

**Hayward Area  
Recreation and Park  
District**  
Hayward, California

*Basic Financial Statements  
and Independent Auditor's Report*

*For the year ended June 30, 2024*



Hayward Area Recreation and Park District  
 Basic Financial Statements  
 For the year ended June 30, 2024  
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**HAYWARD AREA RECREATION AND PARK DISTRICT  
BOARD OF DIRECTORS  
AS OF JUNE 30, 2024**

<b><u>Name</u></b>	<b><u>Residence</u></b>	<b><u>Office</u></b>	<b><u>Term Expires</u></b>
Peter Rosen	Castro Valley	President	November 2024
Paul W. Hodges, Jr.	Hayward	Vice President	November 2026
Louis M. Andrade	Castro Valley	Secretary	November 2024
Rick J. Hatcher	San Lorenzo	Director	November 2024
Sara Lamnin	Hayward	Director	November 2026

**James Wheeler**  
General Manager

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of Hayward Area Recreation and Park District  
Hayward, California

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Hayward Area Recreation and Park District, (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District'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, each major fund and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Hayward Area Recreation and Park District (District) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements 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.

#### *Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 District'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 Responsibility 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 GAAS 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 GAAS, 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 controls 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 District'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 District'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.

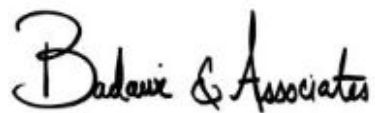
To the Board of Directors  
of Hayward Area Recreation and Park District  
Hayward, California  
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***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, pension schedules and OPEB schedules on pages 7-18 and 70-79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Management is responsible for the other information included in the Annual Report. The other information comprises the introductory section but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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.



Badawi & Associates, CPAs  
Emeryville, California  
April 30, 2025

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**HAYWARD AREA RECREATION AND PARK DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2024**

This section of the District's Annual Financial Report presents a narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2024. District Management recommends this information be read in conjunction with the District's financial statements which follow this discussion.

**FINANCIAL HIGHLIGHTS**

- The District continued its economic recovery from the COVID pandemic in FY23-24. Revenues increased from a strong local economy with increased tax and assessment revenue, interest earnings and increased utilization of the District's recreation programs.
- As reported in the District's Governmental Fund Financial Statements, total fund balance at June 30, 2024 was \$128.1 million, a reduction of \$21.7 million from the prior fiscal year. This reduction was primarily the result of a \$23.0 million reduction in the debt service reserve in the Debt Service Fund caused by \$39 million in debt service expenditures offset by \$16 million in restricted revenue during the year.
- General Fund revenue increased by \$3.7 million in FY23-24, from \$40.9 million to \$44.6 million. The major increases were in property taxes and assessments revenue (up \$1.8 million), rents, concessions, and fees revenue (up \$1.3 million) and interest earnings (up \$0.4 million).
- General Fund expenditures increased from the prior year by \$5.8 million, from \$35.7 million to \$41.6 million, as staffing was increased and vacancies filled, as well as related services and supplies costs. This change included increases of \$1.2 million in district management costs, \$1.9 million in recreation program costs, \$1.4 million in park and facility maintenance costs and \$0.3 million in capital planning & development costs.
- At the end of FY23-24, the fund balance in the General Fund totaled \$24.4 million. Of this amount, \$0.3 million was restricted for special purposes by the donor, \$0.3 million was assigned for special purposes, \$0.1 million comprised nonspendable inventory and prepaid expenses, and the remaining unassigned fund balance for the General Fund of \$23.7 million was held in the Cash Flow Reserve (\$10 million) and the Operating Reserve (\$13.7 million) per the Board's Reserve Policy adopted on March 13, 2017.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Hayward Area Recreation and Park District's basic financial statements. The financial statements are composed of three parts:

- Government-wide Financial Statements
- Fund Financial Statements
- Notes to the Financial Statements

**Government-wide Financial Statements**

The government-wide financial statements provide a longer-term view of the District's activities and comprise the Statement of Net Position and the Statement of Activities. These statements are reported on the full accrual basis, as used by private sector businesses, and include capital and other long-lived assets and long-term liabilities not reflected in the fund financial statements. All changes in net position are reported as soon as the underlying event takes place, regardless of the timing of the related cash

flow. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flow in future fiscal periods, such as earned but unused compensating time off and adjustments to reflect actuarial valuations of liabilities related to pensions and other post-employment benefits.

### **Fund Financial Statements**

The fund financial statements provide more detail of the District's operations than the government-wide financial statements. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Major funds account for major financial activities of the District and are presented individually. The activities of non-major funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds.

### **Governmental Funds**

All the District's basic services are considered governmental activities. These services are supported by general District revenues such as taxes and by specific program revenues such as user fees and charges.

Governmental fund financial statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the governmental fund financial statements. These statements focus on how cash and other financial assets can readily be converted to available resources and year-end balances that are available for spending. It is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both reconciliations of the fund balance sheet and fund statements of activities are provided to facilitate such a comparison.

The Capital Project Fund and the Debt Service Fund are the two major funds in the governmental fund financial statements in addition to the General Fund.

Comparisons of Budget and Actual financial information are presented only for the General Fund, as required by GASB 34.

### **Proprietary Fund**

Proprietary fund financial statements are prepared on the full accrual basis and include all the fund's assets and liabilities, current and long-term. The District's proprietary fund includes the activities of the internal service funds, which account for insurance and related costs, equipment replacement funding, and pension stabilization funding.

Since the District's internal service funds provide goods and services internally to the District's governmental activities, its activities are reported only in total at the fund level. The District uses the internal service funds to accumulate and allocate costs among the District's departments. The revenues are eliminated in the government-wide financial statements and any related net income or loss is returned to the activities that created them, along with any residual net position of the internal service funds.

### **Notes to the Financial Statements**

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

## FINANCIAL STATEMENT ANALYSIS

### Government-wide Financial Analysis

This analysis focuses on the Net Position and changes in Net Position of the District as a whole.

	<u>6/30/2024</u>	<u>6/30/2023</u>
<b>ASSETS</b>		
Cash and investments	\$ 35,360,142	\$ 32,490,184
Restricted cash and investments	106,264,457	130,654,470
Lease receivables	\$4,561,641	\$4,233,106
Other assets	2,550,029	3,293,926
Net OPEB Asset	-	-
Capital assets net of depreciation	210,992,547	197,162,849
<b>Total assets</b>	<u>359,728,816</u>	<u>367,834,535</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred refunding loss	1,246,290	1,302,940
Deferred OPEB items	1,165,005	1,172,261
Deferred pension items	8,832,859	9,106,562
<b>Total deferred outflows of resources</b>	<u>11,244,154</u>	<u>11,581,763</u>
<b>LIABILITIES</b>		
Other liabilities	10,584,308	9,666,381
Noncurrent liabilities:		
Due within one year other than OPEB and pensions	9,866,584	32,118,445
Due in more than one year other than OPEB and pension	168,408,584	170,203,787
Net OPEB liability	399,212	89,959
Net pension liability	30,545,120	29,603,046
<b>Total liabilities</b>	<u>219,803,808</u>	<u>241,681,618</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Lease related	\$4,316,468	\$4,233,106
OPEB related	-	2,009,962
Pension related	676,244	1,208,462
<b>Total deferred inflows of resources</b>	<u>4,992,712</u>	<u>7,451,530</u>
<b>NET POSITION</b>		
Net investment in capital assets	129,527,687	89,077,936
Restricted for		
Restricted for pension contributions	-	3,119,000
Restricted for capital projects	-	1,721,659
Restricted for debt service	18,575,603	41,561,140
Restricted by donor for special purposes	285,631	482,054
Unrestricted	(2,212,471)	(5,678,639)
<b>Total net position</b>	<u>\$ 146,176,450</u>	<u>\$ 130,283,150</u>

## **Government-Wide Financial Statement Analysis, continued**

Net position reflects the District's financial position including noncurrent assets and liabilities, amounting to \$146.2 million as of June 30, 2024. The largest component of the District's net position is held in capital assets, e.g. land, buildings and improvements, and infrastructure, as well as computer software and equipment and capital leased vehicles (reflected less related outstanding debt used to acquire those assets.) The District uses these capital assets to provide services to constituents; consequently, these assets are not available for future spending. Also, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### **Net Position Analysis:**

Approximately \$18.6 million of the District's net position is restricted for debt service expenditures and \$0.3 million is restricted for special purposes. The inclusion of long-term pension liabilities and related deferred inflow and outflow of resources in the Statement of Net position causes the remaining unrestricted net position portion to be a negative \$2.2 million.

### **Other Highlights:**

- Cash and investments increased by \$2.9 million (or 9%) resulting from operating revenues over expenditures and increases in the internal service fund cash.
- Restricted cash and investments decreased by \$24.4 million (or 19%) due to the expenditure of bond proceeds.
- Account payable increased by \$1.1 million (or 31%) due to increased capital project funding.
- Noncurrent liabilities other than pension decreased by \$24.0 million, due primarily to a \$31 million principal paydown offset by a \$7.5 million lease-purchase financing issuance.
- Noncurrent net OPEB liability increased by \$0.3 million. This liability is an actuarially determined amount and will fluctuate from year to year as does the pension liability figure.
- Deferred inflows of resources decreased by \$2.5 million (or 33%) due to adjustments to the annual pension and OPEB actuarial liability projections.

## Government-Wide Financial Statement Analysis, continued

### Change in Net Position- Analysis:

	<u>6/30/2024</u>	<u>6/30/2023</u>
<b>REVENUE</b>		
Program Revenue:		
Charges for Services	\$ 8,283,282	\$ 6,989,356
Operating Grants and Contributions	760,403	544,167
Capital Grants and Contributions	1,809,949	4,519,714
General Revenue:		
Taxes and assessments	49,976,412	47,100,220
Use of money and property	4,661,885	2,192,045
Intergovernmental	210,350	213,404
In -lieu fees	-	-
Other revenues	29,054	138,894
Gain on sale of assets	3,050	-
<b>Total revenue</b>	<u>65,734,385</u>	<u>61,697,800</u>
<b>EXPENSES</b>		
District management	7,766,823	7,228,050
Recreation programs	10,791,812	9,074,717
Capital planning and development	1,619,501	332,145
Park and facility maintenance	20,933,065	16,991,672
Golf courses	2,014,211	1,747,625
Interest on long-term debt	6,715,673	6,230,306
<b>Total expenses</b>	<u>49,841,085</u>	<u>41,604,515</u>
<b>Increase (decrease) in net position</b>	15,893,300	20,093,285
<b>Net position - beginning balance, as restated</b>	<u>130,283,150</u>	<u>110,189,865</u>
<b>Net position - ending balance</b>	<u>\$ 146,176,450</u>	<u>\$ 130,283,150</u>

- Charges for services revenue increased by \$1.3 million (or 19%) due to increased activity in recreation programming and facility rentals.
- Operating grants and contributions increased by \$0.2 million (or 40%) due to the receipt of additional unanticipated grant funding.
- Capital grants and contributions decreased by \$2.7 million (or 60%) due to a decrease in grant funding for capital projects.

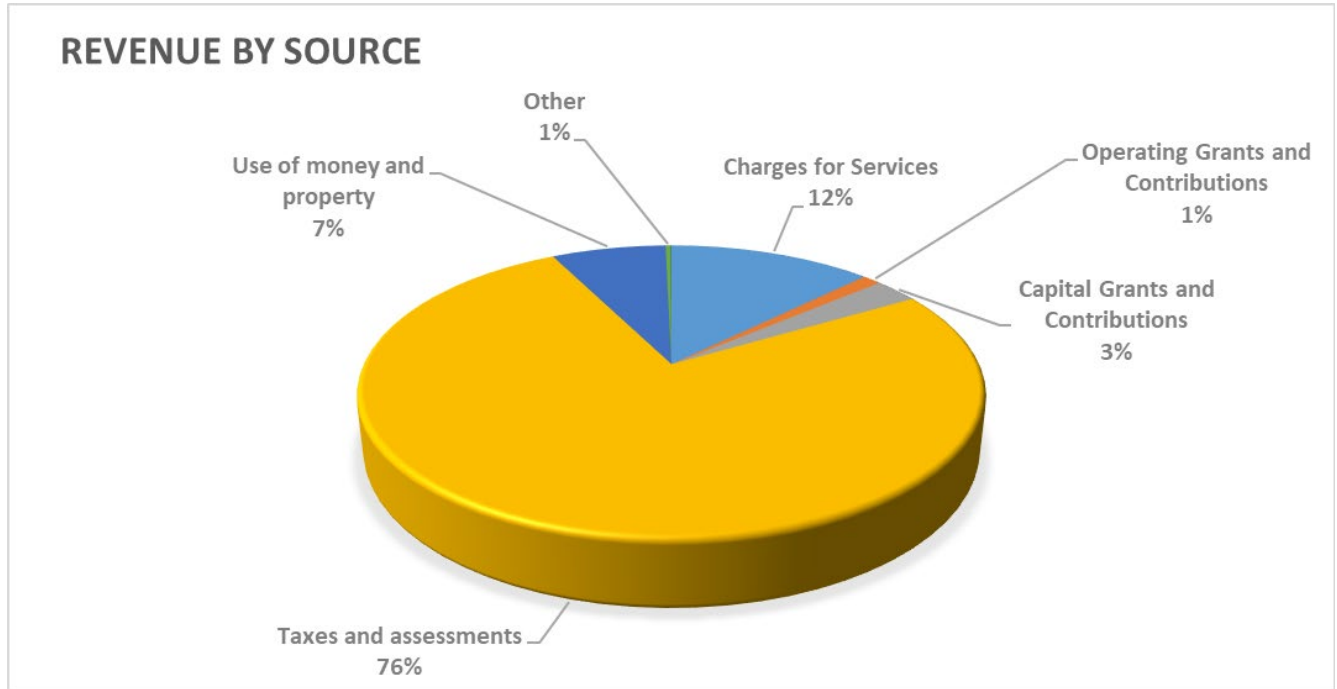
## Government-Wide Financial Statement Analysis, continued

- Taxes and assessments increased by \$2.9 million (or 6%) related mainly to the continued growth in property values in Alameda County.
- Use of money and property revenue increased by \$2.5 million (or 113%) due primarily to an increase in investment earnings and increased rentals of District facilities.
- Expenses allocated to recreation, arts and community services increased by \$1.7 million (or 19%) from \$9.1 million to \$10.8 million, due mainly to costs associated with increased recreation programming.
- Expenses allocated to capital planning and development increased by \$1.3 million due to the close-out of canceled projects as well as decreases in allocations to projects.
- Expenses allocated to park and facility maintenance increased by \$3.9 million (or 23%) due to increases in staffing and related services and supplies costs and increases in depreciation costs associated with the completion of new District parks.

The statement of change in Net Position represents program revenue, general revenue and general expenses. Charges for services (a component of program revenue) include recreation program registration and admission fees, facility and picnic site rental fees, facility maintenance fees and golf course activities fees.

General revenue, comprising primarily tax and assessment revenue, is not allocated to programs. General revenue is used to pay for the costs of governmental operations, programs, and facility improvement or maintenance.

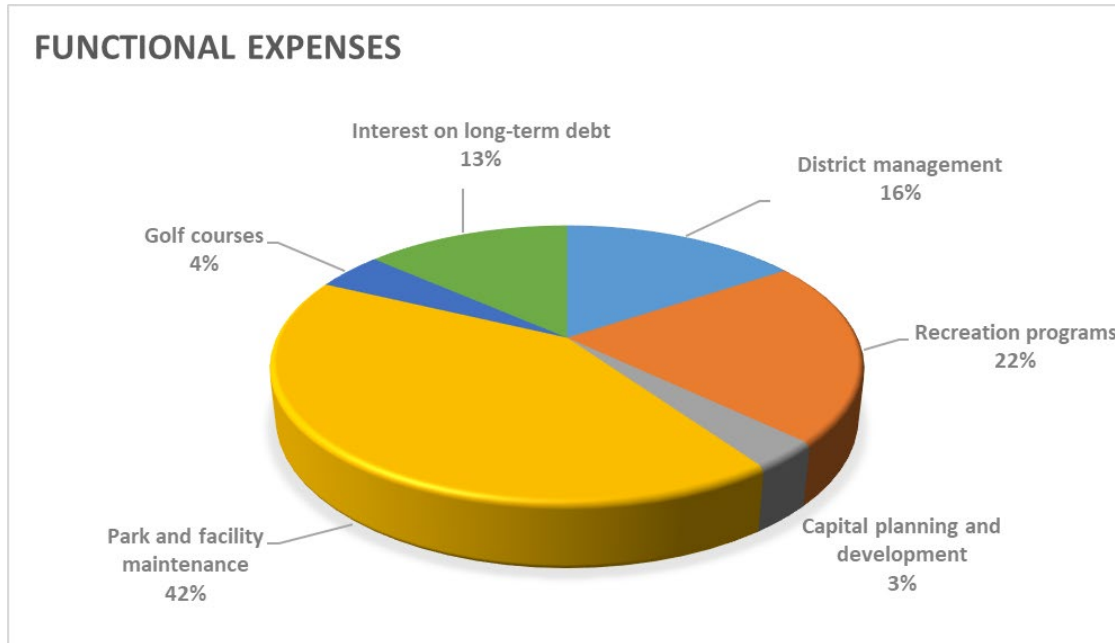
## Government-Wide Financial Statement Analysis, continued



As shown on the Revenue by Sources chart above, in fiscal 2024:

- \$50.0 million (76%) came from tax and assessment revenue
- \$8.3 million (12%) came from charges for services
- \$0.8 million (1%) came from operating grants and contributions
- \$1.8 million (3%) came from capital grants and contributions
- \$4.7 million (7%) came from use of money and property
- \$0.1 million (1%) came from intergovernmental and other revenue

## Government-Wide Financial Statement Analysis, continued



As shown on the Functional Expenses chart above, in fiscal 2024:

- Expenses allocated to park and facility maintenance were \$20.9 million (42%) of total expenses
- Expenses allocated to recreation programs were \$10.8 million (22%) of total expenses
- Expenses allocated to district management were \$7.8 million (16%) of total expenses
- Interest on long-term debt was \$6.7 million (13%) of total expenses
- Expenses allocated to golf course operations and maintenance were \$2.0 million (4%) of total expenses
- Expenses allocated to capital planning and development were \$1.6 million (3%) of total expenses

## FUND FINANCIAL STATEMENT ANALYSIS

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the District's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

## **Fund Financial Statement Analysis, continued**

Types of governmental funds reported by the District include the General Fund, the Capital Project Fund and the Debt Service Fund.

As of June 30, 2024, the District's governmental funds reported a combined ending fund balance of \$128.1 million, a decrease of \$21.7 million from fiscal 2023, due mainly to a reduction in debt service reserve funds related to a significant principal pay-down.

### **Assets and liabilities analysis:**

Total assets amounted to \$141.0 million and mainly consist of cash & investments (\$101.4 million restricted and \$32.4 million unrestricted), as well as \$4.6 million in lease receivables and \$2.5 million in accounts receivable.

Total liabilities amounted to \$7.4 million and primarily consisted of accounts payable, accrued payroll and unearned revenue.

### **Revenue and expenditure analysis:**

Total revenues were \$66.1 million, an increase of \$6.4 million over the prior fiscal year, comprising increases in property tax revenue of \$2.9 million, rents, concessions and fees of \$1.3 million and interest revenue of \$2.2 million.

Total expenditures were \$98.2 million, an increase of \$34.3 million over the prior fiscal year, comprising increases of \$1.2 million in district management expenditures, \$1.9 million in recreation program expenditures, \$0.3 million in capital planning and development expenditures, \$1.4 million in park and facility maintenance expenditures, and \$34.2 million in debt service costs associated with the Measure F1 bonds which was partially offset by a reduction in capital outlay expenditures of \$4.9 million.

### **By-fund analysis:**

#### **General Fund**

The General Fund is the main operating fund of the District and represents the largest of the District's governmental funds. General Fund revenue totaled \$44.6 million, an increase of \$3.7 million from the prior year. The primary source of General Fund revenue is property taxes, which totaled \$34.2 million, and represents 77% of total General Fund revenue. General Fund expenditures totaled \$41.6 million, an increase of \$5.8 million from the prior fiscal year.

The General Fund fund balance totaled \$24.4 million at June 30, 2024. The unassigned fund balance of the General Fund totaled \$23.7 million.

#### **Capital Project Fund**

The Capital Project Fund revenue was \$5.1 million, up from \$3.4 million the prior year, due primarily to increased interest earnings. The Capital Project Fund expenditures decreased by \$5.7 million due to the timing of phasing and completion of capital projects. As of June 30, 2024, the fund balance in the Capital Projects Fund totaled \$85.2 million.

## **Fund Financial Statement Analysis, continued**

### **Debt Service Fund**

Debt Service Fund revenue totaled \$16.4 million, up from \$15.3 million the prior fiscal year. Debt Service Fund expenditures were \$39.4 million, compared to \$5.4 million the prior year. The increase was mainly due to the repayment of and increased interest payments on the Measure F1 bonds, which now includes Series B issued at the end of FY22-23. As of June 30, 2024, the Debt Service Fund's fund balance totaled \$18.6 million.

### **Proprietary Fund**

The Proprietary Fund comprises the District's three internal service funds: the Risk Fund, the Equipment Replacement Fund and the Pension Stabilization Fund. The Proprietary Fund had total revenue of \$4.2 million in fiscal 2024, an increase of \$0.2 million over the prior year. The expenses for the Proprietary Fund were \$2.4 million in fiscal 2024, a decrease of \$0.3 million from the prior year. The Proprietary Fund's year end fund balance totaled \$9.3 million, of which \$1.7 million represented the net investment in capital assets and \$4.7 million was restricted for pension contributions.

### **General Fund Actuals vs. Revised Budget Comparison:**

The actual General Fund revenue of \$44.6 million exceeded the Revised Budget revenue of \$40.8 million by \$3.8 million. Taxes and assessments were \$1.6 million over budget due to increases in assessed valuations above what was anticipated, along with small increases related to the retirement of successor agency debt at the county level. Rents, concessions and fees came in \$1.4 million over budget due to strong growth in recreation programming and related charges for services as well as increases in facility fee rentals. Grant revenue was received \$.3 in excess of budget due to additional recreation grant opportunities. Interest revenue was \$.5 million over budget due to significant increases in the interest rate over FY22-23.

The District's actual General Fund expenditures were \$41.6 million, coming in over budget by \$.9 million due to the recording of the \$.9 million Tyler Technologies 10-year subscription liability required under GASB 96, accounting for Subscriptions-Based Information Technology Arrangements (or "SBITA"). This capital outlay expenditure was offset by the recording of the financing source as long debt issuance, representing the funding for the subscription, also as required by GASB 96. Neither of these items were included in the operating budget and had no net effect on the fiscal year end results. Under the Tyler Technologies SBITA, the District is obligated for three years, but is able to and likely will take advantage of contractual rates for ten years, which forms the basis for the SBITA accounting.

It should be noted that although the District performed a midyear budget review and reported the anticipated excess revenue to the Board of Directors during fiscal 2024, no additional appropriations were requested at that time so the revenue budgets were not adjusted. Also, the midyear budget review was limited to a high-level analysis at that time, as Finance staff was working on the implementation of a new financial system that went live on July 1, 2024.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

Governmental fund financial statements record capital asset purchases as expenditures in the period in which the funds were expended, rather than spreading that cost over the useful life of the asset, to reflect that the funds are no longer a currently available resource. In the government-wide statement of net position presentation, all assets with an acquisition cost meeting the District's threshold and a useful life longer than one year are depreciated from the date they are placed in service.

### Capital Assets Net of Accumulated Depreciation & Amortization

	<u>6/30/2024</u>	<u>6/30/2023</u>
Land	\$ 42,015,289	\$ 38,786,228
Construction in progress	53,240,519	85,286,538
Building and land improvement	113,192,596	71,743,917
Furniture and equipment	1,721,081	1,145,859
Subscription-based IT arrangements	823,062	-
Leased equipment	-	200,307
	<u>210,992,547</u>	<u>197,162,849</u>
<b>Total capital assets, net of accumulated depreciation/amortization</b>	<b>210,992,547</b>	<b>197,162,849</b>

The District's capital assets as of June 30, 2024 totaled \$211.0 million, net of accumulated depreciation and amortization, as shown in the table above. This represented an overall increase in the District's capital assets for the current fiscal year of \$13.8 million. The District recorded \$4.1 million in depreciation in the current fiscal year.

Additional information about the District capital assets can be found in Note 5 of the financial statements.

### Debt Administration

As of June 30, 2024, the District had long-term obligations outstanding of \$178.3 million, including the unamortized issuance premium of \$13.8 million for the 2016 General Obligation Bonds. Principal payments on the 2016 General Obligation Bonds began in fiscal 2019.

The District made all scheduled repayments of existing debt. Each of the District's debt issues is discussed in detail in Note 6 of the financial statements. As of June 30, 2024, the District's debt and other long-term obligations were composed of the following:

## Debt Administration, continued

### Outstanding Long-term Debt

	<u>6/30/2024</u>	<u>6/30/2023</u>
2016 General Obligation (GO) Bond (Measure F1)	\$ 154,875,000	\$ 186,590,000
Unamortized premium	13,779,098	14,336,552
District borrowings:		
Capital leases	-	290,729
Equipment lease purchase agreement	7,540,000	-
Subscription Based I.T. Arrangements (SBITA)	835,068	-
Non-interest bearing loan from PG&E	115,048	156,594
Compensated absences	1,130,954	948,357
	<u>178,275,168</u>	<u>202,322,232</u>
<b>Total Outstanding Long-term Debt</b>	<b><u>178,275,168</u></b>	<b><u>202,322,232</u></b>

## REQUEST FOR FINANCIAL INFORMATION

This Annual Financial Report is intended to provide citizens, taxpayers, investors and creditors with a general overview of the District's finances. Questions about this report should be directed to the Hayward Area Recreation and Park District Finance Department at (510) 881-6700.

## **BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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# Hayward Area Recreation and Park District

## Statement of Net Position

June 30, 2024

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<b>ASSETS</b>	
Cash and investments	\$ 35,360,142
Restricted cash and investments	106,264,457
Accounts receivable	2,459,219
Lease receivables	4,561,641
Inventory	52,010
Prepaid expense	38,800
Land	42,015,289
Construction in progress	53,240,519
Building and improvements	191,745,363
Equipment and others	7,416,959
Less: accumulated depreciation	<u>(83,425,583)</u>
<b>Total assets</b>	<u>359,728,816</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred loss on refunding	1,246,290
Deferred outflows of resources - OPEB	847,777
Deferred employer OPEB contributions	317,228
Deferred employer pension contributions	3,692,216
Deferred outflows of resources - pension	<u>5,140,643</u>
<b>Total deferred outflows of resources</b>	<u>11,244,154</u>
<b>LIABILITIES</b>	
Accounts payable	4,696,058
Accrued payroll	1,000,542
Accrued interest payable	2,919,479
Deposits payable	87,481
Gift certificates outstanding	71,277
Unearned revenue	1,809,471
Noncurrent liabilities:	
Due within one year other than pension and OPEB	9,866,584
Due in more than one year other than pension and OPEB	168,408,584
Net OPEB liability	399,212
Net pension liability	<u>30,545,120</u>
<b>Total liabilities</b>	<u>219,803,808</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources - leases	4,316,468
Deferred inflows of resources - pension	<u>676,244</u>
<b>Total deferred inflows of resources</b>	<u>4,992,712</u>
<b>NET POSITION</b>	
Net investment in capital assets	129,527,687
Restricted for:	
Debt service	18,575,603
Special purposes	285,631
Unrestricted	<u>(2,212,471)</u>
<b>Total Net position</b>	<u>\$ 146,176,450</u>

See accompanying Notes to Basic Financial Statements.

**Hayward Area Recreation and Park District**  
**Statement of Activities**  
**For the year ended June 30, 2024**

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contribution	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
<b>Governmental activities</b>					
District management	\$ 7,766,823	\$ 279,040	\$ -	\$ -	\$ (7,487,783)
Recreation programs	10,791,812	5,693,611	760,403	115,019	(4,222,779)
Capital planning and development	1,619,501	-	-	1,694,930	75,429
Park and facility maintenance	20,933,065	353,841	-	-	(20,579,224)
Golf courses	2,014,211	1,956,790	-	-	(57,421)
Interest on long-term debt	6,715,673	-	-	-	(6,715,673)
<b>Total governmental activities</b>	<b>\$ 49,841,085</b>	<b>\$ 8,283,282</b>	<b>\$ 760,403</b>	<b>\$ 1,809,949</b>	<b>(38,987,451)</b>
<b>General Revenues:</b>					
					49,976,412
					4,661,885
					210,350
					29,054
					3,050
					<b>54,880,751</b>
					<b>15,893,300</b>
					<b>130,283,150</b>
					<b>\$ 146,176,450</b>

See accompanying Notes to Basic Financial Statements.

## **FUND FINANCIAL STATEMENTS**

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# Hayward Area Recreation and Park District

## Balance Sheet - Governmental Funds

June 30, 2024

	General Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and investment	\$ 26,667,090	\$ 5,760,383	\$ -	\$ 32,427,473
Restricted cash and investments	285,631	82,588,471	18,575,603	101,449,705
Accounts receivable	1,330,783	1,128,436	-	2,459,219
Lease receivables	4,561,641	-	-	4,561,641
Inventory	52,010	-	-	52,010
<b>Total assets</b>	<b>\$ 32,897,155</b>	<b>\$ 89,477,290</b>	<b>\$ 18,575,603</b>	<b>\$ 140,950,048</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,231,056	\$ 3,237,161	\$ -	\$ 4,468,217
Accrued payroll	1,000,542	-	-	1,000,542
Deposits payable	87,481	-	-	87,481
Gift certificates outstanding	71,277	-	-	71,277
Unearned revenue	1,809,471	-	-	1,809,471
<b>Total liabilities</b>	<b>4,199,827</b>	<b>3,237,161</b>	<b>-</b>	<b>7,436,988</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows of resources - leases	4,316,468	-	-	4,316,468
Unavailable revenues	-	1,077,839	-	1,077,839
<b>Total deferred inflows of resources</b>	<b>4,316,468</b>	<b>1,077,839</b>	<b>-</b>	<b>5,394,307</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Inventory	52,010	-	-	52,010
Restricted:				
Capital projects	-	85,162,290	-	85,162,290
Debt service	-	-	18,575,603	18,575,603
Special purposes	285,631	-	-	285,631
Assigned for special purposes	322,191	-	-	322,191
Unassigned:				
Cash flow reserve	10,000,000	-	-	10,000,000
Operating reserve	13,721,028	-	-	13,721,028
<b>Total fund balances</b>	<b>24,380,860</b>	<b>85,162,290</b>	<b>18,575,603</b>	<b>128,118,753</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 32,897,155</b>	<b>\$ 89,477,290</b>	<b>\$ 18,575,603</b>	<b>\$ 140,950,048</b>

See accompanying Notes to Basic Financial Statements.

**Hayward Area Recreation and Park District**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2024**

**Total Fund Balances of Governmental Funds** \$ 128,118,753

Amounts reported for governmental activities in the Statement of Net Position are different because:

Governmental funds report capital outlays as expenditures. In the Government-wide financial statements, the cost of assets are capitalized and depreciated over the estimated useful lives of the assets and reported as depreciation expense. The capital assets, net of depreciation, are:

	Government- Wide Statement of Net Position	Internal Service Funds	Total
Non-depreciable	\$ 42,015,289	\$ -	\$ 42,015,289
Depreciable, net	168,977,258	(1,721,082)	167,256,176
Total capital assets	<u>\$ 210,992,547</u>	<u>\$ (1,721,082)</u>	<u>209,271,465</u>

In the Government-Wide Financial Statement certain differences between actuarial estimates and actual results for pensions and OPEB are deferred and amortized over a period of time, however, in the governmental funds no transactions are recorded. In addition, employer contributions for pensions and OPEB were recorded as expenditures in the governmental funds, however, in the Government-Wide Financial Statement these contributions are deferred.

Deferred outflow of resources - OPEB	1,165,005
Deferred outflow of resources - pension	8,832,859
Deferred inflow of resources - pension	(676,244)

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet.

(2,919,479)

In the Government-wide Financial Statements, accounting losses on debt refunding are amortized over the life of the bonds. However this loss is not reported in governmental fund activity

1,246,290

Internal Service Funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal Service Funds were included in governmental activities in the Government-Wide Statement of Net Position.

9,279,462

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

	Government- Wide Statement of Net Position	Internal Service Funds	Total
Long-term debt - due within one year	\$ (9,866,584)	\$ -	\$ (9,866,584)
Long-term debt - due in more than one year	(168,408,584)	-	(168,408,584)
Net OPEB liability	(399,212)	-	(399,212)
Net pension liability	(30,545,120)	-	(30,545,120)
	<u>\$ (209,219,500)</u>	<u>\$ -</u>	<u>(209,219,500)</u>

**Net Position of Governmental Activities** \$ 146,176,450

**Hayward Area Recreation and Park District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the year ended June 30, 2024**

	General Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES:</b>				
Taxes and assessments	\$ 34,206,210	\$ -	\$ 15,770,203	\$ 49,976,413
Grants and other intergovernmental				
Homeowners' property tax relief	124,362	-	85,988	210,350
Grants	763,094	2,461,665	-	3,224,759
Rents, concessions, and fees	8,723,943	-	-	8,723,943
Interest	686,159	2,559,901	509,194	3,755,254
Donations	-	128,000	-	128,000
Miscellaneous	60,229	-	-	60,229
<b>Total revenues</b>	<b>44,563,997</b>	<b>5,149,566</b>	<b>16,365,385</b>	<b>66,078,948</b>
<b>EXPENDITURES:</b>				
Current:				
District management	7,885,187	-	-	7,885,187
Recreation programs	10,975,033	-	-	10,975,033
Capital planning and development	591,480	-	-	591,480
Park and facility maintenance	19,037,662	-	-	19,037,662
Golf courses	1,987,622	-	-	1,987,622
Debt service:				
Cost of issuance	-	76,717	-	76,717
Principal	96,273	-	31,715,000	31,811,273
Interest	103,554	-	7,635,922	7,739,476
Capital outlay	889,797	17,239,494	-	18,129,291
<b>Total expenditures</b>	<b>41,566,608</b>	<b>17,316,211</b>	<b>39,350,922</b>	<b>98,233,741</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,997,389</b>	<b>(12,166,645)</b>	<b>(22,985,537)</b>	<b>(32,154,793)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	2,575,000	-	2,575,000
Transfers out	(570,355)	-	-	(570,355)
Long-term debt issuance	889,797	7,540,000	-	8,429,797
<b>Total other financing sources (uses)</b>	<b>319,442</b>	<b>10,115,000</b>	<b>-</b>	<b>10,434,442</b>
<b>Net change in fund balances</b>	<b>3,316,831</b>	<b>(2,051,645)</b>	<b>(22,985,537)</b>	<b>(21,720,351)</b>
<b>FUND BALANCES:</b>				
Beginning of year	21,064,029	87,213,935	41,561,140	149,839,104
End of year	<u>\$ 24,380,860</u>	<u>\$ 85,162,290</u>	<u>\$ 18,575,603</u>	<u>\$ 128,118,753</u>

See accompanying Notes to Basic Financial Statements.

**Hayward Area Recreation and Park District**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
**For the year ended June 30, 2024**

**Net Change in Fund Balances - Total Governmental Funds** \$ (21,720,351)

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

Governmental funds report capital outlay as expenditures. In the statement of activities, however, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditure for general capital assets	\$ 17,181,531	
Depreciation expenses	<u>(3,726,749)</u>	13,454,782

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the Governmental Funds (779,715)

Current year employer OPEB contributions are recorded as expenditures in the Governmental funds, however these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position. 317,228

OPEB (expense)/income is recorded as incurred in the Government-Wide Statement of Activities, however OPEB(expense)/ income is not recognized in the governmental funds. 1,376,225

Current year employer pension contributions are recorded as expenditures in the Governmental funds, however these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position. 3,692,216

Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense is not recognized in the governmental funds. (4,375,775)

Interest expense on long-term debt was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, interest expense was not reported as expenditures in governmental funds. 522,998

Proceeds from issuance of bonds and capital leases provided current financial resources to Governmental Funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position.  
 Proceeds from debt issuance (8,429,797)  
(8,429,797)

Repayment of debt was an expenditure in Governmental Funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position. 31,811,273

In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amount paid). (182,597)

Deferred amounts related to the refunding of long-term debt were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. This amount is to be amortized over the life of the long-term debt. This amount is the current year net amortization expense. (56,650)

Long-term debt premium and discount was recorded as an other financing source or (use) in the governmental funds, but the payment was treated as an increase (decrease) in long-term liabilities and will be amortized over the life of the bonds in the Government-Wide Statement of Net Position. - This amount is the current year amortization expense 557,455

Internal service funds are used by management to charge the costs of certain activities, such as self-insurance to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities. (293,992)

**Change in Net Position of Governmental Activities** \$ 15,893,300

See accompanying Notes to Basic Financial Statements.

**Hayward Area Recreation and Park District**  
**Statement of Net Position - Proprietary Funds**  
**June 30, 2024**

	<u>Internal Services Funds</u>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 2,932,669
Restricted cash and investments	4,814,752
Prepaid expenses	<u>38,800</u>
<b>Total current assets</b>	<u>7,786,221</u>
Noncurrent assets:	
Depreciable capital assets	6,527,162
Less: accumulated depreciation	<u>(4,806,080)</u>
Total noncurrent assets, net	<u>1,721,082</u>
<b>Total assets</b>	<u>9,507,303</u>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	<u>227,841</u>
<b>Total liabilities</b>	<u>227,841</u>
<b>Net Position</b>	
Net investment in capital assets	1,721,082
Restricted for pension contribution	4,814,752
Unrestricted	<u>2,743,628</u>
<b>Total net position</b>	<u>\$ 9,279,462</u>

See accompanying Notes to Basic Financial Statements.

**Hayward Area Recreation and Park District**  
**Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds**  
**For the year ended June 30, 2024**

	<u>Internal Services Funds</u>
<b>Operating Revenues</b>	
Charges for services	\$ 3,639,548
Other income	79,015
<b>Total operating revenue</b>	<u>3,718,563</u>
<b>Operating Expenses</b>	
Cost of services	379,559
Insurance premiums	1,707,412
Depreciation and amortization	356,091
<b>Total operating expenses</b>	<u>2,443,062</u>
<b>Operating income (loss)</b>	<u>1,275,501</u>
<b>Non-operating revenue</b>	
Gain(loss) on disposal of assets	3,050
Investment income	432,102
<b>Total non-operating revenues</b>	<u>435,152</u>
<b>Income (loss) before transfers</b>	<u>1,710,653</u>
<b>Other financing sources:</b>	
Transfers in	195,355
Transfers out	<u>(2,200,000)</u>
<b>Total other financing sources</b>	<u>(2,004,645)</u>
<b>Change in net position</b>	(293,992)
<b>NET POSITION:</b>	
Total net position - beginning	<u>9,573,454</u>
Total net position - ending	<u>\$ 9,279,462</u>

See accompanying Notes to Basic Financial Statements.

**Hayward Area Recreation and Park District**  
**Statement of Cash Flows - Proprietary Funds**  
**For the year ended June 30, 2024**

	<u>Internal Services Funds</u>
<b>Cash flows from operating activities:</b>	
Cash received from other funds	\$ 3,639,548
Cash received from others	79,382
Payments for services	<u>(2,405,418)</u>
Net cash used by operating activities	<u>1,313,512</u>
<b>Cash flows from investing activities:</b>	
Interest received	432,101
Acquisition of capital assets	(741,049)
Proceeds from sales of capital assets	<u>13,093</u>
Net cash provided by investing activities	<u>(295,855)</u>
<b>Cash flows from other financing activities</b>	
Transfers in	195,355
Transfers out	(2,200,000)
Principal paid	<u>(290,730)</u>
Net cash provided by other financing sources	<u>(2,295,375)</u>
Net increase in cash and cash equivalents	(1,277,718)
Cash and cash equivalents, beginning of year	<u>9,025,139</u>
Cash and cash equivalent, end of year	<u><u>\$ 7,747,421</u></u>
<b>Financial statement presentation:</b>	
<b>Cash and investments</b>	\$ 2,932,669
<b>Restricted cash and investments</b>	<u>4,814,752</u>
<b>Total</b>	<u><u>\$ 7,747,421</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used)</b>	
<b>by operating activities:</b>	
Operating income (loss)	<u>1,275,501</u>
Adjustments to reconcile operating income (loss) to net cash provided	
by (used in) operating activities:	
Depreciation	356,091
Changes in assets, deferred outflows and inflows of resources, and liabilities	
Changes in accounts receivable	367
Changes in prepaid expenses	(38,800)
Changes in accounts payable	<u>(279,647)</u>
<b>Net cash provided (used) by operating activities</b>	<u><u>\$ 1,313,512</u></u>

See accompanying Notes to Basic Financial Statements.

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**NOTES TO BASIC FINANCIAL STATEMENTS**

# Hayward Area Recreation and Park District

## Notes to Basic Financial Statements

### For the year ended June 30, 2024

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Hayward Area Recreation and Park District (“District”) have been prepared in conformity with generally accepted accounting principles (GAAP) in the United States as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s significant accounting policies are described below:

##### *A. Description of Reporting Entity*

The District was formed in 1944, to provide parks and recreation for the incorporated and unincorporated areas under its jurisdiction.

The District is governed by an elected five-member Board of Directors, serving the City of Hayward and the unincorporated Castro Valley, San Lorenzo, Ashland, Cherryland and Fairview districts. The District is legally separate and fiscally independent, which means it can issue debt, set and modify budgets and fees and sue or be sued. The financial statements of the District include only the financial activities of the District. There are no separate or legal entities or component units included in the financial statements of the District.

##### *B. Basis of Presentation*

The District’s basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

##### Government-wide Financial Statements

The statement of net position and the statement of activities display information about the overall District. Eliminations have been made to minimize the accounting of internal activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function the District’s governmental activities. Direct expenses are those that are specifically associated with, 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 program, 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:**

Fund financial statements provide information about the District’s funds. Separate statements for each fund category, governmental and proprietary, are presented. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as non- major funds.

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***B. Basis of Presentation, 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. *Non-operating* revenues, such as investment earnings, result from non-exchange transactions or ancillary activities.

Governmental Fund Financial Statements

GASB Statement No. 34 defines major funds and requires that the District's major governmental funds be identified and presented separately in the fund financial statements. All other funds, called nonmajor funds, are combined and reported in a single column regardless of their fund type.

Major funds are defined as funds that have either assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, 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 District may also select other funds it believes should be presented as major funds.

The District reports the following major governmental funds in the accompanying financial statements:

General Fund - This fund is used for all the general revenues of the District not specifically levied or collected for other District funds and the related expenditures. The general fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

Capital Projects Fund - This fund is used to account for financial resources of the District to be used for the acquisition or construction of major capital facilities.

Debt Service Fund - This fund is used to account for financial resources of the District to be used for, and the payment of, general long-term debt principal, interest and related costs.

Proprietary Fund Financial Statements

The District reports the following proprietary fund:

Internal Service Fund - This fund is used to account for the financing of goods or services provided by one department to other departments of the District for insurance, equipment replacement and pension stabilization costs on a cost reimbursement basis.

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

*C. Basis of Accounting*

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

**Government -wide and Proprietary Fund Financial Statements:**

The government-wide and proprietary 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 flow takes place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange include property taxes, special assessments, grants and donations. On the accrual basis, revenues from taxes are recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

The District may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The District's policy is to first apply unrestricted grant resources to such programs, followed by general revenues, if necessary.

**Governmental Fund Financial Statements:**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis* of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if received during the current period or within 90 days after year end to pay liabilities of the current period.

Those revenues susceptible to accrual are property taxes, certain other intergovernmental revenues, certain charges for services and interest revenue. Charges for services are not susceptible to accrual because they are not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***D. Property Tax Levy, Collection and Maximum Rates***

The State of California Constitution Article XIII (A), provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value when an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of fair value as defined by Article XIII(A), and may be adjusted by no more than two percent per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a one percent tax levy among the counties, cities, school districts, and other districts.

Alameda County assesses properties, bills for and collects property taxes and special assessments as follows:

	Secured	Unsecured
Valuation dated	January 1	January 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 (November Due Date) April 10 (February Due Date)	August 31

***E. Cash and Investments***

The District pools cash for the purpose of increasing income through investment activities. All investments are carried at fair value. Interest income on investments is allocated to certain funds based on the source of the investments in the fund and based on legal requirements. Cash in County Treasury is used in preparing the proprietary fund’s statement of cash flows. The District considers all investments with a maturity of three months or less when purchased to be cash and cash equivalents. Cash and cash equivalents are combined with investments and displayed as cash and investments.

***F. Cash Equivalents***

For purposes of the statement of cash flows, the District considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents.

***G. Interfund Transactions***

Amounts may be transferred from one fund to another by the District. These interfund transactions occur for the reasons described below and are accounted for as follows:

Quasi-External Transactions - Transactions for services rendered or facilities provided. These transactions are recorded as revenues in the receiving fund and expenditures in the disbursing fund.

Reimbursements - Transactions to reimburse a fund for specific expenditures incurred for the benefit of another fund. These transactions are recorded as expenditures in the disbursing fund and serve as a reduction of expenditures in the receiving fund.

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

*G. Interfund Transactions, Continued*

Transfers – Transactions to allocate resources from one fund to another fund. These transactions are recorded as other financing sources (uses).

*H. Inventory*

Inventory is valued at cost and is determined on a first-in/first-out basis. Inventory consists of merchandise at the Mission Hills of Hayward Golf Course and Mission Hills of Hayward Driving Range.

*I. Capital Assets*

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. With the implementation of GASB Statement No. 34, the District has recorded all its capital assets, which include land, building and improvements, and equipment and others, e.g. computer software. The District has adopted a policy of capitalizing all capital asset acquisitions in excess of \$5,000.

GASB Statement No. 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 these assets. Depreciation is calculated 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 fiscal year until the asset is fully depreciated. The District has assigned the useful lives listed below to capital assets:

Buildings	40 years
Improvements	40 years
Furniture and equipment	4-10 years

*J. Long Term Debt*

Government-wide Financial Statements – Long-term obligations are reported as liabilities. Bond premiums/ discounts and deferred amounts on refunding are deferred and amortized over the life of the bonds using the straight-line method. Bond payable is reported net of the unamortized premium/ discount. Issuance costs are expensed as incurred.

Fund Financial Statements – In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums or discounts are reported as other financing sources/used, whereas, issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

***K. Accrued Vacation Payable***

Accumulated vacation benefits are recognized as a liability of the District. At June 30, 2024, the total accrued vacation subject to redemption amounted to \$1,130,954.

***L. Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position (balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 or expenditure) until then.

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

***M. Pensions***

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 District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Valuation Date June 30, 2022  
Measurement Date June 30, 2023  
Measurement Period July 1, 2022 to June 30, 2023

***N. Other Post Employment benefit (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 Authority's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date June 30, 2023  
Measurement Date June 30, 2023  
Measurement Period July 1, 2022 to June 30, 2023

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

*O. Net Position*

**Government-wide Financial Statements**

In the Government-wide Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets, net of accumulated depreciation and reduced by outstanding debt, that is attributed to the acquisition, construction, or improvement of the assets.

Restricted - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of governments.

Unrestricted - This amount is the net position balance that does not meet the definition of "net investment in capital assets" or "restricted net position" as defined above.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

*P. Fund Balances*

In February 2009, the Governmental Accounting Standards Board (GASB) issued Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). The new classifications of fund balances are listed below:

**Nonspendable Fund Balances** - Non-spendable represents balances set aside to indicate items that 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 resale 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** - 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. Encumbrances and nonspendable amounts subject to restrictions are included with spendable resources.

**Committed Fund Balances** - Committed fund balances have constraints imposed by resolution of the District Board which may be altered only by resolution of the Board. Encumbrances and nonspendable amounts subject to Board commitments are included with spendable resources.

**Assigned Fund Balances** - Assigned fund balances are amounts constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the District Board or its designee and may be changed at the discretion of the District Board or its designee. This category includes encumbrances and nonspendable balances, when it is the District's intent to use

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

*P. Fund Balances, Continued*

proceeds or collections for a specific purpose. The District Board is the only entity that has authority to make assignments of fund balance. The District Board has not delegated the authority to make assignments of fund balance.

**Unassigned Fund Balance** - 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.

**Hierarchy of Expenditures to Classify Fund Balance Amounts**

For expenditures made in any governmental fund, the restricted amounts will be reduced first, followed by committed amounts, assigned amounts, and then unassigned amounts.

**Fund Balance Reserves Policy**

On March 13, 2017, the Board adopted Resolution R-1617-63, which rescinded the prior Policy 3000 – Contingent Reserves Policy and established Policy 9800 – Reserves Policy. The policy established specific reserve types and target amounts. The following chart illustrates the targets as outlined in the policy and the current position of the reserves based on available resources as of June 30, 2024:

**Reserves Policy**

	Target Balances	6/30/24 Balances	(Under) Over	Notes
1. Cash Flow Reserve	\$ 10,000,000	\$ 10,000,000	\$ -	Held in General Fund, unassigned
2. Operating Reserve	11,392,699	13,721,028	2,328,329	Held in General Fund, unassigned
3. Liability Reserve	1,000,000	1,657,833	657,833	Held in Insurance Internal Service Fund
4. Capital Replacement Reserve	\$1M/year	N/A	N/A	Annual Funding Target Only

**Q. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America as prescribed by the GASB and the AICPA 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 expenditures/ expenses during the reporting period. Actual results could differ from those estimates.

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

*R. New Accounting Pronouncements*

The District applies all applicable GASB pronouncements and interpretations currently in effect.

- *GASB Statement No. 100, Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62* – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

**2. CASH AND INVESTMENTS**

The District maintains cash and investments, which includes cash balances with Alameda County, financial institutions and authorized investments for all funds, except funds required to be held by fiscal agents under the provision of bond indentures.

The following is a summary of cash and investments at June 30, 2024:

Cash and investments	35,360,142
Restricted cash and investments	<u>106,264,457</u>
<b>Total</b>	<u><u>141,624,599</u></u>

At June 30, 2024, the District’s cash and investments consisted of the following:

Deposits:	
Cash on hand	\$ 7,975
Deposits with banks	<u>16,268,985</u>
Total deposits	<u>16,276,960</u>
Investments:	
Certificates of deposits	1,088,822
County investment pool	119,444,065
Mutual funds	<u>4,814,752</u>
Total investments	<u>125,347,639</u>
<b>Total District's cash and investment</b>	<u><u>\$ 141,624,599</u></u>

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

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**2. CASH AND INVESTMENTS, CONTINUED**

*A. Deposits*

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

The California Government Code Section 53652 requires that a financial institution secure deposit made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District has waived collateral requirements for the portion of deposits covered by the Federal Deposit Insurance Corporation.

*B. County Investment Pool*

The District maintains its available cash in Alameda County Treasury. The County pools these funds with those of other agencies and invests the cash. These pooled funds are carried at cost, which approximates the market value. All the funds in the pool share investment earnings proportionately.

Funds with the County Treasurer are invested pursuant to investment policy established by the Treasurer and approved by the Board of Supervisors. The objectives of the policy are, in order of priority, preservation of capital, liquidity and yield. The policy addresses the soundness of financial institutions in which the County deposits funds, the types of investment instruments and the percentage of the portfolio which may be invested in certain instruments, as permitted by Section 53600 et seq. of the Government Code of the State of California. Authorized instruments in which the Treasurer can invest include debts issued by the County, US Treasury securities, banker's acceptances, federal, state and local government securities, commercial paper, medium-term corporate notes, negotiable certificates of deposit, local agency investment fund, money market funds, mutual funds, and mortgage-backed securities.

Information regarding the characteristics of the entire investment pool can be found in the County's June 30, 2024 annual comprehensive financial report. A copy of that report may be obtained by contacting the County's Auditor-Controller Agency, 1221 Oak Street, Room 220, Oakland, CA 94612. As of June 30, 2024, the District's share of the County's cash and investment pool totaled \$119,444,065.

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

**2. CASH AND INVESTMENTS, CONTINUED**

*C. Investments*

Under the provisions of the District's investment policy, and in accordance with California Government Code, the following investments are authorized:

- Government securities with the full faith and credit of the federal government
- Federal instrumentalities which do not carry the federal guarantee but which are guaranteed or supported by the US Treasury
- Bank certificates of deposits
- Money Market funds
- Commercial Paper
- California Local Agency Investment funds

Bond proceeds are invested in compliance with the individual fiscal agent agreements associated with each issue.

*D. Risk Disclosures*

**Interest Risk:** Interest rate risk is the market value fluctuation due to overall changes in the interest rates. It is mitigated by limiting the average maturity of the District's portfolio not to exceed five years. Because of the economic conditions, the District holds investments with maturity dates five years from the purchase date but certain investments are callable with interest step-up increases.

At June 30, 2024, the District had the following investment maturities.

Investment Type	Investment Maturities				
	Fair Value	1 year or less	1-2 years	2-3 years	3-5 years
Certificates of deposit	\$ 1,088,822	\$ 650,329	\$ 38,242	\$ 400,251	\$ -
County investment pool	119,444,065	119,444,065	-	-	-
Mutual funds	4,814,752	4,814,752	-	-	-
<b>Totals</b>	<b>\$ 125,347,639</b>	<b>\$ 124,909,146</b>	<b>\$ 38,242</b>	<b>\$ 400,251</b>	<b>\$ -</b>

**Credit Risk** - This is the risk of loss due to failure of the issuer of a security, which is mitigated by requiring investment in high grade securities. At June 30, 2024, the District had the following investments credit risk ratings.

	Credit Quality Ratings	
	Moody's	S & P
Certificates of Deposits	not rated	not rated
County Investment pool	not rated	not rated
Mutual funds	not rated	not rated

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

**2. CASH AND INVESTMENTS, CONTINUED**

*D. Risk Disclosures, Continued*

**Custodial Credit Risk** - This risk is that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities are held by third-party custodians, UBS financial services and Bank of New York. The securities are held in the name of the District.

*E. Fair Value Measurement*

The District acquires its investments with the expectation of future income or profit and is subject to GASB Statement No. 72, Fair Value Measurement and Application. Investments (except for money market accounts, time deposits, and commercial paper) are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. None of the District Investments were subject to the leveling disclosure.

**3. INTERFUND TRANSFERS**

Interfund transfers during the fiscal year ended June 30, 2024 were as follows:

	<b>Transfers In</b>		<b>Total</b>
	<b>Major Fund</b>	<b>Non Major Fund</b>	
	<b>Capital Projects Fund</b>	<b>Internal Service Fund</b>	
<b>Transfers Out</b>			
General Fund	\$ 375,000	\$ 195,355	\$ 570,355
Internal Service Fund	2,200,000	-	2,200,000
<b>Total</b>	<b>\$ 2,575,000</b>	<b>\$ 195,355</b>	<b>\$ 2,770,355</b>

Interfund transfers comprise the following:

- \$200k in restricted donations was transferred from the General Fund to the Capital Projects Fund to fund improvements at the Douglas Morrison Theatre;
- \$175k in assigned COVID relief funding received in prior years was transferred from the General Fund to the Capital Projects Fund to fund a ropes challenge course at Rowell Ranch;
- \$33,500 was transferred from the General Fund to the Equipment Replacement Fund for equipment, as approved in the Adopted Budget.
- \$161,855 in assigned COVID relief funding received in prior years was transferred from the General Fund to the Equipment Replacement Fund for trailers and two vans for recreation uses;
- \$2.2 million that was collected for the purpose of major equipment repairs/replacement was transferred from the Equipment Replacement Fund to the Capital Projects Fund, as directed by the Board during the District's Midyear Budget Review process.

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

**4. LEASE RECEIVABLES**

Lease receivable transactions and balances during the year ended June 30, 2024 were as follows:

	<i>Lease Receivables</i>			<i>Deferred Inflows of resources</i>	
	Balance	Additions	Deletions	Balance	Balance
	June 30, 2023			June 30, 2024	June 30, 2024
AT&T Castro Valley	\$ 436,877	\$ -	\$ 19,436	\$ 417,441	\$ 395,636
AT&T Weekes Park	314,573	-	38,982	275,591	258,143
T-Mobile Mission Hills	1,061,286	-	34,256	1,027,030	963,721
Verizon Mission Hills	447,453	-	43,360	404,093	384,584
SBA Towers Mateo St.	784,160	-	38,378	745,782	704,735
Vertical Bridge Castro Valley	619,177	-	38,652	580,525	552,719
T-Mobile Oliver Sports Park	371,705	-	37,938	333,767	321,698
T-Mobile Castro Valley CC	632,869	-	37,952	594,917	562,612
Meek Estate	-	14,330	-	14,330	14,330
Luevano Ventures	197,875	-	29,710	168,165	158,290
	<u>\$ 4,865,975</u>	<u>\$ 14,330</u>	<u>\$ 318,664</u>	<u>\$ 4,561,641</u>	<u>\$ 4,316,468</u>

**A. AT&T Cell Tower Lease - Castro Valley Community Park**

In March 2013, the District entered into a lease agreement with AT&T. Under the lease, the lessee pays the District \$18,000 per year (with a 3.5% increase every year) for a period of 5 years, with an auto-renewal option for four additional five-year terms. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1%. For the year ended June 30, 2024, the District recognized \$41,241 of lease revenue under the lease.

**B. AT&T Cell Tower Lease - Weekes Park**

In June 2005, the District entered into a lease agreement with AT&T. Under the lease, the lessee pays the District \$22,680 per year (with a 3.5% increase every year) for a period of 5 years, with an auto-renewal option for four additional five-year terms. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1%. For the year ended June 30, 2024, the District recognized \$56,430 of lease revenue under the lease.

**C. T-Mobile Cell Tower Lease - Mission Hills Driving Range**

In December 2016, the District entered into a lease agreement with T-Mobile. Under the lease, the lessee pays the District \$36,000 per year (with a 3.5% increase every year) for a period of 5 years, with an auto-renewal option for four additional five-year terms. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1%. For the year ended June 30, 2024, the District recognized \$97,565 of lease revenue under the lease.

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

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**4. LEASE RECEIVABLES, CONTINUED**

**D. Verizon Cell Tower Lease - Mission Hills Driving Range**

In January 2006, the District entered into a lease agreement with Verizon. Under the lease, the lessee pays the District \$22,800 per year (with a 3% increase every year) for a period of 5 years, with an auto-renewal option for four additional five-year terms. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1%. For the year ended June 30, 2024, the District recognized \$62,869 of lease revenue under the lease.

**E. SBA Towers Cell Tower Lease - Mateo St**

In May 2012, the District entered into a lease agreement with SBA Towers. Under the lease, the lessee pays the District \$40,000 per year (with a 3% increase every year) for a period of 5 years, with an auto-renewal option for ten additional five-year terms. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1%. For the year ended June 30, 2024, the District recognized \$79,425 of lease revenue under the lease.

**F. Vertical Bridge Cell Tower Lease - Castro Valley**

In August 2010, the District entered into a lease agreement with Vertical Bridge. Under the lease, the lessee pays the District \$28,800 per year (with a 3.5% increase every year) for a period of 5 years, with an auto-renewal option for four additional five-year terms. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1%. For the year ended June 30, 2024, the District recognized \$66,458 of lease revenue under the lease.

**G. T-Mobile Cell Tower Lease - Mission Hills Driving Range**

In September 2006, the District entered into a lease agreement with T-Mobile. Under the lease, the lessee pays the District \$23,400 per year (with a 3.5% increase every year) for a period of 5 years, with an auto-renewal option for four additional five-year terms. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1%. For the year ended June 30, 2024, the District recognized \$50,007 of lease revenue under the lease.

**H. T-Mobile Cell Tower Lease - Castro Valley CC**

In January 2011, the District entered into a lease agreement with T-Mobile. Under the lease, the lessee pays the District \$28,800 per year (with a 3.5% increase every year) for a period of 5 years, with an auto-renewal option for four additional five-year terms. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1%. For the year ended June 30, 2024, the District recognized \$70,257 of lease revenue under the lease.

**I. Meek Estate**

In May 2024, the District entered into a lease agreement with Ryan Rojas. Under the lease, the lessee pays the District \$7,800 per year (with monthly increase of \$20 beginning in the second year) for a period of 2 years. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1%. For the year ended June 30, 2024, the District had not recognized any lease revenue under the lease.

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

**4. LEASE RECEIVABLES, CONTINUED**

**J. Luevano Ventures - Mission Hills Golf Course Restaurant**

In May 2021, the District entered into a restaurant space lease agreement with Luevano Ventures. Under the lease, the lessee pays the District \$30,000 per year (with four scheduled increases each year) for a period of 5 years, with a renewal option of 3 years. It is reasonably certain that the renewal options will be exercised. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1%. For the year ended June 30, 2024, the District recognized \$39,585 of lease revenue under the lease.

The future payments on the leases as of June 30, 2024 were as follows:

Year Ending June 30,	AT&T Castro Valley		AT&T Weekes Park		T-Mobile Mission Hills		Verizon Mission Hills	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 19,631	\$ 4,174	\$ 40,846	\$ 2,756	\$ 36,169	\$ 10,270	\$ 45,228	\$ 4,041
2026	19,827	3,978	42,781	2,347	38,156	9,909	47,158	3,589
2027	20,025	3,780	44,788	1,920	40,219	9,527	49,153	3,117
2028	21,118	3,580	46,871	1,472	42,363	9,125	51,212	2,626
2029	24,007	3,368	49,032	1,003	44,588	8,701	53,339	2,113
2030 - 2034	128,829	13,182	51,273	513	259,424	36,342	158,003	3,051
2035 - 2039	157,119	6,194	-	-	329,251	22,026	-	-
2040 - 2042	26,885	269	-	-	236,860	4,808	-	-
Total	\$ 417,441	\$ 38,525	\$ 275,591	\$ 10,011	\$ 1,027,030	\$ 110,708	\$ 404,093	\$ 18,537

Year Ending June 30,	SBA Towers Mateo St.		Vertical Bridge		T-Mobile Oliver Sports Park		Luevano Ventures	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 40,149	\$ 7,458	\$ 40,608	\$ 5,805	\$ 39,775	\$ 3,338	\$ 31,589	\$ 1,682
2026	41,979	7,056	42,639	5,399	41,681	2,940	33,571	1,366
2027	43,869	6,637	44,746	4,973	43,660	2,523	35,438	1,030
2028	45,823	6,198	46,934	4,525	45,713	2,087	35,792	676
2029	47,872	5,740	49,205	4,056	47,843	1,629	31,775	317
2030 - 2034	271,913	21,094	283,190	12,414	115,095	1,928	-	-
2035 - 2039	254,177	6,379	73,203	817	-	-	-	-
Total	\$ 745,782	\$ 60,562	\$ 580,525	\$ 37,989	\$ 333,767	\$ 14,445	\$ 168,165	\$ 5,071

Year Ending June 30,	T-Mobile Castro Valley CC		Meek Estate		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 39,881	\$ 5,949	\$ 7,697	\$ 143	\$ 341,573	\$ 45,616
2026	41,884	5,550	6,633	66	356,309	42,200
2027	43,963	5,132	-	-	365,861	38,639
2028	46,121	4,692	-	-	381,947	34,981
2029	48,360	4,231	-	-	396,021	31,158
2030 - 2034	278,468	13,421	-	-	1,546,195	101,945
2035 - 2039	96,240	1,288	-	-	909,990	36,704
2040 - 2042	-	-	-	-	263,745	5,077
Total	\$ 594,917	\$ 40,263	\$ 14,330	\$ 209	\$ 4,561,641	\$ 336,320

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

**5. CAPITAL ASSETS AND DEPRECIATION**

Capital assets activity for the year ended June 30, 2024 is as follows:

	Balance at 6/30/2023	Addition	Deletion	Transfer	Balance at 6/30/2024
Non Depreciable Capital Assets:					
Land	\$ 38,786,228	\$ -	\$ -	\$ 3,229,061	\$ 42,015,289
Construction in progress	85,286,538	16,162,035	-	(48,208,054)	53,240,519
Total Non Depreciable Assets	<u>124,072,766</u>	<u>16,162,035</u>	<u>-</u>	<u>(44,978,993)</u>	<u>95,255,808</u>
Depreciable Capital Assets:					
Buildings and improvements	146,636,671	129,699	-	44,978,993	191,745,363
Furniture and equipment	4,664,857	741,049	-	1,121,256	6,527,162
Subscription based I.T. arrangements	-	889,797	-	-	889,797
Leased equipment	1,288,986	-	(167,730)	(1,121,256)	-
Total depreciable assets	<u>152,590,514</u>	<u>1,760,545</u>	<u>(167,730)</u>	<u>44,978,993</u>	<u>199,162,322</u>
Less accumulated depreciation:					
Buildings and improvements	(74,892,754)	(3,660,013)	-	-	(78,552,767)
Furniture and equipment	(3,518,998)	(356,091)	-	(930,992)	(4,806,081)
Less accumulated amortization:					
Subscription based I.T. arrangements	-	(66,735)	-	-	(66,735)
Leased equipment	(1,088,679)	-	157,687	930,992	-
Total accumulated depreciation & amortization	<u>(79,500,431)</u>	<u>(4,082,839)</u>	<u>157,687</u>	<u>-</u>	<u>(83,425,583)</u>
Total Depreciable Capital Assets, net	<u>73,090,083</u>	<u>(2,322,294)</u>	<u>(10,043)</u>	<u>44,978,993</u>	<u>115,736,739</u>
Total Capital Assets, net	<u>\$ 197,162,849</u>	<u>\$ 13,839,741</u>	<u>\$ (10,043)</u>	<u>\$ -</u>	<u>\$ 210,992,547</u>

Depreciation and amortization expense was charged to governmental activities as follows:

Governmental activities:	
Business	\$ 111,017
Capital	3,544
Golf courses	420,576
Parks	2,444,646
Recreation programs	746,966
Internal service fund	356,090
<b>Total depreciation &amp; amortization expense</b>	<u><u>\$ 4,082,839</u></u>

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

**6. LONG-TERM DEBT**

*A. Changes in Long-Term Debt*

The following is a summary of long-term liability activities for the fiscal year ended June 30, 2024:

	Balance			Balance		
	June 30, 2023	Additions	Deletions	June 30, 2024	Due Within One Year	Due In More Than One Year
2016 General Obligation Bonds, Series A	\$ 101,590,000	\$ -	\$ 695,000	\$ 100,895,000	\$ 885,000	\$ 100,010,000
Unamortized Premium	7,842,806	-	340,990	7,501,816	-	7,501,816
2016 General Obligation Bonds, Series B	85,000,000	-	31,020,000	53,980,000	8,550,000	45,430,000
Unamortized Premium	6,493,746	-	216,464	6,277,282	-	6,277,282
<b>Direct borrowings:</b>						
Equipment Lease Purchase Agreement	-	7,540,000	-	7,540,000	-	7,540,000
Subscription Based I.T. Arrangements	-	889,797	54,729	835,068	88,439	746,629
Lease Payable	290,729	-	290,729	-	-	-
PG&E LED Financing	156,594	-	41,546	115,048	38,349	76,699
Total direct borrowings	447,323	8,429,797	387,004	8,490,116	126,788	8,363,328
Compensated Absences	948,357	1,234,424	1,051,827	1,130,954	304,796	826,158
Total long-term liabilities	\$ 202,322,232	\$ 9,664,221	\$ 33,711,285	\$ 178,275,168	\$ 9,866,584	\$ 168,408,584

*B. The Detail of Long-Term Debt*

I. 2016 General Obligation Bonds, Series A

On May 11, 2017, the District issued the Election of 2016 General Obligation bonds, Series A (Measure F1 Bonds) in the amount of \$125,000,000. The Bonds were issued to (i) finance the repair, upgrading, acquisition, and construction of District sites and facilities; (ii) defease all or a portion of the District's outstanding Certificates of Participation, Series 2014; (iii) pay capitalized interest on a portion of the Bonds; and (iv) pay the costs of issuing the Bonds. The Bonds were issued at a premium of \$7,501,815 which will be amortized over the life of the Bonds.

The Measure F1 Bonds Series A mature annually starting August 1, 2018 through 2046. The interest on the bonds is payable semiannually on each February 1 and August 1, with coupon rates ranging from 3.00% to 5.00%. The bonds are payable solely from and secured by *ad valorem* property tax revenues.

II. 2016 General Obligation Bonds, Series B

On January 24, 2023, the District issued the Election of 2016 General Obligation bonds, Series B (Measure F1 Bonds) in the amount of \$85,000,000. The Bonds were issued to (i) finance the repair, upgrading, acquisition, and construction of District sites and facilities; (ii) pay the costs of issuing the Bonds. The Bonds were issued at a premium of \$6,277,282 which will be amortized over the life of the Bonds.

The Measure F1 Bonds Series B mature annually starting August 1, 2023 through 2052. The interest on the bonds is payable semiannually on each February 1 and August 1, with coupon rates of 5.00%. The bonds are payable solely from and secured by *ad valorem* property tax revenues.

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

**6. LONG-TERM DEBT, CONTINUED**

*B. The Details of Long-Term Debt, Continued*

II. 2016 General Obligation Bonds, Series B, Continued

The future principal and interest payments on the debt are as follows:

Year Ending June 30,	Series A Bonds		Series B Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 885,000	\$ 4,285,625	\$ 8,550,000	\$ 2,485,250	\$ 9,435,000	\$ 6,770,875
2026	1,080,000	4,236,500	6,005,000	2,121,375	7,085,000	6,357,875
2027	1,290,000	4,177,250	2,655,000	1,904,875	3,945,000	6,082,125
2028	1,520,000	4,107,000	-	1,838,500	1,520,000	5,945,500
2029	1,765,000	4,024,875	-	1,838,500	1,765,000	5,863,375
2030 - 2034	13,115,000	18,518,650	105,000	9,188,625	13,220,000	27,707,275
2035 - 2039	21,480,000	15,070,569	1,430,000	9,024,250	22,910,000	24,094,819
2040 - 2044	33,005,000	9,156,556	3,660,000	8,404,250	36,665,000	17,560,806
2045 - 2049	26,755,000	1,655,900	11,435,000	6,889,875	38,190,000	8,545,775
2050 - 2053	-	-	20,140,000	2,116,000	20,140,000	2,116,000
Total	\$ 100,895,000	\$ 65,232,925	\$ 53,980,000	\$ 45,811,500	\$ 154,875,000	\$ 111,044,425

III. Equipment Lease Purchase Agreement

In fiscal year 2024, the District entered into an equipment lease purchase agreement with Public Property Financing Corporation of California to finance energy efficiency improvements and related equipment at District facilities. Savings in energy costs resulting from these improvements will be used as a source of funding to repay the debt, which is an obligation of the General Fund.

The total equipment cost and proceeds received from Public Property Financing Corporation of California before issuance costs totaled \$7,540,000. Annual debt service requirements are due February 1<sup>st</sup> and August 1<sup>st</sup> each year, commencing on February 1<sup>st</sup>, 2024 and final payment due on August 1<sup>st</sup>, 2038. Annual interest charged on the financing agreement is 4.54%.

The future principal and interest payments on the debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ -	\$ 342,316	\$ 342,316
2026	400,000	333,236	733,236
2027	415,000	314,736	729,736
2028	435,000	295,440	730,440
2029	455,000	275,238	730,238
2030-2034	2,595,000	1,040,227	3,635,227
2035-2039	3,240,000	380,225	3,620,225
Total	\$ 7,540,000	\$ 2,981,418	\$ 10,521,418

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

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**6. LONG-TERM DEBT, CONTINUED**

*B. The Details of Long-Term Debt, Continued*

IV. Subscription Based Information Technology Arrangement

Tyler Technologies software arrangement is a ten-year agreement, initiated in fiscal year 2024 with payments ranging from \$24,234 to \$128,765. The District is only obligated for the first three years of the agreement; however, the agreement stipulates agreed-upon annual subscription rate increases through year ten and the District reasonably assumes that the software will continue to be used through the end of year ten. The District has used a 4.19% discount rate for this arrangement based on similar debt during the same fiscal year. There are no options to extend the arrangement after year ten or purchase the software.

The future principal and interest payments on the debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 88,439	\$ 32,732	\$ 121,171
2026	67,200	29,737	96,937
2027	73,029	26,816	99,845
2028	79,196	23,644	102,840
2029	86,767	20,187	106,954
2030-2034	440,437	38,988	479,425
Total	<u>\$ 835,068</u>	<u>\$ 172,104</u>	<u>\$ 1,007,172</u>

V. PG&E LED Light Financing

On June 8, 2018, the District entered into a loan agreement with PG&E for a total installation project cost of energy efficient LED lights on Mission Hills Driving Range and Alden Oliver Sports Park, free of interest. The loan is payable in monthly installments through June 2027. As of June 30, 2024, the outstanding balance was \$115,048.

The future remaining debt service payments of the loan are as follows:

Year ended June 30,	Amount
2025	\$ 38,349
2026	38,349
2027	38,350
Total	<u>\$ 115,048</u>

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

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**7. PENSION PLAN**

*Plan Description*

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous 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 Local Government 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. Audited financial statements of CalPERS can be obtained from its website <https://www.calpers.ca.gov/page/forms-publications>. The District relies upon actuarial and investment data provided by CalPERS for inclusion and analysis in this report.

*Benefits Provided*

CalPERS provide 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.

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

**7. PENSION PLAN, CONTINUED**

*Benefits Provided, Continued*

The Plan's provisions and benefits in effect at June 30, 2024, are summarized as follows:

Hire Date	Miscellaneous		
	Prior to 1/1/2013	On or after 1/1/2013	
Benefit formula	2.5% @55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years	5 years	5 years
Benefit Payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50-55	50-63	52-67
Monthly benefits, as a % if eligible compensation	2.0% to 2.5%	1.092% to 2.418%	1.0% to 2.5%
Final compensation	12 months	36 months	36 months
Required employee contribution rates	8.00%	7.00%	6.75%
Required employer contribution rates	11.060%	11.060%	11.060%
Required unfunded liability payment		\$2,289,710	

**Employees Covered** - At the measurement date June 30, 2023, the following employees were covered by the benefit terms for each Plan:

Inactive employees or beneficiaries currently receiving benefits	160
Inactive employees entitled to but not yet receiving benefits	64
Active employees	<u>112</u>
<b>Total</b>	<u>336</u>

**Contribution**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are 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 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 District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the measurement period ended June 30, 2023, the District's contributions to the Plan was \$3,523,608.

**Net Pension Liability**

The District's net pension liability for the 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, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

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**7. PENSION PLAN, CONTINUED**

*Net Pension Liability, Continued*

*Actuarial Assumptions* - The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00% net of pension plan investment and administrative expenses; includes inflation.
	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality <sup>(2)</sup>	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.
Retirement Age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.

*Discount Rate*

The discount rate used to measure the total pension liability was 6.9 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 6.9 percent discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 6.9 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

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**7. PENSION PLAN, CONTINUED**

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

Asset Class	Assumed Asset Allocation	Real Return Real Return <sup>(a,b)</sup>
Global Equity - Cap-weighted	30.00%	4.45%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100%	

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

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

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

**8. PENSION PLAN, CONTINUED**

*Change in Net Pension Liability*

The change in the Net Pension Liability for each Plan follows:

<i>Miscellaneous Plan</i>	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2022 (measurement date)</b>	\$ 96,150,961	\$ 66,547,915	\$ 29,603,046
<b>Changes in the year:</b>			
Service cost	1,832,704	-	1,832,704
Interest on the total pension liability	6,580,855	-	6,580,855
Differences between actual and expected experience	882,066	-	882,066
Changes in benefit terms	99,395	-	99,395
Contribution - employer	-	3,523,608	(3,523,608)
Contribution - employees	-	861,073	(861,073)
Net investment income	-	4,117,201	(4,117,201)
Benefit payments , including refunds of employee contributions	(5,348,109)	(5,348,109)	-
Administrative expenses	-	(48,936)	48,936
<b>Net changes</b>	<b>4,046,911</b>	<b>3,104,837</b>	<b>942,074</b>
<b>Balance at June 30, 2023 (measurement date)</b>	<b>\$ 100,197,872</b>	<b>\$ 69,652,752</b>	<b>\$ 30,545,120</b>

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* - The following presents the net pension liability of the District for each Plan, calculated using the discount rate for each Plan, as well as what the District'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
1% Decrease	5.90%
Net Pension Liability	\$ 42,983,409
Current Discount Rate	6.90%
Net Pension Liability	\$ 30,545,120
1% Increase	7.90%
Net Pension Liability	\$ 20,175,852

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

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

**7. PENSION PLAN, CONTINUED**

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

For the year ended June 30, 2024, the District recognized pension expense of \$4,375,775. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,692,216	\$ -
Differences between expected and actual experience	630,047	676,244
Changes in assumptions	1,328,757	-
Net differences between projected and actual earnings on plan investments	3,181,839	-
Total	<u>\$ 8,832,859</u>	<u>\$ 676,244</u>

\$3,692,216 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflows/ (Inflows) of Resources
2024	\$ 1,158,372
2025	894,917
2026	2,323,244
2027	87,866
Total	<u>\$ 4,464,399</u>

*Payable to Pension Plan*

As of June 30, 2024, the District reported a payable of \$0 for outstanding amount of contributions to the pension plan.

**8. OTHER POST EMPLOYMENT BENEFITS**

In 2007, the Hayward Area Recreation and Park District implemented a defined contribution program (PEHP) for all future new hires and those existing employees who had decided to take the one-time offered plan (see the note of PEHP for details).

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

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**8. OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

**I. Other Postemployment Medical Benefit Plan (OPEB Plan)**

The District has established another Other Postemployment Medical Benefit plan (OPEB Plan) and participates in an agent multiple-employer defined benefit retiree healthcare plan. It is provided to a closed group of retirees and those employees hired before July 1, 2007 who opted not to take the PEHP offer and decided to meet and satisfy the OPEB plan eligibility requirements.

**A. Plan Description**

The OPEB plan covers payment for the appropriate type and hospitalization plan for single (retiree) or two-party (retiree and spouse) coverage.

- 1) If the employee retires after working at the District for at least eleven years and begins receiving retirement pay from PERS upon leaving the District, the District will pay four months' coverage for every full year's service after the ten years' service; e.g. four months' coverage for eleven full years of service, eight months' coverage for twelve years of service, etc.
- 2) If the employee retires after working at the District for at least twenty years of full-time service, the District will pay the coverage for the life of the retiree and the spouse, until the death of the retiree.
- 3) Coverage will be based on the Kaiser rate. Retirees pay the difference if the premium of their plan exceeds the Kaiser plan.
- 4) When retiree and/or spouse become eligible for Medicare (age 65), the District will pay only the premium charged for parts A & B Medicare coverage.
- 5) If the retiree moves out of the service area of his/her HMO plan, he/she has the option to either change to the District's PPO plan and pay the excess or purchase his/her own insurance plan and get reimbursed for the cost of the premium not to exceed the District's group rate.
- 6) Whether or not eligible for (1) or (2) above, all retirees and their spouses may elect to continue coverage under the District's group medical/hospitalization/dental plans at their own expense after eligibility for District's payment of premiums has been exhausted.

**B. Employees Covered**

Inactive employees and beneficiaries currently receiving benefits	70		
Active employees	32		
Total	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black; width: 100%;"></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">102</td> </tr> </table>		102
	102		

**C. Contributions**

The District set up an OPEB Trust with the Public Agencies Retirement Service (PARS) in 2010 for the funding of the OPEB cost. The Trust is structured as a multiple-employer trust in accordance with Section 115 of the Internal Revenue Code. The Trust was prepared as an irrevocable exclusive benefit trust to fund retiree health care benefits. For the measurement period ended June 30, 2023, the District contributed \$318,228.

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

**8. OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

**I. Other Postemployment Medical Benefit Plan (OPEB Plan), Continued**

*D. Net OPEB Liability*

The District's net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023.

Actuarial Assumptions – the total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.50%
Contribution Policy	Contributes full ADC
Projected Salary Increase	2.75%
Investment Rate of Return	6.25%
Mortality	CalPERS 2000-2019 experience study
Medical Trend	Non-Medicare - 7.90% for 2026, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) - 6.90% for 2026, decreasing to an ultimate rate of 3.46% in 2076 Medicare (Kaiser) - 5.65% for 2026, decreasing to an ultimate rate of 3.45% in 2076

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 table below.

Asset Class	Target Allocation*	Expected Real Rate of Return
Global Equity	75.00%	4.56%
Fixed Income	20.00%	0.78%
Cash	5.00%	-0.50%

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

**8. OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

**I. Other Postemployment Medical Benefit Plan (OPEB Plan), Continued**

*E. Discount Rate*

The discount rate used to measure the total OPEB liability was 6.25 percent. This single discount rate was based on the long-term expected real rate of return of assets by asset class, the investment allocation, and the time horizon of cash flows of the trust.

*F. Changes in Net OPEB Liability/(Asset)*

The changes in the net OPEB liability/(Asset) for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
<b>Balance at June 30, 2022 (measurement date)</b>	\$ 9,942,314	\$ 9,852,355	\$ 89,959
<b>Changes in the year:</b>			
Service cost	141,701	-	141,701
Interest	612,099	-	612,099
Differences between actual and expected experience	284,386	-	-
Changes in assumptions	747,632	-	747,632
Contribution - employer	-	535,730	(535,730)
Contribution - employee	-	-	-
Net investment income	-	974,553	(974,553)
Administrative expenses	-	(33,718)	33,718
Benefit payments, including refunds of employee contributions	(580,866)	(580,866)	-
<b>Net changes</b>	<u>1,204,952</u>	<u>895,699</u>	<u>309,253</u>
<b>Balance at June 30, 2023 (measurement date)</b>	<u>\$ 11,147,266</u>	<u>\$ 10,748,054</u>	<u>\$ 399,212</u>

*G. Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate*

The following presents the net OPEB liability/(Asset) of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023:

	1% Decrease	Current	1% Increase
	5.25%	Discount 6.25%	7.25%
Net OPEB Liability	\$ 1,587,574	\$ 399,212	\$ (615,946)

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

**8. OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

**I. Other Postemployment Medical Benefit Plan (OPEB Plan), Continued**

*H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates*

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023:

	1% Decrease	Current Healthcare Trend Rate	1% Increase
Net OPEB Liability	\$ (705,743)	\$ 399,212	\$ 1,702,109

*I. Recognition of Deferred Outflow and Deferred Inflows of Resources*

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expenses. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years straight - line amortization
All other amounts	Expected average remaining service lifetime (EARSL) of all members (2.8 years at June 30, 2022)

*J. OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB*

For the fiscal year ended June 30, 2024, the District recognized OPEB expense/(income) of (\$1,376,225). For the fiscal year ended June 30, 2024, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions to OPEB subsequent to measurement date	\$ 317,228	\$ -
Changes in assumptions	436,119	-
Differences between expected and actual experience	165,892	-
Net differences between projected and actual earnings of OPEB plan investments	245,766	-
Total	<u>\$ 1,165,005</u>	<u>\$ -</u>

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

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**8. OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

**I. Other Postemployment Medical Benefit Plan (OPEB Plan), Continued**

The \$317,228 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2023 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2025. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ending June 30:	
2025	\$ 448,464
2026	121,922
2027	350,930
2028	(73,539)
Total	<u>\$ 847,777</u>

**Change of Assumptions** - For the measurement date June 30, 2023, there were the following changes in assumptions:

- Discount rate and medical increase rates were updated based on actuary change and newer capital market assumptions.
- Demographic assumption updated to new CalPERS experience study rates
- Mortality improvement scale Scale-MP-2021 was applied to mortality rates

**II. Postemployment Healthcare Plan (PEHP)**

- A. **Plan Description:** PEHP is a tax-free defined contribution health reimbursement arrangement (HRA) which allows employers to set aside money for the payment of medical expenses that retirees will incur after they sever employment. The contributions, accumulations and reimbursements are all tax exempt.
- a. The District’s employees with a hire date of July 1, 2007 or before were provided with a one-time option to participate in the PEHP plan or continue to be eligible for the OPEB plan upon retirement from the District. New hires employed by HARD after July 1, 2007 are automatically enrolled in PEHP. PEHP helps reduce the future impact of OPEB on unfunded liabilities of the District. As of June 30, 2024, there were one hundred twelve (112) employees enrolled in the PEHP plan.
  - b. PEHP can reimburse the cost of medical insurance premiums and may also reimburse out-of- pocket cost of medical expenses such as prescription drugs, co-pays and eyeglasses. Reimbursements made to retirees from their PEHP accounts are free from federal income and FICA taxes.
- B. **Funding Policy:** PEHP has no annual limit on contributions. The District contributes 3.0% of participating employees’ base salaries to Nationwide Retirement Solutions each month. For the fiscal year ended June 30, 2024, the District had funded \$329,810 to the plan.

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

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**8. OTHER POST EMPLOYMENT BENEFITS, CONTINUED**

**II. Postemployment Healthcare Plan (PEHP), Continued**

- C. **Plan Value:** The balance in the plan was \$2,651,829 as of June 30, 2024. Plan participants can monitor and make selections between a list of funds available for the amount allocation. Participants also receive quarterly statement of their account allocations and balances.

**9. DEFERRED COMPENSATION**

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program. The purpose of this Program is to provide deferred compensation for employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. The District did not contribute to this plan in 2024.

In the year 2021, The District has evaluated the requirements of GASB Statement No. 84, Fiduciary Activities and GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans and determined that plan didn't meet the criteria to be reported as a fiduciary activity, as required by Statement No. 84. Moreover, the plan is classified as other employee benefits for financial reporting purposes as required by Statement No. 97.

**10. PUBLIC AGENCY RETIREMENT SERVICES ALTERNATE RETIREMENT SYSTEM 457 PLAN**

In addition to the deferred compensation plan discussed in note 8, the District's part-time, seasonal, and temporary employees who are not members of the existing retirement plan were given the one-time choice to stay with the Social Security plan or to join the newly created alternate plan called the Public Agency Retirement Services Alternate Retirement System 457 plan (PARS ARS 457) in August 2013. For eligible employees hired on and after Jan. 2014, they are enrolled in the PARS ARS 457 automatically.

Each pay period, the participant contributes 6.2% of his/her pre-tax wages and the District contributes 1.3% of the employee's pre-tax salary to the plan. During fiscal year 2024 the District contributed \$41,002 to the plan. The balance in the plan was \$1,119,279 as of June 30, 2024. There were 254 current employees enrolled in the plan as of June 30, 2024.

In the year 2021, The District has evaluated the requirements of GASB Statement No. 84, Fiduciary Activities and GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans and determined that plan didn't meet the criteria to be reported as a fiduciary activity, as required by the Statement No. 84. Moreover, the plan is classified as a defined contribution pension plan for financial reporting purposes as required by Statement No. 97.

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

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**11. RISK MANAGEMENT**

*California Association for Park and Recreation Insurance*

The District is self-insured for comprehensive liability coverage as a member of the California Association for Park and Recreation Indemnity (CAPRI). CAPRI is a public agency risk pool created pursuant to a joint powers agreement between the numerous member Districts. CAPRI manages one pool for all member agencies. Each member pays an annual premium to the system based on numerous factors including the number of personnel, types and values of assets held, and an experience factor. CAPRI reinsures through a commercial carrier for claims in excess of \$1,000,000 for each insured event. CAPRI is not a component entity of the District for purposes of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39.

Coverage provided under CAPRI is as follows:

Comprehensive general liability coverage with a \$1,000,000 limit per occurrence for personal injury and property damage to which the coverage applies. CAPRI also purchases an excess policy from CSAC Excess Insurance Authority (CSAC-EIA) with limits of \$24 million in excess of \$1 million. There is no deductible to the District.

All-risks property loss coverage including Boiler & Machinery coverage is subject to a \$2,000 deductible per occurrence payable by the District. All-risks property coverage has a limit of \$1,000,000,000 per occurrence shared by the membership. Boiler and Machinery has an excess limit of \$100,000,000. Flood and earthquake coverages have an annual aggregate limit of \$10,000,000 and \$5,000,000 respectively for all the member districts. The deductible for all loss or damage arising from the risks of flood is \$20,000 and earthquake is \$50,000 per occurrence or 5% of the value of the building, contents, and/or structure damaged, whichever is greater.

Public officials and employee liability coverage has a \$25,000,000 annual aggregate limit per member district because of a wrongful act which occurs during the coverage period for which the coverage applies. There is a \$20,000 deductible for any covered claim for wrongful termination payable by the District. Workers' Compensation Coverage has a \$350,000 limit per accident or occurrence, or series of accidents or occurrences, arising out of any one event.. There is no deductible for the Workers' Compensation program.

**12.. COMMITMENTS AND CONTINGENT LIABILITY**

*A. Lease agreement on the Mission Hills of Hayward Golf Course*

The District has a lease agreement with the City of Hayward to lease the property on which the District built the Mission Hills of Hayward Golf Course. The lease is for a period of 25 years and expired in August 2022, however both parties are abiding per the terms of the agreement until the lease is renegotiated. From July 1, 2002 through June 30, 2013, the rent paid by the District was 55% of the net income. From July 1, 2014 through the remainder of the lease and options, the rent to be paid by the District varies and is a combination of a fixed rent and a percentage of income. For the year ended June 30, 2024, no rent payments have been made to the City of Hayward as expenditures have exceeded revenues for the golf course.

**Hayward Area Recreation and Park District**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2024**

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**13. LITIGATION**

As of June 30, 2024, the District was not involved in any suits which in the opinion of the District's management would have a significant effect on the financial position of the District.

**14. PRIOR PERIOD ADJUSTMENTS**

The District recorded a prior period adjustment in the District's General Fund and Governmental Activities to correct lease receivables and related deferred inflow of receivables by \$632,869 to capture a lease agreement that was not previously identified. The error did not result in a restatement of fund balance or net position.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Hayward Area Recreation and Park District**  
**Required Supplementary Information**  
**For the year ended June 30, 2024**

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**1. BUDGETS AND BUDGETARY ACCOUNTING**

*A. Budgetary Procedures*

The District's budget is prepared on the same basis as the financial statements are presented, which for the General Fund is the modified accrual basis. The annual budget is adopted by a Board of Directors' resolution and is presented in the financial statements chart on the following page. A public hearing on the budget is held in June of each fiscal year, after which the budget is approved by the Board of Directors. The General Manager is authorized to transfer budgeted amounts between accounts within any fund provided the net budget results do not decrease from the adopted net results. All transfers between funds must be approved by the Board of Directors. Budgeted amounts may be amended by the Board of Directors from time to time.

The District uses encumbrance accounting under which purchase orders, contracts and other commitments for the expenditures of monies are recorded to reserve the portion of the applicable appropriation. Encumbrances outstanding at fiscal year end are reported as assignment of fund balances since they do not constitute expenditures of liabilities. Unexpended appropriations lapse at fiscal year end and must be re-appropriated in the following fiscal year.

**Hayward Area Recreation and Park District  
Required Supplementary Information, Continued  
For the year ended June 30, 2024**

***B. Budgetary Comparison Schedule, General Fund***

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 32,604,878	\$ 32,604,878	\$ 34,206,210	\$ 1,601,332
Grants and other intergovernmental				
Homeowners' property tax relief	125,800	125,800	124,362	(1,438)
Grants	453,000	453,000	763,094	310,094
Rents, concessions, and fees	7,236,444	7,356,444	8,723,943	1,367,499
Interest	164,860	164,860	686,159	521,299
Donations	16,132	16,132	-	(16,132)
Miscellaneous	40,349	40,349	60,229	19,880
<b>Total revenues</b>	<b>40,641,463</b>	<b>40,761,463</b>	<b>44,563,997</b>	<b>3,802,534</b>
<b>EXPENDITURES:</b>				
Current:				
District management:				
Personnel	4,736,968	4,736,968	4,684,910	52,058
Services and supplies	3,175,774	3,240,774	3,200,277	40,497
Recreation:				
Personnel	6,971,637	7,106,212	6,566,978	539,234
Services and supplies	3,812,467	3,892,467	4,408,055	(515,588)
Capital planning & development				
Personnel	110,873	110,873	425,882	(315,009)
Services and supplies	180,567	180,567	165,598	14,969
Park and facility maintenance:				
Personnel	12,542,321	12,464,682	12,226,441	238,241
Services and supplies	6,698,593	6,698,593	6,811,221	(112,628)
Golf courses:				
Personnel	1,259,739	1,242,803	1,201,505	41,298
Services and supplies	792,610	792,610	786,117	6,493
Debt Service				
Principal repayment	47,100	47,100	96,273	(49,173)
Interest	-	-	103,554	(103,554)
Capital outlay	-	-	889,797	(889,797)
Contingency	250,000	185,000	-	185,000
<b>Total expenditures</b>	<b>40,578,649</b>	<b>40,698,649</b>	<b>41,566,608</b>	<b>(1,052,959)</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>62,814</b>	<b>62,814</b>	<b>2,997,389</b>	<b>2,934,575</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Long-term debt issuance	-	-	889,797	889,797
Transfers out	(33,500)	(570,355)	(570,355)	-
<b>Total other financing sources (uses)</b>	<b>(33,500)</b>	<b>(570,355)</b>	<b>319,442</b>	<b>889,797</b>
<b>Net change in fund balance</b>	<b>\$ 29,314</b>	<b>\$ (507,541)</b>	<b>3,316,831</b>	<b>\$ 3,824,372</b>
<b>FUND BALANCES:</b>				
Beginning of year			21,064,029	
End of year			<u>\$ 24,380,860</u>	

**Hayward Area Recreation and Park District**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2024**

**2. DEFINED BENEFIT PENSION PLAN - AGENT MULTIPLE EMPLOYER PLAN**

*A. Schedule of Changes in Net Pension Liability and Related Ratios during the Measurement Period - Last 10 Years\**

Fiscal year	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020
Measurement date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
<b>TOTAL PENSION LIABILITY</b>					
Service Cost	\$ 1,832,704	\$ 1,833,124	\$ 1,629,091	\$ 1,661,227	\$ 1,536,208
Interest	6,580,855	6,308,221	6,196,696	6,038,493	5,808,005
Difference Between Expected and Actual Experience	882,066	(1,200,524)	(747,911)	455,134	1,683,888
Changes of Assumptions	99,395	2,892,001	-	-	-
Benefit Payments	(5,348,109)	(4,994,612)	(4,731,156)	(4,715,042)	(4,561,475)
<b>Net Change in Total Pension Liability</b>	<b>4,046,911</b>	<b>4,838,210</b>	<b>2,346,720</b>	<b>3,439,812</b>	<b>4,466,626</b>
<b>Total Pension Liability - Beginning</b>	<b>96,150,961</b>	<b>91,312,751</b>	<b>88,966,031</b>	<b>85,526,219</b>	<b>81,059,593</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 100,197,872</b>	<b>\$ 96,150,961</b>	<b>\$ 91,312,751</b>	<b>\$ 88,966,031</b>	<b>\$ 85,526,219</b>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions - Employer	\$ 3,523,608	\$ 3,204,727	\$ 2,946,604	\$ 2,750,698	\$ 2,394,164
Contributions - Employee	861,073	721,108	714,972	716,868	680,301
Net Investment Income	4,117,201	(5,535,443)	13,667,546	2,920,056	3,709,540
Benefit Payments	(5,348,109)	(4,994,612)	(4,731,156)	(4,715,042)	(4,561,475)
Net Plan to Plan Resource Movement	-	-	-	-	-
Administrative Expenses	(48,936)	(45,598)	(60,596)	(83,276)	(40,597)
Other Miscellaneous Income/(Expense)	-	-	-	-	132
<b>Net Change in Fiduciary Net Position</b>	<b>3,104,837</b>	<b>(6,649,818)</b>	<b>12,537,370</b>	<b>1,589,304</b>	<b>2,182,065</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>\$ 66,547,915</b>	<b>\$ 73,197,733</b>	<b>\$ 60,660,363</b>	<b>\$ 59,071,059</b>	<b>\$ 56,888,994</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 69,652,752</b>	<b>\$ 66,547,915</b>	<b>\$ 73,197,733</b>	<b>\$ 60,660,363</b>	<b>\$ 59,071,059</b>
<b>Plan Net Position Liability/(Asset) - Ending (a) - (b)</b>	<b>\$ 30,545,120</b>	<b>\$ 29,603,046</b>	<b>\$ 18,115,018</b>	<b>\$ 28,305,668</b>	<b>\$ 26,455,160</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>69.52%</b>	<b>69.21%</b>	<b>80.16%</b>	<b>68.18%</b>	<b>69.07%</b>
<b>Covered Payroll</b>	<b>\$ 11,930,400</b>	<b>\$ 9,972,337</b>	<b>\$ 9,760,186</b>	<b>\$ 10,087,139</b>	<b>\$ 9,576,486</b>
<b>Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll</b>	<b>256.03%</b>	<b>296.85%</b>	<b>185.60%</b>	<b>280.61%</b>	<b>276.25%</b>

**Notes to Schedule of Changes in Net Pension Liability and Related Ratios:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2018 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 of Assumptions: In 2023, the discount rate was decreased from 7.15 percent to 6.90 percent. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
\$ 1,539,005	\$ 1,649,412	\$ 1,428,168	\$ 1,389,540	\$ 1,379,317
5,494,622	5,387,444	5,287,437	5,051,071	4,823,218
(1,074,289)	(1,226,965)	176,297	8,627	-
(577,098)	4,191,839	-	(1,147,247)	-
(4,104,826)	(3,557,700)	(3,560,386)	(3,532,563)	(3,170,492)
1,277,414	6,444,030	3,331,516	1,769,428	3,032,043
79,782,179	73,338,149	70,006,633	68,237,205	65,205,162
<b>\$ 81,059,593</b>	<b>\$ 79,782,179</b>	<b>\$ 73,338,149</b>	<b>\$ 70,006,633</b>	<b>\$ 68,237,205</b>
\$ 2,080,642	\$ 1,834,399	\$ 1,765,227	\$ 1,626,145	\$ 1,387,417
665,533	641,056	676,243	653,419	615,339
4,584,409	5,470,223	272,815	1,151,805	7,621,987
(4,104,826)	(3,557,700)	(3,560,386)	(3,532,563)	(3,170,492)
(132)	-	-	-	-
(84,002)	(73,219)	(30,758)	(56,794)	-
(159,521)	-	-	-	-
2,982,103	4,314,759	(876,859)	(157,988)	6,454,251
\$ 53,906,891	\$ 49,592,132	\$ 50,468,991	\$ 50,626,979	\$ 44,172,728
<b>\$ 56,888,994</b>	<b>\$ 53,906,891</b>	<b>\$ 49,592,132</b>	<b>\$ 50,468,991</b>	<b>\$ 50,626,979</b>
<b>\$ 24,170,599</b>	<b>\$ 25,875,288</b>	<b>\$ 23,746,017</b>	<b>\$ 19,537,642</b>	<b>\$ 17,610,226</b>
70.18%	67.57%	67.62%	72.09%	74.19%
\$ 8,966,289	\$ 8,459,137	\$ 8,761,228	\$ 8,407,183	\$ 8,057,700
269.57%	305.89%	271.04%	232.39%	218.55%

**Hayward Area Recreation and Park District  
Required Supplementary Information, Continued  
For the year ended June 30, 2024**

**2. DEFINED BENEFIT PENSION PLAN - AGENT MULTIPLE EMPLOYER PLAN, Continued**

**B. SCHEDULE OF CONTRIBUTIONS - Last 10 Years**

	2024	2023	2022	2021	2020
Contractually required contribution (actuarially determined)	\$ 3,692,216	\$ 3,523,608	\$ 3,205,567	\$ 2,945,764	\$ 2,750,698
Contribution in relation to the actuarially determined contributions	(3,692,216)	(3,523,608)	(3,205,567)	(2,945,764)	(2,750,698)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 12,026,344	\$ 11,930,400	\$ 9,972,337	\$ 9,760,186	\$ 10,087,139
Contributions as a percentage of covered payroll	30.70%	29.53%	32.14%	30.18%	27.27%

**Notes to Schedule of Plan Contributions:**

The actuarial methods and assumptions used to set the actuarially determined contributions were derived from the June 30, 2022 funding valuation report.

Actuarial Assumptions:

Actuarial Cost Method	Entry age actuarial cost method
Amortization Method	For details, see June 30, 2022 Funding Valuation Report
Asset Valuation Method	Fair value of assets
Inflation	2.30%
Salary Increases	Varies by entry age and service
Payroll Growth	2.80%
Investment Rate of Return	6.80% net of pension plan investment and administrative expenses
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 2021 CalPERS Experience Study for the period from 1997 to 2017. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

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2019	2018	2017	2016	2015
\$ 2,394,164	\$ 2,080,642	\$ 1,834,398	\$ 1,765,227	\$ 1,626,145
(2,394,164)	(2,080,642)	(1,834,398)	(1,765,227)	(1,626,145)
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 9,576,486	\$ 8,966,289	\$ 8,459,137	\$ 8,761,228	\$ 8,407,183
25.00%	23.21%	21.69%	20.15%	19.34%

**Hayward Area Recreation and Park District  
Required Supplementary Information, Continued  
For the year ended June 30, 2024**

**3. OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN**

**A. Schedule of Changes in Net OPEB Liability and Related Ratios During the Measurement Period <sup>(1)</sup>**

<i>Fiscal year</i>	2024	2023	2022
<i>Measurement Period</i>	6/30/2023	6/30/2022	6/30/2021
<b>Total OPEB Liability</b>			
Service Cost	\$ 141,701	\$ 151,827	\$ 177,553
Interest on the total OPEB liability	612,099	602,592	971,018
Differences between expected and actual experience	284,386	-	(5,557,455)
Changes of assumptions	747,632	-	(1,477,413)
Benefit payments, including refunds of employee contributions and implicit subsidy	(580,866)	(603,520)	(656,751)
<b>Net change in total OPEB liability</b>	<b>1,204,952</b>	<b>150,899</b>	<b>(6,543,048)</b>
<b>Total OPEB liability - beginning</b>	<b>\$ 9,942,314</b>	<b>\$ 9,791,415</b>	<b>\$ 16,334,463</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 11,147,266</b>	<b>\$ 9,942,314</b>	<b>\$ 9,791,415</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 535,730	\$ 925,652	\$ 838,672
Net investment income	974,553	(1,431,820)	2,500,026
Benefit payments, including refunds of employee contributions	(580,866)	(603,520)	(656,751)
Administrative expense	(33,718)	(37,408)	(34,923)
<b>Net change in plan fiduciary net position</b>	<b>895,699</b>	<b>(1,147,096)</b>	<b>2,647,024</b>
<b>Plan fiduciary net position - beginning</b>	<b>\$ 9,852,355</b>	<b>\$ 10,999,451</b>	<b>\$ 8,352,427</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 10,748,054</b>	<b>\$ 9,852,355</b>	<b>\$ 10,999,451</b>
<b>Net OPEB liability/(asset) - ending (a) - (b)</b>	<b>\$ 399,212</b>	<b>\$ 89,959</b>	<b>\$ (1,208,036)</b>
Plan fiduciary net position as a percentage of the total OPEB liability	96.42%	99.10%	112.34%
Covered-employee payroll	\$ 2,712,130	\$ 2,596,133	\$ 2,805,327
Net OPEB liability as a percentage of covered-employee payroll	14.72%	3.47%	-43.06%

**Notes to Schedule of Changes in Net Pension Liability and Related Ratios:**

**Assumption Changes:**

For the measurement date June 30, 2023, there were the following changes to assumption:

Discount rate was updated based on actuary change and newere capital market assumptions

General inflation assumption increased from 2.26% to 2.50%

Medical increase rates changed based on actuary change

Medical plan at retirement changed from blended Kaiser and United Healthcare to current plans

Age based claims cost updated based on actuary change and calculation methodology

Aggregate payroll increases decreased from 3.25% to 2.75% and CalPERS Experience Study merit tables applied to individual active employee payroll

Changes of Benefit Terms: None

(1) Historical information is required only for measurement periods for which GASB 75 is applicable.

2021	2020	2019	2018
6/30/2020	6/30/2019	6/30/2018	6/30/2017
\$ 169,098	\$ 208,560	\$ 198,629	\$ 190,989
953,183	878,792	850,123	823,713
(192,581)	536,135	(82,036)	(184,285)
-	221,761	-	-
(616,047)	(517,278)	(480,923)	(317,229)
313,653	1,327,970	485,793	513,188
\$ 16,020,810	\$ 14,692,840	\$ 14,207,047	\$ 13,693,859
\$ 16,334,463	\$ 16,020,810	\$ 14,692,840	\$ 14,207,047

\$ 912,126	\$ 714,148	\$ 725,417	\$ 691,445
141,557	422,206	543,113	552,326
(616,047)	(517,278)	(480,923)	(317,229)
(19,978)	(17,818)	(16,699)	(14,376)
417,658	601,258	770,908	912,166
\$ 7,934,769	\$ 7,333,511	\$ 6,562,603	\$ 5,650,437
\$ 8,352,427	\$ 7,934,769	\$ 7,333,511	\$ 6,562,603

\$ 7,982,036	\$ 8,086,041	\$ 7,359,329	\$ 7,644,444
51.13%	49.53%	49.91%	46.19%
\$ 3,163,690	\$ 2,978,785	\$ 3,665,994	\$ 3,627,285
252.30%	271.45%	200.75%	210.75%

**Hayward Area Recreation and Park District  
Required Supplementary Information, Continued  
For the year ended June 30, 2024**

**3. OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN, Continued**

**B. Schedule of Plan Contributions <sup>(1)</sup>**

Fiscal Year Ended June 30	2024	2023	2022
Actuarially Determined Contribution (ADC)	\$ 202,000	\$ 209,000	\$ 217,000
Contributions in relation to the ADC	(317,228)	(535,730)	(925,652)
Contribution deficiency (excess)	<u>\$ (115,228)</u>	<u>\$ (326,730)</u>	<u>\$ (708,652)</u>
Covered-employee payroll	\$ 2,701,209	\$ 2,712,130	\$ 2,596,133
Contributions as a percentage of covered-employee payroll	11.74%	19.75%	35.66%

(1) Historical information is required only for measurement periods for which GASB 75 is applicable.

Notes to the Schedule of Employer Contributions:

Actuarial Assumptions:	
Valuation date	June 30, 2021
Actuarial method	Entry age normal, level % of pay
Discount rate	6.25%
Inflation	2.50% annually
Mortality	Based on CalPERS 2000 - 2019 experience study
Medical Trend	Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076
	Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076
	Medicare (Kaiser) - 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076

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2021	2020	2019	2018
\$ 928,861	\$ 912,126	\$ 714,148	\$ 706,115
(928,861)	(912,126)	(714,148)	(706,115)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,805,327	\$ 3,163,690	\$ 2,978,785	\$ 3,665,994
33.11%	28.83%	23.97%	19.26%

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