

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

*Basic Financial Statements
and Independent Auditor's Report*

For the year ended June 30, 2017

Hayward Area Recreation and Park District
Basic Financial Statements
For the year ended June 30, 2017
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**HAYWARD AREA RECREATION AND PARK DISTRICT
BOARD OF DIRECTORS
JUNE 30, 2017**

<u>Name</u>	<u>Residence</u>	<u>Office</u>	<u>Term Expires</u>
Louis M. Andrade	Castro Valley	President	November 2020
Carol A. Pereira	Hayward	Vice President	November 2018
Rick J. Hatcher	Hayward	Secretary	November 2020
Paul Hodges, Jr.	Hayward	Director	November 2018
Minane Jameson	Hayward	Director	November 2020

Paul McCreary
General Manager

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INDEPENDENT AUDITOR'S REPORT

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

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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2017, 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.

To the Board of Directors
of Hayward Area Recreation and Park District
Hayward, California
Page 2

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension information, the OPEB schedule of funding progress, and budgetary comparison information on pages 5-14 and 65-70 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.



Badawi & Associates, CPAs
Oakland, California
February 27, 2018

**HAYWARD AREA RECREATION AND PARK DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

This section of the District's Annual Financial Report presents a narrative overview and analysis of the District's financial activities for the year ended June 30, 2017. District Management recommends this information be read in conjunction with the District's financial statements which follow this discussion.

FINANCIAL HIGHLIGHTS

- As reported on the District's Government-wide Statement of Net Position, the assets and deferred outflows of the District exceeded its liabilities and deferred inflows at June 30, 2017 by \$60 million (net position). Of this amount, \$71.2 million was the net investment in capital assets and \$629K was restricted net position. The District's unrestricted net position totaled a negative \$11.6 million.
- As reported in the District's Governmental Fund Financial Statements, total fund balance was \$125 million, an increase of \$115 million from fiscal year 2016. Most of this increase was due to the May 2017 issuance of \$125 million General Obligation Bond.
- General Fund revenues increased by \$1.6 million (\$30 million in 2016 to \$31.6 million in 2017). The increase is primarily due to an increase in property taxes and assessments revenues. At the end of the current fiscal year, the unassigned fund balance for the general fund was \$6.8 or 24% of the total general fund expenditures of \$29 million.
- Capital Projects Fund had an increase of \$108 million in other financing sources due to the net effect of the 2016 GO Bond issuance, bond premium and the refunding of the 2014 Certificates of Participation.

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:

- 1) The Government-wide Financial Statements
- 2) The Fund Financial Statements
- 3) Notes to the Financial Statements

1) The Government-wide Financial Statements

The government-wide financial statements provide a longer-term view of the District's activities as a whole and are composed of the Statement of Net Assets and the Statement of Activities. The statements are reported on the full accrual basis, similar to that used by private sector business. All changes in net assets 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.

2) The Fund Financial Statements

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

Overview of the Financial Statements, continued

Major funds account for major financial activities of the District and are presented individually. While 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 of the District's basic services are considered to be 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 the comparison.

The Capital Project Fund and the Debt Service Fund are the two major funds in the governmental fund 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 funds financial statements are prepared on the full accrual basis and include all of their assets and liabilities, current and long-term. The District's only proprietary fund includes the activities of internal service insurance fund.

Since the District's internal service fund provides goods and services internally to the District's governmental activities, its activities are reported only in total at the fund level. The District uses internal service fund to accumulate and allocate insurance costs among the District's departments. The revenues are eliminated in the Entity-wide Financial Statements and any related profits or losses are returned to the activities that created them, along with any residual net assets of the internal service funds.

3) 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.

Government-Wide Financial Statement Analysis

A. Government-wide Financial Analysis

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

Analysis of Net Position

	<u>6/30/2017</u>	<u>6/30/2016</u>
Assets		
Cash and Investments	\$ 11,015,585	\$ 8,845,700
Restricted Cash and investment	117,696,155	6,038,099
Other Assets	1,646,631	2,009,586
Capital Assets	<u>87,822,331</u>	<u>84,660,207</u>
Total Assets	<u>218,180,702</u>	<u>101,553,592</u>
Deferred Outflow of Resources		
Deferred Refunding loss	1,642,840	
Current Year Pension Contribution	<u>4,656,357</u>	<u>3,904,532</u>
Total Deferred Outflow of Resources	<u>6,299,197</u>	<u>3,904,532</u>
Liabilities		
Other Liabilities	3,225,705	5,090,794
Current Portion of Long-Term Debts (Other than Pension)	964,866	586,983
Long-Term Liabilities, Net of Current Portion (Other than Pension)	135,825,518	17,720,028
Long-Term Liabilities, Net Pension Liability	<u>23,746,017</u>	<u>19,537,642</u>
Total Liabilities	<u>163,762,106</u>	<u>42,935,447</u>
Deferred Inflow of Resources		
Pension related	<u>491,677</u>	<u>3,433,196</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	71,194,363	67,495,920
Restricted for Debt Service	-	1,368,347
Restricted for Projects	628,665	4,669,962
Unrestricted	<u>(11,596,912)</u>	<u>(14,444,748)</u>
Total Net Position	<u>\$ 60,226,116</u>	<u>\$ 59,089,481</u>

Net Position reflects the District's financial position. Governmental Net Position was \$60 million as of June 30, 2017. The largest portion of the District's Net Position was in its capital assets, e.g. land, buildings, infrastructure, computer software and equipment, and capital leased vehicles, less related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to citizens; 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.

Government-Wide Financial Statement Analysis, continued

Net Position- Analysis:

\$629k of the Net Position was restricted for capital project expenditures. It represents resources that are subject to external restrictions as to how they may be used. The inclusion of Net Pension Liabilities of \$24 million and related deferred inflow and outflow of resources in the Statement of Net Assets caused the unrestricted net assets portion to be a negative \$11.6 million.

- Cash and Investments increased by \$2.2 million or 25% as the net results of operating revenues over expenses.
- Restricted Cash and Investments increased by \$112 million due to the investment of funds received from the \$125 million 2016 GO Bond issuance in May of 2017.
- Deferred Outflow of Resources increased by \$2.4 million or 61% due to increase in refunding loss and the annual pension adjustments.
- Long-Term Liabilities, other than pension increased by \$119 million due to the \$125 million 2016 GO Bond issuance in May of 2017.
- Long-Term Liabilities, Net Pension Liabilities increased by \$ \$4.2 million or 22% due to the increase in the net pension liability.
- Other Liabilities decreased by \$1.9 million or 37% due to the payment of capital project expenses during the year.

Government-Wide Financial Statement Analysis, continued

Change in Net Position- Analysis:

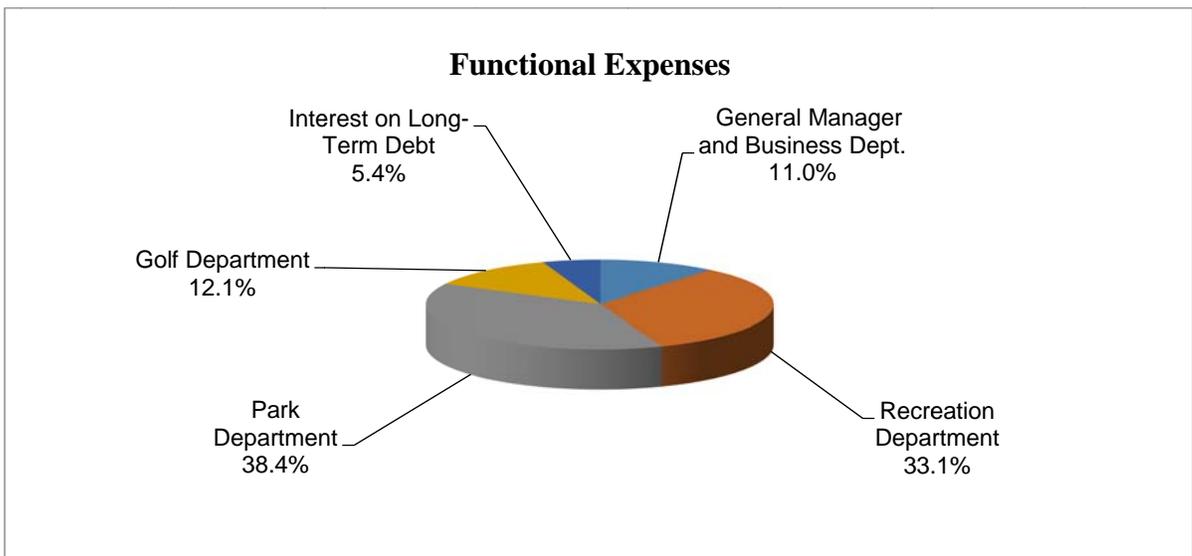
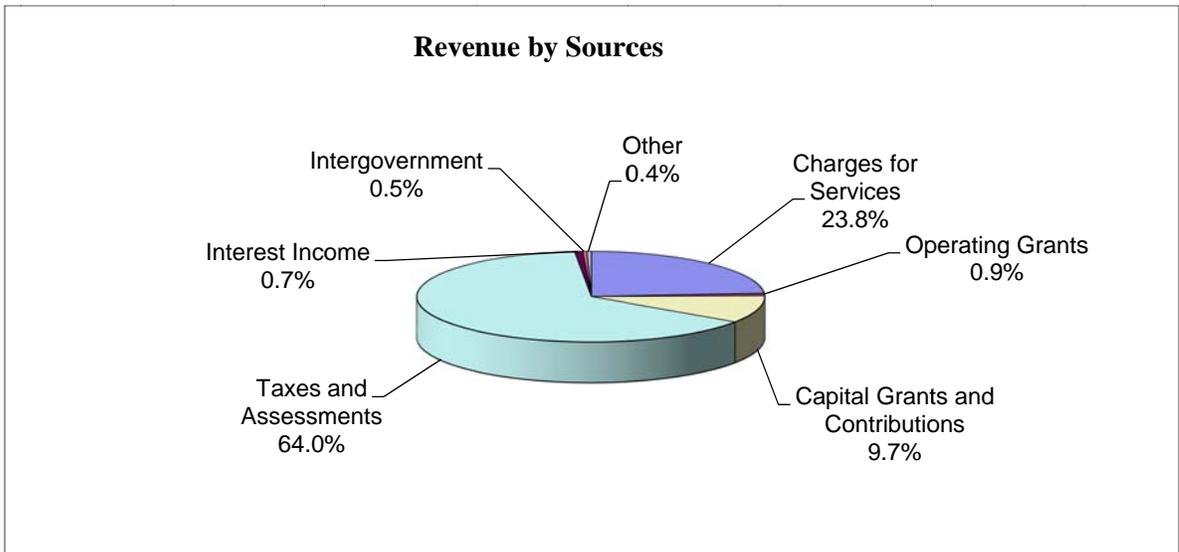
	<u>6/30/2017</u>	<u>6/30/2016</u>
Revenue		
Program Revenue		
Charges for Services	\$ 8,398,686	\$ 8,498,945
Operating Grants	320,578	159,325
Capital Grants and Contributions	3,436,894	2,014,554
General Revenue		
Taxes and Assessments	22,573,282	21,138,654
Interest Income	256,098	67,389
Intergovernment	132,827	133,223
In-Lieu Fees	-	2,922,497
Other	149,113	257,164
Total Revenue	<u>35,267,478</u>	<u>35,191,751</u>
Expense		
General Manager and Business Dept.	3,065,458	2,564,810
OPEB Funding	691,445	374,659
Recreation Department	11,302,523	10,586,461
Park Department	13,107,143	11,273,993
Golf Department	4,133,642	3,495,898
Interest on Long-Term Debt	1,830,632	790,030
Unallocated Depreciation	-	2,265,445
Total Expenses	<u>34,130,843</u>	<u>31,351,296</u>
Increase/(Decrease) of Net Position	1,136,635	3,840,455
Net Position – Beginning Balances	<u>59,089,481</u>	<u>55,249,026</u>
Net Position – Ending Balance	<u>\$ 60,226,116</u>	<u>\$ 59,089,481</u>

- Capital Grants and Contributions revenues increased by \$1.4 million or 71% primarily due to an increase in funds received from Measure WW for capital projects that are still in progress.
- Taxes and Assessments revenues increased by \$1.4 million or 7% primarily due to the improvement of the economy and property values in Alameda County.
- General Manager and Business Department expenses increased by \$501k or 20% primarily due to election related cost for the May 2017 GO Bonds. OPEB Funding expenses increased by \$317K due to District's decision to pay only half of the FY16 amount that was due.
- Park Department expenses increased by \$1.8 million or 16% due to upgrades on vehicles and ongoing repairs and maintenance on facilities.
- Interest on Long-Term Debt expense increased \$1 million primarily due the cost of the District issuing \$125 million in General Obligation Bonds.
- Unallocated Depreciation Decreased by 100% because in 2017, depreciation was allocated to the corresponding department.

Government-Wide Financial Statement Analysis, continued

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

General revenue is not allocated to programs. General revenue is used to pay for the costs of governmental operations, programs and facility improvement or maintenance. Fixed Asset depreciation is not allocated to each department.



Government-Wide Financial Statement Analysis, continued

The Revenue by Source chart shows:

- \$23 million or 64% came from tax and assessment revenue,
- \$8.5 million or 24% came from charges for services,
- \$3.4 million or 9.7% came from capital improvement grants and contributions.

The functional expenses chart is in compliance with the GASB 34 requirement which included current year's capital assets depreciation expenses and not the current year capital outlay expenditure.

As the Functional Expenses chart shows:

- General Manager and Business Departments expenses, were \$3.8 million or 11% of total government expenses,
- Recreation Department expenses, \$11.3 million or 33.1% of total government expenses,
- Park Department expenses, \$13.1 million or 38.4% of total government expenses,
- Golf Department expenses, \$4.1 million or 12.1% of total government expense,
- Interest on long term debt was 1.8 million or 5.4% of total governmental expenses.

Fund Financial Statement Analysis

(B) Analysis of District's Funds

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. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Types of governmental funds reported by the District include the General Fund, Capital Project Fund and Other Governmental Funds.

As of June 30, 2017, the District's governmental funds reported a combined ending fund balance of \$125.4 million, an increase of \$115.5 million from 2016.

Assets and liabilities and deferred inflow analysis:

Total Assets was \$128.5 million in 2017 and mainly consist of cash & investments (\$118 million restricted and \$9.8 million unrestricted).

Total Liabilities was \$2.7 million in 2017 and primarily consisted of accounts payable and deposits payable.

Deferred Inflows in 2017 consisted unavailable revenues in the amount of \$359k.

Revenue and expenditure analysis:

Total revenues were \$34.9 million in 2017 a decrease of \$218k. A decrease in In-lieu fees was the main cause of the decrease.

Total expenditures decreased by \$6.2 million or 14.5%. The decrease in capital outlay expenses was the main reason for the decrease.

Fund Financial Statement Analysis, continued

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 \$32 million which is an increase of \$2 million or 7% from prior year. The primary source of General Fund is property tax revenues which totaled \$21.1 million or 70% of total revenue and rents, concessions and fees revenues which totaled \$8.5 million or 27% of total revenue.

General Fund expenditures totaled \$27.9 million in 2016 and \$29.1 million in 2017, an increase of \$1.2 million or 4% in fiscal year 2017.

Comparing both the unassigned fund balance and the total fund balance to the total expenditures is to measure the General Fund's liquidity. The unassigned fund balance was \$6.8 million or 24% of total General Fund expenditures of \$29 million. Unassigned fund balance represents 96% of the general fund total fund balance in 2017.

Capital Project Fund

The Capital Project Fund revenue was \$3.2 million. Comparing with the previous fiscal year, a decrease of \$1.8 million for completed capital projects reimbursements was received in fiscal year 2017.

The Capital Project Fund expenditures decreased by \$ 8.1 million, from \$14.3 million in 2016 to \$6.2 million in 2017. The decrease was due to the net effect of a \$8.6 million decrease in capital outlay and \$542k increase in issuance cost for the 2016 GO Bonds.

Other financing sources and uses had a net inflow of \$108.3million including bond proceeds, transferring funds from the General Fund to pay for capital expenditures and other debts plus new capital lease setup. As of June 30, 2017, the Capital Projects Fund's fund balance totaled \$ 110.5 million. Of which, \$109.9 million was held in Alameda County Treasury.

Other Governmental Funds

Other Governmental Funds revenues were \$2.7k in 2016 and \$4.2k in 2017, an increase of \$1.5k. The expenses were \$995k in 2016 and 1.6 million in 2017, an increase of \$641k or 64%. As of June 30, 2017, Other Governmental Fund's fund balance totaled \$7.8 million.

Proprietary Fund

The Proprietary Fund revenues were \$ 90.9k in 2016 and \$134.6k in 2017, an increase of 44k or 48%. The expenses were \$551.2k in 2016 and \$633.4k in 2017. As of June 2017, the Proprietary Fund's fund balance totaled 1.1 million.

General Fund Actuals vs. Revised Budget Comparison

- The actual General Fund revenue of \$31.6 million exceeded the Revised Budget revenue of \$30.4 million by \$1.2 million or 4%. The variance is mainly due to the following:
- Property Taxes and assessments were higher than expected.
- The District's actual General Fund expenditures were lower than the 2017 Revised Budget by \$87K. The variance is mainly due to the net effect of lower personnel cost.

Capital Assets and Debt Administration

Capital Assets

For government-wide statement of net assets presentation, all depreciable capital assets are depreciated from the date they are placed in service to the end of the current fiscal year. Whereas governmental fund financial statements record capital asset purchases as expenditures.

Capital Assets Net of Accumulated Depreciation

	<u>6/30/2017</u>	<u>6/30/2016</u>
Land	\$ 25,683,646	\$ 25,683,646
Construction in Progress	14,603,130	14,110,731
Building and Land Improvement	46,255,013	43,576,262
Equipment and Others	<u>1,280,542</u>	<u>1,289,568</u>
Total	<u>\$ 87,882,331</u>	<u>\$ 84,660,207</u>

The District's capital assets as of June 30, 2017 totaled \$87.9 million, net of accumulated depreciation, as shown in the table above. The investment in capital assets includes land, construction in progress, building and land improvements, equipment and other fixed assets. The total amount, with the construction in progress, represented an overall increase in the District's capital assets for the current fiscal year, net of depreciation, by \$3.2 million. The District recorded a \$2.2 million in depreciation expenditure on its existing capital assets for the fiscal year.

Additional information about the District capital assets can be found in note 4 of the financial statements.

Debt Administration

At the end of the fiscal year 2017, the District had long-term obligations outstanding of \$136.8 million, including the unamortized issuance premium of \$9.8 million for the 2017 General Obligation Bonds. The following activities occurred during the year:

- On May 17, 2017, District issued 2016 GO Bonds (Measure F1) in the amount of \$125 million at a premium and included the refunding of the Certificate of Participation Series 2014 in the amount of \$16.1 million.
- District paid off the \$1 million Bank of the West line of credit.

The District funded \$691K of the annual required contribution (ARC) in the fiscal year 2017 for its OPEB obligation. Based on the final funding schedule with adjustment of the Annual Required Contribution, the actual contribution, and the Age-Related Retiree Cost, the net OPEB asset at the end of the year was a positive \$686K.

Capital Assets and Debt Administration, continued

The District made all scheduled repayments of existing debt. Each of the District's debt issues is discussed in detail in note 4 of the financial statements. As of June 30, 2017, the District's debt and other long-term obligations were composed of the following:

Outstanding Long-term Debt

	<u>6/30/2017</u>	<u>6/30/2016</u>
Certificates of Participation, Series 2014 Issued in 2014, 4.1807%, due January 2046	\$ -	\$ 16,100,000
2016 GO Bond (Measure F1) Issued in 2017, due in 2046	125,000,000	-
Capital Leases	807,670	762,924
State Supplemental Loan Issued in 1986, 0% interest, no specified due date	76,659	76,659
Bank of the West Loan #91 Issued September 2013, 3.95%, due August 2018	123,210	224,704
Bank of the West Line of Credit Authorized \$1million in 2008	-	1,000,000
Long Term Debt-OPEB	(696,325)	(710,808)
Compensated Absences	894,093	653,303
Net Pension Liability (GASB 68)	23,746,017	19,537,642
Total Governmental Debt Activity	\$ <u>149,951,324</u>	\$ <u>37,644,424</u>

Request for 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 Hayward Area Recreation and Park District, Administrative Services Director at (510) 881-6707.

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, 2017

ASSETS	
Cash and investments	\$ 11,015,585
Accounts receivable	838,781
Inventory	121,525
Restricted cash and investments	117,696,155
Net OPEB asset	686,325
Land	25,683,646
Construction in progress	14,603,130
Building and improvements	107,324,332
Equipment and others	4,838,673
Less: accumulated depreciation	<u>(64,627,450)</u>
Total assets	<u>218,180,702</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred refunding loss	1,642,840
Deferred employer pension contributions	1,834,398
Deferred outflows of resources - pension	<u>2,821,959</u>
Total deferred outflows of resources	<u>6,299,197</u>
LIABILITIES	
Accounts payable	1,875,468
Accrued payroll	332,619
Accrued interest payable	447,931
Deposits payable	500,956
Sales tax payable	4,648
Gift certificates outstanding	64,083
Noncurrent liabilities	
Due within one year other than pensions	964,866
Due in more than one year other than pensions	135,825,518
Net pension liability	<u>23,746,017</u>
Total liabilities	<u>163,762,106</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pension	<u>491,677</u>
Total deferred inflows of resources	<u>491,677</u>
NET POSITION	
Net investment in capital assets	71,194,363
Restricted for capital projects	628,665
Unrestricted	<u>(11,596,912)</u>
Total Net position	<u>\$ 60,226,116</u>

See accompanying Notes to Basic Financial Statements.

Hayward Area Recreation and Park District
Statement of Activities
For the year ended June 30, 2017

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contribution	Capital Grants and Contributions	Governmental Activities
Governmental activities					
District management	3,756,903	\$ 315,618	\$ 142,775	\$ -	\$ (3,298,510)
Recreation programs	11,302,523	5,219,568	177,803	3,436,894	(2,468,258)
Park programs	13,107,143	688,556	-	-	(12,418,587)
Golf courses	4,133,642	2,174,944	-	-	(1,958,698)
Interest on long-term debt	1,830,632	-	-	-	(1,830,632)
Total governmental activities	\$ 34,130,843	\$ 8,398,686	\$ 320,578	\$ 3,436,894	(21,974,685)

General Revenues:

Taxes and assessments	22,573,282
Use of money and property	256,098
Intergovernmental	132,827
Other revenues	149,113

Total general revenues 23,111,320

Change in net position 1,136,635

Net position - beginning of year 59,089,481

Net position - end of year \$ 60,226,116

FUND FINANCIAL STATEMENTS

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Hayward Area Recreation and Park District
Balance Sheet - Governmental Funds
June 30, 2017

	General Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investment	\$ 8,249,257	\$ 1,593,827	\$ 100	\$ 9,843,184
Restricted cash and investments	-	109,891,495	7,804,660	117,696,155
Accounts receivable	324,795	513,986	-	838,781
Due from other funds	1,876	78	-	1,954
Inventory	121,525	-	-	121,525
Total assets	\$ 8,697,453	\$ 111,999,386	\$ 7,804,760	\$ 128,501,599
LIABILITIES				
Accounts payable	\$ 710,968	\$ 1,119,925	\$ -	\$ 1,830,893
Accrued payroll	332,619	-	-	332,619
Deposits payable	500,956	-	-	500,956
Sales Tax payable	4,359	289	-	4,648
Gift certificates outstanding	64,083	-	-	64,083
Total liabilities	1,612,985	1,120,214	-	2,733,199
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	359,012	-	359,012
FUND BALANCES				
Nonspendable: Inventory	121,525	-	-	121,525
Restricted:				
Capital projects	-	110,520,160	-	110,520,160
Debt service	-	-	7,804,760	7,804,760
Assigned: Other projects	122,987	-	-	122,987
Unassigned	6,839,956	-	-	6,839,956
Total fund balances	7,084,468	110,520,160	7,804,760	125,409,388
Total liabilities, deferred inflows and fund balances	\$ 8,697,453	\$ 111,999,386	\$ 7,804,760	\$ 128,501,599

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

For the year ended June 30, 2017

Total Fund Balances of Governmental Funds \$ 125,409,388

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:	87,822,331
Employer contributions for pension were recorded as expenditures in the governmental funds. However in the Government-Wide Financial Statements, these contributions are deferred.	1,834,398
In the Government-wide Financial Statements, certain differences between actuarial estimates and actual results are deferred and amortized over a period of time, however these differences do not impact the Governmental Funds Balance Sheet	
Deferred outflow of resources - pension	2,821,959
Deferred inflow of resources - pension	(491,677)
Prefunded other post-employment benefits results in an asset on the Statement of Net Position.	686,325
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.	(447,931)
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	1,642,840
Deferred inflows of resources recorded in the Fund Financial Statements resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements.	359,012
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.	1,125,872
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.	
- Long-term debt - due within one year	(964,866)
- Long-term debt - due in more than one year	(135,825,518)
- Net pension liability	(23,746,017)

Net Position of Governmental Activities **\$ 60,226,116**

Hayward Area Recreation and Park District
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2017

	General Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes and assessments	\$ 22,573,282	\$ -	\$ -	\$ 22,573,282
Interest	61,064	65,526	4,284	130,874
Aid from governmental agencies:				
Homeowners' property tax relief	132,827	-	-	132,827
Grants	177,803	3,077,882	-	3,255,685
Rents, concessions, and fees	8,541,461	-	-	8,541,461
Other:				
Miscellaneous	137,736	129,969	-	267,705
Total revenues	31,624,173	3,273,377	4,284	34,901,834
EXPENDITURES:				
Current:				
District management	3,621,377	23,812	-	3,645,189
Recreation programs	10,535,545	-	-	10,535,545
Parks	11,309,375	-	-	11,309,375
Golf courses	3,462,921	-	-	3,462,921
Debt service:				
Cost of issuance	-	541,791	-	541,791
Other	-	51,355	1,005,590	1,056,945
Principal	-	353,471	265,000	618,471
Interest	46,013	76,048	365,894	487,955
Capital outlay	109,628	5,172,875	-	5,282,503
Total expenditures	29,084,859	6,219,352	1,636,484	36,940,695
REVENUES OVER (UNDER) EXPENDITURES	2,539,314	(2,945,975)	(1,632,200)	(2,038,861)
OTHER FINANCING SOURCES				
Transfer in	7,773,290	5,983,412	8,434,507	22,191,209
Transfer out	(7,089,762)	(15,576,981)	-	(22,666,743)
Capital lease financing		348,947		348,947
Proceeds from Bond issuance	-	125,000,000	-	125,000,000
Proceeds from bond premium	-	9,888,752	-	9,888,752
Payment to escrow		(17,263,270)		(17,263,270)
Total other financing sources	683,528	108,380,860	8,434,507	117,498,895
Net change in fund balances	3,222,842	105,434,885	6,802,307	115,460,034
FUND BALANCES:				
Beginning of year	3,861,626	5,085,275	1,002,453	9,949,354
End of year	\$ 7,084,468	\$ 110,520,160	\$ 7,804,760	\$ 125,409,388

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, 2017

Net Change in Fund Balances - Total Governmental Funds \$ 115,460,034

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	5,345,295	
Depreciation expenses	(2,163,648)	3,181,647

In the statement of activities, only the gain or (loss) on the sale of capital assets is reported, whereas in the governmental funds, proceeds from the sales increases financial resources. The differences between the proceeds and the loss on disposal of capital assets. (5,738)

Grant revenues that do not meet the revenue recognition criteria in the governmental funds but are recognized as revenue in the Government-Wide Financial Statements. 359,012

In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. (24,483)

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. 1,834,398

Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense is not recognized in the governmental funds. (2,349,429)

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. (711,091)

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 bond issuance	(125,000,000)	
Proceeds from bond premium	(9,888,752)	
Proceeds from capital lease	(348,947)	(135,237,699)

Repayment of debt was an expenditure in Governmental Funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets.		
Repayment of debt	618,471	
Refunding of bond	18,268,860	18,887,331

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). (240,790)

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. (16,557)

Change in Net Position of Governmental Activities \$ 1,136,635

See accompanying Notes to Basic Financial Statements.

Hayward Area Recreation and Park District
Statement of Net Position - Proprietary Funds
June 30, 2017

	Internal Services Funds
ASSETS	
Current assets:	
Cash and investments	\$ 1,172,401
Total assets	<u>1,172,401</u>
LIABILITIES	
Accounts payable	44,575
Due to other funds	1,954
Total liabilities	<u>46,529</u>
Net Position	
Unrestricted	1,125,872
Total net position	<u>\$ 1,125,872</u>

See accompanying Notes to Basic Financial Statements.

Hayward Area Recreation and Park District
Statement of Revenues, Expenditures and Changes in Net Position - Proprietary Funds
For the year ended June 30, 2017

	Internal Services Fund
Operating Expenses	
Insurance premiums	\$ 633,356
Total operating expenses	<u>633,356</u>
Operating Revenues	
Miscellaneous income	<u>134,633</u>
Total operating revenue	<u>134,633</u>
Operating income (loss)	(498,723)
Non-operating revenue	
Investment income	<u>6,632</u>
Total non-operating revenues	6,632
Other financing sources:	
Transfer in	<u>475,534</u>
Total other financing sources	<u>475,534</u>
Changes in Net Position	(16,557)
Total net position - beginning	<u>1,142,429</u>
Total net position - ending	<u>\$ 1,125,872</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, 2017

	Internal Services Fund
Cash flows from operating activities:	
Payments for services	\$ (453,158)
Net cash used by operating activities	(453,158)
Cash flows from investing activities:	
Interest received	6,632
Net cash provided by investing activities	6,632
Cash flows from other financing sources	
Transfers in	475,534
Net cash provided by other financing sources	475,534
Net increase in cash and cash equivalents	29,008
Cash and cash equivalents, beginning of year	1,143,393
Cash and cash equivalent, end of year	\$ 1,172,401
Reconciliation of operating income (loss) to net cash provided (used)	
by operating activities:	
Operating income (loss)	(498,723)
Changes in accounts payable	45,565
Net cash provided (used) by operating activities	\$ (453,158)

See accompanying Notes to Basic Financial Statements.

Hayward Area Recreation and Park District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	<u>OPEB Trust Fund</u>
ASSETS	
Current assets	
Restricted cash and investments	\$ 6,562,603
Total assets	<u>6,562,603</u>
NET POSITION	
Held in trust for OPEB	<u>6,562,603</u>
Total net position	<u>\$ 6,562,603</u>

See accompanying Notes to Basic Financial Statements.

Hayward Area Recreation and Park District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2017

	OPEB Trust Fund
ADDITIONS:	
Employer contribution	\$ 691,445
Investment income	552,327
Total additions	<u>1,243,772</u>
DEDUCTIONS:	
Retiree medical payments	317,229
Administration	14,376
Total deductions	<u>331,605</u>
Change in net position	912,167
NET POSITION:	
Net position, beginning of period, as restated	<u>5,650,436</u>
Net position, end of period	<u><u>\$ 6,562,603</u></u>

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

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Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Hayward Area Recreation and Park District (the 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*

Hayward Area Recreation and Park District (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 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 program, or function, and, therefore, are clearly identifiable to a particular function. Program revenues include a) charges paid by the recipients of goods or services offered by the 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 fund. 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, 2017

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 reported 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's 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.

Proprietary Fund Financial Statement:

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 costs on a cost reimbursement basis.

Fiduciary Fund Financial Statements:

Fiduciary fund financial statements consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The fiduciary funds are accounted for using the accrual basis of accounting.

The District reports the following fiduciary fund:

OPEB Trust Fund - This newly created fund accounts for funds held by the Public Agency Retirement Services (PARS) 115 Trust for other postemployment benefits (OPEB).

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

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.

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

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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

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:

	<u>Secured</u>	<u>Unsecured</u>
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.

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

Residual Equity Transfers - Non-recurring or non-routine transfers of equity between funds.

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

H. Inventory

Inventory is valued at cost and is determined on a first-in/first-out basis. Inventory consists of merchandise at the Skywest Golf Course, Mission Hills of Hayward Golf Course, Mission Hills of Hayward Driving Range, Hayward Shoreline Interpretive Center, Swim Centers and Kennedy Park Concessions, Douglas Morrisson Theater and Adobe Art Center.

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
Equipment and others	5-10 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.

K. Accrued Vacation Payable

Accumulated vacation benefits are recognized as a liability of the District. At June 30, 2017, the total accrued vacation subject to redemption amounted to approximately \$894,093.

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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, deferred outflows of resources, represents a consumption of net position 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, deferred inflows of resources, represents an acquisition of net position 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.

N. 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.

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

O. 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 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 balance, when it is the District's intent to use 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.

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

P. 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.

Q. District Programs

Pursuant to GASB Statement No. 34, the district has organized its revenues and expenditures into the following Programs: Recreation, Park, and Golf. The District also has the District Management category for the reporting of indirect expenses. Program revenues include charges for services, operating grants and contributions, and capital grants and contributions.

R. New Accounting Pronouncements

In 2017, the District adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* – The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The District implemented this statement and updated its disclosures related to other postemployment benefits.
- GASB Statement No. 77, *Tax Abatement Disclosures*- This Statement addresses the financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The requirements of this statement were not applicable to the District.

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

R. New Accounting Pronouncements, Continued

- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* – The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this statement were not applicable to the District.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14* - The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this statement were not applicable to the District.
- GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statement No. 67, No. 68, and No. 73* - This Statement addresses certain issues that had been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in the required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The District updated covered employee payroll information in the required supplementary information as part of implementation of this accounting standard.

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

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, 2017:

	<u>Government-Wide Statement of Net Position</u>	<u>Fiduciary Fund Statement of Net Position</u>	<u>Total</u>
Cash and investments	\$ 11,015,585		\$ 11,015,585
Restricted cash and investments	117,696,155		117,696,155
OPEB trust investment pool		6,562,603	6,562,603
Total	<u>\$ 128,711,740</u>	<u>\$ 6,562,603</u>	<u>\$ 135,274,343</u>

At June 30, 2017, the District's cash and investments consisted of the following:

Deposits:	
Cash on hand	\$ 13,048
Deposits with banks	<u>5,227,036</u>
Total deposits	<u>5,240,084</u>
Investments:	
Certificates of deposits	1,002,057
County Investment Pool	<u>122,469,599</u>
Total investments	<u>123,471,656</u>
Total District's cash and investment	<u>128,711,740</u>
OPEB Trust Investment Pool	<u>6,562,603</u>
Total cash and investments	<u>\$ 135,274,343</u>

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 requires that a financial institution secure deposits 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

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

2. CASH AND INVESTMENTS, CONTINUED

first trust deed mortgage notes having a value of 150% of the secured public deposits. This collateral is held by the institution but is considered to be held in the District's name and places the District ahead of general creditors of the institution. The District has waived collateral requirements for the portion of deposits covered by the Federal Deposit Insurance Corporation.

B. Cash in County Treasury

The Department 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 any investments losses 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 feet 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, 2017 comprehensive annual 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, 2017, the District's share of the County's cash and investment pool totaled \$122,469,599.

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.

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

2. CASH AND INVESTMENTS, CONTINUED

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, 2017, the District had the following investment maturities

Investment Type	Fair Value	Investment Maturities			
		1 year or less	1-2 years	2-3 years	3-5 years
Certificates of Deposit	\$ 1,002,057	\$ 201,779	\$ 201,468	\$ 201,280	\$ 397,530
External Pool:					
County Investment Pool	122,469,599	122,469,599	-	-	-
	<u>\$ 123,471,656</u>	<u>\$ 122,671,378</u>	<u>\$ 201,468</u>	<u>\$ 201,280</u>	<u>\$ 397,530</u>

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, 2017, the District had the following investments credit risk ratings.

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

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 custodian, UBS financial services, and Bank of New York. The securities are held in the name of the District.

D. 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.

Investments included in County's investment pool and restricted cash and investments including money market accounts and guaranteed investment contracts are not subject to fair value measurement.

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

2. CASH AND INVESTMENTS, CONTINUED

E. Investments Held in Trust for Other Postemployment Benefits

The District established an irrevocable Section 115 OPEB Trust with Public Agency Retirement Services (PARS). As of June 30, 2017, the trust had a balance of \$6,562,603. PARS' policy for allocation of invested assets is established as follows:

Asset Class	Target Allocation
Global Equity	49.91%
Global Fixed Income	46.89%
Liquidity	3.24%
Total	<u>100%</u>

At June 30, 2017, PARS held no investments in any one organization that represented 5% or more of the trust's investments.

Rate of return: For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expenses, was 8.91%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

3. INTERFUND TRANSFERS

Transfers are indicative of payments for capital projects operation or debt services payments. Interfund transfers during the year ended June 30, 2017, were as follows:

		Transfer In				Total
		Major Funds		Nonmajor Governmental Funds	Internal Service Fund	
		General Fund	Capital Project Fund			
Transfer Out	Major Funds					
	General Fund	\$ -	\$ 5,983,412	\$ 630,816	\$ 475,534	\$ 7,089,762
	Capital Project Fund	7,773,290	-	7,803,691	-	15,576,981
Total		<u>\$ 7,773,290</u>	<u>\$ 5,983,412</u>	<u>\$ 8,434,507</u>	<u>\$ 475,534</u>	<u>\$ 22,666,743</u>

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

4. CAPITAL ASSETS AND DEPRECIATION

Capital assets activity for the year ended June 30, 2017 is as follows:

	Balance at July 1, 2016	Addition	Reclassification/ Deletion	Balance at June 30, 2017
Non Depreciable Capital Assets:				
Land	\$ 25,683,646	\$ -	\$ -	\$ 25,683,646
Construction in progress	14,110,731	4,795,205	(4,302,806)	14,603,130
Total Non Depreciable Assets	<u>39,794,377</u>	<u>4,795,205</u>	<u>(4,302,806)</u>	<u>40,286,776</u>
Depreciable Capital Assets:				
Buildings and improvements	102,927,838	4,396,494	-	107,324,332
Equipment and others	4,703,354	456,402	(321,082)	4,838,673
Total depreciable assets	<u>107,631,192</u>	<u>4,852,896</u>	<u>(321,082)</u>	<u>112,163,006</u>
Less accumulated depreciation:				
Buildings and improvements	(59,351,576)	(1,717,743)	-	(61,069,319)
Equipment	(3,413,786)	(445,905)	301,560	(3,558,131)
Total accumulated depreciation	<u>(62,765,362)</u>	<u>(2,163,648)</u>	<u>301,560</u>	<u>(64,627,450)</u>
Total Depreciable Capital Assets, net	<u>44,865,830</u>	<u>2,689,248</u>	<u>(19,522)</u>	<u>47,535,556</u>
Total Capital Assets, net	<u>\$ 84,660,207</u>	<u>\$ 7,484,453</u>	<u>\$ (4,322,328)</u>	<u>\$ 87,822,331</u>

Depreciation expense was charged to governmental activities as follows:

Governmental activities:	
District management	27,422
Recreation programs	389,781
Parks	1,239,703
Golf courses	506,742
Total depreciation expense	<u><u>2,163,648</u></u>

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

5. LONG-TERM DEBT

A. Changes in Long-Term Debt

The following is a summary of long-term liabilities transactions for the fiscal year ended June 30, 2017:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
State Supplemental Loan	\$ 76,659	\$ -	\$ -	\$ 76,659	\$ -
Compensated absences	653,303	858,023	617,233	894,093	640,000
Capital lease	762,924	348,947	304,201	807,670	219,232
Certificate of Participation Series 2014	16,100,000	-	16,100,000	-	-
Unamortized Premium	489,421	-	489,421	-	-
2016 General Obligation Bonds, Series A	-	125,000,000	-	125,000,000	-
Unamortized Premium	-	9,888,752	-	9,888,752	-
Loan payable - Bank of the West	224,704	-	101,494	123,210	105,634
Total long-term liabilities	\$ 18,307,011	\$ 136,095,722	\$ 17,612,349	\$ 136,790,384	\$ 964,866

B. The Detail of Long-Term Debt

I. State Supplemental Loan

On April 16, 1986, the State of California issued a loan in the amount of \$275,000 with 0% to the District. The terms of the agreement were that the County of Alameda was to collect from the District on behalf of the State of California. At June 30, 2017, \$76,659 remains outstanding.

II. Certificate of Participations

The District issued Certificate of Participation series 2014 in the amount of \$16,515,000, with interest rates ranging from 2% to 5% on April 1, 2014. The purpose of the Certificates were to finance the acquisition of certain real property and improvements owned by the District, to refinance the District's obligations with respect to the CSDA Finance Corporation Certificate of Participation 1998 Series HH, to fund, in whole or in part, a Reserve fund for the Certificates, and to pay certain costs executing and delivering the Certificates. The Certificates were subject to optional and mandatory prepayment provisions. The remaining outstanding bonds were refunded during the year by the issuance of 2016 General Obligation Bonds, Series A (Measure F1 Bonds). The refunding of these Certificates resulted in an economic gain of \$91,953 and accounting loss of \$1,642,840. The accounting loss has been shown as deferred outflow of resources and will be amortized over the remaining life of the bonds.

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

5. LONG-TERM DEBT, CONTINUED

B. The Details of Long-Term Debt, Continued

III. 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 \$9,888,752 which will be amortized over the life of the Bonds.

The Measure F1 Bonds 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.

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

June 30,	Principal	Interest	Total
2018	\$ -	\$ 3,583,450	\$ 3,583,450
2019	8,890,000	5,290,750	14,180,750
2020	7,600,000	4,878,500	12,478,500
2021	6,030,000	4,537,750	10,567,750
2022	365,000	4,377,875	4,742,875
2023-2027	4,475,000	21,380,125	25,855,125
2028-2032	10,245,000	19,581,375	29,826,375
2033-2037	17,885,000	16,642,100	34,527,100
2038-2042	27,915,000	11,889,181	39,804,181
2043-2047	41,595,000	4,420,894	46,015,894
Total	<u>\$ 125,000,000</u>	<u>\$ 96,582,000</u>	<u>\$ 221,582,000</u>

IV. Capital Leases

The District has entered into agreements to lease equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations.

Future minimum lease payments are as follows:

Year ended June 30,	Amount
2018	\$ 395,046
2019	276,336
2020	230,068
2021	129,758
2022	16,353
	<u>1,047,561</u>
Less: amount representing interest and taxes	239,891
Present value of net minimum lease payments	<u><u>\$ 807,670</u></u>

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

5. LONG-TERM DEBT, CONTINUED

B. The Details of Long-Term Debt, Continued

V. Loan Payable

The District has obtained loan of \$491,526 on August 8, 2013 from Bank of the West. The loan is secured by real properties at 17482 Boston Road and 18651 Via Toledo Property, San Lorenzo, Alameda County, CA. The loan is payable in monthly installments of \$9,053 including interest at the rate of 3.95%.

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

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 105,634	\$ 3,013	\$ 108,647
2019	17,576	77	17,653
Total	<u>\$ 123,210</u>	<u>\$ 3,090</u>	<u>\$ 126,300</u>

IV. Line of Credit

The district has an unsecured line of credit of \$1,000,000 with Bank of the West bearing a variable rate of interest. The rate of interest charged is Bank of the West Prime rate. As of June 30, 2017, the balance outstanding was zero.

6. PENSION PLAN

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and 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.

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, 2017

6. PENSION PLAN, CONTINUED

Benefits Provided, Continued

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

Hire Date	Miscellaneous		
	Prior to 1/1/2013	On or after 1/1/2013	
Benefit formula	2.0% @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
Reirement 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%	6.25%
Required employer contribution rates	9.342%	9.342%	9.342%
Required unfunded liability payment		\$1,099,242	

Employees Covered - At June 30, 2016, the following employees were covered by the benefit terms for each Plan:

Inactive employees or beneficiaries currently receiving benefits	141
Inactive employees entitled to but not yet receiving benefits	50
Active employees	132
Total	323

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.

Net Pension Liability

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

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

6. PENSION PLAN, CONTINUED

Net Pension Liability, Continued

Actuarial Assumptions - The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	FY 16-17
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return ¹	7.65%
Mortality ²	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Net of pension plan investment expenses.

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

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

Discount Rate

The discount rate used to measure the total pension liability was 7.65 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 7.65 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 7.65 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, 2017

6. PENSION PLAN, CONTINUED

Net Pension Liability, Continued

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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	FY 16-17		
	Current Target Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	100%		

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

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

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

6. 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)
Balance at June 30, 2016 (1)	\$ 70,006,633	\$ 50,468,991	\$ 19,537,642
Changes in the year:			
Service cost	1,428,168	-	1,428,168
Interest on the total pension liability	5,287,437	-	5,287,437
Differences between actual and expected experience	176,297	-	176,297
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Plan to Plan Resource Movement	-	-	-
Contribution - employer	-	1,765,227	(1,765,227)
Contribution - employee	-	676,243	(676,243)
Net investment income	-	272,815	(272,815)
Administrative expenses	-	(30,758)	30,758
Benefit payments , including refunds of employee contributions	(3,560,386)	(3,560,386)	-
Net changes	3,331,516	(876,859)	4,208,375
Balance at June 30, 2017	\$ 73,338,149	\$ 49,592,132	\$ 23,746,017

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	6.65%
Net Pension Liability	\$ 32,725,702
Current Discount Rate	7.65%
Net Pension Liability	\$ 23,746,017
1% Increase	8.65%
Net Pension Liability	\$ 16,223,915

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, 2017

6. PENSION PLAN, CONTINUED

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

For the year ended June 30, 2017, the District recognized pension expense of \$2,350,461. At June 30, 2017, the Local Government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	FY 16-17	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,834,398	\$ -
Differences between expected and actual experience	131,023	-
Changes in assumptions	-	(491,677)
Net differences between projected and actual earnings on plan investments	2,690,936	-
Total	<u>\$ 4,656,357</u>	<u>\$ (491,677)</u>

\$1,834,398 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ending June 30:	Deferred Outflows/(Inflows) of Resources
2017	\$ 94,150
2018	256,808
2019	1,271,126
2020	708,198
Thereafter	-

Payable to Pension Plan

As of June 30, 2017, the District reported a payable of zero outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

7. 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).

Another plan provided by the District is the Other Postemployment Medical Benefits (OPEB). It is provided to a closed group of retirees and those employees hired before Jul. 1, 2007 who opted not to take the PEHP offer and decided to meet and satisfy the OPEB plan eligibility requirements.

A. Other Postemployment Medical Benefits

I. Plan Description

The OPEB plan covers payment for the appropriate type and hospitalization plan for single (retiree) or two-party (retiree and spouse). As of June 30, 2017 there were 54 active employees, and 49 retirees and spouses enrolled in the OPEB.

- (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, 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, District will pay the coverage for the life of the retiree and the spouse, until the death of 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.

The schedule of funding progress, included in RSI section, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

7. OTHER POST EMPLOYMENT BENEFITS, CONTINUED

A. Other Postemployment Medical Benefits, Continued

II. Funding Policy

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. To comply with GASB 45 and 43, the Trust was prepared as an irrevocable exclusive benefit trust to fund retiree health care benefits.

For fiscal year 2017, the District contributed a total of \$691,445 to the plan. The estimated Actuarial Accrued liability (AAL) as projected for June 30, 2017 was \$12,456,064. The District has elected a closed 30 year amortization of the Unfunded Actuarial Accrued Liability (UAAL) using the level dollar amortization method

III. Annual OPEB Cost

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the Fiscal Year 2017 are as follows:

Required annual contribution (ARC)	\$ 691,445
Interest on net OPEB obligation	(63,742)
Adjustment to ARC	88,225
Annual OPEB Cost	<u>715,928</u>
Contributions made	<u>(691,445)</u>
Changes in Net OPEB obligation	24,483
Net OPEB obligation(asset) as of June 30, 2016	<u>(710,808)</u>
Net OPEB obligation(asset) as of June 30, 2017	<u><u>\$ (686,325)</u></u>

Plan cost, the percentage of annual cost contributed to the Plan and the net OPEB obligation are as follows:

Fiscal Year	Annual OPEB Cost	Actual Contributed	Percentage Contributed	Net OPEB Obligation/(Asset)
6/30/2015	\$736,775	\$714,985	97%	(\$1,085,467)
6/30/2016	726,220	351,561	48%	(710,808)
6/30/2017	715,928	691,445	97%	(686,325)

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

7. OTHER POST EMPLOYMENT BENEFITS, CONTINUED

A. Other Postemployment Medical Benefits, Continued

IV. Funded Status and Funding Progress

The funded status of the Plan as of July 1, 2014, the Plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 11,798,990
Actuarial value of Plan assets	<u>5,341,947</u>
Unfunded actuarial accrued liability (UAAL)	\$ 6,457,043
Funded ratio (actuarial value of Plan assets/AAL)	45.3%
Covered payroll (eligible action Plan participants)	N/A
UAAL as a percentage of covered payroll	N/A

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, included in RSI section, presents multi- year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

V. Actuarial Methods and Assumptions

Projections of benefits are based on the OPEB plan with census data provided by the District as of July 2014. Estimates of retiree health benefit obligations are based on current costs for a one year period which is composed of average per capita cost and the current plan population, etc. Demographic assumptions, withdrawal rates, retirement rates, and mortality rates are based on the most recent California PERS retirement plan valuation. Other assumptions include 100% eligible retirees enrollment in the OPEB plan, retirees and active employees who currently have a spouse will continue spousal coverage throughout retirement, and existing and future retirees' enrollment in Medicare when they reach age 65.

The valuation results are based on a 6% discount rate assuming that the District will continue its prefunding program by making annual Trust fund contributions at least equal to the District's Annual OPEB cost.

The valuation uses the Entry Age Normal Actuarial Cost method and a closed 30-year amortization of the Unfunded Actuarial Accrued Liability with the level percentage of payroll amortization method. Eight years of amortization have occurred; 22 years remain.

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

7. OTHER POST EMPLOYMENT BENEFITS, CONTINUED

B. *Postemployment Healthcare Plan (PEHP)*

- I. **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.

As of July 1, 2007, HARD employees who had decided not to work at the District until they were eligible for the Other Post Employment Benefit Plan (OPEB) would participate in the plan. This was a one-time offer. 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, 2017, there were seventy (70) employees enrolled in the PEHP plan.

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.

- II. **Funding Policy:** PEHP has no annual limit on contributions. The District contributes 2.5% of participating employees' base salaries to Nationwide Retirement Solutions each month. For the fiscal year FY 2017, the District has funded \$116,848 to the plan.

- III. **Plan Value:** The balance in the District's quarterly statement was \$628,860 as of June 30, 2017. 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.

8. DEFERRED COMPENSATION

Employees may participate in a deferred compensation program (457) at their option. These plans are maintained by a third party, and the related financial information is not included in these financial statements. The District did not contribute to this plan in 2017.

9. PUBLIC AGENCY RETIREMENT SERVICES ALTERNATE RETIREMENT SYSTEM 457 PLAN

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 2017 the District contributed \$49,140 to the plan. The balance in the plan was \$867,256 as of June 30, 2017. There were 658 employees enrolled in the plan as of June 30, 2017.

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

10. RISK MANAGEMENT

A. *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 on 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 risk 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 with 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 is with \$350,000 in limits. There is no deductible for the Workers' Compensation program.

11. COMMITMENTS AND CONTINGENT LIABILITY

A. *Lease Agreement on the Skywest Golf Course*

The District operates the Skywest Golf Course under a lease expiring on September 30, 2019 and pays the City of Hayward a percentage rental based on income from the Skywest Golf Course and Skywest concessions.

Rent expense under this lease was \$125,416 for the Year ended June 30, 2017.

Hayward Area Recreation and Park District
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017

11. COMMITMENTS AND CONTINGENT LIABILITY, Continued

B. Lease agreement on the Mission Hills of Hayward Golf Course

The District has an existing lease agreement with the City of Hayward to lease property to build the Mission Hills of Hayward Golf Course. The lease is for a period of 25 years, with the option of two consecutive five year extensions. From July 1, 2002 through June 30, 2014, the rent paid by the District is 55% of the net income. From July 1, 2014 through the remainder of the lease and options, the rent by the District is a combination of a fixed rent and a percentage of gross income.

The District was scheduled to make \$150,000 in payments on January 1, 2000 and incurred a payment of \$100,000 as of June 30, 1999 for additional land purchase in accordance with the lease. However, the construction of the golf course was behind schedule, thus the payments planned for 2000 have been deferred for one year.

Rent payments were scheduled based on the percentage of net income beginning on July 1, 2002. For the year ended June 30, 2017, however, no rent payments have been made to the City of Hayward as expenditures have exceeded revenues for the golf course.

12. LITIGATION

As of June 30, 2017, 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.

13. EXPENDITURES IN EXCESS OF APPROPRIATIONS

The District had expenditures in excess of appropriations under the following:

Fund	Excess
General Fund:	
Recreation	\$ 675,502
Park	\$ 317,334

14. RESTATEMENT OF FIDUCIARY NET POSITION

The District restated the net position for fiduciary activities to record the setup of OPEB trust fund in compliance with GASB 74

	Fiduciary Net Position, as Previously Reported	Prior Period Adjustment OPEB Trust Fund	Fiduciary Net Position, as Restated
Fund Financial Statements OPEB Trust Fund	\$ -	\$ 5,650,436	\$ 5,650,436

REQUIRED SUPPLEMENTARY INFORMATION

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**Hayward Area Recreation and Park District
Required Supplementary Information
For the year ended June 30, 2017**

1. BUDGETS AND BUDGETARY ACCOUNTING

A. Budgetary Procedures

The District's budget and budgetary accounting are prepared on the cash basis, except that expenditures are adjusted to included encumbrances. Only revenues actually received and disbursements paid in cash are recorded. No revenues or expenditures are accrued. The annual budget is adopted by a Board of Directors' resolution and is presented in the financial statements. A public hearing on the budget is held in July of each fiscal year. The budget is thereafter approved by the Board of Directors. The General Manager is authorized to transfer budgeted amounts between accounts within any department of any fund provided the approved budget for salaries and benefit services and supplies, as well as equipment in each department is not changed. All other transfers must be approved by the Board of Directors. Budgeted amounts are amended by the Board of Directors.

The District uses encumbrances 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 reservation 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, 2017

B. Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Taxes and assessments	\$ 21,391,170	\$ 21,738,437	22,573,282	\$ 834,845
Interest	24,040	24,040	61,064	37,024
Aids from governmental agencies:				
Homeowners' property tax relief		134,562	132,827	(1,735)
Grants	93,100	93,100	177,803	84,703
Rents, concessions, and fees	8,256,430	8,410,430	8,541,461	131,031
Other:				
Miscellaneous	18,750	18,750	137,736	118,986
Total revenues	29,783,490	30,419,319	31,624,173	1,204,854
EXPENDITURES:				
Current:				
District management:				
Personnel	2,539,359	2,293,010	1,539,536	753,474
Services and supplies	1,746,135	1,746,135	1,506,710	239,425
Recreation:				
Personnel	8,202,636	8,202,168	8,576,722	(374,554)
Services and supplies	1,671,875	1,671,875	1,972,823	(300,948)
Parks:				
Personnel	7,667,434	7,667,434	7,399,952	267,482
Services and supplies	3,330,652	3,330,652	3,915,468	(584,816)
Golf courses:				
Personnel	2,544,375	2,485,956	2,463,007	22,949
Services and supplies	1,052,532	1,056,566	1,007,405	49,161
Capital outlay	150,000	150,000	134,778	15,222
Other Postemployment Benefit (OPEB) Funding	691,445	691,445	691,445	-
Total expenditures	29,596,443	29,295,241	29,207,846	87,395
REVENUE OVER (UNDER) EXPENDITURES	187,047	1,124,078	2,416,327	1,292,249
OTHER FINANCING SOURCES (USES):				
Transfers in			7,773,290	7,773,290
Transfers out	(1,489,198)	(992,811)	(7,089,762)	(6,096,951)
Total other financing sources (uses)	(1,489,198)	(992,811)	683,528	1,676,339
Net change in fund balance	\$ (1,302,151)	\$ 131,267	3,099,855	\$ 2,968,588
FUND BALANCES:				
Beginning of year			3,861,626	
End of year			\$ 6,961,481	

**Hayward Area Recreation and Park District
Required Supplementary Information, Continued
For the year ended June 30, 2017**

RECONCILIATION OF BUDGET VS GAAP BASIS EXPENDITURE

The differences between budgetary expenditures and GAAP expenditures are presented in the following table

Budget basis expenditure	\$ 29,207,846
Encumbrances for current budget year	<u>(122,987)</u>
GAAP basis expenditure	<u>\$ 29,084,859</u>

**Hayward Area Recreation and Park District
Required Supplementary Information, Continued
For the year ended June 30, 2017**

2. DEFINED BENEFIT PENSION PLAN

A. SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - Last 10 Years*

	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Measurement date	6/30/2016	6/30/2015	6/30/2014
TOTAL PENSION LIABILITY			
Service Cost	\$ 1,428,168	\$ 1,389,540	\$ 1,379,317
Interest	5,287,437	5,051,071	4,823,218
Difference Between Expected and Actual Experience	176,297	8,627	-
Changes of Assumptions	-	(1,147,247)	-
Benefit Payments, Including Refunds of Employee Contributions	(3,560,386)	(3,532,563)	(3,170,492)
Net Change in Total Pension Liability	<u>3,331,516</u>	<u>1,769,428</u>	<u>3,032,043</u>
Total Pension Liability - Beginning	<u>70,006,633</u>	<u>68,237,205</u>	<u>65,205,162</u>
Total Pension Liability - Ending (a)	<u><u>\$ 73,338,149</u></u>	<u><u>\$ 70,006,633</u></u>	<u><u>\$ 68,237,205</u></u>
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 1,765,227	\$ 1,626,145	\$ 1,387,417
Contributions - Employee	676,243	653,419	615,339
Net Investment Income	272,815	1,151,805	7,621,987
Benefit Payments, Including Refunds of Employee Contributions	(3,560,386)	(3,532,563)	(3,170,492)
Administrative Expenses	(30,758)	(56,794)	-
Net Change in Fiduciary Net Position	<u>(876,859)</u>	<u>(157,988)</u>	<u>6,454,251</u>
Plan Fiduciary Net Position - Beginning	<u>50,468,991</u>	<u>50,626,979</u>	<u>44,172,728</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 49,592,132</u></u>	<u><u>\$ 50,468,991</u></u>	<u><u>\$ 50,626,979</u></u>
Plan Net Position Liability/(Asset) - Ending (a) - (b)	\$ 23,746,017	\$ 19,537,642	\$ 17,610,226
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.62%	72.09%	74.19%
Covered Payroll	\$ 8,761,228	\$ 8,407,183	\$ 8,057,700
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	271.04%	232.39%	218.55%

**Hayward Area Recreation and Park District
Required Supplementary Information, Continued
For the year ended June 30, 2016**

2. DEFINED BENEFIT PENSION PLAN, Continued

B. SCHEDULE OF CONTRIBUTIONS - Last 10 Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution(actuarially determined)	\$ 1,834,398	\$ 1,765,227	\$ 1,626,145
Contribution in relation to the actuarially determined contributions	<u>(1,834,398)</u>	<u>(1,765,227)</u>	<u>(1,626,145)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,467,326	\$ 8,761,228	\$ 8,407,183
Contributions as a percentage of covered payroll	21.66%	20.15%	19.34%

Notes to Schedule:

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

**Hayward Area Recreation and Park District
Required Supplementary Information, Continued
For the year ended June 30, 2017**

3. SCHEDULE OF FUNDING PROGRESS FOR OTHER POST EMPLOYMENT BENEFITS

A. Schedule of funding progress

Actuarial Valuation Date	Actuarial Accrued Liability	Actuarial value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
7/1/2009	\$ 12,084,969	\$ -	\$ 12,084,969	0.0%	n/a	n/a
7/1/2012	\$ 11,651,741	\$ 1,796,244	\$ 9,855,497	15.42%	n/a	n/a
7/1/2014	\$ 11,798,990	\$ 5,341,947	\$ 6,457,043	45.27%	n/a	n/a

B. Schedule of Investment Returns – PARS OPEB Trust Program

Year*	Annual Money-Weighted Rate of Return, Net of Investment Expenses
2017	9.80%

** Schedule is intended to show information for 10 years;
additional years will be displayed as they become available.*