

CITY OF FREMONT

FY 2024/25 Year-End Budget Report

November 4, 2025

Overview

- ▶ Summary of FY 2024/25 General Fund Operating Results
 - Higher Expenditures Reduce the Budget Uncertainty Reserve Ending Balance
- ▶ Review of FY 2024/25 Authorized Appropriation Actions

Revenues Exceed Estimate by \$1.8 Million

Dollars in Millions	FY 2023/24 Actual	FY 2024/25 May Estimate	FY 2024/25 Est Actual	FY 2024/25 Est Actual vs. Prior Year	FY 2024/25 Est Actual vs. May Estimate
Property Tax	\$140.4	\$146.1	\$145.5	3.6%	-\$ 0.6
Sales Tax*	50.9	56.6	58.1	14.1%	1.5
Business Tax	13.3	13.4	13.1	-1.5%	-0.3
Franchise Fees	12.6	13.6	13.4	6.3%	-0.2
Hotel Tax	6.1	6.1	6.2	1.6%	0.1
Charges for Services	7.2	7.8	8.1	12.5%	0.3
Other**	13.2	11.7	12.7	-3.8%	1.0
Revenue Subtotal	243.7	255.3	257.1	5.5%	1.8
Transfers In***	16.0	6.3	6.3	-60.6%	0.0
Total Resources	\$259.7	\$261.6	\$263.4	1.4%	\$ 1.8

* Sales tax in FY 2023/24 and FY 2024/25 reflects the impact of the State’s recovery of FY 2022/23 overpayments – a reduction of approximately \$16.0 million in FY 2023/24 and \$11.9 million in FY 2024/25. Separately, FY 2024/25 includes misallocated revenue that will be recovered by the State during FY 2025/26.

** Other revenue for FY 2023/24 includes \$1.3 million of Federal reimbursements for the COVID-19 and 2023 winter storms emergencies.

*** Transfers in for FY 2023/24 includes \$10 million from the Accrued Leave Liability Reserve to the General Fund Budget Uncertainty Reserve.

Expenditures Exceed Estimate by \$3.2 Million

Dollars in Millions	FY 2023/24 Actual	FY 2024/25 May Estimate	FY 2024/25 Est Actual	FY 2024/25 Est Actual vs. Prior Year	FY 2024/25 Est Actual vs. May Estimate
City Council	\$ 0.5	\$ 0.6	\$ 0.6	20.0%	\$ 0.0
Community Development	2.1	2.2	2.1	0.0%	-0.1
Community Services	2.0	2.4	2.8	40.0%	0.4
Economic Development	1.4	1.5	1.7	21.4%	0.2
Fire	72.6	72.7	73.8	1.7%	1.1
Human Services	4.7	5.1	5.1	8.5%	0.0
Maintenance Operations	32.3	34.1	35.4	9.6%	1.3
Police	103.7	112.8	113.6	9.5%	0.8
Public Works	1.4	2.0	1.5	7.1%	-0.5
Administrative Departments	18.2	20.3	20.3	11.5%	0.0
Non-Departmental	1.3	2.2	2.2	69.2%	0.0
Debt Service	7.2	6.8	6.8	-5.6%	0.0
Expenditures Subtotal	247.4	262.7	265.9	7.5%	3.2
Capital Projects	13.5	7.0	7.0	-48.1%	0.0
Cost Centers	4.3	4.4	4.4	2.3%	0.0
Housing/Grants	3.1	3.4	3.4	9.7%	0.0
Transfers Out Subtotal	20.9	14.8	14.8	-29.2%	0.0
Total Use of Resources	\$268.3	\$277.5	\$280.7	4.6%	\$ 3.2

* Estimated actual departmental expenditures in FY 2024/25 include \$4.2 million allocated to increase the City's reserves and pay related expenses in the Risk Management Fund.

Reserves End \$2.4 Million Below Estimate

Dollars in Millions	FY 2024/25 May Estimate	FY 2024/25 Est Actual	Variance
Sources of funds			
Encumbrance balance	\$ 1.5	\$ 1.5	\$ 0.0
Unreserved fund balance	0.0	0.0	0.0
Revenues and transfers in	261.6	263.4	1.8
Total sources of funds	263.1	264.9	1.8
Uses of funds			
Expenditures and transfers out	277.5	280.7	-3.2
Encumbrance balance	0.0	1.0	-1.0
Total uses of funds	277.5	281.7	-4.2
Use of Reserves	-14.4	-16.8	-2.4
Unreserved fund balance	\$ 0.0	\$ 0.0	\$ 0.0

* The encumbrance balance reflects the portion of the fund balance that has been contractually obligated or committed by council, but not yet spent.

Reserves Ensure Service Continuity

- ▶ Contingency Reserve fully funded for FY 2025/26
- ▶ Budget Uncertainty Reserve funded at \$4.3 million
 - Actual funding level is \$2.4 million less than assumed in the FY 2025/26 Adopted Operating Budget

Reserve/Fund	Est Actual Funding July 1, 2025
Contingency Reserve (16.7%* of expenditures and transfers out - address unforeseen events)	\$46.4 Million
Budget Uncertainty Reserve (Financial risk in 3-year forecast - offset revenue/expenditure uncertainty)	4.3 Million
Total Reserves	\$50.7 Million

*GFOA recommended level is no less than two months of regular operating expenditures (16.7%).

Authorized Appropriation Actions

- ▶ Annual operating budget resolution provides authorization to increase expenditure appropriations under certain circumstances
 - Resolution requires staff to report on any actions taken under this authority at year end
- ▶ Carryover of unexpended FY 2023/24 encumbrances to FY 2024/25
 - Represents budgetary commitments related to contracts for goods or services
 - Carryover encumbrance appropriations of \$40,960,516 in all City funds
 - General Fund: \$ 1,509,813
 - Other Governmental funds: \$ 24,959,413
 - Reimbursement Grant funds: \$ 10,600,617
 - Internal Service/Custodial funds: \$ 3,890,673
- ▶ Expenditure appropriations supported by increased revenues
 - Increased expenditure appropriations by \$324,878
 - Fire Department fire impact fees: \$ 170,000
 - Human Services grants: \$ 102,650
 - Human Services developer contributions: \$ 52,228

Summary

- ▶ Actual revenues exceed the budget estimate by \$1.8 million
 - Primarily due to higher sales tax and interest earnings
 - An estimated \$2-3 million of FY 2024/25 sales tax revenue is attributable to misreporting by businesses and will be recovered by the State during FY 2025/26
 - Partially offset by lower property tax and business tax
- ▶ Expenditures and encumbrances end year \$4.2 million above estimate
 - \$4.2 million allocated at year-end to increase workers' compensation and general liability reserves and pay related expenses
 - Budget Uncertainty Reserve funded at \$4.3 million
- ▶ Authorized appropriation actions were consistent with budget resolution
 - Encumbrance and carryover appropriations of \$41.0 million
 - Increased appropriations of \$170,000 for new fire truck company
 - Increased appropriations of \$102,650 for ADA repairs at Family Resource Center
 - Increased appropriations of \$52,228 for Warm Springs Age Well Center

FY 2026/27 Operating Budget Schedule

- ▶ March 3, 2026 FY 2025/26 Mid-Year Budget Report
- ▶ May 12, 2026 Proposed Operating Budget Presentation
- ▶ June 2, 2026 First Public Hearing
- ▶ June 9, 2026 Second Public Hearing and Budget Adoption