

City of Newark

Newark, California

Comprehensive Annual Financial Report

For the year ended June 30, 2012

Prepared by:
Finance Department
Susie Woodstock
Administrative Services Director



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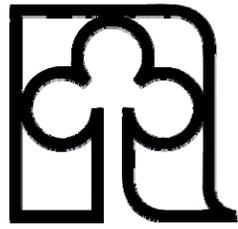
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CITY OF NEWARK, CALIFORNIA

37101 Newark Boulevard • Newark, California, 94560-3976 • (510) 578-4000

December 4, 2012

Honorable Mayor, Members of the City Council, and the Citizens of the City of Newark, California:

I am pleased to submit the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. Various financing covenants and rules associated with restricted funding sources require the City of Newark, California (City) to publish a complete set of audited financial statements.

The report was prepared by the City's Finance Department. The responsibility for the completeness and accuracy of the information presented in this report including all disclosures rests with the City's management. A comprehensive framework of internal control has been established by management to ensure that the accounting system and its underlying data are reliable. The City's internal accounting controls have been developed and maintained for the protection of City's assets from loss, theft, or misuse; for accuracy and reliability of information used in the preparation of the City's financial statements; and for adherence to management policies and procedures. Because the costs of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The evaluation of costs and benefits requires estimates and judgments by management.

The City's financial statements presented in the CAFR have been prepared in accordance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. The independent certified public accounting firm of Badawi and Associates has rendered its unqualified opinion on the City's financial statements for the year ended June 30, 2012. The independent auditors' report is presented on page 1 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. The MD&A complements this letter of transmittal and should be read in conjunction with it.

City of Newark Profile

The City of Newark, incorporated in 1955, is located on the eastern shores of San Francisco Bay at the end of the Dumbarton Bridge and in the northern part of Silicon Valley, fifteen miles north of San Jose, California. As of January 1, 2012, the City's population was estimated by the California Department of Finance at 43,041, approximately 3% of total Alameda County population. The City occupies an area of approximately fourteen square miles.

The City is a general law city and operates under the Council-Manager form of government. Under this form of government, policy-making and legislative authority are vested in a five-member elected City Council consisting of the Mayor and four Council members. The Mayor and City Council are responsible for passing ordinances, adopting and amending the operating and capital budgets, appointing various committee members, and hiring both the City's manager and attorney. The City Manager is responsible for carrying out the policies and ordinances established by the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of various departments.

The City provides a full range of municipal services to its citizens. These include police protection; construction and maintenance of streets, parks, storm drains and other infrastructure; recreational activities and cultural events; planning, zoning and other community development activities; and administrative services including information systems, finance and human resources. Fire protection services are contracted from Alameda County Fire Department.

The City's financial report includes all funds and activities of the City of Newark as the primary government and its component units. These component units were Newark Redevelopment Agency, Newark Public Financing Authority and the Newark Betterment Corporation. In January 2012, the Newark Redevelopment Agency was dissolved per AB 1x26. The newly formed Successor Agency that will close out the former redevelopment funds is a fiduciary fund. The Newark Redevelopment Agency (through January) and the Newark Public Financing Authority are blended component units because their governing boards consist of the all five members of the City Council. The Newark Betterment Corporation is a discrete component unit and funds are not blended in with City funds.

A biennial operating budget and capital improvement plan is adopted by City Council resolution prior to July 1 of even number years. This serves as the foundation for Newark's financial planning and control. All budget amendments and transfers between funds must be approved by the City Council by resolution during the fiscal year. The City Council places the legal level of budgetary control at the department level. The City Manager is authorized to transfer unencumbered appropriations within a department within the same fund. The City Manager is also authorized to assign unassigned fund balance per GASB 54. Appropriations are valid for one fiscal year and lapse at the end of the fiscal year.

Local Economy

The economic downturn that started in the fourth quarter of 2007 and continued its decline through fiscal year 2009-2010 seems to be on a very slow recovery in 2011-2012. While the worst may be over, economic recovery is expected to be a long, slow process.

Over the last few years the economic recession caused downward pressure on the City's budget due to the multi-pronged burdens of declining sales tax, property tax and interest revenues and increasing PERS cost. This fiscal year sales tax increased in all four quarters even though several large sales tax generators announced their departures. The major effects of those departures will be experienced in the next fiscal year. The property tax revenues, which had a sharp decline in 2009-2010, seem to have stabilized at about 8% lower than 2009 levels. This is a stark comparison to the historic 5-8% annual increase in property tax revenue.

Long-Term Financial Planning

The City has established the Operating Reserves, which is approximately 15% of the operating budget to cover emergency or disaster. This \$6 million is shown in the General Fund unassigned fund balance but it is prudent fiscal policy to recognize that these funds are not intended for normal unanticipated expenditures.

The City had developed a budget balancing reserve (previously known as the PERS Reserve, now called Fiscal Uncertainty Reserve) to provide cushion for a possible economic slowdown, recession, or other revenue losses. The City has had to use this reserve on a number of occasions over the past several years. The reserve balance was about \$6.7 million in 2006 and was completely depleted by 2010 as the reserves were used in conjunction with severe cuts to weather the recession. In 2010-2011, the Fiscal Uncertainty Reserves began to be replenished with funds from development activities and unbudgeted Utility User Tax revenue. In 2011-2012, the Utility User Tax has continued to rebuild the Fiscal Uncertainty Reserves.

A Capital Project Reserve has been established by the City to fund capital improvement projects. This reserve increases from surplus funds generated by the General Fund and proceeds from sale of City's capital assets. The lack of budget surpluses in the General Fund over the past several years has resulted in much lower funding levels available for capital projects. Capital spending has continued to focus on asset preservation of the City's building, parks, streets, and fleet management, as well as risk management activities.

Finally, the City also has established a number of restricted reserve funds which can only be used for specific purposes as required by contract or grants. GASB 54 changed the definition of Special Revenue Funds which required the Waste Augmentation fund to be shown in General Fund for this fiscal year. The fund balance for Waste Augmentation was assigned to clearly show the intent for those funds.

Relevant Financial Policies

Over the course of the recession there were significant General Fund budget reductions in 2008, 2009 and 2010. The adopted 2010-11 budget was \$7.7 million less than the adopted budget for fiscal year 2007-08. In 2011-2012, with the addition of the Utility User Tax revenue that began in March 2011, a budget amendment was approved to add \$2.1 million in expenditures to begin to restore some of the severely cut services. The Utility User Tax revenue is being very cautiously allocated as the tax has a sunset date of December 2015.

In 2011-2012, the City took advantage of low interest rates and refunded some of the long-term bond debt. This opportunity is expected to save the City \$70,392 per year for the next twenty years.

Major Initiatives

- ***Planning Areas 3 and 4*** - The City Council has approved a Specific Plan and Development Agreement to guide the development of Areas 3 and 4. The approved project will provide for 1260 Housing units, a school site, approximately 200 acres of open space, key infrastructure, and the potential for a championship quality golf course. The project could start construction in 2014 and will be built out over 10- 25 years.
- ***Dumbarton TOD*** - The City Council has approved a Specific Plan and the first Vesting Tentative Tract Map for this development area. Construction of this development is expected to start in Spring of 2013.

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 Newark for its comprehensive annual financial report for the fiscal year ended June 30, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to GFOA to determine its eligibility for another certificate.

The Comprehensive Annual Financial Report is the result of the cooperative work of many people. I would like to express my appreciation to all members of the Finance Department who assisted and contributed to its successful completion. I especially wish to thank Senior Accountant Gloria del Rosario for her work in the preparation of this report and our auditors, Badawi & Associates, for their cooperation and assistance.

Finally, sincere appreciation is expressed to the City Manager and members of City Council for providing policy direction and support in planning and conducting the financial operations of the City that assures resources are available in providing programs and core services to the citizens of the City of Newark.

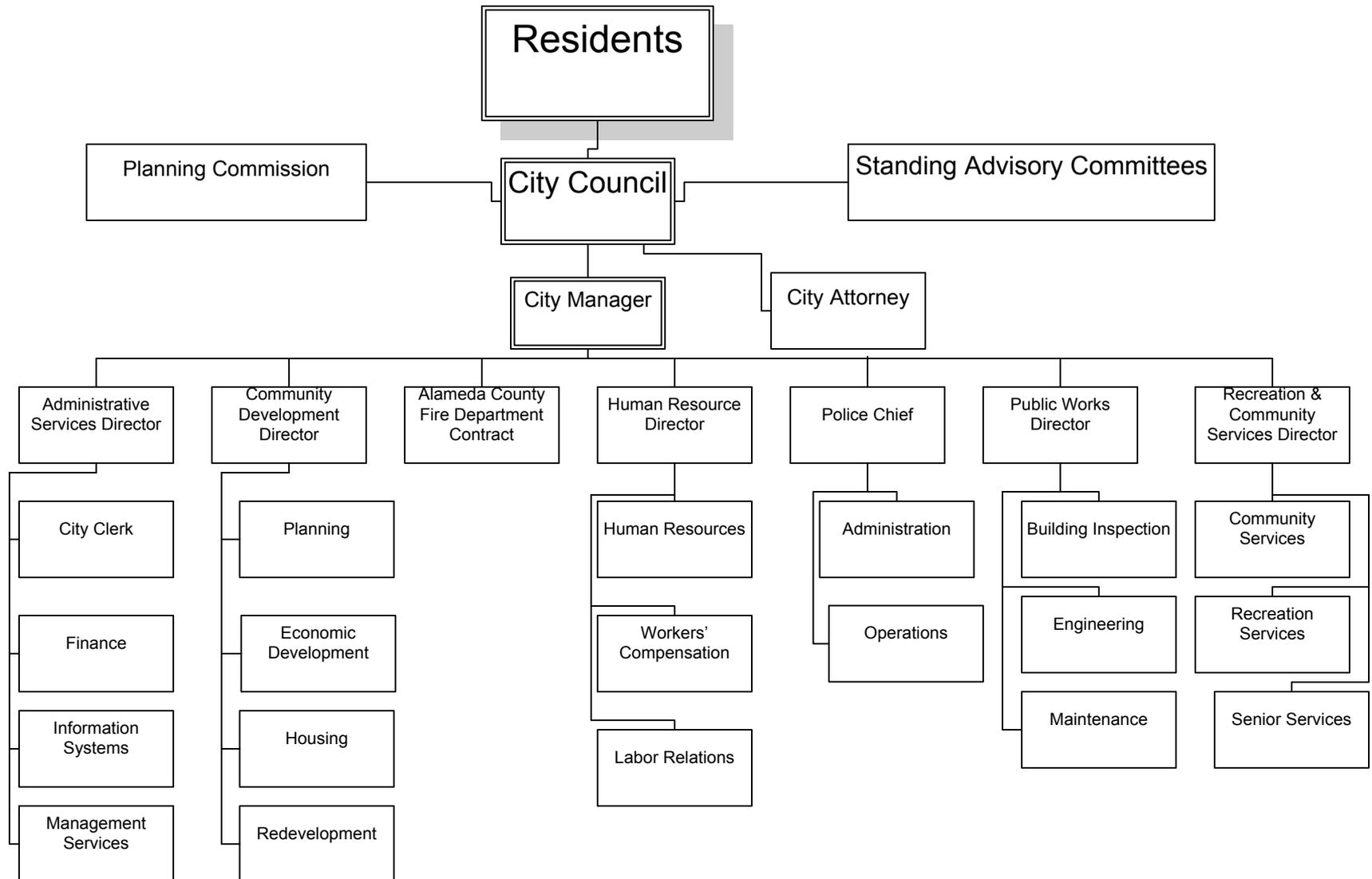
Respectfully submitted,



Susie Woodstock
Administrative Services Director

City of Newark

Organization Chart



Newark Mayor & City Council
June 30, 2012



Alan L. Nagy
Mayor



Ana Apodaca
Vice Mayor



Maria "Suky" Collazo
Council Member



Luis L. Freitas
Council Member



Robert J. Marshall
Council Member



CITY STAFF

June 30, 2012

CITY MANAGER
John Becker

CITY ATTORNEY
David Benoun

EXECUTIVE TEAM

ADMINISTRATIVE SERVICES DIRECTOR
Susie Woodstock

COMMUNITY DEVELOPMENT DIRECTOR
Terrence Grindall

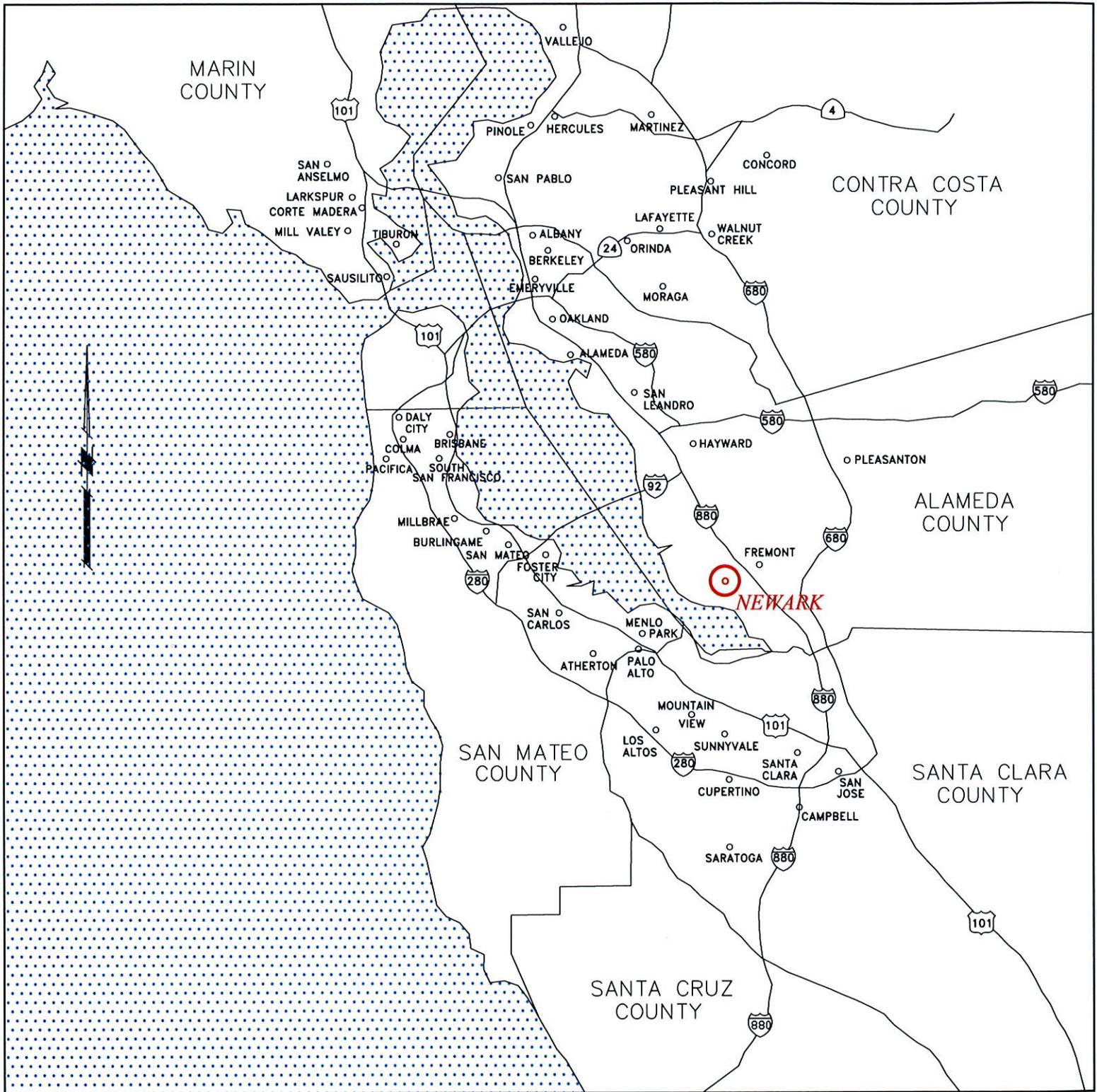
HUMAN RESOURCES DIRECTOR
Sandy Abe

POLICE CHIEF
James Leal

PUBLIC WORKS DIRECTOR
Peggy Claassen

RECREATION & COMMUNITY SERVICES DIRECTOR
David Zehnder

INTERIM FIRE CHIEF (ALAMEDA CO. FIRE DEPARTMENT)
Demetrious Shaffer



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Newark
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

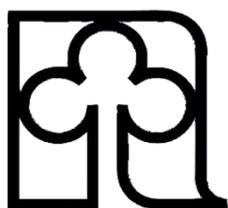


Christopher P. Morill

President

Jeffrey R. Egan

Executive Director





INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of Newark
Newark, California

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Newark, California (City), as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

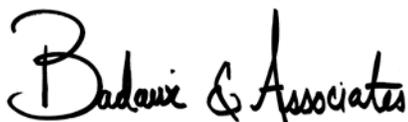
In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2012 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Honorable Mayor and Members of the City Council
of the City of Newark

Page 2

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 73 through 75, respectively is 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements, and other budget to actual comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

A handwritten signature in cursive script that reads "Badawi & Associates".

Badawi & Associates, CPAs
Oakland, California
December 4, 2012



This section provides the reader a narrative introduction and a readily understandable analytical overview of the City of Newark's (City) financial activities and performance for the fiscal year ended June 30, 2012. Summary reports showing comparisons of current financial information with that of the previous year are included to enhance the clarity and usefulness of the reports. To gain a broad perspective of the City and its financial activities, we encourage the reader to consider the information presented here in conjunction with the information that we have provided in the letter of transmittal presented at the beginning of this report.

FINANCIAL HIGHLIGHTS

- At June 30, 2012, the City assets exceeded its liabilities by \$170.6 million. Approximately 84% of this amount is invested in capital assets (net of related debt) and therefore not available to meet the City's ongoing operations.
- During the fiscal year, the City's net assets increased by \$0.5 million.
- At June 30, 2012 the City's governmental funds reported combined ending fund balance of \$29.6 million, an increase of \$1.9 million compared to prior fiscal year.
- The City's General Fund balance increase of \$3.0 million during fiscal year 2012 reflects the \$1.9 million net revenue over expenditures in the General Fund and the \$1.1 million inclusion of the Waste Augmentation Disposal Fund. The Waste Augmentation Disposal Fund was previously included in Special Revenue Funds, but was recategorized as part of General Fund as it did not meet the criteria for Special Revenue Fund balance reporting.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements, which consists of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to Basic Financial Statements. Required Supplementary Information is included in addition to the basic financial statements.

Government-Wide Financial Statements

The Government-Wide Financial Statements provide a broad view of the City's financial position and activities, in a manner similar to private-sector business reporting. The Government-Wide Financial Statements include the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the differences between the two reported as net assets. This statement reports all assets and liabilities using the accrual basis of accounting. Increases and decreases in net assets serve as useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities provides information on how the City's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs,



OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

regardless of the timing of the related cash flows. All revenues earned and expenses incurred during the fiscal year are reported in this statement, regardless of timing of related cash flows.

Government-Wide Financial Statements, Continued

The Government-Wide Financial Statements present governmental activities only because the City does not have business-type activities. The governmental activities of the City include general government, public safety, streets and parks, community development, and recreation. Property and local taxes, investment earnings, charges for services, operating and capital grants and contributions finance these activities.

Fund Financial Statements

Funds are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Fund Financial Statements are used to report basically the same functions 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 the available balances of spendable resources at the end of the fiscal year. This information may be useful in assessing the City's near-term financial requirements.

In order to better understand the City's long-term and near-term financial requirements, it is useful to compare the information presented for governmental funds with the information provided for governmental activities in the Government-Wide Financial Statements. Both the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City reports 17 governmental funds. The major governmental funds are the General Fund, State Construction Maintenance Special Revenue Fund, Capital Projects Fund, former Redevelopment Agency Capital Projects Fund, which are presented separately in the Governmental Fund Financial Statements. Information on the other governmental funds is combined into a single aggregated presentation as non-major governmental funds. Individual fund data for each non-major governmental fund is provided in the form of combining statements as supplementary information elsewhere in the report.

Proprietary funds of the City consist of the internal service funds. The internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Equipment Replacement, Equipment Operations, Office Support, Building Maintenance, Public Liability Self-Insurance, and Workers' Compensation functions. Because these services predominantly benefit the governmental activities, they have been included within governmental activities in the Government-Wide Financial Statements.



OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

The City's six 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 as supplementary information elsewhere in the report.

Fund Financial Statements, Continued

Fiduciary funds are used to account for resources held for the benefit of parties external to the City. These funds are not included in the Government-Wide Financial Statements because the resources of the fiduciary funds are not available to support the City's own programs. The City's Fiduciary Fund Financial Statements provide financial information about the activities of the Special Assessment Districts, for which the City acts solely as an agent. The Redevelopment Agency Successor funds are also included in the Fiduciary Funds as Private Purpose Trust Funds after the dissolution of the Redevelopment Agency Funds as of January 31, 2012.

Notes to Basic Financial Statements

The Notes to Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements.

Supplementary Information

The Required Supplementary Information includes budgetary comparison schedules for the General Fund and the State Construction Maintenance Special Revenue Fund and the funded status of the City's pension plans.

Combining and individual fund statements and schedules provide information for non-major governmental and internal service funds and are presented immediately following the Required Supplementary Information.



GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table shows the condensed comparative Statement of Net Assets for the fiscal years ended June 30, 2012 and 2011.

Comparative Statements of Net Assets
June 30, 2012 and 2011
(Amounts in Millions)

	Governmental Activities	
	2012	2011
Assets:		
Cash and investments	\$32.7	\$29.8
Other assets	3.3	4.0
Capital assets, net	155.0	157.1
Total Assets	191.0	190.9
Liabilities:		
Long-term liabilities	14.7	15.0
Other liabilities	5.7	5.9
Total Liabilities	20.4	20.9
Net Assets:		
Invested in capital assets, net of related debt	143.2	144.7
Restricted	17.6	18.5
Unrestricted	9.8	6.9
Total Net Assets	\$170.6	\$170.1

Net assets may serve over time as a useful indicator of the City's financial position. The City's assets exceeded liabilities by \$170.6 million. This is an increase of \$0.5 million or 0.3% from the prior fiscal year. The reasons of this increase are detailed below in the comparative statements of activities and changes in net assets.

The largest portion of the City's net assets, \$143.2 million (84%), is its investment in capital assets, less any related outstanding debt used in acquiring those assets. The City uses these capital assets to provide services to citizens; consequently they are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, resources required to repay the outstanding debt must be provided from other sources since the capital assets cannot be used to liquidate the debt.

Another portion of the City's net assets, \$17.6 million (10%), are resources subject to external restrictions and may only be used for the purpose intended by the entities that provided these funds to the City.

The remaining balance of the City's net assets of \$9.8 million (6%) represents unrestricted net assets, which may be used to finance daily operations without constraints established by debt covenants or other legal requirements.



GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The City's cash and investments increased by \$2.9 million. This was largely due to a full year of utility users tax revenue and increase in transient occupancy tax revenue over the prior fiscal year.

The following table shows the condensed comparative Statements of Activities and Changes in Net Assets for the fiscal years ended June 30, 2012 and 2011.

**Comparative Statements of Activities and Changes in Net Assets
June 30, 2012 and 2011
(Amounts in Millions)**

	Governmental Activities	
	2012	2011
Revenues:		
Program revenues:		
Charges for services	\$5.0	\$5.1
Operating grants and contributions	1.5	1.8
Capital grants and contributions	1.6	1.5
Total program revenues	<u>8.1</u>	<u>8.4</u>
General revenues:		
Taxes:		
General property taxes	11.8	11.8
Sales tax	8.8	8.8
Franchise fees	2.5	2.5
Transient occupancy tax	3.3	2.8
Utility users tax	3.2	0.7
Other local taxes	1.1	1.2
Use of money and property	0.1	0.1
Miscellaneous	1.5	4.6
Total general revenues	<u>32.4</u>	<u>32.5</u>
Total Revenues	<u>40.5</u>	<u>40.9</u>
Expenses:		
General government	3.9	3.8
Public safety:		
Fire	8.4	8.3
Police	13.6	12.5
Streets and parks	6.0	5.7
Community development	3.1	2.8
Recreation	4.4	4.9
Interest on long-term debt	0.6	0.6
Total Expenses	<u>40.0</u>	<u>38.6</u>
Increase (decrease) in net assets	0.5	2.3
Net assets - beginning	170.1	167.8
Net assets - ending	<u>\$170.6</u>	<u>\$170.1</u>



GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The City's expenses totaled \$40.0 million in fiscal year 2012. These expenses were partially offset by program revenues of \$8.1 million. General revenues of \$32.4 million financed the remainder, resulting in an increase in net assets of \$0.5 million.

Program Revenues - Program Revenues include fees and other specific charges designed to cover all or part of the costs of programs provided to the citizens. Operating grants and contributions decreased by \$0.3 million due primarily to the lower number of grants received for public safety.

General Revenues - The economic recovery has been slow since the recession that started in the last half of 2007. Comprising the largest source of revenue for the City, both the City's property tax revenues and sales tax revenue were flat compared to the prior fiscal year. Transient occupancy tax revenue increased \$0.5 million, reflecting both an increase in hotel occupancy rates and room rates. Utility users tax revenue was \$2.5 million higher than the previous year with the collection of the first full year of receipts. Miscellaneous revenue dropped significantly as the prior fiscal year included the receipt of a \$3.2 million settlement payment related to the Silliman Aquatic center.

Expenses - Expenses increased in total by \$1.4 million or 4%. This increase was due to service restorations promised by the passage of the Measure U. See Note 15 for further information.

FUND FINANCIAL ANALYSIS

Governmental Funds

The City's governmental funds provide information on short-term inflows, outflows, and balances of spendable resources. This information is useful in evaluating the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of fiscal year.

At June 30, 2012, the City's combined governmental fund balances were \$29.6 million, an increase of \$1.9 million or 7% compared with the prior fiscal year. Of this amount, approximately \$5.7 million represents restricted spendable fund balance and \$12.3 million represents assigned spendable fund balance. Further detail of the fund balances can be found in the note disclosures.



FUND FINANCIAL ANALYSIS, Continued

Governmental Funds, Continued

Governmental revenues in fiscal year 2012 were \$40.6 million. This was a decrease of \$1.2 million from fiscal year 2011. This decrease was largely due to net effect of the previous fiscal year revenues including a \$3.2 million settlement payment received related to the Silliman Aquatic Center lawsuit and the increase in utility users tax receipts reflecting a whole year of collection. The passage of Measure U in November 2010 approved the utility users tax revenue which was first collected in March 2011.

Governmental expenditures in fiscal year 2012 were \$38.6 million, an increase of \$1.2 million from the prior fiscal year, reflecting the service restorations from the passage of Measure U, along with continued fiscally conservative spending policies.

The following provides financial analysis on the major funds of the City.

General Fund

The General Fund is the primary operating fund of the City. At June 30, 2012, the spendable assigned and unassigned fund balance of the General Fund was \$12.0 million, while total fund balance was \$12.2 million. The City Council has maintained an operating reserves to provide the City a cushion for unexpected events, such as legal liability or costs associated with an unexpected disaster.

The fund balance of the City's General Fund increased by \$1.9 million from fiscal year 2011. Revenues exceeded expenditures by \$1.8 million. Transfers in totaling \$1.6 million from the former Redevelopment Agency, Gas Tax Funds and Alameda County Fire Fees Fund offset transfers out of \$1.6 million to fund debt service payments and transfers to the Internal Service Funds. Revenues increased by \$1.9 million and expenditures increased by \$1.7 from the prior year. The increase in revenues was primarily due to the increase in transient occupancy tax, and full year collection of utility users tax revenue. The increase in expenditures was mainly due to service restorations as promised from the passage of Measure U. The General Fund also reflects an increase of \$1.1 from the inclusion of the Waste Augmentation Disposal Fund.

State Construction Maintenance Special Revenue Fund

The State Construction Maintenance Special Revenue Fund showed a \$0.2 million increase in fund balance during fiscal year 2012. Revenues exceeded expenditures by \$0.7 million with transfers out to the General Fund for street improvements totaling \$0.5 million.



FUND FINANCIAL ANALYSIS, Continued

Governmental Funds, Continued

Capital Projects Fund

The Capital Projects Fund showed a decrease in fund balance of \$0.2 million in fiscal year 2012.

Redevelopment Agency Capital Projects Funds

The Redevelopment Agency was dissolved on January 31, 2011. See Note 10 for complete information.

Proprietary Funds

The City's proprietary funds consist of the Internal Service Funds with combined total net assets of \$2.1 million at the end of fiscal year 2012. Total operating revenues of \$3.9 million exceeded operating expenditures of \$3.8 million, and transfers in of \$0.5 million from the General Fund resulted in a \$0.6 million increase in net assets for the fiscal year. This change in net assets is \$0.7 million higher than the prior year and is primarily due to the decrease in contractual payments in the workers compensation self-insurance fund and the delay in purchasing replacement equipment.

GENERAL FUND BUDGETARY HIGHLIGHTS

The budgetary comparison schedule for the General Fund is presented in the Required Supplementary Information.

Fiscal year 2012 was the second year of the City's biennial budget which was adopted on June, 2010. The General Fund budget for fiscal year 2012 was amended during the year by \$1.4 million in anticipation of lower revenues and the additional revenue and expenditures from the utility users tax.

Actual expenditures for the fiscal year were \$1.2 million over the original budget and \$20,300 over the final amended budget. Actual revenues were \$2.7 million over the original budget and \$0.2 million over the final amended budget as a result of the new utility users tax revenue, and increases in both the sales tax and transient occupancy tax as mentioned previously.



CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets

The City's capital assets include those assets that are used in the performance of the City's services. At June 30, 2012, the City's capital assets used in governmental activities amounted to \$155 million, net of depreciation.

Capital assets for governmental activities are presented below to illustrate changes from prior fiscal year (amounts in millions):

	Governmental Activities	
	2012	2011
Land	\$4.4	\$4.4
Park land	30.1	30.1
Landscaping	8.7	8.7
Street trees	0.7	0.7
Buildings	43.7	43.5
Improvements other than buildings	0.1	0.2
Infrastructure:		
Streets	68.8	67.7
Sidewalks, curbs, gutters, and walls	13.9	13.7
Street lights	3.2	3.2
Traffic signals	3.9	3.9
Equipment	8.1	7.9
Less: accumulated depreciation	(30.6)	(26.9)
Total capital assets	\$155.0	\$157.1

Additional information on capital assets can be found in Note 4 to the Basic Financial Statements.

Long-term Obligations

At June 30, 2012, the City had long-term debt outstanding of \$11.8 million compared to \$12.4 million in the prior year. The City's long-term debt obligations at June 30, 2012 and 2011 were as follows (amounts in millions):

	Governmental Activities	
	2012	2011
Certificates of participation	\$1.8	\$11.9
Bank refunding	9.7	-
Capital lease obligations	0.3	0.5
Total	\$11.8	\$12.4



CAPITAL ASSETS AND LONG-TERM OBLIGATIONS, Continued

Long-term Obligations, Continued

Not included in the above total outstanding debt amount are the Area Improvement Districts Special Assessment Bonds issued to finance public improvements within specific districts in the City. At June 30, 2012, a total of \$9.3 million in area improvement district debt was outstanding. This debt is secured by special assessments levied on the real property within the district issuing the debt. Although the City acts as the districts' agent in the collection and remittance of assessments, the City is not obligated in any manner for repayment of these bonds.

Additional information on long-term obligations is provided in Note 5 to the Basic Financial Statements.

ECONOMIC FACTORS AND NEXT BIENNIAL BUDGET

The City's adopted biennial budget for 2012-2014 recognized that:

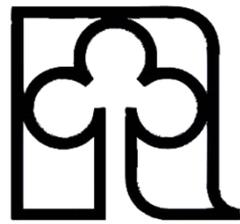
- Although the recession has been declared over, the timing and rate of recovery is still uncertain. The rate of decline in City revenues slowed but there are indications of only minor growth in some areas. The first year of the biennial budget anticipates essentially no revenue growth and the second year includes minimal growth.
- There were significant budget reductions three years ago to close the structural budget deficit caused by the severe decline in revenues. The biennial budget as adopted is balanced without the use of budget balancing reserves that was necessary in the past years.
- The effects of the State's budget deficits, CalPERS changes, and healthcare reform are still unknown. There is still a potential for additional revenue losses from the State or shifts of service costs that will increase City expenses.
- The City's capital reserves are limited and growth is dependent on budget surpluses which are dedicated to fiscal uncertainty for the next two years.

Additional information about the City's economy and financial planning and policies is provided in the accompanying letter of transmittal in the Introductory Section of this report.

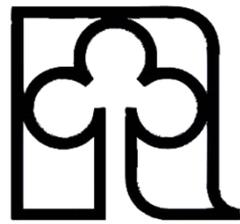
REQUEST FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to the City of Newark, Finance Department, 37101 Newark Boulevard, Newark, California 94560-3796.

BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS



City of Newark
Statement of Net Assets
June 30, 2012

	Primary Government Governmental Activities	Discrete Component Unit Newark Betterment Corporation
ASSETS		
Current assets:		
Cash and investments		
Available for operations	\$ 32,073,836	\$ 260,580
Restricted cash and investments	633,757	-
Receivables:		
Tax	2,378,605	-
Special assessments	90,849	-
Intergovernmental	332,041	-
Interest	27,119	-
Other, net	232,511	98,600
Supplies and other assets	191,420	-
Total current assets	35,960,138	359,180
Noncurrent assets:		
Deferred charges	145,882	-
Due from RDA Successor fund	451,595	-
Allowance for bad debt	(451,595)	-
Capital assets:		
Land and construction in progress	43,916,338	-
Depreciable, net	111,142,014	-
Total capital assets	155,058,352	-
Total assets	191,164,372	359,180
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	2,329,024	404
Refundable deposits	532,546	-
Unearned revenues	149,030	-
Compensated absences - due within one year	1,848,751	-
Claims payable - due within one year	465,480	-
Long-term debt - due within one year	527,067	-
Total current liabilities	5,851,898	404
Noncurrent liabilities:		
Net OPEB liabilities	1,684,759	-
Compensated absences - due in more than one year	18,674	-
Claims payable - due in more than one year	1,674,383	-
Long-term debt - due in more than one year	11,273,665	-
Total liabilities	20,503,379	404
NET ASSETS		
Invested in capital assets, net of related debt	143,257,620	-
Restricted for:		
Capital projects	11,595,584	-
Debt service	775,019	-
Grant-funded projects	4,278,254	-
Other Projects	947,845	280,759
Total restricted	17,596,702	280,759
Unrestricted	9,806,671	78,017
Total net assets	\$ 170,660,993	\$ 358,776

See accompanying Notes to Basic Financial Statements.

City of Newark
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2012

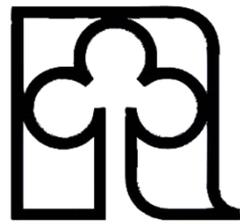
Functions / Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 3,890,653	\$ 72,896	\$ 83,242	\$ -	\$ 156,138
Public safety:					
Fire	8,379,623	94,424	-	-	94,424
Police	13,597,690	520,819	590,904	-	1,111,723
Streets and parks	6,065,347	563,171	4,843	1,624,557	2,192,571
Community development	3,127,358	1,398,450	657,264	-	2,055,714
Recreation	4,440,628	2,391,075	155,912	-	2,546,987
Interest on long-term debt (unallocated)	601,690	-	-	-	-
Total governmental activities	40,102,989	5,040,835	1,492,165	1,624,557	8,157,557
Component unit:					
Newark Betterment Corporation	\$ 83,369	\$ 17,719	\$ 138,828	\$ -	\$ 156,547

General Revenues and Transfers:

Taxes:
Property taxes
Sales taxes
Franchise taxes
Transient occupancy tax
Utility users tax
Other local taxes
Total taxes
Intergovernmental—vehicle in-leiu, unrestricted
Use of money and property
Miscellaneous
Extraordinary item - Gain due to RDA Dissolution (see Note 10)
Total general revenues and transfers
Change in net assets
Net assets - beginning of year
Net assets - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets	
Governmental Activities	Discrete Component Unit Newark Betterment Corporation
\$ (3,734,515)	
(8,285,199)	
(12,485,967)	
(3,872,776)	
(1,071,644)	
(1,893,641)	
(601,690)	
<u>(31,945,432)</u>	
	\$ <u>73,178</u>
11,842,888	-
8,819,163	-
2,538,294	-
3,323,059	-
3,231,020	-
1,116,426	-
<u>30,870,850</u>	-
21,955	-
147,005	224
1,037,408	
423,096	-
<u>32,500,314</u>	<u>224</u>
554,882	73,402
170,106,111	285,374
<u>\$ 170,660,993</u>	<u>\$ 358,776</u>

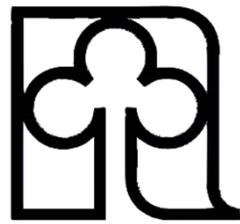


FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements



GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

State Construction Maintenance Special Revenue Fund

Accounts for gas tax revenues from the State, and other transportation funds to be used for various street maintenance and construction projects.

Capital Projects Fund

The Capital Projects Funds accounts for financial resources to be used for capital acquisition, construction and rehabilitation projects.

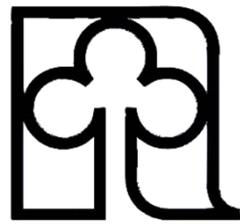
Redevelopment Agency Capital Projects Fund

Accounted for funds received by the Agency to be used for redevelopment activities and capital projects for designated areas in the City. It also accounted for funds set aside to improve and increase supply of low- and moderate-income housing. The Redevelopment Agency Fund was dissolved as of January 31, 2012 (see Note 10).

City of Newark
Balance Sheet
Governmental Funds
June 30, 2012

	General Fund	State Construction Maintenance Special Revenue Fund	Capital Projects Fund	Redevelopment Agency Capital Projects Fund
ASSETS				
Cash and investments				
Available for operations	\$ 11,941,790	\$ 3,734,060	\$ 10,353,826	\$ -
Restricted cash and investments	-	-	-	-
Receivables:				
Taxes	2,252,533	126,072	-	-
Special assessments	-	-	-	-
Intergovernmental	99,078	35,166	-	-
Interest	21,593	3,126	1,417	-
Other, net	176,596	18,099	-	-
Due from other funds	1,980	-	-	-
Supplies and other assets	133,848	-	-	-
Due from Successor Redevelopment Agency	451,595	-	-	-
Allowance for bad debt	(451,595)	-	-	-
Total assets	\$ 14,627,418	\$ 3,916,523	\$ 10,355,243	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,670,793	\$ 88,550	\$ 45,677	\$ -
Refundable deposits	519,777	12,769	-	-
Due to other funds	-	-	-	-
Deferred revenues	267,157	18,099	-	-
Total liabilities	2,457,727	119,418	45,677	-
Fund Balances:				
Non-spendable	133,848	-	-	-
Committed	-	-	-	-
Restricted	-	3,797,105	-	-
Assigned:				
Capital projects	-	-	10,309,566	-
Fire side fund	363,000	-	-	-
Waste disposal	971,951	-	-	-
Unassigned	10,700,892	-	-	-
Total fund balances	12,169,691	3,797,105	10,309,566	-
Total liabilities and fund balances	\$ 14,627,418	\$ 3,916,523	\$ 10,355,243	\$ -

Other Governmental Funds	Total Governmental Funds
\$ 2,730,784	\$ 28,760,460
633,757	633,757
-	2,378,605
90,849	90,849
197,797	332,041
983	27,119
-	194,695
-	1,980
3,295	137,143
-	451,595
-	(451,595)
<u>\$ 3,657,465</u>	<u>\$ 32,556,649</u>
\$ 260,020	\$ 2,065,040
-	532,546
1,980	1,980
32,170	317,426
<u>294,170</u>	<u>2,916,992</u>
675,317	809,165
172,507	172,507
1,874,915	5,672,020
640,556	10,950,122
-	363,000
-	971,951
-	10,700,892
<u>3,363,295</u>	<u>29,639,657</u>
<u>\$ 3,657,465</u>	<u>\$ 32,556,649</u>



City of Newark
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2012

Total Fund Balances - Total Governmental Funds **\$ 29,639,657**

Amounts reported for governmental activities in the Statement of Net Assets were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. 154,002,443

Revenues from Grants and Sales Tax that are funded in this fiscal year that will not be collected for several months after the City's fiscal year ends are not considered "available" revenue and are classified as deferred revenue in the governmental funds. 168,396

Deferred charges on bonds not recorded in the governmental funds, which were previously recorded as expenditures and amortized over the terms of the bonds. 145,882

Internal service funds were used by management to charge the costs of certain activities, such as equipment replacement, maintenance, and insurance, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the following line items in the Government-Wide Statement of Net Assets.

- Cash and investments available for operations 3,313,376
- Supplies and other assets 92,093
- Capital assets 1,055,909
- Accounts payable and accrued liabilities (217,804)
- Claims payable (2,139,863)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

- OPEB Liabilities (1,684,759)
- Long-term debt (11,800,732)
- Interest payable (46,180)
- Compensated absences (1,867,425)

Net Assets of Governmental Activities **\$ 170,660,993**

See accompanying Notes to Basic Financial Statements.

City of Newark
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2012

	General Fund	State Construction Maintenance Special Revenue Fund	Capital Projects Fund	Redevelopment Agency Capital Projects Fund
REVENUES:				
General property taxes	\$ 11,825,252	\$ -	\$ -	\$ 17,636
Other local taxes	18,671,886	-	-	356,076
Special assessments	-	-	-	-
Licenses, permits and fees	1,116,846	-	-	-
Fines and forfeitures	383,552	-	-	-
Use of money and property	117,519	17,673	5,946	101
Other governmental agencies	356,067	1,528,611	-	-
Current service charges	3,481,772	1,065	91,181	-
Other revenue	171,346	18,352	20,152	-
Total revenues	36,124,240	1,565,701	117,279	373,813
EXPENDITURES:				
Current:				
General government	3,789,611	-	-	-
Public safety:				
Fire	8,130,018	-	-	-
Police	13,032,385	-	-	-
Streets and parks	2,643,485	871,273	303,191	-
Community development	2,856,217	-	-	28,738
Recreation	3,755,118	-	-	-
Capital outlay	-	-	20,269	-
Debt service:				
Principal repayment	87,727	-	-	-
Interest, fiscal charges and issuance costs	23,482	-	-	-
Total expenditures	34,318,043	871,273	323,460	28,738
REVENUES OVER (UNDER) EXPENDITURES	1,806,197	694,428	(206,181)	345,075
OTHER FINANCING SOURCES (USES):				
Debt proceeds	-	-	-	-
Debt refunding	-	-	-	-
Transfers in	1,670,258	-	137,987	-
Transfers out	(1,611,703)	(500,000)	(121,569)	(795,258)
Total other financing sources (uses)	58,555	(500,000)	16,418	(795,258)
EXTRAORDINARY GAIN				
RDA Dissolution				423,096
Net change in fund balances	1,864,752	194,428	(189,763)	(27,087)
FUND BALANCES:				
Beginning of year, as restated	10,304,939	3,602,677	10,499,329	27,087
End of year	\$ 12,169,691	\$ 3,797,105	\$ 10,309,566	\$ -

See accompanying Notes to Basic Financial Statements.

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 11,842,888
-	19,027,962
471,858	471,858
-	1,116,846
-	383,552
5,766	147,005
1,111,206	2,995,884
234,277	3,808,295
640,758	850,608
<u>2,463,865</u>	<u>40,644,898</u>
-	3,789,611
12,428	8,142,446
373,192	13,405,577
1,063,329	4,881,278
200,076	3,085,031
158,614	3,913,732
-	20,269
544,801	632,528
738,008	761,490
<u>3,090,448</u>	<u>38,631,962</u>
<u>(626,583)</u>	<u>2,012,936</u>
9,703,756	9,703,756
(9,700,000)	(9,700,000)
1,277,048	3,085,293
<u>(590,000)</u>	<u>(3,618,530)</u>
<u>690,804</u>	<u>(529,481)</u>
-	423,096
64,221	1,906,551
<u>3,299,074</u>	<u>27,733,106</u>
<u>\$ 3,363,295</u>	<u>\$ 29,639,657</u>

City of Newark

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets For the year ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds \$ 1,906,551

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Assets were different because:

Governmental funds reported additions of capital assets as capital outlay and program expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period (net of Internal Service Funds, \$161,975). 1,462,270

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in Governmental Funds (net of Internal Services Funds, \$231,922). (3,441,693)

Revenues from Grants and Sales Tax that are funded in this fiscal year that will not be collected for several months after the City's fiscal yearend are not considered "available" revenue and are classified as deferred revenue in the governmental funds. (410,122)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities:

- Repayment of debt principal is added back to fund balance 632,528
- Repayment of debt principal from refunding proceeds is added back to fund balance 9,700,000
- Bond proceeds from debt refunding (9,703,756)

The amounts below included in the Statement of Activities do not provide or require the use of current financial resources, and therefore are not reported as revenue or expenditures in governmental funds (net change):

- OPEB expenses (366,221)
- Interest payable 13,918
- Deferred charges on cost of issuance 145,882
- Compensated absences (54,671)

Internal service funds were used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds was reported with governmental activities. 670,196

Change in Net Assets of Governmental Activities \$ 554,882

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

Internal Service Fund

Internal service funds account for the City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services to other City funds be financed through user charges to those funds.

City of Newark
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Governmental Activities - Internal Service Funds
ASSETS	
Current assets:	
Cash and investments	\$ 3,313,376
Due from other funds	37,816
Supplies and other assets	54,277
Total current assets	<u>3,405,469</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>1,055,909</u>
Total assets	<u><u>4,461,378</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	217,804
Claims payable - due within one year	465,480
Total current liabilities	<u>683,284</u>
Noncurrent liabilities:	
Claims payable - due in more than one year	<u>1,674,383</u>
Total liabilities	<u><u>2,357,667</u></u>
NET ASSETS	
Invested in capital assets	1,055,909
Unrestricted	1,047,802
Total net assets	<u><u>\$ 2,103,711</u></u>

See accompanying Notes to Basic Financial Statements.

City of Newark
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the year ended June 30, 2012

	Governmental Activities - Internal Service Funds
OPERATING REVENUES:	
Charges to departments	\$ 3,864,596
Other revenue	59,021
Total operating revenues	<u>3,923,617</u>
OPERATING EXPENSES:	
Personnel services	984,935
Materials and supplies	546,813
Contractual Services	1,165,941
Utilities	517,485
Insurance claims and premiums	339,562
Depreciation	231,922
Total operating expenses	<u>3,786,658</u>
OPERATING INCOME (LOSS)	<u>136,959</u>
NONOPERATING REVENUES (EXPENSES):	
Transfers in	533,237
Total nonoperating revenues (expenses)	<u>533,237</u>
Change in net assets	670,196
NET ASSETS:	
Beginning of year	1,433,515
End of year	<u>\$ 2,103,711</u>

See accompanying Notes to Basic Financial Statements.

City of Newark
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2012

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from other funds	\$ 3,918,476
Payments to suppliers/other fund	(2,241,691)
Payments to employees	(984,935)
Claims paid	(374,477)
Net cash provided (used) by operating activities	317,373
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Interfund receipts	533,237
Net cash provided (used) by noncapital financing activities	533,237
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	(161,975)
Net cash provided (used) by capital and related financing activities	(161,975)
Net increase (decrease) in cash and cash equivalents	688,635
CASH AND CASH EQUIVALENTS:	
Beginning of year	2,624,741
End of year	<u>\$ 3,313,376</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ 136,959
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	231,922
Changes in current assets and liabilities:	
Other assets	(21,385)
Accounts payable and accrued liabilities	(30,123)
Total adjustments	180,414
Net cash provided (used) by operating activities	\$ 317,373

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Agency Funds

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations and other governments. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

Redevelopment Successor Agency Funds

This private purpose trust fund accounts for the Redevelopment Agency Successor Agency funds. The financial activities of these funds are excluded from the Government-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

City of Newark
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

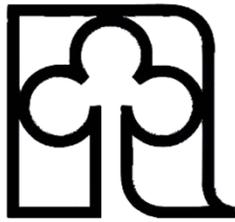
ASSETS	Agency Funds	RDA Successor Agency Funds
Cash and investments	\$ 4,295,470	\$ 48,668
Receivables - Interest	3,595	-
Total assets	\$ 4,299,065	\$ 48,668
LIABILITIES		
Due to bondholders	\$ 4,299,065	\$ -
Due to County of Alameda	-	20,169
Note Payable	-	451,595
Total liabilities	\$ 4,299,065	\$ 471,764
NET DEFICIT		
Held in trust for RDA Successor Funds		\$ (423,096)

See accompanying Notes to Basic Financial Statements.

City of Newark
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2012

	RDA Successor Agency Funds
ADDITIONS:	
Sales tax	\$ 269,913
Transfer in from City of Newark	20,128
Interest income	41
Total additions	\$ 290,082
DEDUCTIONS:	
Transfer out of sales tax to City of Newark	\$ 269,913
Expenses	20,169
Extraordinary loss due to dissolution of RDA	423,096
Total deductions	\$ 713,178
Change in net assets	\$ (423,096)
Net Assets - beginning	-
Net Assets - endng	\$ (423,096)

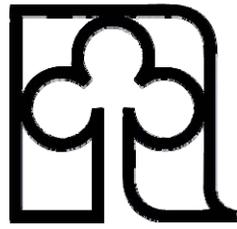
See accompanying Notes to Basic Financial Statements.



City of Newark
Index to Notes to Basic Financial Statements
For the year ended June 30, 2012



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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Newark (City) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. 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. Reporting Entity

The financial statements of the City of Newark include the financial activities of the City as well as the financial activities of its component unit, which is the entity for which the City is financially accountable. The City Council served as the governing board to the former Newark Redevelopment Agency Successor Agency and serves as governing board to the Newark Public Financing Authority. These entities are (were) controlled entirely by the City, which also performs all their administrative and accounting functions. These entities' financial activities have been aggregated and merged (termed "blended") with those of the City in the accompanying financial statements. The Newark Betterment Corporation is presented as a discrete component unit, which is reported as a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. Separate financial statements for the Newark Betterment Corporation may be obtained from the City of Newark.

The following entities are reported as blended component units:

Newark Redevelopment Agency (Agency) - The Agency was a separate government entity whose purpose was to prepare and implement plans for improvement, rehabilitation, and development of certain areas within the City. City Council serves as the governing board of the Agency. The Agency was controlled entirely by the City, which also performed all their administrative and accounting functions. The Agency dissolved as of January 31, 2012. The financial activities of the Agency, through January 31, 2012, have been included in these financial statements in the Redevelopment Agency Capital Projects Fund.

Newark Public Financing Authority (Authority) - The Authority provides financing assistance to the City and has been included in these financial statements in the COPS Interest and Redemption Debt Service Fund. City Council serves as the governing board of the Authority. The Authority is controlled entirely by the City, which also performs all their administrative and accounting functions.

The following entity is reported as a discrete component unit:

Newark Betterment Corporation (Corporation) - The Corporation is a separate legal entity whose purpose is to financially support various cultural, art, and music programs for the benefit of the residents of the City of Newark. The financial activities of the Corporation have been included in these financial statements in the Newark Betterment Corporation Component Unit column of the Statement of Net Assets and the Statement of Activities. The governing board of the Corporation is the Board of Directors. Activities and affairs of the Corporation are conducted under the direction of the Board of Directors. The Corporation is included as a component unit of the City, because the nature and significance of its relationship with the City is such that its exclusion would cause the City's financial statements to be misleading or incomplete.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. *Basis of Accounting, Measurement Focus, and Financial Statement Presentation*

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of governmental activities for the City. Fiduciary activities of the City are not included in these statements.

These 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 Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities and Changes in Net Assets, internal service fund transactions have been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out
- Interfund charges

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989 to the business-type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure. The City has elected not to apply applicable FASB Statement and Interpretations issued after November 30, 1989.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. *Basis of Accounting, Measurement Focus, and Financial Statement Presentation, Continued*

Governmental Fund Financial Statements

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 non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

The City reports the following major governmental funds:

The General Fund – is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The major revenue sources for this fund are property taxes, sales taxes, unrestricted revenues from the State, fines and forfeitures, and interest income. Expenditures are made for public safety and other services not required to be accounted for in another fund. The Waste Augmentation Fund is included in the General Fund effective for the year ended June 30, 2012.

The State Construction Maintenance Special Revenue Fund – accounts for gas tax funds received from the State, Transportation Development Act funds received from the Metropolitan Transportation Commission, funds received from federal grants (ISTEA, HES), and developers. These funds are to be used for various street construction and maintenance projects.

The Capital Projects Fund – accounts for financial resources used in major capital acquisition and construction activities and in the renovation, replacement, and maintenance of the City's major capital assets.

The Redevelopment Agency Capital Projects Fund – accounted for funds received by the Agency as advances from the City's General Fund to prepare and carried out redevelopment plans and capital projects for designated areas in the City. It also accounts for property tax increment revenues received and set aside to improve and increase supply of low and moderate income housing in the City. As of January 31, 2012, the Redevelopment Agency fund was dissolved (see Note 10).

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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. *Basis of Accounting, Measurement Focus, and Financial Statement Presentation, Continued*

Governmental Fund Financial Statements, Continued

Revenues are recorded when received in cash, except revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the Combining Balance Sheet and recognized as revenue.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund.

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 on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets present increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Internal service fund balances and activities have been combined with governmental activities in the Government-Wide Financial Statements, and are comprised of the following funds:

The Internal Service Funds – account for equipment replacement and operations, office support, building maintenance, and public liability and worker’s compensation self-insurance; all of which are provided to other departments on a cost-reimbursement basis.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. *Basis of Accounting, Measurement Focus, and Financial Statement Presentation, Continued*

Proprietary Fund Financial Statements, Continued

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements consist of a Statement of Changes in Net Assets. The City's fiduciary funds represent agency funds and do not involve measurement of results of operations. The fiduciary funds are accounted for using the accrual basis of accounting.

The City reports the following fiduciary funds:

The Agency Fund - accounts for assets held by the City as an agent for individuals, private organizations and other governments. The City's agency fund accounts for the assets held by the City as an agent for the Area Improvement District. The financial activities of this fund are excluded from the Government-Wide Financial Statement, but is presented in separate Fiduciary Fund Financial Statements.

The Successor Redevelopment Agency Private Purpose Trust Fund - accounts for assets held by the City for the Successor Redevelopment Agency fund.

C. *Cash, Cash Equivalents and Investments*

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

In accordance with GASB Statement No. 40, Deposit and Investment Disclosures (Amendment of GASB No. 3), certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash, Cash Equivalents and Investments, Continued

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

D. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects.

E. Receivables

During the course of normal operations, the City carries various receivable balances for taxes, interest, grants and special assessments.

F. Property Taxes

Alameda County assesses properties and bills, collects and distributes property taxes, including special assessments, to the City. The County remits amounts collected and handles all delinquencies. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year. Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31. The term "unsecured" refers to taxes on personal property; not real estate, land or buildings. These taxes are secured by liens on the property being taxed. The City does not participate in the "Teeter Plan" offered by the County, thereby retaining the right to any interest and penalties collected on the delinquent taxes.

Property tax revenues are recognized by the City in the fiscal year they are assessed, provided they are collected within sixty days after the end of the fiscal year.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. *Interfund Transactions*

Interfund transactions are reflected as loans, services provided reimbursements or transfers. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Advances between funds, reported in the fund financial statements are not available for appropriation and are nonspendable financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the Government-Wide Financial Statements presentation.

H. *Capital Assets*

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City defines capital assets as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year’s pro rata share of the cost of capital assets. The City has assigned the useful lives listed below to capital assets:

Buildings	60 years
Improvements other than buildings	20 -30 years
Infrastructure:	
Streets and bridges	40-50 years
Sidewalks, curbs, gutters, and walls	35-45 years
Street lights	25-30 years
Traffic signals	20 years
Equipment	5-30 years

Major outlays for capital assets and improvements are capitalized as projects are constructed.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. *Capital Assets, Continued*

The Governmental Accounting Standards Board (GASB) Statement No. 34 requires the inclusion of infrastructure capital assets in local government's basic financial statements. In accordance with GASB No. 34, the City has included the value of all infrastructure assets into its Basic Financial Statements. The City defines infrastructure as the basic physical assets that allow the City to function, which consists of the street system.

I. *Compensated Absences*

Compensated absences include unused accrued vacation, general leave, and compensatory time. The City's liability for compensated absences is recorded at the Entity-wide level in the Statement of Net Assets for Governmental Activities and in Proprietary funds as appropriate.

Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated primarily by the General Fund.

J. *Long-Term Debt*

Government-Wide Financial Statements – Long-term debt and other long-term obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Fund Financial Statements – The governmental fund financial statements do not present long-term debt but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

Bond premiums and discounts, as well as issuance costs, are recognized during the current period as other financing sources or uses. Bond proceeds are reported as other financing sources.

K. *Net Assets / Fund Balance*

Government-Wide Financial Statements

In the government-wide financial statements, Net Assets are the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three captions under GASB Statement 34. These captions apply only to Net Assets, which are determined only at the government-wide level, and are described on the next page.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. *Net Assets / Fund Balance, Continued*

Government-Wide Financial Statements, Continued

Invested in Capital Assets, Net of Related Debt - Describes the portion of Net Assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted Net Assets - Describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees and grant funds received for use on capital projects, debt service requirements, redevelopment funds restricted to low and moderate income purposes, funds received for recycling programs and future waste disposal costs; and fees for use on emergency medical services.

Unrestricted Net Assets - Describes the portion of Net Assets which is not restricted to use.

L. *Fund Balances*

Fund Financial Statements

GASB 54 established Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Fund Financial Statements consist of Nonspendable, Restricted, Committed, Assigned and Unassigned amounts as described below:

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. The restriction 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. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Fund Balances, Continued

Assigned Fund Balance – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by City Council or an official to which the City Council has delegated the authority 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 City established the following policies relating to its fund balance classifications:

Committed Fund Balances

- *Highest Level of Decision-Making Authority* – the City Council is the highest level of decision-making authority in terms of established fund balance classifications and creating Committed Fund Balances.
- *Formal Action Required* – the City has the authority to establish, modify or rescind Committed Fund Balances.
- *Timing* – the City takes formal action to commit any resources as soon as possible upon determining its desire to take such action, but no later than June 30 of the fiscal year in which it applies in order for the action to be valid for the presentation of the annual report.

Assigned Fund Balances

- *Approved Authority* – the City Council has delegated the authority to the City Manager to assign fund balance amounts to specific purposes when such policies are enacted by the government body.
- *Specific Policies* – the City Council may establish policies as needed to delegate authority to an appropriate official to assign resources to specific purposes in terms of creating, modifying or rescinding Assigned Fund Balances. Such policies are approved by the government body by Resolution or Minute Order passed by a majority vote.

Expenditure of Funds – Order of Expenditure

- *Restricted and Unrestricted Funds* – when an expenditure is incurred for purposes for which both Restricted and Unrestricted Fund Balances are available, the City considers that Restricted Funds are spent first until such funds are exhausted, at which time Committed, Assigned or Unassigned Funds are used.
- *Committed, Assigned or Unassigned Funds* – when an expenditure is incurred where there are no Restricted Funds available, and for which Committed and/or Assigned Fund Balances are available, the City exhausts Committed Funds first until such funds are exhausted and then exhausts Assigned Funds until such funds are exhausted.

Classification of Fund Balances

- The City at least on an annual basis, and by virtue of the adoption of its annual budget, establishes a listing of all Fund Balances and their classifications.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. New Pronouncements

In 2012, the City incorporated new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans* - This statement addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple–employer other post-employment benefit (OPEB) plans. There was no effect on net assets by the City implementing the new accounting standard.
- GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* - The objective of this statement is to improve financial reporting for state and local governments by clarifying whether an effective hedging relationship continues after the replacement of a swap counter party or a swap counterparty’s credit support provider. There was no effect on net assets by the City implementing the new accounting standard.

2. CASH AND INVESTMENTS

The City maintains cash and investment pools for all funds. Certain cash and investment are restricted under the provisions of the City’s debt agreements. These restricted funds are not pooled and are held by trustees.

The following is a summary of cash and investments at June 30, 2012:

	Government-Wide Statement of Net Assets Governmental Activities	Discrete Component Unit Newark Betterment Corporation	Fiduciary Funds Statement of Net Assets	Total
Cash and investments	\$ 32,073,836	\$ 260,580	\$ 4,344,138	\$ 36,678,554
Restricted cash and investments	633,757	-	-	633,757
Total	\$ 32,707,593	\$ 260,580	\$ 4,344,138	\$ 37,312,311

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012



2. CASH AND INVESTMENTS, Continued

At June 30, 2012, the City's pooled cash and investments, including restricted funds consisted of the following:

Deposits:	
Cash on hand	\$ 6,500
Deposits with banks	1,866,430
Total deposits	1,872,930
Investments:	
California Local Agency Investment Fund	34,545,044
Total City Treasury	36,417,974
Cash and Investment with Fiscal Agents:	
Money market funds	633,757
Total Restricted Cash and Investments	633,757
Newark Betterment Corporation	
Deposits:	
Deposits with banks	\$ 250,580
Total deposits	250,580
Investments:	
Certificates of Deposit	10,000
Total Newark Betterment Corporation	260,580
Total Cash and Investments	\$ 37,312,311

A. Deposits

The carrying amount of the City's cash deposit was \$1,866,430 at June 30, 2012. Bank balances before reconciling items were \$2,600,193, the total amount of which was insured and/or collateralized with securities held by pledging financial institutions in the City's name discussed below.

The California Government Code requires banks and savings and loan institutions to secure City's cash deposits by pledging securities as collateral. The Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of the creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may and has waived collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.



2. CASH AND INVESTMENTS, Continued

A. Deposits, Continued

The City pools cash and investment of all funds, excluding restricted funds required to be held by fiscal agents under the terms of the City's debt agreements. Investment income earned on pooled cash investment is allocated on a quarterly basis to the various funds based on the quarter-end cash and investment balances. Interest earnings on restricted cash and investments are credited directly to the related fund.

B. Investments

Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Minimum Credit Quality Requirements
California Local Agency Investment Fund	None	None	None
Securities of the U.S. Government	5 years	None	None
Banker Acceptances	180 days	40%	None
Collateralized Certificates of Deposit	5 years	50%	None
Negotiable Certificates of Deposit	5 years	30%	None
Commercial Paper	270 days	25%	A-1
Repurchase Agreements	1 year	50%	None
Reverse Repurchase Agreements	92 days	50%	None

Under the provisions of bond indentures, the following are authorized investment types for investments held by fiscal agents:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality Requirements
U.S. Treasury Obligations	None	None
Federal Housing Administration Bonds	None	None
U.S. Agency Securities	None	None
Senior Debt Obligations	None	Aaa, AAA
FDIC Insured Deposits	None	None
Unsecured Certificates of Deposits, Time Deposits, and Banker's Acceptances	360 days	A-1, P-1
Commercial Paper	270 days	A-1, P-1
Money Market Funds	None	AAAm, AAAm-G
State Obligations	None	A, A3
Pre-funded Municipal Obligations	None	Aaa, AAA
Investment Agreements	None	AA, Aa
Repurchase Agreements	None	A
California Arbitrage Management Program	None	None
California Local Agency Investment Fund	None	None
Investment approved by Municipal Bond Insurer	None	None



2. CASH AND INVESTMENTS, Continued

B. Investments, Continued

GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, require that the City's investments be carried at fair value. 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 fair value gain was \$42,081. The change in value amounted to an unrealized gain of \$3,882 for fiscal year 2011/12.

C. Risk Disclosures

Interest Risk – Interest rate risk is the fluctuation in fair value of investment due to changes in interest rates. The City's exposure to losses caused by rising interest rates is minimized by limiting the average maturity of the City's investments to not exceed five years. The City had the following investment maturities at June 30, 2012:

Investment Type	Fair Value	Investment Maturity 1 Year or Less	Investment Maturity 2 Years	Investment Maturity 3 Years	Investment Maturity 4 Years	Investment Maturity 5 Years
Local Agency Investment Funds	\$ 34,545,044	\$ 34,545,044	\$ -	\$ -	\$ -	\$ -
Money Market Funds	633,757	633,757	-	-	-	-
Certificates of Deposit	10,000	-	-	-	-	10,000
Cash with banks and on hand	2,123,510	2,123,510	-	-	-	-
Total	\$ 37,312,311	\$ 37,302,311	\$ -	\$ -	\$ -	\$ 10,000

Credit Risk – Credit risk is the risk of loss of value of a security or investment due to downgrade of its rating due to a change in the ability of the issuer to fulfill its debt obligation. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution to reduce the City's exposure to credit risks.

Custodial Credit Risk – The custodial credit risk for an investment 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. None of the City's investments were subject to custodial credit risk.



2. CASH AND INVESTMENTS, Continued

D. Local Agency Investment Fund

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The balance is available for withdrawal on demand. The City's investments with LAIF at June 30, 2012, include a portion of the pooled funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities the bulk of which are mortgage-backed securities, entitle their 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 (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30 2012, the City had \$34,545,044 invested in LAIF, which had invested 3.47% of the pool investment funds in Structured Notes and Asset-Backed Securities. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The fair value of LAIF was calculated by applying a factor of 1.001219643 to the total investments held by LAIF.

3. INTERFUND TRANSACTIONS

A. Interfund Receivables / Payables

The composition of interfund balances as of June 30, 2012 is as follows:

Due to/from Other Funds

The following due to and from amounts represent cash flow needs by the receiving funds that are repaid shortly after the end of the year.

	Due to other funds
	Non-Major Special Revenue Fund: Community Development Act
	1,980
Due from other funds	
General Fund	\$ 1,980
Total	\$ 1,980



3. INTERFUND TRANSACTIONS, Continued

A. Interfund Receivables / Payables, Continued

Transfers In/Out

Transfers in/out for the year ended June 30, 2012, were as follows:

	Transfers In						Total
	<i>Governmental Funds:</i>		<i>Non-Major Governmental Funds:</i>				
	General	Capital Projects Funds	Alameda County Fire Fees	Community Development Maint. Fees	COPS Interest and Redemption	Internal Service Funds	
<i>Governmental Funds:</i>							
General	\$ -	\$ 137,987	\$ -	\$ -	\$ 940,479	\$ 533,237	\$ 1,611,703
<i>Major Governmental Funds:</i>							
State Construction Maint. Funds	500,000	-	-	-	-	-	500,000
Capital Projects Funds	-	-	-	121,569	-	-	121,569
RDA Funds	795,258	-	-	-	-	-	795,258
<i>Non-Major Governmental Funds:</i>							
Paramedic Tax	-	-	215,000	-	-	-	215,000
Alameda County Fire Fees	375,000	-	-	-	-	-	375,000
Total Governmental Funds	\$ 1,670,258	\$ 137,987	\$ 215,000	\$ 121,569	\$ 940,479	\$ 533,237	\$ 3,618,530

Transfers to the General Fund from the State Construction Maintenance Special Revenue Fund and Capital Projects Fund were to fund general operations.

Transfers to the General Fund from Alameda County Fire Special Revenue Fund were to fund public safety programs.

Transfers to the General Fund from the Redevelopment Agency Fund were to return sales tax previously receipted to the dissolved Redevelopment Agency Funds.

Transfers from the General Fund to the Capital Projects Funds and Internal Services Funds were to fund the reserves and additional services approved in the Service Restoration Plan for Utility Users Tax revenue.

Transfers from the General Fund to the COPS Interest and Redemption Fund were to fund debt service.

Transfers from the Paramedic Tax Fund to the Alameda County Fire Fees Fund were to fund public safety programs.

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012



4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012
Governmental activities:				
Nondepreciable assets:				
Land	\$ 4,384,073	\$ -	\$ -	\$ 4,384,073
Park land	30,107,748	-	-	30,107,748
Landscaping	8,684,784	-	-	8,684,784
Street trees	739,733	-	-	739,733
Construction in progress	-	-	-	-
Total nondepreciable assets	<u>43,916,338</u>	<u>-</u>	<u>-</u>	<u>43,916,338</u>
Depreciable assets:				
Buildings and improvements	43,684,267	23,041	-	43,707,308
Infrastructure				
Streets	67,713,706	1,153,827	-	68,867,533
Sidewalks, curbs, gutters and walls	13,707,953	236,082	-	13,944,035
Street lights	3,219,325	-	-	3,219,325
Traffic signals	3,936,784	-	-	3,936,784
Machinery and equipment	7,902,050	211,295	-	8,113,345
Total depreciable assets	<u>140,164,085</u>	<u>1,624,245</u>	<u>-</u>	<u>141,788,330</u>
Less accumulated depreciation:				
Buildings and improvements	(9,585,346)	(720,853)	-	(10,306,199)
Infrastructure				
Streets	(6,714,456)	(1,779,582)	-	(8,494,038)
Sidewalks, curbs, gutters and walls	(1,536,899)	(398,430)	-	(1,935,329)
Street lights	(515,093)	(128,773)	-	(643,866)
Traffic signals	(3,334,687)	(196,839)	-	(3,531,526)
Machinery and equipment	(5,286,220)	(449,138)	-	(5,735,358)
Total accumulated depreciation	<u>(26,972,701)</u>	<u>(3,673,615)</u>	<u>-</u>	<u>(30,646,316)</u>
Net depreciable assets	<u>113,191,384</u>	<u>(2,049,370)</u>	<u>-</u>	<u>111,142,014</u>
Governmental activities capital assets, net	<u>\$ 157,107,722</u>	<u>\$ (2,049,370)</u>	<u>\$ -</u>	<u>\$ 155,058,352</u>

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012



4. CAPITAL ASSETS, Continued

Depreciation expense was charged to various governmental functions as follows:

General government	\$ 81,413
Public safety:	
Fire	262,499
Police	248,603
Street and parks	2,585,026
Community development	36,478
Recreation	459,596
Total depreciation expense - governmental functions	<u>\$ 3,673,615</u>

5. LONG-TERM DEBT

The City's long-term debt is comprised the following at June 30, 2012:

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012	Amounts Due Within One Year	Amounts Due in More than One Year
Governmental Activities:						
2012 Bank refinancing \$9,703,757; 2-5% due 2028	\$ -	\$ 9,703,756	\$ (544,801)	9,158,955	\$ 435,149	\$ 8,723,806
2002 Certificates of Participation \$9,925,000; 2-5% due 2032	8,215,000	-	(5,975,000)	2,240,000	-	2,240,000
1998 Certificates of Participation \$5,000,000; 5% due 2027	3,725,000	-	(3,725,000)	-	-	-
Capital Lease Obligation Equipment lease, due 2015	181,269	-	(42,251)	139,018	44,232	94,786
Capital Lease Obligation Equipment lease, due 2017	308,235	-	(45,476)	262,759	47,686	215,073
Total	<u>\$ 12,429,504</u>	<u>\$ 9,703,756</u>	<u>\$ (10,332,528)</u>	<u>\$ 11,800,732</u>	<u>\$ 527,067</u>	<u>\$ 11,273,665</u>

2012 Compass Bank Debt Refinancing

On April 5, 2012, the City refinanced \$9.7 million of outstanding debt through Compass Bank at a fixed rate of 3.5% to refund the outstanding 1998 COPs and a portion of the 2002 COPs in order to achieve significant annual interest savings. A portion of the 2002 COPs having maturities through 2032 will remain as the originally issued COPs.

The City and its financial advisor, NHA Advisors, secured bids from banks interested in the potential refinancing and received the most competitive rate from Compass Bank. The 2012 Bank refinancing will be secured by payments made from the General Fund of the City through a lease arrangement between the Old Town Fire Station and Mayhew's Landing Park, which is encumbered by the lease



5. LONG-TERM DEBT, Continued

for the 2002 COPs and will remain encumbered for the non-refinanced portion of the 2002 COPs.

The refinancing is expected to save the City about \$70,392 per year from FY2012-13 through FY2027-28, with a net present value savings to the City of \$1,196,657.

2002 Certificates of Participation

On August 1, 2002, \$9,925,000 principal amount of Certificates of Participation (COPs) for the 2002 Silliman Community Activity Center/Old Town Fire Station Project, were issued to fund construction of the swim facility at the Activity Center and a fire station in the Old Town area. Lease payments are due annually on June 1 until June 1, 2032. Interest at rates of 2.0-5.0% are payable semi-annually on June 1 and December 1. On April 5, 2012, \$5,975,000 of the principal balance was paid down from the refunding proceeds of the 2012 bank refinancing through Compass Bank.

1998 Certificates of Participation

On June 1, 1998, \$5,000,000 principal amount of Certificates of Participation (COPs) for the George M. Silliman Community Activity Center Project, were issued to finance the acquisition of land and construction of the Activity Center. Lease payments are due annually on June 1 through June 1, 2027. Interest at rates of 5.0% are payable semi-annually on June 1 and December 1. On April 5, 2012, the outstanding principal balance of \$3,725,000 was paid in full from the refunding proceeds of the 2012 bank refinancing through Compass Bank.

Capital Lease Obligations

On November 10, 2004, the City entered into a non-cancelable lease agreement in the amount of \$397,864 with Oshkosh Capital to acquire a fire pumper truck. Annual lease payments of \$50,752 are due on November 19 until 2014. Ownership of the fire pumper truck reverts to the City at the end of the lease.

On December 13, 2006, the City entered into a non-cancelable lease agreement in the amount of \$470,015 with Oshkosh Capital to acquire a fire pumper truck. Annual lease payments of \$60,456 are due on December 20 until 2016. Ownership of the fire pumper truck reverts to the City at the end of the lease.



5. LONG-TERM DEBT, Continued

Debt Service Requirements

Annual debt service requirements are shown below for all long-term debt:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2013	\$ 527,067	\$ 448,079
2014	549,400	428,301
2015	566,367	407,734
2016	537,281	386,475
2017	561,011	366,740
2018-2022	2,782,128	1,541,559
2023-2027	3,304,590	1,014,569
2028-2032	2,972,888	418,044
Total	\$ 11,800,732	\$ 5,011,501

Area Improvement District Bonds with No City Commitment

Area Improvement Districts (AID) Bonds were issued to finance public improvements within the District. Neither the City's General Fund nor the full faith and credit of the City is pledged for the repayment of these bonds. The AID bonds will be repaid solely by special assessments levied on the properties within that District. The bonds are secured by the special taxes on those properties.

These transactions are accounted for in a separate Agency fund established by the City for that purpose. As of June 30, 2012, the remaining balance outstanding on these bonds was \$9,348,000.

6. COMPENSATED ABSENCES

The City's compensated absences include accrued vacation, general leave and compensatory time. The value of unpaid leave is recorded as a liability of the City on the entity-wide statement of net assets.

Changes in compensated absences for the fiscal year ended June 30, 2012 were as follows:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012	Due Within One Year
Governmental Activities	\$ 1,812,754	\$ 1,180,476	\$ (1,125,805)	\$ 1,867,425	\$ 1,848,751



7. DEFINED BENEFIT PENSION PLAN

A. *California Public Employees' Retirement Plan (PERS)*

Plan Description - The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability retirement benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of the PERS annual financial report may be obtained from their Executive Office located at 400 Q Street, Sacramento, California 95814.

Funding Policy - Without cost sharing, active members are required by State statute to contribute 8% of their annual covered salary for a miscellaneous member and 9% for a safety member. The City's employer required contribution rates, without cost sharing, were 19.197% for miscellaneous employees and 30.404% for safety employees in 2011-2012. The City is currently paying benefits from the City's General Fund.

The City and its employee groups entered into a variable cost sharing agreement allowing the employer contribution rate to float below and the employee rate to float above the non-cost sharing rates by the cost sharing percentage. For the Miscellaneous rate plan, sharing half the cost over 10% produces a 3.468% cost sharing between the City and miscellaneous members. This results in a 15.729% employer contribution rate and a 11.468% employee contribution rate. For the Safety rate plan, sharing half the cost over 17.208% produces a 4.0% cost sharing between the City and safety employees. This resulted to a 26.404% employer contribution rate and a 13.0% employee contribution rate.

Annual Pension Cost - For 2011-2012, the City's annual pension cost of \$3,041,229 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases range from 3.55% to 14.45% for both miscellaneous employees and safety employees depending on age, service, and type of employment, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three year period. PERS unfunded actuarial liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period as of June 30, 2010 was 19 years for safety employees and 27 years for miscellaneous employees for prior and current service unfunded liability.



7. DEFINED BENEFIT PENSION PLAN, Continued

A. California Public Employees' Retirement Plan (PERS), Continued

THREE-YEAR TREND INFORMATION FOR PERS

Fiscal Year	Annual Pension Cost (APC)		Total APC	Percentage of APC Funded
	Safety Plan	Safety Plan		
6/30/2010	\$	2,274,556	\$ 2,274,556	100%
6/30/2011		1,348,814	1,348,814	100%
6/30/2012		1,748,474	1,748,474	100%

Fiscal Year	Annual Pension Cost (APC)		Total APC	Percentage of APC Funded
	Miscellaneous Plan	Miscellaneous Plan		
6/30/2010	\$	1,154,311	\$ 1,154,311	100%
6/30/2011		1,002,768	1,002,768	100%
6/30/2012		1,292,755	1,292,755	100%

B. Funding Status as of the Most Recent Actuarial Date

The City retirement plans for safety employees are part of the CalPERS risk pool for cities and other government entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of funding progress for the City's safety employees is no longer available.

CalPERS Miscellaneous Plan

Actuarial Valuation Date*	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/2010	\$ 62,484,629	\$ 78,859,645	\$ 16,375,016	79.2%	\$ 8,785,314	186.4%

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012



8. OTHER POST EMPLOYMENT BENEFITS

The City participates in the CalPERS healthcare programs Public Employees Medical and Hospital Care Act (PEHMCA) providing retirees the statutory minimum contribution using the 5% "unequal method." The City currently pays for the cost of the retiree healthcare on a pay-as-you-go basis. For fiscal year ended June 30, 2012, there were 82 retirees receiving this benefit and total City costs amounted to \$104,779.

The City is not required by law or contractual agreement to provide funding for retiree health costs other than the pay-as-you-go amount necessary to provide current benefits to retirees. The City has not set up a trust fund and is currently paying benefits from the City's General Fund.

The City's annual other post employment benefit (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 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table illustrates the City's June 30, 2012 Net OPEB Obligation:

Annual required contribution	\$ 516,000
Interest on net OPEB obligation	56,000
Amortization of net OPEB obligation	<u>(101,000)</u>
Annual OPEB cost	471,000
Payments made	<u>(104,779)</u>
Increase in net OPEB obligation	366,221
Net OPEB obligation - beginning of the year	<u>1,318,538</u>
Estimated NET OPEB Obligation June 30, 2012	<u><u>\$ 1,684,759</u></u>

The City's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year Ended	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	591,000	87,817	14.9%	971,681
6/30/2011	444,000	97,143	21.9%	1,318,538
6/30/2012	471,000	104,779	22.2%	1,684,759

Funded Status and Funding Progress - As of January 1, 2011, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability (AAL) for benefits was \$4,484,000, and the actuarial value of plan assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,484,000. The covered payroll (annual payroll of active employees covered by the plan) was \$22,167,000 and the ratio of UAAL to the covered payroll was 20%.



8. OTHER POST EMPLOYMENT BENEFITS, Continued

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 following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Since this is the first year of including this information in the financial report, the data presented is limited.

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.

The City's January 1, 2011 retiree healthcare valuation was prepared using the Entry Age Normal (EAN) actuarial cost method. Under the EAN cost method, the plan's Normal Cost is developed as a level percent of payroll throughout the participants' working lifetime. Entry age is based on current age minus years of service. The Actuarial Accrued Liability (AAL) is the cumulative value on the valuation date of prior Normal Cost. For the retirees, the AAL is the present value of all projected benefits. The Unfunded AAL is being amortized as a level dollar closed 30 year basis, as a level percent of payroll with a remaining amortization period at January 1, 2011 of 29 years.

GASB 45 requires the interest rate to represent the underlying expected long-term rate of return for the source of funds used to pay benefits. Since the source of funds for an unfunded plan is usually the General Fund and California law restricts the City's investment vehicles, this valuation included a 4.25% interest rate. Another key assumption is that future healthcare inflation rate used to increase the PEMHCA minimum contribution and benefits are expected to increase 4.0% in 2013 and 4.5% for the following years. Annual general inflation is assumed to increase at 3% and aggregate payroll to increase at 3.25 % per annum. The study also used assumptions for the salary merit and longevity increases, and demographic assumptions such as mortality, withdrawal, and disability based on CalPERS 1997-2002 Experience Study. Retirement assumption was also based on CalPERS 1997-2002 Experience Study of the Miscellaneous Plan 2.5% at 55 years, with expected retirement age of approximate 58 for females and 61 for males and Public Safety 3% at 50 years, with expected retirement age of approximately 54 for Police and Fire.



9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The City has established various self-insurance programs and participated in pooled approach to manage excessive risks and provide liability coverage.

The City participates in Association of Bay Area Governments (ABAG) Plan Corporation which is a nonprofit benefit corporation established to provide liability insurance coverage, claims and risk management, and legal defense to its participating members. ABAG Plan provides \$25,000,000 of general liability coverage per occurrence and is responsible for paying claims in excess of the City's \$100,000 deductible. For the year ended June 30, 2012, the City paid ABAG Plan \$248,218 in premiums. ABAG Plan has not determined the value of the City's interest in its net assets. Financial statements may be obtained from ABAG Services, P.O. Box 2050, Oakland, CA 94604-2050.

The City participates in the Local Agency Workers Compensation Excess Joint Powers Authority (LAWCX), which covers workers compensation claims in excess of \$350,000 per claim, up to statutory limits. LAWCX is governed by a board of directors comprised of representatives from member municipalities. The board controls the operations of each risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the board.

The City's contributions to each risk pool equal the ratio of the City's payroll to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. In each of the past three years, the amount of settlements did not exceed insurance coverage.

During the fiscal year ended June 30, 2012, the City contribution was \$91,344. Audited financial statements may be obtained from Bickmore Risk Services, 1831 K Street, Sacramento, CA 95814.

Self-Insurance Internal Service Funds

The City's risk management activities are recorded in the Public Liability Self-Insurance and Workers' Compensation Self-Insurance Internal Service Funds. Estimated liabilities are recorded when a loss is deemed probable and the amount of the loss can be reasonably estimated. Claims that have been incurred but not reported (IBNRs) are also included in the liability estimates. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible, or uninsured portion of these claims.



9. RISK MANAGEMENT, Continued

The following is a summary of the changes in general liability claims and workers' compensation liabilities for the past three fiscal years:

	2012			2011	2010
	General Liability Claims	Workers' Compensation Claims	Total		
Liability at beginning of fiscal year	\$ 136,865	\$ 2,037,913	\$ 2,174,778	\$ 1,966,059	\$ 1,253,940
Claims and changes in estimates	132,106	277,416	409,522	652,348	1,152,985
Claims payments	(55,346)	(389,091)	(444,437)	(443,629)	(440,866)
Liability at end of fiscal year	\$ 213,625	\$ 1,926,238	\$ 2,139,863	\$ 2,174,778	\$ 1,966,059
Current Portion	\$ 111,337	\$ 354,143	\$ 465,480	\$ 484,372	\$ 476,815

10. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Newark that previously had reported a redevelopment agency within the reporting entity of the city as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of the State and other local governments. On January 12, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 9910.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments up to an amount equal to the former increment on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.



**10. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY,
Continued**

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 2, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the AB1484. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012.

Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City of fiduciary funds was reported in the governmental funds as an extraordinary gain in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary loss. There were no reconciling differences between this gain and loss.

On June 27, 2012, the California Legislature passed, and the Governor signed, Assembly Bill 1484 (AB 1484). AB 1484 made several substantive and technical amendments to ABx 126 and added significant new obligations and deadlines applicable to both successor agencies and oversight boards. To date, the City has complied with these requirements and is awaiting a Finding of Completion from the Department of Finance (DOF). Management still believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust. Although the outstanding City loan of \$451,595 to the redevelopment successor agency is currently not recognized as an enforceable obligation by the DOF, their Finding of Completion may cause this item to be enforceable in the future. Until such Finding of Completion is received from the DOF, the City is recognizing an unbudgeted uncollectible allowance equal to 100% of the \$451,595 loan.

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012



11. FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned and unassigned (see Note 1 for a description of these categories). A detailed schedule of fund balances at June 30, 2012 is as follows:

	General Fund	State Construction Maintenance Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Supplies and other assets	\$ 133,848	\$ -	\$ -	\$ -	\$ 133,848
Debt reserves	-	-	-	675,317	675,317
Subtotal nonspendable fund balance	133,848	-	-	675,317	809,165
Committed:					
Community development	-	-	-	172,507	172,507
Subtotal committed fund balance	-	-	-	172,507	172,507
Restricted for:					
Public safety	-	-	-	125,897	125,897
Highways and streets	-	3,797,105	-	662,974	4,460,079
Recycling programs	-	-	-	190,274	190,274
Health and welfare	-	-	-	121,844	121,844
Park improvement	-	-	-	150,882	150,882
Landscape and lighting	-	-	-	623,044	623,044
Subtotal restricted fund balance	-	3,797,105	-	1,874,915	5,672,020
Assigned to:					
Fire side fund	363,000	-	-	-	363,000
Waste disposal fund	971,951	-	-	-	971,951
Community development	-	-	-	(5,321)	(5,321)
Art in public places	-	-	-	645,877	645,877
Capital asset acquisition	-	-	10,309,566	-	10,309,566
Subtotal assigned fund balance	1,334,951	-	10,309,566	640,556	12,285,073
Unassigned					
Fund Balance	10,700,892	-	-	-	10,700,892
Total fund balances	\$ 12,169,691	\$ 3,797,105	\$ 10,309,566	\$ 3,363,295	\$ 29,639,657

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012



12. PRIOR PERIOD ADJUSTMENTS

The City recorded the following prior period adjustment to reflect the inclusion of the Waste Disposal Fund in the General Fund for fiscal year 2011/12. The Waste Disposal Fund was previously included in the Special Revenue Funds, but because the fund balance did not meet the criteria for either Committed or Restricted Fund balance reporting, it was included in the General Fund.

	Fund Balance as Previously Reported	Prior Period Adjustment			Fund Balance as Restated
		Cash	Other Receivables	Accounts Payable	
		General Fund	\$ 9,199,484	\$ 1,395,947	

13. CAPITAL PROJECTS

	Project <u>Authorizations</u>	Expenditures <u>Fiscal Year 2012</u>	Unexpended Authorization <u>Balances</u>
Park Construction	\$ 181,328	\$ 30,446	\$ 150,882
Street Construction	4,723,476	1,531,626	3,191,850
Capital Improvements	3,006,900	223,465	2,783,435
Public Safety	15,000	13,785	1,215
Housing and Community	30,100	-	30,100
City Government Operations	<u>747,100</u>	<u>34,186</u>	<u>712,914</u>
	\$ 8,703,904	\$ 1,833,508	\$ 6,870,396

14. UTILITY USERS TAX

In November 2010, Measure U was passed which allowed for the utility users tax. This new revenue source funded programs previously cut as a result of budget reductions. The following table summarized how the revenue was spent during fiscal year 2011/12.

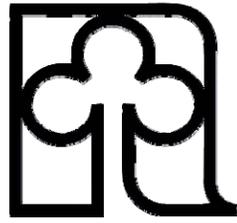
City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2012



14. UTILITY USERS TAX, Continued

	<u>Amended Budget</u>	<u>Actuals</u>
Management/Support Services		
Human Resources	\$ 30,000	\$ 17,728
Information Systems	6,000	3,000
Mangement Services	20,000	20,000
Financial Services	87,000	86,696
Fiscal Uncertainty Fund	250,000	250,000
Subtotal	<u>393,000</u>	<u>377,424</u>
Public Safety		
Patrol	228,000	203,342
Investigation	150,000	150,000
School Crossing Guard	64,000	56,065
Administration	65,000	22,976
Subtotal	<u>507,000</u>	<u>432,383</u>
Community Promotion		
Community Preservation	62,000	23,362
Engineering	50,000	17,719
Subtotal	<u>112,000</u>	<u>41,081</u>
Recreation		
General Recreation Services	44,250	37,446
Youth/Adult Sports	20,250	19,736
Activity & Family Aquatic Center	140,500	123,668
Senior Services	98,000	59,809
Subtotal	<u>303,000</u>	<u>240,659</u>
Park & Landscape Maintenance		
Environmental Services	47,000	47,000
Street Repairs	6,400	4,190
Park & Landscape	170,000	158,484
Subtotal	<u>223,400</u>	<u>209,674</u>
Capital Improvements		
Capital Improvements	128,000	120,269
Subtotal	<u>128,000</u>	<u>120,269</u>
Internal Service Funds		
Office Support Services	40,000	40,000
Equipment Maintenance	38,000	28,214
Building Maintenance	25,000	25,000
Equipment	400,000	400,000
Subtotal	<u>503,000</u>	<u>493,214</u>
General Fund Support for Police, Parks, Recreation Services	<u>55,000</u>	<u>35,000</u>
TOTAL UTILITY USERS TAX EXPENDITURES	2,224,400	1,949,704
TRANSFER TO FISCAL UNCERTAINTY FUND (Includes Fiscal Year 2011 Fund Balance)	\$ 2,025,259	\$ 2,025,259

REQUIRED SUPPLEMENTARY INFORMATION





1. BUDGETARY BASIS OF ACCOUNTING

A. Budgetary Control and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Every other year, the City Manager submits to the City Council a proposed biennial operating budget and capital improvement plan for the two fiscal years commencing the following July 1, which include proposed expenditures and the means of financing them.
2. Public work sessions are conducted to obtain taxpayer comments.
3. The budget is adopted by City Council resolution prior to July 1 of even-numbered years.
4. Expenditures may not legally exceed budgeted appropriations at the department level.
5. All budget adjustments and transfers between funds must be approved by the City Council by resolution during the fiscal year. The City Manager is authorized to transfer any unencumbered appropriations within a department within the same funds.
6. Formal budgetary integration, including the recording of encumbrances, is employed as a management control device during the year in all budgeted funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.
7. Budgets are adopted for all funds except for Debt Service Fund. Budgets are on a basis consistent with generally accepted accounting principles (GAAP).
8. Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations, which were amended.

B. Excess of Expenditures over Appropriations

The funds below incurred expenditures in excess of their budgets in the amounts below as the result of unanticipated expenses. Sufficient resources were available within the following funds to finance these excesses:

<i>General Fund</i>		<i>Community Development Act</i>	
General government	\$ 133,111	Community development	\$ 3,352
Streets and Parks	12,185		
Community development	498,362	<i>Community Development Maintenance Fees</i>	
Debt service: principal repayment	27	Community development	\$ 6,567
 <i>Paramedic Tax</i>		 <i>Recycle AB 939</i>	
Public safety: Fire	\$ 3,820	Community development	\$ 5,524
 <i>Alameda County Fire Fees</i>		 <i>Measure B</i>	
Public safety: Fire	\$ 2,965	Recreation	\$ 38,614
 <i>Police Grants</i>		 <i>Hazardous Materials Program</i>	
Public safety: Police	\$ 5,992	Public safety: Fire	\$ 5,643

City of Newark
Required Supplementary Information, Continued
For the year ended June 30, 2012



1. BUDGETARY BASIS OF ACCOUNTING, Continued

The following are the budget comparison schedules for General Fund, Special Revenue major Governmental Funds.

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
General property taxes	\$ 12,816,000	\$ 11,861,000	\$ 11,825,252	\$ (35,748)
Other local taxes	14,062,000	17,665,000	18,671,886	1,006,886
Licenses, permits and fees	985,000	958,500	1,116,846	158,346
Fines and forfeitures	625,000	625,000	383,552	(241,448)
Use of money and property	169,500	60,000	117,519	57,519
Other governmental agencies	973,300	973,300	356,067	(617,233)
Current services charges	3,539,800	3,429,800	3,481,772	51,972
Other revenue	317,000	317,000	171,346	(145,654)
Total revenues	33,487,600	35,889,600	36,124,240	234,640
EXPENDITURES:				
Current:				
General government	3,644,500	3,656,500	3,789,611	(133,111)
Public safety:			-	
Fire	8,295,943	8,225,143	8,130,018	95,125
Police	12,661,700	13,469,600	13,032,385	437,215
Streets and parks	2,487,300	2,631,300	2,643,485	(12,185)
Community development	2,134,800	2,357,855	2,856,217	(498,362)
Recreation	3,806,677	3,846,177	3,755,118	91,059
Debt Service:				
Principal repayment	87,700	87,700	87,727	(27)
Interest and fiscal charges	23,500	23,500	23,482	18
Total expenditures	33,142,120	34,297,775	34,318,043	(20,268)
REVENUE OVER (UNDER) EXPENDITURES	345,480	1,591,825	1,806,197	214,372
OTHER FINANCING SOURCES (USES):				
Transfers in	500,000	875,000	1,670,258	795,258
Transfers out	(940,480)	(968,480)	(1,611,703)	(643,223)
Total other financing sources (uses)	(440,480)	(93,480)	58,555	152,035
Net change in fund balance	\$ (95,000)	\$ 1,498,345	1,864,752	\$ 366,407
FUND BALANCES:				
Beginning of year			10,304,939	
End of year			\$ 12,169,691	

City of Newark
Required Supplementary Information, Continued
For the year ended June 30, 2012



1. BUDGETARY BASIS OF ACCOUNTING, Continued

Budgetary Comparison Schedule, State Construction Maintenance Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 10,000	\$ 10,000	\$ 17,673	\$ 7,673
Other governmental agencies	1,160,600	1,160,600	1,528,611	368,011
Current Service Charge	-	-	1,065	1,065
Other revenue	-	-	18,352	18,352
Total revenues	1,170,600	1,170,600	1,565,701	395,101
EXPENDITURES:				
Current:				
Streets and Parks	3,084,300	3,084,300	871,273	2,213,027
Total expenditures	3,084,300	3,084,300	871,273	2,213,027
REVENUE OVER (UNDER) EXPENDITURES	(1,913,700)	(1,913,700)	694,428	2,608,128
OTHER FINANCING SOURCES (USES):				
Transfers out	(500,000)	(500,000)	(500,000)	-
Total other financing sources (uses)	(500,000)	(500,000)	(500,000)	-
Net change in fund balance	\$ (2,413,700)	\$ (2,413,700)	194,428	\$ 2,608,128
FUND BALANCES:				
Beginning of year			3,602,677	
End of year			\$ 3,797,105	

City of Newark
Required Supplementary Information, Continued
For the year ended June 30, 2012



2. DEFINED PENSION PLAN

A schedule of funding progress for the past three actuarial valuations is presented below.

Safety Plan

The City retirement plans for safety employees are part of the CalPERS risk pool for cities and other government entities that have less than 100 active members. Actuarial valuations performed included other participants within the same risk pool. Therefore, standalone information of the schedule of funding progress for the City's safety employees is no longer available.

Miscellaneous Plan

Actuarial Valuation Date*	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	(Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Liability as Percentage of Covered Payroll
6/30/2008	59,449,113	70,952,348	11,503,235	83.8%	10,885,673	105.7%
6/30/2009	60,357,980	76,644,426	16,286,446	78.8%	10,368,239	157.1%
6/30/2010	62,484,629	78,859,645	16,375,016	79.2%	8,785,314	186.4%

3. OTHER POST EMPLOYMENT BENEFIT PLAN

Actuarial Valuation Date*	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Actuarial Liability as Percentage of Covered Payroll
1/1/2007	\$ -	\$ 5,528,000	\$ 5,528,000	0.0%	\$ 23,674,000	23.4%
1/1/2009	-	4,341,000	4,341,000	0.0%	21,469,000	20.2%
1/1/2011	-	4,484,000	4,484,000	0.0%	22,167,000	20.2%

* Latest information available.

SUPPLEMENTARY INFORMATION

MAJOR GOVERNMENTAL FUNDS, OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS

Capital Projects Fund

The Capital Projects Funds accounts for financial resources to be used for capital acquisition, construction and rehabilitation projects.

Redevelopment Agency Capital Project Funds

The Redevelopment Agency Capital Project Funds accounted for funds received by the Agency to be used for redevelopment activities and capital projects for designated areas in the City. It also accounted for funds set aside to improve and increase supply of low and moderate income housing. As of January 31, 2012, the Redevelopment Agency Funds were dissolved (see Note 10).

City of Newark
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ 15,000	\$ 15,000	\$ 5,946	\$ (9,054)
Other governmental agencies	1,500,000	1,500,000	-	(1,500,000)
Current service charges	-	-	91,181	91,181
Other revenue	-	-	20,152	20,152
Total revenues	1,515,000	1,515,000	117,279	(1,397,721)
EXPENDITURES:				
Current:				
Streets and parks	3,778,831	3,778,831	303,191	3,475,640
Capital outlay	-	20,269	20,269	-
Total expenditures	3,778,831	3,799,100	323,460	3,475,640
REVENUE OVER (UNDER) EXPENDITURES	(2,263,831)	(2,284,100)	(206,181)	2,077,919
OTHER FINANCING SOURCES (USES):				
Transfers in	-	137,987	137,987	-
Transfers out	-	(121,569)	(121,569)	-
Total other financing sources (uses)	-	(121,569)	16,418	-
Net change in fund balance	\$ (2,263,831)	\$ (2,405,669)	(189,763)	\$ 2,215,906
FUND BALANCES:				
Beginning of year			10,499,329	
End of year			\$ 10,309,566	

City of Newark

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual RDA Capital Projects Fund

For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property tax	\$ 35,000	\$ 35,000	\$ 17,636	\$ (17,364)
Other local taxes	236,524	236,524	356,076	119,552
Use of money and property	2,500	2,500	101	(2,399)
Total revenues	274,024	274,024	373,813	99,789
EXPENDITURES:				
Current:				
Community development	50,000	50,000	28,738	21,262
Total expenditures	50,000	50,000	28,738	21,262
REVENUE OVER (UNDER) EXPENDITURES	224,024	224,024	345,075	121,051
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(795,258)	(795,258)	-
Total other financing sources (uses)	-	(795,258)	(795,258)	-
EXTRAORDINARY GAIN				
Dissolution of redevelopment agency	-	-	423,096	423,096
Total other financing sources (uses)	-	-	423,096	423,096
Net change in fund balance	\$ 224,024	\$ 224,024	(27,087)	\$ (251,111)
FUND BALANCES:				
Beginning of year			27,087	
End of year			\$ -	

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Paramedic Tax

Accounts for funds used to support the Fire Department Paramedic Program. This voter-approved property tax is used to pay for training, supplies and certain personnel costs associated with the program.

Alameda County Fire Fees

Accounts for funds received from the County for emergency medical services.

Police Grants

Accounts for grant funds received for specific law enforcement purposes and to support drug resistance and education programs for community youth.

Community Development Act

Accounts for funds received from federal grants administered by the County to fund improvements to low-income housing and neighborhoods.

Community Maintenance Fees

Accounts for fees to be used in updating and implementing the Newark General Plan and zoning ordinance, which is needed by all new development within the City.

Recycle AB 939

Accounts for funds received from Waste Management franchise fees. These funds are used to fund and promote City recycling efforts as required by Assembly Bill 939.

Measure D - Recycling

Accounts for Measure D funds from the Alameda County Waste Reduction Initiative to be used for the continuation and expansion of municipal recycling programs.

Measure B - ACTIA

Accounts for Measure B funds from the Alameda County Transportation Improvement Authority (ACTIA) to be used for the maintaining of local streets and roadways, funding bikes and pedestrian projects, and providing paratransit services to the senior community.

Hazardous Materials Program

Accounts for grant proceeds for specific hazardous materials education and mitigation programs.

DEBT SERVICE FUND:

COPS Interest and Redemption

Accounts for funds reserved for the debt financing of the George M. Silliman Community Activity Center. This fund will accumulate monies earmarked for principal and interest payments for the Activity Center.

CAPITAL PROJECTS FUNDS:

Park Improvement

Accounts for funds received from developers and grants to maintain City-owned parks.

Art in Public Places

Accounts for funds collected from developers to be used for the procurement and enhancement of public art.

Landscape and Lighting District

Accounts for funds collected through special assessments for the maintenance of landscaping and street lighting in the Landscape and Lighting Districts.

City of Newark
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2012

	Special Revenue Funds					
	Paramedic Tax	Alameda County Fire Fees	Police Grants	Community Development Act	Community Development Maint. Fees	Recycle AB 939
ASSETS						
Cash and investments						
Available for operations	\$ 53,227	\$ 63,174	\$ 61,920	\$ -	\$ 179,361	\$ 33,391
Restricted cash and investments	-	-	-	-	-	-
Receivables:						
Special assessments	2,319	-	-	-	-	-
Intergovernmental	-	-	64,090	-	2,801	-
Interest	-	-	27	-	150	-
Other, net	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total assets	\$ 55,546	\$ 63,174	\$ 126,037	\$ -	\$ 182,312	\$ 33,391
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 140	\$ 3,341	\$ 9,805	\$ -
Due to other funds	-	-	-	1,980	-	-
Deferred Revenue	-	32,170	-	-	-	-
Total liabilities	-	32,170	140	5,321	9,805	-
Fund Balances:						
Non-spendable	-	-	-	-	-	-
Committed	-	-	-	-	172,507	-
Restricted	55,546	31,004	125,897	-	-	33,391
Assigned	-	-	-	(5,321)	-	-
Total fund balances	55,546	31,004	125,897	(5,321)	172,507	33,391
Total liabilities and fund balances	\$ 55,546	\$ 63,174	\$ 126,037	\$ -	\$ 182,312	\$ 33,391

Special Revenue Funds			Debt Service	Capital Project Funds			Total
Measure D - Recycling	Measure B - ACTIA	Hazardous Materials Program	Fund COPS Interest and Redemption	Park Improvement	Art in Public Places	Landscape and Lighting District	Non-Major Governmental Funds
\$ 143,632	\$ 783,525	\$ 35,297	\$ 41,560	\$ 150,882	\$ 645,877	\$ 538,938	\$ 2,730,784
-	-	-	633,757	-	-	-	633,757
-	-	-	-	-	-	88,530	90,849
23,613	107,293	-	-	-	-	-	197,797
120	656	30	-	-	-	-	983
-	-	-	-	-	-	-	-
-	3,295	-	-	-	-	-	3,295
<u>\$ 167,365</u>	<u>\$ 894,769</u>	<u>\$ 35,327</u>	<u>\$ 675,317</u>	<u>\$ 150,882</u>	<u>\$ 645,877</u>	<u>\$ 627,468</u>	<u>\$ 3,657,465</u>
\$ 10,482	\$ 231,795	\$ 33	\$ -	\$ -	\$ -	\$ 4,424	\$ 260,020
-	-	-	-	-	-	-	1,980
-	-	-	-	-	-	-	32,170
<u>10,482</u>	<u>231,795</u>	<u>33</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,424</u>	<u>294,170</u>
-	-	-	675,317	-	-	-	\$ 675,317
-	-	-	-	-	-	-	172,507
156,883	662,974	35,294	-	150,882	-	623,044	1,874,915
-	-	-	-	-	645,877	-	640,556
<u>156,883</u>	<u>662,974</u>	<u>35,294</u>	<u>675,317</u>	<u>150,882</u>	<u>645,877</u>	<u>623,044</u>	<u>3,363,295</u>
<u>\$ 167,365</u>	<u>\$ 894,769</u>	<u>\$ 35,327</u>	<u>\$ 675,317</u>	<u>\$ 150,882</u>	<u>\$ 645,877</u>	<u>\$ 627,468</u>	<u>\$ 3,657,465</u>

City of Newark
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2012

	Special Revenue Funds					
	Paramedic Tax	Alameda County Fire Fees	Police Grants	Community Development Act	Community Development Maint. Fees	Recycle AB 939
REVENUES:						
Special assessments	\$ 232,499	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	113	-	684	-
Other governmental agencies	-	-	344,877	-	7,120	-
Current service charges	-	160,849	46,400	-	132	-
Other revenues	470	-	-	548,496	89,569	-
Total revenues	232,969	160,849	391,390	548,496	97,505	-
EXPENDITURES:						
Current:						
Public safety:						
Fire	3,820	2,965	-	-	-	-
Police	-	-	373,192	-	-	-
Streets and parks	-	-	-	-	-	-
Community development	-	-	-	89,852	46,567	40,524
Recreation	-	-	-	-	-	-
Debt service:						
Principal repayment	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	3,820	2,965	373,192	89,852	46,567	40,524
REVENUE OVER (UNDER) EXPENDITURES	229,149	157,884	18,198	458,644	50,938	(40,524)
OTHER FINANCING SOURCES (USES):						
Bond proceeds	-	-	-	-	-	-
Debt refunding	-	-	-	-	-	-
Transfers in	-	215,000	-	-	121,569	-
Transfers out	(215,000)	(375,000)	-	-	-	-
Total other financing sources (uses)	(215,000)	(160,000)	-	-	121,569	-
Net change in fund balances	14,149	(2,116)	18,198	458,644	172,507	(40,524)
FUND BALANCES:						
Beginning of year	41,397	33,120	107,699	(463,965)	-	73,915
End of year	<u>\$ 55,546</u>	<u>\$ 31,004</u>	<u>\$ 125,897</u>	<u>\$ (5,321)</u>	<u>\$ 172,507</u>	<u>\$ 33,391</u>

Special Revenue Funds		Debt Service Fund		Capital Project Funds			Total
Measure D - Recycling	Measure B - ACTIA	Hazardous Materials Program	COPS Interest and Redemption	Park Improvement	Art in Public Places	Landscape and Lighting District	Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 239,359	\$ 471,858
490	4,320	117	42	-	-	-	5,766
89,119	657,559	12,531	-	-	-	-	1,111,206
-	13,265	-	-	-	13,631	-	234,277
-	1,980	-	-	-	-	243	640,758
<u>89,609</u>	<u>677,124</u>	<u>12,648</u>	<u>42</u>	<u>-</u>	<u>13,631</u>	<u>239,602</u>	<u>2,463,865</u>
-	-	5,643	-	-	-	-	12,428
-	-	-	-	-	-	-	373,192
-	931,318	-	-	30,446	-	101,565	1,063,329
23,133	-	-	-	-	-	-	200,076
-	158,614	-	-	-	-	-	158,614
-	-	-	544,801	-	-	-	544,801
-	-	-	738,008	-	-	-	738,008
<u>23,133</u>	<u>1,089,932</u>	<u>5,643</u>	<u>1,282,809</u>	<u>30,446</u>	<u>-</u>	<u>101,565</u>	<u>3,090,448</u>
<u>66,476</u>	<u>(412,808)</u>	<u>7,005</u>	<u>(1,282,767)</u>	<u>(30,446)</u>	<u>13,631</u>	<u>138,037</u>	<u>(626,583)</u>
-	-	-	9,703,756	-	-	-	9,703,756
-	-	-	(9,700,000)	-	-	-	(9,700,000)
-	-	-	940,479	-	-	-	1,277,048
-	-	-	-	-	-	-	(590,000)
-	-	-	944,235	-	-	-	690,804
<u>66,476</u>	<u>(412,808)</u>	<u>7,005</u>	<u>(338,532)</u>	<u>(30,446)</u>	<u>13,631</u>	<u>138,037</u>	<u>64,221</u>
<u>90,407</u>	<u>1,075,782</u>	<u>28,289</u>	<u>1,013,849</u>	<u>181,328</u>	<u>632,246</u>	<u>485,007</u>	<u>3,299,074</u>
<u>\$ 156,883</u>	<u>\$ 662,974</u>	<u>\$ 35,294</u>	<u>\$ 675,317</u>	<u>\$ 150,882</u>	<u>\$ 645,877</u>	<u>\$ 623,044</u>	<u>\$ 3,363,295</u>

City of Newark

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Paramedic Tax

For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and special assessments	\$ 220,000	\$ 220,000	\$ 232,499	\$ 12,499
Other revenues	-	-	470	470
Total revenues	220,000	220,000	232,969	12,969
EXPENDITURES:				
Current:				
Public Safety - Fire	-	-	3,820	(3,820)
Total expenditures	-	-	3,820	(3,820)
REVENUE OVER (UNDER) EXPENDITURES	220,000	220,000	229,149	9,149
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(215,000)	(215,000)	-
Total other financing sources (uses)	-	(215,000)	(215,000)	-
Net change in fund balance	\$ 220,000	\$ 5,000	14,149	\$ 12,969
FUND BALANCE:				
Beginning of year			41,397	
End of year			\$ 55,546	

City of Newark

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Alameda County Fire Fees

For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Current service charges	\$ 120,000	\$ 120,000	\$ 160,849	\$ 40,849
Total revenues	<u>120,000</u>	<u>120,000</u>	<u>160,849</u>	<u>40,849</u>
EXPENDITURES:				
Current:				
Public safety:				
Fire	-	-	2,965	(2,965)
Total expenditures	<u>-</u>	<u>-</u>	<u>2,965</u>	<u>(2,965)</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>120,000</u>	<u>120,000</u>	<u>157,884</u>	<u>37,884</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	215,000	215,000	-
Transfers out	-	(375,000)	(375,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(160,000)</u>	<u>(160,000)</u>	<u>-</u>
Net change in fund balances	<u>\$ 120,000</u>	<u>\$ (40,000)</u>	<u>(2,116)</u>	<u>\$ 37,884</u>
FUND BALANCE:				
Beginning of year			<u>33,120</u>	
End of year			<u>\$ 31,004</u>	

City of Newark

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Police Grants

For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 113	\$ 113
Other governmental agencies	115,000	329,500	344,877	15,377
Current service charges	100,000	100,000	46,400	(53,600)
Total revenues	215,000	429,500	391,390	(38,110)
EXPENDITURES:				
Current:				
Public safety:				
Police	101,500	367,200	373,192	(5,992)
Total expenditures	101,500	367,200	373,192	(5,992)
REVENUE OVER (UNDER) EXPENDITURES	113,500	62,300	18,198	(44,102)
Net change in fund balance	\$ 113,500	\$ 62,300	18,198	\$ (44,102)
FUND BALANCE:				
Beginning of year			107,699	
End of year			\$ 125,897	

City of Newark

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Community Development Act

For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other revenue	\$ -	\$ -	\$ 548,496	\$ 548,496
Total revenues	-	-	548,496	548,496
EXPENDITURES:				
Current:				
Community development	-	86,500	89,852	(3,352)
Total expenditures	-	86,500	89,852	(3,352)
Net change in fund balance	\$ -	\$ (86,500)	458,644	\$ 545,144
FUND BALANCE:				
Beginning of year			(463,965)	
End of year			\$ (5,321)	

City of Newark

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Community Development Maintenance Fees

For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 684	\$ 684
Other governmental agencies	7,800	7,800	7,120	(680)
Current service charges	-	-	132	132
Other revenues	-	-	89,569	89,569
Total revenues	7,800	7,800	97,505	89,705
EXPENDITURES:				
Current:				
Community development	-	40,000	46,567	(6,567)
Total expenditures	-	40,000	46,567	(6,567)
REVENUE OVER (UNDER) EXPENDITURES	7,800	(32,200)	50,938	83,138
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	121,569	121,569
Total other financing sources (uses)	-	-	121,569	121,569
Net change in fund balance	\$ 7,800	\$ (32,200)	172,507	\$ 204,707
FUND BALANCE:				
Beginning of year			-	
End of year			\$ 172,507	

City of Newark

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Recycle AB 939

For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other governmental agencies	\$ 50,000	\$ 50,000	\$ -	\$ (50,000)
Total revenues	50,000	50,000	-	(50,000)
EXPENDITURES:				
Current:				
Community development	35,000	35,000	40,524	(5,524)
Total expenditures	35,000	35,000	40,524	(5,524)
REVENUE OVER (UNDER) EXPENDITURES	15,000	15,000	(40,524)	(55,524)
Net change in fund balance	\$ 15,000	\$ 15,000	(40,524)	\$ (55,524)
FUND BALANCE:				
Beginning of year			73,915	
End of year			\$ 33,391	

City of Newark

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Measure D - Recycling For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 490	\$ 490
Other revenues	-	-	89,119	89,119
Total revenues	-	-	89,609	89,609
EXPENDITURES:				
Current:				
Community development	-	23,800	23,133	667
Total expenditures	-	23,800	23,133	667
REVENUE OVER (UNDER) EXPENDITURES	-	(23,800)	66,476	88,942
Net change in fund balance	\$ -	\$ (23,800)	66,476	\$ 90,276
FUND BALANCE:				
Beginning of year			90,407	
End of year			\$ 156,883	

City of Newark

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Measure B - ACTIA

For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 4,320	\$ 4,320
Other governmental agencies	531,600	531,600	657,559	125,959
Current service charges	11,000	11,000	13,265	2,265
Other revenues	-	-	1,980	1,980
Total revenues	542,600	542,600	677,124	134,524
EXPENDITURES:				
Current:				
Streets and parks	1,281,751	1,281,751	931,318	350,433
Recreation	120,000	120,000	158,614	(38,614)
Total expenditures	1,401,751	1,401,751	1,089,932	311,819
REVENUE OVER (UNDER) EXPENDITURES	(859,151)	(859,151)	(412,808)	446,343
Net change in fund balance	\$ (859,151)	\$ (859,151)	(412,808)	\$ 446,343
FUND BALANCE:				
Beginning of year			1,075,782	
End of year			\$ 662,974	

City of Newark

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Hazardous Materials Program

For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 117	\$ 117
Other governmental agencies	-	-	12,531	12,531
Total revenues	-	-	12,648	12,648
EXPENDITURES:				
Current:				
Public safety:				
Fire	-	-	5,643	(5,643)
Total expenditures	-	-	5,643	(5,643)
REVENUE OVER (UNDER) EXPENDITURES	-	-	7,005	7,005
Net change in fund balance	\$ -	\$ -	7,005	\$ 7,005
FUND BALANCE:				
Beginning of year			28,289	
End of year			\$ 35,294	

City of Newark

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Park Improvement

For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES:				
Current:				
Streets and parks	181,328	181,328	30,446	150,882
Total expenditures	181,328	181,328	30,446	150,882
REVENUE OVER (UNDER) EXPENDITURES	(181,328)	(181,328)	(30,446)	150,882
Net change in fund balance	\$ (181,328)	\$ (181,328)	(30,446)	\$ 150,882
FUND BALANCE:				
Beginning of year			181,328	
End of year			\$ 150,882	

City of Newark

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Art in Public Places

For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Current service charges	\$ -	\$ -	\$ 13,631	\$ 13,631
Total revenues	-	-	13,631	13,631
Net change in fund balance	\$ -	\$ -	13,631	\$ 13,631
 FUND BALANCE:				
Beginning of year			632,246	
End of year			\$ 645,877	

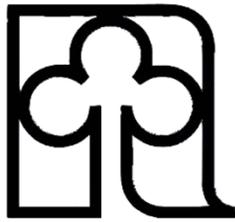
City of Newark

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Landscape and Lighting District

For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and special assessments	\$ -	\$ -	\$ 239,359	\$ 239,359
Other revenues	-	-	243	243
Total revenues	-	-	239,602	239,602
EXPENDITURES:				
Current:				
Streets and parks	-	366,180	101,565	264,615
Total expenditures	-	366,180	101,565	264,615
REVENUE OVER (UNDER) EXPENDITURES	-	(366,180)	138,037	504,217
Net change in fund balance	\$ -	\$ (366,180)	138,037	\$ 504,217
FUND BALANCES:				
Beginning of year			485,007	
End of year			\$ 623,044	



INTERNAL SERVICE FUNDS

Equipment Replacement

Accounts for funds used to pay for the anticipated replacement of general equipment needs.

Equipment Operations

Accounts for funds used to support the maintenance and operation of general equipment.

Office Support

Accounts for funds used to support general office support needs including office supply purchases.

Building Maintenance

Accounts for funds used for general City-owned building maintenance.

Public Liability Self-Insurance

Accounts for funds used to cover general liability claims against the City and premiums for coverage above the City's risk retention level.

Workers' Compensation Self-Insurance

Accounts for funds used to cover premiums and claims paid related to Workers' Compensation coverage.

City of Newark
Combining Statement of Net Assets
Internal Service Funds
June 30, 2012

	Equipment Replacement	Equipment Operations	Office Support	Building Maintenance
ASSETS				
Current assets:				
Cash and investments	\$ 760,828	\$ 35,503	\$ 40,638	\$ 216,895
Receivables	-	-	-	32,668
Supplies and other assets	-	33,275	3,000	18,002
Total current assets	760,828	68,778	43,638	267,565
Capital assets, net of accumulated depreciation	1,055,909	-	-	-
Total assets	1,816,737	68,778	43,638	267,565
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	27,478	39,903	4,131	134,792
Claims payable, due within one year	-	-	-	-
Total current liabilities	27,478	39,903	4,131	134,792
Noncurrent liabilities:				
Claims payable, due in more than one year	-	-	-	-
Total liabilities	27,478	39,903	4,131	134,792
NET ASSETS				
Invested in capital assets	1,055,909	-	-	-
Unrestricted	733,350	28,875	39,507	132,773
Total net assets	\$ 1,789,259	\$ 28,875	\$ 39,507	\$ 132,773

Public Liability Self-Insurance	Workers' Compensation Self-Insurance	Total
\$ 293,224	\$ 1,966,288	\$ 3,313,376
5,148	-	37,816
-	-	54,277
<u>298,372</u>	<u>1,966,288</u>	<u>3,405,469</u>
-	-	1,055,909
<u>298,372</u>	<u>1,966,288</u>	<u>4,461,378</u>
-	11,500	217,804
<u>111,337</u>	<u>354,143</u>	<u>465,480</u>
<u>111,337</u>	<u>365,643</u>	<u>683,284</u>
<u>102,288</u>	<u>1,572,095</u>	<u>1,674,383</u>
<u>213,625</u>	<u>1,937,738</u>	<u>2,357,667</u>
-	-	1,055,909
<u>84,747</u>	<u>28,550</u>	<u>1,047,802</u>
<u>\$ 84,747</u>	<u>\$ 28,550</u>	<u>\$ 2,103,711</u>

City of Newark
Combining Statement of Activities and Changes in Net Assets
Internal Service Funds
For the year ended June 30, 2012

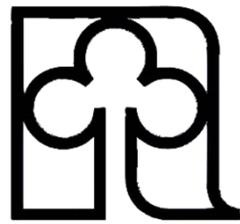
	Equipment Replacement	Equipment Operations	Office Support	Building Maintenance
OPERATING REVENUES:				
Charges to departments	\$ 599,996	\$ 816,800	\$ 102,900	\$ 1,404,900
Other revenue	961	2,050	-	37,963
Total operating revenues	600,957	818,850	102,900	1,442,863
OPERATING EXPENSES:				
Personnel services	-	413,295	47,282	466,567
Materials and supplies	152,147	338,653	22,091	33,732
Contractual Services	-	133,995	64,120	491,378
Utilities	-	-	-	517,485
Insurance claims and premiums	-	-	-	-
Depreciation	231,922	-	-	-
Total operating expenses	384,069	885,943	133,493	1,509,162
OPERATING INCOME (LOSS)	216,888	(67,093)	(30,593)	(66,299)
NONOPERATING REVENUES (EXPENSES):				
Transfers in	400,000	28,214	40,000	65,023
Total nonoperating revenue (expenses)	400,000	28,214	40,000	65,023
Change in net assets	616,888	(38,879)	9,407	(1,276)
NET ASSETS:				
Beginning of year	1,172,371	67,754	30,100	134,049
End of year	<u>\$ 1,789,259</u>	<u>\$ 28,875</u>	<u>\$ 39,507</u>	<u>\$ 132,773</u>

Public Liability Self-Insurance	Workers' Compensation Self-Insurance	Total
\$ 316,900	\$ 623,100	\$ 3,864,596
4,930	13,117	59,021
<u>321,830</u>	<u>636,217</u>	<u>3,923,617</u>
35,894	21,897	984,935
-	190	546,813
132,105	344,343	1,165,941
-	-	517,485
248,218	91,344	339,562
-	-	231,922
<u>416,217</u>	<u>457,774</u>	<u>3,786,658</u>
<u>(94,387)</u>	<u>178,443</u>	<u>136,959</u>
-	-	533,237
-	-	533,237
(94,387)	178,443	670,196
<u>179,134</u>	<u>(149,893)</u>	<u>1,433,515</u>
<u>\$ 84,747</u>	<u>\$ 28,550</u>	<u>\$ 2,103,711</u>

City of Newark
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2012

	Equipment Replacement	Equipment Operations	Office Support	Building Maintenance
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from other funds	\$ 600,957	\$ 818,850	\$ 102,900	\$ 1,442,863
Payments to suppliers/other fund	(170,851)	(452,434)	(82,544)	(1,031,822)
Payments to employees	-	(413,295)	(47,282)	(466,567)
Claims paid	-	-	-	-
Net cash provided (used) by operating activities	430,106	(46,879)	(26,926)	(55,526)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund receipts	400,000	28,214	40,000	65,023
Net cash provided (used) by noncapital financing activities	400,000	28,214	40,000	65,023
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	(161,975)	-	-	-
Net cash provided (used) by capital and related financing activities	(161,975)	-	-	-
Net increase (decrease) in cash and cash equivalents	668,131	(18,665)	13,074	9,497
CASH AND CASH EQUIVALENTS:				
Beginning of year	92,697	54,168	27,564	207,398
End of year	<u>\$ 760,828</u>	<u>\$ 35,503</u>	<u>\$ 40,638</u>	<u>\$ 216,895</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ 216,888	\$ (67,093)	\$ (30,593)	\$ (66,299)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	231,922	-	-	-
Change in assets and liabilities:				
Other assets	-	20,909	-	(37,153)
Accounts payable and accrued liabilities	(18,704)	(695)	3,667	47,926
Total adjustments	213,218	20,214	3,667	10,773
Net cash provided (used) by operating activities	\$ 430,106	\$ (46,879)	\$ (26,926)	\$ (55,526)

Public Liability Self-Insurance	Workers' Compensation Self-Insurance	Total
\$ 316,689	\$ 636,217	\$ 3,918,476
(144,459)	(359,581)	(2,241,691)
(35,894)	(21,897)	(984,935)
(171,458)	(203,019)	(374,477)
(35,122)	51,720	317,373
-	-	533,237
-	-	533,237
-	-	(161,975)
-	-	(161,975)
(35,122)	51,720	688,635
328,346	1,914,568	2,624,741
<u>\$ 293,224</u>	<u>\$ 1,966,288</u>	<u>\$ 3,313,376</u>
\$ (94,387)	\$ 178,443	\$ 136,959
-	-	231,922
(5,141)	-	(21,385)
64,406	(126,723)	(30,123)
59,265	(126,723)	180,414
<u>\$ (35,122)</u>	<u>\$ 51,720</u>	<u>\$ 317,373</u>



AGENCY FUNDS

Area Improvement Districts Fund

Accounts for cash and investments held on behalf of assessment districts formed within the City. The City is not obligated for repayment of any debt issued by these assessment districts.

City of Newark
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year ended June 30, 2012

	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<u>Area Improvement Districts</u>				
Assets:				
Cash and investments	\$ 4,290,756	\$ 1,109,195	\$ 1,104,481	\$ 4,295,470
Receivables - Interest	4,348	3,594	4,347	3,595
Total assets	<u>\$ 4,295,104</u>	<u>\$ 1,112,789</u>	<u>\$ 1,108,828</u>	<u>\$ 4,299,065</u>
Liabilities:				
Due to bondholders	\$ 4,295,104	\$ 621,909	\$ 617,948	\$ 4,299,065
Total liabilities	<u>\$ 4,295,104</u>	<u>\$ 621,909</u>	<u>\$ 617,948</u>	<u>\$ 4,299,065</u>

CITY OF NEWARK

Statistical Section

This section of the City of Newark'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 condition.

Contents

Financial Trends

These schedules contain trend information to help the readers understand how the City's financial performance and well-being have changed over time.

- 1 Net Assets by Component
- 2 Changes in Net Assets
- 3 Fund Balances of Governmental Funds
- 4 Changes in Fund Balances of Governmental Funds

Revenue Source

These schedules present information to help reader assess the City's property and sales tax revenues.

- 5 Assessed Value of Taxable Property
- 6 Property Tax Rates - All Overlapping Government
- 7 Principal Property Tax Payers
- 8 Property Tax Levies and Collections
- 9 Taxable Sales by Category

Debt Capacity

These schedules present information to help 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.

- 10 Ratio of Outstanding Debt by Type
- 11 Direct and Overlapping Governmental Activities Debt
- 12 Legal Bonded Debt Margin Information

Demographic and Economic Information

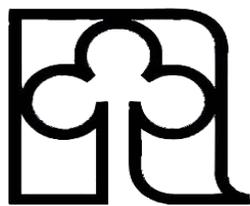
These schedules present demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

- 13 Demographic and Economic Statistics
- 14 Principal Employers

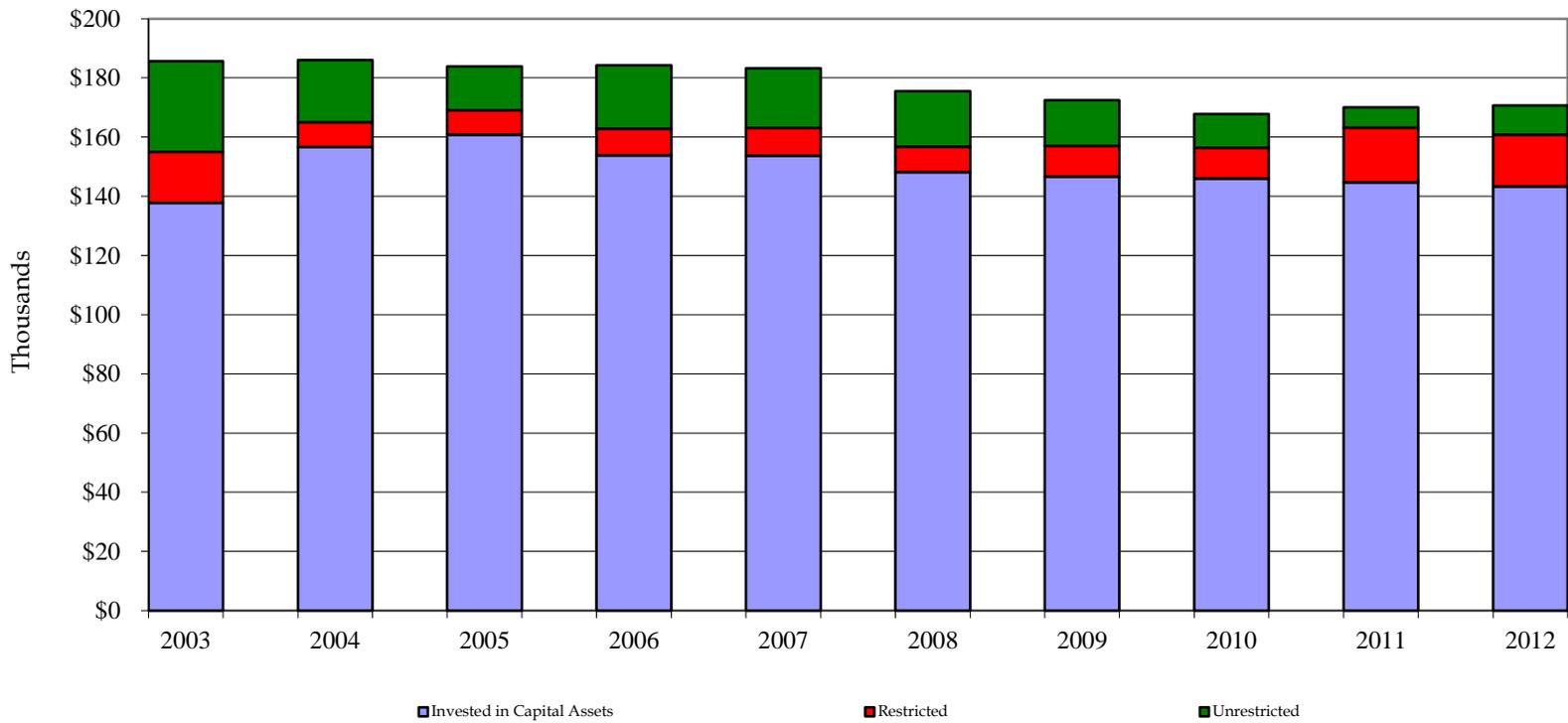
Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and activities it performs.

- 15 Full-Time Equivalent City Government Employees by Function/Program
- 16 Operating Indicators by Function/Program
- 17 Capital Asset Statistics by Function/Program



City of Newark
Net Assets by Component
Last Ten Years
 (accrual basis of accounting)
 (dollars in thousands)



	Fiscal year ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<i>Primary government</i>										
<i>Governmental activities:</i>										
Invested in capital assets, net of related debt	\$137,764	\$156,614	\$160,837	\$153,827	\$153,668	\$148,171	\$146,665	\$145,913	\$144,678	\$143,258
Restricted	17,258	8,344	8,190	9,055	9,462	8,560	10,389	10,406	18,563	17,596
Unrestricted	30,621	21,061	14,784	21,403	20,143	18,804	15,435	11,490	6,865	9,806
Total governmental activities net assets	\$185,643	\$186,019	\$183,811	\$184,285	\$183,273	\$175,535	\$172,489	\$167,809	\$170,106	\$170,660

Source: City of Newark Basic Financial Statements

Note: City implemented GASB 34 in fiscal year 2003. Information for fiscal years 2001 and 2002 is not readily available.

City of Newark
Changes in Net Assets
Last Ten Years
(accrual basis of accounting)
(dollars in thousands)

	Fiscal year ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities:										
General government	\$4,018	\$4,204	\$4,754	\$6,099	\$4,017	\$5,183	\$4,711	\$3,965	\$3,838	\$3,891
Public safety:										
Fire	7,121	7,831	8,416	8,091	8,940	8,726	9,839	9,026	8,294	8,380
Police	11,102	11,377	12,280	12,866	14,062	15,842	13,519	13,814	12,535	13,598
Streets and parks	4,836	6,489	5,256	4,900	4,729	7,696	5,685	6,763	5,644	6,065
Community development	2,621	2,687	2,726	2,911	3,567	3,299	2,946	2,863	2,821	3,127
Recreation	3,374	3,914	5,043	5,452	6,048	7,398	5,053	4,717	4,865	4,440
Interest on long-term debt	1,173	759	692	727	682	705	668	645	618	601
Total governmental activities expenses	<u>34,245</u>	<u>37,261</u>	<u>39,167</u>	<u>41,046</u>	<u>42,045</u>	<u>48,849</u>	<u>42,421</u>	<u>41,793</u>	<u>38,615</u>	<u>40,102</u>
Program revenues										
Governmental activities:										
Charges for services:										
General government	19	22	27	22	49	18	79	82	97	73
Public safety:										
Fire	472	550	505	745	467	462	415	239	69	94
Police	709	824	758	506	624	820	769	924	753	521
Streets and parks	885	671	687	746	796	768	432	666	585	563
Community development	1,749	1,829	1,875	1,774	1,344	1,389	1,140	1,183	1,198	1,398
Recreation	1,223	1,357	2,387	2,560	2,597	2,685	2,497	2,384	2,349	2,391
Operating grants and contributions	902	572	500	1,185	3,477	1,700	2,426	3,227	1,838	1,492
Capital grants and contributions	3,280	3,834	1,504	2,946	894	1,253	3,351	2,719	1,560	1,625
Total governmental program revenues	<u>9,239</u>	<u>9,659</u>	<u>8,243</u>	<u>10,484</u>	<u>10,248</u>	<u>9,095</u>	<u>11,109</u>	<u>11,424</u>	<u>8,449</u>	<u>8,157</u>
Net (expense)/revenue										
Total governmental activities net expense	<u>(25,006)</u>	<u>(27,602)</u>	<u>(30,924)</u>	<u>(30,562)</u>	<u>(31,797)</u>	<u>(39,754)</u>	<u>(31,312)</u>	<u>(30,369)</u>	<u>(30,166)</u>	<u>(31,945)</u>
General revenues and other changes in net assets										
Governmental activities:										
Taxes:										
Property taxes	7,852	8,097	9,946	11,900	12,036	12,969	12,962	12,498	11,801	11,843
Sales taxes	10,395	11,833	11,552	10,574	9,805	10,856	8,463	6,702	8,807	8,819
Franchise taxes	2,157	2,171	2,231	2,366	2,443	2,449	2,453	2,475	2,512	2,538
Transient occupancy tax	2,013	2,170	2,320	2,775	3,182	3,326	2,573	2,337	2,785	3,323
Utility users tax	0	0	0	0	0	0	0	0	765	3,231
Other local taxes	214	256	373	316	500	1,080	950	958	1,097	1,117
Motor vehicle in-lieu	2,555	1,979	474	230	292	187	157	0	203	22
Use of money and property	1,281	696	932	1,342	1,640	1,314	658	129	79	147
Gain on sale of assets	0	0	0	0	0	0	0	523	0	423
Miscellaneous	1,772	776	888	1,533	888	44	50	66	4,414	1,037
Total governmental activities general revenues	<u>28,239</u>	<u>27,978</u>	<u>28,716</u>	<u>31,036</u>	<u>30,786</u>	<u>32,225</u>	<u>28,266</u>	<u>25,688</u>	<u>32,463</u>	<u>32,500</u>
Change in net assets governmental activities	<u>\$3,233</u>	<u>\$376</u>	<u>(\$2,208)</u>	<u>\$474</u>	<u>(\$1,011)</u>	<u>(\$7,529)</u>	<u>(\$3,046)</u>	<u>(\$4,681)</u>	<u>\$2,297</u>	<u>\$555</u>

Source: City of Newark Basic Financial Statements

Note: City implemented GASB 34 in fiscal year 2003. Information for fiscal years 2001 and 2002 is not readily available.

CITY OF NEWARK

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(dollars in thousands)

	Fiscal year ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Nonspendable:										
Supplies and prepaid assets	-	-	-	-	-	-	-	-	633	134
Assigned for:										
Fire side fund	-	-	-	-	-	-	-	-	-	363
Waste disposal fund	-	-	-	-	-	-	-	-	-	972
Reserved	\$1,161	\$719	\$486	\$668	\$607	\$223	\$421	\$449	-	-
Unreserved	16,697	13,844	11,953	12,123	11,225	11,659	9,790	6,715	-	-
Unassigned	-	-	-	-	-	-	-	-	8,566	10,700
Total General Fund	<u>\$17,858</u>	<u>\$14,563</u>	<u>\$12,439</u>	<u>\$12,791</u>	<u>\$11,832</u>	<u>\$11,882</u>	<u>\$10,211</u>	<u>\$7,164</u>	<u>9,199</u>	<u>12,169</u>
All other governmental funds										
Nonspendable:										
Debt service	-	-	-	-	-	-	-	-	1,014	675
Committed:										
Community development	-	-	-	-	-	-	-	-	-	173
Restricted for:										
Public safety	-	-	-	-	-	-	-	-	182	126
Street improvements	-	-	-	-	-	-	-	-	4,678	4,460
Environmental programs	-	-	-	-	-	-	-	-	193	190
Health and welfare	-	-	-	-	-	-	-	-	-	122
Recreation programs	-	-	-	-	-	-	-	-	181	151
Landscape and lighting	-	-	-	-	-	-	-	-	-	623
Other purposes	-	-	-	-	-	-	-	-	506	-
Assigned to:										
Capital projects	-	-	-	-	-	-	-	-	10,499	10,310
Community development	-	-	-	-	-	-	-	-	-	(5)
Art in public places	-	-	-	-	-	-	-	-	-	646
Capital asset acquisition	-	-	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-	1,745	-
Unassigned									(464)	-
Reserved	\$8,840	\$3,957	\$3,478	\$2,300	\$2,196	\$1,000	\$3,559	\$990	-	-
Unreserved, reported in:										
Debt service funds	-	-	-	-	-	71	49	49	-	-
Special revenue funds	3,866	6,538	6,416	10,220	8,130	7,788	6,262	7,492	-	-
Capital project funds	21,343	14,688	9,766	7,899	10,091	9,777	8,159	8,306	-	-
Total all other governmental funds	<u>\$34,049</u>	<u>\$25,183</u>	<u>\$19,660</u>	<u>\$20,419</u>	<u>\$20,417</u>	<u>\$18,636</u>	<u>\$18,029</u>	<u>\$16,837</u>	<u>18,534</u>	<u>17,471</u>

Source: City of Newark Basic Financial Statements

CITY OF NEWARK
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)

	Fiscal year ended June 30,				
	2003	2004	2005	2006	2007
Revenues					
Property taxes	\$7,748	\$7,996	\$9,946	\$11,900	\$11,943
Other local taxes	14,779	16,430	16,477	16,031	17,089
Special assessments	180	181	229	181	199
Licenses, permits and fees	1,621	1,608	1,713	1,930	1,048
Fines and forfeitures	211	216	202	195	263
Use of money and property	1,281	696	932	1,342	1,739
Intergovernmental revenues	7,061	6,991	2,841	3,598	3,636
Charges for services	2,765	2,752	3,587	4,107	3,635
Other	1,832	767	1,032	2,236	1,482
Total revenues	<u>37,478</u>	<u>37,637</u>	<u>36,959</u>	<u>41,520</u>	<u>41,034</u>
Expenditures					
Current:					
General government	3,540	3,818	4,215	4,023	3,830
Public safety:					
Fire	6,629	7,658	8,382	8,060	8,716
Police	10,363	11,117	12,245	12,609	13,831
Streets and parks	4,470	6,246	4,991	4,691	4,446
Community development	2,492	2,677	2,678	2,689	3,212
Recreation	3,275	3,847	5,294	5,375	5,508
Capital outlay	8,700	12,806	5,173	1,772	1,323
Debt service:					
Principal repayment	411	621	652	716	444
Interest and fiscal charges	1,106	746	698	722	685
Total expenditures	<u>40,986</u>	<u>49,536</u>	<u>44,328</u>	<u>40,657</u>	<u>41,995</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,508)</u>	<u>(11,899)</u>	<u>(7,369)</u>	<u>863</u>	<u>(961)</u>
Other financing sources (uses)					
Proceeds from sale of property	-	-	-	-	-
Transfers in	6,735	8,066	5,257	4,982	3,097
Transfers (out)	(6,795)	(8,327)	(5,536)	(5,132)	(3,097)
Debt proceeds	-	-	-	-	-
Debt refunding	-	-	-	-	-
Certificates of participation issued	9,925	-	-	-	-
Capital lease proceeds	-	-	-	398	-
Total other financing sources (uses)	<u>9,865</u>	<u>(261)</u>	<u>(279)</u>	<u>248</u>	<u>0</u>
Extraordinary gain					
RDA Dissolution	-	-	-	-	-
Net change in fund balances	<u>\$6,357</u>	<u>(\$12,160)</u>	<u>(\$7,648)</u>	<u>\$1,111</u>	<u>(\$961)</u>
Debt service as a percentage of noncapital expenditures	(a)	(a)	3.1%	3.7%	2.8%

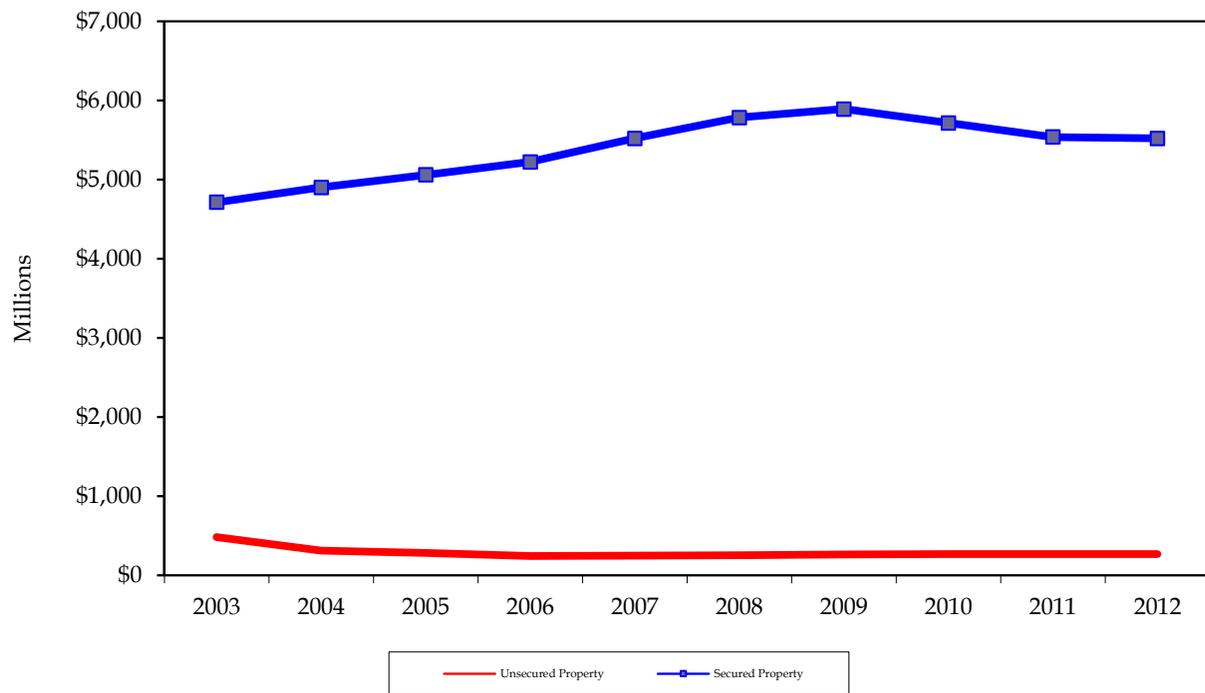
Source: City of Newark Basic Financial Statements

Note:

(a) The City implemented GASB Statement 34 in fiscal year 2003. Therefore this calculation is included only for subsequent fiscal years.

Fiscal year ended June 30,				
2008	2009	2010	2011	2012
\$12,880	\$12,875	\$12,281	\$11,802	\$11,843
17,710	14,684	13,197	15,926	19,028
374	898	904	443	472
1,089	873	1,040	820	1,117
569	528	591	473	383
1,397	776	109	80	147
2,643	4,760	3,482	4,575	2,996
4,104	3,587	3,306	3,607	3,808
554	394	435	4,123	850
<u>41,320</u>	<u>39,375</u>	<u>35,345</u>	<u>41,849</u>	<u>40,644</u>
4,185	4,503	3,807	3,739	3,790
8,597	9,426	8,897	8,082	8,142
14,113	13,321	13,270	12,725	13,406
5,324	4,904	5,934	4,224	4,881
2,974	2,713	2,809	2,466	3,085
5,630	4,562	4,248	4,413	3,914
1,269	1,034	634	374	20
498	516	975	454	632
697	674	659	621	761
<u>43,287</u>	<u>41,653</u>	<u>41,233</u>	<u>37,098</u>	<u>38,631</u>
<u>(1,967)</u>	<u>(2,278)</u>	<u>(5,888)</u>	<u>4,751</u>	<u>2,013</u>
-	-	1,199	-	0
3,915	2,163	1,475	3,244	3,085
(3,940)	(2,163)	(1,475)	(3,244)	(3,618)
-	-	-	-	9,704
-	-	-	-	(9,700)
-	-	-	-	-
470	-	-	-	-
<u>445</u>	<u>0</u>	<u>1,199</u>	<u>0</u>	<u>(529)</u>
-	-	-	-	423
<u>(\$1,522)</u>	<u>(\$2,278)</u>	<u>(\$4,689)</u>	<u>\$4,751</u>	<u>\$1,907</u>
2.8%	2.9%	4.1%	3.0%	3.7%

CITY OF NEWARK
Assessed Value of Taxable Property
Last Ten Fiscal Years



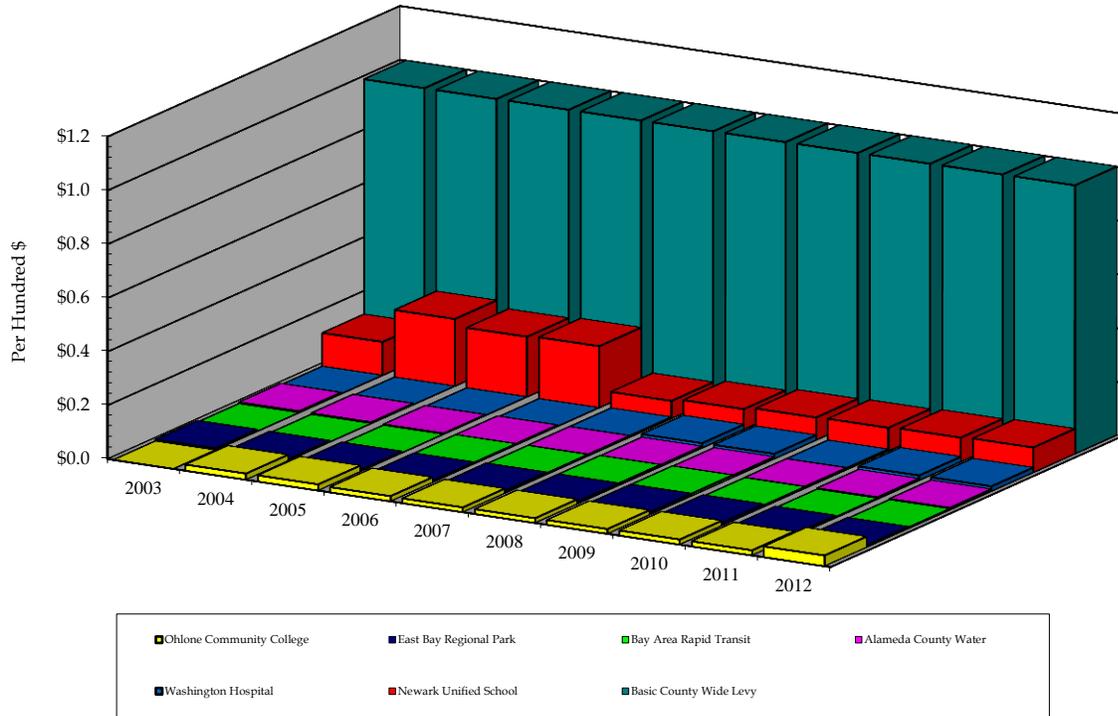
Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Total Direct Tax Rate
	Residential Property	Commercial Property	Industrial Property	Other				
2003	\$2,410,073,611	\$661,529,093	\$1,032,706,633	\$126,190,091	\$4,230,499,428	\$485,320,463	\$4,715,819,891	0.16301%
2004	2,647,343,084	740,808,398	1,111,294,472	92,896,011	4,592,341,965	311,441,137	4,903,783,102	0.16341%
2005	2,840,384,466	753,767,218	1,082,310,566	103,544,323	4,780,006,573	281,919,874	5,061,926,447	0.16361%
2006	3,101,852,346	767,460,260	1,017,840,541	89,986,320	4,977,139,467	247,226,831	5,224,366,298	0.16385%
2007	3,404,836,502	792,256,841	973,078,766	101,984,764	5,272,156,873	250,610,326	5,522,767,199	0.16501%
2008	3,655,787,270	876,293,567	873,977,913	124,265,251	5,530,324,001	256,002,340	5,786,326,341	0.16517%
2009	3,763,035,574	711,435,191	1,004,845,064	150,245,353	5,629,561,182	264,529,850	5,894,091,032	0.16442%
2010	3,410,144,357	731,005,849	1,154,628,273	155,739,144	5,451,517,623	267,890,978	5,719,408,601	0.16549%
2011	3,290,823,839	659,297,835	1,158,994,181	159,093,100	5,268,208,955	271,695,467	5,539,904,422	0.16479%
2012	3,309,572,447	635,000,800	1,179,565,507	127,692,323	5,251,831,077	270,167,762	5,521,998,839	0.15069%

Source: Alameda County Assessor 2001/02 - 2011/12 Combined Tax Rolls

Note:

(a) In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of the taxable property and is subject to the limitations described above.

CITY OF NEWARK
Property Tax Rates
All Overlapping Governments
Last Ten Fiscal Years



Fiscal Year	Basic County Wide Levy	Alameda County Water District	Bay Area Rapid Transit	East Bay Regional Park District	Newark Unified School District	Ohlone Community College	Washington Hospital	Total
2003	1.0000	0.0056	0.0000	0.0065	0.1250	0.0000	0.0000	1.1371
2004	1.0000	0.0049	0.0000	0.0057	0.2508	0.0229	0.0000	1.2843
2005	1.0000	0.0035	0.0000	0.0057	0.2248	0.0229	0.0000	1.2569
2006	1.0000	0.0049	0.0048	0.0057	0.2296	0.0193	0.0000	1.2643
2007	1.0000	0.0056	0.0050	0.0085	0.0659	0.0177	0.0055	1.1082
2008	1.0000	0.0064	0.0076	0.0080	0.0755	0.0177	0.0182	1.1334
2009	1.0000	0.0075	0.0090	0.0100	0.0845	0.0176	0.0188	1.1474
2010	1.0000	0.0065	0.0057	0.0108	0.0865	0.0188	0.0063	1.1346
2011	1.0000	0.0071	0.0031	0.0084	0.0900	0.0190	0.0188	1.1464
2012	1.0000	0.0077	0.0041	0.0071	0.0935	0.0400	0.0186	1.1710

Source: Alameda County Assessor 2001/02 - 2011/12 Combined Tax Rolls

CITY OF NEWARK
Principal Property Tax Payers
Current Year and Ten Years Ago

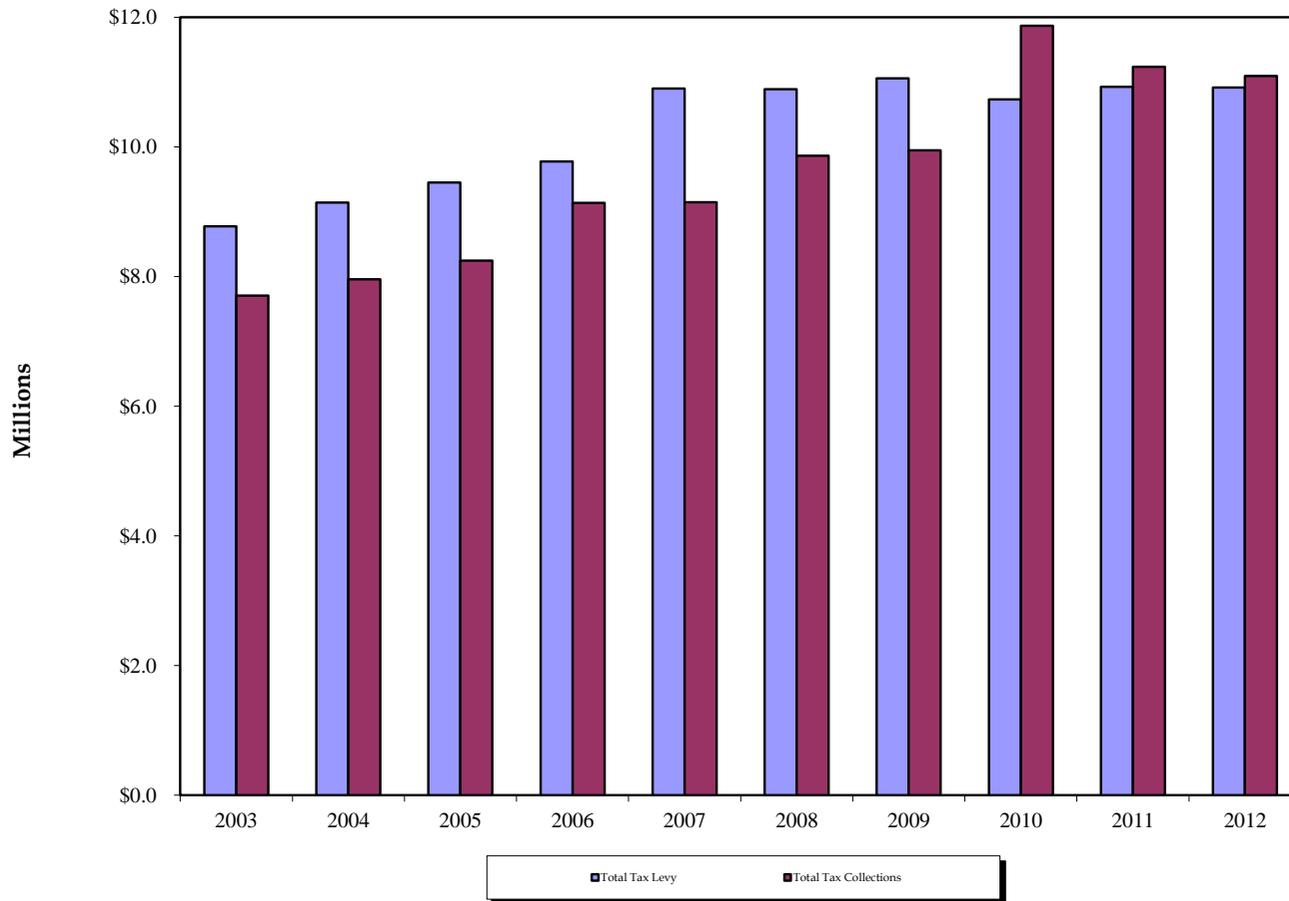
Taxpayer	2011-12			2002-03		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Apple Computer Inc.	\$213,063,827	1	4.06%			
BMR Gateway Boulevard LLC	194,425,637	2	3.70%			
JMB Newapark Associates & GGP	74,259,718	3	1.41%	\$64,169,202	2	1.52%
Sycamore Bay LLC	52,498,529	4	1.00%	46,239,180	7	1.09%
Leslie Salt Company	43,407,391	5	0.83%			
BRE of US Industrial Props LLC	40,096,951	6	0.76%			
DCT Cherry Street California	34,298,624	7	0.65%			
BRCP Stevenson Point LLC	33,446,572	9	0.64%			
Milprint Packaging LLC	31,308,948	8	0.60%			
Newapark Anchor Acquisition LLC	29,964,621	10	0.57%			
Security Capital Industrial Trust				54,729,039	4	1.29%
Sun Microsystems Inc.				369,493,711	1	8.73%
Agilent Technologies				61,185,695	3	1.45%
Ross Stores Inc.				29,250,352	6	0.69%
WXIII NWK Real Estate LP				38,632,509	9	0.91%
Industrial Properties Portfolio Subsidiary				35,633,700	10	0.84%
Gal-LPC Stevenson Boulevard LP				46,229,450	8	1.09%
MIP Fremont LLC				48,326,579	5	1.14%
Subtotal	<u>\$746,770,818</u>		<u>14.22%</u>	<u>\$793,889,417</u>		<u>18.77%</u>
Total Net Assessed Valuation:						
Fiscal Year 2011/12	\$5,251,831,077					
Fiscal Year 2002/03	\$4,230,499,428					

Source: Alameda County Assessor 2002/03 and 2011/12 Combined Tax Rolls

CITY OF NEWARK

Property Tax Levies and Collections

Last Ten Fiscal Years



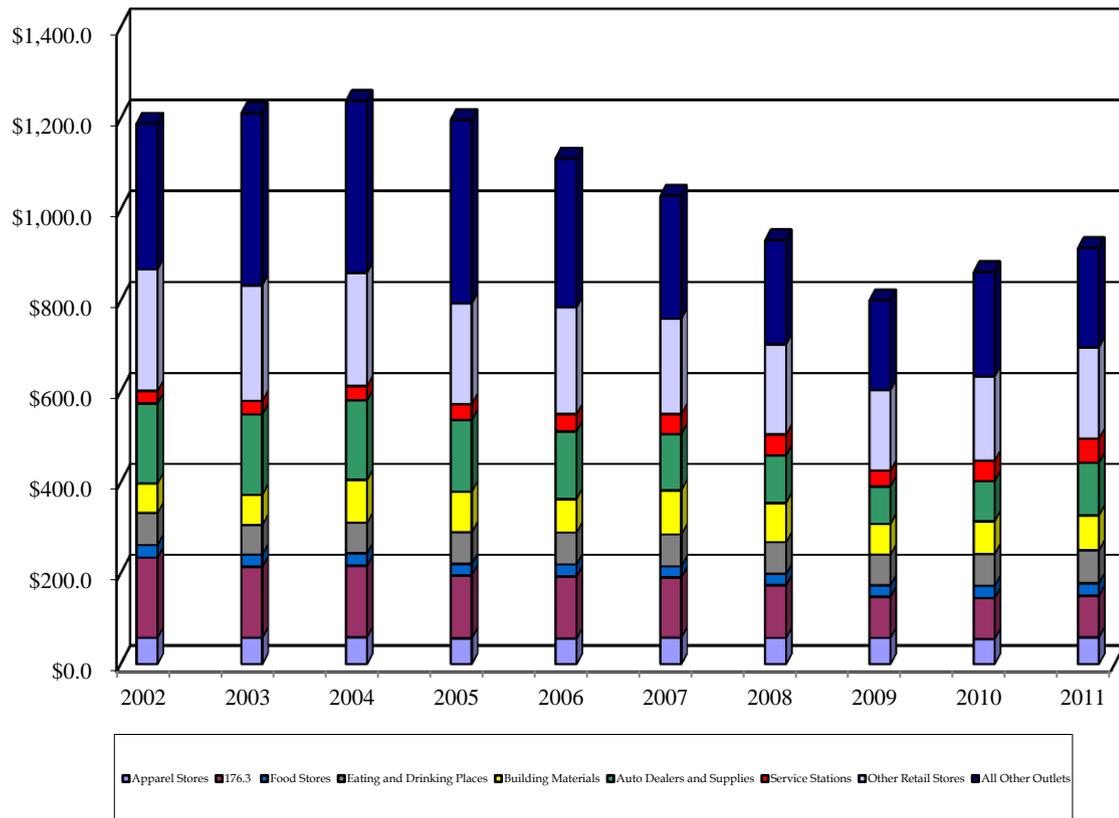
Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections (a)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2003	\$8,775,669	\$7,508,171	85.5567%	\$199,423	\$7,707,594	87.8291%
2004	9,144,575	7,736,741	84.6047%	224,218	7,960,959	87.0566%
2005	9,454,666	8,061,017	85.2597%	188,015	8,249,032	87.2483%
2006	9,777,924	8,946,459	91.4965%	190,182	9,136,641	93.4415%
2007	10,903,599	8,984,826	82.4024%	166,235	9,151,061	83.9270%
2008	10,894,495	9,619,682	88.2986%	244,843	9,864,525	90.5460%
2009	11,060,851	9,426,933	85.2279%	520,217	9,947,150	89.9311%
2010	10,733,042	11,538,768	107.5070%	334,409	11,873,177	110.6227%
2011	10,929,642	10,940,663	100.1008%	296,965	11,237,628	102.8179%
2012	10,916,957	10,833,299	99.2337%	260,623	11,093,922	101.6210%

Source: City of Newark

Note:

- (a) Information required by GASB Statement 44 differs from information reported. Delinquent tax collections represent total delinquent amounts received during the fiscal year, regardless of the fiscal year of the tax levy. Data for delinquent tax collections by levy year is not available from the Alameda County Assessor's Office.

CITY OF NEWARK
Taxable Sales by Category
Last Ten Calendar Years

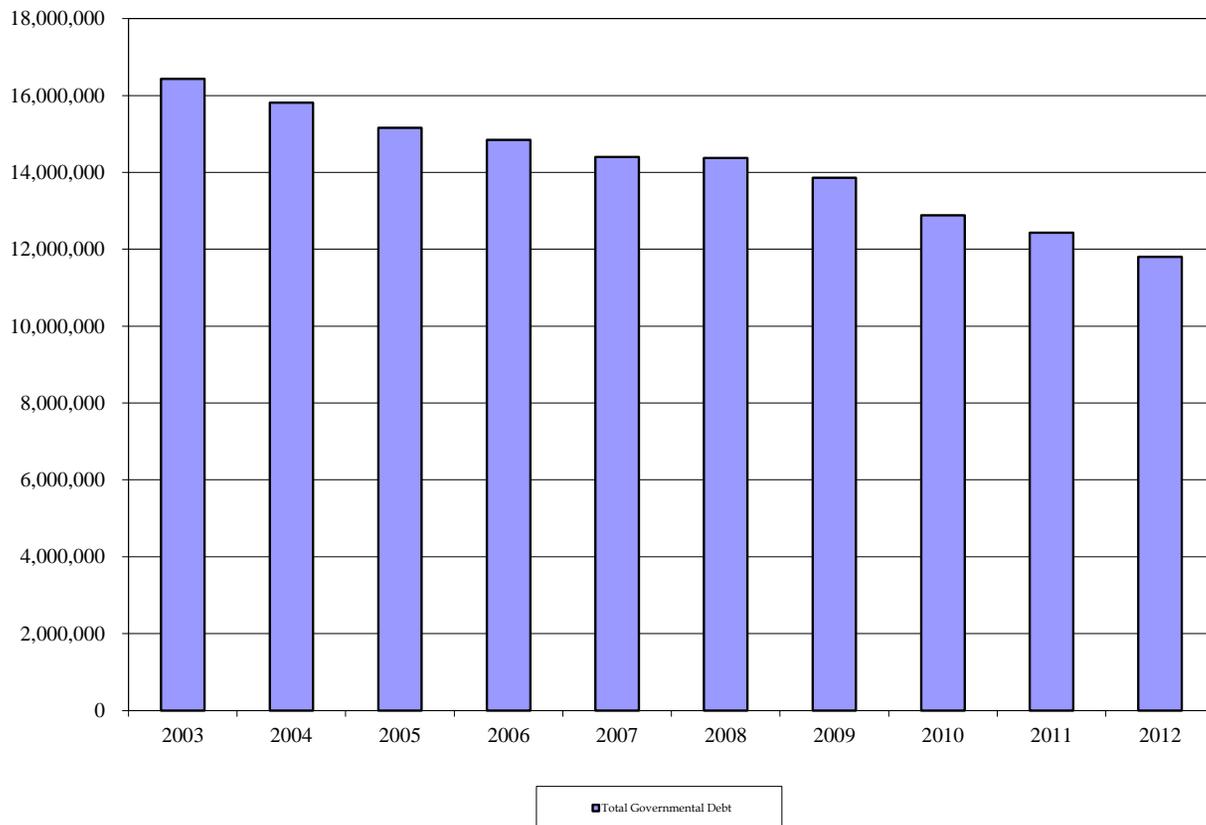


	Calendar Year (in millions)									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Apparel Stores	\$58.0	\$57.9	\$59.2	\$56.6	\$56.0	\$58.2	\$57.6	\$57.8	\$55.2	\$59.0
General Merchandise	176.3	156.2	157.4	138.6	136.7	132.3	115.9	90.1	90.1	91.0
Food Stores	27.8	26.9	27.2	25.1	26.6	24.8	25.1	25.4	27.0	28.0
Eating and Drinking Places	70.6	65.2	67.4	69.9	70.5	70.1	69.9	67.7	70.1	72.7
Building Materials	65.0	66.2	94.2	89.2	73.4	97.1	86.4	67.5	72.0	76.6
Auto Dealers and Supplies	176.1	177.2	175.3	157.6	148.8	123.8	104.5	82.5	88.3	115.9
Service Stations	27.4	29.7	31.5	35.2	38.1	44.2	46.1	35.2	44.9	53.1
Other Retail Stores	266.9	254.1	248.6	221.4	235.0	209.4	198.2	176.8	185.2	200.5
All Other Outlets	320.0	377.4	376.8	403.0	326.5	269.7	228.4	197.1	229.2	218.1
Total	\$ 1,188.1	\$ 1,210.8	\$ 1,237.6	\$ 1,196.6	\$ 1,111.6	\$ 1,029.6	\$ 932.1	\$ 800.1	\$ 862.0	\$ 914.9

Source: State of California Board of Equalization and the HdL Companies

Note: Due to confidentiality issues, the names of the largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue. Information by fiscal year is not readily available.

CITY OF NEWARK
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years



Fiscal Year	Governmental Activities			Total	Percentage of Personal Income (a)	Per Capita (a)
	Certificates of Participation	Refunding Bonds	Capital Lease Obligation			
2003	14,575,000	1,045,000	816,201	16,436,201	1.51%	663.58
2004	14,285,000	970,000	560,372	15,815,372	1.38%	604.17
2005	13,985,000	890,000	288,636	15,163,636	1.27%	550.70
2006	13,675,000	805,000	365,771	14,845,771	0	502.34
2007	13,350,000	720,000	332,174	14,402,174	1.07%	466.18
2008	13,015,000	630,000	729,402	14,374,402	1.07%	460.66
2009	12,670,000	535,000	653,138	13,858,138	1.03%	458.38
2010	12,310,000	-	573,230	12,883,230	0.96%	462.29
2011	11,940,000	-	489,504	12,429,504	0.92%	446.01
2012	11,398,955	-	401,777	11,800,732	0.88%	423.45

Sources: City of Newark
 State of California, Department of Finance (population)
 U.S. Department of Commerce, Bureau of the Economic Analysis (income)

Note : Debt amounts exclude any premiums, discounts, or other amortization amounts.
 (a) Personal income and population data are presented in the Schedule of Demographic Statistics.

CITY OF NEWARK
Direct and Overlapping Governmental Activities Debt
June 30, 2012

	<u>Debt Outstanding</u>	<u>Percentage Applicable (a)</u>	<u>Share of Overlapping Debt</u>
<u>Debt Repaid with Property Taxes</u>			
Bay Area Rapid Transit District	\$412,540,000	1.265%	\$5,218,631
East Bay Regional Park District	129,525,000	1.966%	2,546,462
Ohlone Community College District	207,980,000	15.140%	31,488,172
Newark Unified School District	56,050,272	100.000%	56,050,272
Washington Township Healthcare District	65,270,000	13.009%	8,490,974
Alameda County General Fund Obligations	669,510,500	3.268%	21,879,603
Alameda County Pension Obligations	131,540,555	3.268%	4,298,745
Alameda-Contra Costa Transit District Certificates of Participation	34,485,000	3.966%	1,367,675
City of Newark 1915 Act Bonds	9,348,000	100.000%	9,348,000
SUB-TOTAL OVERLAPPING DEBT			<u>140,688,534</u>
<u>Direct Debt</u> - City of Newark General Fund Obligations	11,550,000	100.000%	11,550,000
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$152,238,534</u></u> (b)

Source: California Municipal Statistics, Inc.

Notes:

- (a) Percentage of overlapping agency's assessed valuation located within boundaries of the city.
- (b) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

CITY OF NEWARK
Legal Bonded Debt Margin Information
June 30, 2012

Assessed valuation:

Secured property assessed value,
net of exempt real property \$5,251,665,062

Bonded debt limit (15% of assessed value) 787,749,759

Amount of debt subject to limit:

Total bonded debt 11,398,955

Less: Certificates of participation, tax allocation bonds,
and sales revenue bonds not subject to limit 11,398,955

Amount of debt subject to limit -

Legal bonded debt margin \$787,749,759

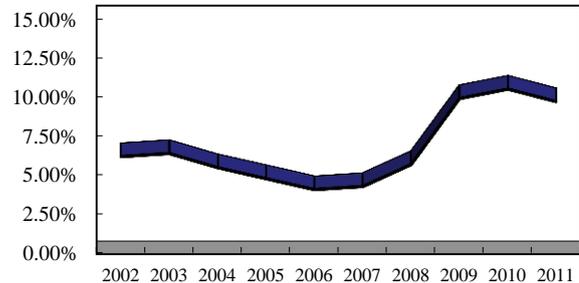
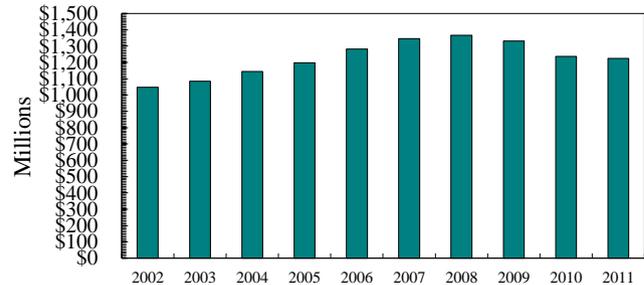
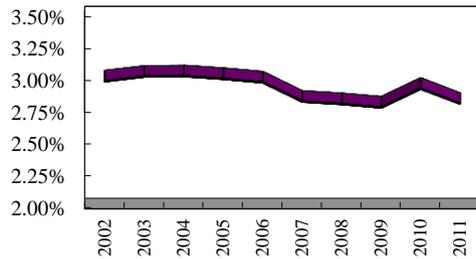
Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2003	634,268,140	1,045,000	633,223,140	0.17%
2004	688,517,630	970,000	687,547,630	0.14%
2005	716,613,732	890,000	715,723,732	0.12%
2006	746,570,920	805,000	745,765,920	0.11%
2007	790,822,031	720,000	790,102,031	0.09%
2008	829,548,600	630,000	828,918,600	0.08%
2009	844,434,177	440,000	843,994,177	0.05%
2010	810,711,759	-	810,711,759	0.00%
2011	784,128,589	-	784,128,589	0.00%
2012	787,749,759	-	787,749,759	0.00%

Source: Alameda County Assessor 2001/02 - 2011/12 Combined Tax Rolls

CITY OF NEWARK

Demographic and Economic Statistics

Last Ten Calendar Years



Calendar Year	City Population	Total Personal Income (In Thousands)	Per Capita Personal Income	Unemployment Rate	Alameda County Population	City Population % of County
2002	43,536	1,048,901	24,093	6.2%	1,452,923	3.00%
2003	43,802	1,084,924	24,769	6.4%	1,444,362	3.03%
2004	43,713	1,144,281	26,177	5.5%	1,439,743	3.04%
2005	43,522	1,198,388	27,535	4.8%	1,443,492	3.02%
2006	43,431	1,283,525	29,553	4.1%	1,453,646	2.99%
2007	43,553	1,345,541	30,894	0	1,534,959	2.84%
2008	43,801	1,366,781	31,204	5.7%	1,554,220	2.82%
2009	44,064	1,332,171	30,233	9.9%	1,578,264	2.79%
2010	44,380	1,236,782	27,868	10.5%	1,510,271	2.94%
2011	43,041	1,225,205	28,466	9.7%	1,525,655	2.82%

Source: State of California, Department of Finance
 State of California Employment Development Department
 U.S. Department of Commerce, Bureau of Economic Analysis
 U.S. Department of Labor, Bureau of Labor Statistics

CITY OF NEWARK
Principal Employers
Current Year and Ten Years Ago

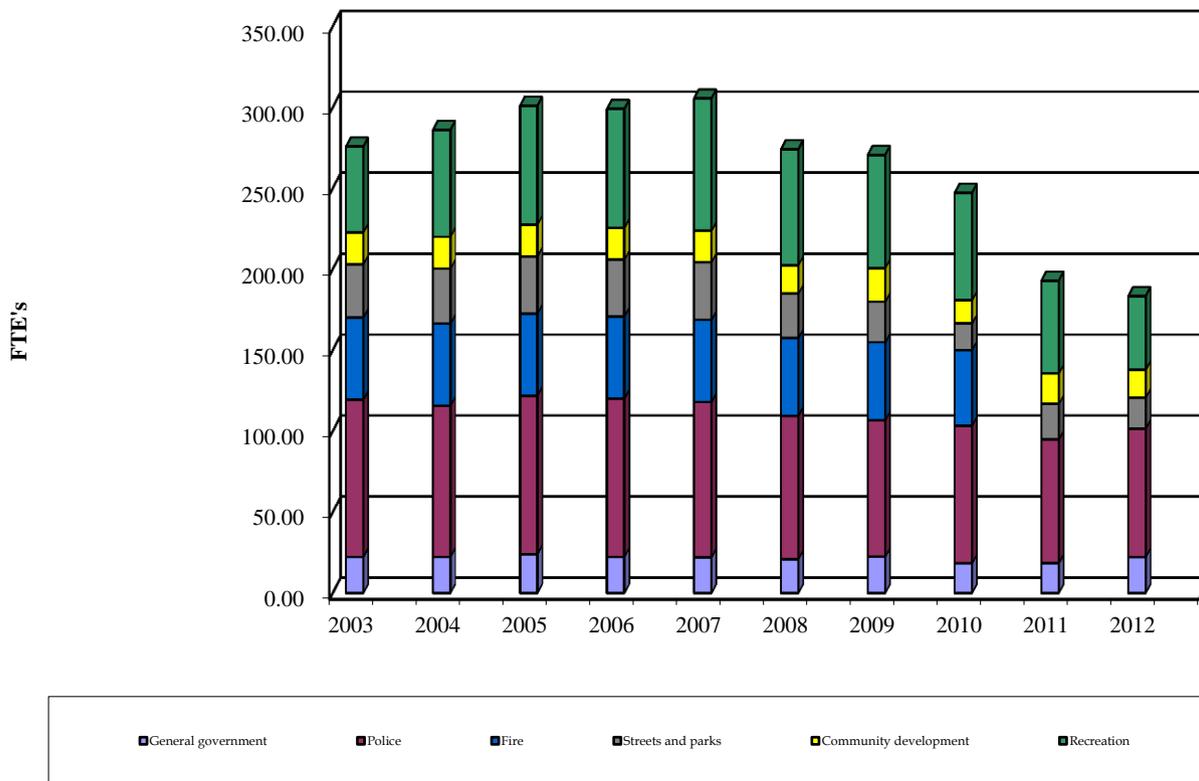
Employer	2011-12			2002-03		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Newark Unified School District	700	1	3.4%	700	2	3.4%
WorldPac	280	3, 4	1.4%	290	6	1.4%
Full Bloom Baking Company	280	3, 4	1.4%			
Risk Management Solutions	270	5	1.3%	200	10	1.0%
Smart Modular Technologies	249	6	1.2%			
City of Newark	183	9	0.9%	280	5	1.3%
Cargill Salt	182	8	0.9%	230	9	1.1%
Valassis (formerly ADVO)	166	10	0.8%	270	7	1.3%
Logitech	621	2	3.0%			
Morpho Detection	208	7				
Staples (formerly Corporate Express)				600	3	2.9%
Sun Microsystems				3,700	1	17.7%
ModusLink				300	4	1.4%
Nancy's Specialty Foods				250	8	1.2%
Total	<u>3,139</u>		<u>15.4%</u>	<u>6,820</u>		<u>32.7%</u>
Total City Employment	<u>20,377</u>			<u>20,852</u>		

Source: City of Newark Community Development Department
U.S. Department of Labor, Bureau of Labor Statistics

CITY OF NEWARK

Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years



Function/Program:	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	22.25	22.25	23.95	22.25	22.10	20.86	22.38	18.25	18.43	22.19
Public safety										
Police	97.00	93.25	97.75	97.75	95.75	88.45	84.17	85.00	76.39	79.19
Fire	50.70	50.70	50.70	50.70	50.70	48.00	48.20	46.65	0.00	0.00
Streets and parks	33.00	34.00	35.35	35.15	35.70	27.45	25.03	16.45	21.94	19.20
Community development	19.65	19.65	19.60	19.50	19.35	17.57	20.74	14.30	18.80	17.14
Recreation	52.90	65.90	73.40	73.40	81.65	71.57	69.94	66.25	57.22	45.52
Total	275.50	285.75	300.75	298.75	305.25	273.90	270.46	246.90	192.78	183.24

Source: City of Newark

CITY OF NEWARK
Operating Indicators by Function/Program
Last Six Fiscal Years

Function/Program	Fiscal Year					
	2007	2008	2009	2010	2011	2012
Public safety:						
Fire						
Fire calls for service	2,831	3,113	2,787	2,392	2,644	2,688
Primary fire inspections conducted	1,599	1,241	1,089	1,177	1,177	407 *
Environmental safety inspections conducted	1,259	1,069	646	126	126	145
Police						
Communication center calls answered	40,925	40,749	38,201	37,863	32,935	28,200
Police calls for service	37,553	37,577	35,248	35,447	32,935	28,200
Law violations						
Part I crimes	2,227	2,195	2,556	2,012	1,800	1,779
Traffic violations	6,456	7,111	5,353	5,838	5,061	3,056
Parking violations	1,307	1,087	833	1,292	1,511	1,433
Public works:						
Street resurfacing (miles)	14	10	0	11	6	6
Street lights repaired	491	435	486	342	492	455
Recreation:						
Recreation class/program participants	278,199	247,882	260,196	211,684	279,071	284,572
Recreation facilities rentals	1,626	1,671	1,967	1,262	1,190	1,456
Silliman Activity Center use	144,278	141,848	129,238	114,540	108,609	132,602
Miscellaneous:						
Library:						
Library visitors	186,200	194,948	215,524	230,443	202,461	196,130
Library materials circulated	264,309	274,316	298,456	318,510	291,352	284,796

* The reduction in number of primary fire inspections conducted for fiscal year 2012 is due largely to how the inspections are now being counted; for prior years, each unit within a building was counted as a separate inspection, but starting in fiscal year 2012, an inspection for a building is counted as one, regardless of the number of units.

Source: City of Newark
Alameda County Library

Note: City implemented GASB 44 in fiscal year 2006. Information for fiscal years 2001 through 2005 is not readily available.

CITY OF NEWARK
Capital Asset Statistics by Function/Program
Last Six Fiscal Years

Function/Program	Fiscal Year					
	2007	2008	2009	2010	2011	2012
Public safety:						
Fire stations	3	3	3	3	3	3
Police stations	1	1	1	1	1	1
Police patrol units	16	15	15	15	15	18
Public works:						
Miles of streets	104	104	105	105	105	105
Street lights	2,816	2,816	2,848	2,848	2,848	2,849
Traffic Signals	42	42	43	43	43	43
Recreation:						
Community services:						
City parks	14	14	14	14	14	14
City parks acreage	124	124	124	124	124	124
Roadway landscaping acreage	56	56	56	56	56	56
Lake acreage	16	16	16	16	16	16
Community activity centers	2	2	2	2	2	2
Senior center	1	1	1	1	1	1
Aquatic center	1	1	1	1	1	1
Miscellaneous						
Library	1	1	1	1	1	1

Source: City of Newark

Note: City implemented GASB 44 in fiscal year 2006. Information for fiscal years 2001 through 2005 is not readily available.



**REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of City Council
of the City of Newark
Newark, California

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Newark (City) as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 4, 2012. 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.

Internal Control Over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

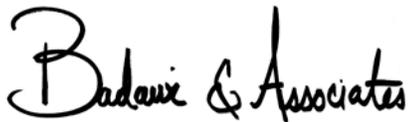
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

To the Honorable Mayor and Members of City Council
of the City of Newark
Newark, California
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of City management, the Mayor and Members of City Council, others within the City, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates
Oakland, California
December 4, 2012