



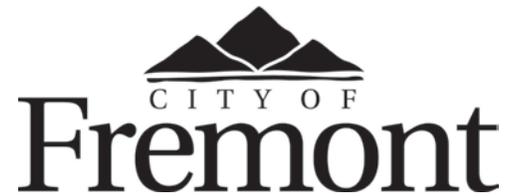
COMPREHENSIVE ANNUAL FINANCIAL REPORT

 **CITY OF Fremont**
California

FISCAL YEAR ENDED JUNE 30, 2019



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2019

Prepared by the Finance Department

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Letter of Transmittal



Finance Department

3300 Capitol Avenue, Building B | P.O. Box 5006, Fremont, CA 94537-5006
510 494-4610 *ph* | 510 494-4611 *fax* | www.fremont.gov

December 20, 2019

To the Honorable Mayor, Members of the City Council and Citizens of the City of Fremont, California

Various financing covenants and rules associated with restricted funding sources require the City of Fremont, California (City) to publish a complete set of audited financial statements presented in conformance with generally accepted accounting principles (GAAP). This report is published to fulfill that requirement for the fiscal year ended June 30, 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatement.

Macias Gini & O’Connell LLP, a firm of licensed certified public accountants, has issued an unmodified (“clean”) opinion on the City’s financial statements for the fiscal year ended June 30, 2019. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Fremont, incorporated in 1956, is located at the southeast end of the San Francisco Bay. With a population of over 232,000, Fremont is the fourth largest city in the Bay Area, the 16th largest in California, and the 96th most populous city in the nation. The City of Fremont is approximately 92 square miles in size. In addition to a large cluster of high tech companies, Fremont has attracted many biotechnology and clean technology companies and serves as a center for advanced manufacturing in the region.

Letter of Transmittal

The City of Fremont has operated under the council-manager form of government since its incorporation in 1956. Until the election held in November 2018, policy-making and legislative authority were vested in a five-member governing council consisting of the Mayor and four Councilmembers. On June 13, 2017, the City Council adopted an ordinance establishing six council districts and a by-district election process for six Councilmembers, with the Mayor continuing to be separately elected to a four-year term by a citywide vote. At-large Councilmembers will continue in office until the expiration of the full term to which they were elected. At the end of the term of each Councilmember, that Councilmember's successor will be elected on a by-district basis.

The election held in November 2018 included District 1 (Northwest portion of the City), District 2 (Central north portion), District 3 (Central portion), and District 4 (Eastern portion), with a two-year term for the Councilmember elected to Council District 1. In the November 2020 election, voters in District 1, District 5 (South portion) and District 6 (Central south portion) will each elect a City Councilmember, and all voters will vote for Mayor. The City Council is elected on a non-partisan basis, and the Mayor and Councilmembers are subject to a two-term limit.

The City Council is responsible for, among other things, passing ordinances, adopting the budget, approving the Mayor's nominees to commissions, and hiring both the City's manager and its attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments.

The City of Fremont provides a broad range of services, including police and fire protection, construction and maintenance of streets, parks, storm drains and other infrastructure, building inspections, licenses and permits, recreational and cultural activities, and human services programs. The City also manages franchises for solid waste, cable television, and energy.

The City of Fremont is a general law city and, as such, does not operate under the provisions of a voter-approved charter. As with other California cities, Fremont has limited ability to set tax rates. The State Constitution establishes a maximum rate for property tax and limits the growth of assessed value. The property tax collected by Alameda County is allocated among the taxing jurisdictions in the County based on criteria established by the State Legislature. The rate and tax base of the City's other major general tax, sales tax, are also controlled by the State Legislature or the Constitution, rather than the City Council.

Increases of existing local taxes and any new taxes require voter approval. Taxes used for general purposes are subject to approval by a simple majority of voters, while taxes levied for specific purposes require a two-thirds majority of voters, as do property tax levies used to pay for debt issued to acquire real property and build capital assets.

Assessments have varying requirements for voter approval, ranging from approval through Council action unless challenged by a majority protest, to two-thirds voter approval, with voting rights apportioned based on the amount of the assessment. In addition, fees for facilities and services are subject to requirements that they be set at levels that do not exceed the reasonable costs of providing those services. As a result, fund balances generated by differences between fee revenue and related expenses are restricted or committed for services and facilities that benefit fee payers.

The City of Fremont budget policies are subject to California State law, GAAP, and actions of the City Council. The City's annual operating budget is adopted by the City Council by July 1 each year. The annual budget sets appropriations by fund, with further allocation by department or program. At the fund level, expenditures may not legally exceed appropriations. The City Manager is authorized to transfer budgeted amounts between departments or programs within any fund. The annual budget resolution authorizes the City Manager to increase appropriations for operating expenditures due to increases in grant or activity-based revenues in an amount not to exceed the increased grant or activity-based revenues. It additionally authorizes the City Manager to appropriate and transfer unencumbered ending fund balance to the Risk Management Fund in the amounts necessary to maintain adequate funding of the workers' compensation and general liability reserves. All other revisions or transfers that alter the total appropriations of other funds must be approved by the City Council, which also may adopt supplemental appropriations at any time during the year.

Local Economy

Fremont is the fourth largest city in Silicon Valley, with a vibrant and diversified globally connected economy with important assets such as a centralized Bay Area location, access to the Bay Area Rapid Transit (BART) commuter rail system, and a world class workforce. Fremont is also one of the most ethnically and culturally diverse cities in the Bay Area, with highly educated residents and high-paying jobs in a variety of business sectors. The average household income is \$133,076, and 54% of Fremont's residents have bachelor's, graduate, or professional degrees. Fremont was recently ranked the least stressed city and ranked 3rd as the best city in America to raise a family by WalletHub. For these reasons, Fremont is home to dozens of innovative firms, including Tesla Motors, Lam Research, Seagate Technology, Boehringer Ingelheim, ThermoFisher Scientific, Delta Products and more.

Considered the advanced manufacturing hub of Silicon Valley, approximately 22% of working adults in Fremont are employed in manufacturing. An August 2017 survey from the San Francisco Business Times shows that of the top 10 cities in the Bay Area, Fremont is home to almost half of the manufacturing jobs. Growth continues to occur in this sector with Tesla continuing to add to its facility, approved as part of a planned four million square-foot expansion to facilitate production of its vehicles.

Two of Fremont's most prominent sectors are clean technology and biomedical, both of which rely on Fremont's production capacity and the right ecosystem to scale operations as companies expand. Growing industries and employment sectors include:

- Advanced Manufacturing
- Electric and Autonomous Vehicles
- High-tech and Information Technology
- Clean Technology
- Biomedical Devices and Equipment
- Logistics, and Goods Movement

Letter of Transmittal

- Medical and Health Care
- Robotics, Automation, and IoT (Internet of Things)

According to a report completed by San Francisco-based SizeUp.com, Fremont is ranked No. 1 in the country for technology start-up business per capita, with 21 for every 100,000 residents. Fremont was voted the 2nd Most Inventive City in America for number of patents in 2010 by *The Daily Beast/Newsweek*, and ranks 4th in Silicon Valley for number of patents obtained in the past decade. Corporate expansion has long been a major source of Fremont's growth, and Fremont continues to benefit from a large influx of new corporate tenants including Raxium, Orchard Therapeutics, Zoox, Zollner Electronics, Bionova, Marposh, and many more. In 2019, Facebook also began building out a new eastern Silicon Valley campus in Fremont's Ardenwood district, which will accommodate thousands of employees.

To meet continued demand, significant new Research and Development and Advanced Manufacturing space has been proposed. Construction of the 2.7 million-square-foot "Pacific Commons South" industrial "spec" project is nearing completion. And in the Ardenwood district north of Highway 84, new higher intensity zoning recently approved has spurred land acquisition and development activity to accommodate Silicon Valley technology companies migrating east. Several new development projects and expansions are planned and underway in the district, suggesting a strong source of growth for the City going forward.

Long-Term Financial Planning and Major Initiatives

The City maintains a multi-year forecasting model for operating revenues and expenditures, and also produces a five-year capital plan that includes debt service. The multi-year forecast is regularly updated to reflect current revenue and expenditure assumptions and is presented to the City Council at mid-year and during the budget process for the next fiscal year. The City's five-year capital plan is updated every two years.

The City Council has continued to focus attention on the long-term benefits of transportation infrastructure improvements, recruitment of consumer retail uses to balance the City's business-to-business sales tax base, development of a pedestrian-oriented urban center in the City's Downtown area, and development opportunities for employment-based advanced manufacturing businesses and their partners in the City's Warm Springs Innovation District.

Fremont celebrated the opening of the BART line extension to the South Fremont/Warm Springs station in March 2017. The completed 10-mile BART extension to San Jose is undergoing testing and should be in service in 2020, opening Fremont up to the rest of Silicon Valley and positioning itself as a major mid-point employment hub, accessible from all directions. Warm Springs Innovation District anchors Tesla Motors, ThermoFisher Scientific, Lam Research, Seagate and Western Digital, and many other Innovation District companies, are already taking advantage of this accessibility and visibility. Transportation demand management (TDM) programs are being implemented, including the future possibility of a last-mile shuttle service.

The transformation of the 850-acre Warm Springs Innovation District is taking shape. Major construction projects that are under construction, approved or in design include:

- *Construction Completed:* The new Fremont Unified School District elementary school just west of the new BART station along Innovation Way is scheduled to open by the 2020/21 school year.
- *Under Construction:* Lennar’s master-planned mixed use project, which includes 2,200 residential units (of which 290 units are affordable rental units) and 1.4 million square feet of industrial/commercial Class A office space.
- *Under Construction:* Toll Brothers’ master-planned 1,001 unit residential project which includes 132 affordable rental units east of the BART station.
- *Under Construction:* Valley Oak Partners’ master-planned mixed-use project, including 785 additional residential units (of which 102 units are affordable rental units), 330,000 square feet of commercial/Class A office space, a hotel, incubator/accelerator space, and live/work units.
- *Under Construction:* Construction of the Warm Springs West Access Bridge and Plaza has commenced, which will connect the existing and proposed workforce to the new BART station. The project is funded in part by \$25 million in Measure BB funds administered by the Alameda County Transportation Commission (ACTC).
- *Approved/Under Construction:* Several new hotels are either approved or under construction in and around the Warm Springs Innovation District, including a Homewood Suites, Springhill Suites, Staybridge Suites, Marriott AC, and a Residence Inn.
- *Approved:* Sobrato has an approved master plan to develop 700,000-square-foot commercial tech center on their 21.5-acre property.
- *In Design:* A new bike/pedestrian bridge over Interstate 880, connecting Warm Springs to the Bayside employment district, is in preliminary design.

Downtown Fremont has made equally impressive strides in becoming a vibrant urban mixed use district within the City Center that will serve as a destination for the City and region. Specific accomplishments include:

- Downtown is becoming a sustainable, walkable urban environment. The multimodal improvements of the new main street, Capitol Avenue, were completed in late 2016. Electric vehicle charging stations for up to 30 cars have been activated along Capitol Avenue. The last segment of connectivity enhancements between the Fremont BART station and Downtown was completed in 2019. These enhancements continue the multimodal improvements as seen on Capitol Avenue, which include wider sidewalks, pedestrian-scaled lighting, improved bike lanes, and additional landscaping.
- Construction of Phase 1 of the Civic Center project, a sustainable and catalytic multi-purpose community hall and plaza, broke ground in 2019. Construction is anticipated to be completed by spring 2021.
- The City’s partnership with Public Space Authority, an interim event venue—a temporary or “pop-up” plaza—on the future Civic Center project site ended in 2019 due to the construction of Phase 1 of the Civic Center project. It brought year-round activation of the site with concerts, food truck events, and maker fairs in addition to sports and games—family-friendly activities that can be continued once the new plaza is completed.

Letter of Transmittal

- The “Locale@State Street” mixed-use project by TMG Partners/Sares Regis/SummerHill was completed this year. It includes 157 ownership housing units including condos, stacked flats, and row homes, as well as 21,000 square feet of critical ground floor retail space along Capitol Avenue.
- A five-story 275-unit apartment project by Fore Property is under construction bringing more rental housing opportunities to Downtown.
- Way-finding and directional signs strengthening the Downtown brand were installed at strategic locations from the Fremont BART station to Downtown, and at other landmarks in the city to help residents, commuters and visitors navigate their way to and from the station.

All of these changes in the Downtown have spurred interest from adjacent property owners, with major redevelopments or renovations being planned or contemplated.

The FY 2019/20 budget as adopted by the City Council includes allocations to step up street repair and building maintenance activities, increase public safety staffing and services, invest in technology to expand public access to online services, increase transparency, and secure the City’s data, provide assistance to developers of affordable housing, and help the City’s homeless population find shelter and services.

Relevant Financial Policies

The City of Fremont has adopted a comprehensive set of financial policies. These policies address topics like cash management, risk management, reserves and stabilization accounts, and debt capacity, issuance and management. The policies are included with the annual operating budget, and are reviewed each year in conjunction with the adoption of the annual operating budget.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fremont for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This was the 35th consecutive year the City has received this prestigious award. To be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program’s requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for FY 2018/19. This was the 22nd consecutive year the City received this prestigious award. To qualify for the Distinguished Budget Presentation Award, the City’s budget document was judged to be proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We wish to thank all City departments for their assistance in providing the data necessary to prepare this report. Credit and thanks are also due to the City Manager, and the Mayor and City Councilmembers, for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Fremont's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David Persselin", with a long horizontal flourish extending to the right.

David Persselin
Finance Director/Treasurer

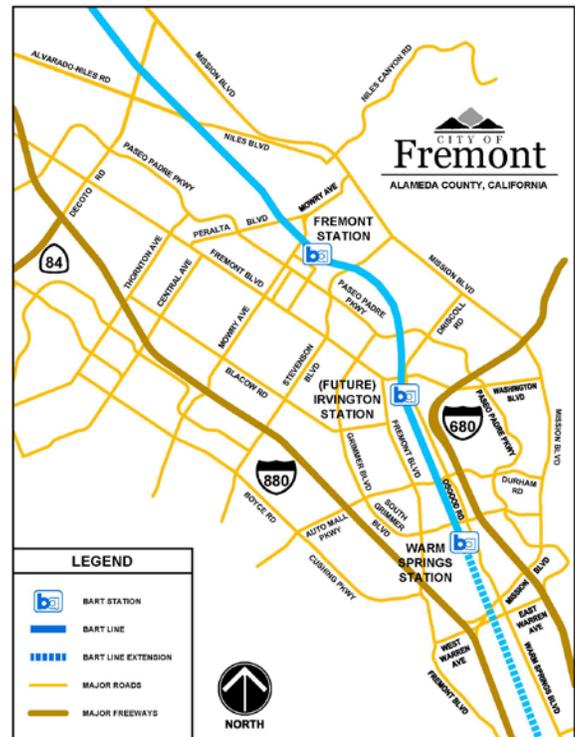
Location Map



Located on the southeast side of the San Francisco Bay, Fremont is a city of over 232,532 people with an area of 92 square miles, making it the fourth largest city in the San Francisco Bay Area and ranks 96th among the most populous cities in the nation according to the U.S. Census Bureau. With its moderate climate and its proximity to major universities, shopping areas, recreational and cultural activities, employment centers, major airports, and the Bay Area Rapid Transit system, Fremont captures metropolitan living at its best.

Spanish. In the mid-1840s, John C. Fremont mapped a trail through Mission Pass to provide access for American settlers into the southeastern San Francisco Bay Area. In 1853, Washington Township was established, taking in the communities of Mission San Jose, Centerville, Niles, Irvington, and Warm Springs. On January 23, 1956, these communities joined together to form the City of Fremont.

The Fremont area was first settled with the establishment of Mission San Jose by the





City Council

Lily Mei, Mayor
Raj Salwan, Vice Mayor
Vinnie Bacon, Councilmember At-large
Teresa Keng, Councilmember, District 1
Rick Jones, Councilmember, District 2
Jenny Kassan, Councilmember, District 3
Yang Shao, Councilmember, District 4

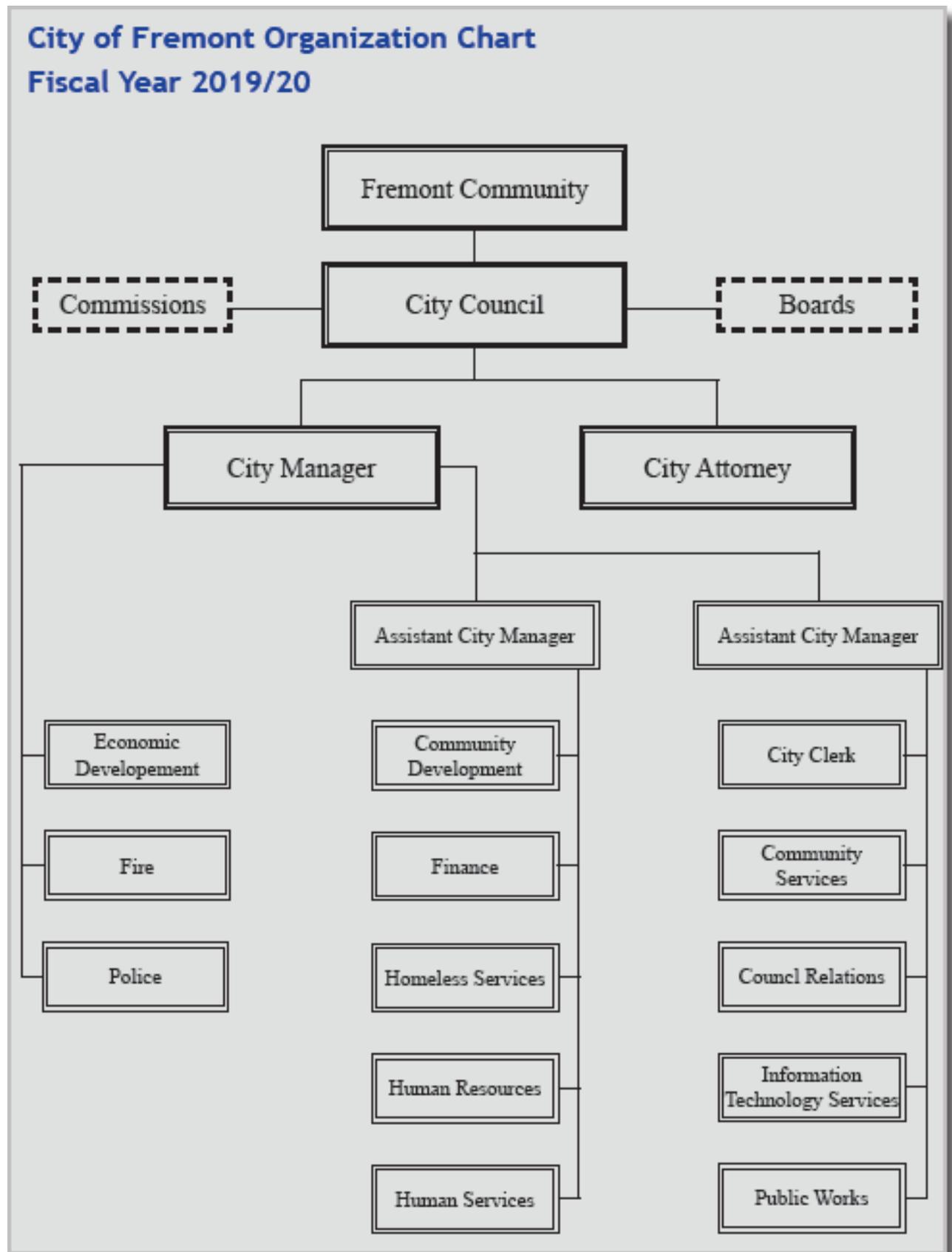
City Executive Staff

Mark Danaj, City Manager
Harvey Levine, City Attorney
Karena Shackelford, Assistant City Manager
Brian Stott, Assistant City Manager
Christina Briggs, Economic Development Director
Allen DeMers, Human Resources Director
Susan Gauthier, City Clerk
Curtis Jacobson, Fire Chief
Hans Larsen, Public Works Director
David Persselin, Finance Director
Kimberly Petersen, Police Chief
Dan Schoenholz, Community Development Director
Suzanne Shenfil, Human Services Director
Sanford Taylor, Chief Technology Officer/IT Director
Suzanne Wolf, Community Services Director

CAFR Team

Mike Sung, Deputy Director of Finance
Hein Hein Myat, Accounting Division Manager
Tricia Fan, Senior Accountant
Tish Saini, Senior Accountant
Anita Chang, Accountant
Ellen Zhou, Accountant
Elisa Chang, Administrative Analyst/Graphic Artist

Organization Chart



Certification of Achievement for Excellence in Financial Reporting



The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fremont for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This was the 35th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and legal requirements. A Certificate of Achievement is valid for one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Fremont
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill
Executive Director/CEO

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Certified
Public
Accountants

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Fremont, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fremont, California (City), as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 City as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditors' Report

Other Matters

Prior-Year Comparative Information

We have previously audited the City's financial statements as of and for the fiscal year ended June 30, 2018, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 28, 2018. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules designated as supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Walnut Creek, California
December 20, 2019

Introduction

As management of the City of Fremont (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, which can be found on pages 1-7 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$782.0 million (net position). Excluding the \$366.5 million net pension liability and \$83.6 million net OPEB liability, \$214.1 million of unrestricted net position is available to meet the City's ongoing obligations to residents and creditors.
- The City's net position increased by \$47.9 million from the prior year.
- As of June 30, 2019, the City's governmental funds reported combined fund balances of \$376.9 million, an increase of \$36.1 million from the prior year. Of this amount, 13.0% (\$48.9 million) is available for spending at the City's discretion (unassigned fund balance).
- As of June 30, 2019, unassigned fund balance in the General Fund was \$51.5 million, or approximately 24.2% of total General Fund expenditures and transfers out. Of this amount, \$20.6 million was set aside by City Council policy to address severe unforeseen events (contingencies), \$3.7 million was set aside by City Council policy to offset uncertainty in the multi-year budget forecast, \$5.1 million was set aside by Council policy to provide a source of working capital for new programs or undertakings that have potential for receiving significant funding from outside sources, organization retooling, process improvement, and strategic entrepreneurial opportunities, and \$5.1 million was set aside by City Council policy to mitigate the effects of future economic downturns and unanticipated cost increases beyond the City's control. For more information, please refer to the note titled *Minimum Fund Balance Policies* (Note 1.I.14.) in the Notes to the Basic Financial Statements.
- The City's total outstanding long-term debt decreased by \$8.0 million during the fiscal year ended June 30, 2019.

Management's Discussion and Analysis

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, and earned but unused vacation and other compensated leave).

All of the City's activities are considered to be governmental in nature and, as a result, the City does not report business-type activities in these statements. Governmental activities are those that are principally supported by taxes, fees, and other revenues. For the City, governmental activities include general government administration, police services, fire services, human services, capital assets maintenance and operations, recreation and leisure services, and community development and environmental services.

The City is the primary government in this report. There are no discretely presented component units. However, these financial statements include two other entities that, although legally separate, are important because the City is financially accountable for them. These component units are the Fremont Public Financing Authority (Financing Authority) and the Fremont Social Services Joint Powers Authority (Social Services JPA). The financial activities of the Financing Authority and the Social Services JPA are integrally related to those of the City and are "blended" with those of the City.

The government-wide financial statements can be found on pages 29-34 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements either reinforce information in the government-wide financial statements or provide additional information.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, 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 the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 32 individual governmental funds. Information is presented in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the following individual funds that are considered to be major funds:

- General Fund
- Development Impact Fees
- Development Cost Center
- Recreation Services
- Capital Improvement
- Human Services
- Intermodal Surface Transportation Efficiency Act
- Inclusionary Housing In-Lieu
- ACTC, MTC, Measures B, BB and F Grants, Streets, Bike and Pedestrian

Data for the other twenty-three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and schedules in the supplementary information section of this report.

The City adopts an annual appropriated budget for its General Fund, Development Cost Center, Recreation Services, Human Services, and Inclusionary Housing In-Lieu funds. Budgetary comparison schedules are provided in the required supplementary information section of this report to demonstrate compliance with the adopted budget.

The basic governmental fund financial statements can be found on pages 35-42 of this report.

Proprietary funds. The only proprietary funds the City has are internal service funds, which are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for risk management and information technology services provided to City departments on a cost-reimbursement basis, as well as funds accumulated for vehicle replacement, employee benefits, and Fire Department capital replacement. Because these services benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Management's Discussion and Analysis

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements and schedules in the supplementary information section of this report.

The basic proprietary funds financial statements can be found on pages 43-46 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City's fiduciary funds are comprised of agency funds, which report resources held by the City in a custodial capacity for individuals, private organizations, and other governments. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on page 47-48 of this report.

Notes to the Basic Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 49-100 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information. This information includes budgetary comparison schedules for its General Fund and major special revenue funds, as well as more detailed information about the City's use of the modified approach for certain of its infrastructure assets. Also included are schedules of changes in the net pension liability and related ratios, schedules of pension contributions, and similar schedules showing changes in the net OPEB liability and related ratios, and OPEB contributions. Required supplementary information can be found on pages 101-120 of this report.

The combining statements and schedules referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 121-174 of this report.

Government-Wide Financial Analysis

As noted earlier, changes in net position over time may serve as a useful indicator of the City's financial health. At the close of FY 2018/19, net position stood at \$782.0 million — a 6.5% increase from the prior year after restating the prior year net position to reflect the impact of GASB 75. Information about net position is presented in the summary schedule below:

**CITY OF FREMONT'S CONDENSED STATEMENT OF NET POSITION
JUNE 30, 2019 AND 2018**

(dollars in thousands)

	2019	2018	Percentage Change
Current and other assets	\$ 442,120	\$ 401,000	10.3%
Capital assets	923,267	912,843	1.1%
Assets	1,365,387	1,313,843	3.9%
Deferred outflows related to pensions and OPEB	90,363	102,334	(11.7%)
Deferred Outflows of Resources	90,363	102,334	(11.7%)
Current liabilities	44,859	42,268	6.1%
Noncurrent liabilities	612,967	630,806	(2.8%)
Liabilities	657,826	673,074	(2.3%)
Deferred inflows related to pensions and OPEB	15,903	8,947	77.7%
Deferred Inflows of Resources	15,903	8,947	77.7%
Net position:			
Net investment in capital assets	771,862	753,493	2.4%
Restricted	246,167	217,455	13.2%
Unrestricted*	(236,009)	(236,792)	(0.3%)
Net position	782,020	734,155	6.5%

* Unrestricted net position for June 30, 2019, includes the City's \$366.5 million net pension liability and \$83.6 million net OPEB liability, which are not a claim on current financial assets.

At June 30, 2019, the City reported positive balances in all categories of net position, except for unrestricted net position due to the impact of the inclusion of the net pension and net OPEB liabilities.

The largest portion of the City's net position, \$771.9 million, reflects its net investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment) less any related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents \$246.2 million of restricted resources that are subject to external restrictions on how they may be used. Excluding the \$366.5 million net

Management's Discussion and Analysis

pension liability and \$83.6 million net OPEB liability, \$214.1 million of unrestricted net position is available to meet the City's ongoing obligations to residents and creditors. Information about changes in net position is presented in the summary schedule, below:

CITY OF FREMONT'S CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

(dollars in thousands)

	2019	2018	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 64,449	\$ 70,457	(8.5%)
Operating grants and contributions	21,880	16,921	29.3%
Capital grants and contributions	51,031	31,176	63.7%
General revenues:			
Property tax	102,304	96,599	5.9%
Sales tax	64,831	58,903	10.1%
Business tax	11,566	12,117	(4.5%)
Transient occupancy tax	8,292	8,620	(3.8%)
Property transfer tax	1,900	1,894	0.3%
Franchise fees	10,488	10,467	0.2%
Investment earnings	12,550	1,613	678.1%
Gain on sale of capital assets	492	-	N/A
Miscellaneous	5,767	9,625	(40.1%)
Total revenues	355,550	318,392	11.7%
Program expenses:			
General government	16,948	16,672	1.7%
Police services	87,014	82,328	5.7%
Fire services	53,953	51,360	5.0%
Human services	13,229	13,125	0.8%
Capital assets maintenance and operations	76,091	68,126	11.7%
Recreation and leisure services	10,431	10,040	3.9%
Community development/environmental services	45,926	39,594	16.0%
Interest on debt	4,093	4,824	(15.2%)
Total program expenses	307,685	286,069	7.6%
Increase in net position	47,865	32,323	48.1%
Net position, beginning of year	734,155	701,832	4.6%
Net position, end of year	782,020	734,155	6.5%

Major changes in government-wide revenues include the following:

- Charges for services decreased by \$6.0 million from the prior year primarily due to a decrease in development activity.
- Operating grants and contributions increased by \$5.0 million from the prior year, including an increase of \$1.7 million for community development block grant revenues, which had been low in the prior year due to a loan repayment, and \$2.9 of new Senate Bill 1 (SB1) state gas tax funding.
- Capital grants and contributions increased by \$19.8 million from the prior year, primarily due to the start of construction for the West Access Bridge at the Warm Springs BART station and an increase in development impact fees related to the Stevenson Place (\$2.0 million), Metro Crossing (\$9.3 million), and Warm Springs (\$2.5 million) projects.
- Sales tax increased \$5.9 million from the prior year primarily due to continued high growth in auto sales and leases and online sales.
- Investment earnings increased by \$10.9 million, almost all of which relates to a large change in the year-end fair value adjustment.

Major changes in government-wide expenses include the following:

- Capital assets maintenance operations expenses increased by \$8.0 million due primarily to construction of the bridge at the Warm Springs BART station.
- Community development and environmental services expenses increased by \$6.3 million due primarily to increased housing loan activity, including \$10.2 million for the Islander Motel project and \$5.5 million for the Irvington Senior Apartments project.

Financial Analysis of The City's Major Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City'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.

As of June 30, 2019, the City's governmental funds reported combined ending fund balances of \$376.9 million, an increase of \$36.1 million from the prior year. Of this amount, 64.3% (\$242.6 million) is legally restricted for specific purposes by enabling legislation or external funding source providers, 3.4% (\$12.8 million) is committed for specific purposes by the City Council, and 19.3% (\$72.7 million) is assigned for specific purposes by the City. The remaining 13.0% (\$48.9 million) is unassigned fund balance available for spending at the City's discretion, but is also subject to Council-established policies for future contingencies.

Management's Discussion and Analysis

The following are the major funds that either qualified under the reporting criteria or were considered to be important to financial statement users:

General Fund – The General Fund is the City's chief operating fund. As of June 30, 2019, total fund balance was \$51.5 million, all of which was unassigned. The primary components of this amount are: \$20.6 million (10.0% of budgeted expenditures and transfers out) set aside by City Council policy for use for costs associated with unforeseen events (contingencies); \$5.1 million (2.5% of budgeted expenditures and transfers out) set aside by Council policy as a source of working capital for new programs or undertakings that have potential for receiving significant funding from outside sources, organization retooling, process improvement, and strategic entrepreneurial opportunities; \$5.1 million (2.5% of budgeted expenditures and transfers out) set aside by Council policy to offset the effects of future economic downturns and unanticipated cost increases beyond the City's control; \$3.7 million set aside by Council policy to offset uncertainty in the multi-year budget forecast; and \$17.0 million of unallocated fund balance.

As a measure of the General Fund's liquidity, it may be useful to compare the total fund balance to General Fund expenditures and transfers out. Total fund balance represents approximately 24.2% of General Fund expenditures and transfers out.

The fund balance of the City's General Fund increased by \$1.6 million during the 2018/19 fiscal year, compared to an increase of \$10.2 million in the prior year. Revenues and transfers in of \$214.3 million were 6.2% (\$12.6 million) higher than in FY 2017/18 driven by increases in property tax (\$6.2 million), sales tax (\$5.9 million), and investment earnings (\$2.4 million). Expenditures and transfers out of \$212.8 million were 11.1% (\$21.3 million) higher than in FY 2017/18 primarily due to one-time transfers to the Capital Improvement Fund for capital projects (\$14.1 million) and higher costs for police services (\$3.9 million) and fire services (\$2.5 million).

Development Impact Fees – This fund represents the aggregate total of park land, park facilities, fire, traffic, and capital facility impact fees. These fees are levied on all new development in the City to pay for the construction and improvement of public facilities needed to serve new development. Revenues in FY 2018/19 totaled \$32.9 million, a 78.8% increase from the FY 2017/18 total of \$18.4 million. The large revenue increase is attributable to permits for several large projects being issued in FY 2018/19. During FY 2018/19, 78% of this fund's expenditures (\$7.8 million) were for park-related projects and 22% (\$2.2 million) were for mitigating traffic-related impacts. In addition, \$1,000,000 was transferred to pay debt service related to capital facilities. As of June 30, 2019, the fund balance totaled \$108.4 million, up from \$86.5 million in the prior year.

Development Cost Center – This fund was established to account for engineering, planning, and building and construction inspection activities related to the City's land use planning and construction regulatory responsibilities. Its customers are not only the development community, but also the City itself for its own capital projects. User fees collected in this cost center recover the City's costs of administering development- and construction-related regulatory programs. As of June 30, 2019, the fund balance totaled \$21.4 million, up from \$19.4 million in the prior year, due to increasing development activity. This fund balance is restricted for uses related to ensuring continuity of critical community development services.

Recreation Services – This fund was established to account for the transactions and activities related to delivery of recreation services. Fees collected for recreation services are used for the development of programs and facilities benefiting fee payers. Total revenues in the amount of \$8.6 million were 4.9% higher in FY 2018/19 than in the prior year (\$8.2 million). Expenditures increased 11.1% (from \$9.0 million to \$9.9 million). As of June 30, 2019, the fund balance was \$8.1 million, a decrease of \$0.2 million from the prior year. This committed fund balance will be used to develop or maintain recreation facilities and preserve the continuity of recreation services during economic downturns.

Capital Improvement – This fund is used to account for capital improvements for the City, including public safety improvements, infrastructure, and other public works projects. Amounts in this fund are received as transfers from the General Fund, interest earned on invested cash balances, proceeds from the sale of certain parcels of land, or as proceeds of debt. As of June 30, 2019, the fund balance was \$70.5 million. During FY 2018/19, fund balance increased by \$7.9 million primarily due to one-time additional funding transferred per Council direction for various capital projects including the Maintenance Storage Building and Elevator Modernization projects.

Human Services – This fund represents the activities for City's social service infrastructure to promote a healthy and safe environment for families, the elderly and youth. Services and programs include self-sufficiency, counseling, and housing assistance to support a vibrant community. As of June 30, 2019, the fund balance was \$8.7 million, an increase of \$1.3 million from the prior year, due to lower than anticipated expenditures in the Paratransit (Measures B and BB) and Medi-Cal Administrative Activities Funds.

Intermodal Surface Transportation Efficiency Act (ISTEA) – This fund accounts for federal funding for transportation projects. Among ISTEA's many programs, three provide capital improvement funds for local governments. These programs are known as the Surface Transportation Program, the Congestion Mitigation and Air Quality Improvement Program, and the Transportation Enhancement Activity Program. Funds are applied for on a project-by-project basis. At June 30, 2019, the ISTEA fund had a negative fund balance of \$2.1 million, representing expenditures which have not yet been reimbursed within the City's availability period.

Inclusionary Housing In Lieu – This fund is used to account for the affordable housing fees collected from developers. The developer can either build affordable housing units or pay an "affordable housing fee" (based on the type of construction, time line, etc.) upon applying for new housing construction permits. This fund is used to account for loans disbursed to developers for affordable housing projects and the associated legal and consulting fees. As of June 30, 2019, fund balance was \$51.8 million, a decrease of \$1.3 million from the prior year.

ACTC, MTC, Measures B, BB and F Grants, Streets, Bike and Pedestrian – This fund accounts for the portion of monies from County Measures B, BB and F to be used to fund transportation-related capital projects. Under Measure B, the City receives the proceeds of an additional half-cent sales tax for use on transportation-related expenditures. In November 2014 voters approved Measure BB which augments and extends the existing Alameda County Measure B half-cent transportation sales tax by a half-cent to April 1, 2045. In November 2010, voters of Alameda County approved Measure F, the Vehicle Registration Fee (VRF) program. The City receives proceeds from a fee on each annual motor vehicle registration or renewal in Alameda County. As of June 30, 2019, fund

Management's Discussion and Analysis

balance was \$4.4 million, a decrease of \$1.3 million from the prior year. This decrease is mainly due to the start of construction for the West Access Bridge at the Warm Springs BART station.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget. The final budget fund balance and appropriations include prior-year encumbrances of \$0.9 million as authorized by the Council-adopted budget resolution. In November 2018, as part of the FY 2017/18 Year-End Update, the City Council allocated \$3.0 million to the maintenance warehouse replacement project, \$0.8 million to the elevator modernization project and transferred \$7.3 million to the Capital Improvement Fund for use in the 2019/20-2023/24 CIP. In March 2019, as part of the FY 2018/19 Mid-Year Budget Review, the revenue estimate was increased by \$12.0 million, the vacancy savings estimate was reduced by \$1.0 million, and the City Council authorized a transfer to Development Cost Center of \$0.8 million to address three City Council referrals, the climate action plan, and an increase in community service requests.

Final Budget Compared to Actual Results. The General Fund budget is prepared in accordance with generally accepted accounting principles. A summary of the budgetary comparison schedule for the General Fund, located in the required supplementary information after the notes to the financial statements, follows.

SUMMARY OF GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2019

(dollars in thousands)

	Original Budget	Final Budget	Actual Results	Favorable (Unfavorable) Variance from Final Budget
Beginning fund balance	\$ 38,547	\$ 50,294	\$ 49,891	\$ (403)
Resources:				
Revenues	198,084	210,129	208,076	(2,053)
Transfers in	6,871	6,871	6,256	(615)
Total resources	204,955	217,000	214,332	(2,668)
Charges to appropriations:				
Expenditures	189,534	191,283	184,809	6,474
Transfers out	16,133	28,003	27,954	49
Total charges	205,667	219,286	212,763	6,523
Net change in fund balance	(712)	(2,286)	1,569	3,855
Ending fund balance	\$ 37,835	\$ 48,008	\$ 51,460	\$ 3,452

The actual beginning fund balance was \$0.4 million lower than the final budget amount due to a combination of the year-end adjustment for unrealized fair value gain or loss on investments and the value of prepaid assets, neither of which is considered available for budgetary purposes. Total revenues and transfers in during FY 2018/19 were \$2.7 million less than the final budget estimate. Actual expenditures and transfers out were \$6.5 million less than the final budget. The net result of

these variances was an actual ending fund balance \$3.4 million higher than the final budget estimate.

The most significant differences between estimated revenues and actual revenues were as follows (dollars in thousands):

<u>Revenue Source</u>	<u>Estimated Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>	<u>Percent</u>
Investment Earnings	\$ 592	\$ 1,493	\$ 901	152.2%
Sales tax	66,020	64,831	(1,189)	(1.8%)
Other taxes	10,810	10,192	(618)	(5.7%)
Transfers In	6,871	6,256	(615)	(9.0%)

- The positive variance in investment earnings reflects a large change in the year-end fair value adjustment.
- The negative variance in sales tax revenue is attributable to lower than anticipated automobile sales.
- The negative variance in other tax revenue resulted from lower than anticipated transient occupancy tax generation within the City.
- The transfers in budget included overhead reimbursements from internal service funds which were recognized in the financial statements as reductions to expenditures.

Capital Assets and Long-term Debt

Capital Assets. The City’s investment in capital assets as of June 30, 2019, amounts to \$923.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, and highways. The increase in capital assets for the current fiscal year was 1.1%. Following is a summary of the City’s capital assets (net of depreciation) at June 30, 2019 and 2018:

**CITY OF FREMONT’S CAPITAL ASSETS
JUNE 30, 2019 AND 2018**
(dollars in thousands)

	<u>2019</u>	<u>2018</u>	<u>Percentage Change</u>
Land	\$ 220,008	\$ 220,008	0.0%
Land improvements	5,448	5,448	0.0%
Infrastructure	513,495	504,991	1.7%
Buildings and improvements	138,900	141,473	(1.8%)
Equipment	9,846	8,369	17.6%
Vehicles	19,830	16,907	17.3%
Construction in progress	15,740	15,647	0.6%
Total capital assets	\$ 923,267	\$ 912,843	1.1%

Management's Discussion and Analysis

Major capital asset events during the current fiscal year included the following:

- The purchase of various vehicles at a cost of \$5.4 million, including \$1.5 million for new fire engines
- The purchase of LED streetlight improvements at a cost of \$9.1 million.
- Additions to buildings and improvements of \$1.5 million for the Downtown Plan Project

Additional information about the City's capital assets can be found in Note 1.I.3., and Note 4, following the basic financial statements.

Long-term Debt. As of June 30, 2019, the City had \$151.6 million in long-term debt outstanding. Of this amount, \$36.1 million was for general obligation bonds, \$111.2 million was related to General Fund lease obligations or loans, and \$4.3 million was for unamortized bond premium. Following is a summary schedule of outstanding debt:

CITY OF FREMONT'S LONG-TERM DEBT

JUNE 30, 2019
(dollars in thousands)

	<u>Balance July 1, 2018</u>	<u>Incurred or Issued</u>	<u>Satisfied or Matured</u>	<u>Balance June 30, 2019</u>
General Obligation Bonds:				
2012 Fire Safety Bonds	\$ 6,440	\$ -	\$ 345	\$ 6,095
2013 Fire Safety Bonds	19,030	-	820	18,210
2017 Fire Safety Bonds	12,215	-	370	11,845
Subtotal	<u>37,685</u>	<u>-</u>	<u>1,535</u>	<u>36,150</u>
General Fund Lease/Loan Obligations:				
2012A Certificates of Participation	8,040	-	885	7,155
2016 Energy Efficiency Financing	7,270	-	745	6,525
2017A Lease Revenue Bonds	81,565	-	3,750	77,815
2017B Lease Revenue Bonds	19,725	-	565	19,160
2017 PG&E On-Bill Financing	818	-	273	545
Subtotal	<u>117,418</u>	<u>-</u>	<u>6,217</u>	<u>111,200</u>
Unamortized Bond Premium	<u>4,554</u>	<u>-</u>	<u>286</u>	<u>4,268</u>
Total	<u>\$ 159,657</u>	<u>\$ -</u>	<u>\$ 8,038</u>	<u>\$ 151,618</u>

51.3% of the outstanding debt bears interest at a variable rate that is reset on a monthly basis; 2.372% as of June 30, 2019.

The City maintains Standard & Poor's ratings of AA+ (stable outlook) on its general obligation bonds and AA (stable outlook) on its lease revenue bonds and certificates of participation.

State law provides for a legal debt limit of 15% of gross assessed valuation; however, this provision was enacted when assessed valuation was based upon 25% of market value. The City's computation of the debt limit reflects a conversion of assessed valuation data from the current full

valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted. The current debt limitation for the City is \$1.9 billion, which is significantly in excess of the City's outstanding general obligation debt.

In addition to State law, the City Council adopted a debt policy in February 1996 that limits annual debt service payments in the General Fund to 7% of budgeted expenditures and transfers out. For the year ended June 30, 2019, budgeted debt service payments were approximately 4.4% of budgeted expenditures and transfers out in compliance with the policy. Additional information about the City's long-term debt can be found in Note 5, following the basic financial statements.

Use of Modified Approach to Accounting for Infrastructure

The City has elected to use the modified approach to accounting for infrastructure assets, as defined by GASB Statement No. 34, for its street network. The street network is composed of all City streets, and includes all physical features associated with the operation of motorized vehicles that exist within the limits of the City rights of way.

Pursuant to the modified approach, the City has committed to preserving and maintaining its street network at an appropriate condition level as determined by the City Council. Through June 30, 2019, the City's policy was to maintain an average pavement condition index (PCI) rating of 50 or "fair" for the entire street network. As of June 30, 2019, the City's overall street network was rated at a computed PCI index of 72.

In addition to performing periodic condition assessments, governments that use the modified approach must also estimate at the start of each reporting period the amount of spending needed that period to maintain and preserve infrastructure at the government's selected condition level. For the year ended June 30, 2019, the maintenance estimate was \$24.0 million, but the amount actually spent was \$9.7 million. Under the City's expanded pavement preservation program, the majority of street areas were treated using a combination of base repairs and surface treatments such as cape seals and slurry seals. This approach is more economical than a pavement rehabilitation program such as overlays, enabling the available funds to cover a larger pavement area.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's financial activities. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Director at 3300 Capital Avenue, P. O. Box 5006, Fremont, California 94537-5006.

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Government-Wide Financial Statements

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City of Fremont
Statement of Net Position
June 30, 2019

(With comparative totals for June 30, 2018)

	Governmental Activities	
	2019	2018
ASSETS		
Current assets:		
Cash and investments held by City	\$ 401,076,747	\$ 361,508,459
Restricted cash and investments held by fiscal agent or City	2,754,323	3,079,330
Receivables, net	34,425,685	29,701,709
Condemnation deposits	15,000	15,000
Prepaid assets	-	189,552
Total current assets	438,271,755	394,494,050
Noncurrent assets:		
Housing loans receivable, net	1,026,237	1,051,504
Land held for resale	2,821,430	2,821,430
Prepaid assets	-	2,633,408
Capital assets:		
Nondepreciable assets	734,025,461	733,741,970
Depreciable assets, net	189,241,870	179,100,891
Total capital assets, net	923,267,331	912,842,861
Total noncurrent assets	927,114,998	919,349,203
Total assets	1,365,386,753	1,313,843,253
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions and OPEB	90,362,815	102,333,592
LIABILITIES		
Current liabilities:		
Accounts payable	15,627,403	11,246,146
Salaries and wages payable	5,675,012	6,859,565
Claims payable	4,737,000	4,702,000
Pollution remediation obligation - due within one year	852,000	1,200,000
Interest payable	1,649,874	1,677,322
Unearned revenue	5,420,769	5,967,770
Compensated absences - due within one year	2,628,661	2,577,299
Long-term debt - due within one year	8,268,505	8,038,462
Total current liabilities	44,859,224	42,268,564
Noncurrent liabilities:		
Claims payable	11,093,000	12,252,000
Pollution remediation obligation - due in more than one year	521,571	552,170
Net other post employment benefits liability	83,602,614	80,829,000
Net pension liability	366,514,171	377,822,524
Compensated absences - due in more than one year	7,885,984	7,731,899
Long-term debt - due in more than one year	143,349,740	151,618,245
Total noncurrent liabilities	612,967,080	630,805,838
Total liabilities	657,826,304	673,074,402
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions and OPEB	15,903,191	8,947,068
NET POSITION		
Net investment in capital assets	771,862,033	753,492,779
Restricted:		
Social service programs	8,817,260	7,399,880
Debt service	2,559,102	2,799,248
Public safety	849,927	1,348,931
Street improvements	15,157,679	13,741,954
Community development	218,758,726	192,152,812
Other purposes	24,478	12,230
Total restricted	246,167,172	217,455,055
Unrestricted	(236,009,132)	(236,792,459)
Total net position	\$ 782,020,073	\$ 734,155,375

See accompanying Notes to Basic Financial Statements.

Government-Wide Financial Statements

City of Fremont

Statement of Activities

For the fiscal year ended June 30, 2019

(With comparative totals for the fiscal year ended June 30, 2018)

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 16,947,783	\$ 3,221,020	\$ -	\$ -	\$ 3,221,020
Police services	87,014,189	3,890,873	1,032,098	-	4,922,971
Fire services	53,953,081	2,218,582	19,001	-	2,237,583
Human services	13,229,254	2,392,405	6,432,635	-	8,825,040
Capital assets maintenance and operations	76,090,791	1,712,917	9,089,031	51,030,712	61,832,660
Recreation and leisure services	10,431,491	7,898,663	-	-	7,898,663
Community development and environmental services	45,925,942	43,115,193	5,307,799	-	48,422,992
Interest on debt	4,092,950	-	-	-	-
Total	\$ 307,685,481	\$ 64,449,653	\$ 21,880,564	\$ 51,030,712	\$ 137,360,929

General revenues:

Property tax

Sales tax

Business tax

Transient occupancy tax

Property transfer tax

Total taxes

Franchise fees

Investment earnings

Gain on sale of capital assets

Miscellaneous

Total general revenues

Change in net position

Net position - beginning of year

Net position - end of year

See accompanying Notes to Basic Financial Statements.

Government-Wide Financial Statements

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	
2019	2018
\$ (13,726,763)	\$ (13,526,324)
(82,091,218)	(77,777,167)
(51,715,498)	(48,435,861)
(4,404,214)	(4,757,794)
(14,258,131)	(29,062,901)
(2,532,828)	(2,115,439)
2,497,050	12,985,222
(4,092,950)	(4,823,731)
(170,324,552)	(167,513,995)
102,303,564	96,598,896
64,830,649	58,902,744
11,566,214	12,116,637
8,292,113	8,620,269
1,900,150	1,893,591
188,892,690	178,132,137
10,488,238	10,467,485
12,549,669	1,612,637
491,515	-
5,767,135	9,625,362
218,189,250	199,837,621
47,864,698	32,323,626
734,155,375	701,831,749
\$ 782,020,073	\$ 734,155,375

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Governmental Funds Financial Statements

Governmental Funds Financial Statements

City of Fremont Balance Sheet Governmental Funds June 30, 2019

(With comparative totals for June 30, 2018)

	Major Funds			
	General Fund	Development Impact Fees	Development Cost Center	Recreation Services
ASSETS				
Cash and investments held by City	\$ 37,367,665	\$ 109,852,597	\$ 24,614,239	\$ 10,271,931
Restricted cash and investments held by fiscal agent or City	-	-	-	-
Receivables:				
Property tax	976,601	-	-	-
Sales tax	9,446,236	-	-	-
Due from other governmental agencies	554,334	-	-	-
Housing loans receivable, net	24,950	-	-	-
Accrued interest	907,257	-	-	-
Transient occupancy tax	864,463	-	-	-
Franchise fees	1,521,814	-	-	-
Accounts receivable	459,250	-	914,387	-
Other	97,036	-	-	34,496
Land held for resale	-	-	-	-
Prepaid assets	-	-	-	-
Due from other funds	9,130,813	-	-	-
Total assets	<u>\$ 61,350,419</u>	<u>\$ 109,852,597</u>	<u>\$ 25,528,626</u>	<u>\$ 10,306,427</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 5,278,678	\$ 1,462,866	\$ 230,991	\$ 302,110
Salaries and wages payable	4,447,494	-	651,472	254,808
Due to other funds	-	-	-	-
Unearned revenue	138,801	-	3,235,521	1,691,979
Total liabilities	<u>9,864,973</u>	<u>1,462,866</u>	<u>4,117,984</u>	<u>2,248,897</u>
Deferred inflows of resources-unavailable revenue	<u>24,950</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Nonspendable:				
Prepaid assets	-	-	-	-
Restricted for:				
Social service programs	-	-	-	-
Debt service	-	-	-	-
Public safety	-	-	-	-
Street improvements	-	-	-	-
Community development	-	108,389,731	21,410,642	-
Other purposes	-	-	-	-
Committed for:				
Social service programs	-	-	-	-
Community development	-	-	-	-
Recreation programs	-	-	-	8,057,530
Assigned for:				
Social service programs	-	-	-	-
Capital projects	-	-	-	-
Unassigned	51,460,496	-	-	-
Total fund balances	<u>51,460,496</u>	<u>108,389,731</u>	<u>21,410,642</u>	<u>8,057,530</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 61,350,419</u>	<u>\$ 109,852,597</u>	<u>\$ 25,528,626</u>	<u>\$ 10,306,427</u>

See accompanying Notes to Basic Financial Statements.

Governmental Funds Financial Statements

Major Funds						Total Governmental Funds	
Capital Improvement	Human Services	Intermodal Surface Transportation Efficiency Act	Inclusionary Housing In Lieu	ACTC, MTC, Measures B, BB & F Grants, Streets, Bike & Pedestrian	Non-major Funds	2019	2018
\$ 68,145,172	\$ 8,334,442	\$ -	\$ 52,085,926	\$ 4,868,073	\$ 52,174,790	\$ 367,714,835	\$ 329,600,836
209,720	-	-	-	-	2,544,603	2,754,323	3,079,330
-	-	-	-	-	17,726	994,327	1,117,246
-	-	-	-	-	-	9,446,236	11,939,169
133,663	2,985,704	2,195,214	-	8,847,934	3,051,611	17,768,460	10,530,788
-	1,001,287	-	-	-	-	1,026,237	1,051,504
-	-	-	-	-	-	907,257	1,048,709
-	-	-	-	-	-	864,463	872,230
-	-	-	-	-	-	1,521,814	1,002,538
-	25,977	-	-	-	937,913	2,337,527	2,277,060
-	-	-	-	-	-	131,532	159,810
2,821,430	-	-	-	-	-	2,821,430	2,821,430
-	-	-	-	-	-	-	189,552
-	-	-	-	-	-	9,130,813	5,694,222
<u>\$ 71,309,985</u>	<u>\$ 12,347,410</u>	<u>\$ 2,195,214</u>	<u>\$ 52,085,926</u>	<u>\$ 13,716,007</u>	<u>\$ 58,726,643</u>	<u>\$ 417,419,254</u>	<u>\$ 371,384,424</u>
\$ 637,242	\$ 554,570	\$ 361,946	\$ 313,819	\$ 2,805,378	\$ 1,995,837	\$ 13,943,437	\$ 10,864,170
-	138,515	-	-	-	87,992	5,580,281	6,768,655
165,754	1,042,460	1,833,268	-	4,909,764	1,179,567	9,130,813	3,928,021
-	-	-	-	-	354,468	5,420,769	5,967,770
802,996	1,735,545	2,195,214	313,819	7,715,142	3,617,864	34,075,300	27,528,616
-	1,942,257	2,143,824	-	1,572,599	723,159	6,406,789	3,044,055
-	-	-	-	-	-	-	189,552
-	6,857,438	-	-	-	17,565	6,875,003	6,216,096
-	-	-	-	-	2,562,329	2,562,329	2,800,746
-	-	-	-	-	1,059,647	1,059,647	1,654,058
209,720	-	-	-	4,428,266	8,655,643	13,293,629	12,740,898
-	-	-	51,772,107	-	37,171,246	218,743,726	192,137,812
-	-	-	-	-	24,478	24,478	12,230
-	1,812,170	-	-	-	-	1,812,170	1,204,305
-	-	-	-	-	2,950,000	2,950,000	4,424,321
-	-	-	-	-	-	8,057,530	8,295,300
-	-	-	-	-	2,376,420	2,376,420	-
70,297,269	-	-	-	-	-	70,297,269	62,272,050
-	-	(2,143,824)	-	-	(431,708)	48,884,964	48,864,385
<u>70,506,989</u>	<u>8,669,608</u>	<u>(2,143,824)</u>	<u>51,772,107</u>	<u>4,428,266</u>	<u>54,385,620</u>	<u>376,937,165</u>	<u>340,811,753</u>
<u>\$ 71,309,985</u>	<u>\$ 12,347,410</u>	<u>\$ 2,195,214</u>	<u>\$ 52,085,926</u>	<u>\$ 13,716,007</u>	<u>\$ 58,726,643</u>	<u>\$ 417,419,254</u>	<u>\$ 371,384,424</u>

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City of Fremont
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2019

(With comparative totals for June 30, 2018)

	2019	2018
Total Fund Balances - Total Governmental Funds	\$ 376,937,165	\$ 340,811,753
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet, net of Internal Service Funds capital assets of \$14,694,895 and \$10,563,196 at June 30, 2019 and 2018, respectively.	908,572,436	902,279,665
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.	(1,649,874)	(1,677,322)
Condemnation deposits are reported as current assets; however, such deposits are reported as expenditures in Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances.	15,000	15,000
Internal Service Funds are used to charge the costs of insurance, information technology, vehicle replacements, employee benefits, and fire equipment replacement to individual funds. The assets, liabilities, and deferred outflows/inflows of the Internal Service Funds are included in governmental activities in the Government-Wide Statement of Net Position.	24,751,566	20,595,825
Deferred inflows of resources recorded in governmental funds 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.	6,406,789	3,044,055
Accruals for compensated absences are long-term liabilities and are not due and payable in the current period and therefore they are not reported in the Governmental Funds Balance Sheet.	(10,514,645)	(10,309,198)
Pollution remediation obligations are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.	(1,373,571)	(1,752,170)
Deferred outflows of resources resulting from changes in the net pension and net OPEB liabilities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	88,823,601	100,250,814
Deferred inflows of resources resulting from changes in the net pension and net OPEB liabilities are not due and payable and therefore are not reported in the Governmental Funds Balance Sheet.	(15,293,035)	(8,715,761)
Net pension liability on Government-Wide Statement of Net Position is not due and payable and therefore is not reported in the Governmental Funds Balance Sheet.	(359,434,500)	(369,901,579)
Net OPEB liability on Government-Wide Statement of Net Position is not due and payable and therefore is not reported in the Governmental Funds Balance Sheet.	(83,602,614)	(80,829,000)
Long-term debt is not due and payable in the current period and therefore is not reported in the Governmental Funds Balance Sheet.	(151,618,245)	(159,656,707)
Net Position of Governmental Activities	\$ 782,020,073	\$ 734,155,375

See accompanying Notes to Basic Financial Statements.

Governmental Funds Financial Statements

City of Fremont Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the fiscal year ended June 30, 2019 (With comparative totals for the fiscal year ended June 30, 2018)

	Major Funds				
	General Fund	Development Impact Fees	Development Cost Center	Recreation Services	Capital Improvement
REVENUES					
Property tax	\$ 99,605,659	\$ -	\$ -	\$ -	\$ -
Sales tax	64,830,649	-	-	-	-
Intergovernmental	233,883	-	-	318,427	348,171
Business tax	11,566,214	-	-	-	-
Other taxes	10,192,263	-	-	-	-
Impact fees	-	29,617,113	-	-	-
Franchise fees	10,111,668	-	-	-	-
Charges for services	9,799,387	-	18,204,266	7,860,594	40,688
Investment earnings	1,493,218	3,299,365	792,454	337,458	1,972,354
Other	242,788	-	-	115,654	-
Total revenues	208,075,729	32,916,478	18,996,720	8,632,133	2,361,213
EXPENDITURES					
Current:					
General government	16,545,558	-	-	-	-
Police services	80,627,729	-	-	-	-
Fire services	49,449,740	-	-	-	-
Human services	3,676,748	-	-	-	-
Capital assets maintenance and operations	23,725,195	10,073,636	3,715,188	-	12,081,704
Recreation and leisure services	-	-	-	9,947,436	-
Community development and environmental services	1,793,167	-	13,195,463	-	-
Capital outlay	514,311	-	82,846	-	2,453,762
Debt service:					
Principal	5,701,441	-	-	-	95,935
Interest and fiscal charges	2,774,739	-	-	-	-
Total expenditures	184,808,628	10,073,636	16,993,497	9,947,436	14,631,401
REVENUES OVER (UNDER) EXPENDITURES	23,267,101	22,842,842	2,003,223	(1,315,303)	(12,270,188)
OTHER FINANCING SOURCES (USES)					
Debt issuance	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	6,255,955	-	2,915,976	2,489,995	20,200,000
Transfers out	(27,953,889)	(1,000,000)	(2,937,096)	(1,412,462)	-
Total other financing sources (uses)	(21,697,934)	(1,000,000)	(21,120)	1,077,533	20,200,000
Net change in fund balances	1,569,167	21,842,842	1,982,103	(237,770)	7,929,812
FUND BALANCES					
Beginning of year	49,891,329	86,546,889	19,428,539	8,295,300	62,577,177
End of year	\$ 51,460,496	\$ 108,389,731	\$ 21,410,642	\$ 8,057,530	\$ 70,506,989

See accompanying Notes to Basic Financial Statements.

Governmental Funds Financial Statements

Major Funds					Total Governmental Funds	
Human Services	Intermodal Surface Transportation Efficiency Act	Inclusionary Housing In Lieu	ACTC, MTC, Measures B, BB & F Grants, Streets, Bike & Pedestrian	Non-major Funds	2019	2018
\$ -	\$ -	\$ -	\$ -	\$ 2,697,905	\$ 102,303,564	\$ 96,598,896
-	-	-	-	-	64,830,649	58,902,744
9,431,993	1,781,912	-	17,507,070	13,615,493	43,236,949	30,284,632
-	-	-	-	-	11,566,214	12,116,637
-	-	-	-	-	10,192,263	10,513,860
-	-	-	-	-	29,617,113	17,727,292
-	-	-	-	376,570	10,488,238	10,467,485
1,785,393	-	13,109,706	-	10,286,885	61,086,919	70,015,046
208,296	-	1,744,555	160,509	1,470,993	11,479,202	1,297,588
1,832,014	-	-	-	3,448,745	5,639,201	9,488,421
13,257,696	1,781,912	14,854,261	17,667,579	31,896,591	350,440,312	317,412,601
-	-	-	-	-	16,545,558	15,776,538
-	-	-	-	853,929	81,481,658	77,086,121
-	-	-	-	143,469	49,593,209	46,977,760
9,413,624	-	-	-	7,368	13,097,740	12,626,523
-	3,162,201	-	18,939,352	10,389,348	82,086,624	66,515,819
-	-	-	-	-	9,947,436	8,951,998
2,595,271	-	16,198,297	-	12,327,870	46,110,068	38,895,310
-	-	-	-	1,457,048	4,507,967	3,945,574
420,000	-	-	-	1,535,000	7,752,376	44,857,126
151,642	-	-	-	1,480,103	4,406,484	4,983,256
12,580,537	3,162,201	16,198,297	18,939,352	28,194,135	315,529,120	320,616,025
677,159	(1,380,289)	(1,344,036)	(1,271,773)	3,702,456	34,911,192	(3,203,424)
-	-	-	-	-	-	32,940,000
-	-	-	-	-	-	3,410,546
-	-	-	-	1,214,219	1,214,219	480,410
1,256,656	-	-	-	1,505,000	34,623,582	24,987,780
(680,923)	-	-	-	(639,212)	(34,623,582)	(24,987,780)
575,733	-	-	-	2,080,007	1,214,219	36,830,956
1,252,892	(1,380,289)	(1,344,036)	(1,271,773)	5,782,463	36,125,411	33,627,532
7,416,716	(763,535)	53,116,142	5,700,039	48,603,157	340,811,753	307,184,221
\$ 8,669,608	\$ (2,143,824)	\$ 51,772,107	\$ 4,428,266	\$ 54,385,620	\$ 376,937,165	\$ 340,811,753

Governmental Funds Financial Statements

City of Fremont

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities For the fiscal year ended June 30, 2019

(With comparative totals for the fiscal year ended June 30, 2018)

	2019	2018
Net Change in Fund Balances - Total Governmental Funds	\$ 36,125,411	\$ 33,627,532
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets additions recorded in the current period along with the condemnation deposit increase/decrease due to land acquired and legal expenses paid during the year.	13,133,296	5,830,616
Contributions of capital assets from developers not reported as revenue in governmental funds.	176,378	205,971
Pension contribution made subsequent to the measurement date is an expenditure in the governmental funds, but reported as a deferred outflow of resources in the government-wide financial statements.	38,485,955	34,496,155
Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(49,444,737)	(49,015,050)
OPEB contribution made subsequent to the measurement date is an expenditure in the governmental funds, but reported as a deferred outflow of resources in the government-wide financial statements.	8,495,000	8,487,000
OPEB expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(7,847,240)	(7,298,000)
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but it does not require the use of current financial resources. Therefore, depreciation, net of \$1,697,367 and \$1,452,803, for the years ended June 30, 2019 and 2018, respectively, from the Internal Service Funds is not reported as an expenditure in governmental funds.	(6,274,255)	(6,419,231)
Disposals of capital assets are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, these activities are not reported as expenditures in governmental funds.	(742,648)	(777,923)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position.	-	(36,350,546)
Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Position.	7,752,376	44,857,126
Revenues earned but not available are deferred in the governmental funds but are recognized as revenues in the government-wide financial statements. Also, revenues recognized in the governmental funds during the current year that were earned and recognized in previous years in the government-wide financial statements are reported as beginning net position in the statement of activities.	3,362,734	440,658
The net change in interest payable on long-term debt is reported in the Government-Wide Statement of Activities, but it does not require the use of current financial resources.	27,448	(102,937)
Unamortized long-term premium is deferred and amortized in the Government-Wide Statement of Activities, but it does not require the use of current financial resources. Therefore, the amortization of long-term premium is not reported as an expenditure in governmental funds.	286,086	262,462
Internal Service Funds are used to charge the costs of insurance, information technology, vehicle replacements, employee benefits, and fire equipment replacement to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities.	4,155,741	5,467,041
Capital assets transferred from governmental activities to internal service funds are reported as a capital contribution in the internal service funds. The capital contribution is not reported in the Government-Wide Statement of Activities.	-	(776,602)
Pollution remediation obligations are not due and payable in the current period and therefore the changes are not reported in the governmental funds.	378,599	21,599
Long-term compensated absences are not due and payable in the current period and therefore the changes are not reported in the governmental funds.	(205,447)	(632,245)
Change in Net Position of Governmental Activities	\$ 47,864,698	\$ 32,323,626

See accompanying Notes to Basic Financial Statements.

Proprietary Funds Financial Statements

Proprietary Funds Financial Statements

City of Fremont Statement of Net Position Proprietary Funds June 30, 2019

(With comparative totals for June 30, 2018)

	Internal Service	
	2019	2018
ASSETS		
Current assets:		
Cash and investments held by City	\$ 33,361,912	\$ 32,528,108
Other receivables	454,069	754,158
Total current assets	<u>33,815,981</u>	<u>33,282,266</u>
Noncurrent assets:		
Prepaid assets	-	2,633,408
Depreciable assets	32,244,292	28,473,069
Less accumulated depreciation	<u>(17,549,397)</u>	<u>(17,909,873)</u>
Total noncurrent assets	<u>14,694,895</u>	<u>13,196,604</u>
Total assets	<u>48,510,876</u>	<u>46,478,870</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions	<u>1,539,214</u>	<u>2,082,778</u>
LIABILITIES		
Current liabilities:		
Accounts payable	1,683,966	381,976
Salaries and wages payable	94,731	90,910
Due to other funds	-	1,766,200
Cash overdraft	-	620,485
Claims payable	<u>4,737,000</u>	<u>4,702,000</u>
Total current liabilities	<u>6,515,697</u>	<u>7,561,571</u>
Noncurrent liabilities:		
Claims payable	11,093,000	12,252,000
Net pension liability	<u>7,079,671</u>	<u>7,920,945</u>
Total noncurrent liabilities	<u>18,172,671</u>	<u>20,172,945</u>
Total liabilities	<u>24,688,368</u>	<u>27,734,516</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	<u>610,156</u>	<u>231,307</u>
NET POSITION		
Net investment in capital assets	14,694,895	10,563,196
Unrestricted	<u>10,056,671</u>	<u>10,032,629</u>
Total net position	<u>\$ 24,751,566</u>	<u>\$ 20,595,825</u>

See accompanying Notes to Basic Financial Statements.

City of Fremont
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the fiscal year ended June 30, 2019
(With comparative totals for the fiscal year ended June 30, 2018)

	Internal Service	
	2019	2018
OPERATING REVENUES		
Charges for services	\$ 28,276,861	\$ 27,569,999
Other	8,770	14,997
Total operating revenues	28,285,631	27,584,996
OPERATING EXPENSES		
Salaries and wages	13,985,166	13,900,071
Insurance premiums	3,174,855	2,097,045
Provision for claim losses	2,382,084	2,764,594
Claims administration	263,222	274,663
Materials and supplies	3,662,090	2,683,250
Depreciation	1,697,367	1,547,665
Other	55,517	60,030
Total operating expenses	25,220,301	23,327,318
OPERATING INCOME	3,065,330	4,257,678
NONOPERATING REVENUES		
Investment income	1,070,467	315,049
Gain on disposal of capital assets	19,944	117,712
Income (loss) before capital contributions and transfers	4,155,741	4,690,439
Contributed capital assets	-	776,602
CHANGE IN NET POSITION	4,155,741	5,467,041
Net position - beginning of year	20,595,825	15,128,784
Net position - ending	\$ 24,751,566	\$ 20,595,825

See accompanying Notes to Basic Financial Statements.

Proprietary Funds Financial Statements

City of Fremont Statement of Cash Flows Proprietary Funds For the fiscal year ended June 30, 2019 (With comparative totals for the fiscal year ended June 30, 2018)

	Internal Service	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from users	\$ 26,810,750	\$ 27,759,556
Other revenue	8,770	14,997
Less: Payments to suppliers	(14,305,608)	(13,983,845)
Payments for employee services	(5,392,775)	(5,106,722)
Payments for claims paid	(3,506,084)	(3,916,594)
Payments to others	(55,517)	(60,029)
Net cash provided by operating activities	3,559,536	4,707,363
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(3,382,039)	(3,393,630)
Prepayment for acquisition of capital assets	-	(422,320)
Proceeds from sale of capital assets	206,325	136,712
Net cash used in capital and related financing activities	(3,175,714)	(3,679,238)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Elimination of prior year overdraft	(620,485)	-
Cash received for borrowing from other funds	-	1,941,799
Net cash provided by non-capital financing activities	(620,485)	1,941,799
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on cash and investments	1,070,467	315,049
Net change in cash and cash equivalents	833,804	3,284,973
CASH AND CASH EQUIVALENTS		
Beginning of year	32,528,108	29,243,135
End of year	\$ 33,361,912	\$ 32,528,108
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 3,065,330	\$ 4,257,678
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,697,367	1,547,667
Changes in operating assets, liabilities, and deferred items:		
Other receivables	300,089	89,590
Accounts payable	1,301,990	(326,761)
Salaries and wages payable	3,821	15,382
Repay amounts due to other funds	(1,766,200)	-
Claims payable	(1,124,000)	(1,152,000)
Deferred outflow resources - pension plan	543,564	(239,544)
Deferred inflow resources - pension plan	378,849	19,339
Net pension liability	(841,274)	496,012
Net cash provided by operating activities	\$ 3,559,536	\$ 4,707,363
Noncash capital financing activities		
Carrying value of disposed assets	\$ 19,944	\$ -
Conversion of prepaid assets to capital assets	2,633,408	-
Transfer in of capital assets	-	776,602

See accompanying Notes to Basic Financial Statements.

Agency Funds Financial Statements

Agency Funds Financial Statements

City of Fremont Statement of Assets and Liabilities Agency Funds June 30, 2019 (With comparative totals for June 30, 2018)

	Agency Funds	
	2019	2018
ASSETS		
Cash and investments held by City	\$ 17,242,935	\$ 15,618,807
Restricted cash and investments held by fiscal agent or City	6,801,966	7,116,316
Land held for resale	678,979	678,979
Accounts receivable	18,440	10,808
Total assets	\$ 24,742,320	\$ 23,424,910
LIABILITIES		
Accounts payable	\$ 133,152	\$ 223,593
Due to other governmental agencies	678,979	678,979
Deposits	23,930,189	22,522,338
Total liabilities	\$ 24,742,320	\$ 23,424,910

See accompanying Notes to Basic Financial Statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Fremont, California (City) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Description of the Government-Wide Financial Statements

The government-wide financial statements (the Statement of Net Position and Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. Data from the governmental funds and internal service funds financial statements are summarized as governmental activities in the government-wide financial statements. All fiduciary activities are reported only in the fund financial statements.

B. Financial Reporting Entity

The City was incorporated in January 1956. The City has a council-manager form of government and provides a wide range of municipal services. These basic financial statements present the City and its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government's exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The following is a brief overview of the component units included in the accompanying basic financial statements of the City. Financial information for these component units can be obtained from the City's Finance Department.

Fremont Public Financing Authority (Financing Authority) – A joint powers authority formed by the City and the former Redevelopment Agency of the City of Fremont (RDA), organized for the purpose of financing certain capital projects for the City or the Agency. Separate financial statements are not issued for the Financing Authority. After the RDA was dissolved in January 2012, the Successor Agency to the RDA assumed its role as a party to the joint powers authority agreement until it was terminated in May 2015. On June 13, 2017, the Fremont Industrial Development Authority became an additional party to the Financing Authority joint powers agreement.

Fremont Social Services Joint Powers Authority (Social Services JPA) – A joint powers authority formed by the City and the RDA, organized for the purpose of facilitating the activities of the Family Resource Center. In 1998, the Social Services JPA entered into a 40-year lease with the City for the two buildings that house the Family Resource Center. The Social Services JPA has committed to subleasing this space to CDBG-eligible tenants at below-market rents over the 40-year lease term. Rents collected from

Notes to Basic Financial Statements

CDBG-eligible tenants are used to make payments on the debt service obligations incurred in connection with the purchase of the buildings. Separate financial statements are not issued for the Social Services JPA. Although the RDA ceased to exist after January 31, 2012, that occurrence had no effect on the existence of the Social Services JPA.

The City Council serves in separate session as the governing body of the Financing Authority and the Social Services JPA and a financial benefit/burden relationship exists between the City and these entities. As a result, the financial activities of the Financing Authority and the Social Services JPA are integrally related to those of the City and are “blended” with those of the City.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The City reports the following governmental activities:

General Government – These services are those that are associated with the general administration of the government. These services are primarily provided by the following departments: City Council, City Manager, City Attorney, City Clerk, Finance, and Human Resources. These departments provide services that support external as well as other internal government functions of the City.

Public Safety - Police Services – The Police Department is responsible for the safeguarding of citizens’ lives and property, the preservation of constitutional rights, and neighborhood problem solving. These services also include the animal shelter and jail bookings.

Public Safety - Fire Services – The Fire Department is responsible for providing fire and life safety emergency services, including emergency response, paramedic services, public education, emergency-preparedness training and hazardous materials management services.

Human Services – The Human Services Department offers a range of services to the community including a senior center, paratransit services, counseling, and support for seniors, families and youth.

Capital Assets Maintenance and Operations – These services are provided by the Public Works Department and the Community Services Department and include maintenance of the City’s capital assets and infrastructure such as public buildings, parks, streets and vehicles.

Recreation and Leisure Services – Services provided by the Community Services Department include performing and visual arts, youth and adult sports, youth and early childhood enrichment programs, park visitor services, and management of the community centers, special facilities, and historic sites.

Community Development and Environmental Services – These services are provided by the Community Development Department and the Environmental Services Division of the Community Services Department and include community planning, engineering, code enforcement, building permit and inspection services, and environmental services that enhance and preserve a high quality living environment within the City.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables; however, interfund services provided and used are not eliminated in the process of consolidation.

D. Basis of Presentation – Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows of resources, deferred inflows of resources, fund balance/net position, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and aggregated non-major funds. Accompanying statements are presented to reconcile and explain the differences in fund balances and change in fund balances as presented in these statements to the net position and change in net position presented in the government-wide financial statements. The fund types presented in the fund financial statements include the General Fund, special revenue funds, debt service funds, and capital projects funds. The City has presented all major funds that meet the criteria prescribed in GASB Statement No. 34.

The City reports the following major governmental funds:

General Fund – This fund is the City’s primary operating fund. It accounts for all financial resources and outlays of the general government. The General Fund receives the City’s discretionary funding sources (e.g., property tax, sales tax, charges for services, etc.) and uses its resources for the general operations of the City (e.g., police, fire, general government) not accounted for in other funds.

Development Impact Fees – This is a capital projects fund that accounts for impact fees levied under California Government Code Sections 66000 et seq., “Fees for Development Projects” (commonly referred to as AB1600) and Section 66477 (commonly referred to as the Quimby Act). The City assesses fees for fire, capital facilities, traffic, park dedication in lieu, and park facilities. These fees are used to

Notes to Basic Financial Statements

defray all or a portion of the cost of additional public facilities needed to provide service to new development.

Development Cost Center – This is a special revenue fund that accounts for user fees and costs of services related to planning, engineering and inspection of public and private development construction projects.

Recreation Services – This is a special revenue fund that accounts for all of the City’s recreation programs and services, including Central Park and activities of the community centers. User fees are generated from the various classes and programs offered to the public.

Capital Improvement – By Council resolution, this capital projects fund can be used only to finance capital improvements for the City, including the acquisition, construction, and initial equipping of parks, recreation areas, public safety facilities, or other public works projects. Amounts in this fund are primarily received as transfers from the General Fund, as interest earned on invested cash balances, as proceeds from the sale of certain parcels of land, or as proceeds of debt.

Human Services – This special revenue fund accounts for services provided to the community that include: a senior center; paratransit services; counseling; support for seniors, families and youth; and housing related services.

Intermodal Surface Transportation Efficiency Act (ISTEA) – This is a capital projects fund used to account for federal funding for transportation projects. Among ISTEA’s many programs, three provide capital improvement funds for local governments. These programs are known as the Surface Transportation Program, the Congestion Mitigation and Air Quality Improvement Program, and the Transportation Enhancement Activity Program. Funds are applied for on a project-by-project basis.

Inclusionary Housing In Lieu – This special revenue fund accounts for inclusionary housing in-lieu fee payments received from developers. The Inclusionary Housing Program requires a minimum amount of affordable housing to be created in conjunction with market rate residential development.

ACTC, MTC, Measure B, BB & F Grants, Streets, Bikes and Pedestrian – This fund accounts for the portion of monies from County Measures B, BB and F to be used to fund transportation-related capital projects. Under Measure B, the City receives the proceeds of an additional half-cent sales tax for use on transportation-related expenditures. In November 2014 voters approved Measure BB which augments and extends the existing Alameda County Measure B half-cent transportation sales tax by a half-cent to April 1, 2045. In November 2010, voters of Alameda County approved Measure F, the Vehicle Registration Fee (VRF) program. The City receives proceeds from a fee on each annual motor vehicle registration or renewal in Alameda County.

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for all proprietary funds.

The City reports the following proprietary fund type:

Internal Service – This fund type accounts for the Risk Management and Information Technology services provided to other City departments on a cost-reimbursement basis, as well as funds accumulated for Vehicle Replacement, Employee Benefits, and Fire Capital Replacement.

Internal service fund balances and activities have been incorporated into governmental activities in the government-wide financial statements.

Fiduciary fund financial statements consist of a Statement of Assets and Liabilities. The City's fiduciary funds consist of four agency funds. The City's agency funds are custodial in nature and do not involve measurement of results of operations.

The City reports the following agency funds:

Local Improvement Districts – This fund accounts for the accumulation of facilities and services special tax revenue for the City's two Community Facilities Districts (CFDs), payment of principal and interest for outstanding CFD No. 1 (Pacific Commons) special tax bonds, payment for maintenance of the public improvements in CFD No. 1 financed with special tax bonds, and payments for maintenance of enhanced streetscape in CFD No. 2 (Warm Springs).

Narcotics Assets Seizure – This fund accounts for assets confiscated by the Southern Alameda County Major Crimes Task Force (SACMCTF), which consists of police officers from the cities of Fremont, Newark and Union City. These assets may only be used by SACMCTF for future narcotics investigations.

Performance Bonds, Deposits and Confiscated Assets – This fund accounts for bonds and deposits received in conjunction with construction activity within the City, assets confiscated by the police, and other deposits held by the City in a fiduciary capacity.

Southern Alameda County GIS – This fund accounts for monies collected from agencies participating in a joint powers authority (JPA) for the administration of the Southern Alameda County Geographic Information System (GIS). The City is the administrator of the GIS, which serves the participating agencies. The parties to the JPA are the City of Fremont, City of Newark, Union Sanitary District, and Alameda County Water District.

During the year, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds are eliminated. Similarly, activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. However, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between funds are eliminated.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which the liability is incurred.

All governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues not meeting the availability criteria are considered deferred inflows of resources. Property tax revenues are recognized in the current year if they are collected within 60 days of year-end. All other revenues are recorded when received in cash, except that revenues subject to accrual (generally received within 90 days after year-end) are recognized when due. The primary revenue sources that have been treated as susceptible to accrual by the City are property tax, sales tax, intergovernmental revenues, other taxes, investment earnings, and certain charges for services. Fines, forfeitures, licenses, and permits are not susceptible to accrual because they are usually not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) are included in the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. The agency funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

F. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of revenues and expenses. Actual results could differ from these estimates and assumptions.

G. Comparative Data

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's fiscal year 2017/18 basic financial statements, from which the summarized information was derived. Comparative total data for the prior year have been presented to provide an understanding of the overall changes in the financial position and operations of the City. Certain fiscal year 2017/18 amounts presented as summarized comparative financial information in the basic financial statements have been reclassified for comparative purposes to conform to the presentation in the fiscal year 2018/19 basic financial statements.

H. Effects of New Pronouncements

The City implemented the following GASB Statements during the year:

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The implementation of this statement did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2019.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established and requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-

Notes to Basic Financial Statements

related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The City has implemented Statement No. 88 for the fiscal year ended June 30, 2019.

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the City's fiscal year ending June 30, 2020.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the City's fiscal year ending June 30, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the end of a Construction Period*. The objectives of this statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. The requirements of this statement are effective for the City's fiscal year ending June 30, 2021.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity

interest meets the definition of an investment. The requirements of this statement are effective for the City's fiscal year ending June 30, 2020.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this statement are effective for the City's fiscal year ending June 30, 2022.

I. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Investments

The City pools cash resources from all funds in order to facilitate and maximize the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other fixed income investments with varying terms.

In addition, Note 2 provides information about the City's deposits and investments, interest sensitive investments, the credit quality of the investments held at year-end, and fair value measurement. Investments are presented at fair value except as noted below. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Money market investments (such as short-term, highly liquid debt instruments including bankers' acceptances) and securities (notes, bills, and obligations of the U.S. government and its agencies), and participating interest-earning investment contracts (such as negotiable certificates of deposit and repurchase agreements) that have a remaining maturity at the time of purchase of one year or less, are reported at amortized cost, which approximates fair value. Interest earned on investments is allocated monthly to all funds on the basis of daily cash and investment balances.

The City participates in two investment pools, the first managed by the State of California, the Local Agency Investment Fund (LAIF) and the second managed by PFM Asset Management LLC, the California Asset Management Program (CAMP). LAIF has invested a portion of the pool funds in structured notes and asset-backed securities, which are subject to interest rate risk. The fair value of participants' positions in the external investment pools is the same as the value of the investment pool's shares and investment income, which includes changes in fair value (i.e., realized and unrealized gains or losses).

Notes to Basic Financial Statements

Cash and cash equivalents are considered to be cash on hand, amounts in demand deposits and short-term investments with original maturities of three months or less from the date acquired by the City.

2. Restricted Cash and Investments

Restricted cash and investments are held by a fiscal agent or the City for the redemption of bonded debt and for acquisition and construction of certain capital projects.

3. Capital Assets

Capital assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are stated at their acquisition value. City policy has set the capitalization threshold for reporting infrastructure capital assets at \$25,000 and for all other capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets, as follows:

Infrastructure	15 – 100 years
Buildings	50 years
Building Improvements	20 years
Vehicles	5 – 27 years
Machinery and Equipment	5 – 25 years

The City defines infrastructure as the basic physical assets that allow the City to function. These assets include the street network, park and recreation lands and improvements network, storm water collection network, and site amenities associated with buildings, such as parking and landscaped areas, used by the City in the conduct of its business. All of the City's infrastructure networks are depreciated over their estimated useful lives, with the exception of the street network for which the City has elected to use the modified approach as defined by GASB Statement No. 34.

Pursuant to the modified approach to accounting for infrastructure assets, the City has committed to preserving and maintaining its street network at an appropriate condition level as determined by the City Council. Consequently, no depreciation expense is reported for the capital assets comprising the street network, nor are amounts capitalized in connection with improvements that lengthen the lives of those capital assets, unless those improvements also increase their service capacity. The City maintains an inventory of its street network infrastructure assets and performs periodic condition assessments to establish that the predetermined condition level is being maintained. Additionally, the City makes annual estimates of the amount that must be expended to preserve and maintain the street network at the predetermined condition level.

4. Compensated Absences

In accordance with negotiated labor agreements, employees accumulate earned but unused vacation and other compensated leave, and sick pay benefits. There is no liability for unpaid accumulated sick leave because the City does not pay any amounts when employees separate from service with the City. All vacation and other compensated leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds when due and payable only if it is expected to be settled with current financial resources.

5. Claims Payable

The City records a liability to reflect an actuarial estimate of ultimate uninsured losses for both general liability claims (including property damage claims) and workers' compensation claims. The estimated liability for workers' compensation claims and general liability claims includes incurred but not reported (IBNR) claims and loss adjustment expenses. There is no fixed payment schedule to pay any of these liabilities.

6. Unearned Revenue

Unearned revenues arise when the City receives resources before it has a legal claim to them, as when grant monies are received before all eligibility requirements imposed by the grantor have been met (i.e. before incurring qualifying expenditures or performing related services). In subsequent periods, when the City has met all eligibility requirements, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

7. Interfund Transactions

During the normal course of operations, the City has numerous transactions among funds. The significant interfund transactions that occurred during the year can be classified into two types:

Transfers – Transactions to allocate resources or the occurrence of specific expenditures to the receiving fund. These transactions are recorded as transfers in and out in the year in which they are approved.

Loans Between Funds – Transactions to loan resources from one fund to another. Short-term loans are recorded as “due from other funds” in the disbursing fund and “due to other funds” in the receiving fund.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Notes to Basic Financial Statements

In the fund financial statements, governmental-type funds recognize bond premiums and discounts during the period they occur. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. 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 City of Fremont's California Public Employees' Retirement System (CalPERS) plans (the "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.

10. Other Post-Employment Benefits

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City of Fremont's CalPERS California Employers' Retiree Benefit Trust (CERBT) plan and additions to/deductions from the plan's 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.

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or 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/expenditure) until then. For the year ended June 30, 2019, the City is reporting deferred outflows of resources related to pensions and OPEB.

In addition to liabilities, the statement of net position or 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(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the year ended June 30, 2019, the City has two types of items to report in this category: the first, unavailable revenue which arises only under the modified accrual basis of accounting, is reported only in the governmental funds balance sheet; the second, pension and OPEB items, is reported in the government-wide and proprietary funds statement of net position. The unavailable

revenues in the governmental funds will be recognized as an inflow of resources during the period that the amounts become available.

12. Net Position and Fund Balance

In the government-wide financial statements, net position is reported in one of three categories:

Net Investment in Capital Assets – groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance of this category.

Restricted Net Position – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable enabling legislation restriction is one that a party external to a government—such as citizens, public interest groups, or the judiciary—can compel a government to honor.

Unrestricted Net Position – represents net position of the City that are not restricted for any project or purpose.

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2019, fund balances for governmental funds are reported in the following categories:

Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example, inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance or resolution (either action is equally binding as the other), commit fund

Notes to Basic Financial Statements

balances. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally.

Assigned Fund Balance – comprises amounts intended to be used by the City for specific purposes through budgetary actions or delegation of authority by the City Council. Intent is expressed by the City Council or an official to whom the City Council has delegated the authority (generally, the City Manager) to assign amounts to be used for specific purposes.

Unassigned Fund Balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. The amount also includes negative fund balances for other governmental funds.

At June 30, 2019, the City's Intermodal Surface Transportation Efficiency Act (ISTEA) major capital projects fund had a deficit fund balance of \$2,143,824. The Transportation Development Act non-major capital project fund had a deficit fund balance of \$142,113 and the Traffic System Management non-major capital project fund had a deficit fund balance of \$137,289. These deficits are due to the timing of receipt of revenues to fund capital expenditures. The deficits are expected to be funded by future intergovernmental revenues. The Miscellaneous State Support Grant non-major special revenue fund had a deficit fund balance of \$119,987 and the Justice Assistance Grant non-major special revenue fund had a deficit fund balance of \$31,819. These deficits were due to a delay in revenue payments and are expected to be received in fiscal year 2019/20.

13. Use of Restricted/Unrestricted Net Position and Fund Balances

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

With respect to fund balance, the City considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available. Additionally, the City considers committed amounts to have been spent first, assigned amounts to have been spent second, and unassigned amounts to have been spent last when an expenditure is incurred for purposes for which committed, assigned, and unassigned fund balance is available.

14. Minimum Fund Balance Policies

Budget policies adopted by the City Council and incorporated into the annual operating budget require the City to maintain the following four General Fund reserves: the Contingency Reserve, the Program Investment Reserve, the Economic Volatility Reserve, and the Budget Uncertainty Reserve.

Contingency Reserve – helps mitigate the effects of unanticipated situations such as natural disasters and severe, unforeseen events. The Contingency Reserve also serves as back-up liquidity to the Risk Management Fund if the need arises. The Contingency Reserve is funded at a level at least equal to 10% of annual operating expenditures and transfers out. All uses of the

Contingency Reserve must be approved by City Council. Any such uses are to be repaid to the Contingency Reserve over a period of no more than three years. This reserve balance is reported as unassigned fund balance in the General Fund because it does not meet the requirements of a “stabilization arrangement,” as defined in GASB Statement No. 54. At June 30, 2019, the Contingency Reserve was approximately \$20.6 million.

Program Investment Reserve – provides a source of working capital for the following: a) new programs or undertakings that have potential for receiving significant funding from outside sources, and b) organization retooling, process improvement, and strategic entrepreneurial opportunities. The Program Investment Reserve is funded at a level equal to 2.5% of annual operating expenditures and transfers out. All uses of the Program Investment Reserve must be approved by the City Council. Any such uses are to be repaid to the Program Investment Reserve over a period to be determined by the City Council at the time of usage approval, with a target repayment period of no more than three years. This reserve balance is reported as unassigned fund balance in the General Fund because it does not meet the requirements of a “stabilization arrangement,” as defined in GASB Statement No. 54. At June 30, 2019, the Program Investment Reserve was approximately \$5.1 million.

Economic Volatility Reserve – is intended to offset the effects of future economic downturns and unanticipated cost increases beyond the City’s control. The Economic Volatility Reserve is funded at a level equal to 2.5% of annual operating expenditures and transfers out. All uses of the Economic Volatility Reserve must be approved by the City Council. Any such uses are to be repaid to the Economic Volatility Reserve over a period to be determined by the City Council at the time of usage approval, with a target repayment period of no more than three years. This reserve balance is reported as unassigned fund balance in the General Fund because it does not meet the requirements of a “stabilization arrangement,” as defined in GASB Statement No. 54. At June 30, 2019, the Economic Volatility Reserve was approximately \$5.1 million.

Budget Uncertainty Reserve – is intended to offset quantifiable uncertainty in the multi-year forecast. The long-term funding level for this reserve is determined by measuring the level of financial risk associated with the following three areas of uncertainty:

Revenue risks: Revenues falling short of budget projections, causing budget shortfalls.

State budget risks: Possibility of State implemented budget solutions that legislatively reallocate intergovernmental revenues from local jurisdictions to the State (in the absence of guarantees or constitutional protection of these revenues).

Uncontrollable costs: The City requires a source of supplemental funding for things like further increases in the California Public Employees' Retirement System (CalPERS) retirement rates resulting from CalPERS investment performance falling short of actuarial assumptions; and other cost increases beyond City control (e.g., various fuel and utility charges).

All uses of this reserve must be approved by the City Council. If the risk factors described above are eliminated as a result of new revenue sources, legislation, or major changes in economic conditions, the basis for the reserve will be reviewed and the funding level may be adjusted accordingly. In the event the reserve has accumulated funding beyond the established level reasonably required to offset the risks above, excess funds will be assigned for capital projects, budgeted for service enhancement, or returned to the General Fund for other purposes. This reserve is reported as unassigned fund balance in the General Fund because it does not meet the requirements of a "stabilization arrangement," as defined in GASB Statement No. 54. At June 30, 2019, the Budget Uncertainty Reserve was approximately \$3.7 million.

J. Revenues, Expenditures/Expenses

1. Program Revenues

The types of transactions reported as program revenues for the City are reported in three categories: (1) charges for services, (2) operating grants and contributions, and (3) capital grants and contributions. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Allocation of Indirect Expense to Functions in the Government-Wide Statement of Activities

The City charges funds and departments for certain centralized expenses (risk management, information technology, OPEB, and vehicle maintenance and replacement) which include an administrative overhead component. As a result, those indirect expenses are included along with the direct expenses shown for each of the governmental activities in the government-wide statement of activities.

3. Property Tax

Under California law, property taxes are assessed and collected by the counties at a rate of up to 1% of assessed value, plus other increases approved by the voters. Property taxes go into a pool and are then allocated to cities based on complex formulas. Property taxes are collected by the Auditor-Controller of the County of Alameda (County) and are remitted upon collection to the various taxing entities, including the City. Accordingly, the City accrues only those taxes that are received from the County within sixty days after year-end for governmental funds.

For assessment and collection purposes, property is classified as either “secured” or “unsecured” and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State-assessed property and real property having a tax lien that is sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Unsecured property comprises all taxable property not attached to land, such as personal property or business property. Every tax levied by a county that becomes a lien on secured property has priority over all present and future private liens arising pursuant to State law on the secured property, regardless of the time of the creation of the other liens. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on other property owned by the taxpayer.

Valuation of secured property and establishment of a statutory tax lien occur as of January 1 prior to the tax year (the tax year is the July 1 – June 30 fiscal year of the State) of the related tax levy, and the secured and unsecured tax rolls are certified on or before July 31 of the tax year by the County Assessor.

The County assesses property values, levies bills, and collects taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Lien Dates	January 1	January 1
Levy Dates	January 1	January 1
Due Dates	50% on November 1 50% on February 1	July 1
Delinquent after	December 10 (for November) April 10 (for February)	August 31

The City does not have the ability to control the levy rate or the amount of property taxes remitted by the County because these are governed by State law.

4. Operating and Nonoperating Revenues and Expenses in the Proprietary Funds

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

5. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2019, the City Asset Seizure, CUPA Administration, and Justice Assistance Grant non-major special revenue funds had an excess of expenditures over appropriations, which were expected to be covered with existing fund balance.

2. CASH AND INVESTMENTS

The City maintains an internal cash and investment pool for all funds. Certain restricted funds that are held and invested by independent outside custodians through contractual agreements are not pooled, and are reported as cash with fiscal agent. Investment income earned on pooled cash and investments is allocated monthly to the various funds based on average daily cash balances. Investment income from cash and investments with fiscal agent is credited directly to the related funds.

A. Authorized Investments

The City's investment policy is adopted annually by the City Council in accordance with California Government Code Section 53601, and has as its objectives the following (in order of priority):

- **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in the portfolio's composition.
- **Liquidity:** The portfolio shall remain sufficiently liquid to meet all operating requirements that can be reasonably anticipated. Liquidity refers to the ability to sell an investment at any given moment with a minimal chance of losing some portion of principal or interest.
- **Yield:** The portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

Under provisions of the City's investment policy, the City may invest in the following types of investments:

- Bonds and notes issued by the City.
- U.S. Treasury bills, notes, bonds, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- Registered state warrants or treasury notes or bonds issued by the State of California in the third highest rating category or better by a nationally recognized statistical rating organization (NRSRO).
- Registered treasury notes or bonds of any of the other 49 states in addition to California in the third highest rating category or better by a NRSRO.
- Bonds, notes, warrants, or other evidence of debt issued by a local agency within the State of California in the third highest rating category or better by a NRSRO.
- The Local Agency Investment Fund (LAIF) maintained by the State of California.

- Obligations issued by agencies or instrumentalities of the U.S. Government.
- Bankers' acceptances with a term not to exceed 180 days in the highest short-term rating category by a NRSRO.
- Prime commercial paper with a term not to exceed 270 days and the highest rating issued by Moody's Investors Service or Standard & Poor's Corporation on the date of purchase. Eligible paper shall be issued by corporations that are organized and operating within the United States, having total assets in excess of \$500,000,000, rated A-1, and if the issuer has issued long-term debt, it must be rated in the third highest rating category or better by a NRSRO.
- Negotiable certificates of deposit issued by federally chartered or state-chartered banks or associations or by a state-licensed branch of a foreign bank in the third highest rating category or better by at least two NRSROs.
- Repurchase agreements that comply with statutory requirements, are documented by a written agreement, are fully collateralized by delivery to an independent third-party custodian or the counterparty's bank's trust department or safekeeping department, and are for a term of one year or less.
- Medium-term notes issued by corporations organized and operating in the United States and rated in the third highest rating category or better by at least two NRSROs.
- Shares of beneficial interest issued by diversified management companies investing in authorized securities and obligations categorized as money market mutual funds with the highest rating by at least two NRSROs (e.g., money market mutual funds).
- Shares of beneficial interest issued by a joint powers authority organized pursuant to section 6509.7 of the California Government Code that invests in the securities and obligations authorized in subdivisions (a) and (o), inclusive of Section 53601 of the California Government Code.
- Insured or collateralized time deposits or savings accounts secured in accordance with the provisions of Sections 53651 and 53652 of the California Government Code.
- Mortgage pass-through securities, collateralized mortgage obligations, mortgage-backed or other pay-through bonds, equipment lease-backed certificates, consumer receivable pass-through certificates, or consumer receivable-backed bonds rated in the second highest rating category or better by a NRSRO and have a maximum remaining maturity of five years or less.
- Senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, rated in the second highest rating category or better by an NRSRO.

No more than a five-year maximum maturity for each investment is allowed, unless an extension of maturity is granted by the City Council.

Notes to Basic Financial Statements

In accordance with Section 53651 of the California Government Code, the City cannot invest in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, or in any security that could result in zero interest accrual if held to maturity. The limitation does not apply to investments in shares of beneficial interest issued under the Investment Company Act of 1940 that are authorized investments under Section 53601 of the California Government Code. Additionally, pursuant to City Council policy adopted October 9, 2018, the City shall not invest any funds in securities issued by firms whose general business activities are classified as “Energy – Oil, Gas & Coal” according to Bloomberg Industry Classification System.

The City’s investment policy specifies that the provisions of the related bond indentures or resolutions shall govern investments of bond proceeds.

The following is a summary of pooled cash and investments, including cash and investments with fiscal agent, at June 30, 2019:

	Governmental Activities	Fiduciary Funds	Totals
Cash and investments held by the City	\$ 401,076,747	\$ 17,242,935	\$ 418,319,682
Restricted cash and investments held by fiscal agent or City	2,754,323	6,801,966	9,556,289
Total cash and investments	403,831,070	24,044,901	427,875,971
Less: cash and deposits not meeting the definition of investments	(14,784,359)	(33,723)	(14,818,082)
Total investments	<u>\$ 389,046,711</u>	<u>\$ 24,011,178</u>	<u>\$ 413,057,889</u>

B. Risk Disclosures - Deposits

At June 30, 2019, the carrying and bank amounts of the City’s cash and deposits were \$14,818,082 and \$20,155,009, respectively. Of the bank balance, \$278,414 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$19,876,595 was collateralized. The California Government Code and the City’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. 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 governmental unit). The market 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 City’s deposits by pledging first trust deed mortgage notes having a value of 150% of secured public deposits.

C. Risk Disclosures - Investments

In the governmental funds, restricted cash and investments held by the City in the Fire General Obligation Bonds Debt Service Fund are related to general obligation bonds. Restricted cash and investments held by fiscal agent in the Fremont Public Financing

Notes to Basic Financial Statements

Authority Debt Service Fund and in the Capital Improvement Fund are restricted for the payment of principal and interest on lease obligations and capital project expenditures. In the fiduciary funds, restricted cash and investments relate to special tax bonds and the pollution mitigation escrow for the Centerville Unified Site.

Interest Rate Risk. At June 30, 2019, the City did not hold investments that are “highly sensitive to interest rate fluctuations,” as defined by GASB Statement No. 40. As a means of limiting exposure to fair value losses arising from rising interest rates, the City’s investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. The weighted-average maturity of the portfolio was 501 days.

Credit Risk. It is the City’s policy that commercial paper must have a credit rating of A1 by Standard & Poor’s or P-1 by Moody’s Investors Service at time of purchase. Corporate bonds and medium-term notes must have a rating of A or better by at least two nationally recognized statistical rating organizations (NRSROs) at time of purchase. Mutual funds must have the highest rating issued by at least two NRSROs. The Local Agency Investment Fund (LAIF), administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments.

As of June 30, 2019, the City’s investments consisted of the following:

Investment Type	Lowest Rating Category*	Fair Value	Investment Maturities				
			1 Year or Less	1-2 Years	2-3 Years	3-4 Years	4-5 Years
Pooled investments held by the City:							
U.S. Treasuries	AA	\$ 67,004,305	\$ -	\$ 948,319	\$ 17,859,430	\$ 31,038,032	\$ 17,158,524
U.S. Agencies:							
Federal Home Loan Bank (FHLB)	AA	8,335,914	-	-	5,604,278	-	2,731,636
Federal National Mortg. Assn. (FNMA)	AA	7,709,568	-	-	1,730,134	-	5,979,434
Medium-Term Corporate Notes	AAA/Aaa	2,857,800	-	1,999,204	858,596	-	-
Medium-Term Corporate Notes	AA/Aa	10,725,352	-	4,903,327	1,888,815	3,933,210	-
Medium-Term Corporate Notes	A	34,442,995	2,702,690	10,435,920	12,109,424	5,127,703	4,067,258
Medium-Term Corporate Notes	BBB	2,568,034	-	851,593	-	-	1,716,441
Municipal Bonds	AA/Aa	893,737	-	893,737	-	-	-
Asset-Backed Securities	AAA/Aaa	16,962,641	21,174	896,474	5,770,573	9,212,524	1,061,896
Collateralized Mortgage Obligations	AA	2,533,346	2,054	-	882,061	897,902	751,329
Money Market Mutual Funds	AAA	51,663,206	51,663,206	-	-	-	-
Negotiable Certificates of Deposit	A-1/P-1	7,425,693	7,425,693	-	-	-	-
Negotiable Certificates of Deposit	A	3,586,256	-	3,586,256	-	-	-
Negotiable Certificates of Deposit	AA/Aa	6,046,261	-	6,046,261	-	-	-
Supranational Notes	AAA/Aaa	9,929,542	-	9,929,542	-	-	-
LAIF**	Not Rated	65,111,266	65,111,266	-	-	-	-
CAMP**	AAA	108,247,060	108,247,060	-	-	-	-
Total pooled investments held by the City		406,042,977	235,173,143	40,490,633	46,703,311	50,209,372	33,466,517
Investments held by fiscal agent:							
Money market mutual funds**	AAA/Aaa	7,014,913	7,014,913	-	-	-	-
Total investments		\$ 413,057,889	\$ 242,188,056	\$ 40,490,633	\$ 46,703,311	\$ 50,209,372	\$ 33,466,517

* Rating categories are shown for Standard and Poor's (AAA, AA, A, BBB) and Moody's (Aaa, Aa, A) and are shown without modifications (+, -, 1, 2, or 3).

** Weighted average maturity.

Notes to Basic Financial Statements

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City 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, with the exception of the money market mutual funds, time deposits, LAIF, and CAMP, are held by a third-party custodian, Bank of New York Mellon (BNYM). BNYM is a registered member of the Federal Reserve Bank. The securities held by BNYM are in street name, and a customer number assigned to the City identifies ownership.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of an investor's holdings in a single issuer. The City diversifies its portfolio by limiting the percentage of the portfolio that can be invested in any one issuer's name to 5%. Investments in U.S. Treasury securities, Federal Agency securities, mutual funds and investment pools (LAIF, CAMP) are not subject to the City's 5% limit on credit concentration. At June 30, 2019, no investments that are subject to the 5% limit accounted for more than 5% of total pooled investments held by the City.

D. Fair Value Adjustment

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and GASB Statement No. 72, *Fair Value Measurement and Application*, require that the City's investments be carried at fair value instead of cost. Accordingly, the City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end and the effects of these adjustments are included in income for that fiscal year. The total amount of the unrealized fair value gain as of June 30, 2019 was \$2,459,151. At June 30, 2018, the total unrealized fair value loss was \$3,990,539. The change in value between the two periods amounted to an unrealized gain of \$6,449,690 for fiscal year 2018/19.

E. External Investment Pools

Local Agency Investment Fund – The City voluntarily invests in the California Local Agency Investment Fund (LAIF), a State of California external investment pool. LAIF is part of the Pooled Money Investment Account (PMIA). PMIA oversight is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. PMIB members are the State Treasurer, State Director of Finance, and State Controller. The Local Investment Advisory Board (LIAB) provides oversight for LAIF. The Board consists of five members as designated by statute. The Chairman is the State Treasurer or his designated representative. Two members are qualified by training and experience in the field of investment or finance, and the State Treasurer appoints two members who are treasurers, finance or fiscal officers, or business managers employed by any county, city or local district or municipal corporation of the state.

The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the City's pool share. The City measures the value of its LAIF investment by multiplying its account balance by the ratio of the portfolio fair value to amortized cost (a factor of 1.00171179). The balance available for withdrawal is based on the accounting records maintained by the State, which are recorded on an amortized cost

basis. As of June 30, 2019, the City had \$65,000,000 invested in LAIF, and the fair value of the City's investment in LAIF was \$65,111,266.

At June 30, 2019, PMIA had a total portfolio of approximately \$105.7 billion and of that amount, 98.23% was invested in non-derivative financial products and 1.77% was invested in structured notes and asset-backed securities. These investments include the following:

- Structured notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.
- Asset-backed securities entitle the purchasers to receive a share of the cash flows from a pool of assets, such as principal and interest repayments from a pool of mortgages (e.g., CMOs), small business loans, or credit card receivables.

California Asset Management Program – The City voluntarily invests in the California Asset Management Program (CAMP), a California Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under California Government Code Section 53601(p). CAMP is directed by a Board of Trustees, which is made up of experienced local government finance directors and treasurers.

CAMP determines fair value on its investment portfolio based on amortized cost. The City measures the value of its CAMP investment at the fair value amount provided by CAMP. As of June 30, 2019, the fair value of the City's investment in CAMP was \$108,247,060.

At June 30, 2019, CAMP had a total portfolio of approximately \$5.4 billion of which all was invested in non-derivative financial products.

F. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City does not measure any of its investments using level 3 inputs.

Notes to Basic Financial Statements

The following is a summary of the fair value and net asset value measurements of the City as of June 30, 2019:

Investments	Balance at 6/30/2019	Fair Value Measurements Using	
		Level 1 Inputs	Level 2 Inputs
Investments by fair value level:			
U.S. Treasuries	\$ 67,004,305	\$ 67,004,305	\$ -
U.S. Agencies	16,045,482	-	16,045,482
Medium-Term Corporate Notes	50,594,181	-	50,594,181
Municipal Bonds	893,737	-	893,737
Asset-Backed Securities	16,962,641	-	16,962,641
Collateralized Mortgage Obligations	2,533,346	-	2,533,346
Negotiable Certificates of Deposit	17,058,210	-	17,058,210
Supranational Notes	9,929,542	-	9,929,542
Total investments by fair value level	181,021,443	\$ 67,004,305	\$ 114,017,138
Investments measured at the net asset value (NAV):			
LAIF	65,111,266		
CAMP	108,247,060		
Money Market Mutual Funds	58,678,119		
Total investments measured at the NAV	232,036,446		
Total investments measured at fair value	\$ 413,057,889		

U.S. Treasury securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using prices determined by the use of matrix pricing techniques maintained by the pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

3. HOUSING LOANS RECEIVABLE

The City purchased ten rehabilitation loans from the former Successor Agency to the Redevelopment Agency of the City of Fremont (SARA) on June 30, 2013 for the discounted net present value of \$364,442. The SARA assigned to the City all the SARA's rights, title, and interest in and to the loan documents, including, without limitation, the rights to receive and enforce payment of the loan repayments. The balance due on these loans at June 30, 2019 is \$123,398 in the General Fund. The City has recorded an allowance in anticipation of the amount to be forgiven for these loans in the amount of \$98,448, resulting in a receivable balance of \$24,950. Because these loans do not meet the City's availability criteria for revenue recognition, the City has deferred the inflow of resources in the governmental funds financial statements.

At June 30, 2019, the City was owed \$1,001,287 in its Human Services special revenue fund for various housing assistance loans to homeowners made by the City. The terms of repayment are for 20 years at 5% interest per annum. Because the notes do not meet the City's availability criteria for revenue recognition, the City has deferred the inflow of resources in the governmental funds financial statements.

The City has issued various other housing loans that are expected to be forgiven in future years. As a result, the City has recorded an allowance in anticipation of the amount to be forgiven for loans receivable in the same amount as the outstanding principal on those loans, resulting in a zero balance in the basic financial statements. Accrued interest on the loans is recorded as interest receivable with an offsetting allowance for uncollectible amounts in anticipation of the amount to be forgiven together with the loan principal. The cumulative principal amount of these housing loans receivable as of June 30, 2019 is \$122,163,283, and the accumulated interest receivable is \$25,814,349.

4. CAPITAL ASSETS

Capital assets activities of the governmental activities of the primary government for the year ended June 30, 2019, consist of the following:

	Balance 7/1/2018	Increase	Decrease	Transfers	Balance 6/30/2019
Nondepreciable Assets:					
Land	\$ 220,008,327	\$ -	\$ -	\$ -	\$ 220,008,327
Land improvements	5,448,471	-	-	-	5,448,471
Infrastructure	492,638,653	189,654	-	-	492,828,307
Construction in progress	15,646,518	93,838	-	-	15,740,356
Total nondepreciable assets	<u>733,741,969</u>	<u>283,492</u>	<u>-</u>	<u>-</u>	<u>734,025,461</u>
Depreciable Assets:					
Building and improvements	219,012,494	1,548,850	-	-	220,561,344
Equipment	24,999,319	2,929,877	(2,740,481)	-	25,188,715
Vehicles	37,393,482	5,462,902	(2,495,529)	-	40,360,855
Infrastructure	329,026,342	9,100,000	-	-	338,126,342
Total depreciable assets	<u>610,431,637</u>	<u>19,041,629</u>	<u>(5,236,009)</u>	<u>-</u>	<u>624,237,257</u>
Less Accumulated Depreciation For:					
Building and improvements	(77,539,913)	(4,121,372)	-	-	(81,661,285)
Equipment	(16,629,865)	(839,384)	2,126,508	-	(15,342,741)
Vehicles	(20,486,858)	(2,225,020)	2,180,472	-	(20,531,406)
Infrastructure	(316,674,109)	(785,846)	-	-	(317,459,955)
Total accumulated depreciation	<u>(431,330,745)</u>	<u>(7,971,622)</u>	<u>4,306,980</u>	<u>-</u>	<u>(434,995,387)</u>
Total depreciable assets, net	<u>179,100,892</u>	<u>11,070,007</u>	<u>(929,029)</u>	<u>-</u>	<u>189,241,870</u>
Total capital assets, net	\$ 912,842,861	\$ 11,353,499	\$ (929,029)	\$ -	\$ 923,267,330

Notes to Basic Financial Statements

Depreciation expense was charged to functions and programs of the primary government, as follows:

Governmental Activities:	
General government	\$ 329,807
Police services	551,640
Fire services	2,283,516
Human services	63,575
Capital assets maintenance and operations	2,605,815
Recreation services	335,482
Community development and environmental services	104,420
Amount reported in the internal service funds	<u>1,697,367</u>
Total depreciation expense, governmental activities	<u>\$ 7,971,622</u>

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the Government-Wide Statement of Net Position. The City elected to use the modified approach, as defined by GASB Statement No. 34, for infrastructure reporting for its roads and street network. As a result, no accumulated depreciation expense has been recorded for this system. A more detailed discussion of the modified approach is presented in the Required Supplementary Information section of this report. All other capital assets, including other infrastructure systems, are reported using the basic approach whereby accumulated depreciation and depreciation expense have been recorded.

5. LONG-TERM OBLIGATIONS

A summary of changes in governmental activities long-term debt for the year ended June 30, 2019, is as follows:

	Interest Rates	Amounts Outstanding June 30, 2018	Incurred or Issued	Satisfied or Matured and Net Decreases	Amounts Outstanding June 30, 2019	Amounts Due Within One Year	Amounts Due in More than One Year
General Obligation Bonds							
2012 Fire Safety Bonds Maturity - 08/01/2032	3.00-3.25%	\$ 6,440,000	\$ -	\$ (345,000)	\$ 6,095,000	\$ 355,000	\$ 5,740,000
2013 Fire Safety Bonds Maturity - 08/01/2034	4.00-4.50%	19,030,000	-	(820,000)	18,210,000	850,000	17,360,000
2017 Fire Safety Bonds Maturity - 08/01/2038	3.00-5.00%	12,215,000	-	(370,000)	11,845,000	380,000	11,465,000
Total General Obligation Bonds		37,685,000	-	(1,535,000)	36,150,000	1,585,000	34,565,000
General Fund Lease/Loan Obligations							
Publicly-Offered							
2012A Certificates of Participation Maturity - 08/01/2025	3.00-4.00%	8,040,000	-	(885,000)	7,155,000	920,000	6,235,000
2017B Lease Revenue Bonds Maturity - 10/01/2038	3.00-5.00%	19,725,000	-	(565,000)	19,160,000	595,000	18,565,000
Direct Placement/Borrowing							
2016 Energy Efficiency Financing Maturity - 02/01/2027	2.01%	7,269,692	-	(744,649)	6,525,043	759,692	5,765,351
2017A Lease Revenue Bonds Maturity - 08/01/2038	Variable	81,565,000	-	(3,750,000)	77,815,000	3,850,000	73,965,000
2017 PG&E On-Bill Financing Program Maturity - 06/01/2021	0.00%	818,182	-	(272,727)	545,455	272,727	272,728
Total General Fund Lease/Loan Obligations		117,417,874	-	(6,217,376)	111,200,498	6,397,419	104,803,079
Total long-term debt		155,102,874	-	(7,752,376)	147,350,498	7,982,419	139,368,079
Unamortized long-term bond premium		4,553,833	-	(286,086)	4,267,747	286,086	3,981,661
Total long-term debt with unamortized bond premium		\$ 159,656,707	\$ -	\$ (8,038,462)	\$ 151,618,245	\$ 8,268,505	\$ 143,349,740

Amounts of long-term debt payable in the government-wide financial statements are generally payable from amounts available in the General Fund and related debt service funds, and from annual property tax and certain other revenues collected for the purpose of retiring the respective debt obligations.

Notes to Basic Financial Statements

The annual principal and interest requirements of long-term debt are as follows:

Year Ending June 30	General Obligation Bonds		General Fund Lease Obligations/Loans			
	Principal	Interest	(Publicly-Offered)		(Direct Placement/Borrowing)	
	Principal	Interest	Principal	Interest	Principal	Interest *
2020	\$ 1,585,000	\$ 1,405,313	\$ 1,515,000	\$ 1,011,400	\$ 4,882,419	\$ 1,927,466
2021	1,650,000	1,338,100	1,570,000	951,744	5,017,765	1,819,374
2022	1,710,000	1,266,013	1,640,000	885,888	4,885,695	1,708,067
2023	1,780,000	1,193,463	1,710,000	813,338	5,016,668	1,593,596
2024	1,840,000	1,120,588	1,785,000	736,313	5,162,963	1,475,898
2025 - 2029	10,295,000	4,408,819	6,480,000	2,618,663	25,974,988	5,519,415
2030 - 2034	11,885,000	2,093,438	5,350,000	1,426,313	17,555,000	2,870,417
2035 - 2039	5,405,000	333,894	6,265,000	506,294	16,390,000	1,000,628
Total	\$ 36,150,000	\$ 13,159,625	\$ 26,315,000	\$ 8,949,950	\$ 84,885,498	\$ 17,914,861

* Variable-rate interest requirements for the 2017A Public Financing Authority Lease Revenue Bonds are estimated using the interest rate in effect as of June 30, 2019, 2.372%.

Lease payments for the following City assets constitute the principal and interest payments for the related lease obligations:

2012A Certificates of Participation

Animal Shelter

Police Detention and Property Evidence Storage Facility

2016 Energy Efficiency Financing

City Streetlights

2017A Lease Revenue Bonds

Police Facility

Main Library

Fire Stations 2, 3, 6, 8, and 9

Fire Department Tactical Training Facility

Family Resource Center

2017B Lease Revenue Bonds

Fire Stations 1, 4, 10, and 11

A. Direct Borrowings and Direct Placements of Debt

2016 Energy Efficiency Financing

The Lease and Sublease agreement for streetlights contains a provision that adds 4% to the interest rate in effect on any payments remaining unpaid after their due date.

2017 PG&E On-Bill Financing

The Financing Loan Agreement contains a provision that the entire outstanding loan balance will become immediately due and payable if: (i) the account is closed or terminated for any reason; (ii) City defaults under the Agreement; (iii) City sells or transfers ownership of the financed equipment to any third party (including as part of a sale or a lease of premises or transfer of business or otherwise); or (iv) City becomes insolvent.

2017A Lease Revenue Bonds

The Continuing Covenant Agreement includes as an event of default “a change [that] occurs in the financial or operating conditions of the City, that, *in the reasonable judgment of the bond purchaser*, will have a materially adverse impact on the ability of the City to pay the lease payments and its obligations under this agreement or the other related documents to which the City is a party, and the City fails to cure such condition within thirty (30) days after receipt by the City of written notice thereof from the Purchaser.”

The Continuing Covenant Agreement provides that, in the event of default, the bond purchaser may declare the outstanding principal to be immediately due and payable, and that 3% will be added to the interest rate in effect on any payments due after an event of default.

Additionally, the Indenture of Trust contains a provision that, in the event of bankruptcy or other event of default, the bond trustee shall (bankruptcy) or may (other default) declare the principal of the bonds and any accrued interest immediately due and payable.

B. Pledged Revenues for Bonds

The City, through the Fremont Public Financing Authority, has issued certificates of participation (COPs) and lease revenue bonds, and entered into a direct placement energy efficiency lease financing to finance and refinance City facilities and equipment. All of these financings are secured by a pledge of lease revenues payable by the City, pursuant to the Lease Agreements between the City and the Financing Authority (COPs and lease revenue bonds) and the City and Pinnacle Public Finance, Inc. (energy efficiency lease financing).

The City has covenanted that as long as the leased properties are available for its use, the City will take such action as may be necessary to include all lease payments in its annual budgets and to make the necessary annual appropriations. Total debt service requirements remaining on the COPs, lease revenue bonds, and lease financing are \$138,065,309, payable through October 1, 2038. For the year ended June 30, 2019, the total lease payments made

Notes to Basic Financial Statements

by the City and total debt service payments paid by the Financing Authority and the City totaled \$8,861,535.

At the City's municipal general election held on November 5, 2002, voters approved Measure R authorizing the issuance of Fire Safety Project General Obligation Bonds in the not-to-exceed amount of \$51,000,000 and an override property tax to pay debt service on the bonds. Measure R specified that the Fire Safety Project General Obligation Bonds proceeds be used to replace three older fire stations with new modern stations, to construct public safety training facilities, and to remodel and to upgrade seven existing fire stations to meet current earthquake standards. Three bond series totaling \$51,000,000 were issued to fund the authorized capital projects. Subsequently, each of those three series has been refinanced with the issuance of three series of refunding bonds.

The City's General Obligation bonds are payable from pledged ad valorem property taxes until August 1, 2038, the final maturity date of the bonds. The total principal and interest remaining on these bonds is \$49,309,625. For the fiscal year ended June 30, 2019, the City collected \$2,697,905 in ad valorem property taxes and made total debt service payments in the amount of \$3,002,963.

C. Community Facilities District Special Tax Bonds (No City Commitment)

Pacific Commons Community Facilities District No. 1 (CFD No. 1) was formed by the City Council in 1996 pursuant to the Mello-Roos Community Facilities Act of 1982 for the construction of infrastructure improvements to be acquired and maintained by the City of Fremont within CFD No. 1. CFD No. 1 is a business park with commercial and industrial facilities.

On June 12, 2001, the City Council approved the issuance of \$30,000,000 of Community Facilities District No. 1, Special Tax, Series 2001 (Pacific Commons) bonds (the Series 2001 Bonds). These bonds were issued on June 27, 2001. The proceeds of the Series 2001 Bonds were utilized to finance the acquisition of specified public capital improvements for the development of CFD No. 1.

On June 26, 2005, the City Council approved the issuance of \$38,000,000 of Community Facilities District No. 1, Special Tax, Series B (Pacific Commons) bonds (the Series 2005 Bonds). These bonds were issued on July 21, 2005. The net proceeds of the Series 2005 Bonds were used to reimburse the developers for the costs of specified public improvements conveyed to public agencies in conjunction with the development of Pacific Commons.

On August 25, 2015, the City issued \$79,700,000 of Community Facilities District No. 1 (Pacific Commons) Special Tax Bonds, Series 2015 (the Series 2015 Bonds). A portion of the Series 2015 Bonds was issued to fully refund the Series 2001 Bonds and the Series 2005 Bonds. Additionally, a portion of the Series 2015 Bonds was issued to reimburse the developer for the cost of certain public facilities and improvements previously completed and accepted by the City.

The property owners are obligated to pay the interest and principal on the Series 2015 Bonds through an annual levy pursuant to the Rate and Method of Apportionment approved by the

City Council and the qualified electors of CFD No. 1. The Series 2015 Bonds are not a general debt liability of the City and are solely payable from the annual facilities special tax levy and the reserve fund. As of June 30, 2019, the Series 2015 Bond indebtedness was \$78,545,000.

D. Compensated Absences

The City records a liability to recognize the financial effect of unused vacation and other compensated leaves. During FY 2018/19, employees earned \$8,333,912 of compensated absences and used \$8,128,465. As of June 30, 2019, the total liability for vacation and other compensated leaves is \$10,514,645. Of that balance, \$2,628,661 is expected to be used within one year, with the remaining \$7,885,984 to be used in subsequent years. The City typically uses the General Fund to liquidate the majority of its compensated absences.

6. POLLUTION REMEDIATION OBLIGATIONS

The properties for which the City bears pollution remediation responsibilities are described in the following paragraphs. At June 30, 2019, the City estimated that \$852,000 or 62% of the total obligation of \$1,373,571 is due and payable (due within one year) with the remaining portion due in more than one year.

A. Police Firing Range

In November 2010, the City entered into a ten year Amendment to a Lease Agreement with the Alameda County Water District (ACWD) for the use of a portion of its property as an outdoor police firing range. ACWD plans to use the land for other purposes when the City lease expires at the end of 2020. Under the terms of the Amendment, the City is obligated to remove the lead contamination from the ACWD property at the termination of the lease. The Amendment also provides for a reassessment of the remediation costs every two years, and if the reassessment exceeds the current estimate by 10% the City is to increase the amount of funds held in the Capital Improvement Program (CIP) to cover the costs. The estimated remaining obligation was \$521,571 at June 30, 2019.

B. Former Union Pacific Railroad Corridor

Under an Operations and Maintenance Plan (the “Plan”), the City is responsible for annual monitoring of the former Union Pacific Railroad (UPRR) corridor located between Paseo Padre Parkway and Washington Boulevard. Under the Plan, the City monitors to ensure the encapsulated contamination has not been exposed and remediates any damage to the cap before any exposure could occur. Except for the staff time required for the annual monitoring, no significant pollution remediation obligation is expected as of June 30, 2019.

C. Centerville Unified Site

The City is currently in the process of completing environmental remediation work for the approximately 6-acre site known as the “Centerville Unified Site” with the principal address

Notes to Basic Financial Statements

of 37070 Fremont Boulevard (“property”) that was previously owned by the former Redevelopment Agency (“RDA”) of the City. As a result of a former dry cleaning operation and automobile-related uses on the property, the former RDA retained an environmental consultant, TRC Solutions, Inc., to prepare environmental remediation work plans to: 1) remove an old utility corridor, remnant foundation, and surface oil spill; and 2) remediate subsurface chlorinated solvents—perchloroethylene (“PCE”) in the form of soil vapors—discovered at the property and a neighboring property to the northwest, 37000 Fremont Boulevard (presently Carl’s Jr.), by active remediation with implementation of a soil-vapor extraction (“SVE”) system. The first phase of the work (removal of the old utility corridor, remnant foundation, and surface oil spill) was completed in October 2014. The second phase of the work (installing the Full Scale SVE system) was completed in October 2016. The last phase of remediation work (removal of subsurface chlorinated solvents and site closure) started in October 2016. \$348,000 of the remaining obligation was spent in FY 2018/19. The estimated remaining obligation is \$852,000 as of June 30, 2019.

7. RISK MANAGEMENT

The City is exposed to various risks related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

A. Risk Management Program

The City established the Risk Management Internal Service Fund to account for and finance its uninsured risks of loss. Under the City’s risk management program, the City retains risk for up to \$500,000 for each workers’ compensation claim, up to \$500,000 and in excess of \$40,000,000 for each general liability claim, and up to \$100,000 for each property claim. The liability for general liability claims and workers’ compensation claims in excess of \$500,000 is discussed below.

The City records estimated liabilities for claims filed or expected to be filed up to the amounts for which it retains risk in the Risk Management Internal Service Fund. Charges to the General Fund and other funds are based on a percentage of payroll costs for general liability and a three-year moving average cost of claims for workers’ compensation. They are recorded in the funds as expenditures or expenses and revenues of the Risk Management Internal Service Fund.

The City retained an independent actuary in 2019 to perform an analysis of the City’s potential liability for its retained risk portions of the general liability and workers’ compensation programs. The amount recorded as a liability consists of the specific reserves (self-insured retention) for individual known claims or lawsuits and estimates for incurred but not reported claims. The present value of estimated outstanding losses is calculated using a 3.25% discount rate to reflect anticipated future investment earnings.

Changes in the balances of claim liabilities (shown as claims payable in the accompanying basic financial statements) during the past two fiscal years ended June 30, 2018 and 2019, are as follows:

Notes to Basic Financial Statements

	2018	2019
Balance, beginning of year	\$ 18,106,000	\$ 16,954,000
Provision for claims losses	2,764,594	2,382,084
Claims payments	(3,916,594)	(3,506,084)
Balance, end of year	\$ 16,954,000	\$ 15,830,000
Due in one year	\$ 4,702,000	\$ 4,737,000
Due in more than one year	12,252,000	11,093,000
Total claim liabilities	\$ 16,954,000	\$ 15,830,000

B. Participation in Public Entity Risk Pools

In February 1986, the City joined with other municipalities and regional municipal joint powers authorities to form the California Joint Powers Risk Management Authority (CJPRMA), a public entity risk pool currently operating as a general liability risk management and insurance program for 21 member entities. The purpose of the CJPRMA is to spread the adverse effects of losses among the member agencies. General liability claims in excess of \$500,000 and up to \$40,000,000 per occurrence are covered by the CJPRMA. Five years after settlement of all claims for a program year, CJPRMA retroactively adjusts premium deposits for any excess or deficiency in deposits related to paid claims and reserves.

Summary financial information for CJPRMA for the year ended June 30, 2018 (latest available date), is as follows:

Current assets	\$ 61,587,295
Noncurrent assets	3,295,166
Total assets	64,882,461
Deferred outflows of resources	324,600
Total assets and deferred outflows	\$ 65,207,061
Total liabilities	\$ 43,092,512
Deferred inflows of resources	61,984
Net position	22,052,565
Total liabilities, deferred inflows, and net position	\$ 65,207,061
Operating revenues	\$ 15,416,850
Loss provisions and claims and premiums paid	(27,503,089)
General and administrative expenses	(1,779,743)
Net operating loss	(13,865,982)
Net investment and (losses)	(145,954)
Net income before refunds to members	(14,011,936)
Refunds to members	-
Change in net position	\$ (14,011,936)

Notes to Basic Financial Statements

The CJPRMA refunds excess premium deposits to members from time to time, based on the results of actuarial studies of each program year's claims experience. These refunds include cumulative earnings on program year contributions, but may be reduced by amounts required to fund prior or subsequent year unfavorable claims experience.

The CJPRMA governing board consists of a representative from each member entity. All members have a single vote for policy and charter changes. An executive committee of seven is elected to handle administration. Complete financial statements for the CJPRMA can be obtained from CJPRMA, 3201 Doolan Road, Suite 285, Livermore, CA 94551.

In June 2006, the City joined the CSAC Excess Insurance Authority (CSAC EIA). CSAC EIA membership includes 55 California counties and 287 public entities (cities, school districts, special districts and other JPAs). Workers' compensation claims in excess of \$500,000 are covered by CSAC EIA through reinsurance up to a limit of \$250,000,000.

Summary financial information for CSAC EIA for the year ended June 30, 2018 (latest available date), is as follows:

Current assets	\$ 176,669,754
Noncurrent assets	657,644,997
Total assets	834,314,751
Deferred outflows of resources	1,718,920
Total assets and deferred outflows	\$ 836,033,671
Total liabilities	\$ 712,318,785
Deferred inflows of resources	1,144,292
Net position	122,570,594
Total liabilities, deferred inflows, and net position	\$ 836,033,671
Operating revenues	\$ 888,364,980
Loss provisions and claims and premiums paid	(874,834,376)
General and administrative expenses	(30,352,334)
Net operating income	(16,821,730)
Net investment and other income	6,148,927
Net income before refunds to members	(10,672,803)
Refunds to members	(1,082,497)
Change in net position	\$ (11,755,300)

Complete financial statements for CSAC EIA can be obtained from CSAC Excess Insurance Authority, 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

8. INTERFUND TRANSACTIONS

A. Interfund Receivables and Payables

Interfund receivables and payables represent short-term loans owed by the ACTC, MTC, Measures B, BB, and F Grants, Streets, Bike and Pedestrian Fund, the Intermodal Surface Transportation Efficiency Act (ISTEA) Fund, the Human Services Fund, and non-major governmental funds to the General Fund for purposes of covering short-term negative cash positions. These interfund transactions are routine year-end adjustments. At June 30, 2019, the General Fund was due \$4,909,764 from the ACTC, MTC, Measures B, BB, and F Grants, Streets, Bike and Pedestrian Fund, \$1,833,268 from the ISTEA Fund, \$1,042,460 from the Human Services Fund, \$165,754 from the Capital Improvement Fund, and \$1,179,567 from the non-major governmental funds.

B. Interfund Transfers

The General Fund transfers resources to other funds to support activities that cannot be supported through fees, grants, or charges for service. These activities include capital projects, debt service, and certain cost center operations. There are also a variety of similar transfers between and among other funds and the General Fund.

Interfund transfers for the year ended June 30, 2019, were as follows:

		<u>Transfers Out</u>						<u>Total</u>
		General Fund	Development Impact Fees	Development Cost Center	Recreation Services	Human Services	Non-Major Governmental Funds	
<u>Transfers In</u>	General Fund	\$ -	\$ 1,000,000	\$ 2,687,096	\$ 1,412,462	\$ 680,923	\$ 475,474	\$ 6,255,955
	Development Cost Center	2,765,976	-	-	-	-	150,000	2,915,976
	Recreation Services	2,489,995	-	-	-	-	-	2,489,995
	Capital Improvement	19,950,000	-	250,000	-	-	-	20,200,000
	Human Services	1,242,918	-	-	-	-	13,738	1,256,656
	Non-Major Funds	1,505,000	-	-	-	-	-	1,505,000
Total	\$ 27,953,889	\$ 1,000,000	\$ 2,937,096	\$ 1,412,462	\$ 680,923	\$ 639,212	\$ 34,623,582	

9. RETIREMENT BENEFITS

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City’s separate City of Fremont Safety (police and fire) and City of Fremont 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.

Benefits Provided – All regular City employees classified as full-time, as well as part-time regular employees and temporary City workers who work 1,000 or more hours per year, are required to participate in CalPERS. The City’s pension plans provide retirement and disability benefits, annual cost-of-living adjustments (COLA), and death benefits to plan members and beneficiaries through CalPERS. Benefits are based on years of credited service, equal to one year of full time employment, and vest after five years of service. These benefit provisions and all other requirements are established by State statute and City ordinance.

City employees are entitled to an annual retirement benefit, payable monthly for life, the amount of which is based on a formula which varies depending on the employee’s retirement plan, date of hire, and participation in a public retirement plan prior to City employment. As of December 31, 2012, the City had established two tiers of retirement benefits: a “Tier 1” benefit applicable to employees hired prior to April 8, 2012; and a “Tier 2” benefit applicable to employees hired on or after April 8, 2012. On January 1, 2013, the Public Employees’ Pension Reform Act of 2013 (PEPRA) took effect. PEPRA distinguishes between so-called "classic" employees, who were in a public retirement plan (not necessarily CalPERS) prior to January 1, 2013, and "new" employees, who first became a member of a public retirement plan on or after January 1, 2013. Classic employees hired by the City on or after April 8, 2012, are eligible for the City’s Tier 2 benefit, while new employees are eligible for the retirement benefits established by PEPRA.

A summary of the City’s benefit formulas is provided below:

	Tier 1		Tier 2		PEPRA	
	Safety	Misc	Safety	Misc	Safety	Misc
Retirement Age	50	55	55	60	57	62
Benefit Formula	3.0%	2.5%	3.0%	2.0%	2.7%	2.0%
Average Final Compensation Period	12 months	12 months	36 months	36 months	36 months	36 months
Maximum % of Final Compensation	90%	No Max	90%	No Max	90%	No Max
COLA	2.0%	3.0%	2.0%	2.0%	2.0%	2.0%

Covered Employees – At June 30, 2018, the most recent information available, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	815	520
Inactive employees entitled to but not yet receiving benefits	535	98
Active employees	587	312
Total	<u>1,937</u>	<u>930</u>

Contribution Requirements – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both City plans are determined annually on an actuarial basis as of June 30 by CalPERS.

The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year (the normal cost), billed as a percentage of projected payroll, with an additional amount to finance any unfunded accrued liability, billed as a specified dollar amount. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The required Miscellaneous Plan employer contribution rate for fiscal year 2017/18 was 9.658% of covered payroll for the normal cost plus \$9,053,565 for the unfunded liability, resulting in \$13,914,442 being recognized by CalPERS as employer contributions. The required Safety Plan employer contribution rate was 17.095% of covered payroll for the normal cost plus \$13,157,986 for the unfunded liability. The required Safety Plan contributions, plus an additional voluntary contribution of \$2,200,000, resulted in \$21,715,821 being recognized by CalPERS as employer contributions.

Pension Plan Financial Reports – The City’s pension plans do not issue stand-alone financial reports; however, CalPERS issues a variety of reports and publications, including its audited financial statements, which are available at the following link:
<https://www.calpers.ca.gov>.

B. Net Pension Liability

The City’s net pension liability for each plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The total pension liability of each of the plans is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, based on the actuarial methods and assumptions described below.

Notes to Basic Financial Statements

Assumptions and Other Inputs – A summary of significant assumptions and other inputs used to measure the total pension liability is shown below.

Assumptions and Other Inputs Used to Measure the Total Pension Liability

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15% net of pension plan investment expenses, includes inflation
Inflation	2.50%
Salary Increases	Varies by entry age and service
Mortality Rate Table	The mortality rate table was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details of this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.
Post-Retirement Benefit Increase	Contract COLA up to 2.0% until purchasing power protection allowance floor on purchasing power applies, 2.50% thereafter.

Change in Assumptions – Demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. The inflation rate was reduced from 2.75 percent to 2.50 percent for the June 30, 2017 actuarial valuations.

Discount Rate – The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-Term Expected Rate of Return – 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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded 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 adjusted to account for assumed administrative expenses.

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

Asset Class	Assumed Asset Allocation	Real Return Years 1–10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92%)
Total	100.0%		

(a) An expected inflation rate of 2.00% used for this period.

(b) An expected inflation rate of 2.92% used for this period.

Fiduciary Net Position – The City’s pension plans do not issue stand-alone financial reports, so information about the elements of the pension plans’ basic financial statements is not directly available. However, the City’s plans constitute a portion of the CalPERS PERF A Pension Trust Fund, for which a Statement of Fiduciary Net Position – Fiduciary Funds is included in the CalPERS Comprehensive Annual Financial Report located at the following link: <https://www.calpers.ca.gov/docs/forms-publications/cafr-2018.pdf>. The accompanying Notes to the Basic Financial Statements disclose information related to the basis of accounting, including the policies with respect to benefit payments and the valuation of pension plan investments.

Notes to Basic Financial Statements

C. Changes in the Net Pension Liability

A schedule of changes in the Net Pension Liability for the measurement period ended June 30, 2018, is presented below for each City pension plan.

<i>Miscellaneous Plan:</i>	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
Balance as of June 30, 2017	\$495,831,404	\$351,297,984	\$144,533,420
Changes during the year			
Service cost	9,366,703	-	9,366,703
Interest on the total pension liability	34,074,717	-	34,074,717
Changes of assumptions	(14,946,900)	-	(14,946,900)
Differences between expected and actual experience	2,348,203	-	2,348,203
Net plan to plan resource movement	-	(870)	870
Contributions from the employer	-	13,914,442	(13,914,442)
Contributions from employees	-	4,065,575	(4,065,575)
Pension plan net investment income	-	29,800,673	(29,800,673)
Benefit payments, including refunds of employee contributions	(22,693,197)	(22,693,197)	-
Administrative expense	-	(547,419)	547,419
Other income/(expense) ¹	-	(1,039,558)	1,039,558
Net changes	8,149,526	23,499,646	(15,350,120)
Balance as of June 30, 2018	\$503,980,930	\$374,797,630	\$129,183,300
 <i>Safety Plan:</i>			
	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
Balance as of June 30, 2017	\$658,821,868	\$425,532,764	\$233,289,104
Changes during the year			
Service cost	11,652,686	-	11,652,686
Interest on the total pension liability	46,711,253	-	46,711,253
Changes of assumptions	(2,848,136)	-	(2,848,136)
Differences between expected and actual experience	9,576,106	-	9,576,106
Net plan to plan resource movement	-	(1,050)	1,050
Contributions from the employer	-	21,715,821	(21,715,821)
Contributions from employees	-	5,295,358	(5,295,358)
Pension plan net investment income	-	35,962,343	(35,962,343)
Benefit payments, including refunds of employee contributions	(36,143,908)	(36,143,908)	-
Administrative expense	-	(663,097)	663,097
Other income/(expense) ¹	-	(1,259,233)	1,259,233
Net changes	28,948,001	24,906,234	4,041,767
Balance as of June 30, 2018	\$687,769,869	\$450,438,998	\$237,330,871

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Notes to Basic Financial Statements

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following table presents the net pension liability of the City for each plan, calculated using the current discount rate for each plan, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher.

	<u>Miscellaneous</u>	<u>Safety</u>
Discount rate 1% lower	6.15%	6.15%
Net Pension Liability	\$196,162,622	\$324,541,642
Current discount rate	7.15%	7.15%
 Net Pension Liability	\$129,183,300	\$237,330,871
Discount rate 1% higher	8.15%	8.15%
Net Pension Liability	\$73,800,185	\$164,984,379

Pension Expense – For the year ended June 30, 2019 (measurement period ending June 30, 2018), the City recognized pension expense of \$17,398,371 for the Miscellaneous Plan and \$33,001,525 for the Safety Plan; a total expense of \$50,399,896.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous</u>		<u>Safety</u>		<u>Total</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$15,933,143	\$ -	\$23,426,832	\$ -	\$39,359,975	\$ -
Changes of assumptions	8,687,268	(9,964,600)	18,087,396	(2,170,008)	26,774,664	(12,134,608)
Differences between expected and actual experience	1,565,469	(2,289,787)	8,693,624	(1,014,173)	10,259,093	(3,303,960)
Net difference between projected and actual earnings on pension plan investments	645,069	-	1,231,017	-	1,876,086	-
Total	\$26,830,949	\$(12,254,387)	\$51,438,869	\$(3,184,181)	\$78,269,818	\$(15,438,568)

Notes to Basic Financial Statements

\$39,359,975 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	Miscellaneous	Safety	Total
2020	\$ 6,524,290	\$ 16,643,586	\$ 23,167,876
2021	(3,275,792)	10,988,244	7,712,452
2022	(3,603,751)	(1,932,799)	(5,536,550)
2023	(1,001,328)	(871,175)	(1,872,503)
Total	\$ (1,356,581)	\$ 24,827,856	\$ 23,471,275

10. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan Description – The City has established a retiree healthcare plan (the OPEB plan), and participates in an agent multiple-employer defined benefit plan, administered through the California Employers’ Retiree Benefit Trust (CERBT) by CalPERS, which acts as a common investment and administrative agent for its participating member employers. Employees who retire directly from the City under CalPERS at the minimum age of 50 with at least 5 years of CalPERS service or disability are eligible to participate in the OPEB plan. CalPERS issues a publicly available financial report, which includes information about the CERBT, that can be obtained at <https://www.calpers.ca.gov/docs/forms-publications/cafr-2018.pdf>.

Benefits Provided – The City reimburses all or part of premium payments for medical insurance. The reimbursement amount is subject to a negotiation process and varies by bargaining unit and retirement date. The benefit is paid monthly to the retiree subject to proof of coverage and attestation of premium payment. The benefit generally ceases upon death of the retiree. Detailed information about retiree medical reimbursement benefits for each bargaining unit can be found in the City’s Benefits Summary at <https://www.fremont.gov/DocumentCenter/View/38980/Benefits-Matrix---09132018>.

Employees Covered – As of the June 30, 2018 measurement date, the following employees were covered by the benefit terms of the OPEB plan:

	Plan Members
Inactive employees or beneficiaries currently receiving benefits	682
Inactive employees entitled to but not yet receiving benefits	101
Active employees	717
Total	1,500

Contribution Requirements – The OPEB plan and its contribution requirements are established by Memoranda of Understanding (MOUs) with the applicable employee bargaining units and may be amended by agreements between the City and the bargaining units. The annual contribution is based on the actuarially determined contribution amount. Under the current MOUs, the City is responsible for all OPEB Plan contributions. For the fiscal year ended June 30, 2019, the City’s contributions totaled to \$8,495,000.

Notes to Basic Financial Statements

B. Net OPEB Liability

The City's net OPEB liability is measured as the total OPEB liability less the OPEB plan's fiduciary net position. The net OPEB liability is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2018.

Assumptions and Other Inputs – A summary of significant assumptions and other inputs used to measure the total OPEB liability is shown below.

Assumptions and Other Inputs Used to Measure the Total OPEB Liability

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation	2.75%
Payroll Growth	3.00%
Discount Rate/Investment Rate of Return	6.50% net of OPEB plan investment expenses, includes inflation
Healthcare Cost Trend	Non-Medicare: 7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076. Medicare: 6.5% for 2020, decreasing to an ultimate rate of 4.0% in 2076.
Mortality Rate Table	Probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Post-retirement mortality projected fully generational with Scale MP-2017.

Change in Assumptions – Demographic assumptions were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. The inflation rate was reduced from 3.00 percent to 2.75 percent for the June 30, 2018 measurement date. The healthcare cost trend was updated based on consultation with Axene Health Partners' and the Getzen Model for short-term and long-term trends, respectively. The mortality improvements scale was updated to Scale MP-2017.

Discount Rate – The discount rate used to measure the total OPEB liability was 6.50 percent, and was changed from the 6.75 percent discount rate used at the June 30, 2017 measurement date to reflect a decrease of 0.25 percent in the inflation assumption. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan assets was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return on Plan Assets – The long-term expected rate of return on OPEB plan assets was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and

inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long-term expected real rates of return are presented as geometric means.

The City has selected the CERBT “Strategy 1” target allocation for its OPEB plan investments. The table below summarizes the target asset allocation of the City’s OPEB plan portfolio and the long-term expected real rate of return by asset class. These rates of return are net of administrative expenses.

Asset Class	Current Target Allocation	Expected Real Rate of Return
Global Equity	57.0%	4.82%
Fixed Income	27.0%	1.47%
Treasury Inflation-Protected Securities (TIPS)	5.0%	1.29%
Real Estate Investment Trusts (REITs)	8.0%	3.76%
Commodities	3.0%	0.84%
Total	100.0%	
	Assumed long-term rate of inflation	2.75%
	Expected long-term net rate of return, rounded (55th percentile)	6.50%

C. Changes in the Net OPEB Liability

A schedule of changes in the Net OPEB Liability for the measurement period ending June 30, 2018, is presented below.

	Increase (Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance as of June 30, 2017	\$ 89,014,000	\$ 8,185,000	\$ 80,829,000
Changes during the year			
Service cost	2,286,752	-	2,286,752
Interest on the total OPEB liability	6,007,888	-	6,007,888
Actual vs. expected experience	395,654	-	395,654
Assumption changes	3,881,210	-	3,881,210
Contributions from the employer	-	8,847,000	(8,847,000)
OPEB plan net investment income	-	1,329,770	(1,329,770)
Benefit payments	(4,590,000)	(4,590,000)	-
Administrative expense	-	(18,880)	18,880
Net changes	7,981,504	5,207,890	2,773,614
Balance as of June 30, 2018	\$ 96,995,504	\$ 13,392,890	\$ 83,602,614

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Trend Rate – The following table presents the net OPEB liability of the City, calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher.

Notes to Basic Financial Statements

Similarly, the net OPEB liability is presented calculated using the current healthcare trend rate as well as rates that are one percentage-point lower or one percentage-point higher.

	<u>Discount Rate</u>	<u>Healthcare Trend Rate (Non-Medicare/Medicare)</u>
Rate 1% lower	5.50%	6.5% to 3.0% 5.5% to 3.0%
Net OPEB Liability	\$95,665,489	\$77,364,534
Current rate	6.50%	7.5% to 4.0% 6.5% to 4.0%
Net OPEB Liability	\$83,602,614	\$83,602,614
Rate 1% higher	7.50%	8.5% to 5.0% 7.5% to 5.0%
Net OPEB Liability	\$73,557,946	\$90,593,368

OPEB Plan Fiduciary Net Position – The City’s OPEB plan does not issue a stand-alone financial report. However, the City’s plan constitutes a portion of the CalPERS CERBT for which a Schedule of Changes in Fiduciary Net Position by Employer is located at the following link: <https://www.calpers.ca.gov/docs/forms-publications/gasb-75-schedule-changes-fiduciary-net-position-2018.pdf>. The accompanying Notes disclose information related to the description of the CERBT and a summary of significant accounting and reporting policies.

OPEB Expense – For the year ended June 30, 2019 (measurement period ending June 30, 2018), the City recognized OPEB expense of \$7,847,240.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to its OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 332,852	\$ -
Changes in assumptions	3,265,145	-
Net difference between projected and actual earnings on OPEB plan investments	-	(464,623)
OPEB contributions subsequent to measurement date	8,495,000	-
Total	\$ 12,092,997	\$ (464,623)

\$8,495,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year

ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30	Deferred Outflows/Inflows of Resources
2020	\$ 545,211
2021	545,211
2022	545,211
2023	615,212
2024	678,867
Thereafter	203,662
Total	\$ 3,133,374

11. COMMITMENTS AND CONTINGENCIES

Litigation - The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City’s legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Grant Adjustments - Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Outstanding Construction and Affordable Housing Commitments

At June 30, 2019, the City had outstanding construction commitments of over \$500,000 for the following projects:

Project	Unpaid Commitment
Warm Springs Bridge Development	\$19,097,093
Walnut Avenue Protected Bikeway	5,656,281
Bike/Pedestrian Bridge over I-880	4,461,181
Pavement Rehabilitation	919,989
Fremont Boulevard Safe and Smart Corridor	655,366
Downtown Project	643,272
Central Park Picnic Area	567,520
Total	\$32,000,702

Notes to Basic Financial Statements

At June 30, 2019, the City had outstanding affordable housing project commitments for the following projects:

Project	Unpaid Commitment
Warm Springs Senior Center	\$2,950,000
Irvington Affordable Senior Apartments	729,097
City Center Apartments	294,736
Total	\$3,973,833

Encumbrances - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental fund types. Encumbrances outstanding at year-end are reported as part of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. At June 30, 2019, encumbrances of the governmental funds are as follows:

Fund	Encumbrance
General Fund	\$1,206,498
Development Impact Fees	2,069,078
Development Cost Center	157,142
Recreation Services	1,918
Capital Improvement	4,569,574
Human Services	24,751
Non-major governmental funds	3,316,561
Total	\$11,345,522

As of June 30, 2019, the City has also entered into commitments for the purchase of vehicles (\$322,830), fire apparatus and safety equipment (\$173,012), and technology equipment (\$253,131) in its internal service funds.

In addition to the encumbrances and commitments identified above, the City has entered into commitments for construction or other services to be paid on a reimbursement basis. At June 30, 2019, such commitments totaled \$29,297,334 in the Alameda County Transportation Commission Capital Grants Fund, \$505,288 in the Intermodal Surface Transportation Efficiency Act Fund, and \$807,566 in the non-major governmental funds.

Former Successor Agency Property Held for Resale - In June 2014, two Successor Agency properties were transferred to the City under the terms of the Long Range Property Management Plan (LRPMP). The Centerville Unified Site was sold on October 30, 2015 at its MAI (Member Appraisal Institute) appraised market value of \$6,795,000. \$4,782,000 of the net proceeds was remitted to the County for distribution to the taxing agencies. \$13,000 of the proceeds was used to pay for closing costs plus reimbursement of "Allowed City Costs" pursuant to the Compensation Agreement by and between the City, Successor Agency and each of the affected taxing entities in Alameda County. The remaining \$2,000,000 of the proceeds is being held in an escrow as a contingency as the full cost of environmental remediation is not known until a

“no further action” letter is granted by the environmental regulatory oversight agency, the Alameda County Water District. The cost of the environmental remediation has exceeded the initial estimate, so funds are being drawn from the escrow to pay for the work. As of June 30, 2019, a balance of \$1,583,625 remains in the escrow.

The remaining property, the Union Pacific Site in the Niles district, remains with the City and is reported as \$678,979 land held for resale in the City’s Agency Fund. Upon sale, the proceeds will be remitted to the County for distribution to the taxing agencies.

12. SUBSEQUENT EVENTS

A. Housing Loans

At its July 16, 2019 meeting, the City Council authorized a construction loan of \$7,500,000 to Eden Housing for the Granite Ridge Apartments Project. The funds will be used to pay construction costs for 72 units of affordable housing. At the same meeting, the City Council authorized a construction loan of \$5,400,000 to Allied Housing for the Fremont Boulevard Project. The funds will be used pay construction costs for 53 units of affordable housing. Both loans bear 3% simple interest over a 55-year term.

At its October 8, 2019 meeting, the City Council authorized an additional \$2,800,000 loan to Allied Housing for the Irvington Senior Apartments Project. The loan bears interest at 3% simple interest over a 55-year term.

B. Special Tax Bonds Issuance

On July 18, 2019, the City issued \$16,575,000 of Community Facilities District (CFD) No. 2 (Warm Springs Public Facilities) Special Tax Bonds, Series 2019. Proceeds of the Series 2019 Special Tax Bonds are expected to be used to reimburse the property owners for a portion of their expenditures on certain public facilities. Debt service payments for the 2019 Special Tax Bonds and all related administrative costs are payable only from special taxes levied on taxable properties in CFD No. 2 and collected by the County of Alameda. The Series 2019 Special Tax Bonds bear fixed interest rates ranging from 3.00% to 5.00% and have a final maturity date of September 1, 2049.

C. Lease Revenue Bonds Issuance

On October 8, 2019, the City Council adopted a resolution authorizing the issuance of Fremont Public Financing Authority Lease Revenue Bonds, Series 2019 (2019 Lease Refinancing Project) (the “Bonds”). The \$73,365,000 Series 2019 Bonds were sold on a competitive basis to Morgan Stanley on October 29, 2019 and the sale closed on November 19, 2019.

Debt service payments for the Series 2019 Bonds are payable from the City’s general revenues. The leased assets consist of the Main Library, the Police Administration Facility, the Police Detention and Property Storage Facility, the Animal Shelter, and Fire Station 8.

Notes to Basic Financial Statements

The proceeds of the Series 2019 Bonds were used to fully refund the following Fremont Public Financing Authority issues (the “Refunded Bonds”) on a current basis:

Series 2017A Lease Revenue Bonds	-	\$73,765,000
Series 2012A Certificates of Participation	-	6,235,000
2016 Energy Efficiency Lease Financing	-	6,147,096

The Refunded Bonds, totaling \$86,147,096, were redeemed or prepaid on November 19, 2019. The Refunded Bonds will be removed from the City’s basic financial statements during the fiscal year ending June 30, 2020.

The refunding generated approximately \$4,924,000 of aggregate debt service savings (net of available funds) and \$4,461,000 of net economic gain, representing 5.2% of the refunded debt. The Series 2019 Bonds bear interest at fixed rates ranging from 4.00% to 5.00% and have a final maturity date of October 1, 2038.

Required Supplementary Information

1. BUDGETARY INFORMATION

A. Budgetary Basis of Accounting

Budgets are adopted annually on a budgetary basis consistent with GAAP for the general fund, special revenue funds, debt service funds, and internal service funds. Project-length budgets are adopted biennially for all capital projects funds.

The annual budget sets appropriations by fund or with further allocation by department or program. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. The City Manager is authorized to transfer budgeted amounts between departments or programs within any fund. The City Council may adopt supplemental appropriations during the year.

The annual budget resolution authorizes the City Manager to increase appropriations for operating expenditures for the Development Services and Recreation Services cost centers when estimated fee revenue in those funds exceeds the amount identified in the budget because of increased activity. It also authorizes the City Manager to increase appropriations for operating expenditures due to increases in grant or activity-based revenues in an amount not to exceed the increased grant or activity-based revenues. It additionally authorizes the City Manager to appropriate and transfer unencumbered ending fund balance to the Risk Management Fund in the amounts necessary to maintain adequate funding of the workers' compensation and general liability reserves. All other revisions or transfers that alter the total appropriations of other funds must be approved by the City Council.

B. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental fund types. Encumbrances outstanding at year-end are reported as restricted, committed, assigned or unassigned fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

Unexpended annual appropriations lapse at the end of the fiscal year; encumbered appropriations are re-budgeted in the next fiscal year. Unexpended capital improvement appropriations are carried forward until the improvements or programs are complete.

Required Supplementary Information

1. BUDGETARY INFORMATION (continued)

C. Budgetary Comparison Schedules

Following are the budgetary comparison schedules for the General Fund and each major special revenue fund with a legally adopted annual budget (Development Cost Center, Recreation Services, Human Services, and Inclusionary Housing In-Lieu).

General Fund – Budgetary Comparison Schedule (For the Fiscal Year Ended June 30, 2019)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance - Beginning of year	\$ 38,546,926	\$ 50,293,930	\$ 49,891,329	\$ (402,601)
Resources (inflows):				
Property tax	97,443,000	99,714,000	99,605,659	(108,341)
Sales tax	54,876,000	66,020,000	64,830,649	(1,189,351)
Intergovernmental	273,000	273,000	233,883	(39,117)
Business tax	13,215,000	11,845,000	11,566,214	(278,786)
Other taxes	10,810,000	10,810,000	10,192,263	(617,737)
Franchises	10,505,000	10,505,000	10,111,668	(393,332)
Charges for services	10,113,000	10,113,000	9,799,387	(313,613)
Investment Earnings	592,000	592,000	1,493,218	901,218
Other	257,000	257,000	242,788	(14,212)
Transfers in	6,871,000	6,871,000	6,255,955	(615,045)
Total resources	<u>204,955,000</u>	<u>217,000,000</u>	<u>214,331,684</u>	<u>(2,668,316)</u>
Charges to appropriations (outflows):				
General government	16,968,790	17,533,255	16,545,558	987,697
Police services	85,040,854	85,588,066	80,627,729	4,960,337
Fire services	52,119,214	52,349,469	49,449,740	2,899,729
Human services	3,819,102	3,835,142	3,676,748	158,394
Capital assets maintenance and operations	24,667,828	24,728,439	23,725,195	1,003,244
Community development and environmental services	1,857,716	1,913,389	1,793,167	120,222
Capital outlay	-	514,311	514,311	-
Non-Departmental	4,012,310	2,773,270	-	2,773,270
Citywide Savings	(8,000,000)	(7,000,000)	-	(7,000,000)
Debt service:				
Interest and Fiscal Charges	9,048,024	9,048,024	8,476,180	571,844
Transfers out	16,133,363	28,002,525	27,953,889	48,636
Total charges to appropriations	<u>205,667,201</u>	<u>219,285,890</u>	<u>212,762,517</u>	<u>6,523,372</u>
Net change in fund balance	(712,201)	(2,285,890)	1,569,167	3,855,056
Fund Balance - End of year	<u>\$ 37,834,725</u>	<u>\$ 48,008,040</u>	<u>\$ 51,460,496</u>	<u>\$ 3,452,455</u>

Note:

Actual beginning fund balance includes the value of prepaid assets and the year-end adjustment for unrealized fair value gain or loss on investments.

1. BUDGETARY INFORMATION (continued)

C. Budgetary Comparison Schedules (continued)

Development Cost Center Fund – Budgetary Comparison Schedule
(For the Fiscal Year Ended June 30, 2019)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance - Beginning of year	\$ 15,262,000	\$ 19,673,056	\$ 19,428,539	\$ (244,517)
Resources (inflows):				
Charges for services	28,287,000	20,231,386	18,204,266	(2,027,121)
Investment Earnings	105,000	105,000	792,454	687,454
Other	1,195,000	-	-	-
Transfers in	2,046,000	2,915,976	2,915,976	-
Total resources	<u>31,633,000</u>	<u>23,252,362</u>	<u>21,912,696</u>	<u>(1,339,667)</u>
Charges to appropriations (outflows):				
Capital assets maintenance and operations	14,333,000	5,264,719	3,715,188	1,549,531
Community development and environmental services	14,613,000	17,079,490	13,195,463	3,884,027
Capital outlay	-	82,846	82,846	-
Transfers out	2,937,096	2,937,096	2,937,096	-
Total charges to appropriations	<u>31,883,096</u>	<u>25,364,151</u>	<u>19,930,593</u>	<u>5,433,558</u>
Resources over (under) charges to appropriations	<u>(250,096)</u>	<u>(2,111,789)</u>	<u>1,982,103</u>	<u>4,093,891</u>
Fund Balance - End of year	<u>\$ 15,011,904</u>	<u>\$ 17,561,267</u>	<u>\$ 21,410,642</u>	<u>\$ 3,849,375</u>

Notes:

Actual beginning fund balance includes the year-end adjustment for unrealized fair value gain or loss on investments.

Final budget inflows and outflows have been reduced to reflect activity budgeted and expended in the capital improvement funds.

The significant variance in charges for services reflects a lower than anticipated volume of development activity. The significant variance in community development and environmental services charges is attributable to vacancies and contract services costs being lower than anticipated.

Required Supplementary Information

1. BUDGETARY INFORMATION (continued)

C. Budgetary Comparison Schedules (continued)

Recreation Services Fund – Budgetary Comparison Schedule (For the Fiscal Year Ended June 30, 2019)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance - Beginning of year	\$ 8,174,559	\$ 8,402,574	\$ 8,295,300	\$ (107,274)
Resources (inflows):				
Intergovernmental	-	353,160	318,427	(34,733)
Charges for services	9,135,801	8,782,641	7,860,594	(922,047)
Investment Earnings	65,000	65,000	337,458	272,458
Other	148,828	148,828	115,654	(33,174)
Transfers in	2,489,995	2,489,995	2,489,995	-
Total resources	<u>11,839,624</u>	<u>11,839,624</u>	<u>11,122,129</u>	<u>(717,495)</u>
Charges to appropriations (outflows):				
Recreation and leisure services	10,897,695	10,897,695	9,947,436	950,259
Transfers out	1,412,462	1,412,462	1,412,462	-
Total charges to appropriations	<u>12,310,157</u>	<u>12,310,157</u>	<u>11,359,898</u>	<u>950,259</u>
Resources over (under) charges to appropriations	<u>(470,533)</u>	<u>(470,533)</u>	<u>(237,770)</u>	<u>232,763</u>
Fund Balance - End of year	<u>\$ 7,704,026</u>	<u>\$ 7,932,041</u>	<u>\$ 8,057,530</u>	<u>\$ 125,490</u>

Note:

Actual beginning fund balance includes the year-end adjustment for unrealized fair value gain or loss on investments.

The significant variance in charges for services reflects a combination of a reduction in waterpark revenue due to a cooler summer and an unanticipated closure, and a dip in overall recreation class registrations and facility rentals. The significant variance in recreation and leisure services charges is attributed to vacancies and contract services costs being lower than anticipated.

1. BUDGETARY INFORMATION (continued)

C. Budgetary Comparison Schedules (continued)

Human Services Fund – Budgetary Comparison Schedule
(For the Fiscal Year Ended June 30, 2019)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Fund Balance - Beginning of year	\$ 7,351,000	\$ 7,465,321	\$ 7,416,716	\$ (48,605)
Resources (inflows):				
Intergovernmental	8,619,000	10,398,943	9,431,993	(966,950)
Charges for services	817,000	2,049,396	1,785,393	(264,003)
Investment Earnings	77,000	77,000	208,296	131,296
Other	2,140,000	1,089,334	1,832,014	742,680
Transfers in	1,256,000	1,256,656	1,256,656	-
Total resources	<u>12,909,000</u>	<u>14,871,329</u>	<u>14,514,352</u>	<u>(356,976)</u>
Charges to appropriations (outflows):				
Human services	10,618,663	10,738,429	9,413,624	1,324,805
Community development and environmental services	1,797,204	3,511,126	2,595,271	915,855
Debt Service	570,700	570,700	571,642	(942)
Transfers out	453,368	701,368	680,923	20,445
Total charges to appropriations	<u>13,439,935</u>	<u>15,521,623</u>	<u>13,261,460</u>	<u>2,260,163</u>
Resources over (under) charges to appropriations	<u>(530,935)</u>	<u>(650,294)</u>	<u>1,252,892</u>	<u>1,903,186</u>
Fund Balance - End of year	<u>\$ 6,820,065</u>	<u>\$ 6,815,027</u>	<u>\$ 8,669,608</u>	<u>\$ 1,854,580</u>

Note:

Actual beginning fund balance includes the year-end adjustment for unrealized fair value gain or loss on investments.

The variance in intergovernmental resources is attributable to less than anticipated grant funding. The variance in other resources is attributable to an unanticipated contribution from the developer for the new senior center in Warm Springs.

The variance in human services charges is attributable to lower than anticipated funding and vacancies. The variance in community development and environmental services charges is attributable to a decrease in community development block grant (CDBG) spending for outside services.

Required Supplementary Information

1. BUDGETARY INFORMATION (continued)

C. Budgetary Comparison Schedules (continued)

Inclusionary Housing In Lieu Fund (For the Fiscal Year Ended June 30, 2019)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance - Beginning of year	\$ 42,765,752	\$ 53,665,724	\$ 53,116,142	\$ (549,582)
Resources (inflows):				
Charges for services	6,687,163	6,687,163	13,109,706	6,422,543
Investment earnings	410,000	410,000	1,744,555	1,334,555
Total resources	<u>7,097,163</u>	<u>7,097,163</u>	<u>14,854,261</u>	<u>7,757,098</u>
Charges to appropriations (outflows):				
Community development and environmental services	853,364	21,111,494	16,198,297	4,913,197
Total charges to appropriations	<u>853,364</u>	<u>21,111,494</u>	<u>16,198,297</u>	<u>4,913,197</u>
Resources over (under) charges to appropriations	<u>6,243,799</u>	<u>(14,014,331)</u>	<u>(1,344,036)</u>	<u>12,670,295</u>
Fund Balance - End of year	<u>\$ 49,009,551</u>	<u>\$ 39,651,393</u>	<u>\$ 51,772,107</u>	<u>\$ 12,120,713</u>

Note:

Actual beginning fund balance includes the year-end adjustment for unrealized fair value gain or loss on investments.

The significant variance in charges for services is due to a greater than anticipated level of new housing development. The variance in community development and environmental services largely reflects the appropriation of funds for loans which had not yet been disbursed.

2. MODIFIED APPROACH FOR THE CITY'S INFRASTRUCTURE

The City has elected to use the modified approach to accounting for infrastructure assets, as defined by GASB Statement No. 34, for its street network. The street network is composed of all City streets, and includes all physical features associated with the operation of motorized vehicles that exist within the limits of the City rights of way. The City street network is constructed primarily of asphalt pavement. Further, based on land use, access and traffic utilization, the street network is subdivided into the following three classifications: arterial/major, collector, and residential/local.

In conjunction with the Metropolitan Transportation Commission, the City maintains a Pavement Management System (PMS) database that contains all of the pavement information for the street network. The PMS contains a complete inventory of all street segments including the length, width, area, classification, maintenance and rehabilitation history and the records of all inspections of the pavement condition. Also, the PMS contains the inspection based Pavement Condition Index (PCI) for each street segment and has the functionality to compute the overall City area-weighted PCI.

A. Condition Assessment Data

Pursuant to GASB Statement No. 34, a government that wishes to use the modified approach must assess the condition of the network for which that approach is used at least once every three years. Consequently, the City hires external consultants to conduct condition assessments every two to three years for arterial and collector streets, and every five years for residential streets. In 2018, the entire City street network of arterial, collector and residential streets was inspected and assessed.

For the pavement condition assessment, the street segment is inspected and the physical condition is recorded based on a system of sampling and measuring eight defined pavement distress types. The PCI, a nationally recognized index, is calculated based on the inspection data. The PCI is expressed as a rating from 0 to 100, where 0 is the least acceptable condition and 100 is the rating for a street in excellent condition or a new street. The following condition categories with their corresponding PCI rating ranges are defined:

Condition	PCI Rating
Very Good/Excellent	80-100
Good	70-79
Fair	50-69
Poor	25-49
Very Poor	<25

2. MODIFIED APPROACH FOR THE CITY'S INFRASTRUCTURE (continued)

A. Condition Assessment Data (continued)

The PCI for each street segment is entered into the database at the time of the latest periodic inspection. Between the inspections, the PMS computes “real time” PCI values based on standardized deterioration curves for pavement materials.

Through June 30, 2019, the City’s policy was to maintain an average PCI rating of 50 for the entire street network. This rating means that more pavement distresses ranging from surface defects such as cracking and raveling to more serious load related distresses, such as “alligator” cracking and rutting will become noticeable to drivers traveling at the posted speeds. As of June 30, 2019, the City’s overall street network was rated at a computed PCI index of 72, with the detail condition as follows:

Condition	PCI Rating	% of Street Pavement Area			
		6/30/16	6/30/17	6/30/18	6/30/19
Good to Excellent	70-100	66	66	70	67
Fair	50-69	18	19	18	22
Poor to Very Poor	0-49	16	15	12	11

In the table above, it can be seen that in fiscal year 2018/19 approximately 67% of the City’s streets were rated above PCI 70, the lower limit for streets in good condition. This is a decrease in the rating from fiscal year 2017/18 when the percentage of streets rated above PCI 70 was 70%. The pavement preservation program continues to maintain streets in good condition to keep them in the good category while also bringing streets that were in a lower condition category back into a higher condition category.

B. Estimated Maintenance and Preservation Costs

In addition to performing periodic condition assessments, governments that use the modified approach must also estimate at the start of each reporting period the amount of spending needed that period to maintain and preserve infrastructure at the government’s selected condition level.

2. MODIFIED APPROACH FOR THE CITY’S INFRASTRUCTURE *(continued)*

B. Estimated Maintenance and Preservation Costs *(continued)*

The table below compares estimated annual amounts required to maintain the City street network at the prior-year-ending PCI level with the actual expenditures for street maintenance and actual PCI levels computed at the close of the fiscal year:

Fiscal Year	Maintenance Estimate	Actual Expenditure	Computed Overall City PCI Rating (Condition Assessments)
2014/15	\$ 19,140,000	\$ 11,392,340	68
2015/16	19,000,000	4,504,282	72
2016/17	19,000,000	10,086,448	71
2017/18	19,000,000	9,256,048	72
2018/19	24,000,000	9,738,422	72

The actual expenditures over the years have remained below the estimated levels, but the overall City PCI has remained relatively stable with some recent improvement. Under the City’s expanded pavement preservation program, the majority of street areas were treated using a combination of base repairs and surface treatments such as cape seals and slurry seals. This approach is more economical than a pavement rehabilitation program such as overlays, enabling the available funds to cover a larger pavement area.

Required Supplementary Information

3. SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

(For the Measurement Periods Ended June 30)

A. Miscellaneous Plan

	2018	2017	2016	2015
Total Pension Liability				
Service Cost	\$ 9,366,703	\$ 9,137,675	\$ 7,790,208	\$ 7,507,286
Interest on the Total Pension Liability	34,074,717	33,486,855	32,676,179	31,320,840
Changes of Assumptions	(14,946,900)	27,992,306	-	(7,685,566)
Difference between Expected and Actual Experience	2,348,203	(7,378,205)	(1,799,221)	(5,745,910)
Benefit Payments, including Refunds of Employee Contributions	(22,693,197)	(21,143,831)	(19,948,526)	(18,958,554)
Net Change in Total Pension Liability	8,149,526	42,094,800	18,718,640	6,438,096
Total Pension Liability - Beginning	495,831,404	453,736,604	435,017,964	428,579,868
Total Pension Liability - Ending (a)	\$ 503,980,930	\$ 495,831,404	\$ 453,736,604	\$ 435,017,964
Plan Fiduciary Net Position				
Contributions from the Employer	\$ 13,914,442	\$ 13,885,280	\$ 12,253,772	\$ 10,615,278
Contributions from Employees	4,065,575	4,049,729	3,716,987	3,603,542
Net Investment Income	29,800,673	35,589,139	1,668,179	7,088,364
Benefit Payments, including Refunds of Employee Contributions	(22,693,197)	(21,143,831)	(19,948,526)	(18,958,554)
Plan to Plan Resource Movement	(870)	-	-	11,897
Administrative Expense	(547,419)	(471,557)	(196,178)	(362,448)
Other Miscellaneous Income/(Expense) ¹	(1,039,558)			
Net Change in Plan Fiduciary Net Position	23,499,646	31,908,760	(2,505,766)	1,998,079
Plan Fiduciary Net Position - Beginning²	351,297,984	319,389,224	321,894,990	319,896,911
Plan Fiduciary Net Position - Ending (b)	\$ 374,797,630	\$ 351,297,984	\$ 319,389,224	\$ 321,894,990
Plan Net Pension Liability - Ending (a) - (b)	\$ 129,183,300	\$ 144,533,420	\$ 134,347,380	\$ 113,122,974
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.37%	70.85%	70.39%	74.00%
Covered Payroll	\$ 52,820,747	\$ 49,979,076	\$ 46,428,322	\$ 43,728,370
Plan Net Pension Liability as a Percentage of Covered Payroll	244.57%	289.19%	289.37%	258.69%

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

² Includes any beginning of year adjustment.

* Historical information is required only for measurement periods for which GASB Statement 68 is applicable. Future years' information will be displayed up to ten years as information becomes available.

2014
\$ 7,924,529
30,270,566
-
-
(18,521,044)
19,674,051
408,905,817
\$ 428,579,868
\$ 10,225,328
3,714,276
47,792,502
(18,521,044)
-
-
43,211,062
276,685,849
\$ 319,896,911
\$ 108,682,957
74.64%
\$ 43,467,334
250.03%

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

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of the Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Required Supplementary Information

3. SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (continued)

Last Ten Fiscal Years*

(For the Measurement Periods Ended June 30)

B. Safety Plan

	2018	2017	2016	2015
Total Pension Liability				
Service Cost	\$ 11,652,686	\$ 11,313,858	\$ 10,018,091	\$ 9,445,690
Interest on the Total Pension Liability	46,711,253	44,697,929	43,600,023	41,504,625
Changes of Assumptions	(2,848,136)	35,313,488	-	(9,630,020)
Difference between Expected and Actual Experience	9,576,106	(1,980,053)	6,056,024	1,432,189
Benefit Payments, including Refunds of Employee Contributions	(36,143,908)	(33,357,752)	(31,419,219)	(28,384,236)
Net Change in Total Pension Liability	28,948,001	55,987,470	28,254,919	14,368,248
Total Pension Liability - Beginning	658,821,868	602,834,398	574,579,479	560,211,231
Total Pension Liability - Ending (a)	\$ 687,769,869	\$ 658,821,868	\$ 602,834,398	\$ 574,579,479
Plan Fiduciary Net Position				
Contributions from the Employer	\$ 21,715,821	\$ 18,933,463	\$ 17,528,095	\$ 15,067,536
Contributions from Employees	5,295,358	5,044,137	4,317,323	4,310,000
Net Investment Income	35,962,343	43,427,897	2,138,128	8,918,712
Benefit Payments, including Refunds of Employee Contributions	(36,143,908)	(33,357,752)	(31,419,219)	(28,384,236)
Plan to Plan Resource Movement	(1,050)	-	-	-
Administrative Expense	(663,097)	(578,856)	(243,623)	(449,882)
Other Miscellaneous Income/ (Expense) ¹	(1,259,233)	-	-	-
Net Change in Plan Fiduciary Net Position	24,906,234	33,468,889	(7,679,296)	(537,870)
Plan Fiduciary Net Position - Beginning²	425,532,764	392,063,875	399,743,171	400,281,041
Plan Fiduciary Net Position - Ending (b)	\$ 450,438,998	\$ 425,532,764	\$ 392,063,875	\$ 399,743,171
Plan Net Pension Liability - Ending (a) - (b)	\$ 237,330,871	\$ 233,289,104	\$ 210,770,523	\$ 174,836,308
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	65.49%	64.59%	65.04%	69.57%
Covered Payroll	\$ 42,290,361	\$ 40,323,111	\$ 39,414,922	\$ 36,612,618
Plan Net Pension Liability as a Percentage of Covered Payroll	561.19%	578.55%	534.75%	477.53%

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Additionally, CalPERS employees participate in various State of California agent pension plans and during Fiscal Year 2017-18, CalPERS recorded a correction to previously reported financial statements to properly reflect its proportionate share of activity related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

² Includes any beginning of year adjustment.

* Historical information is required only for measurement periods for which GASB Statement 68 is applicable. Future years' information will be displayed up to ten years as information becomes available.

2014
\$ 9,428,558
39,695,994
-
-
(26,957,919)
22,166,633
538,044,598
\$ 560,211,231
\$ 13,719,650
3,757,435
60,180,612
(26,957,919)
-
-
-
50,699,778
349,581,263
\$ 400,281,041
\$ 159,930,190
71.45%
\$ 34,812,281
459.41%

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

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of the Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

Required Supplementary Information

4. SCHEDULE OF PENSION PLAN CONTRIBUTIONS

*Last Ten Fiscal Years**

(For the Fiscal Years Ended June 30)

A. Miscellaneous Plan

	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 15,470,922	\$ 13,914,442	\$ 13,885,280	\$ 12,253,772
Contributions in Relation to the Actuarially Determined Contribution	(15,933,143)	(13,914,442)	(13,885,280)	(12,253,772)
Contribution Deficiency (Excess)	<u>\$ (462,221)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 54,394,382	\$ 52,820,747	\$ 49,979,076	\$ 46,428,322
Contributions as a Percentage of Covered Payroll	29.29%	26.34%	27.78%	26.39%

Notes to Schedule:

Methods and Assumptions Used to Calculate the Actuarially Determined Contribution for the Fiscal Year Ended June 30, 2019

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Asset Valuation Method	Market value
Inflation	2.75%
Salary Increases	3.20% to 12.20% depending on age and service
Payroll Growth	3.00%
Discount Rate/Investment Rate of Return	7.375% net of pension plan investment and administrative expenses; includes inflation.
Retirement Age	Probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

* Historical information is required only for measurement periods for which GASB Statement 68 is applicable. Future years' information will be displayed up to ten years as information becomes available.

Required Supplementary Information

2015	2014
\$ 10,615,278	\$ 10,225,328
(10,615,278)	(10,225,328)
\$ -	\$ -
\$ 43,728,370	\$ 43,467,334
24.28%	23.52%

Required Supplementary Information

4. SCHEDULE OF PENSION PLAN CONTRIBUTIONS (continued)

Last Ten Fiscal Years*

(For the Fiscal Years Ended June 30)

B. Safety Plan

	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 21,332,588	\$ 19,515,821	\$ 18,933,463	\$ 17,528,095
Contributions in Relation to the Actuarially Determined Contribution	(23,426,832)	(21,715,821)	(18,933,463)	(17,528,095)
Contribution Deficiency (Excess)	<u>\$ (2,094,244)</u>	<u>\$ (2,200,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 44,867,896	\$ 42,290,361	\$ 40,323,111	\$ 39,414,922
Contributions as a Percentage of Covered Payroll	52.21%	51.35%	46.95%	44.47%

Notes to Schedule:

Methods and Assumptions Used to Calculate the Actuarially Determined Contribution for the Fiscal Year Ended June 30, 2019

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Asset Valuation Method	Market value
Inflation	2.75%
Salary Increases	3.40% to 20.00% depending on age, service, and type of employment
Payroll Growth	3.00%
Discount Rate/ Investment Rate of Return	7.375% net of pension plan investment and administrative expenses; includes inflation.
Retirement Age	Probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

* Historical information is required only for measurement periods for which GASB Statement 68 is applicable. Future years' information will be displayed up to ten years as information becomes available.

Required Supplementary Information

<u>2015</u>	<u>2014</u>
\$ 15,067,536	\$ 13,719,650
(15,067,536)	(13,719,650)
<u>\$ -</u>	<u>\$ -</u>
\$ 36,612,618	\$ 34,812,281
41.15%	39.41%

Required Supplementary Information

5. SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

*Last Ten Fiscal Years**

(For the Measurement Periods Ended June 30)

	2018	2017
Total OPEB Liability		
Service Cost	\$ 2,286,752	\$ 2,215,000
Interest on the Total OPEB Liability	6,007,888	5,754,000
Actual vs. Expected Experience	395,654	-
Assumption Changes	3,881,210	-
Benefit Payments	(4,590,000)	(3,968,000)
Net Change in Total OPEB Liability	7,981,504	4,001,000
Total OPEB Liability - Beginning	89,014,000	85,013,000
Total OPEB Liability - Ending (a)	\$ 96,995,504	\$ 89,014,000
Plan Fiduciary Net Position		
Contributions from the Employer	\$ 8,487,000	\$ 7,562,000
Net Investment Income	1,329,770	971,000
Benefit Payments	(4,590,000)	(3,968,000)
Administrative Expense	(18,880)	(20,000)
Net Change in Plan Fiduciary Net Position	5,207,890	4,545,000
Plan Fiduciary Net Position - Beginning	8,185,000	3,640,000
Plan Fiduciary Net Position - Ending (b)	\$ 13,392,890	\$ 8,185,000
Plan Net OPEB Liability - Ending (a) - (b)	\$ 83,602,614	\$ 80,829,000
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.81%	9.20%
Covered Employee Payroll	\$ 115,466,447	\$ 112,648,039
Plan Net OPEB Liability as a Percentage of Covered Employee Payroll	72.40%	71.75%

Notes to Schedule of Changes in the Net OPEB Liability and Related Ratios

Benefit Changes: There were no benefit changes in the measurement period ended June 30, 2018 and June 30, 2017.

Changes of Assumptions: In 2018, demographic assumptions and the inflation rate were changed in accordance with the December 2017 CalPERS 1997-2015 Experience Study and Review of Actuarial Assumptions. The discount rate was reduced from 6.75 percent to 6.50 percent based on the reduced inflation assumption, and the mortality improvements scale was updated to Scale MP-2017. The medical trend was updated based on consultation with Axene Health Partners' and the Getzen Model for short-term and long-term trends, respectively.

* Historical information is required only for measurement periods for which GASB Statement 75 is applicable. Future years' information will be displayed up to ten years as information becomes available.

6. SCHEDULE OF OPEB PLAN CONTRIBUTIONS

*Last Ten Fiscal Years**

(For the Fiscal Years Ended June 30)

	2019	2018	2017
Actuarially Determined Contribution	\$ 8,495,000	\$ 8,228,000	\$ 7,562,000
Contributions in Relation to the Actuarially Determined Contribution	(8,495,000)	(8,487,000)	(7,562,000)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (259,000)</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 120,022,031	\$ 115,466,447	\$ 112,648,039
Contributions as a Percentage of Covered Employee Payroll	7.08%	7.35%	6.71%

Notes to Schedule:

Methods and Assumptions Used to Calculate the Actuarially Determined Contribution for the Fiscal Year Ended June 30, 2019

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Amortization Period	19 years
Asset Valuation Method	Investment gains and losses spread over five-year rolling period
Inflation	3.00%
Payroll Growth	3.25%
Discount Rate/ Investment Rate of Return	6.75% net of OPEB plan investment and administrative expenses; includes inflation
Healthcare Cost Trend	Non-Medicare: 6.5% for 2018, decreasing to an ultimate rate of 5.0% in 2021 and later years Medicare: 6.7% for 2018, decreasing to an ultimate rate of 5.0% in 2021 and later years
Retirement Age	Probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011
Mortality	Probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Mortality projected fully generational with Scale MP-2014 modified to converge to ultimate rates in 2022

* Historical information is required only for measurement periods for which GASB Statement 75 is applicable. Future years' information will be displayed up to ten years as information becomes available.

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Non-Major Governmental Funds

Special Revenue Funds

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Special Revenue Funds

Special revenue funds are used to account for City revenues from sources that, by law or administrative action, are designated to finance particular functions or activities of government. The individual special revenue funds are as follows:

HOME Grant – This fund accounts for monies received under the HOME Investment Partnership Act. HOME funds can be used to acquire, rehabilitate, finance, and construct affordable housing and provide tenant-based rental assistance.

Integrated Waste Management – This fund accounts for monies received by the City to comply with the provisions of AB939 for the purpose of addressing recycling, household hazardous waste and solid waste management issues. These revenues may only be spent for integrated waste management and waste reduction programs.

Urban Runoff – The Clean Water Fee special assessment funds the Urban Runoff Clean Water Program. This program is based on the Stormwater Management Plan of the Alameda Countywide Clean Water Program. The plan is required for and a part of the National Pollutant Discharge Elimination System permit. Included in the plan are tasks for municipalities to carry out, including public information, municipal maintenance activities, new development requirements, illicit discharge elimination, industrial discharge identification and control, monitoring and special studies.

Abandoned Vehicle – This fund accounts for monies received by the City under California Vehicle Code Sections 9250.7 and 22710 and used for the abatement, removal, and disposal as public nuisances of any abandoned, wrecked, dismantled, or inoperative vehicles from private or public property.

City Asset Seizure – This fund accounts for assets confiscated by the City. The revenues will be used for police activity and equipment.

COPS AB3229 – This fund accounts for State funds distributed by the County for front-line law enforcement services, including anti-gang and community crime prevention programs.

CUPA Administration – The Certified Unified Program Agencies (CUPA) administration fund accounts for the collection of Fire CUPA fines and penalties. Assets are used for hazardous material management.

Justice Assistance Grant – This fund accounts for federal pass-through money and allows states, tribes and local government to support a broad range of activities to prevent and control crime based on local needs and conditions, such as initiatives technical assistance, training personnel, and equipment supplies.

City Funded Affordable Housing Fund – This fund accounts for the City's funding for the City general fund allocations for affordable housing, monitoring payments, and other miscellaneous revenues.

Special Revenue Funds

Low and Moderate Income Housing Asset – This fund accounts for the administration of housing assets and functions related to the Low and Moderate Income Housing Program.

Metropolitan Medical Response System (MMRS) – This fund accounts for federal grants to fund the purchase of anti-terrorism equipment, medications, and training and exercise for terrorism responses.

Miscellaneous Federal Grants – This fund accounts for federal monies received from various individual federal grants that are subject to the Single Audit.

Miscellaneous State Grants – This fund accounts for one-time miscellaneous funds received from State agencies.

Miscellaneous Special Revenue – This fund accounts for donations to various City programs.

State Gas Tax – This fund accounts for monies apportioned to the City from State-collected gasoline taxes. The annual allocation may be spent for street maintenance or construction. Funds are apportioned by the State on the basis of population.

Rent Review – This fund accounts for the administration of the Rent Review Program, which provides a formal hearing for proposed rent increases in excess of 5 percent in any 12-month period by the Rent Review Board.

Maintenance District – This fund accounts for lighting and landscape maintenance activities in new subdivisions within the City. These activities are funded by special assessments on property within the benefited area.

Debt Service Funds

Debt service funds are used to record the accumulation of resources for, and the payment of, principal, interest and fiscal charges on general long-term debt. The individual debt service funds are as follows:

Fire General Obligation Bonds – This fund accounts for the accumulation of property tax revenue and payment of principal and interest for the City’s general obligation bonds. In November 2002, Fremont voters approved Measure R, which authorized the City to issue \$51 million of general obligation bonds to provide funding to replace three fire stations, build a public safety training center, and make remodeling and seismic improvements to seven existing fire stations. Three bond series totaling \$51 million have been issued and subsequently refinanced. The City is obligated to annually levy ad valorem taxes upon all taxable properties within the City for the payment of the principal and interest for these bonds.

Fremont Public Financing Authority – This fund reports activity in the debt service and reserve accounts held by trustee banks for the benefit of investors in the City’s lease revenue bonds and certificates of participation. Principal and interest expenditures are budgeted and reported in the General Fund, with the portion of the 2017A Lease Revenue Bonds expenditures related to the Fremont Family Resource Center reported in the Human Services Fund.

Capital Project Funds

Capital project funds are used to account for the acquisition or construction of major capital facilities and improvements. The specific capital project funds are listed below:

Transportation Development Act – This fund accounts for funds received under the Transportation Development Act (Article 3) to be used for street construction projects.

Miscellaneous State Grants Capital – This fund accounts for one-time miscellaneous funds received from State agencies.

Capital Improvement Outside Sources – This fund accounts for contributions received from other outside sources that are intended to help fund specific capital projects.

Traffic System Management – This fund receives monies from the Bay Area Quality Management District under AB434. The fund’s expenditures relate to the implementation of the City’s trip reduction ordinance – a State-mandated activity.

Non-Major Governmental Funds

City of Fremont Combining Balance Sheet Non-Major Governmental Funds June 30, 2019

(With comparative totals for June 30, 2018)

	Special Revenue Funds		
	HOME Grant	Integrated Waste Management	Urban Runoff
ASSETS			
Cash and investments held by City	\$ -	\$ 8,816,619	\$ 501,408
Restricted cash and investments held by fiscal agent or City	-	-	-
Receivables:			
Property tax	-	-	-
Due from other governmental agencies	45,715	661,266	5,199
Accounts receivable	-	749,967	-
Total assets	\$ 45,715	\$ 10,227,852	\$ 506,607
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 4,945	\$ 722,757	\$ 61,305
Salaries and wages payable	-	44,646	20,046
Due to other funds	37,085	-	-
Unearned revenue	-	-	-
Total liabilities	42,030	767,403	81,351
Deferred inflows of resources-unavailable revenue	-	-	-
Fund Balances (Deficits):			
Restricted for:			
Social service programs	3,685	-	-
Debt service	-	-	-
Public safety	-	-	-
Street improvements	-	-	-
Community development	-	9,460,449	425,256
Other purposes	-	-	-
Committed for:			
Community development	-	-	-
Assigned for:			
Social service programs	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	3,685	9,460,449	425,256
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 45,715	\$ 10,227,852	\$ 506,607

Non-Major Governmental Funds

City of Fremont Combining Balance Sheet Non-Major Governmental Funds (continued) June 30, 2019

(With comparative totals for June 30, 2018)

	Special Revenue Funds		
	City Funded Affordable Housing Fund	Low and Moderate Income Housing Asset	Metropolitan Medical Response System
ASSETS			
Cash and investments held by City	\$ 5,514,440	\$ 5,057,920	\$ 42,886
Restricted cash and investments held by fiscal agent or City	-	-	-
Receivables:			
Property tax	-	-	-
Due from other governmental agencies	122,873	-	-
Accounts receivable	-	-	-
Total assets	\$ 5,637,313	\$ 5,057,920	\$ 42,886
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 191,432	\$ 8,480	\$ 36
Salaries and wages payable	6,648	12,216	-
Due to other funds	-	-	-
Unearned revenue	112,813	241,655	-
Total liabilities	310,893	262,351	36
Deferred inflows of resources-unavailable revenue	-	-	-
Fund Balances (Deficits):			
Restricted for:			
Social service programs	-	-	-
Debt service	-	-	-
Public safety	-	-	42,850
Street improvements	-	-	-
Community development	-	4,795,569	-
Other purposes	-	-	-
Committed for:			
Community development	2,950,000	-	-
Assigned for:			
Social service programs	2,376,420	-	-
Unassigned	-	-	-
Total fund balances (deficits)	5,326,420	4,795,569	42,850
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 5,637,313	\$ 5,057,920	\$ 42,886

Non-Major Governmental Funds

Special Revenue Funds							Total Non-major Special Revenue Funds
Miscellaneous Federal Grants	Miscellaneous State Grants	Miscellaneous Special Revenue	State Gas Tax	Rent Review Fund	Maintenance District		
\$ 749	\$ -	\$ 109,588	\$ 8,124,180	\$ 139,379	\$ 551,733	\$ 29,942,428	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
25,745	119,987	-	770,551	-	276	1,844,074	
-	-	-	96,194	-	-	846,161	
<u>\$ 26,494</u>	<u>\$ 119,987</u>	<u>\$ 109,588</u>	<u>\$ 8,990,925</u>	<u>\$ 139,379</u>	<u>\$ 552,009</u>	<u>\$ 32,632,663</u>	
\$ 2,016	\$ -	\$ 30,000	\$ 335,282	\$ 121,414	\$ 17,045	\$ 1,641,433	
-	-	-	-	4,085	-	87,992	
-	119,987	-	-	-	-	248,779	
-	-	-	-	-	-	354,468	
<u>2,016</u>	<u>119,987</u>	<u>30,000</u>	<u>335,282</u>	<u>125,499</u>	<u>17,045</u>	<u>2,332,672</u>	
-	119,987	-	-	-	-	152,306	
-	-	-	-	13,880	-	17,565	
-	-	-	-	-	-	-	
-	-	79,588	-	-	-	1,059,647	
-	-	-	8,655,643	-	-	8,655,643	
-	-	-	-	-	534,964	15,216,238	
24,478	-	-	-	-	-	24,478	
-	-	-	-	-	-	2,950,000	
-	-	-	-	-	-	2,376,420	
-	(119,987)	-	-	-	-	(152,306)	
<u>24,478</u>	<u>(119,987)</u>	<u>79,588</u>	<u>8,655,643</u>	<u>13,880</u>	<u>534,964</u>	<u>30,147,685</u>	
<u>\$ 26,494</u>	<u>\$ 119,987</u>	<u>\$ 109,588</u>	<u>\$ 8,990,925</u>	<u>\$ 139,379</u>	<u>\$ 552,009</u>	<u>\$ 32,632,663</u>	

(Continued)

Non-Major Governmental Funds

City of Fremont Combining Balance Sheet Non-Major Governmental Funds (continued) June 30, 2019

(With comparative totals for June 30, 2018)

	Debt Service Funds		Total Non-major Debt Service Funds
	Fire General Obligation Bonds	Fremont Financing Authority	
ASSETS			
Cash and investments held by City	\$ -	\$ -	\$ -
Restricted cash and investments held by fiscal agent or City	2,541,376	3,227	2,544,603
Receivables:			
Property tax	17,726	-	17,726
Due from other governmental agencies	-	-	-
Accounts receivable	-	-	-
Total assets	\$ 2,559,102	\$ 3,227	\$ 2,562,329
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Salaries and wages payable	-	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	-	-	-
Deferred inflows of resources-unavailable revenue	-	-	-
Fund Balances (Deficits):			
Restricted for:			
Social service programs	-	-	-
Debt service	2,559,102	3,227	2,562,329
Public safety	-	-	-
Street improvements	-	-	-
Community development	-	-	-
Other purposes	-	-	-
Committed for:			
Community development	-	-	-
Assigned for:			
Social service programs	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	2,559,102	3,227	2,562,329
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 2,559,102	\$ 3,227	\$ 2,562,329

Non-Major Governmental Funds

Capital Project Funds				Total
Transportation Development Act	Miscellaneous State Grants Capital	Capital Improvement - Outside Sources	Traffic System Management	Non-major Capital Projects Funds
\$ -	\$ -	\$ 22,232,362	\$ -	\$ 22,232,362
-	-	-	-	-
-	-	-	-	-
638,462	81,334	350,451	137,290	1,207,537
-	-	91,752	-	91,752
<u>\$ 638,462</u>	<u>\$ 81,334</u>	<u>\$ 22,674,565</u>	<u>\$ 137,290</u>	<u>\$ 23,531,651</u>
\$ 133,952	\$ 78,924	\$ 136,655	\$ 4,873	354,404
-	-	-	-	-
504,510	2,410	291,451	132,417	930,788
-	-	-	-	-
<u>638,462</u>	<u>81,334</u>	<u>428,106</u>	<u>137,290</u>	<u>1,285,192</u>
<u>142,113</u>	<u>-</u>	<u>291,451</u>	<u>137,289</u>	<u>570,853</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	21,955,008	-	21,955,008
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(142,113)	-	-	(137,289)	(279,402)
<u>(142,113)</u>	<u>-</u>	<u>21,955,008</u>	<u>(137,289)</u>	<u>21,675,606</u>
<u>\$ 638,462</u>	<u>\$ 81,334</u>	<u>\$ 22,674,565</u>	<u>\$ 137,290</u>	<u>\$ 23,531,651</u>

(Continued)

Non-Major Governmental Funds

City of Fremont Combining Balance Sheet Non-Major Governmental Funds (continued) June 30, 2019

(With comparative totals for June 30, 2018)

	Total Non-major Governmental Funds	
	2019	2018
ASSETS		
Cash and investments held by City	\$ 52,174,790	\$ 45,482,313
Restricted cash and investments held by fiscal agent or City	2,544,603	2,774,203
Receivables:		
Property tax	17,726	26,543
Due from other governmental agencies	3,051,611	2,993,585
Accounts receivable	937,913	777,604
Total assets	\$ 58,726,643	\$ 52,054,248
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 1,995,837	\$ 1,644,141
Salaries and wages payable	87,992	61,771
Due to other funds	1,179,567	812,168
Unearned revenue	354,468	295,655
Total liabilities	3,617,864	2,813,735
Deferred inflows of resources-unavailable revenue	723,159	637,356
Fund Balances (Deficits):		
Restricted for:		
Social service programs	17,565	3,685
Debt service	2,562,329	2,800,746
Public safety	1,059,647	1,348,931
Street improvements	8,655,643	7,040,859
Community development	37,171,246	33,046,242
Other purposes	24,478	12,230
Committed for:		
Community development	2,950,000	4,424,321
Assigned for:		
Social service programs	2,376,420	-
Unassigned	(431,708)	(73,857)
Total fund balances (deficits)	54,385,620	48,603,157
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 58,726,643	\$ 52,054,248

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Non-Major Governmental Funds

City of Fremont

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the fiscal year ended June 30, 2019

(With comparative totals for the fiscal year ended June 30, 2018)

	Special Revenue Funds		
	HOME Grant	Integrated Waste Management	Urban Runoff
REVENUES:			
Property tax	\$ -	\$ -	\$ -
Intergovernmental	77,702	1,902,312	-
Franchise fees	-	-	-
Charges for services	-	8,438,487	1,458,950
Investment earnings	-	272,824	12,454
Other	-	-	2,741
Total revenues	77,702	10,613,623	1,474,145
EXPENDITURES:			
Current:			
Police services	-	-	-
Fire services	-	-	-
Human services	-	-	-
Capital assets maintenance and operations	-	-	-
Community development and environmental services	77,099	9,046,981	1,357,689
Capital outlay	-	892,247	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	77,099	9,939,228	1,357,689
REVENUES OVER (UNDER) EXPENDITURES	603	674,395	116,456
OTHER FINANCING SOURCES (USES):			
Debt proceeds	-	-	-
Premium on debt issuance	-	-	-
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	(603)	(272,031)	(100,746)
Total other financing sources (uses)	(603)	(272,031)	(100,746)
Net change in fund balances	-	402,364	15,710
FUND BALANCES (DEFICITS):			
Beginning of year	3,685	9,058,085	409,546
End of year	\$ 3,685	\$ 9,460,449	\$ 425,256

Non-Major Governmental Funds

Special Revenue Funds

Abandoned Vehicle	City Asset Seizure	COPS AB3229	CUPA Administration	Justice Assistance Grant
\$ -	\$ -	\$ -	\$ -	\$ -
105,393	-	530,608	-	2,052
-	-	-	-	-
-	-	-	-	-
-	-	14,435	24,236	175
-	-	-	35,875	-
105,393	-	545,043	60,111	2,227
105,393	-	412,512	-	56,242
-	-	-	106,960	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	29,024	375,966	-	-
-	-	-	-	-
-	-	-	-	-
105,393	29,024	788,478	106,960	56,242
-	(29,024)	(243,435)	(46,849)	(54,015)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(29,024)	(243,435)	(46,849)	(54,015)
-	29,024	516,000	710,993	22,196
\$ -	\$ -	\$ 272,565	\$ 664,144	\$ (31,819)

(Continued)

Non-Major Governmental Funds

City of Fremont

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds (continued)

For the fiscal year ended June 30, 2019

(With comparative totals for the fiscal year ended June 30, 2018)

	Special Revenue Funds		
	City Funded Affordable Housing Fund	Low and Moderate Income Housing Asset	Metropolitan Medical Response System
REVENUES:			
Property tax	\$ -	\$ -	\$ -
Intergovernmental	10,000	-	-
Franchise fees	-	-	-
Charges for services	-	-	-
Investment earnings	170,631	143,159	1,370
Other	-	2,389,994	-
Total revenues	180,631	2,533,153	1,370
EXPENDITURES:			
Current:			
Police services	-	-	-
Fire services	-	-	29,238
Human services	-	-	-
Capital assets maintenance and operations	-	-	-
Community development and environmental services	741,669	732,148	-
Capital outlay	20,927	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	762,596	732,148	29,238
REVENUES OVER (UNDER) EXPENDITURES	(581,965)	1,801,005	(27,868)
OTHER FINANCING SOURCES (USES):			
Debt proceeds	-	-	-
Premium on debt issuance	-	-	-
Proceeds from sale of capital assets	-	-	-
Transfers in	1,505,000	-	-
Transfers out	(20,936)	(38,486)	-
Total other financing sources (uses)	1,484,064	(38,486)	-
Net change in fund balances	902,099	1,762,519	(27,868)
FUND BALANCES (DEFICITS):			
Beginning of year	4,424,321	3,033,050	70,718
End of year	\$ 5,326,420	\$ 4,795,569	\$ 42,850

Non-Major Governmental Funds

Special Revenue Funds							Total
Miscellaneous Federal Grants	Miscellaneous State Grants	Miscellaneous Special Revenue	State Gas Tax	Rent Review Fund	Maintenance District	Special Revenue Funds	Non-major Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
298,327	-	-	9,089,031	-	-	-	12,015,425
-	-	-	-	-	-	-	-
-	-	-	-	176,169	213,279	-	10,286,885
518	-	853	229,525	6,803	18,473	-	895,456
-	-	105,000	-	-	-	-	2,533,610
298,845	-	105,853	9,318,556	182,972	231,752	-	25,731,376
279,326	-	-	-	-	-	-	853,473
7,271	-	-	-	-	-	-	143,469
-	768	6,600	-	-	-	-	7,368
-	-	-	7,458,746	-	219,012	-	7,677,758
-	-	-	-	372,284	-	-	12,327,870
-	119,219	19,665	-	-	-	-	1,457,048
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
286,597	119,987	26,265	7,458,746	372,284	219,012	-	22,466,986
12,248	(119,987)	79,588	1,859,810	(189,312)	12,740	-	3,264,390
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	1,505,000
-	-	-	-	(41,834)	(14,576)	-	(489,212)
-	-	-	-	(41,834)	(14,576)	-	1,015,788
12,248	(119,987)	79,588	1,859,810	(231,146)	(1,836)	-	4,280,178
12,230	-	-	6,795,833	245,026	536,800	-	25,867,507
\$ 24,478	\$ (119,987)	\$ 79,588	\$ 8,655,643	\$ 13,880	\$ 534,964	-	\$ 30,147,685

(Continued)

Non-Major Governmental Funds

City of Fremont

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds (continued)

For the fiscal year ended June 30, 2019

(With comparative totals for the fiscal year ended June 30, 2018)

	Debt Service Funds		Total Non-major Debt Service Funds
	Fire General Obligation Bonds	Fremont Financing Authority	
REVENUES:			
Property tax	\$ 2,697,905	\$ -	\$ 2,697,905
Intergovernmental	-	-	-
Franchise fees	-	-	-
Charges for services	-	-	-
Investment earnings	71,587	7,194	78,781
Other	-	-	-
Total revenues	2,769,492	7,194	2,776,686
EXPENDITURES:			
Current:			
Police services	-	-	-
Fire services	-	-	-
Human services	-	-	-
Capital assets maintenance and operations	-	-	-
Community development and environmental services	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	1,535,000	-	1,535,000
Interest and fiscal charges	1,474,638	5,465	1,480,103
Total expenditures	3,009,638	5,465	3,015,103
REVENUES OVER (UNDER) EXPENDITURES	(240,146)	1,729	(238,417)
OTHER FINANCING SOURCES (USES):			
Debt proceeds	-	-	-
Premium on debt issuance	-	-	-
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(240,146)	1,729	(238,417)
FUND BALANCES (DEFICITS):			
Beginning of year	2,799,248	1,498	2,800,746
End of year	\$ 2,559,102	\$ 3,227	\$ 2,562,329

Non-Major Governmental Funds

Capital Project Funds				Total
Transportation Development Act	Miscellaneous State Grants Capital	Capital Improvement - Outside Sources	Traffic System Management	Non-major Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ -
496,349	137,808	924,924	40,987	1,600,068
-	-	376,570	-	376,570
-	-	-	-	-
-	-	496,756	-	496,756
-	-	915,135	-	915,135
<u>496,349</u>	<u>137,808</u>	<u>2,713,385</u>	<u>40,987</u>	<u>3,388,529</u>
-	-	456	-	456
-	-	-	-	-
-	-	-	-	-
634,881	135,599	1,830,901	110,209	2,711,590
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>634,881</u>	<u>135,599</u>	<u>1,831,357</u>	<u>110,209</u>	<u>2,712,046</u>
<u>(138,532)</u>	<u>2,209</u>	<u>882,028</u>	<u>(69,222)</u>	<u>676,483</u>
-	-	-	-	-
-	-	-	-	-
-	-	1,214,219	-	1,214,219
-	-	-	-	-
-	-	(150,000)	-	(150,000)
-	-	1,064,219	-	1,064,219
<u>(138,532)</u>	<u>2,209</u>	<u>1,946,247</u>	<u>(69,222)</u>	<u>1,740,702</u>
<u>(3,581)</u>	<u>(2,209)</u>	<u>20,008,761</u>	<u>(68,067)</u>	<u>19,934,904</u>
<u>\$ (142,113)</u>	<u>\$ -</u>	<u>\$ 21,955,008</u>	<u>\$ (137,289)</u>	<u>\$ 21,675,606</u>

(Continued)

Non-Major Governmental Funds

City of Fremont

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds (continued)

For the fiscal year ended June 30, 2019

(With comparative totals for the fiscal year ended June 30, 2018)

	Total Non-major Governmental Funds	
	2019	2018
REVENUES:		
Property tax	\$ 2,697,905	\$ 3,235,994
Intergovernmental	13,615,493	9,809,508
Franchise fees	376,570	406,075
Charges for services	10,286,885	10,061,997
Investment earnings	1,470,993	397,292
Other	3,448,745	3,198,226
Total revenues	31,896,591	27,109,092
EXPENDITURES:		
Current:		
Police services	853,929	399,511
Fire services	143,469	37,987
Human services	7,368	-
Capital assets maintenance and operations	10,389,348	10,819,307
Community development and environmental services	12,327,870	18,113,236
Capital outlay	1,457,048	174,184
Debt service:		
Principal	1,535,000	37,705,000
Interest and fiscal charges	1,480,103	2,538,987
Total expenditures	28,194,135	69,788,212
REVENUES OVER (UNDER) EXPENDITURES	3,702,456	(42,679,120)
OTHER FINANCING SOURCES (USES):		
Debt proceeds	-	31,940,000
Premium on debt issuance	-	3,410,546
Proceeds from sale of capital assets	1,214,219	-
Transfers in	1,505,000	4,478,220
Transfers out	(639,212)	(960,990)
Total other financing sources (uses)	2,080,007	38,867,776
Net change in fund balances	5,782,463	(3,811,344)
FUND BALANCES (DEFICITS):		
Beginning of year	48,603,157	52,414,501
End of year	\$ 54,385,620	\$ 48,603,157

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Special Revenue and Debt Service Funds

City of Fremont Budgetary Comparison Schedule Special Revenue and Debt Service Funds For the fiscal year ended June 30, 2019

	Special Revenue Funds					
	HOME Grant			Integrated Waste Management		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	303,778	77,702	(226,076)	1,648,731	1,902,312	253,581
Charges for services	-	-	-	8,549,895	8,438,487	(111,408)
Investment earnings	-	-	-	60,000	272,824	212,824
Other	-	-	-	-	-	-
Total revenues	303,778	77,702	(226,076)	10,258,626	10,613,623	354,997
EXPENDITURES:						
Current:						
Police services	-	-	-	-	-	-
Fire services	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Capital assets maintenance and operations	-	-	-	-	-	-
Community development and environmental services	303,175	77,099	226,076	11,179,805	9,046,981	2,132,824
Capital outlay	-	-	-	-	892,247	(892,247)
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	303,175	77,099	226,076	11,179,805	9,939,228	1,240,577
REVENUES OVER (UNDER) EXPENDITURES	603	603	-	(921,179)	674,395	1,595,574
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	(603)	(603)	-	(272,031)	(272,031)	-
Total other financing sources (uses)	(603)	(603)	-	(272,031)	(272,031)	-
Net change in fund balances	\$ -	-	\$ -	\$ (1,193,210)	402,364	\$ 1,595,574
FUND BALANCES:						
Beginning of year		3,685			9,058,085	
End of year		<u>\$ 3,685</u>			<u>\$ 9,460,449</u>	

Special Revenue and Debt Service Funds

Special Revenue Funds

Urban Runoff			Abandoned Vehicle			City Asset Seizure		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	120,000	105,393	(14,607)	-	-	-
1,461,233	1,458,950	(2,283)	-	-	-	-	-	-
4,000	12,454	8,454	-	-	-	-	-	-
-	2,741	2,741	-	-	-	-	-	-
<u>1,465,233</u>	<u>1,474,145</u>	<u>8,912</u>	<u>120,000</u>	<u>105,393</u>	<u>(14,607)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	120,000	105,393	14,607	29,000	-	29,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,645,023	1,357,689	287,334	-	-	-	-	-	-
-	-	-	-	-	-	-	29,024	(29,024)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>1,645,023</u>	<u>1,357,689</u>	<u>287,334</u>	<u>120,000</u>	<u>105,393</u>	<u>14,607</u>	<u>29,000</u>	<u>29,024</u>	<u>(24)</u>
<u>(179,790)</u>	<u>116,456</u>	<u>296,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,000)</u>	<u>(29,024)</u>	<u>(24)</u>
-	-	-	-	-	-	-	-	-
<u>(100,746)</u>	<u>(100,746)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(100,746)</u>	<u>(100,746)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (280,536)</u>	<u>15,710</u>	<u>\$ 296,246</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ (29,000)</u>	<u>(29,024)</u>	<u>\$ (24)</u>
	<u>409,546</u>			<u>-</u>			<u>29,024</u>	
	<u>\$ 425,256</u>			<u>\$ -</u>			<u>\$ -</u>	

(Continued)

Special Revenue and Debt Service Funds

City of Fremont Budgetary Comparison Schedule Special Revenue and Debt Service Funds (continued) For the fiscal year ended June 30, 2019

Special Revenue Funds						
	COPS AB3229			CUPA Administration		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	400,000	530,608	130,608	-	-	-
Charges for services	-	-	-	-	-	-
Investment earnings	-	14,435	14,435	-	24,236	24,236
Other	-	-	-	-	35,875	35,875
Total revenues	400,000	545,043	145,043	-	60,111	60,111
EXPENDITURES:						
Current:						
Police services	845,607	412,512	433,095	-	-	-
Fire services	-	-	-	27,500	106,960	(79,460)
Human services	-	-	-	-	-	-
Capital assets maintenance and operations	-	-	-	-	-	-
Community development and environmental services	-	-	-	-	-	-
Capital outlay	-	375,966	(375,966)	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	845,607	788,478	57,129	27,500	106,960	(79,460)
REVENUES OVER (UNDER) EXPENDITURES	(445,607)	(243,435)	202,172	(27,500)	(46,849)	(19,349)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	\$ (445,607)	(243,435)	\$ 202,172	\$ (27,500)	(46,849)	\$ (19,349)
FUND BALANCES:						
Beginning of year		516,000			710,993	
End of year		\$ 272,565			\$ 664,144	

Special Revenue and Debt Service Funds

Special Revenue Funds								
Justice Assistance Grant			City Funded Affordable Housing			Low & Moderate Income Housing Asset		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21,872	2,052	(19,820)	-	10,000	10,000	-	-	-
-	-	-	-	-	-	-	-	-
-	175	175	-	170,631	170,631	60,000	143,159	83,159
-	-	-	-	-	-	800,000	2,389,994	1,589,994
<u>21,872</u>	<u>2,227</u>	<u>(19,645)</u>	<u>-</u>	<u>180,631</u>	<u>180,631</u>	<u>860,000</u>	<u>2,533,153</u>	<u>1,673,153</u>
20,000	56,242	(36,242)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>20,000</u>	<u>56,242</u>	<u>(36,242)</u>	<u>3,229,025</u>	<u>762,596</u>	<u>2,466,429</u>	<u>1,425,407</u>	<u>732,148</u>	<u>693,259</u>
1,872	(54,015)	(55,887)	(3,229,025)	(581,965)	2,647,060	(565,407)	1,801,005	2,366,412
-	-	-	1,505,000	1,505,000	-	-	-	-
-	-	-	-	(20,936)	20,936	(38,486)	(38,486)	-
-	-	-	1,505,000	1,484,064	20,936	(38,486)	(38,486)	-
<u>\$ 1,872</u>	<u>(54,015)</u>	<u>\$ (55,887)</u>	<u>\$ (1,724,025)</u>	<u>902,099</u>	<u>\$ 2,667,996</u>	<u>\$ (603,893)</u>	<u>1,762,519</u>	<u>\$ 2,366,412</u>
	<u>22,196</u>			<u>4,424,321</u>			<u>3,033,050</u>	
	<u>\$ (31,819)</u>			<u>\$ 5,326,420</u>			<u>\$ 4,795,569</u>	

(Continued)

Special Revenue and Debt Service Funds

City of Fremont Budgetary Comparison Schedule Special Revenue and Debt Service Funds (continued) For the fiscal year ended June 30, 2019

	Special Revenue Fund					
	Metropolitan Medical Response System			Miscellaneous Federal Grants		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	36,957	-	(36,957)	318,851	298,327	(20,524)
Charges for services	-	-	-	-	-	-
Investment earnings	-	1,370	1,370	-	518	518
Other	-	-	-	-	-	-
Total revenues	36,957	1,370	(35,587)	318,851	298,845	(20,006)
EXPENDITURES:						
Current:						
Police services	-	-	-	329,123	279,326	49,797
Fire services	72,045	29,238	42,807	-	7,271	(7,271)
Human services	-	-	-	-	-	-
Capital assets maintenance and operations	-	-	-	-	-	-
Community development and environmental services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	72,045	29,238	42,807	329,123	286,597	42,526
REVENUES OVER (UNDER) EXPENDITURES	(35,088)	(27,868)	7,220	(10,272)	12,248	22,520
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	\$ (35,088)	(27,868)	\$ 7,220	\$ (10,272)	12,248	\$ 22,520
FUND BALANCES (DEFICITS):						
Beginning of year		70,718			12,230	
End of year		\$ 42,850			\$ 24,478	

Special Revenue and Debt Service Funds

Special Revenue Fund								
Miscellaneous State Grants			Miscellaneous Special Revenue			State Gas Tax		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
120,000	-	(120,000)	-	-	-	9,089,031	9,089,031	-
-	-	-	-	-	-	-	-	-
-	-	-	-	853	853	-	229,525	229,525
-	-	-	-	105,000	105,000	-	-	-
120,000	-	(120,000)	-	105,853	105,853	9,089,031	9,318,556	229,525
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
768	768	-	-	6,600	6,600	-	-	-
-	-	-	-	-	-	-	7,458,746	7,458,746
-	-	-	-	-	-	-	-	-
119,219	119,219	-	19,665	19,665	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
119,987	119,987	-	19,665	26,265	6,600	-	7,458,746	7,458,746
13	(119,987)	(120,000)	(19,665)	79,588	99,253	9,089,031	1,859,810	(7,229,221)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ 13</u>	<u>(119,987)</u>	<u>\$ (120,000)</u>	<u>\$ (19,665)</u>	<u>79,588</u>	<u>\$ 99,253</u>	<u>\$ 9,089,031</u>	<u>1,859,810</u>	<u>\$ (7,229,221)</u>
	-			-			6,795,833	
	<u>\$ (119,987)</u>			<u>\$ 79,588</u>			<u>\$ 8,655,643</u>	

(Continued)

Special Revenue and Debt Service Funds

City of Fremont Budgetary Comparison Schedule Special Revenue and Debt Service Funds (continued) For the fiscal year ended June 30, 2019

Special Revenue Funds						
	Rent Review Fund			Maintenance District		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	674,749	176,169	(498,580)	300,000	213,279	(86,721)
Investment earnings	-	6,803	6,803	-	18,473	18,473
Other	-	-	-	-	-	-
Total revenues	674,749	182,972	(491,777)	300,000	231,752	(68,248)
EXPENDITURES:						
Current:						
Police services	-	-	-	-	-	-
Fire services	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Capital assets maintenance and operations	-	-	-	300,000	219,012	80,988
Community development and environmental services	639,530	372,284	267,246	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	639,530	372,284	267,246	300,000	219,012	80,988
REVENUES OVER (UNDER) EXPENDITURES	35,219	(189,312)	(224,531)	-	12,740	12,740
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	(41,834)	(41,834)	-	(14,576)	(14,576)	-
Total other financing sources (uses)	(41,834)	(41,834)	-	(14,576)	(14,576)	-
Net change in fund balances	\$ (6,615)	(231,146)	\$ (224,531)	\$ (14,576)	(1,836)	\$ 12,740
FUND BALANCES:						
Beginning of year		245,026			536,800	
End of year		\$ 13,880			\$ 534,964	

Special Revenue and Debt Service Funds

Debt Service Fund		
Fire General Obligation Bonds		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
\$ 2,697,905	\$ 2,697,905	\$ -
-	-	-
-	-	-
-	71,587	71,587
-	-	-
2,697,905	2,769,492	71,587
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
1,535,000	1,535,000	-
1,474,638	1,474,638	-
3,009,638	3,009,638	-
(311,733)	(240,146)	71,587
-	-	-
-	-	-
-	-	-
\$ (311,733)	(240,146)	\$ 71,587
	2,799,248	
	\$ 2,559,102	

Internal Service Funds

Internal Service Funds

Internal service funds are used to report activities that provide goods or services to other funds or departments on a cost-reimbursement basis. The individual internal service funds are as follows:

Risk Management – This fund accounts for the City’s retained self-insured risks of loss from vehicle and property damage, earthquakes and floods, workers’ compensation claims, general liability claims, and unemployment claims. Administrative costs, including insurance coverage through the City’s membership in the California Joint Powers Risk Management Authority, are also accounted for in this fund. Resources for this fund are provided through allocation “charges” to the departments and special revenue fund operations that receive these services.

Information Technology Services – This fund accounts for the City’s information systems support and technology services. It funds Information Technology Services operations and equipment replacement. Resources for this fund are provided through allocation “charges” to the departments and special revenue fund operations that receive these services.

Vehicle Replacement – The City maintains a fleet of over 500 police and civilian vehicles including automobiles, vans, trucks, motorcycles, and specialized maintenance and construction equipment. This fund accumulates annual contributions from each of the City’s operating funds based on assigned vehicles, and accounts for the associated vehicle replacement purchases.

Employee Benefits – This internal service fund accumulates retiree healthcare benefit contributions from each of the City’s operating funds and accounts for the payments to the California Employers’ Retirement Benefit Trust (CERBT), benefit payments to retirees, and reimbursements from the CERBT for those benefit payments.

Fire Capital Equipment Replacement – The Fire Department maintains a fleet of fire apparatus (engines, aerial ladder trucks, and other specialized auxiliary apparatus) as well as a complement of personal protection and life-saving capital equipment (self-contained breathing apparatus, turnout (thermal protection) suits, cardiac monitors, and automated CPR devices). To facilitate timely replacement of these critical capital assets, this fund accumulates annual contributions from the General Fund and accounts for the associated capital expenditures.

Internal Service Funds

City of Fremont Combining Statement of Net Position Internal Service Funds June 30, 2019

(With comparative totals for June 30, 2018)

	Risk Management	Information Technology	Vehicle Replacement
ASSETS			
Current assets:			
Cash and investments held by City	\$ 22,323,194	\$ 6,364,370	\$ 4,145,122
Other receivables	-	98,313	-
Total current assets	<u>22,323,194</u>	<u>6,462,683</u>	<u>4,145,122</u>
Noncurrent assets:			
Prepaid assets	-	-	-
Depreciable assets	-	10,018,024	16,583,862
Less accumulated depreciation	-	(7,387,853)	(9,837,115)
Total noncurrent assets	<u>-</u>	<u>2,630,171</u>	<u>6,746,747</u>
Total assets	<u>22,323,194</u>	<u>9,092,854</u>	<u>10,891,869</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	<u>182,311</u>	<u>1,356,903</u>	<u>-</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,295,482	332,537	55,947
Due to General Fund	-	-	-
Salaries and wages payable	11,855	82,646	-
Cash overdraft	-	-	-
Claims payable	4,737,000	-	-
Total current liabilities	<u>6,044,337</u>	<u>415,183</u>	<u>55,947</u>
Noncurrent liabilities:			
Claims payable	11,093,000	-	-
Net pension liability	957,312	6,122,359	-
Total noncurrent liabilities	<u>12,050,312</u>	<u>6,122,359</u>	<u>-</u>
Total liabilities	<u>18,094,649</u>	<u>6,537,542</u>	<u>55,947</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	<u>94,778</u>	<u>515,378</u>	<u>-</u>
NET POSITION			
Net investment in capital assets	-	2,630,171	6,746,747
Unrestricted	4,316,078	766,666	4,089,175
Total net position	<u>\$ 4,316,078</u>	<u>\$ 3,396,837</u>	<u>\$ 10,835,922</u>

Internal Service Funds

Employee Benefits	Fire Capital Equipment Replacement	Totals	
		2019	2018
\$ 152,639	\$ 376,587	\$ 33,361,912	\$ 32,528,108
355,756	-	454,069	754,158
<u>508,395</u>	<u>376,587</u>	<u>33,815,981</u>	<u>33,282,266</u>
-	-	-	2,633,408
-	5,642,406	32,244,292	28,473,069
-	(324,429)	(17,549,397)	(17,909,873)
-	<u>5,317,977</u>	<u>14,694,895</u>	<u>13,196,604</u>
<u>508,395</u>	<u>5,694,564</u>	<u>48,510,876</u>	<u>46,478,870</u>
-	-	1,539,214	2,082,778
-	-	1,683,966	381,976
-	-	-	1,766,200
230	-	94,731	90,910
-	-	-	620,485
-	-	<u>4,737,000</u>	<u>4,702,000</u>
<u>230</u>	<u>-</u>	<u>6,515,697</u>	<u>7,561,571</u>
-	-	11,093,000	12,252,000
-	-	7,079,671	7,920,945
-	-	<u>18,172,671</u>	<u>20,172,945</u>
<u>230</u>	<u>-</u>	<u>24,688,368</u>	<u>27,734,516</u>
-	-	610,156	231,307
-	5,317,977	14,694,895	10,563,196
<u>508,165</u>	<u>376,587</u>	<u>10,056,671</u>	<u>10,032,629</u>
<u>\$ 508,165</u>	<u>\$ 5,694,564</u>	<u>\$ 24,751,566</u>	<u>\$ 20,595,825</u>

Internal Service Funds

City of Fremont Combining Statement of Revenues, Expenses and Changes in Net Position Internal Service Funds For the fiscal year ended June 30, 2019

(With comparative totals for the fiscal year ended June 30, 2018)

	Risk Management	Information Technology	Vehicle Replacement
OPERATING REVENUES			
Charges for services	\$ 6,500,000	\$ 9,343,610	\$ 1,678,315
Other	-	8,770	-
Total operating revenues	6,500,000	9,352,380	1,678,315
OPERATING EXPENSES			
Salaries and wages	626,541	4,808,231	42,963
Insurance premiums	3,174,855	-	-
Provision for claim losses	2,382,084	-	-
Claims administration	263,222	-	-
Materials and supplies	10,759	3,601,512	(14,638)
Depreciation	-	310,627	1,150,004
Other	-	55,517	-
Total operating expenses	6,457,461	8,775,887	1,178,329
OPERATING INCOME/(LOSS)	42,539	576,493	499,986
NONOPERATING REVENUES (EXPENSES)			
Investment income	718,405	207,681	136,828
Gain on disposal of capital assets	-	-	19,944
Income (loss) before capital contributions and transfers	760,944	784,174	656,758
Contributed capital assets	-	-	-
CHANGE IN NET POSITION	760,944	784,174	656,758
Net position - beginning of year	3,555,134	2,612,663	10,179,164
Net position - ending	\$ 4,316,078	\$ 3,396,837	\$ 10,835,922

Employee Benefits	Fire Capital Equipment Replacement	Totals	
		2019	2018
\$ 8,988,736	\$ 1,766,200	\$ 28,276,861	\$ 27,569,999
-	-	8,770	14,997
<u>8,988,736</u>	<u>1,766,200</u>	<u>28,285,631</u>	<u>27,584,996</u>
8,507,431	-	13,985,166	13,900,071
-	-	3,174,855	2,097,045
-	-	2,382,084	2,764,594
-	-	263,222	274,663
-	64,457	3,662,090	2,683,250
-	236,736	1,697,367	1,547,665
-	-	55,517	60,030
<u>8,507,431</u>	<u>301,193</u>	<u>25,220,301</u>	<u>23,327,318</u>
481,305	1,465,007	3,065,330	4,257,678
2,588	4,965	1,070,467	315,049
-	-	19,944	117,712
<u>483,893</u>	<u>1,469,972</u>	<u>4,155,741</u>	<u>4,690,439</u>
-	-	-	776,602
<u>483,893</u>	<u>1,469,972</u>	<u>4,155,741</u>	<u>5,467,041</u>
<u>24,272</u>	<u>4,224,592</u>	<u>20,595,825</u>	<u>15,128,784</u>
<u>\$ 508,165</u>	<u>\$ 5,694,564</u>	<u>\$ 24,751,566</u>	<u>\$ 20,595,825</u>

Internal Service Funds

City of Fremont Combining Statement of Cash Flows Internal Service Funds For the fiscal year ended June 30, 2019

(With comparative totals for the fiscal year ended June 30, 2018)

	Risk Management	Information Technology	Vehicle Replacement
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from users	\$ 6,500,000	\$ 9,354,468	\$ 1,678,315
Other revenue	-	8,770	-
Less: Payments to suppliers	(2,163,655)	(3,382,495)	(87,603)
Payments for employee services	(622,854)	(4,726,958)	(42,963)
Payments for claims paid	(3,506,084)	-	-
Payments to others	-	(55,517)	-
Net cash provided/(used) by operating activities	207,407	1,198,268	1,547,749
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Acquisition of capital assets	-	(1,293,878)	(1,830,183)
Prepayment for acquisition of capital assets	-	-	-
Proceeds from sale of capital assets	-	-	206,325
Net cash used in capital and related financing activities	-	(1,293,878)	(1,623,858)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Elimination of prior year overdraft	-	-	-
Cash received for borrowing from other funds	-	-	-
Net cash provided by non-capital financing activities	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on cash and investments	718,405	207,681	136,828
Net change in cash and cash equivalents	925,812	112,071	60,719
CASH AND CASH EQUIVALENTS			
Beginning of year	21,397,382	6,252,299	4,084,403
End of year	<u>\$ 22,323,194</u>	<u>\$ 6,364,370</u>	<u>\$ 4,145,122</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 42,539	\$ 576,493	\$ 499,986
Adjustments to reconcile operating income to net cash provided/(used) by operating activities:			
Depreciation	-	310,627	1,150,004
Changes in operating assets, liabilities, and deferred items:			
Other receivables	-	10,858	-
Accounts payable	1,285,181	219,017	(102,241)
Salaries and wages payable	(6,326)	10,147	-
Due to other funds	-	-	-
Claims payable	(1,124,000)	-	-
Deferred outflow resources - pension plan	67,081	476,483	-
Deferred inflow resources - pension plan	46,753	332,096	-
Net pension liability	(103,821)	(737,453)	-
Net cash provided/(used) by operating activities	\$ 207,407	\$ 1,198,268	\$ 1,547,749
Noncash capital financing activities			
Carrying value of disposed assets	\$ -	\$ -	\$ 19,944
Conversion of prepaid assets to capital assets	-	-	-
Transfer in of capital assets from governmental funds	-	-	-

Internal Service Funds

Employee Benefits	Fire Capital Equipment Replacement	Totals	
		2019	2018
\$ 9,277,967	\$ -	\$ 26,810,750	\$ 27,759,556
-	-	8,770	14,997
(8,507,431)	(164,424)	(14,305,608)	(13,983,845)
-	-	(5,392,775)	(5,106,722)
-	-	(3,506,084)	(3,916,594)
-	-	(55,517)	(60,029)
<u>770,536</u>	<u>(164,424)</u>	<u>3,559,536</u>	<u>4,707,363</u>
-	(257,978)	(3,382,039)	(3,393,630)
-	-	-	(422,320)
-	-	206,325	136,712
-	<u>(257,978)</u>	<u>(3,175,714)</u>	<u>(3,679,238)</u>
(620,485)	-	(620,485)	-
-	-	-	1,941,799
<u>(620,485)</u>	<u>-</u>	<u>(620,485)</u>	<u>1,941,799</u>
2,588	4,965	1,070,467	315,049
152,639	(417,437)	833,804	3,284,973
-	794,023	32,528,108	29,243,135
<u>\$ 152,639</u>	<u>\$ 376,586</u>	<u>\$ 33,361,912</u>	<u>\$ 32,528,108</u>
\$ 481,305	\$ 1,465,007	3,065,330	\$ 4,257,678
-	236,736	1,697,367	1,547,667
289,231	-	300,089	89,590
-	(99,967)	1,301,990	(326,761)
-	-	3,821	15,382
-	(1,766,200)	(1,766,200)	-
-	-	(1,124,000)	(1,152,000)
-	-	543,564	(239,544)
-	-	378,849	19,339
-	-	(841,274)	496,012
<u>\$ 770,536</u>	<u>\$ (164,424)</u>	<u>\$ 3,559,536</u>	<u>\$ 4,707,363</u>
\$ -	\$ -	19,944	\$ -
-	2,633,408	2,633,408	-
-	-	-	776,602

Internal Service Funds

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Agency Funds

Agency Funds

Agency Funds

Agency funds are used to account for assets held by the City on behalf of others as their agent. Specific agency funds are as follows:

Local Improvement Districts - This fund accounts for the accumulation of City of Fremont Community Facilities District (CFD) facilities and services special tax revenue, payment of principal and interest for outstanding CFD special tax bonds, payment for maintenance of the public improvements at Pacific Commons (CFD 1) financed with special tax bonds, and payments for maintenance of enhanced streetscape in the Warm Springs Innovation District (CFD 2).

Narcotics Asset Seizure - This fund accounts for assets confiscated by the Southern Alameda County Major Crimes Task Force (SACMCTF), which consists of police officers from the cities of Fremont, Newark, and Union City. These assets may only be used by SACMCTF for future narcotics investigations.

Performance Bonds, Deposits and Confiscated Assets - This fund accounts for bonds and deposits received in conjunction with construction activity within the City, assets confiscated by the police and other deposits, held by the City in a fiduciary capacity.

Southern Alameda County GIS - This fund accounts for monies collected from participating agencies for the administration of the program. The City of Fremont is the administrator of the Geographic Information System which serves the participating agencies. The program operates under a JPA that was approved by the City of Fremont, City of Newark, Union Sanitary District and Alameda County Water District.

City of Fremont
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2019

(With comparative totals for June 30, 2018)

	Local Improvement Districts	Narcotics Asset Seizure	Performance Bonds, Deposits and Confiscated Assets	Southern Alameda County GIS	Total	
					2019	2018
<u>All Agency Funds</u>						
Assets:						
Cash and investments held by City	\$ 13,822,237	\$ 1,081,404	\$ 2,278,404	\$ 60,890	\$ 17,242,935	\$ 15,618,807
Restricted cash and investments held by fiscal agent	5,218,341	-	1,583,625	-	6,801,966	7,116,316
Land held for resale	-	-	678,979	-	678,979	678,979
Accounts receivable	-	-	-	18,440	18,440	10,808
Total assets	\$ 19,040,578	\$ 1,081,404	\$ 4,541,008	\$ 79,330	\$ 24,742,320	\$ 23,424,910
Liabilities:						
Accounts payable	\$ 13,908	\$ 18,986	100,258	-	133,152	223,593
Due to other governments	-	-	678,979	-	678,979	678,979
Deposits	19,026,670	1,062,418	3,761,771	79,330	23,930,189	22,522,338
Total liabilities	\$ 19,040,578	\$ 1,081,404	\$ 4,541,008	\$ 79,330	\$ 24,742,320	\$ 23,424,910

Agency Funds

City of Fremont

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the fiscal year ended June 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Local Improvement Districts				
Assets:				
Cash and investments held by City	\$ 12,066,639	\$ 11,423,447	\$ (9,667,849)	\$ 13,822,237
Restricted cash and investments held by fiscal agent	5,113,745	1,981,114	(1,876,518)	5,218,341
Total assets	\$ 17,180,384	\$ 13,404,561	\$ (11,544,367)	\$ 19,040,578
Liabilities:				
Accounts payable	\$ 13,896	\$ 5,193,303	\$ (5,193,291)	\$ 13,908
Deposits	17,166,488	7,062,910	(5,202,728)	19,026,670
Total liabilities	\$ 17,180,384	\$ 12,256,213	\$ (10,396,019)	\$ 19,040,578
Narcotics Asset Seizure				
Assets:				
Cash and investments held by City	\$ 829,509	\$ 572,155	\$ (320,260)	\$ 1,081,404
Total assets	\$ 829,509	\$ 572,155	\$ (320,260)	\$ 1,081,404
Liabilities:				
Accounts payable	\$ 3,801	\$ 156,752	\$ (141,567)	\$ 18,986
Deposits	825,708	578,751	(342,041)	1,062,418
Total liabilities	\$ 829,509	\$ 735,503	\$ (483,608)	\$ 1,081,404
Performance Bonds, Deposits and Confiscated Assets				
Assets:				
Cash and investments held by City	\$ 2,656,227	\$ 1,141,049	\$ (1,518,872)	\$ 2,278,404
Restricted cash and investments held by fiscal agent	2,002,571	2,003,572	(2,422,518)	1,583,625
Land held for resale	678,979	-	-	678,979
Total assets	\$ 5,337,777	\$ 3,144,621	\$ (3,941,390)	\$ 4,541,008
Liabilities:				
Accounts payable	\$ 205,896	\$ 1,233,292	\$ (1,338,930)	\$ 100,258
Due to other governments	678,979	-	-	678,979
Deposits	4,452,902	3,143,051	(3,834,182)	3,761,771
Total liabilities	\$ 5,337,777	\$ 4,376,343	\$ (5,173,112)	\$ 4,541,008
Southern Alameda County GIS				
Assets:				
Cash and investments held by City	\$ 66,432	\$ 55,524	\$ (61,066)	\$ 60,890
Accounts receivable	10,808	18,440	(10,808)	18,440
Total assets	\$ 77,240	\$ 73,964	\$ (71,874)	\$ 79,330
Liabilities:				
Deposits	\$ 77,240	\$ 67,640	\$ (65,550)	\$ 79,330
Total liabilities	\$ 77,240	\$ 67,640	\$ (65,550)	\$ 79,330
Total Agency Funds				
Assets:				
Cash and investments held by City	\$ 15,618,807	\$ 13,192,175	\$ (11,568,047)	\$ 17,242,935
Restricted cash and investments held by fiscal agent	7,116,316	3,984,686	(4,299,036)	6,801,966
Land held for resale	678,979	-	-	678,979
Accounts receivable	10,808	18,440	(10,808)	18,440
Total assets	\$ 23,424,910	\$ 17,195,301	\$ (15,877,891)	\$ 24,742,320
Liabilities:				
Accounts payable	\$ 223,593	\$ 6,583,347	\$ (6,673,788)	\$ 133,152
Due to other governments	678,979	-	-	678,979
Deposits	22,522,338	10,852,352	(9,444,501)	23,930,189
Total liabilities	\$ 23,424,910	\$ 17,435,699	\$ (16,118,289)	\$ 24,742,320

Human Services Fund

Human Services Fund

Human Services Fund

The Human Services Fund is a special revenue fund used to account for revenues from federal, state, and local sources that, by law or administrative action, are designated to sustain the City's social service infrastructure to promote a healthy and safe environment for families, the elderly, and youth. Services and programs include self-sufficiency, counseling, and housing assistance. The individual sub-funds included in the Human Services Fund are as follows:

Community Development Block Grant – This fund accounts for grants from the U.S. Department of Housing and Urban Development for the primary purpose of developing viable urban communities.

Older Americans Grant – This fund accounts for federal and local grant monies received under the Older Americans Act. Case management services are provided to enable functionally impaired older persons to age in place.

Tri-City Elders & Eden Housing – This fund accounts for the Tri-City Elders Coalition which works to identify and effectively meet the needs of seniors to enable them to remain independent in their own homes and communities, as well as the Eden Housing fund, which supports a program coordinator providing services at three senior housing complexes in Fremont.

Senior Center – This fund accounts for revenues and expenditures for programs conducted by the Senior Citizens Center.

Multipurpose Senior Services Program – This fund accounts for Federal monies received via the State Department of Aging to provide services aimed at allowing frail elders to remain in their homes.

Area Agency on Aging – This fund accounts for Federal and local monies received via the Alameda County Area Agency on Aging (AAA) to provide services aimed at allowing frail elders to remain in their homes.

Alameda Behavioral Health Care – This fund accounts for the monies received from the Alameda County Behavioral Health Care Services Department to support a multi-disciplinary team approach to family support at the Family Resource Center, as well as a Senior Mobile Mental Health team.

Family Resource Center – This fund accounts for monies received from leases and service contracts at the Family Resource Center. This revenue is used for maintenance, operating and program costs of the center, as well as the portion of the 2017A Lease Revenue Bonds principal and interest expenditures related to the Family Resource Center.

Family Resource Center Corporation – This fund accounts for the operations of a 501(c)(3) non-profit supporting organization for the Fremont Family Resource Center, organized to accept grants and donations from organizations and foundations.

Youth Service Center – This fund accounts for Youth Service Center grants received from the State Council for Criminal Justice via the Alameda County Probation Department.

Every Child Counts Grant – This fund accounts for monies allocated through Alameda County from State Proposition 10 (tobacco taxes) to support early childhood programs in Youth and Family Services.

Measure B & BB Para-Transit – Under Measure B and Measure BB, the City receives the proceeds of an additional half-cent sales tax for use on transportation-related expenditures. This fund accounts for the portion of these monies used to partially fund the City’s paratransit program.

Medi-Cal Administrative Activities – This fund accounts for Federal Medi-Cal reimbursement earned by the Human Services Department for participation in the Medi-Cal Administrative activities program, via the Alameda County Health Care Services Agency.

Targeted Case Management – This fund accounts for Federal Medi-Cal reimbursement earned by the Human Services Department for participation the Targeted Case Management program via the Alameda County Health Care Services Agency.

Community Donations – This fund accounts for donations that support Human Services Department programs, awarded to the department by private contributors.

Human Services Operating – This fund accounts for the Transfer In of General Fund support for the administrative staff and operating expenditures necessary to administer the above funds; as well as service fees from Fremont Unified School District.

Human Services Fund

City of Fremont Supplemental Information Summary of Human Services Fund Balance Sheet June 30, 2019

(With comparative totals for June 30, 2018)

	Community Development Block Grant	Older Americans Grant	Tri-City Elders & Eden Housing
ASSETS			
Cash and investments held by City	\$ -	\$ -	\$ 73,842
Receivables:			
Due from other governmental agencies	260,748	40,920	75,340
Housing loans receivable, net	1,001,287	-	-
Accounts receivable	-	-	-
Total assets	\$ 1,262,035	\$ 40,920	\$ 149,182
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 217,251	\$ -	\$ 1,349
Salaries and wages payable	-	-	-
Due to other funds	43,497	40,920	73,991
Total liabilities	260,748	40,920	75,340
Deferred inflows of resources-unavailable revenue	1,001,287	-	-
Fund Balances:			
Restricted for social service programs	-	-	73,842
Committed for social service programs	-	-	-
Total fund balances	-	-	73,842
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,262,035	\$ 40,920	\$ 149,182

Human Services Fund

Senior Center	Multipurpose Senior Services Program	Area Agency on Aging	Alameda Behavioral Health Care	Family Resource Center	Family Resource Center Corporation
\$ 1,031,851	\$ -	\$ -	\$ 63,800	\$ 1,090,295	\$ 330,463
-	42,127	182,120	308,875	165,919	8,137
-	-	-	-	-	-
-	-	-	-	-	7,306
<u>\$ 1,031,851</u>	<u>\$ 42,127</u>	<u>\$ 182,120</u>	<u>\$ 372,675</u>	<u>\$ 1,256,214</u>	<u>\$ 345,906</u>
\$ 2,516	\$ 879	\$ -	\$ 9,863	\$ 2,062	\$ 12,456
12,270	-	-	-	40,505	-
-	41,248	182,120	298,706	83,500	-
14,786	42,127	182,120	308,569	126,067	12,456
-	-	15,899	171,161	73,500	8,137
-	-	-	(107,055)	1,056,647	325,313
1,017,065	-	(15,899)	-	-	-
1,017,065	-	(15,899)	(107,055)	1,056,647	325,313
<u>\$ 1,031,851</u>	<u>\$ 42,127</u>	<u>\$ 182,120</u>	<u>\$ 372,675</u>	<u>\$ 1,256,214</u>	<u>\$ 345,906</u>

(Continued)

Human Services Fund

City of Fremont Supplemental Information Summary of Human Services Fund Balance Sheet *(continued)* June 30, 2019

(With comparative totals for June 30, 2018)

	Youth Service Center	Every Child Counts Grant	Measure B & BB Para-Transit
ASSETS			
Cash and investments held by City	\$ -	\$ 536,440	\$ 1,994,285
Receivables:			
Due from other governmental agencies	205,778	602,675	475,645
Housing loans receivable, net	-	-	-
Accounts receivable	-	-	-
Total assets	\$ 205,778	\$ 1,139,115	\$ 2,469,930
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 418	\$ 118,145
Salaries and wages payable	-	-	-
Due to other funds	205,778	-	72,700
Total liabilities	205,778	418	190,845
Deferred inflows of resources-unavailable revenue	-	484,278	-
Fund Balances:			
Restricted for social service programs	-	654,419	2,279,085
Committed for social service programs	-	-	-
Total fund balances	-	654,419	2,279,085
Total liabilities, deferred inflows of resources, and fund balances	\$ 205,778	\$ 1,139,115	\$ 2,469,930

Human Services Fund

Medi-Cal Administrative Activities	Targeted Case Management	Community Donations	Human Services Operating	Total Summary of Human Services Fund	
				2019	2018
\$ 720,266	\$ 1,178,605	\$ 282,337	\$ 1,032,258	\$ 8,334,442	\$ 6,627,795
396,321	191,812	-	29,287	2,985,704	2,438,721
-	-	-	-	1,001,287	1,029,681
-	-	-	18,671	25,977	94,196
<u>\$ 1,116,587</u>	<u>\$ 1,370,417</u>	<u>\$ 282,337</u>	<u>\$ 1,080,216</u>	<u>\$ 12,347,410</u>	<u>\$ 10,190,393</u>
\$ -	\$ 3,047	\$ 3,112	\$ 183,472	\$ 554,570	\$ 571,463
-	-	-	85,740	138,515	126,342
-	-	-	-	1,042,460	892,088
-	3,047	3,112	269,212	1,735,545	1,589,893
-	187,995	-	-	1,942,257	1,183,784
1,116,587	1,179,375	279,225	-	6,857,438	6,212,411
-	-	-	811,004	1,812,170	1,204,305
<u>1,116,587</u>	<u>1,179,375</u>	<u>279,225</u>	<u>811,004</u>	<u>8,669,608</u>	<u>7,416,716</u>
<u>\$ 1,116,587</u>	<u>\$ 1,370,417</u>	<u>\$ 282,337</u>	<u>\$ 1,080,216</u>	<u>\$ 12,347,410</u>	<u>\$ 10,190,393</u>

(Concluded)

Human Services Fund

City of Fremont

Supplemental Information

Summary of Human Services Fund Revenues, Expenditures, and Changes in Fund Balance For the fiscal year ended June 30, 2019

(With comparative totals for the fiscal year ended June 30, 2018)

	Community Development Block Grant	Older Americans Grant	Tri-City Elders & Eden Housing
REVENUES:			
Intergovernmental	\$ 2,883,981	\$ 83,620	\$ -
Charges for services	-	-	8,633
Investment earnings	-	-	2,412
Other	90,203	-	175,804
Total revenues	2,974,184	83,620	186,849
EXPENDITURES:			
Current:			
Human services	369,393	83,620	164,085
Community development and environmental services	2,595,271	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	2,964,664	83,620	164,085
REVENUES OVER (UNDER) EXPENDITURES	9,520	-	22,764
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	(9,520)	-	(8,528)
Total other financing sources (uses)	(9,520)	-	(8,528)
Net change in fund balances	-	-	14,236
FUND BALANCES:			
Beginning of year	-	-	59,606
End of year	\$ -	\$ -	\$ 73,842

Human Services Fund

Senior Center	Multipurpose Senior Services Program	Area Agency on Aging	Alameda Behavioral Health Care	Family Resource Center	Family Resource Center Corporation
\$ -	\$ 210,445	\$ 289,022	\$ 778,992	\$ 128,691	\$ -
141,083	-	-	33,069	1,267,236	-
17,402	-	-	1,494	44,163	8,784
722,315	-	-	75,000	147,410	414,258
<u>880,800</u>	<u>210,445</u>	<u>289,022</u>	<u>888,555</u>	<u>1,587,500</u>	<u>423,042</u>
829,377	210,445	304,921	838,965	1,038,948	372,627
-	-	-	-	-	-
-	-	-	-	420,000	-
-	-	-	-	151,642	-
<u>829,377</u>	<u>210,445</u>	<u>304,921</u>	<u>838,965</u>	<u>1,610,590</u>	<u>372,627</u>
51,423	-	(15,899)	49,590	(23,090)	50,415
505,488	-	-	-	-	-
-	-	-	(53,503)	(321,902)	(14,534)
<u>505,488</u>	<u>-</u>	<u>-</u>	<u>(53,503)</u>	<u>(321,902)</u>	<u>(14,534)</u>
556,911	-	(15,899)	(3,913)	(344,992)	35,881
460,154	-	-	(103,142)	1,401,639	289,432
<u>\$ 1,017,065</u>	<u>\$ -</u>	<u>\$ (15,899)</u>	<u>\$ (107,055)</u>	<u>\$ 1,056,647</u>	<u>\$ 325,313</u>

(Continued)

Human Services Fund

City of Fremont

Supplemental Information *(continued)*

Summary of Human Services Fund Revenues, Expenditures, and Changes in Fund Balance For the fiscal year ended June 30, 2019

(With comparative totals for the fiscal year ended June 30, 2018)

	Youth Service Center	Every Child Counts Grant	Measure B & BB Para-Transit
REVENUES:			
Intergovernmental	\$ 442,000	\$ 849,202	\$ 2,075,783
Charges for services	-	-	105,134
Investment earnings	-	-	62,672
Other	-	14,405	-
Total revenues	442,000	863,607	2,243,589
EXPENDITURES:			
Current:			
Human services	438,937	1,094,836	1,645,614
Community development and environmental services	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	438,937	1,094,836	1,645,614
REVENUES OVER (UNDER) EXPENDITURES	3,063	(231,229)	597,975
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	(3,063)	(76,001)	(119,258)
Total other financing sources (uses)	(3,063)	(76,001)	(119,258)
Net change in fund balances	-	(307,230)	478,717
FUND BALANCES:			
Beginning of year	-	961,649	1,800,368
End of year	\$ -	\$ 654,419	\$ 2,279,085

Human Services Fund

Medi-Cal Administrative Activities	Targeted Case Management	Community Donations	Human Services Operating	Fund Revenues, Expenditures, and Changes in Fund Balances	
				2019	2018
\$ 1,312,416	\$ 262,464	\$ 115,377	\$ -	\$ 9,431,993	\$ 6,550,312
-	-	-	230,238	1,785,393	1,781,980
20,473	25,815	9,367	15,714	208,296	56,740
-	-	191,524	1,095	1,832,014	3,592,485
<u>1,332,889</u>	<u>288,279</u>	<u>316,268</u>	<u>247,047</u>	<u>13,257,696</u>	<u>11,981,517</u>
571,692	261,057	261,510	927,597	9,413,624	8,869,790
-	-	-	-	2,595,271	2,929,491
-	-	-	-	420,000	395,000
-	-	-	-	151,642	56,809
<u>571,692</u>	<u>261,057</u>	<u>261,510</u>	<u>927,597</u>	<u>12,580,537</u>	<u>12,251,090</u>
<u>761,197</u>	<u>27,222</u>	<u>54,758</u>	<u>(680,550)</u>	<u>677,159</u>	<u>(269,573)</u>
-	-	-	751,168	1,256,656	1,206,461
(31,607)	(27,503)	(11,739)	(3,765)	(680,923)	(725,883)
<u>(31,607)</u>	<u>(27,503)</u>	<u>(11,739)</u>	<u>747,403</u>	<u>575,733</u>	<u>480,578</u>
729,590	(281)	43,019	66,853	1,252,892	211,005
386,997	1,179,656	236,206	744,151	7,416,716	7,205,711
<u>\$ 1,116,587</u>	<u>\$ 1,179,375</u>	<u>\$ 279,225</u>	<u>\$ 811,004</u>	<u>\$ 8,669,608</u>	<u>\$ 7,416,716</u>

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Statistical Section

This part of the City of Fremont's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	176
These schedules contain trend information to help the reader understand how the City's financial performance and fiscal well-being have changed over time.	
Revenue Capacity	185
These schedules contain information to help the reader assess the factors affecting the City's ability to generate property tax.	
Debt Capacity	188
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	192
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	195
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

Sources: unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Statistical Section

City of Fremont Net Position by Component Last Ten Fiscal Years *accrual basis of accounting* (Unaudited)

	2009/10 ⁽¹⁾	2010/11 ⁽¹⁾	2011/12	2012/13 ⁽²⁾
Governmental activities				
Net investment in capital assets	\$ 682,627,226	\$ 685,667,798	\$ 691,660,486	\$ 705,897,097
Restricted	194,716,786	204,033,227	117,039,150	127,702,933
Unrestricted	42,803,743	38,008,379	59,650,042	52,010,409
Total primary government net position	\$ 920,147,755	\$ 927,709,404	\$ 868,349,678	\$ 885,610,439

Notes:

- (1) All components of net position restated for prior period adjustment in FY 2010/11 to reflect allowance for uncollectible affordable housing loan interest accruals.
- (2) Unrestricted net position restated for implementation of GASB Statement No. 65 in FY 2013/14 to eliminate items previously reported as assets.
- (3) The City implemented GASB Statement No. 68 in FY 2014/15; unrestricted net position for FY 2014/15 and subsequent years includes the impact of the net pension liability.
- (4) The City implemented GASB Statement No. 75 in FY 2017/18; unrestricted net position for FY 2017/18 and subsequent years includes the impact of the net OPEB liability.

Schedule 1

2014/15 ⁽³⁾	2015/16	2016/17	2017/18 ⁽⁴⁾	2018/19
\$ 727,727,677	\$ 734,700,673	\$ 750,501,959	\$ 753,492,779	\$ 771,862,033
137,108,141	149,630,295	185,639,661	217,455,055	246,167,172
(230,307,996)	(190,955,946)	(190,949,871)	(236,792,459)	(236,009,132)
\$ 634,527,822	\$ 693,375,022	\$ 745,191,749	\$ 734,155,375	\$ 782,020,073

Statistical Section

City of Fremont Changes in Net Position Last Ten Fiscal Years *accrual basis of accounting* (Unaudited)

Expenses				
Governmental activities:	2009/10 ⁽¹⁾	2010/11	2011/12	2012/13 ⁽²⁾
General government	\$ 11,430,814	\$ 11,971,463	\$ 10,747,362	\$ 12,306,781
Police services	55,616,399	54,925,765	54,904,248	56,697,425
Fire services	33,959,301	34,482,857	35,276,141	35,696,189
Human services	8,939,110	8,908,446	9,187,754	9,461,291
Capital assets maintenance and operations	46,719,842	42,075,801	56,293,833	48,651,872
Recreation and leisure services	6,868,067	6,731,068	7,240,833	7,797,737
Community development and environmental services	52,910,594	45,447,180	18,982,320	16,868,885
Intergovernmental	-	-	-	-
Interest on debt	4,284,166	6,373,866	6,101,394	5,107,813
Total primary government expenses	220,728,293	210,916,446	198,733,885	192,587,993
Program Revenues				
Governmental activities				
Charges for services:				
General government	916,917	1,000,218	835,913	822,395
Police services	4,386,919	4,200,213	4,063,168	4,291,487
Fire services	2,909,491	2,819,447	2,825,041	2,801,995
Human services	1,864,397	1,563,341	1,518,996	2,384,329
Capital assets maintenance and operations	2,051,575	2,901,266	4,632,786	2,931,189
Recreation and leisure services	5,480,873	5,540,566	5,981,911	6,253,791
Community development and environmental services	15,953,963	12,755,944	14,213,061	15,623,890
Operating grants and contributions	22,854,182	20,877,645	28,521,019	20,783,010
Capital grants and contributions	15,359,351	7,492,536	11,564,087	15,478,715
Total primary government program revenues	71,777,668	59,151,176	74,155,982	71,370,801
Net (Expense)/Revenue				
Total primary government net expense	(148,950,625)	(151,765,270)	(124,577,903)	(121,217,192)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property tax	102,848,091	100,080,165	81,383,794	77,314,901
Sales tax	26,769,511	30,089,204	33,065,829	34,404,123
Business taxes	7,106,402	6,820,327	7,495,975	7,368,022
Transient occupancy tax	2,866,987	3,475,913	4,132,665	4,871,866
Property transfer tax	975,982	1,031,249	861,352	1,202,361
Franchise fees	7,928,716	8,215,061	8,255,221	8,470,739
Investment earnings(loss)	6,358,774	4,296,980	2,289,171	(453,486)
Gain on sale of capital assets	-	-	-	-
Miscellaneous	9,027,871	5,318,020	5,239,731	7,813,719
Total primary government general revenues and other changes in net position	163,882,334	159,326,919	142,723,738	140,992,245
Pollution remediation obligation	475,000	-	-	-
Extraordinary loss	-	-	(77,505,561)	-
Total primary government change in net position	\$ 15,406,709	\$ 7,561,649	\$ (59,359,726)	\$ 19,775,053

Notes:

- (1) Investment earnings restated for prior period adjustment in FY 2010/11 to reflect allowance for uncollectible affordable housing loan interest accruals.
- (2) Interest on debt expense restated for implementation of GASB Statement No. 65 in FY 2013/14 to eliminate items previously reported as assets.

Schedule 2

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
\$	12,963,908	\$ 13,900,314	\$ 13,604,679	\$ 15,491,087	\$ 16,671,874	\$ 16,947,783
	60,187,955	62,265,880	64,837,566	73,201,163	82,324,804	87,014,189
	37,797,969	38,969,266	42,310,730	46,108,174	51,360,238	53,953,081
	9,973,326	10,418,215	10,619,068	11,477,446	13,125,104	13,229,254
	55,110,254	57,971,103	67,776,490	66,390,001	68,126,300	76,090,791
	8,428,819	8,397,409	8,186,587	9,059,389	10,040,149	10,431,491
	21,263,989	20,092,103	23,600,633	25,368,797	39,593,450	45,925,942
	-	1,990,040	-	-	-	-
	4,839,848	3,896,781	3,828,360	4,682,803	4,823,731	4,092,950
	210,566,068	217,901,111	234,764,113	251,778,860	286,065,650	307,685,481
	837,196	1,152,052	1,666,658	2,098,539	3,145,550	3,221,020
	4,505,971	4,528,822	4,175,223	4,021,692	3,653,991	3,890,873
	2,793,384	2,845,539	2,804,753	2,816,131	2,888,359	2,218,582
	2,890,542	1,899,386	2,093,782	2,326,619	2,506,936	2,392,405
	2,290,082	2,325,489	2,152,983	1,801,264	1,682,698	1,712,917
	6,929,386	7,633,759	8,260,807	8,015,373	7,924,710	7,898,663
	18,096,122	24,225,397	32,185,970	56,119,438	48,653,460	43,115,193
	16,288,849	14,033,697	14,169,917	13,361,747	16,919,938	21,880,564
	21,109,773	19,065,618	27,856,531	31,754,006	31,176,013	51,030,712
	75,741,305	77,709,759	95,366,624	122,314,809	118,551,655	137,360,929
	(134,824,763)	(140,191,352)	(139,397,489)	(129,464,051)	(167,513,995)	(170,324,552)
	72,130,472	79,611,885	82,484,888	89,916,085	96,598,896	102,303,564
	38,862,070	40,743,875	48,580,024	49,535,813	58,902,744	64,830,649
	7,828,030	9,420,130	10,125,832	12,620,629	12,116,637	11,566,214
	6,155,212	7,181,438	8,086,529	8,390,862	8,620,269	8,292,113
	1,494,656	1,758,406	1,800,905	1,916,237	1,893,591	1,900,150
	8,924,582	9,298,688	9,605,547	10,320,411	10,467,485	10,488,238
	1,957,784	1,764,197	4,659,270	801,454	1,612,637	12,549,669
	-	15,985,118	22,934,023	172,005	-	491,515
	7,993,083	9,562,197	9,967,671	7,607,282	9,625,362	5,767,135
	145,345,889	175,325,934	198,244,689	181,280,778	199,837,621	218,189,248
	-	-	-	-	-	-
	-	-	-	-	-	-
\$	10,521,126	\$ 35,134,582	\$ 58,847,200	\$ 51,816,727	\$ 32,323,626	\$ 47,864,696

Statistical Section

City of Fremont
Fund Balances of Governmental Funds
Last Ten Fiscal Years
modified accrual basis of accounting
(Unaudited)

	2009/10 ^(1,2)	2010/11 ⁽²⁾	2011/12	2012/13
General Fund				
Nonspendable:				
Long term loans receivable	\$ -	\$ -	\$ -	\$ -
Prepaid assets	10,335	10,827	-	-
Unassigned ⁽⁴⁾	28,890,327	28,050,777	31,002,006	31,310,309
Total general fund	\$ 28,900,662	\$ 28,061,604	\$ 31,002,006	\$ 31,310,309
All Other Governmental Funds				
Nonspendable:				
Prepaid assets	\$ 3,764,808	\$ 1,259,814	\$ -	\$ -
Restricted For:				
Social service programs	6,430,993	5,678,205	6,299,201	11,707,520
Debt service	7,100,039	7,167,486	4,273,390	4,251,981
Public safety	7,043,810	13,983,749	8,475,758	4,958,094
Street improvements	25,516,365	23,021,363	29,640,961	27,807,373
Community development	141,502,159	148,381,813	69,628,179	72,719,309
Other purposes	774,382	488,071	566,102	544,412
Committed for:				
Social service programs	184,559	2,820,714	3,976,129	1,897,039
Community development				
Recreation programs	3,986,842	4,265,262	4,983,869	5,563,377
Assigned for:				
Vehicle replacement	4,578,109	4,240,492	3,842,513	3,702,187
Social service programs	-	-	-	-
Other capital projects	18,244,729	13,447,852	30,058,124	35,550,435
Unassigned	-	-	-	(134,557)
Total all other governmental funds	\$ 219,126,795	\$ 224,754,821	\$ 161,744,226	\$ 168,567,170

Notes:

- (1) Fund balance categories restated for implementation of GASB Statement No. 54 in FY 2010/11.
- (2) Fund balance reclassified and restated to conform to the presentation in FY 2011/12 and subsequent years.
- (3) In FY 2016/17 the City began reporting its vehicle replacement activities in the Vehicle Replacement internal service fund.
- (4) Assigned fund balance for encumbrances reclassified and restated as unassigned fund balance to conform to the presentation in FY 2018/19 and subsequent years.

Schedule 3

2013/14	2014/15	2015/16	2016/17 ⁽³⁾	2017/18	2018/19
\$ 314,556	\$ -	\$ -	\$ -	\$ -	\$ -
-	2,173,335	2,193,530	-	189,552	-
32,155,333	39,074,360	36,933,083	39,651,567	49,701,777	51,460,496
\$ 32,469,889	\$ 41,247,695	\$ 39,126,613	\$ 39,651,567	\$ 49,891,329	\$ 51,460,496
\$ -	\$ -	\$ 242,699	\$ -	\$ -	\$ -
9,820,703	9,038,913	10,942,559	11,800,584	6,216,096	6,875,003
3,055,835	4,460,258	4,390,396	4,436,594	2,800,746	2,562,329
3,275,314	2,892,597	3,384,148	1,306,807	1,654,058	1,059,647
28,169,721	16,882,384	28,949,426	18,067,746	12,740,898	13,293,629
79,059,198	102,427,173	111,384,135	155,281,602	192,137,812	218,743,726
498,172	267,364	23,961	23,961	12,230	24,478
7,002,800	6,637,434	7,605,287	1,329,011	1,204,305	1,812,170
			7,142,887	4,424,321	2,950,000
6,291,555	7,269,011	7,436,031	7,848,770	8,295,300	8,057,530
3,407,645	2,708,119	2,355,508	-	-	-
-	-	-	-	-	2,376,420
36,690,483	41,638,392	67,965,564	61,382,193	62,272,050	70,297,269
(42,547)	(140,281)	(1,409,021)	(1,087,501)	(837,392)	(2,575,532)
\$ 177,228,879	\$ 194,081,364	\$ 243,270,693	\$ 267,532,654	\$ 290,920,424	\$ 325,476,669

Statistical Section

City of Fremont
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
modified accrual basis of accounting
(Unaudited)

Revenues	2009/10	2010/11	2011/12	2012/13
Taxes:				
Property tax	\$ 102,848,091	\$ 100,080,165	\$ 81,383,794	\$ 77,314,901
Sales tax	26,769,511	30,089,204	33,065,829	34,404,123
Business taxes	7,106,402	6,820,327	7,495,975	7,368,022
Transient occupancy tax	2,866,987	3,475,913	4,132,665	4,871,866
Property transfer tax	975,982	1,031,249	861,352	1,202,361
Total taxes	140,566,973	141,496,858	126,939,615	125,161,273
Development impact fees	6,976,919	6,790,105	6,193,879	7,371,151
Franchise fees	7,928,716	8,215,061	8,255,221	8,470,739
Charges for services	31,553,854	30,763,760	33,500,728	34,880,896
Investment earnings	7,325,832	4,062,605	2,056,182	(411,290)
Intergovernmental	31,344,757	22,333,769	33,418,008	28,525,586
Other revenues	8,326,595	4,259,458	4,790,435	7,670,743
Total revenues	234,023,646	217,921,616	215,154,068	211,669,098
Expenditures				
General government	11,126,970	11,626,724	10,326,841	11,705,622
Police services	53,798,999	53,438,082	53,386,351	52,983,058
Fire services	31,471,578	32,088,475	32,968,266	32,028,985
Human services	8,929,839	8,937,090	9,132,699	9,289,812
Capital assets maintenance and operations	40,386,402	37,741,086	52,839,416	44,241,372
Recreation and leisure services	6,720,593	6,509,957	6,904,449	6,984,149
Community development and environmental services	28,393,990	30,765,728	19,250,687	19,145,502
Intergovernmental	26,182,316	16,404,213	-	-
Capital outlay	41,936,766	24,358,920	11,413,444	19,490,281
Debt service:				
Principal	8,130,000	4,680,000	4,890,000	5,430,000
Interest and fiscal charges	7,021,913	6,730,327	6,672,770	4,957,514
Payment to refunding escrow	-	-	2,844,665	-
Total expenditures	264,099,366	233,280,602	210,629,588	206,256,295
Excess of revenues over (under) expenditures	(30,075,720)	(15,358,986)	4,524,480	5,412,803
Other Financing Sources (Uses)				
Debt issuance	-	15,000,000	53,280,000	-
Premium on debt issuance	-	-	1,272,726	-
Payment to escrow agent	(22,085,000)	-	(53,245,335)	-
Proceeds from sale of capital assets	-	4,372,117	60,449	218,444
Transfers in	51,893,739	48,045,240	37,006,086	36,398,411
Transfers out	(51,187,268)	(47,269,403)	(37,006,086)	(34,898,411)
Total other financing sources (uses)	(21,378,529)	20,147,954	1,367,840	1,718,444
Extraordinary gain (loss)	-	-	(64,462,513)	-
Net change in fund balances	\$ (51,454,249)	\$ 4,788,968	\$ (58,570,193)	\$ 7,131,247
Debt service as a percentage of noncapital expenditures	6.8%	5.5%	7.2%	5.6%

Schedule 4

2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
\$ 72,130,472	\$ 79,611,885	\$ 82,484,888	\$ 89,916,085	\$ 96,598,896	\$ 102,303,564
38,862,070	40,743,875	48,580,024	49,535,813	58,902,744	64,830,649
7,828,030	9,420,130	10,125,832	12,620,629	12,116,637	11,566,214
6,155,212	7,181,438	8,086,529	8,390,862	8,620,269	8,292,113
1,494,656	1,758,406	1,800,905	1,916,237	1,893,591	1,900,150
126,470,440	138,715,734	151,078,178	162,379,626	178,132,137	188,892,690
8,262,911	6,966,643	11,792,744	18,628,880	17,727,292	29,617,113
8,924,582	9,298,688	9,605,547	10,320,411	10,467,485	10,488,238
37,815,036	47,547,582	55,183,568	77,974,788	70,015,046	61,086,919
1,795,130	1,625,206	4,261,090	753,237	1,297,588	11,479,202
27,054,592	26,077,980	29,557,304	26,579,029	30,284,632	43,236,949
7,940,974	9,419,190	9,863,178	7,483,894	9,488,421	5,639,201
218,263,665	239,651,023	271,341,609	304,119,865	317,412,601	350,440,312
12,325,158	13,687,288	14,534,805	15,620,852	15,776,538	16,545,558
56,526,938	60,977,009	67,907,604	71,333,981	77,086,121	81,481,658
34,122,657	37,123,963	43,597,692	44,524,281	46,977,760	49,593,209
9,835,921	10,523,242	11,388,813	11,767,260	12,626,523	13,097,740
49,542,065	54,164,969	60,687,792	64,558,439	66,515,819	82,086,624
7,546,990	7,847,547	8,318,171	8,902,312	8,951,998	9,947,436
18,912,045	19,033,162	24,997,659	26,412,682	38,895,310	46,110,068
-	1,990,040	-	-	-	-
9,929,862	17,756,829	15,742,759	19,689,002	3,945,574	4,507,967
5,435,000	6,105,000	6,290,000	6,515,000	44,857,126	7,752,376
5,054,471	4,055,742	3,941,681	4,659,251	4,983,256	4,406,484
-	-	-	1,150,000	-	-
209,231,107	233,264,791	257,406,976	275,133,060	320,616,025	315,529,120
9,032,558	6,386,232	13,934,633	28,986,805	(3,203,424)	34,911,192
22,005,000	-	9,100,000	85,205,000	32,940,000	-
726,480	-	-	-	3,410,546	-
(22,145,000)	-	-	(85,205,000)	-	-
1,202,251	19,244,059	24,033,614	130,001	480,410	1,214,219
35,667,820	37,855,620	37,094,464	37,422,956	24,987,780	34,623,582
(36,667,820)	(37,855,620)	(37,094,464)	(41,752,847)	(24,987,780)	(34,623,582)
788,731	19,244,059	33,133,614	(4,199,890)	36,830,956	1,214,219
-	-	-	-	-	-
\$ 9,821,289	\$ 25,630,291	\$ 47,068,247	\$ 24,786,915	\$ 33,627,532	\$ 36,125,411
5.3%	4.7%	4.2%	4.8%	15.8%	4.0%

Statistical Section**City of Fremont****Assessed Value and Actual Value of Taxable Property****Schedule 5****Last Ten Fiscal Years***in thousands of dollars*

(Unaudited)

Fiscal Year	Secured	Unsecured	Less Exemptions	Public Utilities	Taxable Assessed Value⁽¹⁾	Direct Rate⁽²⁾
2010	\$32,197,081	\$2,445,549	\$ (809,531)	\$ 3,090	\$ 33,836,189	-
2011	32,096,417	2,550,780	(841,788)	3,093	33,808,502	-
2012	31,689,717	2,435,867	(835,287)	3,093	33,293,390	0.1573%
2013	32,152,556	2,461,490	(833,858)	67,380	33,847,568	0.1569%
2014	33,986,979	2,299,499	(826,210)	59,209	35,519,477	0.1527%
2015	36,409,171	2,284,533	(888,111)	52,259	37,857,852	0.1598%
2016	39,250,284	2,348,141	(849,704)	52,259	40,800,980	0.1505%
2017	43,064,886	2,215,574	(850,961)	3,444	44,432,943	0.1504%
2018	45,835,860	2,391,771	(894,592)	8,303	47,341,342	0.1500%
2019	49,513,679	2,337,687	(1,047,537)	8,303	50,812,132	0.1486%

Notes:

- (1) In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% of the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" limited to a maximum increase of 2%. With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the property is reassessed at its purchase price. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.
- (2) The direct rate shown is the City's share of the 1% countywide rate in City of Fremont Tax Rate Area 12-001 and the City's general obligation bond rate. Comparable data is not available for fiscal years prior to 2011/12.

Sources: Alameda County Assessor; Alameda County Auditor-Controller.

City of Fremont
Direct and Overlapping Government Tax Rates
Last Ten Fiscal Years
(Unaudited)

Schedule 6

Fiscal Year Ended June 30,	City Direct Rate		Total Direct Rate	Overlapping Rates			Total Direct and Overlapping Rate
	City ⁽¹⁾	General Obligation Debt Service		County	School District	Special Districts	
2010	-	0.0107%	0.0107%	1.0000%	0.0622%	0.0293%	1.1022%
2011	-	0.0095%	0.0095%	1.0000%	0.0540%	0.0374%	1.1009%
2012	0.1475%	0.0098%	0.1573%	0.8525%	0.0844%	0.0375%	1.1317%
2013	0.1475%	0.0094%	0.1569%	0.8525%	0.0803%	0.0344%	1.1241%
2014	0.1475%	0.0052%	0.1527%	0.8525%	0.0706%	0.0510%	1.1268%
2015	0.1475%	0.0123%	0.1598%	0.8525%	0.1270%	0.0394%	1.1787%
2016	0.1434%	0.0071%	0.1505%	0.8566%	0.1188%	0.0481%	1.1740%
2017	0.1434%	0.0070%	0.1504%	0.8566%	0.1178%	0.0448%	1.1696%
2018	0.1434%	0.0066%	0.1500%	0.8566%	0.1145%	0.0430%	1.1641%
2019	0.1434%	0.0052%	0.1486%	0.8678%	0.1124%	0.0418%	1.1706%

Notes:

(1) In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% of the assessed value of the property being taxed. This 1% of assessed value is shared by all taxing agencies within which whose jurisdiction the subject property resides. The City direct rate shown is the City's share of the 1% countywide rate in City of Fremont Tax Rate Area 12-001. Comparable data is not available for fiscal years prior to 2011/12.

Source: Alameda County Auditor-Controller; California Municipal Statistics, Inc.

Statistical Section

City of Fremont
Principal Property Tax Payers
Current Year and Nine Years Ago
in thousands of dollars
(Unaudited)

Schedule 7

Tax Payer	2019			2010		
	Total Assessed Value	Rank	% of Total City Taxable Assessed Value	Total Assessed Value	Rank	% of Total City Taxable Assessed Value
Tesla Motors Inc	\$ 2,518,853	1	4.96%	\$ -	-	-
LAM Research Corporation	460,048	2	0.91%	-	-	-
Hart Pacific Commons LLC	350,977	3	0.69%	-	-	-
Western Digital (Fremont) LLC	338,412	4	0.67%	-	-	-
Seagate Technology LLC	302,993	5	0.60%	-	-	-
BRE Properties, Inc.	250,577	6	0.49%	-	-	-
John T. Arrillaga & Richard T. Peery	215,018	7	0.42%	231,801	4	0.69%
BTMU Capital Leasing and Finance, Inc.	186,627	8	0.37%	-	-	-
Fremont Retail Partners LP	167,294	9	0.33%	-	-	-
Catellus Development Corporation	154,282	10	0.30%	537,867	2	1.59%
New United Motors Manufacturing, Inc.	-	-	-	1,087,910	1	3.22%
Sobrato Interests II LP	-	-	-	240,456	3	0.71%
SCI LPI	-	-	-	209,883	5	0.62%
Jer Bayside LLD	-	-	-	76,221	6	0.23%
Jer BTP II LLC	-	-	-	73,936	7	0.22%
BNP Paribas Leasing Corporation	-	-	-	72,828	8	0.22%
Legacy Partners I Fremont LLC	-	-	-	62,424	9	0.18%
AMB Property Limited Partnership	-	-	-	62,271	10	0.18%
Total	\$ 4,945,081		9.74%	\$ 2,655,597		7.86%

Source: Alameda County Assessor.

City of Fremont
Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Schedule 8

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year ⁽¹⁾	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections ⁽³⁾
		Amount Collected ⁽²⁾	Percentage of Levy	
2010	\$ 43,147,792	\$ 42,782,214	99.15%	\$ 2,454,033
2011	43,850,035	43,356,624	98.87%	1,633,325
2012	46,408,439	45,729,845	98.54%	1,575,887
2013	49,964,034	49,306,560	98.68%	1,529,406
2014	52,673,395	51,433,790	97.65%	558,860
2015	56,311,310	55,104,240	97.86%	961,460
2016	59,079,814	58,251,685	98.60%	771,520
2017	64,204,230	63,549,026	98.98%	670,439
2018	68,477,951	68,410,663	99.90%	722,461
2019	73,625,143	73,049,121	99.22%	651,801

Notes:

- (1) Taxes levied are based on revenue estimate provided annually by the Alameda County Auditor-Controller Agency.
- (2) Beginning January 2012, amounts collected include the City's share of Successor Agency un-obligated property tax revenue.
- (3) The City does not have access to data showing delinquent tax collections by fiscal year of delinquency. Amounts shown are total collections of delinquent property taxes during the year.

Source: Alameda County Auditor-Controller.

Statistical Section

City of Fremont
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Schedule 9

in thousands of dollars, except per capita

(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities ⁽¹⁾			Percentage of Taxable Assessed Value ⁽²⁾	Percentage of Personal Income ⁽³⁾	Debt Per Capita ⁽⁴⁾
	General Obligation Bonds	General Fund Lease Obligations	Total Outstanding Debt			
2010	\$ 48,639	\$ 137,014	\$ 185,653	0.55%	2.41%	\$ 867
2011	47,607	148,393	196,000	0.58%	2.43%	904
2012	47,503	142,739	190,242	0.57%	2.27%	866
2013	46,220	138,503	184,723	0.55%	1.91%	831
2014	45,497	134,257	179,754	0.51%	1.97%	797
2015	44,095	129,431	173,526	0.46%	1.75%	761
2016	42,647	133,565	176,212	0.43%	1.64%	767
2017	41,145	127,281	168,426	0.38%	1.47%	731
2018	39,885	119,772	159,657	0.34%	1.39%	693
2019	38,229	113,388	151,618	0.30%	1.17%	652

Notes:

- (1) Outstanding debt includes unamortized bond premium. Details regarding the City's outstanding debt can be found in the Notes to the Basic Financial Statements.
- (2) Property value data is disclosed in Schedule 5.
- (3) Personal income data is disclosed in Schedule 13.
- (4) Population data is disclosed in Schedule 13.

City of Fremont
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
in thousands of dollars, except per capita
(Unaudited)

Schedule 10

Fiscal Year Ended June 30,	General Bonded Debt Outstanding ⁽¹⁾			Total	Percentage of Taxable Assessed Value ⁽³⁾	Debt Per Capita ⁽⁴⁾
	General Obligation Bonds	Less Amounts Available in Debt Service Fund ⁽²⁾				
2010	\$ 48,639	\$ 2,391	\$ 46,248	0.14%	\$ 216	
2011	47,607	2,382	45,225	0.13%	209	
2012	47,503	2,407	45,096	0.14%	205	
2013	46,220	2,420	43,800	0.13%	197	
2014	45,497	1,235	44,262	0.12%	196	
2015	44,095	2,643	41,452	0.11%	182	
2016	42,647	2,586	40,061	0.10%	174	
2017	41,145	2,626	38,519	0.09%	167	
2018	39,885	2,787	37,098	0.08%	158	
2019	38,229	2,559	35,670	0.07%	153	

Notes:

- (1) Outstanding debt includes unamortized bond premium. Details regarding the City's outstanding debt can be found in the Notes to the Basic Financial Statements.
- (2) This is the amount restricted for debt service payments in the Fire General Obligation Bonds debt
- (3) Property value data is disclosed in Schedule 5.
- (4) Population data is disclosed in Schedule 13.

Statistical Section

City of Fremont
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019
(Unaudited)

Schedule 11

Overlapping Government Unit ⁽¹⁾	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
Alameda County	\$ 240,000,000	17.623%	\$ 42,295,200
Bay Area Rapid Transit District	809,660,000	6.796%	55,024,494
Chabot-Las Positas Community College District	661,410,000	0.007%	46,299
Ohlone Community College District	416,948,400	82.838%	345,391,716
Fremont Unified School District	465,755,000	100.000%	465,755,000
City of Fremont Community Facilities District No. 1	78,545,000	100.000%	78,545,000
Washington Township Healthcare District	331,290,000	70.499%	233,556,137
East Bay Regional Park District	178,710,000	10.762%	19,232,770
Alameda County General Fund Obligations	868,272,500	17.623%	153,015,663
Alameda-Contra Costa Transit District Certificates of Participation	11,465,000	20.864%	2,392,058
Fremont Unified School District Certificates of Participation	63,095,000	100.000%	63,095,000
Subtotal, overlapping debt			1,458,349,337
City of Fremont, direct debt⁽²⁾			151,618,246
Total direct and overlapping debt			\$ 1,609,967,583

Notes:

- (1) Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City of Fremont. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.
- (2) Outstanding debt includes unamortized bond premium. Changed from source to reflect the amount shown in the Notes to the Financial Statements.

Source: California Municipal Statistics, Inc.

City of Fremont
Legal Debt Margin Information
Last Ten Fiscal Years
in millions of dollars
(Unaudited)

Schedule 12

	Fiscal Year Ended June 30, 2019									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 1,269	\$ 1,268	\$ 1,249	\$ 1,269	\$ 1,332	\$ 1,420	\$ 1,530	\$ 1,666	\$ 1,775	\$ 1,905
Debt applicable to limit ⁽¹⁾	49	48	48	46	45	44	43	41	40	38
Legal debt margin	<u>\$ 1,220</u>	<u>\$ 1,220</u>	<u>\$ 1,201</u>	<u>\$ 1,223</u>	<u>\$ 1,287</u>	<u>\$ 1,376</u>	<u>\$ 1,487</u>	<u>\$ 1,625</u>	<u>\$ 1,735</u>	<u>\$ 1,867</u>
Percentage available	96.1%	96.2%	96.2%	96.4%	96.6%	96.9%	97.2%	97.5%	97.7%	98.0%

Calculation of Legal Debt Margin

Assessed value of taxable property	\$ 50,812
25% of Assessed Valuation	12,703
Debt limit (15% of assessed value)	1,905
General obligation bonds outstanding	38
Legal debt margin	<u>\$ 1,867</u>

Notes:

- (1) The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation; however, this provision was enacted when assessed valuation was based upon 25% of market value. The computation above reflects a conversion of assessed valuation data from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments.

Source: City of Fremont Finance Department; Alameda County Assessor.

Statistical Section

City of Fremont
Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Schedule 13

Year	Population⁽¹⁾	Per Capita Income^(2,3)	Personal Income⁽³⁾	Unemployment Rate⁽⁴⁾
2010	214,089	\$ 36,025	\$ 7,712,556,225	8.7%
2011	216,778	37,261	8,077,365,058	8.0%
2012	219,617	38,095	8,366,309,615	6.9%
2013	222,397	43,504	9,675,159,088	5.7%
2014	225,486	40,562	9,146,163,132	4.5%
2015	228,119	43,563	9,937,547,997	3.7%
2016	229,687	46,899	10,772,090,613	3.3%
2017	230,525	49,740	11,466,313,500	2.7%
2018	231,252	55,521	12,839,342,292	2.6%
2019	232,532	55,521	12,910,409,172	2.6%

Sources:

- (1) State of California, Department of Finance, *E-4 Population Estimates for Cities, Counties, and the State, 2011-2019, with 2010 Census Benchmark*, Sacramento, California, May 2019.
- (2) U.S. Census Bureau, American Community Survey Single Year Estimates 2011-2019. Values have not been adjusted for inflation.
- (3) Per capita income is not available for 2019, so the 2018 value was used for estimating 2019 personal income.
- (4) State of California, Employment Development Department Labor Market Information Division. The 2019 value is the average for the year through September.

City of Fremont
Construction Permits and Estimated Value
Last Ten Fiscal Years
(Unaudited)

Schedule 14

Fiscal year Ended June 30,	Commercial/Industrial		Residential		Total	
	Number of Permits	Estimated Value	Number of Permits	Estimated Value	Number of Permits	Estimated Value
2010	894	\$ 322,308,508	3,195	\$ 116,043,844	4,089	\$ 438,352,352
2011	892	110,096,205	2,927	119,479,395	3,819	229,575,600
2012	884	133,682,758	2,861	124,453,892	3,745	258,136,650
2013	884	195,336,130	2,671	126,717,982	3,555	322,054,112
2014	865	335,068,875	3,104	112,278,572	3,969	447,347,447
2015	908	307,125,365	3,188	165,878,100	4,096	473,003,465
2016	893	278,289,511	4,149	270,495,931	5,042	548,785,442
2017	962	205,841,935	3,585	481,302,774	4,547	687,144,709
2018	834	444,597,947	3,575	709,777,090	4,409	1,154,375,037
2019	608	439,059,032	3,415	279,497,651	4,023	718,556,683

Source: City of Fremont Community Development Department.

Statistical Section

**City of Fremont
Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

Schedule 15

Employer	2019			2010		
	Percentage of Total City			Employment	Employees	Rank
	Employment	Employees ⁽¹⁾	Rank			
Tesla Motors Inc	12.31%	15000+	1	-	-	-
LAM Research	2.46%	1000-5000	2	3.02%	3,000	1
Washington Hospital	2.46%	1000-5000	3	1.81%	1,800	2
Kaiser Permanente Medical Group	2.46%	1000-5000	4	0.96%	950	7
Estenson Logistics	2.46%	1000-5000	5	1.81%	1,800	4
Fremont Unified School District	2.46%	1000-5000	6	1.06%	1,050	5
City of Fremont	2.46%	1000-5000	7	-	-	-
Western Digital	0.62%	500-1000	8	0.85%	846	9
Boston Scientific	0.62%	500-1000	9	-	-	-
Ohlone College	0.62%	500-1000	10	-	-	-
FM Industries	0.62%	500-1000	-	-	-	-
Jabil	0.62%	500-1000	-	1.81%	1,800	3
Sutter Health	0.62%	500-1000	-	0.96%	950	6
Hyve Solutions Corporation	0.62%	500-1000	-	0.91%	900	8
Solyndra	-	-	-	0.81%	800	10

Notes:

(1) Number of Employees listed as a range as provided by source.

Source: City of Fremont Economic Development Department.

City of Fremont
Full-time Equivalent Employees by Function
Last Ten Fiscal Years
(Unaudited)

Schedule 16

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Public Safety</u>										
Fire	152.00	152.50	152.50	153.00	154.00	157.00	158.00	159.00	160.00	161.00
Police	287.00	287.00	287.00	282.00	287.50	296.50	303.50	306.50	311.50	314.50
Total	<u>439.00</u>	<u>439.50</u>	<u>439.50</u>	<u>435.00</u>	<u>441.50</u>	<u>453.50</u>	<u>461.50</u>	<u>465.50</u>	<u>471.50</u>	<u>475.50</u>
<u>Other Community Services</u>										
Community Development	99.27	98.34	60.75	61.00	57.30	60.30	68.05	71.05	76.05	80.25
Economic Development	4.57	3.65	3.65	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Human Services	51.80	54.50	54.50	56.50	58.15	59.93	60.55	61.55	64.55	65.40
Public Works	103.11	103.23	109.24	110.24	111.61	117.61	121.53	124.35	127.35	129.65
Community Services	61.85	61.85	93.43	94.41	88.51	90.01	90.76	91.01	92.01	94.01
Housing and Redevelopment	11.93	12.10	12.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	<u>332.53</u>	<u>333.67</u>	<u>333.67</u>	<u>326.15</u>	<u>319.57</u>	<u>331.85</u>	<u>344.89</u>	<u>351.96</u>	<u>363.96</u>	<u>373.31</u>
<u>Administrative Systems</u>										
City Manager's Office	5.25	6.15	6.25	6.80	8.80	9.30	9.80	10.80	10.80	12.05
City Attorney	9.42	9.42	9.42	9.67	9.92	9.92	9.92	9.92	9.92	9.92
City Clerk	4.25	4.20	4.20	4.20	4.20	4.20	3.95	3.95	3.95	3.95
Finance	21.65	21.65	21.55	21.75	22.75	22.75	24.00	24.00	24.00	24.00
Information Systems	19.90	19.90	19.90	22.00	22.00	22.00	23.00	23.00	23.00	23.00
Human Resources	14.00	14.00	14.00	14.00	14.00	13.50	14.25	15.25	15.25	15.00
Total	<u>74.47</u>	<u>75.32</u>	<u>75.32</u>	<u>78.42</u>	<u>81.67</u>	<u>81.67</u>	<u>84.92</u>	<u>86.92</u>	<u>86.92</u>	<u>87.92</u>
Citywide Total	<u>846.00</u>	<u>848.49</u>	<u>848.49</u>	<u>839.57</u>	<u>842.74</u>	<u>867.02</u>	<u>891.31</u>	<u>904.38</u>	<u>922.38</u>	<u>936.73</u>

Source: City of Fremont FY 2019/20 Adopted Operating Budget.

Statistical Section

**City of Fremont
Operating Indicators by Function
Last Ten Calendar Years**
(Unaudited)

Schedule 17

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019⁽¹⁾</u>
<u>Police</u>										
Physical arrests	5,731	4,934	4,266	3,705	3,986	3,768	3,522	4,557	3,742	2,669
Vehicle moving and parking violations	15,839	13,152	9,829	10,535	11,709	10,435	14,372	23,544	13,745	9,960
<u>Fire</u>										
Emergency responses ⁽²⁾	12,958	13,003	13,320	13,445	13,952	14,686	15,513	16,367	16,201	16,047
Fires extinguished	360	331	313	370	364	388	434	462	459	514
<u>Parks and recreation</u>										
Number of recreation classes registrants	25,410	24,905	26,329	31,521	31,900	33,187	31,886	31,925	31,000	32,000

Notes:

(1) Projected through year end based on data received through September 2019.

(2) Includes responses within the City of Fremont only; does not include mutual aid responses to Union City, Newark, etc.

Source: City of Fremont Police, Fire, and Community Services Departments.

City of Fremont
Capital Asset Statistics by Function/Program
Last Ten Calendar Years
(Unaudited)

Schedule 18

<u>Function/Program</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Police</u>										
Stations	1	1	1	1	1	1	1	1	1	1
Police fleet cars and motorcycles	168	179	179	179	180	181	187	197	197	201
<u>Fire</u>										
Stations	11	11	11	11	11	11	11	11	11	11
Engines	16	16	16	16	16	16	16	16	16	18
Trucks	3	3	3	3	3	3	3	3	3	3
Patrols (Wildland units, etc.)	6	6	6	6	6	6	6	6	6	7
Specialized Apparatus (Hazmat Response, Rescue and WMD/MCI)	-	-	3	3	3	3	3	3	3	3
<u>Parks and recreation</u>										
Acreage	1,053	1,191	1,191	1,205	1,213	1,213	1,213	1,215	1,215	1,126
Playgrounds	52	52	52	52	52	52	52	52	52	53
Baseball/softball diamonds	24	24	24	24	24	24	24	24	24	24
Soccer/football fields	17	17	17	17	17	17	17	17	17	17
Community centers	5	5	5	5	5	5	5	5	5	5
Water park	1	1	1	1	1	1	1	1	1	1

Source: City of Fremont Police, Fire, and Community Services Departments.

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