

City of Newark

Newark, California

Comprehensive Annual Financial Report

For the year ended June 30, 2018

Prepared by:
Finance Department
Krysten Lee
Finance Manager



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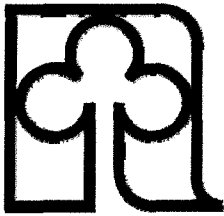
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CITY OF NEWARK, CALIFORNIA

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

March 6, 2019

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

I am pleased to present the City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. 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 presented in conformance with generally accepted accounting principles (GAAP). This report was prepared by the City's Finance Department to fulfill that requirement.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control the City has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the City's financial statements are free of any material misstatements.

The independent certified public accounting firm, Badawi and Associates, has rendered its unmodified ("clean") opinion on the City's financial statements for the year ended June 30, 2018. The independent auditors' report is presented at the front 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.

Profile of the City of Newark, California

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, 2018, the City's population was estimated by the California Department of Finance at 47,467, approximately 3.9% of total Alameda County population. The City occupies an area of approximately fourteen square miles.

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

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

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

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

Local Economy

The City's geographic location in the San Francisco Bay Area (Bay Area) is a major factor affecting its economic position. The City's healthy housing market and consumer spending continues to drive the local economy. In fiscal year 2018, the City of Newark economy experienced a modest improvement similar to the rest of the State – as did other neighboring cities in the San Francisco Bay Area. The City's major revenue sources, property tax and sales tax continue to reflect a thriving community.

Development in the City has constructed over 2,000 residential units within the past few years. Property tax has increased in each of the last two years. The City has increased total Assessed Valuation (AV) by \$1.1 billion (14.9%) over the prior fiscal 2017, which was the highest increase percentage growth in Alameda County. The NewPark Mall continues to transform into a leading retail, entertainment and dining destination along with 1,600 luxury apartments. In the surrounding mall area, construction of two new hotels Staybridge Suites and Springhill Suites have recently been complete and will be opening for business in the next fiscal year which will be a contributing factor to our transient occupancy tax revenues.

Sales tax continues to increase but at a slower pace. Automobile sales have been lagging along with business-to-business sales but a strong growing sector in the sales tax area is the county pool, where tax generated from online purchases is distributed. Voters approved Measure GG; a ½ cent sales tax is also providing an increase in general fund revenues.

Despite a strong economy, the City continues to be prudent with its financial resources by monitoring expenditures closely and maintaining sufficient reserves to help mitigate the City's budget should another recession scenario occur.

Long-Term Financial Planning

The City established the General Fund Emergency Reserves, which is approximately 15% of the final operating expenditures, to be set aside for catastrophic events. This \$7.6 million is shown in the General Fund unassigned fund balance but it is prudent fiscal policy to recognize that these funds are not intended for normal unanticipated expenditures.

The Fiscal Uncertainty Reserve was developed as a budget balancing reserve, to mitigate for a possible economic slowdown, recession, or other revenue losses. This reserve is set by the Fund Balance Policy at 10% of the final operating expenditures. For 2018, the balance is \$5.1 million.

In early 2017, the City Council adopted a policy to establish a Pension and Other Post-Employment Benefits (OPEB) Reserve. The initial deposit into this reserve was \$5.0 million and the ending balance for fiscal year 2018 is \$7.8 million. This reserve was established to offset future pension and OPEB required contributions as a result of the City opting to use a 20 year amortization schedule and not to use the ramp up method for new liabilities. These two choices can result in high year over year increases due to CalPERS changing methodology or CalPERS investment losses.

A Capital Project Reserve was established by the City to fund capital improvement projects. This reserve increases from surplus funds generated by the General Fund and proceeds from sale of City's capital assets. There was a budgeted transfer of \$0.4 million and impact fee revenues of \$3.9 million bringing the reserves to \$21.9 million. Capital spending has continued to focus on asset preservation of the City's building, parks, streets, and fleet management, as well as risk management activities.

Relevant Financial Policies

As mentioned above, in February of 2017, the City Council adopted a Pension and OPEB Reserve Policy. This policy established that the City will use 20-year amortization schedules for the payment of unfunded liabilities. The Policy also acknowledges the changes to the discount rate that PERS has scheduled for the next several years and the effects this will have on the required contributions. The Policy established a committed Reserve fund with an initial deposit of \$5.0 million. The reserve fund can be used for pension or OPEB costs.

Major Initiatives

- ***Approval of Measure GG*** – In November 2016, Newark voters approved a ½ cent transaction tax (sales tax). This revenue will allow the City to move forward with the new Civic Center Project. The Project will include replacement of the existing facilities with a new police operation center, a new library and a new City administration building.
- ***NewPark Place Specific Plan*** – The Specific Plan has been approved to provide guidelines for further revitalizing the surrounding NewPark Mall area, which is envisioned to include premier retail, restaurant, entertainment, residential, office and community spaces.
- ***Citywide Parks Master Plan*** – The City Council has approved a Citywide Parks Master Plan. The Plan forms the framework for future park construction and improvements. The design process has begun on the high priority projects.
- ***Newark Pedestrian and Bicycle Master Plan*** – This long-range planning document provides a vision of Newark's future biking and walking environment. It is also a necessary tool that will allow the City to compete for discretionary local, state and federal funding.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newark for its comprehensive annual financial report for the fiscal year ended June 30, 2017. 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 our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirement and we are submitting it to GFOA to determine its eligibility for another certificate.

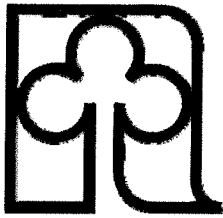
The preparation of the Comprehensive Annual Financial Report would not be possible without the dedicated efforts of the entire Finance Department staff. I would like to express special acknowledgment to Michelle Villanueva, Accountant, for her contributions in the preparation of this report and to our auditors Badawi and Associates, for their cooperation and assistance.

Finally, sincere appreciation is expressed to the City Manager, the Mayor, and members of the City Council for their unfailing support for maintaining the highest standards of professionalism in review and management of the City's finances.

Respectfully submitted,

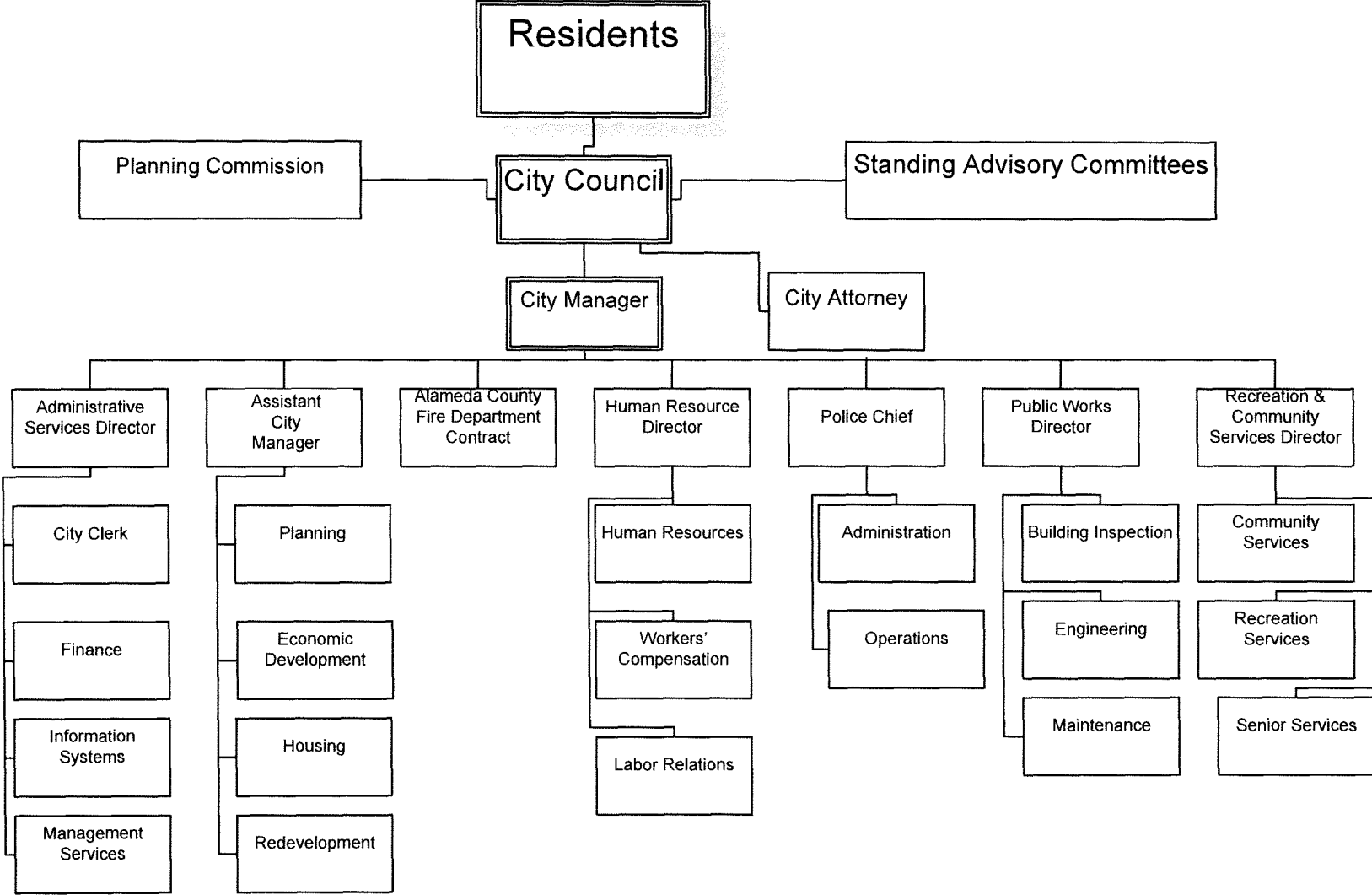


Krysten Lee
Finance Manager



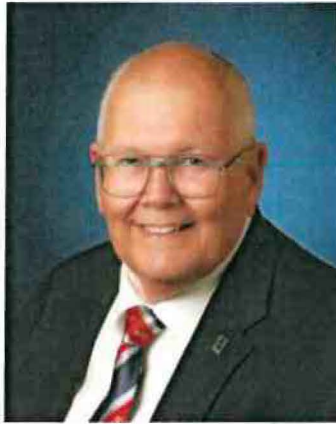
City of Newark

Organization Chart



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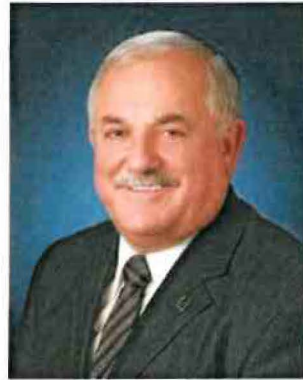
Newark Mayor & City Council
June 30, 2018



Alan L. Nagy
Mayor



**Michael K.
Hannon**
Vice Mayor



Luis L. Freitas
Council Member



Mike Bucci
Council Member



Maria "Sucy" Collazo
Council Member



CITY STAFF

June 30, 2018

CITY MANAGER
John Becker

ASSISTANT CITY MANAGER
Terrence Grindall

CITY ATTORNEY
David Benoun

EXECUTIVE TEAM

ADMINISTRATIVE SERVICES DIRECTOR
Susie Woodstock

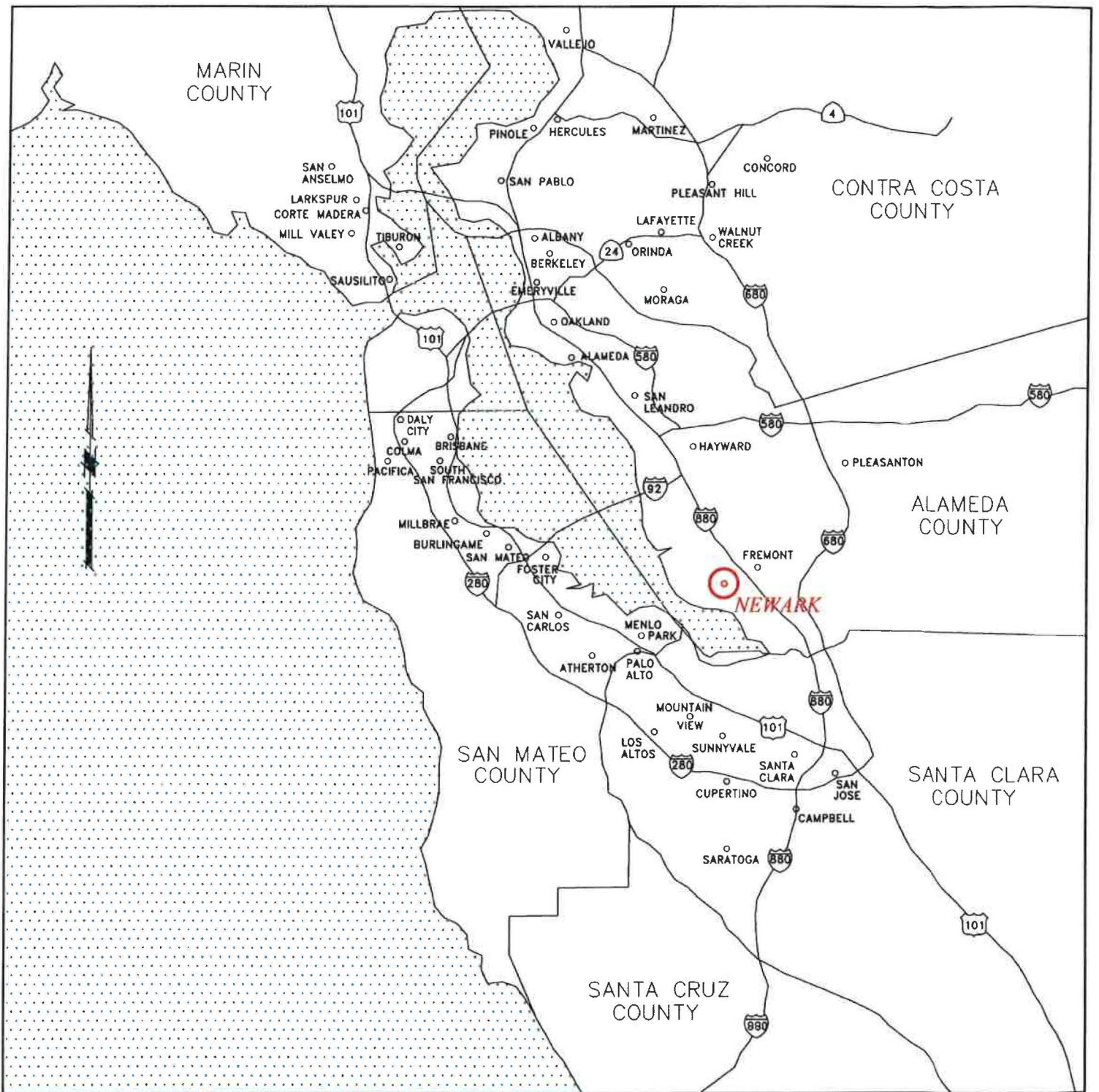
HUMAN RESOURCES DIRECTOR
Sandy Abe

POLICE CHIEF
Michael Carroll

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, 2017

Christopher P. Morill

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, 2018, 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, 2018, 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 and OPEB information pages 5-14 and 84-92 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 94 to 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 94 to 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 94 to 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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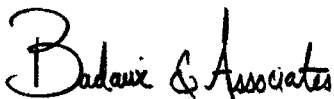
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Change in Accounting Principle

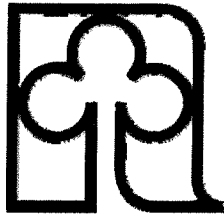
As described in Note 1 to the financial statements, in 2018, the City adopted new accounting guidance, *GASB No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2019, 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.



Badawi and Associates
Certified Public Accountants
Oakland, California
March 6, 2019





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, 2018. 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, 2018, the assets and deferred outflows of resources of the City exceeded its liabilities by \$150.0 million (net position). This is an increase of \$11.6 million or 8% from the prior fiscal year and reflects the continued inclusion of the net pension liability in the Statement of Net Position as required by GASB 68.
- Of this amount, -\$36.0 million represents unrestricted net position, which, if this was a positive amount, may be used to finance daily operations without constraints established by debt covenants or other legal requirements. The unrestricted net position currently is reported as a negative amount due to the net pension liability as noted above.
- During the fiscal year, the City's net position increased by \$11.6 million. Total revenues of \$74.4 million exceeded total expenses of \$62.8 million. Comparatively, revenues were \$3.0 million higher and expenses were \$10.1 million higher in the most recent fiscal year versus the prior fiscal year.
- At the close of fiscal year 2018, the City's governmental funds reported combined fund balances of \$93.6 million, an increase of \$13.7 million in comparison with the prior fiscal year. Approximately 34% of this amount (\$31.6 million) is unassigned and available for spending at the government's discretion, although \$12.7 is designated as catastrophic and fiscal uncertainty reserves. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) non-spendable form or legally required to be maintained intact (\$0.4 million), 2) restricted for particular purposes (\$24.1 million), 3) committed for particular purposes (\$10.0 million), or 4) assigned for particular purposes (\$27.5 million).
- The fund balance of the City's General Fund increased \$9.9 million during fiscal year 2018. The increase was due to \$11.3 million of net revenue over expenditures, which was partially offset by net transfers out of \$1.4 million.



OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the residual amount 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 only present governmental activities 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 essentially the same functions as governmental activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, Governmental Fund Financial Statements focus on near-term inflows and outflows of spendable resources, as well as the available balances of spendable resources at the end of the fiscal year. This information may be useful in assessing the City's near-term financial requirements.

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



OVERVIEW OF THE FINANCIAL STATEMENTS, Continued

Fund Financial Statements, Continued

The City reports 20 governmental funds. The major governmental funds are the General Fund, State Construction Maintenance Special Revenue Fund, Housing Impact Fee Special Revenue Fund, and Capital Projects Fund, which are presented separately in the Governmental Fund Financial Statements. Information on the other governmental funds is combined into a single aggregated presentation as non-major governmental funds. Individual fund data for each non-major governmental fund is provided in the form of combining statements as supplementary information elsewhere in the report.

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

The City's six internal service funds are combined into a single aggregated presentation in the Proprietary Fund Financial Statements. Individual fund data for the internal service funds is provided in the form of combining statements as supplementary information elsewhere in the report.

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

Notes to Basic Financial Statements

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

Supplementary Information

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

Combined 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.

City of Newark
Management's Discussion and Analysis, Continued
For the year ended June 30, 2018



GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table shows the condensed comparative Statement of Net Position for the fiscal years ended June 30, 2018 and 2017.

Comparative Statements of Net Position
June 30, 2018 and 2017
(Amounts in Millions)

	Governmental Activities	
	2018	2017*
Assets:		
Cash and investments	\$97.1	\$82.2
Capital assets, net	151.7	149.6
Other assets	7.1	7.7
Total assets	<u>255.9</u>	<u>239.5</u>
Deferred outflow of resources	<u>22.6</u>	<u>15.7</u>
Liabilities:		
Long-term liabilities	118.0	104.0
Other Liabilities	7.3	6.2
Total liabilities	<u>125.3</u>	<u>110.2</u>
Deferred inflow of resources	<u>3.2</u>	<u>3.0</u>
Net Position:		
Net investment in capital assets	143.0	140.4
Restricted	43.0	39.5
Unrestricted	(36.0)	(37.9)
Total net position	<u>\$150.0</u>	<u>\$142.0</u>

* Not restated for the implementation of GASB Statement No. 75 or other restatements discussed in Note 14

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 \$150.0 million (net position). This is an increase of \$8.0 million from the prior fiscal year and reflects the continued inclusion of the net pension liability as well as the net OPEB liability in the Statement of Net Position. In addition, during the fiscal year 2018, the City adopted revised accounting policies and made other corrections that resulted in restatements (see Note 14) to beginning net position. Including these restatements, net position increased by \$11.6 million. The increase is summarized by the change in net position as recorded in the Statement of Activities, which flows through the Statement of Net Position.

The largest portion of the City's net position, \$143.0 million is its investment in capital assets, less any related outstanding debt used in acquiring those assets. The City uses these capital assets to provide a variety of services to its citizens; consequently they are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, resources required to repay the outstanding debt must be provided from other sources since the capital assets cannot be used to liquidate the debt.

City of Newark
Management's Discussion and Analysis, Continued
For the year ended June 30, 2018



GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Another portion of the City's net position, \$43.0 million are resources subject to external restrictions and may only be used for the purpose intended by the entities that provided these funds to the City.

The remaining balance of the City's net position of -\$36.0 million represents unrestricted net position, which, if this was a positive amount, may be used to finance daily operations without constraints established by debt covenants or other legal requirements. This currently is reported as a negative amount due to the net pension liability as noted above.

The following table shows the condensed comparative Statements of Activities and Changes in Net Position for the fiscal years ended June 30, 2018 and 2017.

Comparative Statements of Activities and Changes in Net Position
June 30, 2018 and 2017
(Amounts in Millions)

	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Charges for services	\$17.2	\$21.8
Operating grants and contributions	0.6	0.6
Capital grants and contributions	2.8	2.7
Total program revenues	20.6	25.1
General revenues:		
Taxes:		
General property taxes	19.2	16.5
Sales tax	16.4	12.9
Franchise fees	3.8	3.7
Transient occupancy tax	6.4	6.1
Utility users tax	3.7	3.5
Others local taxes	2.3	2.0
Use of money and property	0.9	0.4
Miscellaneous	1.0	1.2
Total general revenues	53.8	46.3
Total revenues	74.4	71.4
Expenses:		
General government	6.1	5.3
Public safety:		
Fire	11.4	10.6
Police	21.8	19.8
Streets and parks	8.6	6.4
Community development	6.9	5.0
Recreation	7.6	5.2
Interest on long-term debt	0.4	0.4
Total expenses	62.8	52.7
Increase (decrease) in net position	11.6	18.7
Net position - beginning	142.0	123.3
Restatement	(3.6)	
Net position - beginning, restated*	138.4	
Net position - ending	\$150.0	\$142.0

* FY18 beginning balance has been restated to conform with GASB Statement No. 75 implementation and other restatements discussed in Note 14



GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The City's expenses totaled \$62.8 million in fiscal year 2018. These expenses were offset by program revenues of \$20.6 million and general revenues of \$53.8 million, resulting in a \$11.6 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 2018 charges for services revenue was \$4.6 million lower compared to the prior fiscal year, due to the completion of community development projects, while revenue from operating grants and contributions remained the same. However, Capital Grants and Contributions were \$0.1 million higher.

General Revenues – Comprising the largest source of revenue for the City, both the City's property tax revenues and sales tax revenues were higher by 16% and 27%, respectively, compared to the prior fiscal year. The assessed value of property in the City has continued to increase, resulting in an increase in property tax. The \$4.3 million from the sales tax increase is contributed by the transaction use tax approved by voters in November 2016. Transient occupancy tax revenue also increased 5%, which reflects the continued consumer confidence in the economy.

Expenses – Expenses increased in total by \$10.1 million or by 19%. Most of this increase is the result of rising development in the City, maintenance on streets, pension costs, and negotiated salary increases.

FUND FINANCIAL ANALYSIS

Governmental Funds

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

On June 30, 2018, the City's governmental funds reported combined fund balances of \$93.6 million, an increase of \$13.7 million in comparison with the prior fiscal year. Approximately 34% of this amount (\$31.6 million) is unassigned and available for spending at the government's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) non-spendable form or legally required to be maintained intact (\$0.4 million), 2) restricted for particular purposes (\$24.1 million), 3) committed for particular purposes (\$10.0 million), or 4) assigned for particular purposes (\$27.5 million). Further detail of the fund balances can be found in the note disclosures.

Governmental revenues in fiscal year 2018 were \$74.9 million, an increase of \$9.8 million from fiscal year 2017. The increase in General Fund are primarily related to increase in sales taxes and property taxes, as the real estate market remains strong with new development added to the tax roll and changes to ownership. Transaction use tax generated \$4.3 million. Another significant component of the increase is in the Capital Projects Fund primarily due to development-related fees generated from the sustained strength of home building.



FUND FINANCIAL ANALYSIS, Continued

Governmental Funds, Continued

Governmental expenditures in fiscal year 2018 were \$60.1 million, an increase of \$9.8 million from the prior fiscal year. This was mainly due to increases in development in the City, maintenance on streets, pension costs, the negotiated salary increases, and departmental restructuring that added several positions citywide.

General Fund

The General Fund is the primary operating fund of the City. At June 30, 2018, the spendable assigned and unassigned fund balance of the General Fund was \$35.8 million, while total fund balance was \$44.0 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, equipment replacement, waste disposal and the fire side fund.

The fund balance of the City's General Fund increased by \$9.9 million from fiscal year 2017. Revenues exceeded expenditures by \$11.3 million. Transfers out from the General Fund to the Capital Projects Funds, Debt Service Fund and Internal Service Funds were \$1.3 million more than the total transfers in from the Capital Projects 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 \$1.5 million decrease in fund balance during fiscal year 2018. The decrease, in part, is attributable to declining consumption due to fuel efficient vehicles as well as "true ups" under the fuel tax swap system. The primary reason for the decrease was due to increased expenditures on traffic signals and street maintenance.

Capital Projects Fund

The Capital Projects Fund showed an increase in fund balance of \$0.8 million during fiscal year 2018. Revenues exceeded expenditures by \$0.4 million, and \$0.4 million was transferred in from the General Fund.

Proprietary Funds

The City's proprietary funds consist of the Internal Service Funds with a combined total net position of \$5.2 million at the end of fiscal year 2018. Total operating expenses of \$5.2 million were lower than operating revenues of \$6.4 million. Adding transfers in of \$0.4 million from the General Fund, the result was a \$1.6 million increase in net position for the fiscal year.



GENERAL FUND BUDGETARY HIGHLIGHTS

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

Fiscal year 2018 was the second year of the City's biennial budget which was adopted on June 09, 2016. The General Fund revenue budget for fiscal year 2018 was amended during the year by \$7.0 million. Actual revenues were \$5.3 million over the final amended budget and \$12.4 million over the original budget. This increase was primarily due to anticipation of higher property tax assessed valuations and increased new construction activity. Actual expenditures for the fiscal year were \$4.6 million under the final amended budget and \$2.5 million over the original budget. This variance reflects a greater than anticipated volume of development activity. The variances in community development expenditures are attributable to vacancies and contract services costs being lower than anticipated.

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, 2018, the City's capital assets used in governmental activities amounted to \$151.7 million, net of depreciation.

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

	Governmental Activities	
	2018	2017
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	5.4	3.0
Buildings and Improvements	44.3	44.1
Infrastructure:		
Streets	75.7	73.6
Sidewalks, curbs, gutters, and walls	16.2	15.7
Street lights	3.2	3.3
Traffic signals	3.9	3.9
Equipment	11.3	10.5
Less: accumulated depreciation	-52.2	-48.5
Total capital assets	<u>\$151.7</u>	<u>\$149.5</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

On June 30, 2018, the City had long-term debt outstanding of \$8.0 million compared to \$8.6 million in the prior year. The City's long-term debt obligations at June 30, 2018 and 2017 were as follows (amounts in millions):

	Governmental Activities	
	2018	2017
Certificates of participation	\$ 2.2	\$ 2.2
Bank refunding	5.8	6.3
Capital lease obligations	0.02	0.1
Total	\$ 8.0	\$ 8.6

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, 2018, a total of \$6.1 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 2018-2020 recognized that:

- The economy will continue to be steady, but the imprint of the recession continues to play a role in future planning, making it prudent to continue using conservative projections and retaining emergency reserves.
- The Labor Compensation Agreements expire in June 2019. The 2018-2020 budget document included increases for FY 2018-19 but did not include increases for FY 2019-20 which could result from newly negotiated agreements.
- Capital project expenditures will continue to focus on preserving City assets, meeting regulatory requirements and safety issues. In addition, consideration will be given to projects that improve service levels to the community, take advantage of outside funding matches, and implement community priorities.

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

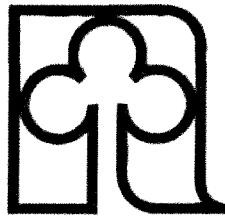
City of Newark
Management's Discussion and Analysis, Continued
For the year ended June 30, 2018



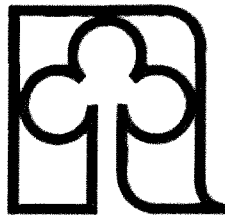
REQUEST FOR INFORMATION

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, 2018

ASSETS	Primary Governmental Activities
Current assets:	
Cash and investments	
Available for operations	\$ 97,103,479
Receivables:	
Tax	4,721,351
Special assessments	61,862
Intergovernmental	501,365
Interest	308,631
Other, net	520,060
Supplies and other assets	215,940
Total current assets	103,432,688
Noncurrent assets:	
Restricted cash and investments	635,497
Due from RDA Successor fund	184,225
Capital assets:	
Land and construction in progress	49,278,784
Depreciable, net	102,407,194
Total capital assets	151,685,978
Total noncurrent assets	152,505,700
Total assets	255,938,388
DEFERRED OUTFLOW OF RESOURCES	
Deferred outflows related to pension	22,265,614
Deferred outflows related to OPEB	354,000
Total deferred outflows of resources	22,619,614
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	3,737,237
Refundable deposits	854,532
Unearned revenues	191,850
Compensated absences - due within one year	1,802,100
Claims payable - due within one year	732,747
Long-term debt - due within one year	601,226
Total current liabilities	7,919,692
Noncurrent liabilities:	
Net OPEB liability	5,567,837
Net pension liability	101,929,323
Compensated absences - due in more than one year	18,206
Claims payable - due in more than one year	1,832,839
Long-term debt - due in more than one year	8,026,806
Total noncurrent liabilities	117,375,011
Total liabilities	125,294,703
DEFERRED INFLOW OF RESOURCES	
Deferred inflows related to pension	2,996,632
Deferred inflows related to OPEB	251,670
Total deferred inflow of resources	3,248,302
NET POSITION	
Net investment in capital assets	143,057,946
Restricted for:	
Capital projects	24,773,527
Debt service	687,023
Grant-funded projects	1,415,240
Other Projects	16,078,036
Total restricted	42,953,826
Unrestricted	(35,996,775)
Total net position	\$ 150,014,997

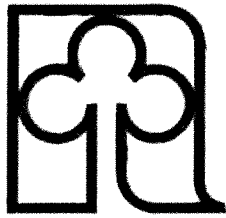
See accompanying Notes to Basic Financial Statements.

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements



GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund

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

State Construction Maintenance Special Revenue Fund

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

Housing Impact Fees

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

Capital Projects Fund

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

City of Newark
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	State Construction Maintenance Special Revenue Fund	Housing Impact Fee Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and investments						
Available for operations	\$ 41,383,079	\$ 723,160	\$ 12,075,584	\$ 22,347,532	\$ 14,515,587	\$ 91,044,942
Restricted cash and investments	-	-	-	-	635,497	635,497
Receivables:						
Taxes	4,546,035	77,716	-	-	97,600	4,721,351
Special assessments	-	-	-	-	61,862	61,862
Intergovernmental	99,563	36,547	-	-	365,255	501,365
Interest	308,631	-	-	-	-	308,631
Other, net	446,778	-	-	-	56,580	503,358
Supplies and other assets	153,323	-	-	-	-	153,323
Due from Successor Redevelopment Agency	184,225	-	-	-	-	184,225
Total assets	\$ 47,121,634	\$ 837,423	\$ 12,075,584	\$ 22,347,532	\$ 15,732,381	\$ 98,114,554
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 2,074,539	\$ 275,001	\$ -	\$ 488,177	\$ 530,213	\$ 3,367,930
Refundable deposits	841,763	12,769	-	-	-	854,532
Unearned revenues	189,950	-	-	-	-	189,950
Total liabilities	3,106,252	287,770	-	488,177	530,213	4,412,412
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	70,862	-	-	-	-	\$ 70,862
Total deferred inflows of resources	70,862	-	-	-	-	70,862
Fund Balances:						
Non-spendable:						
Supplies and other assets	153,323	-	-	-	-	153,323
Due from Successor Redevelopment Agency	184,225	-	-	-	-	184,225
Restricted	-	549,653	12,075,584	-	11,509,223	24,134,460
Committed:						
Pension/OPEB Reserves	7,784,867	-	-	-	-	7,784,867
Community development fees	-	-	-	-	2,242,307	2,242,307
Assigned:						
Fire side fund	440,000	-	-	-	-	440,000
Equipment replacement	2,900,000	-	-	-	-	2,900,000
Waste disposal fund	73,183	-	-	-	-	73,183
Community development	743,118	-	-	-	-	743,118
Arts in public places	-	-	-	-	1,450,638	1,450,638
Capital asset acquisition	-	-	-	21,859,355	-	21,859,355
Unassigned:						
Catastrophic contingencies	7,642,648	-	-	-	-	7,642,648
Fiscal uncertainty	5,095,099	-	-	-	-	5,095,099
Unallocated	18,928,057	-	-	-	-	18,928,057
Total fund balances	43,944,520	549,653	12,075,584	21,859,355	15,202,168	93,631,280
Total liabilities, deferred inflows of resources, and fund balances	\$ 47,121,634	\$ 837,423	\$ 12,075,584	\$ 22,347,532	\$ 15,732,381	\$ 98,114,554

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, 2018

Total Fund Balances - Total Governmental Funds	\$ 93,631,280
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 (net of Internal Service Funds, \$1,972,811).	149,713,167
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.	70,862
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	6,058,537
- Supplies and other assets	79,319
- Capital assets	1,972,811
- Accounts payable and accrued liabilities	(337,771)
- Unearned revenue	(1,900)
- Capital lease obligation	(45,076)
- Claims payable	(2,565,586)
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.	
- Net OPEB liability	(5,567,837)
- Net pension liability	(101,929,323)
- Long-term debt	(8,582,956)
- Interest payable	(31,536)
- Compensated absences	(1,820,306)
Deferred outflows of resources related to pension and OPEB are not reported on governmental funds, as they do not require the use of current financial resources.	22,619,614
Deferred inflows of resources related to pension and OPEB are not reported on governmental funds, as they are not considered to be current financial resources.	(3,248,302)
Net Position of Governmental Activities	\$ 150,014,997

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, 2018

	General Fund	State Construction Maintenance Special Revenue Fund	Housing Impact Fee Special Revenue Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:						
General property taxes	\$ 19,192,759	\$ -	\$ -	\$ -	\$ -	\$ 19,192,759
Other local taxes	33,145,238	-	-	-	-	33,145,238
Special assessments	-	-	-	-	506,590	506,590
Licenses, permits and fees	3,638,498	-	-	-	-	3,638,498
Fines and forfeitures	943,835	-	-	-	-	943,835
Use of money and property	448,754	21,891	109,364	252,591	67,313	899,913
Other governmental agencies	(15,073)	1,046,779	-	-	2,367,143	3,398,849
Current service charges	4,545,369	-	2,683,863	3,881,032	849,426	11,959,690
Other revenue	307,743	-	5,500	2,500	934,074	1,249,817
Total revenues	62,207,123	1,068,670	2,798,727	4,136,123	4,724,546	74,935,189
EXPENDITURES:						
Current:						
General government	5,486,604	-	-	-	-	5,486,604
Public safety:						
Fire	11,412,920	-	-	-	19,736	11,432,656
Police	19,634,511	-	-	-	128,282	19,762,793
Streets and parks	4,025,731	2,559,217	-	-	936,889	7,521,837
Community development	5,546,372	-	-	-	611,969	6,158,341
Recreation	4,821,935	-	-	1,543,304	216,492	6,581,731
Capital outlay	-	-	-	2,208,146	748,841	2,956,987
Debt service:						
Principal repayment	22,913	-	-	-	518,657	541,570
Interest and fiscal charges	-	-	-	-	348,352	348,352
Total expenditures	50,950,986	2,559,217	-	3,751,450	3,529,218	60,790,871
REVENUES OVER (UNDER) EXPENDITURES	11,256,137	(1,490,547)	2,798,727	384,673	1,195,328	14,144,318
OTHER FINANCING SOURCES (USES):						
Transfers in	330,041	-	-	418,000	866,850	1,614,891
Transfers out	(1,707,591)	-	-	-	(273,000)	(1,980,591)
Total other financing sources (uses)	(1,377,550)	-	-	418,000	593,850	(365,700)
Net change in fund balances	9,878,587	(1,490,547)	2,798,727	802,673	1,789,178	13,778,618
FUND BALANCES:						
Beginning of year, as restated	34,065,933	2,040,200	9,276,857	21,056,682	13,412,990	79,852,662
End of year	\$ 43,944,520	\$ 549,653	\$ 12,075,584	\$ 21,859,355	\$ 15,202,168	\$ 93,631,280

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, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 13,778,618

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, \$791,217). 4,999,359

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, \$236,922). (3,495,137)

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. (540,860)

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 541,570

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 1,514
- Difference between OPEB expense and OPEB contributions (208,485)
- Compensated absences (95,422)

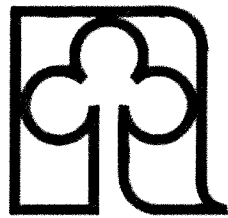
Pension expense related to the net pension liability does not require the use of current financial resources and therefore was not included in the Governmental Funds but should be recognized in the Statement of Net Position for full accrual:

- Pension contributions in current year are reported as deferred outflow of resources 7,468,751
- Pension expense as a result of the change in pension liability (12,421,756)

individual funds. The net revenue of the internal service funds was reported with governmental activities. 1,573,871

Change in Net Position of Governmental Activities \$ 11,602,023

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, 2018

	Governmental Activities - Internal Service Funds
ASSETS	
Current assets:	
Cash and investments	\$ 6,058,537
Intergovernmental receivables	16,702
Supplies and other assets	62,617
Total current assets	<u>6,137,856</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>1,972,811</u>
Total assets	<u>8,110,667</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	337,771
Unearned revenue	1,900
Capital lease obligation - due within one year	45,076
Claims payable - due within one year	732,747
Total current liabilities	<u>1,117,494</u>
Noncurrent liabilities:	
Claims payable - due in more than one year	<u>1,832,839</u>
Total liabilities	<u>2,950,333</u>
NET POSITION	
Net investment in capital assets	1,927,735
Unrestricted	<u>3,232,599</u>
Total net position	<u>\$ 5,160,334</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, 2018

	Governmental Activities - Internal Service Funds
OPERATING REVENUES:	
Charges to departments	\$ 6,315,400
Other revenue	117,251
Total operating revenues	<u>6,432,651</u>
OPERATING EXPENSES:	
Personnel services	1,278,095
Materials and supplies	533,559
Contractual services	1,801,947
Utilities	628,414
Insurance claims and premiums	742,744
Depreciation	236,922
Total operating expenses	<u>5,221,681</u>
OPERATING INCOME (LOSS)	<u>1,210,970</u>
NON-OPERATING REVENUES (EXPENSES):	
Interest and fiscal charges	(2,799)
Total non-operating revenues (expenses)	<u>(2,799)</u>
INCOME (LOSS) BEFORE TRANSFERS	1,208,171
Transfers in	365,700
Total transfers	<u>365,700</u>
Change in net position	1,573,871
NET POSITION:	
Beginning of year	3,586,463
End of year	<u>\$ 5,160,334</u>

See accompanying Notes to Basic Financial Statements.

City of Newark
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2018

	<u>Governmental Activities - Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from other funds	\$ 6,442,947
Payments to suppliers/other fund	(2,856,264)
Payments to employees	(1,278,095)
Claims paid	<u>(1,409,154)</u>
Net cash provided by operating activities	<u>899,434</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Interfund receipts	<u>365,700</u>
Net cash provided by noncapital financing activities	<u>365,700</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Payments on capital lease	(43,698)
Acquisition of capital assets	(791,217)
Interest paid and fiscal charges	<u>(2,799)</u>
Net cash used by capital and related financing activities	<u>(837,714)</u>
Net increase in cash and cash equivalents	427,420
CASH AND CASH EQUIVALENTS:	
Beginning of year	<u>5,631,117</u>
End of year	<u>\$ 6,058,537</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	<u>\$ 1,210,970</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	236,922
Changes in current assets and liabilities:	
Receivables and other assets	9,412
Accounts payable and accrued liabilities	<u>(557,870)</u>
Total adjustments	<u>(311,536)</u>
Net cash provided (used) by operating activities	<u>\$ 899,434</u>

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Agency Funds

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

Redevelopment Successor Agency Funds

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

City of Newark
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

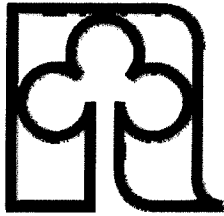
ASSETS	Agency Funds	RDA Successor Agency Funds
Cash and investments	\$ 4,354,764	\$ 62,894
Total assets	<u>4,354,764</u>	<u>62,894</u>
LIABILITIES		
Accounts payable and other accrued liabilities	4,354,764	-
Due to City of Newark	-	184,225
Unearned revenue	-	31,447
Total liabilities	<u>\$ 4,354,764</u>	<u>215,672</u>
NET POSITION		
Held in trust for RDA Successor Funds		<u>\$ (152,778)</u>

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, 2018

	<u>RDA Successor Agency Funds</u>
ADDITIONS:	
General Property taxes	\$ 62,894
Total additions	<u>62,894</u>
Change in net position	62,894
Net Position - beginning	<u>(215,672)</u>
Net Position - ending	<u>\$ (152,778)</u>

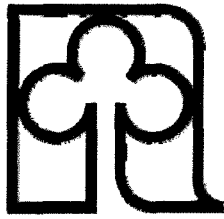
See accompanying Notes to Basic Financial Statements.



City of Newark
Index to Notes to Basic Financial Statements
For the year ended June 30, 2018



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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Newark (City) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

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

In previous years, the Newark Betterment Corporation was presented as a discrete component unit, and reported as a separate column in the government-wide financial statements to emphasize that it is legally separate from the City. The Corporation is a separate legal entity whose purpose is to financially support various cultural, art, and music programs for the benefit of the residents of the City of Newark.

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

The following entity is reported as a blended component unit:

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

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

Government-Wide Financial Statements

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

These Government-Wide Financial Statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

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

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

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

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect).

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-Wide Financial Statements. The City has presented all major funds that met the applicable criteria.

The City reports the following major governmental funds:

The General Fund – is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The major revenue sources for this fund are property taxes, sales taxes, utility users tax, licenses, permits and fines, and other charges for services. Expenditures are made for public safety and other services not required to be accounted for in another fund. The Waste Augmentation Fund was included in the General Fund effective for the year ended June 30, 2012.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

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

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

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

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



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Proprietary Fund Financial Statements

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

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

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

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

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

Fiduciary Fund Financial Statements

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

The City reports the following fiduciary funds:

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

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



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. *Cash, Cash Equivalents and Investments*

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

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

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

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

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

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

D. *Restricted Cash and Investments*

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

E. *Receivables*

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



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Property Taxes

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

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

G. Interfund Transactions

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

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

H. Capital Assets

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The City defines capital assets as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Capital Assets, Continued

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

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

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

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

I. Compensated Absences

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

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

J. Long-Term Debt

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

Bond premiums and discounts, as well as amounts paid related to prepaid bond insurance, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Other issuance costs are expensed in the current period.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Long-Term Debt, Continued

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

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

K. Deferred Outflows/Inflows of Resources

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

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

L. Net Position / Fund Balances

Government-Wide Financial Statements

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

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

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

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



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Net Position / Fund Balances, Continued

Fund Financial Statements

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

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

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

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

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

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

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

Committed Fund Balances

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



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. *Net Position / Fund Balances, Continued*

Assigned Fund Balances

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

Expenditure of Funds - Order of Expenditure

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

Classification of Fund Balances

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

M. *New Pronouncements*

In 2018, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* - The objective of this statement is to address reporting by governments that provide other postemployment benefits (OPEB) to their employees and for governments that finance OPEB for employees of other governments. The City restated its beginning net position as part of implementation of this statement.



1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. *New Pronouncements, Continued*

- GASB Statement No. 81, *Irrevocable Split-Interest Agreements* – The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement did not apply to the City for the current fiscal year.
- GASB Statement No. 85, *Omnibus 2017* – The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and other postemployment benefits (OPEB). There was no effect on net position as a result of implementation of this statement.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues* – The objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement did not apply to the City for the current fiscal year.

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018



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, 2018:

	Government-Wide Statement of Net Position	Fiduciary Funds	
	Governmental Activities	Statement of Net Position	Total
Cash and investments	\$ 97,103,480	\$ 4,417,658	\$ 101,521,138
Restricted cash and investments	635,497	-	635,497
Total	\$ 97,738,977	\$ 4,417,658	\$ 102,156,635

At June 30, 2018, 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	36,515,238
Total deposits	36,521,138
Investments:	
California Local Agency Investment Fund	65,000,000
Total City Treasury	101,521,138
Cash and Investment with Fiscal Agents:	
Money market funds	635,497
Total Restricted Cash and Investments	635,497
Total Cash and Investments	\$ 102,156,635



2. CASH AND INVESTMENTS, Continued

A. Deposits

The carrying amount of the City's cash deposit was \$36,515,238 at June 30, 2018. Bank balances before reconciling items were \$37,189,442 the total amount of which was insured and/or collateralized with securities held by pledging financial institutions in the City's name discussed below.

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

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

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

B. Investments

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

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

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

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018



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

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, 2018:

Investment Type	Totals	Remaining Maturity (in Months)					
		12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	49-60 Months	More Than 60 Months
State Pool	\$65,000,000	\$ 65,000,000	\$ -	\$ -	\$ -	\$ -	\$ -
	\$65,000,000	\$ 65,000,000	\$ -	\$ -	\$ -	\$ -	\$ -

Credit Risk – Credit risk is the risk of loss of value of a security or investment due to downgrade of its rating due to a change in the ability of the issuer to fulfill its debt obligation. With the exception of U.S. Treasury securities and authorized pools, no more than 50 percent of the City’s total investment portfolio will be invested in a single security type or with a single financial institution to reduce the City’s exposure to credit risks. The City’s investment in California Agency Investment Funds is not rated.



2. CASH AND INVESTMENTS, Continued

C. *Risk Disclosures, Continued*

Custodial Credit Risk – The custodial credit risk for an investment is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the City's investments were subject to custodial credit risk.

D. *Local Agency Investment Fund*

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The balance is available for withdrawal on demand. The City's investments with LAIF at June 30, 2018, 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, 2018, the City had \$65,000,000 invested in LAIF, which had invested 2.67 percent of the pool investment funds in Structured Notes and Asset-Backed Securities. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The fair value of LAIF was calculated by applying a factor of 0.998126 to the total investments held by LAIF.

E. *Investment Valuation*

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



3. INTERFUND TRANSACTIONS

A. Transfers In/Out

Transfers in/out for the year ended as of June 30, 2018, were as follows:

		Transfers In				Total
		Governmental Funds:		Non-Major Governmental Funds:		
Transfers Out		General Fund	Capital Projects Funds	Public Financing Authority	Internal Service Funds	
		<i>Governmental Funds:</i>				
	General	\$ -	\$ 418,000	\$ 866,850	\$ 365,700	\$ 1,650,550
	<i>Non-Major Governmental Funds:</i>					
	Capital Projects Funds	57,041	-	-	-	57,041
	Paramedic Tax	165,000	-	-	-	165,000
	Alameda County Fire Fees	108,000	-	-	-	108,000
	Total Governmental Funds	\$ 330,041	\$ 418,000	\$ 866,850	\$ 365,700	\$ 1,980,591

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.

B. Due to/from other funds

Due To General Fund	Due From Other Funds
Major Governmental Fund-State Construction Maint. SRF	\$ 9,000
Non Major Governmental Funds	92,168
Total	\$ 101,168

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

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018



4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Reclassifications	Balance June 30, 2018
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	3,010,217	3,042,213	(689,984)	5,362,446
Total nondepreciable assets	46,926,555	3,042,213	(689,984)	49,278,784
Depreciable assets:				
Buildings and land improvements	44,133,007	-	129,206	44,262,213
Infrastructure				
Streets	73,632,202	1,713,197	331,800	75,677,199
Sidewalks, curbs, gutters and walls	15,731,836	243,949	228,978	16,204,763
Street lights	3,249,607	-	-	3,249,607
Traffic signals	3,936,784	-	-	3,936,784
Machinery and equipment	10,474,473	791,217	-	11,265,690
Total depreciable assets	151,157,909	2,748,363	689,984	154,596,256
Less accumulated depreciation:				
Buildings and improvements	(13,929,127)	(728,327)	-	(14,657,454)
Infrastructure				
Streets	(17,666,602)	(1,905,019)	-	(19,571,621)
Sidewalks, curbs, gutters and walls	(4,063,198)	(449,027)	-	(4,512,225)
Street lights	(1,291,768)	(129,782)	-	(1,421,550)
Traffic signals	(3,515,990)	(54,020)	-	(3,570,010)
Machinery and equipment	(7,990,318)	(465,884)	-	(8,456,202)
Total accumulated depreciation	(48,457,003)	(3,732,059)	-	(52,189,062)
Net depreciable assets	102,700,906	(983,696)	689,984	102,407,194
Governmental activities capital assets, net	\$ 149,627,461	\$ 2,058,517	\$ -	\$ 151,685,978

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018



4. CAPITAL ASSETS, Continued

Depreciation expense was charged to various governmental functions as follows:

General Government	\$	117,933
Public Safety:		
Fire		174,991
Police		256,895
Streets and Parks		2,633,151
Community Development		80,979
Recreation		468,110
Total depreciation - governmental functions	\$	<u>3,732,059</u>

5. LONG-TERM DEBT

The City's long-term debt is comprised the following at June 30, 2018:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Amounts Due Within One Year	Amounts Due in More than One Year
Governmental Activities:						
2012 Bank refinancing \$9,703,757; 3.5% due 2028	\$ 6,819,606	\$ -	\$ (518,657)	6,300,949	\$ 533,237	\$ 5,767,712
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 2019	88,774		(43,698)	45,076	45,076	-
Capital Lease Obligation Equipment lease, due 2020	64,920	-	(22,913)	42,007	22,913	19,094
Total	<u>\$ 9,213,300</u>	<u>\$ -</u>	<u>\$ (585,268)</u>	<u>\$ 8,628,032</u>	<u>\$ 601,226</u>	<u>\$ 8,026,806</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

2012 Compass Bank Debt Refinancing, Continued

The 2012 Bank refinancing is secured by payments made from the General Fund of the City through a lease arrangement between the Old Town Fire Station and Mayhew's Landing Park, which is encumbered by the lease for the 2002 COPs and will remain encumbered for the non-refinanced portion of the 2002 COPs. The refinancing is expected to save the City about \$70,392 per year from FY2013-14 through FY2027-28, with a net present value savings to the City of \$1,196,657.

2002 Certificates of Participation

On August 1, 2002, \$9,925,000 principal amount of Certificates of Participation (COPs) for the 2002 Silliman Community Activity Center/Old Town Fire Station Project, were issued to fund construction of the swim facility at the Activity Center and a fire station in the Old Town area. Lease principal payments are due annually on June 1 until June 1, 2032, starting in fiscal year 2028. Interest at rates of 2.0-5.0 percent are payable semi-annually on June 1 and December 1. On April 5, 2012, \$5,975,000 of the principal balance was paid down from the refunding proceeds of the 2012 bank refinancing through Compass Bank.

Capital Lease Obligations

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

On June 12, 2014, the City entered into a lease-purchase agreement in the amount of \$212,017 with Leasing 2, Inc. to acquire a new street sweeper. Annual lease payments of \$46,497 are due on June 12 until 2019. Ownership of the street sweeper reverts to the City at the end of the lease.

Debt Service Requirements

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2019	\$ 601,226	\$ 329,329
2020	576,251	309,037
2021	575,340	289,379
2022	597,737	213,047
2023-2027	3,304,590	958,569
2028-2032	2,972,888	530,045
Total	<u>\$ 8,628,032</u>	<u>\$ 2,629,406</u>

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018



5. LONG-TERM DEBT, Continued

Area Improvement District Bonds with No City Commitment

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

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

All the AID bonds transactions are accounted for in a separate Agency fund established by the City for that purpose. As of June 30, 2018, the remaining balance outstanding on these bonds was \$ 6,089,689.

6. COMPENSATED ABSENCES

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

Changes in compensated absences for the fiscal year ended June 30, 2018 were as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year	Due in More than One Year
Governmental Activities	\$ 1,724,854	\$ 1,627,537	\$ (1,532,085)	\$ 1,820,306	\$ 1,802,100	\$ 18,206

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, 2018 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	\$ 7,444,129	\$ 40,703,252	\$ 38,724	\$ 5,856,992
CALPERS Cost Sharing Plan	14,821,485	61,226,071	2,957,908	6,953,931
Total	\$ 22,265,614	\$ 101,929,323	\$ 2,996,632	\$ 12,810,923



7. DEFINED BENEFIT PENSION PLANS, Continued

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

I. General Information about the Pension Plan

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

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

The Plan’s provisions and benefits in effect at June 30, 2018, 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	11.352%
Required employer contribution rates	9.412%

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



7. DEFINED BENEFIT PENSION PLANS, Continued

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

I. General Information about the Pension Plan, Continued

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

Inactive employees or beneficiaries currently receiving benefits	189
Inactive employees entitled to but not yet receiving benefits	185
Active employees	<u>118</u>
Total	<u><u>492</u></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, 2017 (the measurement date), the average active employee contribution rate is 11.352 percent of annual pay for the Miscellaneous Plan and employer contribution rate is 30.239 percent of annual payroll for the Miscellaneous Plan.

II. Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown on the following page.



7. DEFINED BENEFIT PENSION PLANS, Continued

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

II. Net Pension Liability, Continued

Actuarial Assumptions - The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return (1)	7.50%
Mortality (2)	2014 CalPERS Experience Study for the period from 1997 to 2011
Post Retirement Benefit Increase	Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Net of pension plan investment 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, 2016 valuation were based on the results of a 2014 CalPERS experiences study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.



7. DEFINED BENEFIT PENSION PLANS, Continued

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

II. Net Pension Liability, Continued

Discount Rate - The discount rate used to measure the total pension liability was 7.15 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 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	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	80.00%	2.27%
Inflation Sensitive	6.00%	60.00%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
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:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2016	\$ 102,165,763	\$ 66,226,231	\$ 35,939,532
Changes in the year:			
Service cost	1,741,959	-	1,741,959
Interest on Total Pension Liability	7,606,416	-	7,606,416
Differences between expected and Actual experience	98,578	-	98,578
Changes in assumptions	6,040,949	-	6,040,949
Net Plan to Plan Resource Movement		(401)	401
Contribution - employer	-	2,252,015	(2,252,015)
Contribution - employee	-	1,148,693	(1,148,693)
Net investment income	-	7,421,654	(7,421,654)
Administrative expenses	-	(97,779)	97,779
Benefit payments , including refunds Of employee contributions	(5,585,662)	(5,585,662)	-
Net changes	9,902,240	5,138,520	4,763,720
Balance at June 30, 2017	\$ 112,068,003	\$ 71,364,751	\$ 40,703,252

(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		6.15%
Net Pension Liability	\$	55,124,337
Current Discount Rate		7.15%
Net Pension Liability	\$	40,703,252
1% Increase		8.15%
Net Pension Liability	\$	28,748,163

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, 2018, the City recognized pension expense of \$5,856,992. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to the pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to Measurement date	\$ 3,091,308	\$ -
Changes in assumptions	3,414,449	-
Differences between expected and actual experience	55,718	(38,724)
Net differences between projected and actual Earnings on pension plan investments	882,654	-
Total	<u>\$ 7,444,129</u>	<u>\$ (38,724)</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

\$3,091,308 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, 2019. 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:	Deferred Outflows/ (Inflows) of Resources
2019	\$ 2,555,182
2020	1,923,587
2021	391,069
2022	(555,741)

V. Payable to Pension Plan

As of June 30, 2018, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

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, 2018 are summarized as follows:

	Safety - Classic	
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	19.723%	
Required UAL payment	\$	3,046,343
	Safety - PEPRA	
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	11.990%	
Required UAL payment	\$	2,001



7. DEFINED BENEFIT PENSION PLANS, Continued

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

II. *Benefits Provided, Continued*

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

For the measurement period ended June 30, 2017, the contribution to the plan was \$ 3,595,377.

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

As of June 30, 2018, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$61,226,071

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, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The City's proportionate of the net pension liability was based on the City's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The City's proportionate share of the net pension liability for the Plan as of the measurement dates June 30, 2016 and 2017 were as follows:

Proportion - June 30, 2016	0.629905%
Proportion - June 30, 2017	0.617369%
Change - Increase (Decrease)	<u>-0.012536%</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, 2018, the City recognized pension expense of \$6,953,931. At June 30, 2018, 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	\$ 4,766,942	\$ -
Change in proportion	342,583	(1,430,121)
Changes in employer's proportion and differences between the employer's contribution and the employer's proportionate share of contributions	-	(813,152)
Changes in assumption	7,546,243	(578,968)
Differences between expected and actual experience	520,340	(135,667)
Net differences between projected and actual earnings on plan investments	1,645,377	
Total	<u>\$ 14,821,485</u>	<u>\$ (2,957,908)</u>

\$4,766,942 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, 2019. 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:	
2019	\$ 1,297,533
2020	4,255,143
2021	2,506,727
2022	(962,768)



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, 2016 actuarial valuations were determined using the following actuarial assumptions:

	<u>Safety Plans</u>
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return ⁽¹⁾	7.15%
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, 2016 valuation were based on the results of a 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.15 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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



7. DEFINED BENEFIT PENSION PLANS, Continued

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

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	80.00%	2.27%
Inflation Sensitive	6.00%	60.00%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100%		

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

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



7. DEFINED BENEFIT PENSION PLANS, Continued

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

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

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

1% Decrease	6.15%
Net Pension Liability	\$ 86,155,731
Current Discount Rate	7.15%
Net Pension Liability	\$ 61,226,071
1% Increase	8.15%
Net Pension Liability	\$ 40,847,317

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

Payable to the Pension Plan

As of June 30, 2018, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.



8. OTHER POST EMPLOYMENT BENEFITS

A. Plan Description

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).

B. Employees Covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the Retiree Health Plan:

Inactive employees or beneficiaries currently receiving benefits	82
Inactive employees entitled to but not yet receiving benefits	101
Active Employees	<u>175</u>
Total	<u>358</u>

C. Contribution

The City is not required by law or contractual agreement to provide funding for retiree health costs other than the pay-as-you-go amount necessary to provide current benefits to retirees. However, during fiscal year 2017, the City joined the California Employers’ Retiree Benefit Trust Program to prefund OPEB obligations of the City.

For the measurement period 2016-2017 the City contributed \$315,000, including \$86,000 in implicit rate subsidy and a 229,000 deposit to CERBT

D. Net OPEB Liability/ Actuarial methods and assumptions:

The City’s net OPEB liability was measured as of June 30, 2017 and the total OPEB Liability used to calculate the net OPEB liability was determined by actuarial valuation dated June 30, 2017 actuarial methods and assumptions:



8. OTHER POST EMPLOYMENT BENEFITS, Continued

D. Net OPEB Liability/ Actuarial methods and assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.25%
Inflation	2.75%
Contribution Policy	Contributes full ADC
Salary Increases	Varies by Entry Age and Service
Projected Salary Increase	3.25%
Assumed wage Inflation	3.00%
Investment Rate of Return	6.75%
Mortality	MacLeod Watts Scale 2017
Post Retirement Benefit Increase	MacLeod Watts Scale 2017
Healthcare cost trend rates	5.00% to 7.50%

E. Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determine contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long term expected rate of return on OPEB plan investments was applied to all periods of projected benefits payments to determine the total OPEB liability.



8. OTHER POST EMPLOYMENT BENEFITS, Continued

F. Changes in the net OPEB Liability

The changes in the net OPEB liability for the OPEB plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2016	\$ 6,978,268	\$ 1,406,246	\$ 5,572,022
Changes in the year:			
Service cost	357,973		357,973
Interest on the total OPEB liability	345,706		345,706
Differences between actual and expected experience			-
Changes in assumptions	(232,385)		(232,385)
Changes in benefit terms			-
Contribution - employer		315,000	(315,000)
Contribution - employee			-
Net investment income		161,324	(161,324)
Administrative expenses		(845)	845
Benefit payments, including refunds of employee contributions	(205,783)	(205,783)	-
Net changes	265,511	269,696	(4,185)
Balance at June 30, 2017	\$ 7,243,779	\$ 1,675,942	\$ 5,567,837

G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2017:

	1% Decrease 6.25%	Current Discount 7.25%	1% Increase 8.25%
	Net OPEB Liability	\$ 6,458,034	\$ 5,567,837



8. OTHER POST EMPLOYMENT BENEFITS, Continued

H. Sensitivity of the Net OPEB Liability to Changes in Health Care Cost Trend Rates

The following presents the net OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2017:

	1% Decrease (6.5% - 4.0%)	Current Healthcare Trend Rate (7.5% - 5.0%)	1% Increase (8.5% to 6.0%)
Net OPEB Liability	\$ 4,643,176	\$ 5,567,837	\$ 6,858,602

I. Recognition of Deferred Outflow and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) of all members

J. OPEB Expense and Deferred Outflows/ (Inflows) of Resources Related to OPEB

For the fiscal year ended June 30 2018, the City recognized OPEB expense of \$562,485. For the fiscal year ended June 30 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 354,000	\$ -
Changes in Assumptions	-	207,316
Net differences between projected and actual earnings on plan investments	-	44,354
Total	\$ 354,000	\$ 251,670



8. OTHER POST EMPLOYMENT BENEFITS, Continued

J. OPEB Expense and Deferred Outflows/ (Inflows) of Resources Related to OPEB, Continued

The \$354,000 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ending June 30:	
2019	\$ (36,158)
2020	(36,158)
2021	(36,158)
2022	(36,156)
2023	(25,069)
Thereafter	(81,971)

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, 2018, the City paid ABAG Plan \$442,711 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.

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018



9. RISK MANAGEMENT, Continued

During the fiscal year ended June 30, 2018, the City contribution was \$254,317. Audited financial statements may be obtained from Bickmore Risk Services, 1831 K Street, Sacramento, CA 95814.

Self-Insurance Internal Service Funds

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

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

	2018			2017	2016
	General Liability Claims	Workers' Compensation Claims	Total		
Liability at beginning of fiscal year	\$ 548,773	\$ 2,643,676	\$ 3,192,449	\$ 2,830,212	\$ 2,694,472
Claims and changes in estimates	45,459	265,580	311,039	1,251,375	800,529
Claims payments	(121,976)	(815,926)	(937,902)	(889,138)	(664,789)
Liability at end of fiscal year	<u>\$ 472,256</u>	<u>\$ 2,093,330</u>	<u>\$ 2,565,586</u>	<u>\$ 3,192,449</u>	<u>\$ 2,830,212</u>
Current Portion	<u>\$ 170,602</u>	<u>\$ 562,145</u>	<u>\$ 732,747</u>	<u>\$ 618,652</u>	<u>\$ 516,701</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, 2018, the outstanding loan from the City to the Redevelopment Successor Agency was \$184,225.

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018



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, 2018 is as follows:

	Major Governmental Funds					Total
	General Fund	State Construction Maintenance Special Revenue Fund	Housing Impact Fee Special Revenue Fund	Capital Projects Fund	Other Government Funds	
Fund Balances						
Nonspendable fund balance:						
Supplies and other assets	\$ 153,323	\$ -	\$ -	\$ -	\$ -	\$ 153,323
Due from Successor Redevelopment Agency	184,225	-	-	-	-	184,225
	<u>337,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337,548</u>
Restricted fund balance for:						
Public safety	-	-	-	-	402,846	402,846
Community development	-	-	12,075,584	-	92,153	12,167,737
Highway and streets	-	549,653	-	-	1,933,577	2,483,230
Recycling programs	-	-	-	-	644,831	644,831
Health and welfare	-	-	-	-	35,265	35,265
Park improvement	-	-	-	-	6,044,426	6,044,426
PEG activities	-	-	-	-	688,508	688,508
Debt reserves	-	-	-	-	687,023	687,023
Landscape and lighting	-	-	-	-	980,596	980,596
	<u>-</u>	<u>549,653</u>	<u>12,075,584</u>	<u>-</u>	<u>11,509,225</u>	<u>24,134,462</u>
Committed fund balance for:						
General city plan development	-	-	-	-	2,242,307	2,242,307
Pension/OPEB Reserves	7,784,867	-	-	-	-	7,784,867
	<u>7,784,867</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,242,307</u>	<u>10,027,174</u>
Assigned fund balance for:						
Fire side fund	440,000	-	-	-	-	440,000
Equipment replacement	2,900,000	-	-	-	-	2,900,000
Community development	73,183	-	-	-	-	73,183
Waste disposal program	743,118	-	-	-	-	743,118
Art in public places	-	-	-	-	1,450,638	1,450,638
Capital assets acquisition	-	-	-	21,859,355	-	21,859,355
	<u>4,156,301</u>	<u>-</u>	<u>-</u>	<u>21,859,355</u>	<u>1,450,638</u>	<u>27,466,294</u>
Unassigned fund balance						
Catastrophic contingencies	7,642,648	-	-	-	-	7,642,648
Fiscal uncertainty	5,095,099	-	-	-	-	5,095,099
Unallocated	18,928,057	-	-	-	-	18,928,057
	<u>31,665,804</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,665,804</u>
Total Fund Balances	\$ 43,944,520	\$ 549,653	\$ 12,075,584	\$ 21,859,355	\$ 15,202,170	\$ 93,631,282



12. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

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

	Project Authorizations	Expenditures	Unexpended Authorizations
Park Construction	\$ 574,000	\$ 64,058	\$ 509,942
Street Construction	8,475,219	3,894,898	4,580,321
Capital Improvements	14,533,240	3,838,026	10,695,214
	<u>\$ 23,582,459</u>	<u>\$ 7,796,982</u>	<u>\$ 15,785,477</u>

The City had no significant encumbrances outstanding as of June 30, 2018.

13. DEFICIT FUND BALANCE

The Workers' Compensation Fund is reporting a negative fund balance due to the increase in claims payments for fiscal year 2017-18. 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.

City of Newark
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2018

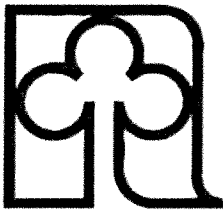


14. RESTATEMENT

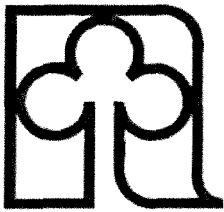
	Net Position, as Previously Reported at June 30, 2017	Prior Period Adjustments			Other Adjustments	Net Position, as Restated at June 30, 2017
		Deferred Employer OPEB Contributions	Net OPEB Obligation	Net OPEB Liability		
Government-Wide Statements						
Governmental Activities	\$ 142,018,854	\$ 315,000	\$ 1,753,720	\$ (5,572,022)	\$ (102,578)	\$ 138,412,974
Governmental Fund Financials						
General Fund	34,111,470	-	-	-	(45,537)	34,065,933
Capital Projects Fund	21,113,723	-	-	-	(57,041)	21,056,682
	55,225,193				(102,578)	55,122,615

In the current fiscal year, the City implemented GASB 75. As a result, the government wide statement of net position previously reported at June 30, 2017 of \$ 142,018,854 has been adjusted by adding deferred employers contribution of \$315,000 made in fiscal year 2017 that should have been deferred, and the effect of recognizing the Net OPEB liability of \$5,572,022 instead of Net OPEB Obligation \$1,753,720.as required by GASB 75.

The City also restated the General Fund and Capital Projects Fund balances that was previously reported at June 30, 2017 of \$ 34,111,470 and \$21,113,723, respectively by \$45,537 and \$57,041 respectively. These restatements were relating to prior year accruals that were not accounted.



REQUIRED SUPPLEMENTARY INFORMATION





1. BUDGETARY BASIS OF ACCOUNTING

A. *Budgetary Control and Budgetary Accounting*

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

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

B. *Budgetary Comparison Schedule - Housing Impact Fee*

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

City of Newark
 Required Supplementary Information, Continued
 For the year ended June 30, 2018



1. BUDGETARY BASIS OF ACCOUNTING, Continued

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

Budgetary Comparison Schedule, General Fund

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
General property taxes	\$ 12,680,000	\$ 13,180,000	\$ 19,192,759	\$ 6,012,759
Other local taxes	25,782,000	30,807,000	33,145,238	2,338,238
Special assessments	-	-	-	-
Licenses, permits and fees	2,803,000	3,303,000	3,638,498	335,498
Fines and forfeitures	368,000	593,000	943,835	350,835
Use of money and property	140,000	210,000	448,754	238,754
Other governmental agencies	3,709,000	4,117,000	(15,073)	(4,132,073)
Current services charges	4,049,000	4,289,700	4,545,369	255,669
Other revenue	286,000	328,900	307,743	(21,157)
Total revenues	49,817,000	56,828,600	62,207,123	5,378,523
EXPENDITURES:				
Current:				
General government	5,316,600	5,692,309	5,486,604	205,705
Public safety:				
Fire	10,634,000	11,270,109	11,412,920	(142,811)
Police	19,387,600	20,156,197	19,634,511	521,686
Streets and parks	3,609,600	7,529,071	4,025,731	3,503,340
Community development	4,660,800	5,759,622	5,546,372	213,250
Recreation	4,432,900	4,770,292	4,821,935	(51,643)
Debt Service:				
Principal repayment	301,700	301,700	22,913	278,787
Interest and fiscal charges	67,200	67,200	-	67,200
Total expenditures	48,422,000	55,558,100	50,950,986	4,607,114
REVENUE OVER (UNDER) EXPENDITURES	1,395,000	1,270,500	11,256,137	9,985,637
OTHER FINANCING SOURCES (USES):				
Transfers in	-	5,423,850	330,041	(5,093,809)
Transfers out	-	(7,910,000)	(1,707,591)	6,202,409
Total other financing sources (uses)	-	(2,486,150)	(1,377,550)	1,108,600
Net change in fund balance	\$ 1,395,000	\$ (1,215,650)	9,878,587	\$ 11,094,237
FUND BALANCES:				
Beginning of year, as restated			34,065,933	
End of year			\$ 43,944,520	

City of Newark
 Required Supplementary Information, Continued
 For the year ended June 30, 2018



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	\$ -	\$ -	\$ 21,891	\$ 21,891
Other governmental agencies	2,034,000	3,535,260	1,046,779	(2,488,481)
Total revenues	2,034,000	3,535,260	1,068,670	(2,466,590)
EXPENDITURES:				
Current:				
Streets and Parks	-	6,035,884	2,559,217	3,476,667
Total expenditures	-	6,035,884	2,559,217	3,476,667
Net change in fund balance	\$ 2,034,000	\$ (2,500,624)	(1,490,547)	\$ 1,010,077
FUND BALANCES:				
Beginning of year, as restated			2,040,200	
End of year			\$ 549,653	

City of Newark
 Required Supplementary Information, Continued
 For the year ended June 30, 2018



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

Fiscal year:	2018	2017	2016	2015
Measurement Period (1)	2016-17	2015-16	2014-15	2013-14
TOTAL PENSION LIABILITY				
Service Cost	\$ 1,741,959	\$ 1,526,903	\$ 1,428,480	\$ 1,565,207
Interest	7,606,416	7,394,465	7,153,135	6,903,386
Changes of Benefit Terms	-	-	-	-
Difference Between Expected and Actual Experience	98,578	(296,888)	(336,919)	-
Changes of Assumptions	6,040,949	-	(1,677,534)	-
Benefit Payments, Including Refunds of Employee Contributions	(5,585,662)	(5,339,676)	(5,054,891)	(4,796,901)
Net Change in Total Pension Liability	9,902,240	3,284,804	1,512,271	3,671,692
Total Pension Liability - Beginning	102,165,763	98,844,959	97,332,688	93,660,996
Total Pension Liability - Ending (a)	\$112,068,003	\$102,129,763	\$98,844,959	\$97,332,688
PLAN FIDUCIARY NET POSITION				
Contributions - Employer	\$ 2,252,015	\$ 2,089,006	\$ 1,771,614	\$ 1,672,308
Contributions - Employee	1,148,693	1,026,537	980,547	1,133,861
Net Investment Income (2)	7,421,654	377,065	1,509,133	10,440,289
Benefit Payments, Including Refunds of Employee Contributions	(5,585,662)	(5,339,676)	(5,054,891)	(4,796,901)
Administrative Expense	(97,779)	(41,512)	(76,731)	-
Other Changes in Fiduciary Net Position	(401)	-	95	-
Net Change in Fiduciary Net Position	5,138,520	(1,888,580)	(870,233)	8,449,557
Plan Fiduciary Net Position - Beginning	66,226,231	68,114,811	68,985,044	60,535,487
Plan Fiduciary Net Position - Ending (b)	\$ 71,364,751	\$ 66,226,231	\$68,114,811	\$68,985,044
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 40,703,252	\$ 35,939,532	\$30,730,148	\$28,347,644
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.68%	64.82%	68.91%	70.88%
Covered Payroll	\$ 9,900,873	\$ 8,944,772	\$ 8,555,244	\$ 8,387,860
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	411.62%	385.03%	359.20%	337.96%

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

(2) - Net of administrative expenses.

Notes to Schedules

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

Changes of Assumptions: There were no changes in assumptions.

City of Newark
Required Supplementary Information, Continued
For the year ended June 30, 2018



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

B. Schedule of Plan Contributions - Last 10 Years

Miscellaneous Plan

	Fiscal Year 2017-18	Fiscal Year 2016-17	Fiscal Year 2015-16	Fiscal Year 2014-15
Actuarially determined contribution	\$ 2,937,068	\$ 2,252,317	\$ 2,089,006	\$ 1,773,777
Contribution in relation to the actuarially determined contributions	(2,937,068)	(2,252,317)	(2,089,006)	(1,773,777)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	10,929,418	9,900,873	8,944,772	8,555,244
Contributions as a percentage of covered payroll	-29.70%	-22.77%	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:	2018	2017	2016	2015
Measurement date:	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.617369%	0.629905%	0.66006%	0.64192%
Proportionate share of the net pension liability	\$ 61,226,071	\$ 54,506,282	\$ 45,305,899	\$ 39,942,949
Covered payroll	\$ 7,084,458	\$ 7,171,629	\$ 7,186,807	\$ 6,720,767
Proportionate share of the net pension liability as a percentage of covered payroll	864.23%	760.03%	630.40%	594.32%
Plan's share of fiduciary net position as a percentage of total pension liability	73.31%	74.06%	78.40%	79.82%

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

City of Newark
Required Supplementary Information, Continued
For the year ended June 30, 2018



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

A. Schedule of Plan Contributions - Last 10 Years

Safety Members

	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Contractually required contribution (actuarially determined)	\$ 4,766,942	\$ 3,595,377	\$ 3,262,170	\$ 2,526,932
Contribution in relation to the actuarially determined contributions	(4,766,942)	(3,595,377)	(3,262,170)	(2,526,932)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 7,381,368	\$ 7,362,907	\$ 7,171,629	\$ 7,186,807
Contributions as a percentage of covered payroll	64.58%	48.83%	45.49%	35.16%

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

City of Newark
 Required Supplementary Information, Continued
 For the year ended June 30, 2018



4. OTHER POST EMPLOYMENT BENEFIT PLAN

A. Schedule of Changes in Net OPEB Liability and Related Ratios during the Measurement Period ⁽¹⁾

<i>Measurement Period</i>	2017
Total OPEB Liability	
Service Cost	\$ 357,973
Interest on the total OPEB liability	345,706
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	(232,385)
Benefit payments, including refunds of employee contributions	(205,783)
Net change in total OPEB liability	265,511
Total OPEB liability - beginning	6,978,268
Total OPEB liability - ending (a)	\$ 7,243,779
 Plan Fiduciary Net Position	
Contributions - employer	\$ 315,000
Contributions - employee	-
Net investment income	161,324
Benefit payments, including refunds of employee contributions	(205,783)
Administrative expense	(845)
Net change in plan fiduciary net position	269,696
Plan fiduciary net position - beginning	1,406,246
Plan fiduciary net position - ending (b)	\$ 1,675,942
 Net OPEB liability/(asset) - ending (a) - (b)	\$ 5,567,837
 Plan fiduciary net position as a percentage of the total OPEB liability	23.14%
 Covered-employee payroll	\$ 15,780,296
 Net OPEB liability as a percentage of covered-employee payroll	35.28%

(1) Historical information is required only for measurement periods for which GASB 75 is applicable.

City of Newark
Required Supplementary Information, Continued
For the year ended June 30, 2018



4. OTHER POST EMPLOYMENT BENEFIT PLAN, Continued

B. Schedule of Plan Contributions ⁽¹⁾

Fiscal Year Ended June 30	2018
Actuarially Determined Contribution (ADC)	\$ 537,000
Contributions in relation to the ADC	354,000
Contribution deficiency (excess)	\$ 183,000
 Covered-employee payroll	 \$ 17,438,452
 Contributions as a percentage of covered-employee payroll	 2.03%

SUPPLEMENTARY INFORMATION

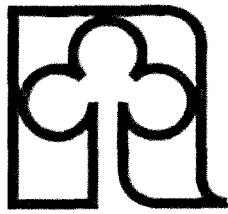
**MAJOR GOVERNMENTAL FUNDS, OTHER THAN GENERAL FUND
AND SPECIAL REVENUE FUNDS**

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 20,000	\$ 20,000	\$ 252,591	\$ 232,591
Current service charges	1,350,000	1,350,000	3,881,032	2,531,032
Other revenue	-	-	2,500	2,500
Total revenues	1,370,000	1,370,000	4,136,123	2,766,123
EXPENDITURES:				
Current:				
Recreation	758,295	2,307,354	1,543,304	764,050
Capital outlay	-	10,306,800	2,208,146	8,098,654
Total expenditures	758,295	12,614,154	3,751,450	8,862,704
REVENUE OVER (UNDER) EXPENDITURES	611,705	(11,244,154)	384,673	11,628,827
OTHER FINANCING SOURCES (USES):				
Transfers in	-	450,000	418,000	(32,000)
Total other financing sources (uses)	-	450,000	418,000	-
Net change in fund balance	\$ 611,705	\$ (10,794,154)	802,673	\$ 11,596,827
FUND BALANCES:				
Beginning of year			21,056,682	
End of year			\$ 21,859,355	



NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Paramedic Tax

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

Alameda County Fire Fees

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

Police Grants

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

Community Development Act

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

Community Development Maintenance Fees

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

Recycle AB 939

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

Measure D - Recycling

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

Measure B - ACTC

Accounts for Measure B funds from the Alameda County Transportation Commission (ACTC) 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 - ACTC

Accounts for Measure B funds from the Alameda County Transportation Commission (ACTC) 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.

RMRA SB1 Special Revenue Fund

Accounts for Senate Bill 1 that increases gasoline and diesel taxes and vehicle registration fees to fund for basic road maintenance, rehabilitation, and critical safety projects on local streets and roads.

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 funding used to support PEG activities and the capital costs needed for repair, replacement, and maintenance of equipments used to broadcast Council meetings, or to make technological upgrades to the Council chambers

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, 2018

	Special Revenue Funds						
	Paramedic Tax	Alameda County Fire Fees	Police Grants	Community Development Act	Community Development Maint. Fees	Recycle AB 939	Measure D - Recycling
ASSETS							
Cash and investments							
Available for operations	\$ 183,029	\$ 31,756	\$ 150,705	\$ 20,652	\$ 2,255,096	\$ 68,637	\$ 560,160
Restricted cash and investments	-	-	-	-	-	-	-
Receivables:							
Taxes	1,329	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Intergovernmental	-	-	-	77,119	-	-	37,707
Other, net	-	36,229	-	-	-	-	-
Total assets	\$ 184,358	\$ 67,985	\$ 150,705	\$ 97,771	\$ 2,255,096	\$ 68,637	\$ 597,867
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 203	\$ 5,618	\$ 12,789	\$ 11,473	\$ 10,200
Due to other funds	-	-	-	-	-	-	-
Total liabilities	-	-	203	5,618	12,789	11,473	10,200
Fund Balances:							
Committed	-	-	-	-	2,242,307	-	-
Restricted	184,358	67,985	150,502	92,153	-	57,164	587,667
Assigned	-	-	-	-	-	-	-
Total fund balances	184,358	67,985	150,502	92,153	2,242,307	57,164	587,667
Total liabilities							
and fund balances	\$ 184,358	\$ 67,985	\$ 150,705	\$ 97,771	\$ 2,255,096	\$ 68,637	\$ 597,867

Special Revenue Funds			Debt Service Fund		Capital Project Funds				Total Non-Major Governmental Funds
Measure B - ACTC	Measure BB ACTC	RMRA SB1 Special Revenue	Hazardous Materials Program	Public Financing Authority	Park Improvement	PEG Fees	Art in Public Places	Landscape and Lighting District	
\$ 1,059,825	\$ 776,763	\$ 223,543	\$ 35,317	\$ 51,526	\$ 6,049,466	\$ 668,472	\$ 1,450,638	\$ 930,002	\$ 14,515,587
-	-	-	-	635,497	-	-	-	-	635,497
-	-	96,271	-	-	-	-	-	-	97,600
-	-	-	-	-	-	-	-	61,862	61,862
138,048	112,381	-	-	-	-	-	-	-	365,255
-	-	-	-	-	-	20,351	-	-	56,580
\$ 1,197,873	\$ 889,144	\$ 319,814	\$ 35,317	\$ 687,023	\$ 6,049,466	\$ 688,823	\$ 1,450,638	\$ 991,864	\$ 15,732,381
\$ 206,592	\$ 266,663	-	\$ 52	\$ -	\$ 5,040	\$ 315	\$ -	\$ 11,268	\$ 530,213
-	-	-	-	-	-	-	-	-	-
206,592	266,663	-	52	-	5,040	315	-	11,268	530,213
-	-	-	-	-	-	-	-	-	2,242,307
991,281	622,481	319,814	35,265	687,023	6,044,426	688,508	-	980,596	11,509,223
-	-	-	-	-	-	-	1,450,638	-	1,450,638
991,281	622,481	319,814	35,265	687,023	6,044,426	688,508	1,450,638	980,596	15,202,168
\$ 1,197,873	\$ 889,144	\$ 319,814	\$ 35,317	\$ 687,023	\$ 6,049,466	\$ 688,823	\$ 1,450,638	\$ 991,864	\$ 15,732,381

City of Newark
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2018

	Special Revenue Funds						
	Paramedic Tax	Alameda County Fire Fees	Police Grants	Community Development Act	Community Development Maint. Fees	Recycle AB 939	Measure D - Recycling
REVENUES:							
Other local taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	238,646	-	-	-	-	-	-
Use of money and property	-	-	861	-	20,585	-	5,073
Other governmental agencies	-	-	139,416	189,470	-	(6,482)	143,875
Current service charges	-	143,967	23,700	-	-	-	-
Other revenues	-	-	-	-	849,893	-	-
Total revenues	238,646	143,967	163,977	189,470	870,478	(6,482)	148,948
EXPENDITURES:							
Current:							
General government	-	-	-	-	-	-	-
Public safety:							
Fire	3,949	3,500	-	-	-	-	-
Police	-	-	128,282	-	-	-	-
Streets and parks	-	-	-	-	-	-	-
Community development	-	-	-	-	534,805	-	77,164
Recreation	-	-	-	-	-	-	-
Capital outlay	-	-	-	112,352	-	-	-
Debt service:							
Principal repayment	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-
Total expenditures	3,949	3,500	128,282	112,352	534,805	-	77,164
REVENUE OVER (UNDER) EXPENDITURES	234,697	140,467	35,695	77,118	335,673	(6,482)	71,784
OTHER FINANCING SOURCES (USES):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(165,000)	(108,000)	-	-	-	-	-
Total other financing sources (uses)	(165,000)	(108,000)	-	-	-	-	-
Net change in fund balances	69,697	32,467	35,695	77,118	335,673	(6,482)	71,784
FUND BALANCES:							
Beginning of year	114,661	35,518	114,807	15,035	1,906,634	63,646	515,883
End of year	\$ 184,358	\$ 67,985	\$ 150,502	\$ 92,153	\$ 2,242,307	\$ 57,164	\$ 587,667

Special Revenue Funds		Debt Service Fund			Capital Project Funds				Total
Measure B - ACTC	Measure BB - ACTC	RMRA SB1 Special Revenue	Hazardous Materials Program	Public Financing Authority	Park Improvement	PEG Fees	Art in Public Places	Landscape and Lighting District	Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	267,944	506,590
9,699	6,953	2,025	321	7,172	-	6,054	-	8,570	67,313
874,792	707,385	317,789	898	-	-	-	-	-	2,367,143
-	-	-	-	-	382,509	-	299,250	-	849,426
-	-	-	-	-	-	84,181	-	-	934,074
884,491	714,338	319,814	1,219	7,172	382,509	90,235	299,250	276,514	4,724,546
-	-	-	-	-	-	-	-	-	-
-	-	-	12,287	-	-	-	-	-	19,736
-	-	-	-	-	-	-	-	-	128,282
-	702,178	-	-	-	64,058	-	-	170,653	936,889
-	-	-	-	-	-	-	-	-	611,969
108,246	108,246	-	-	-	-	-	-	-	216,492
633,504	-	-	-	-	-	2,985	-	-	748,841
-	-	-	-	518,657	-	-	-	-	518,657
-	-	-	-	348,352	-	-	-	-	348,352
741,750	810,424	-	12,287	867,009	64,058	2,985	-	170,653	3,529,218
142,741	(96,086)	319,814	(11,068)	(859,837)	318,451	87,250	299,250	105,861	1,195,328
-	-	-	-	866,850	-	-	-	-	866,850
-	-	-	-	-	-	-	-	-	(273,000)
-	-	-	-	866,850	-	-	-	-	593,850
142,741	(96,086)	319,814	(11,068)	7,013	318,451	87,250	299,250	105,861	1,789,178
848,540	718,567	-	46,333	680,010	5,725,975	601,258	1,151,388	874,735	13,412,990
\$ 991,281	\$ 622,481	\$ 319,814	\$ 35,265	\$ 687,023	\$ 6,044,426	\$ 688,508	\$ 1,450,638	\$ 980,596	\$ 15,202,168

City of Newark

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

Paramedic Tax

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and special assessments	\$ -	\$ -	\$ 238,646	\$ 238,646
Total revenues	-	-	238,646	238,646
EXPENDITURES:				
Current:				
Public safety - Fire	-	-	3,949	(3,949)
Total expenditures	-	-	3,949	(3,949)
REVENUE OVER (UNDER) EXPENDITURES	-	-	234,697	234,697
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(165,000)	(165,000)	-
Total other financing sources (uses)	-	(165,000)	(165,000)	-
Net change in fund balance	\$ -	(165,000)	69,697	\$ 238,646
FUND BALANCES:				
Beginning of year			114,661	
End of year			\$ 184,358	

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Current service charges	\$ -	\$ -	\$ 143,967	\$ 143,967
Total revenues	-	-	143,967	143,967
EXPENDITURES:				
Current:				
Public safety - Fire	-	-	3,500	(3,500)
Total expenditures	-	-	3,500	(3,500)
REVENUE OVER (UNDER) EXPENDITURES	-	-	140,467	140,467
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(108,000)	(108,000)	-
Total other financing sources (uses)	-	(108,000)	(108,000)	-
Net change in fund balances	\$ -	\$ (108,000)	32,467	\$ 140,467
FUND BALANCES:				
Beginning of year			35,518	
End of year			\$ 67,985	

City of Newark

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

Police Grants

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 861	\$ 92
Other governmental agencies	-	27,200	139,416	76,486
Current service charges	-	21,000	23,700	37,800
Total revenues	-	48,200	163,977	114,378
EXPENDITURES:				
Current:				
Public safety - Police	101,500	126,900	128,282	27,815
Capital outlay	-	48,000	-	48,000
Total expenditures	101,500	174,900	128,282	46,618
Net change in fund balance	\$ (101,500)	\$ (126,700)	35,695	\$ 162,395
FUND BALANCES:				
Beginning of year			114,807	
End of year			\$ 150,502	

City of Newark
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Community Development Act
For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Other governmental agencies	\$ 194,000	306,400	\$ 189,470	\$ (116,930)
Total revenues	194,000	306,400	189,470	(116,930)
EXPENDITURES:				
Capital outlay	-	112,400	\$ 112,352	48
Total expenditures	-	112,400	112,352	48
Net change in fund balance	\$ 194,000	\$ 194,000	77,118	\$ (116,882)
FUND BALANCES:				
Beginning of year			15,035	
End of year			\$ 92,153	

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 20,585	\$ 10,501
Other revenues	600,000	600,000	849,893	626,995
Total revenues	600,000	600,000	870,478	637,496
EXPENDITURES:				
Current:				
Community development	-	766,440	534,805	231,635
Total expenditures	-	766,440	534,805	231,635
 Net change in fund balance	 \$ 600,000	 \$ (166,440)	 335,673	 \$ 502,113
FUND BALANCES:				
Beginning of year			1,906,634	
End of year			\$ 2,242,307	

City of Newark

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

Recycle AB 939

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES:				
Other governmental agencies	\$ -	\$ -	\$ (6,482)	\$ (6,482)
Total revenues	-	-	(6,482)	(6,482)
EXPENDITURES:				
Current:				
Community development	-	1,700	-	1,700
Total expenditures	-	1,700	-	1,700
Net change in fund balance	\$ -	\$ (1,700)	(6,482)	\$ (4,782)
FUND BALANCES:				
Beginning of year			63,646	
End of year			\$ 57,164	

City of Newark

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

Measure D - Recycling

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 5,073	\$ 5,073
Other governmental agencies	-	-	143,875	143,875
Total revenues	-	-	148,948	148,948
EXPENDITURES:				
Current:				
Community development	-	195,000	77,164	117,836
Total expenditures	-	195,000	77,164	117,836
Net change in fund balance	\$ -	\$ (195,000)	71,784	\$ 266,784
FUND BALANCES:				
Beginning of year			515,883	
End of year			\$ 587,667	

City of Newark
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Measure B - ACTC
For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 9,699	\$ 9,699
Other governmental agencies	180,000	978,410	874,792	(103,618)
Total revenues	180,000	978,410	884,491	(93,919)
EXPENDITURES:				
Current:				
Recreation	187,000	383,011	108,246	274,765
Capital outlay	-	1,136,099	633,504	502,595
Total expenditures	187,000	1,519,110	741,750	777,360
Net change in fund balance	\$ (7,000)	\$ (540,700)	142,741	\$ 683,441
FUND BALANCES:				
Beginning of year			848,540	
End of year			\$ 991,281	

City of Newark
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Measure BB - ACTC
For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 6,953	\$ 6,953
Other governmental agencies	-	762,007	707,385	(54,622)
Total revenues	-	762,007	714,338	(47,669)
EXPENDITURES:				
Current:				
Streets and parks	-	1,303,236	702,178	601,058
Recreation	-	232,071	108,246	123,825
Total expenditures	-	1,535,307	810,424	724,883
Net change in fund balance	\$ -	\$ (773,300)	(96,086)	\$ 677,214
FUND BALANCES:				
Beginning of year			718,567	
End of year			\$ 622,481	

City of Newark

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

RMRA SB1 Special Revenue

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 2,025	\$ 2,025
Other governmental agencies	-	252,746	317,789	65,043
Total revenues	-	252,746	319,814	67,068
EXPENDITURES:				
Current:				
Streets and parks	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	\$ -	\$ 252,746	319,814	\$ 67,068
FUND BALANCES:				
Beginning of year			-	
End of year			\$ 319,814	

City of Newark

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

Hazardous Materials Program

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 321	\$ 321
Other governmental agencies	-	12,334	898	(11,436)
Total revenues	-	12,334	1,219	(11,115)
EXPENDITURES:				
Current:				
Fire	-	12,334	12,287	47
Total expenditures	-	12,334	12,287	47
Net change in fund balance	\$ -	\$ -	(11,068)	\$ (11,068)
FUND BALANCES:				
Beginning of year			46,333	
End of year			\$ 35,265	

City of Newark

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

COPS Interest and Redemption Debt Service

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 7,172	\$ 7,172
Total revenues	-	-	7,172	7,172
EXPENDITURES:				
Debt service:				
Principal	303,900	303,900	518,657	(214,757)
Interest and fiscal charges	214,400	214,400	348,352	(133,952)
Total expenditures	518,300	518,300	867,009	(348,709)
REVENUE OVER (UNDER) EXPENDITURES	(518,300)	(518,300)	(859,837)	(341,537)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	866,850	866,850	-
Total other financing sources	-	866,850	866,850	-
Net change in fund balance	\$ (518,300)	\$ (518,300)	\$ 7,013	\$ 525,313
FUND BALANCES:				
Beginning of year			680,010	
End of year			\$ 687,023	

City of Newark

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

Park Improvement

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Current service charges	\$ 1,500,000	1,500,000	\$ 382,509	\$ (1,117,491)
Total revenues	1,500,000	1,500,000	382,509	(1,117,491)
EXPENDITURES:				
Current:				
Streets and parks	-	605,000	64,058	540,942
Total expenditures	-	605,000	64,058	540,942
Net change in fund balance	\$ 1,500,000	\$ 895,000	318,451	\$ (576,549)
FUND BALANCES:				
Beginning of year			5,725,975	
End of year			\$ 6,044,426	

City of Newark

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

PEG Fees

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 6,054	\$ 6,054
Other revenues	-	-	84,181	84,181
Total revenues	-	-	90,235	90,235
EXPENDITURES:				
Current:				
Capital outlay	-	25,200	2,985	22,215
Total expenditures	-	25,200	2,985	22,215
Net change in fund balance	\$ -	\$ (25,200)	87,250	\$ 112,450
FUND BALANCES:				
Beginning of year			601,258	
End of year			\$ 688,508	

City of Newark

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

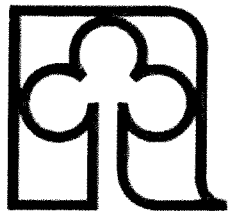
Art in Public Places

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Current service charges	\$ -	\$ -	\$ 299,250	\$ 299,250
Total revenues	-	-	299,250	299,250
EXPENDITURES:				
Current:				
Community development	-	-	-	-
Total expenditures	-	-	-	-
 Net change in fund balance	 \$ -	 \$ -	 299,250	 \$ 299,250
FUND BALANCES:				
Beginning of year			1,151,388	
End of year			\$ 1,450,638	

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Special assessments	\$ -	\$ -	\$ 267,944	\$ 267,944
Use of money and property	-	-	8,570	8,570
Total revenues	-	-	276,514	276,514
EXPENDITURES:				
Current:				
Streets and parks	-	597,121	170,653	426,468
Total expenditures	-	597,121	170,653	426,468
Net change in fund balance	\$ -	\$ (597,121)	105,861	\$ 702,982
FUND BALANCES:				
Beginning of year			874,735	
End of year			\$ 980,596	



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, 2018

	Equipment Replacement	Equipment Operations	Office Support
ASSETS			
Current assets:			
Cash and investments	\$ 1,827,242	\$ 906,723	\$ 73,448
Intergovernmental receivables	4,299	5,733	-
Supplies and other assets	-	49,742	3,000
Total current assets	1,831,541	962,198	76,448
Capital assets, net of accumulated depreciation	1,972,811	-	-
Total assets	3,804,352	962,198	76,448
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	129,431	49,852	3,051
Unearned revenues	-	-	-
Capital lease obligation, due within one year	45,076	-	-
Claims payable, due within one year	-	-	-
Total current liabilities	174,507	49,852	3,051
Noncurrent liabilities:			
Claims payable, due in more than one year	-	-	-
Total liabilities	174,507	49,852	3,051
NET POSITION			
Net investment in capital assets	1,927,735	-	-
Unrestricted	1,702,110	912,346	73,397
Total net position	\$ 3,629,845	\$ 912,346	\$ 73,397

Building Maintenance	Public Liability Self-Insurance	Workers' Compensation Self-Insurance	Total
\$ 1,222,930	\$ 917,627	\$ 1,110,567	\$ 6,058,537
5,311	1,359	-	16,702
9,875	-	-	62,617
<u>1,238,116</u>	<u>918,986</u>	<u>1,110,567</u>	<u>6,137,856</u>
-	-	-	1,972,811
<u>1,238,116</u>	<u>918,986</u>	<u>1,110,567</u>	<u>8,110,667</u>
132,157	23,200	80	337,771
1,900	-	-	1,900
-	-	-	45,076
-	170,602	562,145	732,747
<u>134,057</u>	<u>193,802</u>	<u>562,225</u>	<u>1,117,494</u>
-	301,655	1,531,184	1,832,839
<u>134,057</u>	<u>495,457</u>	<u>2,093,409</u>	<u>2,950,333</u>
-	-	-	1,927,735
<u>1,104,059</u>	<u>423,529</u>	<u>(982,842)</u>	<u>3,232,599</u>
<u>\$ 1,104,059</u>	<u>\$ 423,529</u>	<u>\$ (982,842)</u>	<u>\$ 5,160,334</u>

City of Newark
Combining Statement of Activities and Changes in Net Position
Internal Service Funds
For the year ended June 30, 2018

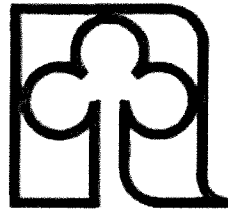
	<u>Equipment Replacement</u>	<u>Equipment Operations</u>	<u>Office Support</u>
OPERATING REVENUES:			
Charges to departments	1,285,600	989,200	119,400
Other revenue	10,820	5,173	-
Total operating revenues	<u>1,296,420</u>	<u>994,373</u>	<u>119,400</u>
OPERATING EXPENSES:			
Personnel services	-	543,715	20,406
Materials and supplies	131,928	299,463	27,801
Contractual Services	-	184,842	72,328
Utilities	-	-	-
Insurance claims and premiums	-	-	-
Depreciation	236,922	-	-
Total operating expenses	<u>368,850</u>	<u>1,028,020</u>	<u>120,535</u>
OPERATING INCOME (LOSS)	<u>927,570</u>	<u>(33,647)</u>	<u>(1,135)</u>
NON-OPERATING REVENUES (EXPENSES):			
Interest and fiscal charges	(2,799)	-	-
Total non-operating revenue (expenses)	<u>(2,799)</u>	<u>-</u>	<u>-</u>
INCOME (LOSS) BEFORE TRANSFERS	924,771	(33,647)	(1,135)
Transfers in	226,000	112,000	-
Total transfers	<u>226,000</u>	<u>112,000</u>	<u>-</u>
Change in net position	1,150,771	78,353	(1,135)
NET POSITION:			
Beginning of year	2,479,074	833,993	74,532
End of year	<u>\$ 3,629,845</u>	<u>\$ 912,346</u>	<u>\$ 73,397</u>

Building Maintenance	Public Liability Self-Insurance	Workers' Compensation Self-Insurance	Total
1,921,100	809,300	1,190,800	6,315,400
67,885	33,373	-	117,251
1,988,985	842,673	1,190,800	6,432,651
593,365	92,428	28,181	1,278,095
45,543	28,756	68	533,559
601,850	121,976	820,951	1,801,947
628,414	-	-	628,414
-	452,180	290,564	742,744
-	-	-	236,922
1,869,172	695,340	1,139,764	5,221,681
119,813	147,333	51,036	1,210,970
-	-	-	(2,799)
-	-	-	(2,799)
119,813	147,333	51,036	1,208,171
27,700	-	-	365,700
27,700	-	-	365,700
147,513	147,333	51,036	1,573,871
956,546	276,196	(1,033,878)	3,586,463
\$ 1,104,059	\$ 423,529	\$ (982,842)	\$ 5,160,334

City of Newark
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2018

	Equipment Replacement	Equipment Operations	Office Support
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from other funds	\$ 1,296,420	\$ 994,373	\$ 119,400
Payments to suppliers/other fund	(34,481)	(471,205)	(102,003)
Payments to employees	-	(543,715)	(20,406)
Claims paid	-	-	-
Net cash provided (used) by operating activities	1,261,939	(20,547)	(3,009)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Interfund receipts	226,000	112,000	-
Net cash provided (used) by noncapital financing activities	226,000	112,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payments on capital lease	(43,698)	-	-
Acquisition of capital assets	(791,217)	-	-
Interest paid and fiscal charges	(2,799)	-	-
Net cash provided (used) by capital and related financing activities	(837,714)	-	-
Net increase (decrease) in cash and cash equivalents	650,225	91,453	(3,009)
CASH AND CASH EQUIVALENTS:			
Beginning of year	1,177,017	815,270	76,457
End of year	<u>\$ 1,827,242</u>	<u>\$ 906,723</u>	<u>\$ 73,448</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ 927,570	\$ (33,647)	\$ (1,135)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	236,922	-	-
Change in assets and liabilities:			
Accounts receivable and other assets	(4,299)	3,177	-
Accounts payable and accrued liabilities	101,746	9,923	(1,874)
Total adjustments	334,369	13,100	(1,874)
Net cash provided (used) by operating activities	\$ 1,261,939	\$ (20,547)	\$ (3,009)

Building Maintenance	Public Liability Self-Insurance	Workers' Compensation Self-Insurance	Total
\$ 1,988,985	\$ 852,969	\$ 1,190,800	\$ 6,442,947
(1,276,824)	(150,732)	(821,019)	(2,856,264)
(593,365)	(92,428)	(28,181)	(1,278,095)
-	(531,340)	(877,814)	(1,409,154)
<u>118,796</u>	<u>78,469</u>	<u>(536,214)</u>	<u>899,434</u>
27,700	-	-	365,700
<u>27,700</u>	<u>-</u>	<u>-</u>	<u>365,700</u>
-	-	-	(43,698)
-	-	-	(791,217)
-	-	-	(2,799)
-	-	-	(837,714)
146,496	78,469	(536,214)	427,420
1,076,434	839,158	1,646,781	5,631,117
<u>\$ 1,222,930</u>	<u>\$ 917,627</u>	<u>\$ 1,110,567</u>	<u>\$ 6,058,537</u>
\$ 119,813	\$ 147,333	\$ 51,036	\$ 1,210,970
-	-	-	236,922
238	10,296	-	9,412
(1,255)	(79,160)	(587,250)	(557,870)
<u>(1,017)</u>	<u>(68,864)</u>	<u>(587,250)</u>	<u>(311,536)</u>
<u>\$ 118,796</u>	<u>\$ 78,469</u>	<u>\$ (536,214)</u>	<u>\$ 899,434</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.

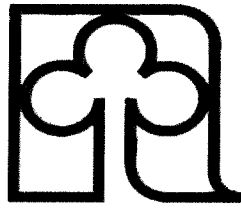
City of Newark
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year ended June 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
<u>Area Improvement Districts</u>				
Assets:				
Cash and investments for operations	\$ 4,296,446	\$ 58,318	\$ -	\$ 4,354,764
Total assets	<u>\$ 4,296,446</u>	<u>\$ 58,318</u>	<u>\$ -</u>	<u>\$ 4,354,764</u>
Liabilities:				
Due to bondholders	\$ 4,296,446	\$ 58,318	\$ -	\$ 4,354,764
Total liabilities	<u>\$ 4,296,446</u>	<u>\$ 58,318</u>	<u>\$ -</u>	<u>\$ 4,354,764</u>

City of Newark
Utility Users Tax - Budget to Actual Comparison
For the year ended June 30, 2018

In November 2010, Measure U was passed which allowed for the utility users tax. This new revenue source funded programs previously cut as a result of budget reductions. The following table summarized how the revenue was spent during fiscal year 2017/18.

	2017/18 Approved Budget	2017/18 Actuals
Management/Support Services		
Human Resources	\$ 38,700	\$ 38,700
Information Systems	10,300	10,300
Financial Services	219,400	219,400
Subtotal	<u>268,400</u>	<u>268,400</u>
Public Safety		
Patrol	724,000	724,000
Investigation	120,000	120,000
School Crossing Guard	70,400	70,224
Administration	50,000	50,000
Fire	1,066,000	290,668
Subtotal	<u>2,030,400</u>	<u>1,254,892</u>
Community Promotion		
Development	157,000	157,000
Community Preservation	62,400	62,400
Subtotal	<u>219,400</u>	<u>219,400</u>
Recreation		
General Recreation Services	200,000	200,000
Youth/ Adult Sports	20,100	20,100
Activity & Family Aquatic Center	130,600	130,600
Senior Services	165,000	165,000
Subtotal	<u>515,700</u>	<u>515,700</u>
Park & Landscape Maintenance		
Environmental Services	102,000	102,000
Street Repairs	6,400	6,400
Park & Landscape	301,000	301,000
Subtotal	<u>409,400</u>	<u>409,400</u>
Internal Service Funds		
Equipment Maintenance	112,000	112,000
Building Maintenance	27,700	27,700
Subtotal	<u>139,700</u>	<u>139,700</u>
TOTAL UTILITY USERS TAX EXPENDITURES	3,583,000	2,807,492
GENERAL FUND SUPPORT AND TRANSFER TO FISCAL UNCERTAINTY	\$ 438,000	\$ 194,000



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.

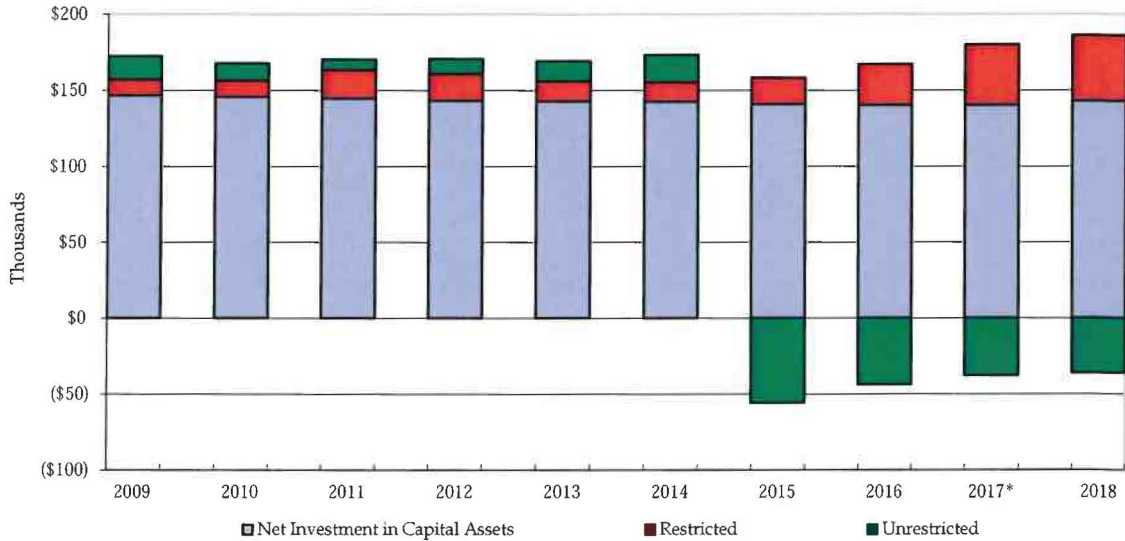
- 13 Demographic and Economic Statistics
- 14 Principal Employers

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017*	2018
<i>Primary government</i>										
<i>Governmental activities:</i>										
Net Investment in Capital Assets	\$146,665	\$145,913	\$144,678	\$143,258	\$142,709	\$142,524	\$140,931	\$140,414	\$140,414	\$143,058
Restricted	10,389	10,406	18,563	17,596	13,198	12,806	17,260	26,622	39,483	42,954
Unrestricted	15,435	11,490	6,865	9,806	13,264	17,903	(55,634)	(43,711)	(37,879)	(35,998)
Total governmental activities net position	\$172,489	\$167,809	\$170,106	\$170,660	\$169,171	\$173,233	\$102,557	\$123,325	\$142,019	\$150,014

* Net Position not restated for the implementation of GASB Statement No. 75 or other restatements discussed in Note 14

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

	Fiscal year ended June 30,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$4,711	\$3,965	\$3,838	\$3,891	\$3,796	\$4,643	\$5,986	\$4,484	\$5,337	\$6,159
Public safety:										
Fire	9,839	9,026	8,294	8,380	8,669	8,665	9,641	9,805	10,560	11,424
Police	13,519	13,814	12,535	13,598	14,643	15,310	15,565	17,202	19,798	21,728
Streets and parks	5,685	6,763	5,644	6,065	9,834	6,743	6,082	5,934	6,444	8,648
Community development	2,946	2,863	2,821	3,127	2,749	3,052	3,456	3,930	5,002	6,918
Recreation	5,053	4,717	4,865	4,440	3,839	4,212	4,245	4,291	5,243	7,566
Interest on long-term debt	668	645	618	601	455	430	406	391	373	350
Total governmental activities expenses	42,421	41,793	38,615	40,102	43,985	43,055	45,381	46,036	52,757	62,792
Program revenues										
Governmental activities:										
Charges for services:										
General government	79	82	97	73	45	50	14	15	13	12
Public safety:										
Fire	415	239	69	94	135	115	113	230	323	270
Police	769	924	753	521	555	563	573	729	990	1,109
Streets and parks	432	666	585	563	560	530	1,181	2,771	3,388	905
Community development	1,140	1,183	1,198	1,398	1,268	1,858	5,048	13,492	14,269	12,482
Recreation	2,497	2,384	2,349	2,391	1,686	2,432	2,273	2,458	2,801	2,459
Operating grants and contributions	2,426	3,227	1,838	1,492	1,053	938	615	803	642	543
Capital grants and contributions	3,351	2,719	1,560	1,625	2,337	2,725	2,055	2,584	2,661	2,844
Total governmental program revenues	11,109	11,424	8,449	8,157	7,639	9,211	11,872	23,083	25,074	20,625
Net (expense)/revenue										
Total governmental activities net expense	(31,312)	(30,369)	(30,166)	(31,945)	(36,346)	(33,844)	(33,509)	(22,953)	(27,683)	(42,168)
General revenues and other changes in net position										
Governmental activities:										
Taxes:										
Property taxes	12,962	12,498	11,801	11,843	12,559	13,035	13,987	14,967	16,465	19,193
Sales taxes	8,463	6,702	8,807	8,819	9,631	10,182	10,603	11,092	12,949	16,433
Franchise taxes	2,453	2,475	2,512	2,538	2,870	2,938	3,076	2,725	3,670	3,833
Transient occupancy tax	2,573	2,337	2,785	3,323	3,705	4,320	5,067	5,859	6,094	6,362
Utility users tax	-	-	765	3,231	3,376	3,644	3,617	3,292	3,527	3,631
Other local taxes	950	958	1,097	1,117	1,132	1,272	1,488	1,799	1,996	2,346
Motor vehicle in-lieu	157	-	203	22	23	19	18	18	20	24
Use of money and property	658	129	79	147	49	70	93	189	446	900
Gain on sale of assets	-	523	-	423	-	-	-	-	-	-
Miscellaneous	50	66	4,414	1,037	1,510	2,562	1,926	2,829	1,206	1,049
General revenues	28,266	25,688	32,463	32,500	34,855	38,042	39,875	42,769	46,373	53,770
Change in net position governmental activities	(\$3,046)	(\$4,681)	\$2,297	\$555	(\$1,491)	\$4,198	\$6,366	\$19,816	\$18,690	\$11,602

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

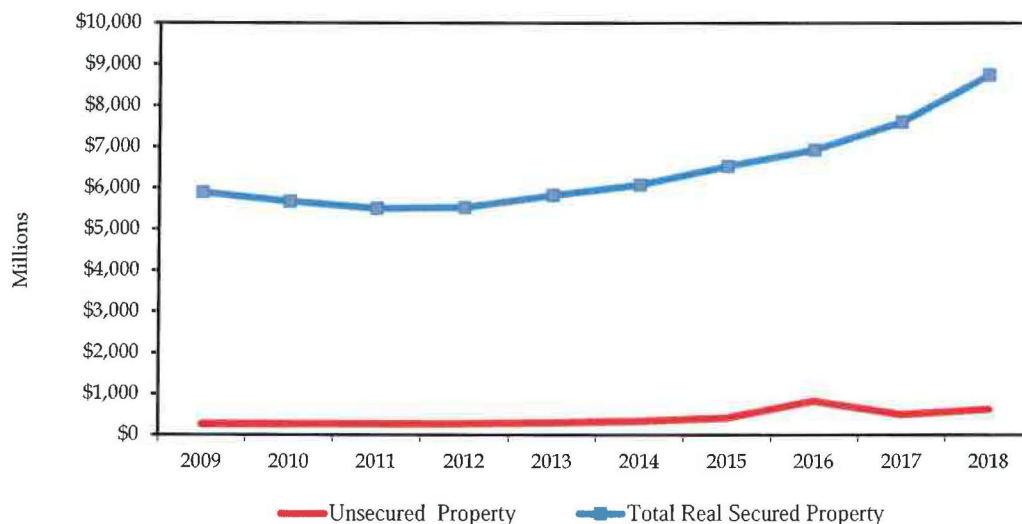
	Fiscal year ended June 30,									
	2009*	2010*	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved*	\$ 421	\$ 449	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved*	9,790	6,715	-	-	-	-	-	-	-	-
Nonspendable:										
Supplies and prepaid assets	-	-	633	134	121	555	152	135	145	153
Due from Successor Redevelopment Agency	-	-	-	-	-	-	404	356	216	184
Committed:										
Pension/OPEB Reserves	-	-	-	-	-	150	-	-	6,424	7,785
Assigned for:										
Fire side fund	-	-	-	363	463	613	-	-	440	440
Equipment replacement	-	-	-	-	155	405	1,305	1,500	2,700	2,900
Waste disposal fund	-	-	-	972	1,028	817	576	429	429	73
Community development	-	-	-	-	-	242	187	342	513	743
Unassigned	-	-	8,566	10,701	13,849	16,776	18,904	27,169	23,246	31,666
Total General Fund	\$ 10,211	\$ 7,164	\$ 9,199	\$ 12,170	\$ 15,616	\$ 19,558	\$ 21,528	\$ 29,930	\$ 34,111	\$ 43,945
All other governmental funds										
Reserved*	\$ 3,559	\$ 990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved*	14,470	15,847	-	-	-	-	-	-	-	-
Restricted for:										
Public safety	-	-	182	212	216	199	197	215	295	403
Community development	-	-	-	(5)	15	15	15	15	15	92
Street improvements	-	-	4,678	4,460	3,053	3,740	4,456	9,608	12,884	14,559
Environmental programs	-	-	164	190	241	313	400	491	580	645
Health and welfare	-	-	28	35	34	35	37	37	46	35
Recreation programs	-	-	181	151	116	111	730	2,877	5,726	6,044
Debt service	-	-	1,014	675	676	677	681	680	680	687
Landscape and lighting	-	-	485	623	701	665	738	762	875	981
Other purposes (i.e. PEG)	-	-	21	-	-	-	-	-	-	689
Committed:										
Community development - General City Plan	-	-	-	173	152	304	576	1,121	1,907	2,242
Assigned to:										
Art in public places	-	-	632	646	646	673	860	959	1,151	1,451
Capital asset acquisition	-	-	10,499	10,310	6,858	6,159	9,340	12,770	21,715	21,859
Other purposes	-	-	1,111	-	-	-	-	-	-	-
Unassigned	-	-	(464)	-	-	-	-	-	-	-
Total all other governmental funds	\$ 18,029	\$ 16,837	\$ 18,534	\$ 17,470	\$ 12,708	\$ 12,890	\$ 18,029	\$ 29,535	\$ 45,874	\$ 49,687

* Starting fiscal year ending June 30, 2011, the City's fund balances are classified in accordance with GASB 54. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balances are presented in the following classifications: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these classifications).

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,									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Property taxes	\$12,875	\$12,281	\$11,802	\$11,843	\$12,559	\$13,035	\$13,988	\$14,967	\$16,465	\$19,193
Other local taxes	14,684	13,197	15,926	19,028	20,558	22,200	23,867	24,655	28,151	33,145
Special assessments	898	904	443	472	473	319	431	460	457	507
Licenses, permits and fees	873	1,040	820	1,117	939	1,443	2,264	4,173	4,149	3,638
Fines and forfeitures	528	591	473	384	377	362	383	529	822	944
Use of money and property	776	109	80	147	49	70	93	189	477	900
Intergovernmental revenues	4,760	3,482	4,575	2,996	2,974	4,037	3,093	3,345	3,231	3,399
Charges for services	3,588	3,306	3,608	3,808	3,098	4,604	6,352	14,430	15,738	11,960
Other	394	435	4,123	851	985	1,374	1,486	2,982	1,793	1,250
Total revenues	39,375	35,346	41,849	40,645	42,011	47,445	51,955	65,729	71,284	74,935
Expenditures										
Current:										
General government	4,503	3,807	3,739	3,790	3,722	4,526	6,043	4,643	5,231	5,487
Public safety:										
Fire	9,426	8,897	8,082	8,142	8,433	8,460	9,634	9,619	10,373	11,433
Police	13,321	13,270	12,725	13,406	14,433	15,282	15,435	16,741	17,954	19,763
Streets and parks	4,904	5,934	4,224	4,881	7,160	4,350	3,663	3,954	3,877	7,522
Community development	2,713	2,809	2,767	3,085	2,708	3,005	3,512	4,089	4,922	6,158
Recreation	4,562	4,247	4,413	3,914	3,458	3,949	4,000	4,092	4,786	6,582
Capital outlay	1,034	634	374	20	2,365	2,611	1,483	1,321	2,844	2,957
Debt service:										
Principal repayment	516	975	454	633	527	572	589	560	584	542
Interest and fiscal charges	674	659	622	761	450	430	410	388	369	348
Total expenditures	41,654	41,232	37,399	38,632	43,256	43,185	44,770	45,409	50,940	60,791
Excess (deficiency) of revenues over (under) expenditures	(2,278)	(5,886)	4,450	2,013	(1,244)	4,260	7,185	20,321	20,344	14,144
Other financing sources (uses)										
Proceeds from sale of property	-	1,199	-	-	-	-	-	-	-	-
Transfers in	2,163	1,475	3,244	3,085	1,852	2,212	4,065	3,773	5,836	6,544
Transfers (out)	(2,163)	(1,475)	(3,244)	(3,619)	(1,924)	(2,504)	(4,141)	(3,910)	(6,201)	(6,909)
Issuance of debt	-	-	-	9,704	-	-	-	-	-	-
Debt refunding	-	-	-	(9,700)	-	-	-	-	-	-
Certificates of participation issued	-	-	-	-	-	-	-	-	-	-
Capital lease proceeds	-	-	-	-	-	157	-	-	-	-
Total other financing sources (uses)	0	1,199	0	(529)	(72)	(136)	(76)	(138)	(366)	(366)
Extraordinary gain										
RDA Dissolution	-	-	-	423	-	-	-	-	-	-
Net change in fund balances	(\$2,278)	(\$4,687)	\$4,450	\$1,907	(\$1,316)	\$4,125	\$7,109	\$20,183	\$19,978	\$13,779
Debt service as a percentage of noncapital expenditures	3.0%	4.2%	3.0%	3.7%	2.4%	2.5%	2.4%	2.2%	2.0%	1.6%

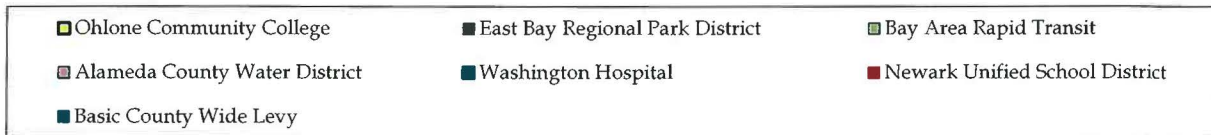
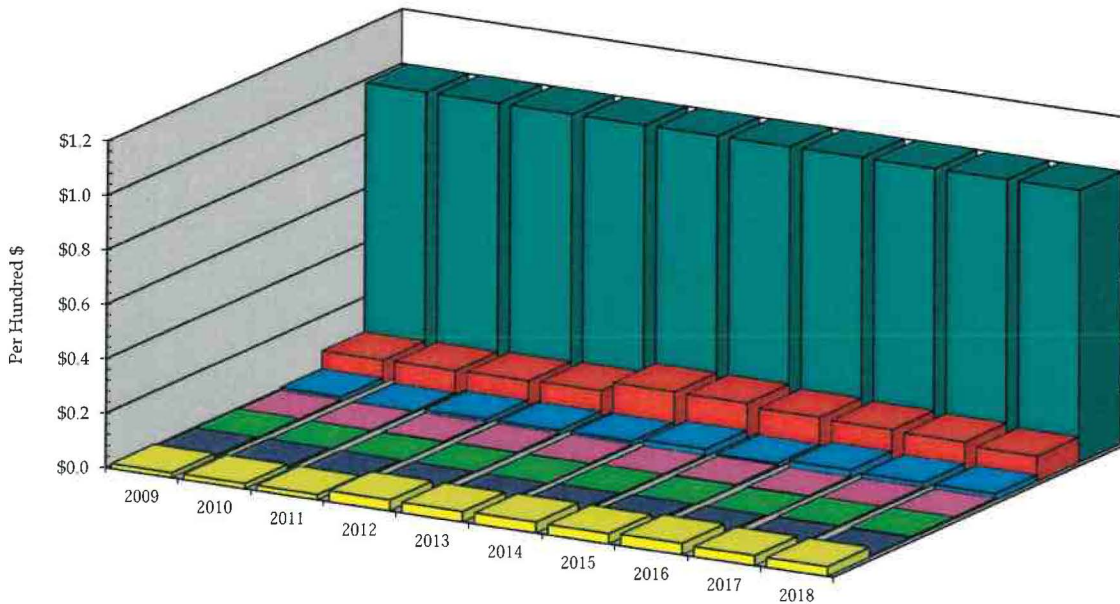
CITY OF NEWARK
Assessed Value of Taxable Property
Last Ten Fiscal Years



Fiscal Year	Real Property				Total Real Secured Property	Unsecured Property	Total Assessed (a)	Total Direct Tax Rate
	Residential Property	Commercial Property	Industrial Property	Other				
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	3,391,831,426	727,900,694	1,151,092,122	133,920,816	5,404,745,058	267,402,503	5,672,147,561	0.16459%
2011	3,272,087,780	656,402,178	1,155,466,415	143,733,570	5,227,689,943	271,273,066	5,498,963,009	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	0.16038%
2013	3,320,387,782	630,964,789	1,424,015,618	150,820,781	5,526,188,970	295,134,158	5,821,323,128	0.16512%
2014	3,497,588,932	640,455,423	1,418,773,918	177,080,719	5,733,898,992	341,285,706	6,075,184,698	0.16432%
2015	3,827,802,794	649,505,241	1,426,042,828	211,620,359	6,114,971,222	409,594,577	6,524,565,799	0.16425%
2016	4,083,212,592	688,882,274	1,106,413,993	221,541,798	6,100,050,657	823,549,996	6,923,600,653	0.16383%
2017	4,381,165,279	714,399,736	1,635,285,953	371,907,937	7,102,758,905	502,466,622	7,605,225,527	0.16292%
2018	4,793,351,401	746,379,514	1,776,301,495	800,737,288	8,116,769,698	625,081,222	8,741,850,920	0.16107%

(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
2009	1.0000	0.0075	0.0090	0.0100	0.0845	0.0176	0.0188	1.1474
2010	1.0000	0.0065	0.0057	0.0108	0.0865	0.0188	0.0063	1.1346
2011	1.0000	0.0071	0.0031	0.0084	0.0900	0.0190	0.0188	1.1464
2012	1.0000	0.0077	0.0041	0.0071	0.0935	0.0400	0.0186	1.1710
2013	1.0000	0.0069	0.0043	0.0051	0.1298	0.0384	0.0181	1.2026
2014	1.0000	0.0066	0.0075	0.0078	0.1280	0.0399	0.0291	1.2189
2015	1.0000	0.0093	0.0045	0.0085	0.1159	0.0378	0.0171	1.1931
2016	1.0000	0.0075	0.0026	0.0067	0.1103	0.0424	0.0313	1.2008
2017	1.0000	0.0080	0.0080	0.0032	0.1046	0.0370	0.0256	1.1864
2018	1.0000	0.0082	0.0084	0.0021	0.0922	0.0361	0.0243	1.1713

Source: Alameda County Assessor 2008/09 - 2017/18 Tax Rate Table & Direct & Overlapping Property Tax Rates Report

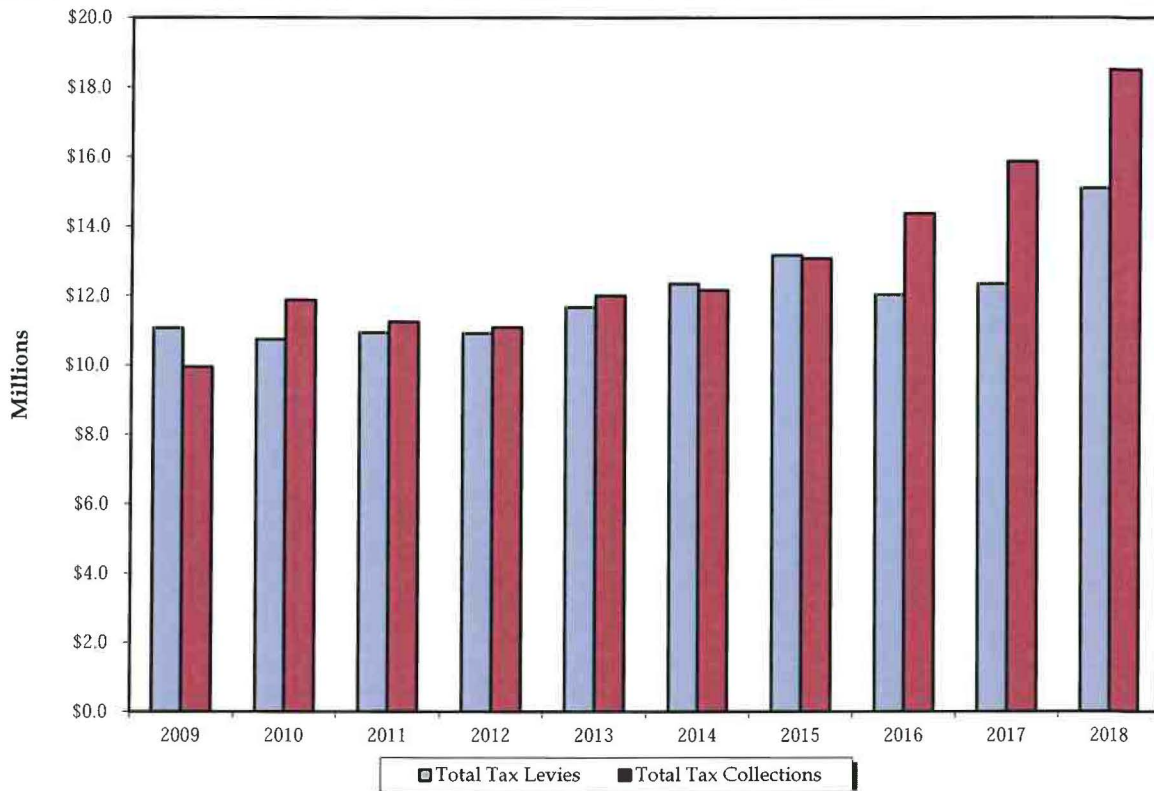
CITY OF NEWARK
Principal Property Tax Payers
Current Year and Ten Years Ago

Taxpayer	2017/18		Percentage of Total City Taxable Assessed Value	2008/09		Percentage of Total City Taxable Assessed Value
	Taxable Assessed Value	Rank		Taxable Assessed Value	Rank	
Apple Computer Inc.	\$418,589,992	1	4.79%	\$78,320,849	2	1.33%
BMR Gateway Boulevard LLC	412,266,660	2	4.72%	187,971,524	1	3.19%
Lennar Homes California Inc.	133,744,026	3	1.53%			
Metropolitan Life Insurance Co	91,010,272	4	1.04%			
Newark Partners LLC	85,383,883	5	0.98%	35,881,560	9	0.61%
IPT East Bay DC LP	82,289,520	6	0.94%			
JMB Newpark Associates & GGP	81,615,853	7	0.93%	72,500,588	3	1.23%
Leslie Salt Company	62,377,916	8	0.71%	32,229,724	10	0.55%
Icon Owner Pool 3 West LLC	59,026,349	9	0.68%			
Sycamore Bay LLC	57,753,630	10	0.66%	51,085,263	5	0.87%
Security Capital Industrial Trust				53,543,224	4	0.91%
KBS Bridgeway Technology Center				50,887,800	6	0.86%
DCT Cherry Street California LP				37,944,428	7	0.64%
BRCP Stevenson Point LLC				36,771,000	8	0.62%
Subtotal	\$1,484,058,101		16.98%	\$637,135,960		10.81%
Total Net Assessed Valuation:						
Fiscal Year 2017/18	\$8,741,850,920					
Fiscal Year 2008/09	\$5,894,091,032					

CITY OF NEWARK

Property Tax Levies and Collections

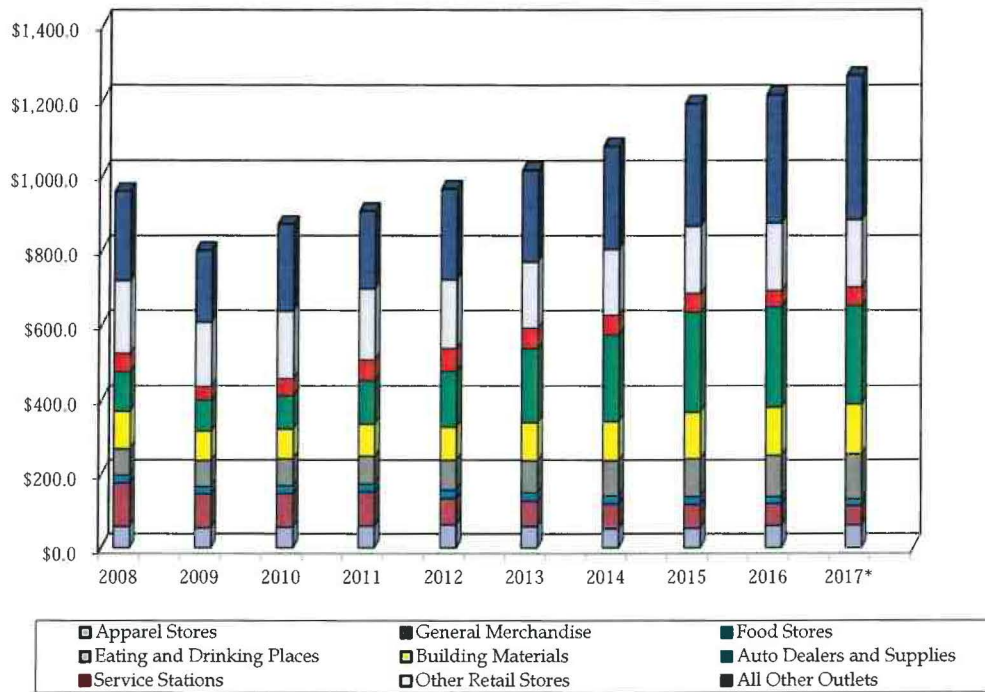
Last Ten Fiscal Years



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
2009	11,060,851	9,426,933	85.2279%	520,217	9,947,150	89.9311%
2010	10,733,042	11,538,768	107.5070%	334,409	11,873,177	110.6227%
2011	10,929,642	10,940,663	100.1008%	296,965	11,237,628	102.8179%
2012	10,916,957	10,833,299	99.2337%	260,623	11,093,922	101.6210%
2013	11,661,505	11,627,668	99.7098%	376,444	12,004,112	102.9379%
2014	12,341,426	12,055,900	97.6864%	104,849	12,160,749	98.5360%
2015	13,167,587	12,981,908	98.5899%	91,303	13,073,211	99.2833%
2016	12,034,774	13,998,852	116.3200%	363,854	14,362,706	119.3434%
2017	12,328,151	15,344,462	124.4669%	514,182	15,858,644	128.6377%
2018	15,081,236	17,900,017	118.6906%	601,908	18,501,925	122.6818%

(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.

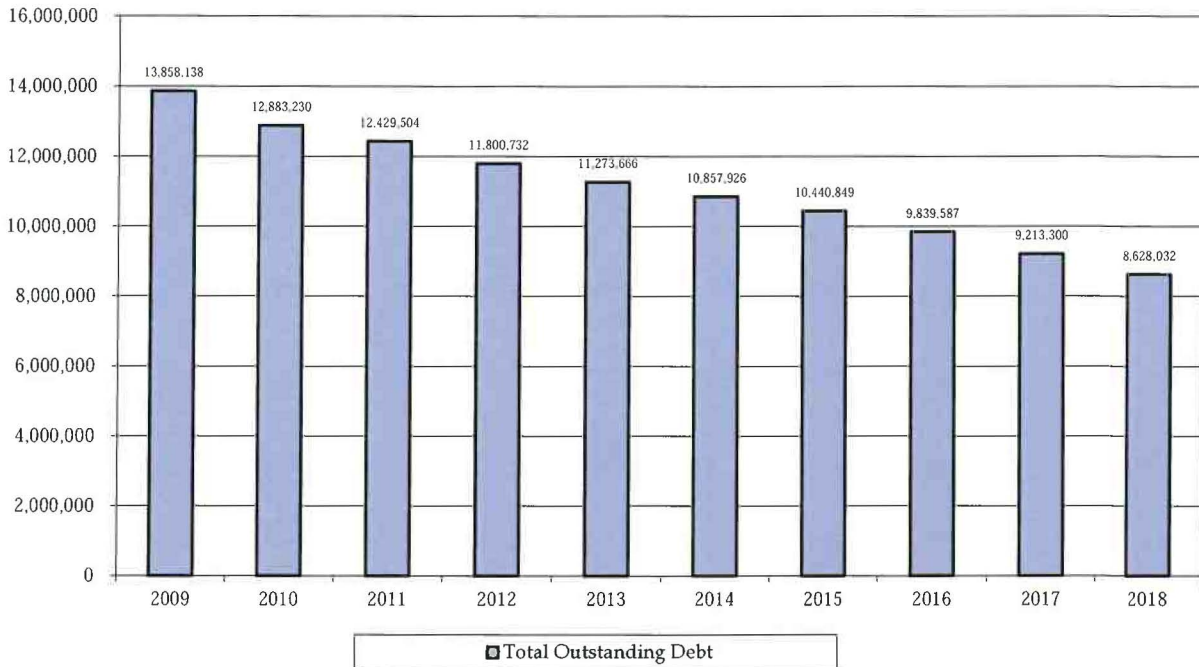
CITY OF NEWARK
Taxable Sales by Category
Last Ten Calendar Years



	Calendar Year (in millions)									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*
Apparel Stores	\$58.2	\$54.4	\$56.0	\$59.4	\$62.5	\$58.2	\$52.1	\$53.4	\$60.7	\$61.6
General Merchandise	117.4	91.6	90.9	91.8	71.7	68.4	66.5	64.1	58.6	51.7
Food Stores	20.6	19.7	20.9	21.4	22.0	22.0	22.5	20.2	18.0	18.0
Eating and Drinking Places	72.6	71.0	73.0	76.4	81.8	87.9	95.4	104.1	113.4	123.3
Building Materials	100.8	80.0	82.0	87.1	90.0	104.4	106.9	126.1	129.9	134.8
Auto Dealers and Supplies	105.5	82.9	89.0	115.7	149.1	196.5	229.9	266.7	266.6	261.4
Service Stations	48.2	36.2	45.0	54.4	59.8	53.6	51.8	49.2	43.6	49.6
Other Retail Stores	194.4	171.3	180.0	190.6	183.3	177.7	176.0	179.1	180.7	179.5
All Other Outlets	238.5	191.9	231.7	206.8	242.8	243.5	274.5	325.7	340.1	383.4
Total	\$ 956.2	\$ 799.0	\$ 868.5	\$ 903.6	\$ 963.0	\$ 1,012.2	\$ 1,075.6	\$ 1,188.6	\$ 1,211.6	\$ 1,263.3

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)
2009	12,670,000	535,000	653,138	13,858,138	1.03%	444
2010	12,310,000	-	573,230	12,883,230	0.94%	426
2011	11,940,000	-	489,504	12,429,504	0.93%	446
2012	11,398,955	-	401,777	11,800,732	0.96%	415
2013	10,963,807	-	309,859	11,273,666	0.91%	393
2014	10,510,717	-	347,209	10,857,926	0.84%	369
2015	10,045,261	-	395,588	10,440,849	0.78%	342
2016	9,562,962	-	276,625	9,839,587	0.71%	317
2017	9,059,605	-	153,695	9,213,300	0.65%	294
2018	8,540,948	-	87,084	8,628,032	0.56%	267

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.

Sources: City of Newark

State of California, Department of Finance (population)

U.S. Department of Commerce, Bureau of the Economic Analysis (income)

CITY OF NEWARK
Direct and Overlapping Governmental Activities Debt
June 30, 2018

	<u>Debt Outstanding</u>	<u>Percentage Applicable (1)</u>	<u>Share of Overlapping Debt</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT</u>			
Alameda County	\$240,000,000	3.225%	\$7,740,000
Bay Area Rapid Transit District	837,820,000	1.257%	10,531,397
East Bay Regional Park District	187,800,000	1.965%	3,690,270
Ohlone Community College District	388,431,407	15.225%	59,138,682
Newark Unified School District	93,951,754	100.000%	93,951,754
Washington Township Healthcare District	332,425,000	12.913%	42,926,040
City of Newark 1915 Act Bonds	5,271,954	100.000%	5,271,954
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$223,250,097</u>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT</u>			
Alameda County General Fund Obligations	\$905,132,500	3.225%	\$29,190,523
Alameda County Pension Obligations	8,937,324	3.225%	288,229
Alameda-Contra Costa Transit District Certificates of Participation	13,795,000	3.818%	526,693
City of Newark General Fund Obligations - Direct Debt	8,540,949	100.000%	8,540,949
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 38,546,394</u>
TOTAL DIRECT DEBT			8,540,949
TOTAL OVERLAPPING DEBT			253,255,542
COMBINED TOTAL DEBT			<u><u>\$261,796,491</u></u> (2)

Notes:

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

CITY OF NEWARK
Legal Bonded Debt Margin Information
June 30, 2018

Assessed valuation:

Secured property assessed value,
net of exempt real property \$8,741,850,920

Bonded debt limit (15% of assessed value) 1,311,277,638

Amount of debt subject to limit:

Total bonded debt 8,540,949

Less: Certificates of participation and bank
refinancing not subject to limit 8,540,949

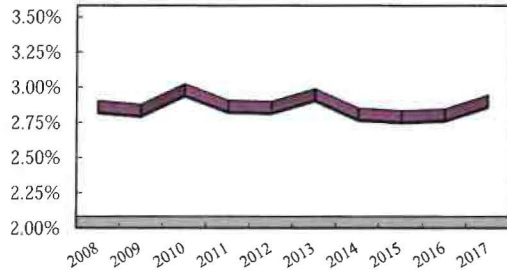
Amount of debt subject to limit -

Legal bonded debt margin \$1,311,277,638

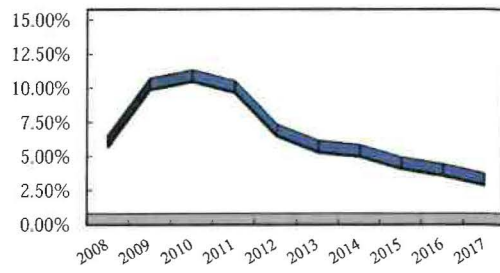
<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total net debt applicable to the limit as a percentage of debt limit</u>
2009	844,434,177	440,000	843,994,177	0.05%
2010	810,711,759	-	810,711,759	0.00%
2011	784,128,589	-	784,128,589	0.00%
2012	787,749,759	-	787,749,759	0.00%
2013	828,903,443	-	828,903,443	0.00%
2014	860,059,947	-	860,059,947	0.00%
2015	917,189,996	-	917,189,996	0.00%
2016	1,038,540,098	-	1,038,540,098	0.00%
2017	1,140,783,829	-	1,140,783,829	0.00%
2018	1,311,277,638	-	1,311,277,638	0.00%

Source: Alameda County Assessor 2008/09 - 2017/18 Combined Tax Rolls

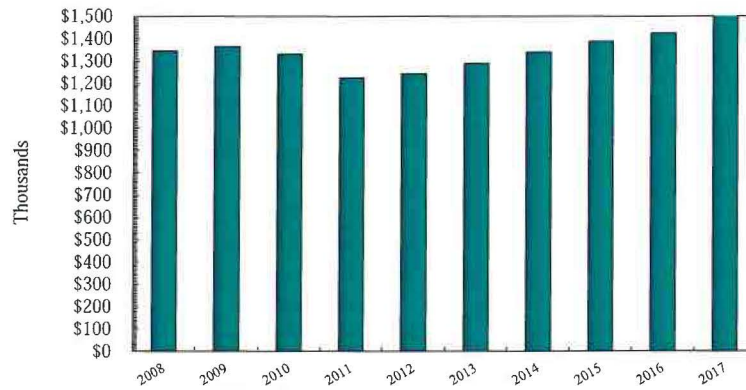
CITY OF NEWARK
Demographic and Economic Statistics
Last Ten Calendar Years



■ City Population % of County



■ Unemployment Rate



■ Total Personal Income

Calendar Year	City Population	Total Personal Income (In Thousands)	Per Capita Personal Income	Unemployment Rate	Alameda County Population	City Population % of County
2008	43,801	1,345,541	31,204	5.7%	1,554,220	2.82%
2009	44,064	1,366,781	30,233	9.9%	1,578,264	2.79%
2010	44,380	1,332,171	27,868	10.5%	1,510,271	2.94%
2011	43,041	1,225,205	28,466	9.7%	1,525,655	2.82%
2012	43,342	1,243,179	28,683	6.5%	1,540,490	2.81%
2013	43,856	1,288,928	29,390	5.3%	1,510,271	2.90%
2014	43,821	1,339,696	30,572	5.0%	1,583,979	2.77%
2015	44,733	1,388,647	31,043	4.1%	1,627,865	2.75%
2016	45,422	1,424,360	31,358	3.6%	1,645,359	2.76%
2017	47,467	1,533,235	32,301	2.9%	1,660,202	2.86%

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

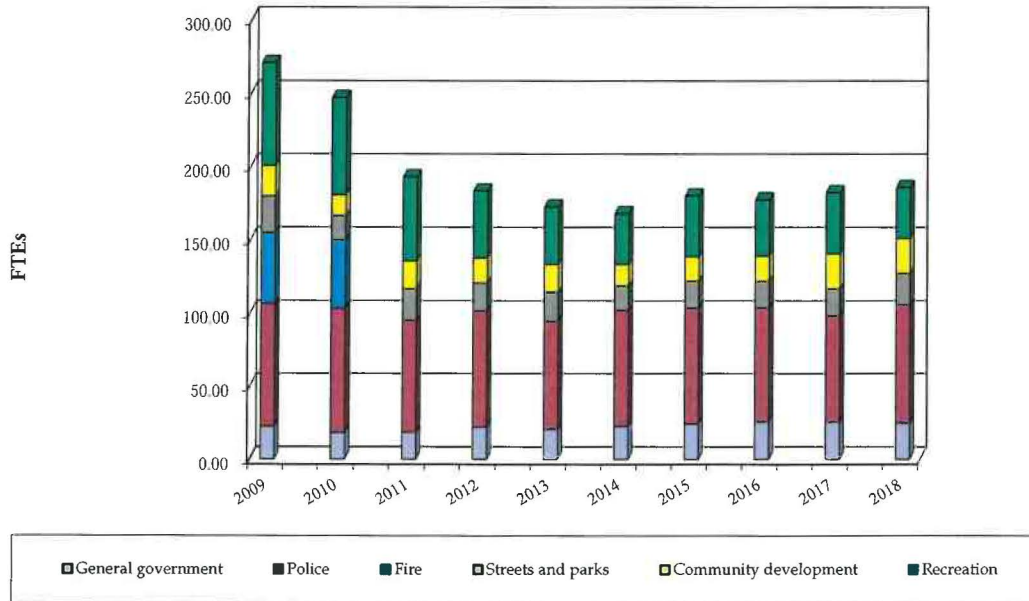
CITY OF NEWARK
Principal Employers
Current Year and Seven Years Ago

Employer	2017-18			2010-11		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Newark Unified School District	904	1	3.7%	700	1	3.4%
Logitech	591	2	2.4%			
Risk Management Solutions	303	3	1.2%	270	3	1.3%
VM Services Inc	265	4	1.1%			
WorldPac	218	5	0.9%	280	2	1.4%
Smart Modular Technologies	212	6	0.9%	249	4	1.2%
Cargill Salt	210	7	0.9%	182	6	0.9%
Amazon Fulfillment Center	200	8	0.8%			
Aryzta, LLC (formerly Fullbloom Baking Co.)	170	9	0.7%	280	2	1.4%
City of Newark				193	5	1.0%
Valassis Direct Mail Inc (formerly ADVVO)	152	10	0.6%	166	7	0.8%
Staples (formerly Corporate Express)				154	8	0.8%
Home Depot				129	9	0.6%
Total	3,225		13.2%	2,603		12.8%
Total City Employment	24,400			20,377		

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

CITY OF NEWARK

**Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years**



Function/Program:	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	22.38	18.25	18.43	22.19	20.43	22.52	24.24	25.67	25.35	24.75
Public safety										
Police	84.17	85.00	76.39	79.19	74.06	79.36	79.14	78.10	72.70	81.01
Fire	48.20	46.65	-	-	-	-	-	-	-	-
Streets and parks	25.03	16.45	21.94	19.20	19.89	16.88	18.57	18.23	18.65	21.50
Community development	20.74	14.30	18.80	17.14	19.00	14.58	16.52	16.94	23.80	23.73
Recreation	69.94	66.25	57.22	45.52	39.00	34.53	41.45	38.22	41.62	34.59
Total	270.46	246.90	192.78	183.24	172.38	167.87	179.92	177.16	182.12	185.58

Source: City of Newark

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

Function/Program	Fiscal Year					
	2013	2014	2015	2016	2017	2018
Public safety:						
Fire						
Fire calls for service	2,981	2,988	2,985	3,340	3,308	3,296
Primary fire inspections conducted	400	1,566	1,499	1,595	2,194	1,671
Environmental safety inspections conducted	502	18,004	618	660	696	875
Police						
Communication center calls answered	27,658	33,428	29,419	31,654	31,670	38,114
Police calls for service	27,658	33,428	29,419	31,654	31,670	38,114
Law violations						
Part I crimes	1,681	1,305	1,489	1,491	1,726	1,782
Traffic violations	3,232	4,071	2,656	3,998	1,996	3,032
Parking violations	1,088	1,514	964	1,425	1,067	1,406
Public works:						
Street resurfacing (miles)	10	9	8	7	6	5
Street lights repaired	428	423	487	485	602	472
Recreation:						
Recreation class/program participants	129,253 *	182,642	173,112	156,814	154,120	152,574
Recreation facilities rentals	1,018 *	1,940	1,674	1,406	1,486	1,445
Silliman Activity Center use	81,654 *	141,672	142,805	131,237	125,761	94,766
Miscellaneous:						
Library:						
Library visitors	189,148	177,606	192,621	187,965	191,709	183,184
Library materials circulated	276,176	272,695	278,477	254,362	249,197	250,934

* 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.

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

Function/Program	Fiscal Year					
	2013	2014	2015	2016	2017	2018
Public safety:						
Fire stations	3	3	3	3	3	3
Police stations	1	1	1	1	1	1
Police patrol units	18	20	20	20	20	20
Public works:						
Miles of streets	105	105	105	105	105	105
Street lights	2,849	2,849	2,849	2,849	2,849	2,849
Traffic signals	43	43	44	44	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