

**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**
FISCAL YEAR ENDED
JUNE 30, 2018

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CITY OF HAYWARD, CALIFORNIA



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COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2018

Prepared by:

Accounting Division, Department of Finance

INTRODUCTORY TAB

CITY OF HAYWARD, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2018

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December 14, 2018

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, 2018. 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, 2018 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 unmodified opinion that the City of Hayward, California's financial statements for the year ended June 30, 2018, 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 2019).

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 162,030, 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/). The complete financial activities have not been included for this entity, as the City Council is not financially accountable for them. Other entities, which have been excluded, that do not meet the established criteria for inclusion in the reporting entity are the Hayward Area Recreation and Park District (www.haywardrec.org/) and Hayward Unified School District (www.husd.k12.ca.us/).

ECONOMIC CONDITION AND OUTLOOK

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

Local Economy

Hayward is a diverse city with a diverse economy – comprised of a well-established and growing business community that represents a balance of retail, industrial, and advanced technologies. In fiscal year 2018, 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.

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 2018 was 2.9%, which is down from .5% in 2017. In addition, Hayward has seen a 7% increase in its assessed valuation in 2018. The median residential home value is about \$659,600 in September 2018 versus \$604,800 a year ago.

Growth in the City of Hayward’s property tax revenue continues to reflect a healthy and thriving community. The City has increased total Assessed Valuation from \$15.2 billion in FY 2012 to \$21.2 billion in FY 2018, owing to real estate values that have been restored, higher sales prices, and new developments coming on line. The City property tax revenues increased by 7% in FY 2018 as compared to FY 2017.

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, (\$15.2 million in FY 2018) 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 tax was extended to FY 2039 after the voters approved Measure D in 2016. The utility users' tax revenue for fiscal year 2018 was \$17.5 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 adopted four overarching priorities: Safe, Clean, Green, and Thrive. Council also adopted three supporting initiatives: Land Use, Fiscal Stability, and Organizational Health.

Through the budget planning process, and with City Council direction, the management team aligned its program priorities and service delivery objectives with these priorities. The operating

budget provides details related to the progress made in each department related to these City Council priorities. Some of the City's efforts toward accomplishing these initiatives are discussed below.

Capital Improvement Program

An example of one of the strategies to meet Council priorities is through the City's Capital Improvement Program, which for FY 2019 was budgeted at \$152 million in all funds, and over the Ten-Year Planning Cycle, the Capital Improvement Program totals \$503 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 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 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 completed the third year of its Youth-Based Trash Capture, Reduction and Watershed Education project, which is funded by an \$800K U.S. Environmental Protection Agency grant. The effort involves partnering with local school groups to install two large trash capture devices in the City's municipal storm sewer system, characterize and quantify trash collected from each device, assess trash sources, and implement trash reduction initiatives based on the trash collected. The first of these devices was successfully installed in May 2017, and the second trash capture device is scheduled to be installed in the near future.

21st Century Library and Community Learning Center: This project, which is expected to cost \$65.7 million, completed the final design and was approved to bid during FY 2015. The 58,000 square foot Library and Community Learning Center, which is planned to be a Leadership in Energy and Environmental Design (LEED) Platinum and a Net Zero Energy facility and plaza, will meet the community's needs through 2050 and beyond. Construction began in FY 2016 as a result of the June 2014 approval by the Hayward voters of a ½ cent local sales tax increase.

Fire Station #7 and Firehouse Clinic: Located on Huntwood Avenue, this new fire station replaced the existing facility, which was a severely aging four-piece modular building with an adjacent apparatus bay. The new Fire Station #7 and Firehouse Clinic project cost \$10.6 million for design and construction. In addition to the Fire Station, the project featured 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 and was completed in September 2016.

Fire Stations 1-5 Improvements: This project provides major renovations to the existing Fire Stations 1-5 including seismic retrofit, energy efficient buildings, quicker call response time, and accessibility upgrades. The project is expected to cost \$10.8 million. Design work was completed in December 2016 and construction commenced in April 2017. The project reached different substantial completion dates for each Fire Station (1-5) between from November 2017 and July 2018.

Fire Station 6 and Regional 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 Regional Fire Training Center which currently consists of four main buildings that will be replaced with nine new buildings/structures. This project will replace the existing Fire Station 6 and Regional Fire Training Center with a new Fire Station 6/Classroom Building, Apparatus Building, Training Tower, Burn Building, Storage Building, Hangar Building, USAR/BART Training Structure, Outdoor Classroom, Entry Canopy and parking lot. 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 \$63 million. Design work is expected to be completed the spring of 2019 with construction commencing during the summer of 2019, and construction is expected to be completed in the summer of 2021.

Mission Boulevard Corridor Improvements Phase 2: The Phase 2 project is a continuation of the Phase 1 project that 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 feature. The project is expected to cost \$32.5 million. Design work was completed in September 2017, and construction is scheduled to commence in March 2018 with an expected completion date in November 2019.

Community Development Block Grant for Promise Neighborhood Street Improvement: This project, approved by Council in FY 2015, involves street pavement improvements for various street sections in the Jackson Triangle Area. Cold-In-Place Recycling method was used in reconstructing the street pavements in order to reduce environmental impacts during construction. This sustainable method recycles existing pavement material as aggregate base and places a new Hot Mix Asphalt Concrete on top.

Main Street Complete Street Project: Council took 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 prioritized Main Street as one of the key streets requiring improvement due to its location in the core downtown area, which offers 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 \$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 multi-modal 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, potentially add bike lanes, improve Americans with Disabilities Act (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 the winter of 2019 with construction commencing in the spring of 2020.

Water Main Replacement Project – Mission Boulevard from Fairway Street to Lexington Avenue: The City is committed to the on-going improvement of the capacity and reliability of the water system. As part of the continuing improvement program to upgrade and maintain the existing water distribution system and facility, the City initiated the Water Main Replacement Project on Mission Boulevard. The project consisted of installing new water mains along Mission Boulevard and at various side streets, from Fairway Street to Lexington Avenue. Construction started in November 2017 and was completed on schedule and under budget in April 2018. The installation consisted of approximately 6,670 feet of water pipes, of which 4,400 linear feet was ductile iron pipe in Mission Boulevard. These improvements result in increased reliability and accessibility for future maintenance and repairs.

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 that will deliver recycled water to suitable sites within close proximity to the Water Pollution Control Facility. The system will distribute 260,000 gallons of tertiary treated wastewater per day for irrigation and industrial use, thereby reducing the City's reliance on potable water for these purposes. The pipeline construction began in late June 2018 and is 90% complete, substantially ahead of schedule. Construction is underway for the storage tank and pump station. Design is nearly complete for the treatment system and delivery of recycled water to customers is anticipated for the first quarter of 2020.

Water Meter Replacement and Advanced Metering Infrastructure (AMI): The City initiated a comprehensive meter replacement project through which AMI technology is being installed in every water meter throughout the City to allow for remote meter reading. The system will also enable customers to better manage their water use by syncing with a customer web portal that will

provide access to valuable account insights, like real-time meter reads. The AMI equipment installation and system implementation were completed in early August 2018. To date, more than 98.5% of customer usage is read and billed through the AMI system.

Water Conservation: The City continues to offer a suite of water conservation programs to customers and has enhanced its customer outreach efforts relating to water conservation and efficiency. The City remains in compliance with all State conservation regulations and continues to monitor prohibited wasteful water practices.

Mission Blvd. (Route 238): Mission Boulevard, formerly Route 238, is now a City street that stretches north to south from one end of the City 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 most of 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 acquired ten groups of undeveloped or underdeveloped parcels from Caltrans and has sold two groups to William Lyon Homes for their SOHAY development project. The City is actively negotiating the sale of four additional groups and will now gather community input prior to seeking planned development proposals from the development community for the remaining four groups.

880/92 Reliever Route Project: Council approved the project and called for bids in October 2014. The construction contract for the \$28.3 million, multi-year project was awarded during FY 2015. This project, which extended Whitesell Street as well as improved the intersection at Hesperian and Winton, is substantially complete. The improvements provide for better access in and out of the City's industrial area, and help to relieve congestion on Interstate 880, State Route 92, and several major arterials in the area. A non-potable water (NPW) line constructed by the project provided the first segment of the NPW distribution main extending from the Water Pollution Control Facility in Whitesell Street.

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.

South Hayward BART Transit Oriented Development (TOD) Project: This mixed-use TOD project received an allocation of \$30 million in State Prop 1C funding to fund Phase I of a transit-oriented development. Phase I includes 205 market-rate rental units that are to be built by Amcal Housing, Inc., and 151 affordable rental units comprised of family and senior housing units, to be built by Eden Housing on the land between Dixon Street and Mission Boulevard.

Comprehensive Update to the City's Sign Regulations: Most work was completed in FY 2015, and the regulations were adopted in the fall of 2015. With revised formatting, the regulations are much easier to read and understand, and provide greater flexibility to the business community related to temporary signs.

Streamlined Permit Processing for Small Solar Photovoltaic Systems: With cooperation involving the Building Division and Fire Department, a streamlined permit processing and standardized plan/plan checking were developed that has led to a large increase in the number of these types of small solar systems being installed. A program named "Solar Tuesdays" was also created, which allows for over-the-counter processing of permit applications for these types of systems.

FINANCIAL INFORMATION

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 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. In May, 2018 Moody's upheld the City's Aa2 rating, a rating it has maintained from previous ratings, however, changed the City's outlook to "negative" from what they previously considered a "healthy financial position". This opinion is likely to improve given recent changes to the City's fiscal 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.

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 2018, the City had total debt outstanding of \$134.4 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 2018, 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 2018, the unassigned fund balance of the General Fund was \$25.2 million, while the total fund balance was \$49.9 million (includes non-cash outstanding receivables of over \$6.9 million and \$17.5 million in Measure C District Tax cash balance). The unassigned fund balance represents 15.5% of total General Fund expenditures of \$162.8 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, 2017. This was the thirty second 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.

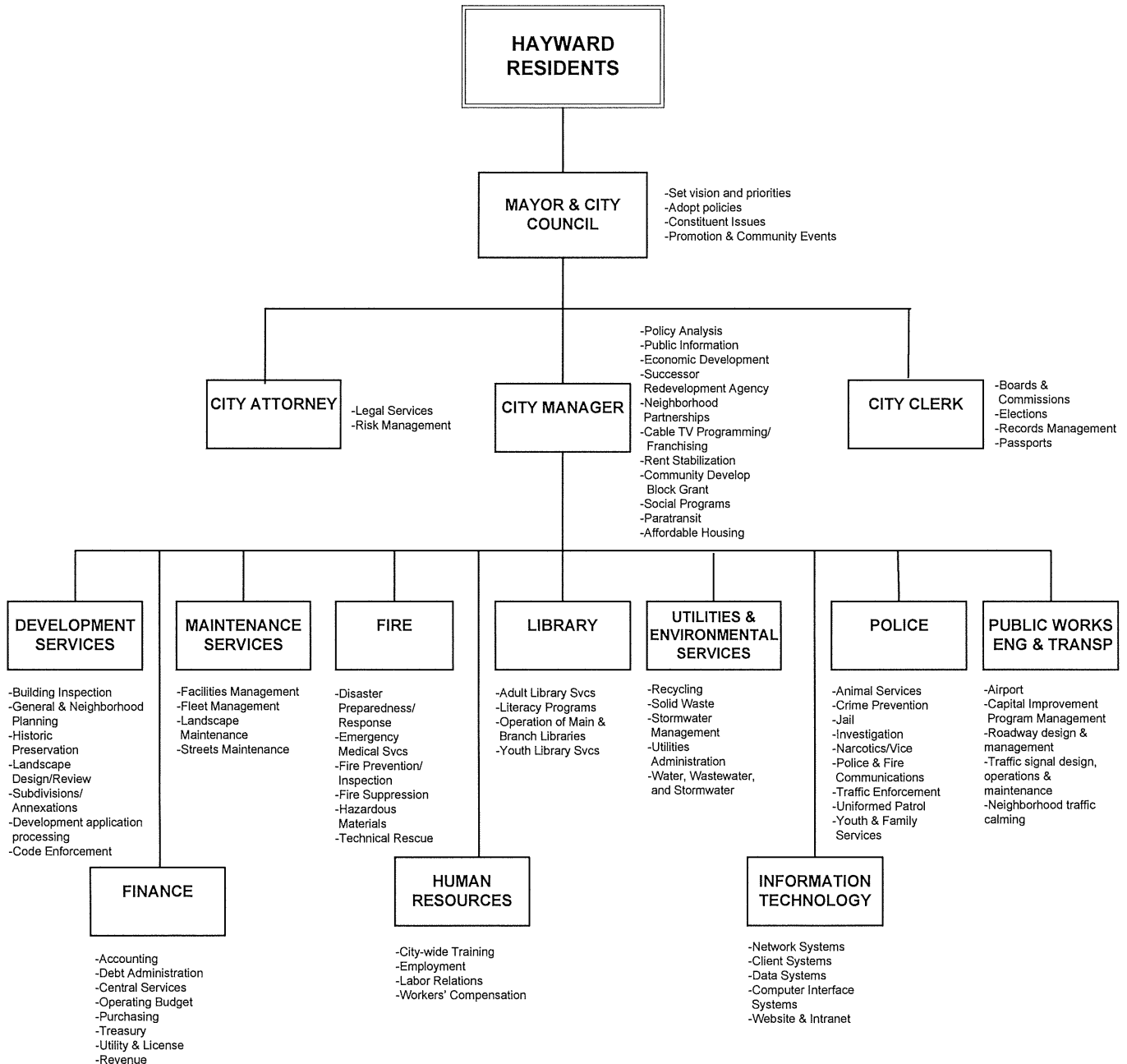
I also wish to recognize the commitment of the City Manager, the Mayor, and the City Council to the high standards embodied in this report and express appreciation to them and each City department for their cooperation and support in conducting the fiscal operations of the City.

Respectfully Submitted,



Dustin Claussen
Director of Finance
City of Hayward

CITYWIDE ORGANIZATION



ELECTED OFFICIALS

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



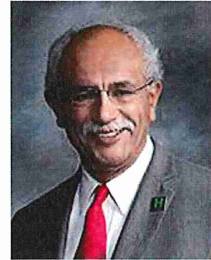
Sara Lamnin
Council Member
Term Expires 2018



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

ADMINISTRATIVE STAFF

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	Stacey Bristow (Interim)
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	Alex Ameri (Interim)
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, 2017

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL TAB

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, 2018, 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, 2018, 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.

Change in Accounting Principles

Management adopted the provisions of the following Governmental Accounting Standards Board Statement 75 – *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions* which became effective during the year ended June 30, 2018 and required a restatement to the financial statements as discussed in Note 1 to the financial statements.

The emphasis of this matter does not constitute a modification to our opinion.

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 14, 2018 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 14, 2018

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MANAGEMENT DISCUSSION AND ANALYSIS TAB

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, 2018. 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 \$324.7 million (*total net position*). Excluding the \$414.9 million net pension liability, \$235.4 million of unrestricted net position is available to meet the City's ongoing obligations to residents and creditors.
- The City's total net position decreased by \$96.6 million over fiscal year 2017. Governmental activities, including the General Fund, decreased by \$91.9 million and Business-type activities, decreased by \$4.7 million. The significant change in the City's total net position is due to a change in accounting standards and the implementation of GASB 75. As stated in Note 1, the implementation of GASB 75 required the City to make prior period adjustments. The beginning net positions for General Activities and Business-Type Activities combined were reduced by \$69.4 million.
- As of June 30, 2018, the City's governmental funds reported combined fund balances of \$158.3 million, a decrease of \$16.7 million from the prior year. The most significant factor in this change was the increase in use of resources to construct the City's 21st Century Library and Community Learning Center and decrease in revenues in intergovernmental and other revenue categories.
- At the end of fiscal year 2018, total fund balance for the General Fund was \$49.9 million, a increase of \$10.2 million over fiscal year 2017. The total fund balance is comprised of \$6.9 million in non-spendable (illiquid reserves), \$17.8 million in assigned (liquid reserves designated for specific purposes) and \$25.2 million in spendable fund balance designated for contingencies, economic uncertainty, emergencies, and liquidity by City Council. The \$25.2 million represents 15.5% of total General Fund expenditures including Transfers Out. The \$6.9 million in non-spendable reserves offsets a long-term loan receivable (General Fund loan to the Redevelopment Successor Agency).
- Fiscal year 2018 ended with a net increase to the General Fund, General Purpose Fund Reserve of \$2.7 million (net of Measure C district sales tax revenues).
- As of June 30, 2018, the City's enterprise funds (Sewer, Water, Stormwater and Airport) reported a combined ending net position of \$290.1 million; a decrease of \$4.7 million from the previous year. The significant change in net position is a result of the change in accounting standards and implementation of GASB 75, which requires the City to make prior period adjustments. Implementation of GASB 75 reduced the beginning net position for Business-Type Activities by \$16.6 million. Excluding GASB 75, the change in net position is an increase of \$11.9 million, 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 19-21) 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 8) 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 9) 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 24-30) 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 financial statements starting on page 108 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 32-34) 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 36-37) 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 39-95) 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 98 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 as a useful indicator of a government's financial position over time. In the case of the City, total assets exceeded total liabilities by \$324.7 million at the close of the current fiscal year, a decrease from the prior year of \$96.6 million. The significant decrease from prior year is a result of implementation of GASB 75, which requires the City to make prior period adjustments. These adjustments reduced the combined beginning net position by \$69.4 million. Excluding the GASB 75 adjustments, the change in the combined net position is a decrease of \$27.2 million over prior year; a decrease of \$39.1 million in General Activities, and an increase of \$11.9 million in Business-type Activities.

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

	Governmental		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	\$231.6	\$223.6	\$194.3	\$186.8	\$425.9	\$410.4
Capital assets	396.4	379.5	177.8	174.3	574.2	553.8
Total assets	628.0	603.1	372.1	361.1	1,000.1	964.2
Deferred outflows	70.1	67.2	4.0	5.4	74.1	72.6
Liabilities						
Long term debt outstanding	92.7	99.0	32.3	35.8	125.0	134.8
Other liabilities	556.3	438.8	52.2	34.1	608.5	472.9
Total liabilities	649.0	537.8	84.5	69.9	733.5	607.7
Deferred inflows	14.5	6.0	1.5	1.8	16.0	7.8
Net position:						
Net investments in capital assets	324.4	324.1	142.0	134.5	466.4	458.6
Restricted	37.8	68.4	0.0	0.0	37.8	68.4
Unrestricted*	(327.6)	(266.0)	148.1	160.3	(179.5)	(105.7)
Total net position	\$34.6	\$126.5	\$290.1	\$294.8	\$324.7	\$421.3

* Unrestricted net position for June 30, 2018, included the City's \$414.9 million net pension liability, which is not a claim on current financial assets.

The largest portion of the fiscal year 2018 City's net position, \$466.4 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, \$37.8 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 \$414.9 million net pension liability, \$235.4 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 \$91.9 million.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues						
Charges for services	\$23.0	\$25.2	\$92.4	\$87.8	\$115.4	\$113.0
Operating contributions and grants	10.6	12.0	-	1.1	10.6	13.1
Capital contributions and grants	2.5	1.5	-	-	2.5	1.5
	36.1	38.7	92.4	88.9	128.5	127.6
General revenues						
Property tax	52.1	48.8	-	-	52.1	48.8
Sales tax	48.6	48.8	-	-	48.6	48.8
Utility user tax	17.5	20.8	-	-	17.5	20.8
Real property transfer tax	9.2	8.3	-	-	9.2	8.3
Franchise fees	9.6	9.6	-	-	9.6	9.6
Other taxes	13.8	11.7	-	-	13.8	11.7
Investment earnings	1.3	1.5	0.9	1.9	2.2	3.4
Miscellaneous	5.5	5.1	0.1	-	5.6	5.1
General revenues subtotal	157.6	154.6	1.0	1.9	158.6	156.5
Total Revenues	193.7	193.3	93.4	90.8	287.1	284.1
Expenses by activity						
General Government	36.7	16.2	-	-	36.7	16.2
Public safety	136.6	128.1	-	-	136.6	128.1
Public works and transportation	24.1	25.6	-	-	24.1	25.6
Library and neighborhood services	10.7	7.0	-	-	10.7	7.0
Economic development	1.5	0.1	-	-	1.5	0.1
Planning and building	11.1	8.6	-	-	11.1	8.6
Maintenance services	11.5	8.3	-	-	11.5	8.3
Interest on long term debt	3.2	3.1	-	-	3.2	3.1
Sewer	-	-	19.8	22.7	19.8	22.7
Water	-	-	52.1	46.2	52.1	46.2
Airport	-	-	4.2	6.3	4.2	6.3
Stormwater	-	-	2.8	2.5	2.8	2.5
Total expenses	235.4	197.0	78.9	77.7	314.3	274.7
Increase (decrease) before transfers	(41.8)	(3.7)	14.5	13.1	(27.2)	9.4
Transfers	2.6	2.9	(2.6)	(2.9)	-	-
Change in Net Position	(39.1)	(0.8)	11.8	10.2	(27.2)	9.4
Beginning Net Position, as restated*	73.7	127.3	278.2	284.6	351.9	411.9
Ending Net Position (June 30)	\$34.6	\$126.5	\$290.0	\$294.8	\$324.7	\$421.3

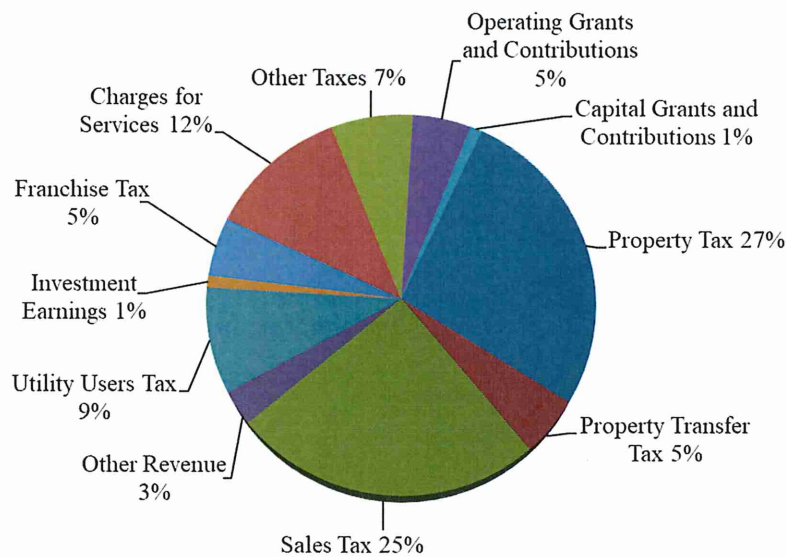
*The Beginning Net Positions, as restated (Note 1) were reduced due to GASB 75 requirements.

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 increased by 0.4 million:

- Charges for Services decreased by \$2.3 million over the prior year.
- Operating contributions and grants decreased by \$1.4 million over the prior year primarily due to a decrease in the number of award grant money from outside agencies.
- Capital contributions and grants increased by \$1.0 million over the prior year
- Utility Users Tax decreased by \$3.3 million over the prior year due to large payments received from prior fiscal years.
- Property Taxes increased by \$3.4 million over prior year due to increases in assessed valuation .

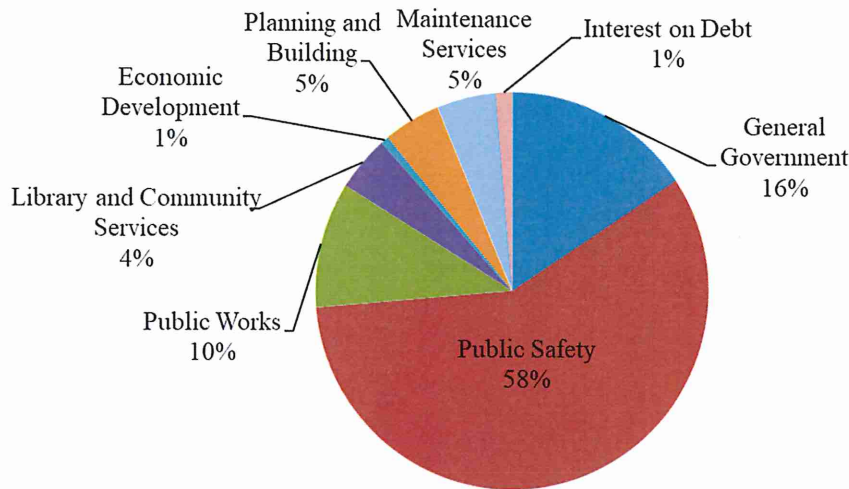
Chart 1 – Revenues by Source – Governmental Activities fiscal year 2018



Governmental Activities Expenses

The governmental expenses (excluding transfers) increased by \$38.4 million to \$235.4 million, largely attributed to increases in general government, maintenance services, planning and building, interest on long term debt costs. Chart 2 summarizes governmental expenses by category.

Chart 2 – Expenses by Function – Governmental Activities fiscal year 2018



Business-Type Activities. The net position of business-type activities was \$290.1 million at June 30, 2018, a decrease of \$4.7 million from last fiscal year. Program revenues totaled \$92.4 million, while program expenses totaled \$78.9 million. Implementation of GASB 75 requires the City to make prior period adjustments, reducing the beginning net position by \$16.6 million. Excluding the GASB 75 adjustment, the change in net position for Business-type Activities increased by \$11.9 million.

As the *Revenue by Source* chart indicates, charges for utility services account for 98.9% of the revenue for the City’s enterprise funds. The majority of the revenues are generated by the Water and Sewer enterprises.

Chart 3 – Revenues by Source – Business-type Activities

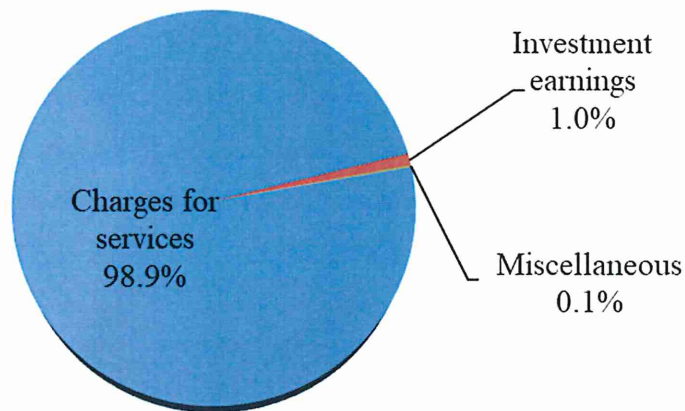
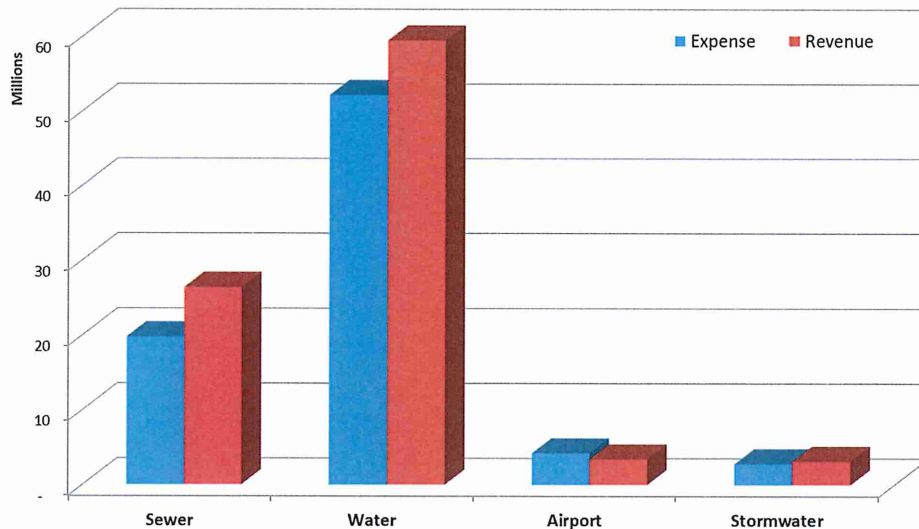


Chart 4 – Expenses and Program Revenues – Business-type Activities



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 \$6.7 million, water increased by \$7.3 million and Stormwater increased by \$.3 million. Given future capital expenses to be borne by these funds and increased water usage, this is an appropriate level of revenue growth. The Airport Fund experienced a decrease in net position of \$.8 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 2018, the City’s governmental funds reported combined ending fund balances of \$158.3 million, a decrease of \$16.6 million compared with the prior year – almost entirely due to the construction related costs of the City’s 21st Century Library and Community Learning Center. Approximately \$134.7 million of the fund balance or 85.1% represents Non-Spendable, Restricted, and Assigned fund balances; and \$23.6 million or 14.9% 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 87.6% of the total governmental revenues and 82.4% 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 2018, the General Fund’s Unassigned fund balance was \$25.2 million (exclusive of Measure C), an increase of \$3.5 million from the prior year. The total fund balance, inclusive of Non-spendable and Assigned balances, was \$49.9 million, an increase of \$10.2 million over the prior year

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 15.5% of total General Fund expenditures of \$162.8 million (including Transfers Out). This is an increase of 3.2% from last year.

General Fund Budgetary Highlights. Fiscal year 2018 ended with a Net Change in Fund Balance of 10.2 million (GAAP Basis).

Table 3 – fiscal year 2018 General Fund Budget Summary *(in thousands)*

	A	B	C	Variance	Variance
<i>(reflected in thousands)</i>	2018	2018	2018	(C-B)	%
	Adopted	Adjusted	Actual		
Revenues	159,547	159,287	170,059	10,772	6.8%
Expenditures	144,755	148,983	147,578	(1,405)	-0.9%
Transfers In/(Out)	(12,915)	(13,040)	(12,261)	779	-6.0%
Net Change in Fund Balance	1,877	(2,736)	10,221	12,956	
(Budget Basis)					

The net change in fund balance for fiscal year 2018 based on actual performance (column C) is positive \$10.2 million. The net change in fund balance is primarily attributed to an increase in revenue, specifically property tax, sales tax and fees and charges for service. This fund balance summary on page 108 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 positive \$10.2 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 2018, the unrestricted net position of the Sewer and Water Funds amounted to \$77.3, and \$63.0 million, respectively. Sewer net position increased to \$6.4 million and Water net position increased to \$6.3

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 2018 the fund ended with a net position of \$1.3 million decrease of \$.7 million over prior fiscal year.

Capital Asset and Debt Administration

Capital Assets. As of June 30, 2018, the City’s investments in capital assets for its governmental and business-type activities are \$574.2 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 3.7%, mainly attributable to the 21st Century Library construction.

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

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$13.7	\$12.1	\$4.8	\$4.8	\$18.5	\$16.9
Construction in progress	61.4	67.9	18.7	13.5	80.1	81.4
Buildings	31.1	32.3	16.3	12.9	47.4	45.2
Improvements other than buildings	9.3	8.5	-	-	9.3	8.5
Machinery and equipment	24.1	25.2	29.0	30.1	53.1	55.3
Street infrastructure	256.8	233.5	-	-	256.8	233.5
Sewer infrastructure	-	-	69.3	72.0	69.3	72.0
Water infrastructure	-	-	30.1	31.3	30.1	31.3
Airport infrastructure	-	-	9.6	9.6	9.6	9.6
Total	\$396.4	\$379.5	\$177.8	\$174.2	\$574.2	\$553.7

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 2018, the City had total bonded debt outstanding of \$134.4 million as presented in Table 5. This represents a decrease of \$8.0 million over the prior year. Of this amount, \$89.2 million represents certificates of participation debt for Civic Center Project (City Hall) and 21st Century Library;; \$6.0 million represents lease revenue bonds for capital improvements; \$3.2 million represents capital leases for a solar power generator, fleet vehicles, computer, and telephone equipment; \$30.0 million represents State Water Board financing for a water pollution control facility; \$4.4 million private placement lease; \$1.5 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 Activities		Business-type		Total	
	2018	2017	2018	2017	2018	2017
Certificates of Participation	\$89.2	\$91.6	-	\$0.5	\$89.2	\$92.1
Lease Revenue Bonds	0.2	0.3	5.8	6.5	6.0	6.8
Capital Lease Obligations	3.3	4.4	-	-	3.3	4.4
Private Placement Loan	4.4	4.7	-	-	4.4	4.7
State Water Resources Control Board Loan	-	-	30.0	32.7	30.0	32.7
State Energy Resources Conservation	1.5	1.7	-	-	1.5	1.7
Total Long-Term Debt	\$98.6	\$102.7	\$35.8	\$39.7	\$134.4	\$142.4

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, 2018, a total of \$6.3 million in special assessment district debt was outstanding by four special assessment districts. (Further detail regarding the City debt can be found in Note 8 to the financial statements.)

Economic Outlook and Major Initiatives

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

Contacting the City’s Financial Management

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

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BASIC FINANCIAL STATEMENTS TAB

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, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash, cash equivalents, and investments (Note 2)	\$133,522,786	\$160,772,145	\$294,294,931
Cash, cash equivalents, and investments with fiscal agents (Note 2)	25,469,867	284,097	25,753,964
Accounts receivable, net	2,733,521	13,900,615	16,634,136
Due from other governments	12,455,268	14,519	12,469,787
Interest receivable	527,466	56,591	584,057
Internal balances (Note 4)	(3,239,798)	3,239,798	
Loans receivable (Note 3)	27,830,494	604,742	28,435,236
Long-term loans to the Private Purpose Trust Fund (Note 19)	10,739,979		10,739,979
Land held for resale (Note 1)	21,465,268		21,465,268
Deposits, parts, supplies and other	50,246	5,069,100	5,119,346
Investment in East Bay Dischargers Authority (Note 16)		10,373,799	10,373,799
Capital assets (Note 5):			
Land	13,741,302	4,757,492	18,498,794
Construction in progress	61,373,201	18,656,668	80,029,869
Depreciable capital assets, net	321,280,882	154,374,573	475,655,455
Total assets	<u>627,950,482</u>	<u>372,104,139</u>	<u>1,000,054,621</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions (Note 12)	64,850,519	3,259,173	68,109,692
Related to OPEB (Note 14)	4,409,657	781,015	5,190,672
Deferred loss on refunding (Note 6)	843,493		843,493
Total deferred outflow of resources	<u>70,103,669</u>	<u>4,040,188</u>	<u>74,143,857</u>
LIABILITIES:			
Accounts payable	10,164,728	5,798,225	15,962,953
Accrued interest	637,755	269,977	907,732
Accrued liabilities	24,317,724	429,883	24,747,607
Due to other governments	16,905,498		16,905,498
Unearned revenue	115,083	524,951	640,034
Refundable deposits	9,010,131	1,389,328	10,399,459
Accrued reclamation costs (Note 10):			
Due within one year		125,000	125,000
Compensated absences (Note 1):			
Due within one year	6,576,830	921,714	7,498,544
Due in more than one year	278,665	136,736	415,401
Long-term debt (Note 6):			
Due within one year	5,904,223	3,485,655	9,389,878
Due in more than one year	92,680,166	32,304,865	124,985,031
Net pension liabilities: due in more than one year (Note 12)	391,749,873	23,132,204	414,882,077
Net OPEB obligation: due in more than one year (Note 14)	90,635,361	16,052,839	106,688,200
Total liabilities	<u>648,976,037</u>	<u>84,571,377</u>	<u>733,547,414</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to pensions (Note 12)	6,305,356	39,715	6,345,071
Related to OPEB (Note 14)	8,166,200	1,446,351	9,612,551
Total deferred inflow of resources	<u>14,471,556</u>	<u>1,486,066</u>	<u>15,957,622</u>
NET POSITION (Note 9):			
Net investments in capital assets	324,408,453	141,998,213	466,406,666
Restricted for:			
Public safety	664,797		664,797
Debt service	8,448,450		8,448,450
Public works and transportation	10,242,346		10,242,346
Planning and building	11,445,561		11,445,561
Economic development activities	6,994,551		6,994,551
Total restricted net position	<u>37,795,705</u>		<u>37,795,705</u>
Unrestricted	(327,597,600)	148,088,671	(179,508,929)
Total net position	<u>\$34,606,558</u>	<u>\$290,086,884</u>	<u>\$324,693,442</u>

See accompanying notes to basic financial statements

CITY OF HAYWARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:				
General government	\$36,743,529	\$3,920,063	\$1,744,391	
Public safety	136,621,829	4,859,695	5,277,613	
Public works and transportation	24,077,319	6,019,771	3,590,749	\$2,472,715
Library and community services	10,673,935	317,596	14,000	
Economic development	1,480,505			
Planning and building	11,093,298	6,294,675		
Maintenance services	11,482,643	1,555,141		
Interest on long-term debt	3,238,555			
Total Governmental Activities	235,411,613	22,966,941	10,626,753	2,472,715
BUSINESS-TYPE ACTIVITIES:				
Sewer	19,762,825	26,374,872		
Water	52,084,024	59,385,204		
Airport	4,236,680	3,426,086		
Stormwater	2,817,649	3,165,846		
Total Business-type Activities	78,901,178	92,352,008		
Total	\$314,312,791	\$115,318,949	\$10,626,753	\$2,472,715

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
(\$31,079,075)		(\$31,079,075)
(126,484,521)		(126,484,521)
(11,994,084)		(11,994,084)
(10,342,339)		(10,342,339)
(1,480,505)		(1,480,505)
(4,798,623)		(4,798,623)
(9,927,502)		(9,927,502)
(3,238,555)		(3,238,555)
<u>(199,345,204)</u>		<u>(199,345,204)</u>
	\$6,612,047	6,612,047
	7,301,180	7,301,180
	(810,594)	(810,594)
	<u>348,197</u>	<u>348,197</u>
	13,450,830	13,450,830
<u>(199,345,204)</u>	<u>13,450,830</u>	<u>(185,894,374)</u>
52,136,552		52,136,552
48,550,524		48,550,524
17,487,828		17,487,828
9,168,329		9,168,329
9,647,904		9,647,904
4,550,835		4,550,835
2,261,598		2,261,598
6,924,304		6,924,304
84,769		84,769
49,910	135,712	185,622
1,253,635	925,665	2,179,300
5,514,057		5,514,057
2,621,785	(2,621,785)	
<u>160,252,030</u>	<u>(1,560,408)</u>	<u>158,691,622</u>
(39,093,174)	11,890,422	(27,202,752)
<u>73,699,732</u>	<u>278,196,462</u>	<u>351,896,194</u>
<u>\$34,606,558</u>	<u>\$290,086,884</u>	<u>\$324,693,442</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 2018. 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.

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

CITY OF HAYWARD
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018

	General*	Special Revenue Fund	Capital Projects Fund
		Federal Grants	Housing Authority
ASSETS:			
Cash, cash equivalents, and investments (Note 2)	\$46,061,485	\$1,618,861	\$7,303,667
Cash, cash equivalents, and investments with fiscal agents (Note 2)			
Accounts receivable, net	1,982,571	2,320	
Due from other governments	10,115,592	139,980	
Interest receivable	16,267	4,014	326,226
Due from other funds (Note 4)	2,824,882		
Loans receivable (Note 3)		12,729,995	10,313,941
Long-term loans to the Private Purpose Trust Fund (Note 19)	6,836,442		3,876,516
Land held for resale (Note 1)			707,539
Deposits, parts, supplies and other	43,646		
Total Assets	\$67,880,885	\$14,495,170	\$22,527,889
LIABILITIES:			
Accounts payable	\$2,341,446	\$71,745	\$1,294
Accrued liabilities	5,599,824		3,051
Due to other governments			
Due to other funds (Note 4)			
Long-term interfund payables (Note 4)	3,239,798		
Unearned revenue			
Refundable deposits	6,777,525		
Total Liabilities	17,958,593	71,745	4,345
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue		2,320	
Total Deferred Inflows of Resources		2,320	
FUND BALANCES (Note 9):			
Nonspendable	6,880,088		
Restricted			
Public safety			
Public works and transportation			
Planning and building		14,421,105	
Economic development			22,523,544
Debt service			
Assigned	17,794,142		
Unassigned	25,248,062		
Total Fund Balances (Deficit)	49,922,292	14,421,105	22,523,544
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$67,880,885	\$14,495,170	\$22,527,889

See accompanying notes to basic financial statements

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

Capital
Projects Funds

General Capital Projects	Route 238 Corridor Improvement	Other Governmental Funds	Total Governmental Funds
\$12,357,557	\$295,053	\$34,439,413	\$102,076,036
25,339,477		46,374	25,385,851
300,255	44,177	24,993	2,354,316
26,685		2,166,791	12,449,048
67,662	3,932	56,250	474,351
			2,824,882
		4,786,558	27,830,494
			10,712,958
	19,646,611	1,111,118	21,465,268
			43,646
<u>\$38,091,636</u>	<u>\$19,989,773</u>	<u>\$42,631,497</u>	<u>\$205,616,850</u>
\$3,846,360	\$1,862,763	\$1,170,657	\$9,294,265
1,741	3,416	38,081	5,646,113
	16,905,498		16,905,498
	2,752,399	72,483	2,824,882
			3,239,798
4,725	44,177	53,308	102,210
133,397	65,971	2,027,739	9,004,632
<u>3,986,223</u>	<u>21,634,224</u>	<u>3,362,268</u>	<u>47,017,398</u>
<u>295,026</u>		<u>23,743</u>	<u>321,089</u>
<u>295,026</u>		<u>23,743</u>	<u>321,089</u>
			6,880,088
		664,797	664,797
		11,692,127	11,692,127
		11,445,561	25,866,666
		6,994,551	29,518,095
		8,448,450	8,448,450
33,810,387			51,604,529
	(1,644,451)		23,603,611
<u>33,810,387</u>	<u>(1,644,451)</u>	<u>39,245,486</u>	<u>158,278,363</u>
<u>\$38,091,636</u>	<u>\$19,989,773</u>	<u>\$42,631,497</u>	<u>\$205,616,850</u>

CITY OF HAYWARD
 GOVERNMENTAL FUNDS
 BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL
 FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
 JUNE 30, 2018

Total Fund Balances reported on the governmental funds balance sheet \$158,278,363

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	13,368,554
Construction in progress	60,643,283
Depreciable capital assets, net	298,977,183

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	31,530,766
Accounts receivable	379,205
Due from other governments	6,220
Due from other funds	53,115
Deposits, parts, supplies and other	6,600
Long-term loans to the Private Purpose Trust Fund	27,021
Land	372,748
Construction in progress	729,918
Depreciable capital assets, net	22,303,699
Accounts payable	(870,463)
Accrued liabilities	(18,698,004)
Unearned revenue	(12,873)
Refundable deposits	(5,499)
Compensated absences	(424,568)
Net pension liabilities and pension-related deferred outflows and inflows of resources	(6,156,532)
Net OPEB liabilities and pension-related deferred outflows and inflows of resources	(5,165,082)
Long-term debt	(3,245,314)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

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

Unavailable revenue	321,089
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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	(95,339,075)
Amortized deferred loss on refunding	843,493
Interest payable	(611,362)
Compensated absences	(6,430,927)
Net pension liabilities and pension-related deferred outflows and inflows of resources	(327,048,178)
Net OPEB Obligation and OPEB-related deferred outflows and inflows of resources	(89,226,822)

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$34,606,558

See accompanying notes to basic financial statements

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CITY OF HAYWARD
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	General*	Special Revenue Fund	Capital Projects Fund
		Federal Grants	Housing Authority
REVENUES:			
Property taxes	\$51,235,946		
Sales taxes	48,550,524		
Utility users tax	17,487,828		
Other taxes	27,407,683		
Licenses and permits	6,720,678		
Fines and forfeitures	2,462,450		
Special assessments			
Investment income	117,078	\$8,166	\$123,665
Rental income	19,453		
Intergovernmental	7,449,813	514,355	
Fees and charges for services	7,298,360		
Other revenue	1,309,593		20,582
Total Revenues	170,059,406	522,521	144,247
EXPENDITURES:			
Current:			
General government	14,309,144		
Public safety	110,280,667		
Public works and transportation	2,402,017	290,706	
Library and community services	5,606,411		108,735
Economic development			2,939
Planning and building	8,274,719		
Maintenance services	6,704,566		
Capital outlay			
Debt service:			
Principal			
Interest and fiscal charges			
Total Expenditures	147,577,524	290,706	111,674
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)	22,481,882	231,815	32,573
OTHER FINANCING SOURCES (USES):			
Transfers in (Note 4)	2,978,046		
Transfers (out) (Note 4)	(15,239,393)	(96,000)	(3,897)
Total Other Financing Sources (Uses)	(12,261,347)	(96,000)	(3,897)
CHANGE IN FUND BALANCES	10,220,535	135,815	28,676
BEGINNING FUND BALANCES (DEFICITS)	39,701,757	14,285,290	22,494,868
ENDING FUND BALANCES (DEFICITS)	\$49,922,292	\$14,421,105	\$22,523,544

See accompanying notes to basic financial statements

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

Capital Projects Fund			
General Capital Projects	Route 238 Corridor Improvement	Other Governmental Funds	Total Governmental Funds
			\$51,235,946
			48,550,524
			17,487,828
\$672,469		\$36,667	28,116,819
370,396			7,091,074
		24,733	2,487,183
		1,003,388	1,003,388
499,341	\$8,045	487,561	1,243,856
	381,466		400,919
786,106		14,401,680	23,151,954
	61,879		7,360,239
116,786	688,945	3,949,029	6,084,935
<u>2,445,098</u>	<u>1,140,335</u>	<u>19,903,058</u>	<u>194,214,665</u>
			14,309,144
		340,981	110,621,648
		1,079,778	3,772,501
		1,923,527	7,638,673
		78,335	81,274
		97,509	8,372,228
		1,015,835	7,720,401
30,559,415	4,223,418	13,087,874	47,870,707
		2,676,156	2,676,156
		3,321,225	3,321,225
<u>30,559,415</u>	<u>4,223,418</u>	<u>23,621,220</u>	<u>206,383,957</u>
<u>(28,114,317)</u>	<u>(3,083,083)</u>	<u>(3,718,162)</u>	<u>(12,169,292)</u>
4,016,000		6,466,994	13,461,040
(783,000)	(606,000)	(1,234,047)	(17,962,337)
<u>3,233,000</u>	<u>(606,000)</u>	<u>5,232,947</u>	<u>(4,501,297)</u>
(24,881,317)	(3,689,083)	1,514,785	(16,670,589)
58,691,704	2,044,632	37,730,701	174,948,952
<u>\$33,810,387</u>	<u>(\$1,644,451)</u>	<u>\$39,245,486</u>	<u>\$158,278,363</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, 2018

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 (\$16,670,589)

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 47,870,707

Non-capitalized capital outlay expenditures were reclassified to various governmental activities (17,768,968)

Depreciation expense is deducted from fund balance

(Depreciation expense is net of internal service fund depreciation of (12,356,826)
\$4,184,982 which has already been allocated to service funds

Loss on disposal of capital assets is deducted from fund balance

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 3,055,279

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 (719,968)

Compensated absences 13,958

Net pension liabilities and pension-related deferred outflows/inflows of resources (45,524,329)

Net OPEB Obligation (651,821)

Interest payable (162,794)

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 3,822,177

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES (\$39,093,174)

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 2018. 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, 2018

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Sewer	Water	Non-Major Funds	Totals	
ASSETS:					
Current Assets:					
Cash and investments (Note 2)	\$76,230,130	\$70,718,022	\$13,823,993	\$160,772,145	\$31,446,750
Cash and investments with fiscal agents (Note 2)		284,097		284,097	84,016
Accounts receivable, net	4,661,427	8,524,460	714,728	13,900,615	379,205
Due from other governments			14,519	14,519	6,220
Interest receivable	26,825	24,850	4,916	56,591	53,115
Deposits, parts, supplies and other		1,245,747		1,245,747	6,600
Total Current Assets	<u>80,918,382</u>	<u>80,797,176</u>	<u>14,558,156</u>	<u>176,273,714</u>	<u>31,975,906</u>
Noncurrent Assets:					
Long-term interfund receivables (Note 4)		3,239,798		3,239,798	
Long-term loans to the Private Purpose Trust Fund (Note 19)					27,021
Deposits, parts, supplies and other	3,797,516		25,837	3,823,353	
Loans receivable (Note 3)		604,742		604,742	
Investment in East Bay Dischargers Authority (Note 16)	10,373,799			10,373,799	
Capital assets (Note 5):					
Land	1,830,143	2,683,047	244,302	4,757,492	372,748
Construction in progress	4,441,126	14,138,047	77,495	18,656,668	729,918
Depreciable capital assets, net	<u>96,019,091</u>	<u>43,515,352</u>	<u>14,840,130</u>	<u>154,374,573</u>	<u>22,303,699</u>
Total Noncurrent Assets	<u>116,461,675</u>	<u>64,180,986</u>	<u>15,187,764</u>	<u>195,830,425</u>	<u>23,433,386</u>
Total Assets	<u>197,380,057</u>	<u>144,978,162</u>	<u>29,745,920</u>	<u>372,104,139</u>	<u>55,409,292</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions (Note 12)	1,326,206	1,365,212	567,755	3,259,173	1,007,656
Related to OPEB (Note 14)	317,903	327,155	135,957	781,015	241,294
Total deferred outflows of resources	<u>1,644,109</u>	<u>1,692,367</u>	<u>703,712</u>	<u>4,040,188</u>	<u>1,248,950</u>
LIABILITIES:					
Current Liabilities:					
Accounts payable	1,711,304	4,028,711	58,210	5,798,225	870,463
Accrued interest	249,755	14,388	5,834	269,977	26,393
Accrued liabilities	176,232	171,928	81,723	429,883	18,671,611
Unearned revenue	219,112	305,839		524,951	12,873
Refundable deposits		1,286,692	102,636	1,389,328	5,499
Compensated absences - due within one year (Note 1)	319,985	455,836	145,893	921,714	407,310
Accrued reclamation costs (Note 10)	125,000			125,000	
Long-term debt - due within one year (Note 6)	<u>2,905,655</u>	<u>450,133</u>	<u>129,867</u>	<u>3,485,655</u>	<u>890,870</u>
Total Current Liabilities	<u>5,707,043</u>	<u>6,713,527</u>	<u>524,163</u>	<u>12,944,733</u>	<u>20,885,019</u>
Noncurrent Liabilities:					
Compensated absences (Note 1)	47,470	67,623	21,643	136,736	17,258
Net pension liabilities: due in more than one year (Note 12)	9,412,838	9,689,687	4,029,679	23,132,204	7,151,910
Net OPEB liabilities (Note 14)	6,534,128	6,724,285	2,794,426	16,052,839	4,959,526
Long-term debt - due in more than one year (Note 6)	<u>28,464,865</u>	<u>2,984,994</u>	<u>855,006</u>	<u>32,304,865</u>	<u>2,354,444</u>
Total Noncurrent Liabilities	<u>44,459,301</u>	<u>19,466,589</u>	<u>7,700,754</u>	<u>71,626,644</u>	<u>14,483,138</u>
Total Liabilities	<u>50,166,344</u>	<u>26,180,116</u>	<u>8,224,917</u>	<u>84,571,377</u>	<u>35,368,157</u>
DEFERRED INFLOWS OF RESOURCES:					
Related to pensions (Note 12)	16,160	16,636	6,919	39,715	12,278
Related to OPEB (Note 14)	588,721	605,854	251,776	1,446,351	446,850
Total deferred inflows of resources	<u>604,881</u>	<u>622,490</u>	<u>258,695</u>	<u>1,486,066</u>	<u>459,128</u>
NET POSITION (Note 9):					
Net investments in capital assets	70,919,840	56,901,319	14,177,054	141,998,213	20,161,051
Restricted for debt service					84,016
Unrestricted	<u>77,333,101</u>	<u>62,966,604</u>	<u>7,788,966</u>	<u>148,088,671</u>	<u>585,890</u>
Total Net Position	<u>\$148,252,941</u>	<u>\$119,867,923</u>	<u>\$21,966,020</u>	<u>\$290,086,884</u>	<u>\$20,830,957</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, 2018

	Business-type Activities-Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Sewer	Water	Non-Major Funds		
OPERATING REVENUES:					
Charges for services	\$25,893,410	\$12,319,343	\$6,584,726	\$44,797,479	\$25,681,436
Sale of water		45,301,698		45,301,698	
Miscellaneous	481,462	1,764,163	7,206	2,252,831	1,024,120
Total Operating Revenues	26,374,872	59,385,204	6,591,932	92,352,008	26,705,556
OPERATING EXPENSES:					
Salaries and related expenses	8,166,615	8,751,628	4,180,367	21,098,610	6,549,661
Materials, supplies and services	4,629,374	7,333,104	1,395,939	13,358,417	7,884,026
Repairs and maintenance	913,688	1,178,769	291,716	2,384,173	4,325,726
Water purchases		32,316,131		32,316,131	
Self-funded insurance expense					7,154,577
Depreciation (Note 5)	5,361,428	2,393,761	1,186,307	8,941,496	4,184,982
Total Operating Expenses	19,071,105	51,973,393	7,054,329	78,098,827	30,098,972
Operating Income (Loss)	7,303,767	7,411,811	(462,397)	14,253,181	(3,393,416)
NONOPERATING REVENUES (EXPENSES):					
Investment income	388,097	466,551	71,017	925,665	152,047
Interest (expense)	(387,636)	(110,631)		(498,267)	(133,659)
Gain (loss) on disposal of capital assets	135,712			135,712	74,123
Loss from equity investment (Note 16)	(304,084)			(304,084)	
Net Nonoperating Revenues (Expenses)	(167,911)	355,920	71,017	259,026	92,511
Income (Loss) Before Contributions and Transfers	7,135,856	7,767,731	(391,380)	14,512,207	(3,300,905)
TRANSFERS					
Transfers in (Note 4)	943,000	410,307		1,353,307	7,299,645
Transfers (out) (Note 4)	(1,633,964)	(1,917,293)	(423,835)	(3,975,092)	(176,563)
Net Transfers	(690,964)	(1,506,986)	(423,835)	(2,621,785)	7,123,082
CHANGE IN NET POSITION	6,444,892	6,260,745	(815,215)	11,890,422	3,822,177
BEGINNING NET POSITION, as restated (Note 1)	141,808,049	113,607,178	22,781,235	278,196,462	17,008,780
ENDING NET POSITION	\$148,252,941	\$119,867,923	\$21,966,020	\$290,086,884	\$20,830,957

See accompanying notes to basic financial statements

CITY OF HAYWARD
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2018

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Sewer	Water	Non-Major Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$26,378,042	\$59,659,314	\$6,467,636	\$92,504,992	\$26,774,667
Payments to suppliers	(4,550,184)	(41,283,386)	(1,689,249)	(47,522,819)	(19,330,758)
Payments to employees	(7,451,038)	(7,451,260)	(3,373,550)	(18,275,848)	(6,959,794)
Net Cash Flows From Operating Activities	14,376,820	10,924,668	1,404,837	26,706,325	484,115
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:					
Intergovernmental receipts				1,944,798	
Interfund receipts	831,877	1,112,921		1,944,798	
Transfers in	943,000	410,307		1,353,307	7,299,645
Transfers (out)	(1,633,964)	(1,917,293)	(423,835)	(3,975,092)	(176,563)
Net Cash Flows From Noncapital and Related Financing Activities	140,913	(394,065)	(423,835)	(676,987)	7,123,082
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(3,763,527)	(8,575,986)	(39,755)	(12,379,268)	(3,291,782)
Disposal of capital leases					74,123
Change in investment					(753)
Principal payments on capital debt	(3,385,429)	(434,040)	(125,960)	(3,945,429)	(1,067,740)
Interest paid	(395,790)	(112,575)		(508,365)	(139,890)
Net Cash Flows From Capital and Related Financing Activities	(7,544,746)	(9,122,601)	(165,715)	(16,833,062)	(4,426,042)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	361,299	446,892	65,483	873,674	100,445
Net Cash Flows From Investing Activities	361,299	446,892	65,483	873,674	100,445
NET CASH FLOWS	7,334,286	1,854,894	880,770	10,069,950	3,281,600
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	68,895,844	68,863,128	12,943,223	150,702,195	28,165,150
CASH AND EQUIVALENTS AT END OF PERIOD	\$76,230,130	\$70,718,022	\$13,823,993	\$160,772,145	\$31,446,750
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	\$7,303,767	\$7,411,811	(\$462,397)	\$14,253,181	(\$3,393,416)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	5,361,428	2,393,761	1,186,307	8,941,496	4,184,982
Change in assets and liabilities:					
Receivables, net	(306,205)	97,390	(124,833)	(333,648)	32,935
Due from other governments	311,742		537	312,279	30,099
Parts and supplies		93,449		93,449	
Other assets	331,507	11,857		343,364	(6,600)
Accounts payable and other accrued expenses	661,371	(560,688)	(2,143)	98,540	40,171
Due to retirement system	665,267	1,241,735	779,331	2,686,333	(471,417)
Due to retirement OPEB	49,721	51,207	21,199	122,127	37,862
Compensated absences	589	7,426	6,287	14,302	23,422
Refundable deposits		23,108	549	23,657	
Unearned revenue	(2,367)	153,612		151,245	6,077
Net Cash Flows From Operating Activities	\$14,376,820	\$10,924,668	\$1,404,837	\$26,706,325	\$484,115
NON-CASH TRANSACTIONS	\$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.

CITY OF HAYWARD
 FIDUCIARY FUNDS
 STATEMENT OF FIDUCIARY NET POSITION
 JUNE 30, 2018

	Private Purpose Trust Funds	Agency Funds
CURRENT ASSETS:		
Cash and investments (Note 2)	\$4,153,892	\$9,541,922
Cash and investments with fiscal agents (Note 2)	42	355,395
Interest receivable	104	3,378
Accounts receivable, net	518,747	5,690
Due from other governments		511,518
 Total Current Assets	 4,672,785	 10,417,903
NONCURRENT ASSETS:		
Loans receivable (Note 19)	24,569,686	
Land held for resale	3,483,031	
Capital assets (Note 19):		
Land	4,430,516	
depreciable capital assets, net	10,429,862	
 Total Noncurrent Assets	 42,913,095	
 Total Assets	 \$47,585,880	 \$10,417,903
CURRENT LIABILITIES:		
Accounts payable	\$37,557	\$9,684
Accrued interest	498,924	
Refundable deposits	128,000	5,144,970
Due to bondholders and others		5,263,249
Long-term debt - due in less than one year (Note 19)	1,735,000	
 Total Current Liabilities	 2,399,481	 10,417,903
NONCURRENT LIABILITIES (Note 19):		
Long-term loans payables - due in more than one year	10,739,979	
Long-term debt - due in more than one year	33,127,151	
 Total Non-Current Liabilities	 43,867,130	
 Total Liabilities	 46,266,611	 \$10,417,903
 NET POSITION HELD IN TRUST FOR PRIVATE PURPOSES	 \$1,319,269	

See accompanying notes to basic financial statements

CITY OF HAYWARD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Private-Purpose Trust Fund
ADDITIONS	
Property tax	\$3,163,863
Investment income	1,775
Rental income	50,000
Intergovernmental	57,339
Other revenue	7,495
	3,280,472
DEDUCTIONS	
Maintenance services	2,345,454
Depreciation expense	313,865
Interest and fiscal charges	1,352,425
	4,011,744
Net change in position	(731,272)
Net position - beginning	2,050,541
Net position - ending	\$1,319,269

See accompanying notes to basic financial statements

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FOOTNOTES TAB

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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, 2018

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, 3rd Floor
777 B Street
Hayward, California 94541

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

Government-wide Statements: The Statement of Net 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, 2018

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.

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

The City reported 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, 2018

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, 2018

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, 2018

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 \$21,465,268 at June 30, 2018 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, 2018

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, 2018:

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$6,846,031	\$1,044,148	\$7,890,179
Additions	6,577,215	923,562	7,500,777
Payments	(6,567,751)	(909,260)	(7,477,011)
Ending Balance	<u>\$6,855,495</u>	<u>\$1,058,450</u>	<u>\$7,913,945</u>
Current Portion	<u>\$6,576,830</u>	<u>\$921,714</u>	<u>\$7,498,544</u>

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, 2018

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.

New Governmental Accounting Standards Board Statement Pronouncements and Restatement

GASB 75 – Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions - The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment 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 required the City to make a prior period adjustment. The City implemented this statement in fiscal year 2017-18. See additional information in Note 14.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

GASB 75 – Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions (Continued)

The implementation of this Statement required the City to make prior period adjustments. As a result, the beginning net positions were reduced as follows:

	Amounts
Governmental Activities	\$52,787,736
Business-Type Activities	16,596,048
Enterprise Funds:	
Sewer	6,755,225
Water	6,951,777
Stormwater	1,456,490
Airport	1,432,556
Internal Service Funds:	
Workers' Compensation	418,582
General Liability	414,060
Facilities Management	1,084,895
Fleet Management	1,140,816
Technology Services	2,068,867

GASB 81 – Irrevocable Split-Interest Agreements - This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement had no effect on the City’s financial statements.

GASB 85 – Omnibus 2017 - The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and OPEB). The City implemented this Statement in fiscal year 2017-18. See additional information in Notes 12 and 14.

GASB 86 – Certain Debt Extinguishment Issues - The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement had no effect on the City’s financial statements.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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, 2018, 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.

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, 2018 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	\$294,294,931
Cash and investments with fiscal agents	25,753,964

Private Purpose Trust Fund

Cash and investments available for operations	4,153,892
Cash and investments with fiscal agents	42

Agency Funds

Cash and investments available for operations	9,541,922
Cash and investments with fiscal agents	355,395
	<hr/>
Total Cash and Investments	<u><u>\$334,100,146</u></u>

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Cash and investments as of June 30, 2018 consisted of the following:

Cash in bank	\$60,952,912
Cash on hand (Petty Cash)	3,175
Investments	273,144,059
Total Cash and Investments	\$334,100,146

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality *	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligation	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%
Shares of Beneficial Interest Issued by a JPA	None	AAAm	100%	N/A
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%

* Minimum credit quality at time of purchase.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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, 2018

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, 2018:

Investment Type	Level 1	Level 2	Total
Investments by Fair Value:			
U.S. Treasury Obligation	\$55,321,270		\$55,321,270
U.S. Agency Securities		\$33,990,726	33,990,726
Corporate Bonds		6,960,103	6,960,103
Municipal Bonds		4,425,103	4,425,103
Supranationals		9,132,525	9,132,525
Asset-Backed Security		2,453,424	2,453,424
Total Investments at Fair Value	<u>\$55,321,270</u>	<u>\$56,961,881</u>	112,283,151
Investments Measured at Amortized Cost:			
Money Market Mutual Funds			26,112,461
California Local Agency Investment Fund			126,340,496
Certificate of Deposits			<u>8,407,951</u>
Total Investments			<u>\$273,144,059</u>

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, 2018

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		\$31,894,426	\$23,426,844	\$55,321,270
U.S. Agency Securities	\$534,574	2,307,090	31,149,062	33,990,726
Money Market Mutual Fund	26,112,461			26,112,461
California Local Agency Investment Fund	126,340,496			126,340,496
Corporate Bonds	1,057,499	3,287,352	2,615,252	6,960,103
Municipal Bonds	620,150	1,927,848	1,877,105	4,425,103
Supranationals	1,692,748	1,819,332	5,620,445	9,132,525
Certificate of Deposits	2,392,552	5,411,176	604,223	8,407,951
Asset-Backed Security		293,721	2,159,703	2,453,424
Total Investments	<u>\$158,750,480</u>	<u>\$46,940,945</u>	<u>\$67,452,634</u>	273,144,059
Cash in Banks				60,952,912
Cash on hand (Petty Cash)				<u>3,175</u>
Total Cash				<u>60,956,087</u>
Total Cash and Investments				<u>\$334,100,146</u>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2018, these investments had an average maturity of 193 days.

Money market funds are available for withdrawal on demand and at June 30, 2018, had an average maturity of 20 days.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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, 2018 for each investment type as provided by Moody’s investment rating system:

Investment Type	AAA/AAA	AA1 - AA3	A1 - A 3	Baa1	P-1	Not Rated	Total
U.S. Treasury Obligation	\$55,321,270						\$55,321,270
U.S. Agency Securities	33,990,726						33,990,726
Money Market Mutual Fund	26,112,461						26,112,461
California Local Agency Investment Fund						\$126,340,496	126,340,496
Corporate Bonds		\$1,056,188	\$5,442,641	\$461,274			6,960,103
Municipal Bonds		3,112,305	1,312,798				4,425,103
Supranationals	9,132,525						9,132,525
Certificate of Deposits		2,388,456	3,626,943		\$2,392,552		8,407,951
Asset-Backed Security	2,196,782					256,642	2,453,424
Total Investments	\$126,753,764	\$6,556,949	\$10,382,382	\$461,274	\$2,392,552	\$126,597,138	\$273,144,059

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, 2018, 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	\$18,793,713

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 11th District cost of funds or the rate the City earns on its cash and investments.

Huntwood Commons Apartments – The City has a loan agreement with Eden Housing, Inc., a California nonprofit public benefit corporation. Eden Housing intends to rehabilitate thirty-nine units of rental housing for rental to low-income households and one manager’s unit. The loans are in the amount of \$840,000 consisting of HOME funds and \$175,500 consisting of Workforce Housing Reward funds. 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, 2018

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.

Habitat for Humanity East Bay/Silicon Valley, Inc. – The City entered into a loan agreement with the Habit for Humanity East Bay/Silicon Valley, Inc., a California nonprofit public benefit corporation for West Harder Road/I-92 Project on September 6, 2017, to provide a predevelopment loan in the amount of \$24,500 to fund the predevelopment expenses budget related to development of the project.

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, 2018, the outstanding balance of this loan was \$604,742.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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, 2018 were as follows:

FROM FUND:	TO FUND:	AMOUNT:
General Fund	General Capital Projects	\$2,814,000 A
	Non-Major Governmental Funds	6,466,994 A
	Internal Service Funds	5,958,399 A
Federal Grants	Internal Service Funds	96,000 C
Housing Authority	General Fund	3,897 D
General Capital Projects	Sewer	533,000 B
	Internal Service Funds	250,000 A
Route 238 Corridor Improvement Capital Projects Fund	General Fund	206,000 B
	General Capital Projects	400,000 B
Non-Major Governmental Funds	General Fund	405,050 A
	General Capital Projects	802,000 B
	Internal Service Funds	26,997 C
Sewer	General Fund	823,783 D
	Water	410,307 B
	Internal Service Funds	399,874 A
Water	General Fund	1,229,099 D
	Sewer	410,000 A
	Internal Service Funds	278,194 A
Non -Major Enterprise Funds	General Fund	310,217 D
	Internal Service Funds	113,618 C
Internal Service Funds	Internal Service Funds	<u>176,563 D</u>
		<u><u>\$22,113,992</u></u>

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

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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, 2018 interfund balances were as follows:

<u>Due from Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
General Fund	Route 238 Corridor Improvement Capital Projects Fund	\$2,752,399
	Measure F Special Revenue Fund	<u>72,483</u>
		<u>\$2,824,882</u>

Long-Term Interfund Advances – At June 30, 2018, the funds below had made advances that were not expected to be repaid within the next year.

	<u>Long-Term Interfund Receivable</u>	<u>Long-Term Interfund Payable</u>
General Fund		\$3,239,798
Water Enterprise Fund	<u>\$3,239,798</u>	
Total	<u>\$3,239,798</u>	<u>\$3,239,798</u>

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 1st and June 1st. As of June 30, 2018 the outstanding loan balance was \$3,239,798.

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, 2018

5. CAPITAL ASSETS

Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. All other capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. The City's policy is to capitalize all assets with costs exceeding \$5,000 and with useful lives exceeding two years.

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

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

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

Buildings and improvements	10 – 50 years
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, 2018

5. CAPITAL ASSETS (Continued)

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

	Balance June 30, 2017	Additions	Retirements	Transfers	Balance June 30, 2018
<i>Governmental activities:</i>					
Capital assets not being depreciated:					
Land	\$12,110,127	\$1,631,175			\$13,741,302
Construction in progress	67,921,824	26,680,826		(\$33,229,449)	61,373,201
Total capital assets not being depreciated	80,031,951	28,312,001		(33,229,449)	75,114,503
Capital assets being depreciated:					
Buildings and improvements	59,007,965			61,922	59,069,887
Improvements other than buildings	15,239,077	1,752,280		244,152	17,235,509
Machinery and equipment	55,350,957	3,402,531	(\$1,459,552)	266,053	57,559,989
Streets	309,739,745			31,920,954	341,660,699
Traffic signals	7,257,235			736,368	7,993,603
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	454,854,253	5,154,811	(1,459,552)	33,229,449	491,778,961
Less accumulated depreciation for:					
Buildings and improvements	26,678,413	1,331,302			28,009,715
Improvements other than buildings	6,671,629	1,268,999			7,940,628
Machinery and equipment	30,213,911	4,660,674	(1,386,261)		33,488,324
Streets	80,479,910	8,725,330			89,205,240
Traffic signals	5,817,256	281,452			6,098,708
Medians	2,054,430	93,118			2,147,548
Conduits	1,414,412	43,283			1,457,695
Drains	2,012,571	137,650			2,150,221
Total accumulated depreciation	155,342,532	16,541,808	(1,386,261)		170,498,079
Net depreciable assets	299,511,721	(11,386,997)	(73,291)	33,229,449	321,280,882
Governmental activity capital assets, net	\$379,543,672	\$16,925,004	(\$73,291)		\$396,395,385

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

5. CAPITAL ASSETS (Continued)

	Balance June 30, 2017	Additions	Transfers	Balance June 30, 2018
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$4,757,492			\$4,757,492
Construction in progress	13,485,510	\$12,323,857	(\$7,152,699)	18,656,668
Total capital assets not being depreciated	18,243,002	12,323,857	(7,152,699)	23,414,160
Capital assets being depreciated:				
Buildings and improvements	32,553,810		4,205,482	36,759,292
Machinery and equipment	45,949,445	7,739	425,360	46,382,544
Sewer pipelines and infrastructure	124,843,868	164,634	1,180,486	126,188,988
Water pipelines and infrastructure	66,849,423		467,602	67,317,025
Airport hangars, tarmacs and other infrastructure assets	27,239,436	18,750	873,769	28,131,955
Total capital assets being depreciated	297,435,982	191,123	7,152,699	304,779,804
Less accumulated depreciation for:				
Buildings and improvements	19,707,230	708,767		20,415,997
Machinery and equipment	15,857,164	1,483,118		17,340,282
Sewer pipelines and infrastructure	52,790,114	4,141,240		56,931,354
Water pipelines and infrastructure	35,469,883	1,778,959		37,248,842
Airport hangars, tarmacs and other infrastructure assets	17,639,346	829,410		18,468,756
Total accumulated depreciation	141,463,737	8,941,494		150,405,231
Net depreciable assets	155,972,245	(8,750,371)	7,152,699	154,374,573
Business-type activity capital assets, net	\$174,215,247	\$3,573,486		\$177,788,733

Governmental capital assets construction in progress was composed of the following at June 30, 2018:

	Project Budget	Expended to June 30, 2018	Committed
Buildings	\$65,680,000	\$45,929,598	\$19,750,402
Improvement other than buildings	104,977,935	15,317,220	89,660,715
Streets	22,840,000	126,383	22,713,617
Total	\$193,497,935	\$61,373,201	\$132,124,734

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

5. CAPITAL ASSETS (Continued)

A summary of enterprise fund construction in progress at June 30, 2018 follows:

	Project Budget	Expended to June 30, 2018	Committed
Sewer Enterprise Fund	\$61,365,000	\$4,441,126	\$56,923,874
Water Enterprise Fund	30,375,000	14,138,047	16,236,953
Airport Enterprise Fund	3,763,000	77,495	3,685,505
Total	\$95,503,000	\$18,656,668	\$76,846,332

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	\$1,117,683
Public Safety	8,494,366
Public Works and Transportation	1,157,393
Library and Community Services	633,280
Economic Development	108,711
Planning and Building	515,922
Maintenance Services	329,471
Internal Service Funds	4,184,982
	\$16,541,808

Business-Type Activities

Sewer Fund	\$5,361,428
Water Fund	2,393,761
Stormwater Fund	275
Airport Fund	1,186,032
	\$8,941,496

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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, 2017	Retirements	Balance at June 30, 2018	Current Portion
Governmental Activity Debt:					
Certificates of Participation					
2015 COP (a), 3.0-5.0%, due 12/31/34	\$67,535,000	\$67,535,000		\$67,535,000	\$2,765,000
Add: Original issue premium	5,689,046	5,389,623	\$299,423	5,090,200	
2016 Refunding COP, 2.6-2.76%, due 11/1/2026	19,813,775	17,891,383	2,021,009	15,870,374	\$1,581,435
Add: Original issue premium	876,695	796,995	79,700	717,295	
Lease Revenue Bonds					
ABAG Series 2001-2 (a), 3.0-5.0%, due 12/01/20	3,589,835	310,000	75,000	235,000	75,000
Loan Payable					
Energy Efficiency Loan (a), 1%, due 12/22/23	2,488,880	1,734,350	259,564	1,474,786	262,166
Private Placement Loan					
2014 Fire Station #7 and Wellness Center Private Placement Loan (a), 2.84%, due 8/1/29	5,500,000	4,737,003	320,583	4,416,420	329,752
Subtotal		<u>98,394,354</u>	<u>3,055,279</u>	<u>95,339,075</u>	<u>5,013,353</u>
Internal Service Fund Long-Term Debt (b)					
Capital Leases - Equipment					
Solar Power Generator Equipment, 6%, due 03/01/30	1,035,000	650,039	34,228	615,811	36,312
Energy Upgrades and Solar Project, 3%, due 06/22/2024	887,152	357,113	85,334	271,779	87,913
Capital Leases - Fleet					
Fire Engines 3.240%, due 10/22/20	1,906,413	770,864	211,473	559,391	218,379
Maintenance Vehicles 2.88%, due on 10/22/17	765,366	64,051	64,051		
Police Vehicles 2.46%, due on 1/17/18	535,000	138,697	138,697		
Fire Engines 3.05%, due 1/17/24	824,000	602,419	78,446	523,973	80,856
Fire Truck 2.92%, due 6/15/25	1,272,000	1,046,215	117,899	928,316	121,366
Capital Leases - Technology					
Network Infrastructure Lease, due 5/21/19	1,699,356	683,656	337,612	346,044	346,044
Total capital lease obligations		<u>4,313,054</u>	<u>1,067,740</u>	<u>3,245,314</u>	<u>890,870</u>
Subtotal		<u>4,313,054</u>	<u>1,067,740</u>	<u>3,245,314</u>	<u>890,870</u>
Total Governmental Activity Debt		<u>\$102,707,408</u>	<u>\$4,123,019</u>	<u>\$98,584,389</u>	<u>\$5,904,223</u>

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

6. LONG-TERM DEBT (Continued)

Type of Obligation	Authorized and Issued	Balance at June 30, 2017	Re tire ments	Balance at June 30, 2018	Current Portion
Business-type Activity Debt:					
Revenue Bonds					
2013 Water Revenue Refunding Loan (c), 2.76%, due 5/1/25	\$7,245,000	\$4,980,000	\$560,000	\$4,420,000	\$580,000
Loan Payable					
Energy Efficiency Loan (c), 3%, due 6/22/25	2,450,000	1,538,831	172,928	1,365,903	178,154
Certificates of Participation					
For acquisition of:					
2007 Sewer (d) 3.5-4.0%%, due 2/1/18	9,880,000	485,000	485,000		
State Water Resource Control Board Loan					
0%, due 9/30/28 (d)	54,550,018	32,732,118	2,727,501	30,004,617	2,727,501
Total Business-type Activity Debt		<u>\$39,735,949</u>	<u>\$3,945,429</u>	<u>\$35,790,520</u>	<u>\$3,485,655</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, 2018

6. LONG-TERM DEBT (Continued)

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, 2018, 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 \$235,000.

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.

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.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

6. LONG-TERM DEBT (Continued)

The pledge of future Water Fund Revenues ends upon repayment of the \$4.42 million in remaining debt service on the bonds which is scheduled to occur in fiscal year 2025. For fiscal year 2018, Water Fund Revenues including operating revenues, non-operating interest earnings and transfers in amounted to \$60.2 million and operating costs including operating expenses, but not interest, depreciation or amortizations amounted to \$49.7 million. Net Revenues available for debt service amounted to \$10.5 million, which represented coverage of 15.1 times over the \$697,448 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. The 2007 COPs were fully repaid during the fiscal year ended June 30, 2018.

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, 2018, the City's gross repayment obligation totaled \$30,004,617 and has a corresponding prepayment of interest expense for \$3,007,263. The repayments of the loan are due annually on September 30, commencing September 30, 2009.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

6. LONG-TERM DEBT (Continued)

Debt Service Requirements

At June 30, 2018, annual debt service requirements to maturity for long-term debt, including interest payments, were as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
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	6,040,175	2,387,666	3,578,188	72,323
2024 - 2028	29,561,635	8,632,092	15,407,234	71,920
2029 - 2033	23,435,593	4,474,912	2,729,608	
2034 - 2035	10,370,000	405,269		
Totals	92,776,894	<u>\$27,702,569</u>	<u>\$35,790,520</u>	<u>\$660,123</u>
Plus unamortized premium	<u>5,807,495</u>			
Total Long-term debt principal, net	<u>\$98,584,389</u>			

Defeased Bonds

As of June 30, 2018, outstanding balances for defeased debt were \$1,225,000 for the 2001 Water System Improvement Project Certificates of Participation and \$16,025,000 for the 2007 Refunding Certificates of Participation. The 2004 Water System Improvement Project Certificates of Participation, 1998 Sewer System Improvement Certificates of Participation, and 1996 Sewer System Improvement Certificates of Participation were fully defeased.

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, 2018, 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, 2018 the total amount remained authorized but unissued.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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, 2018 was \$305,000

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, 2018 was \$170,000

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, 2018 was \$5,860,789.

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.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

9. NET POSITION AND FUND BALANCES (Continued)

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:

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.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

9. NET POSITION AND FUND BALANCES (Continued)

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, 2018

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:

	Balance at June 30, 2018
Nonspendables:	
Items not in spendable form:	
Deposits, parts, supplies and other	\$6,880,088
Total Nonspendable Fund	6,880,088
 Assigned:	
Capital projects	256,988
Measure C District sales tax	17,537,154
Total Assigned Fund Balances	17,794,142
 Unassigned:	
Designations:	
Liquidity	25,248,062
Total Unassigned Fund Balances	25,248,062
Total Fund Balances	\$49,922,292

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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, 2018, the following funds had deficits:

The Route 238 Corridor Improvement Capital Projects Fund reported a deficit of \$1,644,451 at June 30, 2018 due to repairs on Whitesell Lane. The Workers' Compensation Insurance Internal Service Fund reflects an accumulated deficit of \$2,711,306 due to accrued claims which have not been fully funded. The Facilities Management Fund reported a deficit of \$2,745 at June 30, 2018. These 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 \$321,588 or the year ended June 30, 2018. 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, 2018

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, 2018

12. PENSION PLANS (Continued)

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Classic Tier I</u>	<u>PEPRA</u>
	Prior to	On or after
	<u>January 1, 2013</u>	<u>January 1, 2013</u>
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	27.414%	8.416%
	<u>Safety - Fire</u>	
	<u>Classic Tier I</u>	<u>PEPRA</u>
	Prior to	On or after
	<u>January 1, 2013</u>	<u>January 1, 2013</u>
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	45.214%	16.872%
	<u>Safety - Police</u>	
	<u>Classic Tier I</u>	<u>PEPRA</u>
	Prior to	On or after
	<u>January 1, 2013</u>	<u>January 1, 2013</u>
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	50.268%	21.460%

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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, 2016 and measurement date of June 30, 2017:

	<u>Miscellaneous</u>	<u>Safety-Fire</u>	<u>Safety - Police</u>
Inactive employees or beneficiaries currently receiving benefits	853	180	304
Inactive employees entitled to but not yet receiving benefits	635	18	77
Active employees	<u>514</u>	<u>117</u>	<u>184</u>
Total	<u><u>2,002</u></u>	<u><u>315</u></u>	<u><u>565</u></u>

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, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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, 2018

12. PENSION PLANS (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2017, the total pension liabilities were determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2016 and June 30, 2017 total pension liabilities were based on the following actuarial methods and assumptions:

	All Plans (1)
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
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 20 years of projected mortality improvements using Society of Actuaries Scale AA. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an 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 7.15% 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 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 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, 2018

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	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
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, 2018

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)
Balance at June 30, 2016	<u>\$405,272,077</u>	<u>\$269,270,841</u>	<u>\$136,001,236</u>
Changes in the year:			
Service cost	7,504,688		7,504,688
Interest on the total pension liability	30,173,942		30,173,942
Differences between actual and expected experience	444,821		444,821
Changes in assumptions	23,917,327		23,917,327
Plan to plan resource movement		(46,705)	46,705
Contribution - employer		11,093,282	(11,093,282)
Contribution - employee		3,799,837	(3,799,837)
Net investment income		29,788,614	(29,788,614)
Administrative expenses		(397,560)	397,560
Benefit payments, including refunds of employee contributions	(22,746,836)	(22,746,836)	
Net changes	<u>39,293,942</u>	<u>21,490,632</u>	<u>17,803,310</u>
Balance at June 30, 2017	<u>\$444,566,019</u>	<u>\$290,761,473</u>	<u>\$153,804,546</u>

Safety - Fire Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2016	<u>\$264,019,738</u>	<u>\$167,192,077</u>	<u>\$96,827,661</u>
Changes in the year:			
Service cost	5,098,972		5,098,972
Interest on the total pension liability	19,657,506		19,657,506
Differences between actual and expected experience	(324,662)		(324,662)
Changes in assumptions	16,122,983		16,122,983
Contribution - employer		6,378,762	(6,378,762)
Contribution - employee		2,544,269	(2,544,269)
Net investment income		18,488,612	(18,488,612)
Administrative expenses		(246,848)	246,848
Benefit payments, including refunds of employee contributions	(14,874,772)	(14,874,772)	
Net changes	<u>25,680,027</u>	<u>12,290,023</u>	<u>13,390,004</u>
Balance at June 30, 2017	<u>\$289,699,765</u>	<u>\$179,482,100</u>	<u>\$110,217,665</u>

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

12. PENSION PLANS (Continued)

Safety - Police Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2016	\$346,687,593	\$210,395,848	\$136,291,745
Changes in the year:			
Service cost	8,055,656		8,055,656
Interest on the total pension liability	25,738,287		25,738,287
Differences between actual and expected experience	(3,900,767)		(3,900,767)
Changes in assumptions	21,956,739		21,956,739
Contribution - employer		10,508,222	(10,508,222)
Contribution - employee		3,782,992	(3,782,992)
Net investment income		23,301,215	(23,301,215)
Administrative expenses		(310,635)	310,635
Benefit payments, including refunds of employee contributions	(17,590,706)	(17,590,706)	
Net changes	<u>34,259,209</u>	<u>19,691,088</u>	<u>14,568,121</u>
Balance at June 30, 2017	<u>\$380,946,802</u>	<u>\$230,086,936</u>	<u>\$150,859,866</u>
Combined Total	<u>\$1,115,212,586</u>	<u>\$700,330,509</u>	<u>\$414,882,077</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	6.15%	6.15%	6.15%
Net Pension Liability	\$210,960,300	\$148,957,418	\$204,521,452
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$153,804,546	\$110,217,665	\$150,859,866
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$106,487,481	\$78,345,362	\$107,175,522

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, 2018

12. PENSION PLANS (Continued)

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

For the year ended June 30, 2018, the City recognized pension expense of \$56,704,180. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$3,132,426	
Differences between actual and expected experience	266,893	(\$264,058)
Changes in assumptions	14,350,396	
Net differences between projected and actual earnings on plan investments	3,920,312	
Total	<u>\$21,670,027</u>	<u>(\$264,058)</u>

Safety Plan - Fire:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$1,838,339	
Differences between actual and expected experience	3,638,701	(258,404)
Changes in assumptions	12,832,578	(\$1,670,617)
Net differences between projected and actual earnings on plan investments	2,496,480	
Total	<u>\$20,806,098</u>	<u>(\$1,929,021)</u>

Safety Plan - Police:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$3,995,272	
Differences between actual and expected experience	2,232,134	(\$3,030,103)
Changes in assumptions	16,178,650	(1,121,889)
Net differences between projected and actual earnings on plan investments	3,227,511	
Total	<u>\$25,633,567</u>	<u>(\$4,151,992)</u>
Combined total	<u>\$68,109,692</u>	<u>(\$6,345,071)</u>

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

12. PENSION PLANS (Continued)

\$8,966,037 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 subsequent fiscal period. 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
2019	\$17,327,121
2020	25,456,470
2021	12,217,691
2022	(2,202,698)
2023	0
Thereafter	0

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, 2018, total contributions of \$19,686 were made based on a total amount of covered compensation of \$521,762.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

14. OTHER POSTEMPLOYMENT BENEFITS

a. Provisions and Benefits

OPEB Healthcare The City participates in the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by CalPERS, consisting of an aggregation of single-employer plans.

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.

b. Employees Covered

Membership in the plan consisted of the following at June 30, 2018:

Active employees	806
Inactive employees or beneficiaries currently receiving benefit payments	597
Inactive employees entitled to but not yet receiving benefit payments	245
Total	1,648

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

c. Net OPEB Liability

Actuarial Methods and Assumptions – The City’s net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 that was rolled forward to determine the total OPEB liability, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	3.56%
Inflation	2.75%
Payroll Growth	3.0%
Investment Rate of Return	7.28
	Mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008.
Mortality Rate	
Pre-Retirement Turnover	Must retire from PERS on or after age 65 with at least 10 years of service.
Healthcare	5% to 6.5%

- (1) The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to CalPERS 2008 experience study report available on CalPERS website.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Inflation Assets	5.0%	1.25%
Global Debt Securities	27.0%	2.25%
Global Equities	57.0%	5.25%
REITs	8.0%	4.50%
Commodities	3.0%	1.25%
Total	100.0%	

CITY OF HAYWARD, CALIFORNIA
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For the Year Ended June 30, 2018

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate - The discount rate used to measure the total OPEB liability was 3.56%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in Net OPEB Liability- The changes in the Net OPEB Liability follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2016	\$118,316,704	\$3,755,234	\$114,561,470
Changes Recognized for the Measurement Period:			
Service Cost	4,646,537		4,646,537
Interest on the total OPEB liability	3,528,286		3,528,286
Changes in benefit terms			0
Differences between expected and actual experience		273,308	(273,308)
Changes of assumptions	(11,390,281)		(11,390,281)
Contributions from the employer		4,263,071	(4,263,071)
Net investment income		123,447	(123,447)
Administrative expenses		(2,014)	2,014
Benefit payments	(4,263,071)	(4,263,071)	0
Net changes	(7,478,529)	394,741	(7,873,270)
Balance at June 30, 2017 (Measurement Date)	\$110,838,175	\$4,149,975	\$106,688,200

d. Sensitivity of the Net OPEB Liability

The following presents the net OPEB liability, as well as what the net OPEB 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 discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1%	Discount Rate	Discount Rate +1%
(2.56 %)	(3.56%)	(4.56%)
\$125,331,573	\$106,288,200	\$92,020,906

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

Net OPEB Liability/(Asset)		
1% Decrease	Healthcare Cost Trend Rates	1% Increase
(6.5%)	(7.5%)	(8.5%)
\$92,010,292	\$106,688,200	\$129,921,666

e. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the California Employers' Retiree Benefit Trust (CERBT). For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended June 30, 2018, the City recognized OPEB expense of \$6,002,352. At June 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$5,190,672	
Differences between actual and expected experience		
Changes of assumptions		\$9,513,793
Net differences between projected and actual earnings on plan investments		98,758
Total	\$5,190,672	\$9,612,551

\$5,190,672 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2019	\$1,901,177
2020	1,901,177
2021	1,901,177
2022	1,901,179
2023	1,876,488
Thereafter	131,353

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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, 2018

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	
			2018	2017
Balance, beginning of year	\$1,547,946	\$16,641,211	\$18,189,157	\$17,368,314
Current year claims and changes in estimates	(375,141)	(2,945,374)	(3,320,515)	(3,713,898)
Claims paid	226,562	3,411,038	3,637,600	4,534,741
Balance, end of year	<u>\$1,399,367</u>	<u>\$17,106,875</u>	<u>\$18,506,242</u>	<u>\$18,189,157</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, 2018 is \$18,506,242. 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, 2018

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 2018 amounted to \$932,908 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 \$10,373,799 at June 30, 2018.

The investment in East Bay Dischargers Authority is valued as of June 30, 2018, the latest date for which financial information is available.

Summary financial information as of and for the year ended June 30, 2018 (the most recent audited financial information available) for EBDA’s common use operations was as follows:

Assets	
Current	\$5,668,636
Capital assets - net	27,947,158
Total Assets	33,615,794
Deferred outflow of resources	500,658
Total	\$34,116,452
Liabilities	\$2,841,504
Deferred inflow of resources	153,550
Net Position	31,121,398
Total	\$34,116,452
Revenues	\$4,737,744
Expenses	(4,998,897)
Non-operating revenues	75,012
Change in Net Position	(\$186,141)

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

16. JOINT POWERS AGREEMENTS (Continued)

Complete financial statements of EBDA can be obtained from:

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

17. COMMITMENTS AND CONTINGENCIES

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.

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, 2018

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 \$2,943,576 during fiscal year 2018, which is included as a component of purchased water expenses in the Water Enterprise Fund. The surcharge for fiscal year 2019 is estimated to be \$2,878,824.

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, 2018

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

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.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

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.

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 acquisition values. 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, 2018

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

Capital Asset Additions, Retirements, and Balances

	Balance June 30, 2017	Additions	Transfers	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$5,277,955		(\$847,439)	\$4,430,516
Total capital asset not being depreciated	<u>5,277,955</u>			<u>4,430,516</u>
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	<u>15,719,833</u>			<u>14,145,472</u>
Less accumulated depreciation for:				
Buildings and improvements	3,392,171	\$313,864		3,706,035
Improvements other than buildings	634,991		(634,991)	
Machinery and equipment	9,575			9,575
Total accumulated depreciation	<u>4,036,737</u>	<u>313,864</u>		<u>3,715,610</u>
Net depreciable assets	<u>11,683,096</u>	<u>(313,864)</u>		<u>10,429,862</u>
Private purpose trust fund assets, net	<u>\$16,961,051</u>	<u>(\$313,864)</u>	<u>(\$2,421,800)</u>	<u>\$14,860,378</u>

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, 2018 was \$24,569,686 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, 2018

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, 2018.

	School Project	Cannery Park	Cinema Place	Retail Attraction	Total
Balance at June 30, 2017	\$19,316,998	\$3,491,901	\$275,624	\$1,549,998	\$24,634,521
Less: Loan Payments	<u>57,339</u>			<u>7,496</u>	<u>64,835</u>
Balance at June 30, 2018	<u>\$19,259,659</u>	<u>\$3,491,901</u>	<u>\$275,624</u>	<u>\$1,542,502</u>	<u>\$24,569,686</u>
Per GL	<u>19,259,659</u>	<u>3,491,901</u>	<u>275,624</u>	<u>1,542,502</u>	<u>24,569,686</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, 2018 was \$10,739,979 recorded in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund. The loans were as follows:

	Advances to Private Purpose Trust Fund	Advances From City
General Fund	\$6,836,442	
Housing Authority Special Revenue Fund	3,876,516	
Internal Service Funds	27,021	
Successor Agency Private Purpose Trust Fund		<u>\$10,739,979</u>
Total	<u>\$10,739,979</u>	<u>\$10,739,979</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, 2018

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. In late November 30, 2018 the California State Supreme Court granted the Petition Writ of Mandate in the City's favor which confirms that the \$2.22 obligation due the General Fund will be recognized and repaid by the State Department of Finance.

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	Balance at June 30, 2017	Retirements	Balance at June 30, 2018	Current Portion
Tax Allocation Bonds, 2016 Refunding Redevelopment Agency due 3/1/2036, interest at 2.0%-5.0%	\$35,270,000	\$33,235,000	\$1,685,000	\$31,550,000	\$1,735,000
Add: Original Issue Premium		3,496,159	184,008	3,312,151	
Total	<u>\$35,270,000</u>	<u>\$36,731,159</u>	<u>\$1,869,008</u>	<u>\$34,862,151</u>	<u>\$1,735,000</u>

At June 30, 2018, future debt service requirement for the Successor Agency were as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
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	2,070,000	1,154,375
2024 - 2028	11,915,000	4,093,500
2029 - 2033	6,195,000	1,644,125
2034 - 2036	3,975,000	298,450
Totals	31,550,000	<u>\$12,694,250</u>
Plus unamortized premium	<u>3,312,151</u>	
Total Long-term debt principal, net	<u>\$34,862,151</u>	

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

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

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 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 2018, total tax increment calculated and available for distribution by the County Auditor-Controller was \$3,163,863, and the total received by the Successor Agency was \$3,163,863. The taxes available for distribution covered 98% of the \$3,235,975 of debt service.

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.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018

20. SUBSEQUENT EVENT

On September 29, 2018, the Governor of California approved Assembly Bill No. 1912, which requires member agencies of an agency established pursuant to a joint powers agreement that participates in, or contracts with, a public retirement system, prior to filing a notice of termination or upon notice of potential termination by the Board of Administration of the Public Employees' Retirement System (PERS), to mutually agree as to the apportionment of the agency's retirement obligations among themselves, provided that the agreement equals 100% of the retirement liability of the agency. If the member agencies are unable to mutually agree to the apportionment, the bill requires the PERS board to apportion the retirement liability of the agency to each member agency, as specified, and would establish procedures allowing a member agency to challenge the board's determination through the arbitration process. This bill also requires the PERS board to enter into the above-described agreement upon request of a member agency of a terminating agency formed under the Joint Exercise of Powers Act and providing that the member agencies of the terminating agency are liable to the system for inadequate funding of the benefits pursuant to the agreement. This bill will extend that liability and lien to all of the parties of a terminating agency that was formed under the Joint Exercise of Powers Act. In addition, the bill requires the PERS board, prior to exercising its authority to reduce benefits and to the extent consistent with its fiduciary duties, to consider and exhaust all options and necessary actions, including evaluating whether to bring a civil action against any member agencies to a terminated agency formed by an agreement under the Joint Exercise of Powers Act to compel payment of the terminated public agency's pension obligations.

The above requirements apply retroactively to a member agency, or current and former member agency, that has an agreement in existence with the PERS board on or before January 1, 2019. It also applies to any new agreements between an agency and the board on or after January 1, 2019. However, it will not apply to an agency that has dissolved prior to January 1, 2019.

At June 30, 2018, the City participated in the East Bay Dischargers Authority joint powers agreement that participates in, or contracts with, a public retirement system.

Currently the City is not aware that any of these agencies are in the process of termination or facing potential termination by the PERS board.

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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	6/30/2017
Total Pension Liability				
Service Cost	\$6,288,587	\$5,922,880	\$6,147,333	\$7,504,688
Interest	27,661,985	28,504,068	29,369,393	30,173,942
Differences between expected and actual experience		(3,128,990)	(1,584,352)	444,821
Changes in assumptions		(6,628,461)		23,917,327
Changes in benefits				
Benefit payments, including refunds of employee contributions	(19,351,565)	(21,117,520)	(22,169,235)	(22,746,836)
Net change in total pension liability	14,599,007	3,551,977	11,763,139	39,293,942
Total pension liability - beginning	375,357,954	389,956,961	393,508,938	405,272,077
Total pension liability - ending (a)	<u>\$389,956,961</u>	<u>\$393,508,938</u>	<u>\$405,272,077</u>	<u>\$444,566,019</u>
Plan fiduciary net position				
Contributions - employer	\$7,412,951	\$8,397,492	\$9,973,051	\$11,093,282
Contributions - employee	3,116,188	3,176,411	3,159,686	3,799,837
Net investment income	42,388,729	6,280,326	1,454,000	29,788,614
Benefit payments, including refunds of employee contributions	(19,351,565)	(21,117,520)	(22,169,235)	(22,746,836)
Plan to Plan Resource Movement		2,005	(11,393)	(46,705)
Administrative Expense		(311,784)	(168,838)	(397,560)
Net change in plan fiduciary net position	33,566,303	(3,573,070)	(7,762,729)	21,490,632
Plan fiduciary net position - beginning	247,040,337	280,606,640	277,033,570	269,270,841
Plan fiduciary net position - ending (b)	<u>\$280,606,640</u>	<u>\$277,033,570</u>	<u>\$269,270,841</u>	<u>\$290,761,473</u>
Net pension liability - ending (a)-(b)	<u>\$109,350,321</u>	<u>\$116,475,368</u>	<u>\$136,001,236</u>	<u>\$153,804,546</u>
Plan fiduciary net position as a percentage of the total pension liability	71.96%	70.40%	66.44%	65.40%
Covered payroll	\$37,254,645	\$37,577,455	\$37,278,957	\$39,325,308
Net pension liability as percentage of covered payroll	293.52%	309.96%	364.82%	391.11%

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, 2016 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 7.65 percent (net of administrative expense) to 7.15 percent.

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

Source: CalPERS Accounting Valuation

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

Fiscal Year Ended June 30	2015	2016	2017	2018
Actuarially determined contribution	\$8,401,478	\$10,026,685	\$11,092,052	\$3,132,426
Contributions in relation to the actuarially determined contributions	8,401,478	10,026,685	11,092,052	3,132,426
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
Covered payroll	\$37,577,455	\$37,278,957	\$39,325,308	\$43,553,412
Contributions as a percentage of covered payroll	22.36%	26.90%	28.21%	7.19%

Notes to Schedule

Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016
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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	14 Years as of the Valuation Date
Asset valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary increases	3.20% to 12.20% depending on Age, Service, and type of employment
Investment rate of return	7.15%, 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 four 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
Safety - Fire Plan - Agent Multiple-Employer Defined Pension Plan
Last 10 Years*

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017
Total Pension Liability				
Service Cost	\$4,037,733	\$3,887,900	\$4,145,914	\$5,098,972
Interest	17,319,964	18,049,868	19,111,623	19,657,506
Differences between expected and actual experience		763,164	5,499,415	(324,662)
Changes in assumptions		(4,308,430)		16,122,983
Changes in benefits				
Benefit payments, including refunds of employee contributions	(12,054,664)	(13,394,096)	(13,979,969)	(14,874,772)
Net change in total pension liability	9,303,033	4,998,406	14,776,983	25,680,027
Total pension liability - beginning	234,941,316	244,244,349	249,242,755	264,019,738
Total pension liability - ending (a)	\$244,244,349	\$249,242,755	\$264,019,738	\$289,699,765
Plan fiduciary net position				
Contributions - employer	\$4,128,191	\$4,969,514	\$5,795,308	\$6,378,762
Contributions - employee	2,212,037	2,383,255	2,527,042	2,544,269
Net investment income	26,481,168	3,918,637	802,917	18,488,612
Benefit payments, including refunds of employee contributions	(12,054,664)	(13,394,096)	(13,979,969)	(14,874,772)
Administrative Expense		(193,742)	(104,917)	(246,848)
Net change in plan fiduciary net position	20,766,732	(2,316,432)	(4,959,619)	12,290,023
Plan fiduciary net position - beginning	153,701,396	174,468,128	172,151,696	167,192,077
Plan fiduciary net position - ending (b)	\$174,468,128	\$172,151,696	\$167,192,077	\$179,482,100
Net pension liability - ending (a)-(b)	\$69,776,221	\$77,091,059	\$96,827,661	\$110,217,665
Plan fiduciary net position as a percentage of the total pension liability	71.43%	69.07%	63.33%	61.95%
Covered payroll	\$14,894,224	\$15,304,881	\$15,425,723	\$16,579,674
Net pension liability as percentage of covered payroll	468.48%	503.70%	627.70%	664.78%

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, 2016 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 7.65 percent (net of administrative expense) to 7.15 percent.

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

Source: CalPERS Accounting Valuation

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

Fiscal Year Ended June 30	2015	2016	2017	2018
Actuarially determined contribution	\$4,879,642	\$5,789,172	\$6,383,503	\$1,838,339
Contributions in relation to the actuarially determined contributions	4,879,642	5,789,172	6,383,503	1,838,339
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$15,304,881	\$15,425,723	\$16,579,674	\$17,977,548
Contributions as a percentage of covered payroll	31.88%	37.53%	38.50%	10.23%

Notes to Schedule

Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016
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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	26 Years as of the Valuation Date
Asset valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary increases	3.40% to 20.00% depending on Age, Service, and type of employment 7.15%, net of pension plan investment expense, including inflation
Investment rate of return	
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 four 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
 Safety - Police Plan - Agent Multiple-Employer Defined Pension Plan
 Last 10 Years*

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017
Total Pension Liability				
Service Cost	\$6,810,663	\$6,454,659	\$6,807,555	\$8,055,656
Interest	22,705,717	23,663,122	25,023,071	25,738,287
Differences between expected and actual experience		(823,804)	4,712,282	(3,900,767)
Changes in assumptions		(5,929,992)		21,956,739
Changes in benefits				
Benefit payments, including refunds of employee contributions	(15,228,912)	(16,782,338)	(17,676,444)	(17,590,706)
Net change in total pension liability	<u>14,287,468</u>	<u>6,581,647</u>	<u>18,866,464</u>	<u>34,259,209</u>
Total pension liability - beginning	<u>306,952,014</u>	<u>321,239,482</u>	<u>327,821,129</u>	<u>346,687,593</u>
Total pension liability - ending (a)	<u>\$321,239,482</u>	<u>\$327,821,129</u>	<u>\$346,687,593</u>	<u>\$380,946,802</u>
Plan fiduciary net position				
Contributions - employer	\$5,781,918	\$7,594,532	\$8,594,361	\$10,508,222
Contributions - employee	3,731,615	3,296,967	3,666,124	3,782,992
Net investment income	32,686,768	4,819,953	1,028,532	23,301,215
Benefit payments, including refunds of employee contributions	(15,228,912)	(16,782,338)	(17,676,444)	(17,590,706)
Net Plan to Plan Resource Movement			11,302	
Administrative Expense		(241,860)	(130,972)	(310,635)
Net change in plan fiduciary net position	<u>26,971,389</u>	<u>(1,312,746)</u>	<u>(4,507,097)</u>	<u>19,691,088</u>
Plan fiduciary net position - beginning	<u>189,244,302</u>	<u>216,215,691</u>	<u>214,902,945</u>	<u>210,395,848</u>
Plan fiduciary net position - ending (b)	<u>\$216,215,691</u>	<u>\$214,902,945</u>	<u>\$210,395,848</u>	<u>\$230,086,936</u>
Net pension liability - ending (a)-(b)	<u>\$105,023,791</u>	<u>\$112,918,184</u>	<u>\$136,291,745</u>	<u>\$150,859,866</u>
Plan fiduciary net position as a percentage of the total pension liability	67.31%	65.55%	60.69%	60.40%
Covered payroll	\$21,359,362	\$22,033,138	\$21,649,761	\$22,884,077
Net pension liability as percentage of covered payroll	491.70%	512.49%	629.53%	659.24%

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, 2016. 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 7.65 percent (net of administrative expense) to 7.15 percent.

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

Source: CalPERS Accounting Valuation

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

Fiscal Year Ended June 30	2015	2016	2017	2018
Actuarially determined contribution	\$7,487,975	\$8,650,555	\$10,512,716	\$3,995,272
Contributions in relation to the actuarially determined contributions	7,487,975	8,650,555	10,512,716	3,995,272
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$22,033,138	\$21,649,761	\$22,884,077	\$24,345,421
Contributions as a percentage of covered payroll	33.99%	39.96%	45.94%	16.41%

Notes to Schedule

Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016
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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	26 Years as of the Valuation Date
Asset valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary increases	3.70% to 15.00% depending on Age, Service, and type of employment

Investment rate of return 7.15%, 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 four years are shown.

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

CITY OF HAYWARD

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last 10 fiscal years*

Measurement Date	<u>6/30/17</u>
Total OPEB Liability	
Service Cost	\$4,646,537
Interest	3,528,286
Changes in benefit terms	
Differences between expected and actual experience	
Changes of assumptions	(11,390,281)
Benefit payments	(4,263,071)
Net change in total OPEB liability	<u>(7,478,529)</u>
Total OPEB liability - beginning	<u>118,316,704</u>
Total OPEB liability - ending (a)	<u><u>\$110,838,175</u></u>
Plan fiduciary net position	
Contributions - employer	\$4,263,071
Contributions - employee	
Net investment income	396,755
Administrative expense	(2,014)
Benefit payments	(4,263,071)
Net change in plan fiduciary net position	<u>394,741</u>
Plan fiduciary net position - beginning	<u>3,755,234</u>
Plan fiduciary net position - ending (b)	<u><u>\$4,149,975</u></u>
Net OPEB liability - ending (a)-(b)	<u><u>\$106,688,200</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	3.74%
Covered-employee payroll	<u><u>\$97,007,987</u></u>
Net OPEB liability as a percentage of covered-employee payroll	<u><u>109.98%</u></u>

Notes to schedule:

* Fiscal year 2018 was the first year of implementation.

CITY OF HAYWARD
SCHEDULE OF CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS

Last 10 fiscal years*

Fiscal Year Ended June 30,	<u>2018</u>
Actuarially determined contribution	\$8,038,027
Contributions in relation to the actuarially determined contribution	<u>5,190,672</u>
Contribution deficiency (excess)	<u><u>\$2,847,355</u></u>
Covered employee payroll	<u><u>\$100,785,794</u></u>
Contributions as a percentage of covered payroll	5.15%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Valuation Date	6/30/2017
Actuarial Assumptions:	
Discount Rate	3.56%
Inflation	3%
Payroll Growth	3.25%
Investment Rate of Return	7.28%
Mortality Rate	Mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008.
Pre-Retirement Turnover	Must retire from PERS on or after age 65 with at least 10 years of service.
Healthcare	5% to 6.5%

* Fiscal year 2018 was the first year of implementation.

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MAJOR GOVERNMENTAL FUNDS BUDGET AND ACTUAL SCHEDULES

CITY OF HAYWARD
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis*	Variance with Adjusted Budget Positive (Negative)
	Adopted	Adjusted		
REVENUES:				
Property taxes	\$48,911,841	\$48,911,841	\$51,235,946	\$2,324,105
Sales taxes	46,077,996	46,077,996	48,550,524	2,472,528
Utility user tax	17,663,361	17,663,361	17,487,828	(175,533)
Other tax	23,876,300	23,886,300	27,407,683	3,521,383
Licenses and permits	6,739,674	6,039,674	6,720,678	681,004
Fines and forfeitures	2,114,251	2,114,251	2,462,450	348,199
Investment and rental income	614,000	614,000	136,531	(477,469)
Intergovernmental	6,423,725	6,663,725	7,449,813	786,088
Fees and charges for services	7,125,412	7,316,161	8,607,953	1,291,792
Total Revenues	159,546,560	159,287,309	170,059,406	10,772,097
EXPENDITURES:				
Current:				
General government	14,515,900	15,253,496	14,309,144	944,352
Public safety	107,255,981	108,065,627	110,280,667	(2,215,040)
Public works and transportation	2,518,157	3,132,959	2,402,017	730,942
Library and community services	5,741,491	5,888,535	5,606,411	282,124
Planning and building	7,626,930	9,326,923	8,274,719	1,052,204
Maintenance services	7,096,150	7,315,341	6,704,566	610,775
Total Expenditures	144,754,609	148,982,881	147,577,524	1,405,357
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	14,791,951	10,304,428	22,481,882	12,177,454
OTHER FINANCING SOURCES (USES):				
Transfers in	2,687,046	2,687,046	2,978,046	291,000
Transfers (out)	(15,602,134)	(15,727,134)	(15,239,393)	487,741
Total Other Financing Sources (Uses)	(12,915,088)	(13,040,088)	(12,261,347)	778,741
NET CHANGE IN FUND BALANCE	\$1,876,863	(\$2,735,660)	10,220,535	\$12,956,195
BEGINNING FUND BALANCE			39,701,757	
ENDING FUND BALANCE			\$49,922,292	

* 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, 2018

	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actual</u>	Variance with Adjusted Budget Positive (Negative)
REVENUES:				
Investment income			\$8,166	\$8,166
Intergovernmental	\$292,379	\$327,297	514,355	187,058
Total Revenues	<u>292,379</u>	<u>327,297</u>	<u>522,521</u>	<u>195,224</u>
EXPENDITURES:				
Current:				
Public works and transportation	289,321	1,093,527	290,706	802,821
Total Expenditures	<u>289,321</u>	<u>1,093,527</u>	<u>290,706</u>	<u>802,821</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,058</u>	<u>(766,230)</u>	<u>231,815</u>	<u>998,045</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(96,000)	(96,000)	(96,000)	
Total Other Financing Sources (Uses)	<u>(96,000)</u>	<u>(96,000)</u>	<u>(96,000)</u>	
NET CHANGE IN FUND BALANCE	<u>(\$92,942)</u>	<u>(\$862,230)</u>	135,815	<u>\$998,045</u>
BEGINNING FUND BALANCE			<u>14,285,290</u>	
ENDING FUND BALANCE			<u>\$14,421,105</u>	

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SUPPLEMENTAL INFORMATION

CITY OF HAYWARD
HOUSING AUTHORITY CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Adjusted Budget Positive (Negative)
REVENUES:				
Investment income	\$53,600	\$53,600	\$123,665	\$70,065
Other revenue	79,000	79,000	20,582	(58,418)
Total Revenues	<u>132,600</u>	<u>132,600</u>	<u>144,247</u>	<u>11,647</u>
EXPENDITURES:				
Current:				
Library and community services	205,816	1,734,310	108,735	1,625,575
Economic development			2,939	(2,939)
Total Expenditures	<u>205,816</u>	<u>1,734,310</u>	<u>111,674</u>	<u>1,622,636</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(73,216)</u>	<u>(1,601,710)</u>	<u>32,573</u>	<u>(1,634,283)</u>
OTHER FINANCING SOURCES (USES):				
Transfers (out)	<u>(3,897)</u>	<u>(3,897)</u>	<u>(3,897)</u>	
Total Other Financing Sources (Uses)	<u>(3,897)</u>	<u>(3,897)</u>	<u>(3,897)</u>	
NET CHANGE IN FUND BALANCE	<u>(\$77,113)</u>	<u>(\$1,601,710)</u>	28,676	<u>\$1,630,386</u>
BEGINNING FUND BALANCE			<u>22,494,868</u>	
ENDING FUND BALANCE			<u>\$22,523,544</u>	

CITY OF HAYWARD
GENERAL CAPITAL PROJECTS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Adjusted Budget Positive (Negative)
REVENUES:				
Other taxes			\$672,469	\$672,469
Investment income			499,341	499,341
Intergovernmental			786,106	786,106
Fees and charges for services				
Licenses and permits			370,396	370,396
Other revenue		\$30,590	116,786	86,196
Total Revenues		<u>30,590</u>	<u>2,445,098</u>	<u>2,414,508</u>
EXPENDITURES:				
Capital outlay	<u>\$7,394,000</u>	<u>64,491,383</u>	<u>30,559,415</u>	<u>33,931,968</u>
Total Expenditures	<u>7,394,000</u>	<u>64,491,383</u>	<u>30,559,415</u>	<u>33,931,968</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	<u>(7,394,000)</u>	<u>(64,460,793)</u>	<u>(28,114,317)</u>	<u>36,346,476</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	3,851,000	4,016,000	4,016,000	
Transfers (out)	<u>(827,000)</u>	<u>(783,000)</u>	<u>(783,000)</u>	
Total Other Financing Sources (Uses)	<u>3,024,000</u>	<u>3,233,000</u>	<u>3,233,000</u>	
NET CHANGE IN FUND BALANCE				
	<u>(\$4,370,000)</u>	<u>(\$61,227,793)</u>	<u>(24,881,317)</u>	<u>\$36,346,476</u>
BEGINNING FUND BALANCE				
			<u>58,691,704</u>	
ENDING FUND BALANCE				
			<u>\$33,810,387</u>	

CITY OF HAYWARD
ROUTE 238 CORRIDOR IMPROVEMENT CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	Original Budget	Final Budget	Actual	Variance with Adjusted Budget Positive (Negative)
REVENUES:				
Investment income			\$8,045	\$8,045
Rental income		\$80,766	381,466	300,700
Fees and charges for services			61,879	61,879
Other revenue		350,000	688,945	338,945
Total Revenues		430,766	1,140,335	709,569
EXPENDITURES:				
Capital outlay	2,849,162	45,180,525	4,223,418	40,957,107
Total Expenditures	2,849,162	45,180,525	4,223,418	40,957,107
EXCESS OF REVENUES OVER EXPENDITURES	(2,849,162)	(44,749,759)	(3,083,083)	41,666,676
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(606,000)	(606,000)	(606,000)	
Total Other Financing Sources (Uses)	(606,000)	(606,000)	(606,000)	
NET CHANGE IN FUND BALANCE	(\$3,455,162)	(\$45,355,759)	(3,689,083)	\$41,666,676
BEGINNING FUND BALANCE			2,044,632	
ENDING FUND BALANCE			(\$1,644,451)	

COMBINING GENERAL FUND SCHEDULES

CITY OF HAYWARD
GENERAL FUND
COMBINING BALANCE SHEETS
JUNE 30, 2018

	General Fund		Total
	General Purpose	Measure C District Sales Tax	
ASSETS:			
Cash and investments	\$30,818,554	\$15,242,931	\$46,061,485
Accounts receivable, net	1,982,571		1,982,571
Due from other governments	7,767,688	2,347,904	10,115,592
Due from other funds	2,824,882		2,824,882
Long-term loans to the Private Purpose Trust Fund	6,836,442		6,836,442
Interest receivable	10,846	5,421	16,267
Deposits, parts, supplies and other	39,286	4,360	43,646
Total Assets	\$50,280,269	\$17,600,616	\$67,880,885
LIABILITIES:			
Accounts payable	\$2,338,321	\$3,125	\$2,341,446
Accrued liabilities	5,539,487	60,337	5,599,824
Advances from other funds	3,239,798		3,239,798
Refundable deposits	6,777,525		6,777,525
Total Liabilities	17,895,131	63,462	17,958,593
FUND BALANCES:			
Nonspendable	6,880,088		6,880,088
Assigned	256,988	17,537,154	17,794,142
Unassigned	25,248,062		25,248,062
Total Fund Balances (Deficit)	32,385,138	17,537,154	49,922,292
Total Liabilities and Fund Balances	\$50,280,269	\$17,600,616	\$67,880,885

CITY OF HAYWARD
GENERAL FUND
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

	General Fund		Total
	General Fund	Measure C District Sales Tax	
REVENUES:			
Property taxes	\$51,235,946		\$51,235,946
Sales taxes	33,388,718	\$15,161,806	48,550,524
Utility users tax	17,487,828		17,487,828
Other taxes	27,407,683		27,407,683
Licenses and permits	6,720,678		6,720,678
Fines and forfeitures	2,462,450		2,462,450
Investment income	62,624	54,454	117,078
Rental income	19,453		19,453
Intergovernmental	7,449,813		7,449,813
Fees and charges for services	7,298,360		7,298,360
Other revenue	1,309,593		1,309,593
Total Revenues	154,843,146	15,216,260	170,059,406
EXPENDITURES:			
Current:			
General government	14,309,144		14,309,144
Public safety	108,345,533	1,935,134	110,280,667
Public works and transportation	2,402,017		2,402,017
Library and community services	5,606,411		5,606,411
Planning and building	8,274,719		8,274,719
Maintenance services	6,089,985	614,581	6,704,566
Total Expenditures	145,027,809	2,549,715	147,577,524
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	9,815,337	12,666,545	22,481,882
OTHER FINANCING SOURCES (USES):			
Transfers in	2,978,046		2,978,046
Transfers (out)	(10,087,413)	(5,151,980)	(15,239,393)
Total Other Financing Sources (Uses)	(7,109,367)	(5,151,980)	(12,261,347)
CHANGE IN FUND BALANCES	2,705,970	7,514,565	10,220,535
BEGINNING FUND BALANCES (DEFICITS)	29,679,168	10,022,589	39,701,757
ENDING FUND BALANCES (DEFICITS)	\$32,385,138	\$17,537,154	\$49,922,292

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NON-MAJOR GOVERNMENTAL FUNDS TAB

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.

RRAA (SBI) Fund – Accounts for revenue appropriated to the City from State of California collected gas taxes and expended for road maintenance and rehabilitation.

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.

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, 2018

SPECIAL REVENUE FUNDS

	Special Gasoline Tax	Community Development Block Grant	Housing Mortgage Revenue Bonds	Park Dedication Ordinance
ASSETS:				
Cash and investments	\$228,196	\$1,906,679	\$870,177	\$8,848,021
Cash and investments with fiscal agents				
Accounts receivable, net				
Due from other governments	253,839			
Interest receivable	148	676	8,310	3,147
Loans receivable		4,489,509	243,418	
Land held for resale				
Total Assets	\$482,183	\$6,396,864	\$1,121,905	\$8,851,168
LIABILITIES:				
Accounts payable	\$170,055	\$501,564	\$3,489	
Accrued liabilities		11,095	8,070	
Due to other funds				
Unearned revenue				
Refundable deposits				\$1,500,000
Total Liabilities	170,055	512,659	11,559	1,500,000
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - grants receivable				
Total Deferred Inflows of Resources				
FUND BALANCES:				
Restricted				
Public safety				
Public works and transportation	312,128			
Planning and building				7,351,168
Economic development		5,884,205	1,110,346	
Debt service				
Total Fund Balances	312,128	5,884,205	1,110,346	7,351,168
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$482,183	\$6,396,864	\$1,121,905	\$8,851,168

SPECIAL REVENUE FUNDS

Business Improvement	Donation	Recycling	Narcotics Asset Seizure	Park Maintenance District	Measure B Local Streets and Roads
\$102,204	\$928,309	\$1,477,074	\$716,600	\$3,187,156	\$688,030
2,017	1,250				
	405	158,641		6,348	396,644
		36,504	255	1,012	277
		53,631			
		1,111,118			
<u>\$104,221</u>	<u>\$929,964</u>	<u>\$2,836,968</u>	<u>\$716,855</u>	<u>\$3,194,516</u>	<u>\$1,084,951</u>
\$10,000	\$30,811	\$2,945		\$89,680	\$153,620
	550	9,628			
	1,250		\$52,058		
<u>10,000</u>	<u>32,611</u>	<u>12,573</u>	<u>52,058</u>	<u>89,680</u>	<u>153,620</u>
2,017					
2,017					
92,204	897,353	2,824,395	664,797	3,104,836	931,331
<u>92,204</u>	<u>897,353</u>	<u>2,824,395</u>	<u>664,797</u>	<u>3,104,836</u>	<u>931,331</u>
<u>\$104,221</u>	<u>\$929,964</u>	<u>\$2,836,968</u>	<u>\$716,855</u>	<u>\$3,194,516</u>	<u>\$1,084,951</u>

(Continued)

CITY OF HAYWARD
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2018

SPECIAL REVENUE FUNDS

	Measure B Pedestrian	Measure B Paratransit	Measure BB	Measure F
ASSETS:				
Cash and investments	\$1,052,661	\$1,475,741	\$2,713,483	
Cash and investments with fiscal agents				
Accounts receivable, net				
Due from other governments	83,318	150,206	558,360	\$134,413
Interest receivable	376	525	972	
Loans receivable				
Land held for resale				
Total Assets	\$1,136,355	\$1,626,472	\$3,272,815	\$134,413
LIABILITIES:				
Accounts payable	\$628	\$171,234	\$10,010	\$243
Accrued liabilities		5,457		
Due to other funds				72,483
Unearned revenue				
Refundable deposits				
Total Liabilities	628	176,691	10,010	72,726
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - grants receivable				
Total Deferred Inflows of Resources				
FUND BALANCES:				
Restricted				
Public safety				
Public works and transportation	1,135,727	1,449,781	3,262,805	61,687
Planning and building				
Economic development				
Debt service				
Total Fund Balances	1,135,727	1,449,781	3,262,805	61,687
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$1,136,355	\$1,626,472	\$3,272,815	\$134,413

SPECIAL REVENUE FUNDS		DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS			Total Nonmajor Governmental Funds
Local Grants	RRAA (SB1)	Certificates of Participation	Traffic Signal Construction	Performance Deposits		
\$29,711	\$592,392	\$8,399,088 46,374	\$679,928	\$543,963		\$34,439,413 46,374 24,993
65,000	341,322 \$214	2,988	21,726 18,700 247	194		2,166,791 56,250 4,786,558 1,111,118
<u>\$94,711</u>	<u>\$933,928</u>	<u>\$8,448,450</u>	<u>\$720,601</u>	<u>\$544,157</u>		<u>\$42,631,497</u>
\$22,738 709			\$3,640	\$2,572		\$1,170,657 38,081 72,483 53,308
				527,739		2,027,739
23,447			3,640	530,311		3,362,268
			21,726			23,743
			21,726			23,743
71,264	\$933,928	\$8,448,450	695,235	13,846		664,797 11,692,127 11,445,561 6,994,551 8,448,450
71,264	933,928	8,448,450	695,235	13,846		39,245,486
<u>\$94,711</u>	<u>\$933,928</u>	<u>\$8,448,450</u>	<u>\$720,601</u>	<u>\$544,157</u>		<u>\$42,631,497</u>

CITY OF HAYWARD
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	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	\$1,398	\$301,308	\$5,577	\$38,123
Intergovernmental	3,422,459	544,705		
Other	183,076	150,845	208,638	3,085,004
Total Revenues	3,606,933	996,858	214,215	3,123,127
EXPENDITURES:				
Current:				
Public safety				
Public works and transportation		1,394	323,118	
Library and community services		1,235,123		
Economic development		20,000	5,082	5,653
Planning and building		97,509		
Maintenance services				
Capital outlay	2,285,087			
Debt service:				
Principal repayment	259,564			
Interest and fiscal charges				
Total Expenditures	2,544,651	1,354,026	328,200	5,653
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,062,282	(357,168)	(113,985)	3,117,474
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)	(1,031,000)		(20,223)	
Total Other Financing Sources (Uses)	(1,031,000)		(20,223)	
NET CHANGE IN FUND BALANCES	31,282	(357,168)	(134,208)	3,117,474
BEGINNING FUND BALANCES	280,846	6,241,373	1,244,554	4,233,694
ENDING FUND BALANCES	\$312,128	\$5,884,205	\$1,110,346	\$7,351,168

SPECIAL REVENUE FUNDS

Business Improvement	Donation	Recycling	Narcotics Asset Seizure	Park Maintenance District	Measure B Local Streets and Roads
\$659		\$36,008	\$24,733		
646	\$4,591	8,521	3,958	\$1,003,388	\$11,184
	277,133	639,191		15,895	2,513,477
		19,333			
1,305	281,724	703,053	28,691	1,019,283	2,524,661
	141,980		93,000		
	20,151	564,409			
47,600					
				1,015,835	4,286,519
47,600	162,131	564,409	93,000	1,015,835	4,286,519
(46,295)	119,593	138,644	(64,309)	3,448	(1,761,858)
		(48,381)			(85,000)
		(48,381)			(85,000)
(46,295)	119,593	90,263	(64,309)	3,448	(1,846,858)
138,499	777,760	2,734,132	729,106	3,101,388	2,778,189
\$92,204	\$897,353	\$2,824,395	\$664,797	\$3,104,836	\$931,331

(Continued)

CITY OF HAYWARD
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2018

	SPECIAL REVENUE FUNDS			
	Measure B Pedestrian	Measure B Paratransit	Measure BB	Measure F
REVENUES:				
Other taxes				
Fines and forfeitures				
Special assessments				
Investment income	\$4,381	\$22,959	\$16,844	\$2,475
Intergovernmental	528,182	951,835	3,514,613	776,372
Other				
Total Revenues	532,563	974,794	3,531,457	778,847
EXPENDITURES:				
Current:				
Public safety				
Public works and transportation			169,770	936
Library and community services		688,404		
Economic development				
Planning and building				
Maintenance services				
Capital outlay	179,662		4,200,485	1,737,059
Debt service:				
Principal repayment				
Interest and fiscal charges				
Total Expenditures	179,662	688,404	4,370,255	1,737,995
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	352,901	286,390	(838,798)	(959,148)
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)		(49,443)		
Total Other Financing Sources (Uses)		(49,443)		
NET CHANGE IN FUND BALANCES	352,901	236,947	(838,798)	(959,148)
BEGINNING FUND BALANCES	782,826	1,212,834	4,101,603	1,020,835
ENDING FUND BALANCES	\$1,135,727	\$1,449,781	\$3,262,805	\$61,687

SPECIAL REVENUE FUNDS		DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS			Total Nonmajor Governmental Funds
Local Grants	RRAA (SB1)	Certificates of Participation	Traffic Signal Construction	Performance Deposits		
						\$36,667
						24,733
						1,003,388
\$132		\$44,810	\$2,149	\$2,610		487,561
130,570	943,303		436,973			14,401,680
25,000						3,949,029
<u>\$155,702</u>	<u>943,303</u>	<u>44,810</u>	<u>439,122</u>	<u>2,610</u>		<u>19,903,058</u>
106,001						340,981
						1,079,778
						1,923,527
						78,335
						97,509
						1,015,835
	9,375		389,687			13,087,874
		2,416,592				2,676,156
		3,321,225				3,321,225
<u>106,001</u>	<u>9,375</u>	<u>5,737,817</u>	<u>389,687</u>			<u>23,621,220</u>
49,701	933,928	(5,693,007)	49,435	2,610		(3,718,162)
		6,016,994	450,000			6,466,994
						(1,234,047)
		6,016,994	450,000			5,232,947
49,701	933,928	323,987	499,435	2,610		1,514,785
21,563		8,124,463	195,800	11,236		37,730,701
<u>\$71,264</u>	<u>\$933,928</u>	<u>\$8,448,450</u>	<u>\$695,235</u>	<u>\$13,846</u>		<u>\$39,245,486</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, 2018

	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		\$1,398	\$1,398	\$12,000	\$301,308	\$289,308
Intergovernmental		3,422,459	3,422,459	2,125,000	544,705	(1,580,295)
Other		183,076	183,076	76,448	150,845	74,397
Total Revenues		<u>3,606,933</u>	<u>3,606,933</u>	<u>2,213,448</u>	<u>996,858</u>	<u>(1,216,590)</u>
EXPENDITURES:						
Current:						
Public safety						
Public works and transportation					1,394	(1,394)
Library and community services				2,666,853	1,235,123	1,431,730
Economic development					20,000	(20,000)
Planning and building				1,124,751	97,509	1,027,242
Maintenance services						
Capital outlay	\$2,948,896	2,285,087	663,809			
Debt service						
Principal repayment		259,564	(259,564)			
Interest and fiscal charges						
Total Expenditures	<u>2,948,896</u>	<u>2,544,651</u>	<u>404,245</u>	<u>3,791,604</u>	<u>1,354,026</u>	<u>2,437,578</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,948,896)</u>	<u>1,062,282</u>	<u>4,011,178</u>	<u>(1,578,156)</u>	<u>(357,168)</u>	<u>1,220,988</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)	<u>(1,031,000)</u>	<u>(1,031,000)</u>				
Total Other Financing Sources (Uses)	<u>(1,031,000)</u>	<u>(1,031,000)</u>				
NET CHANGE IN FUND BALANCES	<u><u>(\$3,979,896)</u></u>	<u>31,282</u>	<u><u>\$4,011,178</u></u>	<u><u>(\$1,578,156)</u></u>	<u><u>(357,168)</u></u>	<u><u>\$1,220,988</u></u>
BEGINNING FUND BALANCES		<u>280,846</u>			<u>6,241,373</u>	
ENDING FUND BALANCES		<u><u>\$312,128</u></u>			<u><u>\$5,884,205</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)
							\$659	\$659
\$5,500	\$5,577	\$77		\$38,123	\$38,123		646	646
155,681	208,638	52,957	\$2,235,906	3,085,004	849,098			
161,181	214,215	53,034	2,235,906	3,123,127	887,221		1,305	1,305
441,914	323,118	118,796						
	5,082	(5,082)	2,638,816	5,653	2,633,163	\$96,203	47,600	48,603
441,914	328,200	113,714	2,638,816	5,653	2,633,163	96,203	47,600	48,603
(280,733)	(113,985)	166,748	(402,910)	3,117,474	3,520,384	(96,203)	(46,295)	49,908
(20,223)	(20,223)							
(20,223)	(20,223)							
(\$300,956)	(134,208)	\$166,748	(\$402,910)	3,117,474	\$3,520,384	(\$96,203)	(46,295)	\$49,908
	1,244,554			4,233,694			138,499	
	\$1,110,346			\$7,351,168			\$92,204	

(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, 2018

	SPECIAL REVENUE FUNDS					
	Donation			Recycling		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Other taxes				\$10,000	\$36,008	\$26,008
Fines and forfeitures						
Special assessments						
Investment income		\$4,591	\$4,591	4,000	8,521	4,521
Intergovernmental				475,094	639,191	164,097
Other	\$24,636	277,133	252,497	2,500	19,333	16,833
Total Revenues	<u>24,636</u>	<u>281,724</u>	<u>257,088</u>	<u>491,594</u>	<u>703,053</u>	<u>211,459</u>
EXPENDITURES:						
Current:						
Public safety	466,114	141,980	324,134			
Public works and transportation	37,450	20,151	17,299	1,463,709	564,409	899,300
Library and community services						
Economic development						
Planning and building						
Maintenance services						
Capital outlay						
Debt service						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	<u>503,564</u>	<u>162,131</u>	<u>341,433</u>	<u>1,463,709</u>	<u>564,409</u>	<u>899,300</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(478,928)</u>	<u>119,593</u>	<u>598,521</u>	<u>(972,115)</u>	<u>138,644</u>	<u>1,110,759</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				(48,381)	(48,381)	
Total Other Financing Sources (Uses)				<u>(48,381)</u>	<u>(48,381)</u>	
NET CHANGE IN FUND BALANCES	<u>(\$478,928)</u>	<u>119,593</u>	<u>\$598,521</u>	<u>(\$1,020,496)</u>	<u>90,263</u>	<u>\$1,110,759</u>
BEGINNING FUND BALANCES		<u>777,760</u>			<u>2,734,132</u>	
ENDING FUND BALANCES		<u>\$897,353</u>			<u>\$2,824,395</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)
	\$24,733	\$24,733						
	3,958	3,958	\$996,368	\$1,003,388	\$7,020		\$11,184	\$11,184
			9,175	15,895	6,720		2,513,477	2,513,477
	28,691	28,691	1,005,543	1,019,283	13,740		2,524,661	2,524,661
\$433,332	93,000	340,332						
			1,314,283	1,015,835	298,448	\$4,883,566	4,286,519	597,047
433,332	93,000	340,332	1,314,283	1,015,835	298,448	4,883,566	4,286,519	597,047
(433,332)	(64,309)	369,023	(308,740)	3,448	312,188	(4,883,566)	(1,761,858)	3,121,708
						85,000	(85,000)	(170,000)
						85,000	(85,000)	(170,000)
<u>(\$433,332)</u>	<u>(64,309)</u>	<u>\$369,023</u>	<u>(\$308,740)</u>	<u>3,448</u>	<u>\$312,188</u>	<u>(\$4,798,566)</u>	<u>(1,846,858)</u>	<u>\$2,951,708</u>
	<u>729,106</u>			<u>3,101,388</u>			<u>2,778,189</u>	
	<u>\$664,797</u>			<u>\$3,104,836</u>			<u>\$931,331</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, 2018

	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		\$4,592	\$4,592		\$22,959	\$22,959
Intergovernmental		527,971	527,971	\$868,726	951,835	83,109
Other				41,300		(41,300)
Total Revenues		<u>532,563</u>	<u>532,563</u>	<u>910,026</u>	<u>974,794</u>	<u>64,768</u>
EXPENDITURES:						
Current:						
Public safety						
Public works and transportation						
Library and community services				1,312,765	688,404	624,361
Economic development						
Planning and building						
Maintenance services						
Capital outlay	\$1,267,657	179,662	1,087,995			
Debt service						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	<u>1,267,657</u>	<u>179,662</u>	<u>1,087,995</u>	<u>1,312,765</u>	<u>688,404</u>	<u>624,361</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,267,657)</u>	<u>352,901</u>	<u>1,620,558</u>	<u>(402,739)</u>	<u>286,390</u>	<u>689,129</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				(49,443)	(49,443)	
Total Other Financing Sources (Uses)				<u>(49,443)</u>	<u>(49,443)</u>	
NET CHANGE IN FUND BALANCES	<u>(\$1,267,657)</u>	<u>352,901</u>	<u>\$1,620,558</u>	<u>(\$452,182)</u>	<u>236,947</u>	<u>\$689,129</u>
BEGINNING FUND BALANCES		<u>782,826</u>			<u>1,212,834</u>	
ENDING FUND BALANCES		<u>\$1,135,727</u>			<u>\$1,449,781</u>	

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)
\$774,793	\$16,844 3,514,613	\$16,844 2,739,820		\$2,475 776,372	\$2,475 776,372	\$109,000	\$132 130,570 25,000	\$132 21,570 25,000
<u>774,793</u>	<u>3,531,457</u>	<u>2,756,664</u>		<u>778,847</u>	<u>778,847</u>	<u>109,000</u>	<u>155,702</u>	<u>46,702</u>
304,000	169,770	134,230		936	(936)	184,815	106,001	78,814
5,258,456	4,200,485	1,057,971	\$1,759,758	1,737,059	22,699			
<u>5,562,456</u>	<u>4,370,255</u>	<u>1,192,201</u>	<u>1,759,758</u>	<u>1,737,995</u>	<u>21,763</u>	<u>184,815</u>	<u>106,001</u>	<u>78,814</u>
<u>(4,787,663)</u>	<u>(838,798)</u>	<u>3,948,865</u>	<u>(1,759,758)</u>	<u>(959,148)</u>	<u>800,610</u>	<u>(75,815)</u>	<u>49,701</u>	<u>125,516</u>
<u>(\$4,787,663)</u>	<u>(838,798)</u>	<u>\$3,948,865</u>	<u>(\$1,759,758)</u>	<u>(959,148)</u>	<u>\$800,610</u>	<u>(\$75,815)</u>	<u>49,701</u>	<u>\$125,516</u>
	<u>4,101,603</u>			<u>1,020,835</u>			<u>21,563</u>	
	<u>\$3,262,805</u>			<u>\$61,687</u>			<u>\$71,264</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, 2018

	SPECIAL REVENUE FUND			DEBT SERVICE FUND		
	RRAA (SB1)			Certificates of Participation		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Other taxes						
Fines and forfeitures						
Special assessments						
Investment income				\$3,000	\$44,810	\$41,810
Intergovernmental		\$943,303	\$943,303			
Other						
Total Revenues		943,303	943,303	3,000	44,810	41,810
EXPENDITURES:						
Current:						
Public safety						
Public works and transportation						
Library and community services						
Economic development						
Planning and building						
Maintenance services						
Capital outlay	\$898,000	9,375				
Debt Service						
Principal repayment				2,676,156	2,416,592	259,564
Interest and fiscal charges				3,340,838	3,321,225	19,613
Total Expenditures	898,000	9,375		6,016,994	5,737,817	279,177
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(898,000)	933,928	1,831,928	(6,013,994)	(5,693,007)	320,987
OTHER FINANCING SOURCES (USES)						
Transfers in				6,016,994	6,016,994	
Transfers (out)						
Total Other Financing Sources (Uses)				6,016,994	6,016,994	
NET CHANGE IN FUND BALANCES	<u>(\$898,000)</u>	933,928	<u>\$1,831,928</u>	<u>\$3,000</u>	323,987	<u>\$320,987</u>
BEGINNING FUND BALANCES					8,124,463	
ENDING FUND BALANCES		<u>\$933,928</u>			<u>\$8,448,450</u>	

CAPITAL PROJECTS FUND

Traffic Signal Construction			Performance Deposits		
Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
	\$2,149 436,973	\$2,149 436,973		\$2,610	\$2,610
	<u>439,122</u>	<u>439,122</u>		<u>2,610</u>	<u>2,610</u>
\$1,037,393	389,687	647,706			
<u>1,037,393</u>	<u>389,687</u>	<u>647,706</u>			
<u>(1,037,393)</u>	<u>49,435</u>	<u>1,086,828</u>		<u>2,610</u>	<u>2,610</u>
450,000	450,000				
<u>450,000</u>	<u>450,000</u>				
<u>(\$587,393)</u>	<u>499,435</u>	<u>\$1,086,828</u>		<u>2,610</u>	<u>\$2,610</u>
	<u>195,800</u>			<u>11,236</u>	
	<u>\$695,235</u>			<u>\$13,846</u>	

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NON-MAJOR ENTERPRISE FUNDS TAB

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, 2018

	<u>Stormwater</u>	<u>Airport</u>	<u>Totals</u>
Current Assets:			
Cash and investments	\$5,188,492	\$8,635,501	\$13,823,993
Accounts receivable, net	151,709	563,019	714,728
Interest receivable	1,846	3,070	4,916
Due from other governments	14,519		14,519
	<u>5,356,566</u>	<u>9,201,590</u>	<u>14,558,156</u>
Total Current Assets			
Noncurrent Assets:			
Deposits, parts, supplies and other		25,837	25,837
Capital assets			
Land		244,302	244,302
Construction in progress		77,495	77,495
Depreciable capital assets, net	1,086	14,839,044	14,840,130
	<u>1,086</u>	<u>15,186,678</u>	<u>15,187,764</u>
Total Noncurrent Assets			
	<u>1,086</u>	<u>15,186,678</u>	<u>15,187,764</u>
Total Assets	<u>5,357,652</u>	<u>24,388,268</u>	<u>29,745,920</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to pensions	286,045	281,710	567,755
Related to OPEB	68,541	67,416	135,957
	<u>354,586</u>	<u>349,126</u>	<u>703,712</u>
Total deferred outflows of resources			
	<u>354,586</u>	<u>349,126</u>	<u>703,712</u>
LIABILITIES:			
Current Liabilities:			
Accounts payable	12,059	46,151	58,210
Accrued interest		5,834	5,834
Accrued liabilities	41,147	40,576	81,723
Refundable deposits		102,636	102,636
Compensated absences - due within one year	65,351	80,542	145,893
Long term debt - due within one year		129,867	129,867
	<u>118,557</u>	<u>405,606</u>	<u>524,163</u>
Total Current Liabilities			
	<u>118,557</u>	<u>405,606</u>	<u>524,163</u>
Noncurrent Liabilities:			
Compensated absences - due more than one year	9,695	11,948	21,643
Net pension liabilities	2,030,220	1,999,459	4,029,679
Net OPEB liabilities	1,408,779	1,385,647	2,794,426
Long term debt - due in more than one year		855,006	855,006
	<u>3,448,694</u>	<u>4,252,060</u>	<u>7,700,754</u>
Total Noncurrent Liabilities			
	<u>3,448,694</u>	<u>4,252,060</u>	<u>7,700,754</u>
Total Liabilities	<u>3,567,251</u>	<u>4,657,666</u>	<u>8,224,917</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to pensions	3,486	3,433	6,919
Related to OPEB	126,930	124,846	251,776
	<u>130,416</u>	<u>128,279</u>	<u>258,695</u>
Total deferred inflows of resources			
	<u>130,416</u>	<u>128,279</u>	<u>258,695</u>
NET POSITION:			
Net investments in capital assets	1,086	14,175,968	14,177,054
Unrestricted	2,013,485	5,775,481	7,788,966
	<u>2,014,571</u>	<u>19,951,449</u>	<u>21,966,020</u>
Total Net Position			
	<u>2,014,571</u>	<u>19,951,449</u>	<u>21,966,020</u>

CITY OF HAYWARD
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Stormwater</u>	<u>Airport</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services	\$3,163,940	\$3,420,786	\$6,584,726
Miscellaneous	1,906	5,300	7,206
Total Operating Revenues	<u>3,165,846</u>	<u>3,426,086</u>	<u>6,591,932</u>
OPERATING EXPENSES:			
Salaries and related expenses	2,070,867	2,109,500	4,180,367
Materials, supplies and services	696,789	699,150	1,395,939
Repairs and maintenance	49,718	241,998	291,716
Depreciation	275	1,186,032	1,186,307
Total Operating Expenses	<u>2,817,649</u>	<u>4,236,680</u>	<u>7,054,329</u>
Operating Income (Loss)	<u>348,197</u>	<u>(810,594)</u>	<u>(462,397)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	<u>23,334</u>	<u>47,683</u>	<u>71,017</u>
Net Nonoperating Revenues (Expenses)	<u>23,334</u>	<u>47,683</u>	<u>71,017</u>
Income (Loss) Before Contributions and Transfers	<u>371,531</u>	<u>(762,911)</u>	<u>(391,380)</u>
TRANSFERS			
Transfers in			
Transfers (out)	<u>(158,798)</u>	<u>(265,037)</u>	<u>(423,835)</u>
Net Transfers	<u>(158,798)</u>	<u>(265,037)</u>	<u>(423,835)</u>
CHANGE IN NET POSITION	212,733	(1,027,948)	(815,215)
BEGINNING NET POSITION, as restated	<u>1,801,838</u>	<u>20,979,397</u>	<u>22,781,235</u>
ENDING NET POSITION	<u>\$2,014,571</u>	<u>\$19,951,449</u>	<u>\$21,966,020</u>

CITY OF HAYWARD
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Stormwater</u>	<u>Airport</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$3,135,941	\$3,331,695	\$6,467,636
Payments to suppliers	(731,509)	(957,740)	(1,689,249)
Payments to employees	(1,757,401)	(1,616,149)	(3,373,550)
Net Cash Flows From Operating Activities	<u>647,031</u>	<u>757,806</u>	<u>1,404,837</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:			
Transfers (out)	(158,798)	(265,037)	(423,835)
Net Cash Flows From Noncapital and Related Financing Activities	<u>(158,798)</u>	<u>(265,037)</u>	<u>(423,835)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(1)	(39,754)	(39,755)
Principal payments on capital debt		(125,960)	(125,960)
Net Cash Flows From Capital and Related Financing Activities	<u>(1)</u>	<u>(165,714)</u>	<u>(165,715)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	21,488	43,995	65,483
Net Cash Flows From Investing Activities	<u>21,488</u>	<u>43,995</u>	<u>65,483</u>
NET CASH FLOWS	509,720	371,050	880,770
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	4,678,772	8,264,451	12,943,223
CASH AND EQUIVALENTS AT END OF PERIOD	<u>\$5,188,492</u>	<u>\$8,635,501</u>	<u>\$13,823,993</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$348,197	(\$810,594)	(\$462,397)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	275	1,186,032	1,186,307
Change in assets and liabilities:			
Receivables, net	(30,442)	(94,391)	(124,833)
Due from other governments	537		537
Accounts payable and other accrued expenses	14,998	(17,141)	(2,143)
Refundable deposits		549	549
Due to retirement system	302,634	476,697	779,331
Due to OPEB	10,678	10,521	21,199
Compensated absences	154	6,133	6,287
Net Cash Flows From Operating Activities	<u>\$647,031</u>	<u>\$757,806</u>	<u>\$1,404,837</u>

INTERNAL SERVICE FUNDS TAB

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, 2018

	Workers' Compensation Insurance*	General Liability	Facilities Management
ASSETS:			
Current Assets:			
Cash and investments	\$15,086,155	\$4,526,556	\$622,209
Cash and investments with fiscal agents			84,016
Accounts receivable, net	260,081	417	12,492
Interest receivable	47,195	1,610	222
Deposits, parts, supplies and other	2,400		
Due from other governments			
Total Current Assets	<u>15,395,831</u>	<u>4,528,583</u>	<u>718,939</u>
Noncurrent Assets:			
Long-term loans to the Private Purpose Trust Fund		27,021	
Land			372,748
Construction in progress			729,918
Depreciable capital assets, net			1,834,112
Total Noncurrent Assets		<u>27,021</u>	<u>2,936,778</u>
Total Assets	<u>15,395,831</u>	<u>4,555,604</u>	<u>3,655,717</u>
DEFERRED OUTFLOWS OF RESOURCES:			
Related to pensions	82,346	82,346	212,366
Related to OPEB	19,701	19,487	51,057
Total deferred outflows of resources	<u>102,047</u>	<u>101,833</u>	<u>263,423</u>
LIABILITIES:			
Current Liabilities:			
Accounts payable	27,516	129,765	214,229
Accrued interest			12,428
Accrued liabilities*	17,131,515	1,418,363	31,723
Unearned revenue			978
Refundable deposits			5,499
Compensated absences	22,325	11,591	110,897
Long-term debt			124,225
Total Current Liabilities	<u>17,181,356</u>	<u>1,559,719</u>	<u>499,979</u>
Noncurrent Liabilities:			
Compensated absences	946	491	4,699
Net pension liabilities	584,457	584,456	1,507,284
Net OPEB liabilities	404,936	400,541	1,049,418
Long-term debt			763,365
Total Noncurrent Liabilities	<u>990,339</u>	<u>985,488</u>	<u>3,324,766</u>
Total Liabilities	<u>18,171,695</u>	<u>2,545,207</u>	<u>3,824,745</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to pensions	1,004	1,003	2,588
Related to OPEB	36,485	36,089	94,552
Total deferred inflows of resources	<u>37,489</u>	<u>37,092</u>	<u>97,140</u>
NET POSITION:			
Net investments in capital assets			2,049,188
Restricted for debt service			84,016
Unrestricted	<u>(2,711,306)</u>	<u>2,075,138</u>	<u>(2,135,949)</u>
Total Net Position	<u>(\$2,711,306)</u>	<u>\$2,075,138</u>	<u>(\$2,745)</u>

* 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>
\$2,963,116	\$3,996,268	\$4,252,446	\$31,446,750
			84,016
31,181	75,034		379,205
1,054	1,521	1,513	53,115
	4,200		6,600
6,220			6,220
<u>3,001,571</u>	<u>4,077,023</u>	<u>4,253,959</u>	<u>31,975,906</u>
			27,021
			372,748
			729,918
<u>16,160,745</u>	<u>4,308,842</u>		<u>22,303,699</u>
<u>16,160,745</u>	<u>4,308,842</u>		<u>23,433,386</u>
<u>19,162,316</u>	<u>8,385,865</u>	<u>4,253,959</u>	<u>55,409,292</u>
			1,007,656
223,202	407,396		241,294
53,688	97,361		
<u>276,890</u>	<u>504,757</u>		<u>1,248,950</u>
			870,463
269,614	222,066	7,273	26,393
13,018	947		18,671,611
33,146	56,864		12,873
7,071	4,824		5,499
60,236	202,261		407,310
420,601	346,044		890,870
<u>803,686</u>	<u>833,006</u>	<u>7,273</u>	<u>20,885,019</u>
			17,258
2,552	8,570		7,151,910
1,584,186	2,891,527		4,959,526
1,103,490	2,001,141		2,354,444
1,591,079			
<u>4,281,307</u>	<u>4,901,238</u>		<u>14,483,138</u>
<u>5,084,993</u>	<u>5,734,244</u>	<u>7,273</u>	<u>35,368,157</u>
			12,278
2,720	4,963		446,850
99,423	180,301		
<u>102,143</u>	<u>185,264</u>		<u>459,128</u>
			20,161,051
14,149,065	3,962,798		84,016
			585,890
103,005	(991,684)	4,246,686	
<u>\$14,252,070</u>	<u>\$2,971,114</u>	<u>\$4,246,686</u>	<u>\$20,830,957</u>

CITY OF HAYWARD
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Workers' Compensation Insurance	General Liability	Facilities Management
OPERATING REVENUES			
Charges for services	\$7,492,857		\$3,760,457
Other	7	\$43,357	169,937
Total Operating Revenues	7,492,864	43,357	3,930,394
OPERATING EXPENSES			
Salaries and related expenses	564,368	793,404	1,424,326
Materials, supplies and services	568,319	2,427,236	1,241,889
Repairs and maintenance		300	1,160,880
Self-funded insurance expense	3,876,702	226,562	
Depreciation			74,484
Total Operating Expenses	5,009,389	3,447,502	3,901,579
Operating Income (Loss)	2,483,475	(3,404,145)	28,815
NONOPERATING REVENUES (EXPENSES)			
Investment income	70,734	15,289	4,153
Interest (expense)			(47,840)
Gain on disposal of capital assets			
Total Nonoperating Revenues (Expenses)	70,734	15,289	(43,687)
Income (Loss) Before Transfers	2,554,209	(3,388,856)	(14,872)
CONTRIBUTIONS AND TRANSFERS			
Transfers in		3,956,645	125,000
Transfers (out)	(10,124)		(34,293)
Net Contributions and Transfers	(10,124)	3,956,645	90,707
CHANGE IN NET POSITION	2,544,085	567,789	75,835
BEGINNING NET POSITION, as restated	(5,255,391)	1,507,349	(78,580)
ENDING NET POSITION	(\$2,711,306)	\$2,075,138	(\$2,745)

<u>Fleet Management</u>	<u>Technology Services</u>	<u>Employee Benefits</u>	<u>Total</u>
\$5,178,077	\$6,084,570	\$3,165,475	\$25,681,436
168,015	642,804		1,024,120
<u>5,346,092</u>	<u>6,727,374</u>	<u>3,165,475</u>	<u>26,705,556</u>
1,594,448	2,173,115		6,549,661
977,757	1,666,221	1,002,604	7,884,026
996,543	2,168,003		4,325,726
		3,051,313	7,154,577
<u>2,290,893</u>	<u>1,819,605</u>		<u>4,184,982</u>
<u>5,859,641</u>	<u>7,826,944</u>	<u>4,053,917</u>	<u>30,098,972</u>
<u>(513,549)</u>	<u>(1,099,570)</u>	<u>(888,442)</u>	<u>(3,393,416)</u>
21,293	16,776	23,802	152,047
(69,669)	(16,150)		(133,659)
49,910	24,213		74,123
<u>1,534</u>	<u>24,839</u>	<u>23,802</u>	<u>92,511</u>
<u>(512,015)</u>	<u>(1,074,731)</u>	<u>(864,640)</u>	<u>(3,300,905)</u>
250,000	1,968,000	1,000,000	7,299,645
(53,094)	(79,052)		(176,563)
<u>196,906</u>	<u>1,888,948</u>	<u>1,000,000</u>	<u>7,123,082</u>
(315,109)	814,217	135,360	3,822,177
<u>14,567,179</u>	<u>2,156,897</u>	<u>4,111,326</u>	<u>17,008,780</u>
<u>\$14,252,070</u>	<u>\$2,971,114</u>	<u>\$4,246,686</u>	<u>\$20,830,957</u>

CITY OF HAYWARD
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2018

	Workers' Compensation Insurance	General Liability	Facilities Management
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$7,437,395	\$42,940	\$3,920,141
Payments to suppliers	(3,996,933)	(3,068,304)	(2,433,455)
Payments to employees	(616,090)	(571,257)	(1,292,904)
Cash Flows from Operating Activities	2,824,372	(3,596,621)	193,782
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payments to other funds			
Transfers in		3,956,645	125,000
Transfers out	(10,124)		(34,293)
Cash Flows from Noncapital Financing Activities	(10,124)	3,956,645	90,707
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets			(237,282)
Disposal of capital leases			
Change in investment			(753)
Principal payments on capital debt			(119,562)
Interest paid on capital debt			(48,577)
Cash Flows from Capital and Related Financing Activities			(406,174)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	23,539	13,679	3,931
Cash Flows from Investing Activities	23,539	13,679	3,931
Net increase (decrease) in cash and cash equivalents	2,837,787	373,703	(117,754)
Cash and cash equivalents at beginning of period	12,248,368	4,152,853	739,963
Cash and cash equivalents at end of period	<u>\$15,086,155</u>	<u>\$4,526,556</u>	<u>\$622,209</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$2,483,475	(\$3,404,145)	\$28,815
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation			74,484
Change in assets and liabilities:			
Receivables, net	(55,469)	(417)	(10,253)
Due from other governments			
Accounts and other payables	(29,499)	(277,443)	(45,660)
Other assets	(2,400)		
Due to retirement system	(63,593)	215,293	113,521
Due to OPEB	3,138	3,083	8,018
Compensated absences	8,733	3,771	9,883
Unearned revenue			
Other accrued expenses	479,987	(136,763)	14,974
Cash Flows from Operating Activities	2,824,372	(3,596,621)	193,782

<u>Fleet Management</u>	<u>Technology Services</u>	<u>Employee Benefits</u>	<u>Total</u>
\$5,478,940	\$6,731,289	\$3,163,962	\$26,774,667
(1,962,581)	(3,815,568)	(4,053,917)	(19,330,758)
<u>(1,447,783)</u>	<u>(3,031,760)</u>		<u>(6,959,794)</u>
<u>2,068,576</u>	<u>(116,039)</u>	<u>(889,955)</u>	<u>484,115</u>
250,000	1,968,000	1,000,000	7,299,645
<u>(53,094)</u>	<u>(79,052)</u>		<u>(176,563)</u>
<u>196,906</u>	<u>1,888,948</u>	<u>1,000,000</u>	<u>7,123,082</u>
(2,733,326)	(321,174)		(3,291,782)
49,910	24,213		74,123
			(753)
(610,566)	(337,612)		(1,067,740)
<u>(74,239)</u>	<u>(17,074)</u>		<u>(139,890)</u>
<u>(3,368,221)</u>	<u>(651,647)</u>		<u>(4,426,042)</u>
<u>20,239</u>	<u>15,255</u>	<u>23,802</u>	<u>100,445</u>
<u>20,239</u>	<u>15,255</u>	<u>23,802</u>	<u>100,445</u>
(1,082,500)	1,136,517	133,847	3,281,600
<u>4,045,616</u>	<u>2,859,751</u>	<u>4,118,599</u>	<u>28,165,150</u>
<u>\$2,963,116</u>	<u>\$3,996,268</u>	<u>\$4,252,446</u>	<u>\$31,446,750</u>
(\$513,549)	(\$1,099,570)	(\$888,442)	(\$3,393,416)
2,290,893	1,819,605		4,184,982
101,496	(909)	(1,513)	32,935
30,099			30,099
(3,423)	1,438		(354,587)
	(4,200)		(6,600)
137,817	(874,455)		(471,417)
8,409	15,214		37,862
439	596		23,422
1,253	4,824		6,077
<u>15,142</u>	<u>21,418</u>		<u>394,758</u>
<u>\$2,068,576</u>	<u>(\$116,039)</u>	<u>(\$889,955)</u>	<u>\$484,115</u>

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AGENCY FUNDS TAB

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, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<u>Local Improvement Districts</u>				
ASSETS:				
Cash and investments	\$3,472,928	\$3,528,103	\$3,472,928	\$3,528,103
Cash and investments with fiscal agents	354,125	355,395	354,125	355,395
Interest receivable		1,255		1,255
Due from other governments	681,939	509,018	681,939	509,018
Total Assets	<u>\$4,508,992</u>	<u>\$4,393,771</u>	<u>\$4,508,992</u>	<u>\$4,393,771</u>
LIABILITIES:				
Accounts payable		\$1,395		\$1,395
Due to bondholders	\$4,508,992	4,392,376	\$4,508,992	4,392,376
Total Liabilities	<u>\$4,508,992</u>	<u>\$4,393,771</u>	<u>\$4,508,992</u>	<u>\$4,393,771</u>
<u>South Hayward Bart Parking District JPA</u>				
ASSETS:				
Cash and investments	\$336,092	\$864,875	\$336,092	\$864,875
Accounts receivable	90,716	5,690	90,716	5,690
Interest receivable		308		308
Total Assets	<u>\$426,808</u>	<u>\$870,873</u>	<u>\$426,808</u>	<u>\$870,873</u>
LIABILITIES:				
Due to others	\$426,808	\$870,873	\$426,808	\$870,873
Total Liabilities	<u>\$426,808</u>	<u>\$870,873</u>	<u>\$426,808</u>	<u>\$870,873</u>
<u>Other Agency Funds</u>				
ASSETS:				
Cash and investments	\$3,835,562	\$5,148,944	\$3,835,562	\$5,148,944
Interest receivable		1,815		1,815
Due from other governments		2,500		2,500
Total Assets	<u>\$3,835,562</u>	<u>\$5,153,259</u>	<u>\$3,835,562</u>	<u>\$5,153,259</u>
LIABILITIES:				
Accounts payable		\$8,289		\$8,289
Refundable deposits	\$3,835,562	5,144,970	\$3,835,562	5,144,970
Total Liabilities	<u>\$3,835,562</u>	<u>\$5,153,259</u>	<u>\$3,835,562</u>	<u>\$5,153,259</u>
<u>Total</u>				
ASSETS:				
Cash and investments	\$7,644,582	\$9,541,922	\$7,644,582	\$9,541,922
Cash and investments with fiscal agents	354,125	355,395	354,125	355,395
Accounts receivable, net	90,716	5,690	90,716	5,690
Interest receivable		3,378		3,378
Due from other governments	681,939	511,518	681,939	511,518
Total Assets	<u>\$8,771,362</u>	<u>\$10,417,903</u>	<u>\$8,771,362</u>	<u>\$10,417,903</u>
LIABILITIES:				
Accounts payable		\$9,684		\$9,684
Refundable deposits	\$3,835,562	5,144,970	\$3,835,562	5,144,970
Due to bondholders and others	4,935,800	5,263,249	4,935,800	5,263,249
Total Liabilities	<u>\$8,771,362</u>	<u>\$10,417,903</u>	<u>\$8,771,362</u>	<u>\$10,417,903</u>

STATISTICAL SECTION TAB

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:

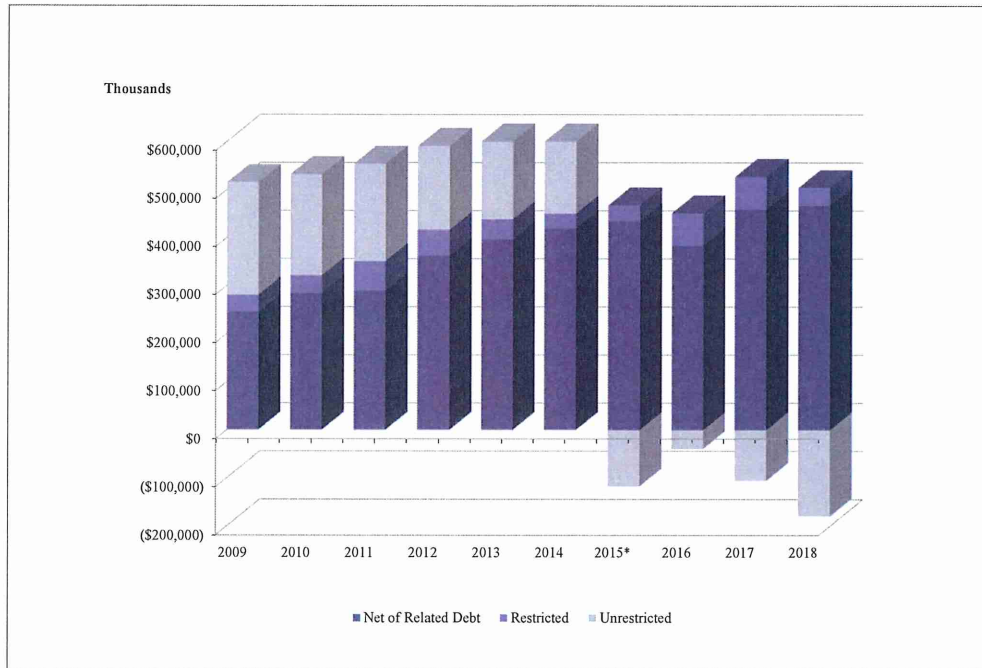
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

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.

	2009	2010	2011	2012	2013	2014	2015*	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$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	\$324,408,453
Restricted	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	37,795,705
Unrestricted	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)	(327,597,600)
Total governmental activities net position	<u>\$274,733,559</u>	<u>\$287,287,559</u>	<u>\$307,396,845</u>	<u>\$339,048,479</u>	<u>\$354,964,591</u>	<u>\$364,636,314</u>	<u>\$80,829,204</u>	<u>\$127,316,808</u>	<u>\$126,487,468</u>	<u>\$34,606,558</u>
Business-type activities										
Net investment in capital assets	\$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	\$141,998,213
Restricted	0	0	0	0	0	0	0	0	0	0
Unrestricted	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	148,088,671
Total business-type activities net position	<u>\$240,542,657</u>	<u>\$244,505,044</u>	<u>\$246,529,891</u>	<u>\$251,989,631</u>	<u>\$256,890,023</u>	<u>\$272,237,999</u>	<u>\$269,413,372</u>	<u>\$284,556,682</u>	<u>\$294,792,510</u>	<u>\$290,086,884</u>
Primary government										
Net investment in capital assets	\$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	\$466,406,666
Restricted	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	37,795,705
Unrestricted	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)	(179,508,929)
Total primary government net position	<u>\$515,276,216</u>	<u>\$531,792,603</u>	<u>\$553,926,736</u>	<u>\$591,038,110</u>	<u>\$611,854,614</u>	<u>\$636,874,313</u>	<u>\$350,242,576</u>	<u>\$411,873,490</u>	<u>\$421,279,978</u>	<u>\$324,693,442</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses				
Governmental Activities:				
General Government	\$12,844,106	\$12,526,820	\$9,728,751	\$9,417,144
Public Safety	89,391,667	91,936,447	97,783,089	96,991,346
Public Works and Transportation	5,097,319	6,614,756	12,061,251	12,400,798
Library and Community Services	9,448,832	8,873,963	8,826,270	7,645,958
Economic Development	2,814,162	4,337,389	7,755,610	2,078,030
Planning and Building	6,383,986	5,930,519	5,878,086	5,642,610
Maintenance Services	3,899,394	4,612,144	4,028,800	4,030,146
Interest on Long Term Debt	4,175,089	4,073,192	4,486,345	3,685,703
Total Governmental Activities Expenses	<u>134,054,555</u>	<u>138,905,230</u>	<u>150,548,202</u>	<u>141,891,735</u>
Business-Type Activities:				
Sewer	15,783,768	18,276,551	19,395,928	17,977,438
Water	27,602,545	28,336,545	29,807,045	36,010,696
Airport	3,568,997	3,008,282	3,124,022	3,271,942
Centennial Hall Maintenance and Operation	782,509	313,299		
Stormwater	1,908,290	2,227,090	2,326,729	2,235,721
Total Business-Type Activities Expenses	<u>49,646,109</u>	<u>52,161,767</u>	<u>54,653,724</u>	<u>59,495,797</u>
Total Primary Government Expenses	<u>\$183,700,664</u>	<u>\$191,066,997</u>	<u>\$205,201,926</u>	<u>\$201,387,532</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$379,561	\$190,261	\$1,019,505	\$2,162,950
Public Safety	8,016,352	9,128,483	8,608,854	8,139,780
Public Works and Transportation	507,944	555,541	744,992	4,382,791
Library and Community Services	111,630	98,968	90,947	110,465
Economic Development	166,223	79,484	121,677	77,251
Planning and Building	6,780,653	5,074,620	5,022,960	4,312,438
Maintenance Services	29,190	37,098	269,786	399,721
Operating Grants and Contributions	14,294,205	17,196,527	12,904,598	25,163,445
Capital Grants and Contributions	22,570,080	18,885,041	30,675,031	32,561,709
Total Government Activities Program Revenues	<u>52,855,838</u>	<u>51,246,023</u>	<u>59,458,350</u>	<u>77,310,550</u>

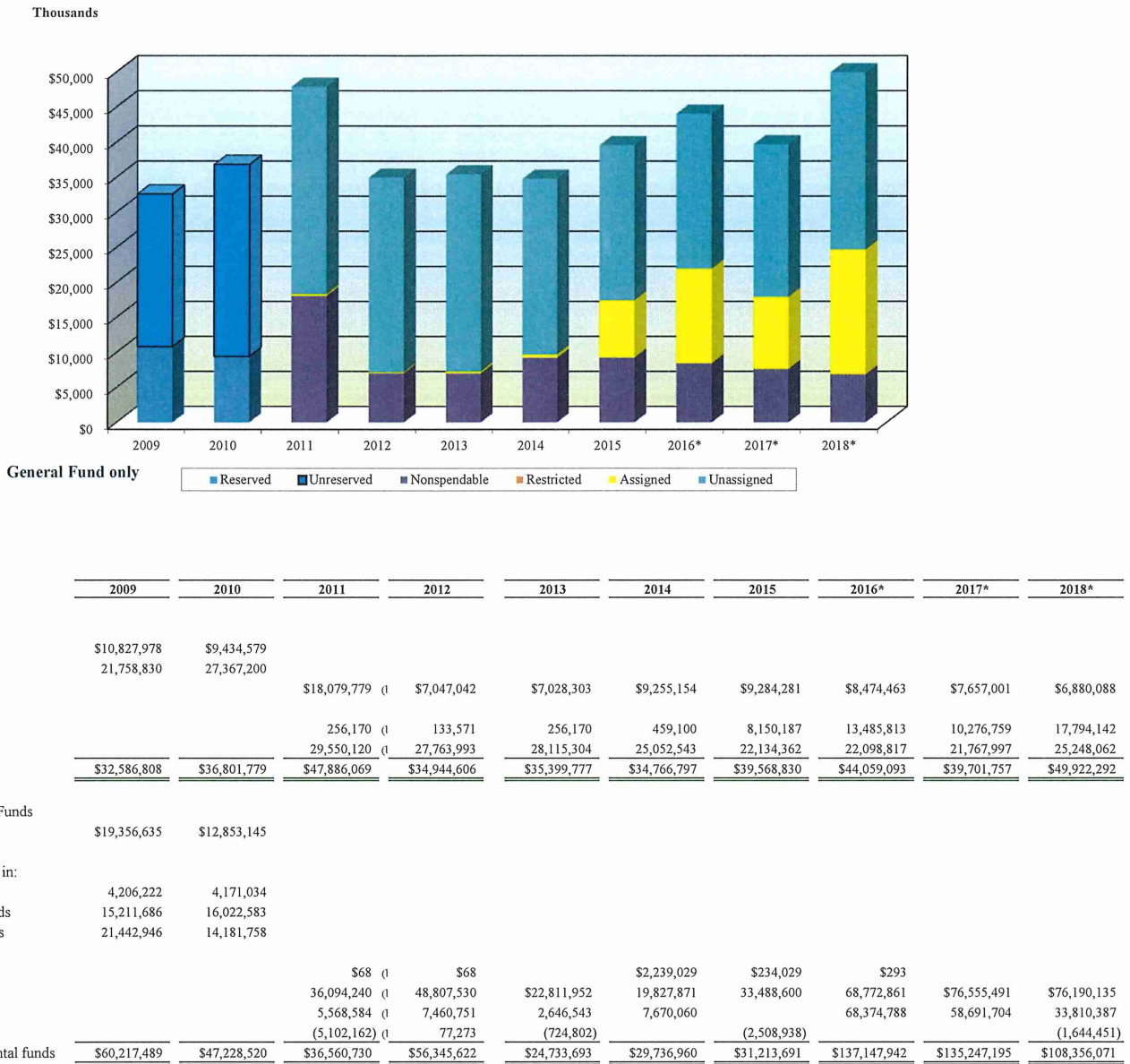
<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$11,162,908	\$11,989,512	\$16,245,827	\$14,192,819	\$16,158,933	\$36,743,529
100,470,925	102,494,680	106,541,527	118,423,530	128,069,028	136,621,829
13,689,585	8,851,489	12,295,579	14,414,107	25,599,837	24,077,319
7,490,405	8,073,175	5,150,554	9,047,644	7,056,242	10,673,935
1,285,830	1,432,514	835,342	1,762,937	152,175	1,480,505
6,102,300	6,293,037	6,831,521	7,281,726	8,628,739	11,093,298
3,896,951	4,790,594	5,798,009	6,156,886	8,288,824	11,482,643
2,056,984	1,131,490	1,400,778	1,490,140	3,078,848	3,238,555
<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>	<u>235,411,613</u>
19,127,813	17,443,979	19,967,350	23,757,316	22,755,149	19,762,825
38,837,206	38,252,368	36,953,171	38,253,454	46,225,355	52,084,024
3,252,108	3,443,655	3,489,917	3,976,602	6,348,333	4,236,680
<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>2,817,649</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>78,901,178</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>	<u>\$314,312,791</u>
\$2,505,144	\$3,348,209	\$3,404,484	\$3,513,507	\$2,627,359	\$3,920,063
3,308,573	3,332,950	3,311,997	3,585,912	4,638,881	4,859,695
3,780,364	4,121,654	4,966,061	5,620,367	7,009,479	6,019,771
95,682	85,256	116,787	1,312,128	2,537,062	317,596
	2,749,344	1,292,172			
3,541,420	5,026,469	4,536,430	6,060,654	6,926,489	6,294,675
710,653	1,243,660	1,504,197	1,088,664	1,488,851	1,555,141
6,998,650	7,634,799	10,587,001	13,611,989	11,984,727	10,626,753
26,479,205	9,066,354	5,807,599	31,255,350	1,463,593	2,472,715
<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>	<u>36,066,409</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Business-Type Activities:				
Charges for Services:				
Sewer	18,861,871	19,186,749	20,338,593	22,333,628
Water	29,246,643	28,143,863	31,684,462	38,463,759
Airport	2,843,185	2,783,068	2,790,998	2,917,614
Centennial Hall Maintenance & Operation	288,869	42,954		
Stormwater	2,791,915	2,700,531	2,724,244	2,738,050
Operating Grants and Contributions				119,629
Capital Grants and Contributions	167,026	2,411,519	1,246,130	
Total Business-Type Activities Program Revenue	<u>54,199,509</u>	<u>55,268,684</u>	<u>58,784,427</u>	<u>66,572,680</u>
Total Primary Government Program Revenues	<u>\$107,055,347</u>	<u>\$106,514,707</u>	<u>\$118,242,777</u>	<u>\$143,883,230</u>
Net (Expense)/Revenue				
Governmental Activities	(\$81,198,717)	(\$87,659,207)	(\$91,089,852)	(\$64,581,185)
Business-Type Activities	4,553,400	3,106,917	4,130,703	7,076,883
Total Primary Government Net Expense	<u>(\$76,645,317)</u>	<u>(\$84,552,290)</u>	<u>(\$86,959,149)</u>	<u>(\$57,504,302)</u>
Total Primary Government Net Expense from prior page	<u>(\$76,645,317)</u>	<u>(\$84,552,290)</u>	<u>(\$86,959,149)</u>	<u>(\$57,504,302)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property Taxes	\$40,699,344	\$37,292,466	\$35,725,966	\$35,715,527
Incremental Property Tax	10,657,184	4,520,035	10,351,054	4,721,491
Special Assessments			714,017	817,210
Sales Taxes	25,630,173	23,508,544	25,491,533	26,346,354
Utility Users Tax		10,927,290	14,699,792	14,796,979
Real Property Transfer Tax	3,852,507	3,796,719	3,821,387	4,777,989
Franchise Tax	5,831,272	8,316,848	9,091,479	9,891,601
Business Tax	2,502,991	2,337,106	2,389,657	2,483,442
Excise Tax	1,858,267	1,857,223	1,699,438	1,742,210
Other Taxes	4,958,591	1,938,591	1,683,087	944,268
Motor Vehicle in-lieu, Unrestricted	522,508	457,126	694,933	75,744
Investment Earnings	2,132,768	819,649	434,426	369,203
Gain (Loss) on Sale of Capital Assets	2,362,950			(9,687)
Miscellaneous	2,289,663	2,834,841	1,505,212	685,054
Transfers (refer to CAFR Footnote 4)	3,277,254	1,673,064	2,141,488	2,167,125
Extraordinary Item (refer to CAFR Footnote 19)				(9,342,122)
Total Governmental Activities General Revenues and Transfers	<u>106,575,472</u>	<u>100,279,502</u>	<u>110,443,469</u>	<u>96,182,388</u>
Business-Type Activities:				
Investment Earnings	3,720,221	1,694,085	841,733	549,982
Gain (Loss) from disposal of capital assets				
Miscellaneous	686,034	834,449		
Transfers (refer to CAFR Footnote 19)	(3,277,254)	(1,673,064)	(2,141,488)	(2,167,125)
Total Business-Type Activities General Revenues and Transfers	<u>1,129,001</u>	<u>855,470</u>	<u>(1,299,755)</u>	<u>(1,617,143)</u>
Total Primary Government General Revenues and Transfers	<u>\$107,704,473</u>	<u>\$101,134,972</u>	<u>\$109,143,714</u>	<u>\$94,565,245</u>
Change in Net Position				
Governmental Activities	\$25,376,755	\$12,620,295	\$19,353,617	\$31,601,203
Business-Type Activities	5,682,401	3,962,387	2,830,948	5,459,740
Total Primary Government	<u>\$31,059,156</u>	<u>\$16,582,682</u>	<u>\$22,184,565</u>	<u>\$37,060,943</u>

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
22,136,846	25,527,904	28,389,311	33,557,099	27,000,318	26,374,872
43,128,089	47,045,822	44,704,910	46,264,199	53,565,672	59,385,204
2,963,971	3,365,514	2,995,362	3,239,400	4,161,002	3,426,086
2,821,653	2,777,228	2,832,703	2,894,801	3,066,075	3,165,846
88,916				1,162,390	
<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>92,352,008</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>	<u>\$128,418,417</u>
(\$98,736,197)	(\$108,447,796)	(\$119,572,409)	(\$106,721,218)	(\$158,356,185)	(\$199,345,204)
7,520,210	17,156,899	16,138,274	16,925,449	11,176,532	13,450,830
<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>(\$185,894,374)</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>(\$185,894,374)</u>
\$39,297,973	\$39,456,863	\$42,740,159	\$44,750,688	\$48,768,731	\$52,136,552
29,197,989	31,019,079	39,148,631	46,495,377	48,848,674	48,550,524
14,939,639	15,761,544	15,680,721	22,040,616	20,753,813	17,487,828
4,595,640	4,878,857	5,710,272	7,849,464	8,349,727	9,168,329
9,687,980	9,488,631	10,127,647	10,139,140	9,646,261	9,647,904
2,548,248	2,649,279	2,634,539	2,603,305	3,664,550	4,550,835
1,868,695	1,694,229	2,142,691	3,782,330	2,226,200	2,261,598
5,820,346	6,748,616	6,314,878	5,774,001	5,607,637	6,924,304
78,484	64,954	62,743	61,688	71,223	84,769
534,927	424,910	349,196	523,123	1,470,868	1,253,635
		(352,880)	882,491	121,761	49,910
3,192,697	3,473,568	2,996,956	5,505,290	5,130,121	5,514,057
2,889,691	2,458,989	2,618,309	2,801,309	2,861,623	2,621,785
<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>	<u>160,252,030</u>
269,873	650,066	533,521	1,019,170	1,920,919	925,665
					135,712
<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>	<u>(2,621,785)</u>
<u>(2,619,818)</u>	<u>(1,808,923)</u>	<u>(2,084,788)</u>	<u>(1,782,139)</u>	<u>(940,704)</u>	<u>(1,560,408)</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>	<u>\$158,691,622</u>
\$15,916,112	\$9,671,723	\$10,601,453	\$46,487,604	(\$834,996)	(\$39,093,174)
4,900,392	15,347,976	14,053,486	15,143,310	10,235,828	11,890,422
<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>	<u>(\$27,202,752)</u>

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



* 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.

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

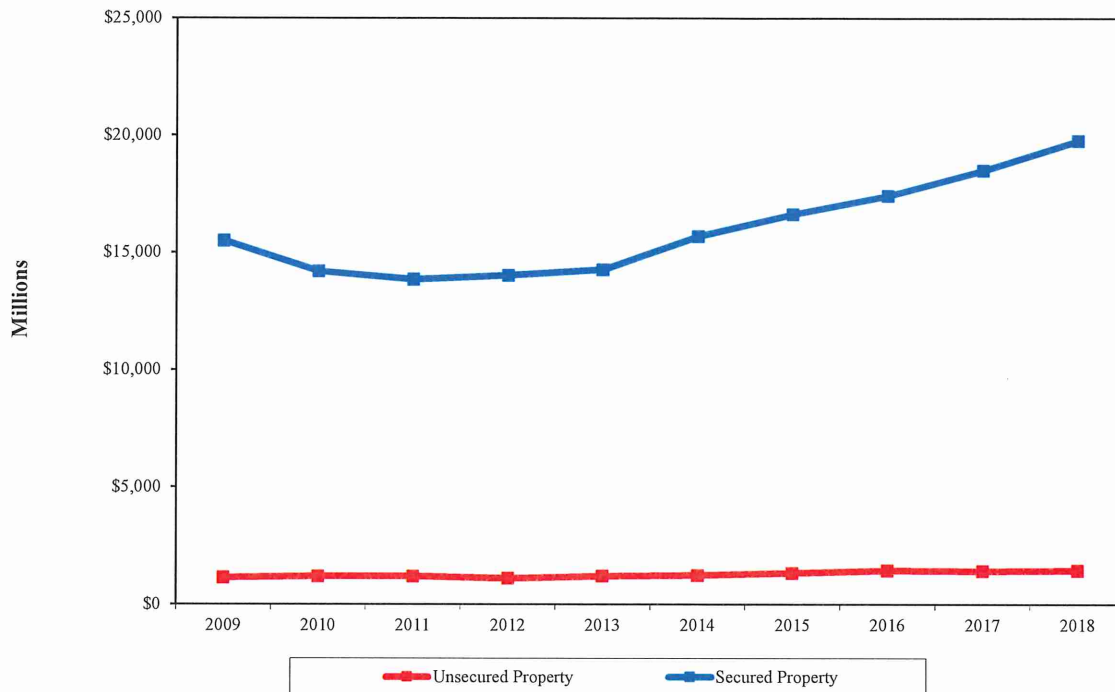
	Fiscal Years Ended June 30,				
	2007	2008	2009	2010	2011
Revenues					
Property Taxes	\$24,687,960	\$39,135,339	\$41,221,852	\$37,292,466	\$35,725,967
Property Tax Increment	11,465,642	12,082,986	12,630,213	10,180,653	10,351,054
Special Assessments	884,579	1,051,269	741,098	610,058	714,015
Sales Taxes	28,857,677	29,233,148	26,341,473		25,491,532
Utility Users Taxes				10,927,290	14,699,792
Other Taxes	21,365,639	22,941,172	21,419,990	20,996,991	18,729,085
Licenses and permits	4,024,802	4,712,325	4,650,694	3,084,964	3,259,291
Fines and forfeitures	1,150,614	985,858	1,657,789	2,042,460	2,756,632
Use of money and property	5,969,155	5,517,114	3,239,537	1,471,396	1,153,359
Intergovernmental revenues	27,904,422	10,914,969	32,634,889	25,004,880	36,952,595
Fees and charges for services	6,760,792	6,244,187	8,428,414	8,807,886	9,262,348
Reimbursement from Developer	5,000,000	1,813,604	381,868	484,205	1,064,680
Other	4,823,715	3,782,765	1,781,740	2,559,991	7,787,702
Total Revenues	<u>142,894,997</u>	<u>138,414,736</u>	<u>155,129,557</u>	<u>123,463,240</u>	<u>167,948,052</u>
Expenditures					
Current:					
General government	10,729,759	11,639,480	10,421,821	8,564,302	7,930,669
Public safety	71,172,116	79,941,250	79,537,953	82,051,155	88,980,339
Public works and transportation	13,037,745	6,186,587	9,558,688	6,152,137	9,225,588
Library and community services	7,533,647	8,511,524	8,771,317	7,986,000	7,884,539
Economic development	3,628,763	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	1,379,106				
Capital outlay	37,397,788	32,072,854	29,560,203	15,712,302	28,216,666
Debt service:					
Principal	2,221,503	3,026,920	3,094,025	2,940,621	3,071,058
Interest and fiscal charges	4,792,626	5,186,476	4,046,129	3,966,495	4,584,267
Bond issuance cost					
Pass-through payments				5,660,618	2,151,873
Total Expenditures	<u>151,893,053</u>	<u>166,218,633</u>	<u>159,619,232</u>	<u>148,963,023</u>	<u>167,013,037</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,998,056)</u>	<u>(27,803,897)</u>	<u>(4,489,675)</u>	<u>(25,499,783)</u>	<u>935,015</u>
Other Financing Sources (Uses)					
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		31,820,000			
Premium on refunding bonds issued					
Payment to refunded bond escrow agent		(31,184,483)			
Proceeds of repayment agreement					
Proceeds from long term debt	257,512	1,342,011			200,000
Contributions from assessment district					
Transfers in	13,790,988	21,111,234	22,583,520	26,352,391	35,397,325
Transfers out	(12,991,291)	(19,687,595)	(21,476,956)	(33,068,855)	(36,133,801)
Total other financing sources (uses)	<u>1,057,209</u>	<u>3,401,167</u>	<u>3,407,884</u>	<u>(6,716,464)</u>	<u>(518,515)</u>
Extraordinary Item					
Net Change in fund balances	<u>(\$7,940,847)</u>	<u>(\$24,402,730)</u>	<u>(\$1,081,791)</u>	<u>(\$32,216,247)</u>	<u>\$416,500</u>
Debt service as a percentage of noncapital expenditures					
	6.5%	6.5%	5.8%	5.7%	5.9%

Source: City of Hayward Comprehensive Annual Financial Report

Fiscal Years Ended June 30,

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$38,971,067	\$42,128,306	\$44,159,430	\$47,195,566	\$51,235,946
972,339	980,329	1,166,399	1,026,071	1,003,388
31,019,079	39,148,631	46,495,377	48,848,674	48,550,524
15,761,544	15,680,721	22,040,616	20,753,813	17,487,828
21,310,770	23,424,572	26,554,046	27,518,428	28,116,819
4,078,392	5,031,300	6,316,823	7,766,510	7,091,074
2,285,486	2,549,034	2,341,565	2,499,964	2,487,183
635,092	357,388	561,895	1,746,291	1,644,775
33,839,482	22,647,381	37,101,458	28,403,369	23,151,743
8,172,604	7,639,834	9,885,890	5,889,181	7,360,450
252,910				
2,402,380	5,002,806	7,909,582	11,082,590	6,084,935
<u>159,701,145</u>	<u>164,590,302</u>	<u>204,533,081</u>	<u>202,730,457</u>	<u>194,214,665</u>
10,551,378	13,702,855	12,675,974	13,182,512	14,309,144
91,851,849	96,719,824	105,164,624	110,461,347	110,621,648
3,764,567	6,623,943	3,850,989	4,001,258	3,772,501
7,004,537	6,748,325	8,371,078	6,678,908	7,638,673
2,017,787	763,285	1,984,194	56,797	81,274
5,981,108	6,495,171	7,382,233	8,497,395	8,372,228
4,591,395	5,581,077	6,279,365	7,711,268	7,720,401
22,587,661	30,819,943	39,864,835	48,972,280	47,870,707
2,216,033	2,156,489	2,397,381	2,561,048	2,676,156
1,093,538	1,158,708	1,055,901	3,303,835	3,321,225
		1,054,619	2,972	
<u>151,659,853</u>	<u>170,769,620</u>	<u>190,081,193</u>	<u>205,429,620</u>	<u>206,383,957</u>
<u>8,041,292</u>	<u>(6,179,318)</u>	<u>14,451,888</u>	<u>(2,699,163)</u>	<u>(12,169,292)</u>
		87,348,775		
		6,565,740		
		(20,455,936)		
2,488,880	5,500,000			
16,346,295	9,012,179	25,098,265	40,553,431	13,461,040
(22,375,934)	(12,188,316)	(27,899,357)	(44,118,007)	(17,962,337)
<u>(3,540,759)</u>	<u>2,323,863</u>	<u>70,657,487</u>	<u>(3,564,576)</u>	<u>(4,501,297)</u>
<u>\$4,500,533</u>	<u>(\$3,855,455)</u>	<u>\$85,109,375</u>	<u>(\$6,263,739)</u>	<u>(\$16,670,589)</u>
2.6%	2.4%	2.4%	3.8%	3.8%

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



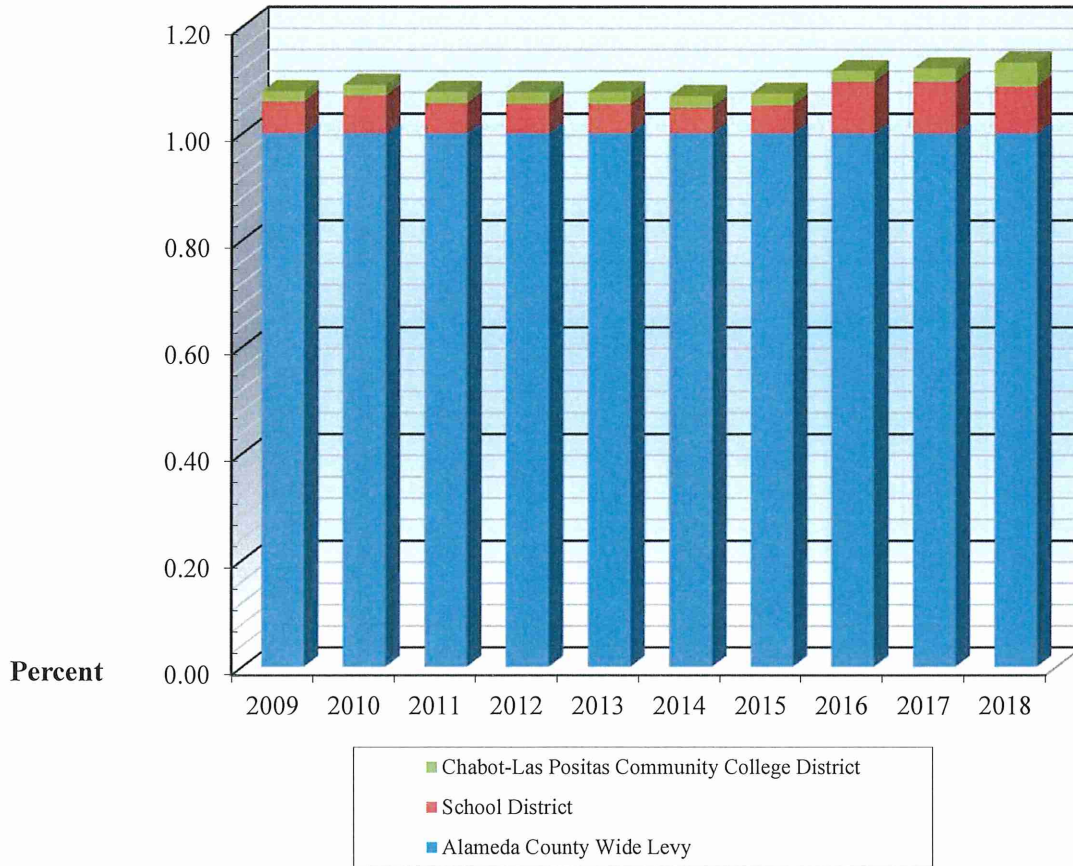
Fiscal Year	Total Secured Property	Total Unsecured Property	Total Assessed (c)	Estimated Full Market (a)	Direct Tax Rate (b)
2009	\$15,511,405,943	\$1,162,782,433	\$16,674,188,376	\$16,674,188,376	1%
2010	14,205,256,130	1,202,570,890	15,407,827,020	15,407,827,020	1%
2011	13,852,339,086	1,206,621,783	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%
2018	19,779,304,369	1,454,651,151	21,233,955,520	21,233,955,520	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**



Fiscal Year	Alameda County Wide Levy	City of Hayward	Hayward Unified School District	Chabot-Las Positas Community College District	Bay Area Rapid Transit (BART)	Hayward Area Rec & Park	East Bay Regional Park	Total
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
2018	1.0000	0.0018	0.0881	0.0445	0.0084	0.0299	0.0021	1.1748

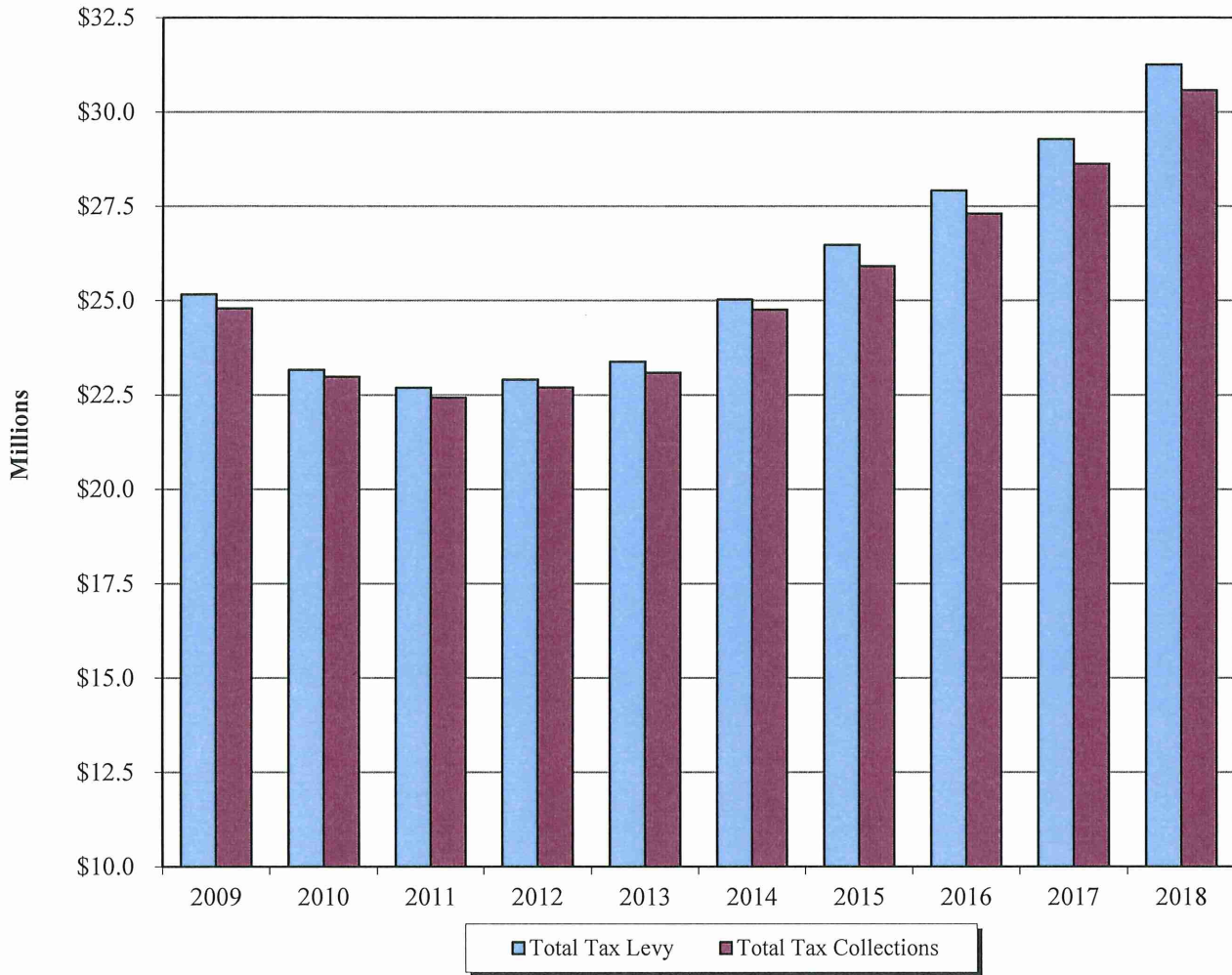
City of Hayward
Principal Property Tax Payers
Current Year and Ten Years Ago

Employer	FY 2018			FY 2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Russell City Energy Company, LLC	\$402,123,800	1	1.89%			
PSB Northern Calif Industrial Portfolio LLC	208,352,152	2	0.98%			
Southland Mall LP	174,722,764	3	0.82%			
Hayward 544 LLC	161,344,557	4	0.76%			
Hayward Point Eden I LP	104,189,149	5	0.49%	\$90,576,000	4	0.59%
ROC III CA Creekwood LLC	97,559,229	6	0.46%			
Hayward Industrial Park Associates	97,838,915	7	0.46%			0.00%
Impax Laboratories Inc.	87,438,837	8	0.41%	74,435,621	6	0.48%
SCI Limited Partnership I	84,635,245	9	0.40%	84,074,264	5	0.55%
Bottling Group LLC	76,470,100	10	0.36%	73,359,107	7	0.48%
Northern Cal Industrial Portfolio				182,036,240	1	1.18%
Kohls Department Stores Inc				123,267,837	2	0.80%
Berkeley Farm Inc.				106,249,359	3	0.69%
North 3 Holding LLC				60,433,572	8	0.39%
First American Title Co				57,382,168	9	0.37%
Target Corporation				56,799,618	10	0.37%
Subtotal	\$1,494,674,748		7.04%	\$908,613,786		5.90%

Total Assessed Valuation:
Fiscal Year 2017/2018 \$21,233,955,520
Fiscal Year 2008/2009 15,407,827,020

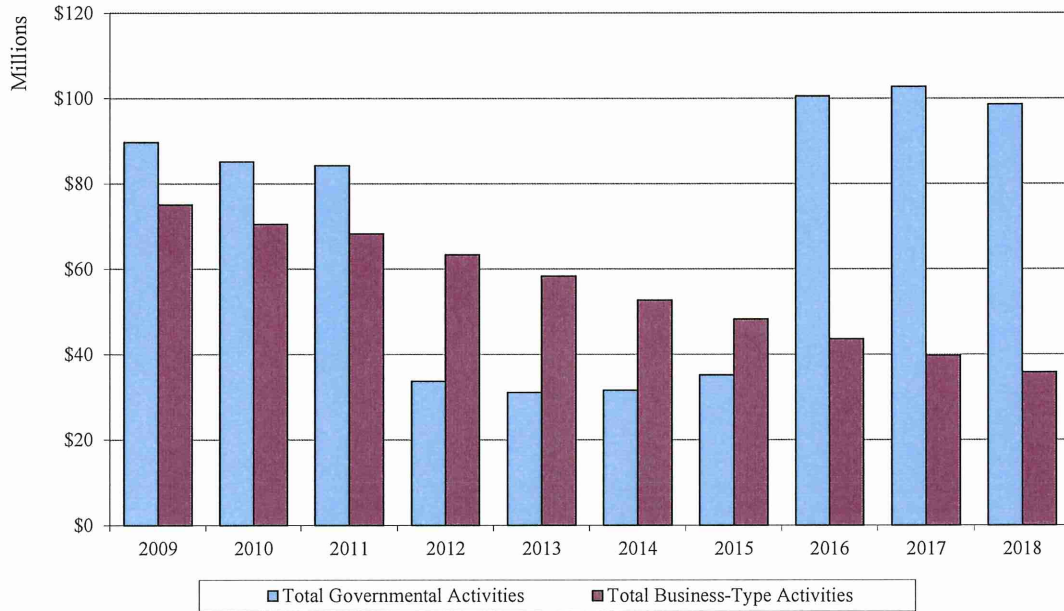
Source: Alameda County Assessor Fiscal Year Combined Tax Rolls

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



<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>
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%
2018	31,255,890	30,158,955	96.49%	410,565	30,569,520	97.80%

**CITY OF HAYWARD
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**



Governmental Activities					
Fiscal Year	Tax Allocation Bonds	Certificates of Participation	Revenue Bonds	Capital Lease Obligations	Total
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
2018	0 (a)	89,212,869	1,709,786	7,661,734	98,584,389

Business-Type Activities					
Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	Total	Total Government	Government Debt Per Capita (b)
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
2018	4,420,000	31,370,520	35,790,520	134,374,909	829.32

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.

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

2017-18 Assessed Valuation:	\$ 20,833,805,946
Redevelopment Incremental Valuation:	(2,488,029,295)
Adjusted Assessed Valuation:	<u>\$ 18,345,776,651</u>

	Total Debt 6/30/2018	% Applicable (1)	City's Share of Debt 6/30/2018	
<u>DIRECT DEBT:</u>				
City of Hayward General Fund Obligations	\$ 98,584,389	100.000%	\$ 98,584,389	
			<u>\$ 98,584,389</u>	\$ 98,584,389
Total Direct Debt				
<u>OVERLAPPING DEBT:</u>				
Overlapping Tax and Assessment Debt:				
Alameda County	\$ 240,000,000	7.687%	\$ 18,448,800	
Bay Area Rapid Transit District	837,820,000	2.995%	25,092,709	
Chabot-Las Positas Community College District	693,595,000	17.799%	123,452,974	
Castro Valley Unified School District	100,915,000	0.115%	116,052	
Hayward Unified School District	417,257,621	85.813%	358,061,282	
New Haven Unified School District	241,864,413	14.037%	33,950,508	
Pleasanton Unified School District	85,286,399	0.039%	33,262	
San Lorenzo Unified School District	115,335,000	15.065%	17,375,218	
Washington Township Healthcare District	332,425,000	1.922%	6,389,209	
Hayward Area Recreation and Park District	125,000,000	54.847%	68,558,750	
East Bay Regional Park District	187,800,000	4.682%	8,792,796	
City of Hayward Community Facilities District No. 1	5,860,789	100.000%	5,860,789	
City of Hayward 1915 Act Bonds	475,000	100.000%	475,000	
Subtotal Overlapping Tax and Assessment Debt			<u>\$ 666,607,349</u>	
Ratios to 2017-18 Assessed Valuation:				
Subtotal Overlapping Tax and Assessment Debt	3.63%			
<u>OVERLAPPING GENERAL FUND DEBT:</u>				
Alameda County General Fund Obligations	\$ 905,132,500	7.687%	\$ 69,577,535	
Alameda County Pension Obligation Bonds	8,937,324	7.687%	687,012	
Alameda-Contra Costa Transit District Certificates of Participation	13,795,000	9.098%	1,255,069	
Hayward Unified School District Certificates of Participation	17,125,168	85.813%	14,695,620	
San Lorenzo Unified School District Certificates of Participation	10,305,000	15.065%	1,552,448	
Castro Valley and Pleasanton Unified School District Certificates of Participation	6,550,000	0.115% & 0.039%	6,411	
Subtotal Overlapping General Fund Debt			<u>\$ 87,774,096</u>	
<u>OVERLAPPING TAX INCREMENT DEBT(Successor Agencies):</u>	\$ 57,885,000	14.260% & 100.000%	\$ 35,305,371	
			<u>\$ 35,305,371</u>	
Total Overlapping Debt				\$ 789,686,816
Grand Total Direct and Overlapping Debt				\$ 888,271,205 (2)
Combined Total Direct and Overlapping Debt				\$ 888,271,205 (2)
<u>Ratio to 2017-18 Assessed Valuation:</u>				
Combined Total Direct and Overlapping Tax and Assessment Debt	4.84%			

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	<u>\$21,233,955,520</u>
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BONDED DEBT LIMIT (15.% OF ASSESSED VALUE)	<u>\$3,185,093,328</u>
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AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$98,584,389
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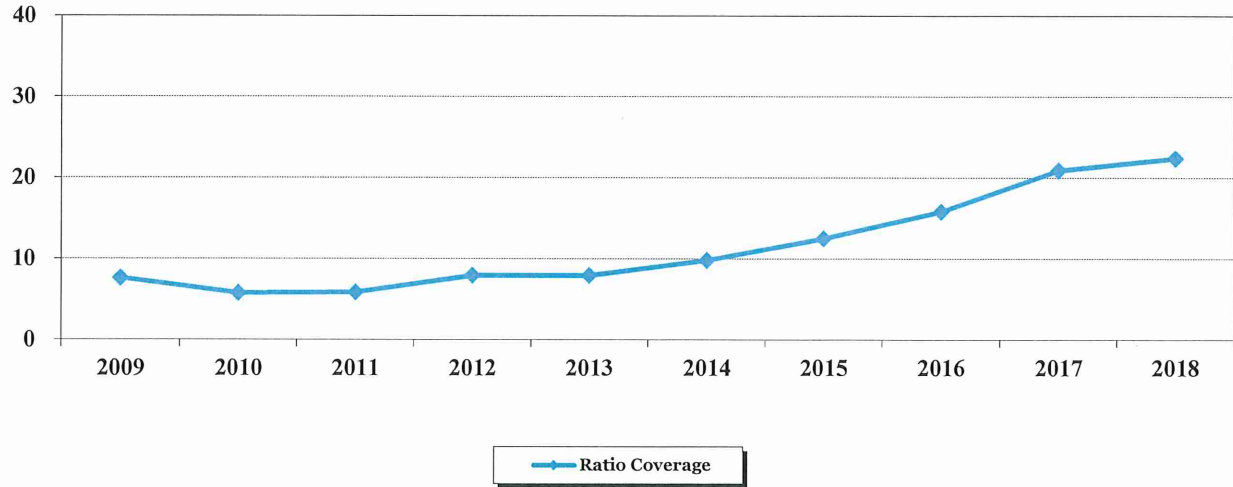
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	<u>98,584,389</u>
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Amount of debt subject to limit	<u>0</u>
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LEGAL BONDED DEBT MARGIN	<u><u>\$3,185,093,328</u></u>
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Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
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%
2018	3,185,093,328	0	3,185,093,328	0.00%

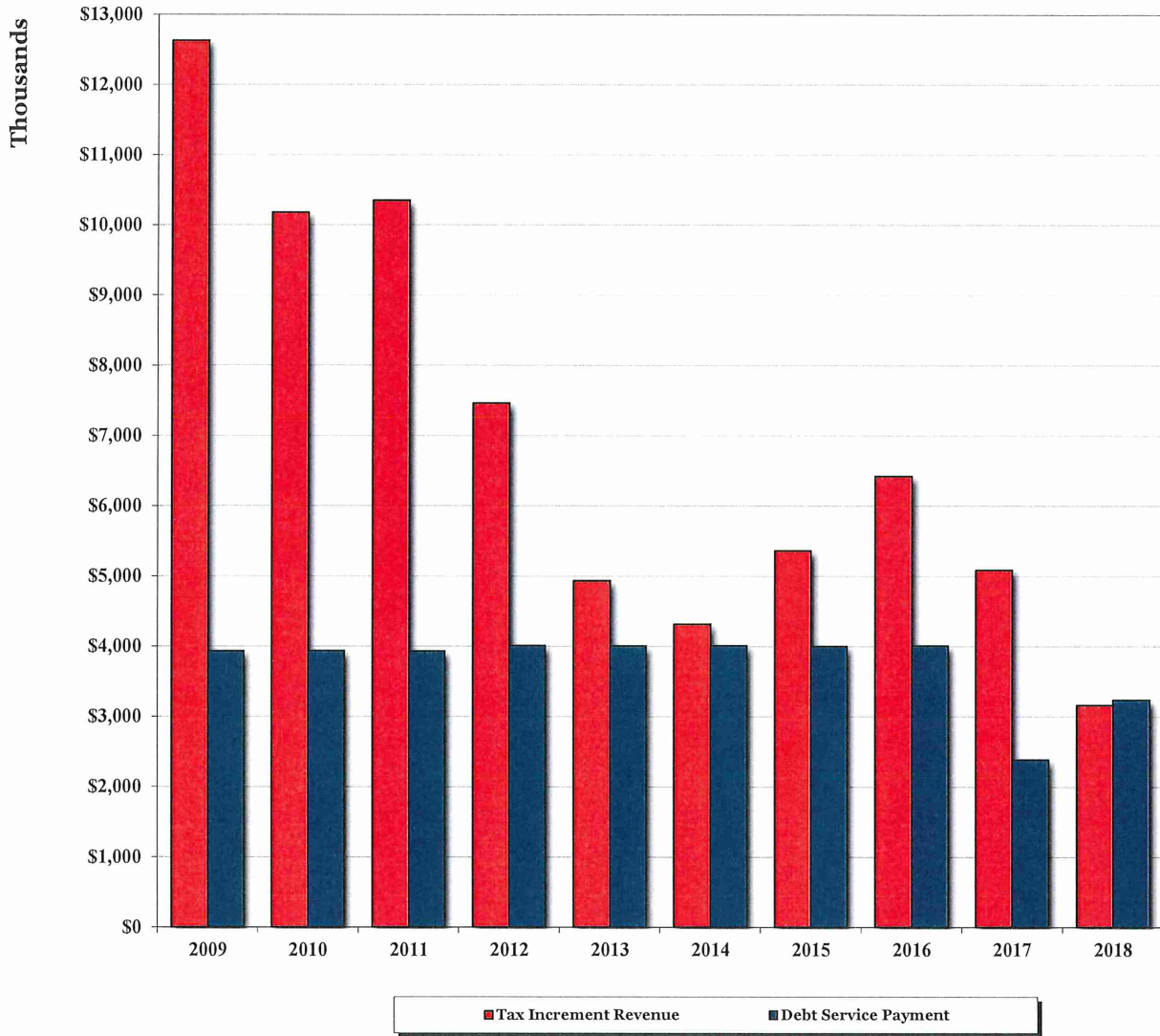
**CITY OF HAYWARD
REVENUE BOND COVERAGE
WASTEWATER REVENUE BONDS
LAST TEN FISCAL YEARS**



Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Ratio Coverage
				Principal	Interest	Total	
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
2018	86,614,724	63,289,309	23,325,415	919,040	121,929	1,040,969	22.41

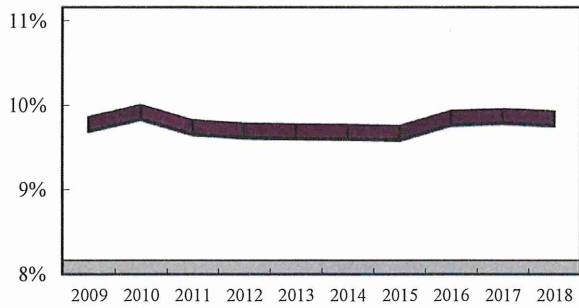
Notes: (1) Includes all Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue
(2) Includes all Wastewater Operating Expenses less Depreciation and Interest

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

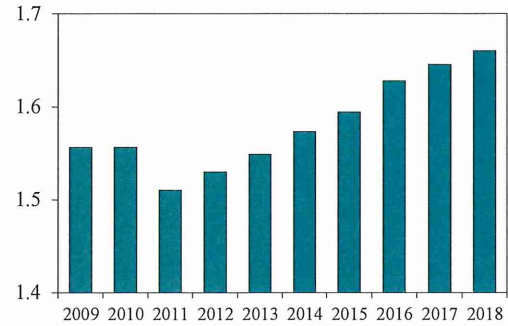


Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2009	\$12,630,212	\$1,270,000	\$2,662,272	\$3,932,272	3.21
2010	10,180,653	1,335,000	2,598,772	3,933,772	2.59
2011	10,351,054	1,400,000	2,532,021	3,932,021	2.63
2012	7,465,404	1,540,000	2,469,022	4,009,022	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
2018	3,163,863	1,685,000	1,550,975	3,235,975	0.98

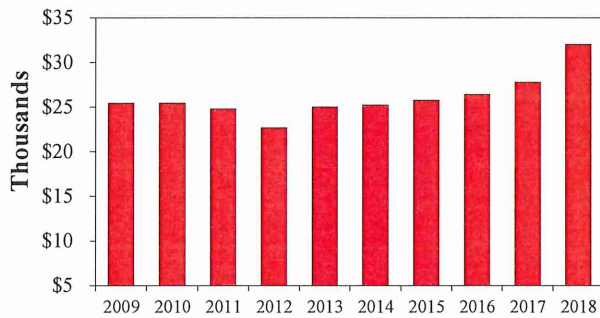
**CITY OF HAYWARD
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



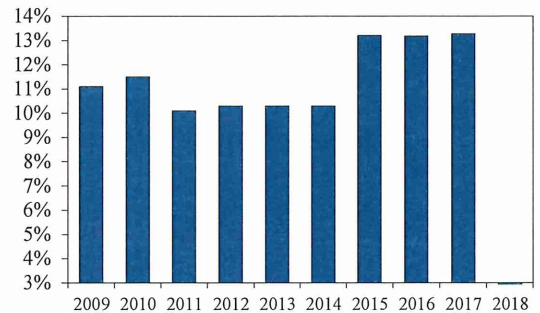
■ City Population as a % of County Population



■ 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
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%
2018	162,030	32,021	*	1,660,202	9.76%

* 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 Nine Years Ago

<u>Employer</u>	<u>FY 2018</u>	<u>FY 2009</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	*			
California State University East Bay	*	1,600	2	1.1%
Chabot Community College	*	615	7	0.4%
Fremont Bank Operations Center	*			
Gillig Corporation	*	700	6	0.5%
Hayward Unified School District	*	1,776	1	1.2%
Illumina	*			
Impax Laboratories, Inc.	*			
Pentagon Technologies	*			
Plastikon Industries, Inc.	*			
Siemens Building Tech	*			
St. Rose Hospital	*	842	5	0.6%
Kaiser Permanente Medical Center **		1,200	3	0.8%
City of Hayward		1178	4	0.8%
Merelich Mechanical		500	8	0.3%
Bay Cities Auto Auction		500	9	0.3%
Kobe Precision		450	10	0.3%
Alameda Newspaper Group		425	11	0.3%
Pepsi Cola		400	12	0.3%
Injex Industries, Inc		375	13	0.2%
Subtotal		<u>10,186</u>		<u>6.8%</u>
Total City Population Using Census Data		<u>150,878</u>		

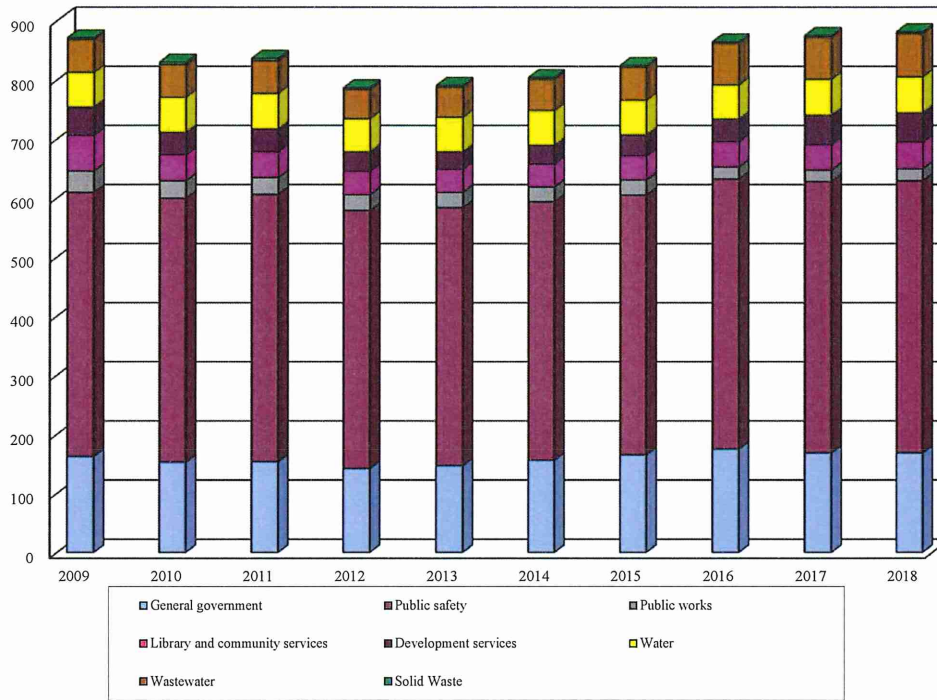
Source: City of Hayward Adopted Operating Budget FY18

Note: FY18 data not available for ranking or total employment.

* Presented in alphabetical order based on economic development's assessment.

** Closed in November 2013

**Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years**



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function										
General government	162.50	152.50	153.50	142.00	146.90	156.00	165.00	175.00	168.50	168.50
Public safety	446.70	446.70	452.20	436.50	436.50	437.50	439.50	457.00	459.00	460.00
Public works	36.50	29.75	29.00	27.00	26.10	25.00	26.00	20.50	19.56	20.71
Library and community services	59.85	43.45	43.45	39.10	38.55	38.55	40.20	42.20	42.80	44.80
Development services	46.50	38.50	38.50	33.25	30.00	32.00	36.00	39.00	50.00	50.00
Water	58.25	59.25	60.00	56.00	58.40	58.50	58.50	57.30	60.61	60.46
Wastewater	55.50	55.50	55.50	49.50	51.00	53.00	56.00	70.40	71.58	73.58
Solid Waste	3.00	4.00	4.00	3.00	3.00	3.00	3.00	2.80	2.75	2.75
Total	868.80	829.65	836.15	786.35	790.45	803.55	824.20	864.20	874.80	880.80

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

Function/Program	2015	2016	2017	2018
Public safety:				
Fire alarms	16,437	17,463	17,989	18,898
Police: (Uniform Crime Reporting Statistics)				
Property crime calls	4,869	4,430	4,925	4,967
Violent crime calls (a)	610	560	593	633
Arson calls	30	19	27	33
Public works				
Pavement Condition Index (PCI)*	68	67	68	69
*Industry measure of street condition with 100 ideal score				
Annual pavement improvement projects	11	12	14	13
Airport operations count/flights	117,985	112,274	108,680	112,962
Airport reported based aircraft	426	427	436	470
Library and Community Services				
Social Services Projects Funded	15	13	17	20
Facilities Projects Funded	7	5	4	2
Economic Development Projects Funded	2	5	3	2
New Housing/Rehab Projects Funded	1	1	1	18
Public Services Projects Funded	8	4	2	5
Measure B Projects Funded				7
Measure BB Projects Funded				1
Planning				
Active Subdivisions	50	41	32	45
Active Parcel Maps	4	9	5	7
Building Permits	4,037	4,420	4,882	4,934
Residential Rental Inspections	1,510	1,518	1,435	1,039
Library and neighborhood services				
Library Materials in Collection	168,659	165,542	161,708	166,100
Library Circulation (Items checked out)	880,483	808,116	824,788	654,989
Community Preservation Cases	3,959	3,735	3,501	2,771
Water				
Water service connections	33,950	34,340	35,600	36,327
Water main breaks	20	35	23	14
Average daily consumption (thousands of gallons)	13,600	12,255	12,870	14,458
Wastewater				
Sewer service connections	32,260	32,610	32,520	34,320
Average daily treatment (thousands of gallons)	10,970	10,840	11,810	11,480
Solid Waste				
Landfilled waste recycled and diversion rate*	73%	73%	70%	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	2012
Function/Program					
Public safety:					
Fire stations (a)	9	9	9	9	9
Number of firefighters and officers (b)	121	116	121	121	118
Police stations	1	1	1	1	1
Number of police officers (c)	186	181	198	207	197
Public works					
Miles of streets	260	260	260	266	266
Street lights	7,700	7,700	8,000	8,143	8,143
Traffic Signals	108	108	108	133	134
Airport	1	1	1	1	1
Library and neighborhood services					
City Libraries	2	2	2	2	2
Water					
Number of consumers	140,000	140,000	140,000	140,000	140,000
Average daily consumption (gallons)	19,300,000	18,600,000	17,400,000	17,400,000	15,600,000
Miles of water mains	340	350	350	350	350
Storage capacity (gallons)	28,100,000	28,100,000	28,100,000	29,300,000	29,350,000
Wastewater					
Miles of sewers	340	320	320	320	320
Number of treatment plants	1	1	1	1	1
Treatment capacity (gallons)	16,500,000	16,500,000	16,500,000	18,500,000	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,

2013	2014	2015	2016	2017	2018
9	9	9	9	9	9
115	127	118	118	114	129
1	1	1	1	1	1
189	199	177	186	194	176
266	266	266	283	283	283
8,143	8,161	8,178	8,273	8,288	8,238
135	135	134	134	136	143
1	1	1	1	1	1
2	2	2	2	2	2
140,000	150,000	150,000	150,000	155,000	160,500
15,500,000	15,200,000	13,600,000	12,255,000	12,870,000	14,650,000
370	380	385	385	385	385
29,350,000	29,350,000	29,350,000	29,350,000	30,550,000	30,550,000
320	325	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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