



City of Newman

1162 Main Street • P.O. Box 787 • Newman, CA 95360 • (209) 862-3725 • Fax (209) 862-3199
www.cityofnewman.com • E-mail info@cityofnewman.com

January 8, 2008

Richard Robinson, Chief Executive Officer
Stanislaus County
1010 10th Street, Suite 6800
Modesto, CA 95354

Dear Mr. Robinson:

The City of Newman hereby expresses its support for Stanislaus County's application to the California Department of Transportation for funding in the amount of \$250,000 through the Community-Based Transportation Planning Grant program. A countywide Growth Management Strategy, involving elected officials from all nine cities and the Stanislaus County Board of Supervisors, is a critical planning document for transportation needs, infrastructure, land use and job planning as we anticipate significant growth throughout the region.

Meetings between the nine city mayors and the Stanislaus County Board of Supervisors have resulted in a climate of true collaboration, providing a foundation of shared vision for communities that retain their autonomy while planning together for the needs that affect the traffic movement of the region, location of job centers, and concern for our environment.

Funding has not been available to move beyond conceptual discussions to a documented growth management strategy that can be approved by all communities represented. For this reason, we support your application and, if funded, expect to fully engage ourselves and our community members in this planning process.

Sincerely,

A handwritten signature in black ink that reads "John G. Fantazia".

John G. Fantazia
Mayor

A handwritten signature in black ink that reads "Michael E. Holland".

Michael E. Holland
City Manager

cc: City Council

AGENDA
NEWMAN CITY COUNCIL/REDEVELOPMENT AGENCY
REGULAR MEETING OF JANUARY 8, 2008
CITY COUNCIL CHAMBERS, 7:00 P.M., 1200 MAIN STREET

1. Call To Order.
2. Pledge Of Allegiance.
3. Invocation.
4. Roll Call.
5. Declaration Of Conflicts Of Interest.
6. Ceremonial Matters.
 - a. Badge Pinning Of Officer Robert Alcantar
7. Items from the Public - Non-Agenda Items.
8. Consent Calendar
 - a. Waive All Readings Of Ordinances And Resolutions Except By Title.
 - b. Approval Of Warrants.
 - c. Approval Of Minutes Of The December 11, 2007 Regular Meeting.
9. Public Hearings
 - a. Adopt Resolution No. 2008- , A Resolution Declaring The Existence Of A Public Nuisance Under Ordinance No. 95-4 .
10. Regular Business
 - a. Presentation By Doug Sweetland Regarding The Benefits Of An Enterprise Zone.
 - b. Adopt Resolution No. 2008- , A Resolution Receiving And Accepting The General Purpose Financial Statement, Newman Redevelopment Agency, And Transportation Development Act Funds Audit For The Fiscal Year Ending June 30, 2007.
 - c. Adopt Resolution No. 2008- , A Resolution Amending The StanCOG Joint Powers Agreement.
 - d. Letter Of Support For County Grant Application - Countywide Growth Management Plan.
 - e. Report On Relocation Of Waterline For Underground Utility District No. 5.
11. Items From The City Manager And Staff.
12. Items From City Council Members.
13. Adjournment.

Calendar of Events

January 5 - Baseball Signups (City Council Chambers) - 10:00 a.m.

January 7 - NCLUSD Board Meeting - 7:15 p.m.

January 8 - City Council - 7:00 p.m.

January 9 - Baseball Board Meeting - 7:00 p.m.

January 10 - Aquatic Design Team - 12:00 p.m.

January 10 - Recreation Commission - 7:00 p.m.

January 17 - Planning Commission - 7:00 p.m.

January 21 - City Council - 7:00 p.m.

January 28 - Two On Two Meeting With The School Board

February 4 - NCLUSD Board Meeting - 7:15 p.m.

February 12 - City Council - 7:00 p.m.

February 13 - Baseball Board Meeting - 7:00 p.m.

February 14 - Recreation Commission - 7:00 p.m.

February 21 - Planning Commission - 7:00 p.m.

February 26 - City Council - 7:00 p.m..

Date.: Dec 19, 2007
Time.: 4:55 pm
Run by: EMILY M. FARIA

CITY OF NEWMAN
CASH DISBURSEMENTS REPORT

Page.: 1
List.: NEW1
Group: PYCPDP

Ck #	Check Date	CK Amount	Vendor Name	Description
033301	12/12/07	581.00	KAISER PERMANENTE	HEALTH INSURANCE PREMIUM/JAN 2008
033302	12/12/07	146.43	P G & E	ELECTRIC FOR SCM HOMES LLD/OCT 12THRU NOV 9TH
033303	12/12/07	32.00	D.O.J	BACKGROUND CHECK/REC BASKETBALL
033304	12/21/07	.00	VOIDED CHECK	
033305	12/21/07	.00	VOIDED CHECK	
033306	12/21/07	3129.06	ABBOTT & KINDERMANN, LLP	PROFESSIONAL SERVICES THRU 11/20/07/SHERMAN RANCH
033307	12/21/07	1998.36	ABS PRESORT, INC	PROPOSITION 218 MAILING
033308	12/21/07	243.00	ROBERT ALCANTAR	OHS FOOTBALL GAME 11/02 AND11/09/07/ALCANTAR
033309	12/21/07	7.83	ANTENNAPLUS	SALES TAX ON INVOICE# 8241/PD
033310	12/21/07	87.09	ARROWHEAD MOUNTAIN SPRING	BOTTLED WATER/NOV 2007
033311	12/21/07	1500.00	ASI ADMINISTRATIVE SOLUT	PRE-PAID FSA DEPOSIT
033312	12/21/07	47.20	AT&T LONG DISTANCE	LONG DISTANCE SERVICE NOV AND DEC 2007
033313	12/21/07	21724.00	BLUE CROSS OF CA	HEALTH INSURANCE PREMIUM/JAN 2008
033314	12/21/07	850.50	BOYLE ENGINEERING CORPORATION	PROFESSIONAL SERVICES THRU 10/26/07/BOYLE
033315	12/21/07	.00	VOIDED CHECK	
033316	12/21/07	2711.06	BUSINESS CARD	OFFICE SUPPLIES/LODGING/CONF REGIST/POSTAGE
033316	12/21/07	1032.06	BUSINESS CARD	FUTON/CHAIRS/WII/GUITAR HERO/PS2 CONTROLLER/REC
033317	12/21/07	350.00	CSMFD ANNUAL CONFERENCE	CONFERENCE REGISTRATION/MAR 4TH THRU 7TH/S SILVA
033318	12/21/07	150.00	CALIFORNIA POLICE	45-DAY JOB LISTING FOR POLICE CHIEF
033319	12/21/07	200.00	CAROL CASTANEDA	REFUND MEMORIAL BLDG DEPOSIT/CASTANEDA
033320	12/21/07	242.96	CHEVRON	GASOLINE PURCHASES/PD/NOV 2007
033321	12/21/07	135.00	CITY CLERKS ASSOC OF CALI	CITY CLERKS ANNUAL DUES 2007-2008
033322	12/21/07	324.04	DELTA WIRELESS, INC	REPLACED CAP/TESTED TX & RX/REPAIRED CONTROLLER

Date.: Dec 17, 2007
Time.: 4:55 pm
Run by: EMILY M. FARIA

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CASH DISBURSEMENTS REPORT

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Ck #	Check Date	CK Amount	Vendor Name	Description
033323	12/21/07	60.00	CASHIER,DEPT OF PESTICIDE	RENEWAL PESTICIDE CERTIFICATE/PARDO
033324	12/21/07	1272.73	E&M ELECTRIC, INC.	PO #08-43
033324	12/21/07	4875.31	E&M ELECTRIC, INC.	BREAKER/REPAIRS @ FIREHOUSE/REPAIRS LIFT STATION
033325	12/21/07	53942.56	ECO:LOGIC, INC	PROGRESS BILLING MASTER PLANS FOR WWTP EXPANSION
033326	12/21/07	4205.76	EMC PLANNING GROUP, INC	PROFESSIONAL SERVICE/SOUZA INDUSTRIAL CEQA
033327	12/21/07	927.00	ENERPOWER	ELECTRIC ENERGY SERVICES 9/13/07 TO 11/11/07
033328	12/21/07	200.00	F&A DAIRY OF CALIF (NT)	REFUND MEM BLDG DEPOSIT/F&A DAIRY
033329	12/21/07	74.95	FIREtoWIRE, INC	WEB HOSTING 12/17/07 TO 1/17/08/E-MAIL 12/07-12/08
033330	12/21/07	200.00	ALFONSO GARCIA	REFUND MEMORIAL BLDG DEPOSIT/GARCIA
033331	12/21/07	1245.25	GEOANALYTICAL LAB, INC.	BOD/TSS/NITRATES/SUSPENDED SOLIDS/WEEKLY BACTI
033332	12/21/07	265.14	GARY D. O'REAR	SERVICE/LUBE/SAFETY CHECK/UNIT #80/FIRE DEPT
033333	12/21/07	324.64	IKON OFFICE SOLUTIONS	COPIER LEASE/11/29/07-12/28/07/PD
033334	12/21/07	544.58	IMAGE UNIFORMS	UNIFORM SUPPLIES/VILLALOBOS/R. MARTINEZ
033335	12/21/07	239.13	IDEXX LABORATORIES, INC.	GAMMA IRRAD COLILERT/20 PAK/WATER DEPT
033336	12/21/07	9950.00	JOE'S LANDSCAPING &	LIGHTING & LANDSCAPE SERVICES/NOV 2007
033337	12/21/07	875.00	JOSHUA HOLSAPPLE'S	125 TONS GYPSUM SPREAD/WWTP
033338	12/21/07	760.00	KOFF & ASSOCIATES, INC	PROFESSIONAL SERVICES/NOV 2007/COMPENSATION STUDY
033339	12/21/07	74.47	LEHR AUTO ELECTRIC	SUPPLIES FOR 2006 UNIT/PD
033340	12/21/07	94.00	PERFECTO MILLAN (NT)	REIMBURSE FOR TUITION/ADVNCED WATER TRMNT/MILLAN
033341	12/21/07	.00	VOIDED CHECK	
033342	12/21/07	514.89	CITY OF NEWMAN-PETTY CASH	MEALS/MAILINGS/SUPPLIES/SHIPPING
033343	12/21/07	916.41	NEWMAN G&G AUTO PARTS	RETRACT CORD REEL/DASH MAT/TOOL BOX/MATS/2008/WWTP
033344	12/21/07	28.86	NOB HILL	SUPPLIES FOR VILLALOBOS SWEARING IN/PD

Date.: Dec 1. 2007
Time.: 4:55 pm
Run by: EMILY M. FARIA

CITY OF NEWMAN
CASH DISBURSEMENTS REPORT

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Ck #	Check Date	CK Amount	Vendor Name	Description
033345	12/21/07	8715.00	NTDSTICHLER ARCHITECTURE	PROFESSIONAL SERVICES/NOV 2007/AQUATIC CENTER
033346	12/21/07	1373.00	OPERATING ENGINEERS/	HEALTH INSURANCE/JAN 2008
033347	12/21/07	261.46	P G & E	ELECTRIC 11/10 TO12/11/07/GAS 11/07TO12/07/07
033348	12/21/07	.00	VOIDED CHECK	
033349	12/21/07	367.50	PRECISION INSPECTION, INC	MONTE VISTA ESTATES/PUBLIC WORKS INSPECTIONS
033349	12/21/07	10848.54	PRECISION INSPECTION, INC	Bldg Reg Inspec BLDG REGU
033350	12/21/07	75.00	LYDIA RENTERIA	REFUND MEMORIAL BLDG DEPOSIT/MANZANO/RENERIA
033351	12/21/07	13804.02	RRM DESIGN GROUP, INC.	PROFFESIONAL SERVICES/DOWNTOWN PLAZA/NOV 2007
033352	12/21/07	895.24	SELF HELP ENTERPRISES	LOAN SERVICING/SELF HELP/NOV 2007
033353	12/21/07	95.00	STATE WATER RESOURCES	GRADE I CERTIFICATION/SOUTHARD
033354	12/21/07	461.78	STANISLAUS CNTY SHERIFF'S	LIVESCAN PRINTS/OCT 2007/AT&T REIMBURSEMENT/PD
033355	12/21/07	695.00	TEL STAR INSTRUMENTS, INC	TROUBLE SHOOT CHART RECORDER/WWTP
033356	12/21/07	5750.00	RANDAL M. ULIBARRI	CONTRACT SERVICES/INTERIM POLICE CHIEF/TO 12/15/07
033357	12/21/07	50.00	RANDY ULIBARRI (NT)	REIMBURSE ULIBARRI FOR FLAT TIRE CHANGE
033358	12/21/07	557.02	UNIFIRST CORPORATION	UNIFORM CLEANING/MAT RENTAL/TOWELS/NOV 2007
033359	12/21/07	20.66	USA MOBILITY WIRELESS, INC	PAGER SERVICE/12/8/07 TO 1/07/08/PW
033360	12/21/07	106200.00	US BANK	HEALTH SAVINGS DEDUCTIBLE DEPOSIT/2008
033361	12/21/07	259.80	MATTOS NEWSPAPERS, INC.	PUBLIC HEARING ADS/BUSINESS CARDS/LEGAL AD/TITLE 4
033362	12/21/07	734.32	YANCEY LUMBER COMPANY	DRYWALL/CONCRETE/LUMBER/FILTERS/ROPE/STAKES/CORDS
Sub-Total:		268245.61		
Grn-Total:		268245.61		
Count:	65			

REPORT.: Dec 07 Wednesday
 RUN....: Dec 07 Time: 16:53
 Run By.: EMILY M. FARIA

CITY OF NEWMAN
 Cash Disbursement Detail Report - Payroll Vendor Payment(s)
 Check Listing for 12-07 Bank Account.: 1000

PAGE: 004
 ID #: PY-DP
 CTL.: NEW

Check Number	Check Date	Vendor Number	Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Payment Information Description
28418	12/10/07	CAL94	CA STATE DISBURSEMENT UNI	75.00	.00	75.00	A71210	CHILD SUPPORT
28419	12/10/07	EMP01	EMPLOYMENT DEV DEPT - SIT	2535.78	.00	2535.78	A71210	STATE INCOME TAX
28420	12/10/07	EMP03	EMPLOYMENT DEV DEPT - SDI	326.10	.00	326.10	A71210	SDI
28421	12/10/07	ICM05	ICMA RETRMNT CORP 300477	146.19	.00	146.19	A71210	EMPLR PD DEF COMP
				324.34	.00	324.34	1A71210	ICMA 457 DEF COMP
				70.00	.00	70.00	2A71210	ICMA 457 REIMBURSEMT
			Check Total.....:	540.53	.00	540.53		
28422	12/10/07	MCW02	FLORA MCWATERS	237.50	.00	237.50	A71210	SPOUSAL SUPPORT
28423	12/10/07	PUB01	PERS	27819.50	.00	27819.50	A71210	PERS PAYROLL REMITTANCE
				12.06	.00	12.06	1A71210	PERS REIMBURSEMENT
			Check Total.....:	27831.56	.00	27831.56		
28424	12/10/07	TDS01	TAX DEFERRED SERVICES	315.00	.00	315.00	A71210	DEF COMP TDS TAX DEF
28425	12/10/07	USC01	NATIONWIDE RETIREMENT	61.17	.00	61.17	A71210	DEFERRED COMP
28426	12/10/07	VAL14	VALIC	211.51	.00	211.51	A71210	DEF COMP AIG RETIREM
28427	12/10/07	VAL9A	VALLEY FIRST CREDIT UNION	10227.44	.00	10227.44	A71210	CREDIT UNION NET PAY
				971.61	.00	971.61	1A71210	CREDIT UNION DEDUCT
			Check Total.....:	11199.05	.00	11199.05		
28479	12/19/07	AFL01	AFLAC	129.50	.00	129.50	A71231	AFLAC INSURANCE
28480	12/19/07	CAL94	CA STATE DISBURSEMENT UNI	75.00	.00	75.00	A71219	CHILD SUPPORT
28481	12/19/07	EMP01	EMPLOYMENT DEV DEPT - SIT	1867.42	.00	1867.42	A71219	STATE INCOME TAX
28482	12/19/07	EMP03	EMPLOYMENT DEV DEPT - SDI	271.36	.00	271.36	A71219	SDI
28483	12/19/07	ICM05	ICMA RETRMNT CORP 300477	146.19	.00	146.19	A71219	EMPLR PD DEF COMP
				500.00	.00	500.00	A71231	DEF COMP/INLIEU INS
				324.34	.00	324.34	1A71219	ICMA 457 DEF COMP
				70.00	.00	70.00	2A71219	ICMA 457 REIMBURSEMT
			Check Total.....:	1040.53	.00	1040.53		
28484	12/19/07	MCW02	FLORA MCWATERS	237.50	.00	237.50	A71219	SPOUSAL SUPPORT

REPORT.: Dec 07 Wednesday
 RUN...: Dec 07 Time: 16:53
 Run By.: EMILY M. FARIA

CITY OF NEWMAN
 Cash Disbursement Detail Report - Payroll and/or Payment(s)
 Check Listing for 12-07 Bank Account.: 1000

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 ID #: PY-DP
 CTL.: NEW

Check Number	Check Date	Vendor Number	Name	Gross Amount	Discount Amount	Net Amount	Invoice #	Payment Information Description
28485	12/19/07	MYE03	MYERS-STEVENSON & CO INC	224.25	.00	224.25	A71231	DISABILITY INS-PD
28486	12/19/07	NEW20	CITY OF NEWMAN - NPOA	263.45	.00	263.45	A71231	NPOA
28487	12/19/07	NEW24	NEW YORK LIFE INSURANCE	36.00	.00	36.00	A71231	LIFE INSURANCE EMP
28488	12/19/07	OPE02	OPERATING ENG/UNION DUES	1007.00 90.00	.00 .00	1007.00 90.00	A71231 1A71231	UNION DUES UNION FAIR SHARE DUE
Check Total.....:				1097.00	.00	1097.00		
28489	12/19/07	PUB01	PERS	19738.63 12.06	.00 .00	19738.63 12.06	A71219 1A71219	PERS PAYROLL REMITTANCE PERS REIMBURSEMENT
Check Total.....:				19750.69	.00	19750.69		
28490	12/19/07	TDS01	TAX DEFERRED SERVICES	315.00	.00	315.00	A71219	DEF COMP TDS TAX DEF
28491	12/19/07	UNI01	UNITED WAY	4.00	.00	4.00	A71231	UNITED WAY
28492	12/19/07	USC01	NATIONWIDE RETIREMENT	61.17	.00	61.17	A71219	DEFERRED COMP
28493	12/19/07	VAL14	VALIC	211.51 250.00	.00 .00	211.51 250.00	A71219 A71231	DEF COMP AIG RETIREM DEF COMP/INLIEU INS
Check Total.....:				461.51	.00	461.51		
28494	12/19/07	VAL9A	VALLEY FIRST CREDIT UNION	10060.97 971.61	.00 .00	10060.97 971.61	A71219 1A71219	CREDIT UNION NET PAY CREDIT UNION DEDUCT
Check Total.....:				11032.58	.00	11032.58		
Cash Account Total.....:				80200.16	.00	80200.16		
Total Disbursements.....:				80200.16	.00	80200.16		

Date.: Jan 2008
Time.: 2:47
Run by: BECKI GOMEZ

CITY OF NEWMAN
CASH DISBURSEMENTS REPORT

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Ck #	Check Date	CK Amount	Vendor Name	Description
033363	12/20/07	3000.00	US BANK	HSA DEPOSIT/ALCANTAR
033364	12/27/07	635.31	UNITED STATES POSTMASTER	MAILING OF UTILITY BILLS/DEC 2007.
033365	12/27/07	60.00	CASHIER,DEPT OF PESTICIDE	PESTICIDE RENEWAL CERTIFICATE/MUTOZA
033366	12/31/07	269.00	HARD DRIVE GRAPHICS	DEPOSIT ON BASKETBALL COACH JERSEY
033367	01/04/08	.00	VOIDED CHECK	
033368	01/04/08	.00	VOIDED CHECK	
033369	01/04/08	145.29	AT&T	TELEMETRY LINE/PD 12/7/07 TO 1/6/08
033370	01/04/08	.00	VOIDED CHECK	
033371	01/04/08	55.88	AT&T/MCI	TELEPHONE SERVICE/SENIOR CENTER/DEC 2007
033371	01/04/08	600.01	AT&T/MCI	TELEPHONE SERVICE/DEC 2007
033372	01/04/08	48634.91	BERTOLOTTI DISPOSAL	GARBAGE SERVICE/DEC 2007
033373	01/04/08	465.25	BIGELOW CHEVROLET, INC	SMOG INSPECTIONS/REPAIRS/PD
033374	01/04/08	11000.00	BORGE'S GLASS & MIRROR	DEPOSIT ON 35 WINDOWS/PO
033375	01/04/08	100.00	JEFF CARTER	PARKING LOT RENT/JAN 2008
033376	01/04/08	224.96	CENTRAL SANITARY SUPPLY	CANLINERS/FACIAL TISSUE/GRAFFITI REMOVER/CLEANERS
033377	01/04/08	50.00	CARL J. COELHO (CHUCK)	Veh Operation FIRE/JAN 2008
033378	01/04/08	114.80	COLLEGIATE PACIFIC	BASKETBALL JERSEYS
033379	01/04/08	196.15	CONNELL STATIONARY	CALENDARS/2008
033380	01/04/08	908.38	CORBIN WILLITS SYS, INC.	HELP WITH ME-GL MODULES/SERVICE & ENHANCEMENT FEES
033381	01/04/08	75.14	CRESCENT SUPPLY CO. #1	2 NAVY POLO SHIRTS/PD
033382	01/04/08	294.00	DIVERSIFIED RISK INSURANC	LIABILITY INS/GARCIA/DEC 2007
033383	01/04/08	16142.00	ECO:LOGIC, INC	WWTP & DISPOSAL MP/COLLECTION SYS MP/STORAGE BASIN
033384	01/04/08	283.25	ENERGY SYSTEMS	ENABLED ATS EXERCISER/LIFT/SWR

Date.: Jan 4, 2008
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Run by: BECK MEZ

CITY OF NEWMAN
CASH DISBURSEMENTS REPORT

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Ck #	Check Date	CK Amount	Vendor Name	Description
033385	01/04/08	489.90	JOHN FANTAZIA (NT)	MILEAGE REIMB/PARKING/FLIGHT/FANTAZIA/DEC 2007
033386	01/04/08	71.24	GALL'S INC.	C001 LXXIT METAL MNTG KIT/PD
033387	01/04/08	191.22	GARTON TRACTOR	FILTER ASSY/ELEMENTS/FILTER KITS/OIL/CAP/SEWER DPT
033388	01/04/08	2277.51	GRONIGER & CO.	PO #08-48
033389	01/04/08	163.20	JOBS AVAILABLE, INC.	CHIEF OF POLICE AD/PD
033390	01/04/08	228.12	JORGENSEN & COMPANY	ANNUAL SERVICE/ANSUL EXCHG/HOSE/GASKET/FD
033391	01/04/08	5507.00	LEAGUE OF CALIF. CITIES	MEMBERSHIP DUES/2008
033392	01/04/08	200.00	EUSEBIO LOPEZ	MEM BLDG REFUND/EUSEBIO LOPEZ/12-22-07
033393	01/04/08	88.94	FRANK B. MARKS & SON, INC	CONCRETE SAND/WATER DEPT
033394	01/04/08	1500.00	LAWRENCE E. MURPHY, PH.D.	PSYCHOLOGICAL EVA/ALCANTAR/VERA/VILLALOBOS/PD
033395	01/04/08	741.20	CRYSTAL GARCIA	SMOG CHECK AND REPAIRS/PW/DEC 2007
033396	01/04/08	.00	VOIDED CHECK	
033397	01/04/08	717.49	NEWMAN ACE HARDWARE/JACT, INC	BATTERIES/PVC/STARTER ASSY/BULBS/PHONE CASE/LOCK
033398	01/04/08	645.53	OMEGA INDUSTRIAL SUPPLY	NITRILE GLOVES//WIPE OFF/PW
033399	01/04/08	667.18	PATTERSON AUTO CARE, INC	MOUNT & BAL TIRES/PD
033400	01/04/08	660.00	CITY OF PATTERSON	VIDEO REIMBURSEMENT/DEC 2007
033401	01/04/08	5259.25	SIERRA INSTALLATIONS, INC	HOLIDAY LIGHTING SERVICES/DEC 2007
033402	01/04/08	669.21	STAPLES CREDIT PLAN	CLIPBOARD/PAPER/ERASERS/PENS/FOLDERS/TONER/RIBBON
033403	01/04/08	311.46	TRAVIS BORRELLI	PORTABLE RESTROOM RENTAL/SERVICE/DEC 2007
033404	01/04/08	5750.00	RANDAL M. ULIBARRI	CONTRACT SERVICES/INTERMIM POLICE CHIEF/TO 12-31
033405	01/04/08	2173.92	UNITED RENTALS, INC	RENTAL 40FT BOOM TRUCK/PW
033406	01/04/08	50.00	GEORGE VARGAS	MONTHLY GAS ALLOWANCE/JAN 2008
033407	01/04/08	2182.00	ARMANDO GARCIA	PO #08-40

Date.: Jan 4, 2008
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Run by: BEC' OMEZ

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Ck #	Check Date	CK Amount	Vendor Name	Description
033407	01/04/08	5922.00	ARMANDO GARCIA	PO #08-45
033408	01/04/08	426.07	YANCEY LUMBER COMPANY	PO #08-51
033409	01/04/08	19.61	VASQUEZ, RUBEN	MQ CUSTOMER REFUND FOR VAS0012
Sub-Total:		120166.38		
Grn-Total:		120166.38		
Count: 49				

MINUTES
NEWMAN CITY COUNCIL/REDEVELOPMENT AGENCY
REGULAR MEETING OF December 11, 2007
CITY COUNCIL CHAMBERS, 7:00 P.M., 1200 MAIN STREET

1. **Call To Order** – Mayor Fantazia 7:00 P.M.
2. **Pledge Of Allegiance**
3. **Invocation**– Mayor Fantazia
4. **Roll Call PRESENT:** Katen, Kelly, Martina, Crinklaw and Mayor Fantazia
ABSENT: None
5. **Declaration Of Conflicts Of Interest** – None
6. **Ceremonial Matters.** - None

7. **Items from the Public**

Janet Smyers, 717 Bennett Valley Court, Expressed Her Concerns Regarding The Lack Of Police Presence In Her Neighborhood. In The Beginning Of October Of This Year, Mr. Smyers Called 911 Regarding Illegal Activity Involving Drugs That Took Place By A Teenager At His Neighbors Home. Mrs. Smyers Stated That The Police Never Responded And When They Went To The Police Department And Asked Why No One Ever Showed, They Were Told The Officers Were Busy On Another Case. Mrs. Smyers Also Stated Her Concerns About Not Being Able To Let Her Children Play Outside Due To The Illegal Activities That Are Going On In Her Neighborhood.

Council Member Katen Encouraged Mrs. Smyers To Sit Down With Chief Ulibarri So That Her Concerns Could Be Addressed. Council Member Crinklaw Advised Mrs. Smyers To Bring This Issue Back To Council If She Feels Nothing Is Has Been Done.

LaRoy McDonald, 224 Northampton Way, Asked The Council If The West Park Project Has Been Approved By Council, And If So, They As Well As The Police Department Need To Be Prepared For The Large Amount Of People That Will Be Moving Into Town.

8. **Consent Calendar**

- a. Waive All Readings Of Ordinances And Resolutions Except By Title.
- b. Approval Of Warrants.
- c. Approval Of Minutes Of The November 27, 2007 Regular Meeting.

ACTION: On Motion By Crinklaw Seconded By Martina And Unanimously Carried, The Consent Calendar Was Approved.

9. **Public Hearings**

- a. Second Reading And Adoption Of Ordinance No. 2007-11, Amending Title 5, Title 8, And Title 9 Of Newman City Code.

Mayor Fantazia Opened The Public Hearing at 7:10 P.M.

There Being No Public Comment The Hearing Was Declared Closed At 7:12 P.M.

ACTION: Ordinance # 2007-11, Had Its Second Reading By Title Only. A Motion By Katen Seconded By Kelly Dispensed With Further Reading Of Said Ordinance. Ordinance Was Unanimously Adopted Upon Roll Call Vote.

10. Regular Business

a. Presentation By The Newman Youth Baseball Board Of Directors
Jeff Paterau, 647 Waxwing Lane, Newman Youth Baseball President, Updated The Council On The Re-Alignment Of The Baseball Board And Program. They Are Looking At Bringing On More Board Members to Broaden The Outlook Of The Baseball Program.

ACTION: No Action Was Taken

b. Review Of City Reimbursement Obligations As Pertaining To Hearthstone And Sherman Ranch

ACTION: The Council Continued This Item Until The January 22, 2008 Regular Meeting

c. Second Reading And Adoption Of Ordinance No. 2007-12, An Ordinance Amending Title 5, Section 5.25.040 Architectural And Site Plan Review.

ACTION: Ordinance # 2007-12, Had Its Second Reading By Title Only. A Motion By Kelly Seconded By Crinklaw Dispensed With Further Reading Of Said Ordinance. Ordinance Was Unanimously Adopted Upon Roll Call Vote

d. Authorize City Manager To Explore Funding Opportunities For A Regional Surface Treatment Plant.

ACTION: The Council Agreed To Authorize The City Manger To Explore Funding Opportunities For A Regional Surface Treatment Plant.

e. Report On The Proposition 218 Proceedings And Approval Of Mailing Notice And Timeline

ACTION: On Motion By Martina Seconded By Katen And Unanimously Carried, The Council Approved The Proposition 218 Mailing And Timeline.

11. Items From The City Manager And Staff.

Supervisor DeMartini Presented A Copy Of Grants Available To Kings County To Use As A Guide To The Types Of Funding That Could Be Available To The City. De Martini Encouraged The Council To Review The Grants And To Come Up With A List Of Needs For The City, Submit Them To Nancy Brown And She Would Handle The Filing Of The Paperwork.

City Manager Holland Informed The Council That The New Aquatic Center Plans Are Still On Schedule. Holland Notified The Council That The Advertisement For Chief Of Police Hit The Web Today And There Have Been Three Inquires So Far. Holland Also Informed The Council That The City Of Patterson Would Like To Set Up A Two On Two Meeting Regarding The Wastewater And Rail Yard Will Try To Set Up Meeting For Thursday, January 10, 2008.

Recreation Director Terri Heiberger Informed Council That Basketball Practice Began Last Week, And They Are Still Accepting Applications For Men's Basketball Until December 14th. Heiberger Stated That She Is Meeting With The Recreation Director From Gustine To Set Up An Ice Skating Field Trip For The Kids.

Public Works Director Ernie Garza Gave An Update Regarding Rule 20, Explaining That Boyle Engineering Will Be Re-Designing The Water Line Relocation. PG&E Will Begin Construction In February 2008, The Water Line Relocation Must Be Completed By Then. Garza Also Informed The Council That He And Lance Perry Met With F & A Dairy Informing Them That Chemical Testing Needed To Be Performed Along With The Required BOD Testing To Get A More Accurate Reading Which Will Help ECO:LOGIC Engineering With Preparing A More Accurate Report.

Police Chief Ulibarri Informed The Council That The Quaker Oats Company Came In To Newman Last Friday To Film Their Commercial Without Any Problems and Required Little Assistance From The Police Department. Quaker Oats Also Donated \$1,000.00 To Hold An Informational Luncheon For The City's Seniors. Ulibarri Also Reported That They Have A New Radar Trailer To Test Out For 30 Days To See How It Works For The City. The Old Radar Trailer Is Having Diagnostics Being Done To See If It Could Be Repaired, Hopefully The City Will Have Two Radar Trailers. Ulibarri Informed The Council That The Number Of Citations Have Tripled To Date And The Vehicles Of Unlicensed Drivers Are Now Being Impounded And Held For A Mandatory 30 Days, And That The Impound Fee To Have The Car Taken Out Runs Well Over \$1,000.00.

12. Items From City Council Items From City Council Members.

Council Member Crinklaw Congratulated The Orestimba High School Basketball Team For Their Winning Season.

Council Member Martina Stated That The Christmas Tree Lighting Event Had A Good Turn Out This Year, And That The Festivities Were Entertaining.

Council Member Kelly Thanked The Newman Chamber Of Commerce For Doing A Good Job With The Tree Lighting Event.

Mayor Fantazia Announced That The December 25, 2007 Council Meeting Was Cancelled, And Asked Council To Allow The City Employees To Have Christmas Eve Off Since It Fell On A Monday. Unanimous Vote Was Given For Christmas Eve Off.

13. Adjournment.

ACTION: On Motion By Katen Seconded By Crinklaw And Unanimously Carried, The Meeting Was Adjourned At 8:48 P.M.

Honorable Mayor and Members
of the Newman City Council

Agenda Item: **9. a.**
City Council Meeting
of January 8, 2008

REPORT ON NUISANCE ABATEMENT

RECOMMENDATION:

Adopt Resolution No. 2008-XX, Declaring The Existence Of A Public Nuisance Under Ordinance No. 95-4.

BACKGROUND:

Abatement notices for property maintenance were sent to several properties in accordance with Ordinance 95-4, Chapter 2, Title 8-2-3.

ANALYSIS:

This notice informs property owners of all nuisance abatement procedures, option and their right to object at a public hearing. It is anticipated that many property owners will comply with the abatement notices prior to the hearing date. A final compliance survey will be done on Tuesday, January 8, 2008. A list of properties that have not complied with the abatement notice will be handed out at the council meeting prior to the public hearing.

FISCAL IMPACT:

None

CONCLUSION:

This staff report is submitted for City Council consideration and possible future action.

Respectfully submitted,



Randy Ulibarri
Chief of Police

REVIEWED/CONCUR:



Michael E. Holland
City Manager

RESOLUTION NO. 2008

**A RESOLUTION DECLARING THE EXISTENCE OF A PUBLIC NUISANCE UNDER
ORDINANCE NO. 95-4**

WHEREAS, the Chief of Police has reported a nuisance as outlined in Section 8-2-2 of the Newman Municipal Code located and existing upon property in the City of Newman in violation of Ordinance No. 95-4 of the City of Newman, a description of said property being attached hereto and made a part of this resolution by this reference; and,

WHEREAS, the Chief of Police caused notice to be mailed to the respective owners of the subject properties as in said Ordinance provided, said notice giving notice to abate said nuisance and setting a time and place for hearing objections to the proposed abatement; and,

WHEREAS, said hearing was held on January 8, 2008 at 7:00 p.m., as in said notice provided; and,

WHEREAS, no objections to the proposed abatement were received at said hearing.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Newman that said City Council of the City of Newman finds that a condition exists with regard to the properties in said City which is dangerous to life, limb and property, and to the public health, safety and morals, in that weeds, rubbish, dirt and rank growth are growing, located and existing upon said property in violation of the provisions of Ordinance No. 95-4 of the City of Newman, which endangers and may injure neighboring property and endangers and injures the welfare of residents in the vicinity of said property, and which is a fire hazard; that a description of said properties is attached hereto and made a part of this resolution by this reference.

The foregoing resolution was introduced at a regular meeting of the City Council of the City of Newman held on the 8th day of January 2008 by _____, who moved its adoption, which motion was duly seconded and it was upon roll call vote adopted.

AYES:
NOES:
ABSENT:

ATTEST:

APPROVED:

Deputy City Clerk

Mayor

**City of Newman
January 8, 2008 Abatement List**

Location	APN	Owner Information	Mailing Address	Violation	Notice Sent
656 Mt. Rushmore Drive	026-061-036	Elvira Villanueva & Jose O. Escobar	656 Mt. Rushmore Drive, Newman, CA 95360	Tall, dry grass and weeds throughout frontyard of property.	12/14/2007
668 Mt. Rushmore Drive	026-062-054	Thanh Ngo	668 Mt. Rushmore Drive, Newman, CA 95360	Tall, dry grass and weeds throughout front and backyard of property.	12/14/2007
2011 Yosemite Park Drive	026-057-064	Charles T. Barker	2011 Yosemite Park Drive, Newman, CA 95360	A couch, wood and metal scraps debris, and trash can overflowing with garbage, located on frontyard of property. Boxes and bags full of junk, debris, and misc. items throughout backyard. Hot tub with dirty water and junk inside of it.	12/11/2007

Tower 542

CODÉ CHECKLIST/SAFETY LIST

Violation Location: 656 MT. RUSHMORE Case #: _____
 R/P Name: _____ Ph: _____ Date: 12/12/07
 Report taken by: LUPEZ NOBIA Dept: _____

1. Property Maintenance

- Garbage
- Junk
- Dirt
- Debris
- Alley (garbage/débris)
- Graffiti
- Weed/Mistletoe
- Other TALL GRASS AND WEEDS

5. Construction

- Garage/accessory buildings conversion
- Construction - no visible permit
- Accessory buildings (> 120 sq ft)
- Fence - > 7' side, rear
- Fence - > 3 1/2' front

6. Utilities

- Water
- Electrical connection
- Sewer
- Water conservation
- Anti-siphon valves - irrigation
- Leaks in Utilities

2. Vehicles

- Inoperative/Dismantled Abatement
- Illegal Parking
- Working On (public right-of-way)
- RV Parking/Living
- Abandoned - Parked over 5 days
- Other _____

7. Business

- Transient - Sales from cars
- Lots without permit
- Home Occupation
- Yard Sales - License
- Door to door sales

3. Street/Sidewalk

- Sidewalks - lifts/hole - 3/4"
- Sidewalk obstructions
- Alley - entrances
- Alley - large potholes
- Alley - soft spots
- Alley - obstruction (veh dumpster)
- Streets - glass
- Streets - oil spills
- Streets - potholes, manhole cover
- Signs - missing, down
- Sight Lines at intersections
- Street Lights
- Encroachment - working w/o permit
- Street tree removal/trimming

8. Safety

- Fires/burns
- Unsafe fuel storage
- Hazardous material
- Objects in ROW/BB hoops
- Other _____

4. Signs

- Yard Sales
- Subdivision
- Dance/event sign
- Flyers/hand bills
- Obstructing vision
- Abandoned signs
- On utility poles, street trees, street/stop signs
- Vehicle - advertised signs
- Graffiti on _____
- Other _____

9. Animal Control

- Loose dog/off leash
- Dog not licensed/vaccinated
- Missing dog/cat
- Illegal kennel
- Cat problem
- Animal Bites
- Farm animals/wrong zone
- Vicious animals
- Other _____
- Routing/Gustine Animal Control
- Routing/Stanislaus Co. Animal Control

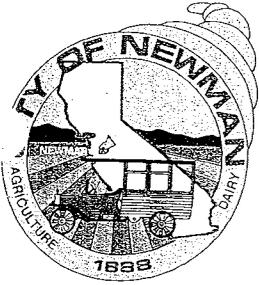
Assessment Roll			
General Information			
Assessment	026-061-036-000	Parcel Number	026-061-036-000
Current Document	2005R0226908	Current Document Date	12/14/2005
Acres / Sq Ft	.00	Tax Rate Area (TRA)	003-048
Taxability	000 -- NORMAL OWNERSHIP		
Land Use	101 -- SINGLE FAMILY RESIDENCE		
Assessment Description	HEARTHSTNE RANCH #2 (41M46) LOT 173		
Roll Values as of: January 1st, 2007			
Land	\$115,770	Personal Property	\$0
Structure(s)	\$368,719	Personal Property (MH)	\$0
Fixtures	\$0	Exemption	\$0
Growing Improvements	\$0	Exemption	\$0
Total Land & Improvements	\$484,489	Net Assessment	\$484,489
Assessee			
VILLANUEVA ELVIRA & ESCOBAR JOSE O			
Address			
656 MT RUSHMORE DR			
NEWMAN CA 95360			

Ownership						
Owner Name	Own %	Pri	Granting Doc No.	Title Type	RT Code	
ESCOBAR JOSE O	50.00%	Y	2005R0226908	JT		
VILLANUEVA ELVIRA	50.00%	Y	2005R0226908	JT		

Situs	
Street Address	City State Zip
656 MT RUSHMORE DR	Newman CA 95360

Parcel Description	
Assessment	Description
No parcel description found	

12/14/2007



City of Newman

1200 Main Street • P.O. Box 787 • Newman, CA 95360 • (209) 862-2902 • Fax 862-4151
Police Department • Office of the Chief

COPY

Elvira Villanueva & Jose O. Escobar
656 Mt. Rushmore Dr.
Newman, CA 95360

NOTICE TO ABATE PUBLIC NUISANCE BY THE REMOVAL OF WEEDS, DIRT, RUBBISH AND/OR RANK GROWTH

NOTICE IS HEREBY GIVEN THAT:

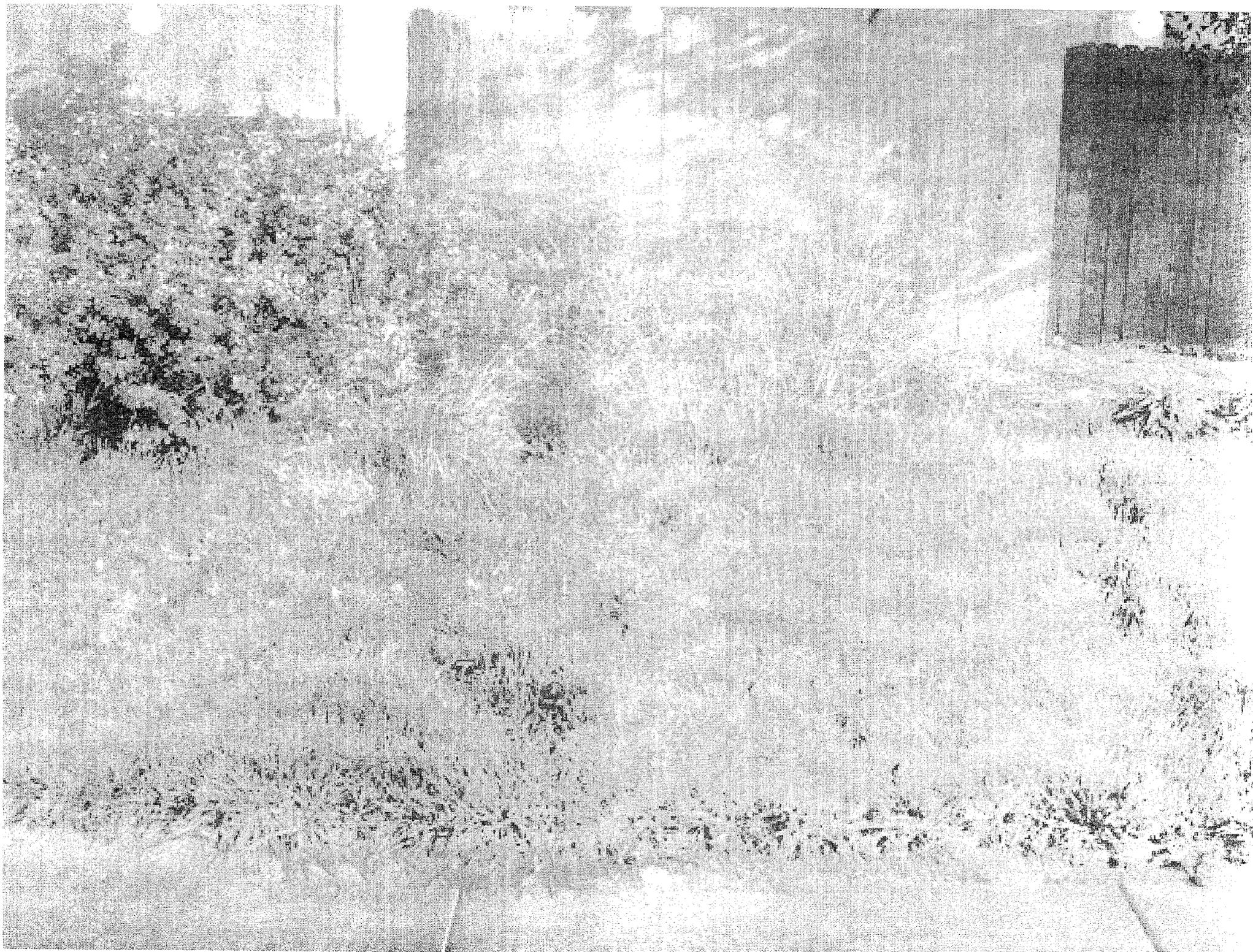
Pursuant to the provisions of Chapter 2, Title 8 of the City Code of Newman, the following conditions, as declared in Section 8-2-3, constitutes a public nuisance at: 656 Mt. Rushmore Dr., APN No. 026-061-036,
Tall grass and weeds throughout front and backyard of property; unsightly, which must be abated by the destruction, or removal thereof within 10 days of the date of the notice.

All responsible persons owning, managing or having control or change or occupancy of any such private property shall, without delay, destroy or remove such public nuisances, as defined above, from their property and from their half of the abutting street and alley between the lot lines, as extended, or such public nuisances will be destroyed or removed and such nuisances abated by City authorities, in which case the cost of destruction or removal will be assessed upon the lots and lands, from, or on which, or abutting the streets and alleys from, or on which, such nuisance was abated, and such costs will constitute a lien upon the lots or parcels until paid and will be collected on the next tax roll upon which Municipal taxes are collected.

All Property owners having objections to the proposed abatement of the nuisance are hereby notified to attend a meeting of the City Council of the City of Newman to be held on January 8, 2008 at 7:00 p.m., at which time and place all objections will be heard and given due consideration.

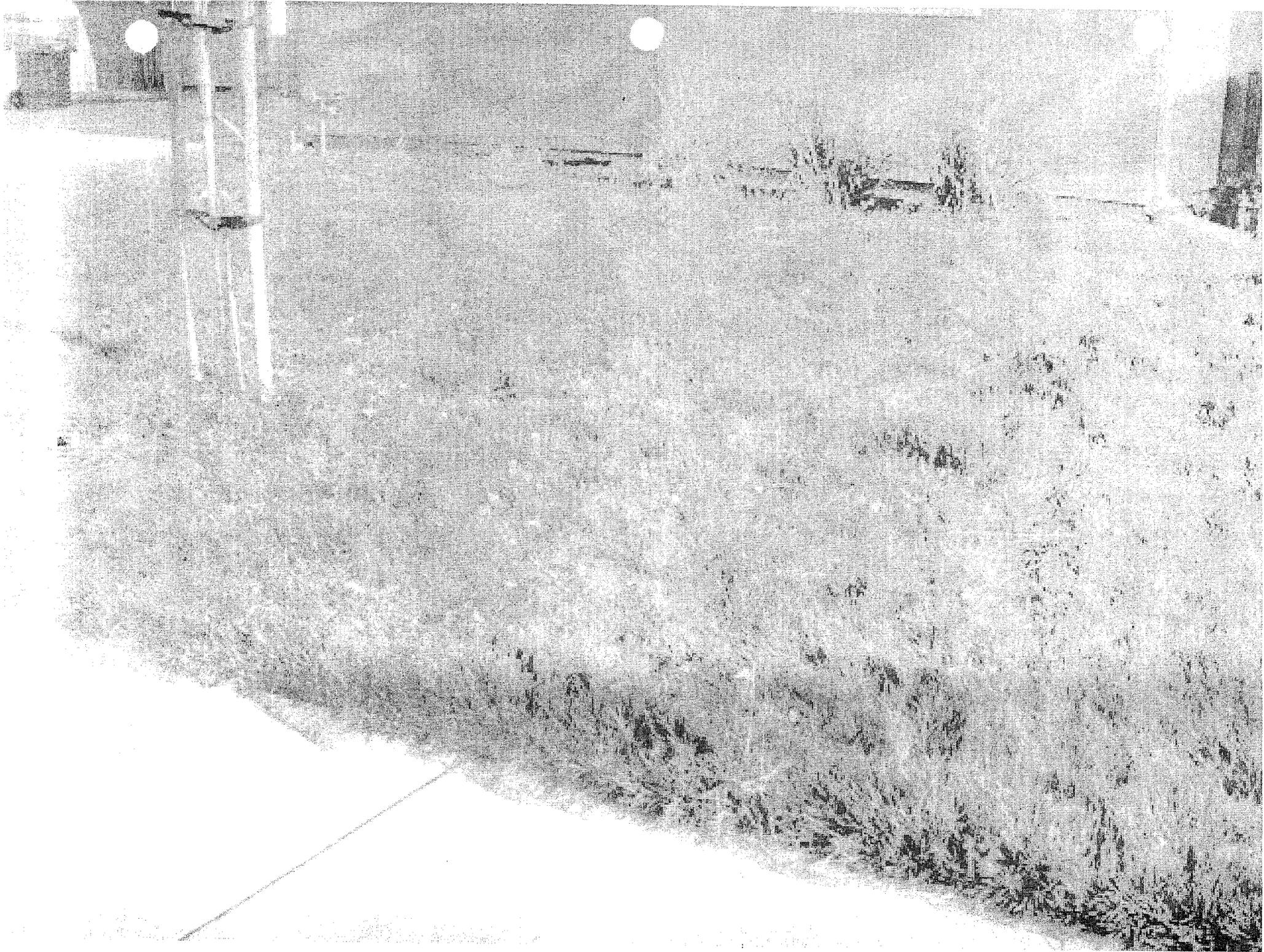
Dated: December 14, 2007

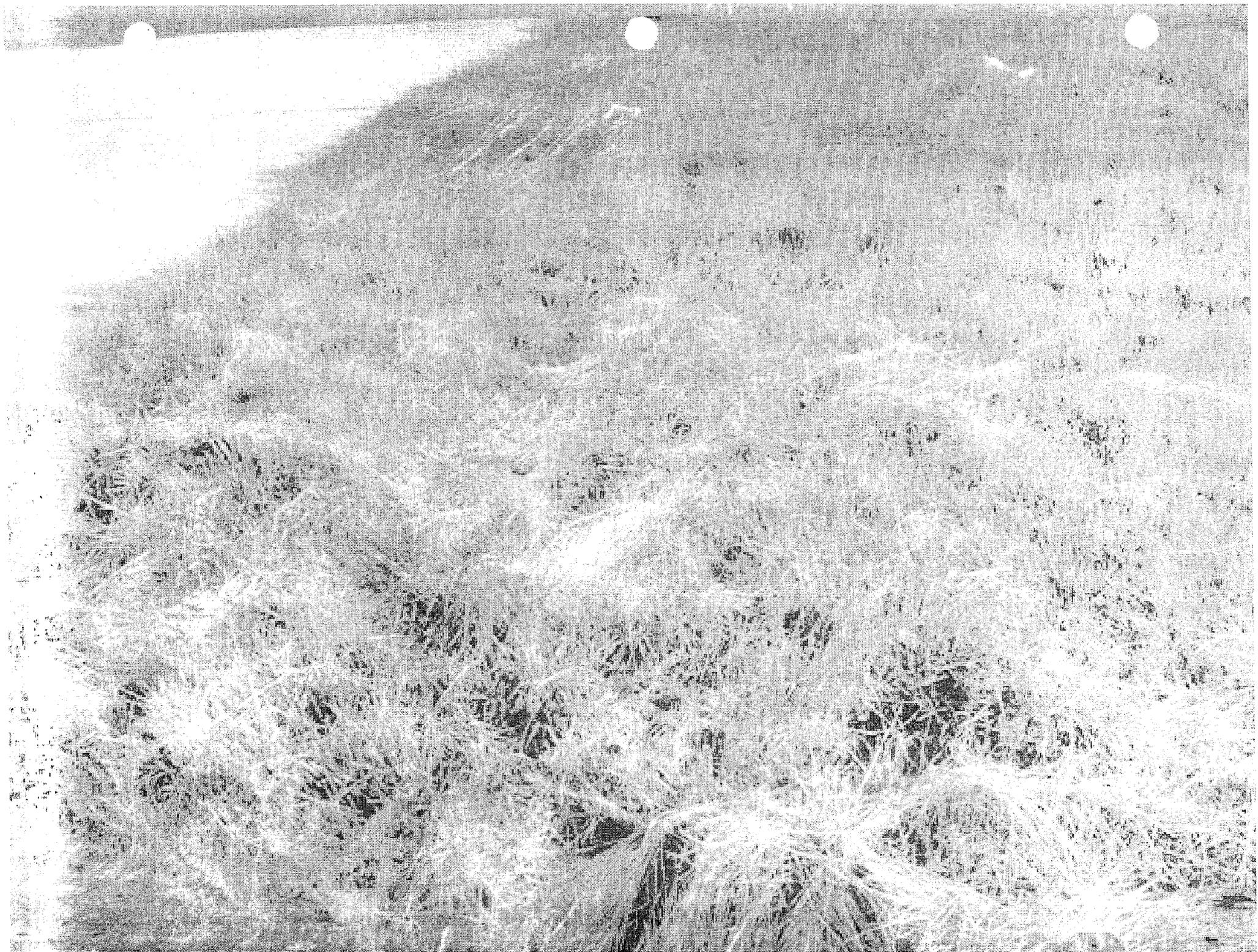
Edgar Lopez
Community Service Officer





12







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Certified Fee		\$2.05	03
Return Receipt Fee (Endorsement Required)		\$2.10	Postmark Here
Restricted Delivery Fee (Endorsement Required)		\$0.00	
Total Postage & Fees	\$	\$5.21	12/14/2007

Sent To

Street, Apt. No.,
or PO Box No.

656 MT. RUSHMORE

City, State, ZIP+4

PS Form 3800, August 2006

See Reverse for Instructions

CODÉ CHECKLIST/SAFETY LIST

Violation Location: 668 MT. RUSHMORE Case #: _____
 R/P Name: _____ Ph: _____ Date: 12/12/03
 Report taken by: LOPEZ NA12 Dept: POLICE

1. Property Maintenance

- Garbage
- Junk
- Dirt
- Debris
- Alley (garbage/débris)
- Graffiti
- Weed/Mistletoe
- Other TALL GRASS AND WOODS

2. Vehicles

- Inoperative/Dismantled Abatement
- Illegal Parking
- Working On (public right-of-way)
- RV Parking/Living
- Abandoned - Parked over 5 days
- Other _____

3. Street/Sidewalk

- Sidewalks - lifts/hole - 3/4"
- Sidewalk obstructions
- Alley - entrances
- Alley - large potholes
- Alley - soft spots
- Alley - obstruction (veh dumpster)
- Streets - glass
- Streets - oil spills
- Streets - potholes, manhole cover
- Signs - missing, down
- Sight Lines at intersections
- Street Lights
- Encroachment - working w/o permit
- Street tree removal/trimming

4. Signs

- Yard Sales
- Subdivision
- Dance/event sign
- Flyers/hand bills
- Obstructing vision
- Abandoned signs
- On utility poles, street trees, street/stop signs
- Vehicle - advertised signs
- Graffiti on _____
- Other _____

5. Construction

- Garage/accessory buildings conversion
- Construction - no visible permit
- Accessory buildings (> 120 sq ft)
- Fence - > 7' side, rear
- Fence - > 3 1/2' front

6. Utilities

- Water
- Electrical connection
- Sewer
- Water conservation
- Anti-siphon valves - irrigation
- Leaks in Utilities

7. Business

- Transient - Sales from cars
- Lots without permit
- Home Occupation
- Yard Sales - License
- Door to door sales

8. Safety

- Fires/burns
- Unsafe fuel storage
- Hazardous material
- Objects in ROW/BB hoops
- Other _____

9. Animal Control

- Loose dog/off leash
- Dog not licensed/vaccinated
- Missing dog/cat
- illegal kennel
- Cat problem
- Animal Bites
- Farm animals/wrong zone
- Vicious animals
- Other _____
- Routing/Gustine Animal Control
- Routing/Stanislaus Co. Animal Control

Assessment Roll			
General Information			
Assessment	026-062-054-000	Parcel Number	026-062-054-000
Current Document	2005R0179768	Current Document Date	09/30/2005
Acres / Sq Ft	.00	Tax Rate Area (TRA)	003-048
Taxability	000 -- NORMAL OWNERSHIP		
Land Use	101 -- SINGLE FAMILY RESIDENCE		
Assessment Description	HEARTHSTNE RANCH #2 (41M46) LOT 171		
Roll Values as of: January 1st, 2007			
Land	\$115,770	Personal Property	\$0
Structure(s)	\$322,830	Personal Property (MH)	\$0
Fixtures	\$0	Exemption E01	\$7,000
Growing Improvements	\$0	Exemption	\$0
Total Land & Improvements	\$438,600	Net Assessment	\$431,600
Assessee			
NGO THANH			
Address			
668 MT RUSHMORE DR			
NEWMAN CA 95360			

Ownership					
Owner Name	Own %	Pri	Granting Doc No.	Title Type	RT Code
NGO THANH	100.00%	Y	2005R0179768		

Situs	
Street Address	City State Zip
668 MT RUSHMORE DR	Newman CA 95360

Parcel Description	
Assessment	Description
No parcel description found	

12/14/2007



City of Newman

1200 Main Street • P.O. Box 787 • Newman, CA 95360 • (209) 862-2902 • Fax 862-4151
Police Department • Office of the Chief

COPY

Thanh Ngo
668 Mt. Rushmore Dr.
Newman, CA 95360

NOTICE TO ABATE PUBLIC NUISANCE BY THE REMOVAL OF WEEDS, DIRT, RUBBISH AND/OR RANK GROWTH

NOTICE IS HEREBY GIVEN THAT:

Pursuant to the provisions of Chapter 2, Title 8 of the City Code of Newman, the following conditions, as declared in Section 8-2-3, constitutes a public nuisance at: 668 Mt. Rushmore Dr., APN No. 026-062-054,
Tall grass and weeds throughout front yard of property; unsightly, which must be abated by the destruction, or removal thereof within 10 days of the date of the notice.

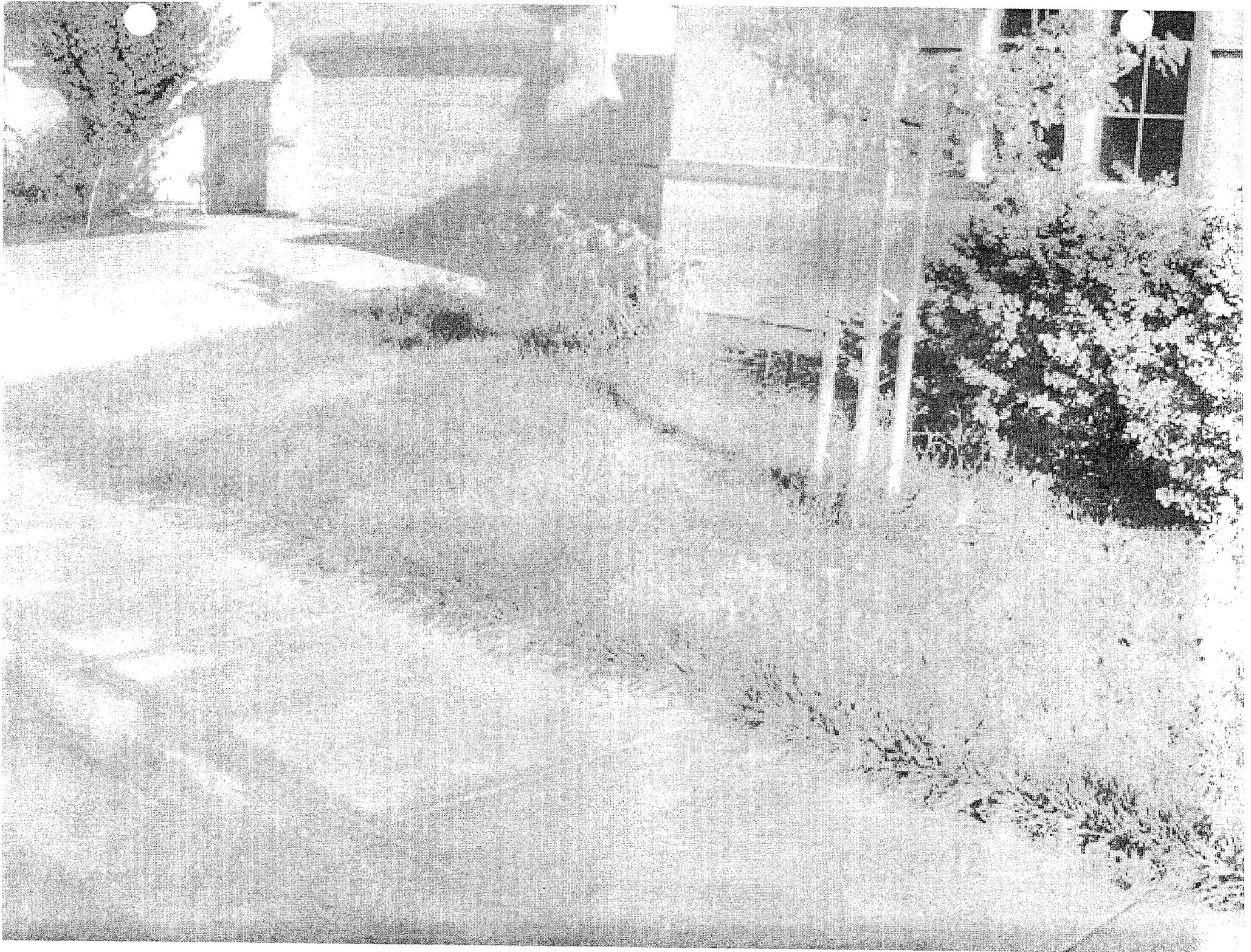
All responsible persons owning, managing or having control or change or occupancy of any such private property shall, without delay, destroy or remove such public nuisances, as defined above, from their property and from their half of the abutting street and alley between the lot lines, as extended, or such public nuisances will be destroyed or removed and such nuisances abated by City authorities, in which case the cost of destruction or removal will be assessed upon the lots and lands, from, or on which, or abutting the streets and alleys from, or on which, such nuisance was abated, and such costs will constitute a lien upon the lots or parcels until paid and will be collected on the next tax roll upon which Municipal taxes are collected.

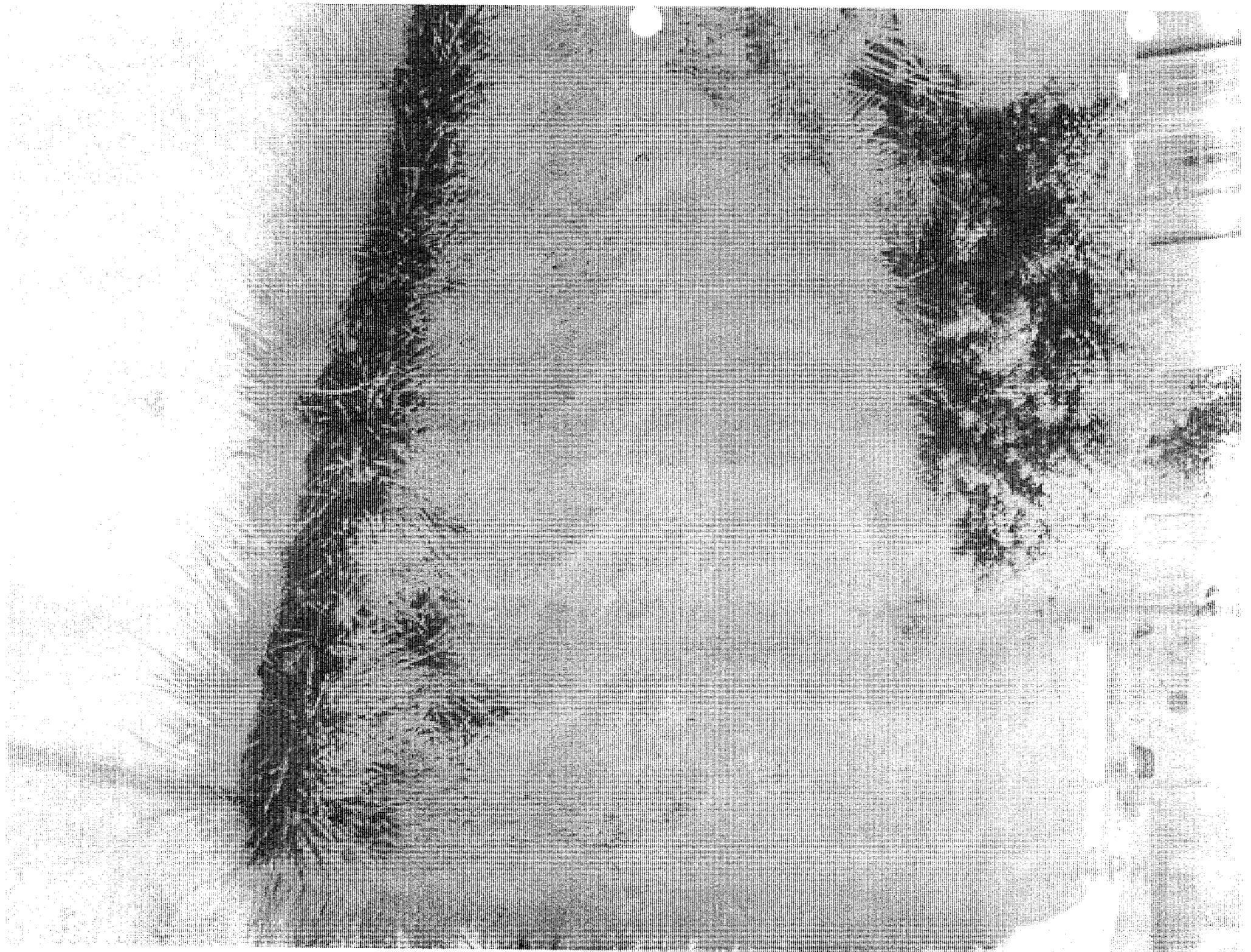
All Property owners having objections to the proposed abatement of the nuisance are hereby notified to attend a meeting of the City Council of the City of Newman to be held on January 8, 2008 at 7:00 p.m., at which time and place all objections will be heard and given due consideration.

Dated: December 14, 2007

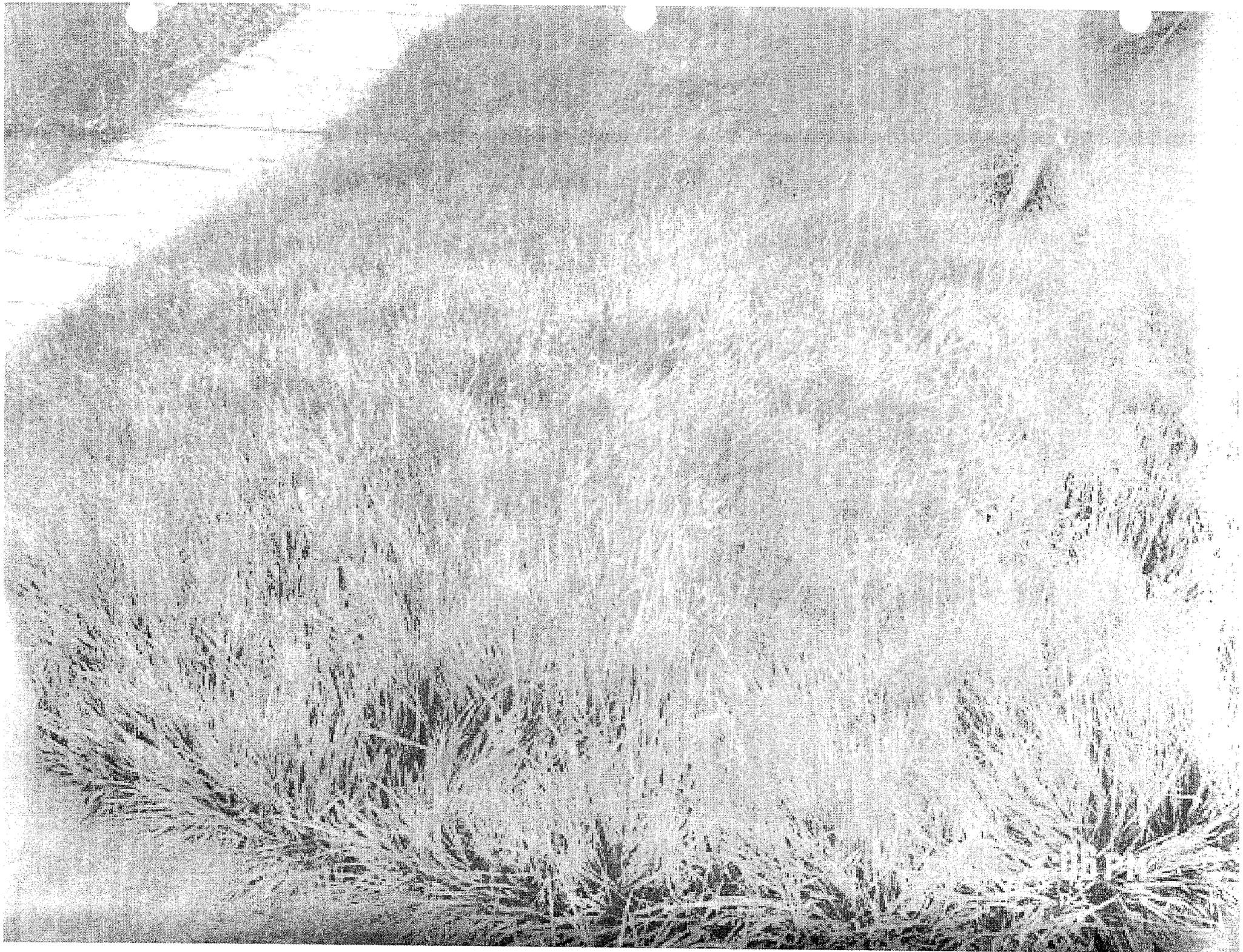
Edgar Lopez
Community Service Officer

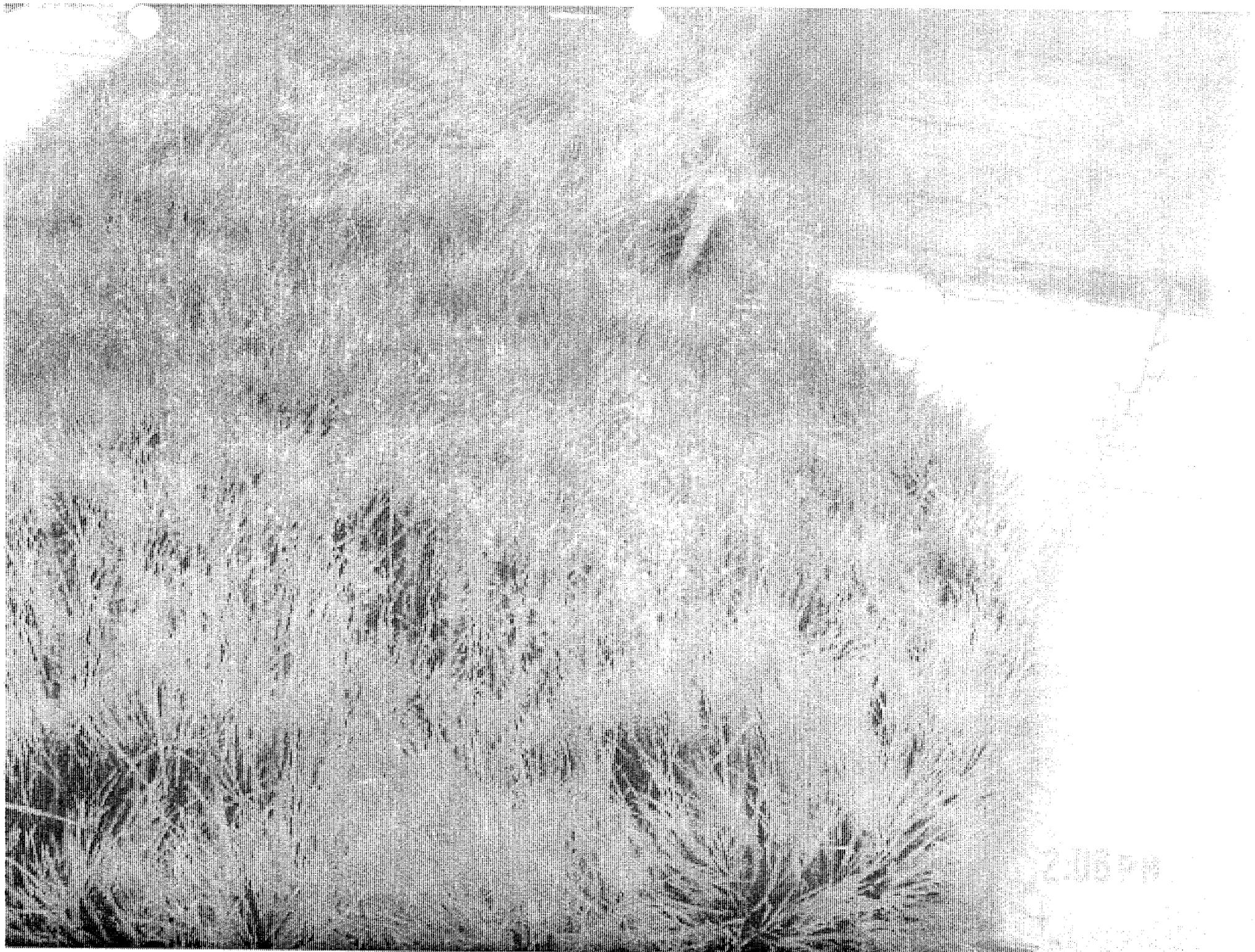












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PS Form 3800, August 2006

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 9461 E066 2000 0641 2007

Postage	\$ 0.71	0360
Certified Fee	\$ 2.65	03
Return Receipt Fee (Endorsement Required)	\$ 2.15	Postmark Here
Restricted Delivery Fee (Endorsement Required)	\$ 0.00	
Total Postage & Fees	\$ 5.21	12/14/2007

Sent To

Street, Apt. No.,
 or PO Box No. 608 MT. RUSHMORE DR.

City, State, ZIP+4

Inurb 500

CODE CHECKLIST/SAFETY LIST

Violation Location: 2011 Yosemite Park Dr. Case #: _____
 R/P Name: Connie / Truck Wilkins Ph: 408-842-2930 Date: 12-5-07
 Report taken by: (signature) Dept: _____

1. Property Maintenance

- Garbage
- Junk
- Dirt
- Debris
- Alley (garbage/debris)
- Graffiti
- Weed/Mistletoe
- Other _____

2. Vehicles

- Inoperative/Dismantled Abatement
- Illegal Parking
- Working On (public right-of-way)
- RV Parking/Living
- Abandoned - Parked over 5 days
- Other _____

3. Street/Sidewalk

- Sidewalks - lifts/hole - 3/4"
- Sidewalk obstructions
- Alley - entrances
- Alley - large potholes
- Alley - soft spots
- Alley - obstruction (veh dumpster)
- Streets - glass
- Streets - oil spills
- Streets - potholes, manhole cover
- Signs - missing, down
- Sight Lines at intersections
- Street Lights
- Encroachment - working w/o permit
- Street tree removal/trimming

4. Signs

- Yard Sales
- Subdivision
- Dance/event sign
- Flyers/hand bills
- Obstructing vision
- Abandoned signs
- On utility poles, street trees, street/stop signs
- Vehicle - advertised signs
- Graffiti on
- Other _____

5. Construction

- Garage/accessory buildings conversion
- Construction - no visible permit
- Accessory buildings (> 120 sq ft)
- Fence - > 7' side, rear
- Fence - > 3 1/2' front

6. Utilities

- Water
- Electrical connection
- Sewer
- Water conservation
- Anti-siphon valves - irrigation
- Leaks in Utilities

7. Business

- Transient - Sales from cars
- Lots without permit
- Home Occupation
- Yard Sales - License
- Door to door sales

8. Safety

- Fires/burns
- Unsafe fuel storage
- Hazardous material
- Objects in ROW/BB hoops
- Other junk between houses

9. Animal Control

- Loose dog/off leash
- Dog not licensed/vaccinated
- Missing dog/cat
- Illegal kennel
- Cat problem
- Animal Bites
- Farm animals/wrong zone
- Vicious animals
- Other _____
- Routing/Gustine Animal Control
- Routing/Stansislaus Co. Animal Control

CODÉ CHECKLIST/SAFETY LIST

Violation Location: 2011 YOSEMITE PARK DR Case #: _____
 R/P Name: _____ Ph: _____ Date: 12/5/07
 Report taken by: _____ Dept: _____

1. Property Maintenance

- Garbage
- Junk
- Dirt
- Debris
- Alley (garbage/debris)
- Graffiti
- Weed/Mistletoe
- Other _____

2. Vehicles

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- Illegal Parking
- Working On (public right-of-way)
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- Alley - soft spots
- Alley - obstruction (veh dumpster)
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- Streets - oil spills
- Streets - potholes, manhole cover
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8. Safety

- Fires/burns
- Unsafe fuel storage
- Hazardous material
- Objects in ROW/BB hoops
- Other _____

9. Animal Control

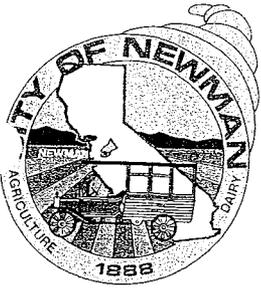
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- Cat problem
- Animal Bites
- Farm animals/wrong zone
- Vicious animals
- Other _____
- Routing/Gustine Animal Control
- Routing/Stanslaus Co. Animal Control

Assessment Roll			
General Information			
Assessment	026-057-064-000	Parcel Number	026-057-064-000
Current Document	2005R0205326	Current Document Date	11/07/2005
Acres	.14	Tax Rate Area (TRA)	003-042
Taxability	000 -- NORMAL OWNERSHIP		
Land Use	101 -- SINGLE FAMILY RESIDENCE		
Assessment Description	STEPHENS RANCH 1 PH 2 (40M31) LOT 106		
Roll Values as of: January 1st, 2007			
Land	\$118,085	Personal Property	\$0
Structure(s)	\$221,085	Personal Property (MH)	\$0
Fixtures	\$0	Exemption E01	\$7,000
Growing Improvements	\$0	Exemption	\$0
Total Land & Improvements	\$339,170	Net Assessment	\$332,170
Assessee			
BARKER CHARLES T ET AL			
Address			
2011 YOSEMITE PARK RD			
NEWMAN CA 95360			

Ownership						
Owner Name	Own %	Pri	Granting Doc No.	Title Type	RT Code	
BARKER CHARLES T	33.34%	Y	2005R0205326	OJ		
BARKER CHARLES	33.33%	N	2005R0205326	JT	62-F	
BARKER JEANNIE	33.33%	N	2005R0205326	JT	62-F	

Situs		
Street Address	City State Zip	
2011 YOSEMITE PARK RD	Newman CA 95360	

Parcel Description	
Assessment	Description
026-057-064-000	STEPHENS RANCH 1 PH 2 (40M31) LOT 106



City of Newman

1200 Main Street • P.O. Box 787 • Newman, CA 95360 • (209) 862-2902 • Fax 862-4151

Police Department • Office of the Chief

Charles Barker
2011 Yosemite Park Rd.
Newman, CA 95360

NOTICE TO ABATE PUBLIC NUISANCE BY THE REMOVAL OF WEEDS, DIRT, RUBBISH AND/OR RANK GROWTH

NOTICE IS HEREBY GIVEN THAT:

Pursuant to the provisions of Chapter 2, Title 8 of the City Code of Newman, the following conditions, as declared in Section 8-2-3, constitutes a public nuisance

at: 2011 Yosemite Park Rd., APN No: 026-057-064;

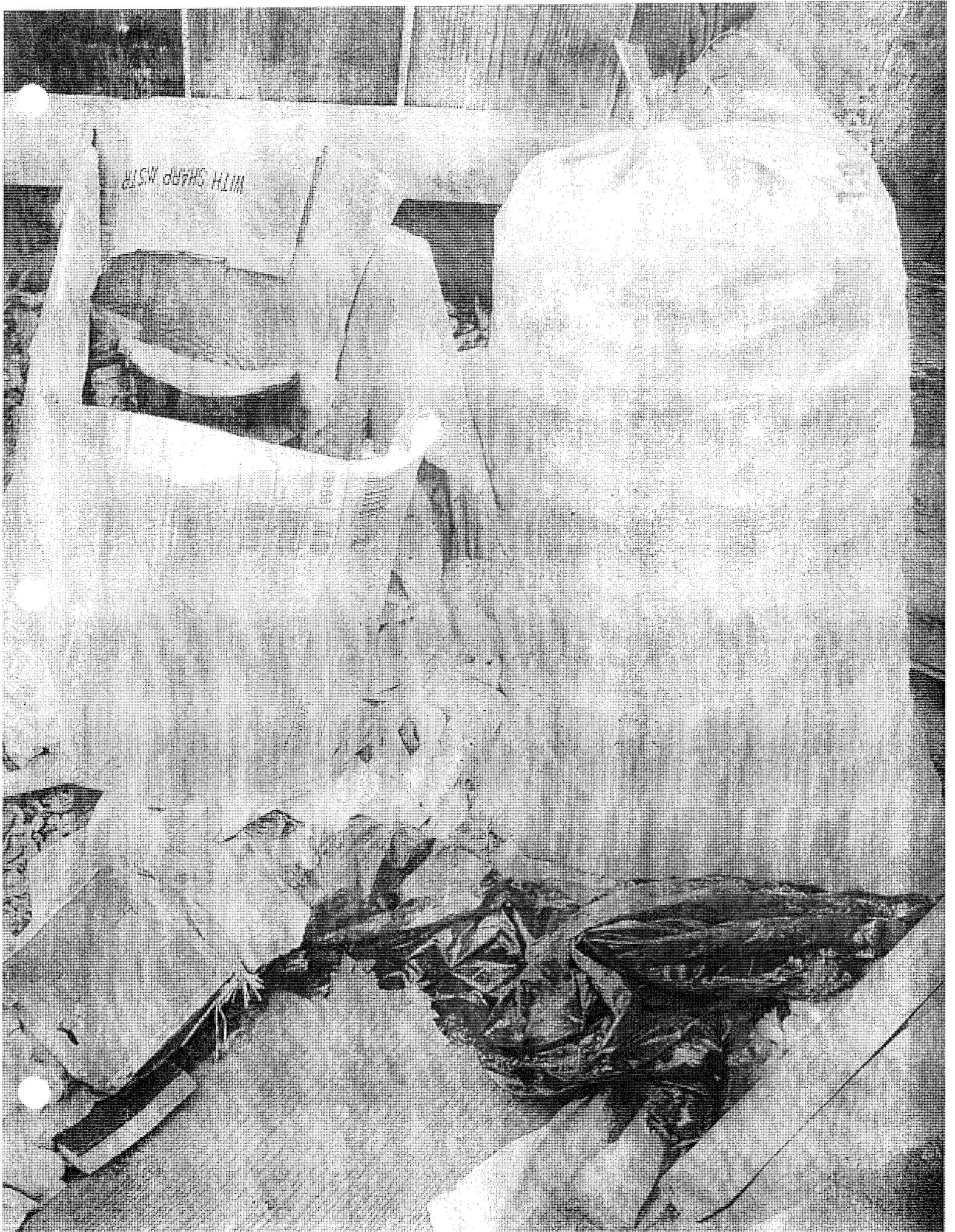
A couch, wooden and metal scraps, debris, and a garbage can overflowing with trash located on front yard of property. Boxes and bags full of junk, debris, and misc. items throughout backyard, as well as a hot tub with dirty water and junk inside of it, which must be abated by the destruction, or removal thereof within 10 days of the date of the notice.

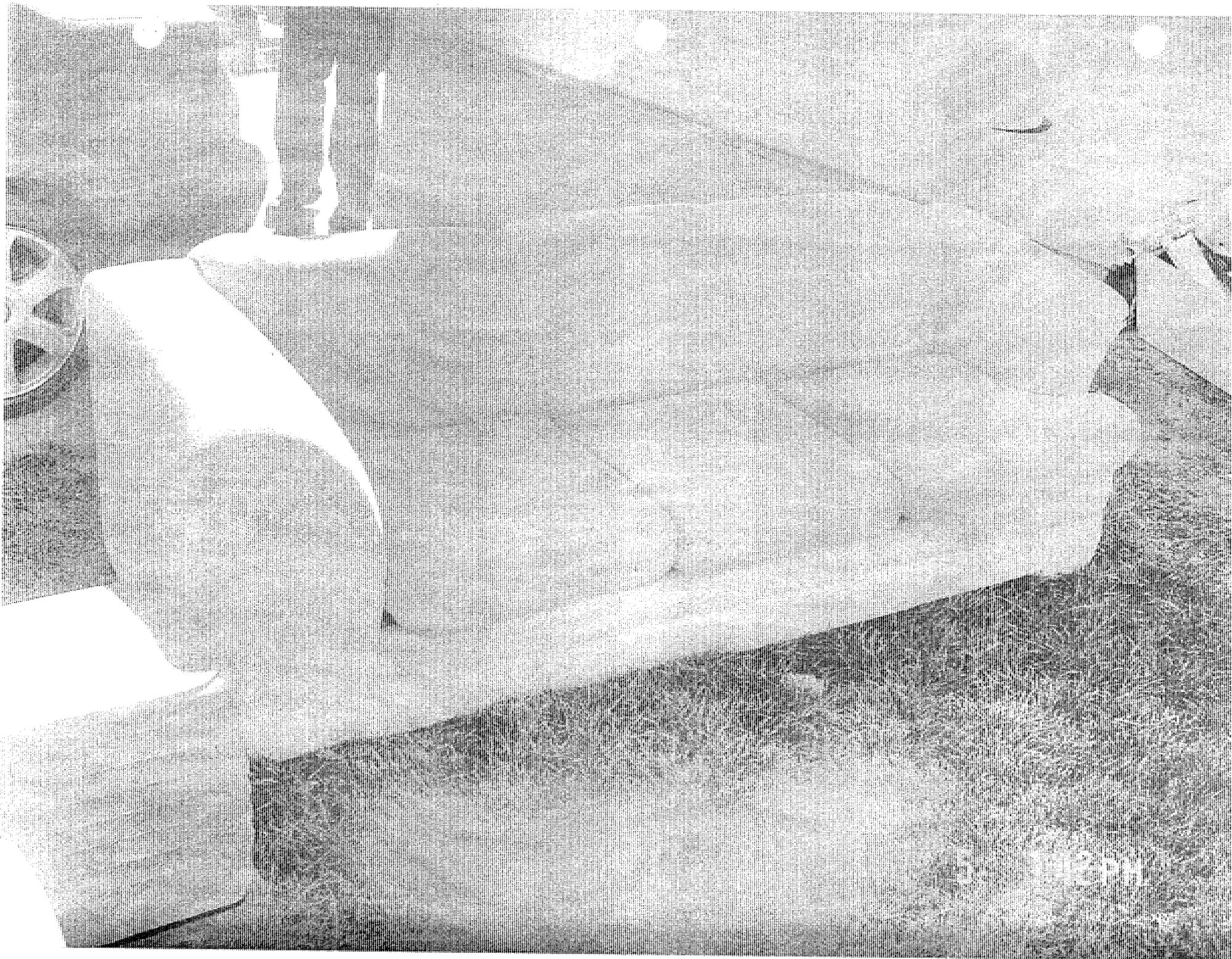
All responsible persons owning, managing or having control or change or occupancy of any such private property shall, without delay, destroy or remove such public nuisances, as defined above, from their property and from their half of the abutting street and alley between the lot lines, as extended, or such public nuisances will be destroyed or removed and such nuisances abated by City authorities, in which case the cost of destruction or removal will be assessed upon the lots and lands, from, or on which, or abutting the streets and alleys from, or on which, such nuisance was abated, and such costs will constitute a lien upon the lots or parcels until paid and will be collected on the next tax roll upon which Municipal taxes are collected.

All Property owners having objections to the proposed abatement of the nuisance are hereby notified to attend a meeting of the City Council of the City of Newman to be held on January 8, 2008 at 7:00 p.m., at which time and place all objections will be heard and given due consideration.

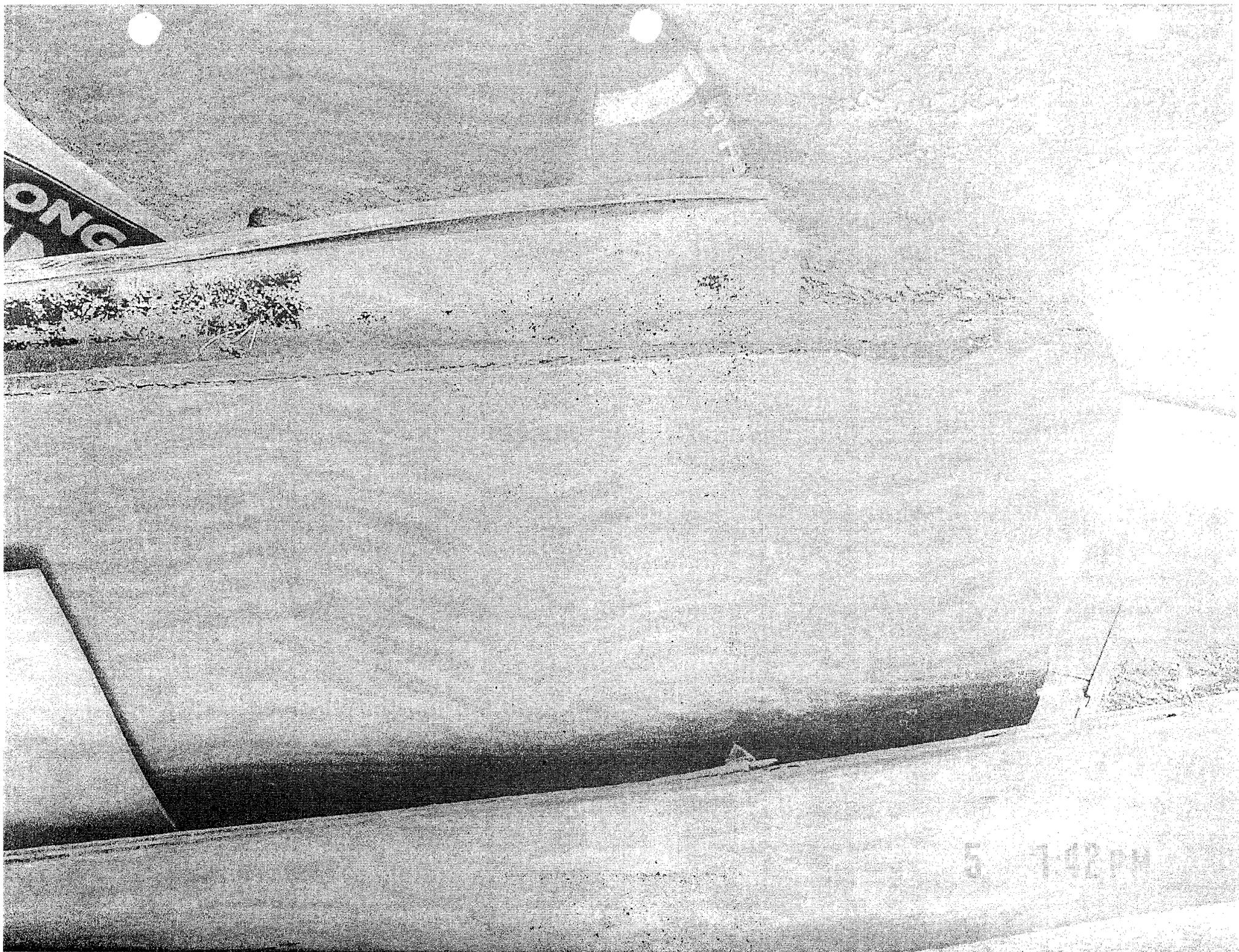
Dated: December 11, 2007

Edgar Lopez
Community Service Officer







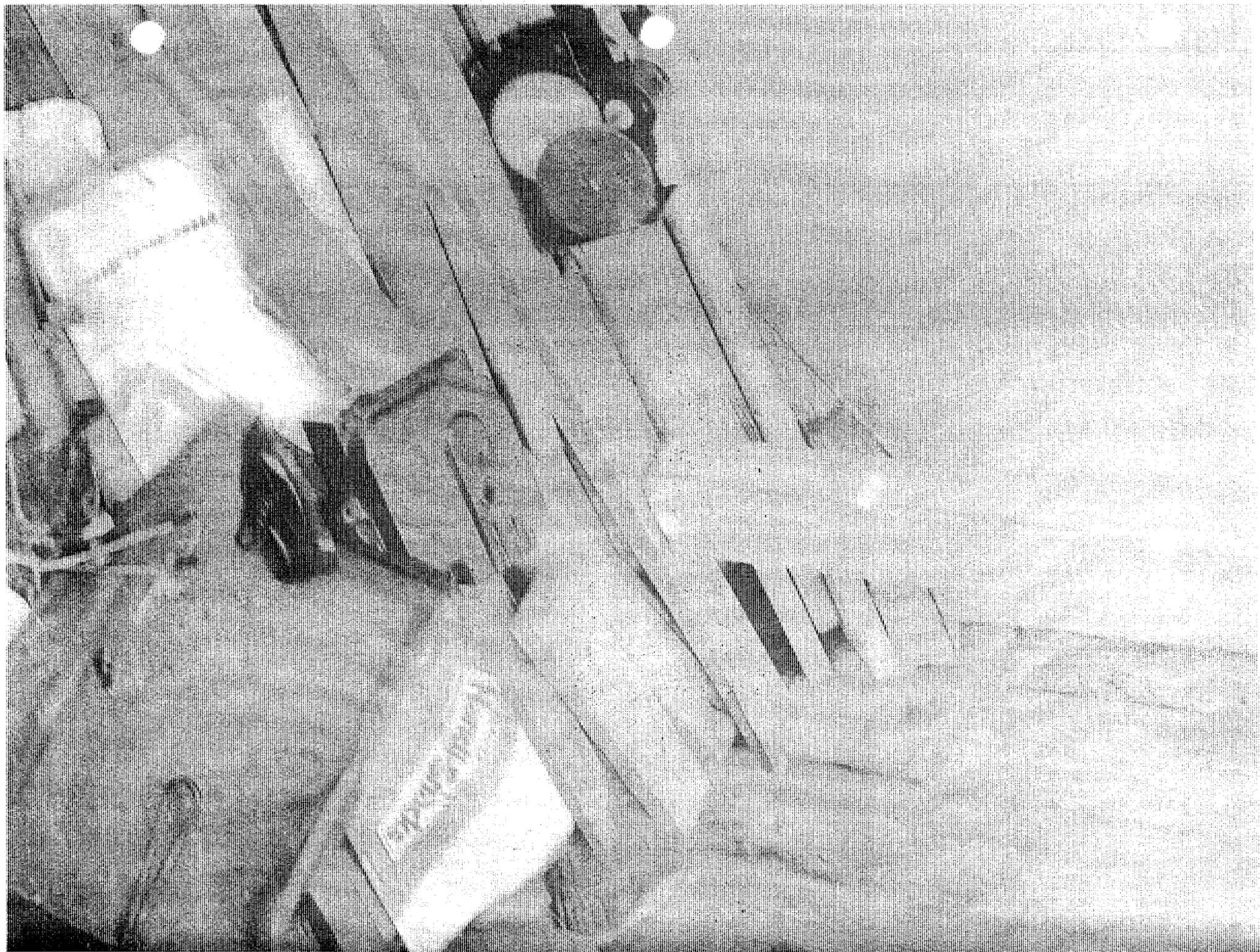


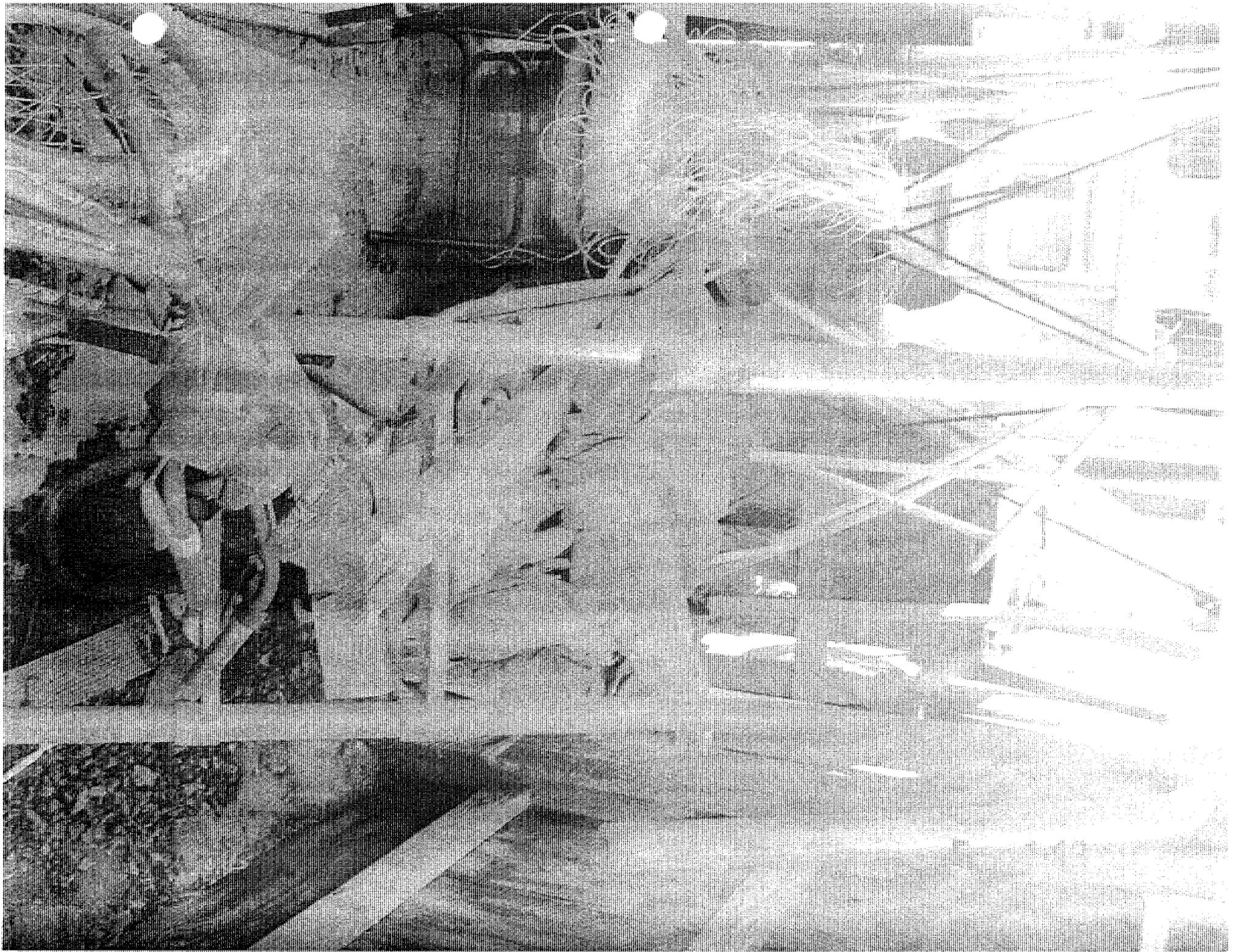
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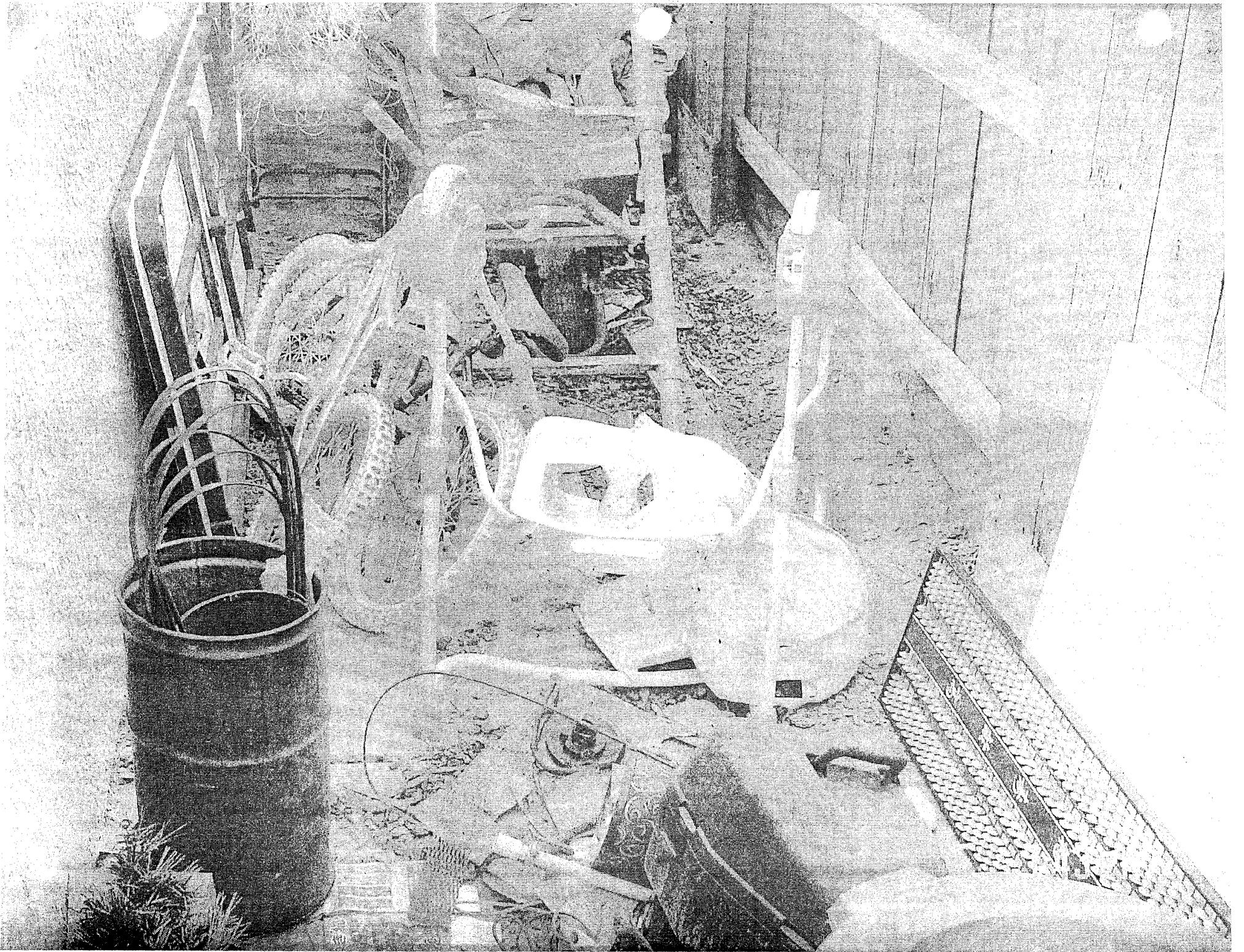
5 7:42 PM



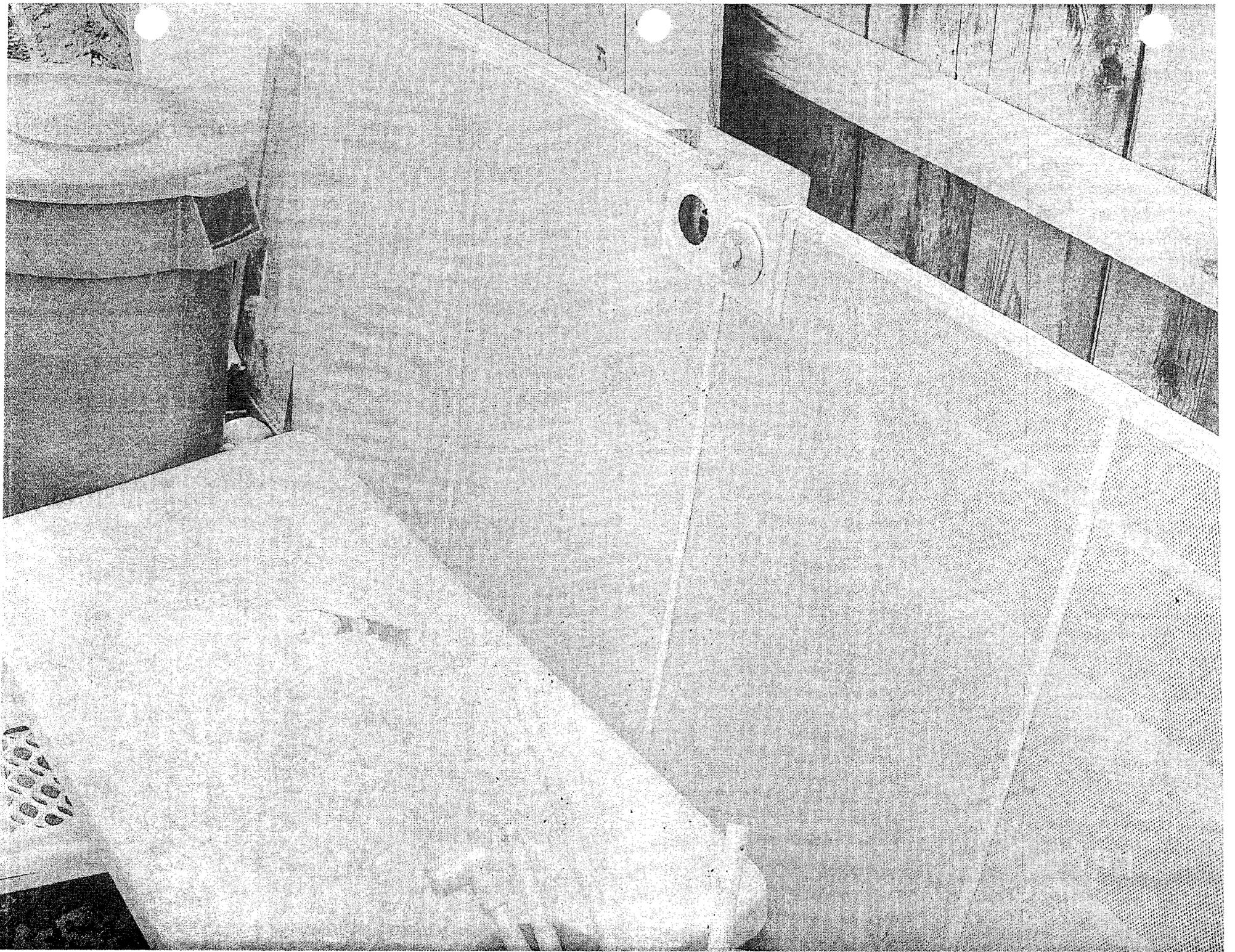


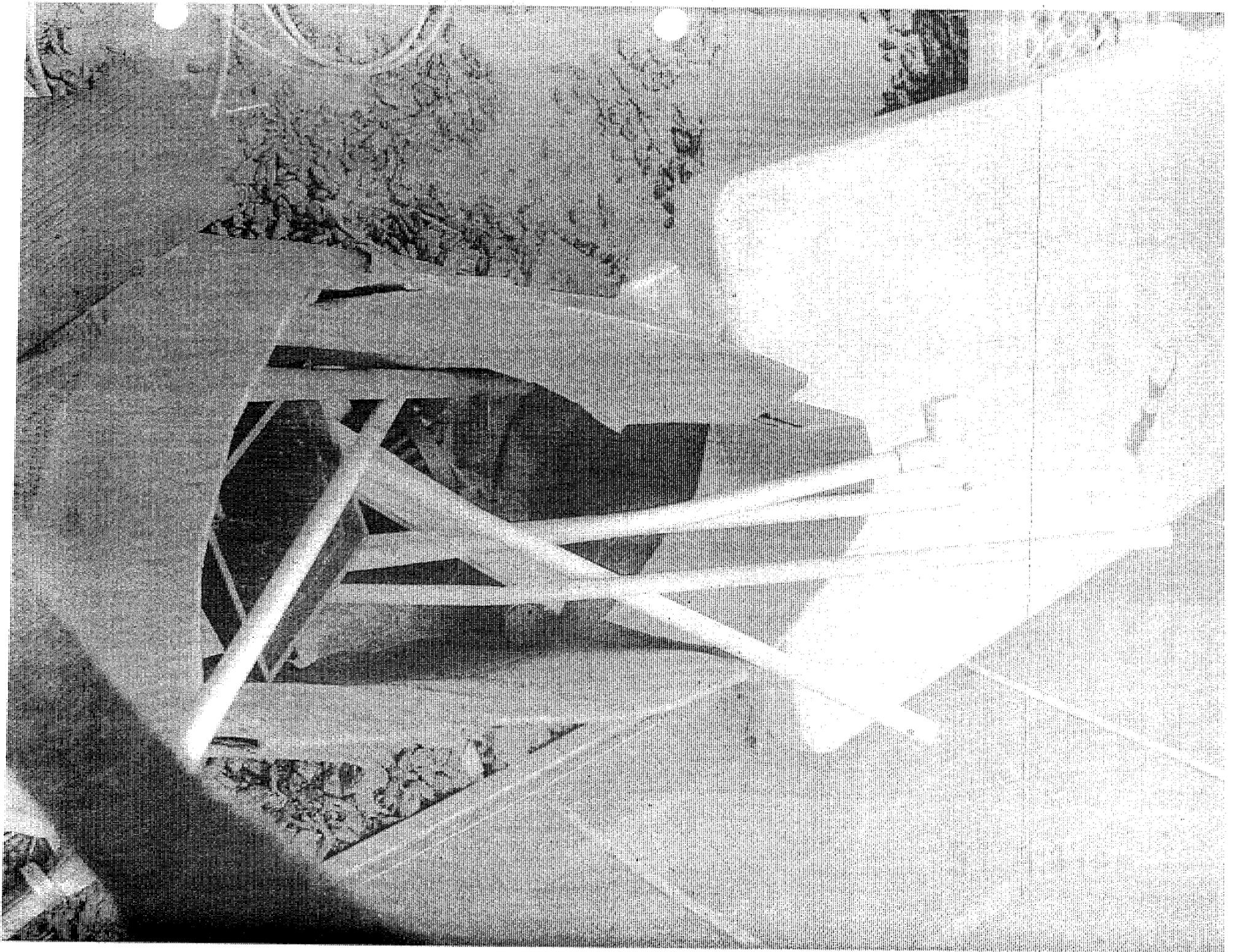


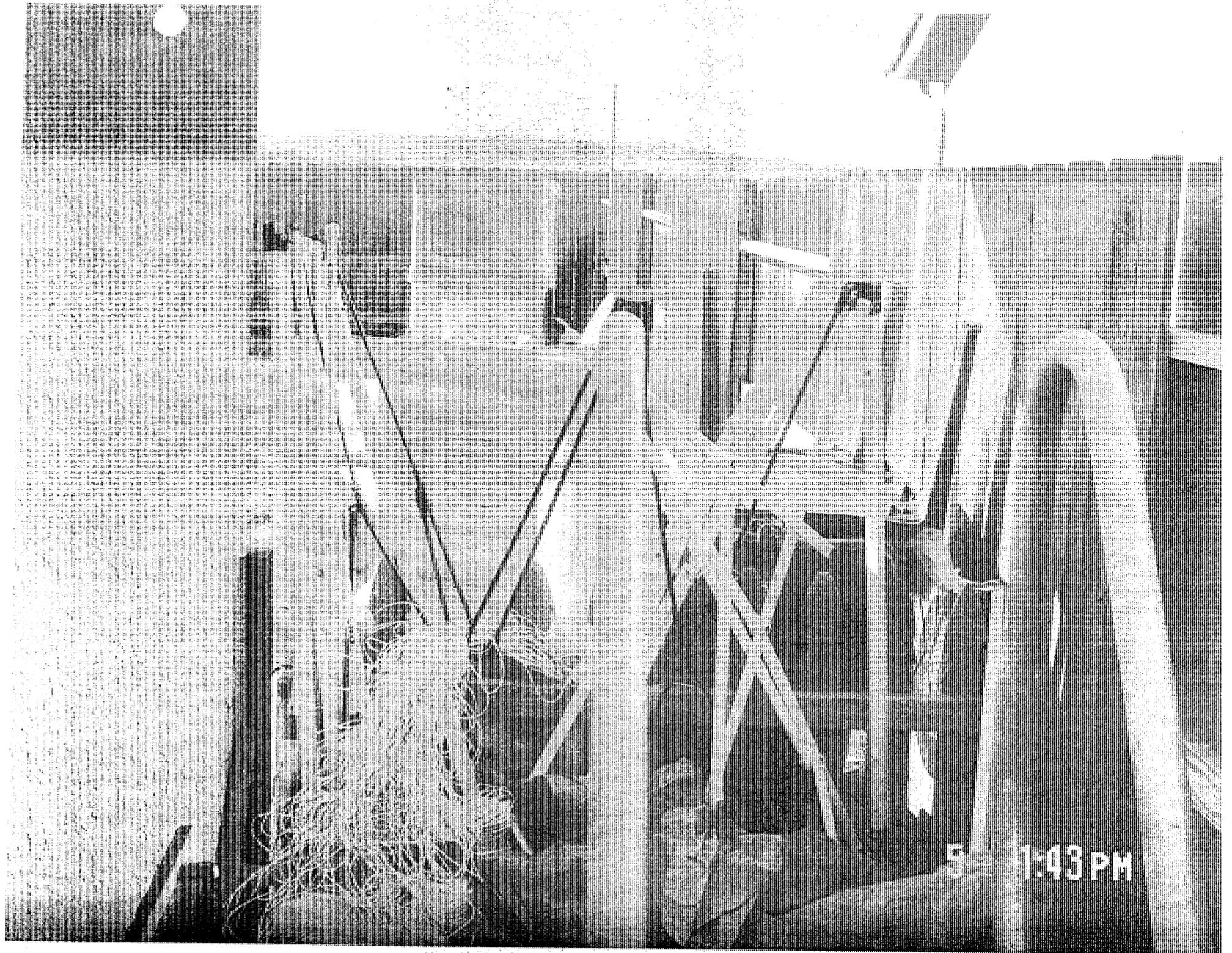


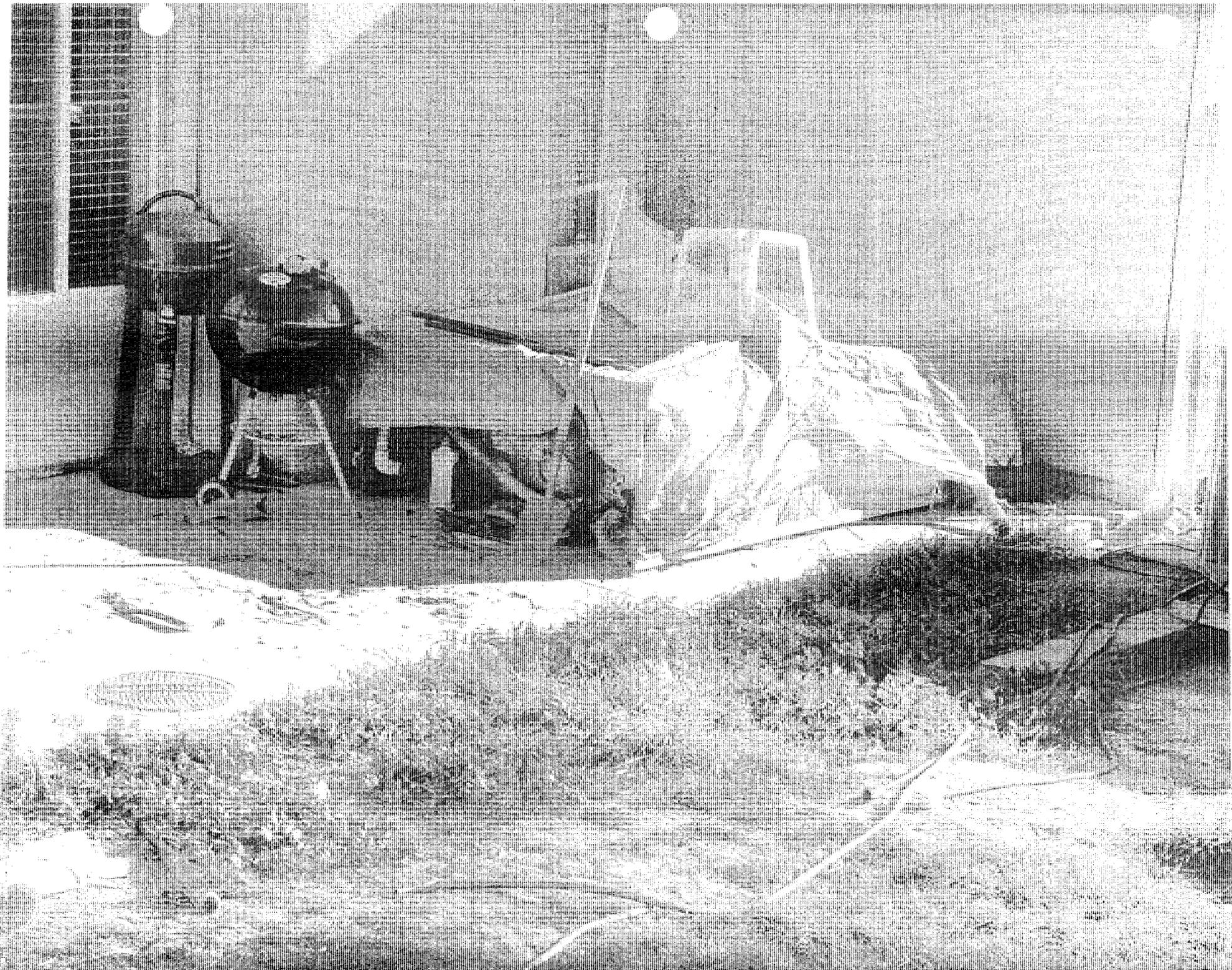






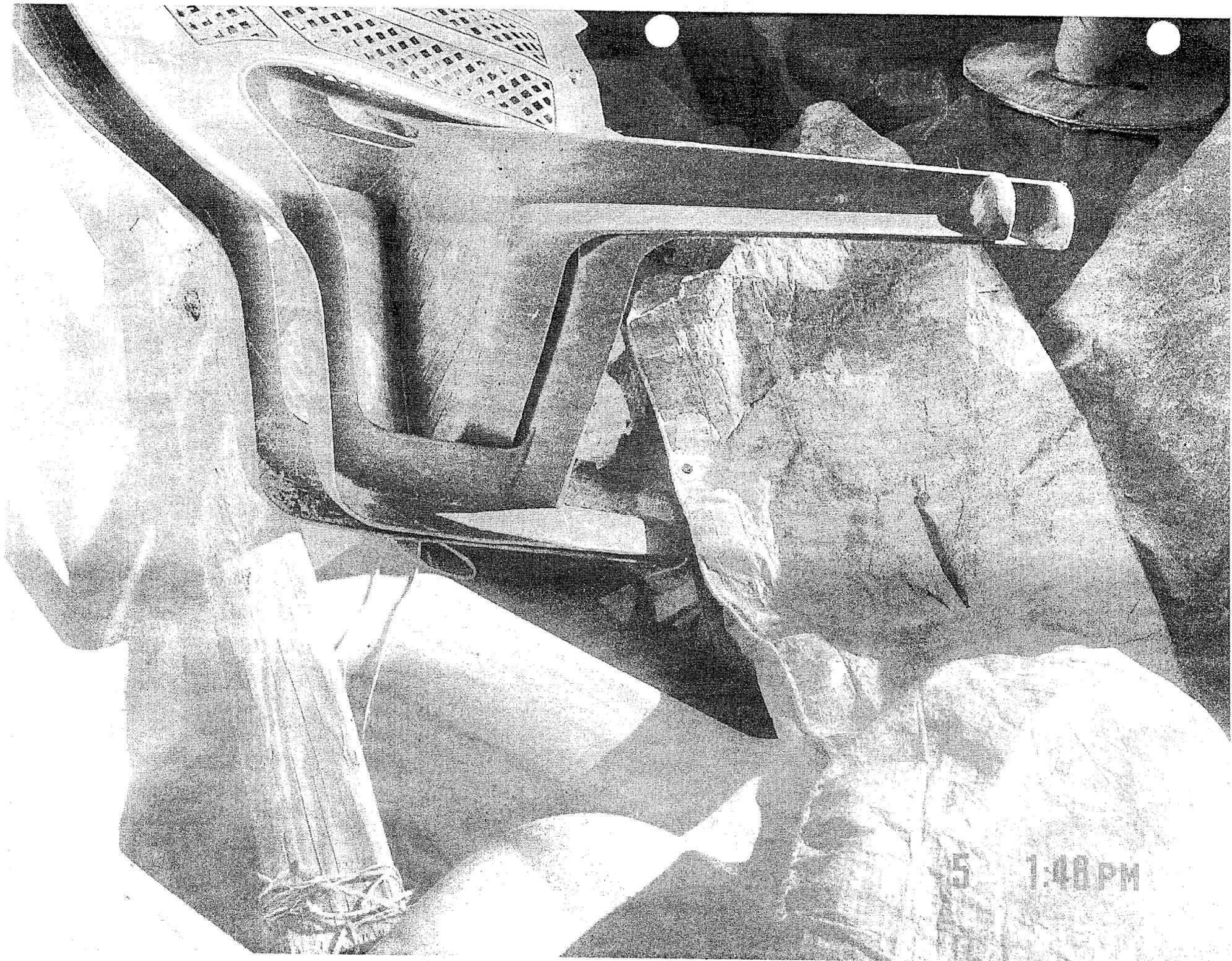




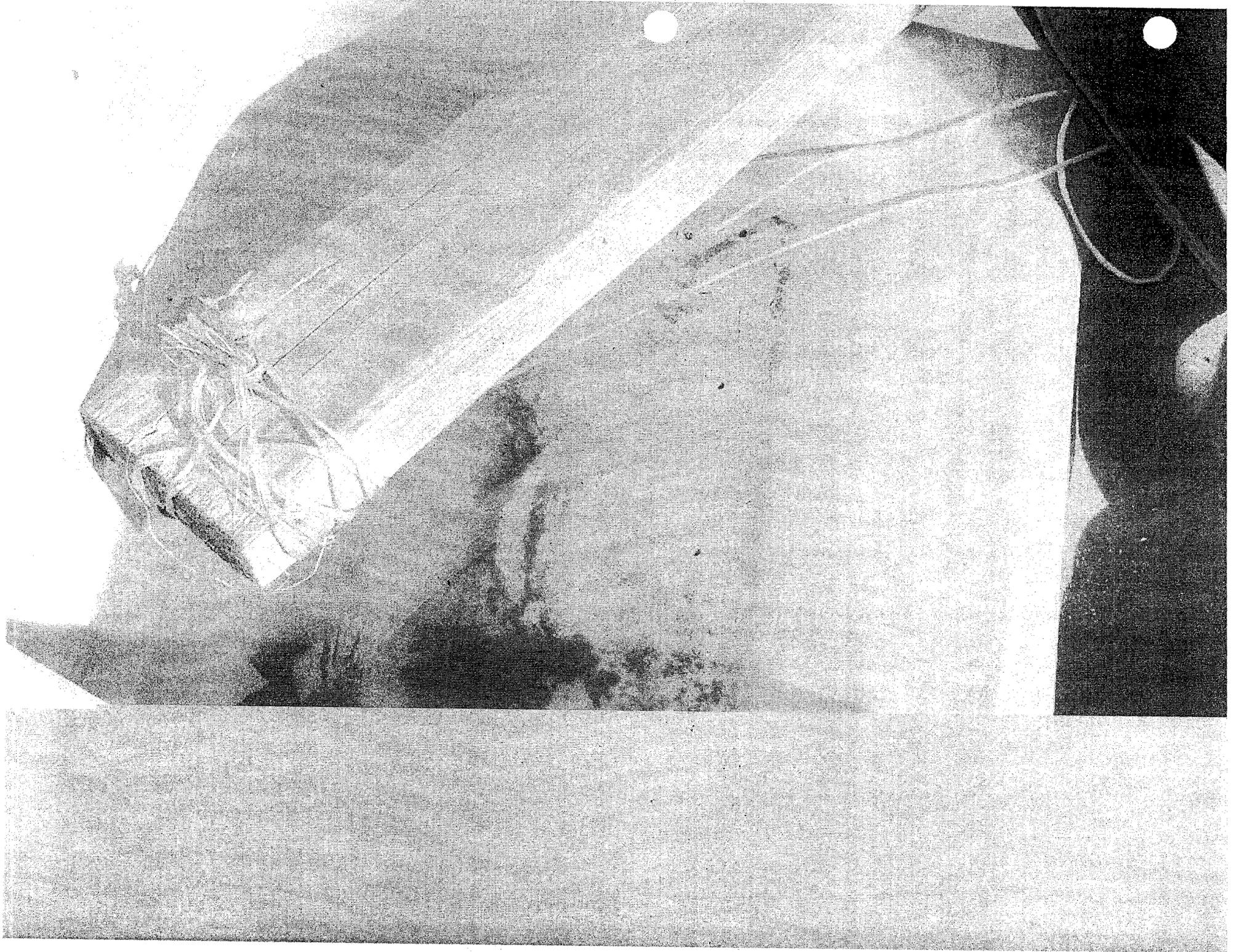




1:45 PM



5 1:48 PM



SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

CHARLES BARKER
2011 YOSEMITE PARK RD.
NEWMAN CA 95360

2. Article
(Trans)

PS Form

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *C. Barker*

- Agent
 Addressee

B. Received by (Printed Name)

Charles Barker

C. Date of Delivery

12/13/07

D. Is delivery address different from item 1? Yes

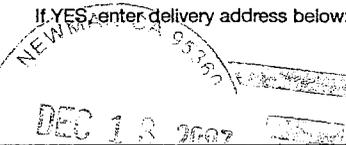
If YES, enter delivery address below: No

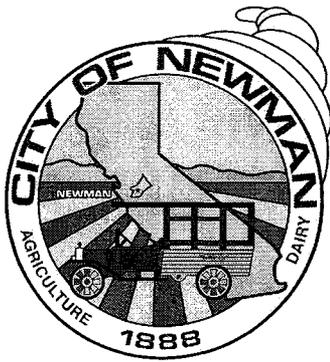
3. Service Type

- Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee)

- Yes





**City of Newman
City Manager's Office
Memorandum**

Date: January 4, 2008

To: City Council

From: Michael E. Holland *MEH*

Subject: Agenda Item 10.a – Presentation by Doug Sweetland regarding the Enterprise Zone.

At the request of the City, Doug Sweetland will conduct a presentation to the City Council discussing the benefits of the Enterprise Zone. Upon conclusion of the presentation, staff seeks Council concurrence that the City and local businesses will benefit from bringing the Enterprise Zone to Newman. Upon receiving concurrence, staff will prepare the necessary documents for proceeding forward with the Enterprise Zone. Prior to submitting the application, staff will request final approval from Council.

Honorable Mayor and Members
Newman City Council

City Council Meeting
of January 8, 2008

**RECEIVE AND FILE THE CERTIFIED AUDITS OF THE CITY OF NEWMAN FOR THE PERIOD
ENDING JUNE 30, 2007**

RECOMMENDATION:

It is recommended that the Newman City Council:

1. Receive and File the Independent Certified Audits for the Newman Redevelopment Agency and the General Purpose Financial Statements of the City of Newman for fiscal year ending June 30, 2007.

BACKGROUND:

Each year the City's financial records are audited by an independent Certified Public Accounting Firm. For the last two years the firm has been Clendenin Bird & Company, LLP., Certified Public Accountants. The firm's Staff Accountant in charge of our audit is Robert Kehl. Using Generally Accepted Accounting Principles (GAAP) and Generally Accepted Auditing Standards, they review our financial records and issue audited financial statements along with their Independent Auditor's Report. These reports are used by the Council, the public, and Bond Rating Agencies to evaluate the fiscal condition of the City.

The Auditor's Report states in part "the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Newman, State of California, as of June 30, 2007, and the respective changes in financial position and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America." The audit is considered an unqualified opinion. An unqualified opinion is the best opinion an independent auditor can give and this is what we want and would expect.

ANALYSIS:

Page 18 of the Financial Statements audit shows the City of Newman General Fund Unreserved and Undesignated Fund Balance at \$2,950,909. Page 21 shows that figure has actually increased from the prior fiscal year by \$765,844. Total General Fund Expenditures were \$3,678,216 so a reserve of \$2,950,909 should be considered a healthy Fund Balance. The City continues to be in good financial condition.

FISCAL IMPACT:

The cost of the audit falls in line with the original budgeted amount.

CONCLUSION:

As stated earlier, the audit is considered an unqualified opinion. An unqualified opinion is the best opinion an independent auditor can give, this is what we want and would expect.

Respectfully Submitted:



Sonya Silva

Accountant

Reviewed/Concur



Michael Holland
City Manager

RESOLUTION NO. 2008-
RDA RESOLUTION NO. 2008-

A RESOLUTION RECEIVING AND ACCEPTING THE GENERAL PURPOSE FINANCIAL STATEMENT, NEWMAN REDEVELOPMENT AGENCY, AND TRANSPORTATION DEVELOPMENT ACT FUNDS AUDIT FOR THE FISCAL YEAR ENDING JUNE 30, 2007

WHEREAS, there has been submitted to the City Council of the City of Newman by CLENDENIN BIRD & COMPANY, LLP, CERTIFIED PUBLIC ACCOUNTANT, the annual General Purpose Financial Statement, Newman Redevelopment Agency and Transportation Development Act Funds Audit for the fiscal year ending June 30, 2007; and

WHEREAS, said Annual Financial Reports have been examined and considered by the City Council of the City of Newman.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Newman that the General Purpose Financial Statement, Newman Redevelopment Agency, And Transportation Development Act Funds Audit of the City of Newman for the fiscal year ended June 30, 2007, submitted by CLENDENIN BIRD & COMPANY, LLP, CERTIFIED PUBLIC ACCOUNTANT, is hereby received and accepted.

The foregoing resolution was introduced at a regular meeting of the City Council of the City of Newman held on the 8th day of January, 2008, by Councilmember _____, who moved its adoption, which motion was duly seconded and it was upon roll call carried and the resolution adopted by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

Mayor of the City of Newman

ATTEST:

Executive Director/Secretary of the RDA

CITY OF NEWMAN
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2007

CITY OF NEWMAN, CALIFORNIA

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CITY OF NEWMAN CALIFORNIA

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1300 10th Street, Ste C
Modesto, Ca 95354
209-526-3091
209-526-2287 fax
cbcpas.com

Gerald L. Clendenin, CPA
Constance Hillas Bird, CPA
Michelle L. Edmiston, CPA
Cathy L. Gatewood, EA

William J. Young
Robert C. Kehl

INDEPENDENT AUDITOR'S REPORT

To The City Council
City Of Newman
State of California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newman, State of California, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Newman, State of California's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information of the City of Newman, State of California, as of June 30, 2007, and the respective changes in financial position and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and Schedule of Funding Progress on Pages 3 through 13 and 58 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2007 on our consideration of the City of Newman's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements of City of Newman, State of California, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Clendenin Bird + Company, PC

CLENDENIN BIRD & COMPANY, PC

Modesto, California
September 30, 2007

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2007

The following discussion provides readers of the City of Newman's financial statements a narrative overview and analysis of the financial activities of the City of Newman for the fiscal year ended June 30, 2007. Please read this document in conjunction with the accompanying Basic Financial Statements.

The City's financial highlights are presented below:

FISCAL YEAR 2007 FINANCIAL HIGHLIGHTS

Financial highlights of fiscal year 2007 include the following:

Entity-wide:

- The City's total net assets were \$28,842,298 as of June 30, 2007. Of this total, \$19,887,410 were Governmental assets and \$8,954,888 were Business-type assets.
- Entity-wide Governmental revenues include program revenues of \$3,307,209 and general revenues and transfers of \$4,395,473 for a total of \$7,702,682.
- Entity-wide Governmental expenses were \$4,954,110.
- Entity-wide Business-type program revenues and interest revenue were \$3,238,927 while Business-type expenses and transfers were \$2,254,626.

Fund Level:

- Governmental Fund balances increased \$1,416,270 in fiscal year 2007
- Governmental Fund revenues decreased \$697,915 in fiscal year 2007.
- Governmental Fund expenditures increased \$1,401,635 in fiscal year 2007.

General Fund:

- General Fund revenues of \$4,263,755 were \$348,150 greater than the prior year.
- General Fund expenditures of \$3,678,216 represented an increase of \$10,198 under the prior year.
- General Fund balance of \$2,950,909 as of June 30, 2007, is up from the fiscal year 2006's fund balance of \$2,185,600.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

This Annual Financial Report is divided into two parts:

- 1) Management's Discussion and Analysis (MD&A);
- 2) The Basic Financial Statements, which include the Entity-wide and the Fund Financial Statements, along with the Notes to these financial statements.

The Basic Financial Statements

The Basic Financial Statements comprise the Entity-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the City's financial activities and financial position.

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2007

The Entity-wide Financial Statements provide a longer-term view of the City's activities as a whole, and comprise the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the City as a whole, including all of its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations.

The Statement of Activities provides information about all of the City's revenues and all of its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains in detail the change in Net Assets for the year.

All of the City's activities are grouped into Government Activities and Business-type Activities, as explained below. The amounts in the Statement of Net Assets and the Statement of Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities for the City as a whole.

The Fund Financial Statements report the City's operations in more detail than the Entity-wide statements and focus primarily on the short-term activities of the City's General Fund and other Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the City and are presented individually, while the activities of Non-major Funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. Major Funds are explained below.

The Entity-wide Financial Statements

Entity-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the City as a whole.

The Statement of Net Assets and the Statement of Activities present information about the following:

- Governmental Activities – All of the City's basic services are considered to be governmental activities. These services are supported by general City revenues such as taxes, and by specific program revenues such as user fees and charges.

The City's governmental activities also include the activities of another separate legal entity, the Redevelopment Agency of the City of Newman. The City is financially accountable for this entity. Please refer to the separately issued financial statements.

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2007

- Business-type Activities – The City's enterprise activities of water and wastewater are reported in this area. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called Major Funds. The concept of Major Funds, and the determination of which are Major Funds, was established by Governmental Accounting Standards Board (GASB) Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented only in a single column. Subordinate schedules present the detail of these Non-major Funds. Major Funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities.

In the City's case, there are three Major Governmental Funds in addition to the General Fund: The Debt Service Fund, Public Facility Improvement Fund and the 1997 Tax Allocation Bonds Fund. Both of the City's Enterprise Funds are reported as Major Funds.

Fund Financial Statements include governmental and proprietary funds as discussed below.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Proprietary Funds Financial Statements are prepared on the full accrual basis, as in the past, and include all of their assets and liabilities, current and long-term.

Comparisons of Budget and Actual financial information are presented only for the General Fund, as required by GASB Statement 34.

FINANCIAL ACTIVITIES OF THE CITY AS A WHOLE

This analysis focuses on the net assets and changes in net assets of the City as a whole. Tables 1, 2 and 3 focus on the City's Governmental Statement of Net Assets and Statement of Activities, while Tables 4 and 5 focus on the City's Business-type Statement of Net Assets and Statement of Activities.

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Fiscal Year Ended June 30, 2007

Governmental Activities

Table 1
Governmental Net Assets at June 30, 2007

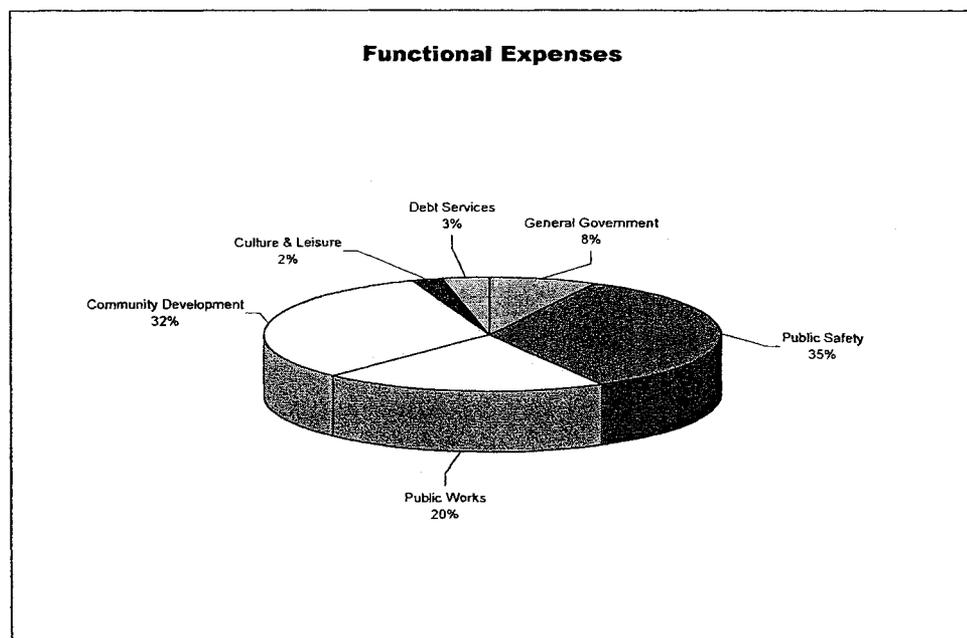
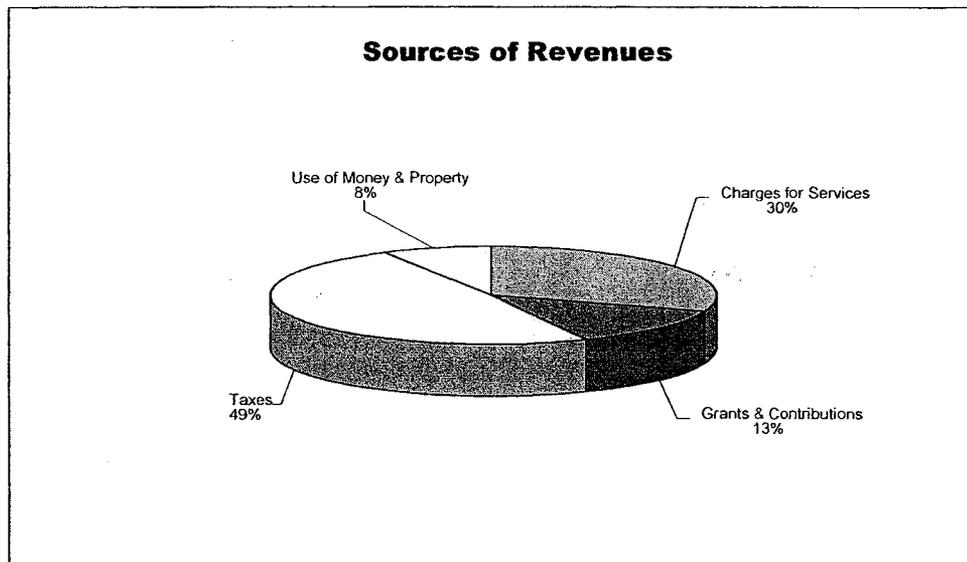
	Governmental Activities 2007	Governmental Activities 2006
Cash and investments	\$ 11,669,161	\$ 10,197,128
Other assets	5,298,903	4,477,541
Capital assets	<u>8,145,201</u>	<u>4,145,958</u>
Total assets	<u>25,113,265</u>	<u>18,820,627</u>
Long-term debt outstanding	3,200,411	3,324,813
Other liabilities	<u>2,025,444</u>	<u>1,163,961</u>
Total liabilities	<u>5,225,855</u>	<u>4,488,774</u>
Net assets:		
Invested in capital assets, net of debt	4,944,790	821,145
Restricted	11,511,688	10,584,222
Unrestricted	<u>3,430,932</u>	<u>2,926,486</u>
Total net assets	<u>\$ 19,887,410</u>	<u>\$ 14,331,853</u>

The City's governmental net assets amounted to \$19,887,410 as of June 30, 2007, an increase of \$5,555,557 over 2006. This increase is the Change in Net Assets reflected in the Governmental Activities column of the Statement of Activities shown in Table 2. The City's net assets as of June 30, 2007 comprised the following:

- Cash and investments comprised \$11,386,565 in the city treasury and \$282,596 of restricted cash and investments. Substantially all of these amounts were held in short term investments in government securities, as detailed in Note 2 to the financial statements.
- Receivables comprised \$717,635 of current receivables and loans receivable for \$4,509,546.
- Capital assets of \$8,145,201, net of depreciation charges, which includes all the City's capital assets used in governmental activities.
- Current liabilities, including accounts payable, claims and other amounts due currently, totaling \$1,940,062.
- Accrued compensated absence liabilities payable to employees of \$85,382, as explained in Note 1G to the financial statements.
- Long-term debt of \$3,200,411 of which \$3,047,999 is due in future years and \$152,412 is due currently.

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2007

- Net assets invested in capital assets, net of related debt, of \$4,944,790, representing the City's investment in capital assets used in Governmental Activities, net of amounts borrowed to finance that investment.
- Restricted net assets totaling \$11,511,688, which may be used only to construct specified capital projects, for debt service, or for community development projects. The restrictions on these funds were placed there by outsiders and cannot be changed by the City.
- Unrestricted net assets, the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. The City had \$3,430,932 of unrestricted net assets as of June 30, 2007.



City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Fiscal Year Ended June 30, 2007

As the Sources of Revenue Chart above shows, \$3,773,999, or 49%, of the City's fiscal year 2007 governmental activities revenue came from taxes, while \$985,039, or 13%, came from grants and contributions, \$2,322,170, or 30%, came from charges for services, and the remainder came from a variety of sources, as shown above.

The Functional Expenses Chart above includes only current year expenses; it does not include capital outlays, which are now added to the City's capital assets. As the Chart shows, general government is \$372,440, or 8%, of total government expenses, community development and planning is \$1,586,829, or 32%, Public Safety is \$1,707,937, or 35%, Culture & Leisure is \$117,421, or 2%, Public Works is 1,005,559, or 20 % and Debt Service is \$163,925 or 3%.

The Statement of Activities presents program revenues and expenses and general revenues in detail. All of these are elements in the Changes in Governmental Net Assets summarized below.

Table 2
 Changes in Governmental Net Assets

	Governmental Activities 2007
<u>Expenses</u>	
General Government	372,440
Public Safety	1,707,937
Public Works	1,005,559
Community Development	1,586,829
Culture and Leisure	117,421
Debt Services	<u>163,925</u>
Total Expenses	<u>4,954,110</u>
<u>Revenues</u>	
Program Revenues:	
Charges for Services	2,322,170
Operating Grants and Contributions	<u>985,039</u>
Total Program Revenues	<u>3,307,209</u>
General Revenues:	
Taxes	3,773,999
Use of Money and Property	620,065
Developer Contributions	2,806,985
Other	<u>1,409</u>
Total General Revenues	<u>4,395,473</u>
Total Revenues	<u>7,702,682</u>
<u>Change in Net Assets</u>	<u>\$ 5,555,557</u>

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Fiscal Year Ended June 30, 2007

As the Sources of Revenue Chart and Table 2 above show, \$3,307,209, or 43%, of the City's fiscal year 2007 governmental revenue, came from program revenues and \$4,395,473, or 57%, came from general revenues such as taxes and interest and transfers.

Program revenues were composed of charges for services of \$2,322,170, which include permit revenues, fees and charges used to fund expenses incurred in providing services; \$430,433 of operating grants and contributions which include gas tax revenues and housing and police grants.

General revenues are not allocable to programs. General revenues are used to pay for the net cost of governmental programs.

Table 3 presents the net (expense) or revenue of each of the City's governmental activities, including interest on long-term debt. Net expense is defined as total program cost less the revenues generated by those specific activities.

Table 3
Governmental Activities

	Net (Expense) Revenue From Services 2007
General Government	\$ 1,193,789
Public Safety	(1,553,255)
Public Works	177,316
Community Development	(1,183,406)
Culture and Leisure	(117,421)
Interest on Long-Term Debt	(163,925)
Totals	\$ (1,646,901)

Business-type Activities

The Statement of Net Assets and Statement of Activities present a summary of the City's Business-type Activities that are composed of the City's enterprise funds.

Table 4
Business-Type Net Assets

	Business- Type 2007	Business- Type 2006
Cash and investments	\$ 7,166,516	\$ 6,253,837
Other assets	250,076	174,922
Capital assets	<u>5,015,957</u>	<u>3,607,361</u>
Total assets	<u>12,432,549</u>	<u>10,036,120</u>
Long-term debt outstanding	3,182,000	3,376,000

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Fiscal Year Ended June 30, 2007

Other liabilities	<u>295,661</u>	<u>143,852</u>
Total liabilities	<u>3,477,661</u>	<u>3,519,852</u>
Net assets:		
Invested in capital assets, net of debt	2,243,957	231,361
Restricted	285,640	287,845
Unrestricted	<u>6,425,291</u>	<u>5,997,062</u>
Total net assets	<u>\$ 8,954,888</u>	<u>\$ 6,516,268</u>

The net assets of business-type activities increased to \$2,438,620 in fiscal year 2007.

Table 5
Changes in Business-Type Net Assets

	Net (Expense) Revenue From Services 2007	Net (Expense) Revenue From Services 2006
Water Fund	\$ 43,957	\$ 272,198
Sewer Fund	<u>\$ 566,357</u>	<u>\$ 508,655</u>
Totals	<u>\$ 610,314</u>	<u>\$ 780,853</u>

Analyses of Major Funds

Governmental Funds

General Fund

General Fund revenues increased \$348,151 this fiscal year due primarily to Property Taxes and Investment Earnings. Budgeted revenues exceeded actual amounts by \$196,021. Property taxes increased \$270,426 as assessed valuations rose driven by new construction. Charges for services were down \$75,538, due to decreases in plan check fees, parks and recreation program fees and franchise fees.

General Fund expenditures were \$3,678,218, an increase of \$15,596 from the prior year. Expenditures were \$193,999 less than budgeted, including savings in costs associated with General Government, Public Works, and Community Development.

As of June 30, 2007, the General Fund's unreserved fund balance totaled \$2,950,909. The unreserved portion of fund balance represents available liquid resources.

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2007

CDBG Fund

This fund is used to account for grants received to loan out low income citizens for first time home purchases and/or housing rehabilitation projects. Also included in this fund are grant funds for the Valley Manor Housing project. Those funds were loaned out and are now reflected on our books as a long term loan receivable.

Public Facility Improvement Fund

This fund accounts for the improvement of public facilities funded by developer fees. In fiscal year 2007, the fund received \$368,328 in developer fees. Developer fee revenue decreased \$431,613 from the prior year due to a decrease in construction projects.

The fund's fiscal year end fund balance of \$3,574,597 represents developer fees that have not yet been expended on public facility projects and improvements.

Proprietary Funds

Water Fund

Revenues increased \$1,273,322 to a total of \$2,229,816 in fiscal year 2007 due to an increase in Developer Fixed Asset Contributions. Expenses also increased \$151,863 to a total of \$785,948. As a result the fund's net assets increased \$1,443,868, to a new total of \$3,120,350.

Sewer Fund

Net assets of the Sewer Fund increased \$994,752 in fiscal year 2007 to a total of \$5,834,538. This increase came from an increase in the customer base due to new development although new development was less than in 2005, and 2006.

As of June 30, 2007, the fund's net assets were \$5,834,538, of which \$907,683 was invested in capital assets, net of related debt, \$285,640 is restricted for Debt Service and \$4,641,215 was unrestricted.

CAPITAL ASSETS

GASB Statement 34 requires the City to record all its capital assets including infrastructure, which was not recorded in prior years. Infrastructure includes roads, bridges, signals and similar assets used by the entire population.

In fiscal year 2007, the City reported the cost of all its infrastructure assets and computed the amount of accumulated depreciation for these assets based on their original acquisition dates. At the end of fiscal year 2007 the cost of infrastructure and other capital assets recorded on the City's financial statements was as shown in Table 6 below:

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Fiscal Year Ended June 30, 2007

Table 6
Capital Assets at Year-end

	Balance at June 30, 2007	Balance at June 30, 2006
<u>Governmental Activities</u>		
Land	\$ 2,130,371	\$ 1,310,841
Streets and Roads	3,418,393	1,599,877
Buildings and Improvements	2,946,721	1,790,898
Construction in Progress	82,981	-
Equipment	2,255,148	1,817,864
Accumulated depreciation	<u>(2,688,413)</u>	<u>(2,373,522)</u>
Governmental activity capital assets, net	<u>\$ 8,145,201</u>	<u>\$ 4,145,958</u>
<u>Business-type Activities</u>		
Land	\$ 1,460,000	\$ 1,460,000
Buildings and Improvements	107,565	107,565
Plant and Equipment	6,940,337	5,333,212
Accumulated depreciation	<u>(3,491,945)</u>	<u>(3,293,416)</u>
Business-type activity capital assets, net	<u>\$ 5,015,957</u>	<u>\$ 3,607,361</u>

Detail on capital assets, current year additions and construction in progress can be found in Note III.

The City depreciates all its capital assets over their estimated useful lives, as required by GASB Statement 34. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on depreciable lives may be found in Note III to the financial statements.

DEBT ADMINISTRATION

The City issued no new bonded debt in fiscal year 2007. The City made all scheduled payments of existing debt. Each of the City's debt issues is discussed in detail in Note III to the financial statements. As of June 30, 2007, the City's debt comprised:

Table 7
Outstanding Debt

	June 30, 2007	June 30, 2006
<u>Governmental Activity Debt:</u>		
<u>Certificates of Participation:</u>		
997 Tax allocation & housing, 5.375%-6.200%, due 8/1/27	\$ 2,980,000	\$ 3,095,000

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Fiscal Year Ended June 30, 2007

Other Long Term Obligations:

Note, 6.50%, no fixed payment schedule	220,411	142,973
Total Governmental Activity Debt	<u>\$ 3,200,411</u>	<u>\$ 3,237,973</u>

Business-type Activity Debt:

Certificates of Participation:

1991 Sewer treatment facility, 4.50%-6.74%, due 5/1/18	\$ 2,315,000	\$ 2,470,000
--	--------------	--------------

Revenue Bonds:

1978 Sewer Revenue Bonds, 5.00%, due in 2018	205,000	217,000
--	---------	---------

1982 Water Revenue Bonds, Series B, 5.00%, due in 2022		
--	--	--

	<u>662,000</u>	<u>689,000</u>
Total Revenue Bonds	<u>867,000</u>	<u>906,000</u>
Total Business-type Activity Debt:	<u>\$ 3,182,000</u>	<u>\$ 3,376,000</u>

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Financial Report is intended to provide citizens, taxpayers, and creditors with a general overview of the City's finances. Questions about this Report should be directed to the City of Newman, at 1162 Main Street, Newman, CA 95360.

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CITY OF NEWMAN
STATEMENTS OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006

	Primary Government		Totals	
	Governmental Activities	Proprietary Activities	2007	2006
ASSETS				
Cash And Investments	11,386,565	6,880,876	18,267,441	15,868,829
Cash With Fiscal Agent	297,496	285,640	583,136	582,136
Accounts Receivable	702,735	250,076	952,811	513,004
Loans Receivable	4,509,546	0	4,509,546	4,084,052
Prepaid Expenses	71,722	0	71,722	55,407
Capital Assets (Net Of Accumulated Depreciation):				
Land	2,130,371	1,460,000	3,590,371	2,770,841
Construction In Progress	82,981	0	82,981	0
Buildings And Improvements	1,810,910	49,210	1,860,120	484,831
Equipment And Vehicles	1,008,039	117,445	1,125,484	804,450
Infrastructure	3,112,900	3,389,302	6,502,202	3,693,197
Total Assets	<u>25,113,265</u>	<u>12,432,549</u>	<u>37,545,814</u>	<u>28,856,747</u>
LIABILITIES				
Accounts Payable And Other				
Current Liabilities	1,940,062	253,726	2,193,788	1,165,630
Compensated Absences	85,382	41,935	127,317	142,183
Long-Term Liabilities:				
Due Within One Year	152,412	206,000	358,412	463,908
Due In More Than One Year	3,047,999	2,976,000	6,023,999	6,236,905
Total Liabilities	<u>5,225,855</u>	<u>3,477,661</u>	<u>8,703,516</u>	<u>8,008,626</u>
NET ASSETS				
Invested In Capital Assets				
Net Of Related Debt	4,944,790	2,243,957	7,188,747	1,052,506
Restricted For:				
Capital Projects	3,988,211	0	3,988,211	6,083,184
Community Development Projects	7,076,104	0	7,076,104	4,206,747
Debt Service	447,373	285,640	733,013	582,136
Unrestricted	3,430,932	6,425,291	9,856,223	8,923,548
Total Net Assets	<u>19,887,410</u>	<u>8,954,888</u>	<u>28,842,298</u>	<u>20,848,121</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

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**CITY OF NEWMAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

Functions/Programs	Expenses	Program Revenues		
		Fines, Fees And Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions
Primary Government:				
Governmental Activities:				
General Government	372,440	1,566,229	0	0
Public Safety	1,707,937	0	153,957	725
Public Works	1,005,558	628,994	0	553,881
Community Development	1,586,829	126,947	276,476	0
Culture And Leisure	117,421	0	0	0
Interest on Long-Term Debt	163,925	0	0	0
Total Governmental Activities	<u>4,954,110</u>	<u>2,322,170</u>	<u>430,433</u>	<u>554,606</u>
Business-Type Activities				
Water Services	785,948	829,905	0	0
Sewer Services	1,467,269	2,033,626	0	0
Total Business-Type Activities	<u>2,253,217</u>	<u>2,863,531</u>	<u>0</u>	<u>0</u>
Total Primary Government	<u>7,207,327</u>	<u>5,185,701</u>	<u>430,433</u>	<u>554,606</u>

General Revenues:

Taxes:

Property Tax

Sales Tax

Motor Vehicle Tax

Franchise Tax

Other Taxes

Investment Earnings

Intergovernmental

Transfers

Developer Contribution

Total General Revenues And Transfers

Change In Net Assets

Net Assets - Beginning

Prior Period Adjustment

Net Assets - Ending

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue And
Changes In Net Assets
Primary Government**

Governmental Activities	Proprietary Activities	Total	
		2007	2006
1,193,789	0	1,193,789	2,112,181
(1,553,255)	0	(1,553,255)	(1,696,839)
177,317	0	177,317	52,369
(1,183,406)	0	(1,183,406)	55,707
(117,421)	0	(117,421)	(129,617)
(163,925)	0	(163,925)	(181,153)
(1,646,901)	0	(1,646,901)	212,648
0	43,957	43,957	272,198
0	566,357	566,357	508,655
0	610,314	610,314	780,853
(1,646,901)	610,314	(1,036,587)	993,501
1,836,712	0	1,836,712	1,357,675
515,857	0	515,857	462,511
886,554	0	886,554	814,981
121,967	0	121,967	235,943
412,909	0	412,909	294,122
620,065	375,396	995,461	413,077
0	0	0	0
1,409	(1,409)	0	0
2,806,985	1,454,319	4,261,304	0
7,202,458	1,828,306	9,030,764	3,578,309
5,555,557	2,438,620	7,994,177	4,571,809
14,331,853	6,516,268	20,848,121	16,078,010
0	0	0	198,302
19,887,410	8,954,888	28,842,298	20,848,121

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
GOVERNMENTAL FUNDS
BALANCE SHEET
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

	<u>General</u>	<u>CDBG</u>	<u>Public Facility Improvement Fund</u>
Assets			
Cash And Investments	3,439,883	109,062	3,575,100
Cash with Fiscal Agent	0	0	0
Accounts Receivable	303,043	166,160	0
Loans Receivable	0	3,947,327	0
Prepaid Expenses	71,722	0	0
Total Assets	<u>3,814,648</u>	<u>4,222,549</u>	<u>3,575,100</u>
Liabilities			
Accounts Payable	234,057	827	503
Compensated Absences	0	0	0
Other Liabilities	629,682	0	0
Total Liabilities	<u>863,739</u>	<u>827</u>	<u>503</u>
Fund Balances			
Reserved	0	0	0
Unreserved	2,950,909	4,221,722	3,574,597
Total Fund Balances	<u>2,950,909</u>	<u>4,221,722</u>	<u>3,574,597</u>
Total Liabilities And Fund Balances	<u>3,814,648</u>	<u>4,222,549</u>	<u>3,575,100</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Redevelopment Capital Fund	Storm Drain Fund	Other Funds	Total Governmental Funds	
			2007	2006
1,785,879	204,259	2,272,382	11,386,565	9,902,837
282,596	0	0	282,596	294,291
31,374	0	217,058	717,635	338,082
562,219	0	0	4,509,546	4,084,052
0	0	0	71,722	55,407
<u>2,662,068</u>	<u>204,259</u>	<u>2,489,440</u>	<u>16,968,064</u>	<u>14,674,669</u>
0	26,780	167,104	429,271	278,122
0	0	0	0	0
0	770,563	110,546	1,510,791	784,816
0	797,343	277,650	1,940,062	1,062,938
0	0	0	0	0
<u>2,662,068</u>	<u>(593,084)</u>	<u>2,211,790</u>	<u>15,028,002</u>	<u>13,611,731</u>
<u>2,662,068</u>	<u>(593,084)</u>	<u>2,211,790</u>	<u>15,028,002</u>	<u>13,611,731</u>
<u>2,662,068</u>	<u>204,259</u>	<u>2,489,440</u>	<u>16,968,064</u>	<u>14,674,669</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007**

Total fund balances - governmental funds 15,028,002

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	2,130,371	
Construction In Progress	82,981	
Infrastruture net of \$305,493 accumulated depreciation	3,112,900	
Buildings and Improvements, net of \$1,135,811 accumulated depreciation	1,810,910	
Equipment and Vehicles, net of \$1,247,109 accumulated depreciation	<u>1,008,039</u>	
Total capital assets		8,145,201

Long-term liabilities applicable to the City's governmental activities are due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.

Notes payable	(3,200,411)	
Compensated absences	<u>(85,382)</u>	
Total long-term liabilities		<u>(3,285,793)</u>

Total net assets - governmental activities		<u><u>19,887,410</u></u>
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SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

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CITY OF NEWMAN
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006

	<u>General</u>	<u>CDBG</u>	<u>Public Facility Improvement Fund</u>
Revenues			
Property Tax	815,487	0	0
Sales Tax	515,857	0	0
Other Tax And Franchises	1,057,830	0	0
Licenses And Permits	299,452	0	0
Fines And Forfeitures	59,629	0	0
Investment Earnings	177,221	31,367	187,864
Intergovernmental	143,947	264,855	0
Impact Fees	0	0	368,328
Service Charges And Miscellaneous	1,194,332	0	0
Total Revenues	<u>4,263,755</u>	<u>296,222</u>	<u>556,192</u>
Expenditures			
Current			
General Government	313,949	0	0
Public Safety	1,639,962	0	0
Public Works	633,673	0	136,847
Community Development	971,371	152,621	0
Culture And Leisure	107,541	0	0
Debt Service			
Principal	0	0	0
Interest & Other Charges	0	0	0
Capital Outlay	11,720	0	0
Total Expenditures	<u>3,678,216</u>	<u>152,621</u>	<u>136,847</u>
Excess (Deficiency) Of Revenues			
Over Expenditures	<u>585,538</u>	<u>143,601</u>	<u>419,345</u>
Other Financing Sources (Uses)			
Operating Transfers In	180,306	0	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	<u>180,306</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balances	765,844	143,601	419,345
Fund Balance - Beginning	2,185,065	4,078,121	3,155,252
Prior Period Adjustment	0	0	0
Fund Balance- Ending	<u>2,950,909</u>	<u>4,221,722</u>	<u>3,574,597</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Redevelopment Agency Fund	Storm Drain Fund	Other Funds	Total Governmental Funds	
			2007	2006
1,021,225	0	0	1,836,712	1,357,675
0	0	0	515,857	462,510
0	0	363,600	1,421,430	1,345,046
0	0	12,815	312,267	279,412
0	0	0	59,629	93,013
94,725	9,928	118,960	620,065	256,494
10,010	0	566,227	985,039	1,981,822
0	33,089	107,622	509,039	1,111,513
126,947	4,443	115,512	1,441,234	1,511,703
<u>1,252,907</u>	<u>47,460</u>	<u>1,284,736</u>	<u>7,701,272</u>	<u>8,399,188</u>
0	0	15,848	329,797	352,540
0	0	4,118	1,644,080	1,641,545
0	18,900	20,890	810,310	684,816
249,728	0	224,994	1,598,714	1,464,778
0	0	0	107,541	122,107
	0	0		
201,840	0	0	201,840	116,470
163,925	0	0	163,925	181,153
10,000	777,653	630,830	1,430,203	321,368
<u>625,493</u>	<u>796,553</u>	<u>896,680</u>	<u>6,286,410</u>	<u>4,884,777</u>
<u>627,414</u>	<u>(749,093)</u>	<u>388,056</u>	<u>1,414,862</u>	<u>3,514,411</u>
0	0	1,409	181,714	514,411
0	0	(180,306)	(180,306)	(536,574)
0	0	(178,897)	1,409	(22,163)
627,414	(749,093)	209,160	1,416,271	3,492,279
2,034,654	156,009	2,002,630	13,611,731	8,829,473
0	0	0	0	1,289,979
<u>2,662,068</u>	<u>(593,084)</u>	<u>2,211,790</u>	<u>15,028,002</u>	<u>13,611,731</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

Net change in fund balances - total governmental funds 1,416,270

The changes in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$1,460,994) exceeded depreciation (\$314,891) in the current period 1,146,103

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and contributions) is to increase net assets. 2,806,985

Repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions do not have any affect on net assets. 201,840

The recording of accrued compensated absences does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds. The liability is included in the statement of activities. (15,641)

Changes in net assets of governmental activities 5,555,557

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**CITY OF NEWMAN
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

	2007				
	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)	2006 Actual
	Original	Final			
REVENUES					
Property Tax	555,574	728,494	815,487	86,993	545,061
Sales Tax	478,055	520,055	515,857	(4,198)	462,510
Other Tax And Franchise Fees	977,418	1,042,768	1,057,830	15,062	1,050,924
Licenses And Permits	643,600	352,600	299,452	(53,148)	251,137
Intergovernmental	100,000	140,000	143,947	3,947	164,249
Fines And Forfeitures	35,000	47,000	59,629	12,629	93,013
Investment Earnings	100,000	100,000	177,221	77,221	72,910
Service Charges And Miscellaneous	<u>1,077,439</u>	<u>1,136,818</u>	<u>1,194,332</u>	<u>57,514</u>	<u>1,269,870</u>
Total Revenues	<u>3,967,086</u>	<u>4,067,735</u>	<u>4,263,755</u>	<u>196,020</u>	<u>3,909,674</u>
EXPENDITURES					
General Government	367,280	364,790	313,949	(50,841)	319,013
Public Safety	1,784,137	1,743,636	1,639,962	(103,674)	1,589,805
Public Works	657,728	640,589	633,673	(6,916)	563,041
Community Development	1,229,063	993,104	971,371	(21,733)	997,517
Recreation And Leisure	117,968	115,098	107,541	(7,557)	113,684
Capital Outlay	<u>20,150</u>	<u>15,000</u>	<u>11,720</u>	<u>(3,280)</u>	<u>79,562</u>
Total Expenditures	<u>4,176,326</u>	<u>3,872,217</u>	<u>3,678,216</u>	<u>(194,001)</u>	<u>3,662,622</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>(209,240)</u>	<u>195,518</u>	<u>585,538</u>	<u>390,020</u>	<u>247,052</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	166,540	166,540	180,306	13,766	149,619
Transfers Out	<u>(130,859)</u>	<u>(17,205)</u>	<u>0</u>	<u>17,205</u>	<u>0</u>
Total Other Financing Sources And (Uses)	<u>35,681</u>	<u>149,335</u>	<u>180,306</u>	<u>30,971</u>	<u>149,619</u>
Net Change In Fund Balance	<u>(173,559)</u>	<u>344,853</u>	<u>765,844</u>	<u>420,991</u>	<u>396,671</u>
Fund Balance - Beginning	<u>2,185,065</u>	<u>2,185,065</u>	<u>2,185,065</u>	<u>0</u>	<u>1,788,394</u>
Fund Balance - Ending	<u>2,011,506</u>	<u>2,529,918</u>	<u>2,950,909</u>	<u>420,991</u>	<u>2,185,065</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

	2007			Variance With Final Budget Over (Under)	2006 Actual
	Budgeted Amounts		Actual		
	Original	Final			
General Government					
City Council	50,524	50,524	50,960	436	38,548
City Manager	101,509	100,009	97,724	(2,285)	93,743
City Clerk	49,757	48,767	39,755	(9,012)	35,942
Finance And Treasurer	169,490	169,490	128,909	(40,581)	150,780
Total General Government	<u>371,280</u>	<u>368,790</u>	<u>317,348</u>	<u>(51,442)</u>	<u>319,013</u>
Public Safety					
Police	1,679,449	1,638,948	1,560,057	(78,891)	1,487,283
Fire	104,688	104,688	79,905	(24,783)	102,522
Total Public Safety	<u>1,784,137</u>	<u>1,743,636</u>	<u>1,639,962</u>	<u>(103,674)</u>	<u>1,589,805</u>
Public Works					
Government Buildings	74,841	75,991	56,465	(19,526)	25,204
Government Auxiliary	139,885	139,885	151,192	11,307	128,111
Street Maintenance	261,061	261,082	261,803	721	250,886
Parks	188,091	164,631	164,213	(418)	233,016
Total Public Works	<u>663,878</u>	<u>641,589</u>	<u>633,673</u>	<u>(7,916)</u>	<u>637,217</u>
Community Development					
Planning	138,107	142,141	107,964	(34,177)	116,476
Building Regulation	518,156	278,163	265,830	(12,333)	301,676
Refuse Disposal	546,000	546,000	592,034	46,034	571,632
Corporation Yard	4,300	4,300	4,169	(131)	3,564
Engineering	25,000	25,000	2,747	(22,253)	9,555
Total Community Development	<u>1,231,563</u>	<u>995,604</u>	<u>972,744</u>	<u>(22,860)</u>	<u>1,002,903</u>
Recreation And Leisure					
Recreation	125,468	122,598	114,489	(8,109)	113,684
Total Culture And Leisure	<u>125,468</u>	<u>122,598</u>	<u>114,489</u>	<u>(8,109)</u>	<u>113,684</u>
Total General Fund	<u>4,176,326</u>	<u>3,872,217</u>	<u>3,678,216</u>	<u>(194,001)</u>	<u>3,662,622</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
CDBG SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

	2007				
	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)	2006 Actual
	Original	Final			
REVENUES					
Interest Income	35,370	35,370	31,367	(4,003)	13,163
Intergovernmental	850,000	850,000	264,855	(585,145)	1,222,307
Total Revenues	<u>885,370</u>	<u>885,370</u>	<u>296,222</u>	<u>(589,148)</u>	<u>1,235,470</u>
EXPENDITURES					
Supplies And Services	995,400	995,400	152,621	(842,779)	115,449
Capital Outlay	5,000	5,000	0	(5,000)	0
Total Expenditures	<u>1,000,400</u>	<u>1,000,400</u>	<u>152,621</u>	<u>(847,779)</u>	<u>115,449</u>
Excess (Deficiency) Of Revenues Over Expenditures	(115,030)	(115,030)	143,601	258,631	1,120,021
OTHER FINANCING SOURCES (USES)					
Transfers In	0	0	0	0	0
Transfers Out	0	0	0	0	0
Total Other Financing Sources And (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balance	(115,030)	(115,030)	143,601	258,631	1,120,021
Fund Balance - Beginning	4,078,121	4,078,121	4,078,121	0	2,045,911
Prior Period Adjustment	0	0	0	0	912,189
Fund Balance - Ending	<u>3,963,091</u>	<u>3,963,091</u>	<u>4,221,722</u>	<u>258,631</u>	<u>4,078,121</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
REDEVELOPMENT AGENCY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

	2007					2006 Actual
	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)		
	Original	Final				
REVENUES						
Interest Income	55,709	55,709	94,725	39,016		53,086
Property Taxes	796,475	906,475	1,021,225	114,750		812,614
Intergovernmental	13,000	13,000	10,010	(2,990)		10,605
Miscellaneous Revenues	153,677	153,677	126,947	(26,730)		51,868
Total Revenues	<u>1,018,861</u>	<u>1,128,861</u>	<u>1,252,907</u>	<u>124,046</u>		<u>928,173</u>
EXPENDITURES						
Salaries And Benefits	98,094	97,340	76,005	(21,335)		81,032
Supplies And Services	158,628	170,632	173,723	3,091		172,187
Capital Outlay	10,000	10,000	10,000	0		0
Debt Service						
Principal	127,935	210,311	201,840	(8,471)		116,470
Interest & Other Charges	162,938	162,938	163,925	987		181,153
Total Expenditures	<u>557,595</u>	<u>651,221</u>	<u>625,493</u>	<u>(25,728)</u>		<u>550,842</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>461,266</u>	<u>477,640</u>	<u>627,414</u>	<u>149,774</u>		<u>377,331</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	0	0	0	0		0
Transfers Out	(200,000)	(200,000)	0	200,000		(300,292)
Total Other Financing Sources And (Uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>0</u>	<u>200,000</u>		<u>(300,292)</u>
Net Change In Fund Balance	261,266	277,640	627,414	349,774		77,039
Fund Balance - Beginning	2,034,654	2,034,654	2,034,654	0		1,579,825
Prior Period Adjustment	0	0	0	0		377,790
Fund Balance - Ending	<u>2,295,920</u>	<u>2,312,294</u>	<u>2,662,068</u>	<u>349,774</u>		<u>2,034,654</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
STORM DRAIN CAPTIAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

	2007				
	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)	2006 Actual
	Original	Final			
REVENUES					
Interest Income	5,500	5,500	9,928	4,428	3,032
Impact Fees	60,050	30,025	33,089	3,064	49,884
Service Charges And Miscellaneous	<u>0</u>	<u>0</u>	<u>4,443</u>	<u>4,443</u>	<u>5,418</u>
Total Revenues	<u>65,550</u>	<u>35,525</u>	<u>47,460</u>	<u>11,935</u>	<u>58,334</u>
EXPENDITURES					
Supplies And Services	100,000	100,000	18,900	(81,100)	0
Capital Outlay	<u>0</u>	<u>0</u>	<u>777,653</u>	<u>777,653</u>	<u>0</u>
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>796,553</u>	<u>696,553</u>	<u>0</u>
Excess (Deficiency) Of Revenues Over Expenditures	(34,450)	(64,475)	(749,093)	(684,618)	<u>58,334</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	0	0	0	0	0
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources And (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balance	(34,450)	(64,475)	(749,093)	(684,618)	58,334
Fund Balance - Beginning	<u>2,045,911</u>	<u>2,045,911</u>	<u>156,009</u>	<u>(1,889,902)</u>	<u>97,675</u>
Fund Balance - Ending	<u>2,011,461</u>	<u>1,981,436</u>	<u>(593,084)</u>	<u>0</u>	<u>156,009</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF NEWMAN
PUBLIC FACILITY IMPROVEMENT CAPITAL PROJECTS FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006

	2007				
	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)	2006 Actual
	Original	Final			
REVENUES					
Interest Income	140,000	140,000	187,864	47,864	74,429
Impact Fees	<u>1,084,340</u>	<u>542,169</u>	<u>368,328</u>	(173,841)	<u>799,941</u>
Total Revenues	<u>1,224,340</u>	<u>682,169</u>	<u>556,192</u>	(125,977)	<u>874,370</u>
EXPENDITURES					
Salaries And Benefits	0	0	0	0	0
Supplies And Services	240,000	240,000	136,847	(103,153)	133,552
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,564</u>
Total Expenditures	<u>240,000</u>	<u>240,000</u>	<u>136,847</u>	(103,153)	<u>142,116</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>984,340</u>	<u>442,169</u>	<u>419,345</u>	(22,824)	<u>732,254</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	0	0	0	0	0
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources And (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balance	984,340	442,169	419,345	(22,824)	732,254
Fund Balance - Beginning	2,422,998	2,422,998	3,155,252	732,254	2,422,998
Prior Period Adjustment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - Ending	<u>3,407,338</u>	<u>2,865,167</u>	<u>3,574,597</u>	<u>709,430</u>	<u>3,155,252</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 FOR THE ENDED JUNE 30, 2007
 WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

Business-Type Activities-Enterprise Funds

	Sewer Fund	Water Fund	Totals	
			2007	2006
Assets				
Cash And Investments	5,007,733	1,873,143	6,880,876	5,965,992
Cash With Fiscal Agent	285,640	0	285,640	287,845
Accounts Receivable	178,895	71,181	250,076	174,922
Fixed Assets	5,824,595	2,683,307	8,507,902	6,900,777
Accumulated Depreciation	(2,806,912)	(685,033)	(3,491,945)	(3,293,416)
Due From Other Funds	0	0	0	0
Total Assets	<u>8,489,951</u>	<u>3,942,598</u>	<u>12,432,549</u>	<u>10,036,120</u>
Liabilities				
Accounts Payable	110,566	21,215	131,781	86,983
Customer Deposits	0	20,955	20,955	15,709
Compensated Absences	24,847	17,088	41,935	41,160
Other Liabilities	0	100,990	100,990	0
Loan Payable	2,315,000	0	2,315,000	2,470,000
Bond Payable	205,000	662,000	867,000	906,000
Total Liabilities	<u>2,655,413</u>	<u>822,248</u>	<u>3,477,661</u>	<u>3,519,852</u>
Net Assets				
Invested In Capital Assets, Net Of Related Debt	907,683	1,336,274	2,243,957	231,361
Restricted For Debt Service	285,640	0	285,640	287,845
Unrestricted	<u>4,641,215</u>	<u>1,784,076</u>	<u>6,425,291</u>	<u>5,997,062</u>
Total Net Assets	<u>5,834,538</u>	<u>3,120,350</u>	<u>8,954,888</u>	<u>6,516,268</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
 FOR THE ENDED JUNE 30, 2007
 WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

	Business-Type Activities-Enterprise Funds			
	Sewer Fund	Water Fund	Totals	
			2007	2006
Operating Revenues				
Service Charges	1,432,114	693,213	2,125,327	2,134,544
Miscellaneous Revenues	116,094	709	116,803	298,541
Total Operating Revenues	<u>1,548,208</u>	<u>693,922</u>	<u>2,242,130</u>	<u>2,433,085</u>
Operating Expenses				
Employee Services	403,452	279,992	683,444	685,464
Supplies And Services	803,136	401,583	1,204,719	1,009,123
Depreciation	127,931	70,598	198,529	160,011
Total Operating Expenses	<u>1,334,519</u>	<u>752,173</u>	<u>2,086,692</u>	<u>1,854,598</u>
Operating Income (Loss)	<u>213,689</u>	<u>(58,251)</u>	<u>155,438</u>	<u>578,487</u>
Nonoperating Revenues (Expenses)				
Investment Earnings	283,089	92,307	375,396	156,583
Connection Fees	251,640	109,710	361,350	239,175
Development Fees	233,778	26,273	260,051	138,037
Development Contribution	146,715	1,307,604	1,454,319	0
Interest Expense	(132,750)	(33,775)	(166,525)	(174,847)
Total Nonoperating Revenues (Expenses)	<u>782,472</u>	<u>1,502,119</u>	<u>2,284,591</u>	<u>358,948</u>
Income Before Transfers	<u>996,161</u>	<u>1,443,868</u>	<u>2,440,029</u>	<u>937,435</u>
Operating Transfer In	0	0	0	22,132
Operating Transfer Out	(1,409)	0	(1,409)	0
Total Other Financing Sources (Uses)	<u>(1,409)</u>	<u>0</u>	<u>(1,409)</u>	<u>22,132</u>
Change In Net Assets	994,752	1,443,868	2,438,620	959,567
Total Net Assets - Beginning	4,839,786	1,676,482	6,516,268	5,730,648
Prior Period Adjustment	<u>0</u>	<u>0</u>	<u>0</u>	<u>(173,947)</u>
Total Net Assets - Ending	<u><u>5,834,538</u></u>	<u><u>3,120,350</u></u>	<u><u>8,954,888</u></u>	<u><u>6,516,268</u></u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE ENDED JUNE 30, 2007
 WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

Business-Type Activities-Enterprise Funds

	Sewer Fund	Water Fund	Totals	
			2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts From Customers And Users	1,479,197	693,025	2,172,222	2,477,316
Payments To Suppliers	(759,295)	(400,626)	(1,159,920)	(944,271)
Payments To Employees	(402,241)	(280,428)	(682,669)	(680,341)
Net Cash Provided By Operating Activities	<u>317,661</u>	<u>11,971</u>	<u>329,632</u>	<u>852,704</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer Ins	0	0	0	101,593
Transfer Out	(1,409)	0	(1,409)	(76,592)
Net Cash Provided (Used) By Capital And Related Financing Activities	<u>(1,409)</u>	<u>0</u>	<u>(1,409)</u>	<u>25,001</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Connection Fees	251,640	109,710	361,350	239,175
Development Fees	233,778	26,273	260,051	138,037
Purchase Of Capital Assets	(45,249)	(6,568)	(51,817)	(43,387)
Principal Paid On Capital Debt	(167,000)	(27,000)	(194,000)	(187,000)
Interest Paid On Capital Debt	(132,750)	(33,775)	(166,525)	(174,847)
Net Cash Provided (Used) By Capital And Related Financing Activities	<u>140,419</u>	<u>68,640</u>	<u>209,059</u>	<u>(28,022)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	<u>283,089</u>	<u>92,307</u>	<u>375,396</u>	<u>155,708</u>
Net Cash Provided By Investing Activities	<u>283,089</u>	<u>92,307</u>	<u>375,396</u>	<u>155,708</u>
Net Increase In Cash And Cash Equivalents	739,760	172,919	912,679	1,005,391
Cash And Equivalents, July 1	<u>4,553,613</u>	<u>1,700,224</u>	<u>6,253,837</u>	<u>5,248,445</u>
Cash And Equivalents, June 30	<u><u>5,293,373</u></u>	<u><u>1,873,143</u></u>	<u><u>7,166,516</u></u>	<u><u>6,253,837</u></u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Reconciliation Of Operating Income To

Net Cash Provided (Used) By Operating Activities	Sewer	Water	Totals	
	Fund	Fund	2007	2006
Operating Income	<u>213,689</u>	<u>(58,251)</u>	<u>155,438</u>	<u>578,488</u>
Adjustments To Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities				
Depreciation Expense	127,931	70,598	198,529	160,011
(Increase) Decrease In Accounts Receivable	(69,010)	(6,144)	(75,154)	42,285
Increase (Decrease) In Accounts Payable	43,840	958	44,798	64,851
Compensated Absences	1,211	(436)	775	5,123
Customer Deposits	<u>0</u>	<u>5,246</u>	<u>5,246</u>	<u>1,947</u>
Net Cash Provided (Used) By Operating Activities	<u><u>317,661</u></u>	<u><u>11,971</u></u>	<u><u>329,632</u></u>	<u><u>852,704</u></u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Newman, California (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management and Discussion and Analysis (MD&A) section providing an analysis of the City’s overall financial position and results of operations.
- Financial statements prepared using the full accrual accounting for all of the City’s activities, except for infrastructure (roads, streets, bridges, etc.)
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The more significant of the City’s accounting policies are described below:

A. Financial Reporting Entity

The accompanying basic financial statements present the financial activity of the City of Newman (primary government) and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Discretely presented component units represent other legally separate organizations for which the primary government is financially accountable or for which the nature and significance of their relationship to the primary government are such that exclusion would cause the City’s reporting entity to be misleading or incomplete. The City’s component units are blended; there are no discretely presented component units in the Financial Reporting Entity.

City of Newman

The City (primary government) was incorporated on June 10, 1908 under the general laws of the State of California. The City provides the full range of municipal services as contemplated by statute. Services provided include sewer, water, public safety (police, fire and civil defense), street construction and maintenance, culture-recreation, public improvements, planning and zoning, and general administrative and support services.

The City operates under a Council-Manager form of government. The City Council consists of four members elected at large for overlapping four year terms. The Mayor is elected to the City Council for a two year term. The City Council appoints a City Manager and City Attorney.

CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

In addition to sitting as the governing board of the City, the City Council also acts as the Board of Directors of one blended component unit: the Redevelopment Agency of the City of Newman.

Blended Component Unit. The Redevelopment Agency serves all the citizens of the City of Newman. The Redevelopment Agency is reported as a capital project fund.

Complete financial statements of the Redevelopment Agency may be obtained at the offices of the City of Newman.

B. Government-wide and fund financial statements.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of

CITY OF NEWMAN
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the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes and taxpayer-assessed tax revenues (e.g., franchise taxes, sales taxes, motor vehicle fees, etc.) net of estimated refunds and uncollectible amounts, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the City. The City reports the following major governmental funds:

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.

The **CDBG Fund** - To account for federal grants and other monies received and disbursed under the Housing and Community Development Act, to assist low and moderate income groups in obtaining loans to purchase their first home and rehabilitate or revitalize their homes.

The **Public Facility Improvement Fund**- To account for development impact fees collected. These fees are used for infrastructure and capital expenditure resulting from new developments.

Storm Drain- To account for impact fees charged to development to pay for facilities impacted by the development project.

Redevelopment Agency/Housing- Redevelopment Agency accounts for the collection of property tax revenues used for the administration of the agency and development within the designated redevelopment area. Redevelopment Housing accounts for 20% of the property tax revenues collected for the Redevelopment Agency, these funds are restricted for low and moderate income housing projects within the designated redevelopment area.

The city reports the following major proprietary funds.

The **Water Fund** accounts for the activities of the City's water service.

The **Sewer Fund** accounts for the activities of the City's sewer service.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers and applicants, for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and

CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
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contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principle operating revenues of the enterprise and internal service funds are charges for sales and services. Operating expenses for enterprise funds include salaries and employee benefits, maintenance and operation of systems and facilities, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

D. Assets, Liabilities, Net Assets or Equity

1. Cash and Investments

In order to maximize the flexibility of its investment program and to aid in cash budgeting, the City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. As the City places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated quarterly. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

In accordance with the State of California Government Code, the City adopts an investment policy annually that, among other things, authorizes types of investments. Authorized investments include:

- Securities of the U.S. government or its agencies
- Certificates of Deposit (or time deposits) placed with commercial banks and/or savings and loan associations
- Bankers Acceptances
- State Treasurer's Local Agency Investment Fund (LAIF)
- Passbook savings account demand deposits
- Small Business Administration Loans
- Other products which are totally guaranteed and insured by the U.S government.

Investments for the City are reported at fair value. LAIF operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
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For purposes of the statement of cash flows, the city has defined cash and cash equivalents to be change and petty cash funds, equity in the City's cash and investment pool and restricted, non-pooled investment with initial maturities of three months or less.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and tax receivables are shown net of an allowance for uncollectible accounts and estimated refunds due.

3. Property Taxes

Property taxes are levied on the first day of March by the county assessor, and are payable to the county tax collector in two installments.

The first installment is due November 1st, and is delinquent on December 10th, the second installment is due February 1st and is delinquent on April 10th. Taxes become a lien on the property on March 1st, and on the date of transfer of title, and the date of new construction.

The minimum property value which is taxed is \$2,000; however, tax bills are prepared for properties valued at less than \$2,000 if there is a special assessment to be collected. Article 13A of the California Constitution states, "The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property. The one percent tax is to be collected by the counties and apportioned according to law to the districts within the counties."

The City has elected under state law (TEETER) to receive all of the annual property assessments in three installments as follows:

December	55%
April	40%
June	<u>5%</u>
	<u>100%</u>

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
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4. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

5. Restricted Assets

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

6. Capital Assets

Capital assets, which include property, plant, and equipment and infrastructure assets (e.g. roads, bridges, sidewalks, traffic lights and signals, street lights and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 for property, plant and equipment and \$25,000 for infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is recorded in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service life using the straight-line method. Assets are depreciated as follows:

Buildings	20-40 years
Improvements	40 years
Machinery and Equipment	3-6 years
Streets and Roads	20 years
Curb, Gutter, Sidewalks, & Median Curbs	20 years
Storm Drains	75 years
Traffic Signals	20 years
Water and Sewer Lines	40 years

7. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits. All vacation and sick leave benefits are accrued as earned by employees. All vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for vacation pay is reported in the governmental and proprietary funds.

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Net Assets and Fund Equity

In the government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets and unrestricted net assets. Restricted net assets represent net assets restricted by parties outside the City (such as creditors, grantors, contributors, laws and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. The City's other restricted net assets are temporarily restricted (ultimately expendable assets). All other net assets are considered unrestricted.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The City Council is required to adopt an annual budget resolution by July 1 of each fiscal year for the general fund, and special revenue, capital projects, debt service, and enterprise funds. These budgets

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

are adopted and presented for reporting purposes on a basis consistent with generally accepted accounting principles.

The appropriated budget is prepared by fund, function, and department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The council made several supplemental budgetary appropriations throughout the year.

B. Deficit Fund Equity:

For the year ended June 30, 2007, the following fund has a deficit fund balance:

Storm Drain Fund	\$593,084
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Storm Drain Fund will be reimbursed by future assessments and fees collected from developers within the development district.

III. DETAILED NOTES ON ALL FUNDS

A. Cash And Investments

Cash and investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	18,267,411
Cash and investments held by bond trustee	<u>568,236</u>
Total cash and investments	<u>18,835,677</u>

Cash and investments as of June 30, 2007 consist of the following:

Cash on hand	1,000
Deposits with financial institutions	4,670,431
Investments in LAIF	<u>14,164,246</u>
Total cash and investments	<u>18,835,677</u>

Investments Authorized by the City's Investment Policy

The City's investment policy authorizes investment in the local government investment pool administered by the State of California (LAIF). The City's investment policy also authorizes cash to be invested in Certificates of Deposits, Bankers Acceptances, and Passbook Savings Demand Deposits. The City's investment policy does not contain any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk.

**CITY OF NEWMAN
 NOTES TO BASIC FINANCIAL STATEMENTS
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Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of year end, the weighted average maturity of the investments contained in the LAIF investment pool is approximately 5.7 months.

		<u>Maturity Date</u>
State investment pool	<u>14,164,246</u>	5.7 months average maturity
Total	<u>14,164,246</u>	

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the City's contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

\$4,570,429 of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

The City's is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Cash with Fiscal Agent

The City maintains cash and investments which are restricted under the terms of various debt agreements. The money is included in the City's pooled cash and investment program.

Restricted cash and investments as of June 30, 2007 is \$568,236 and consists of \$285,640 in the Sewer Fund and \$282,596 in the Redevelopment Agency Fund.

Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The City deposits deferred compensation plan assets with the California Public Employees Retirement System (PERS). Federal legislation requires that the assets of such plans be held in trust for the exclusive benefit of the plan participants and their beneficiaries. PERS act as the trustees for the plan assets and the City is considered to have limited fiduciary responsibility for the plan assets. As such, the City does not report the deferred compensation plan assets on its financial statements.

CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

B. Accounts Receivable

Receivables at June 30, 2007 for the City's individual major funds and nonmajor funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows. All receivables are expected to be collected within one year.

	<u>General</u>	<u>CDBG</u>	<u>RDA</u>	<u>Non-Major Govern- mental</u>	<u>Total</u>
Activities:					
Interest	184,343	0	0	0	184,343
Taxes	50,307	0	31,374	6,468	88,149
Utility Billing	66,484	0	0	0	66,484
Intergovernmental	1,909	166,160	0	195,690	363,759
Total	<u>303,043</u>	<u>166,160</u>	<u>31,374</u>	<u>202,158</u>	<u>702,735</u>

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Business-Type Activities:			
Utility Billing	71,181	141,400	212,581
Intergovernmental	0	37,495	37,495
Total	<u>71,181</u>	<u>178,895</u>	<u>250,076</u>

C. Loans Receivable

The City is the recipient of Community Development Block Grant and Home Program Funds. The Funds are provided for housing and business loans to qualified recipients at various below market interest rates ranging from 0 to 4%. The terms of the loans range between fifteen and thirty eight years. All loans are secured by deeds of trust. The amount outstanding as of June 30, 2007 is \$3,947,327. Additional Loans Receivable of the Redevelopment Agency are as follows:

The Agency had the following loans receivables as of June 30, 2007:

McBride	7,002
Westside Village	377,790

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

C. Loans Receivable – continued

Bigelow #2	143,646
Caetano Pometta	17,097
Bigelow #3	<u>16,684</u>
Total	<u>562,219</u>

A five year loan issued to Dr. Lorin McBride on September 24, 2002 at a 3.00% interest rate, with monthly payments of \$359.37. The loan receivable balance as of June 30, 2007 was \$7,002.

A five year loan was issued to Caetano Pometta Real Estate for \$32,114 on October 5, 2004 at a 5.00% interest rate, with monthly payment of \$660.49. The loan receivable balance as of June 30, 2007 was \$17,097.

A 40 year loan was issued to Westside Village Apartments L.P a California Limited Partnership for \$377,790 on June 3, 1999 at a 3.00% interest rate. The loan receivable balance as of June 30, 2007 was \$377,790.

Two loans were issued to Lloyd Bigelow. Loan terms as follows:

	Amount	Interest Rate	Date Issued	Monthly Payments	Balance 6/30/2007	Term
Bigelow #2	190,231	5.00%	1/1/2002	\$1,504.34	143,646	15 yrs
Bigelow #3	22,500	5.00%	7/1/2002	\$434.60	16,684	5 yrs

D. Transfers

Interfund transfers for the year ended June 30, 2007 consisted of the following amounts:

Fund	Transfer In	Transfer Out
General Fund	180,306	0
Gants Fed	1,409	0
Gas Tax	0	180,306
Sewer	0	<u>1,409</u>
Total	<u>181,715</u>	<u>181,715</u>

CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

E. Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental-type Activities				
Capital assets not being depreciated:				
Land	1,310,841	831,595	(12,065)	2,130,371
Construction In Progress	<u>0</u>	<u>82,981</u>	<u>0</u>	<u>82,981</u>
Total capital assets not being depreciated	<u>1,310,841</u>	<u>914,576</u>	<u>(12,065)</u>	<u>2,213,352</u>
Capital assets being depreciated:				
Infrastructure	1,599,877	1,818,516	0	3,418,393
Equipment And Vehicles	1,817,864	437,284	0	2,255,148
Building And Improvements	<u>1,790,898</u>	<u>1,155,823</u>	<u>0</u>	<u>2,946,721</u>
Total capital assets being depreciated	<u>5,208,639</u>	<u>3,411,623</u>	<u>0</u>	<u>8,620,262</u>
Less accumulated depreciation for:				
Infrastructure	(184,713)	(120,780)	0	(305,493)
Equipment And Vehicles	(1,135,743)	(111,366)	0	(1,247,109)
Building And Improvements	<u>(1,053,066)</u>	<u>(82,745)</u>	<u>0</u>	<u>(1,135,811)</u>
Total accumulated depreciation	<u>(2,373,522)</u>	<u>(314,891)</u>	<u>0</u>	<u>(2,688,413)</u>
Net capital assets being depreciated	<u>2,835,117</u>	<u>3,096,732</u>	<u>0</u>	<u>5,931,849</u>
Total net capital assets - Governmental-type activities	<u>4,145,958</u>	<u>4,011,308</u>	<u>(12,065)</u>	<u>8,145,201</u>

Depreciation was charged to functions/programs of the primary government as follows:

Government Activities:	
General Government	19,905
Public Safety	64,582
Public Works	211,577
Community Development	8,947
Culture and Leisure	<u>9,880</u>
Total Depreciation expense – Government activities	<u>314,891</u>

CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

E. Capital Assets – continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets not being depreciated:				
Land	1,460,000	0	0	1,460,000
Total capital assets not being depreciated	<u>1,460,000</u>	<u>0</u>	<u>0</u>	<u>1,460,000</u>
Capital assets being depreciated:				
Infrastructure	4,666,001	1,573,416	0	6,239,417
Equipment And Vehicles	667,211	33,709	0	700,920
Building And Improvements	107,565	0	0	107,565
Total capital assets being depreciated	<u>5,440,777</u>	<u>1,607,125</u>	<u>0</u>	<u>7,047,902</u>
Less accumulated depreciation for:				
Infrastructure	(2,682,051)	(156,525)	0	(2,838,576)
Equipment And Vehicles	(545,054)	(38,420)	0	(583,474)
Building And Improvements	(66,311)	(3,584)	0	(69,895)
Total accumulated depreciation	<u>(3,293,416)</u>	<u>(198,529)</u>	<u>0</u>	<u>(3,491,945)</u>
Net capital assets being depreciated	<u>2,147,361</u>	<u>1,408,596</u>	<u>0</u>	<u>3,555,957</u>
Total net capital assets - Business-type activities	<u>3,607,361</u>	<u>1,408,596</u>	<u>0</u>	<u>5,015,957</u>

Business- Type Activities:

Water	70,598
Sewer	<u>127,931</u>
Total Depreciation expense – business-type activities	<u>198,529</u>

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

F. Long-Term Debt

Long-term debt consists of the following:

Governmental-Type Activities:

Certificates of Participation

In the year ended June 30, 1997 the City issued tax allocation project and housing bonds. The bonds payable were \$2,980,000 as of June 30, 2007.

Year Ending June 30	Principal	Interest	Total
2008	120,000	156,581	276,581
2009	125,000	149,800	274,800
2010	115,000	143,923	258,923
2011	120,000	138,046	258,046
2012	125,000	131,798	256,798
2013-2017	685,000	555,213	1,240,213
2008-2022	695,000	364,461	1,059,461
2023-2027	810,000	160,981	970,981
2028	185,000	4,972	189,972
	<u>2,980,000</u>	<u>1,805,775</u>	<u>4,785,775</u>

Community Park Site Purchase

The City purchased a 9.54 acre community park site in December 1996 from Delta National Bank. The City will pay Delta National Bank \$143,100 with simple interest on unpaid principal balance as it declines at the rate of 5.5% per annum. There is no fixed payment schedule. The maturity date is December 26, 2006. The principal balance was \$0 as of June 30, 2007.

Ventura Purchase

The City purchased parcel #128-10-13 (1361 "N" Street) in January of 2003 from John Ventura for \$119,625. Repayment will be made in monthly installments of \$1,388.95 at a 7% rate of interest. The loan matures December 1, 2012. The principal balance was \$0 as of June 30, 2007.

Fire Truck Purchase

The City purchased a Pierce F in September of 2006 from Oshkosh Capital for \$263,822. Repayment will be made in yearly installments of \$43,411 at a 5% rate of interest. The loan matures September 26, 2012. The principal balance was \$220,411 as of June 30, 2007.

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

F. Long-Term Debt-continued

Business-Type Activities:

Revenue Bonds

The \$400,000 of Sewer Revenue Bonds of 1978 are due in annual installments of \$3,000 to \$22,000 through 2018 with interest of 5 %. This issue is being serviced, principal and interest by the Sewer Fund. The principal amount unpaid at June 30, 2007 is \$205,000.

Year Ending June 30	Principal	Interest	Total
2008	13,000	10,200	23,200
2009	14,000	9,500	23,500
2010	14,000	8,800	22,800
2011	15,000	8,050	23,050
2012	16,000	7,450	23,450
2013-2017	90,000	24,300	114,300
2018-2019	43,000	1,050	44,050
Total	<u>205,000</u>	<u>69,350</u>	<u>274,350</u>

The \$1,050,000 of Water Revenue Bonds of 1982 are due in annual installments of \$9,000 to \$59,000 through 2022 with interest of 5%. This issue is being serviced, principal and interest by the Water Fund. The principal amount unpaid at June 30, 2007 is \$662,000.

Year Ending June 30	Principal	Interest	Total
2008	28,000	32,400	60,400
2009	29,000	30,975	59,975
2010	31,000	29,475	60,475
2011	32,000	29,475	61,475
2012	34,000	27,900	61,900
2013-2017	197,000	86,600	283,600
2018-2022	252,000	54,175	306,175
2023	59,000	1,475	60,475
Total	<u>662,000</u>	<u>292,475</u>	<u>954,475</u>

CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

F. Long-Term Debt-continued

Certificates of Participation

The City issued certifications of participation in May of 1991 to assist in financing the acquisition, construction, and improvement of their wastewater treatment facilities. The total amount of the issue was \$3,590,000 with interest rates ranging from 4.5% to 6.74%.

The City refunded these certificates in November 1999. The total amount of the issue was \$3,455,000 with interest rates ranging from 3.6% to 5.3%. The bonds payable as of June 30, 2007 were \$2,315,000.

Year Ending June 30	Principal	Interest	Total
2008	165,000	115,298	280,298
2009	170,000	107,872	277,872
2010	180,000	100,052	280,052
2011	190,000	91,592	281,592
2012	195,000	82,330	277,330
2013-2017	1,150,000	225,840	1,375,840
2018	<u>265,000</u>	<u>41,212</u>	<u>306,212</u>
Total	<u><u>2,315,000</u></u>	<u><u>764,196</u></u>	<u><u>3,079,196</u></u>

The following is a summary of changes in the City's long-term debt and other long-term liabilities during the year ended June 30, 2007:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities:					
Loans Payable	229,813	263,822	(273,224)	220,411	32,412
Certificate of Participaqtion	3,095,000	0	(115,000)	2,980,000	120,000
Compensated Absences	<u>101,023</u>	<u>0</u>	<u>(15,641)</u>	<u>85,382</u>	<u>0</u>
Long-term liabilities of Governmental Activities:	<u><u>3,425,836</u></u>	<u><u>263,822</u></u>	<u><u>(403,865)</u></u>	<u><u>3,285,793</u></u>	<u><u>152,412</u></u>

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

F. Long-Term Debt-continued

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Bonds	906,000	0	(39,000)	867,000	41,000
Certificates of Participation	2,470,000	0	(155,000)	2,315,000	165,000
Compensated Absences	41,160	775	0	41,935	0
Long-term liabilities of Business-Type Activities	<u>3,417,160</u>	<u>775</u>	<u>(194,000)</u>	<u>3,223,935</u>	<u>206,000</u>

G. Payables And Other Liabilities

Payables at June 30, 2007 for the City's individual major funds and nonmajor funds in the aggregate are as follows:

	<u>General</u>	<u>Storm Drain</u>	<u>CDBG</u>	<u>Public Facility Improvements</u>	<u>Nonmajor Govern- mental</u>	<u>Total</u>
Governmental Activities:						
Vendors	234,057	26,780	827	504	167,104	429,272
Developer Deposits	629,681	770,563	0	0	111,268	1,511,512
Total	<u>863,738</u>	<u>797,343</u>	<u>827</u>	<u>504</u>	<u>278,372</u>	<u>1,940,784</u>

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Business-Type Activities:			
Vendors	21,215	110,566	131,781
Customer Deposits	20,955	0	20,955
Developer Deposits	100,990	0	100,990
Total	<u>143,160</u>	<u>110,566</u>	<u>253,726</u>

IV. OTHER INFORMATION

A. Risk Management

The City of Newman participates with other public entities in a joint exercise of powers agreement, which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

The City is covered for the first \$1,000,000 of each general liability claim and \$250,000 of each workers' compensation claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under \$10,000 and workers' compensation losses under \$10,000. The CSJVRMA participates in an excess pool which provides general liability coverage from \$1,000,000 to \$10,000,000. The CSJVRMA participates in an excess pool that provides workers' compensation coverage from \$250,000 to \$500,000 and purchases excess insurance above the \$500,000 to the statutory limit. The CSJVRMA is a consortium of fifty-four (54) cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et seq. The CSJVRMA is governed by a Board of Directors, which meets 3-4 times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA.

The financial position and results of operations for the CSJVRMA, as of June 30, 2006, are presented below:

Total Assets	<u>49,563,898</u>
Total Liabilities	39,892,507
Total Net Assets	<u>9,671,391</u>
Total Liabilities & Retained Earnings	<u>49,563,898</u>
Total Revenues for Year	20,490,628
Total Expenses for Year	<u>20,110,945</u>
Net Income for Year	<u>379,683</u>

At the termination of the joint powers agreement and after all claims have been settled, any excess deficit will be divided among the cities in accordance with its governing documents.

B. Commitments and Contingencies

The City of Newman is a party in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

C. Employee Retirement Systems and Plans

The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and

**CITY OF NEWMAN
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2007**

beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office – 400 P Street – Sacramento CA 95814.

Participants are required to contribute 7% (9% for public-safety employees) of their annual covered salary. The City makes the contributions required of the City employees on their behalf and for their account. The contribution requirements of plan members and the City are established and may be amended by PERS. The City is required to contribute at an actuarially determined rate. The current rate is 11.226% for non-safety employees, 28.932% of police employees, of annual covered payroll. PERS has determined that because of past funding and investment earnings, current employer contributions are not required for miscellaneous employees and public-safety employees of the city

For June 30, 2007, the City's annual pension cost was \$308,611 due to excess PERS funds determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions include (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 3%. The actuarial value of PERS assets were determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2006, was five years for prior service unfunded, and 15 years for remaining unfunded.

THREE-YEAR TREND INFORMATION FOR PERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/05	\$308,522	100%	0
06/30/06	\$409,326	100%	0
06/30/07	\$308,611	100%	0

E. Prior Period Adjustments

Several prior period adjustments were made to the June 30, 2006 financial statements as follows:

Governmental- Type Activities:

Record Westside Village low-income housing project loan receivable that was not previously recorded in the CDBG or Redevelopment Agency funds	1,189,790
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CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

Correction to beginning balances of low-income housing loans in the CDBG fund	100,189
Correction to beginning accumulated depreciation balance for Governmental fixed assets	(896,089)
Write-off of incorrect accrued interest payable in the general long-term debt account group	75,398
Record Ventura note payable in the general long-term debt account group. This loan was not previously recorded on the City's books.	(<u>97,039</u>)
Total governmental-type activities prior period adjustment	<u>372,249</u>

Business-Type Activities:

Write-off of incorrect accrued interest payable	61,548
Correction to beginning accumulated depreciation balances	(<u>235,495</u>)
Total business-type activities prior period adjustment	(<u>173,947</u>)

CITY OF NEWMAN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

DEFINED BENEFIT PENSION PLAN

The schedules of funding progress below show the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability (UAAL) to payroll for the City's two defined benefit pension plans. The following schedules are a consolidation of cities that have the same retirement system; 2 percent at age 55.

FUNDED STATUS OF THE SAFETY PLAN

Valuation Date (June 30)	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets) (UAAL)	Funded Status	Annual Covered Payroll	UAAL as a Percentage of Payroll
2006	7,278,049,834	6,102,615,567	1,175,434,267	83.8%	754,730,438	155.7%
2005	6,367,049,264	5,295,150,375	1,071,898,889	82.2%	664,147,796	161.4%
2004	5,383,921,942	4,424,586,846	959,335,096	83.8%	575,296,434	166.8%

FUNDED STATUS OF THE MISCELLANEOUS PLAN

Valuation Date (June 30)	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets) (UAAL)	Funded Status	Annual Covered Payroll	UAAL as a Percentage of Payroll
2006	1,280,157,040	1,133,294,807	146,862,233	88.5%	304,898,179	69.1%
2005	872,346,612	729,556,809	142,789,803	83.6%	203,995,039	70.0%
2004	681,517,006	573,260,380	108,256,626	84.1%	160,107,449	62.8%

COMBINING FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Program Income Miscellaneous- To account for miscellaneous income.

Park Facility Fee- To account for developer fees related to parks.

State Grants- To account for various grants received from the State of California. Funds are used for community development.

Safety Grants- To account for Federal grants. Historically most of the grants are police related but could include other departments.

Gas Tax- To account for state gas tax revenues collected based on population. The revenues may be expended for street and road repair, maintenance, design, construction and traffic signal design and installation.

Local Transportation- To account for Local Transportation Funds received from STANCOG as a pass thru of gas and sales tax funds to be used for improvements to transportation related areas.

Asset Forfeiture- To account for money received by the Police Department as a result of Asset Forfeiture. The funds are used to augment the SLENET Task Force which is currently run by the State Department of Justice.

Volunteer Fund- To account for fundraising and donated income raised to support the City's Police Department.

Business License Surcharge- To account for revenues generated by a portion of the business licenses collected.

Lighting and Landscaping District- To account for the money received from residences in certain districts who pay an assessment based on the benefit they receive. These funds are used to cover the costs of street lighting and landscape maintenance in their specific zones.

Contingency Fund- To account for funds reserved for emergency or contingent needs. These funds are only to be used at the direction of the City Council for emergencies or unplanned needs.

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Capital Repair & Replacement- To account for internally derived depreciation expense used to establish a capital reserve fund.

Gifts & Trust Fund- To account for donations made to the City with various specified purposes.

**CITY OF NEWMAN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007
 WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

Special Revenue

	Program Income Misc. Fund	Park Facility Fee Fund	State Grants Fund	Safety Grants Fund	Abandoned Vehicle Program	Gas Tax Fund
Assets						
Cash And Investments	1,484	626,751	1,100	(722)	2,403	0
Cash with Fiscal Agent	0	0	0	0	0	0
Accounts Receivable	0	0	0	725	1,607	14,900
Loans Receivable	0	0	0	0	0	0
Due From Other Funds	0	0	0	0	0	0
Total Assets	<u>1,484</u>	<u>626,751</u>	<u>1,100</u>	<u>3</u>	<u>4,010</u>	<u>14,900</u>
Liabilities And Fund Balances						
Liabilities						
Accounts Payable	0	113,857	0	14,921	247	0
Compensated Absences	0	0	0	0	0	0
Other Liabilities	0	110,546	0	0	0	0
Due To Other Funds	0	0	0	0	0	0
Total Liabilities	<u>0</u>	<u>224,403</u>	<u>0</u>	<u>14,921</u>	<u>247</u>	<u>0</u>
Fund Balances						
Reserved	0	0	0	0	0	0
Unreserved	<u>1,484</u>	<u>402,348</u>	<u>1,100</u>	<u>(14,918)</u>	<u>3,763</u>	<u>14,900</u>
Total Fund Balances	<u>1,484</u>	<u>402,348</u>	<u>1,100</u>	<u>(14,918)</u>	<u>3,763</u>	<u>14,900</u>
Total Liabilities And Fund Balances	<u>1,484</u>	<u>626,751</u>	<u>1,100</u>	<u>3</u>	<u>4,010</u>	<u>14,900</u>

Special Revenue

Asset Forfeit Fund	Local Transportation Fund	County CDBG Construction Fund	Business License Surcharge Fund	Lighting Landscape District Fund	Contingency Fund	Capital Repair Replacement Fund	Total Non-Major Special Revenue Funds	
							2007	2006
923	480,258	205,484	18,945	195,835	186,640	553,281	2,272,382	1,868,041
0	0	0	0	0	0	0	0	0
0	28,581	164,777	0	6,468	0	0	217,058	139,766
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>923</u>	<u>508,839</u>	<u>370,261</u>	<u>18,945</u>	<u>202,303</u>	<u>186,640</u>	<u>553,281</u>	<u>2,489,440</u>	<u>2,007,807</u>
0	3,345	2,290	0	9,989	0	22,455	167,104	5,177
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	110,546	0
0	0	0	0	0	0	0	0	0
<u>0</u>	<u>3,345</u>	<u>2,290</u>	<u>0</u>	<u>9,989</u>	<u>0</u>	<u>22,455</u>	<u>277,650</u>	<u>5,177</u>
0	0	0	0	0	0	0	0	0
<u>923</u>	<u>505,494</u>	<u>367,971</u>	<u>18,945</u>	<u>192,314</u>	<u>186,640</u>	<u>530,826</u>	<u>2,211,790</u>	<u>2,002,630</u>
<u>923</u>	<u>505,494</u>	<u>367,971</u>	<u>18,945</u>	<u>192,314</u>	<u>186,640</u>	<u>530,826</u>	<u>2,211,790</u>	<u>2,002,630</u>
<u>923</u>	<u>508,839</u>	<u>370,261</u>	<u>18,945</u>	<u>202,303</u>	<u>186,640</u>	<u>553,281</u>	<u>2,489,440</u>	<u>2,007,807</u>

CITY OF NEWMAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006

Special Revenue

	Program Income Misc. Fund	Park Facility Fee Fund	State Grants Fund	Safety Grants Fund	Abandoned Vehicle Program	Gas Tax Fund
Revenues						
Investment Earnings	82	36,408	243	3	0	4,581
Intergovernmental	0	0	5,000	725	6,621	0
Property Taxes	0	0	0	0	0	0
Other Taxes	0	0	0	0	0	190,625
Impact Fees	0	107,622	0	0	0	0
Licenses And Permits	0	0	0	0	0	0
Service Charges And Miscellaneous	0	0	0	0	0	0
Total Revenues	82	144,030	5,243	728	6,621	195,206
Expenditures						
General Government	0	0	0	0	0	0
Public Safety	0	0	0	0	3,393	0
Public Works	0	0	4,560	0	0	0
Community Development	0	58,370	0	0	0	0
Culture And Leisure	0	0	0	0	0	0
Debt Service						
Principal	0	0	0	0	0	0
Interest & Other Charges	0	0	0	0	0	0
Capital Outlay	0	381,165	0	17,055	0	0
Total Expenditures	0	439,535	4,560	17,055	3,393	0
Excess(Deficiency) Of Revenues Over Expenditures	82	(295,505)	683	(16,327)	3,228	195,206
Other Financing Sources (Uses)						
Operating Transfers In	0	0	0	1,409	0	0
Operating Transfers Out	0	0	0	0	0	(180,306)
Total Other Financing Sources (Uses)	0	0	0	1,409	0	(180,306)
Net Change In Fund Balances	82	(295,505)	683	(14,918)	3,228	14,900
Fund Balance - Beginning	1,402	697,853	417	0	535	0
Prior Period Adjustment	0	0	0	0	0	0
Fund Balance - Ending	1,484	402,348	1,100	(14,918)	3,763	14,900

Special Revenue

Asset Forfeit Fund	Local Transportation Fund	County County CDBG Fund	Business License Surcharge Fund	Lighting Landscape District Fund	Contingency Fund	Capital Repair Replacement Fund	Total Non-Major Special Revenue Funds	
							2007	2006
43	19,529	0	1,327	7,628	12,389	36,727	118,960	39,874
0	157,033	396,848	0	0	0	0	566,227	595,266
0	0	0	0	0	0	0	0	0
0	0	0	0	172,975	0	0	363,600	294,122
0	0	0	0	0	0	0	107,622	261,688
0	0	0	12,815	0	0	0	12,815	28,275
367	1,491	0	0	0	0	113,654	115,512	173,942
410	178,053	396,848	14,142	180,603	12,389	150,381	1,284,736	1,393,167
0	0	0	15,848	0	0	7,096	22,944	33,527
0	0	0	0	0	0	0	3,393	41,375
0	0	0	0	0	0	0	4,560	4,989
0	0	28,877	0	116,915	0	0	204,162	98,593
0	0	0	0	0	0	0	0	8,423
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	6,266	0	0	0	0	257,135	661,621	233,242
0	6,266	28,877	15,848	116,915	0	264,231	896,680	420,149
410	171,787	367,971	(1,706)	63,688	12,389	(113,850)	388,056	973,018
0	0	0	0	0	0	0	1,409	364,823
0	0	0	0	0	0	0	(180,306)	(236,282)
0	0	0	0	0	0	0	(178,897)	128,541
410	171,787	367,971	(1,706)	63,688	12,389	(113,850)	209,160	1,107,960
513	333,707	0	20,651	128,626	174,251	644,676	2,002,630	894,670
0	0	0	0	0	0	0	0	0
923	505,494	367,971	18,945	192,314	186,640	530,826	2,211,790	2,002,630

1300 10th Street, Ste C
Modesto, Ca 95354
209-526-3091
209-526-2287 fax
cbcpas.com

Gerald L. Clendenin, CPA
Constance Hillias Bird, CPA
Michelle L. Edmiston, CPA
Cathy L. Gatewood, EA

William J. Young
Robert C. Kehl

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

To The City Council
City of Newman
State of California

We have audited the general-purpose financial statements of the City of Newman, State of California, as of and for the year ended June 30, 2007 and have issued our report thereon dated September 30, 2007. We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

In planning and performing our audit, we considered the City of Newman's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and the Newman City Council. However, this report is a matter of public record and its distribution is not limited.

Cleundenin Bird + Company, PC

CLENDENIN BIRD & COMPANY, PC

Modesto, California

September 30, 2007

1800 10th Street, Ste C
Modesto, Ca 95354
209-526-3091
209-526-2297 fax
cbcpas.com

Gerald L. Clendenin, CPA
Constance Hillas Bird, CPA
Michelle L. Edmiston, CPA
Cathy L. Gatewood, EA

William J. Young
Robert C. Kehl

**REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS
BASED ON AN EXAMINATION OF GENERAL-PURPOSE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH THE
CALIFORNIA TRANSPORTATION DEVELOPMENT ACT**

To The City Council
City of Newman
State of California

We have audited the general-purpose financial statements of the City of Newman, State of California for the year ended June 30, 2006, and have issued our report thereon dated September 30, 2007. Our audit was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the California Administrative Code Section 6664 of the Transportation Development Act and the allocation instructions of the Stanislaus Area Association of Governments, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of the City of Newman is responsible for the City's compliance with laws and regulations. In connection with our audit referred to above, we selected and tested transactions and records to determine the City's compliance with laws and regulations, noncompliance with which could have a material effect on the general-purpose financial statements of the City.

In our opinion the City of Newman Transportation Development Act funds were accounted for in conformance with the applicable laws, rules and regulations of the Transportation Development Act and the allocation instructions of the Stanislaus Council of Governments.

CLENDENIN BIRD & COMPANY, PC

Modesto, California
September 30, 2007

CITY OF NEWMAN
REDEVELOPMENT AGENCY
COMPONENT UNIT
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2007

**CITY OF NEWMAN
REDEVELOPMENT AGENCY**

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1300 10th Street, Ste C
Modesto, Ca 95354
209-526-3091
209-526-2287 fax
cbcpas.com

Gerald L. Clendenin, CPA
Constance Hillas Bird, CPA
Michelle L. Edmiston, CPA
Cathy L. Gatewood, EA

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Robert C. Kehl

INDEPENDENT AUDITOR'S REPORT

To The Board Members
Redevelopment Agency of Newman Redevelopment Agency
State Of California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Newman Redevelopment Agency, State of California, as of and for the year ended June 30, 2007, which collectively comprise the Redevelopment Agency's basic financial statements as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Newman Redevelopment Agency, State of California's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 of Newman Redevelopment Agency, State of California as of June 30, 2007, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on Pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newman Redevelopment Agency's basic financial statements. The combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures and changes in fund balance – nonmajor governmental funds and schedules of revenue, expenditures, and changes in fund balances – budget and actual are presented for purposes of additional analysis and are not a required part of the basic financial statements. These reports have been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2007 on our consideration of the City of Newman Redevelopment Agency's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Clendenin Bird & Company, PC
CLENDENIN BIRD & COMPANY, PC
Modesto, California
September 30, 2007

As management of the City of Newman Redevelopment Agency we offer readers of the Agency's Financial Statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2007. This document has been prepared as required by the Statement No. 34 of Governmental Accounting Standards Board (GASB 34).

Financial Highlights

Tax increment revenues are more than sufficient to cover debt related expenses and provide funding for both housing and non-housing priorities. The Agency continues to deliver high quality projects that have been planned based on neighborhood and business needs and goals.

The following are the amounts received from tax increments in fiscal year 2007 with comparative totals for the previous three fiscal years.

<u>Fiscal Year Receipt</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Total for the year	\$ 1,031,235	\$ 812,614	\$ 739,681	\$ 607,962

The assets of the Agency exceeded its liabilities at the close of the fiscal year by \$625,070. The Agency's investment in assets is primarily in City owned property; it does not hold all capital purchases in its own name.

As of the close of the fiscal year, the Agency's funds (all governmental) reported combined ending fund balance of \$2,662,068 which is an increase of \$627,182 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Agency's basic financial statements. The Redevelopment Agency basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements: The Government-wide Financial Statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets. The Agency, while a separate legal entity, acts as a financial conduit for the City and as such does not hold title to all the assets it helps construct. Therefore, its net assets are not any indication of its financial health.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as

City of Newman Redevelopment Agency
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2007

soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with the finance-related legal requirements. All of the funds of the Agency can be divided into two categories: capital projects fund and debt service fund.

The Agency adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

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

Government-wide Financial Analysis

By far the largest portion of the Agency's net assets reflects amounts designated for capital projects (e.g., land, buildings, machinery, and equipment). Unlike most other type of governmental bodies who provide day-to-day services, the main purpose of the Agency is to provide capital funds for the development of a certain geographical area of the City. The table below shows the components of the net assets.

Redevelopment Agency		2007	2006
<u>Net Assets</u>			
Current assets		\$ 2,662,068	\$ 2,034,886
Noncurrent assets		<u>943,002</u>	<u>998,990</u>
Total assets		<u>3,605,070</u>	<u>3,033,876</u>
Current liabilities		-	232
Noncurrent liabilities		<u>2,980,000</u>	<u>3,181,840</u>
Total liabilities		<u>2,980,000</u>	<u>3,182,072</u>
Net assets:			
Invested in capital assets		(2,036,998)	(2,182,850)
Restricted		822,178	705,930
Unrestricted		<u>1,839,890</u>	<u>1,328,724</u>
Total net assets		<u>\$ 625,070</u>	<u>\$ (148,196)</u>

There was an increase of \$773,266 in the Agency's net assets during the fiscal year.

City of Newman Redevelopment Agency
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2007

Governmental Activities: All the activities of the agency are governmental and it has no business-type activities.

<u>Redevelopment Agency</u> <u>Changes in Net Assets</u>		<u>2007</u>	<u>2006</u>
General revenues:			
Property tax (tax increments)		\$ 1,031,235	\$ 812,614
Miscellaneous revenue		-	(300,292)
Use of money and property		94,725	53,086
Gain on Sale of Property Net of Cost		108,222	55,812
Total general revenues		<u>1,234,182</u>	<u>621,220</u>
Net Expenses		<u>467,576</u>	<u>487,920</u>
Change in net assets		773,266	139,961
Net assets-beginning of year		<u>(148,196)</u>	<u>(687,907)</u>
Prior Period Adjustment		-	399,750
Net assets-end of year		<u>\$ 625,070</u>	<u>\$ (148,196)</u>

Financial Analysis of the Agency's Funds

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Agency's Governmental Funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. It should, however, be noted that most of the unreserved amounts have been designated by the Agency for specific uses.

The Agency is required by State law to set aside 20% of the tax increment revenue in a separate fund for low and moderate-income housing purposes. The fund balance in this fund increased by \$127,943 for a total of \$539,582.

The fund balance in the Redevelopment General Fund increased by \$499,471 to \$2,122,486.

Budgetary Highlights

The Agency's overall revenues were \$73,813 more than originally estimated. The Agency's overall expenditures were \$26,963 less than estimated.

Capital Asset and Debt Administration

Capital Assets: As of June 30, 2007, the Agency's capital assets were \$943,002. As noted earlier the Agency acts as a financial conduit for the City of Newman and as a result its investments in capital assets are recorded as City assets rather than Agency assets.

Long-term Debt: At the end of the current fiscal year, the Agency has total bonded debt outstanding of \$2,980,000. The tax increments revenue of the Agency secures all bonded debt of the Agency.

The Agency's debt decreased by \$201,840 during the fiscal year.

Additional information on the Agency long-term debt can be found in Note 5 of this report.

Economic Factors and Next Year's Budgets

Since the Agency's primary source of revenue is tax increments, property values and new construction in the redevelopment area are the key economic factors that define the future resources of the agency. Tax increment revenue increased by 27% in fiscal year 2007. The increase is due to property sales/turnover.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Newman Finance Division at 1162 Main Street, Newman, CA 95360

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

	Primary Government		
	Governmental Activities	Totals	
		2007	2006
ASSETS			
Cash And Investments	1,785,879	1,785,879	1,161,228
Cash with Fiscal Agent	282,596	282,596	294,291
Accounts Receivable	31,374	31,374	0
Loans Receivable	562,219	562,219	579,367
Capital Assets (Net Of Accumulated Depreciation):			
Land	32,498	32,498	44,563
Buildings And Improvements	124,968	124,968	121,685
Infrastructure	785,536	785,536	832,742
Total Assets	<u>3,605,070</u>	<u>3,605,070</u>	<u>3,033,876</u>
LIABILITIES			
Accounts Payable And Other Current Liabilities	0	0	232
Long-Term Liabilities:			
Due Within One Year	120,000	120,000	125,935
Due In More Than One Year	2,860,000	2,860,000	3,055,905
Total Liabilities	<u>2,980,000</u>	<u>2,980,000</u>	<u>3,181,840</u>
NET ASSETS			
Invested In Capital Assets Net Of Related Debt	(2,036,998)	(2,036,998)	(2,182,850)
Restricted For			
Community Development Projects	539,582	539,582	411,639
Debt Service	282,596	282,596	294,291
Unrestricted	1,839,890	1,839,890	1,328,724
Total Net Assets	<u>625,070</u>	<u>625,070</u>	<u>(148,196)</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

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**CITY OF NEWMAN
REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

Functions/Programs	Expenses	Program Revenues		
		Fines, Fees And Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions
Primary Government:				
Governmental Activities:				
General Government	5,361	0	0	0
Community Development	248,616	6,660	0	0
Pass Through To Others	49,674	0	0	0
Interest On Long-Term Debt	163,925	0	0	0
Total Governmental Activities	467,576	6,660	0	0
Total Primary Government	467,576	6,660	0	0

General Revenues:

Taxes:
Property Tax Increments
Investment Earnings
Gain On Sale Of Property Net Of Cost
Intergovernmental
Transfers
Total General Revenues And Transfers
Change In Net Assets
Net Assets - Beginning
Prior Period Adjustment
Net Assets - Ending

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue And
Changes In Net Assets
Primary Government**

Governmental Activities	2007	Totals 2006
(5,361)	(5,361)	(4,986)
(241,956)	(241,956)	(213,591)
(49,674)	(49,674)	(81,529)
(163,925)	(163,925)	(181,153)
(460,916)	(460,916)	(481,259)
(460,916)	(460,916)	(481,259)
1,021,225	1,021,225	802,009
94,725	94,725	53,086
108,222	108,222	55,812
10,010	10,010	10,605
0	0	(300,292)
<u>1,234,182</u>	<u>1,234,182</u>	<u>621,220</u>
773,266	773,266	139,961
(148,196)	(148,196)	(687,907)
0	0	399,750
<u>625,070</u>	<u>625,070</u>	<u>(148,196)</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

	<u>General</u>	<u>Redevelopment Housing</u>	<u>Total Governmental 2007</u>	<u>2006</u>
Assets				
Cash And Investments	1,252,461	533,418	1,785,879	1,161,228
Cash with Fiscal Agent	282,596	0	282,596	294,291
Accounts Receivable	25,210	6,164	31,374	0
Loans Receivable	562,219	0	562,219	579,367
Total Assets	<u>2,122,486</u>	<u>539,582</u>	<u>2,662,068</u>	<u>2,034,886</u>
Liabilities				
Accounts Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>232</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>232</u>
Fund Balances				
Reserved	0	0	0	0
Unreserved	<u>2,122,486</u>	<u>539,582</u>	<u>2,662,068</u>	<u>2,034,654</u>
Total Fund Balances	<u>2,122,486</u>	<u>539,582</u>	<u>2,662,068</u>	<u>2,034,654</u>
Total Liabilities And Fund Balances	<u>2,122,486</u>	<u>539,582</u>	<u>2,662,068</u>	<u>2,034,886</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007**

Total fund balances - governmental funds 2,662,068

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	32,498	
Buildings and improvements, net of \$18,738, accumulated depreciation	124,968	
Infrastructure, net of \$111,372 accumulated depreciation	<u>785,536</u>	
Total capital assets		943,002

Long-term liabilities applicable to the City's governmental activities are due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.

Notes payable	(2,980,000)	
Total long-term liabilities		<u>(2,980,000)</u>

Total net assets - governmental activities 625,070

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALAN
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

	<u>General</u>	<u>Redevelopment Housing</u>	<u>Total Governmental 2007</u>	<u>2006</u>
Revenues				
Property Tax Increments	814,978	206,247	1,021,225	802,009
Investment Earnings	70,989	23,736	94,725	53,087
Sale Of Property	120,287	0	120,287	55,812
Intergovernmental	10,010	0	10,010	10,605
Service Charges And Miscellaneous	6,660	0	6,660	6,660
Total Revenues	<u>1,022,924</u>	<u>229,983</u>	<u>1,252,907</u>	<u>928,173</u>
Expenditures				
Current				
General Government	0	0	0	0
Community Development	153,799	46,255	200,054	171,690
Pass Through To Others	49,674	0	49,674	81,529
Debt Service				
Principal	178,840	23,000	201,840	116,470
Interest And Other Charges	131,140	32,785	163,925	181,153
Capital Outlay	10,000	0	10,000	0
Total Expenditures	<u>523,453</u>	<u>102,040</u>	<u>625,493</u>	<u>550,842</u>
Excess (Deficiency) Of Revenues				
Over Expenditures	<u>499,471</u>	<u>127,943</u>	<u>627,414</u>	<u>377,331</u>
Other Financing Sources (Uses)				
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	0	0	(300,292)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(300,292)</u>
Net Change In Fund Balances	499,471	127,943	627,414	77,039
Fund Balance - Beginning	1,623,015	411,639	2,034,654	1,579,825
Prior Period Adjustment	0	0	0	377,790
Fund Balance- Ending	<u>2,122,486</u>	<u>539,582</u>	<u>2,662,068</u>	<u>2,034,654</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

Net change in fund balances - total governmental funds 627,414

The changes in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$53,923) exceeded capital outlays (\$10,000) in the current period. (43,923)

Cost of Sale of Property (Land) in General Fixed Asset (12,065)

Repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions do not have any affect on net assets. 201,840

Changes in net assets of governmental activities 773,266

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance	2006 Actual
	Original	Final		With Final Budget Over (Under)	
REVENUES					
Property Tax Increments	633,725	733,725	814,978	81,253	639,486
Investment Earnings	48,709	48,709	70,989	22,280	46,145
Sale Of Property	121,000	121,000	120,287	(713)	55,812
Service Charges And Miscellaneous	32,677	32,677	6,660	(26,017)	6,660
Intergovernmental	13,000	13,000	10,010	(2,990)	10,605
Total Revenues	<u>849,111</u>	<u>949,111</u>	<u>1,022,924</u>	<u>73,813</u>	<u>758,708</u>
EXPENDITURES					
Salaries And Benefits	78,474	77,870	60,809	(17,061)	81,032
Supplies And Services	133,078	105,082	92,990	(12,092)	97,967
Capital Outlay	10,000	10,000	10,000	0	0
Pass Through To Others	40,000	40,000	49,674	9,674	81,529
Debt Service					
Principal	104,935	187,311	178,840	(8,471)	94,470
Interest	130,153	130,153	131,140	987	146,962
Total Expenditures	<u>496,640</u>	<u>550,416</u>	<u>523,453</u>	<u>(26,963)</u>	<u>501,956</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>352,471</u>	<u>398,695</u>	<u>499,471</u>	<u>100,776</u>	<u>256,752</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	0	0	0	0	0
Transfers Out	(200,000)	(200,000)	0	200,000	(300,292)
Total Other Financing Sources And (Uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>0</u>	<u>200,000</u>	<u>(300,292)</u>
Net Change In Fund Balance	152,471	198,695	499,471	300,776	(43,540)
Fund Balance - Beginning	1,623,015	1,623,015	1,623,015	0	1,288,765
Prior Period Adjustment	0	0	0	0	377,790
Fund Balance - Ending	<u>1,775,486</u>	<u>1,821,710</u>	<u>2,122,486</u>	<u>300,776</u>	<u>1,623,015</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
 REDEVELOPMENT AGENCY
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 REDEVELOPMENT HOUSING CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2007
 WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)	2006 Actual
	Original	Final			
REVENUES					
Property Tax Increments	162,750	172,750	206,247	33,497	162,523
Investment Earnings	7,000	7,000	23,736	16,736	6,942
Total Revenues	<u>169,750</u>	<u>179,750</u>	<u>229,983</u>	<u>50,233</u>	<u>169,465</u>
EXPENDITURES					
Salaries And Benefits	19,620	19,470	15,195	(4,275)	0
Supplies And Services	25,550	25,550	31,060	5,510	(7,305)
Debt Service					
Principal	23,000	23,000	23,000	0	22,000
Interest	32,785	32,785	32,785	0	34,191
Total Expenditures	<u>100,955</u>	<u>100,805</u>	<u>102,040</u>	<u>1,235</u>	<u>48,886</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>68,795</u>	<u>78,945</u>	<u>127,943</u>	<u>48,998</u>	<u>120,579</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	0	0	0	0	0
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources And (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balance	68,795	78,945	127,943	48,998	120,579
Fund Balance - Beginning	<u>411,639</u>	<u>411,639</u>	<u>411,639</u>	<u>0</u>	<u>291,060</u>
Fund Balance - Ending	<u><u>480,434</u></u>	<u><u>490,584</u></u>	<u><u>539,582</u></u>	<u><u>48,998</u></u>	<u><u>411,639</u></u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statements of the Redevelopment Agency of Newman, California have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- The financial statements include:
 - A Management and Discussion and Analysis (MD&A) section providing an analysis of the Redevelopment Agency’s overall financial position and results of operations.
 - Financial statements prepared using the full accrual accounting for all of the Redevelopment Agency’s activities, including infrastructure (roads, streets, bridges, etc.)

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

The more significant of the Redevelopment Agency’s accounting policies are described below:

A. Financial Reporting Entity

The accompanying basic financial statements present the financial activity of the Redevelopment Agency, a blended component unit of the City of Newman.

The financial statements of the Redevelopment Agency of the City of Newman have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14 and 34. GASB 14 defines the financial reporting entity and component units that need to be included in the reporting entity.

A component unit is a separate governmental unit, agency, or nonprofit corporation that is evaluated in relation to specific criteria to determine if it should be included in the financial reporting entity.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

Blended Component Unit.

The Redevelopment Agency governing board is comprised of the members of the City Council, and City employees perform all activities of the Redevelopment Agency. Although it is legally separate from the City of Newman, the Redevelopment Agency is reported in the Redevelopment Agency's general purpose financial statements as if it were part of the City because its sole purpose is to encourage new investment and reinvestment within the Redevelopment Agency's legally designated redevelopment areas in partnership with property owners.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements (note that the Redevelopment Agency has no proprietary funds). Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Redevelopment Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes and taxpayer-assessed tax revenues (e.g., franchise taxes, sales taxes, motor vehicle fees, etc.) net of estimated refunds and uncollectible amounts, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the Redevelopment Agency. The Redevelopment Agency reports the following major governmental funds:

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

The **Redevelopment Agency Housing Fund** accounts for 20% of the property tax revenues collected for the Redevelopment Agency. These revenues are to be used exclusively for development of low and moderate income housing within the designated redevelopment area.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers for applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Redevelopment Agency's policy to use restricted resources first, then unrestricted resources, as they are needed.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

D. Assets, Liabilities, Net Assets or Equity

1. Cash and Investments

In order to maximize the flexibility of its investment program and to aid in cash budgeting, the Redevelopment Agency pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the Redevelopment Agency's cash and investment pool.

As the Redevelopment Agency places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated quarterly. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

In accordance with the State of California Government Code, the Redevelopment Agency adopts an investment policy annually that, among other things, authorizes types of investments. Authorized investments include:

- Securities of the U.S. government or its agencies
- Certificates of Deposit (or time deposits) placed with commercial banks and/or savings and loan associations
- Bankers Acceptances
- State Treasurer's Local Agency Investment Fund (LAIF)
- Passbook savings account demand deposits
- Small Business Administration Loans
- Other products which are totally guaranteed and insured by the U.S government.

Investments for the Redevelopment Agency, as well as its component units, are reported at fair value. LAIF operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangement outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e. the current portion of interfund loans) or advances to/from other funds (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and tax receivables are shown net of an allowance for uncollectible accounts and estimated refunds due.

Property taxes are levied on the first day of March by the County Assessor, and are payable to the County Tax Collector in two installments.

The first installment is due November 1st, and delinquent December 10th, the second installment is due February 1st and delinquent April 10th. Taxes become a lien on the property on March 1st, and on the date of transfer of title, and the date of new construction.

The minimum property value which is taxed is \$2,000; however, tax bills are prepared for properties valued at less than \$2,000 if there is a special assessment to be collected.

Article 13A of the California Constitution states, "The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property.

The one percent tax is to be collected by the counties and apportioned according to law to the districts within the counties."

The Redevelopment Agency has elected under state law (Teeter) to receive all of the annual property assessments in three installments as follows:

December	55%
April	40%
June	5%
	<u>100%</u>

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, traffic lights and signals, street lights and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Redevelopment Agency as assets with an initial, individual cost of \$5,000 for property, plant and equipment and \$25,000 for infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Property, plant and equipment of the Redevelopment Agency is depreciated using the straight-line method over the following estimated useful lives:

Buildings	20-40 years
Improvements	40 years
Machinery and Equipment	3-6 years
Streets and Roads	20 years
Curb, Gutter, Sidewalks, & Median Curbs	20 years
Stormdrains	75 years
Traffic Signals	20 years
Water and Sewer Lines	40 years

5. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Net Assets and Fund Equity

In the government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets and unrestricted net assets.

Restricted net assets represent net assets restricted by parties outside the Redevelopment Agency (such as creditors, grantors, contributors, laws and regulations of other governments)

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

and include unspent proceeds of bonds issued to acquire or construct capital assets. The nonexpendable portion of permanent trust funds and endowments is reported as permanently restricted. The Redevelopment Agency's other restricted net assets are temporarily restricted (ultimately expendable assets). All other net assets are considered unrestricted.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Redevelopment Agency Council is required to adopt an annual budget resolution by July 1 of each fiscal year for the General Fund, and special revenue, capital projects and permanent funds. These budgets are adopted and presented for reporting purposes on a basis consistent with generally accepted accounting principles.

The appropriated budget is prepared by fund, function, and department. The City Administrator may authorize transfers of appropriations within the budget or supplemental appropriations for items less than \$10,000. The transfer of appropriations or supplemental appropriations that are greater than \$10,000 must be approved by the Redevelopment Agency Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The board made several supplemental budgetary appropriations throughout the year.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2007, expenditures exceeded appropriations in the several departments as follows:

General Fund:

Pass Through To Others Expense	9,674
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Explanation: Pass Through Expense was over budget due to an increase in tax revenue.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	1,785,879
Cash with Fiscal Agent	<u>282,596</u>
Total cash and investments	<u>2,068,475</u>

Cash and investments as of June 30, 2007 consist of the following:

Investment in Local Agency Investment Fund (LAIF)	1,785,879
Deposit with financial institution	<u>282,596</u>
Total cash and investments	<u>2,068,475</u>

The Redevelopment Agency's investment policy does not contain any specific provisions intended to limit the Redevelopment Agency's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. As of year end, the weighted average maturity of the investments contained in the LAIF investment pool is 5.7 months.

		<u>Maturity Date</u>
State investment pool	<u>1,785,879</u>	5.7 months average maturity
Total	<u>1,785,879</u>	

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

Concentration of Credit Risk

The investment policy of the Redevelopment Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Redevelopment Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Redevelopment Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

The Redevelopment Agency is a voluntary participant in the California State Treasurer's Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Redevelopment Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Redevelopment Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

C. Loans Receivable

The Agency had the following loans receivables as of June 30, 2007:

McBride	7,002
Westside Village	377,790
Bigelow #2	143,646
Caetano Pometta	17,097
Bigelow #3	<u>16,684</u>
Total	<u>562,219</u>

A five year loan issued to Dr. Lorin McBride on September 24, 2002 at a 3.00% interest rate, with monthly payments of \$359.37. The loan receivable balance as of June 30, 2007 was \$7,002.

A five year loan was issued to Caetano Pometta Real Estate for \$32,114 on October 5, 2004 at a 5.00% interest rate, with monthly payment of \$660.49. The loan receivable balance as of June 30, 2007 was \$17,097.

A 40 year loan was issued to Westside Village Apartments L.P a California Limited Partnership for \$377,790 on June 3, 1999 at a 3.00% interest rate. The loan receivable balance as of June 30, 2007 was \$377,790.

Two loans were issued to Lloyd Bigelow. Loan terms as follows:

	Amount	Interest Rate	Date Issued	Monthly Payments	Balance 6/30/2007	Term
Bigelow #2	190,231	5.00%	1/1/2002	\$1,504.34	143,646	15 yrs
Bigelow #3	22,500	5.00%	7/1/2002	\$434.60	16,684	5 yrs

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

D. Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental-type Activities				
Capital assets not being depreciated:				
Land	44,563	0	(12,065)	32,498
Total capital assets not being depreciated	<u>44,563</u>	<u>0</u>	<u>(12,065)</u>	<u>32,498</u>
Capital assets being depreciated:				
Infrastructure	944,114	0	0	944,114
Building And Improvements	<u>140,423</u>	<u>10,000</u>	<u>0</u>	<u>150,423</u>
Total capital assets being depreciated	<u>1,084,537</u>	<u>10,000</u>	<u>0</u>	<u>1,094,537</u>
Less accumulated depreciation for:				
Infrastructure	(111,372)	(47,206)	0	(158,578)
Building And Improvements	<u>(18,738)</u>	<u>(6,717)</u>	<u>0</u>	<u>(25,455)</u>
Total accumulated depreciation	<u>(130,110)</u>	<u>(53,923)</u>	<u>0</u>	<u>(184,033)</u>
Net capital assets being depreciated	<u>954,427</u>	<u>(43,923)</u>	<u>0</u>	<u>910,504</u>
Total net capital assets - Governmental-type activities	<u>998,990</u>	<u>(43,923)</u>	<u>(12,065)</u>	<u>943,002</u>

Depreciation was charged to functions/programs of governmental activities for the year ended June 30, 2007 as follows:

General government	5,361
Community Development	<u>48,562</u>
Total depreciation expense – governmental	<u>53,923</u>

F. Long-Term Debt

Certificate of Participation

In the year ended June 30, 1997 the City issued tax allocation project and housing bonds. The bonds payable balance for the 1997 tax allocation bonds were \$2,980,000 as of June 30, 2007.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

F. Long-Term Debt- Continued

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2008	120,000	156,581	276,581
2009	125,000	149,800	274,800
2010	115,000	143,923	258,923
2011	120,000	138,046	258,046
2012	125,000	131,798	256,798
2013-2017	685,000	555,213	1,240,213
2008-2022	695,000	364,461	1,059,461
2023-2027	810,000	160,981	970,981
2028	185,000	4,972	189,972
	<u>2,980,000</u>	<u>1,805,775</u>	<u>4,785,775</u>

Ventura Purchase

The City purchased parcel #128-10-13 (1361 "N" Street) in January of 2003 from John Ventura for \$119,625. Repayment will be made in monthly installments of \$1,388.95 at a 7% rate of interest. The loan matures December 1, 2012. The principal balance was \$0 as of June 30, 2007.

The following is a summary of changes in the Redevelopment Agency's long-term debt and other long-term liabilities during the year ended June 30, 2007:

	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>
Governmental Activities:				
Certificates of Participation	3,095,000	0	(115,000)	2,980,000
Loan Payable	86,840	0	(86,840)	0
Total long-term liabilities	<u>3,181,840</u>	<u>0</u>	<u>(201,840)</u>	<u>2,980,000</u>

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

E. Prior Period Adjustments

Several prior period adjustments were made to the June 30, 2006 financial statements as follows:

Governmental- Type Activities:

Record Fullerton Industrial Park land that was not previously recorded as a Redevelopment Agency capital asset	44,563
Record Westside Village low-income housing project loan receivable that was not previously recorded in the Redevelopment Agency funds	377,790
Correction to beginning accumulated depreciation balance for fixed assets	(1,956)
Miscellaneous Adjustment for the Redevelopment Agency funds	3,727
Write-off of incorrect accrued interest payable in the general long-term debt account group	72,664
Record Ventura note payable in the general long-term debt account group. This loan was not previously recorded.	(<u>97,038</u>)
Total governmental-type activities prior period adjustment	<u>399,750</u>

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1300 10th Street, Ste C
Modesto, Ca 95354
209-526-3091
209-526-2287 fax
cbcpas.com

Gerald L. Clendenin, CPA
Constance Hillas Bird, CPA
Michelle L. Edmiston, CPA
Cathy L. Gatewood, EA

William J. Young
Robert C. Kehl

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

To The Board Members
City of Newman Redevelopment Agency
State of California

We have audited the general-purpose financial statements of the Redevelopment Agency of Newman, State of California, as of and for the year ended June 30, 2007 and have issued our report thereon dated September 30, 2007. We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States

As part of obtaining reasonable assurance about whether the Redevelopment Agency of Newman's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

In planning and performing our audit, we considered the Redevelopment Agency of Newman's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements

in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and the Newman Redevelopment Agency Council. However, this report is a matter of public record and its distribution is not limited.

Clendenin Bird + Company, PC
CLENDENIN BIRD & COMPANY, PC

Modesto, California
September 30, 2006

1300 10th Street, Ste C
Modesto, Ca 95364
209-526-3091
209-526-2287 fax
cbcpas.com

Gerald L. Clendenin, CPA
Constance Hillias Bird, CPA
Michelle L. Edmiston, CPA
Cathy L. Gatewood, EA

William J. Young
Robert C. Kehl

INDEPENDENT AUDITOR'S COMPLIANCE REPORT

To The Board Members
City Of Newman Redevelopment Agency
State of California

We have audited the general purpose financial statements of the City of Newman Redevelopment Agency, a component unit of the City of Newman, State of California, for the year ended June 30, 2007, and have issued our report thereon dated September 30, 2007. We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit general purpose financial statements are free of material misstatement.

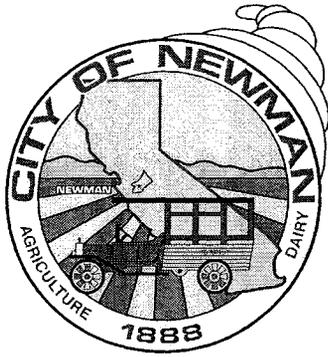
Compliance with laws and regulations applicable to the City of Newman Redevelopment Agency is the responsibility of the City of Newman Redevelopment Agency's management. As part of obtaining reasonable assurance about whether the component unit general purpose financial statements are free of material misstatement, we performed tests of the City of Newman Redevelopment Agency's compliance with laws and regulations contained in the *Guideline for Compliance Audits of California Redevelopment Agencies* issued by the State Controller's Office, Division of Local Government Fiscal Affairs.

The results of our tests indicated that, with respect to the items tested, the City of Newman Redevelopment Agency complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Newman Redevelopment Agency had not complied, in all material respects, with those provisions.

This report is intended for the information of the City of Newman Redevelopment Agency and the State Controller's office. However, this report, upon acceptance by the City of Newman Redevelopment Agency, is a matter of public record and its distribution is not limited.



CLENDENIN BIRD & COMPANY, PC
Modesto, California
September 30, 2007



City of Newman
City Manager's Office
Memorandum

Date: January 4, 2008

To: City Council

From: Michael E. Holland *MEL*

Subject: Agenda Item 10.c – Amendment to StanCOG Joint Powers Agreement.

Based upon the recommendation from StanCOG legal counsel, the Policy Board voted to approve an amendment to the Joint Powers Agreement to clarify eminent domains powers. While StanCOG maintains the authority to use the power of eminent domain when necessary, amendment to the agreement will specifically identify the power, as opposed to being implied. The change does not change or alter any power previously permitted under the agreement. Staff supports the change and recommends the Council adopt the attached resolution.

RESOLUTION NO. 2008-

**A RESOLUTION ADOPTING THE AMENDED JOINT POWERS AGREEMENT
ESTABLISHING THE STANISLAUS COUNCIL OF GOVERNMENTS**

WHEREAS, the Stanislaus Council of Governments (StanCOG) is a joint powers agency formed pursuant to Government Code section 6500 et seq.;

WHEREAS, StanCOG was created by a joint powers agreement originally entered into on May 11, 1971 and last amended on June 5, 2001;

WHEREAS, the member agencies of StanCOG are the County of Stanislaus and all of the incorporated cities within Stanislaus County, which includes the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock and Waterford;

WHEREAS, on December 12, 2007, *the* StanCOG Policy Board approved amendments to its joint powers agreement and requested all member agencies to approve the amended joint powers agreement; and,

WHEREAS, the StanCOG joint powers agreement provides that the agreement may be amended by approval of 75 percent of its member agencies representing 75 percent of the population of the County of Stanislaus as determined by the most recent Decennial Census;

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Newman approves the Amended Joint Powers Agreement Establishing the Stanislaus Council of Governments as approved by the StanCOG Policy Board on December 12, 2007.

BE IT FURTHER RESOLVED, that the Mayor, the City Clerk and the City Attorney are directed to sign the Amended Joint Powers Agreement Establishing the Stanislaus Council of Governments and provide such executed Agreement to StanCOG.

The foregoing Resolution was introduced at a regular meeting of the _____ City Council, on the 8th day of January 2008. A motion was made and seconded to adopt the foregoing Resolution. Motion carried and Resolution adopted.

AYES:
NOES:
ABSENT:

APPROVED:

Mayor of the City of Newman

ATTEST:

Deputy City Clerk of the City of Newman



City of Ceres • City of Hughson • City of Modesto • City of Newman • City of Oakdale • City of Patterson
City of Riverbank • City of Turlock • City of Waterford • County of Stanislaus

December 18, 2007

Mayor John G. Fantazia
City of Newman
P O Box 787
Newman, CA 95360

Subject: Amended Stanislaus Council of Governments (StanCOG) Joint Powers Agreement (JPA) (2008)

Dear Mayor Fantazia:

Please schedule for approval by the Newman City Council the attached Amended Stanislaus Council of Governments Joint Powers Agreement. We are requesting that the Board of Supervisors approve, in the month of January, the Agreement by resolution.

As background, StanCOG is a joint powers agency that was created by a joint powers agreement originally entered into on May 11, 1971 and last amended on June 5, 2001. The member agencies of StanCOG are the County of Stanislaus and all of the incorporated cities within Stanislaus County, which includes the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock and Waterford.

On December 12, 2007, the StanCOG Policy Board approved the Amended StanCOG JPA and recommended that the cities and County approve the Agreement by resolution.

The amendments to the current joint powers agreement are limited to provide StanCOG with specific authority, rather than implied authority, to perform all tasks needed to carryout construction projects including the power of eminent domain, if necessary. This does not change any of the duties that StanCOG is currently carrying out and it does not provide StanCOG with any more powers than what StanCOG represents it is currently authorized to perform. The amendment merely clarifies these existing powers.

The amendment provides the following limited modifications to the existing joint powers agreement:

- (1) Modifies the dates to reflect the new amendment;
- (2) Amends section 12 regarding Powers and Functions by amending section 12.A.(4) to specifically reference the power of eminent domain;
- (3) Adds sections 12.A.(5) and 12.A.(6) to specifically authorize the completion of the planning, design, environmental clearance and construction of transportation and other projects, and to cooperate and participate in joint projects as necessary.

ENCLOSURE 1

**AMENDED JOINT POWERS AGREEMENT ESTABLISHING THE
STANISLAUS COUNCIL OF GOVERNMENTS**

THIS AGREEMENT, made and entered into in the County of Stanislaus, State of California, this _____ day of _____, 19____2008, is between the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock, and Waterford, and the County of Stanislaus, a political subdivision of the State of California, and supersedes the Agreement entered into by these parties on May 11, 1971, ~~and the Agreement entered into by these parties on May 28, 1974, and the Agreement entered into on June 5, 2001.~~

WITNESSETH:

WHEREAS, Article 1 of Chapter 5 of Division 7 of title 1 (Sections 6500, et seq.) of the California Government Code authorizes two or more public agencies, by a joint powers agreement entered into respectively by them and authorized by their legislative or governing bodies, to exercise jointly any power or powers common to the contracting parties; and

WHEREAS, the parties herein recognize that the County of Stanislaus is experiencing continued expansion of its incorporated cities and the development of formerly undeveloped areas; and

WHEREAS, by reason of this growth, governmental problems involving incorporated and unincorporated areas jointly are arising and are expected to increase in the future; and

WHEREAS, the parties herein recognize that there exist planning problems which require area-wide consideration; and

WHEREAS, it is necessary and desirable that a single wholly independent agency be created with the capability of dealing with area-wide issues and problems; and

WHEREAS, the creation of such an agency is necessary to qualify the County and its cities and other agencies within Stanislaus County for certain Federal funds;

WHEREAS, these needs and concerns led to the creation and establishment of the Stanislaus Area Association of Governments on May 11, 1971; and

WHEREAS, these needs and concerns also led to the revision of, and subsequent approval of a Revised Joint Powers Agreement on May 28, 1974; and

WHEREAS, these needs and concerns also led to the revision of, and subsequent approval of a Joint Powers Agreement Establishing the Stanislaus Council of Governments on June 5, 2001; and

WHEREAS, the establishment of the Stanislaus Area Association Council of Governments has:

- (a) provided a forum for the discussion and study of area-wide problems of mutual concern to the various governmental entities in Stanislaus County;
- (b) provided efficiency and economy in governmental operations through the cooperation of member governments and the pooling of common resources;
- (c) provided for the establishment of an agency responsible for identifying, clarifying, and planning for solutions to regional problems requiring multi-jurisdictional cooperation;

- (d) provided for the establishment of an agency capable of developing regional plans and policies and performing area-wide planning duties;
- (e) facilitated cooperation among and agreement between local governmental bodies for specific purposes, interrelated developmental actions, and for the adoption of common policies with respect to issues and problems which are common to its members; and

WHEREAS, the parties at this time, desire to rescind that certain joint powers agreement of May 11, 1971, as amended by the Agreement entered into by these parties on May 28, 1974, and on June 5, 2001, and enter into this new Agreement in order to establish the duties and powers of a newly-constituted the Stanislaus Area Association Council of Governments;

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

SECTION 1

STATEMENT OF PURPOSE

1.A. **Specific Purposes.** The member cities and the county have joined together to establish the Stanislaus Council of Governments for the following purposes:

- 1.A.(1) Provide a forum for discussion and study of area-wide problems of mutual interest to the member governments.
- 1.A.(2) Insure through cooperation, coordination, and the pooling of common resources, maximum efficiency and economy in governmental operation.
- 1.A.(3) Identify, inventory, and comprehensively plan for the solution of regional problems requiring multi-governmental cooperation.
- 1.A.(4) Develop area-wide plans and policies for growth and development.
- 1.A.(5) Facilitate actions and agreements among the governmental units for specific project development.
- 1.A.(6) Conduct, and have operating authority over, other area-wide functions as the Stanislaus Area Association of Governments Board deems appropriate.

SECTION 2

ESTABLISHMENT OF STANISLAUS COUNCIL OF GOVERNMENTS

2.A. **Separate Entity.** Upon the effective date of this Agreement, the parties hereto hereby establish a newly constituted Council of Governments, as a public entity separate and distinct from its member entities, as the agent to exercise the common powers provided for in this Agreement and to administer or otherwise execute this Agreement.

2.B. **Continuation of Duties.** The newly constituted Stanislaus Council of Governments, shall continue to function, without interruption in its duties, as:

SECTION 12

POWERS AND FUNCTIONS

12.A. **Powers and Functions.** The Stanislaus Council of Governments shall have the common power of the Parties hereto to plan, establish and administer an independent area planning organization and in the exercise of that power the Stanislaus Council of Governments is authorized in its own name to:

- 12.A.(1) _____ Employ an Executive Director as the chief administrative officer of Stanislaus Council of Governments.
- 12.A.(2) Employ agents and employees and contract for professional services.
- 12.A.(3) Make and enter into contracts.
- 12.A.(4) Acquire, hold and convey real and personal property, including the power to acquire property by eminent domain.
- 12.A.(5) _____ Undertake the planning, design, environmental clearance and construction of transportation and other projects.
- 12.A.(6) _____ Cooperate with other agencies, counties and other local public agencies and participate in joint projects as necessary.
- 12.A.(7) Incur debts, obligations and liabilities.
- 12.A.(6)8) _____ Accept contributions, grants or loans from any public or private agency or individual, or the United States, the State of California or any department, instrumentality, or agency thereof, for the purpose of financing its activities.

- 12.A.(79) Invest money that is not needed for immediate necessities, in the same manner and upon the same conditions as other local entities in accordance with Section 53601 of the California Government Code.
- 12.A.(810) Have appointed members and ex-officio members of the Stanislaus Council of Governments serve without compensation from the Stanislaus Council of Governments, except that members of the Stanislaus Council of Governments may be reimbursed for all reasonable expenses and costs relating to attendance at Stanislaus Council of Governments meetings or other Stanislaus Council of Governments business.
- 12.A.(911) Do all other acts reasonable and necessary to carry out the purposes of this Agreement.
- 12.A.(1012) Sue and be sued, in its own name only, but not in the name or stead of any Party.
- 12.A.(1113) Exercise any and all other powers as may be provided for in California Government Code Section 6547.
- 12.A.(1214) The powers to be exercised by the Stanislaus Council of Governments are subject to such restrictions upon the manner of exercising such powers as are imposed upon the County in the exercise of similar powers. The Council shall be held strictly accountable for all funds received, held and disbursed by it.
- 12.A.(1315) The Stanislaus Council of Governments is hereby designated by the parties to this Agreement as the regional review agency for the purposes of acting on any appropriate proposals which may be presented to it for consideration, and as the sole regional planning representative for transmission of proposed recommendations to the U.S. Department of Housing and Urban Development or such other agency of the Federal Government or State Government as may be designated to receive such recommendations from the Council, and as the area-wide planning organization (APO) for the County of Stanislaus as such APO is defined in pertinent State and/or Federal directives and regulations.
- 12.A.(1416) File, within 30 days of the effective date of this Agreement, a Notice of the Agreement with the office of the California Secretary of State, pursuant to California Government Code, section 6503.5

SECTION 13

BYLAWS

13.A. **Bylaws.** The By-laws of the Stanislaus Council of Governments shall be those annexed to this Agreement marked "Exhibit A" and incorporated herein by reference. Amendments to all or a portion of the Bylaws may be made in the manner prescribed in the Bylaws.

SECTION 14

EXECUTIVE DIRECTOR

SECTION 22

RETURN OF SURPLUS FUNDS

22.A. **Return of Surplus Funds.** Upon termination of this Agreement, any surplus money on hand shall be returned, pro rata, to the Federal, State, or local agency or the party to this Agreement that provided the funds.

SECTION 23

ADDITIONAL MEMBERS

23.A. **Additional Members.** In addition to the incorporated cities identified in this Agreement, any city within Stanislaus County which may hereafter be incorporated and which desires to participate in the activities of Stanislaus Council of Governments may do so by executing this Agreement without the prior approval or ratification of the named parties to this Agreement and shall thereafter be a party to this Agreement and be bound by all terms and conditions of this Agreement as of the date it executes this Agreement.

SECTION 24

SUCCESSORS AND ASSIGNS

24.A. **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of any successors to or assigns of the parties.

SECTION 25

SEVERABILITY

25.A. **Severability.** Should any part, term, portion, or provision of this Agreement be finally decided to be in conflict with any law of United States or the State of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the Agreement which the member agencies intended to enter into in the first instance.

SECTION 26

EFFECTIVE DATE OF AGREEMENT

26.A. **Effective Date.** This Agreement shall become effective upon ratification by resolution of the Stanislaus County Board of Supervisors and each of the city councils of the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock, and Waterford. From and after said date the agreements made establishing the Stanislaus Area Association of Governments dated May 11, 1971 and May 20, 1974, and the Agreement Establishing the Stanislaus Council of Governments dated June 5, 2001 shall be superseded, replaced and terminated by this Agreement and shall be of no further force and effect.

26.B. **Amendments.** After this Agreement becomes effective, it may be amended upon ratification by resolution of 75% of the member agencies representing 75% of the population of the County of Stanislaus as determined by the most recent Decennial Census. For this purpose each incorporated

ENCLOSURE 2

**AMENDED JOINT POWERS AGREEMENT ESTABLISHING THE
STANISLAUS COUNCIL OF GOVERNMENTS**

THIS AGREEMENT, made and entered into in the County of Stanislaus, State of California, this _____ day of _____, 2008, is between the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock, and Waterford, and the County of Stanislaus, a political subdivision of the State of California, and supersedes the Agreement entered into by these parties on May 11, 1971, the Agreement entered into by these parties on May 28, 1974, and the Agreement entered into on June 5, 2001.

WITNESSETH:

WHEREAS, Article 1 of Chapter 5 of Division 7 of title 1 (Sections 6500, et seq.) of the California Government Code authorizes two or more public agencies, by a joint powers agreement entered into respectively by them and authorized by their legislative or governing bodies, to exercise jointly any power or powers common to the contracting parties; and

WHEREAS, the parties herein recognize that the County of Stanislaus is experiencing continued expansion of its incorporated cities and the development of formerly undeveloped areas; and

WHEREAS, by reason of this growth, governmental problems involving incorporated and unincorporated areas jointly are arising and are expected to increase in the future; and

WHEREAS, the parties herein recognize that there exist planning problems which require area-wide consideration; and

WHEREAS, it is necessary and desirable that a single wholly independent agency be created with the capability of dealing with area-wide issues and problems; and

WHEREAS, the creation of such an agency is necessary to qualify the County and its cities and other agencies within Stanislaus County for certain Federal funds;

WHEREAS, these needs and concerns led to the creation and establishment of the Stanislaus Area Association of Governments on May 11, 1971; and

WHEREAS, these needs and concerns also led to the revision of, and subsequent approval of a Revised Joint Powers Agreement on May 28, 1974; and

WHEREAS, these needs and concerns also led to the revision of, and subsequent approval of a Joint Powers Agreement Establishing the Stanislaus Council of Governments on June 5, 2001; and

WHEREAS, the establishment of Stanislaus Council of Governments has:

- (a) provided a forum for the discussion and study of area-wide problems of mutual concern to the various governmental entities in Stanislaus County;
- (b) provided efficiency and economy in governmental operations through the cooperation of member governments and the pooling of common resources;

- (c) provided for the establishment of an agency responsible for identifying, clarifying, and planning for solutions to regional problems requiring multi-jurisdictional cooperation;
- (d) provided for the establishment of an agency capable of developing regional plans and policies and performing area-wide planning duties;
- (e) facilitated cooperation among and agreement between local governmental bodies for specific purposes, interrelated developmental actions, and for the adoption of common policies with respect to issues and problems which are common to its members; and

WHEREAS, the parties at this time, desire to rescind that certain joint powers agreement of May 11, 1971, as amended by the Agreement entered into by these parties on May 28, 1974, and on June 5, 2001, and enter into this new Agreement in order to establish the duties and powers of the Stanislaus Council of Governments;

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

SECTION 1

STATEMENT OF PURPOSE

1.A. **Specific Purposes.** The member cities and the county have joined together to establish the Stanislaus Council of Governments for the following purposes:

- 1.A.(1) Provide a forum for discussion and study of area-wide problems of mutual interest to the member governments.
- 1.A.(2) Insure through cooperation, coordination, and the pooling of common resources, maximum efficiency and economy in governmental operation.
- 1.A.(3) Identify, inventory, and comprehensively plan for the solution of regional problems requiring multi-governmental cooperation.
- 1.A.(4) Develop area-wide plans and policies for growth and development.
- 1.A.(5) Facilitate actions and agreements among the governmental units for specific project development.
- 1.A.(6) Conduct, and have operating authority over, other area-wide functions as the Stanislaus Area Association of Governments Board deems appropriate.

SECTION 2

ESTABLISHMENT OF STANISLAUS COUNCIL OF GOVERNMENTS

2.A. **Separate Entity.** Upon the effective date of this Agreement, the parties hereto hereby establish a newly constituted Council of Governments, as a public entity separate and distinct from its member entities, as the agent to exercise the common powers provided for in this Agreement and to administer or otherwise execute this Agreement.

2.B. **Continuation of Duties.** The newly constituted Stanislaus Council of Governments, shall continue to function, without interruption in its duties, as:

- 2.B.(1) the Local Transportation Authority (LTA) as designated by the Stanislaus County Board of Supervisors, pursuant to the Local Transportation Authority and Improvement Act.
- 2.B.(2) the Area-wide Planning Organization (APO) as designated by the U.S. Department of Housing and Urban Development (HUD);
- 2.B.(3) the Metropolitan Planning Organization (MPO) as designated by the U.S. Department of Transportation;
- 2.B.(4) the Regional Transportation Planning Agency (RTPA) as designated by the Secretary of Business and Transportation Agency of the State of California;
- 2.B.(5) the regional planning representative, as designated by the parties hereto, for the purpose of acting upon any appropriate proposals which may be presented to it for consideration and for transmission of proposed recommendations to Federal and State agencies.
- 2.B.(6) the Congestion Management Agency (CMA) as designated by the Stanislaus County Board of Supervisors, pursuant to California Government Code, Chapter 2.6.
- 2.B.(7) The Abandoned Vehicle Authority (AVA) as designated by the Stanislaus County Board of Supervisors, pursuant to California Vehicle Code, Section 22710(a).

SECTION 3

COMPOSITION

3.A. **Member Agencies.** The Council shall be composed of the County of Stanislaus and the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock, and Waterford, together hereinafter referred to as the member agencies.

SECTION 4

BOARD AND VOTING

4.A. **Board.** The Stanislaus Council of Governments shall be governed by a board, the members of which shall be appointed by the member agencies.

4.B. **Voting.** Voting at meetings of the Association shall be as follows:

- 4.B.(1) The County of Stanislaus shall have five (5) votes.
- 4.B.(2) The City of Modesto shall have three (3) votes.
- 4.B.(3) All other members of the Association shall have one (1) vote each.
- 4.B.(4) Each representative of a member, or in the absence of the representative, his or her alternate present shall be entitled to cast a single vote. A representative or his or her alternate must be present to vote.

4.C. **Representatives.** Each member agency shall designate, from among the elected officials of the member, a representative or representatives, equal to the number of votes of that member agency.

4.D. **Alternate Representatives.** Each member agency shall designate at least one alternate representative for each vote of the member. Said alternates need not be elected officials of the member, however, the County Chief Executive Officer and the Modesto City Manager are not eligible to be designated as alternates. Members may designate more than one alternate for each representative, as deemed prudent by that member. To be eligible to cast the vote of the member, alternates must be designated, and notice of said designation given to the Executive Director, at least twenty-four (24) hours prior to the first meeting at which that alternate is to attend on behalf of the member's designated Representative.

SECTION 5

TERM OF OFFICE

5.A. **Term of Office.** The term of office of each representative and alternate representative, should the alternate be an elected official, shall correspond with his or her term of office on the legislative body he or she represents. If a vacancy occurs, it shall be filled by a new appointment made by the appropriate member agency.

SECTION 6

QUORUM AND MAJORITY REQUIREMENTS

6.A. **Quorum and Majority Requirements.** The presence of at least one (1) representative, or in the absence of a representative his or her alternate, from a majority of the member agencies, shall constitute a quorum. A quorum shall be necessary for the purpose of conducting official business. A two-thirds majority of those present shall be required to approve all expenditures. For all other business, a majority vote of those present shall be sufficient. A roll call vote shall be conducted at the request of any representative.

SECTION 7

PUBLIC MEETINGS

7.A. **Meeting Time and Place.** The Stanislaus Council of Governments shall establish a time and place for regular Policy Board meetings. All meetings shall be conducted in accordance with the Ralph M. Brown Act, California Government Code, section 54950 et seq.

SECTION 8

EXECUTIVE COMMITTEE

8.A. **Executive Committee.** An Executive Committee shall be constituted from among the representatives of the members of the Council. The Executive Committee shall consist of: Two of the representatives from the County Board of Supervisors, to be appointed by and serve at the pleasure of the County Board of Supervisors; One of the representatives from the City of Modesto, to be appointed by and to serve at the pleasure of the Modesto City Council and; Two representatives from among the other cities, said representatives to be chosen by a caucus of the Policy Board members representing the cities other than Modesto, and serve at the pleasure of, these other cities. The Chairperson and Vice-Chairperson of the Council shall be members of the Executive Committee and shall serve on it as the representatives of their respective political entities.

8.B. **Powers of Executive Committee.** The Executive Committee shall have such powers as are not inconsistent with this Agreement as are delegated to it by the By-laws.

SECTION 9

TECHNICAL ADVISORY COMMITTEE

9.A. **Technical Advisory Committee.** The Council shall establish and maintain a Technical Advisory Committee. The Technical Advisory Committee shall be created and operated in accordance with the Bylaws of the Stanislaus Council of Governments or in accordance with Bylaws of the Technical Advisory Committee as adopted by two-thirds (2/3) of the members of that committee, subject to the majority approval of the Stanislaus Council of Governments Policy Board members present and voting. Changes or amendments to said Bylaws shall be approved by two-thirds (2/3) of the members of that committee present and voting, and shall be subject to the majority approval of the Stanislaus Council of Governments Policy Board members present and voting.

SECTION 10

CITIZENS ADVISORY COMMITTEE

10.A. **Citizens Advisory Committee.** The Council shall establish and maintain a Citizens Advisory Committee. Said Committee shall be created and operated in accordance with the Bylaws of the Stanislaus Council of Governments Citizens Advisory Committee attached hereto as Appendix I. Changes or amendments to said Bylaws shall be approved by two-thirds (2/3) of the members of that committee, and shall be subject to the majority approval of the Stanislaus Council of Governments Policy Board members present and voting.

SECTION 11

SOCIAL SERVICES TRANSPORTATION ADVISORY COUNCIL

11.A. **Social Services Transportation Advisory Council** The Council shall establish and maintain a Social Services Transportation Advisory Committee. Said Committee shall be created and operated in accordance with the Bylaws of the Stanislaus Council of Governments Social Services Transportation Advisory Committee attached hereto as Appendix II. Changes or amendments to said Bylaws shall be approved by two-thirds (2/3) of the members of that committee, and shall be subject to the majority approval of the Stanislaus Council of Governments Policy Board members present and voting.

SECTION 12

POWERS AND FUNCTIONS

12.A. **Powers and Functions.** The Stanislaus Council of Governments shall have the common power of the Parties hereto to plan, establish and administer an independent area planning organization and in the exercise of that power the Stanislaus Council of Governments is authorized in its own name to:

- 12.A.(1) Employ an Executive Director as the chief administrative officer of Stanislaus Council of Governments.
- 12.A.(2) Employ agents and employees and contract for professional services.

- 12.A.(3) Make and enter into contracts.
- 12.A.(4) Acquire, hold and convey real and personal property, including the power to acquire property by eminent domain.
- 12.A.(5) Undertake the planning, design, environmental clearance and construction of transportation and other projects.
- 12.A.(6) Cooperate with other agencies, counties and other local public agencies and participate in joint projects as necessary.
- 12.A.(7) Incur debts, obligations and liabilities.
- 12.A.(8) Accept contributions, grants or loans from any public or private agency or individual, or the United States, the State of California or any department, instrumentality, or agency thereof, for the purpose of financing its activities.
- 12.A.(9) Invest money that is not needed for immediate necessities, in the same manner and upon the same conditions as other local entities in accordance with Section 53601 of the California Government Code.
- 12.A.(10) Have appointed members and ex-officio members of the Stanislaus Council of Governments serve without compensation from the Stanislaus Council of Governments, except that members of the Stanislaus Council of Governments may be reimbursed for all reasonable expenses and costs relating to attendance at Stanislaus Council of Governments meetings or other Stanislaus Council of Governments business.
- 12.A.(11) Do all other acts reasonable and necessary to carry out the purposes of this Agreement.
- 12.A.(12) Sue and be sued, in its own name only, but not in the name or stead of any Party.
- 12.A.(13) Exercise any and all other powers as may be provided for in California Government Code Section 6547.
- 12.A.(14) The powers to be exercised by the Stanislaus Council of Governments are subject to such restrictions upon the manner of exercising such powers as are imposed upon the County in the exercise of similar powers. The Council shall be held strictly accountable for all funds received, held and disbursed by it.
- 12.A.(15) The Stanislaus Council of Governments is hereby designated by the parties to this Agreement as the regional review agency for the purposes of acting on any appropriate proposals which may be presented to it for consideration, and as the sole regional planning representative for transmission of proposed recommendations to the U.S. Department of Housing and Urban Development or such other agency of the Federal Government or State Government as may be designated to receive such recommendations from the Council, and as the area-wide planning organization (APO) for the County of Stanislaus as such APO is defined in pertinent State and/or Federal directives and regulations.
- 12.A.(16) File, within 30 days of the effective date of this Agreement, a Notice of the Agreement with the office of the California Secretary of State, pursuant to California Government Code, section 6503.5

SECTION 13

BYLAWS

13.A. **Bylaws.** The By-laws of the Stanislaus Council of Governments shall be those annexed to this Agreement marked "Exhibit A" and incorporated herein by reference. Amendments to all or a portion of the Bylaws may be made in the manner prescribed in the Bylaws.

SECTION 14

EXECUTIVE DIRECTOR

14.A. **Executive Director.** The Executive Director shall be selected by, and shall serve at the pleasure of and upon the terms prescribed by the Stanislaus Council of Governments Board. The powers and duties of the Executive Director are:

- 14.A.(1) To serve as the chief administrative officer of Stanislaus Council of Governments and to be responsible to the Stanislaus Council of Governments Board for the proper administration of all Stanislaus Council of Governments affairs.
- 14.A.(2) To appoint, supervise, suspend, discipline or remove Stanislaus Council of Governments employees subject to those policies and procedures, from time to time, adopted by the Stanislaus Council of Governments Board.
- 14.A.(3) To supervise and direct the preparation of the annual budget for the Stanislaus Council of Governments and be responsible for its administration after adoption by the Stanislaus Council of Governments Board.
- 14.A.(4) To formulate and present to the Stanislaus Council of Governments Board plans for Stanislaus Council of Governments activities and the means to finance them.
- 14.A.(5) To supervise the planning and implementation of all Stanislaus Council of Governments activities.
- 14.A.(6) To attend all meetings of the Stanislaus Council of Governments Board and act as the secretary to the Stanislaus Council of Governments Board.
- 14.A.(7) To prepare and submit to the Stanislaus Council of Governments Board periodic financial reports and, as soon as practicable after the end of each fiscal year, an annual report of the activities of the Stanislaus Council of Governments for the preceding year.
- 14.A.(8) To have custody and charge of all Stanislaus Council of Governments property other than money and securities.
- 14.A.(9) To transmit to the Executive Director's successor all books and records of the Stanislaus Council of Governments in his or her possession.

- 14.A.(10) To perform such other duties as the Stanislaus Council of Governments Board may require in carrying out the policies and directives of the Stanislaus Council of Governments Board.

SECTION 15

TREASURER

15.A. **Treasurer.** The Treasurer of the County shall be the Treasurer of the Stanislaus Council of Governments. The Treasurer shall:

- 15.A.(1) Receive and receipt all money of the Stanislaus Council of Governments and place it in the treasury of the County to the credit of the Stanislaus Council of Governments.
- 15.A.(2) Be responsible upon the Treasurer's official bond for the safekeeping and disbursement of all Stanislaus Council of Governments money held by the Treasurer.
- 15.A.(3) Pay any sums due from the Stanislaus Council of Governments, from the Stanislaus Council of Governments funds held by the Treasurer or any portion thereof, upon warrants of the Auditor-Controller designated herein.
- 15.A.(4) Verify and report in writing as soon as possible after the first day of July, October, January, and April of each year to the Stanislaus Council of Governments the amounts of monies the Treasurer holds for the Stanislaus Council of Governments, the amount of receipts since the Treasurer's last report, and any interest accrued to those funds.

15.B. **Reimbursement.** The Stanislaus Council of Governments shall reimburse the County for the cost of services provided by the Treasurer to the Council on an at-cost basis.

SECTION 16

AUDITOR-CONTROLLER

16.A. **Auditor-Controller.** The Auditor-Controller of the County shall be the Controller for the Stanislaus Council of Governments. The Auditor-Controller shall:

- 16.A.(1) Draw warrants to pay demands against the Stanislaus Council of Governments when the demands have been approved by the Stanislaus Council of Governments Board and/or the Stanislaus Council of Governments Executive Director. The Controller shall be responsible on the Controller's official bond for the Controller's approval of disbursements of the Stanislaus Council of Governments money.
- 16.A.(2) Keep and maintain records and books of account on the basis of generally accepted accounting practices. The books of account shall include records of assets, liabilities, and contributions made by each Party to this Agreement.

16.A.(3) Make available all the financial records of the Stanislaus Council of Governments to a certified public accountant or public accountant contracted by the Stanislaus Council of Governments to make an annual audit of the accounts and records of the Stanislaus Council of Governments. The minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the California Government Code and shall conform to generally accepted auditing standards.

16.B. **Reimbursement.** The Stanislaus Council of Governments shall reimburse the County for the cost of services provided by the Controller to the Stanislaus Council of Governments on an at-cost basis.

16.C. **Approvals.** The Executive Director of the Stanislaus Council of Governments and the Chairman of the Stanislaus Council of Governments shall together have the power to approve to the auditor demands against the Stanislaus Council of Governments. The Vice-Chairman of the Stanislaus Council of Governments shall be substituted in the absence or vacancy of either of the above officials.

SECTION 17

FINANCING

17.A. **Allocation of Financing.** Each member shall contribute to the financial support of the Council. Each city's share of financial support shall be determined by the percentage its population has to the County as a whole. The County's share of financial support shall be determined by the percentage the population of the unincorporated areas of the County have to the County as a whole. Population is to be determined by the latest United States Decennial Census or later California State Department of Finance figures.

17.B. **Annual Dues.** The Policy Board may provide for annual dues to be paid by each member agency.

17.C. **Fiscal Year.** The fiscal year of the Council shall commence on July 1 of each year and shall terminate on June 30 of the following year. Each member shall deposit its share of financial support with the Treasurer of the Council no later than August 1 of each year.

17.D. **Support from Member Agencies.** A member agency in the exercise of the reasonable discretion of its governing body, may provide support for the Stanislaus Council of Governments, its staff, and its professional consultants, including providing quarters, janitorial services and maintenance, supplies, printing and duplication, postage, telephone services, transportation services, and the professional and technical assistance as may be agreed upon from time to time by the Stanislaus Council of Governments and the respective member agencies. All assistance shall be provided on an at-cost basis.

17.E. **Other Support and Fees.** The Stanislaus Council of Governments shall apply for available state federal, regional, and local support funds, and shall make new and additional applications from time to time as appropriate. If deemed necessary, the Stanislaus Council of Governments Board may also establish and collect filing and processing fees from non-members in connection with matters to be considered by it.

SECTION 18

BOND REQUIREMENTS

18.A. **Bond Requirement.** The Executive Director and such other persons employed by the Stanislaus Council of Governments as may be designated by the Stanislaus Council of Governments

Board, shall file with the Stanislaus Council of Governments Board an official fidelity bond in a penal sum determined by the Stanislaus Council of Governments Board as security for the safekeeping of the Stanislaus Council of Governments's property entrusted to the employee. However, if the Executive Director or other such persons designated are already bonded by another agency, no additional bonding shall be required by this section. Premiums for any bonds required under this section shall be paid by the Stanislaus Council of Governments.

SECTION 19

ASSIGNABILITY

19.A. **Assignability.** With the approval of, and upon the terms agreed upon by, governing body of each party to this Agreement, all or any of the rights and property subject to this Agreement may be assigned to further the purpose of this Agreement. Provided, however, no right or property of Stanislaus Council of Governments shall be assigned without compliance with all conditions imposed by any state or federal entity from whom Stanislaus Council of Governments has received financial assistance.

SECTION 20

WITHDRAWAL OF A PARTY

20.A. **Notice.** A party to this Agreement may, at any time, withdraw from the Stanislaus Council of Governments, following 90 days notice to the Stanislaus Council of Governments and all other members of Stanislaus Council of Governments, by resolution of intent to withdraw adopted by the governing board of the withdrawing party.

20.B. **Effect of Withdrawal.** Upon the effective date of such withdrawal such member shall cease to be bound by this Agreement, but shall continue to provide financial support through the approved percentage of planning funds provided to the Stanislaus Council of Governments, as Transportation Planning Agency under the provisions of Section 99233.2 of the Transportation Development Act. Stanislaus Council of Governments assets representing any accumulated capital contribution of the withdrawing party shall remain subject to Stanislaus Council of Governments control, depreciation and use without compensation to the withdrawing party until termination of this Agreement and distribution of Stanislaus Council of Governments assets.

20.C. **Resumption of Membership.** Any member agency which has withdrawn from the Council in accordance with the provisions of this Section 20 of this Agreement may resume its membership upon thirty (30) days' written notice to the then members, which notice may be waived by a majority vote of the Council.

SECTION 21

TERMINATION AND DISSOLUTION

21.A. **No Specific Term.** This Agreement shall continue in force without specific term.

21.B. **Termination.** If, at any time, those cities and County which are members of Stanislaus Council of Governments contain less than 55% of the population residing within the area of Stanislaus County, based upon the latest available census information, and there are less than a majority of local governments remaining as members of Stanislaus Council of Governments shall be deemed disestablished and this Agreement shall cease to be operative except for the purpose of payment of any obligations theretofore incurred.

21.C. **Distribution of Assets.** If this Agreement is terminated, all real and personal property owned by Stanislaus Council of Governments shall be distributed to the Federal, State, or local funding agency or party to this Agreement that supplied the property or whose funding provided for the acquisition of the property unless other distribution is provided by law. Should the origin of any real or personal property be undeterminable, that property shall be disbursed to the parties to this Agreement in proportion to the size of the jurisdiction as delineated in the latest California Department of Finance estimate of population.

21.D. **Surplus Property.** The surplus property of the Council shall be disposed of by dividing it among the members of the Council. The proportion to be returned to each member is to be the same proportion as the member contributed to the most recent budget of the Council.

21.E. **Continues in Effect until Distribution.** This Agreement shall not terminate until all property has been distributed in accordance with this provision.

SECTION 22

RETURN OF SURPLUS FUNDS

22.A. **Return of Surplus Funds.** Upon termination of this Agreement, any surplus money on hand shall be returned, pro rata, to the Federal, State, or local agency or the party to this Agreement that provided the funds.

SECTION 23

ADDITIONAL MEMBERS

23.A. **Additional Members.** In addition to the incorporated cities identified in this Agreement, any city within Stanislaus County which may hereafter be incorporated and which desires to participate in the activities of Stanislaus Council of Governments may do so by executing this Agreement without the prior approval or ratification of the named parties to this Agreement and shall thereafter be a party to this Agreement and be bound by all terms and conditions of this Agreement as of the date it executes this Agreement.

SECTION 24

SUCCESSORS AND ASSIGNS

24.A. **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of any successors to or assigns of the parties.

SECTION 25

SEVERABILITY

25.A. **Severability.** Should any part, term, portion, or provision of this Agreement be finally decided to be in conflict with any law of United States or the State of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the Agreement which the member agencies intended to enter into in the first instance.

SECTION 26

EFFECTIVE DATE OF AGREEMENT

26.A. **Effective Date.** This Agreement shall become effective upon ratification by resolution of the Stanislaus County Board of Supervisors and each of the city councils of the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock, and Waterford. From and after said date the agreements made establishing the Stanislaus Area Association of Governments dated May 11, 1971 and May 20, 1974, and the Agreement Establishing the Stanislaus Council of Governments dated June 5, 2001 shall be superseded, replaced and terminated by this Agreement and shall be of no further force and effect.

26.B. **Amendments.** After this Agreement becomes effective, it may be amended upon ratification by resolution of 75% of the member agencies representing 75% of the population of the County of Stanislaus as determined by the most recent Decennial Census. For this purpose each incorporated city shall represent those people residing within its city limits and the Stanislaus County Board of Supervisors shall represent those people who reside in the unincorporated areas of the County.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the dates shown in the respective signature blocks.

STANISLAUS COUNTY BOARD OF SUPERVISORS

By: _____
[Type Name]
[Type Title]

ATTEST:

By: _____
[Type Name]
Clerk of County Board of Supervisors

Approved as to Legal Form:

By: _____
[Type Name]
County Counsel

CITY OF CERES

By: _____
[Type Name]
Mayor

ATTEST:

By: _____
[Type Name]
City Clerk

Approved as to Legal Form:

By: _____
[Type Name]
City Attorney

CITY OF HUGHSON

By: _____
[Type Name]
Mayor

ATTEST:

By: _____
[Type Name]
City Clerk

Approved as to Legal Form:

By: _____
[Type Name]
City Attorney

CITY OF MODESTO

By: _____
[Type Name]
Mayor

ATTEST:

By: _____
[Type Name]
City Clerk

Approved as to Legal Form:

By: _____
[Type Name]
City Attorney

CITY OF NEWMAN

By: _____
[Type Name]
Mayor

ATTEST:

By: _____
[Type Name]
City Clerk

Approved as to Legal Form:

By: _____
[Type Name]
City Attorney

CITY OF OAKDALE

By: _____
[Type Name]
Mayor

ATTEST:

By: _____
[Type Name]
City Clerk

Approved as to Legal Form:

By: _____
[Type Name]
City Attorney

CITY OF PATTERSON

By: _____
[Type Name]
Mayor

ATTEST:

By: _____
[Type Name]
City Clerk

Approved as to Legal Form:

By: _____
[Type Name]
City Attorney

CITY OF RIVERBANK

By: _____
[Type Name]
Mayor

ATTEST:

By: _____
[Type Name]
City Clerk

Approved as to Legal Form:

By: _____
[Type Name]
City Attorney

CITY OF TURLOCK

By: _____
[Type Name]
Mayor

ATTEST:

By: _____
[Type Name]
City Clerk

Approved as to Legal Form:

By: _____
[Type Name]
City Attorney

CITY OF WATERFORD

By: _____
[Type Name]
Mayor

ATTEST:

By: _____
[Type Name]
City Clerk

Approved as to Legal Form:

By: _____
[Type Name]
City Attorney

EXHIBIT "A"

STANISLAUS COUNCIL OF GOVERNMENTS

AMENDED BYLAWS

RECITALS:

WHEREAS, it is deemed prudent to amend and restate the Bylaws of The Stanislaus Council of Governments. These Amended Bylaws shall supersede the previous Bylaws as amended April 10, 1974; July 10, 1974; and November 10, 1976.

ARTICLE I

MEETINGS

Section 1: Regular Meetings.

The Stanislaus Council of Governments shall hold monthly meetings. The time and the place of each meeting shall be determined by the Chairperson of the Council subject to the approval of the representatives. Notice of regular meetings shall be given to each representative and alternate representative at least ten (10) days prior to each meeting.

Section 2: Special Meetings.

Special meetings of the Council may be called by the Chairperson at his or her discretion at a time and place of his or her choice, or by a member agency upon request to the Chairperson. Representatives shall be notified of the meeting, either personally or by written notice, at least twenty-four (24) hours prior to the meeting. No business except that specified in the notice shall be discussed at a special meeting.

Section 3: Cancellation of Meetings.

The Chairperson may cancel any regular or special meeting of the Council except upon objection by any representative.

Section 4: Notice of Meetings.

The Chairperson shall direct the publication of notices of all meetings, public hearings, etc., as required by the State of California Government Code. It shall be the policy of the Council to notify any newspaper, radio station, television station, or other news media, of its meetings at least twenty-four (24) hours prior to the meetings upon the receipt of written request to do so.

Section 5: Committee Meetings.

Except as herein or otherwise provided, the Standing and Special Committees of the Council shall meet on the call of their Chairperson. Each committee member shall be notified of a meeting, either personally or by written notice, at least five (5) days prior to the meeting.

ARTICLE II

CONDUCT OF MEETINGS

Section 1: General Conduct.

Except as herein or otherwise provided, ROBERTS RULES OF ORDER shall govern all proceedings of the Council. In any event, all proceedings and conduct of the meetings shall be in full compliance with the State of California Government Code.

Section 2: Expression of Opinions.

It shall be the policy of the Council to entertain the opinions of any person, firm, or corporation relative to any pending matter.

Section 3: Adjourned Meetings.

The Chairperson may, with the approval of a majority of the representatives present, adjourn any meeting to a time and location of his or her choice.

Section 4: Voting Authorization.

All votes shall be cast by the person or persons authorized to do so by the member which they represent. Such authorization shall be made known to the Executive Director of the Council prior to each meeting of the Council. No proxy, absentee, or fractional votes may be cast.

ARTICLE III

EXECUTIVE SESSIONS

Section 1: Executive Sessions.

Executive sessions shall be held in conformance with the Government Code of the State of California.

ARTICLE IV

OFFICERS

Section 1: Chairperson.

The representative of the Council shall elect from among their number a Chairperson of the Council. The Chairperson shall serve a one-year term of office beginning at the first regular meeting of each fiscal year.

Section 2: Vice-Chairperson.

The representatives of the Council shall elect from among their number a Vice-Chairperson of the Council. The Vice-Chairperson shall serve a one-year term of office beginning at the first regular meeting in each fiscal year. The Vice-Chairperson shall act in the place of and have all the powers and duties of the Chairperson in the absence of the Chairperson.

Section 3: Secretary.

The Executive Director shall serve as the Secretary of the Council. The Secretary shall maintain a public record of the Council's resolutions, transactions, findings, and determinations, and shall prepare agendas and minutes of each Regular and Special meeting of the Council.

Section 4: Vacancy.

Upon a vacancy occurring in the office of the Chairperson, the Vice-Chairperson shall assume the office of Chairperson for the balance of the unexpired term. Upon a vacancy occurring in the office of the Vice-Chairperson the representatives shall elect, from among their number, a Vice-Chairperson to serve the balance of the unexpired term.

ARTICLE V

COMMITTEES

Section 1: Standing Committees.

The Standing Committees of the Council shall be:

A. Executive Committee.

The Executive Committee shall be constituted and operated in accordance with Section 8 of the Joint Powers Agreement of the Stanislaus Council of Governments. The Chairperson of the Stanislaus Council of Governments shall be ex officio the Chairperson of the Executive Committee. The Vice-chairperson of the Stanislaus Council of Governments shall be ex officio a member of the Executive Committee.

B. Technical Committee.

The Technical Committee shall consist of the Chief Administrative Official, or his or her designee, of each member of the Council as designated by the member. The Technical Committee shall advise the Executive Committee and the Council. The Committee shall annually elect from its own members its Chairperson.

C. Citizens Advisory Committee.

The Council shall maintain a Citizens Advisory Committee which shall be operated in accordance with Appendix I of these Bylaws.

D. Social Services Transportation Advisory Council.

The Council shall maintain a Social Services Transportation Advisory Council which shall be operated in accordance with Appendix II of these Bylaws.

Section 2: Special Committees.

The Chairperson or representatives may appoint additional committees as may be necessary or desirable.

ARTICLE VI

FINANCIAL DETERMINATIONS

Section 1: Withdrawal.

A member of the Council that withdraws from the Council shall not have its financial contribution refunded.

Section 2: Newly Incorporated Cities.

Any newly incorporated city which becomes a member of the Council after the commencement of a fiscal year shall not be required to contribute financially to the Council until the subsequent fiscal year, providing that the said newly incorporated city becomes a member of the Council within one (1) year of its incorporation date.

Section 3: Other Political Entities.

Any other political entity which becomes a member of the Council after the commencement of a fiscal year shall contribute to the Council that amount which it would have contributed had it been a member at the commencement of the fiscal year.

ARTICLE VII

REFERRALS

Section 1: The Council may accept by letter or resolution referrals for study and report from any duly constituted advisory or legislative body or their representatives. Reports will be made and returned to the referring body within a reasonable time.

ARTICLE VIII

REPORTS

Section 1: The Council shall render a written report on its activities at the end of each fiscal year of operation to each legislative body within the jurisdiction of the Council.

ARTICLE IX

INITIATIVE

Section 1: The Council may, upon its own initiative, institute action to carry out any routine or special study or project.

ARTICLE X

COORDINATION

Section 1: It is the policy of the Council to establish technical and advisory liaison with all other agencies and bodies seeking to improve the quality of planning, health, safety, welfare and governmental services for the Stanislaus Regional Area.

ARTICLE XI

TRANSMITTAL OF PLANNING INFORMATION

Section 1: The Council hereby approves as a regular operating procedure the transmittal of planning information to the individual Boards of Supervisors, City Councils, County and City Planning Commissions, the California State Office of Planning, and any other duly constituted regional area, metropolitan, or other Planning Commission which may request in writing such information.

ARTICLE XII

AMENDMENTS

Section 1: These Bylaws may be amended by a two-thirds vote of those representatives voting at a Regular Meeting of the Council.

EXHIBIT "A"

Section 2: Amendments to these Bylaws may be proposed by any representative of the Council.

Section 3: In no case shall a vote on a proposed amendment be conducted unless the said proposed amendment has been submitted in writing by the Secretary to the representatives and alternate representatives at least fifteen (15) days prior to the meetings.

APPENDIX I

**STANISLAUS COUNCIL OF GOVERNMENTS
CITIZENS ADVISORY COMMITTEE BYLAWS**

ARTICLE I

FUNCTION

Section 1: The Citizens Advisory Committee shall be a standing committee of the Stanislaus Council of Governments. The Committee shall advise the Council.

ARTICLE II

MEMBERSHIP

Section 1: The Citizens Advisory Committee shall be comprised of fifteen (15) residents of Stanislaus County. A quorum shall constitute one-half (1/2) of the current membership.

Section 2: When making Citizens Advisory Committee appointments, the Executive Committee shall attempt to provide a balance of views and a cross-section of county interests.

ARTICLE III

TERM OF OFFICE

Section 1: Seven of the initial appointees to the Citizens Advisory Committee shall serve for a term of two years, the said seven to be chosen by lot.

Section 2: Except as provided above, each appointment to the Committee shall be for a term of four (4) years.

Section 3: In no case shall any member of the Committee serve on the Committee longer than eight (8) consecutive years.

ARTICLE IV

APPOINTMENT

Section 1: Any resident of Stanislaus County may apply for membership on the Citizens Advisory Committee. The Secretary of the Council shall maintain a current list of all applicants. Each application for membership on the Committee shall be valid for a period of two years. After this time, the applicant's name may be removed from the list of applicants.

Section 2: The Executive Committee of the Council shall appoint, from the list of applicants, the members of the Citizens Advisory Committee. All matters pertaining to appointments shall be considered in Executive Session.

ARTICLE V

PERFORMANCE

Section 1: The members of the Citizens Advisory Committee will be expected to attend the meetings of the Committee on a regular basis. Any member of the Committee who is absent from three consecutive meetings of the Committee without the prior approval of the Executive Committee shall be dismissed from the Committee.

ARTICLE VI

REMOVAL

Section 1: The Executive Committee of the Council may, at any time, recommend the removal of any member of the Citizens Advisory Committee. A majority vote of the representatives of the Association shall be required to approve any removal. All matters pertaining to removal shall be considered in Executive Session.

ARTICLE VII

OFFICERS AND RULES

Section 1: The Citizens Advisory Committee shall elect from among its membership a Chairperson and a Vice-Chairperson. The term of office shall be one year.

Section 2: The Committee shall adopt rules and procedures for its meetings. Said rules and procedures shall be subject to approval by the Association.

ARTICLE VIII

STAFF

Section 1: The Executive Director of the Council shall serve as the Secretary of the Citizens Advisory Committee and shall provide the Committee with normal staff assistance.

ARTICLE IX

FINANCING

Section 1: Except as specifically provided by the Council, the members of the Citizens Advisory Committee shall receive no compensation for their service.

Section 2: The Council shall provide the Committee with the financial support the Council deems necessary for the successful functioning of the Committee.

ARTICLE X

AMENDMENT OF BYLAWS

Changes or amendments to these Bylaws shall be approved by two-thirds (2/3) of the members of that committee present and voting, and shall be subject to the majority approval of the Stanislaus Council of Governments Policy Board members present and voting. In no case shall a vote on a proposed amendment be conducted unless the said proposed amendment has been submitted in writing to the members of the committee at least fifteen (15) days prior to the meeting at which a vote is to be taken.

APPENDIX II

**STANISLAUS COUNCIL OF GOVERNMENTS
SOCIAL SERVICES TRANSPORTATION ADVISORY COUNCIL
BYLAWS**

ARTICLE I

FUNCTION

Section 1: The Social Services Transportation Advisory Council shall be a standing committee of the Stanislaus Council of Governmental. The Committee shall advise the Council and have the following responsibilities:

1. Annually participate in the identification of transit needs in the jurisdiction, including unmet transit needs that may exist within the jurisdiction of the Stanislaus Council of Governments, and that may be reasonable to meet by establishing or contracting for new public transportation or specialized transportation services or by expanding existing services.
2. Annually review and recommend action by the Council of Governments for the area within the Council of Governments' jurisdiction which finds by resolution, that:
 - A. there are no unmet transit needs; or
 - B. there are no unmet transit needs that are reasonable to meet; or
 - C. there are unmet transit needs, including needs that are reasonable to meet.
3. Advise the Council of Governments on any other major transit issues, including the coordination and consolidation of specialized transportation services.

ARTICLE II

MEMBERSHIP

Section 1: The Social Services Transportation Advisory Council shall consist of the following members who are residents of Stanislaus County:

1. One representative of potential transit users who is 60 years of age or older.
2. One representative of potential transit users who is handicapped.
3. Two representatives of the local social service providers for seniors, including one representative of a social service transportation provider, if one exists.
4. Two representatives of local social service providers for the handicapped, including one representative of a social service transportation provider, if one exists.
5. One representative of a local social service provider for persons of limited means.
6. Two representatives from the local consolidated transportation service agency, designated pursuant to Subdivision (a) of Section 15975 of the Government Code, if one exists, including one representative from an operator, if one exists.
7. Up to two (2) additional representatives, if desired by the Council and appointed by the Executive Committee.

Section 2: A quorum shall constitute one-half (1/2) of the current membership.

ARTICLE III

TERM OF OFFICE

Section 1: Of the initial appointments to the Council, one-third of them shall be for a one-year term, one-third shall be for a two-year term, and one-third shall be for a three-year term.

Section 2: Subsequent to the initial appointment, the term of appointment shall be for three years, which may be renewed for an additional three-year term.

Section 3: In no case shall any member of the Council serve on the Council longer than eight consecutive years.

ARTICLE IV

APPOINTMENT

Section 1: Any qualified resident of Stanislaus County may apply for membership on the Social Services Transportation Advisory Council. The Secretary of the Council of Governments shall maintain a current list of all applicants. Each application for membership on the Council shall be valid for a period of two years. After this time, the applicant's name may be removed from the list of applicants.

Section 2: The Executive Committee of the Council of Governments shall appoint, from the list of applicants, the members of the Social Services Transportation Advisory Council. All matters pertaining to appointments shall be considered in Executive session.

Section 3: Additional nominees for the Social Services Transportation Advisory Council may be supplied by the Commission on Aging, the Mayor's Committee for Employment of Persons with Disabilities, and the United Way.

ARTICLE V

PERFORMANCE

Section 1: The members of the Social Services Transportation Advisory Council will be expected to attend the meetings of the Council on a regular basis. Any member of the Council who is absent from three consecutive meetings of the Council without prior approval of the Secretary of the Council/Executive Committee, shall be dismissed from the Council.

ARTICLE VI

REMOVAL

Section 1: The Executive Committee of the Council of Governments may, at any time, recommend the removal of any member of the Social Services Transportation Advisory Council. A majority vote of the representatives of the Council of Governments shall be required to approve any removal. All matters pertaining to removals shall be considered in executive session.

ARTICLE VII

OFFICERS AND RULES

Section 1: The Social Services Transportation Advisory Council shall elect from among its membership a Chairperson and a Vice-Chairperson. The term of office shall be for one year.

Section 2: The Council shall adopt rules and procedures for its meetings. Said rules and procedures shall be subject to approval by the Council of Governments.

ARTICLE VIII

STAFF

Section 1: The Executive Director of the Council of Governments, or his or her appointee, shall serve as the Secretary of the Social Services Transportation Advisory Council and shall provide the Council with normal staff assistance.

ARTICLE IX

FINANCING

Section 1: Except as specifically provided by the Council of Governments, the members of the Social Services Transportation Advisory Council shall receive no compensation for their service.

Section 2: The Council of Governments shall provide the Committee with the financial support the Council of Governments deems necessary for the successful functioning of the Council..

ARTICLE X

AMENDMENT OF BYLAWS

Changes or amendments to these Bylaws shall be approved by two-thirds (2/3) of the members of that Council present and voting, and shall be subject to the majority approval of the Stanislaus Council of Governments Policy Board members present and voting. In no case shall a vote on a proposed

APPENDIX II

amendment be conducted unless the said proposed amendment has been submitted in writing to the members of the Council at least fifteen (15) days prior to the meeting at which a vote is to be taken.

ENCLOSURE 3



December 10, 2007

TO: Policy Board
THROUGH: Vince Harris, Executive Director *VH*
FROM: DeeAnne Gillick, Legal Counsel for StanCOG
SUBJECT: Amend Joint Powers Agreement

Staff Report
RESOLUTION

RECOMMENDATION

By Resolution, approve the Amended Joint Powers Agreement Establishing the Stanislaus Council of Governments and request all member agencies of StanCOG approve the Agreement.

DISCUSSION

StanCOG is a joint powers agency that was created by a joint powers agreement originally entered into on May 11, 1971 and last amended on June 5, 2001. The member agencies of StanCOG are the County of Stanislaus and all of the incorporated cities within Stanislaus County, which includes the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock and Waterford.

An amendment to the current joint powers agreement is requested in order to eliminate any arguments challenging StanCOG's authority to acquire real property by eminent domain for the purposes of the State Route 132 East Infill Project and to specifically authorize the carrying out of the Project by StanCOG. The State Route East Infill Project calls for the widening of State Route 132 in Modesto, from Riverside Drive to A Street, from a two to a four-lane conventional highway. The Policy Board Resolution approving the Cooperative Agreement with Caltrans dated January 14, 2004, instituted StanCOG as the implementing agency for transportation project delivery for this Project.

StanCOG has been negotiating the acquisition of the necessary right of way for the 132 East Infill Project and one of the involved property owners has questioned StanCOG's ability to acquire property by eminent domain and to carry out the construction project.

StanCOG, and its legal counsel, are of the opinion that this specific amendment is not necessary for the performance of these activities; however, in the spirit of eliminating any controversy or challenges to the 132 East Infill Project, staff recommends that this amendment to the joint powers agreement be approved by the Policy Board and all member agencies.

The proposed amendment provides the following limited amendments to the existing joint powers agreement:

- (1) Modifies the dates to reflect the new amendment;
- (2) Amends section 12 regarding Powers and Functions by amending section 12.A.(4) to specifically reference the power of eminent domain;
- (3) Adds sections 12.A.(5) and 12.A.(6) to specifically authorize the completion of the planning, design, environmental clearance and construction of transportation and other projects, and to cooperate and participate in joint projects as necessary.

No other changes are made to the existing joint powers agreement and the only purpose and reason for these amendments is to provide StanCOG with the specific authority, as opposed to this authority being implied, to carry out the 132 East In Fill project and the associated right of way acquisition, by eminent domain, if necessary.

After approval by the Policy Board of the Amended Joint Powers Agreement, the Agreement will be effective upon ratification by resolution of 75% of the member agencies representing 75% of the population of the County of Stanislaus as determined by the most recent Decennial Census pursuant to section 26.A of the existing joint powers agreement.

c/f: Policy Board
Joint Powers Agreement
Neumiller and Beardslee
cjohnson@stancog.org

**AMENDED JOINT POWERS AGREEMENT ESTABLISHING THE
STANISLAUS COUNCIL OF GOVERNMENTS**

THIS AGREEMENT, made and entered into in the County of Stanislaus, State of California, this day of _____, 19____2008, is between the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock, and Waterford, and the County of Stanislaus, a political subdivision of the State of California, and supersedes the Agreement entered into by these parties on May 11, 1971, and the Agreement entered into by these parties on May 28, 1974, and the Agreement entered into on June 5, 2001.

WITNESSETH:

WHEREAS, Article 1 of Chapter 5 of Division 7 of title 1 (Sections 6500, et seq.) of the California Government Code authorizes two or more public agencies, by a joint powers agreement entered into respectively by them and authorized by their legislative or governing bodies, to exercise jointly any power or powers common to the contracting parties; and

WHEREAS, the parties herein recognize that the County of Stanislaus is experiencing continued expansion of its incorporated cities and the development of formerly undeveloped areas; and

WHEREAS, by reason of this growth, governmental problems involving incorporated and unincorporated areas jointly are arising and are expected to increase in the future; and

WHEREAS, the parties herein recognize that there exist planning problems which require area-wide consideration; and

WHEREAS, it is necessary and desirable that a single wholly independent agency be created with the capability of dealing with area-wide issues and problems; and

WHEREAS, the creation of such an agency is necessary to qualify the County and its cities and other agencies within Stanislaus County for certain Federal funds;

WHEREAS, these needs and concerns led to the creation and establishment of the Stanislaus Area Association of Governments on May 11, 1971; and

WHEREAS, these needs and concerns also led to the revision of, and subsequent approval of a Revised Joint Powers Agreement on May 28, 1974; and

WHEREAS, these needs and concerns also led to the revision of, and subsequent approval of a Joint Powers Agreement Establishing the Stanislaus Council of Governments on June 5, 2001; and

WHEREAS, the establishment of the ~~Stanislaus Area Association~~Council of Governments has:

- (a) provided a forum for the discussion and study of area-wide problems of mutual concern to the various governmental entities in Stanislaus County;
- (b) provided efficiency and economy in governmental operations through the cooperation of member governments and the pooling of common resources;
- (c) provided for the establishment of an agency responsible for identifying, clarifying, and planning for solutions to regional problems requiring multi-jurisdictional cooperation;

- (d) provided for the establishment of an agency capable of developing regional plans and policies and performing area-wide planning duties;
- (e) facilitated cooperation among and agreement between local governmental bodies for specific purposes, interrelated developmental actions, and for the adoption of common policies with respect to issues and problems which are common to its members; and

WHEREAS, the parties at this time, desire to rescind that certain joint powers agreement of May 11, 1971, as amended by the Agreement entered into by these parties on May 28, 1974, and on June 5, 2001, and enter into this new Agreement in order to establish the duties and powers of a newly constituted the Stanislaus Area Association Council of Governments;

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

SECTION 1

STATEMENT OF PURPOSE

1.A. **Specific Purposes.** The member cities and the county have joined together to establish the Stanislaus Council of Governments for the following purposes:

- 1.A.(1) Provide a forum for discussion and study of area-wide problems of mutual interest to the member governments.
- 1.A.(2) Insure through cooperation, coordination, and the pooling of common resources, maximum efficiency and economy in governmental operation.
- 1.A.(3) Identify, inventory, and comprehensively plan for the solution of regional problems requiring multi-governmental cooperation.
- 1.A.(4) Develop area-wide plans and policies for growth and development.
- 1.A.(5) Facilitate actions and agreements among the governmental units for specific project development.
- 1.A.(6) Conduct, and have operating authority over, other area-wide functions as the Stanislaus Area Association of Governments Board deems appropriate.

SECTION 2

ESTABLISHMENT OF STANISLAUS COUNCIL OF GOVERNMENTS

2.A. **Separate Entity.** Upon the effective date of this Agreement, the parties hereto hereby establish a newly constituted Council of Governments, as a public entity separate and distinct from its member entities, as the agent to exercise the common powers provided for in this Agreement and to administer or otherwise execute this Agreement.

2.B. **Continuation of Duties.** The newly constituted Stanislaus Council of Governments, shall continue to function, without interruption in its duties, as:

SECTION 12

POWERS AND FUNCTIONS

12.A. **Powers and Functions.** The Stanislaus Council of Governments shall have the common power of the Parties hereto to plan, establish and administer an independent area planning organization and in the exercise of that power the Stanislaus Council of Governments is authorized in its own name to:

- 12.A.(1) _____ Employ an Executive Director as the chief administrative officer of Stanislaus Council of Governments.
- 12.A.(2) Employ agents and employees and contract for professional services.
- 12.A.(3) Make and enter into contracts.
- 12.A.(4) Acquire, hold and convey real and personal property, including the power to acquire property by eminent domain.
- ~~12.A.(5) _____ Undertake the planning, design, environmental clearance and construction of transportation and other projects.~~
- ~~12.A.(6) _____ Cooperate with other agencies, counties and other local public agencies and participate in joint projects as necessary.~~
- ~~12.A.(7) _____ Incur debts, obligations and liabilities.~~
- 12.A.(~~6~~)8) _____ Accept contributions, grants or loans from any public or private agency or individual, or the United States, the State of California or any department, instrumentality, or agency thereof, for the purpose of financing its activities.

- 12.A.(79) Invest money that is not needed for immediate necessities, in the same manner and upon the same conditions as other local entities in accordance with Section 53601 of the California Government Code.
- 12.A.(810) Have appointed members and ex-officio members of the Stanislaus Council of Governments serve without compensation from the Stanislaus Council of Governments, except that members of the Stanislaus Council of Governments may be reimbursed for all reasonable expenses and costs relating to attendance at Stanislaus Council of Governments meetings or other Stanislaus Council of Governments business.
- 12.A.(911) Do all other acts reasonable and necessary to carry out the purposes of this Agreement.
- 12.A.(1012) Sue and be sued, in its own name only, but not in the name or stead of any Party.
- 12.A.(1113) Exercise any and all other powers as may be provided for in California Government Code Section 6547.
- 12.A.(1214) The powers to be exercised by the Stanislaus Council of Governments are subject to such restrictions upon the manner of exercising such powers as are imposed upon the County in the exercise of similar powers. The Council shall be held strictly accountable for all funds received, held and disbursed by it.
- 12.A.(1315) The Stanislaus Council of Governments is hereby designated by the parties to this Agreement as the regional review agency for the purposes of acting on any appropriate proposals which may be presented to it for consideration, and as the sole regional planning representative for transmission of proposed recommendations to the U.S. Department of Housing and Urban Development or such other agency of the Federal Government or State Government as may be designated to receive such recommendations from the Council, and as the area-wide planning organization (APO) for the County of Stanislaus as such APO is defined in pertinent State and/or Federal directives and regulations.
- 12.A.(1416) ↗ File, within 30 days of the effective date of this Agreement, a Notice of the Agreement with the office of the California Secretary of State, pursuant to California Government Code, section 6503.5

SECTION 13

BYLAWS

13.A. **Bylaws.** The By-laws of the Stanislaus Council of Governments shall be those annexed to this Agreement marked "Exhibit A" and incorporated herein by reference. Amendments to all or a portion of the Bylaws may be made in the manner prescribed in the Bylaws.

SECTION 14

EXECUTIVE DIRECTOR

SECTION 22

RETURN OF SURPLUS FUNDS

22.A. **Return of Surplus Funds.** Upon termination of this Agreement, any surplus money on hand shall be returned, pro rata, to the Federal, State, or local agency or the party to this Agreement that provided the funds.

SECTION 23

ADDITIONAL MEMBERS

23.A. **Additional Members.** In addition to the incorporated cities identified in this Agreement, any city within Stanislaus County which may hereafter be incorporated and which desires to participate in the activities of Stanislaus Council of Governments may do so by executing this Agreement without the prior approval or ratification of the named parties to this Agreement and shall thereafter be a party to this Agreement and be bound by all terms and conditions of this Agreement as of the date it executes this Agreement.

SECTION 24

SUCCESSORS AND ASSIGNS

24.A. **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of any successors to or assigns of the parties.

SECTION 25

SEVERABILITY

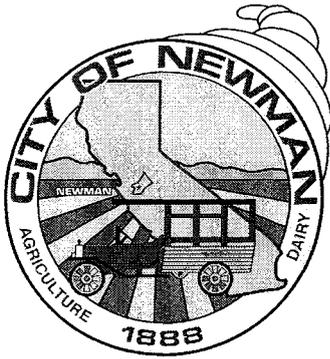
25.A. **Severability.** Should any part, term, portion, or provision of this Agreement be finally decided to be in conflict with any law of United States or the State of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the Agreement which the member agencies intended to enter into in the first instance.

SECTION 26

EFFECTIVE DATE OF AGREEMENT

26.A. **Effective Date.** This Agreement shall become effective upon ratification by resolution of the Stanislaus County Board of Supervisors and each of the city councils of the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock, and Waterford. From and after said date the agreements made establishing the Stanislaus Area Association of Governments dated May 11, 1971 and May 20, 1974, and the Agreement Establishing the Stanislaus Council of Governments dated June 5, 2001 shall be superseded, replaced and terminated by this Agreement and shall be of no further force and effect.

26.B. **Amendments.** After this Agreement becomes effective, it may be amended upon ratification by resolution of 75% of the member agencies representing 75% of the population of the County of Stanislaus as determined by the most recent Decennial Census. For this purpose each incorporated



**City of Newman
City Manager's Office
Memorandum**

Date: January 4, 2008

To: City Council

From: Michael E. Holland *MEL*

Subject: Agenda Item 10.d – Letter of support for County Grant Application.

Starting in 2006, the nine countywide mayors and the Board of Supervisors began discussions regarding the growth occurring within the County and the need for regional planning with respect to infrastructure. One result of the meetings is an atmosphere of collaboration amongst the mayors and County. To advance the discussions to a countywide Growth Management Strategy, Stanislaus County will be submitting a Community-Based Transportation Planning Grant application to CA Department of Transportation. The County is requesting a Letter of Support from each of the cities. Attached please find a copy of the letter.

January 8, 2008

Richard Robinson, Chief Executive Officer
Stanislaus County
1010 10th Street, Suite 6800
Modesto, CA 95354

Dear Mr. Robinson:

The City of Newman hereby expresses its support for Stanislaus County's application to the California Department of Transportation for funding in the amount of \$250,000 through the Community-Based Transportation Planning Grant program. A countywide Growth Management Strategy, involving elected officials from all nine cities and the Stanislaus County Board of Supervisors, is a critical planning document for transportation needs, infrastructure, land use and job planning as we anticipate significant growth throughout the region.

Meetings between the nine city mayors and the Stanislaus County Board of Supervisors have resulted in a climate of true collaboration, providing a foundation of shared vision for communities that retain their autonomy while planning together for the needs that affect the traffic movement of the region, location of job centers, and concern for our environment.

Funding has not been available to move beyond conceptual discussions to a documented growth management strategy that can be approved by all communities represented. For this reason, we support your application and, if funded, expect to fully engage ourselves and our community members in this planning process.

Sincerely,

John G. Fantazia
Mayor

Michael E. Holland
City Manager

cc: City Council

Honorable Mayor and Members
of the Newman City Council

City Council Meeting
of January 8, 2008

**REPORT ON RELOCATION OF WATERLINE FOR UNDERGROUND UTILITY
DISTRICT No. 5**

BACKGROUND:

On August 24, 2007, Council adopted Resolution No. 2007-48 revising the boundaries of Underground Utility District No. 5 and established Underground Utility Districts Nos. 5A, 5B and 5C. By December 1, 2008, all poles, overhead wires and associated overhead structures supplying electric, communication or similar or associated service are to be removed from Underground Utility District 5, commonly known as the Plaza area. To meet this schedule, the utility companies will need to begin under grounding work around July 1, 2008.

According to PG&E and AT&T there needs to be a minimum clear horizontal distance of 5 feet between their utilities and any "wet utilities". After reviewing the alley improvements, it was determined based upon present utility layout, there is insufficient space for under grounding.

ANALYSIS:

To create an under grounding corridor of sufficient width to meet PG&E and AT&T's requirements one of following must occur:

1. Additional right of way will need to be acquired.
2. The sanitary sewer line will need to be relocated.
3. The waterline will need to be relocated.

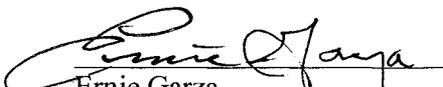
Of these three options, relocating the water main in the alley was determined to have the smallest fiscal impact on the City. Relocation work is scheduled to begin around the end of March 2008.

FISCAL IMPACT: \$100,000.00

CONCLUSION:

This staff report is submitted for City Council consideration and possible future action.

Respectfully submitted,


Ernie Garza
Director of Public Works

REVIEWED/CONCUR:


Michael E. Holland
City Manager

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

C. Loans Receivable – continued

Bigelow #2	143,646
Caetano Pometta	17,097
Bigelow #3	<u>16,684</u>
Total	<u>562,219</u>

A five year loan issued to Dr. Lorin McBride on September 24, 2002 at a 3.00% interest rate, with monthly payments of \$359.37. The loan receivable balance as of June 30, 2007 was \$7,002.

A five year loan was issued to Caetano Pometta Real Estate for \$32,114 on October 5, 2004 at a 5.00% interest rate, with monthly payment of \$660.49. The loan receivable balance as of June 30, 2007 was \$17,097.

A 40 year loan was issued to Westside Village Apartments L.P a California Limited Partnership for \$377,790 on June 3, 1999 at a 3.00% interest rate. The loan receivable balance as of June 30, 2007 was \$377,790.

Two loans were issued to Lloyd Bigelow. Loan terms as follows:

	Amount	Interest Rate	Date Issued	Monthly Payments	Balance 6/30/2007	Term
Bigelow #2	190,231	5.00%	1/1/2002	\$1,504.34	143,646	15 yrs
Bigelow #3	22,500	5.00%	7/1/2002	\$434.60	16,684	5 yrs

D. Transfers

Interfund transfers for the year ended June 30, 2007 consisted of the following amounts:

Fund	Transfer In	Transfer Out
General Fund	180,306	0
Gants Fed	1,409	0
Gas Tax	0	180,306
Sewer	0	<u>1,409</u>
Total	<u>181,715</u>	<u>181,715</u>

CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

E. Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental-type Activities				
Capital assets not being depreciated:				
Land	1,310,841	831,595	(12,065)	2,130,371
Construction In Progress	<u>0</u>	<u>82,981</u>	<u>0</u>	<u>82,981</u>
Total capital assets not being depreciated	<u>1,310,841</u>	<u>914,576</u>	<u>(12,065)</u>	<u>2,213,352</u>
Capital assets being depreciated:				
Infrastructure	1,599,877	1,818,516	0	3,418,393
Equipment And Vehicles	1,817,864	437,284	0	2,255,148
Building And Improvements	<u>1,790,898</u>	<u>1,155,823</u>	<u>0</u>	<u>2,946,721</u>
Total capital assets being depreciated	<u>5,208,639</u>	<u>3,411,623</u>	<u>0</u>	<u>8,620,262</u>
Less accumulated depreciation for:				
Infrastructure	(184,713)	(120,780)	0	(305,493)
Equipment And Vehicles	(1,135,743)	(111,366)	0	(1,247,109)
Building And Improvements	<u>(1,053,066)</u>	<u>(82,745)</u>	<u>0</u>	<u>(1,135,811)</u>
Total accumulated depreciation	<u>(2,373,522)</u>	<u>(314,891)</u>	<u>0</u>	<u>(2,688,413)</u>
Net capital assets being depreciated	<u>2,835,117</u>	<u>3,096,732</u>	<u>0</u>	<u>5,931,849</u>
Total net capital assets - Governmental-type activities	<u>4,145,958</u>	<u>4,011,308</u>	<u>(12,065)</u>	<u>8,145,201</u>

Depreciation was charged to functions/programs of the primary government as follows:

Government Activities:	
General Government	19,905
Public Safety	64,582
Public Works	211,577
Community Development	8,947
Culture and Leisure	<u>9,880</u>
Total Depreciation expense – Government activities	<u>314,891</u>

CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

E. Capital Assets – continued

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities				
Capital assets not being depreciated:				
Land	1,460,000	0	0	1,460,000
Total capital assets not being depreciated	<u>1,460,000</u>	<u>0</u>	<u>0</u>	<u>1,460,000</u>
Capital assets being depreciated:				
Infrastructure	4,666,001	1,573,416	0	6,239,417
Equipment And Vehicles	667,211	33,709	0	700,920
Building And Improvements	107,565	0	0	107,565
Total capital assets being depreciated	<u>5,440,777</u>	<u>1,607,125</u>	<u>0</u>	<u>7,047,902</u>
Less accumulated depreciation for:				
Infrastructure	(2,682,051)	(156,525)	0	(2,838,576)
Equipment And Vehicles	(545,054)	(38,420)	0	(583,474)
Building And Improvements	(66,311)	(3,584)	0	(69,895)
Total accumulated depreciation	<u>(3,293,416)</u>	<u>(198,529)</u>	<u>0</u>	<u>(3,491,945)</u>
Net capital assets being depreciated	<u>2,147,361</u>	<u>1,408,596</u>	<u>0</u>	<u>3,555,957</u>
Total net capital assets - Business-type activities	<u>3,607,361</u>	<u>1,408,596</u>	<u>0</u>	<u>5,015,957</u>

Business- Type Activities:

Water	70,598
Sewer	<u>127,931</u>
Total Depreciation expense – business-type activities	<u>198,529</u>

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

F. Long-Term Debt

Long-term debt consists of the following:

Governmental-Type Activities:

Certificates of Participation

In the year ended June 30, 1997 the City issued tax allocation project and housing bonds. The bonds payable were \$2,980,000 as of June 30, 2007.

Year Ending June 30	Principal	Interest	Total
2008	120,000	156,581	276,581
2009	125,000	149,800	274,800
2010	115,000	143,923	258,923
2011	120,000	138,046	258,046
2012	125,000	131,798	256,798
2013-2017	685,000	555,213	1,240,213
2008-2022	695,000	364,461	1,059,461
2023-2027	810,000	160,981	970,981
2028	185,000	4,972	189,972
	<u>2,980,000</u>	<u>1,805,775</u>	<u>4,785,775</u>

Community Park Site Purchase

The City purchased a 9.54 acre community park site in December 1996 from Delta National Bank. The City will pay Delta National Bank \$143,100 with simple interest on unpaid principal balance as it declines at the rate of 5.5% per annum. There is no fixed payment schedule. The maturity date is December 26, 2006. The principal balance was \$0 as of June 30, 2007.

Ventura Purchase

The City purchased parcel #128-10-13 (1361 "N" Street) in January of 2003 from John Ventura for \$119,625. Repayment will be made in monthly installments of \$1,388.95 at a 7% rate of interest. The loan matures December 1, 2012. The principal balance was \$0 as of June 30, 2007.

Fire Truck Purchase

The City purchased a Pierce F in September of 2006 from Oshkosh Capital for \$263,822. Repayment will be made in yearly installments of \$43,411 at a 5% rate of interest. The loan matures September 26, 2012. The principal balance was \$220,411 as of June 30, 2007.

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

F. Long-Term Debt-continued

Business-Type Activities:

Revenue Bonds

The \$400,000 of Sewer Revenue Bonds of 1978 are due in annual installments of \$3,000 to \$22,000 through 2018 with interest of 5 %. This issue is being serviced, principal and interest by the Sewer Fund. The principal amount unpaid at June 30, 2007 is \$205,000.

Year Ending June 30	Principal	Interest	Total
2008	13,000	10,200	23,200
2009	14,000	9,500	23,500
2010	14,000	8,800	22,800
2011	15,000	8,050	23,050
2012	16,000	7,450	23,450
2013-2017	90,000	24,300	114,300
2018-2019	43,000	1,050	44,050
Total	<u>205,000</u>	<u>69,350</u>	<u>274,350</u>

The \$1,050,000 of Water Revenue Bonds of 1982 are due in annual installments of \$9,000 to \$59,000 through 2022 with interest of 5%. This issue is being serviced, principal and interest by the Water Fund. The principal amount unpaid at June 30, 2007 is \$662,000.

Year Ending June 30	Principal	Interest	Total
2008	28,000	32,400	60,400
2009	29,000	30,975	59,975
2010	31,000	29,475	60,475
2011	32,000	29,475	61,475
2012	34,000	27,900	61,900
2013-2017	197,000	86,600	283,600
2018-2022	252,000	54,175	306,175
2023	59,000	1,475	60,475
Total	<u>662,000</u>	<u>292,475</u>	<u>954,475</u>

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

F. Long-Term Debt-continued

Certificates of Participation

The City issued certifications of participation in May of 1991 to assist in financing the acquisition, construction, and improvement of their wastewater treatment facilities. The total amount of the issue was \$3,590,000 with interest rates ranging from 4.5% to 6.74%.

The City refunded these certificates in November 1999. The total amount of the issue was \$3,455,000 with interest rates ranging from 3.6% to 5.3%. The bonds payable as of June 30, 2007 were \$2,315,000.

Year Ending June 30	Principal	Interest	Total
2008	165,000	115,298	280,298
2009	170,000	107,872	277,872
2010	180,000	100,052	280,052
2011	190,000	91,592	281,592
2012	195,000	82,330	277,330
2013-2017	1,150,000	225,840	1,375,840
2018	<u>265,000</u>	<u>41,212</u>	<u>306,212</u>
Total	<u><u>2,315,000</u></u>	<u><u>764,196</u></u>	<u><u>3,079,196</u></u>

The following is a summary of changes in the City's long-term debt and other long-term liabilities during the year ended June 30, 2007:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities:					
Loans Payable	229,813	263,822	(273,224)	220,411	32,412
Certificate of Participaqtion	3,095,000	0	(115,000)	2,980,000	120,000
Compensated Absences	<u>101,023</u>	<u>0</u>	<u>(15,641)</u>	<u>85,382</u>	<u>0</u>
Long-term liabilities of Governmental Activities:	<u><u>3,425,836</u></u>	<u><u>263,822</u></u>	<u><u>(403,865)</u></u>	<u><u>3,285,793</u></u>	<u><u>152,412</u></u>

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

F. Long-Term Debt-continued

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Bonds	906,000	0	(39,000)	867,000	41,000
Certificates of Participation	2,470,000	0	(155,000)	2,315,000	165,000
Compensated Absences	<u>41,160</u>	<u>775</u>	<u>0</u>	<u>41,935</u>	<u>0</u>
Long-term liabilities of Business-Type Activities	<u>3,417,160</u>	<u>775</u>	<u>(194,000)</u>	<u>3,223,935</u>	<u>206,000</u>

G. Payables And Other Liabilities

Payables at June 30, 2007 for the City's individual major funds and nonmajor funds in the aggregate are as follows:

	<u>General</u>	<u>Storm Drain</u>	<u>CDBG</u>	<u>Public Facility Improvements</u>	<u>Nonmajor Govern- mental</u>	<u>Total</u>
Governmental Activities:						
Vendors	234,057	26,780	827	504	167,104	429,272
Developer Deposits	<u>629,681</u>	<u>770,563</u>	<u>0</u>	<u>0</u>	<u>111,268</u>	<u>1,511,512</u>
Total	<u>863,738</u>	<u>797,343</u>	<u>827</u>	<u>504</u>	<u>278,372</u>	<u>1,940,784</u>

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Business-Type Activities:			
Vendors	21,215	110,566	131,781
Customer Deposits	20,955	0	20,955
Developer Deposits	<u>100,990</u>	<u>0</u>	<u>100,990</u>
Total	<u>143,160</u>	<u>110,566</u>	<u>253,726</u>

IV. OTHER INFORMATION

A. Risk Management

The City of Newman participates with other public entities in a joint exercise of powers agreement, which establishes the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

The City is covered for the first \$1,000,000 of each general liability claim and \$250,000 of each workers' compensation claim through the CSJVRMA. The City has the right to receive dividends or the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under \$10,000 and workers' compensation losses under \$10,000. The CSJVRMA participates in an excess pool which provides general liability coverage from \$1,000,000 to \$10,000,000. The CSJVRMA participates in an excess pool that provides workers' compensation coverage from \$250,000 to \$500,000 and purchases excess insurance above the \$500,000 to the statutory limit. The CSJVRMA is a consortium of fifty-four (54) cities in San Joaquin Valley, California. It was established under the provisions of California Government Code Section 6500 et seq. The CSJVRMA is governed by a Board of Directors, which meets 3-4 times per year, consisting of one member appointed by each member city. The day-to-day business is handled by a management group employed by the CSJVRMA.

The financial position and results of operations for the CSJVRMA, as of June 30, 2006, are presented below:

Total Assets	<u>49,563,898</u>
Total Liabilities	39,892,507
Total Net Assets	<u>9,671,391</u>
Total Liabilities & Retained Earnings	<u>49,563,898</u>
Total Revenues for Year	20,490,628
Total Expenses for Year	<u>20,110,945</u>
Net Income for Year	<u>379,683</u>

At the termination of the joint powers agreement and after all claims have been settled, any excess deficit will be divided among the cities in accordance with its governing documents.

B. Commitments and Contingencies

The City of Newman is a party in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

C. Employee Retirement Systems and Plans

The City contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and

CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office – 400 P Street – Sacramento CA 95814.

Participants are required to contribute 7% (9% for public-safety employees) of their annual covered salary. The City makes the contributions required of the City employees on their behalf and for their account. The contribution requirements of plan members and the City are established and may be amended by PERS. The City is required to contribute at an actuarially determined rate. The current rate is 11.226% for non-safety employees, 28.932% of police employees, of annual covered payroll. PERS has determined that because of past funding and investment earnings, current employer contributions are not required for miscellaneous employees and public-safety employees of the city

For June 30, 2007, the City's annual pension cost was \$308,611 due to excess PERS funds determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions include (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 3%. The actuarial value of PERS assets were determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2006, was five years for prior service unfunded, and 15 years for remaining unfunded.

THREE-YEAR TREND INFORMATION FOR PERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/05	\$308,522	100%	0
06/30/06	\$409,326	100%	0
06/30/07	\$308,611	100%	0

E. Prior Period Adjustments

Several prior period adjustments were made to the June 30, 2006 financial statements as follows:

Governmental- Type Activities:

Record Westside Village low-income housing project loan receivable that was not previously recorded in the CDBG or Redevelopment Agency funds	1,189,790
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CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2007

Correction to beginning balances of low-income housing loans in the CDBG fund	100,189
Correction to beginning accumulated depreciation balance for Governmental fixed assets	(896,089)
Write-off of incorrect accrued interest payable in the general long-term debt account group	75,398
Record Ventura note payable in the general long-term debt account group. This loan was not previously recorded on the City's books.	(<u>97,039</u>)
Total governmental-type activities prior period adjustment	<u>372,249</u>

Business-Type Activities:

Write-off of incorrect accrued interest payable	61,548
Correction to beginning accumulated depreciation balances	(<u>235,495</u>)
Total business-type activities prior period adjustment	(<u>173,947</u>)

CITY OF NEWMAN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS

PUBLIC EMPLOYEES RETIREMENT SYSTEM

DEFINED BENEFIT PENSION PLAN

The schedules of funding progress below show the recent history of the actuarial value of assets, actuarial accrued liability, their relationship, and the relationship of the unfunded actuarial accrued liability (UAAL) to payroll for the City's two defined benefit pension plans. The following schedules are a consolidation of cities that have the same retirement system; 2 percent at age 55.

FUNDED STATUS OF THE SAFETY PLAN

Valuation Date (June 30)	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets) (UAAL)	Funded Status	Annual Covered Payroll	UAAL as a Percentage of Payroll
2006	7,278,049,834	6,102,615,567	1,175,434,267	83.8%	754,730,438	155.7%
2005	6,367,049,264	5,295,150,375	1,071,898,889	82.2%	664,147,796	161.4%
2004	5,383,921,942	4,424,586,846	959,335,096	83.8%	575,296,434	166.8%

FUNDED STATUS OF THE MISCELLANEOUS PLAN

Valuation Date (June 30)	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets) (UAAL)	Funded Status	Annual Covered Payroll	UAAL as a Percentage of Payroll
2006	1,280,157,040	1,133,294,807	146,862,233	88.5%	304,898,179	69.1%
2005	872,346,612	729,556,809	142,789,803	83.6%	203,995,039	70.0%
2004	681,517,006	573,260,380	108,256,626	84.1%	160,107,449	62.8%

COMBINING FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Program Income Miscellaneous- To account for miscellaneous income.

Park Facility Fee- To account for developer fees related to parks.

State Grants- To account for various grants received from the State of California. Funds are used for community development.

Safety Grants- To account for Federal grants. Historically most of the grants are police related but could include other departments.

Gas Tax- To account for state gas tax revenues collected based on population. The revenues may be expended for street and road repair, maintenance, design, construction and traffic signal design and installation.

Local Transportation- To account for Local Transportation Funds received from STANCOG as a pass thru of gas and sales tax funds to be used for improvements to transportation related areas.

Asset Forfeiture- To account for money received by the Police Department as a result of Asset Forfeiture. The funds are used to augment the SLENET Task Force which is currently run by the State Department of Justice.

Volunteer Fund- To account for fundraising and donated income raised to support the City's Police Department.

Business License Surcharge- To account for revenues generated by a portion of the business licenses collected.

Lighting and Landscaping District- To account for the money received from residences in certain districts who pay an assessment based on the benefit they receive. These funds are used to cover the costs of street lighting and landscape maintenance in their specific zones.

Contingency Fund- To account for funds reserved for emergency or contingent needs. These funds are only to be used at the direction of the City Council for emergencies or unplanned needs.

COMBINING FINANCIAL STATEMENTS

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Capital Repair & Replacement- To account for internally derived depreciation expense used to establish a capital reserve fund.

Gifts & Trust Fund- To account for donations made to the City with various specified purposes.

**CITY OF NEWMAN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2007
 WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

Special Revenue

	Program Income Misc. Fund	Park Facility Fee Fund	State Grants Fund	Safety Grants Fund	Abandoned Vehicle Program	Gas Tax Fund
Assets						
Cash And Investments	1,484	626,751	1,100	(722)	2,403	0
Cash with Fiscal Agent	0	0	0	0	0	0
Accounts Receivable	0	0	0	725	1,607	14,900
Loans Receivable	0	0	0	0	0	0
Due From Other Funds	0	0	0	0	0	0
Total Assets	1,484	626,751	1,100	3	4,010	14,900
Liabilities And Fund Balances						
Liabilities						
Accounts Payable	0	113,857	0	14,921	247	0
Compensated Absences	0	0	0	0	0	0
Other Liabilities	0	110,546	0	0	0	0
Due To Other Funds	0	0	0	0	0	0
Total Liabilities	0	224,403	0	14,921	247	0
Fund Balances						
Reserved	0	0	0	0	0	0
Unreserved	1,484	402,348	1,100	(14,918)	3,763	14,900
Total Fund Balances	1,484	402,348	1,100	(14,918)	3,763	14,900
Total Liabilities And Fund Balances	1,484	626,751	1,100	3	4,010	14,900

Special Revenue

Asset Forfeit Fund	Local Transportation Fund	County CDBG Construction Fund	Business License Surcharge Fund	Lighting Landscape District Fund	Contingency Fund	Capital Repair Replacement Fund	Total Non-Major Special Revenue Funds	
							2007	2006
923	480,258	205,484	18,945	195,835	186,640	553,281	2,272,382	1,868,041
0	0	0	0	0	0	0	0	0
0	28,581	164,777	0	6,468	0	0	217,058	139,766
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>923</u>	<u>508,839</u>	<u>370,261</u>	<u>18,945</u>	<u>202,303</u>	<u>186,640</u>	<u>553,281</u>	<u>2,489,440</u>	<u>2,007,807</u>
0	3,345	2,290	0	9,989	0	22,455	167,104	5,177
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	110,546	0
0	0	0	0	0	0	0	0	0
<u>0</u>	<u>3,345</u>	<u>2,290</u>	<u>0</u>	<u>9,989</u>	<u>0</u>	<u>22,455</u>	<u>277,650</u>	<u>5,177</u>
0	0	0	0	0	0	0	0	0
<u>923</u>	<u>505,494</u>	<u>367,971</u>	<u>18,945</u>	<u>192,314</u>	<u>186,640</u>	<u>530,826</u>	<u>2,211,790</u>	<u>2,002,630</u>
<u>923</u>	<u>505,494</u>	<u>367,971</u>	<u>18,945</u>	<u>192,314</u>	<u>186,640</u>	<u>530,826</u>	<u>2,211,790</u>	<u>2,002,630</u>
<u>923</u>	<u>508,839</u>	<u>370,261</u>	<u>18,945</u>	<u>202,303</u>	<u>186,640</u>	<u>553,281</u>	<u>2,489,440</u>	<u>2,007,807</u>

CITY OF NEWMAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006

Special Revenue

	Program Income Misc. Fund	Park Facility Fee Fund	State Grants Fund	Safety Grants Fund	Abandoned Vehicle Program	Gas Tax Fund
Revenues						
Investment Earnings	82	36,408	243	3	0	4,581
Intergovernmental	0	0	5,000	725	6,621	0
Property Taxes	0	0	0	0	0	0
Other Taxes	0	0	0	0	0	190,625
Impact Fees	0	107,622	0	0	0	0
Licenses And Permits	0	0	0	0	0	0
Service Charges And Miscellaneous	0	0	0	0	0	0
Total Revenues	82	144,030	5,243	728	6,621	195,206
Expenditures						
General Government	0	0	0	0	0	0
Public Safety	0	0	0	0	3,393	0
Public Works	0	0	4,560	0	0	0
Community Development	0	58,370	0	0	0	0
Culture And Leisure	0	0	0	0	0	0
Debt Service						
Principal	0	0	0	0	0	0
Interest & Other Charges	0	0	0	0	0	0
Capital Outlay	0	381,165	0	17,055	0	0
Total Expenditures	0	439,535	4,560	17,055	3,393	0
Excess(Deficiency) Of Revenues Over Expenditures	82	(295,505)	683	(16,327)	3,228	195,206
Other Financing Sources (Uses)						
Operating Transfers In	0	0	0	1,409	0	0
Operating Transfers Out	0	0	0	0	0	(180,306)
Total Other Financing Sources (Uses)	0	0	0	1,409	0	(180,306)
Net Change In Fund Balances	82	(295,505)	683	(14,918)	3,228	14,900
Fund Balance - Beginning	1,402	697,853	417	0	535	0
Prior Period Adjustment	0	0	0	0	0	0
Fund Balance - Ending	1,484	402,348	1,100	(14,918)	3,763	14,900

Special Revenue

Asset Forfeit Fund	Local Transportation Fund	County County CDBG Fund	Business License Surcharge Fund	Lighting Landscape District Fund	Contingency Fund	Capital Repair Replacement Fund	Total Non-Major Special Revenue Funds	
							2007	2006
43	19,529	0	1,327	7,628	12,389	36,727	118,960	39,874
0	157,033	396,848	0	0	0	0	566,227	595,266
0	0	0	0	0	0	0	0	0
0	0	0	0	172,975	0	0	363,600	294,122
0	0	0	0	0	0	0	107,622	261,688
0	0	0	12,815	0	0	0	12,815	28,275
367	1,491	0	0	0	0	113,654	115,512	173,942
410	178,053	396,848	14,142	180,603	12,389	150,381	1,284,736	1,393,167
0	0	0	15,848	0	0	7,096	22,944	33,527
0	0	0	0	0	0	0	3,393	41,375
0	0	0	0	0	0	0	4,560	4,989
0	0	28,877	0	116,915	0	0	204,162	98,593
0	0	0	0	0	0	0	0	8,423
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	6,266	0	0	0	0	257,135	661,621	233,242
0	6,266	28,877	15,848	116,915	0	264,231	896,680	420,149
410	171,787	367,971	(1,706)	63,688	12,389	(113,850)	388,056	973,018
0	0	0	0	0	0	0	1,409	364,823
0	0	0	0	0	0	0	(180,306)	(236,282)
0	0	0	0	0	0	0	(178,897)	128,541
410	171,787	367,971	(1,706)	63,688	12,389	(113,850)	209,160	1,107,960
513	333,707	0	20,651	128,626	174,251	644,676	2,002,630	894,670
0	0	0	0	0	0	0	0	0
923	505,494	367,971	18,945	192,314	186,640	530,826	2,211,790	2,002,630

1300 10th Street, Ste C
Modesto, Ca 95354
209-526-3091
209-526-2287 fax
cbcpas.com

Gerald L. Clendenin, CPA
Constance Hillas Bird, CPA
Michelle L. Edmiston, CPA
Cathy L. Gatewood, EA

William J. Young
Robert C. Kehi

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

To The City Council
City of Newman
State of California

We have audited the general-purpose financial statements of the City of Newman, State of California, as of and for the year ended June 30, 2007 and have issued our report thereon dated September 30, 2007. We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

In planning and performing our audit, we considered the City of Newman's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and the Newman City Council. However, this report is a matter of public record and its distribution is not limited.

Cleundenin Bird + Company, PC

CLENDENIN BIRD & COMPANY, PC

Modesto, California

September 30, 2007

1800 10th Street, Ste C
Modesto, Ca 95354
209-526-3091
209-526-2297 fax
cbcpas.com

Gerald L. Clendenin, CPA
Constance Hillas Bird, CPA
Michelle L. Edmiston, CPA
Cathy L. Gatewood, EA

William J. Young
Robert C. Kehl

**REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS
BASED ON AN EXAMINATION OF GENERAL-PURPOSE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH THE
CALIFORNIA TRANSPORTATION DEVELOPMENT ACT**

To The City Council
City of Newman
State of California

We have audited the general-purpose financial statements of the City of Newman, State of California for the year ended June 30, 2006, and have issued our report thereon dated September 30, 2007. Our audit was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the California Administrative Code Section 6664 of the Transportation Development Act and the allocation instructions of the Stanislaus Area Association of Governments, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of the City of Newman is responsible for the City's compliance with laws and regulations. In connection with our audit referred to above, we selected and tested transactions and records to determine the City's compliance with laws and regulations, noncompliance with which could have a material effect on the general-purpose financial statements of the City.

In our opinion the City of Newman Transportation Development Act funds were accounted for in conformance with the applicable laws, rules and regulations of the Transportation Development Act and the allocation instructions of the Stanislaus Council of Governments.

CLENDENIN BIRD & COMPANY, PC

Modesto, California
September 30, 2007

CITY OF NEWMAN
REDEVELOPMENT AGENCY
COMPONENT UNIT
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2007

**CITY OF NEWMAN
REDEVELOPMENT AGENCY**

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1300 10th Street, Ste C
Modesto, Ca 95354
209-526-3091
209-526-2287 fax
cbcpas.com

Gerald L. Clendenin, CPA
Constance Hillas Bird, CPA
Michelle L. Edmiston, CPA
Cathy L. Gatewood, EA

William J. Young
Robert C. Kehl

INDEPENDENT AUDITOR'S REPORT

To The Board Members
Redevelopment Agency of Newman Redevelopment Agency
State Of California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Newman Redevelopment Agency, State of California, as of and for the year ended June 30, 2007, which collectively comprise the Redevelopment Agency's basic financial statements as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Newman Redevelopment Agency, State of California's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 of Newman Redevelopment Agency, State of California as of June 30, 2007, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on Pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newman Redevelopment Agency's basic financial statements. The combining balance sheet – nonmajor governmental funds, combining statement of revenues, expenditures and changes in fund balance – nonmajor governmental funds and schedules of revenue, expenditures, and changes in fund balances – budget and actual are presented for purposes of additional analysis and are not a required part of the basic financial statements. These reports have been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 30, 2007 on our consideration of the City of Newman Redevelopment Agency's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Clendenin Bird & Company, PC
CLENDENIN BIRD & COMPANY, PC
Modesto, California
September 30, 2007

City of Newman Redevelopment Agency
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

As management of the City of Newman Redevelopment Agency we offer readers of the Agency's Financial Statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2007. This document has been prepared as required by the Statement No. 34 of Governmental Accounting Standards Board (GASB 34).

Financial Highlights

Tax increment revenues are more than sufficient to cover debt related expenses and provide funding for both housing and non-housing priorities. The Agency continues to deliver high quality projects that have been planned based on neighborhood and business needs and goals.

The following are the amounts received from tax increments in fiscal year 2007 with comparative totals for the previous three fiscal years.

Fiscal Year Receipt	2007	2006	2005	2004
Total for the year	\$ 1,031,235	\$ 812,614	\$ 739,681	\$ 607,962

The assets of the Agency exceeded its liabilities at the close of the fiscal year by \$625,070. The Agency's investment in assets is primarily in City owned property; it does not hold all capital purchases in its own name.

As of the close of the fiscal year, the Agency's funds (all governmental) reported combined ending fund balance of \$2,662,068 which is an increase of \$627,182 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Agency's basic financial statements. The Redevelopment Agency basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-wide Financial Statements: The Government-wide Financial Statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net assets. The Agency, while a separate legal entity, acts as a financial conduit for the City and as such does not hold title to all the assets it helps construct. Therefore, its net assets are not any indication of its financial health.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as

City of Newman Redevelopment Agency
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2007

soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with the finance-related legal requirements. All of the funds of the Agency can be divided into two categories: capital projects fund and debt service fund.

The Agency adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided to demonstrate compliance with this budget.

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

Government-wide Financial Analysis

By far the largest portion of the Agency's net assets reflects amounts designated for capital projects (e.g., land, buildings, machinery, and equipment). Unlike most other type of governmental bodies who provide day-to-day services, the main purpose of the Agency is to provide capital funds for the development of a certain geographical area of the City. The table below shows the components of the net assets.

Redevelopment Agency		2007	2006
<u>Net Assets</u>			
Current assets		\$ 2,662,068	\$ 2,034,886
Noncurrent assets		<u>943,002</u>	<u>998,990</u>
Total assets		<u>3,605,070</u>	<u>3,033,876</u>
Current liabilities		-	232
Noncurrent liabilities		<u>2,980,000</u>	<u>3,181,840</u>
Total liabilities		<u>2,980,000</u>	<u>3,182,072</u>
Net assets:			
Invested in capital assets		(2,036,998)	(2,182,850)
Restricted		822,178	705,930
Unrestricted		<u>1,839,890</u>	<u>1,328,724</u>
Total net assets		<u>\$ 625,070</u>	<u>\$ (148,196)</u>

There was an increase of \$773,266 in the Agency's net assets during the fiscal year.

City of Newman Redevelopment Agency
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007

Governmental Activities: All the activities of the agency are governmental and it has no business-type activities.

<u>Redevelopment Agency</u> <u>Changes in Net Assets</u>		
	2007	2006
General revenues:		
Property tax (tax increments)	\$ 1,031,235	\$ 812,614
Miscellaneous revenue	-	(300,292)
Use of money and property	94,725	53,086
Gain on Sale of Property Net of Cost	108,222	55,812
Total general revenues	1,234,182	621,220
Net Expenses	467,576	487,920
Change in net assets	773,266	139,961
Net assets-beginning of year	(148,196)	(687,907)
Prior Period Adjustment	-	399,750
Net assets-end of year	\$ 625,070	\$ (148,196)

Financial Analysis of the Agency's Funds

As noted earlier, the Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Agency's Governmental Funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. It should, however, be noted that most of the unreserved amounts have been designated by the Agency for specific uses.

The Agency is required by State law to set aside 20% of the tax increment revenue in a separate fund for low and moderate-income housing purposes. The fund balance in this fund increased by \$127,943 for a total of \$539,582.

The fund balance in the Redevelopment General Fund increased by \$499,471 to \$2,122,486.

Budgetary Highlights

The Agency's overall revenues were \$73,813 more than originally estimated. The Agency's overall expenditures were \$26,963 less than estimated.

Capital Asset and Debt Administration

Capital Assets: As of June 30, 2007, the Agency's capital assets were \$943,002. As noted earlier the Agency acts as a financial conduit for the City of Newman and as a result its investments in capital assets are recorded as City assets rather than Agency assets.

Long-term Debt: At the end of the current fiscal year, the Agency has total bonded debt outstanding of \$2,980,000. The tax increments revenue of the Agency secures all bonded debt of the Agency.

The Agency's debt decreased by \$201,840 during the fiscal year.

Additional information on the Agency long-term debt can be found in Note 5 of this report.

Economic Factors and Next Year's Budgets

Since the Agency's primary source of revenue is tax increments, property values and new construction in the redevelopment area are the key economic factors that define the future resources of the agency. Tax increment revenue increased by 27% in fiscal year 2007. The increase is due to property sales/turnover.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Newman Finance Division at 1162 Main Street, Newman, CA 95360

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

	Primary Government		
	Governmental Activities	Totals	
		2007	2006
ASSETS			
Cash And Investments	1,785,879	1,785,879	1,161,228
Cash with Fiscal Agent	282,596	282,596	294,291
Accounts Receivable	31,374	31,374	0
Loans Receivable	562,219	562,219	579,367
Capital Assets (Net Of Accumulated Depreciation):			
Land	32,498	32,498	44,563
Buildings And Improvements	124,968	124,968	121,685
Infrastructure	785,536	785,536	832,742
Total Assets	<u>3,605,070</u>	<u>3,605,070</u>	<u>3,033,876</u>
LIABILITIES			
Accounts Payable And Other Current Liabilities	0	0	232
Long-Term Liabilities:			
Due Within One Year	120,000	120,000	125,935
Due In More Than One Year	2,860,000	2,860,000	3,055,905
Total Liabilities	<u>2,980,000</u>	<u>2,980,000</u>	<u>3,181,840</u>
NET ASSETS			
Invested In Capital Assets Net Of Related Debt	(2,036,998)	(2,036,998)	(2,182,850)
Restricted For			
Community Development Projects	539,582	539,582	411,639
Debt Service	282,596	282,596	294,291
Unrestricted	1,839,890	1,839,890	1,328,724
Total Net Assets	<u>625,070</u>	<u>625,070</u>	<u>(148,196)</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

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**CITY OF NEWMAN
REDEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

Functions/Programs	Expenses	Program Revenues		
		Fines, Fees And Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions
Primary Government:				
Governmental Activities:				
General Government	5,361	0	0	0
Community Development	248,616	6,660	0	0
Pass Through To Others	49,674	0	0	0
Interest On Long-Term Debt	163,925	0	0	0
Total Governmental Activities	467,576	6,660	0	0
Total Primary Government	467,576	6,660	0	0

General Revenues:

Taxes:
Property Tax Increments
Investment Earnings
Gain On Sale Of Property Net Of Cost
Intergovernmental
Transfers
Total General Revenues And Transfers
Change In Net Assets
Net Assets - Beginning
Prior Period Adjustment
Net Assets - Ending

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue And
Changes In Net Assets
Primary Government**

Governmental Activities	2007	Totals 2006
(5,361)	(5,361)	(4,986)
(241,956)	(241,956)	(213,591)
(49,674)	(49,674)	(81,529)
(163,925)	(163,925)	(181,153)
(460,916)	(460,916)	(481,259)
(460,916)	(460,916)	(481,259)
1,021,225	1,021,225	802,009
94,725	94,725	53,086
108,222	108,222	55,812
10,010	10,010	10,605
0	0	(300,292)
<u>1,234,182</u>	<u>1,234,182</u>	<u>621,220</u>
773,266	773,266	139,961
(148,196)	(148,196)	(687,907)
0	0	399,750
<u>625,070</u>	<u>625,070</u>	<u>(148,196)</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

	<u>General</u>	<u>Redevelopment Housing</u>	<u>Total Governmental 2007</u>	<u>2006</u>
Assets				
Cash And Investments	1,252,461	533,418	1,785,879	1,161,228
Cash with Fiscal Agent	282,596	0	282,596	294,291
Accounts Receivable	25,210	6,164	31,374	0
Loans Receivable	562,219	0	562,219	579,367
Total Assets	<u>2,122,486</u>	<u>539,582</u>	<u>2,662,068</u>	<u>2,034,886</u>
Liabilities				
Accounts Payable	<u>0</u>	<u>0</u>	<u>0</u>	<u>232</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>232</u>
Fund Balances				
Reserved	0	0	0	0
Unreserved	<u>2,122,486</u>	<u>539,582</u>	<u>2,662,068</u>	<u>2,034,654</u>
Total Fund Balances	<u>2,122,486</u>	<u>539,582</u>	<u>2,662,068</u>	<u>2,034,654</u>
Total Liabilities And Fund Balances	<u>2,122,486</u>	<u>539,582</u>	<u>2,662,068</u>	<u>2,034,886</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007**

Total fund balances - governmental funds 2,662,068

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	32,498	
Buildings and improvements, net of \$18,738, accumulated depreciation	124,968	
Infrastructure, net of \$111,372 accumulated depreciation	<u>785,536</u>	
Total capital assets		943,002

Long-term liabilities applicable to the City's governmental activities are due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.

Notes payable	(2,980,000)	
Total long-term liabilities		<u>(2,980,000)</u>

Total net assets - governmental activities 625,070

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALAN
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

	<u>General</u>	<u>Redevelopment Housing</u>	<u>Total Governmental 2007</u>	<u>2006</u>
Revenues				
Property Tax Increments	814,978	206,247	1,021,225	802,009
Investment Earnings	70,989	23,736	94,725	53,087
Sale Of Property	120,287	0	120,287	55,812
Intergovernmental	10,010	0	10,010	10,605
Service Charges And Miscellaneous	6,660	0	6,660	6,660
Total Revenues	<u>1,022,924</u>	<u>229,983</u>	<u>1,252,907</u>	<u>928,173</u>
Expenditures				
Current				
General Government	0	0	0	0
Community Development	153,799	46,255	200,054	171,690
Pass Through To Others	49,674	0	49,674	81,529
Debt Service				
Principal	178,840	23,000	201,840	116,470
Interest And Other Charges	131,140	32,785	163,925	181,153
Capital Outlay	10,000	0	10,000	0
Total Expenditures	<u>523,453</u>	<u>102,040</u>	<u>625,493</u>	<u>550,842</u>
Excess (Deficiency) Of Revenues				
Over Expenditures	<u>499,471</u>	<u>127,943</u>	<u>627,414</u>	<u>377,331</u>
Other Financing Sources (Uses)				
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	0	0	(300,292)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(300,292)</u>
Net Change In Fund Balances	499,471	127,943	627,414	77,039
Fund Balance - Beginning	1,623,015	411,639	2,034,654	1,579,825
Prior Period Adjustment	0	0	0	377,790
Fund Balance- Ending	<u>2,122,486</u>	<u>539,582</u>	<u>2,662,068</u>	<u>2,034,654</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

Net change in fund balances - total governmental funds 627,414

The changes in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$53,923) exceeded capital outlays (\$10,000) in the current period. (43,923)

Cost of Sale of Property (Land) in General Fixed Asset (12,065)

Repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions do not have any affect on net assets. 201,840

Changes in net assets of governmental activities 773,266

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance	2006 Actual
	Original	Final		With Final Budget Over (Under)	
REVENUES					
Property Tax Increments	633,725	733,725	814,978	81,253	639,486
Investment Earnings	48,709	48,709	70,989	22,280	46,145
Sale Of Property	121,000	121,000	120,287	(713)	55,812
Service Charges And Miscellaneous	32,677	32,677	6,660	(26,017)	6,660
Intergovernmental	13,000	13,000	10,010	(2,990)	10,605
Total Revenues	<u>849,111</u>	<u>949,111</u>	<u>1,022,924</u>	<u>73,813</u>	<u>758,708</u>
EXPENDITURES					
Salaries And Benefits	78,474	77,870	60,809	(17,061)	81,032
Supplies And Services	133,078	105,082	92,990	(12,092)	97,966
Capital Outlay	10,000	10,000	10,000	0	0
Pass Through To Others	40,000	40,000	49,674	9,674	81,529
Debt Service					
Principal	104,935	187,311	178,840	(8,471)	94,470
Interest	130,153	130,153	131,140	987	146,962
Total Expenditures	<u>496,640</u>	<u>550,416</u>	<u>523,453</u>	<u>(26,963)</u>	<u>501,956</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>352,471</u>	<u>398,695</u>	<u>499,471</u>	<u>100,776</u>	<u>256,752</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	0	0	0	0	0
Transfers Out	(200,000)	(200,000)	0	200,000	(300,292)
Total Other Financing Sources And (Uses)	<u>(200,000)</u>	<u>(200,000)</u>	<u>0</u>	<u>200,000</u>	<u>(300,292)</u>
Net Change In Fund Balance	152,471	198,695	499,471	300,776	(43,540)
Fund Balance - Beginning	1,623,015	1,623,015	1,623,015	0	1,288,765
Prior Period Adjustment	0	0	0	0	377,790
Fund Balance - Ending	<u>1,775,486</u>	<u>1,821,710</u>	<u>2,122,486</u>	<u>300,776</u>	<u>1,623,015</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
 REDEVELOPMENT AGENCY
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 REDEVELOPMENT HOUSING CAPITAL PROJECTS FUND
 FOR THE YEAR ENDED JUNE 30, 2007
 WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance	2006 Actual
	Original	Final		With Final Budget Over (Under)	
REVENUES					
Property Tax Increments	162,750	172,750	206,247	33,497	162,523
Investment Earnings	7,000	7,000	23,736	16,736	6,942
Total Revenues	<u>169,750</u>	<u>179,750</u>	<u>229,983</u>	<u>50,233</u>	<u>169,465</u>
EXPENDITURES					
Salaries And Benefits	19,620	19,470	15,195	(4,275)	0
Supplies And Services	25,550	25,550	31,060	5,510	(7,305)
Debt Service					
Principal	23,000	23,000	23,000	0	22,000
Interest	32,785	32,785	32,785	0	34,191
Total Expenditures	<u>100,955</u>	<u>100,805</u>	<u>102,040</u>	<u>1,235</u>	<u>48,886</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>68,795</u>	<u>78,945</u>	<u>127,943</u>	<u>48,998</u>	<u>120,579</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	0	0	0	0	0
Transfers Out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources And (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balance	68,795	78,945	127,943	48,998	120,579
Fund Balance - Beginning	<u>411,639</u>	<u>411,639</u>	<u>411,639</u>	<u>0</u>	<u>291,060</u>
Fund Balance - Ending	<u><u>480,434</u></u>	<u><u>490,584</u></u>	<u><u>539,582</u></u>	<u><u>48,998</u></u>	<u><u>411,639</u></u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The basic financial statements of the Redevelopment Agency of Newman, California have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In June 1999, the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- The financial statements include:
 - A Management and Discussion and Analysis (MD&A) section providing an analysis of the Redevelopment Agency’s overall financial position and results of operations.
 - Financial statements prepared using the full accrual accounting for all of the Redevelopment Agency’s activities, including infrastructure (roads, streets, bridges, etc.)

- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

The more significant of the Redevelopment Agency’s accounting policies are described below:

A. Financial Reporting Entity

The accompanying basic financial statements present the financial activity of the Redevelopment Agency, a blended component unit of the City of Newman.

The financial statements of the Redevelopment Agency of the City of Newman have been prepared in accordance with Governmental Accounting Standards Board (GASB) Statements No. 14 and 34. GASB 14 defines the financial reporting entity and component units that need to be included in the reporting entity.

A component unit is a separate governmental unit, agency, or nonprofit corporation that is evaluated in relation to specific criteria to determine if it should be included in the financial reporting entity.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

Blended Component Unit.

The Redevelopment Agency governing board is comprised of the members of the City Council, and City employees perform all activities of the Redevelopment Agency. Although it is legally separate from the City of Newman, the Redevelopment Agency is reported in the Redevelopment Agency's general purpose financial statements as if it were part of the City because its sole purpose is to encourage new investment and reinvestment within the Redevelopment Agency's legally designated redevelopment areas in partnership with property owners.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements (note that the Redevelopment Agency has no proprietary funds). Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Redevelopment Agency considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Property taxes and taxpayer-assessed tax revenues (e.g., franchise taxes, sales taxes, motor vehicle fees, etc.) net of estimated refunds and uncollectible amounts, and interest associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the Redevelopment Agency. The Redevelopment Agency reports the following major governmental funds:

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

The **Redevelopment Agency Housing Fund** accounts for 20% of the property tax revenues collected for the Redevelopment Agency. These revenues are to be used exclusively for development of low and moderate income housing within the designated redevelopment area.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers for applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Redevelopment Agency's policy to use restricted resources first, then unrestricted resources, as they are needed.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

D. Assets, Liabilities, Net Assets or Equity

1. Cash and Investments

In order to maximize the flexibility of its investment program and to aid in cash budgeting, the Redevelopment Agency pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the Redevelopment Agency's cash and investment pool.

As the Redevelopment Agency places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated quarterly. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

In accordance with the State of California Government Code, the Redevelopment Agency adopts an investment policy annually that, among other things, authorizes types of investments. Authorized investments include:

- Securities of the U.S. government or its agencies
- Certificates of Deposit (or time deposits) placed with commercial banks and/or savings and loan associations
- Bankers Acceptances
- State Treasurer's Local Agency Investment Fund (LAIF)
- Passbook savings account demand deposits
- Small Business Administration Loans
- Other products which are totally guaranteed and insured by the U.S. government.

Investments for the Redevelopment Agency, as well as its component units, are reported at fair value. LAIF operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangement outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e. the current portion of interfund loans) or advances to/from other funds (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and tax receivables are shown net of an allowance for uncollectible accounts and estimated refunds due.

Property taxes are levied on the first day of March by the County Assessor, and are payable to the County Tax Collector in two installments.

The first installment is due November 1st, and delinquent December 10th, the second installment is due February 1st and delinquent April 10th. Taxes become a lien on the property on March 1st, and on the date of transfer of title, and the date of new construction.

The minimum property value which is taxed is \$2,000; however, tax bills are prepared for properties valued at less than \$2,000 if there is a special assessment to be collected.

Article 13A of the California Constitution states, "The maximum amount of any ad valorem tax on real property shall not exceed one percent (1%) of the full cash value of such property.

The one percent tax is to be collected by the counties and apportioned according to law to the districts within the counties."

The Redevelopment Agency has elected under state law (Teeter) to receive all of the annual property assessments in three installments as follows:

December	55%
April	40%
June	5%
	<u>100%</u>

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. roads, bridges, sidewalks, traffic lights and signals, street lights and similar items), are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Redevelopment Agency as assets with an initial, individual cost of \$5,000 for property, plant and equipment and \$25,000 for infrastructure. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Property, plant and equipment of the Redevelopment Agency is depreciated using the straight-line method over the following estimated useful lives:

Buildings	20-40 years
Improvements	40 years
Machinery and Equipment	3-6 years
Streets and Roads	20 years
Curb, Gutter, Sidewalks, & Median Curbs	20 years
Stormdrains	75 years
Traffic Signals	20 years
Water and Sewer Lines	40 years

5. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets.

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

6. Net Assets and Fund Equity

In the government-wide financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets and unrestricted net assets.

Restricted net assets represent net assets restricted by parties outside the Redevelopment Agency (such as creditors, grantors, contributors, laws and regulations of other governments)

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

and include unspent proceeds of bonds issued to acquire or construct capital assets. The nonexpendable portion of permanent trust funds and endowments is reported as permanently restricted. The Redevelopment Agency's other restricted net assets are temporarily restricted (ultimately expendable assets). All other net assets are considered unrestricted.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

7. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Redevelopment Agency Council is required to adopt an annual budget resolution by July 1 of each fiscal year for the General Fund, and special revenue, capital projects and permanent funds. These budgets are adopted and presented for reporting purposes on a basis consistent with generally accepted accounting principles.

The appropriated budget is prepared by fund, function, and department. The City Administrator may authorize transfers of appropriations within the budget or supplemental appropriations for items less than \$10,000. The transfer of appropriations or supplemental appropriations that are greater than \$10,000 must be approved by the Redevelopment Agency Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The board made several supplemental budgetary appropriations throughout the year.

B. Excess of Expenditures over Appropriations

For the year ended June 30, 2007, expenditures exceeded appropriations in the several departments as follows:

General Fund:

Pass Through To Others Expense	9,674
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Explanation: Pass Through Expense was over budget due to an increase in tax revenue.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	1,785,879
Cash with Fiscal Agent	<u>282,596</u>
Total cash and investments	<u>2,068,475</u>

Cash and investments as of June 30, 2007 consist of the following:

Investment in Local Agency Investment Fund (LAIF)	1,785,879
Deposit with financial institution	<u>282,596</u>
Total cash and investments	<u>2,068,475</u>

The Redevelopment Agency's investment policy does not contain any specific provisions intended to limit the Redevelopment Agency's exposure to interest rate risk, credit risk, and concentration of credit risk.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. As of year end, the weighted average maturity of the investments contained in the LAIF investment pool is 5.7 months.

		<u>Maturity Date</u>
State investment pool	<u>1,785,879</u>	5.7 months average maturity
Total	<u>1,785,879</u>	

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

Concentration of Credit Risk

The investment policy of the Redevelopment Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Redevelopment Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Redevelopment Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

The Redevelopment Agency is a voluntary participant in the California State Treasurer's Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Redevelopment Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Redevelopment Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

C. Loans Receivable

The Agency had the following loans receivables as of June 30, 2007:

McBride	7,002
Westside Village	377,790
Bigelow #2	143,646
Caetano Pometta	17,097
Bigelow #3	<u>16,684</u>
Total	<u>562,219</u>

A five year loan issued to Dr. Lorin McBride on September 24, 2002 at a 3.00% interest rate, with monthly payments of \$359.37. The loan receivable balance as of June 30, 2007 was \$7,002.

A five year loan was issued to Caetano Pometta Real Estate for \$32,114 on October 5, 2004 at a 5.00% interest rate, with monthly payment of \$660.49. The loan receivable balance as of June 30, 2007 was \$17,097.

A 40 year loan was issued to Westside Village Apartments L.P a California Limited Partnership for \$377,790 on June 3, 1999 at a 3.00% interest rate. The loan receivable balance as of June 30, 2007 was \$377,790.

Two loans were issued to Lloyd Bigelow. Loan terms as follows:

	Amount	Interest Rate	Date Issued	Monthly Payments	Balance 6/30/2007	Term
Bigelow #2	190,231	5.00%	1/1/2002	\$1,504.34	143,646	15 yrs
Bigelow #3	22,500	5.00%	7/1/2002	\$434.60	16,684	5 yrs

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

D. Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental-type Activities				
Capital assets not being depreciated:				
Land	44,563	0	(12,065)	32,498
Total capital assets not being depreciated	<u>44,563</u>	<u>0</u>	<u>(12,065)</u>	<u>32,498</u>
Capital assets being depreciated:				
Infrastructure	944,114	0	0	944,114
Building And Improvements	<u>140,423</u>	<u>10,000</u>	<u>0</u>	<u>150,423</u>
Total capital assets being depreciated	<u>1,084,537</u>	<u>10,000</u>	<u>0</u>	<u>1,094,537</u>
Less accumulated depreciation for:				
Infrastructure	(111,372)	(47,206)	0	(158,578)
Building And Improvements	<u>(18,738)</u>	<u>(6,717)</u>	<u>0</u>	<u>(25,455)</u>
Total accumulated depreciation	<u>(130,110)</u>	<u>(53,923)</u>	<u>0</u>	<u>(184,033)</u>
Net capital assets being depreciated	<u>954,427</u> *	<u>(43,923)</u>	<u>0</u>	<u>910,504</u>
Total net capital assets - Governmental-type activities	<u>998,990</u>	<u>(43,923)</u>	<u>(12,065)</u>	<u>943,002</u>

Depreciation was charged to functions/programs of governmental activities for the year ended June 30, 2007 as follows:

General government	5,361
Community Development	<u>48,562</u>
Total depreciation expense – governmental	<u>53,923</u>

F. Long-Term Debt

Certificate of Participation

In the year ended June 30, 1997 the City issued tax allocation project and housing bonds. The bonds payable balance for the 1997 tax allocation bonds were \$2,980,000 as of June 30, 2007.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

F. Long-Term Debt- Continued

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2008	120,000	156,581	276,581
2009	125,000	149,800	274,800
2010	115,000	143,923	258,923
2011	120,000	138,046	258,046
2012	125,000	131,798	256,798
2013-2017	685,000	555,213	1,240,213
2008-2022	695,000	364,461	1,059,461
2023-2027	810,000	160,981	970,981
2028	185,000	4,972	189,972
	<u>2,980,000</u>	<u>1,805,775</u>	<u>4,785,775</u>

Ventura Purchase

The City purchased parcel #128-10-13 (1361 "N" Street) in January of 2003 from John Ventura for \$119,625. Repayment will be made in monthly installments of \$1,388.95 at a 7% rate of interest. The loan matures December 1, 2012. The principal balance was \$0 as of June 30, 2007.

The following is a summary of changes in the Redevelopment Agency's long-term debt and other long-term liabilities during the year ended June 30, 2007:

	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>
Governmental Activities:				
Certificates of Participation	3,095,000	0	(115,000)	2,980,000
Loan Payable	<u>86,840</u>	<u>0</u>	<u>(86,840)</u>	<u>0</u>
Total long-term liabilities	<u>3,181,840</u>	<u>0</u>	<u>(201,840)</u>	<u>2,980,000</u>

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2007**

E. Prior Period Adjustments

Several prior period adjustments were made to the June 30, 2006 financial statements as follows:

Governmental- Type Activities:

Record Fullerton Industrial Park land that was not previously recorded as a Redevelopment Agency capital asset	44,563
Record Westside Village low-income housing project loan receivable that was not previously recorded in the Redevelopment Agency funds	377,790
Correction to beginning accumulated depreciation balance for fixed assets	(1,956)
Miscellaneous Adjustment for the Redevelopment Agency funds	3,727
Write-off of incorrect accrued interest payable in the general long-term debt account group	72,664
Record Ventura note payable in the general long-term debt account group. This loan was not previously recorded.	(97,038)
Total governmental-type activities prior period adjustment	<u>399,750</u>

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1300 10th Street, Ste C
Modesto, Ca 95354
209-526-3091
209-526-2287 fax
cbcpas.com

Gerald L. Clendenin, CPA
Constance Hillas Bird, CPA
Michelle L. Edmiston, CPA
Cathy L. Gatewood, EA

William J. Young
Robert C. Kehl

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

To The Board Members
City of Newman Redevelopment Agency
State of California

We have audited the general-purpose financial statements of the Redevelopment Agency of Newman, State of California, as of and for the year ended June 30, 2007 and have issued our report thereon dated September 30, 2007. We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States

As part of obtaining reasonable assurance about whether the Redevelopment Agency of Newman's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

In planning and performing our audit, we considered the Redevelopment Agency of Newman's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements

in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and the Newman Redevelopment Agency Council. However, this report is a matter of public record and its distribution is not limited.

Cleundenin Bird + Company, PC
CLENDENIN BIRD & COMPANY, PC

Modesto, California
September 30, 2006

1300 10th Street, Ste C
Modesto, Ca 95354
209-526-3091
209-526-2287 fax
cbcpas.com

Gerald L. Clendenin, CPA
Constance Hillas Bird, CPA
Michelle L. Edmiston, CPA
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Robert C. Kehl

INDEPENDENT AUDITOR'S COMPLIANCE REPORT

To The Board Members
City Of Newman Redevelopment Agency
State of California

We have audited the general purpose financial statements of the City of Newman Redevelopment Agency, a component unit of the City of Newman, State of California, for the year ended June 30, 2007, and have issued our report thereon dated September 30, 2007. We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit general purpose financial statements are free of material misstatement.

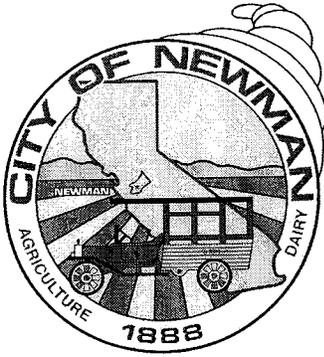
Compliance with laws and regulations applicable to the City of Newman Redevelopment Agency is the responsibility of the City of Newman Redevelopment Agency's management. As part of obtaining reasonable assurance about whether the component unit general purpose financial statements are free of material misstatement, we performed tests of the City of Newman Redevelopment Agency's compliance with laws and regulations contained in the *Guideline for Compliance Audits of California Redevelopment Agencies* issued by the State Controller's Office, Division of Local Government Fiscal Affairs.

The results of our tests indicated that, with respect to the items tested, the City of Newman Redevelopment Agency complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Newman Redevelopment Agency had not complied, in all material respects, with those provisions.

This report is intended for the information of the City of Newman Redevelopment Agency and the State Controller's office. However, this report, upon acceptance by the City of Newman Redevelopment Agency, is a matter of public record and its distribution is not limited.



CLENDENIN BIRD & COMPANY, PC
Modesto, California
September 30, 2007



**City of Newman
City Manager's Office
Memorandum**

Date: January 4, 2008

To: City Council

From: Michael E. Holland *MEL*

Subject: Agenda Item 10.c – Amendment to StanCOG Joint Powers Agreement.

Based upon the recommendation from StanCOG legal counsel, the Policy Board voted to approve an amendment to the Joint Powers Agreement to clarify eminent domains powers. While StanCOG maintains the authority to use the power of eminent domain when necessary, amendment to the agreement will specifically identify the power, as opposed to being implied. The change does not change or alter any power previously permitted under the agreement. Staff supports the change and recommends the Council adopt the attached resolution.

RESOLUTION NO. 2008-

**A RESOLUTION ADOPTING THE AMENDED JOINT POWERS AGREEMENT
ESTABLISHING THE STANISLAUS COUNCIL OF GOVERNMENTS**

WHEREAS, the Stanislaus Council of Governments (StanCOG) is a joint powers agency formed pursuant to Government Code section 6500 et seq.;

WHEREAS, StanCOG was created by a joint powers agreement originally entered into on May 11, 1971 and last amended on June 5, 2001;

WHEREAS, the member agencies of StanCOG are the County of Stanislaus and all of the incorporated cities within Stanislaus County, which includes the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock and Waterford;

WHEREAS, on December 12, 2007, *the* StanCOG Policy Board approved amendments to its joint powers agreement and requested all member agencies to approve the amended joint powers agreement; and,

WHEREAS, the StanCOG joint powers agreement provides that the agreement may be amended by approval of 75 percent of its member agencies representing 75 percent of the population of the County of Stanislaus as determined by the most recent Decennial Census;

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Newman approves the Amended Joint Powers Agreement Establishing the Stanislaus Council of Governments as approved by the StanCOG Policy Board on December 12, 2007.

BE IT FURTHER RESOLVED, that the Mayor, the City Clerk and the City Attorney are directed to sign the Amended Joint Powers Agreement Establishing the Stanislaus Council of Governments and provide such executed Agreement to StanCOG.

The foregoing Resolution was introduced at a regular meeting of the _____ City Council, on the 8th day of January 2008. A motion was made and seconded to adopt the foregoing Resolution. Motion carried and Resolution adopted.

AYES:
NOES:
ABSENT:

APPROVED:

Mayor of the City of Newman

ATTEST:

Deputy City Clerk of the City of Newman



City of Ceres • City of Hughson • City of Modesto • City of Newman • City of Oakdale • City of Patterson
City of Riverbank • City of Turlock • City of Waterford • County of Stanislaus

December 18, 2007

Mayor John G. Fantazia
City of Newman
P O Box 787
Newman, CA 95360

Subject: Amended Stanislaus Council of Governments (StanCOG) Joint Powers Agreement
(JPA) (2008)

Dear Mayor Fantazia:

Please schedule for approval by the Newman City Council the attached Amended Stanislaus Council of Governments Joint Powers Agreement. We are requesting that the Board of Supervisors approve, in the month of January, the Agreement by resolution.

As background, StanCOG is a joint powers agency that was created by a joint powers agreement originally entered into on May 11, 1971 and last amended on June 5, 2001. The member agencies of StanCOG are the County of Stanislaus and all of the incorporated cities within Stanislaus County, which includes the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock and Waterford.

On December 12, 2007, the StanCOG Policy Board approved the Amended StanCOG JPA and recommended that the cities and County approve the Agreement by resolution.

The amendments to the current joint powers agreement are limited to provide StanCOG with specific authority, rather than implied authority, to perform all tasks needed to carryout construction projects including the power of eminent domain, if necessary. This does not change any of the duties that StanCOG is currently carrying out and it does not provide StanCOG with any more powers than what StanCOG represents it is currently authorized to perform. The amendment merely clarifies these existing powers.

The amendment provides the following limited modifications to the existing joint powers agreement:

- (1) Modifies the dates to reflect the new amendment;
- (2) Amends section 12 regarding Powers and Functions by amending section 12.A.(4) to specifically reference the power of eminent domain;
- (3) Adds sections 12.A.(5) and 12.A.(6) to specifically authorize the completion of the planning, design, environmental clearance and construction of transportation and other projects, and to cooperate and participate in joint projects as necessary.

ENCLOSURE 1

**AMENDED JOINT POWERS AGREEMENT ESTABLISHING THE
STANISLAUS COUNCIL OF GOVERNMENTS**

THIS AGREEMENT, made and entered into in the County of Stanislaus, State of California, this _____ day of _____, 19____2008, is between the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock, and Waterford, and the County of Stanislaus, a political subdivision of the State of California, and supersedes the Agreement entered into by these parties on May 11, 1971, ~~and the Agreement entered into by these parties on May 28, 1974, and the Agreement entered into on June 5, 2001.~~

WITNESSETH:

WHEREAS, Article 1 of Chapter 5 of Division 7 of title 1 (Sections 6500, et seq.) of the California Government Code authorizes two or more public agencies, by a joint powers agreement entered into respectively by them and authorized by their legislative or governing bodies, to exercise jointly any power or powers common to the contracting parties; and

WHEREAS, the parties herein recognize that the County of Stanislaus is experiencing continued expansion of its incorporated cities and the development of formerly undeveloped areas; and

WHEREAS, by reason of this growth, governmental problems involving incorporated and unincorporated areas jointly are arising and are expected to increase in the future; and

WHEREAS, the parties herein recognize that there exist planning problems which require area-wide consideration; and

WHEREAS, it is necessary and desirable that a single wholly independent agency be created with the capability of dealing with area-wide issues and problems; and

WHEREAS, the creation of such an agency is necessary to qualify the County and its cities and other agencies within Stanislaus County for certain Federal funds;

WHEREAS, these needs and concerns led to the creation and establishment of the Stanislaus Area Association of Governments on May 11, 1971; and

WHEREAS, these needs and concerns also led to the revision of, and subsequent approval of a Revised Joint Powers Agreement on May 28, 1974; and

WHEREAS, these needs and concerns also led to the revision of, and subsequent approval of a Joint Powers Agreement Establishing the Stanislaus Council of Governments on June 5, 2001; and

WHEREAS, the establishment of the Stanislaus Area Association ~~Council~~ of Governments has:

- (a) provided a forum for the discussion and study of area-wide problems of mutual concern to the various governmental entities in Stanislaus County;
- (b) provided efficiency and economy in governmental operations through the cooperation of member governments and the pooling of common resources;
- (c) provided for the establishment of an agency responsible for identifying, clarifying, and planning for solutions to regional problems requiring multi-jurisdictional cooperation;

- (d) provided for the establishment of an agency capable of developing regional plans and policies and performing area-wide planning duties;
- (e) facilitated cooperation among and agreement between local governmental bodies for specific purposes, interrelated developmental actions, and for the adoption of common policies with respect to issues and problems which are common to its members; and

WHEREAS, the parties at this time, desire to rescind that certain joint powers agreement of May 11, 1971, as amended by the Agreement entered into by these parties on May 28, 1974, and on June 5, 2001, and enter into this new Agreement in order to establish the duties and powers of a newly constituted the Stanislaus Area Association Council of Governments;

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

SECTION 1

STATEMENT OF PURPOSE

1.A. **Specific Purposes.** The member cities and the county have joined together to establish the Stanislaus Council of Governments for the following purposes:

- 1.A.(1) Provide a forum for discussion and study of area-wide problems of mutual interest to the member governments.
- 1.A.(2) Insure through cooperation, coordination, and the pooling of common resources, maximum efficiency and economy in governmental operation.
- 1.A.(3) Identify, inventory, and comprehensively plan for the solution of regional problems requiring multi-governmental cooperation.
- 1.A.(4) Develop area-wide plans and policies for growth and development.
- 1.A.(5) Facilitate actions and agreements among the governmental units for specific project development.
- 1.A.(6) Conduct, and have operating authority over, other area-wide functions as the Stanislaus Area Association of Governments Board deems appropriate.

SECTION 2

ESTABLISHMENT OF STANISLAUS COUNCIL OF GOVERNMENTS

2.A. **Separate Entity.** Upon the effective date of this Agreement, the parties hereto hereby establish a newly constituted Council of Governments, as a public entity separate and distinct from its member entities, as the agent to exercise the common powers provided for in this Agreement and to administer or otherwise execute this Agreement.

2.B. **Continuation of Duties.** The newly constituted Stanislaus Council of Governments, shall continue to function, without interruption in its duties, as:

SECTION 12

POWERS AND FUNCTIONS

12.A. **Powers and Functions.** The Stanislaus Council of Governments shall have the common power of the Parties hereto to plan, establish and administer an independent area planning organization and in the exercise of that power the Stanislaus Council of Governments is authorized in its own name to:

- 12.A.(1) _____ Employ an Executive Director as the chief administrative officer of Stanislaus Council of Governments.
- 12.A.(2) Employ agents and employees and contract for professional services.
- 12.A.(3) Make and enter into contracts.
- 12.A.(4) Acquire, hold and convey real and personal property, including the power to acquire property by eminent domain.
- 12.A.(5) _____ Undertake the planning, design, environmental clearance and construction of transportation and other projects.
- 12.A.(6) _____ Cooperate with other agencies, counties and other local public agencies and participate in joint projects as necessary.
- 12.A.(7) Incur debts, obligations and liabilities.
- 12.A.(6)8) _____ Accept contributions, grants or loans from any public or private agency or individual, or the United States, the State of California or any department, instrumentality, or agency thereof, for the purpose of financing its activities.

- 12.A.(79) Invest money that is not needed for immediate necessities, in the same manner and upon the same conditions as other local entities in accordance with Section 53601 of the California Government Code.
- 12.A.(810) Have appointed members and ex-officio members of the Stanislaus Council of Governments serve without compensation from the Stanislaus Council of Governments, except that members of the Stanislaus Council of Governments may be reimbursed for all reasonable expenses and costs relating to attendance at Stanislaus Council of Governments meetings or other Stanislaus Council of Governments business.
- 12.A.(911) Do all other acts reasonable and necessary to carry out the purposes of this Agreement.
- 12.A.(1012) Sue and be sued, in its own name only, but not in the name or stead of any Party.
- 12.A.(1113) Exercise any and all other powers as may be provided for in California Government Code Section 6547.
- 12.A.(1214) The powers to be exercised by the Stanislaus Council of Governments are subject to such restrictions upon the manner of exercising such powers as are imposed upon the County in the exercise of similar powers. The Council shall be held strictly accountable for all funds received, held and disbursed by it.
- 12.A.(1315) The Stanislaus Council of Governments is hereby designated by the parties to this Agreement as the regional review agency for the purposes of acting on any appropriate proposals which may be presented to it for consideration, and as the sole regional planning representative for transmission of proposed recommendations to the U.S. Department of Housing and Urban Development or such other agency of the Federal Government or State Government as may be designated to receive such recommendations from the Council, and as the area-wide planning organization (APO) for the County of Stanislaus as such APO is defined in pertinent State and/or Federal directives and regulations.
- 12.A.(1416) File, within 30 days of the effective date of this Agreement, a Notice of the Agreement with the office of the California Secretary of State, pursuant to California Government Code, section 6503.5

SECTION 13

BYLAWS

13.A. **Bylaws.** The By-laws of the Stanislaus Council of Governments shall be those annexed to this Agreement marked "Exhibit A" and incorporated herein by reference. Amendments to all or a portion of the Bylaws may be made in the manner prescribed in the Bylaws.

SECTION 14

EXECUTIVE DIRECTOR

SECTION 22

RETURN OF SURPLUS FUNDS

22.A. **Return of Surplus Funds.** Upon termination of this Agreement, any surplus money on hand shall be returned, pro rata, to the Federal, State, or local agency or the party to this Agreement that provided the funds.

SECTION 23

ADDITIONAL MEMBERS

23.A. **Additional Members.** In addition to the incorporated cities identified in this Agreement, any city within Stanislaus County which may hereafter be incorporated and which desires to participate in the activities of Stanislaus Council of Governments may do so by executing this Agreement without the prior approval or ratification of the named parties to this Agreement and shall thereafter be a party to this Agreement and be bound by all terms and conditions of this Agreement as of the date it executes this Agreement.

SECTION 24

SUCCESSORS AND ASSIGNS

24.A. **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of any successors to or assigns of the parties.

SECTION 25

SEVERABILITY

25.A. **Severability.** Should any part, term, portion, or provision of this Agreement be finally decided to be in conflict with any law of United States or the State of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the Agreement which the member agencies intended to enter into in the first instance.

SECTION 26

EFFECTIVE DATE OF AGREEMENT

26.A. **Effective Date.** This Agreement shall become effective upon ratification by resolution of the Stanislaus County Board of Supervisors and each of the city councils of the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock, and Waterford. From and after said date the agreements made establishing the Stanislaus Area Association of Governments dated May 11, 1971 and May 20, 1974, and the Agreement Establishing the Stanislaus Council of Governments dated June 5, 2001 shall be superseded, replaced and terminated by this Agreement and shall be of no further force and effect.

26.B. **Amendments.** After this Agreement becomes effective, it may be amended upon ratification by resolution of 75% of the member agencies representing 75% of the population of the County of Stanislaus as determined by the most recent Decennial Census. For this purpose each incorporated

ENCLOSURE 2

**AMENDED JOINT POWERS AGREEMENT ESTABLISHING THE
STANISLAUS COUNCIL OF GOVERNMENTS**

THIS AGREEMENT, made and entered into in the County of Stanislaus, State of California, this _____ day of _____, 2008, is between the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock, and Waterford, and the County of Stanislaus, a political subdivision of the State of California, and supersedes the Agreement entered into by these parties on May 11, 1971, the Agreement entered into by these parties on May 28, 1974, and the Agreement entered into on June 5, 2001.

WITNESSETH:

WHEREAS, Article 1 of Chapter 5 of Division 7 of title 1 (Sections 6500, et seq.) of the California Government Code authorizes two or more public agencies, by a joint powers agreement entered into respectively by them and authorized by their legislative or governing bodies, to exercise jointly any power or powers common to the contracting parties; and

WHEREAS, the parties herein recognize that the County of Stanislaus is experiencing continued expansion of its incorporated cities and the development of formerly undeveloped areas; and

WHEREAS, by reason of this growth, governmental problems involving incorporated and unincorporated areas jointly are arising and are expected to increase in the future; and

WHEREAS, the parties herein recognize that there exist planning problems which require area-wide consideration; and

WHEREAS, it is necessary and desirable that a single wholly independent agency be created with the capability of dealing with area-wide issues and problems; and

WHEREAS, the creation of such an agency is necessary to qualify the County and its cities and other agencies within Stanislaus County for certain Federal funds;

WHEREAS, these needs and concerns led to the creation and establishment of the Stanislaus Area Association of Governments on May 11, 1971; and

WHEREAS, these needs and concerns also led to the revision of, and subsequent approval of a Revised Joint Powers Agreement on May 28, 1974; and

WHEREAS, these needs and concerns also led to the revision of, and subsequent approval of a Joint Powers Agreement Establishing the Stanislaus Council of Governments on June 5, 2001; and

WHEREAS, the establishment of Stanislaus Council of Governments has:

- (a) provided a forum for the discussion and study of area-wide problems of mutual concern to the various governmental entities in Stanislaus County;
- (b) provided efficiency and economy in governmental operations through the cooperation of member governments and the pooling of common resources;

- (c) provided for the establishment of an agency responsible for identifying, clarifying, and planning for solutions to regional problems requiring multi-jurisdictional cooperation;
- (d) provided for the establishment of an agency capable of developing regional plans and policies and performing area-wide planning duties;
- (e) facilitated cooperation among and agreement between local governmental bodies for specific purposes, interrelated developmental actions, and for the adoption of common policies with respect to issues and problems which are common to its members; and

WHEREAS, the parties at this time, desire to rescind that certain joint powers agreement of May 11, 1971, as amended by the Agreement entered into by these parties on May 28, 1974, and on June 5, 2001, and enter into this new Agreement in order to establish the duties and powers of the Stanislaus Council of Governments;

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

SECTION 1

STATEMENT OF PURPOSE

1.A. **Specific Purposes.** The member cities and the county have joined together to establish the Stanislaus Council of Governments for the following purposes:

- 1.A.(1) Provide a forum for discussion and study of area-wide problems of mutual interest to the member governments.
- 1.A.(2) Insure through cooperation, coordination, and the pooling of common resources, maximum efficiency and economy in governmental operation.
- 1.A.(3) Identify, inventory, and comprehensively plan for the solution of regional problems requiring multi-governmental cooperation.
- 1.A.(4) Develop area-wide plans and policies for growth and development.
- 1.A.(5) Facilitate actions and agreements among the governmental units for specific project development.
- 1.A.(6) Conduct, and have operating authority over, other area-wide functions as the Stanislaus Area Association of Governments Board deems appropriate.

SECTION 2

ESTABLISHMENT OF STANISLAUS COUNCIL OF GOVERNMENTS

2.A. **Separate Entity.** Upon the effective date of this Agreement, the parties hereto hereby establish a newly constituted Council of Governments, as a public entity separate and distinct from its member entities, as the agent to exercise the common powers provided for in this Agreement and to administer or otherwise execute this Agreement.

2.B. **Continuation of Duties.** The newly constituted Stanislaus Council of Governments, shall continue to function, without interruption in its duties, as:

- 2.B.(1) the Local Transportation Authority (LTA) as designated by the Stanislaus County Board of Supervisors, pursuant to the Local Transportation Authority and Improvement Act.
- 2.B.(2) the Area-wide Planning Organization (APO) as designated by the U.S. Department of Housing and Urban Development (HUD);
- 2.B.(3) the Metropolitan Planning Organization (MPO) as designated by the U.S. Department of Transportation;
- 2.B.(4) the Regional Transportation Planning Agency (RTPA) as designated by the Secretary of Business and Transportation Agency of the State of California;
- 2.B.(5) the regional planning representative, as designated by the parties hereto, for the purpose of acting upon any appropriate proposals which may be presented to it for consideration and for transmission of proposed recommendations to Federal and State agencies.
- 2.B.(6) the Congestion Management Agency (CMA) as designated by the Stanislaus County Board of Supervisors, pursuant to California Government Code, Chapter 2.6.
- 2.B.(7) The Abandoned Vehicle Authority (AVA) as designated by the Stanislaus County Board of Supervisors, pursuant to California Vehicle Code, Section 22710(a).

SECTION 3

COMPOSITION

3.A. **Member Agencies.** The Council shall be composed of the County of Stanislaus and the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock, and Waterford, together hereinafter referred to as the member agencies.

SECTION 4

BOARD AND VOTING

4.A. **Board.** The Stanislaus Council of Governments shall be governed by a board, the members of which shall be appointed by the member agencies.

4.B. **Voting.** Voting at meetings of the Association shall be as follows:

- 4.B.(1) The County of Stanislaus shall have five (5) votes.
- 4.B.(2) The City of Modesto shall have three (3) votes.
- 4.B.(3) All other members of the Association shall have one (1) vote each.
- 4.B.(4) Each representative of a member, or in the absence of the representative, his or her alternate present shall be entitled to cast a single vote. A representative or his or her alternate must be present to vote.

4.C. **Representatives.** Each member agency shall designate, from among the elected officials of the member, a representative or representatives, equal to the number of votes of that member agency.

4.D. **Alternate Representatives.** Each member agency shall designate at least one alternate representative for each vote of the member. Said alternates need not be elected officials of the member, however, the County Chief Executive Officer and the Modesto City Manager are not eligible to be designated as alternates. Members may designate more than one alternate for each representative, as deemed prudent by that member. To be eligible to cast the vote of the member, alternates must be designated, and notice of said designation given to the Executive Director, at least twenty-four (24) hours prior to the first meeting at which that alternate is to attend on behalf of the member's designated Representative.

SECTION 5

TERM OF OFFICE

5.A. **Term of Office.** The term of office of each representative and alternate representative, should the alternate be an elected official, shall correspond with his or her term of office on the legislative body he or she represents. If a vacancy occurs, it shall be filled by a new appointment made by the appropriate member agency.

SECTION 6

QUORUM AND MAJORITY REQUIREMENTS

6.A. **Quorum and Majority Requirements.** The presence of at least one (1) representative, or in the absence of a representative his or her alternate, from a majority of the member agencies, shall constitute a quorum. A quorum shall be necessary for the purpose of conducting official business. A two-thirds majority of those present shall be required to approve all expenditures. For all other business, a majority vote of those present shall be sufficient. A roll call vote shall be conducted at the request of any representative.

SECTION 7

PUBLIC MEETINGS

7.A. **Meeting Time and Place.** The Stanislaus Council of Governments shall establish a time and place for regular Policy Board meetings. All meetings shall be conducted in accordance with the Ralph M. Brown Act, California Government Code, section 54950 et seq.

SECTION 8

EXECUTIVE COMMITTEE

8.A. **Executive Committee.** An Executive Committee shall be constituted from among the representatives of the members of the Council. The Executive Committee shall consist of: Two of the representatives from the County Board of Supervisors, to be appointed by and serve at the pleasure of the County Board of Supervisors; One of the representatives from the City of Modesto, to be appointed by and to serve at the pleasure of the Modesto City Council and; Two representatives from among the other cities, said representatives to be chosen by a caucus of the Policy Board members representing the cities other than Modesto, and serve at the pleasure of, these other cities. The Chairperson and Vice-Chairperson of the Council shall be members of the Executive Committee and shall serve on it as the representatives of their respective political entities.

8.B. **Powers of Executive Committee.** The Executive Committee shall have such powers as are not inconsistent with this Agreement as are delegated to it by the By-laws.

SECTION 9

TECHNICAL ADVISORY COMMITTEE

9.A. **Technical Advisory Committee.** The Council shall establish and maintain a Technical Advisory Committee. The Technical Advisory Committee shall be created and operated in accordance with the Bylaws of the Stanislaus Council of Governments or in accordance with Bylaws of the Technical Advisory Committee as adopted by two-thirds (2/3) of the members of that committee, subject to the majority approval of the Stanislaus Council of Governments Policy Board members present and voting. Changes or amendments to said Bylaws shall be approved by two-thirds (2/3) of the members of that committee present and voting, and shall be subject to the majority approval of the Stanislaus Council of Governments Policy Board members present and voting.

SECTION 10

CITIZENS ADVISORY COMMITTEE

10.A. **Citizens Advisory Committee.** The Council shall establish and maintain a Citizens Advisory Committee. Said Committee shall be created and operated in accordance with the Bylaws of the Stanislaus Council of Governments Citizens Advisory Committee attached hereto as Appendix I. Changes or amendments to said Bylaws shall be approved by two-thirds (2/3) of the members of that committee, and shall be subject to the majority approval of the Stanislaus Council of Governments Policy Board members present and voting.

SECTION 11

SOCIAL SERVICES TRANSPORTATION ADVISORY COUNCIL

11.A. **Social Services Transportation Advisory Council** The Council shall establish and maintain a Social Services Transportation Advisory Committee. Said Committee shall be created and operated in accordance with the Bylaws of the Stanislaus Council of Governments Social Services Transportation Advisory Committee attached hereto as Appendix II. Changes or amendments to said Bylaws shall be approved by two-thirds (2/3) of the members of that committee, and shall be subject to the majority approval of the Stanislaus Council of Governments Policy Board members present and voting.

SECTION 12

POWERS AND FUNCTIONS

12.A. **Powers and Functions.** The Stanislaus Council of Governments shall have the common power of the Parties hereto to plan, establish and administer an independent area planning organization and in the exercise of that power the Stanislaus Council of Governments is authorized in its own name to:

- 12.A.(1) Employ an Executive Director as the chief administrative officer of Stanislaus Council of Governments.
- 12.A.(2) Employ agents and employees and contract for professional services.

- 12.A.(3) Make and enter into contracts.
- 12.A.(4) Acquire, hold and convey real and personal property, including the power to acquire property by eminent domain.
- 12.A.(5) Undertake the planning, design, environmental clearance and construction of transportation and other projects.
- 12.A.(6) Cooperate with other agencies, counties and other local public agencies and participate in joint projects as necessary.
- 12.A.(7) Incur debts, obligations and liabilities.
- 12.A.(8) Accept contributions, grants or loans from any public or private agency or individual, or the United States, the State of California or any department, instrumentality, or agency thereof, for the purpose of financing its activities.
- 12.A.(9) Invest money that is not needed for immediate necessities, in the same manner and upon the same conditions as other local entities in accordance with Section 53601 of the California Government Code.
- 12.A.(10) Have appointed members and ex-officio members of the Stanislaus Council of Governments serve without compensation from the Stanislaus Council of Governments, except that members of the Stanislaus Council of Governments may be reimbursed for all reasonable expenses and costs relating to attendance at Stanislaus Council of Governments meetings or other Stanislaus Council of Governments business.
- 12.A.(11) Do all other acts reasonable and necessary to carry out the purposes of this Agreement.
- 12.A.(12) Sue and be sued, in its own name only, but not in the name or stead of any Party.
- 12.A.(13) Exercise any and all other powers as may be provided for in California Government Code Section 6547.
- 12.A.(14) The powers to be exercised by the Stanislaus Council of Governments are subject to such restrictions upon the manner of exercising such powers as are imposed upon the County in the exercise of similar powers. The Council shall be held strictly accountable for all funds received, held and disbursed by it.
- 12.A.(15) The Stanislaus Council of Governments is hereby designated by the parties to this Agreement as the regional review agency for the purposes of acting on any appropriate proposals which may be presented to it for consideration, and as the sole regional planning representative for transmission of proposed recommendations to the U.S. Department of Housing and Urban Development or such other agency of the Federal Government or State Government as may be designated to receive such recommendations from the Council, and as the area-wide planning organization (APO) for the County of Stanislaus as such APO is defined in pertinent State and/or Federal directives and regulations.
- 12.A.(16) File, within 30 days of the effective date of this Agreement, a Notice of the Agreement with the office of the California Secretary of State, pursuant to California Government Code, section 6503.5

SECTION 13

BYLAWS

13.A. **Bylaws.** The By-laws of the Stanislaus Council of Governments shall be those annexed to this Agreement marked "Exhibit A" and incorporated herein by reference. Amendments to all or a portion of the Bylaws may be made in the manner prescribed in the Bylaws.

SECTION 14

EXECUTIVE DIRECTOR

14.A. **Executive Director.** The Executive Director shall be selected by, and shall serve at the pleasure of and upon the terms prescribed by the Stanislaus Council of Governments Board. The powers and duties of the Executive Director are:

- 14.A.(1) To serve as the chief administrative officer of Stanislaus Council of Governments and to be responsible to the Stanislaus Council of Governments Board for the proper administration of all Stanislaus Council of Governments affairs.
- 14.A.(2) To appoint, supervise, suspend, discipline or remove Stanislaus Council of Governments employees subject to those policies and procedures, from time to time, adopted by the Stanislaus Council of Governments Board.
- 14.A.(3) To supervise and direct the preparation of the annual budget for the Stanislaus Council of Governments and be responsible for its administration after adoption by the Stanislaus Council of Governments Board.
- 14.A.(4) To formulate and present to the Stanislaus Council of Governments Board plans for Stanislaus Council of Governments activities and the means to finance them.
- 14.A.(5) To supervise the planning and implementation of all Stanislaus Council of Governments activities.
- 14.A.(6) To attend all meetings of the Stanislaus Council of Governments Board and act as the secretary to the Stanislaus Council of Governments Board.
- 14.A.(7) To prepare and submit to the Stanislaus Council of Governments Board periodic financial reports and, as soon as practicable after the end of each fiscal year, an annual report of the activities of the Stanislaus Council of Governments for the preceding year.
- 14.A.(8) To have custody and charge of all Stanislaus Council of Governments property other than money and securities.
- 14.A.(9) To transmit to the Executive Director's successor all books and records of the Stanislaus Council of Governments in his or her possession.

- 14.A.(10) To perform such other duties as the Stanislaus Council of Governments Board may require in carrying out the policies and directives of the Stanislaus Council of Governments Board.

SECTION 15

TREASURER

15.A. **Treasurer.** The Treasurer of the County shall be the Treasurer of the Stanislaus Council of Governments. The Treasurer shall:

- 15.A.(1) Receive and receipt all money of the Stanislaus Council of Governments and place it in the treasury of the County to the credit of the Stanislaus Council of Governments.
- 15.A.(2) Be responsible upon the Treasurer's official bond for the safekeeping and disbursement of all Stanislaus Council of Governments money held by the Treasurer.
- 15.A.(3) Pay any sums due from the Stanislaus Council of Governments, from the Stanislaus Council of Governments funds held by the Treasurer or any portion thereof, upon warrants of the Auditor-Controller designated herein.
- 15.A.(4) Verify and report in writing as soon as possible after the first day of July, October, January, and April of each year to the Stanislaus Council of Governments the amounts of monies the Treasurer holds for the Stanislaus Council of Governments, the amount of receipts since the Treasurer's last report, and any interest accrued to those funds.

15.B. **Reimbursement.** The Stanislaus Council of Governments shall reimburse the County for the cost of services provided by the Treasurer to the Council on an at-cost basis.

SECTION 16

AUDITOR-CONTROLLER

16.A. **Auditor-Controller.** The Auditor-Controller of the County shall be the Controller for the Stanislaus Council of Governments. The Auditor-Controller shall:

- 16.A.(1) Draw warrants to pay demands against the Stanislaus Council of Governments when the demands have been approved by the Stanislaus Council of Governments Board and/or the Stanislaus Council of Governments Executive Director. The Controller shall be responsible on the Controller's official bond for the Controller's approval of disbursements of the Stanislaus Council of Governments money.
- 16.A.(2) Keep and maintain records and books of account on the basis of generally accepted accounting practices. The books of account shall include records of assets, liabilities, and contributions made by each Party to this Agreement.

16.A.(3) Make available all the financial records of the Stanislaus Council of Governments to a certified public accountant or public accountant contracted by the Stanislaus Council of Governments to make an annual audit of the accounts and records of the Stanislaus Council of Governments. The minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the California Government Code and shall conform to generally accepted auditing standards.

16.B. **Reimbursement.** The Stanislaus Council of Governments shall reimburse the County for the cost of services provided by the Controller to the Stanislaus Council of Governments on an at-cost basis.

16.C. **Approvals.** The Executive Director of the Stanislaus Council of Governments and the Chairman of the Stanislaus Council of Governments shall together have the power to approve to the auditor demands against the Stanislaus Council of Governments. The Vice-Chairman of the Stanislaus Council of Governments shall be substituted in the absence or vacancy of either of the above officials.

SECTION 17

FINANCING

17.A. **Allocation of Financing.** Each member shall contribute to the financial support of the Council. Each city's share of financial support shall be determined by the percentage its population has to the County as a whole. The County's share of financial support shall be determined by the percentage the population of the unincorporated areas of the County have to the County as a whole. Population is to be determined by the latest United States Decennial Census or later California State Department of Finance figures.

17.B. **Annual Dues.** The Policy Board may provide for annual dues to be paid by each member agency.

17.C. **Fiscal Year.** The fiscal year of the Council shall commence on July 1 of each year and shall terminate on June 30 of the following year. Each member shall deposit its share of financial support with the Treasurer of the Council no later than August 1 of each year.

17.D. **Support from Member Agencies.** A member agency in the exercise of the reasonable discretion of its governing body, may provide support for the Stanislaus Council of Governments, its staff, and its professional consultants, including providing quarters, janitorial services and maintenance, supplies, printing and duplication, postage, telephone services, transportation services, and the professional and technical assistance as may be agreed upon from time to time by the Stanislaus Council of Governments and the respective member agencies. All assistance shall be provided on an at-cost basis.

17.E. **Other Support and Fees.** The Stanislaus Council of Governments shall apply for available state federal, regional, and local support funds, and shall make new and additional applications from time to time as appropriate. If deemed necessary, the Stanislaus Council of Governments Board may also establish and collect filing and processing fees from non-members in connection with matters to be considered by it.

SECTION 18

BOND REQUIREMENTS

18.A. **Bond Requirement.** The Executive Director and such other persons employed by the Stanislaus Council of Governments as may be designated by the Stanislaus Council of Governments

Board, shall file with the Stanislaus Council of Governments Board an official fidelity bond in a penal sum determined by the Stanislaus Council of Governments Board as security for the safekeeping of the Stanislaus Council of Governments's property entrusted to the employee. However, if the Executive Director or other such persons designated are already bonded by another agency, no additional bonding shall be required by this section. Premiums for any bonds required under this section shall be paid by the Stanislaus Council of Governments.

SECTION 19

ASSIGNABILITY

19.A. **Assignability.** With the approval of, and upon the terms agreed upon by, governing body of each party to this Agreement, all or any of the rights and property subject to this Agreement may be assigned to further the purpose of this Agreement. Provided, however, no right or property of Stanislaus Council of Governments shall be assigned without compliance with all conditions imposed by any state or federal entity from whom Stanislaus Council of Governments has received financial assistance.

SECTION 20

WITHDRAWAL OF A PARTY

20.A. **Notice.** A party to this Agreement may, at any time, withdraw from the Stanislaus Council of Governments, following 90 days notice to the Stanislaus Council of Governments and all other members of Stanislaus Council of Governments, by resolution of intent to withdraw adopted by the governing board of the withdrawing party.

20.B. **Effect of Withdrawal.** Upon the effective date of such withdrawal such member shall cease to be bound by this Agreement, but shall continue to provide financial support through the approved percentage of planning funds provided to the Stanislaus Council of Governments, as Transportation Planning Agency under the provisions of Section 99233.2 of the Transportation Development Act. Stanislaus Council of Governments assets representing any accumulated capital contribution of the withdrawing party shall remain subject to Stanislaus Council of Governments control, depreciation and use without compensation to the withdrawing party until termination of this Agreement and distribution of Stanislaus Council of Governments assets.

20.C. **Resumption of Membership.** Any member agency which has withdrawn from the Council in accordance with the provisions of this Section 20 of this Agreement may resume its membership upon thirty (30) days' written notice to the then members, which notice may be waived by a majority vote of the Council.

SECTION 21

TERMINATION AND DISSOLUTION

21.A. **No Specific Term.** This Agreement shall continue in force without specific term.

21.B. **Termination.** If, at any time, those cities and County which are members of Stanislaus Council of Governments contain less than 55% of the population residing within the area of Stanislaus County, based upon the latest available census information, and there are less than a majority of local governments remaining as members of Stanislaus Council of Governments shall be deemed disestablished and this Agreement shall cease to be operative except for the purpose of payment of any obligations theretofore incurred.

21.C. **Distribution of Assets.** If this Agreement is terminated, all real and personal property owned by Stanislaus Council of Governments shall be distributed to the Federal, State, or local funding agency or party to this Agreement that supplied the property or whose funding provided for the acquisition of the property unless other distribution is provided by law. Should the origin of any real or personal property be undeterminable, that property shall be disbursed to the parties to this Agreement in proportion to the size of the jurisdiction as delineated in the latest California Department of Finance estimate of population.

21.D. **Surplus Property.** The surplus property of the Council shall be disposed of by dividing it among the members of the Council. The proportion to be returned to each member is to be the same proportion as the member contributed to the most recent budget of the Council.

21.E. **Continues in Effect until Distribution.** This Agreement shall not terminate until all property has been distributed in accordance with this provision.

SECTION 22

RETURN OF SURPLUS FUNDS

22.A. **Return of Surplus Funds.** Upon termination of this Agreement, any surplus money on hand shall be returned, pro rata, to the Federal, State, or local agency or the party to this Agreement that provided the funds.

SECTION 23

ADDITIONAL MEMBERS

23.A. **Additional Members.** In addition to the incorporated cities identified in this Agreement, any city within Stanislaus County which may hereafter be incorporated and which desires to participate in the activities of Stanislaus Council of Governments may do so by executing this Agreement without the prior approval or ratification of the named parties to this Agreement and shall thereafter be a party to this Agreement and be bound by all terms and conditions of this Agreement as of the date it executes this Agreement.

SECTION 24

SUCCESSORS AND ASSIGNS

24.A. **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of any successors to or assigns of the parties.

SECTION 25

SEVERABILITY

25.A. **Severability.** Should any part, term, portion, or provision of this Agreement be finally decided to be in conflict with any law of United States or the State of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the Agreement which the member agencies intended to enter into in the first instance.

SECTION 26

EFFECTIVE DATE OF AGREEMENT

26.A. **Effective Date.** This Agreement shall become effective upon ratification by resolution of the Stanislaus County Board of Supervisors and each of the city councils of the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock, and Waterford. From and after said date the agreements made establishing the Stanislaus Area Association of Governments dated May 11, 1971 and May 20, 1974, and the Agreement Establishing the Stanislaus Council of Governments dated June 5, 2001 shall be superseded, replaced and terminated by this Agreement and shall be of no further force and effect.

26.B. **Amendments.** After this Agreement becomes effective, it may be amended upon ratification by resolution of 75% of the member agencies representing 75% of the population of the County of Stanislaus as determined by the most recent Decennial Census. For this purpose each incorporated city shall represent those people residing within its city limits and the Stanislaus County Board of Supervisors shall represent those people who reside in the unincorporated areas of the County.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the dates shown in the respective signature blocks.

STANISLAUS COUNTY BOARD OF SUPERVISORS

By: _____
[Type Name]
[Type Title]

ATTEST:

By: _____
[Type Name]
Clerk of County Board of Supervisors

Approved as to Legal Form:

By: _____
[Type Name]
County Counsel

CITY OF CERES

By: _____
[Type Name]
Mayor

ATTEST:

By: _____
[Type Name]
City Clerk

Approved as to Legal Form:

By: _____
[Type Name]
City Attorney

CITY OF HUGHSON

By: _____
[Type Name]
Mayor

ATTEST:

By: _____
[Type Name]
City Clerk

Approved as to Legal Form:

By: _____
[Type Name]
City Attorney

CITY OF MODESTO

By: _____
[Type Name]
Mayor

ATTEST:

By: _____
[Type Name]
City Clerk

Approved as to Legal Form:

By: _____
[Type Name]
City Attorney

CITY OF NEWMAN

By: _____
[Type Name]
Mayor

ATTEST:

By: _____
[Type Name]
City Clerk

Approved as to Legal Form:

By: _____
[Type Name]
City Attorney

CITY OF OAKDALE

By: _____
[Type Name]
Mayor

ATTEST:

By: _____
[Type Name]
City Clerk

Approved as to Legal Form:

By: _____
[Type Name]
City Attorney

CITY OF PATTERSON

By: _____
[Type Name]
Mayor

ATTEST:

By: _____
[Type Name]
City Clerk

Approved as to Legal Form:

By: _____
[Type Name]
City Attorney

CITY OF RIVERBANK

By: _____
[Type Name]
Mayor

ATTEST:

By: _____
[Type Name]
City Clerk

Approved as to Legal Form:

By: _____
[Type Name]
City Attorney

CITY OF TURLOCK

By: _____
[Type Name]
Mayor

ATTEST:

By: _____
[Type Name]
City Clerk

Approved as to Legal Form:

By: _____
[Type Name]
City Attorney

CITY OF WATERFORD

By: _____
[Type Name]
Mayor

ATTEST:

By: _____
[Type Name]
City Clerk

Approved as to Legal Form:

By: _____
[Type Name]
City Attorney

EXHIBIT "A"

STANISLAUS COUNCIL OF GOVERNMENTS

AMENDED BYLAWS

RECITALS:

WHEREAS, it is deemed prudent to amend and restate the Bylaws of The Stanislaus Council of Governments. These Amended Bylaws shall supersede the previous Bylaws as amended April 10, 1974; July 10, 1974; and November 10, 1976.

ARTICLE I

MEETINGS

Section 1: Regular Meetings.

The Stanislaus Council of Governments shall hold monthly meetings. The time and the place of each meeting shall be determined by the Chairperson of the Council subject to the approval of the representatives. Notice of regular meetings shall be given to each representative and alternate representative at least ten (10) days prior to each meeting.

Section 2: Special Meetings.

Special meetings of the Council may be called by the Chairperson at his or her discretion at a time and place of his or her choice, or by a member agency upon request to the Chairperson. Representatives shall be notified of the meeting, either personally or by written notice, at least twenty-four (24) hours prior to the meeting. No business except that specified in the notice shall be discussed at a special meeting.

Section 3: Cancellation of Meetings.

The Chairperson may cancel any regular or special meeting of the Council except upon objection by any representative.

Section 4: Notice of Meetings.

The Chairperson shall direct the publication of notices of all meetings, public hearings, etc., as required by the State of California Government Code. It shall be the policy of the Council to notify any newspaper, radio station, television station, or other news media, of its meetings at least twenty-four (24) hours prior to the meetings upon the receipt of written request to do so.

Section 5: Committee Meetings.

Except as herein or otherwise provided, the Standing and Special Committees of the Council shall meet on the call of their Chairperson. Each committee member shall be notified of a meeting, either personally or by written notice, at least five (5) days prior to the meeting.

ARTICLE II

CONDUCT OF MEETINGS

Section 1: General Conduct.

Except as herein or otherwise provided, ROBERTS RULES OF ORDER shall govern all proceedings of the Council. In any event, all proceedings and conduct of the meetings shall be in full compliance with the State of California Government Code.

Section 2: Expression of Opinions.

It shall be the policy of the Council to entertain the opinions of any person, firm, or corporation relative to any pending matter.

Section 3: Adjourned Meetings.

The Chairperson may, with the approval of a majority of the representatives present, adjourn any meeting to a time and location of his or her choice.

Section 4: Voting Authorization.

All votes shall be cast by the person or persons authorized to do so by the member which they represent. Such authorization shall be made known to the Executive Director of the Council prior to each meeting of the Council. No proxy, absentee, or fractional votes may be cast.

ARTICLE III

EXECUTIVE SESSIONS

Section 1: Executive Sessions.

Executive sessions shall be held in conformance with the Government Code of the State of California.

ARTICLE IV

OFFICERS

Section 1: Chairperson.

The representative of the Council shall elect from among their number a Chairperson of the Council. The Chairperson shall serve a one-year term of office beginning at the first regular meeting of each fiscal year.

Section 2: Vice-Chairperson.

The representatives of the Council shall elect from among their number a Vice-Chairperson of the Council. The Vice-Chairperson shall serve a one-year term of office beginning at the first regular meeting in each fiscal year. The Vice-Chairperson shall act in the place of and have all the powers and duties of the Chairperson in the absence of the Chairperson.

Section 3: Secretary.

The Executive Director shall serve as the Secretary of the Council. The Secretary shall maintain a public record of the Council's resolutions, transactions, findings, and determinations, and shall prepare agendas and minutes of each Regular and Special meeting of the Council.

Section 4: Vacancy.

EXHIBIT "A"

Upon a vacancy occurring in the office of the Chairperson, the Vice-Chairperson shall assume the office of Chairperson for the balance of the unexpired term. Upon a vacancy occurring in the office of the Vice-Chairperson the representatives shall elect, from among their number, a Vice-Chairperson to serve the balance of the unexpired term.

ARTICLE V

COMMITTEES

Section 1: Standing Committees.

The Standing Committees of the Council shall be:

A. Executive Committee.

The Executive Committee shall be constituted and operated in accordance with Section 8 of the Joint Powers Agreement of the Stanislaus Council of Governments. The Chairperson of the Stanislaus Council of Governments shall be ex officio the Chairperson of the Executive Committee. The Vice-chairperson of the Stanislaus Council of Governments shall be ex officio a member of the Executive Committee.

B. Technical Committee.

The Technical Committee shall consist of the Chief Administrative Official, or his or her designee, of each member of the Council as designated by the member. The Technical Committee shall advise the Executive Committee and the Council. The Committee shall annually elect from its own members its Chairperson.

C. Citizens Advisory Committee.

The Council shall maintain a Citizens Advisory Committee which shall be operated in accordance with Appendix I of these Bylaws.

D. Social Services Transportation Advisory Council.

The Council shall maintain a Social Services Transportation Advisory Council which shall be operated in accordance with Appendix II of these Bylaws.

Section 2: Special Committees.

The Chairperson or representatives may appoint additional committees as may be necessary or desirable.

ARTICLE VI

FINANCIAL DETERMINATIONS

Section 1: Withdrawal.

A member of the Council that withdraws from the Council shall not have its financial contribution refunded.

Section 2: Newly Incorporated Cities.

Any newly incorporated city which becomes a member of the Council after the commencement of a fiscal year shall not be required to contribute financially to the Council until the subsequent fiscal year, providing that the said newly incorporated city becomes a member of the Council within one (1) year of its incorporation date.

Section 3: Other Political Entities.

Any other political entity which becomes a member of the Council after the commencement of a fiscal year shall contribute to the Council that amount which it would have contributed had it been a member at the commencement of the fiscal year.

ARTICLE VII

REFERRALS

Section 1: The Council may accept by letter or resolution referrals for study and report from any duly constituted advisory or legislative body or their representatives. Reports will be made and returned to the referring body within a reasonable time.

ARTICLE VIII

REPORTS

Section 1: The Council shall render a written report on its activities at the end of each fiscal year of operation to each legislative body within the jurisdiction of the Council.

ARTICLE IX

INITIATIVE

Section 1: The Council may, upon its own initiative, institute action to carry out any routine or special study or project.

ARTICLE X

COORDINATION

Section 1: It is the policy of the Council to establish technical and advisory liaison with all other agencies and bodies seeking to improve the quality of planning, health, safety, welfare and governmental services for the Stanislaus Regional Area.

ARTICLE XI

TRANSMITTAL OF PLANNING INFORMATION

Section 1: The Council hereby approves as a regular operating procedure the transmittal of planning information to the individual Boards of Supervisors, City Councils, County and City Planning Commissions, the California State Office of Planning, and any other duly constituted regional area, metropolitan, or other Planning Commission which may request in writing such information.

ARTICLE XII

AMENDMENTS

Section 1: These Bylaws may be amended by a two-thirds vote of those representatives voting at a Regular Meeting of the Council.

EXHIBIT "A"

Section 2: Amendments to these Bylaws may be proposed by any representative of the Council.

Section 3: In no case shall a vote on a proposed amendment be conducted unless the said proposed amendment has been submitted in writing by the Secretary to the representatives and alternate representatives at least fifteen (15) days prior to the meetings.

APPENDIX I

**STANISLAUS COUNCIL OF GOVERNMENTS
CITIZENS ADVISORY COMMITTEE BYLAWS**

ARTICLE I

FUNCTION

Section 1: The Citizens Advisory Committee shall be a standing committee of the Stanislaus Council of Governments. The Committee shall advise the Council.

ARTICLE II

MEMBERSHIP

Section 1: The Citizens Advisory Committee shall be comprised of fifteen (15) residents of Stanislaus County. A quorum shall constitute one-half (1/2) of the current membership.

Section 2: When making Citizens Advisory Committee appointments, the Executive Committee shall attempt to provide a balance of views and a cross-section of county interests.

ARTICLE III

TERM OF OFFICE

Section 1: Seven of the initial appointees to the Citizens Advisory Committee shall serve for a term of two years, the said seven to be chosen by lot.

Section 2: Except as provided above, each appointment to the Committee shall be for a term of four (4) years.

Section 3: In no case shall any member of the Committee serve on the Committee longer than eight (8) consecutive years.

ARTICLE IV

APPOINTMENT

Section 1: Any resident of Stanislaus County may apply for membership on the Citizens Advisory Committee. The Secretary of the Council shall maintain a current list of all applicants. Each application for membership on the Committee shall be valid for a period of two years. After this time, the applicant's name may be removed from the list of applicants.

Section 2: The Executive Committee of the Council shall appoint, from the list of applicants, the members of the Citizens Advisory Committee. All matters pertaining to appointments shall be considered in Executive Session.

ARTICLE V

PERFORMANCE

Section 1: The members of the Citizens Advisory Committee will be expected to attend the meetings of the Committee on a regular basis. Any member of the Committee who is absent from three consecutive meetings of the Committee without the prior approval of the Executive Committee shall be dismissed from the Committee.

ARTICLE VI

REMOVAL

Section 1: The Executive Committee of the Council may, at any time, recommend the removal of any member of the Citizens Advisory Committee. A majority vote of the representatives of the Association shall be required to approve any removal. All matters pertaining to removal shall be considered in Executive Session.

ARTICLE VII

OFFICERS AND RULES

Section 1: The Citizens Advisory Committee shall elect from among its membership a Chairperson and a Vice-Chairperson. The term of office shall be one year.

Section 2: The Committee shall adopt rules and procedures for its meetings. Said rules and procedures shall be subject to approval by the Association.

ARTICLE VIII

STAFF

Section 1: The Executive Director of the Council shall serve as the Secretary of the Citizens Advisory Committee and shall provide the Committee with normal staff assistance.

ARTICLE IX

FINANCING

Section 1: Except as specifically provided by the Council, the members of the Citizens Advisory Committee shall receive no compensation for their service.

Section 2: The Council shall provide the Committee with the financial support the Council deems necessary for the successful functioning of the Committee.

ARTICLE X

AMENDMENT OF BYLAWS

Changes or amendments to these Bylaws shall be approved by two-thirds (2/3) of the members of that committee present and voting, and shall be subject to the majority approval of the Stanislaus Council of Governments Policy Board members present and voting. In no case shall a vote on a proposed amendment be conducted unless the said proposed amendment has been submitted in writing to the members of the committee at least fifteen (15) days prior to the meeting at which a vote is to be taken.

APPENDIX II

STANISLAUS COUNCIL OF GOVERNMENTS SOCIAL SERVICES TRANSPORTATION ADVISORY COUNCIL BYLAWS

ARTICLE I

FUNCTION

Section 1: The Social Services Transportation Advisory Council shall be a standing committee of the Stanislaus Council of Governmental. The Committee shall advise the Council and have the following responsibilities:

1. Annually participate in the identification of transit needs in the jurisdiction, including unmet transit needs that may exist within the jurisdiction of the Stanislaus Council of Governments, and that may be reasonable to meet by establishing or contracting for new public transportation or specialized transportation services or by expanding existing services.
2. Annually review and recommend action by the Council of Governments for the area within the Council of Governments' jurisdiction which finds by resolution, that:
 - A. there are no unmet transit needs; or
 - B. there are no unmet transit needs that are reasonable to meet; or
 - C. there are unmet transit needs, including needs that are reasonable to meet.
3. Advise the Council of Governments on any other major transit issues, including the coordination and consolidation of specialized transportation services.

ARTICLE II

MEMBERSHIP

Section 1: The Social Services Transportation Advisory Council shall consist of the following members who are residents of Stanislaus County:

1. One representative of potential transit users who is 60 years of age or older.
2. One representative of potential transit users who is handicapped.
3. Two representatives of the local social service providers for seniors, including one representative of a social service transportation provider, if one exists.
4. Two representatives of local social service providers for the handicapped, including one representative of a social service transportation provider, if one exists.
5. One representative of a local social service provider for persons of limited means.
6. Two representatives from the local consolidated transportation service agency, designated pursuant to Subdivision (a) of Section 15975 of the Government Code, if one exists, including one representative from an operator, if one exists.
7. Up to two (2) additional representatives, if desired by the Council and appointed by the Executive Committee.

Section 2: A quorum shall constitute one-half (1/2) of the current membership.

ARTICLE III

TERM OF OFFICE

Section 1: Of the initial appointments to the Council, one-third of them shall be for a one-year term, one-third shall be for a two-year term, and one-third shall be for a three-year term.

Section 2: Subsequent to the initial appointment, the term of appointment shall be for three years, which may be renewed for an additional three-year term.

Section 3: In no case shall any member of the Council serve on the Council longer than eight consecutive years.

ARTICLE IV

APPOINTMENT

Section 1: Any qualified resident of Stanislaus County may apply for membership on the Social Services Transportation Advisory Council. The Secretary of the Council of Governments shall maintain a current list of all applicants. Each application for membership on the Council shall be valid for a period of two years. After this time, the applicant's name may be removed from the list of applicants.

Section 2: The Executive Committee of the Council of Governments shall appoint, from the list of applicants, the members of the Social Services Transportation Advisory Council. All matters pertaining to appointments shall be considered in Executive session.

Section 3: Additional nominees for the Social Services Transportation Advisory Council may be supplied by the Commission on Aging, the Mayor's Committee for Employment of Persons with Disabilities, and the United Way.

ARTICLE V

PERFORMANCE

Section 1: The members of the Social Services Transportation Advisory Council will be expected to attend the meetings of the Council on a regular basis. Any member of the Council who is absent from three consecutive meetings of the Council without prior approval of the Secretary of the Council/Executive Committee, shall be dismissed from the Council.

ARTICLE VI

REMOVAL

Section 1: The Executive Committee of the Council of Governments may, at any time, recommend the removal of any member of the Social Services Transportation Advisory Council. A majority vote of the representatives of the Council of Governments shall be required to approve any removal. All matters pertaining to removals shall be considered in executive session.

ARTICLE VII

OFFICERS AND RULES

Section 1: The Social Services Transportation Advisory Council shall elect from among its membership a Chairperson and a Vice-Chairperson. The term of office shall be for one year.

Section 2: The Council shall adopt rules and procedures for its meetings. Said rules and procedures shall be subject to approval by the Council of Governments.

ARTICLE VIII

STAFF

Section 1: The Executive Director of the Council of Governments, or his or her appointee, shall serve as the Secretary of the Social Services Transportation Advisory Council and shall provide the Council with normal staff assistance.

ARTICLE IX

FINANCING

Section 1: Except as specifically provided by the Council of Governments, the members of the Social Services Transportation Advisory Council shall receive no compensation for their service.

Section 2: The Council of Governments shall provide the Committee with the financial support the Council of Governments deems necessary for the successful functioning of the Council..

ARTICLE X

AMENDMENT OF BYLAWS

Changes or amendments to these Bylaws shall be approved by two-thirds (2/3) of the members of that Council present and voting, and shall be subject to the majority approval of the Stanislaus Council of Governments Policy Board members present and voting. In no case shall a vote on a proposed

APPENDIX II

amendment be conducted unless the said proposed amendment has been submitted in writing to the members of the Council at least fifteen (15) days prior to the meeting at which a vote is to be taken.

APPENDIX II

ENCLOSURE 3

December 10, 2007

TO: Policy Board
THROUGH: Vince Harris, Executive Director *VH*
FROM: DeeAnne Gillick, Legal Counsel for StanCOG
SUBJECT: Amend Joint Powers Agreement

Staff Report
RESOLUTION

RECOMMENDATION

By Resolution, approve the Amended Joint Powers Agreement Establishing the Stanislaus Council of Governments and request all member agencies of StanCOG approve the Agreement.

DISCUSSION

StanCOG is a joint powers agency that was created by a joint powers agreement originally entered into on May 11, 1971 and last amended on June 5, 2001. The member agencies of StanCOG are the County of Stanislaus and all of the incorporated cities within Stanislaus County, which includes the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock and Waterford.

An amendment to the current joint powers agreement is requested in order to eliminate any arguments challenging StanCOG's authority to acquire real property by eminent domain for the purposes of the State Route 132 East Infill Project and to specifically authorize the carrying out of the Project by StanCOG. The State Route East Infill Project calls for the widening of State Route 132 in Modesto, from Riverside Drive to A Street, from a two to a four-lane conventional highway. The Policy Board Resolution approving the Cooperative Agreement with Caltrans dated January 14, 2004, instituted StanCOG as the implementing agency for transportation project delivery for this Project.

StanCOG has been negotiating the acquisition of the necessary right of way for the 132 East Infill Project and one of the involved property owners has questioned StanCOG's ability to acquire property by eminent domain and to carry out the construction project.

StanCOG, and its legal counsel, are of the opinion that this specific amendment is not necessary for the performance of these activities; however, in the spirit of eliminating any controversy or challenges to the 132 East Infill Project, staff recommends that this amendment to the joint powers agreement be approved by the Policy Board and all member agencies.

The proposed amendment provides the following limited amendments to the existing joint powers agreement:

- (1) Modifies the dates to reflect the new amendment;
- (2) Amends section 12 regarding Powers and Functions by amending section 12.A.(4) to specifically reference the power of eminent domain;
- (3) Adds sections 12.A.(5) and 12.A.(6) to specifically authorize the completion of the planning, design, environmental clearance and construction of transportation and other projects, and to cooperate and participate in joint projects as necessary.

No other changes are made to the existing joint powers agreement and the only purpose and reason for these amendments is to provide StanCOG with the specific authority, as opposed to this authority being implied, to carry out the 132 East In Fill project and the associated right of way acquisition, by eminent domain, if necessary.

After approval by the Policy Board of the Amended Joint Powers Agreement, the Agreement will be effective upon ratification by resolution of 75% of the member agencies representing 75% of the population of the County of Stanislaus as determined by the most recent Decennial Census pursuant to section 26.A of the existing joint powers agreement.

c/f: Policy Board
Joint Powers Agreement
Neumiller and Beardslee
cjohnson@stancog.org

**AMENDED JOINT POWERS AGREEMENT ESTABLISHING THE
STANISLAUS COUNCIL OF GOVERNMENTS**

THIS AGREEMENT, made and entered into in the County of Stanislaus, State of California, this day of _____, 19____2008, is between the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock, and Waterford, and the County of Stanislaus, a political subdivision of the State of California, and supersedes the Agreement entered into by these parties on May 11, 1971, and the Agreement entered into by these parties on May 28, 1974, and the Agreement entered into on June 5, 2001.

WITNESSETH:

WHEREAS, Article 1 of Chapter 5 of Division 7 of title 1 (Sections 6500, et seq.) of the California Government Code authorizes two or more public agencies, by a joint powers agreement entered into respectively by them and authorized by their legislative or governing bodies, to exercise jointly any power or powers common to the contracting parties; and

WHEREAS, the parties herein recognize that the County of Stanislaus is experiencing continued expansion of its incorporated cities and the development of formerly undeveloped areas; and

WHEREAS, by reason of this growth, governmental problems involving incorporated and unincorporated areas jointly are arising and are expected to increase in the future; and

WHEREAS, the parties herein recognize that there exist planning problems which require area-wide consideration; and

WHEREAS, it is necessary and desirable that a single wholly independent agency be created with the capability of dealing with area-wide issues and problems; and

WHEREAS, the creation of such an agency is necessary to qualify the County and its cities and other agencies within Stanislaus County for certain Federal funds;

WHEREAS, these needs and concerns led to the creation and establishment of the Stanislaus Area Association of Governments on May 11, 1971; and

WHEREAS, these needs and concerns also led to the revision of, and subsequent approval of a Revised Joint Powers Agreement on May 28, 1974; and

WHEREAS, these needs and concerns also led to the revision of, and subsequent approval of a Joint Powers Agreement Establishing the Stanislaus Council of Governments on June 5, 2001; and

WHEREAS, the establishment of the ~~Stanislaus Area Association~~Council of Governments has:

- (a) provided a forum for the discussion and study of area-wide problems of mutual concern to the various governmental entities in Stanislaus County;
- (b) provided efficiency and economy in governmental operations through the cooperation of member governments and the pooling of common resources;
- (c) provided for the establishment of an agency responsible for identifying, clarifying, and planning for solutions to regional problems requiring multi-jurisdictional cooperation;

- (d) provided for the establishment of an agency capable of developing regional plans and policies and performing area-wide planning duties;
- (e) facilitated cooperation among and agreement between local governmental bodies for specific purposes, interrelated developmental actions, and for the adoption of common policies with respect to issues and problems which are common to its members; and

WHEREAS, the parties at this time, desire to rescind that certain joint powers agreement of May 11, 1971, as amended by the Agreement entered into by these parties on May 28, 1974, and on June 5, 2001, and enter into this new Agreement in order to establish the duties and powers of a newly-constituted the Stanislaus Area Association Council of Governments;.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

SECTION 1

STATEMENT OF PURPOSE

1.A. **Specific Purposes.** The member cities and the county have joined together to establish the Stanislaus Council of Governments for the following purposes:

- 1.A.(1) Provide a forum for discussion and study of area-wide problems of mutual interest to the member governments.
- 1.A.(2) Insure through cooperation, coordination, and the pooling of common resources, maximum efficiency and economy in governmental operation.
- 1.A.(3) Identify, inventory, and comprehensively plan for the solution of regional problems requiring multi-governmental cooperation.
- 1.A.(4) Develop area-wide plans and policies for growth and development.
- 1.A.(5) Facilitate actions and agreements among the governmental units for specific project development.
- 1.A.(6) Conduct, and have operating authority over, other area-wide functions as the Stanislaus Area Association of Governments Board deems appropriate.

SECTION 2

ESTABLISHMENT OF STANISLAUS COUNCIL OF GOVERNMENTS

2.A. **Separate Entity.** Upon the effective date of this Agreement, the parties hereto hereby establish a newly constituted Council of Governments, as a public entity separate and distinct from its member entities, as the agent to exercise the common powers provided for in this Agreement and to administer or otherwise execute this Agreement.

2.B. **Continuation of Duties.** The newly constituted Stanislaus Council of Governments, shall continue to function, without interruption in its duties, as:

SECTION 12

POWERS AND FUNCTIONS

12.A. **Powers and Functions.** The Stanislaus Council of Governments shall have the common power of the Parties hereto to plan, establish and administer an independent area planning organization and in the exercise of that power the Stanislaus Council of Governments is authorized in its own name to:

- 12.A.(1) _____ Employ an Executive Director as the chief administrative officer of Stanislaus Council of Governments.
- 12.A.(2) Employ agents and employees and contract for professional services.
- 12.A.(3) Make and enter into contracts.
- 12.A.(4) Acquire, hold and convey real and personal property, including the power to acquire property by eminent domain.
- 12.A.(5) _____ Undertake the planning, design, environmental clearance and construction of transportation and other projects.
- 12.A.(6) _____ Cooperate with other agencies, counties and other local public agencies and participate in joint projects as necessary.
- 12.A.(7) _____ Incur debts, obligations and liabilities.
- 12.A.(~~6~~)8) _____ Accept contributions, grants or loans from any public or private agency or individual, or the United States, the State of California or any department, instrumentality, or agency thereof, for the purpose of financing its activities.

- ~~12.A.(79)~~ Invest money that is not needed for immediate necessities, in the same manner and upon the same conditions as other local entities in accordance with Section 53601 of the California Government Code.
- 12.A.(810) Have appointed members and ex-officio members of the Stanislaus Council of Governments serve without compensation from the Stanislaus Council of Governments, except that members of the Stanislaus Council of Governments may be reimbursed for all reasonable expenses and costs relating to attendance at Stanislaus Council of Governments meetings or other Stanislaus Council of Governments business.
- 12.A.(911) Do all other acts reasonable and necessary to carry out the purposes of this Agreement.
- 12.A.(1012) Sue and be sued, in its own name only, but not in the name or stead of any Party.
- 12.A.(1113) Exercise any and all other powers as may be provided for in California Government Code Section 6547.
- 12.A.(1214) The powers to be exercised by the Stanislaus Council of Governments are subject to such restrictions upon the manner of exercising such powers as are imposed upon the County in the exercise of similar powers. The Council shall be held strictly accountable for all funds received, held and disbursed by it.
- 12.A.(1315) The Stanislaus Council of Governments is hereby designated by the parties to this Agreement as the regional review agency for the purposes of acting on any appropriate proposals which may be presented to it for consideration, and as the sole regional planning representative for transmission of proposed recommendations to the U.S. Department of Housing and Urban Development or such other agency of the Federal Government or State Government as may be designated to receive such recommendations from the Council, and as the area-wide planning organization (APO) for the County of Stanislaus as such APO is defined in pertinent State and/or Federal directives and regulations.
- 12.A.(1416) File, within 30 days of the effective date of this Agreement, a Notice of the Agreement with the office of the California Secretary of State, pursuant to California Government Code, section 6503.5

SECTION 13

BYLAWS

13.A. **Bylaws.** The By-laws of the Stanislaus Council of Governments shall be those annexed to this Agreement marked "Exhibit A" and incorporated herein by reference. Amendments to all or a portion of the Bylaws may be made in the manner prescribed in the Bylaws.

SECTION 14

EXECUTIVE DIRECTOR

SECTION 22

RETURN OF SURPLUS FUNDS

22.A. **Return of Surplus Funds.** Upon termination of this Agreement, any surplus money on hand shall be returned, pro rata, to the Federal, State, or local agency or the party to this Agreement that provided the funds.

SECTION 23

ADDITIONAL MEMBERS

23.A. **Additional Members.** In addition to the incorporated cities identified in this Agreement, any city within Stanislaus County which may hereafter be incorporated and which desires to participate in the activities of Stanislaus Council of Governments may do so by executing this Agreement without the prior approval or ratification of the named parties to this Agreement and shall thereafter be a party to this Agreement and be bound by all terms and conditions of this Agreement as of the date it executes this Agreement.

SECTION 24

SUCCESSORS AND ASSIGNS

24.A. **Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of any successors to or assigns of the parties.

SECTION 25

SEVERABILITY

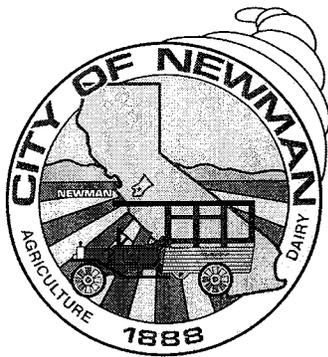
25.A. **Severability.** Should any part, term, portion, or provision of this Agreement be finally decided to be in conflict with any law of United States or the State of California, or otherwise be unenforceable or ineffectual, the validity of the remaining parts, terms, portions, or provisions shall be deemed severable and shall not be affected thereby, provided such remaining portions or provisions can be construed in substance to constitute the Agreement which the member agencies intended to enter into in the first instance.

SECTION 26

EFFECTIVE DATE OF AGREEMENT

26.A. **Effective Date.** This Agreement shall become effective upon ratification by resolution of the Stanislaus County Board of Supervisors and each of the city councils of the Cities of Ceres, Hughson, Modesto, Newman, Oakdale, Patterson, Riverbank, Turlock, and Waterford. From and after said date the agreements made establishing the Stanislaus Area Association of Governments dated May 11, 1971 and May 20, 1974, and the Agreement Establishing the Stanislaus Council of Governments dated June 5, 2001 shall be superseded, replaced and terminated by this Agreement and shall be of no further force and effect.

26.B. **Amendments.** After this Agreement becomes effective, it may be amended upon ratification by resolution of 75% of the member agencies representing 75% of the population of the County of Stanislaus as determined by the most recent Decennial Census. For this purpose each incorporated



**City of Newman
City Manager's Office
Memorandum**

Date: January 4, 2008

To: City Council

From: Michael E. Holland *MES*

Subject: Agenda Item 10.d – Letter of support for County Grant Application.

Starting in 2006, the nine countywide mayors and the Board of Supervisors began discussions regarding the growth occurring within the County and the need for regional planning with respect to infrastructure. One result of the meetings is an atmosphere of collaboration amongst the mayors and County. To advance the discussions to a countywide Growth Management Strategy, Stanislaus County will be submitting a Community-Based Transportation Planning Grant application to CA Department of Transportation. The County is requesting a Letter of Support from each of the cities. Attached please find a copy of the letter.

January 8, 2008

Richard Robinson, Chief Executive Officer
Stanislaus County
1010 10th Street, Suite 6800
Modesto, CA 95354

Dear Mr. Robinson:

The City of Newman hereby expresses its support for Stanislaus County's application to the California Department of Transportation for funding in the amount of \$250,000 through the Community-Based Transportation Planning Grant program. A countywide Growth Management Strategy, involving elected officials from all nine cities and the Stanislaus County Board of Supervisors, is a critical planning document for transportation needs, infrastructure, land use and job planning as we anticipate significant growth throughout the region.

Meetings between the nine city mayors and the Stanislaus County Board of Supervisors have resulted in a climate of true collaboration, providing a foundation of shared vision for communities that retain their autonomy while planning together for the needs that affect the traffic movement of the region, location of job centers, and concern for our environment.

Funding has not been available to move beyond conceptual discussions to a documented growth management strategy that can be approved by all communities represented. For this reason, we support your application and, if funded, expect to fully engage ourselves and our community members in this planning process.

Sincerely,

John G. Fantazia
Mayor

Michael E. Holland
City Manager

cc: City Council

Honorable Mayor and Members
of the Newman City Council

City Council Meeting
of January 8, 2008

**REPORT ON RELOCATION OF WATERLINE FOR UNDERGROUND UTILITY
DISTRICT No. 5**

BACKGROUND:

On August 24, 2007, Council adopted Resolution No. 2007-48 revising the boundaries of Underground Utility District No. 5 and established Underground Utility Districts Nos. 5A, 5B and 5C. By December 1, 2008, all poles, overhead wires and associated overhead structures supplying electric, communication or similar or associated service are to be removed from Underground Utility District 5, commonly known as the Plaza area. To meet this schedule, the utility companies will need to begin under grounding work around July 1, 2008.

According to PG&E and AT&T there needs to be a minimum clear horizontal distance of 5 feet between their utilities and any "wet utilities". After reviewing the alley improvements, it was determined based upon present utility layout, there is insufficient space for under grounding.

ANALYSIS:

To create an under grounding corridor of sufficient width to meet PG&E and AT&T's requirements one of following must occur:

1. Additional right of way will need to be acquired.
2. The sanitary sewer line will need to be relocated.
3. The waterline will need to be relocated.

Of these three options, relocating the water main in the alley was determined to have the smallest fiscal impact on the City. Relocation work is scheduled to begin around the end of March 2008.

FISCAL IMPACT: \$100,000.00

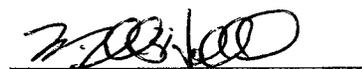
CONCLUSION:

This staff report is submitted for City Council consideration and possible future action.

Respectfully submitted,


Ernie Garza
Director of Public Works

REVIEWED/CONCUR:


Michael E. Holland
City Manager