

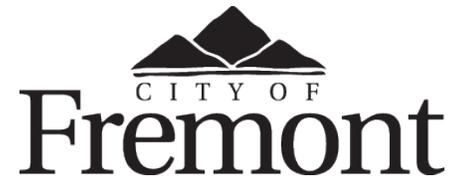


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2014



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Table of Contents

Introductory Section

• Letter of Transmittal.....	1
• Location Map.....	7
• City Council and Staff	8
• Organizational Chart.....	9
• GFOA – Certificate of Achievement.....	10

Financial Section

• Independent Auditor’s Report.....	11
• Management’s Discussion and Analysis.....	13
• Basic Financial Statements	
» Government-Wide Financial Statements:	
○ Statement of Net Position	29
○ Statement of Activities.....	30
» Government Funds Financial Statements:	
○ Balance Sheet.....	34
○ Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	37
○ Statement of Revenues, Expenditures and Changes in Fund Balances.....	38
○ Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities.....	40
» Proprietary Fund Financial Statements:	
○ Statement of Net Position	42
○ Statement of Revenues, Expenses and Changes in Net Position	43
○ Statement of Cash Flows.....	44
» Fiduciary Fund Financial Statements:	
○ Statement of Fiduciary Net Position.....	46
○ Statement of Changes in Fiduciary Net Position	47
» Index to Notes to Basic Financial Statements.....	49
» Notes to Basic Financial Statements.....	51

Required Supplementary Information

• Budgetary Information.....	95
• Modified Approach for the City’s Infrastructure.....	100
• Schedules of Funding Progress	
» Defined Benefit Pension Plan	102
» Other Post Employment Benefits.....	103

Table of Contents

Supplementary Section

- Non-Major Governmental Funds
 - » Descriptions 106
 - » Combining Balance Sheet 110
 - » Combining Statement of Revenues, Expenditures and Changes in Fund Balances 118
- Internal Service Funds
 - » Combining Statement of Net Position 128
 - » Combining Statement of Revenues, Expenses and Changes in Net Position 129
 - » Combining Statement of Cash Flows 130
- Agency Funds
 - » Descriptions 132
 - » Combining Statement of Fiduciary Net Position 133
 - » Combining Statement of Changes in Assets and Liabilities 134
- Human Services Fund
 - » Descriptions 136
 - » Summary of Human Services Fund Balance Sheet 138
 - » Summary of Human Services Fund Revenues, Expenditures and Changes in Fund Balance 142

Statistical Section

- Descriptions 147
- Net Position by Component 148
- Changes in Net Position 150
- Fund Balances of Governmental Funds 152
- Changes in Fund Balances of Governmental Funds 154
- Assessed Value and Actual Value of Taxable Property 156
- Direct and Overlapping Governments 157
- Principal Property Tax Payers 158
- Property Tax Levies and Collections 159
- Ratios of Outstanding Debt by Type 160
- Ratios of General Bonded Debt Outstanding 161
- Direct and Overlapping Governmental Activities Debt 162
- Legal Debt Margin Information 163
- Demographic and Economic Statistics 164
- Construction Permits and Estimated Value 165
- Principal Employers 166
- Full-time Equivalent Employees by Function 167
- Operating Indicators by Function 168
- Capital Asset Statistics by Function/Program 169

Letter of Transmittal



Finance Department

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

December 18, 2014

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, 2014.

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 of Fremont's financial statements for the fiscal year ended June 30, 2014. 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 224,000, Fremont is the fourth largest city in the Bay Area, the 16th largest in California, and the 97th 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 five-member governing council consisting of the Mayor and four Councilmembers. 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.

Letter of Transmittal

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 Council is elected on a non-partisan basis. Councilmembers serve four-year staggered terms, with two Councilmembers elected every two years. The Mayor is elected to serve a four-year term. The Mayor and Councilmembers are elected at large and all are subject to a two-term limit.

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 the 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 build capital assets.

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

The City of Fremont budget policies are subject to California State law, generally accepted accounting principles (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. 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 BART, and a world class workforce. For these reasons, Fremont is home to dozens of innovative firms, including Tesla Motors, Boston Scientific, Micron and more. Considered the advanced manufacturing hub of Silicon Valley, approximately 22% of working adults in Fremont are employed in manufacturing. Fremont is also home to a growing cluster of over 30 clean-tech companies, such as Solaria, Soraa, and Oorja Protonics. Other major companies include Lam Research, Synnex, Seagate Technologies, Western Digital, and Thermo Fisher Scientific. Growing industries and employment sectors include:

- Electric vehicle industry
- High-tech and information technology
- Clean and green technology
- Biotechnology and life sciences
- Logistics, warehousing, and goods movement
- Medical

According to a report completed by San Francisco-based SizeUp.com, Fremont is ranked No. 1 in the country for technology start-up business per capita, with 21 for every 100,000 residents. Fremont was voted the 2nd Most Inventive City in America for number of patents in 2010 by *The Daily Beast/Newsweek*, and ranks 4th in Silicon Valley for number of patents obtained in the past decade. Fremont companies received nearly \$1 billion of venture capital and angel funds between 2010 and 2012. And with over 42 million square feet of office, R&D, manufacturing, and warehouse building space, Fremont has 63% of all R&D inventory in the East Bay Area.

Fremont is one of the most ethnically and culturally diverse cities in the Bay Area, with highly educated residents and high-paying jobs in a variety of business sectors. The average household income is \$114,684, and 49% of Fremont's residents have bachelor's, graduate, or professional degrees. Fremont was recently named the 5th best run city in the nation by *24/7 Wall Street* and the 10th happiest mid-size city in America by *CareerBliss*.

Long-Term Financial Planning and Major Initiatives

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

The City Council has continued to focus attention on the long-term benefits of transportation infrastructure improvement, recruitment of consumer retail uses to balance the City's business-to-business sales tax base, and development of a pedestrian-oriented urban center in the City's Downtown area. Significant resources have been invested in the City's estimated share of regional freeway interchanges. Four interchanges were constructed using local funds to allow

Letter of Transmittal

the completion of extensive freeway investments funded by Alameda County, the State, and the federal government. This investment completed the upgraded to I-880 through Fremont years earlier than would have otherwise been the case. Construction was also completed on two grade separation projects that will increase safety, reduce congestion, and facilitate the extension of the Bay Area Rapid Transit (BART) commuter rail system south to the City's Warm Springs district and, eventually, to San Jose.

Fremont has long been the end of the BART line in the East Bay, but that will change with the opening of the South Fremont/Warm Springs station in 2015, and by 2018, BART will extend 10 miles further south to San Jose. This BART expansion will open up the South Fremont/Warm Springs area from both the north and the rest of Silicon Valley to the south. This area is critically important to the City and the region and represents a unique convergence of forces. Tesla Motors now anchors this district in the former NUMMI plant. There is also an abundance of industrial space and vacant land, including 160 acres owned by Union Pacific Railroad (UPRR) that is currently in escrow with Lennar. Lennar is proposing to build a mixed use project kicking off the innovation district vision for Warm Springs. The new BART station that will open in 2015 is within walking distance of Tesla Motors and the UPRR property. The City and the region are heavily invested in ensuring the area is developed strategically and takes advantage of the huge public support and regional access provided by the new BART station. A testament to this commitment is the recent City Council approval of the Warm Springs Community Plan and the approval of conceptual designs for the Warm Springs pedestrian and bicycle bridge connecting the new BART station with employment centers to the west of the station.

In addition, with its ideal Silicon Valley location, Downtown Fremont is poised to become a vibrant urban mixed use district within the City Center that will serve as a destination for the city and region. Incentives are in place for new developments that will help create an exciting new district in Fremont in keeping with the City's new general plan goal of becoming "strategically urban." Downtown will provide Fremont with a focal point and community gathering space – a more sustainable, pedestrian-friendly public realm activated with street-level commercial, retail, civic uses and public open spaces that stimulate economic activity and entice high-quality, high-intensity development to the district. Development projects will take advantage of the close proximity and connections to the Fremont BART station. The building development patterns will change the district's character from today's low-density, vehicular-oriented suburban development fronting surface parking lots to a mid-density, transit-oriented development directly fronting streets and sidewalks.

Recent development activity to move this initiative forward includes the acquisition and demolition of a building that has kick started the use of grant funds to extend the Downtown's retail spine, Capitol Avenue. A public/private partnership to build 140 housing units and 20,000 square feet of retail space will be breaking ground in the summer of 2015, marking the first mixed use project Downtown which will serve as a catalyst for future private investment downtown. Council also approved the master plan for the civic center which will begin construction in 2016 and brings further emphasis to the City's commitment to having a community-focused presence in the Downtown.

The 2014/15 budget as adopted by Council provides funding to open Fire Station No. 11 in January 2015 and continue Sunday hours at the Fremont Main Library, \$1.1 million for affordable housing, as well as the \$1.0 million annual contribution to capital projects. It also includes

enhanced funding for street maintenance and contributions for the Downtown and Warm Springs/South Fremont projects, three additional police officers, and prefunding the City's other post-employment benefit (OPEB) liabilities.

Relevant Financial Policies

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fremont for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This was the 30th consecutive year the City has received this prestigious award. To be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

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

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for FY 2013/14. This was the 17th 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,



David Persselin
Finance Director/Treasurer

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Located on the southeast side of the San Francisco Bay, Fremont is a city of almost 224,000 people with an area of 92 square miles, making it the fourth largest city in the San Francisco Bay Area and ranks 95th among the most populous cities in the nation according to the California State Department of Finance. With its moderate climate and its proximity to major universities, shopping areas, recreational and cultural activities, employment centers, major airports, and the Bay Area Rapid Transit system, Fremont captures metropolitan living at its best.

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

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



City Council and Staff



City Council

Bill Harrison, Mayor
Vinnie Bacon, Vice Mayor
Anu Natarajan, Councilmember
Suzanne Lee Chan, Councilmember
Raj Salwan, Councilmember



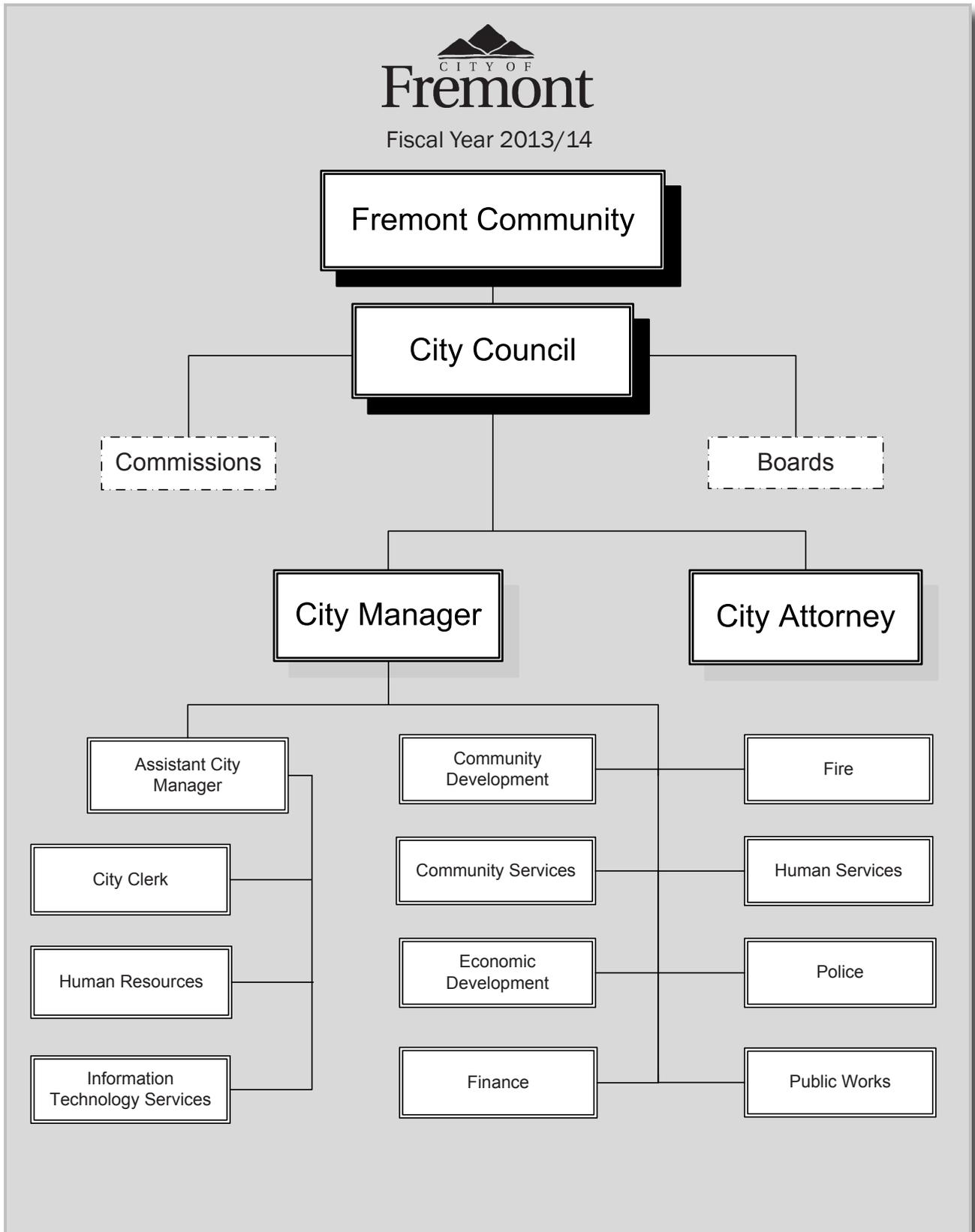
City Executive Staff

Fred Diaz, City Manager
Harvey Levine, City Attorney
Jessica von Borck, Assistant City Manager
Brian Stott, Deputy City Manager
Karena Shackelford, Deputy City Manager
Debra Margolis, Assistant City Attorney
Marilyn Crane, Information Technology Services Director
Susan Gauthier, City Clerk
Annabell Holland, Community Services Director
Norm Hughes, Public Works Director
Kelly Kline, Economic Development Director
Geoff La Tendresse, Fire Chief
Richard Lucero, Police Chief
David Persselin, Finance Director
Jeff Schwob, Community Development Director
Suzanne Shenfil, Human Services Director



CAFR Team

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Julie Battershell, Senior Accountant
Tricia Fan, Senior Accountant
Tish Saini, Accountant
Ellen Zhou, Accountant
Norma Cutter, Treasury Analyst
Anita Chang, Accounting Technician
Elisa Chang, Executive Assistant/Graphic Artist



Certificate of Achievement for Excellence in Financial Reporting



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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Fremont
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

Financial Section



Walnut Creek
2121 N. California Blvd., Suite 750
Walnut Creek, CA 94596
925.274.0190

Sacramento

Oakland

LA/Century City

Newport Beach

San Diego

Seattle

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fremont (City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principles

As discussed in Note 1(H) to the financial statements, as of July 1, 2013, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*; GASB Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*; and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. Our opinion is not modified with respect to this matter.

Independent Auditors' Report

Other Matters

Prior-Year Comparative Information

We have previously audited the City's 2013 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 10, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, the infrastructure assets reported using the modified approach, and the schedules of funding progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014 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 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 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 19, 2014

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, 2014. 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 1-5 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$896.1 million (net position). Of this amount, \$56.1 million represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$10.5 million. This change in net position is \$9.3 million less than the prior year change in net position.
- As of June 30, 2014, the City's governmental funds reported combined fund balances of \$209.7 million, an increase of \$9.8 million in comparison with the prior year. Of this amount, 14.8% (\$31.1 million) is available for spending at the government's discretion (unassigned fund balance).
- As of June 30, 2014, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the General Fund was \$32.2 million, or approximately 21.5% of total General Fund expenditures and transfers out. Of this amount, \$15.3 million was set aside by City Council policy to address severe unforeseen events (contingencies), \$3.7 million was set aside by City Council policy to offset uncertainty in the multi-year budget forecast, \$3.8 million was set aside by Council policy to provide a source of working capital for new programs or undertakings that have potential for receiving significant funding from outside sources, organization retooling, process improvement, and strategic entrepreneurial opportunities, and \$3.8 million was set aside by City Council policy to mitigate the effects of future economic downturns and unanticipated cost increases beyond the City's control. Please refer to Note 1.I.12. for more information on the City's minimum fund balance policies.
- The City's total outstanding long-term debt decreased by \$5.6 million during the current fiscal year.

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.

Management's Discussion and Analysis

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 inflows/outflows 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, no business-type activities are reported 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 Successor Agency to the Redevelopment Agency of the City of Fremont (SARA), the Fremont Public Financing Authority (Authority), and the Fremont Social Services Joint Powers Authority (JPA). The SARA is reported as a private purpose trust fund of the City. The Authority and the JPA have been included as an integral part of the City (that is, their accounts are "blended" with those of the City) and they are not reported as separate discrete component units in these financial statements.

The government-wide financial statements can be found on pages 29-31 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 35 individual governmental funds. Information is presented in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in funds 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
- Low and Moderate Income Housing Asset

Data for the other twenty-eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the 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 the Low and Moderate Income Housing Asset 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 34-40 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 its risk management activities and information technology services. Because both of these services benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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 42-44 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 a private purpose trust fund to account for activities of the SARA, and agency funds, which report resources held by the City in a custodial capacity for individuals, private organizations, and other governments. The accounting used for fiduciary funds is much like that used for proprietary funds.

Management's Discussion and Analysis

The fiduciary fund financial statements can be found on pages 46-47 of this report.

Notes to the 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 financial statements can be found on pages 51-93 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, as well as more detailed information about the City's use of the modified approach for certain of its infrastructure assets, and about its progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 95-103 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 110-145 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position over time, may serve as a useful indicator of a government's overall financial position. In the case of the City, assets exceeded liabilities by \$896.1 million at the close of the most recent fiscal year -- a 1.2% increase over the prior year. Information about net position is presented in the summary schedule below:

CITY OF FREMONT'S NET POSITION
JUNE 30, 2014 AND 2013
(dollars in thousands)

	2014	2013	Percentage Change
Current and other assets	\$ 269,303	\$ 260,609	3.3%
Capital assets	887,082	884,985	0.2%
Total assets	1,156,385	1,145,594	0.9%
Current liabilities	40,884	42,825	(4.5%)
Noncurrent liabilities	219,369	217,159	1.0%
Total liabilities	260,253	259,984	0.1%
Net position:			
Net investment in capital assets	711,439	705,897	0.8%
Restricted	128,638	127,703	0.7%
Unrestricted	56,055	52,010	7.8%
Total net position	\$ 896,132	\$ 885,610	1.2%

Management's Discussion and Analysis

At June 30, 2014, the largest portion of the City's net position (79.4%) reflects its net investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment) less any related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (14.4%) represents restricted resources that are subject to external restrictions on how they may be used. The remaining balance of \$56.1 million (6.2 %) is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

Management's Discussion and Analysis

At the end of the current fiscal year, the City reports positive balances in all reported categories of net position. The same situation held true for the prior fiscal year. Information about changes in net position is presented in the summary schedule, below:

**CITY OF FREMONT'S CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**
(dollars in thousands)

	<u>2014</u>	<u>2013</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 38,343	\$ 35,109	9.2%
Operating grants and contributions	16,289	20,783	(21.6%)
Capital grants and contributions	12,847	8,108	58.4%
General revenues:			
Property tax	72,130	77,315	(6.7%)
Sales tax	38,862	34,404	13.0%
Business tax	7,828	7,368	6.2%
Transient occupancy tax	6,155	4,872	26.3%
Property transfer tax	1,495	1,202	24.4%
Vehicle license in-lieu fees	0	93	(100.0%)
Development impact fees	8,263	7,371	12.1%
Franchise fees	8,925	8,471	5.4%
Investment earnings	1,958	(453)	532.2%
Miscellaneous	7,993	7,720	3.5%
Total revenues	<u>221,088</u>	<u>212,363</u>	4.1%
Program expenses:			
General government	12,964	12,307	5.3%
Police services	60,188	56,697	6.2%
Fire services	37,798	35,696	5.9%
Human services	9,973	9,461	5.4%
Capital assets maintenance and operations	55,110	48,652	13.3%
Recreation and leisure services	8,429	7,798	8.1%
Community development and environmental services	21,264	16,869	26.1%
Interest on debt	4,840	5,108	(5.2%)
Total program expenses	<u>210,566</u>	<u>192,588</u>	9.3%
Increase (decrease) in net position	<u>10,522</u>	<u>19,775</u>	(46.8%)
Net position, beginning of year, as restated	<u>885,610</u>	<u>865,835</u>	2.3%
Net position, end of year	<u><u>\$ 896,132</u></u>	<u><u>\$ 885,610</u></u>	1.2%

Management's Discussion and Analysis

The capital grants and contributions revenues increased 58.4% (\$4.7 million) from FY 2012/13 to FY 2013/14 due to several large projects in construction in FY 2013/14 such as the Mission Warren and Kato Road Separation projects (\$3.4 million) and the Centerville Remediation project (\$1.8 million). The operating grants and contributions revenues decreased by 21.6 %(\$4.5 million) due to the timing and expiration of grants in FY 2013/14.

The Capital assets maintenance and operations expenses increased by 13.3% (\$6.5 million) from FY 2012/13 to FY 2013/14 due to timing of construction projects such as the \$2.8 million of expenditures for the Pavement Rehabilitation and Maintenance projects.

Community development and environmental services expenses increased by 26.1% (\$4.4 million) from the prior year. This increase is primarily attributable to the pollution remediation liability associated with the Centerville Unified Site (\$1.6 million), greater spending of CDBG funds in the Human Services Fund (\$1.4 million), and increased activity in the development cost center (\$600,000).

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 the end of FY 2013/14, the City's governmental funds reported combined ending fund balances of \$209.7 million, an increase of \$9.8 million from the prior year. Of this amount, 0.2% (\$0.3 million) is nonspendable because it relates to long term receivables, 59.1% (\$123.9 million) is legally restricted for specific purposes by enabling legislation or external funding source providers, 6.3% (\$13.3 million) is committed for specific purposes by the City Council, and 19.6% (\$41.1 million) is assigned for specific purposes by the City. The remaining 14.8% (\$31.1 million) is unassigned fund balance available for spending at the City's discretion, but is also subject to Council-established policies for future contingencies.

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. At the end of FY 2013/14, total fund balance was \$32.5 million, of which \$31.1 million was unassigned. The primary components of this unassigned amount are: \$15.3 million (10.0% of budgeted expenditures and transfers out) set aside by City Council policy for use for costs associated with unforeseen events (contingencies); \$3.8 million (2.5% of budgeted expenditures and transfers out) set aside by Council policy as a source of working capital for new programs or undertakings that have potential for receiving significant funding from outside sources, organization retooling, process improvement, and strategic entrepreneurial opportunities; \$3.8 million (2.5% of budgeted expenditures and transfers out) set aside by Council policy to offset the effects of future economic downturns and unanticipated cost increases beyond the City's control; \$3.7 million set aside by Council policy to offset uncertainty in the multi-year budget forecast; and \$4.5 million of unallocated fund balance.

Management's Discussion and Analysis

As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures and transfers out. Unassigned fund balance represents approximately 21.7% of total General Fund expenditures and transfers out.

The fund balance of the City's General Fund increased by \$1,160,000 during the 2013/14 fiscal year, compared to an increase of \$308,000 in the prior year. Revenues and transfers in of \$150.5 million were 3.2% (\$4.6 million) higher than in FY 2012/13. Expenditures and transfers out of \$149.3 million were 2.5% (\$3.7 million) higher than in FY 2012/13.

Development Impact Fees – This fund represents the aggregate total of park dedication, park facility, fire impact, traffic impact, and capital facility fees. These fees are levied on all new development in the City to pay for the construction and improvement of public facilities needed as a result of growth. Fees collected in FY 2013/14 were 22.4% (\$1.6 million) higher than the amount collected in FY 2012/13, reflecting the continuing positive change in the economy. During FY 2013/14, 69.9% of this fund's expenditures (\$1.5 million) were for park-related projects, 29.8% (\$660,000) were for mitigating traffic-related impacts, and the remaining 0.3% was for other projects. In addition, \$800,000 was transferred to pay debt service related to capital facilities.

Because these funds are collected for construction (for mitigating traffic-related impacts) or improvements of public facilities (Fire and capital facilities), the fund balance of \$69.1 million is restricted for community development purposes, including park development and acquisition projects. These funds have not yet been spent because of the difficulty in obtaining suitable parcels of land and the operational maintenance impacts of adding new parks. These projects are progressing cautiously because of the need to ensure that sufficient operating revenues exist so that park facilities can be adequately and appropriately maintained.

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.

At the end of FY 2013/14 restricted fund balance totaled \$2.7 million, up slightly from \$2.6 million in the prior year. This fund balance is restricted for uses related to ensuring continuity of critical 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 \$7.1 million were 12.2% higher in FY 2013/14 than in the prior year (\$6.4 million). Expenditures increased 8.1% (from \$7.0 million to \$7.5 million). At the end of FY 2013/14, committed fund balance was \$6.3 million, an increase of \$0.7 million from the prior year. This 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. During FY 2013/14, fund balance decreased slightly by \$372,932.

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. At the end of FY 2013/14, fund balance was \$7.3 million, a slight decrease from the prior year.

Low and Moderate Income Housing Asset – This fund is used to administer the housing assets and functions related to the Low and Moderate Income Housing Program. During FY 2013/14, the fund was split into two funds, Low and Moderate Income Housing Asset and City Funded Affordable Housing Fund, to comply with SB 341 that took effect on January 1, 2014. To effectuate the split, \$4.2 million was transferred to the City Funded Affordable Housing Fund. Other significant activity during the year included \$1.6 million of loan repayment revenue, a \$1.0 million transfer from the General Fund, and \$330,000 of program expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

Original Budget Compared to Final Budget. During the year, there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. However, there was a need to reallocate appropriations among departments when it became clearer which departments would actually be charged for certain employee benefits, such as leave cash-outs. Generally, the movement of the appropriations between departments was not significant. The other change between the original budget and the final budget was the reappropriation of amounts to satisfy encumbrances of the prior year, as authorized by the Council-adopted budget resolution.

Management's Discussion and Analysis

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

**SUMMARY OF GENERAL FUND BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014**
(dollars in thousands)

	Original Budget	Final Budget	Actual Results	Favorable (Unfavorable) Variance from Final Budget
Beginning fund balance, July 1, 2013	\$ 30,485	\$ 30,485	\$ 31,310	\$ 825
Resources:				
Revenues	144,229	144,229	144,789	560
Transfers in	5,698	6,000	5,708	(292)
Total resources	149,927	150,229	150,497	268
Charges to appropriations:				
Expenditures	124,030	126,876	123,064	3,812
Transfers out	26,721	26,345	26,273	72
Total charges to appropriations	150,751	153,221	149,337	3,884
Resources over (under) charges to appropriations	(824)	(2,992)	1,160	4,152
Ending fund balance, June 30, 2014	\$ 29,661	\$ 27,493	\$ 32,470	\$ 4,977

The actual beginning fund balance was \$0.8 million higher than the beginning estimate used in the FY 2013/14 budget. Total revenues and transfers in during FY 2013/14 were \$0.3 million greater than the final budget estimate. Actual expenditures and transfers out were \$3.9 million less than final budget. The net result of these variances was an actual ending fund balance \$5.0 million higher than the final budget estimate.

Management's Discussion and Analysis

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

<u>Revenue Source</u>	<u>Estimated Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>	<u>Percent</u>
Property tax	\$ 73,913	\$ 70,146	(\$ 3,767)	(5.1%)
Sales tax	37,017	38,862	1,845	5.0%
Other	1,364	2,206	842	61.7%
Other taxes	6,783	7,650	867	12.8%

Actual property tax revenues were \$3.8 million less than budgeted. This is primarily attributable to an overestimation in the property tax forecast in FY 2012/13 due to the complexity surrounding the nature of the property tax from the Redevelopment Agency wind-down process. The positive variance in sales tax revenue is attributable to stronger than anticipated auto sales and leases, which have increased at a high rate since FY 2012/13. Other revenues came in higher than budgeted primarily due to the distribution of a one-time \$770,000 payment from Alameda County of the City's share of former Agency assets. The variance in other taxes is primarily due to higher than anticipated transient occupancy tax collections reflecting an increase in hotel/motel room rates.

The majority of the \$3.8 million expenditure savings is the result of lower than anticipated salary and benefits expenditures due to vacant positions.

Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets as of June 30, 2014, amounts to \$887.1 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, park facilities, roads, and highways. The total increase in capital assets for the current fiscal year was approximately 0.7%. Following is a summary of the City's capital assets (net of depreciation) at June 30, 2014 and 2013:

**CITY OF FREMONT'S CAPITAL ASSETS
JUNE 30, 2014 AND 2013
(dollars in thousands)**

	<u>2014</u>	<u>2013</u>	<u>Percentage Change</u>
Land	\$ 204,480	\$ 203,876	0.3%
Land improvements	5,448	5,448	0.0%
Infrastructure	471,246	469,923	0.3%
Buildings and improvements	156,958	150,923	4.0%
Equipment	5,220	5,619	(7.1%)
Vehicles	12,941	12,451	3.9%
Construction in progress	30,789	36,745	(16.2%)
Total capital assets	<u><u>\$ 887,082</u></u>	<u><u>\$ 884,985</u></u>	0.2%

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

- Addition of Warren/Mission Grade Separation project costs of \$4.4 million in Construction in Progress
- Transfer of the completed Police Building Retrofit project, valued at \$9.7 million, from Construction in Progress to Buildings and Improvements
- Transfer of the completed Mobile Command Center, valued at \$0.9 million, from Construction in Progress to Vehicles
- Purchase of land for the Downtown project valued at \$2.5 million
- Donated infrastructure improvements associated with various development projects valued at \$2.1 million
- The purchase of various vehicles at a cost of \$2.0 million
- Sale of the former Fire Station No. 6 property valued at \$1.5 million

Additional information about the City's capital assets can be found in Note 1.1.3., and Note 4, following the basic financial statements.

Management's Discussion and Analysis

Long-term Debt. As of June 30, 2014, the City had \$178.0 million in bonds and notes outstanding. Of this amount, \$133.4 million was related to certificates of participation and \$44.6 million was for general obligation bonds. Following is a summary schedule of outstanding debt:

CITY OF FREMONT'S LONG-TERM DEBT JUNE 30, 2014 (dollars in thousands)

	<u>Balance July 1, 2013</u>	<u>Incurred or Issued</u>	<u>Satisfied or Matured</u>	<u>Balance June 30, 2014</u>
General Obligation Bonds:				
Fire Safety Bonds 2005 – Series B	\$ 22,780	\$ -	\$ 22,780	\$ -
Fire Safety Bonds 2009 – Series C	15,130	-	320	14,810
Fire Safety Bonds 2012	8,060	-	310	7,750
Fire Safety Bonds 2013	-	22,005	-	22,005
Certificates of Participation (COPs):				
1998 Public Financing Authority	8,945	-	380	8,565
2008 Public Financing Authority	25,760	-	545	25,215
2008 Public Financing Authority	45,085	-	995	44,090
2010 Public Financing Authority	15,000	-	-	15,000
2012A Public Financing Authority	12,125	-	770	11,355
2012B Public Financing Authority	30,670	-	1,480	29,190
Total	<u><u>\$ 183,555</u></u>	<u><u>\$ 22,005</u></u>	<u><u>\$ 27,580</u></u>	<u><u>\$ 177,980</u></u>

On August 9, 2013, the City issued \$22,005,000 of general obligation bonds to refund the City's 2005 general obligation bonds. The refunding resulted in net present value savings to taxpayers of \$1,694,238.

Of the outstanding debt, 45.6% is fixed rate debt, with an average interest rate of approximately 3.16% (compared to 3.10% in the prior fiscal year). The remaining 54.4% of the outstanding debt is variable rate debt, with an average interest rate of 0.05% as of June 30, 2014 (same as the prior fiscal year). The average interest rate on all outstanding City debt is 1.47% at June 30, 2014 (same as the prior fiscal year).

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

State law limits the amount of general obligation debt a governmental entity may issue to 15% of assessed value. The current debt limitation for the City is \$5.0 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

Management's Discussion and Analysis

Fund to 7% of budgeted expenditures and transfers out. As of July 1, 2014, debt service payments were approximately 4.9% of budgeted expenditures and transfers out in compliance with the policy.

Additional information about the City's long-term debt can be found in Note 5, following the basic financial statements.

USE OF MODIFIED APPROACH TO ACCOUNTING FOR INFRASTRUCTURE

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

Pursuant to the modified approach, the City has committed to preserving and maintaining its street network at an appropriate condition level as determined by the City Council. Through June 30, 2014, 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, 2014, the City's overall street network was rated at a computed PCI index of 66.

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, 2014, the maintenance estimate was \$19.1 million, but the amount actually spent was \$9.8 million. Under the City's expanded pavement preservation program, the majority of street areas were treated using a combination of base repairs and surface treatments such as cape seals and slurry seals. This approach is more economical than a pavement rehabilitation program such as overlays, enabling the available funds to cover a larger pavement area.

REQUESTS FOR INFORMATION

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

Basic Financial Statements

Government-Wide Financial Statements

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City of Fremont
Statement of Net Position
June 30, 2014

(With comparative totals for June 30, 2013)

	Governmental Activities	
	2014	2013
ASSETS		
Current assets:		
Cash and investments held by City	\$ 228,944,156	\$ 212,238,056
Restricted cash and investments held by fiscal agent or City	5,321,323	8,062,203
Receivables, net	20,527,678	25,932,552
Condemnation deposits	3,853,000	-
Total current assets	<u>258,646,157</u>	<u>246,232,811</u>
Noncurrent assets:		
Housing loans receivable, net	7,835,654	7,701,849
Condemnation deposits	-	3,853,000
Land held for resale	2,821,430	2,821,430
Capital assets:		
Nondepreciable assets	700,162,578	705,477,878
Depreciable assets, net	186,918,945	179,506,758
Total capital assets, net	<u>887,081,523</u>	<u>884,984,636</u>
Total noncurrent assets	<u>897,738,607</u>	<u>899,360,915</u>
Total assets	<u>1,156,384,764</u>	<u>1,145,593,726</u>
LIABILITIES		
Current liabilities:		
Accounts payable	9,726,360	17,501,168
Salaries and wages payable	10,043,431	6,657,276
Claims payable	5,771,000	5,323,000
Pollution remediation obligation - due within one year	110,000	-
Interest payable	1,454,468	1,548,257
Unearned revenue	5,388,718	3,915,028
Other liabilities	-	258,653
Long-term debt - due within one year	8,390,517	7,621,251
Total current liabilities	<u>40,884,494</u>	<u>42,824,633</u>
Noncurrent liabilities:		
Claims payable	12,250,000	11,351,000
Pollution remediation obligation - due in more than one year	2,084,628	495,645
Net other post employment benefits liability	25,023,000	19,821,000
Long-term debt - due in more than one year	180,011,077	185,491,009
Total noncurrent liabilities	<u>219,368,705</u>	<u>217,158,654</u>
Total liabilities	<u>260,253,199</u>	<u>259,983,287</u>
NET POSITION		
Net investment in capital assets	<u>711,439,311</u>	<u>705,897,097</u>
Restricted:		
Social service programs	14,242,757	19,177,356
Debt service	1,234,899	2,419,998
Public safety	984,066	1,153,866
Street improvements	28,767,794	27,834,992
Community development	82,912,198	76,572,309
Other purposes	496,114	544,412
Total restricted	<u>128,637,828</u>	<u>127,702,933</u>
Unrestricted	<u>56,054,426</u>	<u>52,010,409</u>
Total net position	<u>\$ 896,131,565</u>	<u>\$ 885,610,439</u>

See accompanying Notes to Basic Financial Statements.

City of Fremont

Statement of Activities

For the fiscal year ended June 30, 2014

(With comparative totals for the fiscal year ended June 30, 2013)

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 12,963,908	\$ 837,196	\$ -	\$ -	\$ 837,196
Police services	60,187,955	4,505,971	1,332,256	-	5,838,227
Fire services	37,797,969	2,793,384	391,631	-	3,185,015
Human services	9,973,326	2,890,542	4,361,524	-	7,252,066
Capital assets maintenance and operations	55,110,254	2,290,082	6,870,131	12,846,862	22,007,075
Recreation and leisure services	8,428,819	6,929,386	-	-	6,929,386
Community development and environmental services	21,263,989	18,096,122	3,333,307	-	21,429,429
Interest on debt	4,839,848	-	-	-	-
Total	\$ 210,566,068	\$ 38,342,683	\$ 16,288,849	\$ 12,846,862	\$ 67,478,394

General revenues:

- Property tax
- Sales tax
- Business tax
- Transient occupancy tax
- Property transfer tax
- Total taxes
- Vehicle in-lieu license fees
- Development impact fees
- Franchise fees
- Investment earnings (loss)
- 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	
2014	2013
\$ (12,126,712)	\$ (11,484,386)
(54,349,728)	(51,112,991)
(34,612,954)	(32,768,963)
(2,721,260)	(3,517,914)
(33,103,179)	(23,761,174)
(1,499,433)	(1,543,946)
165,440	708,844
(4,839,848)	(5,107,813)
<u>(143,087,674)</u>	<u>(128,588,343)</u>
72,130,472	77,314,901
38,862,070	34,404,123
7,828,030	7,368,022
6,155,212	4,871,866
1,494,656	1,202,361
<u>126,470,440</u>	<u>125,161,273</u>
-	93,304
8,262,911	7,371,151
8,924,582	8,470,739
1,957,784	(453,486)
7,993,083	7,720,415
<u>153,608,800</u>	<u>148,363,396</u>
<u>10,521,126</u>	<u>19,775,053</u>
<u>885,610,439</u>	<u>865,835,386</u>
<u>\$ 896,131,565</u>	<u>\$ 885,610,439</u>

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Basic Financial Statements

Governmental Funds Financial Statements

City of Fremont
Balance Sheet
Governmental Funds
June 30, 2014

(With comparative totals for June 30, 2013)

	Major Funds			
	General Fund	Development Impact Fees	Development Cost Center	Recreation Services
ASSETS				
Cash and investments held by City	\$ 31,503,665	\$ 69,452,414	\$ 6,491,225	\$ 7,897,173
Restricted cash and investments held by fiscal agent or City	-	-	-	-
Receivables:				
Property tax	870,036	-	-	-
Sales tax	5,617,399	-	-	-
Due from other governmental agencies	635,215	-	41,878	-
Housing loans receivable, net	314,556	-	-	-
Accrued interest	329,491	-	-	-
Transient occupancy tax	619,073	-	-	-
Franchise fees	957,023	-	-	-
Accounts receivable	433,614	-	362,552	-
Other	124,280	-	-	1,045
Due from other funds	2,364,599	-	-	-
Total assets	<u>\$ 43,768,951</u>	<u>\$ 69,452,414</u>	<u>\$ 6,895,655</u>	<u>\$ 7,898,218</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,425,745	\$ 345,546	\$ 154,087	\$ 223,713
Salaries and wages payable	8,719,301	-	574,350	254,074
Due to other funds	-	-	-	-
Other liabilities	-	-	-	-
Unearned revenue	154,016	-	3,426,170	1,128,876
Total liabilities	<u>11,299,062</u>	<u>345,546</u>	<u>4,154,607</u>	<u>1,606,663</u>
Deferred inflows of resources-unavailable revenue				
	-	-	-	-
Fund Balances:				
Nonspendable:				
Long term loans receivable	314,556	-	-	-
Restricted for:				
Social service programs	-	-	-	-
Debt service	-	-	-	-
Public safety	-	-	-	-
Street improvements	-	-	-	-
Community development	-	69,106,868	2,741,048	-
Other purposes	-	-	-	-
Committed for:				
Social service programs	-	-	-	-
Recreation programs	-	-	-	6,291,555
Assigned for:				
Vehicle replacement	-	-	-	-
Other capital projects	-	-	-	-
Purchase orders and contracts	1,010,793	-	-	-
Unassigned	31,144,540	-	-	-
Total fund balances	<u>32,469,889</u>	<u>69,106,868</u>	<u>2,741,048</u>	<u>6,291,555</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 43,768,951</u>	<u>\$ 69,452,414</u>	<u>\$ 6,895,655</u>	<u>\$ 7,898,218</u>

See accompanying Notes to Basic Financial Statements.

Major Funds				Total Governmental Funds	
Capital Improvement	Human Services	Low and Moderate Income Housing Asset	Non-major Funds	2014	2013
\$ 37,040,359	\$ 6,526,206	\$ 4,414,203	\$ 45,609,797	\$ 208,935,042	\$ 193,922,018
2,291,248	-	-	3,030,075	5,321,323	8,062,203
-	-	-	26,285	896,321	1,353,278
-	-	-	-	5,617,399	4,685,628
485,731	2,893,671	-	5,852,729	9,909,224	15,484,645
-	1,422,055	3,000,000	3,099,043	7,835,654	7,701,849
-	-	-	-	329,491	359,746
-	-	-	-	619,073	514,760
-	-	-	-	957,023	932,006
27,313	10,437	-	671,636	1,505,552	1,922,648
129,399	-	-	335,200	589,924	564,760
-	-	-	-	2,364,599	2,617,214
<u>\$ 39,974,050</u>	<u>\$ 10,852,369</u>	<u>\$ 7,414,203</u>	<u>\$ 58,624,765</u>	<u>\$ 244,880,625</u>	<u>\$ 238,120,755</u>
\$ 992,319	\$ 755,352	\$ 2,579	\$ 4,472,181	\$ 9,371,522	\$ 17,326,100
-	279,509	11,068	59,057	9,897,359	6,494,269
-	1,065,856	-	1,298,743	2,364,599	2,617,214
-	-	-	-	-	258,653
-	-	679,655	-	5,388,717	3,915,028
<u>992,319</u>	<u>2,100,717</u>	<u>693,302</u>	<u>5,829,981</u>	<u>27,022,197</u>	<u>30,611,264</u>
-	1,422,055	3,000,000	3,737,605	8,159,660	7,632,012
-	-	-	-	314,556	-
-	6,096,117	3,720,901	3,685	9,820,703	11,707,520
-	-	-	3,055,835	3,055,835	4,251,981
2,291,248	-	-	984,066	3,275,314	4,958,094
-	-	-	28,169,721	28,169,721	27,807,373
-	-	-	7,211,282	79,059,198	72,719,309
-	-	-	498,172	498,172	544,412
-	1,233,480	-	5,769,320	7,002,800	1,897,039
-	-	-	-	6,291,555	5,563,377
-	-	-	3,407,645	3,407,645	3,702,187
36,690,483	-	-	-	36,690,483	35,550,435
-	-	-	-	1,010,793	-
-	-	-	(42,547)	31,101,993	31,175,752
<u>38,981,731</u>	<u>7,329,597</u>	<u>3,720,901</u>	<u>49,057,179</u>	<u>209,698,768</u>	<u>199,877,479</u>
<u>\$ 39,974,050</u>	<u>\$ 10,852,369</u>	<u>\$ 7,414,203</u>	<u>\$ 58,624,765</u>	<u>\$ 244,880,625</u>	<u>\$ 238,120,755</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, 2014

(With comparative totals for June 30, 2013)

	<u>2014</u>	<u>2013</u>
Total Fund Balances - Total Governmental Funds	\$ 209,698,768	\$ 199,877,479
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 \$2,745,345 and \$2,967,452 at June 30, 2014 and 2013, respectively.	884,336,178	882,017,184
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.	(1,454,468)	(1,548,257)
Condemnation deposits are reported as noncurrent assets; however, such deposits are reported as expenditures in Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances.	3,853,000	3,853,000
Internal Service Funds are used to charge the costs of insurance and information technology to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Government-Wide Statement of Net Position.	7,157,650	7,207,926
Deferred inflows of resources recorded in governmental funds financial statements resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements.	8,159,659	7,632,012
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.	(8,647,198)	(8,388,510)
Other Post Employment Benefits Liability on Government-Wide Statement of Net Position are not due and payable and therefore are not reported in the Governmental Funds Balance Sheet.	(25,023,000)	(19,821,000)
Pollution remediation obligations are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.	(2,194,628)	(495,645)
Long-term debt is not due and payable in the current period and therefore is not reported in the Governmental Funds Balance Sheet.	<u>(179,754,396)</u>	<u>(184,723,750)</u>
Net Position of Governmental Activities	<u>\$ 896,131,565</u>	<u>\$ 885,610,439</u>

See accompanying Notes to Basic Financial Statements.

City of Fremont
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2014
(With comparative totals for the fiscal year ended June 30, 2013)

	Major Funds				
	General Fund	Development Impact Fees	Development Cost Center	Recreation Services	Capital Improvement
REVENUES					
Property tax	\$ 70,146,322	\$ -	\$ -	\$ -	\$ -
Sales tax	38,862,070	-	-	-	-
Vehicle license fees	-	-	-	-	-
Intergovernmental	283,660	-	-	-	1,807,832
Business tax	7,828,030	-	-	-	-
Other taxes	7,649,868	-	-	-	-
Impact fees	-	8,262,911	-	-	-
Franchise fees	8,924,582	-	-	-	-
Charges for services	8,475,556	-	10,871,921	6,918,107	252,770
Investment earnings	413,141	600,715	56,349	66,841	334,440
Other	2,205,507	-	-	150,092	-
Total revenues	144,788,736	8,863,626	10,928,270	7,135,040	2,395,042
EXPENDITURES					
Current:					
General government	12,325,158	-	-	-	-
Police services	55,416,788	-	-	-	-
Fire services	33,659,059	-	-	-	-
Human services	-	-	-	-	-
Capital assets maintenance and operations	19,412,703	2,091,412	3,213,593	-	8,054,928
Recreation and leisure services	-	-	-	7,546,990	-
Community development and environmental services	1,026,185	-	7,513,817	-	-
Capital outlay	501,669	106,583	37,223	-	4,686,927
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	722,828	-	-	-	-
Total expenditures	123,064,390	2,197,995	10,764,633	7,546,990	12,741,855
REVENUES OVER (UNDER) EXPENDITURES	21,724,346	6,665,631	163,637	(411,950)	(10,346,813)
OTHER FINANCING SOURCES (USES)					
Debt issuance	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Payment to refunding escrow	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	652,000
Transfers in	5,708,581	-	2,394,102	2,138,000	9,321,881
Transfers out	(26,273,347)	(1,102,258)	(2,397,135)	(997,872)	-
Total other financing sources (uses)	(20,564,766)	(1,102,258)	(3,033)	1,140,128	9,973,881
Net change in fund balances	1,159,580	5,563,373	160,604	728,178	(372,932)
FUND BALANCES					
Beginning of year	31,310,309	63,543,495	2,580,444	5,563,377	39,354,663
End of year	\$ 32,469,889	\$ 69,106,868	\$ 2,741,048	\$ 6,291,555	\$ 38,981,731

See accompanying Notes to Basic Financial Statements.

Major Funds			Total Governmental Funds	
Human Services	Low and Moderate Income Housing Asset	Non-major Funds	2014	2013
\$ -	\$ -	\$ 1,984,150	\$ 72,130,472	\$ 77,314,901
-	-	-	38,862,070	34,404,123
-	-	-	-	93,304
7,021,137	-	17,941,963	27,054,592	28,432,282
-	-	-	7,828,030	7,368,022
-	-	-	7,649,868	6,074,227
-	-	-	8,262,911	7,371,151
-	-	-	8,924,582	8,470,739
1,560,583	-	9,736,099	37,815,036	34,880,896
41,555	66,090	215,999	1,795,130	(411,290)
964,621	1,556,212	3,064,542	7,940,974	7,670,743
<u>9,587,896</u>	<u>1,622,302</u>	<u>32,942,753</u>	<u>218,263,665</u>	<u>211,669,098</u>
-	-	-	12,325,158	11,705,622
-	-	1,110,150	56,526,938	52,983,058
-	-	463,598	34,122,657	32,028,985
9,479,411	-	356,510	9,835,921	9,289,812
-	-	16,769,429	49,542,065	44,241,372
-	-	-	7,546,990	6,984,149
2,506,183	330,286	7,535,574	18,912,045	19,145,502
6,719	-	4,590,741	9,929,862	19,490,281
-	-	5,435,000	5,435,000	5,430,000
127,620	-	4,204,023	5,054,471	4,957,514
<u>12,119,933</u>	<u>330,286</u>	<u>40,465,025</u>	<u>209,231,107</u>	<u>206,256,295</u>
<u>(2,532,037)</u>	<u>1,292,016</u>	<u>(7,522,272)</u>	<u>9,032,558</u>	<u>5,412,803</u>
-	-	22,005,000	22,005,000	-
-	-	726,480	726,480	-
-	-	(22,145,000)	(22,145,000)	-
-	-	550,251	1,202,251	218,444
3,845,924	1,000,000	11,259,332	35,667,820	36,398,411
<u>(1,324,553)</u>	<u>(4,177,479)</u>	<u>(395,176)</u>	<u>(36,667,820)</u>	<u>(34,898,411)</u>
<u>2,521,371</u>	<u>(3,177,479)</u>	<u>12,000,887</u>	<u>788,731</u>	<u>1,718,444</u>
<u>(10,666)</u>	<u>(1,885,463)</u>	<u>4,478,615</u>	<u>9,821,289</u>	<u>7,131,247</u>
<u>7,340,263</u>	<u>5,606,364</u>	<u>44,578,564</u>	<u>199,877,479</u>	<u>192,746,232</u>
<u>\$ 7,329,597</u>	<u>\$ 3,720,901</u>	<u>\$ 49,057,179</u>	<u>\$ 209,698,768</u>	<u>\$ 199,877,479</u>

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, 2014

(With comparative totals for the fiscal year ended June 30, 2013)

	2014	2013
Net Change in Fund Balances - Total Governmental Funds	\$ 9,821,289	\$ 7,131,247
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.	9,929,862	15,900,181
Condemnation deposit increase/ decrease due to land acquired and legal expenses paid during the year.	-	3,519,715
Contributions of capital assets from developers not reported as revenue in governmental funds.	2,081,119	458,292
Loss on the receipt of capital assets from the retirement of housing loans is not reported as an expenditure in governmental funds.	-	(114,519)
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 \$399,755 and \$234,881, for the years ended June 30, 2014 and 2013, respectively, from the Internal Service Funds is not reported as an expenditure in governmental funds.	(7,684,159)	(7,130,222)
Disposals of capital assets and transfers of capital assets to the Internal Service Funds are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, these activities are not reported as expenditures in governmental funds.	(2,084,471)	(206,819)
Bond proceeds and premium on debt issuance provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position.	(22,731,480)	-
Repayment and refunding of bond principal is an expenditure in governmental funds, but the repayment and refunding reduces long-term liabilities in the Government-Wide Statement of Net Position.	27,580,000	5,430,000
Revenues that do not meet the criteria for accrual are recorded as deferred inflows of resources in the Governmental Funds Balance Sheet. In the Government-Wide Statement of Activities, these amounts are recorded as revenues.	527,647	3,238,815
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.	93,789	(239,422)
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.	120,834	89,123
Internal Service Funds are used to charge the costs of insurance and information technology to individual funds. The net expense of the Internal Service Funds is reported with governmental activities.	(50,276)	(3,710,949)
Capital assets transferred from governmental funds to internal service funds are reported as a capital contribution in the internal service funds. The capital contribution is not reported in the Government-Wide Statement of Activities.	76,643	-
The City's net OPEB liability on the Government-Wide Statement of Net Position is not due and payable in the current period and therefore the changes are not reported in the governmental funds.	(5,202,000)	(4,718,000)
Pollution remediation obligations are not due and payable in the current period and therefore the changes are not reported in the governmental funds.	(1,698,983)	(71,000)
Long-term compensated absences are not due and payable in the current period and therefore the changes are not reported in the governmental funds.	(258,688)	198,611
Change in Net Position of Governmental Activities	\$ 10,521,126	\$ 19,775,053

See accompanying Notes to Basic Financial Statements.

Basic Financial Statements

Proprietary Fund Financial Statements

City of Fremont
Statement of Net Position
Proprietary Funds
June 30, 2014

(With comparative totals for June 30, 2013)

	Internal Service	
	2014	2013
ASSETS		
Current assets:		
Cash and investments held by City	\$ 20,009,114	\$ 18,316,038
Other receivables	103,671	115,081
Total current assets	20,112,785	18,431,119
Noncurrent assets:		
Depreciable assets	8,690,160	8,529,125
Less accumulated depreciation	(5,944,815)	(5,561,673)
Land held for resale	2,821,430	2,821,430
Total noncurrent assets	5,566,775	5,788,882
Total assets	25,679,560	24,220,001
LIABILITIES		
Current liabilities:		
Accounts payable	354,838	175,068
Salaries and wages payable	146,072	163,007
Claims payable	5,771,000	5,323,000
Total current liabilities	6,271,910	5,661,075
Noncurrent liabilities:		
Claims payable	12,250,000	11,351,000
Total noncurrent liabilities	12,250,000	11,351,000
Total liabilities	18,521,910	17,012,075
NET POSITION		
Net investment in capital assets	2,745,345	2,967,452
Unrestricted	4,412,305	4,240,474
Total net position	\$ 7,157,650	\$ 7,207,926

See accompanying Notes to Basic Financial Statements.

City of Fremont

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

For the fiscal year ended June 30, 2014

(With comparative totals for the fiscal year ended June 30, 2013)

	Internal Service	
	2014	2013
OPERATING REVENUES		
Charges for services	\$ 12,050,356	\$ 11,800,000
Other	52,109	49,672
Total operating revenues	12,102,465	11,849,672
OPERATING EXPENSES		
Salaries and wages	4,271,550	4,083,416
Insurance premiums	1,268,443	885,177
Provision for claim losses	5,147,256	6,369,584
Claims administration	299,894	253,379
Materials and supplies	1,793,389	2,142,120
Depreciation	399,755	234,881
Other	55,696	49,868
Total operating expenses	13,235,983	14,018,425
OPERATING LOSS	(1,133,518)	(2,168,753)
NONOPERATING REVENUES		
Investment income (loss)	162,654	(42,196)
Loss on disposal of capital assets	(79,412)	-
Loss before transfers	(1,050,276)	(2,210,949)
Transfers in	1,000,000	-
Transfers out	-	(1,500,000)
CHANGE IN NET POSITION	(50,276)	(3,710,949)
Net position - beginning	7,207,926	10,918,875
Net position - ending	\$ 7,157,650	\$ 7,207,926

See accompanying Notes to Basic Financial Statements.

City of Fremont

Statement of Cash Flows

Proprietary Funds

For the fiscal year ended June 30, 2014

(With comparative totals for the fiscal year ended June 30, 2013)

	Internal Service	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from users	\$ 12,061,766	\$ 11,811,951
Other revenue	52,109	49,672
Less: Payments to suppliers	(3,181,956)	(3,402,339)
Payments for employee services	(4,288,485)	(4,062,639)
Payments for claims paid	(3,800,256)	(4,104,584)
Payments to others	(55,696)	(49,869)
Net cash provided by operating activities	787,482	242,192
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(257,060)	(421,875)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in (out)	1,000,000	(1,500,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received (charged) on cash and investments	162,654	(42,196)
Net change in cash and cash equivalents	1,693,076	(1,721,879)
CASH AND CASH EQUIVALENTS		
Beginning of year	18,316,038	20,037,917
End of year	\$ 20,009,114	\$ 18,316,038
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$ (1,133,518)	\$ (2,168,753)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	399,755	234,881
Changes in operating assets and liabilities:		
Other receivables	11,410	11,951
Accounts payable	179,770	(121,664)
Salaries and wages payable	(16,935)	20,777
Claims payable	1,347,000	2,265,000
Net cash provided by operating activities	\$ 787,482	\$ 242,192
Noncash capital financing activities		
Carrying value of disposed assets	\$ (79,412)	\$ -

See accompanying Notes to Basic Financial Statements.

Basic Financial Statements

Fiduciary Funds Financial Statements

City of Fremont
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014
(With comparative totals for June 30, 2013)

	2014		2013	
	Private Purpose Trust Fund - SARA	Agency Funds	Private Purpose Trust Fund - SARA	Agency Funds
ASSETS				
Cash and investments held by City	\$ -	\$ 11,386,402	\$ -	\$ 10,673,913
Cash held by SARA	1,345,416	-	3,285,849	-
Restricted cash and investments held by fiscal agent or City	-	4,963,741	-	4,946,819
Land held for resale	-	13,592,893	-	-
Accounts receivable	-	11,241	664,442	10,165
Prepays	-	-	230,644	-
Other receivables	-	-	-	46,737
Nondepreciable capital assets	-	-	14,543,048	-
Total assets	1,345,416	\$ 29,954,277	18,723,983	15,677,634
LIABILITIES				
Accounts payable	-	167,653	364,442	11,060
Due to other governmental agencies	50,000	13,592,893	-	-
Unearned revenue	123,458	-	215,000	-
Deposits	-	16,193,731	50,000	15,666,574
Total liabilities	173,458	29,954,277	629,442	15,677,634
NET POSITION				
Net position held in trust	\$ 1,171,958	\$ -	\$ 18,094,541	\$ -

See accompanying Notes to Basic Financial Statements.

City of Fremont
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the fiscal year ended June 30, 2014

(With comparative totals for the fiscal year ended June 30, 2013)

	Private Purpose Trust Fund - SARA	
	2014	2013
ADDITIONS:		
Property tax	\$ 291,000	\$ 250,000
Other	4,227,891	624,735
Total additions	4,518,891	874,735
DEDUCTIONS:		
Community development and environmental services	2,182,578	4,215,420
General and administrative	250,000	250,000
Transfer of capital assets to agency funds	13,592,893	-
Loss on disposal of capital assets	764,155	-
Payments to Alameda County for distribution to taxing authority	4,651,848	-
Total deductions	21,441,474	4,465,420
Change in net position	(16,922,583)	(3,590,685)
Net position - beginning	18,094,541	21,685,226
Net position - ending	\$ 1,171,958	\$ 18,094,541

See accompanying Notes to Basic Financial Statements.

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Index to Notes to Basic Financial Statements

Note 1 – Summary of Significant Accounting Policies	51
A. Description of the Government-Wide Financial Statements.....	51
B. Financial Reporting Entity.....	51
C. Basis of Presentation - Government-Wide Financial Statements.....	52
D. Basis of Presentation - Fund Financial Statements	53
E. Measurement Focus and Basis of Accounting.....	56
F. Use of Estimates	56
G. Comparative Data.....	57
H. Effects of New Pronouncements.....	57
I. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance.....	59
J. Revenues, Expenditures/Expenses.....	66
 Note 2 – Cash and Investments	 67
A. Authorized Investments	67
B. Risk Disclosures – Deposits.....	70
C. Risk Disclosure – Investments	70
D. Fair Value Adjustment.....	72
E. External Investment Pool.....	72
 Note 3 – Receivables	 73
A. Housing Loans Receivable	73
B. Interest Receivable.....	74
 Note 4 – Capital Assets	 74
 Note 5 – Long-Term Debt	 76
A. Debt Issuance.....	78
B. Special Assessment Debt (No City Commitment).....	78
C. Community Facilities District Special Tax Bonds (No City Commitment).....	78
D. Variable Rate Demand Certificates of Participations (COPs).....	79
E. Pledged Revenues for Bonds.....	80
F. Compensated Absences	81
 Note 6 – Pollution Remediation Obligation	 81

Index to Notes to Basic Financial Statements

Note 7 – Risk Management 82

 A. Participation in Public Entity Risk Pools..... 83

Note 8 – Interfund Transactions..... 85

 A. Interfund Receivables and Payables 85

 B. Interfund Transfers..... 85

Note 9 – Retirement Benefits 86

 A. California Public Employees’ Retirement System 86

 B. Funding Status and Funding Progress 89

Note 10 – Other Post Employment Benefits (OPEB)..... 89

Note 11 – Commitments and Contingencies..... 91

Note 12 – Restatement..... 93

Note 13 – Subsequent Events..... 93

Notes to Basic Financial Statements

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 fund and internal service fund 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 (Agency), 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. Although the Agency ceased to exist after January 31, 2012, that occurrence had no effect on the existence of the Financing Authority.

Fremont Social Services Joint Powers Authority (Social Services JPA) - A joint powers authority formed by the City and the Agency, organized for the purpose of facilitating the activities of the Family Resource Center. In 1998, the Social Services JPA entered into a 40-year lease with the City for the two buildings that house the Family Resource Center. The Social Services JPA has committed to subleasing this space to CDBG-eligible tenants at below-market rents over the 40-year lease term. Rents collected from CDBG-eligible tenants are used to make payments on the debt service obligations incurred in connection with the purchase of the buildings. Separate financial statements are not issued for the Social Services JPA. Although the Agency ceased to

Notes to Basic Financial Statements

exist after January 31, 2012, that occurrence had no effect on the existence of the Social Services JPA.

Successor Agency to the Redevelopment Agency of the City of Fremont (SARA) – A separate governmental entity established on February 1, 2012 for the purpose of serving as a custodian of the assets of the former Redevelopment Agency of the City of Fremont (Agency) and winding down the former Agency’s activities subject to the direction of a seven-member Oversight Board. Separate financial statements are not issued for the SARA.

The City Council serves in separate session as the governing body of the Financing Authority and the Social Services JPA. As a result, the financial activities of these entities are integrally related to those of the City and are “blended” with those of the City. Based upon the nature of the City’s custodial role for SARA, the SARA is reported as a private purpose trust fund of the City. Information on the SARA can be found in the fiduciary fund financial statements.

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 other internal government functions of the City.

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

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

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

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

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables; however, program revenues and expenses have been retained.

D. Basis of Presentation – Fund Financial Statements

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, deferred outflows of resources, fund equity, 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 schedules 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.

Notes to Basic Financial Statements

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

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

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

Capital Improvement – By Council resolution, this capital projects fund can be used only to finance capital improvements for the City, including the acquisition, construction, and initial equipping of parks, recreation areas, public safety facilities, or other public works projects. Amounts in this fund are 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 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.

Low and Moderate Income Housing Asset – This is a special revenue fund created to administer the housing assets and functions related to the Low and Moderate Income Housing Program retained by the City following the dissolution of the former Agency.

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

The City reports the following proprietary fund type:

Internal Service – This fund type accounts for the Risk Management and Information Technology services provided to other City departments on a cost-reimbursement basis.

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 a private purpose trust fund and three agency funds. The City’s private purpose trust fund

is used to account for activities of the SARA. The City's agency funds are custodial in nature and do not involve measurement of results of operations.

The City reports the following private-purpose trust fund:

Successor Agency to the Redevelopment Agency of the City of Fremont (SARA) – The SARA was created to serve as a custodian for the assets and to wind down the affairs of the former Agency. This fund accounts for the receipt of property tax revenues pursuant to the Redevelopment Dissolution Act and the value of the assets transferred from the former Agency. The SARA's assets can only be used to pay enforceable obligations in existence at the date of dissolution pursuant to the Recognized Obligation Payment Schedules approved by the California Department of Finance (DOF) under the Redevelopment Dissolution Act.

The City reports the following agency funds:

Local Improvement Districts – This fund accounts for the special assessment bonds issued by local improvement districts or community facility districts under various public improvement acts of the State of California and secured by liens against properties deemed to have been benefited by the improvements for which the bonds were issued. Property owners are assessed their proportionate share of the annual assessment or their special tax, and the City acts as an agent in collecting the assessments or special taxes from the property owners, forwarding the collections to bondholders and initiating foreclosure proceedings when necessary.

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

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

During the year, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds are eliminated so that only the net amount is included as internal balances in the governmental activities column. 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 so that only the net amount is included as transfers in the governmental activities column.

Notes to Basic Financial Statements

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 and liabilities, 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, special assessments, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services. Fines, forfeitures, licenses, and permits are not susceptible to accrual because they are usually not measurable until received in cash. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

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

F. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These

estimates and assumptions affect the reported amounts of assets and liabilities 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 2012/13 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 2012/13 amounts presented as summarized comparative financial information in the basic financial statements have been reclassified for comparative purposes to conform to the presentation in the fiscal year 2013/14 basic financial statements.

H. Effects of New Pronouncements

The City implemented the following GASB Statements during the year:

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is intended to clarify the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The statement also recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Application of this statement is effective for the City's fiscal year ending June 30, 2014. The City adopted this statement as of July 1, 2013. Refer to Note 12, Restatement, for this statement's impact to the City's financial statements.

In March 2012, the GASB issued Statement No. 66, *Technical Corrections – 2012 - An Amendment of GASB Statements No. 10 and No. 62*, to resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. This statement amends Statement No. 10, *Codification of Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of a state or local government's risk financing activities to the general fund and the internal service fund type. This statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current servicing fee rate. The City adopted this statement as of July 1, 2013, which did not have a significant impact to its financial statements.

Notes to Basic Financial Statements

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement is intended to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This statement also requires a government that has issued an obligation guaranteed in a nonexchange transaction to recognize revenue to the extent of the reduction in its guaranteed liabilities and requires a government that is required to repay a guarantor for making a payment on a guaranteed obligation or legally assuming the guaranteed obligation to continue to recognize a liability until legally released as an obligor. This statement also provides additional guidance for intra-entity nonexchange financial guarantees involving blended component units. The City adopted this statement as of July 1, 2013, which did not have a significant impact to its financial statements.

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

In June 2012, the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, to improve the guidance for accounting and reporting on the pensions that governments provide to their employees.

Key changes include the following:

- Separating the determination of accounting and financial reporting from how pensions are funded.
- Employers with defined benefit pension plans will recognize a net pension liability, as defined by the standard, in their government-wide, proprietary and fiduciary fund financial statements.
- Incorporating ad hoc cost-of-living adjustments and other ad hoc postemployment benefit changes into projections of benefit payments, if an employer's past practice and future expectations of granting them indicate they are essentially automatic.
- Using a discount rate that applies (a) the expected long-term rate of return on pension plan investments for which plan assets are expected to be available to make projected benefit payments, and (b) the yield or index rate on tax-exempt 20-year general obligation municipal bonds with an average rating of AA/Aa or higher to projected benefit payments for which plan assets are not expected to be available for long-term investment in a qualified trust.
- Adopting a single actuarial cost allocation method – entry age normal – rather than the current choice among six actuarial cost methods.
- Requiring more extensive note disclosures and required supplementary information.

The statement relates to accounting and financial reporting and does not apply to a government's approach to the funding of its pension plan. At present, there generally is a close connection between the ways many governments fund pensions and how they account for and report information about them in financial statements. Statement No. 68 would separate how the accounting and financial reporting is determined from how pensions are funded. Application of this statement is effective for the City's fiscal year ending June 30, 2015.

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, which is intended to improve accounting and financial reporting for U.S. state and local governments' combinations and disposals of government operations. This statement provides guidance for determining whether a specific government combination is a government merger, a government acquisition, or a transfer of operations; using carrying values (generally, the amounts recognized in the pre-combination financial statements of the combining governments or operations) to measure the assets, deferred outflows of resources, liabilities, and deferred inflows of resources combined in a government merger or transfer of operations; measuring acquired assets, deferred outflows of resources, liabilities, and deferred inflows of resources based upon their acquisition values in a government acquisition; and reporting the disposal of government operations that have been transferred or sold. Application of this statement is effective for the City's fiscal year ending June 30, 2015.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This statement is intended to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issues related to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. Application of this statement is effective for the City's fiscal year ending June 30, 2015.

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, and the credit quality of the investments held at year-end. Investments are presented at fair value except as noted below. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Money market investments (such as short-term, highly liquid debt instruments including bankers'

Notes to Basic Financial Statements

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 an investment pool managed by the State of California, the Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in structured notes and asset-backed securities. These structured notes and asset-backed securities are subject to interest rate risk as to change in interest rates. The fair value of participants' positions in the external investment pool is the same as the value of the investment pools' 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

Certain 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 estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting infrastructure capital assets at \$25,000 and for all other capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets, as follows:

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

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

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

The City commissioned an appraisal of City-owned infrastructure and property as of December 31, 2001, and has completed internal updates for June 30, 2014. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight-line cost method, was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

4. Compensated Absences

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

5. Claims Payable

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

6. Unearned Revenue

Unearned revenues arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures or when monies are received before the related services are performed. In subsequent

Notes to Basic Financial Statements

periods, when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

7. Interfund Transactions

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

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

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

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the effective interest 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 they occur. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources, while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has nothing to report in this category for the current year.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. These amounts are deferred and will be recognized as an inflow of resources during the period that the amounts become available.

10. Net Position and Fund Balance

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

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

Restricted Net Position – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor. At June 30, 2014, restricted net position for governmental activities in the amount of approximately \$3,186,000 is restricted by enabling legislation.

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

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2014, fund balances for government 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

Notes to Basic Financial Statements

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.

11. 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.

12. Minimum Fund Balance Policies

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

Contingency Reserve - helps mitigate the effects of unanticipated situations such as natural disasters and severe, unforeseen events. The Contingency Reserve also serves as back-up liquidity to the Risk Management Fund if the need arises. The Contingency Reserve is funded at a level at least equal to 10% of annual operating expenditures and transfers out. All uses of the Contingency Reserve must be approved by City Council. Any such uses are to be repaid to the Contingency Reserve over a period of no more than three years. This reserve balance is reported as unassigned fund balance in the General Fund because it does not meet the requirements of a "stabilization arrangement," as defined in GASB Statement No. 54. At June 30, 2014, the Contingency Reserve was approximately \$15.3 million.

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

No. 54. At June 30, 2014, the Program Investment Reserve was approximately \$3.8 million.

Economic Volatility Reserve – is intended to offset the effects of future economic downturns and unanticipated cost increases beyond the City’s control. The Economic Volatility Reserve is funded at a level equal to 2.5% of annual operating expenditures and transfers out. All uses of the Economic Volatility Reserve must be approved by the City Council. Any such uses are to be repaid to the Economic Volatility Reserve over a period to be determined by the City Council at the time of usage approval, with a target repayment period of no more than three years. This reserve balance is reported as unassigned fund balance in the General Fund because it does not meet the requirements of a “stabilization arrangement,” as defined in GASB Statement No. 54. At June 30, 2014, the Economic Volatility Reserve was approximately \$3.8 million.

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

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

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

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

All uses of this reserve must be approved by the City Council. If the risk factors described above are eliminated as a result of new revenue sources, legislation, or major changes in economic conditions, the basis for the reserve will be reviewed and the funding level may be adjusted accordingly. In the event the reserve has accumulated funding beyond the established level reasonably required to offset the risks above, excess funds will be assigned for capital projects, budgeted for service enhancement, or returned to the General Fund for other purposes. This reserve is reported as unassigned fund balance in the General Fund because it does not meet the requirements of a “stabilization arrangement,” as defined in GASB Statement No. 54. At June 30, 2014, the Budget Uncertainty Reserve was approximately \$3.7 million.

Notes to Basic Financial Statements

J. Revenues, Expenditures/Expense

1. Program Revenues

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

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

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

3. Property Tax

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

For 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.

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.

Notes to Basic Financial Statements

- **Yield:** The portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

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

- Bonds and notes issued by the City.
- U.S. Treasury bills, notes, bonds, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- Registered state warrants or treasury notes or bonds issued by the State of California in the third highest rating category or better by a nationally recognized statistical rating organization (NRSRO).
- Registered treasury notes or bonds of any of the other 49 states in addition to California in the third highest rating category or better by a NRSRO.
- Bonds, notes, warrants, or other evidence of debt issued by a local agency within the State of California in the third highest rating category or better by a NRSRO.
- The Local Agency Investment Fund (LAIF) maintained by the State of California.
- Obligations issued by agencies or instrumentalities of the U.S. Government.
- Bankers' acceptances with a term not to exceed 180 days in the highest short-term rating category by a NRSRO.
- Prime commercial paper with a term not to exceed 270 days and the highest rating issued by Moody's Investors Service or Standard & Poor's Corporation on the date of purchase. Eligible paper shall be issued by corporations that are organized and operating within the United States, having total assets in excess of \$500,000,000, rated A-1, and if the issuer has issued long-term debt, it must be rated in the third highest rating category or better by a NRSRO.
- Negotiable certificates of deposit issued by federally chartered or state-chartered banks or associations or by a state-licensed branch of a foreign bank in the third highest rating category or better by at least two NRSROs.
- Repurchase agreements that comply with statutory requirements, are documented by a written agreement, are fully collateralized by delivery to an independent third-party custodian or the counterparty's bank's trust department or safekeeping department, and are for a term of one year or less.
- Medium-term notes with a maximum maturity of five years issued by corporations organized and operating in the United States and rated in the third highest rating category or better by at least two NRSROs.

Notes to Basic Financial Statements

- Shares of beneficial interest issued by diversified management companies investing in authorized securities and obligations categorized as money market mutual funds with the highest rating by at least two NRSROs (e.g., money market mutual funds).
- Shares of beneficial interest issued by a joint powers authority organized pursuant to section 6509.7 of the California Government Code that invests in the securities and obligations authorized in subdivisions (a) and (o), inclusive.
- Insured or collateralized time deposits or savings accounts secured in accordance with the provisions of Sections 53651 and 53652 of the California Government Code.
- Any pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond with a maximum maturity of five years rated in the second highest rating category or better by at least two NRSROs.

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. 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.

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, 2014:

	Governmental		Totals
	Activities	Fiduciary Funds	
Cash and investments held by the City	\$ 228,944,156	\$ 11,386,402	\$ 240,330,558
Restricted cash and investment held by fiscal agent or City	5,321,323	4,963,741	10,285,064
Cash held by SARA	-	1,345,416	1,345,416
Total cash and investments	234,265,479	17,695,559	251,961,038
Less: cash and deposits not meeting the definition of investments	(39,432,089)	(1,345,416)	(40,777,505)
Total investments	\$ 194,833,390	\$ 16,350,143	\$ 211,183,533

Notes to Basic Financial Statements

B. Risk Disclosures - Deposits

At June 30, 2014, the carrying and bank amounts of the City's cash and deposits were \$40,777,505 and \$42,195,466, respectively. Of the bank balance, \$1,250,000 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$40,945,466 was collateralized. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

C. Risk Disclosure - 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 and in the Capital Improvement Fund are restricted for the payment of principal and interest on certificates of participation and capital project expenditures. In the fiduciary funds, restricted cash and investments relate to special assessment and special tax bonds.

Interest Rate Risk. At June 30, 2014, 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 life of the portfolio was 541 days, without regard to call features of many of the bonds held in the portfolio.

Notes to Basic Financial Statements

As of June 30, 2014, 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	More than 5 Years
Pooled investments held by the City:								
U.S. Agencies:								
Federal Farm Credit Bank Bonds (FFCB)	AA	\$ 2,993,426	\$ -	\$ 999,411	\$ 999,181	\$ 994,834	\$ -	\$ -
Federal Home Loan Bank Bonds (FHLB)	AA	7,311,763	-	1,000,009	3,339,081	2,972,673	-	-
Federal Home Loan Mortg. Corp. Bonds (FHLMC)	AA	991,433	-	-	-	991,433	-	-
Federal National Mortg. Assn. Bonds (FNMA)	AA	31,086,622	-	4,507,668	4,636,941	20,433,984	1,508,029	-
U.S. Treasuries	AA	32,490,638	4,785,187	12,685,744	11,652,393	295,406	3,071,908	-
Medium-term corporate notes	AAA/Aaa	1,731,948	-	1,016,517	-	715,431	-	-
Medium-term corporate notes	AA/Aa	12,877,151	2,819,688	427,341	4,652,852	4,977,270	-	-
Medium-term corporate notes	A	13,516,700	-	2,162,158	11,354,542	-	-	-
Municipal Bonds	AA/Aa	424,607	-	-	-	424,607	-	-
Municipal Bonds	A	2,485,238	-	-	-	2,485,238	-	-
Money market mutual funds	AAA/Aaa	30,000,711	30,000,711	-	-	-	-	-
Negotiable Certificates of Deposit	A-1/P-1	13,798,563	5,404,269	8,394,294	-	-	-	-
Negotiable Certificates of Deposit	A	2,400,792	-	2,400,792	-	-	-	-
LAIF	Not Rated	50,014,937	50,014,937	-	-	-	-	-
Total pooled investments held by the City		202,124,529	93,024,792	33,593,934	36,634,990	34,290,876	4,579,937	-
Investments held by fiscal agent:								
Money market mutual funds	AAA/Aaa	8,294,929	8,294,929	-	-	-	-	-
Medium-term corporate notes	Baa	764,075	-	-	-	-	-	764,075
Total investments held by fiscal agent		9,059,004	8,294,929	-	-	-	-	764,075
Total investments		\$ 211,183,533	\$ 101,319,721	\$ 33,593,934	\$ 36,634,990	\$ 34,290,876	\$ 4,579,937	\$ 764,075

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

Credit Risk. It is the City's policy that commercial paper must have a credit rating of A1 by Standard & Poor's or P-1 by Moody's Investors Service at time of purchase. Corporate bonds and medium-term notes must have a rating of A or better by at least two nationally recognized statistical rating organizations (NRSROs) at time of purchase. Mutual funds must have the highest rating issued by at least two NRSROs. The Local Agency Investment Fund (LAIF), administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments. The City's investments in federally sponsored agencies are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service. Medium-term notes and corporate bonds are rated from A- to AAA by Standard & Poor's and from Baa2 to Aaa by Moody's Investors Service. Money market funds are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

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 funds, time deposits, and LAIF, 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

Notes to Basic Financial Statements

by limiting the percentage of the portfolio that can be invested in any one issuer's name to 5%. Investments in U.S. Treasury securities, Federal Agency securities, mutual funds and LAIF are not subject to this limit on credit concentration. As of June 30, 2014, 15.4% of the City's pooled investments are invested in Federal National Mortgage Association Bonds.

D. Fair Value Adjustment

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires 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, 2014 was \$320,207. At June 30, 2013, the total unrealized fair value loss was \$892,811. The change in value between the two periods amounted to an unrealized gain of \$572,604 for fiscal year 2013/14.

E. External Investment Pool

The City invests in the California Local Agency Investment Fund (LAIF), a State of California external investment pool that is not rated. LAIF determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available. At June 30, 2014, the total amount reported by all public agencies in LAIF was approximately \$21.1 billion.

LAIF is part of the Pooled Money Investment Account (PMIA). PMIA oversight is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. PMIB members are the State Treasurer, State Director of Finance, and State Controller. The Local Investment Advisory Board (LIAB) provides oversight for LAIF. The Board consists of five members as designated by statute. The Chairman is the State Treasurer or his designated representative. Two members are qualified by training and experience in the field of investment or finance, and the State Treasurer appoints two members who are treasurers, finance or fiscal officers, or business managers employed by any county, city or local district or municipal corporation of this state. At June 30, 2014, PMIA had a total portfolio of approximately \$64.8 billion and of that amount, 98.14% was invested in non-derivative financial products and 1.86% was invested in structured notes and asset-backed securities.

The City's investments with LAIF at June 30, 2014, include a portion of pool funds invested in structured notes and asset-backed securities. These investments include the following:

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

The City reports its investment in LAIF at the fair value amount provided by LAIF. The fair value of LAIF was calculated by applying a factor of 1.000298749 to the total investments held by LAIF. As of June 30, 2014, the City had \$50,000,000 invested in LAIF, and the fair value of the City's investment in LAIF was \$50,014,937.

3. RECEIVABLES

As of June 30, 2014, the City had the following receivables:

A. *Housing Loans Receivable*

At June 30, 2014, the City was owed \$1,422,055 in its Human Services special revenue fund for various housing assistance loans 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 related to these loans in the governmental fund.

The former Redevelopment Agency used HELP Program (Housing Enabled by Local Partnerships) funds to provide construction loans to affordable housing developers. The former Agency borrowed \$3,000,000 from the HELP Program and issued a \$3,000,000 loan to Allied Housing for the Main Street Village project. The term of the loan to the developer is 55 years with 3% simple interest per annum commencing on May 17, 2010, the date of the loan agreement. The \$3,000,000 loan was transferred from the former Agency to the City's Low and Moderate Income Housing Asset major governmental fund on February 1, 2012, when all redevelopment agencies in California ceased to exist.

On October 1, 2012, the City issued a loan for \$2,946,933 to a developer for financial assistance to acquire a property. The loan bears 3% simple interest per annum and is due on April 1, 2015 with options to extend the term for two additional twenty-four month periods. During the year-ended June 30, 2014, interest of \$88,408, was accrued and added to the outstanding loan receivable balance and the ending loan receivable balance is \$3,099,043.

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 amount of these housing loans receivable as of June 30, 2014 is \$79,797,245, and the accumulated interest receivable is \$16,493,112.

The City purchased ten rehabilitation loans from the SARA on June 30, 2013 for the discounted net present value of \$364,442. The SARA assigned to the City all the SARA's rights, title, and interest in and to the loan documents, including, without limitation, the rights to receive and enforce payment of the loan repayments. The balance due on these

Notes to Basic Financial Statements

loans at June 30, 2014 is \$441,082. The City has recorded an allowance in anticipation of the amount to be forgiven for these loans in the amount of \$126,526, resulting in a balance of \$314,556 in the basic financial statements.

B. Interest Receivable

Interest receivable at June 30, 2014 consists of \$329,491 related to investments held by the City in its pooled cash and investments.

4. CAPITAL ASSETS

Capital assets activities of the governmental activities of the primary government for the year ended June 30, 2014, consist of the following:

	7/1/2013	Increase	Decrease	Transfers	6/30/2014
Nondepreciable Assets:					
Land	\$ 203,875,447	\$ 2,538,771	\$ (1,933,912)	\$ -	\$ 204,480,306
Land improvements	5,448,471	-	-	-	5,448,471
Infrastructure	459,409,507	35,476	-	-	459,444,983
Construction in progress	36,744,453	4,978,817	-	(10,934,452)	30,788,818
Total nondepreciable assets	<u>705,477,878</u>	<u>7,553,064</u>	<u>(1,933,912)</u>	<u>(10,934,452)</u>	<u>700,162,578</u>
Depreciable Assets:					
Building and improvements	207,338,982	187,400	-	10,065,275	217,591,657
Equipment	19,510,234	430,135	(19,381)	-	19,920,988
Vehicles	28,581,766	2,016,323	(2,450,134)	869,177	29,017,132
Infrastructure	323,257,563	2,081,119	-	-	325,338,682
Total depreciable assets	<u>578,688,545</u>	<u>4,714,977</u>	<u>(2,469,515)</u>	<u>10,934,452</u>	<u>591,868,459</u>
Less Accumulated Depreciation For:					
Building and improvements	(56,416,103)	(4,217,884)	-	-	(60,633,987)
Equipment	(13,891,080)	(826,607)	16,612	-	(14,701,075)
Vehicles	(16,130,334)	(2,245,363)	2,299,575	-	(16,076,122)
Depreciable infrastructure	(312,744,270)	(794,060)	-	-	(313,538,330)
Total accumulated depreciation	<u>(399,181,787)</u>	<u>(8,083,914)</u>	<u>2,316,187</u>	<u>-</u>	<u>(404,949,514)</u>
Total depreciable assets, net	<u>179,506,758</u>	<u>(3,368,937)</u>	<u>(153,328)</u>	<u>10,934,452</u>	<u>186,918,945</u>
Total capital assets, net	<u>\$ 884,984,636</u>	<u>\$ 4,184,127</u>	<u>\$ (2,087,240)</u>	<u>\$ -</u>	<u>\$ 887,081,523</u>

Notes to Basic Financial Statements

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

Governmental Activities:	
General government	\$ 299,848
Police services	822,930
Fire services	2,187,346
Human services	35,322
Capital assets maintenance and operations	3,880,381
Recreation and leisure services	350,093
Community development and environmental services	108,239
Amount reported in the internal service funds	<u>399,755</u>
Total depreciation expense, governmental activities	<u>\$ 8,083,914</u>

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

Notes to Basic Financial Statements

5. LONG-TERM DEBT

A summary of changes in governmental activities long-term debt and compensated absences for the year ended June 30, 2014, is as follows:

	Interest Rates	Amounts Outstanding June 30, 2013	Incurred or Issued	Satisfied or Matured and Net Increases	Amounts Outstanding June 30, 2014	Amounts Due Within One Year	Amounts Due in More than One Year
General Obligation Bonds							
Fire Safety Bond 2005	3.50-5.00%	\$22,780,000	\$ -	(\$22,780,000)	\$ -	\$ -	\$ -
Fire Safety Bond 2009	2.00-5.00%	15,130,000	-	(320,000)	14,810,000	335,000	14,475,000
Fire Safety Bond 2012	2.00-3.25%	8,060,000	-	(310,000)	7,750,000	320,000	7,430,000
Fire Safety Bond 2013	4.00-4.50%	-	22,005,000	-	22,005,000	700,000	21,305,000
Total general obligation bonds		45,970,000	22,005,000	(23,410,000)	44,565,000	1,355,000	43,210,000
Certificates of Participation							
1998 Public Financing Authority	Variable	8,945,000	-	(380,000)	8,565,000	400,000	8,165,000
2008 Public Financing Authority	4.0-5.30%	25,760,000	-	(545,000)	25,215,000	565,000	24,650,000
2008 Public Financing Authority	Variable	45,085,000	-	(995,000)	44,090,000	1,035,000	43,055,000
2010 Public Financing Authority	Variable	15,000,000	-	-	15,000,000	455,000	14,545,000
2012A Public Financing Authority	2.00-4.00%	12,125,000	-	(770,000)	11,355,000	795,000	10,560,000
2012B Public Financing Authority	Variable	30,670,000	-	(1,480,000)	29,190,000	1,500,000	27,690,000
Total certificates of participation		137,585,000	-	(4,170,000)	133,415,000	4,750,000	128,665,000
Total long-term debt		183,555,000	22,005,000	(27,580,000)	177,980,000	6,105,000	171,875,000
Unamortized long-term bond premium		1,168,750	726,480	(120,834)	1,774,396	123,717	1,650,679
Total long-term debt with unamortized bond premium		184,723,750	22,731,480	(27,700,834)	179,754,396	6,228,717	173,525,679
Compensated absences		8,388,510	6,547,302	(6,288,614)	8,647,198	2,161,800	6,485,398
Total long-term debt with unamortized bond premium and compensated absences		\$193,112,260	\$29,278,782	(\$33,989,448)	\$188,401,594	\$8,390,517	\$180,011,077

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

Notes to Basic Financial Statements

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

Year Ending June 30	General Obligation Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest *
2015	\$ 1,355,000	\$ 1,820,413	\$ 4,750,000	\$ 1,652,458
2016	1,400,000	1,777,738	4,890,000	1,603,588
2017	1,455,000	1,732,094	5,060,000	1,553,088
2018	1,510,000	1,678,125	5,210,000	1,500,783
2019	1,565,000	1,618,100	5,370,000	1,446,749
2020-2024	8,700,000	7,096,863	29,585,000	6,280,024
2025-2029	10,455,000	5,154,506	30,870,000	4,390,586
2030-2034	12,105,000	2,776,250	23,550,000	2,907,311
2035-2039	<u>6,020,000</u>	<u>636,406</u>	<u>24,130,000</u>	<u>1,087,028</u>
Total	<u>\$ 44,565,000</u>	<u>\$ 24,290,495</u>	<u>\$ 133,415,000</u>	<u>\$ 22,421,615</u>

* Variable interest on the 1998, 2008, 2010, and 2012B Public Financing Authority Certificates of Participation are estimated using interest rates at June 30, 2014 of 0.05%.

The following assets have been pledged as collateral towards the related long-term debt issues:

<u>Certificates of Participation</u>	<u>Secured Assets</u>
1998 Public Financing Authority	Family Resource Center
2008 Public Financing Authority - fixed rate	Maintenance Center
2008 Public Financing Authority - variable rate	Fire Stations #8 and #9 Main Library
2010 Public Financing Authority	Fire Stations #2 and #6 Fire Tactical Training Center
2012A Public Financing Authority	Police Detention and Property Evidence Storage Facility Animal Shelter
2012B Public Financing Authority	Police Facility Fire Station #3

Notes to Basic Financial Statements

A. Debt Issuance

On August 9, 2013, the City issued \$22,005,000 of General Obligation (GO) bonds with an average interest rate of 4.15% to refund the City's 2005 General Obligation bonds. This was a current refunding. This debt is repaid by the collection of a dedicated property tax levy. The refunding of this debt issue resulted in cash flow savings of \$2,476,887 and net present value savings of \$1,694,239, which will be passed along to Fremont residents through a lower property tax levy for GO bond debt service. As a result, the 2005 GO bonds are considered to be defeased and the liability for the debt issue has been removed from the government-wide statement of net position.

B. Special Assessment Debt (No City Commitment)

Special assessment bonds have been issued under various public improvement acts of the State of California and are secured by liens against properties deemed to have been benefited by the improvements for which the bonds were issued. The City is not liable for repayment and acts only as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings when necessary. These bonds are payable solely from assessments, specific reserves, and the proceeds from property foreclosures. As of June 30, 2014, special assessment bonded indebtedness (long-term and current portions) was approximately \$2,070,000, which was not recognized in the accompanying basic financial statements.

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

The Pacific Commons Community Facilities District No. 1 (CFD) 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 ultimately be acquired and maintained by the City of Fremont within the district. The District is a business park with commercial and industrial facilities.

On June 12, 2001, the City Council approved the issuance of \$30,000,000 of Community Facilities District No. 1, Special Tax, Series 2001 (Pacific Commons) bonds. These bonds were issued on June 27, 2001. The proceeds of the 2001 bonds were utilized to finance the acquisition of specified public capital improvements for the development of the CFD. The property owners are obligated to pay the interest and principal on the 2001 bonds through an annual levy pursuant to the Rate and Method of Apportionment approved by the City Council and the qualified electors of the District. The 2001 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, 2014, the 2001 bond indebtedness was \$27,740,000.

On June 26, 2005, the City Council approved the issuance of \$38,000,000 of Community Facilities District No. 1, Special Tax, Series B (Pacific Commons) bonds. These bonds were issued on July 21, 2005. The net proceeds of the Series B bonds were used to reimburse the developers for the costs of specified public improvements that have been or are to be built or otherwise conveyed to public agencies in conjunction with the development of Pacific Commons. The 2005 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, 2014, the 2005 bond indebtedness was \$38,000,000.

D. Variable Rate Demand Certificates of Participations (COPs)

In connection with the issuance of the 1998 Public Financing Authority COPs, the Financing Authority obtained an irrevocable letter of credit as a credit facility with U.S. Bank, NA for the COPs. The letter of credit is due to expire on April 21, 2017. The Financing Authority's repayment of unreimbursed draws made on the credit facilities bears interest at rates as defined in the reimbursement agreement of up to 12% per annum and shall be repaid in six substantially equal semiannual installments commencing six months after the draw. With the extension dated April 21, 2014, the Financing Authority is required to pay an annual commitment fee of 0.475% based on the outstanding principal amount of the bonds plus the interest component as defined in the reimbursement agreement supported by the credit facility. This fee was adjusted down from 1.12%. For the year ended June 30, 2014, the Financing Authority paid an annual commitment fee in the amount of approximately \$98,600.

In connection with the issuance of the 2008 Public Financing Authority COPs, the Financing Authority obtained an irrevocable letter of credit as a credit facility with U.S. Bank, NA for the COPs. The letter of credit is due to expire on September 23, 2016. The Financing Authority's repayment of unreimbursed draws made on the credit facilities bears interest at rates as defined in the reimbursement agreement of up to 12% per annum and shall be repaid in six substantially equal semiannual installments commencing six months after the draw. The Financing Authority is required to pay an annual commitment fee of 0.475% based on the outstanding principal amount of the bonds plus the interest component as defined in the reimbursement agreement supported by the credit facility. For the year ended June 30, 2014, the Financing Authority paid an annual commitment fee in the amount of approximately \$316,400.

In connection with the issuance of the 2010 Public Financing Authority COPs, the Financing Authority obtained an irrevocable letter of credit as a credit facility with U.S. Bank, NA for the COPs. The letter of credit is due to expire on December 16, 2016. The Financing Authority's repayment of unreimbursed draws made on the credit facilities bears interest at rates as defined in the reimbursement agreement of up to 12% per annum and shall be repaid in six substantially equal semiannual installments commencing six months after the draw. The Financing Authority is required to pay an annual commitment fee of 0.475% based on the outstanding principal amount of the bonds plus the interest component as defined in the reimbursement agreement supported by the credit facility. For the year ended June 30, 2014, the Financing Authority paid an annual commitment fee in the amount of approximately \$107,800.

In connection with the issuance of the 2012B Public Financing Authority COPs, the Financing Authority obtained an irrevocable letter of credit as a credit facility with Wells Fargo Bank, NA for the COPs. The Financing Authority is required to pay an annual commitment fee of 0.5% based on the outstanding principal amount of the bonds plus the interest component as defined in the reimbursement agreement supported by the credit facility. For the year ended June 30, 2014, the Financing Authority paid an annual commitment fee in the amount of approximately \$155,500.

Although the credit facility is due to expire on May 1, 2015, the reimbursement agreement allows the Financing Authority to repay unreimbursed draws made on the letter of credit

Notes to Basic Financial Statements

in eleven substantially equal quarterly installments (“term-out payments”) commencing six months after each unreimbursed draw. These term-out payments bear interest at rates as defined in the reimbursement agreement of up to 12% per annum. If the Financing Authority were not to refinance the COPs or extend the credit facility, it could draw upon the letter of credit prior to its expiration and begin making term-out payments. The term-out period under the reimbursement agreement ends three years after the last unreimbursed draw on the letter of credit.

E. Pledged Revenues for Bonds

The City, through the Fremont Public Financing Authority, has issued multiple series of Certificates of Participation to finance and refinance city facilities and equipment. The certificates of participation issued by the Financing Authority are payable by a pledge of lease revenues payable by the City, pursuant to the Lease Agreements between the City and the Financing Authority. The City has covenanted that as long as the leased properties are available for its use, the City will take such action as may be necessary to include all lease payments in its annual budgets and to make the necessary annual appropriations. Total debt service requirements remaining on the certificates of participation are \$156 million, payable through August 1, 2038. For the year ended June 30, 2014, the total lease payments made by the City and total debt service payments paid by the Financing Authority totaled \$5,867,257.

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 \$46,170,000 have been issued. Approximately \$710 of the proceeds remained as of June 30, 2014.

The City’s General Obligation bonds are payable from pledged ad valorem property taxes until August 1, 2038, the final maturity date of the bonds. The total principal and interest remaining on these bonds is approximately \$68.9 million. For the fiscal year ended June 30, 2014, the City collected \$1,984,149 in ad valorem property taxes and made total debt service payments in the amount of \$3,172,536.

The following provides an explanation of why the FY 2013/14 property tax collections for general obligation bond debt service were substantially less than the corresponding debt service payments. The FY 2013/14 property tax roll submitted in July 2013 contemplated that proceeds from the imminent issuance of refunding bonds would pay for a portion of the debt service that was coming due on August 1, 2013, and that the property taxes that had been collected on the FY 2012/13 tax roll for that payment would instead be available to pay a portion of the August 1, 2014 debt service payment. Consequently, a reduced amount for the August 1, 2014 debt service payment was included in the FY 2013/14 property tax roll calculation.

However, the refunding bonds were not issued until August 2013, and the FY 2012/13 property tax collections were used to make the August 1, 2013 debt service payment. Since the August 1, 2014, debt service payment had not been included in the FY 2013/14 property tax roll calculation, the FY 2013/14 property tax collections were insufficient to cover the full amount of the debt service due. In July 2014 the City Council approved a short-term loan from the General Fund to make the August 1, 2014 payment, to be repaid from collections on the FY 2014/15 property tax roll which had been increased to include the repayment amount.

F. Compensated Absences

The City records a liability to recognize the financial effect of unused vacation and other compensated leaves. As of June 30, 2014, the total liability for vacation and other compensated leaves is \$8,647,198. The City typically uses the General Fund to liquidate the majority of its compensated absences.

6. POLLUTION REMEDIATION OBLIGATION

In November 2010 the City entered into a ten year Amendment to a Lease Agreement with the Alameda County Water District (ACWD) for the use of a portion of its property as an outdoor police firing range. ACWD plans to use the land for other purposes when the City lease expires at the end of 2020. Under the terms of the Amendment, the City is obligated to remove the lead contamination from the ACWD property at the termination of the lease. The Amendment also provides for a reassessment of the remediation costs every two years, and if the reassessment exceeds the current estimate of \$568,000 by 10% the City is to increase the amount of funds held in the Capital Improvement Program (CIP) to cover the costs. Accumulated remediation costs of \$46,038 have been expended on this project, leaving a remaining balance of \$521,963 at June 30, 2014.

ACWD is preparing a recommendation to the State Water Resource Quality Control Board (SWRQCB) to close a leaking underground fuel tank originating from City of Fremont's Fire Station #1. If closure is approved, the City will destroy the monitoring wells and dismantle the soil vapor extraction system for an estimated cost of \$50,000.

The City has requested to ACWD to recommend the closure of four existing monitoring wells located at Fire Station #2. ACWD has agreed to recommend the closure of the wells and has started the process with the SWRQCB. Funding of \$21,000 has been allocated in the CIP for the estimated cost to close the wells.

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, 2014.

Notes to Basic Financial Statements

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 system.

The amount of total estimated liability is \$1,750,046. This amount was estimated by the environmental consultant to cover construction, implementation and management costs associated with the remediation under an assumption that completion of the work would not exceed two years (i.e., achievement of the cleanup goal is reached through active extraction of soil-vapors within a two-year period) and technology, equipment, and construction costs do not considerably increase. Due to the dissolution of the RDA, the Successor Agency of the former RDA assumed management and responsibility to complete the remediation work. This obligation, however, was transferred to the City under the September 2013 Centerville Unified Site Remediation and Funding Agreement between the Successor Agency and the City. Additionally, on June 30, 2014, the ownership of the Centerville Unified Site was conveyed from the Successor Agency to the City in accordance with the Long-Range Property Management Plan approved by the Department of Finance. Currently, the remediation work has commenced by the City under the regulatory oversight of the Alameda County Water District (ACWD). Accumulated remediation costs of \$148,381 have been expended on this project, leaving a remaining balance of \$1,601,665 as of June 30, 2014.

7. RISK MANAGEMENT

In The City is exposed to various exposures related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City established the Risk Management Internal Service Fund to account for and finance its uninsured risks of loss. Under the City’s risk management program, the City retains risk for up to \$500,000 for each workers’ compensation claim, up to \$500,000 and in excess of \$40,000,000 for each general liability claim, and up to \$25,000 for each property claim. The liability for general liability claims and workers’ compensation claims in excess of \$500,000 is discussed below.

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

Notes to Basic Financial Statements

The City retained an independent actuary in 2014 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 4.5% discount rate to reflect 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, 2013 and 2014, are as follows:

	2013	2014
Balance, beginning of year	\$ 14,409,000	\$ 16,674,000
Provision for claims losses	6,369,584	5,147,256
Claims payments	(4,104,584)	(3,800,256)
Balance, end of year	\$ 16,674,000	\$ 18,021,000
Due in one year	\$ 5,323,000	\$ 5,771,000
Due in more than one year	11,351,000	12,250,000
Total claim liabilities	\$ 16,674,000	\$ 18,021,000

A. *Participation in Public Entity Risk Pools*

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

Notes to Basic Financial Statements

Summary financial information for CJPRMA for the year ended June 30, 2013 (latest available date), is as follows:

Cash and investments	\$	88,271,395
Premiums and fees receivable		857,468
Other assets		882,011
Total assets	\$	<u>90,010,874</u>
Total reserves, unearned premiums and other liabilities	\$	39,822,856
Net assets		<u>50,188,018</u>
Total liabilities and net assets	\$	<u>90,010,874</u>
Net premiums earned	\$	10,409,648
loss provision and premiums paid		(4,876,706)
General and administrative expenses		<u>(1,605,879)</u>
Operating income (loss)		3,927,063
Net investment and other income		<u>(993,228)</u>
Net income before refunds to members		2,933,835
Non-operating revenue (expense)		<u>(3,603,662)</u>
Change in net assets	\$	<u>(669,827)</u>

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

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

In June 2006, the City joined the CSAC Excess Insurance Authority (CSAC). CSAC membership consists of 54 California counties and 245 organizations (cities, school districts, special districts and other JPAs). Workers' compensation claims in excess of \$500,000 are covered by CSAC through reinsurance up to a limit of \$250,000,000.

Notes to Basic Financial Statements

Summary financial information for CSAC for the year ended June 30, 2013 (latest available date), is as follows:

Cash and cash equivalents	\$ 44,753,932
Investments	435,093,753
Other assets	108,304,840
Total assets	<u>\$ 588,152,525</u>
Claim liabilities	\$ 389,811,604
Other liabilities	79,725,525
Net assets	118,615,396
Total liabilities and net assets	<u>\$ 588,152,525</u>
Operating revenues	\$ 536,599,774
Operating expenses	(525,460,712)
Nonoperating revenue (expense)	1,924,514
Net income (loss)	<u>\$ 13,063,576</u>

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

8. INTERFUND TRANSACTIONS

A. *Interfund Receivables and Payables*

Interfund receivables and payables represent short-term loans owed by the Human Services Fund and non-major governmental funds to the General Fund for purposes of covering short-term negative cash positions. These interfund transactions are routine year-end adjustments. At June 30, 2014, the General Fund was due \$1,065,856 from the Human Services Fund and \$1,298,743 from the non-major governmental funds.

B. *Interfund Transfers*

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

Notes to Basic Financial Statements

Interfund transfers for the year ended June 30, 2014, were as follows:

		Transfers Out							Total
		General Fund	Development Impact Fees	Development Cost Center	Recreation Services	Human Services	Low and Moderate Income Housing Asset	Non-Major Funds	
Transfers In	General Fund	\$ -	\$ 1,102,258	\$ 2,348,378	\$ 976,474	\$ 929,612	\$ 32,533	\$ 319,326	\$ 5,708,581
	Development Cost Center	2,394,102	-	-	-	-	-	-	2,394,102
	Recreation Services	2,138,000	-	-	-	-	-	-	2,138,000
	Capital Improvement	9,321,881	-	-	-	-	-	-	9,321,881
	Low and Moderate Income Housing Asset	1,000,000	-	-	-	-	-	-	1,000,000
	Human Services	3,845,924	-	-	-	-	-	-	3,845,924
	Non-Major Funds	6,573,440	-	48,757	21,398	394,941	4,144,946	75,850	11,259,332
	Internal Service Funds	1,000,000	-	-	-	-	-	-	1,000,000
	Total	\$ 26,273,347	\$ 1,102,258	\$ 2,397,135	\$ 997,872	\$ 1,324,553	\$ 4,177,479	\$ 395,176	\$ 36,667,820

9. RETIREMENT BENEFITS

A. California Public Employees' Retirement System (CalPERS)

Plan Description - The City's defined benefit pension plans, City of Fremont Miscellaneous Plan (Miscellaneous Plan) and City of Fremont Safety Plan (Safety Plan), provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries through CalPERS. 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. Benefits vest after five years of service. CalPERS also provides death and disability benefits. These benefit provisions and all other requirements are established by State statute and City ordinance. The Miscellaneous Plan and Safety Plan are part of the Public Agency portion of CalPERS, an agent multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, Sacramento, California 95814.

Notes to Basic Financial Statements

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 PERS) prior to January 1, 2013, and "new" employees, who first became a member of a public retirement plan on or after January 1, 2013. Classic employees hired by the City on or after April 8, 2012, are eligible for the City's Tier 2 benefit, while new employees are eligible for the retirement benefits established by PEPRA.

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

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

Funding Policy - The contribution requirements of the plan members are established by State statute, and the employer contribution rate is actuarially established and may be amended by CalPERS. Classic employees are required by State statute to contribute 9% of their annual salary if a Safety Plan member and 8% (Tier 1) or 7% (Tier 2) if a Miscellaneous Plan member, while new employees are required to contribute 50% of the total normal cost for their benefit formula.

The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration, and are summarized in the following section. The required employer contribution rate for fiscal year 2013/14 was 23.461% of covered payroll for all Miscellaneous Plan employees and 39.450% of covered payroll for Safety Plan employees.

Notes to Basic Financial Statements

Annual Pension Cost – For fiscal year 2013/14, the City’s annual pension cost of \$23,594,887 was equal to the City’s annual required contribution (ARC) and actual contributions. The actuarial methods and significant assumptions used in the June 30, 2011 actuarial valuation to determine the fiscal year 2013/14 ARC, as well as the most current valuation, are summarized in the following table:

	Actuarial Valuation Date	
	6/30/2011	6/30/2013
Actuarial Cost Method	Entry age normal	
Amortization Method	Level percent of payroll	
Asset Valuation Method	15-year smoothing	Market value
Discount Rate	7.50%	
Payroll Growth	3.00%	
Inflation Rate	2.75%	
Projected Salary Increases ^{Note 1}		
Safety Plan	3.30% to 14.20%	
Miscellaneous Plan	3.30% to 14.20%	
Average Remaining UAAL Amortization Period		
Safety Plan	22 years	See Note 2
Miscellaneous Plan	20 years	See Note 2
Postretirement Benefit Increases		
Safety Plan	2.0%	
Miscellaneous Plan	3.0% (tier 1); 2.0% (tier 2 and PEPRA)	

¹ Projected increase depends on age, service, and type of employment.

² On April 17, 2013, the CalPERS Board of Administration approved a recommendation to change the CalPERS amortization and smoothing policies. Prior to this change, CalPERS employed an amortization and smoothing policy, which spread investment returns over a 15-year period while experience gains and losses were amortized over a rolling 30-year period. Effective with the June 30, 2013 valuations, CalPERS will no longer use an actuarial value of assets and will employ an amortization and smoothing policy that will spread rate increases or decreases over a 5-year period, and will amortize all experience gains and losses over a fixed 30-year period.

In 2014 CalPERS completed a 2-year asset liability management study incorporating actuarial assumptions and strategic asset allocation. On February 19, 2014, the CalPERS Board of Administration adopted relatively modest changes to the current asset allocation that will reduce the expected volatility of returns. The adopted asset allocation is expected to have a long-term blended return that continues to support a discount rate assumption of 7.5 percent. The Board also approved several changes to the demographic assumptions that more closely align with actual experience. The most significant of these is mortality improvement to acknowledge the greater life expectancies seen in its membership and expected continued improvements. The new actuarial assumptions will be used to set the FY 2016/17 contribution rates for public agency employers. The increase in liability due to new actuarial assumptions will be calculated in the 2014 actuarial valuation and will be amortized over a 20-year period with a 5-year ramp-up/ramp-down in accordance with Board policy.

Notes to Basic Financial Statements

The following is three-year trend information for both the Safety Plan and the Miscellaneous Plan:

Fiscal Year	Annual Pension Cost (APC)		Percentage of APC Contributed	Net Pension Obligation
	Safety	Miscellaneous		
2011/12	\$ 13,333,232	\$ 10,164,588	100%	\$ -
2012/13	12,333,516	9,863,971	100%	-
2013/14	13,637,032	9,957,855	100%	-

B. Funding Status and Funding Progress

The funding status and progress were determined as part of the June 30, 2013 actuarial valuation (the most recent valuation available). The schedule of funding progress below shows the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll.

Safety Plan:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded Liability as % of Payroll
6/30/2013	\$ 512,210,693	\$ 348,916,366	\$ 163,294,327	68.1%	\$ 33,798,331	483.1%

Miscellaneous Plan:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded Liability as % of Payroll
6/30/2013	\$ 388,347,757	\$ 276,073,504	\$ 112,274,253	71.1%	\$ 42,201,295	266.0%

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

10. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description and Eligibility – In addition to providing the retirement benefits described above, the City provides post-employment healthcare benefits, in accordance with bargaining unit agreements, to 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. Retirees must make an election within 120 days following the date of separation from City employment to be eligible for the benefits. The number of employees currently eligible to receive the benefit has increased from 658 in the previous year to 691 in the current year. The City reimburses all or

Notes to Basic Financial Statements

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. The total annual required contribution for June 30, 2014 was \$8,770,000, based on the June 30, 2012 actuarial valuation. There is no separately issued financial statement for the OPEB plan.

Funding Policy – The City funds its OPEB obligations on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The City’s annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation for these benefits:

Annual required contribution	\$8,770,000
Interest on net OPEB obligation	842,000
Amortization of net OPEB	<u>(1,691,000)</u>
Annual OPEB cost (expense)	7,921,000
Contributions made	<u>(2,719,000)</u>
Increase in net OPEB obligation	5,202,000
NET OPEB obligation – beginning of year	<u>19,821,000</u>
NET OPEB obligation – end of year	<u>\$25,023,000</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013/14 and the two preceding years are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Contributions Made</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$6,789,000	\$2,346,000	34.6%	\$15,103,000
2013	7,215,000	2,497,000	34.6%	19,821,000
2014	7,921,000	2,719,000	34.6%	25,023,000

Funding Status and Funding Progress – The schedule of funding progress below, determined as part of the June 30, 2012 actuarial valuation (the most recent valuation available), shows the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability to payroll.

<u>Date</u>	<u>Value of Assets</u>	<u>Entry Age</u>	<u>Liability (UAAL)</u>	<u>Ratio</u>	<u>Payroll</u>	<u>Covered Payroll</u>
6/30/2012	\$ -	\$ 79,329,000	\$ 79,329,000	0%	\$ 69,885,000	113.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2012 actuarial valuation that determines the most recent funding status and progress, the entry age normal actuarial cost method was used. The actuarial assumptions include a 4.25% investment rate of return, a 3.0% general rate of inflation, and 3.25% in aggregate payroll increases. Medical trends for Medicare and non-Medicare are assumed to increase from the prior year by 9.4% and 9.0%, respectively, for fiscal year 2012/13 and are graded down to an ultimate rate of 5.0% and 5.0%, respectively, by fiscal year 2020/21. The unfunded actuarial accrued liability (UAAL) is amortized as a level percentage of projected payroll over a 30-year closed period. There is no assumed post-employment benefit increase.

11. COMMITMENTS AND CONTINGENCIES

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.

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.

Over the last several years, the City has entered into various cooperation and financing agreements with other public agencies that commit the City to future participation in design and construction of the Mission Interchange and the associated Warren Avenue Grade Separation. During fiscal year 2013/14, the City continued to work under the amended cooperative funding agreement with the Santa Clara Valley Transportation Authority (VTA) for the construction of the Warren Avenue Grade Separation which is funded by state grant funds received from the Highway Railroad Crossing Safety Account (HRCSA) program.

Notes to Basic Financial Statements

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, 2014, encumbrances of the governmental funds are as follows:

Fund	Fund Balances			
	Restricted	Committed	Assigned	Total
General Fund	\$ -	\$ -	\$ 1,010,793	\$ 1,010,793
Development Impact Fees	2,736,098	-	-	2,736,098
Development Cost Center	124,304	-	-	124,304
Capital Improvement	-	-	4,493,051	4,493,051
Human Services	335,373	-	-	335,373
Low & Moderate Housing Income Housing Assets	1,281,505	-	-	1,281,505
Non-major governmental funds	6,988,125	45,611	1,262,114	8,295,850
Total	<u>\$ 11,465,405</u>	<u>\$ 45,611</u>	<u>\$ 6,765,958</u>	<u>\$ 18,276,974</u>

Following receipt of a Finding of Completion from the State Department of Finance (DOF) in 2013, the Successor Agency to the Redevelopment Agency of the City of Fremont (SARA) submitted a Long Range Property Management Plan (LRPMP) addressing the disposition and use of real properties held by the SARA to the Oversight Board and the DOF for approval. The DOF approved the LRPMP in December 2013 with the condition that Compensation Agreements be executed with each of the affected taxing agencies. All Compensation Agreements were subsequently executed during the fiscal year.

Of the three properties held by the SARA during fiscal year 2013/14, one was sold and the proceeds remitted to the County for distribution to the taxing agencies. The two remaining properties were transferred to the City under the terms of the LRPMP in June 2014.

12. RESTATEMENT

In March 2012, the GASB issued Statement No. 65, *Items Previously Recorded as Assets and Liabilities*. The Statement reclassifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources, and to recognize certain items that were previously reported as assets and liabilities as outflows (expenses) or inflows (revenues) of resources. As of July 1, 2013, the City implemented GASB Statement No. 65 and restated the beginning net position of the primary government to write off the unamortized bond issuance costs and loan fees that were previously reported as assets.

	As previously reported <u>June 30, 2013</u>	<u>Restatement</u>	As restated <u>June 30, 2013</u>
NET POSITION	\$ 888,012,737	\$ (2,402,298)	\$ 885,610,439

13. SUBSEQUENT EVENTS

On June, 17, 2014, the City entered into a Real Property Purchase and Sale Agreement to dispose of a vacant City-owned property on Sequoia Road. Escrow closed on this property on September 30, 2014. The sale price was \$13,150,000 and the book value was \$342,542.

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Required Supplementary Information

1. BUDGETARY INFORMATION

A. *Budgetary Basis of Accounting*

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

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

The annual budget resolution authorizes the City Manager to increase appropriations for operating expenditures for the Development Services and Recreation Services cost centers when estimated fee revenue in those funds exceeds the amount identified in the budget because of increased activity. It also authorizes the City Manager to increase appropriations for operating expenditures due to increases in grant or activity-based revenues in an amount not to exceed the increased grant or activity-based revenues. 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.

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 Low and Moderate Income Housing Asset Funds).

Required Supplementary Information

General Fund – Budgetary Comparison Schedule (For the Fiscal Year Ended June 30, 2014)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance - Beginning of year	\$ 30,485,000	\$ 30,485,000	\$ 31,310,309	\$ 825,309
Resources (inflows):				
Property tax	73,913,000	73,913,000	70,146,322	(3,766,678)
Sales tax	37,017,000	37,017,000	38,862,070	1,845,070
Vehicle license fees	101,000	101,000	-	(101,000)
Intergovernmental	148,000	148,000	283,660	135,660
Business tax	7,426,000	7,426,000	7,828,030	402,030
Other taxes	6,783,000	6,783,000	7,649,868	866,868
Franchises	8,697,000	8,697,000	8,924,582	227,582
Charges for services	8,338,000	8,338,000	8,475,556	137,556
Investment earnings	442,000	442,000	413,141	(28,859)
Other	1,364,000	1,364,000	2,205,507	841,507
Transfers in	5,698,000	6,000,258	5,708,581	(291,677)
Total resources	<u>149,927,000</u>	<u>150,229,258</u>	<u>150,497,317</u>	<u>268,059</u>
Charges to appropriations (outflows):				
General government	14,845,587	13,854,834	12,325,158	1,529,676
Police services	55,206,788	56,955,148	55,416,788	1,538,360
Fire services	33,033,249	33,838,682	33,659,059	179,623
Capital assets maintenance and operations	19,175,483	19,815,546	19,412,703	402,843
Community development and environmental services	883,843	1,026,185	1,026,185	-
Capital outlay	-	501,669	501,669	-
Debt service:				
Interest and fiscal charges	884,460	884,460	722,828	161,632
Transfers out	26,721,239	26,345,212	26,273,347	71,865
Total charges to appropriations	<u>150,750,649</u>	<u>153,221,736</u>	<u>149,337,737</u>	<u>3,883,999</u>
Net change in fund balance	<u>(823,649)</u>	<u>(2,992,478)</u>	<u>1,159,580</u>	<u>4,152,058</u>
Fund Balance - End of year	<u>\$ 29,661,351</u>	<u>\$ 27,492,522</u>	<u>\$ 32,469,889</u>	<u>\$ 4,977,367</u>

Required Supplementary Information

Development Cost Center Fund - Budgetary Comparison Schedule (For the Fiscal Year Ended June 30, 2014)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Fund Balance - Beginning	\$ 2,579,000	\$ 2,579,000	\$ 2,580,444	\$ 1,444
Resources (inflows):				
Charges for services	8,954,513	11,396,209	10,871,921	(524,288)
Investment earnings	65,000	65,000	56,349	(8,651)
Transfers in	2,449,100	2,449,100	2,394,102	(54,998)
Total resources	<u>11,468,613</u>	<u>13,910,309</u>	<u>13,322,372</u>	<u>(587,937)</u>
Charges to appropriations (outflows):				
Capital assets maintenance and operations	3,213,593	3,213,593	3,213,593	-
Community development and environmental services	5,969,554	8,374,027	7,513,817	860,210
Capital outlay	-	37,223	37,223	-
Transfers out	2,397,142	2,397,142	2,397,135	7
Total charges to appropriations	<u>11,580,289</u>	<u>14,021,985</u>	<u>13,161,768</u>	<u>860,217</u>
Resources over (under) charges to appropriations	<u>(111,676)</u>	<u>(111,676)</u>	<u>160,604</u>	<u>272,280</u>
Fund Balance - Ending	<u>\$ 2,467,324</u>	<u>\$ 2,467,324</u>	<u>\$ 2,741,048</u>	<u>\$ 273,724</u>

Recreation Services Fund - Budgetary Comparison Schedule (For the Fiscal Year Ended June 30, 2014)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Fund Balance - Beginning	\$ 5,449,320	\$ 5,449,320	\$ 5,563,377	\$ 114,057
Resources (inflows):				
Charges for services	6,444,814	6,444,814	6,918,107	473,293
Investment earnings	75,000	75,000	66,841	(8,159)
Other	90,000	90,000	150,092	60,092
Transfers in	2,138,000	2,138,000	2,138,000	-
Total resources	<u>8,747,814</u>	<u>8,747,814</u>	<u>9,273,040</u>	<u>525,226</u>
Charges to appropriations (outflows):				
Recreation and leisure services	7,396,190	7,396,190	7,546,990	(150,800)
Transfers out	997,872	997,872	997,872	-
Total charges to appropriations	<u>8,394,062</u>	<u>8,394,062</u>	<u>8,544,862</u>	<u>(150,800)</u>
Resources over (under) charges to appropriations	<u>353,752</u>	<u>353,752</u>	<u>728,178</u>	<u>374,426</u>
Fund Balance - Ending	<u>\$ 5,803,072</u>	<u>\$ 5,803,072</u>	<u>\$ 6,291,555</u>	<u>\$ 488,483</u>

Required Supplementary Information

Human Services Fund – Budgetary Comparison Schedule (For the Fiscal Year Ended June 30, 2014)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Fund Balance - Beginning	\$ 7,260,000	\$ 7,260,000	\$ 7,340,263	\$ 80,263
Resources (inflows):				
Intergovernmental	6,275,893	6,289,261	7,021,137	731,876
Charges for services	1,551,258	1,551,258	1,560,583	9,325
Investment earnings	23,000	23,000	41,555	18,555
Other	809,946	842,346	964,621	122,275
Transfers in	3,937,384	3,937,384	3,845,924	(91,460)
Total resources	12,597,481	12,643,249	13,433,820	790,571
Charges to appropriations (outflows):				
Human Services	9,850,073	9,948,193	9,479,411	468,782
Community development and environmental services	1,854,063	2,516,086	2,506,183	9,903
Capital outlay	-	6,719	6,719	-
Interest and fiscal charges	118,000	118,000	127,620	(9,620)
Transfers out	1,584,668	1,586,097	1,324,553	261,544
Total charges to appropriations	13,406,804	14,175,095	13,444,486	730,609
Resources over (under) charges to appropriations	(809,323)	(1,531,846)	(10,666)	1,521,180
Fund Balance - Ending	\$ 6,450,677	\$ 5,728,154	\$ 7,329,597	\$ 1,601,443

Required Supplementary Information

Low and Moderate Income Housing Asset Fund (For the Fiscal Year Ended June 30, 2014)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance - Beginning	\$ 4,023,521	\$ 4,023,521	\$ 5,606,364	\$ 1,582,843
Resources (inflows):				
Investment earnings	10,000	10,000	66,090	56,090
Other	346,000	346,000	1,556,212	1,210,212
Transfers in	52,000	1,052,000	1,000,000	(52,000)
Total resources	<u>408,000</u>	<u>1,408,000</u>	<u>2,622,302</u>	<u>1,214,302</u>
Charges to appropriations (outflows):				
Community development and environmental services	1,740,712	1,740,712	330,286	1,410,426
Transfers out	25,513	25,513	4,177,479	(4,151,966)
Total charges to appropriations	<u>1,766,225</u>	<u>1,766,225</u>	<u>4,507,765</u>	<u>(2,741,540)</u>
Resources over (under) charges to appropriations	<u>(1,358,225)</u>	<u>(358,225)</u>	<u>(1,885,463)</u>	<u>(1,527,238)</u>
Fund Balance - Ending	<u>\$ 2,665,296</u>	<u>\$ 3,665,296</u>	<u>\$ 3,720,901</u>	<u>\$ 55,605</u>

To comply with changes to the California Health and Safety Code that became effective January 1, 2014, the Low and Moderate Income Housing Fund was split into two separate funds: the Low and Moderate Income Housing Asset Fund (to administer the housing assets and functions related to the Low and Moderate Income Housing Program retained by the City following the dissolution of the former Agency), and the City Funded Affordable Housing Fund. Transfers out includes \$4,058,270 of assets unrelated to the former Agency that was transferred to establish the City Funded Affordable Housing Fund.

Required Supplementary Information

2. MODIFIED APPROACH FOR THE CITY'S INFRASTRUCTURE

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

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

A. Condition Assessment Data

Pursuant to GASB Statement No. 34, a government that wishes to use the modified approach must assess the condition of the network for which that approach is used at least once every three years. Consequently, the City hires external consultants to conduct condition assessments every two to three years for arterial and collector streets, and every five years for residential streets. In 2013, 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 17 defined pavement distress types. The PCI, a nationally recognized index, is calculated based on the inspection data. The PCI is expressed as a rating from 0 to 100, where 0 is the least acceptable condition and 100 is the rating for a street in excellent condition or a new street. The following condition categories with their corresponding PCI rating ranges are defined:

Condition	PCI Rating
Excellent	86-100
Good	70-85
Fair	50-69
Poor	25-49
Very Poor	<25

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.

Required Supplementary Information

Through June 30, 2014, the City's policy was to maintain an average PCI rating of 50 for the entire street network. This rating means that more pavement distresses ranging from surface defects such as cracking and raveling to more serious load related distresses, such as "alligator" cracking and rutting will become noticeable to drivers traveling at the posted speeds. As of June 30, 2014, the City's overall street network was rated at a computed PCI index of 66, with the detail condition as follows:

Condition	PCI Rating	% of Streets Sections			
		6/30/11	6/30/12	6/30/13	6/30/14
Good to Excellent	70-100	45	50	53	58
Fair	50-69	23	20	16	18
Poor to Very Poor	0-49	32	30	31	24

In the table above, it can be seen that in fiscal year 2013/14, approximately 58% of the City's streets were rated above PCI 70, the lower limit for streets in good condition. This is a 5% increase from fiscal year 2012/13 when the percentage of streets rated above 70 was 53%. The reason for the increase is an expanded pavement preservation program that maintains more area of streets in good condition to keep them in the good category. Also, the program included bringing streets that were in a lower condition category back into a higher condition category.

B. Estimated Maintenance and Preservation Costs

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

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

Fiscal Year	Maintenance Estimate	Actual Expenditure	Computed
			Overall City PCI Rating (Condition Assessments)
2009/10	\$15,500,000	\$11,651,400	62
2010/11	15,500,000	5,847,754	61
2011/12	14,800,000	7,403,000	62
2012/13	14,800,000	6,121,000	62
2013/14	19,140,000	9,823,000	66

Required Supplementary Information

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

3. SCHEDULES OF FUNDING PROGRESS

The schedules of funding progress, including the past three actuarial valuations, are presented below:

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)
SCHEDULE OF FUNDING PROGRESS
Miscellaneous Employees

Actuarial Valuation Date	Actuarial Asset Value*	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2011	\$ 276,762,637	\$ 356,592,039	\$ 79,829,402	77.6%	\$ 43,637,310	182.9%
6/30/2012	292,111,089	372,975,069	80,863,980	78.3%	42,245,051	191.4%
6/30/2013	276,073,504	388,347,757	112,274,253	71.1%	42,201,295	266.0%

* Beginning with the 6/30/2013 valuation, the actuarial value of assets equals the market value of assets per the CalPERS direct rate smoothing policy.

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)
SCHEDULE OF FUNDING PROGRESS
Safety Employees

Actuarial Valuation Date	Actuarial Asset Value*	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2011	\$ 366,985,249	\$ 478,707,155	\$ 111,721,906	76.7%	\$ 35,447,430	315.2%
6/30/2012	380,846,278	492,587,180	111,740,902	77.3%	35,204,816	317.4%
6/30/2013	348,916,366	512,210,693	163,294,327	68.1%	33,798,331	483.1%

* Beginning with the 6/30/2013 valuation, the actuarial value of assets equals the market value of assets per the CalPERS direct rate smoothing policy.

Required Supplementary Information

OTHER POST EMPLOYMENT BENEFITS (OPEB) SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Annual Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
6/30/2008	\$ -	\$ 55,754,000	\$ 55,754,000	0.0%	\$ 77,147,000	72.3%
6/30/2010	-	67,049,000	67,049,000	0.0%	74,073,000	90.5%
6/30/2012	-	79,329,000	79,329,000	0.0%	69,885,000	113.5%

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Supplementary Section

Non-Major Governmental Funds

Descriptions – Special Revenue Funds

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:

Human Services – This 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.

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.

Multi-family Housing – This fund accounts for fees received for monitoring the Residential Mortgage Loan Program.

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.

Traffic Safety OTS – This fund accounts for monies received from the State, to be used to reduce alcohol involved fatalities and injuries, and raise general public awareness regarding the problems associated with drinking and driving.

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.

Narcotics Asset Seizure – This fund accounts for assets confiscated by the City and 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 for future narcotics investigations.

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.

Descriptions – Special Revenue Funds

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

Inclusionary Housing In Lieu – This fund accounts for 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.

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

American Recovery and Reinvestment Act of 2009 (ARRA) – This fund accounts for federal stimulus funding for various projects and programs, such as the street overlay project, pavement rehabilitation projects, Homeless Prevention and Rapid Rehousing program, renovations at the Family Resource Center, including reconstruction of the parking lot, and various energy efficiency and conservation projects.

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

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

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.

County Support for City Streets – This fund receives and expends the money allocated from Alameda County as the City's share of the State gasoline taxes allocated for County roads.

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

Description – Debt Service Funds, Capital Project Funds

DEBT SERVICE FUNDS

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

Fire General Obligation Bonds – Voters of the City of Fremont approved Measure R in the November 2002 election, which authorizes the City to issue \$51 million in 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. To date, \$51 million of these bonds have been issued: (1) Series A for \$10 million was issued on July 17, 2003, and refunded on May 10, 2012, (2) Series B for \$25 million was issued on April 14, 2005, and (3) and Series C for \$15 million was issued on January 28, 2009.

Fremont Financing Authority – This fund accounts for the payment of principal and interest on various certificates of participation. The proceeds of the debt were used to finance construction of capital facilities

CAPITAL PROJECT FUNDS

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

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

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

Interchange Construction – This fund accounts for construction of Interstate 880 interchange at Fremont Boulevard, Mission Boulevard, Auto Mall Parkway and Dixon Landing Road.

Vehicle Replacement – This fund accounts for vehicle and accessory acquisitions and dispositions. Funds are transferred from the general fund and other funds for these expenditures.

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

Measure B & F Grants, Streets, Bikes and Pedestrian – Under Measure B, the City receives the proceeds of an additional half-cent sales tax for use on transportation-related expenditures. 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. These funds account for that portion of these monies from Measure B and Measure F to be used to fund transportation-related capital projects.

Description – Capital Project Funds

Intermodal Surface Transportation Efficiency Act (ISTEA) – ISTEA was created in 1991 to provide federal funding for transportation projects. It replaces the Federal Aid Urban Program. Among ISTEA’s many programs, three provide capital improvement funds for local governments. These programs are known as the Surface Transportation Program, the Congestion Mitigation and Air Quality Improvement Program, and the Transportation Enhancement Activity Program. Funds are applied for on a project-by-project basis.

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.

Fire General Obligation Bonds – This fund accounts for debt proceeds used for the construction, remodeling, or improvements of fire stations.

City of Fremont
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2014
(With comparative totals for June 30, 2013)

	Special Revenue Funds		
	HOME Grant	Multi-family Housing	Integrated Waste Management
ASSETS			
Cash and investments held by City	\$ -	\$ -	\$ 5,085,833
Restricted cash and investments held by fiscal agent or City	-	-	-
Receivables:			
Property tax	-	-	-
Due from other governmental agencies	185,422	-	343,077
Housing loans receivable, net	-	-	-
Accounts receivable	-	-	629,867
Other	-	-	-
Total assets	\$ 185,422	\$ -	\$ 6,058,777
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 29,071	\$ -	\$ 442,492
Salaries and wages payable	-	-	34,228
Due to other funds	152,666	-	-
Other liabilities	-	-	-
Unearned revenue	-	-	-
Total liabilities	181,737	-	476,720
Deferred inflows of resources-unavailable revenue	-	-	-
Fund Balances (Deficits):			
Restricted for:			
Social service programs	3,685	-	-
Debt service	-	-	-
Public safety	-	-	-
Street improvements	-	-	-
Community development	-	-	5,582,057
Other purposes	-	-	-
Committed for:			
Social service programs	-	-	-
Assigned for:			
Vehicle replacement	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	3,685	-	5,582,057
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 185,422	\$ -	\$ 6,058,777

Special Revenue Funds					
Urban Runoff	Traffic Safety OTS	Abandoned Vehicle	Narcotics Asset Seizure	COPS AB3229	Justice Assistance Grant
\$ 1,400,207	\$ -	\$ -	\$ 325,251	\$ 228,328	\$ 38,268
-	-	-	-	-	-
-	-	-	-	-	-
8,683	-	74,574	23,711	152,719	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	152,355	-	-
<u>\$ 1,408,890</u>	<u>\$ -</u>	<u>\$ 74,574</u>	<u>\$ 501,317</u>	<u>\$ 381,047</u>	<u>\$ 38,268</u>
\$ 199,324	\$ -	\$ -	\$ 58,955	\$ -	\$ 9,097
24,829	-	-	-	-	-
-	-	74,574	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>224,153</u>	<u>-</u>	<u>74,574</u>	<u>58,955</u>	<u>-</u>	<u>9,097</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	442,362	381,047	29,171
-	-	-	-	-	-
1,184,737	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,184,737</u>	<u>-</u>	<u>-</u>	<u>442,362</u>	<u>381,047</u>	<u>29,171</u>
<u>\$ 1,408,890</u>	<u>\$ -</u>	<u>\$ 74,574</u>	<u>\$ 501,317</u>	<u>\$ 381,047</u>	<u>\$ 38,268</u>

(Continued)

City of Fremont
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2014

(With comparative totals for June 30, 2013)

	Special Revenue Funds		
	City Funded Affordable Housing Fund	Inclusionary Housing In Lieu	Metropolitan Medical Response System
ASSETS			
Cash and investments held by City	\$ 4,058,270	\$ 1,728,397	\$ 133,552
Restricted cash and investments held by fiscal agent or City	-	-	-
Receivables:			
Property tax	-	-	-
Due from other governmental agencies	-	-	-
Housing rehabilitation loans, net	-	3,099,043	-
Accounts receivable	-	-	-
Other	-	-	-
Total assets	<u>\$ 4,058,270</u>	<u>\$ 4,827,440</u>	<u>\$ 133,552</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 17,347	\$ 2,066
Salaries and wages payable	-	-	-
Due to other funds	-	-	-
Other liabilities	-	-	-
Unearned revenue	-	-	-
Total liabilities	<u>-</u>	<u>17,347</u>	<u>2,066</u>
Deferred inflows of resources-unavailable revenue	<u>-</u>	<u>3,099,043</u>	<u>-</u>
Fund Balances (Deficits):			
Restricted for:			
Social service programs	-	-	-
Debt service	-	-	-
Public safety	-	-	131,486
Street improvements	-	-	-
Community development	-	-	-
Other purposes	-	-	-
Committed for:			
Social service programs	4,058,270	1,711,050	-
Assigned for:			
Vehicle replacement	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	<u>4,058,270</u>	<u>1,711,050</u>	<u>131,486</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 4,058,270</u>	<u>\$ 4,827,440</u>	<u>\$ 133,552</u>

Special Revenue Funds						Total
Miscellaneous Federal Grants	Miscellaneous State Support	State Gas Tax	Prop 1B HRCSA	Maintenance District	Non-major Special Revenue Funds	
\$ 458,795	\$ -	\$ 13,072,322	\$ 4,238	\$ 455,202	\$ 26,988,663	
-	-	-	-	-	-	
-	-	-	-	-	-	
89,912	18,138	649,469	1,500,750	1,622	3,048,077	
-	-	-	-	-	3,099,043	
-	-	41,769	-	-	671,636	
-	74,227	-	-	-	226,582	
<u>\$ 548,707</u>	<u>\$ 92,365</u>	<u>\$ 13,763,560</u>	<u>\$ 1,504,988</u>	<u>\$ 456,824</u>	<u>\$ 34,034,001</u>	
\$ 50,535	\$ 9,252	\$ 345,989	\$ 1,504,988	\$ 12,336	\$ 2,681,452	
-	-	-	-	-	59,057	
-	85,171	-	-	-	312,411	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>50,535</u>	<u>94,423</u>	<u>345,989</u>	<u>1,504,988</u>	<u>12,336</u>	<u>3,052,920</u>	
-	-	-	-	-	3,099,043	
-	-	-	-	-	3,685	
-	-	-	-	-	-	
-	-	-	-	-	984,066	
-	-	13,417,571	-	-	13,417,571	
-	-	-	-	444,488	7,211,282	
498,172	-	-	-	-	498,172	
-	-	-	-	-	5,769,320	
-	-	-	-	-	-	
-	(2,058)	-	-	-	(2,058)	
<u>498,172</u>	<u>(2,058)</u>	<u>13,417,571</u>	<u>-</u>	<u>444,488</u>	<u>27,882,038</u>	
<u>\$ 548,707</u>	<u>\$ 92,365</u>	<u>\$ 13,763,560</u>	<u>\$ 1,504,988</u>	<u>\$ 456,824</u>	<u>\$ 34,034,001</u>	

(Continued)

City of Fremont
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2014

(With comparative totals for June 30, 2013)

	Debt Service Funds		Total Non-major Debt Service Funds
	Fire General Obligation Bonds	Fremont Financing Authority	
ASSETS			
Cash and investments held by City	\$ -	\$ -	\$ -
Restricted cash and investments held by fiscal agent or City	1,209,139	1,820,936	3,030,075
Receivables:			
Property tax	26,285	-	26,285
Due from other governmental agencies	-	-	-
Housing rehabilitation loans, net	-	-	-
Accounts receivable	-	-	-
Other	-	-	-
Total assets	<u>\$ 1,235,424</u>	<u>\$ 1,820,936</u>	<u>\$ 3,056,360</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 525	\$ -	\$ 525
Salaries and wages payable	-	-	-
Due to other funds	-	-	-
Other liabilities	-	-	-
Unearned revenue	-	-	-
Total liabilities	<u>525</u>	<u>-</u>	<u>525</u>
Deferred inflows of resources-unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits):			
Restricted for:			
Social service programs	-	-	-
Debt service	1,234,899	1,820,936	3,055,835
Public safety	-	-	-
Street improvements	-	-	-
Community development	-	-	-
Other purposes	-	-	-
Committed for:			
Social service programs	-	-	-
Assigned for:			
Vehicle replacement	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	<u>1,234,899</u>	<u>1,820,936</u>	<u>3,055,835</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,235,424</u>	<u>\$ 1,820,936</u>	<u>\$ 3,056,360</u>

Capital Project Funds					
Transportation Development Act	Miscellaneous State Grants Capital	Interchange Construction	Vehicle Replacement	Capital Improvement - Outside Sources	Measure B & F Grants, Streets, Bike & Pedestrian
\$ -	\$ -	\$ 8,117,031	\$ 3,569,278	\$ 3,231,644	\$ 3,703,181
-	-	-	-	-	-
-	-	-	-	-	-
40,489	185,267	-	-	1,114,499	632,638
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	108,618	-
<u>\$ 40,489</u>	<u>\$ 185,267</u>	<u>\$ 8,117,031</u>	<u>\$ 3,569,278</u>	<u>\$ 4,454,761</u>	<u>\$ 4,335,819</u>
\$ 12,000	\$ -	\$ 8	\$ 161,633	\$ 852,163	\$ 705,217
-	-	-	-	-	-
28,489	185,267	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>40,489</u>	<u>185,267</u>	<u>8</u>	<u>161,633</u>	<u>852,163</u>	<u>705,217</u>
<u>40,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>598,073</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	8,117,023	-	3,004,525	3,630,602
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,407,645	-	-
(40,489)	-	-	-	-	-
<u>(40,489)</u>	<u>-</u>	<u>8,117,023</u>	<u>3,407,645</u>	<u>3,004,525</u>	<u>3,630,602</u>
<u>\$ 40,489</u>	<u>\$ 185,267</u>	<u>\$ 8,117,031</u>	<u>\$ 3,569,278</u>	<u>\$ 4,454,761</u>	<u>\$ 4,335,819</u>

(Continued)

City of Fremont
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2014

(With comparative totals for June 30, 2013)

	Capital Project Funds		
	Intermodal	Traffic	Fire General
	Surface Transportation Efficiency Act	System Management	Obligation Bonds
ASSETS			
Cash and investments held by City	\$ -	\$ -	\$ -
Restricted cash and investments held by fiscal agent or City	-	-	-
Receivables:			
Property tax	-	-	-
Due from other governmental agencies	831,759	-	-
Housing rehabilitation loans, net	-	-	-
Accounts receivable	-	-	-
Other	-	-	-
Total assets	\$ 831,759	\$ -	\$ -
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 59,183	\$ -	\$ -
Salaries and wages payable	-	-	-
Due to other funds	772,576	-	-
Other liabilities	-	-	-
Unearned revenue	-	-	-
Total liabilities	831,759	-	-
Deferred inflows of resources-unavailable revenue	-	-	-
Fund Balances (Deficits):			
Restricted for:			
Social service programs	-	-	-
Debt service	-	-	-
Public safety	-	-	-
Street improvements	-	-	-
Community development	-	-	-
Other purposes	-	-	-
Committed for:			
Social service programs	-	-	-
Assigned for:			
Vehicle replacement	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	-	-	-
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 831,759	\$ -	\$ -

Total Non-major Capital Projects Funds	Total Non-major Governmental Funds	
	2014	2013
\$ 18,621,134	\$ 45,609,797	\$ 37,238,533
-	3,030,075	4,249,250
-	26,285	36,125
2,804,652	5,852,729	6,514,448
-	3,099,043	3,010,635
-	671,636	659,059
108,618	335,200	182,897
<u>\$ 21,534,404</u>	<u>\$ 58,624,765</u>	<u>\$ 51,890,947</u>
1,790,204	\$ 4,472,181	\$ 1,703,076
-	59,057	60,740
986,332	1,298,743	2,117,103
-	-	258,653
-	-	3,172,811
<u>2,776,536</u>	<u>5,829,981</u>	<u>7,312,383</u>
<u>638,562</u>	<u>3,737,605</u>	<u>-</u>
-	3,685	59,638
-	3,055,835	4,251,981
-	984,066	1,153,866
14,752,150	28,169,721	27,807,373
-	7,211,282	6,595,370
-	498,172	544,412
-	5,769,320	598,294
3,407,645	3,407,645	3,702,187
(40,489)	(42,547)	(134,557)
<u>18,119,306</u>	<u>49,057,179</u>	<u>44,578,564</u>
<u>\$ 21,534,404</u>	<u>\$ 58,624,765</u>	<u>\$ 51,890,947</u>

(Concluded)

City of Fremont

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the fiscal year ended June 30, 2014

(With comparative totals for the fiscal year ended June 30, 2013)

	Special Revenue Funds		
	HOME Grant	Multi-family Housing	Integrated Waste Management
REVENUES:			
Property tax	\$ -	\$ -	\$ -
Intergovernmental	173,393	-	119,633
Charges for services	-	8,500	6,695,749
Investment earnings	-	571	-
Other	-	-	-
Total revenues	173,393	9,071	6,815,382
EXPENDITURES:			
Current:			
Police services	-	-	-
Fire services	-	-	-
Human services	-	-	-
Capital assets maintenance and operations	-	-	34,189
Community development and environmental services	167,294	-	5,885,493
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	167,294	-	5,919,682
REVENUES OVER (UNDER) EXPENDITURES	6,099	9,071	895,700
OTHER FINANCING SOURCES (USES):			
Debt proceeds	-	-	-
Premium on debt issuance	-	-	-
Payment to refunding escrow	-	-	-
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	(6,099)	(65,024)	(194,843)
Total other financing sources (uses)	(6,099)	(65,024)	(194,843)
Net change in fund balances	-	(55,953)	700,857
FUND BALANCES (DEFICITS):			
Beginning of year	3,685	55,953	4,881,200
End of year	\$ 3,685	\$ -	\$ 5,582,057

Special Revenue Funds					
Urban Runoff	Traffic Safety OTS	Abandoned Vehicle	Narcotics Asset Seizure	COPS AB3229	Justice Assistance Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	7,286	172,499	294,937	466,811	32,833
1,430,126	-	-	-	-	-
-	-	-	3,001	1,280	-
-	-	-	-	-	-
1,430,126	7,286	172,499	297,938	468,091	32,833
-	7,286	172,499	500,312	287,439	68,384
-	-	-	-	-	-
-	-	-	-	-	-
25,274	-	-	-	-	-
1,449,305	-	-	-	-	-
-	-	-	-	-	12,267
-	-	-	-	-	-
-	-	-	-	-	-
1,474,579	7,286	172,499	500,312	287,439	80,651
(44,453)	-	-	(202,374)	180,652	(47,818)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	50,000	-	-
(77,976)	-	-	-	-	-
(77,976)	-	-	50,000	-	-
(122,429)	-	-	(152,374)	180,652	(47,818)
1,307,166	-	-	594,736	200,395	76,989
\$ 1,184,737	\$ -	\$ -	\$ 442,362	\$ 381,047	\$ 29,171

(Continued)

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, 2014

(With comparative totals for the fiscal year ended June 30, 2013)

	Special Revenue Funds		
	City Funded Affordable Housing Fund	Inclusionary Housing In Lieu	Metropolitan Medical Response System
REVENUES:			
Property tax	\$ -	\$ -	\$ -
Intergovernmental	-	-	365,961
Charges for services	-	994,538	-
Investment earnings	-	-	678
Other	-	-	-
Total revenues	-	994,538	366,639
EXPENDITURES:			
Current:			
Police services	-	-	-
Fire services	-	-	401,010
Human services	-	-	-
Capital assets maintenance and operations	-	-	-
Community development and environmental services	-	33,482	-
Capital outlay	-	-	24,623
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	33,482	425,633
REVENUES OVER (UNDER) EXPENDITURES	-	961,056	(58,994)
OTHER FINANCING SOURCES (USES):			
Debt proceeds	-	-	-
Premium on debt issuance	-	-	-
Payment to refunding escrow	-	-	-
Proceeds from sale of capital assets	-	-	-
Transfers in	4,058,270	151,700	-
Transfers out	-	-	-
Total other financing sources (uses)	4,058,270	151,700	-
Net change in fund balances	4,058,270	1,112,756	(58,994)
FUND BALANCES (DEFICITS):			
Beginning of year	-	598,294	190,480
End of year	\$ 4,058,270	\$ 1,711,050	\$ 131,486

Special Revenue Funds					
Miscellaneous Federal Grants	Miscellaneous State Support	State Gas Tax	Prop 1B HRCSA	Maintenance District	Total Non-major Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
603,002	206,303	6,870,131	3,383,603	-	12,696,392
-	-	-	-	188,216	9,317,129
-	-	70,018	-	-	75,548
-	-	-	-	-	-
603,002	206,303	6,940,149	3,383,603	188,216	22,089,069
44,932	29,298	-	-	-	1,110,150
21,300	41,288	-	-	-	463,598
195,875	160,635	-	-	-	356,510
327,942	-	4,992,229	537,350	150,732	6,067,716
-	-	-	-	-	7,535,574
795	-	-	2,846,253	-	2,883,938
-	-	-	-	-	-
-	-	-	-	-	-
590,844	231,221	4,992,229	3,383,603	150,732	18,417,486
12,158	(24,918)	1,947,920	-	37,484	3,671,583
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	4,259,970
(23,538)	(12,000)	-	-	-	(379,480)
(23,538)	(12,000)	-	-	-	3,880,490
(11,380)	(36,918)	1,947,920	-	37,484	7,552,073
509,552	34,860	11,469,651	-	407,004	20,329,965
\$ 498,172	\$ (2,058)	\$ 13,417,571	\$ -	\$ 444,488	\$ 27,882,038

(Continued)

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, 2014
(With comparative totals for the fiscal year ended June 30, 2013)

	Debt Service Funds		Total Non-major Debt Service Funds
	Fire General Obligation Bonds	Fremont Financing Authority	
REVENUES:			
Property tax	\$ 1,984,150	\$ -	\$ 1,984,150
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment earnings	5,493	497	5,990
Other	-	-	-
Total revenues	1,989,643	497	1,990,140
EXPENDITURES:			
Current:			
Police services	-	-	-
Fire services	-	-	-
Human services	-	-	-
Capital assets maintenance and operations	-	-	-
Community development and environmental services	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	1,265,000	4,170,000	5,435,000
Interest and fiscal charges	2,496,222	1,707,801	4,204,023
Total expenditures	3,761,222	5,877,801	9,639,023
REVENUES OVER (UNDER) EXPENDITURES	(1,771,579)	(5,877,304)	(7,648,883)
OTHER FINANCING SOURCES (USES):			
Debt proceeds	22,005,000	-	22,005,000
Premium on debt issuance	726,480	-	726,480
Payment to refunding escrow	(22,145,000)	-	(22,145,000)
Proceeds from sale of capital assets	-	-	-
Transfers in	-	5,866,257	5,866,257
Transfers out	-	-	-
Total other financing sources (uses)	586,480	5,866,257	6,452,737
Net change in fund balances	(1,185,099)	(11,047)	(1,196,146)
FUND BALANCES (DEFICITS):			
Beginning of year	2,419,998	1,831,983	4,251,981
End of year	\$ 1,234,899	\$ 1,820,936	\$ 3,055,835

Capital Project Funds					
Transportation Development Act	Miscellaneous State Grants Capital	Interchange Construction	Vehicle Replacement	Capital Improvement - Outside Sources	Measure B & F Grants, Streets, Bike & Pedestrian
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
128,116	57,432	-	-	56,028	3,828,288
-	-	-	-	418,970	-
-	-	72,364	33,496	-	28,582
-	-	-	(5,638)	3,070,180	-
128,116	57,432	72,364	27,858	3,545,178	3,856,870
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
34,048	57,432	8	118,588	3,914,787	5,465,055
-	-	-	-	-	-
-	-	-	1,471,472	78,102	2,032
-	-	-	-	-	-
-	-	-	-	-	-
34,048	57,432	8	1,590,060	3,992,889	5,467,087
94,068	-	72,356	(1,562,202)	(447,711)	(1,610,217)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	150,251	400,000	-
-	-	-	1,133,105	-	-
-	-	-	(15,696)	-	-
-	-	-	1,267,660	400,000	-
94,068	-	72,356	(294,542)	(47,711)	(1,610,217)
(134,557)	-	8,044,667	3,702,187	3,052,236	5,240,819
\$ (40,489)	\$ -	\$ 8,117,023	\$ 3,407,645	\$ 3,004,525	\$ 3,630,602

(Continued)

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, 2014

(With comparative totals for the fiscal year ended June 30, 2013)

	Capital Project Funds		
	Intermodal	Traffic	Fire General
	Surface Transportation Efficiency Act	System Management	Obligation Bonds
REVENUES:			
Property tax	\$ -	\$ -	\$ -
Intergovernmental	1,095,137	80,570	-
Charges for services	-	-	-
Investment earnings	-	-	19
Other	-	-	-
Total revenues	1,095,137	80,570	19
EXPENDITURES:			
Current:			
Police services	-	-	-
Fire services	-	-	-
Human services	-	-	-
Capital assets maintenance and operations	1,031,635	80,570	(410)
Community development and environmental services	-	-	-
Capital outlay	63,502	-	91,695
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	1,095,137	80,570	91,285
REVENUES OVER (UNDER) EXPENDITURES	-	-	(91,266)
OTHER FINANCING SOURCES (USES):			
Debt proceeds	-	-	-
Premium on debt issuance	-	-	-
Payment to refunding escrow	-	-	-
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	-	(91,266)
FUND BALANCES (DEFICITS):			
Beginning of year	-	-	91,266
End of year	\$ -	\$ -	\$ -

Total Non-major Capital Projects Funds	Total Non-major Governmental Funds	
	2014	2013
\$ -	\$ 1,984,150	\$ 3,266,499
5,245,571	17,941,963	15,969,863
418,970	9,736,099	8,711,739
134,461	215,999	174,026
3,064,542	3,064,542	1,701,221
<u>8,863,544</u>	<u>32,942,753</u>	<u>29,823,348</u>
-	1,110,150	1,203,661
-	463,598	209,137
-	356,510	371,907
10,701,713	16,769,429	14,884,945
-	7,535,574	10,406,003
1,706,803	4,590,741	4,401,483
-	5,435,000	5,430,000
-	4,204,023	3,705,661
<u>12,408,516</u>	<u>40,465,025</u>	<u>40,612,797</u>
<u>(3,544,972)</u>	<u>(7,522,272)</u>	<u>(10,789,449)</u>
-	22,005,000	-
-	726,480	-
-	(22,145,000)	-
550,251	550,251	209,374
1,133,105	11,259,332	6,756,941
(15,696)	(395,176)	(453,889)
<u>1,667,660</u>	<u>12,000,887</u>	<u>6,512,426</u>
<u>(1,877,312)</u>	<u>4,478,615</u>	<u>(4,277,023)</u>
19,996,618	44,578,564	48,855,587
<u>\$ 18,119,306</u>	<u>\$ 49,057,179</u>	<u>\$ 44,578,564</u>

(Concluded)

Non-Major Governmental Funds

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Supplementary Section

Internal Service Funds

City of Fremont
Combining Statement of Net Position
Internal Service Funds
June 30, 2014
(With comparative totals for June 30, 2013)

	Risk Management	Information Technology	Totals	
			2014	2013
ASSETS				
Current assets:				
Cash and investments held by City	\$ 16,155,260	\$ 3,853,854	\$ 20,009,114	\$ 18,316,038
Other receivables	3,391	100,280	103,671	115,081
Total current assets	<u>16,158,651</u>	<u>3,954,134</u>	<u>20,112,785</u>	<u>18,431,119</u>
Noncurrent assets:				
Depreciable assets	19,000	8,671,160	8,690,160	8,529,125
Less accumulated depreciation	-	(5,944,815)	(5,944,815)	(5,561,673)
Land held for resale	2,821,430	-	2,821,430	2,821,430
Total noncurrent assets	<u>2,840,430</u>	<u>2,726,345</u>	<u>5,566,775</u>	<u>5,788,882</u>
Total assets	<u>18,999,081</u>	<u>6,680,479</u>	<u>25,679,560</u>	<u>24,220,001</u>
LIABILITIES				
Current liabilities:				
Accounts payable	210,317	144,521	354,838	175,068
Salaries and wages payable	47,227	98,845	146,072	163,007
Claims payable	5,771,000	-	5,771,000	5,323,000
Total current liabilities	<u>6,028,544</u>	<u>243,366</u>	<u>6,271,910</u>	<u>5,661,075</u>
Noncurrent liabilities:				
Claims payable	12,250,000	-	12,250,000	11,351,000
Total noncurrent liabilities	<u>12,250,000</u>	<u>-</u>	<u>12,250,000</u>	<u>11,351,000</u>
Total liabilities	<u>18,278,544</u>	<u>243,366</u>	<u>18,521,910</u>	<u>17,012,075</u>
NET POSITION				
Net investment in capital assets	19,000	2,726,345	2,745,345	2,967,452
Unrestricted	701,537	3,710,768	4,412,305	4,240,474
Total net position	<u>\$ 720,537</u>	<u>\$ 6,437,113</u>	<u>\$ 7,157,650</u>	<u>\$ 7,207,926</u>

City of Fremont
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the fiscal year ended June 30, 2014
(With comparative totals for the fiscal year ended June 30, 2013)

	Risk Management	Information Technology	Totals	
			2014	2013
OPERATING REVENUES				
Charges for services	\$ 6,000,355	\$ 6,050,001	\$ 12,050,356	\$ 11,800,000
Other	40,001	12,108	52,109	49,672
Total operating revenues	6,040,356	6,062,109	12,102,465	11,849,672
OPERATING EXPENSES				
Salaries and wages	905,525	3,366,025	4,271,550	4,083,416
Insurance premiums	1,268,443	-	1,268,443	885,177
Provision for claim losses	5,147,256	-	5,147,256	6,369,584
Claims administration	299,894	-	299,894	253,379
Materials and supplies	7,608	1,785,781	1,793,389	2,142,120
Depreciation	-	399,755	399,755	234,881
Other	-	55,696	55,696	49,868
Total operating expenses	7,628,726	5,607,257	13,235,983	14,018,425
OPERATING INCOME (LOSS)	(1,588,370)	454,852	(1,133,518)	(2,168,753)
NONOPERATING REVENUES				
Investment income (loss)	133,064	29,590	162,654	(42,196)
Loss on disposal	(70,552)	(8,860)	(79,412)	-
Income (loss) before transfers	(1,525,858)	475,582	(1,050,276)	(2,210,949)
Transfers in	1,000,000	-	1,000,000	
Transfers out	-	-	-	(1,500,000)
CHANGE IN NET POSITION	(525,858)	475,582	(50,276)	(3,710,949)
Net position - beginning	1,246,395	5,961,531	7,207,926	10,918,875
Net position - ending	\$ 720,537	\$ 6,437,113	\$ 7,157,650	\$ 7,207,926

City of Fremont
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2014
(With comparative totals for the fiscal year ended June 30, 2013)

	Risk Management	Information Technology	Totals	
			2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from users	\$ 5,996,964	\$ 6,064,802	\$ 12,061,766	\$ 11,811,951
Other revenue	40,001	12,108	52,109	49,672
Less: Payments to suppliers	(1,524,668)	(1,657,288)	(3,181,956)	(3,402,339)
Payments for employee services	(924,541)	(3,363,944)	(4,288,485)	(4,062,639)
Payments for claims paid	(3,800,256)	-	(3,800,256)	(4,104,584)
Payments to others	-	(55,696)	(55,696)	(49,869)
Net cash provided by (used for) operating activities	(212,500)	999,982	787,482	242,192
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Acquisition of capital assets	(70,552)	(186,508)	(257,060)	(421,875)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers in (out)	1,000,000	-	1,000,000	(1,500,000)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received (charged) on cash and investments	133,064	29,590	162,654	(42,196)
Net change in cash and cash equivalents	850,012	843,064	1,693,076	(1,721,879)
CASH AND CASH EQUIVALENTS				
Beginning of year	15,305,248	3,010,790	18,316,038	20,037,917
End of year	<u>\$ 16,155,260</u>	<u>\$ 3,853,854</u>	<u>\$ 20,009,114</u>	<u>\$ 18,316,038</u>
RECONCILIATION OF OPERATING				
INCOME (LOSS) TO NET CASH PROVIDED				
BY (USED FOR) OPERATING ACTIVITIES				
Operating income (loss)	\$ (1,588,370)	\$ 454,852	\$ (1,133,518)	\$ (2,168,753)
Adjustments to reconcile operating income (loss)				
to net cash provided by (used for) operating activities:				
Depreciation	-	399,755	399,755	234,881
Changes in operating assets and liabilities:				
Other receivables	(3,391)	14,801	11,410	11,951
Accounts payable	51,277	128,493	179,770	(121,664)
Salaries and wages payable	(19,016)	2,081	(16,935)	20,777
Claims payable	1,347,000	-	1,347,000	2,265,000
Net cash provided by (used for) operating activities	\$ (212,500)	\$ 999,982	\$ 787,482	\$ 242,192
Noncash capital financing activities				
Carrying value of disposed assets	<u>\$ (70,552)</u>	<u>\$ (8,860)</u>	<u>\$ (79,412)</u>	<u>\$ -</u>

Supplementary Section

Agency Funds

Descriptions – Agency Funds

FIDUCIARY FUND FINANCIAL STATEMENTS

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

Agency Funds

Local Improvement Districts – Special assessment bonds were issued by local improvement districts under various public improvement acts of the State of California and are secured by liens against properties deemed to have been benefited by the improvements for which the bonds were issued. The City acts as an agent in collecting the assessments from the property owners, forwarding the collections to bondholders, and initiating foreclosure proceedings when necessary. This fund also accounts for the City of Fremont Community Facilities District No. 1. \$30 million Series 2001 bonds and \$38 million Series 2005 bonds which were issued to finance the public improvements at Pacific Commons. The 2001 and 2005 Series bonds each have a series of maturities of up to 30 years and have a weighted average fixed interest rate of 6.11% (Series 2001) and 5.33% (Series 2005).

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

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

City of Fremont
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2014

(With comparative totals for June 30, 2013)

	Local Improvement Districts	Performance Bonds, Deposits and Confiscated Assets	Southern Alameda County GIS	Total	
				2014	2013
<u>All Agency Funds</u>					
Assets:					
Cash and investments held by City	\$ 9,389,185	\$ 1,996,325	\$ 892	\$ 11,386,402	\$ 10,673,913
Restricted cash and investments held by fiscal agent	4,946,820	16,921	-	4,963,741	4,946,819
Land held for resale	-	13,592,893	-	13,592,893	-
Accounts receivable	-	-	11,241	11,241	10,165
Other receivables	-	-	-	-	46,737
Total assets	14,336,005	15,606,139	12,133	29,954,277	15,677,634
Liabilities:					
Accounts payable	-	167,653	-	167,653	11,060
Due to other governments	-	13,592,893	-	13,592,893	-
Deposits	14,336,005	1,845,593	12,133	16,193,731	15,666,574
Total liabilities	14,336,005	15,606,139	12,133	29,954,277	15,677,634
Net position:					
Net position held in trust	\$ -	\$ -	\$ -	\$ -	\$ -

City of Fremont
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the fiscal year ended June 30, 2014

	Balance June 30, 2013	Additions	Deductions	Balance June 30, 2014
<u>Local Improvement Districts</u>				
Assets:				
Cash and investments held by City	\$ 8,792,505	\$ 6,529,759	\$ (5,933,079)	\$ 9,389,185
Restricted cash and investments held by fiscal agent	4,946,819	649,601	(649,600)	4,946,820
Other receivables	46,737	708,562	(755,299)	-
Total assets	\$ 13,786,061	\$ 7,887,922	\$ (7,337,978)	\$ 14,336,005
Liabilities:				
Deposits	\$ 13,786,061	\$ 7,191,397	\$ (6,641,453)	\$ 14,336,005
<u>Performance Bonds, Deposits and Confiscated Assets</u>				
Assets:				
Cash and investments held by City	\$ 1,879,490	\$ 783,890	\$ (667,055)	\$ 1,996,325
Restricted cash and investments held by fiscal agent	-	16,921	-	16,921
Land held for resale	-	13,592,893	-	13,592,893
Total assets	\$ 1,879,490	\$ 14,393,704	\$ (667,055)	\$ 15,606,139
Liabilities:				
Accounts payable	\$ 11,060	\$ 674,768	\$ (518,175)	\$ 167,653
Due to other governments	-	13,592,893	-	13,592,893
Deposits	1,868,430	838,507	(861,344)	1,845,593
Total liabilities	\$ 1,879,490	\$ 15,106,168	\$ (1,379,519)	\$ 15,606,139
<u>Southern Alameda County GIS</u>				
Assets:				
Cash and investments held by City	\$ 1,918	\$ 33,264	\$ (34,290)	\$ 892
Accounts receivable	10,165	11,241	(10,165)	11,241
Total assets	\$ 12,083	\$ 44,505	\$ (44,455)	\$ 12,133
Liabilities:				
Deposits	\$ 12,083	\$ 50	\$ -	\$ 12,133
<u>Total Agency Funds</u>				
Assets:				
Cash and investments held by City	\$ 10,673,913	\$ 7,346,913	\$ (6,634,424)	\$ 11,386,402
Restricted cash and investments held by fiscal agent	4,946,819	666,522	(649,600)	4,963,741
Land held for resale	-	13,592,893	-	13,592,893
Accounts receivable	10,165	11,241	(10,165)	11,241
Other receivables	46,737	708,562	(755,299)	-
Total assets	\$ 15,677,634	\$ 22,326,131	\$ (8,049,488)	\$ 29,954,277
Liabilities:				
Accounts payable	\$ 11,060	\$ 674,768	\$ (518,175)	\$ 167,653
Due to other governments	-	13,592,893	-	13,592,893
Deposits	15,666,574	8,029,954	(7,502,797)	16,193,731
Total liabilities	\$ 15,677,634	\$ 22,297,615	\$ (8,020,972)	\$ 29,954,277

Supplementary Section

Human Services Fund

Descriptions – 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.

HUD/SHP Grant – This fund accounts for funds from the Department of Housing and Urban Development to implement the Homeless Outreach for People Empowerment project.

Older Americans Grant – This fund accounts for federal grant monies received under the Older Americans Act. Case management is provided to enable functionally impaired older persons to obtain services.

Tri-City Elders – The Tri-City Elders Coalition works to identify and effectively meet the needs of seniors to enable them to remain independent in their own homes and communities. This is accomplished through advocacy, education, resource coordination and information sharing.

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

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

Area Agency on Aging MSSP – This fund accounts for monies received from the State Department of Aging (via County pass-through) to provide services aimed at allowing frail elders to remain in their homes.

Alameda County Senior Mobile Mental Health – This fund accounts for the monies received from the Alameda County Behavioral Health Care Services Department to support a multi-disciplinary team approach to mobile mental health services provided to homebound isolated seniors.

Family Resource Center – This fund accounts for monies received from leases at the Family Resource Center. This revenue is used for maintenance and operating costs of the 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.

Descriptions – Human Services Fund

Youth Service Center – This fund accounts for Youth Service Center grants received from the State Council for Criminal Justice.

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.

Alameda Behavioral Health Care – This fund accounts for the monies used to support a multi-disciplinary team approach to family support at the Family Resource Center.

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

Miscellaneous Donations and Grants – This fund accounts for donations that support Human Services Department programs, as well as small grants given to Human Services by private contributors.

Human Services Operating – This fund accounts for the administrative staff and operating expenditures necessary to administer the above funds.

City of Fremont
Supplemental Information
Summary of Human Services Fund Balance Sheet
June 30, 2014
(With comparative totals for June 30, 2013)

	Community Development Block Grant	SHP Grant	Older Americans Grant
ASSETS			
Cash and investments held by City	\$ -	\$ -	\$ -
Receivables:			
Due from other governmental agencies	985,238	269,795	14,832
Housing loans receivable, net	1,422,055	-	-
Accounts receivable	-	-	-
Total assets	\$ 2,407,293	\$ 269,795	\$ 14,832
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 469,800	\$ 72,821	\$ -
Salaries and wages payable	10,667	-	-
Due to other funds	504,771	196,974	14,832
Unearned revenue	-	-	-
Total liabilities	985,238	269,795	14,832
Deferred inflows of resources-unavailable revenue	1,422,055	-	-
Fund Balances:			
Restricted for social service programs	-	-	-
Committed for social service programs	-	-	-
Total fund balances	-	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 2,407,293	\$ 269,795	\$ 14,832

Tri-City Elders	Senior Services	Multipurpose Senior Services Program	Area Agency on Aging	Alameda County Senior Mobile Mental Health	Family Resource Center
\$ 116,862	\$ 258,982	\$ -	\$ -	\$ -	\$ 2,845,303
50	19,237	87,183	44,615	126,678	439,091
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 116,912</u>	<u>\$ 278,219</u>	<u>\$ 87,183</u>	<u>\$ 44,615</u>	<u>\$ 126,678</u>	<u>\$ 3,284,394</u>
\$ 1,956	\$ 19,624	\$ 1,657	\$ -	\$ 231	\$ 6,499
-	24,117	-	-	-	59,582
-	-	85,526	44,615	87,134	-
-	-	-	-	-	-
<u>1,956</u>	<u>43,741</u>	<u>87,183</u>	<u>44,615</u>	<u>87,365</u>	<u>66,081</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
114,956	-	-	-	39,313	3,218,313
-	234,478	-	-	-	-
<u>114,956</u>	<u>234,478</u>	<u>-</u>	<u>-</u>	<u>39,313</u>	<u>3,218,313</u>
<u>\$ 116,912</u>	<u>\$ 278,219</u>	<u>\$ 87,183</u>	<u>\$ 44,615</u>	<u>\$ 126,678</u>	<u>\$ 3,284,394</u>

(Continued)

City of Fremont
Supplemental Information
Summary of Human Services Fund Balance Sheet, continued
June 30, 2014
(With comparative totals for June 30, 2013)

	Family Resource Center Corporation	Youth Service Center	Every Child Counts Grant
ASSETS			
Cash and investments held by City	\$ 132,744	\$ -	\$ 558,555
Receivables:			
Due from other governmental agencies	81,125	100,323	132,667
Housing loans receivable, net	-	-	-
Accounts receivable	7,591	-	-
Total assets	\$ 221,460	\$ 100,323	\$ 691,222
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 38	\$ 1,454	\$ 4,874
Salaries and wages payable	-	-	1,617
Due to other funds	-	98,869	-
Unearned revenue	-	-	-
Total liabilities	38	100,323	6,491
Deferred inflows of resources-unavailable revenue	-	-	-
Fund Balances:			
Restricted for social service programs	221,422	-	684,731
Committed for social service programs	-	-	-
Total fund balances	221,422	-	684,731
Total liabilities, deferred inflows of resources, and fund balances	\$ 221,460	\$ 100,323	\$ 691,222

Alameda Behavioral Health Care	Measure B Para-Transit	Miscellaneous Donations and Grants	Human Services Operating	Total Summary of Human Services Fund	
				2014	2013
\$ -	\$ 145,500	\$ 1,247,448	\$ 1,220,812	\$ 6,526,206	\$ 6,155,150
33,135	415,630	127,292	16,780	2,893,671	2,534,383
-	-	-	-	1,422,055	1,326,772
-	-	-	2,846	10,437	20,106
<u>\$ 33,135</u>	<u>\$ 561,130</u>	<u>\$ 1,374,740</u>	<u>\$ 1,240,438</u>	<u>\$ 10,852,369</u>	<u>\$ 10,036,411</u>
\$ -	\$ 111,398	\$ 6,223	\$ 58,777	\$ 755,352	\$ 473,275
-	867	-	182,659	279,509	263,561
33,135	-	-	-	1,065,856	500,111
-	-	-	-	-	1,459,201
<u>33,135</u>	<u>112,265</u>	<u>6,223</u>	<u>241,436</u>	<u>2,100,717</u>	<u>2,696,148</u>
-	-	-	-	1,422,055	-
-	448,865	1,368,517	-	6,096,117	6,041,518
-	-	-	999,002	1,233,480	1,298,745
-	448,865	1,368,517	999,002	7,329,597	7,340,263
<u>\$ 33,135</u>	<u>\$ 561,130</u>	<u>\$ 1,374,740</u>	<u>\$ 1,240,438</u>	<u>\$ 10,852,369</u>	<u>\$ 10,036,411</u>

(Concluded)

City of Fremont

Supplemental Information

Summary of Human Services Fund Revenues, Expenditures, and Changes in Fund Balance

For the fiscal year ended June 30, 2014

(With comparative totals for the fiscal year ended June 30, 2013)

	Community Development Block Grant	SHP Grant	Older Americans Grant
REVENUES:			
Intergovernmental	\$ 2,384,567	\$ 274,929	\$ 43,061
Charges for services	-	-	-
Investment earnings	-	-	-
Other	94,444	-	-
Total revenues	<u>2,479,011</u>	<u>274,929</u>	<u>43,061</u>
EXPENDITURES:			
Current:			
Human services	236,660	-	43,061
Capital assets maintenance and operations	-	-	-
Community development and environmental services	2,232,571	273,612	-
Intergovernmental	-	-	-
Other post employment benefits	-	-	-
Capital outlay	-	-	-
Debt service:			
Interest and fiscal charges	-	-	-
Total expenditures	<u>2,469,231</u>	<u>273,612</u>	<u>43,061</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>9,780</u>	<u>1,317</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	(9,780)	(1,317)	-
Total other financing sources (uses)	<u>(9,780)</u>	<u>(1,317)</u>	<u>-</u>
Net change in fund balances	-	-	-
FUND BALANCES:			
Beginning of year	-	-	-
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Tri-City Elders	Senior Services	Multipurpose Senior Services Program	Area Agency on Aging	Alameda County Senior Mobile Mental Health	Family Resource Center
\$ -	\$ -	\$ 231,131	\$ 144,996	\$ 431,255	\$ 335,123
15,230	186,989	-	-	91,680	1,047,032
858	-	-	-	-	26,742
36,572	214,053	-	720	-	181,103
<u>52,660</u>	<u>401,042</u>	<u>231,131</u>	<u>145,716</u>	<u>522,935</u>	<u>1,590,000</u>
72,669	813,391	231,131	144,604	446,758	887,921
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	6,719	-	-	-	-
-	-	-	-	-	127,620
<u>72,669</u>	<u>820,110</u>	<u>231,131</u>	<u>144,604</u>	<u>446,758</u>	<u>1,015,541</u>
<u>(20,009)</u>	<u>(419,068)</u>	<u>-</u>	<u>1,112</u>	<u>76,177</u>	<u>574,459</u>
-	426,000	-	-	-	109,565
-	(21,669)	-	(1,112)	(36,864)	(833,861)
-	404,331	-	(1,112)	(36,864)	(724,296)
(20,009)	(14,737)	-	-	39,313	(149,837)
<u>134,965</u>	<u>249,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,368,150</u>
<u>\$ 114,956</u>	<u>\$ 234,478</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,313</u>	<u>\$ 3,218,313</u>

(Continued)

City of Fremont

Supplemental Information, continued

Summary of Human Services Fund Revenues, Expenditures, and Changes in Fund Balance

For the fiscal year ended June 30, 2014

(With comparative totals for the fiscal year ended June 30, 2013)

	Family Resource Center Corporation	Youth Service Center	Every Child Counts Grant
REVENUES:			
Intergovernmental	\$ -	\$ 410,264	\$ 880,292
Charges for services	1,920	-	-
Investment earnings	569	-	-
Other	356,508	-	-
Total revenues	358,997	410,264	880,292
EXPENDITURES:			
Current:			
Human services	203,121	410,264	863,699
Capital assets maintenance and operations	-	-	-
Community development and environmental services	-	-	-
Intergovernmental	-	-	-
Other post employment benefits	-	-	-
Capital outlay	-	-	-
Debt service:			
Interest and fiscal charges	-	-	-
Total expenditures	203,121	410,264	863,699
REVENUES OVER (UNDER) EXPENDITURES	155,876	-	16,593
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	(26,986)	-	(61,028)
Total other financing sources (uses)	(26,986)	-	(61,028)
Net change in fund balances	128,890	-	(44,435)
FUND BALANCES:			
Beginning of year	92,532	-	729,166
End of year	\$ 221,422	\$ -	\$ 684,731

Alameda Behavioral Health Care	Measure B Para-Transit	Miscellaneous Donations and Grants	Human Services Operating	Intrafund elimination	Fund Revenues, Expenditures, and Changes in Fund Balances	
					2014	2013
\$ 192,924	\$ 1,311,810	\$ 364,005	\$ 16,780	\$ -	\$ 7,021,137	\$ 4,705,575
-	37,013	2,140	178,579	-	1,560,583	2,375,829
-	1,823	-	11,563	-	41,555	(5,999)
-	-	81,143	78	-	964,621	741,080
<u>192,924</u>	<u>1,350,646</u>	<u>447,288</u>	<u>207,000</u>	<u>-</u>	<u>9,587,896</u>	<u>7,816,485</u>
181,932	1,128,424	453,741	3,362,035	-	9,479,411	8,917,905
-	-	-	-	-	-	4,356
-	-	-	-	-	2,506,183	1,035,212
-	-	-	-	-	-	-
-	-	-	-	-	6,719	-
-	-	-	-	-	127,620	117,265
<u>181,932</u>	<u>1,128,424</u>	<u>453,741</u>	<u>3,362,035</u>	<u>-</u>	<u>12,119,933</u>	<u>10,074,738</u>
10,992	222,222	(6,453)	(3,155,035)	-	(2,532,037)	(2,258,253)
-	64,000	14,737	3,419,924	(188,302)	3,845,924	3,716,000
(10,992)	(87,120)	(106,709)	(315,417)	188,302	(1,324,553)	(1,146,501)
<u>(10,992)</u>	<u>(23,120)</u>	<u>(91,972)</u>	<u>3,104,507</u>	<u>-</u>	<u>2,521,371</u>	<u>2,569,499</u>
-	199,102	(98,425)	(50,528)	-	(10,666)	311,246
-	249,763	1,466,942	1,049,530	-	7,340,263	7,029,017
<u>\$ -</u>	<u>\$ 448,865</u>	<u>\$ 1,368,517</u>	<u>\$ 999,002</u>	<u>\$ -</u>	<u>\$ 7,329,597</u>	<u>\$ 7,340,263</u>

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Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.	126
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City’s ability to generate property tax.	130
Debt Capacity These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	135
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place and to help make comparisons over time and with other governments.	139
Operating Information 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.	142

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

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

	2004/05	2005/06	2006/07
Governmental activities			
Net investment in capital assets	\$ 477,491,078	\$ 492,609,091	\$ 507,801,920
Restricted	233,465,777	232,686,345	253,733,287
Unrestricted	50,687,189	52,601,260	51,665,700
Total primary government net position	<u>\$ 761,644,044</u>	<u>\$ 777,896,696</u>	<u>\$ 813,200,907</u>

Note: The City implemented GASB Statement No. 54 in FY 2010/11 with restatement to FY 2009/10. FY 2009/10 and FY 2010/11 balances have been reclassified to conform to the presentation in FY 2011/12 and beyond.

The City implemented GASB Statement No. 65 in FY 2013/14 with restatement to FY 2012/13.

⁽¹⁾ Restated for prior period adjustment

Schedule 1

2007/08	2008/09	2009/10 ⁽¹⁾	2010/11	2011/12	2012/13	2013/14
\$ 597,016,241	\$ 617,287,566	\$ 682,627,226	\$ 685,667,798	\$ 691,660,486	\$ 705,897,097	\$ 711,439,311
262,457,732	258,314,734	194,716,786	204,033,227	117,039,150	127,702,933	128,637,828
43,467,426	39,138,468	42,803,743	38,008,379	59,650,042	52,010,409	56,054,426
\$ 902,941,399	\$ 914,740,768	\$ 920,147,755	\$ 927,709,404	\$ 868,349,678	\$ 885,610,439	\$ 896,131,565

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

Expenses	2004/05	2005/06	2006/07
Governmental activities:			
General government	\$ 10,927,465	\$ 11,504,343	\$ 13,008,021
Police services	45,097,014	46,923,899	50,900,709
Fire services	26,157,733	27,439,461	28,586,741
Human services	6,006,485	6,622,615	7,023,486
Capital assets maintenance and operations	33,952,582	34,033,545	51,922,938
Recreation and leisure services	4,906,353	5,292,877	5,746,712
Community development and environmental services	44,331,019	46,315,194	35,676,597
Intergovernmental	-	-	-
Interest on debt	6,939,093	8,749,040	9,046,177
Total primary government expenses	<u>178,317,744</u>	<u>186,880,974</u>	<u>201,911,381</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	711,360	554,714	365,018
Police services	4,227,141	4,451,080	5,151,589
Fire services	2,450,562	2,653,190	2,633,354
Human services	1,292,815	1,646,046	1,938,551
Capital assets maintenance and operations	1,562,861	1,664,257	1,727,489
Recreation and leisure services	3,474,316	3,473,820	3,844,673
Community development and environmental services	14,626,076	14,870,735	18,364,336
Operating grants and contributions	13,701,055	15,673,580	28,035,029
Capital grants and contributions	491,304	649,463	231,404
Total primary government program revenues	<u>42,537,490</u>	<u>45,636,885</u>	<u>62,291,443</u>
Net (Expense)/Revenue			
Total primary government net expense	<u>(135,780,254)</u>	<u>(141,244,089)</u>	<u>(139,619,938)</u>
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes			
Property tax	62,247,469	83,462,380	90,038,824
Sales tax	30,619,014	32,276,785	34,190,785
Revenue loss mitigation	11,157,253	-	-
Business taxes	6,092,081	6,771,199	6,738,310
Transient occupancy tax	2,017,603	2,342,279	2,885,388
Property transfer tax	1,784,668	1,948,201	1,504,708
Motor vehicle in lieu	4,623,173	2,041,387	1,220,418
Development impact fees	8,867,917	5,527,178	10,845,865
Franchise fees	7,383,149	7,666,471	7,902,406
Investment earnings	7,304,154	9,049,458	13,758,948
Miscellaneous	2,461,066	6,411,403	5,838,497
Total primary government general revenues and other changes in net position	<u>144,557,547</u>	<u>157,496,741</u>	<u>174,924,149</u>
Pollution remediation obligation	-	-	-
Extraordinary loss	-	-	-
Total primary government change in net position	<u>\$ 13,943,431</u>	<u>\$ 16,252,652</u>	<u>\$ 35,304,211</u>

⁽¹⁾ Restated for prior period adjustment

⁽²⁾ Restated for GASB 65

Schedule 2

	2007/08	2008/09	2009/10 ⁽¹⁾	2010/11	2011/12	2012/13 ⁽²⁾	2013/14
\$	13,070,910	\$ 13,767,479	\$ 11,430,814	\$ 11,971,463	\$ 10,747,362	\$ 12,306,781	\$ 12,963,908
	54,340,131	55,686,039	55,616,399	54,925,765	54,904,248	56,697,425	60,187,955
	31,949,301	34,614,856	33,959,301	34,482,857	35,276,141	35,696,189	37,797,969
	8,570,232	8,543,626	8,939,110	8,908,446	9,187,754	9,461,291	9,973,326
	45,347,610	38,893,562	46,719,842	42,075,801	56,293,833	48,651,872	55,110,254
	6,248,438	6,929,936	6,868,067	6,731,068	7,240,833	7,797,737	8,428,819
	39,566,083	42,224,384	52,910,594	45,447,180	18,982,320	16,868,885	21,263,989
	-	12,740,670	-	-	-	-	-
	9,884,311	9,616,078	4,284,166	6,373,866	6,101,394	5,107,813	4,839,848
	208,977,016	223,016,630	220,728,293	210,916,446	198,733,885	192,587,993	210,566,068
	1,489,409	1,686,609	916,917	1,000,218	835,913	822,395	837,196
	4,863,088	5,202,320	4,386,919	4,200,213	4,063,168	4,291,487	4,505,971
	2,707,187	2,810,650	2,909,491	2,819,447	2,825,041	2,801,995	2,793,384
	1,775,799	2,069,671	1,864,397	1,563,341	1,518,996	2,384,329	2,890,542
	1,731,401	1,759,999	2,051,575	2,901,266	4,632,786	2,931,189	2,290,082
	4,028,541	4,604,871	5,480,873	5,540,566	5,981,911	6,253,791	6,929,386
	16,404,617	14,598,875	15,953,963	12,755,944	14,213,061	15,623,890	18,096,122
	25,380,774	22,954,564	22,854,182	20,877,645	28,521,019	20,783,010	16,288,849
	31,205,534	10,507,311	8,382,432	702,431	5,370,208	8,107,564	12,846,862
	89,586,350	66,194,870	64,800,749	52,361,071	67,962,103	63,999,650	67,478,394
	(119,390,666)	(156,821,760)	(155,927,544)	(158,555,375)	(130,771,782)	(128,588,343)	(143,087,674)
	98,144,859	103,503,472	102,848,091	100,080,165	81,383,794	77,314,901	72,130,472
	35,583,842	31,631,408	26,769,511	30,089,204	33,065,829	34,404,123	38,862,070
	-	-	-	-	-	-	-
	7,508,481	7,009,869	7,106,402	6,820,327	7,495,975	7,368,022	7,828,030
	3,181,302	2,864,442	2,866,987	3,475,913	4,132,665	4,871,866	6,155,212
	1,092,279	840,065	975,982	1,031,249	861,352	1,202,361	1,494,656
	938,566	727,164	634,305	991,459	219,730	93,304	-
	11,012,026	4,104,115	6,976,919	6,790,105	6,193,879	7,371,151	8,262,911
	7,953,642	8,328,847	7,928,716	8,215,061	8,255,221	8,470,739	8,924,582
	17,425,422	8,981,569	6,358,774	4,296,980	2,289,171	(453,486)	1,957,784
	3,402,237	3,530,178	8,393,566	4,326,561	5,020,001	7,720,415	7,993,083
	186,242,656	171,521,129	170,859,253	166,117,024	148,917,617	148,363,396	153,608,800
	-	(2,900,000)	475,000	-	-	-	-
	-	-	-	-	(77,505,561)	-	-
\$	66,851,990	\$ 11,799,369	\$ 15,406,709	\$ 7,561,649	\$ (59,359,726)	\$ 19,775,053	\$ 10,521,126

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

	2004/05	2005/06	2006/07
General Fund			
Nonspendable:			
Long term loans receivable	\$ -	\$ -	\$ -
Prepaid assets	-	-	-
Assigned for:			
Encumbrances	-	-	-
Unassigned	-	-	-
Reserved	379,089	629,338	450,170
Unreserved	36,363,031	39,404,749	41,683,524
Total general fund	<u>\$ 36,742,120</u>	<u>\$ 40,034,087</u>	<u>\$ 42,133,694</u>
All Other Governmental Funds			
Nonspendable:			
Prepaid assets	\$ -	\$ -	\$ -
Restricted For:			
Social service programs	-	-	-
Debt service	-	-	-
Public safety	-	-	-
Street improvements	-	-	-
Community development	-	-	-
Other purposes	-	-	-
Committed for:			
Social service programs	-	-	-
Recreation programs	-	-	-
Assigned for:			
Vehicle replacement	-	-	-
Other capital projects	-	-	-
Unassigned	-	-	-
Reserved	96,343,792	85,903,878	126,727,937
Unreserved, designated for:			
Special revenue funds	55,773,577	55,335,438	52,682,836
Capital projects fund	95,326,847	106,135,519	119,785,296
Unreserved, undesignated for:			
Special revenue funds	-	(516,943)	(709,919)
Total all other governmental funds	<u>\$ 247,444,216</u>	<u>\$ 246,626,150</u>	<u>\$ 260,671,861</u>

Note: The City implemented GASB Statement No. 54 in FY 2010/11 with restatement to FY 2009/10. FY 2009/10 and FY 2010/11 balances have been reclassified to conform to the presentation in FY 2011/12 and beyond.

Schedule 3

2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 314,556
-	-	10,335	10,827	-	-	-
-	-	-	-	-	-	1,010,793
-	-	28,890,327	28,050,777	31,002,006	31,310,309	29,819,191
202,890	386,227	-	-	-	-	-
35,524,862	30,713,126	-	-	-	-	-
\$ 35,727,752	\$ 31,099,353	\$ 28,900,662	\$ 28,061,604	\$ 31,002,006	\$ 31,310,309	\$ 31,144,540
\$ -	\$ -	\$ 3,764,808	\$ (10,827)	\$ -	\$ -	\$ -
-	-	6,430,993	11,707,520	6,299,201	11,707,520	9,820,703
-	-	7,100,039	4,251,981	4,273,390	4,251,981	3,055,835
-	-	7,043,810	4,958,094	8,475,758	4,958,094	3,275,314
-	-	25,516,365	27,807,373	29,640,961	27,807,373	28,169,721
-	-	141,502,159	72,719,309	69,628,179	72,719,309	79,059,198
-	-	774,382	544,412	566,102	544,412	498,172
-	-	184,559	1,897,039	3,976,129	1,897,039	7,002,800
-	-	3,986,842	5,563,377	4,983,869	5,563,377	6,291,555
-	-	4,578,109	4,240,492	3,842,513	3,702,187	3,407,645
-	-	18,244,729	35,550,435	30,058,124	35,550,435	36,690,483
-	-	-	-	-	(134,557)	(42,547)
71,138,649	48,982,849	-	-	-	-	-
55,781,769	47,612,657	-	-	-	-	-
153,637,169	175,423,906	-	-	-	-	-
(528,661)	(490,498)	-	-	-	-	-
\$ 268,284,736	\$ 268,382,353	\$ 219,126,795	\$ 169,229,205	\$ 161,744,226	\$ 168,567,170	\$ 177,228,879

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

Revenues	2004/05	2005/06	2006/07
Taxes:			
Property tax	\$ 61,790,662	\$ 83,008,738	\$ 89,560,729
Sales tax	30,619,014	32,276,785	34,190,785
Revenue loss mitigation	11,157,253	-	-
Business taxes	6,092,081	6,771,199	6,738,310
Transient occupancy tax	2,017,604	1,948,201	2,885,388
Property transfer tax	1,784,668	2,342,279	1,504,708
Total taxes	113,461,282	126,347,202	134,879,920
Motor vehicle in lieu	4,623,173	2,041,387	1,220,418
Development impact fees	8,867,917	5,527,178	10,845,865
Franchise fees	7,546,775	7,666,471	7,902,406
Charges for services	27,389,159	30,054,401	31,755,677
Investment earnings	7,229,477	8,888,252	13,405,022
Intergovernmental	14,157,861	16,127,222	28,513,124
Other revenues	2,394,707	6,350,404	5,769,464
Total revenues	185,670,351	203,002,517	234,291,896
Expenditures			
General government	10,757,407	11,012,979	12,094,439
Police services	43,805,707	46,191,569	50,065,794
Fire services	25,203,843	26,501,821	27,630,794
Human services	5,947,640	6,560,721	6,995,637
Capital assets maintenance and operations	29,115,843	27,361,954	48,265,999
Recreation and leisure services	4,825,523	5,233,963	5,588,467
Community development and environmental services	34,329,281	35,811,739	26,563,329
Intergovernmental	9,761,863	10,187,704	8,550,372
Capital outlay	23,315,029	13,254,734	13,142,337
Debt service:			
Principal	6,730,000	9,675,000	9,975,000
Interest and fiscal charges	7,360,443	8,705,701	8,810,719
Payment to refunding escrow	-	-	-
Total expenditures	201,152,579	200,497,885	217,682,887
Excess of revenues over (under) expenditures	(15,482,228)	2,504,632	16,609,009
Other Financing Sources (Uses)			
Debt issuance	25,000,000	-	-
Premium on debt issue	362,917	-	-
Proceeds from HELP Loan	-	-	-
Proceeds from sale of capital assets	-	-	-
Transfers in	47,194,926	45,655,624	74,488,066
Transfers out	(48,916,828)	(45,686,355)	(74,951,757)
Payment to escrow agent	-	-	-
Total other financing sources (uses)	23,641,015	(30,731)	(463,691)
Extraordinary gain (loss)	-	-	-
Net change in fund balances	\$ 8,158,787	\$ 2,473,901	\$ 16,145,318
Debt service as a percentage of noncapital expenditures	7.9%	9.8%	9.2%

Note: The City implemented GASB Statement No. 54 in FY 2010/11 with restatement to FY 2009/10. FY 2009/10 and FY 2010/11 balances have been reclassified to conform to the presentation in FY 2011/12 and beyond.

Schedule 4

2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
\$ 98,144,859	\$ 103,503,472	\$ 102,848,091	\$ 100,080,165	\$ 81,383,794	\$ 77,314,901	\$ 72,130,472
35,583,842	31,631,408	26,769,511	30,089,204	33,065,829	34,404,123	38,862,070
-	-	-	-	-	-	-
7,508,481	7,009,869	7,106,402	6,820,327	7,495,975	7,368,022	7,828,030
3,181,302	2,864,442	2,866,987	3,475,913	4,132,665	4,871,866	6,155,212
1,092,279	840,065	975,982	1,031,249	861,352	1,202,361	1,494,656
145,510,763	145,849,256	141,201,278	141,496,858	126,939,615	125,161,273	126,470,440
938,566	727,164	634,305	991,459	219,730	93,304	-
11,012,026	4,104,115	6,976,919	6,790,105	6,193,879	7,371,151	8,262,911
7,953,642	8,328,847	7,928,716	8,215,061	8,255,221	8,470,739	8,924,582
31,599,774	30,910,844	31,553,854	30,763,760	33,500,728	34,880,896	37,815,036
16,955,191	8,760,151	7,325,832	4,062,605	2,056,182	(411,290)	1,795,130
52,363,648	32,643,976	30,710,452	21,342,310	33,198,278	28,432,282	27,054,592
3,980,839	3,460,782	8,326,595	4,259,458	4,790,435	7,670,743	7,940,974
270,314,449	234,785,135	234,023,646	217,921,616	215,154,068	211,669,098	218,263,665
12,628,762	11,711,458	11,126,970	11,626,724	10,326,841	11,705,622	12,325,158
52,837,739	54,573,391	53,798,999	53,438,082	53,386,351	52,983,058	56,526,938
30,364,662	32,710,995	31,471,578	32,088,475	32,968,266	32,028,985	34,122,657
8,565,647	8,582,926	8,929,839	8,937,090	9,132,699	9,289,812	9,835,921
42,341,852	39,069,515	40,386,402	37,741,086	52,839,416	44,241,372	49,542,065
6,188,443	6,876,778	6,720,593	6,509,957	6,904,449	6,984,149	7,546,990
29,316,813	42,360,414	28,393,990	30,765,728	19,250,687	19,145,502	18,912,045
10,170,059	12,753,545	26,182,316	16,404,213	-	-	-
57,959,324	39,318,636	41,936,766	24,358,920	11,413,444	19,490,281	9,929,862
10,300,000	20,390,000	8,130,000	4,680,000	4,890,000	5,430,000	5,435,000
8,186,907	10,235,890	7,021,913	6,730,327	6,672,770	4,957,514	5,054,471
-	-	-	-	2,844,665	-	-
268,860,208	278,583,548	264,099,366	233,280,602	210,629,588	206,256,295	209,231,107
1,454,241	(43,798,413)	(30,075,720)	(15,358,986)	4,524,480	5,412,803	9,032,558
-	92,360,000	-	15,000,000	53,280,000	-	22,005,000
-	353,665	-	-	1,272,726	-	726,480
-	1,500,000	-	-	-	-	-
-	-	-	218,444	60,449	218,444	1,202,251
124,375,710	71,731,048	51,893,739	48,045,240	37,006,086	36,398,411	35,667,820
(123,829,663)	(71,155,437)	(51,187,268)	(47,269,403)	(37,006,086)	(34,898,411)	(36,667,820)
-	(57,815,000)	(22,085,000)	-	(53,245,335)	-	(22,145,000)
546,047	36,974,276	(21,378,529)	15,994,281	1,367,840	1,718,444	788,731
-	-	-	-	(64,462,513)	-	-
\$ 2,000,288	\$ (6,824,137)	\$ (51,454,249)	\$ 635,295	\$ (58,570,193)	\$ 7,131,247	\$ 9,821,289
8.8%	12.8%	6.8%	5.5%	7.2%	5.6%	5.3%

City of Fremont
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
in thousands of dollars
(Unaudited)

Schedule 5

Fiscal Year	City					Redevelopment Agency ⁽¹⁾					City Direct Rate
	Secured	Unsecured	Less Exemptions	Public Utilities	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Public Utilities	Taxable Assessed Value	
2005	\$ 24,901,891	\$ 1,893,085	\$ (635,980)	\$ 15,347	\$ 26,174,343	\$ 2,552,704	\$ 545,786	\$ (62,797)	\$ 868	\$ 3,036,561	0.0023%
2006	26,823,571	2,026,153	(668,294)	14,683	28,196,113	2,721,854	550,430	(65,890)	976	3,207,370	0.0079%
2007	28,907,217	2,036,828	(715,350)	12,654	30,241,349	2,921,642	533,612	(57,752)	849	3,398,351	0.0044%
2008	30,946,443	2,063,841	(732,041)	3,271	32,281,514	3,256,501	563,757	(71,929)	265	3,748,594	0.0042%
2009	32,521,734	2,185,774	(753,714)	3,090	33,956,884	3,534,749	554,175	(93,021)	265	3,996,168	0.0079%
2010	32,197,081	2,445,549	(809,531)	3,090	33,836,189	3,535,085	614,481	(99,204)	265	4,050,627	0.0107%
2011	32,096,417	2,550,780	(841,788)	3,093	33,808,502	3,345,741	585,154	(104,760)	265	3,826,400	0.0095%
2012	31,689,717	2,435,867	(835,287)	3,093	33,293,390	3,355,013	570,433	(105,348)	265	3,820,363	0.0098%
2013	32,152,556	2,461,490	(833,858)	67,380	33,847,568	3,387,706	597,016	(119,523)	265	3,865,464	0.0094%
2014	33,986,979	2,299,499	(826,210)	59,209	35,519,477	3,491,344	652,849	(101,029)	265	4,043,429	0.0000%

Note: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of \$1 per \$100 based upon 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 new assessed value is reassessed at the purchase price of the property sold. 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.

Source: Alameda County Auditor-Controller

(1) This information for FY 2012/13 and beyond is for the Successor Agency to the Redevelopment Agency of the City of Fremont.

City of Fremont
Direct and Overlapping Governments
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	County	School District	Special Districts	
2005	-	0.0023%	1.0000%	0.0761%	0.0092%	1.0876%
2006	-	0.0079%	1.0000%	0.0626%	0.0154%	1.0859%
2007	-	0.0044%	1.0000%	0.0520%	0.0246%	1.0810%
2008	-	0.0042%	1.0000%	0.0610%	0.0402%	1.1054%
2009	-	0.0079%	1.0000%	0.0594%	0.0453%	1.1126%
2010	-	0.0107%	1.0000%	0.0622%	0.0293%	1.1022%
2011	-	0.0095%	1.0000%	0.0540%	0.0374%	1.1009%
2012	0.1491%	0.0098%	0.8509%	0.0844%	0.0375%	1.1317%
2013	0.1491%	0.0094%	0.8509%	0.0803%	0.0344%	1.1241%
2014	0.1491%	0.0052%	0.8509%	0.0706%	0.0510%	1.1268%

Note: In 1978, California voters passed Proposition 13 which sets the countywide property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies within which whose jurisdiction the subject property

Source: Alameda County Auditor-Controller

⁽¹⁾ City direct rate shown is City's share of the 1.00% countywide property tax rate. Data is not available for years prior to 2011/12.

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

Schedule 7

Tax Payer	2014			2005		
	Total Assessed Value	Rank	% of Total City Taxable Assessed Value	Total Assessed Value	Rank	% of Total City Taxable Assessed Value
Tesla Motors Inc	\$ 315,896	1	0.89%	-	-	-
Transcontinental Northern California Inc.	213,899	2	0.60%	-	-	-
John T. Arrillaga & Richard T. Peery	197,911	3	0.56%	\$ 154,966	5	0.58%
SI 30 LLC	189,262	4	0.53%	-	-	-
BRE Properties, Inc.	154,355	5	0.43%	146,132	6	0.55%
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%	-	-	-
New United Motors Manufacturing, Inc.	-	-	-	932,230	1	3.48%
Catellus Development Corporation	-	-	-	256,364	2	0.96%
CalWest Industrial Properties LLC	-	-	-	163,346	3	0.61%
Ardenwood Corporate Park Associates	-	-	-	162,858	4	0.61%
SCI LP I	-	-	-	134,102	7	0.50%
Jer Bayside LLD	-	-	-	99,979	8	0.37%
Selco Service Corporation	-	-	-	94,335	9	0.35%
ERP Operating LP	-	-	-	75,636	10	0.28%
Total	<u>\$ 1,205,671</u>		<u>3.39%</u>	<u>\$ 2,219,948</u>		<u>8.29%</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	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections ⁽¹⁾
		Amount Collected	Percentage of Levy	
2005	\$ 33,172,968	\$ 31,144,068	93.88%	\$ 2,971,267
2006	37,397,322	36,703,548	98.14%	4,371,657
2007	42,070,561	38,624,386	91.81%	4,026,116
2008	44,399,789	40,733,978	91.74%	3,539,003
2009	44,177,923	42,805,006	96.89%	3,825,298
2010	43,616,959	42,782,214	98.09%	3,176,030
2011	43,687,455	43,356,624	99.24%	2,510,954
2012	42,966,823	42,898,140	99.84%	2,263,527
2013	43,903,194	43,369,417	98.78%	2,031,948
2014	46,355,757	45,922,508	99.07%	1,958,658

Sources: City of Fremont Finance Department, Treasury Division, and Alameda County Auditor - Controller

⁽¹⁾ Unable to determine subsequent collections by fiscal year. Amounts shown are total collections of delinquent taxes during year.

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

Schedule 9

dollars in thousands, except per capita
(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities				Percentage of Taxable Assessed Value of Property ⁽¹⁾	Percentage of Personal Income ⁽²⁾	Debt Per Capita ⁽³⁾
	General Obligation Bonds	Redevelopment Bonds	Certificates of Participation	Total Outstanding Debt			
2005	\$ 34,820	\$ 58,930	\$ 138,625	\$ 232,375	0.89%	N/A	\$ 1,110
2006	34,630	53,365	134,705	222,700	0.79%	N/A	1,060
2007	34,430	47,645	130,650	212,725	0.70%	N/A	1,026
2008	34,220	41,765	126,440	202,425	0.63%	N/A	967
2009	50,000	26,070	140,510	216,580	0.64%	2.69%	1,024
2010	49,260	-	137,105	186,365	0.55%	2.35%	871
2011	48,205	-	148,480	196,685	0.58%	2.20%	913
2012	47,240	-	141,745	188,985	0.57%	2.28%	869
2013	45,970	-	137,585	183,555	0.54%	1.92%	834
2014	44,565	-	133,415	177,980	0.50%	1.83%	795

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ See Schedule 5 for property value data.

⁽²⁾ Personal income data is disclosed in Schedule 13.

⁽³⁾ Population data can be found in Schedule 13.

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

Schedule 10

Fiscal Year Ended June 30,	General Bonded Debt Outstanding				Total	Percentage of Estimated Actual Taxable Value of Property ⁽²⁾	Per Capita ⁽³⁾
	General Obligation Bonds	Redevelopment Bonds	Less: Amounts Available in Debt Service Fund ⁽¹⁾				
2005	\$ 34,820	\$ 58,930	\$ 1,056	\$ 92,694	0.32%	\$ 448	
2006	34,630	53,365	1,780	86,215	0.28%	418	
2007	34,430	47,645	1,554	80,521	0.24%	388	
2008	34,220	41,765	789	75,196	0.21%	359	
2009	50,000	26,070	1,763	74,307	0.20%	351	
2010	49,260	-	2,391	46,869	0.12%	219	
2011	48,205	-	2,382	45,823	0.12%	213	
2012	47,240	-	2,407	44,833	0.12%	206	
2013	45,970	-	2,420	43,550	0.12%	198	
2014	44,565	-	1,235	43,330	0.11%	193	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

⁽¹⁾ This is the amount restricted for debt service principal payments.

⁽²⁾ See Schedule 5 for property value data.

⁽³⁾ Population data can be found in Schedule 13.

City of Fremont
Direct and Overlapping Governmental Activities Debt
As of June 30, 2014
(Unaudited)

Schedule 11

	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
<u>GOVERNMENT UNIT</u>			
Bay Area Rapid Transit District	\$ 648,275,000	6.807%	\$ 44,128,079
Chabot-Las Positas Community College District	432,337,431	0.007%	30,264
Ohlone Community College District	190,664,503	83.746%	159,673,895
Fremont Unified School District	171,025,000	100.000%	171,025,000
Sunol Glen Unified School District	765,540	0.279%	2,136
City of Fremont Community Facilities District No. 1	65,740,000	100.000%	65,740,000
City of Fremont 1915 Act Bonds	2,070,000	100.000%	2,070,000
Washington Township Healthcare District	199,910,000	70.069%	140,074,938
East Bay Regional Park District	202,210,000	10.508%	21,248,227
Alameda County General Fund Obligations	893,799,500	17.201%	153,742,452
Alameda County Pension Obligations	87,787,424	17.201%	15,100,315
Alameda-Contra Costa Transit District Certificates of Participation	28,155,000	20.366%	5,734,047
Subtotal, overlapping debt			<u>778,569,353</u>
City of Fremont, direct debt			177,980,000
Total direct and overlapping debt			<u>\$ 956,549,353</u>

Note: 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.

Source: California Municipal Statistics, Inc.

City of Fremont
Legal Debt Margin Information
June 30, 2014
Last Ten Fiscal Years
dollars in millions
(Unaudited)

Schedule 12

Assessed value of property	<u>\$ 35,519</u>	
Debt limit (15% of assessed value)		\$ 5,328
Debt applicable to limit:		
Total Debt	178	
Less Certificates of Participation not subject to limit	<u>133</u>	
Total net debt subject to limit		45
Legal debt margin		<u>\$ 5,283</u>

	Fiscal Year									
	<u>2004/05</u>	<u>2005/06</u>	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>	<u>2009/10</u>	<u>2010/11</u>	<u>2011/12</u>	<u>2012/13</u>	<u>2013/14</u>
Debt Limit	\$ 3,924	\$ 4,227	\$ 4,534	\$ 4,842	\$ 5,093	\$ 5,075	\$ 5,071	\$ 4,994	\$ 5,077	\$ 5,328
Total net debt applicable to limit	35	35	34	34	50	49	48	47	46	45
Legal debt margin available	<u>\$ 3,889</u>	<u>\$ 4,192</u>	<u>\$ 4,500</u>	<u>\$ 4,808</u>	<u>\$ 5,043</u>	<u>\$ 5,026</u>	<u>\$ 5,023</u>	<u>\$ 4,947</u>	<u>\$ 5,031</u>	<u>\$ 5,283</u>
Percentage of Debt Limit Available	99.11%	99.17%	99.25%	99.30%	99.02%	99.03%	99.05%	99.06%	99.09%	99.16%

Note: Under State law, the City has a legal debt limitation not to exceed 15% of the total assessed valuation of taxable property within the City boundaries. In accordance with California Government Code section 43605, only the City's general obligation bonds are subject to the legal debt limit.

Source: City of Fremont Finance Department, County of Alameda Tax Assessor's Office

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

Schedule 13

<u>Year</u>	<u>Population ⁽¹⁾</u>	<u>Per Capita Personal Income ⁽²⁾</u>	<u>Personal Income ⁽²⁾</u>	<u>Unemployment Rate ⁽³⁾</u>
2005	206,712	N/A	N/A	3.7%
2006	206,454	N/A	N/A	3.1%
2007	207,358	N/A	N/A	3.3%
2008	209,257	N/A	N/A	4.4%
2009	211,506	\$ 38,070	\$ 8,052,033,420	7.6%
2010	214,089	36,995	7,920,222,555	8.2%
2011	215,391	41,594	8,958,973,254	7.5%
2012	217,420	38,095	8,282,614,900	6.4%
2013	220,133	43,504	9,576,666,032	5.3%
2014	223,972	43,504 *	9,743,677,888 *	4.4%

⁽¹⁾ Source: State of California Department of Finance. Demographics estimates now incorporate 2010 Census counts as the benchmark.

⁽²⁾ Source: U.S. Census Bureau, 2013 American Community Survey.

⁽³⁾ Source: EDD Labor Market Information Division. 2014 rate is annual average through October 2014.

* Projected using prior year Per Capita Personal Income

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

Schedule 14

Fiscal Year	Commercial/Industrial		Residential		Total	
	Number of Permits	Estimated Value	Number of Permits	Estimated Value	Number of Permits	Estimated Value
2004/05	768	\$ 164,351,160	4,392	\$ 159,569,872	5,160	\$ 323,921,032
2005/06	935	179,211,699	4,361	160,838,698	5,296	340,050,397
2006/07	927	155,059,489	4,346	130,771,602	5,273	285,831,091
2007/08	892	244,837,898	3,464	146,059,745	4,356	390,897,643
2008/09	829	94,886,907	2,970	122,842,111	3,799	217,729,018
2009/10	894	322,308,508	3,195	116,043,844	4,089	438,352,352
2010/11	892	110,096,205	2,927	119,479,395	3,819	229,575,600
2011/12	884	133,682,758	2,861	124,453,892	3,745	258,136,650
2012/13	884	195,336,130	2,671	126,717,982	3,555	322,054,112
2013/14	865	335,068,875	3,104	112,278,572	3,969	447,347,447

Source: City of Fremont, Community Development Department

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

Schedule 15

Employer	2014			2007		
	Percentage of Total City			Percentage of Total City		
	Employment	Employees ⁽¹⁾	Rank ⁽²⁾	Employment	Employees	Rank
Tesla Motors	2.75%	1000-5000	1	-	-	-
Fremont Unified School District	2.75%	1000-5000	2	1.59%	1,672	3
Washington Hospital	2.75%	1000-5000	3	2.28%	2,400	2
Western Digital	2.75%	1000-5000	4	1.04%	1,100	7
Lam Research Corporation	2.75%	1000-5000	5	1.20%	1,261	5
Boston Scientific/Target Therapeutics, Inc.	2.75%	1000-5000	6	1.14%	1,200	6
Seagate Magnetics	2.75%	1000-5000	7	-	-	-
Kaiser Permanente	0.69%	500-999	8	-	-	-
City of Fremont	0.79%	864	9	-	-	-
Thermo Fisher Scientific	0.69%	500-999	10	-	-	-
New United Motor Manufacturing	-	-	-	5.41%	5,700	1
Smart Modular Technologies	-	-	-	1.25%	1,317	4
AXT Incorporated	-	-	-	0.92%	972	8
Asyst Technologies	-	-	-	0.90%	947	9
Oplink Communications	-	-	-	0.85%	900	10
Office Depot	-	-	-	0.85%	900	10

Note: Data pertaining to principal employers for nine years ago is not readily available. As such, we have used 2007 information which is the earliest available.

Source: City of Fremont; Economic Development Department.

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

(2) Rank listed as provided by Source.

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

Schedule 16

<u>Function/Program</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>Public Safety</u>										
Fire	153.00	153.00	153.00	161.00	161.00	152.00	152.50	152.50	153.00	157.00
Police	299.10	294.00	294.00	302.00	302.00	287.00	287.00	287.00	282.00	296.50
Total	452.10	447.00	447.00	463.00	463.00	439.00	439.50	439.50	435.00	453.50
<u>Other Community Services</u>										
Community Development	121.00	123.2	106.42	108.3	113.5	99.27	98.34	60.75	61.00	60.30
Economic Development	4.75	4.64	4.64	4.69	4.68	4.57	3.65	3.65	4.00	4.00
Human Services	40.67	43.97	43.97	52.32	52.80	51.80	54.50	54.50	56.50	57.63
Public Works	132.05	129.3	112.9	116.15	116.025	103.11	103.23	109.24	110.24	117.61
Community Services	34.85	33.35	67.35	67.35	69.35	61.85	61.85	93.43	94.41	89.51
Housing and Redevelopment	14.68	14.54	13.99	12.91	13.72	11.93	12.10	12.10	0.00	0.00
Total	348.00	349.00	349.27	361.72	370.08	332.53	333.67	333.67	326.15	329.05
<u>Administrative Systems</u>										
City Manager's Office	9.50	8.30	7.70	7.70	7.45	5.25	6.15	6.25	6.80	8.80
City Attorney	11.00	10.75	10.75	10.75	10.50	9.42	9.42	9.42	9.67	9.92
City Clerk	7.40	6.40	6.30	5.30	5.30	4.25	4.20	4.20	4.20	4.20
Finance	26.40	25.75	25.75	24.75	24.75	21.65	21.65	21.55	21.75	22.75
Information Systems	20.40	20.40	20.40	21.90	21.90	19.90	19.90	19.90	22.00	22.00
Human Resources	17.50	17.00	17.00	17.00	17.00	14.00	14.00	14.00	14.00	14.00
Total	92.20	88.60	87.90	87.40	86.90	74.47	75.32	75.32	78.42	81.67
CITYWIDE TOTAL	892.30	884.60	884.17	912.12	919.98	846.00	848.49	848.49	839.57	864.22

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

Schedule 17

<u>Function/Program</u>	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 ⁽¹⁾
<u>Police</u>										
Physical arrests	6,696	6,503	6,535	6,345	5,903	5,731	4,934	4,266	3,705	1,055
Vehicle moving and parking violations	14,176	10,762	14,545	17,563	15,849	15,839	13,152	9,829	10,535	12,479
<u>Fire</u>										
Emergency responses ⁽²⁾	12,979	13,338	13,535	13,190	13,067	12,958	13,003	13,320	13,445	13,510
Fires extinguished	447	383	489	462	371	360	331	313	370	355
<u>Parks and recreation</u>										
Number of recreation classes registrants	23,150	22,325	24,072	23,885	23,329	25,410	24,905	26,329	31,521	32,900

⁽¹⁾ Projected through year end based on data received through October 2014.

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

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

Schedule 18

<u>Function/Program</u>	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>Police</u>										
Stations	1	1	1	1	1	1	1	1	1	1
Police fleet cars & motorcycles	N/A	N/A	N/A	199	186	168	179	179	179	180
<u>Fire</u>										
Stations	10	10	10	10	11	11	11	11	11	11
Engines	16	16	16	16	16	16	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)	-	-	-	-	-	-	-	3	3	3
<u>Parks and recreations</u>										
Acreage	1,053	1,053	1,053	1,053	1,053	1,053	1,191	1,191	1,205	1,213
Playgrounds	52	52	52	52	52	52	52	52	52	52
Baseball/softball diamonds	24	24	24	24	24	24	24	24	24	24
Soccer/football fields	17	17	17	17	17	17	17	17	17	17
Community centers	5	5	5	5	5	5	5	5	5	5
Water park	-	-	-	-	1	1	1	1	1	1

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