

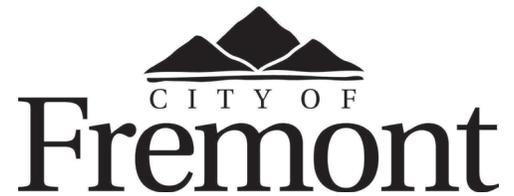


COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2015

Prepared by the Finance Department

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Letter of Transmittal



Finance Department

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December 14, 2015

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, 2015.

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, 2015. 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 almost 227,000, 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, Seagate Technology, Western Digital, Delta Products 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 Solar City, Sora, and Imergy. Other major companies include Lam Research, Synnex, and Thermo Fisher Scientific. Between 2012 and 2014, expansions by several of these companies resulted in approximately \$500 million dollars in private investment in Fremont.

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 improvements, recruitment of consumer retail uses to balance the City's business-to-business sales tax base, development of a pedestrian-oriented urban center in the City's Downtown area, and development opportunities for employment based advanced manufacturing businesses and their partners in the City's Warm Springs Innovation District. Significant resources have been invested in the City's estimated share of regional freeway interchanges. Four interchanges were constructed using local funds to allow the completion of extensive freeway investments funded by Alameda County, the State, and the federal government. This investment completed the upgrade 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 2016, and by 2018/2019, 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. Recently, Union Pacific Railroad (UPRR) sold 160 acres to Lennar. Lennar is proposing to build a mixed use project including 2,200 residential units and 1.7 million square feet of Industrial/commercial. The new BART station that will open in 2016 is within walking distance of Tesla Motors and the Lennar 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, approval of conceptual designs for the Warm Springs pedestrian and bicycle bridge (West Access Bridge) connecting the new BART station with employment centers to the west of the station, and the development of a 60,000 square foot plaza at the base of the bridge that will serve as the hub for the community and connect to the Lennar project through a series of urban plazas and parks.

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. Its grand opening was celebrated in October of 2015. A public/private partnership to build 157 housing units and 20,000 square feet of retail space will be breaking ground in the spring of 2016, 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 2017 and brings further emphasis to the City's commitment to having a community-focused presence in the Downtown.

The 2015/16 budget as adopted by the City Council provides funding to maintain City facilities and infrastructure, take advantage of economic development opportunities in the Downtown and Warm Springs Innovation District, construct affordable housing, increase public safety staffing, and prefund 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, 2014. This was the 31st 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 2014/15. This was the 18th 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.

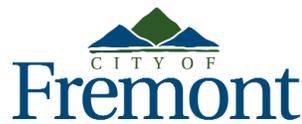
Letter of Transmittal

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

Respectfully submitted,

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

David Persselin
Finance Director/Treasurer



Located on the southeast side of the San Francisco Bay, Fremont is a city of over 226,000 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

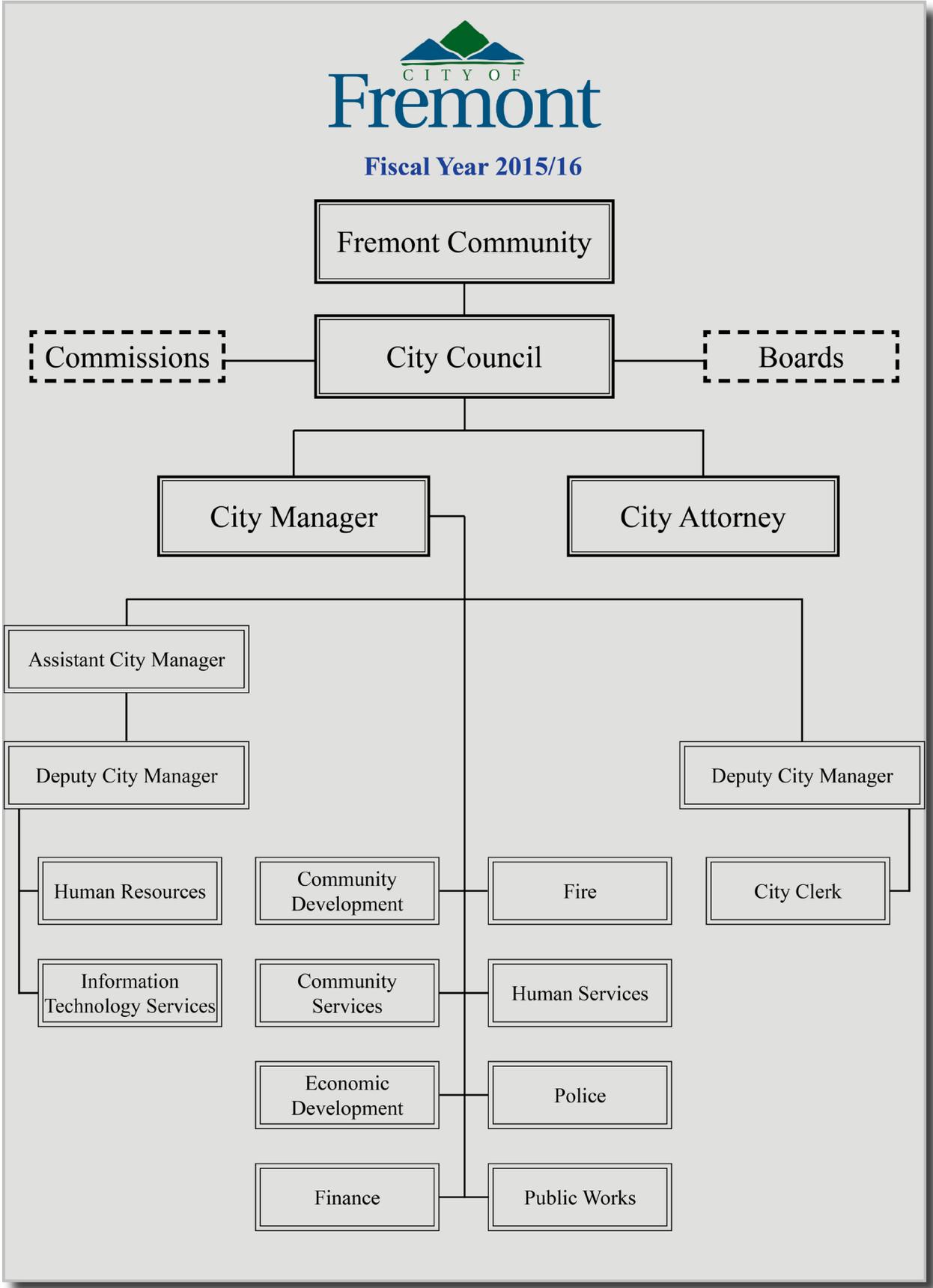
Bill Harrison, Mayor
Suzanne Lee Chan, Vice Mayor
Vinnie Bacon, Councilmember
Lily Mei, Councilmember
Rick Jones, Councilmember

City Executive Staff

Fred Diaz, City Manager
Harvey Levine, City Attorney
Jessica von Borck, Assistant City Manager
Karena Shackelford, Deputy City Manager
Brian Stott, 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
Richard Lucero, Police Chief
David Persselin, Finance Director
Jeff Schwob, Community Development Director
Suzanne Shenfil, Human Services Director

CAFR Team

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



Certification of Achievement for Excellence in Financial Reporting



The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fremont for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This was the 31st consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and legal requirements. A Certificate of Achievement is valid for one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Fremont
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



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, 2015, 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, 2015, 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 basic financial statements, effective July 1, 2014, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. 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 financial statements as of and for the year ended June 30, 2014, and we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information in our report dated December 19, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, 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 related to the pension plans and OPEB plans, 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 14, 2015 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 14, 2015

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, 2015. 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- 6 of this report.

Financial Highlights

- Beginning with the fiscal year ended June 30, 2015, the City implemented Statement No. 68 of the Governmental Accounting Standards Board (GASB 68) which requires the City to include its net pension liability in the government-wide, proprietary fund, and fiduciary fund financial statements. In previous years, the City has reported this long-term obligation in the notes to the basic financial statements as the unfunded actuarial accrued liability for retirement benefits. Similar to the City's long-term debt, the net pension liability is payable over an extended time horizon and does not represent a claim on current financial resources. For more information on implementation of GASB 68, please refer to the note titled *Effects of New Pronouncements* (Note 1.H.) in the Notes to the Basic Financial Statements.
- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$634.5 million (net position). Excluding the \$268.6 million net pension liability, \$38.3 million of unrestricted net position is available to meet the City's ongoing obligations to residents and creditors.
- The City's net position, with the beginning balance restated to reflect the net pension liability as of June 30, 2014, increased by \$35.1 million from the prior year.
- As of June 30, 2015, the City's governmental funds reported combined fund balances of \$235.3 million, an increase of \$25.6 million in comparison with the prior year. Of this amount, 15.8% (\$37.1 million) is available for spending at the City's discretion (unassigned fund balance).
- As of June 30, 2015, unassigned fund balance in the General Fund was \$37.2 million, or approximately 24.0% of total General Fund expenditures and transfers out. Of this amount, \$16.1 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, \$4.0 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 \$4.0 million was set aside by City Council policy to mitigate the effects of future economic downturns and unanticipated cost increases beyond the City's control. For more information, please refer to the note titled *Minimum Fund Balance Policies* (Note 1.I.13.) in the Notes to the Basic Financial Statements.
- The City's total outstanding long-term debt decreased by \$6.1 million during the fiscal year ended June 30, 2015.

Management's Discussion and Analysis

Overview of the Financial Statements

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

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

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred 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. On May 8, 2015, the City received notification from the California State Department of Finance acknowledging the end of the SARA's existence, and on May 19, 2015, the City Council adopted a resolution to terminate the SARA.

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 33 individual governmental funds. Information is presented in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance 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-six 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

Management's Discussion and Analysis

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.

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 51-95 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. Also included are a schedule of changes in the net pension liability and related ratios, a schedule of pension contributions, and a schedule of other post-employment benefits (OPEB) funding progress. Required supplementary information can be found on pages 97-109 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 116-159 of this report.

Government-Wide Financial Analysis

As noted earlier, changes in net position over time may serve as a useful indicator of the City's financial health. At the close of FY 2014/15, net position stood at \$634.5 million -- a 5.9% increase from the prior year after restating the prior year net position to reflect implementation of GASB 68.

Information about net position is presented in the summary schedule below:

**CITY OF FREMONT'S NET POSITION
JUNE 30, 2015 AND 2014**

(dollars in thousands)

	2015	2014	Percentage Change
Current and other assets	\$ 289,200	\$ 269,303	7.4%
Capital assets	897,556	887,082	1.2%
Assets	1,186,756	1,156,385	2.6%
Deferred Pension Contribution	26,209	-	N/A
Deferred Outflows of Resources	26,209	-	N/A
Current liabilities	42,865	40,884	4.8%
Noncurrent liabilities	486,165	219,369	121.6%
Liabilities	529,030	260,253	103.3%
Expected vs. actual investment earnings	49,407	-	N/A
Deferred Inflows of Resources	49,407	-	N/A
Net position:			
Net investment in capital assets	727,728	711,439	2.3%
Restricted	137,108	128,638	6.6%
Unrestricted*	(230,308)	56,055	(510.9%)
Net position	634,528	896,132	(29.2%)
Impact of restatement for GASB 68		(296,739)	N/A
Adjusted Net position	\$ 634,528	\$ 599,393	5.9%

* Unrestricted net position for June 30, 2015, includes the City's \$268.6 million net pension liability, which is not a claim on current financial assets.

At June 30, 2015, the City reported positive balances in all categories of net position, except for unrestricted net position due to the implementation of GASB 68 and the inclusion of the net pension liability.

The largest portion of the City's net position, \$727.7 million, reflects its net investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment) less any related debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents \$137.1 million of restricted resources that are subject to external restrictions on how they may be used. Excluding the \$268.6 million net pension liability, \$38.3 million of unrestricted net position is available to meet the City's ongoing obligations to residents and creditors.

Management's Discussion and Analysis

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, 2015 AND 2014

(dollars in thousands)

	2015	2014	Percentage Change
Revenues:			
Program revenues:			
Charges for services	\$ 44,611	\$ 38,343	16.3%
Operating grants and contributions	14,034	16,289	(13.8%)
Capital grants and contributions	12,099	12,847	(5.8%)
General revenues:			
Property tax	79,612	72,130	10.4%
Sales tax	40,744	38,862	4.8%
Business tax	9,420	7,828	20.3%
Transient occupancy tax	7,181	6,155	16.7%
Property transfer tax	1,758	1,495	17.6%
Vehicle license in-lieu fees	92	-	N/A
Development impact fees	6,967	8,263	(15.7%)
Franchise fees	9,299	8,925	4.2%
Investment earnings	1,764	1,958	(9.9%)
Gain on sale of capital assets	15,985	-	N/A
Miscellaneous	9,470	7,993	18.5%
Total revenues	253,036	221,088	14.5%
Program expenses:			
General government	13,900	12,964	7.2%
Police services	62,266	60,188	3.5%
Fire services	38,969	37,798	3.1%
Human services	10,418	9,973	4.5%
Capital assets maintenance and operations	57,971	55,110	5.2%
Recreation and leisure services	8,398	8,429	(0.4%)
Community development/environmental services	20,092	21,264	(5.5%)
Intergovernmental	1,990	-	N/A
Interest on debt	3,897	4,840	(19.5%)
Total program expenses	217,901	210,566	3.5%
Increase (decrease) in net position	35,135	10,522	233.9%
Net position, beginning of year, as reported	896,132	885,610	1.2%
Restatement for GASB 68	(296,739)		N/A
Net position, beginning of year, as restated	599,393	885,610	(32.3%)
Net position, end of year	634,528	896,132	(29.2%)
Impact of restatement for GASB 68		(296,739)	N/A
Adjusted net position, end of year	\$ 634,528	\$ 599,393	5.9%

Charges for services increased 16.3% (\$6.3 million) from FY 2013/14 to FY 2014/15 primarily due to charges for inclusionary housing for several large development projects including Mission Creek (\$1.3 million), Treviso (\$1.3 million), Pinnacle (\$1.2 million), Terrabella (\$1.2 million), and Mission Place (\$0.9 million).

Property tax increased 10.4% (\$7.5 million) as property values climbed and the County Assessor restored assessed value to properties that had experienced temporary reductions during the economic downturn (\$3.5 million). The property tax increase also reflects a one-time upward adjustment to the City's general obligation bonds tax rate in FY 2014/15 to compensate for the FY 2013/14 tax rate that was insufficient to fully cover the debt service payment due (\$2.6 million).

The sale of surplus City properties resulted in a gain on sale of capital assets of \$16.0 million. The most significant gains were reported for the sale of the former City corporation yard on Sequoia Road (\$12.8 million) and a parcel on Stevenson Place adjacent to the City's Fremont Park Golf Club (\$4.3 million). The gains from sale of surplus properties were partially offset by a loss on sale of \$2.8 million to implement a correction in the value of the City's nondepreciable capital assets.

Financial Analysis of The City's Major Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2015, the City's governmental funds reported combined ending fund balances of \$235.3 million, an increase of \$25.6 million from the prior year. Of this amount, 0.9% (\$2.2 million) is nonspendable because it relates to prepaid assets, 57.8% (\$136.0 million) is legally restricted for specific purposes by enabling legislation or external funding source providers, 5.9% (\$13.9 million) is committed for specific purposes by the City Council, and 19.6% (\$46.2 million) is assigned for specific purposes by the City. The remaining 15.8% (\$37.1 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 2014/15, total fund balance was \$41.2 million, of which \$37.2 million was unassigned. The primary components of this unassigned amount are: \$16.1 million (10.0% of budgeted expenditures and transfers out) set aside by City Council policy for use for costs associated with unforeseen events (contingencies); \$4.0 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; \$4.0 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

Management's Discussion and Analysis

Council policy to offset uncertainty in the multi-year budget forecast; and \$9.4 million of unallocated fund balance.

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 24.0% of total General Fund expenditures and transfers out.

The fund balance of the City's General Fund increased by \$8.8 million during the 2014/15 fiscal year, compared to an increase of \$1.2 million in the prior year. Revenues and transfers in of \$163.7 million were 8.8% (\$13.2 million) higher than in FY 2013/14. Expenditures and transfers out of \$154.9 million were 3.8% (\$5.6 million) higher than in FY 2013/14.

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 2014/15 were 13.9% (\$1.2 million) lower than the amount collected in FY 2013/14 due to several large one-time projects being issued in FY 2013/14. During FY 2014/15, 65.9% of this fund's expenditures (\$4.9 million) were for park-related projects, 34% (\$2.5 million) were for mitigating traffic-related impacts, and the remaining 0.1% was for other projects. In addition, \$850,000 was transferred to pay debt service related to capital facilities, and \$510,000 was transferred to pay debt service related to fire 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 \$74.2 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 2014/15 restricted fund balance totaled \$4.6 million, up from \$2.7 million in the prior year, due to a combination of an increase in activity due to the economy, and a change to the cost recovery multiplier for charges for services from a factor of 2.7 to 3.25. 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 \$7.8 million were 9.5% higher in FY 2014/15 than in the prior year (\$7.1 million). Expenditures increased 4.1% (from \$7.5 million to \$7.9 million). At the end of FY 2014/15, committed fund balance was \$7.3 million, an increase of \$1.0 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 2014/15, fund balance increased by \$4.5 million primarily due to the sale of surplus City property to fund capital projects supporting the Downtown Plan and Warm Springs/South Fremont Community Plan.

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 2014/15, fund balance was \$7.0 million, a decrease of \$292,000 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. At the end of FY 2014/15, fund balance was \$3.4 million, a decrease of \$279,000.

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.

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, follows.

Management's Discussion and Analysis

SUMMARY OF GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2015

(dollars in thousands)

	Original Budget	Final Budget	Actual Results	Favorable (Unfavorable) Variance from Final Budget
Beginning fund balance	\$ 27,093	\$ 27,093	\$ 32,470	\$ 5,377
Resources:				
Revenues	151,268	151,323	156,300	4,977
Transfers in	6,416	6,416	7,418	1,002
Total resources	157,684	157,739	163,718	5,979
Charges to appropriations:				
Expenditures	131,005	134,576	132,814	1,762
Transfers out	26,829	22,137	22,126	11
Total charges	157,834	156,713	154,940	1,773
Net change in fund balance	(150)	1,026	8,778	7,752
Ending fund balance	\$ 26,943	\$ 28,119	\$ 41,248	\$ 13,129

The actual beginning fund balance was \$5.4 million higher than the beginning estimate used in development of the FY 2014/15 budget. Total revenues and transfers in during FY 2014/15 were \$6.0 million greater than the final budget estimate. Actual expenditures and transfers out were \$1.8 million less than final budget. The net result of these variances was an actual ending fund balance \$13.1 million higher than the final budget estimate.

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

Revenue Source	Estimated Revenues	Actual Revenues	Difference	Percent
Sales tax	\$ 39,400	\$ 40,744	\$ 1,344	3.4%
Business Tax	8,108	9,420	1,312	16.2%
Transfers In	6,416	7,419	1,003	15.6%
Property tax	74,167	75,028	861	1.2%
Other taxes	8,202	8,940	738	9.0%
Intergovernmental	350	1,046	696	198.9%

The positive variance in sales tax revenue is attributable to stronger than anticipated auto sales and leases, which have continued to increase at a high rate since FY 2012/13. The business tax revenue variance is primarily due to enhanced collection efforts and increased construction activity. The higher level of transfers in reflects the repayment of an interfund loan to the Capital Improvement Fund from the Program Investment Reserve. Property tax revenues out-performed the estimate as a result of the improving housing market and the restoration by the County Assessor of temporary assessed value reductions. The variance in other taxes is primarily due to higher than anticipated transient occupancy tax collections reflecting an increase in hotel/motel room rates. Intergovernmental revenues came in higher than anticipated primarily due to a reimbursement from the State for the cost of unfunded mandates dating back to 2001.

The majority of the \$1.8 million expenditure savings is the result of lower than anticipated salary and benefits expenditures due to vacant positions (partially offset by increased overtime) and reduced expenditures for water.

Capital Assets and Debt Administration

Capital Assets. The City's investment in capital assets as of June 30, 2015, amounts to \$897.6 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 1.2%. Following is a summary of the City's capital assets (net of depreciation) at June 30, 2015 and 2014:

**CITY OF FREMONT'S CAPITAL ASSETS
JUNE 30, 2015 AND 2014
(dollars in thousands)**

	2015	2014	Percentage Change
Land	\$ 211,998	\$ 204,480	3.7%
Land improvements	5,448	5,448	0.0%
Infrastructure	471,309	471,246	0.0%
Buildings and improvements	152,953	156,958	(2.6%)
Equipment	5,238	5,220	0.3%
Vehicles	12,870	12,941	(0.5%)
Construction in progress	37,740	30,789	22.6%
Total capital assets	\$ 897,556	\$ 887,082	1.2%

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

- Addition of Warren/Mission Grade Separation project costs of \$2.5 million and Capitol Avenue Extension project costs of \$3.9 million in Construction in Progress
- Transfer from Construction in Progress of the completed Patterson House Foundation, \$552,000, to Buildings and Improvements, and Irrigation Controller System, \$610,000, to Infrastructure
- Land acquisition for the Downtown project at \$10.4 million
- Donated infrastructure improvements associated with various development projects valued at \$147,000
- The purchase of various equipment and vehicles at a cost of \$3.2 million
- Sale of surplus City properties totaling \$3.0 million of book value.

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

Management's Discussion and Analysis

Long-term Debt. As of June 30, 2015, the City had \$171.9 million in bonds and notes outstanding. Of this amount, \$128.7 million was related to certificates of participation and \$43.2 million was for general obligation bonds. Following is a summary schedule of outstanding debt:

CITY OF FREMONT'S LONG-TERM DEBT

JUNE 30, 2015

(dollars in thousands)

	<u>Balance July 1, 2014</u>	<u>Incurred or Issued</u>	<u>Satisfied or Matured</u>	<u>Balance June 30, 2015</u>
General Obligation Bonds:				
2009 Fire Safety Bonds	\$ 14,810	\$	\$ 335	\$ 14,475
2012 Fire Safety Bonds	7,750		320	7,430
2013 Fire Safety Bonds	22,005		700	21,305
Subtotal	<u>44,565</u>		<u>1,355</u>	<u>43,210</u>
Certificates of Participation (COPs):				
1998 Public Financing Authority	8,565		400	8,165
2008 Public Financing Authority	25,215		565	24,650
2008 Public Financing Authority	44,090		1,035	43,055
2010 Public Financing Authority	15,000		455	14,545
2012A Public Financing Authority	11,355		795	10,560
2012B Public Financing Authority	29,190		1,500	27,690
Subtotal	<u>133,415</u>		<u>4,750</u>	<u>128,665</u>
Total	<u>\$ 177,980</u>	<u>\$</u>	<u>\$ 6,105</u>	<u>\$ 171,875</u>

Of the outstanding debt, 45.6% is fixed rate debt, with an average interest rate of approximately 3.17%. The remaining 54.4% of the outstanding debt is variable rate debt, with an average interest rate of 0.06% as of June 30, 2015. The average interest rate on all outstanding City debt is 1.48% at June 30, 2015.

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 \$5.6 billion, which is significantly in excess of the City's outstanding general obligation debt. In addition to State law, the City Council adopted a debt policy in February 1996 that limits annual debt service payments in the General Fund to 7% of budgeted expenditures and transfers out. As of July 1, 2015, debt service payments were approximately 4.3% 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, 2015, 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, 2015, the City's overall street network was rated at a computed PCI index of 68.

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, 2015, the maintenance estimate was \$19.1 million, but the amount actually spent was \$11.4 million. Under the City's expanded pavement preservation program, the majority of street areas were treated using a combination of base repairs and surface treatments such as cape seals and slurry seals. This approach is more economical than a pavement rehabilitation program such as overlays, enabling the available funds to cover a larger pavement area.

Requests for Information

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

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Government-Wide Financial Statements

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City of Fremont
Statement of Net Position
June 30, 2015

(With comparative totals for June 30, 2014)

	Governmental Activities	
	2015	2014
ASSETS		
Current assets:		
Cash and investments held by City	\$ 249,885,853	\$ 228,944,156
Restricted cash and investments held by fiscal agent or City	6,301,118	5,321,323
Receivables, net	23,346,857	20,527,678
Condemnation deposits	15,000	3,853,000
Prepaid assets	2,173,335	-
Total current assets	<u>281,722,163</u>	<u>258,646,157</u>
Noncurrent assets:		
Housing loans receivable, net	4,656,966	7,835,654
Land held for resale	2,821,430	2,821,430
Capital assets:		
Nondepreciable assets	714,680,458	700,162,578
Depreciable assets, net	182,875,592	186,918,945
Total capital assets, net	<u>897,556,050</u>	<u>887,081,523</u>
Total noncurrent assets	<u>905,034,446</u>	<u>897,738,607</u>
Total assets	<u>1,186,756,609</u>	<u>1,156,384,764</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension contribution	26,208,859	-
LIABILITIES		
Current liabilities:		
Accounts payable	9,163,635	9,726,360
Salaries and wages payable	9,819,348	10,043,431
Claims payable	5,630,000	5,771,000
Pollution remediation obligation - due within one year	1,481,481	110,000
Interest payable	1,419,224	1,454,468
Unearned revenue	6,733,368	5,388,718
Compensated absences - due within one year	2,204,045	2,161,800
Long-term debt - due within one year	6,413,717	6,228,717
Total current liabilities	<u>42,864,818</u>	<u>40,884,494</u>
Noncurrent liabilities:		
Claims payable	11,946,000	12,250,000
Pollution remediation obligation - due in more than one year	1,481,481	2,084,628
Net other post employment benefits liability	30,401,000	25,023,000
Net pension liability	268,613,147	-
Compensated absences - due in more than one year	6,612,135	6,485,398
Long-term debt - due in more than one year	167,111,962	173,525,679
Total noncurrent liabilities	<u>486,165,725</u>	<u>219,368,705</u>
Total liabilities	<u>529,030,543</u>	<u>260,253,199</u>
DEFERRED INFLOWS OF RESOURCES		
Differences between expected and actual earnings on investments	49,407,103	-
NET POSITION		
Net investment in capital assets	<u>727,727,677</u>	<u>711,439,311</u>
Restricted:		
Social service programs	13,533,528	14,242,757
Debt service	2,643,062	1,234,899
Public safety	1,012,487	984,066
Street improvements	17,209,527	28,767,794
Community development	102,442,173	82,912,198
Other purposes	267,364	496,114
Total restricted	<u>137,108,141</u>	<u>128,637,828</u>
Unrestricted	<u>(230,307,996)</u>	<u>56,054,426</u>
Total net position	<u>\$ 634,527,822</u>	<u>\$ 896,131,565</u>

See accompanying Notes to Basic Financial Statements.

Government-Wide Financial Statements

City of Fremont

Statement of Activities

For the fiscal year ended June 30, 2015

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

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 13,900,314	\$ 1,152,052	\$ -	\$ -	\$ 1,152,052
Police services	62,265,880	4,528,822	1,922,548	-	6,451,370
Fire services	38,969,266	2,845,539	176,363	-	3,021,902
Human services	10,418,215	1,899,386	4,314,877	-	6,214,263
Capital assets maintenance and operations	57,971,103	2,325,489	5,642,782	12,098,975	20,067,246
Recreation and leisure services	8,397,409	7,633,759	-	-	7,633,759
Community development and environmental services	20,092,103	24,225,397	1,977,127	-	26,202,524
Intergovernmental	1,990,040	-	-	-	-
Interest on debt	3,896,781	-	-	-	-
Total	\$ 217,901,111	\$ 44,610,444	\$ 14,033,697	\$ 12,098,975	\$ 70,743,116

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)
Gain on sale of capital assets
Miscellaneous

Total general revenues

Change in net position

Net position - beginning of year, as reported

Restatement for GASB 68

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	
2015	2014
\$ (12,748,262)	\$ (12,126,712)
(55,814,510)	(54,349,728)
(35,947,364)	(34,612,954)
(4,203,952)	(2,721,260)
(37,903,857)	(33,103,179)
(763,650)	(1,499,433)
6,110,421	165,440
(1,990,040)	-
(3,896,781)	(4,839,848)
(147,157,995)	(143,087,674)
79,611,885	72,130,472
40,743,875	38,862,070
9,420,130	7,828,030
7,181,438	6,155,212
1,758,406	1,494,656
138,715,734	126,470,440
91,786	-
6,966,643	8,262,911
9,298,688	8,924,582
1,764,197	1,957,784
15,985,118	-
9,470,411	7,993,083
182,292,577	153,608,800
35,134,582	10,521,126
896,131,565	885,610,439
(296,738,325)	-
599,393,240	885,610,439
\$ 634,527,822	\$ 896,131,565

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Governmental Funds Financial Statements

Governmental Funds Financial Statements

City of Fremont Balance Sheet Governmental Funds June 30, 2015

(With comparative totals for June 30, 2014)

	Major Funds			
	General Fund	Development Impact Fees	Development Cost Center	Recreation Services
ASSETS				
Cash and investments held by City	\$ 34,076,112	\$ 74,568,275	\$ 9,447,738	\$ 9,183,164
Restricted cash and investments held by fiscal agent or City	-	-	-	-
Receivables:				
Property tax	752,431	-	-	-
Sales tax	5,927,542	-	-	-
Due from other governmental agencies	595,205	-	5,000	-
Housing loans receivable, net	260,482	-	-	-
Accrued interest	444,534	-	-	-
Transient occupancy tax	822,482	-	-	-
Franchise fees	990,456	-	-	-
Accounts receivable	410,004	-	725,676	-
Other	117,492	-	-	-
Land held for resale	-	-	-	-
Prepaid assets	2,173,335	-	-	-
Due from other funds	5,056,283	-	-	-
Total assets	\$ 51,626,358	\$ 74,568,275	\$ 10,178,414	\$ 9,183,164
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,677,839	\$ 328,903	\$ 233,928	\$ 264,852
Salaries and wages payable	8,284,574	-	671,663	303,169
Due to other funds	-	-	-	-
Unearned revenue	155,768	-	4,647,813	1,346,132
Total liabilities	10,118,181	328,903	5,553,404	1,914,153
Deferred inflows of resources-unavailable revenue	260,482	-	-	-
Fund Balances:				
Nonspendable:				
Long term loans receivable	-	-	-	-
Prepaid assets	2,173,335	-	-	-
Restricted for:				
Social service programs	-	-	-	-
Debt service	-	-	-	-
Public safety	-	-	-	-
Street improvements	-	-	-	-
Community development	-	74,239,372	4,625,010	-
Other purposes	-	-	-	-
Committed for:				
Social service programs	-	-	-	-
Recreation programs	-	-	-	7,269,011
Assigned for:				
Vehicle replacement	-	-	-	-
Other capital projects	-	-	-	-
Purchase orders and contracts	1,833,795	-	-	-
Unassigned	37,240,565	-	-	-
Total fund balances	41,247,695	74,239,372	4,625,010	7,269,011
Total liabilities, deferred inflows of resources, and fund balances	\$ 51,626,358	\$ 74,568,275	\$ 10,178,414	\$ 9,183,164

See accompanying Notes to Basic Financial Statements.

Governmental Funds Financial Statements

Major Funds				Total Governmental Funds	
Capital Improvement	Human Services	Low and Moderate Income Housing Asset	Non-major Funds	2015	2014
\$ 39,812,346	\$ 5,882,252	\$ 3,924,176	\$ 49,373,963	\$ 226,268,026	\$ 208,935,042
1,880,110	-	-	4,421,008	6,301,118	5,321,323
-	-	-	39,250	791,681	896,321
-	-	-	-	5,927,542	5,617,399
52,818	3,771,354	-	7,009,698	11,434,075	9,909,224
-	1,396,484	3,000,000	-	4,656,966	7,835,654
-	-	-	-	444,534	329,491
-	-	-	-	822,482	619,073
-	-	-	-	990,456	957,023
264,927	13,316	116,730	997,142	2,527,795	1,505,552
-	-	-	174,776	292,268	589,924
2,821,430	-	-	-	2,821,430	-
-	-	-	-	2,173,335	-
-	-	-	-	5,056,283	2,364,599
<u>\$ 44,831,631</u>	<u>\$ 11,063,406</u>	<u>\$ 7,040,906</u>	<u>\$ 62,015,837</u>	<u>\$ 270,507,991</u>	<u>\$ 244,880,625</u>
\$ 1,313,129	\$ 532,172	\$ 3,281	\$ 4,166,278	\$ 8,520,382	\$ 9,371,522
-	297,712	11,759	77,501	9,646,378	9,897,359
-	1,701,531	-	3,354,752	5,056,283	2,364,599
-	-	583,655	-	6,733,368	5,388,717
<u>1,313,129</u>	<u>2,531,415</u>	<u>598,695</u>	<u>7,598,531</u>	<u>29,956,411</u>	<u>27,022,197</u>
-	1,494,615	3,000,000	467,424	5,222,521	8,159,660
-	-	-	-	-	314,556
-	-	-	-	2,173,335	-
-	5,593,017	3,442,211	3,685	9,038,913	9,820,703
-	-	-	4,460,258	4,460,258	3,055,835
1,880,110	-	-	1,012,487	2,892,597	3,275,314
-	-	-	16,882,384	16,882,384	28,169,721
-	-	-	23,562,791	102,427,173	79,059,198
-	-	-	267,364	267,364	498,172
-	1,444,359	-	5,193,075	6,637,434	7,002,800
-	-	-	-	7,269,011	6,291,555
-	-	-	2,708,119	2,708,119	3,407,645
41,638,392	-	-	-	41,638,392	36,690,483
-	-	-	-	1,833,795	1,010,793
-	-	-	(140,281)	37,100,284	31,101,993
<u>43,518,502</u>	<u>7,037,376</u>	<u>3,442,211</u>	<u>53,949,882</u>	<u>235,329,059</u>	<u>209,698,768</u>
<u>\$ 44,831,631</u>	<u>\$ 11,063,406</u>	<u>\$ 7,040,906</u>	<u>\$ 62,015,837</u>	<u>\$ 270,507,991</u>	<u>\$ 244,880,625</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, 2015

(With comparative totals for June 30, 2014)

	2015	2014
Total Fund Balances - Total Governmental Funds	\$ 235,329,059	\$ 209,698,768
<p>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</p>		
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 \$2,639,743 and \$2,745,345 at June 30, 2015 and 2014, respectively.	894,916,307	884,336,178
Condemnation deposits are reported as current assets; however, such deposits are reported as expenditures in Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances.	15,000	3,853,000
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.	(1,419,224)	(1,454,468)
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.	1,502,463	7,157,650
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.	5,222,521	8,159,659
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.	(8,816,180)	(8,647,198)
Other post employment benefits obligation on Government-Wide Statement of Net Position are not due and payable and therefore are not reported in the Governmental Funds Balance Sheet.	(30,401,000)	(25,023,000)
Pollution remediation obligations are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.	(2,962,962)	(2,194,628)
Deferred outflows of resources resulting from timing changes of employer pension contributions are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet, net of the Internal Service Funds balance of \$573,309 at June 30, 2015.	25,635,550	-
Deferred inflows of resources resulting from the changes in the net pension liability are not due and payable and therefore are not reported in the Governmental Funds Balance Sheet, net of the Internal Service Funds balance of \$1,183,336 at June 30, 2015.	(48,223,767)	-
Net pension liability on Government-Wide Statement of Net Position are not due and payable and therefore are not reported in the Governmental Funds Balance Sheet, net of the Internal Service Funds balance of \$5,868,881 at June 30, 2015.	(262,744,266)	-
Long-term debt is not due and payable in the current period and therefore is not reported in the Governmental Funds Balance Sheet.	(173,525,679)	(179,754,396)
Net Position of Governmental Activities	\$ 634,527,822	\$ 896,131,565

See accompanying Notes to Basic Financial Statements.

Governmental Funds Financial Statements

City of Fremont

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the fiscal year ended June 30, 2015

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

	Major Funds				
	General Fund	Development Impact Fees	Development Cost Center	Recreation Services	Capital Improvement
REVENUES					
Property tax	\$ 75,028,000	\$ -	\$ -	\$ -	\$ -
Sales tax	40,743,875	-	-	-	-
Vehicle license fees	91,786	-	-	-	-
Intergovernmental	1,046,139	-	5,000	-	3,379
Business tax	9,420,130	-	-	-	-
Other taxes	8,939,844	-	-	-	-
Impact fees	-	6,966,643	-	-	-
Franchise fees	9,298,688	-	-	-	-
Charges for services	8,796,513	-	13,639,962	7,619,800	238,060
Investment earnings	416,039	508,347	63,709	60,667	313,862
Other	2,517,760	155,952	-	129,339	-
Total revenues	156,298,774	7,630,942	13,708,671	7,809,806	555,301
EXPENDITURES					
Current:					
General government	13,687,288	-	-	-	-
Police services	60,121,890	-	-	-	-
Fire services	37,063,504	-	-	-	-
Human services	-	-	-	-	-
Capital assets maintenance and operations	19,897,835	6,976,937	2,460,142	-	7,353,004
Recreation and leisure services	-	-	-	7,847,547	-
Community development and environmental services	1,230,461	-	7,805,576	-	-
Intergovernmental	-	-	-	-	1,990,040
Capital outlay	270,413	511,501	17,290	7,825	11,082,886
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	542,535	-	-	-	-
Total expenditures	132,813,926	7,488,438	10,283,008	7,855,372	20,425,930
REVENUES OVER (UNDER) EXPENDITURES	23,484,848	142,504	3,425,663	(45,566)	(19,870,629)
OTHER FINANCING SOURCES (USES)					
Debt issuance	-	-	-	-	-
Premium on debt issuance	-	-	-	-	-
Payment to refunding escrow	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	19,166,000
Transfers in	7,418,952	6,350,000	2,316,486	2,180,760	6,469,400
Transfers out	(22,125,994)	(1,360,000)	(3,858,187)	(1,157,738)	(1,228,000)
Total other financing sources (uses)	(14,707,042)	4,990,000	(1,541,701)	1,023,022	24,407,400
Net change in fund balances	8,777,806	5,132,504	1,883,962	977,456	4,536,771
FUND BALANCES					
Beginning of year	32,469,889	69,106,868	2,741,048	6,291,555	38,981,731
End of year	\$ 41,247,695	\$ 74,239,372	\$ 4,625,010	\$ 7,269,011	\$ 43,518,502

See accompanying Notes to Basic Financial Statements.

Governmental Funds Financial Statements

Major Funds			Total Governmental Funds	
Human Services	Low and Moderate Income Housing Asset	Non-major Funds	2015	2014
\$ -	\$ -	\$ 4,583,885	\$ 79,611,885	\$ 72,130,472
-	-	-	40,743,875	38,862,070
-	-	-	91,786	-
5,455,666	-	19,476,010	25,986,194	27,054,592
-	-	-	9,420,130	7,828,030
-	-	-	8,939,844	7,649,868
-	-	-	6,966,643	8,262,911
-	-	-	9,298,688	8,924,582
1,644,125	-	15,609,122	47,547,582	37,815,036
33,017	27,911	201,654	1,625,206	1,795,130
1,061,896	1,382,077	4,172,166	9,419,190	7,940,974
<u>8,194,704</u>	<u>1,409,988</u>	<u>44,042,837</u>	<u>239,651,023</u>	<u>218,263,665</u>
-	-	-	13,687,288	12,325,158
-	-	855,119	60,977,009	56,526,938
-	-	60,459	37,123,963	34,122,657
10,137,075	-	386,167	10,523,242	9,835,921
-	-	17,477,051	54,164,969	49,542,065
-	-	-	7,847,547	7,546,990
1,019,664	1,636,515	7,340,946	19,033,162	18,912,045
-	-	-	1,990,040	-
-	-	5,866,914	17,756,829	9,929,862
-	-	6,105,000	6,105,000	5,435,000
50,568	-	3,462,639	4,055,742	5,054,471
<u>11,207,307</u>	<u>1,636,515</u>	<u>41,554,295</u>	<u>233,264,791</u>	<u>209,231,107</u>
<u>(3,012,603)</u>	<u>(226,527)</u>	<u>2,488,542</u>	<u>6,386,232</u>	<u>9,032,558</u>
-	-	-	-	22,005,000
-	-	-	-	726,480
-	-	-	-	(22,145,000)
-	-	78,059	19,244,059	1,202,251
3,983,324	-	9,136,698	37,855,620	35,667,820
<u>(1,262,942)</u>	<u>(52,163)</u>	<u>(6,810,596)</u>	<u>(37,855,620)</u>	<u>(36,667,820)</u>
<u>2,720,382</u>	<u>(52,163)</u>	<u>2,404,161</u>	<u>19,244,059</u>	<u>788,731</u>
<u>(292,221)</u>	<u>(278,690)</u>	<u>4,892,703</u>	<u>25,630,291</u>	<u>9,821,289</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>\$ 7,037,376</u>	<u>\$ 3,442,211</u>	<u>\$ 53,949,882</u>	<u>\$ 235,329,059</u>	<u>\$ 209,698,768</u>

Governmental Funds Financial Statements

City of Fremont

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities

For the fiscal year ended June 30, 2015

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

	2015	2014
Net Change in Fund Balances - Total Governmental Funds	\$ 25,630,291	\$ 9,821,289
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets additions recorded in the current period along with the condemnation deposit increase/decrease due to land acquired and legal expenses paid during the year.	17,756,829	9,929,862
Contributions of capital assets from developers not reported as revenue in governmental funds.	146,478	2,081,119
Pension contribution made subsequent to the measurement date is an expenditure in the governmental funds, but reported as a deferred outflow of resources in the government-wide financial statements.	25,635,550	-
Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(20,817,420)	-
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 \$476,027 and \$399,755, for the years ended June 30, 2015 and 2014, respectively, from the Internal Service Funds is not reported as an expenditure in governmental funds.	(7,902,237)	(7,684,159)
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.	(3,258,941)	(2,084,471)
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.	6,105,000	27,580,000
Revenues earned but not available are deferred in the governmental funds but are recognized as revenues in the government-wide financial statements. Also, revenues recognized in the governmental funds during the current year that were earned and recognized in previous years in the government-wide financial statements are reported as beginning net position in the statement of activities.	(2,937,138)	527,647
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.	35,244	93,789
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.	123,717	120,834
Internal Service Funds are used to charge the costs of insurance and information technology to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities.	932,525	(50,276)
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 obligation 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.	(5,378,000)	(5,202,000)
Pollution remediation obligations are not due and payable in the current period and therefore the changes are not reported in the governmental funds.	(768,334)	(1,698,983)
Long-term compensated absences are not due and payable in the current period and therefore the changes are not reported in the governmental funds.	(168,982)	(258,688)
Change in Net Position of Governmental Activities	\$ 35,134,582	\$ 10,521,126

See accompanying Notes to Basic Financial Statements.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements

City of Fremont Statement of Net Position Proprietary Funds June 30, 2015

(With comparative totals for June 30, 2014)

	Internal Service	
	2015	2014
ASSETS		
Current assets:		
Cash and investments held by City	\$ 23,617,827	\$ 20,009,114
Other receivables	116,024	103,671
Total current assets	<u>23,733,851</u>	<u>20,112,785</u>
Noncurrent assets:		
Depreciable assets	9,060,585	8,690,160
Less accumulated depreciation	(6,420,842)	(5,944,815)
Land held for resale	-	2,821,430
Total noncurrent assets	<u>2,639,743</u>	<u>5,566,775</u>
Total assets	<u>26,373,594</u>	<u>25,679,560</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension contribution	<u>573,309</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable	643,253	354,838
Salaries and wages payable	172,970	146,072
Claims payable	5,630,000	5,771,000
Total current liabilities	<u>6,446,223</u>	<u>6,271,910</u>
Noncurrent liabilities:		
Claims payable	11,946,000	12,250,000
Net pension liability	5,868,881	-
Total noncurrent liabilities	<u>17,814,881</u>	<u>12,250,000</u>
Total liabilities	<u>24,261,104</u>	<u>18,521,910</u>
DEFERRED INFLOWS OF RESOURCES		
Differences between expected and actual earnings on investments	<u>1,183,336</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	2,639,743	2,745,345
Unrestricted	(1,137,280)	4,412,305
Total net position	<u>\$ 1,502,463</u>	<u>\$ 7,157,650</u>

See accompanying Notes to Basic Financial Statements.

City of Fremont
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the fiscal year ended June 30, 2015
 (With comparative totals for the fiscal year ended June 30, 2014)

	Internal Service	
	2015	2014
OPERATING REVENUES		
Charges for services	\$ 13,262,099	\$ 12,050,356
Other	51,221	52,109
Total operating revenues	13,313,320	12,102,465
OPERATING EXPENSES		
Salaries and wages	3,861,676	4,271,550
Insurance premiums	1,331,409	1,268,443
Provision for claim losses	4,314,130	5,147,256
Claims administration	265,588	299,894
Materials and supplies	2,214,430	1,793,389
Depreciation	476,027	399,755
Other	56,526	55,696
Total operating expenses	12,519,786	13,235,983
OPERATING INCOME (LOSS)	793,534	(1,133,518)
NONOPERATING REVENUES (EXPENSES)		
Investment income	138,991	162,654
Loss on disposal of capital assets	-	(79,412)
Income (loss) before transfers	932,525	(1,050,276)
Transfers in	-	1,000,000
CHANGE IN NET POSITION	932,525	(50,276)
Net position - beginning of year, as previously reported	7,157,650	7,207,926
Restatement for implementation of GASB 68	(6,587,712)	
Net position - beginning of year, as restated	569,938	7,207,926
Net position - ending	\$ 1,502,463	\$ 7,157,650

See accompanying Notes to Basic Financial Statements.

Proprietary Fund Financial Statements

City of Fremont

Statement of Cash Flows

Proprietary Funds

For the fiscal year ended June 30, 2015

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

	Internal Service	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from users	\$ 13,249,746	\$ 12,061,766
Other revenue	51,221	52,109
Less: Payments to suppliers	(3,523,012)	(3,181,956)
Payments for employee services	(3,943,582)	(4,288,485)
Payments for claims paid	(4,759,130)	(3,800,256)
Payments to others	(56,526)	(55,696)
Net cash provided by operating activities	1,018,717	787,482
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(370,425)	(257,060)
Sale of land held for resale	2,821,430	-
	2,451,005	(257,060)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer in	-	1,000,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on cash and investments	138,991	162,654
Net change in cash and cash equivalents	3,608,713	1,693,076
CASH AND CASH EQUIVALENTS		
Beginning of year	20,009,114	18,316,038
End of year	\$ 23,617,827	\$ 20,009,114
RECONCILIATION OF OPERATING		
INCOME (LOSS) TO NET CASH PROVIDED		
BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 793,534	\$ (1,133,518)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	476,027	399,755
Changes in operating assets and liabilities:		
Other receivables	(12,353)	11,410
Accounts payable	288,415	179,770
Salaries and wages payable	26,898	(16,935)
Claims payable	(445,000)	1,347,000
Deferred outflow of resources - pension plan	(21,142)	-
Deferred inflow of resources - pension plan	1,183,336	-
Net pension liability	(1,270,998)	-
Net cash provided by operating activities	\$ 1,018,717	\$ 787,482
Noncash capital financing activities		
Carrying value of disposed assets	\$ -	\$ (79,412)

See accompanying Notes to Basic Financial Statements.

Fiduciary Funds Financial Statements

Fiduciary Funds Financial Statements

City of Fremont Statement of Fiduciary Net Position Fiduciary Funds June 30, 2015

(With comparative totals for June 30, 2014)

	2015		2014	
	Private Purpose		Private Purpose	
	Trust Fund - SARA	Agency Funds	Trust Fund - SARA	Agency Funds
ASSETS				
Cash and investments held by City	\$ -	\$ 12,525,586	\$ -	\$ 11,386,402
Cash held by SARA	-	-	1,345,416	-
Restricted cash and investments held by fiscal agent or City	-	7,847,201	-	4,963,741
Land held for resale	-	13,592,893	-	13,592,893
Accounts receivable	-	22,688	-	11,241
Other receivables	-	63,469	-	-
Total assets	-	34,051,837	1,345,416	29,954,277
LIABILITIES				
Accounts payable	-	39,844	-	167,653
Due to other governmental agencies	-	13,592,893	50,000	13,592,893
Unearned revenue	-	-	123,458	-
Cash overdraft	-	10,544	-	-
Deposits	-	20,408,556	-	16,193,731
Total liabilities	-	34,051,837	173,458	29,954,277
NET POSITION				
Net position held in trust	\$ -	\$ -	\$ 1,171,958	\$ -

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, 2015

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

	Private Purpose Trust Fund - SARA	
	2015	2014
ADDITIONS:		
Property tax	\$ 123,458	\$ 291,000
Other	242,975	4,227,891
Total additions	366,433	4,518,891
DEDUCTIONS:		
Community development and environmental services	-	2,182,578
General and administrative	118,042	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	1,420,349	4,651,848
Total deductions	1,538,391	21,441,474
Change in net position	(1,171,958)	(16,922,583)
Net position - beginning	1,171,958	18,094,541
Net position - ending	\$ -	\$ 1,171,958

See accompanying Notes to Basic Financial Statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of the Government-Wide Financial Statements

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

B. Financial Reporting Entity

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

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

Fremont Public Financing Authority (Financing Authority) – A joint powers authority formed by the City and the former Redevelopment Agency of the City of Fremont (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

Notes to Basic Financial Statements

are not issued for the Social Services JPA. Although the Agency ceased to 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. On May 8, 2015, the City received notification from the California State Department of Finance acknowledging the end of the SARA’s existence, and on May 19, 2015, the City Council adopted a resolution to terminate 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 as other internal government functions of the City.

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

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

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

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

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

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

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

Notes to Basic Financial Statements

the City's discretionary funding sources (e.g., property tax, sales tax, charges for services, etc.) and uses its resources for the general operations of the City (e.g., police, fire, general government) not accounted for in other funds.

Development Impact Fees – This is a capital projects fund that accounts for impact fees levied under California Government Code Sections 66000 et seq., “Fees for Development Projects” (commonly referred to as AB1600) and Section 66477 (commonly referred to as the Quimby Act). The City assesses fees for fire, capital facilities, traffic, park dedication in lieu, and park facilities. These fees are used to 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. Principal and interest from developers for Low and Moderate housing projects and homeowners for the Single Family Rehabilitation and First Time Home Buyers Down Payment Assistance Program, as well as interest earned on invested cash balances, account for the revenues of this fund.

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

Notes to Basic Financial Statements

to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between funds are eliminated. Similarly, activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. However, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between funds are eliminated.

E. Measurement Focus and Basis of Accounting

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

The government-wide financial statements are presented on an economic resources measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets 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 2013/14 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 2013/14 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 2014/15 basic financial statements.

H. Effects of New Pronouncements

The City implemented the following GASB Statements during the year:

In June 2012, the GASB issued 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.

Notes to Basic Financial Statements

- 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. The City adopted this statement as of July 1, 2014.

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. The City adopted this statement as of July 1, 2014.

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. The City adopted this statement as of July 1, 2014.

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

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related

to fair value measurements. The requirements of this statement are effective for the City's fiscal year ending June 30, 2016.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. This statement establishes requirements for those pensions and pension plans that are not administrated through a trust meeting specified criteria and thus are not covered by Statements Nos. 67 and 68. The requirements of this statement are effective for the City's fiscal year ending June 30, 2016.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement addresses reporting by OPEB plans that administer benefits on behalf of governments. The requirements of this statement are effective for the City's fiscal year ending June 30, 2017.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. The requirements of this statement are effective for the City's fiscal year ending June 30, 2018.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the hierarchy of generally accepted accounting principles to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specific with a source of authoritative GAAP. The requirements of this statement are effective for the City's fiscal year ending June 30, 2016.

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The requirements of this statement are effective for the City's fiscal year ending June 30, 2017.

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.

Notes to Basic Financial Statements

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' 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 pool's shares and investment income, which includes changes in fair value (i.e., realized and unrealized gains or losses).

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

2. Restricted Cash and Investments

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:

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

The City defines infrastructure as the basic physical assets that allow the City to function. These assets include the street network, park and recreation lands and improvements network, storm water collection network, and site amenities associated

with buildings, such as parking and landscaped areas, used by the City in the conduct of its business. All of the City's infrastructure networks are depreciated over their estimated useful lives, with the exception of the street network for which the City has elected to use the modified approach as defined by GASB Statement No. 34.

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

4. Compensated Absences

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

5. Claims Payable

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

6. Unearned Revenue

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

7. Interfund Transactions

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

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

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

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts are amortized over the life of the bonds using the 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. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Fremont’s California Public Employees’ Retirement System (CalPERS) plans (the “Plans”) and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the year ended June 30, 2015, the City is reporting deferred pension contributions as deferred outflows of resources.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the year ended June 30, 2015, the City has two items to report in this category: the first, unavailable revenue which arises only under the modified accrual basis of accounting, is reported only in the governmental funds balance sheet; the second, the difference between expected and actual earnings on pension investments, is reported in the government-wide statement of net position. The unavailable revenues in the governmental funds will be recognized as an inflow of resources during the period that the amounts become available.

11. Net Position and Fund Balance

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

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

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

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

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2015, 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

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or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

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

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

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

At June 30, 2015, the City’s Transportation Development Act and Miscellaneous State Grants Capital nonmajor capital project funds had deficit fund balances of \$15,018 and \$125,263, respectively. The deficits are due to the timing of receipt of revenues to fund capital expenditures. The deficits are expected to be funded by future intergovernmental revenues.

12. 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.

13. 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, 2015, the Contingency Reserve was approximately \$16.1 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, 2015, the Program Investment Reserve was approximately \$4.0 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, 2015, the Economic Volatility Reserve was approximately \$4.0 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, 2015, the Budget Uncertainty Reserve was approximately \$3.7 million.

J. Revenues, Expenditures/Expenses

1. Program Revenues

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

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

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

3. Property Tax

Under California law, property taxes are assessed and collected by the counties at a rate of up to 1% of assessed value, plus other increases approved by the voters. Property taxes go into a pool and are then allocated to cities based on complex formulas. Property taxes are collected by the Auditor-Controller of the County of Alameda (County) and are remitted upon collection to the various taxing entities, including the

City. Accordingly, the City accrues only those taxes that are received from the County within sixty days after year-end.

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

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

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

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

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

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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, 2015:

	Governmental Activities	Fiduciary Funds	Totals
Cash and investments held by the City	\$ 249,885,853	\$ 12,525,586	\$ 262,411,439
Restricted cash and investments held by fiscal agent or City	6,301,118	7,847,201	14,148,319
Cash overdraft	-	(10,544)	(10,544)
Total cash and investments	256,186,971	20,362,243	276,549,214
Less: cash and deposits not meeting the definition of investments	(46,146,514)	(238,283)	(46,384,797)
Total investments	\$ 210,040,457	\$ 20,123,960	\$ 230,164,417

B. Risk Disclosures - Deposits

At June 30, 2015, the carrying and bank amounts of the City's cash and deposits were \$46,384,797 and \$47,128,936, respectively. Of the bank balance, \$988,283 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$46,140,653 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, 2015, 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 577 days, without regard to call features of many of the bonds held in the portfolio.

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.

As of June 30, 2015, the City’s investments consisted of the following:

Investment Type	Lowest Rating Category*	Fair Value	Investment Maturities				
			1 Year or Less	1-2 Years	2-3 Years	3-4 Years	4-5 Years
Pooled investments held by the City:							
U.S. Agencies:							
Federal Farm Credit Bank Bonds (FFCB)	AA	\$ 1,998,600	\$ -	\$ 999,399	\$ 999,201	\$ -	\$ -
Federal Home Loan Bank Bonds (FHLB)	AA	2,992,038	-	-	2,992,038	-	-
Federal Home Loan Mortg. Corp. Bonds (FHLMC)	AA	4,027,020	-	-	994,374	3,032,646	-
Federal National Mortg. Assn. Bonds (FNMA)	AA	21,348,809	-	1,999,722	12,571,589	4,766,996	2,010,502
U.S. Treasuries	AA	26,959,699	-	397,006	5,775,892	12,673,900	8,112,901
Medium-term corporate notes	AAA/Aaa	2,448,011	-	-	2,448,011	-	-
Medium-term corporate notes	AA/Aa	9,448,993	-	-	8,649,239	-	799,754
Medium-term corporate notes	A	23,122,733	-	6,114,941	7,163,609	3,610,388	6,233,795
Medium-term corporate notes	Baa	1,687,797	-	1,687,797	-	-	-
Municipal Bonds	AA/Aa	5,136,951	1,538,622	-	2,892,204	706,125	-
Municipal Bonds	A	658,000	-	-	658,000	-	-
Asset-Backed Securities	AAA/Aaa	4,464,267	-	-	-	2,958,442	1,505,825
Collateralized Mortgage Obligations	AA	1,261,607	-	-	1,261,607	-	-
Money market mutual funds**	AAA/Aaa	45,000,001	45,000,001	-	-	-	-
Negotiable Certificates of Deposit	A-1/P-1	10,943,290	1,200,427	9,742,863	-	-	-
Negotiable Certificates of Deposit	A	7,341,577	-	4,892,944	2,448,633	-	-
LAIF**	Not Rated	50,018,799	50,018,799	-	-	-	-
Total pooled investments held by the City		218,858,192	97,757,849	25,834,672	48,854,397	27,748,497	18,662,777
Investments held by fiscal agent:							
Money market mutual funds**	AAA/Aaa	10,542,150	10,542,150	-	-	-	-
Medium-term corporate notes	Baa	764,075	-	-	-	764,075	-
Total investments held by fiscal agent		11,306,225	10,542,150	-	-	764,075	-
Total investments		\$ 230,164,417	\$ 108,299,999	\$ 25,834,672	\$ 48,854,397	\$ 28,512,572	\$ 18,662,777

* 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).

** Weighted average maturity.

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 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. Approximately 9.8% of the City's portfolio is invested in Federal Agency securities issued by the Federal National Mortgage Association (FNMA).

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 gain as of June 30, 2015 was \$92,236. At June 30, 2014, the total unrealized fair value loss was \$320,207. The change in value between the two periods amounted to an unrealized gain of \$412,443 for fiscal year 2014/15.

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, 2015, the total amount reported by all public agencies in LAIF was approximately \$21.5 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, 2015, PMIA had a total portfolio of approximately \$69.6 billion and of that amount, 97.92% was

invested in non-derivative financial products and 2.08% was invested in structured notes and asset-backed securities.

The City's investments with LAIF at June 30, 2015, 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 1.000375979 to the total investments held by LAIF. As of June 30, 2015, the City had \$50,000,000 invested in LAIF, and the fair value of the City's investment in LAIF was \$50,018,799.

3. RECEIVABLES

As of June 30, 2015, the City had the following receivables:

A. Housing Loans Receivable

At June 30, 2015, the City was owed \$1,396,484 in its Human Services special revenue fund for various housing assistance loans to homeowners made by the City. The terms of repayment are for 20 years at 5% interest per annum. Because the notes do not meet the City's availability criteria for revenue recognition, the City has deferred the inflow of resources 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 of \$2,946,933 in the Inclusionary Housing In-Lieu Fund to Laguna Commons Associates, L.P. (Laguna Commons) for financial assistance to acquire a property. On August 1, 2014, the City and Laguna Commons entered into a First Amendment to borrow an additional amount of \$1,272,331 in the Low and Moderate Income Housing Asset Fund. On March 1, 2015, the City and Laguna Commons consolidated the existing loans into a new agreement which also includes a \$377,000 loan amount from the HOME Grant Fund. The consolidated loans bear simple interest at a rate

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of 3% and are payable annually from residual receipts, with all outstanding principal and accrued interest due no later than the 55th anniversary of the completion date. Because of the residual nature of the repayment stream, the City has recorded allowances against the full amount of the loan receivable and accrued interest receivable, resulting in a zero balance in the basic financial statements. As of June 30, 2015, the outstanding loan principal was \$4,596,264 and accrued interest totaled \$264,589, resulting in an ending loan receivable balance of \$4,860,853.

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. Including the Laguna Commons loans discussed above, the cumulative amount of these housing loans receivable as of June 30, 2015 is \$83,330,919, and the accumulated interest receivable is \$18,007,144.

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 loans at June 30, 2015 is \$387,008. 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 \$260,482 in the basic financial statements.

B. Interest Receivable

Interest receivable at June 30, 2015 consists of \$444,534 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, 2015, consist of the following:

	Balance 7/1/2014	Increase	Decrease	Transfers	Balance 6/30/2015
Nondepreciable Assets:					
Land	\$ 204,480,306	\$ 10,518,349	\$ (3,000,530)	\$ -	\$ 211,998,125
Land improvements	5,448,471	-	-	-	5,448,471
Infrastructure	459,444,983	49,130	-	-	459,494,113
Construction in progress	30,788,818	8,238,181	-	(1,287,250)	37,739,749
Total nondepreciable assets	<u>700,162,578</u>	<u>18,805,660</u>	<u>(3,000,530)</u>	<u>(1,287,250)</u>	<u>714,680,458</u>
Depreciable Assets:					
Building and improvements	217,591,657	-	(323,535)	617,966	217,886,088
Equipment	19,920,988	835,424	(1,035,419)	59,518	19,780,511
Vehicles	29,017,132	2,324,170	(450,855)	-	30,890,447
Infrastructure	325,338,682	146,478	-	609,766	326,094,926
Total depreciable assets	<u>591,868,459</u>	<u>3,306,072</u>	<u>(1,809,809)</u>	<u>1,287,250</u>	<u>594,651,972</u>
Less Accumulated Depreciation For:					
Building and improvements	(60,633,987)	(4,474,867)	175,955	-	(64,932,899)
Equipment	(14,701,075)	(854,276)	1,012,605	-	(14,542,746)
Vehicles	(16,076,122)	(2,307,363)	362,838	-	(18,020,647)
Depreciable infrastructure	(313,538,330)	(741,758)	-	-	(314,280,088)
Total accumulated depreciation	<u>(404,949,514)</u>	<u>(8,378,264)</u>	<u>1,551,398</u>	<u>-</u>	<u>(411,776,380)</u>
Total depreciable assets, net	<u>186,918,945</u>	<u>(5,072,192)</u>	<u>(258,411)</u>	<u>1,287,250</u>	<u>182,875,592</u>
Total capital assets, net	<u>\$ 887,081,523</u>	<u>\$ 13,733,468</u>	<u>\$ (3,258,941)</u>	<u>\$ -</u>	<u>\$ 897,556,050</u>

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

Governmental Activities:	
General government	\$ 215,685
Police services	1,132,413
Fire services	2,311,378
Human services	37,831
Capital assets maintenance and operations	3,772,098
Recreation and leisure services	346,262
Community development and environmental services	86,570
Amount reported in the internal service funds	476,027
Total depreciation expense, governmental activities	<u>\$ 8,378,264</u>

Notes to Basic Financial Statements

During the fiscal year, the City sold several parcels of surplus property at auction (\$200,000 book value), recognizing sale proceeds of \$19.2 million to fund capital projects. The most significant of these was the sale of the former City corporation yard on Sequoia Road (\$19,000 book value) for \$13.2 million.

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

5. LONG-TERM OBLIGATIONS

A summary of changes in governmental activities long-term debt for the year ended June 30, 2015, is as follows:

	Interest Rates	Amounts Outstanding June 30, 2014	Incurred or Issued	Satisfied or Matured and Net Decreases	Amounts Outstanding June 30, 2015	Amounts Due Within One Year	Amounts Due in More than One Year
General Obligation Bonds							
Fire Safety Bond 2009 Maturity - 08/01/2038	2.50-5.125%	\$ 14,810,000	\$ -	\$ (335,000)	\$ 14,475,000	\$ 350,000	\$ 14,125,000
Fire Safety Bond 2012 Maturity - 08/01/2032	2.00-3.25%	7,750,000	-	(320,000)	7,430,000	325,000	7,105,000
Fire Safety Bond 2013 Maturity - 08/01/2034	4.00-4.25%	22,005,000	-	(700,000)	21,305,000	725,000	20,580,000
Total general obligation bonds		44,565,000	-	(1,355,000)	43,210,000	1,400,000	41,810,000
Certificates of Participation							
1998 Public Financing Authority Maturity - 08/01/2028	Variable	8,565,000	-	(400,000)	8,165,000	425,000	7,740,000
2008 Public Financing Authority Maturity - 08/01/2038	4.0-5.30%	25,215,000	-	(565,000)	24,650,000	585,000	24,065,000
2008 Public Financing Authority Maturity - 08/01/2038	Variable	44,090,000	-	(1,035,000)	43,055,000	1,075,000	41,980,000
2010 Public Financing Authority Maturity - 08/01/2038	Variable	15,000,000	-	(455,000)	14,545,000	465,000	14,080,000
2012A Public Financing Authority Maturity - 08/01/2025	2.00-4.00%	11,355,000	-	(795,000)	10,560,000	815,000	9,745,000
2012B Public Financing Authority Maturity - 08/01/2030	Variable	29,190,000	-	(1,500,000)	27,690,000	1,525,000	26,165,000
Total certificates of participation		133,415,000	-	(4,750,000)	128,665,000	4,890,000	123,775,000
Total long-term debt		177,980,000	-	(6,105,000)	171,875,000	6,290,000	165,585,000
Unamortized long-term bond premium		1,774,396	-	(123,717)	1,650,679	123,717	1,526,962
Total long-term debt with unamortized bond premium		\$ 179,754,396	\$ -	\$ (6,228,717)	\$ 173,525,679	\$ 6,413,717	\$ 167,111,962

Notes to Basic Financial Statements

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.

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 *
2016	\$ 1,400,000	\$ 1,777,738	\$ 4,890,000	\$ 1,612,759
2017	1,455,000	1,732,094	5,060,000	1,561,904
2018	1,510,000	1,678,125	5,210,000	1,509,233
2019	1,565,000	1,618,100	5,370,000	1,454,822
2020	1,615,000	1,558,000	5,535,000	1,398,521
2021-2025	9,025,000	6,736,163	30,590,000	5,943,997
2026-2030	10,845,000	4,720,594	29,875,000	4,092,912
2031-2035	12,065,000	2,254,669	22,440,000	2,593,007
2036-2039	3,730,000	394,600	19,695,000	710,161
Total	\$ 43,210,000	\$ 22,470,083	\$128,665,000	\$ 20,877,316

* Variable-rate interest requirements for the 1998, 2008, 2010, and 2012B Public Financing Authority Certificates of Participation are estimated using interest rates in effect as of June 30, 2015, of 0.06%.

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

A. 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, 2015, special assessment bonded indebtedness (long-term and current portions) was approximately \$1,505,000, which was not recognized in the accompanying basic financial statements.

B. 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, 2015, the 2001 bond indebtedness was \$27,195,000.

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, 2015, the 2005 bond indebtedness was \$37,960,000.

C. 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. If unreimbursed draws on the credit facility were converted to a term loan in accordance with the reimbursement agreement, the unreimbursed amount would bear interest at rates as

defined in the reimbursement agreement of up to 12% per annum, and would be repaid in six substantially equal semiannual debt service payments 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, 2015, the Financing Authority paid an annual commitment fee in the amount of approximately \$43,801.

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. If unreimbursed draws on the credit facility were converted to a term loan in accordance with the reimbursement agreement, the unreimbursed amount would bear interest at rates as defined in the reimbursement agreement of up to 12% per annum, and would be repaid in six substantially equal semiannual debt service payments 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, 2015, the Financing Authority paid an annual commitment fee in the amount of approximately \$215,123.

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. If unreimbursed draws on the credit facility were converted to a term loan in accordance with the reimbursement agreement, the unreimbursed amount would bear interest at rates as defined in the reimbursement agreement of up to 12% per annum, and would be repaid in six substantially equal semiannual debt service payments 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, 2015, the Financing Authority paid an annual commitment fee in the amount of approximately \$72,857.

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 Letter of Credit is due to expire on May 1, 2017. If unreimbursed draws on the credit facility were converted to a term loan in accordance with the reimbursement agreement, the unreimbursed amount would bear interest at rates as defined in the reimbursement agreement of up to 10% per annum, and would be repaid in eleven substantially equal semiannual debt service payments commencing six months after the draw. With the extension dated May 1, 2015, the Financing Authority is required to pay an annual commitment fee of 0.42% 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 0.50%. For the year ended June 30, 2015, the Financing Authority paid an annual commitment fee in the amount of approximately \$147,716.

D. 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 \$149.5 million, payable through August 1, 2038. For the year ended June 30, 2015, the total lease payments made by the City and total debt service payments paid by the Financing Authority totaled \$6,386,630.

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.

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 \$65.7 million. For the fiscal year ended June 30, 2015, the City collected \$4,583,885 in ad valorem property taxes and made total debt service payments in the amount of \$3,175,413.

E. Compensated Absences

The City records a liability to recognize the financial effect of unused vacation and other compensated leaves. During FY 2014/15, employees earned \$6,569,910 of compensated absences and used \$6,400,928. As of June 30, 2015, the total liability for vacation and other compensated leaves is \$8,816,180. Of that balance, \$2,204,045 is expected to be used within one year, with the remaining \$6,612,135 to be used in subsequent years. The City typically uses the General Fund to liquidate the majority of its compensated absences.

6. POLLUTION REMEDIATION OBLIGATION

The properties for which the City bears pollution remediation responsibilities are described in the following paragraphs. At June 30, 2015, the City estimated that 50% of the total obligation is due and payable (due within one year) with the remaining portion due in more than one year.

A. Police Firing Range

In November 2010 the City entered into a ten year Amendment to a Lease Agreement with the Alameda County Water District (ACWD) for the use of a portion of its property as an outdoor police firing range. ACWD plans to use the land for other purposes when the City lease expires at the end of 2020. Under the terms of the Amendment, the City is obligated to remove the lead contamination from the ACWD property at the termination of the lease. The Amendment also provides for a reassessment of the remediation costs every two years, and if the reassessment exceeds the current estimate by 10% the City is to increase the amount of funds held in the Capital Improvement Program (CIP) to cover the costs. The estimated remaining obligation was \$521,963 at June 30, 2015.

B. Fire Station No. 1

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 No. 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.

C. Fire Station No. 2

ACWD is preparing a recommendation to the SWRQCB for the closure of four existing monitoring wells located at Fire Station No. 2. Funding of \$21,000 has been allocated in the CIP for the estimated cost to close the wells.

D. Former Union Pacific Railroad Corridor

Under an Operations and Maintenance Plan (the "Plan"), the City is responsible for annual monitoring of the former Union Pacific Railroad (UPRR) corridor located between Paseo Padre Parkway and Washington Boulevard. Under the Plan, the City monitors to ensure the encapsulated contamination has not been exposed and remediates any damage to the cap before any exposure could occur. Except for the staff time required for the annual monitoring, no significant pollution remediation obligation is expected as of June 30, 2015.

E. Centerville Unified Site

The City is currently in the process of completing environmental remediation work for the approximately 6-acre site known as the "Centerville Unified Site" with the principal address of 37070 Fremont Boulevard ("property") that was previously owned by the former Redevelopment Agency ("RDA") of the City. As a result of a former dry cleaning operation and automobile-related uses on the property, the former RDA retained an environmental consultant, TRC Solutions, Inc., to prepare environmental remediation work plans to: 1) remove an old utility corridor, remnant foundation, and surface oil spill; and 2) remediate subsurface chlorinated solvents—perchloroethylene ("PCE") in the form of soil vapors—discovered at the property and a neighboring property to the northwest, 37000 Fremont Boulevard (presently Carl's Jr.), by active remediation with implementation of a soil-vapor

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extraction system. The first phase of the work (removal of the old utility corridor, remnant foundation, and surface oil spill) was completed in October 2014. The second and last phase of remediation work (removal of subsurface chlorinated solvents) is anticipated to start in December 2015. The estimated remaining obligation was \$2,370,000 at June 30, 2015.

7. RISK MANAGEMENT

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.

The City retained an independent actuary in 2015 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, 2014 and 2015, are as follows:

	2014	2015
Balance, beginning of year	\$ 16,674,000	\$ 18,021,000
Provision for claims losses	5,147,256	4,314,129
Claims payments	(3,800,256)	(4,759,129)
Balance, end of year	<u>\$ 18,021,000</u>	<u>\$ 17,576,000</u>
Due in one year	\$ 5,771,000	\$ 5,630,000
Due in more than one year	12,250,000	11,946,000
Total claim liabilities	<u>\$ 18,021,000</u>	<u>\$ 17,576,000</u>

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.

Summary financial information for CJPRMA for the year ended June 30, 2015 (latest available date), is as follows:

Cash and investments	\$	89,341,403
Receivables and other current assets		1,006,548
Capital assets, net		3,454,388
Total assets	\$	<u>93,802,339</u>
Total liabilities	\$	47,736,984
Net position		46,065,355
Total liabilities and net position	\$	<u>93,802,339</u>
Operating revenues	\$	12,029,284
Loss provisions and premiums paid		(13,594,938)
General and administrative expenses		<u>(1,580,766)</u>
Net operating income (loss)		(3,146,420)
Net investment and other income		<u>2,558,008</u>
Net income before refunds to members		(588,412)
Refunds to members		<u>(3,534,251)</u>
Change in net position	\$	<u>(4,122,663)</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 55 California counties and 255 organizations (cities, school

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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.

Summary financial information for CSAC for the year ended June 30, 2015 (latest available date), is as follows:

Cash and investments	\$ 224,603,338
Receivables and other current assets	84,836,663
Noncurrent assets	283,144,274
Total assets	<u>\$ 592,584,275</u>
Total liabilities	\$ 479,255,274
Net position	113,329,001
Total liabilities and net position	<u>\$ 592,584,275</u>
Operating revenues	\$ 573,565,611
Loss provisions and premiums paid	(576,178,784)
General and administrative expenses	(8,896,545)
Net operating income (loss)	<u>(11,509,718)</u>
Net investment and other income	6,223,323
Change in net position	<u>\$ (5,286,395)</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, 2015, the General Fund was due \$1,701,531 from the Human Services Fund and \$3,354,752 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.

Interfund transfers for the year ended June 30, 2015, were as follows:

	<u>Transfers Out</u>									<u>Total</u>
	General Fund	Development Impact Fees	Development Cost Center	Recreation Services	Capital Improvement	Human Services	Low/Moderate Income Housing Asset	Non-Major Funds		
General Fund	\$ -	\$ 1,360,000	\$ 2,477,173	\$ 1,135,857	\$ 1,228,000	\$ 849,191	\$ 52,163	\$ 316,568	\$ 7,418,952	
Development Impact Fees	-	-	-	-	-	-	-	6,350,000	6,350,000	
Development Cost Center	2,316,486	-	-	-	-	-	-	-	2,316,486	
Recreation Services	2,180,760	-	-	-	-	-	-	-	2,180,760	
Capital Improvement	5,150,000	-	1,319,400	-	-	-	-	-	6,469,400	
Human Services	3,983,324	-	-	-	-	-	-	-	3,983,324	
Non-Major Funds	8,495,424	-	61,614	21,881	-	413,751	-	144,028	9,136,698	
Total	\$ 22,125,994	\$ 1,360,000	\$ 3,858,187	\$ 1,157,738	\$ 1,228,000	\$ 1,262,942	\$ 52,163	\$ 6,810,596	\$ 37,855,620	

9. RETIREMENT BENEFITS

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City’s separate City of Fremont Safety (police and fire) and City of Fremont Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers.

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

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

Notes to Basic Financial Statements

the City on or after April 8, 2012, are eligible for the City's Tier 2 benefit, while new employees are eligible for the retirement benefits established by PEPRA.

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

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

Covered Employees – At June 30, 2014, the most recent information available, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
Inactive employees or beneficiaries currently receiving benefits	714	446
Inactive employees entitled to but not yet receiving benefits	501	91
Active employees	522	298
Total	1,737	835

Contribution Requirements – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both City plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The required Miscellaneous Plan employer contribution rate for fiscal year 2013/14 was 23.461% of covered payroll, resulting in \$10,225,328 being recognized by CalPERS as employer contributions. The required Safety Plan employer contribution rate was 39.450% of covered payroll, resulting in \$13,719,650 being recognized by CalPERS as employer contributions.

Pension Plan Financial Reports – The City's pension plans do not issue stand-alone financial reports; however, CalPERS issues an audited Schedule of Changes in Fiduciary Net Position by employer and plan, which is available at the following link:
<https://www.calpers.ca.gov/docs/forms-publications/gasb-68-fiduciary-net-position.pdf>

B. Net Pension Liability

The City’s net pension liability for each plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures.

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

Assumptions and Other Inputs Used to Measure the Total Pension Liability

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Investment Rate of Return	7.50% net of pension plan investment and administrative expenses; includes inflation
Retirement Age	Probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011
Mortality Rate Table	Probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB
Post-Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each plan. In determining the long-term expected rate of return, CalPERS staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years.

The long-term expected rate of return on pension plan investments, 7.50 percent, was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the

Notes to Basic Financial Statements

single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

According to GASB Statement No. 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. Consequently, an investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate would result in a slightly higher total pension liability and net pension liability. The difference in calculation between a 7.50 percent rate and a 7.65 percent rate was not material to the City's financial statements.

CalPERS is scheduled to review all actuarial assumptions as part of its regular asset liability management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require CalPERS Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statement Nos. 67 and 68 calculations through at least the 2017/18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as it changes its methodology.

The table below reflects the assumed asset allocation of the pension plan portfolio and the long-term expected real rate of return by asset class. These rates of return are net of administrative expenses.

Asset Class	Asset Allocation	Real Return Years 1–10 ^(a)	Real Return Years 11+ ^(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100.0%		

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

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

Fiduciary Net Position – The City’s pension plans do not issue stand-alone financial reports, so information about the elements of the pension plans’ basic financial statements is not directly available. However, the City’s plans constitute a portion of the CalPERS PERF A Pension Trust Fund, for which a Statement of Fiduciary Net Position – Fiduciary Funds is included in the CalPERS Comprehensive Annual Financial Report located at the following link: <https://www.calpers.ca.gov/docs/forms-publications/cafr-2014.pdf>. The accompanying Notes to the Basic Financial Statements disclose information related to the basis of accounting, including the policies with respect to benefit payments and the valuation of pension plan investments.

C. Changes in the Net Pension Liability

A schedule of changes in the Net Pension Liability for the period ending June 30, 2014, is presented below for each City pension plan.

<i>Miscellaneous Plan:</i>	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
Balance as of June 30, 2013	\$408,905,817	\$276,685,849	\$132,219,968
Changes during the year			
Service cost	7,924,529	-	7,924,529
Interest on the total pension liability	30,270,566	-	30,270,566
Contributions from the employer	-	10,225,328	(10,225,328)
Contributions from employees	-	3,714,276	(3,714,276)
Pension plan net investment income	-	47,792,502	(47,792,502)
Benefit payments, including refunds of employee contributions	(18,521,044)	(18,521,044)	-
Net changes	19,674,051	43,211,062	(23,537,011)
Balance as of June 30, 2014	\$428,579,868	\$319,896,911	\$108,682,957

<i>Safety Plan:</i>	Increase (Decrease)		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
Balance as of June 30, 2013	\$538,044,598	\$349,581,263	\$188,463,335
Changes during the year			
Service cost	9,428,558	-	9,428,558
Interest on the total pension liability	39,695,994	-	39,695,994
Contributions from the employer	-	13,719,650	(13,719,650)
Contributions from employees	-	3,757,435	(3,757,435)
Pension plan net investment income	-	60,180,612	(60,180,612)
Benefit payments, including refunds of employee contributions	(26,957,919)	(26,957,919)	-
Net changes	22,166,633	50,699,778	(28,533,145)
Balance as of June 30, 2014	\$560,211,231	\$400,281,041	\$159,930,190

Notes to Basic Financial Statements

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

	<u>Miscellaneous</u>	<u>Safety</u>
Discount rate 1% lower	6.50%	6.50%
Net Pension Liability	\$165,036,446	\$228,657,097
Current discount rate	7.50%	7.50%
Net Pension Liability	\$108,682,957	\$159,930,190
Discount rate 1% higher	8.50%	8.50%
Net Pension Liability	\$61,912,497	\$102,518,159

Pension Expense – For the year ended June 30, 2015, the City recognized pension expense of \$8,601,946 for the Miscellaneous Plan and \$12,679,979 for the Safety Plan; a total expense of \$21,281,925.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 26,208,859	\$ -
Net difference between projected and actual earnings on pension plan investments	-	(49,407,103)
Total	\$ 26,208,859	\$ (49,407,103)

\$26,208,859 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2016	\$(12,351,775)
2017	(12,351,775)
2018	(12,351,775)
2019	(12,351,778)
Total	<u><u>\$(49,407,103)</u></u>

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 691 in the previous year to 712 in the current year. The City reimburses all or part of premium payments for medical insurance. The reimbursement amount is subject to a negotiation process and varies by bargaining unit and retirement date. The benefit is paid monthly to the retiree subject to proof of coverage and attestation of premium payment. The benefit generally ceases upon death of the retiree. The total annual required contribution for June 30, 2015, was \$9,527,000, based on the June 30, 2012 actuarial valuation.

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	\$ 9,527,000
Interest on net OPEB obligation	1,001,000
Amortization of net OPEB obligation	<u>(2,207,000)</u>
Annual OPEB cost (expense)	8,321,000
Contributions made	<u>(2,943,000)</u>
Increase in net OPEB obligation	5,378,000
NET OPEB obligation – beginning of year	25,023,000
NET OPEB obligation – end of year	<u>\$ 30,401,000</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 2014/15 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 7,215,000	\$ 2,497,000	34.6%	\$ 19,821,000
2014	7,921,000	2,719,000	34.3%	25,023,000
2015	8,321,000	2,943,000	35.4%	30,401,000

Notes to Basic Financial Statements

Funding Status and Funding Progress - The schedule of funding progress below, determined as part of the June 30, 2014 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.

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6/30/2014	\$ -	\$ 70,797,000	\$ 70,797,000	0.0%	\$ 76,166,000	93.0%

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 determined the annual required contribution for fiscal year 2014/15, the entry age normal actuarial cost method was used. The actuarial assumptions included 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 were assumed to increase from the prior year by 9.4% and 9.0%, respectively, for fiscal year 2012/13 and were graded down to an ultimate rate of 5.0% and 5.0%, respectively, by fiscal year 2020/21. The unfunded actuarial accrued liability (UAAL) was amortized as a level percentage of projected payroll over a 30-year closed period. There is no assumed post-employment benefit increase.

In the June 30, 2014 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 7.25% 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 8.3% and 8.0%, respectively, for fiscal year 2014/15 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 22-year closed period. There is no assumed post-employment benefit increase. The investment rate of return assumed in the June 30, 2014 actuarial valuation reflects a change in the City's funding policy effective July 1, 2015. On May 5, 2015 the City adopted a policy of fully funding the actuarially-determined ARC commencing in fiscal year 2015/16, and on June 9, 2015 the City established an OPEB trust with CalPERS.

11. COMMITMENTS AND CONTINGENCIES

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

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

Cooperation and Financing Agreements - 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 2014/15, 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.

Affordable Housing Funds - At its June 9, 2015 meeting, the City Council authorized the City Manager or his designee to execute loan documents totaling \$11,910,000 to Mid-Pen Housing for the development of the Stevenson Family Apartments. Funding sources include: \$6,673,502 from the Inclusionary Housing In-Lieu fund, \$2,509,679 from the Low and Moderate Income Housing Asset fund, and \$2,726,819 from the City Funded Affordable Housing Fund. The City Council committed all remaining available affordable housing funds plus future affordable housing revenue, up to a total of \$6,970,000, for the Par 55 Senior Apartments projects, to be appropriated for a loan to Eden Housing.

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, 2015, encumbrances of the governmental funds are as follows:

Notes to Basic Financial Statements

Fund	Fund Balances			
	Restricted	Committed	Assigned	Total
General Fund	\$ -	\$ -	\$ 1,833,795	\$ 1,833,795
Development Impact Fees	5,420,187	-	-	5,420,187
Development Cost Center	470,129	-	-	470,129
Capital Improvement	-	-	6,301,012	6,301,012
Human Services	371,156	-	-	371,156
Low & Moderate Housing Income Housing Assets	9,174	-	-	9,174
Non-major governmental funds	15,957,239	2,898	1,238,237	17,198,374
Total	\$ 22,227,885	\$ 2,898	\$ 9,373,044	\$ 31,603,827

Former Successor Agency Property Held for Resale - In June 2014, two Successor Agency properties were transferred to the City under the terms of the Long Range Property Management Plan (LRPMP). These properties, valued at \$13,592,893, are reported as land held for resale in the City's Agency Fund. Upon sale, the proceeds will be remitted to the County for distribution to the taxing agencies.

12. RESTATEMENT

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. As of July 1, 2014, the City implemented GASB Statement No. 68 and restated the beginning net position on the Government-Wide Statement of Net Position, the Proprietary Funds Statement of Net Position, and the Combining Statement of Net Position for the Internal Service Funds to recognize the beginning net pension liability and deferred outflow of resources related to pension contributions. The cumulative effect of applying GASB 68 to beginning balances was used.

	As previously reported June 30, 2014	Restatement	As restated June 30, 2014
Government-Wide	\$ 896,131,565	\$ (296,738,325)	\$ 599,393,240
Proprietary Funds			
Risk Management Internal Service Fund	\$ 720,537	\$ (927,160)	\$ (206,623)
Information Technology Internal Service Fund	6,437,113	(5,660,552)	776,561
Total Proprietary Funds	\$ 7,157,650	\$ (6,587,712)	\$ 569,938

13.SUBSEQUENT EVENTS

A. Sale of Surplus City Property

On June 11, 2015, the City auctioned 7.02 acres of surplus property (the “Palm Avenue” land parcel). Subsequently, on July 14, 2015, the Council approved the sale, accepting the high bid in the amount of \$22,350,000, and authorizing a real property purchase sale agreement. Escrow closed on October 19, 2015. The book value was \$481,519.

B. Special Tax Bonds Issuance

On August 25, 2015, the City issued \$79,700,000 of Community Facilities District No. 1 (Pacific Commons) Special Tax Bonds, Series 2015. A portion of the Series 2015 Bonds was issued to refund the following, maturing on or after September 1, 2015:

Community Facilities District No. 1 (Pacific Commons) Special Tax Bonds
Series 2001 - \$27,195,000
Series 2005 - \$37,960,000

Additionally, a portion of the Series 2015 Bonds was issued to reimburse the developer for the cost of certain public facilities and improvements previously completed and accepted by the City. The Series 2015 Bonds bear fixed interest rates ranging from 2.00% to 5.00% and have a final maturity date of September 1, 2045.

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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.

Required Supplementary Information

1. BUDGETARY INFORMATION (continued)

C. Budgetary Comparison Schedules

Following are the budgetary comparison schedules for the General Fund and each major special revenue fund with a legally adopted annual budget (Development Cost Center, Recreation Services, Human Services, and Low and Moderate Income Housing Asset Funds).

General Fund – Budgetary Comparison Schedule (For the Fiscal Year Ended June 30, 2015)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Fund Balance - Beginning of year	\$ 27,093,000	\$ 27,093,000	\$ 32,469,889	\$ 5,376,889
Property tax	74,167,000	74,167,000	75,028,000	861,000
Sales tax	39,400,000	39,400,000	40,743,875	1,343,875
Intergovernmental	350,000	350,000	1,046,139	696,139
Business tax	8,108,000	8,108,000	9,420,130	1,312,130
Other taxes	8,202,000	8,202,000	8,939,844	737,844
Franchises	8,987,000	8,987,000	9,298,688	311,688
Charges for services	9,210,391	9,265,391	8,796,513	(468,878)
Investment earnings	395,000	395,000	416,039	21,039
Other	2,356,000	2,356,000	2,517,760	161,760
Transfers in	6,416,000	6,416,000	7,418,952	1,002,952
Total resources	<u>157,684,391</u>	<u>157,739,391</u>	<u>163,717,726</u>	<u>5,978,335</u>
Charges to appropriations (outflows):				
General government	12,992,781	15,362,323	13,687,288	1,675,035
Police services	59,494,738	59,383,218	60,121,890	(738,672)
Fire services	36,441,240	37,177,094	37,063,504	113,590
Capital assets maintenance and operations	20,244,538	20,533,065	19,897,835	635,230
Community development and environmental services	1,289,383	1,307,094	1,230,461	76,633
Capital outlay	-	270,413	270,413	-
Debt service:				
Interest and fiscal charges	542,535	542,535	542,535	-
Transfers out	26,829,491	22,137,176	22,125,994	11,182
Total charges to appropriations	<u>157,834,706</u>	<u>156,712,918</u>	<u>154,939,920</u>	<u>1,772,998</u>
Net change in fund balance	(150,315)	1,026,473	8,777,806	7,751,333
Fund Balance - End of year	<u>\$ 26,942,685</u>	<u>\$ 28,119,473</u>	<u>\$ 41,247,695</u>	<u>\$ 13,128,222</u>

Overtime expenditures in Police services exceeded the budgeted amount due to greater than anticipated vacancies and the cost of training new officers. A portion of the additional overtime expenditures was offset by vacancy savings.

1. BUDGETARY INFORMATION (continued)

C. Budgetary Comparison Schedules (continued)

Development Cost Center Fund – Budgetary Comparison Schedule
(For the Fiscal Year Ended June 30, 2015)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance - Beginning	\$ 2,866,000	\$ 2,866,000	\$ 2,741,048	\$ (124,952)
Resources (inflows):				
Charges for services	11,506,929	12,156,929	13,644,962	1,488,033
Investment earnings	52,000	52,000	63,709	11,709
Transfers in	2,316,486	2,316,486	2,316,486	-
Total resources	<u>13,875,415</u>	<u>14,525,415</u>	<u>16,025,157</u>	<u>1,499,742</u>
Charges to appropriations (outflows):				
Capital assets maintenance and operations	2,460,142	2,460,142	2,460,142	-
Community development and environmental services	9,000,789	9,633,499	7,805,576	1,827,923
Capital outlay	-	17,290	17,290	-
Transfers out	2,538,787	3,858,187	3,858,187	-
Total charges to appropriations	<u>13,999,718</u>	<u>15,969,118</u>	<u>14,141,195</u>	<u>1,827,923</u>
Resources over (under) charges to appropriations	<u>(124,303)</u>	<u>(1,443,703)</u>	<u>1,883,962</u>	<u>3,327,665</u>
Fund Balance - Ending	<u>\$ 2,741,697</u>	<u>\$ 1,422,297</u>	<u>\$ 4,625,010</u>	<u>\$ 3,202,713</u>

Recreation Services Fund – Budgetary Comparison Schedule
(For the Fiscal Year Ended June 30, 2015)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance - Beginning	\$ 6,139,376	\$ 6,139,376	\$ 6,291,555	\$ 152,179
Resources (inflows):				
Charges for services	7,114,961	7,264,961	7,619,800	354,839
Investment earnings	50,000	50,000	60,667	10,667
Other	108,800	108,800	129,339	20,539
Transfers in	2,180,760	2,180,760	2,180,760	-
Total resources	<u>9,454,521</u>	<u>9,604,521</u>	<u>9,990,566</u>	<u>386,045</u>
Charges to appropriations (outflows):				
Recreation and leisure services	8,034,788	8,184,788	7,847,547	337,241
Capital outlay	-	-	7,825	(7,825)
Transfers out	1,061,360	1,061,360	1,157,738	(96,378)
Total charges to appropriations	<u>9,096,148</u>	<u>9,246,148</u>	<u>9,013,110</u>	<u>233,038</u>
Resources over (under) charges to appropriations	<u>358,373</u>	<u>358,373</u>	<u>977,456</u>	<u>619,083</u>
Fund Balance - Ending	<u>\$ 6,497,749</u>	<u>\$ 6,497,749</u>	<u>\$ 7,269,011</u>	<u>\$ 771,262</u>

Required Supplementary Information

1. BUDGETARY INFORMATION (continued)

C. Budgetary Comparison Schedules (continued)

Human Services Fund – Budgetary Comparison Schedule (For the Fiscal Year Ended June 30, 2015)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Fund Balance - Beginning	\$ 7,371,000	\$ 7,371,000	\$ 7,329,597	\$ (41,403)
Resources (inflows):				
Intergovernmental	5,850,196	6,825,825	5,455,666	(1,370,159)
Charges for services	2,436,189	1,628,698	1,644,125	15,427
Investment earnings	62,000	62,000	33,017	(28,983)
Other	728,507	751,092	1,061,896	310,804
Transfers in	4,032,887	4,032,887	3,983,324	(49,563)
Total resources	<u>13,109,779</u>	<u>13,300,502</u>	<u>12,178,028</u>	<u>(1,122,474)</u>
Charges to appropriations (outflows):				
Human Services	10,555,480	11,133,211	10,137,075	996,136
Community development and environmental services	1,887,532	2,158,498	1,019,664	1,138,834
Capital outlay	-	-	-	-
Interest and fiscal charges	-	59,000	50,568	8,432
Transfers out	1,751,955	1,775,584	1,262,942	512,642
Total charges to appropriations	<u>14,194,967</u>	<u>15,126,293</u>	<u>12,470,249</u>	<u>2,656,044</u>
Resources over (under) charges to appropriations	<u>(1,085,188)</u>	<u>(1,825,791)</u>	<u>(292,221)</u>	<u>1,533,570</u>
Fund Balance - Ending	<u>\$ 6,285,812</u>	<u>\$ 5,545,209</u>	<u>\$ 7,037,376</u>	<u>\$ 1,492,167</u>

The significant variances in intergovernmental resources and community development and environmental services charges are attributable to delays of various projects such as the Laguna Commons Housing Offsite Improvements and the Senior Center Shower Installation, reduction in scope of the Carnales Unidos Reformando Adictos (CURA) Kitchen Expansion Project, and a five-month delay in commencement of the Alameda County Housing Rehabilitation Loan and Grant program.

1. BUDGETARY INFORMATION (continued)

C. Budgetary Comparison Schedules (continued)

Low and Moderate Income Housing Asset Fund
(For the Fiscal Year Ended June 30, 2015)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance - Beginning	\$ 6,187,616	\$ 6,187,616	\$ 3,720,901	\$ (2,466,715)
Resources (inflows):				
Investment earnings	95,000	95,000	27,911	(67,089)
Other	1,400,000	1,400,000	1,382,077	(17,923)
Total resources	1,495,000	1,495,000	1,409,988	(85,012)
Charges to appropriations (outflows):				
Community development and environmental services	440,527	1,712,858	1,636,515	76,343
Transfers out	52,163	52,163	52,163	-
Total charges to appropriations	492,690	1,765,021	1,688,678	76,343
Resources over (under) charges to appropriations	1,002,310	(270,021)	(278,690)	(8,669)
Fund Balance - Ending	\$ 7,189,926	\$ 5,917,595	\$ 3,442,211	\$ (2,475,384)

In FY 2013/14, to comply with changes to the California Health and Safety Code, 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. The corresponding transfer to establish the City Funded Affordable Housing Fund occurred in June 2014 after the FY 2014/15 Budget was adopted, thus accounting for the large variance between budget and actual beginning fund balance.

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:

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

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

A. Condition Assessment Data (continued)

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

Through June 30, 2015, 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, 2015, the City’s overall street network was rated at a computed PCI index of 68, with the detail condition as follows:

Condition	PCI Rating	% of Street Pavement Area			
		6/30/12	6/30/13	6/30/14	6/30/15
Good to Excellent	70-100	50	53	58	64
Fair	50-69	20	16	18	18
Poor to Very Poor	0-49	30	31	24	18

In the table above, it can be seen that in fiscal year 2014/15, approximately 64% of the City’s streets were rated above PCI 70, the lower limit for streets in good condition. This is a 6% increase from fiscal year 2013/14 when the percentage of streets rated above 70 was 58%. 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.

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

B. Estimated Maintenance and Preservation Costs (continued)

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

Fiscal Year	Maintenance Estimate	Actual Expenditure	Computed Overall City PCI Rating (Condition Assessments)
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
2014/15	\$19,140,000	\$11,392,340	68

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

A. Miscellaneous Employees

	<u>FY 2014/15</u>
Total Pension Liability	
Service Cost	\$ 7,924,529
Interest on the Total Pension Liability	30,270,566
Benefit Payments, including Refunds of Employee Contributions	(18,521,044)
Net Change in Total Pension Liability	<u>19,674,051</u>
Total Pension Liability - Beginning	<u>408,905,817</u>
Total Pension Liability - Ending (a)	<u>\$ 428,579,868</u>
Valuation Date of Total Pension Liability	6/30/2013
Plan Fiduciary Net Position	
Contributions from the Employer	\$ 10,225,328
Contributions from Employees	3,714,276
Net Investment Income (net of administrative expenses)	47,792,502
Benefit Payments, including Refunds of Employee Contributions	(18,521,044)
Net Change in Plan Fiduciary Net Position	<u>43,211,062</u>
Plan Fiduciary Net Position - Beginning	<u>276,685,849</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 319,896,911</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.64%
Plan Net Pension Liability - Beginning	\$ 132,219,968
Plan Net Pension Liability - Ending (a) - (b)	<u>\$ 108,682,957</u>
Measurement Date of Net Pension Liability	6/30/2014
Covered Employee Payroll	\$ 42,454,728
Plan Net Pension Liability as a Percentage of Covered-Employee Payroll	256.00%

The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. There were no changes in assumptions.

Required Supplementary Information

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

B. Safety Employees

	<u>FY 2014/15</u>
Total Pension Liability	
Service Cost	\$ 9,428,558
Interest on the Total Pension Liability	39,695,994
Benefit Payments, including Refunds of Employee Contributions	(26,957,919)
Net Change in Total Pension Liability	<u>22,166,633</u>
Total Pension Liability - Beginning	<u>538,044,598</u>
Total Pension Liability - Ending (a)	<u><u>\$ 560,211,231</u></u>
Valuation Date of Total Pension Liability	6/30/2013
Plan Fiduciary Net Position	
Contributions from the Employer	\$ 13,719,650
Contributions from Employees	3,757,435
Net Investment Income (net of administrative expenses)	60,180,612
Benefit Payments, including Refunds of Employee Contributions	(26,957,919)
Net Change in Plan Fiduciary Net Position	<u>50,699,778</u>
Plan Fiduciary Net Position - Beginning	<u>349,581,263</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 400,281,041</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.45%
Plan Net Pension Liability - Beginning	\$ 188,463,335
Plan Net Pension Liability - Ending (a) - (b)	<u><u>\$ 159,930,190</u></u>
Measurement Date of Net Pension Liability	6/30/2014
Covered Employee Payroll	\$ 35,546,231
Plan Net Pension Liability as a Percentage of Covered-Employee Payroll	449.92%

The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. There were no changes in assumptions.

4. SCHEDULE OF CONTRIBUTIONS

A. Miscellaneous Employees

	FY 2014/15	FY 2013/14
Actuarially Determined Contribution	\$ 10,616,833	\$ 10,225,328
Contributions in Relation to the Actuarially Determined Contribution	(10,616,833)	(10,225,328)
Contribution Deficiency (Excess)	\$ -	\$ -
Covered Employee Payroll	\$ 43,728,370	\$ 42,454,728
Contributions as a Percentage of Covered-Employee Payroll	24.28%	24.09%

Methods and Assumptions Used in Calculating the Actuarially Determined Contribution

Valuation Date	June 30, 2012
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Average Remaining Period	19 years
Asset Valuation Method	15-year smoothed market
Inflation	2.75%
Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Payroll Growth	3.00%
Investment Rate of Return	7.50% net of pension plan investment and administrative expenses; includes inflation
Retirement Age	Probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007
Mortality Rate Table	Probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries

Required Supplementary Information

4. SCHEDULE OF CONTRIBUTIONS (continued)

B. Safety Employees

	<u>FY 2014/15</u>	<u>FY 2013/14</u>
Actuarially Determined Contribution	\$ 15,592,026	\$ 13,719,650
Contributions in Relation to the Actuarially Determined Contribution	(15,592,026)	(13,719,650)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 36,612,618	\$ 35,546,231
Contributions as a Percentage of Covered-Employee Payroll	42.59%	38.60%

Methods and Assumptions Used in Calculating the Actuarially Determined Contribution

Valuation Date	June 30, 2012
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Average Remaining Period	20 years
Asset Valuation Method	15-year smoothed market
Inflation	2.75%
Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Payroll Growth	3.00%
Investment Rate of Return	7.50% net of pension plan investment and administrative expenses; includes inflation
Retirement Age	Probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007
Mortality Rate Table	Probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries

**5. SCHEDULE OF OTHER POST EMPLOYMENT BENEFITS (OPEB)
FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
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%
6/30/2014	\$ -	\$ 70,797,000	\$ 70,797,000	0.0%	\$ 76,166,000	93.0%

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Non-Major Governmental Funds

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:

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

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

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

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.

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

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

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.

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.

Proposition 1B Highway-Railroad Crossing Safety Account (HRCSA) - This fund accounts for monies from Proposition 1B, approved by California voters in November 2006, for grade separation and railroad crossing safety improvements.

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

Debt Service Funds, 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 – In November 2002, Fremont voters approved Measure R, which authorized the City to issue \$51 million of general obligation bonds to provide funding to replace three fire stations, build a public safety training center, and make remodeling and seismic improvements to seven existing fire stations. Three bond series totaling \$51 million have been issued: Series A for \$10 million was issued on July 17, 2003, and refunded on May 10, 2012; Series B for \$25 million was issued on April 14, 2005 and refunded on August 9, 2013; and Series C for \$15 million was issued on January 28, 2009. The City is obligated to annually levy ad valorem taxes upon all taxable properties within the City for the payment of the principal and interest for these bonds. This fund accounts for the accumulation of property tax revenue and payment of principal and interest for the City’s general obligation bonds.

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, BB & 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 2014 voters approved Measure BB which augments and extends the existing Alameda County Measure B half-cent transportation sales tax by a half-cent to April 1, 2045. It is anticipated that the sales tax extension and augmentation in this measure will generate about \$8 billion for

essential transportation improvements in every city and throughout Alameda County. 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 the portion of these monies from Measure B, BB and Measure F to be used to fund transportation-related capital projects.

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.

City of Fremont
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015
(With comparative totals for June 30, 2014)

	Special Revenue Funds	
	HOME Grant	Integrated Waste Management
ASSETS		
Cash and investments held by City	\$ -	\$ 6,471,621
Restricted cash and investments held by fiscal agent or City	-	-
Receivables:		
Property tax	-	-
Due from other governmental agencies	475,775	152,589
Housing loans receivable, net	-	-
Accounts receivable	-	897,957
Other	-	-
Total assets	\$ 475,775	\$ 7,522,167
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 27,863	\$ 340,246
Salaries and wages payable	-	45,901
Due to other funds	444,227	-
Total liabilities	472,090	386,147
Deferred inflows of resources-unavailable revenue	-	-
Fund Balances (Deficits):		
Restricted for:		
Social service programs	3,685	-
Debt service	-	-
Public safety	-	-
Street improvements	-	-
Community development	-	7,136,020
Other purposes	-	-
Committed for:		
Social service programs	-	-
Assigned for:		
Vehicle replacement	-	-
Unassigned	-	-
Total fund balances (deficits)	3,685	7,136,020
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 475,775	\$ 7,522,167

Special Revenue Funds					
Urban Runoff	Traffic Safety OTS	Abandoned Vehicle	Narcotics Asset Seizure	COPS AB3229	Justice Assistance Grant
\$ 1,221,061	\$ -	\$ -	\$ 590,735	\$ 320,095	\$ 38,464
-	-	-	-	-	-
-	-	-	-	-	-
6,903	-	97,948	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	225	4,523	-
<u>\$ 1,227,964</u>	<u>\$ -</u>	<u>\$ 97,948</u>	<u>\$ 590,960</u>	<u>\$ 324,618</u>	<u>\$ 38,464</u>
\$ 111,368	\$ -	\$ -	\$ 10,903	\$ 32,045	\$ 2,937
28,004	-	-	3,596	-	-
-	-	97,948	-	-	-
<u>139,372</u>	<u>-</u>	<u>97,948</u>	<u>14,499</u>	<u>32,045</u>	<u>2,937</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	576,461	292,573	35,527
1,088,592	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,088,592</u>	<u>-</u>	<u>-</u>	<u>576,461</u>	<u>292,573</u>	<u>35,527</u>
<u>\$ 1,227,964</u>	<u>\$ -</u>	<u>\$ 97,948</u>	<u>\$ 590,960</u>	<u>\$ 324,618</u>	<u>\$ 38,464</u>

(Continued)

City of Fremont
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2015
(With comparative totals for June 30, 2014)

	Special Revenue Funds		
	City Funded Affordable Housing Fund	Inclusionary Housing In Lieu	Metropolitan Medical Response System
	<u>Housing Fund</u>	<u>In Lieu</u>	<u>System</u>
ASSETS			
Cash and investments held by City	\$ 5,193,075	\$ 8,366,621	\$ 127,240
Restricted cash and investments held by fiscal agent or City	-	-	-
Receivables:			
Property tax	-	-	-
Due from other governmental agencies	-	-	-
Housing rehabilitation loans, net	-	-	-
Accounts receivable	-	-	-
Other	-	-	-
Total assets	<u>\$ 5,193,075</u>	<u>\$ 8,366,621</u>	<u>\$ 127,240</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 19,314
Salaries and wages payable	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>19,314</u>
Deferred inflows of resources-unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficits):			
Restricted for:			
Social service programs	-	-	-
Debt service	-	-	-
Public safety	-	-	107,926
Street improvements	-	-	-
Community development	-	8,366,621	-
Other purposes	-	-	-
Committed for:			
Social service programs	5,193,075	-	-
Assigned for:			
Vehicle replacement	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	<u>5,193,075</u>	<u>8,366,621</u>	<u>107,926</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 5,193,075</u>	<u>\$ 8,366,621</u>	<u>\$ 127,240</u>

Special Revenue Funds						Total
Miscellaneous Federal Grants	Miscellaneous State Support	State Gas Tax	Prop 1B HRCSA	Maintenance District		Non-major Special Revenue Funds
\$ 170,071	\$ -	\$ 12,419,388	\$ -	\$ 478,889		\$ 35,397,260
-	-	-	-	-		-
-	-	-	-	-		-
111,776	24,711	-	534,597	710		1,405,009
-	-	-	-	-		-
-	-	99,185	-	-		997,142
-	57,360	-	-	-		62,108
<u>\$ 281,847</u>	<u>\$ 82,071</u>	<u>\$ 12,518,573</u>	<u>\$ 534,597</u>	<u>\$ 479,599</u>		<u>\$ 37,861,519</u>
\$ 14,483	\$ 5,588	\$ 1,096,950	\$ 516,525	\$ 18,380		\$ 2,196,602
-	-	-	-	-		77,501
-	76,483	-	18,072	-		636,730
<u>14,483</u>	<u>82,071</u>	<u>1,096,950</u>	<u>534,597</u>	<u>18,380</u>		<u>2,910,833</u>
-	-	-	-	-		-
-	-	-	-	-		3,685
-	-	-	-	-		-
-	-	-	-	-		1,012,487
-	-	11,421,623	-	-		11,421,623
-	-	-	-	461,219		17,052,452
267,364	-	-	-	-		267,364
-	-	-	-	-		5,193,075
-	-	-	-	-		-
-	-	-	-	-		-
<u>267,364</u>	<u>-</u>	<u>11,421,623</u>	<u>-</u>	<u>461,219</u>		<u>34,950,686</u>
<u>\$ 281,847</u>	<u>\$ 82,071</u>	<u>\$ 12,518,573</u>	<u>\$ 534,597</u>	<u>\$ 479,599</u>		<u>\$ 37,861,519</u>

(Continued)

City of Fremont
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2015
(With comparative totals for June 30, 2014)

	Debt Service Funds		Total Non-major Debt Service Funds
	Fire General Obligation Bonds	Fremont Financing Authority	
ASSETS			
Cash and investments held by City	\$ -	\$ -	\$ -
Restricted cash and investments held by fiscal agent or City	2,603,812	1,817,196	4,421,008
Receivables:			
Property tax	39,250	-	39,250
Due from other governmental agencies	-	-	-
Housing rehabilitation loans, net	-	-	-
Accounts receivable	-	-	-
Other	-	-	-
Total assets	\$ 2,643,062	\$ 1,817,196	\$ 4,460,258
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Salaries and wages payable	-	-	-
Due to other funds	-	-	-
Total liabilities	-	-	-
Deferred inflows of resources-unavailable revenue	-	-	-
Fund Balances (Deficits):			
Restricted for:			
Social service programs	-	-	-
Debt service	2,643,062	1,817,196	4,460,258
Public safety	-	-	-
Street improvements	-	-	-
Community development	-	-	-
Other purposes	-	-	-
Committed for:			
Social service programs	-	-	-
Assigned for:			
Vehicle replacement	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	2,643,062	1,817,196	4,460,258
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 2,643,062	\$ 1,817,196	\$ 4,460,258

Capital Project Funds

Transportation Development Act	Miscellaneous State Grants Capital	Interchange Construction	Vehicle Replacement	Capital Improvement - Outside Sources	Measure B, BB & F Grants, Streets, Bike & Pedestrian
\$ -	\$ 176,493	\$ 1,398,185	\$ 2,717,893	\$ 7,482,977	\$ 2,201,155
-	-	-	-	-	-
-	-	-	-	-	-
267,421	125,263	-	-	496,543	1,400,398
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	112,668	-
<u>\$ 267,421</u>	<u>\$ 301,756</u>	<u>\$ 1,398,185</u>	<u>\$ 2,717,893</u>	<u>\$ 8,092,188</u>	<u>\$ 3,601,553</u>
\$ -	\$ 301,756	\$ 12,876	\$ 9,774	\$ 223,481	\$ 557,326
-	-	-	-	-	-
267,421	-	-	-	-	-
<u>267,421</u>	<u>301,756</u>	<u>12,876</u>	<u>9,774</u>	<u>223,481</u>	<u>557,326</u>
<u>15,018</u>	<u>125,263</u>	<u>-</u>	<u>-</u>	<u>327,143</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,385,309	-	1,031,225	3,044,227
-	-	-	-	6,510,339	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,708,119	-	-
(15,018)	(125,263)	-	-	-	-
<u>(15,018)</u>	<u>(125,263)</u>	<u>1,385,309</u>	<u>2,708,119</u>	<u>7,541,564</u>	<u>3,044,227</u>
<u>\$ 267,421</u>	<u>\$ 301,756</u>	<u>\$ 1,398,185</u>	<u>\$ 2,717,893</u>	<u>\$ 8,092,188</u>	<u>\$ 3,601,553</u>

(Continued)

City of Fremont
Combining Balance Sheet
Non-Major Governmental Funds, Continued
June 30, 2015
(With comparative totals for June 30, 2014)

	Capital Project Funds	
	Intermodal	
	Surface	Traffic
	Transportation	System
	Efficiency Act	Management
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	3,281,459	33,605
Housing rehabilitation loans, net	-	-
Accounts receivable	-	-
Other	-	-
Total assets	\$ 3,281,459	\$ 33,605
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 864,463	\$ -
Salaries and wages payable	-	-
Due to other funds	2,416,996	33,605
Total liabilities	3,281,459	33,605
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)	\$ 3,281,459	\$ 33,605

Total Non-major Capital Projects Funds	Total Non-major Governmental Funds	
	2015	2014
\$ 13,976,703	\$ 49,373,963	\$ 45,609,797
-	4,421,008	3,030,075
-	39,250	26,285
5,604,689	7,009,698	5,852,729
-	-	3,099,043
-	997,142	671,636
112,668	174,776	335,200
<u>\$ 19,694,060</u>	<u>\$ 62,015,837</u>	<u>\$ 58,624,765</u>
\$ 1,969,676	\$ 4,166,278	\$ 4,472,181
-	77,501	59,057
2,718,022	3,354,752	1,298,743
<u>4,687,698</u>	<u>7,598,531</u>	<u>5,829,981</u>
467,424	467,424	3,737,605
-	3,685	3,685
-	4,460,258	3,055,835
-	1,012,487	984,066
5,460,761	16,882,384	28,169,721
6,510,339	23,562,791	7,211,282
-	267,364	498,172
-	5,193,075	5,769,320
2,708,119	2,708,119	3,407,645
(140,281)	(140,281)	(42,547)
<u>14,538,938</u>	<u>53,949,882</u>	<u>49,057,179</u>
<u>\$ 19,694,060</u>	<u>\$ 62,015,837</u>	<u>\$ 58,624,765</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, 2015

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

	Special Revenue Funds	
	HOME Grant	Integrated Waste Management
REVENUES:		
Property tax	\$ -	\$ -
Intergovernmental	560,245	83,005
Charges for services	-	6,831,375
Investment earnings	-	-
Other	-	-
Total revenues	560,245	6,914,380
EXPENDITURES:		
Current:		
Police services	-	-
Fire services	-	-
Human services	-	-
Capital assets maintenance and operations	-	435
Community development and environmental services	556,925	5,290,945
Capital outlay	-	-
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
Total expenditures	556,925	5,291,380
REVENUES OVER (UNDER) EXPENDITURES	3,320	1,623,000
OTHER FINANCING SOURCES (USES):		
Debt proceeds	-	-
Premium on debt issuance	-	-
Payment to refunding escrow	-	-
Proceeds from sale of capital assets	-	-
Transfers in	-	135,540
Transfers out	(3,320)	(204,577)
Total other financing sources (uses)	(3,320)	(69,037)
Net change in fund balances	-	1,553,963
FUND BALANCES (DEFICITS):		
Beginning of year	3,685	5,582,057
End of year	\$ 3,685	\$ 7,136,020

Special Revenue Funds					
Urban Runoff	Traffic Safety OTS	Abandoned Vehicle	Narcotics Asset Seizure	COPS AB3229	Justice Assistance Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	8,191	182,413	374,235	243,726	30,577
1,456,458	-	-	-	-	-
-	-	-	2,510	2,139	96
-	-	-	-	-	-
1,456,458	8,191	182,413	376,745	245,865	30,673
-	8,191	182,413	292,646	310,285	24,317
-	-	-	-	-	-
-	-	-	-	-	-
19,955	-	-	-	-	-
1,456,779	-	-	-	-	-
-	-	-	-	24,054	-
-	-	-	-	-	-
-	-	-	-	-	-
1,476,734	8,191	182,413	292,646	334,339	24,317
(20,276)	-	-	84,099	(88,474)	6,356
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	50,000	-	-
(75,869)	-	-	-	-	-
(75,869)	-	-	50,000	-	-
(96,145)	-	-	134,099	(88,474)	6,356
1,184,737	-	-	442,362	381,047	29,171
\$ 1,088,592	\$ -	\$ -	\$ 576,461	\$ 292,573	\$ 35,527

(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, 2015

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

	Special Revenue Funds		
	City Funded Affordable Housing Fund	Inclusionary Housing In Lieu	Metropolitan Medical Response System
REVENUES:			
Property tax	\$ -	\$ -	\$ -
Intergovernmental	-	-	31,535
Charges for services	-	6,690,318	-
Investment earnings	35,434	-	718
Other	921	-	-
Total revenues	36,355	6,690,318	32,253
EXPENDITURES:			
Current:			
Police services	-	-	-
Fire services	-	-	55,813
Human services	-	-	-
Capital assets maintenance and operations	-	-	-
Community development and environmental services	1,550	34,747	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	1,550	34,747	55,813
REVENUES OVER (UNDER) EXPENDITURES	34,805	6,655,571	(23,560)
OTHER FINANCING SOURCES (USES):			
Debt proceeds	-	-	-
Premium on debt issuance	-	-	-
Payment to refunding escrow	-	-	-
Proceeds from sale of capital assets	-	-	-
Transfers in	1,100,000	-	-
Transfers out	-	-	-
Total other financing sources (uses)	1,100,000	-	-
Net change in fund balances	1,134,805	6,655,571	(23,560)
FUND BALANCES (DEFICITS):			
Beginning of year	4,058,270	1,711,050	131,486
End of year	\$ 5,193,075	\$ 8,366,621	\$ 107,926

Special Revenue Funds					
Miscellaneous Federal Grants	Miscellaneous State Support	State Gas Tax	Prop 1B HRCSA	Maintenance District	Total Non-major Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
233,720	176,088	5,642,782	1,375,781	-	8,942,298
-	-	-	-	191,069	15,169,220
-	-	68,223	-	-	109,120
-	-	-	-	-	921
233,720	176,088	5,711,005	1,375,781	191,069	24,221,559
37,267	-	-	-	-	855,119
4,646	-	-	-	-	60,459
224,137	162,030	-	-	-	386,167
4,160	-	7,706,953	122,162	174,338	8,028,003
-	-	-	-	-	7,340,946
175,647	-	-	1,253,619	-	1,453,320
-	-	-	-	-	-
-	-	-	-	-	-
445,857	162,030	7,706,953	1,375,781	174,338	18,124,014
(212,137)	14,058	(1,995,948)	-	16,731	6,097,545
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,285,540
(18,671)	(12,000)	-	-	-	(314,437)
(18,671)	(12,000)	-	-	-	971,103
(230,808)	2,058	(1,995,948)	-	16,731	7,068,648
498,172	(2,058)	13,417,571	-	444,488	27,882,038
\$ 267,364	\$ -	\$ 11,421,623	\$ -	\$ 461,219	\$ 34,950,686

(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, 2015

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

	Debt Service Funds		Total Non-major Debt Service Funds
	Fire General Obligation Bonds	Fremont Financing Authority	
REVENUES:			
Property tax	\$ 4,583,885	\$ -	\$ 4,583,885
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment earnings	1,465	82	1,547
Other	-	-	-
Total revenues	4,585,350	82	4,585,432
EXPENDITURES:			
Current:			
Police services	-	-	-
Fire services	-	-	-
Human services	-	-	-
Capital assets maintenance and operations	-	-	-
Community development and environmental services	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	1,355,000	4,750,000	6,105,000
Interest and fiscal charges	1,822,187	1,640,452	3,462,639
Total expenditures	3,177,187	6,390,452	9,567,639
REVENUES OVER (UNDER) EXPENDITURES	1,408,163	(6,390,370)	(4,982,207)
OTHER FINANCING SOURCES (USES):			
Debt proceeds	-	-	-
Premium on debt issuance	-	-	-
Payment to refunding escrow	-	-	-
Proceeds from sale of capital assets	-	-	-
Transfers in	-	6,386,630	6,386,630
Transfers out	-	-	-
Total other financing sources (uses)	-	6,386,630	6,386,630
Net change in fund balances	1,408,163	(3,740)	1,404,423
FUND BALANCES (DEFICITS):			
Beginning of year	1,234,899	1,820,936	3,055,835
End of year	\$ 2,643,062	\$ 1,817,196	\$ 4,460,258

Capital Project Funds					
Transportation Development Act	Miscellaneous State Grants Capital	Interchange Construction	Vehicle Replacement	Capital Improvement - Outside Sources	Measure B, BB & F Grants, Streets, Bike & Pedestrian
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
252,403	147,545	-	-	880,364	4,428,493
-	-	-	-	439,902	-
-	-	58,615	23,318	(1,157)	10,211
-	-	-	-	4,171,245	-
252,403	147,545	58,615	23,318	5,490,354	4,438,704
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
226,932	272,808	-	286,770	703,315	5,025,079
-	-	-	-	-	-
-	-	440,329	1,832,502	250,000	-
-	-	-	-	-	-
-	-	-	-	-	-
226,932	272,808	440,329	2,119,272	953,315	5,025,079
25,471	(125,263)	(381,714)	(2,095,954)	4,537,039	(586,375)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	78,059	-	-
-	-	-	1,464,528	-	-
-	-	(6,350,000)	(146,159)	-	-
-	-	(6,350,000)	1,396,428	-	-
25,471	(125,263)	(6,731,714)	(699,526)	4,537,039	(586,375)
(40,489)	-	8,117,023	3,407,645	3,004,525	3,630,602
\$ (15,018)	\$ (125,263)	\$ 1,385,309	\$ 2,708,119	\$ 7,541,564	\$ 3,044,227

(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, 2015

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

	Capital Project Funds	
	Intermodal Surface Transportation Efficiency Act	Traffic System Management
REVENUES:		
Property tax	\$ -	\$ -
Intergovernmental	4,791,302	33,605
Charges for services	-	-
Investment earnings	-	-
Other	-	-
Total revenues	4,791,302	33,605
EXPENDITURES:		
Current:		
Police services	-	-
Fire services	-	-
Human services	-	-
Capital assets maintenance and operations	2,900,539	33,605
Community development and environmental services	-	-
Capital outlay	1,890,763	-
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
Total expenditures	4,791,302	33,605
REVENUES OVER (UNDER) EXPENDITURES	-	-
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	-	-
FUND BALANCES (DEFICITS):		
Beginning of year	-	-
End of year	\$ -	\$ -

Total Non-major Capital Projects Funds	Total Non-major Governmental Funds	
	2015	2014
\$ -	\$ 4,583,885	\$ 1,984,150
10,533,712	19,476,010	17,941,963
439,902	15,609,122	9,736,099
90,987	201,654	215,999
4,171,245	4,172,166	3,064,542
15,235,846	44,042,837	32,942,753
-	855,119	1,110,150
-	60,459	463,598
-	386,167	356,510
9,449,048	17,477,051	16,769,429
-	7,340,946	7,535,574
4,413,594	5,866,914	4,590,741
-	6,105,000	5,435,000
-	3,462,639	4,204,023
13,862,642	41,554,295	40,465,025
1,373,204	2,488,542	(7,522,272)
-	-	22,005,000
-	-	726,480
-	-	(22,145,000)
78,059	78,059	550,251
1,464,528	9,136,698	11,259,332
(6,496,159)	(6,810,596)	(395,176)
(4,953,572)	2,404,161	12,000,887
(3,580,368)	4,892,703	4,478,615
18,119,306	49,057,179	44,578,564
\$ 14,538,938	\$ 53,949,882	\$ 49,057,179

(Concluded)

City of Fremont
Budgetary Comparison Schedule
Special Revenue and Debt Service Funds
For the fiscal year ended June 30, 2015

	Special Revenue Funds					
	HOME Grant			Integrated Waste Management		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	788,937	560,245	(228,692)	71,000	83,005	12,005
Charges for services	-	-	-	6,488,600	6,831,375	342,775
Investment earnings	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenues	788,937	560,245	(228,692)	6,559,600	6,914,380	354,780
EXPENDITURES:						
Current:						
Police services	-	-	-	-	-	-
Fire services	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Capital assets maintenance and operations	-	-	-	435	435	-
Community development and environmental services	782,937	556,925	226,012	6,135,232	5,290,945	844,287
Other post employment benefits	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	782,937	556,925	226,012	6,135,667	5,291,380	844,287
REVENUES OVER (UNDER) EXPENDITURES	6,000	3,320	(2,680)	423,933	1,623,000	1,199,067
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	135,540	135,540	-
Transfers out	(6,000)	(3,320)	2,680	(204,577)	(204,577)	-
Total other financing sources (uses)	(6,000)	(3,320)	2,680	(69,037)	(69,037)	-
Net change in fund balances	\$ -	-	\$ -	\$ 354,896	1,553,963	\$ 1,199,067
FUND BALANCES (DEFICITS):						
Beginning of year		3,685			5,582,057	
End of year		\$ 3,685			\$ 7,136,020	

Special Revenue Funds

Urban Runoff			Traffic Safety OTS			Abandoned Vehicle		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	6,892	8,191	1,299	167,000	182,413	15,413
1,449,110	1,456,458	7,348	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,449,110	1,456,458	7,348	6,892	8,191	1,299	167,000	182,413	15,413
-	-	-	6,892	8,191	(1,299)	167,000	182,413	(15,413)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
19,955	19,955	-	-	-	-	-	-	-
1,530,619	1,456,779	73,840	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,550,574	1,476,734	73,840	6,892	8,191	(1,299)	167,000	182,413	(15,413)
(101,464)	(20,276)	81,188	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(75,869)	(75,869)	-	-	-	-	-	-	-
(75,869)	(75,869)	-	-	-	-	-	-	-
\$ (177,333)	(96,145)	\$ 81,188	\$ -	-	\$ -	\$ -	-	\$ -
	1,184,737			-			-	
	\$ 1,088,592		\$ -			\$ -		

(Continued)

City of Fremont
Budgetary Comparison Schedule
Special Revenue and Debt Service Funds
For the fiscal year ended June 30, 2015

	Special Revenue Funds					
	Narcotics Asset Seizure			COPS AB3229		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	284,710	374,235	89,525	220,000	243,726	23,726
Charges for services	-	-	-	-	-	-
Investment earnings	-	2,510	2,510	-	2,139	2,139
Other	-	-	-	-	-	-
Total revenues	284,710	376,745	92,035	220,000	245,865	25,865
EXPENDITURES:						
Current:						
Police services	338,909	292,646	46,263	402,543	310,285	92,258
Fire services	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Capital assets maintenance and operations	-	-	-	-	-	-
Community development and environmental services	-	-	-	-	-	-
Other post employment benefits	-	-	-	-	-	-
Capital outlay	-	-	-	-	24,054	(24,054)
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	338,909	292,646	46,263	402,543	334,339	68,204
REVENUES OVER (UNDER) EXPENDITURES	(54,199)	84,099	138,298	(182,543)	(88,474)	94,069
OTHER FINANCING SOURCES (USES):						
Transfers in	50,000	50,000	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	50,000	50,000	-	-	-	-
Net change in fund balances	\$ (4,199)	134,099	\$ 138,298	\$ (182,543)	(88,474)	\$ 94,069
FUND BALANCES (DEFICITS):						
Beginning of year		442,362			381,047	
End of year		\$ 576,461			\$ 292,573	

Special Revenue Funds

Justice Assistance Grant			City Funded Affordable Housing			Inclusionary Housing In Lieu		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
30,000	30,577	577	-	-	-	-	-	-
-	-	-	-	-	-	250,000	6,690,318	6,440,318
-	96	96	-	35,434	35,434	-	-	-
-	-	-	-	921	921	-	-	-
30,000	30,673	673	-	36,355	36,355	250,000	6,690,318	6,440,318
24,409	24,317	92	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	1,550	(1,550)	70,611	34,747	35,864
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
24,409	24,317	92	-	1,550	(1,550)	70,611	34,747	35,864
5,591	6,356	581	-	34,805	34,805	179,389	6,655,571	6,476,182
-	-	-	-	1,100,000	1,100,000	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	1,100,000	1,100,000	-	-	-
<u>\$ 5,591</u>	<u>6,356</u>	<u>\$ 581</u>	<u>\$ -</u>	<u>1,134,805</u>	<u>\$ 1,134,805</u>	<u>\$ 179,389</u>	<u>6,655,571</u>	<u>\$ 6,476,182</u>

29,171
\$ 35,527

(Continued)

4,058,270
\$ 5,193,075

1,711,050
\$ 8,366,621

(Continued)

City of Fremont
Budgetary Comparison Schedule
Special Revenue and Debt Service Funds
For the fiscal year ended June 30, 2015

	Special Revenue Funds					
	Metropolitan Medical Response System			Miscellaneous Federal Grants		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	30,000	31,535	1,535	233,720	233,720	-
Charges for services	-	-	-	-	-	-
Investment earnings	-	718	718	-	-	-
Other	-	-	-	-	-	-
Total revenues	30,000	32,253	2,253	233,720	233,720	-
EXPENDITURES:						
Current:						
Police services	-	-	-	37,267	37,267	-
Fire services	144,912	55,813	89,099	4,646	4,646	-
Human services	-	-	-	224,137	224,137	-
Capital assets maintenance and operations	-	-	-	4,160	4,160	-
Community development and environmental services	-	-	-	-	-	-
Other post employment benefits	-	-	-	-	-	-
Capital outlay	-	-	-	175,647	175,647	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	144,912	55,813	89,099	445,857	445,857	-
REVENUES OVER (UNDER) EXPENDITURES	(114,912)	(23,560)	91,352	(212,137)	(212,137)	-
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(18,671)	(18,671)	-
Total other financing sources (uses)	-	-	-	(18,671)	(18,671)	-
Net change in fund balances	\$ (114,912)	(23,560)	\$ 91,352	\$ (230,808)	(230,808)	\$ -
FUND BALANCES (DEFICITS):						
Beginning of year		131,486			498,172	
End of year		<u>\$ 107,926</u>			<u>\$ 267,364</u>	

Special Revenue Funds

Miscellaneous State Grants			State Gas Tax			Prop 1B		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
179,635	176,088	(3,547)	5,642,782	5,642,782	-	1,375,781	1,375,781	-
-	-	-	-	-	-	-	-	-
-	-	-	68,223	68,223	-	-	-	-
-	-	-	-	-	-	-	-	-
179,635	176,088	(3,547)	5,711,005	5,711,005	-	1,375,781	1,375,781	-
7,000	-	7,000	-	-	-	-	-	-
51,392	-	51,392	-	-	-	-	-	-
160,635	162,030	(1,395)	-	-	-	-	-	-
-	-	-	7,706,953	7,706,953	-	122,162	122,162	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,253,619	1,253,619	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
219,027	162,030	56,997	7,706,953	7,706,953	-	1,375,781	1,375,781	-
(39,392)	14,058	53,450	(1,995,948)	(1,995,948)	-	-	-	-
-	-	-	-	-	-	-	-	-
(12,000)	(12,000)	-	-	-	-	-	-	-
(12,000)	(12,000)	-	-	-	-	-	-	-
<u>\$ (51,392)</u>	<u>2,058</u>	<u>\$ 53,450</u>	<u>\$ (1,995,948)</u>	<u>(1,995,948)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
	(2,058)			13,417,571			-	
	<u>\$ -</u>			<u>\$ 11,421,623</u>			<u>\$ -</u>	

(Continued)

City of Fremont
Budgetary Comparison Schedule
Special Revenue and Debt Service Funds
For the fiscal year ended June 30, 2015

	Special Revenue Funds			Debt Service Funds		
	Maintenance District			Fire General Obligation Bonds		
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:						
Property tax	\$ -	\$ -	\$ -	\$ 4,583,885	\$ 4,583,885	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	191,069	191,069	-	-	-	-
Investment earnings	-	-	-	-	1,465	1,465
Other	-	-	-	-	-	-
Total revenues	191,069	191,069	-	4,583,885	4,585,350	1,465
EXPENDITURES:						
Current:						
Police services	-	-	-	-	-	-
Fire services	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Capital assets maintenance and operations	174,338	174,338	-	-	-	-
Community development and environmental services	-	-	-	-	-	-
Other post employment benefits	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	1,355,000	1,355,000	-
Interest and fiscal charges	-	-	-	1,822,187	1,822,187	-
Total expenditures	174,338	174,338	-	3,177,187	3,177,187	-
REVENUES OVER (UNDER) EXPENDITURES	16,731	16,731	-	1,406,698	1,408,163	1,465
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Net change in fund balances	\$ 16,731	16,731	\$ -	\$ 1,406,698	1,408,163	\$ 1,465
FUND BALANCES (DEFICITS):						
Beginning of year		444,488			1,234,899	
End of year		\$ 461,219			\$ 2,643,062	

Debt Service Funds

Fremont Financing Authority

Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	82	82
-	-	-
-	82	82
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
4,750,000	4,750,000	-
3,068,106	1,640,452	(1,427,654)
7,818,106	6,390,452	(1,427,654)
(7,818,106)	(6,390,370)	1,427,736
7,818,106	6,386,630	(1,431,476)
-	-	-
7,818,106	6,386,630	(1,431,476)
<u>\$ -</u>	<u>(3,740)</u>	<u>\$ (3,740)</u>

1,820,936

\$ 1,817,196

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Internal Service Funds

City of Fremont
Combining Statement of Net Position
Internal Service Funds
June 30, 2015
(With comparative totals for June 30, 2014)

	Risk Management	Information Technology	Totals	
			2015	2014
ASSETS				
Current assets:				
Cash and investments held by City	\$ 18,988,820	\$ 4,629,007	\$ 23,617,827	\$ 20,009,114
Other receivables	3,878	112,146	116,024	103,671
Total current assets	<u>18,992,698</u>	<u>4,741,153</u>	<u>23,733,851</u>	<u>20,112,785</u>
Noncurrent assets:				
Depreciable assets	19,000	9,041,585	9,060,585	8,690,160
Less accumulated depreciation	-	(6,420,842)	(6,420,842)	(5,944,815)
Land held for resale	-	-	-	2,821,430
Total noncurrent assets	<u>19,000</u>	<u>2,620,743</u>	<u>2,639,743</u>	<u>5,566,775</u>
Total assets	<u>19,011,698</u>	<u>7,361,896</u>	<u>26,373,594</u>	<u>25,679,560</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension contribution	<u>80,688</u>	<u>492,621</u>	<u>573,309</u>	<u>-</u>
LIABILITIES				
Current liabilities:				
Accounts payable	143,149	500,104	643,253	354,838
Salaries and wages payable	50,719	122,251	172,970	146,072
Claims payable	<u>5,630,000</u>	<u>-</u>	<u>5,630,000</u>	<u>5,771,000</u>
Total current liabilities	<u>5,823,868</u>	<u>622,355</u>	<u>6,446,223</u>	<u>6,271,910</u>
Noncurrent liabilities:				
Claims payable	11,946,000	-	11,946,000	12,250,000
Net pension liability	<u>825,991</u>	<u>5,042,890</u>	<u>5,868,881</u>	<u>-</u>
Total noncurrent liabilities	<u>12,771,991</u>	<u>5,042,890</u>	<u>17,814,881</u>	<u>12,250,000</u>
Total liabilities	<u>18,595,859</u>	<u>5,665,245</u>	<u>24,261,104</u>	<u>18,521,910</u>
DEFERRED INFLOWS OF RESOURCES				
Differences between expected and actual earnings on investment	<u>166,544</u>	<u>1,016,792</u>	<u>1,183,336</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	19,000	2,620,743	2,639,743	2,745,345
Unrestricted	<u>310,983</u>	<u>(1,448,263)</u>	<u>(1,137,280)</u>	<u>4,412,305</u>
Total net position	<u>\$ 329,983</u>	<u>\$ 1,172,480</u>	<u>\$ 1,502,463</u>	<u>\$ 7,157,650</u>

City of Fremont
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the fiscal year ended June 30, 2015
(With comparative totals for the fiscal year ended June 30, 2014)

	Risk Management	Information Technology	Totals	
			2015	2014
OPERATING REVENUES				
Charges for services	\$ 6,800,329	\$ 6,461,770	\$ 13,262,099	\$ 12,050,356
Other	41,078	10,143	51,221	52,109
Total operating revenues	6,841,407	6,471,913	13,313,320	12,102,465
OPERATING EXPENSES				
Salaries and wages	493,017	3,368,659	3,861,676	4,271,550
Insurance premiums	1,331,409	-	1,331,409	1,268,443
Provision for claim losses	4,314,130	-	4,314,130	5,147,256
Claims administration	265,588	-	265,588	299,894
Materials and supplies	9,258	2,205,172	2,214,430	1,793,389
Depreciation	-	476,027	476,027	399,755
Other	-	56,526	56,526	55,696
Total operating expenses	6,413,402	6,106,384	12,519,786	13,235,983
OPERATING INCOME (LOSS)	428,005	365,529	793,534	(1,133,518)
NONOPERATING REVENUES (EXPENSES)				
Investment income (loss)	108,601	30,390	138,991	162,654
Loss on disposal	-	-	-	(79,412)
Income (loss) before transfers	536,606	395,919	932,525	(1,050,276)
Transfers in	-	-	-	1,000,000
CHANGE IN NET POSITION	536,606	395,919	932,525	(50,276)
Net position - beginning of year, as previously reported	720,537	6,437,113	7,157,650	7,207,926
Restatement for implementation of GASB 68	(927,160)	(5,660,552)	(6,587,712)	-
Net position - beginning of year, as restated	(206,623)	776,561	569,938	7,207,926
Net position - ending	\$ 329,983	\$ 1,172,480	\$ 1,502,463	\$ 7,157,650

City of Fremont
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2015

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

	Risk Management	Information Technology	Totals	
			2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from users	\$ 6,799,842	\$ 6,449,904	\$ 13,249,746	\$ 12,061,766
Other revenue	41,078	10,143	51,221	52,109
Less: Payments to suppliers	(1,673,423)	(1,849,589)	(3,523,012)	(3,181,956)
Payments for employee services	(504,838)	(3,438,744)	(3,943,582)	(4,288,485)
Payments for claims paid	(4,759,130)	-	(4,759,130)	(3,800,256)
Payments to others	-	(56,526)	(56,526)	(55,696)
Net cash provided by (used for) operating activities	(96,471)	1,115,188	1,018,717	787,482
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Acquisition of capital assets	-	(370,425)	(370,425)	(257,060)
Sale of land held for resale	2,821,430	-	2,821,430	-
	2,821,430	(370,425)	2,451,005	(257,060)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfer in	-	-	-	1,000,000
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on cash and investments	108,601	30,390	138,991	162,654
Net change in cash and cash equivalents	2,833,560	775,153	3,608,713	1,693,076
CASH AND CASH EQUIVALENTS				
Beginning of year	16,155,260	3,853,854	20,009,114	18,316,038
End of year	\$ 18,988,820	\$ 4,629,007	\$ 23,617,827	\$ 20,009,114
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 428,005	\$ 365,529	\$ 793,534	\$ (1,133,518)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	-	476,027	476,027	399,755
Changes in operating assets and liabilities:				
Other receivables	(487)	(11,866)	(12,353)	11,410
Accounts payable	(67,168)	355,583	288,415	179,770
Salaries and wages payable	3,492	23,406	26,898	(16,935)
Claims payable	(445,000)	-	(445,000)	1,347,000
Deferred outflow of resources - pension plan	(2,976)	(18,166)	(21,142)	-
Deferred inflow of resources - pension plan	166,544	1,016,792	1,183,336	-
Net pension liability	(178,881)	(1,092,117)	(1,270,998)	-
Net cash provided by (used for) operating activities	\$ (96,471)	\$ 1,115,188	\$ 1,018,717	\$ 787,482
Noncash capital financing activities				
Carrying value of disposed assets	\$ -	\$ -	\$ -	\$ (79,412)

Agency Funds

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, 2015
(With comparative totals for June 30, 2014)

	Local Improvement Districts	Performance Bonds, Deposits and Confiscated Assets	Southern Alameda County GIS	Total	
				2015	2014
<u>All Agency Funds</u>					
Assets:					
Cash and investments held by City	\$ 10,053,725	\$ 2,471,861	\$ -	\$ 12,525,586	\$ 11,386,402
Restricted cash and investments held by fiscal agent	7,608,918	238,283	-	7,847,201	4,963,741
Land held for resale	-	13,592,893	-	13,592,893	13,592,893
Accounts receivable	-	-	22,688	22,688	11,241
Other receivables	63,469	-	-	63,469	-
Total assets	17,726,112	16,303,037	22,688	34,051,837	29,954,277
Liabilities:					
Accounts payable	-	39,844	-	39,844	167,653
Due to other governments	-	13,592,893	-	13,592,893	13,592,893
Cash overdraft	-	-	10,544	10,544	-
Deposits	17,726,112	2,670,300	12,144	20,408,556	16,193,731
Total liabilities	17,726,112	16,303,037	22,688	34,051,837	29,954,277
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, 2015

	Balance June 30, 2014	Additions	Deductions	Balance June 30, 2015
<u>Local Improvement Districts</u>				
Assets:				
Cash and investments held by City	\$ 9,389,185	\$ 6,772,199	\$ (6,107,659)	\$ 10,053,725
Restricted cash and investments held by fiscal agent	4,946,820	3,307,578	(645,480)	7,608,918
Other receivables	-	506,268	(442,799)	63,469
Total assets	\$ 14,336,005	\$ 10,586,045	\$ (7,195,938)	\$ 17,726,112
Liabilities:				
Deposits	\$ 14,336,005	\$ 10,212,824	\$ (6,822,717)	\$ 17,726,112
<u>Performance Bonds, Deposits and Confiscated Assets</u>				
Assets:				
Cash and investments held by City	\$ 1,996,325	\$ 1,173,690	\$ (698,154)	\$ 2,471,861
Restricted cash and investments held by fiscal agent	16,921	221,362	-	238,283
Land held for resale	13,592,893	-	-	13,592,893
Total assets	\$ 15,606,139	\$ 1,395,052	\$ (698,154)	\$ 16,303,037
Liabilities:				
Accounts payable	\$ 167,653	\$ 565,950	\$ (693,759)	\$ 39,844
Due to other governments	13,592,893	-	-	13,592,893
Deposits	1,845,593	1,387,958	(563,251)	2,670,300
Total liabilities	\$ 15,606,139	\$ 1,953,908	\$ (1,257,010)	\$ 16,303,037
<u>Southern Alameda County GIS</u>				
Assets:				
Cash and investments held by City	\$ 892	\$ 98,315	\$ (99,207)	\$ -
Accounts receivable	11,241	86,584	(75,137)	22,688
Total assets	\$ 12,133	\$ 184,899	\$ (174,344)	\$ 22,688
Liabilities:				
Cash overdraft	\$ -	\$ 10,544	\$ -	\$ 10,544
Deposits	12,133	11	-	12,144
Total liabilities	\$ 12,133	\$ 10,555	\$ -	\$ 22,688
<u>Total Agency Funds</u>				
Assets:				
Cash and investments held by City	\$ 11,386,402	\$ 8,044,204	\$ (6,905,020)	\$ 12,525,586
Restricted cash and investments held by fiscal agent	4,963,741	3,528,940	(645,480)	7,847,201
Land held for resale	13,592,893	-	-	13,592,893
Accounts receivable	11,241	86,584	(75,137)	22,688
Other receivables	-	506,268	(442,799)	63,469
Total assets	\$ 29,954,277	\$ 12,165,996	\$ (8,068,436)	\$ 34,051,837
Liabilities:				
Accounts payable	\$ 167,653	\$ 565,950	\$ (693,759)	\$ 39,844
Due to other governments	13,592,893	-	-	13,592,893
Cash Overdraft	-	10,544	-	10,544
Deposits	16,193,731	11,600,793	(7,385,968)	20,408,556
Total liabilities	\$ 29,954,277	\$ 12,177,287	\$ (8,079,727)	\$ 34,051,837

Human Services Fund

Human Services Funds

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.

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 – 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 – 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.

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, 2015
(With comparative totals for June 30, 2014)

	Community Development Block Grant	SHP Grant	Older Americans Grant
ASSETS			
Cash and investments held by City	\$ -	\$ -	\$ -
Receivables:			
Due from other governmental agencies	592,846	143,656	12,650
Housing loans receivable, net	1,396,484	-	-
Accounts receivable	-	-	-
Total assets	\$ 1,989,330	\$ 143,656	\$ 12,650
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 194,317	\$ 4,547	\$ -
Salaries and wages payable	11,143	-	-
Due to other funds	387,386	139,109	12,650
Unearned revenue	-	-	-
Total liabilities	592,846	143,656	12,650
Deferred inflows of resources-unavailable revenue	1,396,484	-	-
Fund Balances:			
Restricted for social service programs	-	-	-
Committed for social service programs	-	-	-
Total fund balances	-	-	-
Total liabilities, deferred inflows of resources, and fund balances	\$ 1,989,330	\$ 143,656	\$ 12,650

Tri-City Elders	Senior Services	Multipurpose Senior Services Program	Area Agency on Aging	Alameda County Senior Mobile Mental Health	Family Resource Center
\$ 100,605	\$ 391,267	\$ -	\$ -	\$ -	\$ 2,695,825
-	35,072	54,582	35,420	431,255	571,734
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 100,605</u>	<u>\$ 426,339</u>	<u>\$ 54,582</u>	<u>\$ 35,420</u>	<u>\$ 431,255</u>	<u>\$ 3,267,559</u>
\$ 3,759	\$ 13,351	\$ 563	\$ -	\$ 680	\$ 13,203
-	21,915	-	-	-	53,233
-	-	54,019	35,420	407,404	-
-	-	-	-	-	-
<u>3,759</u>	<u>35,266</u>	<u>54,582</u>	<u>35,420</u>	<u>408,084</u>	<u>66,436</u>
-	-	-	-	-	-
96,846	-	-	-	23,171	3,201,123
-	391,073	-	-	-	-
<u>96,846</u>	<u>391,073</u>	<u>-</u>	<u>-</u>	<u>23,171</u>	<u>3,201,123</u>
<u>\$ 100,605</u>	<u>\$ 426,339</u>	<u>\$ 54,582</u>	<u>\$ 35,420</u>	<u>\$ 431,255</u>	<u>\$ 3,267,559</u>

(Continued)

City of Fremont
Supplemental Information
Summary of Human Services Fund Balance Sheet, continued
June 30, 2015
(With comparative totals for June 30, 2014)

	Family Resource Center Corporation	Youth Service Center	Every Child Counts Grant
ASSETS			
Cash and investments held by City	\$ 213,899	\$ -	\$ -
Receivables:			
Due from other governmental agencies	22,285	139,446	822,729
Housing loans receivable, net	-	-	-
Accounts receivable	7,116	-	-
Total assets	\$ 243,300	\$ 139,446	\$ 822,729
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 10,764	\$ 56	\$ 13,541
Salaries and wages payable	-	-	936
Due to other funds	-	139,390	183,965
Unearned revenue	-	-	-
Total liabilities	10,764	139,446	198,442
Deferred inflows of resources-unavailable revenue	-	-	98,131
Fund Balances:			
Restricted for social service programs	232,536	-	526,156
Committed for social service programs	-	-	-
Total fund balances	232,536	-	526,156
Total liabilities, deferred inflows of resources, and fund balances	\$ 243,300	\$ 139,446	\$ 822,729

Alameda Behavioral Health Care	Measure B Para-Transit	Miscellaneous Donations and Grants	Human Services Operating	Total Summary of Human Services Fund	
				2015	2014
\$ -	\$ 130,833	\$ 1,062,231	\$ 1,287,592	\$ 5,882,252	\$ 6,526,206
170,162	702,310	14,177	23,030	3,771,354	2,893,671
-	-	-	-	1,396,484	1,422,055
-	-	-	6,200	13,316	10,437
<u>\$ 170,162</u>	<u>\$ 833,143</u>	<u>\$ 1,076,408</u>	<u>\$ 1,316,822</u>	<u>\$ 11,063,406</u>	<u>\$ 10,852,369</u>
\$ -	\$ 218,117	\$ 5,400	\$ 53,874	\$ 532,172	\$ 755,352
-	823	-	209,662	297,712	279,509
170,162	172,026	-	-	1,701,531	1,065,856
-	-	-	-	-	-
<u>170,162</u>	<u>390,966</u>	<u>5,400</u>	<u>263,536</u>	<u>2,531,415</u>	<u>2,100,717</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,494,615</u>	<u>1,422,055</u>
-	442,177	1,071,008	-	5,593,017	6,096,117
-	-	-	1,053,286	1,444,359	1,233,480
<u>-</u>	<u>442,177</u>	<u>1,071,008</u>	<u>1,053,286</u>	<u>7,037,376</u>	<u>7,329,597</u>
<u>\$ 170,162</u>	<u>\$ 833,143</u>	<u>\$ 1,076,408</u>	<u>\$ 1,316,822</u>	<u>\$ 11,063,406</u>	<u>\$ 10,852,369</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, 2015

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

	Community Development Block Grant	SHP Grant	Older Americans Grant
REVENUES:			
Intergovernmental	\$ 878,396	\$ 234,979	\$ 65,729
Charges for services	-	-	-
Investment earnings	-	-	-
Other	154,700	-	-
Total revenues	1,033,096	234,979	65,729
EXPENDITURES:			
Current:			
Human services	239,015	-	65,729
Capital assets maintenance and operations	-	-	-
Community development and environmental services	786,010	233,654	-
Capital outlay	-	-	-
Debt service:			
Interest and fiscal charges	-	-	-
Total expenditures	1,025,025	233,654	65,729
REVENUES OVER (UNDER) EXPENDITURES	8,071	1,325	-
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	(8,071)	(1,325)	-
Total other financing sources (uses)	(8,071)	(1,325)	-
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
\$ -	\$ -	\$ 183,160	\$ 161,635	\$ 431,255	\$ 402,750
14,530	225,167	-	-	129,575	1,040,577
612	-	-	-	-	20,323
38,673	269,840	-	-	-	320,884
53,815	495,007	183,160	161,635	560,830	1,784,534
71,925	813,248	209,965	161,635	532,616	1,015,844
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	50,568
71,925	813,248	209,965	161,635	532,616	1,066,412
(18,110)	(318,241)	(26,805)	-	28,214	718,122
-	495,000	26,805	-	-	109,565
-	(20,164)	-	-	(44,356)	(844,877)
-	474,836	26,805	-	(44,356)	(735,312)
(18,110)	156,595	-	-	(16,142)	(17,190)
114,956	234,478	-	-	39,313	3,218,313
\$ 96,846	\$ 391,073	\$ -	\$ -	\$ 23,171	\$ 3,201,123

(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, 2015

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

	Family Resource Center Corporation	Youth Service Center	Every Child Counts Grant
REVENUES:			
Intergovernmental	\$ -	\$ 410,262	\$ 844,130
Charges for services	3,410	-	-
Investment earnings	1,024	-	-
Other	205,830	-	8,586
Total revenues	210,264	410,262	852,716
EXPENDITURES:			
Current:			
Human services	189,064	410,262	952,072
Capital assets maintenance and operations	-	-	-
Community development and environmental services	-	-	-
Capital outlay	-	-	-
Debt service:			
Interest and fiscal charges	-	-	-
Total expenditures	189,064	410,262	952,072
REVENUES OVER (UNDER) EXPENDITURES	21,200	-	(99,356)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	(10,086)	-	(59,219)
Total other financing sources (uses)	(10,086)	-	(59,219)
Net change in fund balances	11,114	-	(158,575)
FUND BALANCES:			
Beginning of year	221,422	-	684,731
End of year	\$ 232,536	\$ -	\$ 526,156

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	
					2015	2014
\$ 170,162	\$ 1,457,706	\$ 148,722	\$ 66,780	\$ -	\$ 5,455,666	\$ 7,021,137
-	57,883	-	172,983	-	1,644,125	1,560,583
-	2,069	-	8,989	-	33,017	41,555
-	-	63,313	70	-	1,061,896	964,621
<u>170,162</u>	<u>1,517,658</u>	<u>212,035</u>	<u>248,822</u>	<u>-</u>	<u>8,194,704</u>	<u>9,587,896</u>
159,170	1,449,099	474,947	3,392,484	-	10,137,075	9,479,411
-	-	-	-	-	-	-
-	-	-	-	-	1,019,664	2,506,183
-	-	-	-	-	-	6,719
-	-	-	-	-	50,568	127,620
<u>159,170</u>	<u>1,449,099</u>	<u>474,947</u>	<u>3,392,484</u>	<u>-</u>	<u>11,207,307</u>	<u>12,119,933</u>
<u>10,992</u>	<u>68,559</u>	<u>(262,912)</u>	<u>(3,143,662)</u>	<u>-</u>	<u>(3,012,603)</u>	<u>(2,532,037)</u>
-	-	-	3,488,324	(136,370)	3,983,324	3,845,924
<u>(10,992)</u>	<u>(75,247)</u>	<u>(34,597)</u>	<u>(290,378)</u>	<u>136,370</u>	<u>(1,262,942)</u>	<u>(1,324,553)</u>
<u>(10,992)</u>	<u>(75,247)</u>	<u>(34,597)</u>	<u>3,197,946</u>	<u>-</u>	<u>2,720,382</u>	<u>2,521,371</u>
-	(6,688)	(297,509)	54,284	-	(292,221)	(10,666)
-	448,865	1,368,517	999,002	-	7,329,597	7,340,263
<u>\$ -</u>	<u>\$ 442,177</u>	<u>\$ 1,071,008</u>	<u>\$ 1,053,286</u>	<u>\$ -</u>	<u>\$ 7,037,376</u>	<u>\$ 7,329,597</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	162
These schedules contain trend information to help the reader understand how the City's financial performance and fiscal well-being have changed over time.	
Revenue Capacity	170
These schedules contain information to help the reader assess the factors affecting the City's ability to generate property tax.	
Debt Capacity	174
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	178
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	182
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

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

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

	2005/06	2006/07	2007/08
Governmental activities			
Net investment in capital assets	\$ 492,609,091	\$ 507,801,920	\$ 597,016,241
Restricted	232,686,345	253,733,287	262,457,732
Unrestricted	52,601,260	51,665,700	43,467,426
Total primary government net position	<u>\$ 777,896,696</u>	<u>\$ 813,200,907</u>	<u>\$ 902,941,399</u>

Notes:

- (1) All components of net position restated for prior period adjustment in FY 2010/11 to reflect allowance for uncollectible affordable housing loan interest accruals.
- (2) Unrestricted net position restated for implementation of GASB Statment No. 65 in FY 2013/14 to eliminate items previously reported as assets.
- (3) Reflecting implementation of GASB Statement No. 68 in FY 2014/15, unrestricted net position includes \$268,613,147 net pension liability.

Schedule 1

2008/09	2009/10 ⁽¹⁾	2010/11	2011/12	2012/13 ⁽²⁾	2013/14	2014/15 ⁽³⁾
\$ 617,287,566	\$ 682,627,226	\$ 685,667,798	\$ 691,660,486	\$ 705,897,097	\$ 711,439,311	\$ 727,727,677
258,314,734	194,716,786	204,033,227	117,039,150	127,702,933	128,637,828	137,108,141
39,138,468	42,803,743	38,008,379	59,650,042	52,010,409	56,054,426	(230,307,996)
\$ 914,740,768	\$ 920,147,755	\$ 927,709,404	\$ 868,349,678	\$ 885,610,439	\$ 896,131,565	\$ 634,527,822

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

Expenses	2005/06	2006/07	2007/08
Governmental activities:			
General government	\$ 11,504,343	\$ 13,008,021	\$ 13,070,910
Police services	46,923,899	50,900,709	54,340,131
Fire services	27,439,461	28,586,741	31,949,301
Human services	6,622,615	7,023,486	8,570,232
Capital assets maintenance and operations	34,033,545	51,922,938	45,347,610
Recreation and leisure services	5,292,877	5,746,712	6,248,438
Community development and environmental services	46,315,194	35,676,597	39,566,083
Intergovernmental	-	-	-
Interest on debt	8,749,040	9,046,177	9,884,311
Total primary government expenses	<u>186,880,974</u>	<u>201,911,381</u>	<u>208,977,016</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	554,714	365,018	1,489,409
Police services	4,451,080	5,151,589	4,863,088
Fire services	2,653,190	2,633,354	2,707,187
Human services	1,646,046	1,938,551	1,775,799
Capital assets maintenance and operations	1,664,257	1,727,489	1,731,401
Recreation and leisure services	3,473,820	3,844,673	4,028,541
Community development and environmental services	14,870,735	18,364,336	16,404,617
Operating grants and contributions	15,673,580	28,035,029	25,380,774
Capital grants and contributions	649,463	231,404	31,205,534
Total primary government program revenues	<u>45,636,885</u>	<u>62,291,443</u>	<u>89,586,350</u>
Net (Expense)/Revenue			
Total primary government net expense	<u>(141,244,089)</u>	<u>(139,619,938)</u>	<u>(119,390,666)</u>
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes			
Property tax	83,462,380	90,038,824	98,144,859
Sales tax	32,276,785	34,190,785	35,583,842
Business taxes	6,771,199	6,738,310	7,508,481
Transient occupancy tax	2,342,279	2,885,388	3,181,302
Property transfer tax	1,948,201	1,504,708	1,092,279
Motor vehicle in lieu	2,041,387	1,220,418	938,566
Development impact fees	5,527,178	10,845,865	11,012,026
Franchise fees	7,666,471	7,902,406	7,953,642
Investment earnings(loss)	9,049,458	13,758,948	17,425,422
Gain on sale of capital assets	-	-	-
Miscellaneous	6,411,403	5,838,497	3,402,237
Total primary government general revenues and other changes in net position	<u>157,496,741</u>	<u>174,924,149</u>	<u>186,242,656</u>
Pollution remediation obligation	-	-	-
Extraordinary loss	-	-	-
Total primary government change in net position	<u>\$ 16,252,652</u>	<u>\$ 35,304,211</u>	<u>\$ 66,851,990</u>

Notes:

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

Schedule 2

2008/09	2009/10 ⁽¹⁾	2010/11	2011/12	2012/13 ⁽²⁾	2013/14	2014/15
\$ 13,767,479	\$ 11,430,814	\$ 11,971,463	\$ 10,747,362	\$ 12,306,781	\$ 12,963,908	\$ 13,900,314
55,686,039	55,616,399	54,925,765	54,904,248	56,697,425	60,187,955	62,265,880
34,614,856	33,959,301	34,482,857	35,276,141	35,696,189	37,797,969	38,969,266
8,543,626	8,939,110	8,908,446	9,187,754	9,461,291	9,973,326	10,418,215
38,893,562	46,719,842	42,075,801	56,293,833	48,651,872	55,110,254	57,971,103
6,929,936	6,868,067	6,731,068	7,240,833	7,797,737	8,428,819	8,397,409
42,224,384	52,910,594	45,447,180	18,982,320	16,868,885	21,263,989	20,092,103
12,740,670	-	-	-	-	-	1,990,040
9,616,078	4,284,166	6,373,866	6,101,394	5,107,813	4,839,848	3,896,781
223,016,630	220,728,293	210,916,446	198,733,885	192,587,993	210,566,068	217,901,111
1,686,609	916,917	1,000,218	835,913	822,395	837,196	1,152,052
5,202,320	4,386,919	4,200,213	4,063,168	4,291,487	4,505,971	4,528,822
2,810,650	2,909,491	2,819,447	2,825,041	2,801,995	2,793,384	2,845,539
2,069,671	1,864,397	1,563,341	1,518,996	2,384,329	2,890,542	1,899,386
1,759,999	2,051,575	2,901,266	4,632,786	2,931,189	2,290,082	2,325,489
4,604,871	5,480,873	5,540,566	5,981,911	6,253,791	6,929,386	7,633,759
14,598,875	15,953,963	12,755,944	14,213,061	15,623,890	18,096,122	24,225,397
22,954,564	22,854,182	20,877,645	28,521,019	20,783,010	16,288,849	14,033,697
10,507,311	8,382,432	702,431	5,370,208	8,107,564	12,846,862	12,098,975
66,194,870	64,800,749	52,361,071	67,962,103	63,999,650	67,478,394	70,743,116
(156,821,760)	(155,927,544)	(158,555,375)	(130,771,782)	(128,588,343)	(143,087,674)	(147,157,995)
103,503,472	102,848,091	100,080,165	81,383,794	77,314,901	72,130,472	79,611,885
31,631,408	26,769,511	30,089,204	33,065,829	34,404,123	38,862,070	40,743,875
7,009,869	7,106,402	6,820,327	7,495,975	7,368,022	7,828,030	9,420,130
2,864,442	2,866,987	3,475,913	4,132,665	4,871,866	6,155,212	7,181,438
840,065	975,982	1,031,249	861,352	1,202,361	1,494,656	1,758,406
727,164	634,305	991,459	219,730	93,304	-	91,786
4,104,115	6,976,919	6,790,105	6,193,879	7,371,151	8,262,911	6,966,643
8,328,847	7,928,716	8,215,061	8,255,221	8,470,739	8,924,582	9,298,688
8,981,569	6,358,774	4,296,980	2,289,171	(453,486)	1,957,784	1,764,197
-	-	-	-	-	-	15,985,118
3,530,178	8,393,566	4,326,561	5,020,001	7,720,415	7,993,083	9,470,411
171,521,129	170,859,253	166,117,024	148,917,617	148,363,396	153,608,800	182,292,577
(2,900,000)	475,000	-	-	-	-	-
-	-	-	(77,505,561)	-	-	-
\$ 11,799,369	\$ 15,406,709	\$ 7,561,649	\$ (59,359,726)	\$ 19,775,053	\$ 10,521,126	\$ 35,134,582

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

	2005/06	2006/07	2007/08
General Fund			
Nonspendable:			
Long term loans receivable	\$ -	\$ -	\$ -
Prepaid assets	-	-	-
Assigned for:			
Encumbrances	-	-	-
Unassigned	-	-	-
Reserved	629,338	450,170	202,890
Unreserved	39,404,749	41,683,524	35,524,862
Total general fund	\$ 40,034,087	\$ 42,133,694	\$ 35,727,752
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	85,903,878	126,727,937	71,138,649
Unreserved, designated for:			
Special revenue funds	55,335,438	52,682,836	55,781,769
Capital projects fund	106,135,519	119,785,296	153,637,169
Unreserved, undesignated for:			
Special revenue funds	(516,943)	(709,919)	(528,661)
Total all other governmental funds	\$ 246,626,150	\$ 260,671,861	\$ 268,284,736

Notes:

- (1) Fund balance categories restated for implementation of GASB Statment No. 54 in FY 2010/11.
- (2) Fund balance reclassified and restated to conform to the presentation in FY 2011/12 and subsequent years.

Schedule 3

2008/09	2009/10 ^(1,2)	2010/11 ⁽²⁾	2011/12	2012/13	2013/14	2014/15
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 314,556	\$ -
-	10,335	10,827	-	-	-	2,173,335
-	-	-	-	-	1,010,793	1,833,795
-	28,890,327	28,050,777	31,002,006	31,310,309	29,819,191	37,240,565
386,227	-	-	-	-	-	-
30,713,126	-	-	-	-	-	-
\$ 31,099,353	\$ 28,900,662	\$ 28,061,604	\$ 31,002,006	\$ 31,310,309	\$ 31,144,540	\$ 41,247,695
\$ -	\$ 3,764,808	\$ (10,827)	\$ -	\$ -	\$ -	\$ -
-	6,430,993	9,820,703	6,299,201	11,707,520	9,820,703	9,038,913
-	7,100,039	3,055,835	4,273,390	4,251,981	3,055,835	4,460,258
-	7,043,810	3,275,314	8,475,758	4,958,094	3,275,314	2,892,597
-	25,516,365	28,169,721	29,640,961	27,807,373	28,169,721	16,882,384
-	141,502,159	79,059,198	69,628,179	72,719,309	79,059,198	102,427,173
-	774,382	498,172	566,102	544,412	498,172	267,364
-	184,559	7,002,800	3,976,129	1,897,039	7,002,800	6,637,434
-	3,986,842	6,291,555	4,983,869	5,563,377	6,291,555	7,269,011
-	4,578,109	4,240,492	3,842,513	3,702,187	3,407,645	2,708,119
-	18,244,729	36,690,483	30,058,124	35,550,435	36,690,483	41,638,392
-	-	-	-	(134,557)	(42,547)	(140,281)
48,982,849	-	-	-	-	-	-
47,612,657	-	-	-	-	-	-
175,423,906	-	-	-	-	-	-
(490,498)	-	-	-	-	-	-
\$ 268,382,353	\$ 219,126,795	\$ 178,093,446	\$ 161,744,226	\$ 168,567,170	\$ 177,228,879	\$ 194,081,364

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

Revenues	2005/06	2006/07	2007/08
Taxes:			
Property tax	\$ 83,008,738	\$ 89,560,729	\$ 98,144,859
Sales tax	32,276,785	34,190,785	35,583,842
Revenue loss mitigation	-	-	-
Business taxes	6,771,199	6,738,310	7,508,481
Transient occupancy tax	1,948,201	2,885,388	3,181,302
Property transfer tax	2,342,279	1,504,708	1,092,279
Total taxes	126,347,202	134,879,920	145,510,763
Motor vehicle in lieu	2,041,387	1,220,418	938,566
Development impact fees	5,527,178	10,845,865	11,012,026
Franchise fees	7,666,471	7,902,406	7,953,642
Charges for services	30,054,401	31,755,677	31,599,774
Investment earnings	8,888,252	13,405,022	16,955,191
Intergovernmental	16,127,222	28,513,124	52,363,648
Other revenues	6,350,404	5,769,464	3,980,839
Total revenues	203,002,517	234,291,896	270,314,449
Expenditures			
General government	11,012,979	12,094,439	12,628,762
Police services	46,191,569	50,065,794	52,837,739
Fire services	26,501,821	27,630,794	30,364,662
Human services	6,560,721	6,995,637	8,565,647
Capital assets maintenance and operations	27,361,954	48,265,999	42,341,852
Recreation and leisure services	5,233,963	5,588,467	6,188,443
Community development and environmental services	35,811,739	26,563,329	29,316,813
Intergovernmental	10,187,704	8,550,372	10,170,059
Capital outlay	13,254,734	13,142,337	57,959,324
Debt service:			
Principal	9,675,000	9,975,000	10,300,000
Interest and fiscal charges	8,705,701	8,810,719	8,186,907
Payment to refunding escrow	-	-	-
Total expenditures	200,497,885	217,682,887	268,860,208
Excess of revenues over (under) expenditures	2,504,632	16,609,009	1,454,241
Other Financing Sources (Uses)			
Debt issuance	-	-	-
Premium on debt issue	-	-	-
Proceeds from HELP Loan	-	-	-
Proceeds from sale of capital assets	-	-	-
Transfers in	45,655,624	74,488,066	124,375,710
Transfers out	(45,686,355)	(74,951,757)	(123,829,663)
Payment to escrow agent	-	-	-
Total other financing sources (uses)	(30,731)	(463,691)	546,047
Extraordinary gain (loss)	-	-	-
Net change in fund balances	\$ 2,473,901	\$ 16,145,318	\$ 2,000,288
Debt service as a percentage of noncapital expenditures	9.8%	9.2%	8.8%

Schedule 4

2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
\$ 103,503,472	\$ 102,848,091	\$ 100,080,165	\$ 81,383,794	\$ 77,314,901	\$ 72,130,472	\$ 79,611,885
31,631,408	26,769,511	30,089,204	33,065,829	34,404,123	38,862,070	40,743,875
-	-	-	-	-	-	-
7,009,869	7,106,402	6,820,327	7,495,975	7,368,022	7,828,030	9,420,130
2,864,442	2,866,987	3,475,913	4,132,665	4,871,866	6,155,212	7,181,438
840,065	975,982	1,031,249	861,352	1,202,361	1,494,656	1,758,406
145,849,256	141,201,278	141,496,858	126,939,615	125,161,273	126,470,440	138,715,734
727,164	634,305	991,459	219,730	93,304	-	91,786
4,104,115	6,976,919	6,790,105	6,193,879	7,371,151	8,262,911	6,966,643
8,328,847	7,928,716	8,215,061	8,255,221	8,470,739	8,924,582	9,298,688
30,910,844	31,553,854	30,763,760	33,500,728	34,880,896	37,815,036	47,547,582
8,760,151	7,325,832	4,062,605	2,056,182	(411,290)	1,795,130	1,625,206
32,643,976	30,710,452	21,342,310	33,198,278	28,432,282	27,054,592	25,986,194
3,460,782	8,326,595	4,259,458	4,790,435	7,670,743	7,940,974	9,419,190
234,785,135	234,023,646	217,921,616	215,154,068	211,669,098	218,263,665	239,651,023
11,711,458	11,126,970	11,626,724	10,326,841	11,705,622	12,325,158	13,687,288
54,573,391	53,798,999	53,438,082	53,386,351	52,983,058	56,526,938	60,977,009
32,710,995	31,471,578	32,088,475	32,968,266	32,028,985	34,122,657	37,123,963
8,582,926	8,929,839	8,937,090	9,132,699	9,289,812	9,835,921	10,523,242
39,069,515	40,386,402	37,741,086	52,839,416	44,241,372	49,542,065	54,164,969
6,876,778	6,720,593	6,509,957	6,904,449	6,984,149	7,546,990	7,847,547
42,360,414	28,393,990	30,765,728	19,250,687	19,145,502	18,912,045	19,033,162
12,753,545	26,182,316	16,404,213	-	-	-	1,990,040
39,318,636	41,936,766	24,358,920	11,413,444	19,490,281	9,929,862	17,756,829
20,390,000	8,130,000	4,680,000	4,890,000	5,430,000	5,435,000	6,105,000
10,235,890	7,021,913	6,730,327	6,672,770	4,957,514	5,054,471	4,055,742
-	-	-	2,844,665	-	-	-
278,583,548	264,099,366	233,280,602	210,629,588	206,256,295	209,231,107	233,264,791
(43,798,413)	(30,075,720)	(15,358,986)	4,524,480	5,412,803	9,032,558	6,386,232
92,360,000	-	15,000,000	53,280,000	-	22,005,000	-
353,665	-	-	1,272,726	-	726,480	-
1,500,000	-	-	-	-	-	-
-	-	1,202,251	60,449	218,444	1,202,251	19,244,059
71,731,048	51,893,739	48,045,240	37,006,086	36,398,411	35,667,820	37,855,620
(71,155,437)	(51,187,268)	(47,269,403)	(37,006,086)	(34,898,411)	(36,667,820)	(37,855,620)
(57,815,000)	(22,085,000)	-	(53,245,335)	-	(22,145,000)	-
36,974,276	(21,378,529)	16,978,088	1,367,840	1,718,444	788,731	19,244,059
-	-	-	(64,462,513)	-	-	-
\$ (6,824,137)	\$ (51,454,249)	\$ 1,619,102	\$ (58,570,193)	\$ 7,131,247	\$ 9,821,289	\$ 25,630,291
12.8%	6.8%	5.5%	7.2%	5.6%	5.3%	4.7%

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 ⁽¹⁾					Redevelopment Agency ^(1,2)					City Direct Rate ⁽³⁾
	Secured	Unsecured	Less Exemptions	Public Utilities	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Public Utilities	Taxable Assessed Value	
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	
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	
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	
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	
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	
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	
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	0.1573%
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	0.1569%
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	0.1527%
2015	36,409,171	2,284,533	(888,111)	52,259	37,857,852	3,750,327	707,415	(123,217)	322	4,334,847	0.1598%

Notes:

- (1) In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% of the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" limited to a maximum increase of 2%. With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the 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.
- (2) The information for FY 2012/13 and subsequent years is for the Successor Agency to the Redevelopment Agency of the City of Fremont.
- (3) The City direct rate shown is the City's share of the 1% countywide rate in City of Fremont Tax Rate Area 12-001 and the City's general obligation bond rate. Comparable data is not available for fiscal years prior to 2011/12.

Sources: Alameda County Assessor; Alameda County Auditor-Controller

City of Fremont
Direct and Overlapping 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	
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	0.1475%	0.0098%	0.8525%	0.0844%	0.0375%	1.1317%
2013	0.1475%	0.0094%	0.8525%	0.0803%	0.0344%	1.1241%
2014	0.1475%	0.0052%	0.8525%	0.0706%	0.0510%	1.1268%
2015	0.1475%	0.0123%	0.8525%	0.1270%	0.0394%	1.1787%

Notes:

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

Source: Alameda County Auditor-Controller

City of Fremont

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

Schedule 7

Tax Payer	2015			2006		
	Total Assessed Value	Rank	% of Total City Taxable Assessed Value	Total Assessed Value	Rank	% of Total City Taxable Assessed Value
Tesla Motors Inc	\$ 462,439	1	1.22%	-	-	-
John T. Arrillaga & Richard T. Peery	199,660	2	0.53%	158,065	6	0.56%
Transcontinental Northern California Inc.	193,313	3	0.51%	-	-	-
SI 30 LLC	189,972	4	0.50%	-	-	-
BRE Properties, Inc.	154,843	5	0.41%	-	-	-
Fremont Retail Partners LP	129,010	6	0.34%	-	-	-
Seagate Technology LLC	93,635	7	0.25%	-	-	-
Essex Briarwood L P	90,421	8	0.24%	-	-	-
EQR Fanwell 2007 LP	87,484	9	0.23%	-	-	-
SSR Western Multifamily LLC	87,269	10	0.23%	-	-	-
New United Motors Manufacturing, Inc.	-	-	-	\$ 996,671	1	3.53%
Catellus Development Corporation	-	-	-	339,786	2	1.21%
SCI LPI	-	-	-	196,944	3	0.70%
Ardenwood Corporate Park Associates	-	-	-	166,115	4	0.59%
CalWest Industrial Properties LLC	-	-	-	165,653	5	0.59%
Jer Bayside LLD	-	-	-	110,612	7	0.39%
Selco Service Corporation	-	-	-	68,628	8	0.24%
Renco Equities IV	-	-	-	61,875	9	0.22%
RREEF America Reit II Corporation	-	-	-	57,650	10	0.20%
Total	<u>\$ 1,688,046</u>		<u>4.46%</u>	<u>\$ 2,321,999</u>		<u>8.23%</u>

Source: Alameda County Assessor

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

Schedule 8

(Unaudited)

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year ⁽¹⁾	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections ⁽³⁾
		Amount Collected ⁽²⁾	Percentage of Levy	
2006	34,275,845	33,960,872	99.08%	881,248
2007	39,664,243	38,624,386	97.38%	820,415
2008	41,526,256	40,733,978	98.09%	1,290,043
2009	43,388,269	42,805,006	98.66%	2,341,001
2010	43,147,792	42,782,214	99.15%	2,454,033
2011	43,850,035	43,356,624	98.87%	1,633,325
2012	46,408,439	45,729,845	98.54%	1,575,887
2013	49,964,034	49,306,560	98.68%	1,529,406
2014	52,673,395	51,433,790	97.65%	558,860
2015	56,311,310	55,104,240	97.86%	961,460

Notes:

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

Source: Alameda County Auditor-Controller

City of Fremont

Ratios of Outstanding Debt by Type

Schedule 9

Last Ten Fiscal Years

dollars in thousands, except per capita

(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities ⁽¹⁾			Total Outstanding Debt	Percentage of Taxable Assessed Value ⁽²⁾	Percentage of Personal Income ⁽³⁾	Debt Per Capita ⁽⁴⁾
	General Obligation Bonds	Redevelop- ment Bonds	Certificates of Participation				
2006	\$ 34,630	\$ 53,365	\$ 134,705	\$ 222,700	0.79%	3.14%	\$ 1,079
2007	34,430	47,645	130,650	212,725	0.70%	2.75%	1,026
2008	34,220	41,765	126,440	202,425	0.63%	2.59%	967
2009	50,000	26,070	140,510	216,580	0.64%	2.74%	1,024
2010	49,260	-	137,105	186,365	0.55%	2.42%	871
2011	48,205	-	148,480	196,685	0.58%	2.45%	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%	1.96%	794
2015	43,210	-	128,665	171,875	0.45%	1.87%	759

Notes:

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

City of Fremont

Ratios of General Bonded Debt Outstanding

Schedule 10

Last Ten Fiscal Years

dollars in thousands, except per capita

(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding ⁽¹⁾				Total	Percentage of Taxable Assessed Value ⁽³⁾	Debt Per Capita ⁽⁴⁾
	General Obligation Bonds	Redevelop- ment Bonds	Less Amounts Available in Debt Service Fund ⁽²⁾				
2006	\$ 34,630	\$ 53,365	\$ 1,780	\$ 86,215	0.31%	\$ 418	
2007	34,430	47,645	1,554	80,521	0.27%	388	
2008	34,220	41,765	789	75,196	0.23%	359	
2009	50,000	26,070	1,763	74,307	0.22%	351	
2010	49,260	-	2,391	46,869	0.14%	219	
2011	48,205	-	2,382	45,823	0.14%	213	
2012	47,240	-	2,407	44,833	0.13%	206	
2013	45,970	-	2,420	43,550	0.13%	198	
2014	44,565	-	1,235	43,330	0.12%	193	
2015	43,210	-	2,643	40,567	0.11%	179	

Notes:

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

City of Fremont
Direct and Overlapping Governmental Activities Debt
As of June 30, 2015
(Unaudited)

Schedule 11

Overlapping Government Unit ⁽¹⁾	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
Bay Area Rapid Transit District	\$ 630,795,000	6.798%	\$ 42,881,444
Chabot-Las Positas Community College District	426,226,042	0.008%	34,098
Ohlone Community College District	256,895,119	83.602%	214,769,457
Fremont Unified School District	305,865,000	100.000%	305,865,000
Sunol Glen Unified School District	714,648	0.316%	2,258
City of Fremont Community Facilities District No. 1	65,155,000	100.000%	65,155,000
City of Fremont 1915 Act Bonds	1,505,000	100.000%	1,505,000
Washington Township Healthcare District	194,575,000	70.066%	136,330,920
East Bay Regional Park District	176,790,000	10.435%	18,448,037
Alameda County General Fund Obligations	869,204,500	17.289%	150,276,766
Alameda County Pension Obligations	67,164,225	17.289%	11,612,023
Alameda-Contra Costa Transit District Certificates of Participation	24,790,000	20.496%	5,080,958
Chabot-Las Positas Community College District Certificates of Participation	54,570,000	100.000%	54,570,000
Subtotal, overlapping debt			1,006,530,961
City of Fremont, direct debt			171,875,000
Total direct and overlapping debt			\$ 1,178,405,961

Notes:

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

Source: California Municipal Statistics, Inc.

City of Fremont
Legal Debt Margin Information
June 30, 2015
Last Ten Fiscal Years
dollars in millions
(Unaudited)

Schedule 12

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 4,227	\$ 4,534	\$ 4,842	\$ 5,093	\$ 5,075	\$ 5,071	\$ 4,994	\$ 5,077	\$ 5,328	\$ 5,679
Debt applicable to limit ⁽¹⁾	35	34	34	50	49	48	48	46	45	43
Legal debt margin	<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>\$ 4,946</u>	<u>\$ 5,031</u>	<u>\$ 5,283</u>	<u>\$ 5,636</u>
Percentage available	99.2%	99.3%	99.3%	99.0%	99.0%	99.1%	99.0%	99.1%	99.2%	99.2%

Calculation of Legal Debt Margin

Assessed value of taxable property	\$ 37,858
Debt limit (15% of assessed value)	\$ 5,679
General obligation bonds outstanding	43
Legal debt margin	<u><u>\$ 5,636</u></u>

Notes:

(1) 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

Source: City of Fremont Finance Department; Alameda County Assessor

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

Schedule 13

Year	Population⁽¹⁾	Per Capita Income^(2,3)	Personal Income⁽³⁾	Unemployment Rate⁽⁴⁾
2006	206,454	\$ 34,401	\$ 7,102,224,054	3.1%
2007	207,358	37,259	7,725,951,722	3.3%
2008	209,257	37,302	7,805,704,614	4.4%
2009	211,506	37,367	7,903,344,702	7.6%
2010	214,089	36,025	7,712,556,225	8.2%
2011	215,391	37,261	8,025,684,051	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	224,116	40,562	9,090,593,192	4.6%
2015	226,551	40,562	9,189,361,662	3.7%

Notes:

- (1) State of California, Department of Finance, *E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change -- January 1, 2014 and 2015*. Sacramento, California, May 2015. These population estimates incorporate 2010 census counts.
- (2) U.S. Census Bureau, American Community Survey Single Year Estimates 2006-2014. Values have not been adjusted for inflation.
- (3) Per capita income is not available for 2015, so the 2014 value was used for projecting personal income.
- (4) State of California, Employment Development Department Labor Market Information Division. Data for 2006-2009 may not be comparable. The 2015 value is the average for the year through October.

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

Schedule 14

Fiscal year Ended June 30,	Commercial/Industrial		Residential		Total	
	Number of Permits	Estimated Value	Number of Permits	Estimated Value	Number of Permits	Estimated Value
2006	935	179,211,699	4,361	160,838,698	5,296	340,050,397
2007	927	155,059,489	4,346	130,771,602	5,273	285,831,091
2008	892	244,837,898	3,464	146,059,745	4,356	390,897,643
2009	829	94,886,907	2,970	122,842,111	3,799	217,729,018
2010	894	322,308,508	3,195	116,043,844	4,089	438,352,352
2011	892	110,096,205	2,927	119,479,395	3,819	229,575,600
2012	884	133,682,758	2,861	124,453,892	3,745	258,136,650
2013	884	195,336,130	2,671	126,717,982	3,555	322,054,112
2014	865	335,068,875	3,104	112,278,572	3,969	447,347,447
2015	908	307,125,365	3,188	165,878,100	4,096	473,003,465

Source: City of Fremont Community Development Department

City of Fremont

Principal Employers

Current Year and Eight Years Ago⁽¹⁾

(Unaudited)

Schedule 15

Employer	2015			2007		
	Percentage of Total City Employment	Employees ⁽²⁾	Rank	Percentage of Total City Employment	Employees	Rank
Tesla Motors	2.68%	1000-5000	1	-	-	-
Fremont Unified School District	2.38%	2,667	2	1.59%	1,672	3
Washington Hospital	2.68%	1000-5000	3	2.28%	2,400	2
Western Digital	2.68%	1000-5000	4	1.04%	1,100	7
Lam Research Corporation	2.68%	1000-5000	5	1.20%	1,261	5
Seagate Magnetics	2.68%	1000-5000	6	-	-	-
Kaiser Permanente	0.67%	500-999	7	-	-	-
City of Fremont	0.79%	882	8	-	-	-
Thermo Fisher Scientific	0.67%	500-999	9	-	-	-
Synnex Information Tech. Inc.	0.67%	500-999	10	-	-	-
New United Motor Manufacturing	-	-	-	5.41%	5,700	1
Smart Modular Technologies	-	-	-	1.25%	1,317	4
Boston Scientific/Target Therapeutics, Inc.	-	-	-	1.14%	1,200	6
AXT Incorporated	-	-	-	0.92%	972	8
Asyst Technologies	-	-	-	0.90%	947	9
Oplink Communications	-	-	-	0.85%	900	10
Office Depot	-	-	-	0.85%	900	10

Notes:

(1) 2007 is the first year for which comparable data is available.

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

Source: City of Fremont Economic Development Department

City of Fremont

Full-time Equivalent Employees by Function

Schedule 16

Last Ten Calendar Years

(Unaudited)

<u>Function/Program</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>2015</u>
<u>Public Safety</u>										
Fire	153.00	153.00	161.00	161.00	152.00	152.50	152.50	153.00	154.00	157.00
Police	294.00	294.00	302.00	302.00	287.00	287.00	287.00	282.00	287.50	296.50
Total	<u>447.00</u>	<u>447.00</u>	<u>463.00</u>	<u>463.00</u>	<u>439.00</u>	<u>439.50</u>	<u>439.50</u>	<u>435.00</u>	<u>441.50</u>	<u>453.50</u>
<u>Other Community Services</u>										
Community Development	123.2	106.42	108.3	113.5	99.27	98.34	60.75	61.00	57.30	60.30
Economic Development	4.64	4.64	4.69	4.68	4.57	3.65	3.65	4.00	4.00	4.00
Human Services	43.97	43.97	52.32	52.80	51.80	54.50	54.50	56.50	58.15	59.93
Public Works	129.3	112.9	116.15	116.025	103.11	103.23	109.24	110.24	111.61	117.61
Community Services	33.35	67.35	67.35	69.35	61.85	61.85	93.43	94.41	88.51	90.01
Housing and Redevelopment	14.54	13.99	12.91	13.72	11.93	12.10	12.10	0.00	0.00	0.00
Total	<u>349.00</u>	<u>349.27</u>	<u>361.72</u>	<u>370.08</u>	<u>332.53</u>	<u>333.67</u>	<u>333.67</u>	<u>326.15</u>	<u>319.57</u>	<u>331.85</u>
<u>Administrative Systems</u>										
City Manager's Office	8.30	7.70	7.70	7.45	5.25	6.15	6.25	6.80	8.80	9.30
City Attorney	10.75	10.75	10.75	10.50	9.42	9.42	9.42	9.67	9.92	9.92
City Clerk	6.40	6.30	5.30	5.30	4.25	4.20	4.20	4.20	4.20	4.20
Finance	25.75	25.75	24.75	24.75	21.65	21.65	21.55	21.75	22.75	22.75
Information Systems	20.40	20.40	21.90	21.90	19.90	19.90	19.90	22.00	22.00	22.00
Human Resources	17.00	17.00	17.00	17.00	14.00	14.00	14.00	14.00	14.00	13.50
Total	<u>88.60</u>	<u>87.90</u>	<u>87.40</u>	<u>86.90</u>	<u>74.47</u>	<u>75.32</u>	<u>75.32</u>	<u>78.42</u>	<u>81.67</u>	<u>81.67</u>
Citywide Total	<u>884.60</u>	<u>884.17</u>	<u>912.12</u>	<u>919.98</u>	<u>846.00</u>	<u>848.49</u>	<u>848.49</u>	<u>839.57</u>	<u>842.74</u>	<u>867.02</u>

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

Schedule 17

<u>Function/Program</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>2015⁽¹⁾</u>
<u>Police</u>										
Physical arrests	6,503	6,535	6,345	5,903	5,731	4,934	4,266	3,705	3,986	3,883
Vehicle moving and parking violations	10,762	14,545	17,563	15,849	15,839	13,152	9,829	10,535	11,709	9,875
<u>Fire</u>										
Emergency responses ⁽²⁾	13,338	13,535	13,190	13,067	12,958	13,003	13,320	13,445	13,952	13,800
Fires extinguished	383	489	462	371	360	331	313	370	364	355
<u>Parks and recreation</u>										
Number of recreation classes registrants	22,325	24,072	23,885	23,329	25,410	24,905	26,329	31,521	31,900	32,500

Notes:

(1) Projected through year end based on data received through September 2015.

(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>	<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>2015</u>
<u>Police</u>										
Stations	1	1	1	1	1	1	1	1	1	1
Police fleet cars & motorcycles	N/A	N/A	199	186	168	179	179	179	180	181
<u>Fire</u>										
Stations	10	10	10	11	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	3
<u>Parks and recreation</u>										
Acreage	1,053	1,053	1,053	1,053	1,053	1,191	1,191	1,205	1,213	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	1

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