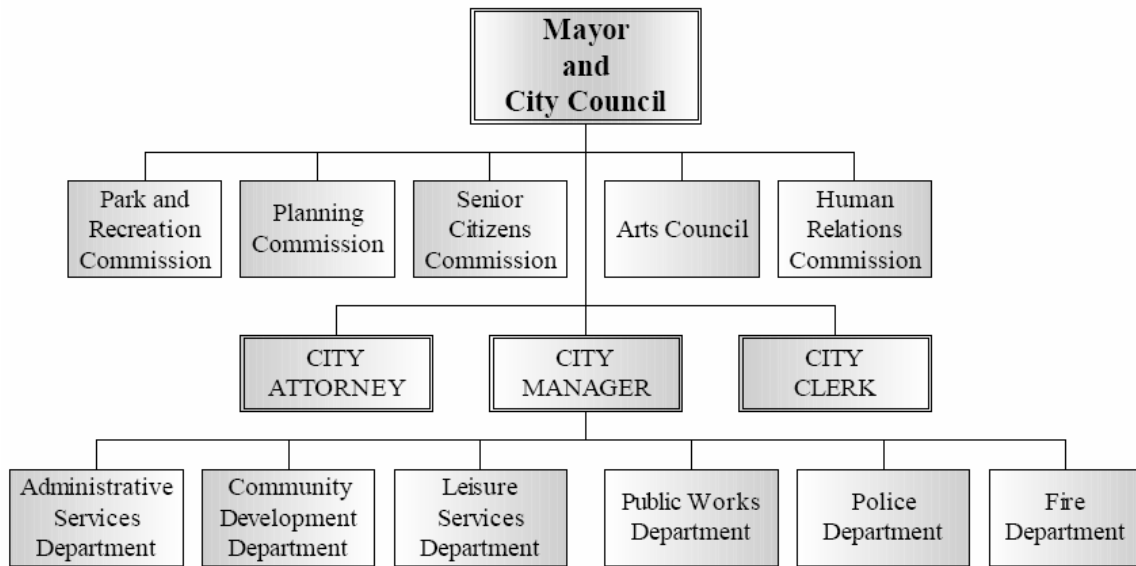
A handwritten signature in black ink, appearing to read "Richard D'Arcy". The signature is written in a cursive style with a large, prominent initial "R".

Administrative Services Director

City of Union City (CA)

Organizational Chart

June 30, 2004



City of Union City (CA)

Directory of City Officials

June 30, 2004

Mark Green
Mayor

Carol Dutra-Vernaci
Councilmember

Benjamin Elias
Councilmember

Manuel Fernandez
Councilmember

Richard Valle
Councilmember

Michael Riback
City Attorney

Larry Cheeves
City Manager

Linda West
City Clerk

Larry Cheeves
*Public Works
Director*

Vacant
*Leisure
Services
Director*

Randy Ulibarri
Police Chief

Chris Maxwell
Fire Chief

Tony Acosta
*Deputy City
Manager*

Mark Leonard
*Econ. & Comm.
Development
Director*

Rich Digre
*Administrative
Services
Director*

CITY OF UNION CITY, CALIFORNIA

Commissions, Committees, and Boards

June 30, 2004

<u>Commission, Committee, or Board</u>	<u>Chairperson</u>	<u>Number of Members</u>
<i>Commission:</i>		
• Planning Commission	Rosemary Savage	5
• Park and Recreation Commission	Bruce Stanley	7
• Senior Citizens Commission	Eva Kamakea	5
• Human Relations Commission	Lee Guio	7
• Arts Council	Diane La Mountaine	7
<i>Committees and Boards:</i>		
• Citizens Advisory Committee on Route 84 Extension	None	5
• Redevelopment Agency Project Area Committee (REPAC)	Jerry Catanzano	13
• Tree and Landscape Review Board	None	5

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Union City,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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



Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



MACIAS GINI & COMPANY_{LLP}

Mt. Diablo Plaza
2175 N. California Boulevard, Ste. 645
Walnut Creek, California 94596

925.274.0190 PHONE
925.274.3819 FAX

Honorable Mayor and Members of the City
Council of the City of Union City
Union City, California

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Union City, California, (the City), as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2005, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the schedule of revenues, expenditures and changes in fund balance - budget and actual - General Fund and Redevelopment Agency Special Revenue Fund listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and do not express an opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Macias, Gini & Company LLP

Certified Public Accountants

Walnut Creek, California

January 7, 2005

CITY OF UNION MANAGEMENT DISCUSSION AND ANALYSIS (unaudited)

The purpose of this section is to provide the users of the City of Union City's Comprehensive Annual Financial Report an objective and readily understandable analysis of the City's financial activities and performance for the fiscal year ended June 30, 2004. Charts showing comparison of current financial information with that of the previous year are also presented to enhance the clarity and usefulness of the reports. We also encourage readers to consider the information contained in this section in conjunction with our letter of transmittal presented at the front of this report to gain a broad perspective of the City and its financial activities.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$138,277,469 (net assets). Of this amount, \$32,508,074 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by 3.44% (\$4,603,054) over the course of this year's operation. Of this increase, \$923,865 came from business-type activities and \$3,679,189 came from governmental activities.
- The General Fund reported a decrease in fund balance of \$1.5 million for the year ended June 30, 2004 despite various budget-balancing steps taken by the City to cut costs, such as hiring freeze and elimination of some positions.
- The City's total long-term debt increased by \$22.0 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The City's annual financial report consists of four parts: (a) *management's discussion and analysis* (this section); (b) *the basic financial statements*; (c) *required supplementary information*, and (d) an optional section that presents *combining statements* for non-major governmental funds and internal service funds.

The basic financial statements include two kinds of statements that present different views of the City. The first of these are government-wide financial statements consisting of a *Statement of Net Assets*, and a *Statement of Activities*. These statements provide readers with a broad overview of the City's finances, in a manner similar to private-sector business. They provide both long-term and short-term information about the City's overall financial status. The other kind of statements are *fund financial statements* that focus on individual parts of the City's operations in more detail. The financial statements also include *notes* that provide additional information in greater detail that is essential to a full understanding of the data provided the financial statements.

The financial statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. The required supplementary information is then followed by a section that presents the *combining statements* containing details about our non-major governmental funds and internal service funds.

Government-wide Financial Statements

The government-wide statements provide information about the City as a whole.

The *Statement of Net Assets* presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. The net assets is one way to measure the City's financial position. Over time, increases or decreases in net assets may serve as a useful indicator of the City's financial health. To assess the overall health of the City, you need to consider also non-financial factors, such as the changes in the City's property tax base and infrastructure. The *Statement of Activities* presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes and earned employee compensation).

Both of these government-wide financial statements are divided into two categories: (a) *Governmental activities* – consisting of the City's basic services such as public safety (police and fire), planning and public works, and housing and community development, recreation and culture, and general government; and (b) *business-type activities* – for which the City charges fees to customers to help over the costs of certain services it provides. The City's transit and paratransit operations are included here.

The government-wide financial statements include not only the City itself (as the primary governments), but also the operations of a legally separate Redevelopment Agency and legally separate financing authorities for which the City is financially accountable. These component units have been included as an integral part of the City (that is, their accounts are “blended” with those of the City) and they are not reported as separate discrete component units in these financial statements.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant *funds*. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Each *fund* is a fiscal entity with self-balancing set of accounts (cash and other financial resources, all related liabilities, the residual balances or equities, and changes therein) set up for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations. All of the *funds* of the City can be divided into 3 categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

Governmental funds are used to account for most of the City's basic services reported as governmental activities in the government-wide financial statements. The difference is that *governmental funds* focus on a detailed short-term view of the inflows and outflows of spendable resources and the balances left at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

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

The City maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Information is presented separately in the governmental funds balance sheets and in the governmental funds statements of revenues, expenditures and changes in fund balances for the *General Fund*; the *Redevelopment Agency Special Revenue, Debt Service and Capital Project Funds*; and the *Special Assessment Bonds Debt Service Fund*; all of which are considered major funds. Data for the remaining governmental funds are combined into a single, aggregated presentation. Individual information for each of these *Other Governmental Funds* is provided in the form of *combining statements* shown elsewhere in this report.

Proprietary funds are generally used to account for services for which the City charges customers – either outside customers, or internal unit of the department of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains the following 2 types of proprietary funds:

- *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the transit and paratransit operations;
- *Internal service funds* are used to report activities that provide services and supplies for certain City programs and activities. The City uses internal service funds to account for its general liability, workers' compensation, and employee benefits insurance; and for the City garage functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual information for each of the internal service funds is provided in the form of *combining statements* elsewhere in this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The only fiduciary funds the City has are agency funds. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information. This information includes budgetary comparison schedules for the General Fund and the Redevelopment Agency Special Revenue Fund.

The combining and individual fund statements and schedules referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets. The City's total net assets increased by \$4.6 million between fiscal years 2003 and 2004. The bulk of the increase came from governmental activities – over \$3.7 million and the rest, slightly under \$1 million, generated by business-type activities.

Statement of Net Assets
June 30
(in thousands of dollars)

	Governmental		Business-type		Total		Total
	Activities		Activities		Total		Change %
	2003	2004	2003	2004	2003	2004	2003/2004
Assets:							
Current and other assets	\$ 107,708	\$ 124,351	\$ 677	\$ 353	\$ 108,385	\$ 124,704	15.06
Capital assets	132,502	141,893	3,598	4,582	136,100	146,475	7.62
Total Assets	240,210	266,244	4,275	4,935	244,485	271,179	10.92
Liabilities:							
Current and other liabilities	9,487	9,851	731	468	10,218	10,319	1.00
Long-term liabilities	100,570	122,560	22	22	100,592	122,582	21.86
Total liabilities	110,057	132,411	753	490	110,810	132,901	19.94
Net assets:							
Invested in capital assets, net of related debt	62,726	48,954	3,598	4,582	66,324	53,536	(19.28)
Restricted	30,079	52,233	-	-	30,079	52,233	73.65
Unrestricted	37,348	32,646	(76)	(137)	37,272	32,509	(12.78)
Total net assets	\$ 130,153	\$ 133,833	\$ 3,522	\$ 4,445	\$ 133,675	\$ 138,278	3.44

By far, the largest portion of the City's net assets (39%) reflects its investment in capital assets, less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although The City's investment in its capital assets is reported net of reported debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net assets (37%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (24%) may be used to meet the City's ongoing obligations to creditors and citizens.

The government's total net assets increased by \$4.6 million mainly due to capital contributions from developers and Federal and State grants.

Current and other assets increased 15.1% due primarily to the increase in pension asset and impact fees charged to developers. Capital assets increased 7.6% due the infrastructure improvement dedications from the developers and intergovernmental support. Long-term obligations increased by 21.9% due to the City's issuance of \$22,997,973 in pension obligation bonds.

The following table shows the changes in net assets for governmental and business-type activities in comparison with the previous fiscal year.

Statement of Activities
For the Year Ended June 30
(in thousands of dollars)

	Governmental		Business-type		Total		Total
	Activities		Activities		Total		Change %
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003/2004</u>
Revenues:							
Program revenues:							
Fines, forfeits and charges							
for services	\$ 5,989	\$ 7,346	\$ 328	\$ 338	\$ 6,317	\$ 7,684	21.64
Operating grants and							
contributions	11,025	16,899	2,176	2,359	13,201	19,258	45.88
Capital grants and contributions	616	7,725	1,620	1,555	2,236	9,280	315.03
General revenues:							
Property taxes	20,820	22,921			20,820	22,921	10.09
Transient occupancy, franchise							
and other taxes	4,958	4,442			4,958	4,442	(10.41)
Sales tax	7,048	6,978			7,048	6,978	(0.99)
Motor vehicle in-lieu fees	3,949	3,151			3,949	3,151	(20.21)
Investment earnings and interest	2,638	890	5	4	2,643	894	(66.17)
Miscellaneous	29	87		3	29	90	210.34
Total revenues	<u>57,072</u>	<u>70,439</u>	<u>4,129</u>	<u>4,259</u>	<u>61,201</u>	<u>74,698</u>	<u>22.05</u>
Expenses:							
General government	6,088	6,934			6,088	6,934	13.90
Public safety	23,332	24,483			23,332	24,483	4.93
Housing and community							
development	10,830	12,941			10,830	12,941	19.49
Recreation and culture	2,780	2,904			2,780	2,904	4.46
Planning and public works	9,704	14,131			9,704	14,131	45.62
Interest on long-term debt	5,270	5,366			5,270	5,366	1.82
Transit operations			2,720	2,846	2,720	2,846	4.63
Paratransit operations			386	490	386	490	26.94
Total expenses	<u>58,004</u>	<u>66,759</u>	<u>3,106</u>	<u>3,336</u>	<u>61,110</u>	<u>70,095</u>	<u>14.70</u>
Excess (deficiency) before							
special item	(932)	3,680	1,023	923	91	4,603	4,958.24
Special item - legal settlement	1,200	-		-	1,200	-	(100.00)
Change in net assets	<u>268</u>	<u>3,680</u>	<u>1,023</u>	<u>923</u>	<u>1,291</u>	<u>4,603</u>	<u>256.542</u>
Net assets, beginning of year	129,885	130,153	2,499	3,522	132,384	133,675	0.98
Net assets, end of year	<u>\$ 130,153</u>	<u>\$ 133,833</u>	<u>\$ 3,522</u>	<u>\$ 4,445</u>	<u>\$ 133,675</u>	<u>\$ 138,278</u>	<u>3.44</u>

Governmental activities. In June 2004, the City implemented the 911 fee generating almost \$0.5 million new revenue for the City. In addition, fees associated with new developments accounted for the increase of 21.64% in charges for services category. This increased level of development activities also generated an increase in capital contributions from developers of \$4 million for parks and capital facilities improvements; and in the addition of \$6.8 million infrastructures from developer dedications. New residential constructions and low mortgage rates provided the increase in assessed valuation of taxable properties in the City.

The recession in travel industry and declining business activity is reflected in the decrease in the hotel/motel (transient occupancy tax). The combination of lower interest rates and lower market value of investments account for a much reduced investment income. The State mitigation payments (back-fill) for the motor vehicle in-lieu fee was not fully received by the City which resulted in the decrease in revenue. The steps taken by the City to cut costs by way of freeze in hiring and layoff of some positions only slightly ameliorated the increase in expenses resulting mostly in increased costs for public safety. The new rates for public safety arose from the new agreement with CalPERS.

Business-type activities. There were no material changes in the City's transit and paratransit activities.

Financial Analysis of Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$76.8 million, a decrease of \$10.4 million in comparison with the prior year. About 29.7% (\$22.8 million) of this amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders of the prior period - \$9.7 million; (2) pay debt service - \$10.7 million; (3) property held for resale - \$23.1 and (4) for a variety of other purposes totaling \$10.5 million.

The City's governmental funds reported an increase of \$6.8 million in revenue over that of the prior year. Almost all this amount is derived from increases in grants and contributions from outside sources as discussed above.

Expenditures for governmental functions increased by over \$11.6 million from that of the previous year. Factors contributing to this are \$3.3 public works expenditures for streets and parks and over \$5.0 million increase in community development expenditures for the housing village for seniors.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$2.4 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance to total expenditures. Unreserved fund balance represents 7.7% of total General Fund expenditures.

During the year, General Fund expenditures exceeded revenues by over \$1.7 million. Revenues, primarily sales tax, motor vehicle in-lieu fees and investment income fell short of projections; while employee benefit payments were higher than anticipated.

The Redevelopment Agency maintains a special revenue, capital projects and a debt service fund. All of the Agency's funds saw a decrease in their respective fund balances. The Agency's Special Revenue fund, which is used to account for low and moderate income housing activities, experienced a net decrease of \$5.8 million in FY2003-04. The Agency fronted the funds for a loan and made a grant to the Elder Care Alliance for the development of an assisted living facility for senior citizens. The loan amount of \$1.3 million is from the California Housing Finance Agency funds. In addition, the Agency provided funding to Elder Care Alliance for this project in the amount of \$1.1 million. The Agency also provided funding in the amount of \$1 million to the Neighborhood Housing Services of Silicon Valley, a program that provides down payment

assistance to low and moderate income households. During the year, the Agency also wrote down the value of property held for resale by \$2.5 million to reflect the agreed upon sales price of the property.

The Debt Service Fund saw an increase of 8.2% in tax increment revenues. This caused a corresponding increase in pass-through payments. These payments are based on the incremental increase in assessed valuation, so as property values increase, so do the payments the Agency makes to taxing agencies within the project area.

Revenues in the Capital Project Fund are significantly less compared to the prior fiscal year, but expenditures remained constant. Tax allocation bond proceeds were used to finance the majority of activities in this fund- the use of bond proceeds resulted in a 62.9% decrease in investment income.

Business-type activities

At the end of the fiscal year, the combined transit and paratransit funds have net assets of \$4.6 million wholly invested in capital assets. This amount reflects an increase of nearly a million dollars from the previous year which came from the state's TDA capital grants.

General Fund Budgetary Highlight

The final amended budget resulted in a revenue deficiency over expenditure of \$3.1 million. The estimated revenue was reduced by 4.91% (\$1,474,237) to reflect the economic conditions; thus, estimated sales tax was reduced by \$500,000 and the transient occupancy tax was reduced by \$360,000. Expected action by the State regarding the motor vehicle license fee caused a reduction of \$700,600 from the estimate. The appropriation, however, was increased by 4.26% (\$1,294,421) for police and fire departments to reflect known increases in CalPERS rate and in the City's workers' compensation insurance rate. During the year, actual revenues were higher than estimated by \$1,145,758; while the expenditures were slightly lower than the appropriation by \$240,030. The combined result is a favorable variance of \$1,385,788 from the amended budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the year, the City had invested over \$146.5 million in a broad range of capital assets including facilities for police and fire, buildings, and roads and bridges. This amount represents a net increase (additions less deductions) of \$10.4 million over last year.

This year's major capital asset additions included various construction in progress - park improvements of \$3 million; \$2.3 million for streets, roads, and pedestrian lanes. There as also purchases of various public safety equipments and communications equipment totaling \$1.8 million; and another \$1.8 million towards acquisitions of land for park and fire station.

For government-wide financial statement presentation, all depreciable capital assets, except infrastructure, were depreciated from acquisition date through the end of the current year. Fund financial statements record capital asset purchases as expenditures.

Additional information about the City's capital assets can be found in Note 8 to the financial statements.

Capital assets for the governmental and business-type activities are presented below to summarize changes from the previous year.

Capital Assets

(net of depreciation, in thousands of dollars)

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>		<u>Percent</u> <u>of Change</u>
	<u>Activities</u>		<u>Activities</u>		<u>Total</u>		
	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	
Infrastructure	\$ 101,671	\$ 104,993	\$ -	\$ -	\$ 101,671	\$ 104,993	(3.26)
Land	8,843	12,641			8,843	12,641	(42.95)
Buildings and Improvements	13,939	13,551	255	2,732	14,194	16,283	(14.72)
Machinery and Equipment	3,408	4,480	2,338	1,850	5,746	6,330	(10.16)
Construction in progress	4,641	6,228	1,005	-	5,646	6,228	(10.30)
Total	<u>\$ 132,502</u>	<u>\$ 141,893</u>	<u>\$ 3,598</u>	<u>\$ 4,582</u>	<u>\$ 136,100</u>	<u>\$ 146,475</u>	<u>(7.62)</u>

Debt Administration

At the end of the year, the City’s total long-term obligations outstanding increased by \$21,989,975 to \$122,582,349. During the year, the City issued Pension Obligation Bonds in the amount of \$22,997,973. The bonds received Standard & Poor’s triple A rating. Proceeds of the bonds were used to partially fund the City’s unfunded obligation to CalPERS Retirement Plan. Benefits to the City include the reduction of interest rate applied to this obligation compared to the rate used by CalPERS. The savings from the reduced payment to CalPERS will be used to pay off the Bonds over a 22-year period.

Additional information about the City’s long-term obligations can be found in Note 10 to the financial statements.

Economic Factors and Next Year’s Budget

The past few years have proven to be difficult for cities throughout California and given the extended political and economic turmoil in the state capitol and the depressed local economy, the next couple of years look to be not much better for Union City. State budget actions which affect local governments, the mostly stagnant revenues, and escalating employee benefit costs are all largely outside of City control but are all vital factors in preparing the City’s budget.

As part of various budget-balancing initiatives, the City implemented two major steps to mitigate the need to reduce public safety services: a *Public Safety Parcel Tax* to be used for police and fire services; and *911 Emergency Communication Fee* to offset the cost of equipment and services provided by the emergency communication and public safety dispatch. It is projected that these new revenue sources will generate a combined total of \$3.4 million. In addition, the City increased fees charged for services; and took steps to lower contribution to the employee retirement system (CalPERS) by paying off its unfunded liability through a bond issue.

Request for Information

This financial report is designed to provide a general overview of the City’s finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed the Administrative Services Director, City of Union City, 34009 Alvarado-Niles Road, Union City, CA 94587.

CITY OF UNION CITY

Statement of Net Assets

June 30, 2004

	Governmental Activities	Business- Type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Assets:			
Cash and investments	\$ 50,247,739	\$ -	\$ 50,247,739
Receivables	7,240,347	549,316	7,789,663
Internal balances	197,476	(197,476)	-
Restricted cash and investments			
Held by City	1,822,800	-	1,822,800
Held by fiscal agents	7,583,639	-	7,583,639
Notes receivable	4,666,079	-	4,666,079
Loans receivable, net	24,592	-	24,592
Special assessments receivable	5,554,664	-	5,554,664
Prepaid items	329,513	896	330,409
Property held for resale, net of allowance for decline in value	23,141,910	-	23,141,910
Deferred charges	1,091,347	-	1,091,347
Net pension asset	22,451,490	-	22,451,490
Capital assets:			
Nondepreciable	18,868,752	-	18,868,752
Depreciable	<u>123,023,935</u>	<u>4,582,120</u>	<u>127,606,055</u>
Total assets	<u>266,244,283</u>	<u>4,934,856</u>	<u>271,179,139</u>
Liabilities:			
Accounts payable	2,588,127	256,011	2,844,138
Interest payable	1,355,306	-	1,355,306
Other accrued liabilities	1,086,088	20,016	1,106,104
Due to other agencies	1,338,318	91,679	1,429,997
Deposits payable	2,581,297	98,750	2,680,047
Deferred revenue	903,135	594	903,729
Noncurrent liabilities:			
Due within one year	3,800,466	22,219	3,822,685
Due in more than one year	<u>118,759,664</u>	<u>-</u>	<u>118,759,664</u>
Total liabilities	<u>132,412,401</u>	<u>489,269</u>	<u>132,901,670</u>
Net assets:			
Invested in capital assets, net of related debt	48,954,421	4,582,120	53,536,541
Restricted for:			
Debt service	15,071,496	-	15,071,496
Housing	7,901,236	-	7,901,236
Public safety	69,879	-	69,879
Transportation and roads	4,586,288	-	4,586,288
Public and capital facilities	20,894,497	-	20,894,497
Other purposes	3,709,458	-	3,709,458
Unrestricted	<u>32,644,607</u>	<u>(136,533)</u>	<u>32,508,074</u>
Total net assets	<u>\$ 133,831,882</u>	<u>\$ 4,445,587</u>	<u>\$ 138,277,469</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF UNION CITY
Statement of Activities
For the Fiscal Year Ended June 30, 2004

	Expenses	Program Revenues		
		Fines, Forfeitures and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Function/Program activities:				
Governmental activities:				
General government	\$ 6,934,093	\$ 1,842,317	\$ 2,921,431	\$ -
Public safety	24,482,713	367,854	572,931	-
Housing and community development	12,941,092	713,922	2,741,775	933,627
Recreation and culture	2,904,133	1,414,421	3,077,945	-
Planning and public works	14,130,361	3,007,207	7,585,006	6,790,921
Interest	5,365,624	-	-	-
Total governmental activities	<u>66,758,016</u>	<u>7,345,721</u>	<u>16,899,088</u>	<u>7,724,548</u>
Business-type activities:				
Transit	2,845,947	306,952	1,941,562	1,555,419
Paratransit	490,196	31,013	417,768	-
Total business-type activities	<u>3,336,143</u>	<u>337,965</u>	<u>2,359,330</u>	<u>1,555,419</u>
Total	<u>\$ 70,094,159</u>	<u>\$ 7,683,686</u>	<u>\$ 19,258,418</u>	<u>\$ 9,279,967</u>

General revenues:

Taxes:
Property taxes
Transient occupancy tax
Franchise tax
Other taxes
Sales taxes
Motor vehicle in lieu fees
Investment income
Other
Total general revenues
Change in net assets
Net assets, beginning of year
Net assets, end of year

The notes to the basic financial statements are an integral part of this statement.

CITY OF UNION CITY
Statement of Activities (Continued)
For the Fiscal Year Ended June 30, 2004

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
Governmental Activities	Business- type Activities	Total
\$ (2,170,345)	\$ -	\$ (2,170,345)
(23,541,928)	-	(23,541,928)
(8,551,768)	-	(8,551,768)
1,588,233	-	1,588,233
3,252,773	-	3,252,773
(5,365,624)	-	(5,365,624)
<u>(34,788,659)</u>	<u>-</u>	<u>(34,788,659)</u>
-	957,986	957,986
<u>-</u>	<u>(41,415)</u>	<u>(41,415)</u>
<u>-</u>	<u>916,571</u>	<u>916,571</u>
<u>(34,788,659)</u>	<u>916,571</u>	<u>(33,872,088)</u>
22,921,122	-	22,921,122
349,535	-	349,535
3,010,460	-	3,010,460
1,081,617	-	1,081,617
6,977,572	-	6,977,572
3,150,742	-	3,150,742
890,266	3,895	894,161
86,034	3,399	89,433
<u>38,467,848</u>	<u>7,294</u>	<u>38,475,142</u>
3,679,189	923,865	4,603,054
<u>130,152,693</u>	<u>3,521,722</u>	<u>133,674,415</u>
<u>\$ 133,831,882</u>	<u>\$ 4,445,587</u>	<u>\$ 138,277,469</u>

Function/Program activities:

Governmental activities:

- General government
- Public safety
- Housing and community development
- Recreation and culture
- Planning and public works
- Interest

Total governmental activities

Business-type activities:

- Transit
- Paratransit

Total business-type activities

Total

General revenues:

Taxes:

- Property taxes
- Transient occupancy tax
- Franchise tax
- Other taxes

Sales taxes

- Motor vehicle in lieu fees
- Investment income
- Other

Total general revenues

Change in net assets

Net assets, beginning of year

Net assets, end of year

The notes to the basic financial statements are an integral part of this statement.

CITY OF UNION CITY
 Balance Sheet
 Governmental Funds
 June 30, 2004

	Redevelopment Agency			
	General	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Assets				
Cash and investments	\$ 4,221,398	\$ 3,789,428	\$ -	\$ 13,204,869
Receivables:				
Taxes	1,480,306	60,695	242,781	-
Accounts	244,351	-	-	806,392
Interest	330,017	7,528	-	12,433
Intergovernmental	501,810	1,300,248	-	-
Due from other funds	-	-	-	241,483
Restricted cash and investments:				
Held by City	-	258,619	-	1,564,181
Held by fiscal agents	-	-	560,870	-
Notes receivable	538,523	1,414,395	-	-
Loans receivable	24,592	-	-	-
Special assessments receivable	-	-	-	-
Advances to other funds	-	-	-	3,310,000
Prepaid items and condemnation deposits	206,597	87	-	9,232
Property held for resale, net of allowance for decline in value	-	1,871,715	-	21,270,195
Total assets	\$ 7,547,594	\$ 8,702,715	\$ 803,651	\$ 40,418,785
Liabilities				
Accounts payable	\$ 944,111	\$ 80,092	\$ -	\$ 905,213
Other accrued liabilities	702,112	1,754	1,298	40,313
Due to other funds	-	-	241,483	-
Due to other agencies	21,624	1,300,000	-	-
Deposits payable	2,214,276	-	-	-
Deferred revenue	440,608	1,301,408	-	800,300
Advances from other funds	-	3,160,000	-	1,000,000
Total liabilities	4,322,731	5,843,254	242,781	2,745,826
Fund balances:				
Reserved for:				
Advances to other funds	-	-	-	3,310,000
Debt service	-	-	560,870	-
DIPSA development	-	-	-	-
Encumbrances	57,021	-	-	6,657,719
Low and moderate income housing	-	873,264	-	-
Notes receivable	538,523	114,395	-	-
Park development	-	-	-	-
Prepaid items and condemnation deposits	206,597	87	-	9,232
Property held for resale	-	1,871,715	-	21,270,195
Recycling program	-	-	-	-
Unreserved, reported in:				
General Fund				
Designated for compensated absences	553,465	-	-	-
Designated for litigation contingency	849,902	-	-	-
Undesignated	1,019,355	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	6,425,813
Total fund balances	3,224,863	2,859,461	560,870	37,672,959
Total liabilities and fund balances	\$ 7,547,594	\$ 8,702,715	\$ 803,651	\$ 40,418,785

The notes to the basic financial statements are an integral part of this statement.

CITY OF UNION CITY
Balance Sheet (Continued)
Governmental Funds
June 30, 2004

Special Assessment Bonds	Other Governmental Funds	Total
\$ 1,740,845	\$ 23,667,291	\$ 46,623,831
-	-	1,783,782
-	410,696	1,461,439
-	-	349,978
-	1,687,521	3,489,579
-	998,716	1,240,199
-	-	1,822,800
48,374	6,974,395	7,583,639
-	2,713,161	4,666,079
-	-	24,592
5,553,000	1,664	5,554,664
161,029	1,000,000	4,471,029
-	50,321	266,237
-	-	23,141,910
<u>\$ 7,503,248</u>	<u>\$ 37,503,765</u>	<u>\$ 102,479,758</u>
\$ -	\$ 521,654	\$ 2,451,070
-	328,046	1,073,523
-	937,773	1,179,256
-	16,694	1,338,318
-	367,021	2,581,297
5,553,000	4,510,074	12,605,390
-	311,029	4,471,029
<u>5,553,000</u>	<u>6,992,291</u>	<u>25,699,883</u>
161,029	-	3,471,029
1,789,219	8,361,020	10,711,109
-	3,835,931	3,835,931
-	2,977,896	9,692,636
-	-	873,264
-	-	652,918
-	30,816	30,816
-	50,321	266,237
-	-	23,141,910
-	1,305,451	1,305,451
-	-	553,465
-	-	849,902
-	-	1,019,355
-	10,723,368	10,723,368
-	3,226,671	9,652,484
<u>1,950,248</u>	<u>30,511,474</u>	<u>76,779,875</u>
<u>\$ 7,503,248</u>	<u>\$ 37,503,765</u>	<u>\$ 102,479,758</u>

Assets

Cash and investments
Receivables:
Taxes
Accounts
Interest
Intergovernmental
Due from other funds
Restricted cash and investments:
Held by City
Held by fiscal agents
Notes receivable
Loans receivable
Special assessments receivable
Advances to other funds
Prepaid items and condemnation deposits
Property held for resale, net of allowance for decline in value
Total assets

Liabilities

Accounts payable
Other accrued liabilities
Due to other funds
Due to other agencies
Deposits payable
Deferred revenue
Advances from other funds
Total liabilities

Fund balances:

Reserved for:
Advances to other funds
Debt service
DIPSA development
Encumbrances
Low and moderate income housing
Notes receivable
Park development
Prepaid items and condemnation deposits
Property held for resale
Recycling program
Unreserved, reported in:
General Fund
Designated for compensated absences
Designated for litigation contingency
Undesignated
Special revenue funds
Capital projects funds
Total fund balances
Total liabilities and fund balances

The notes to the basic financial statements are an integral part of this statement.

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CITY OF UNION CITY
Reconciliation of the Governmental Funds Balance Sheet to
the Government-wide Statement of Net Assets - Governmental Activities
June 30, 2004

Fund balances - total governmental funds		\$ 76,779,875
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	140,872,443	
Special assessments are reported as revenue when levied in government-wide financial statements. In governmental funds, these assessments are reported as deferred revenue (a liability) since they are not available.	5,554,664	
Other long-term receivables are not available to pay for current period expenditures and, therefore, are deferred on the modified accrual basis.	6,147,591	
Payment of unfunded pension liability in governmental funds is reported as an expenditure when paid, however, is capitalized as a net pension asset and amortized for purposes of the statement of net assets.	22,451,490	
Bond issuance costs are expended in governmental funds when paid, however, are capitalized and amortized over the life of the corresponding bonds for purposes of the statement of net assets.		
Deferred charges, net of amortization	1,091,347	
Internal service funds are used by management to charge the costs of management of employee benefits, workers' compensation self-insurance, general liability self-insurance and city garage operations to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.	1,777,524	
Interest payable on long-term debt does not require the use of current financial resources and, therefore, interest payable is generally not accrued as a liability in the balance sheet of governmental funds.	(1,355,306)	
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Tax allocation bonds	73,908,284	
Authority bonds	5,680,000	
Special tax bonds	7,470,000	
Refunding bonds	970,000	
Special assessment debt with government commitment	5,553,000	
Pension obligation bonds	22,997,973	
Obligation under capital leases	871,846	
Settlement payable	100,000	
Compensated absences	1,936,643	
	(119,487,746)	
Net assets of governmental activities		\$ 133,831,882

The notes to the basic financial statements are an integral part of this statement.

CITY OF UNION CITY
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2004

	Redevelopment Agency			
	General	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Revenues:				
Taxes and assessments	\$ 20,294,545	\$ 2,620,087	\$ 10,665,136	\$ -
Licenses and permits	1,721,499	-	-	-
Fines and forfeitures	314,247	-	-	-
Intergovernmental	4,131,799	-	-	-
Charges for services	2,676,526	-	-	-
Investment income	(11,597)	119,169	11,396	335,154
Other	555,435	60,508	-	222,443
Total revenues	<u>29,682,454</u>	<u>2,799,764</u>	<u>10,676,532</u>	<u>557,597</u>
Expenditures:				
Current:				
General government	3,990,636	-	712,537	-
Public safety	22,111,587	-	-	-
Housing and community development	-	7,533,562	-	3,549,362
Recreation and culture	1,368,943	-	-	-
Planning and public works	3,879,653	-	-	3,133,266
Capital outlay	54,667	-	-	1,579,003
Debt service:				
Bond issuance costs	-	-	-	-
Principal repayment	-	-	1,260,000	-
Interest and fiscal charges	-	-	4,048,753	-
Agency pass through payments	-	-	2,335,784	-
Total expenditures	<u>31,405,486</u>	<u>7,533,562</u>	<u>8,357,074</u>	<u>8,261,631</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,723,032)</u>	<u>(4,733,798)</u>	<u>2,319,458</u>	<u>(7,704,034)</u>
Other financing sources (uses):				
Proceeds of pension obligation bonds	-	-	-	-
Unfunded pension liability payment	-	-	-	-
Transfers in	530,000	-	1,053,569	3,479,668
Transfers out	(320,045)	(1,053,569)	(3,479,668)	-
Total other financing sources (uses)	<u>209,955</u>	<u>(1,053,569)</u>	<u>(2,426,099)</u>	<u>3,479,668</u>
Net change in fund balances	<u>(1,513,077)</u>	<u>(5,787,367)</u>	<u>(106,641)</u>	<u>(4,224,366)</u>
Fund balances, beginning of year	4,737,940	8,646,828	667,511	41,897,325
Fund balances, end of year	<u>\$ 3,224,863</u>	<u>\$ 2,859,461</u>	<u>\$ 560,870</u>	<u>\$ 37,672,959</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF UNION CITY
Statement of Revenues, Expenditures and
Changes in Fund Balances (Continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2004

Special Assessment Bonds	Other Governmental Funds	Total
\$ 646,150	\$ 9,801,344	\$ 44,027,262
-	-	1,721,499
-	-	314,247
-	7,515,811	11,647,610
-	2,129,475	4,806,001
1,372	552,045	1,007,539
-	217,921	1,056,307
<u>647,522</u>	<u>20,216,596</u>	<u>64,580,465</u>
-	1,819,810	6,522,983
-	2,180,569	24,292,156
-	2,736,409	13,819,333
-	1,304,090	2,673,033
-	618,392	7,631,311
-	8,626,065	10,259,735
-	546,483	546,483
232,000	617,956	2,109,956
410,158	873,750	5,332,661
-	-	2,335,784
<u>642,158</u>	<u>19,323,524</u>	<u>75,523,435</u>
<u>5,364</u>	<u>893,072</u>	<u>(10,942,970)</u>
-	22,997,973	22,997,973
-	(22,451,490)	(22,451,490)
-	487,744	5,550,981
-	(697,699)	(5,550,981)
<u>-</u>	<u>336,528</u>	<u>546,483</u>
5,364	1,229,600	(10,396,487)
<u>1,944,884</u>	<u>29,281,874</u>	<u>87,176,362</u>
<u>\$ 1,950,248</u>	<u>\$ 30,511,474</u>	<u>\$ 76,779,875</u>

Revenues:

Taxes and assessments
Licenses and permits
Fines and forfeitures
Intergovernmental
Charges for services
Investment income
Other

Total revenues

Expenditures:

Current:

General government
Public safety
Housing and community development
Recreation and culture
Planning and public works

Capital outlay

Debt service:

Bond issuance costs
Principal repayment
Interest and fiscal charges
Agency pass through payments

Total expenditures

Excess (deficiency) of revenues
over (under) expenditures

Other financing sources (uses):

Proceeds of pension obligation bonds
Unfunded pension liability payment
Transfers in
Transfers out

Total other financing sources (uses)

Net change in fund balances

Fund balances, beginning of year

Fund balances, end of year

The notes to the basic financial statements are an integral part of this statement.

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CITY OF UNION CITY
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Government-wide
Statement of Activities - Governmental Activities
For the Fiscal Year Ended June 30, 2004

Net change in fund balances - total governmental funds		\$ (10,396,487)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	10,259,735	
Net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, donations)	6,119,529	
Less current year depreciation	<u>(7,100,459)</u>	9,278,805
Special assessment revenues will not be collected shortly after the City's year ends, they are not considered "available" revenue and deferred in the governmental funds. Deferred revenues related to special assessment receivables decreased by this amount this year.		(232,000)
Other revenues, a portion of the other long-term receivables and loan repayments will not be collected for several months after the City's year ends, they are not considered "available" revenue and are deferred in the governmental funds. Other deferred revenues increased by this amount this year.		(325,744)
Government funds report expenditures pertaining to the establishment of deferred revenue related to long-term loans made. These deferred amounts are not reported on the statement of net assets and, therefore, the corresponding expense is not reported on the statement of activities.		3,101,115
Bond issuance costs are expended in governmental funds when paid, however, are capitalized and amortized over the life of the corresponding bonds for the bonds for the purposes of the statement of activities.		
Bond issuance costs	546,483	
Amortization of bond issuance costs	<u>(28,305)</u>	518,178
Unfunded pension liability paid is expended in governmental funds when paid, however, is capitalized and amortized for the purposes of the statement of activities.		22,451,490
Bond proceeds are reported as other financing sources in governmental funds and thus contribute to the change in fund balances. However, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. Proceeds received from pension obligation bonds.		(22,997,973)
Repayment of long-term debt principal is reported as an expenditure in governmental funds and, thus, has the effect of reducing fund balance because current financial resources have been used. However, the principal payments reduce the liabilities in the statement of net assets and do not result in the expense in the statement of activities. The City's long-term debt was reduced because principal payments were made for the following:		
Tax allocation bonds	1,260,000	
Authority bonds	285,000	
Special tax bonds	140,000	
Refunding bonds	75,000	
Special assessment debt with government commitment	232,000	
Obligation under capital leases	<u>117,956</u>	2,109,956
Some expenses reported in the statement of activities do not require the use of current resources and therefore are not reported as expenditures in governmental funds.		
Change in expenditure related to claims settlements	(100,000)	
Amortization of debt discount and advance refunding difference	(54,375)	
Change in accrued interest payable	21,412	
Change in compensated absences	<u>(111,725)</u>	(244,688)
Internal service funds are used by management to charge the costs of certain activities to funds. The net revenue of the internal service funds is reported with governmental activities.		<u>416,537</u>
Change in net assets of governmental activities		\$ 3,679,189

The notes to the basic financial statements are an integral part of this statement.

CITY OF UNION CITY
Statement of Fund Net Assets
Proprietary Funds
June 30, 2004

	Business-type Activities - Enterprise Funds			Governmental Activities
	Transit	Paratransit	Total	Internal Service Funds
Assets				
Current assets:				
Cash and investments	\$ -	\$ -	\$ -	\$ 3,623,908
Accounts receivable	627	-	627	155,569
Intergovernmental receivable	502,587	46,102	548,689	-
Due from other funds	634	-	634	-
Prepaid items	579	317	896	63,276
Total current assets	<u>504,427</u>	<u>46,419</u>	<u>550,846</u>	<u>3,842,753</u>
Capital assets:				
Depreciable	<u>4,499,941</u>	<u>82,179</u>	<u>4,582,120</u>	<u>1,020,244</u>
Total assets	<u>5,004,368</u>	<u>128,598</u>	<u>5,132,966</u>	<u>4,862,997</u>
Liabilities				
Current liabilities:				
Accounts payable	227,558	28,453	256,011	137,057
Accrued compensated absences	18,736	3,483	22,219	71,785
Accrued general liability claims	-	-	-	155,466
Accrued workers' compensation claims	-	-	-	509,102
Other accrued liabilities	16,853	3,163	20,016	12,565
Due to other funds	50,257	11,320	61,577	-
Due to other agencies	91,679	-	91,679	-
Deposits payable	98,750	-	98,750	-
Deferred revenue	594	-	594	-
Total current liabilities	<u>504,427</u>	<u>46,419</u>	<u>550,846</u>	<u>885,975</u>
Noncurrent liabilities:				
Accrued general liability claims	-	-	-	344,534
Accrued workers' compensation claims	-	-	-	1,991,497
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,336,031</u>
Total liabilities	<u>504,427</u>	<u>46,419</u>	<u>550,846</u>	<u>3,222,006</u>
Net assets				
Invested in capital assets, net of related debt	4,499,941	82,179	4,582,120	1,020,244
Unrestricted	-	-	-	620,747
Total net assets	<u>\$ 4,499,941</u>	<u>\$ 82,179</u>	4,582,120	<u>\$ 1,640,991</u>
			(136,533)	
			<u>\$ 4,445,587</u>	

The notes to the basic financial statements are an integral part of this statement

CITY OF UNION CITY
Statement of Revenues, Expenses and
Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2004

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Transit</u>	<u>Paratransit</u>	<u>Total</u>	<u>Internal Service Funds</u>
Operating revenues:				
Charges for services	\$ 306,952	\$ 31,013	\$ 337,965	\$ 3,976,552
Other	-	-	-	2
Total operating revenues	<u>306,952</u>	<u>31,013</u>	<u>337,965</u>	<u>3,976,554</u>
Operating expenses:				
Garage operations	-	-	-	1,131,922
Payroll and related costs	328,915	57,390	386,305	-
Purchased transportation	1,464,502	-	1,464,502	-
Paratransit contract	-	333,667	333,667	-
Workers' compensation claims and premiums	-	-	-	1,545,318
Other insurance	-	-	-	798,018
Administrative	224,179	13,379	237,558	90,569
Depreciation	539,344	31,007	570,351	290,893
Services and supplies	237,621	44,936	282,557	7,436
Total operating expenses	<u>2,794,561</u>	<u>480,379</u>	<u>3,274,940</u>	<u>3,864,156</u>
Operating income (loss)	<u>(2,487,609)</u>	<u>(449,366)</u>	<u>(2,936,975)</u>	<u>112,398</u>
Nonoperating revenues (expenses):				
Intergovernmental	1,941,562	417,768	2,359,330	-
Investment income	3,304	591	3,895	2,534
Other	3,399	-	3,399	34,500
Gain (loss) on disposal of capital assets	-	(634)	(634)	36,034
Total nonoperating revenues	<u>1,948,265</u>	<u>417,725</u>	<u>2,365,990</u>	<u>73,068</u>
Income (loss) before capital contributions	<u>(539,344)</u>	<u>(31,641)</u>	<u>(570,985)</u>	<u>185,466</u>
Capital contributions	<u>1,555,419</u>	<u>-</u>	<u>1,555,419</u>	<u>170,500</u>
Change in net assets	<u>1,016,075</u>	<u>(31,641)</u>	<u>984,434</u>	<u>355,966</u>
Net assets, beginning of year	<u>3,483,866</u>	<u>113,820</u>	<u>3,597,686</u>	<u>1,285,025</u>
Net assets, end of year	<u>\$ 4,499,941</u>	<u>\$ 82,179</u>		<u>\$ 1,640,991</u>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.			<u>(60,569)</u>	
Change in net assets of business-type activities			<u>\$ 923,865</u>	

The notes to the basic financial statements are an integral part of this statement

CITY OF UNION CITY
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2004

	Business-type Activities - Enterprise Funds			Governmental Activities
	Transit	Paratransit	Total	Internal Service Funds
Cash flows from operating activities:				
Cash receipts from customers and users	\$ 327,861	\$ 31,013	\$ 358,874	\$ -
Cash receipts from interfund services provided	-	-	-	3,883,268
Cash paid to suppliers for goods and services	(2,169,582)	(403,369)	(2,572,951)	(2,140,518)
Cash paid to employees for services	(328,915)	(57,390)	(386,305)	3,503
Cash paid for interfund services used	-	-	-	-
Cash paid for judgments and claims	-	-	-	(712,963)
Cash receipts from other sources	3,399	-	3,399	-
Net cash provided by (used in) operating activities	<u>(2,167,237)</u>	<u>(429,746)</u>	<u>(2,596,983)</u>	<u>1,033,290</u>
Cash flows from noncapital financing activities:				
Proceeds from interfund lending	-	11,320	11,320	111,153
Payment on interfund lending	(403,167)	-	(403,167)	(111,153)
Operating grants received	1,843,172	436,642	2,279,814	34,500
Refund of excess TDA and STA operating grant funds and interest	(81,875)	(29,503)	(111,378)	-
Net cash provided by (used in) noncapital financing activities	<u>1,358,130</u>	<u>418,459</u>	<u>1,776,589</u>	<u>34,500</u>
Cash flows from capital and related financing activities:				
Proceeds from sale of property	-	-	-	4,700
Capital grants received	2,361,222	-	2,361,222	500
Acquisition and construction of capital assets	(1,555,419)	-	(1,555,419)	(201,817)
Net cash provided by (used in) capital and related financing activities	<u>805,803</u>	<u>-</u>	<u>805,803</u>	<u>(196,617)</u>
Cash flows from investing activities:				
Interest received on cash and investments	3,304	591	3,895	2,534
Net change in cash and cash equivalents	-	(10,696)	(10,696)	873,707
Cash and cash equivalents, beginning of year	-	10,696	10,696	2,750,201
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,623,908</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (2,487,609)	\$ (449,366)	\$ (2,936,975)	\$ 112,398
Other revenues	3,399	-	3,399	-
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	539,344	31,007	570,351	290,893
Changes in operating assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	10,924	-	10,924	(93,286)
Prepaid items	(106)	(58)	(164)	395
Increase (decrease) in:				
Accounts payable and accrued liabilities	(233,189)	(11,329)	(244,518)	(109,465)
Workers' compensation claims	-	-	-	832,355
Net cash provided by (used in) operating activities	<u>\$ (2,167,237)</u>	<u>\$ (429,746)</u>	<u>\$ (2,596,983)</u>	<u>\$ 1,033,290</u>
Supplemental disclosure of noncash capital and related financing activities:				
Capital asset trade-ins and capital assets transferred in from other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,390</u>

The notes to the basic financial statements are an integral part of this statement

CITY OF UNION CITY
Statement of Assets and Liabilities
Agency Funds
June 30, 2004

Assets

Cash and investments	\$ 6,328,744
Accounts receivables	<u>2,750</u>
Total assets	<u><u>\$ 6,331,494</u></u>

Liabilities

Other accrued liabilities	\$ 522,439
Due to other agencies	<u>5,809,055</u>
Total liabilities	<u><u>\$ 6,331,494</u></u>

The notes to the basic financial statements are an integral part of this statement.

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CITY OF UNION CITY

Notes to the Basic Financial Statements Year Ended June 30, 2004

NOTE 1 – ORGANIZATION AND REPORTING ENTITY

The City of Union City (the City) was incorporated on January 26, 1959, under the laws of the State of California. The City is a general law city administered by a council-manager form of government and provides the following services to its citizens: public safety (fire and police), highways and streets, culture and recreation, public improvements, planning and zoning, transit and general administrative services.

As required by accounting principles generally accepted in the United States of America (GAAP), these basic financial statements present the City and its component units (entities for which the City is considered to be financially accountable). These entities are legally separate from each other; however, the City Council serves in separate session as the governing body of the related agencies. The financial activities of these entities are integrally related to those of the City and are blended with those of the City. Blending involves aggregating component unit data and data from the City.

Blended Component Units

Redevelopment Agency of the City of Union City (the Agency)

The Agency was organized under the State of California Community Redevelopment Law. The Agency adopted the City of Union City Community Redevelopment Plan in 1988 for the purpose of redeveloping certain areas of the City. This plan defines the boundaries of the Redevelopment Project Area and its potential activities that may be undertaken. The activities within the project area are to be financed through bonds that will be repaid by property tax increment revenues. The City Council is the governing board of the Agency. Separate financial reports of the Agency can be obtained from the Administrative Services Director of the City.

City of Union City Public Facilities Corporation (the Corporation)

The Corporation was formed to provide financial assistance to the City, as well as to other public agencies, by financing, acquiring or construction real or personal property for the benefit of the residents of the City and public agencies within the surrounding area. The City Council is the governing board of the Corporation. The Corporation does not report any balances or operations since the lease transactions between the City and the Corporation are eliminated.

Union City Public Facilities Authority (the Authority)

The Authority was formed in 1996 for the purpose of financing the purchase of the Lincoln-Alvarado Industrial Park Assessment District Local Improvement District No. 25 refunding bonds. The Authority and the City have a financial and operational relationship, which requires the Authority's financial statements be blended into the City's financial statements. The City Council is the governing board of the Authority.

CITY OF UNION CITY

Notes to the Basic Financial Statements Year Ended June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of Presentation*

Government - wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities, which normally are supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the City's enterprise and internal service funds are charges for public transportation fares; city garage operation usage fees; and insurance and employee benefit charges. Operating expenses for enterprise and internal service funds include cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF UNION CITY

Notes to the Basic Financial Statements Year Ended June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major governmental funds:

General Fund is the general operating fund of the City. This fund accounts for all financial resources and activities not required to be accounted for in other funds.

Redevelopment Agency Special Revenue Fund is used to account for monies received and expended by the Agency for the financing of development and rehabilitation in the City. The California Health and Safety Code requires that the Agency set aside 20% of its tax allocations for the purpose of increasing or improving housing for low or moderate income households throughout the City.

Redevelopment Agency Debt Service Fund is used to account for principal and interest requirements on the tax allocation bonds issued by the Agency to finance various low or moderate income housing and redevelopment programs.

Redevelopment Agency Capital Projects Fund is used to account for the acquisition or construction of major capital facilities in the Redevelopment Project Area. The primary source of funds is property tax.

Special Assessment Bonds Fund is used to account for bonds, which were issued under various public improvement acts of the State of California and are secured by liens against properties deemed to have been benefited by the improvements for which the bonds were issued. The City acts as an agent in collecting the assessments from the property owners, forwarding the collections to bondholders and initiate foreclosure proceedings when necessary.

The City reports the following major enterprise funds:

Transit Fund is used to account for the operation and management of the City's bus system. This system is operated and maintained by an independent transit management company under contract with the City.

Paratransit Fund is used to account for the operation and management of the City's paratransit system. This system is also operated and maintained by an independent transit management company under contract with the City.

The City reports the following additional fund types:

Internal Service Funds are used to account for the accumulation of charges to other departments and funds of the City on a cost-reimbursement basis.

Agency Funds are used to account for assets held by the City as an agent for individuals, private organizations, and/or other governments.

CITY OF UNION CITY

Notes to the Basic Financial Statements Year Ended June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the 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. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply restricted cost-reimbursement grant resources to such programs and then by unrestricted general revenues.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF UNION CITY

**Notes to the Basic Financial Statements
Year Ended June 30, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) *Cash and Investments*

Unrestricted cash and investments are pooled by the City for investment purposes. Restricted cash and investments are held by the City or outside fiscal agents under provisions of debt agreements. Investments in local obligation refunding bonds are reported at cost, and all other investments at fair value. The fair value of investments is determined annually and is based on current market prices. The method of allocating interest earned on pooled deposits and investments among governmental and proprietary fund types is based upon average cash balances and is performed on a quarterly basis.

For purposes of the statement of cash flows, the City considers all pooled cash and investments as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the proprietary funds. Restricted investments with maturities of three months or less when purchased are considered to be cash equivalents.

(d) *Special Assessments Receivables*

The special assessments receivable represent unpaid assessments levied on real property to provide for the principal payment of outstanding special assessment bonds. Special assessments not considered available are recorded as receivables and offset by deferred revenue in the governmental funds financial statements.

(e) *Prepaid Items and Condemnation Deposits*

Payments made to vendors for services that will benefit periods beyond the fiscal year are recorded as prepaid items. Prepaid items as well as condemnation deposits are offset equally by a fund balance reserve in the governmental funds financial statements to indicate that they do not constitute expendable available financial resources and therefore are not available for appropriation.

(f) *Restricted Assets*

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because they are maintained in separate accounts and their use is limited by applicable bond covenants.

(g) *Loans Receivable*

For the purposes of the fund financial statements, expenditures related to long-term loans arising from loan subsidy programs are charged to operations upon funding and the loans are recorded, net of an estimated allowance for potentially uncollectible loans, with an offset to a deferred revenue account. The balance of the long-term loans receivable includes loans that may be forgiven if certain terms and conditions of the loans are met. For purposes of the government-wide financial statements, long-term loans are not offset by a deferred balance nor is activity reflected in the statement of activities.

CITY OF UNION CITY

**Notes to the Basic Financial Statements
Year Ended June 30, 2004**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) *Property Held for Resale*

The City purchases parcels of land for redevelopment in order to develop or redevelop properties within the redevelopment areas. Such land parcels are accounted for as property held for resale at the lower of cost, or net realizable value at the date of a disposition agreement has been made with a developer. During the fiscal year ended June 30, 2004, the City wrote down property in the amount of \$2,524,668.

(i) *Capital Assets*

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, bridges, lighting system, drainage systems, and flood control. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds.

The estimated useful lives are as follows:

Infrastructure	25 to 40 years
Buildings and improvements	25 years
Equipment and machinery	3 to 25 years

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives is not capitalized. Improvements are capitalized and, for government-wide statements and proprietary fund types, are depreciated over the remaining useful lives of the related capital assets.

(j) *Interfund Transactions*

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

CITY OF UNION CITY

Notes to the Basic Financial Statements Year Ended June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(k) *Bond Discounts, Issuance Costs and Deferred Amounts on Refundings*

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary funds statement of net assets. Bond discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond discount. Gains or losses occurring from advance refundings are deferred and amortized on the straight-line method as interest expense over the life of the new bonds. For governmental activities, they are deferred and amortized into expense.

In the governmental funds financial statements, bond discounts are recorded as a reduction of the debt proceeds and bond issuance costs are recorded as expenditures of the current period.

(l) *Compensated Absences*

In accordance with the City's memorandum of understanding with various nonsafety employee groups, employees accrue two weeks of vacation during the first three years of service, three weeks between service years three and twelve, four weeks between service years twelve and sixteen, and five weeks after sixteen years of service. An employee may accumulate vacation time earned to a maximum of 24 times his/her monthly accrual rate or 240 hours, whichever is greater.

Sick leave accrues (but does not vest) and may be accumulated until termination or retirement. Upon termination or retirement, an employee receives a payment equal to 100 percent of the accumulated vacation but receives no cash remuneration for accumulated sick leave.

(m) *Claims Liabilities*

In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the City records a liability to reflect an estimate of ultimate losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims are recorded in the internal service funds.

CITY OF UNION CITY

Notes to the Basic Financial Statements Year Ended June 30, 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) *Property Taxes*

Assessed values are determined annually by the Alameda County Assessor (the County) as of January 1, and become a lien on real property at January 1. Taxes are due November 1 and March 1 and are delinquent if not paid by December 10 and April 10, respectively. The County is permitted by State Law (Proposition 13) to levy taxes at 1% of the full market value of the property (at the time of purchase) and can increase the property assessed valuation by no more than 2% per year. Property tax revenues are recognized when levied and available.

(o) *Fund Equity/Net Assets*

In the fund financial statements, governmental funds report fund balance reserves for amounts that are not appropriable for expenditure or legally or contractually segregated for a specific future use. Fund balance designations result from City management or City Council action. Such designations are at the discretion of management or Council and may be changed by future management or Council action.

In government-wide statements equity is classified as net assets and displayed in three components:

Invested in capital assets, net of related debt – consists of capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets – consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net assets – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

(p) *Use of Estimates*

The City’s management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and revenues, expenditures and expenses and the disclosure of contingent liabilities to prepare these basic financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

CITY OF UNION CITY

**Notes to the Basic Financial Statements
Year Ended June 30, 2004**

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equity/Net Assets

The EMS Enhancement Special Revenue fund had a deficit fund balance at June 30, 2004 in the amount of \$30,447. The deficit fund balance is expected to be cured through collection of future assessments.

The Capital Improvement Capital Projects fund had a deficit fund balance at June 30, 2004 in the amount of \$326,669. The deficit fund balance is expected to be cured through receipt of federal funds.

The General Liability Insurance fund had deficit net assets at June 30, 2004 in the amount of \$180,700. The deficit is expected to be cured through transfer from General Fund.

Expenditures in Excess of Appropriations

Expenditures in the funds below exceeded appropriations by the amounts indicated, largely because budgets were not revised for higher than anticipated capital outlays or other unexpected expenditures. Sufficient resources were available to finance these expenditures, primarily in the form of higher revenues and transfers or from available fund balance.

	Appropriated Final Budget	Actual Expenditures	Excess
<i>Nonmajor Special Revenue Funds:</i>			
Measure B/ACTIA	\$ 685,000	\$ 878,771	\$ 193,771
Special Parks	1,440,000	3,436,329	1,996,329
Home	8,000	1,950,792	1,942,792
EMS Enhancement	34,650	39,187	4,537
Local Law Enforcement	116,887	118,880	1,993
<i>Nonmajor Debt Service Funds:</i>			
Community Facilities District	574,415	609,684	35,269

NOTE 4 - CASH AND INVESTMENTS

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents. The City’s investment policy, consistent with the Government Code of California, authorizes the City to invest in certain time deposits, mutual funds as permitted by the Government Code; obligations of the U.S. Treasury, agencies and instrumentalities; commercial paper; bankers’ acceptances, medium-term notes issued by corporations operating within the United States, rated AA or higher by Moody’s or Standard & Poor’s rating services; repurchase agreements; and the State Treasurer’s Local Agency Investment Fund (LAIF).

CITY OF UNION CITY

**Notes to the Basic Financial Statements
Year Ended June 30, 2004**

NOTE 4 - CASH AND INVESTMENTS (Continued)

Total City cash and investments are reported as follows:

Primary government:	
Cash and investments	\$ 50,247,739
Restricted cash and investments	9,406,439
Agency funds	<u>6,328,744</u>
Total cash and investments	<u><u>\$ 65,982,922</u></u>

Total City cash and investments are as follows:

<i>Cash:</i>	
Cash on hand	\$ 3,000
Deposits	<u>1,088,728</u>
Total cash	<u>1,091,728</u>
<i>Investments:</i>	
In City's pool	57,307,556
With fiscal agents	<u>7,583,638</u>
Total investments	<u>64,891,194</u>
	<u><u>\$ 65,982,922</u></u>

Deposits

At year-end, the carrying amount of the City's deposits was \$1,088,728 and the bank balance was \$2,637,884. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$155,820 was covered by federal depository insurance and \$2,482,064 was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code.

Under the California Government Code, a financial institution is required to secure deposits in excess of \$100,000 made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Such collateral is considered to be held in the name of the City.

CITY OF UNION CITY

Notes to the Basic Financial Statements Year Ended June 30, 2004

NOTE 4 - CASH AND INVESTMENTS (Continued)

Investments

For financial reporting purposes, investments are categorized to give an indication of the level of custodial credit risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered, or securities held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments, with securities held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name. The City does not have any Category 2 or 3 investments at June 30, 2004.

A summary of the City's cash and investments at June 30, 2004 is shown below.

Investments subject to categorization:

Category 1 investments:

U.S. government agencies	\$ 23,523,199
Medium-term notes	11,202,197
Local obligation refunding bonds	5,553,000

Uncategorized investments and deposits:

State Treasurer's Local Agency Investment Fund	23,244,212
Mutual funds	1,368,586
Deposits	1,088,728
Cash on hand	<u>3,000</u>
Total cash and investments	<u>\$ 65,982,922</u>

As of June 30, 2004, the City's investment in LAIF is \$23,244,212. The total amount invested by all public agencies in LAIF at that day is \$57,536,996,461. Of that amount, 1.61% is invested in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the City's position in the pool.

Included in "Restricted cash and investments: held by fiscal agents" are \$5,553,000 of the City's 1996 Local Obligation Refunding Bonds Local Improvement District #25R (special assessment debt with government commitment) with interest rates ranging from 6.18% to 7.48% and maturities from September 2, 2004 through September 2, 2017.

CITY OF UNION CITY

**Notes to the Basic Financial Statements
Year Ended June 30, 2004**

NOTE 5 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables

Due to/from other funds:

Due from other funds and due to other funds amounts are current borrowings for working capital expected to be repaid during the following year. The compositions of these short-term borrowings as of June 30, 2004 are as follows:

Receivable Fund	Payable Fund	Amount
Redevelopment Agency Capital Projects Fund	Redevelopment Agency Debt Service Fund	<u>\$ 241,483</u>
Nonmajor governmental funds	Nonmajor governmental funds Transit Enterprise Fund Paratransit Enterprise Fund	<u>937,773</u> 50,257 <u>10,686</u>
		<u>998,716</u>
Transit Enterprise Fund	Paratransit Enterprise Fund	<u>634</u>
Total		<u><u>\$ 1,240,833</u></u>

Advances to/from other funds:

Interfund advances are not expected to be repaid in the following year and are comprised of the following at June 30, 2004:

Receivable Fund	Payable Fund	Amount
Redevelopment Agency Capital Projects Fund	Redevelopment Agency Special Revenue Fund Nonmajor governmental funds	<u>\$ 3,160,000</u> 150,000 <u>3,310,000</u>
Nonmajor governmental funds	Redevelopment Agency Capital Projects Fund	1,000,000
Special Assessment Bonds Fund	Nonmajor governmental funds	<u>161,029</u>
		<u><u>\$ 4,471,029</u></u>

At June 30, 2004, the outstanding balance of the advance from the Capital Projects Fund to the Special Revenue Fund is \$3,160,000. The advance is for funding of the Housing Down Payment Assistance Program, Senior Assisted Living Housing Program and Mission Gateway Affordable Housing Project.

CITY OF UNION CITY

**Notes to the Basic Financial Statements
Year Ended June 30, 2004**

NOTE 5 – INTERFUND TRANSACTIONS (Continued)

In fiscal year 1998/1999, the Agency advanced \$150,000 to the State Gas Tax Special Revenue Fund for the Smith Street Improvement Project in order to facilitate these improvements. This amount will be paid back when the City receives Congestion Management Agency grant funds from the County.

The Housing and Community Development Special Revenue Fund advanced \$1,000,000 to the Agency for redevelopment of assisted living and independent living rental housing for senior households at affordable rents. This amount will be paid back when the Agency receives payment from the developer.

As a result of the issuance of the 2002 Authority Refunding Revenue Bonds, the Special Assessment Bonds Fund advanced funds related to the cost of issuance. This amount will be paid from debt service savings recorded in the Public Facilities Authority Debt Service Fund.

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations and re-allocations of special revenues. The following schedule briefly summarizes the City’s transfer activity between funds within the governmental activities:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Nonmajor governmental funds	\$530,000	(1)
Redevelopment Agency Debt Service Fund	Redevelopment Agency Special Revenue Fund	1,053,569	(2)
Redevelopment Agency Capital Projects Fund	Redevelopment Agency Debt Service Fund	3,479,668	(3)
Nonmajor governmental funds	General Fund	320,045	(4)
	Nonmajor governmental funds	<u>167,699</u>	(1)
Total		<u><u>\$5,550,981</u></u>	

⁽¹⁾ To provide operating subsidy.

⁽²⁾ To provide resources for payment of debt service.

⁽³⁾ To provide resources for redevelopment projects.

⁽⁴⁾ To establish the Recycling and Waste Mitigation Special Revenue Fund (\$310,045) and to provide for an operating subsidy \$10,000.

CITY OF UNION CITY

Notes to the Basic Financial Statements Year Ended June 30, 2004

NOTE 6 – NOTES RECEIVABLE

General Fund

The City has four employee notes receivable (recorded in the General Fund) bearing interest at the average LAIF rate. Accrued interest is paid semiannually, and the notes are due between 15 and 25 years from the date of the notes. The notes are secured by first deeds of trust on real property. The balance of these notes outstanding as of June 30, 2004 is \$538,523.

Redevelopment Agency Special Revenue Fund

The Agency has three notes receivable for the mobile home program that bear interest at 5%. Accrued interest is paid monthly, and the notes are due between 15 and 25 years from the date of the notes. The balance of these notes outstanding as of June 30, 2004 is \$114,395.

During the fiscal year the Agency funded a \$1,300,000 note with Elder Care Alliance for the development of a 79-unit/95-bed mixed-income senior assisted living facility (see Note 15).

Nonmajor Governmental Funds

Notes receivable in the special revenue funds result from loans made under the Community Development Block Grant (CDBG) Housing Rehabilitation and the HOME Programs for low- and moderate-income families. Notes receivable in the CDBG revolving loan program bear interest at 0% to 6% and are repaid in monthly installments over 15 to 20 years or are deferred if housing costs exceed over 30% of the borrower's income. Under this program, loan repayments are used to finance other CDBG-approved activities. Notes receivable outstanding at June 30, 2004 are \$912,046 and are secured by deeds of trust on real property. In addition, the City funded a \$1,801,115 loan with interest at 3% due 40 years after the issuance of the Certificate of Occupancy to Eden Housing for the development of a senior village.

CITY OF UNION CITY

**Notes to the Basic Financial Statements
Year Ended June 30, 2004**

NOTE 7 – LOANS RECEIVABLE

The City’s loans receivable as of June 30, 2004 is comprised of the following:

	Interest Rate	Payment Terms	Maturity Date	Balance at June 30, 2004
<i>General Fund</i>				
Various small business loans	Various	Amortized loans	Various	\$ 117,680
<i>Redevelopment Agency Special Revenue Fund</i>				
Eden Senior Housing Project	3% deferred	Amortized over 40 years based on residual cash flows. Repayments may be forgiven if various conditions are met.	2038	1,401,251
Filipino Community of Alvarado and Vicinity	7% deferred	Deferred	2028	124,235
<i>Redevelopment Agency Capital Projects Fund</i>				
Empire Handover	7.5% deferred	March 2003 through March 2012	2012	652,218
				2,295,384
		Less collectibility allowance		(2,270,792)
				\$ 24,592

CITY OF UNION CITY

**Notes to the Basic Financial Statements
Year Ended June 30, 2004**

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2004 was as follows:

	Balance July 1, 2003	Additions	Retirements/ Adjustments	Balance June 30, 2004
<i>Governmental activities:</i>				
Capital assets, not being depreciated:				
Land	\$ 8,842,756	\$ 1,798,279	\$ 1,999,522	\$ 12,640,557
Construction in progress	4,641,030	8,406,315	(6,819,150)	6,228,195
Total capital assets, not being depreciated	<u>13,483,786</u>	<u>10,204,594</u>	<u>(4,819,628)</u>	<u>18,868,752</u>
Capital assets, being depreciated:				
Infrastructure	171,123,002	5,040,460	4,476,602	180,640,064
Buildings and improvements	24,018,522	353,204	(363,939)	24,007,787
Equipment and machinery	10,092,002	1,855,549	(342,821)	11,604,730
Total capital assets, being depreciated	<u>205,233,526</u>	<u>7,249,213</u>	<u>3,769,842</u>	<u>216,252,581</u>
Less accumulated depreciation for:				
Infrastructure	(69,451,716)	(6,195,732)	-	(75,647,448)
Buildings and improvements	(10,079,971)	(376,626)	205,573	(10,251,024)
Equipment and machinery	(6,684,001)	(818,994)	172,821	(7,330,174)
Total accumulated depreciation	<u>(86,215,688)</u>	<u>(7,391,352)</u>	<u>378,394</u>	<u>(93,228,646)</u>
Total capital assets, being depreciated, net	<u>119,017,838</u>	<u>(142,139)</u>	<u>4,148,236</u>	<u>123,023,935</u>
Governmental activities capital assets, net	<u>\$ 132,501,624</u>	<u>\$ 10,062,455</u>	<u>\$ (671,392)</u>	<u>\$ 141,892,687</u>
<i>Business-Type activities:</i>				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,004,455	\$ -	\$ (1,004,455)	\$ -
Capital assets, being depreciated:				
Buildings and improvements	501,900	1,553,066	1,004,455	3,059,421
Equipment and machinery	5,119,571	2,353	(1,691)	5,120,233
Total capital assets, being depreciated	<u>5,621,471</u>	<u>1,555,419</u>	<u>1,002,764</u>	<u>8,179,654</u>
Less accumulated depreciation for:				
Buildings and improvements	(247,059)	(80,112)	-	(327,171)
Equipment and machinery	(2,781,181)	(490,239)	1,057	(3,270,363)
Total accumulated depreciation	<u>(3,028,240)</u>	<u>(570,351)</u>	<u>1,057</u>	<u>(3,597,534)</u>
Total capital assets, being depreciated, net	<u>2,593,231</u>	<u>985,068</u>	<u>1,003,821</u>	<u>4,582,120</u>
Business-type activities capital assets, net	<u>\$ 3,597,686</u>	<u>\$ 985,068</u>	<u>\$ (634)</u>	<u>\$ 4,582,120</u>

CITY OF UNION CITY

**Notes to the Basic Financial Statements
Year Ended June 30, 2004**

NOTE 8 - CAPITAL ASSETS (Continued)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 384,868
Public safety	350,287
Housing and community development	60,266
Recreation and culture	362,424
Planning and public works	5,942,614
Depreciation on capital assets held by the City's internal service funds is charged to the various functions based on their usage of the assets	<u>290,893</u>
Total depreciation expense – governmental activities	<u><u>\$ 7,391,352</u></u>

Depreciation expense was charged to the business-type functions as follows:

Transit	\$ 539,344
Paratransit	<u>31,007</u>
Total depreciation expense – business-type activities	<u><u>\$ 570,351</u></u>

NOTE 9 – CAPITAL CONTRIBUTIONS

The City receives grants from the state and local transportation funds for the acquisition of buses and other equipment and improvements. Capital contributions are recorded as revenues and the cost of the related assets is included in capital assets. For the year ended June 30, 2004, capital contributions from Transportation Development Act – Article 4 for the Transit Enterprise fund was \$1,555,419 and \$170,500 was recorded in the City Garage Operations Internal Service Fund for the City's transfer of assets from general government activities to garage operations.

CITY OF UNION CITY

**Notes to the Basic Financial Statements
Year Ended June 30, 2004**

NOTE 10 - LONG-TERM OBLIGATIONS

The following table summarizes the changes in long-term obligations during the year:

	Balance July 1, 2003	Additions	(Retirements)	Balance June 30, 2004	Amounts Due Within One Year
Governmental Activities:					
Tax Allocation Bonds	\$ 76,215,000	\$ -	\$ (1,260,000)	\$ 74,955,000	\$ 1,220,000
Unamortized discount	(149,460)		7,381	(142,079)	(7,381)
Unamortized deferred loss on refunding	(951,631)		46,994	(904,637)	(46,994)
Authority bonds	5,965,000	-	(285,000)	5,680,000	295,000
Special tax bonds	7,610,000	-	(140,000)	7,470,000	150,000
Refunding bonds	1,045,000	-	(75,000)	970,000	80,000
Special assessment debt with government commitment	5,785,000	-	(232,000)	5,553,000	249,000
Pension obligation bonds	-	22,997,973	-	22,997,973	30,000
Total long-term debt payable	<u>95,518,909</u>	<u>22,997,973</u>	<u>(1,937,625)</u>	<u>116,579,257</u>	<u>1,969,625</u>
Obligations under capital leases	989,802	-	(117,956)	871,846	125,022
Settlement payable	-	100,000	-	100,000	100,000
Claims liability (Note 13)	2,168,244	1,576,251	(743,897)	3,000,598	664,568
Compensated absences	1,893,200	1,175,826	(1,060,597)	2,008,429	941,251
Total governmental activities	<u>\$ 100,570,155</u>	<u>\$ 25,850,050</u>	<u>\$ (3,860,075)</u>	<u>\$ 122,560,130</u>	<u>\$ 3,800,466</u>
Business-Type Activities:					
Compensated absences	<u>\$ 22,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,219</u>	<u>\$ 22,219</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end \$71,785 of internal service funds compensated absences are included in the above amounts. Also, for governmental activities, claim liabilities and compensated absences are generally liquidated by the General Fund.

The City's long-term obligations at June 30, 2004 consisted of the following:

Tax Allocation Bonds

In August 1999, the Agency issued tax allocation bonds in the amount of \$35,205,000 to finance certain projects within the Agency's redevelopment area. The bonds bear interest at rates ranging from 3.875% - 5.75% and are payable in installments ranging from \$320,000 to \$3,225,000 through October 1, 2033.

In May 2001, the Agency issued tax allocation bonds in the amount of \$25,065,000 consisting of \$14,635,000 Series 2001A and \$10,430,000 Series 2001B (Taxable) to finance certain projects within the Agency's redevelopment area. The bonds bear interest at rates ranging from 4.5% - 5.375% and 6.1% - 7.5% per annum for the Series 2001A and the Series 2001B, respectively. The Series 2001A are payable in installments ranging from \$205,000 to \$900,000 through October 1, 2034 and the Series 2001B are payable in installments ranging from \$110,000 to \$770,000 through October 1, 2034.

CITY OF UNION CITY

Notes to the Basic Financial Statements Year Ended June 30, 2004

NOTE 10 - LONG-TERM OBLIGATIONS (Continued)

In February 2003, the Agency issued tax allocation bonds in the amount of \$16,630,000 to advance refund all of the Tax Allocation Bonds, Series 1993 and to finance certain projects within the Agency's redevelopment area. The bonds bear interest at rates ranging from 2.00% - 4.75% and are payable in installments ranging from \$585,000 to \$1,125,000 through October 1, 2023. As of June 30, 2004, the Series 1993 bonds considered defeased have an outstanding balance of \$13,845,000.

Authority Bonds

In January 2002, the Authority issued \$6,095,000 of the 2002 Authority Refunding Revenue Bonds with interest ranging from 3.0% to 5.9% to refund the outstanding 1996 Authority Revenue Bonds with interest ranging from 5.5% to 7.0% on March 2, 2002. The installment bonds are due annually through September 2, 2013 with installments ranging from \$295,000 through \$445,000 and the term bonds in the amount of \$2,060,000 are due on September 2, 2017.

Special Tax Bonds

In April 1998, the City issued \$8,000,000 of Special Tax Bonds under the Mello-Roos Community Facilities Act of 1982 (the Act) and are payable from proceeds of special taxes levied on property within the Community Facilities District No. 97-1 (Dyer Street Triangle) of the City of Union City (the District) according to the rate and method of apportionment of special tax approved by qualified electors of the District and by the City Council of the City, as legislative body of the District. The Special Tax Bonds were issued to finance the design, acquisition and construction of public facilities for the District; fund a reserve fund for the Bonds; fund certain interest due on a portion of the Special Tax Bonds; and pay the costs of issuing the Special Tax Bonds. These bonds bear interest ranging from 4.1% to 5.8% per annum, and scheduled payments are through 2028.

The City has covenanted to annually levy the special tax against all land within the District taxable under the Act and to make provision for the collection of the special tax in amounts which will be sufficient to pay debt service on the Special Tax Bonds as such becomes due and to replenish the reserve fund as necessary. In addition, the City has covenanted to cause foreclosure proceedings to be commenced and prosecuted against parcels with delinquent installments of the special tax.

The Agency has agreed with certain property owners to pay or to reimburse the property owners for paying certain special taxes. (See Note 15 – Agreements with Property Owners).

CITY OF UNION CITY

Notes to the Basic Financial Statements Year Ended June 30, 2004

NOTE 10 - LONG-TERM OBLIGATIONS (Continued)

Refunding Bonds

In August 1998, the City issued the Union City Refunding Bonds, Series 1998, to refund and finance a portion of its share of the Settlement Agreement among the Cities of Fremont, Newark and Union City (the Cities) and Waste Management of Alameda County, Incorporated (Waste Management). The Settlement Agreement arose out of contractual disputes between the Cities and Waste Management concerning the costs of providing landfill services for solid waste collected within the Cities and future landfill closing. Proceeds were used to reimburse the City for a portion of its share of the settlement costs. These bonds are an absolute and unconditional obligation of the City, bear interest ranging from 4% to 4.8% per annum, and scheduled payments are through August 1, 2013.

Special Assessment Debt with Government Commitment

Special assessment bonds have been issued under various public improvement acts of the State of California and are secured by liens against properties deemed to have been benefited by the improvement for which the bonds were issued. The City acts as an agent in collecting the assessments from the property owners, forwarding the collections to bondholders and initiating foreclosure proceedings when necessary. The City may, at its discretion, refund bondholders in the event of a default by the property owners and therefore the bonds are included in the government-wide statement of net assets. Cash collected in advance of assessments due is classified as restricted. Also, certain bonds require the maintenance of reserve accounts.

In April 1996, the City issued the 1996 Authority Revenue Bonds in the amount of \$7,235,000 to purchase the Local Improvement District No. 25R Bonds.

Pension Obligation Bonds

In March 2004, the City issued \$22,997,973 in pension obligation bonds of which \$21,475,000 are current interest bonds and \$1,522,973 are capital appreciation bonds. Proceeds from these bonds were used to pay the City's obligation to the Public Employees' Retirement Fund for the City's unfunded pension benefits liability (see Note 12). The current interest bonds bear interest at rates ranging from 5.36% to 5.92% per annum with scheduled payments through July 1, 2024. The capital appreciation bonds yield 6.6% interest and matures in the amount of \$3,015,000 and \$3,140,000 on July 1, 2025 and July 1, 2026, respectively.

CITY OF UNION CITY

**Notes to the Basic Financial Statements
Year Ended June 30, 2004**

NOTE 10 - LONG-TERM OBLIGATIONS (Continued)

Capital Leases

The City has entered into long-term capital lease agreements with various financing agencies for ventilation equipment, a street sweeper, public safety vehicles and communication equipment. These leases are capital leases because at the end of the lease period, all assets are distributed to the City and remain property of the City. These lease agreements qualify as capital leases and have been recorded at the present value of the future minimum lease payments as of the date of inception.

Payments for capital lease obligations in the government-wide statement of net assets are made from various revenue sources recorded in the General Fund and nonmajor governmental funds. Equipment under capital leases of \$871,846, net of accumulated amortization of \$433,312 was included in the government-wide statement of net assets at June 30, 2004.

Scheduled Payments

As of June 30, 2004, annual debt service requirements to maturity are as follows:

Year ending June 30:	Tax Allocation Bonds		Authority Bonds		Special Tax Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 1,220,000	\$ 3,995,075	\$ 295,000	\$ 292,904	\$ 150,000	\$ 417,671
2006	1,255,000	3,951,099	305,000	281,716	155,000	410,426
2007	1,310,000	3,905,074	320,000	268,736	160,000	402,786
2008	1,355,000	3,855,480	330,000	254,266	170,000	394,616
2009	1,405,000	3,800,887	350,000	238,188	180,000	385,776
2010-2014	7,975,000	18,004,086	2,020,000	894,520	1,050,000	1,770,655
2015-2019	10,080,000	15,842,067	2,060,000	251,930	1,375,000	1,430,990
2020-2024	12,965,000	12,861,465	-	-	1,815,000	975,415
2025-2029	17,015,000	8,669,989	-	-	2,415,000	366,125
2030-2034	19,595,000	2,956,235	-	-	-	-
2035	780,000	24,522	-	-	-	-
Total	\$ 74,955,000	\$ 77,865,979	\$ 5,680,000	\$ 2,482,260	\$ 7,470,000	\$ 6,554,460

Year ending June 30:	Refunding Bonds		Special Assessment Debt with Government Commitment		Pension Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 80,000	\$ 41,706	\$ 249,000	\$ 386,374	\$ 30,000	\$ 1,242,932
2006	85,000	38,219	267,000	369,843	100,000	1,234,456
2007	85,000	34,606	284,000	351,848	170,000	1,229,096
2008	90,000	30,865	300,000	332,484	240,000	1,219,984
2009	95,000	26,852	322,000	311,548	320,000	1,207,120
2010-2014	535,000	64,467	1,971,000	1,176,003	3,060,000	5,678,356
2015-2019	-	-	2,160,000	337,165	6,335,000	4,497,664
2020-2024	-	-	-	-	11,220,000	2,132,384
2025-2029	-	-	-	-	1,522,973	4,632,027
Total	\$ 970,000	\$ 236,715	\$ 5,553,000	\$ 3,265,265	\$ 22,997,973	\$ 23,074,019

CITY OF UNION CITY

**Notes to the Basic Financial Statements
Year Ended June 30, 2004**

NOTE 10 - LONG-TERM OBLIGATIONS (Continued)

Year ending June 30:	Capital Lease	
	Principal	Interest
2005	\$ 125,022	\$ 52,224
2006	132,510	44,735
2007	140,448	36,797
2008	148,861	28,385
2009	157,777	19,468
2010-2014	167,228	10,017
Total	<u>\$ 871,846</u>	<u>\$ 191,626</u>

Legal Debt Limit

As of June 30, 2004, the City's legal debt service limit (15% of assessed valuation) was \$845 million. The total amount of debt applicable to the debt limit was \$0.

Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements. The requirements stipulate, in general, the earnings from the investment of tax-exempt bond proceeds that exceed related interest expenditures on the bonds must be remitted to the Federal government on every fifth anniversary of each bond issue. The City has evaluated each bond issue subject to arbitrage rebate requirements and has determined that no arbitrage liability exists at June 30, 2004.

NOTE 11 - EMPLOYEES' RETIREMENT PLAN

Plan Description

All permanent employees are eligible to participate in the Public Employees' Retirement Fund (PERS) of the State of California's Public Employees' Retirement System. The City contributes to the PERS, an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

CITY OF UNION CITY

**Notes to the Basic Financial Statements
Year Ended June 30, 2004**

NOTE 11 - EMPLOYEES' RETIREMENT PLAN (Continued)

Funding Policy

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City is required to contribute at an actuarially determined rate. The 2003/2004 fiscal year contribution rates were 6.1% for miscellaneous employees and 20.95% for safety employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For fiscal year 2004, the City's annual pension cost for CalPERS was equal to the City's required contributions, which were determined as part of the June 30, 2001 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included the following:

Investment rate of return	8.25% (net of administrative services)
Projected salary increases	3.75% to 14.20% depending on age, service and type of employment
Inflation	3.50%
Payroll growth	3.75%
Individual salary growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.50% and an annual production growth of 0.25%.

The actuarial value of assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investment over a two to five year period depending on the size of investment gains and/or losses. Unfunded actuarial accrued liability (UAAL) (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The amortization period of any unfunded actuarial liabilities of the City ends on June 30, 2023, for safety employees and June 30, 2022 for other employees.

On June 29, 2004, the City's contributed \$22,451,490 from the proceeds of the Pension Obligation Bonds to advance fund a portion of its unfunded actuarial liabilities.

CITY OF UNION CITY

**Notes to the Basic Financial Statements
Year Ended June 30, 2004**

NOTE 11 - EMPLOYEES' RETIREMENT PLAN (Continued)

THREE YEAR TREND INFORMATION FOR PERS

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
6/30/02	\$2,018,486	100%	\$ -
6/30/03	2,065,562	100%	-
6/30/04	3,078,518	829%	22,451,490

SCHEDULE OF FUNDING PROGRESS – MISCELLANEOUS PLAN

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/01	\$32,123,513	\$36,477,192	(\$4,353,679)	113.6%	\$9,515,424	(45.8)%
6/30/02	36,343,331	35,451,655	891,776	97.5%	10,157,014	8.8%
6/30/03	42,642,811	36,655,664	5,987,147	86.0%	10,512,777	57.0%

SCHEDULE OF FUNDING PROGRESS – SAFETY PLAN

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Over funded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/01	\$62,941,504	\$59,632,056	\$3,309,448	94.7%	\$10,429,553	31.7%
6/30/02	71,996,160	57,362,872	14,633,288	79.7%	11,504,514	127.2%
6/30/03	77,941,072	60,054,870	17,886,202	77.1%	11,315,739	158.1%

Post-Retirement Healthcare Benefits

Effective July 1, 1999, each member of the Police Officers Association contributes \$20 per pay period to the Police Officers Association Agency Fund. The City contributes a matching contribution of \$20 per employee per pay period to the fund. The benefit provisions and obligations to contribute are established in the Police Officer's Association Memorandum of Understanding. Currently, 19 retired employees receive these healthcare benefits. The contributions made in fiscal year 2003/2004 totaled \$73,216.

CITY OF UNION CITY

Notes to the Basic Financial Statements Year Ended June 30, 2004

NOTE 12 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City has established a Workers' Compensation Self-Insurance Fund (an internal service fund) to account for its uninsured risks of loss relating to workers' compensation claims. Under this program, the Workers' Compensation Self-Insurance Fund provides coverage for up to \$150,000 for each claim. Claims in excess of \$150,000 are insured with Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX). Settled claims have not exceeded coverage in any of the last three fiscal years.

The City has insurance for vehicle damage and loss of personal property, with a deductible of \$25,000 per occurrence. This insurance is accounted for in the General Fund.

For liability insurance, the City is a member, along with other municipalities and regional municipal joint powers authorities, of the Bay Cities Joint Powers Insurance Authority (BCJPIA), a public entity risk pool operating as a general liability risk management and insurance program for nine member entities. The purpose of BCJPIA is to spread the adverse effects of losses among the member agencies and to purchase excess insurance as a group, thereby reducing its expense. General liability claims in excess of \$25,000 and up to \$16,000,000 per occurrence are covered by the BCJPIA. The City records estimated liabilities for the deductible portion of claims filed or expected to be filed in an internal service fund. Five years after settlement of all claims for a program year, BCJPIA will retroactively adjust premiums for any excess or deficiency in assets over loss reserves based on factors including payroll ratios and past experience.

Summary financial information derived from the audited financial statements of BCJPIA as of and for the year ended June 30, 2004 is as follows:

Cash and investments	\$ 12,145,475
Accounts receivable	1,574,515
Prepays and other assets	16,784
Total assets	<u>\$ 13,736,774</u>
Total reserves, unearned premiums and other liabilities	\$ 8,985,817
Net assets	<u>4,750,957</u>
Total liabilities and net assets	<u>\$ 13,736,774</u>
Premium fees earned	\$ 8,147,316
Investment income	36,531
Total revenues	8,183,847
Expenses	<u>7,421,639</u>
Net income	<u>\$ 762,208</u>

CITY OF UNION CITY

**Notes to the Basic Financial Statements
Year Ended June 30, 2004**

NOTE 12 - RISK MANAGEMENT (Continued)

BCJPIA is governed by a Board of Directors that is composed of appointed officials from the member entities and is administered by a third party administrator.

The City records estimated liabilities for the deductible portion of claims filed and claims incurred but not reported. Allocated and unallocated claims adjustments expenses are included in the claim liability balances. Changes to the general and internal service funds' insurance liabilities are determined from an analysis of claims costs and past experience and are recorded as expenditures/expenses.

The changes in the City's claims liability balance is as follows:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>	<u>Total</u>
Liability at June 30, 2002	\$1,580,088	\$500,000	\$2,080,088
Current claims and changes in estimates	689,078	144,164	833,242
Claim payments	<u>(600,922)</u>	<u>(144,164)</u>	<u>(745,086)</u>
Liability at June 30, 2003	1,668,244	500,000	2,168,244
Current claims and changes in estimates	1,545,318	126,290	1,671,608
Claim payments	<u>(712,963)</u>	<u>(126,290)</u>	<u>(839,253)</u>
Liability at June 30, 2004	<u><u>\$2,500,599</u></u>	<u><u>500,000</u></u>	<u><u>\$3,000,599</u></u>

NOTE 13 – BONDS FOR WHICH THE CITY HAS NO LIABILITY

Greenhaven - Multifamily Mortgage Revenue Bond Project

On February 23, 1983, the City issued \$10,975,000 in loans-to-lenders revenue bonds for the purpose of assisting in the construction of affordable rental housing within the City. Under this program, bond proceeds were deposited with a lender that issued certificates of deposit to evidence the deposit. In turn, the lender made a loan, secured by a deed of trust, to a developer to finance the acquisition, construction and development of the multifamily residential project. In July 1990, the City authorized the issuance and sale of \$10,975,000 of multifamily housing revenue refunding bonds, refunding the outstanding revenue bonds previously issued without any obligation on the part of the City. The obligation for repayment rests with Lincoln Fair Ranch Associates Limited.

CITY OF UNION CITY

Notes to the Basic Financial Statements Year Ended June 30, 2004

NOTE 13 – BONDS FOR WHICH THE CITY HAS NO LIABILITY (Continued)

The multifamily housing revenue bonds do not constitute or create a debt or pledge of the general credit or taxing power of the City, Agency or Corporation. Accordingly, the debt is not reflected in the accompanying basic financial statements.

Sierra Green Apartments Project

On October 1, 1985, the City issued bonds in the amount of \$11,000,000 under the authority of the Health and Safety Code of the State of California, as amended, to provide funds to make nonrecourse loans to a developer for the construction and permanent financing of multifamily rental housing. The regulatory agreement requires, among other things, that at least 20% of the completed dwelling units in the project be occupied or held available for low or moderate income families.

Neither the faith and credit nor the taxing power of the City is pledged to the payment of principal or interest on the bonds. The bonds are payable solely from the revenues pledged under the indenture, including funds drawn by the trustee under a letter of credit.

In fiscal 1989, the City authorized the issuance and sale of \$9,500,000 of variable rate demand multifamily housing revenue bonds to refund the then-outstanding revenue bonds previously issued, without any obligation on the part of the City. The obligation for repayment rests with Lincoln-FS Seven Hills, a California limited partnership.

Skylark Apartments Project

On November 19, 1985, the City issued \$13,100,000 in mortgage revenue bonds under the authority of the Health and Safety Code of the State of California, as amended, to provide funds to make nonrecourse loans to a developer for the construction and permanent financing of multifamily rental housing. The regulatory agreement requires, among other things, that at least 20% of the completed dwelling units in the project be occupied or held available for low or moderate income families.

Neither the faith and credit nor the taxing power of the City is pledged to the payment of principal or interest on the bonds. The bonds are payable solely from the revenues pledged under the indenture, including funds drawn by the trustee under a letter of credit.

In fiscal 1989, the City authorized the issuance and sale of \$11,790,000 of variable rate demand multifamily housing refunding revenue bonds to refund the then-outstanding revenue bonds previously issued, without any obligation on the part of the City. The obligation for repayment rests with Lincoln Skylark, a California limited partnership.

CITY OF UNION CITY

**Notes to the Basic Financial Statements
Year Ended June 30, 2004**

NOTE 14 – COMMITMENTS

The Community Redevelopment Agency of the City of Union City (the Agency) has the following commitments:

County of Alameda and Related Agencies

On August 1, 1988, the Agency entered into an agreement with the County of Alameda (the County), the County of Alameda Library District (the Library District) and the County of Alameda Flood Control District (the Flood Control District). Under this agreement, the Agency agreed to pay the County and the Library District a portion of their respective “share” of tax increment revenue in the same amount as if the County and the Library District had made the election permitted by Health and Safety Code Section 33676(a)(1) (special levies) and Section 33676 (a)(2) (2 percent per year increase over the base year) in effect at the time of the agreement until a specified threshold amount was reached, after which time the County would receive an amount equal to 80% of its full share of tax increment. Subsequently, the Agency approached the County to negotiate an amendment to its agreement. The purpose of the amendment was to extend the terms of the threshold and therefore provide additional funding resources to the Agency to fund projects providing regional benefit. These negotiations resulted in an amended and restated agreement in September 1998. After the revised threshold amount is reached the County will receive an amount equal to 80% of its full share of tax increment.

The Flood Control District has also made an election to receive its respective “share” of the 2 percent tax increment revenue within the Redevelopment Project Area. Tax increment revenue above this amount is allocated to the Agency and is not limited by the agreement. The agreement requires the Agency to pay for the cost of any flood control facilities constructed in the Redevelopment Project Area only to the extent that the cumulative cost exceeds the cumulative amount of the 2 percent tax increment revenue received by the Flood Control District.

All amounts paid or withheld under this agreement are subject to a 20 percent low- and moderate-income housing set-aside requirement.

CITY OF UNION CITY

Notes to the Basic Financial Statements Year Ended June 30, 2004

NOTE 14 – COMMITMENTS (Continued)

New Haven Unified School District (the School District)

On August 1, 1988, the Agency and the School District entered into an agreement in which the Agency agreed to pay a portion of the annual tax increment revenue received by the Agency to the School District. This agreement was amended in March 1997 and as part of the amendment, the School District and the Agency agreed on the following terms:

- (i) Beginning in fiscal year 1989/1990 and continuing until the expiration of the Redevelopment Plan, the Agency will pay an amount equal to the 1977 override amount (as defined) plus 50 percent of the 1987 School District General Obligation Bond Debt Service Tax Amount. The amount paid in fiscal year 2003/2004 was \$38,106.
- (ii) Beginning in fiscal year 2000/2001, the amount paid to the School District will equal 15.28 percent of the tax increment revenue received by the Agency (excluding the 20 percent low and moderate income housing set aside requirement). The amount paid in fiscal year 2003/2004 was \$1,843,540.
- (iii) Payments to the School District will continue until the present value of all payments it received equals \$7,600,000 in 1995 dollars, or the cumulative amount of \$19,000,000, whichever occurs earlier.
- (iv) To the extent that the School District receives the special DIPSA school fees (as defined in the agreement) in excess of the total cumulative amount the Agency had agreed to pay under the settlement agreement, the School District will refund the total excess amount to the Agency.

All amounts paid under this agreement are subject to a 20 percent low- and moderate- income housing set-aside requirement.

Alameda County Superintendent of Schools

On April 18, 1989, the Agency and the Alameda County Superintendent of Schools (the Superintendent) entered into an agreement. Beginning in fiscal year 1989/1990, the Agency agreed to pay to the Superintendent 80 percent of the Superintendent's proportionate share of tax increment revenue as calculated under Section 110.1 of the Revenue and Taxation Code (2 percent per year increase over the base year). The amount paid in fiscal year 2003/2004 was \$4,061.

All amounts paid under this agreement are subject to a 20 percent low- and moderate- income housing set-aside requirement.

CITY OF UNION CITY

**Notes to the Basic Financial Statements
Year Ended June 30, 2004**

NOTE 14 – COMMITMENTS (Continued)

East Bay Regional Park District (EBRPD)

Under the terms of an agreement dated June 1988, the Agency pays to the EBRPD a portion of the tax increment revenue received by the Agency. Beginning in fiscal year 2000 until expiration of the redevelopment plan, the annual tax increment revenue payable to EBRPD equals EBRPD's proportionate share of tax increment revenues attributable to increases in original project area assessed valuation not exceeding 3 percent per annum. The amount paid to EBRPD in fiscal year 2003/2004 was \$53,715.

All amounts paid or withheld under this agreement are subject to a 20 percent low- and moderate-income housing set-aside requirement.

Agreements with Property Owners

Dyer Street Triangle (Union Landing)

In April 1998, the City issued \$8,000,000 of special tax bonds under the Mello-Roos Community Facilities Act of 1982 (the Act) that are payable from proceeds of special taxes levied on property within the Community Facilities District No. 97-1 (Dyer Street Triangle) of the City of Union City (the District) according to the rate and method of apportionment of special taxes. The Special Tax Bonds were issued to finance the design, acquisition and construction of public facilities for the District.

The Agency has agreed with the following property owners to pay or to reimburse the property owners for paying certain special taxes:

Pappas Owner Participation Agreement (Pappas OPA). On December 9, 1997, the Agency approved an Owner Participation Agreement with Pappas Union City LP and Louie J. Pappas and Voula L. Pappas (Pappas) to provide the terms on which the Pappas would redevelop certain real property it owns in the District and to provide for construction of infrastructure improvements. The Pappas OPA also provided for the Agency's acquisition of certain portions of the Pappas property for construction of road improvements.

The Pappas OPA provides that the Agency will pay Pappas Special Taxes in connection with the District. As security for its obligation to make the special tax payments, the Agency pledged its tax increment revenue, subject to the Agency's obligations to make debt service payments on bonds and other obligations issued or entered into prior to the date of the Pappas OPA and secured by or payable from the tax increment and the Agency's obligation to make payments towards the low and moderate income housing set-aside requirement.

CITY OF UNION CITY

Notes to the Basic Financial Statements Year Ended June 30, 2004

NOTE 14 – COMMITMENTS (Continued)

The Agency's pledge is also subordinate to future bonds or other obligations of the Agency secured by a pledge of tax increment revenue provided:

- (i) The Agency finds that it will have sufficient revenue to meet its obligations under the Pappas OPA and to meet its obligations to make payments of principal, interest or other amounts that will be owing on such bonds or obligations and all other Agency indebtedness, and
- (ii) At least 15 days prior to issuance of such bonds or incurring such obligations, the Agency provides Pappas with notice of the proposed bond or obligation and the basis for the Agency's findings.

Syufy OPA. The Agency has also entered into an Amended and Restated Owner Participation Agreement, dated October 14, 1997 (the Syufy OPA) with Syufy Enterprises and Sycal Properties (collectively, Syufy). The Syufy OPA contemplates Syufy demolishing the existing improvements on the Syufy Property and constructing parking and other site improvements.

The Syufy OPA further provides as follows:

- (i) *Dyer Street and Union Landing Boulevard Improvements.* The Agency will construct or cause the City to construct the Dyer Street Improvements and construction of the Union Landing Boulevard Improvements. Syufy will convey to the Agency a portion of the property necessary for the Dyer Street Improvements and the Union Landing Boulevard Improvements and for other traffic improvements reasonably required by the City. The Agency has no obligation to construct Dyer Street Improvements or the Union Landing Boulevard Improvements unless Syufy has conveyed such property either voluntarily or pursuant to condemnation action.
- (ii) *Courthouse Improvements.* The Agency will construct the Courthouse Improvements.
- (iii) *Fees and Charges.* The Agency will not impose any fee or charge on Syufy or the Syufy property to defray the costs of the Interchange Improvements.
- (iv) *Payment of Special Taxes.* The Agency will reimburse Syufy for any Special Taxes Syufy is obligated to pay in connection with the District.

CITY OF UNION CITY

Notes to the Basic Financial Statements Year Ended June 30, 2004

NOTE 14 – COMMITMENTS (Continued)

Other Development Agreements

Pacific States Steel Corporation (PSSC) Property

On December 10, 2002, the Agency authorized an Owners Participation Agreement (OPA) with Pacific State Steel Corporation (PSSC) that required PSSC to perform or cause performance of all hazardous materials remediation work and all private redevelopment on the PSSC 61 acre property, and that committed the Agency to design various infrastructure improvements and to advance any shortfall in construction costs for backbone infrastructure on the PSSC Plant Site that will be repaid by PSSC. The OPA was incorporated into the 2003 Amended Reorganization Plan (Amended Plan), which was approved by Chief Judge Marilyn Patel, United States District Court Northern California on June 13, 2003. As part of PSSC's Tier 1A obligation to the Agency, PSSC agreed to pay the Agency \$1.2 million towards its ongoing expenses under the Amended Plan. As of June 30, 2004, the Agency received \$400,000 of this amount and has deferred the remaining \$800,000 in the fund financial statements since it had not met the availability criteria for revenue recognition.

The OPA obligated the Agency to attempt to acquire the adjoining 30-acre PG&E site, which would provide access to the PSSC site. The PG&E site is also the location of the Intermodal Station. PG&E executed the Purchase Agreement (Agreement) for the PG&E site on June 18, 2003, for the purchase price of \$18,076,000. Before the sale could be completed, the site had to receive an environmental clearance letter from the Department of Toxic Substances Control, approval of the federal bankruptcy court, and the California Public Utilities Commission. All obligations of the Agreement had been fulfilled by December 7, 2003 and the Agency took possession of the property in September 2004.

Union City Senior Village - The Agency owns a 2.4 acre site (the "Site") along the south side of Alvarado-Niles Road adjacent to the recently developed Ralph and Mary Ruggieri Senior Center and the Rosewood Terrace affordable seniors housing development. The Agency plans to cause development of a "Senior Village" on the site through construction and operation of two legally separate but physically complementary and compatible affordable housing developments.

On May 2, 2002, the Agency entered into a Disposition, Development and Loan Agreement (DDLA) with Elder Care Alliance of Union City (the Developer). This agreement was revised on July 22, 2003 and further amended on February 24, 2004 granting \$1,350,000 in Agency funds. Pursuant to the DDLA, the Agency sold to the Developer approximately 1.6 acres of property for the development by the Developer of a 79-unit/95-bed (71 assisted living and 24 senior household units) mixed-income senior assisted living facility; this includes 68 affordable units (50% of the project). The selling price of this property was \$1. In addition, the Agency was approved for the \$1,300,000 HELP (Housing Enabled by Local Partnerships) loan from the California Housing Finance Agency (the CalHFA) to be re-loaded by the Agency to the Developer under the DDLA.

CITY OF UNION CITY

Notes to the Basic Financial Statements Year Ended June 30, 2004

NOTE 14 – COMMITMENTS (Continued)

The HELP loan is a 3% simple interest housing loan provided to public agencies, as the conduit, on a competitive basis. The term of the loan agreement between the Agency and the CalHFA is 10 years from the date of the agreement (November 12, 2003); payment is deferred for the term of the HELP loan. The Agency has two years from the date of the agreement to draw down funds. This loan is an unsecured obligation of the Agency, and as such, the Agency is obligated for that amount not covered by the annual cash flow from the project. It is anticipated that the Developer will generate sufficient cash flow to service this obligation. However, the Agency stated in the loan application that it would cover the annual interest payments. On June 3, 2004, the Agency advanced the \$1,300,000 to the Developer. The transaction was done in advance of the Agency receiving the loan funds from the CalHFA in order to help the Developer close their Cal Mortgage insured loan application. This is recorded as notes receivable and due to the state. The HELP loan answers Cal Mortgage's debt-ratio concerns and makes this project viable financially. The Agency had requested a draw down of \$1,300,000 from the CalHFA. This is recorded as intergovernmental receivable and deferred revenue.

Pursuant to a separate Disposition and Development Agreement (Adjacent Property DDA) between the Agency and Eden Housing Inc., (Adjacent Property Developer) dated May 17, 2000 and amended on September 24, 2002, the Agency intends to convey to the Adjacent Property Developer the remaining 0.81 acre portion of the Site (the Adjacent Property) for development of the independent-living dwelling units available at affordable housing costs to qualifying seniors households. The 44-unit affordable independent senior facility, includes a \$2.2 million loan of the City's HOME funds to Adjacent Property Developer under a loan agreement. In September 2003, \$1,801,115 of HOME funds was loaned to Adjacent Property Developer. The term of the loan is 40 years at 3% interest, to be repaid out of residual receipts from the project, with payments beginning on the first anniversary of issuance of a Certificate of Occupancy for the Development.

Seventh Street Housing - On July 23, 2002, the Agency Board authorized the purchase of 3400 Seventh Street for a purchase price of \$1,200,000 plus \$250,000 for release and settlement of all claims for damages under relocation law. The Agency took possession of the property by the end of the calendar year 2002. The site will be used to construct six units of affordable housing. It is anticipated construction will begin in the summer of 2004.

Mission Gateway - In November 2002, the Agency authorized a Disposition Development and Loan Agreement (DDLA) with Mid-Peninsula Housing Coalition that was subsequently amended on May 25, 2004. The DDLA provides for private development of 120 units of affordable housing and 3,000 square feet of commercial space. The Agency agreed to sell 4.5 acres to Mid-Peninsula for \$1. The Agency will also pay all relocation costs, including the costs of double moves that will enable displaced residents to return to Mission Gateway. In addition, the Agency agreed to provide Mid-Peninsula Housing Coalition a \$4.15 million construction loan to be repaid from residual receipts at 3 percent interest. The Mission Gateway escrow closed August 23, 2004 and the project is currently under construction.

CITY OF UNION CITY

Notes to the Basic Financial Statements Year Ended June 30, 2004

NOTE 15 – CONTINGENT LIABILITIES

There are several pending lawsuits in which the City is involved. The City estimates that the potential claims against the City, not covered by insurance, resulting from such litigation would not have a material affect on the financial statements.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to request for reimbursement for expenditures disallowed under the terms of the grant. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to not be material with respect to the combined financial statements.

NOTE 16 – SUBSEQUENT EVENTS

Education Relief Augmentation Fund (ERAF)

On August 5, 2004, SB 1096 was signed into law requiring redevelopment agencies statewide to shift for the next two years (2004-2006) the amount of \$250 million in property tax increment revenues to the State's Educational Revenue Augmentation Fund (ERAF) as a way to reduce the State's 2004-2006 budget deficit. The Agency's share of this revenue shift is \$1,087,159 for FY04/05 and a proportioned amount for FY05/06. Payments will be made by May 10, 2005 and May 10, 2006 for each year, respectively.

The State Legislature passed legislation in 2003 that required redevelopment agencies to contribute to the ERAF. The law included a provision that allows the Agency Board to extend the term of a redevelopment plan by one year to compensate for the ERAF payment. On December 14, 2004, the City Council acting as the Agency's Board, adopted an ordinance that extends the time limit for redevelopment activities to June 28, 2029 and the time limit for the repayment of indebtedness to June 28, 2039.

Tax Allocation Bonds Redemption

On October 1, 2004, the Agency redeemed \$4.3 million of the 2001B Escrow Term Bonds due October 1, 2034 with a rate of 7.5%.

CITY OF UNION CITY

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund

For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes and assessments	\$ 20,374,273	\$ 19,791,273	\$ 20,294,545	\$ 503,272
Licenses and permits	1,336,700	1,289,600	1,721,499	431,899
Fines and forfeitures	202,000	260,000	314,247	54,247
Intergovernmental	5,015,100	4,764,363	4,131,799	(632,564)
Charges for services	2,206,700	1,839,200	2,676,526	837,326
Investment income	428,660	376,460	(11,597)	(388,057)
Other	447,500	215,800	555,435	339,635
	<u>30,010,933</u>	<u>28,536,696</u>	<u>29,682,454</u>	<u>1,145,758</u>
Expenditures:				
Current:				
General government	3,932,164	4,013,954	3,990,636	23,318
Public safety	20,696,703	22,491,785	22,111,587	380,198
Recreation and culture	1,548,912	1,385,569	1,368,943	16,626
Planning and public works	4,116,497	3,699,539	3,879,653	(180,114)
Capital outlay	56,819	54,669	54,667	2
	<u>30,351,095</u>	<u>31,645,516</u>	<u>31,405,486</u>	<u>240,030</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(340,162)</u>	<u>(3,108,820)</u>	<u>(1,723,032)</u>	<u>1,385,788</u>
Other financing sources (uses):				
Transfers in	530,000	530,000	530,000	-
Transfers out	<u>(10,000)</u>	<u>(10,000)</u>	<u>(320,045)</u>	<u>(310,045)</u>
Total other financing sources (uses)	<u>520,000</u>	<u>520,000</u>	<u>209,955</u>	<u>(310,045)</u>
Net change in fund balance	179,838	(2,588,820)	(1,513,077)	1,075,743
Fund balance, beginning of year	<u>4,737,940</u>	<u>4,737,940</u>	<u>4,737,940</u>	<u>-</u>
Fund balance, end of year	<u>\$ 4,917,778</u>	<u>\$ 2,149,120</u>	<u>\$ 3,224,863</u>	<u>\$ 1,075,743</u>

The note to the required supplementary information is an integral part of this schedule.

CITY OF UNION CITY

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Redevelopment Agency - Special Revenue Fund
 For the Fiscal Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes and assessments	\$ 2,080,000	\$ 2,080,000	\$ 2,620,087	\$ 540,087
Investment income	61,000	61,000	119,169	58,169
Other	-	-	60,508	60,508
	<hr/>	<hr/>	<hr/>	
Total revenues	2,141,000	2,141,000	2,799,764	658,764
Expenditures:				
Current:				
Housing and community development	9,207,935	10,541,007	7,533,562	3,007,445
	<hr/>	<hr/>	<hr/>	
Excess (deficiency) of revenues over (under) expenditures	(7,066,935)	(8,400,007)	(4,733,798)	3,666,209
	<hr/>	<hr/>	<hr/>	
Other financing sources (uses):				
Proceeds of refunding tax allocation bonds	5,000,000	5,000,000	-	(5,000,000)
Transfers out	(1,418,106)	(1,418,106)	(1,053,569)	364,537
	<hr/>	<hr/>	<hr/>	
Total other financing sources (uses)	3,581,894	3,581,894	(1,053,569)	(4,635,463)
	<hr/>	<hr/>	<hr/>	
Net change in fund balance	(3,485,041)	(4,818,113)	(5,787,367)	(969,254)
Fund balance, beginning of year	8,646,828	8,646,828	8,646,828	-
	<hr/>	<hr/>	<hr/>	
Fund balance, end of year	\$ 5,161,787	\$ 3,828,715	\$ 2,859,461	\$ (969,254)
	<hr/>	<hr/>	<hr/>	

The note to the required supplementary information is an integral part of this schedule.

CITY OF UNION CITY

Note to the Required Supplementary Information For the Fiscal Year Ended June 30, 2003

Budget and Budgetary Accounting

The City adopts a two-year budget for the General Fund, certain special revenue funds and all debt service funds (specifically the Redevelopment Agency, Community Facilities District, Tri-Cities Waste Management, and the Public Facilities Authority debt service funds). Project-length budgets are adopted for all capital projects funds. The City also adopts two-year budgets for the enterprise and internal service funds, although it is not legally required to do so. As such, budget to actual comparisons are not presented for the enterprise and internal service funds. From the effective date of the budget, which is adopted and controlled at the department level (general fund) or the fund level (all other funds), the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City follows these procedures in establishing the budgetary data reflected in the required supplementary information:

1. Prior to May 31, the City Manager submits to the City Council a proposed operating budget for the two fiscal years commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayers' comments. At the conclusion of the public hearings, the City Council further considers the proposed budget and makes any revisions it deems necessary.
3. Prior to July 1, the budget for the first year is legally enacted through passage of a resolution. Prior to the second year of the two-year budget, the City Council adopts the second year of the budget through passage of a resolution.
4. The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total budget of any fund must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the general, special revenue, debt service and capital projects funds with budgets.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles.
7. All appropriations lapse at year-end except capital projects.

There were certain amendments made to the budget during the year; these adjustments are reflected in the final budget information presented in the budgetary comparison schedules.

CITY OF UNION CITY
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2004

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and investments	\$ 18,353,363	\$ 2,351,767	\$ 2,962,161	\$ 23,667,291
Receivables:				
Accounts	364,151	45,536	1,009	410,696
Intergovernmental	552,007	-	1,135,514	1,687,521
Due from other funds	328,782	4,330	665,604	998,716
Restricted cash and investments:				
Held by fiscal agents	-	6,273,530	700,865	6,974,395
Notes receivable	2,713,161	-	-	2,713,161
Special assessments receivable	-	-	1,664	1,664
Advances to other funds	1,000,000	-	-	1,000,000
Prepaid items	50,321	-	-	50,321
Total assets	\$ 23,361,785	\$ 8,675,163	\$ 5,466,817	\$ 37,503,765
Liabilities:				
Accounts payable	\$ 290,468	\$ 2,449	\$ 228,737	\$ 521,654
Other accrued liabilities	80,731	146,335	100,980	328,046
Due to other funds	109,028	4,330	824,415	937,773
Due to other agencies	16,694	-	-	16,694
Deposits payable	4,746	-	362,275	367,021
Deferred revenue	4,249,468	-	260,606	4,510,074
Advances from other funds	150,000	161,029	-	311,029
Total liabilities	4,901,135	314,143	1,777,013	6,992,291
Fund balances:				
Reserved for:				
Debt service	-	8,361,020	-	8,361,020
DIPSA development	3,835,931	-	-	3,835,931
Encumbrances	2,514,763	-	463,133	2,977,896
Park development	30,816	-	-	30,816
Prepaid items	50,321	-	-	50,321
Recycling program	1,305,451	-	-	1,305,451
Unreserved:				
Designated for compensated absences	11,915	-	-	11,915
Undesignated	10,711,453	-	3,226,671	13,938,124
Total fund balances	18,460,650	8,361,020	3,689,804	30,511,474
Total liabilities and fund balances	\$ 23,361,785	\$ 8,675,163	\$ 5,466,817	\$ 37,503,765

CITY OF UNION CITY
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2004

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Taxes and assessments	\$ 8,151,273	\$ 603,219	\$ 1,046,852	\$ 9,801,344
Intergovernmental	5,270,793	60,566	2,184,452	7,515,811
Charges for services	2,129,475	-	-	2,129,475
Investment income	34,514	400,653	116,878	552,045
Other	131,811	45,536	40,574	217,921
Total revenues	<u>15,717,866</u>	<u>1,109,974</u>	<u>3,388,756</u>	<u>20,216,596</u>
Expenditures:				
Current:				
General government	1,709,482	-	110,328	1,819,810
Public safety	2,180,569	-	-	2,180,569
Housing and community development	2,736,409	-	-	2,736,409
Recreation and culture	1,304,090	-	-	1,304,090
Planning and public works	587,030	-	31,362	618,392
Capital outlay	4,593,200	-	4,032,865	8,626,065
Debt service:				
Bond issuance costs	-	546,483	-	546,483
Principal repayment	75,328	500,000	42,628	617,956
Interest and fiscal charges	38,296	814,461	20,993	873,750
Total expenditures	<u>13,224,404</u>	<u>1,860,944</u>	<u>4,238,176</u>	<u>19,323,524</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,493,462</u>	<u>(750,970)</u>	<u>(849,420)</u>	<u>893,072</u>
Other financing sources (uses):				
Bond proceeds	-	22,997,973	-	22,997,973
Unfunded pension liability payment	-	(22,451,490)	-	(22,451,490)
Transfers in	405,045	-	82,699	487,744
Transfers out	(667,699)	-	(30,000)	(697,699)
Total other financing sources (uses)	<u>(262,654)</u>	<u>546,483</u>	<u>52,699</u>	<u>336,528</u>
Net change in fund balances	2,230,808	(204,487)	(796,721)	1,229,600
Fund balances, beginning of year	16,229,842	8,565,507	4,486,525	29,281,874
Fund balances, end of year	<u>\$ 18,460,650</u>	<u>\$ 8,361,020</u>	<u>\$ 3,689,804</u>	<u>\$ 30,511,474</u>

CITY OF UNION CITY

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific sources (other than expendable trusts and major capital projects) that are restricted to expenditures for specified purposes. Funds included are:

Measure B/ACTIA - Under Measure B and the Alameda County Transportation Improvement Authority (ACTIA), the City receives the proceeds of an additional half-cent sales tax for use on transportation-related expenditures. This fund accounts for the portion of these monies used to fund one of the City's bridge programs.

511 Plan Area - To account for monies received from developers for amenities and infrastructure improvements in the 511 Plan Area.

Special Parks - To account for the development of City parks. Financing is provided by park dedication fees, bedroom taxes from developers and State park subsidies.

State Gas Tax - To account for monies allocated to the City by the State for street and road maintenance.

Street Lights and Landscaping - To account for monies received from property owners in the City that is to be expended for landscaping and a portion of street lighting costs.

Housing and Community Development - To account for monies received and expended by the City as a participant in the Federal Community Development Block Grant program.

Home - To account for federal funds received through the County of Alameda for development or rehabilitation of affordable housing.

Fire Equipment Acquisition - To account for monies received from developers for the acquisition of fire equipment.

DIPSA Development - To account for service charges relating to the Decoto Industrial Park Study Area (DIPSA).

DIPSA Maintenance District - To account for monies received from property owners in the DIPSA to be used for maintenance and services within that area.

EMS Enhancement (Emergency Medical Services) - To account for monies received through a property tax special assessment for the purpose of maintaining a first responder program and to fund a paramedic program administered by the County health department.

Traffic Signal - To account for monies received from developers for the purpose of constructing traffic signals.

Supplemental Law Enforcement - To account for monies received under AB 3229, Citizen's Option for Public Safety Program, to be used for front line law enforcement services.

Local Law Enforcement - To account for monies received from the U.S. Department of Justice for purpose of reducing crime and improving public safety.

Clean Water Program - To account for monies received from assessments for implementation of the federal Clean Water Act requirements under the regulatory authority of the San Francisco Bay Regional Water Quality Control Board.

Retirement/Benefits Reserve - To account for prior year's PERS contributions in excess of actuarially required balances. These funds are used to pay off leave balances of employees separating from service with the City.

CITY OF UNION CITY

NONMAJOR SPECIAL REVENUE FUNDS (Continued)

Leisure Revolving - To account for a variety of activities offered to adults and youth to participate in a wide range of programs.

Recycling and Waste Mitigation - To account for the City's recycling awareness programs

911 Emergency Communications Response System - To account for the sources and uses of funds associated with the City's 911 emergency communication response system.

Code Enforcement - To account for the sources and uses of funds associated with the City's weed abatement program.

Traffic Congestion - To account for monies received from the State of California to be used for the preservation, maintenance and rehabilitation of the local street and road system.

Used Oil Block Grant - To account for monies received from the California Integrated Waste Management Board to be used for used oil and filter recycling activities.

CITY OF UNION CITY
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	Measure B/ ACTIA	511 Plan Area	Special Parks	State Gas Tax	Street Lights and Landscaping
Assets					
Cash and investments	\$ 1,551,880	\$ 527,667	\$ 2,217,651	\$ 2,502,838	\$ 1,178,480
Receivables:					
Accounts	-	-	-	-	-
Intergovernmental	182,726	-	71,466	124,013	26,585
Due from other funds	-	-	158,811	-	-
Notes receivable	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 1,734,606</u>	<u>\$ 527,667</u>	<u>\$ 2,447,928</u>	<u>\$ 2,626,851</u>	<u>\$ 1,205,065</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 155	\$ -	\$ 112,279	\$ 416	\$ -
Other accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Due to other agencies	-	-	-	-	-
Deposits payable	-	-	-	-	-
Deferred revenue	-	-	78,231	-	-
Advances from other funds	-	-	-	150,000	-
Total liabilities	<u>155</u>	<u>-</u>	<u>190,510</u>	<u>150,416</u>	<u>-</u>
Fund balances:					
Reserved for:					
DIPSA development	-	-	-	-	-
Encumbrances	371,699	-	-	371,699	-
Park development	-	-	30,816	-	-
Prepaid items	-	-	-	-	-
Recycling program	-	-	-	-	-
Unreserved:					
Designated for compensated absences	-	-	-	-	-
Undesignated	1,362,752	527,667	2,226,602	2,104,736	1,205,065
Total fund balances	<u>1,734,451</u>	<u>527,667</u>	<u>2,257,418</u>	<u>2,476,435</u>	<u>1,205,065</u>
Total liabilities and fund balances	<u>\$ 1,734,606</u>	<u>\$ 527,667</u>	<u>\$ 2,447,928</u>	<u>\$ 2,626,851</u>	<u>\$ 1,205,065</u>

CITY OF UNION CITY
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2004

Housing and Community Development	Home	Fire Equipment Acquisition	DIPSA Development	DIPSA Maintenance	EMS Enhancement	Traffic Signal	
\$ -	\$ 15,833	\$ 96,702	\$ 5,594,500	\$ 157,636	\$ -	\$ 177,797	Assets
							Cash and investments
							Receivables:
							Accounts
88,958	9,423	-	-	2,190	42,103	-	Intergovernmental
-	-	-	-	169,971	-	-	Due from other funds
912,046	1,801,115	-	-	-	-	-	Notes receivable
1,000,000	-	-	-	-	-	-	Advances to other funds
370	-	-	-	-	-	-	Prepaid items
<u>\$ 2,001,374</u>	<u>\$ 1,826,371</u>	<u>\$ 96,702</u>	<u>\$ 5,594,500</u>	<u>\$ 329,797</u>	<u>\$ 42,103</u>	<u>\$ 177,797</u>	Total assets
							Liabilities and fund balances:
							Liabilities:
\$ 24,199	\$ -	\$ -	\$ 118,623	\$ -	\$ 1,425	\$ -	Accounts payable
7,173	-	-	-	-	-	-	Other accrued liabilities
37,903	-	-	-	-	71,125	-	Due to other funds
16,694	-	-	-	-	-	-	Due to other agencies
-	-	-	-	-	-	-	Deposits payable
1,912,168	1,801,115	-	-	-	-	-	Deferred revenue
-	-	-	-	-	-	-	Advances from other funds
<u>1,998,137</u>	<u>1,801,115</u>	<u>-</u>	<u>118,623</u>	<u>-</u>	<u>72,550</u>	<u>-</u>	Total liabilities
							Fund balances:
							Reserved for:
							DIPSA development
1,744	-	-	3,835,931	-	-	-	Encumbrances
-	-	-	1,760,582	-	-	-	Park development
370	-	-	-	-	-	-	Prepaid items
-	-	-	-	-	-	-	Recycling program
							Unreserved:
							Designated for compensated absences
1,123	25,256	96,702	(120,636)	329,797	(30,447)	177,797	Undesignated
<u>3,237</u>	<u>25,256</u>	<u>96,702</u>	<u>5,475,877</u>	<u>329,797</u>	<u>(30,447)</u>	<u>177,797</u>	Total fund balances
<u>\$ 2,001,374</u>	<u>\$ 1,826,371</u>	<u>\$ 96,702</u>	<u>\$ 5,594,500</u>	<u>\$ 329,797</u>	<u>\$ 42,103</u>	<u>\$ 177,797</u>	Total liabilities and fund balances

(Continued)

CITY OF UNION CITY
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2004

	Supplemental Law Enforcement	Local Law Enforcement	Clean Water Program	Retirement/ Benefits Reserve	Leisure Revolving
Assets					
Cash and investments	\$ 70,577	\$ 3,419	\$ 732,353	\$ 822,829	\$ 811,798
Receivables:					
Accounts	-	-	66,794	-	-
Intergovernmental	-	-	4,543	-	-
Due from other funds	-	-	-	-	-
Notes receivable	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Prepaid items	129	725	713	-	12,784
Total assets	<u>\$ 70,706</u>	<u>\$ 4,144</u>	<u>\$ 804,403</u>	<u>\$ 822,829</u>	<u>\$ 824,582</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 1,057	\$ -	\$ 32,314
Other accrued liabilities	587	4,384	11,527	-	57,060
Due to other funds	-	-	-	-	-
Due to other agencies	-	-	-	-	-
Deposits payable	-	-	677	-	4,069
Deferred revenue	-	-	-	-	457,954
Advances from other funds	-	-	-	-	-
Total liabilities	<u>587</u>	<u>4,384</u>	<u>13,261</u>	<u>-</u>	<u>551,397</u>
Fund balances:					
Reserved for:					
DIPSA development	-	-	-	-	-
Encumbrances	-	-	9,039	-	-
Park development	-	-	-	-	-
Prepaid items	129	725	713	-	12,784
Recycling program	-	-	-	-	-
Unreserved:					
Designated for compensated absences	-	-	11,915	-	-
Undesignated	69,990	(965)	769,475	822,829	260,401
Total fund balances	<u>70,119</u>	<u>(240)</u>	<u>791,142</u>	<u>822,829</u>	<u>273,185</u>
Total liabilities and fund balances	<u>\$ 70,706</u>	<u>\$ 4,144</u>	<u>\$ 804,403</u>	<u>\$ 822,829</u>	<u>\$ 824,582</u>

CITY OF UNION CITY
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2004

Recycling and Waste Mitigation	911 Emergency Communications Response System	Code Enforcement	Traffic Congestion	Used Oil Block Grant	Total	
\$ 1,305,451	\$ 132,547	\$ 48,697	\$ 375,402	\$ 29,306	\$ 18,353,363	Assets
-	297,357	-	-	-	364,151	Cash and investments
-	-	-	-	-	552,007	Receivables:
-	-	-	-	-	328,782	Accounts
-	-	-	-	-	2,713,161	Intergovernmental
-	-	-	-	-	1,000,000	Due from other funds
-	35,600	-	-	-	50,321	Notes receivable
-	-	-	-	-	-	Advances to other funds
-	-	-	-	-	-	Prepaid items
<u>\$ 1,305,451</u>	<u>\$ 465,504</u>	<u>\$ 48,697</u>	<u>\$ 375,402</u>	<u>\$ 29,306</u>	<u>\$ 23,361,785</u>	Total assets
						Liabilities and fund balances:
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 290,468	Liabilities:
-	-	-	-	-	80,731	Accounts payable
-	-	-	-	-	109,028	Other accrued liabilities
-	-	-	-	-	16,694	Due to other funds
-	-	-	-	-	4,746	Due to other agencies
-	-	-	-	-	4,249,468	Deposits payable
-	-	-	-	-	150,000	Deferred revenue
-	-	-	-	-	-	Advances from other funds
-	-	-	-	-	4,901,135	Total liabilities
						Fund balances:
-	-	-	-	-	3,835,931	Reserved for:
-	-	-	-	-	2,514,763	DIPSA development
-	-	-	-	-	30,816	Encumbrances
-	35,600	-	-	-	50,321	Park development
1,305,451	-	-	-	-	1,305,451	Prepaid items
-	-	-	-	-	-	Recycling program
-	-	-	-	-	11,915	Unreserved:
-	429,904	48,697	375,402	29,306	10,711,453	Designated for compensated absences
1,305,451	465,504	48,697	375,402	29,306	18,460,650	Undesignated
<u>\$ 1,305,451</u>	<u>\$ 465,504</u>	<u>\$ 48,697</u>	<u>\$ 375,402</u>	<u>\$ 29,306</u>	<u>\$ 23,361,785</u>	Total fund balances
						Total liabilities and fund balances

CITY OF UNION CITY
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Measure B/ ACTIA	511 Plan Area	Special Parks	State Gas Tax
Revenues:				
Taxes and assessments	\$ 733,386	\$ -	\$ 3,077,945	\$ -
Intergovernmental	-	-	50,000	1,314,406
Charges for services	-	-	-	-
Investment income	34,263	2,509	9,130	(3,834)
Other	-	-	-	-
Total revenues	<u>767,649</u>	<u>2,509</u>	<u>3,137,075</u>	<u>1,310,572</u>
Expenditures:				
Current:				
General government	-	-	-	529,200
Public safety	-	-	-	-
Housing and community development	-	-	-	-
Recreation and culture	-	-	-	-
Planning and public works	331,180	-	36,623	200,880
Capital outlay	547,591	-	3,399,706	217,687
Debt service:				
Principal repayment	-	25,164	-	-
Interest and fiscal charges	-	12,648	-	-
Total expenditures	<u>878,771</u>	<u>37,812</u>	<u>3,436,329</u>	<u>947,767</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(111,122)</u>	<u>(35,303)</u>	<u>(299,254)</u>	<u>362,805</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(12,699)	-	-	-
Total other financing sources (uses)	<u>(12,699)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(123,821)</u>	<u>(35,303)</u>	<u>(299,254)</u>	<u>362,805</u>
Fund balances, beginning of year	<u>1,858,272</u>	<u>562,970</u>	<u>2,556,672</u>	<u>2,113,630</u>
Fund balances, end of year	<u>\$ 1,734,451</u>	<u>\$ 527,667</u>	<u>\$ 2,257,418</u>	<u>\$ 2,476,435</u>

CITY OF UNION CITY
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

Street Lights and Landscaping	Housing and Community Development	Home	Fire Equipment Acquisition	DIPSA	DIPSA Maintenance	EMS Enhancement	Traffic Signal	
\$ 2,536,810	\$ -	\$ -	\$ -	\$ -	\$ 334,217	\$ 264,620	\$ -	Revenues:
-	773,351	1,811,734	-	-	-	145,860	-	Taxes and assessments
-	-	-	29,295	106,888	-	-	117,142	Intergovernmental
(5,730)	-	638	(243)	(929)	(1,991)	-	(429)	Charges for services
-	12,266	37,012	50,000	-	-	24,312	4,252	Investment income
-	-	-	-	-	-	-	-	Other
<u>2,531,080</u>	<u>785,617</u>	<u>1,849,384</u>	<u>79,052</u>	<u>105,959</u>	<u>332,226</u>	<u>434,792</u>	<u>120,965</u>	Total revenues
-	-	-	-	-	171,217	39,187	-	Expenditures:
1,958,928	-	-	-	-	-	-	-	Current:
-	785,617	1,950,792	-	-	-	-	-	General government
-	-	-	-	-	-	-	-	Public safety
8,242	-	-	-	-	-	-	10,105	Housing and community development
11,191	-	-	-	414,635	-	-	1,209	Recreation and culture
-	-	-	-	-	-	-	-	Planning and public works
-	-	-	-	50,164	-	-	-	Capital outlay
-	-	-	-	25,648	-	-	-	Debt service:
-	-	-	-	-	-	-	-	Principal repayment
-	-	-	-	-	-	-	-	Interest and fiscal charges
<u>1,978,361</u>	<u>785,617</u>	<u>1,950,792</u>	<u>-</u>	<u>490,447</u>	<u>171,217</u>	<u>39,187</u>	<u>11,314</u>	Total expenditures
<u>552,719</u>	<u>-</u>	<u>(101,408)</u>	<u>79,052</u>	<u>(384,488)</u>	<u>161,009</u>	<u>395,605</u>	<u>109,651</u>	Excess (deficiency) of revenues over (under) expenditures
-	-	-	-	-	-	95,000	-	Other financing sources (uses):
-	-	-	-	(60,000)	-	-	-	Transfers in
-	-	-	-	(60,000)	-	95,000	-	Transfers out
-	-	-	-	(60,000)	-	95,000	-	Total other financing sources (uses)
<u>552,719</u>	<u>-</u>	<u>(101,408)</u>	<u>79,052</u>	<u>(444,488)</u>	<u>161,009</u>	<u>490,605</u>	<u>109,651</u>	Net change in fund balances
<u>652,346</u>	<u>3,237</u>	<u>126,664</u>	<u>17,650</u>	<u>5,920,365</u>	<u>168,788</u>	<u>(521,052)</u>	<u>68,146</u>	Fund balances, beginning of year
<u>\$ 1,205,065</u>	<u>\$ 3,237</u>	<u>\$ 25,256</u>	<u>\$ 96,702</u>	<u>\$ 5,475,877</u>	<u>\$ 329,797</u>	<u>\$ (30,447)</u>	<u>\$ 177,797</u>	Fund balances, end of year

(Continued)

CITY OF UNION CITY
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

	Supplemental Law Enforcement	Local Law Enforcement	Clean Water Program	Retirement/ Benefits Reserve	Leisure Revolving
Revenues:					
Taxes and assessments	\$ -	\$ -	\$ 1,204,295	\$ -	\$ -
Intergovernmental	104,721	57,730	-	-	-
Charges for services	-	-	-	-	1,410,452
Investment income	(119)	618	(2,342)	6,379	(2,891)
Other	-	-	-	-	3,969
Total revenues	<u>104,602</u>	<u>58,348</u>	<u>1,201,953</u>	<u>6,379</u>	<u>1,411,530</u>
Expenditures:					
Current:					
General government	-	-	939,767	13,182	-
Public safety	102,761	118,880	-	-	-
Housing and community development	-	-	-	-	-
Recreation and culture	-	-	-	-	1,304,090
Planning and public works	-	-	-	-	-
Capital outlay	-	-	1,181	-	-
Debt service:					
Principal repayment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>102,761</u>	<u>118,880</u>	<u>940,948</u>	<u>13,182</u>	<u>1,304,090</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,841</u>	<u>(60,532)</u>	<u>261,005</u>	<u>(6,803)</u>	<u>107,440</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(595,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(595,000)</u>	<u>-</u>
Net change in fund balances	<u>1,841</u>	<u>(60,532)</u>	<u>261,005</u>	<u>(601,803)</u>	<u>107,440</u>
Fund balances, beginning of year	<u>68,278</u>	<u>60,292</u>	<u>530,137</u>	<u>1,424,632</u>	<u>165,745</u>
Fund balances, end of year	<u>\$ 70,119</u>	<u>\$ (240)</u>	<u>\$ 791,142</u>	<u>\$ 822,829</u>	<u>\$ 273,185</u>

CITY OF UNION CITY
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2004

911 Emergency							
Recycling and	Communications						
Waste	Response	Code	Traffic	Used Oil			
Mitigation	System	Enforcement	Congestion	Block Grant	Total		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,151,273		Revenues:
995,406	-	-	-	17,585	5,270,793		Taxes and assessments
-	465,674	24	-	-	2,129,475		Intergovernmental
-	(170)	9	(307)	(47)	34,514		Charges for services
-	-	-	-	-	131,811		Investment income
-	-	-	-	-	-		Other
<u>995,406</u>	<u>465,504</u>	<u>33</u>	<u>(307)</u>	<u>17,538</u>	<u>15,717,866</u>		Total revenues
							Expenditures:
							Current:
-	-	2,209	-	14,720	1,709,482		General government
-	-	-	-	-	2,180,569		Public safety
-	-	-	-	-	2,736,409		Housing and community development
-	-	-	-	-	1,304,090		Recreation and culture
-	-	-	-	-	587,030		Planning and public works
-	-	-	-	-	4,593,200		Capital outlay
-	-	-	-	-	-		Debt service:
-	-	-	-	-	75,328		Principal repayment
-	-	-	-	-	38,296		Interest and fiscal charges
-	-	2,209	-	14,720	13,224,404		Total expenditures
<u>995,406</u>	<u>465,504</u>	<u>(2,176)</u>	<u>(307)</u>	<u>2,818</u>	<u>2,493,462</u>		Excess (deficiency) of revenues over (under) expenditures
							Other financing sources (uses):
310,045	-	-	-	-	405,045		Transfers in
-	-	-	-	-	(667,699)		Transfers out
<u>310,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(262,654)</u>		Total other financing sources (uses)
<u>1,305,451</u>	<u>465,504</u>	<u>(2,176)</u>	<u>(307)</u>	<u>2,818</u>	<u>2,230,808</u>		Net change in fund balances
-	-	50,873	375,709	26,488	16,229,842		Fund balances, beginning of year
<u>\$ 1,305,451</u>	<u>\$ 465,504</u>	<u>\$ 48,697</u>	<u>\$ 375,402</u>	<u>\$ 29,306</u>	<u>\$ 18,460,650</u>		Fund balances, end of year

CITY OF UNION CITY
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Measure B/ACTIA Fund
For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes and assessments	\$ 580,000	\$ 580,000	\$ 733,386	\$ 153,386
Investment income	5,000	5,000	34,263	29,263
Total revenues	585,000	585,000	767,649	182,649
Expenditures:				
Current:				
Planning and public works	-	-	331,180	(331,180)
Capital outlay	585,000	685,000	547,591	137,409
Total expenditures	585,000	685,000	878,771	(193,771)
Excess (deficiency) of revenues over (under) expenditures	-	(100,000)	(111,122)	(11,122)
Other financing uses:				
Transfers out	-	-	(12,699)	(12,699)
Net change in fund balance	-	(100,000)	(123,821)	(23,821)
Fund balance, beginning of year	1,858,272	1,858,272	1,858,272	-
Fund balance, end of year	\$ 1,858,272	\$ 1,758,272	\$ 1,734,451	\$ (23,821)

CITY OF UNION CITY

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

511 Plan Area Fund

For the Fiscal Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Investment income	12,000	12,000	2,509	(9,491)
Total revenues	<u>12,000</u>	<u>12,000</u>	<u>2,509</u>	<u>(9,491)</u>
Expenditures:				
Debt service:				
Principal repayment	25,164	25,164	25,164	-
Interest and fiscal charges	<u>12,648</u>	<u>12,648</u>	<u>12,648</u>	<u>-</u>
Total expenditures	<u>37,812</u>	<u>37,812</u>	<u>37,812</u>	<u>-</u>
Net change in fund balance	(25,812)	(25,812)	(35,303)	(9,491)
Fund balance, beginning of year	<u>562,970</u>	<u>562,970</u>	<u>562,970</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 537,158</u></u>	<u><u>\$ 537,158</u></u>	<u><u>\$ 527,667</u></u>	<u><u>\$ (9,491)</u></u>

CITY OF UNION CITY

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Special Parks Fund

For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ 3,077,945	\$ 3,077,945
Intergovernmental	-	-	50,000	50,000
Investment income	30,000	30,000	9,130	(20,870)
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>3,137,075</u>	<u>3,107,075</u>
Expenditures:				
Current:				
Planning and public works	-	-	36,623	(36,623)
Capital outlay	1,440,000	1,440,000	3,399,706	(1,959,706)
Total expenditures	<u>1,440,000</u>	<u>1,440,000</u>	<u>3,436,329</u>	<u>(1,996,329)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,410,000)</u>	<u>(1,410,000)</u>	<u>(299,254)</u>	<u>1,110,746</u>
Other financing sources:				
Transfers in	<u>30,000</u>	-	-	-
Net change in fund balance	(1,380,000)	(1,410,000)	(299,254)	1,110,746
Fund balance, beginning of year	<u>2,556,672</u>	<u>2,556,672</u>	<u>2,556,672</u>	-
Fund balance, end of year	<u>\$ 1,176,672</u>	<u>\$ 1,146,672</u>	<u>\$ 2,257,418</u>	<u>\$ 1,110,746</u>

CITY OF UNION CITY

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

State Gas Tax Fund

For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 1,200,000	\$ 1,200,000	\$ 1,314,406	\$ 114,406
Investment income	2,000	2,000	(3,834)	(5,834)
Total revenues	<u>1,202,000</u>	<u>1,202,000</u>	<u>1,310,572</u>	<u>108,572</u>
Expenditures:				
Current:				
General government	429,200	529,200	529,200	-
Planning and public works	-	-	200,880	(200,880)
Capital outlay	<u>729,000</u>	<u>729,000</u>	<u>217,687</u>	<u>511,313</u>
Total expenditures	<u>1,158,200</u>	<u>1,258,200</u>	<u>947,767</u>	<u>310,433</u>
Net change in fund balance	43,800	(56,200)	362,805	419,005
Fund balance, beginning of year	<u>2,113,630</u>	<u>2,113,630</u>	<u>2,113,630</u>	-
Fund balance, end of year	<u><u>\$ 2,157,430</u></u>	<u><u>\$ 2,057,430</u></u>	<u><u>\$ 2,476,435</u></u>	<u><u>\$ 419,005</u></u>

CITY OF UNION CITY

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Street Lights and Landscaping Fund
 For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes and assessments	\$ 2,494,000	\$ 2,494,000	\$ 2,536,810	\$ 42,810
Investment income	17,000	17,000	(5,730)	(22,730)
Total revenues	<u>2,511,000</u>	<u>2,511,000</u>	<u>2,531,080</u>	<u>20,080</u>
Expenditures:				
Current:				
Public safety	2,401,306	2,401,306	1,958,928	442,378
Planning and public works	-	-	8,242	(8,242)
Capital outlay	-	258,000	11,191	246,809
Total expenditures	<u>2,401,306</u>	<u>2,659,306</u>	<u>1,978,361</u>	<u>680,945</u>
Net change in fund balance	109,694	(148,306)	552,719	701,025
Fund balance, beginning of year	<u>652,346</u>	<u>652,346</u>	<u>652,346</u>	-
Fund balance, end of year	<u><u>\$ 762,040</u></u>	<u><u>\$ 504,040</u></u>	<u><u>\$ 1,205,065</u></u>	<u><u>\$ 701,025</u></u>

CITY OF UNION CITY

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Housing and Community Development Fund
 For the Fiscal Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 794,805	\$ 794,805	\$ 773,351	\$ (21,454)
Other	30,000	30,000	12,266	(17,734)
Total revenues	<u>824,805</u>	<u>824,805</u>	<u>785,617</u>	<u>(39,188)</u>
Expenditures:				
Current:				
Housing and community development	<u>824,805</u>	<u>824,805</u>	<u>785,617</u>	<u>39,188</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>3,237</u>	<u>3,237</u>	<u>3,237</u>	-
Fund balance, end of year	<u><u>\$ 3,237</u></u>	<u><u>\$ 3,237</u></u>	<u><u>\$ 3,237</u></u>	<u><u>\$ -</u></u>

CITY OF UNION CITY

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Home Fund

For the Fiscal Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 1,811,734	\$ 1,811,734
Investment income	3,100	3,100	638	(2,462)
Other	20,000	20,000	37,012	17,012
Total revenues	<u>23,100</u>	<u>23,100</u>	<u>1,849,384</u>	<u>1,826,284</u>
Expenditures:				
Current:				
Housing and community development	8,000	8,000	1,950,792	(1,942,792)
Net change in fund balance	15,100	15,100	(101,408)	(116,508)
Fund balance, beginning of year	<u>126,664</u>	<u>126,664</u>	<u>126,664</u>	<u>-</u>
Fund balance, end of year	<u>\$ 141,764</u>	<u>\$ 141,764</u>	<u>\$ 25,256</u>	<u>\$ (116,508)</u>

CITY OF UNION CITY

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Fire Equipment Acquisition Fund
 For the Fiscal Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$ 10,000	\$ 10,000	\$ 29,295	\$ 19,295
Investment income	1,000	1,000	(243)	(1,243)
Other	-	-	50,000	50,000
Net change in fund balance	11,000	11,000	79,052	68,052
Fund balance, beginning of year	17,650	17,650	17,650	-
Fund balance, end of year	<u>\$ 28,650</u>	<u>\$ 28,650</u>	<u>\$ 96,702</u>	<u>\$ 68,052</u>

CITY OF UNION CITY
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
DIPSA Development Fund
For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for services	\$ 1,270,000	\$ 1,270,000	\$ 106,888	\$ (1,163,112)
Investment income	210,000	210,000	(929)	(210,929)
Total revenues	<u>1,480,000</u>	<u>1,480,000</u>	<u>105,959</u>	<u>(1,374,041)</u>
Expenditures:				
Capital outlay	7,580,000	7,580,000	414,635	7,165,365
Debt service:				
Principal repayment	25,000	25,000	50,164	(25,164)
Interest and fiscal charges	13,000	13,000	25,648	(12,648)
Total expenditures	<u>7,618,000</u>	<u>7,618,000</u>	<u>490,447</u>	<u>7,127,553</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,138,000)</u>	<u>(6,138,000)</u>	<u>(384,488)</u>	<u>5,753,512</u>
Other financing uses:				
Transfers out	-	(60,000)	(60,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
Net change in fund balance	(6,138,000)	(6,198,000)	(444,488)	5,753,512
Fund balance, beginning of year	<u>5,920,365</u>	<u>5,920,365</u>	<u>5,920,365</u>	<u>-</u>
Fund balance, end of year	<u>\$ (217,635)</u>	<u>\$ (277,635)</u>	<u>\$ 5,475,877</u>	<u>\$ 5,753,512</u>

CITY OF UNION CITY
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
DIPSA Maintenance Fund
For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes and assessments	\$ 233,000	\$ 233,000	\$ 334,217	\$ 101,217
Investment income	3,000	3,000	(1,991)	(4,991)
Total revenues	<u>236,000</u>	<u>236,000</u>	<u>332,226</u>	<u>96,226</u>
Expenditures:				
Current:				
General government	165,000	165,000	171,217	(6,217)
Debt service:				
Principal repayment	25,164	25,164	-	25,164
Interest and fiscal charges	<u>12,648</u>	<u>12,648</u>	<u>-</u>	<u>12,648</u>
Total expenditures	<u>202,812</u>	<u>202,812</u>	<u>171,217</u>	<u>31,595</u>
Net change in fund balance	33,188	33,188	161,009	127,821
Fund balance, beginning of year	<u>168,788</u>	<u>168,788</u>	<u>168,788</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 201,976</u></u>	<u><u>\$ 201,976</u></u>	<u><u>\$ 329,797</u></u>	<u><u>\$ 127,821</u></u>

CITY OF UNION CITY
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
EMS Enhancement Fund
For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes and assessments	\$ 330,000	\$ 330,000	\$ 264,620	\$ (65,380)
Intergovernmental	145,860	145,860	145,860	-
Investment income	5,300	5,300	-	(5,300)
Other	-	-	24,312	24,312
Total revenues	481,160	481,160	434,792	(46,368)
Expenditures:				
Current:				
General government	28,900	28,900	39,187	(10,287)
Capital outlay	5,750	5,750	-	5,750
Total expenditures	34,650	34,650	39,187	(4,537)
Excess (deficiency) of revenues over (under) expenditures	446,510	446,510	395,605	(50,905)
Other financing sources:				
Transfers in	95,000	95,000	95,000	-
Net change in fund balance	541,510	541,510	490,605	(50,905)
Fund balance, beginning of year	(521,052)	(521,052)	(521,052)	-
Fund balance, end of year	\$ 20,458	\$ 20,458	\$ (30,447)	\$ (50,905)

CITY OF UNION CITY

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Traffic Signal Fund

For the Fiscal Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$ 20,000	\$ 20,000	\$ 117,142	\$ 97,142
Investment income	4,000	4,000	(429)	(4,429)
Other	-	-	4,252	4,252
Total revenues	<u>24,000</u>	<u>24,000</u>	<u>120,965</u>	<u>96,965</u>
Expenditures:				
Current:				
Planning and public works	-	-	10,105	(10,105)
Capital outlay	<u>40,000</u>	<u>40,000</u>	<u>1,209</u>	<u>38,791</u>
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>11,314</u>	<u>28,686</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,000)</u>	<u>(16,000)</u>	<u>109,651</u>	<u>125,651</u>
Net change in fund balance	(16,000)	(16,000)	109,651	125,651
Fund balance, beginning of year	<u>68,146</u>	<u>68,146</u>	<u>68,146</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 52,146</u></u>	<u><u>\$ 52,146</u></u>	<u><u>\$ 177,797</u></u>	<u><u>\$ 125,651</u></u>

CITY OF UNION CITY

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Supplemental Law Enforcement Fund
 For the Fiscal Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Intergovernmental	\$ 152,643	\$ 152,643	\$ 104,721	\$ (47,922)
Investment income	-	-	(119)	(119)
Total revenues	<u>152,643</u>	<u>152,643</u>	<u>104,602</u>	<u>(48,041)</u>
Expenditures:				
Current:				
Public safety	<u>152,643</u>	<u>172,998</u>	<u>102,761</u>	<u>70,237</u>
Net change in fund balance	-	(20,355)	1,841	22,196
Fund balance, beginning of year	<u>68,278</u>	<u>68,278</u>	<u>68,278</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 68,278</u></u>	<u><u>\$ 47,923</u></u>	<u><u>\$ 70,119</u></u>	<u><u>\$ 22,196</u></u>

CITY OF UNION CITY
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Local Law Enforcement Fund
 For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ 57,730	\$ 57,730	\$ -
Investment income	-	-	618	618
Total revenues	-	57,730	58,348	618
Expenditures:				
Current:				
Public safety	-	116,887	118,880	(1,993)
Net change in fund balance	-	(59,157)	(60,532)	(1,375)
Fund balance, beginning of year	60,292	60,292	60,292	-
Fund balance, end of year	<u>\$ 60,292</u>	<u>\$ 1,135</u>	<u>\$ (240)</u>	<u>\$ (1,375)</u>

CITY OF UNION CITY
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Clean Water Program Fund
For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes and assessments	\$ 950,000	\$ 950,000	\$ 1,204,295	\$ 254,295
Investment income	18,000	18,000	(2,342)	(20,342)
Total revenues	<u>968,000</u>	<u>968,000</u>	<u>1,201,953</u>	<u>233,953</u>
Expenditures:				
Current:				
General government	1,105,428	1,105,428	939,767	165,661
Capital outlay	15,000	15,000	1,181	13,819
Total expenditures	<u>1,120,428</u>	<u>1,120,428</u>	<u>940,948</u>	<u>179,480</u>
Net change in fund balance	(152,428)	(152,428)	261,005	413,433
Fund balance, beginning of year	<u>530,137</u>	<u>530,137</u>	<u>530,137</u>	<u>-</u>
Fund balance, end of year	<u>\$ 377,709</u>	<u>\$ 377,709</u>	<u>\$ 791,142</u>	<u>\$ 413,433</u>

CITY OF UNION CITY
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Retirement/Benefits Reserve Fund
For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income	\$ 48,000	\$ 48,000	\$ 6,379	\$ (41,621)
Other	300,000	300,000	-	(300,000)
Total revenues	<u>348,000</u>	<u>348,000</u>	<u>6,379</u>	<u>(341,621)</u>
Expenditures:				
Current:				
General government	<u>50,000</u>	<u>50,000</u>	<u>13,182</u>	<u>36,818</u>
Excess (deficiency) of revenues over (under) expenditures	298,000	298,000	(6,803)	(304,803)
Other financing uses:				
Transfers out	<u>(595,000)</u>	<u>(595,000)</u>	<u>(595,000)</u>	<u>-</u>
Net change in fund balance	(297,000)	(297,000)	(601,803)	(304,803)
Fund balance, beginning of year	<u>1,424,632</u>	<u>1,424,632</u>	<u>1,424,632</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,127,632</u>	<u>\$ 1,127,632</u>	<u>\$ 822,829</u>	<u>\$ (304,803)</u>

CITY OF UNION CITY

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Leisure Revolving Fund

For the Fiscal Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$ 1,500,000	\$ 1,500,000	\$ 1,410,452	\$ (89,548)
Investment income	13,000	13,000	(2,891)	(15,891)
Other	-	-	3,969	3,969
Total revenues	<u>1,513,000</u>	<u>1,513,000</u>	<u>1,411,530</u>	<u>(101,470)</u>
Expenditures:				
Current:				
Recreation and culture	<u>1,513,114</u>	<u>1,513,991</u>	<u>1,304,090</u>	<u>209,901</u>
Net change in fund balance	(114)	(991)	107,440	108,431
Fund balance, beginning of year	<u>165,745</u>	<u>165,745</u>	<u>165,745</u>	<u>-</u>
Fund balance, end of year	<u>\$ 165,631</u>	<u>\$ 164,754</u>	<u>\$ 273,185</u>	<u>\$ 108,431</u>

CITY OF UNION CITY

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Code Enforcement Fund

For the Fiscal Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$ 5,500	\$ 5,500	\$ 24	\$ (5,476)
Investment income	1,700	1,700	9	(1,691)
Total revenues	<u>7,200</u>	<u>7,200</u>	<u>33</u>	<u>(7,167)</u>
Expenditures:				
Current:				
General government	<u>5,500</u>	<u>5,500</u>	<u>2,209</u>	<u>3,291</u>
Net change in fund balance	1,700	1,700	(2,176)	(3,876)
Fund balance, beginning of year	<u>50,873</u>	<u>50,873</u>	<u>50,873</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 52,573</u></u>	<u><u>\$ 52,573</u></u>	<u><u>\$ 48,697</u></u>	<u><u>\$ (3,876)</u></u>

CITY OF UNION CITY

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Traffic Congestion Fund

For the Fiscal Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes and assessments	\$ 210,000	\$ 210,000	\$ -	\$ (210,000)
Investment income	13,000	13,000	(307)	(13,307)
Total revenues	<u>223,000</u>	<u>223,000</u>	<u>(307)</u>	<u>(223,307)</u>
Net change in fund balance	223,000	223,000	(307)	(223,307)
Fund balance, beginning of year	<u>375,709</u>	<u>375,709</u>	<u>375,709</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 598,709</u></u>	<u><u>\$ 598,709</u></u>	<u><u>\$ 375,402</u></u>	<u><u>\$ (223,307)</u></u>

CITY OF UNION CITY
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Used Oil Block Grant Fund
 For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 23,500	\$ 23,500	\$ 17,585	\$ (5,915)
Investment income	500	500	(47)	(547)
Total revenues	<u>24,000</u>	<u>24,000</u>	<u>17,538</u>	<u>(6,462)</u>
Expenditures:				
Current:				
General government	<u>23,000</u>	<u>49,092</u>	<u>14,720</u>	<u>34,372</u>
Net change in fund balance	1,000	(25,092)	2,818	27,910
Fund balance, beginning of year	<u>26,488</u>	<u>26,488</u>	<u>26,488</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 27,488</u></u>	<u><u>\$ 1,396</u></u>	<u><u>\$ 29,306</u></u>	<u><u>\$ 27,910</u></u>

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CITY OF UNION CITY

NONMAJOR DEBT SERVICE FUNDS

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Pension Obligation Bonds - To account for principal and interest requirements on Pension Obligation Bonds to fund a portion of its unfunded liability.

Community Facilities District - To account for principal and interest requirements on the Special Tax Bonds issued by the District to finance the construction of public facilities and improvements within the Community Facilities District No. 97-1 (Dyer Street Triangle).

Tri City Waste Management Debt Service - To account for principal and interest requirements on the refunding bonds issued by the City to finance a portion of its share of the Settlement Agreement among the Cities of Fremont, Newark and Union City and Waste Management of Alameda County.

Public Facilities Authority - To account for bonds issued under the Marks-Roos Local Bond Pooling Act of 1985.

CITY OF UNION CITY
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2004

	Pension Obligation Bonds	Community Facilities District	Tri-Cities Waste Management	Public Facilities Authority	Total
Assets					
Cash and investments	\$ -	\$ 705,415	\$ 1,646,352	\$ -	\$ 2,351,767
Accounts receivable	45,536	-	-	-	45,536
Due from other funds	-	-	4,330	-	4,330
Restricted cash and investments:					
Held by fiscal agents	146,335	574,196	-	5,552,999	6,273,530
Total assets	<u>\$ 191,871</u>	<u>\$ 1,279,611</u>	<u>\$ 1,650,682</u>	<u>\$ 5,552,999</u>	<u>\$ 8,675,163</u>
Liabilities					
Accounts payable	\$ -	\$ -	\$ 1,000	\$ 1,449	\$ 2,449
Other accrued liabilities	146,335	-	-	-	146,335
Due to other funds	-	-	-	4,330	4,330
Advances from other funds	-	-	-	161,029	161,029
Total liabilities	<u>146,335</u>	<u>-</u>	<u>1,000</u>	<u>166,808</u>	<u>314,143</u>
Fund balances					
Reserved for debt service	<u>45,536</u>	<u>1,279,611</u>	<u>1,649,682</u>	<u>5,386,191</u>	<u>8,361,020</u>
Total liabilities and fund balances	<u>\$ 191,871</u>	<u>\$ 1,279,611</u>	<u>\$ 1,650,682</u>	<u>\$ 5,552,999</u>	<u>\$ 8,675,163</u>

CITY OF UNION CITY
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Debt Service Funds
For the Fiscal Year Ended June 30, 2004

	Pension Obligation Bonds	Community Facilities District	Tri-Cities Waste Management	Public Facilities Authority	Total
Revenues:					
Taxes and assessments	\$ -	\$ 603,219	\$ -	\$ -	\$ 603,219
Intergovernmental	-	-	60,566	-	60,566
Investment income	-	2,682	(3,509)	401,480	400,653
Other	45,536	-	-	-	45,536
Total revenues	45,536	605,901	57,057	401,480	1,109,974
Expenditures:					
Debt service:					
Bond issuance costs	546,483	-	-	-	546,483
Principal repayment	-	140,000	75,000	285,000	500,000
Interest and fiscal charges	-	469,684	40,704	304,073	814,461
Total expenditures	546,483	609,684	115,704	589,073	1,860,944
Excess of revenues over expenditures	(500,947)	(3,783)	(58,647)	(187,593)	(750,970)
Other financing sources (uses):					
Bond proceeds	22,997,973	-	-	-	22,997,973
Unfunded liability payment	(22,451,490)	-	-	-	(22,451,490)
Total other financing sources (uses)	546,483	-	-	-	546,483
Net change in fund balances	45,536	(3,783)	(58,647)	(187,593)	(204,487)
Fund balances, beginning of year	-	1,283,394	1,708,329	5,573,784	8,565,507
Fund balances, end of year	\$ 45,536	\$ 1,279,611	\$ 1,649,682	\$ 5,386,191	\$ 8,361,020

CITY OF UNION CITY

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 Redevelopment Agency Debt Service Fund
 For the Fiscal Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes and assessments	\$ 8,320,000	\$ 8,320,000	\$ 10,665,136	\$ 2,345,136
Investment income	330,000	330,000	11,396	(318,604)
Total revenues	<u>8,650,000</u>	<u>8,650,000</u>	<u>10,676,532</u>	<u>2,026,532</u>
Expenditures:				
Current:				
General government	-	-	712,537	(712,537)
Debt service:				
Principal repayment	1,134,000	1,134,000	1,260,000	(126,000)
Interest and fiscal charges	5,942,526	5,942,526	4,048,753	1,893,773
Agency pass through payments	4,537,600	4,537,600	2,335,784	2,201,816
Total expenditures	<u>11,614,126</u>	<u>11,614,126</u>	<u>8,357,074</u>	<u>3,257,052</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,964,126)</u>	<u>(2,964,126)</u>	<u>2,319,458</u>	<u>5,283,584</u>
Other financing sources (uses):				
Proceeds of refunding tax allocation bonds	2,556,000	2,556,000	-	(2,556,000)
Transfers in	1,418,106	1,418,106	1,053,569	(364,537)
Transfers out	(1,009,980)	(1,009,980)	(3,479,668)	(2,469,688)
Total other financing sources (uses)	<u>2,964,126</u>	<u>2,964,126</u>	<u>(2,426,099)</u>	<u>(5,390,225)</u>
Net change in fund balance	-	-	(106,641)	(106,641)
Fund balance, beginning of year	<u>667,511</u>	<u>667,511</u>	<u>667,511</u>	<u>-</u>
Fund balance, end of year	<u>\$ 667,511</u>	<u>\$ 667,511</u>	<u>\$ 560,870</u>	<u>\$ (106,641)</u>

CITY OF UNION CITY

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Community Facilities District Fund
 For the Fiscal Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
Taxes and assessments	\$ 691,587	\$ 691,587	\$ 603,219	\$ (88,368)
Investment income	50,000	50,000	2,682	(47,318)
Total revenues	<u>741,587</u>	<u>741,587</u>	<u>605,901</u>	<u>(135,686)</u>
Expenditures:				
Debt service:				
Principal repayment	140,000	140,000	140,000	-
Interest and fiscal charges	434,415	434,415	469,684	(35,269)
Total expenditures	<u>574,415</u>	<u>574,415</u>	<u>609,684</u>	<u>(35,269)</u>
Net change in fund balance	167,172	167,172	(3,783)	(170,955)
Fund balance, beginning of year	<u>1,283,394</u>	<u>1,283,394</u>	<u>1,283,394</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,450,566</u></u>	<u><u>\$ 1,450,566</u></u>	<u><u>\$ 1,279,611</u></u>	<u><u>\$ (170,955)</u></u>

CITY OF UNION CITY

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
 Tri-Cities Waste Management Fund
 For the Fiscal Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes and assessments	\$ 440,000	\$ 440,000	\$ -	\$ (440,000)
Intergovernmental	-	-	60,566	60,566
Investment income	<u>20,000</u>	<u>20,000</u>	<u>(3,509)</u>	<u>(23,509)</u>
Total revenues	<u>460,000</u>	<u>460,000</u>	<u>57,057</u>	<u>(402,943)</u>
Expenditures:				
Debt service:				
Principal repayment	75,000	75,000	75,000	-
Interest and fiscal charges	<u>44,923</u>	<u>44,923</u>	<u>40,704</u>	<u>4,219</u>
Total expenditures	<u>119,923</u>	<u>119,923</u>	<u>115,704</u>	<u>4,219</u>
Net change in fund balance	340,077	340,077	(58,647)	(398,724)
Fund balance, beginning of year	<u>1,708,329</u>	<u>1,708,329</u>	<u>1,708,329</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 2,048,406</u></u>	<u><u>\$ 2,048,406</u></u>	<u><u>\$ 1,649,682</u></u>	<u><u>\$ (398,724)</u></u>

CITY OF UNION CITY

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Public Facilities Authority Fund
For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes and assessments	\$ 646,000	\$ 646,000	\$ -	\$ (646,000)
Investment income	35,000	35,000	401,480	366,480
Total revenues	<u>681,000</u>	<u>681,000</u>	<u>401,480</u>	<u>(279,520)</u>
Expenditures:				
Debt service:				
Principal repayment	285,000	285,000	285,000	-
Interest and fiscal charges	357,600	357,600	304,073	53,527
Total expenditures	<u>642,600</u>	<u>642,600</u>	<u>589,073</u>	<u>53,527</u>
Net change in fund balance	38,400	38,400	(187,593)	(225,993)
Fund balance, beginning of year	<u>5,573,784</u>	<u>5,573,784</u>	<u>5,573,784</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 5,612,184</u></u>	<u><u>\$ 5,612,184</u></u>	<u><u>\$ 5,386,191</u></u>	<u><u>\$ (225,993)</u></u>

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CITY OF UNION CITY

NONMAJOR CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for financial resources to be used for the acquisition, construction or remodeling of major facilities other than those financed by proprietary funds.

Capital Improvement - To account for the acquisition, construction or remodeling of major facilities financed primarily by the grants as well as general projects such as phone and computer system upgrades to provide voicemail and e-mail, digitize City records, police department expansion and other planned improvements.

Capital Facilities Improvements - To account for the monies collected to fund development of or improvements to various facilities within the City.

Bridge Benefit Districts - To account for the construction of bridges within the City. The sources of funds for these projects will be from developers and property owners benefited by the bridges.

Community Facilities District - To account for the construction of public facilities and improvements within the Community Facilities District No. 97-1 (Dyer Street Triangle). The sources of funds for these projects will be from proceeds from the Special Tax Bonds.

CITY OF UNION CITY
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2004

	Capital Improvement	Capital Facilities Improvements	Bridge Benefit Districts	Community Facilities District	Total
Assets:					
Cash and investments	\$ -	\$ 2,484,084	\$ 453,293	\$ 24,784	\$ 2,962,161
Receivables:					
Accounts	-	1,009	-	-	1,009
Intergovernmental	1,135,514	-	-	-	1,135,514
Due from other funds	-	665,604	-	-	665,604
Restricted cash and investments:					
Held by fiscal agents	-	-	-	700,865	700,865
Special assessment receivable	-	-	1,664	-	1,664
Total assets	<u>\$ 1,135,514</u>	<u>\$ 3,150,697</u>	<u>\$ 454,957</u>	<u>\$ 725,649</u>	<u>\$ 5,466,817</u>
Liabilities:					
Accounts payable	\$ 74,382	\$ 140,745	\$ -	\$ 13,610	\$ 228,737
Other accrued liabilities	100,980	-	-	-	100,980
Due to other funds	665,604	158,811	-	-	824,415
Deposits payable	362,275	-	-	-	362,275
Deferred revenue	258,942	-	1,664	-	260,606
Total liabilities	<u>1,462,183</u>	<u>299,556</u>	<u>1,664</u>	<u>13,610</u>	<u>1,777,013</u>
Fund balances:					
Reserved for:					
Encumbrances	244,770	218,363	-	-	463,133
Unreserved:					
Undesignated	(571,439)	2,632,778	453,293	712,039	3,226,671
Total fund balances	<u>(326,669)</u>	<u>2,851,141</u>	<u>453,293</u>	<u>712,039</u>	<u>3,689,804</u>
Total liabilities and fund balances	<u>\$ 1,135,514</u>	<u>\$ 3,150,697</u>	<u>\$ 454,957</u>	<u>\$ 725,649</u>	<u>\$ 5,466,817</u>

CITY OF UNION CITY
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance:
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2004

	Capital Improvement	Capital Facilities Improvements	Bridge Benefit Districts	Community Facilities District	Total
Revenues:					
Taxes and assessments	\$ -	\$ 1,046,852	\$ -	\$ -	\$ 1,046,852
Intergovernmental	2,184,452	-	-	-	2,184,452
Investment income	-	(6,327)	(45)	123,250	116,878
Other	30,000	10,574	-	-	40,574
Total revenues	<u>2,214,452</u>	<u>1,051,099</u>	<u>(45)</u>	<u>123,250</u>	<u>3,388,756</u>
Expenditures:					
Current:					
General government	100,000	10,328	-	-	110,328
Planning and public works	18,965	12,397	-	-	31,362
Capital outlay	2,125,758	1,199,015	-	708,092	4,032,865
Debt service					
Principal	-	42,628	-	-	42,628
Interest	-	20,993	-	-	20,993
Total expenditures	<u>2,244,723</u>	<u>1,285,361</u>	<u>-</u>	<u>708,092</u>	<u>4,238,176</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,271)</u>	<u>(234,262)</u>	<u>(45)</u>	<u>(584,842)</u>	<u>(849,420)</u>
Other financing sources (uses):					
Transfers in	82,699	-	-	-	82,699
Transfers out	-	(30,000)	-	-	(30,000)
Total other financing sources (uses)	<u>82,699</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>52,699</u>
Net change in fund balances	52,428	(264,262)	(45)	(584,842)	(796,721)
Fund balances, beginning of year	<u>(379,097)</u>	<u>3,115,403</u>	<u>453,338</u>	<u>1,296,881</u>	<u>4,486,525</u>
Fund balances, end of year	<u>\$ (326,669)</u>	<u>\$ 2,851,141</u>	<u>\$ 453,293</u>	<u>\$ 712,039</u>	<u>\$ 3,689,804</u>

CITY OF UNION CITY

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Employee Benefits - To account for the cost of the City's self-insured dental program being administered by an independent contractor.

Workers' Compensation Self-Insurance - To account for disbursements to an independent claims administrator for employees who qualify to receive benefits under the law. The City has obtained insurance to cover claims exceeding \$150,000.

General Liability Self-Insurance - Established to account for the cost of processing general liability claims by the Bay Cities Joint Powers Insurance Association. The City has insurance to cover claims exceeding \$25,000.

City Garage Operations - To account for the rental of equipment to all City departments and for the accumulation of funds and disbursements for equipment acquisitions. User charges include an amount necessary for the maintenance and repair of equipment.

CITY OF UNION CITY
Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2004

	Employee Benefits	Workers' Compensation Self-Insurance	General Liability Self-Insurance	City Garage Operations	Total
Assets:					
Current assets:					
Cash and investments	\$ -	\$ 2,969,045	\$ 334,722	\$ 320,141	\$ 3,623,908
Accounts receivables	-	116,253	-	39,316	155,569
Prepaid items	-	62,065	-	1,211	63,276
Total current assets	-	3,147,363	334,722	360,668	3,842,753
Capital assets:					
Depreciable	-	-	-	1,020,244	1,020,244
Total assets	-	3,147,363	334,722	1,380,912	4,862,997
Liabilities:					
Current liabilities:					
Accounts payable	-	45,979	13,943	77,135	137,057
Accrued compensated absences	-	-	-	71,785	71,785
Accrued general liability claims	-	-	155,466	-	155,466
Accrued workers' compensation claims	-	509,102	-	-	509,102
Other accrued liabilities	-	-	1,479	11,086	12,565
Total current liabilities	-	555,081	170,888	160,006	885,975
Noncurrent liabilities:					
Accrued general liability claims	-	-	344,534	-	344,534
Accrued workers' compensation claims	-	1,991,497	-	-	1,991,497
Total noncurrent liabilities	-	1,991,497	344,534	-	2,336,031
Total liabilities	-	2,546,578	515,422	160,006	3,222,006
Net assets:					
Invested in capital assets, net of related debt	-	-	-	1,020,244	1,020,244
Unrestricted	-	600,785	(180,700)	200,662	620,747
Total net assets	\$ -	\$ 600,785	\$ (180,700)	\$ 1,220,906	\$ 1,640,991

CITY OF UNION CITY
Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2004

	Employee Benefits	Workers' Compensation Self-Insurance	General Liability Self-Insurance	City Garage Operations	Total
Operating revenues:					
Charges for services	\$ 26,590	\$ 2,209,267	\$ 617,535	\$ 1,123,160	\$ 3,976,552
Other	-	-	-	2	2
Total operating revenues	<u>26,590</u>	<u>2,209,267</u>	<u>617,535</u>	<u>1,123,162</u>	<u>3,976,554</u>
Operating expenses:					
Garage operations	-	-	-	1,131,922	1,131,922
Workers' compensation claims and premiums	-	1,545,318	-	-	1,545,318
Other insurance	64,431	-	733,587	-	798,018
Administration	-	100	-	90,469	90,569
Depreciation	-	-	-	290,893	290,893
Services and supplies	-	-	-	7,436	7,436
Total operating expenses	<u>64,431</u>	<u>1,545,418</u>	<u>733,587</u>	<u>1,520,720</u>	<u>3,864,156</u>
Operating income (loss)	<u>(37,841)</u>	<u>663,849</u>	<u>(116,052)</u>	<u>(397,558)</u>	<u>112,398</u>
Nonoperating revenues:					
Gain on sale of assets	-	-	-	36,034	36,034
Investment income	-	-	-	2,534	2,534
Other grants	-	-	-	34,500	34,500
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,068</u>	<u>73,068</u>
Income (loss) before capital contributions and transfers	(37,841)	663,849	(116,052)	(324,490)	185,466
Capital contributions	-	-	-	170,500	170,500
Transfers in	-	-	111,153	-	111,153
Transfers out	-	(111,153)	-	-	(111,153)
Change in net assets	(37,841)	552,696	(4,899)	(153,990)	355,966
Net assets, beginning of year	<u>37,841</u>	<u>48,089</u>	<u>(175,801)</u>	<u>1,374,896</u>	<u>1,285,025</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 600,785</u>	<u>\$ (180,700)</u>	<u>\$ 1,220,906</u>	<u>\$ 1,640,991</u>

CITY OF UNION CITY
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2004

	Employee Benefits	Workers' Compensation Self-Insurance	General Liability Self-Insurance	City Garage Operations	Total
Cash flows from operating activities:					
Cash receipts from customers and users	\$ 26,590	\$ 2,142,882	\$ 617,535	\$ 1,096,261	\$ 3,883,268
Cash payment to suppliers for goods and services	(65,661)	(116,544)	(755,933)	(1,202,380)	(2,140,518)
Cash payment to employees for services	-	-	-	3,503	3,503
Cash payment for judgments and claims.	-	(712,963)	-	-	(712,963)
Net cash provided by (used in) operating activities	<u>(39,071)</u>	<u>1,313,375</u>	<u>(138,398)</u>	<u>(102,616)</u>	<u>1,033,290</u>
Cash flows from noncapital financing activities:					
Proceeds from interfund lending	-	-	111,153	-	111,153
Payment on interfund lending	-	(111,153)	-	-	(111,153)
Operating grants received	-	-	-	34,500	34,500
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(111,153)</u>	<u>111,153</u>	<u>34,500</u>	<u>34,500</u>
Cash flows from capital and related financing activities:					
Proceeds from sale of property	-	-	-	4,700	4,700
Capital grants received	-	-	-	500	500
Acquisition and construction of capital assets	-	-	-	(201,817)	(201,817)
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(196,617)</u>	<u>(196,617)</u>
Cash flows from investing activities:					
Interest received on cash and investments	-	-	-	2,534	2,534
Net change in cash and cash equivalents	(39,071)	1,202,222	(27,245)	(262,199)	873,707
Cash and cash equivalents, beginning of year	39,071	1,766,823	361,967	582,340	2,750,201
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 2,969,045</u>	<u>\$ 334,722</u>	<u>\$ 320,141</u>	<u>\$ 3,623,908</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (37,841)	\$ 663,849	\$ (116,052)	\$ (397,558)	\$ 112,398
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	-	-	-	290,893	290,893
Changes in operating assets and liabilities:					
(Increase) decrease in:					
Accounts and other receivables	-	(66,385)	-	(26,901)	(93,286)
Prepaid items	-	-	-	395	395
Increase (decrease) in:					
Accounts payable and other liabilities	(1,230)	(116,444)	(22,346)	30,555	(109,465)
Workers' compensation claims	-	832,355	na	-	832,355
Net cash provided by (used in) operating activities:	<u>\$ (39,071)</u>	<u>\$ 1,313,375</u>	<u>\$ (138,398)</u>	<u>\$ (102,616)</u>	<u>\$ 1,033,290</u>
Noncash capital and related financing activities:					
Capital asset trade-ins and capital assets transferred in from other funds:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 202,390</u>	<u>\$ 202,390</u>

CITY OF UNION CITY

AGENCY FUNDS

Solid Waste Management - to account for financial resources that the City is holding in a fiduciary capacity under the City's solid waste management contract.

POA Custodial - to account for the post-retirement healthcare benefits to members of the Police Officers' Association.

CITY OF UNION CITY
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2004

	Balance July 1, 2003	Additions	Deletions	Balance June 30, 2004
Solid Waste Management				
Assets:				
Cash and investments	\$ 3,975,657	\$ 4,386,616	\$ 2,555,968	\$ 5,806,305
Accounts receivable	-	2,750	-	2,750
Total assets	\$ 3,975,657	\$ 4,389,366	\$ 2,555,968	\$ 5,809,055
Liabilities:				
Due to other agencies	\$ 3,975,657	\$ 4,389,366	\$ 2,555,968	\$ 5,809,055
POA Custodial				
Assets:				
Cash and investments	\$ 495,612	\$ 123,581	\$ 96,754	\$ 522,439
Liabilities:				
Other accrued liabilities	\$ 495,612	\$ 123,581	\$ 96,754	\$ 522,439
Total - Agency Funds				
Assets:				
Cash and investments	\$ 4,471,269	\$ 4,510,197	\$ 2,652,722	\$ 6,328,744
Accounts receivable	-	2,750	-	2,750
Total assets	\$ 4,471,269	\$ 4,512,947	\$ 2,652,722	\$ 6,331,494
Total assets	\$ 4,471,269	\$ 4,512,947	\$ 2,652,722	\$ 6,331,494
Liabilities:				
Other accrued liabilities	\$ 495,612	\$ 123,581	\$ 96,754	\$ 522,439
Due to other agencies	3,975,657	4,389,366	2,555,968	5,809,055
Total liabilities	\$ 4,471,269	\$ 4,512,947	\$ 2,652,722	\$ 6,331,494

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STATISICAL SECTION

CITY OF UNION CITY, CALIFORNIA
 General Fund Expenditures by Function
 Last Ten Fiscal Years

Fiscal Year	General Government	Planning, Public Works and Capital Outlay				Public Safety	Recreation and Culture	Debt Service	Total
		Planning	Public Works	Capital Outlay	Subtotal				
1994-95	\$ 2,700,854	n/a	n/a	n/a	\$4,583,957.00	\$ 11,697,603	\$ 668,260	\$ 180,494	\$ 19,831,168
1995-96	2,378,919	n/a	n/a	n/a	4,901,908	11,707,074	846,416	148,227	19,982,544
1996-97	3,148,234	n/a	n/a	n/a	5,014,355	12,630,796	673,290	86,096	21,552,771
1997-98	3,131,091	n/a	n/a	n/a	7,481,695	13,373,045	780,816	88,094	24,854,741
1998-99	4,320,233	1,089,933	4,736,706	254,733	6,081,372	14,291,024	1,023,389	623,053	26,339,071
1999-00	4,244,536	1,256,798	5,364,403	1,531,055	8,152,256	16,765,893	1,063,865	451,153	30,677,703
2000-01	4,457,207	1,730,904	2,898,186	256,798	4,885,888	17,438,154	1,197,799	402,589	28,381,637
2001-02	3,967,391	1,379,824	3,633,139	89,204	5,102,167	19,123,197	1,227,497	264,549	29,684,801
2002-03	3,597,893	1,254,292	2,431,845	77,539	3,763,676	19,782,003	1,431,757	159,549	28,734,878
2003-04	3,990,636	1,146,880	2,732,773	54,667	3,934,320	22,111,587	1,368,943	-	31,405,486

Source: City Administrative Services Department

CITY OF UNION CITY
General Fund Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Taxes					Revenues from Other Agencies							Total	
	Property Taxes	Sales Taxes	Other Taxes	Franchise Fees	Subtotal	Licenses & Permits	Fines & Forfeitures	Motor Vehicle	Other	Charges for Services	Investment Income	Other Revenue		
								In Lieu	Inter-governmental					
1994-95					\$ 11,841,214	\$ 1,342,469	\$ 101,308			\$ 2,534,578	\$ 730,532	\$ 534,876	\$ 500,054	\$ 17,585,031
1995-96					13,830,567	1,307,174	99,972			2,552,018	1,512,297	603,335	245,310	20,150,673
1996-97					14,032,774	1,584,366	156,248			3,104,469	1,598,131	631,162	333,984	21,441,134
1997-98					14,351,301	1,744,976	168,588			3,145,557	2,548,316	547,405	252,000	22,758,143
1998-99					14,458,461	1,759,756	204,444			3,973,106	1,827,584	691,255	372,154	23,286,760
1999-00					16,104,929	1,993,749	182,476			4,814,835	1,529,789	277,944	598,955	25,502,677
2000-01	\$ 6,913,774	\$ 7,231,803	\$ 1,615,645	\$ 1,981,705	17,742,927	2,019,630	212,467	\$ 3,487,885	\$ 1,520,575	5,008,460	679,928	1,379,295	1,184,930	28,227,637
2001-02	7,124,113	6,911,269	1,360,153	3,041,133	18,436,668	1,571,306	194,344	3,780,283	1,552,129	5,332,412	252,578	693,253	1,192,498	27,673,059
2002-03	7,438,405	7,399,559	1,240,539	3,274,010	19,352,513	1,787,418	238,581	3,949,257	1,348,674	5,297,931	1,157,576	602,925	890,507	29,327,451
2003-04	8,431,604	6,977,572	1,431,152	3,454,217	20,294,545	1,721,499	314,247	3,150,742	981,057	4,131,799	2,676,526	(11,597)	555,435	29,682,454

Source: City Administrative Services Department

CITY OF UNION CITY, CALIFORNIA

Property Tax Levies and Collections

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Current Levies*</u>	<u>Total Current Collections</u>	<u>Percent of Current Levies Collected</u>
1994-95	\$ 4,660,319	\$ 4,489,873	96.34%
1995-96	4,811,008	4,669,739	97.06%
1996-97	4,588,625	4,570,994	99.62%
1997-98	4,992,361	4,862,834	97.41%
1998-99	5,388,335	5,244,336	97.33%
1999-00	5,959,801	5,827,060	97.77%
2000-01	6,418,354	6,266,563	97.64%
2001-02	6,945,296	6,738,923	97.03%
2002-03	7,419,969	7,181,564	96.79%
2003-04	7,856,229	7,489,847	95.34%

**Secured and unsecured*

Source: Alameda County Office of the Auditor-Controller

CITY OF UNION CITY, CALIFORNIA

Schedule of Assessed Valuation

Last Ten Fiscal Years

Fiscal Year	Secured Property	State Board Roll	Unsecured Property	Less Property Exemptions	Grand Total	Homeowners Exemption	Total Assessed Value
1994-95	\$ 2,848,010,420	\$ 2,676,567	\$ 155,549,887	\$ 51,041,961	\$ 2,955,194,913	\$ 63,665,793	\$ 2,891,529,120
1995-96	2,931,310,043	2,803,654	163,293,263	53,853,217	3,043,553,743	64,823,855	2,978,729,888
1996-97	3,003,624,938	1,340,912	150,971,767	53,836,467	3,102,101,150	65,812,313	3,036,288,837
1997-98	3,120,572,620	1,633,174	156,378,716	61,759,267	3,216,825,243	66,603,419	3,150,221,824
1998-99	3,431,787,080	1,950,933	153,546,730	68,657,411	3,518,627,332	68,480,928	3,450,146,404
1999-00	3,831,217,758	1,423,430	164,157,284	33,164,046	3,963,634,426	70,750,431	3,892,883,995
2000-01	4,247,743,825	1,332,774	207,363,564	75,630,922	4,380,809,241	73,686,343	4,307,122,898
2001-02	4,740,525,535	1,838,446	241,631,201	93,010,834	4,890,984,348	74,875,058	4,816,109,290
2002-03	5,191,110,220	1,793,308	242,324,139	131,385,509	5,303,842,158	75,792,175	5,228,049,983
2003-04	5,581,539,109	1,558,489	266,246,631	142,183,473	5,707,160,756	75,833,994	5,631,326,762

Assessed valuations are based upon 100% of market value.

Source: Alameda County Office of the Auditor-Controller

CITY OF UNION CITY, CALIFORNIA
Property Tax Rates - Direct and Overlapping Governments
(Per \$100 of Assessed Value)
Last Ten Fiscal Years

Fiscal Year	City	Alameda County	School Districts	AC Transit District	Hospital District	County Water District	East Bay Regional Park District	Total
1994-95	-	\$ 1.00000	\$ 0.14400	\$ 0.02350	\$ 0.00460	\$ 0.01180	\$ 0.00660	\$ 1.19050
1995-96	-	1.00000	0.14350	0.02300	0.00450	0.00560	0.00940	1.18600
1996-97	-	1.00000	0.14420	0.02250	0.00450	0.00850	0.00800	1.18770
1997-98	-	1.00000	0.14610	0.02200	-	0.01000	0.00810	1.18620
1998-99	-	1.00000	0.14300	0.01670	-	0.00630	0.00920	1.17520
1999-00	-	1.00000	0.14180	-	-	0.00820	0.00880	1.15880
2000-01	-	1.00000	0.12020	-	-	0.00640	0.00720	1.13380
2001-02	-	1.00000	0.12020	-	-	0.00640	0.00720	1.13380
2002-03	-	1.00000	0.12960	-	-	0.00560	0.00650	1.14170
2003-04	-	1.00000	0.11390	-	-	0.00490	0.00570	1.12450

Source: Alameda County Office of the Auditor-Controller

CITY OF UNION CITY, CALIFORNIA
Principal Property Taxpayers

Taxpayer	Type of Activity	Assessed Valuation	Percent of Total Valuations
Catellus Finance 1 LLC	Real estate development	\$ 39,443,724	0.754%
Crossroads Technology Partners	Real estate development	48,878,400	0.935%
Dryers Grand Ice Cream Inc.	Ice cream, frozen yogurt production	25,744,068	0.492%
Dyer Triangle LLC	Real estate development	53,589,694	1.025%
Hearst Communications Inc.	Newspaper printing	48,713,111	0.932%
Kaiser Foundation Health Plan Inc.	Medical facility	81,934,290	1.567%
Pappas Union City LP	Real estate development	23,489,589	0.449%
Rreef America REIT II Corp	Real estate development	66,594,780	1.274%
Union Square Investments LP	Real estate development	27,773,206	0.531%
US Pipe Holding Corporation	Ductile pipe manufacturer	27,455,024	0.525%
Top Ten Property Taxpayers		<u>\$ 443,615,886</u>	<u>8.485%</u>
Total City Assessed Valuation		<u>\$ 5,631,326,762</u>	

Source: Alameda County Office of the Assessor

CITY OF UNION CITY, CALIFORNIA
Special Assessment Collections
Last Ten Fiscal Years

Fiscal Year	Current Assessments Due	Current Assessments Collected	Percent of Current Assessments Collected	Total Outstanding Current Assessments
1994-95	\$ 5,258,520	\$ 5,130,783	97.08%	\$ 127,737
1995-96	5,485,848	5,373,142	97.95	112,706
1996-97	5,365,800	5,254,643	97.93	111,157
1997-98	5,589,365	5,412,613	96.84	176,752
1998-99	6,736,096	6,600,714	97.99	135,382
1999-00	7,361,188	7,196,789	97.77	164,399
2000-01	7,971,765	7,823,663	98.14	148,102
2001-02	8,375,293	8,222,647	98.18	152,646
2002-03	8,717,090	8,552,386	98.11	164,704
2003-04	8,947,966	8,798,181	98.33	149,785

Source: Alameda County Office of the Auditor-Controller

CITY OF UNION CITY, CALIFORNIA

Computation of Legal Debt Margin

June 30, 2004

Assessed valuation	\$ 5,631,326,762
Exempt real property	<u>142,183,473</u>
Total assessed valuation	<u><u>\$ 5,773,510,235</u></u>
Debt limit - 15% of assessed valuation	844,699,014
Debt applicable to limit:	
Total bonded debt	-
Less:	
Amount available for repayment of general obligation debt	<u>-</u>
Total debt applicable to limit	<u><u>-</u></u>
Legal debt margin - 15% of total assessed valuation	<u><u>\$ 866,026,535</u></u>
Amount of debt subject to limit	<u><u>0%</u></u>

Source: City Finance Department

CITY OF UNION CITY
Ratio of Net General Bonded Debt
to Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population	Assessed Value	Gross General Bonded Debt	Less Debt Service Fund	Net General Bonded Debt	Net Bonded Debt to Assessed Value	Net Bonded Debt per Capital
1994-95	58,484	\$ 2,891,529,120	-	-	-	-	-
1995-96	58,339	2,978,729,888	-	-	-	-	-
1996-97	59,678	3,036,288,837	-	-	-	-	-
1997-98	62,490	3,150,221,824	-	-	-	-	-
1998-99	65,400	3,450,146,404	-	-	-	-	-
1999-00	66,869	3,892,883,995	-	-	-	-	-
2000-01	67,240	4,307,122,898	-	-	-	-	-
2001-02	70,216	4,816,109,290	-	-	-	-	-
2002-03	70,300	5,228,049,983	-	-	-	-	-
2003-04	70,338	5,631,326,762	-	-	-	-	-

Source: City Finance Department

CITY OF UNION CITY, CALIFORNIA
Ratio of Annual Debt Service
for General Bonded Debt to Total General Fund Expenditures
Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	Ratio of Debt Service to General Fund Expenditures
1994-95	\$ -	\$ -	\$ -	\$ 19,831,168	0.00%
1995-96	-	-	-	19,982,544	0.00%
1996-97	-	-	-	21,552,771	0.00%
1997-98	-	-	-	24,854,741	0.00%
1998-99	-	-	-	26,339,071	0.00%
1999-00	-	-	-	30,677,703	0.00%
2000-01	-	-	-	28,381,637	0.00%
2001-02	-	-	-	29,684,801	0.00%
2002-03	-	-	-	28,734,878	0.00%
2003-04	-	-	-	31,405,486	0.00%

Source: City Finance Department

CITY OF UNION CITY, CALIFORNIA
Schedule of Direct and Overlapping Debt
As of June 30, 2004

2003-04 ASSESSED VALUATION: Net of \$1,074,038,907 redevelopment incremental valuation) \$ 4,506,591,518

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Percent applicable to City</u>	<u>Debt June 30, 2004</u>
Ohlone Community College District (1)	1.8570%	\$ 672,605
Fremont Unified School District	0.0004%	543
New Haven Unified School District	79.5070%	96,130,228
East Bay Regional Park District	2.1340%	3,253,543
City of Union City Dyer Street Community Facilities District	100.0000%	7,470,000
City of Union City 1915 Act Bonds	100.0000%	<u>5,553,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 113,079,919

<u>DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>	<u>Percent applicable to City</u>	<u>Debt June 30, 2004</u>
Alameda County General Fund Obligations	3.5700%	18,744,249
Alameda County Pension Obligations	3.5700%	12,734,125
Alameda County Board of Education Certificates of Participation	3.5700%	98,354
Alameda-Contra Costa Transit District Certificates of Participation	0.5270%	113,595
Chabot-Las Positas Community College District Certificates of Participation	6.8970%	616,937
Fremont Unified School District Certificates of Participation	0.0004%	22
Hayward Unified School District Certificates of Participation	0.1630%	44,768
New Haven Unified School District Building Authority	79.5070%	1,045,517
City of Union City Pension Obligation	100.0000%	<u>22,997,973</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		56,395,540
COMBINED TOTAL DEBT		\$ 169,475,459 (2)

(1) Formerly Fremont-Newark Community College District

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

Ratios to 2003-04 assessed valuation:

<u>Total gross direct and overlapping tax and assessment debt</u>	1.980%
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Ratios to adjusted assessed valuation:

Combined direct debt (\$22,997,973)	0.510%
Gross combined total debt	3.760%

<u>STATE SCHOOL BUILDING AID REPAYABLE AS OF 06/30/00</u>	\$ -
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Source: California Municipal Statistics, Inc.

CITY OF UNION CITY, CALIFORNIA
Demographic Statistics
Last Ten Years

Fiscal Year	Square Miles	School Enrollment	City Population	Population Percentage Change	Alameda County Population	City Population Percentage of County	Average Annual Unemployment Rate		
							City	County	State
1994-95	18.1	13,278	58,484	3.05%	1,362,893	4.29%	4.50%	6.10%	8.60%
1995-96	18.1	13,469	58,339	-0.25%	1,356,102	4.30%	4.30%	5.80%	7.80%
1996-97	18.1	13,787	59,678	2.30%	1,248,557	4.78%	3.70%	5.00%	7.20%
1997-98	18.1	14,105	62,490	4.71%	1,408,073	4.44%	3.30%	4.40%	6.30%
1998-99	18.1	14,029	65,400	4.66%	1,433,309	4.56%	3.10%	4.10%	5.90%
1999-00	18.1	13,891	66,869	2.25%	1,443,741	4.63%	2.50%	3.50%	5.20%
2000-01	18.1	13,775	67,240	0.55%	1,454,302	4.62%	2.20%	3.00%	4.90%
2001-02	18.1	13,690	70,216	4.43%	1,486,600	4.72%	3.40%	4.60%	5.40%
2002-03	18.1	13,582	70,300	0.12%	1,496,200	4.70%	5.10%	6.80%	6.70%
2003-04	18.1	13,200	70,338	0.05%	1,498,020	4.70%	4.36%	6.31%	6.00%

Source: City of Union City
State of California Employment Development Department

City of Union City
 Building Permit Valuations
 Last Ten Years
 (valuation in thousands)

Fiscal Year	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Residential	\$ 35,282	\$ 32,084	\$ 69,271	\$ 105,932	\$ 93,537	\$ 90,060	\$ 82,273	\$ 21,699	\$ 37,973
Nonresidential	9,330	54,616	25,624	30,077	28,691	57,809	77,736	26,383	17,274
	<u>\$ 44,612</u>	<u>\$ 86,700</u>	<u>\$ 94,895</u>	<u>\$ 136,009</u>	<u>\$ 122,228</u>	<u>\$ 147,869</u>	<u>\$ 160,009</u>	<u>\$ 48,082</u>	<u>\$ 55,247</u>
New Dwelling Units (Number of permits):									
Single Family	144	131	341	483	419	246	240	57	93
Multiple Family	-	-	9	125	-	97	99	-	-
	<u>144</u>	<u>131</u>	<u>350</u>	<u>608</u>	<u>419</u>	<u>343</u>	<u>339</u>	<u>57</u>	<u>93</u>

Source: City of Union City

CITY OF UNION CITY, CALIFORNIA

Bank Deposit Summary

Last Ten Years

(deposits in thousands)

Fiscal Year	Banks	Savings and loans	Total	Number of institutions		
				Banks	Savings and loans	Total
1995	\$244,911	\$ 27,799	\$ 272,710	7	1	8
1996	261,800	33,468	295,268	7	1	8
1997	276,493	35,452	311,945	6	1	7
1998	301,494	37,186	338,680	6	1	7
1999	355,795	38,531	394,326	6	1	7
2000	389,971	43,138	433,109	7	1	8
2001	449,055	60,639	509,694	7	1	8
2002	496,337	54,974	551,311	8	1	9
2003	554,698	54,187	608,885	8	1	9
2004	620,529	59,560	680,089	8	1	9

Source: State Banking Department

CITY OF UNION CITY, CALIFORNIA

Major Employers

<u>Employers</u>	<u>Number of Employees</u>	<u>Products/Services</u>
New Haven Unified School District	1,228	School District
Southern Wine and Spirits	650	Liquor Distributor
Wal-Mart	450	Retailer
Office Depot Corporation	450	Office and Stationary Supplier
Sysco Avarad Food Services	375	Institutional Food Distributor
American Licorice	365	Candy Manufacturer
Apria Health Care	350	Healthcare Products
City of Union City	336	Local Government
San Francisco Newspaper	300	Newspaper Printer
Shin-Etsu Polymer America Inc.	225	High Tech Manufacturer
Orcon Corporation	225	Carpet Seam Tape Manufacturer
Coca-Cola Bottling Company	225	Storage and Bottling Company
Young's Market	225	Grocery/Liquor Distributor

Sources: Union City Chamber of Commerce

New Haven Unified School District

CITY OF UNION CITY
Taxable Sales Transactions
Last Ten Years
(dollars in thousands)

Calendar Year	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Apparel stores	\$ 2,367	\$ 2,086	\$ 3,818	\$ 3,970	\$ 4,537	\$ 5,101	\$ 5,688	\$ 6,720	\$ 12,841	\$ 4,401
General merchandise stores	47,273	51,687	54,509	66,467	70,188	74,582	88,549	94,735	*	*
Specialty stores	7,179	5,306	5,879	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Food stores	21,441	23,088	23,481	23,680	23,219	28,281	31,174	28,839	28,894	26,441
Packaged liquor stores	2,700	2,518	2,517	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Eating and drinking places	20,838	23,865	25,373	26,825	26,765	30,950	49,142	58,506	65,904	66,124
Home furnishings and appliances	1,696	2,638	2,466	2,638	2,886	4,081	6,144	8,710	15,360	15,810
Building materials and farm implements	56,822	62,785	65,854	66,057	65,645	70,780	75,740	77,804	95,364	97,126
Auto dealers and supplies	4,401	5,450	7,224	9,567	10,350	9,542	9,305	11,675	11,507	11,408
Service stations	19,934	19,751	25,683	24,545	21,972	26,657	33,713	32,017	31,184	34,343
Other retail stores	39,573	57,512	71,660	81,216	66,887	60,436	42,093	52,193	191,732	188,060
All other outlets	231,600	271,488	316,513	306,023	295,795	276,244	304,657	262,020	225,127	206,026
Taxable Sales Transactions	\$ 455,824	\$ 528,174	\$ 604,977	\$ 610,988	\$ 588,244	\$ 586,654	\$ 646,205	\$ 633,219	\$ 677,913	\$ 649,739
Number of sales tax permits	N/A	N/A	N/A	N/A	N/A	1,075	1,078	1,102	1,111	1,133

N/A = Not available

*Included in "Other retail stores" total

Source: Taxable Sales in California, Annual Report, State Board of Equalization

CITY OF UNION CITY
 Taxable Sales Transactions
 By Type of Business
 (Dollars in Thousands)
 Calendar Year 2003

Municipal Debt Continuing Disclosure S.E.C. Rule 15c2-12(b)(5)

Business	Number of Permits	Sales Tax Transactions
Apparel Stores	18	\$ 4,401
Food Stores	42	26,441
Eating and Drinking Places	125	66,124
Home Furnishings and Appliances	31	15,810
Bldg, Materials and Farm Implements	14	97,126
Auto Dealers and Auto Supplies	16	11,408
Service Stations	11	34,343
Other Retail Stores	236	188,060
All Other Outlets	657	206,026
Totals	<u>1,150</u>	<u>\$ 649,739</u>

Source: Taxable Sales in California, Annual Report, State Board of Equalization

CITY OF UNION CITY
 Adopted and Final
 Budget for 2003-04 and 2004-05 Adopted Budget for
 Unrestricted General Fund
 Municipal Debt Continuing Disclosure - S.E.C. Rule 15c2-12(b)(5)

	2003-04 Adopted General Fund Budget	2003-04 Actual General Fund Budget	2004-05 Final General Fund Budget
Revenues:			
Taxes	\$ 20,374,273	\$ 19,791,273	\$ 19,737,200
Licenses and Permits	1,336,700	1,289,600	2,155,400
Intergovernmental	5,015,100	4,764,363	4,149,857
Current Service Charges	2,206,700	1,839,200	2,298,400
Fines and Forfeitures	202,000	260,000	260,000
Use of Money and Property	428,660	376,460	645,100
Other	447,500	215,800	720,500
Total Revenues	<u>30,010,933</u>	<u>28,536,696</u>	<u>29,966,457</u>
Expenditures:			
General Government	3,932,164	4,013,954	4,437,216
Public Safety	20,696,703	22,491,785	19,039,687
Recreation and Culture	1,548,912	1,385,569	1,499,620
Planning	1,296,068	1,106,616	1,094,561
Public Works	2,820,429	2,592,923	3,516,523
Capital Outlay	56,819	54,669	43,770
Debt Service:			
Principal Repayment	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	<u>30,351,095</u>	<u>31,645,516</u>	<u>29,631,377</u>
Excess (deficiency) of Revenues over Expenditures	(340,162)	(3,108,820)	335,080
Other Financing Sources (Uses):			
Sale of property	-	-	900,000
Operating Transfers In	530,000	530,000	-
Operating Transfers Out	(10,000)	(10,000)	(1,270,005)
	<u>520,000</u>	<u>520,000</u>	<u>(370,005)</u>
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	179,838	(2,588,820)	(34,925)
Fund Balance, beginning of year, as restated	<u>4,737,940</u>	<u>4,737,940</u>	<u>2,688,977</u>
Fund Balance, end of year	<u>\$ 4,917,778</u>	<u>\$ 2,149,120</u>	<u>\$ 2,654,052</u>

Source: City Finance Department

CITY OF UNION CITY
Summary of Revenues, Expenditures and Changes in Fund Balance
General Fund
Municipal Debt Continuing Disclosure - S.E.C. Rule 15c2-12(b)(5)

	1999-00	2000-01	2001-02	2002-03
Revenues:				
Taxes	\$ 16,104,929	\$ 17,742,927	\$ 18,436,668	\$ 19,352,513
Licenses and Permits	1,993,749	2,019,630	1,571,306	1,787,571
Intergovernmental	4,814,835	5,008,460	5,332,412	4,987,886
Current Service Charges	1,529,789	679,928	1,192,498	1,157,576
Fines and Forfeitures	182,476	212,467	194,344	238,581
Use of Money and Property	277,944	1,379,295	693,233	602,925
Other	598,955	1,184,930	252,578	890,537
Total Revenues	25,502,677	28,227,637	27,673,039	29,017,589
Expenditures:				
General Government	4,244,536	4,457,207	3,967,391	3,597,893
Public Safety	16,765,893	17,438,154	19,123,197	19,782,003
Recreation and Culture	1,063,865	1,197,799	1,227,497	1,431,757
Planning	1,256,798	1,730,904	1,379,824	1,254,292
Public Works	5,364,403	2,898,186	3,633,139	2,431,845
Capital Outlay	1,531,055	256,798	89,204	77,539
Debt Service:				
Principal Repayment	308,465	363,937	246,334	153,872
Interest and Fiscal Charges	142,688	38,652	18,215	5,677
Total Expenditures	30,677,703	28,381,637	29,684,801	28,734,878
Excess (deficiency) of Revenues over Expenditures	(5,175,026)	(154,000)	(2,011,762)	282,711
Other Financing Sources (Uses):				
Bond proceeds				
Proceeds from Lease Financing	1,305,158			
Operating Transfers In	2,751,200	200,000	1,565,000	641,000
Operating Transfers Out	(60,496)	(555,119)	(573,520)	(25,622)
	3,995,862	(355,119)	991,480	615,378
Excess (deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(1,179,164)	(509,119)	(1,020,282)	898,089
Fund Balance, beginning of year as previously reported	5,718,582	4,468,570	3,959,451	2,939,169
Prior Period Adjustment	(70,848)	-	-	-
Change in accounting principle	-	-	-	590,637
Fund Balance, beginning of year, as restated	5,647,734	4,468,570	3,959,451	3,529,806
Residual Equity Transfer	-	-	-	-
Fund Balance, end of year	\$ 4,468,570	\$ 3,959,451	\$ 2,939,169	\$ 4,427,895

Source: City Finance Department

CITY OF UNION CITY
Pooled Investment Portfolio
June 30, 2004
Municipal Debt Continuing Disclosure S.E.C. Rule 15c2-12(b)(5)

Investment	At Fair Value	At Par/Cost	Percent of Portfolio	Yield/360 Day Year Equivalent
Local Agency Investment Fund:				
City Accounts	\$21,456,472	\$20,794,425	36.11%	1.47%
Redevelopment Agency Bond Proceeds Account	1,787,740	1,787,740	3.11%	1.47%
Federal Home Loan Bank Note	2,959,449	3,000,000	5.21%	3.50%
Federal Home Loan Bank Note	1,955,636	2,000,000	3.47%	3.70%
Federal Home Loan Mortgage Corp.	1,462,232	1,500,000	2.61%	3.60%
Federal Home Loan Mortgage Corp.	1,468,010	1,500,000	2.61%	3.75%
Federal Home Loan Bank Note	2,897,856	3,000,000	5.21%	3.06%
Federal Home Loan Bank Note	1,942,124	2,000,000	3.47%	3.00%
Federal Home Loan Bank Note	2,930,220	3,000,000	5.21%	3.22%
Federal Home Loan Bank Note	2,917,254	3,000,000	5.21%	2.00%
Federal Home Loan Bank Note	2,989,419	3,000,000	5.21%	3.84%
Federal Home Loan Mortgage Corp.	2,001,000	2,000,000	3.47%	2.00%
Citigroup Inc.	2,028,556	2,000,000	3.47%	4.13%
Wells Fargo & Co.	1,053,290	1,000,000	1.74%	7.25%
General Electric Capital Corp.	1,039,863	1,000,000	1.74%	5.35%
Home Depot	1,041,524	1,000,000	1.74%	5.38%
International Lease Financing	994,049	1,000,000	1.74%	2.95%
Abbott Labs	1,046,997	1,000,000	1.74%	5.63%
Bristol Myer Sqb.	2,057,224	2,000,000	3.47%	4.75%
Pfizer Inc.	1,940,694	2,000,000	3.47%	2.50%
	<u>\$57,969,609</u>	<u>\$57,582,165</u>	<u>100.00%</u>	

Note: The investment listing above excludes investments in mutual funds and local obligation bonds held by fiscal agents.

Source: City Finance Department

CITY OF UNION CITY

Miscellaneous Information

Date incorporated	January 26, 1959
Type of city	General law
Form of government	Council/Manager
Police protection	1 station 75 sworn personnel
Fire protection	4 stations 48 sworn personnel
Cultural	17 parks 2 multicourt tennis complexes 3 community centers 2 teen centers 1 senior center
City employees	335.98 FTE
Population	70,338
Households	19,625
Number of registered voters	25,300
Number of public schools:	8 elementary schools 3 middle schools 1 high school 1 adult school
Number of students enrolled in public school	13,200

*Source: City Finance Department
California Department of Finance*

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City of Union City
34009 Alvarado-Niles Road
Union City, CA 94587