

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 28, 2025

NEW ISSUE - FULL BOOK-ENTRY

RATING: S&P: "AA+"
See "RATING"

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2025 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the 2025 Bonds may be subject to the corporate alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

\$125,000,000*

CITY OF HAYWARD 2025 WASTEWATER REVENUE BONDS

Dated: Date of Delivery

Due: March 1, as shown on inside cover

Authority for Issuance. The captioned bonds (the "2025 Bonds") are being issued by the City of Hayward (the "City") pursuant to the City Charter, the City of Hayward Water and Wastewater Enterprise Revenue Bond Law, constituting Chapter 8, Article 22 of the Hayward Municipal Code (the "Bond Law"), a resolution adopted by the City Council of the City on February 25, 2025 and pursuant to an Indenture of Trust dated as of March 1, 2025 (the "Indenture") between the City and The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as trustee (the "Trustee").

Purpose. The proceeds of the 2025 Bonds will be used to (i) finance capital improvement projects for the City's wastewater system (the "Wastewater System"), including reimbursement of prior expenditures; (ii) to fund capitalized interest on the 2025 Bonds through September 1, 2025; and (iii) pay the costs of issuing the 2025 Bonds. See "THE FINANCING PLAN."

Security for the 2025 Bonds; No Reserve Fund. The 2025 Bonds are special limited obligations of the City and are payable from and secured by a pledge of and lien on the Net Revenues (as such term is defined in the Indenture) of the Wastewater System and from amounts on deposit in certain funds and accounts established under the Indenture. The City is not providing for a debt service reserve fund for the 2025 Bonds and is not obligated to fund a reserve fund in connection with, or upon the issuance of, any Parity Obligations. See "SECURITY FOR THE 2025 BONDS."

Current and Future Parity Obligations. The 2025 Bonds are secured by the Net Revenues of the Wastewater System on a parity with the City's obligations under an agreement between the City and the State Water Resources Control Board, effective July 27, 2006 (the "2006 SRF Agreement"). In addition, the City may issue additional debt secured by the Net Revenues of the Wastewater System on a parity basis, subject to the conditions set forth in the Indenture. See "SECURITY FOR THE 2025 BONDS – Parity Obligations." The City anticipates incurring additional Parity Obligations to finance capital improvement projects. See "WASTEWATER SYSTEM FINANCIAL INFORMATION – Future Wastewater System Financings."

Bond Terms; Book-Entry Only. The 2025 Bonds will bear interest at the rates shown on the inside cover page, payable semiannually on March 1 and September 1 of each year, commencing on September 1, 2025, and will be issued in fully-registered form without coupons in the denomination of \$5,000 or any integral multiple of \$5,000. The 2025 Bonds will be issued in book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Purchasers of the 2025 Bonds will not receive certificates representing their interests in the 2025 Bonds. Payments of the principal of, premium, if any, and interest on the 2025 Bonds will be made to DTC, which is obligated in turn to remit such principal, premium, if any, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2025 Bonds. See "THE 2025 BONDS - Description" and "APPENDIX F - DTC and the Book-Entry Only System."

Redemption. The 2025 Bonds are subject to redemption prior to maturity as described herein. See "THE 2025 BONDS –Redemption."

The following firm is serving as municipal advisor to the City:



This cover page contains information for general reference only, and is not a summary of the security or terms of this issue. Investors must read the entire Official Statement, including the section entitled "CERTAIN RISK FACTORS," for a discussion of special factors that should be considered, in addition to the other matters set forth in this Official Statement, in considering the investment quality of the 2025 Bonds. Capitalized terms used on this cover page and not otherwise defined have the meanings set forth in this Official Statement.

Competitive Sale of the 2025 Bonds. The 2025 Bonds will be sold and awarded pursuant to a competitive bidding process to be held on March 11, 2025, as set forth in the Official Notice of Sale. The 2025 Bonds are offered when, as and if issued and accepted by the Purchaser, subject to approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed upon for the City by Jones Hall, A Professional Law Corporation, as Disclosure Counsel. Certain legal matters will be passed upon for the City by the City Attorney. It is anticipated that the 2025 Bonds, in book-entry only form, will be available through the facilities of DTC on or about March 25, 2025.

The date of this Official Statement is: _____, 2025.

* Preliminary; subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

MATURITY SCHEDULE

\$125,000,000*
City of Hayward
2025 Wastewater Revenue Bonds

Base CUSIP†: _____

<u>Maturity</u> <u>(March 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP†</u> <u>Number</u>
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\$ _____ - _____ % Term 2025 Bonds due March 1, 20__ ; Yield _____ % ;
Price _____ ; CUSIP†: _____

\$ _____ - _____ % Term 2025 Bonds due March 1, 20__ ; Yield _____ % ;
Price _____ ; CUSIP†: _____

*Preliminary, subject to change.

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CITY OF HAYWARD, CALIFORNIA

City Council

Mark Salinas, *Mayor*
Julie Roche, *Mayor Pro Tem*
Angela Andrews, *Council Member*
Ray Bonilla Jr., *Council Member*
Dan Goldstein, *Council Member*
George Syrop, *Council Member*
Francisco Zermeño, *Council Member*

City Officials

Dr. Ana Alvarez, *City Manager*
Regina Youngblood, *Assistant City Manager*
Dustin Claussen, *Assistant City Manager*
Michael Lawson, *City Attorney*
Miriam Lens, *City Clerk*

Municipal Advisor

NHA Advisors, LLC
San Rafael, California

Bond Counsel and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Trustee

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No Offering May Be Made Except by this Official Statement. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2025 Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the 2025 Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the 2025 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the 2025 Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

Document References and Summaries. All references to and summaries of the Indenture or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Stabilization of and Changes to Offering Prices. The Purchaser may overallocate or take other steps that stabilize or maintain the market price of the 2025 Bonds at a level above that which might otherwise prevail in the open market. If commenced, the Purchaser may discontinue such market stabilization at any time. The Purchaser may offer and sell the 2025 Bonds to certain dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page of this Official Statement, and those public offering prices may be changed from time to time by the Purchaser.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the 2025 Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

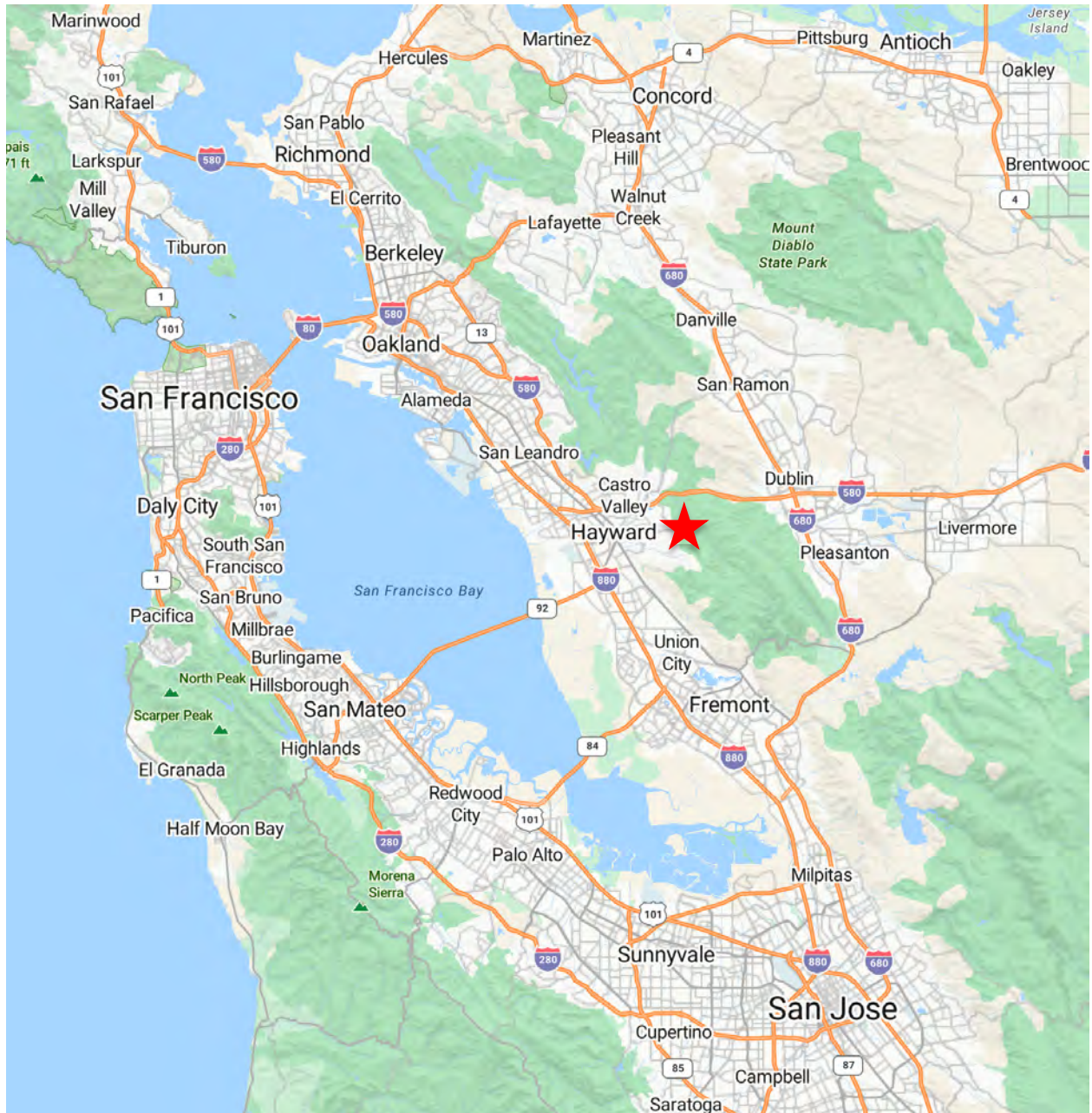
THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

Internet Site. The City maintains a number of websites. However, the information presented on the City's websites is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2025 Bonds. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, SEC Rule 15c2-12.

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Regional Location Map



OFFICIAL STATEMENT

\$125,000,000*
City of Hayward
2025 Wastewater Revenue Bonds

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the 2025 Bonds (as defined herein) being offered and a brief description of the Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. The information and expressions of opinion herein speak only as of their date and are subject to change without notice.

Neither the delivery of this Official Statement nor any sale made hereunder nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the City of Hayward (the “City”) since the date hereof. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Indenture (as defined herein). See APPENDIX C – “SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE.”

General

This Official Statement, including the cover and the Appendices attached hereto (the “**Official Statement**”), provides certain information concerning the sale and delivery of the City of Hayward 2025 Wastewater Revenue Bonds (the “**2025 Bonds**”). The 2025 Bonds are being issued pursuant to an Indenture of Trust, dated as of March 1, 2025, between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “**Trustee**”) (the “**Indenture**”).

When delivered, the 2025 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“**DTC**”), which will act as Depository for the 2025 Bonds. Purchases of the 2025 Bonds may be made in book-entry form only, through brokers and dealers who are, or who act through, DTC Participants. Beneficial Owners of the 2025 Bonds will not receive physical delivery of certificated securities. Principal of and interest on the 2025 Bonds will be payable by the Trustee to DTC, which will in turn remit such payments to the DTC Participants, which will in turn remit such payments to the Beneficial Owners of the 2025 Bonds. See APPENDIX F – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

* Preliminary; subject to change.

The 2025 Bonds are being issued to (i) finance capital improvement projects for the City's wastewater system, (ii) to fund capitalized interest on the 2025 Bonds through September 1, 2025, and (iii) pay the costs of issuing the 2025 Bonds. See "FINANCING PLAN."

The 2025 Bonds are subject to optional and mandatory sinking fund redemption prior to their stated maturities as described in this Official Statement. See "THE 2025 BONDS – Redemption."

The City

The City is located fourteen miles south of Oakland in the San Francisco Bay Area and includes sixty-one square miles lying between the eastern shore of the San Francisco Bay and the southern Oakland-Berkeley Hills. The City is the sixth largest city in the San Francisco Bay Area and the third largest city in Alameda County (the "**County**"). The City serves as a major transportation hub and 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.

See "THE CITY" for additional information regarding the City and APPENDIX A – "CITY OF HAYWARD GENERAL DEMOGRAPHIC AND ECONOMIC INFORMATION" for certain demographic and economic information regarding the City, the County and the State.

The Wastewater System

The City owns and operates a wastewater collection, treatment, and disposal system (the "**Wastewater System**") that serves essentially all of the developed areas within the City as well as a limited portion of adjacent unincorporated areas (collectively, the "**Service Area**"). A small section in the northern part of the City, consisting of approximately 2,000 homes with a population of about 6,000, is served by the Oro Loma Sanitary District. The City is also a member of a joint powers authority, the East Bay Dischargers Authority (the "**EBDA**"), which provides dichlorination and outfall facilities to convey treated water from member agencies' treatment plants to a discharge point in the San Francisco Bay.

See "THE WASTEWATER SYSTEM" for additional information regarding the Wastewater System.

Authority for Issuance

The City is issuing the 2025 Bonds pursuant to the provisions of the City Charter, the City of Hayward Water and Wastewater Enterprise Revenue Bond Law, constituting Chapter 8, Article 22 of the Hayward Municipal Code (the "**Bond Law**"), a resolution adopted by the City Council of the City on February 25, 2025 and pursuant to the Indenture.

Redemption

The 2025 Bonds are subject to redemption prior to maturity as described in "THE 2025 BONDS – Redemption" herein.

Security and Source of Payment for the 2025 Bonds

The 2025 Bonds are special limited obligations of the City and are payable from and secured by a pledge of and lien on the Net Revenues (as such term is defined in the Indenture)

of the Wastewater System and from amounts on deposit in certain funds and accounts established under the Indenture. The City is not providing for a debt service reserve fund for the 2025 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2025 BONDS.”

Current and Future Parity Obligations

The 2025 Bonds are secured by the Net Revenues of the Wastewater System on a parity with the City’s obligations under a certain outstanding Agreement No. 05-807-550-0, by and between the City and the State Water Resources Control Board dated July 27, 2006 (the “**2006 SRF Agreement**”). The City may issue additional bonds or other obligations secured by Net Revenues on parity with the 2025 Bonds and the 2006 SRF Agreement (“**Parity Obligations**,” as defined herein), provided that the conditions set forth in the Indenture are met. The City is not obligated to fund a debt service reserve fund in connection with, or upon the issuance of, Parity Obligations. See “CERTAIN RISK FACTORS” and “SECURITY FUND SOURCES OF PAYMENT OR THE BONDS – Parity Obligations.”

The City currently anticipates incurring Parity Obligations to provide additional financing for the 2025 Projects (as defined herein) in an aggregate amount of approximately \$328 million. See “WASTEWATER SYSTEM FINANCIAL INFORMATION – Future Wastewater System Financings” for additional details.

No Debt Service Reserve Fund

The 2025 Bonds will not be secured by a debt service reserve fund or account. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2025 BONDS – No Reserve Fund.”

Rate Covenants

In the Indenture, the City covenants to fix, prescribe, revise and collect rates, fees and charges to generate sufficient Revenues (defined in the Indenture and described herein) which are sufficient to pay certain amounts set forth in the Indenture and described herein, including, but not limited to, debt service on the all outstanding Bonds, the 2006 SRF Agreement, and any other Parity Obligations. In addition, the City covenants to fix, prescribe, revise and collect rates, fees and charges sufficient to yield Net Revenues which are at least equal to the sum of (i) 110% of debt service on the 2006 SRF Agreement, the 2025 Bonds, and any other Parity Obligations for such Fiscal Year and (ii) 100% of (A) debt service on the 2006 SRF Agreement, the 2025 Bonds, and any other Parity Obligations for such Fiscal Year and (B) debt service payable during such Fiscal Year on any Subordinate Obligations.

Limited Obligation

Neither the 2025 Bonds nor the obligation to pay principal of or interest thereon constitutes a debt, obligation or liability of the City, the State of California or any of its political subdivisions within the meaning of any Constitutional limitation on indebtedness, or a pledge of the full faith and credit of the City. The 2025 Bonds are secured solely by the pledge of Net Revenues by the City and certain funds held under the Indenture. The 2025 Bonds are not secured by a pledge of the taxing power of the City.

Continuing Disclosure Information

The City has agreed to provide, or cause to be provided, in accordance with Securities Exchange Commission Rule 15c2-12(b)(5), as amended (the “**Rule**”), certain annual financial information and operating data, including audited financial statements, and an update of certain information relating to the Wastewater System. Such annual information and data will not include updates regarding the status of the Project (as hereinafter defined). See “CONTINUING DISCLOSURE.”

Risk Factors

Certain events could affect the ability of the City to pay debt service on the 2025 Bonds when due. See the caption “CERTAIN RISK FACTORS” for a discussion of certain factors that should be considered, in addition to other matters that are set forth in this Official Statement, in evaluating an investment in the 2025 Bonds.

FINANCING PLAN

The proceeds of the 2025 Bonds will be used to (i) finance capital improvement projects for the Wastewater System, (ii) to fund capitalized interest on the 2025 Bonds through September 1, 2025, and (iii) pay the costs of issuing the 2025 Bonds.

Capital Improvement Projects

A portion of the proceeds of the 2025 Bonds will be used to fund a portion of the costs of the capital improvement projects described below, which may include reimbursement of prior expenditures.

Phase II Project. Increasing nutrient loadings in the San Francisco Bay is a growing concern for the Bay Area water quality community. In 2024, the California Regional Water Quality Control Board (the “**SWRCB**”), San Francisco Bay Region, initiated its Third Nutrients Watershed Permit, which requires all applicable agencies to reduce nutrient discharge into the San Francisco Bay. The City and the EBDA are required to reduce total inorganic nitrogen by 50% by 2034. A portion of the proceeds of the 2025 Bonds will be used to finance the construction of improvements necessary to comply with such regulatory requirements (the “**Phase II Project**”).

WRRF Administration and Laboratory Building Project. A portion of the proceeds of the 2025 Bonds is also expected to finance a portion of the costs of construction of a 21,800-square foot building housing a centralized administration building, main control room for the Water Resource Recovery Facility (“**WRRF**”) operations, expanded laboratory facilities, SCADA and staff facilities (the “**WRRF Administration and Laboratory Building Project**” and, together with the Phase II Project, the “**2025 Projects**”).

See “WASTEWATER SYSTEM FINANCIAL INFORMATION – Capital Improvement Program” for more information on these and other projects included in the Wastewater System’s capital improvement program. See “WASTEWATER SYSTEM FINANCIAL INFORMATION – Future Wastewater System Financings” for a discussion of additional financings anticipated to be needed to finance the above capital improvement projects.

Estimated Sources and Uses of Funds

The estimated sources and uses of funds relating to the 2025 Bonds are as follows:

Sources:

Principal Amount	\$
<i>Plus:</i> [Net] Original Issue Premium	
TOTAL SOURCES	<hr/> \$

Uses:

Deposit to 2025 Project Fund	
Deposit to Bond Service Fund ⁽¹⁾	
Costs of Issuance ⁽²⁾	
TOTAL USES	<hr/> \$

(1) Represents capitalized interest on the 2025 Bonds through September 1, 2025.

(2) Includes purchaser's discount, bond and disclosure counsel fees, municipal advisor's fees, printing costs, rating agency fees, trustee fees and other costs of issuing the 2025 Bonds.

Debt Service Schedule

Scheduled debt service on the 2025 Bonds, assuming no redemptions prior to maturity, is shown in the following table.

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
<hr/>			
Total			

THE 2025 BONDS

Description

The 2025 Bonds will be dated their date of issuance and delivery, will bear interest at the rates per annum set forth on the inside cover page hereof payable semiannually on March 1 and September 1 (each, an “**Interest Payment Date**”), commencing September 1, 2025, and will mature on the dates and in the amounts set forth on the inside cover page. The 2025 Bonds will be issued in denominations of \$5,000 or any integral multiple thereof, so long as no 2025 Bond may have more than one maturity date. The 2025 Bonds will be issued only as one fully registered 2025 Bond for each maturity, in the name of Cede & Co., as nominee for The Depository Trust Company (“**DTC**”), as registered owner of all Bonds. See “APPENDIX F – DTC and the Book-Entry Only System” below. Ownership may be changed only upon the registration books maintained by the Trustee as provided in the Indenture. See the discussion under “Transfer and Exchange” below.

Interest on the 2025 Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless: (i) a 2025 Bond is authenticated between an Interest Payment Date and the 15th calendar day of the month immediately preceding such Interest Payment Date (each, a “**Record Date**”), in which event it will bear interest from such Interest Payment Date; (ii) a 2025 Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the date of original delivery of the 2025 Bonds; or interest on any 2025 Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest on the 2025 Bonds (including the final interest payment upon maturity or redemption) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner’s address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least \$1,000,000 aggregate principal amount of 2025 Bonds, which written request is on file with the Trustee as of any Record Date, interest on such 2025 Bonds will be paid on the succeeding Interest Payment Date to such account in the United States as specified in such written request. The principal of the 2025 Bonds and any premium upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the Office of the Trustee.

While the 2025 Bonds are held in the book-entry only system of DTC, all such payments will be made to Cede & Co., as the registered Owner of the 2025 Bonds. See “APPENDIX F – DTC and the Book-Entry Only System.”

Redemption*

Optional Redemption. The 2025 Bonds maturing on or before March 1, 2035, are not subject to redemption prior to their respective stated maturities. The 2025 Bonds maturing on or after March 1, 2036, are subject to redemption in whole, or in part among maturities on such basis as set forth in a certificate of the City filed with the Trustee, and in any event by lot within a maturity, at the option of the City, from any available source of funds, on any date on or after

* Preliminary; subject to change.

March 1, 2035, at a redemption price equal to 100% of the principal amount thereof to be redeemed, together with accrued interest thereon to the redemption date, without premium.

Mandatory Sinking-Fund Redemption. The 2025 Bonds maturing on March 1, 20__ (the “**Term Bonds**”) are subject to mandatory sinking fund redemption in whole, or in part by lot, at a redemption price equal to the principal amount thereof to be redeemed, without premium, plus accrued interest to the date of redemption, in the aggregate respective principal amounts and on June 1 in the years as set forth in the following table.

Sinking Fund Redemption Date (<u>March 1</u>)	Principal Amount to be Redeemed or <u>Purchased</u>
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If some but not all of the Term Bonds have been optionally redeemed, the total amount of all future sinking fund payments will be reduced by the aggregate principal amount of the Term Bonds so redeemed, to be allocated among such sinking fund payments on a pro rata basis, as determined by the City, and as notified to the Trustee in writing by the City.

Notice of Redemption. The Trustee on behalf and at the expense of the City shall mail (by first class mail) notice of any redemption to the respective Owners of any 2025 Bonds designated for redemption at their respective addresses appearing on the Registration Books, and to the Securities Depositories and to one or more Information Services, at least 20 but not more than 60 days prior to the date fixed for redemption; *provided, however*, that neither failure to receive any such notice so mailed nor any defect therein will affect the validity of the proceedings for the redemption of such 2025 Bonds or the cessation of the accrual of interest thereon. Such notice must state the date of the notice, the redemption date, the redemption place and the redemption price and must designate the CUSIP numbers, the 2025 Bond numbers and the maturity or maturities (in the event of redemption of all of the 2025 Bonds of such maturity or maturities in whole) of the 2025 Bonds to be redeemed, and must require that such 2025 Bonds be then surrendered at the Office of the Trustee identified in such notice for redemption at the redemption price, giving notice also that further interest on such 2025 Bonds will not accrue from and after the redemption date. In addition, the redemption notice may be conditional, and may state that the City has the right to rescind the notice, if applicable.

Right to Rescind Notice of Optional Redemption. The City has the right to rescind any notice of the optional redemption of 2025 Bonds by written notice to the Trustee prior to the date fixed for redemption. Any notice of optional redemption will be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the 2025 Bonds then called for redemption, and such cancellation will not constitute an Event of Default under the Indenture. The City and the Trustee have no liability to the Owners or any other party related to or arising from such rescission of redemption.

Selection of Bonds for Redemption. Whenever provision is made in in the Indenture for the redemption of fewer than all of the 2025 Bonds, the City shall designate the maturities of the 2025 Bonds to be redeemed, and the Trustee shall select the 2025 Bonds within a maturity by lot in any manner which the Trustee in its sole discretion deems appropriate. For purposes of such selection, all 2025 Bonds will be deemed to be comprised of separate \$5,000

denominations and such separate denominations will be treated as separate 2025 Bonds which may be separately redeemed. If only a portion of any 2025 Bond is called for redemption, then upon surrender of such 2025 Bond the City shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the City, a new 2025 Bond or 2025 Bonds of the same series and maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the 2025 Bond to be redeemed.

Effect of Redemption. From and after the date fixed for redemption, if notice of redemption has been duly mailed and funds available for the payment of the principal of and interest (and premium, if any) on the 2025 Bonds so called for redemption have been duly provided, such 2025 Bonds so called shall cease to be entitled to any benefit under this Indenture other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. Unless otherwise directed in writing by the City, the Trustee shall cancel and destroy all 2025 Bonds redeemed under the Indenture.

Transfer and Exchange. *So long as the 2025 Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of 2025 Bonds will be made in accordance with DTC procedures. See APPENDIX F – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”*

Any 2025 Bond may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2025 Bond for cancellation at the Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee. Whenever any 2025 Bond or 2025 Bonds shall be surrendered for registration or transfer, the City shall execute and the Trustee shall authenticate and deliver a new 2025 Bond or 2025 Bonds of like series, maturity, interest rate and aggregate principal amount. The City shall pay all costs of the Trustee incurred in connection with any such transfer, except that the Trustee may require the payment by the 2025 Bond Owner of any tax or other governmental charge required to be paid with respect to such transfer.

2025 Bonds may be exchanged at the Office of the Trustee, for a like aggregate principal amount of 2025 Bonds representing other authorized denominations of the same series, interest rate and maturity. The City shall pay all costs of the Trustee incurred in connection with any such exchange, except that the Trustee may require the payment by the 2025 Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

Book-Entry Only System

The 2025 Bonds will be delivered in fully registered form, will be transferable and exchangeable as set forth in the Indenture and, when delivered, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as Depository for the 2025 Bonds. Ownership interests in the 2025 Bonds may be purchased in book-entry form only, in authorized denominations. So long as the 2025 Bonds are registered in the name of Cede & Co., all payments with respect to principal of and interest on the 2025 Bonds will be made by the Trustee to DTC, which is obligated in turn to remit such payments to its Direct Participants for subsequent disbursement to the Beneficial Owners of the 2025 Bonds. See APPENDIX F – “DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

SECURITY AND SOURCES OF PAYMENT FOR THE 2025 BONDS

Pledge of Net Revenues

General. The 2025 Bonds are secured by a first pledge of and lien on all of the Net Revenues of the Wastewater System, on a parity basis with the 2006 SRF Agreement and any future Parity Obligations. In addition, the 2025 Bonds are secured by a pledge of all of the moneys in the Bond Service Fund, including all amounts derived from the investment of such moneys. The 2025 Bonds, the 2006 SRF Agreement and all other Parity Obligations are equally secured by a pledge, charge and lien upon the Net Revenues and such moneys without priority for series, issue, number or date and the payment of the interest on and principal of the 2025 Bonds shall be and are secured by an exclusive pledge, charge and lien upon the and such moneys. So long as any of the 2025 Bonds are Outstanding, the Net Revenues and such moneys may not be used for any other purpose; except that out of the Net Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by the Indenture and the Parity Obligation Documents.

Definitions. Set forth below are the definitions of certain terms used in the Indenture:

“Net Revenues” means, for any Fiscal Year, all Revenues received by the City in such Fiscal Year less the Operation and Maintenance Costs for such Fiscal Year.

“Revenues” means all gross income and revenue received or receivable by the City from the ownership or operation of the Wastewater System, or otherwise arising from the Wastewater System during any Fiscal Year, including all rates, fees, and charges (including connection fees and charges) as received by the City for the services of the Wastewater System. It includes all other income and revenue howsoever derived by the City from Wastewater System ownership or operation, or otherwise arising from the Wastewater System, including but not limited to all receipts derived from the investment of funds held by the City under the Indenture or any Parity Obligation Documents, transfers from (but exclusive of any transfers from the applicable Fiscal Year’s income and revenue to) the Rate Stabilization Fund, and all moneys received by the City from other public entities whose inhabitants are served pursuant to contracts with the City.

“Operation and Maintenance Costs” means the reasonable and necessary costs paid or incurred by the City to maintain and operate the Wastewater System, determined in accordance with generally accepted accounting principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Wastewater System in good repair and working order. It includes all reasonable and necessary administrative costs of the City that are charged directly or apportioned to Wastewater System operation, such as employee salaries and wages, overhead, taxes (if any), permit and license costs, operational charges, and insurance premiums. It excludes, in all cases, depreciation, replacement, and obsolescence charges or reserves therefor, amortization of intangibles and interest expense relating to subordinate obligations and unsecured obligations of the City. For the avoidance of doubt, bookkeeping entries and capital charges are excluded from Operations and Maintenance Costs.

“Parity Obligations Documents” means, collectively, (a) each Supplemental indenture, (b) the 2006 SRF Agreement, and (c) all leases, installment sale agreements,

trust agreements, indentures of trust and other documents prescribing the terms and provisions applicable to any issue of Parity Obligations. For a description of current and potential future Parity Obligations, see “–Parity Obligations.”

“**Bonds**” is sometimes used in this Official Statement to refer to (a) the 2025 Bonds and (b) Parity Obligations issued as bonds pursuant to a Supplemental Indenture in accordance with the Indenture.

“**Subordinate Obligations**” means all bonds, notes, loan agreements, installment sale agreements, leases or other obligations of the City (a) that are either (i) payable from but not secured by a pledge or and lien upon any of the Net Revenues or (i) payable from and secured by a pledge of and lien upon any of the Net Revenues on a junior and subordinate basis to the Bonds and all other Parity Obligations, and (b) the principal of which cannot be accelerated and paid unless the Bonds and any Parity Obligations have been indefeasibly paid in full.

“**Obligations**” means Bonds, Parity Obligations or Subordinate Obligations.

“**Debt Service**” means as of any date, with respect to an Obligation, the aggregate amount of principal and interest scheduled to become due (either at maturity or by mandatory redemption), calculated with the following assumptions:

a. Principal payments (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) are made in accordance with any amortization schedule published for such principal, including any minimum sinking fund payments;

b. Interest on a variable rate Obligation that is not subject to a swap agreement and that is issued or will be issued as a tax-exempt obligation under federal law, is the average of the Securities Industry and Financial Markets Association (“**SIFMA**”) Municipal Swap Index, or its successor index, during the 24 months preceding the date of such calculation;

c. Interest on a variable rate Obligation that is not subject to a swap agreement and that is issued or will be issued as a taxable obligation under federal law, is the average of the Secured Overnight Financing Rate published by the Federal Reserve Bank of New York (“**SOFR**”), or its successor index, during the 24 months preceding the date of such calculation;

d. Interest on a variable rate Obligation that is subject to a swap agreement is the fixed swap rate or cap strike rate, as appropriate, if the variable rate has been swapped to a fixed rate or capped pursuant to an interest rate cap agreement or similar agreement;

e. Interest on a fixed rate Obligation that is subject to a swap agreement such that all or a portion of the interest has been swapped to a variable rate shall be treated as variable rate debt under subsections (b) or (c) of this definition of Debt Service;

f. Payments of principal and interest on an Obligation are excluded from the calculation of Debt Service to the extent such payments are to be paid

from amounts then currently on deposit with a trustee or other fiduciary and restricted for the defeasance of such System Obligations; and

g. If 25% or more of the principal of an Obligation is not due until its final stated maturity or within a 12-month period of such final stated maturity, then principal of such Obligation may be projected to amortize over the lesser of 30 years or the useful life of the financed asset, and interest may be calculated according to the debt service schedule for such Obligation or subsections (b)-(e) of this definition of Debt Service, as appropriate.

For the avoidance of doubt, interest on a fixed rate Obligation that is not described in any of subsections (a)-(e) of this definition of Debt Service shall be calculated in accordance with the debt service schedule for such Obligation.

Rate Stabilization Fund

The City has the right at any time to establish a fund to be held by it and administered in accordance with the Indenture, for the purpose of stabilizing the rates and charges imposed by the City with respect to the Wastewater System (the “**Rate Stabilization Fund**”). From time to time the City may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, as the City may determine, provided that deposits for each Fiscal Year may be made until (but not after) one hundred eighty (180) days following the end of such Fiscal Year.

The City may, but is not required to, withdraw amounts on deposit in the Rate Stabilization Fund and deposit such amounts in the Wastewater Fund in any Fiscal Year, such withdrawals for a Fiscal Year to be made until (but not after) one hundred eighty (180) days after the end of such Fiscal Year. Amounts so transferred from the Rate Stabilization Fund to the Wastewater Fund during the time specified in the previous sentence constitute Revenues for that Fiscal Year (except to the extent provided in “–Rate Covenant; Collection of Rates and Charges – *Net Revenue Coverage*” and “–Parity Obligations”), and will be applied for the purposes of the Wastewater Fund. Amounts on deposit in the Rate Stabilization Fund are not pledged to and do not secure the Bonds or any issue of Parity Obligations. All interest or other earnings on deposits in the Rate Stabilization Fund will be retained therein or, at the option of the City, be applied for any other lawful purposes. The City has the right at any time to withdraw any or all amounts on deposit in the Rate Stabilization Fund and apply such amounts for any other lawful purposes of the City.

Deposit and Transfer of Net Revenues

Flow of Funds. The City has previously established a Sewer Fund (known in this Official Statement as the “**Wastewater Fund**”), which it will continue to hold and maintain for the purposes and uses set forth in the Indenture and the Parity Obligation Documents. The City shall deposit all Revenues in the Wastewater Fund promptly upon the receipt thereof, and shall apply amounts in the Wastewater Fund solely for the uses and purposes set forth in the Indenture and in the Parity Obligation Documents. The City may at any time use and apply moneys in the Wastewater Fund for the payment of the Operation and Maintenance Costs of the Wastewater System (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs the payment of which is not immediately required).

Deposits into the Bond Service Fund; Application of Moneys in the Bond Service Fund. On or before the 3rd Business Day of the month preceding each Interest Payment Date, so long as any 2025 Bonds remain Outstanding, the City shall withdraw from the Wastewater Fund and pay to the Trustee for deposit into the Bond Service Fund an amount which, together with other available amounts then on deposit in the Bond Service Fund, is at least equal to the aggregate amount of principal of and interest coming due and payable on the 2025 Bonds on such Interest Payment Date, including the principal of the Term Bonds upon the mandatory sinking fund redemption thereof and the provisions of one or more Supplemental Indentures.

Payment of the Debt Service on the Bonds and the principal of and interest on any Parity Obligations will be made without preference or priority. If the amount of Net Revenues on deposit in the Wastewater Fund is at any time insufficient to enable the City to pay when due the Debt Service on the Bonds and the principal of and interest on any Parity Obligations, such payments will be made on a pro rata basis.

The Trustee shall apply amounts in the Bond Service Fund solely for the purpose of (i) paying the interest on the Outstanding Bonds when due and payable (including accrued interest on any 2025 Bonds purchased or redeemed), (ii) paying the principal of the Term Bonds upon the mandatory sinking fund redemption thereof, and (iii) paying the principal of the 2025 Bonds at the maturity thereof and the provisions of one or more Supplemental Indentures. Upon the payment of all Outstanding Bonds, the Trustee shall transfer any moneys remaining in the Bond Service Fund to the City for deposit into the Wastewater Fund.

On the Closing Date, the Trustee will deposit a portion of the proceeds of the 2025 Bonds in the Bond Service Fund and such amounts will be used to pay interest on the 2025 Bonds on September 1, 2025 and, to the extent available, March 1, 2026. See "FINANCING PLAN."

Other Uses of Wastewater Fund. The City will manage, conserve and apply moneys in the Wastewater Fund in such a manner that all deposits required to be made under the Indenture and any Parity Obligation Document, will be made at the times and in the amounts so required.

So long as no event of default has occurred and is continuing under and as defined in the Indenture, the City may at any time use and apply moneys in the Wastewater Fund for any one or more of the following purposes:

(i) the acquisition and construction of extensions and betterments to the Wastewater System;

(ii) the redemption or prepayment of any of the Bonds, the 2006 SRF Agreement and any other Parity Obligations which are then subject to redemption or prepayment or the purchase thereof from time to time in the open market, at prices and in such manner, either at public or private sale, or otherwise, as the City in its discretion may determine; or

(iii) any other lawful purpose of the City relating to the Wastewater System, including deposits into the Rate Stabilization Fund.

No Reserve Fund

No reserve fund is being established in connection with the 2025 Bonds and no reserve fund is required to be established in connection with the issuance of any Parity Obligations (see “–Parity Obligations” below).

Parity Obligations

In addition to the 2025 Bonds, the City currently has outstanding certain Parity Obligations, consisting of the 2006 SRF Agreement. In addition, the City may issue additional Parity Obligations from time to time in such principal amount as it determines, subject to the following conditions precedent:

(a) No Event of Default (or no event with respect to which notice has been given and which, once all notice of grace periods have passed, would constitute an Event of Default) has occurred and is continuing.

(b) Net Revenues for the period of 12 consecutive months within the 18 months immediately preceding the issuance of the proposed additional Parity Obligations based on the City’s audited financial statement(s) for such period or a certificate of an Independent Accountant employed by the City, were at least equal to 110% of the Debt Service due and payable on the Outstanding Bonds, the 2006 SRF Agreement and any other outstanding Parity Obligations in the Fiscal Year immediately succeeding the Fiscal Year in which the additional Parity Obligation is issued or incurred.

(c) (i) Estimated Net Revenues for the Fiscal Year in which the proposed Additional Parity Obligation is issued, and (ii) projected Net Revenues for the five Fiscal Years immediately following the Fiscal Year in which the additional Parity Obligation is issued, will be at least equal to 110% of the Debt Service in such Fiscal Year(s) for all Outstanding Bonds, all outstanding Parity Obligations and the proposed additional Parity Obligation. For purposes of clause (c)(ii), (A) if all or a portion of the interest due in such five Fiscal Years on any Outstanding Bonds, outstanding Parity Obligations or the proposed additional Parity Obligation, is being or will be capitalized from the proceeds of such Outstanding Bonds, outstanding Parity Obligations or the proposed additional Parity Obligation, the five Fiscal Year period will commence with the first Fiscal Year beginning after the last capitalized interest payment, (B) projected Net Revenues for each Fiscal Year in the five Fiscal Year period may include Revenues arising from increases in the rates and charges estimated to be fixed and prescribed or received for the services of the Wastewater System and which are economically feasible and reasonably considered necessary based on projected operations for such Fiscal Year, and (C) Net Revenues for a Fiscal Year may be increased by transfers from the Rate Stabilization Fund to the Wastewater Fund, provided that Net Revenues excluding such transfers are at least equal to the sum of the Debt Service in such Fiscal Year for all Outstanding Bonds, all outstanding Parity Obligations and the proposed additional Parity Obligation.

(d) The issuance of such Parity Obligations shall comply with all conditions to the issuance thereof as set forth in the applicable provisions of the Parity Obligation Documents.

(e) The City shall deliver to the Trustee a Certificate of the City certifying, and an opinion of Bond Counsel stating, that the conditions precedent to the issuance of such Parity Obligations set forth in the foregoing subsections (a), (b) and (c) above have been satisfied.

The City is not obligated to fund a debt service reserve fund in connection with, or upon the issuance of, any Parity Obligations.

Rate Covenant; Collection of Rates and Charges

Revenue Coverage. The City covenants in the Indenture that it will fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Wastewater System during each Fiscal Year which are at least sufficient, after making allowances for contingencies and error in the estimates, to pay the following amounts in the following order:

(a) all Operation and Maintenance Costs estimated by the City to become due and payable in the Fiscal Year;

(b) the Debt Service on all outstanding Bonds, the 2006 SRF Agreement, and all other outstanding Parity Obligations as they become due and payable during the Fiscal Year, without preference or priority;

(c) all amounts, if any, required to restore the balance in any reserve fund established for any other Parity Obligations to the required level; and

(d) all payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable from, the Revenues or the Net Revenues during such Fiscal Year, including any Subordinate Obligations.

Net Revenue Coverage. In addition to the covenant set forth regarding Revenues coverage, the City covenants in the Indenture that it will fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Wastewater System during each Fiscal Year which are sufficient to yield Net Revenues which are at least equal to the sum of (i) 110% of the amount of principal of and interest on all outstanding Bonds, the 2006 SRF Agreement, and all other Parity Obligations as they come due and payable during the Fiscal Year, and (ii) 100% (A) the amount of principal of and interest on all outstanding Bonds, the 2006 SRF Agreement, and all other Parity Obligations as they come due and payable during the Fiscal Year and (B) Debt Service on all Subordinate Obligations due and payable during such Fiscal Year.

For purposes of this Net Revenue Covenant, the Net Revenues may include transfers from the Rate Stabilization Fund to the Wastewater Fund for such Fiscal Year, if any, provided that the Net Revenues excluding such transfers are at least equal to the sum of (i) the amount of principal of and interest on all outstanding Bonds, the 2006 SRF Agreement, and all other Parity Obligations as they come due and payable during the Fiscal Year and (ii) Debt Service on all Subordinate Obligations due and payable during such Fiscal Year.

Insurance; Net Proceeds

The City will at all times maintain with responsible insurers all such insurance on the Wastewater System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Wastewater System. All amounts collected from insurance against accident to or destruction of any portion of the Wastewater System shall be deposited in an Insurance and Condemnation Fund established and held by the City and applied as follows:

(a) If the City has determined that it needs to use the insurance proceeds to make additions, betterments, extensions or improvements to the Wastewater System in order for the City to comply with the Indenture, the City shall use such insurance proceeds to make such additions, betterments, extensions or improvements. If the amount of such insurance proceeds shall exceed the costs of such additions, betterments, extensions or improvements that are required for the City to comply with the Indenture, the excess shall be applied to any lawful purpose of the Wastewater System, including (i) the payment of debt service on the Bonds and any Parity Obligations, (ii) the prepayment or discharge of the Bonds and any Parity Obligations as provided in the Indenture and the Parity Obligation Documents, as applicable, and (iii) the payment of capital costs of improvements to the Wastewater System.

(b) If the City has determined that it does not need to use the award to make additions, betterments, extensions or improvements to the Wastewater System in order for the City to comply with the Indenture, the City shall use such award for any lawful purpose of the Wastewater System, including (i) the payment of debt service on the Bonds and any Parity Obligations, (ii) the prepayment or discharge of the Bonds and any Parity Obligations as provided in the Indenture and the Parity Obligation Documents, as applicable, and (iii) the payment of capital costs of improvements to the Wastewater System.

(c) Notwithstanding the foregoing, to the extent the award relates to improvements financed by one or more series of the Bonds, until such time as such Bonds have been redeemed or paid at maturity, (i) any use of such related award shall comply with the tax covenants of the Indenture or similar applicable provisions of Supplemental Indentures, (ii) such related award may not pay debt service on or prepay, discharge or redeem any others Bonds or other Parity Obligations, (iii) if such related award will be used to pay debt service on or prepay, discharge or redeem such Bonds, they cannot be invested at a yield that is greater than the arbitrage yield of such Bonds and (iv) if such Bonds are refunded by tax-exempt refunding bonds (“**Refunding Bonds**”), such related award in the Insurance and Condemnation Fund shall be used for purposes not inconsistent with the tax covenants of the Indenture or similar applicable provisions of Supplemental Indentures.

THE CITY

The City is a charter city that was incorporated in 1876. The City operates under the council-manager form of government, in which authority is concentrated in the elected city council, which appoints a professional manager (the “**City Manager**”) to implement its policies. The Mayor is elected by the voters of the City for a four-year term. The City Manager oversees the City’s annual operating budget and personnel matters, and serves as the City Council’s chief policy advisor.

The City Council consists of seven members elected to serve staggered four-year terms.

See APPENDIX A – “CITY OF HAYWARD GENERAL DEMOGRAPHIC AND ECONOMIC INFORMATION” for certain demographic and economic information regarding the City.

THE WASTEWATER SYSTEM

Overview

The City of Hayward wastewater system, also known as the sewer system (the “**Wastewater System**”) is one of three enterprises managed, operated and maintained by the City. The other enterprises are the water and airport enterprises. The Wastewater System is comprised of a collection system, and treatment and disposal facilities located at 3700 Enterprise Avenue.

The City's first wastewater treatment plant was constructed in 1954. Since that time, a number of improvements and facilities have been constructed and installed including a new headworks, and sludge drying beds to manage the increasing volumes that came with development within the City's residential, commercial, and industrial sectors and to meet increasingly stringent discharge requirements from the California Water Resources Control Board (the “**SWRCB**”).

Service Area

The Wastewater System serves essentially all the developed areas within the City as well as a limited portion of adjacent unincorporated areas (collectively, the “**Service Area**”) which comprises approximately 61 square miles. A small section in the northern part of the City, consisting of approximately 2,000 homes with a population of about 6,000, is served by Oro Loma Sanitary District. The Wastewater System provides sewage collection, primary and secondary treatment and disposal services for customers within the Service Area. The City is also a member of a joint powers authority, the East Bay Dischargers Authority (the “**EBDA**”), which provides dechlorination and outfall facilities to convey treated water from member agencies' treatment plants to a discharge point in the San Francisco Bay.

Users of the Wastewater System

The Wastewater System serves more than 35,000 residential, commercial and industrial units, made up primarily of residential customers. Table 1 below sets forth a five-year history of Wastewater System users.

Table 1
CITY OF HAYWARD WASTEWATER SYSTEM
Customer Base by Type of Account

	<u>Fiscal Year 2019-20</u>	<u>Fiscal Year 2020-21</u>	<u>Fiscal Year 2021-22</u>	<u>Fiscal Year 2022-23</u>	<u>Fiscal Year 2023-24</u>
Single Family Residential	29,232	29,693	29,859	30,096	30,166
Multi Family Residential	1,436	1,436	1,438	1,441	1,444
Commercial / Industrial	3,393	3,411	3,421	3,448	3,475
Governmental / Institutional	210	214	214	219	220
Critical User (Large Industrial Users)	24	24	24	23	22
TOTAL	34,295	34,778	34,956	35,227	35,327

Source: City of Hayward.

Facilities

Collection System. The collection system consists of more than 325 miles of underground sanitary sewer lines and trunk lines of up to 48-inches, 2.5 miles of force mains, two major lift stations, and seven smaller lift stations.

Water Resource Recovery Facility. The Water Resource Recovery Facility (the “WRRF”), formerly known as the Water Pollution Control Facility, is located on an approximately 306-acre site in the western part of the City. The WRRF site includes 220 acres of former oxidation ponds. Operation of the WRRF is a 24-hour, seven-days a week, 365-days a year activity. The average of 11.2 million gallons per day (“mgd”) of wastewater originating from residential, commercial, industrial and institutional customers within the service Area was treated and discharged at the WRRF in Fiscal Year 2023-24. The permitted capacity of the WRRF is 18.5 mgd.

Primary and secondary wastewater treatment is provided at the WRRF. Effluent from the WRRF is disinfected with hypochlorite and discharged to the EBDA “super sewer” line for final disposal. The treated wastewater is dechlorinated and then discharged into the deeper water of the San Francisco Bay. The WRRF treats wastewater in two steps: primary and secondary, each of which is required to meet environmental standards.

Primary Treatment. Primary treatment is comprised of preliminary, floatation and sedimentation processes. Preliminary treatment consists of processing the wastewater through grinders to reduce the size of large solids and relying on gravity to remove the solids from the wastewater. The wastewater is then subjected to a vacuator process to separate oils and greases by floatation in addition to removing heavier grit in order to protect equipment from abrasion and wear. The last stage of solids removal is primary clarification where additional solids settle in open clarifier tanks by gravity sedimentation.

Secondary Treatment. Secondary treatment consists of trickling filter and a final clarifier processes. The trickling filter removes organic materials in the primary effluent through the use of biological growth attached to media inside the filter tower. As the biological growth consumes the organic material in the primary effluent, solids thicken

and precipitate from the media, pulling down additional solids in the final clarifier. The final clarifier effluent is then chlorinated and discharged from the WRRF to the EBDA super sewer line.

Biosolids Management. The solid, stabilized organic materials removed from wastewater are called “biosolids.” The WRRF has capacity to store digested sludge for one year but ultimately disposes of all the dewatered biosolids offsite.

All the biosolids from the WRRF are currently removed by Waste Management of Alameda County (“**Waste Management**”), who is also the franchised hauler for solid waste collection and recycling services in the City. Biosolids are transported by Waste Management to offsite landfills. The City’s current contract with Waste Management expires in 2033.

Historical Flows and Treatment Capacity. The WRRF can treat up to 18.5 mgd, based on its permitted average dry weather flow capacity. Historical flow information for the last five fiscal years is presented in Table 2 below.

Table 2
CITY OF HAYWARD WASTEWATER SYSTEM
Historical Wastewater Flow and WRRF Capacity⁽¹⁾

	Fiscal Year <u>2019-20</u>	Fiscal Year <u>2020-21</u>	Fiscal Year <u>2021-22</u>	Fiscal Year <u>2022-23</u>	Fiscal Year <u>2023-24</u>
Average Daily Flow ⁽²⁾	10.7	10.4	10.6	12.4	11.8
Peak Day Flow	13.4	16.9	21.1	33.6	21.6
Treatment Capacity ⁽³⁾	18.5	18.5	18.5	18.5	18.5
Wet Weather Capacity	35.0	35.0	35.0	35.0	35.0

(1) Average and capacity presented in mgd. Peak day flow presented in millions of gallons for such peak day.

(2) Average Daily Flow shown here is higher than average dry weather flows due to the inclusion of flows during rainy periods.

(3) Current permitted average dry weather flow capacity under Permit.

Source: City of Hayward.

Regulatory Compliance

The construction and operation of wastewater treatment facilities and the discharge of sewage are highly regulated by State and federal laws to meet various requirements for the operation, treatment, monitoring, maintenance and disposal/discharge of wastewater. The two principal laws governing wastewater treatment are the federal Clean Water Act enacted in 1972, and the State’s Porter-Cologne Act first enacted in 1969. These laws require that policies, plans, requirements and standards for discharges of wastewater be developed in order to protect the beneficial uses of the water. The United States Environmental Protection Agency, the federal agency charged with implementation and enforcement of the Clean Water Act, has delegated much of the planning, permitting and enforcement activities to the states. In California, the SWRCB develops policies, plans, requirements and discharge standards for the three types of State waters: inland surface waters, enclosed bays and estuaries, and the ocean. The SWRCB is the enforcement arm for the State and federal water pollution control programs, issuing the discharge permits and establishing the waste discharge requirements.

The discharge standards are set forth in NPDES permits issued and modified every five years by the SWRCB. The City discharges wastewater pursuant to the terms of an NPDES permit issued to EBDA. The current NPDES permit (the “**Permit**”) for EBDA was issued in 2022

and prescribes wastewater discharge requirements for the WRRF. The Permit expires in 2027 and continues in full force until the SWRCB issues a new permit.

The other regulatory agency that issues a permit necessary for construction or operation of the Wastewater System is the Bay Area Air Quality Management District, which is responsible for establishing air emissions standards for the WRRF and the issuance of air emission permits.

Management and Operations

The Wastewater System is operated by the City on a self-supporting basis under the authority of the City Council. Day-to-day operations of the Wastewater System are under the supervision of the City's Public Works Director. Brief resumes for management personnel of the Wastewater System and WRRF are set forth below:

Alex Ameri, Director of Public Works. Mr. Ameri was appointed as Director of Utilities & Environmental Services Department in 2011, and he was then appointed as Director of Public Works and Utilities Department upon merging with the Department of Public Works. He is responsible for the management of construction, operation and maintenance of the City's utilities systems, including the wastewater system and the water distribution and storage facilities. He is also responsible for preparing and implementing the City's Capital Improvement Program and managing the budgets for the wastewater, water, recycled water and stormwater systems. Prior to this appointment, Mr. Ameri was appointed as the Deputy Director of Public Works/Utilities in 1993 and served as a Development Services Engineer with the City from 1989 to 1993. He also served the City of Santa Barbara as a Land Development Engineer from 1987 to 1989. Mr. Ameri holds a Bachelor of Science in Civil Engineering, a Master of Science in Civil Engineering and a Master of Engineering in Mechanical Engineering. Mr. Ameri is also a Registered Professional Engineer in California, New York and New Jersey.

David Donovan, Water Resource Recovery Facility Manager. Mr. Donovan joined the City in 2015 as an Operations Supervisor and has served as the WRRF Manager since 2016. He is responsible for the overall management of the City's WRRF and oversees a team of 30 operations, maintenance, technical, laboratory and administrative staff in planning and executing process changes and maintenance projects. Mr. Donovan is registered with the California State Water Resource Control Board as the Chief Plant Operator (CPO) and is responsible for ensuring that the WRRF meets and exceeds compliance of the NPDES permit. He also collaborates with other external agencies for the operations and maintenance of EBDA facilities. Prior to joining the City, he was a Shift Supervisor at West County Wastewater District, and held various operator roles in City of San Leandro Water Pollution Control Plant and Central Contra Costa Sanitary District. He is a licensed Grade V operator.

Mark Orlandi, Water Resource Recovery Facility Operations Manager. Mr. Orlandi joined the City in 2016 as a Lead Operator and now serves as the WRRF Operations Manager. In his current role, he is responsible for managing the 24/7 operations of the WRRF, which includes wastewater treatment, recycled water treatment, solids handling, and cogeneration operations. He oversees a team of six Lead Operators and seven Operators. He started his wastewater career through the Tri Valley ROP program held at Dublin San Ramon Services District in 2011. Following the completion of his Operator in Training hours with the Manteca Wastewater Quality Control Facility, he was hired to work at the San Leandro Water Pollution Control Plant. After earning his license, he worked for Veolia Water as an Operations and Maintenance Technician for both water and wastewater in Discovery Bay. He then worked for Severn Trent Services in

Mountain House as a Lead Operator for the wastewater facility. He is a licensed Grade V operator.

Dan Magalhaes, Water Resource Recovery Facility Maintenance Manager. Mr. Magalhaes started with the City in 2004 as the first WRRF Maintenance Supervisor after working in private sector, where he had over 20 years of industrial maintenance experience in food processing, packaging, and the paper and pulp industries. He started in quality control as an apprentice in the field of industrial maintenance. Upon his arrival at the WRRF, Mr. Magalhaes established corrective, preventative, and predictive maintenance protocols that have yielded operational efficiencies in the treatment process as well as the resource recovery operations at the cogeneration, solar, and recycled water facilities. He has also worked closely with the Operations team to develop an effective Maintenance team and improve operational practices. In his current role, he works closely with Director Ameri, the WRRF management team, City engineers, and consultants to continue the improvement and growth of the WRRF.

Kyle Carbert, Senior Utilities Engineer. Mr. Carbert joined the City in 2023 and has been involved in the 2025 Projects since the preliminary design stage. He has more than 18 years of public works experience, with a focus on utilities projects, in both the public and private sector. Mr. Carbert is currently serving as the City's project manager overseeing the 2025 Projects' design. He will be responsible for working closely with the construction management team and interfacing with the WRRF operations and maintenance staff during construction. Mr. Carbert is also serving a key role reviewing design packages, supporting the environmental review effort, coordinating with the City's building and planning departments, and managing the design effort.

Elli Lo, Senior Management Analyst. Ms. Lo is responsible for assisting with the development of the City's Capital Improvement Program. She is responsible for the administration of the CWSRF loan for the City's Recycled Water Project, which includes budget tracking and applying for disbursements. Ms. Lo will provide the 2025 Projects' day-to-day fiscal administration, which will include tracking costs and disbursements for all funding sources, including the anticipated WIFIA loan. Ms. Lo has over 9 years in fiscal management for similar projects.

WASTEWATER SYSTEM FINANCIAL INFORMATION

Rates, Fees and Charges

The Wastewater System receives moneys from two primary sources: wastewater service charges and connection fees.

Service Charges. Customers of the Wastewater System receive bi-monthly bills, with monthly wastewater service charges based on a user classification system consisting, with residential customers charged based on dwelling type. Commercial users are charged based on business type, with different rate tables for customers with or without a separate irrigation water meter.

Residential. Residential users of the Wastewater System are billed a flat monthly charge depending upon classification (e.g., standard residential, multi-family, or mobile home). Alternatively, users with low water consumption in a given billing cycle automatically receive lower economy and lifeline wastewater rates. As of Fiscal Year

2023-24, approximately one-third of customer bills received the lower economy or lifeline wastewater rates. See “CERTAIN RISK FACTORS – Wastewater System Demand.”

Commercial. Commercial users of the Wastewater System are billed on a volume charge based on one-hundred cubic feet (“ccf”) of metered water consumption. Different volume charges are applied depending upon the user classification code.

Industrial. Industrial users of the Wastewater System, also sometimes called critical users, are charged based on actual wastewater strength and volume. This category is applicable for approximately 25 large businesses with wastewater discharge permits.

Current and Adopted Future Rates. The City has historically adopted revisions to its Wastewater System rates and charges on a two-year cycle, with the currently effective rates and charges having been adopted in 2023. However, the City is transitioning to a five-year cycle. The first new five-year cycle of Wastewater System rates and charges were approved by the City Council on February 18, 2025. The adopted rates will be effective annually from July 1, 2025 through June 30, 2030, and the adopted connection fees will be effective annually from September 1, 2025 through August 30, 2027. Table 3 sets for the current and adopted future Wastewater System rates.

**Table 3
CITY OF HAYWARD WASTEWATER SYSTEM
Historical and Adopted Future Wastewater System Rates**

Monthly Residential Service Charges

	Current (October 1, 2024-June 30, 2025)	Effective July 1, 2025	Effective July 1, 2026	Effective July 1, 2027	Effective July 1, 2028	Effective July 1, 2029
Standard Residential (per unit)	\$44.19	\$47.83	\$53.57	\$60.00	\$67.20	\$75.27
Multi-Family (per unit)	39.33	43.49	48.71	54.56	61.11	68.45
Mobile Home (per unit)	30.94	32.34	36.23	40.58	45.45	50.91
Economy, 5-8 units of water usage	20.70	22.52	25.23	28.26	31.66	35.46
Lifeline, 0-4 units of water usage	10.36	11.61	13.01	14.58	16.33	18.29

**Commercial (With Separate Irrigation Meter)
Volume Charge per CCF of Metered Water Use**

	Current (October 1, 2024-June 30, 2025)	Effective July 1, 2025	Effective July 1, 2026	Effective July 1, 2027	Effective July 1, 2028	Effective July 1, 2029
All Other Domestic Use	\$7.99	\$7.95	\$8.91	\$9.98	\$11.18	\$12.53
Restaurant w/ Grease Interceptor	10.44	10.53	11.80	13.22	14.81	16.59
Restaurant w/o Grease Interceptor	13.52	12.96	14.52	16.27	18.23	20.42
Commercial Laundry	8.07	9.04	10.13	11.35	12.72	14.25
Bakery	13.77	14.39	16.12	18.06	20.23	22.66
Industrial Laundry	12.53	14.04	15.73	17.62	19.74	22.11
Beverage Bottling	8.15	9.13	10.23	11.46	12.84	14.39
Food Manufacturing	30.34	25.72	28.81	32.27	36.15	40.49
Meat Products	15.37	17.22	19.29	21.61	24.21	27.12
Slaughterhouse	17.69	19.82	22.20	24.87	27.86	31.21
Dairy Product Processors	12.68	14.21	15.92	17.84	19.99	22.39
Canning & Packing	9.04	10.13	11.35	12.72	14.25	15.96
Grain Mills	11.90	13.33	14.93	16.73	18.74	20.99
Fats and Oils	8.58	9.61	10.77	12.07	13.52	15.15
Pulp & Paper Manufacturing	10.45	10.07	11.28	12.64	14.16	15.86
Inorganic Chemicals	14.51	16.26	18.22	20.41	22.86	25.61
Paint Manufacturing	22.62	25.34	28.39	31.80	35.62	39.90
Leather Tanning	29.79	33.37	37.38	41.87	46.90	52.53
Fabricated Metal	4.32	5.87	6.58	7.37	8.26	9.26

**Commercial (Without Separate Irrigation Meter)
Volume Charge per CCF of Metered Water Use**

	Current (October 1, 2024-June 30, 2025)	Effective July 1, 2025	Effective July 1, 2026	Effective July 1, 2027	Effective July 1, 2028	Effective July 1, 2029
Commercial/Governmental	\$7.20	\$7.16	\$8.02	\$8.99	\$10.07	\$11.28
Restaurant w/ Grease Interceptor	9.40	9.47	10.61	11.89	13.32	14.92
Restaurant w/o Grease Interceptor	12.17	11.66	13.06	14.63	16.39	18.36
Commercial Laundry	7.26	7.79	8.73	9.78	10.96	12.28
Bakery	12.38	13.87	15.54	17.41	19.50	21.84
Industrial Laundry	11.27	12.63	14.15	15.85	17.76	19.90
Beverage Bottling	7.33	8.21	9.20	10.31	11.55	12.94
Food Manufacturing	27.30	30.58	34.25	38.36	42.97	48.13
Meat Products	13.84	13.15	14.73	16.50	18.48	20.70
Slaughterhouse	15.93	17.85	20.00	22.40	25.09	28.11
Dairy Product Processors	11.41	12.78	14.32	16.04	17.97	20.13
Canning & Packing	8.13	9.11	10.21	11.44	12.82	14.36
Grain Mills	10.72	12.01	13.46	15.08	16.89	18.92
Fats and Oils	7.72	8.65	9.69	10.86	12.17	13.64
Pulp & Paper Manufacturing	9.40	8.89	9.96	11.16	12.50	14.00
Inorganic Chemicals	13.07	14.64	16.40	18.37	20.58	23.05
Paint Manufacturing	20.37	22.82	25.56	28.63	32.07	35.92
Leather Tanning	26.80	30.02	33.63	37.67	42.20	47.27
Fabricated Metal	3.89	5.28	5.92	6.64	7.44	8.34

**Industrial (aka Critical User) Service Charges
Based on Wastewater Flows**

	Current (October 1, 2024-June 30, 2025)	Effective July 1, 2025	Effective July 1, 2026	Effective July 1, 2027	Effective July 1, 2028	Effective July 1, 2029
Flow – cost per ccf of wastewater	\$3.69323	\$5.49120	\$6.15020	\$6.88830	\$7.71490	\$8.64070
Carbonaceous Biochemical Oxygen Demand – cost per pound	0.88057	0.51680	0.57890	0.64840	0.72630	0.81350
Suspended Solids – cost per pound	1.18346	1.78620	2.00060	2.24070	2.50960	2.81080

Source: City of Hayward.

Comparative Monthly Wastewater Service Charges. The City's average residential charges effective as of July 1, 2025 were approved by the City Council on February 18, 2025, and are set forth in Table 4 below with a comparison to other Bay Area cities.

**Table 4
CITY OF HAYWARD WASTEWATER SYSTEM
Monthly Sewer Charge Comparison Average Residential Service**

City	Average Monthly Residential Charge
City of Oakland	\$80.58
City of San Leandro	53.20
Union Sanitary District	50.97
Hayward (effective 7/1/25)	47.83
Castro Valley SD	45.89
Dublin San Ramon SD	43.02
Oro Loma SD	40.55

Source: City of Hayward.

Connection Fees. Connection fees are one-time charges levied by the City to recover costs incurred by the Wastewater System for providing capacity in the Wastewater System required by new users. The collection of such fees is therefore subject to the pace of development in the Service Area.

Wastewater connection fees are collected at the time that a new connection is made to the public sanitary Wastewater System, or when an existing commercial or industrial customer wishes to increase the volume and/or waste strength of wastewater discharge from its facility to the public Wastewater System. Current and adopted connection fees are set forth in Table 5 below.

**Table 5
CITY OF HAYWARD WASTEWATER SYSTEM
Connection Fees**

	<u>Current (effective September 1, 2024)</u>	<u>Effective September 1, 2025</u>	<u>Effective September 1, 2026</u>
<i>Residential</i>			
Single Family, Duplex, Triplex, Fourplex	\$12,031.00	\$13,235.00	\$14,559.00
Multi-Family (per unit)	10,709.00	11,781.00	12,960.00
Accessory Dwelling Units (per unit)	4,813.00	5,295.00	5,825.00
<i>Commercial, Industrial, Other</i>			
Per gallon of daily capacity required	\$33.61	\$32.98	36.28
Per pound per year of carbonaceous biochemical oxygen demand	13.33	34.11	37.53
Per pound per year of suspended solids	14.34	22.34	24.58
Minimum charge	12,031.00	13,235.00	14,559.00

Source: City of Hayward.

Wastewater System Revenues

Table 6 below shows the Wastewater System revenues by type of account for the last five fiscal years. The data presented in Table 6 do not include connection fees or other fees.

**Table 6
CITY OF HAYWARD WASTEWATER SYSTEM
Revenues by Type of Account**

	<u>Fiscal Year 2019-20</u>	<u>Fiscal Year 2020-21</u>	<u>Fiscal Year 2021-22</u>	<u>Fiscal Year 2022-23</u>	<u>Fiscal Year 2023-24</u>
Single Family Residential	\$9,905,540	\$10,497,449	\$10,349,030	\$10,809,011	\$11,233,360
Multi Family Residential	5,990,676	6,248,930	6,471,238	6,916,171	7,332,005
Commercial / Industrial	6,984,989	6,783,537	6,935,206	8,400,240	7,981,391
Governmental / Institutional	994,173	765,898	734,615	1,213,238	901,704
Critical User (Large Industrial Users)	1,599,538	1,323,257	999,878	773,100	1,197,356
TOTAL	\$25,474,915	\$25,619,071	\$25,489,968	\$28,111,759	\$28,645,816

Source: City of Hayward.

Table 7 below sets forth the current and future adopted connection fees by type of use.

Table 7
CITY OF HAYWARD WASTEWATER SYSTEM
Ten Largest Wastewater System Rate Payers
As of June 30, 2024

<u>Customer Name</u>	<u>Type of Business</u>	<u>Billed Amount</u>	<u>% of Total Wastewater Use Charges</u>
Hayward Unified School District	Institutional	\$411,039	1.43%
Russell City Energy Center	Industrial – Critical User	338,134	1.18
Park Orchard Apartments	Multi Family Residential	318,702	1.11
Essex Portfolio LP	Multi Family Residential	242,247	0.85
Alvista at the Bridge Apartments	Multi Family Residential	234,156	0.82
Lyrical Foods, Inc.	Industrial – Food Manufacturing	206,614	0.72
Cal State – East Bay	Institutional	200,722	0.70
Bottling Group LLC (Pepsi-Cola)	Industrial – Critical User	172,242	0.60
Glen Eden Garden Homes Assoc.	Multi Family Residential	168,763	0.59
Monterey Coast LP	Multi Family Residential	<u>157,043</u>	<u>0.55</u>
TOTAL		\$2,449,662	8.55%

Source: City of Hayward.

The connection fee revenues received by the Wastewater System for the last five fiscal years are set forth in Table 8 below.

Table 8
CITY OF HAYWARD WASTEWATER SYSTEM
Historical Connection Fee Revenues

<u>Fiscal Year</u>	<u>Connection Fee Revenues</u>
2019-20	\$4,421,747
2020-21	3,464,083
2021-22	4,897,975
2022-23	4,636,000
2023-24	3,275,991

Source: City of Hayward.

Billing, Collection and Delinquencies

Users of the Wastewater System who are connected to the City's water system are billed separately for sewer service and water service, on a combined bill, by the City's Water Department. The fee for either service may not be paid separately from the other. Users of the City's Wastewater System who are not connected to the City's water system are billed for sewer service only.

Bills are issued bi-monthly and are considered delinquent 17 days after the due date. After 180 days, if the account is closed and the bill remains unpaid, the delinquent bill is sent to collections; if the account remains open, the City continues to seek payment of the delinquent bill. The City complies with State law regarding discontinuation of water service due to account delinquency. Since most customers of the Wastewater System also receive water service from

the City and are billed on a combined basis, the water shutoff policy effectively applies to most customers of the Wastewater System.

Historical delinquency and write-off information is set forth in Table 9 below.

Table 9
CITY OF HAYWARD WASTEWATER SYSTEM
Historical Delinquencies and Write-offs
(as of June 30 of each Fiscal Year)

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Total Amount Billed to Ratepayers	\$25,048,676	\$25,205,057	\$26,435,961	\$26,933,425	\$28,433,576
Total Amount Delinquent	\$662,989	\$820,456	\$230,868	\$831,856	\$330,680
Delinquency as % of Billing	2.65%	3.26%	0.87% ⁽¹⁾	3.09%	1.16% ⁽²⁾
Amounts Written Off as Uncollectable	\$54,957	\$85,862	\$88,516	\$80,040	\$15,510
Write-Offs as % of Billing	0.22%	0.34%	0.33%	0.30%	0.05%

(1) Delinquency rate in Fiscal Year 2021-22 reflects approximately \$584,000 received from the SWRCB's California Water and Wastewater Arrearage Payment Program ("CWWAPP") as a credit toward delinquent customer bills.

(2) Delinquency rate in Fiscal Year 2023-24 reflects approximately \$470,000 received from CWWAPP as a credit toward delinquent customer bills. The City does not currently expect to receive additional CWWAPP funds in future fiscal years.

Source: City of Hayward.

Historical Revenues and Expenses

The Wastewater System operations are accounted for as an enterprise fund of the City. The Statements of Revenues, Expenses, and Changes in Fund Net Assets of the Wastewater System for the five most recent fiscal years are set forth in Table 10 below.

Table 10
CITY OF HAYWARD WASTEWATER SYSTEM
Historical Revenues, Expenses, Changes in Fund Net Assets
(Fiscal Year Ended June 30)

	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24 (Unaudited)
OPERATING REVENUES					
Charges for services	\$29,524,613	\$29,100,056	\$30,598,276	\$31,803,745	\$32,808,207
Miscellaneous	554,184	1,044,328	858,881	3,420,550	411,109
Total operating revenues	\$30,078,797	\$30,144,384	\$31,457,157	\$35,224,295	\$33,219,316
OPERATING EXPENSES					
Salaries and related expenses	9,074,215	8,804,152	9,824,309	\$9,641,707	\$11,765,643
Materials, supplies and services	4,819,900	6,089,429	5,380,560	10,148,860	12,590,233
Repairs and maintenance	850,110	795,021	1,229,342	1,840,082	1,635,423
Depreciation	5,037,959	5,576,099	6,183,762	6,162,641	6,157,172
Total operating expenses	\$19,782,184	\$21,264,701	\$22,617,973	\$27,793,290	\$32,148,471
Operating income (loss)	\$10,296,613	\$8,879,683	\$8,839,184	\$7,431,005	\$1,070,845
NONOPERATING REVENUES (EXPENSES)					
Investment income (loss)	\$2,308,947	\$482,896	\$(2,189,270)	\$1,208,068	\$3,558,243
Interest (expense)	(365,746)	(663,767)	(525,149)	(513,983)	(502,226)
Gain on investment in JPA	--	--	(965,799)	28,806	(326,526)
Gain from equity investment	119,683	--	--	--	--
Net nonoperating revenues (expenses)	\$2,062,884	\$(180,871)	\$(3,680,218)	\$722,891	\$2,729,498
Income (loss) before capital contributions and transfers	\$12,359,497	\$8,698,812	\$5,158,966	\$8,153,896	\$3,800,343
TRANSFERS					
Transfers in	\$3,730,000	\$3,115,520	\$794,608	\$989,607	\$1,247,005
Transfers out	(1,182,724)	(1,667,760)	(4,706,386)	(2,168,406)	(2,210,236)
Net Transfers	\$2,547,276	\$1,447,760	\$(3,911,778)	\$(1,178,799)	\$(963,231)
Change in net position	\$14,906,773	\$10,146,572	\$1,247,188	\$6,975,097	\$2,837,112
Net position - beginning	\$163,864,820	\$178,771,593	\$188,918,165	\$190,165,353	\$197,140,450
Net position - ending	\$178,771,593	\$188,918,165	\$190,165,353	\$197,140,450	\$199,977,562

Sources: City of Hayward for Fiscal Year 2023-24; City of Hayward Annual Comprehensive Financial Reports for Fiscal Years 2019-20 through 2022-23.

Statement of Net Position

The Statements of Net Position for the Wastewater System for the five most recent fiscal years are set forth in Table 11 below.

Table 11
CITY OF HAYWARD WASTEWATER SYSTEM
Statement of Net Position

	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24 (Unaudited)
ASSETS					
Current assets:					
Cash and investments	\$97,058,021	\$110,952,654	\$109,542,651	\$114,087,334	\$113,486,647
Cash and investments with fiscal agents	--	1	1	1	1
Accounts receivable, net	5,609,235	5,603,829	5,754,901	5,414,240	5,834,448
Interest receivable	--	--	--	--	46,566
Due from other governments	1,554,592	--	14,084	15,631	754
Deposits, parts, supplies and other	--	--	2,471,492	2,139,985	1,808,479
Due from other funds	--	136,051	329,813	232,283	--
Total current assets	104,221,848	116,692,535	118,112,942	121,889,474	\$121,176,895
Noncurrent assets:					
Investment in EBDA	\$10,382,103	\$10,382,103	\$9,416,305	\$9,445,110	\$9,118,584
Deposits, parts, supplies and other	3,134,504	2,802,998	--	--	--
Capital assets:					
Land	1,830,143	1,830,143	1,830,143	1,830,143	1,830,143
Construction in progress	30,048,965	5,085,571	9,809,312	14,961,990	21,638,243
Depreciable capital assets, net	85,866,482	110,664,618	105,133,799	99,432,728	94,454,322
Total noncurrent assets	131,262,197	130,765,433	126,189,559	125,669,971	127,041,292
Total assets	\$235,484,045	\$247,457,968	\$244,302,501	\$247,559,445	\$248,218,187
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	\$1,102,287	\$1,136,199	\$1,096,350	\$2,924,467	\$3,003,493
Related to OPEB	852,546	534,569	1,213,193	1,099,633	1,273,495
Total deferred outflows of resources	\$1,954,833	\$1,670,768	\$2,309,543	\$4,024,100	\$4,276,988
LIABILITIES					
Current liabilities:					
Accounts payable	\$923,618	\$1,437,253	\$703,903	\$1,680,669	\$2,429,991
Accrued interest	249,517	325,412	323,438	320,987	318,507
Accrued liabilities	222,668	326,616	311,084	380,772	3,430
Unearned revenue	219,065	229,565	229,565	229,565	229,568
Compensated absences, due within 1 year	325,684	306,077	411,368	409,742	440,078
Accrued reclamation costs	125,000	125,000	125,000	125,000	125,000
Long-term debt, due within 1 year	3,338,694	3,492,587	3,503,260	3,515,005	3,527,139
Total current liabilities	\$5,404,246	\$6,242,510	\$5,607,618	\$6,661,740	\$7,073,713
Noncurrent liabilities:					
Compensated absences, due in more than 1 year	\$102,860	\$333,335	\$144,240	\$125,763	\$133,787
Net pension liabilities, due in more than 1 year	10,366,211	10,662,127	8,179,023	12,243,824	13,789,318
Net OPEB liability, due in more than 1 year	4,803,691	4,173,825	4,747,574	4,560,031	4,564,752
Long-term debt, due in more than 1 year	35,447,451	36,523,485	33,020,238	29,505,232	25,978,108
Total noncurrent liabilities	50,720,213	51,692,772	46,091,075	46,434,850	44,465,965
Total liabilities	\$56,124,459	\$57,935,282	\$51,698,693	\$53,096,590	\$51,539,678

(continued on next page)

	Fiscal Year <u>2019-20</u>	Fiscal Year <u>2020-21</u>	Fiscal Year <u>2021-22</u>	Fiscal Year <u>2022-23</u>	Fiscal Year 2023-24 <u>(Unaudited)</u>
DEFERRED INFLOWS OF RESOURCES					
Related to pensions	\$158,152	\$18,325	\$2,577,316	\$30,215	--
Related to OPEB	2,384,674	2,256,964	2,170,682	1,316,290	977,935
Total deferred inflows of resources	2,542,826	2,275,289	4,747,998	1,346,505	\$977,935
NET POSITION					
Net investment in capital assets	\$78,959,445	\$77,564,260	\$80,249,756	\$83,204,624	\$88,417,461
Restricted for debt service	--	1	1	1	1
Unrestricted	99,812,148	111,353,904	109,915,596	113,935,825	111,560,100
Total net position	\$178,771,593	\$188,918,165	\$190,165,353	\$197,140,450	\$199,977,562

Sources: *City of Hayward for Fiscal Year 2023-24; City of Hayward Annual Comprehensive Financial Reports for Fiscal Years 2019-20 through 2022-23.*

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Historical Revenues, Expenditures and Debt Service Coverage

The following table summarizes the historical operating results for the Wastewater System over the five fiscal years shown.

Table 12
CITY OF HAYWARD WASTEWATER SYSTEM
Historical Revenues, Expenses and Debt Service Coverage

	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24 (Unaudited)
Revenues:					
Charges for Services ⁽¹⁾⁽²⁾	\$25,102,866	\$25,635,973	\$25,700,301	\$27,167,748	\$29,532,215
Connection Fees ⁽¹⁾⁽²⁾	4,421,747	3,464,083	4,897,975	4,636,000	3,275,991
Miscellaneous ⁽¹⁾	554,184	1,044,328	858,881	3,420,550	411,109
Investment Income ⁽³⁾	1,356,058	707,502	406,863	1,635,114	2,516,331
Transfers In ⁽⁴⁾	0	586,720	611,607	611,607	611,607
Total Revenues	\$31,434,855	\$31,438,606	\$32,475,627	\$37,471,019	\$36,347,253
Operating Expenses:					
Salaries and Related Expenses ⁽¹⁾	\$9,074,215	\$8,804,152	\$9,824,309	\$9,641,707	\$11,580,354
<i>Adjustment for Non-cash Items</i> ⁽⁵⁾	34,071	561,776	0	1,238,793	(743,472)
Materials, Supplies, and Services ⁽¹⁾	4,819,900	6,089,429	5,380,560	10,148,860	9,051,444
<i>Less: Capital Expenses</i> ⁽⁵⁾	(1,464,551)	(3,273,173)	(1,309,569)	(6,270,428)	(4,787,792)
<i>Less: Non-Cash Bad Debt Expense</i> ⁽⁵⁾	(123,520)	(64,410)	(1,095,290)	(130,373)	(168,675)
Repairs and Maintenance ⁽¹⁾	850,110	\$795,021	\$1,229,342	\$1,840,082	1,659,216
Total Operating Expenses	\$13,190,225	\$12,912,795	\$14,029,352	\$16,468,641	\$16,591,075
Net Revenues Before Debt Service	\$18,244,630	\$18,525,811	\$18,446,275	\$21,002,379	\$19,756,178
Debt Service ⁽⁶⁾					
2006 SRF Agreement	\$2,727,501	\$2,727,501	\$2,727,501	\$2,727,501	\$2,727,501
2016/18 SRF Agreement ⁽⁷⁾	0	586,720	611,607	611,607	611,607
Total Debt Service	\$2,727,501	\$3,314,221	\$3,339,108	\$3,339,108	\$3,339,108
Debt Service Coverage	6.69x	5.59x	5.52x	6.29x	5.92x

(1) Source: City of Hayward Annual Comprehensive Financial Reports.

(2) Charges for services as presented in the City's Annual Comprehensive Financial Reports includes Connection Fees revenues. Connection fees are shown separately in this table and the Charges for Services line is accordingly reduced to net out connection fees.

(3) Investment income shown on a cash basis, net of non-cash fair market adjustments under GASB 72.

(4) Reflects transfers from Recycled Water Fund related to that Recycled Water Fund's share of the debt service on the former 2016/18 SRF Loan.

(5) Source: City of Hayward financial records; these expenses are excluded from the definition of "Operating Expenses" for the 2025 Bonds and future parity debt.

(6) Debt service shown here excludes payments on a 2011 CEC Loan and 2019 CEC Loan, neither of which are secured by a pledge of wastewater revenues.

(7) 2016 SRF Loan was amended in 2018; this debt service cost was formerly paid through a transfer from the Recycled Water Fund. The 2016/18 SRF loan is no longer outstanding. See footnote 4.

Projected Revenues, Expenditures and Debt Service Coverage

The following table summarizes the projected operating results for the Wastewater System over the current and next four fiscal years. The projections below are based on several assumptions that the Wastewater System regards as reasonable based on their current plans and knowledge of the activities of outside entities that impact the financial performance of the Wastewater System. No assurance can be given, however, that such assumptions will be realized, and actual results may vary materially from those projected and produce substantially different financial results. Actual revenues and expenses may vary materially from these projections.

Table 13
CITY OF HAYWARD WASTEWATER SYSTEM
Projected Revenues, Expenses and Debt Service Coverage

	Fiscal Year 2024-25 (Estimated)	Fiscal Year 2025-26	Fiscal Year 2026-27	Fiscal Year 2027-28	Fiscal Year 2028-29
Revenues:					
Charges for Services ⁽¹⁾	\$31,599,470	\$34,996,413	\$39,195,983	\$43,899,501	\$49,167,441
Miscellaneous ⁽²⁾	250,000	250,000	250,000	250,000	250,000
Investment Income ⁽³⁾	200,000	200,000	200,000	200,000	200,000
Connection Fees ⁽⁴⁾	3,000,000	3,750,000	3,750,000	3,750,000	3,750,000
Transfers In ⁽⁵⁾	611,607	942,677	929,210	915,743	902,277
Total Revenues	\$35,661,077	\$40,139,090	\$44,325,193	\$49,015,244	\$54,269,717
Operating Expenses:					
Salaries and Related Expenses ⁽⁶⁾	\$11,270,357	\$11,721,172	\$12,190,018	\$12,677,619	\$13,184,724
Materials, Supplies, and Services ⁽⁶⁾	4,258,776	4,429,127	4,606,292	4,790,544	4,982,166
Repairs and Maintenance ⁽⁶⁾	1,725,585	1,794,608	1,866,392	1,941,048	2,018,690
Additional Operating Expenses (Project-related) ⁽⁷⁾	0	0	0	4,000,916	4,160,953
Additional personnel (Project-related) ⁽⁷⁾	0	0	0	3,603,164	3,747,291
Total Operating Expenses	\$17,254,718	\$17,944,907	\$18,662,703	\$27,013,292	\$28,093,823
Net Revenues Before Debt Service	\$18,406,359	\$22,194,183	\$25,662,490	\$22,001,952	\$26,175,894
Debt Service ⁽⁸⁾					
2006 SRF Agreement	\$2,727,501	\$2,727,501	\$2,727,501	\$2,727,501	\$2,727,501
2016/18 SRF Agreement ⁽⁹⁾	611,607	0	0	0	0
2025 Bonds* ⁽¹⁰⁾	0	3,125,000	6,250,000	6,250,000	6,250,000
Estimated WIFIA Loan ⁽¹¹⁾	0	0	0	0	0
Estimated Future Revenue Bonds ⁽¹²⁾	0	0	0	2,083,625	4,167,250
Total Debt Service*	\$3,339,108	\$5,932,251	\$5,852,501	\$8,977,501	\$11,061,126
Debt Service Coverage *	5.51x	3.79x	2.86x	1.99x	1.99x

* Preliminary; subject to change.

- (1) Projected Charges for Services revenues assume 7% rate increase in July 2024 and 12% annual rate increases each subsequent July through July 2028.
- (2) Miscellaneous revenue projected at \$250,000 annually, which is approximately 60% of the Miscellaneous revenue in FY 2023-24.
- (3) Investment income projected at \$200,000 annually, which the City believes to be a conservative estimate given expected future cash balances.

- (4) Connection fee revenues based on an estimated 310-315 new connections annually at the current rates. This estimate is based on current or anticipated developments within the service area; the City's 5-year historical average is 300 new connections per year.
- (5) Transfer in for FY 2024-25 reflects the Recycled Water Fund's share of the last payment of the former 2016/18 SRF Loan; future transfers in reflect estimated repayment of a \$13.5 million interfund loan between the Sewer Fund and the Recycled Water Fund. Such transfers are "Revenues" within the terms of the 2025 Bonds and future parity debt.
- (6) Projected expenses based on Fiscal Year 2023-24 expenses (net of non-cash expenses and capital expenses), growing at 4% annually.
- (7) Estimated operating expenses related to facilities constructed as part of the Project; estimated to start 2 years before Project completion.
- (8) Debt service shown here excludes payments on a 2011 CEC Loan and 2019 CEC Loan, neither of which are secured by a wastewater revenue pledge.
- (9) The City prepaid the 2016/18 SRF Loan in January 2025; payment was made through an interfund transfer between the Sewer Fund and the Recycled Water Fund (see footnote 5 above).
- (10) Estimated; reflects capitalized interest for a portion of Fiscal Year 2025-26; interest only amortization through fiscal year 2028-29.
- (11) Estimated; reflects capitalized interest on the WIFIA loan through Fiscal Year 2032-33. See "– Future Wastewater System Financings" for further information.
- (12) Estimated; reflects capitalized interest for a portion of fiscal year 2027-28. See "– Future Wastewater System Financings" for further information.

Source: City of Hayward.

The projected revenues, expenses and debt service coverage is subject to uncertainties. Inevitably, some assumptions used to develop the projections will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between projections and actual results, and those differences may be material.

Capital Improvement Program

Overview. Each fiscal year, the City adopts a 10-year Capital Improvement Program ("CIP") that includes improvements for the Wastewater System. The CIP is separate from the City's operating budget and funds public infrastructure projects. Each fiscal year's CIP is typically presented to the City Council in May, before being adopted by the City Council in May or June.

Phase II Facilities Plan. In 2020, the City completed the WRRF Phase II Facilities Plan the ("**Phase II Facilities Plan**") to guide WRRF infrastructure needs for the following 20 years. The Phase II Facilities Plan updated the previous Water Pollution Control Facility Master Plan to, among other things, address regulatory requirements restricting discharge of nutrients to the San Francisco Bay. The net proceeds of the 2025 Bonds are expected to be used for costs of the 2025 Projects (which consist of the Phase II Project and the WRRF Administration and Laboratory Building Project), which are included in the Phase II Facilities Plan. The total estimated cost of the 2025 Projects is approximately \$426 million for the Phase II Project and approximately \$63 million for the WRRF Administration and Laboratory Building Project. Such costs include approximately \$79 million in construction contingency. The Phase II Project is currently anticipated to be completed in Fiscal Year 2030-31 and the WRRF Administration and Laboratory is currently anticipated to be completed in Fiscal Year 2026-27. See "FINANCING PLAN – Capital Improvement Projects" for more information on 2025 Projects and the use of proceeds of the 2025 Bonds.

The CIP also includes other projects, improvements, and replacements for the Wastewater System.

Table 14 below presents the CIP for the Wastewater System for Fiscal Years 2024-25 through 2033-34, as adopted by the City Council of the City in June 2024. As a new CIP is

adopted each fiscal year, the City frequently evaluates additional projects. Future CIPs could include additional projects and the cost of such projects is unknown.

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Table 14
CITY OF HAYWARD WASTEWATER SYSTEM
Wastewater System Capital Improvement Program
Fiscal Years 2024-25 through 2033-34

	Fiscal Year 2024-25	Fiscal Year 2025-26	Fiscal Year 2026-27	Fiscal Year 2027-28	Fiscal Year 2028-29	Fiscal Year 2029-30	Fiscal Year 2030-31	Fiscal Year 2031-32	Fiscal Year 2032-33	Fiscal Year 2033-34	TOTAL
Sewer Collection System	\$10,680,000	\$7,550,000	\$7,700,000	\$8,070,000	\$8,370,000	\$8,670,000	\$9,040,000	\$9,340,000	\$9,640,000	\$10,010,000	\$89,070,000
WRRF	2,718,000	6,665,000	1,360,000	3,250,000	1,420,000	12,060,000	1,120,000	2,920,000	1,010,000	1,340,000	33,863,000
WRRF Laboratory	160,000	160,000	160,000	180,000	180,000	180,000	200,000	200,000	200,000	200,000	1,820,000
WRRF Phase II Improvements⁽¹⁾	25,474,508	97,958,000	85,167,000	68,226,000	33,884,000	0	0	0	0	0	310,709,508
Other	230,000	205,000	205,000	210,000	210,000	210,000	215,000	215,000	215,000	220,000	2,135,000
TOTAL	\$39,262,508	112,538,000	94,592,000	79,936,000	44,064,000	21,120,000	10,575,000	12,675,000	11,065,000	11,770,000	\$437,597,508

(1) WRRF Phase II Improvements shown in this table are a low-end estimate of the cost of the 2025 Projects being financed in part by the WIFIA Loan and in part by the 2025 Bonds.

Source: City of Hayward FY 2025-2034 Capital Improvement Program; adopted with the Fiscal Year 2024-25 Budget.

Future Wastewater System Financings

As additional financing for the Phase II Project, the City anticipates undertaking additional financings in the next three years in the approximate amount of \$328 million. First, the City expects to secure a loan from the United States Environmental Protection Agency under the terms of the Water Infrastructure Finance and Innovation Act of 2014 (the “**WIFIA Loan**”) in the approximate principal amount of \$244 million. Second, the City anticipates the issuance of additional wastewater revenue bonds in the approximate principal amount of \$84 million. Any amounts not covered by the WIFIA Loan or additional wastewater revenue bonds are expected to be paid from other available sources of funds of the City, including available Wastewater Fund reserves.

Wastewater System Reserves; Available Cash

It is the City’s practice to maintain various reserves for the Wastewater System. First, the City targets maintaining a reserve equal to at least 25% of Maintenance and Operation Costs in an operating reserve. Second, the City targets maintaining a capital reserve equal to one year of the five-year average CIP. Third, the City targets funding a rate stabilization reserve (which is not considered a Rate Stabilization Fund under the terms of the Indenture) for the Wastewater System at an amount equal to 25% of annual service charges. As of June 30, 2024, the target for these reserves was approximately \$34.3 million in aggregate, or approximately 744 days of Maintenance and Operation Costs. As of June 30, 2024, the Wastewater System had available cash on hand totaling approximately \$113.5 million (unaudited). This amount was equivalent to approximately 2,497 days of Maintenance and Operation Costs during Fiscal Year 2023-2024.

Debt Management Policy

The City Council adopted a Debt Management Policy for the City on May 21, 2002. The policy is reviewed annually by the City Council and was last amended on June 20, 2023. The policy allocates responsibility for debt management activities to the Finance Department, describes the purposes for which debt may be issued, establishes overall parameters for issuing and administering the City’s debt, including initial and continuing disclosure as required under the City’s undertakings entered into pursuant to the Rule.

CERTAIN RISK FACTORS

The following describes certain special considerations and risk factors affecting the payment of and security for the 2025 Bonds. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any 2025 Bonds and the order in which information is presented does not necessarily reflect the relative importance of the various risks. Potential investors in the 2025 Bonds are advised to consider the following special factors along with all other information in this Official Statement in evaluating the 2025 Bonds. There can be no assurance that other considerations will not materialize in the future.

Wastewater System Demand

There can be no assurance that the local demand for wastewater service provided by the Wastewater System will be maintained at levels described in this Official Statement under the heading “THE WASTEWATER SYSTEM.” Additionally, residential customers of the Wastewater System who have low water consumption in a given billing cycle automatically

receive significantly lower economy or lifeline wastewater service charges. If more residential customers reduced water consumption to below the eligibility levels for economy or lifeline wastewater service charges, Wastewater System revenues could be reduced accordingly. See “WASTEWATER SYSTEM FINANCIAL INFORMATION – Rates, Fees and Charges.”

Reduction in the level of demand could require an increase in rates or charges in order to produce Net Revenues sufficient to comply with the City’s rate covenant in the Indenture. Such rate increases could increase the likelihood of nonpayment, and could also further decrease demand. Furthermore, there can be no assurance that any other entity with regulatory authority over the Wastewater System will not adopt further restrictions on operation of the Wastewater System.

Wastewater System Expenses

There can be no assurance that Operation and Maintenance Costs of the Wastewater System will be consistent with the levels described in this Official Statement. Changes in technology, increases in the cost of energy or other expenses would reduce Net Revenues, and could require substantial increases in rates or charges in order to comply with the rate covenant. Such rate increases could increase the likelihood of nonpayment, and could also decrease demand. In addition, the Wastewater System is subject to significant regulatory provisions, and costs associated with complying with federal and State requirements may materially increase Operation and Maintenance Costs in the future. Finally, cyber-security incidents that may befall the City generally, or the Wastewater System specifically, resulting from hacking, viruses, malware, ransomware or other attacks on the City’s or Wastewater System’s computer systems, could have a material adverse impact on Operation and Maintenance Costs.

Future Parity Obligations

The Indenture permits the issuance by the City of certain indebtedness which may have a lien upon the Net Revenues which is on a parity basis to the lien which secures the 2025 Bonds and the 2006 SRF Agreement, if certain coverage tests are met (see “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Parity Obligations” herein). These coverage tests involve, to some extent, projections of Net Revenues. If such indebtedness is issued, the debt service coverage for the Bonds will be diluted below what it otherwise would be subject to under the coverage tests. Moreover, there is no assurance that the assumptions which form the basis of such projections, if any, will be actually realized subsequent to the date of such projections. If such assumptions are not realized, the amount of future Net Revenues may be less than projected, and the actual amount of Net Revenues may be insufficient to provide for the payment of the 2025 Bonds, the 2006 SRF Agreement, and such additional Parity Obligations.

Articles XIIC and XIID of the State Constitution

General. On November 5, 1996, California voters approved Proposition 218, the so-called “Right to Vote on Taxes Act.” Proposition 218 added Articles XIIC and XIID to the State Constitution, which affect the ability of local governments to levy and collect both existing and future taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, changed, among other things, the procedure for the imposition of any new or increased property-related “fee” or “charge,” which is defined as “any levy other than an ad valorem tax, a special tax or an assessment, imposed by a [local government] upon a parcel or upon a person as an incident of property ownership, including

user fees or charges for a property related service” (and referred to in this section as a “property-related fee or charge”).

On November 2, 2010, California voters approved Proposition 26, the so-called “Supermajority Vote to Pass New Taxes and Fees Act.” Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as “fees.” Proposition 26 amended Articles XIII A and XIII C of the State Constitution. The amendments to Article XIII A limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature.

With respect to local government “taxes,” Proposition 26 expressly excludes a variety of levies, charges and exactions from the definition of “tax,” including a “charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.” Although the City believes that the Wastewater System rates and charges are not taxes for purposes of Proposition 26, a court could conclude that, to the extent the City transfers surplus funds to the General Fund, the Wastewater System rates and charges constitute “taxes” for purposes of Proposition 26.

Proposition 26 amended Article XIII C to provide that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.

Property-Related Fees and Charges. Under Article XIII D, before a municipality may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel of land affected by that fee or charge. The municipality must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

Further, under Article XIII D, revenues derived from a property-related fee or charge may not exceed the funds required to provide the “property-related service” and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee or charge may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question.

Initiative Power. In addition, Article XIII C states that “the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives.”

Judicial Interpretation of Articles XIIC and XIID. After Proposition 218 was enacted in 1996, appellate court cases and an Attorney General's opinion initially indicated that fees and charges levied for water and wastewater services would not be considered property-related fees and charges, and thus not be subject to the requirements of Article XIID regarding notice, hearing and protests in connection with any increase in the fees and charges being imposed. However, three subsequent cases have held that certain types of water and wastewater charges could be subject to the requirements of Article XIID under certain circumstances.

In *Richmond v. Shasta Community Services District* (2004) 32 Cal. 4th 409, the California Supreme Court addressed the applicability of the notice, hearing and protest provisions of Article XIID to certain charges related to water service. In *Richmond*, the Court held that capacity charges are not subject to Proposition 218. The Court also indicated in dictum that a fee for ongoing water service through an existing connection could, under certain circumstances, constitute a property-related fee and charge, with the result that a local government imposing such a fee and charge must comply with the notice, hearing and protest requirements of Article XIID.

In *Howard Jarvis Taxpayers Association v. City of Fresno* (2005) 127 Cal.App.4th 914, the California Court of Appeal, Fifth District, concluded that water, sewer and trash fees are property-related fees subject to Proposition 218 and a municipality must comply with Article XIID before imposing or increasing such fees. The California Supreme Court denied the City of Fresno's petition for review of the Court of Appeal's decision on June 15, 2005.

In July 2006, the California Supreme Court, in *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4th 205, addressed the validity of a local voter initiative measure that would have (a) reduced a water agency's rates for water consumption (and other water charges), and (b) required the water agency to obtain voter approval before increasing any existing water rate, fee, or charge, or imposing any new water rate, fee, or charge. The court adopted the position indicated by its statement in *Richmond* that a public water agency's charges for ongoing water delivery are "fees and charges" within the meaning of Article XIID, and went on to hold that charges for ongoing water delivery are also "fees" within the meaning of Article XIIC's mandate that the initiative power of the electorate cannot be prohibited or limited in matters of reducing or repealing any local tax, assessment, fee or charge. Therefore, the court held, Article XIIC authorizes local voters to adopt an initiative measure that would reduce or repeal a public agency's water rates and other water delivery charges. (However, the court ultimately ruled in favor of the water agency and held that the entire initiative measure was invalid on the grounds that the second part of the initiative measure, which would have subjected future water rate increases to prior voter approval, was not supported by Article XIIC and was therefore invalid.)

The court in *Bighorn* specifically noted that it was not holding that the initiative power is free of all limitations; the court stated that it was not determining whether the electorate's initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay for operating expenses, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due.

Current Practice Regarding Rates and Charges. The City's practice in implementing increases in water rates and charges has been to comply with the requirements of Article XIID, including the practice of providing property owners with a 45-day mailed notice and public hearing before the City Council approves rate increases.

Conclusion. It is not possible to predict how courts will further interpret Article XIII C and Article XIII D in future judicial decisions, and what, if any, further implementing legislation will be enacted. Under the *Bighorn* case, local voters could adopt an initiative measure that reduces or repeals the City's rates and charges, though it is not clear whether (and California courts have not decided whether) any such reduction or repeal by initiative would be enforceable in a situation in which such rates and charges are pledged to the repayment of bonds or other indebtedness, as is the case with respect to the 2025 Bonds. ***There can be no assurance that the courts will not further interpret, or the voters will not amend, Article XIII C and Article XIII D to limit the ability of local agencies to impose, levy, charge and collect increased fees and charges for water, or to call into question previously adopted water rate increases.***

Natural Calamities

General. From time to time, the City is subject to natural calamities, including, but not limited to, earthquakes, floods, and wildfires, that may adversely affect economic activity in the City, and which could have a negative impact on the Net Revenues of the Wastewater System. The Wastewater System is also susceptible to subject to risks relating to drought and climate change/sea level rise.

Seismic. The City is located in a seismically active region. Active earthquake faults underlie both the City and the surrounding Bay Area. Three major earthquake faults that comprise the San Andreas fault system extend through the Bay Area. On August 24, 2014, an earthquake occurred in Napa, California. The tremor's epicenter was located approximately 3.7 miles northwest of American Canyon near the West Napa Fault and registered 6.0 on the Richter scale of earthquake intensity. The Napa earthquake caused fires, damaged buildings and roads, and injured approximately 200 people. The Napa earthquake was the largest earthquake in the Bay Area since the 1989 Loma Prieta earthquake on the San Andreas Fault, which was centered about 60 miles south of San Francisco and registered 6.9 on the Richter scale of earthquake intensity. The Loma Prieta earthquake caused fires and collapses of and structural damage to buildings, highways and bridges in the Bay Area.

In April 2008, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey, the California Geological Society, and the Southern California Earthquake Center) reported that there is a 63% chance that one or more earthquakes of magnitude 6.7 or larger will occur in the Bay Area before the year 2038. Such earthquakes may be very destructive. The United States Geological Survey predicts that a magnitude 7 earthquake occurring today on the Hayward Fault would likely cause hundreds of deaths and approximately \$100 billion of damage. To date, the United States Geological Survey has not issued an updated report taking into account the Napa earthquake. Property within the City could sustain extensive damage in a major earthquake, and a major earthquake could adversely affect the area's economic activity.

While the City is not currently located in any existing special study zone, defined in the Alquist-Priolo Earthquake Zoning Act, which requires the State Division of Mines and Geology to delineate all known active faults and establish minimum set back distances for the construction of habitable structures near active fault zones, it is possible that new geological faults could be discovered in the area and that an earthquake occurring on such faults could result in damage of varying degrees of seriousness to property and infrastructure in the City, including the facilities of the Wastewater System.

Flood. The National Flood Insurance Reform Act requires, among other things, that the Federal Emergency Management Agency (“**FEMA**”) assess its flood hazard map inventory at least once every five years. The current flood insurance rate map (a “**FIRM**”) indicates that the City is not within the boundaries of a 100-year floodplain. A 100-year floodplain is an area expected to be inundated during a flood event of the magnitude for which there is a 1% possibility of occurrence in any year.

The City makes no representation that FEMA will not issue revised FIRMs that place the City within the boundaries of a 100-year floodplain.

Drought. As with much of the State, the City experiences recurring drought as a result of its climate conditions. Droughts impact public health and safety related to both water supply and wildfire risk. On October 19, 2021, the Governor declared a Statewide drought state of emergency and requested that all water users voluntarily reduce water use by 15%. On March 24, 2023, the Governor eased the emergency drought restrictions imposed as a result of the Governor’s 2021 declaration. There can be no assurance that subsequent declarations will not impose mandatory water use restrictions should dry conditions persist in future years.

Wildfire. In recent years, portions of California have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures, even in areas not previously thought to be prone to wildfires. Areas affected by wildfires are more prone to flooding and mudslides that can further lead to the destruction of homes. Fires may cause damage to Wastewater System facilities or other structures within the Wastewater System’s service area and any such damage may be material.

Climate Change

The State is susceptible to wildfires and hydrologic variability. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels. The future fiscal impact of climate change on the City and its Wastewater System is difficult to predict, but it could be significant and it could have a material adverse effect on the Wastewater System by requiring greater expenditures to counteract the effects of climate change or by changing the operations and activities of City residents and business establishments.

Cybersecurity

The City, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other sensitive electronic information, the City is potentially subject to multiple cyber threats, including without limitation hacking, viruses, ransomware, malware and other attacks.

On July 9, 2023, the City became aware of a breach and attempts to disrupt and hold hostage parts of its network. The City Manager responded by declaring a local emergency and the City Council passed a resolution proclaiming a local emergency on July 13, 2023. A resolution amending and extending the proclamation of local emergency was passed on August 7, 2023. The City declared the emergency to provide greater flexibility in responding to the threat. The breach did not have a material impact on City finances or operations.

No assurance can be given that the City's efforts to manage cyber threats and attacks will be successful in all cases, or that any such attack will not materially impact the operations or finances of the City, including the Wastewater System.

Limited Recourse on Default

If the City defaults on its obligation to pay the 2025 Bonds, the Trustee has the right to accelerate the total unpaid principal amounts of the 2025 Bonds. However, in the event of a default and such acceleration there can be no assurance that the City will have sufficient Net Revenues to pay the accelerated 2025 Bonds.

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of the City may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; equitable principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercising of powers by the federal or State government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

No Obligation to Tax

The obligation of the City to pay the 2025 Bonds does not constitute an obligation of the City for which the City is obligated to levy or pledge any form of taxation or for which the City has levied or pledged any form of taxation. The obligation of the City to pay 2025 Bonds does not constitute a debt or indebtedness of any City, the State of California or any of its political subdivisions, within the meaning of any constitutional or statutory debt limitation or restriction.

No Reserve Fund

No reserve fund is being established in connection with the 2025 Bonds and no reserve fund is required to be established in connection with the issuance of any Parity Obligations. Accordingly, if Net Revenues are insufficient to make debt service payments on the 2025 Bonds and Parity Obligations, no reserve will be available to the Trustee to draw on to make payments to holders of the 2025 Bonds.

Change in Law

In addition to the other limitations described herein, the California electorate or Legislature could adopt a constitutional or legislative property tax decrease or an initiative with the effect of reducing revenues payable to or collected by the City. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could have the effect of reducing the Net Revenues and adversely affecting the security of the 2025 Bonds.

Statutory and Regulatory Compliance

Laws and regulations governing the treatment and disposal of wastewater are enacted and promulgated by federal, State and local government agencies. Compliance with these laws and regulations is and will continue to be costly, and, as more stringent standards are developed, such costs will likely increase.

Claims against the Wastewater System for failure to comply with applicable laws and regulations could be significant. Such claims may be payable from assets of the Wastewater System or from other legally available sources. In addition to claims by private parties, changes in the standards for public agency wastewater systems such as that operated by the City may also lead to administrative orders issued by federal or State regulators. Future compliance with such orders could also impose substantial additional costs on the City. No assurance can be given that the cost of compliance with such laws, regulations and orders would not adversely affect the ability of the City to generate Net Revenues sufficient to pay debt service on the 2025 Bonds when due.

Construction Risk

The City has entered into agreements for the construction of the Projects. The City anticipates that such contracts will be subject to adjustment for a variety of circumstances, including higher than anticipated costs of labor and materials or subcontractor bids, changes in scope, unforeseen site conditions and force majeure events. The estimated costs of, and the projected schedule for, the Projects are subject to a number of uncertainties. The ability of the City to complete the Projects may be adversely affected by various factors including but not limited to: (1) estimating errors, (2) design and engineering errors, (3) changes to the scope of the Projects, (4) material and/or labor shortages, (5) unforeseen site conditions, (6) adverse weather conditions and other force majeure events, (7) contractor defaults, (8) labor disputes, (9) unanticipated levels of inflation, and (10) environmental issues. No assurance can be provided that the Projects will not cost more than the current budget therefor. Any schedule delays or cost increases could result in the need to issue additional indebtedness and may result in increased costs, thereby making the Wastewater System less economically competitive. There can be no assurances that significant increases in costs over the amounts projected by the City will not materially adversely affect the financial condition or operations of the Wastewater System.

Loss of Tax-Exemption

As discussed in this Official Statement under the caption "TAX MATTERS," interest on the 2025 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the 2025 Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Indenture. Should such an event of

taxability occur, the 2025 Bonds are not subject to a special redemption and will remain outstanding until maturity or until redeemed under one of the other redemption provisions contained in the Indenture.

Secondary Market for 2025 Bonds

There can be no guarantee that there will be a secondary market for the 2025 Bonds or, if a secondary market exists, that any 2025 Bonds can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2025 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the 2025 Bonds may be subject to the corporate alternative minimum tax

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the “**Tax Code**”) that must be satisfied subsequent to the issuance of the 2025 Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the 2025 Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a 2025 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes “original issue discount” for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a 2025 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes “bond premium” for purposes of federal income taxes and State of California personal income taxes.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2025 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2025 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2025 Bond. The Tax Code contains certain provisions relating to the accrual of original issue

discount in the case of purchasers of the 2025 Bonds who purchase the 2025 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2025 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2025 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such 2025 Bonds is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the 2025 Bond (said term being the shorter of the 2025 Bond's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the 2025 Bond for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a 2025 Bond is amortized each year over the term to maturity of the 2025 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2025 Bond premium is not deductible for federal income tax purposes. Owners of premium 2025 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2025 Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the 2025 Bonds is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the 2025 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the 2025 Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the 2025 Bonds, or as to the consequences of owning or receiving interest on the 2025 Bonds, as of any future date. Prospective purchasers of the 2025 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the 2025 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2025 Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the 2025 Bonds, the ownership, sale or disposition of the 2025 Bonds, or the amount, accrual or receipt of interest on the 2025 Bonds.

CERTAIN LEGAL MATTERS

The validity of the 2025 Bonds and certain other legal matters are subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, as Bond Counsel to the City. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix D hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

Certain legal matters will be passed upon for the City and the City by the City Attorney, and by Jones Hall, A Professional Law Corporation, San Francisco, California, as Disclosure Counsel. *Payment of the fees and expenses of Bond Counsel, Disclosure Counsel, the Municipal Advisor, and the Purchaser is contingent upon the sale and delivery of the 2025 Bonds.*

NO MATERIAL LITIGATION

In connection with issuance of the 2025 Bonds, the City will certify that there is no litigation pending or, to the City's knowledge, threatened in any way to restrain or enjoin the issuance, execution or delivery of the 2025 Bonds, to contest the validity of the 2025 Bonds, the Indenture or any proceedings of the City with respect thereto.

Although the City is subject to claims and lawsuits from time to time, the City does not believe there are any claims or lawsuits pending against the City that could materially adversely affect the finances of the City or the Wastewater System so as to impair the ability of the City to pay principal of, and interest on, the 2025 Bonds when due.

RATING

S&P Global Ratings ("**S&P**") has assigned its municipal bond rating of "AA+" to the 2025 Bonds. Such rating reflects only the view of S&P, and an explanation of the significance of the rating, and any outlook assigned to or associated with the rating, should be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The City has provided certain additional information and materials to the rating agency (some of which does not appear in this Official Statement). To the extent that such information has been omitted from this Official Statement, it has been deemed immaterial to investors in the 2025 Bonds.

There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of the rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating on the 2025 Bonds may have an adverse effect on the market price or marketability of the 2025 Bonds.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of owners of the Certificates to provide certain financial information and operating data relating to the City and its general fund by not later than

nine months after the end of the City's fiscal year, or March 31 each year based on the City's current fiscal year-end of June 30, commencing March 31, 2025, with the report for fiscal year 2023-24 (the "**Annual Report**") and to provide notices of the occurrence of certain listed events ("**Event Notices**"); provided that the requirement to file the Annual Report for the 2023-24 fiscal year by no later than March 31, 2025, shall be satisfied by the filing of the Official Statement. All Annual Reports and Event Notices are required to be filed electronically with the Municipal Securities Rulemaking Board (the "**MSRB**").

These covenants have been made in order to assist the Purchaser in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the "**Rule**"). The specific nature of the information to be contained in the Annual Report and the Event Notices is set forth in APPENDIX E.

Based upon a review of the City's filing obligations during the past five years, there have been no instances in which the City failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule.

UNDERWRITING

The 2025 Bonds were sold at competitive sale held on _____, 2025, and were awarded to _____ (the "**Purchaser**"), whose proposal represented the lowest true interest rate for the 2025 Bonds. The 2025 Bonds are being purchased by the Purchaser at a purchase price of \$_____, which represents the aggregate principal amount of the 2025 Bonds (\$_____), plus net original issue premium of \$_____ less a purchaser's discount of \$_____.

The Purchaser will be obligated to take and pay for all of the 2025 Bonds if any are taken. The Purchaser intends to offer the 2025 Bonds to the public at the offering prices set forth on the inside cover page of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Purchaser.

EXECUTION

The execution and delivery of this Official Statement have been duly authorized by the City.

CITY OF HAYWARD

By: _____
City Manager

APPENDIX A

CITY OF HAYWARD GENERAL DEMOGRAPHIC AND ECONOMIC INFORMATION

General

The City. The City was given the official name of “Haywood,” due to a clerical error the same year the post office was established, 1860. In 1876, “Haywood” was incorporated as the “Town of Haywards,” with a population of 1,100. On March 11, 1876, the City was chartered into the State and officially recognized as a City. In 1894, the “s” in “Haywards” was dropped and on September 18, 1928, the status of the community was changed to the “City of Hayward.” In the early decades of the 20th Century, the Hayward Area became known as the “Heart of the Garden of Eden” because of its temperate climate and fertile soil. Everything – produce, chickens, cattle, flowers – grew in abundance. By 1950, the City grew to a population of 14,000, had become the “Apricot City” and home to Hunt’s Cannery.

On March 7, 1956, the City adopted the City of Hayward Charter. By 1960, the population had swelled to 72,700. By the mid-1960’s, the City’s landscape changed from apricot trees and canneries to subdivisions and shopping centers. The City’s growth continued through the 1970’s and 1980’s. By 1990, with a population of 121,000, the City became one of the top 15 most ethnically-diverse communities in the nation. Here, people from many cultures live and work together to build a community reflective of its residents.

The County. The County of Alameda (the “**County**”) is located on the east side of the San Francisco Bay, extending to the City of Albany on the north, the City of Fremont on the south, and to the City of Livermore on the east, and is approximately ten miles west of San Francisco. Automobile access to San Francisco is provided by the San Francisco-Oakland Bay Bridge.

The northern part of the County has direct access to San Francisco Bay and the City and County of San Francisco. It is highly diversified with residential areas, active commercial areas, traditional heavy industry, the University of California at Berkeley, the Port of Oakland, and sophisticated manufacturing, computer services and biotechnology firms. The middle of the County is also highly developed including older established residential and industrial areas. The southeastern corner of the County, including the cities of Pleasanton and Livermore, has seen strong growth in residential development and manufacturing. Many high-tech firms have moved from neighboring Silicon Valley in Santa Clara County to the County.

Population

As of January 1, 2024, the population of the City was estimated to be 159,770. The following table presents population data for the last five years for the City, County and State.

**COUNTY OF ALAMEDA
Population**

Year	City of Hayward	County of Alameda	State of California
2020	159,266	1,663,114	39,648,938
2021	162,079	1,666,341	39,327,868
2022	159,986	1,643,683	39,114,785
2023	160,699	1,650,656	39,061,058
2024	159,770	1,641,869	39,128,162

Source: State Department of Finance estimates (as of January 1).

Principal Employers

The following table shows the principal employers in the City, listed alphabetically, as shown in the City's Annual Comprehensive Financial Report for fiscal year ending June 30, 2023.

CITY OF HAYWARD Principal Employers⁽¹⁾

<u>Employer</u>
Alameda County Sheriff's Department
Baxter Bio Pharma
California State University East Bay
Chabot Community College
Fremont Bank Operations Center
Hayward Unified School District
Illumina
Impax Laboratories, Inc.
Pentagon Technologies
Plastikon Industries, Inc.
Siemens Building Tech
St. Rose Hospital

(1) Presented in alphabetical order based on economic development's assessment.
Source: City Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2023.

The unemployment rate in the Oakland-Hayward-Berkeley MD was 4.5% in December 2024, down from a revised 4.8% in November 2024, and unchanged the year-ago estimate of 4.5%. This compares with an unadjusted unemployment rate of 5.2% for California and 3.8% for the nation during the same period. The unemployment rate was 4.5% in the County, and 4.6% in Contra Costa County.

The table below lists employment by industry group for Alameda and Contra Costa Counties for the years 2019 to 2023.

**OAKLAND- HAYWARD-BERKELEY MD
(Alameda and Contra Costa Counties)
Annual Averages Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2023 Benchmark)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Civilian Labor Force ⁽¹⁾⁽²⁾	1,401,500	1,364,400	1,354,000	1,367,400	1,376,700
Employment	1,359,000	1,242,300	1,270,000	1,320,400	1,320,300
Unemployment	42,500	122,100	84,000	47,100	56,400
Unemployment Rate	3.0%	9.0%	6.2%	3.4%	4.1%
<u>Wage and Salary Employment:</u> ⁽³⁾					
Agriculture	1,400	1,500	1,700	1,900	1,900
Mining and Logging	200	200	200	300	300
Construction	75,600	71,100	74,300	75,400	75,100
Manufacturing	101,000	98,700	106,000	112,300	111,900
Wholesale Trade	45,400	42,100	41,100	41,500	41,400
Retail Trade	112,000	101,500	105,300	106,200	105,600
Transportation, Warehousing, Utilities	43,700	45,200	49,500	54,500	54,400
Information	27,600	25,600	24,700	25,000	24,200
Finance and Insurance	37,200	35,900	34,800	33,600	32,300
Real Estate and Rental and Leasing	18,100	16,800	17,200	18,400	18,400
Professional and Business Services	193,200	184,900	190,700	195,500	189,500
Educational and Health Services	198,400	191,300	198,500	205,800	216,500
Leisure and Hospitality	121,000	84,700	92,500	108,300	112,100
Other Services	41,200	33,100	35,600	39,200	41,300
Federal Government	13,400	14,200	13,400	13,100	13,300
State Government	39,600	38,200	35,900	33,100	33,700
Local Government	121,800	113,500	111,800	115,200	118,000
Total all Industries	1,190,700	1,098,500	1,133,200	1,179,100	1,189,900

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Effective Buying Income

“Effective Buying Income” is defined as personal income less personal tax and nontax payments, a number often referred to as “disposable” or “after-tax” income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor’s income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as “disposable personal income.”

The following table summarizes the total effective buying income and median household effective buying income for the City, the County, the State and the United States for the period 2021 through 2025.

**CITY OF HAYWARD, COUNTY OF ALAMEDA,
STATE OF CALIFORNIA, AND UNITED STATES
Effective Buying Income
2021 through 2025**

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2021	Hayward	\$5,228,881	\$77,359
	Alameda County	77,794,202	88,389
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	Hayward	\$5,859,087	\$88,091
	Alameda County	85,225,529	99,940
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448
2023	Hayward	\$5,653,768	\$86,987
	Alameda County	80,766,211	98,721
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	Hayward	\$5,951,502	\$91,190
	Alameda County	84,213,255	101,689
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	Hayward	\$6,156,310	\$93,050
	Alameda County	88,476,678	106,127
	California	1,557,429,767	82,725
		12,525,577,707	69,687

Source: Claritas, LLC.

Commercial Activity

Summaries of the historic taxable sales within the City and the County during the past five years in which data is available are shown in the following tables.

Total taxable sales during the first three quarters of calendar year 2024 in the City were reported to be \$2,952,754,941, a 2.97% increase from the total taxable sales of \$2,867,659,534 reported during the first three quarters of calendar year 2023.

CITY OF HAYWARD
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2019	2,241	\$1,882,843	4,378	\$3,347,430
2020	2,351	1,635,537	4,628	2,942,668
2021	2,169	1,903,039	4,407	3,371,260
2022	2,229	2,037,312	4,494	3,684,279
2023	2,207	2,066,380	4,443	3,907,462

Source: State Department of Tax and Fee Administration.

Total taxable sales during the first three quarters of calendar year 2024 in the County were reported to be \$29,003,232,735, a 6.05% decrease from the total taxable sales of \$30,871,933,944 reported during the first three quarters of calendar year 2023.

ALAMEDA COUNTY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2019	28,375	\$21,921,743	49,197	\$35,116,164
2020	28,831	19,931,259	50,461	32,176,002
2021	26,964	22,602,772	47,565	37,935,594
2022	27,010	23,910,667	48,059	44,323,669
2023	26,192	23,007,753	46,749	41,256,727

Source: State Department of Tax and Fee Administration.

Construction Activity

The following tables show a five-year summary of the valuation of building permits issued in the City and the County.

CITY OF HAYWARD Building Permit Valuation (Valuation in Thousands of Dollars)

	2019	2020	2021	2022	2023
<u>Permit Valuation</u>					
New Single-family	\$209,636.7	\$55,409.9	\$63,505.1	\$51,406.8	\$58,268.1
New Multi-family	61,901.8	76,703.6	41,238.4	73,973.6	82,132.4
Res. Alterations/Additions	<u>27,798.2</u>	<u>8,628.6</u>	<u>9,667.1</u>	<u>17,639.0</u>	<u>18,082.5</u>
Total Residential	\$299,336.7	\$140,742.1	\$114,410.6	\$143,019.4	\$158,483.0
New Commercial	\$38,931.4	\$76,422.5	\$33,378.0	\$59,909.2	4,050.0
New Industrial	0.0	0.0	0.0	4,800.0	20,000.0
New Other	5,731.6	8,08.2	3,582.0	25,373.1	2,967.9
Com. Alterations/Additions	<u>36,908.3</u>	<u>3,433.2</u>	<u>50,245.9</u>	<u>84,008.9</u>	<u>61,284.5</u>
Total Nonresidential	\$81,571.3	\$79,855.7	\$87,205.9	\$174,091.2	\$88,302.4
<u>New Dwelling Units</u>					
Single Family	562	184	238	204	155
Multiple Family	<u>440</u>	<u>335</u>	<u>1,279</u>	<u>335</u>	<u>603</u>
TOTAL	1,002	519	1,517	539	758

Source: Construction Industry Research Board, Building Permit Summary.

ALAMEDA COUNTY Building Permit Valuation (Valuation in Thousands of Dollars)

	2019	2020	2021	2022	2023
<u>Permit Valuation</u>					
New Single-family	\$675,129.8	\$394,500.3	\$407,585.0	\$339,046.4	\$332,289.9
New Multi-family	782,536.4	772,038.0	829,822.2	795,917.3	507,952.9
Res. Alterations/Additions	<u>512,409.9</u>	<u>293,866.8</u>	<u>222,971.3</u>	<u>323,712.1</u>	<u>425,659.0</u>
Total Residential	\$1,970,076.1	\$1,460,405.1	\$1,460,378.5	\$1,458,675.8	\$1,265,901.8
New Commercial	\$718,569.0	\$238,516.5	\$312,914.6	\$268,498.4	405,330.0
New Industrial	5,638.5	0.0	600.0	33,740.8	65,576.2
New Other	78,049.9	131,447.0	110,817.0	120,294.6	94,551.2
Com. Alterations/Additions	<u>922,668.1</u>	<u>628,230.5</u>	<u>892,656.8</u>	<u>993,782.1</u>	<u>852,215.1</u>
Total Nonresidential	\$1,724,925.5	\$998,194.0	\$1,316,988.4	\$1,416,315.9	\$1,417,672.5
<u>New Dwelling Units</u>					
Single Family	1,871	1,152	1,589	1,176	1,061
Multiple Family	<u>4,145</u>	<u>2,610</u>	<u>4,494</u>	<u>3,366</u>	<u>3,686</u>
TOTAL	6,016	3,762	6,083	4,542	4,747

Source: Construction Industry Research Board, Building Permit Summary.

Transportation

The City has become the crossroad of the Bay Area. Interstate Highway 580 (east-west), Interstate Highway 680 (north-south) and Highway 61 provides access to commuters and residents to travel to the nearby cities of Oakland, San Francisco, Sacramento, San Jose, and the Central Valley with ease.

Bay Area Rapid Transit (BART), the regional rapid transit system, has two stations in the City: the Hayward station, in downtown; and the South Hayward station, near the Hayward-Union City border. The AC Transit bus system, which provides bus service for Alameda County and Contra Costa County, operates in the City, and has a repair/training center located there. Amtrak, the national rail passenger system, provides daily service at its Hayward station for the Capitol Corridor train, which runs between San Jose in the South Bay, and Auburn in the Greater Sacramento area.

The City has a general aviation airport, the Hayward Executive Airport. The Hayward Air National Guard station was located at the airport in 1942, until being reassigned to Moffett Field in 1980.

Employee Retirement System

PERS Plan Description. 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 ("**PERS**"), which acts as a common investment and administrative agent for its participating member employers. Employees of the Wastewater System are eligible to participate in the City's Miscellaneous Plan. Benefit provisions under the Plans are established by State statute and City resolution. PERS 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 PERS website.

PERS Plan Eligibility. For a more detailed discussion of the eligibility requirements for the City's PERS retirement plans, see Appendix B, Note 13.

PERS Plan Contributions. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration (the "**Board of Administration**"). For the measurement period ended June 30, 2023 (the measurement date), the average active employee contribution rate on or after January 1, 2013 is 6.75% of annual pay for the Miscellaneous Plan. The employer contribution rate on or after January 1, 2013 is 9.77% of annual payroll for the Miscellaneous Plan. The contribution requirements of the plan members are established by State statute, and the employer contribution rates are established and may be amended by PERS.

Implementation of GASB Nos. 68. Commencing with fiscal year ended June 30, 2015, the City implemented the provisions of GASB Statement Nos. 68, which require certain new pension disclosures in the notes to its audited financial statements commencing with the audit for fiscal year 2014-15. Statement No. 68 generally requires the City to recognize its proportionate share of the unfunded pension obligation by recognizing a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. As

a result of the implementation of GASB Statement Nos. 68, the City reflected a restatement of its beginning net position as of July 1, 2014.

For a more detailed discussion of the eligibility requirements for the City's retirement plans, see Appendix B, Note 13 for detailed information about the actuarial assumptions underlying the contributions. The City's fiscal year 2021-22 contributions to the City's Miscellaneous Plan and the funded status of the Miscellaneous Plan are set forth below.

Fiscal Year Ended	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Covered Employee Payroll	Plan Net Pension Liability as a Percentage of Covered Employee Payroll	Contributions Employer
6/30/2022	\$544,066,746	\$354,826,823	\$189,239,923	65.22%	\$53,975,164	350.61%	\$16,196,634

Recent Actions by PERS. On November 15, 2021, the CalPERS Board selected a new asset allocation mix that will guide the fund's investment portfolio for the next four years, while at the same time retaining the reduction of discount rate from 7.0% to 6.8%. Notable changes for employers include a decrease in median total employer contribution rates, from less than 1% in miscellaneous plans to a decrease of more than 2% in some safety plans. Contribution changes took effect in fiscal year 2023-24 for public agencies.

Other Post Employment Benefits ("OPEB")

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

By City Council resolution, the City provides certain health care benefits for employees who retire directly from the City with at least five years of service with the City and who are vested in PERS. The City participates in the PERS 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 of 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 PERS medical plan, they will receive \$149 to 151 per month in lieu of contributions to the PERS plan.

As of the June 30, 2021, measurement date, the following current and former employees of the City were covered by the benefit terms of the OPEB Plan:

Inactive employees or beneficiaries currently receiving benefits	712
Inactive employees entitled to but not yet receiving benefits	170
Active employees	806
Total	1,697

Source: City of Hayward Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2023.

Funding Policy and Actuarial Assumptions. The annual required contribution (“ARC”) was determined as part of a June 30, 2021 actuarial valuation using the projected unit credit cost method. This is a cost method that takes into account the benefits that are expected to be paid for current actives and retirees. The actuarial assumptions included (a) 6.10% investment rate of return, 3.00% projected annual salary increase and a 2.50% health care cost inflation. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Total OPEB Liability. The City’s OPEB liability of \$89,461,199 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures.

The City’s Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023, and in particular Note 15 thereto, includes information about the City’s postemployment healthcare liabilities and funding.

APPENDIX B

**ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE CITY OF HAYWARD
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

FISCAL YEAR 2023



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CITY OF HAYWARD, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR FISCAL YEAR ENDED JUNE 30, 2023

Prepared by:

Accounting Division, Department of Finance

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INTRODUCTORY SECTION

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CITY OF HAYWARD, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2023

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March 14, 2024

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

It is my pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Hayward for the fiscal year ended June 30, 2023. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. In the opinion of management, the data is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position and results of operations of the City, and contains all disclosures necessary to enable the reader to understand the City's financial affairs. The financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB).

FINANCIAL STATEMENT PRESENTATION

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

The City's financial statements have been audited by Maze and Associates, a public accounting firm fully licensed and qualified to perform audits of local governments within the State of California. The goal of the independent auditor is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Hayward, California's financial statements for the year ended June 30, 2023, 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 2024).

This ACFR 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 ACFR, followed by the MD&A, which provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

CITY PROFILE & SERVICES

With a population currently estimated at 162,954, Hayward is the sixth largest city in the San Francisco Bay Area and the third largest city in Alameda County. Hayward is located fourteen miles south of Oakland in the San Francisco Bay Area. The City area includes sixty-one square miles lying between the eastern shore of the San Francisco Bay and the southern Oakland-Berkeley Hills. Hayward serves as a major transportation hub and a center of commercial and industrial activity, with immediate access to major interstate freeways, rail lines, and public transit routes such as Bay Area Rapid Transit (BART). The community has more than 50,000 homes and residences of all types; and considerable commercial and industrial development. Major institutional facilities include California State University-East Bay, Chabot Community College, one major hospital, a variety of private and vocational educational institutions; and state and county offices.

City Structure

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

City Services

Hayward provides a full range of services to its residents including: law enforcement; fire prevention and protection; paramedic services; housing and economic development; land use development services and regulations; community planning; street construction and maintenance; landscape maintenance services; transportation planning; and contracted curbside recycling and refuse collection. In addition, the City operates and maintains facilities for water distribution, storm water, and sanitary sewer collection and disposal. The City also operates a general aviation executive airport, downtown parking facilities, a main and branch library, and a civic center. Park and recreation services are provided through partnership with the regional Hayward Area Recreational District (HARD), headquartered in the City. This partnership includes one public golf course 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 2023, the City of Hayward economy continued experiencing stable and healthy recovery from the impacts of the pandemic.

The Employment Development Department data reflects that the unemployment rate as of June 2023 increased from 3.3% to 4.2% in Alameda County. While the unemployment rate has increased by 0.9%, it is still well below the pandemic high rate of 8.9% in 2020.

The City of Hayward has seen a year over year increase of approximately 7% in its assessed valuation, despite the median residential home sales price dropping from \$850,000 to

\$830,000 between 2022 and 2023, a decrease of 1.8%. The total assessed valuation for Hayward has grown from \$15.2 billion in FY 2012 to \$28.4 billion in FY 2023, as real estate values have been restored to pre-Great Recession levels and includes new residential and commercial developments. The City's property tax revenues increased by 7% in FY 2023 as compared to FY 2022.

From 2008-2012 the City saw a cumulative loss of \$12.4 million in sales tax revenue, due in large part to lagging automobile sales, along with decreases in business-to-business, construction, and other retail sectors. While the City has seen an erosion in some business segments, this revenue source has been fully restored to pre-recession levels. The City's Measure C District tax revenues as approved by the voters in 2014, (\$22.9 million in FY 2023) dramatically increased total Sales Tax revenues. However, these revenues are targeted for specific activities as outlined in the ballot measure language in 2014. As a result of the commitment to utilize these revenues for specified activities, the City considers these revenues separate from the City's general Sales Tax revenue.

On May 19, 2009, the voters of the City of Hayward approved Measure A allowing for the collection of a 5.5% utility users tax to maintain key essential services and prevent further reductions to basic City services. The tax was extended to FY 2039 after the voters approved Measure D in 2016. The utility users' tax revenue for fiscal year 2023 was \$25.9 million.

The City's Utility Use Tax revenue increased \$8.6 million, or 50%, in fiscal year 2023 compared to fiscal year 2022 due to increase in energy demands and provisions. While this revenue is expected to stabilize in 2024, the City will continue to monitor this revenue source for any significant changes. Real Transfer Tax however, decreased significantly from the prior year from \$21.2 million to just over 12.4 million, an approximate decrease of 42% due to the cooling of the housing market as a result of the high interest rate environment.

While the City remains optimistic, management remains focused on the long-term fiscal outlook for the future as the City continues to experience growth in expenditures related to employee costs 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

In addition to the unforeseen impacts of the COVID-19 pandemic, the City faces similar challenges to other local jurisdictions in California. In addition to rising operating and capital costs, the City has lost over \$100 million in local revenues to the State since 1994. The State's ability to take local government revenues, the loss of the City's redevelopment agency being a prime example, has significantly hampered the future plans of local governments for years to come. In addition, the State's continued policy to push services and unfunded mandates down to the local level without reallocating revenue to support the service delivery is a continued challenge.

Long-term Perspective

The City has been prudent with its financial resources and has contained costs by implementing structural budget saving strategies and cost sharing agreements. While the City has consistently worked to balance its budget, Hayward must continue with this effort to address and resolve an ongoing structural deficit within the General Fund, which is largely driven by rising employee costs and dedication to meet the ever-growing emerging community needs.

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

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

MAJOR INITIATIVES & ACCOMPLISHMENTS

In Spring 2023, the Hayward City Council adopted an update to the City's "Strategic Roadmap," which included six revised priority areas: Preserve, Protect & Produce Housing for All; Grow the Economy; Confront Climate Crisis & Champion Environmental Justice; Invest in Infrastructure; Strengthen Organizational Health; and Enhance Community Safety & Quality of Life. Through the budget planning process, and with City Council direction, the management team has aligned its program priorities and service delivery objectives with these Strategic Priorities. Some of the accomplishments and ongoing efforts in these Priority areas are discussed below.

Capital Improvement Program

One way through which the City implements the Strategic Priorities is through the Capital Improvement Program (CIP), which guides all of the capital infrastructure replacement and improvement efforts throughout the City. The capital budget for FY 2023 totaled about \$118 million, with approximately \$634 million tentatively programmed for the entire ten-year period from FY 2023 through FY 2032. While the City's CIP Projects touch the Confront Climate Crisis & Champion Environmental Justice, Enhance Community Safety & Quality of Life, and Strengthen Organizational Health Priorities, they predominantly support the Invest in Infrastructure Priority.

Invest in Infrastructure Priority

Mission Blvd Phases 3: Phase 3 of the Mission Boulevard Corridor Improvement Project, from A Street to the northern City limit at Rose Street, is the last phase of the three-phase Mission Blvd Corridor Improvement Project. Improvements will include undergrounding overhead utilities, electrical service conversions of private properties, construction of a bicycle cycle track, sidewalk, curb and gutter, rehabilitation of pavement, installation of traffic signals and streetlights, installation of traffic striping, pavement marking and signage, improvements to storm drains systems, installation of irrigation system and landscaping, as well as City of Hayward monument signs. The construction bids received in 2021 to implement this project were significantly higher than expected and subsequently rejected, delaying the project timeline. Staff also applied for grant opportunities to help close the funding gap. The call for bids was reinitiated in February 2023 and construction commenced in Summer 2023.

Linear Park Project: In April 2022, construction began on the approximately one-mile stretch of Linear Park along the eastern side of Mission Blvd, roughly from Blanche Street to Fairway Street. The project included reshaping flat landscape areas to echo the East Bay Hills, planting trees and native plants, using recycled concrete to expand pathways, adding seating using reclaimed wood and upcycled materials, and adding artwork to crosswalks, among a number of other improvements. Construction was substantially completed in Fall 2022.

Construct Fire Station No. 6 & Fire Training Center: Located on West Winton Avenue, adjacent to the Hayward Executive Airport, the New Fire Station 6 and Fire Training Center Project involves the replacement of the existing Fire Station 6 and Fire Training Center with nine new buildings and structures. New buildings will include Fire Station 6/Classroom Building, Apparatus Building, Training Tower, Burn Building, Storage Building, Hangar Building, USAR/BART Training Structure, Outdoor Classroom, Entry Canopy, and a parking lot. The project will also include the installation of Bay-friendly landscaping, storm water treatment devices, LED lighting, and solar PV panels. The new facilities are planned to achieve LEED Silver, and the habitable buildings are being designed to achieve Net Zero Energy. Construction started in August 2020 and is anticipated to be entirely complete in Spring 2024.

Complete Initial Phase of Recycled Water Project: To improve overall water supply reliability and conserve drinking water supplies, the City constructed a recycled water system to deliver tertiary-treated recycled water to sites near the WPCF for landscape irrigation and industrial uses. Construction of the storage tank, pump station, and distribution pipeline system was completed in FY 2020. Construction of the treatment facility and customer connections to the recycled water system were also completed in, and recycled water deliveries to the first phase of customers began in Spring FY 2022. The Phase I customer sites include four parks, six schools, one college, nineteen private businesses, and City street landscaping.

Design & Construct Capital Improvements to Airport Hangars: Routine maintenance of Airport-owned hangars is provided by staff and contractors, but due to the age of the structures, a consultant was hired in FY 2019 to provide a comprehensive hangar condition assessment that was completed in mid-FY 2020. A 10-year maintenance schedule was subsequently developed, and repair and replacement work began in FY 2020, including the installation of LED lighting and extensive roof improvements. Work has continued through FY 2023, during which improvements were completed on Hangar Buildings “F,” “G,” “H,” and “I.”

Safe Routes to School Program: The Alameda County Transportation Commission (ACTC) recently conducted School Safety Assessments for all fourteen public schools in Hayward, resulting in a set of infrastructure recommendations to make it easier for students to bike and walk to school. Hayward's new Safe Routes to School (SR2S) Program has been created to implement these recommendations. In collaboration with partners including Hayward Unified School District, ACTC, and various community organizations, the Program will combine engineering tools with safety education and other activities to encourage students to choose alternate modes of transportation on their way to school.

The City's first SR2S project began in FY 2022 near Cesar Chavez Middle School, and includes installation of curb and median extensions, advanced stop and yield marking, yellow high-visibility crosswalks, rectangular rapid flashing beacons (RRFB), and more. The project went to bid in February 2023 and the construction completion is anticipated in early FY 2024. Fifty percent of the project budget is being funded by an ACTC SR2S grant.

Safe Routes for Seniors Program: The City of Hayward's Safe Routes for Seniors (SR4S) Program is a collaborative effort between the City and local senior housing facilities, senior centers, and community-based organizations. Through these partnerships, the City is working to identify areas in Hayward at which to focus accessibility and walkability improvements. In FY 2022, the City's first SR4S effort was implemented, which involved the improvement of four downtown Hayward intersections, including Foothill Blvd/Hazel Ave-City Center Dr, Montgomery Ave/A St, Montgomery Ave/B St, and Watkins Ave/D St. Improvements included increased pedestrian crossing times, installation of high-visibility ADA ramps, repositioning of cross walks and pedestrian push buttons to align with ADA improvements, and widening medians for pedestrian refuge, among many others. Improvements continued through FY 2023 and are anticipated to be complete in FY24. The SR4S Program receives annual support from dedicated Measure BB (Paratransit) funding.

Confront Climate Crisis & Champion Environmental Justice Priority

Reduce Carbon Emissions – Transition 15% of Total City Fleet to EV/Hybrid Models: The City maintains a fleet of approximately 450 vehicles and equipment units, and the useful life of these fleet units is maximized and managed via the 10 Year Fleet Capital Replacement Plan. The plan identifies replacement timelines based on age, mileage, maintenance, and safety. When it comes time to retire a unit, carbon emissions are a key consideration.

After a successful hybrid patrol vehicle pilot in FY 2021, Fleet Management updated the standard specifications for Hayward Police patrol vehicles, and all new patrol cars will be hybrid-powered models. In FY 2022, a total of ten hybrid patrol cars were ordered to replace vehicles that have reached the end of their useful life, and an additional nine were ordered in FY 2023. Once received and placed into service, the fleet vehicle matrix will consist of 18% EV/hybrid units.

Staff are also working to invest in EVs where possible and within current replacement cycles and budget parameters. While staff is working aggressively to meet this goal, global supply chain and production issues have delayed the timely delivery of all fleet vehicles.

Enhance Community Safety & Quality of Life Priority

South Hayward Youth & Family Center: Since 2013, the City of Hayward, Alameda County (County), and Hayward Area Recreation and Parks District (HARD) have worked towards a shared vision of constructing and operating a new center at the corner of Tennyson and Ruus Roads called the South Hayward Youth and Family Center (SHYFC) -- also known as "The Stack Center." The project site is on City-owned property and located at 680 West Tennyson Road. The City now has the funding to build Phase I of the campus, including contributions from the State and Federal governments. Staff continue to fundraise to close the funding gap for Phase II of the campus.

Complete LaVista Park: In partnership with Hayward Area Recreation and Parks District (HARD), La Vista Park is a 50-acre destination park located a quarter-mile east of the intersection of Tennyson Road and Mission Boulevard in South Hayward. La Vista Park is planned to include a soccer field, bike terrain park, basketball courts, an amphitheater, dog park, zip-line, playgrounds, picnic areas, walking/hiking trails, science garden, water play area, observation points, and open areas. In FY 2022, the California Environmental Quality Act (CEQA) report was updated to include the park expansion area, and the design was finalized. The construction bids received in June 2023 to implement this project were significantly higher than expected and subsequently rejected, delaying the project timeline. Staff will work with consultants to scale down the project and plan to reinstate the call for bids in early 2024.

Complete Tennyson & Jackson Corridor Landscape Beautification: In FY 2018, as part of the City Council's Tennyson Corridor Strategic Initiative, staff began renovating the medians along Tennyson Corridor in an effort to transform this busy corridor into a visually appealing community gateway. The three-year project involved new trees, plants, bark chips, pavers, and more, was completed in FY 2022.

Similar median beautification efforts are planned for the Jackson Corridor, another key arterial road within the City. Also, a three year-long project, this effort commenced in FY 2023.

Municipal Parking Lot Improvements: As part of the City's ongoing effort to improve its municipal parking lots and maximize accessibility in Downtown Hayward, Municipal Lot 8

received significant improvements in FY 2023 including an upgraded parking configuration to City standards and ADA-compliant parking spaces requirements. The pavement in the lot was also rehabilitated, additional landscaping and LED lighting were installed, and parking stall conditions were upgraded.

FINANCIAL INFORMATION

Organizational Health and Fiscal Stability

Long Range Financial Planning: The City continues to refine its long-range 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 both a five-year and long-range approach has helped the City identify and plan accordingly to manage potential future structural deficits.

Long-term Debt Ratings: The City maintains excellent ratings on all of its debt issuances. In recent fiscal years, the City has received very high ratings from the various rating agencies, including a AA rating from both Fitch and Standard & Poor's of the 2015 Certificates of Participation (COP) and a AA+ rating by Standard & Poor's for the 2013 Water Bonds. The City also has an implied general obligation rating of AA+ with a stable outlook from both rating agencies. Standard & Poor's Ratings Services reviewed the rating of the 2004 and 2006 TABS and upgraded its rating from A- to A and affirmed a stable outlook. In September 2021, Fitch affirmed the City's AA+ Issuer Default Rating and maintained the City's outlook as stated.

Most recently, in August of 2023, Standard & Poor's affirmed an AA rating for the 2023 refunding of certificates of participation and reaffirmed the AA long term rating on the 2015 COPs. This opinion is likely to improve given recent changes to the City's fiscal outlook. A critical component of the rating agency review is the City's financial management status - i.e., appropriate reserve levels, plans to reduce liabilities, fiscal policies, etc. If the City fails to maintain these areas of fiscal control, the City could see a reduction in future ratings.

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

Budgetary Controls & Financial Policies

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

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

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

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

Debt Administration: Even as a charter city, Hayward has adopted a comprehensive debt management policy that guides the issuance and management of City debt. The policy includes establishing the legal debt limits (per State law this equates to 15% of assessed value of all real and personal property of the city); identifying the types of debt that can be issued and purposes for which debt proceeds can be used; establishing financial limits affecting debt issuance; and identifying guidelines regarding the structuring of debt (such as term). At the end of fiscal year 2023, the City had total debt outstanding of \$99.89 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 2023, the policy states that General Fund reserves for economic uncertainty and

liquidity should be no less than two months of city operating costs or at least 20% of budgeted General Fund operating expenditures.

While further delineated in the accompanying MD&A, at the end of fiscal year 2023, the unassigned fund balance of the General Fund was \$39.4 million, while the total fund balance was \$58.9 million (includes non-cash outstanding receivables of over \$2.9 million and \$16.6 million in Measure C District Tax cash balance). The unassigned fund balance represents 16.9% of total General Fund expenditures of \$233.5 million (including Transfers Out).

AWARDS AND ACKNOWLEDGEMENTS

Award Recognition

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City of Hayward for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the thirty seventh 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 ACFR. 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 annual comprehensive financial report continues to meet the Certificate of Achievement requirements and staff will submit it to the GFOA to determine eligibility for another certificate.

Acknowledgements

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

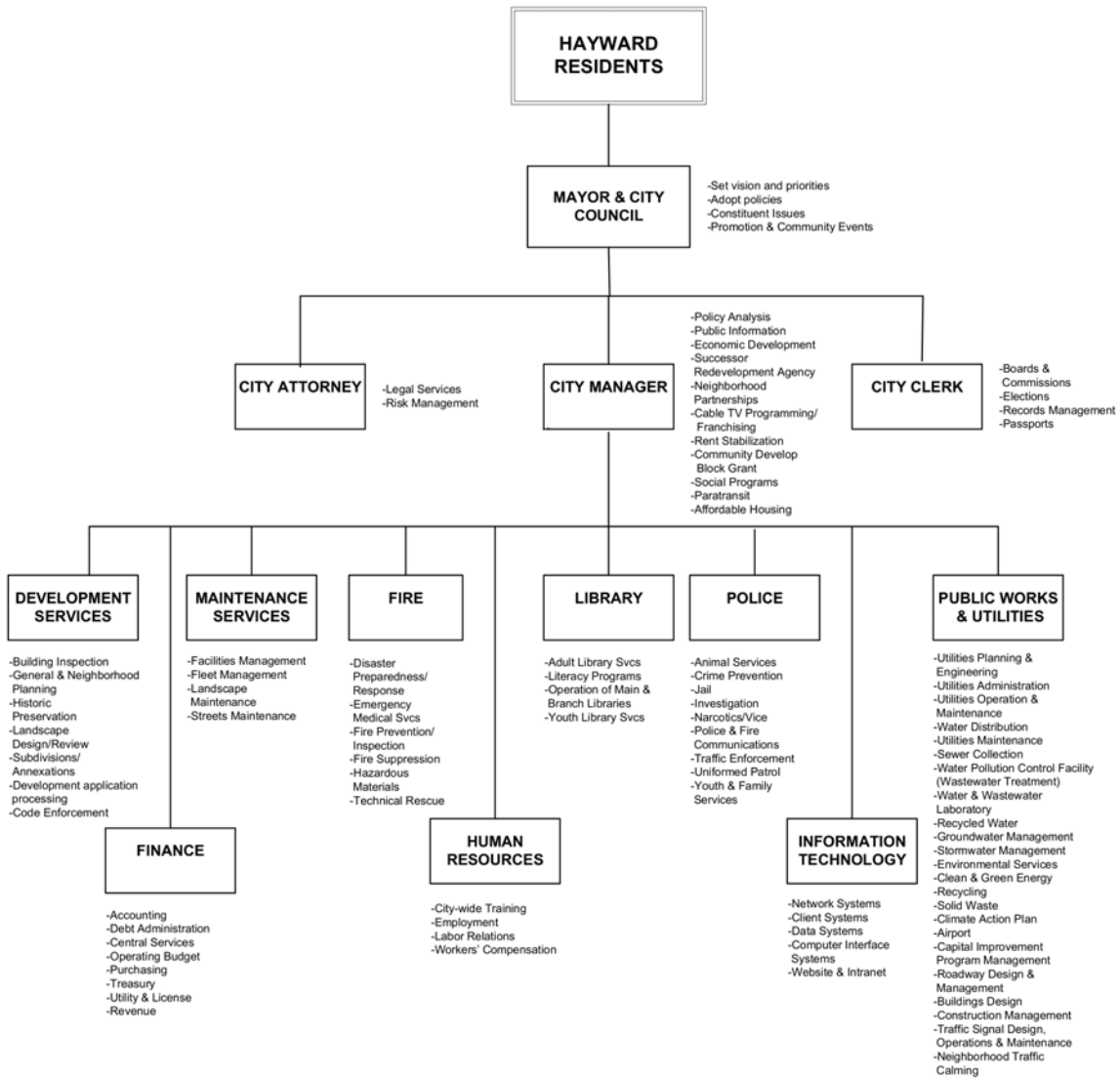
I also wish to recognize the commitment of the City Manager, the Mayor, and the City Council to the high standards embodied in this report and express appreciation to them and each City department for their cooperation and support in conducting the fiscal operations of the City.

Respectfully Submitted,



Nicole Gonzales
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.



Mark Salinas
Mayor

Term Expires 2026



Angela Andrews
Council Member

Term Expires 2024



Ray Bonilla Jr.
Council Member

Term Expires 2024



Dan Goldstein
Council Member

Term Expires 2024



Julie Roche
Council Member

Term Expires 2026



George Syrop
Council Member

Term Expires 2026



Francisco Zermeño
Council Member

Term Expires 2024

ADMINISTRATIVE STAFF

Appointed by City Council

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

Department Directors

Assistant City Manager	Regina Youngblood
Assistant City Manager	Dustin Claussen
Development Services	Sara Buizer
Finance	Nicole Gonzales
Fire	Chief Garrett Contreras
Human Resources	Brittney Frye
Information Technology	Adam Kostrzak
Library	Jayanti Addleman
Maintenance Services	Todd Rullman
Police	Chief Toney Chaplin
Public Works & Utilities	Alex Ameri



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Hayward
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S OPINION

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Hayward (City), California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the East Bay Dischargers Authority, which represent 1.90%, 2.41% and 9.06%, respectively, of the assets, net position and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the East Bay Dischargers Authority, is based solely on the report of the other auditors.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Change in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, which became effective during the year ended June 30, 2023 and required the restatement of certain subscription-related balances as discussed in Note 1, Note 6 and Note 8 to the financial statements.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such 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 Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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.



Pleasant Hill, California
March 14, 2024

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, 2023. 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 City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$584.9 million (*total net position*). Excluding the \$510.1 million net pension liability, \$406.9 million of unrestricted net position is available to meet the City's ongoing obligations to residents and creditors.
- ❑ The City's total net position increased by \$41.3 million over fiscal year 2022. Governmental activities, including the General Fund, increased by \$29.5 million and Business-type activities increased by \$11.8 million.
- ❑ As of June 30, 2023, the City's governmental funds reported combined fund balances of \$208.7 million, an increase of \$18.6 million from the prior year.
- ❑ At the end of fiscal year 2023, total fund balance for the General Fund, including Measure C, is \$58.9 million, an increase of \$1.03 million over fiscal year 2022. Of the total, the General Fund ending fund balance is \$42.3 million, and Measure C ending fund balance is \$16.6. The total fund balance is comprised of \$2.8 million in non-spendable (illiquid reserves), \$16.6 million in assigned (liquid reserves designated for specific purposes), and \$39.5 million in spendable fund balance designated for contingencies, economic uncertainty, emergencies, and liquidity by City Council. The \$39.5 million in unassigned fund balance represents 16.9% of total General Fund expenditures including Transfers Out. The \$2.8 million in non-spendable reserves offsets a long-term loan receivable (General Fund loan to the Redevelopment Successor Agency).
- ❑ Fiscal year 2023 ended with a net increase to the General Fund, General Purpose Fund Reserve of \$4.4 million (net of Measure C district sales tax revenues).
- ❑ As of June 30, 2023, the City's enterprise funds (Sewer, Water, Stormwater and Airport) reported a combined ending net position of \$391.9 million; an increase of \$11.8 million from the previous year.

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 21-22) The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* (see Table 1 below on page 8) presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. It should be noted that net position includes liquid and illiquid assets (cash and non-cash).

The *statement of activities and change in net position* (see Table 2 below on page 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 26-32) 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-three individual government funds for financial reporting. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balance for the General Fund, Federal Grants, Housing Authority, Route 238 Corridor Improvement Fund and General Capital Projects Fund all of which are considered to be major funds. Data from the other eighteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the *Non-major Governmental Funds* section of this Report. *Combining statements* present and summarize all the details of the non-major funds.

The City adopts an annual appropriated budget for all its governmental funds. A budgetary comparison statement is provided for all governmental funds with annually adopted budgets. The budget comparison statements for the General Fund, Federal Grants Special Revenue Fund, Housing Authority Capital Project Fund, the Route 238 Corridor Improvement Capital Project Fund and General Capital Projects Fund are located in the financial statements starting on page 8 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 34-36) 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 38-39) 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 41-100) 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 122 of this Report.

Government-wide Financial Analysis

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

Statement of Net Position. As noted earlier, net position may serve as a useful indicator of a government's financial position over time. In the case of the City, total assets exceeded total liabilities by \$584.9 million at the close of the current fiscal year, an increase from the prior year of \$41.3 million. The change in the combined net position includes an increase of \$29.5 million in Governmental Activities, and an increase of \$11.8 million in Business-type Activities.

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$310.1	\$309.3	\$315.1	\$311.9	\$625.2	\$621.3
Capital assets	467.6	456.9	181.0	184.3	648.6	641.2
Total assets	777.6	766.3	496.1	496.2	1,273.7	1,262.5
Deferred outflows	132.3	64.2	9.0	5.6	141.4	69.8
Liabilities						
Long term debt outstanding	66.9	73.6	33.0	38.5	99.9	112.1
Other liabilities	623.3	480.1	51.6	45.5	674.9	525.5
Total liabilities	690.2	553.7	84.6	84.0	774.8	637.6
Deferred inflows	26.7	113.2	28.7	37.8	55.4	151.0
Net position:						
Net investments in capital assets	408.6	385.8	148.0	145.8	556.6	531.6
Restricted	131.4	121.7	0.0	0.0	131.4	121.7
Unrestricted	(347.0)	(344.0)	243.9	234.3	(103.2)	(109.7)
Total net position	\$193.0	\$163.5	\$391.9	\$380.1	\$584.9	\$543.6

The largest portion of the fiscal year 2023 City's net position, \$556.6 million, reflects its investment in capital assets (e.g. land; buildings; street infrastructure; sewer and water pipelines; machinery and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources (future revenue), since the capital assets themselves cannot be used to liquidate these liabilities.

In fiscal year 2023, the City's net position included \$141.4 million in deferred outflows of resources. Of this amount, \$124.0 million is related to pensions. This includes \$47.4 million related to pension contributions after the measurement date, as well as \$76.6 million attributable to changes in calculation assumptions and differences between expected and actual trust fund performance. \$17.0 million of the deferred outflows are related to other post-employment benefits (OPEB). \$8.5 million of these OPEB related deferred outflows is related to employer contributions after the measurement date and \$8.5 million is related to changes in assumptions and trust performance. Finally, \$0.4 million in outflows is related to 2016 refunding of certificates of participation, resulting in a deferred loss.

The City's long-term debt of \$99.9 million includes \$9.6 million due within one year, as well as an additional \$ 90.3 million due in future years.

The largest share of the City's other liabilities is comprised of \$510.1 million in net pension liabilities and \$70.5 million in OPEB liabilities, as detailed in Note 13 and Note 15, respectively. Other major liabilities include \$34.7 million in accrued liabilities, \$15.4 in unearned revenue, \$21.2 million in accounts payable, \$11.6 million in total compensated absences, and \$10.3 million in refundable deposits.

Deferred inflows of resources totaled \$55.4 million in fiscal year 2023, \$9.4 million related to pensions and \$20.4 million related to OPEB. Pension-related deferred inflows are comprised of \$9.4 million in differences between actual and expected experience. OPEB-related deferred inflows consist of \$18.4 million in changes to calculation assumptions, and \$2 million difference between expected and actual experience.

A portion of the City's net position, \$131.4 million, represents the resources that are subject to external restrictions on how they may be used. Almost all of the restricted net position is related to City's special revenue and capital projects funds. Excluding the \$510.1 million net pension liability, \$406.9 million of unrestricted net position is available to meet the City's ongoing obligations to residents and creditors.

Statement of Activities. The Statement of Activities provides information about all the City's revenues and expenses, with an emphasis on measuring net revenues or expenses of each of the City's programs and explains in detail the change in Net Position for the year. The City's governmental activities net position increased by a net total of \$29.5 million.

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

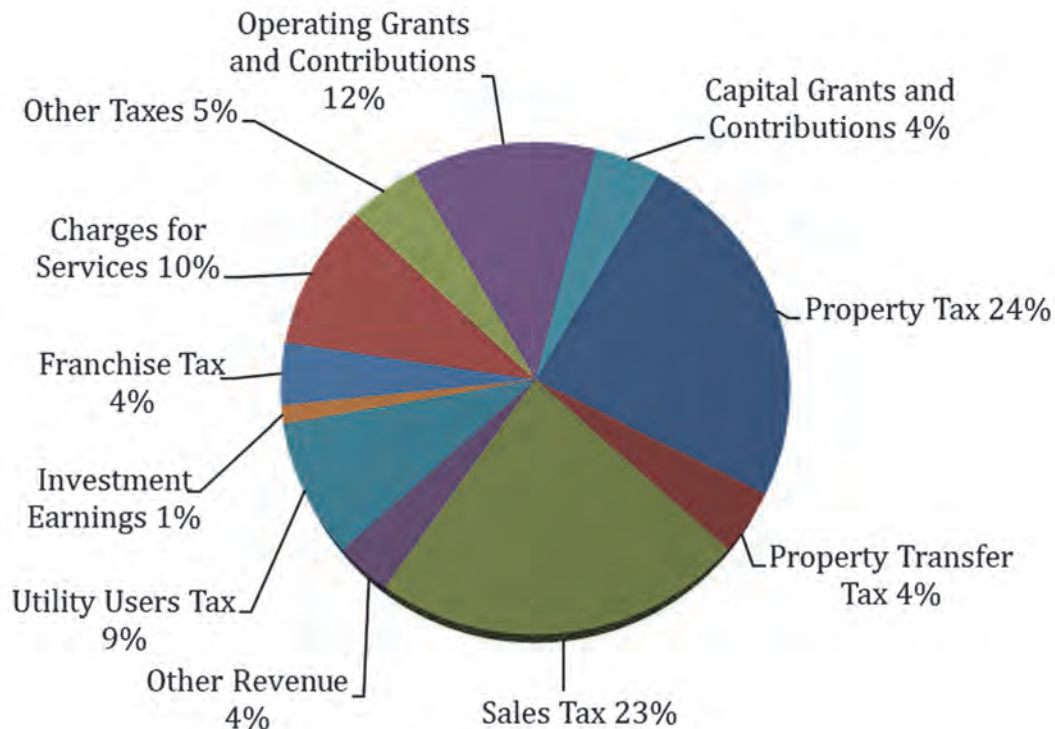
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program revenues						
Charges for services	\$28.2	\$24.0	\$101.0	\$100.6	\$129.2	\$124.5
Operating contributions and grants	35.1	34.7	-	-	35.1	34.7
Capital contributions and grants	12.8	3.6	-	-	12.8	3.6
	76.1	62.2	101.0	100.6	177.2	162.8
General revenues						
Property tax	70.3	65.0	-	-	70.3	65.0
Sales tax	66.9	64.7	-	-	66.9	64.7
Utility user tax	25.9	17.3	-	-	25.9	17.3
Real property transfer tax	12.4	21.2	-	-	12.4	21.2
Franchise fees	11.9	10.5	-	-	11.9	10.5
Other taxes	17.5	16.0	-	-	17.5	16.0
Investment earnings	3.6	(3.9)	3.2	(4.9)	6.8	(8.8)
Gain on sale of land for resale	-	-	-	(1.0)	-	(1.0)
Gain on sale of capital assets	0.0	0.0	-	-	0.0	0.0
Miscellaneous	5.1	9.4	-	-	5.1	9.4
General revenues subtotal	213.7	200.3	3.2	(5.8)	216.9	194.4
Total Revenues	289.8	262.5	104.2	94.7	394.0	357.2
Expenses by activity						
General Government	23.1	19.3	-	-	23.1	19.3
Public safety	166.2	120.1	-	-	166.2	120.1
Public works and transportation	25.0	25.6	-	-	25.0	25.6
Library and neighborhood services	14.6	12.4	-	-	14.6	12.4
Economic development	8.8	6.7	-	-	8.8	6.7
Planning and building	10.5	10.5	-	-	10.5	10.5
Maintenance services	14.1	12.5	-	-	14.1	12.5
Interest on long term debt	2.1	2.3	-	-	2.1	2.3
Sewer	-	-	28.3	23.1	28.3	23.1
Water	-	-	52.5	48.8	52.5	48.8
Airport	-	-	4.6	4.3	4.6	4.3
Stormwater	-	-	2.7	2.7	2.7	2.7
Recycling	-	-	(0.1)	0.2	(0.1)	0.2
Total expenses	264.4	209.4	88.0	79.1	352.4	288.5
Increase (decrease) before transfers	25.4	53.1	16.2	15.6	41.6	68.7
Transfers	4.4	4.1	(4.4)	(4.1)	-	-
Change in Net Position	29.8	57.2	11.8	11.5	41.6	68.7
Beginning Net Position, as restated*	163.5	106.4	380.1	368.6	543.6	474.9
Ending Net Position (June 30)	\$193.3	\$163.5	\$391.9	\$380.1	\$585.1	\$543.5

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 include general taxes (property, sales, etc.). Total revenues increased by \$27.3 million:

- ❑ Charges for Services increased by \$4.2 million from the prior year in part due to increased permit and planning review revenue in development services and increased code enforcement/inspection fees.
- ❑ Operating Contributions and Grants increased by \$0.4 compared to prior year due to increase in the number of award grant money from outside agencies.
- ❑ Capital contributions and grants increased by \$9.2 million over the prior year.
- ❑ Property Taxes increased by \$5.3 million over the prior year, due to continued growth in residential property values and the number of new construction builds.
- ❑ Sales Taxes increased by \$2.3 million over the prior year, due to continued strength of the local economy.
- ❑ Real Property Transfer Tax decreased by \$8.8 million over 2022 due to the decrease in real estate transaction and cooling of the commercial and housing market due to the high interest environment.
- ❑ Miscellaneous Revenue decreased by \$4.3 million compared to 2022.

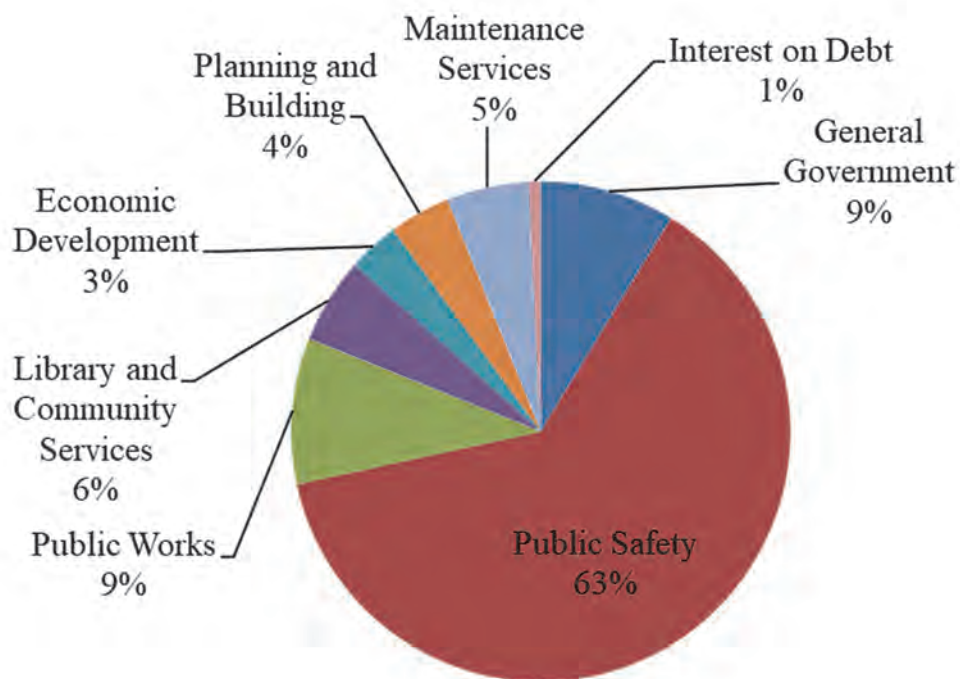
Chart 1 – Revenues by Source – Governmental Activities for Fiscal Year 2023



Governmental Activities Expenses

The governmental expenses (excluding transfers) increased by \$55.0 million to a total of \$264.4 million. Operational cost in general government expenditures increased by of \$3.8 million, public safety costs increased by \$46.1 million, public works costs decreased by \$0.6 million, and a net increase of \$5.7 million across other governmental activities expenditures. A significant portion of the increase in expenditures is related to personnel expenses including rising salaries and pension benefit costs, as well as an increase in overtime expenses and mutual aid response. The increase in public safety costs is associated with the current and ongoing construction of the new Fire Station 6 and Regional Fire Training Center. Chart 2, *Expenses by Function* summarizes governmental expenses by category.

Chart 2 – Expenses by Function – Governmental Activities for Fiscal Year 2023



Business-Type Activities. The net position of business-type activities was \$391.9 million at June 30, 2023, an increase of \$11.8 million from last fiscal year. Business-type activities revenues totaled \$104.2 million, while program expenses totaled \$88.0 million (excluding transfers).

As the *Revenue by Source* chart indicates, charges for utility services account for 97% of the revenue for the City’s enterprise funds. Most of the revenues are generated by the Water and Sewer enterprises.

Chart 3 – Revenues by Source – Business-type Activities

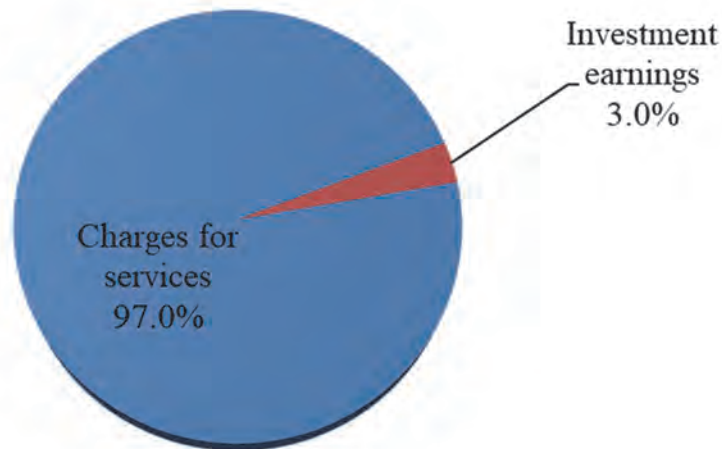
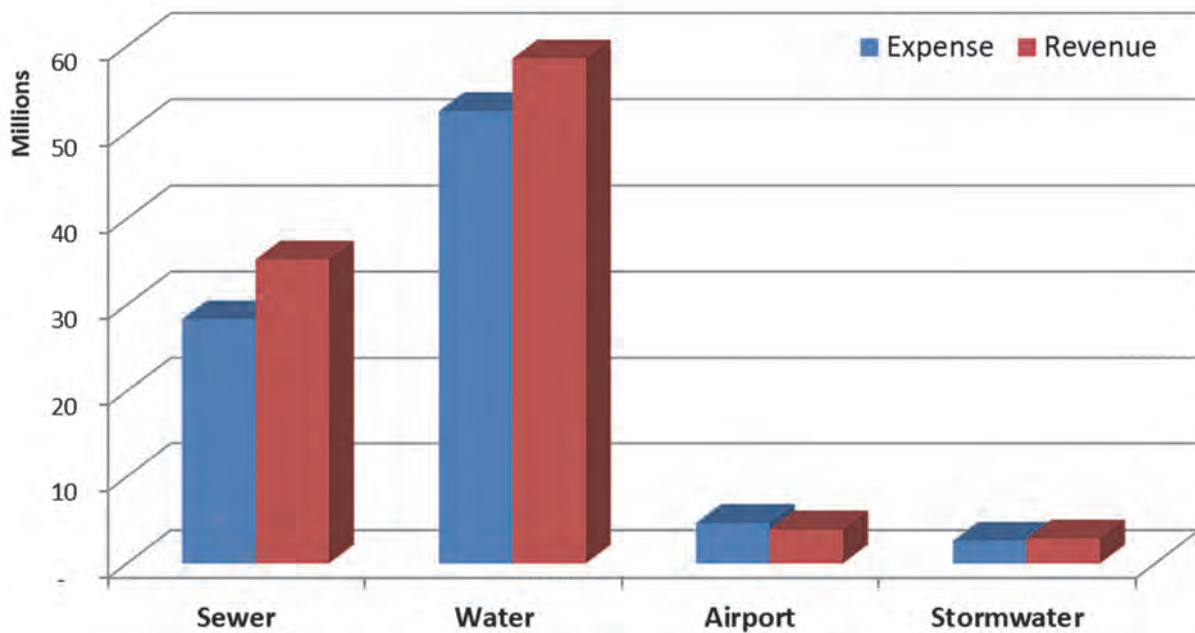


Chart 4 – Expenses and Program Revenues – Business-type Activities



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

Water, Sewer, and Stormwater Funds increased its net position. Sewer saw an increase of \$7.0 million, water increased by \$5.3 million, and Stormwater decreased by \$0.1 million and Recycling increased by \$0.3 million. Given future capital expenses to be borne by these funds and increased water usage, this is an appropriate level of revenue growth. The Airport Fund experienced a slight decrease in net position of \$0.6 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 2023, the City's governmental funds reported combined ending fund balances of \$208.7 million, an increase of \$18.6 million over prior year. Of this amount, 81.1% (\$169.3 million) represents Non-Spendable, Restricted, and Assigned fund balances; and \$39.4 million or 18.9% is Unassigned and is available for spending at the City's discretion pursuant internal and statutory restrictions, this amount represents the General Fund Reserve balance.

General Fund. The General Fund, by definition, is a major governmental fund and represents all funds not required to be accounted for or presented as other funds. The General Fund accounted for 75.6% of the total governmental revenues and 72.9% of the total governmental expenditures. Several 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 2023, the General Fund's Unassigned fund balance was \$39.4 million (exclusive of Measure C), an increase of \$5.2 million over the prior year. The total fund balance, inclusive of Non-spendable and Assigned balances, was \$42.3 million, an increase of \$4.4 million from the prior fiscal year. This change is related to federal grant funding, along with significant increases to Property, Sales, and Utility User Tax revenues.

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 16.9% of total General Fund expenditures of \$233.5 million (including Transfers Out).

General Fund Budgetary Highlights. Fiscal year 2023 ended with a Net Change in Fund Balance of \$16.9 million (GAAP Basis).

Table 3 – Fiscal Year 2023 General Fund Budget Summary *(in thousands)*

	A	B	C	Variance	Variance
	2023	2023	2023	(C-B)	%
<i>(reflected in thousands)</i>	Adopted	Adjusted	Actual		
Revenues	208,173	210,686	218,646	7,960	3.3%
Expenditures	185,409	198,613	195,850	(2,763)	-1.4%
Transfers In/(Out)	(25,976)	(27,905)	(21,757)	6,147	-22.0%
Net Change in Fund Balance	(3,211)	(15,832)	1,039	16,871	
(Budget Basis)					

The net change in fund balance for fiscal year 2023 based on actual performance (column C) is positive \$16.9 million. This fund balance summary on page 32 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 \$16.9 over prior year.

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

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

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

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

Proprietary Funds. The City's proprietary-enterprise funds provide the same type of information found in the government-wide financial statements, but in more detail. At the end of fiscal year 2023, the unrestricted net position of the Sewer and Water Funds amounted to \$113.9 and \$118.6 million, respectively. Sewer net position increased by \$6.9 million and Water net position increased to \$5.2 million.

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 2023 the fund ended with a net position of \$12.6 million, an increase of \$2.6 million over prior fiscal year. The Successor Agency Fund is supported by property taxes, investment income, and rental income. These revenues exceeded the funds expenses in both the current and prior fiscal years.

Capital Asset and Debt Administration

Capital Assets. As of June 30, 2023, the City's investments in capital assets for its governmental and business-type activities are \$648.6 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, streetlights, traffic signals, airport hangers, sewer, and water pipelines. The City's investment in capital assets for the current fiscal year increased by 1.1%, with several projects moving from being classified as Construction in Progress to classified as completed Improvements and Buildings.

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
	Land	19.2	\$19.2	\$4.8	\$4.8	\$24.0
Construction in progress	81.0	62.1	30.8	24.9	111.8	87.0
Buildings	68.4	70.4	13.0	13.7	81.4	84.1
Improvements other than buildings	64.2	61.2	\$0.0	-	64.2	61.2
Machinery and equipment	23.5	23.7	50.2	52.5	73.7	76.2
Street infrastructure	211.2	220.2	-	-	211.2	220.2
Sewer infrastructure	-	-	50.5	54.3	50.5	54.3
Water infrastructure	-	-	25.1	27.0	25.1	27.0
Airport infrastructure	-	-	6.5	7.2	6.5	7.2
Total	\$467.6	\$456.9	\$181.0	\$184.3	\$648.6	\$641.2

Additional information on the City’s capital assets can be found in Note 6 to the basic financial statements.

Debt Administration. At the end of fiscal year 2023, the City had total bonded debt outstanding of \$92.0 million as presented in Table 5. This represents a decrease of \$18.5 million versus the prior year. Of the total outstanding bond debt, \$55.8 million represents certificates of participation debt for Civic Center Project (City Hall) and 21st Century Library; \$0.4 million represents capital leases for a solar power generator, fleet vehicles, computer, and telephone equipment; \$30.8 million represents State Water Board financing for a water pollution control facility; \$2.7 million private placement lease; \$2.4 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 *(in millions)*

	Governmental Activities		Business-type		Total	
	2023	2022	2023	2022	2023	2022
Certificates of Participation	\$55.8	\$59.5	-	-	\$55.8	\$59.5
Capital Lease Obligations	0.4	0.6	-	-	0.4	\$0.6
Capital Lease Equipment	-	0.4	-	-	-	\$0.4
Private Placement Loan- Cert of Participation	7.8	9.7	-	-	7.8	\$9.7
Private Placement Loan- Fire and Wellness	2.7	3.0	-	2.0	2.7	\$5.0
State Water Resources Control Board Loan	-	-	30.8	34.0	30.8	\$34.0
State Energy Resources Conservation	0.1	0.4	2.2	2.6	2.4	\$3.0
Total Long-Term Debt	\$66.9	\$73.6	\$33.0	\$38.5	\$99.9	\$112.1

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 9 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, 2023, a total of \$4.2 million in special assessment district debt was outstanding by four special assessment districts. (Further detail regarding the City debt can be found in Note 9 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 ACFR.

Contacting the City's Financial Management

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

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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, 2023

	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash, cash equivalents, and investments (Note 2)	\$227,738,489	\$254,275,963	\$482,014,452
Cash, cash equivalents, and investments with fiscal agents (Note 2)	7,938,074	1	7,938,075
Accounts receivable, net	3,209,509	17,895,803	21,105,312
Due from other governments	21,054,206	26,287	21,080,493
Interest receivable	91,766	143,258	235,024
Internal balances (Note 5)	(2,898,197)	2,898,197	
Loans receivable (Note 3)	39,133,041		39,133,041
Leases receivable (Note 4)		26,176,024	26,176,024
Long-term loans to the Private Purpose Trust Fund (Note 20)	6,739,979		6,739,979
Land held for resale (Note 1)	6,838,652		6,838,652
Deposits, parts, supplies and other	217,942	4,246,476	4,464,418
Investment in East Bay Dischargers Authority (Note 17)		9,445,110	9,445,110
Capital assets (Note 6):			
Land	19,246,485	4,757,492	24,003,977
Construction in progress	81,025,498	30,810,162	111,835,660
Depreciable capital assets, net	367,279,788	145,449,262	512,729,050
Total assets	<u>777,615,232</u>	<u>496,124,035</u>	<u>1,273,739,267</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions (Note 13)	117,460,716	6,517,900	123,978,616
Related to OPEB (Note 15)	14,507,685	2,498,968	17,006,653
Deferred loss on refunding (Note 7)	374,887		374,887
Total deferred outflows of resources	<u>132,343,288</u>	<u>9,016,868</u>	<u>141,360,156</u>
LIABILITIES:			
Accounts payable	14,978,117	6,191,877	21,169,994
Accrued interest	373,509	320,987	694,496
Accrued liabilities	33,792,779	868,876	34,661,655
Unearned revenue	14,676,282	723,591	15,399,873
Refundable deposits	6,103,857	4,156,883	10,260,740
Accrued reclamation costs, due within one year (Note 11)		125,000	125,000
Compensated absences (Note 1):			
Due within one year	8,150,854	1,205,592	9,356,446
Due in more than one year	1,888,089	370,035	2,258,124
Long-term debt (Note 7):			
Due within one year	6,088,279	3,515,005	9,603,284
Due in more than one year	60,780,892	29,505,232	90,286,124
Subscription liabilities (Note 8):			
Due within one year	170,025		170,025
Due in more than one year	198,909		198,909
Net pension liabilities, due in more than one year (Note 13)	482,805,327	27,288,400	510,093,727
Net OPEB liability, due in more than one year (Note 15)	60,161,412	10,362,886	70,524,298
Total liabilities	<u>690,168,331</u>	<u>84,634,364</u>	<u>774,802,695</u>
DEFERRED INFLOWS OF RESOURCES:			
Related to leases (Note 4)		25,594,246	25,594,246
Related to pensions (Note 13)	9,361,619	67,339	9,428,958
Related to OPEB (Note 15)	17,366,087	2,991,332	20,357,419
Total deferred inflows of resources	<u>26,727,706</u>	<u>28,652,917</u>	<u>55,380,623</u>
NET POSITION (Note 10):			
Net investments in capital assets	408,626,627	147,996,679	556,623,306
Restricted for:			
Public safety	536,388		536,388
Debt service	7,259,953	1	7,259,954
Public works and transportation	41,919,081		41,919,081
Planning and building	39,864,893		39,864,893
Economic development	41,838,711		41,838,711
Total restricted net position	<u>131,419,026</u>	<u>1</u>	<u>131,419,027</u>
Unrestricted	(346,983,170)	243,856,942	(103,126,228)
Total net position	<u>\$193,062,483</u>	<u>\$391,853,622</u>	<u>\$584,916,105</u>

See accompanying notes to basic financial statements

CITY OF HAYWARD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:				
General government	\$23,138,347	\$2,239,179	\$16,632,901	
Public safety	166,217,907	3,610,524	4,198,822	
Public works and transportation	24,981,972	5,257,260	14,218,396	\$12,797,724
Library and community services	14,645,388	1,245,785	91,750	
Economic development	8,801,341	6,786,370		
Planning and building	10,475,502	7,262,132		
Maintenance services	14,112,028	1,809,879		
Interest on long-term debt	2,057,051			
Total Governmental Activities	264,429,536	28,211,129	35,141,869	12,797,724
BUSINESS-TYPE ACTIVITIES:				
Sewer	28,307,273	35,253,101		
Water	52,457,801	58,569,056		
Airport	4,637,977	3,906,588		
Stormwater	2,600,832	2,855,609		
Recycling	(687)	449,850		
Total Business-type Activities	88,003,196	101,034,204		
Total	\$352,432,732	\$129,245,333	\$35,141,869	\$12,797,724

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

Investment earnings

(Loss) on disposal of capital assets

Miscellaneous

TRANSFERS (Note 5)

Total General Revenues And Transfers

CHANGE IN NET POSITION

BEGINNING NET POSITION

ENDING NET POSITION

See accompanying notes to basic financial statements

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
(\$4,266,267)		(\$4,266,267)
(158,408,561)		(158,408,561)
7,291,408		7,291,408
(13,307,853)		(13,307,853)
(2,014,971)		(2,014,971)
(3,213,370)		(3,213,370)
(12,302,149)		(12,302,149)
(2,057,051)		(2,057,051)
<u>(188,278,814)</u>		<u>(188,278,814)</u>
	\$6,945,828	6,945,828
	6,111,255	6,111,255
	(731,389)	(731,389)
	254,777	254,777
	450,537	450,537
	<u>13,031,008</u>	<u>13,031,008</u>
<u>(188,278,814)</u>	<u>13,031,008</u>	<u>(175,247,806)</u>
70,287,589		70,287,589
66,932,441		66,932,441
25,944,798		25,944,798
12,356,957		12,356,957
11,906,945		11,906,945
4,098,698		4,098,698
2,205,810		2,205,810
11,064,218		11,064,218
168,068		168,068
3,613,671	3,171,037	6,784,708
(277,565)		(277,565)
5,096,781		5,096,781
4,400,256	(4,400,256)	
<u>217,798,667</u>	<u>(1,229,219)</u>	<u>216,569,448</u>
29,519,853	11,801,789	41,321,642
<u>163,542,630</u>	<u>380,051,833</u>	<u>543,594,463</u>
<u>\$193,062,483</u>	<u>\$391,853,622</u>	<u>\$584,916,105</u>

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CITY OF HAYWARD, CALIFORNIA

FUND FINANCIAL STATEMENTS

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

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be major funds by the City in fiscal year 2023. 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.

American Rescue Plan Act – Accounts for the American Rescue Plan Act (ARPA) federal stimulus package grants received by the City for internal and external needs of the City associated with the COVID-19 crisis.

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

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

CITY OF HAYWARD
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2023

	Special Revenue Funds		
	General*	Federal Grants	America Rescue Plan Act
ASSETS:			
Cash, cash equivalents, and investments (Note 2)	\$62,420,428	\$2,642,854	\$14,502,806
Cash, cash equivalents, and investments with fiscal agents (Note 2)			
Accounts receivable, net	1,586,857		
Due from other governments	13,732,910	16,265	
Interest receivable		17,392	
Due from other funds (Note 5)	1,838,041		
Loans receivable (Note 4)		13,125,975	
Long-term loans to the Private Purpose Trust Fund (Note 20)	2,836,442		
Land held for resale (Note 1)			
Deposits, parts, supplies and other	9,006		
Total Assets	\$82,423,684	\$15,802,486	\$14,502,806
LIABILITIES:			
Accounts payable	\$6,131,691	\$16,785	\$840,763
Accrued liabilities	8,786,285		332
Due to other funds (Note 5)			
Long-term interfund payables (Note 5)	2,898,197		
Unearned revenue			13,661,711
Refundable deposits	5,677,200		
Total Liabilities	23,493,373	16,785	14,502,806
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue			
Total Deferred Inflows of Resources			
FUND BALANCES (Note 10):			
Nonspendable	2,845,448		
Restricted:			
Public safety			
Public works and transportation			
Planning and building		15,785,701	
Economic development			
Debt service			
Assigned	16,632,531		
Unassigned	39,452,332		
Total Fund Balances	58,930,311	15,785,701	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$82,423,684	\$15,802,486	\$14,502,806

See accompanying notes to basic financial statements

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

Capital Projects Funds		Other	Total
Housing Authority	General Capital Projects	Governmental Funds	Governmental Funds
\$5,094,718	\$8,443,494	\$76,992,629	\$170,096,929
	7,938,074		7,938,074
	586,393	570,962	2,744,212
	4,279,451	2,943,109	20,971,735
		74,374	91,766
			1,838,041
12,929,936		13,077,130	39,133,041
3,876,516			6,712,958
707,539		6,131,113	6,838,652
			9,006
<u>\$22,608,709</u>	<u>\$21,247,412</u>	<u>\$99,789,317</u>	<u>\$256,374,414</u>
\$80,208	\$2,354,913	\$3,761,741	\$13,186,101
3,887	4,694	92,799	8,887,997
		1,838,041	1,838,041
			2,898,197
	399,908	562,243	14,623,862
	79,286	338,134	6,094,620
<u>84,095</u>	<u>2,838,801</u>	<u>6,592,958</u>	<u>47,528,818</u>
		87,648	87,648
		87,648	87,648
			2,845,448
		536,388	536,388
		41,919,081	41,919,081
		24,079,192	39,864,893
22,524,614		19,314,097	41,838,711
		7,259,953	7,259,953
	18,408,611		35,041,142
			39,452,332
<u>22,524,614</u>	<u>18,408,611</u>	<u>93,108,711</u>	<u>208,757,948</u>
<u>\$22,608,709</u>	<u>\$21,247,412</u>	<u>\$99,789,317</u>	<u>\$256,374,414</u>

CITY OF HAYWARD
GOVERNMENTAL FUNDS
BALANCE SHEET - RECONCILIATION OF GOVERNMENTAL
FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

Total Fund Balances reported on the governmental funds balance sheet \$208,757,948

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	18,873,737
Construction in progress	80,513,598
Depreciable capital assets, net	345,912,221

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	57,641,560
Accounts receivable	465,297
Due from other governments	82,471
Long-term loans to the Private Purpose Trust Fund	27,021
Deposits, parts, supplies and other	208,936
Land	372,748
Construction in progress	511,900
Depreciable capital assets, net	21,367,567
Accounts payable	(1,792,016)
Accrued interest	(7,223)
Accrued liabilities	(24,904,782)
Unearned revenue	(52,420)
Refundable deposits	(9,237)
Compensated absences	(720,926)
Net pension liabilities and pension-related deferred outflows and inflows of resources	(8,005,659)
Net OPEB liabilities and OPEB-related deferred outflows and inflows of resources	(4,352,585)
Long-term debt	(378,788)
Subscription liabilities	(368,934)

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	87,648
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LONG-TERM ASSETS AND LIABILITIES

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

Long-term debt	(66,490,383)
Deferred outflow for deferred loss on refunding	374,887
Interest payable	(366,286)
Compensated absences	(9,318,017)
Net pension liabilities and pension-related deferred outflows and inflows of resources	(366,700,571)
Net OPEB liabilities and OPEB-related deferred outflows and inflows of resources	(58,667,229)

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$193,062,483</u></u>
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See accompanying notes to basic financial statements

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CITY OF HAYWARD
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds		
	General*	Federal Grants	America Rescue Plan Act
REVENUES:			
Property taxes	\$68,458,487		
Sales taxes	66,932,441		
Utility users tax	25,944,798		
Other taxes	34,588,602		
Licenses and permits	7,959,299		
Fines and forfeitures	2,504,635		
Special assessments			
Investment income	616,954	\$28,611	\$240,792
Rental income	75		
Intergovernmental	6,275,056	731,760	12,509,208
Fees and charges for services	4,506,412		
Other revenue	859,439	522,219	
Total Revenues	218,646,198	1,282,590	12,750,000
EXPENDITURES:			
Current:			
General government	17,482,117		4,268,073
Public safety	144,085,111	173,803	386
Public works and transportation	3,403,009		771,446
Library and community services	9,889,336	168,201	
Economic development		597,428	
Planning and building	9,442,396		
Maintenance services	11,548,283		460,095
Capital outlay			
Debt service:			
Principal			
Interest and fiscal charges			
Total Expenditures	195,850,252	939,432	5,500,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	22,795,946	343,158	7,250,000
OTHER FINANCING SOURCES (USES):			
Transfers in (Note 5)	15,850,418		
Transfers (out) (Note 5)	(37,607,485)	(6,707)	(7,250,000)
Total Other Financing Sources (Uses)	(21,757,067)	(6,707)	(7,250,000)
CHANGE IN FUND BALANCES	1,038,879	336,451	
BEGINNING FUND BALANCES	57,891,432	15,449,250	
ENDING FUND BALANCES (DEFICITS)	\$58,930,311	\$15,785,701	

See accompanying notes to basic financial statements

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

<u>Capital Projects Funds</u>			
<u>Housing Authority</u>	<u>General Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
			\$68,458,487
			66,932,441
			25,944,798
	\$1,763,211	\$635,333	36,987,146
			7,959,299
		175,858	2,680,493
		1,547,811	1,547,811
\$76,971	399,766	1,121,800	2,484,894
		644,985	645,060
	5,449,154	27,292,095	52,257,273
218			4,506,630
(19,809)	7,607,879	9,809,921	18,779,649
<u>57,380</u>	<u>15,220,010</u>	<u>41,227,803</u>	<u>289,183,981</u>
			21,750,190
		556,057	144,815,357
		6,490,544	10,664,999
		2,890,545	12,948,082
199,977		7,907,653	8,705,058
			9,442,396
		1,225,734	13,234,112
	26,574,459	11,951,513	38,525,972
	355,029	5,766,622	6,121,651
	17,464	2,358,176	2,375,640
<u>199,977</u>	<u>26,946,952</u>	<u>39,146,844</u>	<u>268,583,457</u>
<u>(142,597)</u>	<u>(11,726,942)</u>	<u>2,080,959</u>	<u>20,600,524</u>
	19,628,325	9,025,236	44,503,979
(11,384)		(1,590,926)	(46,466,502)
<u>(11,384)</u>	<u>19,628,325</u>	<u>7,434,310</u>	<u>(1,962,523)</u>
(153,981)	7,901,383	9,515,269	18,638,001
<u>22,678,595</u>	<u>10,507,228</u>	<u>83,593,442</u>	<u>190,119,947</u>
<u>\$22,524,614</u>	<u>\$18,408,611</u>	<u>\$93,108,711</u>	<u>\$208,757,948</u>

CITY OF HAYWARD
RECONCILIATION OF THE
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
WITH THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

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 \$18,638,001

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	38,525,972
Non-capitalized capital outlay expenditures and net retirements were reclassified to various governmental activities	(12,224,749)
Depreciation expense is deducted from fund balance	
(Depreciation expense is net of internal service fund depreciation of \$3,215,372 which has already been allocated to service funds)	(15,256,612)

LONG-TERM DEBT PROCEEDS AND PAYMENTS

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

Repayment of debt principal and amortization of bond premiums and deferred loss are added back to fund balance	6,500,776
Amortization of deferred loss on refunding is deducted from fund balance	(93,721)
Interest payable is added back to fund balance	47,845

ACCRUAL OF NON-CURRENT ITEMS

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

Unavailable revenue	(102,334)
Compensated absences	(333,388)
Net pension liabilities and pension-related deferred outflows/inflows of resources	(10,124,436)
Net OPEB liabilities and OPEB-related deferred outflows/inflows of resources	6,370,112

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	(2,427,613)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$29,519,853
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See accompanying notes to basic financial statements

CITY OF HAYWARD, CALIFORNIA

MAJOR PROPRIETARY FUNDS

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

The City has identified the funds below as major proprietary funds in fiscal year 2023. These statements include balances for both operating and capital funds.

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

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

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

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

CITY OF HAYWARD
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Sewer	Water	Airport	Non-Major Funds	Totals	
ASSETS:						
Current Assets:						
Cash and investments (Note 2)	\$114,087,334	\$125,163,933	\$8,261,667	\$6,763,029	\$254,275,963	\$57,641,560
Cash and investments with fiscal agents (Note 2)	1				1	
Accounts receivable, net	5,414,240	10,409,666	340,108	1,731,789	17,895,803	465,297
Interest receivable			143,258		143,258	
Due from other governments	15,631			10,656	26,287	82,471
Deposits, parts, supplies and other	2,139,985	2,106,491			4,246,476	208,936
Due from other funds (Note 5)	232,283				232,283	
Total Current Assets	121,889,474	137,680,090	8,745,033	8,505,474	276,820,071	58,398,264
Noncurrent Assets:						
Leases receivable (Note 4)			26,176,024		26,176,024	
Long-term interfund receivables (Note 5)		2,898,197			2,898,197	
Long-term loans to the Private Purpose Trust Fund (Note 20)						27,021
Investment in East Bay Dischargers Authority (Note 17)	9,445,110				9,445,110	
Capital assets (Note 6):						
Land	1,830,143	2,683,047	244,302		4,757,492	372,748
Construction in progress	14,961,990	14,238,154	1,610,018		30,810,162	511,900
Depreciable capital assets, net	99,432,728	35,983,104	10,033,176	254	145,449,262	21,367,567
Total Noncurrent Assets	125,669,971	55,802,502	38,063,520	254	219,536,247	22,279,236
Total Assets	247,559,445	193,482,592	46,808,553	8,505,728	496,356,318	80,677,500
DEFERRED OUTFLOWS OF RESOURCES						
Related to pensions (Note 13)	2,924,467	2,458,903	515,285	619,245	6,517,900	2,504,103
Related to OPEB (Note 15)	1,099,633	925,705	240,335	233,295	2,498,968	1,002,000
Total Deferred Outflows of Resources	4,024,100	3,384,608	755,620	852,540	9,016,868	3,506,103
LIABILITIES:						
Current Liabilities:						
Accounts payable	1,680,669	4,417,294	70,351	23,563	6,191,877	1,792,016
Accrued interest	320,987				320,987	7,223
Accrued liabilities	380,772	325,660	77,891	84,553	868,876	24,904,782
Unearned revenue	229,565	517,922	(23,896)		723,591	52,420
Refundable deposits		4,032,549	124,334		4,156,883	9,237
Due to other funds (Note 5)				232,283	232,283	
Compensated absences, due within one year (Note 1)	409,742	612,012	97,229	86,609	1,205,592	585,337
Accrued reclamation costs (Note 11)	125,000				125,000	
Long-term debt, due within one year (Note 7)	3,515,005				3,515,005	234,365
Subscription liabilities, due within one year						170,025
Total Current Liabilities	6,661,740	9,905,437	345,909	427,008	17,340,094	27,755,405
Noncurrent Liabilities:						
Compensated absences, due in more than one year (Note 1)	125,763	187,846	29,843	26,583	370,035	135,589
Net pension liabilities, due in more than one year (Note 13)	12,243,824	10,294,653	2,157,335	2,592,588	27,288,400	10,483,893
Net OPEB liability, due in more than one year (Note 15)	4,560,031	3,838,776	996,635	967,444	10,362,886	4,155,163
Long-term debt, due in more than one year (Note 7)	29,505,232				29,505,232	144,423
Subscription liabilities, due in more than one year						198,909
Total Noncurrent Liabilities	46,434,850	14,321,275	3,183,813	3,586,615	67,526,553	15,117,977
Total Liabilities	53,096,590	24,226,712	3,529,722	4,013,623	84,866,647	42,873,382
DEFERRED INFLOWS OF RESOURCES:						
Related to leases (Note 4)			25,594,246		25,594,246	
Related to pensions (Note 13)	30,215	25,402	5,324	6,398	67,339	25,869
Related to OPEB (Note 15)	1,316,290	1,108,094	287,687	279,261	2,991,332	1,199,422
Total Deferred Inflows of Resources	1,346,505	1,133,496	25,887,257	285,659	28,652,917	1,225,291
NET POSITION (Note 10):						
Net investments in capital assets	83,204,624	52,904,305	11,887,496	254	147,996,679	21,504,493
Restricted for debt service	1				1	
Unrestricted	113,935,825	118,602,687	6,259,698	5,058,732	243,856,942	18,580,437
Total Net Position	\$197,140,450	\$171,506,992	\$18,147,194	\$5,058,986	\$391,853,622	\$40,084,930

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, 2023

	Business-type Activities-Enterprise Funds				Totals	Governmental Activities- Internal Service Funds
	Sewer	Water	Airport	Non-Major Funds		
OPERATING REVENUES:						
Charges for services	\$31,803,745	\$17,360,115	\$3,898,657	\$3,290,845	\$56,353,362	\$35,075,411
Sale of water		41,203,445			41,203,445	
Miscellaneous	3,420,550	5,496	7,931	14,614	3,448,591	1,204,977
Total Operating Revenues	<u>35,224,295</u>	<u>58,569,056</u>	<u>3,906,588</u>	<u>3,305,459</u>	<u>101,005,398</u>	<u>36,280,388</u>
OPERATING EXPENSES:						
Salaries and related expenses	9,641,707	5,428,468	1,768,576	1,713,209	18,551,960	9,089,123
Materials, supplies and services	10,148,860	10,641,488	1,368,466	865,889	23,024,703	14,282,161
Repairs and maintenance	1,840,082	1,673,875	244,782	20,883	3,779,622	4,898,502
Water purchases		32,325,012			32,325,012	
Self-funded insurance expense						14,038,448
Depreciation (Note 6)	6,162,641	2,336,619	1,234,923	164	9,734,347	3,215,372
Total Operating Expenses	<u>27,793,290</u>	<u>52,405,462</u>	<u>4,616,747</u>	<u>2,600,145</u>	<u>87,415,644</u>	<u>45,523,606</u>
Operating Income (Loss)	<u>7,431,005</u>	<u>6,163,594</u>	<u>(710,159)</u>	<u>705,314</u>	<u>13,589,754</u>	<u>(9,243,218)</u>
NONOPERATING REVENUES (EXPENSES):						
Investment income	1,208,068	1,387,880	500,743	74,346	3,171,037	745,051
Interest (expense)	(513,983)	(52,339)	(21,230)		(587,552)	(14,660)
Gain on investment in JPA	28,806				28,806	
Loss on sale of capital assets						(277,565)
Net Nonoperating Revenues (Expenses)	<u>722,891</u>	<u>1,335,541</u>	<u>479,513</u>	<u>74,346</u>	<u>2,612,291</u>	<u>452,826</u>
Income (Loss) Before Contributions and Transfers	<u>8,153,896</u>	<u>7,499,135</u>	<u>(230,646)</u>	<u>779,660</u>	<u>16,202,045</u>	<u>(8,790,392)</u>
TRANSFERS						
Transfers in (Note 5)	989,607	410,000		610,000	2,009,607	13,992,067
Transfers (out) (Note 5)	(2,168,406)	(2,654,144)	(348,743)	(1,238,570)	(6,409,863)	(7,629,288)
Net Transfers	<u>(1,178,799)</u>	<u>(2,244,144)</u>	<u>(348,743)</u>	<u>(628,570)</u>	<u>(4,400,256)</u>	<u>6,362,779</u>
CHANGE IN NET POSITION	6,975,097	5,254,991	(579,389)	151,090	11,801,789	(2,427,613)
BEGINNING NET POSITION	<u>190,165,353</u>	<u>166,252,001</u>	<u>18,726,583</u>	<u>4,907,896</u>	<u>380,051,833</u>	<u>42,512,543</u>
ENDING NET POSITION	<u>\$197,140,450</u>	<u>\$171,506,992</u>	<u>\$18,147,194</u>	<u>\$5,058,986</u>	<u>\$391,853,622</u>	<u>\$40,084,930</u>

See accompanying notes to basic financial statements

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	Business-type Activities-Enterprise Funds				Totals	Governmental Activities- Internal Service
	Sewer	Water	Airport	Non-Major Funds		Funds
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers	\$35,563,409	\$60,361,732	\$3,341,136	\$3,382,746	\$102,649,023	\$36,392,941
Payments to suppliers	(10,610,981)	(46,390,050)	(1,607,166)	(878,248)	(59,486,445)	(30,642,819)
Payments to employees	(10,900,602)	(8,912,442)	(2,083,968)	(2,321,485)	(24,218,497)	(10,073,312)
Net Cash Flows From Operating Activities	<u>14,051,826</u>	<u>5,059,240</u>	<u>(349,998)</u>	<u>183,013</u>	<u>18,944,081</u>	<u>(4,323,190)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:						
Interfund receipts (payments)	97,530	39,484		(97,530)	39,484	
Transfers in	989,607	410,000		610,000	2,009,607	13,992,067
Transfers (out)	(2,168,406)	(2,654,144)	(348,743)	(1,238,570)	(6,409,863)	(7,629,288)
Net Cash Flows From Noncapital and Related Financing Activities	<u>(1,081,269)</u>	<u>(2,204,660)</u>	<u>(348,743)</u>	<u>(726,100)</u>	<u>(4,360,772)</u>	<u>6,362,779</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition of capital assets	(5,654,772)	(182,589)	(649,808)		(6,487,169)	(2,551,734)
Principal payments on capital debt	(3,503,261)	(1,555,726)	(444,274)		(5,503,261)	(399,527)
Interest paid	(475,910)	(58,380)	(24,341)		(558,631)	(16,268)
Net Cash Flows From Capital and Related Financing Activities	<u>(9,633,943)</u>	<u>(1,796,695)</u>	<u>(1,118,423)</u>		<u>(12,549,061)</u>	<u>(2,967,529)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income	1,208,069	1,387,881	500,745	74,346	3,171,041	750,251
Net Cash Flows From Investing Activities	<u>1,208,069</u>	<u>1,387,881</u>	<u>500,745</u>	<u>74,346</u>	<u>3,171,041</u>	<u>750,251</u>
NET CASH FLOWS	<u>4,544,683</u>	<u>2,445,766</u>	<u>(1,316,419)</u>	<u>(468,741)</u>	<u>5,205,289</u>	<u>(177,689)</u>
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	<u>109,542,651</u>	<u>122,718,167</u>	<u>9,578,086</u>	<u>7,231,770</u>	<u>249,070,674</u>	<u>57,819,249</u>
CASH AND EQUIVALENTS AT END OF PERIOD	<u>\$114,087,334</u>	<u>\$125,163,933</u>	<u>\$8,261,667</u>	<u>\$6,763,029</u>	<u>\$254,275,963</u>	<u>\$57,641,560</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:						
Operating income (loss)	\$7,431,005	\$6,163,594	(\$710,159)	\$705,314	\$13,589,754	(\$9,243,218)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	6,162,641	2,336,619	1,234,923	164	9,734,347	3,215,372
Change in assets and liabilities:						
Receivables, net	340,661	1,470,386	(162,953)	59,382	1,707,476	94,327
Deposits, parts, supplies and other	331,507	(302,681)	8,612		37,438	67,919
Due from other governments	(1,547)	135		(95)	(1,507)	(77,917)
Due to interest receivable			(77,633)		(77,633)	
Due to leases receivable			(323,266)		(323,266)	
Accounts payable and other accrued expenses	1,046,454	(1,446,994)	(2,530)	8,524	(394,546)	2,576,292
Due to retirement system	(310,417)	(1,840,774)	(241,921)	(273,679)	(2,666,791)	(397,769)
Due to OPEB	(928,375)	(1,708,666)	(71,806)	(317,431)	(3,026,278)	(610,370)
Compensated absences	(20,103)	65,466	(1,665)	834	44,532	23,950
Refundable deposits		235,850	4,167		240,017	
Unearned revenue		86,305	(5,767)		80,538	28,224
Net Cash Flows From Operating Activities	<u>\$14,051,826</u>	<u>\$5,059,240</u>	<u>(\$349,998)</u>	<u>\$183,013</u>	<u>\$18,944,081</u>	<u>(\$4,323,190)</u>
NON-CASH TRANSACTIONS:						
Retirement of capital assets	<u>(\$40,524)</u>				<u>(\$40,524)</u>	<u>(\$277,565)</u>

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, applicable legislative enactment, or custodial agreement 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.

Custodial Funds account for assets held by the City as custodian for individuals, other governmental entities, and non-public organizations.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	Private Purpose Trust Fund	Custodial Funds
	<u> </u>	<u> </u>
CURRENT ASSETS:		
Cash and investments (Note 2)	\$2,467,201	\$5,063,907
Cash and investments with fiscal agents (Note 2)	1,383	363,434
Accounts receivable, net	453,912	3,897
Interest receivable	22,095	
Due from other governments		59,337
Deposits, parts, supplies and other		<u>201,524</u>
 Total Current Assets	 <u>2,944,591</u>	 <u>5,692,099</u>
NONCURRENT ASSETS:		
Loans receivable (Note 20)	24,509,337	
Lease receivable (Note 20)	1,282,083	
Land held for resale	3,483,031	
Capital assets (Note 20):		
Land	4,430,516	
Depreciable capital assets, net	<u>8,859,206</u>	
 Total Noncurrent Assets	 <u>42,564,173</u>	
 Total Assets	 <u>45,508,764</u>	 <u>5,692,099</u>
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	36,419	154,925
Accrued interest	356,883	
Deferred revenue	63,165	55,831
Refundable deposits		224,521
Long-term debt, due in less than one year (Note 20)	<u>2,180,000</u>	
 Total Current Liabilities	 <u>2,636,467</u>	 <u>435,277</u>
NONCURRENT LIABILITIES (Note 20):		
Long-term loans payable, due in more than one year	6,739,979	
Long-term debt, due in more than one year	<u>22,297,109</u>	
 Total Noncurrent Liabilities	 <u>29,037,088</u>	
 Total Liabilities	 <u>31,673,555</u>	 <u>435,277</u>
DEFERRED INFLOWS OF RESOURCES:		
Related to leases (Note 20)	<u>1,273,006</u>	
 Total Deferred Inflows of Resources	 <u>1,273,006</u>	
NET POSITION		
Restricted for:		
Organizations and other governments	12,562,203	1,082,371
Bondholders		<u>4,174,451</u>
 Total Net Position	 <u>\$12,562,203</u>	 <u>\$5,256,822</u>

See accompanying notes to basic financial statements

CITY OF HAYWARD
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	Private-Purpose Trust Fund	Custodial Funds
ADDITIONS		
Property tax	\$4,051,193	\$1,097,551
Special assessment		178,364
Other revenue		1,149,242
Rental income	37,500	
Investment income	35,446	62,872
	<u>4,124,139</u>	<u>2,488,029</u>
DEDUCTIONS		
Maintenance services	269,701	523,312
Contractual services		1,289,004
Payments to bondholders		376,712
Depreciation expense (Note 20)	314,130	
Interest and fiscal charges	940,179	186,355
	<u>1,524,010</u>	<u>2,375,383</u>
Net change in position	2,600,129	112,646
Net position - beginning	<u>9,962,074</u>	<u>5,144,176</u>
Net position - ending	<u>\$12,562,203</u>	<u>\$5,256,822</u>

See accompanying notes to basic financial statements

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CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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. Also, there is either a financial benefit or burden relationship between the City and the component units below or the City has operational responsibility for them. The City’s component units which are described below are all blended.

- *Hayward Public Financing Authority* (the “Authority”) – In May 1989, the City and the former 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-type funds of the City.
- *The Hayward Business Improvement District* (the “District”) was established in 1984 to collect certain charges imposed on businesses within the downtown business improvement district and to expend such monies on activities, which enhance the district as a shopping and business center. Operating activities of the District are included as a special revenue fund of the City.
- *The Hayward Housing Authority* (“*Housing Authority*”) was originally established in 1946. The Housing Authority is only a conduit to issue housing mortgage revenue bonds for developers, whereby such developers are entirely responsible for meeting the related debt obligations and where the funds raised through such housing mortgage revenue bond issues are used to finance multifamily rental housing developments. A certain percentage of housing units being financed must be for low and moderate income purposes. The Housing Authority is paid a fee by the benefited developers for issuing the bonds and for monitoring the occupancy of these housing developments. This activity is recorded as a capital projects fund of the City.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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 17).

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

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

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

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

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

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

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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 – The 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.

American Rescue Plan Act – Accounts for the American Rescue Plan Act (ARPA) federal stimulus package grants received by the City for internal and external needs of the City associated with the COVID-19 crisis.

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

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

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

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

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

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

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City also reports the following fund types:

Internal Service funds

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

Fiduciary funds

These funds account for assets held by the City in trust or as an agent for various assessment and community facilities districts, other governmental entities, and non-profits. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements. 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. Custodial Funds report resources, not in a trust, that are held by the City for other parties outside of the City's reporting entity. The financial activities of these funds are excluded from the City-wide financial statements, 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 and leases, 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 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.

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.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 net 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 assets 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 net 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 assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

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

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Land held for Resale of \$6,838,652 at June 30, 2023 was stated at the lowest of historical cost, net realizable value, or agreed-upon sales price if a disposition agreement has been made with a developer performing projects in accordance with the Redevelopment Plan of the former Redevelopment Agency of the City of Hayward.

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

	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.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences – The long-term portion of the liability for vested vacation, time off in lieu of overtime and sick pay for governmental fund type operations is recorded as compensated absences in the government-wide financial statements. The portion expected to be permanently liquidated (matured due to termination) is recorded in the governmental funds. Vested vacation and sick pay of proprietary fund type operations is recorded in the respective proprietary fund type. Compensated absences attributable to governmental funds are typically liquidated by the General Fund. Compensated Absences are presented below as of June 30, 2023:

	Governmental Activities	Business-type Activities	Total
Beginning Balance	\$9,681,605	\$1,531,095	\$11,212,700
Additions	8,218,062	1,216,050	9,434,112
Payments	(7,860,724)	(1,171,518)	(9,032,242)
Ending Balance	\$10,038,943	\$1,575,627	\$11,614,570
Current Portion	\$8,150,854	\$1,205,592	\$9,356,446

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 7), 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 9). Activities for these districts are reported in Custodial Funds.

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

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

Leases – A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment.

Lessor – The City is a lessor for a noncancellable leases of land. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements for the leases, with the exception of short-term and regulated leases.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements (SBITAs) - A Subscription-Based Information Technology Arrangement (SBITA) is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the contract term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments as follows:

- The City uses the interest rate charged by the IT vendor as the discount rate. When the interest rate charged by the IT vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for subscription liabilities.
- The subscription term includes the noncancellable period of the subscription.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Governmental Accounting Standards Board Statement Pronouncement –

GASB 96 – Subscription-Based Information Technology Arrangements – In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this Statement is to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The provisions of this Statement were implemented during fiscal year 2023. As part of the implementation of this Statement, the City has accounted for certain subscription transactions, which required the restatement of beginning net position of the governmental activities capital assets and subscription liabilities in the amount of \$540,910, and the net effect on beginning net position and fund balance is zero. See the subscription disclosure in Note 6 and Note 8.

New Funds

During fiscal year 2023, the City opened two new Special Revenue Funds. The *Local Housing Trust Program Special Revenue Fund* accounts for transactions related to the local housing trust fund program to provide matching funds to local and regional housing trust funds dedicated to the creation, rehabilitation, or preservation of affordable housing, transitional housing and emergency shelters. The *Traffic Impact Fee Loan Special Revenue Fund* accounts for transactions related to the collection of a traffic impact fee paid by new developments to help mitigate cumulative transportation impacts of development growth.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City’s cash on deposit or first trust deed mortgage notes with a value of 150% of the City’s cash on deposit as collateral for these deposits. Under California Law, this collateral is held in an investment pool by an independent financial institution in the City’s name and places the City ahead of general creditors of the institution pledging the collateral. As of June 30, 2023, the City held no 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, cash equivalents, and investments” or “Due to other funds” (for cash overdrafts), as appropriate.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Classification – As of June 30, 2023, cash and investments were classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Fiduciary agreements.

Statement of Net Position

Cash, cash equivalents, and investments	\$482,014,452
Cash, cash equivalents, and investments with fiscal agents	7,938,075

Private Purpose Trust Fund

Cash and investments	2,467,201
Cash and investments with fiscal agents	1,383

Custodial Funds

Cash and investments	5,063,907
Cash and investments with fiscal agents	363,434

Total Cash and Investments	\$497,848,452
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Cash and investments as of June 30, 2023 consisted of the following:

Cash in bank	\$95,694,381
Cash on hand (Petty Cash)	3,175
Investments	402,150,896
Total Cash and Investments	\$497,848,452

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

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality *	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Notes/Bills	5 years	None	100%	100%
U.S. Agency Securities (fully backed)	5 years	None	100%	40%
U.S. Agency Securities (mortgage-backed)	5 years	None	20%	20%
Banker's Acceptance	180 days	A-1	40%	5%
Commercial Paper	270 days	A-1	40%	5%
Negotiable Certificates of Deposit	5 years	A	30%	5%
Repurchase Agreements	1 year	None	20%	20%
Medium-Term Notes	5 years	A	30%	5%
Money Market Funds	N/A	AAAm	20%	10%
Alameda County Investment Pool	None	None	10%	10%
JPA	None	AAAm	100%	N/A
California Local Agency Investment Fund	None	None	\$75M per account	N/A
Collateralized Certificates of Deposit	5 years	None	25%	20%
Municipal Bonds	5 years	A	20%	5%
Supranationals	5 years	AA	30%	30%
Asset-Backed Securities	5 years	AA	20%	5%

* Minimum credit quality at time of purchase.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

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

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

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2023:

Investment Type	Level 1	Level 2	Total
Investments by Fair Value:			
U.S. Treasury Notes	\$194,692,396		\$194,692,396
U.S. Agency Securities		\$6,848,096	6,848,096
Medium-Term Notes		39,857,983	39,857,983
Municipal Bonds		9,546,422	9,546,422
Supranationals		1,196,854	1,196,854
Asset-Backed Securities		3,994,036	3,994,036
Total Investments at Fair Value	\$194,692,396	\$61,443,391	256,135,787
Investments Measured at Amortized Cost:			
Money Market Mutual Funds			8,302,890
California Local Agency Investment Fund			136,820,056
Certificates of Deposit			892,163
Total Investments			\$402,150,896

U.S. Treasury Notes classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. U.S. Agency Securities, Medium-Term Notes, Municipal Bonds, Supranationals and Asset-Backed Securities, classified in Level 2 of the fair value hierarchy, are valued using pricing techniques of matrix pricing or market corroborated pricing, with inputs such as yield curves or indices. These prices are obtained from various pricing sources by our custodian bank. Fair value is defined as the quoted market value on the last trading day of the period.

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

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

Investment Type	12 Months or less	13 Months to 24 Months	25 Months to 60 Months	Total
U.S. Treasury Notes	\$64,895,683	\$53,120,598	\$76,676,115	\$194,692,396
U.S. Agency Securities			6,848,096	6,848,096
Money Market Mutual Funds	8,302,890			8,302,890
California Local Agency Investment Fund	136,820,056			136,820,056
Medium-Term Notes		13,548,132	26,309,851	39,857,983
Municipal Bonds		2,443,154	7,103,268	9,546,422
Supranationals		1,196,854		1,196,854
Certificates of Deposit			892,163	892,163
Asset-Backed Securities	100,604	233,716	3,659,716	3,994,036
Total Investments	<u>\$210,119,233</u>	<u>\$70,542,454</u>	<u>\$121,489,209</u>	<u>402,150,896</u>
Cash in Banks				95,694,381
Cash on Hand (Petty Cash)				<u>3,175</u>
Total Cash				<u>95,697,556</u>
Total Cash and Investments				<u><u>\$497,848,452</u></u>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2023, these investments had an average maturity of 260 days.

Money market funds are available for withdrawal on demand and at June 30, 2023, had an average maturity of 1 day.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

2. CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

Credit Risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City’s investment policy, or debt agreements, and the actual rating as of June 30, 2023 for each investment type as provided by Moody’s investment rating system (as of date of purchase):

Investment Type	AAAm/AAA	AA1 - AA3	A1 - A 3	P-1	Not Rated	Total
U.S. Treasury Notes	\$194,692,396					\$194,692,396
U.S. Agency Securities	6,848,096					6,848,096
Money Market Mutual Funds	8,302,890					8,302,890
California Local Agency Investment Fund					\$136,820,056	136,820,056
Medium-Term Notes	429,083	\$8,841,568	\$30,587,332			39,857,983
Municipal Bonds		7,772,248			1,774,174	9,546,422
Supranationals	1,196,854					1,196,854
Certificates of Deposit		892,163				892,163
Asset-Backed Securities	2,337,495				1,656,541	3,994,036
Total Investments	\$213,806,814	\$17,505,979	\$30,587,332		\$140,250,771	\$402,150,896

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, 2023, no investments were subjected to custodial credit risk on the entity-wide level.

3. LOANS RECEIVABLES

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 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.

4. LEASES RECEIVABLE

Lessor – The City from to time to time engages in lease arrangements allowing the right for others to use various owned land and buildings for the public benefit. The borrowing rate for the leases are implicit in the lease agreements and therefore, the City has applied the incremental borrowing rate of the City for all leases of 3%. Leases where the City acts as the lessor are recorded as a lease receivable offset with a deferred inflow of resources.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

4. LEASES RECEIVABLE (Continued)

As of June 30, 2023, these leases receivable and related deferred inflows of resources consisted of the following:

Lessor	Original Lease Date	Expiration Date Including Options	Annual Revenue as of June 30, 2023	Lease Receivable Balance at June 30, 2023	Deferred Inflow of Resources at June 30, 2023
<i>Proprietary Funds - Airport Fund</i>					
Home Depot USA, Inc.	12/12/2000	12/31/2045	\$653,528	\$8,895,274	\$8,684,539
Mahabal Hospitality, LLC	12/1/2017	11/30/2067	271,089	5,199,494	5,147,150
Ramesta Hospitality, LLC	12/1/2017	11/30/2067	271,089	5,199,494	5,147,150
Velo Two, LLC	11/1/2018	10/31/2068	157,106	3,082,755	2,977,589
BDC Sueirro LP	3/1/2006	2/29/2056	166,714	2,794,402	2,719,965
Hayward Airport Plaza, LLC	11/1/2019	10/31/2029	62,419	385,540	321,208
Pacific Roller Die Company, Inc.	12/1/2020	11/30/2025	86,096	196,183	191,034
GTE Mobilnet	10/1/2006	9/30/2031	31,906	217,720	207,805
Watt Industries, Inc.	7/2/1984	10/10/2038	19,902	160,140	154,630
Paul Mazza	1/1/2005	12/31/2054	10,157	45,022	43,176
			<u>\$1,730,006</u>	<u>\$26,176,024</u>	<u>\$25,594,246</u>

Regulated Leases – In accordance with GASB Statement No. 87, the City does not recognize a lease receivable and a deferred inflow of resources for regulated leases. Regulated leases are certain leases that are subject to external laws, regulations, or legal rulings, e.g., the U.S. Department of Transportation and the Federal Aviation Administration regulated aviation leases between airports, air carriers and other aeronautical users. Regulated leases include airline leases, as well as contracts with Fixed Based Operators (FBOs), and Specialized Aviation Service Operators (SASO).

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

4. LEASES RECEIVABLE (Continued)

By definition, the following lease agreements are considered to be regulated leases and therefore, the City does not recognize a receivable and corresponding deferred inflow of resources for the following leases. As of June 30, 2023, the annual lease revenue and terms of the leases were as follows:

Lessor	Original Lease Date	Expiration Date Including Options	Annual Revenue as of June 30, 2023
<i>Proprietary Funds - Airport Fund</i>			
Meridian Aviation, Inc.	1/1/2014	12/31/2063	\$141,064
Watt Industries, Inc.	10/11/1988	12/1/2045	116,706
Pape Properties, Inc	7/1/1998	12/31/2048	105,543
Avcon, Inc.	3/1/2012	2/28/2027	73,132
Career Aviation Sales, Inc.	7/1/2005	12/31/2053	74,893
Ascend Development HWD - II, LLC	2/2/2004	12/31/2054	45,458
California Military Department	7/1/2014	6/30/2025	46,708
Briggs Resources, Inc.	5/1/2018	4/30/2068	40,693
EPIC Aviation, LLC	2/2/2004	12/31/2054	63,985
Ascend Development, HWD, LLC	8/1/2001	12/31/2051	41,036
Aviation Training, Inc.	9/1/2017	8/31/2047	22,008
Hayward FBO LLC, dba APP Jet Center	3/1/2017	2/28/2047	16,673
William Field	12/14/1999	12/31/2048	24,405
Ascend Development HWD - II, LLC	2/2/2004	12/31/2054	20,719
Hayward Hangars, LLC	12/13/2022	12/31/2063	28,839
			<u>\$861,862</u>

The future expected minimum rentals to be received from the existing regulated leases are as follows at June 30, 2023:

Year Ending June 30:	Minimum Lease Revenue
2024	\$861,862
2025	978,114
2026	978,114
2027	929,187
2028	904,809
2029 - 2033	4,280,273
2034 - 2038	4,280,273
2039 - 2043	4,280,273
2044 - 2048	4,100,267
2049 - 2053	2,908,466
2054 - 2058	1,716,871
2059 - 2063	1,215,923
2064 - 2068	511,998
2069 - 2072	35,053
Total	<u>\$27,981,483</u>

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

5. 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, 2023 were as follows:

<u>FROM FUND:</u>	<u>TO FUND:</u>	<u>AMOUNT:</u>
General Fund	General Capital Projects Fund	\$17,717,430 A
	Non-Major Governmental Funds	8,631,003 B
	Internal Service Funds	11,259,052 B
Federal Grants Special Revenue Fund	Internal Service Funds	6,707 B
American Rescue Plan Act Special Revenue Fund	General Fund	7,250,000 B
Housing Authority Capital Projects Fund	General Fund	3,897 C
	Internal Service Funds	7,487 B
Non-Major Governmental Funds	General Fund	331,050 B
	General Capital Projects Fund	750,000 A
	Non-Major Governmental Funds	350,226 B
	Internal Service Funds	159,650 B
Sewer Enterprise Fund	General Fund	823,783 C
	Internal Service Funds	934,623 B
	Water Enterprise Fund	410,000 A
Water Enterprise Fund	General Fund	1,229,099 C
	Non-Major Enterprise Funds	610,000 C
	Internal Service Funds	815,045 B
Airport Enterprise Fund	Internal Service Funds	348,743 B
Non-Major Enterprise Funds	General Fund	233,963 C
	Non-Major Governmental Funds	15,000 A
	Sewer Enterprise Fund	989,607 B
Internal Service Funds	General Fund	5,978,626 C
	General Capital Projects Fund	1,160,895 A
	Non-Major Governmental Funds	29,007 A
	Internal Service Funds	460,760 B
		<u>\$60,505,653</u>

A To fund capital projects.

B To fund debt service, capital projects, administrative overhead, and insurance.

C To fund allocation of administrative overhead.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

5. 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, 2023 interfund balances were as follows:

<u>Due from Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	\$1,838,041
Sewer Enterprise Fund	Non-Major Enterprise Funds	232,283
		<u>\$2,070,324</u>

Long-Term Interfund Advances – At June 30, 2023, the funds below had made advances that were not expected to be repaid within the next year.

	<u>Long-Term Interfund Receivable</u>	<u>Long-Term Interfund Payable</u>
General Fund		\$2,898,197
Water Enterprise Fund	\$2,898,197	
Total	<u>\$2,898,197</u>	<u>\$2,898,197</u>

In fiscal year 2014, the Water Enterprise Fund loaned \$3,420,000 to the General Fund for costs related to a new fire station and firehouse clinic. This loan bears 2% interest and repayments are made semiannually every December 1st and June 1st. As of June 30, 2023, the outstanding loan balance was \$2,898,197.

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.

6. CAPITAL ASSETS

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

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.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

6. CAPITAL ASSETS (Continued)

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

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

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

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

	June 30, 2022 (as restated)	Additions	Retirements	Transfers	Balance June 30, 2023
Governmental activities:					
Capital assets not being depreciated:					
Land	\$19,246,485				\$19,246,485
Construction in progress	62,135,175	\$26,020,555		(\$7,130,232)	81,025,498
Total capital assets not being depreciated	81,381,660	26,020,555		(7,130,232)	100,271,983
Capital assets being depreciated:					
Buildings and improvements	105,794,217			154,197	105,948,414
Improvements other than buildings	75,052,859		(\$29,437)	6,042,969	81,066,391
Machinery and equipment	69,745,546	3,035,549	(1,365,140)	933,066	72,349,021
Streets	343,271,158		(11,620)		343,259,538
Traffic signals	7,993,603				7,993,603
Medians	3,724,705				3,724,705
Conduits	1,540,569				1,540,569
Drains	2,994,000				2,994,000
Right-to-use subscription assets	540,910				540,910
Total capital assets being depreciated	610,116,657	3,035,549	(1,406,197)	7,130,232	619,417,151
Less accumulated depreciation for:					
Buildings and improvements	35,372,031	2,155,699			37,527,730
Improvements other than buildings	13,900,045	3,015,936	(9,886)		16,906,095
Machinery and equipment	46,023,432	3,755,645	(903,979)		48,875,098
Streets	125,496,919	9,057,221	(11,620)		134,542,520
Traffic signals	7,086,558	150,280			7,236,838
Medians	2,520,018	92,706			2,612,724
Conduits	1,540,569				1,540,569
Drains	2,651,292	117,500			2,768,792
Right-to-use Assets		126,997			126,997
Total accumulated depreciation	234,590,864	18,471,984	(925,485)		252,137,363
Net depreciable assets	375,525,793	(15,436,435)	(480,712)	7,130,232	367,279,788
Governmental activity capital assets, net	\$456,907,453	\$10,584,120	(\$480,712)		\$467,551,771

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

6. CAPITAL ASSETS (Continued)

	Balance June 30, 2022	Additions	Adjustments	Balance June 30, 2023
<i>Business-type activities:</i>				
Capital assets not being depreciated:				
Land	\$4,757,492			\$4,757,492
Construction in progress	24,875,307	\$5,975,379	(\$40,524)	30,810,162
Total capital assets not being depreciated	29,632,799	5,975,379	(40,524)	35,567,654
Capital assets being depreciated:				
Buildings and improvements	36,759,292			36,759,292
Machinery and equipment	77,087,420	454,966		77,542,386
Sewer pipelines and infrastructure	126,766,792	56,824		126,823,616
Water pipelines and infrastructure	71,359,378			71,359,378
Airport hangars, tarmacs and other infrastructure assets	28,588,734			28,588,734
Total capital assets being depreciated	340,561,616	511,790		341,073,406
Less accumulated depreciation for:				
Buildings and improvements	23,099,134	641,581		23,740,715
Machinery and equipment	24,606,872	2,705,823		27,312,695
Sewer pipelines and infrastructure	72,439,889	3,857,121		76,297,010
Water pipelines and infrastructure	44,400,675	1,831,341		46,232,016
Airport hangars, tarmacs and other infrastructure assets	21,343,227	698,481		22,041,708
Total accumulated depreciation	185,889,797	9,734,347		195,624,144
Net depreciable assets	154,671,819	(9,222,557)		145,449,262
Business-type activity capital assets, net	\$184,304,618	(\$3,247,178)	(\$40,524)	\$181,016,916

Governmental capital assets construction in progress was composed of the following at June 30, 2023:

	Project Budget	Expended to June 30, 2023	Committed
Buildings	\$5,100,000	\$3,055,311	\$2,044,689
Improvements other than buildings	91,451,086	74,903,282	16,547,804
Machinery and equipment	966,559	342,891	623,668
Streets	39,700,000	2,663,072	37,036,928
Traffic Signals	965,000	60,942	904,058
Total	\$138,182,645	\$81,025,498	\$57,157,147

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

6. CAPITAL ASSETS (Continued)

A summary of enterprise fund construction in progress at June 30, 2023 follows:

	Project Budget	Expended to June 30, 2023	Committed
Sewer Enterprise Fund	\$31,305,114	\$14,961,990	\$16,343,124
Water Enterprise Fund	28,442,277	14,238,154	14,204,123
Airport Enterprise Fund	7,464,000	1,610,018	5,853,982
Total	\$67,211,391	\$30,810,162	\$36,401,229

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.

Construction Commitments – The government has active construction projects as of June 30, 2023. The projects include construction in areas for newly developed housing and the library. At year end, the government’s commitments for these projects are as follows:

Project	Spent-to-Date	Remaining Commitment
South Hayward Youth and Family Center	\$3,055,311	\$2,044,690

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

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

Governmental Activities

General Government	\$1,330,325
Public Safety	10,525,267
Public Works and Transportation	1,434,112
Library and Community Services	784,690
Redevelopment	134,703
Planning and Building	639,273
Maintenance Services	408,242
Internal Service Funds	3,215,372
	\$18,471,984

Business-Type Activities

Sewer Fund	\$6,162,641
Water Fund	2,336,620
Airport Fund	1,234,922
Stormwater Fund	164
	\$9,734,347

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

7. LONG-TERM DEBT

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

Type of Obligation	Authorized and Issued	Balance at June 30, 2022	Retirements	Balance at June 30, 2023	Current Portion
Governmental Activity Debt:					
Certificates of Participation					
2015 COP (a), 3.0-5.0%, due 12/31/34	\$67,535,000	\$55,610,000	\$3,365,000	\$52,245,000	\$3,530,000
Add: Original issue premium	5,689,046	3,892,509	299,428	3,593,081	
Total Certificates of Participation		59,502,509	3,664,428	55,838,081	3,530,000
Direct Borrowings:					
Private Placement Certificates of Participation					
2016 Refunding COP (a), 2.6-2.76%, due 11/1/2026	19,813,775	9,284,300	1,759,658	7,524,642	1,806,787
Add: Original issue premium	876,695	398,495	79,697	318,798	
Loan Payable					
Energy Efficiency Loan (a), 1%, due 12/22/2023	2,488,880	411,090	272,838	138,252	137,442
Private Placement Loan					
2014 Fire Station #7 and Wellness Center					
Private Placement Loan (a), 2.84%, due 8/1/2029	5,500,000	3,039,736	369,126	2,670,610	379,685
Capital Lease - Equipment					
SCBA Equipment Lease (a), 5%, due 2/1/2023	1,063,021	355,029	355,029		
Total Direct Borrowings		13,488,650	2,836,348	10,652,302	2,323,914
Subtotal		72,991,159	6,500,776	66,490,383	5,853,914
Direct Borrowings:					
Internal Service Fund Long-Term Debt (b)					
Capital Leases - Fleet					
Fire Engines					
3.05%, due 1/17/2024	824,000	185,330	91,263	94,067	94,069
Fire Truck					
2.92%, due 6/15/2025	1,272,000	421,009	136,288	284,721	140,296
Total Capital Lease Obligations (Direct Borrowings)		606,339	227,551	378,788	234,365
Subtotal		606,339	227,551	378,788	234,365
Total Governmental Activity Debt		\$73,597,498	\$6,728,327	\$66,869,171	\$6,088,279

(Continued)

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

7. LONG-TERM DEBT (Continued)

Type of Obligation	Authorized and Issued	Balance at June 30, 2022	Retirements	Balance at June 30, 2023	Current Portion
Business-type Activity Debt					
Direct Borrowings:					
Private Placement Revenue Bonds					
2013 Water Revenue Refunding Loan (c), 2.76%, due 5/1/2025	\$7,245,000	\$2,000,000	\$2,000,000		
Loan Payable					
Energy Efficiency Loan (c), 3%, due 6/22/2025	2,450,000	620,430	200,688	\$419,742	\$206,726
Energy Efficiency Loan (c), 1% due 6/22/2038	2,150,955	1,936,338	112,186	1,824,152	113,263
State Water Resource Control Board Loan 2006					
1%, due 9/30/2028 (d)	54,550,018	19,094,613	2,727,501	16,367,112	2,727,501
State Water Resource Control Board Loan 2019					
1%, due 3/31/2049 (d)	21,227,086	14,872,117	462,886	14,409,231	467,515
Total Business-type Activity Debt (Direct Borrowings)		<u>\$38,523,498</u>	<u>\$5,503,261</u>	<u>\$33,020,237</u>	<u>\$3,515,005</u>

Debt service payments are generally made from the following sources:

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

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 2023, the City had total debt outstanding of \$100 million, which complies with, and is significantly under, the current policy limits.

Certificates of Participation (COPs)

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

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

7. LONG-TERM DEBT (Continued)

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

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

The bond covenants of the Certificates of Participation contain events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City.

Energy Efficiency Loan

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

2014 Fire Station #7 and Wellness Center Private Placement Loan

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

The loan agreement contains events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City.

Lease Obligations

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

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

7. LONG-TERM DEBT (Continued)

2013 Water Revenue Refunding Private Placement Loan

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

The pledge of future Water Fund Revenues ended in fiscal year 2023 as repayment of the \$2.1 million in remaining debt service on the bonds was fully paid on May 1, 2023. For fiscal year 2023, Water Fund Revenues including operating revenues, non-operating interest earnings and transfers in amounted to \$60.4 million and operating costs including operating expenses, but not interest, depreciation or amortizations amounted to \$50 million. Net Revenues available for debt service amounted to \$10.3 million, which represented coverage of 5.0 times over the \$2,055,200 in debt service.

The loan agreement contains events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City. The covenant also contains a subjective acceleration clause that allows the trustees or holders, who hold the majority of the aggregate principal amount of the notes, to accelerate payment of the entire principal amount outstanding and interest accrued to become immediately due if they determine that a material adverse change occurs.

As of June 30, 2023, the 2013 Water Revenue Refunding Bonds were paid off in full.

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.

Energy Efficiency Loan

In fiscal year 2020, the City was issued a \$2,150,955 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 the Ground Mounted Photovoltaic System installed on City owned property. The loan bears interest at 1% and payments are to be made bi-annually on June 22 and December 22 of each year until 2038.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

7. LONG-TERM DEBT (Continued)

State Water Resources Control Board Loans

In June 2006, the City entered into a loan agreement with the State of California's State Water Resources Control Board for the purpose of financing the Wastewater System Improvement Project. Under the terms of the contract, the City 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, 2023, the City's gross repayment obligation totaled \$16,367,112. The repayments of the loan are due annually on September 30 of each year commencing 2009 until 2029.

In October 2018, the City entered into a loan agreement with the State of California's State Water Resources Control Board for the purpose of financing the Recycled Water Project. Under the terms of the contract, the City agreed to repay \$21,227,086 plus interest to the State in exchange for receiving \$27,058,436 in proceeds used to fund the project. The difference between the repayment obligation and proceeds represents a grant from the State on the outstanding balance. As of June 30, 2023, the City has drawn down \$15,669,071. As of June 30, 2023, the City's estimated gross repayment obligation totaled \$14,409,231. The loan bears interest at 1% and payments are due annually on January 31 of each year commencing in 2021 until 2050.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

7. LONG-TERM DEBT (Continued)

Debt Service Requirements

At June 30, 2023, annual debt service requirements to maturity for long-term debt, including interest payments, were as follows:

Year Ending June 30:	Governmental Activities - 2015 Certificates of Participation		Governmental Activities - Direct Borrowings	
	Principal	Interest	Principal	Interest
2024	\$3,530,000	\$1,877,938	\$2,558,279	\$248,167
2025	3,710,000	1,715,488	2,392,615	186,834
2026	3,855,000	1,564,188	2,306,723	126,760
2027	4,010,000	1,426,938	2,369,216	65,079
2028	4,130,000	1,304,838	425,023	27,831
2029 - 2033	22,640,000	4,445,781	660,436	18,844
2034 - 2035	10,370,000	405,269		
Totals	52,245,000	\$12,740,440	10,712,292	\$673,515
Plus unamortized premium	3,593,081		318,798	
Total Long-term debt principal, net	\$55,838,081		\$11,031,090	

Year Ending June 30:	Business-Type Activities Direct Borrowings	
	Principal	Interest
2024	\$3,515,005	\$240,129
2025	3,527,152	173,183
2026	3,320,007	161,050
2027	3,325,935	150,372
2028	3,331,888	144,444
2029 - 2033	5,843,614	600,382
2034 - 2038	3,272,948	441,442
2039 - 2043	2,768,675	289,360
2044 - 2048	2,909,905	148,130
2049 - 2050	1,205,108	18,106
Totals	\$33,020,237	\$2,366,598

Defeased Bonds

As of June 30, 2023, outstanding balances for defeased debt were \$665,000 for the 2001 Water System Improvement Project Certificates of Participation and \$8,060,000 for the 2007 Refunding Certificates of Participation.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

7. LONG-TERM DEBT (Continued)

Leasing Arrangements

Certificates of Participation, Lease Revenue Bonds and other 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. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

During fiscal year 2023, the City implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which required the restatement of capital assets, specifically to incorporate intangible right-to-use subscription assets, and subscription liabilities. As a result, initial subscription liabilities were recorded in the amounts of \$536,411 as of July 1, 2022 for governmental activities. The subscription liabilities are offset with subscription assets as shown in Note 6.

A summary of subscription-based information technology arrangements (SBITA) transactions for the fiscal year ended June 30, 2023, are as follows:

	Balance June 30, 2022 (as restated)	Retirements	Balance June 30, 2023	Current Portion
Governmental Activities				
Subscription Liabilities				
Arctic Wolf License	\$213,427	(\$103,025)	\$110,402	\$110,402
Intterra Software	327,483	(68,951)	258,532	59,623
Total Subscription Liabilities	<u>\$540,910</u>	<u>(\$171,976)</u>	<u>\$368,934</u>	<u>\$170,025</u>

On July 1, 2022, the City entered into a 35 month subscription for the use of an Arctic Wolf License Subscription. An initial subscription liability was recorded in the amount of \$213,427. As of June 30, 2023, the value of the subscription liability is \$110,402. The City is required to make annual fixed payments of \$107,441. The subscription has an interest rate of 2.1843% The value of the right to use asset as of June 30, 2023 is \$213,426 with accumulated amortization of \$72,416, which is included in Note 6 Capital Assets.

On September 1, 2021, the City entered into a 60 month subscription for the use of an Intterra Software Subscription. An initial subscription liability was recorded in the amount of \$322,984. As of June 30, 2023, the value of the subscription liability is \$258,532. The City is required to make annual fixed payments of \$64,452. The subscription has an interest rate of 2.1843% The value of the right to use asset as of June 30, 2023 is \$327,484 with accumulated amortization of \$54,581, which is included in Note 6 Capital Assets.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

8. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The future subscription and interest subscription payments as of June 30, 2023 follows:

For the Year Ended June 30	Principal	Interest	Total
2024	\$170,025	\$8,528	\$178,553
2025	62,645	4,706	67,351
2026	66,061	3,224	69,285
2027	70,203	1,661	71,864
Totals	<u>\$368,934</u>	<u>\$18,119</u>	<u>\$387,053</u>

9. 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 Activities. A summary of such debt follows:

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, 2023 was \$55,000.

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, 2023 was \$4,236,302.

10. 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.

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

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

10. NET POSITION AND FUND BALANCES (Continued)

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

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

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

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 residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have been assigned by City Council Resolution.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

10. NET POSITION AND FUND BALANCES (Continued)

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

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

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

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.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

10. NET POSITION AND FUND BALANCES (Continued)

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

	Balance at June 30, 2023
Nonspendables:	
Items not in spendable form:	
Long-term loans to Private Purpose Trust	\$2,836,442
Deposits, parts, supplies and other	9,006
Total Nonspendable Fund Balances	2,845,448
Assigned:	
Measure C District sales tax	16,632,531
Total Assigned Fund Balances	16,632,531
Unassigned:	
Designations:	
Liquidity	39,452,332
Total Unassigned Fund Balances	39,452,332
Total Fund Balances	\$58,930,311

- **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, 2023, the following funds had a deficit:

The Recycling Enterprise Fund reported a deficit of \$365,421 at June 30, 2023 due to expenditures related to the recycling program. This deficit is expected to be eliminated with future revenues. The General Liability Internal Service Fund reported a deficit of \$6,195,130 at June 30, 2023 due to increasing cost of insurance premiums and legal fees, in addition to the internal service rates adjustment was not enough to cover the previous years’ deficits at the end of fiscal year 2023. This deficit is expected to be eliminated with future internal service fund charges and a one-time transfer in fiscal year 2024.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

11. 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 \$53,580 for the year ended June 30, 2023. 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.

12. DEFERRED COMPENSATION PLAN

City employees may defer a portion of their compensation under a City sponsored Deferred Compensation Plan (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. The Plan's trust administrator is Great-West Retirement Services.

As established by the plan, all eligible employees of the City in the Hayward Police Officers' Association (HPOA) and International Association of Firefighters (Local 1909) become participants in the Plan once they have entered into the participation agreement.

The City contributes \$2,400 annually per eligible participant to the Plan. Contributions made by an employee and the employer vest immediately. No forfeitures were noted during the current period. During the year, the City contributed \$321,832 to the Plan.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

13. PENSION PLANS

General Information about the Pension Plans

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

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

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

13. PENSION PLANS (Continued)

The Plans' provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous	
	Classic Tier I	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 2.50%	1.0% - 2.5%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates (A)	9.77%	9.77%
	Safety - Fire	
	Classic Tier I	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.0% - 2.7%
Required employee contribution rates	9.0%	10.50%
Required employer contribution rates (A)	18.49%	18.49%
	Safety - Police	
	Classic Tier I	PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.0% - 2.7%
Required employee contribution rates	9.0%	13.00%
Required employer contribution rates (A)	21.69%	21.69%

(A) Rates represents blended combination rates

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

13. 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, 2021 and measurement date of June 30, 2022:

	<u>Miscellaneous</u>	<u>Safety-Fire</u>	<u>Safety - Police</u>
Inactive employees or beneficiaries currently receiving benefits	961	192	361
Inactive employees entitled to but not yet receiving benefits	735	23	79
Active employees	515	120	167
Total	<u>2,211</u>	<u>335</u>	<u>607</u>

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

Net Pension Liability

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

The City’s net pension liability for each Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

13. PENSION PLANS (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2022, the total pension liabilities were determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2021 and June 30, 2022 total pension liabilities were based on the following actuarial methods and assumptions:

	All Plans
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	6.90% (1)
Mortality	Derived using CalPERS Membership Data for all Funds (2)
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

(1) Net of pension plan investment expenses, including inflation.

(2) The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and review of Actuarial to Assumptions report from November 2021 that can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability for each Plan was 6.90%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

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.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

13. PENSION PLANS (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the fund's asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

The expected real rates of return by asset class are as follows:

Asset Class (a)	Assumed Asset Allocation	Real Return (a),(b)
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	<u>100%</u>	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021 Asset Liability Management study.

Changes of Assumptions – Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the CalPERS Board elected to defer any changes to the asset allocation until the ALM process concluded, and the Board could make its final decision on the asset allocation in November 2021.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

13. PENSION PLANS (Continued)

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the CalPERS Board. These new assumptions are reflected in the GASB 68 accounting valuation reports for the June 30, 2022 measurement date.

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, 2021	\$510,910,249	\$390,653,694	\$120,256,555
Changes in the year:			
Service cost	9,264,461		9,264,461
Interest on the total pension liability	35,732,803		35,732,803
Changes of Assumptions	15,236,428		15,236,428
Differences between actual and expected experience	1,252,761		1,252,761
Contribution - employer		16,196,634	(16,196,634)
Contribution - employee		6,156,612	(6,156,612)
Net investment income		(29,606,807)	29,606,807
Administrative expenses		(243,354)	243,354
Benefit payments, including refunds of employee contributions	(28,329,956)	(28,329,956)	
Net changes	33,156,497	(35,826,871)	68,983,368
Balance at June 30, 2022	\$544,066,746	\$354,826,823	\$189,239,923

Safety - Fire Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2021	\$330,739,983	\$237,300,992	\$93,438,991
Changes in the year:			
Service cost	5,827,305		5,827,305
Interest on the total pension liability	22,663,052		22,663,052
Changes of Assumptions	10,219,002		10,219,002
Differences between actual and expected experience	(6,319,906)		(6,319,906)
Contribution - employer		11,490,694	(11,490,694)
Contribution - employee		2,983,463	(2,983,463)
Net investment income		(18,111,315)	18,111,315
Administrative expenses		(147,824)	147,824
Benefit payments, including refunds of employee contributions	(18,205,377)	(18,205,377)	
Net changes	14,184,076	(21,990,359)	36,174,435
Balance at June 30, 2022	\$344,924,059	\$215,310,633	\$129,613,426

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

13. PENSION PLANS (Continued)

Safety - Police Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2021	\$449,527,982	\$316,106,718	\$133,421,264
Changes in the year:			
Service cost	8,300,617		8,300,617
Interest on the total pension liability	31,411,054		31,411,054
Changes of Assumptions	16,532,003		16,532,003
Differences between actual and expected experience	(2,679,143)		(2,679,143)
Contribution - employer		16,166,620	(16,166,620)
Contribution - employee		3,803,625	(3,803,625)
Net investment income		(24,027,912)	24,027,912
Administrative expenses		(196,916)	196,916
Benefit payments, including refunds of employee contributions	(24,596,971)	(24,596,971)	
Net changes	<u>28,967,560</u>	<u>(28,851,554)</u>	<u>57,819,114</u>
Balance at June 30, 2022	<u>\$478,495,542</u>	<u>\$287,255,164</u>	<u>\$191,240,378</u>
Combined Total	<u>\$1,367,486,347</u>	<u>\$857,392,620</u>	<u>\$510,093,727</u>

The long-term portion of the governmental activities Net Pension Liability is liquidated primarily by the General Fund.

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	5.90%	5.90%	5.90%
Net Pension Liability	\$259,256,942	\$175,267,836	\$257,118,529
Current Discount Rate	6.90%	6.90%	6.90%
Net Pension Liability	\$189,239,923	\$129,613,426	\$191,240,378
1% Increase	7.90%	7.90%	7.90%
Net Pension Liability	\$131,383,893	\$92,050,331	\$137,546,383

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

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

13. PENSION PLANS (Continued)

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

For the year ended June 30, 2023, the City recognized pension expense of \$19,803,476 for the Miscellaneous Plan, \$11,689,447 for the Safety Plan – Fire and \$22,954,316 for the Safety Plan – Police. At June 30, 2023, 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	\$17,251,303	
Differences between actual and expected experience	770,930	(\$466,976)
Changes of assumptions	9,376,263	
Net differences between projected and actual earnings on plan investments	17,801,927	
Total	<u>\$45,200,423</u>	<u>(\$466,976)</u>

Safety Plan - Fire:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$12,364,514	
Differences between actual and expected experience	1,546,750	(\$7,094,701)
Changes of assumptions	8,090,043	
Net differences between projected and actual earnings on plan investments	10,906,496	
Total	<u>\$32,907,803</u>	<u>(\$7,094,701)</u>

Safety Plan - Police:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$17,688,292	
Differences between actual and expected experience	2,317,626	(\$1,867,281)
Changes of assumptions	11,522,305	
Net differences between projected and actual earnings on plan investments	14,342,167	
Total	<u>\$45,870,390</u>	<u>(\$1,867,281)</u>
Combined total	<u>\$123,978,616</u>	<u>(\$9,428,958)</u>

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

13. PENSION PLANS (Continued)

\$47,304,109 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Miscellaneous Plan:

Year Ended June 30	Annual Amortization
2024	\$8,693,904
2025	6,320,814
2026	1,202,370
2027	11,265,056
Total	<u>\$27,482,144</u>

Safety Plan - Fire:

Year Ended June 30	Annual Amortization
2024	\$2,541,561
2025	2,332,244
2026	1,123,611
2027	7,451,172
Total	<u>\$13,448,588</u>

Safety Plan - Police:

Year Ended June 30	Annual Amortization
2024	\$8,113,090
2025	6,862,099
2026	2,206,356
2027	9,133,272
Total	<u>\$26,314,817</u>

All Plans (Misc., Fire and Police)

Year Ended June 30	Amortization Amount
2024	\$19,348,555
2025	15,515,157
2026	4,532,337
2027	27,849,500
Total	<u>\$67,245,549</u>

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

14. 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, 2023, total contributions of \$19,663 were made based on a total amount of covered compensation of \$524,358.

15. OTHER POSTEMPLOYMENT BENEFITS

Provisions and Benefits

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

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

The City contributes up to a fixed dollar amount for retiree medical benefits, which varies by employee bargaining group and coverage level as governed by PEMCHA. Benefits continue for surviving spouses in amounts as required by PEMCHA. Should an eligible retiree opt out of the CalPERS medical plan, they will receive \$149 to \$151 per month in lieu of contributions to the CalPERS plan.

Employees Covered

Membership in the plan consisted of the following at June 30, 2021 (latest actuarial valuation date):

Active employees	806
Inactive employees or beneficiaries currently receiving benefit payments	712
Inactive employees entitled to but not yet receiving benefit payments	179
Total	1,697

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Net OPEB Liability

Actuarial Methods and Assumptions – The City’s net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 that was rolled forward to determine the total OPEB liability, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.10%
Inflation	2.50%
Payroll Growth	3.00%
Investment Rate of Return	6.10%
Mortality Rate	The mortality improvement scale was updated from MacLeod Watts Scale 2018 to MacLeod Watts Scale 2022 applied generationally from 2015
Pre-Retirement Turnover	Must retire from PERS on or after age 65 with at least 10 years of service.
Healthcare	3.90% to 5.80%

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

Asset Class	Target Allocation	1-10 Year Expected Real Rate of Return
Global Equities	49.0%	4.40%
Fixed Income	23.0%	-1.00%
Global Real Estate (REITs)	20.0%	3.00%
Treasury Inflation Protected Securities	5.0%	-1.80%
Commodities	3.0%	0.80%
Total	100.0%	

Discount Rate – The discount rate used to measure the total OPEB liability was 6.1%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at June 30, 2021 (Measurement Date)	\$87,016,620	\$17,212,809	\$69,803,811
Changes Recognized for the Measurement Period:			
Service Cost	2,049,624		2,049,624
Interest on the total OPEB liability	5,283,927		5,283,927
Differences between expected and actual experience			
Changes of assumptions			
Investment Experience		(4,130,540)	4,130,540
Contributions from the employer		9,179,251	(9,179,251)
Contributions from the employee		377,606	(377,606)
Net investment income		1,192,186	(1,192,186)
Administrative expenses		(5,439)	5,439
Benefit payments	(4,888,972)	(4,888,972)	
Net changes	2,444,579	1,724,092	720,487
Balance at June 30, 2022 (Measurement Date)	\$89,461,199	\$18,936,901	\$70,524,298

Sensitivity of the Net OPEB Liability

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

Net OPEB Liability/(Asset)		
Discount Rate -1%	Discount Rate	Discount Rate +1%
5.10%	6.10%	7.10%
\$81,708,903	\$70,524,298	\$61,219,605

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

Net OPEB Liability/(Asset)		
Healthcare Cost		
1% Decrease	Trend Rates	1% Increase
4.80%	5.80%	6.80%
\$61,939,004	\$70,524,298	\$81,444,076

CITY OF HAYWARD, CALIFORNIA
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For the Year Ended June 30, 2023

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

For the year ended June 30, 2023, the City recognized OPEB expense of (\$1,556,570). At June 30, 2023, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$8,450,190	
Changes of assumptions	5,880,113	(\$18,362,289)
Difference between Expected and Actual Experience	1,002,277	(1,995,130)
Net difference between projected and actual earnings on investments	1,674,073	
Total	\$17,006,653	(\$20,357,419)

\$8,450,190 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2024	(\$5,584,618)
2025	(5,298,535)
2026	(2,288,948)
2027	1,066,790
2028	304,355
Total	(\$11,800,956)

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

16. RISK MANAGEMENT

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

<u>Type of Coverage</u>	<u>Self Insurance</u>	<u>Coverage and Limits</u>
General Liability	\$0 - \$1,000,000 per occurrence	\$0 - \$25,000,000
Workers' compensation	\$0 - statutory limits	\$500,000 - \$50,000,000
Property	\$0 - \$500,000 per occurrence	\$10,000 - \$1,000,000,000
Cyber	\$0 - \$500,000 per occurrence	\$500,000 - \$40,000,000
Boiler and machinery	\$0 - \$350,000 per occurrence	\$10,000 - \$100,000,000
Airport	None	\$25,000 - \$50,000,000
Pollution	\$0- \$250,000 per pollution condition	\$0 - \$10,000,000

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

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

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

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

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

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%.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

16. RISK MANAGEMENT (Continued)

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	
			2023	2022
Balance, beginning of year	\$7,461,479	\$13,789,580	\$21,251,059	\$20,584,495
Current year claims and changes in estimates	3,868,199	5,411,985	9,280,184	4,913,198
Claims paid	<u>(2,422,838)</u>	<u>(3,612,163)</u>	<u>(6,035,001)</u>	<u>(4,246,634)</u>
Balance, end of year	<u>\$8,906,840</u>	<u>\$15,589,402</u>	<u>\$24,496,242</u>	<u>\$21,251,059</u>

GASB #10 requires the City to accrue a liability on its financial statements for the ultimate cost of claims and expenses associated with all reported and unreported claims, including allocated loss adjustment expense and unallocated loss adjustment expenses. GASB #10 does not prohibit the discounting of losses to recognize investment income. The City’s estimated minimum liability at June 30, 2023 is \$24,496,242. This amount is net of the allowable adjustment to recognize investment income.

17. 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.

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.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

17. JOINT POWERS AGREEMENTS (Continued)

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 2023 amounted to \$887,800 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 \$9,445,110 at June 30, 2022, the latest date for which financial information is available.

The investment in East Bay Dischargers Authority is valued as of June 30, 2022, the latest date for which financial information is available.

Summary financial information as of and for the year ended June 30, 2022 (the most recent audited financial information available) for EBDA's common use operations was as follows:

Assets	
Current	\$4,478,870
Noncurrent	24,846,291
Total Assets	29,325,161
Deferred outflow of resources	883,223
Total	\$30,208,384
Liabilities	\$1,238,289
Deferred inflow of resources	634,764
Net Position	28,335,331
Total	\$30,208,384
Revenues	\$5,060,722
Expenses	(4,226,628)
Non-operating revenues	1,036,759
Non-operating expenses	(1,364,436)
Prior period adjustment	(420,000)
Change in Net Position	\$86,417

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

18. COMMITMENTS AND CONTINGENCIES

Litigation

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

Bay Area Water Supply and Conservation Agency Revenue Bonds Surcharge

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

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

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

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

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.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

18. COMMITMENTS AND CONTINGENCIES (Continued)

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 \$2,290,628 during fiscal year 2023, which is included as a component of purchased water expenses in the Water Enterprise Fund. The surcharge for fiscal year 2024 is estimated to be \$2,445,576.

Purchase and Sale Agreement with CalTrans

On January 1, 2016, the City entered into a purchase and sale agreement with the State of California and Department of Transportation related to certain real property located in the Route 238 Bypass corridor acquired and to be used for the purpose of constructing a new alignment for a freeway or expressway bypass to Route 238 in the City of Hayward. In 2010, it was determined that these excess properties were no longer needed for highway purposes and were certified as excess properties. As part of the agreement with the State and Department of Transportation, the City is authorized to purchase certain parcels of the excess real property. The City has title to four parcels as of June 30, 2023 as title was transferred by the State and County to the City, however, the City has not been required to pay for the parcel to CalTrans and therefore, the parcels are not recorded in the City's financial statements. The fair market value of the parcels as of the most recent appraisal report dated July 21, 2021 is \$6,220,000.

19. 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.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

19. CONDUIT DEBT WITHOUT CITY COMMITMENT (Continued)

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.

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.

On April 11, 2023, the City sponsored the issuance of City of Hayward Airport Revenue Bonds which were issued in the aggregate principal amount of \$5,512,000 to assist in the financing, refinancing, furnishing and equipping of an Aircraft Storage Hangar Project at the Hayward Airport. The City has no legal or moral liability with respect to the payment of this debt.

20. REDEVELOPMENT AGENCY DISSOLUTION AND SUCCESSOR AGENCY ACTIVITIES

Redevelopment Dissolution

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

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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

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.

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 Note 2.

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

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, 2023 was \$24,509,337 recorded in the Successor Agency to the Redevelopment Agency Private-Purpose Trust, consisting of rehabilitation and construction loans.

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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

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.

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, 2023.

	School Project	Cannery Park	Cinema Place	Retail Attraction	Total
Balance at June 30, 2022	\$19,259,659	\$3,491,901	\$275,624	\$1,482,153	\$24,509,337
Less: Loan Payments					
Balance at June 30, 2023	\$19,259,659	\$3,491,901	\$275,624	\$1,482,153	\$24,509,337

Leases Receivable

The Successor Agency from time to time engages in lease arrangements allowing the right for others to use various owned land and buildings for the public benefit. The borrowing rate for the leases are implicit in the lease agreements and therefore, the Successor Agency has applied the incremental borrowing rate of the Successor Agency for all leases of 3%. Leases where the Successor Agency acts as the lessor are recorded as a lease receivable offset with a deferred inflow of resources.

As of June 30, 2023, these leases receivable and related deferred inflows of resources consisted of the following:

Lessor	Original Lease Date	Expiration Date Including Options	Annual Revenue as of June 30, 2023	Lease Receivable Balance at June 30, 2023	Deferred Inflow of Resources at June 30, 2023
<i>Private Purpose Trust Fund</i>					
Cinema Place Hayward, LLC	5/1/2007	4/30/2057	\$59,957	\$1,282,083	\$1,273,006

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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

Capital Assets

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

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

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

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

Capital Asset Additions, Retirements, and Balances

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Balance</u> <u>June 30, 2023</u>
Capital assets not being depreciated:			
Land	\$4,430,516		\$4,430,516
Total capital asset not being depreciated	4,430,516		4,430,516
Capital assets being depreciated:			
Buildings and improvements	14,135,897		14,135,897
Machinery and equipment	9,575		9,575
Total capital asset being depreciated	14,145,472		14,145,472
Less accumulated depreciation for:			
Buildings and improvements	4,962,560	\$314,130	5,276,691
Machinery and equipment	9,575		9,575
Total accumulated depreciation	4,972,135	314,130	5,286,266
Net depreciable assets	9,173,337	(314,130)	8,859,206
Private purpose trust fund assets, net	\$13,603,853	(\$314,130)	\$13,289,722

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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

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, 2023 was \$6,739,979 recorded in the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund. The loans were as follows:

	Advances to Private Purpose Trust Fund	Advances From City
General Fund	\$2,836,442	
Housing Authority Special Revenue Fund	3,876,516	
Internal Service Funds	27,021	
Successor Agency Private Purpose Trust Fund		\$6,739,979
Total	\$6,739,979	\$6,739,979

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

CITY OF HAYWARD, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

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

Long-Term Debt

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

Type of Obligation	Authorized and Issued	Balance at June 30, 2022	Retirements	Balance at June 30, 2023	Current Portion
Tax Allocation Bonds, 2016 Refunding Redevelopment Agency due 3/1/2036, interest at 2.0%-5.0%	\$35,270,000	\$24,155,000	\$2,070,000	\$22,085,000	\$2,180,000
Add: Original Issue Premium		2,576,117	184,008	2,392,109	
Total	<u>\$35,270,000</u>	<u>\$26,731,117</u>	<u>\$2,254,008</u>	<u>\$24,477,109</u>	<u>\$2,180,000</u>

At June 30, 2023, future debt service requirement for the Successor Agency were as follows:

Year Ending June 30	Successor Agency	
	Principal	Interest
2024	\$2,180,000	\$1,154,375
2025	2,290,000	1,049,625
2026	2,405,000	939,375
2027	2,415,000	823,625
2028	2,625,000	702,125
2029 - 2033	6,195,000	1,644,125
2034 - 2036	3,975,000	298,450
Totals	22,085,000	<u>\$6,611,700</u>
Plus unamortized premium	2,392,109	
Total Long-term debt principal, net	<u>\$24,477,109</u>	

2016 Tax Allocation Refunding Bonds

On November 29, 2016, the Successor Agency issued 2016 Tax Allocation Refunding Bonds in the amount of \$35,270,000. The proceeds of the Bonds were used to refund the 2004 Tax Allocation Bonds and 2006 Tax Allocation Bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the statement of Net Position. The Bonds are payable in annual installments as indicated below until maturity on March 1, 2036. Interest is paid semiannually on March 1 and September 1, with rates ranging from 2.0% to 5.0% per annum.

The bond covenant contains events of default that require the revenue of the City to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City. The covenant also contains a subjective acceleration clause that allows the trustees or holders, who hold the majority of the aggregate principal amount of the bonds, to accelerate payment of the entire principal amount outstanding and interest accrued to become immediately due if they determine that a material adverse change occurs.

CITY OF HAYWARD, CALIFORNIA
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For the Year Ended June 30, 2023

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

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 2023, total tax increment calculated and available for distribution by the County Auditor-Controller was \$4,563,650, and the total received by the Successor Agency was \$4,051,193. The taxes available for distribution covered 142% of the \$3,224,375 of debt service.

Commitments and Contingencies

State Approval of Enforceable Obligations – Successor Agency

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

21. SUBSEQUENT EVENTS

On November 28, 2023, the City issued 2023 Refunding Certificates of Participation in the amount of \$37,030,000. The proceeds of the Bonds were used to refund the 2015 Certificates of Participation. The Bonds are payable in annual installments commencing on November 1, 2024 until maturity on November 1, 2034. Interest is paid semiannually on May 1 and November 1, commencing May 1, 2024, with a rate of 5% per annum.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, 2018, 2019, 2020 and 2021, there were no changes. In 2022, the accounting discount rate reduced from 7.15% to 6.90%. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5% discount rate.

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

Source: CalPERS Accounting Valuation - GASB 68

<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>
\$7,504,688	\$7,869,869	\$8,124,065	\$8,254,476	\$8,338,579	\$9,264,461
30,173,942	31,188,964	32,708,864	33,774,340	34,724,511	35,732,803
444,821	2,372,377	6,313,847	(481,002)	(2,023,562)	1,252,761
23,917,327	(2,819,842)				15,236,428
<u>(22,746,836)</u>	<u>(23,688,392)</u>	<u>(24,796,470)</u>	<u>(26,234,280)</u>	<u>(27,282,114)</u>	<u>(28,329,956)</u>
39,293,942	14,922,976	22,350,306	15,313,534	13,757,414	33,156,497
405,272,077	444,566,019	459,488,995	481,839,301	497,152,835	510,910,249
<u>\$444,566,019</u>	<u>\$459,488,995</u>	<u>\$481,839,301</u>	<u>\$497,152,835</u>	<u>\$510,910,249</u>	<u>\$544,066,746</u>
\$11,093,282	\$10,774,004	\$12,008,441	\$12,993,586	\$14,566,265	\$16,196,634
3,799,837	4,511,187	4,682,650	5,503,016	5,540,369	6,156,612
29,788,614	24,576,008	19,998,965	15,793,925	73,248,533	(29,606,807)
(22,746,836)	(23,688,392)	(24,796,470)	(26,234,280)	(27,282,114)	(28,329,956)
(46,705)	(711)				
(397,560)	(453,086)	(218,097)	(447,310)	(324,560)	(243,354)
<u>(860,419)</u>	<u>(860,419)</u>	<u>711</u>	<u>(447,310)</u>	<u>(324,560)</u>	<u>(243,354)</u>
21,490,632	14,858,591	11,676,200	7,608,937	65,748,493	(35,826,871)
269,270,841	290,761,473	305,620,064	317,296,264	324,905,201	390,653,694
<u>\$290,761,473</u>	<u>\$305,620,064</u>	<u>\$317,296,264</u>	<u>\$324,905,201</u>	<u>\$390,653,694</u>	<u>\$354,826,823</u>
<u>\$153,804,546</u>	<u>\$153,868,931</u>	<u>\$164,543,037</u>	<u>\$172,247,634</u>	<u>\$120,256,555</u>	<u>\$189,239,923</u>
65.40%	66.51%	65.85%	65.35%	76.46%	65.22%
\$39,325,308	\$43,553,412	\$42,884,033	\$49,210,706	\$50,091,731	\$53,975,164
391.11%	353.29%	383.69%	350.02%	240.07%	350.61%

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

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

Notes to Schedule

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

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	15 Years as of the Valuation Date
Asset valuation method	15 Year Smoothed Market
Inflation	2.75% for 2015 to 2019, 2.625% for 2020, 2.50% for 2021 and 2022, and 2.30% for 2023.
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019, 7.25% for 2020, 7.00% for 2021 and 2022, and 6.80% for 2023 net of pension plan investment expense, including inflation.
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries for 2015 to 2018. For 2019, 2020, and 2021, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For 2023, pre-retirement and post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

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

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

2018	2019	2020	2021	2022	2023
\$10,776,908	\$12,013,423	\$12,996,103	\$14,580,046	\$16,119,682	\$17,251,303
<u>10,776,908</u>	<u>12,013,423</u>	<u>12,996,103</u>	<u>14,580,046</u>	<u>16,119,682</u>	<u>17,251,303</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$43,553,412	\$42,884,033	\$49,210,706	\$50,091,731	\$53,975,164	\$56,737,788
24.74%	28.01%	26.41%	29.11%	29.86%	30.41%
6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021

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

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

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, 2018, 2019, 2020 and 2021, there were no changes. In 2022, the accounting discount rate reduced from 7.15% to 6.90%. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5% discount rate.

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

Source: CalPERS Accounting Valuation - GASB 68

<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>
\$5,098,972	\$4,895,549	\$5,286,457	\$5,558,671	\$5,407,873	\$5,827,305
19,657,506	20,408,514	21,091,439	22,013,653	22,482,175	22,663,052
(324,662)	2,612,499	270,193	3,298,871	(3,440,760)	(6,319,906)
16,122,983	(1,401,429)				10,219,002
<u>(14,874,772)</u>	<u>(15,849,714)</u>	<u>(16,586,918)</u>	<u>(17,242,575)</u>	<u>(17,764,280)</u>	<u>(18,205,377)</u>
25,680,027	10,665,419	10,061,171	13,628,620	6,685,008	14,184,076
<u>264,019,738</u>	<u>289,699,765</u>	<u>300,365,184</u>	<u>310,426,355</u>	<u>324,054,975</u>	<u>330,739,983</u>
<u>\$289,699,765</u>	<u>\$300,365,184</u>	<u>\$310,426,355</u>	<u>\$324,054,975</u>	<u>\$330,739,983</u>	<u>\$344,924,059</u>
\$6,378,762	\$6,646,548	\$8,015,957	\$9,191,715	\$10,135,787	\$11,490,694
2,544,269	2,516,137	3,093,507	2,851,797	2,828,307	2,983,463
18,488,612	15,036,869	12,184,975	9,590,927	44,584,546	(18,111,315)
(14,874,772)	(15,849,714)	(16,586,918)	(17,242,575)	(17,764,280)	(18,205,377)
	(437)				
(246,848)	(279,683)	(133,462)	(272,922)	(197,504)	(147,824)
	(531,122)	437			
<u>12,290,023</u>	<u>7,538,598</u>	<u>6,574,496</u>	<u>4,118,942</u>	<u>39,586,856</u>	<u>(21,990,359)</u>
<u>167,192,077</u>	<u>179,482,100</u>	<u>187,020,698</u>	<u>193,595,194</u>	<u>197,714,136</u>	<u>237,300,992</u>
<u>\$179,482,100</u>	<u>\$187,020,698</u>	<u>\$193,595,194</u>	<u>\$197,714,136</u>	<u>\$237,300,992</u>	<u>\$215,310,633</u>
<u>\$110,217,665</u>	<u>\$113,344,486</u>	<u>\$116,831,161</u>	<u>\$126,340,839</u>	<u>\$93,438,991</u>	<u>\$129,613,426</u>
61.95%	62.26%	62.36%	61.01%	71.75%	62.42%
\$16,579,674	\$17,977,548	\$19,202,305	\$18,986,921	\$18,899,737	\$19,620,173
664.78%	630.48%	608.42%	665.41%	494.39%	660.61%

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

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

Notes to Schedule

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

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	15 Years as of the Valuation Date
Asset valuation method	15 Year Smoothed Market
Inflation	2.75% for 2015 to 2019, 2.625% for 2020, 2.50% for 2021 and 2022, and 2.30% for 2023.
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019, 7.25% for 2020, 7.00% for 2021 and 2022, and 6.80% for 2023, net of pension plan investment expense, including inflation.
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries for 2015 to 2018. For 2019, 2020, 2021 and 2022, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For 2023, pre-retirement and post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

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

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

2018	2019	2020	2021	2022	2023
\$6,646,548	\$8,015,966	\$9,197,653	\$10,135,787	\$11,490,694	\$12,364,514
6,646,548	8,015,966	9,197,653	10,135,787	11,490,694	12,364,514
\$0	\$0	\$0	\$0	\$0	\$0
\$17,977,548	\$19,202,305	\$18,986,921	\$18,899,737	\$19,620,173	\$22,375,094
36.97%	41.74%	48.44%	53.63%	58.57%	55.26%
6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021

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

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

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. In 2017, the accounting discount rate reduced from 7.65% to 7.15%. In 2016, 2018, 2019, 2020 and 2021, there were no changes. In 2022, the accounting discount rate reduced from 7.15% to 6.90%. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5% discount rate.

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

Source: CalPERS Accounting Valuation - GASB 68

<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>6/30/2021</u>	<u>6/30/2022</u>
\$8,055,656	\$8,436,727	\$7,716,531	\$8,079,098	\$7,685,977	\$8,300,617
25,738,287	26,651,517	28,039,320	29,217,195	30,543,429	31,411,054
(3,900,767)	(1,105,506)	4,860,684	2,096,406	4,592,527	(2,679,143)
21,956,739	(1,587,612)				16,532,003
<u>(17,590,706)</u>	<u>(19,447,095)</u>	<u>(20,910,933)</u>	<u>(22,208,581)</u>	<u>(24,078,504)</u>	<u>(24,596,971)</u>
34,259,209	12,948,031	19,705,602	17,184,118	18,743,429	28,967,560
346,687,593	380,946,802	393,894,833	413,600,435	430,784,553	449,527,982
<u>\$380,946,802</u>	<u>\$393,894,833</u>	<u>\$413,600,435</u>	<u>\$430,784,553</u>	<u>\$449,527,982</u>	<u>\$478,495,542</u>
\$10,508,222	\$10,740,724	\$12,243,071	\$13,842,327	\$14,979,477	\$16,166,620
3,782,992	3,754,299	3,750,089	3,749,712	3,687,755	3,803,625
23,301,215	19,562,389	16,002,505	12,710,839	59,475,902	(24,027,912)
(17,590,706)	(19,447,095)	(20,910,933)	(22,208,581)	(24,078,504)	(24,596,971)
	(567)				
(310,635)	(358,539)	(173,879)	(358,879)	(262,026)	(196,916)
	(680,871)	567			
19,691,088	13,570,340	10,911,420	7,735,418	53,802,604	(28,851,554)
210,395,848	230,086,936	243,657,276	254,568,696	262,304,114	316,106,718
<u>\$230,086,936</u>	<u>\$243,657,276</u>	<u>\$254,568,696</u>	<u>\$262,304,114</u>	<u>\$316,106,718</u>	<u>\$287,255,164</u>
<u>\$150,859,866</u>	<u>\$150,237,557</u>	<u>\$159,031,739</u>	<u>\$168,480,439</u>	<u>\$133,421,264</u>	<u>\$191,240,378</u>
60.40%	61.86%	61.55%	60.89%	70.32%	60.03%
\$22,884,077	\$24,345,421	\$24,912,360	\$24,853,675	\$24,906,152	\$25,146,543
659.24%	617.11%	638.36%	677.89%	535.70%	760.50%

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

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

Notes to Schedule

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

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	14 Years as of the Valuation Date
Asset valuation method	15 Year Smoothed Market
Inflation	2.30%
Salary increases	2.75% to 14.20% depending on Age, Service, and type of employment
Investment rate of return	7.50% for 2015 to 2018, 7.15% for 2019 to 2021, 7.00% for 2022, and 6.80% for 2023, net of pension plan investment expense, including inflation.
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

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

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

2018	2019	2020	2021	2022	2023
\$10,740,724	\$12,240,356	\$13,839,941	\$14,979,710	\$16,160,318	\$17,688,292
10,740,724	12,240,356	13,839,941	14,979,710	16,160,318	17,688,292
\$0	\$0	\$0	\$0	\$0	\$0
\$24,345,421	\$24,912,360	\$24,853,675	\$24,906,152	\$25,146,543	\$25,721,568
44.12%	49.13%	55.69%	60.14%	64.26%	68.77%
6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021

CITY OF HAYWARD
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AGENT MULTIPLE EMPLOYER PLAN

Last 10 fiscal years*

Measurement Date	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22
Total OPEB Liability						
Service cost	\$4,646,537	\$4,054,275	\$4,121,478	\$2,213,810	\$1,773,630	\$2,049,624
Interest	3,528,286	4,015,577	4,186,619	5,048,226	5,405,045	5,283,927
Changes in benefit terms						
Differences between expected and actual experience			2,686,781		(2,914,546)	
Changes of assumptions	(11,390,281)	(1,014,291)	(32,786,613)	(10,988,323)	8,589,843	
Benefit payments	(4,263,071)	(4,190,672)	(4,344,188)	(4,882,802)	(4,795,404)	(4,888,972)
Net change in total OPEB liability	(7,478,529)	2,864,889	(26,135,923)	(8,609,089)	8,058,568	2,444,579
Total OPEB liability - beginning	118,316,704	110,838,175	113,703,064	87,567,141	78,958,052	87,016,620
Total OPEB liability - ending (a)	\$110,838,175	\$113,703,064	\$87,567,141	\$78,958,052	\$87,016,620	\$89,461,199
Plan fiduciary net position						
Contributions - employer	\$4,263,071	\$5,190,672	\$6,344,188	\$7,455,802	\$6,795,404	\$9,179,251
Contributions - employee			377,793	(374,055)	368,000	377,606
Net investment income	396,755	318,308	455,417	1,012,025	3,350,575	(2,938,354)
Administrative expense	(2,014)	(2,234)	(1,348)	(4,528)	(4,628)	(5,439)
Other expense		(5,491)				
Benefit payments	(4,263,071)	(4,190,672)	(4,344,188)	(4,882,802)	(4,795,404)	(4,888,972)
Net change in plan fiduciary net position	394,741	1,310,583	2,831,862	3,206,442	5,713,947	1,724,092
Plan fiduciary net position - beginning	3,755,234	4,149,975	5,460,558	8,292,420	11,498,862	17,212,809
Plan fiduciary net position - ending (b)	\$4,149,975	\$5,460,558	\$8,292,420	\$11,498,862	\$17,212,809	\$18,936,901
Net OPEB liability - ending (a)-(b)	\$106,688,200	\$108,242,506	\$79,274,721	\$67,459,190	\$69,803,811	\$70,524,298
Plan fiduciary net position as a percentage of the total OPEB liability	3.74%	4.80%	9.47%	14.56%	19.78%	21.17%
Covered-employee payroll	\$97,007,987	\$100,785,694	\$104,434,054	\$105,982,182	\$110,872,748	\$114,198,930
Net OPEB liability as a percentage of covered-employee payroll	109.98%	107.40%	75.91%	63.65%	62.96%	61.76%

Notes to schedule:

* Fiscal year 2018 was the first year of implementation.

Source: GASB 75 Valuation Report

CITY OF HAYWARD
SCHEDULE OF CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS
AGENT MULTIPLE EMPLOYER PLAN
Last 10 fiscal years*

Fiscal Year Ended June 30,	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$8,038,027	\$8,394,467	\$7,004,174	\$7,190,835	\$7,190,483	\$7,230,409
Contributions in relation to the actuarially determined contribution	5,190,672	6,374,161	7,455,802	6,795,404	9,179,251	8,450,190
Contribution deficiency (excess)	\$2,847,355	\$2,020,306	(\$451,628)	\$395,431	(\$1,988,768)	(\$1,219,781)
Covered employee payroll	\$100,785,694	\$104,434,054	\$105,982,182	\$110,872,748	\$114,198,930	\$119,264,193
Contributions as a percentage of covered payroll	5.15%	6.10%	7.03%	6.13%	8.04%	7.09%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

Valuation Date	6/30/2017	6/30/2017	6/30/2019	6/30/2019	6/30/2021	6/30/2021
Actuarial Assumptions:						
Discount Rate	3.56%	3.62%	6.90%	6.90%	6.10%	6.10%
Inflation	3.00%	2.75%	2.50%	2.50%	2.50%	2.50%
Payroll Growth	3.25%	3.25%	3.00%	3.00%	3.00%	3.00%
Investment Rate of Return	7.28%	6.90%	6.90%	6.90%	6.10%	6.10%
Mortality Rate	Mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008.		Mortality rates used were the published CalPERS rates, adjusted to back out 15 years of Scale MP 2016 to central year 2015.			

Pre-Retirement Turnover Must retire from CalPERS on or after age 65 with at least 10 years of service.

Healthcare 5% to 6.5% 5% to 7.5% 4% to 5.4% 4% to 5.4% 3.9% to 5.8% 3.9% to 5.8%

* Fiscal year 2018 was the first year of implementation.

Source: GASB 75 Valuation

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**GENERAL FUND AND SPECIAL REVENUE FUNDS
BUDGET AND ACTUAL SCHEDULES**

CITY OF HAYWARD
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis*	Variance with Adjusted Budget
	Adopted *	Adjusted *		Positive (Negative)
REVENUES:				
Property taxes	\$62,669,763	\$64,269,763	\$68,458,487	\$4,188,724
Sales taxes	66,110,300	66,110,300	66,932,441	822,141
Utility users tax	18,000,000	19,000,000	25,944,798	6,944,798
Other taxes	37,546,000	37,546,000	34,588,602	(2,957,398)
Licenses and permits	8,401,960	8,401,960	7,959,299	(442,661)
Fines and forfeitures	2,384,609	2,384,609	2,504,635	120,026
Investment income	299,880	299,880	616,954	317,074
Rental income	350,000	350,000	75	(349,925)
Intergovernmental	7,968,954	8,001,750	6,275,056	(1,726,694)
Fees and charges for services	4,232,100	4,082,600	4,506,412	423,812
Other revenue	209,513	239,013	859,439	620,426
Total Revenues	208,173,079	210,685,875	218,646,198	7,960,323
EXPENDITURES:				
Current:				
General government	16,402,452	19,385,249	17,482,117	1,903,132
Public safety	137,678,091	142,156,602	144,085,111	(1,928,509)
Public works and transportation	4,048,704	4,600,525	3,403,009	1,197,516
Library and community services	9,891,927	10,703,022	9,889,336	813,686
Planning and building	9,471,347	10,508,528	9,442,396	1,066,132
Maintenance services	7,916,195	11,259,442	11,548,283	(288,841)
Total Expenditures	185,408,716	198,613,368	195,850,252	2,763,116
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	22,764,363	12,072,507	22,795,946	10,723,439
OTHER FINANCING SOURCES (USES):				
Transfers in	11,571,046	17,473,418	15,850,418	(1,623,000)
Transfers (out)	(37,546,688)	(45,378,345)	(37,607,485)	7,770,860
Total Other Financing Sources (Uses)	(25,975,642)	(27,904,927)	(21,757,067)	6,147,860
NET CHANGE IN FUND BALANCE	(\$3,211,279)	(\$15,832,420)	1,038,879	\$16,871,299
BEGINNING FUND BALANCE			57,891,432	
ENDING FUND BALANCE			\$58,930,311	

* 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, 2023

	Original Budget	Adjusted Budget	Actual	Variance with Adjusted Budget Positive (Negative)
REVENUES:				
Investment income			\$28,611	\$28,611
Intergovernmental	\$409,024	\$748,781	731,760	(17,021)
Other revenue			522,219	522,219
Total Revenues	409,024	748,781	1,282,590	533,809
EXPENDITURES:				
Current:				
Public safety		484,409	173,803	310,606
Library and community services	51,733	511,687	168,201	343,486
Economic development	382,728	1,214,980	597,428	617,552
Total Expenditures	434,461	2,211,076	939,432	1,271,644
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	(25,437)	(1,462,295)	343,158	1,805,453
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(5,731)	(6,707)	(6,707)	
Total Other Financing Sources (Uses)	(5,731)	(6,707)	(6,707)	
NET CHANGE IN FUND BALANCE				
	(25,437)	(\$1,462,295)	336,451	\$1,798,746
BEGINNING FUND BALANCE				
			15,449,250	
ENDING FUND BALANCE				
			\$15,785,701	

CITY OF HAYWARD
 AMERICAN RESCUE PLAN ACT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Adjusted Budget Positive (Negative)
REVENUES:				
Investment income			\$240,792	\$240,792
Intergovernmental	\$19,232,997	\$19,232,997	12,509,208	(6,723,789)
Total Revenues	<u>19,232,997</u>	<u>19,232,997</u>	<u>12,750,000</u>	<u>(6,482,997)</u>
EXPENDITURES:				
Current:				
General government	5,755,000	11,969,649	4,268,073	7,701,576
Public safety			386	(386)
Public works and transportation	2,981,000	3,308,942	771,446	2,537,496
Maintenance services	450,000	1,234,275	460,095	774,180
Total Expenditures	<u>9,186,000</u>	<u>16,512,866</u>	<u>5,500,000</u>	<u>11,012,866</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>10,046,997</u>	<u>2,720,131</u>	<u>7,250,000</u>	<u>4,529,869</u>
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(7,250,000)	(7,250,000)	(7,250,000)	
Total Other Financing Sources (Uses)	<u>(7,250,000)</u>	<u>(7,250,000)</u>	<u>(7,250,000)</u>	
NET CHANGE IN FUND BALANCE	<u>\$2,796,997</u>	<u>(\$4,529,869)</u>		<u>\$4,529,869</u>
BEGINNING FUND BALANCE			<u> </u>	
ENDING FUND BALANCE			<u> </u>	

SUPPLEMENTAL INFORMATION

CITY OF HAYWARD
HOUSING AUTHORITY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance with Adjusted Budget Positive (Negative)
REVENUES:				
Investment income	\$80,000	\$80,000	\$76,971	(\$3,029)
Fees and charges for services			218	218
Other revenue	120,000	120,000	(19,809)	(139,809)
Total Revenues	200,000	200,000	57,380	(142,620)
EXPENDITURES:				
Current:				
Economic development	168,640	966,739	199,977	766,762
Total Expenditures	168,640	966,739	199,977	766,762
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	31,360	(766,739)	(142,597)	(624,142)
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(10,730)	(11,384)	(11,384)	
Total Other Financing Sources (Uses)	(10,730)	(11,384)	(11,384)	
NET CHANGE IN FUND BALANCE	\$20,630	(\$766,739)	(153,981)	\$612,758
BEGINNING FUND BALANCE			22,678,595	
ENDING FUND BALANCE			\$22,524,614	

CITY OF HAYWARD
GENERAL CAPITAL PROJECTS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Adjusted Budget Positive (Negative)
REVENUES:				
Other taxes	\$1,049,000	\$1,049,000	\$1,763,211	\$714,211
Investment income			399,766	399,766
Intergovernmental			5,449,154	5,449,154
Other revenue	200,000	217,774	7,607,879	7,390,105
	<u>1,249,000</u>	<u>1,266,774</u>	<u>15,220,010</u>	<u>13,953,236</u>
Total Revenues				
EXPENDITURES:				
Current:				
Public works and transportation		7,685		7,685
Capital outlay	\$21,452,409	73,355,969	26,574,459	46,781,510
Debt service:				
Principal			355,029	(355,029)
Interest and fiscal charges			17,464	(17,464)
	<u>21,452,409</u>	<u>73,363,654</u>	<u>26,946,952</u>	<u>46,416,702</u>
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(20,203,409)</u>	<u>(72,096,880)</u>	<u>(11,726,942)</u>	<u>60,369,938</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	12,139,000	19,628,325	19,628,325	
	<u>12,139,000</u>	<u>19,628,325</u>	<u>19,628,325</u>	
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCE	<u>(\$8,064,409)</u>	<u>(\$52,468,555)</u>	7,901,383	<u>\$60,369,938</u>
BEGINNING FUND BALANCE			<u>10,507,228</u>	
ENDING FUND BALANCE			<u>\$18,408,611</u>	

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COMBINING GENERAL FUND SCHEDULES

CITY OF HAYWARD
GENERAL FUND
COMBINING BALANCE SHEETS
JUNE 30, 2023

	General Fund		Total
	General Purpose	Measure C District Sales Tax	
ASSETS:			
Cash, cash equivalents, and investments	\$50,311,949	\$12,108,479	\$62,420,428
Accounts receivable, net	1,586,857		1,586,857
Due from other governments	8,762,702	4,970,208	13,732,910
Due from other funds	1,838,041		1,838,041
Long-term loans to the Private Purpose Trust Fund	2,836,442		2,836,442
Deposits, parts, supplies and other	9,006		9,006
	<u>\$65,344,997</u>	<u>\$17,078,687</u>	<u>\$82,423,684</u>
LIABILITIES:			
Accounts payable	\$5,844,274	\$287,417	\$6,131,691
Accrued liabilities	8,627,546	158,739	8,786,285
Long-term interfund payables	2,898,197		2,898,197
Refundable deposits	5,677,200		5,677,200
	<u>23,047,217</u>	<u>446,156</u>	<u>23,493,373</u>
FUND BALANCES:			
Nonspendable	2,845,448		2,845,448
Assigned		16,632,531	16,632,531
Unassigned	39,452,332		39,452,332
	<u>42,297,780</u>	<u>16,632,531</u>	<u>58,930,311</u>
	<u>\$65,344,997</u>	<u>\$17,078,687</u>	<u>\$82,423,684</u>
Total Liabilities and Fund Balances			

CITY OF HAYWARD
GENERAL FUND
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund		Total
	General Fund	Measure C District Sales Tax	
REVENUES:			
Property taxes	\$68,458,487		\$68,458,487
Sales taxes	44,051,047	\$22,881,394	66,932,441
Utility users tax	25,944,798		25,944,798
Other taxes	34,588,602		34,588,602
Licenses and permits	7,959,299		7,959,299
Fines and forfeitures	2,504,635		2,504,635
Investment income	463,235	153,719	616,954
Rental income	75		75
Intergovernmental	6,275,056		6,275,056
Fees and charges for services	4,506,412		4,506,412
Other revenue	859,439		859,439
Total Revenues	195,611,085	23,035,113	218,646,198
EXPENDITURES:			
Current:			
General government	17,482,117		17,482,117
Public safety	144,085,111		144,085,111
Public works and transportation	3,403,009		3,403,009
Library and community services	9,889,336		9,889,336
Planning and building	9,442,396		9,442,396
Maintenance services	6,374,752	5,173,531	11,548,283
Total Expenditures	190,676,721	5,173,531	195,850,252
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,934,364	17,861,582	22,795,946
OTHER FINANCING SOURCES (USES):			
Transfers in	15,850,418		15,850,418
Transfers (out)	(16,353,095)	(21,254,390)	(37,607,485)
Total Other Financing Sources (Uses)	(502,677)	(21,254,390)	(21,757,067)
CHANGE IN FUND BALANCES	4,431,687	(3,392,808)	1,038,879
BEGINNING FUND BALANCES	37,866,093	20,025,339	57,891,432
ENDING FUND BALANCES	<u>\$42,297,780</u>	<u>\$16,632,531</u>	<u>\$58,930,311</u>

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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 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.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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

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

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

Rental Housing Program Fund – Accounts for transactions related to residential rent stabilization and tenant protection ordinance to mitigate displacement of Hayward residents.

Affordable Housing Fund – Accounts for transactions related to affordable housing in-lieu fees to be used for the supply of housing affordable to moderate-, low-, very low-, or extremely low-income households.

Local Housing Trust Program Fund – Accounts for transactions related to the local housing trust fund program to provide matching funds to local and regional housing trust funds dedicated to the creation, rehabilitation, or preservation of affordable housing, transitional housing and emergency shelters.

Traffic Impact Fee Loan Fund – Accounts for transactions related to the collection of a traffic impact fee paid by new developments to help mitigate cumulative transportation impacts of development growth.

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

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

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 the projects are completed, the City will either refund or bill developers for the difference.

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CITY OF HAYWARD
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2023

	SPECIAL REVENUE FUNDS			
	Special Gasoline Tax	Community Development Block Grant Program	Housing Mortgage Revenue Bonds	Park Dedication Ordinance
ASSETS:				
Cash, cash equivalents, and investments	\$2,676,615	\$226,043	\$244,412	\$18,727,857
Accounts receivable, net				
Due from other governments	733,198			
Interest receivable				
Loans receivable		4,866,630	148,188	
Land held for resale				
	<u>\$3,409,813</u>	<u>\$5,092,673</u>	<u>\$392,600</u>	<u>\$18,727,857</u>
LIABILITIES:				
Accounts payable	\$501,222	\$253,521	\$874	
Accrued liabilities		12,892	4,555	
Due to other funds				
Unearned revenue				
Refundable deposits				
	<u>501,222</u>	<u>266,413</u>	<u>5,429</u>	
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue				
	<u></u>	<u></u>	<u></u>	<u></u>
FUND BALANCES:				
Restricted:				
Public safety				
Public works and transportation	2,908,591			
Planning and building				\$18,727,857
Economic development		4,826,260	387,171	
Debt service				
	<u>2,908,591</u>	<u>4,826,260</u>	<u>387,171</u>	<u>18,727,857</u>
Total Fund Balances	<u>2,908,591</u>	<u>4,826,260</u>	<u>387,171</u>	<u>18,727,857</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$3,409,813</u>	<u>\$5,092,673</u>	<u>\$392,600</u>	<u>\$18,727,857</u>

SPECIAL REVENUE FUNDS

Business Improvement	Donation	Recycling	Narcotics Asset Seizure	Park Maintenance District	Measure B Local Streets and Roads
\$46,577 935	\$1,015,514	\$9,348,670	\$588,446	\$4,405,365	\$2,401,773
		74,374 80,501		5,978	
<u>\$47,512</u>	<u>\$1,015,514</u>	<u>\$9,503,545</u>	<u>\$588,446</u>	<u>\$4,411,343</u>	<u>\$2,401,773</u>
	\$16,534 352	\$25,631 19,289		\$105,048 164	\$925,056
		26,870	\$52,058		
	16,886	71,790	52,058	105,212	925,056
\$936					
936					
46,576	998,628	9,431,755	536,388	4,306,131	1,476,717
<u>46,576</u>	<u>998,628</u>	<u>9,431,755</u>	<u>536,388</u>	<u>4,306,131</u>	<u>1,476,717</u>
<u>\$47,512</u>	<u>\$1,015,514</u>	<u>\$9,503,545</u>	<u>\$588,446</u>	<u>\$4,411,343</u>	<u>\$2,401,773</u>

(Continued)

CITY OF HAYWARD
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2023

	SPECIAL REVENUE FUNDS			
	Measure B Pedestrian	Measure B Paratransit	Measure BB	Measure F
ASSETS:				
Cash, cash equivalents, and investments	\$1,018,850	\$280,927	\$16,833,851	\$561,713
Accounts receivable, net				
Due from other governments			1,608,505	135,110
Interest receivable				
Loans receivable				
Land held for resale				
Total Assets	\$1,018,850	\$280,927	\$18,442,356	\$696,823
LIABILITIES:				
Accounts payable	\$103,877	\$150,155	\$1,335,727	\$600
Accrued liabilities		12,007		
Due to other funds				
Unearned revenue				
Refundable deposits				
Total Liabilities	103,877	162,162	1,335,727	600
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue				
Total Deferred Inflows of Resources				
FUND BALANCES:				
Restricted:				
Public safety				
Public works and transportation	914,973	118,765	17,106,629	696,223
Planning and building				
Economic development				
Debt service				
Total Fund Balances	914,973	118,765	17,106,629	696,223
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$1,018,850	\$280,927	\$18,442,356	\$696,823

SPECIAL REVENUE FUNDS

Local Grants	RRAA (SB1)	Rental Housing Program	Affordable Housing	Local Housing Trust Program	Traffic Impact Fee Loan
\$23,057	\$3,726,599	\$143,089	\$5,356,558	\$673,526	
131,913	328,405	469,415			\$13,900
			7,444,811	537,000	
<u>\$154,970</u>	<u>\$4,055,004</u>	<u>\$612,504</u>	<u>\$12,801,369</u>	<u>\$1,210,526</u>	<u>\$13,900</u>
\$29,891		\$18,595			
5,245		20,535	\$15,188		
		469,415			\$13,900
<u>35,136</u>		<u>508,545</u>	<u>15,188</u>		<u>13,900</u>
119,834	\$4,055,004				
		103,959	12,786,181	\$1,210,526	
<u>119,834</u>	<u>4,055,004</u>	<u>103,959</u>	<u>12,786,181</u>	<u>1,210,526</u>	
<u>\$154,970</u>	<u>\$4,055,004</u>	<u>\$612,504</u>	<u>\$12,801,369</u>	<u>\$1,210,526</u>	<u>\$13,900</u>

(Continued)

CITY OF HAYWARD
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2023

	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS	
	Certificates of Participation	Route 238 Corridor Improvement	Traffic Signal Construction
ASSETS:			
Cash, cash equivalents, and investments	\$7,259,953		\$1,095,316
Accounts receivable, net		\$86,712	
Due from other governments			
Interest receivable			
Loans receivable			
Land held for resale		6,131,113	
Total Assets	<u>\$7,259,953</u>	<u>\$6,217,825</u>	<u>\$1,095,316</u>
LIABILITIES:			
Accounts payable		\$36,985	\$258,025
Accrued liabilities			
Due to other funds		1,838,041	
Unearned revenue			
Refundable deposits		31,885	
Total Liabilities		<u>1,906,911</u>	<u>258,025</u>
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue		86,712	
Total Deferred Inflows of Resources		<u>86,712</u>	
FUND BALANCES:			
Restricted:			
Public safety			
Public works and transportation		4,224,202	837,291
Planning and building			
Economic development			
Debt service	\$7,259,953		
Total Fund Balances	<u>7,259,953</u>	<u>4,224,202</u>	<u>837,291</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$7,259,953</u>	<u>\$6,217,825</u>	<u>\$1,095,316</u>

CAPITAL
PROJECTS
FUNDS

Performance Deposits	Total Nonmajor Governmental Funds
\$337,918	\$76,992,629
	570,962
	2,943,109
	74,374
	13,077,130
	6,131,113
<u>\$337,918</u>	<u>\$99,789,317</u>
	\$3,761,741
\$2,572	92,799
	1,838,041
	562,243
306,249	338,134
<u>308,821</u>	<u>6,592,958</u>
	87,648
	<u>87,648</u>
	536,388
29,097	41,919,081
	24,079,192
	19,314,097
	7,259,953
<u>29,097</u>	<u>93,108,711</u>
<u>\$337,918</u>	<u>\$99,789,317</u>

CITY OF HAYWARD
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE FUNDS			
	Special Gasoline Tax	Community Development Block Grant Program	Housing Mortgage Revenue Bonds	Park Dedication Ordinance
REVENUES:				
Other taxes				
Special assessments				
Investment income	\$23,538	(\$322)	\$3,124	\$1,634
Rental income				
Intergovernmental	4,088,769	1,550,817		
Fines and forfeitures				
Fees and charges for services				
Other revenue	191,140	91,805	141,287	1,261,575
Total Revenues	<u>4,303,447</u>	<u>1,642,300</u>	<u>144,411</u>	<u>1,263,209</u>
EXPENDITURES:				
Current:				
Public safety				
Public works and transportation	943,982	1,258,974		
Library and community services		909		
Economic development		44,781	146,393	
Maintenance services	133,501			
Capital outlay	1,338,338			
Debt service:				
Principal				
Interest and fiscal charges				
Total Expenditures	<u>2,415,821</u>	<u>1,304,664</u>	<u>146,393</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,887,626</u>	<u>337,636</u>	<u>(1,982)</u>	<u>1,263,209</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	365,226			
Transfers (out)	<u>(990,000)</u>	<u>(11,898)</u>	<u>(27,083)</u>	
Total Other Financing Sources (Uses)	<u>(624,774)</u>	<u>(11,898)</u>	<u>(27,083)</u>	
NET CHANGE IN FUND BALANCES	1,262,852	325,738	(29,065)	1,263,209
BEGINNING FUND BALANCES	<u>1,645,739</u>	<u>4,500,522</u>	<u>416,236</u>	<u>17,464,648</u>
ENDING FUND BALANCES	<u><u>\$2,908,591</u></u>	<u><u>\$4,826,260</u></u>	<u><u>\$387,171</u></u>	<u><u>\$18,727,857</u></u>

SPECIAL REVENUE FUNDS

Business Improvement	Donation	Recycling	Narcotics Asset Seizure	Park Maintenance District	Measure B Local Streets and Roads
		\$635,333			
\$673	\$9,281	55,216	\$5,141	\$1,547,811 43,380	\$38,921
		6,534,383	175,858		
	473,844				
673	483,125	7,224,932	180,999	1,591,191	38,921
	144,895 101,654	1,030,827 1,879,698			
	5,192			1,092,233	4,605,160
	251,741	2,910,525		1,092,233	4,605,160
673	231,384	4,314,407	180,999	498,958	(4,566,239)
	29,007	(116,073)			
	29,007	(116,073)			
673	260,391	4,198,334	180,999	498,958	(4,566,239)
45,903	738,237	5,233,421	355,389	3,807,173	6,042,956
\$46,576	\$998,628	\$9,431,755	\$536,388	\$4,306,131	\$1,476,717

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CITY OF HAYWARD
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE FUNDS			
	Measure B Pedestrian	Measure B Paratransit	Measure BB	Measure F
REVENUES:				
Other taxes				
Special assessments				
Investment income	\$12,412	\$11,028	\$95,111	\$5,697
Rental income				
Intergovernmental			9,071,177	774,274
Fines and forfeitures				
Fees and charges for services				
Other revenue				
Total Revenues	<u>12,412</u>	<u>11,028</u>	<u>9,166,288</u>	<u>779,971</u>
EXPENDITURES:				
Current:				
Public safety				
Public works and transportation			1,351,421	662,894
Library and community services		1,009,938		
Economic development				
Maintenance services				
Capital outlay	202,857		2,988,478	270,120
Debt service:				
Principal				
Interest and fiscal charges				
Total Expenditures	<u>202,857</u>	<u>1,009,938</u>	<u>4,339,899</u>	<u>933,014</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(190,445)</u>	<u>(998,910)</u>	<u>4,826,389</u>	<u>(153,043)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers (out)		(72,429)	(350,226)	
Total Other Financing Sources (Uses)		<u>(72,429)</u>	<u>(350,226)</u>	
NET CHANGE IN FUND BALANCES	(190,445)	(1,071,339)	4,476,163	(153,043)
BEGINNING FUND BALANCES	<u>1,105,418</u>	<u>1,190,104</u>	<u>12,630,466</u>	<u>849,266</u>
ENDING FUND BALANCES	<u><u>\$914,973</u></u>	<u><u>\$118,765</u></u>	<u><u>\$17,106,629</u></u>	<u><u>\$696,223</u></u>

SPECIAL REVENUE FUNDS

Local Grants	RRAA (SB1)	Rental Housing Program	Affordable Housing	Local Housing Trust Program	Traffic Impact Fee Loan
\$546	\$17,201	\$3,393	\$100,001	\$537,000	
441,576	3,620,573	591,052		1,210,526	
15,000			6,195,318		
457,122	3,637,774	594,445	6,295,319	1,747,526	
411,162	1,140,792				
		679,872	6,499,607	537,000	
411,162	1,140,792	679,872	6,499,607	537,000	
45,960	2,496,982	(85,427)	(204,288)	1,210,526	
		(16,582)	(6,635)		
		(16,582)	(6,635)		
45,960	2,496,982	(102,009)	(210,923)	1,210,526	
73,874	1,558,022	205,968	12,997,104		
\$119,834	\$4,055,004	\$103,959	\$12,786,181	\$1,210,526	

(Continued)

CITY OF HAYWARD
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECTS FUNDS</u>	
	<u>Certificates of Participation</u>	<u>Route 238 Corridor Improvement</u>	<u>Traffic Signal Construction</u>
REVENUES:			
Other taxes			
Special assessments			
Investment income	\$59,388	\$83,771	\$12,052
Rental income		53,933	
Intergovernmental			
Fines and forfeitures			
Fees and charges for services			
Other revenue		1,439,952	
Total Revenues	<u>59,388</u>	<u>1,577,656</u>	<u>12,052</u>
EXPENDITURES:			
Current:			
Public safety			
Public works and transportation			
Library and community services			
Economic development			
Maintenance services			
Capital outlay		1,883,264	658,104
Debt service:			
Principal	5,766,622		
Interest and fiscal charges	2,358,176		
Total Expenditures	<u>8,124,798</u>	<u>1,883,264</u>	<u>658,104</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(8,065,410)</u>	<u>(305,608)</u>	<u>(646,052)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	8,131,003		500,000
Transfers (out)			
Total Other Financing Sources (Uses)	<u>8,131,003</u>		<u>500,000</u>
NET CHANGE IN FUND BALANCES	65,593	(305,608)	(146,052)
BEGINNING FUND BALANCES	<u>7,194,360</u>	<u>4,529,810</u>	<u>983,343</u>
ENDING FUND BALANCES	<u><u>\$7,259,953</u></u>	<u><u>\$4,224,202</u></u>	<u><u>\$837,291</u></u>

Performance Deposits	Total Nonmajor Governmental Funds
	\$635,333
	1,547,811
\$3,614	1,121,800
	644,985
	27,292,095
	175,858
	9,809,921
3,614	41,227,803
	556,057
	6,490,544
	2,890,545
	7,907,653
	1,225,734
	11,951,513
	5,766,622
	2,358,176
	39,146,844
3,614	2,080,959
	9,025,236
	(1,590,926)
	7,434,310
3,614	9,515,269
25,483	83,593,442
\$29,097	\$93,108,711

CITY OF HAYWARD
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE FUNDS					
	Special Gasoline Tax			Community Development Block Grant Program		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Other taxes						
Special assessments						
Investment income		\$23,538	\$23,538		(\$322)	(\$322)
Rental income						
Intergovernmental		4,088,769	4,088,769	\$1,541,746	1,550,817	9,071
Fees and charges for services						
Other revenue		191,140	191,140	693,458	91,805	(601,653)
Total Revenues		4,303,447	4,303,447	2,235,204	1,642,300	(592,904)
EXPENDITURES:						
Current:						
Public safety						
Public works and transportation	\$1,250,000	943,982	306,018	3,606,769	1,258,974	2,347,795
Library and community services				128,539	909	127,630
Economic development					44,781	(44,781)
Maintenance services	49,816	133,501	(83,685)			
Capital outlay	3,717,186	1,338,338	2,378,848			
Debt service						
Principal						
Interest and fiscal charges						
Total Expenditures	5,017,002	2,415,821	2,601,181	3,735,308	1,304,664	2,430,644
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,017,002)	1,887,626	6,904,628	(1,500,104)	337,636	1,837,740
OTHER FINANCING SOURCES (USES)						
Transfers in	548,226	365,226	(183,000)			
Transfers (out)	(990,000)	(990,000)		(11,898)	(11,898)	
Total Other Financing Sources (Uses)	(441,774)	(624,774)	(183,000)	(11,898)	(11,898)	
NET CHANGE IN FUND BALANCES	(\$5,458,776)	1,262,852	\$6,721,628	(\$1,512,002)	325,738	\$1,837,740
BEGINNING FUND BALANCES		1,645,739			4,500,522	
ENDING FUND BALANCES		\$2,908,591			\$4,826,260	

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)
\$5,500	\$3,124	(\$2,376)		\$1,634	\$1,634		\$673	\$673
150,000	141,287	(8,713)	\$2,235,906	1,261,575	(974,331)			
155,500	144,411	(11,089)	2,235,906	1,263,209	(972,697)		673	673
180,583	146,393	34,190	2,638,816		2,638,816			
180,583	146,393	34,190	2,638,816		2,638,816			
(25,083)	(1,982)	23,101	(402,910)	1,263,209	1,666,119		673	673
(27,083)	(27,083)							
(27,083)	(27,083)							
<u>(\$52,166)</u>	<u>(29,065)</u>	<u>\$23,101</u>	<u>(\$402,910)</u>	1,263,209	<u>\$1,666,119</u>		673	<u>\$673</u>
	<u>416,236</u>			<u>17,464,648</u>			<u>45,903</u>	
	<u>\$387,171</u>			<u>\$18,727,857</u>			<u>\$46,576</u>	

(Continued)

CITY OF HAYWARD
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE FUNDS					
	Donation			Recycling		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Other taxes				\$516,270	\$635,333	\$119,063
Special assessments						
Investment income		\$9,281	\$9,281	4,000	55,216	51,216
Rental income						
Intergovernmental				1,220,889	6,534,383	5,313,494
Fees and charges for services						
Other revenue	\$337,825	473,844	136,019	2,500		(2,500)
Total Revenues	<u>337,825</u>	<u>483,125</u>	<u>145,300</u>	<u>1,743,659</u>	<u>7,224,932</u>	<u>5,481,273</u>
EXPENDITURES:						
Current:						
Public safety	424,938	144,895	280,043			
Public works and transportation	456,060	101,654	354,406	2,144,095	1,030,827	1,113,268
Library and community services				4,114,832	1,879,698	2,235,134
Economic development						
Maintenance services						
Capital outlay		5,192	(5,192)			
Debt service						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>880,998</u>	<u>251,741</u>	<u>629,257</u>	<u>6,258,927</u>	<u>2,910,525</u>	<u>3,348,402</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(543,173)</u>	<u>231,384</u>	<u>774,557</u>	<u>(4,515,268)</u>	<u>4,314,407</u>	<u>8,829,675</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	29,007	29,007				
Transfers (out)				(116,073)	(116,073)	
Total Other Financing Sources (Uses)	<u>29,007</u>	<u>29,007</u>		<u>(116,073)</u>	<u>(116,073)</u>	
NET CHANGE IN FUND BALANCES	<u>(\$514,166)</u>	<u>260,391</u>	<u>\$774,557</u>	<u>(\$4,631,341)</u>	<u>4,198,334</u>	<u>\$8,829,675</u>
BEGINNING FUND BALANCES		<u>738,237</u>			<u>5,233,421</u>	
ENDING FUND BALANCES		<u>\$998,628</u>			<u>\$9,431,755</u>	

SPECIAL REVENUE FUNDS

Narcotics Asset Seizure			Park Maintenance District			Measure B Local Streets and Roads		
Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
	\$5,141	\$5,141	\$1,553,652	\$1,547,811	(\$5,841)		\$38,921	\$38,921
	175,858	175,858		43,380	43,380			
	180,999	180,999	1,553,652	1,591,191	37,539		38,921	38,921
			1,869,253	1,092,233	777,020	\$6,067,312	4,605,160	1,462,152
			1,869,253	1,092,233	777,020	6,067,312	4,605,160	1,462,152
	180,999	180,999	(315,601)	498,958	814,559	(6,067,312)	(4,566,239)	1,501,073
	180,999	\$180,999	(\$315,601)	498,958	\$814,559	(\$6,067,312)	(4,566,239)	\$1,501,073
	355,389			3,807,173			6,042,956	
	\$536,388			\$4,306,131			\$1,476,717	

(Continued)

CITY OF HAYWARD
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE FUNDS					
	Measure B Pedestrian			Measure B Paratransit		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Other taxes						
Special assessments						
Investment income		\$12,412	\$12,412		\$11,028	\$11,028
Rental income						
Intergovernmental						
Fees and charges for services						
Other revenue						
Total Revenues		12,412	12,412		11,028	11,028
EXPENDITURES:						
Current:						
Public safety						
Public works and transportation						
Library and community services				\$1,502,005	1,009,938	492,067
Economic development						
Maintenance services						
Capital outlay	\$989,698	202,857	786,841			
Debt service						
Principal						
Interest and fiscal charges						
Total Expenditures	989,698	202,857	786,841	1,502,005	1,009,938	492,067
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(989,698)	(190,445)	799,253	(1,502,005)	(998,910)	503,095
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				(72,429)	(72,429)	
Total Other Financing Sources (Uses)				(72,429)	(72,429)	
NET CHANGE IN FUND BALANCES	(989,698)	(190,445)	\$799,253	(\$1,574,434)	(1,071,339)	\$503,095
BEGINNING FUND BALANCES		1,105,418			1,190,104	
ENDING FUND BALANCES		\$914,973			\$118,765	

SPECIAL REVENUE FUNDS

Measure BB			Measure F			Local Grants		
Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
	\$95,111	\$95,111		\$5,697	\$5,697		\$546	\$546
\$3,755,935	9,071,177	5,315,242		774,274	774,274	\$196,865	441,576	244,711
							15,000	15,000
<u>3,755,935</u>	<u>9,166,288</u>	<u>5,410,353</u>		<u>779,971</u>	<u>779,971</u>	<u>196,865</u>	<u>457,122</u>	<u>260,257</u>
						647,911	411,162	236,749
3,816,992	1,351,421	2,465,571	\$687,928	662,894	25,034			
11,528,800	2,988,478	8,540,322	1,000,000	270,120	729,880			
<u>15,345,792</u>	<u>4,339,899</u>	<u>11,005,893</u>	<u>1,687,928</u>	<u>933,014</u>	<u>754,914</u>	<u>647,911</u>	<u>411,162</u>	<u>236,749</u>
<u>(11,589,857)</u>	<u>4,826,389</u>	<u>(6,763,468)</u>	<u>(1,687,928)</u>	<u>(153,043)</u>	<u>1,534,885</u>	<u>(451,046)</u>	<u>45,960</u>	<u>497,006</u>
<u>(1,100,226)</u>	<u>(350,226)</u>	<u>750,000</u>						
<u>(1,100,226)</u>	<u>(350,226)</u>	<u>750,000</u>						
<u>(\$12,690,083)</u>	<u>4,476,163</u>	<u>\$17,166,246</u>	<u>(\$1,687,928)</u>	<u>(153,043)</u>	<u>\$1,534,885</u>	<u>(\$451,046)</u>	<u>45,960</u>	<u>\$497,006</u>
	<u>12,630,466</u>			<u>849,266</u>			<u>73,874</u>	
	<u>\$17,106,629</u>			<u>\$696,223</u>			<u>\$119,834</u>	

(Continued)

CITY OF HAYWARD
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	SPECIAL REVENUE FUNDS					
	RRAA (SB1)			Rental Housing Program		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Other taxes						
Special assessments						
Investment income		\$17,201	\$17,201		\$3,393	\$3,393
Rental income				\$550,000	591,052	41,052
Intergovernmental		3,620,573	3,620,573			
Fees and charges for services						
Other revenue						
Total Revenues		<u>3,637,774</u>	<u>3,637,774</u>	<u>550,000</u>	<u>594,445</u>	<u>44,445</u>
EXPENDITURES:						
Current:						
Public safety						
Public works and transportation	\$1,140,792	1,140,792				
Library and community services						
Economic development				691,077	679,872	11,205
Maintenance services						
Capital outlay	3,350,000		3,350,000			
Debt Service						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>4,490,792</u>	<u>1,140,792</u>	<u>3,350,000</u>	<u>691,077</u>	<u>679,872</u>	<u>11,205</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,490,792)</u>	<u>2,496,982</u>	<u>6,987,774</u>	<u>(141,077)</u>	<u>(85,427)</u>	<u>55,650</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				16,582	(16,582)	(33,164)
Total Other Financing Sources (Uses)				<u>16,582</u>	<u>(16,582)</u>	<u>(33,164)</u>
NET CHANGE IN FUND BALANCES	<u>(\$4,490,792)</u>	<u>2,496,982</u>	<u>\$6,987,774</u>	<u>(\$124,495)</u>	<u>(102,009)</u>	<u>\$22,486</u>
BEGINNING FUND BALANCES		<u>1,558,022</u>			<u>205,968</u>	
ENDING FUND BALANCES		<u>\$4,055,004</u>			<u>\$103,959</u>	

SPECIAL REVENUE FUNDS

Affordable Housing			Local Housing Trust Program			Traffic Impact Fee Loan		
Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
\$24,000	\$100,001	\$76,001		\$537,000	\$537,000			
			\$3,994,906	1,210,526	(2,784,380)			
1,000,000	6,195,318	5,195,318						
1,024,000	6,295,319	5,271,319	3,994,906	1,747,526	(2,247,380)			
8,853,211	6,499,607	2,353,604	3,994,906	537,000	3,457,906			
8,853,211	6,499,607	2,353,604	3,994,906	537,000	3,457,906			
(7,829,211)	(204,288)	7,624,923		1,210,526	1,210,526			
(6,635)	(6,635)							
(6,635)	(6,635)							
<u>(\$7,835,846)</u>	<u>(210,923)</u>	<u>\$7,624,923</u>		<u>1,210,526</u>	<u>\$1,210,526</u>			
	<u>12,997,104</u>							
	<u>\$12,786,181</u>			<u>\$1,210,526</u>				

(Continued)

CITY OF HAYWARD
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULES OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	DEBT SERVICE FUND			CAPITAL PROJECTS FUNDS		
	Certificates of Participation			Route 238 Corridor Improvement		
	Adjusted Budget	Actual	Variance Positive (Negative)	Adjusted Budget	Actual	Variance Positive (Negative)
REVENUES:						
Other taxes						
Special assessments						
Investment income	\$3,000	\$59,388	\$56,388		\$83,771	\$83,771
Rental income					53,933	53,933
Intergovernmental						
Fees and charges for services						
Other revenue					1,439,952	1,439,952
Total Revenues	<u>3,000</u>	<u>59,388</u>	<u>56,388</u>		<u>1,577,656</u>	<u>1,577,656</u>
EXPENDITURES:						
Current:						
Public safety						
Public works and transportation						
Library and community services						
Economic development						
Maintenance services						
Capital outlay				\$25,823,583	1,883,264	23,940,319
Debt Service						
Principal	5,766,623	5,766,622	1			
Interest and fiscal charges	2,364,680	2,358,176	6,504			
Total Expenditures	<u>8,131,303</u>	<u>8,124,798</u>	<u>6,505</u>	<u>25,823,583</u>	<u>1,883,264</u>	<u>23,940,319</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(8,128,303)</u>	<u>(8,065,410)</u>	<u>62,893</u>	<u>(25,823,583)</u>	<u>(305,608)</u>	<u>25,517,975</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	8,136,340	8,131,003	(5,337)			
Transfers (out)						
Total Other Financing Sources (Uses)	<u>8,136,340</u>	<u>8,131,003</u>	<u>(5,337)</u>			
NET CHANGE IN FUND BALANCES	<u>\$8,037</u>	<u>65,593</u>	<u>\$57,556</u>	<u>(\$25,823,583)</u>	<u>(305,608)</u>	<u>\$25,517,975</u>
BEGINNING FUND BALANCES		<u>7,194,360</u>			<u>4,529,810</u>	
ENDING FUND BALANCES		<u>\$7,259,953</u>			<u>\$4,224,202</u>	

CAPITAL PROJECTS FUNDS

Traffic Signal Construction

Adjusted Budget	Actual	Variance Positive (Negative)
	\$12,052	\$12,052
	12,052	12,052
\$2,107,492	658,104	1,449,388
2,107,492	658,104	1,449,388
(2,107,492)	(646,052)	1,461,440
500,000	500,000	
500,000	500,000	
(\$1,607,492)	(146,052)	\$1,461,440
	983,343	
	\$837,291	

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NON-MAJOR ENTERPRISE FUNDS

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

Recycling Fund – Accounts for the transactions related to the City’s recycling and waste reduction programs.

CITY OF HAYWARD
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2023

	<u>Stormwater</u>	<u>Recycling</u>	<u>Totals</u>
Current Assets:			
Cash and investments	\$6,763,029		\$6,763,029
Accounts receivable, net	1,685,399	\$46,390	1,731,789
Due from other governments	10,656		10,656
Total Current Assets	8,459,084	46,390	8,505,474
Noncurrent Assets:			
Capital assets			
Depreciable capital assets, net	254		254
Total Noncurrent Assets	254		254
Total Assets	8,459,338	46,390	8,505,728
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	583,085	36,160	619,245
Related to OPEB	220,124	13,171	233,295
Total Deferred Outflows of Resources	803,209	49,331	852,540
LIABILITIES:			
Current Liabilities:			
Accounts payable	21,643	1,920	23,563
Accrued liabilities	79,763	4,790	84,553
Due to other funds		232,283	232,283
Compensated absences, due within one year	86,609		86,609
Total Current Liabilities	188,015	238,993	427,008
Noncurrent Liabilities:			
Compensated absences, due in more than one year	26,583		26,583
Net pension liabilities, due in more than one year	2,441,197	151,391	2,592,588
Net OPEB liabilities, due in more than one year	912,826	54,618	967,444
Total Noncurrent Liabilities	3,380,606	206,009	3,586,615
Total Liabilities	3,568,621	445,002	4,013,623
DEFERRED INFLOWS OF RESOURCES			
Related to pensions	6,024	374	6,398
Related to OPEB	263,495	15,766	279,261
Total Deferred Inflows of Resources	269,519	16,140	285,659
NET POSITION:			
Net investments in capital assets	254		254
Unrestricted	5,424,153	(365,421)	5,058,732
Total Net Position	\$5,424,407	(\$365,421)	\$5,058,986

CITY OF HAYWARD
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	Stormwater	Recycling	Total
OPERATING REVENUES:			
Charges for services	\$2,840,995	\$449,850	\$3,290,845
Miscellaneous	14,614		14,614
Total Operating Revenues	2,855,609	449,850	3,305,459
OPERATING EXPENSES:			
Salaries and related expenses	1,739,384	(26,175)	1,713,209
Materials, supplies and services	840,401	25,488	865,889
Repairs and maintenance	20,883		20,883
Depreciation	164		164
Total Operating Expenses	2,600,832	(687)	2,600,145
Operating Income (Loss)	254,777	450,537	705,314
NONOPERATING REVENUES:			
Net investment income	74,418	(72)	74,346
Net Nonoperating Revenues	74,418	(72)	74,346
Income (Loss) Before Contributions and Transfers	329,195	450,465	779,660
TRANSFERS			
Transfers in		610,000	610,000
Transfers (out)	(440,645)	(797,925)	(1,238,570)
Net Transfers	(440,645)	(187,925)	(628,570)
CHANGE IN NET POSITION	(111,450)	262,540	151,090
BEGINNING NET POSITION	5,535,857	(627,961)	4,907,896
ENDING NET POSITION	\$5,424,407	(\$365,421)	\$5,058,986

NONMAJOR ENTERPRISE FUNDS
 COMBINING STATEMENTS OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2023

	Stormwater	Recycling	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$2,932,896	\$449,850	\$3,382,746
Payments to suppliers	(854,892)	(23,356)	(878,248)
Payments to employees	(2,180,518)	(140,967)	(2,321,485)
Net Cash Flows From Operating Activities	<u>(102,514)</u>	<u>285,527</u>	<u>183,013</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:			
Interfund receipts		(97,530)	(97,530)
Transfers in		610,000	610,000
Transfers (out)	(440,645)	(797,925)	(1,238,570)
Net Cash Flows From Noncapital and Related Financing Activities	<u>(440,645)</u>	<u>(285,455)</u>	<u>(726,100)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	74,418	(72)	74,346
Net Cash Flows From Investing Activities	<u>74,418</u>	<u>(72)</u>	<u>74,346</u>
NET CASH FLOWS	(468,741)		(468,741)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	<u>7,231,770</u>		<u>7,231,770</u>
CASH AND EQUIVALENTS AT END OF PERIOD	<u><u>\$6,763,029</u></u>		<u><u>\$6,763,029</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$254,777	\$450,537	\$705,314
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	164		164
Change in assets and liabilities:			
Receivables, net	77,382	(18,000)	59,382
Due from other governments	(95)		(95)
Accounts payable and other accrued expenses	6,392	2,132	8,524
Due to retirement system	(186,869)	(86,810)	(273,679)
Due to OPEB	(255,099)	(62,332)	(317,431)
Compensated absences	834		834
Net Cash Flows From Operating Activities	<u><u>(\$102,514)</u></u>	<u><u>\$285,527</u></u>	<u><u>\$183,013</u></u>

INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

CITY OF HAYWARD
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2023

	Workers' Compensation Insurance*	General Liability	Facilities Management
ASSETS:			
Current Assets:			
Cash and investments	\$32,527,194	\$3,648,239	\$1,747,594
Accounts receivable, net	220,615	1,694	10,242
Deposits, parts, supplies and other	208,738		
Due from other governments			
Total Current Assets	32,956,547	3,649,933	1,757,836
Noncurrent Assets:			
Long-term loans to the Private Purpose Trust Fund		27,021	
Land			372,748
Construction in progress			454,638
Depreciable capital assets, net			2,786,170
Total Noncurrent Assets		27,021	3,613,556
Total Assets	32,956,547	3,676,954	5,371,392
DEFERRED OUTFLOWS OF RESOURCES:			
Related to pensions	221,482	162,722	524,325
Related to OPEB	80,298	61,619	198,051
Total Deferred Outflows of Resources	301,780	224,341	722,376
LIABILITIES:			
Current Liabilities:			
Accounts payable	61,757	98,829	534,971
Accrued interest			
Accrued liabilities*	15,631,935	8,945,816	81,349
Unearned revenue	3,800		9,107
Refundable deposits			9,237
Compensated absences, due within one year	35,505	32,114	118,362
Long-term debt, due within one year			
Subscription liabilities, due within one year			
Total Current Liabilities	15,732,997	9,076,759	753,026
Noncurrent Liabilities:			
Compensated absences, due in more than one year	8,224	7,439	27,418
Net pension liabilities, due in more than one year	927,275	681,263	2,195,183
Net OPEB liabilities, due in more than one year	332,987	255,524	821,292
Long-term debt, due in more than one year			
Subscription liabilities, due in more than one year			
Total Noncurrent Liabilities	1,268,486	944,226	3,043,893
Total Liabilities	17,001,483	10,020,985	3,796,919
DEFERRED INFLOWS OF RESOURCES:			
Related to pensions	2,289	1,681	5,417
Related to OPEB	96,120	73,759	237,072
Total Deferred Inflows of Resources	98,409	75,440	242,489
NET POSITION:			
Net investments in capital assets			3,613,556
Unrestricted	16,158,435	(6,195,130)	(1,559,196)
Total Net Position	\$16,158,435	(\$6,195,130)	\$2,054,360

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

<u>Fleet Management</u>	<u>Technology Services</u>	<u>Employee Benefits</u>	<u>Total</u>
\$9,315,389	\$5,612,839	\$4,790,305	\$57,641,560
143,516	89,230		465,297
	198		208,936
82,471			82,471
<u>9,541,376</u>	<u>5,702,267</u>	<u>4,790,305</u>	<u>58,398,264</u>
			27,021
			372,748
44,341	12,921		511,900
<u>14,779,397</u>	<u>3,802,000</u>		<u>21,367,567</u>
<u>14,823,738</u>	<u>3,814,921</u>		<u>22,279,236</u>
<u>24,365,114</u>	<u>9,517,188</u>	<u>4,790,305</u>	<u>80,677,500</u>
			2,504,103
619,246	976,328		1,002,000
<u>294,873</u>	<u>367,159</u>		<u>3,506,103</u>
<u>914,119</u>	<u>1,343,487</u>		
			1,792,016
560,265	528,921	7,273	7,223
2,023	5,200		24,904,782
82,220	163,462		52,420
7,071	32,442		9,237
90,462	308,894		585,337
234,365			234,365
	170,025		170,025
<u>976,406</u>	<u>1,208,944</u>	<u>7,273</u>	<u>27,755,405</u>
			135,589
20,955	71,553		10,483,893
2,592,585	4,087,587		4,155,163
1,222,800	1,522,560		144,423
144,423			198,909
	198,909		
<u>3,980,763</u>	<u>5,880,609</u>		<u>15,117,977</u>
<u>4,957,169</u>	<u>7,089,553</u>	<u>7,273</u>	<u>42,873,382</u>
			25,869
6,398	10,084		1,199,422
<u>352,971</u>	<u>439,500</u>		<u>1,225,291</u>
<u>359,369</u>	<u>449,584</u>		
			21,504,493
14,444,950	3,445,987		18,580,437
5,517,745	(124,449)	4,783,032	
<u>\$19,962,695</u>	<u>\$3,321,538</u>	<u>\$4,783,032</u>	<u>\$40,084,930</u>

CITY OF HAYWARD
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	Workers' Compensation Insurance	General Liability	Facilities Management
OPERATING REVENUES			
Charges for services	\$10,907,397		\$4,829,578
Other		\$109,337	211,371
Total Operating Revenues	10,907,397	109,337	5,040,949
OPERATING EXPENSES			
Salaries and related expenses	780,597	769,713	1,265,445
Materials, supplies and services	684,490	6,229,753	2,003,381
Repairs and maintenance			1,457,764
Self-funded insurance expense	5,411,985	2,422,838	
Depreciation			120,449
Total Operating Expenses	6,877,072	9,422,304	4,847,039
Operating Income (Loss)	4,030,325	(9,312,967)	193,910
NONOPERATING REVENUES (EXPENSES)			
Investment income	319,593	35,231	17,899
Interest (expense)			
(Loss) on disposal of capital assets			
Total Nonoperating Revenues (Expenses)	319,593	35,231	17,899
Income (Loss) Before Transfers	4,349,918	(9,277,736)	211,809
CONTRIBUTIONS AND TRANSFERS			
Transfers in		7,379,962	980,467
Transfers (out)	(7,102,583)	(15,613)	(111,252)
Net Contributions and Transfers	(7,102,583)	7,364,349	869,215
CHANGE IN NET POSITION	(2,752,665)	(1,913,387)	1,081,024
BEGINNING NET POSITION (DEFICIT)	18,911,100	(4,281,743)	973,336
ENDING NET POSITION (DEFICIT)	\$16,158,435	(\$6,195,130)	\$2,054,360

<u>Fleet Management</u>	<u>Technology Services</u>	<u>Employee Benefits</u>	<u>Total</u>
\$8,041,629	\$7,649,136	\$3,647,671	\$35,075,411
	878,805	5,464	1,204,977
<u>8,041,629</u>	<u>8,527,941</u>	<u>3,653,135</u>	<u>36,280,388</u>
2,093,522	4,179,846		9,089,123
1,151,586	3,463,303	749,648	14,282,161
1,547,365	1,893,373		4,898,502
	888	6,202,737	14,038,448
<u>2,481,781</u>	<u>613,142</u>		<u>3,215,372</u>
<u>7,274,254</u>	<u>10,150,552</u>	<u>6,952,385</u>	<u>45,523,606</u>
<u>767,375</u>	<u>(1,622,611)</u>	<u>(3,299,250)</u>	<u>(9,243,218)</u>
107,523	219,307	45,498	745,051
(14,660)			(14,660)
<u>(258,014)</u>	<u>(19,551)</u>		<u>(277,565)</u>
<u>(165,151)</u>	<u>199,756</u>	<u>45,498</u>	<u>452,826</u>
<u>602,224</u>	<u>(1,422,855)</u>	<u>(3,253,752)</u>	<u>(8,790,392)</u>
908,719	1,177,260	3,545,659	13,992,067
<u>(174,324)</u>	<u>(225,516)</u>		<u>(7,629,288)</u>
<u>734,395</u>	<u>951,744</u>	<u>3,545,659</u>	<u>6,362,779</u>
1,336,619	(471,111)	291,907	(2,427,613)
<u>18,626,076</u>	<u>3,792,649</u>	<u>4,491,125</u>	<u>42,512,543</u>
<u>\$19,962,695</u>	<u>\$3,321,538</u>	<u>\$4,783,032</u>	<u>\$40,084,930</u>

CITY OF HAYWARD
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2023

	Workers' Compensation Insurance	General Liability	Facilities Management
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$10,867,254	\$109,337	\$5,061,620
Payments to suppliers	(4,258,020)	(7,958,883)	(3,385,499)
Payments to employees	(849,344)	(903,576)	(2,090,384)
Cash Flows from Operating Activities	<u>5,759,890</u>	<u>(8,753,122)</u>	<u>(414,263)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in		7,379,962	980,467
Transfers out	(7,102,583)	(15,613)	(111,252)
Cash Flows from Noncapital Financing Activities	<u>(7,102,583)</u>	<u>7,364,349</u>	<u>869,215</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets			(524,638)
Principal payments on capital debt			
Interest paid on capital debt			
Cash Flows from Capital and Related Financing Activities			<u>(524,638)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	319,593	35,231	17,899
Cash Flows from Investing Activities	<u>319,593</u>	<u>35,231</u>	<u>17,899</u>
Net increase (decrease) in cash and cash equivalents	(1,023,100)	(1,353,542)	(51,787)
Cash and cash equivalents at beginning of period	<u>33,550,294</u>	<u>5,001,781</u>	<u>1,799,381</u>
Cash and cash equivalents at end of period	<u>\$32,527,194</u>	<u>\$3,648,239</u>	<u>\$1,747,594</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$4,030,325	(\$9,312,967)	\$193,910
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation			120,449
Change in assets and liabilities:			
Receivables, net	(31,405)		12,471
Deposits, parts, supplies and other	(8,738)		
Due from other governments			
Accounts payable and other accrued expenses	1,838,455	693,708	75,646
Due to retirement system	(10,319)	(53,282)	(440,147)
Due to OPEB	(75,469)	(71,040)	(389,619)
Compensated absences	17,041	(9,541)	4,827
Unearned revenue			8,200
Cash Flows from Operating Activities	<u>\$5,759,890</u>	<u>(\$8,753,122)</u>	<u>(\$414,263)</u>
NON-CASH TRANSACTIONS:			
Retirement of capital assets			

Fleet Management	Technology Services	Employee Benefits	Total
\$8,168,406	\$8,533,189	\$3,653,135	\$36,392,941
(2,659,844)	(5,428,188)	(6,952,385)	(30,642,819)
(1,923,924)	(4,306,084)		(10,073,312)
<u>3,584,638</u>	<u>(1,201,083)</u>	<u>(3,299,250)</u>	<u>(4,323,190)</u>
908,719	1,177,260	3,545,659	13,992,067
(174,324)	(225,516)		(7,629,288)
<u>734,395</u>	<u>951,744</u>	<u>3,545,659</u>	<u>6,362,779</u>
(1,870,749)	(156,347)		(2,551,734)
(227,551)	(171,976)		(399,527)
(16,268)			(16,268)
<u>(2,114,568)</u>	<u>(328,323)</u>		<u>(2,967,529)</u>
107,523	224,507	45,498	750,251
<u>107,523</u>	<u>224,507</u>	<u>45,498</u>	<u>750,251</u>
2,311,988	(353,155)	291,907	(177,689)
<u>7,003,401</u>	<u>5,965,994</u>	<u>4,498,398</u>	<u>57,819,249</u>
<u>\$9,315,389</u>	<u>\$5,612,839</u>	<u>\$4,790,305</u>	<u>\$57,641,560</u>
\$767,375	(\$1,622,611)	(\$3,299,250)	(\$9,243,218)
2,481,781	613,142		3,215,372
127,839	(14,578)		94,327
76,855	(198)		67,919
(77,917)			(77,917)
39,107	(70,624)		2,576,292
31,958	74,021		(397,769)
130,564	(204,806)		(610,370)
7,076	4,547		23,950
	20,024		28,224
<u>\$3,584,638</u>	<u>(\$1,201,083)</u>	<u>(\$3,299,250)</u>	<u>(\$4,323,190)</u>
<u>(\$258,014)</u>	<u>(\$19,551)</u>		<u>(\$277,565)</u>

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CUSTODIAL FUNDS

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

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

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

Other Agency Funds – Accounts for activities of Hayward Coalition for Youth, the Hayward Friends of the Library Fund, the Edward Byrne Grant and the Cannabis Community Fund.

CITY OF HAYWARD
CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	Custodial Funds			Total
	Local Improvement Districts Fund	South Hayward BART Parking District JPA Fund	Other Custodial Funds	
ASSETS:				
Cash and investments	\$3,816,790	\$1,036,425	\$210,692	\$5,063,907
Cash and investments with fiscal agents	363,434			363,434
Accounts receivable, net	3,053	844		3,897
Due from other governments	57,796		1,541	59,337
Deposits, parts, supplies and other	201,524			201,524
Total Assets	4,442,597	1,037,269	212,233	5,692,099
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	31	2,846	152,048	154,925
Deferred revenue	54,987	844		55,831
Refundable deposits	213,128		11,393	224,521
Total Liabilities	268,146	3,690	163,441	435,277
NET POSITION				
Restricted for:				
Organizations and other governments		1,033,579	48,792	1,082,371
Bondholders	4,174,451			4,174,451
Total Net Position	\$4,174,451	\$1,033,579	\$48,792	\$5,256,822

CITY OF HAYWARD
 COMBINING STATEMENT OF CHANGES IN CUSTODIAL FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Funds			Total
	Local Improvement Districts Fund	South Hayward BART Parking District JPA Fund	Other Custodial Funds	
ADDITIONS				
Property tax	\$1,097,551			\$1,097,551
Special assessment			\$178,364	178,364
Other revenue		\$1,163,504	(14,262)	1,149,242
Investment income	50,300	12,305	267	62,872
Total additions	1,147,851	1,175,809	164,369	2,488,029
DEDUCTIONS				
Maintenance services	495,034	11,769	16,509	523,312
Contractual services		992,171	296,833	1,289,004
Payments to bondholders	376,712			376,712
Interest and fiscal charges	186,355			186,355
Total deductions	1,058,101	1,003,940	313,342	2,375,383
Net change in position	89,750	171,869	(148,973)	112,646
Net position - beginning	4,084,701	861,710	197,765	5,144,176
Net position - ending	\$4,174,451	\$1,033,579	\$48,792	\$5,256,822

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STATISTICAL SECTION

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STATISTICAL SECTION

The statistical section of the City's Annual Comprehensive 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:

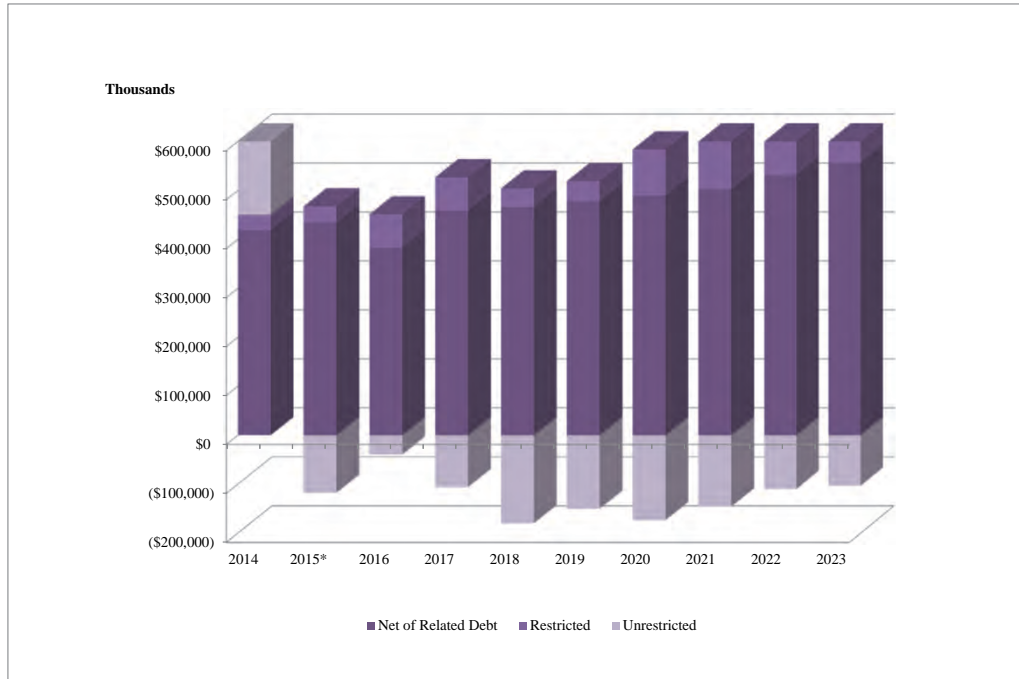
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive 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.

	2014	2015*	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$290,077,936	\$305,320,098	\$254,986,441	\$324,056,697	\$324,408,453	\$329,532,552	\$340,992,711	\$357,492,270	\$385,787,176	\$408,626,627
Restricted	31,382,199	33,021,745	68,045,952	68,431,025	37,795,705	41,119,395	94,077,986	117,664,651	121,721,287	131,419,026
Unrestricted	43,176,179	(257,512,639)	(195,715,585)	(266,000,254)	(327,597,600)	(322,106,063)	(373,531,268)	(368,801,977)	(343,965,833)	(346,983,170)
Total governmental activities net position	\$364,636,314	\$80,829,204	\$127,316,808	\$126,487,468	\$34,606,558	\$48,545,884	\$61,539,429	\$106,354,944	\$163,542,630	\$193,062,483
Business-type activities										
Net investment in capital assets	\$128,869,837	\$129,150,393	\$128,152,757	\$134,479,298	\$141,998,213	\$148,443,353	\$148,432,952	\$145,334,998	\$145,781,120	\$147,996,679
Restricted							284,001	2	2	1
Unrestricted	143,368,162	140,262,979	156,403,925	160,313,212	148,088,671	172,060,648	200,188,102	223,235,836	234,270,711	243,856,942
Total business-type activities net position	\$272,237,999	\$269,413,372	\$284,556,682	\$294,792,510	\$290,086,884	\$320,504,001	\$348,905,055	\$368,570,836	\$380,051,833	\$391,853,622
Primary government										
Net investment in capital assets	\$418,947,773	\$434,470,491	\$383,139,198	\$458,535,995	\$466,406,666	\$477,975,905	\$489,425,663	\$502,827,268	\$531,568,296	\$556,623,306
Restricted	31,382,199	33,021,745	68,045,952	68,431,025	37,795,705	41,119,395	94,361,987	117,664,653	121,721,289	131,419,027
Unrestricted	186,544,341	(117,249,660)	(39,311,660)	(105,687,042)	(179,508,929)	(150,045,415)	(173,343,166)	(145,566,141)	(109,695,122)	(103,126,228)
Total primary government net position	\$636,874,313	\$350,242,576	\$411,873,490	\$421,279,978	\$324,693,442	\$369,049,885	\$410,444,484	\$474,925,780	\$543,594,463	\$584,916,105

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Expenses					
Governmental Activities:					
General Government	\$11,989,512	\$16,245,827	\$14,192,819	\$16,158,933	\$36,743,529
Public Safety	102,494,680	106,541,527	118,423,530	128,069,028	136,621,829
Public Works and Transportation	8,851,489	12,295,579	14,414,107	25,599,837	24,077,319
Library and Community Services	8,073,175	5,150,554	9,047,644	7,056,242	10,673,935
Economic Development	1,432,514	835,342	1,762,937	152,175	1,480,505
Planning and Building	6,293,037	6,831,521	7,281,726	8,628,739	11,093,298
Maintenance Services	4,790,594	5,798,009	6,156,886	8,288,824	11,482,643
Community Development					
Culture and Leisure					
Nondepartmental					
Interest on Long Term Debt	1,131,490	1,400,778	1,490,140	3,078,848	3,238,555
Total Governmental Activities Expenses	<u>145,056,491</u>	<u>155,099,137</u>	<u>172,769,788</u>	<u>197,032,626</u>	<u>235,411,613</u>
Business-Type Activities:					
Sewer	17,443,979	19,967,350	23,757,316	22,755,149	19,762,825
Water	38,252,368	36,953,171	38,253,454	46,225,355	52,084,024
Airport	3,443,655	3,489,917	3,976,602	6,348,333	4,236,680
Centennial Hall Maintenance and Operation					
Stormwater	2,419,567	2,373,574	3,042,678	2,450,088	2,817,649
Recycling					
Total Business-Type Activities Expenses	<u>61,559,569</u>	<u>62,784,012</u>	<u>69,030,050</u>	<u>77,778,925</u>	<u>78,901,178</u>
Total Primary Government Expenses	<u>\$206,616,060</u>	<u>\$217,883,149</u>	<u>\$241,799,838</u>	<u>\$274,811,551</u>	<u>\$314,312,791</u>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$3,348,209	\$3,404,484	\$3,513,507	\$2,627,359	\$3,920,063
Public Safety	3,332,950	3,311,997	3,585,912	4,638,881	4,859,695
Public Works and Transportation	4,121,654	4,966,061	5,620,367	7,009,479	6,019,771
Library and Community Services	85,256	116,787	1,312,128	2,537,062	317,596
Economic Development	2,749,344	1,292,172			
Planning and Building	5,026,469	4,536,430	6,060,654	6,926,489	6,294,675
Maintenance Services	1,243,660	1,504,197	1,088,664	1,488,851	1,555,141
Community Development					
Culture and Leisure					
Nondepartmental					
Operating Grants and Contributions	7,634,799	10,587,001	13,611,989	11,984,727	10,626,753
Capital Grants and Contributions	9,066,354	5,807,599	31,255,350	1,463,593	2,472,715
Total Government Activities Program Revenues	<u>36,608,695</u>	<u>35,526,728</u>	<u>66,048,571</u>	<u>38,676,441</u>	<u>36,066,409</u>

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

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$26,842,761	\$30,267,967	\$24,801,183	\$19,288,029	\$23,138,347
130,098,500	128,620,640	139,350,883	120,120,829	166,217,907
26,136,150	22,129,650	26,493,672	25,616,470	24,981,972
10,026,345	10,983,659	11,444,270	12,359,104	14,645,388
2,177,009	2,565,850	2,981,340	6,672,124	8,801,341
10,688,978	10,662,520	10,430,293	10,485,538	10,475,502
11,993,462	12,156,273	12,442,998	12,539,476	14,112,028
<u>2,863,705</u>	<u>2,784,563</u>	<u>2,551,130</u>	<u>2,320,830</u>	<u>2,057,051</u>
<u>220,826,910</u>	<u>220,171,122</u>	<u>230,495,769</u>	<u>209,402,400</u>	<u>264,429,536</u>
22,065,651	20,147,930	21,928,468	23,143,122	28,307,273
46,827,858	47,714,898	49,135,479	48,798,451	52,457,801
4,045,984	3,755,558	3,428,349	4,299,086	4,637,977
2,793,121	2,784,429	2,727,484	2,658,755	2,600,832
	16,514	283,369	240,200	(687)
<u>75,732,614</u>	<u>74,419,329</u>	<u>77,503,149</u>	<u>79,139,614</u>	<u>88,003,196</u>
<u>\$296,559,524</u>	<u>\$294,590,451</u>	<u>\$307,998,918</u>	<u>\$288,542,014</u>	<u>\$352,432,732</u>
\$3,328,124	\$4,220,061	\$2,491,348	\$2,237,533	\$2,239,179
4,837,363	4,240,808	3,537,739	2,469,328	3,610,524
6,061,761	4,894,838	5,505,441	5,909,251	5,257,260
3,101,839	885,787	3,919,571	2,341,288	1,245,785
	544,108	520,189	2,653,271	6,786,370
7,052,017	5,479,966	5,751,306	6,237,845	7,262,132
1,652,433	1,489,507	1,682,246	2,120,249	1,809,879
14,868,015	14,757,617	29,517,552	34,655,418	35,141,869
4,831,794	5,780,882	5,395,405	3,594,521	12,797,724
<u>45,733,346</u>	<u>42,293,574</u>	<u>58,320,797</u>	<u>62,218,704</u>	<u>76,150,722</u>

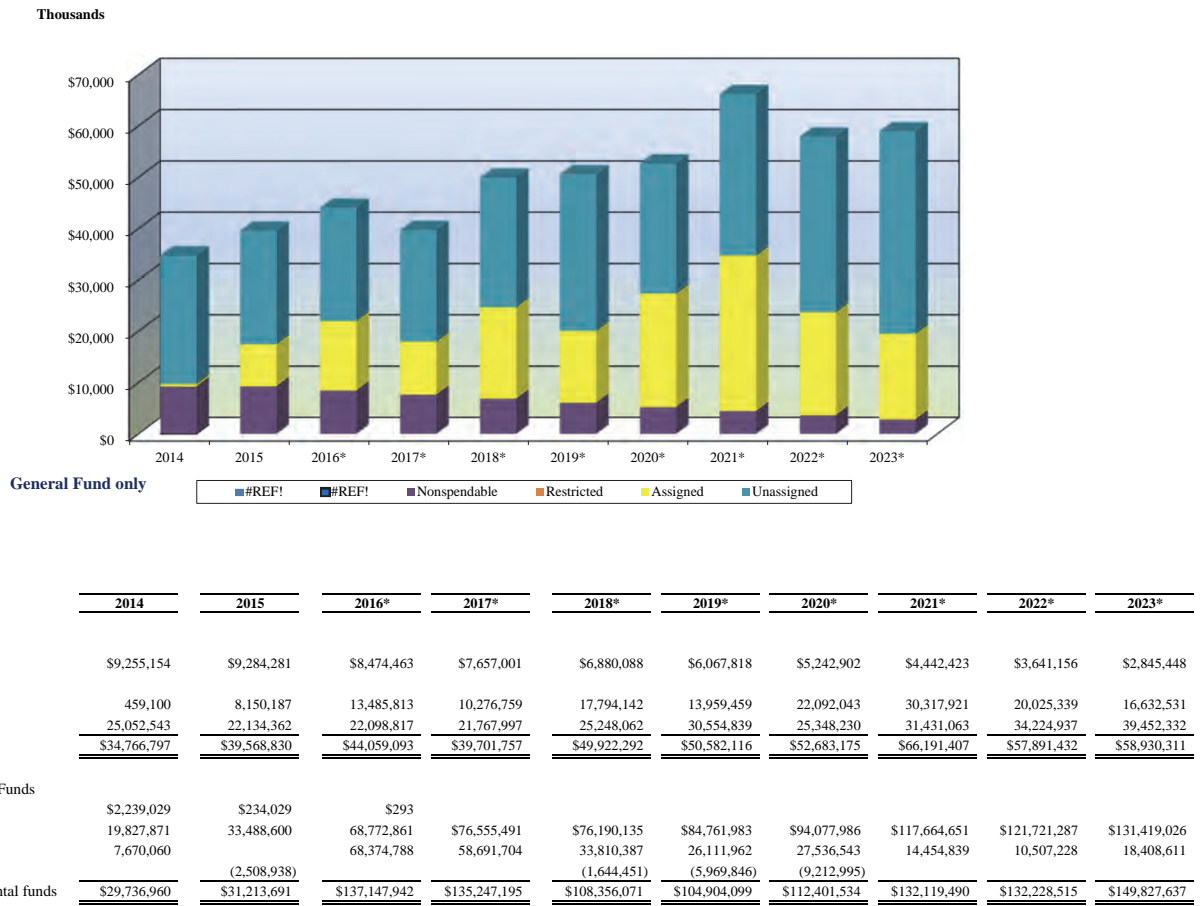
CITY OF HAYWARD
Changes in Net Position
(continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Business-Type Activities:					
Charges for Services:					
Sewer	25,527,904	28,389,311	33,557,099	27,000,318	26,374,872
Water	47,045,822	44,704,910	46,264,199	53,565,672	59,385,204
Airport	3,365,514	2,995,362	3,239,400	4,161,002	3,426,086
Centennial Hall Maintenance & Operation					
Stormwater	2,777,228	2,832,703	2,894,801	3,066,075	3,165,846
Recycling					
Operating Grants and Contributions				1,162,390	
Capital Grants and Contributions					
Total Business-Type Activities Program Revenue	<u>78,716,468</u>	<u>78,922,286</u>	<u>85,955,499</u>	<u>88,955,457</u>	<u>92,352,008</u>
Total Primary Government Program Revenues	<u>\$115,325,163</u>	<u>\$114,449,014</u>	<u>\$152,004,070</u>	<u>\$127,631,898</u>	<u>\$128,418,417</u>
Net (Expense)/Revenue					
Governmental Activities	(\$108,447,796)	(\$119,572,409)	(\$106,721,218)	(\$158,356,185)	(\$199,345,204)
Business-Type Activities	<u>17,156,899</u>	<u>16,138,274</u>	<u>16,925,449</u>	<u>11,176,532</u>	<u>13,450,830</u>
Total Primary Government Net Expense	<u>(\$91,290,897)</u>	<u>(\$103,434,135)</u>	<u>(\$89,795,769)</u>	<u>(\$147,179,653)</u>	<u>(\$185,894,374)</u>
Total Primary Government Net Expense from prior page	<u>(\$91,290,897)</u>	<u>(\$103,434,135)</u>	<u>(\$89,795,769)</u>	<u>(\$147,179,653)</u>	<u>(\$185,894,374)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Taxes:					
Property Taxes	\$39,456,863	\$42,740,159	\$44,750,688	\$48,768,731	\$52,136,552
Incremental Property Tax					
Special Assessments					
Sales Taxes	31,019,079	39,148,631	46,495,377	48,848,674	48,550,524
Utility Users Tax	15,761,544	15,680,721	22,040,616	20,753,813	17,487,828
Real Property Transfer Tax	4,878,857	5,710,272	7,849,464	8,349,727	9,168,329
Franchise Tax	9,488,631	10,127,647	10,139,140	9,646,261	9,647,904
Business Tax	2,649,279	2,634,539	2,603,305	3,664,550	4,550,835
Excise Tax	1,694,229	2,142,691	3,782,330	2,226,200	2,261,598
Other Taxes	6,748,616	6,314,878	5,774,001	5,607,637	6,924,304
Motor Vehicle in-lieu, Unrestricted	64,954	62,743	61,688	71,223	84,769
Investment Earnings	424,910	349,196	523,123	1,470,868	1,253,635
Gain (Loss) on land held for resale					
Gain (Loss) on Sale of Capital Assets		(352,880)	882,491	121,761	49,910
(Loss) from disposal of capital assets					
Miscellaneous	3,473,568	2,996,956	5,505,290	5,130,121	5,514,057
Transfers (refer to CAFR Footnote 4)	2,458,989	2,618,309	2,801,309	2,861,623	2,621,785
Transfers (Note 5)					
Extraordinary Item (refer to CAFR Footnote 19)					
Total Governmental Activities General Revenues and Transfers	<u>118,119,519</u>	<u>130,173,862</u>	<u>153,208,822</u>	<u>157,521,189</u>	<u>160,252,030</u>
Business-Type Activities:					
Investment Earnings	650,066	533,521	1,019,170	1,920,919	925,665
(Loss) from disposal of capital assets					135,712
Loss on equity investment					
Miscellaneous					
Transfers (Note 5)	<u>(2,458,989)</u>	<u>(2,618,309)</u>	<u>(2,801,309)</u>	<u>(2,861,623)</u>	<u>(2,621,785)</u>
Total Business-Type Activities General Revenues and Transfers	<u>(1,808,923)</u>	<u>(2,084,788)</u>	<u>(1,782,139)</u>	<u>(940,704)</u>	<u>(1,560,408)</u>
Total Primary Government General Revenues and Transfers	<u>\$116,310,596</u>	<u>\$128,089,074</u>	<u>\$151,426,683</u>	<u>\$156,580,485</u>	<u>\$158,691,622</u>
Change in Net Position					
Governmental Activities	\$9,671,723	\$10,601,453	\$46,487,604	(\$834,996)	(\$39,093,174)
Business-Type Activities	<u>15,347,976</u>	<u>14,053,486</u>	<u>15,143,310</u>	<u>10,235,828</u>	<u>11,890,422</u>
Total Primary Government	<u>\$25,019,699</u>	<u>\$24,654,939</u>	<u>\$61,630,914</u>	<u>\$9,400,832</u>	<u>(\$27,202,752)</u>

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

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
37,064,893	30,078,797	30,144,384	31,457,157	35,253,101
61,614,956	61,951,757	61,842,042	61,480,757	58,569,056
3,611,746	3,616,344	3,610,821	3,900,365	3,906,588
3,328,818	5,019,351	3,633,200	3,618,896	2,855,609
	119,683	42,546	104,027	449,850
<u>105,620,413</u>	<u>100,785,932</u>	<u>99,272,993</u>	<u>100,561,202</u>	<u>101,034,204</u>
<u>\$151,353,759</u>	<u>\$143,079,506</u>	<u>\$157,593,790</u>	<u>\$162,779,906</u>	<u>\$177,184,926</u>
(\$175,093,564)	(\$177,877,548)	(\$172,174,972)	(\$147,183,696)	(\$188,278,814)
29,887,799	26,366,603	21,769,844	21,421,588	13,031,008
<u>(\$145,205,765)</u>	<u>(\$151,510,945)</u>	<u>(\$150,405,128)</u>	<u>(\$125,762,108)</u>	<u>(\$175,247,806)</u>
<u>(\$145,205,765)</u>	<u>(\$151,510,945)</u>	<u>(\$150,405,128)</u>	<u>(\$125,762,108)</u>	<u>(\$175,247,806)</u>
\$55,970,615	\$58,939,316	\$62,227,460	\$64,950,195	\$70,287,589
52,917,415	56,566,457	58,652,032	64,666,358	66,932,441
16,935,327	16,065,943	17,267,592	17,308,117	25,944,798
12,256,155	12,150,286	17,120,032	21,226,290	12,356,957
9,730,173	10,581,960	10,624,234	10,515,952	11,906,945
4,415,292	4,057,795	4,365,441	3,996,798	4,098,698
2,329,766	2,383,998	2,070,754	1,958,345	2,205,810
8,637,556	8,505,009	8,497,353	9,879,685	11,064,218
77,775	126,184	117,578	182,633	168,068
3,277,620	3,272,624	1,124,743	(3,912,851)	3,613,671
10,982,198		3,390,000		
		82,854	37,265	
				(277,565)
7,837,732	15,167,508	18,633,107	9,449,880	5,096,781
3,665,266	3,054,013	3,185,444	4,112,715	
				4,400,256
<u>189,032,890</u>	<u>190,871,093</u>	<u>207,358,624</u>	<u>204,371,382</u>	<u>217,798,667</u>
4,305,963	5,088,464	1,081,381	(4,862,077)	3,171,037
(111,379)			(965,799)	
<u>(3,665,266)</u>	<u>(3,054,013)</u>	<u>(3,185,444)</u>	<u>(4,112,715)</u>	<u>(4,400,256)</u>
529,318	2,034,451	(2,104,063)	(9,940,591)	(1,229,219)
<u>\$189,562,208</u>	<u>\$192,905,544</u>	<u>\$205,254,561</u>	<u>\$194,430,791</u>	<u>\$216,569,448</u>
\$13,939,326	\$12,993,545	\$35,183,652	\$57,187,686	\$29,519,853
30,417,117	28,401,054	19,665,781	11,480,997	11,801,789
<u>\$44,356,443</u>	<u>\$41,394,599</u>	<u>\$54,849,433</u>	<u>\$68,668,683</u>	<u>\$41,321,642</u>

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



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

(a) The change in total fund balance for the General Fund and All Other Governmental Funds is explained in Management's Discussion and Analysis. The detail of Fund balance is explained in Note 10 of the financial statement footnotes.

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

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

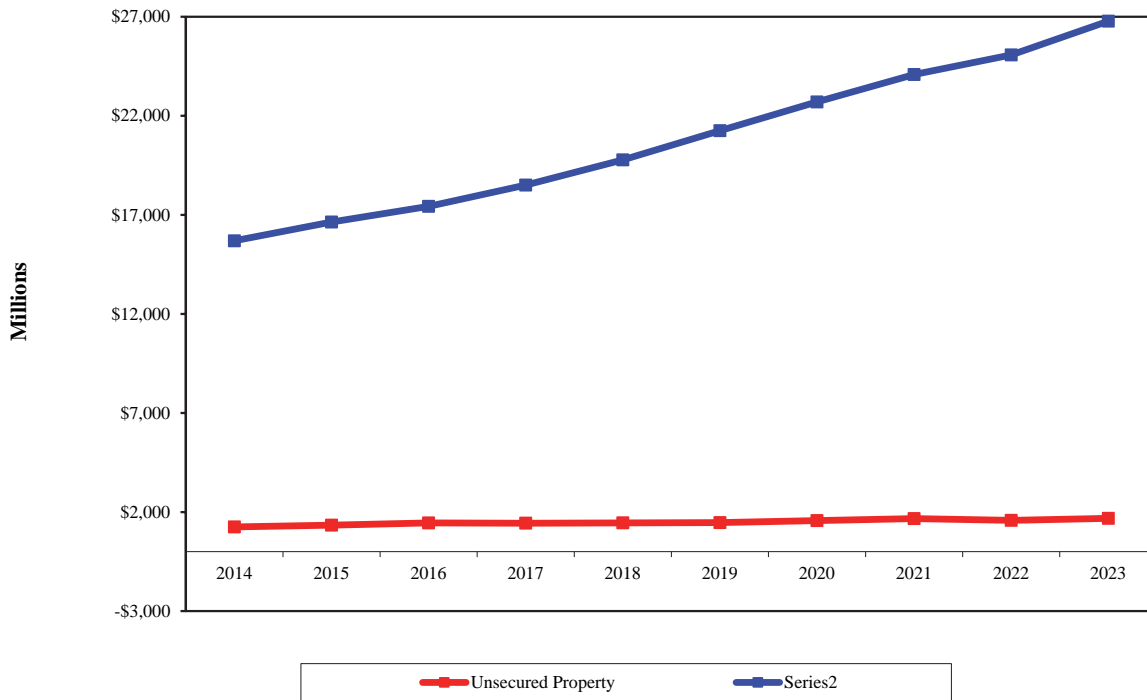
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Revenues					
Property Taxes	\$38,971,067	\$42,128,306	\$44,159,430	\$47,195,566	\$51,235,946
Property Tax Increment					
Sales Taxes	31,019,079	39,148,631	46,495,377	48,848,674	48,550,524
Utility Users Taxes	15,761,544	15,680,721	22,040,616	20,753,813	17,487,828
Other Taxes	21,310,770	23,424,572	26,554,046	27,518,428	28,116,819
Licenses and permits	4,078,392	5,031,300	6,316,823	7,766,510	7,091,074
Fines and forfeitures	2,285,486	2,549,034	2,341,565	2,499,964	2,487,183
Special Assessments	972,339	980,329	1,166,399	1,026,071	1,003,388
Use of money and property	635,092	357,388	561,895	1,746,291	1,644,775
Intergovernmental revenues	33,839,482	22,647,381	37,101,458	28,403,369	23,151,743
Fees and charges for services	8,172,604	7,639,834	9,885,890	5,889,181	7,360,450
Reimbursement from Developer	252,910				
Gain on Sale					
Other	2,402,380	5,002,806	7,909,582	11,082,590	6,084,935
Total Revenues	<u>159,701,145</u>	<u>164,590,302</u>	<u>204,533,081</u>	<u>202,730,457</u>	<u>194,214,665</u>
Expenditures					
Current:					
General government	10,551,378	13,702,855	12,675,974	13,182,512	14,309,144
Public safety	91,851,849	96,719,824	105,164,624	110,461,347	110,621,648
Public works and transportation	3,764,567	6,623,943	3,850,989	4,001,258	3,772,501
Library and community services	7,004,537	6,748,325	8,371,078	6,678,908	7,638,673
Economic development	2,017,787	763,285	1,984,194	56,797	81,274
Planning and building	5,981,108	6,495,171	7,382,233	8,497,395	8,372,228
Maintenance services	4,591,395	5,581,077	6,279,365	7,711,268	7,720,401
Nondepartmental					
Capital outlay	22,587,661	30,819,943	39,864,835	48,972,280	47,870,707
Debt service:					
Principal	2,216,033	2,156,489	2,397,381	2,561,048	2,676,156
Interest and fiscal charges	1,093,538	1,158,708	1,055,901	3,303,835	3,321,225
Bond issuance cost			1,054,619	2,972	
Pass-through payments					
Total Expenditures	<u>151,659,853</u>	<u>170,769,620</u>	<u>190,081,193</u>	<u>205,429,620</u>	<u>206,383,957</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,041,292</u>	<u>(6,179,318)</u>	<u>14,451,888</u>	<u>(2,699,163)</u>	<u>(12,169,292)</u>
Other Financing Sources (Uses)					
Transfer of land held for resale to cap assets					
Proceeds from sale of capital asset					
Proceeds of refunding bonds (refer to ACFR Footnote 6)			87,348,775		
Premium on refunding bonds issued (refer to ACFR Footnote 6)			6,565,740		
Payment to refunded bond escrow agent (refer to ACFR Footnote 6)			(20,455,936)		
Proceeds of repayment agreement					
Proceeds from long term debt (refer to ACFR Footnote 6)	2,488,880	5,500,000			
Proceeds from capital lease					
Gain on land held for resale					
Transfers in (refer to ACFR Footnote 4)	16,346,295	9,012,179	25,098,265	40,553,431	13,461,040
Transfers out (refer to ACFR Footnote 4)	(22,375,934)	(12,188,316)	(27,899,357)	(44,118,007)	(17,962,337)
Total other financing sources (uses)	<u>(3,540,759)</u>	<u>2,323,863</u>	<u>70,657,487</u>	<u>(3,564,576)</u>	<u>(4,501,297)</u>
Extraordinary Item (Refer to ACFR Footnote 19)					
Net Change in fund balances	<u>\$4,500,533</u>	<u>(\$3,855,455)</u>	<u>\$85,109,375</u>	<u>(\$6,263,739)</u>	<u>(\$16,670,589)</u>
Debt service as a percentage of noncapital expenditures	2.6%	2.4%	2.4%	3.8%	3.5%
Non-capitalized capital outlay					17,768,968

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

Fiscal Years Ended June 30,

2019	2020	2021	2022	2023
\$54,467,978	\$58,431,804	\$61,196,409	\$63,524,226	\$68,458,487
52,917,415	56,566,457	58,652,032	64,666,358	66,932,441
16,935,327	16,065,943	17,267,592	17,308,117	25,944,798
32,658,149	31,774,255	36,672,642	42,293,995	36,987,146
7,814,026	6,435,587	5,439,030	7,040,991	7,959,299
2,670,298	2,210,385	2,194,569	2,908,314	2,680,493
1,059,378	1,297,894	1,408,903	1,427,107	1,547,811
3,473,471	3,901,043	1,729,716	(2,085,572)	3,129,954
28,991,082	28,937,153	38,526,058	42,581,105	52,257,273
7,373,160	5,585,549	9,712,963	8,305,207	4,506,630
10,982,198				
10,689,323	18,289,406	24,378,704	17,150,080	18,779,649
230,031,805	229,495,476	257,178,618	265,119,928	289,183,981
15,335,579	14,607,161	13,971,584	19,264,532	21,750,190
118,169,989	123,148,622	129,477,772	135,547,462	144,815,357
8,850,429	6,849,771	8,198,266	9,841,151	10,664,999
7,722,543	8,707,212	9,123,989	10,597,268	12,948,082
1,512,567	1,576,741	2,350,344	6,674,218	8,705,058
9,229,204	8,618,787	8,712,707	9,576,414	9,442,396
9,973,511	9,840,025	10,752,525	12,017,944	13,234,112
45,601,421	34,471,404	40,657,890	53,296,125	38,525,972
5,013,353	5,207,513	5,416,028	6,257,552	6,121,651
3,190,198	3,007,504	2,795,772	2,615,974	2,375,640
224,598,794	216,034,740	231,456,877	265,688,640	268,583,457
5,433,011	13,460,736	25,721,741	(568,712)	20,600,524
			1,063,021	
40,742,247	15,104,770	3,390,000	42,742,446	44,503,979
(48,967,406)	(18,967,012)	12,292,089	(51,427,705)	(46,466,502)
(8,225,159)	(3,862,242)	(17,809,505)	(7,622,238)	(1,962,523)
(\$2,792,148)	\$9,598,494	\$23,594,325	(\$8,190,950)	\$18,638,001
4.2%	4.2%	4.1%	3.9%	3.5%
14,789,030	13,167,567	16,025,372	14,564,462	12,224,749

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



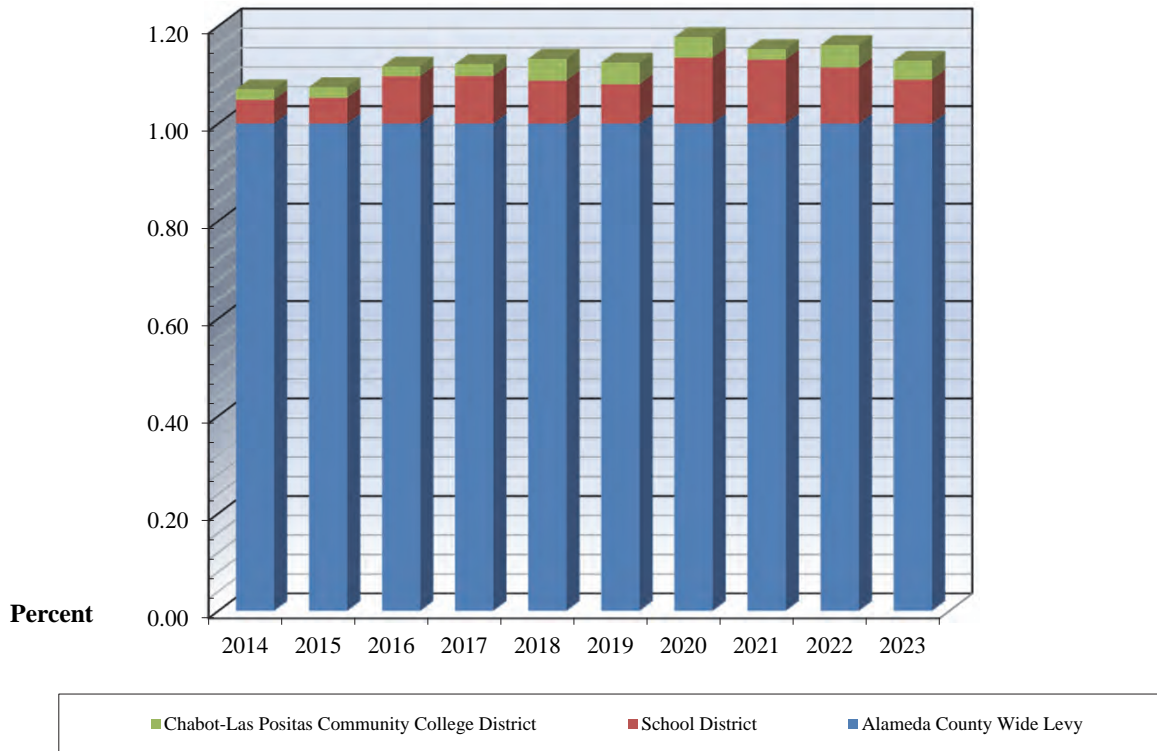
Fiscal Year	Total Secured Property	Total Unsecured Property	Total Assessed (c)	Estimated Full Market (a)	Direct Tax Rate (b)
2014	\$15,692,946,952	\$1,249,273,320	\$16,942,220,272	\$16,942,220,272	1%
2015	16,639,488,990	1,340,155,668	17,979,644,658	17,979,644,658	1%
2016	17,432,403,170	1,452,793,040	18,885,196,210	18,885,196,210	1%
2017	18,505,587,803	1,439,106,697	19,944,694,500	19,944,694,500	1%
2018	19,779,304,369	1,454,651,151	21,233,955,520	21,233,955,520	1%
2019	21,249,763,958	1,469,205,980	22,718,969,938	22,718,969,938	1%
2020	22,702,279,301	1,570,761,064	24,273,040,365	24,273,040,365	1%
2021	24,086,121,795	1,669,659,173	25,755,780,968	25,755,780,968	1%
2022	25,074,926,004	1,580,752,210	26,655,678,214	26,655,678,214	1%
2023	26,781,262,134	1,681,286,944	28,462,549,078	28,462,549,078	1%

NOTE:

- (a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.
- (b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area.
- (c) Total assessed represents gross amount of the total assessed valuation of the taxable property.

Source: Alameda County Auditor Controller Office Certificate of Assessed Valuations

**CITY OF HAYWARD
PROPERTY TAX RATES
ALL OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**



<u>Fiscal Year</u>	<u>Alameda County Wide Levy</u>	<u>City of Hayward</u>	<u>Alameda County Go Bond</u>	<u>Hayward Unified School District</u>	<u>Chabot-Las Positas Community College District</u>	<u>Bay Area Rapid Transit (BART)</u>	<u>Hayward Area Rec & Park</u>	<u>East Bay Regional Park</u>	<u>Total</u>
2014	1.0000	0.0018	0.0000	0.0486	0.0214	0.0075		0.0078	1.0871
2015	1.0000	0.0018	0.0000	0.0527	0.0217	0.0045		0.0085	1.0892
2016	1.0000	0.0018	0.0000	0.0970	0.0198	0.0026		0.0067	1.1279
2017	1.0000	0.0018	0.0000	0.0974	0.0246	0.0080		0.0032	1.1350
2018	1.0000	0.0018	0.0000	0.0881	0.0445	0.0084	0.0299	0.0021	1.1748
2019	1.0000	0.0018	0.0112	0.0806	0.0443	0.0070	0.0300	0.0057	1.1806
2020	1.0000	0.0018	0.0108	0.1350	0.0422	0.0120	0.0300	0.0060	1.2378
2021	1.0000	0.0018	0.0036	0.1310	0.0214	0.0139	0.0299	0.0014	1.2030
2022	1.0000	0.0018	0.0041	0.1150	0.0458	0.0060	0.0299	0.0020	1.2046
2023	1.0000	0.0018	0.0103	0.0900	0.0388	0.0140	0.0299	0.0058	1.1906

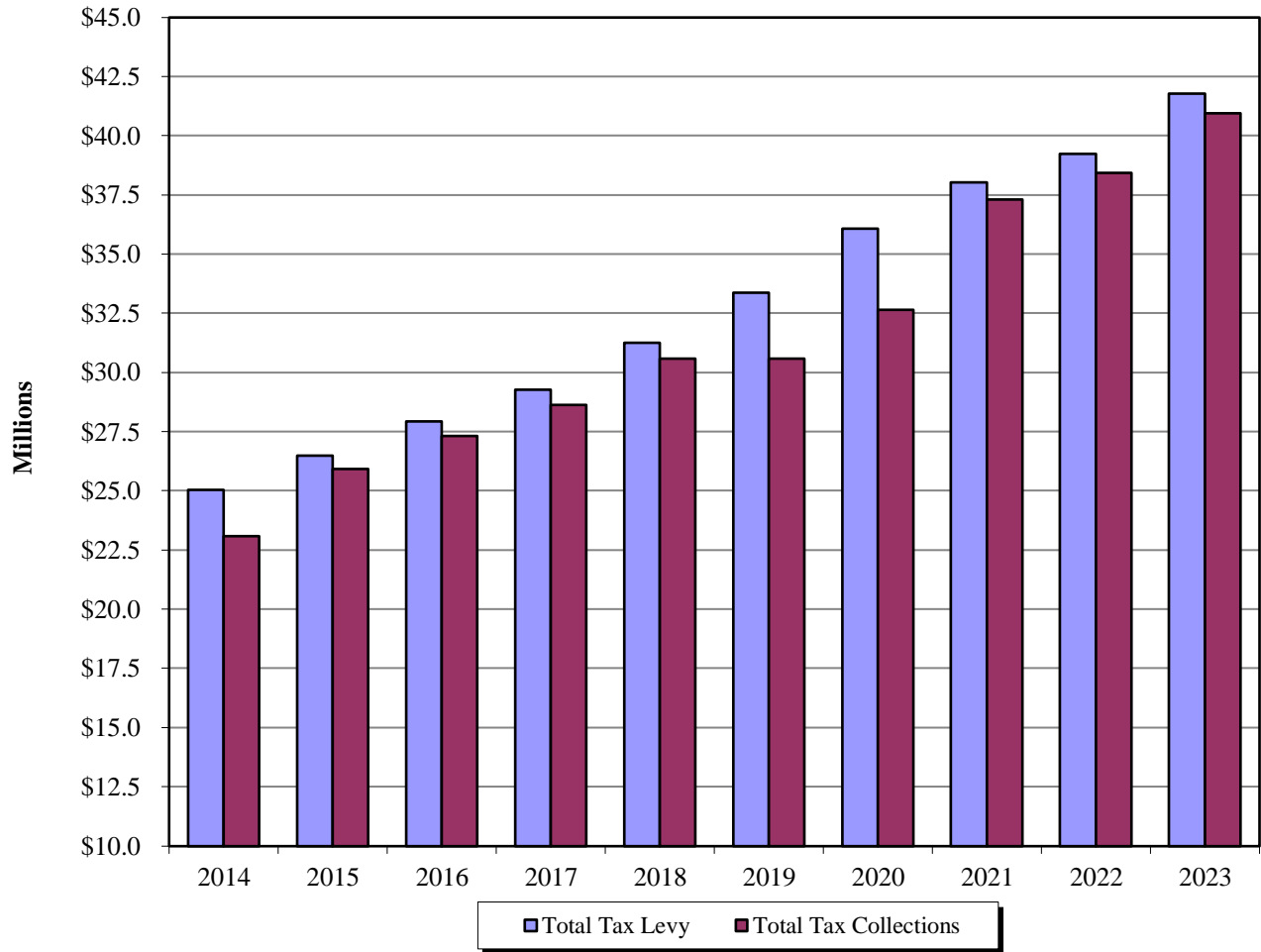
**City of Hayward
Principal Property Tax Payers
Current Year and Ten Years Ago**

Employer	FY 2023			FY 2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
PSB Northern Calif Industrial Portfolio LLC						
Russell City Energy Company, LLC	\$ 254,500,000	1	0.008941574	\$ 665,830,000	1	
Southland Mall LP	256,029,619	2	0.008995316	150,564,034	3	0.90%
PSB Northern Calif Industrial Portfolio LLC	229,550,133	3	0.008064989			
Lincoln Landing Property Owner Llc	193,027,656	4	0.006781812			
Hayward 544 Llc	176,945,440	7	0.006216781			
Gi Ets Hayward Llc	158,100,000	5	0.005554668			0.60%
California Community Housing Agency	106,819,923	6	0.003752999			0.60%
Hayward Point Eden I Limited Partnership	114,808,487	8	0.004033668	96,984,966	6	
Centerpoint Properties Trust	109,366,332	9	0.003842464			
Hayward Industrial Park Associates	106,998,292	10	0.003759266	92,211,890	7	
Bottling Group LLC				121,965,004	4	0.80%
SCI Limited Partnership				86,946,227	8	0.60%
Northern Cal Industrial Portfolio				196,975,878	2	1.20%
Berkeley Farm Inc.				104,387,441	5	0.70%
Guardian KW Hayward LLC				88,231,084	9	0.40%
Impax Laboratories Inc.				75,169,784	10	0.50%
Essex Wimbledon Woods Apartments, LLC						0.40%
Subtotal	\$ 1,706,145,882		5.99%	\$ 1,679,266,308		9.91%

Total Assessed Valuation:
Fiscal Year 2022/2023 \$28,462,549,078
Fiscal Year 2013/2014 16,942,220,272

Source: Alameda County Assessor Fiscal Year Combined Tax Rolls

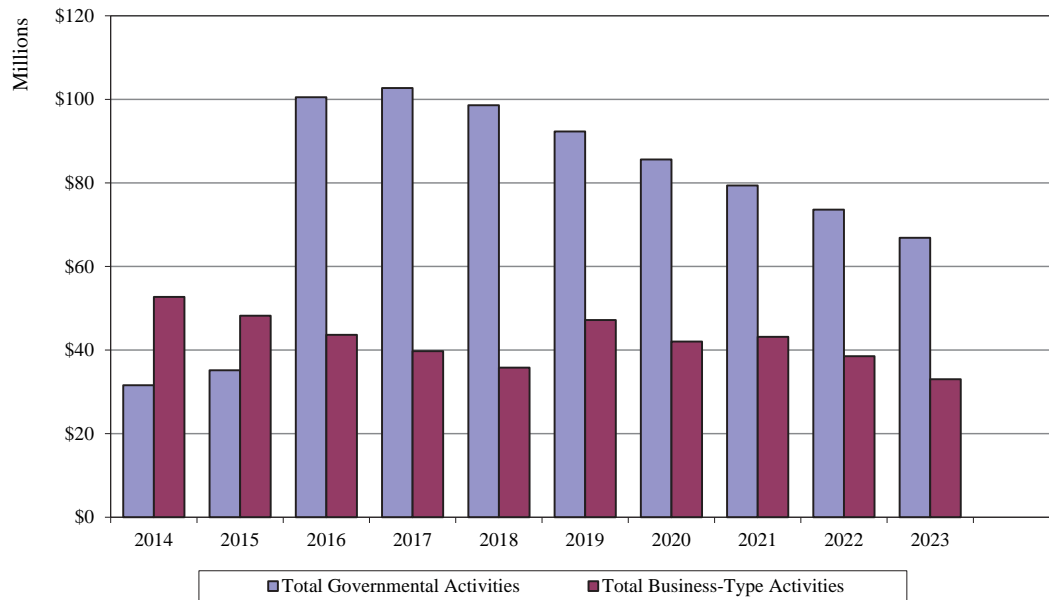
**CITY OF HAYWARD
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**



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
2014	\$25,027,044	\$24,356,397	97.32%	\$399,535	\$23,088,930	92.26%
2015	26,474,019	25,522,217	96.40%	382,845	25,905,062	97.85%
2016	27,915,350	26,854,859	96.20%	446,987	27,301,846	97.80%
2017	29,275,215	28,172,161	96.23%	448,808	28,620,970	97.77%
2018	31,255,890	30,158,955	96.49%	410,565	30,569,520	97.80%
2019	33,360,474	32,234,964	96.63%	403,490	30,569,520	91.63%
2020	36,054,277	34,833,923	96.62%	505,412	32,638,455	90.53%
2021	38,025,883	36,767,160	96.69%	537,243	37,304,403	98.10%
2022	39,223,816	37,821,398	96.42%	604,452	38,425,850	97.97%
2023	41,759,359	40,260,859	96.41%	667,323	40,928,182	98.01%

Source: Alameda County Assessor Office

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



Fiscal Year	Governmental Activities				Total
	Tax Allocation Bonds	Certificates of Participation	Revenue Bonds	Capital Lease Obligations	
2014	0 (a)	22,895,000	\$3,003,880	\$5,699,806	\$31,598,686
2015	0 (a)	21,195,000	2,695,717	11,279,313	35,170,031
2016	0 (a)	87,348,775	2,371,338	10,787,079	100,507,193
2017	0 (a)	91,613,001	2,044,350	9,050,057	102,707,408
2018	0 (a)	89,212,869	1,709,786	7,661,734	98,584,389
2019	0 (a)	84,487,311	1,372,620	6,444,597	92,304,528
2020	0 (a)	79,584,001	1,028,478	5,001,566	85,614,045
2021	0 (a)	74,484,994	681,218	4,225,876	79,392,088
2022	0 (a)	69,185,304	766,118	3,646,076	73,597,498
2023	0 (a)	63,681,521	138,252	3,049,398	66,869,171

Fiscal Year	Business-Type Activities			Total Government	Government Debt Per Capita (b)
	Water Revenue Bonds	Sewer Revenue Bonds	Total		
2014	\$6,570,000	\$46,137,248	\$52,707,248	\$84,305,934	\$558
2015	6,055,000	42,151,592	48,206,592	83,376,623	545.34
2016	5,525,000	38,116,304	43,641,304	144,148,497	906.68
2017	4,980,000	34,755,949	39,735,949	142,443,357	884.52
2018	4,420,000	31,370,520	35,790,520	134,374,909	829.32
2019	3,840,000	43,337,073	47,177,073	139,481,601	874.86
2020	3,245,000	38,786,145	42,031,145	127,645,190	796.23
2021	2,630,000	40,524,958	43,154,958	116,752,456	738.52
2022	2,000,000	36,523,498	38,523,498	112,120,996	709.23
2023	0	33,020,237	33,020,237	99,889,408	625.09

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**

2022-23 Assessed Valuation:	\$ 27,963,145,708
Redevelopment Incremental Valuation:	<u>(3,569,460,554)</u>
Adjusted Assessed Valuation:	\$ 24,393,685,154

	Total Debt 6/30/2023	% Applicable (1)	City's Share of Debt 6/30/2023	
<u>DIRECT DEBT:</u>				
City of Hayward General Fund Obligations	\$ 66,869,171	100.000%	<u>\$ 66,869,171</u>	\$ 66,869,171
Total Direct Debt				\$ 66,869,171

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Alameda County	\$515,890,000	7.46%	\$38,490,553
Bay Area Rapid Transit District	2,484,285,000	2.936	72,938,608
Chabot-Las Positas Community College District	756,200,000	17.994	136,070,628
Castro Valley Unified School District	139,880,000	0.113	158,064
Hayward Unified School District	748,650,496	86.112	644,677,915
New Haven Unified School District	245,035,312	13.382	32,790,625
Pleasanton Unified School District	287,550,000	0.033	94,892
San Lorenzo Unified School District	214,585,000	15.089	32,378,731
Washington Township Healthcare District	340,195,000	1.705	5,800,325
Hayward Area Recreation and Park District	186,590,000	55.613	103,768,297
East Bay Regional Park District	175,955,000	4.648	8,178,388
City of Hayward Community Facilities District No. 1	4,236,302	100	4,236,302
City of Hayward 1915 Act Bonds	55,000	100	55,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 1,079,638,328

Ratios to 2022-23 Assessed Valuation:
Subtotal Overlapping Tax and Assessment Debt 4.43%

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Alameda County General Fund Obligations	\$706,903,500	7.46%	\$52,742,070
Alameda-Contra Costa Transit District Certificates of Participation	11,220,000	8.807	988,145
Hayward Unified School District General Fund Obligations	81,561,875	86.112	70,234,562
Pleasanton Unified School District General Fund Obligations	30,000,000	0.033	9,900
San Lorenzo Unified School District General Fund Obligations	8,130,000	15.089	1,226,736
Castro Valley Unified School District Certificates of Participation	4,245,000	0.113	4,797
Eden Township Healthcare District General Fund Obligations	13,235,000	40.323	5,336,749
			\$ 130,542,959

<u>OVERLAPPING TAX INCREMENT DEBT(Successor Agencies):</u>	\$43,410,000	7.626 & 100. %	\$23,711,245	<u>\$ 23,711,245</u>
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Total Overlapping Debt	\$ 1,233,892,532
Grand Total Direct and Overlapping Debt	\$ 1,300,761,703 (2)
Combined Total Direct and Overlapping Debt	\$ 1,300,761,703 (2)

Ratio to 2022-23 Assessed Valuation:
Combined Total Direct and Overlapping Tax and Assessment Debt 5.33%

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	\$28,462,549,078
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BONDED DEBT LIMIT (15.% OF ASSESSED VALUE)	\$4,269,382,362
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AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$66,869,172
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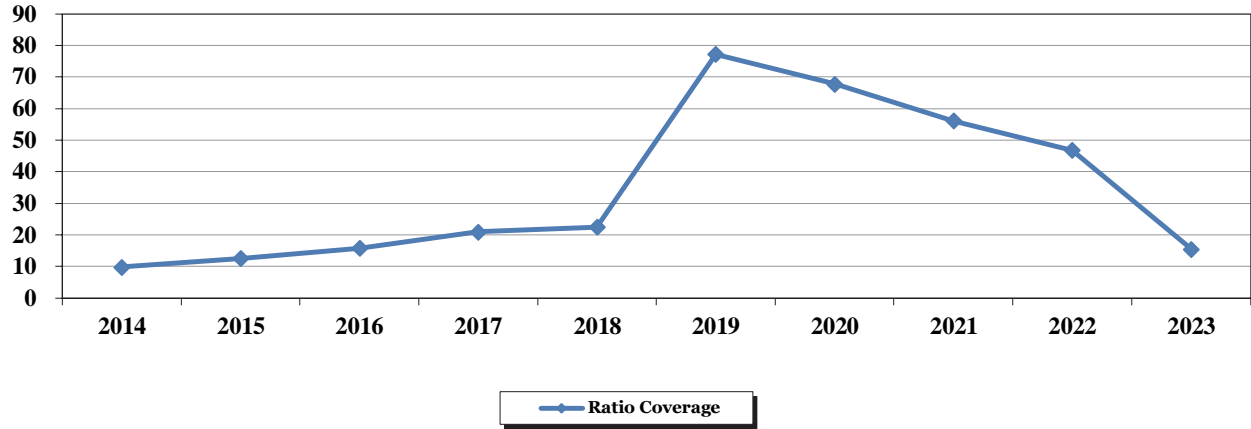
Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	66,869,172
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Amount of debt subject to limit	0
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LEGAL BONDED DEBT MARGIN	\$4,269,382,362
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Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2014	\$2,541,333,041	0	\$2,541,333,041	0.00%
2015	2,696,946,699	0	2,696,946,699	0.00%
2016	2,832,779,432	0	2,832,779,432	0.00%
2017	2,991,704,175	0	2,991,704,175	0.00%
2018	3,185,093,328	0	3,185,093,328	0.00%
2019	3,407,845,491	0	3,407,845,491	0.00%
2020	3,640,956,055	0	3,640,956,055	0.00%
2021	3,863,367,145	0	3,863,367,145	0.00%
2022	3,998,351,732	0	3,998,351,732	0.00%
2023	4,269,382,362	0	4,269,382,362	0.00%

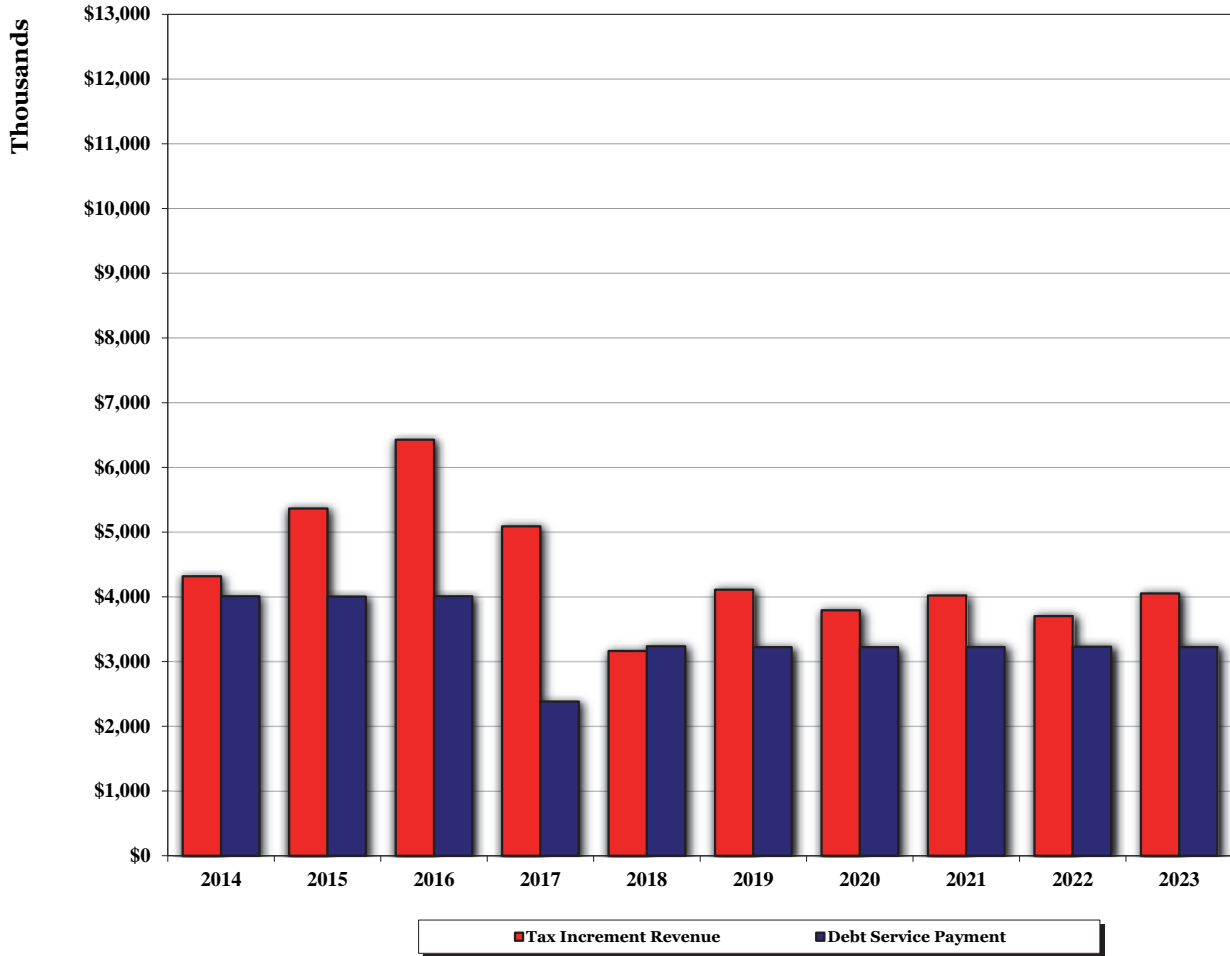
**CITY OF HAYWARD
REVENUE BOND COVERAGE
WASTEWATER REVENUE BONDS
LAST TEN FISCAL YEARS**



Fiscal Year	Gross Revenue (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Ratio Coverage
				Principal	Interest	Total	
2014	\$73,136,288	\$47,380,860	\$25,755,428	\$2,160,000	\$459,280	\$2,619,280	9.83
2015	73,564,675	49,566,818	23,997,857	1,615,000	302,938	1,917,938	12.51
2016	80,748,945	52,915,644	27,833,301	1,555,498	205,533	1,761,031	15.81
2017	82,325,821	60,602,745	21,723,076	886,781	151,341	1,038,122	20.93
2018	86,614,724	63,289,309	23,325,415	919,040	121,929	1,040,969	22.41
2019	102,636,863	60,860,754	41,776,109	450,133	90,738	540,871	77.24
2020	96,734,751	60,046,086	36,688,665	462,357	78,514	540,871	67.83
2021	93,001,615	62,364,681	30,636,934	479,467	66,069	545,536	56.16
2022	88,096,478	62,788,487	25,307,991	487,444	52,812	540,256	46.84
2023	96,389,299	71,699,492	24,689,807	1,555,726	39,473	1,595,199	15.48

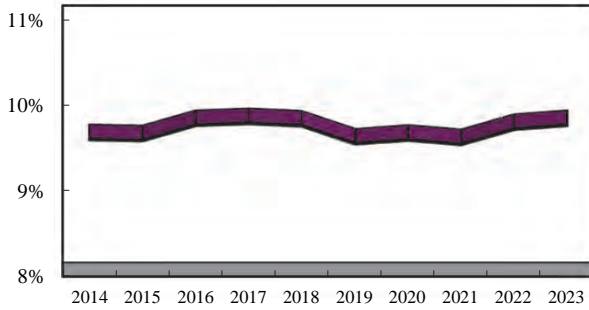
Notes: (1) Includes all Wastewater Operating Revenues, Non-operating Interest Revenue, Connection Fees and other Non-operating Revenue
(2) Includes all Wastewater Operating Expenses less Depreciation and Interest

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

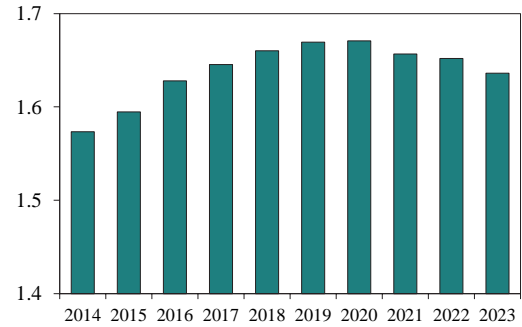


Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2014	\$4,317,292	\$1,680,000	\$2,328,657	\$4,008,657	1.08
2015	5,365,287	1,750,000	2,253,588	4,003,588	1.34
2016	6,427,560	1,835,000	2,173,931	4,008,931	1.60
2017	5,089,716	2,035,000	347,642	2,382,642	2.14
2018	3,163,863	1,685,000	1,550,975	3,235,975	0.98
2019	4,109,694	1,735,000	1,487,550	3,222,550	1.28
2020	3,791,673	1,805,000	1,417,450	3,222,450	1.18
2021	4,020,771	1,880,000	1,344,550	3,224,550	1.25
2022	3,701,590	1,975,000	1,254,250	3,229,250	1.15
2023	4,051,193	2,070,000	1,154,375	3,224,375	1.26

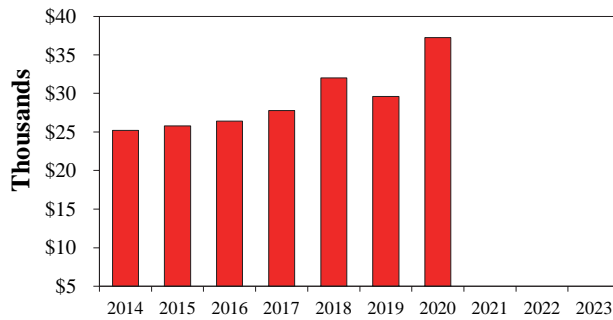
**CITY OF HAYWARD
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**



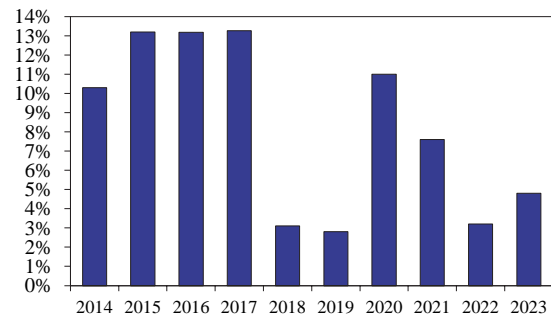
■ City Population as a % of County Population



■ Alameda Co. Population



■ Per Capita Income



■ Unemployment Rate (%)

Fiscal Year	City Population	Per Capita Income	City Unemployment Rate	Alameda Co. Population	City Population % of County
2014	151,037	\$25,208	10.3%	1,573,254	9.60%
2015	152,889	\$25,770	13.2%	1,594,569	9.59%
2016	158,985	\$26,405	13.2%	1,627,865	9.77%
2017	161,040	\$27,774	13.3%	1,645,359	9.79%
2018	162,030	\$32,021	3.1%	1,660,202	9.76%
2019	159,433	\$29,583	2.8%	1,669,301	9.55%
2020	160,311	\$37,243	11.0%	1,670,834	9.59%
2021	158,089		7.6%	1,656,591	9.54%
2022	160,591		3.2%	1,651,979	9.72%
2023	159,800		4.8%	1,636,194	9.77%

Note: As of FY21, data no longer available for Per Capita Income

Sources: U.S. Census Bureau

State of California - Department of Finance, Office of The Director

State of California - Employment Development Department, Labor Market Information Division

City of Hayward
Principal Employers
Current Year and Ten Years Ago

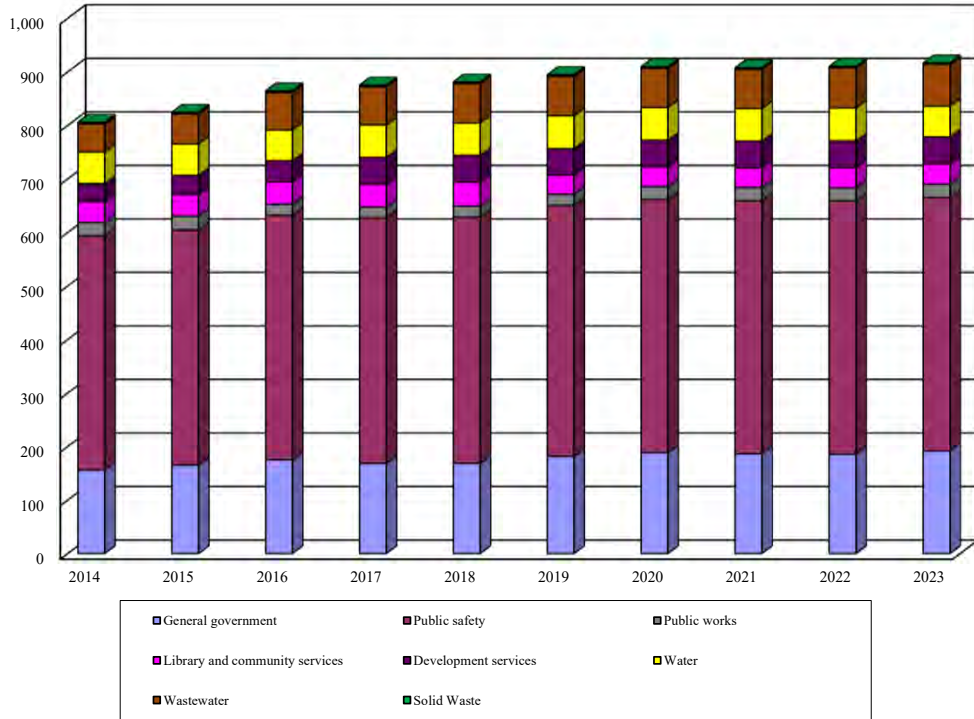
<u>Employer</u>	<u>FY 2023</u>	<u>FY 2014</u>		
		<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Alameda County Sheriff's Department	*			
Baxter Bio Pharma	*			
California State University East Bay	*	1,447	2	1.0%
Chabot Community College	*	600	8	0.4%
Fremont Bank Operations Center	*			
Hayward Unified School District	*	2,500	1	1.7%
Illumina	*			
Impax Laboratories, Inc.	*			
Pentagon Technologies	*			
Plastikon Industries, Inc.	*			
Siemens Building Tech	*			
St. Rose Hospital	*	842	5	0.6%
Gillig Corporation		700	6	0.5%
Kaiser Permanente Medical Center		1,200	3	0.8%
City of Hayward		845	4	0.6%
Bay Cities Auto Auction		500	9	0.3%
IMPAX Laboratories Inc		700	7	0.5%
Marelich Mechanical		500	10	0.3%
Subtotal		<u>9,834</u>		<u>6.5%</u>
Total City Population Using Census Data		<u>151,037</u>		

Source: City of Hayward Adopted Operating Budget FY23

Note: FY23 data not available for ranking or total employment.

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

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



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Function										
General government	156.00	165.00	175.00	168.50	168.50	181.50	188.25	186.25	185.75	191.85
Public safety	437.50	439.50	457.00	459.00	460.00	469.00	473.00	473.00	473.00	473.00
Public works	25.00	26.00	20.50	19.56	20.71	20.56	24.00	24.45	24.15	24.95
Library and community services	38.55	40.20	42.20	42.80	44.80	35.80	36.80	36.80	37.80	38.30
Development services	32.00	36.00	39.00	50.00	50.00	49.50	50.00	50.00	50.00	50.00
Water	58.50	58.50	57.30	60.61	60.46	61.41	61.26	60.71	61.61	57.61
Wastewater	53.00	56.00	70.40	71.58	73.58	73.78	73.24	73.34	75.24	78.44
Solid Waste	3.00	3.00	2.80	2.75	2.75	2.75	2.75	2.75	2.25	2.15
Total	803.55	824.20	864.20	874.80	880.80	894.30	909.30	907.30	909.80	916.30

Source: City of Hayward Adopted Operating Budget

*Due to City of Hayward department reorganization, Community Development and Culture and Leisure departments no longer exist.

CITY OF HAYWARD
Operating Indicators by Function/Program
Last Five Fiscal Years

Function/Program	2019	2020	2021	2022	2023
Public safety:					
Fire alarms	18,823	18,860	18,414	20,361	23,379
Police: (Uniform Crime Reporting Statistics)					
Property crime calls	4,749	5,462	4,682	4,918	8,134
Violent crime calls (a)	604	568	520	511	1,652
Arson calls	28	20	19	28	18
Public works					
Pavement Condition Index (PCI)*	70	69	70	69	71
*Industry measure of street condition with 100 ideal score					
Annual pavement improvement projects	10	10	10	10	9
Airport operations count/flights	106,447	90,048	126,219	132,096	128,954
Airport reported based aircraft	461	461	461	461	447
Community Services					
Social Services Projects Funded	18	18	26	19	18
Facilities Projects Funded	2	1	1	4	4
Economic Development Projects Funded	3	2	6	5	2
New Housing/Rehab Projects Funded	2	2	2	2	3
Public Services Projects Funded	5	5	18	7	6
Measure B Projects Funded	8	8	4	6	5
Measure BB Projects Funded	0	0	1	1	1
ARPA Projects Funded					3
Planning					
Active Subdivisions	41	40	48	38	29
Active Parcel Maps	7	11	12	13	17
Building Permits	5,107	4,501	4,291	4,517	5,150
Residential Rental Inspections	977	943	334	142	699
Development Services					
Affordable Housing Development Units Funded		0	0 #	182	76
Library and neighborhood services					
Library Materials in Collection	164,396	204,416	154,535	158,258	162,172
Library Circulation (Items checked out)	159,806	395,758	144,108	370,628	455,913
Community Preservation Cases	2,917	2,522	2,518	2,159	1,734
Water					
Water service connections	37,526	38,236	38,532	37,764	38,073
Water main breaks	21	17	19	9	16
Average daily consumption (thousands of gallons or gallons)	14,046	13,962	14,405,184	13,901,276	12,886,593
Wastewater					
Sewer service connections	34,728	35,256	35,256	35,497	35,950
Average daily treatment (thousands of gallons)	11,574	10,717	10,355	10,605	12,379
Solid Waste					
Landfilled waste recycled and diversion rate*	66%	66%	73%	74%	74%
*Diversion rate beginning in calendar year 2000 and each year thereafter.					

(a) Excluded Simple assault calls, restated prior years.

Source: City of Hayward

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CITY OF HAYWARD
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Function/Program					
Public safety:					
Fire stations (a)	9	9	9	9	9
Number of firefighters and officers (b)	127	118	118	114	129
Police stations	1	1	1	1	1
Number of police officers (c)	199	177	186	194	176
Public works					
Miles of streets	266	266	283	283	283
Street lights	8,161	8,178	8,273	8,288	8,238
Traffic Signals	135	134	134	136	143
Airport	1	1	1	1	1
Library and neighborhood services					
City Libraries	2	2	2	2	2
Water					
Number of consumers	150,000	150,000	150,000	155,000	160,500
Average daily consumption (gallons)	15,200,000	13,600,000	12,255,000	12,870,000	14,650,000
Miles of water mains	380	385	385	385	385
Storage capacity (gallons)	29,350,000	29,350,000	29,350,000	30,550,000	30,550,000
Wastewater					
Miles of sewers	325	325	325	325	325
Number of treatment plants	1	1	1	1	1
Treatment capacity (gallons)	18,500,000	18,500,000	18,500,000	18,500,000	18,500,000

(a) Includes Fairview Fire District Station under contract

(b) Represents actual hired firefighters and officers which may be different than budgeted number of positions

(c) Represents actual hired police officers which may be different than budgeted number of positions

Sources: City of Hayward

Fiscal Year Ended June 30,

2019	2020	2021	2022	2023
9	9	9	9	9
124	122	121	125	128
1	1	1	1	1
178	181	169	161	154
283	283	283	283	283
8,327	8,327	8,327	8,377	8,383
146	146	146	146	146
1	1	1	1	1
2	2	2	2	2
159,500	159,203	162,954	159,827	163,782
14,046,000	13,962,000	14,405,184	13,901,276	12,886,593
391	391	391	391	391
25,350,000	31,250,000	25,000,000	25,000,000	25,000,000
321	321	321	321	321
1	1	1	1	1
18,400,000	18,500,000	18,500,000	18,500,000	18,500,000

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H HAYWARD

Finance Department, 777 B Street, Hayward CA 94541

www.Hayward-CA.gov



APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of the provisions of the Indenture of Trust relating to the Bonds. This summary is not intended to be definitive, and reference is made to the complete document for the terms thereof.

Definitions

Except as otherwise defined in this summary, the terms previously defined in this Official Statement have the respective meanings previously given. In addition, the following terms have the following meanings when used in this summary:

“Bond Counsel” means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the City of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

“Bond Insurance Policy” means an insurance policy guaranteeing the scheduled payment of principal of and interest on one or more series of Bonds when due.

“Bond Law” means Ordinance No. 24-05, enacting the City of Hayward Water and Wastewater Enterprise Revenue Bond Law, as in effect on the Closing Date or as thereafter amended in accordance with its terms.

“Bond Service Fund” means the fund by that name established and held by the Trustee under the Indenture.

“Bonds” means, at any time Outstanding under the Indenture, (i) the 2025 Bonds and (ii) Parity Obligations issued as bonds pursuant to a Supplemental Indenture in accordance with the Indenture.

“Business Day” means a day (other than a Saturday or a Sunday) on which banks are not required or authorized to remain closed in the city in which the Office of the Trustee is located, and on which the Federal Reserve Bank system is not closed.

“Certificate of the City” means a certificate in writing signed by the City Manager, the Director of Finance, or any other officer of the City duly authorized by the City Council for that purpose.

“City” means the City of Hayward, a charter city and municipal corporation duly organized and existing under the Constitution and laws of the State of California.

“Closing Date” means (i) with respect to the 2025 Bonds, the date of delivery of the 2025 Bonds to the Original Purchaser and (ii) with respect to additional Bonds issued pursuant to a Supplemental Indenture, the date of delivery of such Bonds to the Original Purchaser.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the City relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to: printing expenses; rating agency fees; filing and recording fees; initial fees, expenses and charges of the Trustee and its counsel, including the Trustee’s first annual administrative fee; fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals; fees and charges for preparation, execution and safekeeping of the Bonds; and any other cost, charge or fee in connection with the original issuance of the Bonds.

“Credit Provider” means the issuer of a Bond Insurance Policy or a Debt Service Reserve Fund Credit Instrument.

“Debt Service” means, as of any date, with respect to an Obligation, the aggregate amount of principal and interest scheduled to become due (either at maturity or by mandatory redemption), calculated with the following assumptions:

a. Principal payments (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) are made in accordance with any amortization schedule published for such principal, including any minimum sinking fund payments;

b. Interest on a variable rate Obligation that is not subject to a swap agreement and that is issued or will be issued as a tax-exempt obligation under federal law, is the average of the Securities Industry and Financial Markets Association (“SIFMA”) Municipal Swap Index, or its successor index, during the 24 months preceding the date of such calculation;

c. Interest on a variable rate Obligation that is not subject to a swap agreement and that is issued or will be issued as a taxable obligation under federal law, is the average of the Secured Overnight Financing Rate published by the Federal Reserve Bank of New York (“SOFR”), or its successor index, during the 24 months preceding the date of such calculation;

d. Interest on a variable rate Obligation that is subject to a swap agreement is the fixed swap rate or cap strike rate, as appropriate, if the variable rate has been swapped to a fixed rate or capped pursuant to an interest rate cap agreement or similar agreement;

e. Interest on a fixed rate Obligation that is subject to a swap agreement such that all or a portion of the interest has been swapped to a variable rate shall be treated as variable rate debt under subsections (b) or (c) of this definition of Debt Service;

f. Payments of principal and interest on an Obligation are excluded from the calculation of Debt Service to the extent such payments are to be paid from amounts then currently on deposit with a trustee or other fiduciary and restricted for the defeasance of such System Obligations; and

g. If 25% or more of the principal of an Obligation is not due until its final stated maturity or within a 12-month period of such final stated maturity, then principal of such Obligation may be projected to amortize over the lesser of 30 years or the useful

life of the financed asset, and interest may be calculated according to the debt service schedule for such Obligation or subsections (b)-(e) of this definition of Debt Service, as appropriate.

For the avoidance of doubt, interest on a fixed rate Obligation that is not described in any of subsections (a)-(e) of this definition of Debt Service shall be calculated in accordance with the debt service schedule for such Obligation.

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

"Event of Default" means any of the events described the Indenture.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the Issuer and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the applicable regulations under the Code, the term "investment" will include a hedge.

"Federal Securities" means: (a) any direct general non-callable obligations of the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America; and (b) any obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America or which are secured by obligations described in the preceding clause (a).

"Fiscal Year" means the period commencing on July 1 of each year and terminating on the next succeeding June 30, or such other period as may be established by the City as its official fiscal year period (written notice of which shall be given by the City to the Trustee).

"Fitch" means Fitch, Inc., doing business as Fitch Ratings, and its successors.

"Indenture" means the Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture pursuant to the provisions thereof.

"Independent Accountant" means any accountant or firm of such accountants appointed and paid by the City, and who, or each of whom (a) is in fact independent and

not under domination of the City; (b) does not have any substantial interest, direct or indirect, with the City; and (c) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make annual or other audits of the books of or reports to the City.

“Interest Payment Date” means March 1 and September 1 in each year, beginning September 1, 2025, and continuing so long as any Bonds remain Outstanding.

“Net Revenues” means, for any Fiscal Year, all Revenues received by the City in such Fiscal Year less the Operations and Maintenance Costs for such Fiscal Year.

“Obligations” means Bonds, Parity Obligations or Subordinate Obligations.

“Office” means, with respect to the Trustee, the corporate trust office of the Trustee at the address set forth in the Indenture, or at such other or additional offices as may be specified by the Trustee in writing to the City; provided, however, that solely for purposes of the presentation or surrender of Bonds for payment, transfer or exchange, the Office will be the designated corporate trust agency or operations office of the Trustee..

“Operation and Maintenance Costs” means the reasonable and necessary costs paid or incurred by the City to maintain and operate the Wastewater System, determined in accordance with generally accepted accounting principles, including all reasonable expenses of management and repair and all other expenses necessary to maintain and preserve the Wastewater System in good repair and working order. It includes all reasonable and necessary administrative costs of the City that are charged directly or apportioned to System operation, such as employee salaries and wages, overhead, taxes (if any), permit and license costs, operational charges, and insurance premiums. It excludes, in all cases, depreciation, replacement, and obsolescence charges or reserves therefor, amortization of intangibles and interest expense relating to subordinate obligations and unsecured obligations of the City. For the avoidance of doubt, bookkeeping entries and capital charges are excluded from Operations and Maintenance Costs.

“Original Purchaser” means (i) with respect to the 2025 Bonds, the original purchaser of the 2025 Bonds upon their delivery by the Trustee on the Closing Date and (ii) with respect to additional Bonds issued pursuant to a Supplemental Indenture, the original purchaser of such Bonds upon their delivery specified in the Supplemental Indenture.

“Outstanding”, when used as of any particular time with reference to Bonds, means all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the City has been discharged in accordance with the Indenture; (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture and Bonds paid pursuant to the last sentence of Section 2.08 of the Indenture; and (d) Bonds which are required to be disregarded and not deemed Outstanding under the Indenture.

“Owner”, when used with respect to any Bond, means the person in whose name the ownership of such Bond will be registered on the Registration Books.

“Parity Obligation Documents” means, collectively, (a) each Supplemental Indenture, (b) the 2006 SRF Agreement, and (c) all leases, installment sale agreements, trust agreements, indentures of trust and other documents prescribing the terms and provisions applicable to any issue of Parity Obligations.

“Parity Obligations” means, collectively, (a) any Bonds issued pursuant to a Supplemental Indenture, (b) the obligations of the City under the 2006 SRF Agreement, and (c) all other bonds, notes, loan agreements, installment sale agreements, leases or other obligations of the City payable from and secured by a pledge of and lien upon any of the Net Revenues issued or incurred on a parity with the Bonds under the Indenture.

“Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein, but only to the extent that the same are acquired at Fair Market Value:

- (a) Federal Securities;
- (b) Any direct or indirect obligations of an agency or department of the United States of America whose obligations represent the full faith and credit of the United States of America, or which are rated A or better by S&P or Fitch.
- (c) Deposit accounts (including certificates of deposit) in federal or State chartered savings and loan associations or in federal or State of California banks (including the Trustee), provided that: (i) the unsecured obligations of such commercial bank or savings and loan association are rated A or better by S&P or Fitch; or (ii) such deposits are insured by the Federal Deposit Insurance Corporation.
- (d) Commercial paper rated in the highest short-term rating category by S&P or Fitch.
- (e) Demand deposits, including interest bearing money market accounts, time deposits, trust funds, trust accounts, overnight bank deposits, interest-bearing deposits, other deposit products, certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the City, federal funds or bankers acceptances with a maximum term of one year of any bank, including the Trustee or any of its affiliates, which are unsecured, uninsured and unguaranteed obligation rating in the highest rating category of S&P or Fitch.
- (f) Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating in the highest rating category of S&P or Fitch, excluding those with floating net asset values, but including those for which the Trustee or an

affiliate receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor.

- (g) Obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated A or better by S&P or Fitch, or (b) fully secured as to the payment of principal and interest by Federal Securities.
- (h) Bonds or notes issued by any state or municipality which are rated by S&P or Fitch in one of the two highest rating categories assigned by S&P or Fitch.
- (i) Any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the claims paying ability of which are rated A or better by S&P or Fitch at the time of initial investment.
- (j) the Local Agency Investment Fund of the State of California, created under Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

“Rate Stabilization Fund” means the fund (if any) by that name established and held by the City under the Indenture.

“Record Date” means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date.

“Registration Books” means the books maintained by the Trustee under the Indenture for the registration and transfer of ownership of the Bonds.

“Request of the City” means a request in writing signed by the City Manager, the Director of Finance, or any other officer of the City duly authorized by the City Council for that purpose.

“Revenues” means all gross income and revenue received or receivable by the City from the ownership or operation of the Wastewater System, or otherwise arising from the Wastewater System during any Fiscal Year, including all rates, fees, and charges (including connection fees and charges) as received by the City for the services of the Wastewater System. It includes all other income and revenue howsoever derived by the City from Wastewater System ownership or operation, or otherwise arising from the Wastewater System, including but not limited to all receipts derived from the investment of funds held by the City under the Indenture or any Parity Obligation Documents, transfers from (but exclusive of any transfers from the applicable Fiscal Year’s income and revenue to) the Stabilization Fund, and all moneys received by the City from other public entities whose inhabitants are served pursuant to contracts with the City.

“Securities Depositories” means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or

such other securities depositories as the City may designate in a Request of the City delivered by the City to the Trustee.

“S&P” means S&P Global Ratings, of New York, New York, and its successors.

“Supplemental Indenture” means any indenture, agreement, resolution or other instrument duly adopted or executed in accordance with the Indenture.

“Subordinate Obligations” means all bonds, notes, loan agreements, installment sale agreements, leases or other obligations of the City (a) that are either (i) payable from but not secured by a pledge or and lien upon any of the Net Revenues or (ii) payable from and secured by a pledge of and lien upon any of the Net Revenues on a junior and subordinate basis to the Bonds and all other Parity Obligations, and (b) the principal of which cannot be accelerated and paid unless the Bonds and any Parity Obligations have been indefeasibly paid in full.

“Tax Code” means the Internal Revenue Code of 1986 as in effect on the Closing Date or as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

“Term Bonds” means (i) the 2025 Term Bonds and (ii) Bonds identified as term bonds in a Supplemental Indenture.

“Trustee” means The Bank of New York Mellon Trust Company, N.A., as Trustee under the Indenture, or any successor thereto appointed as Trustee thereunder in accordance with the provisions of the Indenture.

“Wastewater Fund” means the fund or account established and held by the City for the deposit of Revenues. Such fund or account may be designated in any manner deemed advisable by the City, and may be maintained in one or more funds or accounts. The Wastewater Fund is the same fund as the Enterprise Fund under the 2006 SRF Agreement, and is described as the Sewer Fund in the City’s financial statements.

“Wastewater System” means all wastewater collection, pumping, transport, treatment, storage, and disposal facilities, including land and easements thereof, owned, controlled or operated by the City, and all other properties, structures, or works hereafter acquired and constructed by the City and determined to be a part of the Wastewater System, together with all additions, betterments, extensions, or improvements to such facilities, properties, structures, or works, or any part thereof hereafter acquired and constructed. For the avoidance of doubt, the Wastewater System excludes the recycled water improvements owned, controller or operated by the City.

“2006 SRF Agreement” means Agreement No. 05-807-550-0 entered into between the City and the State Water Resources Control Board effective July 27, 2006, as originally executed and delivered and together with all duly authorized and executed amendments and supplements thereto.

“2025 Bonds” means the City of Hayward 2025 Wastewater Revenue Bonds at any time Outstanding under the Indenture.

“2025 Costs of Issuance Fund” means the fund by that name established and held by the Trustee under the Indenture.

“2025 Project Costs” means, with respect to the 2025 Projects, all costs of the acquisition, construction and installation thereof which are paid from moneys on deposit in the 2025 Project Fund, including but not limited to:

- (a) all costs required to be paid to any person under the terms of any agreement for or relating to the acquisition, construction and installation of the 2025 Projects;
- (b) obligations incurred for labor and materials in connection with the acquisition, construction and installation of the 2025 Projects;
- (c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the acquisition, construction and installation of the 2025 Projects;
- (d) all costs of engineering and architectural services, including the actual out-of-pocket costs for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper acquisition, construction and installation of the 2025 Projects;
- (e) any sums required to reimburse the City for advances made for any of the above items or for any other costs incurred and for work done which are properly chargeable to the acquisition, construction and installation of the 2025 Projects;
- (f) all financing costs incurred in connection with the acquisition, construction and installation of the 2025 Projects; and
- (g) the interest on the 2025 Bonds during the period of acquisition, construction and installation of the 2025.

“2025 Project Fund” means the fund by that name established and held by the Trustee under the Indenture.

“2025 Projects” means the facilities, improvements and other property to be acquired, constructed and improved from the proceeds of the 2025 Bonds, including the Phase II Project and the WRRF Administration and Laboratory Building. As provided in the Indenture, the City has the right to change or modify the description of the 2025 Projects or any component thereof in its sole discretion.

“2025 Term Bonds” means the 2025 Bonds designated as such in the Indenture.

2025 Costs of Issuance Fund; 2025 Project Fund

2025 Costs of Issuance Fund. A portion of the proceeds of the Bonds will be deposited by the Trustee in the 2025 Costs of Issuance Fund on the Closing Date. The moneys in the 2025 Costs of Issuance Fund will be disbursed to pay Costs of Issuance from time to time upon receipt of written requests of the City. On September 1, 2025, the Trustee will transfer any amounts remaining in the 2025 Costs of Issuance Fund to the 2025 Project Fund and the Trustee will close the 2025 Costs of Issuance Fund.

2025 Project Fund. The Trustee shall establish and maintain a separate fund to be known as the “2025 Project Fund”. Except as otherwise provided in the Indenture, moneys in the 2025 Project Fund shall be used solely for the payment of the Project Costs. The Trustee shall disburse moneys in the 2025 Project Fund from time to time to pay 2025 Project Costs (or to reimburse the City for payment of 2025 Project Costs) in accordance with Requisitions of the City filed with the Trustee (in the form as set forth in Appendix C of the Indenture), on which the Trustee may conclusively rely, without investigation.

Upon the receipt by the Trustee of a Certificate of the City stating that the 2025 Projects have been completed, the Trustee shall withdraw from the 2025 Project Fund and deposit in the Bond Service Fund all amounts remaining on deposit in the 2025 Project Fund, other than amounts estimated by the City (as identified in such Certificate) to be required to pay future Project Costs. Upon the filing with the Trustee of a Certificate of the City stating that no further amounts are intended to be requisitioned from the 2025 Project Fund, the Trustee shall thereupon close the 2025 Project Fund and transfer all remaining amounts therein to the Bond Service Fund.

Acquisition and Construction of the 2025 Projects

The City agrees to supervise and provide for, or cause to be supervised and provided for, the acquisition, construction and installation of the 2025 Projects in accordance with the plans and specifications, purchase orders, construction contracts and other documents relating thereto and approved by the City under all applicable requirements of law. All contracts for, and all work relating to, the acquisition, construction and installation of the 2025 Projects are subject to all applicable provisions of law relating to the acquisition and construction of public works by the City.

The City has the right to specify the exact scope, nature and identification of the 2025 Projects and the respective components thereof. The City may from time to time amend any such plans and specifications, and thereby change or modify the description of the 2025 Projects or any component thereof.

Receipt, Deposit and Application of Revenues

(a) Deposits into the Wastewater Fund. The City has previously established the Wastewater Fund, which it will continue to hold and maintain for the purposes and uses set forth herein. The City shall deposit all Revenues in the Wastewater Fund promptly upon the receipt thereof, and shall apply amounts in the Wastewater Fund solely for the uses and purposes set forth in the Indenture and in the Parity Obligation Documents.

(b) Payment of Operation and Maintenance Costs. The City may at any time use and apply moneys in the Wastewater Fund for the payment of the Operation and Maintenance Costs of the Wastewater System (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs the payment of which is not immediately required).

(c) Deposits into the Bond Service Fund; Application of Moneys in the Bond Service Fund. On or before the 3rd Business Day preceding each Interest Payment Date, so long as any Bonds remain Outstanding hereunder, the City shall withdraw from the Wastewater Fund and pay to the Trustee for deposit into the Bond Service Fund (which the Trustee shall establish and hold in trust under the Indenture) an amount which, together with other available amounts then on deposit in the Bond Service Fund, is at least equal to the aggregate amount of principal of and interest coming due and payable on the Bonds on such Interest Payment Date, including the principal amount of any Term Bonds upon the mandatory sinking fund redemption under the Indenture and the provisions of one or more Supplemental Indentures.

Payment of the Debt Service on the Bonds and the principal of and interest on any Parity Obligations will be made without preference or priority. If the amount of Net Revenues on deposit in the Wastewater Fund are at any time insufficient to enable the City to pay when due the Debt Service on the Bonds and the principal of and interest on any Parity Obligations, such payments will be made on a pro rata basis.

The Trustee shall apply amounts in the Bond Service Fund solely for the purpose of (i) paying the interest on the Outstanding Bonds when due and payable (including accrued interest on any Bonds purchased or redeemed hereunder), (ii) paying the principal of the Bonds at the maturity thereof, and (iii) paying the principal amount of the Term Bonds upon the mandatory sinking fund redemption under the Indenture and the provisions of one or more Supplemental Indentures. Upon the payment of all Outstanding Bonds, the Trustee shall transfer any moneys remaining in the Bond Service Fund to the City for deposit into the Wastewater Fund.

On the Closing Date, the Trustee will deposit proceeds of the 2025 Bonds in the Bond Service Fund in accordance with the Indenture, and such amounts will be used to pay interest on the 2025 Bonds on September 1, 2025 and, to the extent available March 1, 2026.

(d) Management of the Wastewater Fund; Other Uses of Moneys in the Wastewater Fund. The City shall manage, conserve and apply moneys in the Wastewater Fund in such a manner that all deposits required to be made under the indenture and under the Parity Obligation Documents will be made at the times and in the amounts so required. Subject to the foregoing sentence, so long as no Event of Default has occurred and is continuing, the City may at any time use and apply moneys in the Wastewater Fund for any one or more of the following purposes:

- (i) the acquisition and construction of extensions and betterments to the Wastewater System;
- (ii) the redemption or prepayment of any of the Bonds, the 2006 SRF Agreement and any other Parity Obligations which are then subject to redemption or prepayment or the purchase thereof from time to

time in the open market, at prices and in such manner, either at public or private sale, or otherwise, as the City in its discretion may determine; or

- (iii) any other lawful purpose of the City relating to the Wastewater System, including deposits into the Rate Stabilization Fund.

Establishment of Rate Stabilization Fund

The City has the right (but not the obligation) at any time to establish a fund to be held by it and administered in accordance with the Indenture, for the purpose of stabilizing the rates and charges imposed by the City with respect to the Wastewater System. From time to time the City may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, as the City may determine, provided that deposits for each Fiscal Year may be made until (but not after) one hundred eighty (180) days following the end of such Fiscal Year.

The City may, but is not required to, withdraw amounts on deposit in the Rate Stabilization Fund and deposit such amounts in the Wastewater Fund in any Fiscal Year, such withdrawals for a Fiscal Year to be made until (but not after) one hundred eighty (180) days after the end of such Fiscal Year. Amounts so transferred from the Rate Stabilization Fund to the Wastewater Fund during the time specified in the previous sentence constitute Revenues for that Fiscal Year (except to the extent provided in the Indenture), and will be applied for the purposes of the Wastewater Fund. Amounts on deposit in the Rate Stabilization Fund are not pledged to and do not secure the Bonds or any issue of Parity Obligations. All interest or other earnings on deposits in the Rate Stabilization Fund will be retained therein or, at the option of the City, be applied for any other lawful purposes. The City has the right at any time to withdraw any or all amounts on deposit in the Rate Stabilization Fund and apply such amounts for any other lawful purposes of the City.

Investment of Funds

All moneys in the Wastewater Fund may be invested by the City from time to time in any securities in which the City may legally invest funds subject to its control.

All moneys in any of the funds or accounts held by the Trustee under the Indenture will be invested by the Trustee solely in Permitted Investments as directed by the City in advance of the making of such investments.

Obligations purchased as an investment of moneys in any fund or account will be deemed to be part of such fund or account. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee under the Indenture will be retained in the respective fund or account from which such investment was made. The Trustee may rely on the investment directions of the City as to both the suitability and legality of the directed investments.

Rates and Charges

(a) Covenant Regarding Revenues. The City will fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the

Wastewater System during each Fiscal Year which are at least sufficient, after making allowances for contingencies and error in the estimates, to pay the following amounts in the following order:

- (i) all Operation and Maintenance Costs estimated by the City to become due and payable in the Fiscal Year;
- (ii) the Debt Service on all outstanding Bonds, the 2006 SRF Agreement and all other outstanding Parity Obligations as they become due and payable during the Fiscal Year, without preference or priority;
- (iii) all amounts, if any, required to restore the balance in any reserve funds established for the Bonds and any other Parity Obligations to their required levels; and
- (iv) All payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable from, the Revenues or the Net Revenues during such Fiscal Year, including any Subordinate Obligations.

(b) Covenant Regarding Net Revenues. In addition to the covenant set forth in the preceding clause (a) of this Section, the City will fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Wastewater System during each Fiscal Year which are sufficient to yield Net Revenues which are at least equal to the sum of (i) 110% of the amount described in the preceding clause (a)(ii) for such Fiscal Year and (ii) 100% of (A) the amount described in the preceding clause (a)(ii) and (B) Debt Service on all Subordinate Obligations due and payable during such Fiscal Year.

Pursuant to the Indenture, Net Revenues may include transfers from the Rate Stabilization Fund to the Wastewater Fund for such Fiscal Year, if any, provided that the Net Revenues excluding such transfers are at least equal to the sum of (i) the amount described in the preceding clause (a)(ii) for such Fiscal Year and (ii) Debt Service on all Subordinate Obligations due and payable during such Fiscal Year.

Issuance of Parity Obligations

The City may issue additional Parity Obligations from time to time in such principal amount as it determines, subject to the following conditions precedent:

- (a) No Event of Default (or no event with respect to which notice has been given and which, once all notice of grace periods have passed, would constitute an Event of Default) has occurred and is continuing.
- (b) Net Revenues for the period of 12 consecutive months within the 18 months immediately preceding the issuance of the proposed additional Parity Obligations based on the City's audited financial statement(s) for such period or a certificate of an Independent Accountant employed by the City, were at least equal to 110% of

the Debt Service due and payable on the Outstanding Bonds, the 2006 SRF Loan and any other outstanding Parity Obligations in the Fiscal Year immediately succeeding the Fiscal Year in which the additional Parity Obligation is issued or incurred.

- (c) (i) Estimated Net Revenues for the Fiscal Year in which the proposed Additional Parity Obligation is issued, and (ii) projected Net Revenues for the five Fiscal Years immediately following the Fiscal Year in which the additional Parity Obligation is issued, will be at least equal to 110% of the Debt Service in such Fiscal Year(s) for all Outstanding Bonds, all outstanding Parity Obligations and the proposed additional Parity Obligation. For purposes of clause (c)(ii), (A) if all or a portion of the interest due in such five Fiscal Years on any Outstanding Bonds, outstanding Parity Obligations or the proposed additional Parity Obligation is being or will be capitalized from the proceeds of such Outstanding Bonds, outstanding Parity Obligations or the proposed additional Parity Obligation, the five Fiscal Year period will commence with the first Fiscal Year beginning after the last capitalized interest payment, (B) projected Net Revenues for each Fiscal Year in the five Fiscal Year period may include Revenues arising from increases in the rates and charges estimated to be fixed and prescribed or received for the services of the Wastewater System and which are economically feasible and reasonably considered necessary based on projected operations for such Fiscal Year, and (C) Net Revenues for a Fiscal Year may be increased by transfers from the Rate Stabilization Fund to the Wastewater Fund, provided that Net Revenues excluding such transfers are at least equal to the sum of the Debt Service in such Fiscal Year for all Outstanding Bonds, all outstanding Parity Obligations and the proposed additional Parity Obligation.
- (d) The issuance of such Parity Obligations shall comply with all conditions to the issuance thereof as set forth in the applicable provisions of the Parity Obligation Documents.
- (e) The City shall deliver to the Trustee a Certificate of the City certifying, and an opinion of Bond Counsel stating, that the conditions precedent to the issuance of such Parity Obligations set forth in the foregoing subsections (a), (b) and (c) of this Section have been satisfied.

Sale or Eminent Domain of Wastewater System

(a) The City covenants that the Wastewater System will not be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise disposed of, as a whole or substantially as a whole if such encumbrance, sale, lease, pledge, charge or other disposition would materially impair the ability of the City to pay the principal of or interest on all outstanding Parity Obligations, or would materially adversely affect its ability to comply with the terms of the Indenture or any Parity Obligation Documents. The City will not enter into any agreement which impairs the operation of the Wastewater System or

any part of it necessary to secure adequate Net Revenues to pay the Bonds and all outstanding Parity Obligations, or which otherwise would impair the rights of the Bond Owners with respect to the Net Revenues.

If any substantial part of the Wastewater System that is material to the operation of the Wastewater System is sold, the payment therefor will either (a) be used for the acquisition or construction of improvements and extensions or replacement facilities or (b) be applied to redeem the Bonds or any Parity Obligations in accordance with the Indenture, and the Parity Obligation Documents.

(b) If all or any part of the Wastewater System shall be taken by eminent domain proceedings, any amounts received as awards shall be deposited in an Insurance and Condemnation Fund established and held by the City and applied as follows:

(i) If the City has determined that it needs to use the award to make additions, betterments, extensions or improvements to the Wastewater System in order for the City to comply with the provisions of the Indenture, the City will use such award to make such additions, betterments, extensions or improvements. If the amount of such award shall exceed the costs of such additions, betterments, extensions or improvements that are required for the City to comply with the Indenture, the excess shall be applied to any lawful purpose of the Wastewater System, including (i) the payment of Debt Service on the Bonds and any Parity Obligations, (ii) the prepayment or discharge of the Bonds and any Parity Obligations as provided in the Indenture and the Parity Obligation Documents, as applicable, and (iii) the payment of capital costs of improvements to the Wastewater System.

(ii) If the City has determined that it does not need to use the award to make additions, betterments, extensions or improvements to the Wastewater System in order for the City to comply with the provisions of the Indenture, the City shall use such award for any lawful purpose of the Wastewater System, including (i) the payment of Debt Service on the Bonds and any Parity Obligations, (ii) the prepayment or discharge of the Bonds and any Parity Obligations as provided in the Indenture and the Parity Obligation Documents, as applicable, and (iii) the payment of capital costs of improvements to the Wastewater System.

(iii) Notwithstanding the foregoing, to the extent the award relates to improvements financed by one or more series of the Bonds, until such time as such Bonds have been redeemed or paid at maturity, (i) any use of such related award shall comply with the provisions of the Indenture thereof or similar applicable provisions of Supplemental Indentures, (ii) such related award may not pay Debt Service on or prepay, discharge or redeem any others Bonds or other Parity Obligations, (iii) if such related award will be used to pay Debt Service on or prepay, discharge or redeem such Bonds, they cannot be invested at a yield that is greater than the arbitrage yield of such Bonds and (iv) if such Bonds are refunded by tax-exempt refunding bonds ("Refunding Bonds"), such related award in the Insurance and Condemnation Fund shall be used for purposes not inconsistent with the Indenture thereof or similar applicable provisions of Supplemental Indentures. The Trustee has no liability to determine whether the City is in compliance with the provisions of the Indenture.

Insurance

(a) The City agrees at all times to maintain with responsible insurers all such insurance on the Wastewater System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Wastewater System.

(b) All amounts collected from insurance against accident to or destruction of any portion of the Wastewater System shall be deposited in an Insurance and Condemnation Fund established and held by the City and applied as follows:

(i) If the City has determined that it needs to use the insurance proceeds to make additions, betterments, extensions or improvements to the Wastewater System in order for the City to comply with the provisions of the Indenture, the City shall use such insurance proceeds to make such additions, betterments, extensions or improvements. If the amount of such insurance proceeds shall exceed the costs of such additions, betterments, extensions or improvements that are required for the City to comply with the provisions of the Indenture, the excess shall be applied to any lawful purpose of the Wastewater System, including (i) the payment of Debt Service on the Bonds and any Parity Obligations, (ii) the prepayment or discharge of the Bonds and any Parity Obligations as provided in the Indenture and the Parity Obligation Documents, as applicable, and (iii) the payment of capital costs of improvements to the Wastewater System.

(ii) If the City has determined that it does not need to use the insurance proceeds to make additions, betterments, extensions or improvements to the Wastewater System in order for the City to comply with the provisions of the Indenture, the City shall use such insurance proceeds for any lawful purpose of the Wastewater System, including (i) the payment of Debt Service on the Bonds and any Parity Obligations, (ii) the prepayment or discharge of the Bonds and any Parity Obligations as provided in the Indenture and the Parity Obligation Documents, as applicable, and (iii) the payment of capital costs of improvements to the Wastewater System.

(iii) Notwithstanding the foregoing, to the extent the insurance proceeds relate to improvements financed by one or more series of the Bonds, until such time as such Bonds have been redeemed or paid at maturity, (i) any use of such related insurance proceeds shall comply with the provisions of the Indenture thereof or similar applicable provisions of Supplemental Indentures, (ii) such related insurance proceeds may not pay Debt Service on or prepay, discharge or redeem any others Bonds or other Parity Obligations, (iii) if such related insurance proceeds will be used to pay Debt Service on or prepay, discharge or redeem such Bonds, they cannot be invested at a yield that is greater than the arbitrage yield of such Bonds and (iv) if such Bonds are refunded by tax-exempt refunding bonds ("Refunding Bonds"), such related insurance proceeds in the Insurance and Condemnation Fund shall be used for purposes not inconsistent with the provisions of the Indenture thereof or similar applicable provisions of Supplemental Indentures.

The City will also maintain, with responsible insurers, worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the City, the Trustee and the Owners of the Bonds.

Covenants of the City

Payment of Bonds. The City agrees to punctually pay or cause to be paid the interest and principal to become due with respect to all of the Bonds in strict conformity with the terms of the Bonds and of the Indenture, and will faithfully observe and perform all of the conditions, covenants and requirements of the Indenture.

Records and Accounts. The City agrees that it will keep proper books of record and accounts of the Wastewater System, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Wastewater System. Said books shall, upon reasonable request, be subject to the inspection of the Trustee and the Owners of not less than 10% of the Outstanding Bonds or their representatives authorized in writing.

The City further agrees that it will cause the books and accounts of the Wastewater System to be audited annually by an Independent Accountant and will make available for inspection by the Bond Owners at the Office of the Trustee, upon reasonable request, a copy of the report of such Independent Accountant. The City will furnish a copy of such statements, upon reasonable request, to the Trustee (who will have no duty to inspect) and any Bond Owner. The Trustee shall have no obligation to review, verify or analyze such statements, and shall retain them, if provided to it, solely as a repository for the Bond Owners.

Operation of Wastewater System. The City agrees to operate the Wastewater System in an efficient and economical manner and to operate, maintain and preserve the Wastewater System in good repair and working order.

Tax Covenants. The City will not take, nor permit nor suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of any of the 2025 Bonds which would cause any of the 2025 Bonds to be "arbitrage bonds" or "private activity bonds" within the meaning of the Tax Code. The City will not take, nor permit nor suffer any action to be taken which would cause the 2025 Bonds to be "federally guaranteed" within the meaning of the Tax Code. The City will calculate or cause to be calculated all amounts of excess investment earnings with respect to the 2025 Bonds which are required to be rebated to the United States of America, pay such amounts when due and retain such records relating thereto pursuant to the Tax Code.

Amendment of Indenture

The Indenture may be modified or amended at any time by a supplemental indenture with the written consents of the Owners of a majority in aggregate principal amount of the Bonds then outstanding. No such modification or amendment may (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the City to pay the principal, or interest, or any premium payable on the redemption thereof, at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the Owner of such

Bond, or (b) except as provided in the Indenture, permit the creation by the City of any mortgage, pledge or lien upon the Revenues or the Net Revenues superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as expressly permitted by the Indenture), or reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee.

The Indenture may also be modified or amended at any time by a supplemental indenture, without the consent of any Bond Owners, to the extent permitted by law, but only for any one or more of the following purposes:

- (a) to add to the covenants and agreements of the City contained in the Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power therein reserved to or conferred upon the City; or
- (b) to cure any ambiguity, or to cure, correct, supplement any defective provision contained in the Indenture, or in any other respect whatsoever as the City deems necessary or desirable, provided under any circumstances that such modifications or amendments do not materially adversely affect the interests of the Owners of the Bonds, in the opinion of Bond Counsel filed with the City and the Trustee; or
- (c) to provide for the issuance of any Parity Obligations, and to provide the terms and conditions under which such Parity Obligations may be issued, including but not limited to the establishment of special funds and accounts relating to such Parity Obligations and any other provisions relating solely to such Parity Debt; or
- (d) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds ; or
- (e) to comply with the requirements of a Credit Provider related to the delivery of a Bond Insurance Policy or a Debt Service Reserve Fund Credit Instrument, including (A) pledging Net Revenues on a parity with the pledge of Net Revenues to the Bonds and any Parity Obligations as security for the reimbursement of amounts advanced by the Credit Provider under a Bond Insurance Policy, interest on such advanced amounts and related costs and (B) pledging Net Revenues on a subordinate basis to the pledge of Net Revenues to the Bonds and any Parity Obligations as security for the reimbursement of amounts advanced by the Credit Provider under Debt Service Reserve Fund Credit Instrument, interest on such advanced amounts and related costs.

Events of Default

Events of Default Defined. The following events constitute events of default under the Indenture:

- (a) Failure to pay any installment of the principal of any Bonds when due, whether at maturity as therein expressed, by proceedings for redemption, by acceleration or otherwise.
- (b) Failure to pay any installment of interest on the Bonds when due.
- (c) Failure by the City to observe and perform any of the other covenants, agreements or conditions on its part contained in the Indenture or in the Bonds, if such failure has continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the City by the Trustee; *provided, however*, that if in the reasonable opinion of the City the default stated in the notice can be corrected, but not within such 30 day period, such failure will not constitute an event of default under the Indenture if the City institutes corrective action within such 30 day period and thereafter diligently and in good faith cures such failure in a reasonable period of time, such period not to exceed 180 days after the delivery of such notice of failure.
- (d) Certain events relating to the insolvency or bankruptcy of the City.
- (e) The occurrence and continuation of an event of default under and as defined in any Parity Obligation Documents.

Remedies. Upon the occurrence and during the continuance of any event of default, the Trustee may, and at the written direction of the Owners of a majority in aggregate principal amount of the Bonds at the time outstanding shall, (a) declare the principal of all of the Bonds then outstanding, and the interest accrued thereon, to be due and payable immediately, and (b) exercise any other remedies available to the Trustee and the Bond Owners in law or at equity to enforce the rights of the Bond Owners under the Indenture.

Promptly upon becoming aware of the occurrence of an Event of Default, but in no event later than five Business Days following becoming aware of such occurrence, the Trustee shall give notice of such Event of Default to the City in writing. Such notice shall also state whether the principal of the Bonds has been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Bond Owners, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee declares the Bonds to become due and payable under the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds has been so declared due and payable, and before any judgment or decree for the payment of the moneys due has been obtained or entered, the City shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the

Bonds, with interest on such overdue installments of principal and interest at an interest rate of 10% per annum, and the reasonable fees and expenses of the Trustee, including fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) has been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the City and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment extends to or affects any subsequent default, or impairs or exhausts any right or power consequent thereon.

Application of Funds Upon the Occurrence of an Event of Default. All amounts received by the Trustee pursuant to any right given or action taken by the Trustee under the provisions of the Indenture shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds; payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under the Indenture and the payment of all fees, costs and expenses owing to the Trustee under Section 6.06, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law.

(b) To the payment of the principal of and interest on the Bonds, as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient

to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over the principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Limitation on Bond Owners' Right to Sue. No Owner of any Bond has the right to institute any suit, action or proceeding at law or in equity, for any remedy under the Indenture, unless (a) such Owner has previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding have requested the Trustee in writing to exercise its powers under the Indenture; (c) said Owners have tendered to the Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee has failed to comply with such request for a period of 60 days after such written request has been received by the Trustee and said tender of indemnity is made to the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners has any right in any manner whatever by his or their action to enforce any right under the Indenture, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and premium, if any, and interest on such Bond as provided in the Indenture, shall not be impaired or affected without the written consent of such Owner (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Owners), notwithstanding the foregoing provisions of this Section or any other provision of the Indenture.

Duties, Immunities and Liabilities of Trustee

(a) Performance of Duties. The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiving of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in the Indenture and no implied covenants or duties will be read into the Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) Removal of Trustee. The City may remove the Trustee at any time, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Trustee ceases to be eligible in accordance

with subsection (e) of this Section, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property is appointed, or any public officer takes control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. The City may accomplish such removal by giving 30 days written notice to the Trustee, whereupon the City will appoint a successor Trustee by an instrument in writing.

(c) Resignation by Trustee. The Trustee may at any time resign by giving written notice of such resignation to the City, and by giving notice of such resignation by first class mail, postage prepaid, to the Bond Owners at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the City will promptly appoint a successor Trustee by an instrument in writing.

(d) Appointment of Successor Trustee. Any removal or resignation of the Trustee and appointment of a successor Trustee becomes effective upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the retiring Trustee, any Owner (on behalf of such Owner and all other Owners) may petition, at the City's expense, any federal or state court for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the City and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any and all costs, liabilities, expenses or claims arising during the time the successor Trustee serves as Trustee hereunder, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, upon the receipt by the predecessor Trustee of the Request of the City or the request of the successor Trustee, and the payment of all amounts owed to it, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the City will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the City shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to S&P, and to the Owners at the addresses shown on the Registration Books. If the City fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the City.

Limited Liability of City

Notwithstanding anything contained in the Indenture, the City is not required to advance any moneys derived from any source of income other than the Net Revenues

for the payment of the principal of or interest on the Bonds, or any premiums upon the redemption thereof, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the Revenues). The City may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the City for such purpose without incurring indebtedness.

The Bonds are revenue bonds, payable exclusively from the Net Revenues and other funds as provided herein. The general fund of the City is not liable, and the credit of the City is not pledged, for the payment of the interest on or principal of the Bonds. The Owners of the Bonds have no right to compel the forfeiture of any property of the City. The principal of and interest on the Bonds, and any premiums upon the redemption of any thereof, are not a debt of the City, or a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or upon any of its income, receipts or revenues except the Net Revenues and other funds pledged to the payment thereof as provided in the Indenture.

Defeasance of Bonds and Discharge of Indenture

The City may pay and discharge the indebtedness on any or all of the outstanding Bonds in any one or more of the following ways:

- (a) by paying or causing to be paid the principal of and interest on the Bonds, as and when the same become due and payable;
- (b) by irrevocably depositing with the Trustee or an escrow bank, in trust, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established under the Indenture, in the opinion or report of an Independent Account to be fully sufficient to pay such Bonds, including all principal, interest, and redemption premium, if any; or
- (c) by irrevocably depositing with the Trustee or an escrow bank, in trust, Federal Securities in such amount as an independent accountant determines in a writing delivered to the parties to the Indenture will, together with the interest to accrue thereon and available amounts then on deposit in any of the funds and accounts established under the Indenture, to be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premium, if any) at or before maturity; or
- (d) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption has been duly given or provision satisfactory to the Trustee has been made for the giving of such notice, then, at the election of the City, and notwithstanding that any such Bonds have not been surrendered for payment, the pledge of the Net Revenues and other funds provided for in the Indenture and all other obligations of the Trustee and the City under the Indenture with respect to such Bonds shall cease and terminate, except only:

- (a) the obligations of the City under Section 5.10,
- (b) the obligation of the Trustee to transfer and exchange Bonds under the Indenture,
- (c) the obligation of the City to pay or cause to be paid to the Owners of such Bonds, from the amounts so deposited with the Trustee, all sums due thereon, and
- (d) the obligations of the City to compensate and indemnify the Trustee under the Indenture.

The City shall file notice of such election with the Trustee. The Trustee shall pay any funds thereafter held by it, which are not required for said purpose, to the City.

In the case of a defeasance or payment of all of the Bonds Outstanding in accordance with the Indenture, the Trustee shall pay all amounts held by it in any funds or accounts hereunder, which are not required for said purpose or for payment of amounts due the Trustee under the Indenture, to the City.

APPENDIX D
PROPOSED FORM OF BOND COUNSEL OPINION

March __, 2025

City of Hayward
777 B Street
Hayward, CA 94541

OPINION: \$ _____ City of Hayward 2025 Wastewater Revenue Bonds

Members of the City Council:

We have acted as bond counsel to the City of Hayward (the "City") in connection with its issuance of the captioned bonds (the "Bonds"), pursuant to Sections 3, 5 and 7 of Article XI of the California Constitution, Section 200 of the Charter of the City, Ordinance No. 24-05, enacting the City of Hayward Water and Wastewater Enterprise Revenue Bond Law, constituting Chapter 8, Article 22 of the Hayward Municipal Code, an Indenture of Trust, dated as of March 1, 2025 (the "Indenture"), by and between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee"), and a resolution of the City Council of the City (the "Resolution") adopted on February 25, 2025. In such capacity, we have examined such law and such certified proceedings, certifications, opinions and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on representations of the City contained in the Indenture, and on the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The City is duly created and validly existing as a municipal corporation and chartered city with the power to enter into the Indenture, perform the agreements on its part contained therein, and issue the Bonds.

2. The Indenture has been duly approved by the City, and constitutes a valid and binding obligation of the City, enforceable upon the City in accordance with its terms.

3. The Indenture creates a valid lien on the Net Revenues and other moneys pledged by the Indenture for the security of the Bonds.

4. The Bonds have been duly authorized, executed and delivered by the City, and are valid and binding special obligations of the City, payable solely from the sources provided therefor in the Indenture.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. It should be noted however that interest on the Bonds may be subject to the corporate alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur. Moreover, our opinions are not a guarantee of a particular result, and are not binding on the Internal Revenue Service or any court; rather, our opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions, and any assumptions expressed herein, and in reliance upon the representations, and covenants referenced above. Our engagement with respect to this matter has terminated as of the date hereof.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$ _____
CITY OF HAYWARD
2025 WASTEWATER REVENUE BONDS

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Hayward (the “City”) in connection with the issuance of the bonds captioned-above (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of March 1, 2025, between the City and The Bank of New York Mellon Trust Company, N.A., as trustee (the “Trustee”), as supplemented or amended from time to time in accordance with the provisions thereof (the “Indenture”).

The City hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission.

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms have the following meanings:

“*Annual Report*” means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4.

“*Annual Report Date*” means the date not later than March 31 after the end of each fiscal year of the City (currently June 30th).

“*Dissemination Agent*” means, initially, NHA Advisors, LLC, or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation.

“*Listed Events*” means any of the events listed in Section 5(a).

“*MSRB*” means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

“*Official Statement*” means the final official statement dated _____, 2025, executed by the City in connection with the issuance of the Bonds.

“*Participating Underwriter*” means any of the original purchasers of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“*Rule*” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2025, with the report for the 2023-24 fiscal year, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate; provided, however, that the requirement to file the Annual Report for the 2023-2024 fiscal year by no later than March 31, 2025, shall be satisfied by the filing of the Official Statement with the MSRB.

Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(b). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) notice in a timely manner to the MSRB.

(c) With respect to each Annual Report, the Dissemination Agent shall:

- (i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and
- (ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the City for the

most recently completed fiscal year, substantially similar to that provided in the corresponding tables in the Official Statement, as follows:

- (1) Table 1 – Customer Base by Type of Account,
- (2) Table 7 – Ten Largest Wastewater System Rate Payers, and
- (3) Table 12 – Historical Revenues, Expenditures and Debt Service Coverage.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.
- (10) Release, substitution, or sale of property securing repayment of the securities, if material.

- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person.
- (13) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (15) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or an obligated person, any of which affect security holders, if material.
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

(b) Upon the occurrence of a Listed Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) and (a)(15) of this Section 5 contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the City determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the City obtains knowledge of the occurrence of any of these Listed Events, the City will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the City will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or

governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

(e) For purposes of Section 5(a)(15) and (16), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the City.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;
- (b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed

pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder, and shall not be deemed to be acting in any fiduciary capacity for the City, the Bond holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and

shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date:

CITY OF HAYWARD

By: _____

APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company (“DTC”), the procedures and record keeping with respect to beneficial ownership interests in the 2025 Bonds, payment of principal, interest and other payments on the 2025 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the 2025 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

*Neither the issuer of the 2025 Bonds (the “**Issuer**”) nor the trustee, fiscal agent or paying agent appointed with respect to the 2025 Bonds (the “**Agent**”) take any responsibility for the information contained in this Appendix.*

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2025 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2025 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2025 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “**Securities**”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“**Direct Participants**”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations.

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“**DTCC**”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.