

City of Newark

Newark, California

Comprehensive Annual Financial Report

For the year ended June 30, 2017

Prepared by:
Finance Department
Susie Woodstock
Administrative Services Director



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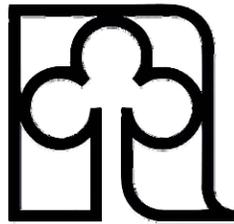
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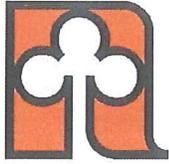
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CITY OF NEWARK, CALIFORNIA

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

January 2, 2018

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, 2017. 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, 2017. 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, 2017, the City's population was estimated by the California Department of Finance at 45,422, approximately 3% of total Alameda County population. The City occupies an area of approximately fourteen square miles.

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

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

The City's financial report includes all funds and activities of the City of Newark as the primary government and its component units. These component units are Public Financing Authority and the Newark Betterment Corporation. 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 is a discrete component unit and funds are not blended in with City funds.

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

Local Economy

The City's geographic location in the San Francisco Bay Area (Bay Area) is a major factor affecting its economic position. The City's housing market and consumer spending is driving the local economy. Property Tax and Sales Tax revenues represent over 51% of the City's revenues. The increased consumer confidence in the economy has led businesses to upgrade or add facilities within the City. Development in the City has constructed over 500 houses in the last couple of years and over 1,500 have been approved for soon-to-come construction. The NewPark Mall continues to transform into a leading retail, entertainment and dining destination. The new AMC-IMAX Theater is one of the top theaters in the AMC chain. In the surrounding mall area two new hotels began construction this year. In other areas of the City, Mission Linen opened a new industrial laundry facility, DeVry University relocated a campus to Newark, SAS Automotive Systems moved into a 142,000 square foot building and Sprouts Farmers Market opened.

Long-Term Financial Planning

The City has established the Operating Reserves, which is approximately 15% of the operating budget to cover emergency or disaster. This \$6.8 million is shown in the General Fund unassigned fund balance but it is prudent fiscal policy to recognize that these funds are not intended for normal unanticipated expenditures.

The City had developed a budget balancing reserve, called the Fiscal Uncertainty Reserve, to provide cushion for a possible economic slowdown, recession, or other revenue losses. The City has had to use this reserve on a number of occasions during past recession years. This reserve is set by the Fund Balance Policy at 10% of the operating budget. For 2017, the balance is \$4.6.

In early 2017, the City Council adopted a policy to establish a Pension and Other Post-Employment Benefits (OPEB) Reserve. The initial deposit into this reserve was \$5 million and the ending balance is \$6.4 million. This reserve was established to offset future pension and OPEB required contributions as a result of the City opting to use a 20 year amortization schedule and not to use the ramp up method for new liabilities. These two choices can result in high year over year increases due to CalPERS changing methodology or CalPERS investment losses.

A Capital Project Reserve has been established by the City to fund capital improvement projects. This reserve increases from surplus funds generated by the General Fund and proceeds from sale of City's capital assets. There was a budgeted transfer of \$4.7 million and impact fee revenues of \$4.2 million bringing the reserves to \$21.1 million. Capital spending has continued to focus on asset preservation of the City's building, parks, streets, and fleet management, as well as risk management activities.

Relevant Financial Policies

As mentioned above, in February of 2017, the City Council adopted a Pension and OPEB Reserve Policy. This policy established that the City will use 20-year amortization schedules for the payment of unfunded liabilities. The Policy also acknowledges the changes to the discount rate that PERS has scheduled for the next several years and the effects this will have on the required contributions. The Policy established a committed Reserve fund with an initial deposit of \$5 million. The reserve fund can be used for pension or OPEB costs.

Major Initiatives

- *Approval of Measure GG* – In November 2016, Newark voters approved a ½ cent transaction tax (sales tax). This revenue will allow the City to move forward with the new Civic Center Project. The Project will include replacement of the existing facilities with a new police operation center, a new library and a new City administration building.

- **Citywide Parks Master Plan** - The City Council has approved a Citywide Parks Master Plan. The Plan forms the framework for future park construction and improvements. The design process has begun on the high priority projects.
- **Newark Pedestrian and Bicycle Master Plan** – This long-range planning document provides a vision of Newark’s future biking and walking environment. It is also a necessary tool that will allow the City to compete for discretionary local, state and federal funding.

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, 2016. 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.

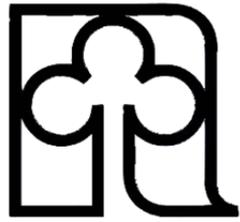
The Comprehensive Annual Financial Report is the result of the cooperative work of many people. I would like to express my appreciation to all members of the Finance Department who assisted and contributed to its successful completion. I especially wish to thank Accounting Manager Krysten Lee for her 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,

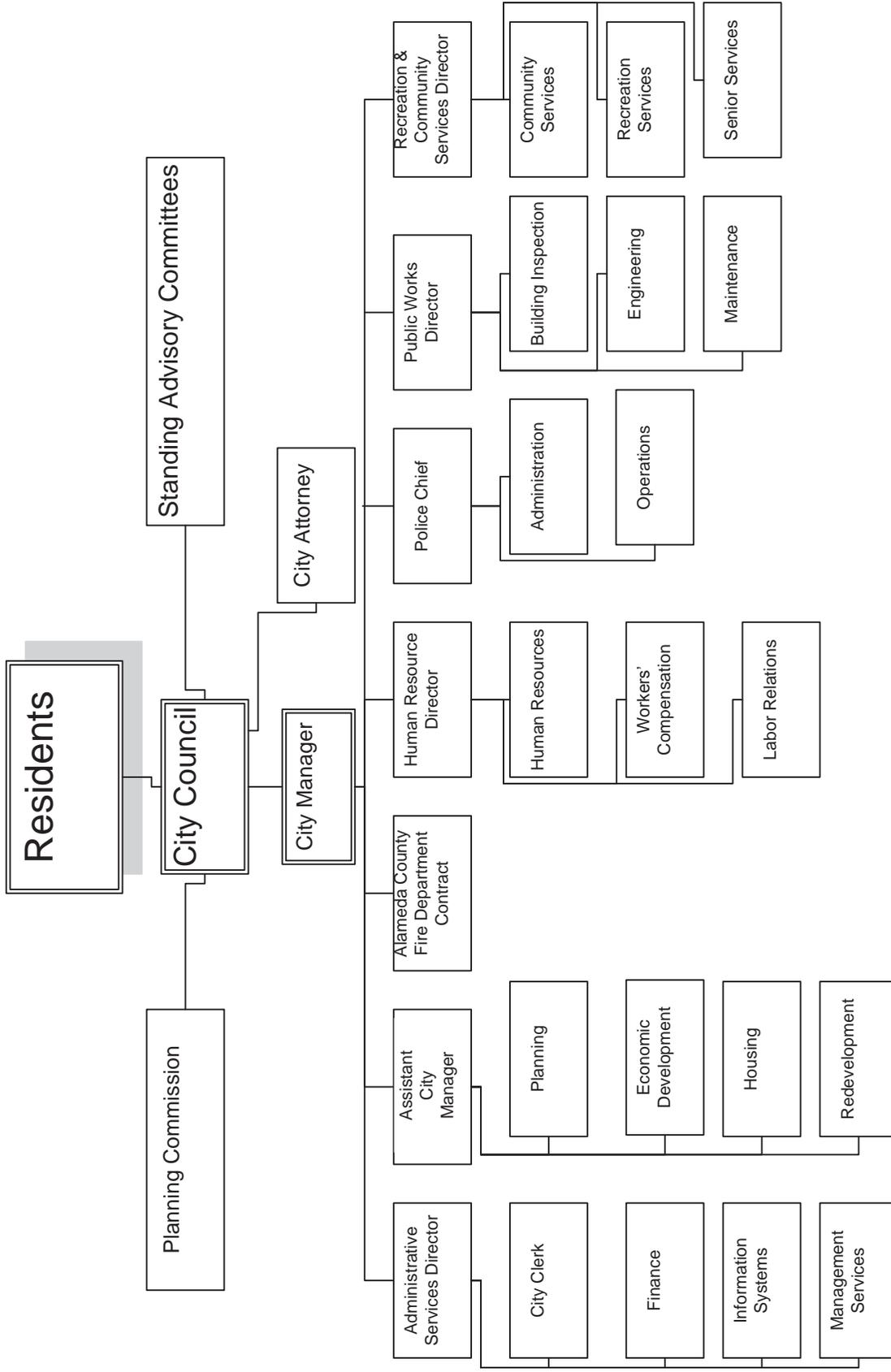


Susie Woodstock
Administrative Services Director



City of Newark

Organization Chart



Newark Mayor & City Council
June 30, 2017



Alan L. Nagy
Mayor



Mike Bucci
Vice Mayor



Maria "Suky" Collazo
Council Member



Michael K.
Hannon
Council Member



Luis L. Freitas
Council Member



CITY STAFF

June 30, 2017

CITY MANAGER
John Becker

ASSISTANT CITY MANAGER
Terrence Grindall

CITY ATTORNEY
David Benoun

EXECUTIVE TEAM

ADMINISTRATIVE SERVICES DIRECTOR
Susie Woodstock

HUMAN RESOURCES DIRECTOR
Sandy Abe

POLICE CHIEF
James Leal

PUBLIC WORKS DIRECTOR
Soren Fajeau

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, 2016

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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information, and OPEB schedule of funding progress on pages 5-14 and 83-89 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 92 to 128 and 123, 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 92 to 128 and 123 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 budgetary comparison schedules on pages 92 to 128 and 123 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
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Newark, California
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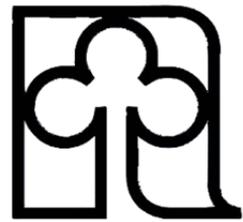
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2018, 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
January 2, 2018





As management of the City of Newark (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. 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, 2017, the assets and deferred outflows of resources of the City exceeded its liabilities by \$142.0 million (net position). This is an increase of \$18.7 million or 13% from the prior fiscal year and reflects the continued inclusion of the net pension liability in the Statement of Net Position as required by GASB 68.
- Of this amount, -\$37.9 million represents unrestricted net position, which, if this was a positive amount, may be used to finance daily operations without constraints established by debt covenants or other legal requirements. The unrestricted net position currently is reported as a negative amount due to the net pension liability as noted above.
- During the fiscal year, the City's net position increased by \$18.7 million. Total revenues of \$71.4 million exceeded total expenses of \$52.7 million. A large portion of the increase in net position is due to the collection of impact fees associated with the strong development activity. Comparatively, revenues were \$5.6 million higher and expenses were \$6.7 million higher in the most recent fiscal year versus the prior fiscal year. In the revenue category, the increase includes the addition of a new transaction tax and increases in charges for services mainly related to plan checks and encroachment permits as a result of strong development activity.
- At the close of fiscal year 2017, the City's governmental funds reported combined fund balances of \$80.0 million, an increase of \$20.0 million in comparison with the prior fiscal year. Approximately 30% of this amount (\$23.4 million) is available for spending at the government's discretion, although \$11.38 is designated as catastrophic and fiscal uncertainty reserves. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) non-spendable form or legally required to be maintained intact (\$0.4 million), 2) restricted for particular purposes (\$21.1 million), 3) committed for particular purposes (\$8.3 million), or 4) assigned for particular purposes (\$26.5 million).
- The fund balance of the City's General Fund increased \$4.2 million during fiscal year 2017. The increase was due to \$9.8 million of net revenue over expenditures, which was partially offset by net transfers out of \$5.6 million.



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.

The Government-Wide Financial Statements provide reader's a broad overview 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, liabilities, and deferred inflows/outflows of resources, with the differences between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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.



OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Fund Financial Statements, Continued

The City reports 19 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.

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.



GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table shows the condensed comparative Statement of Net Position for the fiscal years ended June 30, 2017 and 2016.

Comparative Statements of Net Position
June 30, 2017 and 2016
(Amounts in Millions)

	Governmental Activities	
	2017	2016
Assets and Deferred Outflows of Resources:		
Cash and investments	\$82.2	\$60.4
Other assets	7.7	7.8
Capital assets, net	149.6	150.3
Deferred outflow of resources	15.7	5.9
Total Assets and Deferred Outflows of Resources	<u>255.2</u>	<u>224.4</u>
Liabilities and Deferred Inflows of Resources:		
Long-term liabilities	104.0	89.1
Other liabilities	6.2	6.0
Deferred inflow of resources	3.0	5.8
Total Liabilities and Deferred Inflows of Resources	<u>113.2</u>	<u>100.9</u>
Net Position:		
Net investment in capital assets	140.4	140.4
Restricted	39.5	26.6
Unrestricted	(37.9)	(43.7)
Total Net Position	<u>\$142.0</u>	<u>\$123.3</u>

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. The City's assets and deferred outflows of resources exceeded its liabilities by \$142.0 million (net position). This is an increase of \$18.7 million or 13% from the prior fiscal year and reflects the continued inclusion of the net pension liability in the Statement of Net Position.

The largest portion of the City's net position, \$140.4 million is its investment in capital assets, less any related outstanding debt used in acquiring those assets. The City uses these capital assets to provide a variety of services to its 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, \$39.5 million 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 -\$37.9 million represents unrestricted net position, which, if this was a positive amount, may be used to finance daily operations without constraints established by debt covenants or other legal requirements. This currently is reported as a negative amount due to the net pension liability as noted above.



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, 2017 and 2016.

Comparative Statements of Activities and Changes in Net Position
June 30, 2017 and 2016
(Amounts in Millions)

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Charges for services	\$21.8	\$19.6
Operating grants and contributions	0.6	0.8
Capital grants and contributions	2.7	2.6
Total program revenues	<u>25.1</u>	<u>23.0</u>
General revenues:		
Taxes:		
General property taxes	16.5	15.0
Sales tax	12.9	11.1
Franchise fees	3.7	2.7
Transient occupancy tax	6.1	5.9
Utility users tax	3.5	3.3
Other local taxes	2.0	1.8
Use of money and property	0.4	0.2
Miscellaneous	1.2	2.8
Total general revenues	<u>46.3</u>	<u>42.8</u>
Total Revenues	<u>71.4</u>	<u>65.8</u>
Expenses:		
General government	5.3	4.5
Public safety:		
Fire	10.6	9.8
Police	19.8	17.2
Streets and parks	6.4	5.9
Community development	5.0	3.9
Recreation	5.2	4.3
Interest on long-term debt	0.4	0.4
Total Expenses	<u>52.7</u>	<u>46.0</u>
Increase (decrease) in net position	18.7	19.8
Net position - beginning, restated	123.3	103.5
Net position - ending	<u>\$142.0</u>	<u>\$123.3</u>



GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The City's expenses totaled \$52.7 million in fiscal year 2017. These expenses were offset by program revenues of \$25.1 million and general revenues of \$46.3 million, resulting in a \$18.7 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 2017 charges for services revenue was \$2.2 million higher compared to the prior fiscal year. The City has been benefitting from the increase in construction activity over the previous fiscal year which can be seen in the various development projects around the City. In addition, Capital Grants and Contributions were \$0.1 million higher due to higher in lieu fees related to development projects.

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 9% and 14%, respectively, compared to the prior fiscal year. Almost half of the increase in sales tax is due to the newly approved transaction tax that began generating revenue in April 2017. Transient occupancy tax revenue also increased 4%, which reflects the continuing trend of higher rates, but hotel occupancy is starting to flatten out.

Expenses - Expenses increased in total by \$6.7 million or by 13%. Most of this increase is the result of increased pension costs, negotiated salary increases, and departmental restructuring in most of the departments.

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.

On June 30, 2017, the City's governmental funds reported combined fund balances of \$80.0 million, an increase of \$20.0 million in comparison with the prior fiscal year. Approximately 30% of this amount (\$23.4 million) is available for spending at the government's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) non-spendable form or legally required to be maintained intact (\$0.4 million), 2) restricted for particular purposes (\$21.1 million), 3) committed for particular purposes (\$8.3 million), or 4) assigned for particular purposes (\$26.5 million). Further detail of the fund balances can be found in the note disclosures.

Governmental revenues in fiscal year 2017 were \$71.3 million, an increase of \$5.6 million from fiscal year 2017. The increase in General Fund are primarily related to increase in sales taxes and property taxes, as the real estate market remains strong with new development added to the tax roll and changes to ownership. A newly approved transaction tax generated \$0.96 million. Another significant component of the increase is in the Capital Projects Fund primarily due to development-related fees generated from the sustained strength of home building.



FUND FINANCIAL ANALYSIS, Continued

Governmental Funds, Continued

Governmental expenditures in fiscal year 2017 were \$52.7 million, an increase of \$6.7 million from the prior fiscal year. This was mainly due to increases in pension costs, the negotiated salary increases, and departmental restructuring in most that added several positions citywide.

General Fund

The General Fund is the primary operating fund of the City. At June 30, 2017, the spendable assigned and unassigned fund balance of the General Fund was \$23.6 million, while total fund balance was \$34.1 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 community development, equipment replacement, waste disposal and the fire side fund.

The fund balance of the City's General Fund increased by \$4.2 million from fiscal year 2017. Revenues exceeded expenditures by \$9.8 million. Transfers out from the General Fund to the Capital Projects Funds, Debt Service Fund and Internal Service Funds were \$5.6 million more than the total transfer in from the State Construction Maintenance Funds, Paramedic Tax Fund, and Alameda County Fire Fees Fund.

State Construction Maintenance Special Revenue Fund

The State Construction Maintenance Special Revenue Fund showed a \$0.4 million decrease in fund balance during fiscal year 2017. The decrease, in part, is attributable to subsiding gasoline prices and declining consumption due to fuel efficient vehicles as well as "true ups" under the fuel tax swap system. Consequently, the entire decline impacts the subsequent allocations to the City resulting in revenues under expenditures by \$0.4 million.

Capital Projects Fund

The Capital Projects Fund showed an increase in fund balance of \$8.3 million during fiscal year 2017. Revenues exceeded expenditures by \$3.7 million, and \$4.7 million 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 \$3.6 million at the end of fiscal year 2017. Total operating expenses of \$5.12 million exceeded operating revenues of \$5.10 million. Adding transfers in of \$0.4 million from the General Fund, the result was a \$0.4 million increase in net position for the fiscal year.



GENERAL FUND BUDGETARY HIGHLIGHTS

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

Fiscal year 2017 was the first year of the City's biennial budget which was adopted on June 09, 2016. The General Fund revenue budget for fiscal year 2017 was amended during the year by \$3.2 million in anticipation of the newly adopted transaction tax and higher property tax, transient occupancy tax, permits and fees, and miscellaneous revenue. Actual revenues were \$7.6 million over the final amended budget and \$10.9 million over the original budget.

Actual expenditures for the fiscal year were \$4.1 million under the final amended budget and \$1.4 million over the original 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, 2017, the City's capital assets used in governmental activities amounted to \$149.6 million, net of depreciation.

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

	Governmental Activities	
	2017	2016
Land	\$4.4	\$4.4
Park land	30.1	30.1
Landscaping	8.7	8.7
Street trees	0.7	0.7
Construction in progress	3.0	1.6
Buildings and Improvements	44.1	44.0
Infrastructure:		
Streets	73.6	72.4
Sidewalks, curbs, gutters, and walls	15.7	15.7
Street lights	3.3	3.2
Traffic signals	3.9	3.9
Equipment	10.5	10.1
Less: accumulated depreciation	(48.5)	(44.8)
Total capital assets	\$149.6	\$150.3

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

On June 30, 2017, the City had long-term debt outstanding of \$8.6 million compared to \$9.8 million in the prior year. The City’s long-term debt obligations at June 30, 2017 and 2016 were as follows (amounts in millions):

	Governmental Activities	
	2017	2016
Certificates of participation	\$2.2	\$2.2
Bank refunding	6.3	7.3
Capital lease obligations	0.1	0.3
Total	\$8.6	\$9.8

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, 2017, a total of \$6.3 million in Area Improvement District debt was outstanding. This debt is secured by special assessments levied on the real property within the district issuing the debt. Although the City acts as the districts’ agent in the collection and remittance of assessments, the City is not obligated in any manner for repayment of these bonds.

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

ECONOMIC FACTORS AND NEXT BIENNIAL BUDGET

The City’s adopted biennial budget for 2016-2018 recognized that:

- The economy will continue to grow, but a mild recession may occur by 2018. Establishing reserves is important.
- The Labor Compensation Agreements expire in June 2017. The budget document adopted in 2016 did not include increases that could result from newly negotiated agreements.
- Capital project expenditures will continue to focus on preserving City assets, meeting regulatory requirements and safety issues. In addition, consideration will be given to projects that improve service levels to the community, take advantage of outside funding matches, and implement community priorities.

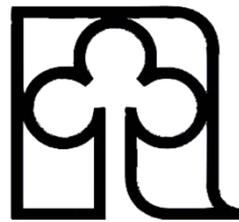
Additional information about the City’s economy and financial planning and policies is provided in the accompanying letter of transmittal in the Introductory Section of this report.



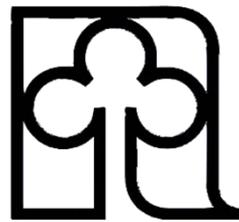
REQUEST FOR INFORMATION

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, 2017

	Primary Government Governmental Activities
ASSETS	
Current assets:	
Cash and investments	
Available for operations	\$ 82,244,538
Receivables:	
Tax	4,958,847
Special assessments	31,469
Intergovernmental	734,234
Interest	149,731
Other, net	633,350
Supplies and other assets	213,257
Total current assets	<u>88,965,426</u>
Noncurrent assets:	
Restricted cash and investments	634,440
Due from RDA Successor fund	215,672
Capital assets:	
Land and construction in progress	46,926,555
Depreciable, net	<u>102,700,906</u>
Total capital assets	<u>149,627,461</u>
Total noncurrent assets	<u>150,477,573</u>
Total assets	<u><u>239,442,999</u></u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows related to pension	<u>15,696,887</u>
Total deferred outflows of resources	<u><u>15,696,887</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	2,930,207
Refundable deposits	745,397
Unearned revenues	156,852
Compensated absences - due within one year	1,707,605
Claims payable - due within one year	618,652
Long-term debt - due within one year	585,268
Total current liabilities	<u>6,743,981</u>
Noncurrent liabilities:	
Net OPEB obligation	1,753,720
Net pension liability	90,445,814
Compensated absences - due in more than one year	17,249
Claims payable - due in more than one year	2,573,797
Long-term debt - due in more than one year	8,628,032
Total noncurrent liabilities	<u>103,418,612</u>
Total liabilities	<u><u>110,162,593</u></u>
DEFERRED INFLOW OF RESOURCES	
Deferred inflows related to pension	<u>2,958,439</u>
Total deferred inflow of resources	<u><u>2,958,439</u></u>
NET POSITION	
Net investment in capital assets	<u>140,414,161</u>
Restricted for:	
Capital projects	23,555,565
Debt service	646,960
Grant-funded projects	2,732,258
Other Projects	12,548,704
Total restricted	<u>39,483,487</u>
Unrestricted	<u>(37,878,794)</u>
Total net position	<u><u>\$ 142,018,854</u></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, 2017

Functions / Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 5,336,807	\$ 13,108	\$ 86,527	\$ -	\$ 99,635
Public safety:					
Fire	10,554,535	323,380	-	-	323,380
Police	19,786,712	989,839	207,199	-	1,197,038
Streets and parks	6,464,872	3,387,758	-	2,661,052	6,048,810
Community development	5,010,240	14,269,152	156,404	-	14,425,556
Recreation	5,243,514	2,800,755	192,197	-	2,992,952
Interest on long-term debt (unallocated)	369,801	-	-	-	-
Total governmental activities	\$ 52,766,481	\$ 21,783,992	\$ 642,327	\$ 2,661,052	\$ 25,087,371

General Revenues:

Taxes:

- Property taxes
- Sales taxes
- Franchise taxes
- Transient occupancy tax
- Utility users tax
- Other local taxes

Total taxes

Intergovernmental—motor vehicle in-leiu, unrestricted

Use of money and property

Miscellaneous

Total general revenues

Change in net position

Net position - beginning of year

Net position - end of year

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue
and Changes
in Net Position

Governmental
Activities

\$ (5,237,172)

(10,231,155)

(18,589,674)

(416,062)

9,415,316

(2,250,562)

(369,801)

\$ (27,679,110)

16,465,268

12,948,892

3,669,596

6,094,025

3,527,230

1,995,810

44,700,821

20,040

445,883

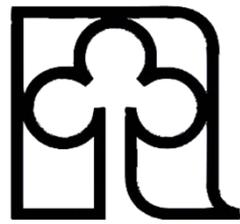
1,206,502

46,373,246

18,694,136

123,324,718

\$ 142,018,854

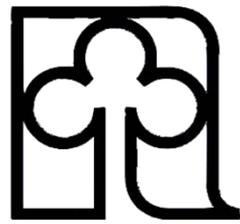


FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements



GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund

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

State Construction Maintenance Special Revenue Fund

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

Housing Impact Fees

Accounts for fees collected into the City's affordable housing fund to be used solely to increase and preserve the supply of housing affordable to households of very low, low, and moderate incomes.

Capital Projects Fund

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

City of Newark
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	State Construction Maintenance Special Revenue Fund	Housing Impact Fee Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments						
Available for operations	\$ 30,912,139	\$ 2,067,331	\$ 9,276,857	\$ 21,353,843	\$ 13,003,251	\$ 76,613,421
Restricted cash and investments	-	-	-	-	634,440	634,440
Receivables:						
Taxes	4,806,585	152,262	-	-	-	4,958,847
Special assessments	-	-	-	-	31,469	31,469
Intergovernmental	322,745	37,757	-	-	373,732	734,234
Interest	149,731	-	-	-	-	149,731
Other, net	521,404	-	-	-	91,772	613,176
Due from other funds	101,168	-	-	-	-	101,168
Supplies and other assets	144,700	-	-	-	-	144,700
Due from Successor Redevelopment Agency	215,672	-	-	-	-	215,672
Total assets	<u>\$ 37,174,144</u>	<u>\$ 2,257,350</u>	<u>\$ 9,276,857</u>	<u>\$ 21,353,843</u>	<u>\$ 14,134,664</u>	<u>\$ 84,196,858</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,561,472	\$ 204,381	\$ -	\$ 240,120	\$ 620,506	\$ 2,626,479
Refundable deposits	732,628	12,769	-	-	-	745,397
Due to other funds	-	-	-	-	101,168	101,168
Unearned revenues	156,852	-	-	-	-	156,852
Total liabilities	<u>2,450,952</u>	<u>217,150</u>	<u>-</u>	<u>240,120</u>	<u>721,674</u>	<u>3,629,896</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	611,722	-	-	-	-	\$ 611,722
Total deferred inflows of resources	<u>611,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>611,722</u>
Fund Balances:						
Non-spendable:						
Supplies and other assets	144,700	-	-	-	-	144,700
Due from Successor Redevelopment Agency	215,672	-	-	-	-	215,672
Restricted	-	2,040,200	9,276,857	-	9,753,710	21,070,767
Committed:						
Pension/OPEB Reserves	6,423,516	-	-	-	-	6,423,516
Community development fees	-	-	-	-	1,906,634	1,906,634
Assigned:						
Fire side fund	440,000	-	-	-	-	440,000
Equipment replacement	2,700,000	-	-	-	-	2,700,000
Waste disposal fund	428,744	-	-	-	-	428,744
Community development	513,039	-	-	-	-	513,039
Arts in public places	-	-	-	-	1,151,388	1,151,388
Capital asset acquisition	-	-	-	21,113,723	601,258	21,714,981
Unassigned:						
Catastrophic contingencies	6,831,467	-	-	-	-	6,831,467
Fiscal uncertainty	4,554,311	-	-	-	-	4,554,311
Unallocated	11,860,021	-	-	-	-	11,860,021
Total fund balances	<u>34,111,470</u>	<u>2,040,200</u>	<u>9,276,857</u>	<u>21,113,723</u>	<u>13,412,990</u>	<u>79,955,240</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,174,144</u>	<u>\$ 2,257,350</u>	<u>\$ 9,276,857</u>	<u>\$ 21,353,843</u>	<u>\$ 14,134,664</u>	<u>\$ 84,196,858</u>

See accompanying Notes to Basic Financial Statements.

City of Newark
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2017

Total Fund Balances - Total Governmental Funds \$ 79,955,240

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. 148,208,945

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. 611,722

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 5,631,117
- Supplies and other assets 88,731
- Capital assets 1,418,516
- Accounts payable and accrued liabilities (270,678)
- Capital lease obligation (88,774)
- Claims payable (3,192,449)

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

- OPEB liabilities (1,753,720)
- Net pension liability (90,445,814)
- Long-term debt (9,124,526)
- Interest payable (33,050)
- Compensated absences (1,724,854)

Deferred outflows related to pension liabilities resulting from actual contributions made by the City and other deferrals due to changes in the net pension liability. 15,696,887

Deferred inflows related to pension liabilities resulting from differences between projected and actual earnings, differences between actual and expected experience, changes in proportion, and other deferrals due to changes in the net pension liability. (2,958,439)

Net Position of Governmental Activities \$ 142,018,854

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, 2017

	General Fund	State Construction Maintenance Special Revenue Fund	Housing Impact Fee Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
General property taxes	\$ 16,465,268	\$ -	\$ -	\$ -	\$ -	\$ 16,465,268
Other local taxes	28,150,707	-	-	-	-	28,150,707
Special assessments	-	-	-	-	457,173	457,173
Licenses, permits and fees	4,148,967	-	-	-	-	4,148,967
Fines and forfeitures	822,323	-	-	-	-	822,323
Use of money and property	333,083	14,712	49,844	45,062	33,827	476,528
Other governmental agencies	187,279	1,150,317	-	-	1,893,603	3,231,199
Current service charges	4,785,250	-	3,475,218	4,251,129	3,226,827	15,738,424
Other revenue	444,291	-	35,000	-	1,313,671	1,792,962
Total revenues	55,337,168	1,165,029	3,560,062	4,296,191	6,925,101	71,283,551
EXPENDITURES:						
Current:						
General government	5,231,065	-	-	-	-	5,231,065
Public safety:						
Fire	10,350,979	-	-	-	22,231	10,373,210
Police	17,742,869	-	-	36,530	174,596	17,953,995
Streets and parks	3,177,866	495,211	-	42,594	160,891	3,876,562
Community development	4,422,623	-	-	-	499,132	4,921,755
Recreation	4,534,338	-	-	65,244	186,826	4,786,408
Capital outlay	-	1,109,265	-	476,497	1,258,292	2,844,054
Debt service:						
Principal repayment	80,567	-	-	-	503,357	583,924
Interest and fiscal charges	2,803	-	-	-	365,885	368,688
Total expenditures	45,543,110	1,604,476	-	620,865	3,171,210	50,939,661
REVENUES OVER (UNDER) EXPENDITURES	9,794,058	(439,447)	3,560,062	3,675,326	3,753,891	20,343,890
OTHER FINANCING SOURCES (USES):						
Transfers in	294,281	6,135	-	4,668,000	867,300	5,835,716
Transfers out	(5,907,135)	-	-	-	(294,281)	(6,201,416)
Total other financing sources (uses)	(5,612,854)	6,135	-	4,668,000	573,019	(365,700)
Net change in fund balances	4,181,204	(433,312)	3,560,062	8,343,326	4,326,910	19,978,190
FUND BALANCES:						
Beginning of year	29,930,266	2,473,512	5,716,795	12,770,397	9,086,080	59,977,050
End of year	\$ 34,111,470	\$ 2,040,200	\$ 9,276,857	\$ 21,113,723	\$ 13,412,990	\$ 79,955,240

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, 2017

Net Change in Fund Balances - Total Governmental Funds \$ 19,978,190

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, \$242,886). 2,837,090

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, \$233,080). (3,472,716)

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. 177,066

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 583,924

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):

- Interest payable 3,021
- OPEB expenses (205,000)
- Compensated absences 160,011

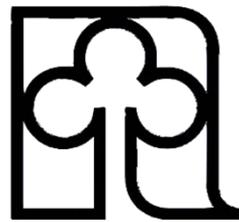
Pension expense related to the net pension liability does not require the use of current financial resources and therefore was not included in the Governmental Funds but should be recognized in the Statement of Net Position for full accrual:

- Pension contributions in current year are reported as deferred outflow of resources 5,847,694
- Pension expense as a result of the change in pension liability (7,571,061)

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. 355,917

Change in Net Position of Governmental Activities \$ 18,694,136

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, 2017

	Governmental Activities - Internal Service Funds
ASSETS	
Current assets:	
Cash and investments	\$ 5,631,117
Other receivables	20,174
Supplies and other assets	68,557
Total current assets	<u>5,719,848</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>1,418,516</u>
Total assets	<u><u>7,138,364</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	270,678
Capital lease obligation - due within one year	43,698
Claims payable - due within one year	618,652
Total current liabilities	<u>933,028</u>
Noncurrent liabilities:	
Capital lease obligation - due in more than one year	45,076
Claims payable - due in more than one year	2,573,797
Total liabilities	<u><u>3,551,901</u></u>
NET POSITION	
Net investment in capital assets	1,329,742
Unrestricted	2,256,721
Total net position	<u><u>\$ 3,586,463</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, 2017

	Governmental Activities - Internal Service Funds
OPERATING REVENUES:	
Charges to departments	\$ 4,991,500
Other revenue	110,279
Total operating revenues	5,101,779
OPERATING EXPENSES:	
Personnel services	1,099,615
Materials and supplies	522,361
Contractual services	2,241,389
Utilities	676,045
Insurance claims and premiums	334,940
Depreciation	233,078
Total operating expenses	5,107,428
OPERATING INCOME (LOSS)	(5,649)
NONOPERATING REVENUES (EXPENSES):	
Interest expense	(4,134)
Total nonoperating revenues (expenses)	(4,134)
INCOME(LOSS) BEFORE TRANSFERS	(9,783)
Transfers in	365,700
Total transfers	365,700
Change in net position	355,917
NET POSITION:	
Beginning of year	3,230,546
End of year	\$ 3,586,463

See accompanying Notes to Basic Financial Statements.

City of Newark
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2017

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from other funds	\$ 5,099,500
Payments to suppliers/other fund	(3,341,705)
Payments to employees	(1,099,615)
Claims paid	(157,200)
Net cash provided by operating activities	500,980
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Interfund receipts	365,700
Net cash provided by noncapital financing activities	365,700
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Payments on capital lease	(42,363)
Acquisition of capital assets	(242,886)
Interest paid and fiscal charges	(4,133)
Net cash used by capital and related financing activities	(289,382)
Net increase in cash and cash equivalents	577,298
CASH AND CASH EQUIVALENTS:	
Beginning of year	5,053,819
End of year	\$ 5,631,117
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (5,649)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	233,078
Changes in current assets and liabilities:	
Other assets	9,361
Accounts payable and accrued liabilities	264,190
Total adjustments	506,629
Net cash provided (used) by operating activities	\$ 500,980

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, 2017

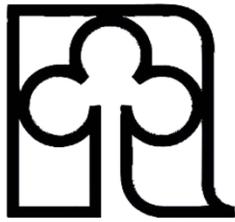
ASSETS	Agency Funds	RDA Successor Agency Funds
Cash and investments	\$ 4,296,446	\$ 31,471
Total assets	\$ 4,296,446	\$ 31,471
LIABILITIES		
Due to bondholders	\$ 4,296,446	\$ -
Unearned revenue	-	31,447
Note Payable	-	215,696
Total liabilities	\$ 4,296,446	\$ 247,143
NET POSITION		
Held in trust for RDA Successor Funds		\$ (215,672)

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, 2017

	RDA Successor Agency Funds
ADDITIONS:	
RPTTF	\$ 140,539
Other income	24
Total additions	<u>140,563</u>
DEDUCTIONS:	
City administration fees	-
Total deductions	<u>-</u>
Change in net position	140,563
Net Position - beginning	<u>(356,235)</u>
Net Position - ending	<u><u>\$ (215,672)</u></u>

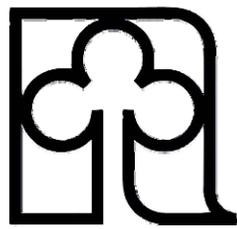
See accompanying Notes to Basic Financial Statements.



City of Newark
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For the year ended June 30, 2017



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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.



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, utility users tax, licenses, permits and fines, and other charges for services. 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.



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 Housing Impact Fees Special Revenue Fund – accounts for fees collected into the City's affordable housing fund that are restricted for and to be used solely to increase and preserve the supply of housing affordable to households of very low, low, and moderate incomes.

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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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.

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.



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.

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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

H. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. 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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Capital Assets, Continued

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.

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 insurance, 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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Long-Term Debt, Continued

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.

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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Net Position / Fund Balances, Continued

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.

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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Net Position / Fund Balances, Continued

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.

M. New Pronouncements

In 2017, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*– The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of this statement were not applicable to the City.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. *New Pronouncements, Continued*

- GASB Statement No. 77, *Tax Abatement Disclosure*- This Statement addresses the financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. There was no impact on net position as a result of implementation of this statement.

- GASB Statement No. 78, *Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans*- The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this statement were not applicable to the City.

- GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14* - The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this statement were not applicable to the City.

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017



2. CASH AND INVESTMENTS

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

The following is a summary of cash and investments at June 30, 2017:

	Government-Wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
	Governmental Activities		
Cash and investments	\$ 82,244,538	\$ 4,327,917	\$ 86,572,455
Restricted cash and investments	634,440	-	634,440
Total	\$ 82,878,978	\$ 4,327,917	\$ 87,206,895

At June 30, 2017, the City's pooled cash and investments, including restricted funds consisted of the following:

	Fair Value
City Treasury:	
Deposits:	
Cash on hand	\$ 6,400
Deposits with banks	21,568,609
Total deposits	21,575,009
Investments:	
California Local Agency Investment Fund	64,997,446
Total City Treasury	86,572,455
Cash and Investment with Fiscal Agents:	
Money market funds	634,440
Total Restricted Cash and Investments	634,440
Total Cash and Investments	\$ 87,206,895



2. CASH AND INVESTMENTS, Continued

A. Deposits

The carrying amount of the City's cash deposit was \$21,568,609 at June 30, 2017. Bank balances before reconciling items were \$21,882,849, 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 percent 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 percent 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

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

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017



2. CASH AND INVESTMENTS, Continued

B. Investments, Continued

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 loss was \$68,854 for Fiscal year 2016-17.

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, 2017:

Investment Type	Totals	Remaining Maturity (in Months)					More Than 60 Months
		12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	49-60 Months	
State Pool	\$ 67,997,446	\$ 67,997,446	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ 67,997,446	\$ 67,997,446	\$ -	\$ -	\$ -	\$ -	\$ -

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 percent 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. The City's investment in California Agency Investment Funds is not rated.



2. CASH AND INVESTMENTS, Continued

C. Risk Disclosures, Continued

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, 2017, 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, 2017, the City had \$64,997,446 invested in LAIF, which had invested 2.81 percent 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 0.998940671 to the total investments held by LAIF.

E. Investment Valuation

Investments (except for money market accounts, time deposits, external investment pools, and commercial paper) are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's investment in the State of California Local Agency Investment Fund (LAIF) is not subject to levelling disclosure.



3. INTERFUND TRANSACTIONS

Transfers In/Out

Transfers in/out for the year ended as of June 30, 2017, were as follows:

	Transfers In					
	<i>Governmental Funds:</i>			<i>Non-Major Governmental Funds:</i>		Total
	General Fund	Maintenance Special Revenue Fund	Capital Projects Funds	COPS Interest and Redemption	Internal Service Funds	
Transfers Out						
<i>Governmental Funds:</i>						
General	\$ -	\$ 6,135	\$4,668,000	\$ 867,300	\$365,700	\$5,907,135
<i>Non-Major Governmental Funds:</i>						
Paramedic Tax	150,000	-	-	-	-	150,000
Alameda County Fire Fees	144,281	-	-	-	-	144,281
Total Governmental Funds	\$294,281	\$ 6,135	\$4,668,000	\$ 867,300	\$365,700	\$6,201,416

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.

Due to/from other funds

<u>Due To General Fund</u>	<u>Due From Other Funds</u>
Non Major Governmental Funds	\$ 101,168
Total	<u>\$ 101,168</u>

The amounts due to the General Fund from other funds represent reclassified temporary negative cash balances pending grant reimbursements or other receivables. Current interfund balances arise in the normal course of operations and are expected to be repaid shortly after the end of the fiscal year.

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017



4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Reclassifications	Balance June 30, 2017
Governmental activities:				
Nondepreciable assets:				
Land	\$ 4,384,073	\$ -	\$ -	\$ 4,384,073
Park land	30,107,748	-	-	30,107,748
Landscaping	8,684,784	-	-	8,684,784
Street trees	739,733	-	-	739,733
Construction in progress	1,591,187	1,419,030	-	3,010,217
Total nondepreciable assets	45,507,525	1,419,030	-	46,926,555
Depreciable assets:				
Buildings and land improvements	43,988,922	144,085	-	44,133,007
Infrastructure				
Streets	72,440,227	1,191,975	-	73,632,202
Sidewalks, curbs, gutters and walls	15,731,836	-	-	15,731,836
Street lights	3,249,607	-	-	3,249,607
Traffic signals	3,936,784	-	-	3,936,784
Machinery and equipment	10,149,587	324,886	-	10,474,473
Total depreciable assets	149,496,963	1,660,946	-	151,157,909
Less accumulated depreciation:				
Buildings and improvements	(13,203,193)	(725,934)	-	(13,929,127)
Infrastructure				
Streets	(15,791,380)	(1,875,222)	-	(17,666,602)
Sidewalks, curbs, gutters and walls	(3,614,167)	(449,031)	-	(4,063,198)
Street lights	(1,161,985)	(129,783)	-	(1,291,768)
Traffic signals	(3,461,969)	(54,021)	-	(3,515,990)
Machinery and equipment	(7,518,513)	(471,805)	-	(7,990,318)
Total accumulated depreciation	(44,751,207)	(3,705,796)	-	(48,457,003)
Net depreciable assets	104,745,756	(2,044,850)	-	102,700,906
Governmental activities capital assets, net	\$ 150,253,281	\$ (625,820)	\$ -	\$ 149,627,461

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017



4. CAPITAL ASSETS, Continued

Depreciation expense was charged to various governmental functions as follows:

General Government	\$ 117,936
Public Safety:	
Fire	179,999
Police	259,483
Streets and Parks	2,608,611
Community Development	80,978
Recreation	<u>458,789</u>
Total depreciation – governmental functions	<u>\$ 3,705,796</u>

5. LONG-TERM DEBT

The City's long-term debt is comprised the following at June 30, 2017:

	Balance			Balance	Amounts	Amounts
	June 30, 2016	Additions	Retirements	June 30, 2017	Due Within	Due in More
					One Year	than One Year
Governmental Activities:						
2012 Bank refinancing \$9,703,757; 3.5% due 2028	\$ 7,322,963	\$ -	\$ (503,357)	6,819,606	\$ 518,657	\$ 6,300,949
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 2017	57,654	-	(57,654)	-	-	-
Capital Lease Obligation Equipment lease, due 2019	131,137	-	(42,363)	88,774	43,698	45,076
Capital Lease Obligation Equipment lease, due 2020	87,833	-	(22,913)	64,920	22,913	42,007
Total	<u>\$ 9,839,587</u>	<u>\$ -</u>	<u>\$ (626,287)</u>	<u>\$ 9,213,300</u>	<u>\$ 585,268</u>	<u>\$ 8,628,032</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 percent 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.

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017



5. LONG-TERM DEBT, Continued

2012 Compass Bank Debt Refinancing, Continued

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.

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 principal payments are due annually on June 1 until June 1, 2032, starting in fiscal year 2028. Interest at rates of 2.0-5.0 percent 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 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.

On June 12, 2014, the City entered into a lease-purchase agreement in the amount of \$212,017 with Leasing 2, Inc. to acquire a new street sweeper. Annual lease payments of \$46,497 are due on June 12 until 2019. Ownership of the street sweeper 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
2018	\$ 585,268	\$ 348,985
2019	601,226	329,329
2020	576,251	309,037
2021	575,340	289,379
2022	597,737	213,047
2023-2027	3,304,590	958,569
2028-2032	2,972,888	530,045
Total	<u>\$ 9,213,300</u>	<u>\$ 2,978,391</u>



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, 2017, the remaining balance outstanding on these bonds was \$ 6,089,689.

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, 2017 were as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Governmental Activities	\$ 1,884,865	\$ 1,529,220	\$ 1,689,230	\$ 1,724,854	\$ 1,707,605

7. DEFINED BENEFIT PENSION PLANS

A. Summary of Pension Plan Balances

Pension related balances presented on the Statement of Net Position as of June 30, 2017 by individual plan are described in the following table:

	Deferred Outflows Related to Pension	Net Pension Liability	Deferred Inflows Related To Pension	Pension Expense
CALPERS Miscellaneous Agent Multiple Employer Plan	\$ 5,838,230	\$ 35,939,532	\$ 430,559	\$ 2,336,579
CALPERS Cost Sharing Plan	9,858,657	54,506,282	2,527,880	5,234,482
Total	\$ 15,696,887	\$ 90,445,814	\$ 2,958,439	\$ 7,571,061



7. DEFINED BENEFIT PENSION PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan – CalPERS Miscellaneous Plan

I. General Information about the Pension Plan

Plan Description – All miscellaneous qualified permanent and probationary employees are eligible to participate in the City’s Miscellaneous Plan, agent multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect at June 30, 2017, are summarized as follows:

	<u>Miscellaneous</u>
Benefit vesting schedule	5 years of service
Benefit payments	monthly for life
Earliest retirement age	50
Benefit factor for each year of service as a % of annual salary	2.5% at age 55
Required employee contribution rates	11.468%
Required employer contribution rates	25.652%

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 percent at 62 plan. The City contributes 25.652 percent for PEPRA members, and employees’ contribute 9.718 percent. All miscellaneous employees pay 3.468 percent towards the employer cost.



7. DEFINED BENEFIT PENSION PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan – CalPERS Miscellaneous Plan, Continued,

I. General Information about the Pension Plan, Continued

Employees Covered – At June 30, 2017, the following employees were covered by the benefit terms for each Plan:

Inactive employees or beneficiaries currently receiving benefits	77
Inactive employees entitled to but not yet receiving benefits	94
Active employees	<u>170</u>
Total	<u>341</u>

Contributions – Section 20814(C) of the California Public Employees’ Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2016 (the measurement date), the average active employee contribution rate is 9.718 percent of annual pay for the Miscellaneous Plan and employer contribution rate is 25.652 percent of annual payroll for the Miscellaneous Plan.

II. Net Pension Liability

The City’s net pension liability for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.



7. DEFINED BENEFIT PENSION PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, Continued

II. Net Pension Liability, Continued

Actuarial Assumptions - The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return (1)	7.50%
Mortality (2)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Net of pension plan investment and administrative expenses, including inflation.

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.



7. DEFINED BENEFIT PENSION PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, Continued

II. Net Pension Liability, Continued

Discount Rate - The discount rate used to measure the total pension liability was 7.65 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	100%		

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

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



7. DEFINED BENEFIT PENSION PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, Continued

III. Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan follow:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015 (1)	\$ 98,844,959	\$ 68,114,811	\$ 30,730,148
Changes in the year:			
Service cost	1,562,903	-	1,562,903
Interest on the total pension liability	7,394,465	-	7,394,465
Differences between actual and expected experience	(296,888)	-	(296,888)
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Plan to Plan Resource Management	-	-	-
Contribution - employer	-	2,089,006	(2,089,006)
Contribution - employee	-	1,026,537	(1,026,537)
Investment income	-	377,065	(377,065)
Administrative expenses	-	(41,512)	41,512
Benefit payments , including refunds of employee contributions	(5,339,676)	(5,339,676)	-
Net changes	3,320,804	(1,888,580)	5,209,384
Balance at June 30, 2016	\$ 102,165,763	\$ 66,226,231	\$ 35,939,532

(1) – The fiduciary net position includes receivables for employee service buyback, deficiency reserve, and fiduciary self-insurance.



7. DEFINED BENEFIT PENSION PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, Continued

III. Changes in the Net Pension Liability, Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the City for the Plan, calculated using the discount rate for the Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease		6.65%
Net Pension Liability	\$	48,808,342
Current Discount Rate		7.65%
Net Pension Liability	\$	35,939,532
1% Increase		8.65%
Net Pension Liability	\$	25,232,531

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

IV. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the City recognized pension expense of \$2,336,579. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Pension contributions subsequent to measurement date	\$ 2,252,317	\$ -
Differences between actual and expected experience	-	(211,751)
Changes in assumptions	-	(218,808)
Net differences between projected and actual earnings on plan investments	3,585,913	
	<u> </u>	<u> </u>
Total	\$ 5,838,230	\$ (430,559)



7. DEFINED BENEFIT PENSION PLANS, Continued

B. Agent Multiple-Employer Defined Benefit Plan - CalPERS Miscellaneous Plan, Continued

IV. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

\$2,252,317 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension plan will be recognized as pension expense as follows:

Fiscal Year	
Ending June 30:	
<hr/>	
2018	88,454
2019	441,565
2020	1,678,523
2021	946,812

V. Payable to Pension Plan

As of June 30, 2017, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans

I. Plan Description

All safety qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous risk pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors two safety rate plans. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.



7. DEFINED BENEFIT PENSION PLANS, Continued

C. *Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans*

II. *Benefits Provided*

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2017 are summarized as follows:

	<u>Safety - Classic</u>
Hire Date	Prior to January 1, 2013
Benefit vesting schedule	5 years service
Benefit payment	Monthly for life
Retirement age	50
Monthly benefits, as a % of annual salary	3%
Required employee contribution rates	13.000%
Required employer contribution rates	49.976%
Required UAL payment	\$ 2,627,048
	<u>Safety - PEPRA</u>
Hire Date	On or after January 1, 2013
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Retirement age	57
Monthly benefits, as a % of annual salary	2.70%
Required employee contribution rates	13.000%
Required employer contribution rates	10.858%
Required UAL payment	\$ -



7. DEFINED BENEFIT PENSION PLANS, Continued

C. *Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans*

II. *Benefits Provided, Continued*

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

For the measurement period ended June 30, 2016, the contribution to the plan was \$ 3,262,170.

III. *Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions*

As of June 30, 2017, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$54,506,282.

The City's net pension liability for the Plan is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plans is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The City's proportionate of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The City's proportionate share of the net pension liability for the Plan as of the measurement dates June 30, 2015 and 2016 were as follows:

Proportion - June 30, 2015	0.660059%
Proportion - June 30, 2016	0.629905%
Change - Increase (Decrease)	<u>-0.030154%</u>



7. DEFINED BENEFIT PENSION PLANS, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans

III. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

For the year ended June 30, 2017, the City recognized pension expense of \$5,234,482. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,595,377	\$ -
Change in proportion	756,781	-
Changes in employer's proportion and differences between the employer's contribution and the employer's proportionate share of contributions	-	(1,150,005)
Changes in assumption	-	(1,120,812)
Differences between expected and actual experience	-	(257,063)
Net differences between projected and actual earnings on plan investments	5,506,499	
Total	\$ 9,858,657	\$ (2,527,880)

\$3,595,377 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	
2018	(232,855)
2019	(20,875)
2020	2,555,627
2021	1,433,502



7. DEFINED BENEFIT PENSION PLANS, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans

III. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

Actuarial Assumptions – The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return ⁽¹⁾	7.50%
Mortality	Derived by CalPERS membership data for all funds

(1) Net of pension plan administrative expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.65 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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



7. DEFINED BENEFIT PENSION PLANS, Continued

C. Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans

III. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	100%		

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

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



7. DEFINED BENEFIT PENSION PLANS, Continued

C. *Cost Sharing Multiple-Employer Defined Benefit Plans - CalPERS Safety Plans*

III. *Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued*

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.65%
Net Pension Liability	\$ 76,535,028
Current Discount Rate	7.65%
Net Pension Liability	\$ 54,506,282
1% Increase	8.65%
Net Pension Liability	\$ 36,422,940

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

As of June 30, 2017, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.



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 percent “unequal method.” The City currently pays for the cost of the retiree PEHMCA funded CERBT and are paying the annual required contribution of the employer (ARC). For fiscal year ended June 30, 2017, there were 79 retirees receiving this benefit and total City contribution amounted to \$229,000, which included a lump sum prefunding payment.

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. However, during fiscal year 2017, the City joined the California Employers’ Retiree Benefit Trust Program to prefund OPEB obligations of the City.

The City’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the 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, 2017 Net OPEB Obligation:

Annual required contribution	\$ 229,000
Interest on net OPEB obligation	328,000
Amortization of net OPEB obligation	<u>(123,000)</u>
Annual OPEB cost	434,000
Payments made	<u>(229,000)</u>
Increase (decrease) in net OPEB obligation	205,000
Net OPEB obligation - beginning of the year	<u>1,548,720</u>
Net OPEB obligation June 30, 2016	<u><u>\$ 1,753,720</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:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Contributions Made</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015-06-30	479,000	1,338,662	279.5%	1,537,720
2016-06-30	274,000	263,000	96.0%	1,548,720
2017-06-30	434,000	229,000	52.8%	1,753,720



8. OTHER POST EMPLOYMENT BENEFITS, Continued

Funded Status and Funding Progress - As of June 30, 2015, the most recent actuarial valuation date, the plan was 24 percent funded. The actuarial accrued liability (AAL) for benefits was \$5,346,000 and the actuarial value of plan assets was \$1,259,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,087,000. The covered payroll (annual payroll of active employees covered by the plan) was \$15,671,000 and the ratio of UAAL to the covered payroll was 26 percent.

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 June 30, 2015 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 June 30, 2017 of 24 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 7.25 percent interest rate.

Annual general inflation is assumed to increase at 3 percent and aggregate payroll to increase at 3.25 percent 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 percent at 55 years, with expected retirement age of approximate 59 for females and 61 for males and Public Safety 3 percent 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, 2017, the City paid ABAG Plan \$334,940 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, 2017, the City contribution was \$124,445. 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:

	2017		Total	2016	2015
	General	Workers'			
	Liability Claims	Compensation Claims			
Liability at beginning of fiscal year	\$ 261,128	\$ 2,569,084	\$ 2,830,212	\$ 2,694,472	\$ 2,038,486
Claims and changes in estimates	412,611	838,764	1,251,375	800,529	1,113,846
Claims payments	(124,966)	(764,172)	(889,138)	(664,789)	(457,861)
Liability at end of fiscal year	<u>\$ 548,773</u>	<u>\$ 2,643,676</u>	<u>\$ 3,192,449</u>	<u>\$ 2,830,212</u>	<u>\$ 2,694,471</u>
Current Portion	<u>\$ 138,021</u>	<u>\$ 480,631</u>	<u>\$ 618,652</u>	<u>\$ 516,701</u>	<u>\$ 485,480</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 year ending June 30, 2017, the outstanding loan from the City to the Redevelopment Successor Agency was \$215,672.

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2017



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, 2017 is as follows:

	Major Governmental Funds					Total
	General Fund	State Construction Maintenance Special Revenue Fund	Housing Impact Fee Special Revenue Fund	Capital Projects Fund	Other Government Funds	
Fund Balances						
Nonspendable fund balance:						
Supplies and other assets	\$ 144,700	\$ -	\$ -	\$ -	\$ -	\$ 144,700
Due from Successor Redevelopment Agency	215,672	-	-	-	-	215,672
	<u>360,372</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>360,372</u>
Restricted fund balance for:						
Public safety	-	-	-	-	264,986	264,986
Community development	-	-	9,276,857	-	15,035	9,291,892
Highway and streets	-	2,040,200	-	-	1,567,107	3,607,307
Recycling programs	-	-	-	-	579,529	579,529
Health and welfare	-	-	-	-	46,333	46,333
Park improvement	-	-	-	-	5,725,975	5,725,975
Debt reserves	-	-	-	-	680,010	680,010
Landscape and lighting	-	-	-	-	874,735	874,735
	<u>-</u>	<u>2,040,200</u>	<u>9,276,857</u>	<u>-</u>	<u>9,753,710</u>	<u>21,070,767</u>
Committed fund balance for:						
General city plan development	-	-	-	-	1,906,634	1,906,634
Pension/OPEB Reserves	6,423,516	-	-	-	-	6,423,516
	<u>6,423,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,906,634</u>	<u>8,330,150</u>
Assigned fund balance for:						
Fire side fund	440,000	-	-	-	-	440,000
Equipment replacement	2,700,000	-	-	-	-	2,700,000
Community development	513,039	-	-	-	-	513,039
Waste disposal program	428,744	-	-	-	-	428,744
Art in public places	-	-	-	-	1,151,388	1,151,388
Capital assets acquisition	-	-	-	21,113,723	601,258	21,714,981
	<u>4,081,783</u>	<u>-</u>	<u>-</u>	<u>21,113,723</u>	<u>1,752,646</u>	<u>26,948,152</u>
Unassigned fund balance						
Catastrophic contingencies	6,831,467	-	-	-	-	6,831,467
Fiscal uncertainty	4,554,311	-	-	-	-	4,554,311
Other	11,860,021	-	-	-	-	11,860,021
	<u>23,245,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,245,799</u>
Total Fund Balances	\$ 34,111,470	\$ 2,040,200	\$ 9,276,857	\$ 21,113,723	\$ 13,412,990	\$ 79,955,240



12. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

	Project Authorizations	Expenditures	Unexpended Authorizations
Park Construction	\$ 69,600	\$ 15,944	\$ 53,656
Street Construction	8,013,000	2,772,598	5,240,402
Capital Improvements	6,404,000	677,906	5,726,094
Housing and Community	106,000	-	106,000
	14,592,600	3,466,448	11,126,152

The City had no significant encumbrances outstanding as of June 30, 2017.

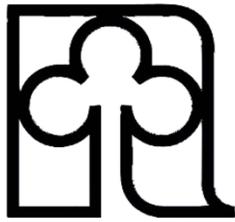
13. DEFICIT FUND BALANCE

The Workers' Compensation Fund is reporting a negative fund balance due to the increase in claims payments for fiscal year 2016-17. Workers' compensation paid claims can fluctuate between years and the funding from internal service allocations will be adjusted as needed in the subsequent fiscal period.

14. EXCESS EXPENDITURES OVER APPROPRIATIONS

The following funds reported excess expenditures over appropriations:

Paramedic Tax -	\$3,832
Fire Fees -	\$3,500
Community Development Act -	\$10,203



REQUIRED SUPPLEMENTARY INFORMATION





1. BUDGETARY BASIS OF ACCOUNTING

A. Budgetary Control and Budgetary Accounting

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

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

B. Budgetary Comparison Schedule - Housing Impact Fee

No budgetary comparison schedule is presented for the Housing Impact Special Revenue Fund as there were no budgeted expenditures or revenues for the current fiscal year.

City of Newark
Required Supplementary Information, Continued
For the year ended June 30, 2017



1. BUDGETARY BASIS OF ACCOUNTING, Continued

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

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
General property taxes	\$ 12,035,000	\$ 12,535,000	\$ 16,465,268	\$ 3,930,268
Other local taxes	24,885,800	26,760,800	28,150,707	1,389,907
Special assessments	250,000	250,000	-	(250,000)
Licenses, permits and fees	19,000	19,000	4,148,967	4,129,967
Fines and forfeitures	363,000	588,000	822,323	234,323
Use of money and property	80,000	150,000	333,083	183,083
Other governmental agencies	3,471,000	3,943,400	187,279	(3,756,121)
Current services charges	3,088,600	3,185,100	4,785,250	1,600,150
Other revenue	270,000	270,000	444,291	174,291
Total revenues	44,462,400	47,701,300	55,337,168	7,635,868
EXPENDITURES:				
Current:				
General government	5,294,500	6,396,751	5,231,065	1,165,686
Public safety:				
Fire	10,093,700	10,093,700	10,350,979	(257,279)
Police	18,907,889	19,508,402	17,742,869	1,765,533
Streets and parks	3,502,600	3,575,662	3,177,866	397,796
Community development	4,610,800	5,240,898	4,422,623	818,275
Recreation	4,476,800	4,725,991	4,534,338	191,653
Debt Service:				
Principal repayment	78,000	78,000	77,896	104
Interest and fiscal charges	5,500	5,500	5,474	26
Total expenditures	46,969,789	49,624,904	45,543,110	4,081,794
REVENUE OVER (UNDER) EXPENDITURES	(2,507,389)	(1,923,604)	9,794,058	11,717,662
OTHER FINANCING SOURCES (USES):				
Transfers in	400,000	(5,000,000)	294,281	5,294,281
Transfers out	-	(11,175,000)	(5,907,135)	5,267,865
Total other financing sources (uses)	400,000	(16,175,000)	(5,612,854)	10,562,146
Net change in fund balance	\$ (2,107,389)	\$ (18,098,604)	4,181,204	\$ 22,279,808
FUND BALANCES:				
Beginning of year, as restated			29,930,266	
End of year			\$ 34,111,470	

City of Newark
Required Supplementary Information, Continued
For the year ended June 30, 2017



1. BUDGETARY BASIS OF ACCOUNTING, Continued

Budgetary Comparison Schedule, State Construction Maintenance Special Revenue Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 10,000	\$ 10,000	\$ 14,712	\$ 4,712
Other governmental agencies	2,034,000	2,034,000	1,150,317	(883,683)
Other revenue	-	-	-	-
Total revenues	2,044,000	2,044,000	1,165,029	(878,971)
EXPENDITURES:				
Current:				
Streets and Parks	862,500	5,925,600	495,211	5,430,389
Capital outlay	-	-	1,109,265	(1,109,265)
Total expenditures	862,500	5,925,600	1,604,476	4,321,124
REVENUE OVER (UNDER) EXPENDITURES	1,181,500	(3,881,600)	(439,447)	3,442,153
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	6,135	6,135
Transfers out	(400,000)	(400,000)	-	400,000
Total other financing sources (uses)	(400,000)	(400,000)	6,135	406,135
Net change in fund balance	\$ 781,500	\$ (4,281,600)	(433,312)	\$ 3,848,288
FUND BALANCES:				
Beginning of year, as restated			2,473,512	
End of year			\$ 2,040,200	

City of Newark
Required Supplementary Information, Continued
For the year ended June 30, 2017



2. DEFINED PENSION PLAN - AGENT MULTIPLE EMPLOYER PLAN

A. Schedule of Changes in Net Pension Liability and Related Ratios
During the Measurement Period - Last 10 Years

Miscellaneous Plan

Measurement Period ⁽¹⁾	2015-16	2014-15	2013-14
TOTAL PENSION LIABILITY			
Service Cost	\$ 1,526,903	\$ 1,428,480	\$ 1,565,207
Interest	7,394,465	7,153,135	6,903,386
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(296,888)	(336,919)	-
Changes of Assumptions	-	(1,677,534)	-
Benefit Payments, Including Refunds of Employee Contributions	(5,339,676)	(5,054,891)	(4,796,901)
Net Change in Total Pension Liability	3,320,804	1,512,271	3,671,692
Total Pension Liability - Beginning	98,844,959	97,332,688	93,660,996
Total Pension Liability - Ending (a)	\$ 102,165,763	\$ 98,844,959	\$ 97,332,688
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 2,089,006	\$ 1,771,614	\$ 1,672,308
Contributions - Employee	1,026,537	980,547	1,133,861
Net Investment Income ⁽²⁾	377,065	1,509,133	10,440,289
Benefit Payments, Including Refunds of Employee Contributions	(5,339,676)	(5,054,891)	(4,796,901)
Administrative Expense	(41,512)	(76,731)	-
Other Changes in Fiduciary Net Position	-	95	-
Net Change in Fiduciary Net Position	(1,888,580)	(870,233)	8,449,557
Plan Fiduciary Net Position - Beginning	68,114,811	68,985,044	60,535,487
Plan Fiduciary Net Position - Ending (b)	\$ 66,226,231	\$ 68,114,811	\$ 68,985,044
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 35,939,532	\$ 30,730,148	\$ 28,347,644
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.82%	68.91%	70.88%
Covered Payroll	\$ 8,944,772	\$ 8,555,244	\$ 8,387,860
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	385.03%	359.20%	337.96%

(1) - Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) - Net of administrative expenses.

Notes to Schedules

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Changes of Assumptions: There were no changes in assumptions.

City of Newark
Required Supplementary Information, Continued
For the year ended June 30, 2017



2. DEFINED BENEFIT PENSION PLANS - AGENT MULTIPLE EMPLOYER PLAN, Continued

B. Schedule of Plan Contributions - Last 10 Years

Miscellaneous Plan

	<u>Fiscal Year 2016-17</u>	<u>Fiscal Year 2015-16</u> ⁽¹⁾	<u>Fiscal Year 2014-15</u> ⁽¹⁾
Actuarially determined contribution	\$ 2,252,317	\$ 2,089,006	\$ 1,773,777
Contribution in relation to the actuarially determined contributions	(2,252,317)	(2,089,006)	(1,773,777)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 9,900,873	\$ 8,944,772	\$ 8,555,244
Contributions as a percentage of covered payroll	-22.75%	23.35%	20.73%

(1) - Historical information is required only for measurement periods for which GASB 68 is applicable

3. DEFINED BENEFIT PENSION PLANS - COST SHARING PLAN

A. Schedule of City's Proportionate Share of the Net Pension Liability - Last 10 Years

Safety Members

Fiscal year:	<u>2017</u>	<u>2016</u>	<u>2015</u>
Measurement date:	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.629905%	0.66006%	0.64192%
Proportionate share of the net pension liability	\$ 54,506,282	\$ 45,305,899	\$ 39,942,949
Covered payroll	\$ 7,171,629	\$ 7,186,807	\$ 6,720,767
Proportionate share of the net pension liability as a percentage of covered payroll	760.03%	630.40%	594.32%
Plan's share of fiduciary net position as a percentage of total pension liability	74.06%	78.40%	79.82%

* Fiscal year 2015 was the 1st year of implementation.

City of Newark
Required Supplementary Information, Continued
For the year ended June 30, 2017



3. DEFINED BENEFIT PENSION PLANS - COST SHARING PLANS, Continued

A. Schedule of Plan Contributions - Last 10 Years

Safety Members

	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Contractually required contribution (actuarially determined)	\$ 3,595,377	\$ 3,262,170	\$ 2,526,932
Contribution in relation to the actuarially determined contributions	<u>(3,595,377)</u>	<u>(3,262,170)</u>	<u>(2,526,932)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 7,362,907	\$ 7,171,629	\$ 7,186,807
Contributions as a percentage of covered payroll	-48.83%	45.49%	35.16%

* Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown

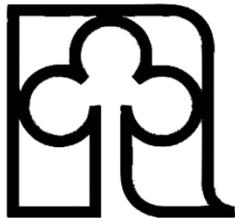
City of Newark
Required Supplementary Information, Continued
For the year ended June 30, 2017



4. 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
1/1/2011	\$ -	\$ 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%
6/30/2015	1,259,000	5,346,000	4,087,000	23.6%	15,836,000	25.8%

* Latest information available.



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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ 10,000	\$ 10,000	\$ 45,062	\$ 35,062
Current service charges	1,250,000	1,250,000	4,251,129	3,001,129
Total revenues	1,260,000	1,260,000	4,296,191	3,036,191
EXPENDITURES:				
Current:				
Police	108,855	331,226	36,530	294,696
Streets and parks	127,305	387,366	42,594	344,772
Recreation	193,725	589,470	65,244	524,226
Capital outlay	1,415,115	4,305,938	476,497	3,829,441
Total expenditures	1,845,000	5,614,000	620,865	4,993,135
REVENUE OVER (UNDER) EXPENDITURES	(585,000)	(4,354,000)	3,675,326	8,029,326
OTHER FINANCING SOURCES (USES):				
Transfers in	-	4,000,000	4,668,000	668,000
Total other financing sources (uses)	-	4,000,000	4,668,000	-
Net change in fund balance	\$ (585,000)	\$ (354,000)	8,343,326	\$ 8,697,326
FUND BALANCES:				
Beginning of year			12,770,397	
End of year			\$ 21,113,723	

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 Development 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.

Measure BB - 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.

PEG Fees

Accounts for PEG Fees that are assigned to be used for acquisition of equipment and other capital assets.

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, 2017

	Special Revenue Funds						
	Paramedic Tax	Alameda County Fire Fees	Police Grants	Community Development Act	Community Development Maint. Fees	Recycle AB 939	Measure D - Recycling
ASSETS							
Cash and investments							
Available for operations	\$ 112,971	\$ -	\$ 88,526	\$ -	\$ 1,949,104	\$ 63,646	\$ 501,434
Restricted cash and investments	-	-	-	-	-	-	-
Receivables:							
Special assessments	1,690	-	-	-	-	-	-
Intergovernmental	-	-	26,486	116,203	-	-	-
Other, net	-	35,518	-	-	-	-	34,864
Total assets	\$ 114,661	\$ 35,518	\$ 115,012	\$ 116,203	\$ 1,949,104	\$ 63,646	\$ 536,298
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 205	\$ -	\$ 42,470	\$ -	\$ 20,415
Due to other funds	-	-	-	101,168	-	-	-
Total liabilities	-	-	205	101,168	42,470	-	20,415
Fund Balances:							
Committed	\$ -	\$ -	\$ -	\$ -	\$ 1,906,634	\$ -	\$ -
Restricted	114,661	35,518	114,807	15,035	-	63,646	515,883
Assigned	-	-	-	-	-	-	-
Total fund balances	114,661	35,518	114,807	15,035	1,906,634	63,646	515,883
Total liabilities and fund balances	\$ 114,661	\$ 35,518	\$ 115,012	\$ 116,203	\$ 1,949,104	\$ 63,646	\$ 536,298

Special Revenue Funds		Debt Service Fund		Capital Project Funds				Total Non-Major Governmental Funds
Measure B - ACTIA	Measure BB ACTIA	Hazardous Materials Program	Public Financing Authority	Park Improvement	PEG Fees	Art in Public Places	Landscape and Lighting District	
\$ 855,103	\$ 1,024,021	\$ 50,131	\$ 45,570	\$ 5,725,977	\$ 579,868	\$ 1,151,388	\$ 855,512	\$ 13,003,251
-	-	-	634,440	-	-	-	-	634,440
-	-	-	-	-	-	-	29,779	31,469
127,467	103,576	-	-	-	-	-	-	373,732
-	-	-	-	-	21,390	-	-	91,772
<u>\$ 982,570</u>	<u>\$ 1,127,597</u>	<u>\$ 50,131</u>	<u>\$ 680,010</u>	<u>\$ 5,725,977</u>	<u>\$ 601,258</u>	<u>\$ 1,151,388</u>	<u>\$ 885,291</u>	<u>\$ 14,134,664</u>
\$ 134,030	\$ 409,030	\$ 3,798	\$ -	\$ 2	\$ -	\$ -	\$ 10,556	\$ 620,506
-	-	-	-	-	-	-	-	101,168
<u>134,030</u>	<u>409,030</u>	<u>3,798</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>10,556</u>	<u>721,674</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,906,634
848,540	718,567	46,333	680,010	5,725,975	-	-	874,735	9,753,710
-	-	-	-	-	601,258	1,151,388	-	1,752,646
<u>848,540</u>	<u>718,567</u>	<u>46,333</u>	<u>680,010</u>	<u>5,725,975</u>	<u>601,258</u>	<u>1,151,388</u>	<u>874,735</u>	<u>13,412,990</u>
<u>\$ 982,570</u>	<u>\$ 1,127,597</u>	<u>\$ 50,131</u>	<u>\$ 680,010</u>	<u>\$ 5,725,977</u>	<u>\$ 601,258</u>	<u>\$ 1,151,388</u>	<u>\$ 885,291</u>	<u>\$ 14,134,664</u>

City of Newark

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the year ended June 30, 2017

	Special Revenue Funds						
	Paramedic Tax	Alameda County Fire Fees	Police Grants	Community Development Act	Community Development Maint. Fees	Recycle AB 939	Measure D - Recycling
REVENUES:							
Special assessments	\$ 230,227	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	92	-	10,501	-	2,701
Other governmental agencies	-	-	126,486	116,203	-	-	132,597
Current service charges	-	152,635	16,800	-	-	-	-
Other revenues	-	-	-	-	1,226,995	-	-
Total revenues	230,227	152,635	143,378	116,203	1,237,496	-	135,298
EXPENDITURES:							
Current:							
Public safety:							
Fire	3,832	3,500	-	-	-	-	-
Police	-	-	174,596	-	-	-	-
Streets and parks	-	-	-	-	-	-	-
Community development	-	-	-	-	452,186	4,950	41,996
Recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	116,203	-	-	-
Debt service:							
Principal repayment	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	3,832	3,500	174,596	116,203	452,186	4,950	41,996
REVENUE OVER (UNDER) EXPENDITURES	226,395	149,135	(31,218)	-	785,310	(4,950)	93,302
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(150,000)	(144,281)	-	-	-	-	-
Total other financing sources (uses)	(150,000)	(144,281)	-	-	-	-	-
Net change in fund balances	76,395	4,854	(31,218)	-	785,310	(4,950)	93,302
FUND BALANCES:							
Beginning of year	38,266	30,664	146,025	15,035	1,121,324	68,596	422,581
End of year	\$ 114,661	\$ 35,518	\$ 114,807	\$ 15,035	\$ 1,906,634	\$ 63,646	\$ 515,883

Special Revenue Funds		Debt Service Fund		Capital Project Funds				Total Non-Major Governmental Funds
Measure B - ACTIA	Measure BB - ACTIA	Hazardous Materials Program	Public Financing Authority	Park Improvement	PEG Fees	Art in Public Places	Landscape and Lighting District	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 226,946	\$ 457,173
4,644	5,517	270	2,238	-	3,124	-	4,740	33,827
824,971	669,539	23,807	-	-	-	-	-	1,893,603
-	-	-	-	2,864,640	-	192,752	-	3,226,827
-	-	-	-	-	86,676	-	-	1,313,671
<u>829,615</u>	<u>675,056</u>	<u>24,077</u>	<u>2,238</u>	<u>2,864,640</u>	<u>89,800</u>	<u>192,752</u>	<u>231,686</u>	<u>6,925,101</u>
-	-	14,899	-	-	-	-	-	22,231
-	-	-	-	-	-	-	-	174,596
-	38,493	-	-	3,485	-	-	118,913	160,891
-	-	-	-	-	-	-	-	499,132
186,826	-	-	-	-	-	-	-	186,826
599,559	530,071	-	-	12,459	-	-	-	1,258,292
-	-	-	503,357	-	-	-	-	503,357
-	-	-	365,885	-	-	-	-	365,885
<u>786,385</u>	<u>568,564</u>	<u>14,899</u>	<u>869,242</u>	<u>15,944</u>	<u>-</u>	<u>-</u>	<u>118,913</u>	<u>3,171,210</u>
<u>43,230</u>	<u>106,492</u>	<u>9,178</u>	<u>(867,004)</u>	<u>2,848,696</u>	<u>89,800</u>	<u>192,752</u>	<u>112,773</u>	<u>3,753,891</u>
-	-	-	867,300	-	-	-	-	867,300
-	-	-	-	-	-	-	-	(294,281)
-	-	-	867,300	-	-	-	-	573,019
<u>43,230</u>	<u>106,492</u>	<u>9,178</u>	<u>296</u>	<u>2,848,696</u>	<u>89,800</u>	<u>192,752</u>	<u>112,773</u>	<u>4,326,910</u>
<u>805,310</u>	<u>612,075</u>	<u>37,155</u>	<u>679,714</u>	<u>2,877,279</u>	<u>511,458</u>	<u>958,636</u>	<u>761,962</u>	<u>9,086,080</u>
<u>\$ 848,540</u>	<u>\$ 718,567</u>	<u>\$ 46,333</u>	<u>\$ 680,010</u>	<u>\$ 5,725,975</u>	<u>\$ 601,258</u>	<u>\$ 1,151,388</u>	<u>\$ 874,735</u>	<u>\$ 13,412,990</u>

City of Newark

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

Paramedic Tax

For the year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and special assessments	\$ -	\$ -	\$ 230,227	\$ 230,227
Total revenues	-	-	230,227	230,227
EXPENDITURES:				
Current:				
Public Safety - Fire	-	-	3,832	(3,832)
Total expenditures	-	-	3,832	(3,832)
REVENUE OVER (UNDER) EXPENDITURES	-	-	226,395	226,395
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(150,000)	(150,000)	-
Total other financing sources (uses)	-	(150,000)	(150,000)	-
Net change in fund balance	\$ -	(150,000)	76,395	\$ 230,227
FUND BALANCES:				
Beginning of year			38,266	
End of year			\$ 114,661	

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Current service charges	\$ -	\$ -	\$ 152,635	\$ 152,635
Total revenues	-	-	152,635	152,635
EXPENDITURES:				
Current:				
Public safety:				
Fire	-	-	3,500	(3,500)
Total expenditures	-	-	3,500	(3,500)
REVENUE OVER (UNDER) EXPENDITURES	-	-	149,135	149,135
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(147,000)	(144,281)	2,719
Total other financing sources (uses)	-	(147,000)	(144,281)	2,719
Net change in fund balances	\$ -	\$ (147,000)	4,854	\$ 151,854
FUND BALANCES:				
Beginning of year			30,664	
End of year			\$ 35,518	

City of Newark

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

Police Grants

For the year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 92	\$ 92
Other governmental agencies	50,000	50,000	126,486	76,486
Current service charges	-	(21,000)	16,800	37,800
Total revenues	50,000	29,000	143,378	114,378
EXPENDITURES:				
Current:				
Public safety:				
Police	226,111	202,411	174,596	27,815
Total expenditures	226,111	202,411	174,596	27,815
REVENUE OVER (UNDER) EXPENDITURES	(176,111)	(173,411)	(31,218)	142,193
Net change in fund balance	\$ (176,111)	\$ (173,411)	(31,218)	\$ 142,193
FUND BALANCES:				
Beginning of year			146,025	
End of year			\$ 114,807	

City of Newark

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

Community Development Act

For the year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other governmental agencies	\$ 194,000	\$ 194,000	\$ 116,203	\$ (77,797)
Total revenues	194,000	194,000	116,203	(77,797)
EXPENDITURES:				
Current:				
Capital outlay	106,000	106,000	116,203	(10,203)
Total expenditures	106,000	106,000	116,203	(10,203)
Net change in fund balance	\$ 88,000	\$ 88,000	-	\$ (88,000)
FUND BALANCES:				
Beginning of year			15,035	
End of year			\$ 15,035	

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 10,501	\$ 10,501
Other revenues	600,000	600,000	1,226,995	626,995
Total revenues	600,000	600,000	1,237,496	637,496
EXPENDITURES:				
Current:				
Community development	-	576,711	452,186	124,525
Total expenditures	-	576,711	452,186	124,525
REVENUE OVER (UNDER) EXPENDITURES	600,000	23,289	785,310	762,021
Net change in fund balance	\$ 600,000	\$ 23,289	785,310	\$ 762,021
FUND BALANCES:				
Beginning of year			1,121,324	
End of year			\$ 1,906,634	

City of Newark

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

Recycle AB 939

For the year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Other governmental agencies	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES:				
Current:				
Community development	-	7,500	4,950	2,550
Total expenditures	-	7,500	4,950	2,550
REVENUE OVER (UNDER) EXPENDITURES	-	(7,500)	(4,950)	2,550
Net change in fund balance	\$ -	\$ (7,500)	(4,950)	\$ 2,550
FUND BALANCES:				
Beginning of year			68,596	
End of year			\$ 63,646	

City of Newark

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Measure D - Recycling For the year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 2,701	\$ 2,701
Other revenues	-	-	132,597	132,597
Total revenues	-	-	135,298	135,298
EXPENDITURES:				
Current:				
Community development	-	101,000	41,996	59,004
Total expenditures	-	101,000	41,996	59,004
REVENUE OVER (UNDER) EXPENDITURES	-	(101,000)	93,302	76,294
Net change in fund balance	\$ -	\$ (101,000)	93,302	\$ 194,302
FUND BALANCES:				
Beginning of year			422,581	
End of year			\$ 515,883	

City of Newark

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

Measure B - ACTIA

For the year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 4,644	\$ 4,644
Other governmental agencies	187,000	187,000	824,971	637,971
Total revenues	187,000	187,000	829,615	642,615
EXPENDITURES:				
Current:				
Recreation	-	-	186,826	(186,826)
Capital outlay	429,000	1,148,500	599,559	548,941
Total expenditures	429,000	1,148,500	786,385	362,115
REVENUE OVER (UNDER) EXPENDITURES	(242,000)	(961,500)	43,230	1,004,730
Net change in fund balance	\$ (242,000)	\$ (961,500)	43,230	\$ 1,004,730
FUND BALANCES:				
Beginning of year			805,310	
End of year			\$ 848,540	

City of Newark

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

Measure BB - ACTIA

For the year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 5,517	\$ 5,517
Other governmental agencies	-	-	669,539	669,539
Total revenues	-	-	675,056	675,056
EXPENDITURES:				
Current:				
Streets and parks	-	-	38,493	(38,493)
Capital outlay	526,000	938,900	530,071	408,829
Total expenditures	526,000	938,900	568,564	370,336
REVENUE OVER (UNDER) EXPENDITURES	(526,000)	(938,900)	106,492	1,045,392
Net change in fund balance	\$ (526,000)	\$ (938,900)	106,492	\$ 1,045,392
FUND BALANCES:				
Beginning of year			612,075	
End of year			\$ 718,567	

City of Newark

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

Hazardous Materials Program

For the year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 270	\$ 270
Other governmental agencies	-	21,000	23,807	2,807
Total revenues	-	21,000	24,077	3,077
EXPENDITURES:				
Current:				
Fire	-	21,000	14,899	6,101
Total expenditures	-	21,000	14,899	6,101
REVENUE OVER (UNDER) EXPENDITURES	-	-	9,178	9,178
Net change in fund balance	\$ -	\$ -	9,178	\$ 9,178
FUND BALANCES:				
Beginning of year			37,155	
End of year			\$ 46,333	

City of Newark

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

Park Improvement

For the year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Current service charges	\$ 1,500,000	\$ 1,500,000	\$ 2,864,640	\$ 1,364,640
Total revenues	1,500,000	1,500,000	2,864,640	1,364,640
EXPENDITURES:				
Current:				
Streets and parks	-	-	3,485	(3,485)
Capital outlay	-	69,600	12,459	57,141
Total expenditures	-	69,600	15,944	53,656
REVENUE OVER (UNDER) EXPENDITURES	1,500,000	1,430,400	2,848,696	1,418,296
Net change in fund balance	\$ 1,500,000	\$ 1,430,400	2,848,696	\$ 1,418,296
FUND BALANCES:				
Beginning of year			2,877,279	
End of year			\$ 5,725,975	

City of Newark

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

PEG Fees

For the year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Current service charges	\$ -	\$ -	\$ 3,124	\$ 3,124
Other revenues	-	-	86,676	86,676
Total revenues	-	-	89,800	89,800
EXPENDITURES:				
Current:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	\$ -	\$ -	89,800	\$ 89,800
FUND BALANCES:				
Beginning of year			511,458	
End of year			\$ 601,258	

City of Newark

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

Art in Public Places

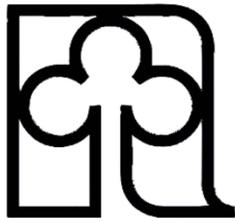
For the year ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Current service charges	\$ -	\$ -	\$ 192,752	\$ 192,752
Total revenues	-	-	192,752	192,752
EXPENDITURES:				
Current:				
Community Development	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	\$ -	\$ -	192,752	\$ 192,752
FUND BALANCES:				
Beginning of year			958,636	
End of year			\$ 1,151,388	

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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and special assessments	\$ -	\$ -	\$ 226,946	\$ 226,946
Use of money	-	-	4,740	4,740
Total revenues	-	-	231,686	231,686
EXPENDITURES:				
Current:				
Streets and parks	-	585,271	118,913	466,358
Total expenditures	-	585,271	118,913	466,358
REVENUE OVER (UNDER) EXPENDITURES	-	(585,271)	112,773	698,044
Net change in fund balance	\$ -	\$ (585,271)	112,773	\$ 698,044
FUND BALANCES:				
Beginning of year			761,962	
End of year			\$ 874,735	



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, 2017

	Equipment Replacement	Equipment Operations	Office Support	Building Maintenance
ASSETS				
Current assets:				
Cash and investments	\$ 1,177,017	\$ 815,270	\$ 76,457	\$ 1,076,434
Receivables	-	1,760	-	6,759
Supplies and other assets	-	56,892	3,000	8,665
Total current assets	1,177,017	873,922	79,457	1,091,858
Capital assets, net of accumulated depreciation	1,418,516	-	-	-
Total assets	2,595,533	873,922	79,457	1,091,858
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	27,685	39,929	4,925	135,312
Due to other funds	-	-	-	-
Capital lease obligation, due within one year	43,698	-	-	-
Claims payable, due within one year	-	-	-	-
Total current liabilities	71,383	39,929	4,925	135,312
Noncurrent liabilities:				
Capital lease obligation, due in more than one year	45,076	-	-	-
Claims payable, due in more than one year	-	-	-	-
Total liabilities	116,459	39,929	4,925	135,312
NET POSITION				
Net investment in capital assets *	1,329,742	-	-	-
Unrestricted	1,149,332	833,993	74,532	956,546
Total net position	\$ 2,479,074	\$ 833,993	\$ 74,532	\$ 956,546

Public Liability Self-Insurance	Workers' Compensation Self-Insurance	Total
\$ 839,158	\$ 1,646,781	\$ 5,631,117
11,655	-	20,174
-	-	68,557
<u>850,813</u>	<u>1,646,781</u>	<u>5,719,848</u>
-	-	1,418,516
<u>850,813</u>	<u>1,646,781</u>	<u>7,138,364</u>
25,844	36,983	270,678
-	-	-
-	-	43,698
<u>138,021</u>	<u>480,631</u>	<u>618,652</u>
<u>163,865</u>	<u>517,614</u>	<u>933,028</u>
-	-	45,076
<u>410,752</u>	<u>2,163,045</u>	<u>2,573,797</u>
<u>574,617</u>	<u>2,680,659</u>	<u>3,551,901</u>
-	-	1,329,742
<u>276,196</u>	<u>(1,033,878)</u>	<u>2,256,721</u>
<u>\$ 276,196</u>	<u>\$ (1,033,878)</u>	<u>\$ 3,586,463</u>

City of Newark
Combining Statement of Activities and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2017

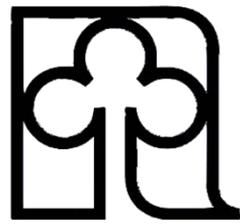
	<u>Equipment Replacement</u>	<u>Equipment Operations</u>	<u>Office Support</u>	<u>Building Maintenance</u>
OPERATING REVENUES:				
Charges to departments	\$ 392,200	\$ 979,600	\$ 119,400	\$ 1,866,200
Other revenue	2,086	2,360	-	71,997
Total operating revenues	<u>394,286</u>	<u>981,960</u>	<u>119,400</u>	<u>1,938,197</u>
OPERATING EXPENSES:				
Personnel services	-	467,426	18,660	507,036
Materials and supplies	114,030	318,655	26,710	62,966
Contractual Services	-	134,520	55,046	595,487
Utilities	-	-	-	676,045
Insurance claims and premiums	-	-	-	-
Depreciation	233,078	-	-	-
Total operating expenses	<u>347,108</u>	<u>920,601</u>	<u>100,416</u>	<u>1,841,534</u>
OPERATING INCOME (LOSS)	<u>47,178</u>	<u>61,359</u>	<u>18,984</u>	<u>96,663</u>
NONOPERATING REVENUES (EXPENSES):				
Interest expense	(4,134)	-	-	-
Total nonoperating revenue (expenses)	<u>(4,134)</u>	<u>-</u>	<u>-</u>	<u>-</u>
INCOME (LOSS) BEFORE TRANSFERS	43,044	61,359	18,984	96,663
Transfers in	226,000	112,000	-	27,700
Total transfers	<u>226,000</u>	<u>112,000</u>	<u>-</u>	<u>27,700</u>
Change in net position	269,044	173,359	18,984	124,363
NET POSITION:				
Beginning of year	2,210,030	660,634	55,548	832,183
End of year	<u>\$ 2,479,074</u>	<u>\$ 833,993</u>	<u>\$ 74,532</u>	<u>\$ 956,546</u>

Public Liability Self-Insurance	Workers' Compensation Self-Insurance	Total
\$ 608,000	\$ 1,026,100	\$ 4,991,500
33,836	-	110,279
<u>641,836</u>	<u>1,026,100</u>	<u>5,101,779</u>
81,579	24,914	1,099,615
-	-	522,361
413,703	1,042,633	2,241,389
-	-	676,045
334,940	-	334,940
-	-	233,078
<u>830,222</u>	<u>1,067,547</u>	<u>5,107,428</u>
<u>(188,386)</u>	<u>(41,447)</u>	<u>(5,649)</u>
-	-	(4,134)
-	-	(4,134)
(188,386)	(41,447)	(9,783)
-	-	365,700
-	-	365,700
(188,386)	(41,447)	355,917
464,582	(992,431)	3,230,546
<u>\$ 276,196</u>	<u>\$ (1,033,878)</u>	<u>\$ 3,586,463</u>

City of Newark
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2017

	Equipment Replacement	Equipment Operations	Office Support	Building Maintenance
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from other funds	\$ 394,286	\$ 981,960	\$ 119,400	\$ 1,938,197
Payments to suppliers/other fund	(98,092)	(431,912)	(85,910)	(1,269,455)
Payments to employees	-	(467,426)	(18,660)	(507,036)
Claims paid	-	-	-	-
Net cash provided (used) by operating activities	296,194	82,622	14,830	161,706
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund receipts	226,000	112,000	-	27,700
Net cash provided (used) by noncapital financing activities	226,000	112,000	-	27,700
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Payments on capital lease	(42,363)	-	-	-
Acquisition of capital assets	(242,886)	-	-	-
Interest paid and fiscal charges	(4,133)	-	-	-
Net cash provided (used) by capital and related financing activities	(289,382)	-	-	-
Net increase (decrease) in cash and cash equivalents	232,812	194,622	14,830	189,406
CASH AND CASH EQUIVALENTS:				
Beginning of year	944,205	620,648	61,627	887,028
End of year	<u>\$ 1,177,017</u>	<u>\$ 815,270</u>	<u>\$ 76,457</u>	<u>\$ 1,076,434</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ 47,178	\$ 61,359	\$ 18,984	\$ 96,663
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	233,078	-	-	-
Change in assets and liabilities:				
Accounts receivable and other assets	-	4,533	-	7,107
Accounts payable and accrued liabilities	15,938	16,730	(4,154)	57,936
Total adjustments	249,016	21,263	(4,154)	65,043
Net cash provided (used) by operating activities	\$ 296,194	\$ 82,622	\$ 14,830	\$ 161,706

Public Liability Self-Insurance	Workers' Compensation Self-Insurance	Total
\$ 639,557	\$ 1,026,100	\$ 5,099,500
(413,703)	(1,042,633)	(3,341,705)
(81,579)	(24,914)	(1,099,615)
(36,595)	(120,605)	(157,200)
107,680	(162,052)	500,980
-	-	365,700
-	-	365,700
-	-	(42,363)
-	-	(242,886)
-	-	(4,133)
-	-	(289,382)
107,680	(162,052)	577,298
731,478	1,808,833	5,053,819
\$ 839,158	\$ 1,646,781	\$ 5,631,117
\$ (188,386)	\$ (41,447)	\$ (5,649)
-	-	233,078
(2,279)	-	9,361
298,345	(120,605)	264,190
296,066	(120,605)	506,629
\$ 107,680	\$ (162,052)	\$ 500,980



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.

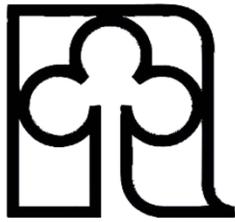
City of Newark
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year ended June 30, 2017

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Area Improvement Districts				
Assets:				
Cash and investments for operations	\$ 4,263,171	\$ 983,859	\$ 950,584	\$ 4,296,446
Receivables	21,500	-	21,500	-
Total assets	\$ 4,284,671	\$ 983,859	\$ 972,084	\$ 4,296,446
Liabilities:				
Due to bondholders	\$ 4,284,671	\$ 983,859	\$ 972,084	\$ 4,296,446
Total liabilities	\$ 4,284,671	\$ 983,859	\$ 972,084	\$ 4,296,446

City of Newark
Utility Users Tax - Budget to Actual Comparison
For the year ended June 30, 2017

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 2016/17.

	2016/17 Approved Budget	2016/17 Actuals
Management/Support Services		
Human Resources	\$ 38,700	\$ 38,700
Information Systems	10,300	10,300
Financial Services	219,400	219,400
Subtotal	<u>268,400</u>	<u>268,400</u>
Public Safety		
Patrol	724,000	724,000
Investigation	120,000	120,000
School Crossing Guard	70,400	64,561
Administration	50,000	50,000
Fire	1,066,000	250,494
Subtotal	<u>2,030,400</u>	<u>1,209,055</u>
Community Promotion		
Development	157,000	157,000
Community Preservation	62,400	62,400
Subtotal	<u>219,400</u>	<u>219,400</u>
Recreation		
General Recreation Services	200,000	200,000
Youth/Adult Sports	20,100	20,100
Activity & Family Aquatic Center	130,600	130,600
Senior Services	165,000	165,000
Subtotal	<u>515,700</u>	<u>515,700</u>
Park & Landscape Maintenance		
Environmental Services	102,000	102,000
Street Repairs	6,400	6,400
Park & Landscape	301,000	301,000
Subtotal	<u>409,400</u>	<u>409,400</u>
Internal Service Funds		
Equipment Maintenance	112,000	112,000
Building Maintenance	27,700	27,700
Subtotal	<u>139,700</u>	<u>139,700</u>
TOTAL UTILITY USERS TAX EXPENDITURES	3,583,000	2,761,655
GENERAL FUND SUPPORT AND		
TRANSFER TO FISCAL UNCERTAINTY	\$ 437,800	\$ 765,575



CITY OF NEWARK

Statistical Section

This section of the City of Newark's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial condition.

Contents

Financial Trends

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

- 1 Net 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

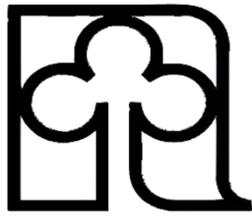
These schedules present demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

- 13 Demographic and Economic Statistics
- 14 Principal Employers

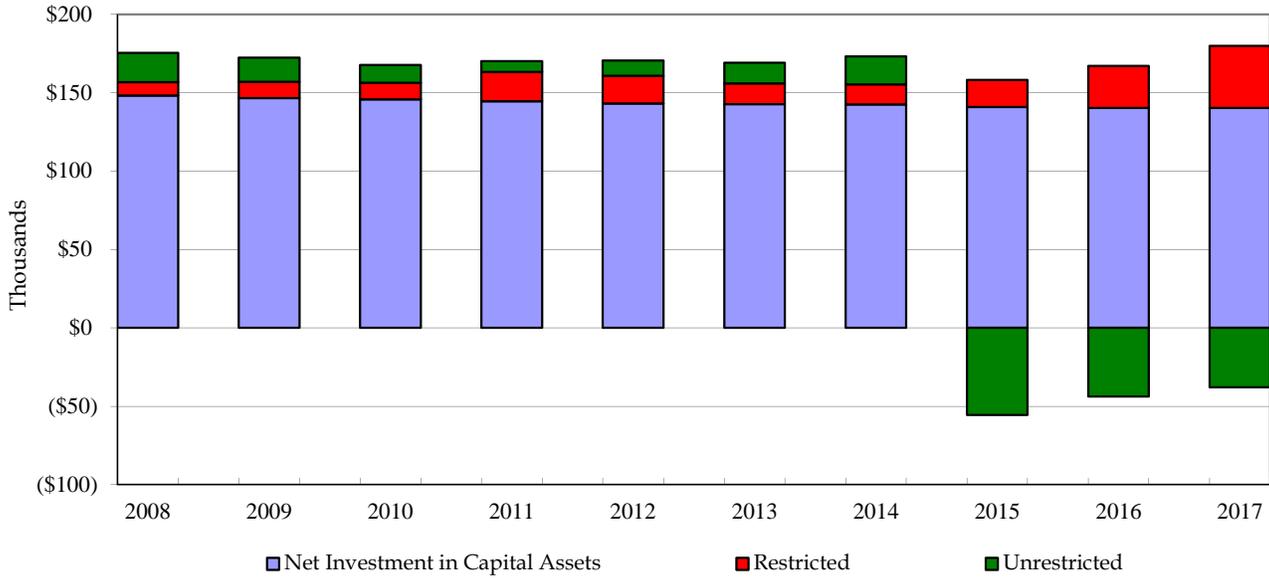
Operating Information

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<i>Primary government</i>										
<i>Governmental activities:</i>										
Net Investment in Capital Assets	\$148,171	\$146,665	\$145,913	\$144,678	\$143,258	\$142,709	\$142,524	\$140,931	\$140,414	\$140,414
Restricted	8,560	10,389	10,406	18,563	17,596	13,198	12,806	17,260	26,622	39,484
Unrestricted	18,804	15,435	11,490	6,865	9,806	13,264	17,903	(55,634)	(43,711)	(37,879)
Total governmental activities net position	\$175,535	\$172,489	\$167,809	\$170,106	\$170,660	\$169,171	\$173,233	\$102,557	\$123,325	\$142,019

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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government	\$5,183	\$4,711	\$3,965	\$3,838	\$3,891	\$3,796	\$4,643	\$5,986	\$4,484	\$5,337
Public safety:										
Fire	8,726	9,839	9,026	8,294	8,380	8,669	8,665	9,641	9,805	10,554
Police	15,842	13,519	13,814	12,535	13,598	14,643	15,310	15,565	17,202	19,787
Streets and parks	7,696	5,685	6,763	5,644	6,065	9,834	6,743	6,082	5,934	6,465
Community development	3,299	2,946	2,863	2,821	3,127	2,749	3,052	3,456	3,930	5,010
Recreation	7,398	5,053	4,717	4,865	4,440	3,839	4,212	4,245	4,291	5,243
Interest on long-term debt	705	668	645	618	601	455	430	406	391	370
Total governmental activities expenses	<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>	<u>45,381</u>	<u>46,036</u>	<u>52,766</u>
Program revenues										
Governmental activities:										
Charges for services:										
General government	18	79	82	97	73	45	50	14	15	13
Public safety:										
Fire	462	415	239	69	94	135	115	113	230	323
Police	820	769	924	753	521	555	563	573	729	990
Streets and parks	768	432	666	585	563	560	530	1,181	2,771	3,388
Community development	1,389	1,140	1,183	1,198	1,398	1,268	1,858	5,048	13,492	14,269
Recreation	2,685	2,497	2,384	2,349	2,391	1,686	2,432	2,273	2,458	2,801
Operating grants and contributions	1,700	2,426	3,227	1,838	1,492	1,053	938	615	803	642
Capital grants and contributions	1,253	3,351	2,719	1,560	1,625	2,337	2,725	2,055	2,584	2,661
Total governmental program revenues	<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>	<u>11,872</u>	<u>23,083</u>	<u>25,087</u>
Net (expense)/revenue										
Total governmental activities net expense	<u>(39,754)</u>	<u>(31,312)</u>	<u>(30,369)</u>	<u>(30,166)</u>	<u>(31,945)</u>	<u>(36,346)</u>	<u>(33,844)</u>	<u>(33,509)</u>	<u>(22,953)</u>	<u>(27,679)</u>
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Property taxes	12,969	12,962	12,498	11,801	11,843	12,559	13,035	13,987	14,967	16,465
Sales taxes	10,856	8,463	6,702	8,807	8,819	9,631	10,182	10,603	11,092	12,949
Franchise taxes	2,449	2,453	2,475	2,512	2,538	2,870	2,938	3,076	2,725	3,670
Transient occupancy tax	3,326	2,573	2,337	2,785	3,323	3,705	4,320	5,067	5,859	6,094
Utility users tax	0	0	0	765	3,231	3,376	3,644	3,617	3,292	3,527
Other local taxes	1,080	950	958	1,097	1,117	1,132	1,272	1,488	1,799	1,996
Motor vehicle in-lieu	187	157	0	203	22	23	19	18	18	20
Use of money and property	1,314	658	129	79	147	49	70	93	189	446
Gain on sale of assets	0	0	523	0	423	0	0	0	0	0
Miscellaneous	44	50	66	4,414	1,037	1,510	2,562	1,926	2,829	1,206
general revenues	<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>	<u>39,875</u>	<u>42,769</u>	<u>46,373</u>
Change in net position governmental activities	<u>(\$7,529)</u>	<u>(\$3,046)</u>	<u>(\$4,681)</u>	<u>\$2,297</u>	<u>\$555</u>	<u>(\$1,491)</u>	<u>\$4,198</u>	<u>\$6,366</u>	<u>\$19,816</u>	<u>\$18,694</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,									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Nonspendable:										
Supplies and prepaid assets	\$ -	\$ -	\$ -	\$ 633	\$ 134	\$ 121	\$ 555	\$ 152	\$ 135	\$ 145
Due from Successor Redevelopment Agency	-	-	-	-	-	-	-	404	356	216
Committed:										
Pension/OPEB Reserves	-	-	-	-	-	-	-	-	-	6,424
Assigned for:										
Community development	-	-	-	-	-	-	242	187	342	513
Fire side fund	-	-	-	-	363	463	613	-	-	440
Equipment replacement	-	-	-	-	-	155	405	1,305	1,500	2,700
Waste disposal fund	-	-	-	-	972	1,028	817	576	429	429
Unassigned	-	-	-	8,566	10,700	13,849	16,776	18,904	27,169	23,244
Total General Fund	<u>\$ 11,882</u>	<u>\$ 10,211</u>	<u>\$ 7,164</u>	<u>\$ -</u>	<u>\$ 12,169</u>	<u>\$ 15,616</u>	<u>\$ 19,558</u>	<u>\$ 21,528</u>	<u>\$ 29,930</u>	<u>\$ 34,111</u>
All other governmental funds										
Committed:										
Community development	\$ -	\$ -	\$ -	\$ -	\$ 173	\$ 152	\$ 304	\$ 576	\$ 1,121	\$ 1,907
Restricted for:										
Public safety	-	-	-	182	126	216	198	196	215	266
Street improvements	-	-	-	4,678	4,460	3,053	3,740	3,756	3,891	3,608
Environmental programs	-	-	-	193	190	240	314	400	491	580
Health and welfare	-	-	-	-	122	34	35	37	37	46
Recreation programs	-	-	-	181	151	116	111	730	2,877	5,726
Debt service	-	-	-	1,014	675	676	677	681	680	680
Landscape and lighting	-	-	-	-	623	701	665	738	762	875
Other purposes	-	-	-	506	-	-	-	-	-	-
Assigned to:										
Capital projects	-	-	-	10,499	10,310	6,858	-	-	-	-
Community development	-	-	-	-	(5)	15	15	715	5,732	9,292
Art in public places	-	-	-	-	646	646	673	860	959	1,151
Capital asset acquisition	-	-	-	-	-	-	6,159	9,340	13,282	21,713
Other purposes	-	-	-	1,745	-	-	-	-	-	-
Unassigned										
Reserved	1,000	3,559	990	-	-	-	-	-	-	-
Unreserved, reported in:										
Debt service funds	71	49	49	-	-	-	-	-	-	-
Special revenue funds	7,788	6,262	7,492	-	-	-	-	-	-	-
Capital project funds	9,777	8,159	8,306	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 18,636</u>	<u>\$ 18,029</u>	<u>\$ 16,837</u>	<u>\$ -</u>	<u>\$ 17,471</u>	<u>\$ 12,707</u>	<u>\$ 12,891</u>	<u>\$ 18,029</u>	<u>\$ 30,047</u>	<u>\$ 45,844</u>

Source: City of Newark Basic Financial Statements

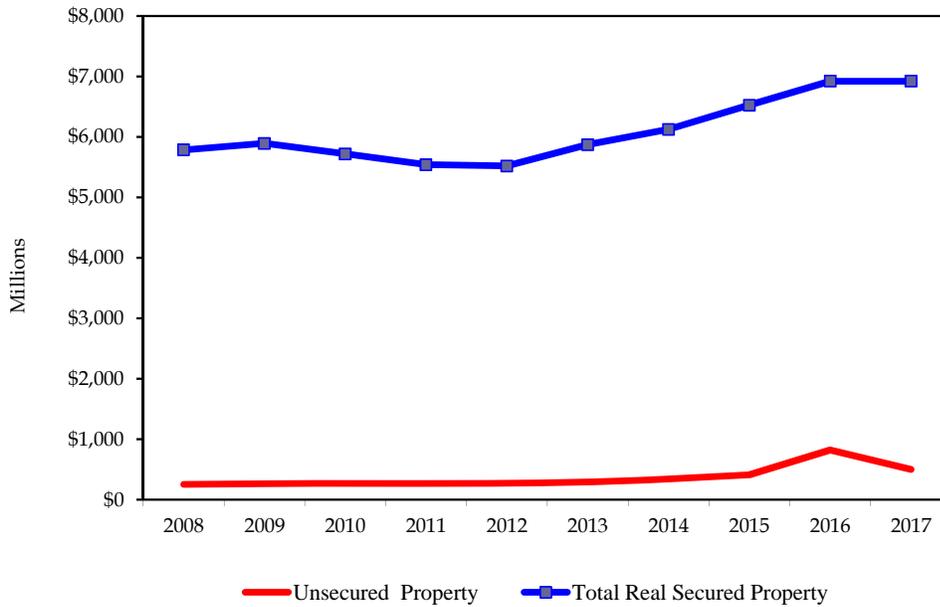
CITY OF NEWARK
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)

	Fiscal year ended June 30,			
	2008	2009	2010	2011
Revenues				
Property taxes	\$12,880	\$12,875	\$12,281	\$11,802
Other local taxes	17,710	14,684	13,197	15,926
Special assessments	374	898	904	443
Licenses, permits and fees	1,089	873	1,040	820
Fines and forfeitures	569	528	591	473
Use of money and property	1,397	776	109	80
Intergovernmental revenues	2,643	4,760	3,482	4,575
Charges for services	4,104	3,587	3,306	3,607
Other	554	394	435	4,123
Total revenues	<u>41,320</u>	<u>39,375</u>	<u>35,345</u>	<u>41,849</u>
Expenditures				
Current:				
General government	4,185	4,503	3,807	3,739
Public safety:				
Fire	8,597	9,426	8,897	8,082
Police	14,113	13,321	13,270	12,725
Streets and parks	5,324	4,904	5,934	4,224
Community development	2,974	2,713	2,809	2,466
Recreation	5,630	4,562	4,248	4,413
Capital outlay	1,269	1,034	634	374
Debt service:				
Principal repayment	498	516	975	454
Interest and fiscal charges	697	674	659	621
Total expenditures	<u>43,287</u>	<u>41,653</u>	<u>41,233</u>	<u>37,098</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,967)</u>	<u>(2,278)</u>	<u>(5,888)</u>	<u>4,751</u>
Other financing sources (uses)				
Proceeds from sale of property	-	-	1,199	-
Transfers in	3,915	2,163	1,475	3,244
Transfers (out)	(3,940)	(2,163)	(1,475)	(3,244)
Issuance of debt	-	-	-	-
Debt refunding	-	-	-	-
Certificates of participation issued	-	-	-	-
Capital lease proceeds	470	-	-	-
Total other financing sources (uses)	<u>445</u>	<u>0</u>	<u>0</u>	<u>0</u>
Extraordinary gain				
RDA Dissolution	-	-	-	-
Net change in fund balances	<u>(\$1,522)</u>	<u>(\$2,278)</u>	<u>(\$5,888)</u>	<u>\$4,751</u>
Debt service as a percentage of noncapital expenditures	2.8%	2.9%	4.1%	3.0%

Source: City of Newark Basic Financial Statements

Fiscal year ended June 30,					
2012	2013	2014	2015	2016	2017
\$11,843	\$12,559	\$13,035	\$13,988	\$14,967	\$16,465
19,028	20,558	22,200	23,867	24,655	28,151
472	473	319	431	460	457
1,117	939	1,443	2,264	4,173	4,149
383	377	363	383	529	822
147	49	70	93	189	477
2,996	2,974	4,037	3,093	3,345	3,231
3,808	3,098	4,604	6,351	14,430	15,739
850	984	1,374	1,485	2,982	1,793
<u>40,644</u>	<u>42,011</u>	<u>47,445</u>	<u>51,955</u>	<u>65,729</u>	<u>71,284</u>
3,790	3,722	4,526	6,043	4,643	5,231
8,142	8,433	8,460	9,635	9,619	10,373
13,406	14,433	15,282	15,435	16,741	17,954
4,881	7,159	4,350	3,663	3,954	3,877
3,085	2,708	3,005	3,512	4,089	4,922
3,914	3,458	3,949	4,000	4,092	4,787
20	2,365	2,588	1,483	1,321	2,844
632	527	572	589	560	581
761	450	430	410	388	371
<u>38,631</u>	<u>43,255</u>	<u>43,162</u>	<u>44,770</u>	<u>45,409</u>	<u>50,940</u>
<u>2,013</u>	<u>(1,244)</u>	<u>4,283</u>	<u>7,185</u>	<u>20,321</u>	<u>20,344</u>
-	-	-	-	-	-
3,085	1,852	2,212	4,065	3,773	5,836
(3,618)	(1,924)	(2,504)	(4,141)	(3,910)	(6,202)
9,704	-	-	-	-	-
(9,700)	-	-	-	-	-
-	-	-	-	-	-
-	-	134	-	-	-
<u>(529)</u>	<u>(72)</u>	<u>(158)</u>	<u>(76)</u>	<u>(138)</u>	<u>(366)</u>
423	-	-	-	-	-
<u>\$1,907</u>	<u>(\$1,316)</u>	<u>\$4,125</u>	<u>\$7,109</u>	<u>\$20,183</u>	<u>\$19,978</u>
3.7%	2.3%	2.4%	2.3%	2.1%	1.9%

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



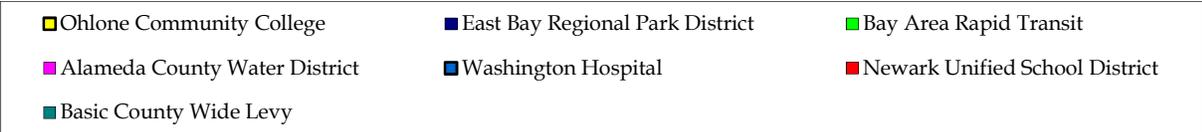
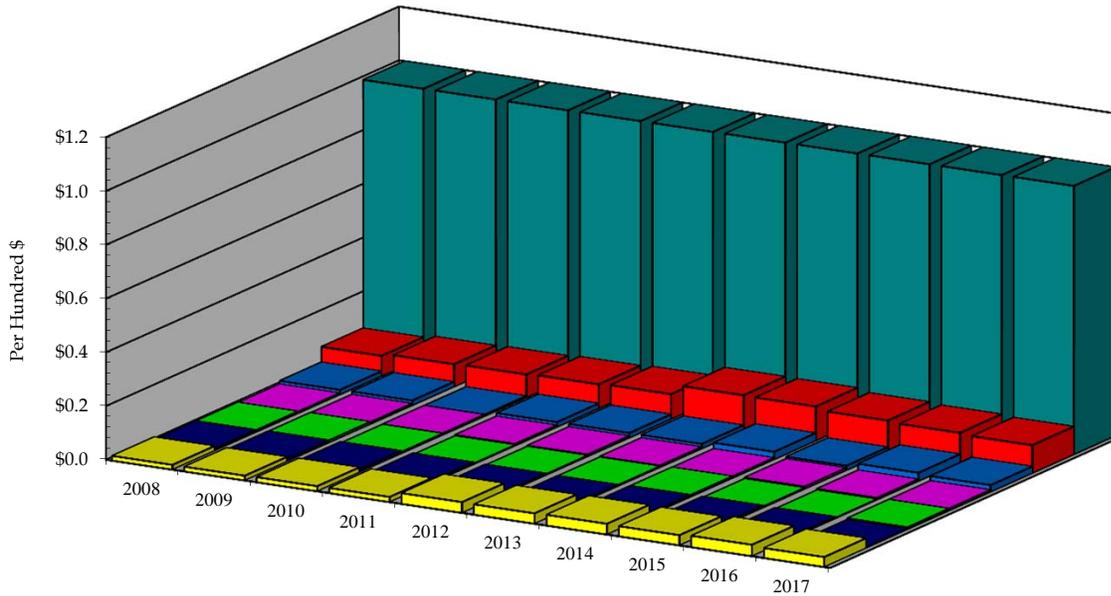
Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Total Direct Tax Rate
	Residential Property	Commercial Property	Industrial Property	Other				
2008	3,655,787,270	876,293,567	873,977,913	124,265,251	5,530,324,001	256,002,340	5,786,326,341	0.16517%
2009	3,763,035,574	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%
2015	3,827,802,794	649,505,241	1,426,042,828	211,620,359	6,114,971,222	409,594,577	6,524,565,799	0.16425%
2016	4,083,212,592	688,882,274	1,106,413,993	221,541,798	6,100,050,657	823,549,996	6,923,600,653	0.16383%
2017	4,381,165,279	714,399,736	1,635,285,953	(309,716,937)	6,421,134,031	502,466,622	6,923,600,653	0.16292%

Source: Alameda County Assessor 2007/08 - 2016/17 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
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
2015	1.0000	0.0093	0.0045	0.0085	0.1159	0.0378	0.0171	1.1931
2016	1.0000	0.0075	0.0026	0.0067	0.1103	0.0424	0.0313	1.2008
2017	1.0000	0.0080	0.0080	0.0032	0.1046	0.0370	0.0256	1.1864

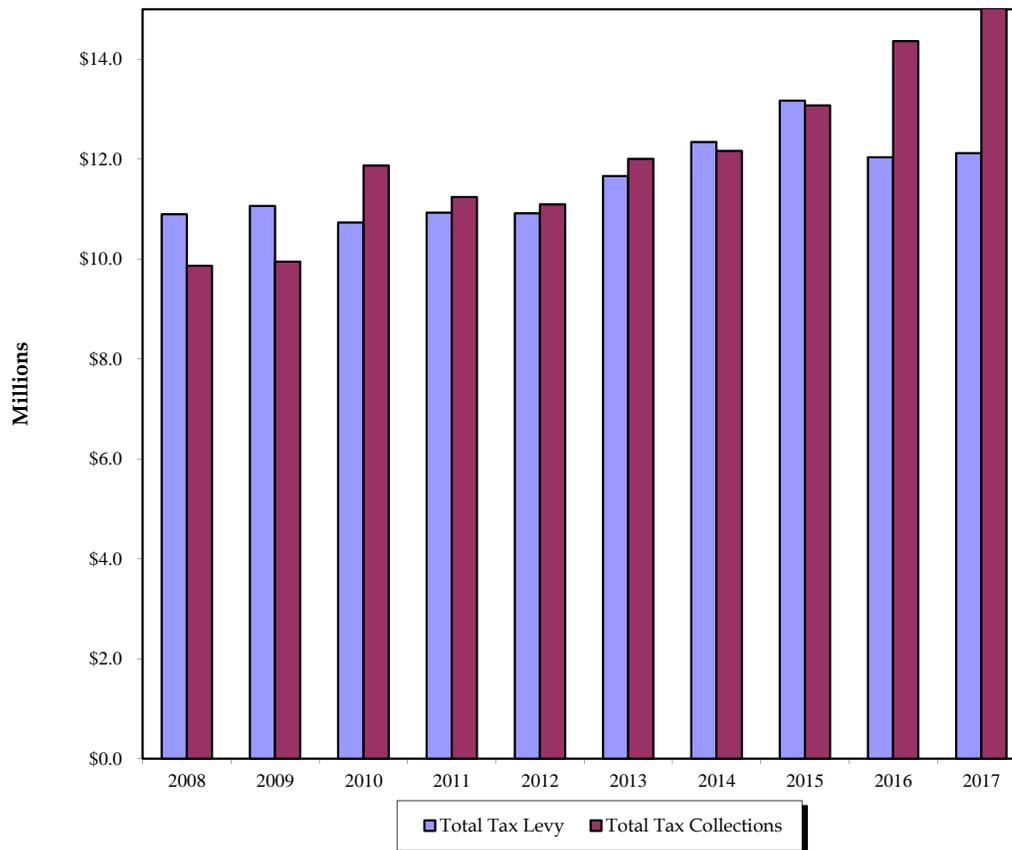
Source: Alameda County Assessor 2007/08 - 2016/17 Tax Rate Table

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

Taxpayer	2016-17			2007-08		
	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.	\$457,650,823	1	6.02%	70,420,094	3	1.22%
BMR Gateway Boulevard LLC	208,242,132	2	2.74%	\$306,583,981	1	5.30%
JMB Newpark Associates & GGP	79,819,726	5	1.05%	\$71,092,228	2	1.23%
Leslie Salt Company	57,387,195	7	0.75%	33,805,043	10	0.58%
Sycamore Bay LLC	56,620,682	8	0.74%	50,146,078	5	0.87%
IPT East Bay DC LP	80,676,000	4	1.06%			
Icon Owner Pool 3 West LLC	57,869,249	6	0.76%			
DCT Cherry Street California LP				37,200,420	8	0.64%
Safety Kleen of CA, Inc.	56,441,549	9	0.74%			
SC Bridgeway Inc.				39,951,360	6	0.69%
Security Capital Industrial Trust				52,493,587	4	0.91%
BRCP Stevenson Point LLC				36,050,000	9	0.62%
Nancy's Specialty Foods						
SM Broadway Corporation				37,853,843	7	0.65%
TRPF Bridgeway Technology Cent	49,246,140	10	0.65%			
CNL Hotel MI 4 LP						
Metropolitan Life Insurance Co	89,088,187	3	1.17%			
Subtotal	<u>\$1,193,041,683</u>		<u>15.69%</u>	<u>\$735,596,634</u>		<u>12.71%</u>
Total Net Assessed Valuation:						
Fiscal Year 2016/17	\$7,605,225,527					
Fiscal Year 2007/08	\$5,786,326,341					

Source: Alameda County Assessor 2007/08 - 2016-17 Combined Tax Rolls

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



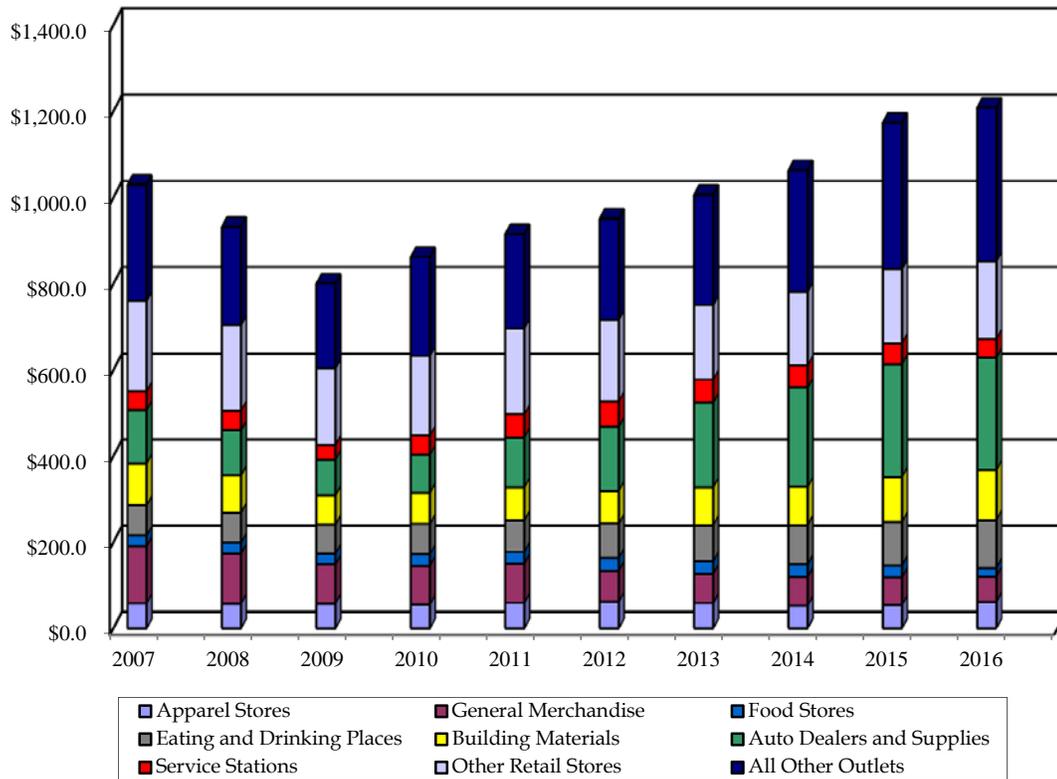
Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections (a)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2008	10,894,495	9,619,682	88.2986%	244,843	9,864,525	90.5460%
2009	11,060,851	9,426,933	85.2279%	520,217	9,947,150	89.9311%
2010	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%
2015	13,167,587	12,981,908	98.5899%	91,303	13,073,211	99.2833%
2016	12,034,774	13,998,852	116.3200%	363,854	14,362,706	119.3434%
2017	12,119,322	15,344,462	126.6116%	514,182	15,858,644	130.8542%

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

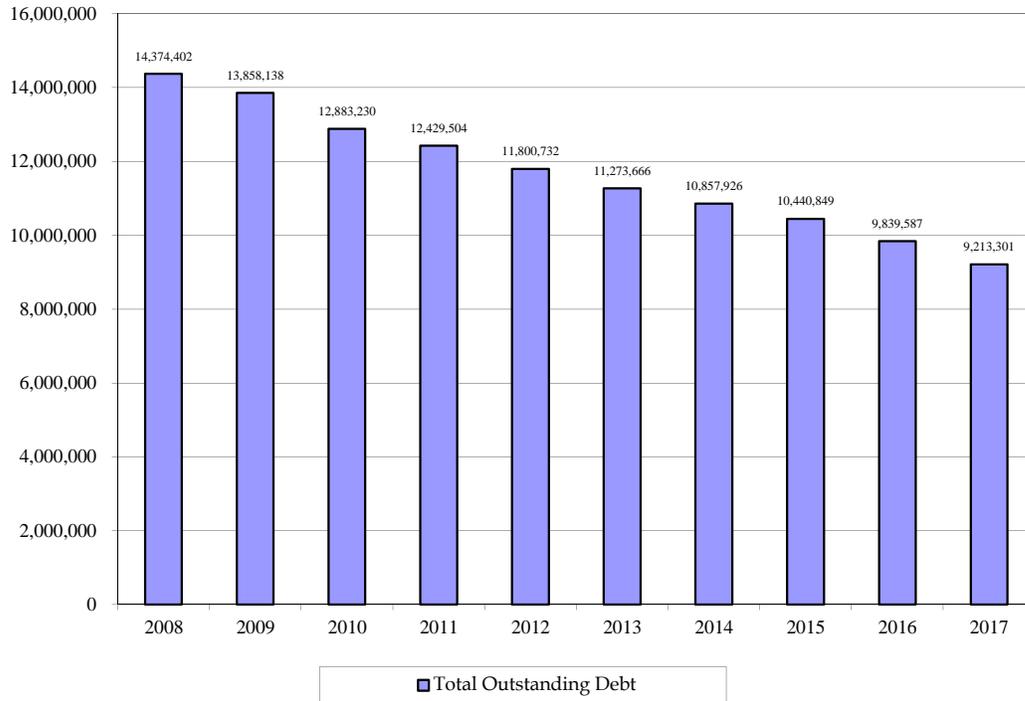


	Calendar Year (in millions)									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Apparel Stores	\$58.2	\$57.6	\$57.8	\$55.2	\$59.0	\$62.0	\$58.4	\$52.4	\$53.9	\$61.2
General Merchandise	132.3	115.9	90.1	90.1	91.0	71.7	68.5	66.8	64.4	59.0
Food Stores	24.8	25.1	25.4	27.0	28.0	29.4	28.5	28.8	27.4	19.6
Eating and Drinking Places	70.1	69.9	67.7	70.1	72.7	80.0	84.5	92.1	101.1	111.8
Building Materials	97.1	86.4	67.5	72.0	76.6	76.0	87.4	87.7	104.5	115.1
Auto Dealers and Supplies	123.8	104.5	82.5	88.3	115.9	148.8	196.7	230.7	261.5	261.2
Service Stations	44.2	46.1	35.2	44.9	53.1	59.2	53.6	51.7	49.1	43.4
Other Retail Stores	209.4	198.2	176.8	185.2	200.5	188.8	172.8	170.7	171.2	179.6
All Other Outlets	269.7	228.4	197.1	229.2	218.1	234.8	255.6	282.1	340.3	357.5
Total	\$ 1,029.6	\$ 932.1	\$ 800.1	\$ 862.0	\$ 914.9	\$ 950.7	\$ 1,006.0	\$ 1,063.0	\$ 1,173.4	\$ 1,208.4

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)
2008	13,015,000	630,000	729,402	14,374,402	1.07%	460.66
2009	12,670,000	535,000	653,138	13,858,138	1.01%	458.38
2010	12,310,000	-	573,230	12,883,230	0.97%	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	0.87%	383.59
2014	10,510,717	-	347,209	10,857,926	0.84%	369.44
2015	10,045,261	-	395,588	10,440,849	0.78%	341.52
2016	9,562,963	-	276,624	9,839,587	0.71%	316.97
2017	9,059,606	-	153,695	9,213,301	0.65%	293.81

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, 2017

	<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	\$891,135,000	1.177%	\$10,488,659
East Bay Regional Park District	123,590,000	1.816%	2,244,394
Ohlone Community College District	398,133,400	14.260%	56,773,823
Newark Unified School District	98,495,803	100.000%	98,495,803
Washington Township Healthcare District	333,525,000	12.014%	40,069,694
Alameda County General Fund Obligations	856,742,500	2.993%	25,642,303
Alameda County Pension Obligations	27,719,489	2.993%	829,644
Alameda-Contra Costa Transit District Certificates of Participation	17,625,000	3.545%	624,806
City of Newark 1915 Act Bonds	6,089,689	100.000%	6,089,689
SUB-TOTAL OVERLAPPING DEBT			<u>241,258,815</u>
<u>Direct Debt</u> - City of Newark General Fund Obligations	9,059,606	100.000%	<u>9,059,606</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$250,318,421</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, 2017

Assessed valuation:

Secured property assessed value,
net of exempt real property \$7,605,225,527

Bonded debt limit (15% of assessed value) 1,140,783,829

Amount of debt subject to limit:

Total bonded debt 9,213,300

Less: Certificates of participation, capital leases, and bank
refinancing not subject to limit 9,213,300

Amount of debt subject to limit -

Legal bonded debt margin \$1,140,783,829

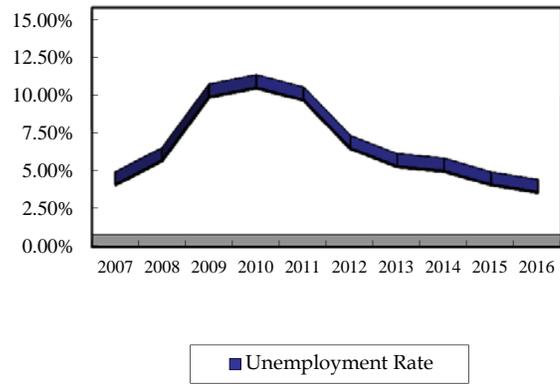
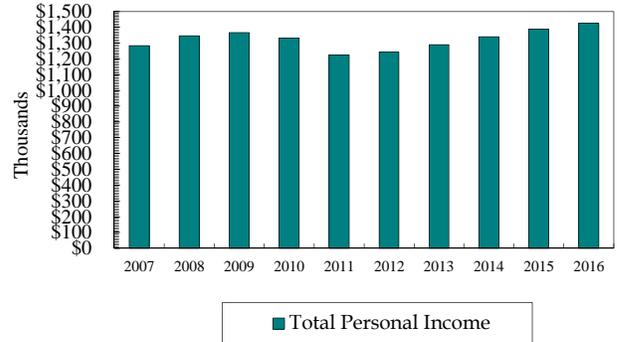
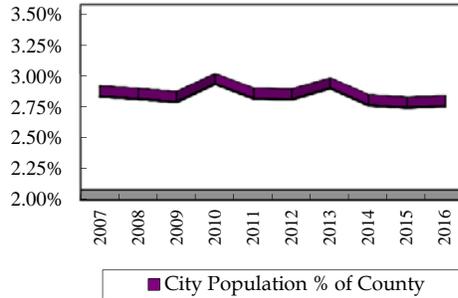
Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2008	829,548,600	630,000	828,918,600	0.08%
2009	844,434,177	440,000	843,994,177	0.05%
2010	810,711,759	-	810,711,759	0.00%
2011	784,128,589	-	784,128,589	0.00%
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%
2015	917,189,996	-	917,189,996	0.00%
2016	1,038,540,098	-	1,038,540,098	0.00%
2017	1,140,783,829	-	1,140,783,829	0.00%

Source: Alameda County Assessor 2007/08 - 2016/17 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
2007	43,553	1,283,525	30,894	4.1%	1,534,959	2.84%
2008	43,801	1,345,541	31,204	5.7%	1,554,220	2.82%
2009	44,064	1,366,781	30,233	9.9%	1,578,264	2.79%
2010	44,380	1,332,171	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%
2014	43,821	1,339,696	30,572	5.0%	1,583,979	2.77%
2015	44,733	1,388,647	31,043	4.1%	1,627,865	2.75%
2016	45,422	1,424,360	31,358	3.6%	1,645,359	2.76%

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 Six Years Ago

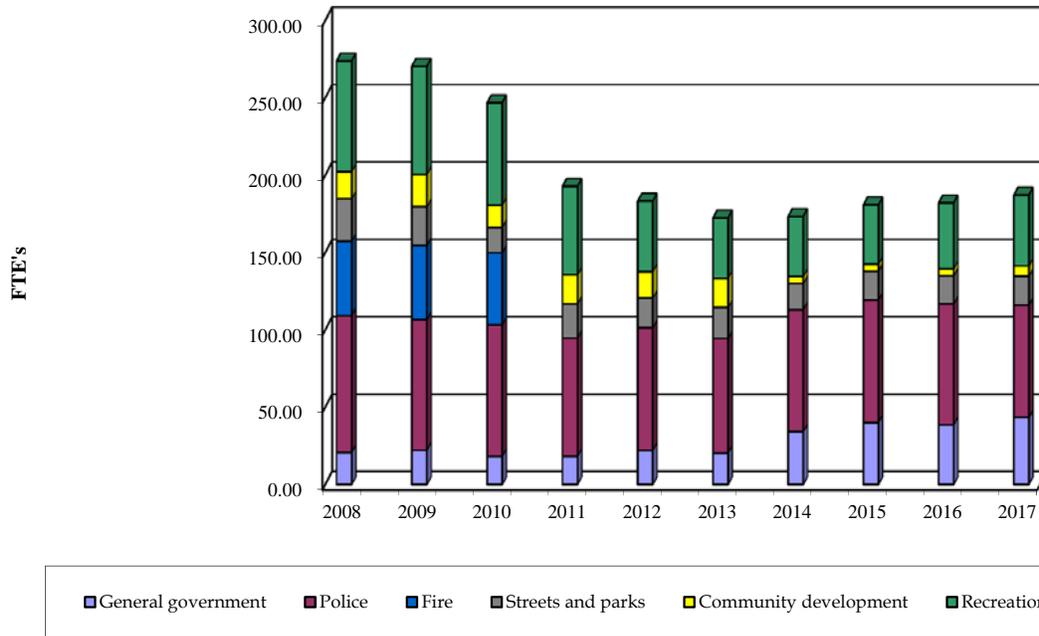
Employer	2016-17			2010-11		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Newark Unified School District	953	1	4.0%	700	1	3.4%
Logitech	634	2	2.7%			
WorldPac	218	6	0.9%	280	5	1.4%
Aryzta, LLC (formerly Fullbloom Baking Co.)	168	9	0.7%	280	6	1.4%
Risk Management Solutions	285	3	1.2%	270	2	1.3%
Smart Modular Technologies	212	7	0.9%	249	3	1.2%
VM Services Inc	270	4	1.1%			
Cargill Salt	210	8	0.9%	182	4	0.9%
City of Newark				193	7	1.0%
Valassis (formerly ADVVO)				166	8	0.8%
Staples (formerly Corporate Express)				154	9	0.8%
Macys	160	10	0.7%			
Home Depot				129	10	0.6%
Nancy's Specialty Foods						
Amazon Fulfillment Center	250	5	1.1%			
Total	3,360		14.1%	2,603		12.8%
Total City Employment	23,900			20,377		

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	20.86	22.38	18.25	18.43	22.19	20.43	34.15	40.17	38.68	43.32
Public safety										
Police	88.45	84.17	85.00	76.39	79.19	74.06	79.00	79.14	78.10	72.70
Fire	48.00	48.20	46.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Streets and parks	27.45	25.03	16.45	21.94	19.20	19.89	16.88	18.57	18.23	18.65
Community development	17.57	20.74	14.30	18.80	17.14	19.00	4.48	4.48	4.52	6.61
Recreation	71.57	69.94	66.25	57.22	45.52	39.00	38.88	38.43	42.62	45.84
Total	273.90	270.46	246.90	192.78	183.24	172.38	173.39	180.79	182.15	187.12

Source: City of Newark

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

Function/Program	Fiscal Year					
	2012	2013	2014	2015	2016	2017
Public safety:						
Fire						
Fire calls for service	2,688	2,981	2,988	2,985	3,340	3,308
Primary fire inspections conducted	407 *	400	1,566	1,499	1,595	2,194
Environmental safety inspections conducted	145	502	18,004	618	660	696
Police						
Communication center calls answered	28,200	27,658	33,428	29,419	31,654	31,670
Police calls for service	28,200	27,658	33,428	29,419	31,654	31,670
Law violations						
Part I crimes	1,779	1,681	1,305	1,489	1,491	1,726
Traffic violations	3,056	3,232	4,071	2,656	3,998	1,996
Parking violations	1,433	1,088	1,514	964	1,425	1,067
Public works:						
Street resurfacing (miles)	6	10	9	8	7	6
Street lights repaired	455	428	423	487	485	602
Recreation:						
Recreation class/program participants	284,572	129,253 **	182,642	173,112	156,814	154,120
Recreation facilities rentals	1,456	1,018 **	1,940	1,674	1,406	1,486
Silliman Activity Center use	132,602	81,654 **	141,672	142,805	131,237	125,761
Miscellaneous:						
Library:						
Library visitors	196,130	189,148	177,606	192,621	187,965	191,709
Library materials circulated	284,796	276,176	272,695	278,477	254,362	249,197

* 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 Seven Fiscal Years

Function/Program	Fiscal Year						
	2007	2012	2013	2014	2015	2016	2017
Public safety:							
Fire stations	3	3	3	3	3	3	3
Police stations	1	1	1	1	1	1	1
Police patrol units	16	18	18	20	20	20	20
Public works:							
Miles of streets	104	105	105	105	105	105	105
Street lights	2,816	2,849	2,849	2,849	2,849	2,849	2,849
Traffic signals	42	43	43	43	44	44	44
Recreation:							
Community services:							
City parks	14	14	14	14	14	14	14
City parks acreage	124	124	124	124	124	124	124
Roadway landscaping acreage	56	56	56	56	56	56	56
Lake acreage	16	16	16	16	16	16	16
Community activity centers	2	2	2	2	2	2	2
Senior center	1	1	1	1	1	1	1
Aquatic center	1	1	1	1	1	1	1
Miscellaneous							
Library	1	1	1	1	1	1	1

Source: City of Newark



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

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

We have audited, in accordance with the 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, the 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 2, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

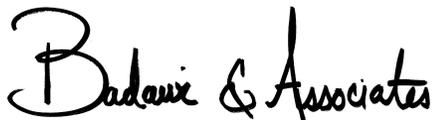
To the Honorable Mayor and Members of the City Council
of the City of Newark
Newark, California
Page 2

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Badawi & Associates, CPAs
Oakland, California
January 2, 2018