

City of Newark

Newark, California

Comprehensive Annual Financial Report

For the year ended June 30, 2016

Prepared by:
Finance Department
Susie Woodstock
Administrative Services Director



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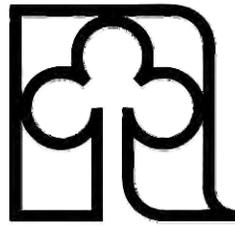
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CITY OF NEWARK, CALIFORNIA

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

February 16, 2017

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, 2016. 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, 2016. 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, 2016, the City's population was estimated by the California Department of Finance at 44,733, approximately 3% of total Alameda County population and an estimated 1% growth over the previous year. The City occupies an area of approximately fourteen square miles.

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

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

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

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

Local Economy

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

Continuing the post-recession economic recovery, the 2015-2016 fiscal year was positive for Newark's commercial environment as well as the housing market.

Long-Term Financial Planning

The City has established a Catastrophic Reserve, which is 15% of the operating budget, to cover emergencies or disasters. This Catastrophic Reserve, approximately \$6.2 million, is shown in the General Fund unassigned fund balance but it is prudent fiscal policy to recognize that these funds are not intended for normal unanticipated budget shortfalls.

The City also has a Fiscal Uncertainty Reserve, which is 10% of the operating budget, to cover economic downturns. This reserve is approximately \$4.1 million and is also shown in the General Fund unassigned fund balance. This reserve is not intended for normal unanticipated budget shortfalls.

The remainder in the General Fund unassigned fund balance is unallocated fund balance which is intended for unanticipated budget shortfalls, future cost increases and may be used to supplement the Capital Project Reserves.

A Capital Project Reserve has been established by the City to fund capital improvement projects. This reserve increases from surplus funds generated by the General Fund and proceeds from the sale of City capital assets. During the recession years, there were not funds available to replenish this fund and that has resulted in much lower funding levels available for capital projects than in the past. Capital spending has continued to focus on asset preservation of the City's buildings, parks, streets, and fleet management, as well as risk management activities.

Finally, the City also has established a number of restricted reserve funds which can only be used for specific purposes as required by contract or grants. In fiscal year 2011-2012, GASB 54 changed the definition of Special Revenue Funds which required the Waste Augmentation fund to be shown in the General Fund. The fund balance for Waste Augmentation was committed by ordinance and can only be used for waste and recycling management.

Relevant Financial Policies

In June 2014, the City Council adopted the 2014-2016 Biennial Budget and Capital Improvement Plan which included the budget for fiscal year 2016. At the time of the adoption, the City's budget was balanced with a modest surplus projected. The economic forecasts expected the

recession recovery to continue at a slow, spotty and uncertain pace, so the projections reflected those economic concerns. To ensure that revenue projections are made based on actual revenue sources, Property Tax and revenue from development was projected based on existing buildings, building permits issued or completed construction at the time of the projection. Transient Occupancy Tax (TOT) continues to grow at a recovery rate even though this revenue has surpassed its prerecession levels. TOT is projected using prerecession growth rates, not the recovery rates. These conservative budgeting policies have resulted in larger than anticipated surpluses.

As a result of the use of reserves to weather the recession, in 2012 the City Council adopted a Fund Balance Policy that directed all remaining reserves after year-end transfers to be transferred into the Fiscal Uncertainty Fund. In January 2015, the City Council updated the Year-end Fund Balance Policy and Procedure. The updated resolution established the Catastrophic and Fiscal Uncertainty reserves at 15% and 10%, respectively, of the final operating expenditures for the year. As surpluses allow, some funds will be directed into the Capital and Equipment Replacement Reserves. The policy states the remaining surplus stays as fund balance in the General Fund. City Council evaluates the level of unallocated fund balance and has increased transfers to reserves on a case by case basis.

Major Initiatives in Fiscal Year 2015-2016

- **New Development** –As of June 30, 2016 there were 900 housing units under construction, a 127,000 SF manufacturing building and a 250,000 SF commercial laundry. The Mall renovation continued with the opening of a 12 screen movie theater. Three new hotels with total of 350 rooms are in the development process. Additional housing units have been approved by the City Council and will be constructed in the next few years.

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, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Mayor, City Council, Citizens of Newark
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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.

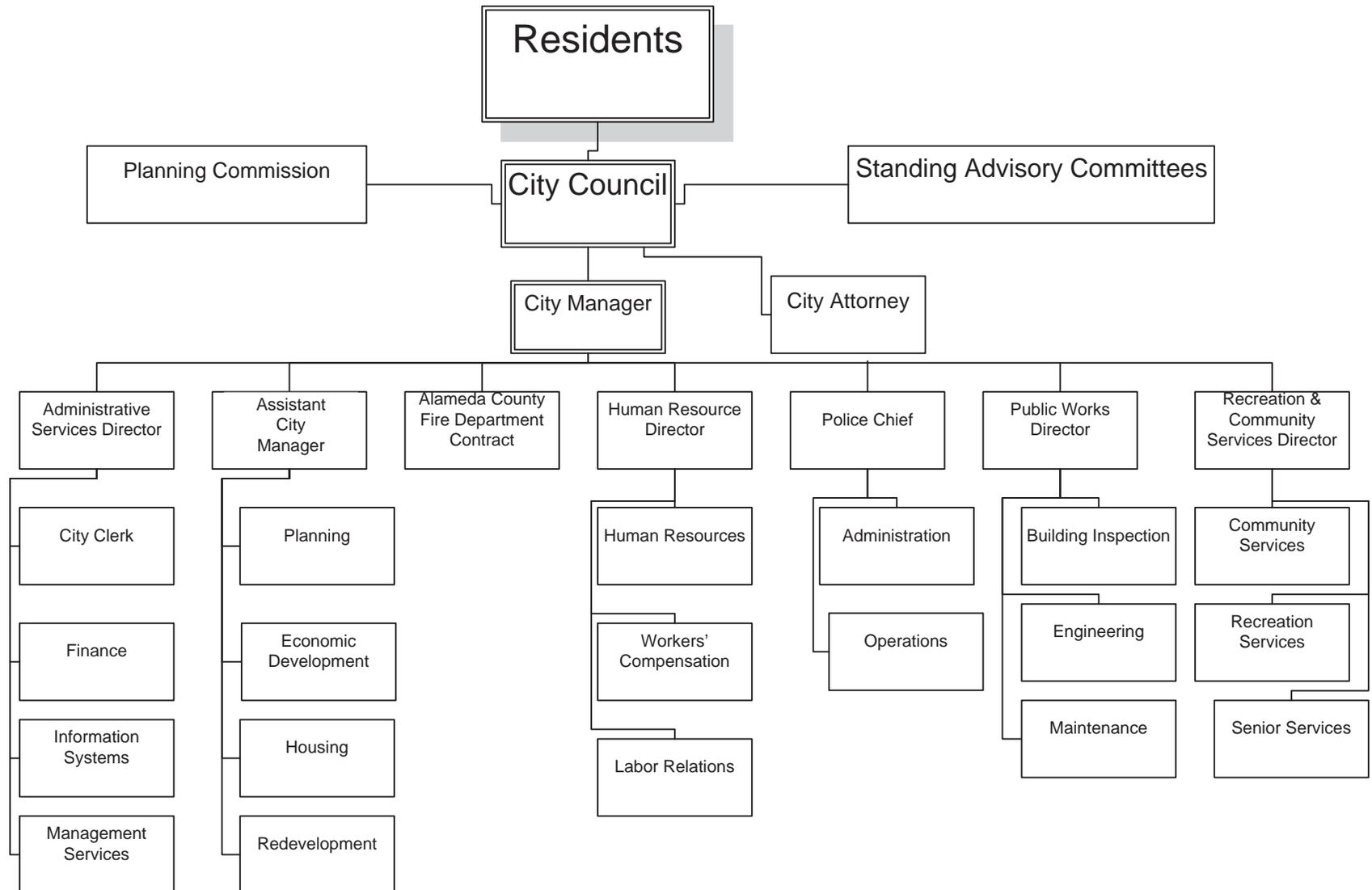
Respectfully submitted,



Susie Woodstock
Administrative Services Director

City of Newark

Organization Chart



Newark Mayor & City Council
June 30, 2016



Alan L. Nagy
Mayor



Luis L. Freitas
Vice Mayor



Maria "Sucy" Collazo
Council Member



Michael K. Hannon
Council Member



Mike Bucci
Council Member



CITY STAFF

June 30, 2016

CITY MANAGER
John Becker

ASSISTANT CITY MANAGER
Terrence Grindall

CITY ATTORNEY
David Benoun

EXECUTIVE TEAM

ADMINISTRATIVE SERVICES DIRECTOR
Susie Woodstock

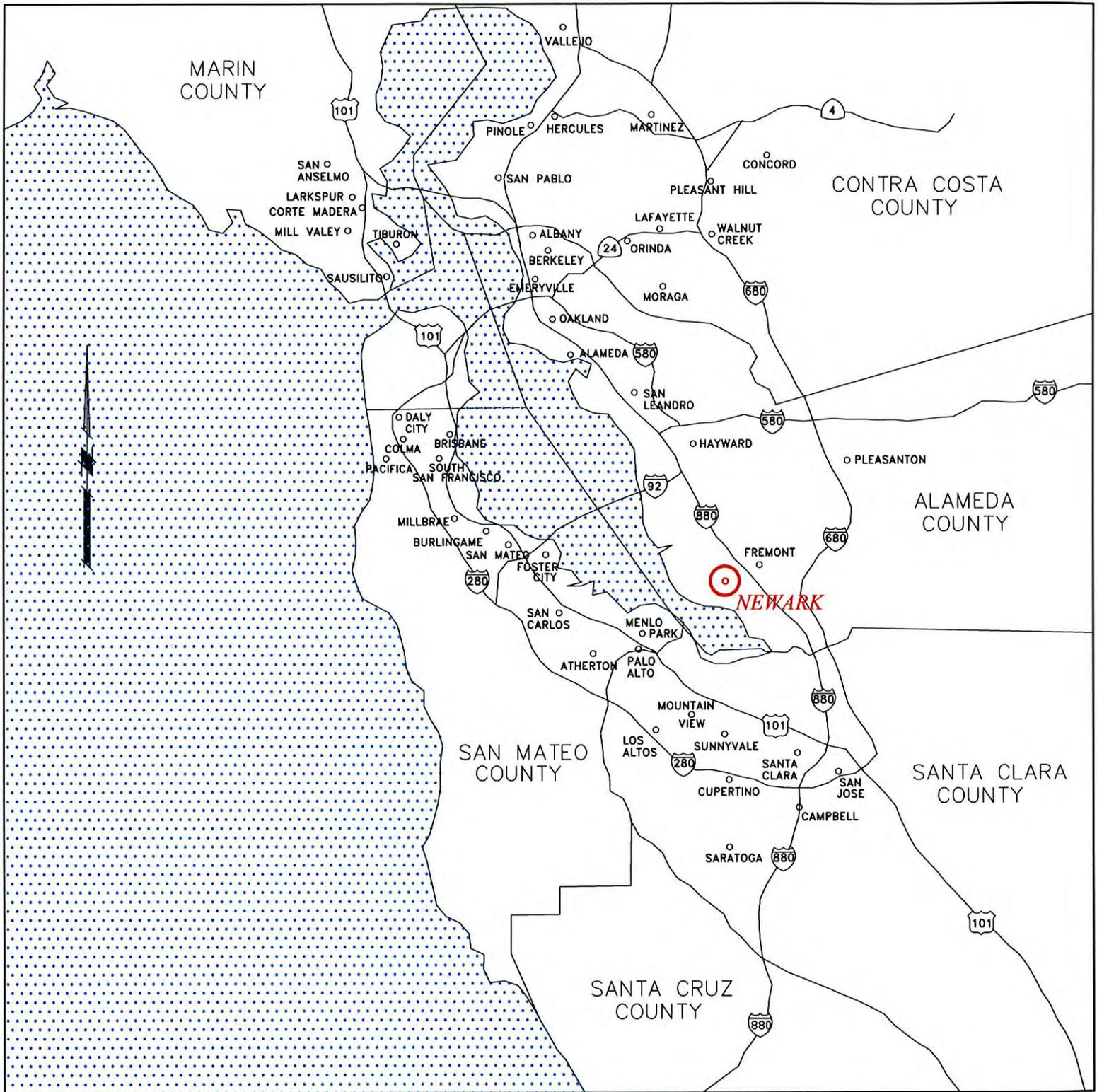
HUMAN RESOURCES DIRECTOR
Sandy Abe

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, 2015

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, 2016, 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, 2016, 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 85-91 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 98, 103 to 128 and 129, 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 98, 103 to 128 and 129 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 98, 103 to 128 and 129 are fairly stated in all material respects in relation to the basic financial statements as a whole.

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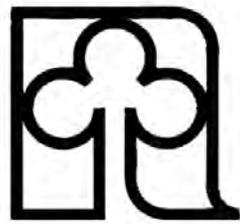
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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
February 16, 2017





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, 2016. 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, 2016, the assets and deferred outflows of resources of the City exceeded its liabilities by \$123.3 million (net position). This amount is less than the net investment in capital assets and therefore not available to meet the City's ongoing operations.
- During the fiscal year, the City's net position increased by \$19.8 million. Total revenues of \$65.9 million exceeded total expenses of \$46.0 million. Comparatively, revenues were \$13.2 million higher and expenses were \$0.6 million higher in the most recent fiscal year versus the prior fiscal year. In the revenue category, the increase in charges for services is mainly due to plan checks and encroachment permits as a result of strong development activity.
- At the close of fiscal year 2016, the City's governmental funds reported combined fund balances of \$60.0 million, an increase of \$20.1 million in comparison with the prior fiscal year. Approximately 45% of this amount (\$27.2 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 (\$0.5 million), 2) restricted for particular purposes (\$14.7 million), 3) committed for particular purposes (\$1.6 million), or 4) assigned for particular purposes (\$16.1 million).
- The fund balance of the City's General Fund increased \$8.3 million during fiscal year 2016. The increase was due to \$10.5 million of net revenue over expenditures, which was partially offset by net transfers out of \$2.2 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.

Government-Wide 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.



OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Government-Wide Financial Statements, Continued

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.

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.



OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Fund Financial Statements, Continued

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, 2016 and 2015.

Comparative Statements of Net Position
June 30, 2016 and 2015
(Amounts in Millions)

	Governmental Activities	
	2016	2015
Assets:		
Cash and investments	\$60.4	\$42.2
Other assets	7.8	5.3
Capital assets, net	150.3	152.1
Deferred outflow of resources	5.9	5.0
Total Assets	224.4	204.6
Liabilities:		
Long-term liabilities	89.1	81.9
Other liabilities	6.0	5.7
Deferred inflow of resources	5.8	13.5
Total Liabilities	100.9	101.1
Net Position:		
Net investment in capital assets	140.4	141.8
Restricted	26.6	17.3
Unrestricted	(43.7)	(55.6)
Total Net Position	\$123.3	\$103.5

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 \$123.3 million. This is an increase of \$19.8 million or 16% from the prior fiscal year and reflects the inclusion of the net pension liability in the Statement of Net Position as a result of implementing GASB 68.

The largest portion of the City's net position, \$140.4 million (114%), 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, \$26.6 million (21%), 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 -\$43.7 million (-35%) represents unrestricted net position, which, if this were a position amount, may use to finance daily operations without constraints established by debt covenants or other legal requirements. This is reported as negative 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, 2016 and 2015.

Comparative Statements of Activities and Changes in Net Position
June 30, 2016 and 2015
(Amounts in Millions)

	Governmental Activities	
	2016	2015
Revenues:		
Program revenues:		
Charges for services	\$19.6	\$9.2
Operating grants and contributions	0.8	0.6
Capital grants and contributions	2.6	2.2
Total program revenues	23.0	12.0
General revenues:		
Taxes:		
General property taxes	15.0	14.0
Sales tax	11.1	10.6
Franchise fees	2.7	3.1
Transient occupancy tax	5.9	5.1
Utility users tax	3.3	3.7
Other local taxes	1.8	1.5
Use of money and property	0.2	0.8
Miscellaneous	2.8	1.9
Total general revenues	42.8	40.7
Total Revenues	65.8	52.7
Expenses:		
General government	4.5	6.0
Public safety:		
Fire	9.8	9.6
Police	17.2	15.6
Streets and parks	5.9	6.1
Community development	3.9	3.5
Recreation	4.3	4.2
Interest on long-term debt	0.4	0.4
Total Expenses	46.0	45.4
Increase (decrease) in net position	19.8	7.3
Net position - beginning, restated	103.5	96.2
Net position - ending	\$123.3	\$103.5



GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The City's expenses totaled \$46.0 million in fiscal year 2016. These expenses were offset by program revenues of \$23.0 million and general revenues of \$42.8 million, resulting in a \$19.8 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 2016 charges for services revenue was \$11 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, both Operating and Capital Grants and Contributions were \$0.2 million higher due to funding received for police related activity and street construction and repairs 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 7% and 5%, respectively, compared to the prior fiscal year. Transient occupancy tax revenue also increased \$0.8 million, or 14%, reflecting both an increase in hotel occupancy rates and room rates.

Expenses - Expenses increased in total by \$0.6 million or by 1%. Most of this increase is due to the prefunding of other post-employment benefits (OPEB), which includes the City's share for the Alameda County Fire Department. Community development expenditures also increased as a result of payments for professional and contractual services related to increased development activity.

FUND FINANCIAL ANALYSIS

Governmental Funds

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

At June 30, 2016, the City's governmental funds reported combined fund balances of \$60.0 million, an increase of \$20.1 million in comparison with the prior fiscal year. Approximately 45% of this amount (\$27.2 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 (\$0.5 million), 2) restricted for particular purposes (\$14.7 million), 3) committed for particular purposes (\$1.6 million), or 4) assigned for particular purposes (\$16.1 million). Further detail of the fund balances can be found in the note disclosures.

Governmental revenues in fiscal year 2016 were \$65.7 million, an increase of \$13.7 million from fiscal year 2015. The main increases were in licenses, permits and fees, and charges for services as a result of strengthened development and construction activity. Additional causes for the overall increase is due to a combination of the continued escalating transient occupancy rates and a final triple flip payment from the State.



FUND FINANCIAL ANALYSIS, Continued

Governmental Funds, Continued

Governmental expenditures in fiscal year 2016 were \$45.4 million, an increase of \$0.6 million from the prior fiscal year. This was mainly due to the prefunding of other post-employment benefits, which includes the City's share for the Alameda County Fire Department. Community development expenditures also increased as a result of payments for professional and contractual services related to development activity.

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

General Fund

The General Fund is the primary operating fund of the City. At June 30, 2016, the spendable assigned and unassigned fund balance of the General Fund was \$29.0 million, while total fund balance was \$30.0 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 and fiscal year 2016 equipment replacement.

The fund balance of the City's General Fund increased by \$8.3 million from fiscal year 2015. Revenues exceeded expenditures by \$10.5 million. Transfers out from the General Fund to the Capital Projects Funds, Debt Service Fund and Internal Service Funds were \$2.2 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 \$0.7 million decrease in fund balance during fiscal year 2016. The decrease, in part, is attributable to subsidizing gasoline prices and declining consumption due to fuel efficacy 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 \$0.2 million. The remaining \$0.5 million decrease in fund balance was a transfer out to the General Fund for street improvements.

Capital Projects Fund

The Capital Projects Fund showed an increase in fund balance of \$3.4 million during fiscal year 2016. Revenues exceeded expenditures by \$1.4 million, and \$2.0 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 \$3.2 million at the end of fiscal year 2016. Total operating expenditures of \$4.5 million exceeded operating revenues of \$4.2 million. Adding transfers in of \$0.1 million from the General Fund, the result was a \$0.1 million decrease in net position for the fiscal year.



GENERAL FUND BUDGETARY HIGHLIGHTS

Proprietary Funds, Continued

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

Fiscal year 2016 was the second year of the City's biennial budget which was adopted on June 12, 2014. The General Fund revenue budget for fiscal year 2016 was amended during the year by \$6.2 million in anticipation of higher property tax, sales tax, transient occupancy tax, permits and fees, and miscellaneous revenue. Actual revenues were \$5.4 million over the final amended budget and \$11.6 million over the original budget.

Actual expenditures for the fiscal year were \$3.4 million under the final amended budget and \$1.6 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, 2016, the City's capital assets used in governmental activities amounted to \$150.3 million, net of depreciation.

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

	Governmental Activities	
	2016	2015
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	1.6	1.5
Buildings and Improvements	44.0	44.0
Infrastructure:		
Streets	72.4	71.5
Sidewalks, curbs, gutters, and walls	15.7	15.4
Street lights	3.2	3.2
Traffic signals	3.9	3.9
Equipment	10.1	9.7
Less: accumulated depreciation	(44.8)	(41.1)
Total capital assets	<u>\$150.3</u>	<u>\$152.1</u>

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



CAPITAL ASSETS AND LONG-TERM OBLIGATIONS, Continued

Long-term Obligations

At June 30, 2016, the City had long-term debt outstanding of \$9.8 million compared to \$10.4 million in the prior year. The City’s long-term debt obligations at June 30, 2016 and 2015 were as follows (amounts in millions):

	Governmental Activities	
	2016	2015
Certificates of participation	\$2.2	\$2.2
Bank refunding	7.3	7.8
Capital lease obligations	0.3	0.4
Total	<u>\$9.8</u>	<u>\$10.4</u>

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, 2016, a total of \$6.9 million in Area Improvement District debt was outstanding. This debt is secured by special assessments levied on the real property within the district issuing the debt. Although the City acts as the districts’ agent in the collection and remittance of assessments, the City is not obligated in any manner for repayment of these bonds.

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

ECONOMIC FACTORS AND NEXT BIENNIAL BUDGET

The City’s adopted biennial budget for 2014-2016 recognized that:

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

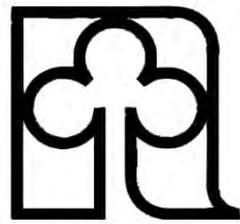
Additional information about the City’s economy and financial planning and policies is provided in the accompanying letter of transmittal in the Introductory Section of this report.



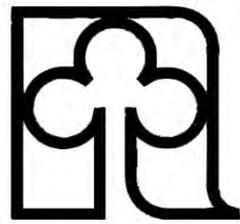
REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS



GOVERNMENT-WIDE FINANCIAL STATEMENTS



City of Newark
Statement of Net Position
June 30, 2016

ASSETS	Primary Government Governmental Activities
Current assets:	
Cash and investments	
Available for operations	\$ 60,353,199
Receivables:	
Tax	5,480,052
Special assessments	16,244
Intergovernmental	650,946
Interest	75,724
Other, net	402,409
Supplies and other assets	210,918
Total current assets	<u>67,189,492</u>
Noncurrent assets:	
Restricted cash and investments	633,970
Due from RDA Successor fund	356,235
Capital assets:	
Land and construction in progress	45,507,525
Depreciable, net	104,745,755
Total capital assets	<u>150,253,280</u>
Total noncurrent assets	<u>151,243,485</u>
Total assets	<u>218,432,977</u>
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows related to pension	5,892,188
Total deferred outflows of resources	<u>5,892,188</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	2,116,160
Refundable deposits	753,289
Unearned revenues	151,427
Compensated absences - due within one year	1,866,016
Claims payable - due within one year	516,701
Long-term debt - due within one year	626,287
Total current liabilities	<u>6,029,880</u>
Noncurrent liabilities:	
Net OPEB obligation	1,548,720
Net pension liability	76,036,047
Compensated absences - due in more than one year	18,849
Claims payable - due in more than one year	2,313,511
Long-term debt - due in more than one year	9,213,300
Total noncurrent liabilities	<u>89,130,427</u>
Total liabilities	<u>95,160,307</u>
DEFERRED INFLOW OF RESOURCES	
Deferred inflows related to pension	5,840,140
Total deferred inflow of resources	<u>5,840,140</u>
NET POSITION	
Net investment in capital assets	<u>140,413,693</u>
Restricted for:	
Capital projects	14,949,744
Debt service	643,643
Grant-funded projects	3,094,308
Other Projects	7,934,281
Total restricted	<u>26,621,976</u>
Unrestricted	<u>(43,710,951)</u>
Total net position	<u>\$ 123,324,718</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, 2016

Functions / Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 4,483,620	\$ 14,800	\$ 84,045	\$ -	\$ 98,845
Public safety:					
Fire	9,804,957	230,111	-	-	230,111
Police	17,201,701	729,046	579,696	-	1,308,742
Streets and parks	5,933,937	2,771,463	-	2,583,746	5,355,209
Community development	3,929,656	13,491,925	139,690	-	13,631,615
Recreation	4,291,347	2,458,494	-	-	2,458,494
Interest on long-term debt (unallocated)	391,067	-	-	-	-
Total governmental activities	\$ 46,036,284	\$ 19,695,839	\$ 803,431	\$ 2,583,746	\$ 23,083,016

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, as restated

Net position - end of year

Net (Expense) Revenue
and Changes
in Net Position

Governmental
Activities

\$ (4,384,775)

(9,574,846)

(15,892,959)

(578,728)

9,701,959

(1,832,853)

(391,067)

(22,953,268)

14,966,731

11,092,385

2,724,638

5,859,101

3,292,373

1,798,737

39,733,965

17,836

188,519

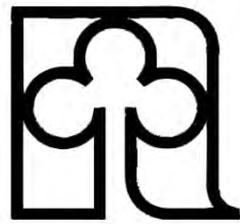
2,828,651

42,768,971

19,815,703

103,509,015

\$ 123,324,718

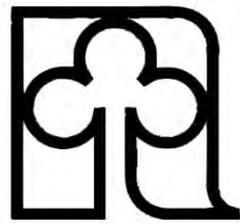


FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements



GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund

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

State Construction Maintenance Special Revenue Fund

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

Capital Projects Fund

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

City of Newark
Balance Sheet
Governmental Funds
June 30, 2016

	General Fund	State Construction Maintenance Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments					
Available for operations	\$ 25,969,529	\$ 2,627,255	\$ 12,787,545	\$ 13,915,051	\$ 55,299,380
Restricted cash and investments	-	-	-	633,970	633,970
Receivables:					
Taxes	5,480,052	-	-	-	5,480,052
Special assessments	-	-	-	16,244	16,244
Intergovernmental	287,209	109,710	-	254,027	650,946
Interest	75,724	-	-	-	75,724
Other, net	325,380	-	-	54,887	380,267
Supplies and other assets	134,968	-	-	-	134,968
Due from Successor Redevelopment Agency	356,235	-	-	-	356,235
Total assets	<u>\$ 32,629,097</u>	<u>\$ 2,736,965</u>	<u>\$ 12,787,545</u>	<u>\$ 14,874,179</u>	<u>\$ 63,027,786</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 1,372,228	\$ 250,684	\$ 17,148	\$ 71,304	\$ 1,711,364
Refundable deposits	740,520	12,769	-	-	753,289
Unearned revenues	151,427	-	-	-	151,427
Total liabilities	<u>2,264,175</u>	<u>263,453</u>	<u>17,148</u>	<u>71,304</u>	<u>2,616,080</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	434,656	-	-	-	\$ 434,656
Total deferred inflows of resources	<u>434,656</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>434,656</u>
Fund Balances:					
Non-spendable:					
Supplies and other assets	134,968	-	-	-	134,968
Due from Successor Redevelopment Agency	356,235	-	-	-	356,235
Restricted	-	2,473,512	-	12,211,457	14,684,969
Committed:					
Waste disposal fund	428,744	-	-	-	428,744
Community development fees	-	-	-	1,121,324	1,121,324
Assigned:					
Equipment replacement	1,500,000	-	-	-	1,500,000
Community development	341,688	-	-	-	341,688
Arts in public places	-	-	-	958,636	958,636
Capital asset acquisition	-	-	12,770,397	511,458	13,281,855
Unassigned:					
Catastrophic contingencies	6,184,555	-	-	-	6,184,555
Fiscal uncertainty	4,123,037	-	-	-	4,123,037
Unallocated	16,861,039	-	-	-	16,861,039
Total fund balances	<u>29,930,266</u>	<u>2,473,512</u>	<u>12,770,397</u>	<u>14,802,875</u>	<u>59,977,050</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 32,629,097</u>	<u>\$ 2,736,965</u>	<u>\$ 12,787,545</u>	<u>\$ 14,874,179</u>	<u>\$ 63,027,786</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, 2016

Total Fund Balances - Total Governmental Funds \$ 59,977,050

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. 148,844,571

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. 434,656

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 5,053,819
- Supplies and other assets 98,092
- Capital assets 1,408,709
- Accounts payable and accrued liabilities (368,725)
- Capital lease obligation (131,137)
- Claims payable (2,830,212)

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 (1,548,720)
- Net pension liability (76,036,047)
- Long-term debt (9,708,450)
- Interest payable (36,071)
- Compensated absences (1,884,865)

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. 5,892,188

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. (5,840,140)

Net Position of Governmental Activities \$ 123,324,718

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, 2016

	General Fund	State Construction Maintenance Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
General property taxes	\$ 14,966,731	\$ -	\$ -	\$ -	\$ 14,966,731
Other local taxes	24,654,592	-	-	-	24,654,592
Special assessments	-	-	-	460,306	460,306
Licenses, permits and fees	4,173,068	-	-	-	4,173,068
Fines and forfeitures	529,113	-	-	-	529,113
Use of money and property	148,794	9,157	2,272	28,308	188,531
Other governmental agencies	457,117	1,131,626	-	1,755,925	3,344,668
Current service charges	5,070,616	-	1,944,030	7,415,425	14,430,071
Other revenue	1,733,256	444	-	1,248,666	2,982,366
Total revenues	51,733,287	1,141,227	1,946,302	10,908,630	65,729,446
EXPENDITURES:					
Current:					
General government	4,643,348	-	-	-	4,643,348
Public safety:					
Fire	9,599,722	-	-	19,014	9,618,736
Police	16,159,740	-	399,288	182,417	16,741,445
Streets and parks	2,946,492	629,120	-	378,651	3,954,263
Community development	3,855,408	-	-	234,051	4,089,459
Recreation	3,942,287	-	-	149,668	4,091,955
Capital outlay	-	663,059	180,842	477,219	1,321,120
Debt service:					
Principal repayment	77,895	-	-	482,299	560,194
Interest and fiscal charges	5,474	-	-	382,618	388,092
Total expenditures	41,230,366	1,292,179	580,130	2,305,937	45,408,612
REVENUES OVER (UNDER) EXPENDITURES	10,502,921	(150,952)	1,366,172	8,602,693	20,320,834
OTHER FINANCING SOURCES (USES):					
Transfers in	845,000	-	2,064,600	863,045	3,772,645
Transfers out	(3,065,445)	(500,000)	-	(345,000)	(3,910,445)
Total other financing sources (uses)	(2,220,445)	(500,000)	2,064,600	518,045	(137,800)
Net change in fund balances	8,282,476	(650,952)	3,430,772	9,120,738	20,183,034
FUND BALANCES:					
Beginning of year, as restated	21,647,790	3,124,464	9,339,625	5,682,137	39,794,016
End of year	\$ 29,930,266	\$ 2,473,512	\$ 12,770,397	\$ 14,802,875	\$ 59,977,050

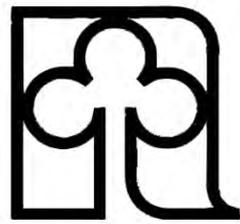
See accompanying Notes to Basic Financial Statements.

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, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ 20,183,034
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, \$233,227).	1,607,351
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, \$223,061).	(3,450,602)
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.	122,541
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	560,194
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	2,454
- OPEB expenses	(11,000)
- Compensated absences	78,497
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	5,351,176
- Pension expense as a result of the change in pension liability	(4,485,936)
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.	(142,006)
Change in Net Position of Governmental Activities	\$ 19,815,703

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, 2016

	Governmental Activities - Internal Service Funds
ASSETS	
Current assets:	
Cash and investments	\$ 5,053,819
Other receivables	22,142
Supplies and other assets	75,950
Total current assets	<u>5,151,911</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>1,408,709</u>
Total assets	<u><u>6,560,620</u></u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	368,725
Capital lease obligation - due within one year	42,363
Claims payable - due within one year	516,701
Total current liabilities	<u>927,789</u>
Noncurrent liabilities:	
Capital lease obligation - due in more than one year	88,774
Claims payable - due in more than one year	2,313,511
Total liabilities	<u><u>3,330,074</u></u>
NET POSITION	
Net investment in capital assets	1,277,572
Unrestricted	1,952,974
Total net position	<u><u>\$ 3,230,546</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, 2016

	Governmental Activities - Internal Service Funds
OPERATING REVENUES:	
Charges to departments	\$ 4,161,600
Other revenue	61,336
Total operating revenues	4,222,936
OPERATING EXPENSES:	
Personnel services	896,424
Materials and supplies	519,138
Contractual services	1,607,226
Utilities	613,504
Insurance claims and premiums	637,960
Depreciation	223,061
Total operating expenses	4,497,313
OPERATING INCOME (LOSS)	(274,377)
NONOPERATING REVENUES (EXPENSES):	
Interest expense	(5,429)
Total nonoperating revenues (expenses)	(5,429)
INCOME (LOSS) BEFORE TRANSFERS	(279,806)
Transfers in	137,800
Total transfers	137,800
Change in net position	(142,006)
NET POSITION:	
Beginning of year	3,372,552
End of year	\$ 3,230,546

See accompanying Notes to Basic Financial Statements.

City of Newark
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2016

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from other funds	\$ 4,213,959
Payments to suppliers/other fund	(2,786,184)
Payments to employees	(896,424)
Claims paid	(355,027)
	<hr/>
Net cash provided by operating activities	176,324
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Interfund receipts	137,800
	<hr/>
Net cash provided by noncapital financing activities	137,800
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Payments on capital lease	(41,068)
Acquisition of capital assets	(233,227)
Interest paid and fiscal charges	(5,429)
	<hr/>
Net cash used by capital and related financing activities	(279,724)
	<hr/>
Net increase in cash and cash equivalents	34,400
CASH AND CASH EQUIVALENTS:	
Beginning of year	5,019,419
	<hr/>
End of year	\$ 5,053,819
	<hr/> <hr/>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ (274,377)
	<hr/>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	223,061
Changes in current assets and liabilities:	
Other assets	(13,722)
Accounts payable and accrued liabilities	241,362
	<hr/>
Total adjustments	450,701
	<hr/>
Net cash provided (used) by operating activities	\$ 176,324
	<hr/> <hr/>

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, 2016

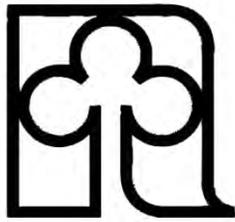
ASSETS	Agency Funds	RDA Successor Agency Funds
Cash and investments	\$ 4,263,171	\$ 76,663
Receivables - Interest	21,500	-
Total assets	\$ 4,284,671	\$ 76,663
LIABILITIES		
Due to bondholders	\$ 4,284,671	\$ -
Unearned revenue	-	76,663
Note Payable	-	356,235
Total liabilities	\$ 4,284,671	\$ 432,898
NET POSITION		
Held in trust for RDA Successor Funds		\$ (356,235)

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, 2016

	RDA Successor Agency Funds
ADDITIONS:	
RPTTF	\$ 48,006
Other income	3,144
Total additions	<u>51,150</u>
DEDUCTIONS:	
City administration fees	3,144
Total deductions	<u>3,144</u>
Change in net position	48,006
Net Position - beginning	(404,241)
Net Position - ending	<u>\$ (356,235)</u>

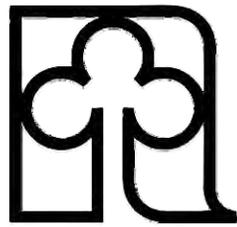
See accompanying Notes to Basic Financial Statements.



City of Newark
Index to Notes to Basic Financial Statements
For the year ended June 30, 2016



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

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

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

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

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

Proprietary Fund Financial Statements

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



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

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

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

Fiduciary Fund Financial Statements

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

The City reports the following fiduciary funds:

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

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



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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Capital Assets

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

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

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

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

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

I. Compensated Absences

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

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



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Long-Term Debt

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

Bond premiums and discounts, as well as amounts paid related to prepaid bond 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.

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.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Net Position/Fund Balances, Continued

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

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

Fund Financial Statements

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

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

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

Committed Fund Balance - includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally.

Assigned Fund Balance - includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by City Council or an official to which the City Council has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance - is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Net Position Fund Balances, Continued

The City established the following policies relating to its fund balance classifications:

Committed Fund Balances

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

Assigned Fund Balances

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

Expenditure of Funds – Order of Expenditure

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

Classification of Fund Balances

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



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. New Pronouncements

In 2016, the City incorporated new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 72, *Fair Value Measurement and Application*– This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. There was no impact on beginning net position as part of implementation of this accounting standard.
- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*– The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments 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 with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. There was no impact on beginning net position as part of implementation of this accounting standard.
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*– The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. There was no impact on beginning net position as part of implementation of this accounting standard.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. New Pronouncements, Continued

- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* - This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. There was no impact on beginning net position as part of implementation of this accounting standard.

- GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statement No. 67, No. 68, and No. 73* - This Statement addresses certain issues that had been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in the required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City updated covered employee payroll information in the required supplementary information as part of implementation of this accounting standard.

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016



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, 2016:

	Government-Wide Statement of Net Position	Fiduciary Funds Statement of Net Position	Total
	Governmental Activities		
Cash and investments	\$ 60,353,199	\$ 4,339,834	\$ 64,693,033
Restricted cash and investments	633,970	-	633,970
Total	\$ 60,987,169	\$ 4,339,834	\$ 65,327,003

At June 30, 2016, the City's pooled cash and investments, including restricted funds consisted of the following:

City Treasury:	
Deposits:	
Cash on hand	\$ 5,900
Deposits with banks	3,228,167
Total deposits	3,234,067
Investments:	
California Local Agency Investment Fund	61,458,966
Total City Treasury	64,693,033
Cash and Investment with Fiscal Agents:	
Money market funds	633,970
Total Restricted Cash and Investments	633,970
Total Cash and Investments	\$ 65,327,003

A. Deposits

The carrying amount of the City's cash deposit was \$3,228,167 at June 30, 2016. Bank balances before reconciling items were \$3,725,438, 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.



2. CASH AND INVESTMENTS, Continued

A. Deposits, Continued

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, 2016



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 gain was \$38,156 for Fiscal year 2015-16.

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, 2016:

Investment Type	Fair Value	Investment Maturity 1 Year or Less	Investment Maturity 2 Years	Investment Maturity 3 Years	Investment Maturity 4 Years	Investment Maturity 5 Years
Local Agency Investment Funds	\$ 61,458,966	\$ 61,458,966	\$ -	\$ -	\$ -	\$ -
Money Market Funds	633,971	633,971	-	-	-	-
Total	\$ 62,092,937	\$ 62,092,937	\$ -	\$ -	\$ -	\$ -



2. CASH AND INVESTMENTS, Continued

C. Risk Disclosures, Continued

Credit Risk – Credit risk is the risk of loss of value of a security or investment due to downgrade of its rating due to a change in the ability of the issuer to fulfill its debt obligation. With the exception of U.S. Treasury securities and authorized pools, no more than 50 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.

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, 2016, 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 2016, the City had \$61,458,966 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 1.000621222 to the total investments held by LAIF.

E. Investment Valuation

Investments (except for money market accounts, time deposits, 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. Investment fair value measurements at June 30, 2016 are described as following.

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016



2. CASH AND INVESTMENTS, Continued

E. Investment Valuation, Continued

Investments included in restricted cash and investments included money market accounts and guaranteed investment contracts are not subject to fair value measurement.

Investment Type	Total	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Local Agency Investment Fund	\$ 61,458,966	\$ -	\$ 61,458,966	\$ -
Total investments subject to fair value	\$ 61,458,966	\$ -	\$ 61,458,966	\$ -

The City's fair value for its investment in the State of California Local Agency Investment Fund (LAIF) is based on the fair market value factors provided by LAIF that is calculated based on the total fair market value of the pool. LAIF includes investments categorized as Level 1 such as United States Treasury securities, Federal Agency securities, and supranational debentures that are valued based on prices quoted in active markets and investments categorized as Level 2 such as negotiable certificates of deposit and bank notes that are based on market corroborated pricing utilizing inputs such as yield curves and indices that are derived principally from or corroborated by observable market data by correlation to other means. The City categorized its investments in LAIF based on the lowest significant input used to determine the fair market value of the total pool.

3. INTERFUND TRANSACTIONS

Transfers In/Out

Transfers in/out for the year ended as of June 30, 2016, were as follows:

	Transfers In				
	Governmental Funds:		Non-Major Governmental Funds:		
Transfers Out	General	Capital Projects Funds	COPS Interest and Redemption	Internal Service Funds	Total
<i>Governmental Funds:</i>					
General	\$ -	\$ 2,064,600	\$ 863,045	\$ 137,800	\$ 3,065,445
State Construction Maint. Funds	500,000	-	-	-	500,000
<i>Non-Major Governmental Funds:</i>					
Paramedic Tax	215,000	-	-	-	215,000
Alameda County Fire Fees	130,000	-	-	-	130,000
Total Governmental Funds	\$ 845,000	\$ 2,064,600	\$ 863,045	\$ 137,800	\$ 3,910,445



3. INTERFUND TRANSACTIONS, Continued

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

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

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

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

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016



4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015 (as restated)	Additions	Reclassifications	Balance June 30, 2016
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	1,458,753	324,309	(191,875)	1,591,187
Total nondepreciable assets	<u>45,375,091</u>	<u>324,309</u>	<u>(191,875)</u>	<u>45,507,525</u>
Depreciable assets:				
Buildings and land improvements	43,966,422	11,250	11,250	43,988,922
Infrastructure				
Streets	71,531,593	908,634	-	72,440,227
Sidewalks, curbs, gutters and walls	15,410,553	321,282	-	15,731,835
Street lights	3,249,607	-	-	3,249,607
Traffic signals	3,936,784	-	-	3,936,784
Machinery and equipment	9,693,859	275,103	180,625	10,149,587
Total depreciable assets	<u>147,788,818</u>	<u>1,516,269</u>	<u>191,875</u>	<u>149,496,962</u>
Less accumulated depreciation:				
Buildings and improvements	(12,477,458)	(725,735)	-	(13,203,193)
Infrastructure				
Streets	(13,938,875)	(1,852,505)	-	(15,791,380)
Sidewalks, curbs, gutters and walls	(3,173,175)	(440,992)	-	(3,614,167)
Street lights	(1,032,203)	(129,782)	-	(1,161,985)
Traffic signals	(3,407,949)	(54,020)	-	(3,461,969)
Machinery and equipment	(7,047,884)	(470,629)	-	(7,518,513)
Total accumulated depreciation	<u>(41,077,544)</u>	<u>(3,673,663)</u>	<u>-</u>	<u>(44,751,207)</u>
Net depreciable assets	<u>106,711,274</u>	<u>(2,157,394)</u>	<u>191,875</u>	<u>104,745,755</u>
Governmental activities capital assets, net	<u>\$ 152,086,365</u>	<u>\$ (1,833,085)</u>	<u>\$ -</u>	<u>\$ 150,253,280</u>

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016



4. CAPITAL ASSETS, Continued

Depreciation expense was charged to various governmental functions as follows:

General Government	\$ 117,936
Public Safety:	
Fire	189,938
Police	270,162
Streets and Parks	2,563,246
Community Development	72,603
Recreation	<u>459,778</u>
Total depreciation – governmental functions	<u>\$3,673,663</u>

5. LONG-TERM DEBT

The City's long-term debt is comprised the following at June 30, 2016:

	Balance July 1, 2015	Additions	Retirements	Balance June 30, 2016	Amounts Due Within One Year	Amounts Due in More than One Year
Governmental Activities:						
2012 Bank refinancing \$9,703,757; 3.5% due 2028	\$ 7,805,261	\$ -	\$ (482,298)	7,322,963	\$ 503,357	\$ 6,819,606
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	112,636	-	(54,982)	57,654	57,654	-
Capital Lease Obligation Equipment lease, due 2019	172,205	-	(41,068)	131,137	42,363	88,774
Capital Lease Obligation Equipment lease, due 2020	110,747	-	(22,914)	87,833	22,913	64,920
Total	<u>\$ 10,440,849</u>	<u>\$ -</u>	<u>\$ (601,262)</u>	<u>\$ 9,839,587</u>	<u>\$ 626,287</u>	<u>\$ 9,213,300</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.



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

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

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.

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016



5. LONG-TERM DEBT, Continued

Debt Service Requirements

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2017	\$ 626,287	\$ 370,873
2018	585,268	348,985
2019	601,226	329,329
2020	576,251	309,037
2021	575,340	289,379
2022-2026	3,195,894	1,127,368
2027-2031	3,079,321	544,293
2032-2036	600,000	30,000
Total	<u>\$ 9,839,587</u>	<u>\$ 3,349,264</u>

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, 2016, the remaining balance outstanding on these bonds was \$6,887,530.

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, 2016 were as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Governmental Activities	<u>\$ 1,963,362</u>	<u>\$ 1,544,661</u>	<u>\$ (1,623,158)</u>	<u>\$ 1,884,865</u>	<u>\$ 1,866,016</u>



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, 2016 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	\$ 2,089,006	\$ 30,730,148	\$ 1,806,457	\$ 1,167,643
CALPERS Cost Sharing Plan	3,803,182	45,305,899	4,033,683	3,318,293
Total	\$ 5,892,188	\$ 76,036,047	\$ 5,840,140	\$ 4,485,936

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.



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

The Plan's provisions and benefits in effect at June 30, 2016, 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	22.792%

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 22.792 percent for PEPRA members, and employees' contribute 9.718 percent. All miscellaneous employees pay 3.468 percent towards the employer cost.

Employees Covered - At June 30, 2016, the following employees were covered by the benefit terms for each Plan:

Inactive employees or beneficiaries currently receiving benefits	176
Inactive employees entitled to but not yet receiving benefits	180
Active employees	<u>112</u>
Total	<u>468</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, 2015 (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 22.792 percent of annual payroll for the Miscellaneous Plan.



7. DEFINED BENEFIT PENSION PLANS, Continued

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

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, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.

Actuarial Assumptions - The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
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)	7.65%
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, 2014 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.

Change of Assumptions - GASB 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expense. The discount rate of 7.65 percent used for measurement date June 30, 2015 is without reduction for administrative expenses (15 basis points).



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	19.00%	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	2.00%	-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, 2014 (1)	\$ 97,332,688	\$ 68,985,044	\$ 28,347,644
Changes in the year:			
Service cost	1,428,480	-	1,428,480
Interest on the total pension liability	7,153,135	-	7,153,135
Differences between actual and expected experience	(336,919)	-	(336,919)
Changes in assumptions	(1,677,534)	-	(1,677,534)
Changes in benefit terms	-	-	-
Plan to Plan Resource Management	-	95	(95)
Contribution - employer	-	1,771,614	(1,771,614)
Contribution - employee	-	980,547	(980,547)
Investment income	-	1,509,133	(1,509,133)
Administrative expenses	-	(76,731)	76,731
Benefit payments , including refunds of employee contributions	(5,054,891)	(5,054,891)	-
Net changes	1,512,271	(870,233)	2,382,504
Balance at June 30, 2015	\$ 98,844,959	\$ 68,114,811	\$ 30,730,148

(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	\$	43,318,529
Current Discount Rate		7.65%
Net Pension Liability	\$	30,730,148
1% Increase		8.65%
Net Pension Liability	\$	20,276,361

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, 2016, the City recognized pension expense of \$1,167,643. At June 30, 2016, 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	\$ 2,089,006	\$ -
Differences between actual and expected experience	-	(190,432)
Changes in assumptions	-	(948,171)
Net differences between projected and actual earnings on plan investments	-	(667,854)
Total	<u>\$ 2,089,006</u>	<u>\$ (1,806,457)</u>



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

\$2,089,006 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, 2017. 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:	
2017	\$ (1,342,372)
2018	(729,275)
2019	(466,522)
2020	731,712

V. Payable to Pension Plan

As of June 30, 2016, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

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, 2016 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	14.524%
Required UAL payment	\$ 2,321,049
	<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	10.093%
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 year ended June 30, 2016, the contribution to the plan was \$2,526,932.

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

As of June 30, 2016, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$45,305,899.

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, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2014 rolled forward to June 30, 2015 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 June 30, 2014 and 2015 were as follows:

Proportion - June 30, 2014	0.641915%
Proportion - June 30, 2015	<u>0.660059%</u>
Change - Increase (Decrease)	<u>0.018144%</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, 2016, the City recognized pension expense of \$3,318,293. At June 30, 2016, 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	\$ 3,262,170	\$ -
Change in proportion	541,012	-
Changes in employer's proportion and differences between the employer's contribution and the employer's proportionate share of contributions	-	1,397,453
Changes in assumption	-	1,528,934
Differences between expected and actual experience	-	332,423
Net differences between projected and actual earnings on plan investments	-	774,873
Total	<u>\$ 3,803,182</u>	<u>\$ 4,033,683</u>

\$3,262,170 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, 2017. 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:	
2017	\$ (1,545,572)
2018	(1,545,814)
2019	(1,352,491)
2020	951,207



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, 2014 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous Plans</u>
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
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⁾	7.65%
Mortality	Derived by CalPERS membership data for all funds

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a 2010 actuarial experience study for the period 1997 to 2007. Further details of the Experience Study can found on the CalPERS website.



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

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.



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

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	19.00%	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	2.00%	-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.

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	\$ 66,992,299
Current Discount Rate	7.65%
Net Pension Liability	\$ 45,305,899
1% Increase	8.65%
Net Pension Liability	\$ 27,523,450



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

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

At June 30, 2016 the City reported a payable of \$0 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

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, 2016, there were 80 retirees receiving this benefit and total City contribution amounted to \$263,000, 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 2016, 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, 2016 Net OPEB Obligation:

Annual required contribution	\$ 263,000
Interest on net OPEB obligation	111,000
Amortization of net OPEB obligation	<u>(100,000)</u>
Annual OPEB cost	274,000
Payments made	<u>(263,000)</u>
Increase (decrease) in net OPEB obligation	11,000
Net OPEB obligation - beginning of the year	<u>1,537,720</u>
Net OPEB obligation June 30, 2016	<u><u>\$ 1,548,720</u></u>



8. OTHER POST EMPLOYMENT BENEFITS, Continued

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

Fiscal Year Ended	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2014	\$ 473,000	\$ 116,972	24.7%	\$ 2,397,382
6/30/2015	479,000	1,338,662	279.5%	1,537,720
6/30/2016	274,000	263,000	96.0%	1,548,720

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 \$15,836,000 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, 2016 of 25 years.



8. OTHER POST EMPLOYMENT BENEFITS, Continued

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, 2016, the City paid ABAG Plan \$268,531 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, 2016, the City contribution was \$172,095. Audited financial statements may be obtained from Bickmore Risk Services, 1831 K Street, Sacramento, CA 95814.



9. RISK MANAGEMENT, Continued

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.

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

	2016		Total	2015	2014
	General Liability Claims	Workers' Compensation Claims			
Liability at beginning of fiscal year	\$ 201,271	\$ 2,493,201	\$ 2,694,472	\$ 2,038,486	\$ 2,558,499
Claims and changes in estimates	273,241	527,288	800,529	1,113,846	91,071
Claims payments	(213,384)	(451,405)	(664,789)	(457,861)	(611,083)
Liability at end of fiscal year	<u>\$ 261,128</u>	<u>\$ 2,569,084</u>	<u>\$ 2,830,212</u>	<u>\$ 2,694,471</u>	<u>\$ 2,038,487</u>
Current Portion	<u>\$ 111,087</u>	<u>\$ 405,614</u>	<u>\$ 516,701</u>	<u>\$ 485,480</u>	<u>\$ 482,080</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, 2016, the outstanding loan from the City to the Redevelopment Successor Agency was \$356,235.

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016



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, 2016 is as follows:

	Major Governmental Funds				Total
	General Fund	State Construction Maintenance Special Revenue Fund	Capital Projects Fund	Other Government Funds	
Fund Balances					
Nonspendable fund balance:					
Supplies and other assets	\$ 134,968	\$ -	\$ -	\$ -	\$ 134,968
Due from Successor Redevelopment Agency	356,235	-	-	-	356,235
	<u>491,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>491,203</u>
Restricted fund balance for:					
Public safety	-	-	-	214,955	214,955
Community development	-	-	-	5,731,830	5,731,830
Highway and streets	-	2,473,512	-	1,417,385	3,890,897
Recycling programs	-	-	-	491,177	491,177
Health and welfare	-	-	-	37,155	37,155
Park improvement	-	-	-	2,877,279	2,877,279
Debt reserves	-	-	-	679,714	679,714
Landscape and lighting	-	-	-	761,962	761,962
	-	<u>2,473,512</u>	<u>-</u>	<u>12,211,457</u>	<u>14,684,969</u>
Committed fund balance for:					
Waste disposal program	428,744	-	-	-	428,744
General city plan development	-	-	-	1,121,324	1,121,324
	<u>428,744</u>	<u>-</u>	<u>-</u>	<u>1,121,324</u>	<u>1,550,068</u>
Assigned fund balance for:					
Equipment replacement, fund 034	1,500,000	-	-	-	1,500,000
Community development, fund 037	341,688	-	-	-	341,688
Art in public places	-	-	-	958,636	958,636
Capital assets acquisition	-	-	12,770,397	511,458	13,281,855
	<u>1,841,688</u>	<u>-</u>	<u>12,770,397</u>	<u>1,470,094</u>	<u>16,082,179</u>
Unassigned fund balance					
Catastrophic contingencies	6,184,555	-	-	-	6,184,555
Fiscal uncertainty, fund 004	4,123,037	-	-	-	4,123,037
Other	16,861,039	-	-	-	16,861,039
	<u>27,168,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,168,631</u>
Total Fund Balances	\$ 29,930,266	\$ 2,473,512	\$ 12,770,397	\$ 14,802,875	\$ 59,977,050

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2016



12. PRIOR PERIOD ADJUSTMENT

The City recorded the following prior period adjustments to recognize prior year revenues received in the current year that were earned, measurable, and available in the prior fiscal year and to adjust accumulated depreciation for capital assets that were fully depreciated as of the end of the fiscal year.

	Net Position as Previously Reported	Prior Period Adjustment			Net Position as Restated
		Utility Users Tax	Other Governmental Agencies	Capital Assets	
<u>Government-Wide Statements</u>					
Governmental Activities	\$ 102,557,376	\$ 119,944	\$ 117,292	\$ 714,403	\$ 103,509,015
<u>Fund Financial Statements</u>					
	Fund Balance as Previously Reported	Utility Users Tax	Other Governmental Agencies	Capital Assets	Fund Balance as Restated
General Fund	\$ 21,527,846	\$ 119,944	\$ -	\$ -	\$ 21,647,790
State Construction Maintenance Special Revenue Fund	\$ 3,007,172	\$ -	\$ 117,292	\$ -	\$ 3,124,464

13. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

	Project		Unexpended
	Authorizations	Expenditures	Authorizations
Park Construction	\$ 76,000	\$ 8,701	\$ 67,299
Street Construction	7,763,430	1,918,372	5,845,058
Capital Improvements	4,805,450	633,255	4,172,195
Housing and Community	130,000	-	130,000
	<u>12,774,880</u>	<u>2,560,328</u>	<u>10,214,552</u>

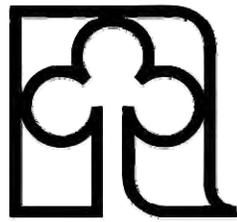
The City had no significant encumbrances outstanding as of June 30, 2016.



14. DEFICIT FUND BALANCE

The Workers' Compensation Fund is reporting a negative fund balance due to the increase in claims payments for fiscal year 2015-16. 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.

REQUIRED SUPPLEMENTARY INFORMATION





1. BUDGETARY BASIS OF ACCOUNTING

A. Budgetary Control and Budgetary Accounting

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

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

B. Excess of Expenditures over Appropriations

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

Community Development Maintenance Fees Fund
Community Development - \$10,726

City of Newark
Required Supplementary Information, Continued
For the year ended June 30, 2016



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	\$ 13,170,000	\$ 14,104,000	\$ 14,966,731	\$ 862,731
Other local taxes	21,002,000	24,317,000	24,654,592	337,592
Special assessments	220,000	220,000	-	(220,000)
Licenses, permits and fees	986,000	2,239,000	4,173,068	1,934,068
Fines and forfeitures	510,000	360,000	529,113	169,113
Use of money and property	100,000	50,000	148,794	98,794
Other governmental agencies	160,000	178,000	457,117	279,117
Current services charges	3,777,600	3,777,600	5,070,616	1,293,016
Other revenue	238,000	1,138,000	1,733,256	595,256
Total revenues	40,163,600	46,383,600	51,733,287	5,349,687
EXPENDITURES:				
Current:				
General government	4,163,400	4,909,460	4,643,348	266,112
Public safety:				
Fire	9,791,600	9,967,456	9,599,722	367,734
Police	15,777,300	17,526,690	16,159,740	1,366,950
Streets and parks	3,050,200	3,296,360	2,946,492	349,868
Community development	2,890,800	4,701,862	3,855,408	846,454
Recreation	3,909,000	4,094,230	3,942,287	151,943
Debt Service:				
Principal repayment	78,000	78,000	77,895	105
Interest and fiscal charges	5,500	5,500	5,474	26
Total expenditures	39,665,800	44,579,558	41,230,366	3,349,192
OTHER FINANCING SOURCES (USES):				
Transfers in	500,000	1,078,500	845,000	(233,500)
Transfers out	(203,000)	(3,144,500)	(3,065,445)	79,055
Total other financing sources (uses)	297,000	(2,066,000)	(2,220,445)	(154,445)
Net change in fund balance	\$ 794,800	\$ (261,958)	8,282,476	\$ 8,544,434
FUND BALANCES:				
Beginning of year, as restated			21,647,790	
End of year			\$ 29,930,266	

City of Newark
Required Supplementary Information, Continued
For the year ended June 30, 2016



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	\$ 9,157	\$ (843)
Other governmental agencies	1,319,000	1,319,000	1,131,626	(187,374)
Other revenue	-	-	444	444
Total revenues	1,329,000	1,329,000	1,141,227	(187,773)
EXPENDITURES:				
Current:				
Streets and Parks	1,051,600	6,406,630	629,120	5,777,510
Capital outlay	-	-	663,059	(663,059)
Total expenditures	1,051,600	6,406,630	1,292,179	5,114,451
REVENUE OVER (UNDER) EXPENDITURES	277,400	(5,077,630)	(150,952)	4,926,678
OTHER FINANCING SOURCES (USES):				
Transfers out	(500,000)	(500,000)	(500,000)	-
Total other financing sources (uses)	(500,000)	(500,000)	(500,000)	-
Net change in fund balance	\$ (222,600)	\$ (5,577,630)	(650,952)	\$ 4,926,678
FUND BALANCES:				
Beginning of year, as restated			3,124,464	
End of year			\$ 2,473,512	

City of Newark
Required Supplementary Information, Continued
For the year ended June 30, 2016



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⁾	2014-15	2013-14
TOTAL PENSION LIABILITY		
Service Cost	\$ 1,428,480	\$ 1,565,207
Interest	7,153,135	6,903,386
Changes of Benefit Terms	-	-
Difference Between Expected and Actual Experience	(336,919)	-
Changes of Assumptions	(1,677,534)	-
Benefit Payments, Including Refunds of Employee Contributions	(5,054,891)	(4,796,901)
Net Change in Total Pension Liability	1,512,271	3,671,692
Total Pension Liability - Beginning	97,332,688	93,660,996
Total Pension Liability - Ending (a)	\$ 98,844,959	\$ 97,332,688
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 1,771,614	\$ 1,672,308
Contributions - Employee	980,547	1,133,861
Net Investment Income ⁽²⁾	1,509,133	10,440,289
Benefit Payments, Including Refunds of Employee Contributions	(5,054,891)	(4,796,901)
Administrative Expense	(76,731)	-
Other Changes in Fiduciary Net Position	95	-
Net Change in Fiduciary Net Position	(870,233)	8,449,557
Plan Fiduciary Net Position - Beginning	68,985,044	60,535,487
Plan Fiduciary Net Position - Ending (b)	\$ 68,114,811	\$ 68,985,044
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 30,730,148	\$ 28,347,644
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.91%	70.88%
Covered Payroll	\$ 8,555,244	\$ 8,387,860
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	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, 2016



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

B. Schedule of Plan Contributions – Last 10 Years

<u>Miscellaneous Plan</u>	<u>Fiscal Year 2015-16 ⁽¹⁾</u>	<u>Fiscal Year 2014-15 ⁽¹⁾</u>
Actuarially determined contribution	\$ 2,089,006	\$ 1,773,777
Contribution in relation to the actuarially determined contributions	(2,089,006)	(1,773,777)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 8,944,772	 \$ 8,555,244
 Contributions as a percentage of covered payroll	 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>2016</u>	<u>2015</u>
Measurement date:	6/30/2015	6/30/2014
Proportion of the net pension liability	0.66006%	0.64192%
Proportionate share of the net pension liability	\$ 45,305,899	\$ 39,942,949
Covered payroll	\$ 7,186,807	\$ 6,720,767
Proportionate share of the net pension liability as a percentage of covered payroll	630.40%	594.32%
Plan's share of fiduciary net position as a percentage of total pension liability	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, 2016



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

B. Schedule of Plan Contributions - Last 10 Years

Safety Members

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

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

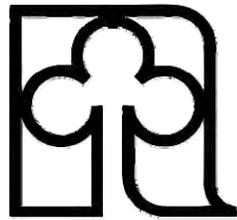
City of Newark
Required Supplementary Information, Continued
For the year ended June 30, 2016



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.



SUPPLEMENTARY INFORMATION

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

Capital Projects Fund

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

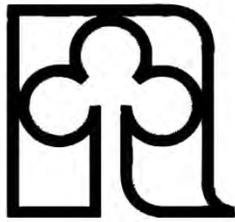
City of Newark

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

Capital Projects Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ 10,000	\$ 10,000	\$ 2,272	\$ (7,728)
Current service charges	625,000	770,000	1,944,030	1,174,030
Other revenue	-	-	-	-
Total revenues	635,000	780,000	1,946,302	1,166,302
EXPENDITURES:				
Current:				
Police	-	-	399,288	(399,288)
Streets and parks	-	3,127,100	-	3,127,100
Capital outlay	1,460,000	1,520,000	180,842	1,339,158
Total expenditures	1,460,000	4,647,100	580,130	4,066,970
REVENUE OVER (UNDER) EXPENDITURES	(825,000)	(3,867,100)	1,366,172	5,233,272
OTHER FINANCING SOURCES (USES):				
Transfers in	64,600	2,064,600	2,064,600	-
Total other financing sources (uses)	64,600	2,064,600	2,064,600	-
Net change in fund balance	\$ (760,400)	\$ (1,802,500)	3,430,772	\$ 5,233,272
FUND BALANCES:				
Beginning of year			9,339,625	
End of year			\$ 12,770,397	



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.

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.

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, 2016

	Special Revenue Funds						
	Paramedic Tax	Alameda County Fire Fees	Police Grants	Community Development Act	Housing Impact Fees	Community Development Maint. Fees	Recycle AB 939
ASSETS							
Cash and investments							
Available for operations	\$ 36,741	\$ 7,333	\$ 121,663	\$ 15,035	\$ 5,716,795	\$ 1,149,323	\$ 68,596
Restricted cash and investments	-	-	-	-	-	-	-
Receivables:							
Special assessments	1,525	-	-	-	-	-	-
Intergovernmental	-	-	29,324	-	-	-	-
Interest	-	-	-	-	-	-	-
Other, net	-	23,331	2,662	-	-	-	-
Total assets	\$ 38,266	\$ 30,664	\$ 153,649	\$ 15,035	\$ 5,716,795	\$ 1,149,323	\$ 68,596
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 7,624	\$ -	\$ -	\$ 27,999	\$ -
Total liabilities	-	-	7,624	-	-	27,999	-
Fund Balances:							
Committed	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,121,324	\$ -
Restricted	38,266	30,664	146,025	15,035	5,716,795	-	68,596
Assigned	-	-	-	-	-	-	-
Total fund balances	38,266	30,664	146,025	15,035	5,716,795	1,121,324	68,596
Total liabilities	\$ 38,266	\$ 30,664	\$ 153,649	\$ 15,035	\$ 5,716,795	\$ 1,149,323	\$ 68,596
and fund balances	\$ 38,266	\$ 30,664	\$ 153,649	\$ 15,035	\$ 5,716,795	\$ 1,149,323	\$ 68,596

Special Revenue Funds			Debt Service Fund		Capital Project Funds				Total Non-Major Governmental Funds
Measure D - Recycling	Measure B - ACTIA	Measure BB ACTIA	Hazardous Materials Program	Public Financing Authority	Park Improvement	PEG Fees	Art in Public Places	Landscape and Lighting District	
\$ 393,701	\$ 709,161	\$ 512,600	\$ 39,745	\$ 45,744	\$ 2,877,279	\$ 511,458	\$ 958,636	\$ 751,241	\$ 13,915,051
-	-	-	-	633,970	-	-	-	-	633,970
-	-	-	-	-	-	-	-	14,719	16,244
-	124,714	99,989	-	-	-	-	-	-	254,027
-	-	-	-	-	-	-	-	-	-
28,894	-	-	-	-	-	-	-	-	54,887
\$ 422,595	\$ 833,875	\$ 612,589	\$ 39,745	\$ 679,714	\$ 2,877,279	\$ 511,458	\$ 958,636	\$ 765,960	\$ 14,874,179
\$ 14	\$ 28,565	\$ 514	\$ 2,590	\$ -	\$ -	\$ -	\$ -	\$ 3,998	\$ 71,304
14	28,565	514	2,590	-	-	-	-	3,998	71,304
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,121,324
422,581	805,310	612,075	37,155	679,714	2,877,279	-	-	761,962	12,211,457
-	-	-	-	-	-	511,458	958,636	-	1,470,094
422,581	805,310	612,075	37,155	679,714	2,877,279	511,458	958,636	761,962	14,802,875
\$ 422,595	\$ 833,875	\$ 612,589	\$ 39,745	\$ 679,714	\$ 2,877,279	\$ 511,458	\$ 958,636	\$ 765,960	\$ 14,874,179

City of Newark
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2016

	Special Revenue Funds					
	Paramedic Tax	Alameda County Fire Fees	Police Grants	Community Development Act	Housing Impact Fee	Community Development Maint. Fees
REVENUES:						
Special assessments	\$ 230,100	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	205	-	15,011	3,295
Other governmental agencies	-	-	174,460	-	-	-
Current service charges	-	126,885	21,020	-	5,001,340	-
Other revenues	-	-	-	-	-	738,448
Total revenues	230,100	126,885	195,685	-	5,016,351	741,743
EXPENDITURES:						
Current:						
Public safety:						
Fire	3,819	3,074	-	-	-	-
Police	-	-	182,417	-	-	-
Streets and parks	-	-	-	-	-	-
Community development	-	-	-	-	-	196,236
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal repayment	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	3,819	3,074	182,417	-	-	196,236
REVENUE OVER (UNDER) EXPENDITURES	226,281	123,811	13,268	-	5,016,351	545,507
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	-	-	-
Transfers out	(215,000)	(130,000)	-	-	-	-
Total other financing sources (uses)	(215,000)	(130,000)	-	-	-	-
Net change in fund balances	11,281	(6,189)	13,268	-	5,016,351	545,507
FUND BALANCES:						
Beginning of year	26,985	36,853	132,757	15,035	700,444	575,817
End of year	<u>\$ 38,266</u>	<u>\$ 30,664</u>	<u>\$ 146,025</u>	<u>\$ 15,035</u>	<u>\$ 5,716,795</u>	<u>\$ 1,121,324</u>

Special Revenue Funds					Debt Service Fund	Capital Project Funds			
Recycle AB 939	Measure D - Recycling	Measure B - ACTIA	Measure BB - ACTIA	Hazardous Materials Program	Public Financing Authority	Park Improvement	PEG Fees	Art in Public Places	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
-	1,238	2,680	1,406	125	209	-	1,282	-	
11,793	115,611	793,148	648,627	12,286	-	-	-	-	
-	-	-	-	-	-	2,155,940	-	110,240	
-	-	-	-	-	-	-	510,176	42	
11,793	116,849	795,828	650,033	12,411	209	2,155,940	511,458	110,282	
-	-	-	-	12,121	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	161,156	-	-	8,701	-	-	
-	37,815	-	-	-	-	-	-	-	
-	-	149,668	-	-	-	-	-	-	
-	-	465,969	-	-	-	-	-	11,250	
-	-	-	-	-	482,299	-	-	-	
-	-	-	-	-	382,618	-	-	-	
-	37,815	615,637	161,156	12,121	864,917	8,701	-	11,250	
11,793	79,034	180,191	488,877	290	(864,708)	2,147,239	511,458	99,032	
-	-	-	-	-	863,045	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	863,045	-	-	-	
11,793	79,034	180,191	488,877	290	(1,663)	2,147,239	511,458	99,032	
56,803	343,547	625,119	123,198	36,865	681,377	730,040	-	859,604	
\$ 68,596	\$ 422,581	\$ 805,310	\$ 612,075	\$ 37,155	\$ 679,714	\$ 2,877,279	\$ 511,458	\$ 958,636	

City of Newark
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2016

	<u>Capital Project Funds</u>	
	Landscape and Lighting District	Total Non-Major Governmental Funds
REVENUES:		
Special assessments	\$ 230,206	\$ 460,306
Use of money and property	2,857	28,308
Other governmental agencies	-	1,755,925
Current service charges	-	7,415,425
Other revenues	-	1,248,666
Total revenues	<u>233,063</u>	<u>10,908,630</u>
EXPENDITURES:		
Current:		
Public safety:		
Fire	-	19,014
Police	-	182,417
Streets and parks	208,794	378,651
Community development	-	234,051
Recreation	-	149,668
Capital outlay	-	477,219
Debt service:		
Principal repayment	-	482,299
Interest and fiscal charges	-	382,618
Total expenditures	<u>208,794</u>	<u>2,305,937</u>
REVENUE OVER (UNDER) EXPENDITURES	<u>24,269</u>	<u>8,602,693</u>
OTHER FINANCING SOURCES (USES):		
Transfers in	-	863,045
Transfers out	-	(345,000)
Total other financing sources (uses)	<u>-</u>	<u>518,045</u>
Net change in fund balances	24,269	9,120,738
FUND BALANCES:		
Beginning of year	<u>737,693</u>	<u>5,682,137</u>
End of year	<u>\$ 761,962</u>	<u>\$ 14,802,875</u>

City of Newark

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

Paramedic Tax

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and special assessments	\$ -	\$ -	\$ 230,100	\$ 230,100
Total revenues	-	-	230,100	230,100
EXPENDITURES:				
Current:				
Public Safety - Fire	-	-	3,819	(3,819)
Total expenditures	-	-	3,819	(3,819)
REVENUE OVER (UNDER) EXPENDITURES	-	-	226,281	226,281
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(215,000)	(215,000)	-
Total other financing sources (uses)	-	(215,000)	(215,000)	-
Net change in fund balance	\$ -	(215,000)	11,281	\$ 230,100
FUND BALANCES:				
Beginning of year			26,985	
End of year			\$ 38,266	

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Current service charges	\$ -	\$ -	\$ 126,885	\$ 126,885
Total revenues	-	-	126,885	126,885
EXPENDITURES:				
Current:				
Public safety:				
Fire	-	3,000	3,074	(74)
Total expenditures	-	3,000	3,074	(74)
REVENUE OVER (UNDER) EXPENDITURES	-	(3,000)	123,811	126,811
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(130,000)	(130,000)	-
Total other financing sources (uses)	-	(130,000)	(130,000)	-
Net change in fund balances	\$ -	\$ (133,000)	(6,189)	\$ 126,811
FUND BALANCES:				
Beginning of year			36,853	
End of year			\$ 30,664	

City of Newark

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

Police Grants

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 205	\$ 205
Other governmental agencies	100,000	114,540	174,460	59,920
Current service charges	50,000	50,000	21,020	(28,980)
Total revenues	150,000	164,540	195,685	31,145
EXPENDITURES:				
Current:				
Public safety:				
Police	117,000	204,638	182,417	22,221
Total expenditures	117,000	204,638	182,417	22,221
Net change in fund balance	\$ 33,000	\$ (40,098)	13,268	\$ 53,366
FUND BALANCES:				
Beginning of year			132,757	
End of year			\$ 146,025	

City of Newark

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Community Development Act For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other governmental agencies	\$ 140,000	\$ 140,000	\$ -	\$ (140,000)
Other revenue	-	-	-	-
Total revenues	140,000	140,000	-	(140,000)
EXPENDITURES:				
Current:				
Capital outlay	130,000	130,000	-	130,000
Total expenditures	130,000	130,000	-	130,000
Net change in fund balance	\$ 10,000	\$ 10,000	-	\$ (10,000)
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

Housing Impact Fees

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 15,011	\$ 15,011
Current service charges	-	-	5,001,340	5,001,340
Total revenues	-	-	5,016,351	5,016,351
EXPENDITURES:				
Current:				
Capital outlay	-	703	-	703
Total expenditures	-	703	-	703
Net change in fund balance	\$ -	\$ (703)	5,016,351	\$ 5,017,054
FUND BALANCES:				
Beginning of year			700,444	
End of year			\$ 5,716,795	

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 3,295	\$ 3,295
Other revenues	165,000	165,000	738,448	573,448
Total revenues	165,000	165,000	741,743	576,743
EXPENDITURES:				
Current:				
Community development	-	601,523	196,236	405,287
Total expenditures	-	601,523	196,236	405,287
Net change in fund balance	\$ 165,000	\$ (436,523)	545,507	\$ 982,030
FUND BALANCES:				
Beginning of year			575,817	
End of year			\$ 1,121,324	

City of Newark

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

Recycle AB 939

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other governmental agencies	\$ -	\$ -	\$ 11,793	\$ 11,793
Total revenues	-	-	11,793	11,793
Net change in fund balance	\$ -	\$ -	11,793	\$ 11,793
FUND BALANCES:				
Beginning of year			56,803	
End of year			\$ 68,596	

City of Newark

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Measure D - Recycling For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1,238	\$ 1,238
Other revenues	-	-	115,611	115,611
Total revenues	-	-	116,849	116,849
EXPENDITURES:				
Current:				
Community development	30,000	51,800	37,815	13,985
Total expenditures	30,000	51,800	37,815	13,985
Net change in fund balance	\$ (30,000)	\$ (51,800)	79,034	\$ 130,834
FUND BALANCES:				
Beginning of year			343,547	
End of year			\$ 422,581	

City of Newark

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

Measure B - ACTIA

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 2,680	\$ 2,680
Other governmental agencies	675,000	675,000	793,148	118,148
Total revenues	675,000	675,000	795,828	120,828
EXPENDITURES:				
Current:				
Recreation	187,000	187,000	149,668	37,332
Capital outlay	477,000	987,800	465,969	521,831
Total expenditures	664,000	1,174,800	615,637	559,163
Net change in fund balance	\$ 11,000	\$ (499,800)	180,191	\$ 679,991
FUND BALANCES:				
Beginning of year			625,119	
End of year			\$ 805,310	

City of Newark

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

Measure BB - ACTIA

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1,406	\$ 1,406
Other governmental agencies	-	-	648,627	648,627
Total revenues	-	-	650,033	650,033
EXPENDITURES:				
Current:				
Streets and parks	-	369,000	161,156	207,844
Total expenditures	-	369,000	161,156	207,844
REVENUE OVER (UNDER) EXPENDITURES	-	(369,000)	488,877	857,877
Net change in fund balance	\$ -	\$ (369,000)	488,877	\$ 857,877
FUND BALANCES:				
Beginning of year			123,198	
End of year			\$ 612,075	

City of Newark

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Hazardous Materials Program For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 125	\$ 125
Other governmental agencies	-	12,300	12,286	(14)
Total revenues	-	12,300	12,411	111
EXPENDITURES:				
Current:				
Public safety:				
Fire	-	12,300	12,121	179
Total expenditures	-	12,300	12,121	179
Net change in fund balance	\$ -	\$ -	290	\$ 290
FUND BALANCES:				
Beginning of year			36,865	
End of year			\$ 37,155	

City of Newark

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

Park Improvement

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Current service charges	\$ 650,000	\$ 650,000	\$ 2,155,940	\$ 1,505,940
Total revenues	<u>650,000</u>	<u>650,000</u>	<u>2,155,940</u>	<u>1,505,940</u>
EXPENDITURES:				
Current:				
Streets and parks	-	76,000	8,701	67,299
Total expenditures	<u>-</u>	<u>76,000</u>	<u>8,701</u>	<u>67,299</u>
Net change in fund balance	<u>\$ 650,000</u>	<u>\$ 574,000</u>	2,147,239	<u>\$ 1,573,239</u>
FUND BALANCES:				
Beginning of year			<u>730,040</u>	
End of year			<u>\$ 2,877,279</u>	

City of Newark

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

PEG Fees

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Current service charges	\$ -	\$ -	\$ 1,282	\$ 1,282
Other revenues	-	-	510,176	510,176
Total revenues	-	-	511,458	511,458
EXPENDITURES:				
Current:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	\$ -	\$ -	511,458	\$ 511,458
FUND BALANCES:				
Beginning of year			-	
End of year			\$ 511,458	

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Current service charges	\$ -	\$ -	\$ 110,240	\$ 110,240
Other revenues	-	-	42	42
Total revenues	-	-	110,282	110,282
EXPENDITURES:				
Current:				
Community Development	-	11,300	11,250	50
Total expenditures	-	11,300	11,250	50
Net change in fund balance	\$ -	\$ (11,300)	99,032	\$ 110,332
FUND BALANCES:				
Beginning of year			859,604	
End of year			\$ 958,636	

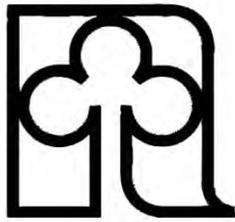
City of Newark

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

Landscape and Lighting District

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and special assessments	\$ -	\$ -	\$ 230,206	\$ 230,206
Use of money	-	-	2,857	2,857
Total revenues	-	-	233,063	233,063
EXPENDITURES:				
Current:				
Streets and parks	574,600	574,600	208,794	365,806
Total expenditures	574,600	574,600	208,794	365,806
Net change in fund balance	\$ (574,600)	\$ (574,600)	24,269	\$ 598,869
FUND BALANCES:				
Beginning of year			737,693	
End of year			\$ 761,962	



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, 2016

	Equipment Replacement	Equipment Operations	Office Support	Building Maintenance
ASSETS				
Current assets:				
Cash and investments	\$ 944,205	\$ 620,648	\$ 61,627	\$ 887,028
Receivables	-	-	-	12,766
Supplies and other assets	-	63,185	3,000	9,765
Total current assets	944,205	683,833	64,627	909,559
Capital assets, net of accumulated depreciation	1,408,709	-	-	-
Total assets	2,352,914	683,833	64,627	909,559
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	11,747	23,199	9,079	77,376
Capital lease obligation, due within one year	42,363			
Claims payable, due within one year	-	-	-	-
Total current liabilities	54,110	23,199	9,079	77,376
Noncurrent liabilities:				
Capital lease obligation, due in more than one year	88,774	-	-	-
Claims payable, due in more than one year	-	-	-	-
Total liabilities	142,884	23,199	9,079	77,376
NET POSITION				
Net investment in capital assets *	1,277,572	-	-	-
Unrestricted	932,458	660,634	55,548	832,183
Total net position	\$ 2,210,030	\$ 660,634	\$ 55,548	\$ 832,183

Liability Self-Insurance	Compensation Self-Insurance	Total
\$ 731,478	\$ 1,808,833	\$ 5,053,819
9,376	-	22,142
-	-	75,950
<u>740,854</u>	<u>1,808,833</u>	<u>5,151,911</u>
-	-	1,408,709
<u>740,854</u>	<u>1,808,833</u>	<u>6,560,620</u>
15,144	232,180	368,725
111,087	405,614	42,363
<u>126,231</u>	<u>637,794</u>	<u>516,701</u>
-	-	927,789
150,041	2,163,470	88,774
<u>276,272</u>	<u>2,801,264</u>	<u>2,313,511</u>
-	-	3,330,074
464,582	(992,431)	1,277,572
<u>\$ 464,582</u>	<u>\$ (992,431)</u>	<u>\$ 1,952,974</u>
<u>\$ 464,582</u>	<u>\$ (992,431)</u>	<u>\$ 3,230,546</u>

City of Newark
Combining Statement of Activities and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2016

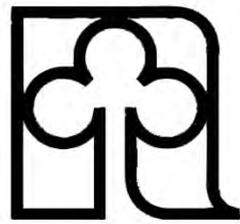
	Equipment Replacement	Equipment Operations	Office Support	Building Maintenance
OPERATING REVENUES:				
Charges to departments	\$ 400,800	\$ 910,800	\$ 106,400	\$ 1,650,200
Other revenue	3,666	4,466	-	41,072
Total operating revenues	404,466	915,266	106,400	1,691,272
OPERATING EXPENSES:				
Personnel services	-	358,225	17,238	420,998
Materials and supplies	195,859	257,873	18,753	46,653
Contractual Services	-	136,790	64,174	537,749
Utilities	-	-	-	613,504
Insurance claims and premiums	-	-	-	-
Depreciation	223,061	-	-	-
Total operating expenses	418,920	752,888	100,165	1,618,904
OPERATING INCOME (LOSS)	(14,454)	162,378	6,235	72,368
NONOPERATING REVENUES (EXPENSES):				
Interest expense	(5,429)	-	-	-
Total nonoperating revenue (expenses)	(5,429)	-	-	-
INCOME (LOSS) BEFORE TRANSFERS	(19,883)	162,378	6,235	72,368
Transfers in	-	112,000	-	25,800
Total transfers	-	112,000	-	25,800
Change in net position	(19,883)	274,378	6,235	98,168
NET POSITION:				
Beginning of year	2,229,913	386,256	49,313	734,015
End of year	\$ 2,210,030	\$ 660,634	\$ 55,548	\$ 832,183

Public Liability Self-Insurance	Workers' Compensation Self-Insurance	Total
\$ 593,400	\$ 500,000	\$ 4,161,600
12,132	-	61,336
<u>605,532</u>	<u>500,000</u>	<u>4,222,936</u>
76,565	23,398	896,424
-	-	519,138
273,242	595,271	1,607,226
-	-	613,504
268,531	369,429	637,960
-	-	223,061
<u>618,338</u>	<u>988,098</u>	<u>4,497,313</u>
<u>(12,806)</u>	<u>(488,098)</u>	<u>(274,377)</u>
-	-	(5,429)
-	-	(5,429)
(12,806)	(488,098)	(279,806)
-	-	137,800
-	-	137,800
(12,806)	(488,098)	(142,006)
<u>477,388</u>	<u>(504,333)</u>	<u>3,372,552</u>
<u>\$ 464,582</u>	<u>\$ (992,431)</u>	<u>\$ 3,230,546</u>

City of Newark
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2016

	Equipment Replacement	Equipment Operations	Office Support	Building Maintenance
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from other funds	\$ 404,466	\$ 915,266	\$ 106,400	\$ 1,691,272
Payments to suppliers/other fund	(190,296)	(420,041)	(81,946)	(1,225,388)
Payments to employees	-	(358,225)	(17,238)	(420,998)
Claims paid	-	-	-	-
Net cash provided (used) by operating activities	214,170	137,000	7,216	44,886
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Interfund receipts	-	112,000	-	25,800
Net cash provided (used) by noncapital financing activities	-	112,000	-	25,800
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Payments on capital lease	(41,068)	-	-	-
Acquisition of capital assets	(233,227)	-	-	-
Interest paid and fiscal charges	(5,429)	-	-	-
Net cash provided (used) by capital and related financing activities	(279,724)	-	-	-
Net increase (decrease) in cash and cash equivalents	(65,554)	249,000	7,216	70,686
CASH AND CASH EQUIVALENTS:				
Beginning of year	1,009,759	371,648	54,411	816,342
End of year	<u>\$ 944,205</u>	<u>\$ 620,648</u>	<u>\$ 61,627</u>	<u>\$ 887,028</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ (14,454)	\$ 162,378	\$ 6,235	\$ 72,368
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	223,061	-	-	-
Change in assets and liabilities:				
Accounts receivable and other assets	-	934	-	(5,679)
Accounts payable and accrued liabilities	5,563	(26,312)	981	(21,803)
Total adjustments	<u>228,624</u>	<u>(25,378)</u>	<u>981</u>	<u>(27,482)</u>
Net cash provided (used) by operating activities	<u>\$ 214,170</u>	<u>\$ 137,000</u>	<u>\$ 7,216</u>	<u>\$ 44,886</u>

Public Liability Self-Insurance	Workers' Compensation Self-Insurance	Total
\$ 596,555	\$ 500,000	\$ 4,213,959
(273,242)	(595,271)	(2,786,184)
(76,565)	(23,398)	(896,424)
<u>(271,993)</u>	<u>(83,034)</u>	<u>(355,027)</u>
<u>(25,245)</u>	<u>(201,703)</u>	<u>176,324</u>
-	-	137,800
-	-	137,800
-	-	(41,068)
-	-	(233,227)
-	-	<u>(5,429)</u>
-	-	<u>(279,724)</u>
(25,245)	(201,703)	34,400
<u>756,723</u>	<u>2,010,536</u>	<u>5,019,419</u>
<u>\$ 731,478</u>	<u>\$ 1,808,833</u>	<u>\$ 5,053,819</u>
\$ (12,806)	\$ (488,098)	\$ (274,377)
-	-	223,061
(8,977)	-	(13,722)
<u>(3,462)</u>	<u>286,395</u>	<u>241,362</u>
<u>(12,439)</u>	<u>286,395</u>	<u>450,701</u>
<u>\$ (25,245)</u>	<u>\$ (201,703)</u>	<u>\$ 176,324</u>



AGENCY FUNDS

Area Improvement Districts Fund

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

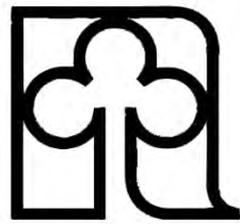
City of Newark
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year ended June 30, 2016

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Area Improvement Districts				
Assets:				
Cash and investments for operations	\$ 4,325,198	\$ 927,382	\$ 989,409	\$ 4,263,171
Receivables	7,109	21,500	7,109	21,500
Total assets	\$ 4,332,307	\$ 948,882	\$ 996,518	\$ 4,284,671
Liabilities:				
Due to bondholders	\$ 4,332,307	\$ 948,882	\$ 996,518	\$ 4,284,671
Total liabilities	\$ 4,332,307	\$ 948,882	\$ 996,518	\$ 4,284,671

City of Newark
Utility Users Tax - Budget to Actual Comparison
For the year ended June 30, 2016

On November 4, 2014, Measure Y (originally approved in 2010 under Measure U) was approved by voters in the City to extend the utility users tax for five years. This revenue source funded programs previously cut as a result of budget reductions. The following table summarized how the revenue was spent during fiscal year 2015/16.

	2015-16 Approved Budget	2015-16 Actuals
Management/Support Services		
Human Resources	\$ 38,700	\$ 3,071
Information Systems	10,300	10,300
Financial Services	211,100	211,100
Subtotal	<u>260,100</u>	<u>224,471</u>
Public Safety		
Patrol	646,700	646,700
Investigation	159,900	159,900
School Crossing Guard	67,000	62,533
Administration	50,000	50,000
Fire	268,800	268,800
Subtotal	<u>1,192,400</u>	<u>1,187,933</u>
Community Promotion		
Development	64,600	64,600
Community Preservation	62,400	60,138
Subtotal	<u>127,000</u>	<u>124,738</u>
Recreation		
General Recreation Services	164,000	164,000
Youth/Adult Sports	20,100	-
Activity & Family Aquatic Center	130,600	60,154
Senior Services	165,000	146,158
Subtotal	<u>479,700</u>	<u>370,312</u>
Park & Landscape Maintenance		
Environmental Services	97,500	97,500
Street Repairs	6,400	6,400
Park & Landscape	324,100	324,100
Subtotal	<u>428,000</u>	<u>428,000</u>
Internal Service Funds		
Equipment Maintenance	112,000	112,000
Building Maintenance	25,800	25,800
Subtotal	<u>137,800</u>	<u>137,800</u>
TOTAL UTILITY USERS TAX EXPENDITURES	2,625,000	2,473,254
GENERAL FUND SUPPORT AND		
TRANSFER TO FISCAL UNCERTAINTY	\$ 875,100	\$ 1,143,262



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

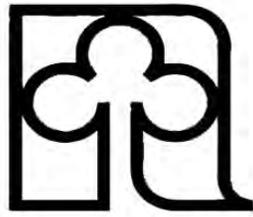
These schedules present demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

- 13 Demographic and Economic Statistics
- 14 Principal Employers

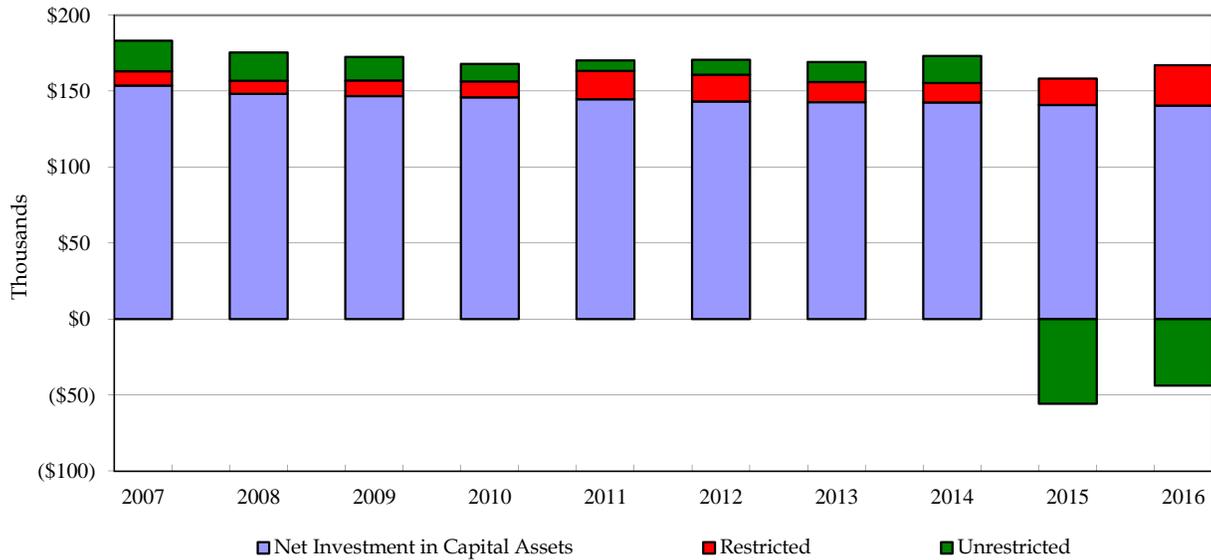
Operating Information

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<i>Primary government</i>										
<i>Governmental activities:</i>										
Net Investment in Capital Assets	\$153,668	\$148,171	\$146,665	\$145,913	\$144,678	\$143,258	\$142,709	\$142,524	\$140,931	\$140,414
Restricted	9,462	8,560	10,389	10,406	18,563	17,596	13,198	12,806	17,260	26,622
Unrestricted	20,143	18,804	15,435	11,490	6,865	9,806	13,264	17,903	(55,634)	(43,711)
Total governmental activities net position	\$183,273	\$175,535	\$172,489	\$167,809	\$170,106	\$170,660	\$169,171	\$173,233	\$102,557	\$123,325

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General government	\$4,017	\$5,183	\$4,711	\$3,965	\$3,838	\$3,891	\$3,796	\$4,643	\$5,986	\$4,484
Public safety:										
Fire	8,940	8,726	9,839	9,026	8,294	8,380	8,669	8,665	9,641	9,805
Police	14,062	15,842	13,519	13,814	12,535	13,598	14,643	15,310	15,565	17,202
Streets and parks	4,729	7,696	5,685	6,763	5,644	6,065	9,834	6,743	6,082	5,934
Community development	3,567	3,299	2,946	2,863	2,821	3,127	2,749	3,052	3,456	3,930
Recreation	6,048	7,398	5,053	4,717	4,865	4,440	3,839	4,212	4,245	4,291
Interest on long-term debt	682	705	668	645	618	601	455	430	406	391
Total governmental activities expenses	42,045	48,849	42,421	41,793	38,615	40,102	43,985	43,055	45,381	46,036
Program revenues										
Governmental activities:										
Charges for services:										
General government	49	18	79	82	97	73	45	50	14	15
Public safety:										
Fire	467	462	415	239	69	94	135	115	113	230
Police	624	820	769	924	753	521	555	563	573	729
Streets and parks	796	768	432	666	585	563	560	530	1,181	2,771
Community development	1,344	1,389	1,140	1,183	1,198	1,398	1,268	1,858	5,048	13,492
Recreation	2,597	2,685	2,497	2,384	2,349	2,391	1,686	2,432	2,273	2,458
Operating grants and contributions	3,477	1,700	2,426	3,227	1,838	1,492	1,053	938	615	803
Capital grants and contributions	894	1,253	3,351	2,719	1,560	1,625	2,337	2,725	2,055	2,584
Total governmental program revenues	10,248	9,095	11,109	11,424	8,449	8,157	7,639	9,211	11,872	23,083
Net (expense)/revenue										
Total governmental activities net expense	(31,797)	(39,754)	(31,312)	(30,369)	(30,166)	(31,945)	(36,346)	(33,844)	(33,509)	(22,953)
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Property taxes	12,036	12,969	12,962	12,498	11,801	11,843	12,559	13,035	13,987	14,967
Sales taxes	9,805	10,856	8,463	6,702	8,807	8,819	9,631	10,182	10,603	11,092
Franchise taxes	2,443	2,449	2,453	2,475	2,512	2,538	2,870	2,938	3,076	2,725
Transient occupancy tax	3,182	3,326	2,573	2,337	2,785	3,323	3,705	4,320	5,067	5,859
Utility users tax	0	0	0	0	765	3,231	3,376	3,644	3,617	3,292
Other local taxes	500	1,080	950	958	1,097	1,117	1,132	1,272	1,488	1,799
Motor vehicle in-lieu	292	187	157	0	203	22	23	19	18	18
Use of money and property	1,640	1,314	658	129	79	147	49	70	93	189
Gain on sale of assets	0	0	0	523	0	423	0	0	0	0
Miscellaneous	888	44	50	66	4,414	1,037	1,510	2,562	1,926	2,829
general revenues	30,786	32,225	28,266	25,688	32,463	32,500	34,855	38,042	39,875	42,769
Change in net position governmental activities	(\$1,011)	(\$7,529)	(\$3,046)	(\$4,681)	\$2,297	\$555	(\$1,491)	\$4,198	\$6,366	\$19,816

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,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Nonspendable:										
Supplies and prepaid assets	-	-	-	-	\$633	\$134	\$121	\$555	\$152	\$135
Due from Successor Redevelopment Agency	-	-	-	-	-	-	-	-	404	356
Assigned for:										
Community development	-	-	-	-	-	-	-	242	187	342
Fire side fund	-	-	-	-	-	363	463	613	-	-
Equipment replacement	-	-	-	-	-	-	155	405	1,305	1,500
Pension/OPEB reserves	-	-	-	-	-	-	-	150	-	-
Waste disposal fund	-	-	-	-	-	972	1,028	817	576	429
Reserved	\$607	\$223	\$421	\$449	-	-	-	-	-	-
Unreserved	11,225	11,659	9,790	6,715	-	-	-	-	-	-
Unassigned	-	-	-	-	8,566	10,700	13,849	16,776	18,904	27,169
Total General Fund	\$11,832	\$11,882	\$10,211	\$7,164	\$0	\$12,169	\$15,616	\$19,558	\$21,528	\$29,930
All other governmental funds										
Committed:										
Community development	-	-	-	-	-	173	152	304	576	1,121
Restricted for:										
Public safety	-	-	-	-	182	126	216	198	196	215
Street improvements	-	-	-	-	4,678	4,460	3,053	3,740	3,756	3,891
Environmental programs	-	-	-	-	193	190	240	314	400	491
Health and welfare	-	-	-	-	-	122	34	35	37	37
Recreation programs	-	-	-	-	181	151	116	111	730	2,877
Debt service	-	-	-	-	1,014	675	676	677	681	680
Landscape and lighting	-	-	-	-	-	623	701	665	738	762
Other purposes	-	-	-	-	506	-	-	-	-	-
Assigned to:										
Capital projects	-	-	-	-	10,499	10,310	6,858	-	-	-
Community development	-	-	-	-	-	(5)	15	15	715	5,732
Art in public places	-	-	-	-	-	646	646	673	860	959
Capital asset acquisition	-	-	-	-	-	-	-	6,159	9,340	13,282
Other purposes	-	-	-	-	1,745	-	-	-	-	-
Unassigned										
Reserved	\$2,196	\$1,000	\$3,559	\$990	(464)	-	-	-	-	-
Unreserved, reported in:										
Debt service funds	-	71	49	49	-	-	-	-	-	-
Special revenue funds	8,130	7,788	6,262	7,492	-	-	-	-	-	-
Capital project funds	10,091	9,777	8,159	8,306	-	-	-	-	-	-
Total all other governmental funds	\$20,417	\$18,636	\$18,029	\$16,837	\$0	\$17,471	\$12,707	\$12,891	\$18,029	\$30,047

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)

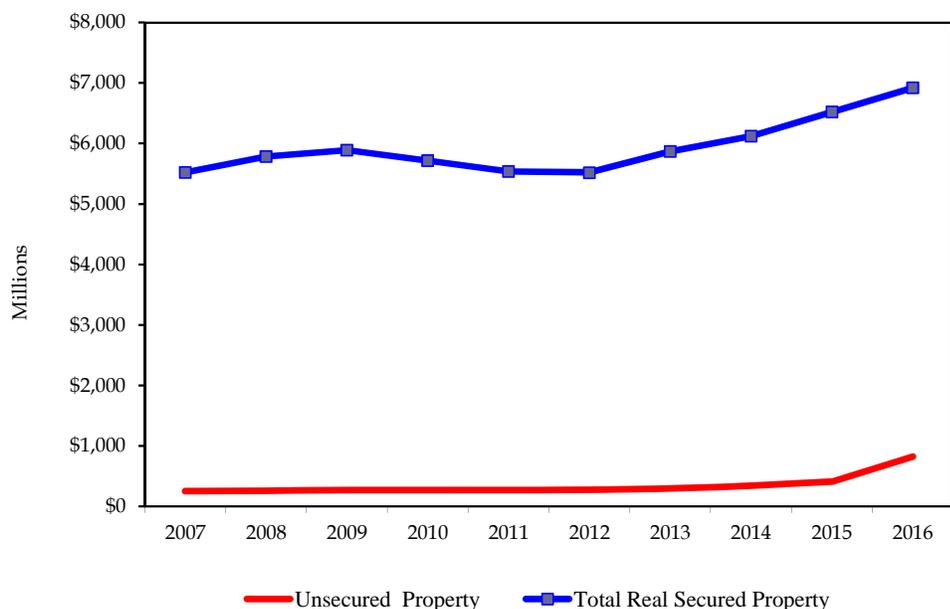
	Fiscal year ended June 30,					Fiscal year ended June 30,				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Property taxes	\$11,943	\$12,880	\$12,875	\$12,281	\$11,802	\$11,843	\$12,559	\$13,035	\$13,988	\$14,967
Other local taxes	17,089	17,710	14,684	13,197	15,926	19,028	20,558	22,200	23,867	24,655
Special assessments	199	374	898	904	443	472	473	319	431	460
Licenses, permits and fees	1,048	1,089	873	1,040	820	1,117	939	1,443	2,264	4,173
Fines and forfeitures	263	569	528	591	473	383	377	363	383	529
Use of money and property	1,739	1,397	776	109	80	147	49	70	93	189
Intergovernmental revenues	3,636	2,643	4,760	3,482	4,575	2,996	2,974	4,037	3,093	3,345
Charges for services	3,635	4,104	3,587	3,306	3,607	3,808	3,098	4,604	6,351	14,430
Other	1,482	554	394	435	4,123	850	984	1,374	1,485	2,982
Total revenues	<u>41,034</u>	<u>41,320</u>	<u>39,375</u>	<u>35,345</u>	<u>41,849</u>	<u>40,644</u>	<u>42,011</u>	<u>47,445</u>	<u>51,955</u>	<u>65,729</u>
Expenditures										
Current:										
General government	3,830	4,185	4,503	3,807	3,739	3,790	3,722	4,526	6,043	4,643
Public safety:										
Fire	8,716	8,597	9,426	8,897	8,082	8,142	8,433	8,460	9,635	9,619
Police	13,831	14,113	13,321	13,270	12,725	13,406	14,433	15,282	15,435	16,741
Streets and parks	4,446	5,324	4,904	5,934	4,224	4,881	7,159	4,350	3,663	3,954
Community development	3,212	2,974	2,713	2,809	2,466	3,085	2,708	3,005	3,512	4,089
Recreation	5,508	5,630	4,562	4,248	4,413	3,914	3,458	3,949	4,000	4,092
Capital outlay	1,323	1,269	1,034	634	374	20	2,365	2,588	1,483	1,321
Debt service:										
Principal repayment	444	498	516	975	454	632	527	572	589	560
Interest and fiscal charges	685	697	674	659	621	761	450	430	410	388
Total expenditures	<u>41,995</u>	<u>43,287</u>	<u>41,653</u>	<u>41,233</u>	<u>37,098</u>	<u>38,631</u>	<u>43,255</u>	<u>43,162</u>	<u>44,770</u>	<u>45,409</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(961)</u>	<u>(1,967)</u>	<u>(2,278)</u>	<u>(5,888)</u>	<u>4,751</u>	<u>2,013</u>	<u>(1,244)</u>	<u>4,283</u>	<u>7,185</u>	<u>20,321</u>
Other financing sources (uses)										
Proceeds from sale of property	-	-	-	1,199	-	-	-	-	-	-
Transfers in	3,097	3,915	2,163	1,475	3,244	3,085	1,852	2,212	4,065	3,773
Transfers (out)	(3,097)	(3,940)	(2,163)	(1,475)	(3,244)	(3,618)	(1,924)	(2,504)	(4,141)	(3,910)
Issuance of debt	-	-	-	-	-	9,704	-	-	-	-
Debt refunding	-	-	-	-	-	(9,700)	-	-	-	-
Certificates of participation issued	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	470	-	-	-	-	-	134	-	-
Total other financing sources (uses)	<u>0</u>	<u>445</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(529)</u>	<u>(72)</u>	<u>(158)</u>	<u>(76)</u>	<u>(138)</u>
Extraordinary gain										
RDA Dissolution	-	-	-	-	-	423	-	-	-	-
Net change in fund balances	<u>(\$961)</u>	<u>(\$1,522)</u>	<u>(\$2,278)</u>	<u>(\$5,888)</u>	<u>\$4,751</u>	<u>\$1,907</u>	<u>(\$1,316)</u>	<u>\$4,125</u>	<u>\$7,109</u>	<u>\$20,183</u>
Debt service as a percentage of noncapital expenditures	2.8%	2.8%	2.9%	4.1%	3.0%	3.7%	2.3%	2.4%	2.3%	2.1%

Source: City of Newark Basic Financial Statements

CITY OF NEWARK

Assessed Value of Taxable Property

Last Ten Fiscal Years



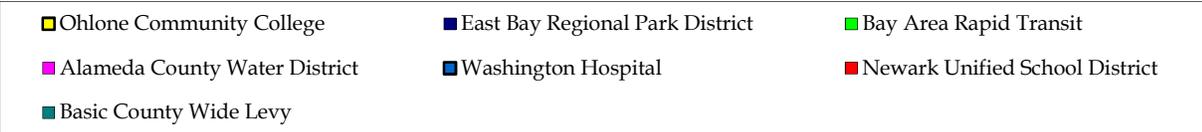
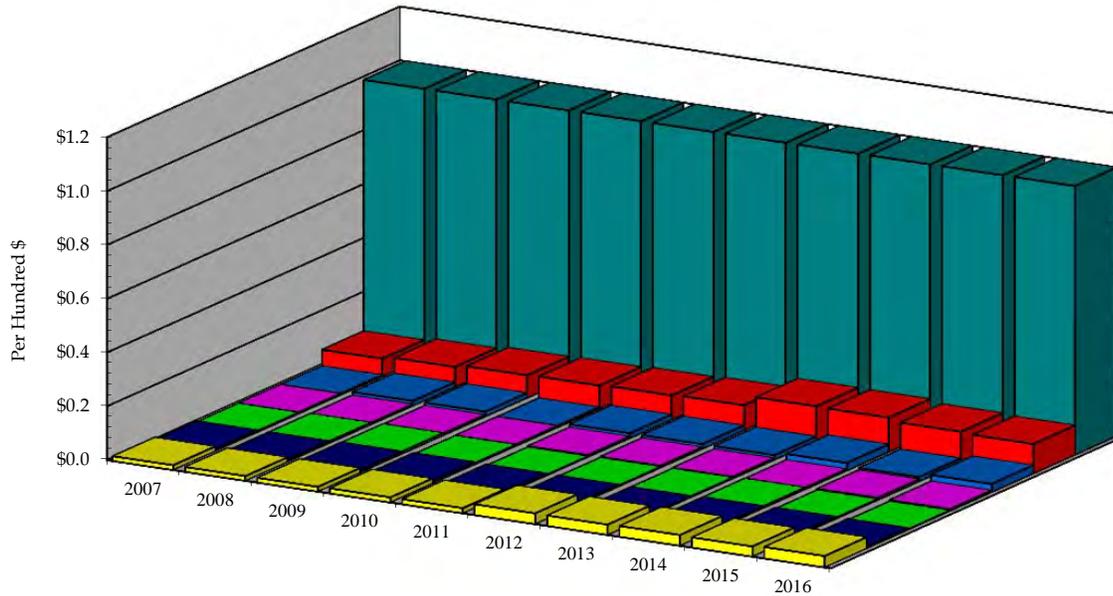
Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Total Direct Tax Rate
	Residential Property	Commercial Property	Industrial Property	Other				
2007	3,404,836,502	792,256,841	973,078,766	101,984,764	5,272,156,873	250,610,326	5,522,767,199	0.16501%
2008	3,655,787,270	876,293,567	873,977,913	124,265,251	5,530,324,001	256,002,340	5,786,326,341	0.16517%
2009	3,763,035,574	711,435,191	1,004,845,064	150,245,353	5,629,561,182	264,529,850	5,894,091,032	0.16442%
2010	3,410,144,357	731,005,849	1,154,628,273	155,739,144	5,451,517,623	267,890,978	5,719,408,601	0.16549%
2011	3,290,823,839	659,297,835	1,158,994,181	159,093,100	5,268,208,955	271,695,467	5,539,904,422	0.16479%
2012	3,309,572,447	635,000,800	1,179,565,507	127,692,323	5,251,831,077	270,167,762	5,521,998,839	0.15069%
2013	3,340,615,739	634,931,937	1,427,641,007	174,120,993	5,577,309,676	295,619,089	5,872,928,765	0.16512%
2014	3,518,280,012	643,728,541	1,422,471,808	197,838,511	5,782,318,872	341,646,838	6,123,965,710	0.16432%
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%

Source: Alameda County Assessor 2006/07 - 2015/16 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
2007	1.0000	0.0056	0.0050	0.0085	0.0659	0.0177	0.0055	1.1082
2008	1.0000	0.0064	0.0076	0.0080	0.0755	0.0177	0.0182	1.1334
2009	1.0000	0.0075	0.0090	0.0100	0.0845	0.0176	0.0188	1.1474
2010	1.0000	0.0065	0.0057	0.0108	0.0865	0.0188	0.0063	1.1346
2011	1.0000	0.0071	0.0031	0.0084	0.0900	0.0190	0.0188	1.1464
2012	1.0000	0.0077	0.0041	0.0071	0.0935	0.0400	0.0186	1.1710
2013	1.0000	0.0069	0.0043	0.0051	0.1298	0.0384	0.0181	1.2026
2014	1.0000	0.0066	0.0075	0.0078	0.1280	0.0399	0.0291	1.2189
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

Source: Alameda County Assessor 2006/07 - 2015/16 Tax Rate Table

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

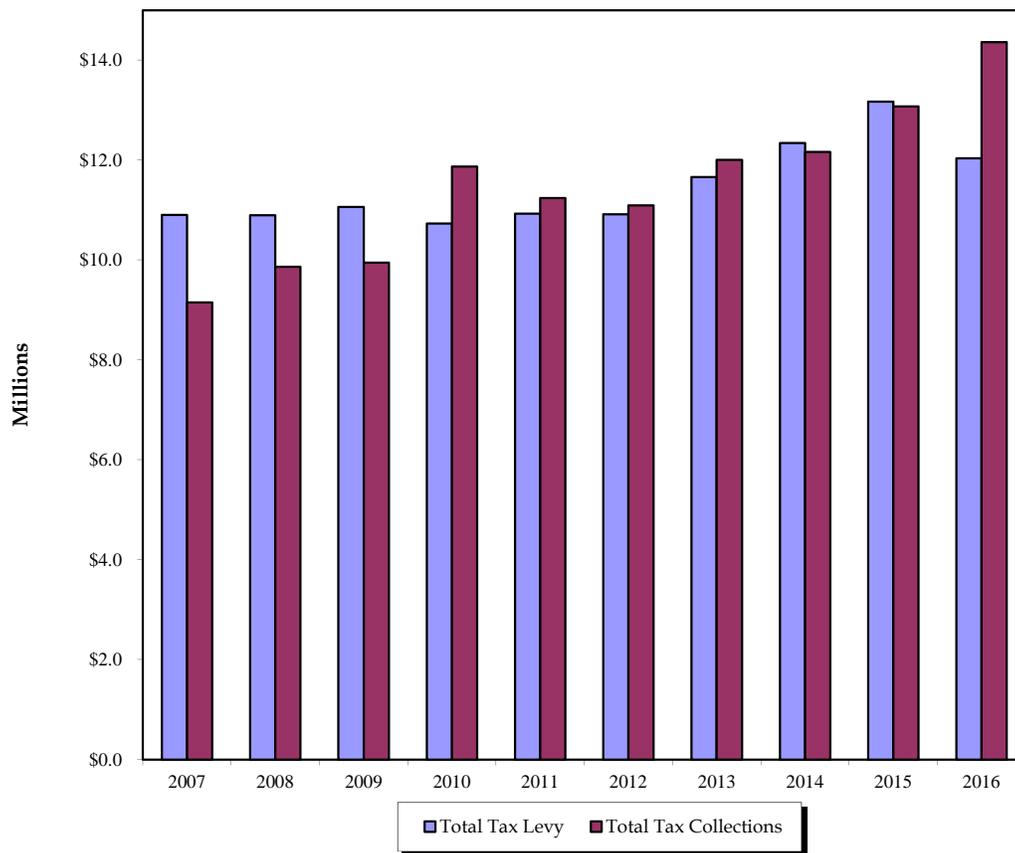
Taxpayer	2015-16			2006-07		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Apple Computer Inc.	\$426,074,867	1	6.15%			
BMR Gateway Boulevard LLC	205,115,404	2	2.96%	\$350,639,174	1	6.35%
JMB Newpark Associates & GGP	78,621,158	4	1.14%	\$69,641,991	2	1.26%
Leslie Salt Company	43,660,856	7	0.63%			
Sycamore Bay LLC	55,811,022	5	0.81%	49,239,772	5	0.89%
SI XVIII LLC	41,414,100	9	0.60%			
Icon Owner Pool 3 West LLC	42,743,349	8	0.62%			
DCT Cherry Street California LP	39,300,000	10	0.57%	33,292,800	10	0.60%
Safety Kleen of CA, Inc.	51,838,240	6	0.75%			
SC Bridgeway Inc.				39,168,000	7	0.71%
Security Capital Industrial Trust				51,441,029	4	0.93%
BRCP Stevenson Point LLC				49,023,801	6	0.89%
Nancy's Specialty Foods				34,464,930	9	0.62%
SM Broadway Corporation				37,156,173	8	0.67%
Industrial Properties Portfolio Subsidiary						
CNL Hotel MI 4 LP				52,872,511	3	0.96%
Metropolitan Life Insurance Co	87,750,000	3	1.27%			
Subtotal	\$1,072,328,996		15.49%	\$766,940,181		13.89%
Total Net Assessed Valuation:						
Fiscal Year 2015/16	\$6,923,600,653					
Fiscal Year 2006/07	\$5,522,757,199					

Source: Alameda County Assessor 2006/07 - 2015-16 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
2007	10,903,599	8,984,826	82.4024%	166,235	9,151,061	83.9270%
2008	10,894,495	9,619,682	88.2986%	244,843	9,864,525	90.5460%
2009	11,060,851	9,426,933	85.2279%	520,217	9,947,150	89.9311%
2010	10,733,042	11,538,768	107.5070%	334,409	11,873,177	110.6227%
2011	10,929,642	10,940,663	100.1008%	296,965	11,237,628	102.8179%
2012	10,916,957	10,833,299	99.2337%	260,623	11,093,922	101.6210%
2013	11,661,505	11,627,668	99.7098%	376,444	12,004,112	102.9379%
2014	12,341,426	12,055,900	97.6864%	104,849	12,160,749	98.5360%
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%

Source: City of Newark

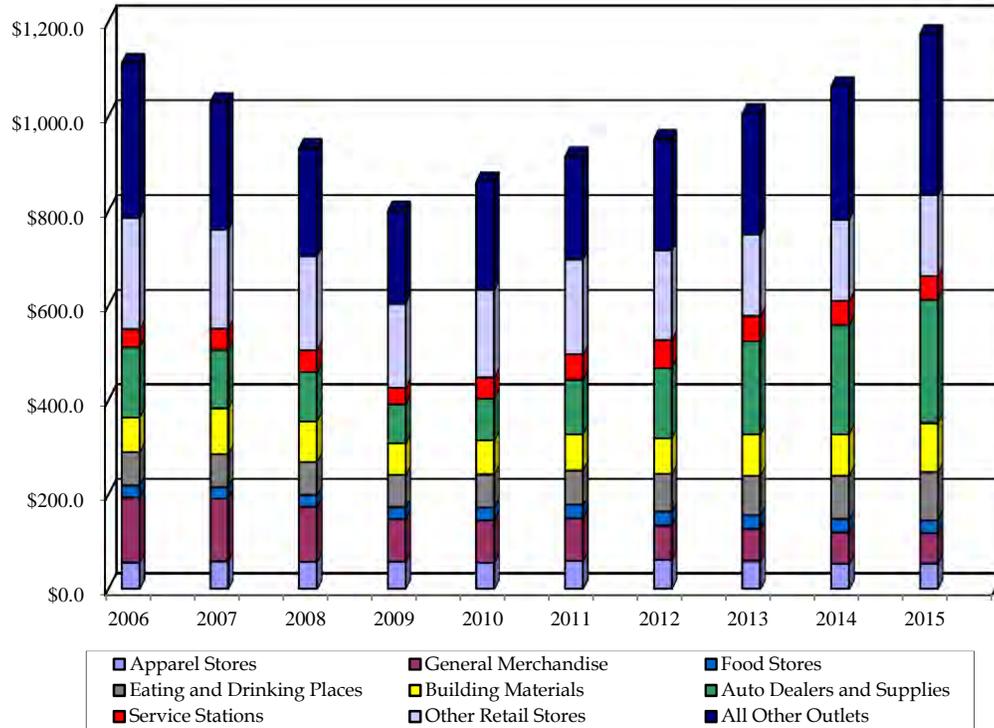
Note:

- (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



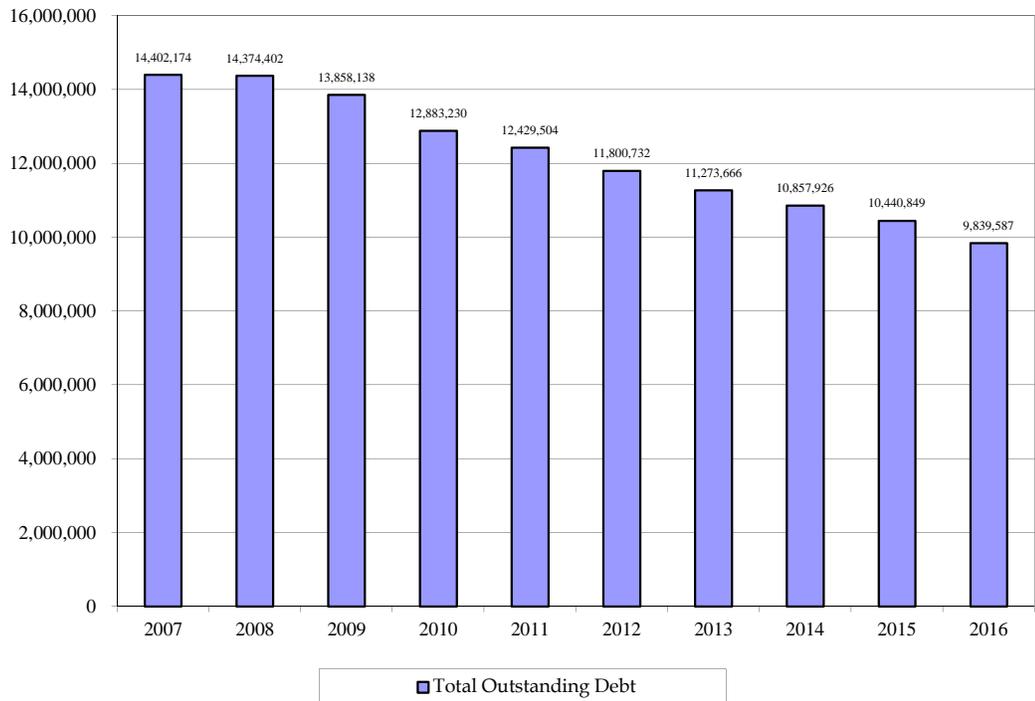
Calendar Year (in millions)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Apparel Stores	\$56.0	\$58.2	\$57.6	\$57.8	\$55.2	\$59.0	\$62.0	\$58.4	\$52.4	\$53.9
General Merchandise	136.7	132.3	115.9	90.1	90.1	91.0	71.7	68.5	66.8	64.4
Food Stores	26.6	24.8	25.1	25.4	27.0	28.0	29.4	28.5	28.8	27.4
Eating and Drinking Places	70.5	70.1	69.9	67.7	70.1	72.7	80.0	84.5	92.1	101.1
Building Materials	73.4	97.1	86.4	67.5	72.0	76.6	76.0	87.4	87.7	104.5
Auto Dealers and Supplies	148.8	123.8	104.5	82.5	88.3	115.9	148.8	196.7	230.7	261.5
Service Stations	38.1	44.2	46.1	35.2	44.9	53.1	59.2	53.6	51.7	49.1
Other Retail Stores	235.0	209.4	198.2	176.8	185.2	200.5	188.8	172.8	170.7	171.2
All Other Outlets	326.5	269.7	228.4	197.1	229.2	218.1	234.8	255.6	282.1	340.3
Total	\$ 1,111.6	\$ 1,029.6	\$ 932.1	\$ 800.1	\$ 862.0	\$ 914.9	\$ 950.7	\$ 1,006.0	\$ 1,063.0	\$ 1,173.4

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)
2007	13,350,000	720,000	332,174	14,402,174	1.12%	466.18
2008	13,015,000	630,000	729,402	14,374,402	1.07%	460.66
2009	12,670,000	535,000	653,138	13,858,138	1.01%	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

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, 2016

	<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	\$527,065,000	1.150%	\$6,061,248
East Bay Regional Park District	149,945,000	1.761%	2,640,531
Ohlone Community College District	405,166,857	14.137%	57,278,439
Newark Unified School District	85,233,934	100.000%	85,233,934
Washington Township Heathcare District	333,540,000	11.840%	39,491,136
Alameda County General Fund Obligations	852,027,000	2.914%	24,828,067
Alameda County Pension Obligations	41,111,094	3.339%	1,372,817
Alameda-Contra Costa Transit District Certificates of Participation	21,285,000	3.452%	734,758
City of Newark 1915 Act Bonds	6,887,530	100.000%	6,887,530
SUB-TOTAL OVERLAPPING DEBT			<u>224,528,460</u>
<u>Direct Debt</u> - City of Newark General Fund Obligations	9,562,963	100.000%	<u>9,562,963</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$234,091,423</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, 2016

Assessed valuation:

Secured property assessed value,
net of exempt real property \$6,923,600,653

Bonded debt limit (15% of assessed value) 1,038,540,098

Amount of debt subject to limit:

Total bonded debt 9,562,963

Less: Certificates of participation and bank
refinancing not subject to limit 9,562,963

Amount of debt subject to limit -

Legal bonded debt margin \$1,038,540,098

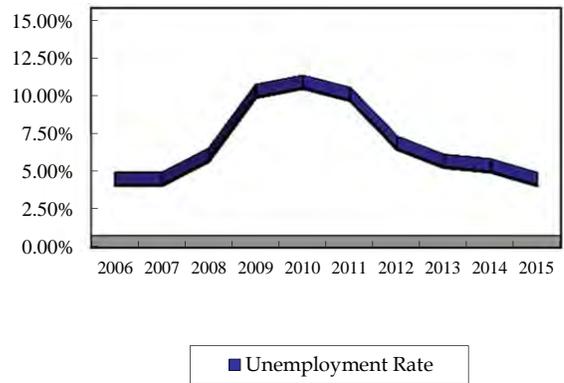
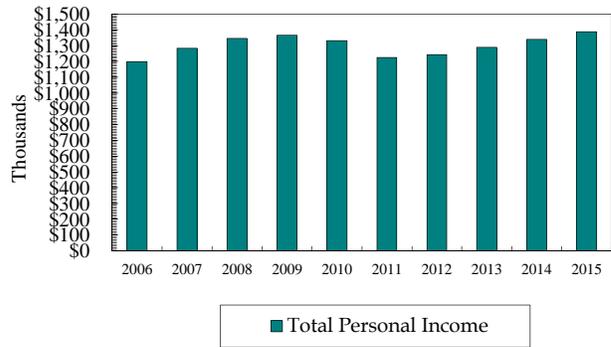
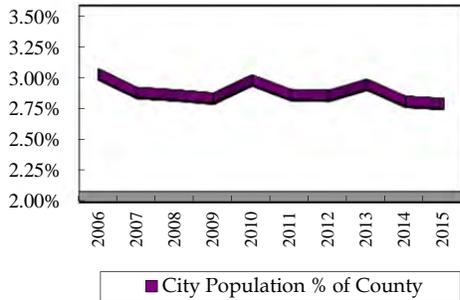
Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2007	790,822,031	720,000	790,102,031	0.09%
2008	829,548,600	630,000	828,918,600	0.08%
2009	844,434,177	440,000	843,994,177	0.05%
2010	810,711,759	-	810,711,759	0.00%
2011	784,128,589	-	784,128,589	0.00%
2012	787,749,759	-	787,749,759	0.00%
2013	828,903,443	-	828,903,443	0.00%
2014	860,059,947	-	860,059,947	0.00%
2015	917,189,996	-	917,189,996	0.00%
2016	1,038,540,098	-	1,038,540,098	0.00%

Source: Alameda County Assessor 2005/06 - 2015/16 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
2006	43,431	1,198,388	29,553	4.1%	1,453,646	2.99%
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%

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

CITY OF NEWARK
Principal Employers
Current Year and Ten Years Ago

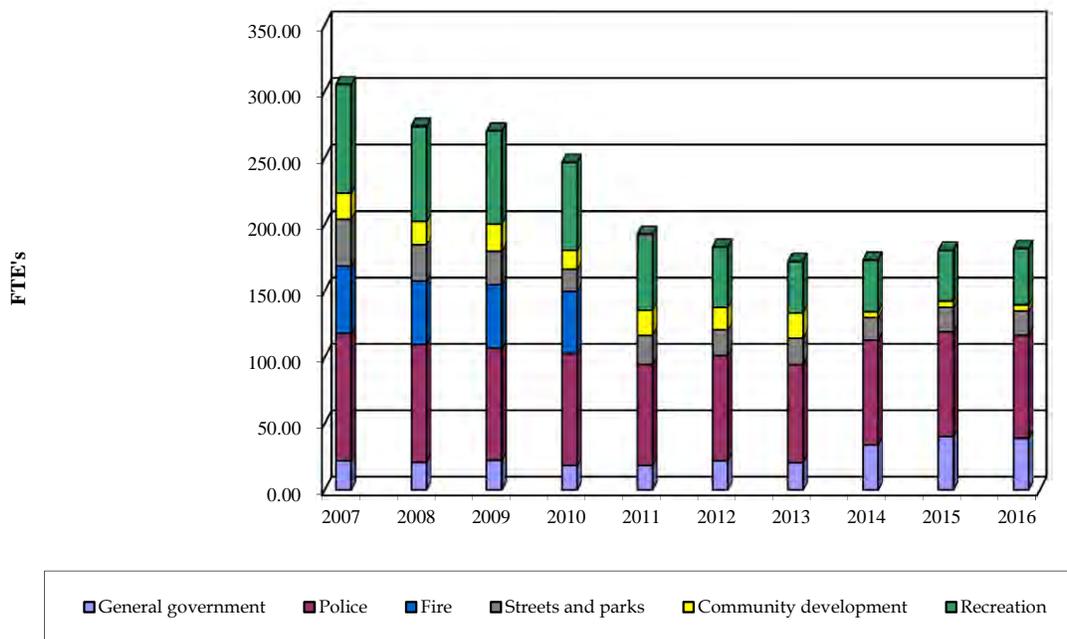
Employer	2015-16			2005-06		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Newark Unified School District	983	1	4.2%	800	2	3.6%
Logitech	716	2	3.0%			
WorldPac	218	3	0.9%	290	6	1.3%
Full Bloom Baking Company	180	8	0.8%			
Risk Management Solutions	325	4	1.4%	200	10	0.9%
Smart Modular Technologies	215	6	0.9%			
VM Services Inc	230	5	1.0%			
Cargill Salt	210	7	0.9%	230	9	1.0%
City of Newark	144	10	0.6%	298	5	1.3%
Valassis (formerly ADVO)				270	7	1.2%
Staples (formerly Corporate Express)				600	3	2.9%
Macys	180	9	0.8%			
ModusLink				300	4	1.4%
Nancy's Specialty Foods				250	8	1.1%
Total	<u>3,401</u>		<u>14.4%</u>	<u>3,238</u>		<u>14.6%</u>
Total City Employment	<u>23,600</u>			<u>22,221</u>		

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

CITY OF NEWARK

Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years



Function/Program:	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	22.10	20.86	22.38	18.25	18.43	22.19	20.43	34.15	40.17	38.68
Public safety										
Police	95.75	88.45	84.17	85.00	76.39	79.19	74.06	79.00	79.14	78.10
Fire	50.70	48.00	48.20	46.65	0.00	0.00	0.00	0.00	0.00	0.00
Streets and parks	35.70	27.45	25.03	16.45	21.94	19.20	19.89	16.88	18.57	18.23
Community development	19.35	17.57	20.74	14.30	18.80	17.14	19.00	4.48	4.48	4.52
Recreation	81.65	71.57	69.94	66.25	57.22	45.52	39.00	38.88	38.43	42.62
Total	305.25	273.90	270.46	246.90	192.78	183.24	172.38	173.39	180.79	182.15

Source: City of Newark

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

Function/Program	Fiscal Year		
	2014	2015	2016
Public safety:			
Fire			
Fire calls for service	2,988	2,985	3,340
Primary fire inspections conducted	1,566	1,499	1,595
Environmental safety inspections conducted	18,004	618	660
Police			
Communication center calls answered	33,428	29,419	31,654
Police calls for service	33,428	29,419	31,654
Law violations			
Part I crimes	1,305	1,489	1,491
Traffic violations	4,071	2,656	3,998
Parking violations	1,514	964	1,425
Public works:			
Street resurfacing (miles)	9	8	7
Street lights repaired	423	487	485
Recreation:			
Recreation class/program participants	182,642	173,112	156,814
Recreation facilities rentals	1,940	1,674	1,406
Silliman Activity Center use	141,672	142,805	131,237
Miscellaneous:			
Library:			
Library visitors	177,606	192,621	187,965
Library materials circulated	272,695	278,477	254,362

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

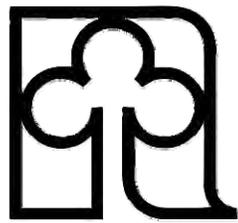
** The reduction in the number of Recreation class/program participants, facilities rentals and Silliman Activity Center use due to the eight-month closure of the Silliman Family Aquatic Center for the ceiling paint repair project.

Source: City of Newark
 Alameda County Library

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

Function/Program	Fiscal Year					
	2011	2012	2013	2014	2015	2016
Public safety:						
Fire stations	3	3	3	3	3	3
Police stations	1	1	1	1	1	1
Police patrol units	15	18	18	20	20	20
Public works:						
Miles of streets	105	105	105	105	105	105
Street lights	2,848	2,849	2,849	2,849	2,849	2,849
Traffic signals	43	43	43	43	44	44
Recreation:						
Community services:						
City parks	14	14	14	14	14	14
City parks acreage	124	124	124	124	124	124
Roadway landscaping acreage	56	56	56	56	56	56
Lake acreage	16	16	16	16	16	16
Community activity centers	2	2	2	2	2	2
Senior center	1	1	1	1	1	1
Aquatic center	1	1	1	1	1	1
Miscellaneous						
Library	1	1	1	1	1	1

Source: City of Newark





**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, the business-type 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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 16, 2017.

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. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses as FS2016-001 and FS2016-002 that we consider to be significant deficiencies.

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

Compliance and Other Matters

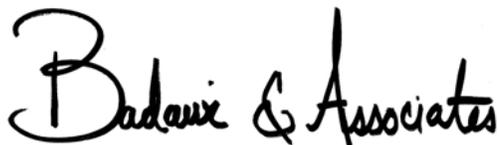
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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
February 16, 2017

City of Newark
Schedule of Findings and Responses
For the year ended June 30, 2016

FS2016-001. Restatement of Previously Issued Financial Statements

Criteria:

The City is responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

Condition:

The City restated its previously issued financial statements to correct for the recognition of certain revenues, and to restate accumulated depreciation of capital assets for capital assets that had accumulated depreciation in excess of the capital assets' historical cost.

Cause:

The City uses an excel worksheet to track capital asset activity and relies on the worksheet to calculate depreciation expense and update accumulated depreciation for all capital assets. Errors in the capital asset worksheet resulted in depreciation expense to be calculated for capital assets that were fully depreciated. The City's internal controls did not identify the worksheet error in a timely manner resulting in a misstatement of depreciation expense.

Context and Effect:

The City's previously issued financial statements were therefore misstated by the amount of the over depreciated assets.

Recommendation:

We recommend that the City enhance its internal control over financial reporting to ensure complete and accurate financial reporting. The City can accomplish this by expanding its year-end closing procedures to ensure that all non-routine and nonsystematic transactions were accounted for, the appropriate accounting standards were applied, and transactions were accounted for in the proper period.

Management Response:

The City recognizes the cause of the error and believes the issue will be addressed by the implementation of new financial software.

City of Newark
Schedule of Findings and Responses
For the year ended June 30, 2016

2016-002 Financial reporting

Criteria:

The City is responsible for fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. In addition, an effective internal control system over financial closing and reporting provides reasonable assurance for the safeguarding of assets, the reliability of financial information, and compliance with laws and regulations.

Condition:

During the performance of the audit, we noted that there were delays in closing of accounting books and providing the requested information for the audit. The City recorded numerous closing adjustments and correction journal entries subsequent to the trial balance being provided for the audit, which included corrections to the City's cash and investment and receivable accounts.

Cause:

During the fiscal year under audit, the City experienced turnover in positions with significant roles in the City's financial reporting and closing process. Also the City experienced turnover in one of these positions during the City's audit process. The City was not able to close the accounting books timely as there was not sufficient cross training in place to ensure continuity of the financial reporting process.

Context and Effect:

As a result of the turnover experienced by the City, there were delays in the financial closing and reporting process and completion of audit.

Recommendation:

We recommend that the City update its risk assessment process to identify potential unusual circumstances that would result in significant delays in financial closing and reporting, and develop policies and procedures to prevent or mitigate the effects of these circumstances when they occur. The City should provide cross training of finance staff to ensure continuity during the financial reporting process and audit in case the City experience turnover in key finance positions.

Management Response:

The City recognizes the challenges of staff turnover and continues to work to improve cross training key staff.