

# City of Newark

Newark, California

## *Comprehensive Annual Financial Report*

*For the year ended June 30, 2014*

Prepared by:  
Finance Department  
Susie Woodstock  
Administrative Services Director





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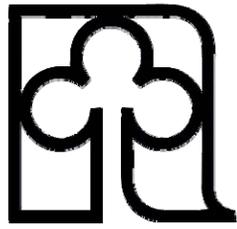
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## CITY OF NEWARK, CALIFORNIA

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

November 26, 2014

***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, 2014. 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, 2014. 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, 2014, the City's population was estimated by the California Department of Finance at 43,342, 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 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 the Alameda County Fire Department.

The City's financial report includes all funds and activities of the City of Newark as the primary government and it's component unit. The component unit is the Public Financing Authority. The Newark Public Financing Authority is a blended component unit because the governing board consists of the all five members of the City Council. The Newark Betterment Corporation was previously considered a discrete component unit where the funds are not blended in with City funds, but they were shown in the City's financial report. The Government Accounting Standards Board Statement 61 established that the Newark Betterment Corporation, as a separate legal entity, did not need to be included in the City's financials. Newark Betterment Corporation is not included in the City's financials this year. Separate financial statements are being issued for this entity.

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 City's geographic location is a major factor affecting its economic position. The City is located in the northern portion of the Silicon Valley and at one end of the Dumbarton Bridge connecting Newark to the Palo Alto/Menlo Park areas. Newark's central Bay Area location makes it an ideal destination for high tech, R&D retail and new housing developments.

### **Long-Term Financial Planning**

The City has established an Operating Reserve, which is approximately 15% of the operating budget, to cover emergencies or disasters. 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 budget shortfalls.

The City 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 had to use this reserve on a number of occasions during the recession 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. Since 2011, the Fiscal Uncertainty Reserve had been replenished with funds from recent budget surpluses. At the end of Fiscal Year 2014, the Fiscal Uncertainty Reserve balance is \$10.78 million.

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 the sale of City capital assets. The direction of budget surpluses into the Fiscal Uncertainty Fund 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 buildings, 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. In fiscal year 2011-2012, GASB 54 changed the definition of Special Revenue Funds which required the Waste Augmentation fund to be shown in the General Fund. The fund balance for Waste Augmentation continues to be assigned to clearly show the intent for those funds.

### **Relevant Financial Policies**

In June 2012, the City Council adopted the 2012-2014 Biennial Budget and Capital Improvement Plan which included the budget for fiscal year 2014. At the time of the adoption, the City's budget was balanced with a modest surplus projected. The economic forecasts expected the recession recovery to continue at a slow, spotty and uncertain pace. Property Tax, Sales Tax and Transient Occupancy Tax have grown at a rate much greater than expected two years ago resulting in larger than anticipated surpluses.

As a result of the use of reserves to weather the recession, the City Council adopted a fund balance policy that directed all remaining reserves after year-end transfers to be transferred into the Fiscal Uncertainty Fund. This has resulted in a balance of \$10.78 million in this fund. With this prudent establishment of reserves, the Government Funds Balance Sheet has almost recovered to 2007 levels.

### **Major Initiatives**

- **Utility Users Tax** – A local revenue measure was approved by the voters in November 2010. This is a Utility Users Tax that generates over \$3.5 million annually. This revenue source corrected the structural budget deficit in 2010. The tax was scheduled to sunset December 2015, but in November 2014, voters approved an extension of the Utility

Users Tax with a new sunset date of December 2020.

- **New Development** – City staff has been working cooperatively with business owners, developers and the community to bring businesses and new housing construction to Newark. The City's efforts have resulted in the NewPark Mall renovation project, the Cedar Townhomes, Newark Prima and Birch Street Subdivision developments currently under construction.

### **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, 2013. 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.

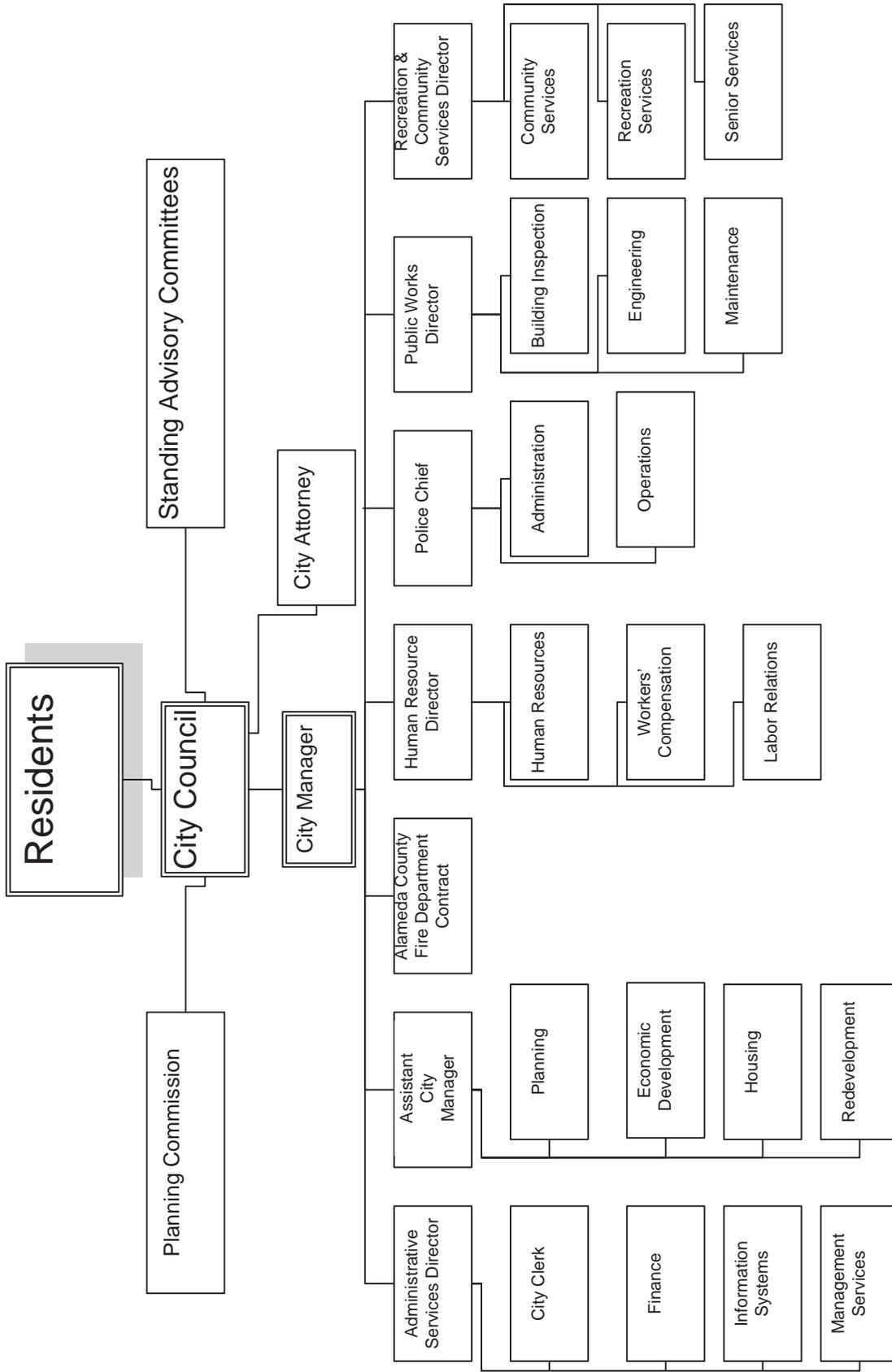
Respectfully submitted,



Susie Woodstock  
Administrative Services Director

# City of Newark

## Organization Chart



**Newark Mayor & City Council**  
*June 30, 2014*



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, 2014*

CITY MANAGER  
**John Becker**

CITY ATTORNEY  
**David Benoun**

## **EXECUTIVE TEAM**

ADMINISTRATIVE SERVICES DIRECTOR  
**Susie Woodstock**

ASSISTANT CITY MANAGER  
**Terrence Grindall**

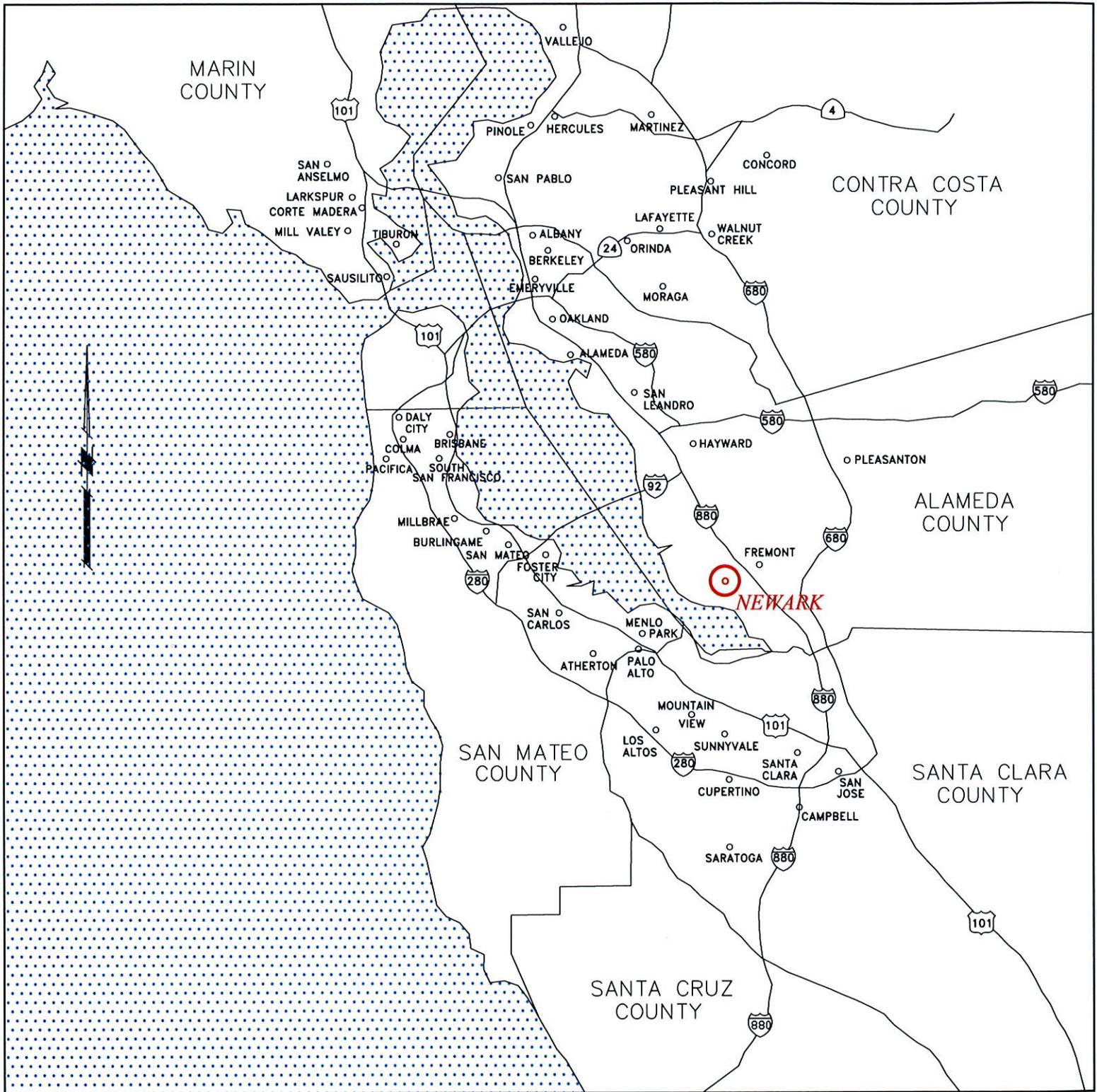
HUMAN RESOURCES DIRECTOR  
**Sandy Abe**

POLICE CHIEF  
**James Leal**

PUBLIC WORKS DIRECTOR  
**Peggy Claassen**

RECREATION & COMMUNITY SERVICES DIRECTOR  
**David Zehnder**

FIRE CHIEF (ALAMEDA CO. FIRE DEPARTMENT)  
**David Rocha**





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

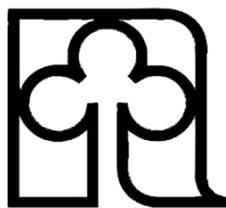
Presented to

**City of Newark  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO





## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

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

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

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

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

To the Honorable Mayor and Members of the City Council  
of the City of Newark  
Newark, California  
Page 2

### ***Opinions***

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

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5-15 and 69-70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules on pages 75 and 82 to 93, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison schedules on pages 75 and 82 to 93 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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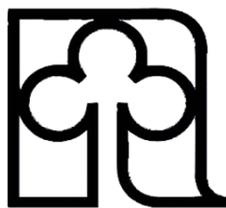
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Badawi and Associates  
Certified Public Accountants  
Oakland, California  
November 26, 2014





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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, 2014. 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, 2014, the City assets exceeded its liabilities by \$173.2 million. Approximately 82% of this amount is net investment in capital assets and therefore not available to meet the City's ongoing operations.
- During the fiscal year, the City's net position increased by \$4.2 million. Total revenues of \$47.2 million exceeded total expenses of \$43 million. Comparatively, revenues were \$4.6 million higher and expenses were \$0.9 million lower in fiscal year 2014 than in fiscal year 2013. Almost all revenue categories were higher than the previous year while expenditures were lower as the previous year included the Silliman Paint Corrections project which alone was \$2.7 million.
- On June 30, 2014 the City's governmental funds reported a combined ending fund balance of \$32.4 million, an increase of \$4.1 million compared to prior fiscal year.
- The City's General Fund fund balance increase of \$3.9 million during fiscal year 2014 reflects the \$4.4 million of net revenue over expenditures in the General Fund, which was partially offset by \$0.5 million of net other financing use.

## **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 Position and the Statement of Activities.

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



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## **OVERVIEW OF THE FINANCIAL STATEMENTS, Continued**

The Statement of Activities provides information on how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 16 governmental funds. The major governmental funds are the General Fund, State Construction Maintenance Special Revenue Fund, and 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.



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## **OVERVIEW OF THE FINANCIAL STATEMENTS, Continued**

### *Fund 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.

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, State Construction Maintenance Special Revenue Fund, and the funding progress 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.




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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The following table shows the condensed comparative Statement of Net Position for the fiscal years ended June 30, 2014 and 2013.

**Comparative Statements of Net Position**  
**June 30, 2014 and 2013**  
**(Amounts in Millions)**

	Governmental Activities	
	2014	2013
<b>Assets:</b>		
Cash and investments	\$35.2	\$31.8
Other assets	5.1	4.5
Capital assets, net	153.4	154.0
<b>Total Assets</b>	<b>193.7</b>	<b>190.3</b>
<b>Liabilities:</b>		
Long-term liabilities	14.2	14.9
Other liabilities	6.3	6.2
<b>Total Liabilities</b>	<b>20.5</b>	<b>21.1</b>
<b>Net Position:</b>		
Net investment in capital assets	142.5	142.7
Restricted	12.8	13.2
Unrestricted	17.9	13.3
<b>Total Net Position</b>	<b>\$173.2</b>	<b>\$169.2</b>

Net position may serve over time as a useful indicator of the City's financial position. The City's assets exceeded liabilities by \$173.2 million. This is an increase of \$4 million or 2.4% from the prior fiscal year. The reasons for this increase are detailed below in the comparative statements of activities and changes in net position.

The largest portion of the City's net position, \$142.5 million (82%), 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 position, \$12.8 million (8%), 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 position of \$17.9 million (10%) represents unrestricted net position, which may be used to finance daily operations without constraints established by debt covenants or other legal requirements.



**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

The following table shows the condensed comparative Statements of Activities and Changes in Net Position for the fiscal years ended June 30, 2014 and 2013.

	Governmental Activities	
	2014	2013
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$5.6	\$4.2
Operating grants and contributions	0.9	1.1
Capital grants and contributions	2.7	2.3
Total program revenues	<u>9.2</u>	<u>7.6</u>
General revenues:		
Taxes:		
General property taxes	13.0	12.6
Sales tax	10.2	9.6
Franchise fees	2.9	2.9
Transient occupancy tax	4.3	3.7
Utility users tax	3.6	3.3
Other local taxes	1.3	1.1
Use of money and property	0.1	0.1
Miscellaneous	2.6	1.6
Total general revenues	<u>38.0</u>	<u>34.9</u>
<b>Total Revenues</b>	<u>47.2</u>	<u>42.5</u>
<b>Expenses:</b>		
General government	4.6	3.8
Public safety:		
Fire	8.7	8.7
Police	15.3	14.7
Streets and parks	6.7	9.8
Community development	3.1	2.7
Recreation	4.2	3.8
Interest on long-term debt	0.4	0.5
<b>Total Expenses</b>	<u>43.0</u>	<u>44.0</u>
Increase (decrease) in net position	4.2	(1.4)
Net position - beginning, restated	169.0	170.6
Net position - ending	<u>\$173.2</u>	<u>\$169.2</u>



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## **GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

The City's expenses totaled \$43 million in fiscal year 2014. These expenses were offset by program revenues of \$9.2 million and general revenues of \$38.0 million, resulting in a \$4.2 million increase in net position.

**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. Fiscal year 2014 charges for services revenue was \$1.3 million higher compared to the prior fiscal year. \$0.7 million of this increased revenue was due to a full year of having the Silliman Aquatic Center open, compared to the previous fiscal year when it was closed for nine month for painting repairs. In addition, Community Development charges for services revenue was \$0.6 million higher compared to the previous year as a result of increased construction activity. Capital Grants and Contributions were \$0.4 million higher as more funding was received for street construction and repairs.

**General Revenues** - Comprising the largest source of revenue for the City, both the City's property tax revenues and sales tax revenue were higher by 4% and 6%, respectively, compared to the prior fiscal year. Transient occupancy tax revenue also increased \$0.6 million, or 17%, reflecting both an increase in hotel occupancy rates and room rates, and the utility users tax was also favorable compared to the prior fiscal year by 8%.

**Expenses** - Expenses decreased in total by \$0.9 million or by 2%, and is largely attributed to the decrease in streets and parks expenditures compared to the previous fiscal year as fiscal year 2013 included \$2.6 million of maintenance expenditures for the Silliman Paint corrections project. This year over year decrease more than offset the increases in the other governmental activities expenditures.

## **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, unassigned 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, 2014, the City's combined governmental fund balances were \$32.4 million, an increase of \$4.1 million or 14.5% compared with the prior fiscal year. Of this amount, approximately \$5.7 million represents restricted spendable fund balance and \$9.1 million represents assigned spendable fund balance. Further detail of the fund balances can be found in the note disclosures.

Governmental revenues in fiscal year 2014 were \$47.4 million, which was an increase of \$5.4 million from fiscal year 2013. Almost all revenue categories were higher over the previous fiscal year.



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## **FUND FINANCIAL ANALYSIS, Continued**

### *Governmental Funds, Continued*

Governmental expenditures in fiscal year 2014 were \$43.2 million, a decrease of \$0.1 million from the prior fiscal year. Lower project expenditures in the State Construction Maintenance Special Revenue Fund and the Capital Projects Fund (namely the Silliman Aquatic Center paint corrections project) more than offset the increase in the General Fund expenditures which was due to increased staffing costs, increased professional services costs resulting from a change in accounting process, and higher Recreation expenditures due to the reopening of the Silliman Aquatic Center which had been closed for nine months during fiscal year 2013.

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, 2014, the spendable assigned and unassigned fund balance of the General Fund was \$19.0 million, while total fund balance was \$19.6 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 assigned fund balance also includes balances assigned for use in waste management, future liability of the fire contract, and fiscal year 2015 equipment replacement. The remainder of \$10.8 million resides in the fiscal uncertainty fund.

The fund balance of the City's General Fund increased by \$3.9 million from fiscal year 2013. Revenues exceeded expenditures by \$4.4 million. Transfers out from the General Fund to the Debt Service Fund and Internal Service Funds were \$0.5 million more than the total transfer in from the Gas Tax Funds, Paramedic Tax Fund, and Alameda County Fire Fees Fund. Almost all revenue categories were higher compared to the previous fiscal year.

#### **State Construction Maintenance Special Revenue Fund**

The State Construction Maintenance Special Revenue Fund showed a \$0.5 million increase in fund balance during fiscal year 2014. Revenues exceeded expenditures by \$1.0 million with transfers out to the General Fund for street improvements totaling \$0.5 million.

#### **Capital Projects Fund**

The Capital Projects Fund showed a decrease in fund balance of \$0.7 million during fiscal year 2014. Expenditures exceeded revenues by \$1.2 million, and \$0.5 was transferred in from the General Fund and Community Development Maintenance Special Revenue Fund.

#### ***Proprietary Funds***

The City's proprietary funds consist of the Internal Service Funds with a combined total net position of \$3.5 million at the end of fiscal year 2014. Total operating revenues of \$4.3 million exceeded operating expenses of \$3.4 million. Adding transfers in of \$0.3 million from the General Fund, the result was a \$1.1 million increase in net position for the fiscal year. This change in net position is primarily due to the decrease in



contractual payments in the Public Liability Self-Insurance Fund and Worker's Compensation Self-Insurance Funds.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

Fiscal year 2014 was the second year of the City's biennial budget which was adopted on June 28, 2012. The General Fund budget for fiscal year 2014 was amended during the year by \$3.9 million in anticipation of higher property tax, sales tax, transient occupancy tax, and miscellaneous revenue.

Actual expenditures for the fiscal year were \$1.7 million over the original budget and \$0.9 million under the final amended budget. Actual revenues were \$6 million over the original budget and \$2 million over the final amended budget.

## **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, 2014, the City's capital assets used in governmental activities amounted to \$153.4 million, net of depreciation.

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

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Land	\$4.4	\$4.4
Park land	30.1	30.1
Landscaping	8.7	8.9
Street trees	0.7	0.7
Construction in progress	1.6	0.0
Buildings and Improvements	44.0	43.7
Infrastructure:		
Streets	70.7	70.6
Sidewalks, curbs, gutters, and walls	14.8	14.1
Street lights	3.2	3.2
Traffic signals	3.9	3.9
Equipment	9.3	8.6
Less: accumulated depreciation	<u>(38.0)</u>	<u>(34.3)</u>
Total capital assets	<u>\$153.4</u>	<u>\$153.9</u>

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



**CAPITAL ASSETS AND LONG-TERM OBLIGATIONS, Continued**

*Long-term Obligations*

At June 30, 2014, the City had long-term debt outstanding of \$10.8 million compared to \$11.2 million in the prior year. The City’s long-term debt obligations at June 30, 2014 and 2013 were as follows (amounts in millions):

	Governmental Activities	
	2014	2013
Certificates of participation	\$2.2	\$2.2
Bank refunding	8.3	8.7
Capital lease obligations	0.3	0.3
Total	\$10.8	\$11.2

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, 2014, a total of \$8.5 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 2014-2016 recognized that:

- Although the recession has been declared over, the rate of recovery has been slow. The biennial budget anticipates conservative revenue growth for the next two years.
- The effects of the CalPERS changes and healthcare reform are still unknown.
- The City’s capital reserves are limited and growth is dependent on budget surpluses. Assignment of surplus funds depends on the continuation of the utility users tax.

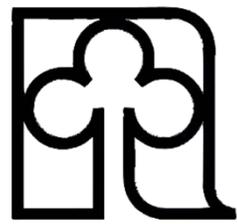
Additional information about the City’s economy and financial planning and policies is provided in the accompanying letter of transmittal in the Introductory Section of this report.



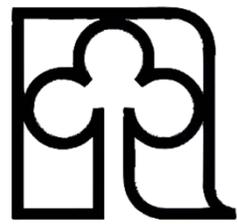
**REQUEST FOR INFORMATION**

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 Position**  
**June 30, 2014**

ASSETS	Primary Governmental Activities
Current assets:	
Cash and investments	
Available for operations	\$ 35,324,343
Receivables:	
Tax	2,906,038
Special assessments	5,496
Intergovernmental	403,592
Interest	17,828
Other, net	458,655
Supplies and other assets	206,216
Total current assets	<u>39,322,168</u>
Noncurrent assets:	
Restricted cash and investments	633,760
Due from RDA Successor fund	409,990
Capital assets:	
Land and construction in progress	45,515,815
Depreciable, net	107,865,965
Total capital assets	<u>153,381,780</u>
<b>Total assets</b>	<u>193,747,698</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	2,422,619
Refundable deposits	707,229
Unearned revenues	136,391
Compensated absences - due within one year	1,935,400
Claims payable - due within one year	482,080
Long-term debt - due within one year	589,280
Total current liabilities	<u>6,272,999</u>
Noncurrent liabilities:	
Net OPEB liabilities	2,397,382
Compensated absences - due in more than one year	19,549
Claims payable - due in more than one year	1,556,407
Long-term debt - due in more than one year	10,268,645
<b>Total liabilities</b>	<u>20,514,982</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	<u>142,523,855</u>
Restricted for:	
Capital projects	7,317,823
Debt service	634,452
Grant-funded projects	3,770,627
Other Projects	1,082,618
Total restricted	<u>12,805,520</u>
Unrestricted	<u>17,903,341</u>
<b>Total net position</b>	<u>\$ 173,232,716</u>

See accompanying Notes to Basic Financial Statements.

**City of Newark**  
**Statement of Activities and Changes in Net Position**  
**For the year ended June 30, 2014**

Functions / Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<b>Governmental activities:</b>					
General government	\$ 4,642,488	\$ 49,959	\$ 84,712	\$ -	\$ 134,671
Public safety:					
Fire	8,664,816	114,940	-	-	114,940
Police	15,310,067	562,713	521,384	-	1,084,097
Streets and parks	6,743,088	529,970	-	2,724,507	3,254,477
Community development	3,051,797	1,858,468	168,006	-	2,026,474
Recreation	4,211,928	2,432,111	164,221	-	2,596,332
Interest on long-term debt (unallocated)	430,383	-	-	-	-
<b>Total governmental activities</b>	<b>43,054,568</b>	<b>5,548,161</b>	<b>938,323</b>	<b>2,724,507</b>	<b>9,210,991</b>

**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

**Total general revenues and transfers**

**Change in net position**

**Net position - beginning of year , restated**

**Net position - end of year**

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue  
and Changes  
in Net Position

Governmental  
Activities

\$ (4,507,817)

(8,549,876)

(14,225,970)

(3,488,611)

(1,025,323)

(1,615,596)

(430,383)

---

(33,843,577)

13,035,256

10,182,129

2,938,284

4,319,709

3,644,068

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1,271,606

35,391,052

18,828

69,581

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2,562,364

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38,041,825

4,198,248

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169,034,468

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\$ 173,232,716

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**City of Newark**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

	General Fund	State Construction Maintenance Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments					
Available for operations	\$ 18,575,392	\$ 3,208,370	\$ 6,314,045	\$ 2,973,805	\$ 31,071,612
Restricted cash and investments	46	-	-	633,714	633,760
Receivables:					
Taxes	2,773,007	133,031	-	-	2,906,038
Special assessments	-	-	-	5,496	5,496
Intergovernmental	98,095	106,106	-	199,391	403,592
Interest	14,069	1,623	1,147	989	17,828
Other, net	399,868	1,373	-	30,276	431,517
Due from other funds	32,912	-	-	-	32,912
Supplies and other assets	145,107	-	-	-	145,107
Due from Successor Redevelopment Agency	409,990	-	-	-	409,990
<b>Total assets</b>	<b><u>\$ 22,448,486</u></b>	<b><u>\$ 3,450,503</u></b>	<b><u>\$ 6,315,192</u></b>	<b><u>\$ 3,843,671</u></b>	<b><u>\$ 36,057,852</u></b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 1,615,001	\$ 122,865	\$ 155,906	\$ 325,899	\$ 2,219,671
Refundable deposits	694,460	12,769	-	-	707,229
Due to other funds	-	-	-	32,912	32,912
Unearned revenues	136,391	-	-	-	136,391
<b>Total liabilities</b>	<b><u>2,445,852</u></b>	<b><u>135,634</u></b>	<b><u>155,906</u></b>	<b><u>358,811</u></b>	<b><u>3,096,203</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	444,611	68,955	-	-	\$ 513,566
<b>Total deferred inflows of resources</b>	<b><u>444,611</u></b>	<b><u>68,955</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>513,566</u></b>
<b>Fund Balances:</b>					
Non-spendable	555,097	-	-	-	555,097
Restricted	-	3,245,914	-	2,508,243	5,754,157
Committed	-	-	-	303,566	303,566
Assigned:					
Fire side fund	613,000	-	-	-	613,000
Equipment replacement, Fund 034	404,539	-	-	-	404,539
Waste disposal fund, Fund 023	817,479	-	-	-	817,479
Pension/OPEB Reserves	150,000	-	-	-	150,000
Community Development, Fund 037	241,891	-	-	-	241,891
Community Development, Fund 025	-	-	-	673,051	673,051
Capital asset acquisition	-	-	6,159,286	-	6,159,286
Unassigned:					
Catastrophic contingencies	6,000,000	-	-	-	6,000,000
Fiscal uncertainty, Fund 004	10,776,017	-	-	-	10,776,017
<b>Total fund balances</b>	<b><u>19,558,023</u></b>	<b><u>3,245,914</u></b>	<b><u>6,159,286</u></b>	<b><u>3,484,860</u></b>	<b><u>32,448,083</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b><u>\$ 22,448,486</u></b>	<b><u>\$ 3,450,503</u></b>	<b><u>\$ 6,315,192</u></b>	<b><u>\$ 3,843,671</u></b>	<b><u>\$ 36,057,852</u></b>

**City of Newark**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Position**  
**June 30, 2014**

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**Total Fund Balances - Total Governmental Funds** \$ 32,448,083

Amounts reported for governmental activities in the Statement of Net Position 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. 151,997,796

Revenues from Grants, Sales Tax, and Miscellaneous Revenue 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 unearned revenue in the governmental funds. 513,566

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 Position.

- Cash and investments available for operations 4,252,731
- Supplies and other assets 88,247
- Capital assets 1,383,984
- Accounts payable and accrued liabilities (160,402)
- Claims payable (2,038,487)

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 (2,397,382)
- Long-term debt (10,857,925)
- Interest payable (42,546)
- Compensated absences (1,954,949)

**Net Position of Governmental Activities** \$ 173,232,716

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, 2014**

	General Fund	State Construction Maintenance Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
General property taxes	\$ 13,035,256	\$ -	\$ -	\$ -	\$ 13,035,256
Other local taxes	22,199,940	-	-	-	22,199,940
Special assessments	-	-	-	319,156	319,156
Licenses, permits and fees	1,443,198	-	-	-	1,443,198
Fines and forfeitures	362,429	-	-	-	362,429
Use of money and property	54,219	6,617	4,957	3,789	69,582
Other governmental agencies	207,905	2,154,982	-	1,674,420	4,037,307
Current service charges	3,754,002	1,933	638,578	209,404	4,603,917
Other revenue	1,082,683	-	38,334	253,305	1,374,322
<b>Total revenues</b>	<b>42,139,632</b>	<b>2,163,532</b>	<b>681,869</b>	<b>2,460,074</b>	<b>47,445,107</b>
<b>EXPENDITURES:</b>					
Current:					
General government	4,525,982	-	-	-	4,525,982
Public safety:					
Fire	8,441,662	-	-	18,199	8,459,861
Police	14,872,376	-	-	409,303	15,281,679
Streets and parks	2,864,881	1,069,611	20,552	395,199	4,350,243
Community development	2,906,843	-	38,500	59,360	3,004,703
Recreation	3,795,576	-	-	153,094	3,948,670
Capital outlay	156,573	51,257	1,789,470	613,625	2,610,925
Debt service:					
Principal repayment	119,223	-	-	453,090	572,313
Interest and fiscal charges	14,898	-	-	415,361	430,259
<b>Total expenditures</b>	<b>37,698,014</b>	<b>1,120,868</b>	<b>1,848,522</b>	<b>2,517,231</b>	<b>43,184,635</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,441,618</b>	<b>1,042,664</b>	<b>(1,166,653)</b>	<b>(57,157)</b>	<b>4,260,472</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Capital lease	156,573	-	-	-	156,573
Transfers in	874,000	-	468,084	869,500	2,211,584
Transfers out	(1,529,870)	(500,000)	-	(474,000)	(2,503,870)
<b>Total other financing sources (uses)</b>	<b>(499,297)</b>	<b>(500,000)</b>	<b>468,084</b>	<b>395,500</b>	<b>(135,713)</b>
<b>Net change in fund balances</b>	<b>3,942,321</b>	<b>542,664</b>	<b>(698,569)</b>	<b>338,343</b>	<b>4,124,759</b>
<b>FUND BALANCES:</b>					
Beginning of year	15,615,702	2,703,250	6,857,855	3,146,517	28,323,324
End of year	\$ 19,558,023	\$ 3,245,914	\$ 6,159,286	\$ 3,484,860	\$ 32,448,083

See accompanying Notes to Basic Financial Statements.

# 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 Position For the year ended June 30, 2014

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Net Change in Fund Balances - Total Governmental Funds \$ 4,124,759

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position 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 Position, 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, \$629,072). 2,454,352

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they 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, \$263,885). (3,539,732)

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 unearned revenue in the governmental funds. (154,958)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities:  
- Repayment of debt principal is added back to fund balance 572,313

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 (356,028)  
- Interest payable (124)  
- Compensated absences (48,794)

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. 1,146,460

**Change in Net Position of Governmental Activities \$ 4,198,248**

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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 Position**  
**Proprietary Funds**  
**June 30, 2014**

	Governmental Activities - Internal Service Funds
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 4,252,731
Other receivables	27,138
Supplies and other assets	61,109
Total current assets	<u>4,340,978</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	1,383,984
<b>Total assets</b>	<u><b>5,724,962</b></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable and accrued liabilities	160,402
Claims payable - due within one year	482,080
Total current liabilities	<u>642,482</u>
Noncurrent liabilities:	
Claims payable - due in more than one year	1,556,407
<b>Total liabilities</b>	<u><b>2,198,889</b></u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,383,984
Unrestricted	2,142,089
<b>Total net position</b>	<u><u><b>\$ 3,526,073</b></u></u>

See accompanying Notes to Basic Financial Statements.

**City of Newark**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the year ended June 30, 2014**

	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUES:</b>	
Charges to departments	\$ 4,249,757
Other revenue	53,475
<b>Total operating revenues</b>	<b>4,303,232</b>
<b>OPERATING EXPENSES:</b>	
Personnel services	879,585
Materials and supplies	438,470
Contractual services	806,571
Utilities	568,553
Insurance claims and premiums	454,661
Depreciation	263,885
<b>Total operating expenses</b>	<b>3,411,725</b>
<b>OPERATING INCOME (LOSS)</b>	<b>891,507</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Transfers in	292,286
Loss on disposal of capital assets	(37,333)
<b>Total nonoperating revenues (expenses)</b>	<b>254,953</b>
<b>Change in net position</b>	<b>1,146,460</b>
<b>NET POSITION:</b>	
Beginning of year	2,379,613
End of year	\$ 3,526,073

See accompanying Notes to Basic Financial Statements.

**City of Newark**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2014**

	<u>Governmental Activities - Internal Service Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Receipts from other funds	\$ 4,283,459
Payments to suppliers/other fund	(1,856,812)
Payments to employees	(879,585)
Claims paid	(974,673)
<b>Net cash provided by operating activities</b>	<u>572,389</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Interfund receipts	292,286
<b>Net cash provided by noncapital financing activities</b>	<u>292,286</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Acquisition of capital assets	(629,072)
<b>Net cash used by capital and related financing activities</b>	<u>(629,072)</u>
<b>Net increase in cash and cash equivalents</b>	235,603
<b>CASH AND CASH EQUIVALENTS:</b>	
Beginning of year	4,017,128
End of year	<u>\$ 4,252,731</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>	
Operating income (loss)	\$ 891,507
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	263,885
Changes in current assets and liabilities:	
Other assets	(35,526)
Accounts payable and accrued liabilities	(547,477)
<b>Total adjustments</b>	<u>(319,118)</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 572,389</u>

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 Position**  
**Fiduciary Funds**  
**June 30, 2014**

---

<b>ASSETS</b>	Agency Funds	RDA Successor Agency Funds
Cash and investments	\$ 4,300,092	\$ 6,377
Receivables - Interest	3,283	-
<b>Total assets</b>	<b>\$ 4,303,375</b>	<b>\$ 6,377</b>
<b>LIABILITIES</b>		
Due to bondholders	\$ 4,303,375	\$ -
Unearned revenue	-	6,377
Note Payable	-	409,990
<b>Total liabilities</b>	<b>\$ 4,303,375</b>	<b>\$ 416,367</b>
<b>NET POSITION</b>		
Held in trust for RDA Successor Funds		<b>\$ (409,990)</b>

See accompanying Notes to Basic Financial Statements.

**City of Newark**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2014**

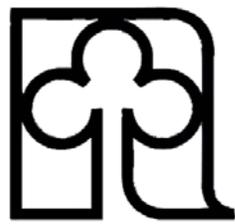
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	<u>RDA Successor Agency Funds</u>
<b>ADDITIONS:</b>	
Other income	\$ 42,861
<b>Total additions</b>	<u>42,861</u>
<b>DEDUCTIONS:</b>	
Expenses	1,256
<b>Total deductions</b>	<u>1,256</u>
<b>Change in net position</b>	41,605
Net Position - beginning	(451,595)
Net Position - ending	<u>\$ (409,990)</u>

See accompanying Notes to Basic Financial Statements.

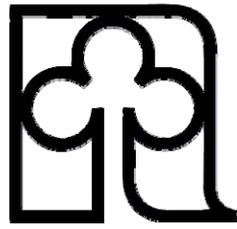


**City of Newark**  
**Index to Notes to Basic Financial Statements**  
**For the year ended June 30, 2014**



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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 serves as the governing board to the Newark Public Financing Authority. The Newark Public Financing Authority is controlled entirely by the City, which also performs all their administrative and accounting functions. Its financial activities have been aggregated and merged (termed "blended") with those of the City in the accompanying financial statements.

In previous years, the Newark Betterment Corporation was presented as a discrete component unit, and reported as a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. 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.

Effective June 30, 2014, the Newark Betterment Corporation will no longer be included in the City of Newark's financial statements to avoid confusion that the Newark Betterment Corporation is part of the City of Newark. Separate financial statements for the Newark Betterment Corporation may be obtained from the City of Newark.

The following entity is reported as a blended component unit:

*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.

### ***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 Position and a Statement of Activities and Changes in Net Position. 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 Position. The Statement of Activities presents changes in net position.



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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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 Position 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 Position, 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).

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 fund balances as presented in these statements to the net position 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 was included in the General Fund effective for the year ended June 30, 2012.



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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues 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.

Unearned revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned 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 unearned revenue is removed from the 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 Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund.



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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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 Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. 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.

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 Position. 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 are 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.



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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**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.

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. 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.



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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***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.

***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 and proprietary funds are netted as part of the reconciliation to the Government-Wide Financial Statements presentation.



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*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.

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 Position 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.



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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### 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 amounts paid related to prepaid bond issuance, 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. Other issuance costs are expensed in the current period.

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 Position.

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

### K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period (s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period (s) and so will not be recognized as an inflow of resources (revenue) until that time.

### L. Net Position / Fund Balances

#### Government-Wide Financial Statements

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

Net Investment in Capital Assets – Describes the portion of Net Position 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.



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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Net Position/Fund Balances, Continued

Restricted Net Position - Describes the portion of Net Position 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, funds received for recycling programs and future waste disposal costs; and fees for use on emergency medical services.

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

**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.

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.



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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### L. Net Position Fund Balances, Continued

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* – Ordinances are the highest level action taken by City Council that constitutes the most binding constraint to establish, modify, or rescind a fund balance commitment.
- *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.

#### 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.



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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

### M. New Pronouncements

In 2014, the City incorporated new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* - The objective of this statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows or resources (revenues). The City restated beginning net position as part of implementation of this standard.
- GASB Statement No. 66, *Technical Corrections (2012)* - The objective of this statement is to improve accounting and financial reporting for a government financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements (GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB AND AICPA Pronouncements*). There was no effect on net position by the City implementing this new accounting standard.
- GASB Statement No. 67, *Financial Reporting for Pension Plans* - This statement replaces the requirements of Statements No. 25, *Financial Report for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they related to pension plans that are administered through trusts or equivalent arrangements (referred to as trusts). There was no effect on net position by the City implementing this new accounting standard.
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* - The objective of this statement it to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. There was no effect on net position by the City implementing this new accounting standard.





**2. CASH AND INVESTMENTS, Continued**

**A. Deposits**

The carrying amount of the City's cash deposit was \$2,439,898 at June 30, 2014. Bank balances before reconciling items were \$2,804,295, 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.

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

**City of Newark**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**



**2. CASH AND INVESTMENTS, Continued**

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

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. The total amount of the fair value gain was \$11,108 for fiscal year 2013/14 and approximates the book value of investments.

**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, 2014:

Investment Type	Fair Value	Maturity 1 Year or Less	Maturity 2 Years	Maturity 3 Years	Maturity 4 Years	Maturity 5 Years
Local Agency Investment Funds	\$ 37,184,514	\$ 37,184,514	\$ -	\$ -	\$ -	\$ -
Money Market Funds	633,760	633,760	-	-	-	-
<b>Total</b>	<b>\$ 37,818,274</b>	<b>\$ 37,818,274</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



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## 2. CASH AND INVESTMENTS, Continued

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.

### *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, 2014, 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 2014, the City had \$37,184,514 invested in LAIF, which had invested 1.86% 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 1.000298749 to the total investments held by LAIF.

**City of Newark**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**



**3. INTERFUND TRANSACTIONS**

**A. Interfund Receivables / Payables**

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.

		<b>Due to other funds</b>	
		Major	
		Governmental Fund:	
		Community Development Act	
<b>Due from other funds</b>	General Fund	\$	32,912
	<b>Total</b>	\$	32,912

Transfers In/Out

Transfers in/out for the year ended as of June 30, 2014, were as follows:

<b>Transfers In</b>						
		<i>Governmental Funds:</i>		<i>Non-Major Governmental Funds:</i>		
		General	Capital Projects Funds	COPS Interest and Redemption	Internal Service Funds	Total
<b>Transfers Out</b>						
<i>Governmental Funds:</i>						
	General	\$ -	\$ 368,084	\$ 869,500	\$ 292,286	\$ 1,529,870
	State Construction Maint. Funds	500,000	-	-	-	500,000
<i>Non-Major Governmental Funds:</i>						
	Community Development Maintenance Fees	-	100,000	-	-	100,000
	Paramedic Tax	229,000	-	-	-	229,000
	Alameda County Fire Fees	145,000	-	-	-	145,000
	<b>Total Governmental Funds</b>	<b>\$ 874,000</b>	<b>\$ 468,084</b>	<b>\$ 869,500</b>	<b>\$ 292,286</b>	<b>\$ 2,503,870</b>



### **3. INTERFUND TRANSACTIONS**

#### ***A. Interfund Receivables / Payables, Continued***

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

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

Transfers from the General Fund to the Capital Projects Funds and Internal Services Funds were to fund additional reserves and 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 Community Development Maintenance Fees Fund to the Capital Projects Fund were to fund the General Plan.

**City of Newark**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**



**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Additions	Retirements & Reclassifications *	Balance June 30, 2014
<b>Governmental activities:</b>				
Nondepreciable assets:				
Land	\$ 4,384,073	\$ -	\$ -	\$ 4,384,073
Park land	30,107,748	-	-	30,107,748
Landscaping	8,878,284	-	(193,500) *	8,684,784
Street trees	739,733	-	-	739,733
Construction in progress	11,372	1,588,105	-	1,599,477
Total nondepreciable assets	<u>44,121,210</u>	<u>1,588,105</u>	<u>(193,500)</u>	<u>45,515,815</u>
Depreciable assets:				
Buildings and land improvements	43,737,590	35,332	193,500 *	43,966,422
Infrastructure				
Streets	70,597,718	71,107	-	70,668,825
Sidewalks, curbs, gutters and walls	14,110,653	660,663	-	14,771,316
Street lights	3,219,325	30,282	-	3,249,607
Traffic signals	3,936,784	-	-	3,936,784
Machinery and equipment	8,600,320	854,508	(140,000)	9,314,828
Total depreciable assets	<u>144,202,390</u>	<u>1,651,892</u>	<u>53,500</u>	<u>145,907,782</u>
Less accumulated depreciation:				
Buildings and improvements	(11,027,435)	(724,461)	-	(11,751,896)
Infrastructure				
Streets	(10,279,940)	(1,829,158)	-	(12,109,098)
Sidewalks, curbs, gutters and walls	(2,339,662)	(408,498)	-	(2,748,160)
Street lights	(772,639)	(129,782)	-	(902,421)
Traffic signals	(3,728,365)	(196,839)	-	(3,925,204)
Machinery and equipment	(6,192,826)	(514,879)	102,667	(6,605,038)
Total accumulated depreciation	<u>(34,340,867)</u>	<u>(3,803,617)</u>	<u>102,667</u>	<u>(38,041,817)</u>
Net depreciable assets	<u>109,861,523</u>	<u>(2,151,725)</u>	<u>156,167</u>	<u>107,865,965</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 153,982,733</u>	<u>\$ (563,620)</u>	<u>\$ (37,333)</u>	<u>\$ 153,381,780</u>

\* The Lakeshore Park Irrigation Renovation Project was reclassified from a landscaping asset to a land improvement asset.

**City of Newark**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**



**4. CAPITAL ASSETS, Continued**

Depreciation expense was charged to various governmental functions as follows:

General Government	\$ 115,657
Public Safety:	
Fire	240,069
Police	292,061
Streets and Parks	2,659,757
Community Development	36,478
Recreation	459,595
Total depreciation – governmental functions	<u>\$ 3,803,617</u>

**5. LONG-TERM DEBT**

The City's long-term debt is comprised the following at June 30, 2014:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014	Amounts Due Within One Year	Amounts Due in More than One Year
<b>Governmental Activities:</b>						
2012 Bank refinancing \$9,703,757; 3.5% due 2028	\$ 8,723,806	\$ -	\$ (453,090)	8,270,716	\$ 465,454	\$ 7,805,262
2002 Certificates of Participation \$9,925,000; 2-5% due 2032	2,240,000	-	-	2,240,000	-	2,240,000
Capital Lease Obligation Equipment lease, due 2015	94,786	-	(46,307)	48,479	48,479	-
Capital Lease Obligation Equipment lease, due 2017	215,073	-	(50,003)	165,070	52,434	112,636
Capital Lease Obligation Equipment lease, due 2020	-	156,573	(22,913)	133,660	22,913	110,747
<b>Total</b>	<u>\$ 11,273,665</u>	<u>\$ 156,573</u>	<u>\$ (572,313)</u>	<u>\$ 10,857,925</u>	<u>\$ 589,280</u>	<u>\$ 10,268,645</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 2012 Bank refinancing is 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 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 FY2013-14 through FY2027-28, with a net present value savings to the City of \$1,196,657.



**5. LONG-TERM DEBT, Continued**

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.

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.

On August 14, 2012, the City entered into a non-cancelable lease agreement in the amount of \$160,393 with Acme Auto Leasing LLC to acquire a police armored vehicle. Monthly lease payments of \$1,910 are due on May 16 until 2020. Ownership of the armored vehicle reverts to the City at the end of the lease.

Debt Service Requirements

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2015	589,280	407,734
2016	560,194	386,475
2017	583,924	366,740
2018	541,570	346,187
2019	556,150	327,908
2020-2024	3,003,557	1,341,709
2025-2029	3,303,250	783,617
2030-2034	1,720,000	174,750
Total	\$ 10,857,925	\$ 4,135,120



**5. LONG-TERM DEBT, Continued**

*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.

In May 2013, the AID 26 outstanding bonds of \$8,264,834 were advance refunded to benefit property owners with lower debt service payments. The escrow funds were used to pay off the original 1998 bonds on September 2, 2013.

All the AID bonds transactions are accounted for in a separate Agency fund established by the City for that purpose. As of June 30, 2014, the remaining balance outstanding on these bonds was \$8,478,257.

**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 position.

Changes in compensated absences for the fiscal year ended June 30, 2014 were as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
Governmental Activities	\$ 1,906,155	\$ 1,371,800	\$ (1,323,006)	\$ 1,954,949	\$ 1,935,400

**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 23.146% for miscellaneous employees and 38.55% for safety employees in 2013-2014. The City is currently paying benefits from the City's General Fund.



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## 7. DEFINED BENEFIT PENSION PLAN, Continued

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

On January 1, 2013, the Public Employee Pension Reform Act (PEPRA) went into effect. This State law applies to employees hired after January 1, 2013, who are new to PERS. These employees are termed PEPRA members and employees that were enrolled in PERS (without significant separation) prior to January 1, 2013 are now referred to as classic members. PEPRA miscellaneous members will be enrolled in a 2% at 62 plan and PEPRA safety members will be enrolled in a 2.7% at 57 plan. PEPRA members will be required to pay half the normal cost of their plans.

The City and its employee groups entered into a variable cost sharing agreement for classic members 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 Classic 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 19.678% 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 Classic Safety employees. This resulted in a 34.55% employer contribution rate and a 13.0% employee contribution rate.

The cost sharing in the agreements also applied to PEPRA members. PEPRA Miscellaneous rates are 19.678% for the employer and 9.718% for the employees. PEPRA Safety member rates are 10% for the employer and 13% for the employee. PEPRA Non-Sworn Miscellaneous rates are 20.175% for the employer and 9.221% for the employee (City picks-up .497% cost share - this matches current Non-Sworn Classic Miscellaneous members capped at 2.971%). These rates are for fiscal year 2013/14.

Annual Pension Cost - For 2013-2014, the City's annual pension cost of \$4,067,397 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses), (b) projected salary increases range from 3.3% to 14.2% for both miscellaneous employees and safety employees depending on age, service, and type of employment, and (c) 3.0% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.75%. 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, 2011 was 21 years for safety employees and 28 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)		APC Funded
	Safety Plan	Total APC	
6/30/2012	1,748,474	1,748,474	100%
6/30/2013	2,173,344	2,173,344	100%
6/30/2014	2,407,553	2,407,553	100%

Fiscal Year	Annual Pension Cost (APC)		APC Funded
	Miscellaneous Plan	Total APC	
6/30/2012	1,292,755	1,292,755	100%
6/30/2013	1,501,041	1,501,041	100%
6/30/2014	1,659,844	1,659,844	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.

A schedule of funding progress as of the most recent actuarial date is presented below.

CalPERS Miscellaneous Plan

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/2013	\$ 60,391,817	\$ 89,227,402	\$ 28,835,585	67.7%	\$ 8,661,759	332.9%



**8. OTHER POST EMPLOYMENT BENEFITS**

The City participates in the CalPERS healthcare programs Public Employees Medical and Hospital Care Act (PEMHCA) providing retirees the statutory minimum contribution using the 5% “unequal method.” The City currently pays for the cost of the retiree PEHMCA on a pay-as-you-go basis. For fiscal year ended June 30, 2014, there were 77 retirees receiving this benefit and total City costs amounted to \$116,972.

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, 2014 Net OPEB Obligation:

Annual required contribution	\$	483,000
Interest on net OPEB obligation		86,000
Amortization of net OPEB obligation		<u>(96,000)</u>
Annual OPEB cost		473,000
Payments made		<u>(116,972)</u>
Increase in net OPEB obligation		356,028
Net OPEB obligation - beginning of the year		<u>2,041,354</u>
Estimated NET OPEB Obligation June 30, 2014	\$	<u><u>2,397,382</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:

Year Ended	Annual OPEB Cost	Contributions Made	Annual OPEB Cost Contributed	OPEB Obligation
6/30/2012	471,000	104,779	22.2%	1,684,759
6/30/2013	454,000	97,405	21.5%	2,041,354
6/30/2014	473,000	116,972	24.7%	2,397,382

*Funded Status and Funding Progress* – As of January 1, 2013, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability (AAL) for benefits was \$5,020,000, and the actuarial value of plan assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,020,000. The covered payroll (annual payroll of active employees covered by the plan) was \$14,228,000 and the ratio of UAAL to the covered payroll was 35%.



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## 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.

*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, 2013 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, 2013 of 27 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 2014 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 1997-2007 Experience Study. Retirement assumption was also based on CalPERS 1997-2007 Experience Study of the Miscellaneous Plan 2.5% at 55 years, with expected retirement age of approximate 59 for females and 61 for males and Public Safety 3% at 50 years, with expected retirement age of approximately 52 for Police.



## 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, 2014, the City paid ABAG Plan \$316,457 in premiums. ABAG Plan has not determined the value of the City's interest in its net position. 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, 2014, the City contribution was \$138,204. 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:

	General Liability Claims	Workers' Compensation Claims	Total	2013	2012
Liability at beginning of fiscal year	\$ 550,864	\$ 2,007,635	\$ 2,558,499	\$ 2,139,863	\$ 2,174,778
Claims and changes in estimates	(134,600)	225,671	91,071	889,026	409,522
Claims payments	(115,398)	(495,685)	(611,083)	(470,390)	(444,437)
Liability at end of fiscal year	<u>\$ 300,866</u>	<u>\$ 1,737,621</u>	<u>\$ 2,038,487</u>	<u>\$ 2,558,499</u>	<u>\$ 2,139,863</u>
Current Portion	<u>\$ 109,067</u>	<u>\$ 373,013</u>	<u>\$ 482,080</u>	<u>\$ 477,522</u>	<u>\$ 465,480</u>

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

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 ("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. 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 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.

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.

As of fiscal years ending June 30, 2012 and June 30, 2013, the City continued to recognize an unbudgeted uncollectible allowance equal to 100% of the outstanding \$451,595 City loan to the Redevelopment Successor Agency pending the State Department of Finance's Finding of Completion. The City has since then received the Finding of Completion for the Successor Agency, therefore the loan is eligible for repayment. Health and Safety Code Section (HSC) 34191.4(b) (2) required that the interest rate be recalculated on the loan at the LAIF rate, which reduced the eligible repayment amount to \$409,990.

**City of Newark**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2014**



**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, 2014 is as follows:

	General Fund	State Construction Maintenance Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>					
Supplies and other assets	\$ 555,097	\$ -	\$ -	\$ -	\$ 555,097
Subtotal nonspendable fund balance	555,097	-	-	-	555,097
<b>Restricted for:</b>					
Public safety	-	-	-	198,840	198,840
Community development	241,891	-	-	14,922	256,813
Highways and streets	-	3,245,914	-	493,712	3,739,626
Recycling programs	-	-	-	313,378	313,378
Health and welfare	-	-	-	34,619	34,619
Park improvement	-	-	-	110,949	110,949
Debt reserves	-	-	-	676,998	676,998
Landscape and lighting	-	-	-	664,825	664,825
Subtotal restricted fund balance	241,891	3,245,914	-	2,508,243	5,996,048
<b>Committed:</b>					
Community development	-	-	-	303,566	303,566
Subtotal committed fund balance	-	-	-	303,566	303,566
<b>Assigned to:</b>					
Fire side fund	613,000	-	-	-	613,000
Waste disposal fund	817,479	-	-	-	817,479
Equipment Replacement	404,539	-	-	-	404,539
Pension/OPEB Reserves	150,000	-	-	-	150,000
Art in public places	-	-	-	673,051	673,051
Capital asset acquisition	-	-	6,159,286	-	6,159,286
Subtotal assigned fund balance	1,985,018	-	6,159,286	673,051	8,817,355
<b>Unassigned</b>					
Catastrophic contingencies	6,000,000	-	-	-	6,000,000
Fiscal uncertainty	10,776,017	-	-	-	10,776,017
Total fund balances	\$ 19,558,023	\$ 3,245,914	\$ 6,159,286	\$ 3,484,860	\$ 32,448,083



**12. PRIOR PERIOD ADJUSTMENT**

The City recorded the following prior period adjustment as a result of implementing GASB 65. Previously, bond issuance costs were amortized over the terms of the bonds in the Government-wide Statement of Position and Government-wide Statement of Activities and Changes in Net Position. With the implementation of GASB 65, such costs with the exception of prepaid bond insurance costs, are recognized in the current period.

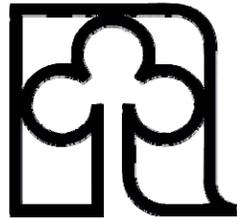
	Net Position as Previously Reported	Prior Period Adjustment <u>Unamortized Bond Issuance Costs</u>	Net Position as Restated
Governmental Activities	\$ 169,171,233	\$ (136,765)	\$ 169,034,468

**13. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

The following is a summary of construction commitments at the end of the fiscal year:

	Project <u>Authorizations</u>	Expenditures <u>Fiscal Year 2014</u>	Unexpended Authorization <u>Balances</u>
Park Construction	\$ 112,750	\$ 4,622	\$ 108,128
Street Construction	7,006,810	1,694,799	5,312,011
Capital Improvements	4,348,827	1,848,522	2,500,305
Housing and Community	<u>564,386</u>	<u>457,985</u>	<u>106,401</u>
	<u>\$ 12,032,773</u>	<u>\$ 4,005,928</u>	<u>\$ 8,026,845</u>

The City had no significant encumbrances outstanding as of June 30, 2014.



**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.

**City of Newark**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2014**



**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	Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
General property taxes	\$ 11,656,100	\$ 12,652,100	\$ 13,035,256	\$ 383,156
Other local taxes	17,929,000	20,311,400	21,118,799	807,399
Licenses, permits and fees	1,928,000	1,928,000	2,524,339	596,339
Fines and forfeitures	525,000	525,000	362,429	(162,571)
Use of money and property	98,000	98,000	54,219	(43,781)
Other governmental agencies	396,000	396,000	207,905	(188,095)
Current services charges	3,313,900	3,453,900	3,754,002	300,102
Other revenue	315,000	729,000	1,082,683	353,683
<b>Total revenues</b>	<b>36,161,000</b>	<b>40,093,400</b>	<b>42,139,632</b>	<b>2,046,232</b>
<b>EXPENDITURES:</b>				
Current:				
General government	4,069,700	4,767,200	4,525,982	241,218
Public safety:				
Fire	8,891,400	8,591,400	8,441,662	149,738
Police	13,792,800	14,921,600	14,872,376	49,224
Streets and parks	2,899,000	2,939,000	2,864,881	74,119
Community development	2,306,600	3,194,583	2,906,843	287,740
Recreation	3,889,100	3,889,100	3,795,576	93,524
Capital outlay	-	133,660	133,660	-
Debt Service:				
Principal repayment	92,000	115,000	119,223	(4,223)
Interest and fiscal charges	20,000	20,000	14,898	5,102
<b>Total expenditures</b>	<b>35,960,600</b>	<b>38,571,543</b>	<b>37,675,101</b>	<b>896,442</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Capital lease	-	133,660	133,660	-
Transfers in	500,000	874,000	874,000	-
Transfers out	(861,800)	(1,529,870)	(1,529,870)	-
<b>Total other financing sources (uses)</b>	<b>(361,800)</b>	<b>(655,870)</b>	<b>(522,210)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (161,400)</b>	<b>\$ 865,987</b>	<b>3,942,321</b>	<b>\$ 2,942,674</b>
<b>FUND BALANCES:</b>				
Beginning of year			15,615,702	
End of year			\$ 19,558,023	

**City of Newark**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2014**



**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		
<b>REVENUES:</b>				
Use of money and property	\$ 12,500	\$ 12,500	\$ 6,617	\$ (5,883)
Other governmental agencies	1,385,500	1,385,500	2,154,982	769,482
Current service charge	-	-	1,933	1,933
<b>Total revenues</b>	<b>1,398,000</b>	<b>1,398,000</b>	<b>2,163,532</b>	<b>765,532</b>
<b>EXPENDITURES:</b>				
Current:				
Streets and Parks	780,000	1,270,900	1,069,611	201,289
Capital outlay	590,000	3,938,169	51,257	3,886,912
<b>Total expenditures</b>	<b>1,370,000</b>	<b>5,209,069</b>	<b>1,120,868</b>	<b>4,088,201</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>28,000</b>	<b>(3,811,069)</b>	<b>1,042,664</b>	<b>4,853,733</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(500,000)	(500,000)	(500,000)	-
<b>Total other financing sources (uses)</b>	<b>(500,000)</b>	<b>(500,000)</b>	<b>(500,000)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (472,000)</b>	<b>\$ (4,311,069)</b>	<b>542,664</b>	<b>\$ 4,853,733</b>
<b>FUND BALANCES:</b>				
Beginning of year			2,703,250	
End of year			<b>\$ 3,245,914</b>	

**City of Newark**  
**Required Supplementary Information, Continued**  
**For the year ended June 30, 2014**



**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.

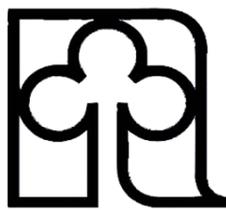
*Miscellaneous Plan*

Actuarial Valuation Date*	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	(Overfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/2011	\$ 64,540,235	\$ 83,229,864	\$ 18,689,629	77.5%	\$ 8,272,628	225.9%
6/30/2012	65,859,776	85,946,250	20,086,474	76.6%	8,725,759	230.2%
6/30/2013	60,391,817	89,227,402	28,835,585	67.7%	8,661,759	332.9%

**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
1/1/2009	-	\$ 4,341,000	\$ 4,341,000	0.0%	\$ 21,469,000	20.2%
1/1/2011	-	4,484,000	4,484,000	0.0%	13,781,000	32.5%
1/2/2013	-	5,020,000	5,020,000	0.0%	14,228,000	35.3%

\* 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.

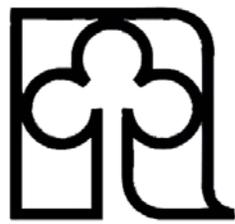
# City of Newark

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

### Capital Projects Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 12,500	\$ 12,500	\$ 4,957	\$ (7,543)
Current service charges	-	-	638,578	638,578
Other revenue	100,000	100,000	38,334	(61,666)
<b>Total revenues</b>	<b>112,500</b>	<b>112,500</b>	<b>681,869</b>	<b>569,369</b>
<b>EXPENDITURES:</b>				
Current:				
Streets and parks	70,000	1,171,830	20,552	1,151,278
Community development	-	38,500	38,500	-
Capital outlay	595,000	2,753,102	1,789,470	963,632
<b>Total expenditures</b>	<b>665,000</b>	<b>3,963,432</b>	<b>1,848,522</b>	<b>2,114,910</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(552,500)</b>	<b>(3,850,932)</b>	<b>(1,166,653)</b>	<b>2,684,279</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	13,084	468,084	468,084	-
<b>Total other financing sources (uses)</b>	<b>13,084</b>	<b>468,084</b>	<b>468,084</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ (539,416)</b>	<b>\$ (3,382,848)</b>	<b>(698,569)</b>	<b>\$ 2,684,279</b>
<b>FUND BALANCES:</b>				
Beginning of year			6,857,855	
End of year			\$ 6,159,286	



## 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 and Republic Services 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:

#### **Newark Public Financing Authority**

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, 2014**

	<b>Special Revenue Funds</b>					
	Paramedic Tax	Alameda County Fire Fees	Police Grants	Community Development Act	Community Development Maint. Fees	Recycle AB 939
<b>ASSETS</b>						
Cash and investments						
Available for operations	\$ 12,408	\$ 33,765	\$ 156,417	\$ -	\$ 303,845	\$ 45,192
Restricted cash and investments	-	-	-	-	-	-
Receivables:						
Special assessments	3,025	-	-	-	-	-
Intergovernmental	-	-	-	71,939	-	11,611
Interest	-	-	11	-	154	-
Other, net	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 15,433</b>	<b>\$ 33,765</b>	<b>\$ 156,428</b>	<b>\$ 71,939</b>	<b>\$ 303,999</b>	<b>\$ 56,803</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 6,786	\$ 24,105	\$ 433	\$ -
Due to other funds	-	-	-	32,912	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>6,786</b>	<b>57,017</b>	<b>433</b>	<b>-</b>
<b>Fund Balances:</b>						
Committed	\$ -	\$ -	\$ -	\$ -	\$ 303,566	\$ -
Restricted	15,433	33,765	149,642	14,922	-	56,803
Assigned	-	-	-	-	-	-
<b>Total fund balances</b>	<b>15,433</b>	<b>33,765</b>	<b>149,642</b>	<b>14,922</b>	<b>303,566</b>	<b>56,803</b>
<b>Total liabilities and fund balances</b>	<b>\$ 15,433</b>	<b>\$ 33,765</b>	<b>\$ 156,428</b>	<b>\$ 71,939</b>	<b>\$ 303,999</b>	<b>\$ 56,803</b>

Special Revenue Funds			Debt Service Fund	Capital Project Funds			Total Non-Major Governmental Funds
Measure D - Recycling	Measure B - ACTIA	Hazardous Materials Program	Public Financing Authority	Park Improvement	Art in Public Places	Landscape and Lighting District	
\$ 233,981	\$ 654,290	\$ 35,143	\$ 43,284	\$ 110,949	\$ 673,051	\$ 671,480	\$ 2,973,805
-	-	-	633,714	-	-	-	633,714
-	-	-	-	-	-	2,471	5,496
-	115,841	-	-	-	-	-	199,391
118	342	18	-	-	-	346	989
30,276	-	-	-	-	-	-	30,276
<u>\$ 264,375</u>	<u>\$ 770,473</u>	<u>\$ 35,161</u>	<u>\$ 676,998</u>	<u>\$ 110,949</u>	<u>\$ 673,051</u>	<u>\$ 674,297</u>	<u>\$ 3,843,671</u>
\$ 7,800	\$ 276,761	\$ 542	\$ -	\$ -	\$ -	\$ 9,472	\$ 325,899
-	-	-	-	-	-	-	32,912
7,800	276,761	542	-	-	-	9,472	358,811
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 303,566
256,575	493,712	34,619	676,998	110,949	-	664,825	2,508,243
-	-	-	-	-	673,051	-	673,051
256,575	493,712	34,619	676,998	110,949	673,051	664,825	3,484,860
<u>\$ 264,375</u>	<u>\$ 770,473</u>	<u>\$ 35,161</u>	<u>\$ 676,998</u>	<u>\$ 110,949</u>	<u>\$ 673,051</u>	<u>\$ 674,297</u>	<u>\$ 3,843,671</u>

**City of Newark**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2014**

	Special Revenue Funds					
	Paramedic Tax	Alameda County Fire Fees	Police Grants	Community Development Act	Community Development Maint. Fees	Recycle AB 939
<b>REVENUES:</b>						
Special assessments	\$ 231,739	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	43	-	710	-
Other governmental agencies	-	-	356,408	457,986	-	11,611
Current service charges	-	133,003	49,550	-	-	-
Other revenues	180	-	1,513	-	251,612	-
<b>Total revenues</b>	<b>231,919</b>	<b>133,003</b>	<b>407,514</b>	<b>457,986</b>	<b>252,322</b>	<b>11,611</b>
<b>EXPENDITURES:</b>						
Current:						
Public safety:						
Fire	3,818	2,965	-	-	-	-
Police	-	-	409,303	-	-	-
Streets and parks	-	-	-	-	-	-
Community development	-	-	-	-	675	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	457,986	-	-
Debt service:						
Principal repayment	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>Total expenditures</b>	<b>3,818</b>	<b>2,965</b>	<b>409,303</b>	<b>457,986</b>	<b>675</b>	<b>-</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>228,101</b>	<b>130,038</b>	<b>(1,789)</b>	<b>-</b>	<b>251,647</b>	<b>11,611</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(229,000)	(145,000)	-	-	(100,000)	-
<b>Total other financing sources (uses)</b>	<b>(229,000)</b>	<b>(145,000)</b>	<b>-</b>	<b>-</b>	<b>(100,000)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(899)</b>	<b>(14,962)</b>	<b>(1,789)</b>	<b>-</b>	<b>151,647</b>	<b>11,611</b>
<b>FUND BALANCES:</b>						
Beginning of year	16,332	48,727	151,431	14,922	151,919	45,192
End of year	<u>\$ 15,433</u>	<u>\$ 33,765</u>	<u>\$ 149,642</u>	<u>\$ 14,922</u>	<u>\$ 303,566</u>	<u>\$ 56,803</u>

Special Revenue Funds		Debt Service Fund		Capital Project Funds			Total Non-Major Governmental Funds
Measure D - Recycling	Measure B - ACTIA	Hazardous Materials Program	Public Financing Authority	Park Improvement	Art in Public Places	Landscape and Lighting District	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,417	\$ 319,156
455	1,055	69	26	-	-	1,431	3,789
119,033	717,001	12,381	-	-	-	-	1,674,420
-	-	-	-	-	26,851	-	209,404
-	-	-	-	-	-	-	253,305
<u>119,488</u>	<u>718,056</u>	<u>12,450</u>	<u>26</u>	<u>-</u>	<u>26,851</u>	<u>88,848</u>	<u>2,460,074</u>
-	-	11,416	-	-	-	-	18,199
-	-	-	-	-	-	-	409,303
-	265,198	-	-	4,622	-	125,379	395,199
58,685	-	-	-	-	-	-	59,360
-	153,094	-	-	-	-	-	153,094
-	155,639	-	-	-	-	-	613,625
-	-	-	453,090	-	-	-	453,090
-	-	-	415,361	-	-	-	415,361
<u>58,685</u>	<u>573,931</u>	<u>11,416</u>	<u>868,451</u>	<u>4,622</u>	<u>-</u>	<u>125,379</u>	<u>2,517,231</u>
<u>60,803</u>	<u>144,125</u>	<u>1,034</u>	<u>(868,425)</u>	<u>(4,622)</u>	<u>26,851</u>	<u>(36,531)</u>	<u>(57,157)</u>
-	-	-	869,500	-	-	-	869,500
-	-	-	-	-	-	-	(474,000)
-	-	-	869,500	-	-	-	395,500
60,803	144,125	1,034	1,075	(4,622)	26,851	(36,531)	338,343
195,772	349,587	33,585	675,923	115,571	646,200	701,356	3,146,517
<u>\$ 256,575</u>	<u>\$ 493,712</u>	<u>\$ 34,619</u>	<u>\$ 676,998</u>	<u>\$ 110,949</u>	<u>\$ 673,051</u>	<u>\$ 664,825</u>	<u>\$ 3,484,860</u>

# City of Newark

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

### Paramedic Tax

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments	\$ 220,000	\$ 220,000	\$ 231,739	\$ 11,739
Other revenues	-	-	180	180
<b>Total revenues</b>	<b>220,000</b>	<b>220,000</b>	<b>231,919</b>	<b>11,919</b>
<b>EXPENDITURES:</b>				
Current:				
Public Safety - Fire	-	4,000	3,818	182
<b>Total expenditures</b>	<b>-</b>	<b>4,000</b>	<b>3,818</b>	<b>182</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>220,000</b>	<b>216,000</b>	<b>228,101</b>	<b>12,101</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(229,000)	(229,000)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(229,000)</b>	<b>(229,000)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 220,000</b>	<b>\$ (9,000)</b>	<b>(899)</b>	<b>\$ 11,919</b>
<b>FUND BALANCES:</b>				
Beginning of year			16,332	
End of year			\$ 15,433	

# City of Newark

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

### Alameda County Fire Fees

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Current service charges	\$ 120,000	\$ 120,000	\$ 133,003	\$ 13,003
<b>Total revenues</b>	<u>120,000</u>	<u>120,000</u>	<u>133,003</u>	<u>13,003</u>
<b>EXPENDITURES:</b>				
Current:				
Public safety:				
Fire	-	3,000	2,965	35
<b>Total expenditures</b>	<u>-</u>	<u>3,000</u>	<u>2,965</u>	<u>35</u>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<u>120,000</u>	<u>117,000</u>	<u>130,038</u>	<u>13,038</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(145,000)	(145,000)	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(145,000)</u>	<u>(145,000)</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>\$ 120,000</u>	<u>\$ (28,000)</u>	<u>(14,962)</u>	<u>\$ 13,038</u>
<b>FUND BALANCES:</b>				
Beginning of year			<u>48,727</u>	
End of year			<u>\$ 33,765</u>	

# City of Newark

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

### Police Grants

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 43	\$ 43
Other governmental agencies	425,000	440,800	356,408	(84,392)
Current service charges	50,000	50,000	49,550	(450)
Other revenue	-	-	1,513	1,513
<b>Total revenues</b>	<b>475,000</b>	<b>490,800</b>	<b>407,514</b>	<b>(83,286)</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety:				
Police	433,300	512,600	409,303	103,297
<b>Total expenditures</b>	<b>433,300</b>	<b>512,600</b>	<b>409,303</b>	<b>103,297</b>
<b>Net change in fund balance</b>	<b>\$ 41,700</b>	<b>\$ (21,800)</b>	<b>(1,789)</b>	<b>\$ 20,011</b>
<b>FUND BALANCES:</b>				
Beginning of year			151,431	
End of year			\$ 149,642	

**City of Newark**

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

**Community Development Act**

**For the year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Other governmental agencies	\$ 7,800	\$ 457,986	\$ 457,986	\$ -
<b>Total revenues</b>	<b>7,800</b>	<b>457,986</b>	<b>457,986</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Current:				
Capital outlay	-	564,386	457,986	106,400
<b>Total expenditures</b>	<b>-</b>	<b>564,386</b>	<b>457,986</b>	<b>106,400</b>
<b>Net change in fund balance</b>	<b>\$ 7,800</b>	<b>\$ (106,400)</b>	<b>-</b>	<b>\$ 106,400</b>
<b>FUND BALANCES:</b>				
Beginning of year			14,922	
End of year			\$ 14,922	

# City of Newark

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

### Community Development Maintenance Fees

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 710	\$ 710
Other revenues	85,000	85,000.00	251,612	166,612
<b>Total revenues</b>	<b>85,000</b>	<b>85,000.00</b>	<b>252,322</b>	<b>167,322</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	1,000	675	325
<b>Total expenditures</b>	<b>-</b>	<b>1,000</b>	<b>675</b>	<b>325</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>85,000</b>	<b>84,000</b>	<b>251,647</b>	<b>167,647</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(100,000)	(100,000)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(100,000)</b>	<b>(100,000)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 85,000</b>	<b>\$ 84,000</b>	<b>151,647</b>	<b>\$ 67,647</b>
<b>FUND BALANCES:</b>				
Beginning of year			151,919	
End of year			<b>\$ 303,566</b>	

# City of Newark

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

Recycle AB 939

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Other governmental agencies	\$ -	\$ -	\$ 11,611	\$ 11,611
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>11,611</b>	<b>11,611</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>11,611</b>	<b>\$ 11,611</b>
<b>FUND BALANCES:</b>				
Beginning of year			45,192	
End of year			\$ 56,803	

# City of Newark

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Measure D - Recycling For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 455	\$ 455
Other revenues	-	-	119,033	119,033
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>119,488</b>	<b>119,488</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	77,600	58,685	18,915
<b>Total expenditures</b>	<b>-</b>	<b>77,600</b>	<b>58,685</b>	<b>18,915</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (77,600)</b>	<b>60,803</b>	<b>\$ 138,403</b>
<b>FUND BALANCES:</b>				
Beginning of year			195,772	
End of year			\$ 256,575	

# City of Newark

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

### Measure B - ACTIA

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 1,055	\$ 1,055
Other governmental agencies	633,000	633,000	717,001	84,001
<b>Total revenues</b>	<b>633,000</b>	<b>633,000</b>	<b>718,056</b>	<b>85,056</b>
<b>EXPENDITURES:</b>				
Current:				
Streets and parks	440,700	440,700	265,198	175,502
Recreation	140,000	140,000	153,094	(13,094)
Capital outlay	110,000	227,456	155,639	71,817
<b>Total expenditures</b>	<b>690,700</b>	<b>808,156</b>	<b>573,931</b>	<b>234,225</b>
<b>Net change in fund balance</b>	<b>\$ (57,700)</b>	<b>\$ (175,156)</b>	<b>144,125</b>	<b>\$ 319,281</b>
<b>FUND BALANCES:</b>				
Beginning of year			349,587	
End of year			\$ 493,712	

**City of Newark**

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

**Hazardous Materials Program**

**For the year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 69	\$ 69
Other governmental agencies	-	-	12,381	12,381
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>12,450</b>	<b>12,450</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety:				
Fire	15,000	15,000	11,416	3,584
<b>Total expenditures</b>	<b>15,000</b>	<b>15,000</b>	<b>11,416</b>	<b>3,584</b>
<b>Net change in fund balance</b>	<b>\$ (15,000)</b>	<b>\$ (15,000)</b>	<b>1,034</b>	<b>\$ 16,034</b>
<b>FUND BALANCES:</b>				
Beginning of year			33,585	
End of year			<b>\$ 34,619</b>	

**City of Newark**

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

**Park Improvement**

**For the year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES:</b>				
Current:				
Streets and parks	-	112,750	4,622	108,128
<b>Total expenditures</b>	-	112,750	4,622	108,128
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (112,750)</b>	<b>(4,622)</b>	<b>\$ 108,128</b>
<b>FUND BALANCES:</b>				
Beginning of year			115,571	
End of year			<b>\$ 110,949</b>	

**City of Newark**

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

**Art in Public Places**

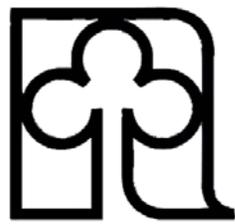
**For the year ended June 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Current service charges	\$ -	\$ -	\$ 26,851	\$ 26,851
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>26,851</b>	<b>26,851</b>
<b>FUND BALANCES:</b>				
Beginning of year			646,200	
End of year			\$ 673,051	

# 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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and special assessments	\$ -	\$ -	\$ 87,417	\$ 87,417
Use of money	-	-	1,431	1,431
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>88,848</b>	<b>88,848</b>
<b>EXPENDITURES:</b>				
Current:				
Streets and parks	-	518,152	125,379	392,773
<b>Total expenditures</b>	<b>-</b>	<b>518,152</b>	<b>125,379</b>	<b>392,773</b>
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ (518,152)</b>	<b>(36,531)</b>	<b>\$ 481,621</b>
<b>FUND BALANCES:</b>				
Beginning of year			701,356	
End of year			\$ 664,825	



## 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 Position**  
**Internal Service Funds**  
**June 30, 2014**

	Equipment Replacement	Equipment Operations	Office Support	Building Maintenance
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 724,052	\$ 174,241	\$ 47,427	\$ 631,834
Receivables	4,025	441	-	2,837
Supplies and other assets	-	43,112	3,000	14,997
<b>Total current assets</b>	<b>728,077</b>	<b>217,794</b>	<b>50,427</b>	<b>649,668</b>
Capital assets, net of accumulated depreciation	1,383,984	-	-	-
<b>Total assets</b>	<b>2,112,061</b>	<b>217,794</b>	<b>50,427</b>	<b>649,668</b>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,850	26,330	454	99,068
Claims payable, due within one year	-	-	-	-
<b>Total current liabilities</b>	<b>1,850</b>	<b>26,330</b>	<b>454</b>	<b>99,068</b>
Noncurrent liabilities:				
Claims payable, due in more than one year	-	-	-	-
<b>Total liabilities</b>	<b>1,850</b>	<b>26,330</b>	<b>454</b>	<b>99,068</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	1,383,984	-	-	-
Unrestricted	726,227	191,464	49,973	550,600
<b>Total net position</b>	<b>\$ 2,110,211</b>	<b>\$ 191,464</b>	<b>\$ 49,973</b>	<b>\$ 550,600</b>

Public Liability Self-Insurance	Workers' Compensation Self-Insurance	Total
\$ 638,048	\$ 2,037,129	\$ 4,252,731
19,835	-	27,138
-	-	61,109
<u>657,883</u>	<u>2,037,129</u>	<u>4,340,978</u>
-	-	1,383,984
<u>657,883</u>	<u>2,037,129</u>	<u>5,724,962</u>
400	32,300	160,402
<u>109,067</u>	<u>373,013</u>	<u>482,080</u>
<u>109,467</u>	<u>405,313</u>	<u>642,482</u>
191,799	1,364,608	1,556,407
<u>301,266</u>	<u>1,769,921</u>	<u>2,198,889</u>
-	-	1,383,984
<u>356,617</u>	<u>267,208</u>	<u>2,142,089</u>
<u>\$ 356,617</u>	<u>\$ 267,208</u>	<u>\$ 3,526,073</u>

**City of Newark**  
**Combining Statement of Activities and Changes in Net Position**  
**Internal Service Funds**  
**For the year ended June 30, 2014**

	Equipment Replacement	Equipment Operations	Office Support	Building Maintenance
<b>OPERATING REVENUES:</b>				
Charges to departments	\$ 400,000	\$ 853,781	\$ 106,399	\$ 1,589,396
Other revenue	6,244	441	-	27,677
<b>Total operating revenues</b>	<b>406,244</b>	<b>854,222</b>	<b>106,399</b>	<b>1,617,073</b>
<b>OPERATING EXPENSES:</b>				
Personnel services	-	399,298	18,179	368,317
Materials and supplies	92,271	288,724	20,335	36,958
Contractual Services	-	122,544	69,880	454,927
Utilities	-	-	-	568,553
Insurance claims and premiums	-	-	-	-
Depreciation	263,885	-	-	-
<b>Total operating expenses</b>	<b>356,156</b>	<b>810,566</b>	<b>108,394</b>	<b>1,428,755</b>
<b>OPERATING INCOME (LOSS)</b>	<b>50,088</b>	<b>43,656</b>	<b>(1,995)</b>	<b>188,318</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Transfers in	154,539	112,000	-	25,747
Loss on disposal of asset	(37,333)	-	-	-
<b>Total nonoperating revenue (expenses)</b>	<b>117,206</b>	<b>112,000</b>	<b>-</b>	<b>25,747</b>
<b>Change in net position</b>	<b>167,294</b>	<b>155,656</b>	<b>(1,995)</b>	<b>214,065</b>
<b>NET POSITION:</b>				
Beginning of year	1,942,917	35,808	51,968	336,535
End of year	<u>\$ 2,110,211</u>	<u>\$ 191,464</u>	<u>\$ 49,973</u>	<u>\$ 550,600</u>

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Public Liability Self-Insurance	Workers' Compensation Self-Insurance	Total
\$ 658,858	\$ 641,323	\$ 4,249,757
19,113	-	53,475
<u>677,971</u>	<u>641,323</u>	<u>4,303,232</u>
71,804	21,987	879,585
-	182	438,470
(134,600)	293,820	806,571
-	-	568,553
316,457	138,204	454,661
<u>-</u>	<u>-</u>	<u>263,885</u>
<u>253,661</u>	<u>454,193</u>	<u>3,411,725</u>
<u>424,310</u>	<u>187,130</u>	<u>891,507</u>
-	-	292,286
-	-	(37,333)
<u>-</u>	<u>-</u>	<u>254,953</u>
424,310	187,130	1,146,460
(67,693)	80,078	2,379,613
<u>\$ 356,617</u>	<u>\$ 267,208</u>	<u>\$ 3,526,073</u>

**City of Newark**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year ended June 30, 2014**

	Equipment Replacement	Equipment Operations	Office Support	Building Maintenance
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from other funds	\$ 406,244	\$ 854,222	\$ 106,399	\$ 1,617,073
Payments to suppliers/other fund	(113,717)	(422,974)	(93,333)	(1,057,327)
Payments to employees	-	(399,298)	(18,179)	(368,317)
Claims paid	-	-	-	-
<b>Net cash provided (used) by operating activities</b>	<b>292,527</b>	<b>31,950</b>	<b>(5,113)</b>	<b>191,429</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Interfund receipts	154,539	112,000	-	25,747
<b>Net cash provided (used) by noncapital financing activities</b>	<b>154,539</b>	<b>112,000</b>	<b>-</b>	<b>25,747</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(629,072)	-	-	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(629,072)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(182,006)</b>	<b>143,950</b>	<b>(5,113)</b>	<b>217,176</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
Beginning of year	906,058	30,291	52,540	414,658
End of year	<u>\$ 724,052</u>	<u>\$ 174,241</u>	<u>\$ 47,427</u>	<u>\$ 631,834</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Operating income (loss)	\$ 50,088	\$ 43,656	\$ (1,995)	\$ 188,318
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	263,885	-	-	-
Change in assets and liabilities:				
Accounts receivable and other assets	(4,025)	(11,634)	-	(94)
Accounts payable and accrued liabilities	(17,421)	(72)	(3,118)	3,205
Total adjustments	<u>242,439</u>	<u>(11,706)</u>	<u>(3,118)</u>	<u>3,111</u>
<b>Net cash provided (used) by operating activities</b>	<b>\$ 292,527</b>	<b>\$ 31,950</b>	<b>\$ (5,113)</b>	<b>\$ 191,429</b>

Public Liability Self-Insurance	Workers' Compensation Self-Insurance	Total
\$ 658,198	\$ 641,323	\$ 4,283,459
128,560	(298,021)	(1,856,812)
(71,804)	(21,987)	(879,585)
<u>(566,455)</u>	<u>(408,218)</u>	<u>(974,673)</u>
<u>148,499</u>	<u>(86,903)</u>	<u>572,389</u>
-	-	292,286
-	-	292,286
-	-	(629,072)
-	-	(629,072)
148,499	(86,903)	235,603
<u>489,549</u>	<u>2,124,032</u>	<u>4,017,128</u>
<u>\$ 638,048</u>	<u>\$ 2,037,129</u>	<u>\$ 4,252,731</u>
\$ 424,310	\$ 187,130	\$ 891,507
-	-	263,885
(19,773)	-	(35,526)
(256,038)	(274,033)	(547,477)
<u>(275,811)</u>	<u>(274,033)</u>	<u>(319,118)</u>
<u>\$ 148,499</u>	<u>\$ (86,903)</u>	<u>\$ 572,389</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, 2014**

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	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
<b>Area Improvement Districts</b>				
<b>Assets:</b>				
Cash and investments for operations	\$ 3,547,311	\$ 8,384,555	\$ 7,631,774	\$ 4,300,092
Restricted cash and investments	8,878,647	-	8,878,647	-
Receivables	2,496	3,283	2,496	3,283
<b>Total assets</b>	<b>\$ 12,428,454</b>	<b>\$ 8,387,838</b>	<b>\$ 7,634,270</b>	<b>\$ 4,303,375</b>
<b>Liabilities:</b>				
Due to bondholders	\$ 12,428,454	\$ 4,280,377	\$ 12,405,456	\$ 4,303,375
<b>Total liabilities</b>	<b>\$ 12,428,454</b>	<b>\$ 4,280,377</b>	<b>\$ 12,405,456</b>	<b>\$ 4,303,375</b>

**City of Newark**  
**Utility Users Tax - Budget to Actual Comparison**  
**For the year ended June 30, 2014**

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 2013/14.

	2013-14 Approved Budget	2013-14 Actuals
Management/Support Services		
Human Resources	\$ 38,700	\$ 19,112
Information Systems	7,300	7,300
Financial Services	90,500	90,130
Subtotal	<u>136,500</u>	<u>116,542</u>
Public Safety		
Patrol	197,200	197,200
Investigation	148,700	148,700
School Crossing Guard	64,000	55,484
Administration	50,000	50,000
Subtotal	<u>459,900</u>	<u>451,384</u>
Community Promotion		
Community Preservation	62,400	36,545
Engineering	37,800	13,084
Subtotal	<u>100,200</u>	<u>49,629</u>
Recreation		
General Recreation Services	44,100	30,279
Youth/ Adult Sports	20,100	-
Activity & Family Aquatic Center	130,600	163,905
Senior Services	67,000	38,947
Subtotal	<u>261,800</u>	<u>233,131</u>
Park & Landscape Maintenance		
Environmental Services	83,300	83,300
Street Repairs	6,400	4,868
Park & Landscape	207,800	207,800
Subtotal	<u>297,500</u>	<u>295,968</u>
Internal Service Funds		
Equipment Maintenance	38,000	38,000
Building Maintenance	25,800	25,747
Subtotal	<u>63,800</u>	<u>63,747</u>
<b>TOTAL UTILITY USERS TAX EXPENDITURES</b>	<b>1,319,700</b>	<b>1,210,401</b>
<b>GENERAL FUND SUPPORT AND TRANSFER TO FISCAL UNCERTAINTY</b>	<b>\$ 2,324,368</b>	<b>\$ 2,433,667</b>

# CITY OF NEWARK

## Statistical Section

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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 Position by Component
- 2 Changes in Net Position
- 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

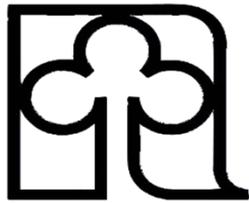
These schedules present demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

- 13 Demographic and Economic Statistics
- 14 Principal Employers

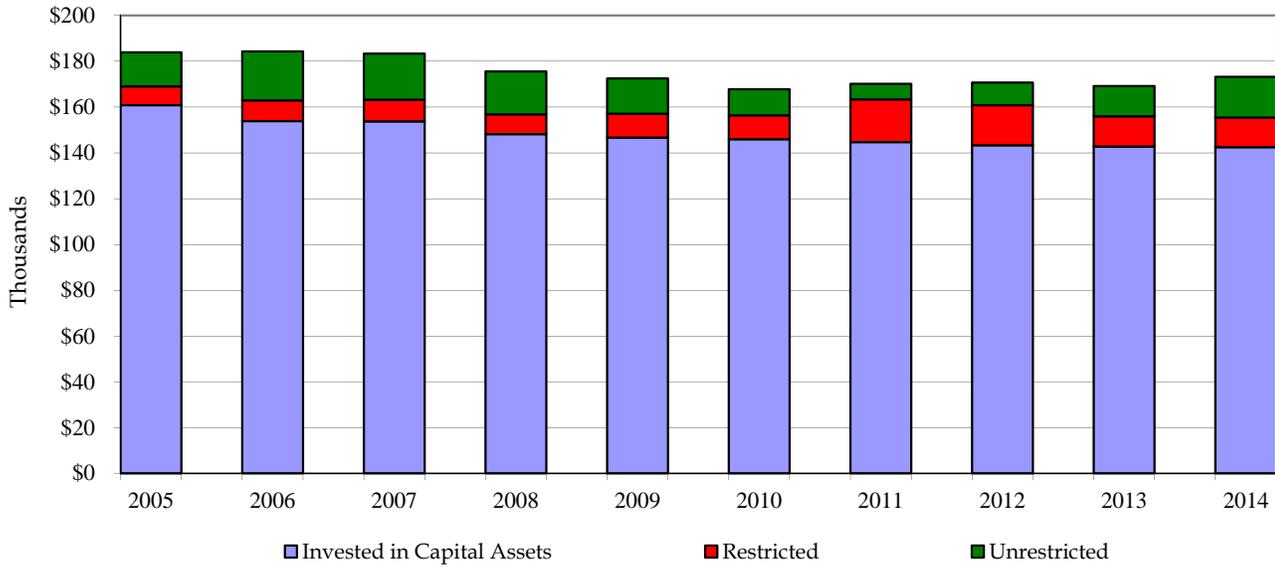
#### Operating Information

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 Position by Component**  
**Last Ten Years**  
 (accrual basis of accounting)  
 (dollars in thousands)



	Fiscal year ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<i>Primary government</i>										
<i>Governmental activities:</i>										
Net Investment in Capital Assets	\$160,837	\$153,827	\$153,668	\$148,171	\$146,665	\$145,913	\$144,678	\$143,258	\$142,709	\$142,524
Restricted	8,190	9,055	9,462	8,560	10,389	10,406	18,563	17,596	13,198	12,806
Unrestricted	14,784	21,403	20,143	18,804	15,435	11,490	6,865	9,806	13,264	17,903
<b>Total governmental activities net position</b>	<b>\$183,811</b>	<b>\$184,285</b>	<b>\$183,273</b>	<b>\$175,535</b>	<b>\$172,489</b>	<b>\$167,809</b>	<b>\$170,106</b>	<b>\$170,660</b>	<b>\$169,171</b>	<b>\$173,233</b>

Source: City of Newark Basic Financial Statements

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

	Fiscal year ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Expenses</b>										
Governmental activities:										
General government	\$4,754	\$6,099	\$4,017	\$5,183	\$4,711	\$3,965	\$3,838	\$3,891	\$3,796	\$4,643
Public safety:										
Fire	8,416	8,091	8,940	8,726	9,839	9,026	8,294	8,380	8,669	8,665
Police	12,280	12,866	14,062	15,842	13,519	13,814	12,535	13,598	14,643	15,310
Streets and parks	5,256	4,900	4,729	7,696	5,685	6,763	5,644	6,065	9,834	6,743
Community development	2,726	2,911	3,567	3,299	2,946	2,863	2,821	3,127	2,749	3,052
Recreation	5,043	5,452	6,048	7,398	5,053	4,717	4,865	4,440	3,839	4,212
Interest on long-term debt	692	727	682	705	668	645	618	601	455	430
Total governmental activities expenses	<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>	<u>43,985</u>	<u>43,055</u>
<b>Program revenues</b>										
Governmental activities:										
Charges for services:										
General government	27	22	49	18	79	82	97	73	45	50
Public safety:										
Fire	505	745	467	462	415	239	69	94	135	115
Police	758	506	624	820	769	924	753	521	555	563
Streets and parks	687	746	796	768	432	666	585	563	560	530
Community development	1,875	1,774	1,344	1,389	1,140	1,183	1,198	1,398	1,268	1,858
Recreation	2,387	2,560	2,597	2,685	2,497	2,384	2,349	2,391	1,686	2,432
Operating grants and contributions	500	1,185	3,477	1,700	2,426	3,227	1,838	1,492	1,053	938
Capital grants and contributions	1,504	2,946	894	1,253	3,351	2,719	1,560	1,625	2,337	2,725
Total governmental program revenues	<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>	<u>7,639</u>	<u>9,211</u>
<b>Net (expense)/revenue</b>										
Total governmental activities net expense	<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>	<u>(36,345)</u>	<u>(33,844)</u>
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Taxes:										
Property taxes	9,946	11,900	12,036	12,969	12,962	12,498	11,801	11,843	12,559	13,035
Sales taxes	11,552	10,574	9,805	10,856	8,463	6,702	8,807	8,819	9,631	10,182
Franchise taxes	2,231	2,366	2,443	2,449	2,453	2,475	2,512	2,538	2,870	2,938
Transient occupancy tax	2,320	2,775	3,182	3,326	2,573	2,337	2,785	3,323	3,705	4,320
Utility users tax	0	0	0	0	0	0	765	3,231	3,376	3,644
Other local taxes	373	316	500	1,080	950	958	1,097	1,117	1,132	1,272
Motor vehicle in-lieu	474	230	292	187	157	0	203	22	23	19
Use of money and property	932	1,342	1,640	1,314	658	129	79	147	49	70
Gain on sale of assets	0	0	0	0	0	523	0	423	0	0
Miscellaneous	888	1,533	888	44	50	66	4,414	1,037	1,510	2,562
Total governmental activities general revenues	<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>	<u>34,855</u>	<u>38,042</u>
Change in net position governmental activities	<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>	<u>(\$1,490)</u>	<u>\$4,198</u>

Source: City of Newark Basic Financial Statements

**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,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable:										
Supplies and prepaid assets	-	-	-	-	-	-	\$633	\$134	\$121	\$555
Assigned for:										
Community development	-	-	-	-	-	-	-	-	-	242
Fire side fund	-	-	-	-	-	-	-	363	463	613
Equipment replacement	-	-	-	-	-	-	-	-	155	405
Pension/OPEB reserves	-	-	-	-	-	-	-	-	-	150
Waste disposal fund	-	-	-	-	-	-	-	972	1,028	817
Reserved	\$486	\$668	\$607	\$223	\$421	\$449	-	-	-	-
Unreserved	11,953	12,123	11,225	11,659	9,790	6,715	-	-	-	-
Unassigned	-	-	-	-	-	-	8,566	10,700	13,849	16,776
Total General Fund	<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>	<u>\$15,616</u>	<u>\$19,558</u>
All other governmental funds										
Committed:										
Community development	-	-	-	-	-	-	-	173	152	304
Restricted for:										
Public safety	-	-	-	-	-	-	182	126	216	198
Street improvements	-	-	-	-	-	-	4,678	4,460	3,053	3,740
Environmental programs	-	-	-	-	-	-	193	190	240	314
Health and welfare	-	-	-	-	-	-	-	122	34	35
Recreation programs	-	-	-	-	-	-	181	151	116	111
Debt service	-	-	-	-	-	-	1,014	675	676	677
Landscape and lighting	-	-	-	-	-	-	-	623	701	665
Other purposes	-	-	-	-	-	-	506	-	-	-
Assigned to:										
Capital projects	-	-	-	-	-	-	10,499	10,310	6,858	-
Community development	-	-	-	-	-	-	-	(5)	15	15
Art in public places	-	-	-	-	-	-	-	646	646	673
Capital asset acquisition	-	-	-	-	-	-	-	-	-	6,159
Other purposes	-	-	-	-	-	-	1,745	-	-	-
Unassigned							(464)	-	-	-
Reserved	\$3,478	\$2,300	\$2,196	\$1,000	\$3,559	\$990	-	-	-	-
Unreserved, reported in:										
Debt service funds	-	-	-	71	49	49	-	-	-	-
Special revenue funds	6,416	10,220	8,130	7,788	6,262	7,492	-	-	-	-
Capital project funds	9,766	7,899	10,091	9,777	8,159	8,306	-	-	-	-
Total all other governmental funds	<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>	<u>\$12,707</u>	<u>\$12,891</u>

Source: City of Newark Basic Financial Statements

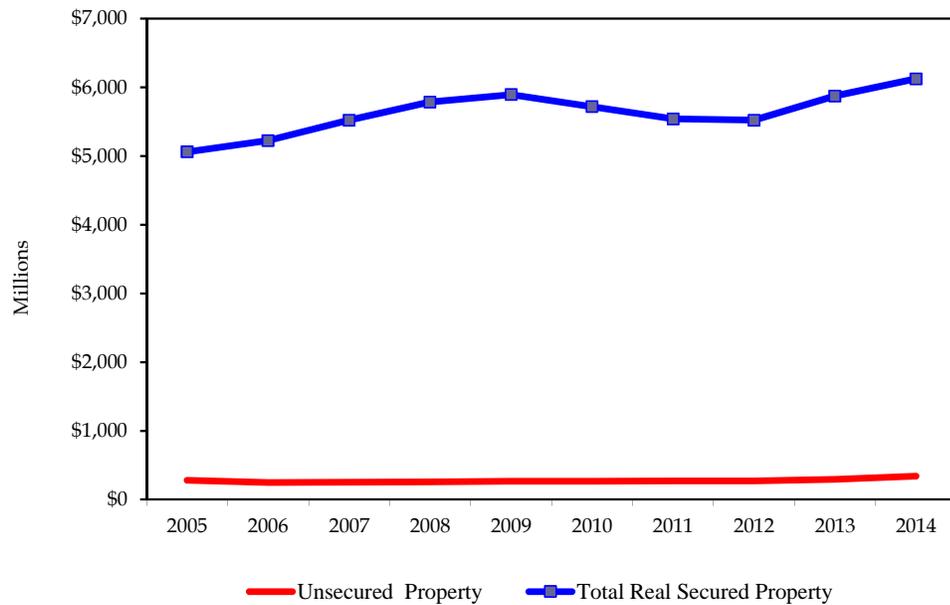
**CITY OF NEWARK**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(dollars in thousands)**

	Fiscal year ended June 30,			
	2005	2006	2007	2008
<b>Revenues</b>				
Property taxes	\$9,946	\$11,900	\$11,943	\$12,880
Other local taxes	16,477	16,031	17,089	17,710
Special assessments	229	181	199	374
Licenses, permits and fees	1,713	1,930	1,048	1,089
Fines and forfeitures	202	195	263	569
Use of money and property	932	1,342	1,739	1,397
Intergovernmental revenues	2,841	3,598	3,636	2,643
Charges for services	3,587	4,107	3,635	4,104
Other	1,032	2,236	1,482	554
Total revenues	<u>36,959</u>	<u>41,520</u>	<u>41,034</u>	<u>41,320</u>
<b>Expenditures</b>				
Current:				
General government	4,215	4,023	3,830	4,185
Public safety:				
Fire	8,382	8,060	8,716	8,597
Police	12,245	12,609	13,831	14,113
Streets and parks	4,991	4,691	4,446	5,324
Community development	2,678	2,689	3,212	2,974
Recreation	5,294	5,375	5,508	5,630
Capital outlay	5,173	1,772	1,323	1,269
Debt service:				
Principal repayment	652	716	444	498
Interest and fiscal charges	698	722	685	697
Total expenditures	<u>44,328</u>	<u>40,657</u>	<u>41,995</u>	<u>43,287</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,369)</u>	<u>863</u>	<u>(961)</u>	<u>(1,967)</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of property	-	-	-	-
Transfers in	5,257	4,982	3,097	3,915
Transfers (out)	(5,536)	(5,132)	(3,097)	(3,940)
Issuance of debt	-	-	-	-
Debt refunding	-	-	-	-
Certificates of participation issued	-	-	-	-
Capital lease proceeds	-	398	-	470
Total other financing sources (uses)	<u>(279)</u>	<u>248</u>	<u>0</u>	<u>445</u>
<b>Extraordinary gain</b>				
RDA Dissolution	-	-	-	-
Net change in fund balances	<u>(\$7,648)</u>	<u>\$1,111</u>	<u>(\$961)</u>	<u>(\$1,522)</u>
Debt service as a percentage of noncapital expenditures	3.1%	3.7%	2.8%	2.8%

Source: City of Newark Basic Financial Statements

Fiscal year ended June 30,					
2009	2010	2011	2012	2013	2014
\$12,875	\$12,281	\$11,802	\$11,843	\$12,559	\$13,035
14,684	13,197	15,926	19,028	20,558	22,200
898	904	443	472	473	319
873	1,040	820	1,117	939	1,443
528	591	473	383	377	363
776	109	80	147	49	70
4,760	3,482	4,575	2,996	2,974	4,037
3,587	3,306	3,607	3,808	3,098	4,604
394	435	4,123	850	984	1,374
<u>39,375</u>	<u>35,345</u>	<u>41,849</u>	<u>40,644</u>	<u>42,011</u>	<u>47,445</u>
4,503	3,807	3,739	3,790	3,722	4,526
9,426	8,897	8,082	8,142	8,433	8,460
13,321	13,270	12,725	13,406	14,433	15,282
4,904	5,934	4,224	4,881	7,159	4,350
2,713	2,809	2,466	3,085	2,708	3,005
4,562	4,248	4,413	3,914	3,458	3,949
1,034	634	374	20	2,365	2,588
516	975	454	632	527	572
674	659	621	761	450	430
<u>41,653</u>	<u>41,233</u>	<u>37,098</u>	<u>38,631</u>	<u>43,255</u>	<u>43,162</u>
<u>(2,278)</u>	<u>(5,888)</u>	<u>4,751</u>	<u>2,013</u>	<u>(1,244)</u>	<u>4,283</u>
-	1,199	-	-	-	-
2,163	1,475	3,244	3,085	1,852	2,212
(2,163)	(1,475)	(3,244)	(3,618)	(1,924)	(2,504)
-	-	-	9,704	-	-
-	-	-	(9,700)	-	-
-	-	-	-	-	-
-	-	-	-	-	134
<u>0</u>	<u>1,199</u>	<u>0</u>	<u>(529)</u>	<u>(72)</u>	<u>(158)</u>
-	-	-	423	-	-
<u>(\$2,278)</u>	<u>(\$4,689)</u>	<u>\$4,751</u>	<u>\$1,907</u>	<u>(\$1,316)</u>	<u>\$4,125</u>
2.9%	4.1%	3.0%	3.7%	2.3%	2.4%

**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				
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%
2013	3,340,615,739	634,931,937	1,427,641,007	174,120,993	5,577,309,676	295,619,089	5,872,928,765	0.16512%
2014	3,518,280,012	643,728,541	1,422,471,808	197,838,511	5,782,318,872	341,646,838	6,123,965,710	0.16432%

Source: Alameda County Assessor 2004/05 - 2013/14 Combined Tax Rolls

Note:

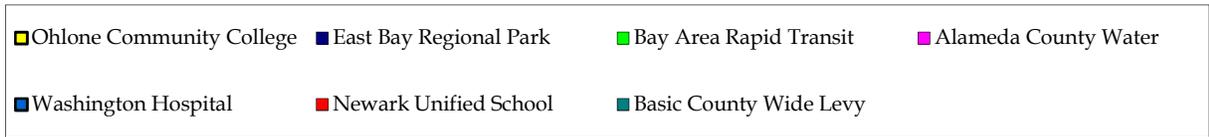
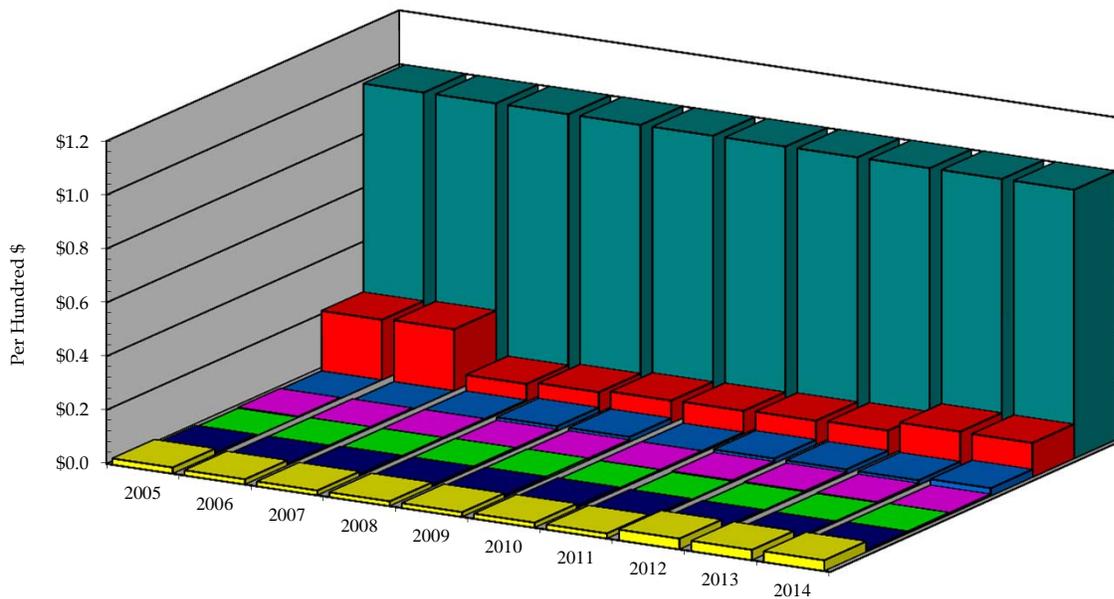
(a) In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With 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
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
2013	1.0000	0.0069	0.0043	0.0051	0.1298	0.0384	0.0181	1.2026
2014	1.0000	0.0066	0.0075	0.0078	0.1280	0.0399	0.0291	1.2189

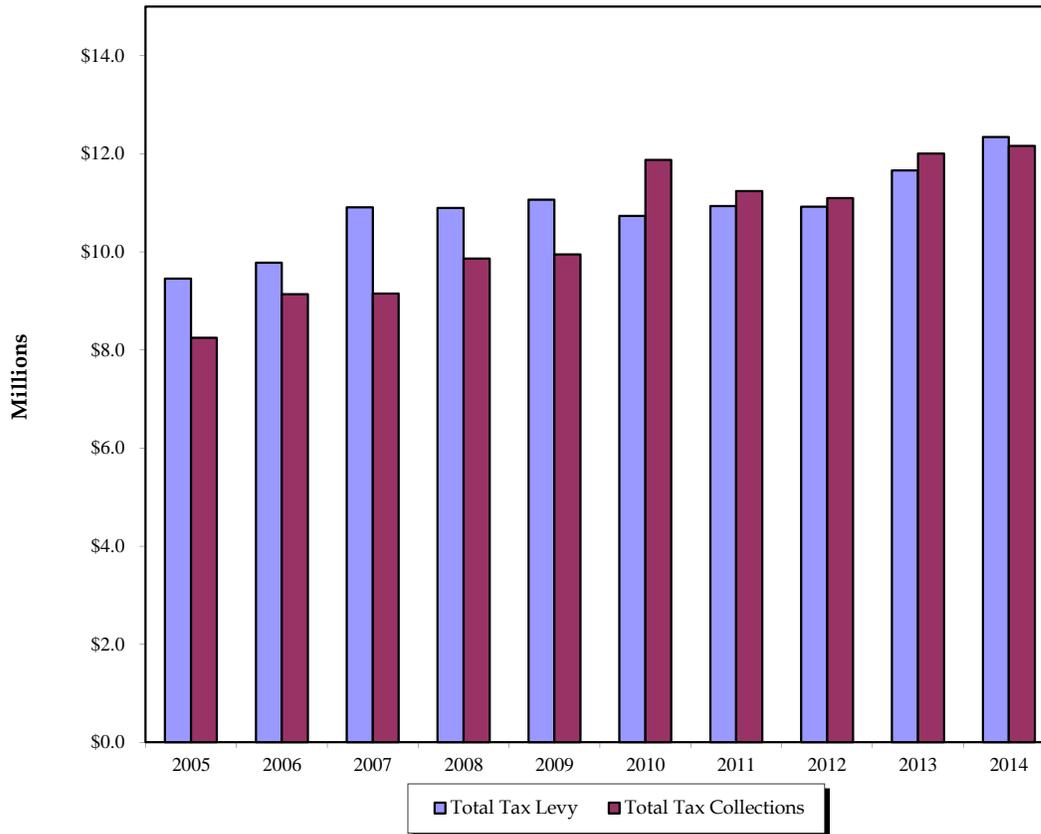
Source: Alameda County Assessor 2004/05 - 2013/14 Combined Tax Rolls

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

Taxpayer	2013-14			2004-05		
	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.	\$411,561,741	1	6.77%			
BMR Gateway Boulevard LLC	200,189,671	2	3.30%			
JMB Newpark Associates & GGP	77,117,972	3	1.27%	\$66,667,619	2	1.32%
Leslie Salt Company	65,384,781	4	1.08%			
Evergreen Oil Inc.	55,678,384	5	0.92%			
Sycamore Bay LLC	54,495,092	6	0.90%	47,512,280	5	0.94%
SI XVIII LLC	45,688,123	7	0.75%			
BRE US Industrial Properties	41,716,866	9	0.69%			
BRCP Stevenson Point LLC	34,797,561	8	0.57%			
DCT Cherry Street California LP	34,000,000	10	0.56%			
Security Capital Industrial Trust				49,387,787	4	0.98%
Sun Microsystems Inc.				490,160,336	1	9.68%
Agilent Technologies				38,019,753	7	0.75%
Nancy's Specialty Foods				34,214,112	10	0.68%
Industrial Properties Portfolio Subsidiary				37,024,812	9	0.73%
CNL Hotel MI 4 LP				50,819,613	3	1.00%
Broadway Corp				37,840,414	8	0.75%
Metropolitan Life Insurance Co				47,120,464	6	0.93%
Subtotal	\$1,020,630,191		18.28%	\$898,767,190		17.76%
Total Net Assessed Valuation:						
Fiscal Year 2013/14	\$6,075,184,698					
Fiscal Year 2004/05	\$5,061,926,447					

Source: Alameda County Assessor 2004/05 - 2013/14 Combined Tax Rolls

**CITY OF NEWARK**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**



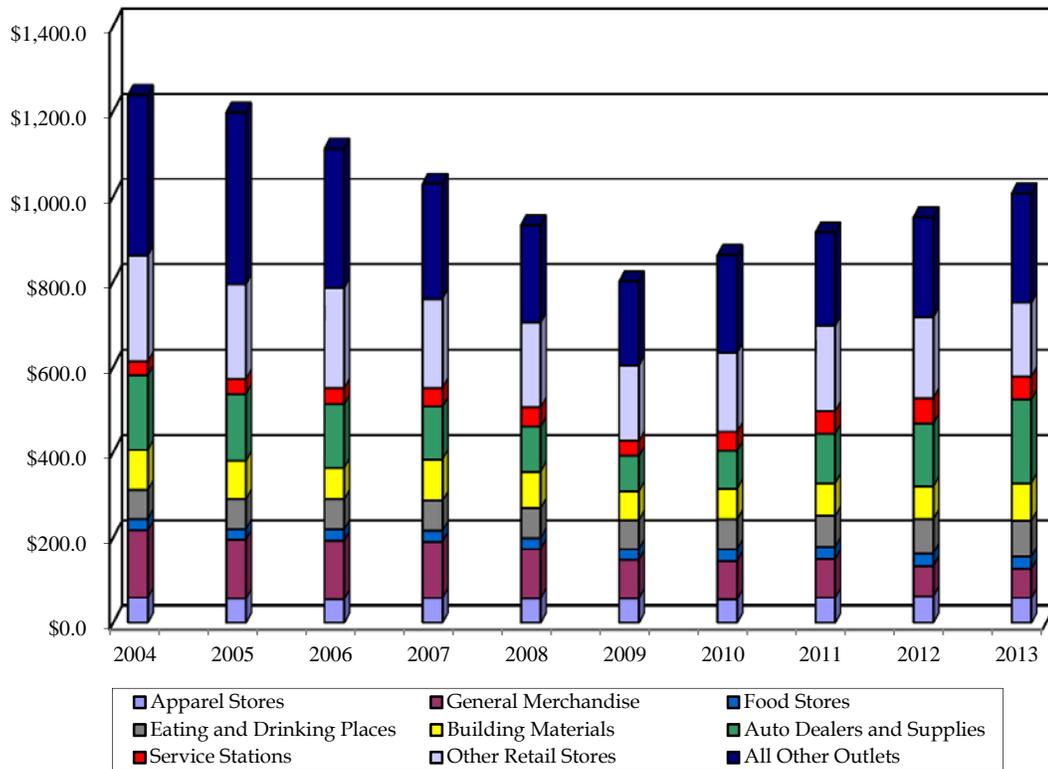
<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections (a)</b>	<b>Total Tax Collections</b>	<b>Percent of Total Tax Collections to Tax Levy</b>
2005	\$ 9,454,666	\$ 8,061,017	85.2597%	\$ 188,015	\$ 8,249,032	87.2483%
2006	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%
2013	11,661,505	11,627,668	99.7098%	376,444	12,004,112	102.9379%
2014	12,341,426	12,055,900	97.6864%	104,849	12,160,749	98.5360%

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**

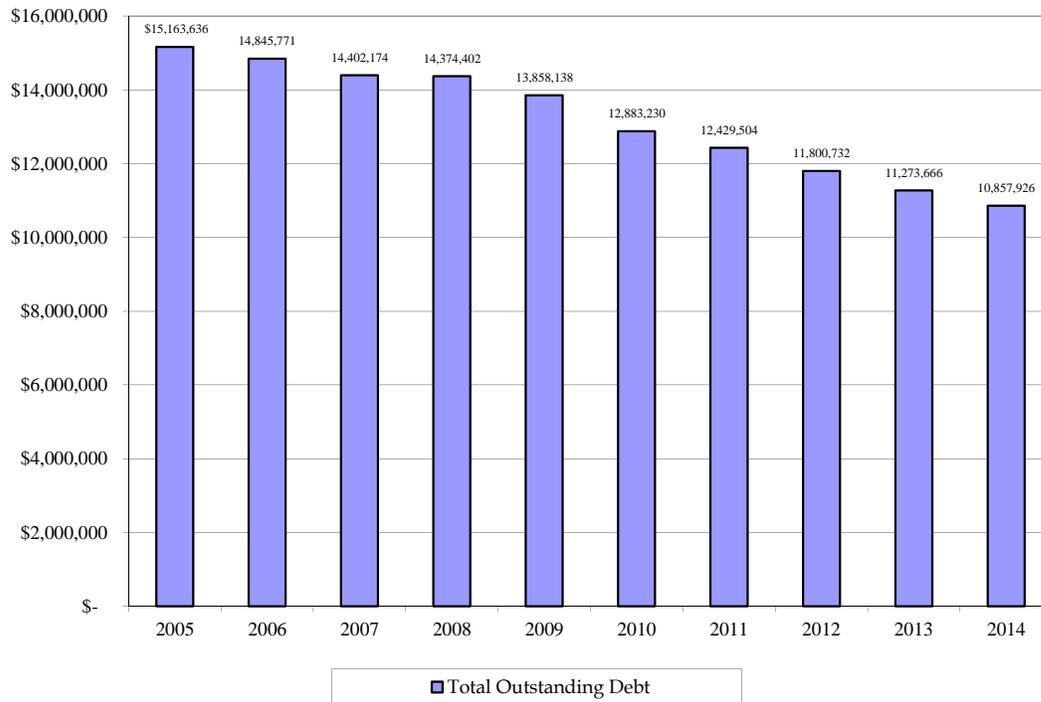


	Calendar Year (in millions)									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Apparel Stores	\$59.2	\$56.6	\$56.0	\$58.2	\$57.6	\$57.8	\$55.2	\$59.0	\$62.0	\$58.4
General Merchandise	157.4	138.6	136.7	132.3	115.9	90.1	90.1	91.0	71.7	68.5
Food Stores	27.2	25.1	26.6	24.8	25.1	25.4	27.0	28.0	29.4	28.5
Eating and Drinking Places	67.4	69.9	70.5	70.1	69.9	67.7	70.1	72.7	80.0	84.5
Building Materials	94.2	89.2	73.4	97.1	86.4	67.5	72.0	76.6	76.0	87.4
Auto Dealers and Supplies	175.3	157.6	148.8	123.8	104.5	82.5	88.3	115.9	148.8	196.7
Service Stations	31.5	35.2	38.1	44.2	46.1	35.2	44.9	53.1	59.2	53.6
Other Retail Stores	248.6	221.4	235.0	209.4	198.2	176.8	185.2	200.5	188.8	172.8
All Other Outlets	376.8	403.0	326.5	269.7	228.4	197.1	229.2	218.1	234.8	255.6
<b>Total</b>	<b>\$ 1,237.6</b>	<b>\$ 1,196.6</b>	<b>\$ 1,111.6</b>	<b>\$ 1,029.6</b>	<b>\$ 932.1</b>	<b>\$ 800.1</b>	<b>\$ 862.0</b>	<b>\$ 914.9</b>	<b>\$ 950.7</b>	<b>\$ 1,006.0</b>

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**



Governmental Activities						
Fiscal Year	Certificates of Participation and Bank Refinancing	Refunding Bonds	Capital Lease Obligation	Total Outstanding Debt	Percentage of Personal Income (a)	Per Capita (a)
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	1.16%	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	1.05%	460.66
2009	12,670,000	535,000	653,138	13,858,138	1.04%	458.38
2010	12,310,000	-	573,230	12,883,230	1.04%	462.29
2011	11,940,000	-	489,504	12,429,504	1.01%	436.64
2012	11,398,955	-	401,777	11,800,732	0.95%	411.42
2013	10,963,807	-	309,859	11,273,666	0.91%	393.04
2014	10,510,717	-	347,209	10,857,926	0.84%	369.44

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, 2014**

	<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	\$648,275,000	1.156%	\$7,494,059
East Bay Regional Park District	202,210,000	1.784%	3,607,426
Ohlone Community College District	190,664,503	14.220%	27,112,492
Newark Unified School District	96,083,622	100.000%	96,083,622
Washington Township Heathcare District	199,910,000	11.897%	23,783,293
Alameda County General Fund Obligations	893,799,500	2.920%	26,098,945
Alameda County Pension Obligations	87,787,424	2.920%	2,563,393
Alameda-Contra Costa Transit District Certificates of Participation	28,155,000	3.458%	973,600
City of Newark 1915 Act Bonds	8,478,257	100.000%	8,478,257
SUB-TOTAL OVERLAPPING DEBT			<u>196,195,088</u>
<u>Direct Debt</u> - City of Newark General Fund Obligations	10,510,717	100.000%	<u>10,510,717</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$206,705,805</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, 2014**

**Assessed valuation:**

Secured property assessed value,  
net of exempt real property \$5,733,732,977

Bonded debt limit (15% of assessed value) 860,059,947

**Amount of debt subject to limit:**

Total bonded debt 10,510,717

Less: Certificates of participation and bank  
refinancing not subject to limit 10,510,717

Amount of debt subject to limit -

**Legal bonded debt margin** \$860,059,947

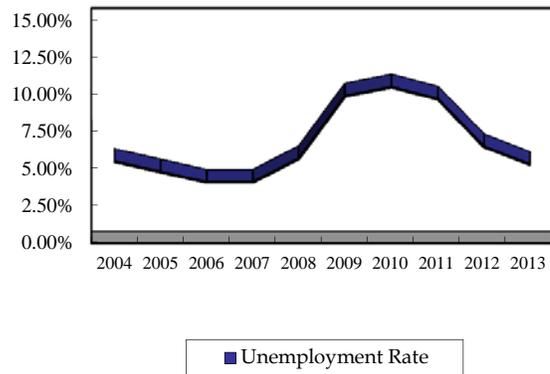
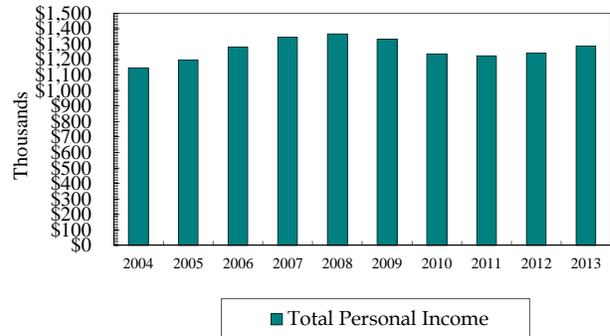
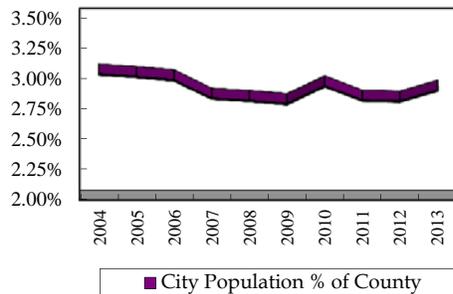
<b>Fiscal Year</b>	<b>Debt Limit</b>	<b>Total Net Debt Applicable to Limit</b>	<b>Legal Debt Margin</b>	<b>Total net debt applicable to the limit as a percentage of debt limit</b>
2004	\$ 688,517,630	\$ 970,000	\$ 687,547,630	0.14%
2005	716,613,732	890,000	715,723,732	0.12%
2006	746,570,920	805,000	745,765,920	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%
2013	828,903,443	-	828,903,443	0.00%
2014	860,059,947	-	860,059,947	0.00%

Source: Alameda County Assessor 2004/05 - 2013/14 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
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	4.1%	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%
2012	43,342	1,243,179	28,683	6.5%	1,540,490	2.81%
2013	43,856	1,288,928	29,390	5.3%	1,510,271	2.90%

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**

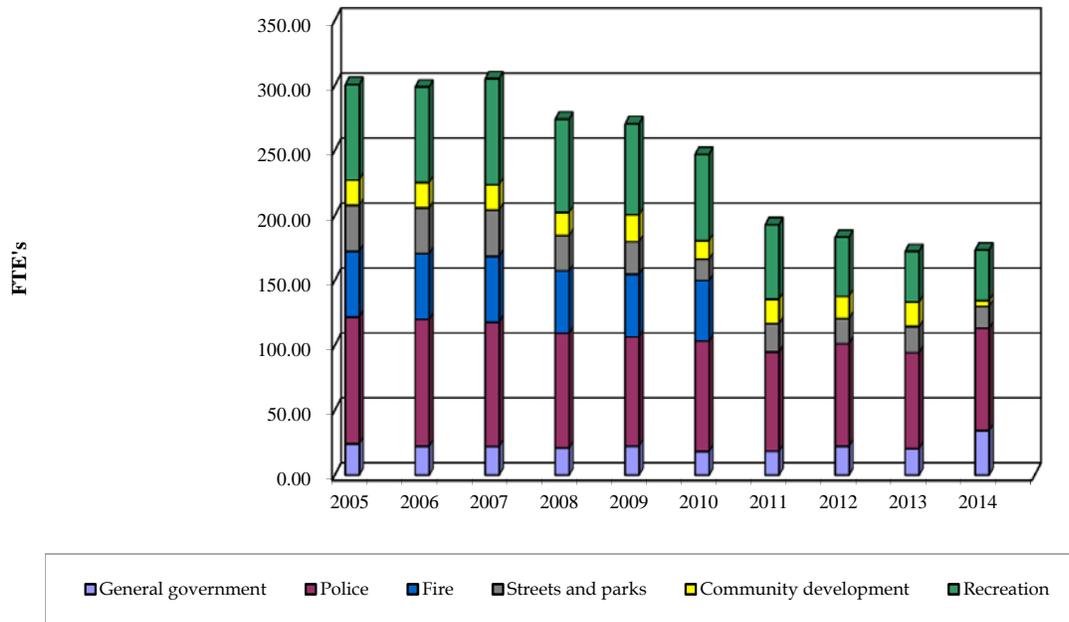
<b>Employer</b>	<b>2013-14</b>			<b>2004-05</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
Newark Unified School District	700	1	3.2%	700	2	3.4%
Logitech	689	2	3.1%			
WorldPac	280	3, 4	1.3%	290	6	1.4%
Full Bloom Baking Company	280	3, 4	1.3%			
Risk Management Solutions	270	5	1.2%	200	10	1.0%
Smart Modular Technologies	249	6	1.1%			
Morpho Detection	208	7	0.9%			
Cargill Salt	182	8	0.8%	230	9	1.1%
City of Newark	174	9	0.8%	280	5	1.3%
Valassis (formerly ADVVO)	166	10	0.8%	270	7	1.3%
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>3,198</u>		<u>14.5%</u>	<u>6,820</u>		<u>32.7%</u>
Total City Employment	<u>22,100</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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	23.95	22.25	22.10	20.86	22.38	18.25	18.43	22.19	20.43	34.15
Public safety										
Police	97.75	97.75	95.75	88.45	84.17	85.00	76.39	79.19	74.06	79.00
Fire	50.70	50.70	50.70	48.00	48.20	46.65	0.00	0.00	0.00	0.00
Streets and parks	35.35	35.15	35.70	27.45	25.03	16.45	21.94	19.20	19.89	16.88
Community development	19.60	19.50	19.35	17.57	20.74	14.30	18.80	17.14	19.00	4.48
Recreation	73.40	73.40	81.65	71.57	69.94	66.25	57.22	45.52	39.00	38.88
<b>Total</b>	<b>300.75</b>	<b>298.75</b>	<b>305.25</b>	<b>273.90</b>	<b>270.46</b>	<b>246.90</b>	<b>192.78</b>	<b>183.24</b>	<b>172.38</b>	<b>173.39</b>

Source: City of Newark

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

Function/Program	Fiscal Year					
	2009	2010	2011	2012	2013	2014
<b>Public safety:</b>						
Fire						
Fire calls for service	2,787	2,392	2,644	2,688	2,981	2,988
Primary fire inspections conducted	1,089	1,177	1,177	407 *	400	1,566
Environmental safety inspections conducted	646	126	126	145	502	18,004
Police						
Communication center calls answered	38,201	37,863	32,935	28,200	27,658	33,428
Police calls for service	35,248	35,447	32,935	28,200	27,658	33,428
Law violations						
Part I crimes	2,556	2,012	1,800	1,779	1,681	1,305
Traffic violations	5,353	5,838	5,061	3,056	3,232	4,071
Parking violations	833	1,292	1,511	1,433	1,088	1,514
<b>Public works:</b>						
Street resurfacing (miles)	0	11	6	6	10	9
Street lights repaired	486	342	492	455	428	423
<b>Recreation:</b>						
Recreation class/program participants	260,196	211,684	279,071	284,572	129,253 **	182,642
Recreation facilities rentals	1,967	1,262	1,190	1,456	1,018 **	1,940
Silliman Activity Center use	129,238	114,540	108,609	132,602	81,654 **	141,672
<b>Miscellaneous:</b>						
Library:						
Library visitors	215,524	230,443	202,461	196,130	189,148	177,606
Library materials circulated	298,456	318,510	291,352	284,796	276,176	272,695

\* 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.

\*\* The reduction in the number of Recreation class/program participants, facilities rentals and Silliman Activity Center use due to the eight-month closure of the Silliman Family Aquatic Center for the ceiling paint repair project.

Source: City of Newark  
 Alameda County Library

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

Function/Program	Fiscal Year					
	2009	2010	2011	2012	2013	2014
<b>Public safety:</b>						
Fire stations	3	3	3	3	3	3
Police stations	1	1	1	1	1	1
Police patrol units	15	15	15	18	18	20
<b>Public works:</b>						
Miles of streets	105	105	105	105	105	105
Street lights	2,848	2,848	2,848	2,849	2,849	2,849
Traffic signals	43	43	43	43	43	43
<b>Recreation:</b>						
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
<b>Miscellaneous</b>						
Library	1	1	1	1	1	1

Source: City of Newark