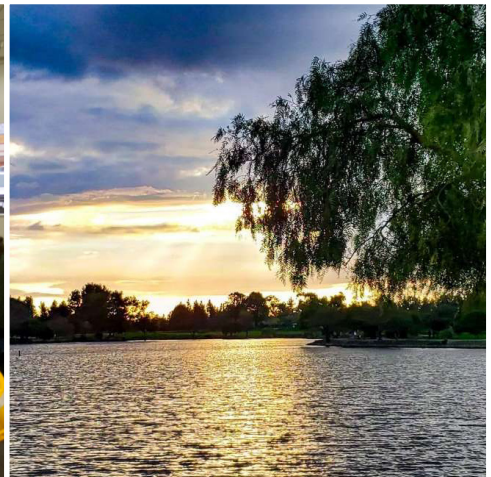




ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2023



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ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2023

Prepared by the Finance Department

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Letter of Transmittal



Finance Department

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510 494-4610 *ph* | 510 494-4611 *fax* | www.fremont.gov

December 28, 2023

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, 2023.

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, 2023. 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 approximately 230,000, Fremont is the fourth largest city in the Bay Area, the 17th 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.

The City of Fremont has operated under the council-manager form of government since its incorporation in 1956. Policy-making and legislative authority are vested in a seven-member governing council consisting of the Mayor and six Councilmembers. Councilmembers are elected on a by-district basis, with the Mayor separately elected to a four-year term by a citywide vote. The City Council is elected on a non-partisan basis, and the Mayor and Councilmembers are subject to a two-term limit.

Letter of Transmittal

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 City 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 revenues 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) metro 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 median household income is \$155,968, and 63% of Fremont's residents over the age of 25 have a bachelor's, graduate, or professional degree. Fremont was recently ranked the least stressed city, the happiest city, and best city to raise a family in America by WalletHub. For these reasons and many others, Fremont is home to hundreds of world class technology and biomedical companies including Tesla, Lam Research, Meta, Seagate Technology, Boston Scientific, Boehringer Ingelheim, ThermoFisher Scientific, Delta Electronics and more.

Coming out of the pandemic, the City has continued its efforts to support small businesses. This includes Fremont's inaugural Restaurant Week in March 2023, an event planned to recur each year. Fremont Restaurant Week celebrates the diversity of Fremont's culinary offerings while supporting restaurants during what is typically a slower time of year. Generous corporate sponsorship from Papé Group and Meta has allowed the City to provide extensive free marketing for participating businesses. The City also continues to support events in Downtown and neighborhood business districts, both hosting and amplifying events that will bring in visitors to the area.

The COVID-19 pandemic highlighted the importance of Fremont's essential industry base, an assortment of manufacturing, life science, and logistics companies that remained in operation due to their essential nature. Notably, many of the businesses in these sectors experienced major expansions in Fremont when other employment sectors were contracting or moving to dispersed virtual work models. The expansion and increased business activity of these essential industries helped mitigate the adverse fiscal impacts of the pandemic and allowed the City to continue providing high service levels.

With over 900 technology companies that engineer or manufacture physical products in the City, Fremont has earned a reputation as the epicenter of Silicon Valley's advanced manufacturing ecosystem. This sector has continued to experience major growth with companies like Quanta Manufacturing, Velo3D, and Bloom Energy locating new manufacturing operations in Fremont over the past twelve months and companies like Tesla, Boehringer Ingelheim, Enovix, Bionova Scientific, and Raxium undergoing major facility expansions.

Businesses within Fremont's advanced manufacturing sector take advantage of the thriving business ecosystem that exists here, including a vast network of suppliers, a skilled workforce, and flexibly zoned industrial space. As more businesses expand and locate within Fremont, they in turn contribute to this ecosystem, ultimately making Fremont's economy stronger and more resilient. This is exemplified in the multiple industry clusters that comprise Fremont's over 50 million square feet of flexible industrial and research and development real estate. These include:

- Clean Technology ("cleantech")
- Medical Devices and Equipment
- Biotechnology and Contract Development and Manufacturing Organizations

Letter of Transmittal

- Electric and Autonomous Vehicles
- High-tech and Information Technology
- Logistics and Goods Movement
- Medical and Health Care
- Semiconductor and Semiconductor Equipment
- Automotive Technology (“autotech”)
- Robotics, Automation, and IoT (Internet of Things)

A 2020 report by leading manufacturing industry software provider QAD ranks Fremont as America’s Most Innovative City, with more patents issued per capita over the last 55 years than any city in the country. Growth-stage companies locating to or expanding within Fremont have long been the biggest source of Fremont’s economic growth, and Fremont continues to benefit from a large influx of new technology, life sciences, and advanced manufacturing tenants including Bloom Energy, Velo3D, Quanta Manufacturing, Nitricity, Plus.ai, Ultima Genomics, and many more. In 2022, Tesla reached a major milestone of over 30,000 employees in Fremont, making its Fremont operations one of the largest manufacturing hubs nationwide and the most productive auto plant in North America.

To meet continued demand, significant new research and development and advanced manufacturing space has been proposed. Pacific Commons South, a 2.5 million square foot speculative industrial project, became fully leased within a year of its completion in 2022, boasting a mix of leading manufacturing, technology, and warehouse tenants. Additional industrial developments have been proposed in the Bayside and Warm Springs employment areas, with seven projects under City review or under construction representing more than 1.5 million square feet of new space. In the Ardenwood Technology Park area north of Highway 84, higher intensity zoning allowances initiated by the City have spurred commercial real estate investment to capture Silicon Valley biomedical companies migrating east. Several new development projects and expansions have been proposed, 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. 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 development and retail growth of the Downtown Fremont and Town Center areas, transportation infrastructure improvements including the expansion of BART and quality facilities for walking and bicycling, recruitment of new retail uses to provide more social and recreational opportunities for residents, and expansion of Fremont’s key employment districts, namely Bayside, Ardenwood Technology Park, and the Warm Springs Innovation District.

The Warm Springs Innovation District is centered around the Warm Springs BART Station and is anchored by companies including Tesla Motors, ThermoFisher Scientific, Lam Research, Seagate and Western Digital. 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:

- *Under Construction:* Lennar’s master-planned mixed-use project, which includes 2,200 residential units (of which 290 units are affordable rental units) and a potential 1.4 million square feet of industrial/commercial Class A office space.
- *Under Construction:* Toll Brothers’ master-planned 1,001-unit “Metro Crossing” residential project which includes 132 affordable rental units east of the BART station.
- *Under Construction:* Valley Oak Partners’ master-planned “Metro West” 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, and a business-class hotel.
- *Approved:* Sobrato has an approved master plan to develop a 700,000-square-foot commercial tech center on their 21.5-acre property.
- *In Design:* The new Irvington BART station, adding a third BART station in Fremont, is under design and partially funded for construction.
- *In Design:* A new bike/pedestrian bridge over Interstate 880 along the East Bay Greenway trail corridor, connecting the Warm Springs BART station area to the Bayside employment district, is in final design.
- *In Design:* A new bike/pedestrian bridge over Interstate 680 along the Sabercat trail corridor is in final design, linking the Irvington and Mission San Jose Districts, including a connection with Ohlone College.
- *In Design:* A new 34,000 square foot multipurpose community center at Fremont’s Central Park for recreation and community events is funded for final design and has partial funding for construction.

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. Now, just over four years after the City’s Downtown Community Plan was adopted in 2018, the community’s vision is starting to gain traction. Today, a steady stream of projects in the development pipeline are slated to usher in new residences, offices, and contemporary retail spaces. In the past two years alone, Downtown has welcomed the grand opening of the Downtown Event Center and \$250 million in private investment, with more expected to come.

To get a sense of the scale of investment, as of the end of calendar year 2023, there are over 1,100 units in the Downtown area development pipeline, including 241 units under construction and 837 units under review. This includes a 209-unit project at Gateway Plaza and a 314-unit mixed use project at the Fremont Hub that would also add over 25,000 square feet of new commercial and amenity space. All told, the mixed-use projects in the pipeline will add tens of thousands of square feet of new retail space to attract new restaurants, shops, and services. Notable projects include:

- *Completed:* The Beacon, a 275-unit mixed-use project developed by Fore Property Company that has begun residential leasing.

Letter of Transmittal

- *Under Construction:* MIG's mixed-use project, which takes advantage of Downtown Fremont's federally designated Opportunity Zone, will bring in 241 units and approximately 5,500 square feet of retail.
- *Under Construction:* Fremont Bank's new 6-story, 34,905 square foot headquarters, that was recognized as Silicon Valley's Best Small Office Project of 2022.
- *Approved:* Kimco's mixed-use project at the Fremont Hub, which will include 314 residential units and over 25,000 square feet of ground floor commercial space.
- *Approved:* Kimco's project at Gateway Plaza, which will add 209 residential units near Paseo Padre Parkway and Walnut Ave. as the existing shopping center transitions to a mixed-use development.
- *In-Leasing:* Capitol Square, the retail portion of the Locale @ State Street project developed by TMG Partners, has executed its first ten commercial leases, including five new restaurants and an independent bookstore.

Over time, each new project that comes to fruition will add to building an urban core that can serve as a central gathering point for the entire Fremont community.

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. These policies are included in the annual operating budget document and are reviewed each year in conjunction with the adoption of the annual operating budget.

Awards and Acknowledgements

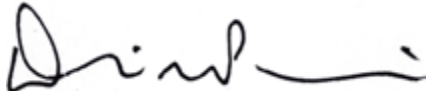
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fremont for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the 39th consecutive year the City has received this prestigious award. To be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized document 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 ACFR 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 2022/23. This was the 26th 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". The signature is fluid and cursive, with a long horizontal stroke at the end.

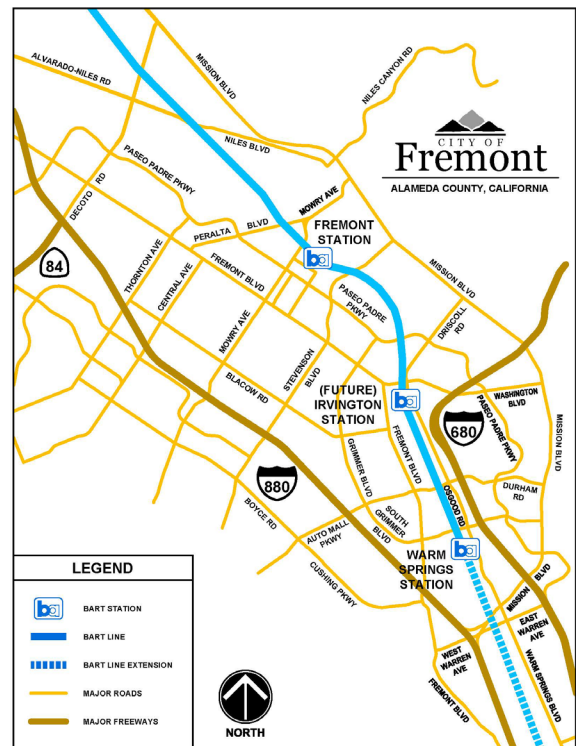
David Persselin
Finance Director/Treasurer

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Located on the southeast side of the San Francisco Bay, Fremont is a city of 229,467 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.

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





City Council

- Lily Mei, Mayor
- Teresa Cox, Vice Mayor, District 6
- Teresa Keng, Councilmember, District 1
- Desrie Campbell, Councilmember, District 2
- Jenny Kassan, Councilmember, District 3
- Yang Shao, Councilmember, District 4
- Raj Salwan, Councilmember, District 5

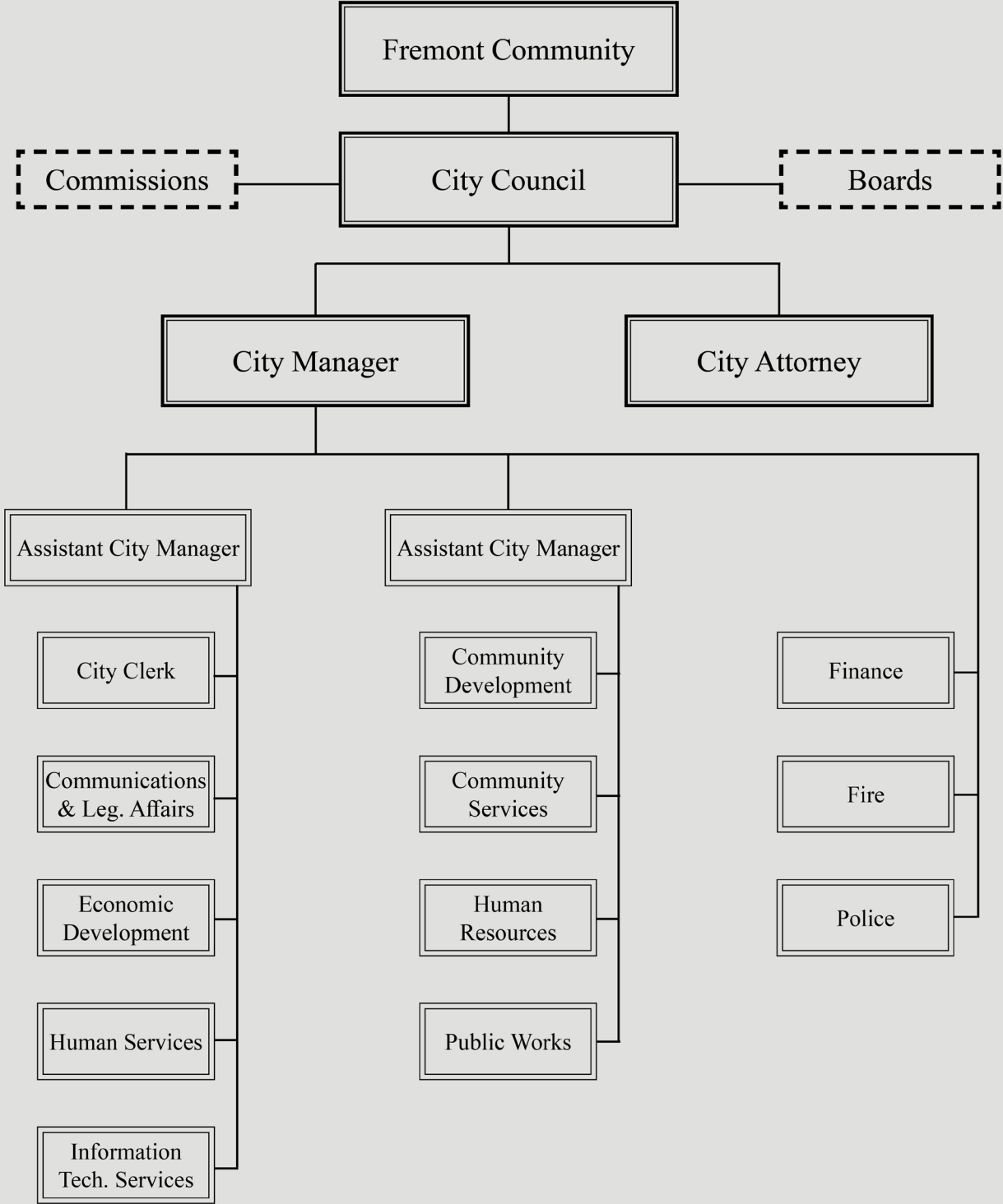
City Executive Staff

- Karena Shackelford, City Manager
- Rafael Alvarado, Jr., City Attorney
- Christina Briggs, Assistant City Manager
- Brian Stott, Assistant City Manager
- Geneva Bosques, Communications and Legislative Affairs Director
- Allen DeMers, Assistant to the City Manager
- Zoraida Diaz, Fire Chief
- Tina Gallegos, Human Resources Director
- Susan Gauthier, City Clerk
- Hans Larsen, Public Works Director
- Donovan Lazaro, Economic Development Director
- David Persselin, Finance Director
- Dan Schoenholz, Community Development Director
- Suzanne Shenfil, Human Services Director
- Sanford Taylor, Information Technology Director
- Sean Washington, Chief of Police
- Suzanne Wolf, Community Services Director

ACFR Team

- Hein Hein Myat, Accounting Division Manager
- Tricia Fan, Senior Accountant
- Tish Saini, Senior Accountant
- Anita Chang, Accountant
- Tiffany Tang, Accountant
- Ellen Zhou, Accountant
- Elisa Chang, Administrative Analyst/Graphic Artist

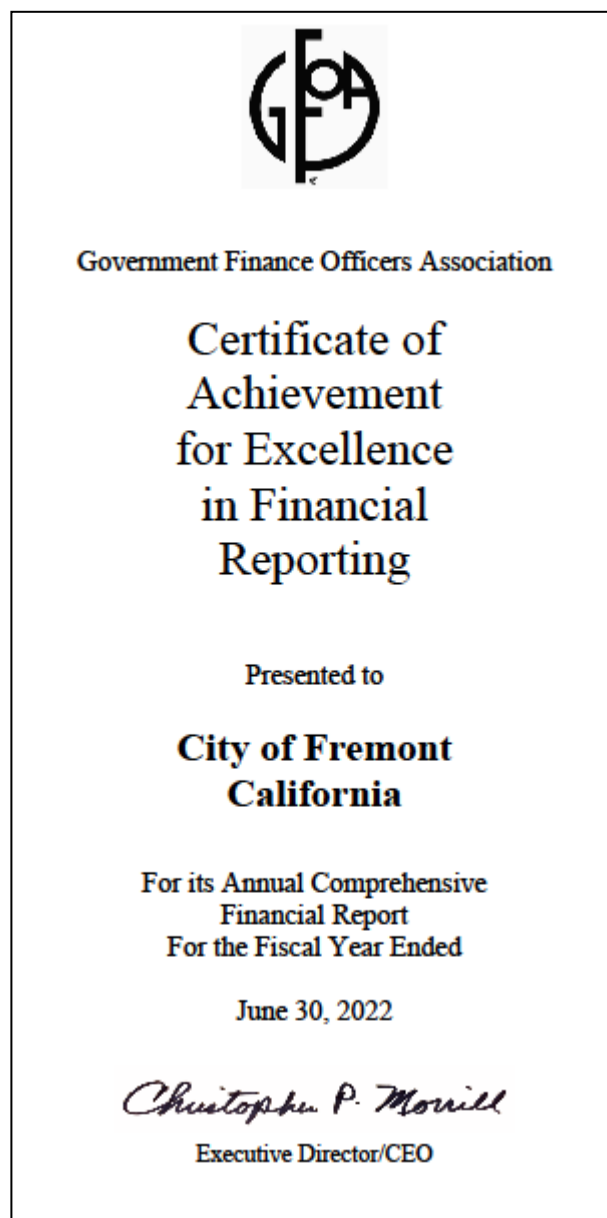
City of Fremont Organization Chart Fiscal Year 2022/23



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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the 39th 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 ACFR. This report satisfied both GAAP and legal requirements. A Certificate of Achievement is valid for one year only. We believe our current ACFR 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.





Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, as of July 1, 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Other Matter

Prior-Year Comparative Information

The financial statements include summarized prior-year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the fiscal year ended June 30, 2022, from which such summarized information was derived.

Independent Auditors' Report

Report on Summarized Comparative Information

We have previously audited the City's 2022 financial statements, 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 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

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 is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the individual and combining fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The City's management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Independent Auditors' Report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023, 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.

Macias Gini & O'Connell LLP

Walnut Creek, California
December 28, 2023

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, 2023. 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 \$1.007 billion (net position). Excluding the \$449.5 million net pension liability and \$70.1 million net OPEB liability, \$340.7 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 \$27.0 million from the prior year.
- As of June 30, 2023, the City's governmental funds reported combined fund balances of \$472.6 million, a decrease of \$22.1 million from the prior year.
- As of June 30, 2023, unassigned fund balance in the General Fund was \$45.0 million, or approximately 14.4% of total General Fund expenditures and transfers out. The Contingency Reserve was maintained at \$41.7 million per City Council policy. An additional \$3.3 million of unassigned fund balance was set aside by City Council policy in the General Fund Budget Uncertainty Reserve to address uncertainty in the revenue and expenditure forecast. 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 long-term obligations decreased by \$23.9 million during the fiscal year ended June 30, 2023. For more information, please refer to the note titled *Long-Term Obligations* (Note 6) in the Notes to the Basic Financial Statements.

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 three 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), the Fremont Social Services Joint Powers Authority (Social Services JPA), and the Fremont Family Resource Center Corporation (FRC Corporation). The financial activities of these component units 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 33-35 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 34 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
- Inclusionary Housing In-Lieu
- ACTC, MTC, Measures B, BB and F Grants, Streets, Bike and Pedestrian
- Miscellaneous State Capital Grants

Data for the other twenty-five 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 major 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 38-44 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, Fire Department capital replacement, information technology capital replacement, and employee benefits. These services 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 in the supplementary information section of this report.

The basic proprietary funds financial statements can be found on pages 46-48 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 four custodial 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 funds financial statements can be found on pages 50-51 of this report. Individual fund data for each of the custodial funds is provided in the form of combining statements in the supplementary information section 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 53-108 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 the 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 109-129 of this report.

The combining statements and schedules referred to earlier in connection with non-major governmental funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 133-185 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 2022/23, net position stood at \$1.007 million, a 2.8% increase from the prior year. Information about net position is presented in the summary schedule below:

**CITY OF FREMONT'S CONDENSED STATEMENT OF NET POSITION
JUNE 30, 2023 AND 2022**
(dollars in thousands)

| | <u>2023</u> | <u>2022*</u> | <u>Percentage Change</u> |
|--|---------------------|-------------------|------------------------------|
| Current and other assets | \$ 590,472 | \$ 565,835 | 4.4% |
| Capital assets | 973,174 | 966,573 | 0.7% |
| Assets | 1,563,646 | 1,532,408 | 2.0% |
| Deferred outflows related to pensions and OPEB | 162,264 | 91,692 | 77.0% |
| Deferred Outflows of Resources | 162,264 | 91,692 | 77.0% |
| Current liabilities | 56,576 | 45,940 | 23.2% |
| Noncurrent liabilities | 652,872 | 483,509 | 35.0% |
| Liabilities | 709,448 | 529,449 | 34.0% |
| Deferred inflows related to pensions and OPEB | 5,139 | 109,407 | (95.3%) |
| Deferred inflows related to leases | 4,495 | 5,396 | (16.7%) |
| Deferred Inflows of Resources | 9,634 | 114,803 | (91.6%) |
| Net position: | | | |
| Net investment in capital assets | 863,693 | 834,071 | 3.6% |
| Restricted | 322,037 | 336,606 | (4.3%) |
| Unrestricted** | (178,902) | (190,829) | 6.3% |
| Net position | \$ 1,006,828 | \$ 979,848 | 2.8% |

* 2022 has not been restated to reflect implementation of GASB Statement No. 96. For more information, please refer to the note titled *Effects of New Pronouncements* (Note 1.H) in the Notes to the Basic Financial Statements.

** Unrestricted net position for June 30, 2023, includes the City's \$449.5 million net pension liability and \$70.1 million net OPEB liability, which are not claims on current financial assets.

At June 30, 2023, 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, \$863.7 million, reflects its net investment in capital assets (e.g., land, infrastructure, buildings, machinery, equipment, and subscription-based information technology intangible assets) 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.

Management's Discussion and Analysis

An additional portion of the City's net position represents \$322.0 million of restricted resources that are subject to external restrictions on how they may be used. Excluding the \$449.5 million net pension liability and \$70.1 million net OPEB liability, \$340.7 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 FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

(dollars in thousands)

| | <u>2023</u> | <u>2022*</u> | <u>Percentage Change</u> |
|--|---------------------|-------------------|------------------------------|
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ 52,497 | \$ 51,018 | 2.9% |
| Operating grants and contributions | 24,659 | 68,667 | (64.1%) |
| Capital grants and contributions | 39,516 | 32,884 | 20.2% |
| General revenues: | | | |
| Property tax | 134,625 | 122,949 | 9.5% |
| Sales tax | 83,575 | 86,799 | (3.7%) |
| Business tax | 14,234 | 13,933 | 2.2% |
| Transient occupancy tax | 6,012 | 4,722 | 27.3% |
| Property transfer tax | 1,818 | 3,398 | (46.5%) |
| Franchise fees | 12,112 | 11,536 | 5.0% |
| Investment earnings (loss) | 5,890 | (8,997) | (165.5%) |
| Gain on sale of capital assets | 156 | 464 | (66.4%) |
| Loss on defeasance | (646) | - | |
| Miscellaneous | 7,596 | 6,524 | 16.4% |
| Total revenues | 382,044 | 393,897 | (3.0%) |
| Program expenses: | | | |
| General government | 18,272 | 15,855 | 15.2% |
| Police services | 107,825 | 85,288 | 26.4% |
| Fire services | 70,037 | 53,356 | 31.3% |
| Human services | 20,548 | 27,461 | (25.2%) |
| Capital assets maintenance and operations | 74,397 | 65,123 | 14.2% |
| Recreation and leisure services | 5,175 | 5,254 | (1.5%) |
| Community development/environmental services | 56,907 | 30,327 | 87.6% |
| Interest on debt | 1,903 | 3,520 | (45.9%) |
| Total program expenses | 355,064 | 286,184 | 24.1% |
| Increase in net position | 26,980 | 107,713 | (75.0%) |
| Net position, beginning of year | 979,848 | 872,135 | 12.4% |
| Net position, end of year | \$ 1,006,828 | \$ 979,848 | 2.8% |

* Fiscal year ended June 30, 2022 has not been restated to reflect implementation of GASB Statement No. 96. For more information, please refer to the note titled *Effects of New Pronouncements* (Note 1.H) in the Notes to the Basic Financial Statements.

Major changes in government-wide revenues include the following:

- Operating grants and contributions decreased \$44.0 million from the prior year. In FY 2021/22, the City received \$22.1 million of the second installment of American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Funds, and \$12.8 million of Emergency Rental Assistance Funds. The City did not receive these funds in FY 2022/23.
- Capital grants and contributions increased \$6.6 million from the prior year. A significant portion of the increase came from receipt of a \$2.8 million grant from the State of California Department of Parks and Recreation for the Dusterberry Neighborhood Park project.
- Property tax increased \$11.7 million from the prior year due to changes in ownership triggering reassessment, an increase of 2% in the California Consumer Price Index (CCPI) adjustment, and the addition of value from new construction.
- Sales tax decreased \$3.2 million from the prior year after adjusting for an estimated overallocation of sales tax revenue by the State. For more information about the sales tax revenue adjustment, please refer to Note 12, Commitments and Contingencies, in the Notes to the Basic Financial Statements.
- Transient occupancy tax increased by \$1.3 million due to a continuing return of travel activities, both business travel and tourism, after the easing of public health restrictions.
- The \$1.6 million drop in property transfer tax revenue resulted from a slowdown in property sales activity.
- Investment earnings increased by \$14.9 million, reflecting higher interest earnings partially offset by unrealized fair value losses due to the large rise in interest rates during the year.

Major changes in government-wide expenses include the following:

- All program expense categories except interest on debt experienced significant increases in pension expense resulting from investment losses in the City's pension assets managed by CalPERS. Those impacts were particularly pronounced for the programs with high levels of participation in the Safety Employee Pension Plan – police services and fire services.
- Human services expenses in FY 2022/23 were lower than in FY 2021/22 when the City was actively spending Emergency Rental Assistance Program funds from the State and federal government. Those funds were used to assist households which were negatively impacted by the COVID pandemic with rental and utility payments.
- The Community development/environmental services category includes a significant increase in expense attributable to completing several loans to developers of affordable housing.

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, 2023, the City's governmental funds reported combined ending fund balances of \$472.6 million, a decrease of \$22.1 million from the prior year. Of this amount, 66.2% (\$312.8 million) is legally restricted for specific purposes by enabling legislation or external funding source providers, 1.8% (\$8.4 million) is committed for specific purposes by the City Council, and 23.0% (\$108.9 million) is assigned for specific purposes by the City. The remaining 9.0% (\$42.5 million) is unassigned fund balance available for spending at the City's discretion but is also subject to Council-established reserve policies.

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, 2023, total fund balance was \$45.0 million, all of which was unassigned. The majority of this amount is \$41.7 million (16.7% of original budget expenditures and transfers out) set aside by City Council policy for costs associated with unforeseen events (contingencies).

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 14.4% of General Fund expenditures and transfers out.

The fund balance of the City's General Fund decreased by \$45.6 million during the 2022/23 fiscal year, compared to an increase of \$21.5 million in the prior year. Revenues and transfers in of \$266.9 million were 3.6% (\$9.8 million) lower than in FY 2021/22 resulting primarily from the prior year receipt of \$22.1 million of American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Funds. Sales tax dropped by \$3.2 million after adjusting for an estimated overallocation of sales tax revenue by the State. For more information about the sales tax revenue adjustment, please refer to Note 12, Commitments and Contingencies, in the Notes to the Basic Financial Statements. The drop in intergovernmental revenue and sales tax was partially offset by increases in property tax (\$11.6 million) and investment earnings (\$3.7 million).

Expenditures and transfers out of \$312.5 million were 22.4% (\$57.3 million) higher than in FY 2021/22 primarily due to one-time transfers to the Capital Improvement Fund for future capital projects (\$43.2 million), prepayment and defeasance of lease revenue bonds (\$17.2 million), and a contribution to the Employee Benefits Fund to establish a reserve for the City's unfunded accrued leave liability (\$15.0 million). These one-time transfers and expenditures were partially offset by expenditure savings from vacant positions that were higher than in the previous year.

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 2022/23 totaled \$15.8 million, an almost 60% increase from the FY 2021/22 total of \$9.9 million. The large revenue increase is attributable to a number of projects having been completed in the prior year. During FY 2022/23, of this fund's expenditures, \$4.8 million were for park-related projects and \$3.9 million were for mitigating traffic-related impacts. In addition, \$1.0 million was transferred to pay debt service related to capital facilities. As of June 30, 2023, the fund balance totaled \$133.5 million, up from \$129.1 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, 2023, the fund balance totaled \$23.7 million, up from \$23.5 million in the prior year, due primarily to the payment of building inspection fees for inspection activity to be completed in future years. 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 \$9.0 million were 28.3% higher in FY 2022/23 than in the prior year (\$7.0 million). Expenditures decreased 2.0% (from \$9.2 million to \$9.0 million). The increase in revenues is attributable to overall increased participation in recreation activities in FY 2022/23 compared to the prior year. As of June 30, 2023, the fund balance was \$4.8 million, a slight increase 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. The Capital Improvement Fund typically receives General Fund transfers for maintenance and capital project activities. During FY 2022/23, the fund balance increased by \$36.2 million primarily due to one-time transfers of unanticipated revenue in the General Fund. Capital project expenditures included \$1.2 million for the Buildings-Capital Replacement project, \$1.5 million for the Pavement Maintenance project, \$0.9 million for the Police Department Generator Replacement project, and expenditures for other miscellaneous capital projects. As of June 30, 2023, the fund balance was \$108.9 million.

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, 2023, the fund balance was \$16.1 million, a decrease of \$0.7 million from the prior year.

Inclusionary Housing In-Lieu – This fund is used to account for affordable housing fees collected from developers. The developer can either build affordable housing units or pay an "affordable

Management's Discussion and Analysis

housing fee” (based on the type of construction, timeline, 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, 2023, the fund balance was \$59.4 million, a decrease of \$18.3 million from the prior year, reflecting new residential development impact fee revenue of \$3.4 million, investment earnings of \$1.3 million, and loan payments of \$22.9 million to fund affordable housing projects.

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 (direct local program distributions and grant funds) and grants received to be used to fund transportation-related capital projects. 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, 2023, the fund balance was \$10.0 million.

Miscellaneous State Capital Grants - This fund accounts for grants received from State agencies to be used to fund capital projects. As of June 30, 2023, the deficit fund balance stood at \$1.7 million, representing invoices for reimbursement from the State which had not yet been paid. Additionally, although the City received \$7.2 million from the State for the I-680 Interchange Modernization project in FY 2022/23, the majority of those funds have not yet been spent and so have not been recognized as revenue. Instead, they are reported on the Governmental Funds Balance Sheet as unearned revenues.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget. The final budget fund balance and appropriations include prior-year encumbrances of approximately \$1.4 million as authorized by the Council-adopted budget resolution, of which \$0.3 million were liquidated during the year. Labor negotiations were concluded after the budget was adopted, and the Council-approved labor agreements increased the original budget by \$3.9 million. In October 2022, as part of the FY 2021/22 Year-End Report, the City Council authorized the transfer of \$10.7 million of unallocated fund balance to the Capital Improvements Fund. In March 2023, as part of the FY 2022/23 Mid-Year Budget Report, the City Council increased revenue estimates by \$41.6 million, increased the citywide savings estimate by \$13.0 million, authorized an increased contribution to the Risk Management Fund of \$3.5 million, and approved additional contributions of \$15.0 million to the Employee Benefits Fund and a \$25.0 million transfer to the Capital Improvements Fund. In April 2023 the City Council appropriated \$17.3 million to prepay and defease the City’s 2017B lease revenue bonds.

Final Budget Compared to Actual Results. The General Fund budget is prepared in accordance with generally accepted accounting principles except that unrealized gains or losses on investments are not recognized and outflows of resources for prepaid assets are treated as expenditures or expenses in the period when they are incurred.

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 FISCAL YEAR ENDED JUNE 30, 2023**

(dollars in thousands)

| | Original Budget | Final Budget | Actual Results | Variance from Final Budget |
|-------------------------------|----------------------------|---------------------|-----------------------|---------------------------------------|
| Beginning fund balance | \$ 78,567 | \$ 93,251 | \$ 90,543 | \$ (2,708) |
| Resources: | | | | |
| Revenues | 238,819 | 280,424 | 261,367 | (19,057) |
| Transfers in | 5,784 | 5,784 | 5,545 | (239) |
| Total resources | 244,603 | 286,208 | 266,912 | (19,296) |
| Charges to appropriations: | | | | |
| Expenditures | 235,261 | 262,970 | 262,418 | 552 |
| Transfers out | 14,558 | 50,350 | 50,077 | 273 |
| Total charges | 249,819 | 313,320 | 312,495 | 825 |
| Net change in fund balance | (5,216) | (27,112) | (45,583) | (18,471) |
| Ending fund balance | \$ 73,351 | \$ 66,139 | \$ 44,960 | \$ (21,179) |

The actual beginning fund balance was \$2.7 million lower than the final budget amount due to the year-end adjustment for unrealized fair value gain on investments which is not considered available for budgetary purposes. Total revenues and transfers in during FY 2022/23 were \$19.3 million lower than the final budget estimate. Actual expenditures and transfers out were \$0.8 million less than the final budget. The net result of these variances was an actual ending fund balance \$21.2 million lower than the final budget estimate.

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

| Revenue Source | Estimated Revenues | Actual Revenues | Difference | Percent |
|-----------------------|-------------------------------|----------------------------|-------------------|----------------|
| Property tax | \$ 128,841 | \$ 130,525 | \$ 1,684 | 1.3% |
| Business tax | 12,895 | 14,234 | 1,339 | 10.4% |
| Sales tax | 106,368 | 83,575 | (22,793) | (21.4%) |

- The difference in the property tax category reflects higher than anticipated supplemental property tax revenue generated by transfers in ownership.
- The difference in the business tax category resulted from higher than anticipated residential construction activity.
- The large difference in the sales tax category is due to an overpayment from the State that has been reported as sales tax payable (for more detail, see Note 12 Commitments and Contingencies).

Management's Discussion and Analysis

Capital Assets and Long-term Debt

Capital Assets. The City's investment in capital assets as of June 30, 2023, amounts to \$973.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, and highways. It also includes subscription-based information technology intangible assets. The increase in capital assets for the current fiscal year was 0.7%.

Following is a summary of the City's capital assets (net of depreciation) at June 30, 2023 and 2022:

CITY OF FREMONT'S CAPITAL ASSETS
JUNE 30, 2023 AND 2022
(dollars in thousands)

| | <u>2023</u> | <u>2022*</u> | <u>Percentage Change</u> |
|-----------------------------|--------------------------|--------------------------|------------------------------|
| Land | \$ 220,502 | \$ 220,502 | 0.0% |
| Land improvements | 5,448 | 5,448 | 0.0% |
| Infrastructure | 528,332 | 526,007 | 0.4% |
| Buildings and improvements | 159,537 | 163,668 | (2.5%) |
| Equipment | 10,342 | 10,353 | (0.1%) |
| Vehicles | 19,276 | 19,428 | (0.8%) |
| Construction in progress | 25,244 | 21,168 | 19.3% |
| Subscription assets | 4,492 | 3,330 | 34.9% |
| Total capital assets | <u>\$ 973,174</u> | <u>\$ 969,903</u> | 0.3% |

* 2022 has been restated to reflect implementation of GASB Statement No. 96. For more information, please refer to the note titled *Effects of New Pronouncements* (Note 1.H) in the Notes to the Basic Financial Statements.

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

- Completion of the Civic Park in downtown and its transfer from construction in progress to buildings and improvements.
- Subscription assets additions of \$4.5 million as a result of implementing GASB Statement No. 96, Subscription-Based Information Technology Arrangements.

As of June 30, 2023, the City had outstanding construction commitments of \$19.0 million, the details of which are provided in Note 12 following the basic financial statements.

Additional information about the City's capital assets can be found in Note 1.I.3., and Note 5, following the basic financial statements.

Long-term Debt. As of June 30, 2023, the City had \$101.0 million in bonds payable. Of this amount, \$25.4 million was for general obligation bonds, \$59.6 million was related to General Fund lease revenue bonds, and \$16.0 million was for unamortized bond premium.

The City maintains ratings from S&P Global Ratings of AA+ (stable outlook) on its general obligation bonds and AA (stable outlook) on its lease revenue bonds.

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 \$2.5 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, 2023, original budget debt service payments (which did not include the defeasance of the 2017 Lease Revenue Bonds) were approximately 3.4% of budgeted expenditures and transfers out, which is in compliance with the policy.

Following is a summary schedule of outstanding debt:

CITY OF FREMONT’S LONG-TERM DEBT
JUNE 30, 2023
(dollars in thousands)

| | Balance July 1, 2022 | Incurred or Issued | Satisfied or Matured | Balance June 30, 2023 |
|--|---------------------------------|-------------------------------|---------------------------------|----------------------------------|
| General Obligation Bonds: | | | | |
| 2017 Fire Safety Bonds | \$ 10,650 | \$ - | \$ 435 | \$ 10,215 |
| 2021 Fire Safety Bonds | 16,205 | - | 1,000 | 15,205 |
| Subtotal | 28,855 | - | 1,435 | 25,420 |
| General Fund Lease Obligations: | | | | |
| 2017B Lease Revenue Bonds | 17,280 | - | 17,280 | - |
| 2019 Lease Revenue Bonds | 64,450 | - | 4,880 | 59,570 |
| Subtotal | 81,730 | - | 22,160 | 59,570 |
| Unamortized Bond Premium | 18,591 | - | 2,604 | 15,987 |
| Total | \$ 127,176 | \$ - | \$ 26,199 | \$ 100,977 |

Additional information about the City’s long-term debt can be found in Note 6, 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, 2023, 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, 2023, the City's overall street network was rated at a computed PCI index of 70 or "good."

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, 2023, the maintenance estimate was \$12.0 million, but the amount actually spent was \$7.2 million.

Under the City's pavement preservation program, most collector and residential street areas were treated using surface treatments such as cape seals and slurry seals. Work on arterial streets has typically consisted of a combination of base repairs and slurry seals. This improvement strategy has been more economical than relying solely on pavement rehabilitation work such as asphalt overlays and has allowed the available funds to cover a larger portion of the City's pavement network.

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 Capitol Avenue, P. O. Box 5006, Fremont, California 94537-5006.

Basic Financial Statements

Government-Wide Financial Statements

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City of Fremont
Statement of Net Position
June 30, 2023
(With comparative totals for June 30, 2022)

| | Governmental Activities | |
|--|-------------------------|----------------|
| | 2023 | 2022 |
| ASSETS | | |
| Current assets: | | |
| Cash and investments held by City | \$ 549,886,826 | \$ 502,517,366 |
| Restricted cash and investments held by fiscal agent or City | 2,181,687 | 3,145,961 |
| Receivables, net | 27,900,402 | 46,769,012 |
| Leases receivable | 1,022,559 | 932,861 |
| Prepaid assets | - | 178,613 |
| Total current assets | 580,991,474 | 553,543,813 |
| Noncurrent assets: | | |
| Housing loans receivable, net | 822,118 | 822,118 |
| Leases receivable | 3,472,358 | 4,462,784 |
| Land held for resale | 2,821,430 | 2,821,430 |
| Prepaid assets | 2,364,223 | 4,184,909 |
| Capital assets: | | |
| Nondepreciable assets | 756,032,740 | 751,956,832 |
| Depreciable assets, net | 212,649,575 | 214,616,517 |
| Subscription assets, net | 4,491,955 | - |
| Total capital assets, net | 973,174,270 | 966,573,349 |
| Total noncurrent assets | 982,654,399 | 978,864,590 |
| Total assets | 1,563,645,873 | 1,532,408,403 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows of resources related to pensions and OPEB | 162,264,244 | 91,691,735 |
| LIABILITIES | | |
| Current liabilities (due within one year): | | |
| Accounts payable | 11,109,454 | 11,389,753 |
| Salaries and wages payable | 7,410,622 | 8,947,152 |
| Interest payable | 1,226,705 | 1,388,418 |
| Sales tax payable | 5,973,350 | - |
| Unearned revenue | 13,140,340 | 6,566,942 |
| Long-term obligations | 13,150,383 | 12,133,761 |
| Claims payable | 3,920,000 | 4,812,000 |
| Pollution remediation obligations | 645,066 | 701,800 |
| Total current liabilities | 56,575,920 | 45,939,826 |
| Noncurrent liabilities (due in more than one year): | | |
| Sales tax payable | 17,920,051 | - |
| Long-term obligations | 105,665,100 | 130,586,896 |
| Claims payable | 8,793,000 | 9,297,000 |
| Pollution remediation obligations | 912,926 | 783,392 |
| Net pension liability | 449,512,143 | 272,252,574 |
| Net other postemployment benefits liability | 70,068,099 | 70,589,546 |
| Total noncurrent liabilities | 652,871,319 | 483,509,408 |
| Total liabilities | 709,447,239 | 529,449,234 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pensions and OPEB | 5,139,486 | 109,407,330 |
| Leases | 4,494,917 | 5,395,645 |
| Total deferred inflows of resources | 9,634,403 | 114,802,975 |
| NET POSITION | | |
| Net investment in capital assets | 863,693,172 | 834,070,655 |
| Restricted: | | |
| Social service programs | 16,858,937 | 18,814,853 |
| Debt service | 2,195,813 | 2,230,118 |
| Public safety | 2,354,440 | 2,263,532 |
| Street improvements | 26,365,706 | 24,282,683 |
| Community development | 274,261,932 | 289,015,041 |
| Total restricted | 322,036,828 | 336,606,227 |
| Unrestricted | (178,901,525) | (190,828,953) |
| Total net position | \$ 1,006,828,475 | \$ 979,847,929 |

See accompanying Notes to Basic Financial Statements.

Government-Wide Financial Statements

City of Fremont

Statement of Activities

For the fiscal year ended June 30, 2023

(With comparative totals for the fiscal year ended June 30, 2022)

| Functions/Programs | Expenses | Program Revenues | | | Total |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|-----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary government: | | | | | |
| Governmental activities: | | | | | |
| General government | \$ 18,271,960 | \$ 3,645,046 | \$ - | \$ - | \$ 3,645,046 |
| Police services | 107,825,342 | 4,969,104 | 1,070,511 | - | 6,039,615 |
| Fire services | 70,037,305 | 2,214,967 | 366,916 | - | 2,581,883 |
| Human services | 20,548,238 | 2,986,651 | 8,401,244 | - | 11,387,895 |
| Capital assets maintenance and operations | 74,396,825 | 1,686,707 | 10,637,386 | 35,933,571 | 48,257,664 |
| Recreation and leisure services | 5,174,962 | 8,270,664 | - | - | 8,270,664 |
| Community development and environmental services | 56,906,941 | 28,723,705 | 4,182,713 | 3,582,516 | 36,488,934 |
| Interest on debt | 1,902,742 | - | - | - | - |
| Total | \$ 355,064,315 | \$ 52,496,844 | \$ 24,658,770 | \$ 39,516,087 | \$ 116,671,701 |

General revenues:

Property tax

Sales tax

Business tax

Transient occupancy tax

Property transfer tax

Total taxes

Franchise fees

Investment earnings (loss)

Gain on sale of capital assets

Loss on defeasance

Miscellaneous

Total general revenues

Change in net position

Net position - beginning of year, as restated

Net position - end of year

See accompanying Notes to Basic Financial Statements.

**Net (Expense) Revenue and
Changes in Net Position**

| Governmental Activities | |
|----------------------------|----------------|
| 2023 | 2022 |
| \$ (14,626,914) | \$ 9,772,772 |
| (101,785,727) | (79,365,236) |
| (67,455,422) | (51,170,047) |
| (9,160,343) | (3,002,984) |
| (26,139,161) | (20,019,985) |
| 3,095,702 | 1,427,138 |
| (20,418,007) | 12,263,586 |
| (1,902,742) | (3,520,098) |
| (238,392,614) | (133,614,854) |
| 134,625,374 | 122,948,729 |
| 83,574,720 | 86,799,184 |
| 14,233,687 | 13,933,388 |
| 6,011,739 | 4,721,814 |
| 1,817,754 | 3,397,762 |
| 240,263,274 | 231,800,877 |
| 12,112,574 | 11,535,960 |
| 5,890,470 | (8,996,540) |
| 156,506 | 463,639 |
| (645,346) | - |
| 7,595,682 | 6,524,188 |
| 265,373,160 | 241,328,124 |
| 26,980,546 | 107,713,270 |
| 979,847,929 | 872,134,659 |
| \$1,006,828,475 | \$ 979,847,929 |

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Governmental Funds Financial Statements

Governmental Funds Financial Statements

City of Fremont Balance Sheet Governmental Funds June 30, 2023

(With comparative totals for June 30, 2022)

| | Major Funds | | | |
|--|----------------------|-------------------------|-------------------------|---------------------|
| | General Fund | Development Impact Fees | Development Cost Center | Recreation Services |
| ASSETS | | | | |
| Cash and investments held by City | \$ 60,545,460 | \$ 134,910,467 | \$ 28,262,583 | \$ 6,855,103 |
| Restricted cash and investments held by fiscal agent or City | - | - | - | - |
| Receivables: | | | | |
| Property tax | 964,739 | - | - | - |
| Sales tax | 6,647,816 | - | - | - |
| Due from other governmental agencies | 630,517 | - | - | - |
| Housing loans receivable, net | - | - | - | - |
| Accrued interest | 2,174,028 | - | - | - |
| Transient occupancy tax | 549,502 | - | - | - |
| Franchise fees | 1,117,518 | - | - | - |
| Accounts receivable | 460,687 | - | 813,838 | 365,476 |
| Leases receivable | 68,026 | - | - | 1,379,775 |
| Other | 10,053 | - | - | - |
| Land held for resale | - | - | - | - |
| Prepaid assets | - | - | - | - |
| Due from other funds | 3,545,927 | - | - | - |
| Total assets | \$ 76,714,273 | \$ 134,910,467 | \$ 29,076,421 | \$ 8,600,354 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 2,328,834 | \$ 1,381,208 | \$ 210,995 | \$ 274,714 |
| Salaries and wages payable | 5,416,151 | - | 961,604 | 387,710 |
| Sales tax payable | 23,893,401 | - | - | - |
| Due to other funds | - | - | - | - |
| Other liabilities | - | - | - | 28,911 |
| Unearned revenue | 48,129 | - | 4,205,961 | 1,686,250 |
| Total liabilities | 31,686,515 | 1,381,208 | 5,378,560 | 2,377,585 |
| Deferred inflows of resources | 68,026 | - | - | 1,379,775 |
| Fund Balances: | | | | |
| Nonspendable: | | | | |
| Prepaid assets | - | - | - | - |
| Restricted for: | | | | |
| Social service programs | - | - | - | - |
| Debt service | - | - | - | - |
| Public safety | - | - | - | - |
| Street improvements | - | - | - | - |
| Community development | - | 133,529,259 | 23,697,861 | - |
| Other purposes | - | - | - | - |
| Committed for: | | | | |
| Government Services | - | - | - | - |
| Social service programs | - | - | - | - |
| Recreation programs | - | - | - | 4,842,994 |
| Assigned for: | | | | |
| Capital projects | - | - | - | - |
| Unassigned | 44,959,732 | - | - | - |
| Total fund balances | 44,959,732 | 133,529,259 | 23,697,861 | 4,842,994 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 76,714,273 | \$ 134,910,467 | \$ 29,076,421 | \$ 8,600,354 |

See accompanying Notes to Basic Financial Statements.

Governmental Funds Financial Statements

| Major Funds | | | | | | Total Governmental Funds | |
|------------------------|----------------------|------------------------------------|---|--|----------------------|--------------------------|-----------------------|
| Capital Improvement | Human Services | Inclusionary Housing In-Lieu | ACTC, MTC, Measures B, BB & F Grants, Streets, Bike & Pedestrian | Miscellaneous State Capital Grants | Non-major Funds | 2023 | 2022 |
| \$ 106,695,604 | \$ 17,325,872 | \$ 59,358,702 | \$ 10,026,300 | \$ 5,419,035 | \$ 70,388,767 | \$ 499,787,893 | \$ 471,593,031 |
| - | - | - | - | - | 2,181,687 | 2,181,687 | 3,145,961 |
| - | - | - | - | - | 14,126 | 978,865 | 1,191,146 |
| - | - | - | - | - | - | 6,647,816 | 19,577,303 |
| 69,786 | 3,296,726 | - | 2,426,627 | 1,920,458 | 3,888,962 | 12,233,076 | 19,092,217 |
| - | 822,118 | - | - | - | - | 822,118 | 822,118 |
| - | - | - | - | - | - | 2,174,028 | 819,618 |
| - | - | - | - | - | - | 549,502 | 713,856 |
| - | - | - | - | - | - | 1,117,518 | 1,176,956 |
| - | 96,216 | - | - | - | 1,070,992 | 2,807,209 | 2,736,747 |
| - | 3,047,116 | - | - | - | - | 4,494,917 | 5,395,645 |
| - | - | - | - | - | - | 10,053 | 146,661 |
| 2,821,430 | - | - | - | - | - | 2,821,430 | 2,821,430 |
| - | - | - | - | - | - | - | 178,613 |
| - | - | - | - | - | - | 3,545,927 | 12,450,366 |
| <u>\$ 109,586,820</u> | <u>\$ 24,588,048</u> | <u>\$ 59,358,702</u> | <u>\$ 12,452,927</u> | <u>\$ 7,339,493</u> | <u>\$ 77,544,534</u> | <u>\$ 540,172,039</u> | <u>\$ 541,861,668</u> |
| \$ 676,806 | \$ 987,520 | \$ - | \$ 1,376,960 | \$ 139,493 | \$ 2,147,092 | \$ 9,523,622 | \$ 10,664,533 |
| - | 287,854 | - | - | - | 124,524 | 7,177,843 | 8,760,802 |
| - | - | - | - | - | - | 23,893,401 | - |
| - | 2,047,471 | - | 336,723 | - | 1,161,733 | 3,545,927 | 9,741,926 |
| - | 4,950 | - | - | - | - | 33,861 | 3,025 |
| - | - | - | - | 7,200,000 | - | 13,140,340 | 6,566,942 |
| <u>676,806</u> | <u>3,327,795</u> | <u>-</u> | <u>1,713,683</u> | <u>7,339,493</u> | <u>3,433,349</u> | <u>57,314,994</u> | <u>35,737,228</u> |
| - | 5,135,742 | - | 760,684 | 1,733,260 | 1,162,066 | 10,239,553 | 11,416,686 |
| - | - | - | - | - | - | - | 178,613 |
| - | 12,528,475 | - | - | - | 2,399,179 | 14,927,654 | 17,609,500 |
| - | - | - | - | - | 2,195,813 | 2,195,813 | 2,230,118 |
| - | - | - | - | - | 2,354,951 | 2,354,951 | 2,263,532 |
| - | - | - | 9,978,560 | - | 11,325,152 | 21,303,712 | 17,713,137 |
| - | - | 59,358,702 | - | - | 55,407,867 | 271,993,689 | 285,844,068 |
| - | - | - | - | - | 5,395 | 5,395 | - |
| - | - | - | - | - | - | - | 22,105,782 |
| - | 3,596,036 | - | - | - | - | 3,596,036 | 3,766,906 |
| - | - | - | - | - | - | 4,842,994 | 4,786,352 |
| 108,910,014 | - | - | - | - | - | 108,910,014 | 71,916,343 |
| - | - | - | - | (1,733,260) | (739,238) | 42,487,234 | 66,293,403 |
| <u>108,910,014</u> | <u>16,124,511</u> | <u>59,358,702</u> | <u>9,978,560</u> | <u>(1,733,260)</u> | <u>72,949,119</u> | <u>472,617,492</u> | <u>494,707,754</u> |
| <u>\$ 109,586,820</u> | <u>\$ 24,588,048</u> | <u>\$ 59,358,702</u> | <u>\$ 12,452,927</u> | <u>\$ 7,339,493</u> | <u>\$ 77,544,534</u> | <u>\$ 540,172,039</u> | <u>\$ 541,861,668</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, 2023

(With comparative totals for June 30, 2022)

| | 2023 | 2022 |
|---|-------------------------|-----------------------|
| Total Fund Balances - Total Governmental Funds | \$ 472,617,492 | \$ 494,707,754 |
| 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 \$20,744,654 and \$14,962,952 at June 30, 2023 and 2022, respectively. | 952,429,616 | 951,610,397 |
| 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. | (1,167,155) | (1,388,418) |
| 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. | 50,373,453 | 28,425,990 |
| Deferred inflows of resources recorded in Governmental Funds Balance Sheet resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements. | 5,744,636 | 6,021,041 |
| 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. | (13,736,362) | (15,544,643) |
| Pollution remediation obligations are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet. | (1,557,992) | (1,485,192) |
| 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. | 159,457,687 | 89,966,359 |
| 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. | (5,091,635) | (105,419,479) |
| 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. | (441,211,313) | (269,295,320) |
| 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. | (70,068,099) | (70,589,546) |
| Long-term debt is not due and payable in the current period and therefore is not reported in the Governmental Funds Balance Sheet. | (100,976,853) | (127,176,014) |
| Net Position of Governmental Activities | \$ 1,006,828,475 | \$ 979,847,929 |

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, 2023 (With comparative totals for the fiscal year ended June 30, 2022)

| | Major Funds | | | | |
|--|---------------------|-------------------------|-------------------------|---------------------|---------------------|
| | General Fund | Development Impact Fees | Development Cost Center | Recreation Services | Capital Improvement |
| REVENUES | | | | | |
| Property tax | \$ 130,525,160 | \$ - | \$ - | \$ - | \$ - |
| Sales tax | 83,574,720 | - | - | - | - |
| Intergovernmental | 430,502 | - | - | 446,105 | 69,786 |
| Business tax | 14,233,687 | - | - | - | - |
| Other taxes | 7,829,493 | - | - | - | - |
| Impact fees | - | 13,943,337 | - | - | - |
| Franchise fees | 11,812,644 | - | - | - | - |
| Charges for services | 11,825,395 | - | 18,600,517 | 8,257,729 | 44,181 |
| Investment earnings (loss) | 1,020,508 | 1,813,882 | 366,409 | 73,424 | 127,326 |
| Other | 104,611 | - | 1,603,250 | 230,158 | - |
| Total revenues | 261,356,720 | 15,757,219 | 20,570,176 | 9,007,416 | 241,293 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 22,575,855 | - | - | - | - |
| Police services | 107,747,584 | - | - | - | - |
| Fire services | 66,477,936 | - | - | - | - |
| Human services | 5,345,331 | - | - | - | - |
| Capital assets maintenance and operations | 32,074,121 | 7,188,828 | 4,777,222 | - | 6,838,330 |
| Recreation and leisure services | - | - | - | 8,978,986 | - |
| Community development and environmental services | 2,218,139 | - | 14,919,323 | - | - |
| Capital outlay | 217,275 | 3,147,363 | - | 5,357 | 1,193,012 |
| Debt service: | | | | | |
| Principal | 21,744,969 | - | - | - | - |
| Interest and fiscal charges | 4,016,999 | - | - | - | - |
| Total expenditures | 262,418,209 | 10,336,191 | 19,696,545 | 8,984,343 | 8,031,342 |
| REVENUES OVER (UNDER) EXPENDITURES | (1,061,489) | 5,421,028 | 873,631 | 23,073 | (7,790,049) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds of debt issuance | - | - | - | - | - |
| Premium on debt issuance | - | - | - | - | - |
| Payment to refunding escrow | - | - | - | - | - |
| Proceeds from sale of capital assets | 10,000 | - | - | - | - |
| Transfers in | 5,544,761 | - | 2,880,813 | 33,569 | 43,974,000 |
| Transfers out | (50,076,508) | (1,000,000) | (3,545,859) | - | (33,569) |
| Total other financing sources (uses) | (44,521,747) | (1,000,000) | (665,046) | 33,569 | 43,940,431 |
| Net change in fund balances | (45,583,236) | 4,421,028 | 208,585 | 56,642 | 36,150,382 |
| FUND BALANCES | | | | | |
| Beginning of year, as restated | 90,542,968 | 129,108,231 | 23,489,276 | 4,786,352 | 72,759,632 |
| End of year | \$ 44,959,732 | \$ 133,529,259 | \$ 23,697,861 | \$ 4,842,994 | \$ 108,910,014 |

See accompanying Notes to Basic Financial Statements.

Governmental Funds Financial Statements

| Major Funds | | | | | Total Governmental Funds | | |
|----------------------|------------------------------|------------------------------------|-----------------------|------------------------------------|--------------------------|-----------------------|-----------------------|
| Human Services | Inclusionary Housing In-Lieu | ACTC, MTC, Measures B, BB & F | | Miscellaneous State Capital Grants | Non-major Funds | 2023 | 2022 |
| | | Grants, Streets, Bike & Pedestrian | | | | | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,100,214 | \$ 134,625,374 | \$ 122,948,729 |
| - | - | - | - | - | - | 83,574,720 | 86,799,184 |
| 8,069,285 | - | 14,951,133 | 4,172,889 | 18,231,688 | 46,371,388 | 46,371,388 | 80,039,785 |
| - | - | - | - | - | - | 14,233,687 | 13,933,388 |
| - | - | - | - | - | - | 7,829,493 | 8,119,577 |
| - | 3,441,489 | - | - | - | - | 17,384,826 | 21,028,706 |
| - | - | - | - | 299,932 | 299,932 | 12,112,576 | 11,535,960 |
| 1,799,507 | - | - | - | 12,386,946 | 12,386,946 | 52,914,275 | 51,472,378 |
| 191,966 | 1,266,859 | 4,120 | - | 972,052 | 972,052 | 5,836,546 | (8,475,467) |
| 1,056,052 | - | - | - | 4,351,814 | 4,351,814 | 7,345,885 | 6,243,943 |
| <u>11,116,810</u> | <u>4,708,348</u> | <u>14,955,253</u> | <u>4,172,889</u> | <u>40,342,646</u> | | <u>382,228,770</u> | <u>393,646,183</u> |
| - | - | - | - | - | - | 22,575,855 | 18,855,719 |
| - | - | - | - | - | 468,379 | 108,215,963 | 97,572,471 |
| - | - | - | - | - | 434,981 | 66,912,917 | 61,259,336 |
| 12,983,274 | - | - | - | 5,094,341 | 5,094,341 | 23,422,946 | 29,882,930 |
| - | - | 9,512,934 | 1,134,693 | 15,515,697 | 15,515,697 | 77,041,825 | 74,467,063 |
| - | - | - | - | - | - | 8,978,986 | 9,142,685 |
| 1,420,646 | 22,904,827 | - | - | 18,774,508 | 18,774,508 | 60,237,443 | 32,785,990 |
| - | - | - | 3,179,223 | 264,850 | 264,850 | 8,007,080 | 16,977,817 |
| 415,031 | - | - | - | 1,435,000 | 1,435,000 | 23,595,000 | 7,020,000 |
| 147,791 | - | - | - | 1,208,722 | 1,208,722 | 5,373,512 | 5,413,688 |
| <u>14,966,742</u> | <u>22,904,827</u> | <u>9,512,934</u> | <u>4,313,916</u> | <u>43,196,478</u> | | <u>404,361,527</u> | <u>353,377,699</u> |
| <u>(3,849,932)</u> | <u>(18,196,479)</u> | <u>5,442,319</u> | <u>(141,027)</u> | <u>(2,853,832)</u> | | <u>(22,132,757)</u> | <u>40,268,484</u> |
| - | - | - | - | - | - | - | 16,205,000 |
| - | - | - | - | - | - | - | 4,717,356 |
| - | - | - | - | - | - | - | (20,555,000) |
| - | - | - | - | 32,495 | 32,495 | 42,495 | - |
| 3,971,695 | - | - | - | - | - | 56,404,838 | 42,841,740 |
| <u>(865,757)</u> | <u>(131,681)</u> | <u>-</u> | <u>-</u> | <u>(751,464)</u> | <u>(751,464)</u> | <u>(56,404,838)</u> | <u>(42,841,740)</u> |
| <u>3,105,938</u> | <u>(131,681)</u> | <u>-</u> | <u>-</u> | <u>(718,969)</u> | <u>(718,969)</u> | <u>42,495</u> | <u>367,356</u> |
| <u>(743,994)</u> | <u>(18,328,160)</u> | <u>5,442,319</u> | <u>(141,027)</u> | <u>(3,572,801)</u> | | <u>(22,090,262)</u> | <u>40,635,840</u> |
| <u>16,868,505</u> | <u>77,686,862</u> | <u>4,536,241</u> | <u>(1,592,233)</u> | <u>76,521,920</u> | | <u>494,707,754</u> | <u>454,071,914</u> |
| <u>\$ 16,124,511</u> | <u>\$ 59,358,702</u> | <u>\$ 9,978,560</u> | <u>\$ (1,733,260)</u> | <u>\$ 72,949,119</u> | | <u>\$ 472,617,492</u> | <u>\$ 494,707,754</u> |

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, 2023

(With comparative totals for the fiscal year ended June 30, 2022)

| | 2023 | 2022 |
|--|----------------------|-----------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ (22,090,262) | \$ 40,635,840 |
| 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. | 8,007,080 | 25,072,422 |
| Contributions of capital assets from developers not reported as revenue in governmental funds. | 513,293 | 753,090 |
| 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. | 54,782,213 | 50,736,490 |
| 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. | (57,833,751) | (22,536,707) |
| 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. | 9,914,000 | 19,839,000 |
| OPEB expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | (8,437,837) | (6,537,015) |
| 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 \$3,308,808 and \$1,897,234, for the years ended June 30, 2023 and 2022, respectively, from the Internal Service Funds is not reported as an expenditure in governmental funds. | (7,701,153) | (7,442,286) |
| Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. | - | (20,922,356) |
| 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. | 23,595,000 | 27,575,000 |
| Revenues earned but not available are deferred in the governmental funds but are recognized as revenues in the Government-Wide Statement of Activities. Also, revenues recognized in the governmental funds during the current year that were earned and recognized in previous years in the Government-Wide Statement of Activities are reported as beginning net position in the Statement of Activities. | (276,405) | (454,009) |
| 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. | 221,263 | 86,384 |
| 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. | 2,604,161 | 1,807,206 |
| 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. | 21,947,463 | 748,343 |
| Pollution remediation obligations are not due and payable in the current period and therefore the changes are not reported in the governmental funds. | (72,800) | (313,800) |
| Long-term compensated absences are not due and payable in the current period and therefore the changes are not reported in the governmental funds. | 1,808,281 | (1,334,332) |
| Change in Net Position of Governmental Activities | \$ 26,980,546 | \$ 107,713,270 |

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, 2023

(With comparative totals for June 30, 2022)

| | Internal Service | |
|--|-----------------------------|-----------------------------|
| | 2023 | 2022 |
| ASSETS | | |
| Current assets: | | |
| Cash and investments held by City | \$ 50,098,933 | \$ 30,924,335 |
| Other receivables | 1,367,335 | 1,299,508 |
| Total current assets | <u>51,466,268</u> | <u>32,223,843</u> |
| Noncurrent assets: | | |
| Prepaid assets | 2,364,223 | 4,184,909 |
| Depreciable assets | 38,686,016 | 35,774,797 |
| Less accumulated depreciation | (22,433,317) | (20,811,845) |
| Subscription assets | 6,179,291 | - |
| Less accumulated amortization | (1,687,336) | - |
| Total noncurrent assets | <u>23,108,877</u> | <u>19,147,861</u> |
| Total assets | <u>74,575,145</u> | <u>51,371,704</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows of resources related to pensions | <u>2,806,557</u> | <u>1,725,376</u> |
| LIABILITIES | | |
| Current liabilities: | | |
| Accounts payable | 1,551,971 | 722,195 |
| Salaries and wages payable | 232,779 | 186,350 |
| Accrued interest payable | 59,550 | - |
| Due to General Fund | - | 1,923,353 |
| Due to other funds | - | 785,087 |
| Subscription liabilities | 1,928,286 | - |
| Claims payable | 3,920,000 | 4,812,000 |
| Total current liabilities | <u>7,692,586</u> | <u>8,428,985</u> |
| Noncurrent liabilities: | | |
| Subscription liabilities | 2,173,982 | - |
| Claims payable | 8,793,000 | 9,297,000 |
| Net pension liability | 8,300,830 | 2,957,254 |
| Total noncurrent liabilities | <u>19,267,812</u> | <u>12,254,254</u> |
| Total liabilities | <u>26,960,398</u> | <u>20,683,239</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows of resources related to pensions | <u>47,851</u> | <u>3,987,851</u> |
| NET POSITION | | |
| Net investment in capital assets | 15,870,612 | 14,623,691 |
| Unrestricted | 34,502,841 | 13,802,299 |
| Total net position | <u>\$ 50,373,453</u> | <u>\$ 28,425,990</u> |

See accompanying Notes to Basic Financial Statements.

City of Fremont
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the fiscal year ended June 30, 2023
(With comparative totals for the fiscal year ended June 30, 2022)

| | Internal Service | |
|---|----------------------|----------------------|
| | 2023 | 2022 |
| OPERATING REVENUES | | |
| Charges for services | \$ 55,663,761 | \$ 43,071,801 |
| Other | 14,121 | 9,640 |
| Total operating revenues | 55,677,882 | 43,081,441 |
| OPERATING EXPENSES | | |
| Salaries and wages | 16,269,217 | 24,695,331 |
| Insurance premiums | 4,968,663 | 4,145,781 |
| Provision for claim losses | 3,722,057 | 5,223,543 |
| Claims administration | 228,594 | 288,593 |
| Materials and supplies | 5,148,826 | 5,910,597 |
| Depreciation and amortization | 3,308,808 | 1,897,234 |
| Other | 150,699 | 114,585 |
| Total operating expenses | 33,796,864 | 42,275,664 |
| OPERATING INCOME | 21,881,018 | 805,777 |
| NONOPERATING REVENUES (EXPENSES) | | |
| Investment earnings (loss) | 53,924 | (521,073) |
| Interest expense - subscription liabilities | (101,490) | - |
| Gain on disposal of capital assets | 114,011 | 463,639 |
| Total nonoperating revenues (expenses) | 66,445 | (57,434) |
| CHANGE IN NET POSITION | 21,947,463 | 748,343 |
| Net position - beginning of year | 28,425,990 | 27,677,647 |
| Net position - ending | \$ 50,373,453 | \$ 28,425,990 |

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, 2023

(With comparative totals for the fiscal year ended June 30, 2022)

| | Internal Service | |
|---|----------------------|----------------------|
| | 2023 | 2022 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from users | \$ 53,740,408 | \$ 43,069,771 |
| Other revenue | 14,121 | 9,640 |
| Less: Payments to suppliers | (9,516,306) | (9,933,671) |
| Payments for employee services | (15,900,394) | (25,695,949) |
| Payments for claims paid | (5,118,057) | (4,668,543) |
| Payments to others | (1,003,613) | (99,220) |
| Net cash provided by operating activities | <u>22,216,159</u> | <u>2,682,028</u> |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES | | |
| Prepayment for acquisition of capital assets | - | (4,184,909) |
| Acquisition of capital assets | (1,090,534) | (208,550) |
| Proceeds from sale of capital assets | 114,011 | 528,088 |
| Principal paid on subscription liabilities | (2,077,023) | - |
| Interest paid on subscription liabilities | (41,939) | - |
| Net cash used in capital and related financing activities | <u>(3,095,485)</u> | <u>(3,865,371)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | |
| Cash received for borrowing from other funds | - | 1,923,353 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Investment earnings (loss) on cash and investments | 53,924 | (521,073) |
| Net change in cash and cash equivalents | <u>19,174,598</u> | <u>218,937</u> |
| CASH AND CASH EQUIVALENTS | | |
| Beginning of year | 30,924,335 | 30,705,398 |
| End of year | <u>\$ 50,098,933</u> | <u>\$ 30,924,335</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating income | \$ 21,881,018 | \$ 805,777 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation and amortization | 3,308,808 | 1,897,234 |
| Changes in operating assets, liabilities, and deferred items: | | |
| Other receivables | (67,827) | 35,173 |
| Accounts payable | 829,776 | 389,462 |
| Salaries and wages payable | 46,429 | (6,748) |
| Due to General Fund | (1,923,353) | - |
| Due to other funds | (785,087) | - |
| Claims payable | (1,396,000) | 555,000 |
| Deferred outflow of resources - pensions | (1,081,181) | 213,423 |
| Deferred inflow of resources - pensions | (3,940,000) | (2,696,495) |
| Net pension liability | 5,343,576 | 1,489,202 |
| Net cash provided by operating activities | <u>\$ 22,216,159</u> | <u>\$ 2,682,028</u> |
| Noncash capital financing activities | | |
| Conversion of prepaid assets to capital assets | \$ 1,820,686 | \$ - |
| Carrying value of disposed assets | - | 64,449 |

See accompanying Notes to Basic Financial Statements.

Fiduciary Funds Financial Statements

Fiduciary Funds Financial Statements

City of Fremont Statement of Fiduciary Net Position Custodial Funds June 30, 2023 (With comparative totals for June 30, 2022)

| | Custodial Funds | |
|--|-------------------|-------------------|
| | 2023 | 2022 |
| ASSETS | | |
| Cash and investments held by City | \$ 6,169,063 | \$ 6,347,884 |
| Restricted cash and investments held by fiscal agent | 20,785,423 | 24,345,676 |
| Accounts receivable | 17,237 | 22,089 |
| Property tax receivable | 2,573 | 3,499 |
| Land held for resale | 678,979 | 678,979 |
| Total assets | 27,653,275 | 31,398,127 |
| LIABILITIES | | |
| Accounts payable | 43,620 | 30,332 |
| NET POSITION | | |
| Restricted for: | | |
| Individuals, organizations, and other governments | \$ 27,609,655 | \$ 31,367,795 |

See accompanying Notes to Basic Financial Statements.

City of Fremont
Statement of Changes in Fiduciary Net Position
Custodial Funds

For the fiscal year ended June 30, 2023

(With comparative totals for the fiscal year ended June 30, 2022)

| | Custodial Funds | |
|-------------------------------------|-----------------|---------------|
| | 2023 | 2022 |
| ADDITIONS | | |
| Property tax | \$ 5,796,074 | \$ 5,691,098 |
| Seized assets | 8,680 | 23,463 |
| Agency contributions | 63,573 | 55,948 |
| Deposits - consultant services | 355,084 | 141,983 |
| Deposits - rent | - | 8,800 |
| Deposits - pet memorial wall | 36 | 36,140 |
| Deposits - pollution mitigation | 4,550 | 252 |
| Police evidence and bail | 161,341 | 50,392 |
| Investment earnings (loss) | 738,011 | (85,637) |
| Total additions | 7,127,349 | 5,922,439 |
| DEDUCTIONS | | |
| Debt service: | | |
| Principal | 1,255,000 | 1,110,000 |
| Interest and fiscal charges | 9,103,404 | 4,588,130 |
| Operating expenses | 130,754 | 146,143 |
| Payments to consultants | 280,240 | 226,057 |
| Refund rental deposits | - | 19,155 |
| Refund pet memorial wall deposits | - | 36,070 |
| Pollution mitigation expenses | 55,550 | 214,570 |
| Release of police evidence and bail | 60,541 | 95,414 |
| Total deductions | 10,885,489 | 6,435,539 |
| CHANGE IN NET POSITION | (3,758,140) | (513,100) |
| Net position - beginning of year | 31,367,795 | 31,880,895 |
| Net position - ending | \$ 27,609,655 | \$ 31,367,795 |

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. The Social Services JPA has committed to subleasing space in the Family Resource Center buildings to Community Development Block Grant (CDBG)-eligible tenants at below-market rents. Rents collected from CDBG-eligible tenants are used to make payments on the debt service obligations

Notes to Basic Financial Statements

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.

Fremont Family Resource Center Corporation (FRC Corporation) – Established on July 27, 1999, this 501(c)(3) is a non-profit supporting organization for the City of Fremont FRC, organized to accept grants and donations from organizations and foundations. The FRC Corporation is governed by a nine-member board of directors, of whom five are employees of the City.

Because the FRC Corporation exists exclusively to serve as a fundraising mechanism for City operations, it functions as an integral part of the City. FRC Corporation financial activities are “blended” with those of the City and presented in the governmental funds financial statements as part of the Human Services major special revenue fund.

City of Fremont Community Facilities District No. 1 (Pacific Commons) – A special tax district, established on October 22, 1996, under the Mello-Roos Community Facilities Act of 1982, organized for the purpose of financing the acquisition, construction, and maintenance of public facilities within the district. Special taxes collected from the district’s property owners are used to pay principal and interest on the outstanding bonds and the costs of maintaining the public facilities and administering the district.

City of Fremont Community Facilities District No. 2 (Warm Springs Public Facilities) – A special tax district, formed on November 21, 2017, under the Mello-Roos Community Facilities Act of 1982, organized for the purpose of financing the acquisition and construction of public facilities within the district. Special taxes collected from the district’s property owners are used to pay principal and interest on the outstanding bonds and the costs of administering the district.

City of Fremont Community Facilities District No. 3 (Warm Springs Public Services) – A special tax district, formed on June 19, 2018, under the Mello-Roos Community Facilities Act of 1982, organized for the purpose of financing the maintenance of public facilities within the district. Special taxes collected from the district’s property owners are used to pay the costs of maintaining the public facilities and administering the district.

Fremont Landscape Maintenance District No. 88 (LMD 88) – A special assessment district, formed on December 20, 1988, under the Landscaping and Lighting Act of 1972, organized for the purpose of financing, installing, and servicing public landscaping improvements within the district. Special assessments collected from the

district's property owners are used to pay the costs of maintaining the public landscaping improvements and administering the district.

Under State law, the City Council serves as the governing body of the community facilities districts and LMD 88 and has the ability to impose its will by authorizing the imposition of special taxes or assessments, approving the issuance of bonds, and through its employment relationship with district employees who are also City employees. The special taxes and special assessments collected and used to provide public services are considered integrally related to governmental activities and are "blended" with those of the City. The special taxes collected and used to pay debt service on bonds are reported as custodial activities.

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.

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.

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 two senior centers, 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.

Notes to Basic Financial Statements

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 regard 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 based on 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 capital projects fund 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 defray all or a portion of the cost of additional public facilities needed to provide service to new development.

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

Recreation Services – This special revenue fund 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 two senior centers, paratransit services, counseling, support for seniors, families and youth, and homeless and housing-related services.

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, Measures B, BB and F Grants, Streets, Bike and Pedestrian – This capital projects fund accounts for the portion of monies from County Measures B, BB and F to be used to fund transportation-related capital projects. In November 2014 voters approved Measure BB which augmented and extended 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.

Miscellaneous State Capital Grants – This capital projects fund accounts for grants received from State agencies to be used to fund capital projects. The Miscellaneous State Capital Grants Fund was previously presented as a non-major governmental fund. However, as of June 30, 2023, it now meets the quantitative threshold for major funds and is included in the basic financial statements as a major fund.

Notes to Basic Financial Statements

The reclassification of the Miscellaneous State Capital Grants Fund as a major fund has resulted in an adjustment to and restatement of beginning fund balance for the non-major governmental funds in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance, as follows:

| | Non-major Governmental Funds |
|-----------------------------------|---------------------------------|
| 6/30/2022, as previously reported | \$74,929,687 |
| Change in fund presentation | 1,592,233 |
| 6/30/2022, as restated | <u>\$76,521,920</u> |

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, fire capital replacement, information technology capital replacement, and employee benefits.

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 Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. The City’s fiduciary funds consist of four custodial funds.

The City reports the following custodial funds:

Local Improvement Districts – This fund accounts for the accumulation of facilities special tax revenue and payment of principal and interest for outstanding special tax bonds issued by the City for Community Facilities District (CFD) No. 1 (Pacific Commons) and CFD No. 2 (Warm Springs Public Facilities).

Southern Alameda County Major Crimes Task Force – 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.

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.

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

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.

Notes to Basic Financial Statements

Proprietary and fiduciary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. 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. 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 Fund Net Position presents increases (revenues) and decreases (expenses) in total net position.

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 2021/22 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 2021/22 amounts presented as summarized comparative financial information in the basic financial statements have been restated or reclassified for comparative purposes to conform to the presentation in the fiscal year 2022/23 basic financial statements.

H. Effects of New Pronouncements

The City implemented the following GASB Statements during the year:

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this statement are to 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. Implementation of this statement did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2023.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. Implementation of this statement did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2023.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The application of this statement had a material impact on the financial statements and note disclosures for the City for the fiscal year ended June 30, 2023. Please refer to Note 5, Capital Assets, and Note 6, Long-Term Obligations.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The requirements related to leases, public-private partnerships (PPPs), and SBITAs are effective for the City's fiscal year ended June 30, 2023. While the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the City's fiscal year ending June 30, 2024, the City chose to implement these requirements in the fiscal year ended June 30, 2023. Implementation of this statement did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2023.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant consistent, and comparable information for making decisions or assessing accountability. The application of this statement did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2023.

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

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under

Notes to Basic Financial Statements

a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for the City's fiscal year ending June 30, 2025.

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).

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 tangible capital assets at \$5,000. The capitalization threshold for reporting subscription assets is \$100,000.

Depreciation is recorded on a straight-line basis over the 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 |

Amortization of subscription assets is recorded on a straight-line basis over the shorter of the useful lives of the assets or the subscription terms.

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. Unearned Revenue

Unearned revenue arises 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

Notes to Basic Financial Statements

requirements, the liability for unearned revenue is removed from the statement of net position or balance sheet and revenue is recognized.

5. Bonds Payable

In the government-wide financial statements, long-term debt is reported as a liability 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.

In the fund financial statements, governmental-type funds recognize bond premiums and discounts during the period in which 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.

6. Subscription Liabilities

The City records a liability to reflect the present value of subscription payments paid to vendors in exchange for the use of intangible subscription assets and associated tangible capital assets. The principal component of subscription payments is calculated using the interest amortization method and is reported as a reduction to subscription liabilities in the government-wide and proprietary funds financial statements.

7. 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 are 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.

8. 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.

9. Pensions

For purposes of measuring the net pension liability, 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. The City typically uses the General Fund to liquidate the majority of its pension liabilities.

10. Other Postemployment Benefits (OPEB)

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 CERBT 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. The City typically uses the General Fund to liquidate the majority of its OPEB liabilities.

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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources could include outflows 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources could include inflows related to pensions, OPEB, leases, and unavailable revenue.

12. Net Position and Fund Balance

In the Government-Wide Statement of Net Position, net position is reported in one of three categories:

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

Notes to Basic Financial Statements

Restricted Net Position – represents the difference between non-capital assets whose use is restricted and related liabilities and deferred inflows of resources (excluding capital-related borrowings). Restricted net position has external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – represents net position of the City that is 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, 2023, 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 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, 2023, certain funds accounting for reimbursement grants reported deficit total fund balances:

| Fund/Fund Type | Deficit Fund Balance |
|--------------------------------------|-------------------------|
| Miscellaneous State Capital Grants | \$1,733,260 |
| Major capital projects fund | |
| HOME Grant | 2,617 |
| Non-major special revenue fund | |
| Justice Assistance Grant | 511 |
| Non-major special revenue fund | |
| Miscellaneous State Operating Grants | 509,812 |
| Non-major special revenue fund | |
| Miscellaneous Operating Grants | 56,899 |
| Non-major special revenue fund | |
| Transportation Development Act | 4,715 |
| Non-major capital projects fund | |
| Traffic System Management | 25,865 |
| Non-major capital projects fund | |
| Federal Capital Grants | 42,938 |
| Non-major capital projects fund | |

These total fund balance deficits are due to the timing of receipt of revenues to fund police, human services, or capital expenditures. The deficits are expected to be funded by future intergovernmental revenues.

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 two General Fund reserves: the Contingency Reserve and the Budget Uncertainty Reserve.

Contingency Reserve – helps mitigate the effects of unanticipated situations such as natural disasters and severe, unforeseen events as well as serving as backup liquidity to the Risk Management Fund if this need were to arise. Contingency Reserve funds are also available to provide a source of working

capital for new programs or undertakings that have the potential for receiving significant funding from outside sources, and organizational retooling, process improvement, and strategic entrepreneurial opportunities.

The Contingency Reserve is funded each year at 16.7% of the original budget 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 to be determined by the City Council at the time of 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, 2023, the Contingency Reserve was \$41,720,000.

Budget Uncertainty Reserve – is intended to offset revenue shortfalls resulting from future economic downturns and unanticipated cost increases (including increases in fuel and utility prices and increases to pension contribution requirements resulting from changes in actuarial assumptions, poor investment performance, or updated demographic data).

The funding level for this reserve is determined by measuring the level of financial risk associated with revenue and expenditure uncertainty over the three-year forecast period, with the goal of providing sufficient resources to maintain service levels while giving the City an opportunity to respond appropriately to its budgetary challenges. All uses of this reserve must be approved by the City Council. 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. As of June 30, 2023, the Budget Uncertainty Reserve was \$3,239,732.

J. Revenues, Expenditures/Expenses, and Interfund Transactions

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 risk management and information technology services provided to other City departments on a cost-reimbursement basis, as well as for funds accumulated for vehicle replacement, employee benefits, and fire capital replacement, each of 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 as revenue 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, 2023, the Metropolitan Medical Response System, Miscellaneous State Operating Grants, and CFD 1 Services Special Tax non-major special revenue funds had an excess of expenditures over appropriations in the amount of \$14,195, \$107,901, and \$1,310,013, respectively. These excess expenditures were expected to be covered with existing fund balances.

6. 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.

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.

Notes to Basic Financial Statements

- 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 must carry the highest rating issued by Moody's Investors Service or S&P Global Ratings. 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 or state chartered banks or associations, a state or federal credit union, or by a federally licensed or state licensed branch of a foreign bank in the third highest rating category or better by a NRSRO.
- 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 a NRSRO.
- 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 a NRSRO.
- 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) to (r), 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 a 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.

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, except as provided in the following paragraph.

Notwithstanding the prohibitions stated in the above paragraph, effective January 1, 2021, the City may invest in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. The City may hold these instruments until their maturity dates. This paragraph shall remain in effect only until January 1, 2026, and as of that date is repealed.

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, 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, 2023:

| | Governmental Activities | Fiduciary Funds | Totals |
|---|----------------------------|----------------------|-----------------------|
| Cash and investments | \$ 549,886,826 | \$ 6,169,063 | \$ 556,055,889 |
| Restricted cash and investments | 2,181,687 | 20,785,423 | 22,967,110 |
| Total cash and investments | 552,068,513 | 26,954,486 | 579,022,999 |
| Less: cash and deposits not meeting the definition of investments | (16,045,583) | (35,079) | (16,080,662) |
| Total investments | <u>\$ 536,022,930</u> | <u>\$ 26,919,407</u> | <u>\$ 562,942,337</u> |

B. Risk Disclosures - Deposits

At June 30, 2023, the carrying and bank amounts of the City’s cash and deposits were \$16,080,662 and \$20,086,819, respectively. Of the bank balance, \$260,951 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$19,825,868 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 a city’s deposits by

Notes to Basic Financial Statements

pledging first trust deed mortgage notes having a value of 150% of the 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 Authority Debt Service Fund are restricted for the payment of principal and interest on lease obligations. 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, 2023, 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 630 days.

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 the California Asset Management Program (CAMP) joint powers authority, 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 backed by the full faith and credit of the U.S., mutual funds, and investment pools (LAIF, CAMP) are not subject to the City’s 5% limit on credit concentration. At June 30, 2023, no investments that are subject to the 5% limit accounted for more than 5% of total pooled investments held by the City.

Notes to Basic Financial Statements

As of June 30, 2023, 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 | \$ 142,546,808 | \$ 6,662,329 | \$ 21,908,597 | \$ 55,679,752 | \$ 31,639,000 | \$ 26,657,130 |
| U.S. Agencies: | | | | | | | |
| Federal Home Loan Bank (FHLB) | AA | 4,838,440 | - | 2,682,747 | - | 2,155,693 | - |
| Federal Home Loan Mortg. Corp. (FHLMC) | AA | 1,021,954 | - | - | 1,021,954 | - | - |
| Federal National Mortg. Assn. (FNMA) | AA | 9,859,840 | - | 9,859,840 | - | - | - |
| Medium-Term Corporate Notes | AA/Aa | 11,681,232 | - | 4,569,671 | 1,308,098 | - | 5,803,463 |
| Medium-Term Corporate Notes | A | 60,423,821 | 6,450,261 | 19,436,361 | 7,854,241 | 17,661,049 | 9,021,909 |
| Medium-Term Corporate Notes | BBB | 4,638,850 | - | 947,630 | 1,215,006 | 2,476,214 | - |
| Municipal Bonds | AAA/Aaa | 3,262,294 | 988,311 | 2,273,983 | - | - | - |
| Municipal Bonds | AA/Aa | 6,048,905 | 1,776,469 | 2,354,082 | 1,206,471 | - | 711,883 |
| Asset-Backed Securities | AAA/Aaa | 28,697,314 | 111,704 | 562,865 | 2,834,713 | 9,236,720 | 15,951,312 |
| Collateralized Mortgage Obligations | AA | 15,544,177 | 1,020,127 | 1,795,688 | 1,670,265 | 11,058,097 | - |
| Money Market Mutual Funds | AAA | 30,576,574 | 30,576,574 | - | - | - | - |
| Negotiable Certificates of Deposit | A-1/P-1 | 2,853,071 | - | - | 2,853,071 | - | - |
| Supranational Notes | AAA/Aaa | 1,790,570 | - | 1,790,570 | - | - | - |
| LAIF** | Not Rated | 73,862,137 | 73,862,137 | - | - | - | - |
| CAMP** | AAA | 144,471,321 | 144,471,321 | - | - | - | - |
| Total pooled investments held by the City | | 542,117,308 | 265,919,233 | 68,182,034 | 75,643,571 | 74,226,773 | 58,145,697 |
| Investments held by fiscal agent: | | | | | | | |
| Money market mutual funds** | AAA/Aaa | 20,825,029 | 20,825,029 | - | - | - | - |
| Total investments | | \$ 562,942,337 | \$ 286,744,262 | \$ 68,182,034 | \$ 75,643,571 | \$ 74,226,773 | \$ 58,145,697 |

* 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.

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 loss as of June 30, 2023 was \$14,120,005. At June 30, 2022, the total unrealized fair value loss was \$9,860,771. The change in value between the two periods amounted to an unrealized loss of \$4,259,234 for fiscal year 2022/23.

E. External Investment Pools

Local Agency Investment Fund – The City voluntarily invests in 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 her 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.

Notes to Basic Financial Statements

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 0.984828499). 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, 2023, the City had \$75,000,000 invested in LAIF, and the fair value of the City's investment in LAIF was \$73,862,137.

At June 30, 2023, PMIA had a total portfolio of approximately \$178.4 billion and of that amount, 97.22% was invested in non-derivative financial products and 2.78% 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 that 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, 2023, the fair value of the City's investment in CAMP was \$144,471,321.

At June 30, 2023, CAMP had a total portfolio of approximately \$16.0 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.

The following is a summary of the fair value and net asset value measurements of the City as of June 30, 2023:

| Investments | Balance at 6/30/2023 | Fair Value Measurements Using | |
|--|-------------------------|-------------------------------|----------------|
| | | Level 1 Inputs | Level 2 Inputs |
| Investments by fair value level: | | | |
| U.S. Treasuries | \$ 142,546,808 | \$ 142,546,808 | \$ - |
| U.S. Agencies | 15,720,234 | - | 15,720,234 |
| Medium-Term Corporate Notes | 76,743,903 | - | 76,743,903 |
| Municipal Bonds | 9,311,199 | - | 9,311,199 |
| Asset-Backed Securities | 28,697,314 | - | 28,697,314 |
| Collateralized Mortgage Obligations | 15,544,177 | - | 15,544,177 |
| Negotiable Certificates of Deposit | 2,853,071 | - | 2,853,071 |
| Supranational Notes | 1,790,570 | - | 1,790,570 |
| Total investments by fair value level | 293,207,276 | \$ 142,546,808 | \$ 150,660,468 |
| Investments measured at the net asset value (NAV): | | | |
| LAIF | 73,862,137 | | |
| CAMP | 144,471,321 | | |
| Money Market Mutual Funds | 51,401,603 | | |
| Total investments measured at the NAV | 269,735,061 | | |
| Total investments measured at fair value | \$ 562,942,337 | | |

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 using 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

At June 30, 2023, the City was owed \$822,118 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, 2023, is \$164,458,991, and the accumulated interest receivable is \$37,439,538.

4. LEASES RECEIVABLE

A. General Description of Leasing Arrangements

The City enters into various lease agreements as part of its ongoing operations, but the City’s principal ongoing operations do not consist of leasing assets to other entities.

At June 30, 2023, the City as a lessor reported leases receivable of \$4,494,917, of which \$1,022,559 was considered current, from ten leases:

General Fund

- One lease of office space at a City-owned office building
- Two leases for cellular phone towers located on City property

Recreation Services Fund

- One lease for a golf course located in the City’s Central Park

Human Services Fund

- Six leases of office space at the Fremont Family Resource Center

Lease receivables represent the net present value of future lease receipts, discounted at the bank prime loan rate in effect on the lease inception date as shown in the Federal Reserve Board Selected Interest Rates - H.15 report. For reporting purposes, leases receivable are considered material if the net present value of future lease receipts is \$35,000 or more.

B. Inflows of Resources from Leases

The principal component of lease receipts is calculated using the interest amortization method and is reported as a reduction to deferred inflows of resources in the government-wide financial statements and in the charges for services revenue category in the governmental funds financial statements. The interest and additional inflows components of lease receipts is reported in the miscellaneous revenue category in the government-wide financial statements and in the other revenues category in the governmental funds financial statements.

The table below summarizes inflows of resources recognized in the reporting period from leases. Amounts not previously included in the measurement of the lease receivable resulting from annual increases indexed to the change in the consumer price index are reported as additional inflows.

| Fund | Principal | Interest | Additional Inflows | Total |
|---------------------|------------------|------------------|---------------------------|--------------------|
| General Fund | \$ 87,331 | \$ 3,596 | \$19,324 | \$ 110,251 |
| Recreation Services | 73,851 | 46,149 | 30,000 | 150,000 |
| Human Services | 739,546 | 111,858 | 27,471 | 878,875 |
| Total | \$900,728 | \$161,603 | \$76,795 | \$1,139,126 |

5. CAPITAL ASSETS

Capital assets activities of the governmental activities of the primary government for the year ended June 30, 2023, consist of the following:

| | Balance 7/1/2022 | Increase | Decrease | Transfers | Balance 6/30/2023 |
|---|------------------------------|----------------------------|--------------------|--------------------|------------------------------|
| Nondepreciable Assets: | | | | | |
| Land | \$ 220,501,956 | \$ - | \$ - | \$ - | \$ 220,501,956 |
| Land improvements | 5,448,471 | - | - | - | 5,448,471 |
| Infrastructure | 504,838,584 | - | - | - | 504,838,584 |
| Construction in progress | 21,167,821 | 7,530,937 | - | (3,455,029) | 25,243,729 |
| Total nondepreciable assets | <u>751,956,832</u> | <u>7,530,937</u> | <u>-</u> | <u>(3,455,029)</u> | <u>756,032,740</u> |
| Depreciable Assets: | | | | | |
| Building and improvements | 257,601,327 | - | - | - | 257,601,327 |
| Equipment | 27,308,378 | 578,575 | (21,833) | 456,699 | 28,321,819 |
| Vehicles | 44,519,980 | 2,808,787 | - | - | 47,328,767 |
| Infrastructure | 342,441,242 | 513,292 | - | 2,998,330 | 345,952,864 |
| Subscription assets* | 3,329,756 | 2,849,535 | - | - | 6,179,291 |
| Total depreciable assets | <u>675,200,683</u> | <u>6,750,189</u> | <u>(21,833)</u> | <u>3,455,029</u> | <u>685,384,068</u> |
| Less Accumulated Depreciation For: | | | | | |
| Building and improvements | (93,933,232) | (4,130,735) | - | - | (98,063,967) |
| Equipment | (16,955,820) | (1,045,343) | 21,833 | - | (17,979,330) |
| Vehicles | (25,092,461) | (2,960,297) | - | - | (28,052,758) |
| Infrastructure | (321,272,898) | (1,186,250) | - | - | (322,459,148) |
| Subscription assets* | - | (1,687,336) | - | - | (1,687,336) |
| Total accumulated depreciation | <u>(457,254,410)</u> | <u>(11,009,961)</u> | <u>21,833</u> | <u>-</u> | <u>(468,242,538)</u> |
| Total depreciable assets, net | <u>217,946,273</u> | <u>(4,259,772)</u> | <u>-</u> | <u>3,455,029</u> | <u>217,141,530</u> |
| Total capital assets, net | <u>\$ 969,903,105</u> | <u>\$ 3,271,165</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 973,174,270</u> |

* Balance as of 7/1/2022 restated to implement GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

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

| | |
|--|-----------------------------|
| Governmental Activities: | |
| General government | \$ 237,720 |
| Police services | 1,379,842 |
| Fire services | 1,579,981 |
| Human services | 131,270 |
| Capital assets maintenance and operations | 3,517,635 |
| Recreation services | 442,615 |
| Community development and environmental services | 412,090 |
| Amount reported in the internal service funds | 3,308,808 |
| Total depreciation expense, governmental activities | <u>\$ 11,009,961</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 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.

Notes to Basic Financial Statements

6. LONG-TERM OBLIGATIONS

A summary of changes in bonds payable and other long-term obligations for the year ended June 30, 2023, is as follows:

| | Interest Rates | Amounts Outstanding 07/01/2022 | Incurred or Issued | Satisfied or Matured and Net Decreases | Amounts Outstanding 06/30/2023 | Amounts Due Within One Year | Amounts Due in More than One Year |
|---|----------------|--------------------------------|---------------------|--|--------------------------------|-----------------------------|-----------------------------------|
| Bonds Payable | | | | | | | |
| General Obligation Bonds | | | | | | | |
| 2017 Fire Safety Bonds Maturity - 08/01/2038 | 3.00-5.00% | \$ 10,650,000 | \$ - | \$ (435,000) | \$ 10,215,000 | \$ 445,000 | \$ 9,770,000 |
| 2021 Fire Safety Bonds Maturity - 08/01/2034 | 5.00% | 16,205,000 | - | (1,000,000) | 15,205,000 | 1,050,000 | 14,155,000 |
| | | 26,855,000 | - | (1,435,000) | 25,420,000 | 1,495,000 | 23,925,000 |
| General Fund Bonds | | | | | | | |
| 2017B Lease Revenue Bonds Maturity - 10/01/2038 | 3.00-5.00% | 17,280,000 | - | (17,280,000) | - | - | - |
| 2019 Lease Revenue Bonds Maturity - 10/01/2038 | 4.00-5.00% | 64,450,000 | - | (4,880,000) | 59,570,000 | 5,145,000 | 54,425,000 |
| | | 81,730,000 | - | (22,160,000) | 59,570,000 | 5,145,000 | 54,425,000 |
| Total Bonds Payable | | 108,585,000 | - | (23,595,000) | 84,990,000 | 6,640,000 | 78,350,000 |
| Unamortized Bond Premium | | 18,591,014 | - | (2,604,161) | 15,986,853 | 1,148,006 | 14,838,847 |
| Total Bonds Payable with Unamortized Premium | | 127,176,014 | - | (26,199,161) | 100,976,853 | 7,788,006 | 93,188,847 |
| Other Long-Term Liabilities | | | | | | | |
| Subscription Liabilities* | | 3,329,756 | 2,849,535 | (2,077,023) | 4,102,268 | 1,928,286 | 2,173,982 |
| Compensated Absences | | 15,544,643 | 7,101,439 | (8,909,720) | 13,736,362 | 3,434,091 | 10,302,271 |
| Total Other Long-Term Liabilities | | 18,874,399 | 9,950,974 | (10,986,743) | 17,838,630 | 5,362,377 | 12,476,253 |
| Total Long-Term Obligations | | \$ 146,050,413 | \$ 9,950,974 | \$ (37,185,904) | \$ 118,815,483 | \$ 13,150,383 | \$ 105,665,100 |

* Balance as of 7/1/2022 restated to implement GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

In prior years, the City has presented long-term debt and compensated absences as separate liabilities in the Government-Wide Statement of Net Position. Beginning with the financial statements for the year ended June 30, 2023, the City is instead presenting a consolidated long-term obligations liability which includes bonds payable, subscription liabilities, and compensated absences.

A. Bonds Payable

Debt service for bonds is 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 bond obligations.

The annual principal and interest requirements for bonds payable are as follows:

| Year Ending June 30 | General Obligation Bonds | | General Fund Bonds | |
|------------------------|--------------------------|---------------------|----------------------|----------------------|
| | Principal | Interest | Principal | Interest |
| 2024 | \$ 1,495,000 | \$ 1,133,975 | \$ 5,145,000 | \$ 2,588,775 |
| 2025 | 1,565,000 | 1,057,475 | 5,420,000 | 2,324,650 |
| 2026 | 1,635,000 | 977,475 | 5,715,000 | 2,046,275 |
| 2027 | 1,720,000 | 893,600 | 4,915,000 | 1,780,525 |
| 2028 | 1,795,000 | 805,725 | 4,250,000 | 1,551,400 |
| 2029 - 2033 | 10,320,000 | 2,566,175 | 16,860,000 | 5,020,625 |
| 2034 - 2038 | 6,050,000 | 532,250 | 14,020,000 | 2,106,600 |
| 2039 - 2043 | 840,000 | 12,600 | 3,245,000 | 64,900 |
| Total | \$ 25,420,000 | \$ 7,979,275 | \$ 59,570,000 | \$ 17,483,750 |

1. Pledged Revenues for Bonds and Events of Default

General Obligation Bonds

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.

The City has two series of general obligation bonds outstanding as of June 30, 2023: the 2017 Fire Safety Bonds and the 2021 Fire Safety Bonds (General Obligation Bonds). The City issued each series of General Obligation Bonds pursuant to a City Council resolution authorizing the issuance and sale of the bonds (Bond Resolutions). The City’s General Obligation bonds are payable from the voter-approved override property taxes until August 1, 2038, the final maturity date of the bonds.

The total principal and interest remaining on these bonds is \$33,399,275. For the fiscal year ended June 30, 2023, the City collected \$2,715,108 in override property taxes and made total debt service payments in the amount of \$2,641,987.

The events of default under the respective Bond Resolutions are failure to pay principal, redemption premiums, or interest on the General Obligation Bonds when due. Under each of the Bond Resolutions, upon the occurrence of an event of default, bondholders may take legal action to compel the City to perform its obligations under the Resolutions, to halt any actions that are unlawful or violate bondholder’s rights, or to require the City to account as if it were the trustee of an express trust.

Notes to Basic Financial Statements

Lease Revenue Bonds

The City, through the Fremont Public Financing Authority (Financing Authority), has issued the 2019 Lease Revenue Bonds to finance and refinance City facilities and equipment. The Financing Authority issued the 2019 Lease Revenue Bonds pursuant to an indenture of trust (Trust Agreement) with U.S. Bank National Association as successor trustee.

This financing is secured by a pledge of lease revenues payable by the City, pursuant to a lease agreement between the City and the Financing Authority (Lease Agreement). Lease payments from the City to the Financing Authority for the following City assets constitute the principal and interest payments for the 2019 Lease Revenue Bonds:

- Main Library
- Police Administration Facility
- Police Detention and Property Evidence Storage Facility
- Animal Shelter
- Fire Station 8

The City has covenanted that so 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.

The total debt service requirement remaining on the lease revenue bonds is \$77,053,750, payable through October 1, 2038. For the fiscal year ended June 30, 2023, the total lease payments made by the City and total debt service payments paid by the Financing Authority and the City totaled \$26,326,525. As discussed in the next section, \$17,230,346 of that total represents the cost of the defeasance escrow for the 2017B Lease Revenue Bonds.

The events of default under the Trust Agreement are failure to pay any principal or interest on the Bonds when due, failure by the Financing Authority to observe or perform any covenant, the filing by the Financing Authority of a voluntary petition in bankruptcy, or the occurrence and continuation of an event of default under the Lease Agreement. If any event of default occurs, the Trustee may, upon notice in writing to the Authority, declare the principal of all of the Bonds then outstanding, and the interest accrued thereon, to be due and payable immediately.

The events of default under the Lease Agreement are failure by the City to pay any lease payment or other required payment, failure to observe or perform any covenant, or the filing by the City of a voluntary petition in bankruptcy.

Whenever any event of default under the Lease Agreement occurs, the Financing Authority at its option may terminate the Lease Agreement and re-lease all or any portion of the leased property. Alternatively, if the Financing Authority does not elect to terminate the Lease Agreement, the City remains liable for the payment of all lease payments and the performance of all conditions contained in the Lease Agreement. The City also agrees to surrender and quit possession of the Leased Property upon demand of

the Authority for the purpose of enabling the Leased Property to be relet. Additionally, the Financing Authority may take legal action to collect the amounts due or to enforce any other of its rights. The Trustee and bond holders may exercise the same remedies for default available to the Financing Authority as provided by the Lease Agreement.

2. In-Substance Defeasance of General Fund Bonds

On April 4, 2023, the City Council adopted a resolution authorizing the prepayment of General Fund Lease payments and defeasance of the Series 2017B Lease Revenue Bonds. The principal amount of the outstanding 2017B Bonds was \$16,585,000.

To defease the 2017B Bonds, the City prepaid the 2017B Lease Payments from unreserved fund balance in the General Fund. The prepaid 2017B Lease Payments were deposited into an irrevocable escrow account held by the escrow agent for the 2017B Bonds, The Bank of New York Mellon Trust Company, N.A. (BNY). BNY used the prepaid 2017B Lease Payments to purchase U.S. government securities and will hold a small amount uninvested in cash. The principal amounts, interest rates, and maturity dates of the escrowed securities were structured to produce a stream of revenue that exactly matches the scheduled debt service payments to the bondholders through October 1, 2027, and the amount required to redeem the remaining principal of the 2017B Bonds on October 1, 2027, the first optional redemption date.

The recommended prepayment and defeasance resulted in annual General Fund debt service savings of approximately \$1,355,000 and avoided interest payments of approximately \$2,572,000. In accordance with GAAP, the difference between the cost of the defeasance escrow and the outstanding principal, \$645,346, is reported as a loss on defeasance in the government-wide financial statements.

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

Community Facilities District No. 1 (Pacific Commons)

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 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 prior 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, 2023, the Series 2015 Bond indebtedness was \$75,410,000.

Notes to Basic Financial Statements

Community Facilities District No. 2 (Warm Springs Public Facilities)

CFD No. 2 was formed by the City Council in 2017 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. 2. CFD No. 2 is a residential community.

On June 18, 2019, the City Council approved the issuance of \$16,575,000 of City of Fremont Community Facilities District No. 2 (Warm Springs Public Facilities) Special Tax Bonds, Series 2019 (the Series 2019 Bonds). These bonds were issued on July 18, 2019. The proceeds of the Series 2019 Bonds will be used to reimburse the developers for a portion of their cost of constructing specified public facilities within CFD No. 2.

The property owners are obligated to pay the interest and principal on the Series 2019 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. 2. The Series 2019 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, 2023, the Series 2019 Bond indebtedness was \$15,860,000.

B. Subscription Liabilities

The City enters into various subscription-based information technology arrangements (SBITA) as part of its ongoing operations. These arrangements are contractual service agreements that provide the City with access to a vendor's software and associated tangible capital assets in exchange for subscription payments. At June 30, 2023, the City recorded eight SBITA obligations ranging in term between one and four years, all of which are reported in the Information Technology Services internal service fund.

Each subscription liability represents the present value of subscription payments expected to be made during the subscription term, discounted at the City's estimated incremental borrowing rate. For reporting purposes, subscription liabilities are considered material if the present value of future subscription payments is \$100,000 or more at inception.

The total amount of subscription assets, and the related accumulated amortization, are reported as separate lines in the Capital Assets note. The beginning balances in the Capital Assets note were adjusted for subscription assets in place as of July 1, 2022. Subscription assets totaling \$2,849,535 were added during the fiscal year.

The table below summarizes the principal and interest payments to maturity for the subscription liability.

| Year Ending June 30 | Principal | Interest | Total |
|--------------------------------|--------------------|------------------|--------------------|
| 2024 | \$1,928,286 | \$ 98,454 | \$2,026,740 |
| 2025 | 941,837 | 52,176 | 994,013 |
| 2026 | 707,879 | 29,572 | 737,451 |
| 2027 | 524,266 | 12,582 | 536,848 |
| Total | \$4,102,268 | \$192,784 | \$4,295,053 |

C. Compensated Absences

The City records a liability to recognize the financial effect of unused vacation and other compensated leaves. During FY 2022/23, employees earned \$7,101,439 of compensated absences and used \$8,909,720. As of June 30, 2023, the total liability for vacation and other compensated leaves is \$13,736,362. Of that balance, \$3,434,091 is expected to be used within one year, with the remaining \$10,302,271 to be used in subsequent years. The City typically uses the General Fund to liquidate the majority of its compensated absences.

7. CLAIMS PAYABLE

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 has a self-insured retention (SIR) for up to \$500,000 for each workers’ compensation claim, up to \$1,000,000 for each general liability claim, and up to \$100,000 for each property claim. The retained liability for general liability claims and workers’ compensation claims in excess of the City’s SIR is discussed below. There have been no significant reductions in any insurance coverages, nor have there been any insurance-related settlements that exceeded insurance coverage during the past three fiscal years.

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 2023 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 2.75% 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, 2023 and 2022, are as follows:

| | 2023 | 2022 |
|-----------------------------|----------------------|----------------------|
| Balance, beginning of year | \$ 14,109,000 | \$ 13,554,000 |
| Provision for claims losses | 3,722,057 | 5,223,543 |
| Claims payments | (5,118,057) | (4,668,543) |
| Balance, end of year | <u>\$ 12,713,000</u> | <u>\$ 14,109,000</u> |
| Due in one year | \$ 3,920,000 | \$ 4,812,000 |
| Due in more than one year | 8,793,000 | 9,297,000 |
| Total claim liabilities | <u>\$ 12,713,000</u> | <u>\$ 14,109,000</u> |

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 20 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 \$1,000,000 and up to \$5,000,000 per occurrence are paid from a pooled layer of funds contributed by the member entities. Claims in excess of \$5,000,000 and up to \$40,000,000 per occurrence are covered by reinsurance purchased by CJPRMA.

Over the last several years CJPRMA has experienced a precipitous drop in net position resulting from an increase in the severity and frequency of claims. In December 2020, the CJPRMA Board approved a plan to improve the financial position of the program by changing the funding methodology and substantially increasing premiums. In fiscal year 2021 and 2022, additional self-insured retentions of \$750,000, \$1.25 million, and \$1.5 million were added to the liability program in addition to the previous \$500,000 and \$1 million levels. Also, in fiscal year 2022, a three-year premium funding plan was put into effect. This plan will increase the premium funding confidence level from 70% to 85% over three years. The CJPRMA will also return to the conventional actuarial method of calculating its premium.

Summary financial information for CJPRMA as of and for the fiscal year ended June 30, 2022 (latest available date), is as follows:

| | |
|---|------------------------|
| Current assets | \$ 15,343,510 |
| Noncurrent assets | 41,308,637 |
| Total assets | <u>56,652,147</u> |
| Deferred outflows of resources | 511,885 |
| Total assets and deferred outflows | <u>\$ 57,164,032</u> |
| | |
| Total liabilities | \$ 89,854,717 |
| Deferred inflows of resources | 660,795 |
| Net position | <u>(33,351,480)</u> |
| Total liabilities, deferred inflows, and net position | <u>\$ 57,164,032</u> |
| | |
| Operating revenues | \$ 43,069,763 |
| Loss provisions and claims and premiums paid | (47,887,583) |
| General and administrative expenses | <u>(2,171,007)</u> |
| Net operating loss | (6,988,827) |
| Net investment and other income/(loss) | <u>(3,047,558)</u> |
| Net loss before refunds to members | (10,036,385) |
| Refunds to members | - |
| Change in net position | <u>\$ (10,036,385)</u> |

The CJPRMA governing board consists of a representative from each member entity. The board elects a seven-member executive committee, and together the board and the executive

Notes to Basic Financial Statements

committee oversee operations. 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, now known as Public Risk Innovation, Solutions, and Management (PRISM). PRISM membership includes 55 California counties and 305 public entities (cities, school districts, special districts and other JPAs). Workers' compensation claims in excess of \$500,000 are covered by PRISM through reinsurance up to a limit of \$250,000,000.

Summary financial information for PRISM as of and for the fiscal year ended June 30, 2022 (latest available date), is as follows:

| | |
|---|-------------------------|
| Current assets | \$ 273,630,975 |
| Noncurrent assets | <u>780,129,760</u> |
| Total assets | 1,053,760,735 |
| Deferred outflows of resources | <u>2,000,236</u> |
| Total assets and deferred outflows | <u>\$ 1,055,760,971</u> |
| | |
| Total liabilities | \$ 908,008,660 |
| Deferred inflows of resources | 3,713,839 |
| Net position | <u>144,038,472</u> |
| Total liabilities, deferred inflows, and net position | <u>\$ 1,055,760,971</u> |
| | |
| Operating revenues | \$ 1,438,389,862 |
| Loss provisions and claims and premiums paid | (1,384,473,162) |
| General and administrative expenses | <u>(30,441,267)</u> |
| Net operating income | 23,475,433 |
| Net investment and other income | <u>(63,248,543)</u> |
| Net income before refunds to members | (39,773,110) |
| Refunds to members | <u>(2,543,052)</u> |
| Change in net position | <u>\$ (42,316,162)</u> |

Complete financial statements for PRISM can be obtained from PRISM, 75 Iron Point Circle, Suite 200, Folsom, CA 95630.

8. POLLUTION REMEDIATION OBLIGATIONS

The properties for which the City bears pollution remediation responsibilities are described in the following paragraphs. At June 30, 2023, the City estimated that \$645,066, or 41% of the total obligation of \$1,557,992, is due and payable (due within one year) with the remaining portion due in more than one year.

A. Police Outdoor 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 a police outdoor firing range. The Lease Agreement was renewed in November of 2022 and expires December 31, 2027. Under the terms of the Agreement, the City is obligated to remove the lead contamination from the ACWD property at the termination of the lease. The Agreement 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 Improvements Fund to cover the costs. The estimated remaining obligation was \$612,926 as of June 30, 2023.

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, 2023.

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 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.

Notes to Basic Financial Statements

The estimated remaining obligation is \$645,066 as of June 30, 2023. The estimated cost has increased due to longer than anticipated running of the system and additional analysis, sampling, and testing requested by the regulatory agency prior to its consideration of closure.

D. Downtown Event Center

In October 2021, the City completed the construction of a new community center located at 3500 Capitol Avenue (formerly addressed 39100-39200 State Street). Due to low levels of soil vapor gas concentrations of tetrachloroethene (or PCE) detected at the site, a vapor barrier system was installed with the construction of the structure as part of the plan for the vapor intrusion mitigation and migration engineering controls (VIMMECs). The VIMMECs, consisting of a vapor barrier system and passive sub-slab vent system, were installed consistent with the approvals and oversight of the environmental regulatory agency, the Alameda County Department of Environmental Health (ACDEH). The system is designed to control potential vapor intrusion risk from PCE in soil vapor sourced by an offsite release of PCE from a nearby and former dry-cleaning facility that apparently leaked from the sewer line within State Street, adjacent to the property. Based on the City's understanding of current ACDEH requirements, the City's obligation consists of long-term monitoring and reporting for a period of at least five years. The estimated remaining obligation is \$300,000 as of June 30, 2023.

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 | No Max | No Max |
| COLA | 2.0% | 3.0% | 2.0% | 2.0% | 2.0% | 2.0% |

Notes to Basic Financial Statements

Covered Employees – At June 30, 2022, 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 | 914 | 584 |
| Inactive employees entitled to but not yet receiving benefits | 609 | 115 |
| Active employees | 586 | 317 |
| Total | <u>2,109</u> | <u>1,016</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 (UAL), 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 table below summarizes the required employer and employee normal cost contribution rates and UAL contribution amounts for fiscal year 2022/23 for each retirement plan.

| Miscellaneous Plan | Employees | | | |
|---------------------------|------------------|---------------|---------------|--------------|
| | City | Tier 1 | Tier 2 | PEPRA |
| Normal Cost | 9.66% | 8% | 7% | 6.75% |
| UAL | \$12,743,237 | \$ - | \$ - | \$ - |

| Safety Plan | Employees | | | |
|--------------------|------------------|---------------|---------------|--------------|
| | City | Tier 1 | Tier 2 | PEPRA |
| Normal Cost | 17.96% | 9% | 9% | 11.25% |
| UAL | \$24,984,631 | \$ - | \$ - | \$ - |

In addition to the statutory normal cost contribution rates shown above, Safety Plan employees have agreed through collective bargaining agreements to contribute an additional amount for a total contribution rate of 12%.

The required Miscellaneous Plan employer contributions, plus an additional voluntary contribution of \$1,698,209, resulted in a total contribution of \$20,164,199. The required Safety Plan employer contributions, plus an additional voluntary contribution of \$3,329,540, resulted in a total contribution of \$35,775,495. These fiscal year 2022/23 contributions are presented in the Government-Wide Statement of Net Position as deferred outflows of resources related to pensions.

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, 2022, using an annual actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, based on the actuarial methods and assumptions described below.

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, 2021 |
| Measurement Date | June 30, 2022 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Discount Rate | 6.90% net of pension plan investment expenses and inflation, but without a reduction for administrative expenses |
| Inflation | 2.30% |
| 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 generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details of this table, please refer to the November 2021 experience study report (based on CalPERS demographic data from 2000 to 2019) that can be found on the CalPERS website. |
| Post-retirement Benefit Increase | The lesser of contract COLA or 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter. |

Change in Assumptions – Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90% (net of investment expense but without a reduction for administrative expense). Other changes include a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. That study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the CalPERS Board.

Discount Rate – The discount rate used to measure the total pension liability was 6.90%. 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.

Notes to Basic Financial Statements

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. Using historical returns of all of the funds’ asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of ten basis points.

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

| Asset Class | Assumed Asset Allocation | Real Return ^(1, 2) |
|----------------------------------|--------------------------|-------------------------------|
| Global Equity – Cap-weighted | 30.0% | 4.54% |
| Global Equity – Non-Cap-weighted | 12.0% | 3.84% |
| Private Equity | 13.0% | 7.28% |
| Treasury | 5.0% | 0.27% |
| Mortgage-backed Securities | 5.0% | 0.50% |
| Investment Grade Corporates | 10.0% | 1.56% |
| High Yield | 5.0% | 2.27% |
| Emerging Market Debt | 5.0% | 2.48% |
| Private Debt | 5.0% | 3.57% |
| Real Assets | 15.0% | 3.21% |
| Leverage | (5.0%) | (0.59%) |
| Total | 100.0% | |

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

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

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 Annual Comprehensive Financial Report located at the following link: <https://www.calpers.ca.gov/docs/forms-publications/acfr-2022.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.

C. Changes in the Net Pension Liability

A schedule of changes in the Net Pension Liability for the measurement period ended June 30, 2022, is presented below for each City pension plan.

| <i>Miscellaneous Plan:</i> | Increase (Decrease) | | |
|---|--------------------------------|-------------------------------|------------------------------|
| | Total Pension Liability | Fiduciary Net Position | Net Pension Liability |
| Balance as of June 30, 2021 | \$575,058,540 | \$500,975,240 | \$74,083,300 |
| Changes during the year | | | |
| Service cost | 11,190,068 | - | 11,190,068 |
| Interest on the total pension liability | 39,520,318 | - | 39,520,318 |
| Changes of assumptions | 7,632,547 | - | 7,632,547 |
| Differences between expected and actual experience | (1,193,802) | - | (1,193,802) |
| Contributions from the employer | - | 20,463,493 | (20,463,493) |
| Contributions from employees | - | 4,545,529 | (4,545,529) |
| Pension plan net investment loss | - | (38,071,283) | 38,071,283 |
| Benefit payments, including refunds of employee contributions | (28,668,171) | (28,668,171) | - |
| Administrative expense | - | (312,078) | 312,078 |
| Net changes | 28,480,960 | (42,042,510) | 70,523,470 |
| Balance as of June 30, 2022 | \$603,539,500 | \$458,932,730 | \$144,606,770 |

| <i>Safety Plan:</i> | Increase (Decrease) | | |
|---|--------------------------------|-------------------------------|------------------------------|
| | Total Pension Liability | Fiduciary Net Position | Net Pension Liability |
| Balance as of June 30, 2021 | \$787,222,740 | \$589,053,466 | \$198,169,274 |
| Changes during the year | | | |
| Service cost | 14,981,051 | - | 14,981,051 |
| Interest on the total pension liability | 55,207,896 | - | 55,207,896 |
| Changes of assumptions | 27,021,645 | - | 27,021,645 |
| Differences between expected and actual experience | 1,584,677 | - | 1,584,677 |
| Contributions from the employer | - | 31,448,218 | (31,448,218) |
| Contributions from employees | - | 6,001,496 | (6,001,496) |
| Pension plan net investment loss | - | (45,023,599) | 45,023,599 |
| Benefit payments, including refunds of employee contributions | (46,410,315) | (46,410,315) | - |
| Administrative expense | - | (366,945) | 366,945 |
| Net changes | 52,384,954 | (54,351,145) | 106,736,099 |
| Balance as of June 30, 2022 | \$839,607,694 | \$534,702,321 | \$304,905,373 |

Notes to Basic Financial Statements

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 | 5.90% | 5.90% |
| Net Pension Liability | \$224,240,620 | \$413,075,870 |
| Current discount rate | 6.90% | 6.90% |
| Net Pension Liability | \$144,606,770 | \$304,905,373 |
| Discount rate 1% higher | 7.90% | 7.90% |
| Net Pension Liability | \$78,825,948 | \$215,532,991 |

Pension Expense – For the year ended June 30, 2023 (measurement period ended June 30, 2022), the City recognized pension expense of \$17,224,257 for the Miscellaneous Plan and \$42,089,369 for the Safety Plan; a total expense of \$59,313,626.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2023, 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 | \$20,164,199 | \$ - | \$35,775,495 | \$ - | \$ 55,939,694 | \$ - |
| Changes in assumptions | 5,247,376 | - | 20,431,000 | - | 25,678,376 | - |
| Differences between expected and actual experience | 427,423 | 833,596 | 8,218,509 | - | 8,645,932 | 833,596 |
| Net difference between projected and actual earnings on pension plan investments | 23,053,368 | - | 26,578,831 | - | 49,632,199 | - |
| Total | <u>\$48,892,366</u> | <u>\$ 833,596</u> | <u>\$91,003,835</u> | <u>\$ -</u> | <u>\$139,896,201</u> | <u>\$ 833,596</u> |

\$55,939,694 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, 2024. 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 |
| 2024 | \$ 6,008,175 | \$15,180,457 | \$21,188,632 |
| 2025 | 5,366,168 | 13,068,434 | 18,434,602 |
| 2026 | 2,025,534 | 9,215,104 | 11,240,638 |
| 2027 | 14,494,694 | 17,764,345 | 32,259,039 |
| Total | \$27,894,571 | \$55,228,340 | \$83,122,911 |

10. OTHER POSTEMPLOYMENT 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/acfr-2022.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/home/showpublisheddocument/12305>.

Employees Covered – As of the June 30, 2022 measurement date, the following employees were covered by the benefit terms of the OPEB plan:

| | Plan Members |
|--|-------------------------|
| Inactive employees or beneficiaries currently receiving benefits | 796 |
| Inactive employees entitled to but not yet receiving benefits | 100 |
| Active employees | 865 |
| Total | 1,761 |

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, 2023, the City’s contributions totaled to \$9,914,000.

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, 2022, using an actuarial valuation as of June 30, 2022.

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, 2022 |
| Measurement Date | June 30, 2022 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial Assumptions: | |
| Inflation | 2.50% |
| Payroll Growth | 2.75% |
| Discount Rate/Investment Rate of Return | 6.00% net of OPEB plan investment expenses, includes inflation |
| Healthcare Cost Trend | Non-Medicare: 8.50% for 2024, decreasing to an ultimate rate of 3.45% in 2076. Medicare (Non-Kaiser): 7.50% for 2024, decreasing to an ultimate rate of 3.45% in 2076. Medicare (Kaiser): 6.25% for 2022, decreasing to an ultimate rate of 3.45% in 2076. |
| Mortality Rate Table | Probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2000 to 2019. Post-retirement mortality projected fully generational with Scale MP-2021. |

Change in Assumptions – Effective with the June 30, 2022, valuation date (2022 measurement date), the accounting discount rate was reduced from 6.50% to 6.00%. Other changes include a reduction in the price inflation assumption from 2.75% to 2.50% and a reduction in the payroll growth rate from 3.00% to 2.75%. In addition to revised healthcare cost and PEMHCA minimum trend rates, the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions was used to update retirement rates, termination rates, and mortality rates. The mortality improvement scale was updated to Scale MP-2021.

Discount Rate – The discount rate used to measure the total OPEB liability was 6.00 percent. 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

Notes to Basic Financial Statements

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 | 49.0% | 4.56% |
| Fixed Income | 23.0% | 1.56% |
| Real Estate Investment Trusts (REITs) | 20.0% | 4.06% |
| Treasury Inflation-Protected Securities (TIPS) | 5.0% | (0.08%) |
| Commodities | 3.0% | 1.22% |
| Total | 100.0% | |
| | Assumed long-term rate of inflation | 2.50% |
| | Expected long-term net rate of return, rounded (55th percentile) | 6.00% |

C. Changes in the Net OPEB Liability

A schedule of changes in the Net OPEB Liability for the measurement period ended June 30, 2022, is presented below.

| | Increase (Decrease) | | |
|--|------------------------------|-----------------------------|-----------------------------|
| | Total OPEB Liability | Fiduciary Net Position | Net OPEB Liability |
| Balance as of June 30, 2021 | \$ 108,800,045 | \$ 38,210,499 | \$ 70,589,546 |
| Changes during the year | | | |
| Service cost | 2,408,949 | - | 2,408,949 |
| Interest on the total OPEB liability | 7,019,907 | - | 7,019,907 |
| Changes of assumptions | 7,165,506 | - | 7,165,506 |
| Differences between expected and actual experience | (3,794,940) | - | (3,794,940) |
| Contributions from the employer | - | 19,839,000 | (19,839,000) |
| OPEB plan net investment loss | - | (6,506,303) | 6,506,303 |
| Benefit payments | (6,420,855) | (6,420,855) | - |
| Administrative expense | - | (11,828) | 11,828 |
| Net changes | <u>6,378,567</u> | <u>6,900,014</u> | <u>(521,447)</u> |
| Balance as of June 30, 2022 | <u>\$ 115,178,612</u> | <u>\$ 45,110,513</u> | <u>\$ 70,068,099</u> |

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. Similarly, the net OPEB liability is presented calculated using the current healthcare trend rates 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 Non-Kaiser/ Medicare Kaiser)</u> |
|---------------------------|----------------------|---|
| Rate 1% lower | 5.00% | 7.50% to 2.45% 6.50% to 2.45% 5.25% to 2.45% |
| Net OPEB Liability | \$83,827,748 | \$62,813,931 |
| Current rate | 6.00% | 8.50% to 3.45% 7.50% to 3.45% 6.25% to 3.45% |
| Net OPEB Liability | \$70,068,099 | \$70,068,099 |
| Rate 1% higher | 7.00% | 9.50% to 4.45% 8.50% to 4.45% 7.25% to 4.45% |
| Net OPEB Liability | \$58,544,240 | \$78,039,192 |

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-2022.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 fiscal year ended June 30, 2023 (measurement period ended June 30, 2022), the City recognized OPEB expense of \$8,437,837.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2023, 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> |
|---|---|--|
| OPEB contributions subsequent to measurement date | \$ 9,914,000 | - |
| Changes in assumptions | 8,586,383 | - |
| Difference between expected and actual experience | 81,644 | 4,305,890 |
| Net difference between projected and actual earnings on OPEB plan investments | 3,786,016 | - |
| Total | \$ 22,368,043 | \$ 4,305,890 |

Notes to Basic Financial Statements

\$9,914,000 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 ending June 30, 2024. 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 |
|--------------------------------|---|
| 2024 | \$2,097,804 |
| 2025 | 1,588,836 |
| 2026 | 1,214,100 |
| 2027 | 2,510,102 |
| 2028 | 526,651 |
| Thereafter | 210,660 |
| Total | \$8,148,153 |

11. INTERFUND TRANSACTIONS

A. Interfund Receivables and Payables

Interfund receivables and payables represent short-term loans owed by the Human Services Fund, non-major governmental funds, and the ACTC, MTC, Measures B, BB, and F Grants, Streets, Bike and Pedestrian Fund to the General Fund for purposes of covering short-term negative cash positions. These interfund transactions are routine year-end adjustments. At June 30, 2023, the General Fund was due \$2,047,471 from the Human Services Fund, \$1,161,733 from the non-major governmental funds, and \$336,723 from the ACTC, MTC, Measures B, BB, and F Grants, Streets, Bike and Pedestrian Fund.

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 and certain cost center operations. There are also a variety of similar transfers between and among other funds and the General Fund including transfers to the General Fund to pay indirect costs and debt service.

During FY 2022/23, in addition to the \$7.0 million of annual transfers, the City Council authorized one-time transfers totaling \$36.2 million from the General Fund to the Capital Improvement Fund for capital projects.

Interfund transfers for the fiscal year ended June 30, 2023, were as follows:

| | | <u>Transfers Out</u> | | | | | | | |
|---------------------|-------------------------|----------------------|-------------------------|-------------------------|---------------------|----------------|------------------------------|------------------------------|---------------|
| | | General Fund | Development Impact Fees | Development Cost Center | Capital Improvement | Human Services | Inclusionary Housing In-Lieu | Non-Major Governmental Funds | Total |
| Transfers In | General Fund | \$ - | \$ 1,000,000 | \$ 2,795,859 | \$ - | \$ 865,757 | \$ 131,681 | \$ 751,464 | \$ 5,544,761 |
| | Development Cost Center | 2,880,813 | - | - | - | - | - | - | 2,880,813 |
| | Recreation Services | - | - | - | 33,569 | - | - | - | 33,569 |
| | Capital Improvement | 43,224,000 | - | 750,000 | - | - | - | - | 43,974,000 |
| | Human Services | 3,971,695 | - | - | - | - | - | - | 3,971,695 |
| Total | | \$ 50,076,508 | \$ 1,000,000 | \$ 3,545,859 | \$ 33,569 | \$ 865,757 | \$ 131,681 | \$ 751,464 | \$ 56,404,838 |

12. 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, 2023, the City had outstanding construction commitments of over \$500,000 for the following projects:

| <u>Project</u> | <u>Unpaid Commitment</u> |
|---|------------------------------|
| Sabercat Trail Extension | \$2,564,921 |
| Fremont Blvd/Walnut Ave Protected Intersection | 2,194,888 |
| Fremont /Grimmer/Eugene Protected Intersection | 2,043,150 |
| I-880 Bicycle & Ped Bridge/Trail | 1,978,583 |
| I-880/Decoto Rd Interchange Modernization | 1,886,525 |
| Walnut Ave/Liberty Blvd Protected Intersection | 1,526,110 |
| Sylvester Harvey Community Park Loop Trail | 1,466,200 |
| I-880 Bike & Ped Trail Christy-South Grimmer | 1,460,886 |
| Northgate and Marshall Parks Playground Upgrade | 1,300,378 |
| Dusterberry Neighborhood Park | 714,218 |
| Safe & Smart Corridor | 643,553 |
| Citywide Concrete Repairs & Ramps | 615,651 |
| California Nursery Master Plan | 602,960 |
| Total | <u>\$18,998,023</u> |

At June 30, 2023, the City had outstanding affordable housing project commitments for the following projects:

| <u>Project</u> | <u>Unpaid Commitment</u> |
|--|------------------------------|
| 41911 Osgood Road Apartments | \$6,000,000 |
| 3900 Thornton Avenue Apartments | 654,527 |
| 34320 Fremont Blvd Affordable Housing | 131,689 |
| 41829 and 41875 Osgood Road Apartments | 50,000 |
| Irvington Affordable Senior Apartments | 50,000 |
| Total | <u>\$6,886,216</u> |

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, 2023, encumbrances of the governmental funds are as follows:

| Fund | Encumbrance |
|------------------------------|---------------------|
| General Fund | \$ 1,226,334 |
| Development Impact Fees | 7,756,501 |
| Development Cost Center | 338,382 |
| Recreation Services | 82,121 |
| Capital Improvement | 2,884,371 |
| Human Services | 99,675 |
| Non-major governmental funds | 6,104,692 |
| Total | \$18,492,075 |

As of June 30, 2023, the City has also entered into commitments for claims administration services (\$107,375), the purchase of vehicles (\$1,435,994), and technology services and equipment (\$1,874,135) 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, 2023, such commitments totaled \$6,515,790 in the Alameda County Transportation Commission Capital Grants Fund and \$8,181,843 in the non-major governmental funds.

Former Successor Agency Land 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 was placed 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, 2023, a balance of \$714,853 remains in the escrow and is reported as restricted cash and investments held by fiscal agent in the City’s Custodial Deposits and Confiscated Assets Custodial Fund.

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 Custodial Deposits and Confiscated Assets Custodial Fund. Upon sale, the proceeds will be remitted to the County for distribution to the taxing agencies.

Notes to Basic Financial Statements

Overallocation of Sales Tax Revenue by State – Due to misreporting by businesses located within the City, the California Department of Tax and Fee Administration (CDTFA) allocated sales tax revenue to the City that the CDTFA subsequently determined should have been allocated to other taxing jurisdictions.

The CDTFA identified \$4,106,599 of the sales tax revenue remitted to the City in the 4th quarter of the fiscal year as an overpayment, and notified the City that it would reduce its next quarterly remittance by the same amount. As of June 30, 2023, the City is reporting that overpayment as a reduction to sales tax receivables in the General Fund.

In addition to the 4th quarter overpayment, the CDTFA is investigating the sales tax reporting for prior quarters, and it is probable that additional amounts were overpaid to the City. However, as the investigation is ongoing, the CDTFA has been unable to provide any estimate of those additional amounts. In consultation with its sales tax consultant, as of June 30, 2023, the City is estimating and reporting a sales tax payable liability for amounts owed back to the CDTFA in the amount of \$23,893,401 in the General Fund. Assuming that the CDTFA will complete its investigation midway through fiscal year 2023/24 and recover the additional overpaid amounts by reducing future sales tax remittances to the City over eight quarters, the City is reporting \$5,973,350 as the current portion of the sales tax payable liability in the Government-Wide Statement of Net Position, and the \$17,920,051 balance as the non-current portion.

Required Supplementary Information

1. BUDGETARY INFORMATION

A. Budgetary Basis of Accounting

Budgets are adopted annually on a budgetary basis consistent with GAAP, with exceptions as noted below, for the general fund, special revenue funds, the fire general obligation bonds debt service fund, and internal service funds. Fremont Public Financing Authority debt service is budgeted in the general fund and the human services fund. Project-length budgets are adopted biennially for all capital projects funds.

Under the budgetary basis of accounting exceptions to GAAP, unrealized gains or losses on investments are not recognized and outflows of resources for prepaid assets are treated as expenditures or expenses in the period when they are incurred.

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, 2023)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|---------------|-------------------|-------------------------------|
| | Original | Final | | |
| Fund Balance - Beginning of year | \$ 78,566,785 | \$ 93,251,592 | \$ 90,542,968 | \$ (2,708,624) |
| Resources (inflows): | | | | |
| Property tax | 126,040,996 | 128,840,996 | 130,525,160 | 1,684,164 |
| Sales tax | 68,768,003 | 106,368,003 | 83,574,720 | (22,793,283) |
| Intergovernmental | 328,591 | 328,591 | 430,502 | 101,911 |
| Business tax | 12,895,485 | 12,895,485 | 14,233,687 | 1,338,202 |
| Other taxes | 7,418,903 | 8,618,903 | 7,829,493 | (789,410) |
| Franchises | 11,425,763 | 11,425,763 | 11,812,644 | 386,881 |
| Charges for services | 10,872,009 | 10,876,258 | 11,825,395 | 949,137 |
| Investment earnings | 800,000 | 800,000 | 1,020,508 | 220,508 |
| Other | 269,619 | 269,619 | 114,611 | (155,008) |
| Transfers in | 5,784,128 | 5,784,128 | 5,544,761 | (239,367) |
| Total resources | 244,603,497 | 286,207,746 | 266,911,481 | (19,296,265) |
| Charges to appropriations (outflows): | | | | |
| General government | 21,298,804 | 23,972,053 | 20,941,875 | 3,030,178 |
| Police services | 105,958,396 | 118,769,266 | 107,747,584 | 11,021,682 |
| Fire services | 65,136,013 | 70,200,529 | 66,477,936 | 3,722,593 |
| Human services | 4,790,756 | 5,416,066 | 5,345,331 | 70,735 |
| Capital assets maintenance and operations | 30,911,073 | 33,939,724 | 32,074,121 | 1,865,603 |
| Community development and environmental services | 1,856,392 | 2,349,803 | 2,218,139 | 131,664 |
| Capital outlay | 217,275 | 217,275 | 217,275 | - |
| Non-Departmental | 4,574,230 | 3,237,010 | 1,633,980 | 1,603,030 |
| Citywide Savings | (8,000,000) | (21,000,000) | - | (21,000,000) |
| Debt service: | | | | |
| Principal, interest and fiscal charges | 8,517,815 | 25,867,815 | 25,761,968 | 105,847 |
| Transfers out | 14,558,277 | 50,350,411 | 50,076,508 | 273,903 |
| Total charges to appropriations | 249,819,030 | 313,319,951 | 312,494,717 | 825,234 |
| Net change in fund balance | (5,215,533) | (27,112,205) | (45,583,236) | (18,471,030) |
| Fund Balance - End of year | \$ 73,351,252 | \$ 66,139,387 | \$ 44,959,732 | \$ (21,179,655) |

Note:

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

The significant negative variance in sales tax revenue is due to an overpayment from the State that has been reported as sales tax payable (for more detail, see Note 12 Commitments and Contingencies). The positive variance in business tax reflects higher than anticipated residential construction activity.

1. BUDGETARY INFORMATION (continued)

C. Budgetary Comparison Schedules (continued)

The positive variance in investment earnings results from higher than anticipated earnings partially offset by unrealized fair value losses due to the large rise in interest rates during the fiscal year. The significant variances in general government, police, and fire expenditures are primarily attributable to vacancy savings.

Development Cost Center Fund – Budgetary Comparison Schedule
(For the Fiscal Year Ended June 30, 2023)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|----------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Fund Balance - Beginning of year | \$ 23,249,000 | \$ 24,030,630 | \$ 23,489,276 | \$ (541,354) |
| Resources (inflows): | | | | |
| Charges for services | 33,627,000 | 21,745,731 | 18,600,517 | (3,145,214) |
| Investment earnings | 230,000 | 230,000 | 366,409 | 136,409 |
| Other | 1,801,000 | 1,801,200 | 1,603,250 | (197,950) |
| Transfers in | 2,897,000 | 2,952,978 | 2,880,813 | (72,165) |
| Total resources | <u>38,555,000</u> | <u>26,729,909</u> | <u>23,450,989</u> | <u>(3,278,920)</u> |
| Charges to appropriations (outflows): | | | | |
| Capital assets maintenance and operations | 17,545,000 | 6,260,642 | 4,777,222 | 1,483,420 |
| Community development and environmental services | 18,213,000 | 18,291,203 | 14,919,323 | 3,371,880 |
| Capital outlay | - | 11,313 | - | 11,313 |
| Transfers out | 3,546,000 | 3,545,859 | 3,545,859 | - |
| Total charges to appropriations | <u>39,304,000</u> | <u>28,109,017</u> | <u>23,242,404</u> | <u>4,866,613</u> |
| Net change in fund balance | <u>(749,000)</u> | <u>(1,379,108)</u> | <u>208,585</u> | <u>1,587,693</u> |
| Fund Balance - End of year | <u>\$ 22,500,000</u> | <u>\$ 22,651,522</u> | <u>\$ 23,697,861</u> | <u>\$ 1,046,339</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 negative variance in charges for services and other revenue reflects lower than anticipated levels of development activity. The positive variance in investment earnings results from higher than anticipated earnings partially offset by unrealized fair value losses due to the large rise in interest rates during the fiscal year. The significant variances in capital assets maintenance and operations and community development and environmental services charges is attributable to vacancy savings 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, 2023)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------------|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Fund Balance - Beginning of year | \$ 2,577,000 | \$ 4,917,738 | \$ 4,786,352 | \$ (131,386) |
| Resources (inflows): | | | | |
| Intergovernmental | 439,776 | 439,776 | 446,105 | 6,329 |
| Charges for services | 8,523,205 | 8,523,205 | 8,257,729 | (265,476) |
| Investment earnings | 10,000 | 10,000 | 73,424 | 63,424 |
| Other | 90,246 | 90,246 | 230,158 | 139,912 |
| Transfers in | - | - | 33,569 | 33,569 |
| Total resources | <u>9,063,227</u> | <u>9,063,227</u> | <u>9,040,985</u> | <u>(22,242)</u> |
| Charges to appropriations (outflows): | | | | |
| Recreation and leisure services | 10,245,788 | 10,335,135 | 8,978,986 | 1,356,149 |
| Capital outlay | 59,618 | 59,618 | 5,357 | 54,261 |
| Total charges to appropriations | <u>10,305,406</u> | <u>10,394,753</u> | <u>8,984,343</u> | <u>1,410,410</u> |
| Net change in fund balance | <u>(1,242,179)</u> | <u>(1,331,526)</u> | <u>56,642</u> | <u>1,388,168</u> |
| Fund Balance - End of year | <u>\$ 1,334,821</u> | <u>\$ 3,586,212</u> | <u>\$ 4,842,994</u> | <u>\$ 1,256,782</u> |

Note:

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

The positive variance in investment earnings results from higher than anticipated earnings partially offset by unrealized fair value losses due to the large rise in interest rates during the fiscal year. The positive variance in recreation and leisure services expenditures reflects lower than anticipated levels of spending on personnel and service agreements.

1. BUDGETARY INFORMATION (continued)

C. Budgetary Comparison Schedules (continued)

Human Services Fund – Budgetary Comparison Schedule
(For the Fiscal Year Ended June 30, 2023)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|----------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Fund Balance - Beginning of year | \$ 18,187,750 | \$ 17,176,002 | \$ 16,868,505 | \$ (307,497) |
| Resources (inflows): | | | | |
| Intergovernmental | 10,648,171 | 11,061,059 | 8,069,285 | (2,991,774) |
| Charges for services | 1,855,051 | 1,855,051 | 1,799,507 | (55,544) |
| Investment earnings | 118,000 | 118,000 | 191,966 | 73,966 |
| Other | 1,179,242 | 1,186,487 | 1,056,052 | (130,435) |
| Transfers in | 3,935,808 | 3,971,695 | 3,971,695 | - |
| Total resources | <u>17,736,272</u> | <u>18,192,292</u> | <u>15,088,505</u> | <u>(3,103,787)</u> |
| Charges to appropriations (outflows): | | | | |
| Human services | 15,783,951 | 16,913,733 | 12,983,274 | 3,930,459 |
| Community development and environmental services | 2,680,352 | 3,226,473 | 1,420,646 | 1,805,827 |
| Debt service | 587,368 | 587,368 | 562,822 | 24,546 |
| Transfers out | 853,727 | 853,727 | 865,757 | (12,030) |
| Total charges to appropriations | <u>19,905,398</u> | <u>21,581,301</u> | <u>15,832,499</u> | <u>5,748,802</u> |
| Net change in fund balance | <u>(2,169,126)</u> | <u>(3,389,009)</u> | <u>(743,994)</u> | <u>2,645,015</u> |
| Fund Balance - End of year | <u>\$ 16,018,624</u> | <u>\$ 13,786,993</u> | <u>\$ 16,124,511</u> | <u>\$ 2,337,518</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 primarily attributable to lower than anticipated CDBG and other sources of grant funding. The variance in human services charges and community development and environmental services charges stems from a combination of vacancy savings and lower than anticipated levels of contractual services spending on CDBG, homeless, and paratransit programs.

Required Supplementary Information

1. BUDGETARY INFORMATION (continued)

C. Budgetary Comparison Schedules (continued)

Inclusionary Housing In-Lieu Fund (For the Fiscal Year Ended June 30, 2023)

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|------------------|---------------|-------------------|-------------------------------|
| | Original | Final | | |
| Fund Balance - Beginning of year | \$ 73,626,000 | \$ 79,155,706 | \$ 77,686,862 | \$ (1,468,844) |
| Resources (inflows): | | | | |
| Impact fees | 6,750,000 | 6,750,000 | 3,441,489 | (3,308,511) |
| Investment earnings | 350,000 | 350,000 | 1,266,859 | 916,859 |
| Total resources | 7,100,000 | 7,100,000 | 4,708,348 | (2,391,652) |
| Charges to appropriations (outflows): | | | | |
| Community development and environmental services | 23,680,000 | 29,680,000 | 22,904,827 | 6,775,173 |
| Transfers out | 131,681 | 131,681 | 131,681 | - |
| Total charges to appropriations | 23,811,681 | 29,811,681 | 23,036,508 | 6,775,173 |
| Net change in fund balance | (16,711,681) | (22,711,681) | (18,328,160) | 4,383,521 |
| Fund Balance - End of year | \$ 56,914,319 | \$ 56,444,025 | \$ 59,358,702 | \$ 2,914,677 |

Note:

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

The significant variance in impact fees revenue is due to a reduced level of new housing development. The positive variance in investment earnings results from higher than anticipated earnings partially offset by unrealized fair value losses due to the large rise in interest rates during the fiscal year. The variance in community development and environmental services charges 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 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 2022, 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:

| <u>Condition</u> | <u>PCI Rating</u> |
|---------------------|-------------------|
| 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, 2023, the City’s policy was to maintain an average PCI rating of 50 or above for the entire street network. Falling below the PCI rating of 50 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, 2023, the City’s overall street network was rated at a computed PCI index of 70, with percentages by area in each condition category and comparisons with prior years shown below:

| Condition | PCI Rating | % of Street Pavement Area | | | |
|-------------------|------------|---------------------------|---------|---------|---------|
| | | 6/30/20 | 6/30/21 | 6/30/22 | 6/30/23 |
| Good to Excellent | 70-100 | 67 | 65 | 60 | 58 |
| Fair | 50-69 | 23 | 28 | 32 | 35 |
| Poor to Very Poor | 0-49 | 10 | 7 | 8 | 7 |

As shown in the table above, in fiscal year 2022/23, 58% of the City’s streets were rated equal to or above PCI 70, the lower limit for streets in good condition. This is a decline from the prior year. Streets in fair condition with a PCI between 50 and 69 increased to 35%. During the same fiscal year, 8% of the City’s streets were rated as poor or very poor, with PCI scores equal to or below 49. This percentage is the same as the prior year. The pavement preservation program continues to maintain the majority of streets in fair to good condition, while streets in poor condition continue to represent a small percentage.

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-ended 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) |
|----------------|-------------------------|-----------------------|--|
| 2018/19 | \$ 24,000,000 | \$ 9,738,422 | 72 |
| 2019/20 | 24,000,000 | 15,429,031 | 72 |
| 2020/21 | 24,000,000 | 7,936,658 | 72 |
| 2021/22 | 12,000,000 | 7,632,306 | 71 |
| 2022/23 | 12,000,000 | 7,172,959 | 70 |

The maintenance estimate beginning in fiscal year 2021/22 reflects a change in methodology. The prior estimates were based on a decision tree that relied upon conventional methods for pavement rehabilitation and maintenance. The maintenance estimate starting in fiscal year 2021/22 is based on an updated decision tree that better reflects the City's maintenance practices and experienced outcomes. The actual expenditures over the years have remained below the estimated levels, but the overall City PCI had been maintained at 72 until experiencing slight declines in the last two years.

Under the City's pavement preservation program, most collector and residential street areas were treated using surface treatments such as cape seals and slurry seals. Work on arterial streets has typically consisted of a combination of base repairs and slurry seals. This improvement strategy has been more economical than relying solely on pavement rehabilitation work such as asphalt overlays and has allowed the available funds to cover a larger portion of the City's pavement network.

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

| | 2022 | 2021 | 2020 | 2019 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Pension Liability | | | | |
| Service Cost | \$ 11,190,068 | \$ 10,106,845 | \$ 9,773,833 | \$ 9,440,689 |
| Interest on the Total Pension Liability | 39,520,318 | 38,933,172 | 37,362,996 | 35,920,595 |
| Changes of Assumptions | 7,632,547 | - | - | - |
| Difference between Expected and Actual Experience | (1,193,802) | 1,139,797 | (205,712) | 5,798,697 |
| Benefit Payments, including Refunds of Employee Contributions | (28,668,171) | (26,895,887) | (26,069,361) | (24,228,054) |
| Net Change in Total Pension Liability | 28,480,960 | 23,283,927 | 20,861,756 | 26,931,927 |
| Total Pension Liability - Beginning | 575,058,540 | 551,774,613 | 530,912,857 | 503,980,930 |
| Total Pension Liability - Ending (a) | \$ 603,539,500 | \$ 575,058,540 | \$ 551,774,613 | \$ 530,912,857 |
| Plan Fiduciary Net Position | | | | |
| Contributions from the Employer | \$ 20,463,493 | \$ 19,215,231 | \$ 18,170,783 | \$ 15,887,992 |
| Contributions from Employees | 4,545,529 | 4,667,115 | 4,444,363 | 4,150,533 |
| Net Investment Income (Loss) | (38,071,283) | 93,566,865 | 19,749,995 | 24,717,180 |
| Benefit Payments, including Refunds of Employee Contributions | (28,668,171) | (26,895,887) | (26,069,361) | (24,228,054) |
| Plan to Plan Resource Movement | - | 34,747 | - | - |
| Administrative Expense | (312,078) | (410,362) | (556,936) | (267,464) |
| Other Miscellaneous Income/(Expense) ¹ | - | - | - | 870 |
| Net Change in Plan Fiduciary Net Position | (42,042,510) | 90,177,709 | 15,738,844 | 20,261,057 |
| Plan Fiduciary Net Position - Beginning² | 500,975,240 | 410,797,531 | 395,058,687 | 374,797,630 |
| Plan Fiduciary Net Position - Ending (b) | \$ 458,932,730 | \$ 500,975,240 | \$ 410,797,531 | \$ 395,058,687 |
| Plan Net Pension Liability - Ending (a) - (b) | \$ 144,606,770 | \$ 74,083,300 | \$ 140,977,082 | \$ 135,854,170 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 76.04% | 87.12% | 74.45% | 74.41% |
| Covered Payroll ³ | \$ 63,292,241 | \$ 61,327,945 | \$ 57,833,334 | \$ 54,394,382 |
| Plan Net Pension Liability as a Percentage of Covered Payroll | 228.47% | 120.80% | 243.76% | 249.76% |

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.

³ Includes one year's payroll growth using 2.80 percent payroll growth assumption for fiscal year ended June 30, 2022; 2.75 percent for fiscal years ended June 30, 2018-21; and 3.00 percent for fiscal years ended June 30, 2014-17.

* 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.

| 2018 | 2017 | 2016 | 2015 | 2014 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 9,366,703 | \$ 9,137,675 | \$ 7,790,208 | \$ 7,507,286 | \$ 7,924,529 |
| 34,074,717 | 33,486,855 | 32,676,179 | 31,320,840 | 30,270,566 |
| (14,946,900) | 27,992,306 | - | (7,685,566) | - |
| 2,348,203 | (7,378,205) | (1,799,221) | (5,745,910) | - |
| (22,693,197) | (21,143,831) | (19,948,526) | (18,958,554) | (18,521,044) |
| 8,149,526 | 42,094,800 | 18,718,640 | 6,438,096 | 19,674,051 |
| 495,831,404 | 453,736,604 | 435,017,964 | 428,579,868 | 408,905,817 |
| \$ 503,980,930 | \$ 495,831,404 | \$ 453,736,604 | \$ 435,017,964 | \$ 428,579,868 |
| \$ 13,914,442 | \$ 13,885,280 | \$ 12,253,772 | \$ 10,615,278 | \$ 10,225,328 |
| 4,065,575 | 4,049,729 | 3,716,987 | 3,603,542 | 3,714,276 |
| 29,800,673 | 35,589,139 | 1,668,179 | 7,088,364 | 47,792,502 |
| (22,693,197) | (21,143,831) | (19,948,526) | (18,958,554) | (18,521,044) |
| (870) | - | - | 11,897 | - |
| (547,419) | (471,557) | (196,178) | (362,448) | - |
| (1,039,558) | - | - | - | - |
| 23,499,646 | 31,908,760 | (2,505,766) | 1,998,079 | 43,211,062 |
| 351,297,984 | 319,389,224 | 321,894,990 | 319,896,911 | 276,685,849 |
| \$ 374,797,630 | \$ 351,297,984 | \$ 319,389,224 | \$ 321,894,990 | \$ 319,896,911 |
| \$ 129,183,300 | \$ 144,533,420 | \$ 134,347,380 | \$ 113,122,974 | \$ 108,682,957 |
| 74.37% | 70.85% | 70.39% | 74.00% | 74.64% |
| \$ 52,820,747 | \$ 49,979,076 | \$ 46,428,322 | \$ 43,728,370 | \$ 43,467,334 |
| 244.57% | 289.19% | 289.37% | 258.69% | 250.03% |

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

Benefit Changes: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the measurement date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

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

| | 2022 | 2021 | 2020 | 2019 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Pension Liability | | | | |
| Service Cost | \$ 14,981,051 | \$ 13,324,177 | \$ 12,212,326 | \$ 12,323,865 |
| Interest on the Total Pension Liability | 55,207,896 | 53,536,968 | 51,268,485 | 49,238,694 |
| Changes of Assumptions | 27,021,645 | - | - | - |
| Difference between Expected and Actual Experience | 1,584,677 | 10,084,409 | 6,952,123 | 14,142,550 |
| Benefit Payments, including Refunds of Employee Contributions | (46,410,315) | (43,490,226) | (41,297,939) | (38,842,561) |
| Net Change in Total Pension Liability | 52,384,954 | 33,455,328 | 29,134,995 | 36,862,548 |
| Total Pension Liability - Beginning | 787,222,740 | 753,767,412 | 724,632,417 | 687,769,869 |
| Total Pension Liability - Ending (a) | \$ 839,607,694 | \$ 787,222,740 | \$ 753,767,412 | \$ 724,632,417 |
| Plan Fiduciary Net Position | | | | |
| Contributions from the Employer | \$ 31,448,218 | \$ 30,223,839 | \$ 28,034,066 | \$ 23,577,795 |
| Contributions from Employees | 6,001,496 | 6,219,967 | 5,733,063 | 5,378,985 |
| Net Investment Income (Loss) | (45,023,599) | 110,983,127 | 23,646,467 | 29,950,990 |
| Benefit Payments, including Refunds of Employee Contributions | (46,410,315) | (43,490,226) | (41,297,939) | (38,842,561) |
| Plan to Plan Resource Movement | - | (34,747) | - | - |
| Administrative Expense | (366,945) | (485,121) | (662,844) | (321,443) |
| Other Miscellaneous Income/(Expense) ¹ | - | - | - | 1,050 |
| Net Change in Plan Fiduciary Net Position | (54,351,145) | 103,416,839 | 15,452,813 | 19,744,816 |
| Plan Fiduciary Net Position - Beginning² | 589,053,466 | 485,636,627 | 470,183,814 | 450,438,998 |
| Plan Fiduciary Net Position - Ending (b) | \$ 534,702,321 | \$ 589,053,466 | \$ 485,636,627 | \$ 470,183,814 |
| Plan Net Pension Liability - Ending (a) - (b) | \$ 304,905,373 | \$ 198,169,274 | \$ 268,130,785 | \$ 254,448,603 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 63.68% | 74.83% | 64.43% | 64.89% |
| Covered Payroll ³ | \$ 51,060,160 | \$ 49,735,637 | \$ 45,014,103 | \$ 44,867,896 |
| Plan Net Pension Liability as a Percentage of Covered Payroll | 597.15% | 398.45% | 595.66% | 567.11% |

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.

³ Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal year ended June 30, 2022; 2.75% for fiscal years ended June 30, 2018-21; and 3.00% for fiscal years ended June 30, 2014-17.

* 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

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|-----------|--------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ | 11,652,686 | \$ 11,313,858 | \$ 10,018,091 | \$ 9,445,690 | \$ 9,428,558 |
| | 46,711,253 | 44,697,929 | 43,600,023 | 41,504,625 | 39,695,994 |
| | (2,848,136) | 35,313,488 | - | (9,630,020) | - |
| | 9,576,106 | (1,980,053) | 6,056,024 | 1,432,189 | - |
| | (36,143,908) | (33,357,752) | (31,419,219) | (28,384,236) | (26,957,919) |
| | 28,948,001 | 55,987,470 | 28,254,919 | 14,368,248 | 22,166,633 |
| | 658,821,868 | 602,834,398 | 574,579,479 | 560,211,231 | 538,044,598 |
| \$ | 687,769,869 | \$ 658,821,868 | \$ 602,834,398 | \$ 574,579,479 | \$ 560,211,231 |
| \$ | 21,715,821 | \$ 18,933,463 | \$ 17,528,095 | \$ 15,067,536 | \$ 13,719,650 |
| | 5,295,358 | 5,044,137 | 4,317,323 | 4,310,000 | 3,757,435 |
| | 35,962,343 | 43,427,897 | 2,138,128 | 8,918,712 | 60,180,612 |
| | (36,143,908) | (33,357,752) | (31,419,219) | (28,384,236) | (26,957,919) |
| | (1,050) | - | - | - | - |
| | (663,097) | (578,856) | (243,623) | (449,882) | - |
| | (1,259,233) | - | - | - | - |
| | 24,906,234 | 33,468,889 | (7,679,296) | (537,870) | 50,699,778 |
| | 425,532,764 | 392,063,875 | 399,743,171 | 400,281,041 | 349,581,263 |
| \$ | 450,438,998 | \$ 425,532,764 | \$ 392,063,875 | \$ 399,743,171 | \$ 400,281,041 |
| \$ | 237,330,871 | \$ 233,289,104 | \$ 210,770,523 | \$ 174,836,308 | \$ 159,930,190 |
| | 65.49% | 64.59% | 65.04% | 69.57% | 71.45% |
| \$ | 42,290,361 | \$ 40,323,111 | \$ 39,414,922 | \$ 36,612,618 | \$ 34,812,281 |
| | 561.19% | 578.55% | 534.75% | 477.53% | 459.41% |

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

Benefit Changes: The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the measurement date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes of Assumptions: Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

Required Supplementary Information

4. SCHEDULE OF PENSION PLAN CONTRIBUTIONS

Last Ten Fiscal Years

(For the Fiscal Years Ended June 30)

A. Miscellaneous Plan

| | 2023 | 2022 | 2021 | 2020 |
|--|-----------------------|-----------------------|---------------------|---------------------|
| Actuarially Determined Contribution | \$ 18,465,990 | \$ 19,158,230 | \$ 18,622,497 | \$ 17,396,808 |
| Contributions in Relation to the Actuarially Determined Contribution | (20,164,199) | (20,463,493) | (19,215,231) | (18,170,783) |
| Contribution Deficiency (Excess) | <u>\$ (1,698,209)</u> | <u>\$ (1,305,263)</u> | <u>\$ (592,734)</u> | <u>\$ (773,975)</u> |
| Covered Payroll ¹ | \$ 61,560,591 | \$ 63,292,241 | \$ 61,327,945 | \$ 57,833,334 |
| Contributions as a Percentage of Covered Payroll | 32.76% | 32.33% | 31.33% | 31.42% |

¹ Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal years ended June 30, 2022-23; 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule:

Methods and Assumptions Used to Calculate the Actuarially Determined Contribution for the Fiscal Year Ended June 30, 2023

| | |
|---|---|
| Valuation Date | June 30, 2020 |
| Actuarial Cost Method | Entry age actuarial cost |
| Amortization Method | Level percent of payroll (bases established prior to June 30, 2019) Level dollar amount (bases established on or after June 30, 2019) |
| Asset Valuation Method | Market value |
| Inflation | 2.50% |
| Salary Increases | 0.40% to 8.50% depending on age and service |
| Payroll Growth | 2.75% |
| Discount Rate/Investment Rate of Return | 7.00% net of pension plan investment and administrative expenses; includes inflation. |
| Retirement Age | Probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. |
| Mortality | Probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries. |

Required Supplementary Information

| <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---------------------|---------------|---------------|---------------|---------------|---------------|
| \$ 15,425,771 | \$ 13,914,442 | \$ 13,885,280 | \$ 12,253,772 | \$ 10,615,278 | \$ 10,225,328 |
| (15,887,992) | (13,914,442) | (13,885,280) | (12,253,772) | (10,615,278) | (10,225,328) |
| <u>\$ (462,221)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 54,394,382 | \$ 52,820,747 | \$ 49,979,076 | \$ 46,428,322 | \$ 43,728,370 | \$ 43,467,334 |
| 29.21% | 26.34% | 27.78% | 26.39% | 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

| | 2023 | 2022 | 2021 | 2020 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Actuarially Determined Contribution | \$ 32,445,955 | \$ 29,325,010 | \$ 27,219,425 | \$ 24,467,794 |
| Contributions in Relation to the Actuarially Determined Contribution | (35,775,495) | (31,448,218) | (30,223,839) | (28,034,066) |
| Contribution Deficiency (Excess) | <u>\$ (3,329,540)</u> | <u>\$ (2,123,208)</u> | <u>\$ (3,004,414)</u> | <u>\$ (3,566,272)</u> |
| Covered Payroll ¹ | \$ 50,245,056 | \$ 51,060,160 | \$ 49,735,637 | \$ 45,014,103 |
| Contributions as a Percentage of Covered Payroll | 71.20% | 61.59% | 60.77% | 62.28% |

¹ Includes one year's payroll growth using 2.80% payroll growth assumption for fiscal years ended June 30, 2022-23; 2.75% payroll growth assumption for fiscal years ended June 30, 2018-21; 3.00% payroll growth assumption for fiscal years ended June 30, 2014-17.

Notes to Schedule:

Methods and Assumptions Used to Calculate the Actuarially Determined Contribution for the Fiscal Year Ended June 30, 2023

| | |
|--|---|
| Valuation Date | June 30, 2020 |
| Actuarial Cost Method | Entry age actuarial cost |
| Amortization Method | Level percent of payroll (bases established prior to June 30, 2019) Level dollar amount (bases established on or after June 30, 2019) |
| Asset Valuation Method | Market value |
| Inflation | 2.50% |
| Salary Increases | 0.97% to 17.00% depending on age, service, and type of employment |
| Payroll Growth | 2.75% |
| Discount Rate/ Investment Rate of Return | 7.00% net of pension plan investment and administrative expenses; includes inflation. |
| Retirement Age | Probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. |
| Mortality | Probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries. |

Required Supplementary Information

| <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|------------------------------|------------------------------|--------------------|--------------------|--------------------|--------------------|
| \$ 21,483,551 | \$ 19,515,821 | \$ 18,933,463 | \$ 17,528,095 | \$ 15,067,536 | \$ 13,719,650 |
| (23,577,795) | (21,715,821) | (18,933,463) | (17,528,095) | (15,067,536) | (13,719,650) |
| <u><u>\$ (2,094,244)</u></u> | <u><u>\$ (2,200,000)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| \$ 44,867,896 | \$ 42,290,361 | \$ 40,323,111 | \$ 39,414,922 | \$ 36,612,618 | \$ 34,812,281 |
| 52.55% | 51.35% | 46.95% | 44.47% | 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)

| | 2022 | 2021 | 2020 | 2019 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Total OPEB Liability | | | | |
| Service Cost | \$ 2,408,949 | \$ 2,338,785 | \$ 2,546,834 | \$ 2,472,654 |
| Interest on the Total OPEB Liability | 7,019,907 | 6,816,117 | 6,528,440 | 6,299,097 |
| Actual vs. Expected Experience | (3,794,940) | - | (2,077,949) | - |
| Assumption Changes | 7,165,506 | - | 3,274,543 | - |
| Benefit Payments | (6,420,855) | (5,758,849) | (5,517,173) | (5,117,958) |
| Net Change in Total OPEB Liability | 6,378,567 | 3,396,053 | 4,754,695 | 3,653,793 |
| Total OPEB Liability - Beginning | 108,800,045 | 105,403,992 | 100,649,297 | 96,995,504 |
| Total OPEB Liability - Ending (a) | \$ 115,178,612 | \$ 108,800,045 | \$ 105,403,992 | \$ 100,649,297 |
| Plan Fiduciary Net Position | | | | |
| Contributions from the Employer | \$ 19,839,000 | \$ 10,793,000 | \$ 10,708,000 | \$ 8,495,000 |
| Net Investment Income (Loss) | (6,506,303) | 9,200,225 | 897,041 | 1,148,445 |
| Benefit Payments | (6,420,855) | (5,758,849) | (5,517,173) | (5,117,958) |
| Administrative Expense | (11,828) | (12,611) | (13,159) | (4,352) |
| Net Change in Plan Fiduciary Net Position | 6,900,014 | 14,221,765 | 6,074,709 | 4,521,135 |
| Plan Fiduciary Net Position - Beginning | 38,210,499 | 23,988,734 | 17,914,025 | 13,392,890 |
| Plan Fiduciary Net Position - Ending (b) | \$ 45,110,513 | \$ 38,210,499 | \$ 23,988,734 | \$ 17,914,025 |
| Plan Net OPEB Liability - Ending (a) - (b) | \$ 70,068,099 | \$ 70,589,546 | \$ 81,415,258 | \$ 82,735,272 |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 39.17% | 35.12% | 22.76% | 17.80% |
| Covered Employee Payroll | \$ 131,717,240 | \$ 133,771,868 | \$ 128,939,898 | \$ 120,022,031 |
| Plan Net OPEB Liability as a Percentage of Covered Employee Payroll | 53.20% | 52.77% | 63.14% | 68.93% |

* 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.

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

Benefit Changes: There were no benefit changes in any of the reported measurement periods.

Changes of Assumptions: In 2022, demographic assumptions were changed in accordance with the November 2021 CalPERS 2001-2019 Experience Study and Review of Actuarial Assumptions. The discount rate was reduced from 6.50% to 6.00% percent, the inflation assumption was reduced from 2.75% to 2.50%, the aggregate payroll increase was reduced from 3.00% to 2.75%, and the mortality improvements scale was updated to Scale MP-2021. Additionally, the medical trend was revised to specify a decreased medical trend rate for all plans. No changes in 2021. In 2020, the medical trend was revised to specify a decreased medical trend rate for Kaiser Senior Advantage plans, the mortality improvements scale was updated to Scale MP-2020, the implied subsidy was valued for Medicare ineligible retirees over age 65, and the valuation recognized repeal of the Affordable Care Act excise tax. No changes in 2019. 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.

Required Supplementary Information

| | 2018 | | 2017 |
|----|----------------------|----|----------------------|
| \$ | 2,286,752 | \$ | 2,215,000 |
| | 6,007,888 | | 5,754,000 |
| | 395,654 | | - |
| | 3,881,210 | | - |
| | (4,590,000) | | (3,968,000) |
| | 7,981,504 | | 4,001,000 |
| | 89,014,000 | | 85,013,000 |
| | \$ 96,995,504 | | \$ 89,014,000 |
| \$ | 8,487,000 | \$ | 7,562,000 |
| | 1,329,770 | | 971,000 |
| | (4,590,000) | | (3,968,000) |
| | (18,880) | | (20,000) |
| | 5,207,890 | | 4,545,000 |
| | 8,185,000 | | 3,640,000 |
| | \$ 13,392,890 | | \$ 8,185,000 |
| | \$ 83,602,614 | | \$ 80,829,000 |
| | 13.81% | | 9.20% |
| \$ | 115,466,447 | \$ | 112,648,039 |
| | 72.40% | | 71.75% |

Required Supplementary Information

6. SCHEDULE OF OPEB PLAN CONTRIBUTIONS

*Last Ten Fiscal Years**

(For the Fiscal Years Ended June 30)

| | 2023 | 2022 | 2021 | 2020 |
|--|----------------|------------------------|----------------|----------------|
| Actuarially Determined Contribution | \$ 9,914,000 | \$ 9,839,000 | \$ 10,793,000 | \$ 10,708,000 |
| Contributions in Relation to the Actuarially Determined Contribution | (9,914,000) | (19,839,000) | (10,793,000) | (10,708,000) |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ (10,000,000)</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered Employee Payroll | \$ 137,170,179 | \$ 131,717,240 | \$ 133,771,868 | \$ 128,939,898 |
| Contributions as a Percentage of Covered Employee Payroll | 7.23% | 15.06% | 8.07% | 8.30% |

* 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.

Notes to Schedule:

Methods and Assumptions Used to Calculate the Actuarially Determined Contribution for the Fiscal Year Ended June 30, 2023

| | |
|--|---|
| Valuation Date | June 30, 2020 |
| Actuarial Cost Method | Entry age normal, level percent of pay |
| Amortization Method | Level dollar amount |
| Amortization Period | 16 years |
| Asset Valuation Method | Investment gains and losses spread over five-year rolling period |
| Inflation | 2.75% |
| Payroll Growth | 3.00% |
| Discount Rate/ Investment Rate of Return | 6.50% net of OPEB plan investment and administrative expenses; includes inflation |
| Healthcare Cost Trend | Non-Medicare: 7.0% for 2022, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare (Non-Kaiser): 6.1% for 2022, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare (Kaiser): 5.0% for 2022, decreasing to an ultimate rate of 4.0% in 2076 and later years |
| Retirement Age | Probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015 |
| Mortality | 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-2020 |

Required Supplementary Information

| <u>2019</u> | <u>2018</u> | <u>2017</u> |
|----------------|---------------------|----------------|
| \$ 8,495,000 | \$ 8,228,000 | \$ 7,562,000 |
| (8,495,000) | (8,487,000) | (7,562,000) |
| <u>\$ -</u> | <u>\$ (259,000)</u> | <u>\$ -</u> |
| \$ 120,022,031 | \$ 115,466,447 | \$ 112,648,039 |
| 7.08% | 7.35% | 6.71% |

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Supplementary Section

Non-Major Governmental 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 are 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

Special Revenue Funds

based on local needs and conditions, such as initiatives technical assistance, training personnel, and equipment supplies.

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 – 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 Operating Grants – This fund accounts for miscellaneous operating funds received from various sources other than federal and 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.

Landscape Maintenance District 88 – 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.

CFD 1 Services Special Tax – This fund accounts for the accumulation of services special tax revenue and the payments for maintenance of the public improvements financed with special tax bonds in CFD No. 1 (Pacific Commons).

CFD 3 Services Special Tax – This fund accounts for the accumulation of services special tax revenue and the payments for maintenance of enhanced streetscape in CFD No. 3 (Warm Springs Public Services).

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 City's non-major 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. Principal and interest expenditures are budgeted and reported in the General Fund and 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.

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.

Federal Capital Grants – This capital projects fund is used to account for various federal grants such as, but not limited to, the Highway Safety Improvement Program (FAST), Transportation Improvement Program (TIP), and One Bay Area Grant (OBAG). These funds are used for transportation projects, and funds are applied for on a project-by-project basis.

Non-Major Governmental Funds

City of Fremont Combining Balance Sheet Non-Major Governmental Funds June 30, 2023

(With comparative totals for June 30, 2022)

| | Special Revenue Funds | | |
|--|-----------------------|-----------------------------------|-------------------|
| | HOME Grant | Integrated Waste Management | Urban Runoff |
| ASSETS | | | |
| Cash and investments held by City | \$ - | \$ 10,796,153 | \$ 694,153 |
| Restricted cash and investments held by fiscal agent or City | - | - | - |
| Receivables: | | | |
| Property tax | - | - | - |
| Due from other governmental agencies | 279,307 | 763,506 | 4,043 |
| Accounts receivable | 103,536 | 886,792 | - |
| Prepaid assets | - | - | - |
| Total assets | \$ 382,843 | \$ 12,446,451 | \$ 698,196 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ - | \$ 726,529 | \$ 103,937 |
| Salaries and wages payable | - | 65,624 | 25,015 |
| Due to other funds | 385,460 | - | - |
| Unearned revenue | - | - | - |
| Total liabilities | 385,460 | 792,153 | 128,952 |
| Deferred inflows of resources-unavailable revenue | - | - | - |
| Fund Balances (Deficits): | | | |
| Nonspendable | | | |
| Prepaid assets | - | - | - |
| Restricted for: | | | |
| Social service programs | - | - | - |
| Debt service | - | - | - |
| Public safety | - | - | - |
| Street improvements | - | - | - |
| Community development | - | 11,654,298 | 569,244 |
| Other purposes | - | - | - |
| Unassigned | (2,617) | - | - |
| Total fund balances (deficits) | (2,617) | 11,654,298 | 569,244 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 382,843 | \$ 12,446,451 | \$ 698,196 |

Non-Major Governmental Funds

Special Revenue Funds

| Abandoned Vehicle | City Asset Seizure | COPS AB3229 | CUPA Administration | Justice Assistance Grant | Low and Moderate Income Housing Asset | Metropolitan Medical Response System |
|----------------------|--------------------------|-------------------|------------------------|--------------------------------|---|--|
| \$ - | \$ 104,282 | \$ 701,822 | \$ 783,987 | \$ - | \$ 6,863,139 | \$ 68,005 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | 6,157 | 5,000 | 9,908 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ 104,282</u> | <u>\$ 701,822</u> | <u>\$ 783,987</u> | <u>\$ 6,157</u> | <u>\$ 6,868,139</u> | <u>\$ 77,913</u> |
| \$ - | \$ - | \$ 105,232 | \$ - | \$ 200 | \$ 2,276 | \$ 3,893 |
| - | - | - | - | - | 26,540 | - |
| - | - | - | - | 6,468 | - | - |
| - | - | - | - | - | - | - |
| - | - | 105,232 | - | 6,668 | 28,816 | 3,893 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 104,282 | 596,590 | 783,987 | - | - | 74,020 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | 6,839,323 | - |
| - | - | - | - | - | - | - |
| - | - | - | - | (511) | - | - |
| <u>-</u> | <u>104,282</u> | <u>596,590</u> | <u>783,987</u> | <u>(511)</u> | <u>6,839,323</u> | <u>74,020</u> |
| <u>\$ -</u> | <u>\$ 104,282</u> | <u>\$ 701,822</u> | <u>\$ 783,987</u> | <u>\$ 6,157</u> | <u>\$ 6,868,139</u> | <u>\$ 77,913</u> |

(Continued)

Non-Major Governmental Funds

City of Fremont Combining Balance Sheet Non-Major Governmental Funds (continued) June 30, 2023

(With comparative totals for June 30, 2022)

| | Special Revenue Funds | | |
|--|-----------------------|-------------------|---------------------|
| | Miscellaneous | Miscellaneous | Miscellaneous |
| | Federal Grants | State Grants | Operating Grants |
| ASSETS | | | |
| Cash and investments held by City | \$ 1,205,812 | \$ - | \$ 620,396 |
| Restricted cash and investments held by fiscal agent or City | - | - | - |
| Receivables: | | | |
| Property tax | - | - | - |
| Due from other governmental agencies | 260,995 | 605,693 | 234,350 |
| Accounts receivable | - | - | 4,950 |
| Prepaid assets | - | - | - |
| Total assets | \$ 1,466,807 | \$ 605,693 | \$ 859,696 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 102,626 | \$ 11,389 | \$ 433,740 |
| Salaries and wages payable | 2,413 | - | - |
| Due to other funds | - | 498,423 | - |
| Unearned revenue | - | - | - |
| Total liabilities | 105,039 | 509,812 | 433,740 |
| Deferred inflows of resources-unavailable revenue | - | 605,693 | 482,855 |
| Fund Balances (Deficits): | | | |
| Nonspendable | | | |
| Prepaid assets | - | - | - |
| Restricted for: | | | |
| Social service programs | 1,339,990 | 19,956 | - |
| Debt service | - | - | - |
| Public safety | 21,778 | 75,925 | - |
| Street improvements | - | - | - |
| Community development | - | - | - |
| Other purposes | - | - | - |
| Unassigned | - | (605,693) | (56,899) |
| Total fund balances (deficits) | 1,361,768 | (509,812) | (56,899) |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 1,466,807 | \$ 605,693 | \$ 859,696 |

Non-Major Governmental Funds

| Special Revenue Funds | | | | | | | Total Non-major Special Revenue Funds |
|-------------------------------------|----------------------|------------------|---|----------------------------------|----------------------------------|----------------------|--|
| Miscellaneous Special Revenue | State Gas Tax | Rent Review | Landscape Maintenance District 88 | CFD 1 Services Special Tax | CFD 3 Services Special Tax | | |
| \$ 3,421,552 | \$ 10,182,465 | \$ 42,213 | \$ 470,744 | \$ 11,206,262 | \$ 893,939 | \$ 48,054,924 | |
| - | - | - | - | - | - | - | |
| - | - | - | - | - | - | - | |
| - | 1,402,161 | - | 627 | - | - | 3,571,747 | |
| - | - | 2,106 | - | - | - | 997,384 | |
| - | - | - | - | - | - | - | |
| <u>\$ 3,421,552</u> | <u>\$ 11,584,626</u> | <u>\$ 44,319</u> | <u>\$ 471,371</u> | <u>\$ 11,206,262</u> | <u>\$ 893,939</u> | <u>\$ 52,624,055</u> | |
| | | | | | | | |
| \$ 52,622 | \$ 259,474 | \$ - | \$ 29,784 | \$ 258,986 | \$ 668 | \$ 2,091,356 | |
| - | - | 4,932 | - | - | - | 124,524 | |
| 4 | - | - | - | - | - | 890,355 | |
| - | - | - | - | - | - | - | |
| <u>52,626</u> | <u>259,474</u> | <u>4,932</u> | <u>29,784</u> | <u>258,986</u> | <u>668</u> | <u>3,106,235</u> | |
| - | - | - | - | - | - | 1,088,548 | |
| | | | | | | | |
| - | - | - | - | - | - | - | |
| 999,846 | - | 39,387 | - | - | - | 2,399,179 | |
| - | - | - | - | - | - | - | |
| 698,369 | - | - | - | - | - | 2,354,951 | |
| - | 11,325,152 | - | - | - | - | 11,325,152 | |
| 1,665,316 | - | - | 441,587 | 10,947,276 | 893,271 | 33,010,315 | |
| 5,395 | - | - | - | - | - | 5,395 | |
| - | - | - | - | - | - | (665,720) | |
| <u>3,368,926</u> | <u>11,325,152</u> | <u>39,387</u> | <u>441,587</u> | <u>10,947,276</u> | <u>893,271</u> | <u>48,429,272</u> | |
| <u>\$ 3,421,552</u> | <u>\$ 11,584,626</u> | <u>\$ 44,319</u> | <u>\$ 471,371</u> | <u>\$ 11,206,262</u> | <u>\$ 893,939</u> | <u>\$ 52,624,055</u> | |

(Continued)

Non-Major Governmental Funds

City of Fremont Combining Balance Sheet Non-Major Governmental Funds (continued) June 30, 2023

(With comparative totals for June 30, 2022)

| | Debt Service Fund | | Total Non-major Debt Service Funds |
|--|-------------------------------------|--|---|
| | Fire General Obligation Bonds | Fremont Public Financing Authority | |
| ASSETS | | | |
| Cash and investments held by City | \$ - | \$ - | \$ - |
| Restricted cash and investments held by fiscal agent or City | 2,178,781 | 2,906 | 2,181,687 |
| Receivables: | | | |
| Property tax | 14,126 | - | 14,126 |
| Due from other governmental agencies | - | - | - |
| Accounts receivable | - | - | - |
| Prepaid assets | - | - | - |
| Total assets | \$ 2,192,907 | \$ 2,906 | \$ 2,195,813 |
| 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): | | | |
| Nonspendable | | | |
| Prepaid assets | - | - | - |
| Restricted for: | | | |
| Social service programs | - | - | - |
| Debt service | 2,192,907 | 2,906 | 2,195,813 |
| Public safety | - | - | - |
| Street improvements | - | - | - |
| Community development | - | - | - |
| Other purposes | - | - | - |
| Unassigned | - | - | - |
| Total fund balances (deficits) | 2,192,907 | 2,906 | 2,195,813 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 2,192,907 | \$ 2,906 | \$ 2,195,813 |

Non-Major Governmental Funds

| Capital Project Funds | | | | |
|--------------------------------------|---|---------------------------------|------------------------------|---|
| Transportation Development Act | Capital Improvement Outside Sources | Traffic System Management | Federal Capital Grants | Total Non-major Capital Projects Funds |
| \$ - | \$ 22,333,843 | \$ - | \$ - | \$ 22,333,843 |
| - | - | - | - | - |
| - | - | - | - | - |
| 19,305 | - | 64,978 | 232,932 | 317,215 |
| - | 73,608 | - | - | 73,608 |
| - | - | - | - | - |
| <u>\$ 19,305</u> | <u>\$ 22,407,451</u> | <u>\$ 64,978</u> | <u>\$ 232,932</u> | <u>\$ 22,724,666</u> |
| \$ 2,898 | \$ 9,899 | \$ - | \$ 42,939 | 55,736 |
| - | - | - | - | - |
| 16,407 | - | 64,978 | 189,993 | 271,378 |
| - | - | - | - | - |
| <u>19,305</u> | <u>9,899</u> | <u>64,978</u> | <u>232,932</u> | <u>327,114</u> |
| <u>4,715</u> | <u>-</u> | <u>25,865</u> | <u>42,938</u> | <u>73,518</u> |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | 22,397,552 | - | - | 22,397,552 |
| - | - | - | - | - |
| (4,715) | - | (25,865) | (42,938) | (73,518) |
| <u>(4,715)</u> | <u>22,397,552</u> | <u>(25,865)</u> | <u>(42,938)</u> | <u>22,324,034</u> |
| <u>\$ 19,305</u> | <u>\$ 22,407,451</u> | <u>\$ 64,978</u> | <u>\$ 232,932</u> | <u>\$ 22,724,666</u> |

(Continued)

Non-Major Governmental Funds

City of Fremont Combining Balance Sheet Non-Major Governmental Funds (continued) June 30, 2023 (With comparative totals for June 30, 2022)

| | Total Non-major Governmental Funds | |
|--|---------------------------------------|----------------------|
| | 2023 | 2022 |
| ASSETS | | |
| Cash and investments held by City | \$ 70,388,767 | \$ 73,397,585 |
| Restricted cash and investments held by fiscal agent or City | 2,181,687 | 2,236,261 |
| Receivables: | | |
| Property tax | 14,126 | 80,758 |
| Due from other governmental agencies | 3,888,962 | 5,542,456 |
| Accounts receivable | 1,070,992 | 1,256,282 |
| Prepaid assets | - | 178,613 |
| Total assets | \$ 77,544,534 | \$ 82,691,955 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | |
| Liabilities: | | |
| Accounts payable | \$ 2,147,092 | \$ 2,804,825 |
| Salaries and wages payable | 124,524 | 131,070 |
| Due to other funds | 1,161,733 | 2,571,281 |
| Unearned revenue | - | 25,655 |
| Total liabilities | 3,433,349 | 5,532,831 |
| Deferred inflows of resources-unavailable revenue | 1,162,066 | 2,229,437 |
| Fund Balances (Deficits): | | |
| Nonspendable | | |
| Prepaid assets | - | 178,613 |
| Restricted for: | | |
| Social service programs | 2,399,179 | 4,507,901 |
| Debt service | 2,195,813 | 2,230,118 |
| Public safety | 2,354,951 | 2,263,532 |
| Street improvements | 11,325,152 | 12,333,607 |
| Community development | 55,407,867 | 55,559,699 |
| Other purposes | 5,395 | - |
| Unassigned | (739,238) | (2,143,783) |
| Total fund balances (deficits) | 72,949,119 | 74,929,687 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 77,544,534 | \$ 82,691,955 |

(Concluded)

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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, 2023

(With comparative totals for the fiscal year ended June 30, 2022)

| | Special Revenue Funds | | |
|---|-----------------------|-----------------------------------|------------------|
| | HOME Grant | Integrated Waste Management | Urban Runoff |
| REVENUES: | | | |
| Property tax | \$ - | \$ - | \$ - |
| Intergovernmental | 254,388 | 1,957,130 | - |
| Franchise fees | - | - | - |
| Charges for services | - | 10,540,620 | 1,423,103 |
| Investment earnings (loss) | - | 129,743 | (1,473) |
| Other | - | - | 534,181 |
| Total revenues | 254,388 | 12,627,493 | 1,955,811 |
| EXPENDITURES: | | | |
| Current: | | | |
| Police services | - | - | - |
| Fire services | - | - | - |
| Human services | 260,690 | - | - |
| Capital assets maintenance and operations | - | - | - |
| Community development and environmental services | - | 11,615,844 | 1,702,718 |
| Capital outlay | - | - | - |
| Debt service: | | | |
| Principal | - | - | - |
| Interest and fiscal charges | - | - | - |
| Total expenditures | 260,690 | 11,615,844 | 1,702,718 |
| REVENUES OVER (UNDER) EXPENDITURES | (6,302) | 1,011,649 | 253,093 |
| OTHER FINANCING SOURCES (USES): | | | |
| Proceeds of debt issuance | - | - | - |
| Premium on debt issuance | - | - | - |
| Payment to refunding escrow | - | - | - |
| Proceeds from sale of capital assets | - | 32,495 | - |
| Transfers in | - | - | - |
| Transfers out | - | (433,105) | - |
| Total other financing sources (uses) | - | (400,610) | - |
| Net change in fund balances | (6,302) | 611,039 | 253,093 |
| FUND BALANCES (DEFICITS): | | | |
| Beginning of year, as restated | 3,685 | 11,043,259 | 316,151 |
| End of year | \$ (2,617) | \$ 11,654,298 | \$ 569,244 |

Non-Major Governmental Funds

| Special Revenue Funds | | | | | | |
|-----------------------|--------------------------|----------------|------------------------|--------------------------------|---|--|
| Abandoned Vehicle | City Asset Seizure | COPS AB3229 | CUPA Administration | Justice Assistance Grant | Low and Moderate Income Housing Asset | Metropolitan Medical Response System |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 113,848 | - | 588,646 | - | 16,658 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 1,430 | 5,170 | 9,946 | - | 182,357 | 863 |
| - | - | - | 30,000 | - | 946,677 | 14,195 |
| 113,848 | 1,430 | 593,816 | 39,946 | 16,658 | 1,129,034 | 15,058 |
| 113,848 | - | 44,246 | - | 17,683 | - | - |
| - | - | - | - | - | - | 14,195 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | 4,982,690 | - |
| - | - | 248,156 | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 113,848 | - | 292,402 | - | 17,683 | 4,982,690 | 14,195 |
| - | 1,430 | 301,414 | 39,946 | (1,025) | (3,853,656) | 863 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | (67,842) | - |
| - | - | - | - | - | (67,842) | - |
| - | 1,430 | 301,414 | 39,946 | (1,025) | (3,921,498) | 863 |
| - | 102,852 | 295,176 | 744,041 | 514 | 10,760,821 | 73,157 |
| \$ - | \$ 104,282 | \$ 596,590 | \$ 783,987 | \$ (511) | \$ 6,839,323 | \$ 74,020 |

(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, 2023

(With comparative totals for the fiscal year ended June 30, 2022)

| | Special Revenue Funds | | |
|---|------------------------------------|----------------------------------|--------------------------------------|
| | Miscellaneous Federal Grants | Miscellaneous State Grants | Miscellaneous Operating Grants |
| REVENUES: | | | |
| Property tax | \$ - | \$ - | \$ - |
| Intergovernmental | 659,987 | 47,586 | 1,718,156 |
| Franchise fees | - | - | - |
| Charges for services | - | - | - |
| Investment earnings (loss) | 90,053 | - | 2,960 |
| Other | - | - | - |
| Total revenues | 750,040 | 47,586 | 1,721,116 |
| EXPENDITURES: | | | |
| Current: | | | |
| Police services | 38,584 | 200,851 | - |
| Fire services | 366,916 | 11,796 | - |
| Human services | 3,090,861 | - | 1,467,642 |
| Capital assets maintenance and operations | 250,000 | - | - |
| Community development and environmental services | - | 392,315 | 78,785 |
| Capital outlay | - | - | - |
| Debt service: | | | |
| Principal | - | - | - |
| Interest and fiscal charges | - | - | - |
| Total expenditures | 3,746,361 | 604,962 | 1,546,427 |
| REVENUES OVER (UNDER) EXPENDITURES | (2,996,321) | (557,376) | 174,689 |
| OTHER FINANCING SOURCES (USES): | | | |
| Proceeds of debt issuance | - | - | - |
| Premium on debt issuance | - | - | - |
| Payment to refunding escrow | - | - | - |
| Proceeds from sale of capital assets | - | - | - |
| Transfers in | - | - | - |
| Transfers out | (61,479) | - | (15,000) |
| Total other financing sources (uses) | (61,479) | - | (15,000) |
| Net change in fund balances | (3,057,800) | (557,376) | 159,689 |
| FUND BALANCES (DEFICITS): | | | |
| Beginning of year | 4,419,568 | 47,564 | (216,588) |
| End of year | \$ 1,361,768 | \$ (509,812) | \$ (56,899) |

Non-Major Governmental Funds

| Special Revenue Funds | | | | | | | Total Non-major Special Revenue Funds |
|-------------------------------------|----------------------|------------------|---|----------------------------------|----------------------------------|----------------------|--|
| Miscellaneous Special Revenue | State Gas Tax | Rent Review | Landscape Maintenance District 88 | CFD 1 Services Special Tax | CFD 3 Services Special Tax | | |
| \$ - | \$ - | \$ - | \$ - | \$ 1,193,598 | \$ 191,508 | \$ 1,385,106 | |
| - | 10,842,155 | - | - | - | - | 16,198,554 | |
| - | - | - | - | - | - | - | |
| - | - | 203,800 | 219,423 | - | - | 12,386,946 | |
| 9,386 | 170,335 | 1,778 | 6,297 | 146,063 | 6,828 | 761,736 | |
| 1,882,660 | - | - | - | - | - | 3,407,713 | |
| <u>1,892,046</u> | <u>11,012,490</u> | <u>205,578</u> | <u>225,720</u> | <u>1,339,661</u> | <u>198,336</u> | <u>34,140,055</u> | |
| 53,167 | - | - | - | - | - | 468,379 | |
| 42,074 | - | - | - | - | - | 434,981 | |
| 63,328 | - | 211,820 | - | - | - | 5,094,341 | |
| 112,897 | 12,020,945 | - | 199,753 | 1,316,656 | 6,954 | 13,907,205 | |
| 2,156 | - | - | - | - | - | 18,774,508 | |
| - | - | - | - | - | - | 248,156 | |
| - | - | - | - | - | - | - | |
| - | - | - | - | - | - | - | |
| <u>273,622</u> | <u>12,020,945</u> | <u>211,820</u> | <u>199,753</u> | <u>1,316,656</u> | <u>6,954</u> | <u>38,927,570</u> | |
| <u>1,618,424</u> | <u>(1,008,455)</u> | <u>(6,242)</u> | <u>25,967</u> | <u>23,005</u> | <u>191,382</u> | <u>(4,787,515)</u> | |
| - | - | - | - | - | - | - | |
| - | - | - | - | - | - | - | |
| - | - | - | - | - | - | - | |
| - | - | - | - | - | - | 32,495 | |
| - | - | - | - | - | - | - | |
| - | - | (16,955) | (32,825) | - | (1,632) | (628,838) | |
| - | - | (16,955) | (32,825) | - | (1,632) | (596,343) | |
| <u>1,618,424</u> | <u>(1,008,455)</u> | <u>(23,197)</u> | <u>(6,858)</u> | <u>23,005</u> | <u>189,750</u> | <u>(5,383,858)</u> | |
| <u>1,750,502</u> | <u>12,333,607</u> | <u>62,584</u> | <u>448,445</u> | <u>10,924,271</u> | <u>703,521</u> | <u>53,813,130</u> | |
| <u>\$ 3,368,926</u> | <u>\$ 11,325,152</u> | <u>\$ 39,387</u> | <u>\$ 441,587</u> | <u>\$ 10,947,276</u> | <u>\$ 893,271</u> | <u>\$ 48,429,272</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, 2023

(With comparative totals for the fiscal year ended June 30, 2022)

| | Debt Service Fund | | Total Non-major Debt Service Funds |
|---|-------------------------------------|--|---|
| | Fire General Obligation Bonds | Fremont Public Financing Authority | |
| REVENUES: | | | |
| Property tax | \$ 2,715,108 | \$ - | \$ 2,715,108 |
| Intergovernmental | - | - | - |
| Franchise fees | - | - | - |
| Charges for services | - | - | - |
| Investment earnings (loss) | 12,298 | 4,637 | 16,935 |
| Other | - | - | - |
| Total revenues | 2,727,406 | 4,637 | 2,732,043 |
| EXPENDITURES: | | | |
| Current: | | | |
| Police services | - | - | - |
| Fire services | - | - | - |
| Human services | - | - | - |
| Capital assets maintenance and operations | - | - | - |
| Community development and environmental services | - | - | - |
| Capital outlay | - | - | - |
| Debt service: | | | |
| Principal | 1,435,000 | - | 1,435,000 |
| Interest and fiscal charges | 1,206,987 | 1,735 | 1,208,722 |
| Total expenditures | 2,641,987 | 1,735 | 2,643,722 |
| REVENUES OVER (UNDER) EXPENDITURES | 85,419 | 2,902 | 88,321 |
| OTHER FINANCING SOURCES (USES): | | | |
| Proceeds of debt issuance | - | - | - |
| Premium on debt issuance | - | - | - |
| Payment to refunding escrow | - | - | - |
| Proceeds from sale of capital assets | - | - | - |
| Transfers in | - | - | - |
| Transfers out | (122,626) | - | (122,626) |
| Total other financing sources (uses) | (122,626) | - | (122,626) |
| Net change in fund balances | (37,207) | 2,902 | (34,305) |
| FUND BALANCES (DEFICITS): | | | |
| Beginning of year | 2,230,114 | 4 | 2,230,118 |
| End of year | \$ 2,192,907 | \$ 2,906 | \$ 2,195,813 |

Non-Major Governmental Funds

| Capital Project Funds | | | | Total Non-major Capital Projects Funds |
|--------------------------------------|---|---------------------------------|------------------------------|---|
| Transportation Development Act | Capital Improvement Outside Sources | Traffic System Management | Federal Capital Grants | |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| 127,128 | 999,296 | 68,215 | 838,495 | 2,033,134 |
| - | 299,932 | - | - | 299,932 |
| - | - | - | - | - |
| - | 193,381 | - | - | 193,381 |
| - | 944,101 | - | - | 944,101 |
| 127,128 | 2,436,710 | 68,215 | 838,495 | 3,470,548 |
| - | - | - | - | - |
| - | - | - | - | - |
| 125,215 | 548,377 | 57,467 | 877,433 | 1,608,492 |
| - | - | - | - | - |
| - | 15,694 | - | 1,000 | 16,694 |
| - | - | - | - | - |
| - | - | - | - | - |
| 125,215 | 564,071 | 57,467 | 878,433 | 1,625,186 |
| 1,913 | 1,872,639 | 10,748 | (39,938) | 1,845,362 |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| 1,913 | 1,872,639 | 10,748 | (39,938) | 1,845,362 |
| (6,628) | 20,524,913 | (36,613) | (3,000) | 20,478,672 |
| \$ (4,715) | \$ 22,397,552 | \$ (25,865) | \$ (42,938) | \$ 22,324,034 |

(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, 2023

(With comparative totals for the fiscal year ended June 30, 2022)

| | Total Non-major Governmental Funds | |
|---|---------------------------------------|-------------------|
| | 2023 | 2022 |
| REVENUES: | | |
| Property tax | \$ 4,100,214 | \$ 4,005,317 |
| Intergovernmental | 18,231,688 | 30,753,630 |
| Franchise fees | 299,932 | 322,650 |
| Charges for services | 12,386,946 | 12,004,494 |
| Investment earnings (loss) | 972,052 | (1,138,477) |
| Other | 4,351,814 | 2,357,428 |
| Total revenues | 40,342,646 | 48,305,042 |
| EXPENDITURES: | | |
| Current: | | |
| Police services | 468,379 | 784,258 |
| Fire services | 434,981 | 36,550 |
| Human services | 5,094,341 | 13,296,774 |
| Capital assets maintenance and operations | 15,515,697 | 15,511,488 |
| Community development and environmental services | 18,774,508 | 13,552,496 |
| Capital outlay | 264,850 | 1,527,973 |
| Debt service: | | |
| Principal | 1,435,000 | 1,710,000 |
| Interest and fiscal charges | 1,208,722 | 1,635,306 |
| Total expenditures | 43,196,478 | 48,054,845 |
| REVENUES OVER (UNDER) EXPENDITURES | (2,853,832) | 250,197 |
| OTHER FINANCING SOURCES (USES): | | |
| Proceeds of debt issuance | - | 16,205,000 |
| Premium on debt issuance | - | 4,717,356 |
| Payment to refunding escrow | - | (20,555,000) |
| Proceeds from sale of capital assets | 32,495 | - |
| Transfers in | - | 1,011,596 |
| Transfers out | (751,464) | (1,627,506) |
| Total other financing sources (uses) | (718,969) | (248,554) |
| Net change in fund balances | (3,572,801) | 1,643 |
| FUND BALANCES (DEFICITS): | | |
| Beginning of year | 76,521,920 | 74,928,044 |
| End of year | \$ 72,949,119 | \$ 74,929,687 |

(Concluded)

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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, 2023

| | Special Revenue Funds | | | | | |
|---|-----------------------|-------------------|-------------------------------|-----------------------------|----------------------|-------------------------------|
| | HOME Grant | | | Integrated Waste Management | | |
| | Budgeted Amounts | Actual Amounts | Variance with Final Budget | Budgeted Amounts | Actual Amounts | Variance with Final Budget |
| REVENUES: | | | | | | |
| Property tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 404,791 | 254,388 | (150,403) | 2,094,021 | 1,957,130 | (136,891) |
| Charges for services | - | - | - | 10,330,677 | 10,540,620 | 209,943 |
| Investment earnings (loss) | - | - | - | 95,000 | 129,743 | 34,743 |
| Other | - | - | - | - | - | - |
| Total revenues | 404,791 | 254,388 | (150,403) | 12,519,698 | 12,627,493 | 107,795 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Police services | - | - | - | - | - | - |
| Fire services | - | - | - | - | - | - |
| Human services | 404,791 | 260,690 | 144,101 | - | - | - |
| Capital assets maintenance and operations | - | - | - | - | - | - |
| Community development and environmental services | - | - | - | 12,736,021 | 11,615,844 | 1,120,177 |
| Capital outlay | - | - | - | 27,500 | - | 27,500 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - |
| Total expenditures | 404,791 | 260,690 | 144,101 | 12,763,521 | 11,615,844 | 1,147,677 |
| REVENUES OVER (UNDER) EXPENDITURES | - | (6,302) | (6,302) | (243,823) | 1,011,649 | 1,255,472 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Proceeds from sale of capital assets | - | - | - | - | 32,495 | 32,495 |
| Transfers out | - | - | - | (433,105) | (433,105) | - |
| Total other financing sources (uses) | - | - | - | (433,105) | (400,610) | 32,495 |
| Net change in fund balances | \$ - | (6,302) | \$ (6,302) | \$ (676,928) | 611,039 | 1,287,967 |
| FUND BALANCES: | | | | | | |
| Beginning of year | | 3,685 | | | 11,043,259 | |
| End of year | | <u>\$ (2,617)</u> | | | <u>\$ 11,654,298</u> | |

Special Revenue and Debt Service Funds

| Special Revenue Funds | | | | | | | | |
|-----------------------|-------------------|-------------------------------|---------------------|-------------------|-------------------------------|---------------------|-------------------|-------------------------------|
| Urban Runoff | | | Abandoned Vehicle | | | City Asset Seizure | | |
| Budgeted Amounts | Actual Amounts | Variance with Final Budget | Budgeted Amounts | Actual Amounts | Variance with Final Budget | Budgeted Amounts | Actual Amounts | Variance with Final Budget |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | 120,000 | 113,848 | (6,152) | - | - | - |
| 1,463,405 | 1,423,103 | (40,302) | - | - | - | - | - | - |
| 1,200 | (1,473) | (2,673) | - | - | - | - | 1,430 | 1,430 |
| - | 534,181 | 534,181 | - | - | - | - | - | - |
| 1,464,605 | 1,955,811 | 491,206 | 120,000 | 113,848 | (6,152) | - | 1,430 | 1,430 |
| - | - | - | 120,000 | 113,848 | 6,152 | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 1,818,274 | 1,702,718 | 115,556 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 1,818,274 | 1,702,718 | 115,556 | 120,000 | 113,848 | 6,152 | - | - | - |
| (353,669) | 253,093 | 606,762 | - | - | - | - | 1,430 | 1,430 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 201,738 | - | (201,738) | - | - | - | - | - | - |
| \$ (151,931) | 253,093 | 405,024 | \$ - | - | \$ - | \$ - | 1,430 | \$ 1,430 |
| | 316,151 | | | - | | | 102,852 | |
| | <u>\$ 569,244</u> | | | <u>\$ -</u> | | | <u>\$ 104,282</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, 2023

| | Special Revenue Funds | | | | | |
|--|-----------------------|-------------------|-------------------------------|---------------------|-------------------|-------------------------------|
| | COPS AB3229 | | | CUPA Administration | | |
| | Budgeted Amounts | Actual Amounts | Variance with Final Budget | Budgeted Amounts | Actual Amounts | Variance with Final Budget |
| REVENUES: | | | | | | |
| Property tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 350,000 | 588,646 | 238,646 | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Investment earnings (loss) | 9,000 | 5,170 | (3,830) | - | 9,946 | 9,946 |
| Other | - | - | - | - | 30,000 | 30,000 |
| Total revenues | 359,000 | 593,816 | 234,816 | - | 39,946 | 39,946 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Police services | 350,000 | 44,246 | 305,754 | - | - | - |
| Fire services | - | - | - | - | - | - |
| Human services | - | - | - | - | - | - |
| Capital assets maintenance and operations | - | - | - | - | - | - |
| Community development and environmental services | - | - | - | - | - | - |
| Capital outlay | - | 248,156 | (248,156) | - | - | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - |
| Total expenditures | 350,000 | 292,402 | 57,598 | - | - | - |
| REVENUES OVER (UNDER) EXPENDITURES | 9,000 | 301,414 | 292,414 | - | 39,946 | 39,946 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Proceeds from sale of capital assets | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Net change in fund balances | \$ 9,000 | 301,414 | \$ 292,414 | \$ - | 39,946 | \$ 39,946 |
| FUND BALANCES: | | | | | | |
| Beginning of year | | 295,176 | | | 744,041 | |
| End of year | | <u>\$ 596,590</u> | | | <u>\$ 783,987</u> | |

Special Revenue and Debt Service Funds

| Special Revenue Funds | | | | | | | | |
|--------------------------|-------------------|-------------------------------|-------------------------------------|-------------------|-------------------------------|--------------------------------------|-------------------|-------------------------------|
| Justice Assistance Grant | | | Low & Moderate Income Housing Asset | | | Metropolitan Medical Response System | | |
| Budgeted Amounts | Actual Amounts | Variance with Final Budget | Budgeted Amounts | Actual Amounts | Variance with Final Budget | Budgeted Amounts | Actual Amounts | Variance with Final Budget |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 25,263 | 16,658 | (8,605) | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | 20,000 | 182,357 | 162,357 | - | 863 | 863 |
| - | - | - | 1,600,000 | 946,677 | (653,323) | - | 14,195 | 14,195 |
| 25,263 | 16,658 | (8,605) | 1,620,000 | 1,129,034 | (490,966) | - | 15,058 | 15,058 |
| 26,876 | 17,683 | 9,193 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 14,195 | (14,195) |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | 5,301,166 | 4,982,690 | 318,476 | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 26,876 | 17,683 | 9,193 | 5,301,166 | 4,982,690 | 318,476 | - | 14,195 | (14,195) |
| (1,613) | (1,025) | 588 | (3,681,166) | (3,853,656) | (172,490) | - | 863 | 863 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | (29,201) | (67,842) | (38,641) | - | - | - |
| - | - | - | (29,201) | (67,842) | (38,641) | - | - | - |
| \$ (1,613) | (1,025) | \$ 588 | \$ (3,710,367) | (3,921,498) | \$ (211,131) | \$ - | 863 | \$ 863 |
| | 514 | | | 10,760,821 | | | 73,157 | |
| | \$ (511) | | | \$ 6,839,323 | | | \$ 74,020 | |

(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, 2023

| | Special Revenue Funds | | | | | |
|---|------------------------------|---------------------|-------------------------------|----------------------------|---------------------|-------------------------------|
| | Miscellaneous Federal Grants | | | Miscellaneous State Grants | | |
| | Budgeted Amounts | Actual Amounts | Variance with Final Budget | Budgeted Amounts | Actual Amounts | Variance with Final Budget |
| REVENUES: | | | | | | |
| Property tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 1,152,569 | 659,987 | (492,582) | 449,801 | 47,586 | (402,215) |
| Charges for services | - | - | - | - | - | - |
| Investment earnings (loss) | - | 90,053 | 90,053 | - | - | - |
| Other | - | - | - | - | - | - |
| Total revenues | 1,152,569 | 750,040 | (402,529) | 449,801 | 47,586 | (402,215) |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Police services | 102,024 | 38,584 | 63,440 | 90,801 | 200,851 | (110,050) |
| Fire services | 1,237,521 | 366,916 | 870,605 | - | 11,796 | (11,796) |
| Human services | 3,163,287 | 3,090,861 | 72,426 | - | - | - |
| Capital assets maintenance and operations | 250,000 | 250,000 | - | - | - | - |
| Community development and environmental services | - | - | - | 406,260 | 392,315 | 13,945 |
| Capital outlay | - | - | - | - | - | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - |
| Total expenditures | 4,752,832 | 3,746,361 | 1,006,471 | 497,061 | 604,962 | (107,901) |
| REVENUES OVER (UNDER) EXPENDITURES | (3,600,263) | (2,996,321) | 603,942 | (47,260) | (557,376) | (510,116) |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Proceeds from sale of capital assets | - | - | - | - | - | - |
| Transfers out | - | (61,479) | (61,479) | - | - | - |
| Total other financing sources (uses) | - | (61,479) | (61,479) | - | - | - |
| Net change in fund balances | \$ (3,600,263) | (3,057,800) | \$ 542,463 | \$ (47,260) | (557,376) | \$ (510,116) |
| FUND BALANCES (DEFICITS): | | | | | | |
| Beginning of year | | 4,419,568 | | | 47,564 | |
| End of year | | <u>\$ 1,361,768</u> | | | <u>\$ (509,812)</u> | |

Special Revenue and Debt Service Funds

| Special Revenue Funds | | | | | | | | |
|--------------------------------|--------------------|-------------------------------|-------------------------------|---------------------|-------------------------------|----------------------|-------------------|-------------------------------|
| Miscellaneous Operating Grants | | | Miscellaneous Special Revenue | | | State Gas Tax | | |
| Budgeted Amounts | Actual Amounts | Variance with Final Budget | Budgeted Amounts | Actual Amounts | Variance with Final Budget | Budgeted Amounts | Actual Amounts | Variance with Final Budget |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 3,999,861 | 1,718,156 | (2,281,705) | - | - | - | 10,842,155 | 10,842,155 | - |
| - | - | - | - | - | - | - | - | - |
| - | 2,960 | 2,960 | 10,000 | 9,386 | (614) | 170,335 | 170,335 | - |
| - | - | - | 205,423 | 1,882,660 | 1,677,237 | - | - | - |
| 3,999,861 | 1,721,116 | (2,278,745) | 215,423 | 1,892,046 | 1,676,623 | 11,012,490 | 11,012,490 | - |
| - | - | - | 125,319 | 53,167 | 72,152 | - | - | - |
| - | - | - | 49,923 | 42,074 | 7,849 | - | - | - |
| 3,906,076 | 1,467,642 | 2,438,434 | - | 63,328 | (63,328) | - | - | - |
| - | - | - | 288,269 | 112,897 | 175,372 | 12,020,945 | 12,020,945 | - |
| 78,785 | 78,785 | - | 2,129 | 2,156 | (27) | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 3,984,861 | 1,546,427 | 2,438,434 | 465,640 | 273,622 | 192,018 | 12,020,945 | 12,020,945 | - |
| 15,000 | 174,689 | 159,689 | (250,217) | 1,618,424 | 1,868,641 | (1,008,455) | (1,008,455) | - |
| - | - | - | - | - | - | - | - | - |
| (15,000) | (15,000) | - | - | - | - | - | - | - |
| (15,000) | (15,000) | - | - | - | - | - | - | - |
| \$ - | 159,689 | \$ 159,689 | \$ (250,217) | 1,618,424 | \$ 1,868,641 | \$ (1,008,455) | (1,008,455) | \$ - |
| | (216,588) | | | 1,750,502 | | 12,333,607 | | |
| | <u>\$ (56,899)</u> | | | <u>\$ 3,368,926</u> | | <u>\$ 11,325,152</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, 2023

| | Special Revenue Funds | | | | | |
|---|-----------------------|-------------------|-------------------------------|-----------------------------------|-------------------|-------------------------------|
| | Rent Review | | | Landscape Maintenance District 88 | | |
| | Budgeted Amounts | Actual Amounts | Variance with Final Budget | Budgeted Amounts | Actual Amounts | Variance with Final Budget |
| REVENUES: | | | | | | |
| Property tax | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - | - | - |
| Charges for services | 191,014 | 203,800 | 12,786 | - | 219,423 | 219,423 |
| Investment earnings (loss) | - | 1,778 | 1,778 | - | 6,297 | 6,297 |
| Other | - | - | - | - | - | - |
| Total revenues | 191,014 | 205,578 | 14,564 | - | 225,720 | 225,720 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| Police services | - | - | - | - | - | - |
| Fire services | - | - | - | - | - | - |
| Human services | 245,908 | 211,820 | 34,088 | - | - | - |
| Capital assets maintenance and operations | - | - | - | 300,000 | 199,753 | 100,247 |
| Community development and environmental services | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | - | - |
| Total expenditures | 245,908 | 211,820 | 34,088 | 300,000 | 199,753 | 100,247 |
| REVENUES OVER (UNDER) EXPENDITURES | (54,894) | (6,242) | 48,652 | (300,000) | 25,967 | 325,967 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Proceeds from sale of capital assets | - | - | - | - | - | - |
| Transfers out | (16,955) | (16,955) | - | (32,825) | (32,825) | - |
| Total other financing sources (uses) | (16,955) | (16,955) | - | (32,825) | (32,825) | - |
| Net change in fund balances | \$ (71,849) | (23,197) | \$ 48,652 | \$ (332,825) | (6,858) | \$ 325,967 |
| FUND BALANCES (DEFICITS): | | | | | | |
| Beginning of year | | 62,584 | | | 448,445 | |
| End of year | | <u>\$ 39,387</u> | | | <u>\$ 441,587</u> | |

Special Revenue and Debt Service Funds

| Special Revenue Funds | | | | | | Debt Service Fund | | |
|---|-------------------|-------------------------------|-------------------------------------|-------------------|-------------------------------|---|-------------------|-------------------------------|
| CFD 1 Services Special Tax | | | CFD 3 Services Special Tax | | | Fire General Obligation Bonds | | |
| Budgeted Amounts | Actual Amounts | Variance with Final Budget | Budgeted Amounts | Actual Amounts | Variance with Final Budget | Budgeted Amounts | Actual Amounts | Variance with Final Budget |
| \$ - | \$ 1,193,598 | \$ 1,193,598 | \$ 186,056 | \$ 191,508 | \$ 5,452 | \$ - | \$ 2,715,108 | \$ 2,715,108 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | 146,063 | 146,063 | - | 6,828 | 6,828 | - | 12,298 | 12,298 |
| - | - | - | - | - | - | - | - | - |
| - | 1,339,661 | 1,339,661 | 186,056 | 198,336 | 12,280 | - | 2,727,406 | 2,727,406 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 6,643 | 1,316,656 | (1,310,013) | 48,368 | 6,954 | 41,414 | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 1,435,000 | 1,435,000 | - |
| - | - | - | - | - | - | 1,208,925 | 1,206,987 | 1,938 |
| 6,643 | 1,316,656 | (1,310,013) | 48,368 | 6,954 | 41,414 | 2,643,925 | 2,641,987 | 1,938 |
| (6,643) | 23,005 | 29,648 | 137,688 | 191,382 | 53,694 | (2,643,925) | 85,419 | 2,729,344 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | (1,632) | (1,632) | - | - | (122,626) | (122,626) |
| - | - | - | (1,632) | (1,632) | - | - | (122,626) | (122,626) |
| \$ (6,643) | 23,005 | \$ 29,648 | \$ 136,056 | 189,750 | \$ 53,694 | \$ (2,643,925) | (37,207) | \$ 2,606,718 |
| <u>10,924,271</u> <u>\$ 10,947,276</u> | | | <u>703,521</u> <u>\$ 893,271</u> | | | <u>2,230,114</u> <u>\$ 2,192,907</u> | | |

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Internal Service Funds

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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, 2023

(With comparative totals for June 30, 2022)

| | Risk Management | Information Technology | Vehicle Replacement |
|--|---------------------|---------------------------|------------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments held by City | \$ 16,570,606 | \$ 12,680,973 | \$ 6,359,580 |
| Other receivables | - | 70,733 | - |
| Total current assets | <u>16,570,606</u> | <u>12,751,706</u> | <u>6,359,580</u> |
| Noncurrent assets: | | | |
| Prepaid assets | - | - | - |
| Depreciable assets | - | 9,544,263 | 18,281,058 |
| Less accumulated depreciation | - | (7,658,261) | (12,327,315) |
| Subscription assets | - | 6,179,291 | - |
| Less accumulated amortization | - | (1,687,336) | - |
| Total noncurrent assets | <u>-</u> | <u>6,377,957</u> | <u>5,953,743</u> |
| Total assets | <u>16,570,606</u> | <u>19,129,663</u> | <u>12,313,323</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows of resources related to pensions | <u>284,678</u> | <u>2,521,879</u> | <u>-</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | 289,265 | 557,199 | 618,402 |
| Salaries and wages payable | 46,997 | 185,552 | - |
| Accrued interest payable | - | 59,550 | - |
| Due to General Fund | - | - | - |
| Due to other funds | - | - | - |
| Subscription liabilities | - | 1,928,286 | - |
| Claims payable | 3,920,000 | - | - |
| Total current liabilities | <u>4,256,262</u> | <u>2,730,587</u> | <u>618,402</u> |
| Noncurrent liabilities: | | | |
| Subscription liabilities | - | 2,173,982 | - |
| Claims payable | 8,793,000 | - | - |
| Net pension liability | 841,980 | 7,458,850 | - |
| Total noncurrent liabilities | <u>9,634,980</u> | <u>9,632,832</u> | <u>-</u> |
| Total liabilities | <u>13,891,242</u> | <u>12,363,419</u> | <u>618,402</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows of resources related to pensions | <u>4,854</u> | <u>42,997</u> | <u>-</u> |
| NET POSITION | | | |
| Net investment in capital assets | - | 2,209,422 | 5,335,341 |
| Unrestricted | <u>2,959,188</u> | <u>7,035,704</u> | <u>6,359,580</u> |
| Total net position | <u>\$ 2,959,188</u> | <u>\$ 9,245,126</u> | <u>\$ 11,694,921</u> |

Internal Service Funds

| Employee Benefits | Fire Capital Equipment Replacement | Totals | |
|----------------------|------------------------------------|----------------------|----------------------|
| | | 2023 | 2022 |
| \$ 13,914,536 | \$ 573,238 | \$ 50,098,933 | \$ 30,924,335 |
| 1,296,602 | - | 1,367,335 | 1,299,508 |
| <u>15,211,138</u> | <u>573,238</u> | <u>51,466,268</u> | <u>32,223,843</u> |
| - | 2,364,223 | 2,364,223 | 4,184,909 |
| - | 10,860,695 | 38,686,016 | 35,774,797 |
| - | (2,447,741) | (22,433,317) | (20,811,845) |
| - | - | 6,179,291 | - |
| - | - | (1,687,336) | 10,563,196 |
| - | <u>10,777,177</u> | <u>23,108,877</u> | <u>19,147,861</u> |
| <u>15,211,138</u> | <u>11,350,415</u> | <u>74,575,145</u> | <u>51,371,704</u> |
| - | - | 2,806,557 | 1,725,376 |
| - | 87,105 | 1,551,971 | 722,195 |
| 230 | - | 232,779 | 186,350 |
| - | - | 59,550 | - |
| - | - | - | 1,923,353 |
| - | - | - | 785,087 |
| - | - | 1,928,286 | - |
| - | - | 3,920,000 | 4,812,000 |
| <u>230</u> | <u>87,105</u> | <u>7,692,586</u> | <u>8,428,985</u> |
| - | - | 2,173,982 | - |
| - | - | 8,793,000 | 9,297,000 |
| - | - | 8,300,830 | 2,957,254 |
| - | - | <u>19,267,812</u> | <u>12,254,254</u> |
| <u>230</u> | <u>87,105</u> | <u>26,960,398</u> | <u>20,683,239</u> |
| - | - | 47,851 | 3,987,851 |
| - | 8,325,849 | 15,870,612 | 14,623,691 |
| <u>15,210,908</u> | <u>2,937,461</u> | <u>34,502,841</u> | <u>13,802,299</u> |
| <u>\$ 15,210,908</u> | <u>\$ 11,263,310</u> | <u>\$ 50,373,453</u> | <u>\$ 28,425,990</u> |

Internal Service Funds

City of Fremont

Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Internal Service Funds

For the fiscal year ended June 30, 2023

(With comparative totals for the fiscal year ended June 30, 2022)

| | Risk Management | Information Technology | Vehicle Replacement |
|---|--------------------|---------------------------|------------------------|
| OPERATING REVENUES | | | |
| Charges for services | \$ 12,000,000 | \$ 14,505,064 | \$ 2,056,977 |
| Other | - | 14,121 | - |
| Total operating revenues | 12,000,000 | 14,519,185 | 2,056,977 |
| OPERATING EXPENSES | | | |
| Salaries and wages | 469,949 | 5,865,929 | - |
| Insurance premiums | 4,968,663 | - | - |
| Provision for claim losses | 3,722,057 | - | - |
| Claims administration | 228,594 | - | - |
| Materials and supplies | 15,586 | 4,024,976 | 737,288 |
| Depreciation and amortization | - | 1,844,988 | 790,892 |
| Other | - | 150,699 | - |
| Total operating expenses | 9,404,849 | 11,886,592 | 1,528,180 |
| OPERATING INCOME | 2,595,151 | 2,632,593 | 528,797 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment earnings (loss) | 153,589 | 77,211 | 59,694 |
| Interest expense - subscription liabilities | - | (101,490) | - |
| Gain on disposal of capital assets | - | - | 76,582 |
| Total nonoperating revenues (expenses) | 153,589 | (24,279) | 136,276 |
| CHANGE IN NET POSITION | 2,748,740 | 2,608,314 | 665,073 |
| Net position - beginning of year | 210,448 | 6,636,812 | 11,029,848 |
| Net position - ending | \$ 2,959,188 | \$ 9,245,126 | \$ 11,694,921 |

| Employee Benefits | Fire Capital Equipment Replacement | Totals | |
|----------------------|------------------------------------|----------------------|----------------------|
| | | 2023 | 2022 |
| \$ 24,914,000 | \$ 2,187,720 | \$ 55,663,761 | \$ 43,071,801 |
| - | - | 14,121 | 9,640 |
| <u>24,914,000</u> | <u>2,187,720</u> | <u>55,677,882</u> | <u>43,081,441</u> |
| 9,933,339 | - | 16,269,217 | 24,695,331 |
| - | - | 4,968,663 | 4,145,781 |
| - | - | 3,722,057 | 5,223,543 |
| - | - | 228,594 | 288,593 |
| - | 370,976 | 5,148,826 | 5,910,597 |
| - | 672,928 | 3,308,808 | 1,897,234 |
| - | - | 150,699 | 114,585 |
| <u>9,933,339</u> | <u>1,043,904</u> | <u>33,796,864</u> | <u>42,275,664</u> |
| 14,980,661 | 1,143,816 | 21,881,018 | 805,777 |
| (236,570) | - | 53,924 | (521,073) |
| - | - | (101,490) | - |
| - | 37,429 | 114,011 | 463,639 |
| <u>(236,570)</u> | <u>37,429</u> | <u>66,445</u> | <u>(57,434)</u> |
| 14,744,091 | 1,181,245 | 21,947,463 | 748,343 |
| 466,817 | 10,082,065 | 28,425,990 | 27,677,647 |
| <u>\$ 15,210,908</u> | <u>\$ 11,263,310</u> | <u>\$ 50,373,453</u> | <u>\$ 28,425,990</u> |

Internal Service Funds

City of Fremont Combining Statement of Cash Flows Internal Service Funds For the fiscal year ended June 30, 2023

(With comparative totals for the fiscal year ended June 30, 2022)

| | Risk Management | Information Technology | Vehicle Replacement |
|---|---------------------|---------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from users | \$ 12,000,000 | \$ 14,505,064 | \$ 2,056,977 |
| Other revenue | - | 14,121 | - |
| Less: Payments to suppliers | (5,190,860) | (3,877,397) | (164,178) |
| Payments for employee services | (672,779) | (5,294,276) | - |
| Payments for claims paid | (5,118,057) | - | - |
| Payments to others | - | (174,058) | - |
| Net cash provided by (used in) operating activities | 1,018,304 | 5,173,454 | 1,892,799 |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES | | | |
| Prepayment for acquisition of capital assets | - | - | - |
| Acquisition of capital assets | - | (209,588) | (880,946) |
| Proceeds from sale of capital assets | - | - | 76,582 |
| Principal paid on subscription liabilities | - | (2,077,023) | - |
| Interest paid on subscription liabilities | - | (41,939) | - |
| Net cash provided by (used in) capital and related financing activities | - | (2,328,550) | (804,364) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | |
| Cash received for borrowing from other funds | - | - | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment earnings (loss) on cash and investments | 153,589 | 77,211 | 59,694 |
| Net change in cash and cash equivalents | 1,171,893 | 2,922,115 | 1,148,129 |
| CASH AND CASH EQUIVALENTS | | | |
| Beginning of year | 15,398,713 | 9,758,858 | 5,211,451 |
| End of year | \$ 16,570,606 | \$ 12,680,973 | \$ 6,359,580 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | | |
| Operating income | \$ 2,595,151 | \$ 2,632,593 | \$ 528,797 |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | | | |
| Depreciation and amortization | - | 1,844,988 | 790,892 |
| Changes in operating assets, liabilities, and deferred items: | | | |
| Other receivables | - | (23,359) | - |
| Accounts payable | 21,982 | 147,579 | 573,110 |
| Salaries and wages payable | 17,258 | 29,171 | - |
| Due to General Fund | - | - | - |
| Due to other funds | - | - | - |
| Claims payable | (1,396,000) | - | - |
| Deferred outflow of resources - pensions | (87,827) | (993,354) | - |
| Deferred inflow of resources - pensions | (434,219) | (3,505,781) | - |
| Net pension liability | 301,959 | 5,041,617 | - |
| Net cash provided by (used in) operating activities | \$ 1,018,304 | \$ 5,173,454 | \$ 1,892,799 |
| Noncash capital financing activities | | | |
| Conversion of prepaid assets to capital assets | \$ - | \$ 37,202 | \$ - |
| Carrying value of disposed assets | - | - | - |

Internal Service Funds

| Employee Benefits | Fire Capital Equipment Replacement | Totals | |
|----------------------|------------------------------------|----------------------|----------------------|
| | | 2023 | 2022 |
| \$ 24,914,000 | \$ 264,367 | \$ 53,740,408 | \$ 43,069,771 |
| - | - | 14,121 | 9,640 |
| - | (283,871) | (9,516,306) | (9,933,671) |
| (9,933,339) | - | (15,900,394) | (25,695,949) |
| - | - | (5,118,057) | (4,668,543) |
| (829,555) | - | (1,003,613) | (99,220) |
| <u>14,151,106</u> | <u>(19,504)</u> | <u>22,216,159</u> | <u>2,682,028</u> |
| - | - | - | (4,184,909) |
| - | - | (1,090,534) | (208,550) |
| - | 37,429 | 114,011 | 528,088 |
| - | - | (2,077,023) | - |
| - | - | (41,939) | - |
| <u>-</u> | <u>37,429</u> | <u>(3,095,485)</u> | <u>(3,865,371)</u> |
| - | - | - | 1,923,353 |
| (236,570) | - | 53,924 | (521,073) |
| <u>13,914,536</u> | <u>17,925</u> | <u>19,174,598</u> | <u>218,937</u> |
| - | 555,313 | 30,924,335 | 30,705,398 |
| <u>\$ 13,914,536</u> | <u>\$ 573,238</u> | <u>\$ 50,098,933</u> | <u>\$ 30,924,335</u> |
| \$ 14,980,661 | \$ 1,143,816 | \$ 21,881,018 | \$ 805,777 |
| - | 672,928 | 3,308,808 | 1,897,234 |
| (44,468) | - | (67,827) | 35,173 |
| - | 87,105 | 829,776 | 389,462 |
| - | - | 46,429 | (6,748) |
| - | (1,923,353) | (1,923,353) | - |
| (785,087) | - | (785,087) | - |
| - | - | (1,396,000) | 555,000 |
| - | - | (1,081,181) | 213,423 |
| - | - | (3,940,000) | (2,696,495) |
| - | - | 5,343,576 | 1,489,202 |
| <u>\$ 14,151,106</u> | <u>\$ (19,504)</u> | <u>\$ 22,216,159</u> | <u>\$ 2,682,028</u> |
| \$ - | \$ 1,783,484 | \$ 1,820,686 | \$ - |
| - | - | - | 64,449 |

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Custodial Funds

Custodial Funds

Custodial Funds

Custodial funds are used to account for assets held by the City on behalf of others. Specific custodial funds are as follows:

Local Improvement Districts - This fund accounts for the accumulation of facilities special tax revenue and payment of principal and interest for outstanding special tax bonds issued by the City for Community Facilities District (CFD) No. 1 (Pacific Commons) and CFD No. 2 (Warm Springs Public Facilities).

Southern Alameda County Major Crimes Task Force - 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.

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.

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

City of Fremont
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2023

(With comparative totals for June 30, 2022)

| | Local Improvement Districts | Southern Alameda County Major Crimes TF | Southern Alameda County GIS | Custodial Deposits and Confiscated Assets | Total | |
|---|-----------------------------------|--|-----------------------------------|--|-------------------|-------------------|
| | | | | | 2023 | 2022 |
| ASSETS | | | | | | |
| Cash and investments held by City | \$ 3,853,201 | \$ 887,278 | \$ 63,790 | \$ 1,364,794 | \$ 6,169,063 | \$ 6,347,884 |
| Restricted cash and investments held by fiscal agent | 20,070,570 | - | - | 714,853 | 20,785,423 | 24,345,676 |
| Accounts receivable | - | - | 17,237 | - | 17,237 | 22,089 |
| Property tax receivable | 2,573 | - | - | - | 2,573 | 3,499 |
| Land held for resale | - | - | - | 678,979 | 678,979 | 678,979 |
| Total assets | 23,926,344 | 887,278 | 81,027 | 2,758,626 | 27,653,275 | 31,398,127 |
| LIABILITIES | | | | | | |
| Accounts payable | 10,224 | 21,976 | - | 11,420 | 43,620 | 30,332 |
| NET POSITION | | | | | | |
| Restricted for: | | | | | | |
| Individuals, organizations, and other governments | \$ 23,916,120 | \$ 865,302 | \$ 81,027 | \$ 2,747,206 | \$ 27,609,655 | \$ 31,367,795 |

Custodial Funds

City of Fremont Combining Statement of Changes in Fiduciary Net Position Custodial Funds For the fiscal year ended June 30, 2023

(With comparative totals for the fiscal year ended June 30, 2022)

| | Local Improvement Districts | Southern Alameda County Major Crimes TF | Southern Alameda County GIS | Custodial Deposits and Confiscated Assets | Total | |
|-------------------------------------|-----------------------------------|--|-----------------------------------|--|--------------------|------------------|
| | | | | | 2023 | 2022 |
| ADDITIONS | | | | | | |
| Property tax | \$ 5,796,074 | \$ - | \$ - | \$ - | \$ 5,796,074 | \$ 5,691,098 |
| Seized assets | - | 8,680 | - | - | 8,680 | 23,463 |
| Agency contributions | - | - | 63,573 | - | 63,573 | 55,948 |
| Deposits - consultant services | - | - | - | 355,084 | 355,084 | 141,983 |
| Deposits - rent | - | - | - | - | - | 8,800 |
| Deposits - pet memorial wall | - | - | - | 36 | 36 | 36,140 |
| Deposits - pollution mitigation | - | - | - | 4,550 | 4,550 | 252 |
| Police evidence and bail | - | - | - | 161,341 | 161,341 | 50,392 |
| Investment earnings (loss) | 723,655 | 13,677 | 679 | - | 738,011 | (85,637) |
| Total additions | 6,519,729 | 22,357 | 64,252 | 521,011 | 7,127,349 | 5,922,439 |
| DEDUCTIONS | | | | | | |
| Debt service: | | | | | | |
| Principal | 1,255,000 | - | - | - | 1,255,000 | 1,110,000 |
| Interest and fiscal charges | 9,103,404 | - | - | - | 9,103,404 | 4,588,130 |
| Operating expenses | - | 67,181 | 63,573 | - | 130,754 | 146,143 |
| Payments to consultants | - | - | - | 280,240 | 280,240 | 226,057 |
| Refund rental deposits | - | - | - | - | - | 19,155 |
| Refund pet memorial wall deposits | - | - | - | - | - | 36,070 |
| Pollution mitigation expenses | - | - | - | 55,550 | 55,550 | 214,570 |
| Release of police evidence and bail | - | - | - | 60,541 | 60,541 | 95,414 |
| Total deductions | 10,358,404 | 67,181 | 63,573 | 396,331 | 10,885,489 | 6,435,539 |
| CHANGE IN NET POSITION | (3,838,675) | (44,824) | 679 | 124,680 | (3,758,140) | (513,100) |
| Net position - beginning of year | 27,754,795 | 910,126 | 80,348 | 2,622,526 | 31,367,795 | 31,880,895 |
| Net position - ending | \$ 23,916,120 | \$ 865,302 | \$ 81,027 | \$ 2,747,206 | \$ 27,609,655 | \$ 31,367,795 |

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 and 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 Eden Housing, 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 2019 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.

Measures 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 para-transit 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.

City Funded Affordable Housing and Homeless Services – This fund accounts for the City’s General Fund allocations for affordable housing and homeless services, as well as related grants and other miscellaneous revenues.

Human Services Fund

City of Fremont Supplemental Information Summary of Human Services Fund Balance Sheet June 30, 2023

(With comparative totals for June 30, 2022)

| | Community Development Block Grant | Older Americans Grant | Tri-City Elders & Eden Housing |
|--|---|--------------------------|--------------------------------------|
| ASSETS | | | |
| Cash and investments held by City | \$ - | \$ - | \$ 60,405 |
| Receivables: | | | |
| Due from other governmental agencies | 582,013 | 15,327 | 84,855 |
| Housing loans receivable, net | 822,118 | - | - |
| Accounts receivable | - | 29,049 | - |
| Leases receivable | - | - | - |
| Total assets | \$ 1,404,131 | \$ 44,376 | \$ 145,260 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 232,612 | \$ - | \$ 147 |
| Salaries and wages payable | 11,646 | - | - |
| Due to other funds | 337,755 | 44,376 | 84,708 |
| Other liabilities | - | - | - |
| Unearned revenue | - | - | - |
| Total liabilities | 582,013 | 44,376 | 84,855 |
| Deferred inflows of resources | 822,118 | - | - |
| Fund Balances: | | | |
| Restricted for social service programs | - | - | 60,405 |
| Committed for social service programs | - | - | - |
| Total fund balances | - | - | 60,405 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 1,404,131 | \$ 44,376 | \$ 145,260 |

Human Services Fund

| Senior Center | Multipurpose Senior Services Program | Area Agency on Aging | Alameda Behavioral Health Care | Family Resource Center | Family Resource Center Corporation |
|---------------------|--|-------------------------|--------------------------------------|------------------------------|--|
| \$ 2,903,257 | \$ - | \$ - | \$ 5,107 | \$ 1,036,517 | \$ 436,965 |
| - | 119,053 | 276,026 | 369,455 | 649,629 | - |
| - | - | - | - | - | - |
| 1,000 | - | - | - | - | 32,417 |
| - | - | - | - | 3,047,116 | - |
| <u>\$ 2,904,257</u> | <u>\$ 119,053</u> | <u>\$ 276,026</u> | <u>\$ 374,562</u> | <u>\$ 4,733,262</u> | <u>\$ 469,382</u> |
| \$ 12,432 | \$ 5,203 | \$ - | \$ 10,339 | \$ 40,767 | \$ 410 |
| 19,548 | - | - | 7 | 68,603 | - |
| - | 113,850 | 276,026 | 370,888 | 533,915 | - |
| 4,950 | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>36,930</u> | <u>119,053</u> | <u>276,026</u> | <u>381,234</u> | <u>643,285</u> | <u>410</u> |
| | <u>119,053</u> | <u>28,145</u> | <u>156,688</u> | <u>3,519,223</u> | <u>24,570</u> |
| - | (119,053) | (28,145) | (163,360) | 570,754 | 444,402 |
| <u>2,867,327</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>2,867,327</u> | <u>(119,053)</u> | <u>(28,145)</u> | <u>(163,360)</u> | <u>570,754</u> | <u>444,402</u> |
| <u>\$ 2,904,257</u> | <u>\$ 119,053</u> | <u>\$ 276,026</u> | <u>\$ 374,562</u> | <u>\$ 4,733,262</u> | <u>\$ 469,382</u> |

(Continued)

Human Services Fund

City of Fremont Supplemental Information Summary of Human Services Fund Balance Sheet *(continued)* June 30, 2023

(With comparative totals for June 30, 2022)

| | Youth Service Center | Every Child Counts Grant | Measures B & BB Para-Transit |
|--|----------------------------|--------------------------------|---------------------------------|
| ASSETS | | | |
| Cash and investments held by City | \$ - | \$ 726,411 | \$ 3,634,507 |
| Receivables: | | | |
| Due from other governmental agencies | 157,680 | 374,114 | 648,308 |
| Housing loans receivable, net | - | - | - |
| Accounts receivable | - | - | - |
| Leases receivable | - | - | - |
| Total assets | \$ 157,680 | \$ 1,100,525 | \$ 4,282,815 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 22,314 | \$ 14,365 | \$ 156,271 |
| Salaries and wages payable | - | 1,497 | 527 |
| Due to other funds | 135,366 | - | 150,587 |
| Other liabilities | - | - | - |
| Unearned revenue | - | - | - |
| Total liabilities | 157,680 | 15,862 | 307,385 |
| Deferred inflows of resources | 5,810 | 136,954 | 323,181 |
| Fund Balances: | | | |
| Restricted for social service programs | (5,810) | 947,709 | 3,652,249 |
| Committed for social service programs | - | - | - |
| Total fund balances | (5,810) | 947,709 | 3,652,249 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 157,680 | \$ 1,100,525 | \$ 4,282,815 |

Human Services Fund

| Medi-Cal Administrative Activities | Targeted Case Management | Community Donations | Human Services Operating | City Funded Affordable Housing | Total Summary of Human Services Fund | |
|--|--------------------------------|------------------------|-----------------------------|--------------------------------------|---|----------------------|
| | | | | | 2023 | 2022 |
| \$ 751,277 | \$ 1,573,849 | \$ 288,009 | \$ 1,080,934 | \$ 4,828,634 | \$ 17,325,872 | \$ 16,264,935 |
| - | - | - | 1,250 | 19,016 | 3,296,726 | 4,036,895 |
| - | - | - | - | - | 822,118 | 822,118 |
| - | - | - | 33,750 | - | 96,216 | 136,556 |
| - | - | - | - | - | 3,047,116 | 3,786,662 |
| <u>\$ 751,277</u> | <u>\$ 1,573,849</u> | <u>\$ 288,009</u> | <u>\$ 1,115,934</u> | <u>\$ 4,847,650</u> | <u>\$ 24,588,048</u> | <u>\$ 25,047,166</u> |
| \$ 4,485 | \$ 4,312 | \$ 3,264 | \$ 228,140 | \$ 252,459 | \$ 987,520 | \$ 623,499 |
| - | - | 2,650 | 159,085 | 24,291 | 287,854 | 263,141 |
| - | - | - | - | - | 2,047,471 | 1,940,039 |
| - | - | - | - | - | 4,950 | 3,025 |
| - | - | - | - | - | - | - |
| <u>4,485</u> | <u>4,312</u> | <u>5,914</u> | <u>387,225</u> | <u>276,750</u> | <u>3,327,795</u> | <u>2,829,704</u> |
| - | - | - | - | - | 5,135,742 | 5,348,957 |
| 746,792 | 1,569,537 | 282,095 | - | 4,570,900 | 12,528,475 | 13,101,599 |
| - | - | - | 728,709 | - | 3,596,036 | 3,766,906 |
| <u>746,792</u> | <u>1,569,537</u> | <u>282,095</u> | <u>728,709</u> | <u>4,570,900</u> | <u>16,124,511</u> | <u>16,868,505</u> |
| <u>\$ 751,277</u> | <u>\$ 1,573,849</u> | <u>\$ 288,009</u> | <u>\$ 1,115,934</u> | <u>\$ 4,847,650</u> | <u>\$ 24,588,048</u> | <u>\$ 25,047,166</u> |

(Concluded)

Human Services Fund

City of Fremont

Supplemental Information

Summary of Human Services Fund Revenues, Expenditures and Changes in Fund Balances For the fiscal year ended June 30, 2023

(With comparative totals for the fiscal year ended June 30, 2022)

| | Community Development Block Grant | Older Americans Grant | Tri-City Elders & Eden Housing | Senior Center |
|---|---|--------------------------|--------------------------------------|--------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 1,525,090 | \$ 100,025 | \$ - | \$ - |
| Charges for services | - | - | 8,398 | 310,113 |
| Investment earnings (loss) | - | - | 1,082 | 43,956 |
| Other | - | - | 172,052 | 132,287 |
| Total revenues | 1,525,090 | 100,025 | 181,532 | 486,356 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Human services | 336,325 | 100,025 | 171,930 | 1,655,419 |
| Community development and environmental services | 1,172,082 | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | 1,508,407 | 100,025 | 171,930 | 1,655,419 |
| REVENUES OVER (UNDER) EXPENDITURES | 16,683 | - | 9,602 | (1,169,063) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | 1,046,571 |
| Transfers out | (16,683) | - | (14,858) | - |
| Total other financing sources (uses) | (16,683) | - | (14,858) | 1,046,571 |
| Net change in fund balances | - | - | (5,256) | (122,492) |
| FUND BALANCES: | | | | |
| Beginning of year | - | - | 65,661 | 2,989,819 |
| End of year | \$ - | \$ - | \$ 60,405 | \$ 2,867,327 |

Human Services Fund

| Multipurpose Senior Services Program | Area Agency on Aging | Alameda Behavioral Health Care | Family Resource Center | Family Resource Center Corporation | Youth Service Center |
|--|-------------------------|--------------------------------------|------------------------------|--|----------------------------|
| \$ 307,182 | \$ 460,541 | \$ 1,194,612 | \$ 245,671 | \$ - | \$ 607,542 |
| - | - | 13,838 | 1,264,736 | - | - |
| - | - | 70 | 5,605 | 4,934 | - |
| - | - | - | 112,019 | 577,790 | - |
| <u>307,182</u> | <u>460,541</u> | <u>1,208,520</u> | <u>1,628,031</u> | <u>582,724</u> | <u>607,542</u> |
| 394,577 | 459,578 | 1,287,911 | 1,186,341 | 529,500 | 532,583 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | 415,031 | - | - |
| - | - | - | 147,791 | - | - |
| <u>394,577</u> | <u>459,578</u> | <u>1,287,911</u> | <u>1,749,163</u> | <u>529,500</u> | <u>532,583</u> |
| <u>(87,395)</u> | <u>963</u> | <u>(79,391)</u> | <u>(121,132)</u> | <u>53,224</u> | <u>74,959</u> |
| - | - | - | - | - | - |
| <u>(28,388)</u> | <u>(16,908)</u> | <u>(84,576)</u> | <u>(305,695)</u> | <u>(24,682)</u> | <u>(10,558)</u> |
| <u>(28,388)</u> | <u>(16,908)</u> | <u>(84,576)</u> | <u>(305,695)</u> | <u>(24,682)</u> | <u>(10,558)</u> |
| (115,783) | (15,945) | (163,967) | (426,827) | 28,542 | 64,401 |
| (3,270) | (12,200) | 607 | 997,581 | 415,860 | (70,211) |
| <u>\$ (119,053)</u> | <u>\$ (28,145)</u> | <u>\$ (163,360)</u> | <u>\$ 570,754</u> | <u>\$ 444,402</u> | <u>\$ (5,810)</u> |

(Continued)

Human Services Fund

City of Fremont

Supplemental Information *(continued)*

Summary of Human Services Fund Revenues, Expenditures and Changes in Fund Balances For the fiscal year ended June 30, 2023

(With comparative totals for the fiscal year ended June 30, 2022)

| | Every Child Counts Grant | Measures B & BB Para-Transit | Medi-Cal Administrative Activities | Targeted Case Management |
|---|--------------------------------|---------------------------------|--|--------------------------------|
| REVENUES: | | | | |
| Intergovernmental | \$ 1,278,130 | \$ 1,614,310 | \$ 353,037 | \$ 366,020 |
| Charges for services | - | 48,570 | - | - |
| Investment earnings (loss) | 8,049 | 47,018 | 14,791 | 19,933 |
| Other | - | - | - | - |
| Total revenues | 1,286,179 | 1,709,898 | 367,828 | 385,953 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Human services | 1,217,012 | 1,596,878 | 622,283 | 315,231 |
| Community development and environmental services | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | 1,217,012 | 1,596,878 | 622,283 | 315,231 |
| REVENUES OVER (UNDER) EXPENDITURES | 69,167 | 113,020 | (254,455) | 70,722 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (130,598) | (138,821) | (61,718) | (31,130) |
| Total other financing sources (uses) | (130,598) | (138,821) | (61,718) | (31,130) |
| Net change in fund balances | (61,431) | (25,801) | (316,173) | 39,592 |
| FUND BALANCES: | | | | |
| Beginning of year | 1,009,140 | 3,678,050 | 1,062,965 | 1,529,945 |
| End of year | \$ 947,709 | \$ 3,652,249 | \$ 746,792 | \$ 1,569,537 |

| Community Donations | Human Services Operating | City Funded Affordable Housing | Total Summary of Human Services Fund | |
|---------------------|--------------------------|--------------------------------|--------------------------------------|----------------------|
| | | | 2023 | 2022 |
| \$ - | \$ - | \$ 17,125 | \$ 8,069,285 | \$ 9,872,431 |
| - | 134,836 | 19,016 | 1,799,507 | 1,664,625 |
| 5,946 | (8,465) | 49,047 | 191,966 | (288,342) |
| 61,904 | - | - | 1,056,052 | 2,072,622 |
| <u>67,850</u> | <u>126,371</u> | <u>85,188</u> | <u>11,116,810</u> | <u>13,321,336</u> |
| 182,729 | 1,012,234 | 1,382,718 | 12,983,274 | 11,930,157 |
| - | - | 248,564 | 1,420,646 | 1,692,340 |
| - | - | - | - | 2,854,780 |
| - | - | - | 415,031 | 386,259 |
| - | - | - | 147,791 | 167,824 |
| <u>182,729</u> | <u>1,012,234</u> | <u>1,631,282</u> | <u>14,966,742</u> | <u>17,031,360</u> |
| <u>(114,879)</u> | <u>(885,863)</u> | <u>(1,546,094)</u> | <u>(3,849,932)</u> | <u>(3,710,024)</u> |
| - | 837,485 | 2,087,639 | 3,971,695 | 3,441,815 |
| <u>(1,142)</u> | <u>-</u> | <u>-</u> | <u>(865,757)</u> | <u>(883,997)</u> |
| <u>(1,142)</u> | <u>837,485</u> | <u>2,087,639</u> | <u>3,105,938</u> | <u>2,557,818</u> |
| (116,021) | (48,378) | 541,545 | (743,994) | (1,152,206) |
| 398,116 | 777,087 | 4,029,355 | 16,868,505 | 18,020,711 |
| <u>\$ 282,095</u> | <u>\$ 728,709</u> | <u>\$ 4,570,900</u> | <u>\$ 16,124,511</u> | <u>\$ 16,868,505</u> |

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Statistical Section

This part of the City of Fremont's annual comprehensive 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 | 188 |
| 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 | 196 |
| These schedules contain information to help the reader assess the factors affecting the City's ability to generate property tax. | |
| Debt Capacity | 200 |
| These schedules present information to help the reader assess the affordability of the City's current levels of outstanding bonded debt and the City's ability to issue additional debt in the future. | |
| Demographic and Economic Information | 204 |
| 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 | 207 |
| 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 annual comprehensive financial reports for the relevant year.

Statistical Section

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

| | 2013/14 | 2014/15 ⁽¹⁾ | 2015/16 | 2016/17 |
|---------------------------------------|-----------------------|------------------------|-----------------------|-----------------------|
| Governmental activities | | | | |
| Net investment in capital assets | \$ 711,439,311 | \$ 727,727,677 | \$ 734,700,673 | \$ 750,501,959 |
| Restricted | 128,637,828 | 137,108,141 | 149,630,295 | 185,639,661 |
| Unrestricted | 56,054,426 | (230,307,996) | (190,955,946) | (190,949,871) |
| Total primary government net position | <u>\$ 896,131,565</u> | <u>\$ 634,527,822</u> | <u>\$ 693,375,022</u> | <u>\$ 745,191,749</u> |

Notes:

- (1) 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.
- (2) 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.
- (3) Net position restated for implementation of GASB Statement No. 84 in FY 2020/21 to incorporate items previously reported as fiduciary activities.

Schedule 1

| 2017/18 ⁽²⁾ | 2018/19 | 2019/20 ⁽³⁾ | 2020/21 | 2021/22 | 2022/23 |
|------------------------|----------------|------------------------|----------------|----------------|------------------|
| \$ 753,492,779 | \$ 771,862,033 | \$ 790,400,222 | \$ 803,188,673 | \$ 834,070,655 | \$ 863,693,172 |
| 217,455,055 | 246,167,172 | 308,151,526 | 341,973,854 | 336,606,227 | 322,036,828 |
| (236,792,459) | (236,009,132) | (266,598,744) | (273,027,868) | (190,828,953) | (178,901,525) |
| \$ 734,155,375 | \$ 782,020,073 | \$ 831,953,004 | \$ 872,134,659 | \$ 979,847,929 | \$ 1,006,828,475 |

Statistical Section

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

| Expenses | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|---|----------------------|----------------------|----------------------|----------------------|
| Governmental activities: | | | | |
| General government | \$ 12,963,908 | \$ 13,900,314 | \$ 13,604,679 | \$ 15,491,087 |
| Police services | 60,187,955 | 62,265,880 | 64,837,566 | 73,201,163 |
| Fire services | 37,797,969 | 38,969,266 | 42,310,730 | 46,108,174 |
| Human services | 9,973,326 | 10,418,215 | 10,619,068 | 11,477,446 |
| Capital assets maintenance and operations | 55,110,254 | 57,971,103 | 67,776,490 | 66,390,001 |
| Recreation and leisure services | 8,428,819 | 8,397,409 | 8,186,587 | 9,059,389 |
| Community development and environmental services | 21,263,989 | 20,092,103 | 23,600,633 | 25,368,797 |
| Intergovernmental | - | 1,990,040 | - | - |
| Interest on debt | 4,839,848 | 3,896,781 | 3,828,360 | 4,682,803 |
| Total primary government expenses | 210,566,068 | 217,901,111 | 234,764,113 | 251,778,860 |
| Program Revenues | | | | |
| Governmental activities | | | | |
| Charges for services: | | | | |
| General government | 837,196 | 1,152,052 | 1,666,658 | 2,098,539 |
| Police services | 4,505,971 | 4,528,822 | 4,175,223 | 4,021,692 |
| Fire services | 2,793,384 | 2,845,539 | 2,804,753 | 2,816,131 |
| Human services | 2,890,542 | 1,899,386 | 2,093,782 | 2,326,619 |
| Capital assets maintenance and operations | 2,290,082 | 2,325,489 | 2,152,983 | 1,801,264 |
| Recreation and leisure services | 6,929,386 | 7,633,759 | 8,260,807 | 8,015,373 |
| Community development and environmental services | 18,096,122 | 24,225,397 | 32,185,970 | 56,119,438 |
| Operating grants and contributions | 16,288,849 | 14,033,697 | 14,169,917 | 13,361,747 |
| Capital grants and contributions | 21,109,773 | 19,065,618 | 27,856,531 | 31,754,006 |
| Total primary government program revenues | 75,741,305 | 77,709,759 | 95,366,624 | 122,314,809 |
| Net (Expense) Revenue | | | | |
| Total primary government net expense | (134,824,763) | (140,191,352) | (139,397,489) | (129,464,051) |
| General Revenues and Changes in Net Position | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property tax | 72,130,472 | 79,611,885 | 82,484,888 | 89,916,085 |
| Sales tax | 38,862,070 | 40,743,875 | 48,580,024 | 49,535,813 |
| Business tax | 7,828,030 | 9,420,130 | 10,125,832 | 12,620,629 |
| Transient occupancy tax | 6,155,212 | 7,181,438 | 8,086,529 | 8,390,862 |
| Property transfer tax | 1,494,656 | 1,758,406 | 1,800,905 | 1,916,237 |
| Franchise fees | 8,924,582 | 9,298,688 | 9,605,547 | 10,320,411 |
| Investment earnings (loss) | 1,957,784 | 1,764,197 | 4,659,270 | 801,454 |
| Gain on sale of capital assets | - | 15,985,118 | 22,934,023 | 172,005 |
| Loss on defeasance | - | - | - | - |
| Miscellaneous | 7,993,083 | 9,562,197 | 9,967,671 | 7,607,282 |
| Total primary government general revenues | 145,345,889 | 175,325,934 | 198,244,689 | 181,280,778 |
| Total primary government changes in net position | \$ 10,521,126 | \$ 35,134,582 | \$ 58,847,200 | \$ 51,816,727 |

Schedule 2

| | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|----|---------------|---------------|---------------|---------------|----------------|---------------|
| \$ | 16,671,874 | \$ 16,947,783 | \$ 22,009,159 | \$ 17,493,998 | \$ 15,855,204 | \$ 18,271,960 |
| | 82,324,804 | 87,014,189 | 100,456,459 | 102,512,215 | 85,287,603 | 107,825,342 |
| | 51,360,238 | 53,953,081 | 61,019,537 | 62,139,981 | 53,356,136 | 70,037,305 |
| | 13,125,104 | 13,229,254 | 16,437,791 | 19,065,685 | 27,461,305 | 20,548,238 |
| | 68,126,300 | 76,090,791 | 92,307,310 | 84,141,982 | 65,123,483 | 74,396,825 |
| | 10,040,149 | 10,431,491 | 10,599,255 | 6,653,038 | 5,253,622 | 5,174,962 |
| | 39,593,450 | 45,925,942 | 43,569,736 | 33,774,520 | 30,326,748 | 56,906,941 |
| | - | - | - | - | - | - |
| | 4,823,731 | 4,092,950 | 4,613,636 | 4,315,745 | 3,520,098 | 1,902,742 |
| | 286,065,650 | 307,685,481 | 351,012,883 | 330,097,164 | 286,184,199 | 355,064,315 |
| | 3,145,550 | 3,221,020 | 3,170,312 | 3,570,770 | 3,522,194 | 3,645,046 |
| | 3,653,991 | 3,890,873 | 3,640,700 | 2,230,074 | 4,993,925 | 4,969,104 |
| | 2,888,359 | 2,218,582 | 2,183,443 | 2,137,999 | 2,186,089 | 2,214,967 |
| | 2,506,936 | 2,392,405 | 2,912,815 | 2,361,779 | 2,681,567 | 2,986,651 |
| | 1,682,698 | 1,712,917 | 2,954,678 | 1,712,329 | 1,692,669 | 1,686,707 |
| | 7,924,710 | 7,898,663 | 5,722,571 | 1,878,199 | 6,680,760 | 8,270,664 |
| | 48,653,460 | 43,115,193 | 52,668,225 | 41,712,515 | 29,261,165 | 28,723,705 |
| | 16,919,938 | 21,880,564 | 22,360,871 | 57,322,305 | 68,667,454 | 24,658,770 |
| | 31,176,013 | 51,030,712 | 78,394,477 | 44,626,295 | 32,883,522 | 39,516,087 |
| | 118,551,655 | 137,360,929 | 174,008,092 | 157,552,265 | 152,569,345 | 116,671,701 |
| | (167,513,995) | (170,324,552) | (177,004,791) | (172,544,899) | (133,614,854) | (238,392,614) |
| | 96,598,896 | 102,303,564 | 109,643,440 | 117,126,276 | 122,948,729 | 134,625,374 |
| | 58,902,744 | 64,830,649 | 52,066,458 | 60,430,421 | 86,799,184 | 83,574,720 |
| | 12,116,637 | 11,566,214 | 11,677,266 | 10,823,917 | 13,933,388 | 14,233,687 |
| | 8,620,269 | 8,292,113 | 5,915,273 | 2,848,472 | 4,721,814 | 6,011,739 |
| | 1,893,591 | 1,900,150 | 1,844,400 | 2,281,699 | 3,397,762 | 1,817,754 |
| | 10,467,485 | 10,488,238 | 10,776,689 | 11,058,195 | 11,535,960 | 12,112,574 |
| | 1,612,637 | 12,549,669 | 13,522,364 | 1,206,426 | (8,996,540) | 5,890,470 |
| | - | 491,515 | 1,991,163 | 338,263 | 463,639 | 156,506 |
| | - | - | - | - | - | (645,346) |
| | 9,625,362 | 5,767,135 | 9,249,928 | 6,600,157 | 6,524,188 | 7,595,682 |
| | 199,837,621 | 218,189,248 | 216,686,981 | 212,713,826 | 241,328,124 | 265,373,160 |
| \$ | 32,323,626 | \$ 47,864,696 | \$ 39,682,190 | \$ 40,168,927 | \$ 107,713,270 | \$ 26,980,546 |

Statistical Section

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

| | 2013/14 | 2014/15 | 2015/16 | 2016/17 ⁽¹⁾ |
|------------------------------------|-----------------------|-----------------------|-----------------------|------------------------|
| General Fund | | | | |
| Nonspendable: | | | | |
| Long-term loans receivable | \$ 314,556 | \$ - | \$ - | \$ - |
| Prepaid assets | - | 2,173,335 | 2,193,530 | - |
| Committed | | | | |
| Government services | - | - | - | - |
| Unassigned ⁽²⁾ | 32,155,333 | 39,074,360 | 36,933,083 | 39,651,567 |
| Total general fund | <u>\$ 32,469,889</u> | <u>\$ 41,247,695</u> | <u>\$ 39,126,613</u> | <u>\$ 39,651,567</u> |
| All Other Governmental Funds | | | | |
| Nonspendable: | | | | |
| Prepaid assets | \$ - | \$ - | \$ 242,699 | \$ - |
| Restricted For: | | | | |
| Social service programs | 9,820,703 | 9,038,913 | 10,942,559 | 11,800,584 |
| Debt service | 3,055,835 | 4,460,258 | 4,390,396 | 4,436,594 |
| Public safety | 3,275,314 | 2,892,597 | 3,384,148 | 1,306,807 |
| Street improvements | 28,169,721 | 16,882,384 | 28,949,426 | 18,067,746 |
| Community development | 79,059,198 | 102,427,173 | 111,384,135 | 155,281,602 |
| Other purposes | 498,172 | 267,364 | 23,961 | 23,961 |
| Committed for: | | | | |
| Social service programs | 7,002,800 | 6,637,434 | 7,605,287 | 1,329,011 |
| Community development | - | - | - | 7,142,887 |
| Recreation programs | 6,291,555 | 7,269,011 | 7,436,031 | 7,848,770 |
| Assigned for: | | | | |
| Vehicle replacement | 3,407,645 | 2,708,119 | 2,355,508 | - |
| Social service programs | - | - | - | - |
| Other capital projects | 36,690,483 | 41,638,392 | 67,965,564 | 61,382,193 |
| Unassigned | (42,547) | (140,281) | (1,409,021) | (1,087,501) |
| Total all other governmental funds | <u>\$ 177,228,879</u> | <u>\$ 194,081,364</u> | <u>\$ 243,270,693</u> | <u>\$ 267,532,654</u> |

Notes:

- (1) In FY 2016/17 the City began reporting its vehicle replacement activities in the Vehicle Replacement internal service fund.
- (2) 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

| 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 189,552 | - | - | - | - | - |
| - | - | - | 20,000,000 | 22,105,782 | - |
| 49,701,777 | 51,460,496 | 44,497,304 | 49,011,135 | 68,437,186 | 44,959,732 |
| \$ 49,891,329 | \$ 51,460,496 | \$ 44,497,304 | \$ 69,011,135 | \$ 90,542,968 | \$ 44,959,732 |
| \$ - | \$ - | \$ - | \$ - | \$ 178,613 | \$ - |
| 6,216,096 | 6,875,003 | 12,637,004 | 18,667,489 | 17,609,500 | 14,927,654 |
| 2,800,746 | 2,562,329 | 2,700,339 | 2,695,107 | 2,230,118 | 2,195,813 |
| 1,654,058 | 1,059,647 | 2,313,742 | 2,304,464 | 2,263,532 | 2,354,951 |
| 12,740,898 | 13,293,629 | 11,379,596 | 13,737,225 | 17,713,137 | 21,303,712 |
| 192,137,812 | 218,743,726 | 268,957,428 | 290,262,245 | 285,844,068 | 271,993,689 |
| 12,230 | 24,478 | - | - | - | 5,395 |
| 1,204,305 | 1,812,170 | 3,403,904 | 3,333,035 | 3,766,906 | 3,596,036 |
| 4,424,321 | 2,950,000 | - | - | - | - |
| 8,295,300 | 8,057,530 | 6,454,731 | 5,606,558 | 4,786,352 | 4,842,994 |
| - | - | - | - | - | - |
| - | 2,376,420 | - | 12,769 | - | - |
| 62,272,050 | 70,297,269 | 67,662,409 | 51,224,118 | 71,916,343 | 108,910,014 |
| (837,392) | (2,575,532) | (8,020,358) | (2,782,231) | (2,143,783) | (2,472,498) |
| \$ 290,920,424 | \$ 325,476,669 | \$ 367,488,795 | \$ 385,060,779 | \$ 404,164,786 | \$ 427,657,760 |

Statistical Section

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

| | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|---|---------------|---------------|---------------|---------------|
| Revenues | | | | |
| Taxes: | | | | |
| Property tax | \$ 72,130,472 | \$ 79,611,885 | \$ 82,484,888 | \$ 89,916,085 |
| Sales tax | 38,862,070 | 40,743,875 | 48,580,024 | 49,535,813 |
| Business taxes | 7,828,030 | 9,420,130 | 10,125,832 | 12,620,629 |
| Transient occupancy tax | 6,155,212 | 7,181,438 | 8,086,529 | 8,390,862 |
| Property transfer tax | 1,494,656 | 1,758,406 | 1,800,905 | 1,916,237 |
| Total taxes | 126,470,440 | 138,715,734 | 151,078,178 | 162,379,626 |
| Development impact fees | 8,262,911 | 6,966,643 | 11,792,744 | 18,628,880 |
| Franchise fees | 8,924,582 | 9,298,688 | 9,605,547 | 10,320,411 |
| Charges for services | 37,815,036 | 47,547,582 | 55,183,568 | 77,974,788 |
| Investment earnings (loss) | 1,795,130 | 1,625,206 | 4,261,090 | 753,237 |
| Intergovernmental | 27,054,592 | 26,077,980 | 29,557,304 | 26,579,029 |
| Other revenues | 7,940,974 | 9,419,190 | 9,863,178 | 7,483,894 |
| Total revenues | 218,263,665 | 239,651,023 | 271,341,609 | 304,119,865 |
| Expenditures | | | | |
| General government | 12,325,158 | 13,687,288 | 14,534,805 | 15,620,852 |
| Police services | 56,526,938 | 60,977,009 | 67,907,604 | 71,333,981 |
| Fire services | 34,122,657 | 37,123,963 | 43,597,692 | 44,524,281 |
| Human services | 9,835,921 | 10,523,242 | 11,388,813 | 11,767,260 |
| Capital assets maintenance and operations | 49,542,065 | 54,164,969 | 60,687,792 | 64,558,439 |
| Recreation and leisure services | 7,546,990 | 7,847,547 | 8,318,171 | 8,902,312 |
| Community development and environmental services | 18,912,045 | 19,033,162 | 24,997,659 | 26,412,682 |
| Intergovernmental | - | 1,990,040 | - | - |
| Capital outlay | 9,929,862 | 17,756,829 | 15,742,759 | 19,689,002 |
| Debt service: | | | | |
| Principal | 5,435,000 | 6,105,000 | 6,290,000 | 6,515,000 |
| Interest and fiscal charges | 5,054,471 | 4,055,742 | 3,941,681 | 4,659,251 |
| Payment to refunding escrow | - | - | - | 1,150,000 |
| Total expenditures | 209,231,107 | 233,264,791 | 257,406,976 | 275,133,060 |
| Excess of revenues over (under) expenditures | 9,032,558 | 6,386,232 | 13,934,633 | 28,986,805 |
| Other Financing Sources (Uses) | | | | |
| Debt issuance | 22,005,000 | - | 9,100,000 | 85,205,000 |
| Premium on debt issuance | 726,480 | - | - | - |
| Payment to escrow agent | (22,145,000) | - | - | (85,205,000) |
| Proceeds from sale of capital assets | 1,202,251 | 19,244,059 | 24,033,614 | 130,001 |
| Transfers in | 35,667,820 | 37,855,620 | 37,094,464 | 37,422,956 |
| Transfers out | (36,667,820) | (37,855,620) | (37,094,464) | (41,752,847) |
| Total other financing sources (uses) | 788,731 | 19,244,059 | 33,133,614 | (4,199,890) |
| Net change in fund balances | \$ 9,821,289 | \$ 25,630,291 | \$ 47,068,247 | \$ 24,786,915 |
| Debt service as a percentage of noncapital expenditures | 5.3% | 4.7% | 4.2% | 4.8% |

Schedule 4

| 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 |
|---------------|----------------|----------------|----------------|----------------|-----------------|
| \$ 96,598,896 | \$ 102,303,564 | \$ 109,643,440 | \$ 117,126,276 | \$ 122,948,729 | \$ 134,625,374 |
| 58,902,744 | 64,830,649 | 52,066,458 | 60,430,421 | 86,799,184 | 83,574,720 |
| 12,116,637 | 11,566,214 | 11,677,266 | 10,823,917 | 13,933,388 | 14,233,687 |
| 8,620,269 | 8,292,113 | 5,915,273 | 2,848,472 | 4,721,814 | 6,011,739 |
| 1,893,591 | 1,900,150 | 1,844,400 | 2,281,699 | 3,397,763 | 1,817,754 |
| 178,132,137 | 188,892,690 | 181,146,837 | 193,510,785 | 231,800,878 | 240,263,274 |
| 17,727,292 | 29,617,113 | 44,393,895 | 20,398,470 | 21,028,706 | 17,384,826 |
| 10,467,485 | 10,488,238 | 10,776,689 | 11,058,195 | 11,535,960 | 12,112,576 |
| 70,015,046 | 61,086,919 | 69,297,006 | 58,302,952 | 51,472,378 | 52,914,275 |
| 1,297,588 | 11,479,202 | 12,224,283 | 1,191,072 | (8,475,467) | 5,836,546 |
| 30,284,632 | 43,236,949 | 55,939,679 | 81,721,915 | 80,039,785 | 46,371,388 |
| 9,488,421 | 5,639,201 | 9,057,984 | 6,417,314 | 6,243,943 | 7,345,885 |
| 317,412,601 | 350,440,312 | 382,836,373 | 372,600,703 | 393,646,183 | 382,228,770 |
| 15,776,538 | 16,545,558 | 20,947,118 | 17,854,208 | 18,855,719 | 22,575,855 |
| 77,086,121 | 81,481,658 | 89,304,890 | 92,690,957 | 97,572,471 | 108,215,963 |
| 46,977,760 | 49,593,209 | 53,754,116 | 55,691,219 | 61,259,336 | 66,912,917 |
| 12,626,523 | 13,097,740 | 15,921,734 | 19,281,327 | 29,882,930 | 23,422,946 |
| 66,515,819 | 82,086,624 | 87,794,198 | 84,719,409 | 74,467,063 | 77,041,825 |
| 8,951,998 | 9,947,436 | 9,150,394 | 6,748,305 | 9,142,685 | 8,978,986 |
| 38,895,310 | 46,110,068 | 42,066,045 | 34,331,090 | 32,785,990 | 60,237,443 |
| - | - | - | - | - | - |
| 3,945,574 | 4,507,967 | 17,864,908 | 18,093,015 | 16,977,817 | 8,007,080 |
| 8,506,580 | 7,752,376 | 7,136,019 | 6,790,000 | 7,020,000 | 23,595,000 |
| 4,983,256 | 4,406,484 | 5,764,705 | 5,373,382 | 5,413,688 | 5,373,512 |
| - | - | - | - | - | - |
| 284,265,479 | 315,529,120 | 349,704,127 | 341,572,912 | 353,377,699 | 404,361,527 |
| 33,147,122 | 34,911,192 | 33,132,246 | 31,027,791 | 40,268,484 | (22,132,757) |
| 32,940,000 | - | 73,365,000 | - | 16,205,000 | - |
| 3,410,546 | - | 13,446,751 | - | 4,717,356 | - |
| (36,350,546) | - | (86,811,751) | - | (20,555,000) | - |
| 480,410 | 1,214,219 | 1,916,688 | 143,000 | - | 42,495 |
| 24,987,780 | 34,623,582 | 28,044,020 | 16,856,281 | 42,841,740 | 56,404,838 |
| (24,987,780) | (34,623,582) | (28,044,020) | (16,856,281) | (42,841,740) | (56,404,838) |
| 480,410 | 1,214,219 | 1,916,688 | 143,000 | 367,356 | 42,495 |
| \$ 33,627,532 | \$ 36,125,411 | \$ 35,048,934 | \$ 31,170,791 | \$ 40,635,840 | \$ (22,090,262) |
| 4.8% | 4.0% | 3.9% | 3.6% | 3.8% | 7.3% |

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⁾ |
|--------------------|----------------|------------------|------------------------|-------------------------|---|----------------------------------|
| 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% |
| 2020 | 52,801,466 | 2,623,141 | (1,129,801) | 8,303 | 54,303,109 | 0.1489% |
| 2021 | 55,831,751 | 3,022,904 | (1,188,722) | 7,268 | 57,673,201 | 0.1484% |
| 2022 | 58,523,537 | 3,272,344 | (1,224,770) | 11,311 | 60,582,422 | 0.1475% |
| 2023 | 63,361,799 | 3,971,708 | (1,263,007) | 11,311 | 66,081,811 | 0.1473% |

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.

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 | | | Overlapping Rates | | | Total Direct and Overlapping Rate |
|----------------------------|---------------------|---------------------------------|-------------------|-------------------|-----------------|-------------------|-----------------------------------|
| | City ⁽¹⁾ | General Obligation Debt Service | Total Direct Rate | County | School District | Special Districts | |
| 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% |
| 2020 | 0.1434% | 0.0055% | 0.1489% | 0.8674% | 0.1064% | 0.0472% | 1.1699% |
| 2021 | 0.1434% | 0.0050% | 0.1484% | 0.8602% | 0.1090% | 0.0433% | 1.1609% |
| 2022 | 0.1434% | 0.0041% | 0.1475% | 0.8607% | 0.0885% | 0.0355% | 1.1322% |
| 2023 | 0.1434% | 0.0039% | 0.1473% | 0.8669% | 0.0788% | 0.0460% | 1.1390% |

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.

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

| Taxpayer | 2023 | | | 2014 | | |
|---|----------------------|------|--|----------------------|------|--|
| | Total Assessed Value | Rank | % of Total City Taxable Assessed Value | Total Assessed Value | Rank | % of Total City Taxable Assessed Value |
| Tesla Motors Inc | \$3,289,399 | 1 | 4.98% | \$ 315,896 | 1 | - |
| LAM Research Corporation | 633,730 | 2 | 0.96% | - | - | - |
| Hart Pacific Commons LLC | 382,099 | 3 | 0.58% | - | - | - |
| Pacific Commons Owner LP | 377,396 | 4 | 0.57% | - | - | - |
| CP V Walnut LLP | 361,848 | 5 | 0.55% | - | - | - |
| John T. Arrilago & Richard T. Peery | 359,495 | 6 | 0.54% | 197,911 | 3 | 0.56% |
| BRE Properties, Inc. | 268,497 | 7 | 0.41% | 154,355 | 5 | 0.43% |
| SI 28 LLC | 264,391 | 8 | 0.40% | - | - | - |
| META Platforms Inc. | 242,364 | 9 | 0.37% | - | - | - |
| Seagate Technology LLC | 239,442 | 10 | 0.36% | - | - | - |
| Transcontinental Northern California Inc. | | | | 213,899 | 2 | 0.60% |
| SI 30 LLC | | | | 189,262 | 4 | 0.53% |
| Fremont Retail Partners LP | | | | 121,350 | 6 | 0.34% |
| EQR Fanwell 2007 LP | | | | 87,072 | 7 | 0.25% |
| SSR Western Multifamily LLC | | | | 86,915 | 8 | 0.24% |
| ASN Fremont LLC | | | | 78,128 | 9 | 0.22% |
| Presidio LLC | | | | 76,779 | 10 | 0.22% |
| Total | <u>\$6,418,661</u> | | <u>9.72%</u> | <u>\$ 1,521,567</u> | | <u>3.39%</u> |

Source: Alameda County Assessor's Office

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 ⁽²⁾ |
|-------------------------------------|---|---|-----------------------|---|
| | | Amount Collected | Percentage of Levy | |
| 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 |
| 2020 | 78,677,243 | 78,273,278 | 99.49% | 731,689 |
| 2021 | 83,349,340 | 83,025,335 | 99.61% | 972,277 |
| 2022 | 87,682,467 | 87,466,591 | 99.75% | 908,180 |
| 2023 | 95,543,501 | 95,434,854 | 99.89% | 817,715 |

Notes:

- (1) Taxes levied are based on revenue estimate provided annually by the Alameda County Auditor-Controller Agency.
- (2) 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.

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

in thousands of dollars, except per capita

(Unaudited)

| Fiscal Year Ended June 30, | Governmental Activities ⁽¹⁾ | | | Total Outstanding Debt | Percentage of Taxable Assessed Value ⁽²⁾ | Percentage of Personal Income ⁽³⁾ | Debt Per Capita ⁽⁴⁾ |
|----------------------------------|--|--|------------|------------------------------|--|--|-----------------------------------|
| | General Obligation Bonds | General Fund Lease Revenue Bonds | | | | | |
| 2014 | \$ 45,497 | \$ 134,257 | \$ 179,754 | 0.51% | 1.96% | \$ 796 | |
| 2015 | 44,095 | 129,431 | 173,526 | 0.46% | 1.74% | 759 | |
| 2016 | 42,647 | 133,565 | 176,212 | 0.43% | 1.63% | 766 | |
| 2017 | 41,145 | 127,281 | 168,426 | 0.38% | 1.46% | 727 | |
| 2018 | 39,885 | 119,772 | 159,657 | 0.34% | 1.24% | 688 | |
| 2019 | 38,229 | 113,388 | 151,618 | 0.30% | 1.13% | 652 | |
| 2020 | 36,524 | 106,847 | 143,371 | 0.26% | 1.10% | 615 | |
| 2021 | 34,754 | 100,882 | 135,636 | 0.24% | 0.92% | 593 | |
| 2022 | 32,406 | 94,770 | 127,176 | 0.21% | 0.77% | 555 | |
| 2023 | 30,536 | 70,441 | 100,977 | 0.15% | 0.61% | 440 | |

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 Outstanding General Bonded Debt
Last Ten Fiscal Years

Schedule 10

in thousands of dollars, except per capita

(Unaudited)

| Fiscal Year Ended June 30, | General Bonded Debt Outstanding ⁽¹⁾ | | | Percentage of Taxable Assessed Value ⁽³⁾ | Debt Per Capita ⁽⁴⁾ |
|----------------------------------|--|---|----------------------------|--|-----------------------------------|
| | General Obligation Bonds | Less Amounts Available in Debt Service Fund ⁽²⁾ | Net Outstanding Debt | | |
| 2014 | \$ 45,497 | \$ 1,235 | \$ 44,262 | 0.12% | \$ 196 |
| 2015 | 44,095 | 2,643 | 41,452 | 0.11% | 181 |
| 2016 | 42,647 | 2,586 | 40,061 | 0.10% | 174 |
| 2017 | 41,145 | 2,626 | 38,519 | 0.09% | 166 |
| 2018 | 39,885 | 2,787 | 37,098 | 0.08% | 160 |
| 2019 | 38,229 | 2,559 | 35,670 | 0.07% | 153 |
| 2020 | 36,524 | 2,700 | 33,824 | 0.06% | 145 |
| 2021 | 34,754 | 2,695 | 32,059 | 0.06% | 140 |
| 2022 | 32,406 | 2,230 | 30,176 | 0.05% | 132 |
| 2023 | 30,536 | 2,193 | 28,343 | 0.04% | 124 |

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 service fund.
- (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 Bonded Debt

Schedule 11

As of June 30, 2023

(Unaudited)

| Overlapping Government Unit ⁽¹⁾ | Debt Outstanding | Estimated Percentage Applicable | Amount Applicable to Primary Government |
|---|---------------------|---------------------------------------|--|
| Alameda County | \$ 515,890,000 | 17.700% | \$ 91,312,530 |
| Bay Area Rapid Transit District | 2,484,285,000 | 6.964% | 173,005,607 |
| Chabot-Las Positas Community College District | 756,200,000 | 0.006% | 45,372 |
| Ohlone Community College District | 403,275,000 | 82.153% | 331,302,511 |
| Fremont Unified School District | 623,435,000 | 100.000% | 623,435,000 |
| City of Fremont Community Facilities District No. 1 | 75,410,000 | 100.000% | 75,410,000 |
| City of Fremont Community Facilities District No. 2 | 15,860,000 | 100.000% | 15,860,000 |
| Washington Township Healthcare District | 340,195,000 | 70.669% | 240,412,405 |
| East Bay Regional Park District | 175,955,000 | 11.026% | 19,400,798 |
| Alameda County General Fund Obligations | 706,903,500 | 17.700% | 125,121,920 |
| Alameda-Contra Costa Transit District Certificates of Participation | 11,220,000 | 20.893% | 2,344,195 |
| Ohlone Community College District Certificates of Participation | 200,000,000 | 82.153% | 164,306,000 |
| Fremont Unified School District Certificates of Participation | 57,265,000 | 100.000% | 57,265,000 |
| Subtotal, overlapping debt | | | 1,919,221,338 |
| City of Fremont, direct debt⁽²⁾ | | | 100,976,853 |
| Total direct and overlapping debt | | | \$ 2,020,198,191 |

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 | | | | | | | | | |
|---|---------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Debt limit ⁽¹⁾ | \$ 1,332 | \$ 1,420 | \$ 1,530 | \$ 1,666 | \$ 1,775 | \$ 1,905 | \$ 2,036 | \$ 2,163 | \$ 2,272 | \$ 2,478 |
| Debt applicable to limit ⁽²⁾ | 45 | 44 | 43 | 41 | 40 | 38 | 37 | 35 | 32 | 31 |
| Legal debt margin | \$ 1,287 | \$ 1,376 | \$ 1,487 | \$ 1,625 | \$ 1,735 | \$ 1,867 | \$ 1,999 | \$ 2,128 | \$ 2,240 | \$ 2,447 |
| Percentage available | 96.6% | 96.9% | 97.2% | 97.5% | 97.7% | 98.0% | 98.2% | 98.4% | 98.6% | 98.7% |

Calculation of Legal Debt Margin

| | |
|--------------------------------------|-----------------|
| Assessed value of taxable property | \$ 66,082 |
| 25% of Assessed Valuation | 16,521 |
| Debt limit (15% of assessed value) | 2,478 |
| General obligation bonds outstanding | 31 |
| Legal debt margin | \$ 2,447 |

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.

(2) Outstanding general obligation bond debt is disclosed in Schedule 9.

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⁾ |
|------|---------------------------|---------------------------------------|--------------------------------|-------------------------------------|
| 2014 | 225,712 | \$ 40,562 | \$ 9,155,330,144 | 4.6% |
| 2015 | 228,474 | 43,563 | 9,953,012,862 | 3.7% |
| 2016 | 230,089 | 46,899 | 10,790,944,011 | 3.9% |
| 2017 | 231,713 | 49,740 | 11,525,404,620 | 3.3% |
| 2018 | 232,107 | 55,521 | 12,886,812,747 | 2.7% |
| 2019 | 232,601 | 57,850 | 13,455,967,850 | 2.5% |
| 2020 | 233,132 | 55,950 | 13,043,735,400 | 6.9% |
| 2021 | 228,872 | 64,320 | 14,721,047,040 | 4.9% |
| 2022 | 229,122 | 72,487 | 16,608,366,414 | 2.8% |
| 2023 | 229,467 | 72,487 | 16,633,374,429 | 3.8% |

Sources:

- (1) State of California, Department of Finance, *E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change – January 1, 2022 and 2023*. Sacramento, California, May 2023 ; *E-4 Population Estimates for Cities, Counties, and the State, 2021-2023, with 2020 Census Benchmark*. Sacramento, California, May 2023.
- (2) U.S. Census Bureau, American Community Survey Single Year Estimates 2022. Values have been adjusted for inflation.
- (3) The U.S. Census Bureau has not released 2023 per capita income data, so the 2022 value was used for estimating 2023 personal income.
- (4) State of California, Employment Development Department Labor Market Information Division. The 2023 value is the average for the year through October.

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 |
| 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 |
| 2020 | 664 | 431,356,107 | 3,098 | 246,846,679 | 3,762 | 678,202,786 |
| 2021 | 651 | 535,002,157 | 3,532 | 293,697,709 | 4,183 | 828,699,866 |
| 2022 | 767 | 633,732,169 | 4,115 | 381,389,459 | 4,882 | 1,015,121,628 |
| 2023 | 759 | 430,302,974 | 4,874 | 357,453,364 | 5,633 | 787,756,338 |

Source: City of Fremont Community Development Department.

Statistical Section

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

Schedule 15

| Employer | 2023 | | | 2014 | | |
|---------------------------------|---|-----------|------|------------|-----------|------|
| | Percentage of Total City Employment | Employees | Rank | Employment | Employees | Rank |
| Tesla Motors Inc | 26.51% | 30,000 | 1 | 2.75% | 1000-5000 | 1 |
| LAM Research | 3.18% | 3,600 | 2 | 2.75% | 1000-5000 | 2 |
| Washington Hospital | 2.30% | 2,600 | 3 | 2.75% | 1000-5000 | 3 |
| Kaiser Permanente Medical Group | 1.50% | 1,700 | 4 | 2.75% | 1000-5000 | 5 |
| Synnex Corporation | 1.06% | 1,200 | 5 | 0.69% | 500-999 | 8 |
| Western Digital | 0.97% | 1,100 | 6 | 0.77% | 843 | 9 |
| City of Fremont | 0.88% | 1,000 | 7 | 0.69% | 500-999 | 10 |
| Fremont Unified School District | 0.71% | 800 | 8 | 2.75% | 1000-5000 | 7 |
| Boehringer Ingelheim, Inc. | 0.75% | 850 | 9 | - | - | - |
| Sutter Health | 0.68% | 775 | 10 | - | - | - |
| Estenson Logistics | | | | 2.75% | 1000-5000 | 4 |
| Boston Scientific | | | | 2.75% | 1000-5000 | 6 |
| Sysco Food Services | | | | 2.75% | 1000-5000 | 6 |
| Seagate Technology, Inc. | | | | 0.69% | 500-999 | 8 |

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>Fiscal Year Ended June 30</u> | | | | | | | | | |
|---------------------------------|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
| <u>Public Safety</u> | | | | | | | | | | |
| Fire | 154.00 | 157.00 | 158.00 | 159.00 | 160.00 | 161.00 | 162.00 | 162.00 | 162.00 | 172.00 |
| Police | 287.50 | 296.50 | 303.50 | 306.50 | 311.50 | 314.50 | 317.50 | 320.50 | 318.50 | 322.50 |
| Total | <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>479.50</u> | <u>482.50</u> | <u>480.50</u> | <u>494.50</u> |
| <u>Other Community Services</u> | | | | | | | | | | |
| Community Development | 57.30 | 60.30 | 68.05 | 71.05 | 76.05 | 80.25 | 81.25 | 81.55 | 83.55 | 87.55 |
| Community Services | 88.51 | 90.01 | 90.76 | 91.01 | 92.01 | 94.01 | 96.01 | 97.06 | 98.41 | 101.16 |
| Economic Development | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 | 4.00 |
| Housing and Redevelopment | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Human Services | 58.15 | 59.93 | 60.55 | 61.55 | 64.55 | 65.40 | 64.73 | 70.10 | 75.15 | 78.40 |
| Public Works | 111.61 | 117.61 | 121.53 | 124.35 | 127.35 | 129.65 | 136.00 | 136.30 | 135.80 | 135.95 |
| Total | <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>381.99</u> | <u>389.01</u> | <u>396.91</u> | <u>407.06</u> |
| <u>Administrative Systems</u> | | | | | | | | | | |
| City Manager's Office | 8.80 | 9.30 | 9.80 | 10.80 | 10.80 | 12.05 | 13.05 | 10.75 | 10.75 | 11.75 |
| City Attorney | 9.92 | 9.92 | 9.92 | 9.92 | 9.92 | 9.92 | 9.92 | 9.92 | 9.92 | 9.92 |
| City Clerk | 4.20 | 4.20 | 3.95 | 3.95 | 3.95 | 3.95 | 3.95 | 4.25 | 4.25 | 4.25 |
| Finance | 22.75 | 22.75 | 24.00 | 24.00 | 24.00 | 24.00 | 24.00 | 24.00 | 24.24 | 26.24 |
| Human Resources | 14.00 | 13.50 | 14.25 | 15.25 | 15.25 | 15.00 | 16.00 | 16.00 | 16.00 | 18.00 |
| Information Systems | 22.00 | 22.00 | 23.00 | 23.00 | 23.00 | 23.00 | 27.00 | 27.00 | 27.00 | 27.00 |
| Total | <u>81.67</u> | <u>81.67</u> | <u>84.92</u> | <u>86.92</u> | <u>86.92</u> | <u>87.92</u> | <u>93.92</u> | <u>91.92</u> | <u>92.16</u> | <u>97.16</u> |
| Citywide Total | <u>842.74</u> | <u>867.02</u> | <u>891.31</u> | <u>904.38</u> | <u>922.38</u> | <u>936.73</u> | <u>955.41</u> | <u>963.43</u> | <u>969.57</u> | <u>998.72</u> |

Source: City of Fremont FY 2023/24 Adopted Operating Budget.

Statistical Section

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

Schedule 17

| <u>Function/Program</u> | <u>Fiscal Year Ended June 30</u> | | | | | | | | | |
|---|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
| <u>Police</u> | | | | | | | | | | |
| Dispatched calls for service ⁽¹⁾ | 67,423 | 69,678 | 69,015 | 69,096 | 72,120 | 70,794 | 61,755 | 55,433 | 66,708 | 61,483 |
| Arrest reports ⁽²⁾ | 3,426 | 3,427 | 3,785 | 3,541 | 4,268 | 3,566 | 2,674 | 1,650 | 2,075 | 2,255 |
| Citations and warnings ⁽³⁾ | 25,676 | 27,524 | 25,537 | 29,922 | 27,190 | 27,140 | 18,689 | 21,876 | 32,679 | 27,693 |
| <u>Fire</u> | | | | | | | | | | |
| Emergency responses ⁽⁴⁾ | 13,489 | 14,319 | 15,348 | 15,799 | 16,513 | 15,980 | 15,240 | 14,848 | 16,903 | 18,210 |
| Fires extinguished | 387 | 364 | 402 | 435 | 459 | 473 | 583 | 575 | 581 | 542 |
| <u>Parks and recreation</u> | | | | | | | | | | |
| Number of recreation class registrants | 33,448 | 33,397 | 33,035 | 33,703 | 31,433 | 29,319 | 20,000 | 5,796 | 17,154 | 20,450 |

Notes:

- ⁽¹⁾ Includes calls within the City of Fremont only.
- ⁽²⁾ Does not reflect ultimate charging decisions by the district attorney’s office. Includes bookings, citations, and “other” category arrests.
- ⁽³⁾ Includes parking citations/warnings, traffic citations/warnings, automated red light citations, and non-traffic related warnings/citations
- ⁽⁴⁾ 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 Fiscal Years
(Unaudited)

Schedule 18

| Function/Program | Fiscal Year Ended June 30 | | | | | | | | | |
|--|---------------------------|-------|-------|-------|-------|-------|--------|--------|--------|--------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| <u>Police</u> | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Police fleet cars and motorcycles | 180 | 181 | 187 | 197 | 197 | 201 | 209 | 211 | 213 | 214 |
| <u>Fire</u> | | | | | | | | | | |
| Stations | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Engines | 16 | 16 | 16 | 16 | 16 | 18 | 16 | 16 | 16 | 16 |
| Trucks | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Patrols (Wildland units, etc.) | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Specialized Apparatus (Hazmat Response, Rescue, WMD/MCI, Air/Light, Water Tender) | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| <u>Parks and recreation</u> | | | | | | | | | | |
| Acreage | 1,213 | 1,213 | 1,213 | 1,215 | 1,215 | 1,126 | 1,126 | 1,219 | 1,224 | 1,224 |
| Playgrounds | 42 | 42 | 42 | 42 | 42 | 43 | 43 | 43 | 44 | 44 |
| Baseball/softball diamonds | 24 | 24 | 24 | 24 | 24 | 24 | 24 | 25 | 25 | 25 |
| Soccer/football fields | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 |
| Community centers | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 6 | 6 |
| Water park | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Street and City Owned Trees ⁽¹⁾ | - | - | - | - | - | - | 77,018 | 77,457 | 77,956 | 77,387 |

Notes:

⁽¹⁾ New statistic added in 2020.

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

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