CITY OF HAYWARD CALIFORNIA

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

CITY OF HAYWARD, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2015

Prepared by:

Accounting Division, Department of Finance

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2015

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CITY OF
HAYWARD
HEART OF THE BAY

December 17, 2015

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, 2015. 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 all 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, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Hayward, California's financial statements for the year ended June 30, 2015, 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 2016).

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 151,574, 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 includes approximately 49,000 homes and residences of all types; and considerable commercial and industrial development. Major institutional facilities include California State University-East Bay, Chabot Community College, two major hospitals[1], 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

[1] It should be noted that one hospital, Kaiser Permanente, left Hayward in late Spring 2014, leaving Hayward with only one major hospital.

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 2015, the City of Hayward economy experienced a modest improvement similar to the rest of the State – as did other cities in the San Francisco Bay Area. It should be noted that the Bay Area is a region with many micro economies. Each agency within this region has experienced varying levels of economic improvement as driven by their distinct local economic situations. The recession resulting from the global financial and credit market meltdown in 2008 has had a direct and dramatic impact on Hayward's local revenues these past few years and the City is now experiencing stabilization of revenues, although not all revenues have returned to pre-recessionary levels.

During the June 3, 2014 municipal election, the voters of the City of Hayward passed a ballot measure (Measure C) to increase the City's Transaction and Use (Sales) Tax by half a percent for twenty years (referred to as Measure C District Tax throughout this document). This half cent increase became effective October 1, 2014, bringing Hayward's Sales and Use Tax to 10.0%. This is a general tax that is considered discretionary in nature. Staff estimates that the new sales tax will generate approximately $10 million annually in locally controlled revenue that can be allocated by the City Council and will remain in place for a period of twenty years.

Reports indicate that the State of California's economy continues to improve and the Hayward economy reflects this improvement. The Employment Development Department data reflects that the unemployment rate in Alameda County as of November 2015 was 4.5%, which is down from 5% in 2014 and 6.2% in 2013. In addition, Hayward has seen an increase in its assessed valuation in 2015 of almost 6%. The median residential home value is about $497,000 in November 2015 versus $395,000 a year ago.

Sales tax revenue declined by a cumulative loss of $12.4 million from 2008 to 2012, largely due to lagging automobile sales, along with decreases in business-to-business, construction, and other retail sectors. Immediate prior fiscal years saw a rebounding of this revenue to prior year levels. However, fiscal year 2015 saw a slight reduction in the basic Bradley Burns portion of these revenues due to the continued erosion of the State's sales tax (increased exemptions, lack of internet taxation, and non-taxation on services). Infusion of the Measure C District tax revenues as approved by the voters in 2014 ($8.1 million in FY 2015) dramatically increase the total Sales Tax revenues. However, these revenues are targeted for specific activities; therefore, to get the true story of the City's Sales Tax, these revenues should be considered separately.

On May 19, 2009, the voters of the City of Hayward approved Measure A allowing for the collection of a 5.5% utility users tax to maintain key essential services and prevent further reductions to basic City services. The utility users' tax revenue for fiscal year 2015 was $15.7 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 has lost over $100 million in local revenues to the State since 1994. Thankfully, management is not aware of any additional direct local revenue losses in the most recent version of the State budget. However, 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. Finally, the Court-ordered realignment/early release program to alleviate over-crowding in the State's prisons, places a dramatic demand on local law enforcement resources.

Loss of California Redevelopment Agencies: In June of 2011, the California State Legislature enacted Assembly Bill X1 26 (the "Dissolution Act") to dissolve redevelopment agencies formed under the Community Redevelopment Law. The California Supreme Court in its decision in *California Redevelopment Association v. Matosantos,* issued December 29, 2011, declared the Dissolution Act to be constitutional. Under the Dissolution Act, effective February 1, 2012, all redevelopment agencies throughout the State, including the Redevelopment Agency of the City of Hayward, were dissolved. This is a loss of about $11 million per year for locally-controlled economic development and affordable housing purposes. The City continues to navigate the complicated and convoluted dissolution process.

Long-term Perspective
As stated previously, both prolonged recessionary pressures and the sustained impact of State takeaways influence the City in both the near and long term. 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 made great strides in balancing its budget, Hayward must continue this effort and make additional adjustments to its general fund expenditures in order 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. The City utilizes ten-year planning tools for the General Fund as well as other key operating funds. While the General Fund structural budget gap has been greatly reduced, the City continues its efforts to eliminate the remaining $3-$5 million structural gap.

While Hayward's underlying economy is viewed as positive in the long-term, today's economic challenges, notably to the City's General Fund, must be dealt with now 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 shrinking resources and increasing employee benefit costs – while ensuring long-term economic stability.

MAJOR INITIATIVES & ACCOMPLISHMENTS

In its role of providing direction and general oversight, the City Council has adopted three overarching priorities and three supporting initiatives:

Overarching Priorities:	**SAFE** **CLEAN** **GREEN**
Supporting Priorities:	Organizational Health Land Use Fiscal Stability

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 2015 was budgeted at $82 million in all funds, and over the Ten-Year Planning Cycle, the Capital Improvement Program totals $378 million in project allocations. These projects will improve the economic base of the City as well as improve the safety and reliability of City infrastructure for residents, businesses, and visitors.

Neighborhood Services/Cleanliness

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

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

Federal Grant for Storm Drain Trash Capture Device Installation: The City was awarded an $800K grant from the U.S. Environmental Protection Agency for a Youth-Based Trash Capture, Reduction and Watershed Education project. This effort will partner 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 trash collected. The two large trash capture devices will treat approximately 693 acres and remove approximately 20,000 gallons of trash per year that would otherwise wash downstream, into the San Francisco Bay along the Hayward shoreline.

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.

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. It will construct a 58,000 square foot Library and Community Learning Center, which is planned to be a Leadership in Energy and Environmental Design (LEED) Platinum and Net Zero Energy facility and plaza that will meet the community's needs through 2030 and beyond. Construction will commence in FY 2016 as a result of the June 2014 approval by the Hayward voters of a ½ cent local sales tax increase.

New Fire Station #7 and Firehouse Clinic: Located on Huntwood Avenue, this new fire station will replace the existing facility, which was a four-piece modular building with an adjacent apparatus bay and showed severe signs of aging. This temporary facility cost $10.6 million to design and build in 1998. In addition, the project features a community health center, which will help to relieve emergency rooms of current, overcrowded conditions. Design work was completed during FY 2014 and construction commenced during the early part of FY 2015 with anticipated completion by December 2015.

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. This sustainable method recycles existing pavement material as aggregate base and places a new Hot Mix Asphalt Concrete on top.

Transit Connector Feasibility Study Project: In 2014, the City applied for and successfully received two grants worth $350,000 under the Caltrans Community Based Transportation Planning Grant Program to evaluate the feasibility of transit shuttle service in Hayward. The feasibility study, which will begin in July 2015, will evaluate potential direct transit connections between passenger rail stations in Hayward (BART and Amtrak) and areas that are currently underserved by transit, such as the Cannery area, Cal State East Bay, Fairway Park and the South and West Industrial Areas. Goals of the project include reducing the number of single occupancy commuters by providing more transit options, help businesses, residents and visitors to meet their transit needs, and to achieve objectives in the City's Climate Action Plan by expanding public transit services to encourage reductions in automobile travel. The feasibility study is expected to be completed by June 2016.

Land Use and Sustainability

Water Pollution Control Facility (WPCF) Energy Co-Generation: The WPCF co-generation system uses bio-gas to provide power for wastewater treatment. Replacement of the existing co-generation facility, in place since 1982 and at the end of its useful life, was completed in FY 2015. The new co-generation system doubles the efficiency and energy produced at the WPCF, and in combination with solar power, allows the plant to utilize clean, renewable energy resources for all of its power needs. Given that the total overall energy produced at the WPCF will now exceed the energy needed to operate the facility, a new PG&E tariff, known as the Renewable Energy Self Generation Bill Credit Transfer (RES-BCT), allows the City to transfer excess energy through the PG&E transmission system to other City facilities.

Recycled Water: The City completed an environmental assessment and began the process of applying for a State Revolving Loan through the State Water Resources Control Board for the construction of a recycled water distribution system. This project will deliver recycled water to suitable sites within close proximity to the Water Pollution Control Facility. This project would enable the City to distribute 300,000 gallons per day of tertiary treated wastewater for irrigation and industrial use, and reduce the City's reliance on potable water for these purposes.

Advanced Metering Infrastructure (AMI): AMI technology would provide remote water meter reading capabilities. This system also enables water customers to better manage their water use through access to frequent real-time meter reads. AMI would provide the City with tools for improved customer service and proactive leak detection. In FY 2015, the City completed a feasibility study and pilot program to test three AMI systems to facilitate selection of the best technology.

Water Conservation: The City continues to offer a suite of water conservation programs to customers, and updated many of these programs in response to the ongoing drought in FY 2015, including a new rain barrel rebate and an expanded lawn replacement program. These modifications were in addition to the existing high efficiency toilet rebate program, as well as the provision of free faucet aerators and low-flow showerheads. Overall water consumption in FY 2015 was also ten percent lower than in FY 2014.

Route 238 Settlement: Route 238 stretches north to south from one end of the City of Hayward to the other and involves several projects related to this corridor. One major project relates to the disposition of over four hundred parcels of property accumulated by the State Department of Transportation (Caltrans) in preparation for the old 238 bypass freeway, which was abandoned by Caltrans through pressure and litigation by the community and housing advocates. The City, in conjunction with Caltrans, recently completed the sale of almost all residential units, moving these parcels back onto the Property Tax rolls; and assuring that many long-term tenants of these properties had the necessary assistance to purchase their home if they desired. The City and Caltrans are working together to dispose of the remaining undeveloped or under-developed parcels.

880/92 Reliever Route Project: Right-of-way was acquired and eminent domain negotiations and court actions continued and a construction contract was awarded during FY 2015 for this $28.3 million, multi-year project. This project will extend Whitesell Street as well as improve the intersection at Hesperian and Winton. The improvements will provide for better access in and out of the City's industrial area and will help to relieve congestion on Interstate 880, State Route 92, and several major arterials in the area. A non-potable water (NPW) line alternative was added to the project to provide the first segment of the NPW distribution main extending from the Water Pollution Control Facility in Whitesell Street.

Hangar Development at Hayward Executive Airport: Design was completed on an $8 million, 30,000 square foot hangar and 6,500 square foot office area by private aviation service company Meridian Aviation. When construction is completed in August 2016, Meridian will provide competitive aviation fuel, maintenance, and other services for aircraft owners.

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. As of December of 2015, both projects are under construction, with the Eden Housing component fully framed and nearing completion, and both projects anticipated to be fully built by mid-2016.

Comprehensive Update to the City's Sign Regulations: Most work was completed in Fiscal Year 2015, with adoption occurring 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. "Solar Tuesdays" was also created, which allows for over-the-counter processing of permit applications for these types of system.

Organizational Health and Fiscal Stability

Enterprise Resource Planning (ERP) System: For the past three years, the City has been engaged in designing and implementing a comprehensive ERP system that includes a new core financial system as well as new systems for procurement, business license, permitting, utility billing, work orders, payroll, and human resources management. This multi-year project saw the majority of the system implementation completed in FY 2015. This effort has modernized the City's fiscal systems and provides for increased internal controls, improved reporting, and elimination of many inefficient paper-driven processes. The new permitting system, a module associated with the overall ERP system, MUNIS, was implemented this past fiscal year. There are still features for improved efficiency that are being addressed, with plans to implement electronic permitting and plan checking in the near future.

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 June 2014, Fitch Rathings reviewed the City's $24.5 million 2007 refunding of its certificates of participation (COPs) for the Civic Center building and other capital improvement projects and affirmed the rating as 'AA' for the COPs, with an implied general obligation rating of 'AA+' with a stable outlook. In September of 2015 the City engaged in a comprehensive review with Fitch Ratings and Standard & Poors Rating Services for the 2015 Certificates of Participation (see Note 20). Both agencies once again affirmed AA+ Stable Outlook ratings. In addition, in December 2015, Standard & Poors reviewed the Tax Allocation Bonds held by the Successor Agency of the City's former Redevelopment Agency and raised the rating from A- to A with a stable outlook.

The fact that the City was able to maintain such high rating in the face of its fiscal challenges is recognition of a proven record of sound fiscal management by the Mayor, City Council and City staff.

FINANCIAL INFORMATION

Internal Controls

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

Budgetary Controls & Financial Policies

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

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

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

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

Debt Administration: Even as a charter city, Hayward has adopted a comprehensive debt management policy that guides the issuance and management of City debt. The policy includes establishing the legal debt limits (per State law this equates to 15% of assessed value of all real and personal property of the city); identifying the types of debt that can be issued and purposes for which debt proceeds can be used; establishing financial limits affecting debt issuance; and identifying guidelines regarding the structuring of debt (such as term). At the end of fiscal year 2015, the City had total debt outstanding of $83.4 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 2015, the policy states that General Fund reserves for economic uncertainty and liquidity should be 15% of the annual General Fund operating appropriations. The policy also sets forth a $10 million reserve goal for disaster-related emergencies to be established over a ten year planning period, which is critical given the risk of a major earthquake or other natural disaster affecting the City.

While further delineated in the accompanying MD&A, at the end of fiscal year 2015, the unassigned fund balance of the General Fund was $22.1 million, while the total fund balance was $39.6 million (includes non-cash outstanding receivables of over $9.3 million and $8 million in Measure C District Tax cash balance). The unassigned fund balance represents 16.1% of total General Fund expenditures of $137.5 million (including Transfers Out). The City hopes to seek payment from the Successor Agency for this loan receivable beginning in FY 2018.

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, 2014. This was the twenty-ninth 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

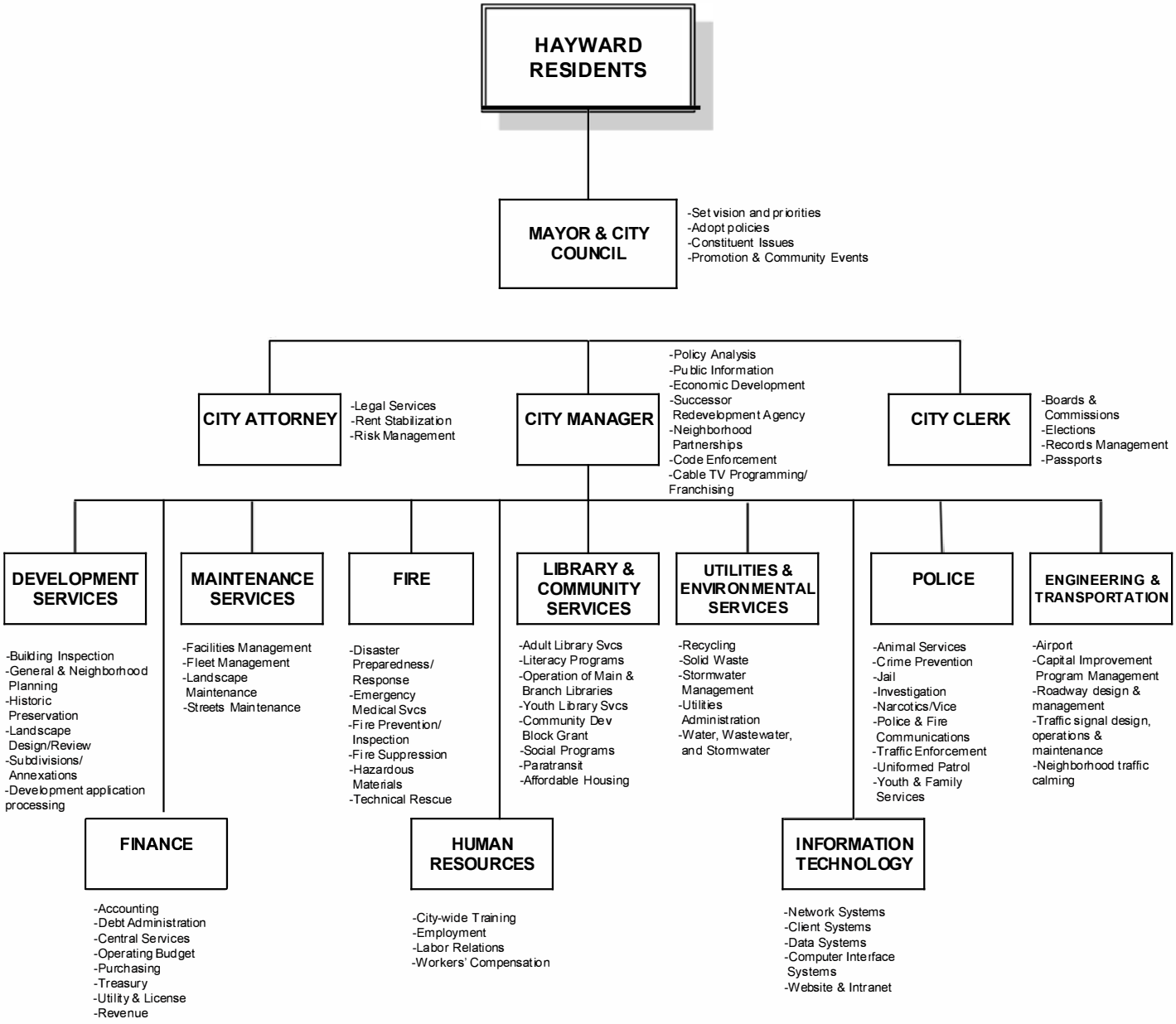
The preparation of this report would not have been possible without the dedicated efforts of the entire Finance Department staff, as well as the audit firm of Maze & Associates. All those who contributed to the preparation of this report deserve commendation for their dedication and hard work. In particular, I would like to express special appreciation to Dustin Claussen, Deputy Director of Finance; 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,

Tracy A. Vesely
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

Greg Jones
Council Member
Term Expires 2016

Sara Lamnin
Council Member
Term Expires 2018

Elisa Márquez
Council Member
Term Expires 2016

Al Mendall
Council Member
Term Expires 2016

Marvin Peixoto
Council Member
Term Expires 2018

Francisco Zermeño
Council Member
Term Expires 2016

ADMINISTRATIVE STAFF

Appointed by City Council

City Manager	Fran David
City Attorney	Michael Lawson
City Clerk	Miriam Lens

Department Directors

Assistant City Manager	Kelly McAdoo
Development Services	David Rizk
Finance	Tracy Vesely
Fire	Chief Garrett Contreras
Human Resources	Nina Morris Collins
Information Technology	Adam Kostrzak
Library & Community Services	Sean Reinhart
Maintenance Services	Adam Kostrzak
Police	Chief Diane Urban
Public Works - Engineering & Transportation	Morad Fakhrai
Utilities & Environmental Services	Alex Ameri

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hayward

California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

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MAZE & ASSOCIATES

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, California, as of and for the year ended June 30, 2015, 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof listed as part of the basic financial statements for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Pleasant Hill, CA 94523

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Emphasis of Matters

Management adopted the provisions of the following Governmental Accounting Standards Board Statements, which became effective during the year ended June 30, 2015 that required a prior period adjustment to the financial statements and required the restatement of net position as discussed in Note 9:

> Statement No. 68 – Accounting and Financial Reporting for Pensions
> Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and 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 as a whole. 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. The 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 16, 2015, 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 16, 2015

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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, 2015. 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 $350.2 million (*total net position*). Due to the implementation of GASB Statements number 68 and 71 effective with the fiscal year 2015, the City restated and reduced beginning net position by $311.7 million. GASB 68 requires, among other things, state and local governments to present net pension liabilities at the entity wide level for the first time, which results in a reduction of total net position due to the pension liability. Implementation of GASB 68 and the presentation of the liability on its financial statements does not impact the City's ability to fund continuing operations.

- Largely as a result of compliance with GASB 68, the City's *total net position* decreased by $286.7 million when compared to the previous fiscal year. If the restatement mentioned above is removed for comparison purposes, the change to the City's *total net position* would be an increase of $25 million. This increase was driven by unexpected revenues from the Redevelopment Property Tax Trust Fund and new Sales Tax revenues from the Measure C District Sales Tax totaling $11.3 million and Water and Sewer Charges for Services exceeding expenditures by $16.7 million.

- Governmental activities, including the General Fund, decreased by $283.8 million due entirely to the GASB 68 restatement and reduction of beginning net position by $293.0 million. If GASB 68 restatement is removed for comparison purposes, the change in net position related to Governmental activities would result in an increase of $9.2 million. This increase in net position is largely related to unexpected revenues from the Redevelopment Property Tax Trust Fund and new Sales Tax revenues from the Measure C district sales tax.

- Sales taxes revenues increased by $8.1 due to revenues generated by the voter approved Measure C District Sales Tax that became effective October 2014; Property tax also increased by $3.2 million mainly due to changes in assessed property valuation and Redevelopment Property Tax Trust Fund distributions.

- As of June 30, 2015, the City's governmental funds reported combined fund balances of $70.8 million, a decrease of $5.2 million from the prior year largely due to a decrease in revenues in the General Capital Projects Fund of $6.3 million due to a reduction overall projects.

- At the end of fiscal year 2015, total fund balance for the General Fund was $39.6 million, an increase of $4.8 million over fiscal year 2014. The total fund balance is comprised of $9.3 million in non-spendable (illiquid reserves), $8.2 million in assigned (liquid reserves designated for specific purposes) and $22.1 million spendable (cash) fund balance. The cash fund balance was designated for contingencies, economic uncertainty, emergencies, and liquidity by the City Council, and represents 16.1% of total General Fund expenditures including Transfers Out. The $9.3 million in non-spendable reserve is a long-term loan receivable (General Fund loan to the former Redevelopment Agency). $7.8 million of the $8.1 million of assigned fund balance are assigned for future Measure C related project costs.

- Fiscal year 2015 ended with a net decrease to the General Fund, General Purpose Fund Reserve of $1.7 million (not considering Measure C District Sales Tax revenues). The City utilized General Fund Reserves to balance the fiscal year 2015 budget due to operating revenues not fully covering operating expenditures. Pursuant to City Council policy, fiscal year 2015 reflects an increase of $1.06 million in funding toward unfunded liability components of the Annual Required Contribution to the City's Retiree Medical Trust Fund.

- As of June 30, 2015, the City's enterprise funds (Sewer, Water, and Airport) reported a combined net position of $269.4 million; a decrease of $2.9 million from the previous year, this change is entirely due to the restatement for GASB 68. If the restatement is removed for comparison purposes net position would reflect an increase of $14.5 million as revenues in both the Sewer and Water Funds exceeded operating expenditures by $7.7 million and $6.8 million, respectively, in addition to the changes in these funds, the non-major enterprise funds combined for a net decrease of $0.5 million.

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 9) 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 10) 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 basic financial statements starting on page 101 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 39-91) 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 108 of this Report.

Government-wide Financial Analysis

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

Statement of Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, total assets exceeded total liabilities by $350.2 million at the close of the current fiscal year, a decrease from the prior year of $286.7 million due to the implementation of GASB 68. If the GASB 68 restatement is removed for comparison purposes the change in net position related to Governmental activities would result in an increase of $11 million due mainly to increase Property and Sales tax revenues.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and other assets	$159.2	$134.2	$164.4	$146.7	$323.6	$280.9
Capital assets	339.9	320.1	177.4	181.6	517.3	501.7
Total assets	499.1	454.3	341.8	328.3	840.9	782.6
Liabilities						
Long term liabilities outstanding	32.3	29.4	43.8	48.4	76.1	77.8
Other liabilities	386.0	60.3	28.6	7.6	414.6	67.9
Total liabilities	418.3	89.7	72.4	56.0	490.7	145.7
Net position:						
Net investments in capital assets	305.3	290.1	129.1	128.9	434.4	419.0
Restricted	33.0	31.4	0.0	0.0	33.0	31.4
Unrestricted	(257.5)	43.1	140.3	143.4	(117.2)	186.5
Total net position	$80.8	$364.6	$269.4	$272.3	$350.2	$636.9

The largest portion of the fiscal year 2015 City's net position, $434.4 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.

Another portion of the City's net position, $33 million, represents the resources that are subject to external restrictions. Almost all of the restricted net position is related to City's special revenue and capital projects funds. The remaining balance of unrestricted net position, which includes a restatement of $311.7 million for GASB 68, is negative $117.2 million. This amount offsets the Net pension liabilities.

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 increased by a net total of $10.6 million after considering the restatement in beginning fund balance related to GASB 68.

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

	Governmental Activities		Business-type Activities		Total	
(expressed in millions)	2015	2014	2015	2014	2015	2014
Program revenues						
Charges for services	$19.1	$19.9	$78.9	$78.7	$98.0	$98.6
Operating contributions and grants	10.6	7.6	-	-	10.6	7.6
Capital contributions and grants	5.8	9.1	-	-	5.8	9.1
	35.5	36.6	78.9	78.7	114.4	115.3
General revenues						
Property tax	42.7	39.5	-	-	42.7	39.5
Sales tax	39.1	31.0	-	-	39.1	31.0
Utility user tax	15.7	15.8	-	-	15.7	15.8
Real property transfer tax	5.7	4.9	-	-	5.7	4.9
Franchise fees	10.1	9.5	-	-	10.1	9.5
Other taxes	11.0	11.1	-	-	11.0	11.1
Investment earnings	0.3	0.4	0.5	0.7	0.8	1.1
Miscellaneous	3.0	3.5	-	-	3.0	3.5
General revenues subtotal	127.6	115.7	0.5	0.7	128.1	116.4
Total Revenues	163.1	152.3	79.4	79.4	242.5	231.7
Expenses by activity						
General Government	16.3	12.1	-	-	16.3	12.1
Public safety	106.5	102.5	-	-	106.5	102.5
Public works and transportation	12.3	8.9	-	-	12.3	8.9
Library and neighborhood services	5.2	8.1	-	-	5.2	8.1
Economic development	0.8	1.4	-	-	0.8	1.4
Planning and building	6.8	6.3	-	-	6.8	6.3
Maintenance services	5.8	4.8	-	-	5.8	4.8
Interest on long term debt	1.4	1.1	-	-	1.4	1.1
Sewer	-	-	20.0	17.4	20.0	17.4
Water	-	-	36.9	38.3	36.9	38.3
Airport	-	-	3.5	3.4	3.5	3.4
Stormwater	-	-	2.4	2.4	2.4	2.4
Total expenses	155.1	145.2	62.8	61.5	217.9	206.7
Increase (decrease) before transfers	8.0	7.1	16.6	17.9	24.6	25.0
Transfers	2.6	2.5	(2.6)	(2.5)	-	-
Change in Net Position	10.6	9.6	14.0	15.4	24.6	25.0
Beginning Net Position, restated (July 1)	70.2	355.0	255.4	256.9	325.6	611.9
Ending Net Position (June 30)	$80.8	$364.6	$269.4	$272.3	$350.2	$636.9

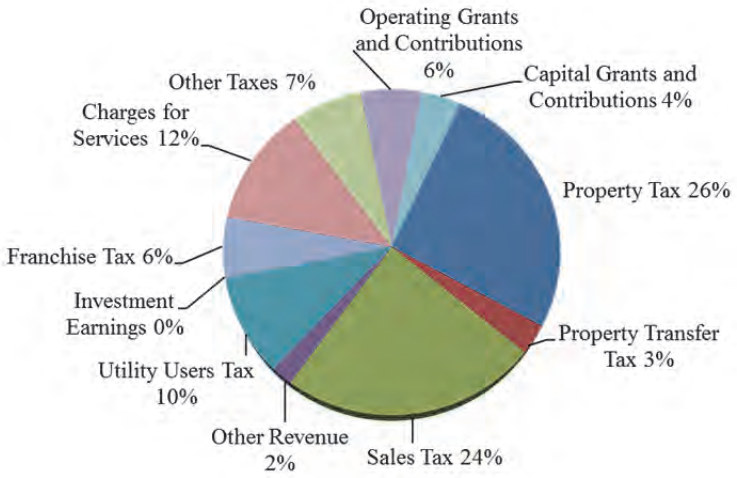
Governmental Activities Revenues

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 $10.8 million largely driven by several key factors:

- Sales Tax increased by $8.1 million over the prior year – reflecting revenues related to the City's Measure C District Sales Tax that became effective October 1, 2014.

- Other Taxes increased by $0.1 million over the prior year with growth in Franchise Fees due to increases in electricity costs and the infusion of related revenue from the Russell City Energy Corporation power plant.
- Real Property Transfer Tax increased by $0.8 million over the prior year and is a reflection of the improved real estate market.
- Property Taxes increased by $3.2 million over prior year due to increases in assessed valuation and Redevelopment Property Tax Trust Fund distributions.

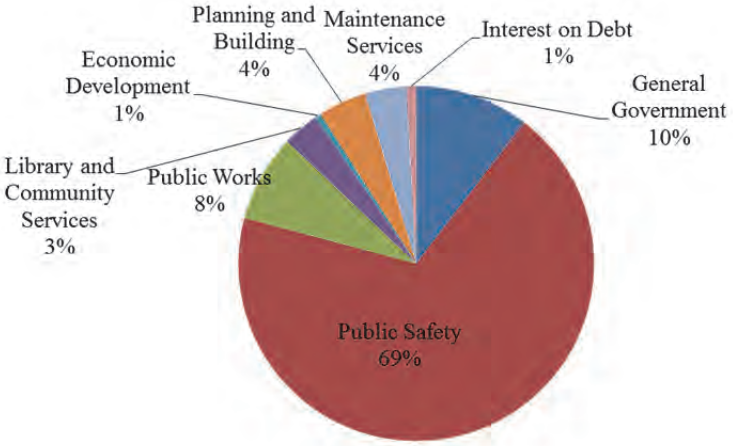
Chart 1 – Revenues by Source – Governmental Activities fiscal year 2015



Governmental Activities Expenses

The governmental expenses (excluding transfers) increased by $9.8 million to $155.0 million, largely attributed to increases to staffing expenditures for General Government and Public Safety. It should be noted that the continued rising cost of employee benefits offsets noted decreases. Chart 2 summarizes governmental expenses by category.

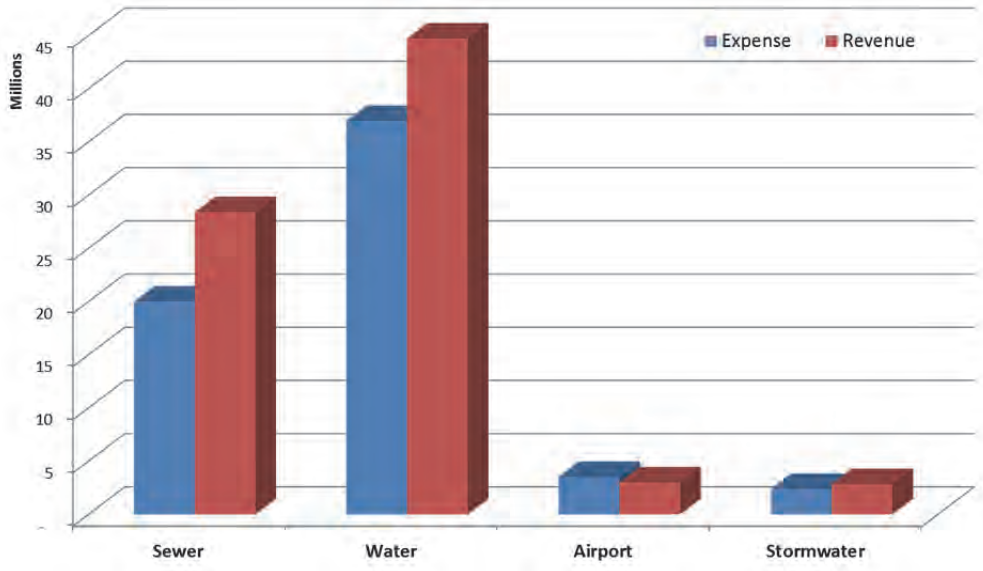
Chart 2 – Expenses by Function – Governmental Activities fiscal year 2015



Business-Type Activities. The net position of business-type activities was $269.4 million at June 30, 2015, a decrease of $2.9 million from last fiscal year. The decrease in business-type assets is attributed to the GASB 68 restatement; if the restatement is removed for comparison purposes the change in net assets would be an increase over the prior fiscal year of $14 million. While Charges for Services revenues stayed level, they exceeded operating costs. Program revenues totaled $78.9 million, while program expenses totaled $62.8 million. Investment earnings totaled $0.5 million.

As the *Revenues by Source* chart indicates, charges for utility services account for 99.3% of the revenue for the City's enterprise funds. The majority of revenues are generated by the Water and Sewer enterprises.

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.

Both Water and Sewer Funds increased their net position. Sewer saw an increase of $2.0 million, while water decreased by $2.5 million. Given future capital expenses to be borne by these funds and anticipated cost increases attributed to California's drought conditions, this is an appropriate level of revenue growth. The Airport Fund experienced a decrease in net position of $1.7 million due to a decrease in operating revenues over the prior year. The Stormwater Fund increased their net position by $0.5 million.

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 2015, the City's governmental funds reported combined ending fund balances of $70.8 million, a decrease of $5.2 million compared with the prior year – almost entirely due to the expense of capital funds. Approximately 72.3% of the fund balance or $51.2 million represents Non-Spendable, Restricted, and Assigned fund balances; and 27.7% or $19.6 million 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 – net of a negative fund balance of $2.9 in the General Capital Projects Fund.

General Fund. The General Fund, by definition, is a major governmental fund and represents all funds not required to be accounted for in other funds. The General Fund accounted for 82.8% of the total governmental revenues and 75.2% 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 2015, the Unassigned fund balance of the General Fund was $22.1 million, a decrease of $2.9 million from the prior year. This reduction is primarily due to the unexpected payment of a $2.2 million settlement agreement and overall General Fund revenues not quite keeping pace with expenditures. However, the total fund balance, inclusive of Non-spendable and Assigned balances, was $39.6 million, an increase of $4.8 million over the prior year and is due entirely to the Measure C district sales tax revenues. Without the new district sales tax revenue, the General Fund would reflect a gap between revenues and expenditures for fiscal year 2015 of $1.7 million.

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 16.1% of total General Fund expenditures of $137.5 million (including Transfers Out). This is a decrease of 3.1% from last year. The unassigned fund balance has been designated for the following purposes pursuant to the fiscal year 2015 Adopted Budget:

$5.0 million for contingencies
$5.0 million for economic uncertainty
$7.0 million for emergencies
$5.1 million for liquidity
$22.1 million

General Fund Budgetary Highlights. Fiscal year 2015 ended with a Net Change in Fund Balance of $6.1 million (GAAP Basis).

Table 3 – fiscal year 2015 General Fund Budget Summary *(in thousands)*

(reflected in thousands)	A 2015 Adopted	B 2015 Adjusted	C 2015 Actual	Variance (C-B)	Variance %
Revenues	124,826	133,787	140,766	6,979	5.2%
Expenditures	122,386	129,987	127,836	(2,151)	-1.7%
Transfers In/(Out)	(6,399)	(6,799)	(6,781)	18	-0.3%
Net Change in Fund Balance (Budget Basis)	**5,662**	**7,023**	**6,149**	**(874)**	

The net change in fund balance for fiscal year 2015 based on actual performance (column c) is $6.1 million, and is a direct result of the inclusion of the Measure C district sales tax in the General Fund revenues. Without the Measure C district sales tax revenues the General Fund would have finished the fiscal year with a Net Change in Fund Balance of negative $1.7 million. This fund balance summary on page 101 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 $6.1 over prior year relating solely to Measure C district sales tax net assets.

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, Route 238 Corridor Improvement 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 Route 238 Corridor Improvements Project Fund accounts for various roadway improvements along Foothill and Mission Boulevard between the northern and southern city limits, including a downtown one-way loop system, peak hour traffic lanes, pedestrian and bicycle improvements, and landscaping enhancements.

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 2015, the unrestricted net position of the Sewer and Water Funds amounted to $69.8, $60.1 million, respectively. Sewer net position increased by $2.0 million and Water net position increased $2.5 million. Revenues from the sale of water decreased by almost $2.1 million due to drought conservation and reductions in consumption over the prior year.

Wholesale water rates have increased more than 64% 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 2015 the fund's net position increased by $0.4 million over prior fiscal year due to reduced expenditures.

Capital Asset and Debt Administration

***Capital Assets*.** As of June 30, 2015, the City's investments in capital assets for its governmental and business-type activities are $517.2 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%, mainly attributable to the Route 238 Corridor Improvements Project.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$10.3	$9.4	$4.8	$4.8	$15.1	$14.2
Construction in progress	32.5	107.8	24.7	27.3	57.2	135.1
Buildings	25.8	27.0	9.3	9.9	35.1	36.9
Improvements other than buildings	9.3	9.5			9.3	9.5
Machinery and equipment	18.4	14.1	16.0	16.1	34.4	30.2
Street infrastructure	243.6	152.4			243.6	152.4
Sewer infrastructure			79.1	80.4	79.1	80.4
Water infrastructure			32.5	31.7	32.5	31.7
Airport infrastructure			10.9	11.4	10.9	11.4
Total	$339.9	$320.2	$177.3	$181.6	$517.2	$501.8

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 2015, the City had total bonded debt outstanding of $83.4 million as presented in Table 5. This represents a reduction over the prior year of $0.9 million due to debt service payments. Of this amount, $21.2 million represents certificates of participation debt for Civic Center Project (City Hall); $2.1 million represents certificates of participation for sewer and water system improvements; $8.4 million represents lease revenue bonds for capital improvements; $5.8 million represents capital leases for a solar power generator, fleet vehicles, computer, and telephone equipment; $38.2 million represents State Water Board financing for a water pollution control facility; $2.2 million loan represents loan from State Energy Resources Conservation and Development Commission.

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

Table 5 – City of Hayward Outstanding Debt

	Governmental		Business-type		Total	
	2015	2014	2015	2014	2015	2014
Certificates of Participation	$21.2	$22.9	$2.1	$3.2	$23.3	$26.1
Promissory Note	0.1				0.1	
Lease Revenue Bonds	0.5	0.5	7.9	8.6	8.4	9.1
Capital Lease Obligations	5.8	5.7			5.8	5.7
Private Placement Loan	5.4				$5.4	
State Water Resources Control Board Loan			38.2	40.9	38.2	40.9
State Energy Resources Conservation and Development Commission	2.2	2.5			2.2	2.5
Total Long-Term Debt	$35.2	$31.6	$48.2	$52.7	$83.4	$84.3

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, 2015, a total of $7.3 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.

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, 2015

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and investments (Note 2)	$76,174,469	$132,465,890	$208,640,359
Cash and investments with fiscal agents (Note 2)	6,544,862	284,002	6,828,864
Accounts receivable, net	1,788,689	10,969,597	12,758,286
Due from other governments	9,904,484	12,464	9,916,948
Interest receivable	159,637		159,637
Internal balances (Note 4)	(589,286)	589,286	
Loans receivable (Note 3)	25,315,139		25,315,139
Long-term loans to the Private Purpose Trust Fund (Note 19E)	13,112,958	1,872,952	14,985,910
Land held for resale (Note 1)	5,176,270		5,176,270
Deposits, parts, supplies and other	2,043,915	5,920,372	7,964,287
Investment in East Bay Dischargers Authority (Note 16)		11,106,381	11,106,381
Capital assets (Note 5):			
Land	10,332,509	4,757,492	15,090,001
Construction in progress	32,454,862	24,734,711	57,189,573
Depreciable capital assets, net	297,152,793	147,864,782	445,017,575
Total assets	479,571,301	340,577,929	820,149,230
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions (Note 12)	19,593,728	1,175,367	20,769,095
LIABILITIES:			
Accounts payable	5,835,642	3,577,524	9,413,166
Accrued interest	457,959	62,227	520,186
Accrued liabilities	25,253,544	703,587	25,957,131
Unearned revenue	3,648,394	33,444	3,681,838
Refundable deposits	4,351,176	623,403	4,974,579
Compensated absences (Note 1):			
Due within one year	5,279,200	804,859	6,084,059
Due in more than one year	831,357	189,125	1,020,482
Accrued reclamation costs (Note 10):			
Due in more than one year		125,000	125,000
Net OPEB obligation (Note 14)*	24,829,788		24,829,788
Net pension liabilities (Note 12)	268,852,223	15,298,110	284,150,333
Long-term debt (Note 6):			
Due within one year	3,747,359	4,565,288	8,312,647
Due in more than one year	31,422,672	43,641,304	75,063,976
Total liabilities	374,509,314	69,623,871	444,133,185
DEFERRED INFLOWS OF RESOURCES:			
Related to pensions (Note 12)	43,826,511	2,716,053	46,542,564
NET POSITION (Note 9):			
Net investments in capital assets	305,320,098	129,150,393	434,470,491
Restricted for:			
Public safety	412,661		412,661
Public works and transportation	5,656,586		5,656,586
Planning and building	13,929,015		13,929,015
Economic development activities	13,023,483		13,023,483
Total restricted net position	33,021,745		33,021,745
Unrestricted	(257,512,639)	140,262,979	(117,249,660)
Total net position	$80,829,204	$269,413,372	$350,242,576

See accompanying notes to basic financial statements

* In compliance with GASB Statement 68, the City has presented its Net Pension obligations for the first time on this statement in fiscal year 2015

CITY OF HAYWARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:				
General government	$16,245,827	$3,404,484	$3,860,061	$7,500
Public safety	106,541,527	3,311,997	5,696,371	
Public works and transportation	12,295,579	4,966,061	1,030,569	5,800,099
Library and community services	5,150,554	116,787		
Economic development	835,342	1,292,172		
Planning and building	6,831,521	4,536,430		
Maintenance services	5,798,009	1,504,197		
Interest on long-term debt	1,400,778			
Total Governmental Activities	155,099,137	19,132,128	10,587,001	5,807,599
BUSINESS-TYPE ACTIVITIES:				
Sewer	19,967,350	28,389,311		
Water	36,953,171	44,704,910		
Airport	3,489,917	2,995,362		
Stormwater	2,373,574	2,832,703		
Total Business-type Activities	62,784,012	78,922,286		
Total	$217,883,149	$98,054,414	$10,587,001	$5,807,599
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				
Loss 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 9)				
ENDING NET POSITION				

See accompanying notes to basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
($8,973,782)		($8,973,782)
(97,533,159)		(97,533,159)
(498,850)		(498,850)
(5,033,767)		(5,033,767)
456,830		456,830
(2,295,091)		(2,295,091)
(4,293,812)		(4,293,812)
(1,400,778)		(1,400,778)
(119,572,409)		(119,572,409)
	$8,421,961	8,421,961
	7,751,739	7,751,739
	(494,555)	(494,555)
	459,129	459,129
	16,138,274	16,138,274
(119,572,409)	16,138,274	(103,434,135)
42,740,159		42,740,159
39,148,631		39,148,631
15,680,721		15,680,721
5,710,272		5,710,272
10,127,647		10,127,647
2,634,539		2,634,539
2,142,691		2,142,691
6,314,878		6,314,878
62,743		62,743
(352,880)		(352,880)
349,196	533,521	882,717
2,996,956		2,996,956
2,618,309	(2,618,309)	
130,173,862	(2,084,788)	128,089,074
10,601,453	14,053,486	24,654,939
70,227,751	255,359,886	325,587,637
$80,829,204	$269,413,372	$350,242,576

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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 2015. 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.

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.

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

CITY OF HAYWARD
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2015

		Special Revenue Fund	Capital Projects Funds	
	General*	Federal Grants	Housing Authority	Route 238 Corridor Improvement
ASSETS:				
Cash and investments (Note 2)	$27,299,613	$444,172	$6,175,996	
Cash and investments with fiscal agents (Note 2)				$1,428,335
Accounts receivable, net	1,165,669			
Due from other governments	6,304,639	387,152		993,388
Interest receivable			28,242	
Due from other funds (Note 4)	6,552,458			
Loans receivable (Note 3)		11,566,128	10,813,607	
Long-term loans to the Private Purpose Trust Fund (Note 19E)	9,236,442		3,876,516	
Land held for resale (Note 1)			707,539	4,468,731
Deposits, parts, supplies and other	47,839			
Total Assets	$50,606,660	$12,397,452	$21,601,900	$6,890,454
LIABILITIES:				
Accounts payable	$1,383,530	$246,174	$5,635	$238,926
Accrued liabilities	8,339,913	8,346	662	
Due to other funds (Note 4)				997,073
Unearned revenue				3,552,753
Refundable deposits	1,305,659			1,428,335
Total Liabilities	11,029,102	254,520	6,297	6,217,087
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - grants receivable	8,728			
Unavailable revenue - loans receivable		11,566,128	10,813,607	
Total Deferred Inflows of Resources	8,728	11,566,128	10,813,607	
FUND BALANCES (Note 9):				
Nonspendable	9,284,281			
Restricted				
Public safety				
Public works and transportation				
Planning and building		576,804		
Economic development			10,781,996	
Debt service				
Assigned	8,150,187			
Unassigned	22,134,362			673,367
Total Fund Balances (Deficit)	39,568,830	576,804	10,781,996	673,367
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$50,606,660	$12,397,452	$21,601,900	$6,890,454

See accompanying notes to basic financial statements

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

Capital Projects Fund		
General Capital Projects	Other Governmental Funds	Total Governmental Funds
	$21,886,776	$55,806,557
$4,985,328	48,089	6,461,752
39,783	170,260	1,375,712
	2,219,305	9,904,484
	131,395	159,637
		6,552,458
	2,935,404	25,315,139
		13,112,958
		5,176,270
234,029	68	281,936
$5,259,140	$27,391,297	$124,146,903
$2,376,855	$664,671	$4,915,791
2,571	62,679	8,414,171
5,445,500	109,885	6,552,458
	64,133	3,616,886
342,667	1,271,731	4,348,392
8,167,593	2,173,099	27,847,698
39,823	152,994	201,545
	2,935,404	25,315,139
39,823	3,088,398	25,516,684
234,029		9,518,310
	412,661	412,661
	5,656,586	5,656,586
	13,352,211	13,929,015
	2,241,487	13,023,483
	466,855	466,855
		8,150,187
(3,182,305)		19,625,424
(2,948,276)	22,129,800	70,782,521
$5,259,140	$27,391,297	$124,146,903

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CITY OF HAYWARD
GOVERNMENTAL FUNDS
BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL
FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2015

Total Fund Balances reported on the governmental funds balance sheet	$70,782,521
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	9,959,761
Construction in progress	31,858,371
Depreciable capital assets, net	280,550,885
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	20,451,022
Accounts receivable	412,977
Deposits, parts, supplies and other	1,761,979
Land	372,748
Construction in progress	596,491
Depreciable capital assets, net	16,601,908
Accounts payable	(919,851)
Accrued liabilities	(16,879,647)
Unearned revenue	(31,508)
Refundable deposits	(2,784)
Long-term interfund payables	(589,286)
Compensated absences	(335,608)
Net pension liabilities and pension-related deferred outflows and inflows of resources	(5,681,138)
Long-term debt	(5,827,640)
ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES	
Revenues that are not currently available are shown as deferred on the Fund Balance Sheets are recognized as revenue on the Statement of Activities.	
Unavailable revenue	25,516,684
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	(29,342,391)
Interest payable	(417,685)
Compensated absences	(5,774,949)
Net pension liabilities and pension-related deferred outflows and inflows of resources	(287,403,868)
Net OPEB Obligation	(24,829,788)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$80,829,204

See accompanying notes to basic financial statements

CITY OF HAYWARD
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

		Special Revenue Fund	Capital Projects Funds	
	General*	Federal Grants	Housing Authority	Route 238 Corridor Improvement
REVENUES:				
Property taxes	$42,128,306			
Sales taxes	39,148,631			
Utility users tax	15,680,721			
Other taxes	22,972,560			
Licenses and permits	4,976,967			
Fines and forfeitures	2,409,783			
Special assessments				
Investment income	42,308	$784	$117,660	
Rental income	900			
Intergovernmental	7,903,755	2,158,858	1,292,172	
Fees and charges for services	4,902,332	133,601	242	$2,115,240
Other revenue	599,789		252,732	53,200
Total Revenues	140,766,052	2,293,243	1,662,806	2,168,440
EXPENDITURES:				
Current:				
General government	13,693,279	9,576		
Public safety	96,426,387			
Public works and transportation	2,057,245	1,867,325	2,078,546	
Library and community services	4,677,305			
Economic development		110,000	84,621	
Planning and building	6,491,780			
Maintenance services	4,490,457			
Capital outlay				841,457
Debt service:				
Principal				
Interest and fiscal charges	78			
Total Expenditures	127,836,531	1,986,901	2,163,167	841,457
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	12,929,521	306,342	(500,361)	1,326,983
OTHER FINANCING SOURCES (USES):				
Issuance of long-term debt (Note 6)				
Transfers in (Note 4)	2,890,533			
Transfers (out) (Note 4)	(9,671,173)	(231,864)		(350,000)
Total Other Financing Sources (Uses)	(6,780,640)	(231,864)		(350,000)
CHANGE IN FUND BALANCES (Note 9)	6,148,881	74,478	(500,361)	976,983
BEGINNING FUND BALANCES (Note 9) (DEFICITS)	33,419,949	502,326	11,282,357	(303,616)
ENDING FUND BALANCES (DEFICITS)	$39,568,830	$576,804	$10,781,996	$673,367

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	Other Governmental Funds	Total Governmental Funds
		$42,128,306
		39,148,631
		15,680,721
$256,900	$195,112	23,424,572
54,333		5,031,300
	139,251	2,549,034
	980,329	980,329
15,518	180,218	356,488
		900
128,780	11,163,816	22,647,381
471,059	17,360	7,639,834
1,668,284	2,428,801	5,002,806
2,594,874	15,104,887	164,590,302
		13,702,855
	293,437	96,719,824
	620,827	6,623,943
	2,071,020	6,748,325
	568,664	763,285
	3,391	6,495,171
	1,090,620	5,581,077
23,122,239	6,856,247	30,819,943
	2,156,489	2,156,489
	1,158,630	1,158,708
23,122,239	14,819,325	170,769,620
(20,527,365)	285,562	(6,179,318)
5,500,000		5,500,000
2,170,000	3,951,646	9,012,179
	(1,935,279)	(12,188,316)
7,670,000	2,016,367	2,323,863
(12,857,365)	2,301,929	(3,855,455)
9,909,089	19,827,871	74,637,976
($2,948,276)	$22,129,800	$70,782,521

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, 2015

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net 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	($3,855,455)
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	30,819,943
Non-capitalized capital outlay expenditures were reclassified to various governmental activities	(4,491,623)
Depreciation expense is deducted from fund balance	
(Depreciation expense is net of internal service fund depreciation of $1,786,738 which has already been allocated to service funds.	(7,980,220)
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.	
Long-term debt issuance	(5,500,000)
Repayment of debt principal is added back to fund balance	2,156,489
ACCRUAL OF NON-CURRENT ITEMS	
The amounts below included in the Statement of Activities do not provide or (require) the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):	
Receipt of intergovernmental revenue	(1,185,879)
New loans made	2,530,772
Compensated absences	256,401
Net pension liabilities and pension-related deferred outflows/inflows of resources	(82,941)
Net OPEB Obligation	(3,149,085)
Interest payable	(29,875)
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	1,112,926
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$10,601,453

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 2015. These statements includes 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, 2015

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Sewer	Water	Non-Major Funds	Totals	
ASSETS:					
Current Assets:					
Cash and investments (Note 2)	$55,461,549	$64,680,491	$12,323,850	$132,465,890	$20,367,912
Cash and investments with fiscal agents (Note 2)	2	284,000		284,002	83,110
Accounts receivable, net	4,076,030	6,412,588	480,979	10,969,597	412,977
Due from other governments		28	12,436	12,464	
Deposits, parts, supplies and other	24,633	1,007,134		1,031,767	1,761,979
Total Current Assets	59,562,214	72,384,241	12,817,265	144,763,720	22,625,978
Noncurrent Assets:					
Long-term interfund receivables (Note 4)	589,286			589,286	
Long-term loans to the Private Purpose Trust Fund (Note 19E)	831,877	1,041,075		1,872,952	
Deposits, parts, supplies and other	4,767,402	90,415	30,788	4,888,605	
Investment in East Bay Dischargers Authority (Note 16)	11,106,381			11,106,381	
Capital assets (Note 5):					
Land	1,830,143	2,683,047	244,302	4,757,492	372,748
Construction in progress	14,245,733	4,683,823	5,805,155	24,734,711	596,491
Depreciable capital assets, net	91,405,477	44,502,888	11,956,417	147,864,782	16,601,908
Total Noncurrent Assets	124,776,299	53,001,248	18,036,662	195,814,209	17,571,147
Total Assets	184,338,513	125,385,489	30,853,927	340,577,929	40,197,125
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions (Note 12)	392,349	654,475	128,543	1,175,367	396,551
LIABILITIES:					
Current Liabilities:					
Accounts payable	627,462	2,643,456	306,606	3,577,524	919,851
Accrued interest	34,526	20,043	7,658	62,227	40,274
Accrued liabilities	298,127	275,540	129,920	703,587	16,839,373
Unearned revenue	20,298	13,146		33,444	31,508
Due to other funds (Note 4)					
Refundable deposits		527,436	95,967	623,403	2,784
Compensated absences - due within one year (Note 1)	268,598	448,426	87,835	804,859	289,947
Accrued reclamation costs (Note 10)	125,000			125,000	
Long-term debt - due within one year (Note 6)	4,035,288	410,498	119,502	4,565,288	1,349,977
Total Current Liabilities	5,409,299	4,338,545	747,488	10,495,332	19,473,714
Noncurrent Liabilities:					
Long-term interfund payables (Note 4)					589,286
Compensated absences (Note 1)	63,115	105,371	20,639	189,125	45,661
Net pension liabilities (Note 12)	5,106,660	8,518,390	1,673,060	15,298,110	5,161,337
Long-term debt - due in more than one year (Note 6)	38,116,304	4,290,948	1,234,052	43,641,304	4,477,663
Total Noncurrent Liabilities	43,286,079	12,914,709	2,927,751	59,128,539	10,273,947
Total Liabilities	48,695,378	17,253,254	3,675,239	69,623,871	29,747,661
DEFERRED INFLOWS OF RESOURCES:					
Related to pensions (Note 12)	906,647	1,512,369	297,037	2,716,053	916,352
Total Deferred Inflows of Resources	906,647	1,512,369	297,037	2,716,053	916,352
NET POSITION (Note 9):					
Net investments in capital assets	65,329,761	47,168,312	16,652,320	129,150,393	11,743,507
Restricted for debt service					83,110
Unrestricted	69,799,076	60,106,029	10,357,874	140,262,979	(1,896,954)
Total Net Position	$135,128,837	$107,274,341	$27,010,194	$269,413,372	$9,929,663

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, 2015

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Sewer	Water	Non-Major Funds	Totals	
OPERATING REVENUES:					
Charges for services	$25,743,163	$7,036,975	$5,781,277	$38,561,415	$23,824,641
Sale of water		37,084,371		37,084,371	
Miscellaneous	2,646,148	583,564	46,788	3,276,500	181,333
Total Operating Revenues	28,389,311	44,704,910	5,828,065	78,922,286	24,005,974
OPERATING EXPENSES:					
Salaries and related expenses	6,279,800	5,921,029	2,917,784	15,118,613	5,553,219
Materials, supplies and services	7,925,811	5,511,477	1,614,310	15,051,598	6,842,569
Repairs and maintenance	735,301	1,039,021	227,285	2,001,607	4,229,401
Water purchases		22,154,379		22,154,379	
Self-funded insurance expense					9,741,230
Depreciation (Note 5)	4,657,736	2,151,048	1,104,112	7,912,896	1,786,738
Total Operating Expenses	19,598,648	36,776,954	5,863,491	62,239,093	28,153,157
Operating Income (Loss)	8,790,663	7,927,956	(35,426)	16,683,193	(4,147,183)
NONOPERATING REVENUES (EXPENSES):					
Investment income	210,179	260,275	63,067	533,521	30,738
Interest (expense)	(215,788)	(176,217)		(392,005)	(212,195)
Loss on disposal of capital assets					(352,880)
Loss from equity investment (Note 16)	(152,914)			(152,914)	
Net Nonoperating Revenues (Expenses)	(158,523)	84,058	63,067	(11,398)	(534,337)
Income (Loss) Before Contributions and Transfers	8,632,140	8,012,014	27,641	16,671,795	(4,681,520)
TRANSFERS					
Transfers in (Note 4)		171,994		171,994	6,816,089
Transfers (out) (Note 4)	(978,078)	(1,347,466)	(464,759)	(2,790,303)	(1,021,643)
Net Transfers	(978,078)	(1,175,472)	(464,759)	(2,618,309)	5,794,446
CHANGE IN NET POSITION	7,654,062	6,836,542	(437,118)	14,053,486	1,112,926
BEGINNING NET POSITION, AS ADJUSTED (Note 9)	127,474,775	100,437,799	27,447,312	255,359,886	8,816,737
ENDING NET POSITION	$135,128,837	$107,274,341	$27,010,194	$269,413,372	$9,929,663

See accompanying notes to basic financial statements

CITY OF HAYWARD

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities-Enterprise Funds				
	Sewer	Water	Non-Major Funds	Totals	Governmental Activities-Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	$28,322,806	$42,926,284	$5,447,741	$76,696,831	$24,301,155
Payments to suppliers	(8,517,745)	(26,069,715)	(1,426,310)	(36,013,770)	(19,176,448)
Payments to employees	(6,238,058)	(5,852,006)	(2,930,247)	(15,020,311)	(5,621,784)
Claims paid					
Net Cash Flows From Operating Activities	13,567,003	11,004,563	1,091,184	25,662,750	(497,077)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:					
Interfund receipts	517,857	1,800,000		2,317,857	
Interfund payments			(2,433,457)	(2,433,457)	(1,107,143)
Transfers in		171,994		171,994	6,816,089
Transfers (out)	(978,078)	(1,347,466)	(464,759)	(2,790,303)	(1,021,643)
Net Cash Flows From Noncapital and Related Financing Activities	(460,221)	624,528	(2,898,216)	(2,733,909)	4,687,303
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	(1,446,390)	(1,492,612)	(754,065)	(3,693,067)	(3,186,741)
Issuance of long-term debt					
Principal payments on capital debt	(3,985,655)	(399,176)	(115,824)	(4,500,655)	127,834
Interest paid	(697,675)	(238,259)		(935,934)	(212,195)
Net Cash Flows From Capital and Related Financing Activities	(6,129,720)	(2,130,047)	(869,889)	(9,129,656)	(3,271,102)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income	210,179	449,849	63,067	723,095	30,738
Investment proceeds					1,171,096
Net Cash Flows From Investing Activities	210,179	449,849	63,067	723,095	1,201,834
NET CASH FLOWS	7,187,241	9,948,893	(2,613,854)	14,522,280	2,120,958
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	48,274,308	54,731,598	14,937,704	117,943,610	18,246,954
CASH AND EQUIVALENTS AT END OF PERIOD	$55,461,549	$64,680,491	$12,323,850	$132,465,890	$20,367,912
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating income (loss)	$8,790,663	$7,927,956	($35,426)	$16,683,193	($4,147,183)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	4,657,736	2,151,048	1,104,112	7,912,896	1,786,738
Change in assets and liabilities:					
Receivables, net	(66,505)	(1,591,979)	(378,470)	(2,036,954)	295,181
Due from other governments		496	(2,280)	(1,784)	
Parts and supplies		(25,794)		(25,794)	
Other assets		20,092	(645)	19,447	(756,574)
Accounts payable and other accrued expenses	143,367	2,640,368	415,930	3,199,665	2,393,326
Due to retirement system	(25,290)	(42,189)	(8,288)	(75,767)	(25,563)
Compensated absences	67,032	111,212	(4,175)	174,069	(43,002)
Refundable deposits		(76,860)	426	(76,434)	
Unearned revenue		(109,787)		(109,787)	
Net Cash Flows From Operating Activities	$13,567,003	$11,004,563	$1,091,184	$25,662,750	($497,077)

See accompanying notes to basic financial statements

CITY OF HAYWARD, CALIFORNIA

FIDUCIARY FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

CITY OF HAYWARD
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	Private Purpose Trust Funds	Agency Funds
CURRENT ASSETS:		
Cash and investments (Note 2)	$4,095,845	$4,063,572
Cash and investments with fiscal agents (Note 2)	4,009,365	353,830
Accounts receivable, net	453,912	7,222
Due from other governments		980,413
Total Current Assets	8,559,122	5,405,037
NONCURRET ASSETS:		
Loans receivable (Note 19D)	26,381,502	
Land held for resale	3,695,031	
Capital assets (Note 19C):		
Land	5,277,955	
depreciable capital assets, net	12,437,307	
Total Noncurrent Assets	47,791,795	
Total Assets	$56,350,917	$5,405,037
CURRENT LIABILITIES:		
Accounts payable	$892,263	$1,510
Accrued interest	720,705	
Refundable deposits	128,000	1,868,060
Due to bondholders and others		3,535,467
Unearned revenue	3,060,907	
Long-term debt - due in less than one year (Note 19F)	1,835,000	
Total Current Liabilities	6,636,875	5,405,037
NONCURRENT LIABILITIES (Note 19 E and F):		
Long-term loans payables - due in more than one year	14,985,910	
Long-term debt - due in more than one year	41,760,000	
Total Non-Current Liabilities	56,745,910	
Total Liabilities	63,382,785	$5,405,037
NET POSITION HELD IN TRUST FOR PRIVATE PURPOSES	($7,031,868)	

See accompanying notes to basic financial statements

CITY OF HAYWARD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Private-Purpose Trust Fund
ADDITIONS	
Property tax increment	$5,365,287
Investment income	2,974
Rental income	50,000
Intergovernmental	125,000
Other revenue	39,146
Total additions	5,582,407
DEDUCTIONS	
Maintenance services	1,822,093
Depreciation expense	377,105
Interest and fiscal charges	2,978,091
Total deductions	5,177,289
Net change in position	405,118
Net position - beginning	(7,436,986)
Net position - ending	($7,031,868)

See accompanying notes to basic financial statements

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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.

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.

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.

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.

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

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

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

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

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; 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.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 equally offset by nonspendable or restricted fund balances reservation which indicate that they do not constitute "available spendable resources" even though they are a component of net current assets. Supplies of enterprise funds are valued at the lower of cost (first-in, first-out) or market. Supplies of the enterprise funds consist principally of materials and supplies for utility operations and are expensed or capitalized as such supplies are consumed.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land held for Resale of $5,176,270 at June 30, 2015 is stated at the lowest of historical cost, net realizable value or agreed-upon sales price if a disposition agreement has been made with a developer performing projects in accordance with the Redevelopment Plan of the former Redevelopment Agency of the City of Hayward.

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

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

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

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

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, 2015:

	Governmental Activities	Business-type Activities	Total
Beginning Balance	$6,410,127	$819,915	$7,230,042
Additions	5,238,442	837,979	6,076,421
Payments	(5,538,012)	(663,910)	(6,201,922)
Ending Balance	$6,110,557	$993,984	$7,104,541
Current Portion	$5,279,200	$804,859	$6,084,059

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Special Assessment Debt* -** The City is considered to be "obligated in some manner," as defined by Governmental Accounting Standards Board Statement No. 6, *Accounting and Financial Reporting for Special Assessments,* for certain special assessment district debt. The City is obligated 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.

***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.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

***Policies* -** The City invests in individual investments and 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.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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, 2015, the City held $2,001,814 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, 2015 cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

Statement of Net Position	
Cash and investments available for operations	$208,640,359
Cash and investments with fiscal agents	6,828,864
Private Purpose Trust Fund	
Cash and investments available for operations	4,095,845
Cash and investments with fiscal agents	4,009,365
Agency Funds	
Cash and investments available for operations	4,063,572
Cash and investments with fiscal agents	353,830
Total Cash and Investments	$227,991,835

Cash and investments as of June 30, 2015 consist of the following:

Cash in bank	$30,315,237
Cash on hand (Petty Cash)	3,275
Investments	197,673,323
Total Cash and Investments	$227,991,835

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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	Prime	40%	5%
Commercial Paper	270 days	Prime	25%	5%
Negotiable Certificates of Deposit	5 years	A	30%	5%
Repurchase Agreements	1 year	None	25%	20%
Medium-Term Notes	5 years	A	30%	5%
Money Market Fund	N/A	AAAm	20%	10%
Alameda County Investment Pool	None	None	10%	10%
California Local Agency Investment Fund	None	None	$50m 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%	100%
Asset-Backed Securities	5 years	AA	20%	5%

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:

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

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.

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	$3,692,659	$32,454,221	$31,893,763	$68,040,643
U.S. Agency Securities	10,433,734	26,147,141	9,151,815	45,732,690
Money Market Mutual Fund	9,144,274			9,144,274
California Local Agency Investment Fund	66,398,221			66,398,221
Corporate Bonds			6,203,669	6,203,669
Municpal Bonds	1,037,443	250,175	621,038	1,908,656
Asset-Backed Security			245,170	245,170
Total Investments	$90,706,331	$58,851,537	$48,115,455	197,673,323
Cash in Banks				30,315,237
Cash on hand (Petty Cash)				3,275
Total Cash				30,318,512
Total Cash and Investments				$227,991,835

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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, 2015, these investments had an average maturity of 239 days.

Money market funds are available for withdrawal on demand and at June 30, 2015, had an average maturity of 19 days.

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, 2015 for each investment type as provided by Moody's investment rating system:

Investment Type	AAA	AAAm	AA3	A1	A2	A3	Not Rated	Total
U.S. Treasury	$68,040,643							$68,040,643
U.S. Agency Securities	43,502,596						$2,230,094	45,732,690
Money Market Mutual Fund		$9,144,274						9,144,274
California Local Agency Investment Fund							66,398,221	66,398,221
Corporate Bonds	2,407,523			$1,049,381	$2,746,765			6,203,669
Municpal Bonds			$430,168			$441,045	1,037,443	1,908,656
Asset-Backed Security	245,170							245,170
Total Investments	$114,195,932	$9,144,274	$430,168	$1,049,381	$2,746,765	$441,045	$69,665,758	$197,673,323

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, 2015, the following investments were subjected to custodial credit risk:

Major Fund	Issuer	Investment Type	Reported Amount
General Fund	Federal National Mortgage Association	U.S. Agency Securities	$15,560,080
	Federal Home Loan Bank	U.S. Agency Securities	20,344,419

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. At June 30, 2015 the principal balances outstanding for the Federal Grants Fund and Housing Mortgage Bonds Fund were $840,000 and $175,500, respectively. The outstanding principal balance of the loan funds will accrue interest at a rate of 3% annually. Repayments of the principal amount of the loan and any accrued interest on such principal shall be deferred until April 30, 2062.

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 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.

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, 2015 were as follows:

FROM FUND:	TO FUND:	AMOUNT:	
General Fund	General Capital Projects	$320,000	A
	Non-Major Governmental Funds	3,851,646	A
	Internal Service Funds	5,499,527	A
Federal Grants Fund	General Fund	231,864	B
Route 238 Corridor Improvement	General Capital Projects	250,000	C
	Non-major Governmental Funds	100,000	C
Non-Major Governmental Funds	General Fund	309,216	A
	General Capital Projects	1,600,000	D
	Internal Service Funds	26,063	E
Sewer	General Fund	218,017	B
	Internal Service Funds	760,061	A
Water	General Fund	1,034,441	B
	Internal Service Funds	313,025	A
Non-Major Enterprise Funds	General Fund	238,950	B
	Water Fund	171,994	A
	Internal Services Funds	53,815	E
Internal Service Funds	General Fund	858,045	B
	Internal Service Funds	163,598	A
		$16,000,262	

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

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, 2015 interfund balances were as follows:

Due from Other Funds	Due To Other Funds	Amount
General Fund	Route 238 Corridor Improvement Fund	$997,073
	General Capital Projects Fund	5,445,500
	Non-major Governmental Funds	109,885
		$6,552,458

Long-Term Interfund Advances **-** At June 30, 2015, the funds below had made advances that were not expected to be repaid within the next year.

	Long-Term Interfund Receivable	Long-Term Interfund Payable
Enterprise Funds		
Sewer	$589,286	
Internal Service Funds		$589,286
Total	$589,286	$589,286

Sewer Enterprise Fund Long-Term Receivable from Technology Services Fund - In fiscal year 2009, the Sewer Enterprise Fund loaned $2,250,000 to the Technology Services Internal Service Fund for the public safety aided dispatch/records management system replacement. This loan bears 2% interest and repayments commenced in fiscal year 2010. As of June 30, 2015 the outstanding loan balance was $375,000.

Sewer Enterprise Fund Long-Term Receivable from Fleet Management Fund - In fiscal year 2010, the Sewer Enterprise Fund loaned $1,000,000 to the Fleet Management Internal Service Fund for the design, build, and purchase of an aerial fire apparatus. As of June 30, 2015 the outstanding loan balance was $214,286.

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

5. CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City's policy is to capitalize all assets with costs exceeding $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	15 years
Machinery and equipment	7 – 50 years
Streets	25 – 40 years
Traffic Signals	20 years
Medians	25 – 40 years
Conduits	45 – 70 years
Drains	100 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.

5. CAPITAL ASSETS (Continued)

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

	Balance June 30, 2014	Additions	Retirements	Transfers*	Balance June 30, 2015
Governmental activities:					
Capital assets not being depreciated:					
Land	$9,413,427	$919,082			$10,332,509
Construction in progress	107,831,766	25,893,934	($7,139)	($101,263,699)	32,454,862
Total capital assets not being depreciated	117,245,193	26,813,016	(7,139)	(101,263,699)	42,787,371
Capital assets being depreciated:					
Buildings and improvements	50,005,620				50,005,620
Improvements other than buildings	14,525,969	106,153		274,926	14,907,048
Machinery and equipment	43,604,460	2,875,520	(1,744,487)	3,953,649	48,689,142
Streets	206,095,764	89,674		97,035,124	303,220,562
Traffic signals	7,257,235				7,257,235
Medians	3,724,705				3,724,705
Conduits	1,540,569				1,540,569
Drains	2,994,000				2,994,000
Total capital assets being depreciated	329,748,322	3,071,347	(1,744,487)	101,263,699	432,338,881
Less accumulated depreciation for:					
Buildings and improvements	23,033,487	1,133,915			24,167,402
Improvements other than buildings	5,014,928	561,034			5,575,962
Machinery and equipment	29,540,098	2,148,658	(1,382,324)		30,306,432
Streets	59,608,499	5,352,393			64,960,892
Traffic signals	5,027,058	268,862			5,295,920
Medians	1,775,077	93,118			1,868,195
Conduits	1,226,165	63,278			1,289,443
Drains	1,576,142	145,700			1,721,842
Total accumulated depreciation	126,801,454	9,766,958	(1,382,324)		135,186,088
Net depreciable assets	202,946,868	(6,695,611)	(362,163)	101,263,699	297,152,793
Governmental activity capital assets, net	$320,192,061	$20,117,405	($369,302)		$339,940,164

5. CAPITAL ASSETS (Continued)

	Balance June 30, 2014	Additions	Decrease	Transfers	Balance June 30, 2015
Business-type activities:					
Capital assets not being depreciated:					
Land	$4,757,492				$4,757,492
Construction in progress	27,344,054	$4,020,163	($327,366)	($6,302,140)	24,734,711
Total capital assets not being depreciated	32,101,546	4,020,163	(327,366)	(6,302,140)	29,492,203
Capital assets being depreciated:					
Buildings and improvements	27,589,544				27,589,544
Machinery and equipment	28,239,341			692,144	28,931,485
Sewer pipelines and infrastructure	121,425,940			2,545,126	123,971,066
Water pipelines and infrastructure	61,917,566			2,470,077	64,387,643
Airport hangars, tarmacs and other infrastructure assets	26,050,276			594,793	26,645,069
Total capital assets being depreciated	265,222,667			6,302,140	271,524,807
Less accumulated depreciation for:					
Buildings and improvements	17,743,624	538,566			18,282,190
Machinery and equipment	12,099,499	867,700			12,967,199
Sewer pipelines and infrastructure	40,934,638	3,891,088			44,825,726
Water pipelines and infrastructure	30,225,266	1,663,293			31,888,559
Airport hangars, tarmacs and other infrastructure assets	14,744,102	952,249			15,696,351
Total accumulated depreciation	115,747,129	7,912,896			123,660,025
Net depreciable assets	149,475,538	(7,912,896)		6,302,140	147,864,782
Business-type activity capital assets, net	$181,577,084	($3,892,733)	($327,366)		$177,356,985

Governmental capital assets construction in progress was composed of the following at June 30, 2015:

Governmental Funds:

	Project Budget	Expended to June 30, 2015	Committed
Buildings	$14,800,000	$7,687,769	$7,112,231
Improvement other than buildings	2,983,000	1,592,446	1,390,554
Machinery and equipment	5,747,000	4,745,926	1,001,074
Streets	189,759,633	119,692,420	70,067,213
Total	$213,289,633	$133,718,561	$79,571,072

5. CAPITAL ASSETS (Continued)

A summary of enterprise fund construction in progress at June 30, 2015 follows:

Enterprise Funds:

	Project Budget	Expended to June 30, 2015	Committed
Sewer Enterprise Fund	$51,916,000	$17,056,422	$34,859,578
Water Enterprise Fund	38,563,000	7,541,821	31,021,179
Airport Enterprise Fund	10,277,000	6,438,607	3,838,393
Total	$100,756,000	$31,036,850	$69,719,150

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	$721,816
Public Safety	5,485,788
Public Works and Transportation	747,461
Library and Community Services	408,982
Economic Development	70,207
Planning and Building	333,190
Maintenance Services	212,776
Internal Service Funds	1,786,738
	$9,766,958

Business-Type Activities

Sewer Fund	$4,657,736
Water Fund	2,151,048
Stormwater Fund	275
Airport Fund	1,103,837
	$7,912,896

Construction in Progress Transfer – Of the $101,263,699 transferred from Construction in Progress in governmental activities to other depreciable assets, $95,697,217 relates to the placing into service of the City's Route 238 project.

6. LONG-TERM DEBT

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

Type of Obligation	Authorized and Issued	Balance June 30, 2014 As restated (See Note 9)	Additions	Retirements	Outstanding at June 30, 2015	Current Portion
Governmental Activity Debt:						
Certificates of Participation						
2007 Refunding COP (a)						
4.0-4.5%, due 8/1/26	$31,820,000	$22,895,000		$1,700,000	$21,195,000	$1,770,000
Promissory Note						
Fire Suppression Equipment (a), 0%	200,000	100,000			100,000	
Lease Revenue Bonds						
ABAG Series 2001-2 (a), 3.0-5.0%, due 12/01/20	3,589,835	515,000		65,000	450,000	70,000
Loan Payable						
Energy Efficiency Loan (a), 1%, due 12/22/23	2,488,880	2,488,880		243,163	2,245,717	254,380
Private Placement Loan						
2014 Fire Station #7 and Wellness Center						
Private Placement Loan (a), 2.84%, due 8/1/29	5,500,000		$5,500,000	148,326	5,351,674	303,002
Subtotal		25,998,880	5,500,000	2,156,489	29,342,391	2,397,382
Internal Service Fund Long-Term Debt (b)						
Capital Leases - Equipment						
Solar Power Generator Equipment, 6%, due 03/01/30	1,035,000	795,000		82,287	712,713	30,411
Energy Upgrades and Solar Project , 3%, due 06/22/2024	887,152	598,350		78,043	520,307	80,362
Capital Leases - Fleet						
Police Vehicles						
1.827%, due 10/22/14	316,420	46,446		46,446		
Fire Engines						
3.240%, due 10/22/20	1,906,413	1,365,991		192,035	1,173,956	198,306
Maintenance Vehicles						
2.88%, due on 10/22/17	765,366	429,742		118,431	311,311	121,863
Police Vehicles Replacement						
2.05%, due on 11/10/2015	815,000	313,442		207,894	105,548	105,548
Police Vehicles						
1.3%, due on 11/15/2016	520,000	328,140		129,981	198,159	131,678
Police Vehicles						
2.46%, due on 1/17/18	535,000	535,000		128,882	406,118	132,076
Fire Engines						
3.05%, due 1/17/24	824,000	824,000		71,636	752,364	73,838
Capital Leases - Technology						
Computer hardware	755,100	463,695		150,935	312,760	154,536
Network Infrastructure Lease, due 5/21/19	1,699,356		1,699,356	364,952	1,334,404	321,359
Total capital lease obligations		5,699,806	1,699,356	1,571,522	5,827,640	1,349,977
Subtotal		5,699,806	1,699,356	1,571,522	5,827,640	1,349,977
Total Governmental Activity Debt		$31,698,686	$7,199,356	$3,728,011	$35,170,031	$3,747,359

6. LONG-TERM DEBT (Continued)

Type of Obligation	Authorized and Issued	Balance June 30, 2014	Retirements	Outstanding at June 30, 2015	Current Portion
Business-type Activity Debt:					
Revenue Bonds					
2013 Water Revenue Refunding Loan (c), 2.76%, due 5/1/25	$7,245,000	$6,570,000	$515,000	$6,055,000	$530,000
Loan Payable					
Energy Efficiency Loan (c), 3%, due 6/22/25	2,450,000	2,027,627	158,154	1,869,473	162,787
Certificates of Participation					
For acquisition of:					
2007 Sewer (d) 3.5-4.0%%, due 2/1/18	9,880,000	3,195,000	1,100,000	2,095,000	1,145,000
State Water Resource Control Board Loan					
0%, due 9/30/28 (d)		40,914,620	2,727,501	38,187,119	2,727,501
Total Business-type Activity Debt		$52,707,247	$4,500,655	$48,206,592	$4,565,288

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.

A. 2007 Refunding Certificates of Participation

In August 2007, the Authority issued $31,820,000 in Certificates of Participation (2007 COPs) to prepay $26,740,000 of the outstanding principal of the 1996 Civic Center Certificates of Participation and to prepay $4,245,000 of the outstanding principal of the 1997 Road and Seismic Retrofit Refunding 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. This advance refunding was undertaken to reduce total debt service payments over the next 18 years by $2,864,926 and resulted in an economic gain of $1,991,771. The 2007 Refunding COPs bear interest at 3% to 5.2% and are due serially each August 1. Interest payments are due semi-annually on February 1 and August 1, through maturity in 2026.

B. Promissory Note

In fiscal year 2011, the City entered into a promissory note agreement with A100 US, LLC. The City borrowed $200,000 to help finance the purchase of new City vehicles. The note bears no interest. As of June 30, 2015, the balance of the promissory note was $100,000. The City has made multiple attempts to repay this amount.

6. LONG-TERM DEBT (Continued)

C. 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, 2015, 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 $450,000.

D. 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.

E. 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.

F. 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.

G. 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. This advance refunding was undertaken to reduce total debt service payments over the next 14 years by $1,402,559 and resulted in an economic gain of $650,000. The Bonds bear interest at a rate per annum at 2.67%. 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.

6. LONG-TERM DEBT (Continued)

The pledge of future Water Fund Revenues ends upon repayment of the $6.05 million in remaining debt service on the bonds which is scheduled to occur in fiscal year 2025. For fiscal year 2015, Water Fund Revenues including operating revenues, non-operating interest earnings and transfers in amounted to $45.1 million and operating costs including operating expenses, but not interest, depreciation or amortizations amounted to $34.7 million. Net Revenues available for debt service amounted to $10.3 million which represented coverage of 20.1 over the $515,000 in debt service.

H. 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.

I. 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 4% and 4.5%. 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.

J. State Water Resources Control Board Loan

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, 2015, the City's gross repayment obligation totaled $38,187,119 and has a corresponding prepayment of interest expense for $4,888,406. The repayments of the loan are due annually on September 30, commencing September 30, 2009.

6. LONG-TERM DEBT (Continued)

K. Debt Service Requirements

At June 30, 2015, annual debt service requirements to maturity for long-term debt, including interest payments, were as follows:

	Governmental Activities		Business-Type Activities	
Year Ending June 30:	Principal	Interest	Principal	Interest
2016	$3,747,358	$1,258,704	$4,565,288	$302,497
2017	3,784,473	1,134,351	3,905,356	239,863
2018	3,519,988	1,009,513	3,945,429	201,730
2019	2,901,423	897,070	3,485,655	161,648
2020	2,641,882	794,778	3,505,950	140,345
2021 - 2025	12,344,353	2,513,025	17,886,804	358,130
2026 - 2030	6,230,554	373,863	10,912,110	
Totals	$35,170,031	$7,981,304	$48,206,592	$1,404,213

L. Defeased Bonds

As of June 30, 2015, outstanding balances for defeased debt were $19,875,000 for 1996 Civic Center Certificates of Participation, $1,495,000 for 1997 Road and Seismic Retrofit Refunding Certificates of Participation, $845,000 for 1996 Sewer System Improvement Certificates of Participation, $1,595,000 for the 1998 Sewer System Improvement Certificates of Participation, $1,585,000 for the 2001 Water System Improvement Project Certificates of Participation. The 2004 Water System Improvement Project Certificates of Participation was fully defeased.

M. 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, 2015, the City had not finalized the loan agreement with the State.

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, 2015 was $380,000.

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, 2015 was $225,000.

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, 2015 was $6,688,902.

9. NET POSITION AND FUND BALANCES

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

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

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

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

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

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

9. NET POSITION AND FUND BALANCES (Continued)

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

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.

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.

9. NET POSITION AND FUND BALANCES (Continued)

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 draw downs 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.

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.

9. NET POSITION AND FUND BALANCES (Continued)

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

Nonspendables:	
Items not in spendable form:	
Long-term loans to the Private Purpose	$9,236,442
Deposits, parts, supplies and other:	47,839
Total Nonspendable Fund Balances	9,284,281
Assigned:	
Capital projects	265,686
Measure C District Sales Tax	7,884,501
Total Assigned Fund Balances	8,150,187
Unassigned:	
Designations:	
Contingencies	5,000,000
Economic Uncertainty	5,000,000
Emergencies	7,000,000
Liquidity	5,134,362
Total Unassigned Fund Balances	22,134,362
Total Fund Balances	$39,568,830

- **Contingencies:** To ensure that the City can address any unforeseen claims in the future, the City has set up a reserve amount as recommended by the City Attorney.

- **Economic Uncertainty:** Minimum balance equal to greater of $5 million or 10% of the annual general fund operating appropriations.

  This reserve is to be used to soften economic impacts. Sales tax, real property transfer tax and development related fees are sensitive to general economic cycles. Since they are major revenue sources to the general fund it is necessary to create a reserve that will allow the City to continue providing acceptable service levels during economic downturns.

- **Emergencies:** Minimum balance of $10 million to be established in $1 million annual increments starting in fiscal 2008-09. Maximum balance equivalent to three months City payroll. In fiscal year 2015, the minimum balance per the City's policy is $10 million.

  To ensure that the City can provide essential services to the public during a disaster, an exact reserve for emergencies will be developed over the next 10 year planning period.

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, 2015, the following funds had deficits:

The General Capital Projects Fund reported a deficit of $2,948,276 due to expenses related to the City's 21st Century Library Project. The main source of funding for this project will come from the Certificates of Participation issued in August 2015 as described in Note 20. The negative fund balance has been eliminated in the subsequent year.

The Workers' Compensation Insurance Internal Service Fund reflects an accumulated deficit of $7,062,166 due to accrued claims which have not been fully funded. The above deficits are expected to be eliminated with future revenues.

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended June 30, 2015.

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement had a material impact on the City's financial statements.

GASB Statement No. 69 – In 2014, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operation*. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. This Statement did not have a material impact on the financial statements for the fiscal year 2015.

GASB Statement No. 71 – In 2014, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement had a material impact on the City's financial statements.

9. NET POSITION AND FUND BALANCES (Continued)

The implementation of GASB Statements 68 and 71 required the City to make prior period adjustments. As a result, the beginning net position of the Governmental Activities and Business-Type Activities were restated and reduced as follows:

Governmental Activities:	
Governmental Funds	$287,320,927
Workers' Compensation Internal Service Fund	217,171
General Liability Internal Service Fund	217,152
Facilities Management Internal Service Fund	1,285,513
Fleet Management Internal Service Fund	941,036
Technology Services Internal Service Fund	2,979,916
Subtotal, Governmental activities	292,961,715
Business-type Activities	
Sewer Enterprise Fund	5,634,079
Water Enterprise Fund	9,398,189
Airport Enterprise Fund	1,845,845
Stormwater Enterprise Fund	868,631
Airport Enterprise Fund	977,214
Subtotal, Business-type activities	18,723,958
Total restated amounts for City	$311,685,673

During the fiscal year, the City identified amounts from prior periods which required a restatement in the General Fund. These restated amounts are related to the City's conversion to its new ERP system. The total impact to beginning fund balance is $1,446,848.

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 $146,694 for the year ended June 30, 2015. 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.

12. PENSION PLANS

A. 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.

12. PENSION PLANS (Continued)

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
	Classic Tier I	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 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%	6.25%
Required employer contribution rates	22.063%	22.063%

	Safety - Fire	
	Classic Tier I	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3% @ 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%	2.0% - 2.7%
Required employee contribution rates	9%	11.25%
Required employer contribution rates	37.146%	37.146%

	Safety - Police	
	Classic Tier I	PEPRA
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3% @ 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%	2.0% - 2.7%
Required employee contribution rates	9%	12.75%
Required employer contribution rates	39.813%	39.813%

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, 2013:

	Miscellaneous	Safety-Fire	Safety - Police
Inactive employees or beneficiaries currently receiving benefits	772	167	264
Inactive employees entitled to but not yet receiving benefits	595	19	75
Active employees	457	111	171
Total	1,824	297	510

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

B. 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, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

12. PENSION PLANS (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2014, the total pension liabilities were determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

	All Plans (1)
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (2)
Investment Rate of Return	7.5% (3)
Mortality	Derived using CalPers Membership Data for all Funds (4)
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 I, Classic Tier II and PEPRA)

(2) Depending on age, service and type of employment

(3) Net of pension plan investment expenses, includes inflation

(4) 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 the CalPERS 2014 experience study report available on CalPERS website.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 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 7.50% 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 7.50 percent 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.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS deemed the difference immaterial to the agent multiple-employer plans.

12. PENSION PLANS (Continued)

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

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

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

12. PENSION PLANS (Continued)

C. 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, 2013	$375,357,954	$247,040,337	$128,317,617
Changes in the year:			
Service cost	6,288,587		6,288,587
Interest on the total pension liability	27,661,985		27,661,985
Differences between actual and expected experience			
Changes in assumptions			
Changes in benefit terms			
Contribution - employer		7,412,951	(7,412,951)
Contribution - employee (paid by employer)			
Contribution - employee		3,116,188	(3,116,188)
Net investment income		42,388,729	(42,388,729)
Administrative expenses			
Benefit payments, including refunds of employee contributions	(19,351,565)	(19,351,565)	
Net changes	14,599,007	33,566,303	(18,967,296)
Balance at June 30, 2014	$389,956,961	$280,606,640	$109,350,321

Safety - Fire Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2013	$234,941,316	$153,701,396	$81,239,920
Changes in the year:			
Service cost	4,037,733		4,037,733
Interest on the total pension liability	17,319,964		17,319,964
Differences between actual and expected experience			
Changes in assumptions			
Changes in benefit terms			
Contribution - employer		4,128,191	(4,128,191)
Contribution - employee (paid by employer)			
Contribution - employee		2,212,037	(2,212,037)
Net investment income		26,481,168	(26,481,168)
Administrative expenses			
Benefit payments, including refunds of employee contributions	(12,054,664)	(12,054,664)	
Net changes	9,303,033	20,766,732	(11,463,699)
Balance at June 30, 2014	$244,244,349	$174,468,128	$69,776,221

12. PENSION PLANS (Continued)

Safety - Police Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2013	$306,952,014	$189,244,302	$117,707,712
Changes in the year:			
Service cost	6,810,663		6,810,663
Interest on the total pension liability	22,705,717		22,705,717
Differences between actual and expected experience			
Changes in assumptions			
Changes in benefit terms			
Contribution - employer		5,781,918	(5,781,918)
Contribution - employee (paid by employer)			
Contribution - employee		3,731,615	(3,731,615)
Net investment income		32,686,768	(32,686,768)
Administrative expenses			
Benefit payments, including refunds of employee contributions	(15,228,912)	(15,228,912)	
Net changes	14,287,468	26,971,389	(12,683,921)
Balance at June 30, 2014	$321,239,482	$216,215,691	$105,023,791
Combined Total	$955,440,792	$671,290,459	$284,150,333

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	6.50%	(1.00%)	(1.00%)
Net Pension Liability	$157,516,604	$100,900,393	$148,519,930
Current Discount Rate	7.50%	0.00%	0.00%
Net Pension Liability	$109,350,321	$69,776,221	$105,023,791
1% Increase	8.50%	1.00%	1.00%
Net Pension Liability	$69,149,154	$43,950,924	$69,331,634

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

12. PENSION PLANS (Continued)

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

For the year ended June 30, 2015, the City recognized pension expense of $20,750,704. At June 30, 2015, 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	$8,401,478	
Differences between actual and expected experience		
Changes in assumptions		
Net differences between projected and actual earnings on plan investments		($19,414,234)
Total	$8,401,478	($19,414,234)

Safety Plan - Fire:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$4,879,642	
Differences between actual and expected experience		
Changes in assumptions		
Net differences between projected and actual earnings on plan investments		($12,147,763)
Total	$4,879,642	($12,147,763)

Safety Plan - Police:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$7,487,975	
Differences between actual and expected experience		
Changes in assumptions		
Net differences between projected and actual earnings on plan investments		($14,980,567)
Total	$7,487,975	($14,980,567)
Combined total	$20,769,095	($46,542,564)

12. PENSION PLANS (Continued)

$20,769,095 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

All Plans (Misc, Fire and Police)

Year Ended June 30	Increase (Decrease) in Pension Expense Amortization
2016	($11,635,642)
2017	(11,635,642)
2018	(11,635,642)
2019	(11,635,638)

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, 2015, total contributions of $49,322 were made based on a total amount of covered compensation of $657,332.

14. OTHER POSTEMPLOYMENT BENEFITS

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

The City contributes up to a fixed dollar amount for retiree medical benefits, which varies by employee bargaining group and coverage level as governed by PEMCHA. Benefits continue for surviving spouses in amounts as required by PEMCHA. Should an eligible retiree opt out of the CalPERS medical plan, they will receive $120 to $125 per month in lieu of contributions to the CalPERS plan. As of June 30, 2015, approximately 602 retirees were eligible and were receiving retiree health care benefits from the City. There were approximately 687 active employees that should they meet requirements will be eligible to receive health care benefits upon retirement.

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy and Actuarial Assumptions - The annual required contribution (ARC) was determined as part of a June 30, 2013 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included 4.60% investment rate of return, 3.25% projected annual salary increase and a 5% health cost inflation. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 24-year closed amortization period.

Funding Progress and Funded Status - In fiscal year 2015, the City made contributions toward the ARC and amortized its net OPEB obligation as presented below:

Net OPEB Obligation at June 30, 2014	$21,680,703
Annual required contribution (ARC)	7,998,660
Interest on net OPEB obligation	997,312
Adjustment to annual required contribution	(1,665,673)
Annual OPEB cost	7,330,299
Contributions made:	
Other Contributions	(2,727,868)
Contribution to CERBT Trust	(1,453,346)
Subtotal	(4,181,214)
Change in net OPEB Obligation	3,149,085
Net OPEB Obligation at June 30, 2015	$24,829,788

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

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	$6,232,461	$2,525,917	41%	$18,671,822
6/30/2014	7,021,160	4,012,279	57%	21,680,703
6/30/2015	7,330,299	4,181,214	57%	24,829,788

14. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Status and Funding Progress – As of June 30, 2013, the most recent actuarial valuation date, the plan was 64.6% funded. The Actuarial Accrued Liability (AAL) for benefits was $75,797,884 and the Actuarial Value of Plan Asset was $839,626 resulting in an Unfunded Actuarial Accrued Liability (UAAL) of $74,958,258. The covered payroll (annual payroll of active employees covered by the plan) was $71,461,824 and the ratio of UAAL to the covered payroll was 104.89 percent.

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

15. RISK MANAGEMENT

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

Type of Coverage	Self Insurance	Coverage and Limits
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	$200,000 - $25,000,000

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 in the General Liability Fund (internal service fund). As of June 30, 2015, the recorded liability was $1,683,390 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 in the Worker's Compensation Insurance Fund (internal service fund). As of June 30, 2015, the recorded liability was $14,300,833. 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.

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	
			2015	2014
Balance, beginning of year	$1,790,913	$11,630,000	$13,420,913	$10,389,807
Current year claims and changes in estimates	5,446,477	9,344,251	14,790,728	9,388,302
Claims paid	(4,928,731)	(6,656,604)	(11,585,335)	(6,357,196)
Balance, end of year	$2,308,659	$14,317,647	$16,626,306	$13,420,913

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, 2015 is $14,317,647. 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.

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 2015 amounted to $655,427 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 $11,106,381 at June 30, 2015.

The investment in East Bay Dischargers Authority is valued as of June 30, 2015, the latest date for which financial information is available.

Summary financial information as of and for the year ended June 30, 2015 (the most recent audited financial information available) for EBDA's common use operations was as follows:

Assets	
Current	$5,568,844
Net OPEB asset	69,346
Capital assets - net	28,431,261
Total Assets	34,069,451
Deferred outflow of resources	61,061
Total	$34,130,512
Liabilities	$1,084,270
Deferred inflow of resources	249,047
Net Position	32,797,195
Total	$34,130,512
Revenues	$4,030,560
Expenses	(4,386,102)
Non-operating revenues	15,749
Change in Net Position	($339,793)

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

A. Litigation

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

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

B. 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.

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 $2,581,371 during fiscal year 2015, which is included as a component of purchased water expenses in the Water Enterprise Fund. The surcharge for fiscal year 2016 is estimated to be $2,342,736.

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.

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

A. Redevelopment Dissolution

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

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

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

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

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

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

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

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

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

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

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

B. 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 former Redevelopment Agency 2004 and 2006 Tax Allocation Bonds.

C. Capital Assets

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

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

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

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

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

Capital Asset Additions, Retirements, and Balances

	Balance June 30, 2014	Additions	Balance June 30, 2015
Capital assets not being depreciated:			
Land	$5,277,955		$5,277,955
Total capital asset not being depreciated	5,277,955		5,277,955
Capital assets being depreciated:			
Buildings and improvements	14,135,897		14,135,897
Improvements other than buildings	1,574,361		1,574,361
Machinery and equipment	9,575		9,575
Total capital asset being depreciated	15,719,833		15,719,833
Less accumulated depreciation for:			
Buildings and improvements	2,449,777	$314,131	2,763,908
Improvements other than buildings	446,069	62,974	509,043
Machinery and equipment	9,575		9,575
Total accumulated depreciation	2,905,421	377,105	3,282,526
Net depreciable assets	12,814,412	(377,105)	12,437,307
Private purpose trust fund assets, net	$18,092,367	($377,105)	$17,715,262

D. 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, 2015 was $26,381,502 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.

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, 2015. See Note 19E as these loans were transferred to the Successor Agency.

	School Project	Cannery Park	Cinema Place	Retail Attraction	Total
Balance at June 30, 2014	$21,541,055	$3,789,506	$275,624	$2,579,928	$28,186,113
Plus: Loan Disbursements				200,000	200,000
Less: Loan Payments	670,751	10,734		53,750	735,235
Less: Residual Land Sale					
Less: Loan Adjustments				1,269,376	1,269,376
Less: Pass-through payments					
Less: Development fees					
Less: Park in-lieu fees					
Balance at June 30, 2015	$20,870,304	$3,778,772	$275,624	$1,456,802	$26,381,502

E. 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, 2015 was $14,985,910 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	$9,236,442	
Housing Authority Special Revenue Fund	3,876,516	
Enterprise Funds		
Sewer	831,877	
Water	1,041,075	
Successor Agency Private Purpose Trust Fund		$14,985,910
Total	$14,985,910	$14,985,910

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

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.

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.

F. Long-Term Debt

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

Type of Obligation	Authorized and Issued	Principal Outstanding June 30, 2014	Retirements	Principal Outstanding June 30, 2015	Current Portion
Tax Allocation Bonds,					
2004 Redevelopment Agency due 3/1/2034, interest at 3%-5.3%	$44,790,000	$33,790,000	$1,665,000	$32,125,000	$1,745,000
2006 Redevelopment Agency due 3/1/2036, interest at 3.75%-5.0%	11,800,000	11,555,000	85,000	11,470,000	90,000
Total	$56,590,000	$45,345,000	$1,750,000	$43,595,000	$1,835,000

At June 30, 2015, future debt service requirement for the Successor Agency were as follows:

	Governmental Activities	
Year Ending June 30	Principal	Interest
2016	$1,835,000	$2,173,930
2017	1,920,000	2,089,188
2018	2,010,000	1,999,130
2019	2,100,000	1,903,199
2020	2,200,000	1,801,500
2021 - 2025	12,770,000	7,244,970
2026 - 2030	12,250,000	3,778,752
2031 - 2035	6,910,000	1,498,155
2036	1,600,000	80,000
Totals	$43,595,000	$22,568,824

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

2004 Tax Allocation Bonds

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

2006 Tax Allocation Bonds

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

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 2015, total tax increment calculated and available for distribution by the County Auditor-Controller was $5,594,146, and the total received by the Successor Agency was $8,369,656. The taxes available for distribution covered 100% of the $4,003,588 of debt service.

G. 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.

20. SUBSEQUENT EVENTS

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.

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Retiree Medical Benefits (OPEB) Schedule of Funding Progress

Miscellaneous

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/2009		$17,689,982	($17,689,982)	0%	$34,031,772	(51.98%)
6/30/2011		17,580,936	(17,580,936)	0%	39,213,057	(44.83%)
6/30/2013	$75,419	19,600,447	(19,525,028)	0%	39,597,544	(49.31%)

Fire

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/2009		$16,717,981	($16,717,981)	0%	$10,949,127	(152.69%)
6/30/2011	$517,364	12,687,117	(12,531,996)	4%	15,634,077	(80.16%)
6/30/2013	764,207	12,822,540	(12,058,333)	6%	12,419,908	(97.09%)

Police

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/2009		$28,005,965	($28,005,965)	0%	$17,169,192	(163.12%)
6/30/2011		38,686,935	(38,324,692)	0%	22,673,602	(169.03%)
6/30/2013		43,374,897	(43,374,897)	0%	19,444,372	(223.07%)

Total

Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/2009		$62,413,928	($62,413,928)	0%	$62,150,091	(100.42%)
6/30/2011	$517,364	68,954,988	(68,437,624)	1%	77,520,736	(88.28%)
6/30/2013	839,626	75,797,884	(74,958,258)	1%	71,461,824	(104.89%)

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

Measurement Date	**6/30/2014**
Total Pension Liability	
Service Cost	$6,288,587
Interest	27,661,985
Differences between expected and actual experience	
Changes in assumptions	
Changes in benefits	
Benefit payments, including refunds of employee contributions	(19,351,565)
Net change in total pension liability	14,599,007
Total pension liability - beginning	375,357,954
Total pension liability - ending (a)	$389,956,961
Plan fiduciary net position	
Contributions - employer	$7,412,951
Contributions - employee	3,116,188
Net investment income (1)	42,388,729
Benefit payments, including refunds of employee contributions	(19,351,565)
Net change in plan fiduciary net position	33,566,303
Plan fiduciary net position - beginning	247,040,337
Plan fiduciary net position - ending (b)	$280,606,640
Net pension liability - ending (a)-(b)	$109,350,321
Plan fiduciary net position as a percentage of the total pension liability	71.96%
Covered - employee payroll	$37,577,455
Net pension liability as percentage of covered-employee payroll	291.00%

Notes to Schedule:

(1) Net of administrative expenses

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

Changes in assumptions. There were no changes in assumptions.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

Source: CalPERS Accounting Valuation

Miscellaneous Plan - Agent Multiple-Employer Defined Pension Plan
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

	2015
Actuarially determined contribution	$8,401,478
Contributions in relation to the actuarially determined contributions	8,401,478
Contribution deficiency (excess)	$0
Covered-employee payroll	$37,577,455
Contributions as a percentage of covered-employee payroll	22.36%

Notes to Schedule

Valuation date: 6/30/2012

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	16 Years as of the Valuation Date
Asset valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on Age, Service, and type of employment
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

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

Fire Safety Plan - Agent Multiple-Employer Defined Pension Plan
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date	**6/30/2014**
Total Pension Liability	
Service Cost	$4,037,733
Interest	17,319,964
Differences between expected and actual experience	
Changes in assumptions	
Changes in benefits	
Benefit payments, including refunds of employee contributions	(12,054,664)
Net change in total pension liability	9,303,033
Total pension liability - beginning	234,941,316
Total pension liability - ending (a)	$244,244,349
Plan fiduciary net position	
Contributions - employer	$4,128,191
Contributions - employee	2,212,037
Net investment income (1)	26,481,168
Benefit payments, including refunds of employee contributions	(12,054,664)
Net change in plan fiduciary net position	20,766,732
Plan fiduciary net position - beginning	153,701,396
Plan fiduciary net position - ending (b)	$174,468,128
Net pension liability - ending (a)-(b)	$69,776,221
Plan fiduciary net position as a percentage of the total pension liability	71.43%
Covered - employee payroll	$15,304,881
Net pension liability as percentage of covered-employee payroll	455.91%

Notes to Schedule:

(1) Net of administrative expenses

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

Changes in assumptions. There were no changes in assumptions.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

Source: CalPERS Accounting Valuation

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

	2015
Actuarially determined contribution	$4,879,642
Contributions in relation to the actuarially determined contributions	4,879,642
Contribution deficiency (excess)	$0
Covered-employee payroll	$15,304,881
Contributions as a percentage of covered-employee payroll	31.88%

Notes to Schedule

Valuation date:	6/30/2012

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	28 Years as of the Valuation Date
Asset valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on Age, Service, and type of employment
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

*- Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

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

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

Measurement Date	**6/30/2014**
Total Pension Liability	
Service Cost	$6,810,663
Interest	22,705,717
Differences between expected and actual experience	
Changes in assumptions	
Changes in benefits	
Benefit payments, including refunds of employee contributions	(15,228,912)
Net change in total pension liability	14,287,468
Total pension liability - beginning	306,952,014
Total pension liability - ending (a)	$321,239,482
Plan fiduciary net position	
Contributions - employer	$5,781,918
Contributions - employee	3,731,615
Net investment income (1)	32,686,768
Benefit payments, including refunds of employee contributions	(15,228,912)
Net change in plan fiduciary net position	26,971,389
Plan fiduciary net position - beginning	189,244,302
Plan fiduciary net position - ending (b)	$216,215,691
Net pension liability - ending (a)-(b)	$105,023,791
Plan fiduciary net position as a percentage of the total pension liability	67.31%
Covered - employee payroll	$22,033,138
Net pension liability as percentage of covered-employee payroll	476.66%

Notes to Schedule:

(1) Net of administrative expenses

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

Changes in assumptions. There were no changes in assumptions.

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

Source: CalPERS Accounting Valuation

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

	2015
Actuarially determined contribution	$7,487,975
Contributions in relation to the actuarially determined contributions	7,487,975
Contribution deficiency (excess)	$0
Covered-employee payroll	$22,033,138
Contributions as a percentage of covered-employee payroll	33.99%

Notes to Schedule

Valuation date: 6/30/2012

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	28 Years as of the Valuation Date
Asset valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary increases	3.30% to 14.20% depending on Age, Service, and type of employment
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

*- Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

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

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CITY OF HAYWARD
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts			Variance with Adjusted Budget
	Adopted	Adjusted	Actual Amounts Budgetary Basis*	Positive (Negative)
REVENUES:				
Property taxes	$40,514,000	$41,045,964	$42,128,306	$1,082,342
Sales taxes	31,421,000	36,836,966	39,148,631	2,311,665
Utility user tax	15,000,000	15,750,000	15,680,721	(69,279)
Other tax	20,565,700	21,057,700	22,972,560	1,914,860
Licenses and permits	4,500,036	4,934,036	4,976,967	42,931
Fines and forfeitures	1,801,271	2,318,771	2,409,783	91,012
Investment and rental income	264,017	264,017	43,208	(220,809)
Intergovernmental	6,576,730	7,313,897	7,903,755	589,858
Fees and charges for services	4,183,701	4,266,020	5,502,121	1,236,101
Total Revenues	124,826,455	133,787,371	140,766,052	6,978,681
EXPENDITURES:				
Current:				
General government	4,640,517	7,937,493	13,693,279	(5,755,786)
Public safety	94,411,166	97,417,602	96,426,387	991,215
Public works and transportation	5,609,203	5,653,068	2,057,245	3,595,823
Library and community services	4,983,279	5,021,713	4,677,305	344,408
Planning and building	7,725,930	8,244,801	6,491,780	1,753,021
Maintenance services	5,016,040	5,711,941	4,490,457	1,221,484
Debt Service:				
Interest and fiscal charges		78	78	
Total Expenditures	122,386,135	129,986,696	127,836,531	2,150,165
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,440,320	3,800,675	12,929,521	9,128,846
OTHER FINANCING SOURCES (USES):				
Transfers in	3,221,894	3,221,894	2,890,533	(331,361)
Transfers (out)	(9,621,173)	(10,021,173)	(9,671,173)	350,000
Total Other Financing Sources (Uses)	(6,399,279)	(6,799,279)	(6,780,640)	18,639
BALANCE	($3,958,959)	($2,998,604)	6,148,881	$9,147,485
BEGINNING FUND BALANCE			33,419,949	
ENDING FUND BALANCE			$39,568,830	

* 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, 2015

	Original Budget	Adjusted Budget	Actual	Variance with Adjusted Budget Positive (Negative)
REVENUES:				
Investment income			$784	$784
Intergovernmental	$792,633	$1,115,829	2,158,858	1,043,029
Fees and charges for services	143,302	143,302	133,601	(9,701)
Total Revenues	935,935	1,259,131	2,293,243	1,034,112
EXPENDITURES:				
Current:				
General government		41,314	9,576	31,738
Public works and transportation	871,632	2,286,624	1,867,325	419,299
Economic development		110,000	110,000	
Total Expenditures	871,632	2,437,938	1,986,901	451,037
EXCESS OF REVENUES OVER EXPENDITURES	64,303	(1,178,807)	306,342	1,485,149
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(231,864)	(231,864)	(231,864)	
Total Other Financing Sources (Uses)	(231,864)	(231,864)	(231,864)	
BALANCE	($167,561)	($1,410,671)	74,478	$1,485,149
BEGINNING FUND BALANCE			502,326	
ENDING FUND BALANCE			$576,804	

CITY OF HAYWARD
HOUSING AUTHORITY CAPITAL PROJECT FUND
SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance with Adjusted Budget Positive (Negative)
REVENUES:				
Intergovernmental	$2,927,699	$2,927,699	$1,292,172	($1,635,527)
Investment income	45,025	45,025	117,660	72,635
Fees and charges for services			242	242
Other revenue	96,701	96,701	252,732	156,031
Total Revenues	3,069,425	3,069,425	1,662,806	(1,406,619)
EXPENDITURES:				
Public works and transportation	84,824	2,402,636	2,078,546	324,090
Housing and business improvement loans	85,500	116,750	84,621	32,129
Total Expenditures	170,324	2,519,386	2,163,167	356,219
EXCESS OF REVENUES OVER EXPENDITURES	2,899,101	550,039	(500,361)	(1,050,400)
OTHER FINANCING SOURCES (USES):				
Transfers in				
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCE	$2,899,101	$550,039	(500,361)	($1,050,400)
BEGINNING FUND BALANCE			11,282,357	
ENDING FUND BALANCE			$10,781,996	

CITY OF HAYWARD
ROUTE 238 CORRIDOR IMPROVEMENT CAPITAL PROJECT FUND
SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance with Adjusted Budget Positive (Negative)
REVENUES:				
Investment income			$9,782	$9,782
Rental income		$137,000		(137,000)
Fees and charges for services		310,000	2,105,458	1,795,458
Other revenue		1,200,000	53,200	(1,146,800)
Total Revenues		1,647,000	2,168,440	521,440
EXPENDITURES:				
Capital outlay		11,105,703	841,457	10,264,246
Total Expenditures		11,105,703	841,457	10,264,246
EXCESS OF REVENUES OVER EXPENDITURES		(9,458,703)	1,326,983	10,785,686
OTHER FINANCING SOURCES (USES):				
Transfers (out)			(350,000)	(350,000)
Total Other Financing Sources (Uses)			(350,000)	(350,000)
BALANCE		($9,458,703)	976,983	$10,435,686
BEGINNING FUND BALANCE			(303,616)	
ENDING FUND BALANCE			$673,367	

CITY OF HAYWARD
GENERAL CAPITAL PROJECTS CAPITAL PROJECT FUND
SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original Budget	Final Budget	Actual	Variance with Adjusted Budget Positive (Negative)
REVENUES:				
Other taxes		$200,000	$256,900	$56,900
Investment income			15,518	15,518
Licenses and permits			54,333	54,333
Intergovernmental		5,525,000	128,780	(5,396,220)
Fees and charges for services		320,000	471,059	151,059
Other revenue		972,000	1,668,284	696,284
Total Revenues		7,017,000	2,594,874	(4,422,126)
EXPENDITURES:				
Capital outlay		52,585,753	23,122,239	29,463,514
Total Expenditures		52,585,753	23,122,239	29,463,514
EXCESS OF REVENUES OVER EXPENDITURES		(45,568,753)	(20,527,365)	25,041,388
OTHER FINANCING SOURCES (USES):				
Proceeds from long-term debt		3,700,000	5,500,000	1,800,000
Transfers (out)			2,170,000	2,170,000
Total Other Financing Sources (Uses)		3,700,000	7,670,000	3,970,000
BALANCE		($41,868,753)	(12,857,365)	$29,011,388
BEGINNING FUND BALANCE			9,909,089	
ENDING FUND BALANCE			($2,948,276)	

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COMBINING GENERAL FUND SCHEDULES

CITY OF HAYWARD
GENERAL FUND
COMBINING BALANCE SHEETS
JUNE 30, 2015

	General Fund		
	General Purpose	Measure C District Sales Tax	Total
ASSETS:			
Cash and investments	$20,945,559	$6,354,054	$27,299,613
Cash and investments with fiscal agents			
Accounts receivable, net	1,165,669		1,165,669
Due from other governments	4,753,139	1,551,500	6,304,639
Interest receivable			
Due from other funds	6,552,458		6,552,458
Loans receivable			
Long-term loans to the Private Purpose Trust Fund	9,236,442		9,236,442
Land held for resale			
Deposits, parts, supplies and other	47,839		47,839
Total Assets	$42,701,106	$7,905,554	$50,606,660
LIABILITIES:			
Accounts payable	$1,383,530		$1,383,530
Accrued liabilities	8,318,860	$21,053	8,339,913
Due to other funds			
Unearned revenue			
Refundable deposits	1,305,659		1,305,659
Total Liabilities	11,008,049	21,053	11,029,102
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - grants receivable	8,728		8,728
Unavailable revenue - loans receivable			
Total Deferred Inflows of Resources	8,728		8,728
FUND BALANCES:			
Nonspendable	9,284,281		9,284,281
Restricted			
Public safety			
Public works and transportation			
Planning and building			
Economic development			
Debt service			
Assigned	8,150,187		8,150,187
Unassigned	14,249,861	7,884,501	22,134,362
Total Fund Balances (Deficit)	31,684,329	7,884,501	39,568,830
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$42,701,106	$7,905,554	$50,606,660

CITY OF HAYWARD
GENERAL FUND
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund		
	General Fund	Measure C District Sales Tax	Total
REVENUES:			
Property taxes	$42,128,306		$42,128,306
Sales taxes	31,058,161	$8,090,470	39,148,631
Utility users tax	15,680,721		15,680,721
Other taxes	22,972,560		22,972,560
Licenses and permits	4,976,967		4,976,967
Fines and forfeitures	2,409,783		2,409,783
Special assessments			
Investment income	42,308		42,308
Rental income	900		900
Intergovernmental	7,903,755		7,903,755
Fees and charges for services	4,902,332		4,902,332
Other revenue	599,789		599,789
Total Revenues	132,675,582	8,090,470	140,766,052
EXPENDITURES:			
Current:			
General government	13,679,025	14,254	13,693,279
Public safety	96,426,387		96,426,387
Public works and transportation	2,057,245		2,057,245
Library and community services	4,677,305		4,677,305
Economic development			
Planning and building	6,491,780		6,491,780
Maintenance services	4,298,742	191,715	4,490,457
Capital outlay			
Debt service:			
Principal			
Interest and fiscal charges	78		78
Total Expenditures	127,630,562	205,969	127,836,531
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,045,020	7,884,501	12,929,521
OTHER FINANCING SOURCES (USES):			
Issuance of long-term debt			
Transfers in	2,890,533		2,890,533
Transfers (out)	(9,671,173)		(9,671,173)
Total Other Financing Sources (Uses)	(6,780,640)		(6,780,640)
CHANGE IN FUND BALANCES	(1,735,620)	7,884,501	6,148,881
BEGINNING FUND BALANCES (DEFICITS)	33,419,949		33,419,949
ENDING FUND BALANCES (DEFICITS)	$31,684,329	$7,884,501	$39,568,830

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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, curbside recycling and multifamily recycling service fees, and grants used to support the City's recycling program.

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

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.

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

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

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

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

DEBT SERVICE FUNDS

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

CAPITAL PROJECTS FUNDS

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

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, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2015

	SPECIAL REVENUE FUNDS			
	Special Gasoline Tax	Community Development Block Grant	Housing Mortgage Revenue Bonds	Park Dedication Ordinance
ASSETS:				
Cash and investments	$814,553	$1,164,302	$953,283	$3,818,573
Cash and investments with fiscal agents				
Accounts receivable, net	118,998			
Due from other governments	458,534	211,862		
Interest receivable			18,281	
Loans receivable		2,706,273	175,500	
Deposits, parts, supplies and other				
Total Assets	$1,392,085	$4,082,437	$1,147,064	$3,818,573
LIABILITIES:				
Accounts payable	$124,723	$81,975	$852	
Accrued liabilities		18,360	5,054	
Due to other funds				
Unearned revenue				
Refundable deposits				$954,492
Total Liabilities	124,723	100,335	5,906	954,492
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - grants receivable	118,998			
Unavailable revenue - loans receivable		2,706,273	175,500	
Total Deferred Inflows of Resources	118,998	2,706,273	175,500	
FUND BALANCES:				
Restricted				
Public safety				
Public works and transportation	1,148,364			
Planning and building				2,864,081
Economic development		1,275,829	965,658	
Debt service				
Total Fund Balances	1,148,364	1,275,829	965,658	2,864,081
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$1,392,085	$4,082,437	$1,147,064	$3,818,573

SPECIAL REVENUE FUNDS

Business Improvement	Donation	Recycling	Narcotics Asset Seizure	Park Maintenance District	Measure B Local Streets and Roads
$222,617	$7,719,209	$1,350,102	$464,719	$2,682,626	$39,311
6,359					
	1,250			4,582	$551,657
		113,114			
		53,631			
68					
$229,044	$7,720,459	$1,516,847	$464,719	$2,687,208	$590,968
	$14,708	$16,702		$99,079	$113,319
	1,324	16,187		7,111	3
					109,885
			$52,058		
				20,000	
	16,032	32,889	52,058	126,190	223,207
$6,359					
		53,631			
6,359		53,631			
			412,661		
		1,430,327			367,761
222,685	7,704,427			2,561,018	
222,685	7,704,427	1,430,327	412,661	2,561,018	367,761
$229,044	$7,720,459	$1,516,847	$464,719	$2,687,208	$590,968

(Continued)

CITY OF HAYWARD, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2015

	SPECIAL REVENUE FUNDS			
	Measure B Pedestrian	Measure B Paratransit	Measure BB	Measure F
ASSETS:				
Cash and investments	$274,744	$863,914		$430,620
Cash and investments with fiscal agents				
Accounts receivable, net				
Due from other governments	110,497	194,348	$610,287	68,788
Interest receivable				
Loans receivable				
Deposits, parts, supplies and other				
Total Assets	$385,241	$1,058,262	$610,287	$499,408
LIABILITIES:				
Accounts payable	$29,457	$132,915		$40,629
Accrued liabilities		11,538		
Due to other funds				
Unearned revenue				
Refundable deposits	990			
Total Liabilities	30,447	144,453		40,629
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - grants receivable				
Unavailable revenue - loans receivable				
Total Deferred Inflows of Resources				
FUND BALANCES:				
Restricted				
Public safety				
Public works and transportation	354,794	913,809	$610,287	458,779
Planning and building				
Economic development				
Debt service				
Total Fund Balances	354,794	913,809	610,287	458,779
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$385,241	$1,058,262	$610,287	$499,408

SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS		
Local Grants	Certificates of Participation	Traffic Signal Construction	Performance Deposits	Total Nonmajor Governmental Funds
$9,634	$418,766	$356,750	$303,053	$21,886,776
	48,089			48,089
17,266		27,637		170,260
7,500				2,219,305
				131,395
				2,935,404
				68
$34,400	$466,855	$384,387	$303,053	$27,391,297
$9,029		$1,283		$664,671
530			$2,572	62,679
				109,885
12,075				64,133
			296,249	1,271,731
21,634		1,283	298,821	2,173,099
		27,637		152,994
				2,935,404
		27,637		3,088,398
				412,661
12,766		355,467	4,232	5,656,586
				13,352,211
				2,241,487
	$466,855			466,855
12,766	466,855	355,467	4,232	22,129,800
$34,400	$466,855	$384,387	$303,053	$27,391,297

CITY OF HAYWARD, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	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 (loss)	$5,459	$103,436	$4,325	$11,814
Intergovernmental	4,368,758	1,188,098		
Fees and charges for services				
Other	10,979	445,518	120,222	1,619,184
Total Revenues	4,385,196	1,737,052	124,547	1,630,998
EXPENDITURES:				
Current:				
Public safety				
Public works and transportation			799	
Library and community services		1,260,323		
Economic development		170,515	142,256	187,721
Planning and building		3,391		
Maintenance services				
Capital outlay	2,452,152			
Debt service:				
Principal repayment	243,162			
Interest and fiscal charges		1,505	1,571	
Total Expenditures	2,695,314	1,435,734	144,626	187,721
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,689,882	301,318	(20,079)	1,443,277
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000			
Transfers (out)	(1,823,000)	(6,277)	(5,653)	
Total Other Financing Sources (Uses)	(1,723,000)	(6,277)	(5,653)	
NET CHANGE IN FUND BALANCES	(33,118)	295,041	(25,732)	1,443,277
BEGINNING FUND BALANCES	1,181,482	980,788	991,390	1,420,804
ENDING FUND BALANCES	$1,148,364	$1,275,829	$965,658	$2,864,081

SPECIAL REVENUE FUNDS

Business Improvement	Donation	Recycling	Narcotics Asset Seizure	Park Maintenance District	Measure B Local Streets and Roads
$56,002		$139,110			
			$139,251		
				$980,329	
960		6,101	2,107	11,715	$332
		542,683			2,219,270
	$140,310	30,450			
56,962	140,310	718,344	141,358	992,044	2,219,602
	73,805		111,776		
	5,019	614,764			
68,172					
				1,089,049	
					2,543,211
		3,680			
68,172	78,824	618,444	111,776	1,089,049	2,543,211
(11,210)	61,486	99,900	29,582	(97,005)	(323,609)
		(83,230)			
		(83,230)			
(11,210)	61,486	16,670	29,582	(97,005)	(323,609)
233,895	7,642,941	1,413,657	383,079	2,658,023	691,370
$222,685	$7,704,427	$1,430,327	$412,661	$2,561,018	$367,761

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CITY OF HAYWARD, CALIFORNIA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS			
	Measure B Pedestrian	Measure B Paratransit	Measure BB	Measure F
REVENUES:				
Other taxes				
Fines and forfeitures				
Special assessments				
Investment income (loss)	$2,588	$28,538		$296
Intergovernmental	444,520	781,846	$610,287	753,205
Fees and charges for services	4,085			
Other				
Total Revenues	451,193	810,384	610,287	753,501
EXPENDITURES:				
Current:				
Public safety				
Public works and transportation				245
Library and community services		810,697		
Economic development				
Planning and building				
Maintenance services		1,571		
Capital outlay	512,470			847,279
Debt service:				
Principal repayment				
Interest and fiscal charges				
Total Expenditures	512,470	812,268		847,524
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(61,277)	(1,884)	610,287	(94,023)
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)		(17,119)		
Total Other Financing Sources (Uses)		(17,119)		
NET CHANGE IN FUND BALANCES	(61,277)	(19,003)	610,287	(94,023)
BEGINNING FUND BALANCES	416,071	932,812		552,802
ENDING FUND BALANCES	$354,794	$913,809	$610,287	$458,779

SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS		
Local Grants	Certificates of Participation	Traffic Signal Construction	Performance Deposits	Total Nonmajor Governmental Funds
				$195,112
				139,251
				980,329
	$55	$884	$1,608	180,218
$85,012		170,137		11,163,816
13,275				17,360
4,000		58,138		2,428,801
$102,287	55	229,159	1,608	15,104,887
107,856				293,437
				620,827
				2,071,020
				568,664
				3,391
				1,090,620
		501,135		6,856,247
	1,913,327			2,156,489
	1,151,874			1,158,630
107,856	3,065,201	501,135		14,819,325
(5,569)	(3,065,146)	(271,976)	1,608	285,562
	3,301,646	550,000		3,951,646
				(1,935,279)
	3,301,646	550,000		2,016,367
(5,569)	236,500	278,024	1,608	2,301,929
18,335	230,355	77,443	2,624	19,827,871
$12,766	$466,855	$355,467	$4,232	$22,129,800

CITY OF HAYWARD, CALIFORNIA
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	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		$5,459	$5,459	$44,216	$103,436	$59,220
Intergovernmental	$4,340,000	4,368,758	28,758	1,387,328	1,188,098	(199,230)
Fees and charges for services						
Other	363,000	10,979	(352,021)	264,976	445,518	180,542
Total Revenues	4,703,000	4,385,196	(317,804)	1,696,520	1,737,052	40,532
EXPENDITURES:						
Current:						
Public safety						
Public works and transportation						
Library and community services				3,115,910	1,260,323	1,855,587
Economic development				586,268	170,515	415,753
Planning and building				513,260	3,391	509,869
Maintenance services						
Capital outlay	3,068,744	2,452,152	616,592			
Debt service						
Principal repayment		243,162	(243,162)			
Interest and fiscal charges				2,495	1,505	990
Total Expenditures	3,068,744	2,695,314	373,430	4,217,933	1,435,734	2,782,199
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,634,256	1,689,882	55,626	(2,521,413)	301,318	2,822,731
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt						
Transfers in	100,000	100,000				
Transfers (out)		(1,823,000)	(1,823,000)		(6,277)	(6,277)
Total Other Financing Sources (Uses)	100,000	(1,723,000)	(1,823,000)		(6,277)	(6,277)
NET CHANGE IN FUND BALANCES	$1,734,256	(33,118)	($1,767,374)	($2,521,413)	295,041	$2,816,454
BEGINNING FUND BALANCES		1,181,482			980,788	
ENDING FUND BALANCES		$1,148,364			$1,275,829	

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)
						$57,000	$56,002	($998)
$5,500	$4,325	($1,175)		$11,814	$11,814		960	960
80,268	120,222	39,954	$2,235,906	1,619,184	(616,722)			
85,768	124,547	38,779	2,235,906	1,630,998	(604,908)	57,000	56,962	(38)
	799	(799)						
303,057	142,256	160,801	2,633,616	187,721	2,445,895	119,000	68,172	50,828
1,600	1,571	29						
304,657	144,626	160,031	2,633,616	187,721	2,445,895	119,000	68,172	50,828
(218,889)	(20,079)	198,810	(397,710)	1,443,277	1,840,987	(62,000)	(11,210)	50,790
	(5,653)	(5,653)						
	(5,653)	(5,653)						
($218,889)	(25,732)	$193,157	($397,710)	1,443,277	$1,840,987	($62,000)	(11,210)	$50,790
	991,390			1,420,804			233,895	
	$965,658			$2,864,081			$222,685	

(Continued)

CITY OF HAYWARD, CALIFORNIA
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS					
	Recycling			Narcotics Asset Seizure		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Other taxes	$10,000	$139,110	$129,110			
Fines and forfeitures					$139,251	$139,251
Special assessments						
Investment income	4,000	6,101	2,101		2,107	2,107
Intergovernmental	447,000	542,683	95,683			
Fees and charges for services						
Other	2,500	30,450	27,950			
Total Revenues	463,500	718,344	254,844		141,358	141,358
EXPENDITURES:						
Current:						
Public safety				$373,882	111,776	262,106
Public works and transportation	1,163,256	614,764	548,492			
Library and community services						
Economic development						
Planning and building						
Maintenance services						
Capital outlay						
Debt service						
Principal repayment						
Interest and fiscal charges	3,840	3,680	160			
Total Expenditures	1,167,096	618,444	548,652	373,882	111,776	262,106
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(703,596)	99,900	803,496	(373,882)	29,582	403,464
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt						
Transfers in						
Transfers (out)		(83,230)	(83,230)			
Total Other Financing Sources (Uses)		(83,230)	(83,230)			
NET CHANGE IN FUND BALANCES	($703,596)	16,670	$720,266	($373,882)	29,582	$403,464
BEGINNING FUND BALANCES		1,413,657			383,079	
ENDING FUND BALANCES		$1,430,327			$412,661	

SPECIAL REVENUE FUNDS

Park Maintenance District			Measure B Local Streets and Roads			Measure B Pedestrian		
Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
$988,037	$980,329	($7,708)						
	11,715	11,715		$332	$332		$2,588	$2,588
			$2,189,000	2,219,270	30,270	$441,000	444,520	3,520
						200,000	4,085	(195,915)
988,037	992,044	4,007	2,189,000	2,219,602	30,602	641,000	451,193	(189,807)
1,227,518	1,089,049	138,469						
			2,592,688	2,543,211	49,477	714,188	512,470	201,718
1,227,518	1,089,049	138,469	2,592,688	2,543,211	49,477	714,188	512,470	201,718
(239,481)	(97,005)	142,476	(403,688)	(323,609)	80,079	(73,188)	(61,277)	11,911
($239,481)	(97,005)	$142,476	($403,688)	(323,609)	$80,079	($73,188)	(61,277)	$11,911
	2,658,023			691,370			416,071	
	$2,561,018			$367,761			$354,794	

(Continued)

CITY OF HAYWARD, CALIFORNIA
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	SPECIAL REVENUE FUNDS					
	Measure B Paratransit			Measure BB		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Other taxes						
Fines and forfeitures						
Special assessments						
Investment income	$3,000	$4,249	$1,249			
Intergovernmental	775,974	781,846	5,872		$610,287	$610,287
Fees and charges for services						
Other	7,500	24,289	16,789			
Total Revenues	786,474	810,384	23,910		610,287	610,287
EXPENDITURES:						
Current:						
Public safety						
Public works and transportation						
Library and community services	1,922,227	810,697	1,111,530			
Economic development						
Planning and building						
Maintenance services		1,571	(1,571)			
Capital outlay						
Debt service						
Principal repayment						
Interest and fiscal charges	2,500		2,500			
Total Expenditures	1,924,727	812,268	1,112,459			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,138,253)	(1,884)	1,136,369		610,287	610,287
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt						
Transfers in						
Transfers (out)		(17,119)	(17,119)			
Total Other Financing Sources (Uses)		(17,119)	(17,119)			
NET CHANGE IN FUND BALANCES	($1,138,253)	(19,003)	$1,119,250		610,287	$610,287
BEGINNING FUND BALANCES		932,812				
ENDING FUND BALANCES		$913,809			$610,287	

SPECIAL REVENUE FUNDS						DEBT SERVICE FUNDS		
Measure F			Local Grants			Certificates of Participation		
Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
	$296	$296				$3,000	$55	($2,945)
$737,000	753,205	16,205	$112,500	$85,012	($27,488)			
				13,275	13,275			
				4,000	4,000			
737,000	753,501	16,501	112,500	102,287	(10,213)	3,000	55	(2,945)
			140,012	107,856	32,156			
742	245	497						
1,039,319	847,279	192,040						
						1,913,327	1,913,327	
						1,148,274	1,151,874	(3,600)
1,040,061	847,524	192,537	140,012	107,856	32,156	3,061,601	3,065,201	(3,600)
(303,061)	(94,023)	209,038	(27,512)	(5,569)	21,943	(3,058,601)	(3,065,146)	(6,545)
						3,301,646	3,301,646	
						3,301,646	3,301,646	
($303,061)	(94,023)	$209,038	($27,512)	(5,569)	$21,943	$243,045	236,500	($6,545)
	552,802			18,335			230,355	
	$458,779			$12,766			$466,855	

(Continued)

CITY OF HAYWARD, CALIFORNIA
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	CAPITAL PROJECTS FUNDS					
	Traffic Signal Construction			Performance Deposits		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Other taxes						
Fines and forfeitures						
Special assessments						
Investment income		$884	$884		$1,608	$1,608
Intergovernmental	$190,000	170,137	(19,863)			
Fees and charges for services						
Other	310,000	58,138	(251,862)			
Total Revenues	500,000	229,159	(270,841)		1,608	1,608
EXPENDITURES:						
Current:						
Public safety						
Public works and transportation						
Library and community services						
Economic development						
Planning and building						
Maintenance services						
Capital outlay	1,166,200	501,135	665,065			
Debt Service						
Principal repayment						
Interest and fiscal charges						
Total Expenditures	1,166,200	501,135	665,065			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(666,200)	(271,976)	394,224		1,608	1,608
OTHER FINANCING SOURCES (USES)						
Proceeds from long-term debt						
Transfers in		550,000	550,000			
Transfers (out)						
Total Other Financing Sources (Uses)		550,000	550,000			
NET CHANGE IN FUND BALANCES	($666,200)	278,024	$944,224		1,608	$1,608
BEGINNING FUND BALANCES		77,443			2,624	
ENDING FUND BALANCES		$355,467			$4,232	

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 PROPRIETARY FUNDS
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2015

	Stormwater	Airport	Totals
Current Assets:			
Cash and investments	$3,525,671	$8,798,179	$12,323,850
Accounts receivable, net	286,209	194,770	480,979
Due from other governments	12,436		12,436
Total Current Assets	3,824,316	8,992,949	12,817,265
Noncurrent Assets:			
Deposits, parts, supplies and other		30,788	30,788
Capital assets			
Land		244,302	244,302
Construction in progress		5,805,155	5,805,155
Depreciable capital assets, net	1,910	11,954,507	11,956,417
Total Noncurrent Assets	1,910	18,034,752	18,036,662
Total Assets	3,826,226	27,027,701	30,853,927
DEFERRED OUTFLOWS OF RESOURCES:			
Related to pensions	60,491	68,052	128,543
LIABILITIES:			
Current Liabilities:			
Accounts payable	11,693	294,913	306,606
Accrued interest		7,658	7,658
Accrued liabilities	67,158	62,762	129,920
Refundable deposits		95,967	95,967
Compensated absences - due within one year	41,299	46,536	87,835
Long term debt - due within one year		119,502	119,502
Total Current Liabilities	120,150	627,338	747,488
Noncurrent Liabilities:			
Long-term interfund payables - due in more than one year			
Compensated absences	9,704	10,935	20,639
Net pension liabilities	787,322	885,738	1,673,060
Long term debt - due in more than one year		1,234,052	1,234,052
Total Noncurrent Liabilities	797,026	2,130,725	2,927,751
Total Liabilities	917,176	2,758,063	3,675,239
DEFERRED INFLOWS OF RESOURCES:			
Related to pensions	139,782	157,255	297,037
NET POSITION:			
Net investments in capital assets	1,910	16,650,410	16,652,320
Unrestricted	2,827,849	7,530,025	10,357,874
Total Net Position	$2,829,759	$24,180,435	$27,010,194

CITY OF HAYWARD
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Stormwater	Airport	Total
OPERATING REVENUES:			
Charges for services	$2,827,903	$2,953,374	$5,781,277
Miscellaneous	4,800	41,988	46,788
Total Operating Revenues	2,832,703	2,995,362	5,828,065
OPERATING EXPENSES:			
Salaries and related expenses	1,565,507	1,352,277	2,917,784
Materials, supplies and services	776,370	837,940	1,614,310
Repairs and maintenance	31,422	195,863	227,285
Depreciation	275	1,103,837	1,104,112
Total Operating Expenses	2,373,574	3,489,917	5,863,491
Operating Income (Loss)	459,129	(494,555)	(35,426)
NONOPERATING REVENUES (EXPENSES):			
Investment income	13,762	49,305	63,067
Net Nonoperating Revenues (Expenses)	13,762	49,305	63,067
Income (Loss) Before Contributions and Transfers	472,891	(445,250)	27,641
TRANSFERS			
Transfers (out)	(121,344)	(343,415)	(464,759)
Net Transfers	(121,344)	(343,415)	(464,759)
CHANGE IN NET POSITION	351,547	(788,665)	(437,118)
BEGINNING NET POSITION, AS ADJUSTED	2,478,212	24,969,100	27,447,312
ENDING NET POSITION	$2,829,759	$24,180,435	$27,010,194

CITY OF HAYWARD
NONMAJOR PROPRIETARY FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Stormwater	Airport	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$2,634,375	$2,813,366	$5,447,741
Payments to suppliers	(732,496)	(693,814)	(1,426,310)
Payments to employees	(1,574,346)	(1,355,901)	(2,930,247)
Net Cash Flows From Operating Activities	327,533	763,651	1,091,184
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:			
Interfund receipts (payment)		(2,433,457)	(2,433,457)
Transfers (out)	(121,344)	(343,415)	(464,759)
Net Cash Flows From Noncapital and Related Financing Activities	(121,344)	(2,776,872)	(2,898,216)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(1)	(754,064)	(754,065)
Principal payments on capital debt		(115,824)	(115,824)
Net Cash Flows From Capital and Related Financing Activities	(1)	(869,888)	(869,889)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	13,762	49,305	63,067
Net Cash Flows From Investing Activities	13,762	49,305	63,067
NET CASH FLOWS	219,950	(2,833,804)	(2,613,854)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	3,305,721	11,631,983	14,937,704
CASH AND EQUIVALENTS AT END OF PERIOD	$3,525,671	$8,798,179	$12,323,850
RECONCILIATION OF OPERATING INCOME(LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	$459,129	($494,555)	($35,426)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	275	1,103,837	1,104,112
Change in assets and liabilities:			
Receivables, net	(193,069)	(185,401)	(378,470)
Other assets		(645)	(645)
Due from other governments	(5,259)	2,979	(2,280)
Accounts payable and other accrued expenses	75,296	340,634	415,930
Refundable deposits		426	426
Due to retirement system	(3,901)	(4,387)	(8,288)
Compensated absences	(4,938)	763	(4,175)
Net Cash Flows From Operating Activities	$327,533	$763,651	$1,091,184

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, 2015

	Workers' Compensation Insurance*	General Liability	Facilities Management
ASSETS:			
Current Assets:			
Cash and investments	$7,239,576	$3,637,596	$927,562
Cash and investments with fiscal agents			83,110
Accounts receivable, net	274,134		11,469
Deposits, parts, supplies and other			
Total Current Assets	7,513,710	3,637,596	1,022,141
Noncurrent Assets:			
Land			372,748
Construction in progress			
Depreciable capital assets, net			1,947,100
Total Noncurrent Assets			2,319,848
Total Assets	7,513,710	3,637,596	3,341,989
DEFERRED OUTFLOWS OF RESOURCES:			
Related to pensions	15,123	15,123	93,256
LIABILITIES:			
Current Liabilities:			
Accounts payable	28,487	75,246	286,115
Accrued interest			14,519
Accrued liabilities*	14,317,647	2,308,659	44,734
Unearned revenue			41
Refundable deposits			2,784
Compensated absences	11,307	10,888	67,830
Long-term debt - due within one year			110,773
Total Current Liabilities	14,357,441	2,394,793	526,796
Noncurrent Liabilities:			
Long-term interfund payables			
Compensated absences	1,781	1,715	10,682
Net pension liabilities	196,831	196,831	1,213,789
Long-term debt			1,122,245
Total Noncurrent Liabilities	198,612	198,546	2,346,716
Total Liabilities	14,556,053	2,593,339	2,873,512
DEFERRED INFLOWS OF RESOURCES:			
Related to pensions	34,946	34,946	215,498
Total Deferred Inflows of Resources	34,946	34,946	215,498
NET POSITION:			
Net investments in capital assets			1,086,830
Restricted for debt service			83,110
Unrestricted	(7,062,166)	1,024,434	(823,705)
Total Net Position	($7,062,166)	$1,024,434	$346,235

* 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.

Fleet Management	Technology Services	Employee Benefits	Total
$4,024,301	$2,102,415	$2,436,462	$20,367,912
			83,110
49,411	77,963		412,977
62,623	1,699,356		1,761,979
4,136,335	3,879,734	2,436,462	22,625,978
			372,748
	596,491		596,491
10,816,339	3,838,469		16,601,908
10,816,339	4,434,960		17,571,147
14,952,674	8,314,694	2,436,462	40,197,125
65,532	207,517		396,551
347,146	175,584	7,273	919,851
24,414	1,341		40,274
42,041	126,292		16,839,373
31,092	375		31,508
			2,784
48,146	151,776		289,947
763,306	475,898		1,349,977
1,256,145	931,266	7,273	19,473,714
214,286	375,000		589,286
7,582	23,901		45,661
852,933	2,700,953		5,161,337
2,184,151	1,171,267		4,477,663
3,258,952	4,271,121		10,273,947
4,515,097	5,202,387	7,273	29,747,661
151,431	479,531		916,352
151,431	479,531		916,352
7,868,882	2,787,795		11,743,507
			83,110
2,482,796	52,498	2,429,189	(1,896,954)
$10,351,678	$2,840,293	$2,429,189	$9,929,663

CITY OF HAYWARD
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	Workers' Compensation Insurance	General Liability	Facilities Management
OPERATING REVENUES			
Charges for services	$6,280,064	$1,122	$3,610,955
Other			149,242
Total Operating Revenues	6,280,064	1,122	3,760,197
OPERATING EXPENSES			
Salaries and related expenses	374,185	485,872	1,077,729
Materials, supplies and services	639,596	1,768,534	967,568
Repairs and maintenance	131	566	1,228,316
Self-funded insurance expense	6,656,606	823,640	
Depreciation			69,978
Total Operating Expenses	7,670,518	3,078,612	3,343,591
Operating Income (Loss)	(1,390,454)	(3,077,490)	416,606
NONOPERATING REVENUES (EXPENSES)			
Investment income			2,286
Interest (expense)			(76,488)
Loss on disposal of capital assets			
Total Nonoperating Revenues (Expenses)			(74,202)
Income (Loss) Before Transfers	(1,390,454)	(3,077,490)	342,404
CONTRIBUTIONS AND TRANSFERS			
Transfers in		3,166,511	
Transfers (out)	(165,491)	(337,372)	(140,606)
Net Contributions and Transfers	(165,491)	2,829,139	(140,606)
CHANGE IN NET POSITION	(1,555,945)	(248,351)	201,798
BEGINNING NET POSITION, AS ADJUSTED	(5,506,221)	1,272,785	144,437
ENDING NET POSITION	($7,062,166)	$1,024,434	$346,235

Fleet Management	Technology Services	Employee Benefits	Total
$6,054,086	$5,309,214	$2,569,200	$23,824,641
12,404	19,687		181,333
6,066,490	5,328,901	2,569,200	24,005,974
1,096,189	2,519,244		5,553,219
826,799	1,185,274	1,454,798	6,842,569
1,836,432	1,163,956		4,229,401
		2,260,984	9,741,230
1,473,699	243,061		1,786,738
5,233,119	5,111,535	3,715,782	28,153,157
833,371	217,366	(1,146,582)	(4,147,183)
17,174	11,278		30,738
(126,073)	(9,634)		(212,195)
(352,880)			(352,880)
(461,779)	1,644		(534,337)
371,592	219,010	(1,146,582)	(4,681,520)
446,578	1,143,000	2,060,000	6,816,089
(156,473)	(221,701)		(1,021,643)
290,105	921,299	2,060,000	5,794,446
661,697	1,140,309	913,418	1,112,926
9,689,981	1,699,984	1,515,771	8,816,737
$10,351,678	$2,840,293	$2,429,189	$9,929,663

CITY OF HAYWARD
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

	Workers' Compensation Insurance	General Liability	Facilities Management
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$6,255,167	$1,122	$3,753,407
Payments to suppliers	(4,587,688)	(2,333,257)	(1,882,823)
Payments to employees	(381,121)	(486,847)	(1,096,233)
Cash Flows from Operating Activities	1,286,358	(2,818,982)	774,351
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Payments to other funds			
Transfers in		3,166,511	
Transfers out	(165,491)	(337,372)	(140,606)
Cash Flows from Noncapital Financing Activities	(165,491)	2,829,139	(140,606)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets			
Principal payments on capital debt			(160,332)
Interest paid on capital debt			(76,488)
Cash Flows from Capital and Related Financing Activities			(236,820)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received			2,286
Investment proceeds			515
Cash Flows from Investing Activities			2,801
Net increase (decrease) in cash and cash equivalents	1,120,867	10,157	399,726
Cash and cash equivalents at beginning of period	6,118,709	3,627,439	527,836
Cash and cash equivalents at end of period	$7,239,576	$3,637,596	$927,562
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	($1,390,454)	($3,077,490)	$416,606
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation			69,978
Change in assets and liabilities:			
Receivables, net	(24,897)		(6,790)
Other assets		1,005,405	
Accounts and other payables	28,487	(1,234,355)	272,199
Due to retirement system	(975)	(975)	(6,011)
Compensated absences	(5,961)	.	(12,493)
Other accrued expenses	2,680,158	488,433	40,862
Cash Flows from Operating Activities	$1,286,358	($2,818,982)	$774,351

Fleet Management	Technology Services	Employee Benefits	Total
$6,035,398	$5,686,861	$2,569,200	$24,301,155
(2,545,462)	(3,927,384)	(3,899,834)	(19,176,448)
(1,118,685)	(2,538,898)		(5,621,784)
2,371,251	(779,421)	(1,330,634)	(497,077)
(956,207)	(150,936)		(1,107,143)
446,578	1,143,000	2,060,000	6,816,089
(156,473)	(221,701)		(1,021,643)
(666,102)	770,363	2,060,000	4,687,303
(2,282,269)	(904,472)		(3,186,741)
(296,239)	584,405		127,834
(126,073)	(9,634)		(212,195)
(2,704,581)	(329,701)		(3,271,102)
17,174	11,278		30,738
1,170,581			1,171,096
1,187,755	11,278		1,201,834
188,323	(327,481)	729,366	2,120,958
3,835,978	2,429,896	1,707,096	18,246,954
$4,024,301	$2,102,415	$2,436,462	$20,367,912
$833,371	$217,366	($1,146,582)	($4,147,183)
1,473,699	243,061		1,786,738
(31,092)	357,960		295,181
(62,623)	(1,699,356)		(756,574)
229,371	18,671	(184,052)	(869,679)
(4,224)	(13,378)		(25,563)
(18,272)	(6,276)		(43,002)
(48,979)	102,531		3,263,005
$2,371,251	($779,421)	($1,330,634)	($497,077)

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AGENCY FUNDS

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

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

*South Hayward Bart Parking District JPA – A*ccount 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, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
Local Improvement Districts				
ASSETS:				
Cash and investments	$1,959,512	$2,111,638	$1,959,512	$2,111,638
Cash and investments with fiscal agents	353,837	353,830	353,837	353,830
Accounts receivable	7,222			7,222
Due from other governments	1,242,857	980,413	1,242,857	980,413
Total Assets	$3,563,428	$3,445,881	$3,556,206	$3,453,103
LIABILITIES:				
Accounts payable				
Due to bondholders	$3,563,428	$3,445,881	$3,556,206	$3,453,103
Total Liabilities	$3,563,428	$3,445,881	$3,556,206	$3,453,103
South Hayward Bart Parking District JPA				
ASSETS:				
Cash and investments	$68,360	$82,364	$68,360	$82,364
Total Assets	$68,360	$82,364	$68,360	$82,364
LIABILITIES:				
Due to others	$68,360	$82,364	$68,360	$82,364
Total Liabilities	$68,360	$82,364	$68,360	$82,364
Other Agency Funds				
ASSETS:				
Cash and investments	$824,764	$1,869,570	$824,764	$1,869,570
Total Assets	$824,764	$1,869,570	$824,764	$1,869,570
LIABILITIES:				
Accounts payable	$790	$1,510	$790	$1,510
Refundable deposits	823,974	1,868,060	$823,974	1,868,060
Total Liabilities	$824,764	$1,869,570	$824,764	$1,869,570
Total				
ASSETS:				
Cash and investments	$2,852,636	$4,063,572	$2,852,636	$4,063,572
Cash and investments with fiscal agents	353,837	353,830	353,837	353,830
Accounts receivable	7,222			7,222
Due from other governments	1,242,857	980,413	1,242,857	980,413
Total Assets	$4,456,552	$5,397,815	$4,449,330	$5,405,037
LIABILITIES:				
Accounts payable	$790	$1,510	$790	$1,510
Refundable deposits	823,974	1,868,060	823,974	1,868,060
Due to bondholders and others	3,631,788	3,528,245	3,624,566	3,535,467
Total Liabilities	$4,456,552	$5,397,815	$4,449,330	$5,405,037

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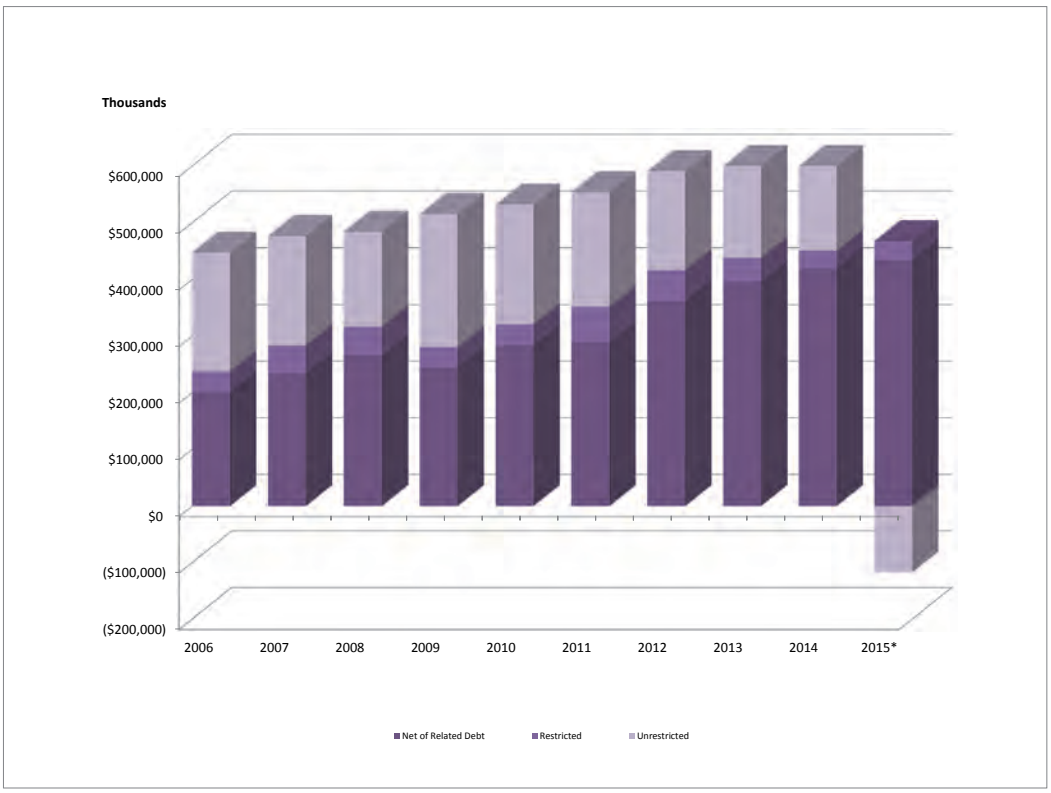
CITY OF HAYWARD
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)



* 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.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015*
Governmental activities										
Net investment in capital assets	$100,174,478	126,446,824	$165,674,448	$144,536,663	$175,603,110	$177,018,316	$249,020,221	$279,525,198	$290,077,936	$305,320,098
Restricted	31,759,679	45,104,958	50,176,114	35,212,631	37,078,947	62,458,594	54,205,450	42,224,510	31,382,199	33,021,745
Unrestricted	100,340,730	79,057,083	33,506,242	94,984,265	74,605,502	67,919,935	35,822,808	33,214,883	43,176,179	(257,512,639)
Total governmental activities net position	$232,274,887	$250,608,865	$249,356,804	$274,733,559	$287,287,559	$307,396,845	$339,048,479	$354,964,591	$364,636,314	$80,829,204
Business-type activities										
Net investment in capital assets	$102,076,570	$108,163,977	$100,748,593	$100,949,049	$108,371,577	$111,809,831	$112,987,363	$116,593,166	$128,869,837	$129,150,393
Restricted	4,066,211	3,934,308	0	0	0	0	0	0	0	0
Unrestricted	109,237,767	113,683,272	134,111,663	139,593,608	136,133,467	134,720,060	139,002,268	140,296,857	143,368,162	140,262,979
Total business-type activities net position	$215,380,548	$225,781,557	$234,860,256	$240,542,657	$244,505,044	$246,529,891	$251,989,631	$256,890,023	$272,237,999	$269,413,372
Primary government										
Net investment in capital assets	$202,251,048	$234,610,801	$266,423,041	$245,485,712	$283,974,687	$288,828,147	$362,007,584	$396,118,364	$418,947,773	$434,470,491
Restricted	35,825,890	49,039,266	50,176,114	35,212,631	37,078,947	62,458,594	54,205,450	42,224,510	31,382,199	33,021,745
Unrestricted	209,578,497	192,740,355	167,617,905	234,577,873	210,738,969	202,639,995	174,825,076	173,511,740	186,544,341	(117,249,660)
Total primary government net position	$447,655,435	$476,390,422	$484,217,060	$515,276,216	$531,792,603	$553,926,736	$591,038,110	$611,854,614	$636,874,313	$350,242,576

Source: City of Hayward Comprehensive Annual Financial Report

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

	2006	2007	2008	2009	2010
Expenses					
Governmental Activities:					
General Government	$14,609,331	$14,937,511	$15,432,428	$12,844,106	$12,526,820
Public Safety	70,477,309	73,909,494	83,609,438	89,391,667	91,936,447
Public Works and Transportation	14,323,266	19,796,435	6,896,062	5,097,319	6,614,756
Library and Community Services			9,654,552	9,448,832	8,873,963
Economic Development			4,685,202	2,814,162	4,337,389
Planning and Building			5,524,642	6,383,986	5,930,519
Maintenance Services			7,202,019	3,899,394	4,612,144
Community Development	8,865,415	8,016,005			
Culture and Leisure	3,672,910	3,785,273			
Nondepartmental	1,874,955	1,379,106			
Interest on Long Term Debt	4,377,655	5,006,826	6,060,020	4,175,089	4,073,192
Total Governmental Activities Expenses	118,200,841	126,830,650	139,064,363	134,054,555	138,905,230
Business-Type Activities:					
Sewer	13,266,648	13,349,209	15,250,146	15,783,768	18,276,551
Water	30,543,073	24,582,923	25,585,042	27,602,545	28,336,545
Airport	2,628,720	2,442,805	2,644,168	3,568,997	3,008,282
Centennial Hall Maintenance and Operation	638,060	678,612	678,964	782,509	313,299
Stormwater	1,926,372	1,909,447	2,049,493	1,908,290	2,227,090
Total Business-Type Activities Expenses	49,002,873	42,962,996	46,207,813	49,646,109	52,161,767
Total Primary Government Expenses	$167,203,714	$169,793,646	$185,272,176	$183,700,664	$191,066,997
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	$898,607	$949,015	$817,256	$379,561	$190,261
Public Safety	4,366,551	5,075,945	5,123,501	8,016,352	9,128,483
Public Works and Transportation	5,442,263	7,279,079	1,092,482	507,944	555,541
Library and Community Services			106,920	111,630	98,968
Economic Development			103,864	166,223	79,484
Planning and Building			6,242,967	6,780,653	5,074,620
Maintenance Services			149,268	29,190	37,098
Community Development	439,991	525,981			
Culture and Leisure	112,009	96,406			
Nondepartmental					
Operating Grants and Contributions	14,349,003	18,296,402	15,332,573	14,294,205	17,196,527
Capital Grants and Contributions	3,800,451	2,596,202	2,856,295	22,570,080	18,885,041
Total Government Activities Program Revenues	29,408,875	34,819,030	31,825,126	52,855,838	51,246,023

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

2011	2012	2013	2014	2015
$9,728,751	$9,417,144	$11,162,908	$11,989,512	$16,245,827
97,783,089	96,991,346	100,470,925	102,494,680	106,541,527
12,061,251	12,400,798	13,689,585	8,851,489	12,295,579
8,826,270	7,645,958	7,490,405	8,073,175	5,150,554
7,755,610	2,078,030	1,285,830	1,432,514	835,342
5,878,086	5,642,610	6,102,300	6,293,037	6,831,521
4,028,800	4,030,146	3,896,951	4,790,594	5,798,009
4,486,345	3,685,703	2,056,984	1,131,490	1,400,778
150,548,202	141,891,735	146,155,888	145,056,491	155,099,137
19,395,928	17,977,438	19,127,813	17,443,979	19,967,350
29,807,045	36,010,696	38,837,206	38,252,368	36,953,171
3,124,022	3,271,942	3,252,108	3,443,655	3,489,917
2,326,729	2,235,721	2,402,138	2,419,567	2,373,574
54,653,724	59,495,797	63,619,265	61,559,569	62,784,012
$205,201,926	$201,387,532	$209,775,153	$206,616,060	$217,883,149
$1,019,505	$2,162,950	$2,505,144	$3,348,209	$3,404,484
8,608,854	8,139,780	3,308,573	3,332,950	3,311,997
744,992	4,382,791	3,780,364	4,121,654	4,966,061
90,947	110,465	95,682	85,256	116,787
121,677	77,251		2,749,344	1,292,172
5,022,960	4,312,438	3,541,420	5,026,469	4,536,430
269,786	399,721	710,653	1,243,660	1,504,197
12,904,598	25,163,445	6,998,650	7,634,799	10,587,001
30,675,031	32,561,709	26,479,205	9,066,354	5,807,599
59,458,350	77,310,550	47,419,691	36,608,695	35,526,728

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

	2006	2007	2008	2009	2010
Business-Type Activities:					
Charges for Services:					
Sewer	13,803,163	15,981,344	16,507,956	18,861,871	19,186,749
Water	32,666,971	23,287,599	24,550,837	29,246,643	28,143,863
Airport	2,863,279	3,179,495	2,049,105	2,843,185	2,783,068
Centennial Hall Maintenance & Operation	335,079	331,503	293,948	288,869	42,954
Stormwater	1,892,761	1,899,910	2,710,813	2,791,915	2,700,531
Operating Grants and Contributions	2,486,029	4,315,427	4,771,353		
Capital Grants and Contributions	3,399,012	400,343	1,728,487	167,026	2,411,519
Total Business-Type Activities Program Revenue	57,446,294	49,395,621	52,612,499	54,199,509	55,268,684
Total Primary Government Program Revenues	$86,855,169	$84,214,651	$84,437,625	$107,055,347	$106,514,707
Net (Expense)/Revenue					
Governmental Activities	($88,791,966)	($92,011,620)	($107,239,237)	($81,198,717)	($87,659,207)
Business-Type Activities	8,443,421	6,432,625	6,404,686	4,553,400	3,106,917
Total Primary Government Net Expense	($80,348,545)	($85,578,995)	($100,834,551)	($76,645,317)	($84,552,290)
Total Primary Government Net Expense from prior page	($80,348,545)	($85,578,995)	($100,834,551)	($76,645,317)	($84,552,290)
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property Taxes	$21,644,158	$24,652,905	$38,464,255	$40,699,344	$37,292,466
Incremental Property Tax	9,154,816	11,465,642	10,729,476	10,657,184	4,520,035
Special Assessments	487,740	919,634			
Sales Taxes	26,685,813	28,857,677	28,512,340	25,630,173	23,508,544
Utility Users Tax					10,927,290
Real Property Transfer Tax	9,707,512	7,119,746	5,077,214	3,852,507	3,796,719
Franchise Tax	4,772,210	4,766,970	6,166,499	5,831,272	8,316,848
Business Tax	2,331,639	2,481,365	2,480,696	2,502,991	2,337,106
Excise Tax	1,942,949	1,918,155	1,931,187	1,858,267	1,857,223
Other Taxes	4,739,437	5,079,403	4,933,567	4,958,591	1,938,591
Motor Vehicle in-lieu, Unrestricted	12,886,423	10,821,864	671,084	522,508	457,126
Investment Earnings	1,976,795	3,135,049	3,638,001	2,132,768	819,649
Gain (Loss) on Sale of Capital Assets			53,845	2,362,950	
Miscellaneous	704,136	6,906,996	2,889,548	2,289,663	2,834,841
Transfers (refer to CAFR Footnote 4)	455,429	2,220,192	2,829,378	3,277,254	1,673,064
Extraordinary Item (refer to CAFR Footnote 19)					
Total Governmental Activities General Revenues and Transfers	97,489,057	110,345,598	108,377,090	106,575,472	100,279,502
Business-Type Activities:					
Investment Earnings	2,702,484	6,078,001	5,245,152	3,720,221	1,694,085
Gain (Loss) from disposal of capital assets	7,849,000	110,575	251,354		
Miscellaneous			437,661	686,034	834,449
Transfers (refer to CAFR Footnote 19)	(455,429)	(2,220,192)	(2,829,378)	(3,277,254)	(1,673,064)
Total Business-Type Activities General Revenues and Transfers	10,096,055	3,968,384	3,104,789	1,129,001	855,470
Total Primary Government General Revenues and Transfers	$107,585,112	$114,313,982	$111,481,879	$107,704,473	$101,134,972
Change in Net Position					
Governmental Activities	$8,697,091	$18,333,978	$1,137,853	$25,376,755	$12,620,295
Business-Type Activities	18,539,476	10,401,009	9,509,475	5,682,401	3,962,387
Total Primary Government	$27,236,567	$28,734,987	$10,647,328	$31,059,156	$16,582,682

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

2011	2012	2013	2014	2015
20,338,593	22,333,628	22,136,846	25,527,904	28,389,311
31,684,462	38,463,759	43,128,089	47,045,822	44,704,910
2,790,998	2,917,614	2,963,971	3,365,514	2,995,362
2,724,244	2,738,050	2,821,653	2,777,228	2,832,703
	119,629	88,916		
1,246,130				
58,784,427	66,572,680	71,139,475	78,716,468	78,922,286
$118,242,777	$143,883,230	$118,559,166	$115,325,163	$114,449,014
($91,089,852)	($64,581,185)	($98,736,197)	($108,447,796)	($119,572,409)
4,130,703	7,076,883	7,520,210	17,156,899	16,138,274
($86,959,149)	($57,504,302)	($91,215,987)	($91,290,897)	($103,434,135)
($86,959,149)	($57,504,302)	($91,215,987)	($91,290,897)	($103,434,135)
$35,725,966	$35,715,527	$39,297,973	$39,456,863	$42,740,159
10,351,054	4,721,491			
714,017	817,210			
25,491,533	26,346,354	29,197,989	31,019,079	39,148,631
14,699,792	14,796,979	14,939,639	15,761,544	15,680,721
3,821,387	4,777,989	4,595,640	4,878,857	5,710,272
9,091,479	9,891,601	9,687,980	9,488,631	10,127,647
2,389,657	2,483,442	2,548,248	2,649,279	2,634,539
1,699,438	1,742,210	1,868,695	1,694,229	2,142,691
1,683,087	944,268	5,820,346	6,748,616	6,314,878
694,933	75,744	78,484	64,954	62,743
434,426	369,203	534,927	424,910	349,196
	(9,687)			(352,880)
1,505,212	685,054	3,192,697	3,473,568	2,996,956
2,141,488	2,167,125	2,889,691	2,458,989	2,618,309
	(9,342,122)			
110,443,469	96,182,388	114,652,309	118,119,519	130,173,862
841,733	549,982	269,873	650,066	533,521
(2,141,488)	(2,167,125)	(2,889,691)	(2,458,989)	(2,618,309)
(1,299,755)	(1,617,143)	(2,619,818)	(1,808,923)	(2,084,788)
$109,143,714	$94,565,245	$112,032,491	$116,310,596	$128,089,074
$19,353,617	$31,601,203	$15,916,112	$9,671,723	$10,601,453
2,830,948	5,459,740	4,900,392	15,347,976	14,053,486
$22,184,565	$37,060,943	$20,816,504	$25,019,699	$24,654,939

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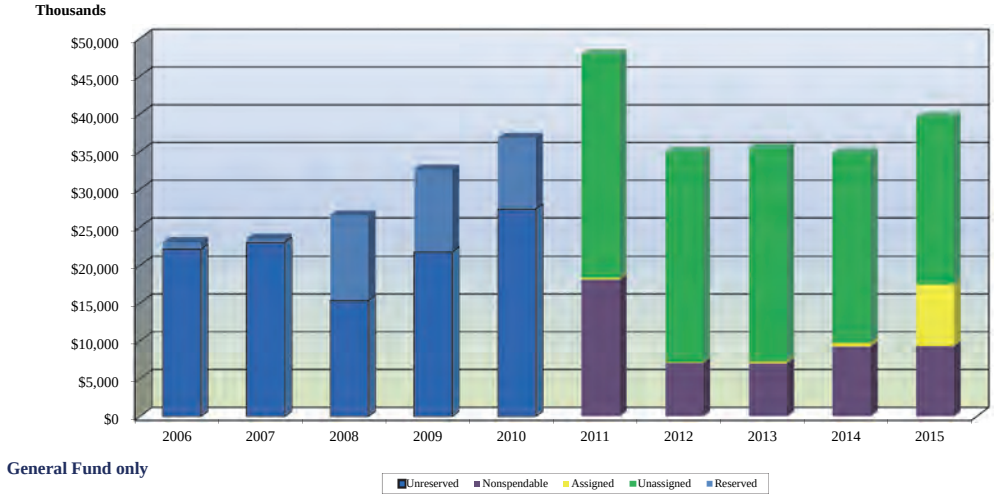
CITY OF HAYWARD
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Reserved	$925,067	$502,204	$11,213,927	$10,827,978	$9,434,579					
Unreserved	22,142,634	23,022,362	15,317,927	21,758,830	27,367,200					
Nonspendable						$18,079,779 (b)	$7,047,042	$7,028,303	$9,255,154	$9,284,281
Assigned						256,170 (b)	133,571	256,170	459,100	8,150,187
Unassigned						29,550,120 (b)	27,763,993	28,115,304	25,052,543	22,134,362
Total General Fund (a)	$23,067,701	$23,524,566	$26,531,854	$32,586,808	$36,801,779	$47,886,069	$34,944,606	$35,399,777	$34,766,797	$39,568,830
All Other Governmental Funds										
Reserved	$62,656,549	$55,418,227	$4,154,570	$19,356,635	$12,853,145					
Unreserved										
Unreserved, reported in:										
Debt Service funds			4,308,979	4,206,222	4,171,034					
Special revenue funds	16,667,600	16,985,069	18,065,349	15,211,686	16,022,583					
Capital project funds	25,573,270	24,096,411	40,928,952	21,442,946	14,181,758					
Undesignated funds										
Nonspendable						$68 (b)	$68		$2,239,029	$234,029
Restricted						36,094,240 (b)	48,807,530	$22,811,952	19,827,871	33,488,600
Assigned						5,568,584 (b)	7,460,751	2,646,543	7,670,060	
Unassigned						(5,102,162) (b)	77,273	(724,802)		(2,508,938)
Total all other governmental funds	$104,897,419	$96,499,707	$67,457,850	$60,217,489	$47,228,520	$36,560,730	$56,345,622	$24,733,693	$29,736,960	$31,213,691

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

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

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

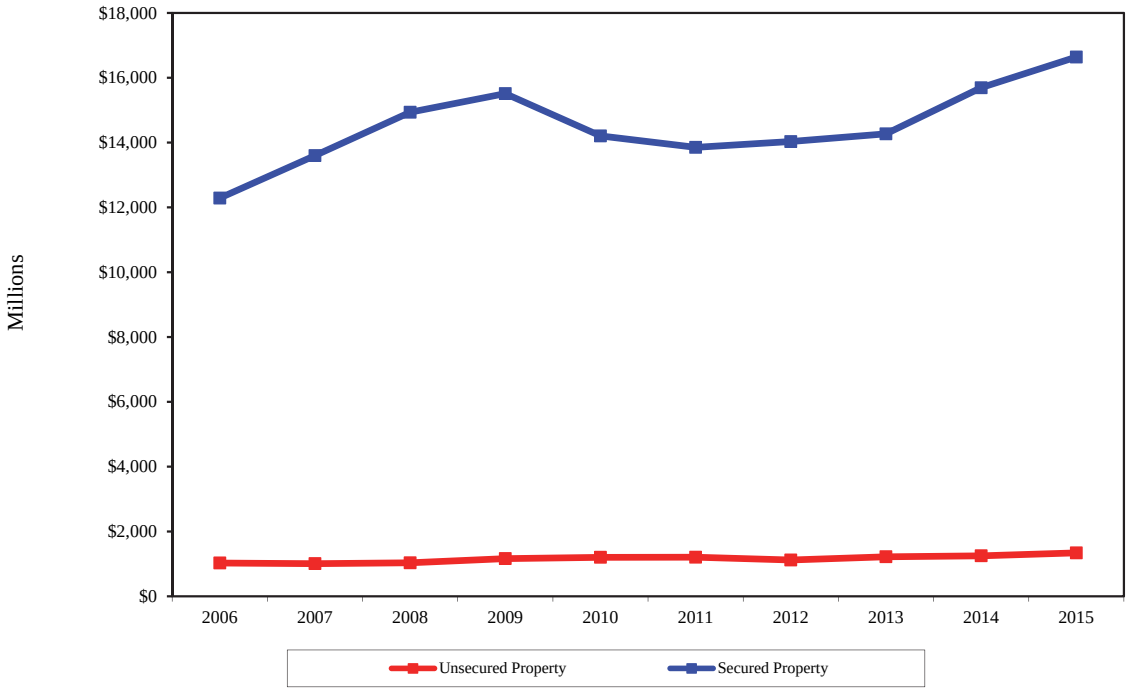
CITY OF HAYWARD
Changes in Fund Balance of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Years Ended June 30,				
	2006	**2007**	**2008**	**2009**	**2010**
Revenues					
Property Taxes	$21,446,064	$24,687,960	$39,135,339	$41,221,852	$37,292,466
Property Tax Increment	9,154,816	11,465,642	12,082,986	12,630,213	10,180,653
Special Assessments	685,832	884,579	1,051,269	741,098	610,058
Sales Taxes	26,685,812	28,857,677	29,233,148	26,341,473	
Utility Users Taxes					10,927,290
Other Taxes	23,493,746	21,365,639	22,941,172	21,419,990	20,996,991
Licenses and permits	3,058,982	4,024,802	4,712,325	4,650,694	3,084,964
Fines and forfeitures	1,369,873	1,150,614	985,858	1,657,789	2,042,460
Use of money and property	3,663,298	5,969,155	5,517,114	3,239,537	1,471,396
Intergovernmental revenues	26,099,613	27,904,422	10,914,969	32,634,889	25,004,880
Fees and charges for services	5,059,499	6,760,792	6,244,187	8,428,414	8,807,886
Reimbursement from Developer		5,000,000	1,813,604	381,868	484,205
Other	7,418,334	4,823,715	3,782,765	1,781,740	2,559,991
Total Revenues	128,135,869	142,894,997	138,414,736	155,129,557	123,463,240
Expenditures					
Current:					
General government	10,595,772	10,729,759	11,639,480	10,421,821	8,564,302
Public safety	67,486,231	71,172,116	79,941,250	79,537,953	82,051,155
Public works and transportation	12,282,568	13,037,745	6,186,587	9,558,688	6,152,137
Library and community services	6,880,898	7,533,647	8,511,524	8,771,317	7,986,000
Economic development	3,520,852	3,628,763	6,039,172	4,810,371	5,986,083
Planning and building			6,454,120	6,095,525	5,558,437
Maintenance services			7,160,250	3,723,200	4,384,873
Nondepartmental	1,874,955	1,379,106			
Capital outlay	17,426,130	37,397,788	32,072,854	29,560,203	15,712,302
Debt service:					
Principal	2,059,939	2,221,503	3,026,920	3,094,025	2,940,621
Interest and fiscal charges	4,824,827	4,792,626	5,186,476	4,046,129	3,966,495
Pass-through payments					5,660,618
Total Expenditures	126,952,172	151,893,053	166,218,633	159,619,232	148,963,023
Excess (deficiency) of revenues over (under) expenditures	1,183,697	(8,998,056)	(27,803,897)	(4,489,675)	(25,499,783)
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	
Proceeds of refunding bonds			31,820,000		
Payment to refunded bond escrow agent			(31,184,483)		
Proceeds of repayment agreement					
Proceeds from long term debt (refer to CAFR Footnote 6)	12,291,602	257,512	1,342,011		
Contributions from assessment district					
Transfers in (refer to CAFR Footnote 4)	15,198,496	13,790,988	21,111,234	22,583,520	26,352,391
Transfers out (refer to CAFR Footnote 4)	(13,714,603)	(12,991,291)	(19,687,595)	(21,476,956)	(33,068,855)
Total other financing sources (uses)	13,775,495	1,057,209	3,401,167	3,407,884	(6,716,464)
Extraordinary Item (Refer to CAFR Footnote 19)					
Net Change in fund balances	$14,959,192	($7,940,847)	($24,402,730)	($1,081,791)	($32,216,247)
Debt service as a percentage of noncapital expenditures	6.7%	6.5%	6.5%	5.8%	5.7%

Source: City of Hayward Comprehensive Annual Financial Report

Fiscal Years Ended June 30,				
2011	**2012**	**2013**	**2014**	**2015**
$35,725,967	$35,715,527	$39,180,750	$38,971,067	$42,128,306
10,351,054	4,721,491			
714,015	817,210	891,037	972,339	980,329
25,491,532	26,346,354	29,197,989	31,019,079	39,148,631
14,699,792	14,796,979	14,939,639	15,761,544	15,680,721
18,729,085	20,748,138	20,630,166	21,310,770	23,424,572
3,259,291	3,177,816	3,605,753	4,078,392	5,031,300
2,756,632	2,951,068	2,938,106	2,285,486	2,549,034
1,153,359	1,098,574	756,670	635,092	357,388
36,952,595	55,173,561	28,617,999	33,839,482	22,647,381
9,262,348	8,851,474	8,377,718	8,172,604	7,639,834
1,064,680	344,375	109,677	252,910	
7,787,702	6,565,952	1,934,141	2,402,380	5,002,806
167,948,052	181,308,519	151,179,645	159,701,145	164,590,302
7,930,669	8,034,218	9,841,308	10,551,378	13,702,855
88,980,339	90,190,936	90,696,723	91,851,849	96,719,824
9,225,588	10,994,660	10,498,047	3,764,567	6,623,943
7,884,539	6,926,851	6,531,206	7,004,537	6,748,325
5,622,527	4,396,669	1,847,619	2,017,787	763,285
5,562,298	5,346,481	5,806,741	5,981,108	6,495,171
3,783,213	3,827,181	3,685,853	4,591,395	5,581,077
28,216,666	30,601,040	36,797,417	22,587,661	30,819,943
3,071,058	1,751,366	1,854,870	2,216,033	2,156,489
4,584,267	3,355,010	2,040,992	1,093,538	1,158,708
2,151,873	1,546			
167,013,037	165,425,958	169,600,776	151,659,853	170,769,620
935,015	15,882,561	(18,421,131)	8,041,292	(6,179,318)
17,961				
200,000			2,488,880	5,500,000
35,397,325	14,518,727	11,304,955	16,346,295	9,012,179
(36,133,801)	(15,548,463)	(12,689,762)	(22,375,934)	(12,188,316)
(518,515)	(1,029,736)	(1,384,807)	(3,540,759)	2,323,863
	(8,009,396)			
$416,500	$6,843,429	($19,805,938)	$4,500,533	($3,855,455)
5.9%	3.9%	3.0%	2.6%	2.4%

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)
2006	$12,288,165,552	$1,027,365,069	$13,315,530,621	$13,315,530,621	1%
2007	13,597,846,461	1,007,627,707	14,605,474,168	14,605,474,168	1%
2008	14,934,382,599	1,032,847,525	15,967,230,124	15,967,230,124	1%
2009	15,511,405,943	1,162,782,433	16,674,188,376	16,674,188,376	1%
2010	14,205,256,130	1,202,570,890	15,407,827,020	15,407,827,020	1%
2011	13,852,339,086	1,206,621,783	15,058,960,869	15,058,960,869	1%
2012	14,031,375,627	1,119,664,498	15,151,040,125	15,151,040,125	1%
2013	14,269,516,867	1,219,715,968	15,489,232,835	15,489,232,835	1%
2014	15,692,946,952	1,249,273,320	16,942,220,272	16,942,220,272	1%
2015	16,639,488,990	1,340,155,668	17,979,644,658	17,979,644,658	1%

NOTE:

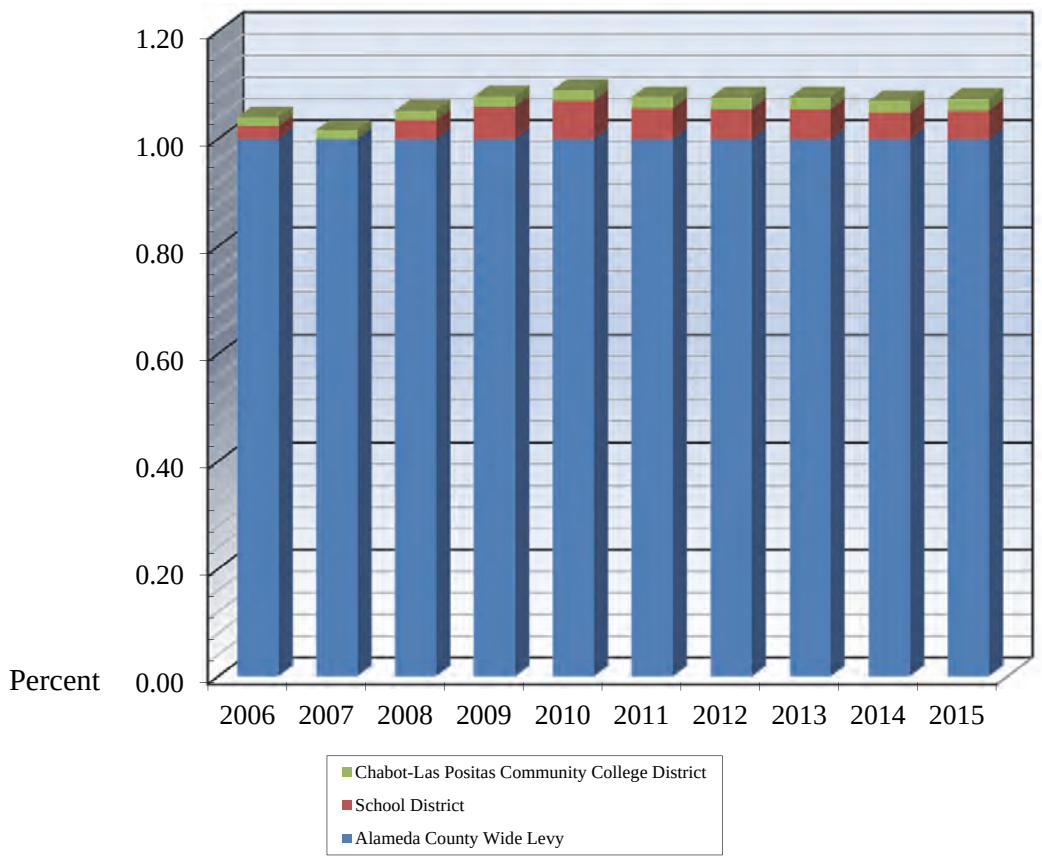
(a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.

(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)	East Bay Regional Park	Total
2006	1.0000	0.0018	0.0239	0.0158	0.0048	0.0057	1.0520
2007	1.0000	0.0018	0.0000	0.0159	0.0050	0.0085	1.0312
2008	1.0000	0.0018	0.0354	0.0164	0.0076	0.0080	1.0692
2009	1.0000	0.0018	0.0603	0.0183	0.0090	0.0100	1.0994
2010	1.0000	0.0018	0.0710	0.0195	0.0057	0.0108	1.1088
2011	1.0000	0.0018	0.0566	0.0211	0.0031	0.0084	1.0910
2012	1.0000	0.0018	0.0557	0.0214	0.0041	0.0071	1.0901
2013	1.0000	0.0018	0.0553	0.0219	0.0043	0.0051	1.0884
2014	1.0000	0.0018	0.0486	0.0214	0.0075	0.0078	1.0871
2015	1.0000	0.0018	0.0527	0.0217	0.0045	0.0085	1.0892

Source: Alameda County Assessor's Office

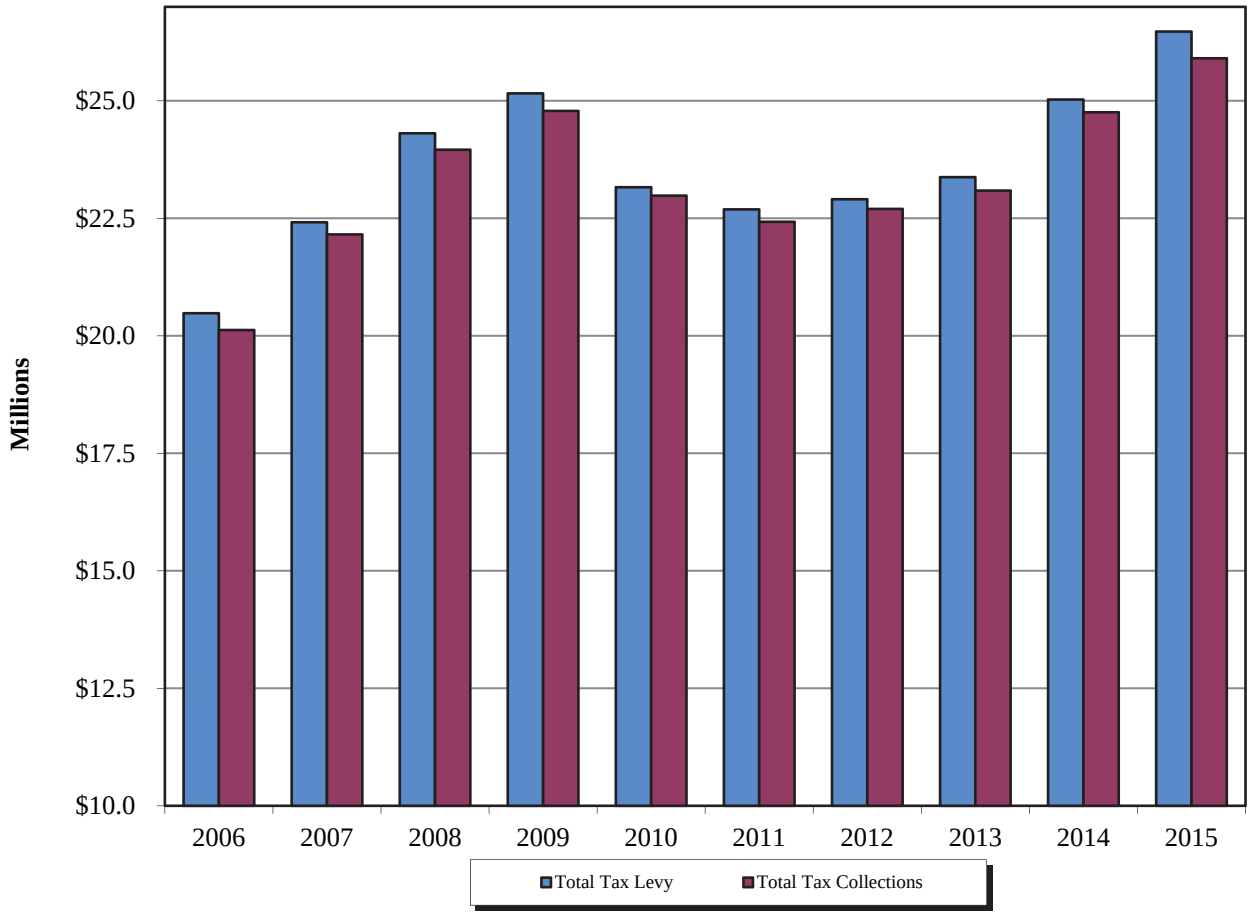
City of Hayward
Principal Property Tax Payers
Current Year and Ten Years Ago

	FY 2015			FY 2006		
Employer	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	$496,173,868	1	2.76%			
PSB Northern Calif Industrial Portfolio LLC	197,869,979	2	1.10%			
Southland Mall LP	152,292,236	3	0.85%	$131,917,488	2	0.99%
Bottling Group LLC	121,318,793	4	0.67%	74,778,195	5	0.56%
Hayward Point Eden I Limited Partnership	98,476,852	5	0.55%	68,232,275	6	0.51%
Berkeley Farm Inc.	97,112,289	6	0.54%	133,848,585	1	1.01%
Hayward Industrial Park Associates	92,630,302	7	0.52%			
Guardian KW Hayward LLC	89,080,522	8	0.50%			
SCI Limited Partnership	80,129,349	9	0.45%	78,722,553	3	0.59%
Impax Laboratories Inc.	80,842,696	10	0.45%	51,486,049	8	0.39%
RREEF America REIT II Corp LLL				78,616,500	4	0.59%
RREEF America REIT II Corp DDD				61,658,999	7	0.46%
Essex Wimbledon Woods Apartments LLC				51,243,285	9	0.38%
General Electric Credit Auto Auctions				21,742,868	10	0.16%
Subtotal	1,505,926,886		8.38%	752,246,797		5.65%

Total Assessed Valuation:	
Fiscal Year 2014/2015	17,979,644,658
Fiscal Year 2005/2006	13,315,530,621

Source: Alameda County Assessor Fiscal Year Combined Tax Rolls

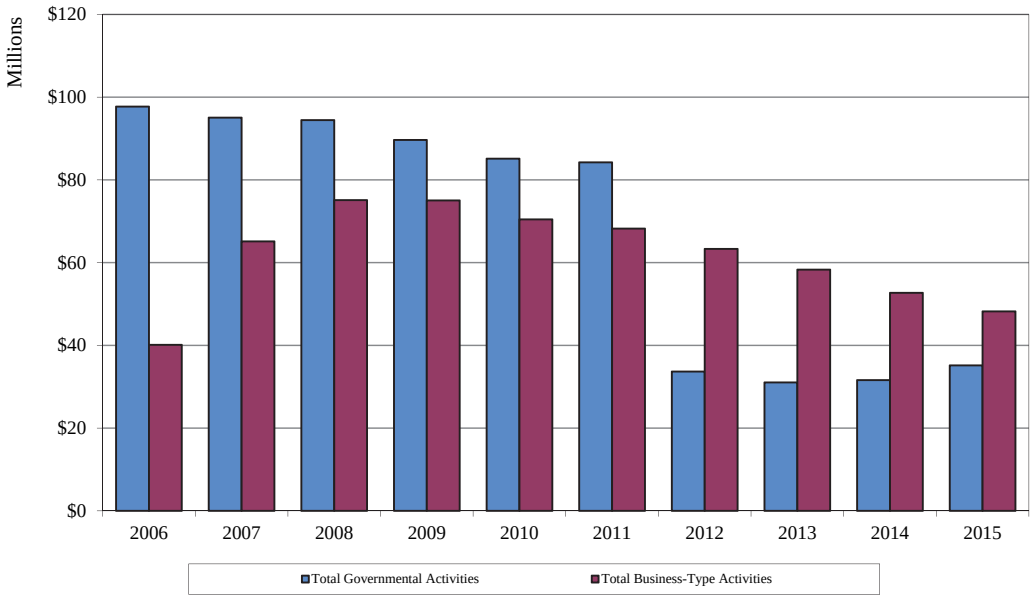
CITY OF HAYWARD
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS



Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2006	$20,479,673	$19,465,790	95.05%	$657,640	$20,123,430	98.26%
2007	22,414,567	21,022,743	93.79%	1,133,169	22,155,912	98.85%
2008	24,307,591	22,564,833	92.83%	1,393,980	23,958,813	98.57%
2009	25,157,590	23,387,921	92.97%	1,396,493	24,784,414	98.52%
2010	23,161,547	21,849,101	94.33%	1,132,552	22,981,653	99.22%
2011	22,689,887	21,518,638	94.84%	907,086	22,425,724	98.84%
2012	22,905,414	21,746,406	94.94%	952,781	22,699,187	99.10%
2013	23,375,741	22,340,018	95.57%	748,912	23,088,930	98.77%
2014	25,027,044	24,356,397	97.32%	399,535	24,755,932	98.92%
2015	26,474,019	25,522,217	96.40%	382,845	25,905,062	97.85%

Source: Alameda County Assessor Office

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



	Governmental Activities				
Fiscal Year	Tax Allocation Bonds	Certificates of Participation	Revenue Bonds	Capital Lease Obligations	Total
2006	$55,995,000	$33,150,000	$3,711,230	$4,857,110	$97,713,340
2007	55,385,000	32,095,000	3,068,590	4,506,396	95,054,986
2008	54,175,000	31,820,000	2,367,210	6,085,299	94,447,509
2009	52,905,000	30,430,000	1,785,520	4,536,751	89,657,271
2010	51,570,000	29,045,000	1,449,610	3,058,792	85,123,402
2011	50,170,000	27,605,000	1,101,010	5,367,484	84,243,494
2012	0 (a)	26,095,000	740,240	6,846,579	33,681,819
2013	0 (a)	24,525,000	575,000	5,943,842	31,043,842
2014	0 (a)	22,895,000	3,003,880	5,699,806	31,598,686
2015	0 (a)	21,195,000	2,695,717	11,279,313	35,170,031

	Business-Type Activities				
Fiscal Year	Water Revenue Bonds	Sewer Revenue Bonds	Total	Total Government	Government Debt Per Capita (b)
2006	$14,646,885	$25,490,235	$40,137,120	$137,850,460	$941.61
2007	13,853,205	51,289,612	65,142,817	160,197,803	1,083.55
2008	12,502,790	62,618,065	75,120,855	169,568,364	1,136.48
2009	12,147,240	62,885,113	75,032,353	164,689,624	1,091.54
2010	11,232,695	59,227,319	70,460,014	155,583,416	1,016.19
2011	10,276,995	57,944,117	68,221,112	152,464,606	1,045.43
2012	9,277,380	54,047,154	63,324,534	97,006,353	659.40
2013	8,225,000	50,073,263	58,298,263	89,342,105	600.59
2014	6,570,000	46,137,248	52,707,248	84,305,934	558.18
2015	6,055,000	42,151,592	48,206,592	83,376,623	545.34

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

(a) Tax Allocation Bonds are reported under Redevelopment Successor Agency as Fiduciary Fund as Redevelopment Agency was dissolved on January 31, 2012 as per ABx1 26 and AB1484.
(b) Per Capita based on City population; refer to Demographic and Statistics Schedule for population data.

Source: City of Hayward
State of California, Department of Finance (population)
U.S. Dept of Commerce, Bureau of the Census (income)

CITY OF HAYWARD
COMPUTATION OF DIRECT AND OVERLAPPING DEBT

2014-15 Assessed Valuation:	$ 17,496,672,655
Redevelopment Incremental Valuation:	(1,892,717,397)
Adjusted Assessed Valuation:	$ 15,603,955,258

		Total Debt 6/30/2015	% Applicable (1)	City's Share of Debt 6/30/2015		
DIRECT DEBT:						
City of Hayward General Fund Obligations		$ 35,170,029	100%	$ 35,170,029		
					$ 35,170,029	
Total Direct Debt						**$ 35,170,029**
OVERLAPPING DEBT:						
Overlapping Tax and Assessment Debt:						
Bay Area Rapid Transit District		$ 630,795,000	3.120%	$ 19,680,804		
Chabot-Las Positas Community College District		426,226,042	18.037%	76,878,391		
Castro Valley Unified School District		65,385,000	0.157%	102,654		
Hayward Unified School District		195,681,497	85.670%	167,640,338		
New Haven Unified School District		191,038,228	14.799%	28,271,747		
Pleasanton Unified School District		34,564,429	0.030%	10,369		
San Lorenzo Unified School District		111,100,000	16.242%	18,044,862		
Washington Township Healthcare District		194,575,000	2.203%	4,286,487		
East Bay Regional Park District		176,790,000	4.790%	8,468,241		
City of Hayward Community Facilities District No. 1		6,688,902	100.000%	6,688,902		
City of Hayward 1915 Act Bonds		1,225,000	100.000%	1,225,000		
Subtotal Overlapping Tax and Assessment Debt					$ 331,297,795	
Ratios to 2014-15 Assessed Valuation:						
Subtotal Overlapping Tax and Assessment Debt	1.89%					
OVERLAPPING GENERAL FUND DEBT:						
Alameda County General Fund Obligations		$ 869,204,500	7.935%	$ 68,971,377		
Alameda County Pension Obligation Bonds		67,164,225	7.935%	5,329,481		
Alameda-Contra Costa Transit District Certificates of Participation		24,790,000	9.409%	2,332,491		
Hayward Unified School District Certificates of Participation		15,565,000	85.670%	13,334,536		
San Lorenzo Unified School District Certificates of Participation		8,485,000	16.242%	1,378,134		
Castro Valley and Pleasanton Unified School District Certificates of Participation		23,190,000	0.157% & 0.030%	14,171		
Hayward Area Recreation and Park District Certificates of Participation		16,360,000	54.618%	8,935,505		
Subtotal Overlapping General Fund Debt					$ 100,295,693	
OVERLAPPING TAX INCREMENT DEBT(Successor Agencies):		72,500,000	15.928% & 100.000%	$ 48,198,988		
					$ 48,198,988	
Total Overlapping Debt						**$ 479,792,478**
Grand Total Direct and Overlapping Debt						**$ 514,962,507**
Combined Total Direct and Overlapping Debt						**$ 514,962,507**
Ratios to 2014-15 Assessed Valuation:						
Combined Total Direct and Overlapping Tax and Assessment Debt			**2.94%**			

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.

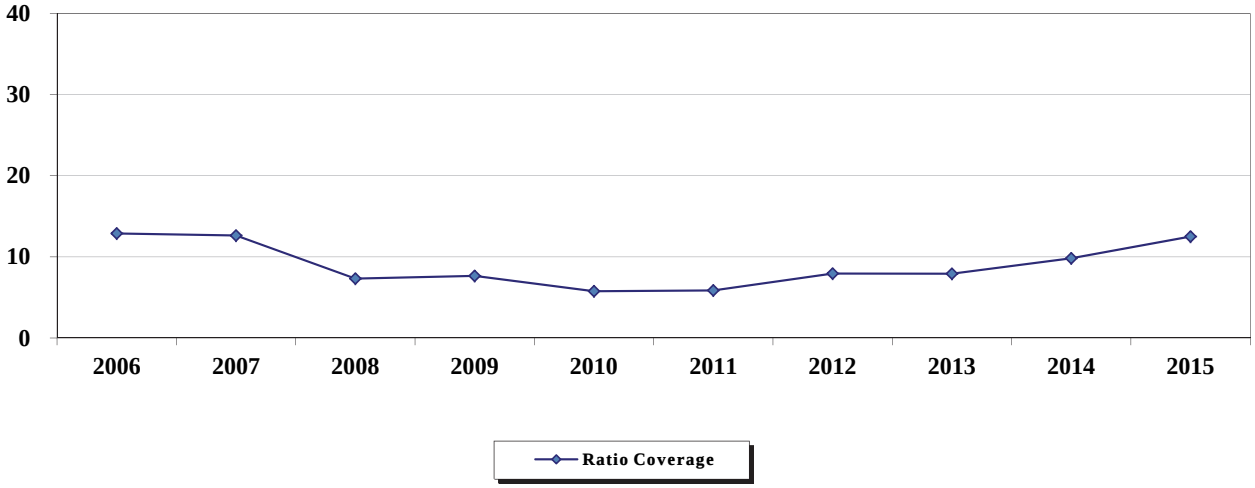
CITY OF HAYWARD
COMPUTATION OF LEGAL BONDED DEBT MARGIN
Last Ten Fiscal Years

ASSESSED VALUATION:		
Secured property assessed value, net of exempt real property	$17,979,644,658	
BONDED DEBT LIMIT (15.% OF ASSESSED VALUE)		$2,696,946,699
AMOUNT OF DEBT SUBJECT TO LIMIT:		
Total Bonded Debt	$35,170,029	
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	35,170,029	
Amount of debt subject to limit		0
LEGAL BONDED DEBT MARGIN		$2,696,946,699

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
2006	$2,190,821,125	0	$2,190,821,125	0.00%
2007	2,395,084,519	0	2,395,084,519	0.00%
2008	2,501,128,256	0	2,501,128,256	0.00%
2009	2,311,174,053	0	2,311,174,053	0.00%
2010	2,258,844,130	0	2,258,844,130	0.00%
2011	2,272,656,019	0	2,272,656,019	0.00%
2012	2,323,384,925	0	2,323,384,925	0.00%
2013	2,541,333,041	0	2,541,333,041	0.00%
2014	2,541,333,041	0	2,541,333,041	0.00%
2015	2,696,946,699	0	2,696,946,699	0.00%

Source: County of Alameda Auditors Office

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

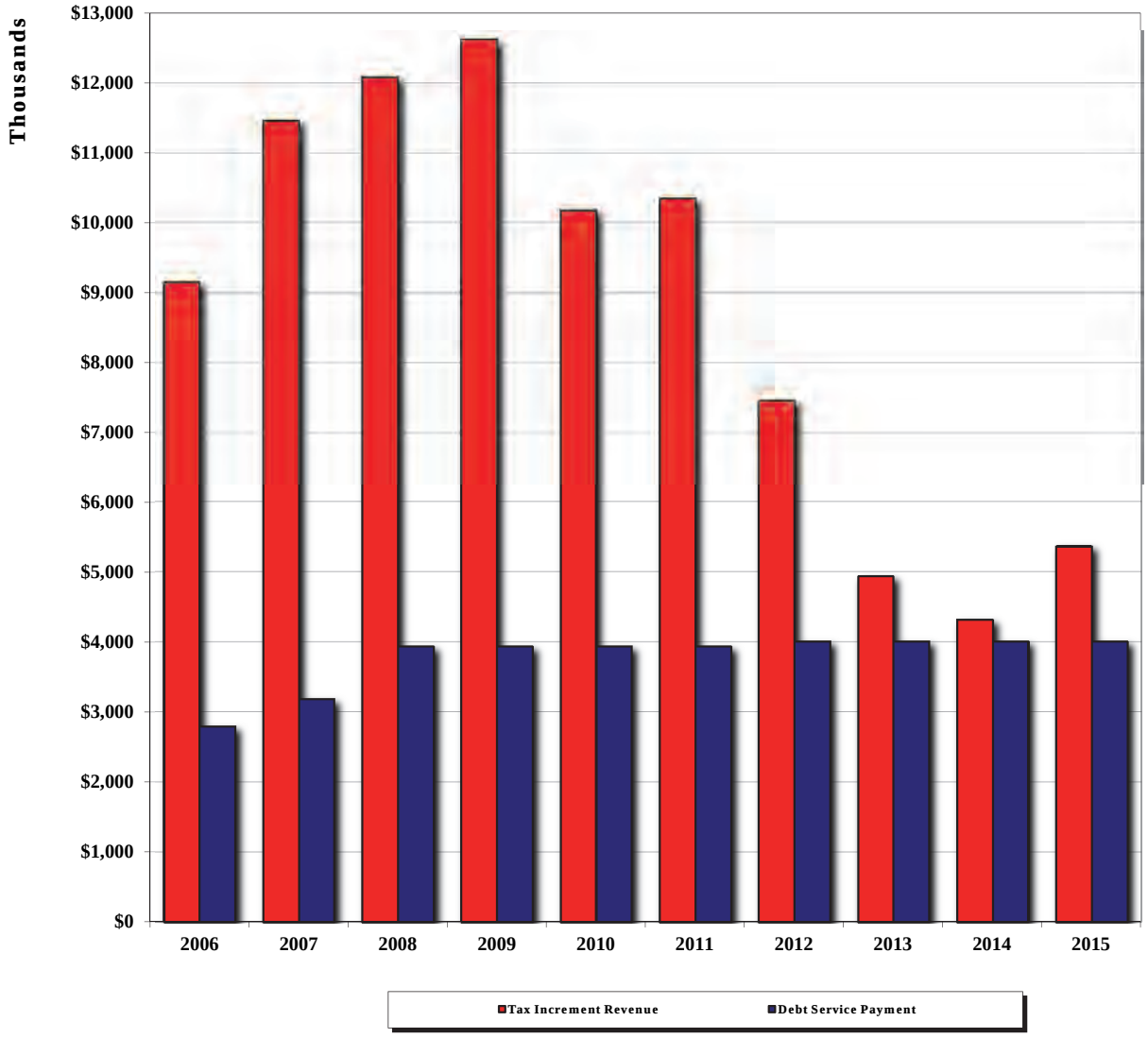


Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Ratio Coverage
				Principal	Interest	Total	
2006	$40,424,483	$27,212,260	$13,212,223	$595,000	$429,960	$1,024,960	12.89
2007	49,256,682	32,133,601	17,123,081	700,000	654,199	1,354,199	12.64
2008	50,796,313	34,331,143	16,465,170	1,630,000	615,493	2,245,493	7.33
2009	52,045,189	36,734,951	15,310,238	1,275,000	723,400	1,998,400	7.66
2010	49,514,021	37,952,868	11,561,153	1,325,000	676,988	2,001,988	5.77
2011	52,765,158	41,042,710	11,722,448	1,370,000	628,288	1,998,288	5.87
2012	61,287,200	45,366,632	15,920,568	1,425,000	577,688	2,002,688	7.95
2013	65,512,421	49,506,563	16,005,858	1,490,000	527,831	2,017,831	7.93
2014	73,136,288	47,380,860	25,755,428	2,160,000	459,280	2,619,280	9.83
2015	73,564,675	49,566,818	23,997,857	1,615,000	302,938	1,917,938	12.51

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

Source: City of Hayward Annual Financial Statement

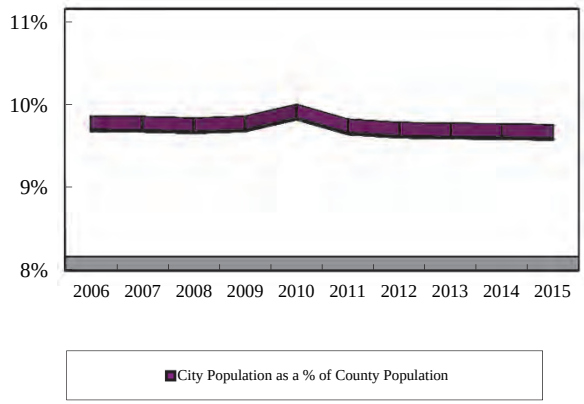
CITY OF HAYWARD
BONDED DEBT PLEDGED REVENUE COVERAGE
TAX ALLOCATION BONDS
LAST TEN FISCAL YEARS

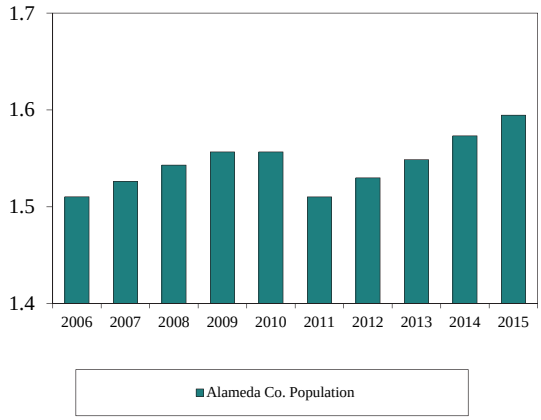


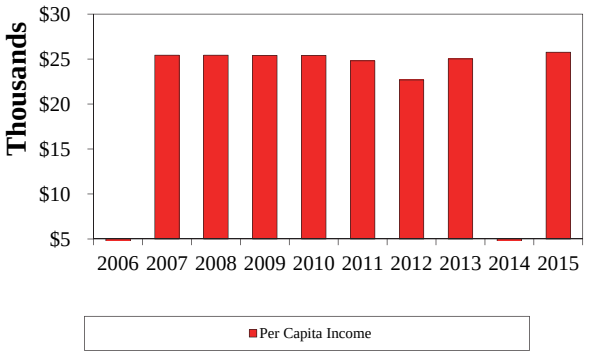
Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2006	$9,154,816	$595,000	$2,199,581	$2,794,581	3.28
2007	11,465,642	610,000	2,571,716	3,181,716	3.60
2008	12,082,986	1,210,000	2,722,771	3,932,771	3.07
2009	12,630,212	1,270,000	2,662,272	3,932,272	3.21
2010	10,180,653	1,335,000	2,598,772	3,933,772	2.59
2011	10,351,054	1,400,000	2,532,021	3,932,021	2.63
2012	7,465,404	1,540,000	2,469,022	4,009,022	1.86
2013	4,934,694	1,605,000	2,400,322	4,005,322	1.23
2014	4,317,292	1,680,000	2,328,657	4,008,657	1.08
2015	5,365,287	1,750,000	2,253,588	4,003,588	1.34

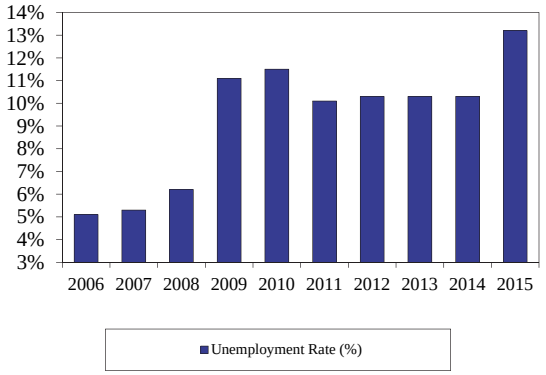
Source: City of Hayward Annual Financial Statements

CITY OF HAYWARD
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS









Fiscal Year	City Population	Per Capita Income	City Unemployment Rate	Alameda Co. Population	City Population % of County
2006	146,398	n/a	5.1%	1,510,303	9.69%
2007	147,845	25,439	5.3%	1,526,148	9.69%
2008	149,205	25,439	6.2%	1,543,000	9.67%
2009	150,878	25,407	11.1%	1,556,657	9.69%
2010	153,104	25,407	11.5%	1,556,657	9.84%
2011	145,839	24,803	10.1%	1,510,271	9.66%
2012	147,113	22,681	10.3%	1,529,875	9.62%
2013	148,756	25,019	10.3%	1,548,681	9.61%
2014	151,037	n/a	10.3%	1,573,254	9.60%
2015	152,889	25,770	13.2%	1,594,569	9.59%

Sources: California State Department of Finance
U.S. Census Bureau
State of California Employment Development Dept., Labor Market Information Division

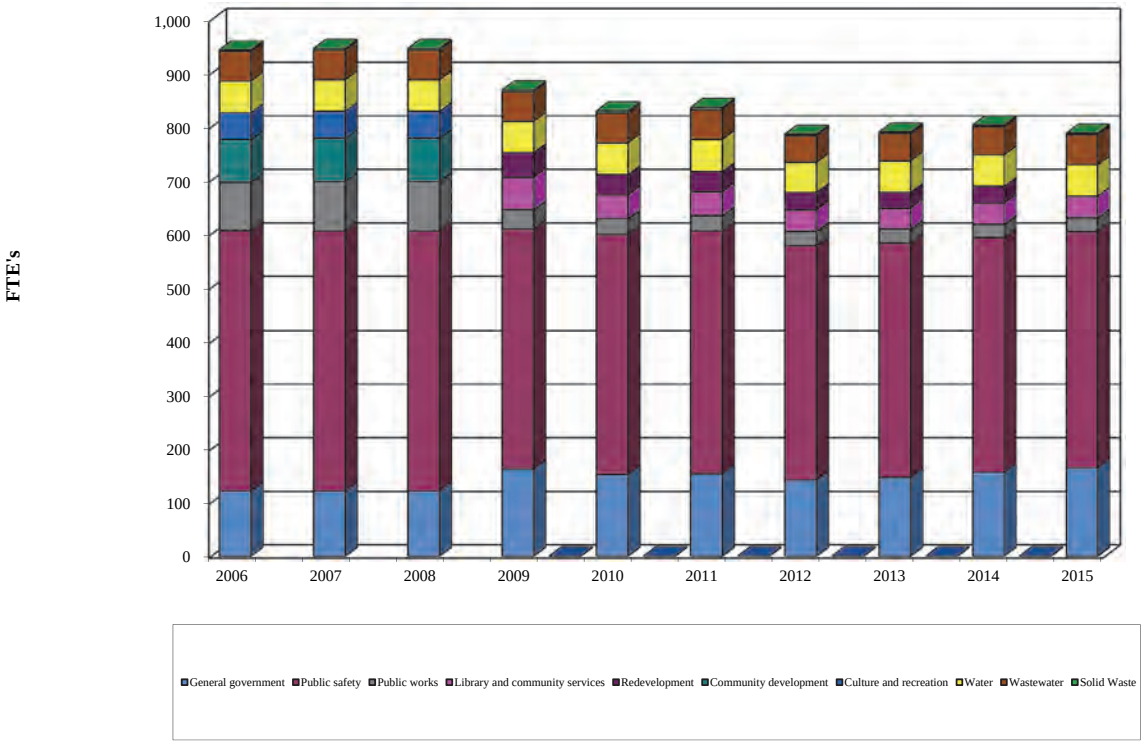
City of Hayward
Principal Employers
Current Year and Ten Years Ago

	FY 2015			FY 2006		
Employer	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Alameda County Sheriff's Dept			0.0%			
Bay Cities Auto Auction			0.0%			
Berkeley Farms, LLC			0.0%	640	9	0.4%
California University East Bay			0.0%	1,600	3	1.1%
Chabot College			0.0%	763	7	0.5%
Hayward Unified School District			0.0%	2,100	2	1.4%
Gillig Corporation			0.0%	474	10	0.3%
Impax Laboratories, Inc.			0.0%			
Marelich Mechanical			0.0%			
Pentagon Technologies			0.0%			
Siemines Building Tech			0.0%			
St. Rose Hospital			0.0%	660	8	0.4%
Kaiser Permanente Medical Center *				2,200	1	1.5%
Mervyn's **				1,300	4	0.9%
City of Hayward				943	5	0.6%
SBC				940	6	0.6%
Subtotal			0.0%	11,620		7.9%
Total City Population Using Census Data	152,889			147,210		

Source: City of Hayward Adopted Operating Budget FY15
Note: FY15 data not available for ranking or total employment.

* Closed in November 2013
** Filed for bankruptcy in November 2008

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



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function										
General government	121.00	121.00	121.00	162.50	152.50	153.50	142.00	146.90	156.00	165.00
Public safety	485.20	484.70	484.70	446.70	446.70	452.20	436.50	436.50	437.50	439.50
Public works	90.75	92.75	92.75	36.50	29.75	29.00	27.00	26.10	25.00	26.00
Library and community services				59.85	43.45	43.45	39.10	38.55	38.55	40.20
Redevelopment				46.50	38.50	38.50	33.25	30.00	32.00	36.00
Community development	79.50	80.50	80.50	*	*	*	*	*	*	
Culture and recreation	49.85	49.85	49.85	*	*	*	*	*	*	
Water	59.00	59.00	59.00	58.25	59.25	60.00	56.00	58.40	58.50	58.50
Wastewater	55.50	55.50	55.50	55.50	55.50	55.50	49.50	51.00	53.00	56.00
Solid Waste	3.00	3.00	3.00	3.00	4.00	4.00	3.00	3.00	3.00	3.00
Total	943.80	946.30	946.30	868.80	829.65	836.15	786.35	790.45	803.55	824.20

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	2012	2013	2014	2015
Public safety:				
Fire alarms	14,618	17,080	16,571	16,437
Police: (Uniform Crime Reporting Statistics)				
Property crime calls	4,204	4,867	4,773	4,869
Violent crime calls (a)	634	591	584	610
Arson calls	29	21	37	30
Public works				
Pavement Condition Index (PCI)*	70	69	68	68
*Industry measure of street condition with 100 ideal score				
Annual pavement improvement projects	12	10	11	11
Airport operations count/flights	87,327	100,138	111,293	117,985
Airport reported based aircraft	423	430	402	426
Library and Community Services				
Social Services Projects Funded	25	19	16	15
Facilities Projects Funded	7	4	4	7
Economic Development Projects Funded	3	1	2	2
New Housing/Rehab Projects Funded	1	1	1	1
Public Services Projects Funded	13	9	9	8
Planning				
Active Subdivisions	34	33	43	50
Active Parcel Maps	17	17	5	4
Building Permits	3,393	3,576	3,838	4,037
Residential Rental Inspections	1,765	919	3,768	1,510
Library and neighborhood services				
Library Materials in Collection	169,788	165,975	169,870	168,659
Library Circulation (Items checked out)	1,279,297	1,087,852	889,014	880,483
Community Preservation Cases	3,239	2,786	2,867	3,959
Water				
Water service connections	33,037	33,200	33,450	33,950
Water main breaks	17	21	26	20
Average daily consumption (thousands of gallons)	15,600	15,480	15,170	13,600
Wastewater				
Sewer service connections	31,500	31,700	31,950	32,260
Average daily treatment (thousands of gallons)	11,300	11,400	11,200	10,970
Solid Waste				
Landfilled waste recycled and diversion rate*	**71%**	**74%**	**76%**	**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,			
	2006	**2007**	**2008**	**2009**
Function/Program				
Public safety:				
Fire stations (a)	9	9	9	9
Number of firefighters and officers (b)	118	120	121	116
Police stations	1	1	1	1
Number of police officers (c)	192	186	186	181
Public works				
Miles of streets	258	258	260	260
Street lights	7,300	7,300	7,700	7,700
Traffic Signals	107	107	108	108
Airport	1	1	1	1
Library and neighborhood services				
City Libraries	2	2	2	2
Water				
Number of consumers	140,000	140,000	140,000	140,000
Average daily consumption (gallons)	18,300,000	18,200,000	19,300,000	18,600,000
Miles of water mains	325	340	340	350
Storage capacity (gallons)	28,100,000	28,100,000	28,100,000	28,100,000
Wastewater				
Miles of sewers	325	340	340	320
Number of treatment plants	1	1	1	1
Treatment capacity (gallons)	16,500,000	16,500,000	16,500,000	16,500,000

(a) Includes Fairview Fire District Station under contract
(b) Represents actual hired firefighters and officers which may be different than budgeted number of positions
(c) Represents actual hired police officers which may be different than budgeted number of positions

Sources: City of Hayward

Fiscal Year Ended June 30,					
2010	**2011**	**2012**	**2013**	**2014**	**2015**
9	9	9	9	9	9
121	121	118	115	127	118
1	1	1	1	1	1
198	207	197	189	199	177
260	266	266	266	266	266
8,000	8,143	8,143	8,143	8,161	8,178
108	133	134	135	135	134
1	1	1	1	1	1
2	2	2	2	2	2
140,000	140,000	140,000	140,000	150,000	150,000
17,400,000	17,400,000	15,600,000	15,500,000	15,200,000	13,600,000
350	350	350	370	380	385
28,100,000	29,300,000	29,350,000	29,350,000	29,350,000	29,350,000
320	320	320	320	325	325
1	1	1	1	1	1
16,500,000	18,500,000	18,500,000	18,500,000	18,500,000	18,500,000

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City of Hayward
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