

CITY OF HAYWARD  
CALIFORNIA

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2017



**CITY OF HAYWARD, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR FISCAL YEAR ENDED JUNE 30, 2017**

Prepared by:

Accounting Division, Department of Finance

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# CITY OF HAYWARD, CALIFORNIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2017

### TABLE OF CONTENTS

	<b>Pages</b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal.....	i – xi
Organization Chart.....	xii
Directory of City Officials.....	xiii
Directory of Administrative Staff.....	xiv
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	xv
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Opinion.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	17
Statement of Activities.....	18
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	22
Reconciliation of Governmental Fund Balances to Net Position of Governmental Activities.....	25
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	26
Reconciliation of the Net Change in Fund Balances – Total Governmental Funds with the Statements of Activities.....	28
Proprietary Funds:	
Statement of Net Position.....	30
Statement of Revenues, Expenses and Changes in Fund Net Position.....	31
Statement of Cash Flows.....	32
Fiduciary Funds:	
Statement of Fiduciary Net Position.....	34
Statement of Changes in Fiduciary Net Position.....	35
Notes to Basic Financial Statements.....	37
Required Supplemental Information:	
Schedule of Changes in the Net Pension Liability and Related Ratios (Miscellaneous Plan).....	94
Schedule of Contributions (Miscellaneous Plan).....	95
Schedule of Changes in the Net Pension Liability and Related Ratios (Fire Safety Plan).....	96
Schedule of Contributions (Fire Safety Plan).....	97
Schedule of Changes in the Net Pension Liability and Related Ratios (Police Safety Plan).....	98
Schedule of Contributions (Police Safety Plan).....	99
Retiree Medical Benefits (OPEB) Schedule of Funding Progress.....	100

**FINANCIAL SECTION (Continued):**

Required Supplemental Information (Continued):

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
General Fund and Major Special Revenue Fund:

General Fund .....	103
Federal Grants Special Revenue Fund .....	104

Supplemental Information:

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Major Capital Projects Funds:

Housing Authority Capital Project Fund .....	107
General Capital Projects Capital Project Fund .....	108

Combining Balance Sheets – General Fund .....	111
---	-----

Combining Schedules of Revenues, Expenditures and Changes in Fund Balance – General Fund .....	112
---	-----

Non-major Governmental Funds:

Combining Balance Sheets .....	116
--------------------------------	-----

Combining Statements of Revenues, Expenditures, and Changes in Fund Balances .....	120
---	-----

Combining Schedules of Revenues, Expenditures, and Changes in Fund Balances—Budget and Actual .....	124
--	-----

Non-major Enterprise Funds

Combining Statements of Net Position .....	134
--	-----

Combining Statements of Revenues, Expenses and Changes in Fund Net Position .....	135
---	-----

Combining Statements of Cash Flows .....	136
--	-----

Internal Service Funds:

Combining Statements of Net Position .....	138
--	-----

Combining Statements of Revenues, Expenses and Changes in Fund Net Position .....	140
---	-----

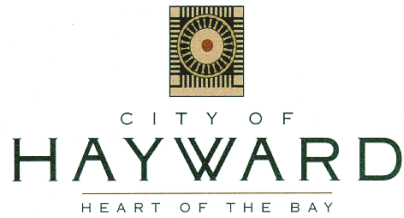
Combining Statements of Cash Flows .....	142
--	-----

Fiduciary Funds:

Statement of Changes in Assets and Liabilities – All Agency Funds .....	146
---	-----

**STATISTICAL SECTION (Unaudited)**

Net Position by Component – Last Ten Fiscal Years .....	149
Changes in Net Position – Last Ten Fiscal Years .....	150
Fund Balances of Governmental Funds – Last Ten Fiscal Years .....	155
Changes in Fund Balance of Governmental Funds – Last Ten Fiscal Years .....	156
Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years .....	158
Property Tax Rates - All Overlapping Governments – Last Ten Fiscal Years .....	159
Principal Property Taxpayers .....	160
Property Tax Levies and Collections – Last Ten Fiscal Years .....	161
Ratio of Outstanding Debt by Type– Last Ten Fiscal Years .....	162
Computation of Direct and Overlapping Debt .....	163
Computation of Legal Bonded Debt Margin .....	164
Revenue Bond Coverage Wastewater Revenue Bonds – Last Ten Fiscal Years .....	165
Bonded Debt Pledged Revenue Coverage, Tax Allocation Bonds- Last Ten Fiscal Years .....	166
Demographic and Economic Statistics – Last Ten Fiscal Years .....	167
Principal Employers .....	168
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years .....	169
Operating Indicators by Function/Program – Last Six Fiscal Years .....	171
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years .....	172



December 6, 2017

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

It is my pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Hayward for the fiscal year ended June 30, 2017. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. In the opinion of management, the data is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and contains all disclosures necessary to enable the reader to understand the City's financial affairs. The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB).

## **FINANCIAL STATEMENT PRESENTATION**

This report consists of management's representations concerning the finances of the City of Hayward, California. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP.

The City's financial statements have been audited by Maze and Associates, a public accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The goal of the independent auditor is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Hayward, California's financial statements for the year ended June 30, 2017, are fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this Report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of Federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis related to and involving the administration of Federal Awards. These reports are available in the City's separately issued Single Audit Report (issued in March 2018).

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

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

## **CITY PROFILE & SERVICES**

With a population currently estimated at 161,040, Hayward is the sixth largest city in the San Francisco Bay Area and the third largest city in Alameda County. Hayward is located fourteen miles south of Oakland in the San Francisco Bay Area. The City area includes sixty-one square miles lying between the eastern shore of the San Francisco Bay and the southern Oakland-Berkeley Hills. Hayward serves as a major transportation hub and a center of commercial and industrial activity, with immediate access to major interstate freeways, rail lines, and public transit routes such as Bay Area Rapid Transit (BART). The community has more than 50,000 homes and residences of all types; and considerable commercial and industrial development. Major institutional facilities include California State University-East Bay, Chabot Community College, one major hospital, a variety of private and vocational educational institutions; and state and county offices.

### **City Structure**

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

### **City Services**

Hayward provides a full range of services to its residents including: law enforcement; fire prevention and protection; paramedic services; housing and economic development; land use development services and regulations; community planning; street construction and maintenance; landscape maintenance services; transportation planning; and contracted curbside recycling and refuse collection. In addition, the City operates and maintains facilities for water distribution, storm water, and sanitary sewer collection and disposal. The City also operates a general aviation executive airport, downtown parking facilities, a main and branch library, and a civic center. Park and recreation services are provided through partnership with the regional Hayward Area Recreational District (HARD), headquartered in the City. This partnership includes two public golf courses under operational lease to HARD. After school homework and tutoring programs and literacy classes are provided through the City Library system and are located in the Library and on school campuses in partnership with Hayward Unified School District (HUSD).

## **Component Units**

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

## **ECONOMIC CONDITION AND OUTLOOK**

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

### **Local Economy**

Hayward is a diverse city with a diverse economy – comprised of a well-established and growing business community that represents a balance of retail, industrial, and advanced technologies. In fiscal year 2017, the City of Hayward economy experienced a modest improvement similar to the rest of the State – as did other cities in the San Francisco Bay Area. It should be noted that the Bay Area is a region with many micro economies. Each agency within this region has experienced varying levels of economic improvement as driven by their distinct local economic situations. The recession resulting from the global financial and credit market meltdown in 2008 has had a direct and dramatic impact on Hayward’s local revenues these past few years and the City is now experiencing stabilization of revenues, although not all revenues have returned to pre-recessionary levels.

During the June 3, 2014 municipal election, the voters of the City of Hayward passed a ballot measure (Measure C) to increase the City’s Transaction and Use (Sales) Tax by half a percent for twenty years (referred to as Measure C District Tax throughout this document). This half cent increase became effective October 1, 2014, bringing Hayward’s Sales and Use Tax to 9.75%. This is a general tax that is considered discretionary in nature. Staff estimates that the Measure C District Tax will generate between \$10-\$14 million annually in locally controlled revenue that can be allocated by the City Council and will remain in place for a period of twenty years.

Reports indicate that the State of California’s economy continues to improve and the Hayward economy reflects this improvement. The Employment Development Department data reflects that the unemployment rate in Alameda County as of October 2017 was 3.4%, which is down from .9% in 2016 and 1.1% in 2015. In addition, Hayward has seen a 6% increase in its assessed valuation in 2017. The median residential home value is about \$604,800 in September 2017 versus \$552,300 a year ago.

From 2008-2012 the City saw a cumulative loss of \$12.4 million in sales tax revenue, due in large part to lagging automobile sales, along with decreases in business-to-business, construction, and other retail sectors. While the City has seen an erosion in some business segments, this revenue source has been fully restored to pre- recession levels. The City's Measure C District tax revenues, as approved by the voters in 2014, (\$14.0 million in FY 2017) dramatically increased total Sales Tax revenues. However, these revenues are targeted for specific activities as outlined in the documents to place the measure on the ballot in 2014; therefore, to get the true story of the City's Sales Tax, these revenues should be considered separately.

On May 19, 2009, the voters of the City of Hayward approved Measure A allowing for the collection of a 5.5% utility users tax to maintain key essential services and prevent further reductions to basic City services. The utility users' tax revenue for fiscal year 2017 was \$20.8 million.

While increasing City revenues provides optimism, management has mixed views regarding the outlook for the future due to the continued growth of expenditures related to employee benefits and deferred infrastructure improvements. Controlling expenditures has been a key element in responding to the City's fiscal challenges. Management and employee groups have successfully partnered to implement significant structural savings and cost-sharing that will assist the City in achieving long-term fiscal sustainability.

### **Factors Affecting the City's Financial Condition**

The City faces similar challenges to other local jurisdictions in California. In addition to rising operating and capital costs, the City has lost over \$100 million in local revenues to the State since 1994. The State's ability to take local government revenues, the loss of the City's redevelopment agency being a prime example, has significantly hampered the future plans of local governments for years to come. In addition, the State's continued policy to push services down to the local level without reallocating revenue to support the service delivery is a continued challenge.

### **Long-term Perspective**

The City has been prudent with its financial resources and has contained costs by implementing both structural and one-time budget savings. While the City has consistently worked to balance its budget, Hayward must continue this effort and make additional adjustments to its general fund expenditures to address and resolve an ongoing structural deficit largely driven by rising employee benefit costs.

The City employs long-term planning as the framework for its fiscal decisions and recently updated its forecasting model to provide a comprehensive and agile tool projecting the City's finances for a ten-future fiscal year period for the General Fund as well as other key operating funds. While the General Fund structural budget gap has been greatly reduced as compared to years past, the City continues its efforts to eliminate structural gaps and achieve a more stable fiscal outlook on a long-term basis.

While Hayward's underlying economy is viewed as stable and positive in the long-term, today's economic challenges, notably to the City's General Fund, must be dealt with immediately to ensure long-term economic stability. The other enormous challenge is continuing to provide an ever-increasing high level of service to the community with limited resources and rising employee benefit costs – while ensuring long-term economic stability.

## MAJOR INITIATIVES & ACCOMPLISHMENTS

In its role of providing direction and general oversight, the City Council has adopted four priorities and two supporting goals:

<b>Overarching Priorities:</b>	SAFE	CLEAN
	GREEN	THRIVE
<b>Supporting Goals:</b>	FISCAL	ORGANIZATIONAL
	STABILITY	HEALTH

In an effort to focus and advance these goals, the City Council adopted three strategic initiatives in FY 2017. The adoption of the Complete Streets, Complete Communities and Tennyson Corridor initiatives provides management the focus and framework to move the Council’s overarching priorities forward in significant ways.

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

### Capital Improvement Program

An example of one of the strategies to meet Council priorities is through the City’s Capital Improvement Program, which for FY 2017 was budgeted at \$195 million in all funds, and over the Ten-Year Planning Cycle, the Capital Improvement Program totals \$518 million in project allocations. These projects will improve the economic base of the City as well as improve the safety and reliability of City infrastructure for residents, businesses, and visitors.

### Neighborhood Services/Cleanliness

*Neighborhood Partnership Program:* The City continues to maintain strong connections to residents and businesses throughout the community. Staff and Council conduct regular Neighborhood Partnership meetings in many Hayward neighborhoods, as well as continue to partner with the City’s civilian-based Keep Hayward Clean and Green Task Force and many proactive neighborhoods to clean up and maintain the community and to prevent and abate graffiti.

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

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

*Federal Grant for Storm Drain Trash Capture Device Installation:* The City implemented the second year of the \$800K grant from the U.S. Environmental Protection Agency for Youth-Based Trash Capture, Reduction and Watershed Education project. This effort partnered with local school groups to install one of the project's two large trash capture devices in the City's municipal storm sewer system. The project also characterized and quantified trash collected from each device, assessed trash sources, and implemented trash reduction initiatives based on trash collected. The second trash capture device is scheduled to be installed next year.

*21<sup>st</sup> Century Library and Community Learning Center and Heritage Plaza:* This project, which is expected to cost \$65.7 million, will construct a 58,000 square-foot Library and Community Learning Center. This is planned to be a Leadership in Energy and Environmental Design (LEED) Platinum and Net Zero Energy facility and plaza that will meet the community's needs through 2030 and beyond. Construction began in FY 2016 as a result of the June 2014 approval by the Hayward voters of the ½ cent District sales tax. The library building is expected to be completed during Spring/Summer of 2018.

*Fire Station #7 and Firehouse Clinic:* Located on Huntwood Avenue, this fire station replaced the existing facility, which was a four-piece modular building with an adjacent apparatus bay and showed severe signs of aging. In addition, the project features a community health center, which will help to relieve emergency rooms of current, overcrowded conditions. Design work was completed during FY 2014 and construction commenced during the early part of FY 2015 which was completed in September 2016. The collocated firehouse clinic station model has been a tremendously successful model for service delivery to residents. More information on the firehouse clinic can be found at <https://www.mercurynews.com/2015/11/12/first-firehouse-clinic-in-state-opens-friday-in-hayward/>.

*Fire Stations 1-5 Improvements:* This project provides major renovations to the existing Fire Stations 1-5 including seismic retrofit, energy efficient buildings, and accessibility upgrades. The project is expected to cost \$10.8 million. Design work was completed in December 2016. Construction commenced in April 2017 and is expected to be completed in May 2018.

*Fire Station 6 and Fire Training Center Improvement:* Located on West Winton Avenue and adjacent to the Hayward Executive Airport, this project will replace the existing Fire Station 6 and Fire Training Center. The current training center consists of four main buildings that could potentially be replaced with eight new buildings/structures based on the leveraging of Measure C district sales tax revenues and partnerships with other agencies. This project will replace the existing Fire Station 6 and Fire Training Center with a new Fire Station 6/Classroom Building, Apparatus Building, Training Tower, Burn Building, Storage Building, Hangar Building, USAR Structure and Parking Lot and an alternate design for an Outdoor Classroom, BART Station training facility, and Entry Canopy. The project also includes installation of Bay-Friendly

Landscaping, storm water treatment, LED lighting, solar PV panels and is planned to be a LEED Silver or better, and achieve Net Zero Energy in the habitable buildings. The project is expected to cost \$59.1 million (full buildout of all training facilities). Design work is expected to be completed by June 2018, construction to commence in Fall FY 2019 with an expected completion date in Winter FY 2020.

*Mission Boulevard Corridor Improvements Phase 2:* The Phase 2 project is a continuation of the Phase 1 project and will improve Mission Boulevard from Industrial Parkway to the south City limit near Blanche Street. The project is designed to accommodate multi-modal access which includes the installation of new sidewalk, curb ramps, pavement, traffic signals, street lighting, bike lanes, transit improvements, landscaping and underground of overhead utilities. The project also includes sustainability features such as drought tolerant plants, permeable pavers, reuse of existing pavement, and energy efficient LED streetlights with dimming features. The project is expected to cost \$32.5 million. Design work was completed in September 2017, construction will commence in January 2018 and the project is expected to be completed in September 2019.

*Main Street Complete Street Project:* Council has taken several actions to develop a policy that ensures the City streets are safe and convenient for travel regardless of age or ability, and that accommodate all modes of transportation. On March 19, 2013, Council adopted Resolution No. 13-027, supporting a city-wide Complete Streets Policy to support the design and development of a comprehensive, integrated transportation network to allow for safe, convenient travel along and across streets for all users.

Council has prioritized Main Street as one of the key streets that requires improvement due to its location in the core downtown area and its offering of a wide-range of housing choices (existing and planned future), including affordable housing options, retail stores, and services in close proximity to BART and other public transit services.

Consistent with this policy and Council's priority of implementing complete streets elements, City staff successfully applied for and Hayward was awarded a \$1.675 million Measure BB grant from Alameda County Transportation Commission towards design and construction of this project.

The Main Street Complete Streets project will improve pedestrian facilities and add bicycle lanes to create a safe, friendly environment for multimodal travel in the Downtown Hayward Priority Development Area.

The proposed project will reduce the roadway from four to two lanes, add bulb-outs (curb extensions) at intersections, add bike lanes, improve ADA access with new curb ramps, widen sidewalks, create on-street parking opportunities that provide door zone protection for bicyclists, resurface and restripe roadways, and create an attractive, sustainable landscaping buffer along sidewalks. The award for design is anticipated in early 2018 with construction commencing in Spring of 2019.

## **Land Use and Sustainability**

*Recycled Water:* The City obtained a State Revolving Loan through the State Water Resources Control Board for the construction of a recycled water distribution system. This project will deliver recycled water to suitable sites within close proximity to the City's Water Pollution Control Facility. This project would enable the City to distribute 260,000 gallons per day of tertiary treated wastewater for irrigation and industrial use, and reduce the City's reliance on potable water for these purposes.

*Water Meter Replacement and Advanced Metering Infrastructure (AMI):* The City initiated a comprehensive meter replacement project which will utilize AMI technology, providing remote water meter reading capabilities. This system also enables water customers to better manage their water use through access to frequent real-time meter reads. The project is approximately 25% complete and is expected to be finished by the end of 2018.

*Water Conservation:* The City continues to offer a suite of water conservation programs to customers and has increased the effort to perform outreach related to water conservation and efficient water use to all customers. The City remains in compliance with all State conservation regulations, and permanently prohibited wasteful water practices through an Ordinance update.

*Route 238:* Mission Boulevard, formerly Route 238, is now a City street that stretches north to south from one end of the City of Hayward to the other. There are several proposed projects related to this corridor. One major project relates to the disposition of over four hundred parcels of property accumulated by the State Department of Transportation (Caltrans) in preparation for the old 238 bypass freeway, which was abandoned by Caltrans through pressure and litigation by the community and housing advocates. The City, in conjunction with Caltrans, recently completed the sale of almost all residential units, moving these parcels back onto the Property Tax rolls; and assuring that many long-term tenants of these properties had the necessary assistance to purchase their home if they desired. The City has recently acquired ten groups of these parcels from Caltrans and is now seeking planned development proposals from the development community prior to offering these undeveloped or under-developed parcels for sale.

*Hangar Development at Hayward Executive Airport:* In the past year, construction was completed on two new airport facilities that will provide competitive fuel sales and aircraft storage services for private aircraft owners. The two facilities will also help increase local employment opportunities. In December 2016, New Jersey-based aviation service company Meridian opened their first West Coast Fixed Base Operation at the airport, a \$10 million, 30,000 square foot hangar and 60,000 square foot passenger terminal complex. In March 2017, aviation service company and long-standing airport tenant APP Jet Center completed work on a \$5.5 million, 20,000 square foot hangar and 3,000 square foot passenger terminal complex. Both companies report that their hangars are now completely full.

## **Organizational Health and Fiscal Stability**

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

### **Long-term Debt Ratings**

The City maintains excellent ratings on all of its debt issuances. In recent fiscal years, the City has received very high ratings from the various rating agencies, including a AA rating from both Fitch and Standard & Poor's of the 2015 Certificates of Participation, which was reaffirmed in December 2017 and a AA+ rating by Standard & Poor's for the 2013 Water Bonds. The City also has an implied general obligation rating of AA+ with a stable outlook from both rating agencies. Standard & Poor's Ratings Services recently reviewed the rating of the 2004 and 2006 TABS and upgraded its rating from A- to A and affirmed a stable outlook. A critical component of the rating agency review is the City's financial management status - i.e., appropriate reserve levels, plans to reduce liabilities, fiscal policies, etc. If the City fails to maintain these areas of fiscal control, the City could see a reduction in future ratings.

## **FINANCIAL INFORMATION**

### **Internal Controls**

The City's management is responsible for establishing and maintaining an internal control structure designed to ensure that adequate accounting data is compiled to prepare the City's financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the calculation of costs and benefits requires estimates and judgments by management.

### **Budgetary Controls & Financial Policies**

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

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

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

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

*Debt Administration:* Even as a charter city, Hayward has adopted a comprehensive debt management policy that guides the issuance and management of City debt. The policy includes establishing the legal debt limits (per State law this equates to 15% of assessed value of all real and personal property of the city); identifying the types of debt that can be issued and purposes for which debt proceeds can be used; establishing financial limits affecting debt issuance; and identifying guidelines regarding the structuring of debt (such as term). At the end of fiscal year 2017, the City had total debt outstanding of \$142.5 million, which complies with, and is significantly under, the current policy limits. This is further detailed in the accompanying Management Discussion and Analysis (MD&A) section of this document.

*Cash Management:* The City's investment policy is conservative and is supported by the annual adoption by the City Council of a Statement of Investment Policy that defines the objectives and priorities of the investment program, which stresses the safety and liquidity of funds as the highest priority. The final priority is to achieve the maximum yield possible within the constraints and limits stated in the policy. The City hired a third-party investment manager in July 2012 to assist in managing and balancing the City's pooled cash portfolio, and improving the overall yield within policy guidelines.

*Reserve Policies:* In complying with the provisions of GASB Statement 54 (fund balance reporting and fund type definitions), some of the current reserve designations have changed. For FY 2017, the policy states that General Fund reserves for economic uncertainty and liquidity should be no less than two months of city operating costs or at least 20% of budgeted General Fund operating expenditures.

While further delineated in the accompanying MD&A, at the end of fiscal year 2017, the unassigned fund balance of the General Fund was \$21.8 million, while the total fund balance was \$39.7 million (includes non-cash outstanding receivables of over \$7.6 million and \$7.9 million in Measure C District Tax cash balance). The unassigned fund balance represents 12.3% of total General Fund expenditures of \$176.5 million (including Transfers Out).

## **AWARDS AND ACKNOWLEDGEMENTS**

### **Award Recognition**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Hayward for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. This was the thirty first consecutive year that the City of Hayward has received this prestigious national award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. This Report must also satisfy both GAAP and applicable legal requirements.

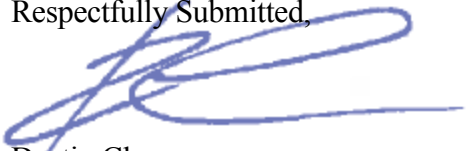
A *Certificate of Achievement for Excellence in Financial Reporting* from the GFOA is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement requirements and staff will submit it to the GFOA to determine eligibility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

### **Acknowledgements**

The preparation of this report would not have been possible without the dedicated efforts of the entire Finance Department staff, as well as the audit firm of Maze & Associates. All those who contributed to the preparation of this report deserve commendation for their dedication and hard work. I would like to express special appreciation to Marichu Maramba, Accounting Manager; Thanh Nguyen, Senior Accountant, Denise Robles, Accountant; Michele Tan, Finance Technician; and the entire Accounting Division staff.

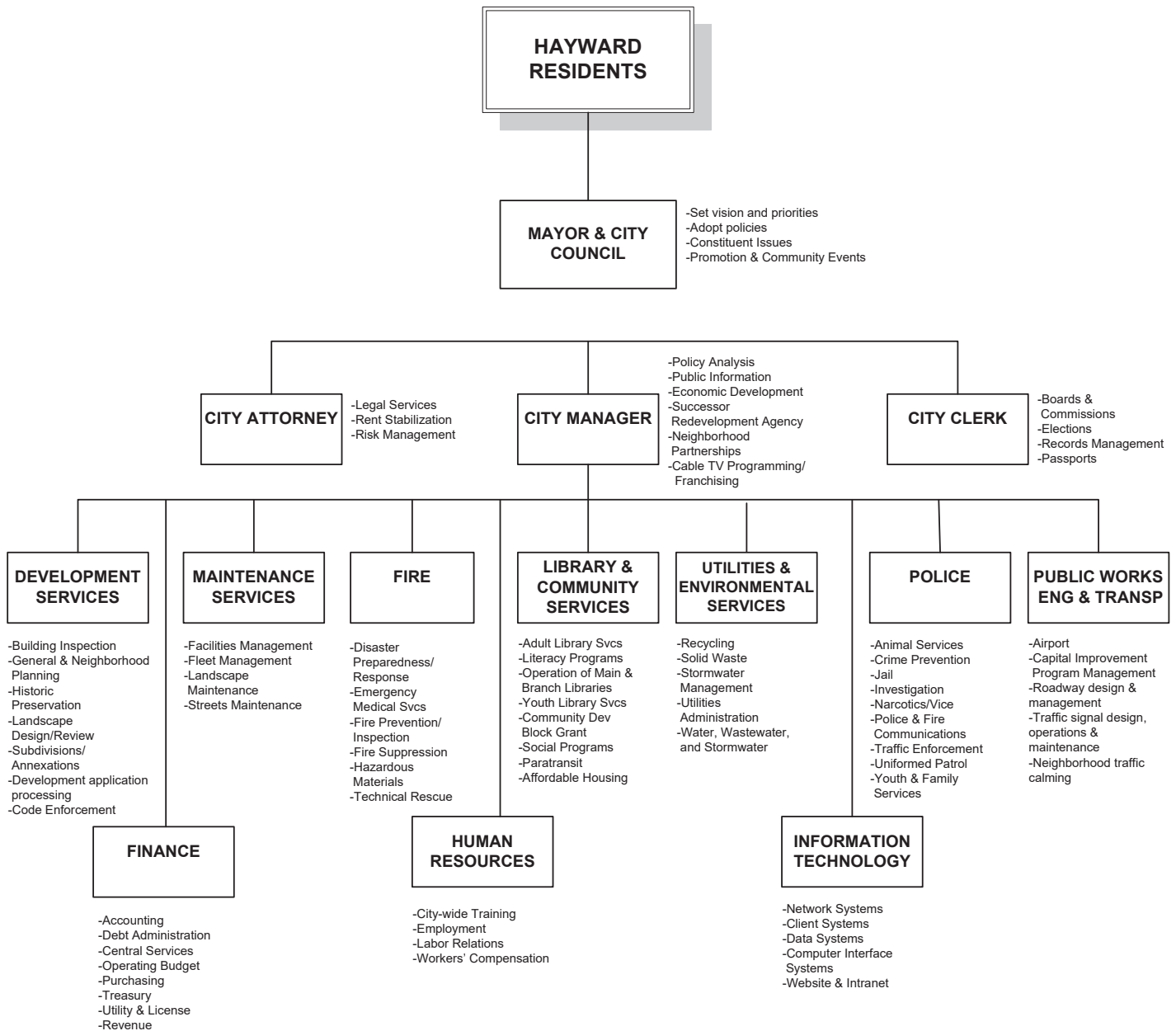
I also wish to recognize the commitment of the City Manager, the Mayor, and the City Council to the high standards embodied in this report and express appreciation to them and each City department for their cooperation and support in conducting the fiscal operations of the City.

Respectfully Submitted,



Dustin Claussen  
Director of Finance  
City of Hayward

# CITYWIDE ORGANIZATION



## ELECTED OFFICIALS

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



**Barbara Halliday**  
Mayor  
Term Expires 2018



**Marvin Peixoto**  
Council Member  
Term Expires 2018



**Sara Lamnin**  
Council Member  
Term Expires 2018



**Mark Salinas**  
Council Member  
Term Expires 2020



**Elisa Márquez**  
Council Member  
Term Expires 2020



**Francisco Zermeño**  
Council Member  
Term Expires 2020



**Al Mendall**  
Council Member  
Term Expires 2020

### **Appointed by City Council**

City Manager	Kelly McAdoo
City Attorney	Michael Lawson
City Clerk	Miriam Lens

### **Department Directors**

Assistant City Manager	Maria Hurtado
Development Services	David Rizk
Finance	Dustin Claussen
Fire	Chief Garrett Contreras
Human Resources	Nina Morris Collins
Information Technology	Adam Kostrzak
Library & Community Services	Sean Reinhart
Maintenance Services	Todd Rullman
Police	Chief Mark Koller
Public Works - Engineering & Transportation	Morad Fakhrai
Utilities & Environmental Services	Alex Ameri



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Hayward  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

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## INDEPENDENT AUDITORS' OPINION

To the Honorable Members of the City Council  
City of Hayward, California

### *Report on Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hayward, (City) California, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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 from material misstatement.

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

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

### *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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Supplemental Information, and Statistical Section as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2017 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Maze & Associates*

Pleasant Hill, California  
December 6, 2017

## **CITY OF HAYWARD, CALIFORNIA**

### **Management's Discussion and Analysis**

As management of the City of Hayward (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information furnished in the Letter of Transmittal, which can be found in the preceding introductory section of this report, and with the City's basic financial statements and accompanying notes to those financial statements.

#### **Financial Highlights**

- ❑ At the close of the most recent fiscal year, the assets of the City exceeded its liabilities by \$421.3 million (*total net position*). Excluding the \$369.1 million net pension liability, \$263.4 million of unrestricted net position is available to meet the City's ongoing obligations to residents and creditors.
- ❑ The City's total net position increased by \$9.4 million over fiscal year 2016. Governmental activities, including the General Fund, decreased by \$.8 million and Business-type activities, increased by \$10.2 million.
- ❑ As of June 30, 2017, the City's governmental funds reported combined fund balances of \$174.9 million, a decrease of \$6.3 million from the prior year. The most significant factor in this change was the \$6.8 million increase in construction related costs for the City's 21<sup>st</sup> Century Library.
- ❑ At the end of fiscal year 2017, total fund balance for the General Fund was \$39.7 million, a decrease of \$4.4 million over fiscal year 2016. The total fund balance is comprised of \$7.6 million in non-spendable (illiquid reserves), \$10.3 million in assigned (liquid reserves designated for specific purposes) and \$21.8 million spendable in fund balance designated for contingencies, economic uncertainty, emergencies, and liquidity by the City Council. The \$21.8 million represents 12.3% of total General Fund expenditures including Transfers Out. The \$7.6 million in non-spendable reserves offsets a long-term loan receivable (General Fund loan to the Redevelopment Successor Agency).
- ❑ Fiscal year 2017 ended with a net decrease to the General Fund, General Purpose Fund Reserve of \$1.1 million (net of Measure C district sales tax revenues) utilizing General Fund Reserves to balance the fiscal year 2017 budget due to operating revenues not fully covering operating costs.
- ❑ As of June 30, 2017, the City's enterprise funds (Sewer, Water, Stormwater and Airport) reported a combined net position of \$294.8 million; an increase of \$10.2 million from the previous year, due to water and sewer charges and fees.

#### **Overview of the Basic Financial Statements**

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

**Government-wide Financial Statements.** (pages 17-19) The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

The *statement of activities and change in net position* (see Table 2 below on page 7) presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flow impacts in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

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

**Governmental Funds.** (pages 22-28) Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial requirements.

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

The City maintains twenty two individual government funds for financial reporting. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, Federal Grants, Housing Authority, Route 238 Corridor Improvement Fund and General Capital Projects Fund all of which are considered to be major funds. Data from the other eighteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the *Non-major Governmental Funds* section of this Report. *Combining statements* present and summarize all the details of the non-major funds.

The City adopts an annual appropriated budget for all its governmental funds. A budgetary comparison statement is provided for all governmental funds with annually adopted budgets. The budget comparison statements for the General Fund, Federal Grants Special Revenue Fund, Housing Authority Capital Project Fund, the Route 238 Corridor Improvement Capital Project Fund and General Capital Projects Fund are located in the basic financial statements starting on page 103 of this report. All other major and non-major funds with legally adopted annual budgets are located in the supplementary information section.

***Proprietary Funds.*** (pages 30-32) The City maintains two different types of *proprietary funds*, the Enterprise Funds and the Internal Service Funds. The *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its sewer, water, storm water runoff, and airport operations. The *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Workers Compensation, General Liability, Fleet Management, Facilities, Information Technology, and Employee Benefits Funds. Because these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

***Fiduciary Funds.*** (pages 34-35) Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs.

**Notes to the Basic Financial Statements.** (pages 37-92) The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, supplementary information on major and non-major governmental funds and internal service funds are presented in this report. Combining and individual fund statements and schedules can be found beginning on page 94 of this Report.

## Government-wide Financial Analysis

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

**Statement of Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, total assets exceeded total liabilities by \$421.3 million at the close of the current fiscal year, an increase from the prior year of \$9.4 million.

**Table 1 – City of Hayward Statement of Net Position** (in millions)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Assets</b>						
Current and other assets	\$223.6	\$242.3	\$186.8	\$179.7	\$410.4	\$422.0
Capital assets	379.5	360.8	174.3	171.8	553.8	532.6
<b>Total assets</b>	<b>603.1</b>	<b>603.1</b>	<b>361.1</b>	<b>351.5</b>	<b>964.2</b>	<b>954.6</b>
<b>Deferred outflows</b>	<b>67.2</b>	<b>23.5</b>	<b>5.4</b>	<b>2.6</b>	<b>72.6</b>	<b>26.1</b>
<b>Liabilities</b>						
Long term debt outstanding	99.0	103.2	35.8	39.8	134.8	143.0
Other liabilities	438.8	378.0	34.1	27.3	472.9	405.3
<b>Total liabilities</b>	<b>537.8</b>	<b>481.2</b>	<b>69.9</b>	<b>67.1</b>	<b>607.7</b>	<b>548.3</b>
<b>Deferred inflows</b>	<b>6.0</b>	<b>18.1</b>	<b>1.8</b>	<b>2.4</b>	<b>7.8</b>	<b>20.5</b>
<b>Net position:</b>						
Net investments in capital assets	324.1	255.0	134.5	128.2	458.6	383.2
Restricted	68.4	68.0	0.0	0.0	68.4	68.0
Unrestricted*	(266.0)	(195.7)	160.3	156.4	(105.7)	(39.3)
<b>Total net position</b>	<b>\$126.5</b>	<b>\$127.3</b>	<b>\$294.8</b>	<b>\$284.6</b>	<b>\$421.3</b>	<b>\$411.9</b>

\* Unrestricted net position for June 30, 2017, included the City's \$369.1 million net pension liability, which is not a claim on current financial assets.

The largest portion of the fiscal year 2017 City's net position, \$458.6 million, reflects its investment in capital assets (e.g. land, buildings, street infrastructure, sewer and water pipelines, machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (future revenue), since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position, \$68.4 million, represents the resources that are subject to external restrictions on how they may be used. Almost all of the restricted net position is related to City's special revenue and capital projects funds. Excluding the \$369.1 million net pension liability, \$263.4 million of unrestricted net position is available to meet the City's ongoing obligations to residents and creditors.

**Statement of Activities.** The Statement of Activities provides information about all the City's revenues and expenses, with an emphasis on measuring net revenues or expenses of each of the City's programs and explains in detail the change in Net Position for the year. The City's governmental activities net position decreased by a net total of \$.8 million.

**Table 2 – City of Hayward Statement of Activities and Change in Net Position**  
(in millions)

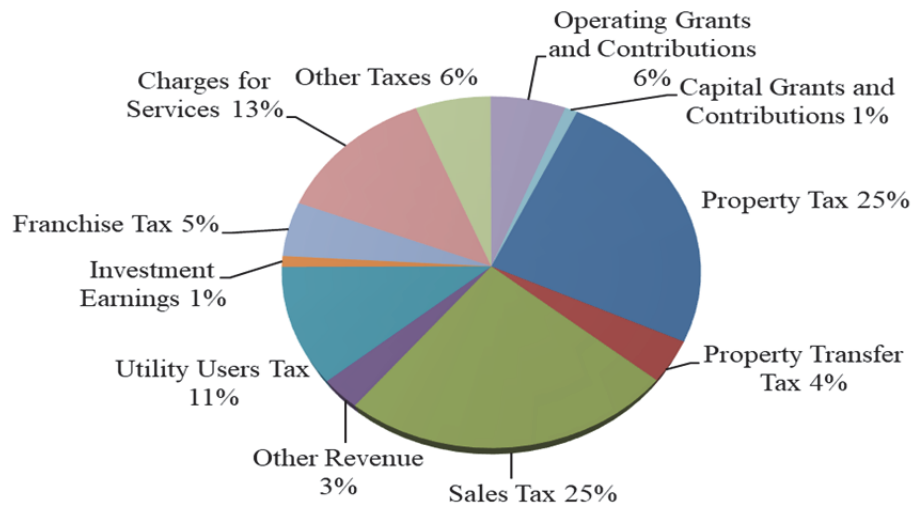
	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Program revenues</b>						
Charges for services	\$25.2	\$21.2	\$87.8	\$86.0	\$113.0	\$107.2
Operating contributions and grants	12.0	13.6	1.1	-	13.1	13.6
Capital contributions and grants	1.5	31.3	-	-	1.5	31.3
	38.7	66.1	88.9	86.0	127.6	152.1
<b>General revenues</b>						
Property tax	48.8	44.8	-	-	48.8	44.8
Sales tax	48.8	46.5	-	-	48.8	46.5
Utility user tax	20.8	22.0	-	-	20.8	22.0
Real property transfer tax	8.3	7.8	-	-	8.3	7.8
Franchise fees	9.6	10.1	-	-	9.6	10.1
Other taxes	11.7	13.2	-	-	11.7	13.2
Investment earnings	1.5	0.5	1.9	1.0	3.4	1.5
Miscellaneous	5.1	5.5	-	-	5.1	5.5
General revenues subtotal	154.6	150.4	1.9	1.0	156.5	151.4
<b>Total Revenues</b>	<b>193.3</b>	<b>216.5</b>	<b>90.8</b>	<b>87.0</b>	<b>284.1</b>	<b>303.5</b>
<b>Expenses by activity</b>						
General Government	16.2	14.2	-	-	16.2	14.2
Public safety	128.1	118.4	-	-	128.1	118.4
Public works and transportation	25.6	14.4	-	-	25.6	14.4
Library and neighborhood services	7.0	9.1	-	-	7.0	9.1
Economic development	0.1	1.8	-	-	0.1	1.8
Planning and building	8.6	7.3	-	-	8.6	7.3
Maintenance services	8.3	6.1	-	-	8.3	6.1
Interest on long term debt	3.1	1.5	-	-	3.1	1.5
Sewer	-	-	22.7	23.8	22.7	23.8
Water	-	-	46.2	38.2	46.2	38.2
Airport	-	-	6.3	4.0	6.3	4.0
Stormwater	-	-	2.5	3.0	2.5	3.0
<b>Total expenses</b>	<b>197.0</b>	<b>172.8</b>	<b>77.7</b>	<b>69.0</b>	<b>274.7</b>	<b>241.8</b>
Increase (decrease) before transfers	(3.7)	43.7	13.1	18.0	9.4	61.7
Transfers	2.9	2.8	(2.9)	(2.8)	-	-
Change in Net Position	(0.8)	46.5	10.2	15.2	9.4	61.7
Beginning Net Position	127.3	80.8	284.6	269.4	411.9	350.2
<b>Ending Net Position (June 30)</b>	<b>\$126.5</b>	<b>\$127.3</b>	<b>\$294.8</b>	<b>\$284.6</b>	<b>\$421.3</b>	<b>\$411.9</b>

### Governmental Activities Revenues

Governmental revenues are categorized as Program Revenues and General Revenues. Program revenue includes charges for services such as traffic safety fines, licenses, permits, plan check fees, building inspection and other construction related fees. Contributions and grants include amounts contributed by developers and grants from state and federal government, of which the majority is public works capital grants. General Revenues includes general taxes (property, sales, etc.). Total revenues decreased by \$23.2 million largely driven by several key factors:

- Capital contributions and grants decreased by \$29.8 million over the prior year primarily due to decrease in transportation and streets grant money for projects that are complete, one of the major project is Route 880/92 Reliever Route.
- Sales Tax increased by \$2.3 million over the prior year – is a reflection of improving economy.
- Property Taxes increased by \$4.0 million over prior year due to increases in assessed valuation .

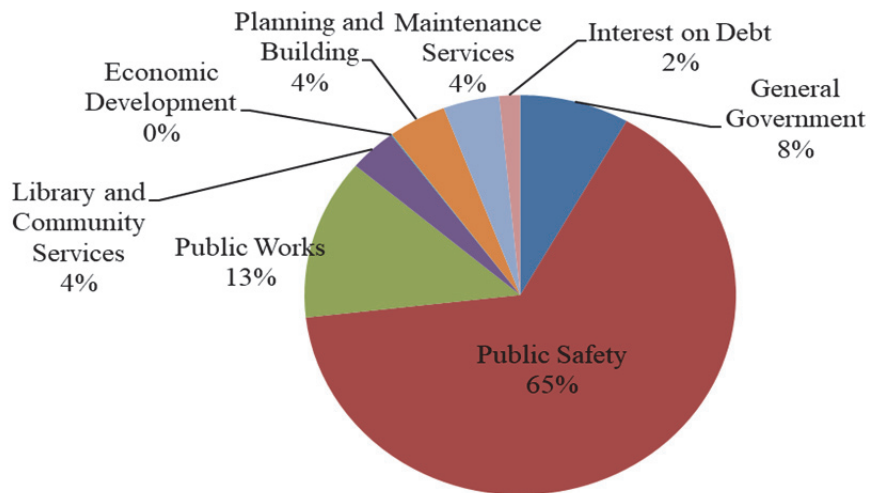
**Chart 1 – Revenues by Source – Governmental Activities fiscal year 2017**



**Governmental Activities Expenses**

The governmental expenses (excluding transfers) increased by \$24.2 million to \$197.0 million, largely attributed to public safety and public works and transportation and interest on long term debt costs. Chart 2 summarizes governmental expenses by category.

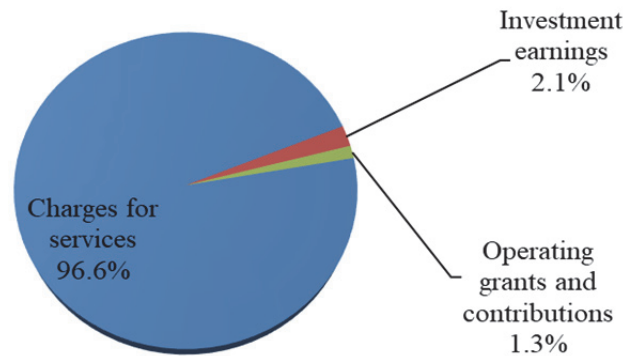
**Chart 2 – Expenses by Function – Governmental Activities fiscal year 2017**



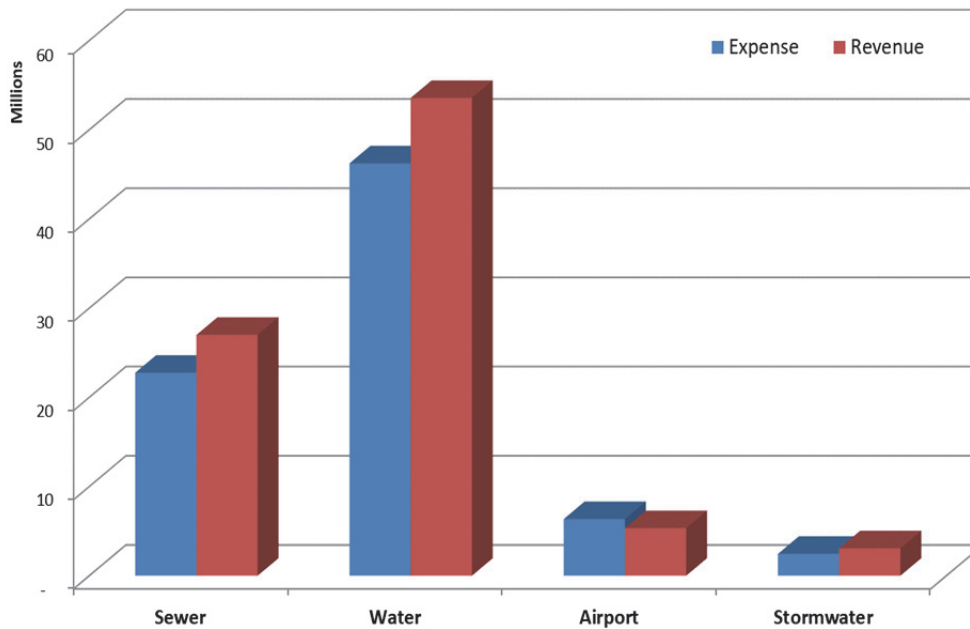
**Business-Type Activities.** The net position of business-type activities was \$294.8 million at June 30, 2017, an increase of \$10.2 million from last fiscal year. The increase in business-type position is attributable to water and sewer program revenues. Program revenues totaled \$87.8 million, while program expenses totaled \$77.8 million. Investment earnings totaled \$1.9 million.

As the *Revenues by Source* chart indicates, charges for utility services account for 96.6% of the revenue for the City’s enterprise funds. The majority of revenues are generated by the Water and Sewer enterprises.

**Chart 3 – Revenues by Source – Business-type Activities**



**Chart 4 – Expenses and Program Revenues – Business-type Activities**



The *Expenses and Program Revenues* chart above illustrates both expenditures and revenues for operations and capital improvements for the City’s business-type activities.

Water, Sewer and Stormwater Funds increased their net position. Sewer saw an increase of \$4.2 million, water increased by \$7.3 million and Stormwater increased by \$.6 million. Given future capital expenses to be borne by these funds and anticipated cost increases attributed to California's drought conditions, this is an appropriate level of revenue growth. The Airport Fund experienced a decrease in net position of \$1.0 million due to a increase in operating expenses over the prior year.

## **Financial Analysis of the Government's Funds**

**Governmental Funds.** The purpose of the City's governmental fund statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's funding requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. It should be noted that unassigned amounts are designated by City Council for specific purposes.

At the end of fiscal year 2017, the City's governmental funds reported combined ending fund balances of \$174.9 million, a decrease of \$6.3 million compared with the prior year – almost entirely due to the construction related costs of the City's 21<sup>st</sup> Century Library . Approximately \$153.1 million of the fund balance or 87.6% represents Non-Spendable, Restricted, and Assigned fund balances; and \$21.8 million or 12.4% is Unassigned and is available for spending at the City's discretion pursuant internal and statutory restrictions, this amount represents the General Fund Reserve balance.

**General Fund.** The General Fund, by definition, is a major governmental fund and represents all funds not required to be accounted for or presented as other funds. The General Fund accounted for 83.6% of the total governmental revenues and 82.5% of the total expenditures. A number of primary City services are accounted for in the General Fund, including public safety (police and fire services), general government, development services, maintenance services, and library and community services.

At the end of fiscal year 2017, the General Fund's Unassigned fund balance was \$21.8 million, a decrease of \$.3 million from the prior year. The total fund balance, inclusive of Non-spendable and Assigned balances, was \$39.7 million, a decrease of \$4.4 million over the prior year due mainly to an increase in public safety expenses of \$5.4 million over the prior year. Exclusive of the district sales tax fund, the General Fund would reflect a deficit of \$1.1 million in fiscal year 2017.

As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The unassigned fund balance represents 12.3% of total General Fund expenditures of \$176.5 million (including Transfers Out). This is a decrease of 1.2% from last year.

**General Fund Budgetary Highlights.** Fiscal year 2017 ended with a Net Change in Fund Balance of negative \$4.4 million (GAAP Basis).

**Table 3 –General Fund Budget Summary (in thousands) fiscal year 2017**

	A	B	C	Variance	Variance
	2017	2017	2017	(C-B)	%
<i>(reflected in thousands)</i>	Adopted	Adjusted	Actual		
Revenues	155,268	155,765	169,551	13,786	8.9%
Expenditures	143,824	147,864	147,000	(864)	-0.6%
Transfers In/(Out)	(8,844)	(11,512)	(26,908)	(15,396)	133.7%
<b>Net Change in Fund Balance</b>	<b>2,600</b>	<b>(3,611)</b>	<b>(4,357)</b>	<b>(746)</b>	
<b>(Budget Basis)</b>					

The net change in fund balance for fiscal year 2017 based on actual performance (column C) is negative \$4.4 million. Without the Measure C district sales tax revenues, the General Fund would have finished the fiscal year with a Net Change in Fund Balance of negative \$1.1 million. This fund balance summary on page 111 reflects the Net Change in Fund Balance on a budget basis. Generally accepted accounting principles (GAAP Basis) require that all funds not required to be accounted for in other funds be included in the General Fund, resulting in several general ledger funds being combined and reported as the General Fund in the financial statements. These adjustments represent the GAAP Basis Fund balance and form a Net Change in Fund Balance of negative \$4.4 over prior year.

**Other Major Governmental Funds.** In addition to the General Fund, there are four other governmental funds considered to be major due to significant balances or activities in the current year and warrant a separate discussion in the management discussion and analysis: Federal Grants, Housing Authority Capital Projects Fund and General Capital Projects Fund.

*Federal Grants Fund* accounts for various federal grants received by the City, with each grant segregated within the fund to account for specific grant allocations and expenditures for specific purpose, activity or program.

*The Housing Authority Fund Capital Projects Fund* maintains loans for affordable housing projects.

*The General Capital Projects Fund* Accounts for General Fund and special revenue fund acquisition and construction of general purpose public facilities, street resurfacing and improvements.

**Proprietary Funds.** The City’s proprietary-enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of fiscal year 2017, the unrestricted net position of the Sewer and Water Funds amounted to \$79.6, \$70.3 million, respectively. Sewer net position increased by \$4.3 million and Water net position increased \$6.4 million.

Wholesale water rates have increased more than 90% over the last five fiscal years from the San Francisco Public Utilities Commission (SFPUC) increasing water purchase costs in the Water and Sewer Funds. The major factor for the increases is implementation of the Water System Improvement Program (WSIP) by the SFPUC. The WSIP is a series of projects to rebuild and retrofit the aging regional water system in order to improve water supply reliability, seismic safety, and to ensure that water quality standards will continue to be met. Two thirds of the cost of fixing the regional system will be borne by wholesale customers of SFPUC water, including Hayward.

**Fiduciary Funds.** The Successor Agency to the Redevelopment Agency Private Purpose Trust Fund provides information about the City’s former Redevelopment Agency. In fiscal year 2017 the fund ended with a net position of 2.1 million an increase of \$4.8 million over prior fiscal year due to change in accounting treatment of receipt of July-December Recognized Obligation Payment Schedule (ROPS).

**Capital Asset and Debt Administration**

**Capital Assets.** As of June 30, 2017, the City’s investments in capital assets for its governmental and business-type activities are \$553.7 million (net of accumulated depreciation) as presented below in Table 4. The investment in capital assets includes land, buildings, land improvements, machinery and equipment, vehicles, and street infrastructure such as roads, bridges, street lights, traffic signals, airport hangers, sewer, and water pipelines. The City’s investment in capital assets for the current fiscal year increased by 4%, mainly attributable to the 21<sup>st</sup> Century Library construction..

**Table 4 – City of Hayward Capital Assets (in millions)**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$12.1	\$12.1	\$4.8	\$4.8	\$16.9	\$16.9
Construction in progress	67.9	49.6	13.5	12.5	81.4	62.1
Buildings	32.3	33.5	12.9	8.8	45.2	42.3
Improvements other than buildings	8.5	8.8			8.5	8.8
Machinery and equipment	25.2	21.4	30.1	29.8	55.3	51.2
Street infrastructure	233.5	235.4			233.5	235.4
Sewer infrastructure			72.0	75.2	72.0	75.2
Water infrastructure			31.3	30.8	31.3	30.8
Airport infrastructure			9.6	9.9	9.6	9.9
<b>Total</b>	<b>\$379.5</b>	<b>\$360.8</b>	<b>\$174.2</b>	<b>\$171.8</b>	<b>\$553.7</b>	<b>\$532.6</b>

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

**Debt Administration.** At the end of fiscal year 2017, the City had total bonded debt outstanding of \$142.4 million as presented in Table 5. This represents a decrease of \$8.2 million over the prior year. Of this amount, \$91.6 million represents certificates of participation debt for Civic Center Project (City Hall) and 21<sup>st</sup> Century Library; \$1.0 million represents certificates of participation for sewer and water system improvements; \$6.8 million represents lease revenue bonds for capital improvements; \$4.4 million represents capital leases for a solar power generator, fleet vehicles, computer, and telephone equipment; \$32.7 million represents State Water Board financing for a water pollution control facility; \$4.7 million private placement lease; \$1.7 million loan represents loan from State Energy Resources Conservation and Development Commission.

With the dissolution of the City’s Redevelopment Agency, tax allocation bonds for redevelopment projects are no longer reflected in the City’s financial statements as this debt is now part of the Successor Agency to the Hayward Redevelopment Agency.

**Table 5 – City of Hayward Outstanding Debt**

	Governmental		Business-type		Total	
	2017	2016	2017	2016	2017	2016
Certificates of Participation	\$91.6	\$93.9	\$0.5	\$1.0	\$92.1	\$94.9
Promissory Note	0.0	0.1			0.0	0.1
Lease Revenue Bonds	0.3	0.4	6.5	7.2	6.8	7.6
Capital Lease Obligations	4.4	5.6			4.4	5.6
Private Placement Loan	4.7	5.1			4.7	5.1
State Water Resources Control Board Loan			32.7	35.4	32.7	35.4
State Energy Resources Conservation	1.7	2.0			1.7	2.0
<b>Total Long-Term Debt</b>	<b>\$102.7</b>	<b>\$107.1</b>	<b>\$39.7</b>	<b>\$43.6</b>	<b>\$142.4</b>	<b>\$150.7</b>

Local Improvement Districts (LIDS) in different parts of the City and a Community Facilities District #1 (Eden Shores) have also issued debt to finance infrastructure and facilities construction in their respective districts. As described in Note 8 to the financial statements, the City has sponsored special assessment debt issues, but has no legal liability for repayment. Therefore, these are not included in the City’s governmental debt. As of June 30, 2017, a total of \$6.8 million in special assessment district debt was outstanding by four special assessment districts. (Further detail regarding the City debt can be found in Note 8 to the financial statements.)

### **Economic Outlook and Major Initiatives**

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

### **Contacting the City’s Financial Management**

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

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## CITY OF HAYWARD, CALIFORNIA

### STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

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

The Statement of Net Position reports the difference between the City's total assets and deferred outflows of resources and the City's total liabilities and deferred inflows of resources, including all the City's capital assets and all its long-term debt. The Statement of Net Position focuses the reader on the composition of the City's Net Position, by subtracting total liabilities and deferred inflow of resources from total assets and deferred outflow of resources.

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

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

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

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

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

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

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CITY OF HAYWARD  
STATEMENT OF NET POSITION  
JUNE 30, 2017

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash, cash equivalents, and investments (Note 2)	\$122,773,453	\$150,702,195	\$273,475,648
Cash, cash equivalents, and investments with fiscal agents (Note 2)	46,324,137	284,046	46,608,183
Accounts receivable, net	3,501,780	13,562,661	17,064,441
Due from other governments	9,413,729	326,798	9,740,527
Interest receivable	314,685	5,269	319,954
Internal balances (Note 4)	(3,311,644)	3,311,644	
Loans receivable (Note 3)	28,456,375	616,599	29,072,974
Long-term loans to the Private Purpose Trust Fund (Note 19)	11,539,979	1,872,952	13,412,931
Land held for resale (Note 1)	4,559,770		4,559,770
Deposits, parts, supplies and other	20,559	5,498,362	5,518,921
Investment in East Bay Dischargers Authority (Note 16)		10,677,883	10,677,883
Capital assets (Note 5):			
Land	12,110,127	4,757,492	16,867,619
Construction in progress	67,921,824	13,485,510	81,407,334
Depreciable capital assets, net	299,511,721	155,972,245	455,483,966
Total assets	<u>603,136,495</u>	<u>361,073,656</u>	<u>964,210,151</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions (Note 12)	66,175,103	5,417,226	71,592,329
Deferred loss on refunding (Note 6)	1,030,936		1,030,936
Total deferred outflow of resources	<u>67,206,039</u>	<u>5,417,226</u>	<u>72,623,265</u>
<b>LIABILITIES:</b>			
Accounts payable	10,703,936	5,875,636	16,579,572
Accrued interest	668,635	280,691	949,326
Accrued liabilities	23,656,262	253,932	23,910,194
Unearned revenue	275,420	373,706	649,126
Refundable deposits	3,755,988	1,365,671	5,121,659
Compensated absences (Note 1):			
Due within one year	6,269,640	904,784	7,174,424
Due in more than one year	576,391	139,364	715,755
Accrued reclamation costs (Note 10):			
Due within one year		125,000	125,000
Net OPEB obligation (Note 14)	40,914,485		40,914,485
Net pension liabilities (Note 12)	348,299,458	20,821,184	369,120,642
Long-term debt (Note 6):			
Due within one year	3,743,898	3,945,429	7,689,327
Due in more than one year	98,963,510	35,790,520	134,754,030
Total liabilities	<u>537,827,623</u>	<u>69,875,917</u>	<u>607,703,540</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to pensions (Note 12)	6,027,443	1,822,455	7,849,898
<b>NET POSITION (Note 9):</b>			
Net investments in capital assets	324,056,697	134,479,298	458,535,995
Restricted for:			
Public safety	729,106		729,106
Public works and transportation	13,920,266		13,920,266
Planning and development	22,536,631		22,536,631
Economic development activities	31,245,022		31,245,022
Total restricted net position	<u>68,431,025</u>		<u>68,431,025</u>
Unrestricted	<u>(266,000,254)</u>	<u>160,313,212</u>	<u>(105,687,042)</u>
Total net position	<u>\$126,487,468</u>	<u>\$294,792,510</u>	<u>\$421,279,978</u>

See accompanying notes to basic financial statements

CITY OF HAYWARD  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES:</b>				
General government	\$16,158,933	\$2,627,359	\$3,950,542	
Public safety	128,069,028	4,638,881	4,243,034	\$100,000
Public works and transportation	25,599,837	7,009,479	3,759,651	1,363,593
Library and community services	7,056,242	2,537,062	31,500	
Economic development	152,175			
Planning and building	8,628,739	6,926,489		
Maintenance services	8,288,824	1,488,851		
Interest on long-term debt	3,078,848			
<b>Total Governmental Activities</b>	<b>197,032,626</b>	<b>25,228,121</b>	<b>11,984,727</b>	<b>1,463,593</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Sewer	22,755,149	27,000,318		
Water	46,225,355	53,565,672		
Airport	6,348,333	4,161,002	1,162,390	
Stormwater	2,450,088	3,066,075		
<b>Total Business-type Activities</b>	<b>77,778,925</b>	<b>87,793,067</b>	<b>1,162,390</b>	
<b>Total</b>	<b>\$274,811,551</b>	<b>\$113,021,188</b>	<b>\$13,147,117</b>	<b>\$1,463,593</b>

**GENERAL REVENUES:**

Taxes:  
Property taxes  
Sales taxes  
Utility users tax  
Real property transfer tax  
Franchise tax  
Business tax  
Excise tax  
Other taxes  
Motor vehicle in-lieu, unrestricted  
Gain on sale of capital assets  
Investment earnings  
Miscellaneous

**TRANSFERS (Note 4)**

Total General Revenues And Transfers

**CHANGE IN NET POSITION**

BEGINNING NET POSITION, as restated (Note 1)

ENDING NET POSITION

See accompanying notes to basic financial statements

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
(\$9,581,032)		(\$9,581,032)
(119,087,113)		(119,087,113)
(13,467,114)		(13,467,114)
(4,487,680)		(4,487,680)
(152,175)		(152,175)
(1,702,250)		(1,702,250)
(6,799,973)		(6,799,973)
(3,078,848)		(3,078,848)
<u>(158,356,185)</u>		<u>(158,356,185)</u>
	\$4,245,169	4,245,169
	7,340,317	7,340,317
	(1,024,941)	(1,024,941)
	<u>615,987</u>	<u>615,987</u>
	11,176,532	11,176,532
<u>(158,356,185)</u>	<u>11,176,532</u>	<u>(147,179,653)</u>
48,768,731		48,768,731
48,848,674		48,848,674
20,753,813		20,753,813
8,349,727		8,349,727
9,646,261		9,646,261
3,664,550		3,664,550
2,226,200		2,226,200
5,607,637		5,607,637
71,223		71,223
121,761		121,761
1,470,868	1,920,919	3,391,787
5,130,121		5,130,121
2,861,623	(2,861,623)	
<u>157,521,189</u>	<u>(940,704)</u>	<u>156,580,485</u>
(834,996)	10,235,828	9,400,832
<u>127,322,464</u>	<u>284,556,682</u>	<u>411,879,146</u>
<u>\$126,487,468</u>	<u>\$294,792,510</u>	<u>\$421,279,978</u>

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# CITY OF HAYWARD, CALIFORNIA

## FUND FINANCIAL STATEMENTS

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

### MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal year 2017. Individual non-major funds are reported in the Supplemental Section.

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

*Federal Grants* accounts for various federal grants received by the City, with each grant segregated within the fund to account for specific grant allocations and expenditures for specific purpose, activity or program.

*Housing Authority* – Under a cooperation agreement with the former Redevelopment Agency, the Housing Authority will use resources for purposes consistent with the California Health and Safety Code. The fund accounts for the activities financed by grants of the tax increment revenue from the former Redevelopment agency.

*General Capital Projects Fund* – Accounts for General Fund and special revenue fund acquisition and construction of general purpose public facilities, street surfacing and improvements.

CITY OF HAYWARD  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2017

	Special Revenue Fund		Capital Projects Funds	
	General*	Federal Grants	Housing Authority	General Capital Projects
<b>ASSETS:</b>				
Cash, cash equivalents, and investments (Note 2)	\$34,268,030	\$1,409,450	\$7,113,200	\$18,840,410
Cash, cash equivalents, and investments with fiscal agents (Note 2)				46,189,497
Accounts receivable, net	1,830,543			759,700
Due from other governments	7,009,172	260,875		
Interest receivable			256,703	47,137
Due from other funds (Note 4)	681,651			
Loans receivable (Note 3)		12,729,995	10,744,663	
Long-term loans to the Private Purpose Trust Fund (Note 19)	7,636,442		3,876,516	
Land held for resale (Note 1)			707,539	
Deposits, parts, supplies and other	20,559			
<b>Total Assets</b>	<b>\$51,446,397</b>	<b>\$14,400,320</b>	<b>\$22,698,621</b>	<b>\$65,836,744</b>
<b>LIABILITIES:</b>				
Accounts payable	\$1,420,433	\$115,030	\$203,155	\$6,144,824
Accrued liabilities	5,359,362		598	1,443
Due to other funds (Note 4)				
Long-term interfund payables (Note 4)	3,311,644			
Unearned revenue				16,895
Refundable deposits	1,653,201			239,034
<b>Total Liabilities</b>	<b>11,744,640</b>	<b>115,030</b>	<b>203,753</b>	<b>6,402,196</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue				742,844
<b>Total Deferred Inflows of Resources</b>				<b>742,844</b>
<b>FUND BALANCES (Note 9):</b>				
Nonspendable	7,657,001			
Restricted				
Public safety				
Public works and transportation				
Planning and building		14,285,290		
Economic development			22,494,868	
Debt service				
Assigned	10,276,759			58,691,704
Unassigned	21,767,997			
<b>Total Fund Balances (Deficit)</b>	<b>39,701,757</b>	<b>14,285,290</b>	<b>22,494,868</b>	<b>58,691,704</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$51,446,397</b>	<b>\$14,400,320</b>	<b>\$22,698,621</b>	<b>\$65,836,744</b>

See accompanying notes to basic financial statements

\* Includes balances related to the City's Measure C District Sales Tax.

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$32,977,213	\$94,608,303
51,377	46,240,874
497,884	3,088,127
2,107,363	9,377,410
10,845	314,685
	681,651
4,981,717	28,456,375
	11,512,958
3,852,231	4,559,770
	20,559
<u>\$44,478,630</u>	<u>\$198,860,712</u>
\$1,593,194	\$9,476,636
18,006	5,379,409
681,651	681,651
	3,311,644
251,729	268,624
<u>1,860,504</u>	<u>3,752,739</u>
<u>4,405,084</u>	<u>22,870,703</u>
<u>298,213</u>	<u>1,041,057</u>
<u>298,213</u>	<u>1,041,057</u>
	7,657,001
729,106	729,106
15,184,496	15,184,496
8,251,341	22,536,631
7,485,927	29,980,795
8,124,463	8,124,463
	68,968,463
	21,767,997
<u>39,775,333</u>	<u>174,948,952</u>
<u>\$44,478,630</u>	<u>\$198,860,712</u>

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CITY OF HAYWARD  
 GOVERNMENTAL FUNDS  
 BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL  
 FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES  
 JUNE 30, 2017

Total Fund Balances reported on the governmental funds balance sheet \$174,948,952

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

**CAPITAL ASSETS - GOVERNMENTAL ACTIVITIES**

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

Land	11,737,379
Construction in progress	66,913,548
Depreciable capital assets, net	276,593,180

**ALLOCATION OF INTERNAL SERVICE FUND NET POSITION**

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

Cash and investments	28,248,413
Accounts receivable	413,653
Due from other governments	36,319
Long-term loans to the Private Purpose Trust Fund	27,021
Land	372,748
Construction in progress	1,008,276
Depreciable capital assets, net	22,918,541
Accounts payable	(1,227,300)
Accrued liabilities	(18,309,477)
Unearned revenue	(6,796)
Refundable deposits	(3,249)
Compensated absences	(401,146)
Net pension liabilities and pension-related deferred outflows and inflows of resources	(6,627,949)
Long-term debt	(4,313,054)

**ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES**

Revenues that are not currently available are shown as deferred on the Fund Balance Sheets are recognized as revenue on the Statement of Activities.

Unavailable revenue	1,041,057
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**LONG-TERM ASSETS AND LIABILITIES**

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

Long-term debt	(97,363,418)
Interest payable	(636,011)
Compensated absences	(6,444,885)
Net pension liabilities and pension-related deferred outflows and inflows of resources	(281,523,849)
Net OPEB Obligation	(40,914,485)

**NET POSITION OF GOVERNMENTAL ACTIVITIES**

\$126,487,468

See accompanying notes to basic financial statements

CITY OF HAYWARD  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017

	General*	Special	Capital	
		Revenue Fund	Projects Funds	
		Federal Grants	Housing Authority	General Capital Projects
<b>REVENUES:</b>				
Property taxes	\$47,195,566			
Sales taxes	48,848,674			
Utility users tax	20,753,813			
Other taxes	26,820,222			\$688,970
Licenses and permits	7,765,527			983
Fines and forfeitures	2,428,970			
Special assessments				
Investment income	440,447	\$12,833	\$378,097	329,569
Rental income	26,074			
Intergovernmental	6,558,579	791,396		7,395,094
Fees and charges for services	5,679,408	108,044		228
Other revenue	3,033,970		328,360	3,061,021
<b>Total Revenues</b>	<b>169,551,250</b>	<b>912,273</b>	<b>706,457</b>	<b>11,475,865</b>
<b>EXPENDITURES:</b>				
Current:				
General government	13,182,512			
Public safety	110,187,351			
Public works and transportation	2,755,536	160,149		
Library and community services	5,552,560		371,354	
Economic development				
Planning and building	8,465,010			
Maintenance services	6,857,236			
Capital outlay				38,878,656
Debt service:				
Principal				
Interest and fiscal charges				
Bond issuance cost				
<b>Total Expenditures</b>	<b>147,000,205</b>	<b>160,149</b>	<b>371,354</b>	<b>38,878,656</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)</b>	<b>22,551,045</b>	<b>752,124</b>	<b>335,103</b>	<b>(27,402,791)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in (Note 4)	2,627,118	350,000		24,319,707
Transfers (out) (Note 4)	(29,535,499)		(3,541)	(6,600,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(26,908,381)</b>	<b>350,000</b>	<b>(3,541)</b>	<b>17,719,707</b>
<b>CHANGE IN FUND BALANCES</b>	<b>(4,357,336)</b>	<b>1,102,124</b>	<b>331,562</b>	<b>(9,683,084)</b>
<b>BEGINNING FUND BALANCES (DEFICITS), as restated (Note 1)</b>	<b>44,059,093</b>	<b>13,183,166</b>	<b>22,163,306</b>	<b>68,374,788</b>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<b>\$39,701,757</b>	<b>\$14,285,290</b>	<b>\$22,494,868</b>	<b>\$58,691,704</b>

See accompanying notes to basic financial statements

\* Includes revenue and expenditures related to the City's Measure C District Sales Tax.

Other Governmental Funds	Total Governmental Funds
	\$47,195,566
	48,848,674
	20,753,813
\$9,236	27,518,428
	7,766,510
70,994	2,499,964
1,026,071	1,026,071
559,271	1,720,217
	26,074
13,658,300	28,403,369
101,501	5,889,181
4,659,239	11,082,590
<u>20,084,612</u>	<u>202,730,457</u>
	13,182,512
273,996	110,461,347
1,085,573	4,001,258
754,994	6,678,908
56,797	56,797
32,385	8,497,395
854,032	7,711,268
10,093,624	48,972,280
2,561,048	2,561,048
3,303,835	3,303,835
2,972	2,972
<u>19,019,256</u>	<u>205,429,620</u>
<u>1,065,356</u>	<u>(2,699,163)</u>
13,256,606	40,553,431
<u>(7,978,967)</u>	<u>(44,118,007)</u>
<u>5,277,639</u>	<u>(3,564,576)</u>
6,342,995	(6,263,739)
<u>33,432,338</u>	<u>181,212,691</u>
<u>\$39,775,333</u>	<u>\$174,948,952</u>

CITY OF HAYWARD  
RECONCILIATION OF THE  
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS  
WITH THE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$6,263,739)

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

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are therefore added back to fund balance	48,972,280
Non-capitalized capital outlay expenditures were reclassified to various governmental activities	(23,662,424)
Depreciation expense is deducted from fund balance	
(Depreciation expense is net of internal service fund depreciation of \$3,403,002 which has already been allocated to service funds)	(10,841,268)
Loss on disposal of capital assets is deducted from fund balance	(84,982)

LONG-TERM DEBT PROCEEDS AND PAYMENTS

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

Repayment of debt principal and amortization of bond premiums are added back to fund balance	2,940,173
Write-off of promissory note is added back to fund balance	100,000

ACCRUAL OF NON-CURRENT ITEMS

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

Unavailable revenue	(9,941,407)
Compensated absences	(106,104)
Net pension liabilities and pension-related deferred outflows/inflows of resources	(183,466)
Net OPEB Obligation	(8,232,648)
Interest payable	12,942

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

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

Change in Net Position - All Internal Service Funds	6,455,647
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	(\$834,996)
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See accompanying notes to basic financial statements

## CITY OF HAYWARD, CALIFORNIA

### MAJOR PROPRIETARY FUNDS

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

The City has identified the funds below as major proprietary funds in fiscal year 2017. These statements include balances for both operating and capital funds.

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

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

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

CITY OF HAYWARD  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2017

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Sewer	Water	Non-Major Funds	Totals	
<b>ASSETS:</b>					
<b>Current Assets:</b>					
Cash and investments (Note 2)	\$68,895,844	\$68,863,128	\$12,943,223	\$150,702,195	\$28,165,150
Cash and investments with fiscal agents (Note 2)	27	284,019		284,046	83,263
Accounts receivable, net	4,355,222	8,621,850	585,589	13,562,661	413,653
Due from other governments	311,742		15,056	326,798	36,319
Interest receivable		5,269		5,269	
Deposits, parts, supplies and other		1,339,196		1,339,196	
Total Current Assets	<u>73,562,835</u>	<u>79,113,462</u>	<u>13,543,868</u>	<u>166,220,165</u>	<u>28,698,385</u>
<b>Noncurrent Assets:</b>					
Long-term interfund receivables (Note 4)		3,311,644		3,311,644	
Long-term loans to the Private Purpose Trust Fund (Note 19)	831,877	1,041,075		1,872,952	27,021
Deposits, parts, supplies and other	4,129,023		30,143	4,159,166	
Loans receivable (Note 3)		616,599		616,599	
Investment in East Bay Dischargers Authority (Note 16)	10,677,883			10,677,883	
<b>Capital assets (Note 5):</b>					
Land	1,830,143	2,683,047	244,302	4,757,492	372,748
Construction in progress	6,224,394	6,037,402	1,223,714	13,485,510	1,008,276
Depreciable capital assets, net	<u>95,698,010</u>	<u>45,433,772</u>	<u>14,840,463</u>	<u>155,972,245</u>	<u>22,918,541</u>
Total Noncurrent Assets	<u>119,391,330</u>	<u>59,123,539</u>	<u>16,338,622</u>	<u>194,853,491</u>	<u>24,326,586</u>
Total Assets	<u>192,954,165</u>	<u>138,237,001</u>	<u>29,882,490</u>	<u>361,073,656</u>	<u>53,024,971</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Related to pensions (Note 12)	<u>2,338,894</u>	<u>2,232,556</u>	<u>845,776</u>	<u>5,417,226</u>	<u>2,084,306</u>
<b>LIABILITIES:</b>					
<b>Current Liabilities:</b>					
Accounts payable	1,129,627	4,645,655	100,354	5,875,636	1,227,300
Accrued interest	257,907	16,332	6,452	280,691	32,624
Accrued liabilities	96,538	115,672	41,722	253,932	18,276,853
Unearned revenue	221,479	152,227		373,706	6,796
Refundable deposits		1,263,584	102,087	1,365,671	3,249
Compensated absences - due within one year (Note 1)	317,900	447,157	139,727	904,784	367,373
Accrued reclamation costs (Note 10)	125,000			125,000	
Long-term debt - due within one year (Note 6)	<u>3,385,429</u>	<u>434,040</u>	<u>125,960</u>	<u>3,945,429</u>	<u>1,067,741</u>
Total Current Liabilities	<u>5,533,880</u>	<u>7,074,667</u>	<u>516,302</u>	<u>13,124,849</u>	<u>20,981,936</u>
<b>Noncurrent Liabilities:</b>					
Compensated absences (Note 1)	48,966	68,876	21,522	139,364	33,773
Net pension liabilities (Note 12)	8,989,572	8,580,859	3,250,753	20,821,184	8,011,055
Long-term debt - due in more than one year (Note 6)	<u>31,370,520</u>	<u>3,435,127</u>	<u>984,873</u>	<u>35,790,520</u>	<u>3,245,313</u>
Total Noncurrent Liabilities	<u>40,409,058</u>	<u>12,084,862</u>	<u>4,257,148</u>	<u>56,751,068</u>	<u>11,290,141</u>
Total Liabilities	<u>45,942,938</u>	<u>19,159,529</u>	<u>4,773,450</u>	<u>69,875,917</u>	<u>32,272,077</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Related to pensions (Note 12)	<u>786,847</u>	<u>751,073</u>	<u>284,535</u>	<u>1,822,455</u>	<u>701,200</u>
<b>NET POSITION (Note 9):</b>					
Net investments in capital assets	68,996,598	50,285,054	15,197,646	134,479,298	19,986,511
Restricted for debt service					83,263
Unrestricted	<u>79,566,676</u>	<u>70,273,901</u>	<u>10,472,635</u>	<u>160,313,212</u>	<u>2,066,226</u>
Total Net Position	<u>\$148,563,274</u>	<u>\$120,558,955</u>	<u>\$25,670,281</u>	<u>\$294,792,510</u>	<u>\$22,136,000</u>

See accompanying notes to basic financial statements

CITY OF HAYWARD  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Sewer	Water	Non-Major Funds	Totals	
OPERATING REVENUES:					
Charges for services	\$26,290,036	\$11,476,500	\$6,527,403	\$44,293,939	\$29,562,993
Sale of water		40,714,662		40,714,662	
Miscellaneous	710,282	1,374,510	699,674	2,784,466	938,567
<b>Total Operating Revenues</b>	<b>27,000,318</b>	<b>53,565,672</b>	<b>7,227,077</b>	<b>87,793,067</b>	<b>30,501,560</b>
OPERATING EXPENSES:					
Salaries and related expenses	9,155,279	8,104,501	3,200,992	20,460,772	6,992,298
Materials, supplies and services	6,822,346	5,839,582	3,796,654	16,458,582	8,052,821
Repairs and maintenance	1,070,536	998,807	259,198	2,328,541	4,143,912
Water purchases		28,611,694		28,611,694	
Self-funded insurance expense					8,229,946
Depreciation (Note 5)	5,267,512	2,548,676	1,541,577	9,357,765	3,403,002
<b>Total Operating Expenses</b>	<b>22,315,673</b>	<b>46,103,260</b>	<b>8,798,421</b>	<b>77,217,354</b>	<b>30,821,979</b>
<b>Operating Income (Loss)</b>	<b>4,684,645</b>	<b>7,462,412</b>	<b>(1,571,344)</b>	<b>10,575,713</b>	<b>(320,419)</b>
NONOPERATING REVENUES (EXPENSES):					
Intergovernmental			1,162,390	1,162,390	
Investment income	844,759	915,072	161,088	1,920,919	325,196
Interest (expense)	(429,996)	(122,095)		(552,091)	(167,080)
Gain (loss) on disposal of capital assets	135,712			135,712	191,751
Loss from equity investment (Note 16)	(145,192)			(145,192)	
<b>Net Nonoperating Revenues (Expenses)</b>	<b>405,283</b>	<b>792,977</b>	<b>1,323,478</b>	<b>2,521,738</b>	<b>349,867</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>5,089,928</b>	<b>8,255,389</b>	<b>(247,866)</b>	<b>13,097,451</b>	<b>29,448</b>
TRANSFERS					
Transfers in (Note 4)	385,000		172,805	557,805	6,600,455
Transfers (out) (Note 4)	(1,153,702)	(1,859,812)	(405,914)	(3,419,428)	(174,256)
<b>Net Transfers</b>	<b>(768,702)</b>	<b>(1,859,812)</b>	<b>(233,109)</b>	<b>(2,861,623)</b>	<b>6,426,199</b>
<b>CHANGE IN NET POSITION</b>	<b>4,321,226</b>	<b>6,395,577</b>	<b>(480,975)</b>	<b>10,235,828</b>	<b>6,455,647</b>
<b>BEGINNING NET POSITION</b>	<b>144,242,048</b>	<b>114,163,378</b>	<b>26,151,256</b>	<b>284,556,682</b>	<b>15,680,353</b>
<b>ENDING NET POSITION</b>	<b>\$148,563,274</b>	<b>\$120,558,955</b>	<b>\$25,670,281</b>	<b>\$294,792,510</b>	<b>\$22,136,000</b>

See accompanying notes to basic financial statements

CITY OF HAYWARD  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Sewer	Water	Non-Major Funds	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers	\$26,645,744	\$52,490,138	\$6,981,364	\$86,117,246	\$30,948,057
Payments to suppliers	(7,758,984)	(34,586,909)	(4,602,093)	(46,947,986)	(16,495,647)
Payments to employees	(6,954,532)	(6,938,868)	(3,139,724)	(17,033,124)	(6,789,216)
Net Cash Flows From Operating Activities	11,932,228	10,964,361	(760,453)	22,136,136	7,663,194
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Intergovernmental receipts			1,162,390	1,162,390	
Interfund receipts	71,429	66,981		138,410	
Interfund payments					(71,429)
Transfers in	385,000		172,805	557,805	6,600,455
Transfers (out)	(1,153,702)	(1,859,812)	(405,914)	(3,419,428)	(174,256)
Net Cash Flows From Noncapital and Related Financing Activities	(697,273)	(1,792,831)	929,281	(1,560,823)	6,354,770
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition of capital assets	(5,332,311)	(5,526,828)	(784,099)	(11,643,238)	(7,722,748)
Gain on disposal of capital leases					191,751
Change in investment					(123)
Principal payments on capital debt	(3,360,356)	(421,781)	(123,219)	(3,905,356)	(1,325,351)
New loans given		(616,599)		(616,599)	
Interest paid	(437,591)	(123,969)		(561,560)	(167,080)
Net Cash Flows From Capital and Related Financing Activities	(9,130,258)	(6,689,177)	(907,318)	(16,726,753)	(9,023,551)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Investment income	844,766	909,785	161,723	1,916,274	318,022
Net Cash Flows From Investing Activities	844,766	909,785	161,723	1,916,274	318,022
<b>NET CASH FLOWS</b>	2,949,463	3,392,138	(576,767)	5,764,834	5,312,435
<b>CASH AND EQUIVALENTS AT BEGINNING OF PERIOD</b>	65,946,381	65,470,990	13,519,990	144,937,361	22,852,715
<b>CASH AND EQUIVALENTS AT END OF PERIOD</b>	\$68,895,844	\$68,863,128	\$12,943,223	\$150,702,195	\$28,165,150
<b>RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$4,684,645	\$7,462,412	(\$1,571,344)	\$10,575,713	(\$320,419)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	5,267,512	2,548,676	1,541,577	9,357,765	3,403,002
Change in assets and liabilities:					
Receivables, net	478,856	(1,194,067)	(363,928)	(1,079,139)	482,816
Due from other governments	(311,742)		118,215	(193,527)	(36,319)
Parts and supplies		(172,828)		(172,828)	
Other assets	331,506			331,506	3,199,731
Accounts payable and other accrued expenses	(197,608)	1,036,002	(547,370)	291,024	933,331
Due to retirement system	2,159,622	1,133,052	39,087	3,331,761	(26,796)
Compensated absences	41,125	32,581	22,181	95,887	27,848
Refundable deposits		132,297	1,129	133,426	
Unearned revenue	(521,688)	(13,764)		(535,452)	
Net Cash Flows From Operating Activities	\$11,932,228	\$10,964,361	(\$760,453)	\$22,136,136	\$7,663,194
<b>NON-CASH TRANSACTIONS</b>	\$135,712				

See accompanying notes to basic financial statements

## CITY OF HAYWARD, CALIFORNIA

### FIDUCIARY FUND FINANCIAL STATEMENTS

The Fiduciary funds account for resources received and are held by the City in a fiduciary capacity. Disbursements are made in accordance with the trust agreement or applicable legislative enactment for each fund.

*Successor Agency to the Redevelopment Agency Private Purpose Trust Fund* – This fund was established to account for the activities of the Successor Agency to the former Redevelopment Agency of the City of Hayward.

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

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

*South Hayward BART Parking District Fund* – Account for related revenues and expenditures related to the Joint Powers Authority agreement between the City and Bay Area Rapid Transit (BART) for the purpose of providing parking access around the South Hayward BART station.

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

CITY OF HAYWARD  
 FIDUCIARY FUNDS  
 STATEMENT OF FIDUCIARY NET POSITION  
 JUNE 30, 2017

	Private Purpose Trust Funds	Agency Funds
CURRENT ASSETS:		
Cash and investments (Note 2)	\$7,050,550	\$7,644,582
Cash and investments with fiscal agents (Note 2)	24,153	354,125
Accounts receivable, net	511,251	90,716
Due from other governments		681,939
 Total Current Assets	 7,585,954	 8,771,362
NONCURRENT ASSETS:		
Loans receivable (Note 19)	24,634,521	
Land held for resale	3,695,031	
Capital assets (Note 19):		
Land	5,277,955	
depreciable capital assets, net	11,683,096	
 Total Noncurrent Assets	 45,290,603	
 Total Assets	 \$52,876,557	 \$8,771,362
CURRENT LIABILITIES:		
Accounts payable	\$35,492	
Accrued interest	518,434	
Refundable deposits	128,000	\$3,835,562
Due to bondholders and others		4,935,800
Long-term debt - due in less than one year (Note 19)	1,685,000	
 Total Current Liabilities	 2,366,926	 8,771,362
NONCURRENT LIABILITIES (Note 19):		
Long-term loans payables - due in more than one year	13,412,931	
Long-term debt - due in more than one year	35,046,159	
 Total Non-Current Liabilities	 48,459,090	
 Total Liabilities	 50,826,016	 \$8,771,362
 NET POSITION HELD IN TRUST FOR PRIVATE PURPOSES	 \$2,050,541	

See accompanying notes to basic financial statements

CITY OF HAYWARD  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017

	Private-Purpose Trust Fund
ADDITIONS	
Property tax	\$8,534,887
Investment income	7,900
Rental income	50,000
Intergovernmental	391,012
Other revenue	86,871
Total additions	9,070,670
DEDUCTIONS	
Maintenance services	826,468
Depreciation expense	377,105
Interest and fiscal charges	1,921,860
Total deductions	3,125,433
Net change in position	5,945,237
Net position - beginning	(3,894,696)
Net position - ending, As restated (Note 1)	\$2,050,541

See accompanying notes to basic financial statements

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**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

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

- *Hayward Public Financing Authority* (the “Authority”) – In May 1989, the City and the Redevelopment Agency entered into a joint powers agreement under the Joint Exercise of Powers Law of the State of California, thereby forming the Authority for the purpose of financing certain capital improvements within the City. These capital improvements are leased to the City for rental payments, which, together with restricted assets of the Authority, will be sufficient to meet the debt service obligations of the Authority. At the termination of the individual leases, title to the related improvements will pass to the City. Operating activities of the Authority are reflected in both the Governmental and Business funds of the City.
- *The Hayward Business Improvement District* (the “District”) was established in 1984 to collect certain charges imposed on businesses within the downtown business improvement district and to expend such monies on activities, which enhance the district as a shopping and business center. Operating activities of the District are included as a special revenue fund of the City.
- *The Hayward Housing Authority* (“*Housing Authority*”) was originally established in 1946. The Housing Authority is only a conduit to issue housing mortgage revenue bonds for developers, whereby such developers are entirely responsible for meeting the related debt obligations and where the funds raised through such housing mortgage revenue bond issues are used to finance multifamily rental housing developments. A certain percentage of housing units being financed must be for low and moderate income purposes. The Housing Authority is paid a fee by the benefited developers for issuing the bonds and for monitoring the occupancy of these housing developments. This activity is recorded as a capital projects fund of the City.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

City of Hayward  
Finance Department, 3<sup>rd</sup> Floor  
777 B Street  
Hayward, California 94541

***Basis of Presentation*** – The City’s Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

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

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

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

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

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

*Federal Grants Fund* – Accounts for various federal grants received by the City, with each grant segregated within the fund to account for specific grant allocations and expenditures for specific purpose, activity or program.

*Housing Authority Fund* – Under a cooperation agreement with the former Redevelopment Agency, the Housing Authority will use resources for purposes consistent with the California Health and Safety Code. The fund accounts for the activities financed by grants of the tax increment revenue from the former Redevelopment agency.

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

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

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

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

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The City also reports the following fund types:

*Internal Service funds*

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

*Fiduciary funds*

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

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

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

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

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

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

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

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

***Deferred Outflows/Inflows of Resources*** – In addition to assets, the statement of financial position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

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

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

- The City has several unrestricted subfunds it accounts for separately in its general ledger that are combined and included in General Fund amounts reported in the accompanying financial statements. However for budgetary presentation purposes, the City only reports its main operating fund. Other subfunds not included in the budgetary presentation are reported as perspective differences.
- The sole Special Revenue fund the City does not budget for is the Donation Special Revenue Fund. The City is unable to forecast the amount of donations received in a given year, and the amount of donations it will spend in the fiscal year.

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

*Land held for Resale* of \$4,559,770 at June 30, 2017 was stated at the lowest of historical cost, net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer performing projects in accordance with the Redevelopment Plan of the former Redevelopment Agency of the City of Hayward.

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

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

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

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

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensated Absences** – The long-term portion of the liability for vested vacation, time off in lieu of overtime and sick pay for governmental fund type operations is recorded as compensated absences in the government-wide financial statements. The portion expected to be permanently liquidated (matured due to termination) is recorded in the governmental funds. Vested vacation and sick pay of proprietary fund type operations is recorded in the respective proprietary fund type. Compensated absences attributable to governmental funds are typically liquidated by the General Fund. Compensated Absences are presented below as of June 30, 2017:

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$6,712,079	\$948,261	\$7,660,340
Additions	6,280,918	917,583	7,198,501
Payments	(6,146,966)	(821,696)	(6,968,662)
Ending Balance	\$6,846,031	\$1,044,148	\$7,890,179
Current Portion	\$6,269,640	\$904,784	\$7,174,424

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

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

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Fair Value Measurements*** – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

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

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

***Implementation of Governmental Accounting Standards (GASB) Pronouncements***

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) statements, which became effective in fiscal year 2017.

***GASB Statement No. 73*** – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. This statement had no impact on the City's financial statements.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**GASB Statement No. 74** – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement had no impact on the City's financial statements.

**GASB Statement No. 77** – *Tax Abatement Disclosures*. This Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The disclosures required by this Statement encompass tax abatements resulting from both (a) agreements that are entered into by the reporting government and (b) agreements that are entered into by other governments and that reduce the reporting government's tax revenues. This statement had no impact on the City's financial statements.

**GASB Statement No. 78** – *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This statement had no impact on the City's financial statements.

**GASB Statement No. 80** – *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units. This statement had no impact on the City's financial statements.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**GASB Statement No. 82** – *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement had no material impact on the City’s financial statements.

**Restatement of Fund Balance** – The City restated beginning fund balance in the Measure B Pedestrian Special Revenue Fund for an unrecorded liability resulting in a decrease in beginning fund balance of \$4,085. In addition, the City restated beginning fund balance in the Measure BB Special Revenue Fund for an adjustment in interest income resulting in an increase in beginning fund balance of \$9,741.

Furthermore, the Successor Agency to the Redevelopment Agency Private Purpose Trust Fund restated beginning fund balance for revenue received that was originally recorded as unearned revenue resulting in an increase to beginning fund balance of \$533,677. Moreover, the Successor Agency to the Redevelopment Agency Private Purpose Trust Fund restated beginning fund balance for amounts that were recorded in unearned revenue to off-set loans receivable, however the loans receipts were collected and recorded as revenue in prior years resulting in a decrease in beginning fund balance of \$1,690,343.

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

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

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City’s cash on deposit or first trust deed mortgage notes with a value of 150% of the City’s cash on deposit as collateral for these deposits. Under California Law this collateral is held in an investment pool by an independent financial institution in the City’s name and places the City ahead of general creditors of the institution pledging the collateral. As of June 30, 2017, the City held \$284,000 in uncollateralized deposits under escrow agreements with construction contractors. Such deposits are permitted to be uncollateralized under the government code.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

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

**Classification** – As of June 30, 2017 cash and investments were classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

***Statement of Net Position***

Cash and investments available for operations	\$273,475,648
Cash and investments with fiscal agents	46,608,183

***Private Purpose Trust Fund***

Cash and investments available for operations	7,050,550
Cash and investments with fiscal agents	24,153

***Agency Funds***

Cash and investments available for operations	7,644,582
Cash and investments with fiscal agents	354,125

Total Cash and Investments	\$335,157,241
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Cash and investments as of June 30, 2017 consisted of the following:

Cash in bank	\$37,593,904
Cash on hand (Petty Cash)	3,275
Investments	297,560,062
Total Cash and Investments	\$335,157,241

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

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligation	5 years	None	100%	100%
U.S. Agency Securities (fully backed)	5 years	None	100%	100%
U.S. Agency Securities (sponsored)	5 years	None	100%	40%
Banker's Acceptance	180 days	A-1	40%	5%
Commercial Paper	270 days	A-1	25%	5%
Negotiable Certificates of Deposit	5 years	A	30%	5%
Repurchase Agreements	1 year	None	20%	20%
Medium-Term Notes	5 years	A	30%	5%
Money Market Fund	N/A	AAAm	20%	10%
Alameda County Investment Pool	None	None	10%	10%
California Local Agency Investment Fund	None	None	\$65m per account	N/A
Collateralized Certificates of Deposit	5 years	None	25%	20%
Municipal Bonds	5 years	A	20%	5%
Supranationals	5 years	AA	30%	30%
Asset-Backed Securities	5 years	AA	20%	5%

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

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

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

***Fair Value Hierarchy*** – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2017:

Investment Type	Level 1	Level 2	Total
<b>Investments by Fair Value:</b>			
U.S. Treasury Obligation	\$32,203,414		\$32,203,414
U.S. Agency Securities		\$59,960,595	59,960,595
Corporate Bonds		8,476,853	8,476,853
Municipal Bonds		4,105,643	4,105,643
Supranationals		6,347,644	6,347,644
Asset-Backed Security		3,333,020	3,333,020
Total Investments at Fair Value	\$32,203,414	\$82,223,755	114,427,169
<b>Investments Measured at Amortized Cost:</b>			
Money market mutual funds			46,990,219
California Local Agency Investment Fund			130,129,610
Certificate of Deposits			6,013,064
Total Investments			\$297,560,062

U.S. Treasury Obligation classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. U.S. Agency Securities, Corporate Bonds, Municipal Bonds, Supranationals and Asset-Backed Security, classified in Level 2 of the fair value hierarchy, are valued using pricing techniques of matrix pricing or market corroborated pricing, with inputs such as yield curves or indices. These prices are obtained from various pricing sources by our custodian bank. The California Local Agency Investment Fund is valued based on the fair value factor provided by the Treasurer of the State of California calculated as the fair value divided by the amortized cost of the investment pool. Fair value is defined as the quoted market value on the last trading day of the period.

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

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

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

Investment Type	12 Months or less	13 Months to 24 Months	25 Months to 60 Months	Total
U.S. Treasury Obligation		\$6,377,271	\$25,826,143	\$32,203,414
U.S. Agency Securities	\$1,022,056	41,160,481	17,778,058	59,960,595
Money Market Mutual Fund	46,990,219			46,990,219
California Local Agency Investment Fund	130,129,610			130,129,610
Corporate Bonds	1,249,599	2,794,228	4,433,026	8,476,853
Municipal Bonds	1,539,045	623,744	1,942,854	4,105,643
Supranationals	1,006,615	4,133,475	1,207,554	6,347,644
Certificate of Deposits		6,013,064		6,013,064
Asset-Backed Security			3,333,020	3,333,020
<b>Total Investments</b>	<b>\$181,937,144</b>	<b>\$61,102,263</b>	<b>\$54,520,655</b>	<b>297,560,062</b>
Cash in Banks				37,593,904
Cash on hand (Petty Cash)				3,275
<b>Total Cash</b>				<b>37,597,179</b>
<b>Total Cash and Investments</b>				<b>\$335,157,241</b>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2017, these investments had an average maturity of 194 days.

Money market funds are available for withdrawal on demand and at June 30, 2017, had an average maturity of 26 days.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**Credit Risk** – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2017 for each investment type as provided by Moody’s investment rating system:

Investment Type	AAA	AAAm	AA1	AA2	AA3	A1	A2	A3	Baa1	Not Rated	Total
U.S. Treasury Obligation	\$32,203,414										\$32,203,414
U.S. Agency Securities	59,960,595										59,960,595
Money Market Mutual Fund		\$46,990,219									46,990,219
California Local Agency Investment Fund										\$130,129,610	130,129,610
Corporate Bonds	285,726		\$501,256	\$300,210	\$894,556	\$2,080,185	\$2,448,928	\$1,500,692	\$465,300 *		8,476,853
Municipal Bonds				1,247,569		1,748,074		1,110,000			4,105,643
Supranationals	6,347,644										6,347,644
Certificate of Deposits				1,196,741	3,617,030	1,199,293					6,013,064
Asset-Backed Security	3,333,020										3,333,020
<b>Total Investments</b>	<b>\$102,130,399</b>	<b>\$46,990,219</b>	<b>\$501,256</b>	<b>\$2,744,520</b>	<b>\$4,511,586</b>	<b>\$5,027,552</b>	<b>\$2,448,928</b>	<b>\$2,610,692</b>	<b>\$465,300</b>	<b>\$130,129,610</b>	<b>\$297,560,062</b>

\* These bonds were rated A by Fitch at June 30, 2017

**Custodial Credit Risk – Investments** – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Significant investments in the securities of any individual issuers, other than U. S. Treasury securities or mutual funds would be subjected to this risk. As of June 30, 2017, the following investments were subjected to custodial credit risk on the entity-wide level:

Issuer	Investment Type	Reported Amount
Federal National Mortgage Association	U.S. Agency Securities	\$33,804,339
Federal Home Loan Bank	U.S. Agency Securities	20,747,875

**3. LOANS RECEIVABLES**

**Loans Receivable** – In order to carry out low-and-moderate housing programs, the Housing Authority Capital Project Fund loaned to homebuyers and third-party contractors for the purposes of promoting home ownership in the City and developing low and moderate income housing. The loans bear interest at rates equivalent to either the 11<sup>th</sup> District cost of funds or the rate the City earns on its cash and investments.

**Huntwood Commons Apartments** – The City has a loan agreement with Eden Housing, Inc., a California nonprofit public benefit corporation. Eden Housing intends to rehabilitate thirty-nine units of rental housing for rental to low-income households and one manager’s unit. The loans are in the amount of \$840,000 consisting of HOME funds and \$175,500 consisting of Workforce Housing Reward funds. In fiscal year 2016, in order to assist in the feasibility of the Hayward 4 Development rehabilitation, the City modified the Huntwood Loans to reflect the new principal amount of \$1,075,200, which is equal to the unpaid principal amount of the original loans plus interest accrued.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**3. LOANS RECEIVABLES (Continued)**

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

***Related Party Loan*** – The City entered into a loan agreement with the City Manager on June 30, 2017, to provide the City Manager a long-term loan of \$616,599 to finance the acquisition of the City Manager’s personal residence located within the City. The loan is secured by a deed of trust on the property. The loan was funded by the City’s Water Enterprise Fund. The loan is due upon sale of the property, within twelve months after the termination of the City Manager’s employment with the City, or 30 years from the date of the loan agreement execution, whichever occurs first. The loan bears an interest rate at the 2.38% for the first five years of the loan. Interest thereafter will be set annually and shall accrue at a simple rate equal to yet Yield at Market achieved by the City’s Managed Portfolio for the quarter ended on June 30 of the previous calendar year, plus 100 basis points or 1%, but shall not exceed 6%. At June 30, 2017, the outstanding balance of this loan was \$616,599.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**4. INTERFUND TRANSACTIONS**

*Transfers Between Funds* – With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2017 were as follows:

<b>FROM FUND:</b>	<b>TO FUND:</b>	<b>AMOUNT:</b>
General Fund	Federal Grants Special Revenue	\$350,000 E
	General Capital Projects	16,759,707 A
	Non Major Governmental Funds	6,656,606 A
	Non-Major Enterprise Funds	172,805 F
	Internal Service Funds	5,596,381 A
Housing Authority	General Fund	3,541 D
General Capital Projects	Non Major Governmental Funds	6,600,000 B
Non-Major Governmental Funds	General Fund	378,563 A
	General Capital Projects	7,560,000 B
	Internal Service Funds	40,404 C
Sewer	General Fund	777,723 D
	Internal Service Funds	375,979 A
Water	General Fund	1,165,740 D
	Sewer	385,000 A
	Internal Service Funds	309,072 A
Non -Major Enterprise Funds	General Fund	301,551 D
	Internal Service Funds	104,363 C
Internal Service Funds	Internal Service Funds	174,256 D
		<u>\$47,711,691</u>

- A To fund debt service, capital projects and administrative overhead
- B To fund Capital Projects
- C To fund General Liability Insurance Fund
- D To fund Allocation of Administrative Overhead
- E To fund Federal Grants
- F To fund Emergency Repair

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**4. INTERFUND TRANSACTIONS (Continued)**

***Current Interfund Balances***

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after end of the fiscal year. At June 30, 2017 interfund balances were as follows:

<b>Due from Other Funds</b>	<b>Due To Other Funds</b>	<b>Amount</b>
General Fund	Route 238 Corridor Improvement Capital Projects Fund	\$681,651
		\$681,651

***Long-Term Interfund Advances*** – At June 30, 2017, the funds below had made advances that were not expected to be repaid within the next year.

	<b>Long-Term Interfund Receivable</b>	<b>Long-Term Interfund Payable</b>
General Fund		\$3,311,644
Water Enterprise Fund	\$3,311,644	
Total	\$3,311,644	\$3,311,644

In fiscal year 2014, the Water Enterprise Fund loaned \$3,420,000 to the General Fund for cost related to a new fire station and firehouse clinic. This loan bears 2% interest and repayments are made semiannually every December 1<sup>st</sup> and June 1st. As of June 30, 2017 the outstanding loan balance was \$3,311,644.

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

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**5. CAPITAL ASSETS**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City's policy is to capitalize all assets with costs exceeding \$5,000 and with useful lives exceeding two years.

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

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

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

Buildings and improvements	10 – 50 years
Improvements other than Buildings	25 years
Machinery and equipment	7 – 50 years
Streets	25 – 40 years
Traffic Signals	20 years
Medians	25 – 40 years
Conduits	20 years
Drains	20 years

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

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**5. CAPITAL ASSETS (Continued)**

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

	Balance June 30, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
<b><i>Governmental activities:</i></b>					
Capital assets not being depreciated:					
Land	\$12,110,127				\$12,110,127
Construction in progress	49,590,932	\$25,807,200		(\$7,476,308)	67,921,824
Total capital assets not being depreciated	61,701,059	25,807,200		(7,476,308)	80,031,951
Capital assets being depreciated:					
Buildings and improvements	58,790,966	216,999			59,007,965
Improvements other than buildings	14,907,048	88,185	(\$10,799)	254,643	15,239,077
Machinery and equipment	53,536,303	6,901,451	(5,820,279)	733,482	55,350,957
Streets	303,232,793	18,769		6,488,183	309,739,745
Traffic signals	7,257,235				7,257,235
Medians	3,724,705				3,724,705
Conduits	1,540,569				1,540,569
Drains	2,994,000				2,994,000
Total capital assets being depreciated	445,983,619	7,225,404	(5,831,078)	7,476,308	454,854,253
Less accumulated depreciation for:					
Buildings and improvements	25,347,902	1,330,511			26,678,413
Improvements other than buildings	6,121,374	559,362	(9,107)		6,671,629
Machinery and equipment	32,081,330	3,869,570	(5,736,989)		30,213,911
Streets	72,548,536	7,931,374			80,479,910
Traffic signals	5,563,640	253,616			5,817,256
Medians	1,961,313	93,117			2,054,430
Conduits	1,352,721	61,691			1,414,412
Drains	1,867,542	145,029			2,012,571
Total accumulated depreciation	146,844,358	14,244,270	(5,746,096)		155,342,532
Net depreciable assets	299,139,261	(7,018,866)	(84,982)	7,476,308	299,511,721
Governmental activity capital assets, net	\$360,840,320	\$18,788,334	(\$84,982)		\$379,543,672

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**5. CAPITAL ASSETS (Continued)**

	Balance June 30, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
<i>Business-type activities:</i>					
Capital assets not being depreciated:					
Land	\$4,757,492				\$4,757,492
Construction in progress	12,546,352	\$10,930,324		(\$9,991,166)	13,485,510
Total capital assets not being depreciated	17,303,844	10,930,324		(9,991,166)	18,243,002
Capital assets being depreciated:					
Buildings and improvements	27,589,544			4,964,266	32,553,810
Machinery and equipment	44,022,218	503,910	(\$19,350)	1,442,667	45,949,445
Sewer pipelines and infrastructure	123,971,066			872,802	124,843,868
Water pipelines and infrastructure	64,387,643			2,461,780	66,849,423
Airport hangars, tarmacs and other infrastructure assets	26,645,069	344,716		249,651	27,239,436
Total capital assets being depreciated	286,615,540	848,626	(19,350)	9,991,166	297,435,982
Less accumulated depreciation for:					
Buildings and improvements	18,792,834	914,396			19,707,230
Machinery and equipment	14,217,141	1,659,373	(19,350)		15,857,164
Sewer pipelines and infrastructure	48,809,578	3,980,536			52,790,114
Water pipelines and infrastructure	33,635,360	1,834,523			35,469,883
Airport hangars, tarmacs and other infrastructure assets	16,670,409	968,937			17,639,346
Total accumulated depreciation	132,125,322	9,357,765	(19,350)		141,463,737
Net depreciable assets	154,490,218	(8,509,139)		9,991,166	155,972,245
Business-type activity capital assets, net	\$171,794,062	\$2,421,185			\$174,215,247

Governmental capital assets construction in progress was composed of the following at June 30, 2017:

	Project Budget	Expended to June 30, 2017	Committed
Buildings	\$66,280,000	\$30,161,498	\$36,118,502
Improvement other than buildings	37,760,000	4,706,393	33,053,607
Machinery and equipment	2,591,585	697,789	1,893,796
Streets	107,846,683	31,922,652	75,924,031
Traffic Signals	559,000	433,492	125,508
Total	\$215,037,268	\$67,921,824	\$147,115,444

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**5. CAPITAL ASSETS (Continued)**

A summary of enterprise fund construction in progress at June 30, 2017 follows:

	Project Budget	Expended to June 30, 2017	Committed
Sewer Enterprise Fund	\$26,785,000	\$6,224,394	\$20,560,606
Water Enterprise Fund	23,683,000	6,037,402	17,645,598
Airport Enterprise Fund	4,209,000	1,223,714	2,985,286
Total	<u>\$54,677,000</u>	<u>\$13,485,510</u>	<u>\$41,191,490</u>

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

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

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

***Governmental Activities***

General Government	\$980,600
Public Safety	7,452,539
Public Works and Transportation	1,015,439
Library and Community Services	555,609
Economic Development	95,378
Planning and Building	452,644
Maintenance Services	289,059
Internal Service Funds	3,403,002
	<u>\$14,244,270</u>

***Business-Type Activities***

Sewer Fund	\$5,267,512
Water Fund	2,548,676
Stormwater Fund	275
Airport Fund	1,541,302
	<u>\$9,357,765</u>

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**6. LONG-TERM DEBT**

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

Type of Obligation	Authorized and Issued	Balance at June 30, 2016	Retirements	Outstanding at June 30, 2017	Current Portion
<b>Governmental Activity Debt:</b>					
<b>Certificates of Participation</b>					
2015 COP (a), 3.0-5.0%, due 12/31/34	\$67,535,000	\$67,535,000		\$67,535,000	
Add: Original issue premium	5,689,046	5,689,046	\$299,423	5,389,623	
2016 Refunding COP, 2.6-2.76%, due 11/1/2026	19,813,775	19,813,775	1,922,392	17,891,383	\$2,021,009
Add: Original issue premium	876,695	876,695	79,700	796,995	
<b>Promissory Note</b>					
Fire Suppression Equipment (a), 0%	200,000	100,000	100,000		
<b>Lease Revenue Bonds</b>					
ABAG Series 2001-2 (a), 3.0-5.0%, due 12/01/20	3,589,835	380,000	70,000	310,000	75,000
<b>Loan Payable</b>					
Energy Efficiency Loan (a), 1%, due 12/22/23	2,488,880	1,991,337	256,987	1,734,350	259,565
<b>Private Placement Loan</b>					
2014 Fire Station #7 and Wellness Center Private Placement Loan (a), 2.84%, due 8/1/29	5,500,000	5,048,672	311,669	4,737,003	320,583
Subtotal		<u>101,434,525</u>	<u>3,040,171</u>	<u>98,394,354</u>	<u>2,676,157</u>
<b>Internal Service Fund Long-Term Debt (b)</b>					
<b>Capital Leases - Equipment</b>					
Solar Power Generator Equipment, 6%, due 03/01/30	1,035,000	682,302	32,263	650,039	34,228
Energy Upgrades and Solar Project, 3%, due 06/22/2024	887,152	439,945	82,832	357,113	85,334
<b>Capital Leases - Fleet</b>					
Fire Engines 3.240%, due 10/22/20	1,906,413	975,650	204,786	770,864	211,473
Maintenance Vehicles 2.88%, due on 10/22/17	765,366	189,448	125,397	64,051	64,055
Police Vehicles 1.3%, due on 11/15/2016	520,000	66,481	66,481		
Police Vehicles 2.46%, due on 1/17/18	535,000	274,043	135,346	138,697	138,694
Fire Engines 3.05%, due 1/17/24	824,000	678,526	76,107	602,419	78,446
Fire Truck 2.92%, due 6/15/25	1,272,000	1,160,743	114,528	1,046,215	117,899
<b>Capital Leases - Technology</b>					
Computer hardware	755,100	158,224	158,224		
Network Infrastructure Lease, due 5/21/19	1,699,356	1,013,043	329,387	683,656	337,612
Total capital lease obligations		<u>5,638,405</u>	<u>1,325,351</u>	<u>4,313,054</u>	<u>1,067,741</u>
Subtotal		<u>5,638,405</u>	<u>1,325,351</u>	<u>4,313,054</u>	<u>1,067,741</u>
Total Governmental Activity Debt		<u>\$107,072,930</u>	<u>\$4,365,522</u>	<u>\$102,707,408</u>	<u>\$3,743,898</u>

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**6. LONG-TERM DEBT (Continued)**

Type of Obligation	Authorized and Issued	Balance June 30, 2016	Retirements	Outstanding at June 30, 2017	Current Portion
<b>Business-type Activity Debt:</b>					
<b>Revenue Bonds</b>					
2013 Water Revenue Refunding Loan (c), 2.76%, due 5/1/25	\$7,245,000	\$5,525,000	\$545,000	\$4,980,000	\$560,000
<b>Loan Payable</b>					
Energy Efficiency Loan (c), 3%, due 6/22/25	2,450,000	1,706,686	167,855	1,538,831	172,928
<b>Certificates of Participation</b>					
For acquisition of:					
2007 Sewer (d) 3.5-4.0%%, due 2/1/18	9,880,000	950,000	465,000	485,000	485,000
<b>State Water Resource Control Board Loan</b>					
0%, due 9/30/28 (d)	54,550,018	35,459,619	2,727,501	32,732,118	2,727,501
Total Business-type Activity Debt		<u>\$43,641,305</u>	<u>\$3,905,356</u>	<u>\$39,735,949</u>	<u>\$3,945,429</u>

Debt service payments are generally made from the following sources:

- (a) Revenues recorded in the General Fund.
- (b) Operating revenues recorded in the Internal Service Funds.
- (c) Operating Revenues from the Water Enterprise Fund and Airport Enterprise Fund.
- (d) Operating revenues recorded in the Sewer Enterprise Fund.

***Certificates of Participation (COPs)***

***2015 Certificates of Participation*** – On October 1, 2015, the City issued \$67,535,000 in Certificates of Participation (2015 COPs) to acquire and construct a number of capital improvements, including a new library and community learning center, improvements to existing fire stations, and street rehabilitation and repairs. The 2015 COPs bear interest at 3% to 5% and are due serially each November 1. Interest payments are due semi-annually on May 1 and November 1, through maturity in 2034.

***2016 Refunding Certificates of Participation*** – On June 1, 2016, the Hayward Public Financing Authority issued Certificates of Participation (2016 COPs) in the amount of \$19,813,775. The proceeds of the lease obligation were used to refund the 2007 Certificates of Participation. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of Net Position.

The lease obligation is payable each November from 2016 to 2026, in amounts ranging from \$850,000 to \$2,021,009 and bear interest at rates ranging from 2.6% to 2.76%. Interest is payable semiannually on May 1 and November 1.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**6. LONG-TERM DEBT (Continued)**

***Promissory Note***

In fiscal year 2011, the City entered into a promissory note agreement with A100 US, LLC. The City borrowed \$200,000 to help finance the purchase of new City vehicles. The note bears no interest. As of June 30, 2017, the balance of the promissory note was \$100,000. The City has written off the outstanding balance during the current fiscal year.

***2001 ABAG Lease Revenue Bonds***

In fiscal year 2002, the City issued \$7,475,000 principal amount of ABAG Lease Revenue Bonds, Series 2001-2, (2001-2 Bonds), the proceeds of which were used to finance the cost of acquiring capital assets and to refund and retire various capital lease and certificates of participation obligations. This bifurcated Bond issue is repayable from governmental funds, the Equipment Management Internal Service Fund, the Sewer Enterprise Fund and the Water Enterprise Fund and as a result, the principal balance of the 2001-2 Bonds has been prorated and recorded in each of the above funds and activities. As of June 30, 2017, the portions of bonds repayable from the Equipment Management Internal Service Funds, the Sewer Enterprise Fund and the Water Enterprise Fund were paid off. The remaining balance payable from governmental funds is \$310,000.

***Energy Efficiency Loan***

In fiscal year 2014, the City issued a \$2,488,880 loan for the Energy Conservation Assistance Program, funded by the California Infrastructure and Economic Development Bank. The loan will finance an Energy Savings Project that consists of streetlight retrofitting. The loan bears interest at 1% and payments are to be made bi-annually on June 22 and December 22 of each year until 2023.

***2014 Fire Station #7 and Wellness Center Private Placement Loan***

The City entered into a loan agreement with Umpqua Bank in the amount of \$5,500,000 on August 1, 2014. Loan proceeds will be used to fund the design and construction of a Firehouse Wellness Clinic at Fire Station # 7. This loan bears interest of 2.84%. Principal and interest payments are payable semiannually on February 1 and August 1, commencing February 1, 2015 through maturity on August 1, 2029.

***Capital Lease Obligations***

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

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**6. LONG-TERM DEBT (Continued)**

***2013 Water Revenue Refunding Loan***

The City issued Water Revenue Refunding Bonds of \$7,245,000 on August 13, 2013, to defease the City's outstanding Public Financing Authority 1996 Revenue Bonds, and to refund 2001 Water System Improvement Project Certificates of Participation and 2004 Water System Improvement Project Certificates of Participation. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of Net Position. The 2013 Water Revenue Refunding Bonds are secured by a pledge of net revenues of the water system. The Bonds bear interest at a rate per annum at 2.76%. Principal payments are payable May 1. Interest payments are payable semiannually on May 1 and November 1, commencing May 1, 2014 through maturity on May 1, 2025.

The pledge of future Water Fund Revenues ends upon repayment of the \$4.98 million in remaining debt service on the bonds which is scheduled to occur in fiscal year 2025. For fiscal year 2017, Water Fund Revenues including operating revenues, non-operating interest earnings and transfers in amounted to \$54.1 million and operating costs including operating expenses, but not interest, depreciation or amortizations amounted to \$43.5 million. Net Revenues available for debt service amounted to \$10.6 million, which represented coverage of 15.2 times over the \$697,490 in debt service.

***Energy Efficiency Loan***

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

***2007 Sewer Refunding Certificates of Participation***

The City's 2007 Sewer Refunding Certificates of Participation are due August 1, 2026 and bear interest at rates of 3.5% and 4%. The proceeds from the 2007 COPs were used to advance refund the remaining outstanding balance on the City's 1996 Sewer System Improvement Certificates of Participation and the 1998 Sewer System Improvement Certificates of Participation. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of Net Position. Certificates maturing on or after August 1, 2017 are subject to optional prepayment by the City after this date. Interest payments are due on February 1 and August 1 of each year through maturity in 2018.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**6. LONG-TERM DEBT (Continued)**

***State Water Resources Control Board Loans***

In June 2006, the City entered into a loan agreement with the State of California's State Water Resources Control Board for the purpose of financing the Wastewater System Improvement Project. Under the terms of the contract, the City has agreed to repay \$54,550,018 to the State in exchange for receiving \$45,458,167 in proceeds used to fund the Project. The difference between the repayment obligation and proceeds amounts to \$9,091,852 upon issue and represents in-substance interest on the outstanding balance. As of June 30, 2017, the City's gross repayment obligation totaled \$32,732,118 and has a corresponding prepayment of interest expense for \$3,533,673. The repayments of the loan are due annually on September 30, commencing September 30, 2009.

***Debt Service Requirements***

At June 30, 2017, annual debt service requirements to maturity for long-term debt, including interest payments, were as follows:

Year Ending June 30:	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2018	\$3,743,898	\$3,442,337	\$3,945,429	\$201,730
2019	5,904,223	3,285,001	3,485,655	161,648
2020	5,771,005	3,062,621	3,505,950	140,345
2021	5,880,408	2,839,580	3,531,585	118,288
2022	5,813,855	2,615,428	3,552,300	95,599
2023 - 2027	30,984,968	9,676,184	16,257,921	144,243
2028 - 2032	23,232,433	5,259,136	5,457,109	
2033 - 2037	15,190,000	964,619		
Totals	96,520,790	<u>\$31,144,906</u>	<u>\$39,735,949</u>	<u>\$861,853</u>
Plus unamortized premium	<u>6,186,618</u>			
Total Long-term debt principal, net	<u>\$102,707,408</u>			

***Defeased Bonds***

As of June 30, 2017, outstanding balances for defeased debt were \$560,000 for the 1998 Sewer System Improvement Certificates of Participation, \$1,350,000 for the 2001 Water System Improvement Project Certificates of Participation, and \$17,380,000 for the 2007 Refunding Certificates of Participation. The 2004 Water System Improvement Project Certificates of Participation and 1996 Sewer System Improvement Certificates of Participation were fully defeased.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**6. LONG-TERM DEBT (Continued)**

*Authorized and Unissued Debt*

On October 14, 2014, City Council authorized an application for a State Water Resources Control Board Revolving Fund Loan in the amount of \$12,200,000. As of June 30, 2017, the City had not finalized the loan agreement with the State.

On April 19, 2016, City Council authorized the City Manager to sign and file a State Water Resources Control Board Revolving Loan Financial Assistance Application for Water Pollution Control Facility Phase II Improvements in the amount of \$25,000,000. As of June 30, 2017 the total amount remained authorized but unissued.

**7. LEASING ARRANGEMENTS**

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

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

**8. SPECIAL ASSESSMENT DEBT WITHOUT CITY COMMITMENT**

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

In June 1994 the Local Improvement District No. 16, Garin Avenue, issued Limited Obligation Improvement Bonds in the original principal amount of \$3,000,000 to finance construction of a water system within the District. Outstanding debt at June 30, 2017 was \$440,000.

In June 1999 the Local Improvement District No. 17, Twin Bridges Community Park, issued Limited Obligation Improvement Bonds in the original principal amount of \$396,014 to finance improvements within the District. Outstanding debt at June 30, 2017 was \$190,000.

In October 2013, the Community Facilities District No. 1, Eden Shores issued Special Tax Refunding Bonds, Series 2013, in the original principal amount of \$7,076,294 refunding the 2002 Special Tax Bonds. Outstanding debt for the 2013 Bonds at June 30, 2017 was \$6,148,070.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**9. NET POSITION AND FUND BALANCES**

*Net Position* – Net Position is the excess of all the City’s assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position are divided into three captions. These captions apply only to Net Position, and are described below:

*Net Investments in Capital Assets* describes the portion of Net Position which is represented by the current net book value of the City’s capital assets, less the outstanding balance of any debt issued to finance these assets and related deferred inflows.

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

Public Safety Activities – These Net Positions are restricted for activities pertaining to the rehabilitation or reconstruction of pavement, repair of or installation of new sidewalks, maintenance of or improvements to the City’s streetlights and traffic signals, as well as other improvements to the City’s infrastructure. Such projects primarily draw their funding from Special Revenue Programs operated by the City, including State Gasoline Tax, Alameda County Measure B, and various local, state and federal grants.

Public Works and Transportations Activities – These Net Positions are restricted for grants received by the City for the specific activities involving emergency response and responding to other emergency and other public safety calls for service from the community.

Planning and Buildings Activities – These Net Positions are restricted managing the development of Hayward in order to assure the economic and environmental health of the community, and to protect the health and safety of the community through building inspection, enforcement of codes and standards, and by providing new housing opportunities for residents of the City.

Economic Development Activities – These Net Positions are restricted by state law to housing redevelopment activities of the City of Hayward.

Debt Service Activities – These Net Positions are restricted for the use of debt service related activities.

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

*Fund balance* – Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund’s cash and receivables, less its liabilities.

The City’s fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. Each category in the following hierarchy is ranked according to the degree of spending constraint:

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**9. NET POSITION AND FUND BALANCES (Continued)**

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

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

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

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

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

***Fund balance flow assumptions*** – Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**9. NET POSITION AND FUND BALANCES (Continued)**

It is the policy of the City of Hayward to establish and maintain adequate financial reserves in order to avoid the negative effects of economic cycles upon essential services to the public and to assure that annual fluctuations in revenue receipts do not impede the City's ability to meet its expenditure obligations.

During periods of economic sufficiency, these reserves shall be used as a source of supplemental revenue through prudent investments and earnings under policies of the City Council and for meeting short term cash flow deficiencies. During periods of economic downturns, when revenues fail to meet the normal operating requirements of essential public services, or when need for reserves temporarily exceeds receipts, these designations may, upon the recommendation of the City Manager and the authorization of the City Council, be used in accordance with the standards set forth herein.

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

The General Fund Balances are detailed below and described along with the minimum balance target and purpose:

	<b>Balance at June 30, 2017</b>
<b>Nonspendables:</b>	
Items not in spendable form:	
Deposits, parts, supplies and other:	\$7,657,001
<b>Total Nonspendable Fund Balances</b>	<b>7,657,001</b>
 <b>Assigned:</b>	
Capital projects	256,170
Measure C District sales tax	10,020,589
<b>Total Assigned Fund Balances</b>	<b>10,276,759</b>
 <b>Unassigned:</b>	
Designations:	
Liquidity	21,767,997
<b>Total Unassigned Fund Balances</b>	<b>21,767,997</b>
<b>Total Fund Balances</b>	<b>\$39,701,757</b>

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**9. NET POSITION AND FUND BALANCES (Continued)**

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

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

- In October 2014 the Citizens of Hayward approved the Measure C District Sales Tax, a general tax. Fund balances related to this Measure have been assigned.

*Deficit Fund Balances* – As of June 30, 2017, the following funds had deficits:

The Workers' Compensation Insurance Internal Service Fund reflects an accumulated deficit of \$4,836,809 due to accrued claims which have not been fully funded. The above deficits are expected to be eliminated with future revenues.

**10. ACCRUED RECLAMATION COSTS**

To comply with regulatory requirements imposed by the California Regional Water Quality Control Board and the Alameda County Department of Environmental Health, the City expects to incur reclamation costs associated with an abandoned 60 acre landfill site. Such costs represent placing an 18-inch vegetative cover over the landfill site as well as ongoing monitoring costs. Annually the City expects to incur \$125,000 in expenses related to reclamation costs for the site. These expenses will be funded by operating revenue of the Sewer Enterprise Fund. Reclamation payments totaled \$163,379 for the year ended June 30, 2017. Reclamation costs are accrued in the Sewer Enterprise Fund. Actual costs may be higher due to inflation, changes in technology, or changes in State or Federal regulations.

**11. DEFERRED COMPENSATION PLAN**

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

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

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**12. PENSION PLANS**

***General Information about the Pension Plans***

***Plan Descriptions*** – All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

***Benefits Provided*** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**12. PENSION PLANS (Continued)**

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	<b>Miscellaneous</b>	
	<u>Classic Tier I</u>	<u>PEPRA</u>
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 2.50%	1.0% - 2.5%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates	26.388%	26.388%
	<b>Safety - Fire</b>	
	<u>Classic Tier I</u>	<u>PEPRA</u>
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.0% - 2.7%
Required employee contribution rates	9.0%	9.75%
Required employer contribution rates	43.122%	43.122%
	<b>Safety - Police</b>	
	<u>Classic Tier I</u>	<u>PEPRA</u>
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.0% - 2.7%
Required employee contribution rates	9.0%	12.00%
Required employer contribution rates	47.220%	47.220%

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**12. PENSION PLANS (Continued)**

**Employees Covered** – The following employees were covered by the benefit terms for each Plan as of the most recent actuarial valuation date of June 30, 2015 and measurement date of June 30, 2016:

	<u>Miscellaneous</u>	<u>Safety-Fire</u>	<u>Safety - Police</u>
Inactive employees or beneficiaries currently receiving benefits	831	183	298
Inactive employees entitled to but not yet receiving benefits	629	18	74
Active employees	<u>482</u>	<u>118</u>	<u>179</u>
Total	<u>1,942</u>	<u>319</u>	<u>551</u>

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

***Net Pension Liability***

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**12. PENSION PLANS (Continued)**

**Actuarial Assumptions** – For the measurement period ended June 30, 2016, the total pension liabilities were determined by rolling forward the June 30, 2015 total pension liability. The June 30, 2015 and June 30, 2016 total pension liabilities were based on the following actuarial methods and assumptions:

	All Plans (1)
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.2% - 20.0% (2)
Investment Rate of Return	7.50%
Mortality	Derived using CalPERS Membership Data for all Funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

- (1) Actuarial assumptions are the same for all benefit tiers (Classic Tier and PEPRA)
- (2) Depending on age, service and type of employment
- (3) The mortality table used was developed based on CalPERS' specific data. The table includes 5 years of projected mortality improvements using Society of Actuaries Scale AA. For more details on this table, please refer to the CalPERS 2015 experience study report available on CalPERS website.

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a April 2010 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website under the GASB 68 section.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**12. PENSION PLANS (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
Total	<u>100%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**12. PENSION PLANS (Continued)**

***Changes in the Net Pension Liability***

The changes in the Net Pension Liability for each Plan follow:

***Miscellaneous Plan:***

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2015</b>	\$393,508,938	\$277,033,570	\$116,475,368
<b>Changes in the year:</b>			
Service cost	6,147,333		6,147,333
Interest on the total pension liability	29,369,393		29,369,393
Differences between actual and expected experience	(1,584,352)		(1,584,352)
Changes in assumptions			
Changes in benefit terms			
Plan to plan resource movement		(11,393)	11,393
Contribution - employer		9,973,051	(9,973,051)
Contribution - employee (paid by employer)			
Contribution - employee		3,159,686	(3,159,686)
Net investment income		1,454,000	(1,454,000)
Administrative expenses		(168,838)	168,838
Benefit payments, including refunds of employee contributions	(22,169,235)	(22,169,235)	
<b>Net changes</b>	<u>11,763,139</u>	<u>(7,762,729)</u>	<u>19,525,868</u>
<b>Balance at June 30, 2016</b>	<u>\$405,272,077</u>	<u>\$269,270,841</u>	<u>\$136,001,236</u>

***Safety - Fire Plan:***

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2015</b>	\$249,242,755	\$172,151,696	\$77,091,059
<b>Changes in the year:</b>			
Service cost	4,145,914		4,145,914
Interest on the total pension liability	19,111,623		19,111,623
Differences between actual and expected experience	5,499,415		5,499,415
Changes in assumptions			
Changes in benefit terms			
Plan to plan resource movement			
Contribution - employer		5,795,308	(5,795,308)
Contribution - employee (paid by employer)			
Contribution - employee		2,527,042	(2,527,042)
Net investment income		802,917	(802,917)
Administrative expenses		(104,917)	104,917
Benefit payments, including refunds of employee contributions	(13,979,969)	(13,979,969)	
<b>Net changes</b>	<u>14,776,983</u>	<u>(4,959,619)</u>	<u>19,736,602</u>
<b>Balance at June 30, 2016</b>	<u>\$264,019,738</u>	<u>\$167,192,077</u>	<u>\$96,827,661</u>

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**12. PENSION PLANS (Continued)**

*Safety - Police Plan:*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2015</b>	\$327,821,129	\$214,902,945	\$112,918,184
<b>Changes in the year:</b>			
Service cost	6,807,555		6,807,555
Interest on the total pension liability	25,023,071		25,023,071
Differences between actual and expected experience	4,712,282		4,712,282
Changes in assumptions			
Changes in benefit terms			
Plan to plan resource movement		11,302	(11,302)
Contribution - employer		8,594,361	(8,594,361)
Contribution - employee (paid by employer)			
Contribution - employee		3,666,124	(3,666,124)
Net investment income		1,028,532	(1,028,532)
Administrative expenses		(130,972)	130,972
Benefit payments, including refunds of employee contributions	(17,676,444)	(17,676,444)	
<b>Net changes</b>	<u>18,866,464</u>	<u>(4,507,097)</u>	<u>23,373,561</u>
<b>Balance at June 30, 2016</b>	<u>\$346,687,593</u>	<u>\$210,395,848</u>	<u>\$136,291,745</u>
<b>Combined Total</b>	<u>\$1,015,979,408</u>	<u>\$646,858,766</u>	<u>\$369,120,642</u>

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate*** – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety-Fire	Safety-Police
1% Decrease	6.65%	6.65%	6.65%
Net Pension Liability	\$186,509,315	\$130,802,944	\$183,491,652
Current Discount Rate	7.65%	7.65%	7.65%
Net Pension Liability	\$136,001,236	\$96,827,661	\$136,291,745
1% Increase	8.65%	8.65%	8.65%
Net Pension Liability	\$94,023,991	\$68,748,971	\$97,710,083

***Pension Plan Fiduciary Net Position*** – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**12. PENSION PLANS (Continued)**

***Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions***

For the year ended June 30, 2017, the City recognized pension expense of \$31,476,702. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

***Miscellaneous Plan:***

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$11,092,052	
Differences between actual and expected experience		(\$1,332,335)
Changes in assumptions		(864,581)
Net differences between projected and actual earnings on plan investments	<u>14,585,436</u>	
Total	<u><u>\$25,677,488</u></u>	<u><u>(\$2,196,916)</u></u>

***Safety Plan - Fire:***

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$6,383,503	
Differences between actual and expected experience	4,872,766	
Changes in assumptions		(\$2,549,888)
Net differences between projected and actual earnings on plan investments	<u>9,135,183</u>	
Total	<u><u>\$20,391,452</u></u>	<u><u>(\$2,549,888)</u></u>

***Safety Plan - Police:***

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$10,512,716	
Differences between actual and expected experience	3,472,208	(\$378,504)
Changes in assumptions		(2,724,590)
Net differences between projected and actual earnings on plan investments	<u>11,538,465</u>	
Total	<u><u>\$25,523,389</u></u>	<u><u>(\$3,103,094)</u></u>

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**12. PENSION PLANS (Continued)**

\$27,988,271 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<i>All Plans (Misc., Fire and Police)</i>	
Year Ended	Amortization
June 30	Amount
2018	\$2,602,396
2019	4,818,805
2020	17,820,583
2021	10,404,546
2022	107,830

**13. PUBLIC AGENCY RETIREMENT SYSTEM**

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

As approved by Council, PARS participants contribute 3.75 % and the City contributes 3.75% of salary each pay period. Contributions made by an employee and the employer vest immediately. No forfeitures were noted during the current period.

For the fiscal year ending June 30, 2017, total contributions of \$12,436 were made based on a total amount of covered compensation of \$331,633.

**14. OTHER POSTEMPLOYMENT BENEFITS**

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

The City contributes up to a fixed dollar amount for retiree medical benefits, which varies by employee bargaining group and coverage level as governed by PEMCHA. Benefits continue for surviving spouses in amounts as required by PEMCHA. Should an eligible retiree opt out of the CalPERS medical plan, they will receive \$120 to \$125 per month in lieu of contributions to the CalPERS plan. As of June 30, 2017, approximately 595 retirees were eligible and were receiving retiree health care benefits from the City. There were approximately 712 active employees that should they meet requirements will be eligible to receive health care benefits upon retirement.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**14. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Funding Policy and Actuarial Assumptions** – The annual required contribution (ARC) was determined as part of a July 1, 2015 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included 4.19% explicit investment rate of return, 4% implicit investment rate of return, 3.25% projected annual salary increase and a 7.28% long term return on assets. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City’s OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 22-year closed amortization period.

**Funding Progress and Funded Status** – In fiscal year 2017, the City made contributions toward the ARC and amortized its net OPEB obligation as presented below:

Net OPEB Obligation at June 30, 2016	\$32,681,837
Annual required contribution (ARC)	12,168,142
Interest on net OPEB obligation	1,363,444
Adjustment to annual required contribution	(2,370,013)
Annual OPEB cost	11,161,573
Contributions made:	
Contribution to CERBT Trust	(2,928,925)
Subtotal	(2,928,925)
Change in net OPEB Obligation	8,232,648
Net OPEB Obligation at June 30, 2017	\$40,914,485

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

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	\$7,330,299	\$4,181,214	57%	\$24,829,788
6/30/2016	10,804,188	2,952,139	27%	32,681,837
6/30/2017	11,161,573	2,928,925	26%	40,914,485

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**14. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Funding Status and Funding Progress** – As of July 1, 2015, the most recent actuarial valuation date, the plan was 3.3% funded. The Actuarial Accrued Liability (AAL) for benefits was \$112,025,118 and the Actuarial Value of Plan Asset was \$3,684,251 resulting in an Unfunded Actuarial Accrued Liability (UAAL) of \$108,340,867. The covered payroll (annual payroll of active employees covered by the plan) was \$81,350,000 and the ratio of UAAL to the covered payroll was 133.18%.

The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**15. RISK MANAGEMENT**

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

<u>Type of Coverage</u>	<u>Self Insurance</u>	<u>Coverage and Limits</u>
General Liability	\$0 - \$1,000,000 per occurrence	\$250,000 - \$25,000,000
Workers' compensation	\$0 - statutory limits	None
Property	\$0 - \$500,000 per occurrence	\$250,000 - \$1,000,000,000
Cyber	\$0 - \$100,000 per occurrence	\$50,000 - \$25,000,000
Boiler and machinery	\$0 - \$350,000 per occurrence	\$2,000,000 - \$100,000,000
Airport	None	\$25,000 - \$50,000,000
Pollution	\$0- \$75,000 per pollution condition	\$500,000 - \$10,000,000

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

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

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

**Self-Insurance** – The City records estimated liabilities for general liability claims filed or expected to be filed as part of the accrued liabilities in the General Liability Fund (internal service fund). Charges to the General Fund and other funds are determined from an analysis of self-insured claim costs and recorded as transfers from such funds to the General Liability Fund.

The City records estimated liabilities for workers' compensation claims filed or expected to be filed as part of the accrued liabilities in the Workers' Compensation Insurance Fund (internal service fund). Premiums are paid to the Insurance Fund by all other funds and are available to pay claims, claim reserves, and administrative costs of the program.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**15. RISK MANAGEMENT (Continued)**

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

The unpaid workers' compensation claims liabilities included in the Worker's Compensation Insurance Internal Service Fund are based on the results of an actuarial study and include amounts for claims incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. In addition, the liability is discounted using an annual interest rate of 2%.

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

	General Liability	Workers' Compensation	Totals, as of June 30	
			2017	2016
Balance, beginning of year	\$2,204,694	\$15,163,620	\$17,368,314	\$16,626,306
Current year claims and changes in estimates	(1,887,221)	(1,826,677)	(3,713,898)	(5,568,112)
Claims paid	1,230,473	3,304,268	4,534,741	6,310,120
Balance, end of year	<u>\$1,547,946</u>	<u>\$16,641,211</u>	<u>\$18,189,157</u>	<u>\$17,368,314</u>

GASB #10 requires the City to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including allocated loss adjustment expense and unallocated loss adjustment expenses. GASB #10 does not prohibit the discounting of losses to recognize investment income. The City's estimated minimum liability at June 30, 2017 is \$18,819,157. This amount is net of the allowable adjustment to recognize investment income.

**16. JOINT POWERS AGREEMENTS**

In March 2013, agencies of Alameda County entered into a Joint Powers Agreement creating the Energy Council to further the efforts of the Alameda County Waste Management Authority (ACWMA) in efforts to seek funding, develop and implement sustainable energy initiatives that reduce energy demand, increase energy efficiency and advance the use of clean efficient and renewable resources in the region for the benefit of the member agencies. No debt, liability, or obligation of the Energy Council shall constitute a debt, liability of obligation of the City of Hayward pursuant to Government Code section 6508.1 and the terms of the agreement. The Energy Council shall be governed by the Board, consisting of one member from each governing body of each member agency. The financial activities for the Energy Council are not included in the accompanying financial statements as it is administered by a board separate from and independent of the City.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**16. JOINT POWERS AGREEMENTS (Continued)**

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

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

- a) Payments related to the services which the City received during fiscal year 2017 amounted to \$754,304 and are recorded as materials, supplies and services expenses.
- b) Payments related to the City’s long-term investment in the joint powers agency, for which the City has the ability to exercise significant influence over operating and financial policies, are recorded as an investment in the East Bay Dischargers Authority under the equity method. The City’s equity approximates one-third of the total net position of EBDA and amounts to \$10,677,883 at June 30, 2017.

The investment in East Bay Dischargers Authority is valued as of June 30, 2017, the latest date for which financial information is available.

Summary financial information as of and for the year ended June 30, 2017 (the most recent audited financial information available) for EBDA’s common use operations was as follows:

Assets	
Current	\$5,315,299
Net OPEB asset	81,474
Capital assets - net	27,759,962
Total Assets	33,156,735
Deferred outflow of resources	160,624
Total	\$33,317,359
Liabilities	\$1,180,433
Deferred inflow of resources	103,276
Net Position	32,033,650
Total	\$33,317,359
Revenues	\$4,935,711
Expenses	(5,455,880)
Non-operating revenues	37,149
Change in Net Position	(\$483,020)

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**16. JOINT POWERS AGREEMENTS (Continued)**

Complete financial statements of EBDA can be obtained from:

City of Hayward  
Finance Department, 3<sup>rd</sup> Floor  
777 B Street  
Hayward, California 94541

**17. COMMITMENTS AND CONTINGENCIES**

***Litigation***

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

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

***Bay Area Water Supply and Conservation Agency Revenue Bonds Surcharge***

The City contracts with the City and County of San Francisco for the purchase of water from the Hetch Hetchy System operated by the San Francisco Public Utilities Commission (SFPUC). The City is also a member of the Bay Area Water Supply and Conservation Agency (BAWSCA) which represents the interests of all the 24 cities and water districts, as well as two private utilities, that purchase wholesale water from the SFPUC.

In 2009 the City entered into a new 25 year agreement with the SFPUC. One of the ways that the new agreement differs from the old is in how facilities constructed by the SFPUC that benefit the regional customers are treated from a rate and financial perspective. Under the old agreement, facilities were built, capitalized, and added to the rate base with a rate of return (interest), and then paid for over their useful lives through wholesale rates. Under the new agreement, the SFPUC issues revenue bonds and the debt service (which also includes an interest component) is paid for through rates over the life of the bonds.

During the transition from the old to the new contracts, one of the issues addressed was how to deal with the \$370 million in assets that were still being paid for by the wholesale customers under the old agreement. The assets were transferred to the new agreement, assigned a life with an agreed upon rate of return of 5.13%. Also negotiated was a provision to allow the wholesale customers to prepay any remaining existing assets' unpaid principal balance without penalty or premium. This prepayment was executed through the issuance of bonds by BAWSCA which provide a better interest rate given the favorable rate environment.

BAWSCA issued Revenue Bonds in the principal amount of \$335,780,000 in January 2013 to prepay the capital cost recovery payment obligation and fund a stabilization fund. The Bonds mature in October 2034 and are secured by surcharges to the monthly water purchase charges imposed upon the participating members. The Bonds are not a debt obligation of any member, and BAWSCA's failure to pay its Bonds would not constitute a default by any participating member.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**17. COMMITMENTS AND CONTINGENCIES (Continued)**

Should any participating member fail to pay its share, BAWSCA will rely on the stabilization fund and will pursue all legal remedies to collect the shortfall from the delinquent member. In the interim, other participating members may have their portion adjusted to insure the continued payment of the debt service surcharge.

The risk of bearing the debt service expense of a defaulting member is not significantly different than the risk each member assumes currently for fluctuations in water purchase charges. Under the Bond indenture, BAWSCA maintains a stabilization fund. If surcharge revenues collected are less than needed (due to a member's failure to pay timely), BAWSCA uses the stabilization fund to fund the debt service deficiency, and increases the surcharge in the subsequent year to make up for the prior year shortfall and reimburse the stabilization fund account. Also, given that each participating agency's governing body adopted a Resolution to participate in the Bond issue, Management believes that default is generally very unlikely.

The annual debt service surcharges are a fixed amount for each participant and are calculated by taking the subsequent fiscal year's debt service, multiplied by each participant's actual water purchase as a percent of total wholesale customer water purchases from the prior fiscal year. One-twelfth of the annual surcharge is included in the monthly bill from SFPUC. Because each participant's share of the debt service surcharge is proportional to the amount of water purchased during the prior fiscal year, the City's share of the debt service will fluctuate from year to year.

The City paid its surcharge of \$2,659,992 during fiscal year 2017, which is included as a component of purchased water expenses in the Water Enterprise Fund. The surcharge for fiscal year 2018 is estimated to be \$2,943,576.

**18. CONDUIT DEBT WITHOUT CITY COMMITMENT**

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

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

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

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**18. CONDUIT DEBT WITHOUT CITY COMMITMENT (Continued)**

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

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

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

On November 10, 2014, the City sponsored the issuance of City of Hayward Multifamily Housing Revenue Bonds (South Hayward BART Family and Senior Affordable Apartments) 2014 Series A which were issued in the aggregate principal amount of \$32,261,046 to assist in the acquisition and construction of a 150-unit multifamily rental housing facility. The City has no legal or moral liability with respect to the payment of this debt.

**19. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES**

***Redevelopment Dissolution***

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, amended by AB1484 on June 27, 2012, which suspended all new redevelopment activities except for limited specified activities as of that date and dissolved redevelopment agencies on January 31, 2012.

The suspension provisions prohibited all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26.

ABx1 26 and AB1484 created three regulatory authorities, the Successor Agency Oversight Board, State Controller and Department of Finance (DOF), to review the former Agency's asset transfers, obligation payments and wind down activities. ABx1 26 specifically directs the State Controller to review the activities of all redevelopment agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the legislation purports to require the State Controller to order the asset returned to the redevelopment agency.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**19. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)**

Effective January 31, 2012, the Redevelopment Agency was dissolved. Certain assets of the Redevelopment Agency Low and Moderate Income Housing Fund were distributed to a Housing Successor; and all remaining Redevelopment Agency assets and liabilities were distributed to a Successor Agency.

Under the provisions of AB 1484, the City can elect to become the Housing Successor and retain the housing assets. The City initially declined to become the Housing Successor, however after other agencies refused to assume the responsibility, the City elected to become the temporary Housing Successor and on February 1, 2012, certain housing assets were transferred to the City's Housing Authority Capital Projects Fund.

The City also elected to become the Successor Agency and on February 1, 2012 the Redevelopment Agency's remaining assets were distributed to and liabilities were assumed by the Successor Agency. ABx1 26 requires the establishment of an Oversight Board to oversee the activities of the Successor Agency and one was established on April 30, 2012. The activities of the Successor Agency are subject to review and approval of the Oversight Board, which is comprised of seven members, including one member of City Council and one former Redevelopment Agency employee appointed by the Mayor.

The activities of the Housing Successor are reported in the Housing Authority Capital Projects Fund as the City has control of those assets, which may be used in accordance with the low and moderate income housing provisions of California Redevelopment Law.

The activities of the Successor Agency are reported in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund as the activities are under the control of the Oversight Board. The City provides administrative services to the Successor Agency to wind down the affairs of the former Redevelopment Agency.

AB1484 required the Successor Agency to complete two due diligence reviews – one for the low and moderate income housing assets of the Successor Agency (Housing DDR), and a second for all other balances of the Successor Agency (Non-housing DDR). The due diligence reviews are to calculate the balance of unencumbered balances as of June 30, 2012 available to be remitted to the County for disbursement to taxing entities. The Successor Agency submitted both due diligence reviews to the State Department of Finance for review and approval. The Department of Finance approved the Housing DDR and the Successor Agency remitted the unencumbered balance of \$2,695,429 to the County on April 19, 2013. The Department of Finance approved the Non-housing DDR and the Successor Agency remitted the unencumbered balance of \$5,856,617 to the County on October 28, 2013. The Successor Agency received its Finding of Completion on November 8, 2013.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**19. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)**

***Cash and Investments***

The Successor Agency pools cash from all sources and all funds with the City so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. The details of the City's investment pool can be found in the Note 2 above.

Restricted cash and investments may be used only for activities authorized by the bond indentures of the Successor Agency's Bonds.

***Capital Assets***

The Successor Agency assumed the capital assets of the former Redevelopment Agency as of February 1, 2012.

Capital Assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows.

Buildings and improvements	10 - 50 years
Improvements other than Buildings	15 years
Machinery and equipment	7 - 50 years

The Successor Agency has recorded all its public domain (infrastructure) capital assets, which include landscape, storm, street, and traffic systems.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**19. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)**

***Capital Asset Additions, Retirements, and Balances***

	Balance June 30, 2016	Additions	Balance June 30, 2017
Capital assets not being depreciated:			
Land	\$5,277,955	_____	\$5,277,955
Total capital asset not being depreciated	5,277,955	_____	5,277,955
Capital assets being depreciated:			
Buildings and improvements	14,135,897		14,135,897
Improvements other than buildings	1,574,361		1,574,361
Machinery and equipment	9,575		9,575
Total capital asset being depreciated	15,719,833	_____	15,719,833
Less accumulated depreciation for:			
Buildings and improvements	3,078,040	\$314,131	3,392,171
Improvements other than buildings	572,017	62,974	634,991
Machinery and equipment	9,575		9,575
Total accumulated depreciation	3,659,632	377,105	4,036,737
Net depreciable assets	12,060,201	(377,105)	11,683,096
Private purpose trust fund assets, net	\$17,338,156	(\$377,105)	\$16,961,051

***Loans Receivable***

The Successor Agencies assumed the notes and loans receivable of the former Redevelopment Agency as of February 1, 2012. The balance of the notes receivable assumed by the Successor Agency at June 30, 2017 was \$24,634,521 recorded in the Successor Agency to the Redevelopment Agency Private-Purpose Trust, consisting of rehabilitation and construction loans.

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

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

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**19. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)**

Receivables – To partially compensate the former Redevelopment Agency for the above design and construction costs and repay the advances, the School District, HARD and the City have agreed to assign certain school development fees and park-in-lieu fees to the former Redevelopment Agency. In addition, the School District has agreed that the former Redevelopment Agency may retain pass-through payments due the School District pursuant to the Health and Safety Code, as partial compensation for the above costs. The remaining unreimbursed costs are recorded in a schedule of changes in the loan receivable balance for the year ended June 30, 2017.

	School Project	Cannery Park	Place	Attraction	Total
Balance at June 30, 2016	\$19,708,010	\$3,491,901	\$275,624	\$1,436,763	\$24,912,298
Add: Loan Disbursements				200,000	200,000
Less: Loan Payments	391,012			86,765	477,777
Balance at June 30, 2017	<u>\$19,316,998</u>	<u>\$3,491,901</u>	<u>\$275,624</u>	<u>\$1,549,998</u>	<u>\$24,634,521</u>

***Loans Payable***

The Successor Agencies assumed the notes and loans payable of the former Redevelopment Agency as of February 1, 2012. The balance of the loans payable assumed by the Successor Agency at June 30, 2017 was \$13,421,931 recorded in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund. The loans were as follows:

	<b>Advances to Private Purpose Trust Fund</b>	<b>Advances From City</b>
General Fund	\$7,636,442	
Housing Authority Special Revenue Fund	3,876,516	
Enterprise Funds		
Sewer	831,877	
Water	1,041,075	
Internal Service Funds	27,021	
Successor Agency Private Purpose Trust Fund		<u>\$13,412,931</u>
Total	<u>\$13,412,931</u>	<u>\$13,412,931</u>

Funds were advanced from the City to the former Redevelopment Agency under an Amended Repayment Agreement whereby the Agency has agreed to reimburse the City a portion of project costs for the B Street/Watkins/Mission Garage and B Street Retail and Civic Center Plaza not to exceed \$11,186,217.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**19. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)**

Under the Dissolution Act, certain agreements between Cities and redevelopment agencies no longer qualify as enforceable obligations. However, with the passage of AB 1484 on June 28, 2012, upon meeting certain requirements including the issuance of a finding of completion by the State Department of Finance and approval from the Oversight Board, this loan was restored at LAIF rates from inception. The amounts above reflect only the principal portion of the loan. As a result of the State Controller's Office Asset Transfer Review, completed in 2014, a loan repayment made by the Successor Agency to the City's General Fund in March 2011 of \$2.22 million was disallowed. Additional repayments of \$1,041,075 by the Successor Agency to the City's Water Enterprise Fund and \$831,877 by the Successor Agency to the City's Sewer Enterprise Fund were also disallowed. These balances are reflected in the table above.

***Long-Term Debt***

The Successor Agency assumed the long-term debt of the Redevelopment Agency as of February 2012. The Successor Agency's debt issues and transactions are summarized below and discussed in detail thereafter.

Type of Obligation	Authorized and Issued	Principal Outstanding June 30, 2016	Additions	Retirements	Principal Outstanding June 30, 2017	Current Portion
Tax Allocation Bonds,						
2004 Redevelopment Agency due 3/1/2034, interest at 3%-5.3%	\$44,790,000	\$30,380,000		\$30,380,000		
2006 Redevelopment Agency due 3/1/2036, interest at 3.75%-5.0%	11,800,000	11,380,000		11,380,000		
2016 Refunding Redevelopment Agency due 3/1/2036, interest at 2.0%-5.0%	35,270,000		\$35,270,000	2,035,000	\$33,235,000	\$1,685,000
Add: Original Issue Premium			3,680,168	184,009	3,496,159	
Total	<u>\$91,860,000</u>	<u>\$41,760,000</u>	<u>\$38,950,168</u>	<u>\$43,979,009</u>	<u>\$36,731,159</u>	<u>\$1,685,000</u>

At June 30, 2017, future debt service requirement for the Successor Agency were as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2018	\$1,685,000	\$1,550,975
2019	1,735,000	1,487,550
2020	1,805,000	1,417,450
2021	1,880,000	1,344,550
2022	1,975,000	1,254,250
2023 - 2027	11,360,000	4,669,125
2028 - 2032	7,650,000	2,008,125
2033 - 2036	5,145,000	513,200
Totals	\$33,235,000	\$14,245,225
Plus unamortized premium	3,496,159	
Total Long-term debt principal, net	<u>36,731,159</u>	

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**19. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)**

***2004 Tax Allocation Bonds***

In fiscal year 2004, the former Redevelopment Agency issued \$44,790,000 of Tax Allocation Bonds to provide funds to defeased and retire the 1996 Tax Allocation Bonds and to finance various redevelopment projects within the Redevelopment Project Area. The Bonds are a special obligation of the Agency originally secured by tax increment revenues on parity with the Agency's 2006 Tax Allocation Bonds. The bonds are payable in annual installments as indicated below, until Maturity on March 1, 2034. Interest is paid semiannually on March 1 and September 1, with rates ranging from 3% to 5.3% per annum.

In November 2016, proceeds from the 2016 Tax Allocation Refunding Bonds were used to advance refund and defease the 2004 Tax Allocation Bonds.

***2006 Tax Allocation Bonds***

In fiscal year 2006, the former Redevelopment Agency issued \$11,800,000 principal amount of Redevelopment Agency Tax Allocation Bonds, Series 2006, the proceeds of which will be used to finance various redevelopment projects within the Redevelopment Area. The Bonds are special obligation of the Agency originally secured by tax increment revenues on parity with the Agency's 2004 Tax Allocation Bonds. The Bonds are payable in annual installments as indicated below, until maturity on March 1, 2036. Interest is paid semiannually on March 1 and September 1, with rates ranging from 3.75% to 5.0% per annum.

In November 2016, proceeds from the 2016 Tax Allocation Refunding Bonds were used to advance refund and defease the 2006 Tax Allocation Bonds.

***2016 Tax Allocation Refunding Bonds***

On November 29, 2016, the Successor Agency issued 2016 Tax Allocation Refunding Bonds in the amount of \$35,270,000. The proceeds of the Bonds were used to refund the 2004 Tax Allocation Bonds and 2006 Tax Allocation Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of Net Position. The refunding resulted in an overall debt service savings of \$11,247,434. The net present value of the debt service savings is called an economic gain and amounted to \$4,771,267. The Bonds are payable in annual installments as indicated below until maturity on March 1, 2036. Interest is paid semiannually on March 1 and September 1, with rates ranging from 2.0% to 5.0% per annum.

With the dissolution of the Redevelopment Agency discussed above, Tax Increment is no longer distributed and housing set-aside amounts are no longer required, and instead the Successor Agency receives payments from the County's Redevelopment Property Tax Trust Fund (RPTTF) that are to be used to fund debt service on the Bonds, with no distinction between housing and non-housing revenues. The Successor Agency only receives the funds necessary to fulfill its approved obligations. In fiscal year 2017, total tax increment calculated and available for distribution by the County Auditor-Controller was \$5,089,716, and the total received by the Successor Agency was \$5,089,716. The taxes available for distribution covered 100% of the \$2,382,642 of debt service.

**CITY OF HAYWARD, CALIFORNIA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2017**

**19. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES (Continued)**

*Commitments and Contingencies*

*State Approval of Enforceable Obligations – Successor Agency*

The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) semi-annually that contains all proposed expenditures for the subsequent six-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The amount, if any, of current obligations that may be denied by the State Department of Finance cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF HAYWARD**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
Miscellaneous Plan - Agent Multiple-Employer Defined Pension Plan  
Last 10 Years\*

Measurement Date	6/30/2014	6/30/2015	6/30/2016
<b>Total Pension Liability</b>			
Service Cost	\$6,288,587	\$5,922,880	\$6,147,333
Interest	27,661,985	28,504,068	29,369,393
Differences between expected and actual experience		(3,128,990)	(1,584,352)
Changes in assumptions		(6,628,461)	
Changes in benefits			
Benefit payments, including refunds of employee contributions	(19,351,565)	(21,117,520)	(22,169,235)
<b>Net change in total pension liability</b>	14,599,007	3,551,977	11,763,139
<b>Total pension liability - beginning</b>	375,357,954	389,956,961	393,508,938
<b>Total pension liability - ending (a)</b>	<u>\$389,956,961</u>	<u>\$393,508,938</u>	<u>\$405,272,077</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$7,412,951	\$8,397,492	\$9,973,051
Contributions - employee	3,116,188	3,176,411	3,159,686
Net investment income	42,388,729	6,280,326	1,454,000
Benefit payments, including refunds of employee contributions	(19,351,565)	(21,117,520)	(22,169,235)
Plan to Plan Resource Movement		2,005	(11,393)
Administrative Expense		(311,784)	(168,838)
<b>Net change in plan fiduciary net position</b>	33,566,303	(3,573,070)	(7,762,729)
<b>Plan fiduciary net position - beginning</b>	247,040,337	280,606,640	277,033,570
<b>Plan fiduciary net position - ending (b)</b>	<u>\$280,606,640</u>	<u>\$277,033,570</u>	<u>\$269,270,841</u>
<b>Net pension liability - ending (a)-(b)</b>	<u>\$109,350,321</u>	<u>\$116,475,368</u>	<u>\$136,001,236</u>
Plan fiduciary net position as a percentage of the total pension liability	71.96%	70.40%	66.44%
Covered payroll	\$37,254,645	\$37,577,455	\$37,278,957
Net pension liability as percentage of covered payroll	293.52%	309.96%	364.82%

**Notes to Schedule:**

**Benefit changes.** The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes in assumptions.** The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

\* - Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

**Source:** CalPERS Accounting Valuation

**CITY OF HAYWARD**  
**SCHEDULE OF CONTRIBUTIONS**  
Miscellaneous Plan - Agent Multiple-Employer Defined Pension Plan  
Last 10 Years\*

<b>Fiscal Year Ended June 30</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Actuarially determined contribution	\$8,401,478	\$10,026,685	\$11,092,052
Contributions in relation to the actuarially determined contributions	<u>8,401,478</u>	<u>10,026,685</u>	<u>11,092,052</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$37,577,455	\$37,278,957	\$39,325,308
Contributions as a percentage of covered payroll	22.36%	26.90%	28.21%

**Notes to Schedule**

Valuation date:	6/30/2013	6/30/2014	6/30/2015
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	15 Years as of the Valuation Date
Asset valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on Age, Service, and type of employment
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\* - Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

Source: City of Hayward's general ledger and CalPERS Actuarial Valuation

**CITY OF HAYWARD**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
 Fire Safety Plan - Agent Multiple-Employer Defined Pension Plan  
 Last 10 Years\*

Measurement Date	6/30/2014	6/30/2015	6/30/2016
<b>Total Pension Liability</b>			
Service Cost	\$4,037,733	\$3,887,900	\$4,145,914
Interest	17,319,964	18,049,868	19,111,623
Differences between expected and actual experience	-	763,164	5,499,415
Changes in assumptions	-	(4,308,430)	
Changes in benefits	-	-	
Benefit payments, including refunds of employee contributions	(12,054,664)	(13,394,096)	(13,979,969)
<b>Net change in total pension liability</b>	<b>9,303,033</b>	<b>4,998,406</b>	<b>14,776,983</b>
<b>Total pension liability - beginning</b>	<b>234,941,316</b>	<b>244,244,349</b>	<b>249,242,755</b>
<b>Total pension liability - ending (a)</b>	<b>\$244,244,349</b>	<b>\$249,242,755</b>	<b>\$264,019,738</b>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$4,128,191	\$4,969,514	\$5,795,308
Contributions - employee	2,212,037	2,383,255	2,527,042
Net investment income	26,481,168	3,918,637	802,917
Benefit payments, including refunds of employee contributions	(12,054,664)	(13,394,096)	(13,979,969)
Administrative Expense	-	(193,742)	(104,917)
<b>Net change in plan fiduciary net position</b>	<b>20,766,732</b>	<b>(2,316,432)</b>	<b>(4,959,619)</b>
<b>Plan fiduciary net position - beginning</b>	<b>153,701,396</b>	<b>174,468,128</b>	<b>172,151,696</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$174,468,128</b>	<b>\$172,151,696</b>	<b>\$167,192,077</b>
Net pension liability - ending (a)-(b)	\$69,776,221	\$77,091,059	\$96,827,661
Plan fiduciary net position as a percentage of the total pension liability	71.43%	69.07%	63.33%
Covered payroll	\$14,894,224	\$15,304,881	\$15,425,723
Net pension liability as percentage of covered payroll	468.48%	503.70%	627.70%

**Notes to Schedule:**

**Benefit changes.** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes in assumptions.** The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

\* - Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

**Source:** CalPERS Accounting Valuation

**CITY OF HAYWARD**  
**SCHEDULE OF CONTRIBUTIONS**  
 Fire Safety Plan - Agent Multiple-Employer Defined Pension Plan  
 Last 10 Years\*

<b>Fiscal Year Ended June 30</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Actuarially determined contribution	\$4,879,642	\$5,789,172	\$6,383,503
Contributions in relation to the actuarially determined contributions	4,879,642	5,789,172	6,383,503
Contribution deficiency (excess)	\$0	\$0	\$0
Covered payroll	\$15,304,881	\$15,425,723	\$16,579,674
Contributions as a percentage of covered payroll	31.88%	37.53%	38.50%

**Notes to Schedule**

Valuation date:	6/30/2013	6/30/2014	6/30/2015
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	27 Years as of the Valuation Date
Asset valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on Age, Service, and type of employment
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\*- Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

Source: City of Hayward's general ledger and CalPERS Actuarial Valuation

**CITY OF HAYWARD**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**  
 Police Safety Plan - Agent Multiple-Employer Defined Pension Plan  
 Last 10 Years\*

Measurement Date	6/30/2014	6/30/2015	6/30/2016
<b>Total Pension Liability</b>			
Service Cost	\$6,810,663	\$6,454,659	\$6,807,555
Interest	22,705,717	23,663,122	25,023,071
Differences between expected and actual experience	-	(823,804)	4,712,282
Changes in assumptions	-	(5,929,992)	
Changes in benefits	-	-	
Benefit payments, including refunds of employee contributions	(15,228,912)	(16,782,338)	(17,676,444)
<b>Net change in total pension liability</b>	14,287,468	6,581,647	18,866,464
<b>Total pension liability - beginning</b>	306,952,014	321,239,482	327,821,129
<b>Total pension liability - ending (a)</b>	\$321,239,482	\$327,821,129	\$346,687,593
<b>Plan fiduciary net position</b>			
Contributions - employer	\$5,781,918	\$7,594,532	\$8,594,361
Contributions - employee	3,731,615	3,296,967	3,666,124
Net investment income	32,686,768	4,819,953	1,028,532
Benefit payments, including refunds of employee contributions	(15,228,912)	(16,782,338)	(17,676,444)
Net Plan to Plan Resource Movement			11,302
Administrative Expense	-	(241,860)	(130,972)
<b>Net change in plan fiduciary net position</b>	26,971,389	(1,312,746)	(4,507,097)
<b>Plan fiduciary net position - beginning</b>	189,244,302	216,215,691	214,902,945
<b>Plan fiduciary net position - ending (b)</b>	\$216,215,691	\$214,902,945	\$210,395,848
Net pension liability - ending (a)-(b)	\$105,023,791	\$112,918,184	\$136,291,745
Plan fiduciary net position as a percentage of the total pension liability	67.31%	65.55%	60.69%
Covered payroll	\$21,359,362	\$22,033,138	\$21,649,761
Net pension liability as percentage of covered payroll	491.70%	512.49%	629.53%

**Notes to Schedule:**

**Benefit changes.** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes in assumptions.** The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

\* - Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

**Source:** CalPERS Accounting Valuation

**CITY OF HAYWARD**  
**SCHEDULE OF CONTRIBUTIONS**  
Police Safety Plan - Agent Multiple-Employer Defined Pension Plan  
Last 10 Years\*

<b>Fiscal Year Ended June 30</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Actuarially determined contribution	\$7,487,975	\$8,650,555	\$10,512,716
Contributions in relation to the actuarially determined contributions	<u>7,487,975</u>	<u>8,650,555</u>	<u>10,512,716</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$22,033,138	\$21,649,761	\$22,884,077
Contributions as a percentage of covered payroll	33.99%	39.96%	45.94%

**Notes to Schedule**

Valuation date:	6/30/2013	6/30/2014	6/30/2015
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	27 Years as of the Valuation Date
Asset valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on Age, Service, and type of employment
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\*- Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

Source: City of Hayward's general ledger and CalPERS Actuarial Valuation

**RETIREE MEDICAL BENEFITS (OPEB) SCHEDULE OF FUNDING PROGRESS**

Valuation Date	Actuarial		Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
6/30/2011	\$517,364	\$68,954,988	(\$68,437,624)	1%	\$77,520,736	(88.28%)
6/30/2013	839,626	75,797,884	(74,958,258)	1%	71,461,824	(104.89%)
6/30/2015	3,684,251	112,025,118	(108,340,867)	3%	81,350,000	(133.18%)

**MAJOR GOVERNMENTAL FUNDS BUDGET AND ACTUAL SCHEDULES**

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CITY OF HAYWARD  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis*</u>	Variance with Adjusted Budget
	<u>Adopted</u>	<u>Adjusted</u>		Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$46,004,970	\$46,224,970	\$47,195,566	\$970,596
Sales taxes	46,068,896	46,462,636	48,848,674	2,386,038
Utility user tax	16,543,000	16,593,000	20,753,813	4,160,813
Other tax	23,778,000	23,808,000	26,820,222	3,012,222
Licenses and permits	5,608,810	6,058,810	7,765,527	1,706,717
Fines and forfeitures	2,014,251	2,039,251	2,428,970	389,719
Investment and rental income	614,000	614,000	466,521	(147,479)
Intergovernmental	8,038,172	7,116,916	6,558,579	(558,337)
Fees and charges for services	6,598,050	6,847,779	8,713,378	1,865,599
<b>Total Revenues</b>	<u>155,268,149</u>	<u>155,765,362</u>	<u>169,551,250</u>	<u>13,785,888</u>
<b>EXPENDITURES:</b>				
Current:				
General government	13,159,052	14,345,802	13,182,512	1,163,290
Public safety	107,223,256	108,248,808	110,187,351	(1,938,543)
Public works and transportation	2,633,510	2,653,774	2,755,536	(101,762)
Library and community services	5,907,922	5,933,284	5,552,560	380,724
Planning and building	7,399,649	9,171,774	8,465,010	706,764
Maintenance services	7,500,897	7,510,524	6,857,236	653,288
<b>Total Expenditures</b>	<u>143,824,286</u>	<u>147,863,966</u>	<u>147,000,205</u>	<u>863,761</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>11,443,863</u>	<u>7,901,396</u>	<u>22,551,045</u>	<u>14,649,649</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,560,053	2,615,053	2,627,118	12,065
Transfers (out)	<u>(11,404,427)</u>	<u>(14,127,533)</u>	<u>(29,535,499)</u>	<u>(15,407,966)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(8,844,374)</u>	<u>(11,512,480)</u>	<u>(26,908,381)</u>	<u>(15,395,901)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$2,599,489</u>	<u>(\$3,611,084)</u>	<u>(4,357,336)</u>	<u>(\$746,252)</u>
<b>BEGINNING FUND BALANCE</b>			<u>44,059,093</u>	
<b>ENDING FUND BALANCE</b>			<u>\$39,701,757</u>	

\* Includes revenue and expenditures related to the City's Measure C District Sales Tax.

CITY OF HAYWARD  
 FEDERAL GRANTS SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	Variance with Adjusted Budget Positive (Negative)
REVENUES:				
Investment income			\$12,833	\$12,833
Intergovernmental	\$494,075	\$571,771	791,396	219,625
Fees and charges for services		23,000	108,044	85,044
Total Revenues	<u>494,075</u>	<u>594,771</u>	<u>912,273</u>	<u>317,502</u>
EXPENDITURES:				
Current:				
Public works and transportation	415,372	1,353,577	160,149	1,193,428
Total Expenditures	<u>415,372</u>	<u>1,353,577</u>	<u>160,149</u>	<u>1,193,428</u>
EXCESS OF REVENUES OVER	<u>78,703</u>	<u>(758,806)</u>	<u>752,124</u>	<u>1,510,930</u>
OTHER FINANCING SOURCES (USES):				
Transfers in		350,000	350,000	
Total Other Financing Sources (Uses)		<u>350,000</u>	<u>350,000</u>	
NET CHANGE IN FUND BALANCE	<u>\$78,703</u>	<u>(\$408,806)</u>	1,102,124	<u>\$1,510,930</u>
BEGINNING FUND BALANCE			<u>13,183,166</u>	
ENDING FUND BALANCE			<u>\$14,285,290</u>	

## **SUPPLEMENTAL INFORMATION**

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CITY OF HAYWARD  
HOUSING AUTHORITY CAPITAL PROJECT FUND  
SCHEDULES OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Adjusted Budget Positive (Negative)
REVENUES:				
Investment income	\$57,385	\$57,385	\$378,097	\$320,712
Other revenue	74,562	74,562	328,360	253,798
Total Revenues	<u>131,947</u>	<u>131,947</u>	<u>706,457</u>	<u>574,510</u>
EXPENDITURES:				
Library and community services	123,141	860,486	371,354	489,132
Total Expenditures	<u>123,141</u>	<u>860,486</u>	<u>371,354</u>	<u>489,132</u>
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(3,541)	(3,541)	(3,541)	
Total Other Financing Sources (Uses)	<u>(3,541)</u>	<u>(3,541)</u>	<u>(3,541)</u>	
NET CHANGE IN FUND BALANCE	<u>\$5,265</u>	<u>(\$728,539)</u>	331,562	<u>\$1,060,101</u>
BEGINNING FUND BALANCE, AS RESTATED			<u>22,163,306</u>	
ENDING FUND BALANCE			<u>\$22,494,868</u>	

CITY OF HAYWARD  
GENERAL CAPITAL PROJECTS CAPITAL PROJECT FUND  
SCHEDULES OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Variance with Adjusted Budget Positive (Negative)
REVENUES:				
Other taxes			\$688,970	\$688,970
Investment income			329,569	329,569
Intergovernmental			7,395,094	7,395,094
Fees and charges for services			228	228
Licenses and permits			983	983
Other revenue			3,061,021	3,061,021
Total Revenues			11,475,865	11,475,865
EXPENDITURES:				
Capital outlay	\$35,735,000	\$100,509,881	38,878,656	61,631,225
Total Expenditures	35,735,000	100,509,881	38,878,656	61,631,225
EXCESS OF REVENUES OVER EXPENDITURES	(35,735,000)	(100,509,881)	(27,402,791)	73,107,090
OTHER FINANCING SOURCES (USES):				
Transfers in	1,039,000	1,739,000	24,319,707	22,580,707
Transfers (out)	(6,600,000)	(6,600,000)	(6,600,000)	
Total Other Financing Sources (Uses)	(5,561,000)	(4,861,000)	17,719,707	22,580,707
NET CHANGE IN FUND BALANCE	(\$41,296,000)	(\$105,370,881)	(9,683,084)	\$95,687,797
BEGINNING FUND BALANCE			68,374,788	
ENDING FUND BALANCE			\$58,691,704	

**COMBINING GENERAL FUND SCHEDULES**

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CITY OF HAYWARD  
GENERAL FUND  
COMBINING BALANCE SHEETS  
JUNE 30, 2017

	General Fund		Total
	General Purpose	Measure C District Sales Tax	
<b>ASSETS:</b>			
Cash and investments	\$26,319,801	\$7,948,229	\$34,268,030
Accounts receivable, net	1,830,543		1,830,543
Due from other governments	4,907,972	2,101,200	7,009,172
Due from other funds	681,651		681,651
Long-term loans to the Private Purpose Trust Fund	7,636,442		7,636,442
Deposits, parts, supplies and other	18,559	2,000	20,559
<b>Total Assets</b>	<b>\$41,394,968</b>	<b>\$10,051,429</b>	<b>\$51,446,397</b>
<b>LIABILITIES:</b>			
Accounts payable	\$1,417,575	\$2,858	\$1,420,433
Accrued liabilities	5,333,380	25,982	5,359,362
Advances from other funds	3,311,644		3,311,644
Refundable deposits	1,653,201		1,653,201
<b>Total Liabilities</b>	<b>11,715,800</b>	<b>28,840</b>	<b>11,744,640</b>
<b>FUND BALANCES:</b>			
Nonspendable	7,655,001	2,000	7,657,001
Assigned	256,170	10,020,589	10,276,759
Unassigned	21,767,997		21,767,997
<b>Total Fund Balances (Deficit)</b>	<b>29,679,168</b>	<b>10,022,589</b>	<b>39,701,757</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$41,394,968</b>	<b>\$10,051,429</b>	<b>\$51,446,397</b>

CITY OF HAYWARD  
GENERAL FUND  
COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund		
	General Fund	Measure C District Sales Tax	Total
<b>REVENUES:</b>			
Property taxes	\$47,195,566		\$47,195,566
Sales taxes	34,839,287	\$14,009,387	48,848,674
Utility users tax	20,753,813		20,753,813
Other taxes	26,820,222		26,820,222
Licenses and permits	7,765,527		7,765,527
Fines and forfeitures	2,428,970		2,428,970
Investment income	260,227	180,220	440,447
Rental income	26,074		26,074
Intergovernmental	6,558,579		6,558,579
Fees and charges for services	5,679,408		5,679,408
Other revenue	3,033,970		3,033,970
<b>Total Revenues</b>	<b>155,361,643</b>	<b>14,189,607</b>	<b>169,551,250</b>
<b>EXPENDITURES:</b>			
Current:			
General government	13,152,618	29,894	13,182,512
Public safety	108,394,217	1,793,134	110,187,351
Public works and transportation	2,755,536		2,755,536
Library and community services	5,552,560		5,552,560
Planning and building	8,465,010		8,465,010
Maintenance services	6,285,131	572,105	6,857,236
<b>Total Expenditures</b>	<b>144,605,072</b>	<b>2,395,133</b>	<b>147,000,205</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>10,756,571</b>	<b>11,794,474</b>	<b>22,551,045</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	2,627,118		2,627,118
Transfers (out)	(14,533,971)	(15,001,528)	(29,535,499)
<b>Total Other Financing Sources (Uses)</b>	<b>(11,906,853)</b>	<b>(15,001,528)</b>	<b>(26,908,381)</b>
<b>CHANGE IN FUND BALANCES</b>	<b>(1,150,282)</b>	<b>(3,207,054)</b>	<b>(4,357,336)</b>
<b>BEGINNING FUND BALANCES (DEFICITS)</b>	<b>30,829,450</b>	<b>13,229,643</b>	<b>44,059,093</b>
<b>ENDING FUND BALANCES (DEFICITS)</b>	<b>\$29,679,168</b>	<b>\$10,022,589</b>	<b>\$39,701,757</b>

## NON-MAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

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

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

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

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

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

*Recycling Fund* – Accounts for revenue received from County Measure D funds and grants used to support the City’s recycling program.

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

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

*Measure B Local Streets and Roads* – Accounts for proceeds of an additional one-half cent sales tax to be used to improve, repair and overlay city streets.

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

## **NON-MAJOR GOVERNMENTAL FUNDS (Continued)**

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

*Measure BB Fund* – Supports local road improvement and repair projects, traffic congestion relief projects, local transportation technology projects, and pedestrian and bicyclist access and safety projects. Accounts for the provision of taxi and van transportation for the elderly and handicapped. An additional 1% sales tax is collected to support this program.

*Measure F Fund* – Alameda County Vehicle Registration Fee was approved in November 2010. \$10 per year vehicle registration fee collection supports local road improvement and repair projects, traffic congestion relief projects, local transportation technology projects, and pedestrian and bicyclist access and safety projects.

*Local Grants Fund* – Accounts for grants not originating from the Federal Government and State of California.

### **DEBT SERVICE FUNDS**

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

### **CAPITAL PROJECTS FUNDS**

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

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

*Performance Deposits Fund* – Accounts for deposits belong to developer which will go through the entitle process for eligible expenses. Once projects completed City will either refund or bill developers for the difference.

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CITY OF HAYWARD  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2017

SPECIAL REVENUE FUNDS				
	Special Gasoline Tax	Community Development Block Grant	Housing Mortgage Revenue Bonds	Park Dedication Ordinance
<b>ASSETS:</b>				
Cash and investments	\$161,532	\$1,120,164	\$1,022,429	\$5,733,694
Cash and investments with fiscal agents				
Accounts receivable, net	118,669			
Due from other governments	274,286	527,205		
Interest receivable			3,300	
Loans receivable		4,706,250	221,836	
Land held for resale				
Total Assets	\$554,487	\$6,353,619	\$1,247,565	\$5,733,694
<b>LIABILITIES:</b>				
Accounts payable	\$154,972	\$104,859	\$1,643	
Accrued liabilities		7,387	1,368	
Due to other funds				
Unearned revenue				
Refundable deposits				\$1,500,000
Total Liabilities	154,972	112,246	3,011	1,500,000
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - grants receivable	118,669			
Total Deferred Inflows of Resources	118,669			
<b>FUND BALANCES:</b>				
Restricted				
Public safety				
Public works and transportation	280,846			
Planning and building				4,233,694
Economic development		6,241,373	1,244,554	
Debt service				
Total Fund Balances	280,846	6,241,373	1,244,554	4,233,694
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$554,487	\$6,353,619	\$1,247,565	\$5,733,694

SPECIAL REVENUE FUNDS

Business Improvement	Donation	Recycling	Narcotics Asset Seizure	Park Maintenance District	Measure B Local Streets and Roads
\$160,796	\$868,311	\$1,624,162	\$715,011	\$3,154,133	\$3,156,795
4,140	1,250		66,153	6,151	365,055
	7,545				
		53,631			
		1,111,118			
<u>\$164,936</u>	<u>\$877,106</u>	<u>\$2,788,911</u>	<u>\$781,164</u>	<u>\$3,160,284</u>	<u>\$3,521,850</u>
\$22,297	\$97,696	\$50,609		\$58,823	\$743,661
	400	4,170		73	
	1,250		\$52,058		
<u>22,297</u>	<u>99,346</u>	<u>54,779</u>	<u>52,058</u>	<u>58,896</u>	<u>743,661</u>
<u>4,140</u>					
<u>4,140</u>					
			729,106		
138,499	777,760	2,734,132		3,101,388	2,778,189
<u>138,499</u>	<u>777,760</u>	<u>2,734,132</u>	<u>729,106</u>	<u>3,101,388</u>	<u>2,778,189</u>
<u>\$164,936</u>	<u>\$877,106</u>	<u>\$2,788,911</u>	<u>\$781,164</u>	<u>\$3,160,284</u>	<u>\$3,521,850</u>

(Continued)

CITY OF HAYWARD  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEETS  
JUNE 30, 2017

SPECIAL REVENUE FUNDS				
	Measure B Pedestrian	Measure B Paratransit	Measure BB	Measure F
<b>ASSETS:</b>				
Cash and investments	\$711,683	\$1,192,871	\$3,738,575	\$881,691
Cash and investments with fiscal agents				
Accounts receivable, net				
Due from other governments	75,315	135,557	506,997	139,144
Interest receivable				
Loans receivable				
Land held for resale				
Total Assets	\$786,998	\$1,328,428	\$4,245,572	\$1,020,835
<b>LIABILITIES:</b>				
Accounts payable	\$4,172	\$113,558	\$143,969	
Accrued liabilities		2,036		
Due to other funds				
Unearned revenue				
Refundable deposits				
Total Liabilities	4,172	115,594	143,969	
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Unavailable revenue - grants receivable				
Total Deferred Inflows of Resources				
<b>FUND BALANCES:</b>				
Restricted				
Public safety				
Public works and transportation	782,826	1,212,834	4,101,603	\$1,020,835
Planning and building				
Economic development				
Debt service				
Total Fund Balances	782,826	1,212,834	4,101,603	1,020,835
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$786,998	\$1,328,428	\$4,245,572	\$1,020,835

SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS			
Local Grants		Traffic Signal Construction	Route 238 Corridor Improvement	Performance Deposits	Total Nonmajor Governmental Funds
\$49,378	\$8,073,086 51,377	\$238,590		\$374,312	\$32,977,213 51,377
11,500		175,404	\$198,421		497,884 2,107,363 10,845 4,981,717 3,852,231
			2,741,113		
<u>\$60,878</u>	<u>\$8,124,463</u>	<u>\$413,994</u>	<u>\$2,939,534</u>	<u>\$374,312</u>	<u>\$44,478,630</u>
\$39,315		\$42,790	\$14,830		\$1,593,194 18,006
			681,651 198,421	\$2,572	681,651 251,729 1,860,504
				360,504	
<u>39,315</u>		<u>42,790</u>	<u>894,902</u>	<u>363,076</u>	<u>4,405,084</u>
		175,404			298,213
		175,404			298,213
21,563		195,800	2,044,632	11,236	729,106 15,184,496 8,251,341 7,485,927 8,124,463
	\$8,124,463				
<u>21,563</u>	<u>8,124,463</u>	<u>195,800</u>	<u>2,044,632</u>	<u>11,236</u>	<u>39,775,333</u>
<u>\$60,878</u>	<u>\$8,124,463</u>	<u>\$413,994</u>	<u>\$2,939,534</u>	<u>\$374,312</u>	<u>\$44,478,630</u>

CITY OF HAYWARD  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUNDS			
	Special Gasoline Tax	Community Development Block Grant	Housing Mortgage Revenue Bonds	Park Dedication Ordinance
REVENUES:				
Other taxes				
Fines and forfeitures				
Special assessments				
Investment income	\$8,174	\$42,622	\$13,700	\$55,092
Intergovernmental	3,039,924	964,711		
Fees and charges for services	1,897			
Other	577	240,394	209,856	1,916,764
	<u>3,050,572</u>	<u>1,247,727</u>	<u>223,556</u>	<u>1,971,856</u>
Total Revenues				
EXPENDITURES:				
Current:				
Public safety				
Public works and transportation			158,281	
Library and community services				
Economic development				
Planning and building		32,385		
Maintenance services				
Capital outlay	2,857,766			
Debt service:				
Principal repayment	256,987			
Interest and fiscal charges				
Bond issuance cost				
	<u>3,114,753</u>	<u>32,385</u>	<u>158,281</u>	<u></u>
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(64,181)</u>	<u>1,215,342</u>	<u>65,275</u>	<u>1,971,856</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)	(587,000)	(13,468)	(19,790)	
	<u>(587,000)</u>	<u>(13,468)</u>	<u>(19,790)</u>	<u></u>
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES	(651,181)	1,201,874	45,485	1,971,856
BEGINNING FUND BALANCES, as restated (Note 1)	932,027	5,039,499	1,199,069	2,261,838
ENDING FUND BALANCES	<u>\$280,846</u>	<u>\$6,241,373</u>	<u>\$1,244,554</u>	<u>\$4,233,694</u>

SPECIAL REVENUE FUNDS

Business Improvement	Donation	Recycling	Narcotics Asset Seizure	Park Maintenance District	Measure B Local Streets and Roads
\$1,396		\$7,840			
			\$70,994		
2,061	\$29,644	21,068	8,859	\$1,026,071	\$34,026
	24,072	1,669,901		36,985	2,362,645
	178,109	6,507		39,943	
3,457	231,825	1,705,316	79,853	1,102,999	2,396,671
	129,075				
	141,399	582,230			
56,797					
				854,032	
					1,911,263
56,797	270,474	582,230		854,032	1,911,263
(53,340)	(38,649)	1,123,086	79,853	248,967	485,408
	(6,800,000)	(44,824)			
	(6,800,000)	(44,824)			
(53,340)	(6,838,649)	1,078,262	79,853	248,967	485,408
191,839	7,616,409	1,655,870	649,253	2,852,421	2,292,781
\$138,499	\$777,760	\$2,734,132	\$729,106	\$3,101,388	\$2,778,189

(Continued)

CITY OF HAYWARD  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUNDS			
	Measure B Pedestrian	Measure B Paratransit	Measure BB	Measure F
REVENUES:				
Other taxes				
Fines and forfeitures				
Special assessments				
Investment income	\$7,423	\$37,207	\$39,915	\$10,563
Intergovernmental	487,442	877,330	3,277,369	776,620
Fees and charges for services				
Other				
Total Revenues	<u>494,865</u>	<u>914,537</u>	<u>3,317,284</u>	<u>787,183</u>
EXPENDITURES:				
Current:				
Public safety				
Public works and transportation			201,709	1,954
Library and community services		754,994		
Economic development				
Planning and building				
Maintenance services				
Capital outlay	122,843		2,205,742	810,693
Debt service:				
Principal repayment				
Interest and fiscal charges				
Bond issuance cost				
Total Expenditures	<u>122,843</u>	<u>754,994</u>	<u>2,407,451</u>	<u>812,647</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>372,022</u>	<u>159,543</u>	<u>909,833</u>	<u>(25,464)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)		(58,885)		
Total Other Financing Sources (Uses)		<u>(58,885)</u>		
NET CHANGE IN FUND BALANCES	372,022	100,658	909,833	(25,464)
BEGINNING FUND BALANCES, as restated (Note 1)	<u>410,804</u>	<u>1,112,176</u>	<u>3,191,770</u>	<u>1,046,299</u>
ENDING FUND BALANCES	<u><u>\$782,826</u></u>	<u><u>\$1,212,834</u></u>	<u><u>\$4,101,603</u></u>	<u><u>\$1,020,835</u></u>

SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS				
Local Grants	Certificates of Participation	Traffic Signal Construction	Route 238 Corridor Improvement	Performance Deposits	Total Nonmajor Governmental Funds	
					\$9,236	
					70,994	
					1,026,071	
\$358	\$101,816	\$5,412	\$100,054	\$4,292	559,271	
139,966		62,392			13,658,300	
			75,532		101,501	
7,745			2,059,344		4,659,239	
<u>\$148,069</u>	<u>101,816</u>	<u>67,804</u>	<u>2,234,930</u>	<u>4,292</u>	<u>20,084,612</u>	
					273,996	
					1,085,573	
					754,994	
					56,797	
					32,385	
					854,032	
		703,056	1,482,261		10,093,624	
	2,304,061				2,561,048	
	3,303,835				3,303,835	
	2,972				2,972	
<u>144,921</u>	<u>5,610,868</u>	<u>703,056</u>	<u>1,482,261</u>		<u>19,019,256</u>	
<u>3,148</u>	<u>(5,509,052)</u>	<u>(635,252)</u>	<u>752,669</u>	<u>4,292</u>	<u>1,065,356</u>	
	12,906,606	350,000			13,256,606	
			(455,000)		(7,978,967)	
	<u>12,906,606</u>	<u>350,000</u>	<u>(455,000)</u>		<u>5,277,639</u>	
3,148	7,397,554	(285,252)	297,669	4,292	6,342,995	
18,415	726,909	481,052	1,746,963	6,944	33,432,338	
<u>\$21,563</u>	<u>\$8,124,463</u>	<u>\$195,800</u>	<u>\$2,044,632</u>	<u>\$11,236</u>	<u>\$39,775,333</u>	

CITY OF HAYWARD  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUNDS					
	Special Gasoline Tax			Community Development Block Grant		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Other taxes						
Fines and forfeitures						
Special assessments						
Investment income		\$8,174	\$8,174	\$1,667	\$42,622	\$40,955
Intergovernmental		3,039,924	3,039,924	1,402,417	964,711	(437,706)
Fees and charges for services		1,897	1,897			
Other		577	577	145,332	240,394	95,062
<b>Total Revenues</b>		<b>3,050,572</b>	<b>3,050,572</b>	<b>1,549,416</b>	<b>1,247,727</b>	<b>(301,689)</b>
EXPENDITURES:						
Current:						
Public safety						
Public works and transportation						
Library and community services				2,176,248		2,176,248
Economic development						
Planning and building				941,152	32,385	908,767
Maintenance services						
Capital outlay	\$4,040,154	2,857,766	1,182,388			
Debt service						
Principal repayment		256,987	(256,987)			
Interest and fiscal charges						
Bond issuance cost						
<b>Total Expenditures</b>	<b>4,040,154</b>	<b>3,114,753</b>	<b>925,401</b>	<b>3,117,400</b>	<b>32,385</b>	<b>3,085,015</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,040,154)</u>	<u>(64,181)</u>	<u>3,975,973</u>	<u>(1,567,984)</u>	<u>1,215,342</u>	<u>2,783,326</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	(587,000)	(587,000)		(13,468)	(13,468)	
<b>Total Other Financing Sources (Uses)</b>	<u>(587,000)</u>	<u>(587,000)</u>		<u>(13,468)</u>	<u>(13,468)</u>	
<b>NET CHANGE IN FUND BALANCES</b>	<u><u>(\$4,627,154)</u></u>	<u>(651,181)</u>	<u><u>\$3,975,973</u></u>	<u><u>(\$1,581,452)</u></u>	<u>1,201,874</u>	<u><u>\$2,783,326</u></u>
BEGINNING FUND BALANCES, as restated (Note 1)		932,027			5,039,499	
ENDING FUND BALANCES		<u><u>\$280,846</u></u>			<u><u>\$6,241,373</u></u>	

SPECIAL REVENUE FUNDS

Housing Mortgage Revenue Bonds			Park Dedication Ordinance			Business Improvement		
Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
							\$1,396	\$1,396
\$5,500	\$13,700	\$8,200		\$55,092	\$55,092		2,061	2,061
184,029	209,856	25,827	\$2,235,906	1,916,764	(319,142)			
189,529	223,556	34,027	2,235,906	1,971,856	(264,050)		3,457	3,457
312,453	158,281	154,172						
			2,638,816		2,638,816	\$112,843	56,797	56,046
312,453	158,281	154,172	2,638,816		2,638,816	112,843	56,797	56,046
(122,924)	65,275	188,199	(402,910)	1,971,856	2,374,766	(112,843)	(53,340)	59,503
(19,790)	(19,790)							
(19,790)	(19,790)							
<u>(\$142,714)</u>	45,485	<u>\$188,199</u>	<u>(\$402,910)</u>	1,971,856	<u>\$2,374,766</u>	<u>(\$112,843)</u>	(53,340)	<u>\$59,503</u>
	<u>1,199,069</u>			<u>2,261,838</u>			<u>191,839</u>	
	<u>\$1,244,554</u>			<u>\$4,233,694</u>			<u>\$138,499</u>	

(Continued)

CITY OF HAYWARD  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUNDS					
	Donation			Recycling		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Other taxes				\$10,000	\$7,840	(\$2,160)
Fines and forfeitures						
Special assessments						
Investment income		\$29,644	\$29,644	4,000	21,068	17,068
Intergovernmental				1,528,793	1,669,901	141,108
Fees and charges for services	\$24,073	24,072	(1)			
Other	152,363	178,109	25,746	2,500	6,507	4,007
<b>Total Revenues</b>	<b>176,436</b>	<b>231,825</b>	<b>55,389</b>	<b>1,545,293</b>	<b>1,705,316</b>	<b>160,023</b>
EXPENDITURES:						
Current:						
Public safety	629,015	129,075	499,940			
Public works and transportation	166,301	141,399	24,902	2,549,707	582,230	1,967,477
Library and community services						
Economic development						
Planning and building						
Maintenance services						
Capital outlay						
Debt service						
Principal repayment						
Interest and fiscal charges						
Bond issuance cost						
<b>Total Expenditures</b>	<b>795,316</b>	<b>270,474</b>	<b>524,842</b>	<b>2,549,707</b>	<b>582,230</b>	<b>1,967,477</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<b>(618,880)</b>	<b>(38,649)</b>	<b>580,231</b>	<b>(1,004,414)</b>	<b>1,123,086</b>	<b>2,127,500</b>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)		(6,800,000)	(6,800,000)	(44,824)	(44,824)	
<b>Total Other Financing Sources (Uses)</b>		<b>(6,800,000)</b>	<b>(6,800,000)</b>	<b>(44,824)</b>	<b>(44,824)</b>	
NET CHANGE IN FUND BALANCES	<b><u>(\$618,880)</u></b>	<b><u>(6,838,649)</u></b>	<b><u>(\$6,219,769)</u></b>	<b><u>(\$1,049,238)</u></b>	<b>1,078,262</b>	<b><u>\$2,127,500</u></b>
BEGINNING FUND BALANCES, as restated (Note 1)		<u>7,616,409</u>			<u>1,655,870</u>	
ENDING FUND BALANCES		<u><u>\$777,760</u></u>			<u><u>\$2,734,132</u></u>	

SPECIAL REVENUE FUNDS

Narcotics Asset Seizure			Park Maintenance District			Measure B Local Streets and Roads		
Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
	\$70,994	\$70,994						
	8,859	8,859	\$960,955	\$1,026,071	\$65,116		\$34,026	\$34,026
				36,985	36,985		2,362,645	2,362,645
			39,943	39,943				
	79,853	79,853	1,000,898	1,102,999	102,101		2,396,671	2,396,671
\$93,000		93,000						
			1,171,542	854,032	317,510	\$4,727,525	1,911,263	2,816,262
93,000		93,000	1,171,542	854,032	317,510	4,727,525	1,911,263	2,816,262
(93,000)	79,853	172,853	(170,644)	248,967	419,611	(4,727,525)	485,408	5,212,933
<u>(\$93,000)</u>	79,853	<u>\$172,853</u>	<u>(\$170,644)</u>	248,967	<u>\$419,611</u>	<u>(\$4,727,525)</u>	485,408	<u>\$5,212,933</u>
	649,253			2,852,421			2,292,781	
	<u>\$729,106</u>			<u>\$3,101,388</u>			<u>\$2,778,189</u>	

(Continued)

CITY OF HAYWARD  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	SPECIAL REVENUE FUNDS					
	Measure B Pedestrian			Measure B Paratransit		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Other taxes						
Fines and forfeitures						
Special assessments						
Investment income		\$7,423	\$7,423		\$14,443	\$14,443
Intergovernmental		487,442	487,442	\$845,183	877,330	32,147
Fees and charges for services						
Other				41,300	22,764	(18,536)
Total Revenues		494,865	494,865	886,483	914,537	28,054
EXPENDITURES:						
Current:						
Public safety						
Public works and transportation						
Library and community services				1,139,767	754,994	384,773
Economic development						
Planning and building						
Maintenance services						
Capital outlay	\$893,865	122,843	771,022			
Debt service						
Principal repayment						
Interest and fiscal charges						
Bond issuance cost						
Total Expenditures	893,865	122,843	771,022	1,139,767	754,994	384,773
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(893,865)	372,022	1,265,887	(253,284)	159,543	412,827
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				(58,885)	(58,885)	
Total Other Financing Sources (Uses)				(58,885)	(58,885)	
NET CHANGE IN FUND BALANCES	(893,865)	372,022	\$1,265,887	(312,169)	100,658	\$412,827
BEGINNING FUND BALANCES, as restated (Note 1)		410,804			1,112,176	
ENDING FUND BALANCES		\$782,826			\$1,212,834	

SPECIAL REVENUE FUNDS

Measure BB			Measure F			Local Grants		
Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
\$526,082	\$39,915 3,277,369	\$39,915 2,751,287		\$10,563 776,620	\$10,563 776,620	\$151,500	\$358 139,966	\$358 (11,534)
							7,745	7,745
<u>526,082</u>	<u>3,317,284</u>	<u>2,791,202</u>		<u>787,183</u>	<u>787,183</u>	<u>151,500</u>	<u>148,069</u>	<u>(3,431)</u>
342,410	201,709	140,701		1,954	(1,954)	185,991	144,921	41,070
13,383,139	2,205,742	11,177,397	\$1,733,189	810,693	922,496			
<u>13,725,549</u>	<u>2,407,451</u>	<u>11,318,098</u>	<u>1,733,189</u>	<u>812,647</u>	<u>920,542</u>	<u>185,991</u>	<u>144,921</u>	<u>41,070</u>
<u>(13,199,467)</u>	<u>909,833</u>	<u>14,109,300</u>	<u>(1,733,189)</u>	<u>(25,464)</u>	<u>1,707,725</u>	<u>(34,491)</u>	<u>3,148</u>	<u>37,639</u>
<u>(\$13,199,467)</u>	<u>909,833</u>	<u>\$14,109,300</u>	<u>(\$1,733,189)</u>	<u>(25,464)</u>	<u>\$1,707,725</u>	<u>(\$34,491)</u>	<u>3,148</u>	<u>\$37,639</u>
	<u>3,191,770</u>			<u>1,046,299</u>			<u>18,415</u>	
	<u>\$4,101,603</u>			<u>\$1,020,835</u>			<u>\$21,563</u>	

(Continued)

CITY OF HAYWARD  
 BUDGETED NON-MAJOR FUNDS  
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	DEBT SERVICE FUND			CAPITAL PROJECTS FUNDS		
	Certificates of Participation			Traffic Signal Construction		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Other taxes						
Fines and forfeitures						
Special assessments						
Investment income	\$3,000	\$101,816	\$98,816		\$5,412	\$5,412
Intergovernmental				62,392		62,392
Fees and charges for services						
Other						
Total Revenues	<u>3,000</u>	<u>101,816</u>	<u>98,816</u>	<u>67,804</u>	<u>67,804</u>	
EXPENDITURES:						
Current:						
Public safety						
Public works and transportation						
Library and community services						
Economic development						
Planning and building						
Maintenance services						
Capital outlay				\$1,334,499	703,056	631,443
Debt Service						
Principal repayment	2,628,029	2,304,061	323,968			
Interest and fiscal charges	3,678,976	3,303,835	375,141			
Bond issuance cost		2,972	(2,972)			
Total Expenditures	<u>6,307,005</u>	<u>5,610,868</u>	<u>696,137</u>	<u>1,334,499</u>	<u>703,056</u>	<u>631,443</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(6,304,005)</u>	<u>(5,509,052)</u>	<u>794,953</u>	<u>(1,334,499)</u>	<u>(635,252)</u>	<u>699,247</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	12,906,606	12,906,606		350,000	350,000	
Transfers (out)						
Total Other Financing Sources (Uses)	<u>12,906,606</u>	<u>12,906,606</u>		<u>350,000</u>	<u>350,000</u>	
NET CHANGE IN FUND BALANCES	<u>\$6,602,601</u>	7,397,554	<u>\$794,953</u>	<u>(\$984,499)</u>	(285,252)	<u>\$699,247</u>
BEGINNING FUND BALANCES, as restated (Note 1)		<u>726,909</u>			<u>481,052</u>	
ENDING FUND BALANCES		<u>\$8,124,463</u>			<u>\$195,800</u>	

CAPITAL PROJECTS FUNDS

Route 238 Corridor Improvement			Performance Deposits		
Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
	\$100,054	\$100,054		\$4,292	\$4,292
	75,532	75,532			
	2,059,344	2,059,344			
	<u>2,234,930</u>	<u>2,234,930</u>		<u>4,292</u>	<u>4,292</u>
\$25,432,544	1,482,261	23,950,283			
<u>25,432,544</u>	<u>1,482,261</u>	<u>23,950,283</u>			
<u>(25,432,544)</u>	<u>752,669</u>	<u>26,185,213</u>		<u>4,292</u>	<u>4,292</u>
<u>(455,000)</u>	<u>(455,000)</u>				
<u>(455,000)</u>	<u>(455,000)</u>				
<u>(\$25,887,544)</u>	<u>297,669</u>	<u>\$26,185,213</u>		<u>4,292</u>	<u>\$4,292</u>
	<u>1,746,963</u>			<u>6,944</u>	
	<u>\$2,044,632</u>			<u>\$11,236</u>	

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## **NON-MAJOR ENTERPRISE FUNDS**

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

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

CITY OF HAYWARD  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENTS OF NET POSITION  
JUNE 30, 2017

	<u>Stormwater</u>	<u>Airport</u>	<u>Totals</u>
Current Assets:			
Cash and investments	\$4,678,772	\$8,264,451	\$12,943,223
Accounts receivable, net	121,267	464,322	585,589
Due from other governments	15,056		15,056
	<u>4,815,095</u>	<u>8,728,773</u>	<u>13,543,868</u>
Total Current Assets			
Noncurrent Assets:			
Deposits, parts, supplies and other		30,143	30,143
Capital assets			
Land		244,302	244,302
Construction in progress		1,223,714	1,223,714
Depreciable capital assets, net	1,360	14,839,103	14,840,463
	<u>1,360</u>	<u>16,337,262</u>	<u>16,338,622</u>
Total Noncurrent Assets			
Total Assets			
	<u>4,816,455</u>	<u>25,066,035</u>	<u>29,882,490</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to pensions	454,421	391,355	845,776
LIABILITIES:			
Current Liabilities:			
Accounts payable	15,595	84,759	100,354
Accrued interest		6,452	6,452
Accrued liabilities	22,613	19,109	41,722
Refundable deposits		102,087	102,087
Compensated absences - due within one year	64,896	74,831	139,727
Long term debt - due within one year		125,960	125,960
	<u>103,104</u>	<u>413,198</u>	<u>516,302</u>
Total Current Liabilities			
Noncurrent Liabilities:			
Compensated absences	9,996	11,526	21,522
Net pension liabilities	1,746,572	1,504,181	3,250,753
Long term debt - due in more than one year		984,873	984,873
	<u>1,756,568</u>	<u>2,500,580</u>	<u>4,257,148</u>
Total Noncurrent Liabilities			
Total Liabilities			
	<u>1,859,672</u>	<u>2,913,778</u>	<u>4,773,450</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to pensions	152,876	131,659	284,535
NET POSITION:			
Net investments in capital assets	1,360	15,196,286	15,197,646
Unrestricted	3,256,968	7,215,667	10,472,635
	<u>\$3,258,328</u>	<u>\$22,411,953</u>	<u>\$25,670,281</u>
Total Net Position			

CITY OF HAYWARD  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Stormwater</u>	<u>Airport</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services	\$3,064,276	\$3,463,127	\$6,527,403
Miscellaneous	1,799	697,875	699,674
	<u>3,066,075</u>	<u>4,161,002</u>	<u>7,227,077</u>
Total Operating Revenues			
OPERATING EXPENSES:			
Salaries and related expenses	1,630,721	1,570,271	3,200,992
Materials, supplies and services	784,532	3,012,122	3,796,654
Repairs and maintenance	34,560	224,638	259,198
Depreciation	275	1,541,302	1,541,577
	<u>2,450,088</u>	<u>6,348,333</u>	<u>8,798,421</u>
Total Operating Expenses			
Operating Income (Loss)	<u>615,987</u>	<u>(2,187,331)</u>	<u>(1,571,344)</u>
NONOPERATING REVENUES (EXPENSES):			
Intergovernmental		1,162,390	1,162,390
Investment income	54,690	106,398	161,088
	<u>54,690</u>	<u>1,268,788</u>	<u>1,323,478</u>
Net Nonoperating Revenues (Expenses)			
Income (Loss) Before Contributions and Transfers	<u>670,677</u>	<u>(918,543)</u>	<u>(247,866)</u>
TRANSFERS			
Transfers in	172,805		172,805
Transfers (out)	(172,614)	(233,300)	(405,914)
	<u>191</u>	<u>(233,300)</u>	<u>(233,109)</u>
Net Transfers			
CHANGE IN NET POSITION	670,868	(1,151,843)	(480,975)
BEGINNING NET POSITION	<u>2,587,460</u>	<u>23,563,796</u>	<u>26,151,256</u>
ENDING NET POSITION	<u>\$3,258,328</u>	<u>\$22,411,953</u>	<u>\$25,670,281</u>

CITY OF HAYWARD  
NONMAJOR ENTERPRISE FUNDS  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017

	Stormwater	Airport	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$3,077,959	\$3,903,405	\$6,981,364
Payments to suppliers	(902,761)	(3,699,332)	(4,602,093)
Payments to employees	(1,706,217)	(1,433,507)	(3,139,724)
Net Cash Flows From Operating Activities	<u>468,981</u>	<u>(1,229,434)</u>	<u>(760,453)</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Intergovernmental receipts		1,162,390	1,162,390
Transfers in	172,805		172,805
Transfers (out)	(172,614)	(233,300)	(405,914)
Net Cash Flows From Noncapital and Related Financing Activities	<u>191</u>	<u>929,090</u>	<u>929,281</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of capital assets		(784,099)	(784,099)
Principal payments on capital debt		(123,219)	(123,219)
Net Cash Flows From Capital and Related Financing Activities		<u>(907,318)</u>	<u>(907,318)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment income	54,690	107,033	161,723
Net Cash Flows From Investing Activities	<u>54,690</u>	<u>107,033</u>	<u>161,723</u>
<b>NET CASH FLOWS</b>	523,862	(1,100,629)	(576,767)
<b>CASH AND EQUIVALENTS AT BEGINNING OF PERIOD</b>	<u>4,154,910</u>	<u>9,365,080</u>	<u>13,519,990</u>
<b>CASH AND EQUIVALENTS AT END OF PERIOD</b>	<u>\$4,678,772</u>	<u>\$8,264,451</u>	<u>\$12,943,223</u>
<b>RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$615,987	(\$2,187,331)	(\$1,571,344)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	275	1,541,302	1,541,577
Change in assets and liabilities:			
Receivables, net	(106,331)	(257,597)	(363,928)
Due from other governments	118,215		118,215
Accounts payable and other accrued expenses	(83,669)	(463,701)	(547,370)
Refundable deposits		1,129	1,129
Due to retirement system	(80,975)	120,062	39,087
Compensated absences	5,479	16,702	22,181
Net Cash Flows From Operating Activities	<u>\$468,981</u>	<u>(\$1,229,434)</u>	<u>(\$760,453)</u>

## INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

CITY OF HAYWARD  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF NET POSITION  
JUNE 30, 2017

	Workers' Compensation Insurance*	General Liability	Facilities Management
<b>ASSETS:</b>			
Current Assets:			
Cash and investments	\$12,248,368	\$4,152,853	\$739,963
Cash and investments with fiscal agents			83,263
Accounts receivable, net	204,612		2,239
Due from other governments			
<b>Total Current Assets</b>	<b>12,452,980</b>	<b>4,152,853</b>	<b>825,465</b>
Noncurrent Assets:			
Long-term loans to the Private Purpose Trust Fund		27,021	
Land			372,748
Construction in progress			506,271
Depreciable capital assets, net			1,894,961
<b>Total Noncurrent Assets</b>		<b>27,021</b>	<b>2,773,980</b>
<b>Total Assets</b>	<b>12,452,980</b>	<b>4,179,874</b>	<b>3,599,445</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>			
Related to pensions	178,214	90,512	372,330
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts payable	57,015	407,208	262,139
Accrued interest			13,165
Accrued liabilities*	16,651,528	1,555,126	16,749
Unearned revenue			978
Refundable deposits			3,249
Compensated absences	13,314	7,611	96,813
Long-term debt			119,562
<b>Total Current Liabilities</b>	<b>16,721,857</b>	<b>1,969,945</b>	<b>512,655</b>
Noncurrent Liabilities:			
Compensated absences	1,224	700	8,900
Net pension liabilities	684,967	347,882	1,431,056
Long-term debt			887,590
<b>Total Noncurrent Liabilities</b>	<b>686,191</b>	<b>348,582</b>	<b>2,327,546</b>
<b>Total Liabilities</b>	<b>17,408,048</b>	<b>2,318,527</b>	<b>2,840,201</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Related to pensions	59,955	30,450	125,259
<b>NET POSITION:</b>			
Net investments in capital assets			1,766,828
Restricted for debt service			83,263
Unrestricted	(4,836,809)	1,921,409	(843,776)
<b>Total Net Position</b>	<b>(\$4,836,809)</b>	<b>\$1,921,409</b>	<b>\$1,006,315</b>

\* Accrued liabilities balance in Workers' Compensation Insurance fund includes the ultimate cost of all reported and unreported claims as required by GASB Standard number 10.

<u>Fleet Management</u>	<u>Technology Services</u>	<u>Employee Benefits</u>	<u>Total</u>
\$4,045,616	\$2,859,751	\$4,118,599	\$28,165,150
			83,263
132,677	74,125		413,653
36,319			36,319
<u>4,214,612</u>	<u>2,933,876</u>	<u>4,118,599</u>	<u>28,698,385</u>
			27,021
			372,748
	502,005		1,008,276
<u>15,718,312</u>	<u>5,305,268</u>		<u>22,918,541</u>
<u>15,718,312</u>	<u>5,807,273</u>		<u>24,326,586</u>
<u>19,932,924</u>	<u>8,741,149</u>	<u>4,118,599</u>	<u>53,024,971</u>
<u>385,508</u>	<u>1,057,742</u>		<u>2,084,306</u>
273,037	220,628	7,273	1,227,300
17,588	1,871		32,624
18,004	35,446		18,276,853
5,818			6,796
			3,249
57,100	192,535		367,373
<u>610,567</u>	<u>337,612</u>		<u>1,067,741</u>
<u>982,114</u>	<u>788,092</u>	<u>7,273</u>	<u>20,981,936</u>
5,249	17,700		33,773
1,481,703	4,065,447		8,011,055
<u>2,011,679</u>	<u>346,044</u>		<u>3,245,313</u>
<u>3,498,631</u>	<u>4,429,191</u>		<u>11,290,141</u>
<u>4,480,745</u>	<u>5,217,283</u>	<u>7,273</u>	<u>32,272,077</u>
<u>129,692</u>	<u>355,844</u>		<u>701,200</u>
13,096,066	5,123,617		19,986,511
			83,263
<u>2,611,929</u>	<u>(897,853)</u>	<u>4,111,326</u>	<u>2,066,226</u>
<u>\$15,707,995</u>	<u>\$4,225,764</u>	<u>\$4,111,326</u>	<u>\$22,136,000</u>

CITY OF HAYWARD  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017

	Workers' Compensation Insurance	General Liability	Facilities Management
<b>OPERATING REVENUES</b>			
Charges for services	\$7,514,691	\$1,378,492	\$3,713,891
Other	18	39,846	193,225
<b>Total Operating Revenues</b>	<b>7,514,709</b>	<b>1,418,338</b>	<b>3,907,116</b>
<b>OPERATING EXPENSES</b>			
Salaries and related expenses	510,464	608,918	1,628,182
Materials, supplies and services	353,246	3,231,532	1,215,843
Repairs and maintenance		28	1,120,028
Self-funded insurance expense	4,781,859	1,230,473	
Depreciation			70,346
<b>Total Operating Expenses</b>	<b>5,645,569</b>	<b>5,070,951</b>	<b>4,034,399</b>
<b>Operating Income (Loss)</b>	<b>1,869,140</b>	<b>(3,652,613)</b>	<b>(127,283)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	138,081	39,435	9,461
Interest (expense)			(52,349)
Gain on disposal of capital assets			
<b>Total Nonoperating Revenues (Expenses)</b>	<b>138,081</b>	<b>39,435</b>	<b>(42,888)</b>
<b>Income (Loss) Before Transfers</b>	<b>2,007,221</b>	<b>(3,613,178)</b>	<b>(170,171)</b>
<b>CONTRIBUTIONS AND TRANSFERS</b>			
Transfers in		5,460,455	115,000
Transfers (out)	(10,101)		(34,639)
<b>Net Contributions and Transfers</b>	<b>(10,101)</b>	<b>5,460,455</b>	<b>80,361</b>
<b>CHANGE IN NET POSITION</b>	<b>1,997,120</b>	<b>1,847,277</b>	<b>(89,810)</b>
<b>BEGINNING NET POSITION</b>	<b>(6,833,929)</b>	<b>74,132</b>	<b>1,096,125</b>
<b>ENDING NET POSITION</b>	<b>(\$4,836,809)</b>	<b>\$1,921,409</b>	<b>\$1,006,315</b>

<u>Fleet Management</u>	<u>Technology Services</u>	<u>Employee Benefits</u>	<u>Total</u>
\$7,502,972	\$6,225,516	\$3,227,431	\$29,562,993
70,059	635,419		938,567
<u>7,573,031</u>	<u>6,860,935</u>	<u>3,227,431</u>	<u>30,501,560</u>
1,507,994	2,736,740		6,992,298
966,469	1,574,420	711,311	8,052,821
907,205	2,116,651		4,143,912
		2,217,614	8,229,946
<u>2,062,854</u>	<u>1,269,802</u>		<u>3,403,002</u>
<u>5,444,522</u>	<u>7,697,613</u>	<u>2,928,925</u>	<u>30,821,979</u>
<u>2,128,509</u>	<u>(836,678)</u>	<u>298,506</u>	<u>(320,419)</u>
54,427	34,874	48,918	325,196
(88,775)	(25,956)		(167,080)
<u>131,760</u>	<u>59,991</u>		<u>191,751</u>
<u>97,412</u>	<u>68,909</u>	<u>48,918</u>	<u>349,867</u>
<u>2,225,921</u>	<u>(767,769)</u>	<u>347,424</u>	<u>29,448</u>
45,000	980,000		6,600,455
(50,520)	(78,996)		(174,256)
<u>(5,520)</u>	<u>901,004</u>		<u>6,426,199</u>
<u>2,220,401</u>	<u>133,235</u>	<u>347,424</u>	<u>6,455,647</u>
<u>13,487,594</u>	<u>4,092,529</u>	<u>3,763,902</u>	<u>15,680,353</u>
<u>\$15,707,995</u>	<u>\$4,225,764</u>	<u>\$4,111,326</u>	<u>\$22,136,000</u>

CITY OF HAYWARD  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017

	Workers' Compensation Insurance	General Liability	Facilities Management
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$7,616,804	\$1,860,815	\$3,907,273
Payments to suppliers	(3,880,552)	(3,469,663)	(2,310,164)
Payments to employees	(513,489)	(561,638)	(1,385,381)
	<u>3,222,763</u>	<u>(2,170,486)</u>	<u>211,728</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Payments to other funds			
Transfers in		5,460,455	115,000
Transfers out	(10,101)		(34,639)
	<u>(10,101)</u>	<u>5,460,455</u>	<u>80,361</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets			(594,456)
Gain on disposal of capital leases			
Change in investment			(123)
Principal payments on capital debt			(115,093)
Interest paid on capital debt			(52,349)
			<u>(762,021)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	138,081	39,435	8,765
	<u>138,081</u>	<u>39,435</u>	<u>8,765</u>
Net increase (decrease) in cash and cash equivalents	3,350,743	3,329,404	(461,167)
Cash and cash equivalents at beginning of period	8,897,625	823,449	1,201,130
Cash and cash equivalents at end of period	<u>\$12,248,368</u>	<u>\$4,152,853</u>	<u>\$739,963</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$1,869,140	(\$3,652,613)	(\$127,283)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation			70,346
Change in assets and liabilities:			
Receivables, net	102,095	442,477	157
Due from other governments			
Accounts and other payables	(4,722)	162,363	71,984
Other assets		1,500,375	
Due to retirement system	(202,030)	46,873	231,667
Compensated absences	(3,025)	407	11,134
Other accrued expenses	1,461,305	(670,368)	(46,277)
Cash Flows from Operating Activities	<u>\$3,222,763</u>	<u>(\$2,170,486)</u>	<u>\$211,728</u>

Fleet Management	Technology Services	Employee Benefits	Total
\$7,470,940	\$6,864,794	\$3,227,431	\$30,948,057
(1,992,594)	(1,913,749)	(2,928,925)	(16,495,647)
(1,336,457)	(2,992,251)		(6,789,216)
<u>4,141,889</u>	<u>1,958,794</u>	<u>298,506</u>	<u>7,663,194</u>
(71,429)			(71,429)
45,000	980,000		6,600,455
(50,520)	(78,996)		(174,256)
<u>(76,949)</u>	<u>901,004</u>		<u>6,354,770</u>
(4,746,906)	(2,381,386)		(7,722,748)
131,760	59,991		191,751
			(123)
(722,648)	(487,610)		(1,325,351)
(88,775)	(25,956)		(167,080)
<u>(5,426,569)</u>	<u>(2,834,961)</u>		<u>(9,023,551)</u>
49,529	33,294	48,918	318,022
<u>49,529</u>	<u>33,294</u>	<u>48,918</u>	<u>318,022</u>
(1,312,100)	58,131	347,424	5,312,435
<u>5,357,716</u>	<u>2,801,620</u>	<u>3,771,175</u>	<u>22,852,715</u>
<u>\$4,045,616</u>	<u>\$2,859,751</u>	<u>\$4,118,599</u>	<u>\$28,165,150</u>
\$2,128,509	(\$836,678)	\$298,506	(\$320,419)
2,062,854	1,269,802		3,403,002
(65,772)	3,859		482,816
(36,319)			(36,319)
90,583	206,899		527,107
	1,699,356		3,199,731
170,307	(273,613)		(26,796)
1,230	18,102		27,848
(209,503)	(128,933)		406,224
<u>\$4,141,889</u>	<u>\$1,958,794</u>	<u>\$298,506</u>	<u>\$7,663,194</u>

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## **AGENCY FUNDS**

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

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

*South Hayward Bart Parking District JPA* – Account for related revenues and expenditures related to the Joint Powers Authority agreement between the City and Bay Area Rapid Transit (BART) for the purpose of providing parking access around the South Hayward BART station.

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

CITY OF HAYWARD  
 AGENCY FUNDS  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<u>Local Improvement Districts</u>				
ASSETS:				
Cash and investments	\$2,601,466	\$3,472,928	\$2,601,466	\$3,472,928
Cash and investments with fiscal agents	353,897	354,125	353,897	354,125
Accounts receivable	7,222		7,222	
Due from other governments	999,997	681,939	999,997	681,939
Total Assets	<u>\$3,962,582</u>	<u>\$4,508,992</u>	<u>\$3,962,582</u>	<u>\$4,508,992</u>
LIABILITIES:				
Due to bondholders	<u>\$3,962,582</u>	<u>\$4,508,992</u>	<u>\$3,962,582</u>	<u>\$4,508,992</u>
Total Liabilities	<u>\$3,962,582</u>	<u>\$4,508,992</u>	<u>\$3,962,582</u>	<u>\$4,508,992</u>
<u>South Hayward Bart Parking District JPA</u>				
ASSETS:				
Cash and investments	\$938,817	\$336,092	\$938,817	\$336,092
Accounts receivable		90,716		90,716
Total Assets	<u>\$938,817</u>	<u>\$426,808</u>	<u>\$938,817</u>	<u>\$426,808</u>
LIABILITIES:				
Due to others	<u>\$938,817</u>	<u>\$426,808</u>	<u>\$938,817</u>	<u>\$426,808</u>
Total Liabilities	<u>\$938,817</u>	<u>\$426,808</u>	<u>\$938,817</u>	<u>\$426,808</u>
<u>Other Agency Funds</u>				
ASSETS:				
Cash and investments	<u>\$2,830,779</u>	<u>\$3,835,562</u>	<u>\$2,830,779</u>	<u>\$3,835,562</u>
Total Assets	<u>\$2,830,779</u>	<u>\$3,835,562</u>	<u>\$2,830,779</u>	<u>\$3,835,562</u>
LIABILITIES:				
Refundable deposits	<u>\$2,830,779</u>	<u>\$3,835,562</u>	<u>\$2,830,779</u>	<u>\$3,835,562</u>
Total Liabilities	<u>\$2,830,779</u>	<u>\$3,835,562</u>	<u>\$2,830,779</u>	<u>\$3,835,562</u>
<u>Total</u>				
ASSETS:				
Cash and investments	\$6,371,062	\$7,644,582	\$6,371,062	\$7,644,582
Cash and investments with fiscal agents	353,897	354,125	353,897	354,125
Accounts receivable, net	7,222	90,716	7,222	90,716
Due from other governments	999,997	681,939	999,997	681,939
Total Assets	<u>\$7,732,178</u>	<u>\$8,771,362</u>	<u>\$7,732,178</u>	<u>\$8,771,362</u>
LIABILITIES:				
Refundable deposits	\$2,830,779	\$3,835,562	\$2,830,779	\$3,835,562
Due to bondholders and others	4,901,399	4,935,800	4,901,399	4,935,800
Total Liabilities	<u>\$7,732,178</u>	<u>\$8,771,362</u>	<u>\$7,732,178</u>	<u>\$8,771,362</u>

## STATISTICAL SECTION

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

### ***Financial Trends***

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

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

### ***Revenue Capacity***

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

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

### ***Debt Capacity***

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

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

### ***Demographic and Economic Information***

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

1. Demographic and Economic Statistics
2. Principal Employers

### ***Operating Information***

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

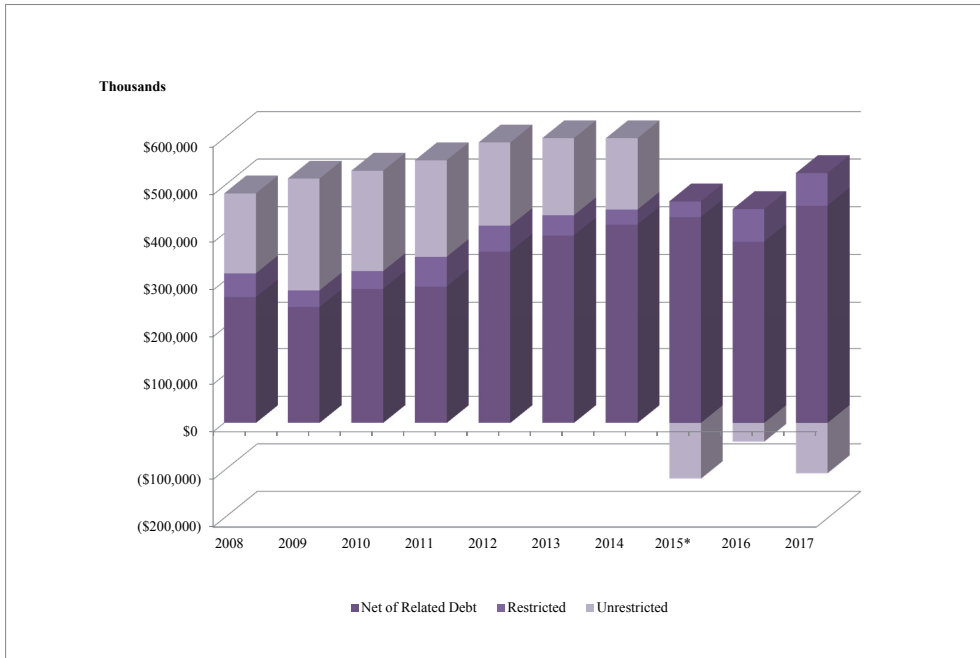
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

### ***Sources***

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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**CITY OF HAYWARD**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**



\* To comply with GASB 68 an adjustment was made to the City's total unrestricted net position, decreasing it by \$311,685,673 in FY 2015. The negative Net Position offsets the Net Pension Liabilities of \$284,150,333.

	2008	2009	2010	2011	2012	2013	2014	2015*	2016	2017
<b>Governmental activities</b>										
Net investment in capital assets	\$165,674,448	\$144,536,663	\$175,603,110	\$177,018,316	\$249,020,221	\$279,525,198	\$290,077,936	\$305,320,098	\$254,986,441	\$324,056,697
Restricted	50,176,114	35,212,631	37,078,947	62,458,594	54,205,450	42,224,510	31,382,199	33,021,745	68,045,952	68,431,025
Unrestricted	33,506,242	94,984,265	74,605,502	67,919,935	35,822,808	33,214,883	43,176,179	(257,512,639)	(195,715,585)	(266,000,254)
Total governmental activities net position	\$249,356,804	\$274,733,559	\$287,287,559	\$307,396,845	\$339,048,479	\$354,964,591	\$364,636,314	\$80,829,204	\$127,316,808	\$126,487,468
<b>Business-type activities</b>										
Net investment in capital assets	\$100,748,593	\$100,949,049	\$108,371,577	\$111,809,831	\$112,987,363	\$116,593,166	\$128,869,837	\$129,150,393	\$128,152,757	\$134,479,298
Restricted	0	0	0	0	0	0	0	0	0	0
Unrestricted	134,111,663	139,593,608	136,133,467	134,720,060	139,002,268	140,296,857	143,368,162	140,262,979	156,403,925	160,313,212
Total business-type activities net position	\$234,860,256	\$240,542,657	\$244,505,044	\$246,529,891	\$251,989,631	\$256,890,023	\$272,237,999	\$269,413,372	\$284,556,682	\$294,792,510
<b>Primary government</b>										
Net investment in capital assets	\$266,423,041	\$245,485,712	\$283,974,687	\$288,828,147	\$362,007,584	\$396,118,364	\$418,947,773	\$434,470,491	\$383,139,198	\$458,535,995
Restricted	50,176,114	35,212,631	37,078,947	62,458,594	54,205,450	42,224,510	31,382,199	33,021,745	68,045,952	68,431,025
Unrestricted	167,617,905	234,577,873	210,738,969	202,639,995	174,825,076	173,511,740	186,544,341	(117,249,660)	(39,311,660)	(105,687,042)
Total primary government net position	\$484,217,060	\$515,276,216	\$531,792,603	\$553,926,736	\$591,038,110	\$611,854,614	\$636,874,313	\$350,242,576	\$411,873,490	\$421,279,978

Source: City of Hayward Comprehensive Annual Financial Report

**CITY OF HAYWARD**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Expenses</b>				
Governmental Activities:				
General Government	\$15,432,428	\$12,844,106	\$12,526,820	\$9,728,751
Public Safety	83,609,438	89,391,667	91,936,447	97,783,089
Public Works and Transportation	6,896,062	5,097,319	6,614,756	12,061,251
Library and Community Services	9,654,552	9,448,832	8,873,963	8,826,270
Economic Development	4,685,202	2,814,162	4,337,389	7,755,610
Planning and Building	5,524,642	6,383,986	5,930,519	5,878,086
Maintenance Services	7,202,019	3,899,394	4,612,144	4,028,800
Nondepartmental				
Interest on Long Term Debt	6,060,020	4,175,089	4,073,192	4,486,345
Total Governmental Activities Expenses	<u>139,064,363</u>	<u>134,054,555</u>	<u>138,905,230</u>	<u>150,548,202</u>
Business-Type Activities:				
Sewer	15,250,146	15,783,768	18,276,551	19,395,928
Water	25,585,042	27,602,545	28,336,545	29,807,045
Airport	2,644,168	3,568,997	3,008,282	3,124,022
Centennial Hall Maintenance and Operation	678,964	782,509	313,299	
Stormwater	2,049,493	1,908,290	2,227,090	2,326,729
Total Business-Type Activities Expenses	<u>46,207,813</u>	<u>49,646,109</u>	<u>52,161,767</u>	<u>54,653,724</u>
Total Primary Government Expenses	<u>\$185,272,176</u>	<u>\$183,700,664</u>	<u>\$191,066,997</u>	<u>\$205,201,926</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
General Government	\$817,256	\$379,561	\$190,261	\$1,019,505
Public Safety	5,123,501	8,016,352	9,128,483	8,608,854
Public Works and Transportation	1,092,482	507,944	555,541	744,992
Library and Community Services	106,920	111,630	98,968	90,947
Economic Development	103,864	166,223	79,484	121,677
Planning and Building	6,242,967	6,780,653	5,074,620	5,022,960
Maintenance Services	149,268	29,190	37,098	269,786
Community Development				
Culture and Leisure				
Nondepartmental				
Operating Grants and Contributions	15,332,573	14,294,205	17,196,527	12,904,598
Capital Grants and Contributions	2,856,295	22,570,080	18,885,041	30,675,031
Total Government Activities Program Revenues	<u>31,825,126</u>	<u>52,855,838</u>	<u>51,246,023</u>	<u>59,458,350</u>

\* Due to City of Hayward Departmental reorganization, Community Development, and Culture and Leisure Departments no longer exist.  
Source: City of Hayward Comprehensive Annual Financial Report

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$9,417,144	\$11,162,908	\$11,989,512	\$16,245,827	\$14,192,819	\$16,158,933
96,991,346	100,470,925	102,494,680	106,541,527	118,423,530	128,069,028
12,400,798	13,689,585	8,851,489	12,295,579	14,414,107	25,599,837
7,645,958	7,490,405	8,073,175	5,150,554	9,047,644	7,056,242
2,078,030	1,285,830	1,432,514	835,342	1,762,937	152,175
5,642,610	6,102,300	6,293,037	6,831,521	7,281,726	8,628,739
4,030,146	3,896,951	4,790,594	5,798,009	6,156,886	8,288,824
<u>3,685,703</u>	<u>2,056,984</u>	<u>1,131,490</u>	<u>1,400,778</u>	<u>1,490,140</u>	<u>3,078,848</u>
<u>141,891,735</u>	<u>146,155,888</u>	<u>145,056,491</u>	<u>155,099,137</u>	<u>172,769,788</u>	<u>197,032,626</u>
17,977,438	19,127,813	17,443,979	19,967,350	23,757,316	22,755,149
36,010,696	38,837,206	38,252,368	36,953,171	38,253,454	46,225,355
3,271,942	3,252,108	3,443,655	3,489,917	3,976,602	6,348,333
<u>2,235,721</u>	<u>2,402,138</u>	<u>2,419,567</u>	<u>2,373,574</u>	<u>3,042,678</u>	<u>2,450,088</u>
<u>59,495,797</u>	<u>63,619,265</u>	<u>61,559,569</u>	<u>62,784,012</u>	<u>69,030,050</u>	<u>77,778,925</u>
<u>\$201,387,532</u>	<u>\$209,775,153</u>	<u>\$206,616,060</u>	<u>\$217,883,149</u>	<u>\$241,799,838</u>	<u>\$274,811,551</u>
\$2,162,950	\$2,505,144	\$3,348,209	\$3,404,484	\$3,513,507	\$2,627,359
8,139,780	3,308,573	3,332,950	3,311,997	3,585,912	4,638,881
4,382,791	3,780,364	4,121,654	4,966,061	5,620,367	7,009,479
110,465	95,682	85,256	116,787	1,312,128	2,537,062
77,251		2,749,344	1,292,172		
4,312,438	3,541,420	5,026,469	4,536,430	6,060,654	6,926,489
399,721	710,653	1,243,660	1,504,197	1,088,664	1,488,851
25,163,445	6,998,650	7,634,799	10,587,001	13,611,989	11,984,727
<u>32,561,709</u>	<u>26,479,205</u>	<u>9,066,354</u>	<u>5,807,599</u>	<u>31,255,350</u>	<u>1,463,593</u>
<u>77,310,550</u>	<u>47,419,691</u>	<u>36,608,695</u>	<u>35,526,728</u>	<u>66,048,571</u>	<u>38,676,441</u>

**CITY OF HAYWARD**  
**Changes in Net Position**  
**(continued)**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

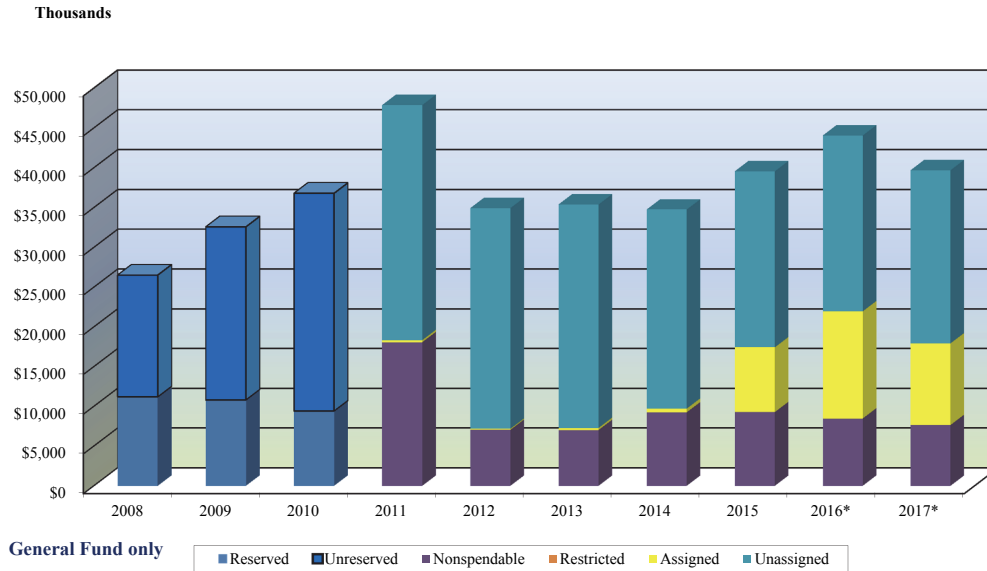
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Business-Type Activities:				
Charges for Services:				
Sewer	16,507,956	18,861,871	19,186,749	20,338,593
Water	24,550,837	29,246,643	28,143,863	31,684,462
Airport	2,049,105	2,843,185	2,783,068	2,790,998
Centennial Hall Maintenance & Operation	293,948	288,869	42,954	
Stormwater	2,710,813	2,791,915	2,700,531	2,724,244
Operating Grants and Contributions	4,771,353			
Capital Grants and Contributions	1,728,487	167,026	2,411,519	1,246,130
Total Business-Type Activities Program Revenue	<u>52,612,499</u>	<u>54,199,509</u>	<u>55,268,684</u>	<u>58,784,427</u>
Total Primary Government Program Revenues	<u>\$84,437,625</u>	<u>\$107,055,347</u>	<u>\$106,514,707</u>	<u>\$118,242,777</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(\$107,239,237)	(\$81,198,717)	(\$87,659,207)	(\$91,089,852)
Business-Type Activities	6,404,686	4,553,400	3,106,917	4,130,703
Total Primary Government Net Expense	<u>(\$100,834,551)</u>	<u>(\$76,645,317)</u>	<u>(\$84,552,290)</u>	<u>(\$86,959,149)</u>
Total Primary Government Net Expense from prior page	<u>(\$100,834,551)</u>	<u>(\$76,645,317)</u>	<u>(\$84,552,290)</u>	<u>(\$86,959,149)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities:				
Taxes:				
Property Taxes	\$38,464,255	\$40,699,344	\$37,292,466	\$35,725,966
Incremental Property Tax	10,729,476	10,657,184	4,520,035	10,351,054
Special Assessments				714,017
Sales Taxes	28,512,340	25,630,173	23,508,544	25,491,533
Utility Users Tax			10,927,290	14,699,792
Real Property Transfer Tax	5,077,214	3,852,507	3,796,719	3,821,387
Franchise Tax	6,166,499	5,831,272	8,316,848	9,091,479
Business Tax	2,480,696	2,502,991	2,337,106	2,389,657
Excise Tax	1,931,187	1,858,267	1,857,223	1,699,438
Other Taxes	4,933,567	4,958,591	1,938,591	1,683,087
Motor Vehicle in-lieu, Unrestricted	671,084	522,508	457,126	694,933
Investment Earnings	3,638,001	2,132,768	819,649	434,426
Gain (Loss) on Sale of Capital Assets	53,845	2,362,950		
Miscellaneous	2,889,548	2,289,663	2,834,841	1,505,212
Transfers (refer to CAFR Footnote 4)	2,829,378	3,277,254	1,673,064	2,141,488
Extraordinary Item (refer to CAFR Footnote 19)				
Total Governmental Activities General Revenues and Transfers	<u>108,377,090</u>	<u>106,575,472</u>	<u>100,279,502</u>	<u>110,443,469</u>
Business-Type Activities:				
Investment Earnings	5,245,152	3,720,221	1,694,085	841,733
Gain (Loss) from disposal of capital assets	251,354			
Miscellaneous	437,661	686,034	834,449	
Transfers (refer to CAFR Footnote 19)	(2,829,378)	(3,277,254)	(1,673,064)	(2,141,488)
Total Business-Type Activities General Revenues and Transfers	<u>3,104,789</u>	<u>1,129,001</u>	<u>855,470</u>	<u>(1,299,755)</u>
Total Primary Government General Revenues and Transfers	<u>\$111,481,879</u>	<u>\$107,704,473</u>	<u>\$101,134,972</u>	<u>\$109,143,714</u>
<b>Change in Net Position</b>				
Governmental Activities	\$1,137,853	\$25,376,755	\$12,620,295	\$19,353,617
Business-Type Activities	9,509,475	5,682,401	3,962,387	2,830,948
Total Primary Government	<u>\$10,647,328</u>	<u>\$31,059,156</u>	<u>\$16,582,682</u>	<u>\$22,184,565</u>

\* Due to City of Hayward Departmental reorganization, Community Development, and Culture and Leisure Departments no longer exist.  
Source: City of Hayward Comprehensive Annual Financial Report

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
22,333,628	22,136,846	25,527,904	28,389,311	33,557,099	27,000,318
38,463,759	43,128,089	47,045,822	44,704,910	46,264,199	53,565,672
2,917,614	2,963,971	3,365,514	2,995,362	3,239,400	4,161,002
2,738,050	2,821,653	2,777,228	2,832,703	2,894,801	3,066,075
119,629	88,916				1,162,390
<u>66,572,680</u>	<u>71,139,475</u>	<u>78,716,468</u>	<u>78,922,286</u>	<u>85,955,499</u>	<u>88,955,457</u>
<u>\$143,883,230</u>	<u>\$118,559,166</u>	<u>\$115,325,163</u>	<u>\$114,449,014</u>	<u>\$152,004,070</u>	<u>\$127,631,898</u>
(\$64,581,185)	(\$98,736,197)	(\$108,447,796)	(\$119,572,409)	(\$106,721,218)	(\$158,356,185)
7,076,883	7,520,210	17,156,899	16,138,274	16,925,449	11,176,532
<u>(\$57,504,302)</u>	<u>(\$91,215,987)</u>	<u>(\$91,290,897)</u>	<u>(\$103,434,135)</u>	<u>(\$89,795,769)</u>	<u>(\$147,179,653)</u>
<u>(\$57,504,302)</u>	<u>(\$91,215,987)</u>	<u>(\$91,290,897)</u>	<u>(\$103,434,135)</u>	<u>(\$89,795,769)</u>	<u>(\$147,179,653)</u>
\$35,715,527	\$39,297,973	\$39,456,863	\$42,740,159	\$44,750,688	\$48,768,731
4,721,491					
817,210					
26,346,354	29,197,989	31,019,079	39,148,631	46,495,377	48,848,674
14,796,979	14,939,639	15,761,544	15,680,721	22,040,616	20,753,813
4,777,989	4,595,640	4,878,857	5,710,272	7,849,464	8,349,727
9,891,601	9,687,980	9,488,631	10,127,647	10,139,140	9,646,261
2,483,442	2,548,248	2,649,279	2,634,539	2,603,305	3,664,550
1,742,210	1,868,695	1,694,229	2,142,691	3,782,330	2,226,200
944,268	5,820,346	6,748,616	6,314,878	5,774,001	5,607,637
75,744	78,484	64,954	62,743	61,688	71,223
369,203	534,927	424,910	349,196	523,123	1,470,868
(9,687)			(352,880)	882,491	121,761
685,054	3,192,697	3,473,568	2,996,956	5,505,290	5,130,121
2,167,125	2,889,691	2,458,989	2,618,309	2,801,309	2,861,623
(9,342,122)					
<u>96,182,388</u>	<u>114,652,309</u>	<u>118,119,519</u>	<u>130,173,862</u>	<u>153,208,822</u>	<u>157,521,189</u>
549,982	269,873	650,066	533,521	1,019,170	1,920,919
<u>(2,167,125)</u>	<u>(2,889,691)</u>	<u>(2,458,989)</u>	<u>(2,618,309)</u>	<u>(2,801,309)</u>	<u>(2,861,623)</u>
(1,617,143)	(2,619,818)	(1,808,923)	(2,084,788)	(1,782,139)	(940,704)
<u>\$94,565,245</u>	<u>\$112,032,491</u>	<u>\$116,310,596</u>	<u>\$128,089,074</u>	<u>\$151,426,683</u>	<u>\$156,580,485</u>
\$31,601,203	\$15,916,112	\$9,671,723	\$10,601,453	\$46,487,604	(\$834,996)
5,459,740	4,900,392	15,347,976	14,053,486	15,143,310	10,235,828
<u>\$37,060,943</u>	<u>\$20,816,504</u>	<u>\$25,019,699</u>	<u>\$24,654,939</u>	<u>\$61,630,914</u>	<u>\$9,400,832</u>

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



	2008	2009	2010	2011	2012	2013	2014	2015	2016*	2017*
<b>General Fund</b>										
Reserved	\$11,213,927	\$10,827,978	\$9,434,579							
Unreserved	15,317,927	21,758,830	27,367,200							
Nonspendable				\$18,079,779	\$7,047,042	\$7,028,303	\$9,255,154	\$9,284,281	\$8,474,463	\$7,657,001
Restricted										
Assigned				256,170	133,571	256,170	459,100	8,150,187	13,485,813	10,276,759
Unassigned				29,550,120	27,763,993	28,115,304	25,052,543	22,134,362	22,098,817	21,767,997
<b>Total General Fund (a)</b>	<b>\$26,531,854</b>	<b>\$32,586,808</b>	<b>\$36,801,779</b>	<b>\$47,886,069</b>	<b>\$34,944,606</b>	<b>\$35,399,777</b>	<b>\$34,766,797</b>	<b>\$39,568,830</b>	<b>\$44,059,093</b>	<b>\$39,701,757</b>
<b>All Other Governmental Funds</b>										
Reserved	\$4,154,570	\$19,356,635	\$12,853,145							
Unreserved										
Unreserved, reported in:										
Debt Service funds	4,308,979	4,206,222	4,171,034							
Special revenue funds	18,065,349	15,211,686	16,022,583							
Capital project funds	40,928,952	21,442,946	14,181,758							
Undesignated funds										
Nonspendable				\$68	\$68		\$2,239,029	\$234,029	\$293	
Restricted				36,094,240	48,807,530	\$22,811,952	19,827,871	33,488,600	68,772,861	\$76,555,491
Assigned				5,568,584	7,460,751	2,646,543	7,670,060		68,374,788	58,691,704
Unassigned				(5,102,162)	77,273	(724,802)		(2,508,938)		
<b>Total all other governmental funds</b>	<b>\$67,457,850</b>	<b>\$60,217,489</b>	<b>\$47,228,520</b>	<b>\$36,560,730</b>	<b>\$56,345,622</b>	<b>\$24,733,693</b>	<b>\$29,736,960</b>	<b>\$31,213,691</b>	<b>\$137,147,942</b>	<b>\$135,247,195</b>

\* General Fund includes balances related to the City's Measure C District Sales Tax

(a) The change in total fund balance for the General Fund and All Other Governmental Funds is explained in Management's Discussion and Analysis. The detail of Reserved and Designated Fund balance is explained in Note 9 of the financial statement footnotes.

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

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

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

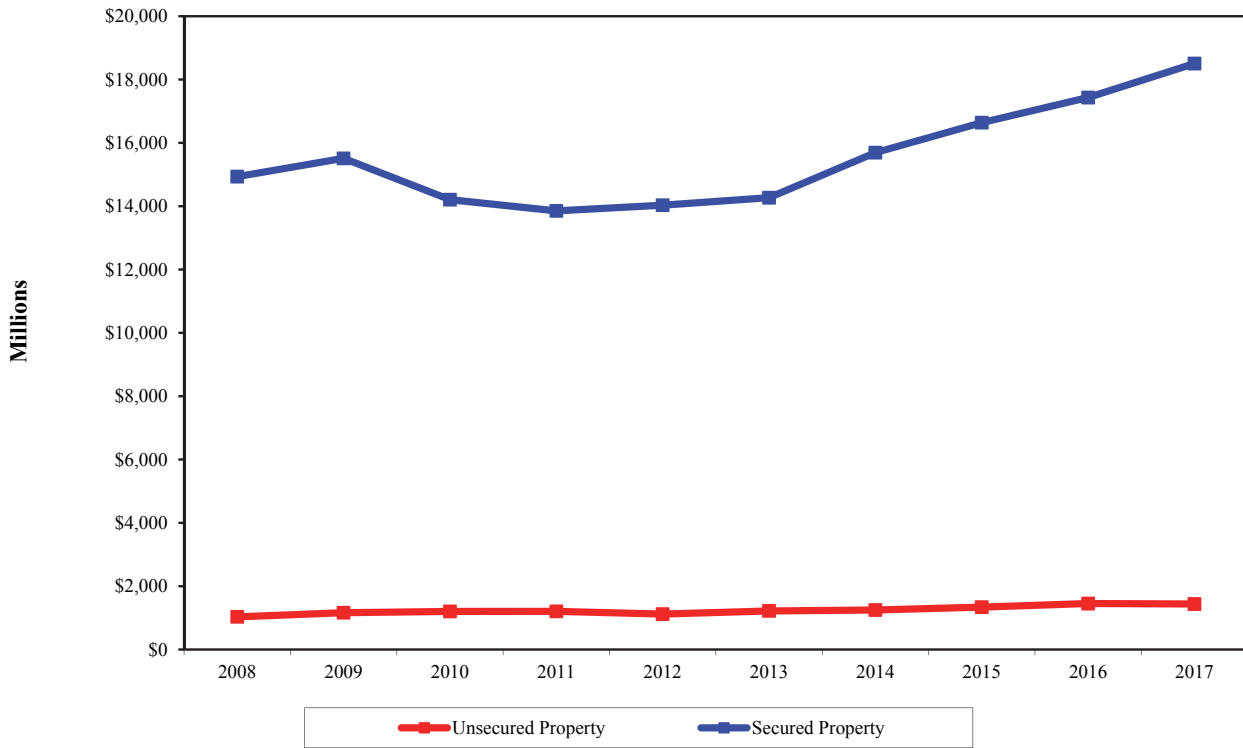
	<b>Fiscal Years Ended June 30,</b>			
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Revenues</b>				
Property Taxes	\$39,135,339	\$41,221,852	\$37,292,466	\$35,725,967
Property Tax Increment	12,082,986	12,630,213	10,180,653	10,351,054
Special Assessments	1,051,269	741,098	610,058	714,015
Sales Taxes	29,233,148	26,341,473		25,491,532
Utility Users Taxes			10,927,290	14,699,792
Other Taxes	22,941,172	21,419,990	20,996,991	18,729,085
Licenses and permits	4,712,325	4,650,694	3,084,964	3,259,291
Fines and forfeitures	985,858	1,657,789	2,042,460	2,756,632
Use of money and property	5,517,114	3,239,537	1,471,396	1,153,359
Intergovernmental revenues	10,914,969	32,634,889	25,004,880	36,952,595
Fees and charges for services	6,244,187	8,428,414	8,807,886	9,262,348
Reimbursement from Developer	1,813,604	381,868	484,205	1,064,680
Other	3,782,765	1,781,740	2,559,991	7,787,702
<b>Total Revenues</b>	<b>138,414,736</b>	<b>155,129,557</b>	<b>123,463,240</b>	<b>167,948,052</b>
<b>Expenditures</b>				
Current:				
General government	11,639,480	10,421,821	8,564,302	7,930,669
Public safety	79,941,250	79,537,953	82,051,155	88,980,339
Public works and transportation	6,186,587	9,558,688	6,152,137	9,225,588
Library and community services	8,511,524	8,771,317	7,986,000	7,884,539
Economic development	6,039,172	4,810,371	5,986,083	5,622,527
Planning and building	6,454,120	6,095,525	5,558,437	5,562,298
Maintenance services	7,160,250	3,723,200	4,384,873	3,783,213
Nondepartmental				
Capital outlay	32,072,854	29,560,203	15,712,302	28,216,666
Debt service:				
Principal	3,026,920	3,094,025	2,940,621	3,071,058
Interest and fiscal charges	5,186,476	4,046,129	3,966,495	4,584,267
Bond issuance cost				
Pass-through payments			5,660,618	2,151,873
<b>Total Expenditures</b>	<b>166,218,633</b>	<b>159,619,232</b>	<b>148,963,023</b>	<b>167,013,037</b>
Excess (deficiency) of revenues over (under) expenditures	(27,803,897)	(4,489,675)	(25,499,783)	935,015
<b>Other Financing Sources (Uses)</b>				
Gain on Sale				
Transfer of land held for resale to cap assets				
Proceeds from sale of capital asset		2,301,320		17,961
Proceeds of refunding bonds (refer to CAFR Footnote 6)	31,820,000			
Premium on refunding bonds issued (refer to CAFR Footnote 6)				
Payment to refunded bond escrow agent (refer to CAFR Footnote 6)	(31,184,483)			
Proceeds of repayment agreement				
Proceeds from long term debt (refer to CAFR Footnote 6)	1,342,011			200,000
Contributions from assessment district				
Transfers in (refer to CAFR Footnote 4)	21,111,234	22,583,520	26,352,391	35,397,325
Transfers out (refer to CAFR Footnote 4)	(19,687,595)	(21,476,956)	(33,068,855)	(36,133,801)
<b>Total other financing sources (uses)</b>	<b>3,401,167</b>	<b>3,407,884</b>	<b>(6,716,464)</b>	<b>(518,515)</b>
Extraordinary Item (Refer to CAFR Footnote 19)				
<b>Net Change in fund balances</b>	<b>(\$24,402,730)</b>	<b>(\$1,081,791)</b>	<b>(\$32,216,247)</b>	<b>\$416,500</b>
Debt service as a percentage of noncapital expenditures				
	6.5%	5.8%	5.7%	5.9%

Source: City of Hayward Comprehensive Annual Financial Report

**Fiscal Years Ended June 30,**

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$35,715,527	\$39,180,750	\$38,971,067	\$42,128,306	\$44,159,430	\$47,195,566
4,721,491					
817,210	891,037	972,339	980,329	1,166,399	1,026,071
26,346,354	29,197,989	31,019,079	39,148,631	46,495,377	48,848,674
14,796,979	14,939,639	15,761,544	15,680,721	22,040,616	20,753,813
20,748,138	20,630,166	21,310,770	23,424,572	26,554,046	27,518,428
3,177,816	3,605,753	4,078,392	5,031,300	6,316,823	7,766,510
2,951,068	2,938,106	2,285,486	2,549,034	2,341,565	2,499,964
1,098,574	756,670	635,092	357,388	561,895	1,746,291
55,173,561	28,617,999	33,839,482	22,647,381	37,101,458	28,403,369
8,851,474	8,377,718	8,172,604	7,639,834	9,885,890	5,889,181
344,375	109,677	252,910			
6,565,952	1,934,141	2,402,380	5,002,806	7,909,582	11,082,590
<u>181,308,519</u>	<u>151,179,645</u>	<u>159,701,145</u>	<u>164,590,302</u>	<u>204,533,081</u>	<u>202,730,457</u>
8,034,218	9,841,308	10,551,378	13,702,855	12,675,974	13,182,512
90,190,936	90,696,723	91,851,849	96,719,824	105,164,624	110,461,347
10,994,660	10,498,047	3,764,567	6,623,943	3,850,989	4,001,258
6,926,851	6,531,206	7,004,537	6,748,325	8,371,078	6,678,908
4,396,669	1,847,619	2,017,787	763,285	1,984,194	56,797
5,346,481	5,806,741	5,981,108	6,495,171	7,382,233	8,497,395
3,827,181	3,685,853	4,591,395	5,581,077	6,279,365	7,711,268
30,601,040	36,797,417	22,587,661	30,819,943	39,864,835	48,972,280
1,751,366	1,854,870	2,216,033	2,156,489	2,397,381	2,561,048
3,355,010	2,040,992	1,093,538	1,158,708	1,055,901	3,303,835
				1,054,619	2,972
1,546					
<u>165,425,958</u>	<u>169,600,776</u>	<u>151,659,853</u>	<u>170,769,620</u>	<u>190,081,193</u>	<u>205,429,620</u>
<u>15,882,561</u>	<u>(18,421,131)</u>	<u>8,041,292</u>	<u>(6,179,318)</u>	<u>14,451,888</u>	<u>(2,699,163)</u>
				87,348,775	
				6,565,740	
				(20,455,936)	
		2,488,880	5,500,000		
14,518,727	11,304,955	16,346,295	9,012,179	25,098,265	40,553,431
<u>(15,548,463)</u>	<u>(12,689,762)</u>	<u>(22,375,934)</u>	<u>(12,188,316)</u>	<u>(27,899,357)</u>	<u>(44,118,007)</u>
<u>(1,029,736)</u>	<u>(1,384,807)</u>	<u>(3,540,759)</u>	<u>2,323,863</u>	<u>70,657,487</u>	<u>(3,564,576)</u>
<u>(8,009,396)</u>					
<u>\$6,843,429</u>	<u>(\$19,805,938)</u>	<u>\$4,500,533</u>	<u>(\$3,855,455)</u>	<u>\$85,109,375</u>	<u>(\$6,263,739)</u>
3.9%	3.0%	2.6%	2.4%	2.4%	3.9%

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



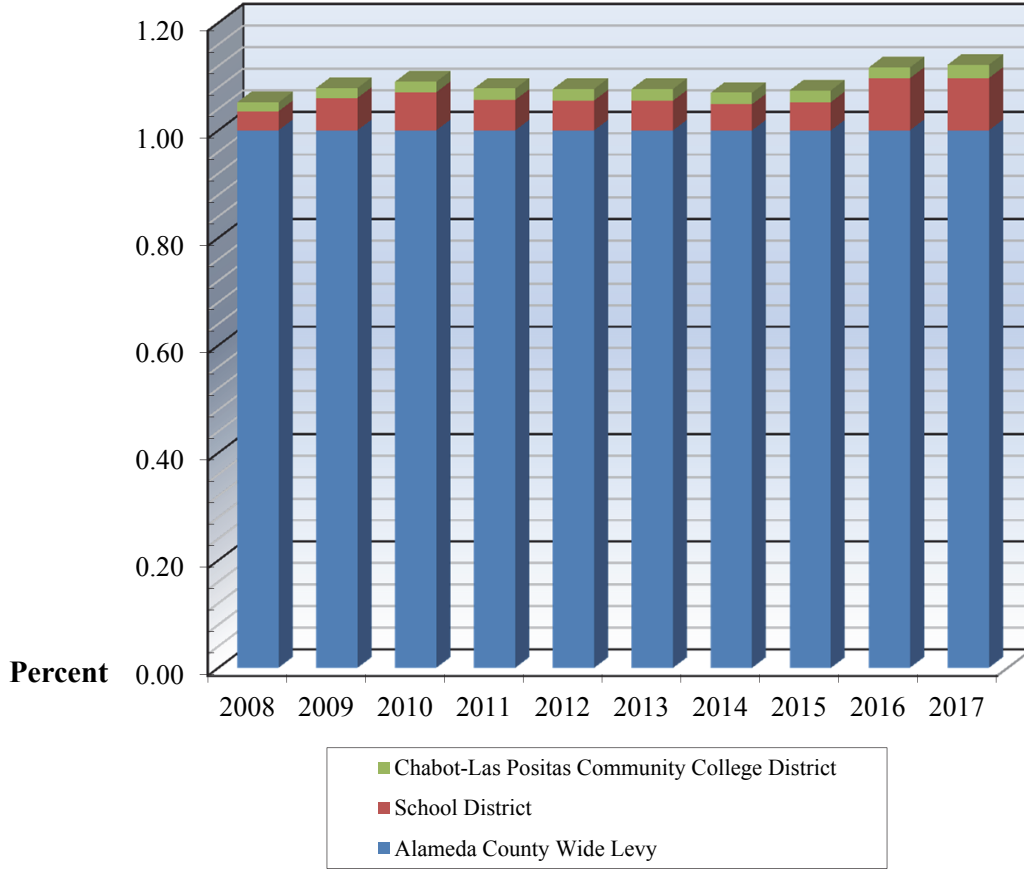
<b>Fiscal Year</b>	<b>Total Secured Property</b>	<b>Total Unsecured Property</b>	<b>Total Assessed ( c )</b>	<b>Estimated Full Market ( a )</b>	<b>Direct Tax Rate ( b )</b>
2008	\$14,934,382,599	\$1,032,847,525	\$15,967,230,124	\$15,967,230,124	1%
2009	15,511,405,943	1,162,782,433	16,674,188,376	16,674,188,376	1%
2010	14,205,256,130	1,202,570,890	15,407,827,020	15,407,827,020	1%
2011	13,852,339,086	1,206,621,783	15,058,960,869	15,058,960,869	1%
2012	14,031,375,627	1,119,664,498	15,151,040,125	15,151,040,125	1%
2013	14,269,516,867	1,219,715,968	15,489,232,835	15,489,232,835	1%
2014	15,692,946,952	1,249,273,320	16,942,220,272	16,942,220,272	1%
2015	16,639,488,990	1,340,155,668	17,979,644,658	17,979,644,658	1%
2016	17,432,403,170	1,452,793,040	18,885,196,210	18,885,196,210	1%
2017	18,505,587,803	1,439,106,697	19,944,694,500	19,944,694,500	1%

NOTE:

- ( a ) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.
- ( b ) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.
- ( c ) Total assessed represents gross amount of the total assessed valuation of the taxable property.

Source: Alameda County Auditor Controller Office Certificate of Assessed Valuations

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



<u>Fiscal Year</u>	<u>Alameda County Wide Levy</u>	<u>City of Hayward</u>	<u>Hayward Unified School District</u>	<u>Chabot-Las Positas Community College District</u>	<u>Bay Area Rapid Transit (BART)</u>	<u>East Bay Regional Park</u>	<u>Total</u>
2008	1.0000	0.0018	0.0354	0.0164	0.0076	0.0080	1.0692
2009	1.0000	0.0018	0.0603	0.0183	0.0090	0.0100	1.0994
2010	1.0000	0.0018	0.0710	0.0195	0.0057	0.0108	1.1088
2011	1.0000	0.0018	0.0566	0.0211	0.0031	0.0084	1.0910
2012	1.0000	0.0018	0.0557	0.0214	0.0041	0.0071	1.0901
2013	1.0000	0.0018	0.0553	0.0219	0.0043	0.0051	1.0884
2014	1.0000	0.0018	0.0486	0.0214	0.0075	0.0078	1.0871
2015	1.0000	0.0018	0.0527	0.0217	0.0045	0.0085	1.0892
2016	1.0000	0.0018	0.0970	0.0198	0.0026	0.0067	1.1279
2017	1.0000	0.0018	0.0974	0.0246	0.0080	0.0032	1.1350

Source: Alameda County Assessor's Office

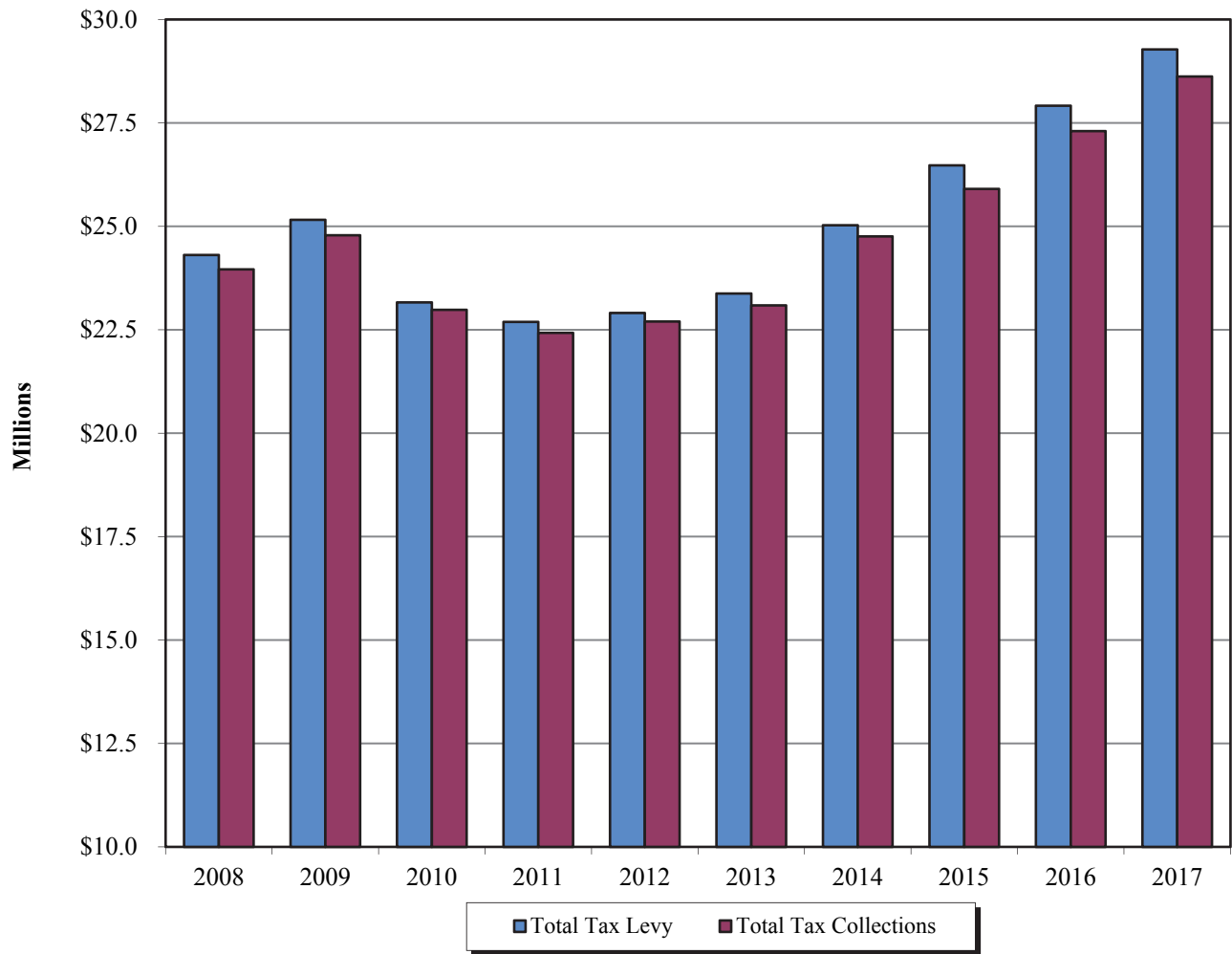
**City of Hayward**  
**Principal Property Tax Payers**  
**Current Year and Ten Years Ago**

<b>Employer</b>	<b>FY 2017</b>			<b>FY 2008</b>		
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total City Taxable Assessed Value</b>
Russell City Energy Company, LLC	\$506,773,868	1	2.54%			
PSB Northern Calif Industrial Portfolio LLC	204,262,031	2	1.02%			
Southland Mall LP	171,297,306	3	0.86%	\$142,131,910	2	0.85%
Hayward 544 LLC	158,180,000	4	0.79%			
Hayward Point Eden I LP	102,032,580	5	0.51%	92,900,000	4	0.56%
Hayward Industrial Park Associates	95,920,595	6	0.48%			
SCI Limited Partnership I	82,976,107	7	0.42%	82,401,854	5	0.49%
Impax Laboratories Inc.	78,155,758	8	0.39%	74,646,044	6	0.45%
Bottling Group LLC	79,475,722	9	0.40%	72,968,107	7	0.44%
Target Corporation	62,842,008	10	0.32%			
Northern Cal Industrial Portfolio				178,467,647	1	1.07%
Berkeley Farm Inc.				129,207,160	3	0.77%
North 3 Holding LLC				66,500,000	8	0.40%
Deutsche Bank National Trust				64,841,028	9	0.39%
Eden Shores Associates 1 LLC				28,007,466	10	0.17%
<b>Subtotal</b>	<b>\$1,541,915,975</b>		<b>7.73%</b>	<b>\$932,071,216</b>		<b>5.59%</b>

Total Assessed Valuation:  
Fiscal Year 2016/2017 \$19,944,694,500  
Fiscal Year 2007/2008 16,674,188,376

Source: Alameda County Assessor Fiscal Year Combined Tax Rolls

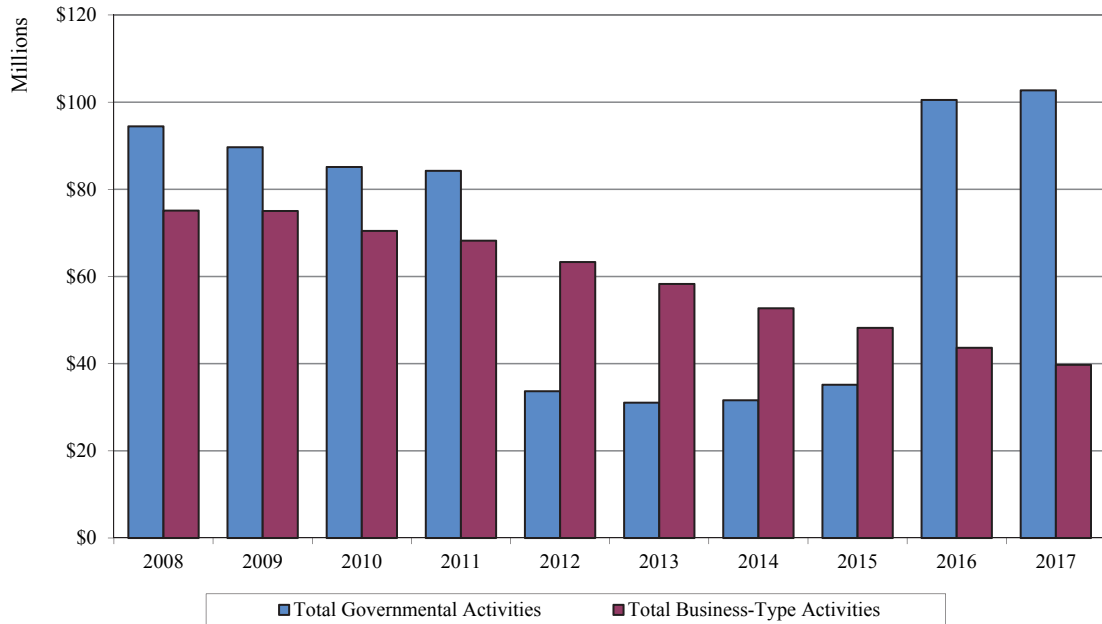
**CITY OF HAYWARD  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**



<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Tax Levy</b>
2008	\$24,307,591	\$22,564,833	92.83%	\$1,393,980	\$23,958,813	98.57%
2009	25,157,590	23,387,921	92.97%	1,396,493	24,784,414	98.52%
2010	23,161,547	21,849,101	94.33%	1,132,552	22,981,653	99.22%
2011	22,689,887	21,518,638	94.84%	907,086	22,425,724	98.84%
2012	22,905,414	21,746,406	94.94%	952,781	22,699,187	99.10%
2013	23,375,741	22,340,018	95.57%	748,912	23,088,930	98.77%
2014	25,027,044	24,356,397	97.32%	399,535	24,755,932	98.92%
2015	26,474,019	25,522,217	96.40%	382,845	25,905,062	97.85%
2016	27,915,350	26,854,859	96.20%	446,987	27,301,846	97.80%
2017	29,275,215	28,172,161	96.23%	448,808	28,620,970	97.77%

Source: Alameda County Assessor Office

**CITY OF HAYWARD  
RATIO OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**



<b>Governmental Activities</b>					
Fiscal Year	Tax Allocation Bonds	Certificates of Participation	Revenue Bonds	Capital Lease Obligations	Total
2008	\$54,175,000	\$31,820,000	\$2,367,210	\$6,085,299	\$94,447,509
2009	52,905,000	30,430,000	1,785,520	4,536,751	89,657,271
2010	51,570,000	29,045,000	1,449,610	3,058,792	85,123,402
2011	50,170,000	27,605,000	1,101,010	5,367,484	84,243,494
2012	0 (a)	26,095,000	740,240	6,846,579	33,681,819
2013	0 (a)	24,525,000	575,000	5,943,842	31,043,842
2014	0 (a)	22,895,000	3,003,880	5,699,806	31,598,686
2015	0 (a)	21,195,000	2,695,717	11,279,313	35,170,031
2016	0 (a)	87,348,775	2,371,338	10,787,079	100,507,193
2017	0 (a)	91,613,001	2,044,350	9,050,057	102,707,408

<b>Business-Type Activities</b>					
Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	Total	Total Government	Government Debt Per Capita (b)
2008	\$12,502,790	\$62,618,065	\$75,120,855	\$169,568,364	\$1,136.48
2009	12,147,240	62,885,113	75,032,353	164,689,624	1,091.54
2010	11,232,695	59,227,319	70,460,014	155,583,416	1,016.19
2011	10,276,995	57,944,117	68,221,112	152,464,606	1,045.43
2012	9,277,380	54,047,154	63,324,534	97,006,353	659.40
2013	8,225,000	50,073,263	58,298,263	89,342,105	600.59
2014	6,570,000	46,137,248	52,707,248	84,305,934	558.18
2015	6,055,000	42,151,592	48,206,592	83,376,623	545.34
2016	5,525,000	38,116,304	43,641,304	144,148,497	906.68
2017	4,980,000	34,755,949	39,735,949	142,443,357	884.52

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

(a) Tax Allocation Bonds are reported under Redevelopment Successor Agency as Fiduciary Fund as Redevelopment Agency was dissolved on January 31, 2012 as per ABx1 26 and AB1484.

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

Source: City of Hayward  
State of California, Department of Finance (population)  
U.S. Dept of Commerce, Bureau of the Census (income)

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

2016-17 Assessed Valuation:	\$ 19,568,323,306
Redevelopment Incremental Valuation:	(2,302,917,593)
Adjusted Assessed Valuation:	<u>\$ 17,265,405,713</u>

	Total Debt 6/30/2017	% Applicable (1)	City's Share of Debt 6/30/2017	
<b><u>DIRECT DEBT:</u></b>				
City of Hayward General Fund Obligations	\$ 102,707,408	100.000%	<u>\$ 102,707,408</u>	<u>\$ 102,707,408</u>
<b>Total Direct Debt</b>				<b>\$ 102,707,408</b>
<b><u>OVERLAPPING DEBT:</u></b>				
Overlapping Tax and Assessment Debt:				
Bay Area Rapid Transit District	\$ 891,135,000	3.029%	\$ 26,992,479	
Chabot-Las Positas Community College District	536,465,000	17.726%	95,093,786	
Castro Valley Unified School District	108,470,000	0.119%	129,079	
Hayward Unified School District	423,916,221	85.763%	363,563,269	
New Haven Unified School District	211,939,413	13.656%	28,942,446	
Pleasanton Unified School District	19,919,976	0.032%	6,374	
San Lorenzo Unified School District	115,340,000	15.323%	17,673,548	
Washington Township Healthcare District	333,525,000	1.934%	6,450,374	
Hayward Area Recreation and Park District	125,000,000	54.663%	68,328,750	
East Bay Regional Park District	123,590,000	4.672%	5,774,125	
City of Hayward Community Facilities District No. 1	6,148,070	100.000%	6,148,070	
City of Hayward 1915 Act Bonds	630,000	100.000%	<u>630,000</u>	
Subtotal Overlapping Tax and Assessment Debt				<u>\$ 619,732,300</u>
Ratios to 2016-17 Assessed Valuation:				
Subtotal Overlapping Tax and Assessment Debt	3.59%			
<b><u>OVERLAPPING GENERAL FUND DEBT:</u></b>				
Alameda County General Fund Obligations	\$ 856,742,500	7.701%	\$ 65,977,740	
Alameda County Pension Obligation Bonds	27,719,489	7.701%	2,134,678	
Alameda-Contra Costa Transit District Certificates of Participation	17,625,000	9.121%	1,607,576	
Hayward Unified School District Certificates of Participation	18,631,292	85.763%	15,978,755	
San Lorenzo Unified School District Certificates of Participation	7,950,000	15.323%	1,218,179	
Castro Valley and Pleasanton Unified School District Certificates of Participation	20,845,000	0.119% & 0.032%	<u>11,121</u>	
Subtotal Overlapping General Fund Debt				<u>\$ 86,928,048</u>
<b><u>OVERLAPPING TAX INCREMENT DEBT(Successor Agencies):</u></b>	<b>\$ 60,460,000</b>	<b>16.157% &amp; 100.000%</b>	<b><u>\$ 37,633,743</u></b>	<b><u>\$ 37,633,743</u></b>
<b>Total Overlapping Debt</b>				<b><u>\$ 744,294,091</u></b>
<b>Grand Total Direct and Overlapping Debt</b>				<b><u>\$ 847,001,499</u></b> (2)
<b>Combined Total Direct and Overlapping Debt</b>				<b><u>\$ 847,001,499</u></b> (2)
<b><u>Ratio to 2016-17 Assessed Valuation:</u></b>				
Combined Total Direct and Overlapping Tax and Assessment Debt	4.91%			

NOTE:

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Source: California Municipal Statistics, Inc.

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

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$19,944,694,500
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BONDED DEBT LIMIT (15.% OF ASSESSED VALUE)	\$2,991,704,175
--	-----------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$102,707,408
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Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	102,707,408
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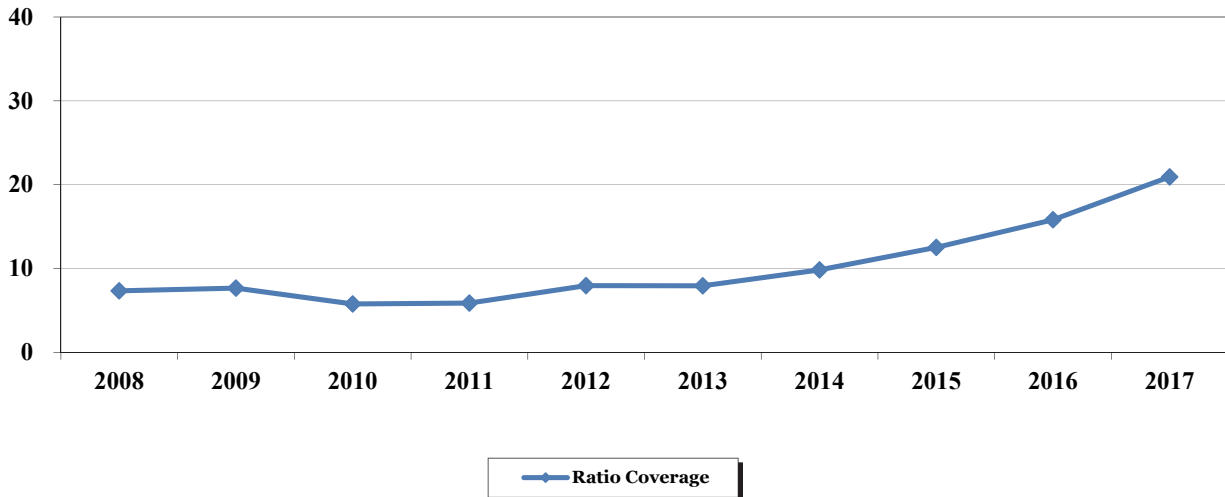
Amount of debt subject to limit	0
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LEGAL BONDED DEBT MARGIN	\$2,991,704,175
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Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2008	\$2,501,128,256	0	\$2,501,128,256	0.00%
2009	2,311,174,053	0	2,311,174,053	0.00%
2010	2,258,844,130	0	2,258,844,130	0.00%
2011	2,272,656,019	0	2,272,656,019	0.00%
2012	2,323,384,925	0	2,323,384,925	0.00%
2013	2,541,333,041	0	2,541,333,041	0.00%
2014	2,541,333,041	0	2,541,333,041	0.00%
2015	2,696,946,699	0	2,696,946,699	0.00%
2016	2,832,779,432	0	2,832,779,432	0.00%
2017	2,991,704,175	0	2,991,704,175	0.00%

Source: County of Alameda Auditors Office

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

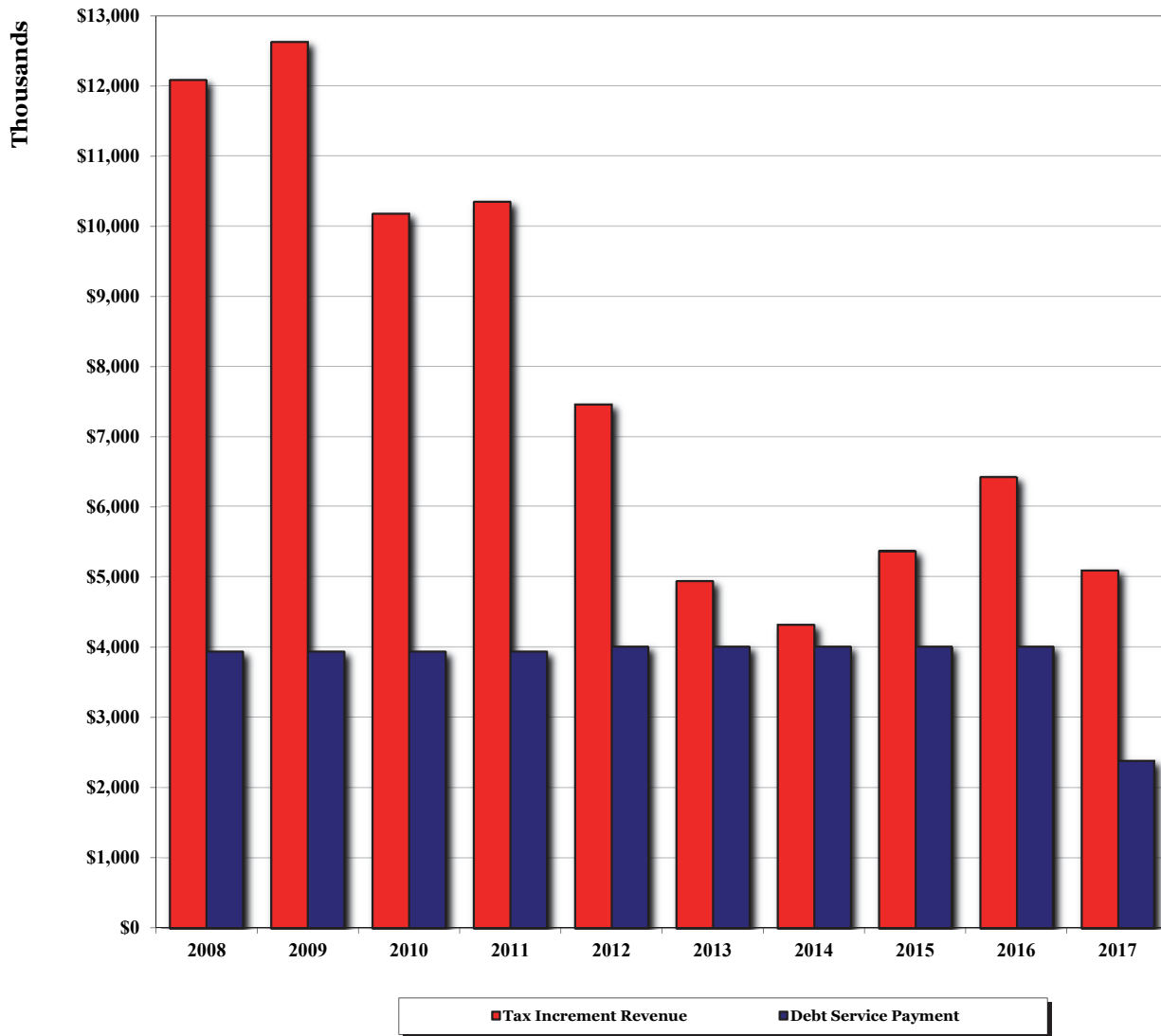


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Ratio Coverage
				Principal	Interest	Total	
2008	\$50,796,313	\$34,331,143	\$16,465,170	\$1,630,000	\$615,493	\$2,245,493	7.33
2009	52,045,189	36,734,951	15,310,238	1,275,000	723,400	1,998,400	7.66
2010	49,514,021	37,952,868	11,561,153	1,325,000	676,988	2,001,988	5.77
2011	52,765,158	41,042,710	11,722,448	1,370,000	628,288	1,998,288	5.87
2012	61,287,200	45,366,632	15,920,568	1,425,000	577,688	2,002,688	7.95
2013	65,512,421	49,506,563	16,005,858	1,490,000	527,831	2,017,831	7.93
2014	73,136,288	47,380,860	25,755,428	2,160,000	459,280	2,619,280	9.83
2015	73,564,675	49,566,818	23,997,857	1,615,000	302,938	1,917,938	12.51
2016	80,748,945	52,915,644	27,833,301	1,555,498	205,533	1,761,031	15.81
2017	82,325,821	60,602,745	21,723,076	886,781	151,341	1,038,122	20.93

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

Source: City of Hayward Annual Financial Statement

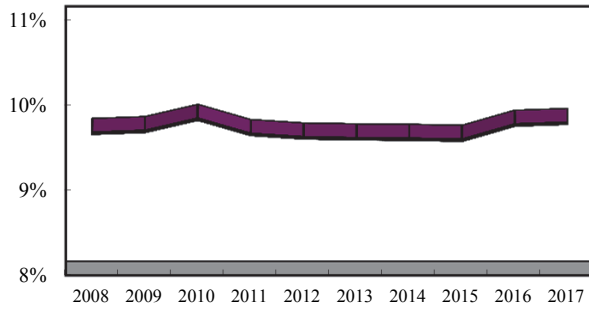
**CITY OF HAYWARD  
 BONDED DEBT PLEDGED REVENUE COVERAGE  
 TAX ALLOCATION BONDS  
 LAST TEN FISCAL YEARS**



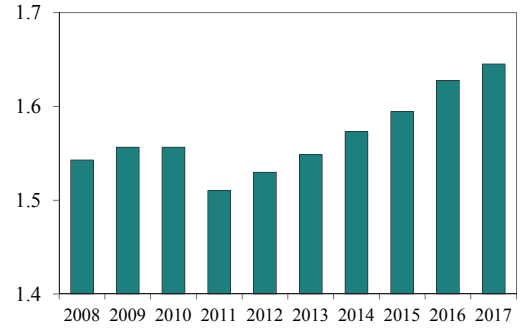
Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2008	\$12,082,986	\$1,210,000	\$2,722,771	\$3,932,771	3.07
2009	12,630,212	1,270,000	2,662,272	3,932,272	3.21
2010	10,180,653	1,335,000	2,598,772	3,933,772	2.59
2011	10,351,054	1,400,000	2,532,021	3,932,021	2.63
2012	7,465,404	1,540,000	2,469,022	4,009,022	1.86
2013	4,934,694	1,605,000	2,400,322	4,005,322	1.23
2014	4,317,292	1,680,000	2,328,657	4,008,657	1.08
2015	5,365,287	1,750,000	2,253,588	4,003,588	1.34
2016	6,427,560	1,835,000	2,173,931	4,008,931	1.60
2017	5,089,716	2,035,000	347,642	2,382,642	2.14

Source: City of Hayward Annual Financial Statements

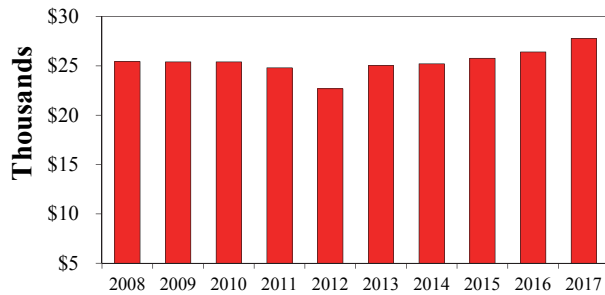
## CITY OF HAYWARD DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS



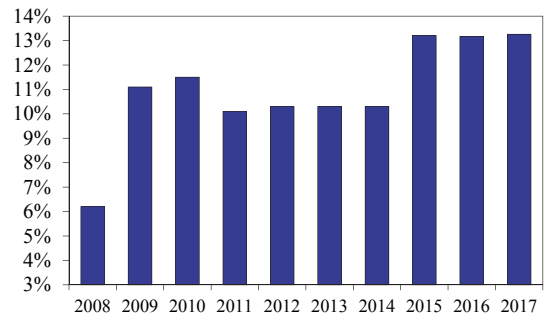
■ City Population as a % of County Population



■ Alameda Co. Population



■ Per Capita Income



■ Unemployment Rate (%)

Fiscal Year	City Population	Per Capita Income	City Unemployment Rate	Alameda Co. Population	City Population % of County
2008	149,205	\$25,439	6.2%	1,543,000	9.67%
2009	150,878	25,407	11.1%	1,556,657	9.69%
2010	153,104	25,407	11.5%	1,556,657	9.84%
2011	145,839	24,803	10.1%	1,510,271	9.66%
2012	147,113	22,681	10.3%	1,529,875	9.62%
2013	148,756	25,019	10.3%	1,548,681	9.61%
2014	151,037	25,208	10.3%	1,573,254	9.60%
2015	152,889	25,770	13.2%	1,594,569	9.59%
2016	158,985	26,405	13.2%	1,627,865	9.77%
2017	161,040	27,774	13.3%	1,645,359	9.79%

\* No data available

Sources: U.S. Census Bureau  
 State of California - Department of Finance, Office of The Director  
 State of California - Employment Development Department, Labor Market Information Division

**City of Hayward  
Principal Employers  
Current Year and Ten Years Ago**

<u>Employer</u>	<u>FY 2017</u>	<u>FY 2008</u>		
		<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Alameda County Sheriff's Department	*			
Baxter Bio Pharma	*			
Berkeley Farms, LLC	*	640	7	0.4%
California State University East Bay	*	1,600	3	1.1%
Chabot Community College	*			
Fremont Bank Operations Center	*			
Hayward Unified School District	*	1,800	2	1.2%
Gillig Corporation	*	475	8	0.3%
Impax Laboratories, Inc.	*			
Illumina	*			
Platikon Industries, Inc.	*			
Pentagon Technologies	*			
Siemens Building Tech	*			
St. Rose Hospital	*	950	5	0.6%
Kaiser Permanente Medical Center **		2,200	1	1.5%
Mervyn's ***		1,300	4	0.9%
City of Hayward		847	6	0.6%
Alameda Newspaper Group		405	9	0.3%
Pepsi Cola		400	10	0.3%
Subtotal		<u>8,965</u>		<u>6.0%</u>
Total City Population Using Census Data		<u>149,205</u>		

Source: City of Hayward Adopted Operating Budget FY17

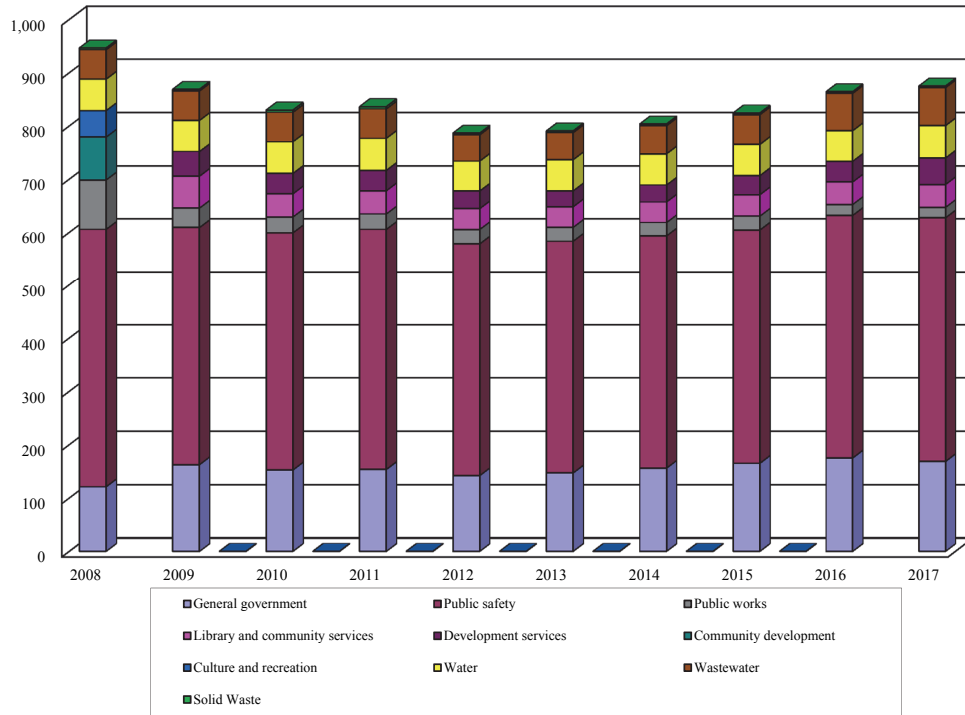
Note: FY17 data not available for ranking or total employment.

\* Presented in alphabetical order based on economic development's assessment.

\*\* Closed in November 2013

\*\*\* Filed for bankruptcy in November 2008

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



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Function</b>										
General government	121.00	162.50	152.50	153.50	142.00	146.90	156.00	165.00	175.00	168.50
Public safety	484.70	446.70	446.70	452.20	436.50	436.50	437.50	439.50	457.00	459.00
Public works	92.75	36.50	29.75	29.00	27.00	26.10	25.00	26.00	20.50	19.56
Library and community services		59.85	43.45	43.45	39.10	38.55	38.55	40.20	42.20	42.80
Development services		46.50	38.50	38.50	33.25	30.00	32.00	36.00	39.00	50.00
Community development	80.50	*	*	*	*	*	*	*	*	*
Culture and recreation	49.85	*	*	*	*	*	*	*	*	*
Water	59.00	58.25	59.25	60.00	56.00	58.40	58.50	58.50	57.30	60.61
Wastewater	55.50	55.50	55.50	55.50	49.50	51.00	53.00	56.00	70.40	71.58
Solid Waste	3.00	3.00	4.00	4.00	3.00	3.00	3.00	3.00	2.80	2.75
<b>Total</b>	<b>946.30</b>	<b>868.80</b>	<b>829.65</b>	<b>836.15</b>	<b>786.35</b>	<b>790.45</b>	<b>803.55</b>	<b>824.20</b>	<b>864.20</b>	<b>874.80</b>

Source: City of Hayward Adopted Operating Budget

\*Due to City of Hayward department reorganization, Community Development and Culture and Leisure departments no longer exist.

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

<b>Function/Program</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Public safety:</b>				
Fire alarms	16,571	16,437	17,463	17,989
Police: (Uniform Crime Reporting Statistics)				
Property crime calls	4,773	4,869	4,430	4,925
Violent crime calls (a)	584	610	560	593
Arson calls	37	30	19	27
<b>Public works</b>				
Pavement Condition Index (PCI)*	68	68	67	68
*Industry measure of street condition with 100 ideal score				
Annual pavement improvement projects	11	11	12	14
Airport operations count/flights	111,293	117,985	112,274	108,680
Airport reported based aircraft	402	426	427	436
<b>Library and Community Services</b>				
Social Services Projects Funded	16	15	13	17
Facilities Projects Funded	4	7	5	4
Economic Development Projects Funded	2	2	5	3
New Housing/Rehab Projects Funded	1	1	1	1
Public Services Projects Funded	9	8	4	2
<b>Planning</b>				
Active Subdivisions	43	50	41	32
Active Parcel Maps	5	4	9	5
Building Permits	3,838	4,037	4,420	4,882
Residential Rental Inspections	3,768	1,510	1,518	1,435
<b>Library and neighborhood services</b>				
Library Materials in Collection	169,870	168,659	165,542	161,708
Library Circulation (Items checked out)	889,014	880,483	808,116	824,788
Community Preservation Cases	2,867	3,959	3,735	3,501
<b>Water</b>				
Water service connections	33,450	33,950	34,340	35,600
Water main breaks	26	20	35	23
Average daily consumption (thousands of gallons)	15,170	13,600	12,255	12,870
<b>Wastewater</b>				
Sewer service connections	31,950	32,260	32,610	32,520
Average daily treatment (thousands of gallons)	11,200	10,970	10,840	11,810
<b>Solid Waste</b>				
Landfilled waste recycled and diversion rate*	76%	73%	73%	70%-75%
*Diversion rate beginning in calendar year 2000 and each year thereafter.				

(a) Excluded Simple assault calls, restated prior years.

Source: City of Hayward

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

	Fiscal Year Ended June 30,			
	2008	2009	2010	2011
<b>Function/Program</b>				
Public safety:				
Fire stations (a)	9	9	9	9
Number of firefighters and officers (b)	121	116	121	121
Police stations	1	1	1	1
Number of police officers (c)	186	181	198	207
Public works				
Miles of streets	260	260	260	266
Street lights	7,700	7,700	8,000	8,143
Traffic Signals	108	108	108	133
Airport	1	1	1	1
Library and neighborhood services				
City Libraries	2	2	2	2
Water				
Number of consumers	140,000	140,000	140,000	140,000
Average daily consumption (gallons)	19,300,000	18,600,000	17,400,000	17,400,000
Miles of water mains	340	350	350	350
Storage capacity (gallons)	28,100,000	28,100,000	28,100,000	29,300,000
Wastewater				
Miles of sewers	340	320	320	320
Number of treatment plants	1	1	1	1
Treatment capacity (gallons)	16,500,000	16,500,000	16,500,000	18,500,000

(a) Includes Fairview Fire District Station under contract

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

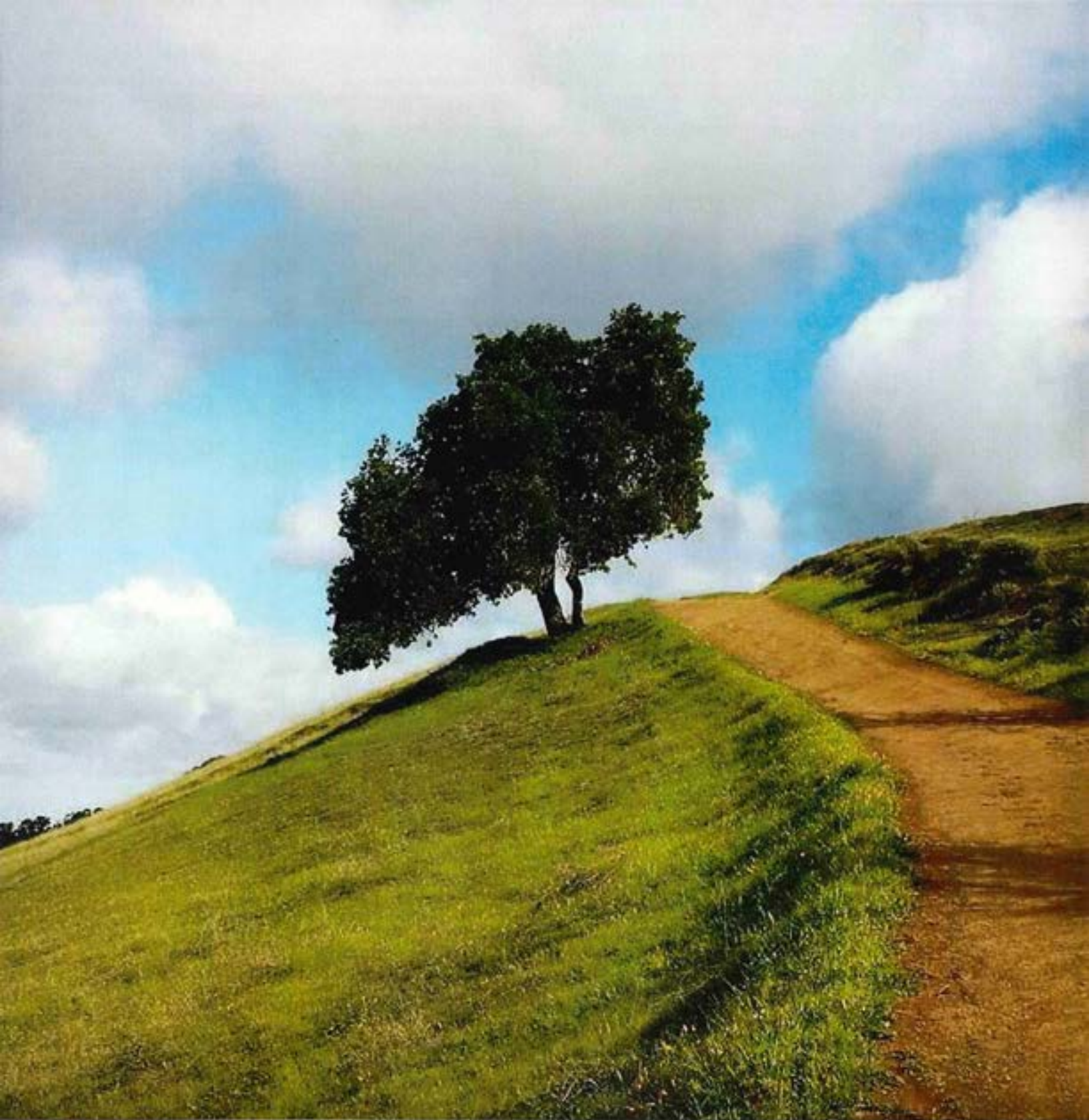
(c) Represents actual hired police officers which may be different than budgeted number of positions

Sources: City of Hayward

**Fiscal Year Ended June 30,**

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
9	9	9	9	9	9
118	115	127	118	118	114
1	1	1	1	1	1
197	189	199	177	186	194
266	266	266	266	283	283
8,143	8,143	8,161	8,178	8,273	8,288
134	135	135	134	134	136
1	1	1	1	1	1
2	2	2	2	2	2
140,000	140,000	150,000	150,000	150,000	155,000
15,600,000	15,500,000	15,200,000	13,600,000	12,255,000	12,870,000
350	370	380	385	385	385
29,350,000	29,350,000	29,350,000	29,350,000	29,350,000	30,550,000
320	320	325	325	325	325
1	1	1	1	1	1
18,500,000	18,500,000	18,500,000	18,500,000	18,500,000	18,500,000

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**HAYWARD**

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