



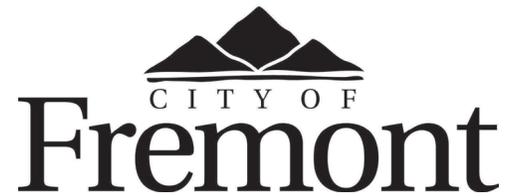
# COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2017



*This page intentionally left blank*



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FISCAL YEAR ENDED JUNE 30, 2017**

**Prepared by the Finance Department**

*This page intentionally left blank*

# Table of Contents

## Introductory Section

<i>Letter of Transmittal</i> .....	1
<i>Location Map</i> .....	7
<i>City Council and Staff</i> .....	8
<i>Organization Chart</i> .....	9
<i>GFOA – Certification of Achievement</i> .....	10

## Financial Section

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

## Required Supplementary Information

<i>Budgetary Information</i> .....	97
<i>Modified Approach for the City’s Infrastructure</i> .....	104
<i>Schedules of Changes in the Net Pension Liability and Related Ratios</i> .....	107
<i>Schedule of Contributions</i> .....	109
<i>Schedule of Other Post Employment Benefits (OPEB) Funding Progress</i> .....	111

# Table of Contents

## Supplementary Information

### *Non-Major Governmental Funds*

<i>Descriptions</i> .....	114
<i>Combining Balance Sheet</i> .....	118
<i>Combining Statement of Revenues, Expenditures and Changes in Fund Balances</i> .....	126
<i>Budgetary Comparison Schedule</i> .....	134

### *Internal Service Funds*

<i>Combining Statement of Net Position</i> .....	144
<i>Combining Statement of Revenues, Expenses and Changes in Net Position</i> .....	146
<i>Combining Statement of Cash Flows</i> .....	148

### *Agency Funds*

<i>Descriptions</i> .....	151
<i>Combining Statement of Assets and Liabilities</i> .....	152
<i>Combining Statement of Changes in Assets and Liabilities</i> .....	153

### *Human Services Fund*

<i>Descriptions</i> .....	155
<i>Summary of Human Services Fund Balance Sheet</i> .....	158
<i>Summary of Human Services Fund Revenues, Expenditures and Changes in Fund Balance</i> .....	162

## Statistical Section

<i>Descriptions</i> .....	167
<i>Net Position by Component</i> .....	168
<i>Changes in Net Position</i> .....	170
<i>Fund Balances of Governmental Funds</i> .....	172
<i>Changes in Fund Balances of Governmental Funds</i> .....	174
<i>Assessed Value and Actual Value of Taxable Property</i> .....	176
<i>Direct and Overlapping Governments</i> .....	177
<i>Principal Property Tax Payers</i> .....	178
<i>Property Tax Levies and Collections</i> .....	179
<i>Ratios of Outstanding Debt by Type</i> .....	180
<i>Ratios of General Bonded Debt Outstanding</i> .....	181
<i>Direct and Overlapping Governmental Activities Debt</i> .....	182
<i>Legal Debt Margin Information</i> .....	183
<i>Demographic and Economic Statistics</i> .....	184
<i>Construction Permits and Estimated Value</i> .....	185
<i>Principal Employers</i> .....	186
<i>Full-time Equivalent Employees by Function</i> .....	187
<i>Operating Indicators by Function</i> .....	188
<i>Capital Asset Statistics by Function/Program</i> .....	189

# Letter of Transmittal



## *Finance Department*

3300 Capitol Avenue, Building B | P.O. Box 5006, Fremont, CA 94537-5006  
510 494-4610 *ph* | 510 494-4611 *fax* | [www.fremont.gov](http://www.fremont.gov)

December 12, 2017

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, 2017.

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

Macias Gini & O’Connell LLP, a firm of licensed certified public accountants, has issued an unmodified (“clean”) opinion on the City’s financial statements for the fiscal year ended June 30, 2017. The independent auditor’s report is located at the front of the financial section of this report.

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

## ***Profile of the Government***

The City of Fremont, incorporated in 1956, is located at the southeast end of the San Francisco Bay. With a population of over 231,000, Fremont is the fourth largest city in the Bay Area, the 16th largest in California, and the 96th most populous city in the nation. The City of Fremont is approximately 92 square miles in size. In addition to a large cluster of high tech companies, Fremont has attracted many biotechnology and clean technology companies and serves as a center for advanced manufacturing in the region.

## Letter of Transmittal

---

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

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

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

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

The City of Fremont is a general law city and, as such, does not operate under the provisions of a voter-approved charter. As with other California cities, Fremont has limited ability to set tax rates. The State Constitution establishes a maximum rate for property tax and limits the growth of assessed value. The property tax collected by 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, 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 the Bay Area Rapid Transit (BART) commuter rail system, and a world class workforce. For these reasons, Fremont is home to dozens of innovative firms, including Tesla Motors, Lam Research, Seagate Technology, Western Digital, ThermoFisher Scientific, Delta Products and more.

Considered the advanced manufacturing hub of Silicon Valley, approximately 22% of working adults in Fremont are employed in manufacturing. An August 2017 survey from the San Francisco Business Times shows that of the top 10 cities in the Bay area, Fremont is home to almost half of the manufacturing jobs. In December 2016, the City Council approved Tesla's master plan, which contemplates up to four million additional square feet of development on its factory site, as it ramps up production for its next generation vehicle, Model 3.

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

- Advanced Manufacturing
- Auto Tech, including Electric Vehicles
- High-tech and Information Technology
- Clean Technology
- Biotechnology and Life Sciences
- Logistics, and Goods Movement
- Medical and Health Care
- Robotics, Automation, and IoT (Internet of Things)

According to a report completed by San Francisco-based SizeUp.com, Fremont is ranked No. 1 in the country for technology start-up business per capita, with 21 for every 100,000 residents. Fremont was voted the 2nd Most Inventive City in America for number of patents in 2010 by *The Daily Beast/Newsweek*, and ranks 4th in Silicon Valley for number of patents obtained in the past decade. Corporate expansion has long been a major source of Fremont's growth, and more

## Letter of Transmittal

---

recently, Fremont has also seen a large influx of new corporate tenants including Kuka Robotics, ElringKlinger, Steritek, Neuralink, Envia Systems, Cerenovus, Molex, TUV Rheinland, Lucid Motors, and many more.

To meet continued demand, significant new Research and Development and Advanced Manufacturing space has been proposed. The 2.7 million square foot “Pacific Commons South” industrial “spec” project will break ground this year. And in the Ardenwood district north of Highway 84, new higher density zoning is spurring land acquisition and development activity to accommodate companies who are out-priced, or have outgrown the Peninsula.

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 \$125,386, and 53% of Fremont’s residents have bachelor’s, graduate, or professional degrees. Fremont was recently ranked 3rd as one of the 2017 greenest cities in America by WalletHub, 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.

Fremont celebrated the extension of the BART line the South Fremont/Warm Springs station in March 2017. When BART extends an additional 10 miles south to San Jose, it will open up to the rest of Silicon Valley and position itself as a major mid-point employment hub, accessible from all directions. District anchors Tesla Motors, Thermo Fisher, Lam Research, Seagate and Western Digital and many other Innovation District companies are already taking advantage of this accessibility and visibility. Plans for a district shuttle are underway.

The repositioning of the 850-acre Warm Springs District has started in earnest. Major accomplishments include:

- Lennar’s mixed use project, which includes 2,200 residential units (of which 290 units are affordable rental units) and 1.4 million square feet of industrial/commercial Class A office space, began in fall 2016.
- Toll Brothers’ 1,001 unit residential project which includes 132 affordable rental units is also underway east of the BART station.
- Valley Oak Partners is progressing on their approved project, including 785 additional residential units (of which 102 units are affordable rental units), 330,000 square feet of commercial/Class A office space, a hotel, incubator/accelerator space, and live/work units.
- Sobrato received master plan approval for their 21.5 acre, 700,000-square-foot commercial tech center.

- In September 2017, the Fremont Unified School District broke ground on a new elementary school just west of the new BART station along Innovation Way.
- The Warm Springs West Access Bridge and Plaza, which will connect the existing and proposed workforce to the new BART station, is moving from final design to construction. The project is funded in part by \$25M in Measure BB funds administered by the Alameda County Transportation Commission (ACTC).
- Design for a new bike/pedestrian bridge over Interstate 880, connecting Warm Springs to the Bayside employment district, is in preliminary design.

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

- The design process for a new Civic Center project continues with an emphasis on a sustainable and catalytic first phase of the project that will include a multi-purpose community center and plaza.
- An interim event venue—a temporary or “pop-up” plaza—on the future Downtown Community Center and Plaza project site is being pursued through a partnership with the Public Space Authority. Year-round activation will occur beginning in early 2018 and will include music, a food truck village and beer garden, maker spaces, and other community identified activities.
- Locale@State Street, the first Downtown mixed-use public-private partnership project between the City and TMG Partners/Sares Regis/SummerHill, currently under construction, will include 157 ownership housing units comprised of condos, stacked flats, and row homes. In addition, the project provides 21,000 square feet of critical ground floor retail space.
- Downtown is becoming a sustainable, walkable urban environment. The multimodal improvements of the new main street, Capitol Avenue, were completed in late 2016. Electric vehicle charging stations for up to 30 EV cars have been activated along Capitol Avenue. The last segment of connectivity enhancements between the Fremont BART station and Downtown will be constructed in early 2018. These enhancements will continue the multimodal improvements as seen on Capitol Avenue, which include wider sidewalks, pedestrian-scaled lighting, improved bike lanes, and additional landscaping.
- Way-finding and directional signage strengthening the Downtown brand will be placed at strategic locations from the Fremont BART station to Downtown, and at other landmarks in the city to help residents, commuters and visitors navigate their way to and from the station.
- New retailers are seizing the opportunity and joining Downtown, reinforcing the area’s growth. Recent additions include Mod Pizza, Inchin Bamboo Garden, Philz Coffee, and Rita’s Frozen Custard.

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

## Letter of Transmittal

---

The 2017/18 budget as adopted by the City Council includes allocations to increase public safety staffing (police patrol and fire prevention inspection), address traffic congestion, and partner with the County and local non-profits to establish a housing resource center for the City's homeless population.

### *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, 2016. This was the 33rd 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 2016/17. This was the 20th consecutive year the City received this prestigious award. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

Respectfully submitted,



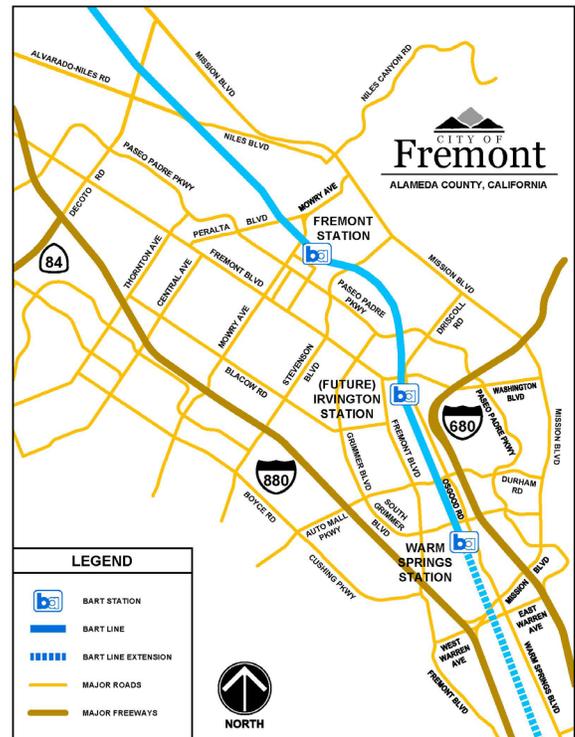
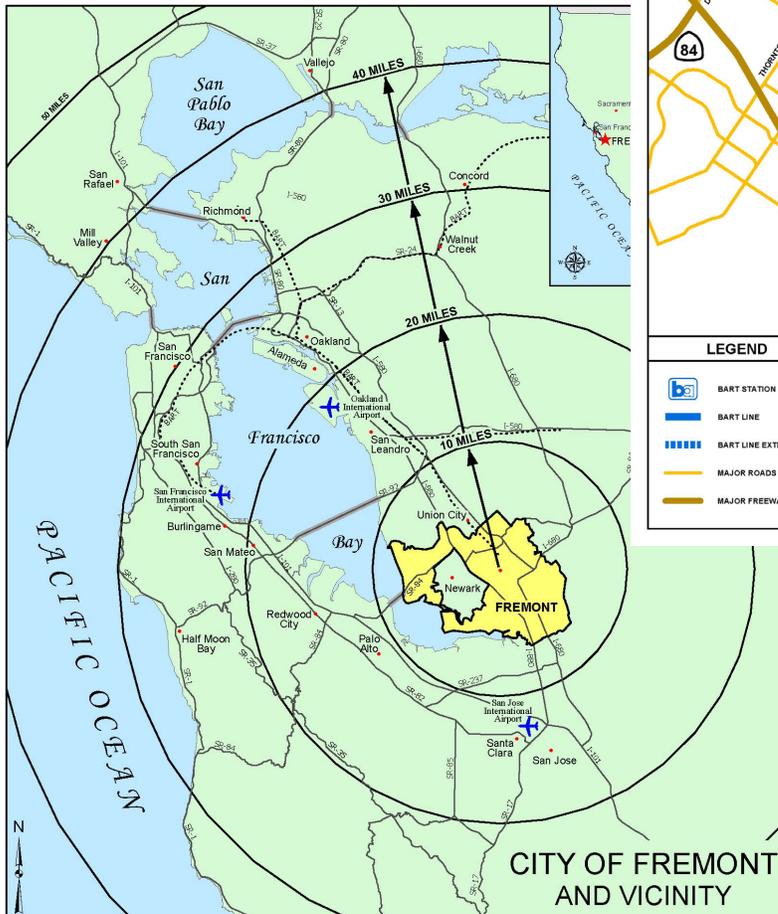
David Persselin  
Finance Director/Treasurer



Located on the southeast side of the San Francisco Bay, Fremont is a city of over 231,000 people with an area of 92 square miles, making it the fourth largest city in the San Francisco Bay Area and ranks 96th among the most populous cities in the nation according to the U.S. Census Bureau. With its moderate climate and its proximity to major universities, shopping areas, recreational and cultural activities, employment centers, major airports, and the Bay Area Rapid Transit system, Fremont captures metropolitan living at its best.

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

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





### City Council

Lily Mei, Mayor  
Rick Jones, Vice Mayor  
Vinnie Bacon, Councilmember  
Raj Salwan, Councilmember  
David Bonaccorsi, Councilmember



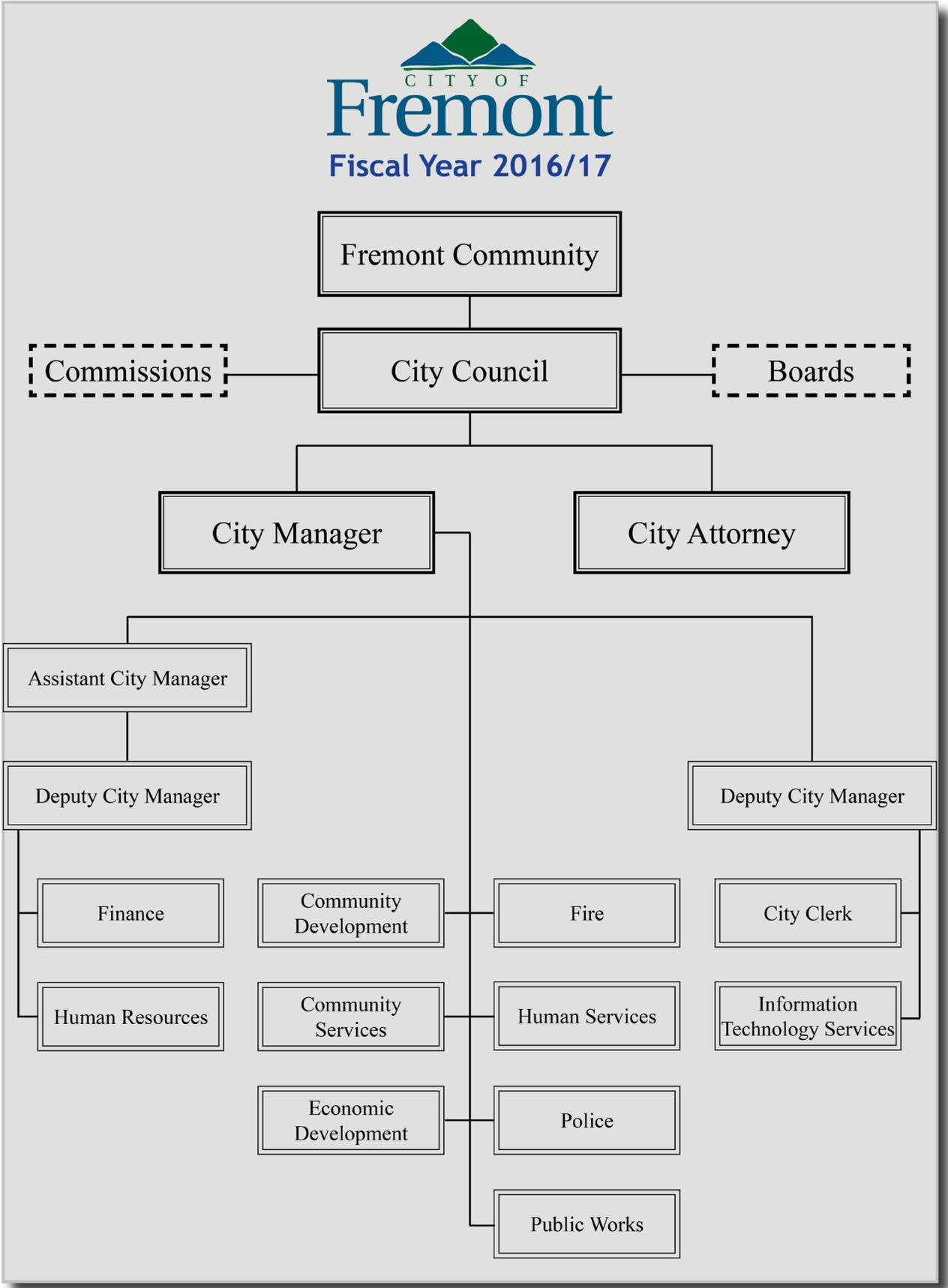
### City Executive Staff

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  
Kelly Kline, Economic Development Director  
Geoff LaTendresse, Fire Chief  
Hans Larsen, Public Works Director  
Richard Lucero, Police Chief  
David Persselin, Finance Director  
Jeff Schwob, Community Development Director  
Suzanne Shenfil, Human Services Director  
Suzanne Wolf, Community Services Director



### CAFR Team

Julie Battershell, Senior Accountant  
Anita Chang, Accounting Technician  
Elisa Chang, Executive Assistant/Graphic Artist  
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, 2016. This was the 33rd 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.





## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Fremont, California (City), as of and for the fiscal year ended June 30, 2017, 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, 2017, 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.

### *Other Matters*

#### *Prior-Year Comparative Information*

We have previously audited the City's financial statements as of and for the fiscal year ended June 30, 2016, 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 6, 2016. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Independent Auditors' Report

---

### ***Required Supplementary Information***

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

### ***Other Information***

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

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Walnut Creek, California  
December 12, 2017

### ***Introduction***

As management of the City of Fremont (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. 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***

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$745.2 million (net position). Excluding the \$345.1 million net pension liability, \$154.1 million of unrestricted net position is available to meet the City's ongoing obligations to residents and creditors.
- The City's net position increased by \$51.8 million from the prior year.
- As of June 30, 2017, the City's governmental funds reported combined fund balances of \$307.2 million, an increase of \$24.8 million from the prior year. Of this amount, 12.2% (\$37.6 million) is available for spending at the City's discretion (unassigned fund balance).
- As of June 30, 2017, unassigned fund balance in the General Fund was \$38.7 million, or approximately 20.9% of total General Fund expenditures and transfers out. Of this amount, \$18.2 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, \$4.5 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 \$4.5 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 \$7.8 million during the fiscal year ended June 30, 2017.

## 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 two other entities that, although legally separate, are important because the City is financially accountable for them. These component units are the Fremont Public Financing Authority (Financing Authority) and the Fremont Social Services Joint Powers Authority (Social Services JPA). The financial activities of the Financing Authority and the Social Services JPA are integrally related to those of the City and are "blended" with those of the City.

The government-wide financial statements can be found on pages 27-32 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 34 individual governmental funds. Information is presented in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund 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
- Intermodal Surface Transportation Efficiency Act
- Inclusionary Housing In-Lieu
- Low and Moderate Income Housing Asset

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

The City adopts an annual appropriated budget for its General Fund, Development Cost Center, Recreation Services, Human Services, Inclusionary Housing In-Lieu, 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 33-40 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 the risk management, information technology, and retiree healthcare benefits services provided to City departments on a cost-reimbursement basis, as well as funds accumulated for vehicle replacement and Fire Department

## Management's Discussion and Analysis

---

capital replacement. Because these services benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

The basic proprietary funds financial statements can be found on pages 41-44 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 agency funds, which report resources held by the City in a custodial capacity for individuals, private organizations, and other governments. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on page 45-46 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 47-96 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 schedules of changes in the net pension liability and related ratios, schedules of pension contributions, and a schedule of other post-employment benefits (OPEB) funding progress. Required supplementary information can be found on pages 97-112 of this report.

The combining statements and schedules referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 113-166 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 2016/17, net position stood at \$745.2 million — a 7.5% increase from the prior year.

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

**CITY OF FREMONT'S NET POSITION  
JUNE 30, 2017 AND 2016**

(dollars in thousands)

	<b>2017</b>	<b>2016</b>	<b>Percentage Change</b>
Current and other assets	\$ 366,817	\$ 341,100	7.5%
Capital assets	912,176	899,554	1.4%
<b>Assets</b>	<b>1,278,994</b>	<b>1,240,654</b>	3.1%
Deferred outflows related to pensions	76,688	30,905	148.1%
<b>Deferred Outflows of Resources</b>	<b>76,688</b>	<b>30,905</b>	148.1%
Current liabilities	43,996	46,363	-5.1%
Noncurrent liabilities	557,075	509,745	9.3%
<b>Liabilities</b>	<b>601,071</b>	<b>556,108</b>	8.1%
Deferred inflows related to pensions	9,419	22,076	(57.3%)
<b>Deferred Inflows of Resources</b>	<b>9,419</b>	<b>22,076</b>	(57.3%)
Net position:			
Net investment in capital assets	750,502	734,701	2.2%
Restricted	185,640	149,630	24.1%
Unrestricted*	(190,950)	(190,956)	0.0%
<b>Net position</b>	<b>\$ 745,192</b>	<b>\$ 693,375</b>	7.5%

\* Unrestricted net position for June 30, 2017, includes the City's \$345.1 million net pension liability, which is not a claim on current financial assets.

At June 30, 2017, the City reported positive balances in all categories of net position, except for unrestricted net position due to the impact of the inclusion of the net pension liability.

The largest portion of the City's net position, \$750.5 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 \$185.6 million of restricted resources that are subject to external restrictions on how they may be used. Excluding the \$345.1 million net

## Management's Discussion and Analysis

---

pension liability, \$154.1 million of unrestricted net position is available to meet the City's ongoing obligations to residents and creditors.

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

### CITY OF FREMONT'S CHANGES IN NET POSITION FOR THE YEARS ENDED JUNE 30, 2017 AND 2016

(dollars in thousands)

	<u>2017</u>	<u>2016</u>	<u>Percentage Change</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 77,199	\$ 53,340	44.7%
Operating grants and contributions	13,362	14,170	(5.7%)
Capital grants and contributions	31,754	27,857	14.0%
General revenues:			
Property tax	89,916	82,485	9.0%
Sales tax	49,536	48,580	2.0%
Business tax	12,621	10,126	24.6%
Transient occupancy tax	8,391	8,086	3.8%
Property transfer tax	1,916	1,801	6.4%
Franchise fees	10,320	9,605	7.4%
Investment earnings	802	4,659	(82.8%)
Gain on sale of capital assets	172	22,934	(99.3%)
Miscellaneous	7,607	9,968	(23.7%)
<b>Total revenues</b>	<b>303,595</b>	<b>293,611</b>	<b>3.4%</b>
<b>Program expenses:</b>			
General government	15,491	13,605	13.9%
Police services	73,201	64,837	12.9%
Fire services	46,108	42,311	9.0%
Human services	11,477	10,619	8.1%
Capital assets maintenance and operations	66,390	67,776	(2.0%)
Recreation and leisure services	9,059	8,187	10.7%
Community development/environmental services	25,369	23,601	7.5%
Interest on debt	4,683	3,828	22.3%
<b>Total program expenses</b>	<b>251,778</b>	<b>234,764</b>	<b>7.3%</b>
<b>Increase in net position</b>	<b>51,817</b>	<b>58,847</b>	<b>(12.0%)</b>
Net position, beginning of year	693,375	634,528	9.3%
<b>Net position, end of year</b>	<b>\$ 745,192</b>	<b>\$ 693,375</b>	<b>7.5%</b>

Major changes in government-wide revenues include the following:

- Charges for services increased \$23.9 million from the prior year due primarily to charges for inclusionary housing for large development projects including: KB Homes South Bay (\$12.2 million), Tripointe Homes (\$3.0 million), Western National Builders (\$2.2 million), Brookfield Bellaire (\$1.9 million), Pulte Homes of California (\$1.4 million), Robson Homes (\$1.2 million), and East Warren Park (\$1.0 million).
- Capital grants and contributions increased by \$3.9 million as a result of growth in development activity and permit issuance for several large projects, including the Artist Walk mixed-use project at Fremont Boulevard (\$3.5 million), as well as increases in funding for Alameda County Transportation Commission (ACTC) Measure BB and ISTECA capital projects.
- Business tax revenue increased by \$2.5 million due to increased construction activity within the City.
- Investment earnings decreased by \$3.9 million largely reflecting the change in unrealized gains and losses from the prior year (\$3.1 million).
- Gain on sale of capital assets decreased by \$22.7 million to \$0.2 million. There were no major sales of property in FY 2016/17.

Major changes in government-wide expenses include the following:

- Police services increased by \$8.4 million due to full implementation of consolidated police dispatch with Union City and higher personnel costs.
- Fire services increased by \$3.8 million reflecting the purchase of two aerial ladder trucks (\$2.2 million) and higher personnel costs.

### *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, 2017, the City's governmental funds reported combined ending fund balances of \$307.2 million, an increase of \$24.8 million from the prior year. Of this amount, 62.1% (\$190.9 million) is legally restricted for specific purposes by enabling legislation or external funding source providers, 5.3% (\$16.3 million) is committed for specific purposes by the City Council, and 20.3% (\$62.4 million) is assigned for specific purposes by the City. The remaining 12.2% (\$37.6 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. As of June 30, 2017, total fund balance was \$39.7 million, of which \$38.7 million was unassigned. The primary components of this unassigned amount are: \$18.2 million (10.0% of budgeted expenditures and transfers out) set aside by City Council policy for use for costs associated with unforeseen events (contingencies); \$4.5 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; \$4.5 million (2.5% of budgeted expenditures and transfers out) set aside by Council policy to offset the effects of future economic downturns and unanticipated cost increases beyond the City's control; \$3.7 million set aside by Council policy to offset uncertainty in the multi-year budget forecast; and \$7.8 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 20.9% and total fund balance represents approximately 21.4% of total General Fund expenditures and transfers out.

The fund balance of the City's General Fund increased by \$0.5 million during the 2016/17 fiscal year, compared to a decrease of \$2.1 million in the prior year. Revenues and transfers in of \$186.0 million were 5.1% (\$9.1 million) higher than in FY 2015/16. Expenditures and transfers out of \$185.5 million were 3.6% (\$6.4 million) higher than in FY 2015/16.

*Development Impact Fees* – This fund represents the aggregate total of park land, park facilities, fire, traffic, and capital facility impact fees. These fees are levied on all new development in the City to pay for the construction and improvement of public facilities needed to serve new development. Fees collected in FY 2016/17 were 57.6% (\$6.8 million) higher than the amount collected in FY 2015/16 resulting from an increase in activity due to the economy, and due to

permits for several large projects being issued in FY 2016/17. During FY 2016/17, 23% of this fund's expenditures (\$2.8 million) were for park-related projects and 70% (\$8.5 million) were for mitigating traffic-related impacts. In addition, \$850,000 was transferred to pay debt service related to capital facilities. As of June 30, 2017, the fund balance totaled \$76.8 million, up from \$69.7 million in the prior year.

*Development Cost Center* – This fund was established to account for engineering, planning, and building and construction inspection activities related to the City's land use planning and construction regulatory responsibilities. Its customers are not only the development community, but also the City itself for its own capital projects. User fees collected in this cost center recover the City's costs of administering development- and construction-related regulatory programs. As of June 30, 2017, the fund balance totaled \$16.9 million, up from \$9.1 million in the prior year. This fund balance is restricted for uses related to ensuring continuity of critical community development services.

*Recreation Services* – This fund was established to account for the transactions and activities related to delivery of recreation services. Fees collected for recreation services are used for the development of programs and facilities benefiting fee payers. Total revenues in the amount of \$8.1 million were 4.7% lower in FY 2016/17 than in the prior year (\$8.5 million). Expenditures increased 7.2% (from \$8.3 million to \$8.9 million). As of June 30, 2017, the fund balance was \$7.8 million, an increase of \$0.3 million from the prior year. This committed fund balance will be used to develop or maintain recreation facilities and preserve the continuity of recreation services during economic downturns.

*Capital Improvement* – This fund is used to account for capital improvements for the City, including public safety improvements, infrastructure, and other public works projects. Amounts in this fund are received as transfers from the General Fund, interest earned on invested cash balances, proceeds from the sale of certain parcels of land, or as proceeds of debt. As of June 30, 2017, the fund balance was \$66.3 million. During FY 2016/17, fund balance decreased by \$11.3 million due primarily to land acquisition costs of \$8.4 million for the Downtown Plan project.

*Human Services* – This fund represents the activities for City's social service infrastructure to promote a healthy and safe environment for families, the elderly and youth. Services and programs include self-sufficiency, counseling, and housing assistance to support a vibrant community. As of June 30, 2017, the fund balance was \$7.2 million, a reduction of \$0.2 million from the prior year.

*Intermodal Surface Transportation Efficiency Act (ISTEA)* – This fund accounts for federal funding for transportation projects. Among ISTEA's many programs, three provide capital improvement funds for local governments. These programs are known as the Surface Transportation Program, the Congestion Mitigation and Air Quality Improvement Program, and the Transportation Enhancement Activity Program. Funds are applied for on a project-by-project basis. As of June 30, 2017, the ISTEA fund had a negative fund balance of \$0.9 million, representing expenditures which have not yet been reimbursed within the City's availability period.

*Inclusionary Housing In Lieu Fund* – This fund is used to account the affordable housing fees collected from the developers. The developer can either build affordable housing units, or pay an "affordable housing fee" (based on the type of the construction, time line, etc.) upon applying for new housing construction permits. This fund is used to account for loans disbursed to the

## Management's Discussion and Analysis

---

developers for their affordable housing projects and the associated legal and consulting fees. As of June 30, 2017, fund balance was \$37.3 million, an increase of \$23.1 million from the prior year. This increase is mainly due to affordable housing fees collected from the developers.

*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. As of June 30, 2017, fund balance was \$5.9 million, an increase of \$1.2 million from the prior year, mainly due to principal, interest, and surplus cash payments from developers.

### **General Fund Budgetary Highlights**

**Original Budget Compared to Final Budget.** The original budget fund balance and appropriations include prior-year encumbrances of \$0.6 million as authorized by the Council-adopted budget resolution. In November 2016, as part of the FY 2015/16 Year-End Update, the City Council authorized the transfer of \$3.7 million of fund balance to the Capital Improvement Fund. In March 2017, as part of the FY 2016/17 Mid-Year Budget Review, the revenue estimate was increased by \$3.7 million and the City Council authorized additional appropriations of \$0.9 million in the Police Department and \$0.2 million in the Fire Department. The final budget beginning fund balance and Fire Department appropriations also include the application of \$2.2 million of prepaid assets to capital outlay expenditures for fire apparatus.

**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.

#### **SUMMARY OF GENERAL FUND BUDGETARY COMPARISON SCHEDULE FOR THE YEAR ENDED JUNE 30, 2017**

(dollars in thousands)

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Results</b>	<b>Favorable (Unfavorable) Variance from Final Budget</b>
<b>Beginning fund balance</b>	\$ 34,500	\$ 37,914	\$ 39,127	\$ 1,213
Resources:				
Revenues	175,587	179,287	179,780	493
Transfers in	6,334	6,334	6,206	(128)
<b>Total resources</b>	<b>181,921</b>	<b>185,621</b>	<b>185,986</b>	<b>365</b>
Charges to appropriations:				
Expenditures	156,940	160,234	156,679	3,555
Transfers out	25,455	29,155	28,783	373
<b>Total charges</b>	<b>182,395</b>	<b>189,389</b>	<b>185,461</b>	<b>3,928</b>
Net change in fund balance	(474)	(3,768)	525	4,293
<b>Ending fund balance</b>	<b>\$ 34,026</b>	<b>\$ 34,146</b>	<b>\$ 39,652</b>	<b>\$ 5,506</b>

The actual beginning fund balance was \$1.2 million higher than the final budget amount due to the year-end adjustment for unrealized fair value gain or loss on investments, which is not considered available for budgetary purposes. Total revenues and transfers in during FY 2016/17 were \$0.4 million greater than the final budget estimate. Actual expenditures and transfers out were \$3.9 million less than final budget. The net result of these variances was an actual ending fund balance \$5.5 million higher than the final budget estimate.

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

<u>Revenue Source</u>	<u>Estimated Revenues</u>	<u>Actual Revenues</u>	<u>Difference</u>	<u>Percent</u>
Sales tax	\$ 47,443	\$ 49,536	\$ 2,093	4.4%
Property tax	88,516	86,698	(1,818)	(2.1%)
Business tax	10,816	12,621	1,805	16.7%

The positive variance in sales tax revenue is primarily attributable to \$1.9 million of misallocated revenue that the City anticipates will be reallocated by the state in FY 2017/18. Property tax revenue was lower mainly due to lower than anticipated secured property tax collections. Business tax revenue was higher due to greater than anticipated construction activity within the City.

The majority of the \$3.9 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 contract services and utilities.

## Management's Discussion and Analysis

---

### *Capital Assets and Debt Administration*

**Capital Assets.** The City's investment in capital assets as of June 30, 2017, amounts to \$912.2 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 1.4%. Following is a summary of the City's capital assets (net of depreciation) at June 30, 2017 and 2016:

**CITY OF FREMONT'S CAPITAL ASSETS**  
**JUNE 30, 2017 AND 2016**  
(dollars in thousands)

	<u>2017</u>	<u>2016</u>	<b>Percentage Change</b>
Land	\$ 220,064	\$ 211,711	3.9%
Land improvements	5,448	5,448	0.0%
Infrastructure	505,551	505,715	0.0%
Buildings and improvements	144,024	148,163	(2.8%)
Equipment	7,066	5,787	22.1%
Vehicles	15,141	12,855	17.8%
Construction in progress	14,882	9,874	50.7%
<b>Total capital assets</b>	<b><u>\$ 912,176</u></b>	<b><u>\$ 899,553</u></b>	1.4%

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

- Addition to Land of \$8.4 million for the Downtown Plan Project
- Transfer from Construction in Progress to Equipment of the completed Munis Financial Management System valued at \$1.4 million
- Additions to Vehicles of \$2.2 million reflecting the acquisition of two fire aerial ladder trucks.
- Additions to Construction in Progress of \$5.1 million for the Capital Avenue Extension and \$1.3 million for the Downtown Plan Project

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

**Long-term Debt.** As of June 30, 2017, the City had \$168.4 million in long-term debt outstanding. Of this amount, \$40.3 million was for general obligation bonds, \$126.7 million was related to General Fund lease obligations, and \$1.4 million was for unamortized bond premium. Following is a summary schedule of outstanding debt:

**CITY OF FREMONT'S LONG-TERM DEBT**

**JUNE 30, 2017**

(dollars in thousands)

	<u>Balance July 1, 2016</u>	<u>Incurred or Issued</u>	<u>Satisfied or Matured</u>	<u>Balance June 30, 2017</u>
<b>General Obligation Bonds:</b>				
2009 Fire Safety Bonds	\$ 14,125	\$ -	\$ 365	\$ 13,760
2012 Fire Safety Bonds	7,105	-	330	6,775
2013 Fire Safety Bonds	20,580	-	760	19,820
Subtotal	41,810	-	1,455	40,355
<b>General Fund Lease Obligations:</b>				
1998 Certificates of Participation	7,740	-	7,740	-
2008 Certificates of Participation	24,065	-	610	23,455
2008 Certificates of Participation	41,980	-	41,980	-
2010 Certificates of Participation	14,080	-	14,080	-
2012A Certificates of Participation	9,745	-	840	8,905
2012B Certificates of Participation	26,165	-	26,165	-
2016 Energy Efficiency Financing	9,100	-	-	9,100
2017A Lease Revenue Bonds	-	85,205	-	85,205
Subtotal	132,875	85,205	91,415	126,665
<b>Unamortized Bond Premium</b>	1,527	-	121	1,406
<b>Total</b>	<b>\$ 176,212</b>	<b>\$ 85,205</b>	<b>\$ 92,991</b>	<b>\$ 168,426</b>

51.0% of the outstanding debt bears interest at a variable rate that is reset on a monthly basis; 1.096% as of June 30, 2017.

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

State law provides for a legal debt limit of 15% of gross assessed valuation; however, this provision was enacted when assessed valuation was based upon 25% of market value. The City's computation of the debt limit reflects a conversion of assessed valuation data from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted. The current debt limitation for the City is \$1.6 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, 2017, 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.

## Management's Discussion and Analysis

---

### *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, 2017, 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, 2017, the City's overall street network was rated at a computed PCI index of 71.

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, 2017, the maintenance estimate was \$19.0 million, but the amount actually spent was \$10.1 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.

**Government-Wide Financial Statements**

*This page intentionally left blank*

**City of Fremont**  
**Statement of Net Position**  
**June 30, 2017**

(With comparative totals for June 30, 2016)

	Governmental Activities	
	2017	2016
<b>ASSETS</b>		
Current assets:		
Cash and investments held by City	\$ 324,659,731	\$ 288,427,354
Restricted cash and investments held by fiscal agent or City	9,343,383	13,917,087
Receivables, net	26,437,127	31,703,306
Condemnation deposits	15,000	15,000
Prepaid assets	-	459,995
Total current assets	<u>360,455,241</u>	<u>334,522,742</u>
Noncurrent assets:		
Housing loans receivable, net	1,329,343	1,562,709
Land held for resale	2,821,430	2,821,430
Prepaid assets	2,211,088	2,193,530
Capital assets:		
Nondepreciable assets	733,014,034	719,038,028
Depreciable assets, net	<u>179,162,431</u>	<u>180,515,528</u>
Total capital assets, net	<u>912,176,465</u>	<u>899,553,556</u>
Total noncurrent assets	<u>918,538,326</u>	<u>906,131,225</u>
<b>Total assets</b>	<u>1,278,993,567</u>	<u>1,240,653,967</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	<u>76,688,415</u>	<u>30,904,836</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	11,783,247	11,106,328
Salaries and wages payable	7,841,282	10,327,648
Claims payable	5,753,000	6,038,000
Pollution remediation obligation - due within one year	700,000	806,000
Interest payable	1,574,385	1,429,620
Unearned revenue	6,321,135	7,737,596
Compensated absences - due within one year	2,419,238	2,279,509
Long-term debt - due within one year	<u>7,604,238</u>	<u>6,638,717</u>
Total current liabilities	<u>43,996,525</u>	<u>46,363,418</u>
Noncurrent liabilities:		
Claims payable	12,353,000	13,145,000
Pollution remediation obligation - due in more than one year	1,073,769	1,769,759
Net other post employment benefits obligation	30,451,000	30,459,000
Net pension liability	345,117,903	287,959,282
Compensated absences - due in more than one year	7,257,715	6,838,525
Long-term debt - due in more than one year	<u>160,821,511</u>	<u>169,573,245</u>
Total noncurrent liabilities	<u>557,074,898</u>	<u>509,744,811</u>
<b>Total liabilities</b>	<u>601,071,423</u>	<u>556,108,229</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	<u>9,418,810</u>	<u>22,075,552</u>
<b>NET POSITION</b>		
Net investment in capital assets	<u>750,501,959</u>	<u>734,700,673</u>
Restricted:		
Social service programs	13,072,642	12,653,550
Debt service	2,626,031	2,586,451
Public safety	1,033,874	1,955,999
Street improvements	13,586,551	20,966,840
Community development	155,296,602	111,443,494
Other purposes	23,961	23,961
Total restricted	<u>185,639,661</u>	<u>149,630,295</u>
Unrestricted	<u>(190,949,871)</u>	<u>(190,955,946)</u>
<b>Total net position</b>	<u>\$ 745,191,749</u>	<u>\$ 693,375,022</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, 2017

(With comparative totals for the fiscal year ended June 30, 2016)

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 15,491,087	\$ 2,098,539	\$ -	\$ -	\$ 2,098,539
Police services	73,201,163	4,021,692	775,611	-	4,797,303
Fire services	46,108,174	2,816,131	34,525	-	2,850,656
Human services	11,477,446	2,326,619	6,265,673	-	8,592,292
Capital assets maintenance and operations	66,390,001	1,801,264	4,331,070	31,754,006	37,886,340
Recreation and leisure services	9,059,389	8,015,373	-	-	8,015,373
Community development and environmental services	25,368,797	56,119,438	1,954,868	-	58,074,306
Interest on debt	4,682,803	-	-	-	-
<b>Total</b>	<b>\$ 251,778,860</b>	<b>\$ 77,199,056</b>	<b>\$ 13,361,747</b>	<b>\$ 31,754,006</b>	<b>\$ 122,314,809</b>

#### General revenues:

Property tax  
 Sales tax  
 Business tax  
 Transient occupancy tax  
 Property transfer tax  
 Total taxes  
 Franchise fees  
 Investment earnings (loss)  
 Gain on sale of capital assets  
 Miscellaneous

#### Total general revenues

#### Change in net position

Net position - beginning of year

Net position - end of year

See accompanying Notes to Basic Financial Statements.

## Government-Wide Financial Statements

<b>Net (Expense) Revenue and Changes in Net Position</b>	
Governmental	
Activities	
2017	2016
\$ (13,392,548)	\$ (11,938,021)
(68,403,860)	(59,168,021)
(43,257,518)	(39,321,606)
(2,885,154)	(2,648,765)
(28,503,661)	(32,852,042)
(1,044,016)	74,220
32,705,509	10,285,106
(4,682,803)	(3,828,360)
(129,464,051)	(139,397,489)
89,916,085	82,484,888
49,535,813	48,580,024
12,620,629	10,125,832
8,390,862	8,086,529
1,916,237	1,800,905
162,379,626	151,078,178
10,320,411	9,605,547
801,454	4,659,270
172,005	22,934,023
7,607,282	9,967,671
181,280,778	198,244,689
51,816,727	58,847,200
693,375,022	634,527,822
\$ 745,191,749	\$ 693,375,022

*This page intentionally left blank*

# Governmental Funds Financial Statements

## Governmental Funds Financial Statements

### City of Fremont Balance Sheet Governmental Funds June 30, 2017

(With comparative totals for June 30, 2016)

	Major Funds			
	General Fund	Development Impact Fees	Development Cost Center	Recreation Services
<b>ASSETS</b>				
Cash and investments held by City	\$ 30,180,008	\$ 78,571,909	\$ 21,203,684	\$ 9,773,717
Restricted cash and investments held by fiscal agent or City	-	-	-	-
Receivables:				
Property tax	867,080	-	-	-
Sales tax	10,204,888	-	-	-
Due from other governmental agencies	452,599	-	-	-
Housing loans receivable, net	57,287	-	-	-
Accrued interest	960,389	-	-	-
Transient occupancy tax	824,031	-	-	-
Franchise fees	989,797	-	-	-
Accounts receivable	575,217	-	729,530	-
Other	151,866	-	-	12,770
Land held for resale	-	-	-	-
Prepaid assets	-	-	-	-
Due from other funds	3,813,064	-	-	-
<b>Total assets</b>	<u>\$ 49,076,226</u>	<u>\$ 78,571,909</u>	<u>\$ 21,933,214</u>	<u>\$ 9,786,487</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,245,001	\$ 1,801,698	\$ 390,858	\$ 209,007
Salaries and wages payable	6,981,400	-	454,480	174,720
Due to other funds	-	-	-	-
Unearned revenue	140,971	-	4,234,519	1,553,990
<b>Total liabilities</b>	<u>9,367,372</u>	<u>1,801,698</u>	<u>5,079,857</u>	<u>1,937,717</u>
Deferred inflows of resources-unavailable revenue	57,287	-	-	-
<b>Fund Balances:</b>				
Nonspendable:				
Prepaid assets	-	-	-	-
Restricted for:				
Social service programs	-	-	-	-
Debt service	-	-	-	-
Public safety	-	-	-	-
Street improvements	-	-	-	-
Community development	-	76,770,211	16,853,357	-
Other purposes	-	-	-	-
Committed for:				
Social service programs	-	-	-	-
Recreation programs	-	-	-	7,848,770
Assigned for:				
Vehicle replacement	-	-	-	-
Other capital projects	-	-	-	-
Purchase orders and contracts	976,914	-	-	-
Unassigned	38,674,653	-	-	-
<b>Total fund balances</b>	<u>39,651,567</u>	<u>76,770,211</u>	<u>16,853,357</u>	<u>7,848,770</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 49,076,226</u>	<u>\$ 78,571,909</u>	<u>\$ 21,933,214</u>	<u>\$ 9,786,487</u>

See accompanying Notes to Basic Financial Statements.

## Governmental Funds Financial Statements

Major Funds						Total Governmental Funds	
Capital Improvement	Human Services	Intermodal Surface Transportation Efficiency Act	Inclusionary Housing In Lieu	Low and Moderate Income Housing Asset	Non-major Funds	2017	2016
\$ 59,419,024	\$ 5,810,198	\$ -	\$ 37,316,734	\$ 6,348,683	\$ 47,237,525	\$ 295,861,482	\$ 262,196,355
4,940,680	-	-	-	-	4,402,703	9,343,383	13,917,087
-	-	-	-	-	33,891	900,971	868,277
-	-	-	-	-	-	10,204,888	14,926,104
50,000	2,074,701	3,229,002	-	-	3,305,823	9,112,125	11,119,196
-	1,272,056	-	-	-	-	1,329,343	1,562,709
-	-	-	-	-	-	960,389	748,671
-	-	-	-	-	-	824,031	787,868
-	-	-	-	-	-	989,797	926,635
116,293	173,191	-	-	-	737,020	2,331,251	1,788,344
-	-	-	-	-	105,291	269,927	454,193
2,821,430	-	-	-	-	-	2,821,430	2,821,430
-	-	-	-	-	-	-	2,436,229
-	-	-	-	-	-	3,813,064	3,971,023
<b>\$ 67,347,427</b>	<b>\$ 9,330,146</b>	<b>\$ 3,229,002</b>	<b>\$ 37,316,734</b>	<b>\$ 6,348,683</b>	<b>\$ 55,822,253</b>	<b>\$ 338,762,081</b>	<b>\$ 318,524,121</b>
\$ 1,024,554	\$ 391,110	\$ 829,233	\$ -	\$ 30,089	\$ 4,152,960	\$ 11,074,510	\$ 10,951,596
-	107,167	-	-	6,740	41,247	7,765,754	10,087,471
-	354,102	2,399,769	-	-	1,059,193	3,813,064	3,971,023
-	-	-	-	391,655	-	6,321,135	7,737,596
1,024,554	852,379	3,229,002	-	428,484	5,253,400	28,974,463	32,747,686
-	1,272,056	912,993	-	-	361,061	2,603,397	3,379,129
-	-	-	-	-	-	-	2,436,229
-	5,876,700	-	-	5,920,199	3,685	11,800,584	10,942,559
-	-	-	-	-	4,436,594	4,436,594	4,390,396
272,933	-	-	-	-	1,033,874	1,306,807	3,384,148
4,667,747	-	-	-	-	13,399,999	18,067,746	28,949,426
-	-	-	37,316,734	-	24,341,300	155,281,602	111,384,135
-	-	-	-	-	23,961	23,961	23,961
-	1,329,011	-	-	-	7,142,887	8,471,898	7,605,287
-	-	-	-	-	-	7,848,770	7,436,031
-	-	-	-	-	-	-	2,355,508
61,382,193	-	-	-	-	-	61,382,193	67,965,564
-	-	-	-	-	-	976,914	644,427
-	-	(912,993)	-	-	(174,508)	37,587,152	34,879,635
66,322,873	7,205,711	(912,993)	37,316,734	5,920,199	50,207,792	307,184,221	282,397,306
<b>\$ 67,347,427</b>	<b>\$ 9,330,146</b>	<b>\$ 3,229,002</b>	<b>\$ 37,316,734</b>	<b>\$ 6,348,683</b>	<b>\$ 55,822,253</b>	<b>\$ 338,762,081</b>	<b>\$ 318,524,121</b>

*This page intentionally left blank*

**City of Fremont**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**To the Government-Wide Statement of Net Position**  
**June 30, 2017**

(With comparative totals for June 30, 2016)

	2017	2016
<b>Total Fund Balances - Total Governmental Funds</b>	<b>\$ 307,184,221</b>	<b>\$ 282,397,306</b>
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet, net of Internal Service Funds capital assets of \$7,959,631 and \$2,554,798 at June 30, 2017 and 2016, respectively.	904,216,834	896,998,758
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.	(1,574,385)	(1,429,620)
Condemnation deposits are reported as current assets; however, such deposits are reported as expenditures in Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances.	15,000	15,000
Internal Service Funds are used to charge the costs of insurance, information technology, vehicle replacements, employee benefits, and fire equipment replacement to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Government-Wide Statement of Net Position.	15,128,784	3,465,002
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.	2,603,397	3,379,129
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.	(9,676,953)	(9,118,034)
Other post employment benefits obligation on Government-Wide Statement of Net Position is not due and payable and therefore is not reported in the Governmental Funds Balance Sheet.	(30,451,000)	(30,459,000)
Pollution remediation obligations are not due and payable in the current period and therefore are not reported in the Governmental Funds Balance Sheet.	(1,773,769)	(2,575,759)
Deferred outflows of resources resulting from various items are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.	74,845,181	30,210,386
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.	(9,206,842)	(21,482,398)
Net pension liability on Government-Wide Statement of Net Position is not due and payable and therefore is not reported in the Governmental Funds Balance Sheet.	(337,692,970)	(281,813,786)
Long-term debt is not due and payable in the current period and therefore is not reported in the Governmental Funds Balance Sheet.	(168,425,749)	(176,211,962)
<b>Net Position of Governmental Activities</b>	<b>\$ 745,191,749</b>	<b>\$ 693,375,022</b>

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, 2017 (With comparative totals for the fiscal year ended June 30, 2016)

	Major Funds				
	General Fund	Development Impact Fees	Development Cost Center	Recreation Services	Capital Improvement
<b>REVENUES</b>					
Property tax	\$ 86,697,624	\$ -	\$ -	\$ -	\$ -
Sales tax	49,535,813	-	-	-	-
Intergovernmental	188,046	-	-	-	-
Business tax	12,620,629	-	-	-	-
Other taxes	10,307,099	-	-	-	-
Impact fees	-	18,628,880	-	-	-
Franchise fees	9,887,121	-	-	-	-
Charges for services	9,321,508	-	22,361,267	7,998,896	161,178
Investment earnings	(30,933)	156,398	45,910	16,896	144,320
Other	1,253,120	62,977	60	133,190	651,328
<b>Total revenues</b>	<b>179,780,027</b>	<b>18,848,255</b>	<b>22,407,237</b>	<b>8,148,982</b>	<b>956,826</b>
<b>EXPENDITURES</b>					
Current:					
General government	15,620,852	-	-	-	-
Police services	69,917,072	-	-	-	-
Fire services	44,363,359	-	-	-	-
Human services	-	-	-	-	-
Capital assets maintenance and operations	22,102,359	11,047,042	3,259,124	-	11,172,059
Recreation and leisure services	-	-	-	8,902,312	-
Community development and environmental services	1,374,032	-	10,412,284	-	-
Capital outlay	2,703,258	266,151	72,578	-	11,157,670
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	597,860	-	-	-	-
Payment to refunding escrow	-	-	-	-	-
<b>Total expenditures</b>	<b>156,678,792</b>	<b>11,313,193</b>	<b>13,743,986</b>	<b>8,902,312</b>	<b>22,329,729</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>23,101,235</b>	<b>7,535,062</b>	<b>8,663,251</b>	<b>(753,330)</b>	<b>(21,372,903)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt issuance	-	-	-	-	-
Payment to refunding escrow	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	130,001
Transfers in	6,206,344	406,329	2,493,349	2,347,265	10,538,415
Transfers out	(28,782,625)	(850,000)	(3,353,844)	(1,233,219)	(542,245)
<b>Total other financing sources (uses)</b>	<b>(22,576,281)</b>	<b>(443,671)</b>	<b>(860,495)</b>	<b>1,114,046</b>	<b>10,126,171</b>
<b>Net change in fund balances</b>	<b>524,954</b>	<b>7,091,391</b>	<b>7,802,756</b>	<b>360,716</b>	<b>(11,246,732)</b>
<b>FUND BALANCES</b>					
Beginning of year	39,126,613	69,678,820	9,050,601	7,488,054	77,569,605
End of year	\$ 39,651,567	\$ 76,770,211	\$ 16,853,357	\$ 7,848,770	\$ 66,322,873

See accompanying Notes to Basic Financial Statements.

## Governmental Funds Financial Statements

Major Funds					Total Governmental Funds	
Human Services	Intermodal Surface Transportation Efficiency Act	Inclusionary Housing In Lieu	Low and Moderate Income Housing Asset	Non-major Funds	2017	2016
\$ -	\$ -	\$ -	\$ -	\$ 3,218,461	\$ 89,916,085	\$ 82,484,888
-	-	-	-	-	49,535,813	48,580,024
7,008,924	4,977,581	-	-	14,404,478	26,579,029	29,557,304
-	-	-	-	-	12,620,629	10,125,832
-	-	-	-	-	10,307,099	9,887,434
-	-	-	-	-	18,628,880	11,792,744
-	-	-	-	433,290	10,320,411	9,605,547
1,958,515	-	27,010,393	-	9,163,031	77,974,788	55,183,568
41,489	-	110,424	11,346	257,387	753,237	4,261,090
1,390,776	-	-	1,758,892	2,233,551	7,483,894	9,863,178
<u>10,399,704</u>	<u>4,977,581</u>	<u>27,120,817</u>	<u>1,770,238</u>	<u>29,710,198</u>	<u>304,119,865</u>	<u>271,341,609</u>
-	-	-	-	-	15,620,852	14,534,805
-	-	-	-	1,416,909	71,333,981	67,907,604
-	-	-	-	160,922	44,524,281	43,597,692
11,597,889	-	-	-	169,371	11,767,260	11,388,813
-	299,746	-	-	16,678,109	64,558,439	60,687,792
-	-	-	-	-	8,902,312	8,318,171
1,303,242	-	4,003,720	508,201	8,811,203	26,412,682	24,997,659
9,929	4,257,563	-	-	1,221,853	19,689,002	15,742,759
-	-	-	-	6,515,000	6,515,000	6,290,000
49,533	-	-	-	4,011,858	4,659,251	3,941,681
-	-	-	-	1,150,000	1,150,000	-
<u>12,960,593</u>	<u>4,557,309</u>	<u>4,003,720</u>	<u>508,201</u>	<u>40,135,225</u>	<u>275,133,060</u>	<u>257,406,976</u>
<u>(2,560,889)</u>	<u>420,272</u>	<u>23,117,097</u>	<u>1,262,037</u>	<u>(10,425,027)</u>	<u>28,986,805</u>	<u>13,934,633</u>
-	-	-	-	85,205,000	85,205,000	9,100,000
-	-	-	-	(85,205,000)	(85,205,000)	-
-	-	-	-	-	130,001	24,033,614
5,041,339	-	-	-	10,389,915	37,422,956	37,094,464
<u>(2,652,179)</u>	<u>-</u>	<u>-</u>	<u>(56,586)</u>	<u>(4,282,149)</u>	<u>(41,752,847)</u>	<u>(37,094,464)</u>
<u>2,389,160</u>	<u>-</u>	<u>-</u>	<u>(56,586)</u>	<u>6,107,766</u>	<u>(4,199,890)</u>	<u>33,133,614</u>
<u>(171,729)</u>	<u>420,272</u>	<u>23,117,097</u>	<u>1,205,451</u>	<u>(4,317,261)</u>	<u>24,786,915</u>	<u>47,068,247</u>
<u>7,377,440</u>	<u>(1,333,265)</u>	<u>14,199,637</u>	<u>4,714,748</u>	<u>54,525,053</u>	<u>282,397,306</u>	<u>235,329,059</u>
<u>\$ 7,205,711</u>	<u>\$ (912,993)</u>	<u>\$ 37,316,734</u>	<u>\$ 5,920,199</u>	<u>\$ 50,207,792</u>	<u>\$ 307,184,221</u>	<u>\$ 282,397,306</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, 2017

(With comparative totals for the fiscal year ended June 30, 2016)

	2017	2016
<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 24,786,915</b>	<b>\$ 47,068,247</b>
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.	19,689,002	15,742,759
Contributions of capital assets from developers not reported as revenue in governmental funds.	16,424	767,809
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.	31,904,019	29,165,275
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.	(30,872,852)	(16,918,590)
Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but it does not require the use of current financial resources. Therefore, depreciation, net of \$3,387,001 and \$432,132, for the years ended June 30, 2017 and 2016, respectively, from the Internal Service Funds is not reported as an expenditure in governmental funds.	(5,495,986)	(7,728,229)
Disposals of capital assets are reported in the Government-Wide Statement of Activities, but do not require the use of current financial resources. Therefore, these activities are not reported as expenditures in governmental funds.	-	(6,699,888)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position.	(85,205,000)	(9,100,000)
Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Government-Wide Statement of Net Position.	92,870,000	6,290,000
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.	(775,732)	(1,843,392)
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.	(144,765)	(10,396)
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.	121,213	123,717
Internal Service Funds are used to charge the costs of insurance, information technology, vehicle replacements, employee benefits, and fire equipment replacement to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities.	11,663,782	1,962,539
Capital assets transferred from governmental activities to internal service funds are reported as a capital contribution in the internal service funds. The capital contribution is not reported in the Government-Wide Statement of Activities.	(6,991,364)	-
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.	8,000	(58,000)
Pollution remediation obligations are not due and payable in the current period and therefore the changes are not reported in the governmental funds.	801,990	387,203
Long-term compensated absences are not due and payable in the current period and therefore the changes are not reported in the governmental funds.	(558,919)	(301,854)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 51,816,727</b>	<b>\$ 58,847,200</b>

See accompanying Notes to Basic Financial Statements.

**Proprietary Funds Financial Statements**

## Proprietary Funds Financial Statements

### City of Fremont Statement of Net Position Proprietary Funds June 30, 2017

(With comparative totals for June 30, 2016)

	Internal Service	
	2017	2016
<b>ASSETS</b>		
Current assets:		
Cash and investments held by City	\$ 29,243,135	\$ 26,230,999
Other receivables	843,748	84,018
Prepaid assets	-	217,296
Total current assets	30,086,883	26,532,313
Noncurrent assets:		
Prepaid assets	2,211,088	-
Depreciable assets	26,661,542	8,806,385
Less accumulated depreciation	(18,701,911)	(6,251,587)
Total noncurrent assets	10,170,719	2,554,798
<b>Total assets</b>	<b>40,257,602</b>	<b>29,087,111</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions	1,843,234	694,450
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	708,737	154,732
Salaries and wages payable	75,528	240,177
Cash overdraft	444,886	-
Claims payable	5,753,000	6,038,000
Total current liabilities	6,982,151	6,432,909
Noncurrent liabilities:		
Claims payable	12,353,000	13,145,000
Net pension liability	7,424,933	6,145,496
Total noncurrent liabilities	19,777,933	19,290,496
<b>Total liabilities</b>	<b>26,760,084</b>	<b>25,723,405</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions	211,968	593,154
<b>NET POSITION</b>		
Net investment in capital assets	7,959,631	2,554,798
Unrestricted	7,169,153	910,204
<b>Total net position</b>	<b>\$ 15,128,784</b>	<b>\$ 3,465,002</b>

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, 2017**  
 (With comparative totals for the fiscal year ended June 30, 2016)

	Internal Service	
	2017	2016
<b>OPERATING REVENUES</b>		
Charges for services	\$ 23,915,733	\$ 15,318,958
Other	14,808	13,084
<b>Total operating revenues</b>	<b>23,930,541</b>	<b>15,332,042</b>
<b>OPERATING EXPENSES</b>		
Salaries and wages	11,991,449	4,008,396
Insurance premiums	1,668,258	1,454,813
Provision for claim losses	2,888,453	5,106,255
Claims administration	274,529	269,893
Materials and supplies	3,411,939	2,439,578
Depreciation	3,387,001	432,132
Other	56,606	56,616
<b>Total operating expenses</b>	<b>23,678,235</b>	<b>13,767,683</b>
<b>OPERATING INCOME</b>	252,306	1,564,359
<b>NONOPERATING REVENUES</b>		
Investment income	48,217	398,180
Gain on disposal of capital assets	42,004	-
<b>Income (loss) before capital contributions and transfers</b>	<b>342,527</b>	<b>932,525</b>
Contributed capital assets	6,991,364	-
Transfers in	4,329,891	-
<b>CHANGE IN NET POSITION</b>	<b>11,663,782</b>	<b>1,962,539</b>
Net position - beginning of year	3,465,002	1,502,463
Net position - ending	<b>\$ 15,128,784</b>	<b>\$ 3,465,002</b>

See accompanying Notes to Basic Financial Statements.

## Proprietary Funds Financial Statements

### City of Fremont Statement of Cash Flows Proprietary Funds For the fiscal year ended June 30, 2017

(With comparative totals for the fiscal year ended June 30, 2016)

	Internal Service	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from users	\$ 24,138,915	\$ 15,133,668
Other revenue	14,808	13,084
Less: Payments to suppliers	(12,470,269)	(4,652,805)
Payments for employee services	(5,108,140)	(4,375,897)
Payments for claims paid	(3,965,453)	(3,499,255)
Payments to others	(56,606)	(56,616)
<b>Net cash provided by operating activities</b>	<b>2,553,255</b>	<b>2,562,179</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(1,922,997)	(347,187)
Prepayment for acquisition of capital assets	(2,211,088)	-
Proceeds from sale of capital assets	164,531	-
<b>Net cash used in capital and related financing activities</b>	<b>(3,969,554)</b>	<b>(347,187)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfer in from other funds	3,935,331	-
Cash borrowing from pooled investments	444,886	-
<b>Net cash provided by non-capital financing activities</b>	<b>4,380,217</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on cash and investments	48,218	398,180
<b>Net change in cash and cash equivalents</b>	<b>3,012,136</b>	<b>2,613,172</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	26,230,999	23,617,827
End of year	<b>\$ 29,243,135</b>	<b>\$ 26,230,999</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 252,306	\$ 1,564,359
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	3,387,001	432,132
Changes in operating assets and liabilities:		
Other receivables	(91,523)	32,006
Prepaid assets	314,706	(217,296)
Accounts payable	183,177	(488,521)
Salaries and wages payable	(164,879)	67,207
Claims payable	(1,077,000)	1,607,000
Deferred outflow resources - pension plan	(1,148,784)	(121,141)
Deferred inflow resources - pension plan	(381,186)	(590,182)
Net pension liability	1,279,437	276,615
<b>Net cash provided by operating activities</b>	<b>\$ 2,553,255</b>	<b>\$ 2,562,179</b>
<b>Noncash non-capital financing activities</b>		
Transfer in of prepaid assets from governmental funds	\$ 97,410	\$ -
Transfer in of other receivables from governmental funds	668,206	-
Transfer in of accounts payable from governmental funds	371,056	-
<b>Net cash provided by operating activities</b>	<b>\$ 1,136,672</b>	<b>\$ -</b>
<b>Noncash capital financing activities</b>		
Transfer in of capital assets	\$ 6,991,364	\$ -

See accompanying Notes to Basic Financial Statements.

# Agency Funds Financial Statements

## Agency Funds Financial Statements

---

### City of Fremont Statement of Assets and Liabilities Agency Funds June 30, 2017

(With comparative totals for June 30, 2016)

---

	Agency Funds	
	2017	2016
<b>ASSETS</b>		
Cash and investments held by City	\$ 19,401,957	\$ 13,032,769
Restricted cash and investments held by fiscal agent or City	7,062,655	8,127,041
Land held for resale	678,979	678,979
Accounts receivable	79,578	13,647
Other receivables	-	170,574
<b>Total assets</b>	<b>\$ 27,223,169</b>	<b>\$ 22,023,010</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 103,533	\$ 37,374
Due to other governmental agencies	678,979	678,979
Cash overdraft	2,304	1,480
Deposits	26,438,353	21,305,177
<b>Total liabilities</b>	<b>\$ 27,223,169</b>	<b>\$ 22,023,010</b>

See accompanying Notes to Basic Financial Statements.

<b>Note 1 – Summary of Significant Accounting Policies</b> .....	49
A. Description of the Government-Wide Financial Statements .....	49
B. Financial Reporting Entity .....	49
C. Basis of Presentation – Government-Wide Financial Statements .....	50
D. Basis of Presentation – Fund Financial Statements .....	51
E. Measurement Focus and Basis of Accounting .....	54
F. Use of Estimates .....	55
G. Comparative Data .....	55
H. Effects of New Pronouncements.....	55
I. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance.....	57
J. Revenues, Expenditures/Expenses .....	64
 <b>Note 2 – Cash and Investments</b> .....	 66
A. Authorized Investments.....	66
B. Risk Disclosures – Deposits .....	68
C. Risk Disclosures – Investments .....	68
D. Fair Value Adjustment.....	70
E. External Investment Pool .....	70
F. Fair Value Hierarchy .....	71
 <b>Note 3 – Housing Loans Receivable</b> .....	 72
 <b>Note 4 – Capital Assets</b> .....	 73
 <b>Note 5 – Long-Term Obligations</b> .....	 75
A. Debt Issuance .....	77
B. Special Assessment Debt (No City Commitment) .....	77
C. Community Facilities District Special Tax Bonds (No City Commitment).....	78
D. Variable Rate Demand Certificates of Participations (COPs).....	78
E. Pledged Revenues for Bonds .....	79
F. Compensated Absences .....	80
 <b>Note 6 – Pollution Remediation Obligation</b> .....	 80
A. Police Firing Range.....	80
B. Fire Station No. 1 .....	80
C. Fire Station No. 2 .....	81
D. Former Union Pacific Railroad Corridor .....	81

## Index to Notes to Basic Financial Statements

---

E. Centerville Unified Site.....	81
<b>Note 7 – Risk Management</b> .....	81
A. Risk Management Program .....	81
B. Participation in Public Entity Risk Pools.....	82
<b>Note 8 – Interfund Transactions</b> .....	84
A. Interfund Receivables and Payables .....	84
B. Interfund Transfers.....	84
<b>Note 9 – Retirement Benefits</b> .....	85
A. General Information about the Pension Plans .....	85
B. Net Pension Liability.....	87
C. Changes in the Net Pension Liability .....	89
<b>Note 10 – Other Post-Employment Benefits (OPEB)</b> .....	91
<b>Note 11 – Commitments and Contingencies</b> .....	93
<b>Note 12 – Subsequent Events</b> .....	93

## ***1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

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

### ***A. Description of the Government-Wide Financial Statements***

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

### ***B. Financial Reporting Entity***

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

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

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

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

## Notes to Basic Financial Statements

---

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

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

### ***C. Basis of Presentation – Government-Wide Financial Statements***

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

The City reports the following governmental activities:

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

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

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

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

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

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

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables; however, 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 statements are presented to reconcile and explain the differences in fund balances and change in fund balances as presented in these statements to the net position and change in net position presented in the government-wide financial statements. The fund types presented in the fund financial statements include the General Fund, special revenue funds, debt service funds, and capital projects funds. The City has presented all major funds that meet the criteria prescribed in GASB Statement No. 34.

The City reports the following major governmental funds:

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

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

## Notes to Basic Financial Statements

---

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

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

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

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

*Human Services* – This 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.

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

*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 RDA. 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.

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

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

The City reports the following proprietary fund type:

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

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

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

The City reports the following agency funds:

Local Improvement Districts – 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 accumulation of City of Fremont Community Facilities District No. 1 (CFD 1) facilities and services special tax revenue, payment of principal and interest for the outstanding CFD 1 special tax bonds, and payment for maintenance of the public improvements at Pacific Commons financed with the special tax bonds.

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

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

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

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

## Notes to Basic Financial Statements

---

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 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 2015/16 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 2015/16 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 2016/17 basic financial statements.

***H. Effects of New Pronouncements***

The City implemented the following GASB Statements during the year:

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 implementation of this statement did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2017.

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 implementation of this statement did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2017.

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this statement is to address a practice issue regarding the scope and applicability of Statement No. 68 associated with pensions provided through certain cost-sharing multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. Such plans are not considered a state or local government pension plan and are used to provide benefits to both employees of state and local governments and employees of employers that are not state or local

## Notes to Basic Financial Statements

---

governments. The implementation of this statement did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2017.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The statement addresses accounting and financial reporting for certain external investment pools and pool participants. The implementation of this statement did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2017.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement amends the blending requirements established in GASB Statement No. 14, *The Financial Reporting Entity*, as amended. The implementation of this statement did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2017.

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

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 March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The statement provides recognition and measurement guidance for situations in which a government is a beneficiary of these agreements. The requirements of this statement are effective for the City's fiscal year ending June 30, 2018.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The requirements of this statement are effective for the City's fiscal year ending June 30, 2019.

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

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of the statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. The statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this statement are effective for the City's fiscal year ending June 30, 2018.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of the statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. The requirements of this statement are effective for the City's fiscal year ending June 30, 2018.

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

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

**1. Cash and Investments**

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

In addition, Note 2 provides information about the City's deposits and investments, interest sensitive investments, the credit quality of the investments held at year-end, and fair value measurement. Investments are presented at fair value except as noted below. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Money market investments (such as short-term, highly liquid debt instruments including

## Notes to Basic Financial Statements

---

bankers' acceptances) and securities (notes, bills, and obligations of the U.S. government and its agencies), and participating interest-earning investment contracts (such as negotiable certificates of deposit and repurchase agreements) that have a remaining maturity at the time of purchase of one year or less, are reported at amortized cost, which approximates fair value. Interest earned on investments is allocated monthly to all funds on the basis of daily cash and investment balances.

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

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

### 2. Restricted Cash and Investments

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

### 3. Capital Assets

Capital assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are stated at their acquisition value. City policy has set the capitalization threshold for reporting infrastructure capital assets at \$25,000 and for all other 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.

## Notes to Basic Financial Statements

---

*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, 2017, the City is reporting deferred pension contributions, differences between expected and actual experiences for pension plans, and the difference between expected and actual earnings on pension investments 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, 2017, the City has two types of items to report in this category: the first, unavailable revenue which arises only under the modified accrual basis of accounting, is reported only in the governmental funds balance sheet; the second, pension items including changes of pension plan

assumptions and differences between expected and actual experiences, is reported in the government-wide and proprietary funds statement of net position. The unavailable revenues in the governmental funds will be recognized as an inflow of resources during the period that the amounts become available.

## 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, 2017, fund balances for government funds are reported in the following categories:

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

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

*Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance or

## Notes to Basic Financial Statements

---

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, 2017, the City's Intermodal Surface Transportation Efficiency Act (ISTEA) major capital projects fund had a deficit fund balance of \$912,993. The Transportation Development Act nonmajor capital project fund had a deficit fund balance of \$6,156. The Traffic System Management nonmajor capital project fund had a deficit fund balance of \$79,428. The City's Proposition 1B Highway-Railroad Crossing Safety Account (HRCSA) nonmajor capital projects fund had a deficit fund balance of \$88,924. These deficits are due to the timing of receipt of revenues to fund capital expenditures. The deficits are expected to be funded by future intergovernmental revenues.

### 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, 2017, the Contingency Reserve was approximately \$18.2 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, 2017, the Program Investment Reserve was approximately \$4.5 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, 2017, the Economic Volatility Reserve was approximately \$4.5 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

## Notes to Basic Financial Statements

---

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, 2017, 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.

**5. Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2017, the following special revenue funds had an excess of expenditures over appropriations, which were expected to be covered with existing fund balance: Narcotics Asset Seizure, COPS AB3229, and CUPA Administration.

### 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.

## Notes to Basic Financial Statements

---

In accordance with Section 53651 of the California Government Code, the City cannot invest in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, or in any security that could result in zero interest accrual if held to maturity. The limitation does not apply to investments in shares of beneficial interest issued under the Investment Company Act of 1940 that are authorized investments under Section 53601 of the California Government Code.

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, 2017:

	Governmental Activities	Fiduciary Funds	Totals
Cash and investments held by the City	\$ 324,659,731	\$ 19,401,957	\$ 344,061,688
Restricted cash and investments held by fiscal agent or City	9,343,383	7,062,655	16,406,038
Cash overdraft	-	(2,304)	(2,304)
Total cash and investments	334,003,114	26,462,308	360,465,422
Less: cash and deposits not meeting the definition of investments	(29,643,786)	(2,035,243)	(31,679,029)
Total investments	\$ 304,359,328	\$ 24,427,065	\$ 328,786,393

### ***B. Risk Disclosures - Deposits***

At June 30, 2017, the carrying and bank amounts of the City's cash and deposits were \$31,679,029 and \$33,144,348, respectively. Of the bank balance, \$750,000 was insured by the Federal Deposit Insurance Corporation (FDIC) and \$32,394,348 was collateralized. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150% of secured public deposits.

### ***C. Risk 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 lease obligations and capital project expenditures. In

## Notes to Basic Financial Statements

the fiduciary funds, restricted cash and investments relate to special tax bonds, the pollution mitigation escrow for the Centerville Unified Site, and undisbursed funds from an impound account.

**Interest Rate Risk.** At June 30, 2017, 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 555 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.

As of June 30, 2017, the City’s investments consisted of the following:

Investment Type	Lowest Rating Category*	Fair Value	Investment Maturities				
			1 Year or Less	1-2 Years	2-3 Years	3-4 Years	4-5 Years
Pooled investments held by the City:							
U.S. Treasuries	AA	\$ 63,944,965	\$ -	\$ 6,079,907	\$ 6,510,579	\$ 34,695,915	\$ 16,658,564
U.S. Agencies:							
Federal Farm Credit Bank Bonds (FFCB)	AA	998,679	998,679	-	-	-	-
Federal Home Loan Bank Bonds (FHLB)	AA	12,043,104	-	-	6,513,531	-	5,529,573
Federal Home Loan Mortg. Corp. Bonds (FHLMC)	AA	3,036,296	-	3,036,296	-	-	-
Federal National Mortg. Assn. Bonds (FNMA)	AA	18,675,225	-	3,697,448	13,267,077	-	1,710,700
Medium-Term Corporate Notes	AAA/Aaa	856,239	-	-	-	-	856,239
Medium-Term Corporate Notes	AA/Aa	1,798,037	-	-	804,572	-	993,465
Medium-Term Corporate Notes	A	25,915,585	-	4,299,161	8,046,327	7,206,948	6,363,149
Medium-Term Corporate Notes	BBB	2,553,988	-	-	1,704,643	849,345	-
Municipal Bonds	AA/Aa	421,760	421,760	-	-	-	-
Municipal Bonds	A	700,133	-	700,133	-	-	-
Asset-Backed Securities	AAA/Aaa	11,263,243	-	776,053	3,649,003	4,350,810	2,487,377
Collateralized Mortgage Obligations	AA	2,499,307	956,439	525,280	1,017,588	-	-
Money Market Mutual Fund	AAA	6,330,569	6,330,569	-	-	-	-
Negotiable Certificates of Deposit	A-1/P-1	3,402,497	3,402,497	-	-	-	-
Negotiable Certificates of Deposit	A	15,179,017	3,398,521	11,780,496	-	-	-
Negotiable Certificates of Deposit	AA/Aa	6,820,421	3,406,178	3,414,243	-	-	-
Supranational Notes	AAA/Aaa	2,354,677	-	2,354,677	-	-	-
LAIF**	Not Rated	64,931,144	64,931,144	-	-	-	-
CAMP**	AAA	73,252,209	73,252,209	-	-	-	-
Total pooled investments held by the City		316,977,095	157,097,996	36,663,694	41,513,320	47,103,018	34,599,067
Investments held by fiscal agent:							
Money market mutual funds**	AAA/Aaa	11,809,298	11,809,298	-	-	-	-
Total investments		\$ 328,786,393	\$ 168,907,294	\$ 36,663,694	\$ 41,513,320	\$ 47,103,018	\$ 34,599,067

\* 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.

## Notes to Basic Financial Statements

---

***Custodial Credit Risk.*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All securities, with the exception of the money market funds, time deposits, LAIF, and CAMP, are held by a third-party custodian, Bank of New York Mellon (BNYM). BNYM is a registered member of the Federal Reserve Bank. The securities held by BNYM are in street name, and a customer number assigned to the City identifies ownership.

***Concentration of Credit Risk.*** Concentration of credit risk is the risk of loss attributed to the magnitude of an investor's holdings in a single issuer. The City diversifies its portfolio by limiting the percentage of the portfolio that can be invested in any one issuer's name to 5%. Investments in U.S. Treasury securities, Federal Agency securities, mutual funds and investment pools (LAIF, CAMP) are not subject to the City's 5% limit on credit concentration. Approximately 5.7% 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*, and GASB Statement No. 72, *Fair Value Measurement and Application*, require that the City's investments be carried at fair value instead of cost. Accordingly, the City adjusts the carrying value of its investments to reflect their fair value at each fiscal year-end and the effects of these adjustments are included in income for that fiscal year. The total amount of the unrealized fair value loss as of June 30, 2017 was \$1,138,845. At June 30, 2016, the total unrealized fair value gain was \$1,974,721. The change in value between the two periods amounted to an unrealized loss of \$3,113,566 for fiscal year 2016/17.

### ***E. External Investment Pools***

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

The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the City's pool share. The City measures the value of its LAIF investment by multiplying its account balance by the ratio of the portfolio fair value to amortized cost (a factor of 0.998940671). The balance available for withdrawal is based on the accounting records maintained by the State, which are recorded on an amortized cost

basis. As of June 30, 2017, the City had \$65,000,000 invested in LAIF, and the fair value of the City's investment in LAIF was \$64,931,144.

At June 30, 2017, PMIA had a total portfolio of approximately \$77.6 billion and of that amount, 97.11% was invested in non-derivative financial products and 2.89% was invested in structured notes and asset-backed securities. These investments include the following:

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

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

CAMP determines fair value on its investment portfolio based on amortized cost. The City measures the value of its CAMP investment at the fair value amount provided by CAMP. As of June 30, 2017, the fair value of the City's investment in CAMP was \$73,252,209.

At June 30, 2017, CAMP had a total portfolio of approximately \$2.7 billion of which all was invested in non-derivative financial products.

#### ***F. Fair Value Hierarchy***

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

## Notes to Basic Financial Statements

The following is a summary of the fair value and net asset value measurements of the City as of June 30, 2017:

Investments	Balance at 6/30/2017	Fair Value Measurements Using	
		Level 1 Inputs	Level 2 Inputs
Investments by fair value level:			
U.S. Treasuries	\$ 63,944,965	\$ 63,944,965	\$ -
U.S. Agencies	34,753,304	-	34,753,304
Medium-Term Corporate Notes	31,123,849	-	31,123,849
Municipal Bonds	1,121,893	-	1,121,893
Asset-Backed Securities	11,263,243	-	11,263,243
Collateralized Mortgage Obligations	2,499,307	-	2,499,307
Negotiable Certificates of Deposit	25,401,935	-	25,401,935
Supranational Notes	2,354,677	-	2,354,677
Total investments by fair value level	172,463,173	\$ 63,944,965	\$ 108,518,208
Investments measured at the net asset value (NAV):			
LAIF	64,931,144		
CAMP	73,252,209		
Money Market/Money Market Mutual Funds	18,139,867		
Total investments measured at the NAV	156,323,220		
Total investments measured at fair value	\$ 328,786,393		

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

### 3. HOUSING LOANS RECEIVABLE

The City purchased ten rehabilitation loans from the former Successor Agency to the Redevelopment Agency of the City of Fremont (SARA) on June 30, 2013 for the discounted net present value of \$364,442. The SARA assigned to the City all the SARA's rights, title, and interest in and to the loan documents, including, without limitation, the rights to receive and enforce payment of the loan repayments. The balance due on these loans at June 30, 2017 is \$183,812 in the General Fund. The City has recorded an allowance in anticipation of the amount to be forgiven for these loans in the amount of \$126,526, resulting in a receivable balance of \$57,287. Because these loans do not meet the City's availability criteria for revenue recognition, the City has deferred the inflow of resources in the governmental funds financial statements.

At June 30, 2017, the City was owed \$1,272,056 in its Human Services special revenue fund for various housing assistance loans to homeowners made by the City. The terms of repayment are for 20 years at 5% interest per annum. Because the notes do not meet the City's availability criteria for revenue recognition, the City has deferred the inflow of resources in the governmental funds financial statements.

The City has issued various other housing loans that are expected to be forgiven in future years. As a result, the City has recorded an allowance in anticipation of the amount to be forgiven for loans receivable in the same amount as the outstanding principal on those loans, resulting in a zero balance in the basic financial statements. Accrued interest on the loans is recorded as interest receivable with an offsetting allowance for uncollectible amounts in anticipation of the amount to be forgiven together with the loan principal. The cumulative principal amount of these housing loans receivable as of June 30, 2017 is \$90,876,303, and the accumulated interest receivable is \$21,486,645.

**4. CAPITAL ASSETS**

Capital assets activities of the governmental activities of the primary government for the year ended June 30, 2017, consist of the following:

	Balance 7/1/2016	Increase	Decrease	Transfers	Balance 6/30/2017
<b>Nondepreciable Assets:</b>					
Land	\$ 211,710,784	\$ 8,353,375	\$ -	\$ -	\$ 220,064,159
Land improvements	5,448,471	-	-	-	5,448,471
Infrastructure	492,005,003	614,481	-	-	492,619,484
Construction in progress	9,873,770	6,405,641	-	(1,397,491)	14,881,920
Total nondepreciable assets	<u>719,038,028</u>	<u>15,373,497</u>	<u>-</u>	<u>(1,397,491)</u>	<u>733,014,034</u>
<b>Depreciable Assets:</b>					
Building and improvements	217,442,314	-	-	-	217,442,314
Equipment	20,017,368	1,414,473	-	1,397,491	22,829,332
Vehicles	31,858,423	4,824,029	(1,933,903)	-	34,748,549
Infrastructure	328,803,947	16,424	-	-	328,820,371
Total depreciable assets	<u>598,122,052</u>	<u>6,254,926</u>	<u>(1,933,903)</u>	<u>1,397,491</u>	<u>603,840,566</u>
<b>Less Accumulated Depreciation For:</b>					
Building and improvements	(69,279,145)	(4,139,396)	-	-	(73,418,541)
Equipment	(14,230,159)	(1,533,428)	-	-	(15,763,587)
Vehicles	(19,003,162)	(2,415,843)	1,811,376	-	(19,607,629)
Infrastructure	(315,094,058)	(794,320)	-	-	(315,888,378)
Total accumulated depreciation	<u>(417,606,524)</u>	<u>(8,882,987)</u>	<u>1,811,376</u>	<u>-</u>	<u>(424,678,135)</u>
Total depreciable assets, net	<u>180,515,528</u>	<u>(2,628,061)</u>	<u>(122,527)</u>	<u>1,397,491</u>	<u>179,162,431</u>
<b>Total capital assets, net</b>	<b>\$ 899,553,556</b>	<b>\$ 12,745,436</b>	<b>\$ (122,527)</b>	<b>\$ -</b>	<b>\$ 912,176,465</b>

## Notes to Basic Financial Statements

---

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

Governmental Activities:	
General government	\$ 356,514
Police services	509,252
Fire services	1,493,849
Human services	65,959
Capital assets maintenance and operations	2,651,682
Recreation services	341,534
Community development and environmental services	77,196
Amount reported in the internal service funds	<u>3,387,001</u>
Total depreciation expense, governmental activities	<u>\$ 8,882,987</u>

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

5. LONG-TERM OBLIGATIONS

A summary of changes in governmental activities long-term debt for the year ended June 30, 2017, is as follows:

	Interest Rates	Amounts Outstanding June 30, 2016	Incurred or Issued	Satisfied or Matured and Net Decreases	Amounts Outstanding June 30, 2017	Amounts Due Within One Year	Amounts Due in More than One Year
<b>General Obligation Bonds</b>							
2009 Fire Safety Bonds Maturity - 08/01/2038	4.00-5.125%	\$ 14,125,000	\$ -	\$ (365,000)	\$ 13,760,000	\$ 385,000	\$ 13,375,000
2012 Fire Safety Bonds Maturity - 08/01/2032	3.00-3.25%	7,105,000	-	(330,000)	6,775,000	335,000	6,440,000
2013 Fire Safety Bonds Maturity - 08/01/2034	4.00-4.50%	20,580,000	-	(760,000)	19,820,000	790,000	19,030,000
<b>Total general obligation bonds</b>		<b>41,810,000</b>	<b>-</b>	<b>(1,455,000)</b>	<b>40,355,000</b>	<b>1,510,000</b>	<b>38,845,000</b>
<b>General Fund Lease Obligations</b>							
1998 Certificates of Participation Maturity - 08/01/2028	Variable	7,740,000	-	(7,740,000)	-	-	-
2008 Certificates of Participation Maturity - 08/01/2038	4.00-5.30%	24,065,000	-	(610,000)	23,455,000	635,000	22,820,000
2008 Certificates of Participation Maturity - 08/01/2038	Variable	41,980,000	-	(41,980,000)	-	-	-
2010 Certificates of Participation Maturity - 08/01/2038	Variable	14,080,000	-	(14,080,000)	-	-	-
2012A Certificates of Participation Maturity - 08/01/2025	3.00-4.00%	9,745,000	-	(840,000)	8,905,000	865,000	8,040,000
2012B Certificates of Participation Maturity - 08/01/2030	Variable	26,165,000	-	(26,165,000)	-	-	-
2016 Energy Efficiency Financing Maturity - 02/01/2027	2.01%	9,100,000	-	-	9,100,000	830,308	8,269,692
2017A Lease Revenue Bonds Maturity - 08/01/2038	Variable	-	85,205,000	-	85,205,000	3,640,000	81,565,000
<b>Total General Fund lease obligations</b>		<b>132,875,000</b>	<b>85,205,000</b>	<b>(91,415,000)</b>	<b>126,665,000</b>	<b>5,970,308</b>	<b>120,694,692</b>
<b>Total long-term debt</b>		<b>174,685,000</b>	<b>85,205,000</b>	<b>(92,870,000)</b>	<b>167,020,000</b>	<b>7,480,308</b>	<b>159,539,692</b>
Unamortized long-term bond premium		1,526,962	-	(121,213)	1,405,749	123,930	1,281,819
<b>Total long-term debt with unamortized bond premium</b>		<b>\$ 176,211,962</b>	<b>\$ 85,205,000</b>	<b>\$ (92,991,213)</b>	<b>\$ 168,425,749</b>	<b>\$ 7,604,238</b>	<b>\$ 160,821,511</b>

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

## Notes to Basic Financial Statements

---

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

Year Ending June 30	General Obligation Bonds		General Fund Lease Obligations	
	Principal	Interest	Principal	Interest *
2018	\$ 1,510,000	\$ 1,678,125	\$ 5,970,308	\$ 2,330,699
2019	1,565,000	1,618,100	6,142,081	2,441,770
2020	1,615,000	1,558,000	6,319,193	2,329,036
2021	1,675,000	1,493,588	6,511,650	2,210,674
2022	1,735,000	1,422,375	6,719,461	2,082,980
2023 - 2027	9,715,000	5,971,950	35,767,307	8,255,933
2028 - 2032	11,700,000	3,790,406	26,775,000	5,178,216
2033 - 2037	8,875,000	1,325,591	22,205,000	2,647,933
2038 - 2042	1,965,000	102,116	10,255,000	255,563
<b>Total</b>	<b>\$ 40,355,000</b>	<b>\$ 18,960,250</b>	<b>\$ 126,665,000</b>	<b>\$ 27,732,805</b>

\* Variable-rate interest requirements for the 2017A Public Financing Authority Lease Revenue Bonds are estimated using the interest rate in effect as of June 30, 2017, of 1.096%.

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

2008 Certificates of Participation (Fixed Rate)

Maintenance Center

2012A Certificates of Participation

Animal Shelter

Police Detention and Property Evidence Storage Facility

2016 Energy Efficiency Financing

City Streetlights

2017A Lease Revenue Bonds

Police Facility

Main Library

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

Fire Department Tactical Training Facility

Family Resource Center

**A. Debt Issuance**

On April 11, 2017, the City Council adopted a resolution authorizing the issuance of Fremont Public Financing Authority Lease Revenue Bonds, Series 2017A (2017 Variable Rate Refinancing Project) (the “2017A Bonds”). The \$85,205,000 2017A Bonds were directly purchased on April 26, 2017, by U.S. Bank. The proceeds of the 2017A Bonds were used to fully refund the following on a current basis:

Fremont Public Financing Authority Variable Rate Certificates of Participation (COPs)	
Series 1998	- \$ 7,290,000
Series 2008	- 40,855,000
Series 2010	- 13,600,000
Series 2012B	- 24,610,000

The leased assets consist of the City’s Police Facility, the Main Library, Fire Stations 2, 3, 6, 8, and 9, the Fire Department Tactical Training Facility, and the Fremont Family Resource Center, and the lease payments are payable from general revenues of the City.

2017A Bonds net proceeds, cash remaining in the debt service funds of the refunded COPs, and \$1,225,000 of available Community Development Block Grant funds were used to establish a refunding escrow for the refunded COPs on the date of issuance of the 2017A Bonds. The refunding escrow provided for the principal, call premium and accrued interest through the date of redemption for the refunded COPs. The refunded COPs in the amounts shown above, all maturing on and after August 1, 2017, were redeemed on April 26, 2017. The refunded COPs have been removed from the City’s basic financial statements.

Using the all-in cost of funds for the refunded COPs as a reference, this refunding of variable rate COPs with variable rate bonds is expected to result in annual savings of approximately \$190,000 over the initial direct purchase period.

The 2017A Bonds bear interest at a rate equal to 70% of the one-month London Interbank Offered Rate (LIBOR) plus a spread, initially 0.36%, reset on a monthly basis. U.S. Bank agreed to a direct purchase of the 2017A Bonds for a three and one-half year period. At the end of the initial direct purchase period, the City has the obligation to purchase the 2017A Bonds unless the City and U.S. Bank negotiate an extension. The final maturity of the 2017A Bonds is August 1, 2038. As of June 30, 2017, \$85,205,000 of 2017A Bonds remained outstanding.

**B. Special Assessment Debt (No City Commitment)**

Special assessment bonds were issued under various public improvement acts of the State of California and were secured by liens against properties deemed to have been benefited by the improvements for which the bonds were issued. On July 6, 2016, the City defeased all of its outstanding special assessment bonds using a combination of assessment revenue and bond reserve funds. As of June 30, 2017, no City special assessment debt remained outstanding.

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

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

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

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

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

The property owners are obligated to pay the interest and principal on the Series 2015 Bonds through an annual levy pursuant to the Rate and Method of Apportionment approved by the City Council and the qualified electors of the CFD. The Series 2015 Bonds are not a general debt liability of the City and are solely payable from the annual facilities special tax levy and the reserve fund. As of June 30, 2017, the Series 2015 Bond indebtedness was \$79,450,000.

### ***D. Variable Rate Demand Certificates of Participations (COPs)***

All four series of the City’s variable rate demand COPs were refunded on April 26, 2017, by the 2017A Lease Revenue Bonds. Each series of refunded COPs issues was supported by an irrevocable letter of credit for which the City paid an annual commitment fee based on the outstanding principal amount of the COPs plus the interest component.

The Series 1998 COPs were supported by a letter of credit with U.S. Bank with an annual commitment fee of 0.475% and additional fees of \$250 per draw on the letter of credit. For the year ended June 30, 2017, the City paid commitment and draw fees in the amount of \$41,315.

The Series 2008 COPs were supported by a letter of credit with U.S. Bank with an annual commitment fee of 0.475% and additional fees of \$250 per draw on the letter of credit. For

the year ended June 30, 2017, the City paid commitment and draw fees in the amount of \$203,092.

The Series 2010 COPs were supported by a letter of credit with U.S. Bank with an annual commitment fee of 0.475% and additional fees of \$250 per draw on the letter of credit. For the year ended June 30, 2017, the City paid commitment and draw fees in the amount of \$68,814.

The Series 2012B COPs were supported by a letter of credit with Wells Fargo Bank with an annual commitment fee of 0.42% and additional fees of \$300 per draw on the letter of credit. For the year ended June 30, 2017, the City paid commitment and draw fees in the amount of \$109,903.

***E. Pledged Revenues for Bonds***

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

The City has covenanted that as long as the leased properties are available for its use, the City will take such action as may be necessary to include all lease payments in its annual budgets and to make the necessary annual appropriations. Total debt service requirements remaining on the COPs, lease revenue bonds, and lease financing are \$154,397,805, payable through August 1, 2038. For the year ended June 30, 2017, the total lease payments made by the City and total debt service payments paid by the Financing Authority and the City totaled \$7,192,098.

At the City's municipal general election held on November 5, 2002, voters approved Measure R authorizing the issuance of Fire Safety Project General Obligation Bonds in the not-to-exceed amount of \$51,000,000 and an override property tax to pay debt service on the bonds. Measure R specified that the Fire Safety Project General Obligation Bonds proceeds be used to replace three older fire stations with new modern stations, to construct public safety training facilities, and to remodel and to upgrade seven existing fire stations to meet current earthquake standards. Three bond series totaling \$51,000,000 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 \$59,315,250. For the fiscal year ended June 30, 2017, the City collected \$3,218,461 in ad valorem property taxes and made total debt service payments in the amount of \$3,187,094.

### ***F. Compensated Absences***

The City records a liability to recognize the financial effect of unused vacation and other compensated leaves. During FY 2016/17, employees earned \$7,736,856 of compensated absences and used \$7,177,937. As of June 30, 2017, the total liability for vacation and other compensated leaves is \$9,676,953. Of that balance, \$2,419,238 is expected to be used within one year, with the remaining \$7,257,715 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, 2017, the City estimated that \$700,000 or 39% 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 \$521,962 at June 30, 2017.

### ***B. Fire Station No. 1***

The San Francisco Bay Regional Water Quality Control Board (SFBRWQCB) approved a recommendation from ACWD for the closure of a leaking underground fuel tank located at Fire Station No. 1. The soil vapor extraction system was dismantled and all monitoring and extraction wells were removed during fiscal year 2016/17. There is no future obligation for this project as of June 30, 2017.

**C. Fire Station No. 2**

The SFBRWQCB approved a recommendation from ACWD for the closure of four existing monitoring wells located at Fire Station No. 2. The City destroyed the wells using \$21,000 in funds that had been allocated for this purpose. The SFBRWQCB provided a Closure Letter on June 23, 2017, and there is no future obligation for this project as of June 30, 2017.

**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, 2017.

**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 extraction (“SVE”) system. The first phase of the work (removal of the old utility corridor, remnant foundation, and surface oil spill) was completed in October 2014. The second phase of the work (installing the Full Scale SVE system) was completed in October 2016. The last phase of remediation work (removal of subsurface chlorinated solvents and site closure) started in October 2016. The estimated remaining obligation is \$1,251,807 as of June 30, 2017.

**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.

**A. Risk Management Program**

The City established the Risk Management Internal Service Fund to account for and finance its uninsured risks of loss. Under the City’s risk management program, the City retains risk

## Notes to Basic Financial Statements

---

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 2017 to perform an analysis of the City's potential liability for its retained risk portions of the general liability and workers' compensation programs. The amount recorded as a liability consists of the specific reserves (self-insured retention) for individual known claims or lawsuits and estimates for incurred but not reported claims. The present value of estimated outstanding losses is calculated using a 3.75% discount rate to reflect anticipated future investment earnings.

Changes in the balances of claim liabilities (shown as claims payable in the accompanying basic financial statements) during the past two fiscal years ended June 30, 2016 and 2017, are as follows:

	2016	2017
Balance, beginning of year	\$ 17,576,000	\$ 19,183,000
Provision for claims losses	5,106,255	2,888,453
Claims payments	(3,499,255)	(3,965,453)
Balance, end of year	<u>\$ 19,183,000</u>	<u>\$ 18,106,000</u>
Due in one year	\$ 6,038,000	\$ 5,753,000
Due in more than one year	13,145,000	12,353,000
Total claim liabilities	<u>\$ 19,183,000</u>	<u>\$ 18,106,000</u>

### ***B. Participation in Public Entity Risk Pools***

In February 1986, the City joined with other municipalities and regional municipal joint powers authorities to form the California Joint Powers Risk Management Authority (CJPRMA), a public entity risk pool currently operating as a general liability risk management and insurance program for 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, 2016 (latest available date), is as follows:

Current assets	\$ 86,305,071
Noncurrent assets	3,199,197
Total assets	89,504,268
Deferred outflows of resources	180,996
Total assets and deferred outflows	\$ 89,685,264
Total liabilities	\$ 51,832,184
Deferred inflows of resources	82,186
Net position	37,770,894
Total liabilities, deferred inflows, and net position	\$ 89,685,264
Operating revenues	\$ 11,856,270
Loss provisions and claims and premiums paid	(16,819,900)
General and administrative expenses	(1,630,402)
Net operating loss	(6,594,032)
Net investment and other income	3,981,263
Net income before refunds to members	(2,612,769)
Refunds to members	(2,655,511)
Change in net position	\$ (5,268,280)

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

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

In June 2006, the City joined the CSAC Excess Insurance Authority (CSAC EIA). CSAC EIA membership includes 55 California counties and 260 public entities (cities, school districts, special districts and other JPAs). Workers' compensation claims in excess of \$500,000 are covered by CSAC EIA through reinsurance up to a limit of \$250,000,000.

## Notes to Basic Financial Statements

---

Summary financial information for CSAC EIA for the year ended June 30, 2016 (latest available date), is as follows:

Current assets	\$ 227,525,217
Noncurrent assets	511,133,020
Total assets	<u>738,658,237</u>
Deferred outflows of resources	3,329,112
Total assets and deferred outflows	<u>\$ 741,987,349</u>
Total liabilities	\$ 602,870,657
Deferred inflows of resources	1,444,075
Net position	<u>137,672,617</u>
Total liabilities, deferred inflows, and net position	<u>\$ 741,987,349</u>
Operating revenues	\$ 773,042,131
Loss provisions and claims and premiums paid	(729,055,350)
General and administrative expenses	<u>(27,116,036)</u>
Net operating income	16,870,745
Net investment and other income	<u>13,949,851</u>
Net income before refunds to members	30,820,596
Refunds to members	<u>(5,554,624)</u>
Change in net position	<u>\$ 25,265,972</u>

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

## 8. INTERFUND TRANSACTIONS

### A. Interfund Receivables and Payables

Interfund receivables and payables represent short-term loans owed by the Human Services Fund, Intermodal Surface Transportation Efficiency Act 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, 2017, the General Fund was due \$354,102 from the Human Services Fund, \$2,399,769 from the Intermodal Surface Transportation Efficiency Act Fund, and \$1,059,193 from the non-major governmental funds.

### B. Interfund Transfers

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

Interfund transfers for the year ended June 30, 2017, were as follows:

	Transfers Out									Total
	General Fund	Development Impact Fees	Development Cost Center	Recreation Services	Capital Improvement	Human Services	Low/Moderate Income Housing Asset	Non-Major Funds		
General Fund	\$ -	\$ 850,000	\$ 2,483,429	\$ 1,233,219	\$ 350,117	\$ 934,091	\$ 56,586	\$ 298,902	\$ 6,206,344	
Development Impact Fees	-	-	-	-	-	-	-	406,329	406,329	
Development Cost Center	2,493,349	-	-	-	-	-	-	-	2,493,349	
Recreation Services	2,347,265	-	-	-	-	-	-	-	2,347,265	
Capital Improvement	9,668,000	-	870,415	-	-	-	-	-	10,538,415	
Human Services	4,488,339	-	-	-	-	-	-	553,000	5,041,339	
Non-Major Funds	7,908,699	-	-	-	192,128	1,718,088	-	571,000	10,389,915	
Internal Service Funds	1,876,973	-	-	-	-	-	-	2,452,918	4,329,891	
<b>Total</b>	<b>\$ 28,782,625</b>	<b>\$ 850,000</b>	<b>\$ 3,353,844</b>	<b>\$ 1,233,219</b>	<b>\$ 542,245</b>	<b>\$ 2,652,179</b>	<b>\$ 56,586</b>	<b>\$ 4,282,149</b>	<b>\$ 41,752,847</b>	

In addition to the City’s operating transfers, the table above also shows transfers relating to the establishment of two internal service funds. The first is the transfer of \$1,876,973 from the General Fund to the newly-established Employee Benefits internal service fund. The second, the transfer of \$2,452,918 from the Non-Major Funds to the City’s Vehicle Replacement internal service fund, reflects that fund’s reclassification from a special revenue fund to an internal service fund.

**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

## Notes to Basic Financial Statements

employment. As of December 31, 2012, the City had established two tiers of retirement benefits: a “Tier 1” benefit applicable to employees hired prior to April 8, 2012; and a “Tier 2” benefit applicable to employees hired on or after April 8, 2012. On January 1, 2013, the Public Employees’ Pension Reform Act of 2013 (PEPRA) took effect. PEPRA distinguishes between so-called “classic” employees, who were in a public retirement plan (not necessarily PERS) prior to January 1, 2013, and “new” employees, who first became a member of a public retirement plan on or after January 1, 2013. Classic employees hired by the City on or after April 8, 2012, are eligible for the City’s Tier 2 benefit, while new employees are eligible for the retirement benefits established by PEPRA.

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

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

Covered Employees – At June 30, 2016, 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	758	483
Inactive employees entitled to but not yet receiving benefits	513	99
Active employees	566	314
<b>Total</b>	<b>1,837</b>	<b>896</b>

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 2015/16 was 25.774% of covered payroll, resulting in \$12,253,772 being recognized by CalPERS as employer contributions. The required Safety Plan employer contribution rate was 44.651% of covered payroll, resulting in \$17,528,095 being recognized by CalPERS as employer contributions.

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

**B. Net Pension Liability**

The City’s net pension liability for each plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of each of the plans is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, using standard update procedures.

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, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation	2.75%
Salary Increases	Varies by entry age and service
Discount Rate/Investment Rate of Return	7.65% net of pension plan investment expenses, includes inflation
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
Other Assumptions	All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The experience study report can be obtained at CalPERS’ website under forms and publications.

Change of Assumptions – There were no changes to the assumptions used to measure the total pension liability.

Discount Rate – The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public

## Notes to Basic Financial Statements

Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2015.

Asset Class	Current Target Allocation	Real Return Years 1–10 <sup>(a)</sup>	Real Return Years 11+ <sup>(b)</sup>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	(0.55%)	(1.05%)
<b>Total</b>	<b>100.0%</b>		

(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-2016.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, 2016, is presented below for each City pension plan.

<i>Miscellaneous Plan:</i>	Increase (Decrease)		
	<b>Total Pension Liability</b>	<b>Fiduciary Net Position</b>	<b>Net Pension Liability/(Asset)</b>
<b>Balance as of June 30, 2015</b>	<b>\$435,017,964</b>	<b>\$321,894,990</b>	<b>\$113,122,974</b>
<b>Changes during the year</b>			
Service cost	7,790,208	-	7,790,208
Interest on the total pension liability	32,676,179	-	32,676,179
Differences between expected and actual experience	(1,799,221)	-	(1,799,221)
Contributions from the employer	-	12,253,772	(12,253,772)
Contributions from employees	-	3,716,987	(3,716,987)
Pension plan net investment income	-	1,668,179	(1,668,179)
Benefit payments, including refunds of employee contributions	(19,948,526)	(19,948,526)	-
Administrative expense	-	(196,178)	196,178
Net changes	18,718,640	(2,505,766)	21,224,406
<b>Balance as of June 30, 2016</b>	<b>\$453,736,604</b>	<b>\$319,389,224</b>	<b>\$134,347,380</b>

<i>Safety Plan:</i>	Increase (Decrease)		
	<b>Total Pension Liability</b>	<b>Fiduciary Net Position</b>	<b>Net Pension Liability/(Asset)</b>
<b>Balance as of June 30, 2015</b>	<b>\$574,579,479</b>	<b>\$399,743,171</b>	<b>\$174,836,308</b>
<b>Changes during the year</b>			
Service cost	10,018,091	-	10,018,091
Interest on the total pension liability	43,600,023	-	43,600,023
Differences between expected and actual experience	6,056,024	-	6,056,024
Contributions from the employer	-	17,528,095	(17,528,095)
Contributions from employees	-	4,317,323	(4,317,323)
Pension plan net investment income	-	2,138,128	(2,138,128)
Benefit payments, including refunds of employee contributions	(31,419,219)	(31,419,219)	-
Administrative expense	-	(243,623)	243,623
Net changes	28,254,919	(7,679,296)	35,934,215
<b>Balance as of June 30, 2016</b>	<b>\$602,834,398</b>	<b>\$392,063,875</b>	<b>\$210,770,523</b>

## 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	6.65%	6.65%
Net Pension Liability	\$194,540,927	\$286,089,763
<b>Current discount rate</b>	<b>7.65%</b>	<b>7.65%</b>
<b>Net Pension Liability</b>	<b>\$134,347,380</b>	<b>\$210,770,523</b>
Discount rate 1% higher	8.65%	8.65%
Net Pension Liability	\$84,554,862	\$148,145,783

*Pension Expense* – For the year ended June 30, 2017, the City recognized pension expense of \$9,699,465 for the Miscellaneous Plan and \$21,742,470 for the Safety Plan; a total expense of \$31,441,935.

*Deferred Outflows of Resources and Deferred Inflows of Resources* – At June 30, 2017, 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	\$ 32,723,635	\$ -
Changes of assumptions	-	(6,620,480)
Differences between expected and actual experiences	5,161,230	(2,798,330)
Net difference between projected and actual earnings on pension plan investments	38,803,550	-
<b>Total</b>	<b>\$ 76,688,415</b>	<b>\$ (9,418,810)</b>

\$32,723,635 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2018	\$ 297,155
2019	4,927,921
2020	19,189,419
2021	10,131,475
<b>Total</b>	<b>\$34,545,970</b>

**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 741 in the previous year to 760 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, 2017, was \$7,562,000, based on the June 30, 2016 actuarial valuation.

*Funding Policy* - In fiscal year 2015/16, the City began prefunding its OPEB obligations by prepaying the entire annual required contribution (ARC) to a trust administered by CalPERS, (California Employers’ Retiree Benefit Trust (CERBT)). Prior to that, the City funded its OPEB obligations on a pay-as-you-go basis. The City has elected to reimburse itself from the CERBT for the cost of benefits incurred during the year.

*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	\$ 7,562,000
Interest on net OPEB obligation	2,208,000
Amortization of net OPEB obligation	<u>(2,216,000)</u>
Annual OPEB cost (expense)	7,554,000
Contribution to CERBT	<u>(7,562,000)</u>
Decrease in net OPEB obligation	(8,000)
NET OPEB obligation – beginning of year	<u>30,459,000</u>
NET OPEB obligation – end of year	<u>\$ 30,451,000</u>

## Notes to Basic Financial Statements

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016/17 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
2015	\$ 8,321,000	\$ 2,943,000	35.4%	\$ 30,401,000
2016	7,382,000	7,324,000	99.2%	30,459,000
2017	7,554,000	7,562,000	100.1%	30,451,000

*Funding Status and Funding Progress* - The schedule of funding progress below, determined as part of the June 30, 2016 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 Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
6/30/2016	\$ 4,046,000	\$ 85,396,000	\$ 83,350,000	4.7%	\$ 85,716,000	94.9%

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, 2016 actuarial valuation that determined both the annual required contribution for fiscal year 2016/17 and the most recent funding status and progress, the entry age normal actuarial cost method was used. The actuarial assumptions include a 6.75% 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 7.2% and 7.0%, respectively, for 2017 and are graded down to an ultimate rate of 5.0% and 5.0%,

respectively, by 2021. The unfunded actuarial accrued liability (UAAL) is amortized as a level percentage of projected payroll over a 20-year closed period. There is no assumed post-employment benefit increase.

## **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 2016/17, the City continued to work under the amended cooperative funding agreement with the Santa Clara Valley Transportation Authority (VTA) and completed the construction of the Warren Avenue Grade Separation. The City is still working with several other public agencies to complete right-of-way acquisition for both of these projects.

*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, which was subsequently reduced by \$108,000 to reflect a City contribution to pay land acquisition costs. On December 1, 2015, the City and Mid-Pen Housing entered into an Acquisition and Predevelopment Loan Agreement in the amount of \$5,007,115 for the development of the Stevenson Family Apartments. As of June 30, 2017, the \$5,007,115 loan was fully disbursed, leaving \$6,794,885 of the loan commitment outstanding.

Also, at its June 9, 2015 meeting, 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 Mission Court (formerly Parc 55 Senior Apartment) project. Subsequently, at the June 14, 2016 meeting, the City Council committed an additional \$520,000 of HOME funds. On March 14, 2017 Council appropriated an additional \$1,000,000 for a total commitment of \$8,490,000. On June 1, 2017, the City entered into a loan agreement with Mission Court Nine, L.P. for a total loan of \$8,490,000. Funding sources include: \$5,300,000 from the Inclusionary Housing In-Lieu fund, \$1,000,000 from the Low and Moderate Income Housing Asset fund, \$1,670,000 from the City Funded Affordable Housing Fund, and \$520,000 from the HOME fund. As of June 30, 2017, \$3,924,222 was disbursed, leaving \$4,565,778 of the loan commitment outstanding.

## Notes to Basic Financial Statements

*Encumbrances* - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the governmental fund types. Encumbrances outstanding at year-end are reported as part of fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. At June 30, 2017, encumbrances of the governmental funds are as follows:

Fund	Fund Balances			
	Restricted	Committed	Assigned	Total
General Fund	\$ -	\$ -	\$ 976,914	\$ 976,914
Development Impact Fees	4,111,177	-	-	4,111,177
Development Cost Center	421,130	-	-	421,130
Recreation Services	-	1,000	-	1,000
Capital Improvement	-	-	7,260,111	7,260,111
Human Services	195,520	-	-	195,520
Non-major governmental funds	6,010,575	-	-	6,010,575
Total	\$ 10,738,402	\$ 1,000	\$ 8,237,025	\$ 18,976,427

As of June 30, 2017, the City has also entered into commitments for the purchase of vehicles (\$298,147), fire apparatus and safety equipment (\$157,724), and technology equipment (\$257,596) in its internal service funds.

In addition to the encumbrances and commitments identified above, the City has entered into commitments for construction or other services to be paid on a reimbursement basis. At June 30, 2017, such commitments totaled \$1,486,794 in the Intermodal Surface Transportation Efficiency Act Fund and \$3,074,397 in the non-major governmental funds.

*Former Successor Agency Property Held for Resale* - In June 2014, two Successor Agency properties were transferred to the City under the terms of the Long Range Property Management Plan (LRPMP). The Centerville Unified Site was sold on October 30, 2015 at its MAI (Member Appraisal Institute) appraised market value of \$6,795,000. \$4,782,000 of the net proceeds was remitted to the County for distribution to the taxing agencies. \$13,000 of the proceeds was used to pay for closing costs plus reimbursement of “Allowed City Costs” pursuant to the Compensation Agreement by and between the City, Successor Agency and each of the affected taxing entities in Alameda County. The remaining \$2,000,000 of the proceeds is being held in an escrow as a contingency as the full cost of environmental remediation is not known until a “no further action” letter is granted by the environmental regulatory oversight agency, the Alameda County Water District. The remaining property, the Union Pacific Site in the Niles district, remains with the City and is reported as \$678,979 land held for resale in the City’s Agency Fund. Upon sale, the proceeds will be remitted to the County for distribution to the taxing agencies.

## ***12. SUBSEQUENT EVENTS***

### ***A. Lease Revenue Bonds Issuance***

On July 11, 2017, the City Council adopted a resolution authorizing the issuance of Fremont Public Financing Authority Lease Revenue Bonds, Series 2017B (2017 Fixed Rate Refinancing Project) (the “2017B Bonds”). The \$19,725,000 2017B Bonds were sold on a competitive basis to Morgan Stanley on August 8, 2017 and the sale closed on August 22, 2017. The proceeds of the 2017B Bonds were used to current refund all of the Authority’s Series 2008 Certificates of Participation (the “2008 COPs”). The leased assets consist of Fire Stations 1, 4, 10, and 11, and the lease payments are payable from general revenues of the City.

2017B Bonds net proceeds and cash remaining in the debt service and debt service reserve funds of the 2008 COPs were used to establish a refunding escrow for the refunded COPs on the date of issuance of the 2017B Bonds. The refunding escrow provided for the principal, call premium and accrued interest through the date of redemption for the refunded COPs. The 2008 COPs maturing on and after August 1, 2018, in the amount of \$22,820,000 were redeemed on August 22, 2017. The refunded COPs will be removed from the City’s basic financial statements during the fiscal year ending June 30, 2018.

This refunding generated approximately \$6,990,000 of aggregate debt service savings (net of available funds) and \$4,907,000 of net economic gain, representing 21.5% of the refunded debt. The 2017B Bonds bear interest at fixed rates ranging from 3.00% to 5.00% and have a final maturity date of October 1, 2038.

### ***B. General Obligation Bonds Issuance***

On July 11, 2017, the City Council adopted a resolution authorizing the issuance of City of Fremont 2017 General Obligation Refunding Bonds (Election of 2002) (the “2017 GO Bonds”). The \$12,215,000 2017 GO Bonds were sold on a competitive basis to J.P. Morgan on August 10, 2017 and the sale closed on August 23, 2017. The proceeds of the 2017 GO Bonds were used to current refund all of the City’s 2009 General Obligation Bonds (the “2009 GO Bonds”). Debt service on the 2017 GO Bonds is payable from ad valorem taxes levied upon all property subject to taxation by the City.

2017 GO Bonds net proceeds and cash remaining in the debt service fund of the 2009 GO Bonds were used to establish an irrevocable refunding deposit for the refunded bonds on the date of issuance of the 2017 GO Bonds. The refunding deposit provided for the principal, call premium and accrued interest through the date of redemption for the refunded COPs. The 2009 GO Bonds maturing on and after August 1, 2018, in the amount of \$13,375,000 were redeemed on August 23, 2017. The refunded bonds will be removed from the City’s basic financial statements during the fiscal year ending June 30, 2018.

## Notes to Basic Financial Statements

---

This refunding generated approximately \$3,919,000 of aggregate debt service savings (net of available funds) and \$3,024,000 of net economic gain, representing 22.6% of the refunded debt. The 2017 GO Bonds bear interest at fixed rates ranging from 3.00% to 5.00% and have a final maturity date of August 1, 2038.

# Required Supplementary Information

## **1. BUDGETARY INFORMATION**

### **A. Budgetary Basis of Accounting**

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

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

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

### **B. Encumbrances**

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

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

## Required Supplementary Information

### 1. BUDGETARY INFORMATION (continued)

#### C. Budgetary Comparison Schedules

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

#### ***General Fund – Budgetary Comparison Schedule (For the Fiscal Year Ended June 30, 2017)***

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance - Beginning of year*	\$ 34,500,076	\$ 37,913,649	\$ 39,126,613	\$ 1,212,964
Resources (inflows):				
Property tax	85,116,000	88,516,000	86,697,624	(1,818,376)
Sales tax	47,143,000	47,443,000	49,535,813	2,092,813
Intergovernmental	317,000	217,000	188,046	(28,954)
Business tax	9,916,000	10,816,000	12,620,629	1,804,629
Other taxes	11,006,000	10,806,000	10,307,099	(498,901)
Franchises	9,978,000	10,278,000	9,887,121	(390,879)
Charges for services	9,870,000	9,670,000	9,321,508	(348,492)
Investment Earnings	617,000	417,000	(30,933)	(447,933)
Other	1,624,000	1,124,000	1,253,120	129,120
Transfers in	6,334,000	6,334,000	6,206,344	(127,656)
Total resources	181,921,000	185,621,000	185,986,371	365,371
Charges to appropriations (outflows):				
General government	15,202,233	16,601,673	15,620,852	980,821
Police services	73,731,579	74,364,622	69,917,072	4,447,550
Fire services	46,389,314	47,201,052	44,363,359	2,837,693
Capital assets maintenance and operations	23,168,301	23,131,188	22,102,359	1,028,829
Community development and environmental services	1,478,000	1,470,623	1,374,032	96,591
Capital outlay	-	2,703,258	2,703,258	-
Non-Departmental	3,282,000	1,072,542	-	1,072,542
Citywide Savings	(6,900,000)	(6,900,000)	-	(6,900,000)
Debt service:				
Interest and Fiscal Charges	589,000	589,000	597,860	(8,860)
Transfers out	25,455,000	29,155,000	28,782,625	372,375
Total charges to appropriations	182,395,427	189,388,957	185,461,417	3,927,540
Net change in fund balance	(474,427)	(3,767,957)	524,954	4,292,911
Fund Balance - End of year*	\$ 34,025,649	\$ 34,145,692	\$ 39,651,567	\$ 5,505,875

\* Original budget fund balance and appropriations include prior-year encumbrances of \$644,427. Final budget fund balance and appropriations include the application of \$2,193,530 of prepaid assets to capital outlay expenditures. Actual fund balance includes the year-end adjustment for unrealized fair value gain or loss on investments.

Interest and fiscal charges for debt service exceeded the budgeted amount due primarily to payments for arbitrage rebate reports that were not anticipated during development of the budget.

**1. BUDGETARY INFORMATION (continued)**

**C. Budgetary Comparison Schedules (continued)**

**Development Cost Center Fund – Budgetary Comparison Schedule**  
**(For the Fiscal Year Ended June 30, 2017)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance - Beginning of year*	\$ 6,880,427	\$ 9,006,928	\$ 9,050,601	\$ 43,673
Resources (inflows):				
Charges for services	16,199,238	17,108,028	22,361,267	5,253,239
Investment Earnings	69,000	69,000	45,910	(23,090)
Other	-	60	60	-
Transfers in	2,493,349	2,493,349	2,493,349	-
Total resources	18,761,587	19,670,437	24,900,586	5,230,149
Charges to appropriations (outflows):				
Capital assets maintenance and operations	3,099,895	3,259,124	3,259,124	-
Community development and environmental services	13,399,690	13,871,129	10,412,284	3,458,845
Capital outlay	-	72,578	72,578	-
Transfers out	2,483,429	3,353,844	3,353,844	-
Total charges to appropriations	18,983,014	20,556,675	17,097,830	3,458,845
Resources over (under) charges to appropriations	(221,427)	(886,238)	7,802,756	8,688,994
Fund Balance - End of year*	\$ 6,659,000	\$ 8,120,690	\$ 16,853,357	\$ 8,732,667

\* Original budget fund balance and appropriations include prior-year encumbrances of \$188,427. Original and final budget inflows and outflows have been reduced by \$8,200,748 to reflect activity budgeted and expensed in the capital improvement funds. Actual fund balance includes the year-end adjustment for unrealized fair value gain or loss on investments.

The significant variance in community development and environmental services charges is attributable to vacancies and contract services costs being lower than anticipated.

## Required Supplementary Information

### 1. BUDGETARY INFORMATION (continued)

#### C. Budgetary Comparison Schedules (continued)

##### Recreation Services Fund – Budgetary Comparison Schedule (For the Fiscal Year Ended June 30, 2017)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance - Beginning of year*	\$ 6,793,541	\$ 7,493,525	\$ 7,488,054	\$ (5,471)
Resources (inflows):				
Charges for services	8,396,043	8,396,043	7,998,896	(397,147)
Investment Earnings	50,000	50,000	16,896	(33,104)
Other	133,900	133,900	133,190	(710)
Transfers in	2,347,265	2,347,265	2,347,265	-
Total resources	10,927,208	10,927,208	10,496,247	(430,961)
Charges to appropriations (outflows):				
Recreation and leisure services	9,371,490	9,371,490	8,902,312	469,178
Transfers out	1,233,219	1,233,219	1,233,219	-
Total charges to appropriations	10,604,709	10,604,709	10,135,531	469,178
Resources over (under) charges to appropriations	322,499	322,499	360,716	38,217
Fund Balance - End of year*	\$ 7,116,040	\$ 7,816,024	\$ 7,848,770	\$ 32,746

\* Original budget fund balance and appropriations include prior-year encumbrances of \$12,609. Actual fund balance includes the year-end adjustment for unrealized fair value gain or loss on investments.

**1. BUDGETARY INFORMATION (continued)**

**C. Budgetary Comparison Schedules (continued)**

**Human Services Fund – Budgetary Comparison Schedule**  
**(For the Fiscal Year Ended June 30, 2017)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Fund Balance - Beginning of year*	\$ 6,283,000	\$ 7,385,857	\$ 7,377,440	\$ (8,417)
Resources (inflows):				
Intergovernmental	7,337,226	7,380,656	7,008,924	(371,732)
Charges for services	1,830,367	1,841,928	1,958,515	116,587
Investment Earnings	158,580	158,580	41,489	(117,091)
Other	678,517	817,557	1,390,776	573,219
Transfers in	4,581,773	5,224,773	5,041,339	(183,434)
Total resources	14,586,463	15,423,494	15,441,043	17,549
Charges to appropriations (outflows):				
Human services	12,504,592	12,773,129	11,597,889	1,175,240
Community development and environmental services	1,290,023	2,131,723	1,303,242	828,481
Capital outlay	-	9,929	9,929	-
Interest and fiscal charges	45,200	45,200	49,533	(4,333)
Transfers out	1,652,071	2,979,711	2,652,179	327,532
Total charges to appropriations	15,491,886	17,939,692	15,612,772	2,326,920
Resources over (under) charges to appropriations	(905,423)	(2,516,198)	(171,729)	2,344,469
Fund Balance - End of year*	\$ 5,377,577	\$ 4,869,659	\$ 7,205,711	\$ 2,336,052

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

The significant variance in human services and community development and environmental services charges are attributable to vacancies and contract services costs being lower than anticipated. Interest and fiscal charges for debt service exceeded the budgeted amount due primarily to payments to the bond rating agency for surveillance fees that were not anticipated during development of the budget.

## Required Supplementary Information

### 1. BUDGETARY INFORMATION (continued)

#### C. Budgetary Comparison Schedules (continued)

##### Inclusionary Housing In Lieu Fund (For the Fiscal Year Ended June 30, 2017)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance - Beginning of year*	\$ 9,219,942	\$ 14,199,637	\$ 14,199,637	\$ -
Resources (inflows):				
Charges for services	6,904,000	6,904,000	27,010,393	20,106,393
Investment Earnings	-	-	110,424	110,424
Total resources	6,904,000	6,904,000	27,120,817	20,216,817
Charges to appropriations (outflows):				
Community development and environmental services	6,552,237	6,552,237	4,003,720	2,548,517
Total charges to appropriations	6,552,237	6,552,237	4,003,720	2,548,517
Resources over (under) charges to appropriations	351,763	351,763	23,117,097	22,765,334
Fund Balance - End of year*	\$ 9,571,705	\$ 14,551,400	\$ 37,316,734	\$ 22,765,334

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

The significant variance in charges for services reflects a greater than anticipated volume of new construction development permit applications. The significant variance in community development and environmental services charges is primarily due to lower than anticipated loan disbursements.

**1. BUDGETARY INFORMATION (continued)**

**C. Budgetary Comparison Schedules (continued)**

**Low and Moderate Income Housing Asset Fund**  
**(For the Fiscal Year Ended June 30, 2017)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Fund Balance - Beginning of year*	\$ 4,544,904	\$ 4,714,362	\$ 4,714,748	\$ 386
Resources (inflows):				
Investment Earnings	60,000	60,000	11,346	(48,654)
Other	1,200,000	1,200,000	1,758,892	558,892
Total resources	<u>1,260,000</u>	<u>1,260,000</u>	<u>1,770,238</u>	<u>510,238</u>
Charges to appropriations (outflows):				
Community development and environmental services	4,061,171	4,061,171	508,201	3,552,970
Transfers out	56,586	56,586	56,586	-
Total charges to appropriations	<u>4,117,757</u>	<u>4,117,757</u>	<u>564,787</u>	<u>3,552,970</u>
Resources over (under) charges to appropriations	<u>(2,857,757)</u>	<u>(2,857,757)</u>	1,205,451	4,063,208
Fund Balance - End of year*	<u>\$ 1,687,147</u>	<u>\$ 1,856,605</u>	<u>\$ 5,920,199</u>	<u>\$ 4,063,594</u>

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

The significant variance in community development and environmental services charges is primarily due to lower than anticipated loan disbursements.

## 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 2015, the entire City street network of arterial, collector and residential streets was inspected and assessed.

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

<u>Condition</u>	<u>PCI Rating</u>
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, 2017, 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, 2017, the City’s overall street network was rated at a computed PCI index of 71, with the detail condition as follows:

Condition	PCI Rating	% of Street Pavement Area			
		6/30/14	6/30/15	6/30/16	6/30/17
Good to Excellent	70-100	58	64	66	66
Fair	50-69	18	18	18	19
Poor to Very Poor	0-49	24	18	16	15

In the table above, it can be seen that in fiscal year 2016/17 approximately 66% of the City’s streets were rated above PCI 70, the lower limit for streets in good condition. This status is unchanged from the prior year. The pavement preservation program continues to maintain streets in good condition to keep them in the good category while also bringing streets that were in a lower condition category back into a higher condition category.

**B. Estimated Maintenance and Preservation Costs**

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

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

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

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

Fiscal Year	Maintenance Estimate	Actual Expenditure	Computed Overall City PCI Rating (Condition Assessments)
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
2015/16	\$19,000,000	\$4,504,282	72
2016/17	\$19,000,000	\$10,086,448	71

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 Plan

	FY 2016/17	FY 2015/16	FY 2014/15
<b>Total Pension Liability</b>			
Service Cost	\$ 7,790,208	\$ 7,507,286	\$ 7,924,529
Interest on the Total Pension Liability	32,676,179	31,320,840	30,270,566
Changes of Assumptions	-	(7,685,566)	-
Difference between Expected and Actual Experience	(1,799,221)	(5,745,910)	-
Benefit Payments, including Refunds of Employee Contributions	(19,948,526)	(18,958,554)	(18,521,044)
<b>Net Change in Total Pension Liability</b>	<b>18,718,640</b>	<b>6,438,096</b>	<b>19,674,051</b>
<b>Total Pension Liability - Beginning</b>	<b>435,017,964</b>	<b>428,579,868</b>	<b>408,905,817</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 453,736,604</b>	<b>\$ 435,017,964</b>	<b>\$ 428,579,868</b>
Valuation Date of Total Pension Liability	6/30/2015	6/30/2014	6/30/2013
<b>Plan Fiduciary Net Position</b>			
Contributions from the Employer	\$ 12,253,772	\$ 10,615,278	\$ 10,225,328
Contributions from Employees	3,716,987	3,603,542	3,714,276
Net Investment Income	1,668,179	7,088,364	47,792,502
Benefit Payments, including Refunds of Employee Contributions	(19,948,526)	(18,958,554)	(18,521,044)
Plan to Plan Resource Movement	-	11,897	-
Administrative Expense	(196,178)	(362,448)	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(2,505,766)</b>	<b>1,998,079</b>	<b>43,211,062</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>321,894,990</b>	<b>319,896,911</b>	<b>276,685,849</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 319,389,224</b>	<b>\$ 321,894,990</b>	<b>\$ 319,896,911</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>70.39%</b>	<b>74.00%</b>	<b>74.64%</b>
<b>Plan Net Pension Liability - Beginning</b>	<b>\$ 113,122,974</b>	<b>\$ 108,682,957</b>	<b>\$ 132,219,968</b>
<b>Plan Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 134,347,380</b>	<b>\$ 113,122,974</b>	<b>\$ 108,682,957</b>
Measurement Date of Net Pension Liability	6/30/2016	6/30/2015	6/30/2014
Covered Payroll	\$ 46,428,322	\$ 43,728,370	\$ 43,467,334
<b>Plan Net Pension Liability as a Percentage of Covered Payroll</b>	<b>289.37%</b>	<b>258.69%</b>	<b>250.03%</b>

The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. There were no benefit changes or changes of assumptions in the measurement period ending June 30, 2016. In the measurement period ending June 30, 2015, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only three years of information are shown.

## Required Supplementary Information

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

#### B. Safety Plan

	FY 2016/17	FY 2015/16	FY 2014/15
<b>Total Pension Liability</b>			
Service Cost	\$ 10,018,091	\$ 9,445,690	\$ 9,428,558
Interest on the Total Pension Liability	43,600,023	41,504,625	39,695,994
Changes of Assumptions	-	(9,630,020)	-
Difference between Expected and Actual Experience	6,056,024	1,432,189	-
Benefit Payments, including Refunds of Employee Contributions	(31,419,219)	(28,384,236)	(26,957,919)
<b>Net Change in Total Pension Liability</b>	<b>28,254,919</b>	<b>14,368,248</b>	<b>22,166,633</b>
<b>Total Pension Liability - Beginning</b>	<b>574,579,479</b>	<b>560,211,231</b>	<b>538,044,598</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 602,834,398</b>	<b>\$ 574,579,479</b>	<b>\$ 560,211,231</b>
Valuation Date of Total Pension Liability	6/30/2015	6/30/2014	6/30/2013
<b>Plan Fiduciary Net Position</b>			
Contributions from the Employer	\$ 17,528,095	\$ 15,067,536	\$ 13,719,650
Contributions from Employees	4,317,323	4,310,000	3,757,435
Net Investment Income	2,138,128	8,918,712	60,180,612
Benefit Payments, including Refunds of Employee Contributions	(31,419,219)	(28,384,236)	(26,957,919)
Administrative Expense	(243,623)	(449,882)	-
<b>Net Change in Plan Fiduciary Net Position</b>	<b>(7,679,296)</b>	<b>(537,870)</b>	<b>50,699,778</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>399,743,171</b>	<b>400,281,041</b>	<b>349,581,263</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 392,063,875</b>	<b>\$ 399,743,171</b>	<b>\$ 400,281,041</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>65.04%</b>	<b>69.57%</b>	<b>71.45%</b>
<b>Plan Net Pension Liability - Beginning</b>	<b>\$ 174,836,308</b>	<b>\$ 159,930,190</b>	<b>\$ 188,463,335</b>
<b>Plan Net Pension Liability - Ending (a) - (b)</b>	<b>\$ 210,770,523</b>	<b>\$ 174,836,308</b>	<b>\$ 159,930,190</b>
Measurement Date of Net Pension Liability	6/30/2016	6/30/2015	6/30/2014
Covered Payroll	\$ 39,414,922	\$ 36,612,618	\$ 34,812,281
<b>Plan Net Pension Liability as a Percentage of Covered Payroll</b>	<b>534.75%</b>	<b>477.53%</b>	<b>459.41%</b>

The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. There were no benefit changes or changes of assumptions in the measurement period ending June 30, 2016. In the measurement period ending June 30, 2015, the discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only three years of information are shown.

#### 4. SCHEDULE OF CONTRIBUTIONS

##### A. Miscellaneous Plan

	FY 2016/17	FY 2015/16	FY 2014/15	FY 2013/14
Actuarially Determined Contribution	\$ 13,928,592	\$ 12,253,772	\$ 10,615,278	\$ 10,225,328
Contributions in Relation to the Actuarially Determined Contribution	(13,928,592)	(12,253,772)	(10,615,278)	(10,225,328)
<b>Contribution Deficiency (Excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Covered Payroll	\$ 49,979,076	\$ 46,428,322	\$ 43,728,370	\$ 43,467,334
<b>Contributions as a Percentage of Covered Payroll</b>	<b>27.87%</b>	<b>26.39%</b>	<b>24.28%</b>	<b>23.52%</b>

Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only four years of information are shown.

##### Methods and Assumptions Used in Calculating the Actuarially Determined Contribution for FY 2016/17

Valuation Date	June 30, 2014
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Asset Valuation Method	Market value
Inflation	2.75%
Salary Increases	3.20% to 12.20% depending on age and service
Payroll Growth	3.00%
Discount Rate/Investment Rate of Return	7.50% 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. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries

## Required Supplementary Information

### 4. SCHEDULE OF CONTRIBUTIONS (continued)

#### B. Safety Plan

	FY 2016/17	FY 2015/16	FY 2014/15	FY 2013/14
Actuarially Determined Contribution	\$ 18,795,043	\$ 17,528,095	\$ 15,067,536	\$ 13,719,650
Contributions in Relation to the Actuarially Determined Contribution	(18,795,043)	(17,528,095)	(15,067,536)	(13,719,650)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 40,323,111	\$ 39,414,922	\$ 36,612,618	\$ 34,812,281
Contributions as a Percentage of Covered Payroll	46.61%	44.47%	41.15%	39.41%

Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only four years of information are shown.

#### Methods and Assumptions Used in Calculating the Actuarially Determined Contribution for FY 2016/17

Valuation Date	June 30, 2014
Actuarial Cost Method	Entry age normal
Amortization Method	Level percent of payroll
Asset Valuation Method	Market value
Inflation	2.75%
Salary Increases	3.40% to 20.00% depending on age, service, and type of employment
Payroll Growth	3.00%
Discount Rate/ Investment Rate of Return	7.50% 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. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB 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 (UAAL)	Funded Ratio	Covered Payroll	UAAL as Percentage of Covered Payroll
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%
6/30/2016	4,046,000	85,396,000	81,350,000	4.7%	85,716,000	94.9%

*This page intentionally left blank*

**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.

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

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

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

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

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

***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.

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

***Fremont 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 became an internal service fund in Fiscal Year 2016-17.

***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*** – These funds account for the portion of monies from Measure B, BB and Measure F to be used to fund transportation-related capital projects. Under Measure B, the City receives the proceeds of an additional half-cent sales tax for use on transportation-related expenditures. In November 2014 voters approved Measure BB which augments and extends the existing Alameda County Measure B half-cent transportation sales tax by a half-cent to April 1, 2045. In November 2010, voters of Alameda County approved Measure F,

the Vehicle Registration Fee (VRF) program. The City receives proceeds from a fee on each annual motor vehicle registration or renewal in Alameda County.

***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.

***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.

## Non-Major Governmental Funds

### City of Fremont Combining Balance Sheet Non-Major Governmental Funds June 30, 2017

(With comparative totals for June 30, 2016)

	Special Revenue Funds	
	HOME Grant	Integrated Waste Management
<b>ASSETS</b>		
Cash and investments held by City	\$ -	\$ 7,112,005
Restricted cash and investments held by fiscal agent or City	-	-
Receivables:		
Property tax	-	-
Due from other governmental agencies	255,532	581,960
Accounts receivable	-	566,960
Other	-	-
Prepaid assets	-	-
<b>Total assets</b>	<b>\$ 255,532</b>	<b>\$ 8,260,925</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 57,184	\$ 293,654
Salaries and wages payable	-	27,627
Due to other funds	194,663	-
<b>Total liabilities</b>	<b>251,847</b>	<b>321,281</b>
<b>Deferred inflows of resources-unavailable revenue</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits):</b>		
Nonspendable		
Prepaid assets	-	-
Restricted for:		
Social service programs	3,685	-
Debt service	-	-
Public safety	-	-
Street improvements	-	-
Community development	-	7,939,644
Other purposes	-	-
Committed for:		
Social service programs	-	-
Assigned for:		
Vehicle replacement	-	-
Unassigned	-	-
<b>Total fund balances (deficits)</b>	<b>3,685</b>	<b>7,939,644</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 255,532</b>	<b>\$ 8,260,925</b>

**Non-Major Governmental Funds**

Special Revenue Funds

Urban Runoff	Traffic Safety OTS	Abandoned Vehicle	City Asset Seizure	COPS AB3229	CUPA Administration	Justice Assistance Grant
\$ 788,272	\$ -	\$ -	\$ 29,024	\$ 293,408	\$ 728,514	\$ 46,463
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,684	-	59,590	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 794,956</u>	<u>\$ -</u>	<u>\$ 59,590</u>	<u>\$ 29,024</u>	<u>\$ 293,408</u>	<u>\$ 728,514</u>	<u>\$ 46,463</u>
\$ 86,326	\$ -	\$ -	\$ -	\$ 103,714	\$ 20,843	\$ 14,398
13,620	-	-	-	-	-	-
-	-	59,590	-	-	-	-
<u>99,946</u>	<u>-</u>	<u>59,590</u>	<u>-</u>	<u>103,714</u>	<u>20,843</u>	<u>14,398</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	29,024	189,694	707,671	32,065
-	-	-	-	-	-	-
695,010	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>695,010</u>	<u>-</u>	<u>-</u>	<u>29,024</u>	<u>189,694</u>	<u>707,671</u>	<u>32,065</u>
<u>\$ 794,956</u>	<u>\$ -</u>	<u>\$ 59,590</u>	<u>\$ 29,024</u>	<u>\$ 293,408</u>	<u>\$ 728,514</u>	<u>\$ 46,463</u>

(Continued)

## Non-Major Governmental Funds

### City of Fremont Combining Balance Sheet Non-Major Governmental Funds (continued) June 30, 2017

(With comparative totals for June 30, 2016)

	Special Revenue Funds	
	City Funded Affordable Housing Fund	Metropolitan Medical Response System
<b>ASSETS</b>		
Cash and investments held by City	\$ 7,185,414	\$ 63,786
Restricted cash and investments held by fiscal agent or City	-	-
Receivables:		
Property tax	-	-
Due from other governmental agencies	-	34,526
Accounts receivable	-	-
Other	-	-
Prepaid assets	-	-
<b>Total assets</b>	<b>\$ 7,185,414</b>	<b>\$ 98,312</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 42,527	\$ 22,892
Salaries and wages payable	-	-
Due to other funds	-	-
<b>Total liabilities</b>	<b>42,527</b>	<b>22,892</b>
<b>Deferred inflows of resources-unavailable revenue</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits):</b>		
Nonspendable		
Prepaid assets	-	-
Restricted for:		
Social service programs	-	-
Debt service	-	-
Public safety	-	75,420
Street improvements	-	-
Community development	-	-
Other purposes	-	-
Committed for:		
Social service programs	7,142,887	-
Assigned for:		
Vehicle replacement	-	-
Unassigned	-	-
<b>Total fund balances (deficits)</b>	<b>7,142,887</b>	<b>75,420</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 7,185,414</b>	<b>\$ 98,312</b>

**Non-Major Governmental Funds**

Special Revenue Funds				
Miscellaneous Federal Grants	Miscellaneous State Support	State Gas Tax	Maintenance District	Total Non-major Special Revenue Funds
\$ -	\$ -	\$ 8,873,767	\$ 520,905	\$ 25,641,558
-	-	-	-	-
-	-	-	-	-
52,958	51,593	182,762	2,655	1,228,260
-	136,028	34,032	-	737,020
-	-	-	-	-
-	-	-	-	-
<u>\$ 52,958</u>	<u>\$ 187,621</u>	<u>\$ 9,090,561</u>	<u>\$ 523,560</u>	<u>\$ 27,606,838</u>
\$ -	\$ 4,693	\$ 436,876	\$ 6,297	\$ 1,089,404
-	-	-	-	41,247
<u>28,997</u>	<u>182,928</u>	<u>-</u>	<u>-</u>	<u>466,178</u>
<u>28,997</u>	<u>187,621</u>	<u>436,876</u>	<u>6,297</u>	<u>1,596,829</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	3,685
-	-	-	-	-
-	-	-	-	1,033,874
-	-	8,653,685	-	8,653,685
-	-	-	517,263	9,151,917
23,961	-	-	-	23,961
-	-	-	-	7,142,887
-	-	-	-	-
-	-	-	-	-
<u>23,961</u>	<u>-</u>	<u>8,653,685</u>	<u>517,263</u>	<u>26,010,009</u>
<u>\$ 52,958</u>	<u>\$ 187,621</u>	<u>\$ 9,090,561</u>	<u>\$ 523,560</u>	<u>\$ 27,606,838</u>

(Continued)

## Non-Major Governmental Funds

### City of Fremont Combining Balance Sheet Non-Major Governmental Funds (continued) June 30, 2017

(With comparative totals for June 30, 2016)

	Debt Service Funds		Total Non-major Debt Service Funds
	Fire General Obligation Bonds	Fremont Financing Authority	
<b>ASSETS</b>			
Cash and investments held by City	\$ -	\$ -	\$ -
Restricted cash and investments held by fiscal agent or City	2,592,140	1,810,563	4,402,703
Receivables:			
Property tax	33,891	-	33,891
Due from other governmental agencies	-	-	-
Accounts receivable	-	-	-
Other	-	-	-
Prepaid assets	-	-	-
<b>Total assets</b>	<b>\$ 2,626,031</b>	<b>\$ 1,810,563</b>	<b>\$ 4,436,594</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ -	\$ -
Salaries and wages payable	-	-	-
Due to other funds	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources-unavailable revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits):</b>			
Nonspendable			
Prepaid assets	-	-	-
Restricted for:			
Social service programs	-	-	-
Debt service	2,626,031	1,810,563	4,436,594
Public safety	-	-	-
Street improvements	-	-	-
Community development	-	-	-
Other purposes	-	-	-
Committed for:			
Social service programs	-	-	-
Assigned for:			
Vehicle replacement	-	-	-
Unassigned	-	-	-
<b>Total fund balances (deficits)</b>	<b>2,626,031</b>	<b>1,810,563</b>	<b>4,436,594</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 2,626,031</b>	<b>\$ 1,810,563</b>	<b>\$ 4,436,594</b>

**Non-Major Governmental Funds**

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
\$ -	\$ -	\$ -	\$ -	\$ 16,012,230	\$ 5,583,737
-	-	-	-	-	-
-	-	-	-	-	-
208,043	-	-	-	144,880	1,255,209
-	-	-	-	-	-
-	-	-	-	105,291	-
-	-	-	-	-	-
<u>\$ 208,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,262,401</u>	<u>\$ 6,838,946</u>
\$ -	\$ -	\$ -	\$ -	\$ 22,347	\$ 2,956,750
-	-	-	-	-	-
208,043	-	-	-	-	-
<u>208,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,347</u>	<u>2,956,750</u>
6,156	-	-	-	17,846	168,707
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,032,825	3,713,489
-	-	-	-	15,189,383	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(6,156)	-	-	-	-	-
<u>(6,156)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,222,208</u>	<u>3,713,489</u>
<u>\$ 208,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,262,401</u>	<u>\$ 6,838,946</u>

(Continued)

## Non-Major Governmental Funds

### City of Fremont Combining Balance Sheet Non-Major Governmental Funds (continued) June 30, 2017

(With comparative totals for June 30, 2016)

	Capital Projects Funds	
	Traffic System Management	Prop 1B HRCSA
<b>ASSETS</b>		
Cash and investments held by City	\$ -	\$ -
Restricted cash and investments held by fiscal agent or City	-	-
Receivables:		
Property tax	-	-
Due from other governmental agencies	355,997	113,434
Accounts receivable	-	-
Other	-	-
Prepaid assets	-	-
<b>Total assets</b>	<b>\$ 355,997</b>	<b>\$ 113,434</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ -	\$ 84,459
Salaries and wages payable	-	-
Due to other funds	355,997	28,975
<b>Total liabilities</b>	<b>355,997</b>	<b>113,434</b>
<b>Deferred inflows of resources-unavailable revenue</b>	<b>79,428</b>	<b>88,924</b>
<b>Fund Balances (Deficits):</b>		
Nonspendable		
Prepaid assets	-	-
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	(79,428)	(88,924)
<b>Total fund balances (deficits)</b>	<b>(79,428)</b>	<b>(88,924)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 355,997</b>	<b>\$ 113,434</b>

## Non-Major Governmental Funds

Total Non-major Capital Projects Funds	Total Non-major Governmental Funds	
	2017	2016
\$ 21,595,967	\$ 47,237,525	\$ 48,463,395
-	4,402,703	4,361,953
-	33,891	28,968
2,077,563	3,305,823	3,470,430
-	737,020	600,740
105,291	105,291	154,260
-	-	97,410
<u>\$ 23,778,821</u>	<u>\$ 55,822,253</u>	<u>\$ 57,177,156</u>
3,063,556	\$ 4,152,960	\$ 1,485,729
-	41,247	96,741
593,015	1,059,193	849,478
<u>3,656,571</u>	<u>5,253,400</u>	<u>2,431,948</u>
<u>361,061</u>	<u>361,061</u>	<u>220,155</u>
-	-	97,410
-	3,685	3,685
-	4,436,594	4,390,396
-	1,033,874	1,955,999
4,746,314	13,399,999	20,822,441
15,189,383	24,341,300	18,499,436
-	23,961	23,961
-	7,142,887	6,451,973
-	-	2,355,508
(174,508)	(174,508)	(75,756)
<u>19,761,189</u>	<u>50,207,792</u>	<u>54,525,053</u>
<u>\$ 23,778,821</u>	<u>\$ 55,822,253</u>	<u>\$ 57,177,156</u>

(Concluded)

## Non-Major Governmental Funds

### City of Fremont

#### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

#### Non-Major Governmental Funds

For the fiscal year ended June 30, 2017

(With comparative totals for the fiscal year ended June 30, 2016)

	Special Revenue Funds		
	HOME Grant	Integrated Waste Management	Urban Runoff
<b>REVENUES:</b>			
Property tax	\$ -	\$ -	\$ -
Intergovernmental	230,613	799,633	-
Franchise fees	-	-	-
Charges for services	-	7,522,945	1,441,572
Investment earnings	-	13,239	2,691
Other	-	-	500
<b>Total revenues</b>	<b>230,613</b>	<b>8,335,817</b>	<b>1,444,763</b>
<b>EXPENDITURES:</b>			
Current:			
Police services	-	-	-
Fire services	-	-	-
Human services	-	-	-
Capital assets maintenance and operations	-	-	-
Community development and environmental services	229,280	6,909,242	1,564,884
Capital outlay	-	951,270	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Payment to bond refunding escrow	-	-	-
<b>Total expenditures</b>	<b>229,280</b>	<b>7,860,512</b>	<b>1,564,884</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,333</b>	<b>475,305</b>	<b>(120,121)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Debt proceeds	-	-	-
Payment to refunding escrow	-	-	-
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	(1,333)	(657,356)	(181,012)
<b>Total other financing sources (uses)</b>	<b>(1,333)</b>	<b>(657,356)</b>	<b>(181,012)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(182,051)</b>	<b>(301,133)</b>
<b>FUND BALANCES (DEFICITS):</b>			
Beginning of year	3,685	8,121,695	996,143
End of year	\$ 3,685	\$ 7,939,644	\$ 695,010

**Non-Major Governmental Funds**

Special Revenue Funds

Traffic Safety OTS	Abandoned Vehicle	City Asset Seizure	COPS AB3229	CUPA Administration	Justice Assistance Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,752	113,889	-	457,013	-	44,411
-	-	-	-	-	-
-	-	-	4,813	1,493	-
-	-	-	-	48,990	-
<u>2,752</u>	<u>113,889</u>	<u>-</u>	<u>461,826</u>	<u>50,483</u>	<u>44,411</u>
2,752	113,889	703,927	572,758	-	23,583
-	-	-	-	20,843	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	131,541	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,752</u>	<u>113,889</u>	<u>703,927</u>	<u>704,299</u>	<u>20,843</u>	<u>23,583</u>
<u>-</u>	<u>-</u>	<u>(703,927)</u>	<u>(242,473)</u>	<u>29,640</u>	<u>20,828</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>(703,927)</u>	<u>(242,473)</u>	<u>29,640</u>	<u>20,828</u>
<u>-</u>	<u>-</u>	<u>732,951</u>	<u>432,167</u>	<u>678,031</u>	<u>11,237</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,024</u>	<u>\$ 189,694</u>	<u>\$ 707,671</u>	<u>\$ 32,065</u>

(Continued)

## Non-Major Governmental Funds

### City of Fremont

#### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

#### Non-Major Governmental Funds (continued)

For the fiscal year ended June 30, 2017

(With comparative totals for the fiscal year ended June 30, 2016)

	Special Revenue Funds	
	City Funded	Metropolitan
	Affordable Housing Fund	Medical Response System
<b>REVENUES:</b>		
Property tax	\$ -	\$ -
Intergovernmental	-	34,525
Franchise fees	-	-
Charges for services	-	-
Investment earnings	14,711	1,281
Other	2,000	-
<b>Total revenues</b>	<b>16,711</b>	<b>35,806</b>
<b>EXPENDITURES:</b>		
Current:		
Police services	-	-
Fire services	-	61,999
Human services	-	-
Capital assets maintenance and operations	-	-
Community development and environmental services	107,797	-
Capital outlay	-	-
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
Payment to refunding escrow	-	-
<b>Total expenditures</b>	<b>107,797</b>	<b>61,999</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(91,086)</b>	<b>(26,193)</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Debt proceeds	-	-
Payment to refunding escrow	-	-
Proceeds from sale of capital assets	-	-
Transfers in	1,335,000	-
Transfers out	(553,000)	-
<b>Total other financing sources (uses)</b>	<b>782,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>690,914</b>	<b>(26,193)</b>
<b>FUND BALANCES (DEFICITS):</b>		
Beginning of year	6,451,973	101,613
End of year	\$ 7,142,887	\$ 75,420

**Non-Major Governmental Funds**

Special Revenue Funds				
Miscellaneous Federal Grants	Miscellaneous State Support	State Gas Tax	Maintenance District	Total Non-major Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -
78,080	181,371	4,331,070	-	6,273,357
-	-	-	-	-
-	-	-	198,514	9,163,031
-	-	114,875	-	153,103
-	-	-	-	51,490
<u>78,080</u>	<u>181,371</u>	<u>4,445,945</u>	<u>198,514</u>	<u>15,640,981</u>
-	-	-	-	1,416,909
78,080	-	-	-	160,922
-	169,371	-	-	169,371
-	-	6,918,607	132,518	7,051,125
-	-	-	-	8,811,203
-	-	-	-	1,082,811
-	-	-	-	-
-	-	-	-	-
<u>78,080</u>	<u>169,371</u>	<u>6,918,607</u>	<u>132,518</u>	<u>18,692,341</u>
-	12,000	(2,472,662)	65,996	(3,051,360)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,335,000
-	(12,000)	-	(18,201)	(1,422,902)
-	(12,000)	-	(18,201)	(87,902)
-	-	(2,472,662)	47,795	(3,139,262)
<u>23,961</u>	<u>-</u>	<u>11,126,347</u>	<u>469,468</u>	<u>29,149,271</u>
<u>\$ 23,961</u>	<u>\$ -</u>	<u>\$ 8,653,685</u>	<u>\$ 517,263</u>	<u>\$ 26,010,009</u>

(Continued)

## Non-Major Governmental Funds

### City of Fremont

#### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

#### Non-Major Governmental Funds (continued)

For the fiscal year ended June 30, 2017

(With comparative totals for the fiscal year ended June 30, 2016)

	Debt Service Funds		Total Non-major Debt Service Funds
	Fire General Obligation Bonds	Fremont Financing Authority	
<b>REVENUES:</b>			
Property tax	\$ 3,218,461	\$ -	\$ 3,218,461
Intergovernmental	-	-	-
Franchise fees	-	-	-
Charges for services	-	-	-
Investment earnings	13,913	6,767	20,680
Other	-	-	-
<b>Total revenues</b>	<b>3,232,374</b>	<b>6,767</b>	<b>3,239,141</b>
<b>EXPENDITURES:</b>			
Current:			
Police services	-	-	-
Fire services	-	-	-
Human services	-	-	-
Capital assets maintenance and operations	-	-	-
Community development and environmental services	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	1,455,000	5,060,000	6,515,000
Interest and fiscal charges	1,737,794	2,274,064	4,011,858
Payment to refunding escrow	-	1,150,000	1,150,000
<b>Total expenditures</b>	<b>3,192,794</b>	<b>8,484,064</b>	<b>11,676,858</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>39,580</b>	<b>(8,477,297)</b>	<b>(8,437,717)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Debt proceeds	-	85,205,000	85,205,000
Payment to refunding escrow	-	(85,205,000)	(85,205,000)
Proceeds from sale of capital assets	-	-	-
Transfers in	-	8,483,915	8,483,915
Transfers out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>8,483,915</b>	<b>8,483,915</b>
<b>Net change in fund balances</b>	<b>39,580</b>	<b>6,618</b>	<b>46,198</b>
<b>FUND BALANCES (DEFICITS):</b>			
Beginning of year	2,586,451	1,803,945	4,390,396
End of year	\$ 2,626,031	\$ 1,810,563	\$ 4,436,594

**Non-Major Governmental Funds**

**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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
201,887	120,524	-	-	546,941	6,856,255
-	-	-	-	433,290	-
-	-	(1,695)	-	18,993	66,306
-	-	-	-	2,182,061	-
<u>201,887</u>	<u>120,524</u>	<u>(1,695)</u>	<u>-</u>	<u>3,181,285</u>	<u>6,922,561</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
208,043	78,051	-	-	455,069	8,345,238
-	-	-	-	-	-
-	-	-	-	139,042	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>208,043</u>	<u>78,051</u>	<u>-</u>	<u>-</u>	<u>594,111</u>	<u>8,345,238</u>
<u>(6,156)</u>	<u>42,473</u>	<u>(1,695)</u>	<u>-</u>	<u>2,587,174</u>	<u>(1,422,677)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	571,000	-
-	-	(406,329)	(2,452,918)	-	-
-	-	(406,329)	(2,452,918)	571,000	-
<u>(6,156)</u>	<u>42,473</u>	<u>(408,024)</u>	<u>(2,452,918)</u>	<u>3,158,174</u>	<u>(1,422,677)</u>
-	(42,473)	408,024	2,452,918	13,064,034	5,136,166
<u>\$ (6,156)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,222,208</u>	<u>\$ 3,713,489</u>

(Continued)

## Non-Major Governmental Funds

### City of Fremont

#### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

#### Non-Major Governmental Funds (continued)

For the fiscal year ended June 30, 2017

(With comparative totals for the fiscal year ended June 30, 2016)

	Capital Project Funds	
	Traffic System Management	Prop 1B HRCSA
<b>REVENUES:</b>		
Property tax	\$ -	\$ -
Intergovernmental	275,742	129,772
Franchise fees	-	-
Charges for services	-	-
Investment earnings	-	-
Other	-	-
<b>Total revenues</b>	<b>275,742</b>	<b>129,772</b>
<b>EXPENDITURES:</b>		
Current:		
Police services	-	-
Fire services	-	-
Human services	-	-
Capital assets maintenance and operations	355,170	185,413
Community development and environmental services	-	-
Capital outlay	-	-
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
Payment to refunding escrow	-	-
<b>Total expenditures</b>	<b>355,170</b>	<b>185,413</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(79,428)</b>	<b>(55,641)</b>
<b>OTHER FINANCING SOURCES (USES):</b>		
Debt proceeds	-	-
Payment to refunding escrow	-	-
Proceeds from sale of capital assets	-	-
Transfers in	-	-
Transfers out	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(79,428)</b>	<b>(55,641)</b>
<b>FUND BALANCES (DEFICITS):</b>		
Beginning of year	-	(33,283)
End of year	\$ (79,428)	\$ (88,924)

## Non-Major Governmental Funds

Total Non-major Capital Projects Funds	Total Non-major Governmental Funds	
	2017	2016
\$ -	\$ 3,218,461	\$ 3,097,044
8,131,121	14,404,478	16,139,864
433,290	433,290	-
-	9,163,031	9,396,212
83,604	257,387	439,946
2,182,061	2,233,551	4,839,905
<u>10,830,076</u>	<u>29,710,198</u>	<u>33,912,971</u>
-	1,416,909	698,779
-	160,922	191,591
-	169,371	169,803
9,626,984	16,678,109	13,321,937
-	8,811,203	7,684,271
139,042	1,221,853	3,133,049
-	6,515,000	6,290,000
-	4,011,858	3,402,761
-	1,150,000	-
<u>9,766,026</u>	<u>40,135,225</u>	<u>34,892,191</u>
<u>1,064,050</u>	<u>(10,425,027)</u>	<u>(979,220)</u>
-	85,205,000	-
-	(85,205,000)	-
-	-	988,986
571,000	10,389,915	9,520,285
<u>(2,859,247)</u>	<u>(4,282,149)</u>	<u>(588,259)</u>
<u>(2,288,247)</u>	<u>6,107,766</u>	<u>9,921,012</u>
<u>(1,224,197)</u>	<u>(4,317,261)</u>	<u>8,941,792</u>
<u>20,985,386</u>	<u>54,525,053</u>	<u>45,583,261</u>
<u>\$ 19,761,189</u>	<u>\$ 50,207,792</u>	<u>\$ 54,525,053</u>

(Concluded)

## Special Revenue and Debt Service Funds

### City of Fremont Budgetary Comparison Schedule Special Revenue and Debt Service Funds For the fiscal year ended June 30, 2017

	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)
<b>REVENUES:</b>						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	338,031	230,613	(107,418)	675,000	799,633	124,633
Charges for services	-	-	-	7,370,988	7,522,945	151,957
Investment earnings	-	-	-	-	13,239	13,239
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>338,031</b>	<b>230,613</b>	<b>(107,418)</b>	<b>8,045,988</b>	<b>8,335,817</b>	<b>289,829</b>
<b>EXPENDITURES:</b>						
Current:						
Police services	-	-	-	-	-	-
Fire services	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Capital assets maintenance and operations	-	-	-	-	-	-
Community development and environmental services	336,698	229,280	107,418	8,082,197	6,909,242	1,172,955
Capital outlay	-	-	-	-	951,270	(951,270)
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Payment to bond refunding escrow	-	-	-	-	-	-
<b>Total expenditures</b>	<b>336,698</b>	<b>229,280</b>	<b>107,418</b>	<b>8,082,197</b>	<b>7,860,512</b>	<b>221,685</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,333</b>	<b>1,333</b>	<b>-</b>	<b>(36,209)</b>	<b>475,305</b>	<b>511,514</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Debt proceeds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(1,333)	(1,333)	-	(446,356)	(657,356)	(211,000)
Payment to bond refunding escrow	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(1,333)</b>	<b>(1,333)</b>	<b>-</b>	<b>(446,356)</b>	<b>(657,356)</b>	<b>(211,000)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (482,565)</b>	<b>(182,051)</b>	<b>\$ 300,514</b>
<b>FUND BALANCES:</b>						
Beginning of year		3,685			8,121,695	
End of year		<u>\$ 3,685</u>			<u>\$ 7,939,644</u>	

## Special Revenue and Debt Service Funds

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)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	6,500	2,752	(3,748)	167,000	113,889	(53,111)
1,473,076	1,441,572	(31,504)	-	-	-	-	-	-
-	2,691	2,691	-	-	-	-	-	-
-	500	500	-	-	-	-	-	-
<u>1,473,076</u>	<u>1,444,763</u>	<u>(28,313)</u>	<u>6,500</u>	<u>2,752</u>	<u>(3,748)</u>	<u>167,000</u>	<u>113,889</u>	<u>(53,111)</u>
-	-	-	6,500	2,752	3,748	167,000	113,889	53,111
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,672,286	1,564,884	107,402	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>1,672,286</u>	<u>1,564,884</u>	<u>107,402</u>	<u>6,500</u>	<u>2,752</u>	<u>3,748</u>	<u>167,000</u>	<u>113,889</u>	<u>53,111</u>
<u>(199,210)</u>	<u>(120,121)</u>	<u>79,089</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(83,012)	(181,012)	(98,000)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>(83,012)</u>	<u>(181,012)</u>	<u>(98,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (282,222)</u>	<u>(301,133)</u>	<u>\$ (18,911)</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
	<u>996,143</u>			<u>-</u>			<u>-</u>	
	<u>\$ 695,010</u>			<u>\$ -</u>			<u>\$ -</u>	

(Continued)

## Special Revenue and Debt Service Funds

### City of Fremont Budgetary Comparison Schedule Special Revenue and Debt Service Funds (continued) For the fiscal year ended June 30, 2017

	Special Revenue Fund					
	City 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)
<b>REVENUES:</b>						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	304,710	-	(304,710)	355,000	457,013	102,013
Charges for services	-	-	-	-	-	-
Investment earnings	-	-	-	-	4,813	4,813
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>304,710</b>	<b>-</b>	<b>(304,710)</b>	<b>355,000</b>	<b>461,826</b>	<b>106,826</b>
<b>EXPENDITURES:</b>						
Current:						
Police services	283,282	703,927	(420,645)	353,698	572,758	(219,060)
Fire services	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Capital assets maintenance and operations	-	-	-	-	-	-
Community development and environmental services	-	-	-	-	-	-
Capital outlay	-	-	-	-	131,541	(131,541)
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Payment to bond refunding escrow	-	-	-	-	-	-
<b>Total expenditures</b>	<b>283,282</b>	<b>703,927</b>	<b>(420,645)</b>	<b>353,698</b>	<b>704,299</b>	<b>(350,601)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>21,428</b>	<b>(703,927)</b>	<b>(725,355)</b>	<b>1,302</b>	<b>(242,473)</b>	<b>(243,775)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Debt proceeds	-	-	-	-	-	-
Transfers in	50,000	-	50,000	-	-	-
Transfers out	-	-	-	-	-	-
Payment to bond refunding escrow	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>50,000</b>	<b>-</b>	<b>50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 71,428</b>	<b>(703,927)</b>	<b>\$ (675,355)</b>	<b>\$ 1,302</b>	<b>(242,473)</b>	<b>\$ (243,775)</b>
<b>FUND BALANCES (DEFICITS):</b>						
Beginning of year		732,951			432,167	
End of year		\$ 29,024			\$ 189,694	

## Special Revenue and Debt Service Funds

Special Revenue Fund								
CUPA Administration			Justice Assistance Grant			City Funded Affordable Housing		
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	44,411	14,411	-	-	-
-	-	-	-	-	-	1,737,995	-	(1,737,995)
-	1,493	1,493	-	-	-	15,000	14,711	(289)
-	48,990	48,990	-	-	-	-	2,000	2,000
-	50,483	50,483	30,000	44,411	14,411	1,752,995	16,711	(1,736,284)
-	-	-	30,568	23,583	6,985	-	-	-
-	20,843	(20,843)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	4,547,319	107,797	4,439,522
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	20,843	(20,843)	30,568	23,583	6,985	4,547,319	107,797	4,439,522
-	29,640	29,640	(568)	20,828	21,396	(2,794,324)	(91,086)	2,703,238
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,260,000	1,335,000	75,000
-	-	-	-	-	-	-	(553,000)	553,000
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	1,260,000	782,000	478,000
<u>\$ -</u>	<u>29,640</u>	<u>\$ 29,640</u>	<u>\$ (568)</u>	<u>20,828</u>	<u>\$ 21,396</u>	<u>\$ (1,534,324)</u>	<u>690,914</u>	<u>\$ 3,181,238</u>
	<u>678,031</u>			<u>11,237</u>		<u>6,451,973</u>		
	<u>\$ 707,671</u>			<u>\$ 32,065</u>		<u>\$ 7,142,887</u>		

(Continued)

## Special Revenue and Debt Service Funds

### City of Fremont Budgetary Comparison Schedule Special Revenue and Debt Service Funds (continued) For the fiscal year ended June 30, 2017

	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)
<b>REVENUES:</b>						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	90,000	34,525	(55,475)	207,448	78,080	(129,368)
Charges for services	-	-	-	-	-	-
Investment earnings	-	1,281	1,281	-	-	-
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>90,000</b>	<b>35,806</b>	<b>(54,194)</b>	<b>207,448</b>	<b>78,080</b>	<b>(129,368)</b>
<b>EXPENDITURES:</b>						
Current:						
Police services	-	-	-	55,000	-	55,000
Fire services	128,526	61,999	66,527	152,448	78,080	74,368
Human services	-	-	-	-	-	-
Capital assets maintenance and operations	-	-	-	-	-	-
Community development and environmental services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Payment to bond refunding escrow	-	-	-	-	-	-
<b>Total expenditures</b>	<b>128,526</b>	<b>61,999</b>	<b>66,527</b>	<b>207,448</b>	<b>78,080</b>	<b>129,368</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(38,526)</b>	<b>(26,193)</b>	<b>12,333</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Debt proceeds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(18,671)	-	18,671
Payment to bond refunding escrow	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,671)</b>	<b>-</b>	<b>18,671</b>
<b>Net change in fund balances</b>	<b>\$ (38,526)</b>	<b>(26,193)</b>	<b>\$ 12,333</b>	<b>\$ (18,671)</b>	<b>-</b>	<b>\$ 18,671</b>
<b>FUND BALANCES (DEFICITS):</b>						
Beginning of year		101,613			23,961	
End of year		\$ 75,420			\$ 23,961	

**Special Revenue and Debt Service Funds**

Special Revenue Fund

Miscellaneous State Grants			State Gas Tax		
Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
208,371	181,371	(27,000)	4,331,070	4,331,070	-
-	-	-	-	-	-
-	-	-	114,895	114,875	(20)
-	-	-	-	-	-
<u>208,371</u>	<u>181,371</u>	<u>(27,000)</u>	<u>4,445,965</u>	<u>4,445,945</u>	<u>(20)</u>
-	-	-	-	-	-
27,000	-	27,000	-	-	-
169,803	169,371	432	-	-	-
-	-	-	6,918,607	6,918,607	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>196,803</u>	<u>169,371</u>	<u>27,432</u>	<u>6,918,607</u>	<u>6,918,607</u>	<u>-</u>
<u>11,568</u>	<u>12,000</u>	<u>432</u>	<u>(2,472,642)</u>	<u>(2,472,662)</u>	<u>(20)</u>
-	-	-	-	-	-
-	-	-	-	-	-
(11,568)	(12,000)	(432)	-	-	-
-	-	-	-	-	-
<u>(11,568)</u>	<u>(12,000)</u>	<u>(432)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ (2,472,642)</u>	<u>(2,472,662)</u>	<u>\$ (20)</u>
	<u>-</u>			<u>11,126,347</u>	
	<u>\$ -</u>			<u>\$ 8,653,685</u>	

(Continued)

## Special Revenue and Debt Service Funds

### City of Fremont Budgetary Comparison Schedule Special Revenue and Debt Service Funds (continued) For the fiscal year ended June 30, 2017

	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)
<b>REVENUES:</b>						
Property tax	\$ -	\$ -	\$ -	\$ 3,218,461	\$ 3,218,461	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	300,000	198,514	(101,486)	-	-	-
Investment earnings	-	-	-	-	13,913	13,913
Other	-	-	-	-	-	-
<b>Total revenues</b>	<b>300,000</b>	<b>198,514</b>	<b>(101,486)</b>	<b>3,218,461</b>	<b>3,232,374</b>	<b>13,913</b>
<b>EXPENDITURES:</b>						
Current:						
Police services	-	-	-	-	-	-
Fire services	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Capital assets maintenance and operations	300,000	132,518	167,482	-	-	-
Community development and environmental services	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	1,455,000	1,455,000	-
Interest and fiscal charges	-	-	-	1,737,794	1,737,794	-
Payment to bond refunding escrow	-	-	-	-	-	-
<b>Total expenditures</b>	<b>300,000</b>	<b>132,518</b>	<b>167,482</b>	<b>3,192,794</b>	<b>3,192,794</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>65,996</b>	<b>65,996</b>	<b>25,667</b>	<b>39,580</b>	<b>13,913</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Debt proceeds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(18,201)	(18,201)	-	-	-	-
Payment to bond refunding escrow	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(18,201)</b>	<b>(18,201)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ (18,201)</b>	<b>47,795</b>	<b>\$ 65,996</b>	<b>\$ 25,667</b>	<b>39,580</b>	<b>\$ 13,913</b>
<b>FUND BALANCES (DEFICITS):</b>						
Beginning of year		469,468			2,586,451	
End of year		\$ 517,263			\$ 2,626,031	

## Special Revenue and Debt Service Funds

### Debt Service Funds

#### Fremont Financing Authority

Final Budgeted Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -
-	-	-
-	6,767	6,767
-	-	-
-	6,767	6,767
5,060,000	5,060,000	-
2,634,191	2,274,064	360,127
1,150,000	1,150,000	1,150,000
8,844,191	8,484,064	360,127
(8,844,191)	(8,477,297)	366,894
-	85,205,000	-
8,844,191	8,483,915	(360,276)
-	-	-
-	(85,205,000)	-
8,844,191	8,483,915	(360,276)
<u>\$ -</u>	<u>6,618</u>	<u>\$ 6,618</u>

1,803,945

\$ 1,810,563

(Concluded)

**Internal Service Funds**

### ***Internal Service Funds***

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

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

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

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

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

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

## Internal Service Funds

*City of Fremont*

### Combining Statement of Net Position

#### Internal Service Funds

June 30, 2017

(With comparative totals for June 30, 2016)

	Risk Management	Information Technology	Vehicle Replacement
<b>ASSETS</b>			
Current assets:			
Cash and investments held by City	\$ 21,066,145	\$ 4,940,172	\$ 2,998,530
Other receivables	-	94,417	-
Total current assets	<u>21,066,145</u>	<u>5,034,589</u>	<u>2,998,530</u>
Noncurrent assets:			
Prepaid assets	-	-	-
Depreciable assets	19,000	8,958,528	17,395,797
Less accumulated depreciation	-	(7,192,730)	(11,509,181)
Total noncurrent assets	<u>19,000</u>	<u>1,765,798</u>	<u>5,886,616</u>
<b>Total assets</b>	<u>21,085,145</u>	<u>6,800,387</u>	<u>8,885,146</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pension	<u>218,426</u>	<u>1,624,808</u>	<u>-</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	144,435	297,745	266,557
Salaries and wages payable	8,338	66,960	-
Cash overdraft	-	-	-
Claims payable	<u>5,753,000</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>5,905,773</u>	<u>364,705</u>	<u>266,557</u>
Noncurrent liabilities:			
Claims payable	12,353,000	-	-
Net pension liability	<u>999,150</u>	<u>6,425,783</u>	<u>-</u>
Total noncurrent liabilities	<u>13,352,150</u>	<u>6,425,783</u>	<u>-</u>
<b>Total liabilities</b>	<u>19,257,923</u>	<u>6,790,488</u>	<u>266,557</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	<u>45,687</u>	<u>166,281</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	19,000	1,765,798	5,886,616
Unrestricted	<u>1,980,961</u>	<u>(297,372)</u>	<u>2,731,973</u>
<b>Total net position</b>	<u>\$ 1,999,961</u>	<u>\$ 1,468,426</u>	<u>\$ 8,618,589</u>

**Internal Service Funds**

Employee Benefits	Fire Capital Equipment Replacement	Totals	
		2017	2016
\$ -	\$ 238,288	\$ 29,243,135	\$ 26,230,999
749,331	-	843,748	84,018
<u>749,331</u>	<u>238,288</u>	<u>30,086,883</u>	<u>26,532,313</u>
-	2,211,088	2,211,088	217,296
-	288,217	26,661,542	8,806,385
-	-	(18,701,911)	(6,251,587)
-	<u>2,499,305</u>	<u>10,170,719</u>	<u>2,772,094</u>
<u>749,331</u>	<u>2,737,593</u>	<u>40,257,602</u>	<u>29,304,407</u>
-	-	1,843,234	694,450
-	-	708,737	154,732
230	-	75,528	240,177
444,886	-	444,886	-
-	-	<u>5,753,000</u>	<u>6,038,000</u>
<u>445,116</u>	-	<u>6,982,151</u>	<u>6,432,909</u>
-	-	12,353,000	13,145,000
-	-	<u>7,424,933</u>	<u>6,145,496</u>
-	-	<u>19,777,933</u>	<u>19,290,496</u>
<u>445,116</u>	-	<u>26,760,084</u>	<u>25,723,405</u>
-	-	211,968	593,154
-	288,217	7,959,631	2,554,798
<u>304,215</u>	<u>2,449,376</u>	<u>7,169,153</u>	<u>910,204</u>
<u>\$ 304,215</u>	<u>\$ 2,737,593</u>	<u>\$ 15,128,784</u>	<u>\$ 3,465,002</u>

## Internal Service Funds

### City of Fremont Combining Statement of Revenues, Expenses and Changes in Net Position Internal Service Funds

For the fiscal year ended June 30, 2017

(With comparative totals for the fiscal year ended June 30, 2016)

	Risk Management	Information Technology	Vehicle Replacement
<b>OPERATING REVENUES</b>			
Charges for services	\$ 7,000,000	\$ 7,914,850	\$ 1,804,950
Other	-	14,808	-
<b>Total operating revenues</b>	<b>7,000,000</b>	<b>7,929,658</b>	<b>1,804,950</b>
<b>OPERATING EXPENSES</b>			
Salaries and wages	512,242	4,162,807	17,679
Insurance premiums	1,668,258	-	-
Provision for claim losses	2,888,453	-	-
Claims administration	274,529	-	-
Materials and supplies	7,557	3,154,181	250,201
Depreciation	-	976,014	2,410,987
Other	-	56,606	-
<b>Total operating expenses</b>	<b>5,351,039</b>	<b>8,349,608</b>	<b>2,678,867</b>
<b>OPERATING INCOME /(LOSS)</b>	<b>1,648,961</b>	<b>(419,950)</b>	<b>(873,917)</b>
<b>NONOPERATING REVENUES</b>			
Investment income	41,448	9,234	6,220
Gain on disposal of capital assets	-	-	42,004
<b>Income (loss) before capital contributions and transfers</b>	<b>1,690,409</b>	<b>(410,716)</b>	<b>(825,693)</b>
Contributed capital assets	-	-	6,991,364
Transfers in	-	-	2,452,918
<b>CHANGE IN NET POSITION</b>	<b>1,690,409</b>	<b>(410,716)</b>	<b>8,618,589</b>
Net position - beginning of year	309,552	1,879,142	-
Net position - ending	<b>\$ 1,999,961</b>	<b>\$ 1,468,426</b>	<b>\$ 8,618,589</b>

**Internal Service Funds**

Employee Benefits	Fire Capital Equipment Replacement	Totals	
		2017	2016
\$ 5,725,933	\$ 1,470,000	\$ 23,915,733	\$ 15,318,958
-	-	\$ 14,808	13,084
<u>5,725,933</u>	<u>1,470,000</u>	<u>23,930,541</u>	<u>15,332,042</u>
7,298,721	-	11,991,449	4,008,396
-	-	1,668,258	1,454,813
-	-	2,888,453	5,106,255
-	-	274,529	269,893
-	-	3,411,939	2,439,578
-	-	3,387,001	432,132
-	-	56,606	56,616
<u>7,298,721</u>	<u>-</u>	<u>23,678,235</u>	<u>13,767,683</u>
(1,572,788)	1,470,000	252,306	1,564,359
30	(8,715)	48,217	398,180
-	-	42,004	-
<u>(1,572,758)</u>	<u>1,461,285</u>	<u>342,527</u>	<u>1,962,539</u>
-	-	6,991,364	-
1,876,973	-	4,329,891	-
<u>304,215</u>	<u>1,461,285</u>	<u>11,663,782</u>	<u>1,962,539</u>
-	1,276,308	3,465,002	1,502,463
<u>\$ 304,215</u>	<u>\$ 2,737,593</u>	<u>\$ 15,128,784</u>	<u>\$ 3,465,002</u>

## Internal Service Funds

# City of Fremont

## Combining Statement of Cash Flows

### Internal Service Funds

#### For the fiscal year ended June 30, 2017

(With comparative totals for the fiscal year ended June 30, 2016)

	Risk Management	Information Technology	Vehicle Replacement
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from users	\$ 7,000,000	\$ 7,929,120	\$ 1,902,360
Other revenue	-	14,808	-
Less: Payments to suppliers	(1,813,260)	(3,003,817)	(95,901)
Payments for employee services	(625,309)	(4,465,152)	(17,679)
Payments for claims paid	(3,965,453)	-	-
Payments to others	-	(56,606)	-
<b>Net cash provided/(used) by operating activities</b>	<b>595,978</b>	<b>418,353</b>	<b>1,788,780</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
Acquisition of capital assets	-	(206,014)	(1,428,766)
Prepayment from acquisition of capital assets	-	-	-
Proceeds from sale of capital assets	-	-	164,531
<b>Net cash used in capital and related financing activities</b>	<b>-</b>	<b>(206,014)</b>	<b>(1,264,235)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfer in from other funds	-	-	2,467,765
Cash borrowing from pooled investments	-	-	-
<b>Net cash provided by non-capital financing activities</b>	<b>-</b>	<b>-</b>	<b>2,467,765</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received on cash and investments	41,448	9,234	6,220
<b>Net change in cash and cash equivalents</b>	<b>637,426</b>	<b>221,573</b>	<b>2,998,530</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Beginning of year	20,428,719	4,718,599	-
End of year	\$ 21,066,145	\$ 4,940,172	\$ 2,998,530
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 1,648,961	\$ (419,950)	\$ (873,917)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	-	976,014	2,410,987
Changes in operating assets and liabilities:			
Other receivables	-	(10,399)	-
Prepaid assets	-	24,669	97,410
Accounts payable	137,084	150,364	154,300
Salaries and wages payable	(83,378)	(81,501)	-
Claims payable	(1,077,000)	-	-
Deferred outflow resources - pension plan	(129,369)	(1,019,415)	-
Deferred inflow resources - pension plan	(45,171)	(336,015)	-
Net pension liability	144,851	1,134,586	-
<b>Net cash provided/(used) by operating activities</b>	<b>\$ 595,978</b>	<b>\$ 418,353</b>	<b>\$ 1,788,780</b>
<b>Noncash non-capital financing activities</b>			
Transfer in of prepaid assets from governmental funds	\$ -	\$ -	\$ 97,410
Transfer in of other receivables from governmental funds	-	-	-
Transfer in of accounts payable from governmental funds	-	-	112,257
<b>Total noncash non-capital financing activities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 209,667</b>
<b>Noncash capital financing activities</b>			
Transfer in of capital assets	\$ -	\$ -	\$ 6,991,364

## Internal Service Funds

Employee Benefits	Fire Capital Equipment Replacement	Totals	
		2017	2016
\$ 5,644,808	\$ 1,662,627	\$ 24,138,915	\$ 15,133,668
-		14,808	13,084
(7,557,291)	-	(12,470,269)	(4,652,805)
-	-	(5,108,140)	(4,375,897)
-	-	(3,965,453)	(3,499,255)
-	-	(56,606)	(56,616)
<u>(1,912,483)</u>	<u>1,662,627</u>	<u>2,553,255</u>	<u>2,562,179</u>
-	(288,217)	(1,922,997)	(347,187)
-	(2,211,088)	(2,211,088)	-
-	-	164,531	-
<u>-</u>	<u>(2,499,305)</u>	<u>(3,969,554)</u>	<u>(347,187)</u>
1,467,566	-	3,935,331	-
444,886	-	444,886	-
<u>1,912,452</u>	<u>-</u>	<u>4,380,217</u>	<u>-</u>
31	(8,715)	48,218	398,180
-	(845,393)	3,012,136	2,613,172
-	1,083,681	26,230,999	23,617,827
<u>\$ -</u>	<u>\$ 238,288</u>	<u>\$ 29,243,135</u>	<u>\$ 26,230,999</u>
\$ (1,572,788)	\$ 1,470,000	252,306	\$ 1,564,359
-	-	3,387,001	432,132
(81,124)	-	(91,523)	32,006
-	192,627	314,706	(217,296)
(258,571)	-	183,177	(488,521)
-	-	(164,879)	67,207
-	-	(1,077,000)	1,607,000
-	-	(1,148,784)	(121,141)
-	-	(381,186)	(590,182)
-	-	1,279,437	276,615
<u>\$ (1,912,483)</u>	<u>\$ 1,662,627</u>	<u>\$ 2,553,255</u>	<u>\$ 2,562,179</u>
\$ -	\$ -	\$ 97,410	\$ -
668,206	-	668,206	-
258,799	-	371,056	-
<u>\$ 927,005</u>	<u>\$ -</u>	<u>\$ 1,136,672</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,991,364</u>	<u>\$ -</u>

# **Agency Funds**

## ***Agency Funds***

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

***Local Improvement Districts*** - 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).

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

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

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

## Agency Funds

### City of Fremont Combining Statement of Assets and Liabilities Agency Funds June 30, 2017

(With comparative totals for June 30, 2016)

	Local Improvement Districts	Narcotics Asset Seizure	Performance Bonds, Deposits and Confiscated Assets	Southern Alameda County GIS	Total	
					2017	2016
<b><u>All Agency Funds</u></b>						
<b>Assets:</b>						
Cash and investments held by City	\$ 11,300,843	\$ 729,565	\$ 7,371,549	\$ -	\$19,401,957	\$13,032,769
Restricted cash and investments held by fiscal agent	5,058,055	-	2,004,600	-	7,062,655	8,127,041
Land held for resale	-	-	678,979	-	678,979	678,979
Accounts receivable	-	-	-	79,578	79,578	13,647
Other receivables	-	-	-	-	-	170,574
<b>Total assets</b>	<b>\$ 16,358,898</b>	<b>\$ 729,565</b>	<b>\$10,055,128</b>	<b>\$ 79,578</b>	<b>\$27,223,169</b>	<b>\$22,023,010</b>
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ 28,967	74,566	-	103,533	37,374
Due to other governments	-	-	678,979	-	678,979	678,979
Cash overdraft	-	-	-	2,304	2,304	1,480
Deposits	16,358,898	700,598	9,301,583	77,274	26,438,353	21,305,177
<b>Total liabilities</b>	<b>\$ 16,358,898</b>	<b>\$ 729,565</b>	<b>\$10,055,128</b>	<b>\$ 79,578</b>	<b>\$27,223,169</b>	<b>\$22,023,010</b>

**City of Fremont**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the fiscal year ended June 30, 2017**

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
<b>Local Improvement Districts</b>				
<b>Assets:</b>				
Cash and investments held by City	\$ 10,489,995	\$ 8,490,774	\$ (7,679,926)	\$ 11,300,843
Restricted cash and investments held by fiscal agent	5,853,878	5,192,872	(5,988,695)	5,058,055
Other receivables	170,574	17,373	(187,947)	-
<b>Total assets</b>	<b>\$ 16,514,447</b>	<b>\$ 13,701,019</b>	<b>\$ (13,856,568)</b>	<b>\$ 16,358,898</b>
<b>Liabilities:</b>				
Deposits	\$ 16,514,447	\$ 6,745,999	\$ (6,901,548)	\$ 16,358,898
<b>Narcotics Asset Seizure</b>				
<b>Assets:</b>				
Cash and investments held by City	\$ 716,689	\$ 349,805	\$ (336,929)	\$ 729,565
<b>Total assets</b>	<b>\$ 716,689</b>	<b>\$ 349,805</b>	<b>\$ (336,929)</b>	<b>\$ 729,565</b>
<b>Liabilities:</b>				
Accounts payable	\$ 12,762	\$ 28,967	\$ (12,762)	\$ 28,967
Deposits	703,927	327,144	(330,473)	700,598
<b>Total liabilities</b>	<b>\$ 716,689</b>	<b>\$ 356,111</b>	<b>\$ (343,235)</b>	<b>\$ 729,565</b>
<b>Performance Bonds, Deposits and Confiscated Assets</b>				
<b>Assets:</b>				
Cash and investments held by City	\$ 2,542,774	\$ 6,365,632	\$ (1,536,857)	\$ 7,371,549
Restricted cash and investments held by fiscal agent	2,273,163	4,600	(273,163)	2,004,600
Land held for resale	678,979	-	-	678,979
<b>Total assets</b>	<b>\$ 5,494,916</b>	<b>\$ 6,370,232</b>	<b>\$ (1,810,020)</b>	<b>\$ 10,055,128</b>
<b>Liabilities:</b>				
Accounts payable	\$ 37,374	\$ 1,353,415	\$ (1,316,223)	\$ 74,566
Due to other governments	678,979	-	-	678,979
Deposits	4,778,563	6,774,755	(2,251,735)	9,301,583
<b>Total liabilities</b>	<b>\$ 5,494,916</b>	<b>\$ 8,128,170</b>	<b>\$ (3,567,958)</b>	<b>\$ 10,055,128</b>
<b>Southern Alameda County GIS</b>				
<b>Assets:</b>				
Cash and investments held by City	\$ -	\$ 39,392	\$ (39,392)	\$ -
Accounts receivable	13,647	79,578	(13,647)	79,578
<b>Total assets</b>	<b>\$ 13,647</b>	<b>\$ 118,970</b>	<b>\$ (53,039)</b>	<b>\$ 79,578</b>
<b>Liabilities:</b>				
Cash overdraft	\$ 1,480	\$ 2,304	\$ (1,480)	\$ 2,304
Deposits	12,167	123,676	(58,569)	77,274
<b>Total liabilities</b>	<b>\$ 13,647</b>	<b>\$ 125,980</b>	<b>\$ (60,049)</b>	<b>\$ 79,578</b>
<b>Total Agency Funds</b>				
<b>Assets:</b>				
Cash and investments held by City	\$ 13,749,458	\$ 15,245,603	\$ (9,593,104)	\$ 19,401,957
Restricted cash and investments held by fiscal agent	8,127,041	5,197,472	(6,261,858)	7,062,655
Land held for resale	678,979	-	-	678,979
Accounts receivable	13,647	79,578	(13,647)	79,578
Other receivables	170,574	17,373	(187,947)	-
<b>Total assets</b>	<b>\$ 22,739,699</b>	<b>\$ 20,540,026</b>	<b>\$ (16,056,556)</b>	<b>\$ 27,223,169</b>
<b>Liabilities:</b>				
Accounts payable	\$ 50,136	\$ 1,382,382	\$ (1,328,985)	\$ 103,533
Due to other governments	678,979	-	-	678,979
Cash overdrafts	1,480	2,304	(1,480)	2,304
Deposits	22,009,104	13,971,574	(9,542,325)	26,438,353
<b>Total liabilities</b>	<b>\$ 22,739,699</b>	<b>\$ 15,356,260</b>	<b>\$ (10,872,790)</b>	<b>\$ 27,223,169</b>

**Human Services Fund**

## ***Human Services Fund***

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

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

***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 and local grant monies received under the Older Americans Act. Case management services are provided to enable functionally impaired older persons to age in place.

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

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

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

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

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

***Family Resource Center*** – This fund accounts for monies received from leases and service contracts at the Family Resource Center. This revenue is used for maintenance, operating and program costs of the center.

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

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

## Human Services Fund

---

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

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

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

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

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

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

*This page intentionally left blank*

## Human Services Fund

---

### City of Fremont Supplemental Information Summary of Human Services Fund Balance Sheet June 30, 2017

(With comparative totals for June 30, 2016)

---

	Community Development Block Grant	SHP Grant	Older Americans Grant
<b>ASSETS</b>			
Cash and investments held by City	\$ -	\$ -	\$ -
Receivables:			
Due from other governmental agencies	191,829	-	7,692
Housing loans receivable, net	1,272,056	-	-
Accounts receivable	-	-	-
<b>Total assets</b>	<b>\$ 1,463,885</b>	<b>\$ -</b>	<b>\$ 7,692</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 116,018	\$ -	\$ -
Salaries and wages payable	-	-	-
Due to other funds	75,811	-	7,692
<b>Total liabilities</b>	<b>191,829</b>	<b>-</b>	<b>7,692</b>
<b>Deferred inflows of resources-unavailable revenue</b>	<b>1,272,056</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>			
Restricted for social service programs	-	-	-
Committed for social service programs	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 1,463,885</b>	<b>\$ -</b>	<b>\$ 7,692</b>

**Human Services Fund**

Tri-City Elders & Eden Housing	Senior Center	Multipurpose Senior Services Program	Area Agency on Aging	Alameda Behavioral Health Care	Family Resource Center	Family Resource Center Corporation
\$ 33,714	\$ 414,360	\$ -	\$ -	\$ -	\$ 1,589,665	\$ 263,319
26,001	-	69,972	21,276	84,385	201,249	10,759
-	-	-	-	-	-	-
-	-	-	-	-	-	5,847
<u>\$ 59,715</u>	<u>\$ 414,360</u>	<u>\$ 69,972</u>	<u>\$ 21,276</u>	<u>\$ 84,385</u>	<u>\$ 1,790,914</u>	<u>\$ 279,925</u>
\$ 5,830	\$ 5,200	\$ 989	\$ -	\$ 194	\$ 7,673	\$ 3,862
-	10,333	-	-	-	31,663	-
-	-	68,983	21,276	84,191	-	-
<u>5,830</u>	<u>15,533</u>	<u>69,972</u>	<u>21,276</u>	<u>84,385</u>	<u>39,336</u>	<u>3,862</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
53,885	-	-	-	-	1,751,578	276,063
-	398,827	-	-	-	-	-
<u>53,885</u>	<u>398,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,751,578</u>	<u>276,063</u>
<u>\$ 59,715</u>	<u>\$ 414,360</u>	<u>\$ 69,972</u>	<u>\$ 21,276</u>	<u>\$ 84,385</u>	<u>\$ 1,790,914</u>	<u>\$ 279,925</u>

(Continued)

## Human Services Fund

### City of Fremont Supplemental Information Summary of Human Services Fund Balance Sheet *(continued)* June 30, 2017

(With comparative totals for June 30, 2016)

	Youth Service Center	Every Child Counts Grant	Measure B & BB Para-Transit
<b>ASSETS</b>			
Cash and investments held by City	\$ -	\$ 635,077	\$ 986,228
Receivables:			
Due from other governmental agencies	96,149	158,533	516,719
Housing loans receivable, net	-	-	-
Accounts receivable	-	-	-
<b>Total assets</b>	<b>\$ 96,149</b>	<b>\$ 793,610</b>	<b>\$ 1,502,947</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 165	\$ 106,407
Salaries and wages payable	-	-	611
Due to other funds	96,149	-	-
<b>Total liabilities</b>	<b>96,149</b>	<b>165</b>	<b>107,018</b>
<b>Deferred inflows of resources-unavailable revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>			
Restricted for social service programs	-	793,445	1,395,929
Committed for social service programs	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>793,445</b>	<b>1,395,929</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 96,149</b>	<b>\$ 793,610</b>	<b>\$ 1,502,947</b>

## Human Services Fund

Medi-Cal Administrative Activities	Targeted Case Management	Community Donations	Human Services Operating	Total Summary of Human Services Fund	
				2017	2016
\$ 322,192	\$ 363,258	\$ 221,176	\$ 981,209	\$ 5,810,198	\$ 6,924,516
-	673,863	-	16,274	2,074,701	2,287,629
-	-	-	-	1,272,056	1,447,990
-	-	34,198	133,146	173,191	13,589
<u>\$ 322,192</u>	<u>\$ 1,037,121</u>	<u>\$ 255,374</u>	<u>\$ 1,130,629</u>	<u>\$ 9,330,146</u>	<u>\$ 10,673,724</u>
\$ 1,500	\$ 5,472	\$ 1,915	\$ 135,885	\$ 391,110	\$ 477,478
-	-	-	64,560	107,167	365,005
-	-	-	-	354,102	742,811
<u>1,500</u>	<u>5,472</u>	<u>1,915</u>	<u>200,445</u>	<u>852,379</u>	<u>1,585,294</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,272,056</u>	<u>1,710,990</u>
320,692	1,031,649	253,459	-	5,876,700	6,224,126
-	-	-	930,184	1,329,011	1,153,314
<u>320,692</u>	<u>1,031,649</u>	<u>253,459</u>	<u>930,184</u>	<u>7,205,711</u>	<u>7,377,440</u>
<u>\$ 322,192</u>	<u>\$ 1,037,121</u>	<u>\$ 255,374</u>	<u>\$ 1,130,629</u>	<u>\$ 9,330,146</u>	<u>\$ 10,673,724</u>

(Concluded)

## Human Services Fund

### City of Fremont

#### Supplemental Information

#### Summary of Human Services Fund Revenues, Expenditures, and Changes in Fund Balance For the fiscal year ended June 30, 2017

(With comparative totals for the fiscal year ended June 30, 2016)

	Community Development Block Grant	SHP Grant	Older Americans Grant	Tri-City Elders & Eden Housing
<b>REVENUES:</b>				
Intergovernmental	\$ 863,872	\$ -	\$ 66,577	\$ 7,000
Charges for services	-	-	-	13,310
Investment earnings	-	-	-	889
Other	279,311	-	-	186,545
<b>Total revenues</b>	<b>1,143,183</b>	<b>-</b>	<b>66,577</b>	<b>207,744</b>
<b>EXPENDITURES:</b>				
Current:				
Human services	285,172	-	66,577	206,906
Community development and environmental services	1,303,242	-	-	-
Capital outlay	9,929	-	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>1,598,343</b>	<b>-</b>	<b>66,577</b>	<b>206,906</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(455,160)</b>	<b>-</b>	<b>-</b>	<b>838</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	553,000	-	-	-
Transfers out	(97,840)	-	-	(9,984)
<b>Total other financing sources (uses)</b>	<b>455,160</b>	<b>-</b>	<b>-</b>	<b>(9,984)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,146)</b>
<b>FUND BALANCES:</b>				
Beginning of year	-	-	-	63,031
End of year	\$ -	\$ -	\$ -	\$ 53,885

**Human Services Fund**

Senior Center	Multipurpose Senior Services Program	Area Agency on Aging	Alameda Behavioral Health Care	Family Resource Center	Family Resource Center Corporation
\$ -	\$ 209,965	\$ 168,979	\$ 708,092	\$ 170,986	\$ -
184,834	-	-	21,919	1,063,285	-
-	-	-	-	20,302	3,677
128,058	-	345	-	250,771	440,165
<u>312,892</u>	<u>209,965</u>	<u>169,324</u>	<u>730,011</u>	<u>1,505,344</u>	<u>443,842</u>
737,514	209,965	169,324	670,121	837,647	337,787
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	49,533	-
<u>737,514</u>	<u>209,965</u>	<u>169,324</u>	<u>670,121</u>	<u>887,180</u>	<u>337,787</u>
(424,622)	-	-	59,890	618,164	106,055
476,422	-	-	-	90,000	-
-	-	-	(59,890)	(2,027,389)	(15,311)
<u>476,422</u>	<u>-</u>	<u>-</u>	<u>(59,890)</u>	<u>(1,937,389)</u>	<u>(15,311)</u>
51,800	-	-	-	(1,319,225)	90,744
<u>347,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,070,803</u>	<u>185,319</u>
<u>\$ 398,827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,751,578</u>	<u>\$ 276,063</u>

(Continued)

## Human Services Fund

### City of Fremont

#### Supplemental Information *(continued)*

#### Summary of Human Services Fund Revenues, Expenditures, and Changes in Fund Balance For the fiscal year ended June 30, 2017

(With comparative totals for the fiscal year ended June 30, 2016)

	Youth Service Center	Every Child Counts Grant	Measure B & BB Para-Transit	Medi-Cal Administrative Activities
<b>REVENUES:</b>				
Intergovernmental	\$ 410,094	\$ 1,172,613	\$ 2,050,437	\$ 445,696
Charges for services	-	-	88,771	-
Investment earnings	-	-	14,403	3,965
Other	-	-	7,600	-
<b>Total revenues</b>	<b>410,094</b>	<b>1,172,613</b>	<b>2,161,211</b>	<b>449,661</b>
<b>EXPENDITURES:</b>				
Current:				
Human services	410,094	881,543	1,606,025	386,177
Community development and environmental services	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>410,094</b>	<b>881,543</b>	<b>1,606,025</b>	<b>386,177</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>291,070</b>	<b>555,186</b>	<b>63,484</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	(94,496)	(96,673)	(39,400)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(94,496)</b>	<b>(96,673)</b>	<b>(39,400)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>196,574</b>	<b>458,513</b>	<b>24,084</b>
<b>FUND BALANCES:</b>				
Beginning of year	-	596,871	937,416	296,608
End of year	\$ -	\$ 793,445	\$ 1,395,929	\$ 320,692

## Human Services Fund

Targeted Case Management	Community Donations	Human Services Operating	Intrafund elimination	Fund Revenues, Expenditures, and Changes in Fund Balances	
				2017	2016
\$ 673,863	\$ 60,750	\$ -	\$ -	\$ 7,008,924	\$ 7,129,170
-	-	586,396	-	1,958,515	1,674,590
-	-	(1,747)	-	41,489	72,648
-	91,806	6,175	-	1,390,776	927,207
<u>673,863</u>	<u>152,556</u>	<u>590,824</u>	<u>-</u>	<u>10,399,704</u>	<u>9,803,615</u>
442,078	133,787	4,217,172	-	11,597,889	11,219,010
-	-	-	-	1,303,242	1,246,393
-	-	-	-	9,929	-
-	-	-	-	49,533	47,366
<u>442,078</u>	<u>133,787</u>	<u>4,217,172</u>	<u>-</u>	<u>12,960,593</u>	<u>12,512,769</u>
<u>231,785</u>	<u>18,769</u>	<u>(3,626,348)</u>	<u>-</u>	<u>(2,560,889)</u>	<u>(2,709,154)</u>
-	-	4,011,917	(90,000)	5,041,339	4,371,484
<u>(39,524)</u>	<u>-</u>	<u>(261,672)</u>	<u>90,000</u>	<u>(2,652,179)</u>	<u>(1,322,266)</u>
<u>(39,524)</u>	<u>-</u>	<u>3,750,245</u>	<u>-</u>	<u>2,389,160</u>	<u>3,049,218</u>
192,261	18,769	123,897	-	(171,729)	340,064
<u>839,388</u>	<u>234,690</u>	<u>806,287</u>	<u>-</u>	<u>7,377,440</u>	<u>7,037,376</u>
<u>\$ 1,031,649</u>	<u>\$ 253,459</u>	<u>\$ 930,184</u>	<u>\$ -</u>	<u>\$ 7,205,711</u>	<u>\$ 7,377,440</u>

(Concluded)

*This page intentionally left blank*

# 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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b>	168
These schedules contain trend information to help the reader understand how the City's financial performance and fiscal well-being have changed over time.	
<b>Revenue Capacity</b>	176
These schedules contain information to help the reader assess the factors affecting the City's ability to generate property tax.	
<b>Debt Capacity</b>	180
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.	
<b>Demographic and Economic Information</b>	184
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.	
<b>Operating Information</b>	188
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

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

**Statistical Section**

---

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

---

	2007/08	2008/09	2009/10 <sup>(1)</sup>	2010/11 <sup>(1)</sup>
Governmental activities				
Net investment in capital assets	\$ 597,016,241	\$ 617,287,566	\$ 682,627,226	\$ 685,667,798
Restricted	262,457,732	258,314,734	194,716,786	204,033,227
Unrestricted	43,467,426	39,138,468	42,803,743	38,008,379
Total primary government net position	\$ 902,941,399	\$ 914,740,768	\$ 920,147,755	\$ 927,709,404

---

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) The City implemented GASB Statement No. 68 in FY 2014/15; unrestricted net position for FY 2014/15 and subsequent years includes the impact of the net pension liability.

Schedule 1

2011/12	2012/13 <sup>(2)</sup>	2013/14	2014/15 <sup>(3)</sup>	2015/16	2016/17
\$ 691,660,486	\$ 705,897,097	\$ 711,439,311	\$ 727,727,677	\$ 734,700,673	\$ 750,501,959
117,039,150	127,702,933	128,637,828	137,108,141	149,630,295	185,639,661
59,650,042	52,010,409	56,054,426	(230,307,996)	(190,955,946)	(190,949,871)
\$ 868,349,678	\$ 885,610,439	\$ 896,131,565	\$ 634,527,822	\$ 693,375,022	\$ 745,191,749

## Statistical Section

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

Expenses	2007/08	2008/09	2009/10 <sup>(1)</sup>	2010/11
Governmental activities:				
General government	\$ 13,070,910	\$ 13,767,479	\$ 11,430,814	\$ 11,971,463
Police services	54,340,131	55,686,039	55,616,399	54,925,765
Fire services	31,949,301	34,614,856	33,959,301	34,482,857
Human services	8,570,232	8,543,626	8,939,110	8,908,446
Capital assets maintenance and operations	45,347,610	38,893,562	46,719,842	42,075,801
Recreation and leisure services	6,248,438	6,929,936	6,868,067	6,731,068
Community development and environmental services	39,566,083	42,224,384	52,910,594	45,447,180
Intergovernmental	-	12,740,670	-	-
Interest on debt	9,884,311	9,616,078	4,284,166	6,373,866
Total primary government expenses	208,977,016	223,016,630	220,728,293	210,916,446
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	1,489,409	1,686,609	916,917	1,000,218
Police services	4,863,088	5,202,320	4,386,919	4,200,213
Fire services	2,707,187	2,810,650	2,909,491	2,819,447
Human services	1,775,799	2,069,671	1,864,397	1,563,341
Capital assets maintenance and operations	1,731,401	1,759,999	2,051,575	2,901,266
Recreation and leisure services	4,028,541	4,604,871	5,480,873	5,540,566
Community development and environmental services	16,404,617	14,598,875	15,953,963	12,755,944
Operating grants and contributions	25,380,774	22,954,564	22,854,182	20,877,645
Capital grants and contributions	42,217,560	14,611,426	15,359,351	7,492,536
Total primary government program revenues	100,598,376	70,298,985	71,777,668	59,151,176
<b>Net (Expense)/Revenue</b>				
Total primary government net expense	(108,378,640)	(152,717,645)	(148,950,625)	(151,765,270)
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes				
Property tax	98,144,859	103,503,472	102,848,091	100,080,165
Sales tax	35,583,842	31,631,408	26,769,511	30,089,204
Business taxes	7,508,481	7,009,869	7,106,402	6,820,327
Transient occupancy tax	3,181,302	2,864,442	2,866,987	3,475,913
Property transfer tax	1,092,279	840,065	975,982	1,031,249
Franchise fees	7,953,642	8,328,847	7,928,716	8,215,061
Investment earnings(loss)	17,425,422	8,981,569	6,358,774	4,296,980
Gain on sale of capital assets	-	-	-	-
Miscellaneous	4,340,803	4,257,342	9,027,871	5,318,020
Total primary government general revenues and other changes in net position	175,230,630	167,417,014	163,882,334	159,326,919
Pollution remediation obligation	-	(2,900,000)	475,000	-
Extraordinary loss	-	-	-	-
Total primary government change in net position	\$ 66,851,990	\$ 11,799,369	\$ 15,406,709	\$ 7,561,649

#### 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

	2011/12	2012/13 <sup>(2)</sup>	2013/14	2014/15	2015/16	2016/17
\$	10,747,362	\$ 12,306,781	\$ 12,963,908	\$ 13,900,314	\$ 13,604,679	\$ 15,491,087
	54,904,248	56,697,425	60,187,955	62,265,880	64,837,566	73,201,163
	35,276,141	35,696,189	37,797,969	38,969,266	42,310,730	46,108,174
	9,187,754	9,461,291	9,973,326	10,418,215	10,619,068	11,477,446
	56,293,833	48,651,872	55,110,254	57,971,103	67,776,490	66,390,001
	7,240,833	7,797,737	8,428,819	8,397,409	8,186,587	9,059,389
	18,982,320	16,868,885	21,263,989	20,092,103	23,600,633	25,368,797
	-	-	-	1,990,040	-	-
	6,101,394	5,107,813	4,839,848	3,896,781	3,828,360	4,682,803
	198,733,885	192,587,993	210,566,068	217,901,111	234,764,113	251,778,860
	835,913	822,395	837,196	1,152,052	1,666,658	2,098,539
	4,063,168	4,291,487	4,505,971	4,528,822	4,175,223	4,021,692
	2,825,041	2,801,995	2,793,384	2,845,539	2,804,753	2,816,131
	1,518,996	2,384,329	2,890,542	1,899,386	2,093,782	2,326,619
	4,632,786	2,931,189	2,290,082	2,325,489	2,152,983	1,801,264
	5,981,911	6,253,791	6,929,386	7,633,759	8,260,807	8,015,373
	14,213,061	15,623,890	18,096,122	24,225,397	32,185,970	56,119,438
	28,521,019	20,783,010	16,288,849	14,033,697	14,169,917	13,361,747
	11,564,087	15,478,715	21,109,773	19,065,618	27,856,531	31,754,006
	74,155,982	71,370,801	75,741,305	77,709,759	95,366,624	122,314,809
	(124,577,903)	(121,217,192)	(134,824,763)	(140,191,352)	(139,397,489)	(129,464,051)
	81,383,794	77,314,901	72,130,472	79,611,885	82,484,888	89,916,085
	33,065,829	34,404,123	38,862,070	40,743,875	48,580,024	49,535,813
	7,495,975	7,368,022	7,828,030	9,420,130	10,125,832	12,620,629
	4,132,665	4,871,866	6,155,212	7,181,438	8,086,529	8,390,862
	861,352	1,202,361	1,494,656	1,758,406	1,800,905	1,916,237
	8,255,221	8,470,739	8,924,582	9,298,688	9,605,547	10,320,411
	2,289,171	(453,486)	1,957,784	1,764,197	4,659,270	801,454
	-	-	-	15,985,118	22,934,023	172,005
	5,239,731	7,813,719	7,993,083	9,562,197	9,967,671	7,607,282
	142,723,738	140,992,245	145,345,889	175,325,934	198,244,689	181,280,778
	-	-	-	-	-	-
	(77,505,561)	-	-	-	-	-
\$	(59,359,726)	\$ 19,775,053	\$ 10,521,126	\$ 35,134,582	\$ 58,847,200	\$ 51,816,727

**Statistical Section**

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

	2007/08	2008/09	2009/10 <sup>(1,2)</sup>	2010/11 <sup>(2)</sup>
<b>General Fund</b>				
Nonspendable:				
Long term loans receivable	\$ -	\$ -	\$ -	\$ -
Prepaid assets	-	-	10,335	10,827
Assigned for:				
Encumbrances	-	-	-	-
Unassigned	-	-	28,890,327	28,050,777
Reserved	202,890	386,227	-	-
Unreserved	35,524,862	30,713,126	-	-
<b>Total general fund</b>	<b>\$ 35,727,752</b>	<b>\$ 31,099,353</b>	<b>\$ 28,900,662</b>	<b>\$ 28,061,604</b>
<b>All Other Governmental Funds</b>				
Nonspendable:				
Prepaid assets	\$ -	\$ -	\$ 3,764,808	\$ (10,827)
Restricted For:				
Social service programs	-	-	6,430,993	9,820,703
Debt service	-	-	7,100,039	3,055,835
Public safety	-	-	7,043,810	3,275,314
Street improvements	-	-	25,516,365	28,169,721
Community development	-	-	141,502,159	79,059,198
Other purposes	-	-	774,382	498,172
Committed for:				
Social service programs	-	-	184,559	7,002,800
Recreation programs	-	-	3,986,842	6,291,555
Assigned for:				
Vehicle replacement	-	-	4,578,109	4,240,492
Other capital projects	-	-	18,244,729	36,690,483
Unassigned	-	-	-	-
Reserved	71,138,649	48,982,849	-	-
Unreserved, designated for:				
Special revenue funds	55,781,769	47,612,657	-	-
Capital projects fund	153,637,169	175,423,906	-	-
Unreserved, undesignated for:				
Special revenue funds	(528,661)	(490,498)	-	-
<b>Total all other governmental funds</b>	<b>\$ 268,284,736</b>	<b>\$ 268,382,353</b>	<b>\$ 219,126,795</b>	<b>\$ 178,093,446</b>

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

2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
\$ -	\$ -	\$ 314,556	\$ -	\$ -	\$ -
-	-	-	2,173,335	2,193,530	-
-	-	1,010,793	1,833,795	644,427	976,914
31,002,006	31,310,309	29,819,191	37,240,565	36,288,656	38,674,653
-	-	-	-	-	-
-	-	-	-	-	-
<b>\$ 31,002,006</b>	<b>\$ 31,310,309</b>	<b>\$ 31,144,540</b>	<b>\$ 41,247,695</b>	<b>\$ 39,126,613</b>	<b>\$ 39,651,567</b>
\$ -	\$ -	\$ -	\$ -	\$ 242,699	\$ -
6,299,201	11,707,520	9,820,703	9,038,913	10,942,559	11,800,584
4,273,390	4,251,981	3,055,835	4,460,258	4,390,396	4,436,594
8,475,758	4,958,094	3,275,314	2,892,597	3,384,148	1,306,807
29,640,961	27,807,373	28,169,721	16,882,384	28,949,426	18,067,746
69,628,179	72,719,309	79,059,198	102,427,173	111,384,135	155,281,602
566,102	544,412	498,172	267,364	23,961	23,961
3,976,129	1,897,039	7,002,800	6,637,434	7,605,287	8,471,898
4,983,869	5,563,377	6,291,555	7,269,011	7,436,031	7,848,770
3,842,513	3,702,187	3,407,645	2,708,119	2,355,508	-
30,058,124	35,550,435	36,690,483	41,638,392	67,965,564	61,382,193
-	(134,557)	(42,547)	(140,281)	(1,409,021)	(1,087,501)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<b>\$ 161,744,226</b>	<b>\$ 168,567,170</b>	<b>\$ 177,228,879</b>	<b>\$ 194,081,364</b>	<b>\$ 243,270,693</b>	<b>\$ 267,532,654</b>

**Statistical Section**

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

<b>Revenues</b>	<b>2007/08</b>	<b>2008/09</b>	<b>2009/10</b>	<b>2010/11</b>
Taxes:				
Property tax	\$ 98,144,859	\$ 103,503,472	\$ 102,848,091	\$ 100,080,165
Sales tax	35,583,842	31,631,408	26,769,511	30,089,204
Business taxes	7,508,481	7,009,869	7,106,402	6,820,327
Transient occupancy tax	3,181,302	2,864,442	2,866,987	3,475,913
Property transfer tax	1,092,279	840,065	975,982	1,031,249
Total taxes	145,510,763	145,849,256	140,566,973	141,496,858
Development impact fees	11,012,026	4,104,115	6,976,919	6,790,105
Franchise fees	7,953,642	8,328,847	7,928,716	8,215,061
Charges for services	31,599,774	30,910,844	31,553,854	30,763,760
Investment earnings	16,955,191	8,760,151	7,325,832	4,062,605
Intergovernmental	53,302,214	33,371,140	31,344,757	22,333,769
Other revenues	3,980,839	3,460,782	8,326,595	4,259,458
Total revenues	270,314,449	234,785,135	234,023,646	217,921,616
<b>Expenditures</b>				
General government	12,628,762	11,711,458	11,126,970	11,626,724
Police services	52,837,739	54,573,391	53,798,999	53,438,082
Fire services	30,364,662	32,710,995	31,471,578	32,088,475
Human services	8,565,647	8,582,926	8,929,839	8,937,090
Capital assets maintenance and operations	42,341,852	39,069,515	40,386,402	37,741,086
Recreation and leisure services	6,188,443	6,876,778	6,720,593	6,509,957
Community development and environmental services	29,316,813	42,360,414	28,393,990	30,765,728
Intergovernmental	10,170,059	12,753,545	26,182,316	16,404,213
Capital outlay	57,959,324	39,318,636	41,936,766	24,358,920
Debt service:				
Principal	10,300,000	20,390,000	8,130,000	4,680,000
Interest and fiscal charges	8,186,907	10,235,890	7,021,913	6,730,327
Payment to refunding escrow	-	-	-	-
Total expenditures	268,860,208	278,583,548	264,099,366	233,280,602
Excess of revenues over (under) expenditures	1,454,241	(43,798,413)	(30,075,720)	(15,358,986)
<b>Other Financing Sources (Uses)</b>				
Debt issuance	-	92,360,000	-	15,000,000
Premium on debt issue	-	353,665	-	-
Payment to escrow agent	-	(57,815,000)	(22,085,000)	-
Proceeds from HELP Loan	-	1,500,000	-	-
Proceeds from sale of capital assets	-	-	-	4,372,117
Transfers in	124,375,710	71,731,048	51,893,739	48,045,240
Transfers out	(123,829,663)	(71,155,437)	(51,187,268)	(47,269,403)
Total other financing sources (uses)	546,047	36,974,276	(21,378,529)	20,147,954
Extraordinary gain (loss)	-	-	-	-
Net change in fund balances	\$ 2,000,288	\$ (6,824,137)	\$ (51,454,249)	\$ 4,788,968
Debt service as a percentage of noncapital expenditures	8.8%	12.8%	6.8%	5.5%

Schedule 4

2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
\$ 81,383,794	\$ 77,314,901	\$ 72,130,472	\$ 79,611,885	\$ 82,484,888	\$ 89,916,085
33,065,829	34,404,123	38,862,070	40,743,875	48,580,024	49,535,813
7,495,975	7,368,022	7,828,030	9,420,130	10,125,832	12,620,629
4,132,665	4,871,866	6,155,212	7,181,438	8,086,529	8,390,862
861,352	1,202,361	1,494,656	1,758,406	1,800,905	1,916,237
126,939,615	125,161,273	126,470,440	138,715,734	151,078,178	162,379,626
6,193,879	7,371,151	8,262,911	6,966,643	11,792,744	18,628,880
8,255,221	8,470,739	8,924,582	9,298,688	9,605,547	10,320,411
33,500,728	34,880,896	37,815,036	47,547,582	55,183,568	77,974,788
2,056,182	(411,290)	1,795,130	1,625,206	4,261,090	753,237
33,418,008	28,525,586	27,054,592	26,077,980	29,557,304	26,579,029
4,790,435	7,670,743	7,940,974	9,419,190	9,863,178	7,483,894
215,154,068	211,669,098	218,263,665	239,651,023	271,341,609	304,119,865
10,326,841	11,705,622	12,325,158	13,687,288	14,534,805	15,620,852
53,386,351	52,983,058	56,526,938	60,977,009	67,907,604	71,333,981
32,968,266	32,028,985	34,122,657	37,123,963	43,597,692	44,524,281
9,132,699	9,289,812	9,835,921	10,523,242	11,388,813	11,767,260
52,839,416	44,241,372	49,542,065	54,164,969	60,687,792	64,558,439
6,904,449	6,984,149	7,546,990	7,847,547	8,318,171	8,902,312
19,250,687	19,145,502	18,912,045	19,033,162	24,997,659	26,412,682
-	-	-	1,990,040	-	-
11,413,444	19,490,281	9,929,862	17,756,829	15,742,759	19,689,002
4,890,000	5,430,000	5,435,000	6,105,000	6,290,000	6,515,000
6,672,770	4,957,514	5,054,471	4,055,742	3,941,681	4,659,251
2,844,665	-	-	-	-	1,150,000
210,629,588	206,256,295	209,231,107	233,264,791	257,406,976	275,133,060
4,524,480	5,412,803	9,032,558	6,386,232	13,934,633	28,986,805
53,280,000	-	22,005,000	-	9,100,000	85,205,000
1,272,726	-	726,480	-	-	-
(53,245,335)	-	(22,145,000)	-	-	(85,205,000)
-	-	-	-	-	-
60,449	218,444	1,202,251	19,244,059	24,033,614	130,001
37,006,086	36,398,411	35,667,820	37,855,620	37,094,464	37,422,956
(37,006,086)	(34,898,411)	(36,667,820)	(37,855,620)	(37,094,464)	(41,752,847)
1,367,840	1,718,444	788,731	19,244,059	33,133,614	(4,199,890)
(64,462,513)	-	-	-	-	-
\$ (58,570,193)	\$ 7,131,247	\$ 9,821,289	\$ 25,630,291	\$ 47,068,247	\$ 24,786,915
7.2%	5.6%	5.3%	4.7%	4.2%	4.8%

**Statistical Section**

**City of Fremont**

**Assessed Value and Actual Value of Taxable Property**

**Schedule 5**

**Last Ten Fiscal Years**

*in thousands of dollars*

(Unaudited)

<b>Fiscal Year</b>	<b>Secured</b>	<b>Unsecured</b>	<b>Less Exemptions</b>	<b>Public Utilities</b>	<b>Taxable Assessed Value<sup>(1)</sup></b>	<b>Direct Rate<sup>(2)</sup></b>
2008	\$ 30,946,443	\$ 2,063,841	\$ (732,041)	\$ 3,271	\$ 32,281,514	-
2009	32,521,734	2,185,774	(753,714)	3,090	33,956,884	-
2010	32,197,081	2,445,549	(809,531)	3,090	33,836,189	-
2011	32,096,417	2,550,780	(841,788)	3,093	33,808,502	-
2012	31,689,717	2,435,867	(835,287)	3,093	33,293,390	0.1573%
2013	32,152,556	2,461,490	(833,858)	67,380	33,847,568	0.1569%
2014	33,986,979	2,299,499	(826,210)	59,209	35,519,477	0.1527%
2015	36,409,171	2,284,533	(888,111)	52,259	37,857,852	0.1598%
2016	39,250,284	2,348,141	(849,704)	52,259	40,800,980	0.1505%
2017	43,064,886	2,215,574	(850,961)	3,444	44,432,943	0.1504%

Notes:

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

Sources: Alameda County Assessor; Alameda County Auditor-Controller

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

**Schedule 6**

Fiscal Year Ended June 30,	City Direct Rate			Overlapping Rates			Total Direct and Overlapping Rate
	City <sup>(1)</sup>	General	Total Direct Rate	County	School District	Special Districts	
		Obligation Debt Service					
2007	-	0.0044%	0.0044%	1.0000%	0.0520%	0.0246%	1.0810%
2008	-	0.0042%	0.0042%	1.0000%	0.0610%	0.0402%	1.1054%
2009	-	0.0079%	0.0079%	1.0000%	0.0594%	0.0453%	1.1126%
2010	-	0.0107%	0.0107%	1.0000%	0.0622%	0.0293%	1.1022%
2011	-	0.0095%	0.0095%	1.0000%	0.0540%	0.0374%	1.1009%
2012	0.1475%	0.0098%	0.1573%	0.8525%	0.0844%	0.0375%	1.1317%
2013	0.1475%	0.0094%	0.1569%	0.8525%	0.0803%	0.0344%	1.1241%
2014	0.1475%	0.0052%	0.1527%	0.8525%	0.0706%	0.0510%	1.1268%
2015	0.1475%	0.0123%	0.1598%	0.8525%	0.1270%	0.0394%	1.1787%
2016	0.1434%	0.0071%	0.1505%	0.8566%	0.1188%	0.0481%	1.1740%
2017	0.1434%	0.0070%	0.1504%	0.8566%	0.1178%	0.0448%	1.1696%

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

Statistical Section

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

**Schedule 7**

Tax Payer	2017			2008		
	Total Assessed Value	Rank	% of Total City Taxable Assessed Value	Total Assessed Value	Rank	% of Total City Taxable Assessed Value
Tesla Motors Inc	\$ 1,594,813	1	3.59%	\$ -	-	-
Western Digital (Fremont) LLC	391,071	2	0.88%	-	-	-
Hart Pacific Commons LLC	324,787	3	0.73%	-	-	-
LAM Research Corporation	293,941	4	0.66%	-	-	-
BRE Properties, Inc.	240,772	5	0.54%	-	-	-
John T. Arrillaga & Richard T. Peery	218,741	6	0.49%	186,815	4	0.58%
Essex Briarwood L P	199,615	7	0.45%	-	-	-
Seagate Technology LLC	195,133	8	0.44%	-	-	-
SCI LP I	178,154	9	0.40%	205,690	3	0.64%
Lennar Homes CA Inc	171,905	10	0.39%	-	-	-
New United Motors Manufacturing, Inc.	-	-	-	969,230	1	3.00%
Catellus Development Corporation	-	-	-	505,979	2	1.57%
Ardenwood Corporate Park Associates	-	-	-	167,581	5	0.52%
Jer Bayside LLD	-	-	-	74,726	6	0.23%
Selco Service Corporation	-	-	-	71,400	8	0.22%
Jer BTP II LLC	-	-	-	72,486	7	0.22%
Legacy Partners I Fremont LLC	-	-	-	61,200	9	0.19%
PSB Northern California Industrial Portfolio LLC	-	-	-	59,979	10	0.19%
<b>Total</b>	<b>\$ 3,808,932</b>		<b>8.57%</b>	<b>\$ 1,982,581</b>		<b>5.95%</b>

Source: Alameda County Assessor

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

Schedule 8

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year <sup>(1)</sup>	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections <sup>(3)</sup>
		Amount Collected <sup>(2)</sup>	Percentage of Levy	
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
2016	59,079,814	58,251,685	98.60%	771,520
2017	64,204,230	63,549,026	98.98%	670,439

Notes:

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

Source: Alameda County Auditor-Controller

**Statistical Section**

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

**Schedule 9**

*in thousands of dollars, except per capita*

(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities <sup>(1)</sup>			Total Outstanding Debt	Percentage of Taxable Assessed Value <sup>(2)</sup>	Percentage of Personal Income <sup>(3)</sup>	Debt Per Capita <sup>(4)</sup>
	General Obligation Bonds	Redevelop- ment Bonds	General Fund Lease Obligations				
2008	\$ 34,608	\$ 41,946	\$ 126,459	\$ 203,013	0.63%	2.60%	\$ 970
2009	49,627	26,213	140,510	216,350	0.64%	2.74%	1,023
2010	48,639	-	137,014	185,653	0.55%	2.41%	867
2011	47,607	-	148,393	196,000	0.58%	2.44%	910
2012	47,503	-	142,739	190,242	0.57%	2.30%	875
2013	46,220	-	138,503	184,723	0.55%	1.93%	839
2014	45,497	-	134,257	179,754	0.51%	1.98%	802
2015	44,095	-	129,431	173,526	0.46%	1.75%	762
2016	42,647	-	133,565	176,212	0.43%	1.64%	768
2017	41,145	-	127,281	168,426	0.38%	1.55%	727

Notes:

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

**City of Fremont**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

**Schedule 10**

*in thousands of dollars, except per capita*

(Unaudited)

Fiscal Year Ended June 30,	General Bonded Debt Outstanding <sup>(1)</sup>				Percentage of Taxable Assessed Value <sup>(3)</sup>	Debt Per Capita <sup>(4)</sup>
	General Obligation Bonds	Redevelop- ment Bonds	Less Amounts Available in Debt Service Fund <sup>(2)</sup>	Total		
2008	\$ 34,608	\$ 41,946	\$ 789	\$ 75,765	0.23%	\$ 362
2009	49,627	26,213	1,763	74,077	0.22%	350
2010	48,639	-	2,391	46,248	0.14%	216
2011	47,607	-	2,382	45,225	0.13%	210
2012	47,503	-	2,407	45,096	0.14%	207
2013	46,220	-	2,420	43,800	0.13%	199
2014	45,497	-	1,235	44,262	0.12%	197
2015	44,095	-	2,643	41,452	0.11%	182
2016	42,647	-	2,586	40,061	0.10%	175
2017	41,145	-	2,626	38,519	0.09%	166

Notes:

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

Statistical Section

**City of Fremont**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2017**  
(Unaudited)

**Schedule 11**

Overlapping Government Unit <sup>(1)</sup>	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
Bay Area Rapid Transit District	\$ 891,135,000	6.918%	\$ 61,648,719
Chabot-Las Positas Community College District	536,465,000	0.007%	37,553
Ohlone Community College District	398,133,400	83.787%	333,584,032
Fremont Unified School District	389,320,000	100.000%	389,320,000
City of Fremont Community Facilities District No. 1	79,450,000	100.000%	79,450,000
Washington Township Healthcare District	333,525,000	70.607%	235,491,997
East Bay Regional Park District	123,590,000	10.671%	13,188,289
Alameda County General Fund Obligations	856,742,500	17.590%	150,701,006
Alameda County Pension Obligations	27,719,489	17.590%	4,875,858
Alameda-Contra Costa Transit District Certificates of Participation	17,625,000	20.832%	3,671,640
Fremont Unified School District Certificates of Participation	65,985,000	100.000%	65,985,000
Subtotal, overlapping debt			1,337,954,094
<b>City of Fremont, direct debt</b>			<b>167,020,000</b>
<b>Total direct and overlapping debt</b>			<b>\$ 1,504,974,094</b>

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**  
**Last Ten Fiscal Years**  
*in millions of dollars*  
(Unaudited)

**Schedule 12**

	Fiscal Year Ended June 30,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt limit	\$ 1,211	\$ 1,273	\$ 1,269	\$ 1,268	\$ 1,249	\$ 1,269	\$ 1,332	\$ 1,420	\$ 1,530	\$ 1,666
Debt applicable to limit <sup>(1)</sup>	35	50	49	48	48	46	45	44	43	41
Legal debt margin	<u>\$ 1,176</u>	<u>\$ 1,223</u>	<u>\$ 1,220</u>	<u>\$ 1,220</u>	<u>\$ 1,201</u>	<u>\$ 1,223</u>	<u>\$ 1,287</u>	<u>\$ 1,376</u>	<u>\$ 1,487</u>	<u>\$ 1,625</u>
Percentage available	97.1%	96.1%	96.1%	96.2%	96.2%	96.4%	96.6%	96.9%	97.2%	97.5%

**Calculation of Legal Debt Margin**

Assessed value of taxable property	\$ 44,433
25 % of Assessed Valuation	11,108
Debt limit (15% of assessed value)	1,666
General obligation bonds outstanding	41
<b>Legal debt margin</b>	<u><b>\$ 1,625</b></u>

Notes:

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

Source: City of Fremont Finance Department; Alameda County Assessor

Statistical Section

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

**Schedule 13**

<u>Year</u>	<u>Population<sup>(1)</sup></u>	<u>Per Capita Income<sup>(2,3)</sup></u>	<u>Personal Income<sup>(3)</sup></u>	<u>Unemployment Rate<sup>(4)</sup></u>
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	8.7%
2011	215,391	37,261	8,025,684,051	8.0%
2012	217,420	38,095	8,282,614,900	6.9%
2013	220,133	43,504	9,576,666,032	5.7%
2014	224,116	40,562	9,090,593,192	4.5%
2015	227,582	43,563	9,914,154,666	3.7%
2016	229,504	46,899	10,763,508,096	3.3%
2017	231,664	46,899	10,864,809,936	3.0%

Notes:

- (1) State of California, Department of Finance, *E-1 Population Estimates for Cities, Counties and the State with Annual Percent Change -- January 1, 2016 and 2017*. Sacramento, California, May 2016. These population estimates incorporate 2010 census counts.
- (2) U.S. Census Bureau, American Community Survey Single Year Estimates 2007-2016. Values have not been adjusted for inflation.
- (3) Per capita income is not available for 2017, so the 2016 value was used for estimating 2017 personal income.
- (4) State of California, Employment Development Department Labor Market Information Division. Data for 2007-2009 may not be comparable. The 2017 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
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
2016	893	278,289,511	4,149	270,495,931	5,042	548,785,442
2017	962	205,841,935	3,585	481,302,774	4,547	687,144,709

Source: City of Fremont Community Development Department

**Statistical Section**

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

**Schedule 15**

Employer	2017			2008		
	Percentage of Total City Employment	Employees <sup>(1)</sup>	Rank	Employment	Employees	Rank
Tesla Motors	3.12%	1000-6000	1	-	-	-
Fremont Unified School District	2.61%	2,925	2	1.51%	1,672	3
Washington Hospital	2.68%	1000-5000	3	2.16%	2,400	2
Western Digital	2.68%	1000-5000	4	1.05%	1,170	9
Lam Research Corporation	2.68%	1000-5000	5	1.14%	1,261	6
Seagate Magnetics	2.68%	1000-5000	6	0.99%	1,100	8
Kaiser Permanente	0.67%	500-999	7	-	-	-
City of Fremont	0.81%	904	8	-	-	-
Thermo Fisher Scientific	0.67%	500-999	9	-	-	-
Synnex Information Tech. Inc.	0.67%	500-999	10	-	-	-
New United Motor Manufacturing	-	-	-	4.68%	5,200	1
Oplink Communications	-	-	-	1.39%	1,546	4
Smart Modular Technologies	-	-	-	1.19%	1,317	5
Boston Scientific/Target Therapeutics, Inc.	-	-	-	1.08%	1,200	7
AXT Incorporated	-	-	-	0.88%	972	10

Notes:

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

Source: City of Fremont Economic Development Department

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

**Schedule 16**

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Public Safety</u>										
Fire	161.00	161.00	152.00	152.50	152.50	153.00	154.00	157.00	158.00	159.00
Police	302.00	302.00	287.00	287.00	287.00	282.00	287.50	296.50	303.50	306.50
Total	<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>461.50</u>	<u>465.50</u>
<u>Other Community Services</u>										
Community Development	108.3	113.5	99.27	98.34	60.75	61.00	57.30	60.30	68.05	71.05
Economic Development	4.69	4.68	4.57	3.65	3.65	4.00	4.00	4.00	4.00	4.00
Human Services	52.32	52.80	51.80	54.50	54.50	56.50	58.15	59.93	60.55	61.55
Public Works	116.15	116.025	103.11	103.23	109.24	110.24	111.61	117.61	121.53	124.35
Community Services	67.35	69.35	61.85	61.85	93.43	94.41	88.51	90.01	90.76	91.01
Housing and Redevelopment	12.91	13.72	11.93	12.10	12.10	0.00	0.00	0.00	0.00	0.00
Total	<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>344.89</u>	<u>351.96</u>
<u>Administrative Systems</u>										
City Manager's Office	7.70	7.45	5.25	6.15	6.25	6.80	8.80	9.30	9.80	10.80
City Attorney	10.75	10.50	9.42	9.42	9.42	9.67	9.92	9.92	9.92	9.92
City Clerk	5.30	5.30	4.25	4.20	4.20	4.20	4.20	4.20	3.95	3.95
Finance	24.75	24.75	21.65	21.65	21.55	21.75	22.75	22.75	24.00	24.00
Information Systems	21.90	21.90	19.90	19.90	19.90	22.00	22.00	22.00	23.00	23.00
Human Resources	17.00	17.00	14.00	14.00	14.00	14.00	14.00	13.50	14.25	15.25
Total	<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>	<u>84.92</u>	<u>86.92</u>
<b>Citywide Total</b>	<b><u>912.12</u></b>	<b><u>919.98</u></b>	<b><u>846.00</u></b>	<b><u>848.49</u></b>	<b><u>848.49</u></b>	<b><u>839.57</u></b>	<b><u>842.74</u></b>	<b><u>867.02</u></b>	<b><u>891.31</u></b>	<b><u>904.38</u></b>

**Statistical Section**

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

**Schedule 17**

<u>Function/Program</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>2016</u>	<u>2017<sup>(1)</sup></u>
<u>Police</u>										
Physical arrests	6,345	5,903	5,731	4,934	4,266	3,705	3,986	3,768	3,522	3,329
Vehicle moving and parking violations	17,563	15,849	15,839	13,152	9,829	10,535	11,709	10,435	14,372	20,472
<u>Fire</u>										
Emergency responses <sup>(2)</sup>	13,190	13,067	12,958	13,003	13,320	13,445	13,952	14,686	15,513	16,000
Fires extinguished	462	371	360	331	313	370	364	388	434	420
<u>Parks and recreation</u>										
Number of recreation classes registrants	23,885	23,329	25,410	24,905	26,329	31,521	31,900	33,187	31,886	32,000

Notes:

(1) Projected through year end based on data received through September 2017.

(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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Police</u>										
Stations	1	1	1	1	1	1	1	1	1	1
Police fleet cars & motorcycles	199	186	168	179	179	179	180	181	187	197
<u>Fire</u>										
Stations	10	11	11	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	3	3
<u>Parks and recreation</u>										
Acreage	1,053	1,053	1,053	1,191	1,191	1,205	1,213	1,213	1,213	1,215
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	1	1

*This page intentionally left blank*