



AGENDA
NEWMAN CITY COUNCIL/REDEVELOPMENT AGENCY
REGULAR MEETING DECEMBER 13, 2011
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. Presentation By Stanislaus Council Of Governments (StanCOG) - Regarding Sustainable Communities Strategy (SCS).
- 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. ([View Warrant Register](#))
 - c. Approval Of Minutes Of The November 8, 2011 Regular Meeting. ([View Minutes](#))
 - d. Adopt Resolution No. 2011- , A Resolution Rejecting The Claim Of Katrina Delgado. ([View Report](#))
 - e. Adopt Resolution No. 2011- , A Resolution Rejecting The Claim Of Monica Hernandez. ([View Report](#))
 - f. Authorize City Manager To File A Claim Against Stanislaus County On The City's Behalf. ([View Report](#))
- 9. Public Hearings**
 - a. Adopt Resolution No. 2011- , A Resolution Declaring The Existence Of A Public Nuisance Under Ordinance No. 95-4. ([View Report](#))
- 10. Regular Business**
 - a. Adopt Resolution No. 2011- , A Resolution Receiving And Accepting The General Purpose Financial Statements And The Newman Redevelopment Agency Audit For The Fiscal Year Ending June 30, 2011. ([View Report](#))
 - b. Authorize City Manager To Execute A Contract With The Planning Center/DC&E For Planning Services. ([View Report](#))

c. Report On Appointments To The Youth Baseball/Softball Board. ([View Report](#))

11. Items From District Five Stanislaus County Supervisor.

12. Items From The City Manager And Staff.

13. Items From City Council Members.

14. Adjournment.

Calendar of Events

December 12 – NCLUSD Board Meeting - 6:00 P.M.

December 13 – City Council - 7:00 P.M.

December 15 – Planning Commission – Cancelled.

December 20 – Two-On-Two Meeting With The School Board – Cancelled.

December 26 – Christmas Holiday- City Offices Closed.

December 27 – City Council – Cancelled.

December 27-30 – City Furlough Days – City Offices Closed.

January 1 – New Year’s Day.

January 2 – New Year’s Day Holiday- City Offices Closed.

January 9 – Baseball Board Meeting – 6:00 P.M.

January 10 – City Council - 7:00 P.M.

January 12 – Recreation Commission – 7:00 P.M.

January 16 – Martin Luther King Jr. Day - City Offices Closed

January 17 – Two-On-Two Meeting With The School Board - 4:30 P.M.

January 19 – Planning Commission – 7:00 P.M.

January 24 – City Council - 7:00 P.M.

February 9 – Recreation Commission – 7:00 P.M.

February 13 – Baseball Board Meeting – 6:00 P.M.

February 14 – City Council - 7:00 P.M.

February 16 – Planning Commission – 7:00 P.M.

February 20 – Presidents’ Day Holiday - City Offices Closed

February 21 – Two-On-Two Meeting With The School Board - 4:30 P.M.

February 28 – City Council - 7:00 P.M.

Accounts Payable

AP Check Register for Council



City of Newman
1162 MAIN ST
PO BOX 787
NEWMAN, CA 95360

User: efaria

Printed: 12/08/2011 - 12:18 PM

Check Num	Check D	Name	Account	Description	Amount
100772	12/8/2011	AECOM USA, INC	10-31-620	Provided construction mangmnt/Plaza thru 3/12/11	1,166.40
100772	12/8/2011	AECOM USA, INC	61-55-752	M Street alley sewerline engineering fees/Oct 2011	153.42
100773	12/8/2011	ALLIANCE	10-01-663	Strengthening Stan Cnty Annual Investmnt 2011-2012	2,493.00
100774	12/8/2011	AMERICAN MOBILE SHREDDING	10-21-620	2 Bin shred service/PD	50.00
100775	12/8/2011	APPLEGATE TEEPLES DRILLIN	60-50-620	Flushed sewer lines @ WWTP	1,300.00
100776	12/8/2011	ARAMARK UNIFORM SERVICES	10-33-620	Uniform cleaning/mat rental/towels/Nov 2011	66.66
100776	12/8/2011	ARAMARK UNIFORM SERVICES	10-44-620	Uniform cleaning/mat rental/towels/Nov 2011	44.44
100776	12/8/2011	ARAMARK UNIFORM SERVICES	60-50-620	Uniform cleaning/mat rental/towels/Nov 2011	66.66
100776	12/8/2011	ARAMARK UNIFORM SERVICES	63-56-620	Uniform cleaning/mat rental/towels/Nov 2011	44.44
100776	12/8/2011	ARAMARK UNIFORM SERVICES	10-22-620	Uniform cleaning/mat rental/towels/Nov 2011	26.33
100776	12/8/2011	ARAMARK UNIFORM SERVICES	10-07-620	Uniform cleaning/mat rental/towels/Nov 2011	112.72
100776	12/8/2011	ARAMARK UNIFORM SERVICES	10-21-620	Uniform cleaning/mat rental/towels/Nov 2011	91.64
100777	12/8/2011	ARMCO ROOFING	10-07-620	Roof repairs @ City Hall	250.00
100778	12/8/2011	ARROWHEAD MOUNTAIN SPRING	10-07-620	Bottled water delivered/Nov 2011	27.59
100778	12/8/2011	ARROWHEAD MOUNTAIN SPRING	63-56-630	Bottled water delivered/Nov 2011	9.98
100778	12/8/2011	ARROWHEAD MOUNTAIN SPRING	10-45-630	Bottled water delivered/Nov 2011	57.46
100778	12/8/2011	ARROWHEAD MOUNTAIN SPRING	10-21-630	Bottled water delivered/Nov 2011	14.97
100778	12/8/2011	ARROWHEAD MOUNTAIN SPRING	63-56-630	Bottled water delivered/Nov 2011	19.96
100778	12/8/2011	ARROWHEAD MOUNTAIN SPRING	60-50-630	Bottled water delivered/Nov 2011	23.36
100779	12/8/2011	AT&T	10-14-642	Telephone serv 10-13 to 11-12-11/new city hall	44.67
100779	12/8/2011	AT&T	10-21-642	T1 line @ PD 10-20 to 11-19-11	333.97
100779	12/8/2011	AT&T	10-21-642	Monthly telephone service 10-13-11 to 11-12-11	151.17
100779	12/8/2011	AT&T	10-14-642	Monthly telephone service 10-13-11 to 11-12-11	78.55
100779	12/8/2011	AT&T	10-07-666	Monthly telephone service 10-13-11 to 11-12-11	14.83
100779	12/8/2011	AT&T	10-44-667	Monthly telephone service 10-13-11 to 11-12-11	66.73
100779	12/8/2011	AT&T	10-46-642	Monthly telephone service 10-13-11 to 11-12-11	15.10
100779	12/8/2011	AT&T	63-56-642	Monthly telephone service 10-13-11 to 11-12-11	112.93
100779	12/8/2011	AT&T	60-50-642	Monthly telephone service 10-13-11 to 11-12-11	29.49
100780	12/8/2011	BELL JAMES J.	10-21-620	Contract servs/evidence clk/11-16 to 11-30-11/PD	393.40
100781	12/8/2011	BERTOLOTTI DISPOSAL	10-41-620	Garbage service/Nov 2011	54,728.17
100782	12/8/2011	B G AUTO	10-44-653	Windshield wiper baldes/92 Ford	13.59
100782	12/8/2011	B G AUTO	63-56-653	2 quarts motor oil	6.66
100782	12/8/2011	B G AUTO	63-56-701	Ball hitch and mounting bracket/new truck	34.16
100782	12/8/2011	B G AUTO	63-56-701	Tool box/2012 Ford pick-up	386.54
100782	12/8/2011	B G AUTO	63-56-701	Tool box/2012 Ford pick-up	386.54
100782	12/8/2011	B G AUTO	68-68-662	Xmas wreath bracket straps	22.55
100782	12/8/2011	B G AUTO	68-68-662	Xmas wreath bracket straps	48.37
100783	12/8/2011	CARTER JEFF	68-68-772		100.00
100784	12/8/2011	CBA (ADMIN FEES)	10-00-226	Dental-vision admin fees/Dec 2011	214.50
100785	12/8/2011	CDW GOVERNMENT, INC	10-03-631	1 Yr subscription-Barracuda/city clerk	550.63
100786	12/8/2011	CENTRAL SANITARY SUPPLY	10-44-666		210.04
100786	12/8/2011	CENTRAL SANITARY SUPPLY	10-44-667		105.03
100786	12/8/2011	CENTRAL SANITARY SUPPLY	10-07-630		52.51
100786	12/8/2011	CENTRAL SANITARY SUPPLY	10-21-630		52.51
100786	12/8/2011	CENTRAL SANITARY SUPPLY	10-07-666		26.25

Check Num	Check D	Name	Account	Description	Amount
100786	12/8/2011	CENTRAL SANITARY SUPPLY	10-22-6300		26.26
100786	12/8/2011	CENTRAL SANITARY SUPPLY	10-44-6300		26.25
100786	12/8/2011	CENTRAL SANITARY SUPPLY	10-46-6300		26.26
100787	12/8/2011	CITY OF MODESTO, FLEET SE	10-21-6530	Continuous duty solenoid	428.45
100787	12/8/2011	CITY OF MODESTO, FLEET SE	10-21-6530	Buzzer/Shotgun timer	168.64
100788	12/8/2011	COELHO CARL J. (CHUCK)	10-22-6500		50.00
100789	12/8/2011	COFFEE ROAD VETERINARY CL	10-21-6200	Frontline/Odin Hutchins	114.00
100790	12/8/2011	COMCAST CABLE	60-50-6200	High speed internet/sewer	31.63
100790	12/8/2011	COMCAST CABLE	63-56-6200	High speed internet/water	31.64
100790	12/8/2011	COMCAST CABLE	10-21-6200	High speed internet/PD	31.63
100791	12/8/2011	CONTRACT SWEEPING SERVICE	10-33-6200	Street sweeping/contract services/Nov 2011	3,297.49
100792	12/8/2011	CROP PRODUCTION SERVICES	60-50-6230	146820 lbs gypsum/WWTP	4,335.32
100792	12/8/2011	CROP PRODUCTION SERVICES	60-50-6230	Credit on pallet return/WWTP	-45.50
100792	12/8/2011	CROP PRODUCTION SERVICES	60-50-6230	Alfalfa seed/WWTP	12,120.00
100792	12/8/2011	CROP PRODUCTION SERVICES	60-50-6230	credit on 8 sacks Alfalfa seed/WWTP	-1,616.00
100793	12/8/2011	DAP Technologies	71-21-7100	2 Mobile computer units/2 keyboards/2 ch	10,151.00
100794	12/8/2011	Dave's Drain Cleaning & Plumbing	10-07-6200	Drain cleaning service/PD	75.00
100795	12/8/2011	DEPARTMENT OF HEALTH SERV	63-56-6670	Water system fees 7-1-10 to 6-30-11	5,142.16
100796	12/8/2011	DEPARTMENT OF GENERAL SER	24-32-7010	Procurement fee for CNG purchase of aerial vehicle	2,517.97
100797	12/8/2011	DEPARTMENT OF MOTOR VEHIC	10-21-6300	2012 Vehicle code purchase/PD	52.16
100798	12/8/2011	E&M ELECTRIC, INC.	10-44-6660	Photo eye	124.00
100798	12/8/2011	E&M ELECTRIC, INC.	69-47-6200	7.5 hp Peerless pump/Rose park	2,089.09
100798	12/8/2011	E&M ELECTRIC, INC.	69-47-6200	Removed pump for repair/Rose park	102.50
100798	12/8/2011	E&M ELECTRIC, INC.	69-47-6200	Set pump back in place/Rose park	108.75
100798	12/8/2011	E&M ELECTRIC, INC.	10-33-6200	Repairs to bollard @ Tulare St & Main	72.50
100798	12/8/2011	E&M ELECTRIC, INC.	10-33-6200	5 hole bell box/GFCI cover/tree wells	37.10
100799	12/8/2011	ENTENMANN-ROVIN CO.	10-21-6300	Ordered 3 Newman PD domed badges	304.57
100800	12/8/2011	FIREtoWIRE, INC	10-02-6200	MANAGER	6.99
100800	12/8/2011	FIREtoWIRE, INC	63-56-6200	WATER	6.99
100800	12/8/2011	FIREtoWIRE, INC	60-50-6200	SEWER	6.99
100800	12/8/2011	FIREtoWIRE, INC	10-14-6200	FINANCE	3.50
100800	12/8/2011	FIREtoWIRE, INC	10-21-6200	POLICE	6.98
100800	12/8/2011	FIREtoWIRE, INC	10-22-6200	FIRE DEPT	3.50
100801	12/8/2011	GARTON TRACTOR	60-50-6530	Filters for tractors/WWTP	182.74
100801	12/8/2011	GARTON TRACTOR	69-47-6530	installed light kit/rear view mirror/Rustler	553.97
100801	12/8/2011	GARTON TRACTOR	10-33-6530	Hydraulic leak repair to backhoe	500.44
100802	12/8/2011	GROENIGER & CO.	63-56-6300	(10) 2" X 6" Ford SS wrap clamp	472.45
100803	12/8/2011	HALLINAN TOM	10-15-6200		525.00
100803	12/8/2011	HALLINAN TOM	60-50-6200		525.00
100803	12/8/2011	HALLINAN TOM	63-56-6200		525.00
100804	12/8/2011	HEWLETT-PACKARD FINANCIAL	10-21-6200	Hardware lease 12-18 to 1-17-12/PD	585.77
100805	12/8/2011	HOWK SYSTEMS, INC.	62-60-6220	Pressure transducer	718.75
100805	12/8/2011	HOWK SYSTEMS, INC.	62-60-6220	Fixed packing leak on pump	230.88
100806	12/8/2011	IKON OFFICE SOLUTIONS	10-14-6200	copier lease/extra copies 10-10 to 12-09-11	232.11
100806	12/8/2011	IKON OFFICE SOLUTIONS	60-50-6200	copier lease/extra copies 10-10 to 12-09-11	232.11
100806	12/8/2011	IKON OFFICE SOLUTIONS	63-56-6200	copier lease/extra copies 10-10 to 12-09-11	232.10
100806	12/8/2011	IKON OFFICE SOLUTIONS	10-21-6200	copier lease/extra copies 11-25-12-24-11/PD	645.03
100807	12/8/2011	IDEXX LABORATORIES, INC.	63-56-6300	supplies for water testing	313.91
100808	12/8/2011	IRRIGATION DESIGN & CONST	10-33-6300	Poly tubing and fittings	2.43
100808	12/8/2011	IRRIGATION DESIGN & CONST	60-50-6300	3 boxes nitrile gloves/coupling/male adapter	50.76
100809	12/8/2011	Jara Gloria Maria	10-00-2840	Refund Memorial Bldg deposit/Gloria Jara	200.00
100810	12/8/2011	JOE'S LANDSCAPING & CONCR	69-47-6300	Bobcat rental/4 days for rubber bark	748.40
100810	12/8/2011	JOE'S LANDSCAPING & CONCR	69-47-6300	Lighting & landscape services/Nov 2011	9,680.00
100811	12/8/2011	KAISER PERMANENTE	10-00-2260	Health Ins premium/Jan 2012	1,940.00
100812	12/8/2011	MALLARD EXPRESS AUTO	63-56-7010	Installed roof light bar/new Ford pickup/water dept	218.53

Check Num	Check D	Name	Account	Description	Amount
100812	12/8/2011	MALLARD EXPRESS AUTO	10-21-6530	Oil & filter change/Dodge charger/PD	55.29
100813	12/8/2011	MUTOZA (NT) DOUG	68-68-6620	Reimbursement for Christmas supplies/downtown	90.34
100814	12/8/2011	NEWMAN ACE HARDWARE/JACT,	10-33-6300	hex key/misc fastners/hammer/misc electrical/ext cord	162.13
100814	12/8/2011	NEWMAN ACE HARDWARE/JACT,	68-68-6620	mount ties/cable ties/adhesive/downtown plaza	75.06
100814	12/8/2011	NEWMAN ACE HARDWARE/JACT,	10-07-6300	CFL bulbs	21.42
100814	12/8/2011	NEWMAN ACE HARDWARE/JACT,	10-44-6300	gloves/Stihl blades/sandpaper/hose mender & coupler	54.73
100814	12/8/2011	NEWMAN ACE HARDWARE/JACT,	10-21-6300	toilet plunger/surface bolts	18.75
100814	12/8/2011	NEWMAN ACE HARDWARE/JACT,	69-47-6300	poly elbow/trash can/nozzle	27.29
100814	12/8/2011	NEWMAN ACE HARDWARE/JACT,	10-46-6300	poly tarp/air filter/windex/putty knife	40.74
100815	12/8/2011	Nightengale Rachel	10-00-5724	Refund Youth basketball registration/Nightengale	55.00
100816	12/8/2011	NORMAC, INC.	10-44-6300	Rainbird valve/male adapter	43.70
100817	12/8/2011	OPERATING ENGINEERS/	10-00-2260	Health Insurance premium/Jan 2012	2,037.00
100818	12/8/2011	CITY OF PATTERSON	10-03-6200	Video reimbursement/Nov 2011	660.00
100819	12/8/2011	P G & E	10-07-6410	Gas and electric 9-16-11 to 11-23-11	1,662.26
100819	12/8/2011	P G & E	10-22-6410	Gas and electric 9-16-11 to 11-23-11	324.41
100819	12/8/2011	P G & E	10-33-6410	Gas and electric 9-16-11 to 11-23-11	-741.60
100819	12/8/2011	P G & E	10-44-6410	Gas and electric 9-16-11 to 11-23-11	358.03
100819	12/8/2011	P G & E	10-45-6410	Gas and electric 9-16-11 to 11-23-11	123.56
100819	12/8/2011	P G & E	10-46-6410	Gas and electric 9-16-11 to 11-23-11	248.80
100819	12/8/2011	P G & E	10-44-6660	Gas and electric 9-16-11 to 11-23-11	914.99
100819	12/8/2011	P G & E	10-07-6660	Gas and electric 9-16-11 to 11-23-11	85.96
100819	12/8/2011	P G & E	10-44-6670	Gas and electric 9-16-11 to 11-23-11	275.98
100819	12/8/2011	P G & E	60-50-6410	Gas and electric 9-16-11 to 11-23-11	19,666.73
100819	12/8/2011	P G & E	62-60-6411	Gas and electric 9-16-11 to 11-23-11	308.87
100819	12/8/2011	P G & E	62-60-6412	Gas and electric 9-16-11 to 11-23-11	1,822.29
100819	12/8/2011	P G & E	63-56-6410	Gas and electric 9-16-11 to 11-23-11	11,355.94
100819	12/8/2011	P G & E	69-47-6410	Gas and electric 9-16-11 to 11-23-11	-779.24
100819	12/8/2011	P G & E	73-70-6651	Gas and electric 9-16-11 to 11-23-11	182.87
100819	12/8/2011	P G & E	73-70-6672	Gas and electric 9-16-11 to 11-23-11	585.94
100820	12/8/2011	PITNEY WORKS	10-14-6300	ink cartridge for postage machine	21.90
100820	12/8/2011	PITNEY WORKS	60-50-6300	ink cartridge for postage machine	21.90
100820	12/8/2011	PITNEY WORKS	63-56-6300	ink cartridge for postage machine	21.91
100820	12/8/2011	PITNEY WORKS	10-14-6330	Postage meter rental 8-30 to 11-30-11	55.00
100820	12/8/2011	PITNEY WORKS	60-50-6330	Postage meter rental 8-30 to 11-30-11	55.00
100820	12/8/2011	PITNEY WORKS	63-56-6330	Postage meter rental 8-30 to 11-30-11	55.00
100821	12/8/2011	PRECISION INSPECTION, INC	10-23-6210	Bld permit issuance/Nov 2011	1,917.14
100821	12/8/2011	PRECISION INSPECTION, INC	10-23-6210	Plan check deposits/Nov 2011	240.00
100821	12/8/2011	PRECISION INSPECTION, INC	10-23-6210	In-house plan check fees/Nov 2011	313.47
100821	12/8/2011	PRECISION INSPECTION, INC	10-23-6210	Plan check services/Nov 2011	190.36
100821	12/8/2011	PRECISION INSPECTION, INC	10-23-6210	Permit finals/Nov 2011	276.32
100821	12/8/2011	PRECISION INSPECTION, INC	10-23-6210	Occupancy inspt/Hair Krazy/Nov 2011	25.00
100822	12/8/2011	RALEY'S IN STORE CHARGE	10-46-6300	sugar/coffee mate/coffee/foam cups/corp yard	33.68
100822	12/8/2011	RALEY'S IN STORE CHARGE	63-56-6300	towels//spoons/living basket	5.96
100823	12/8/2011	Secretary of State	10-02-6630	Filing fee for Newman recreational opportunities.	20.00
100824	12/8/2011	STAN CNTY CLERK RECORDER	10-00-2630	Release of lien/1075 T St/656 Mt. Rushmore	24.00
100825	12/8/2011	STANISLAUS COUNTY FIRE CH	10-22-6690	2011-2012 Fire Chief's Assoc dues	100.00
100826	12/8/2011	STAPLES ADVANTAGE	10-21-6300	recycled poly bags/PD	10.86
100826	12/8/2011	STAPLES ADVANTAGE	63-56-6300	cyberpower water	74.05
100826	12/8/2011	STAPLES ADVANTAGE	10-14-6300	pencils/dust destroyer/pens/binder clips/staples	19.21
100826	12/8/2011	STAPLES ADVANTAGE	60-50-6300	pencils/dust destroyer/pens/binder clips/staples	19.21
100826	12/8/2011	STAPLES ADVANTAGE	63-56-6300	pencils/dust destroyer/pens/binder clips/staples	19.20
100826	12/8/2011	STAPLES ADVANTAGE	10-14-6300	ruled pads/colored paper/pencils/covers	5.83
100826	12/8/2011	STAPLES ADVANTAGE	60-50-6300	ruled pads/colored paper/pencils/covers	5.83
100826	12/8/2011	STAPLES ADVANTAGE	63-56-6300	ruled pads/colored paper/pencils/covers	5.82
100826	12/8/2011	STAPLES ADVANTAGE	10-14-6300	ruled pads/colored paper/pencils/	13.82

Check Nurr	Check D	Name	Account	Description	Amount
100826	12/8/2011	STAPLES ADVANTAGE	60-50-6300	ruled pads/colored paper/pencils/	13.82
100826	12/8/2011	STAPLES ADVANTAGE	63-56-6300	ruled pads/colored paper/pencils/	13.81
100826	12/8/2011	STAPLES ADVANTAGE	10-21-6300	copy paper/dvd's/calendars/report covers/PD	222.87
100827	12/8/2011	STANTEC CONSULTING SERVIC	60-50-6200	Professional servs/wastewater on-call 2011-2012	264.00
100827	12/8/2011	STANTEC CONSULTING SERVIC	60-50-6200	Professional servs/groundwater monitoring	1,595.61
100827	12/8/2011	STANTEC CONSULTING SERVIC	60-50-6200	Professional servs/pretreatment program assistance	330.00
100827	12/8/2011	STANTEC CONSULTING SERVIC	60-50-6200	Professional servs/wastewater on-call 2011-2012	6,453.00
100828	12/8/2011	SUN VALLEY PORTABLES	10-44-6200	Portable restroom rental/service	155.73
100829	12/8/2011	T.H.E. OFFICE CITY	10-14-6300	Copy paper/date stamper	82.98
100829	12/8/2011	T.H.E. OFFICE CITY	60-50-6300	Copy paper/date stamper	82.98
100829	12/8/2011	T.H.E. OFFICE CITY	63-56-6300	Copy paper/date stamper	82.97
100829	12/8/2011	T.H.E. OFFICE CITY	10-14-6300	paper	4.89
100829	12/8/2011	T.H.E. OFFICE CITY	60-50-6300	paper	4.89
100829	12/8/2011	T.H.E. OFFICE CITY	63-56-6300	paper	4.89
100829	12/8/2011	T.H.E. OFFICE CITY	10-22-6300	color and black inkjet/Fire dept	41.84
100830	12/8/2011	FERNANDEZ ERICA	63-00-2010	Refund Check	14.64
100831	12/8/2011	FLORES ARICELIS	63-00-2010	Refund Check	2.22
100832	12/8/2011	THOMPSON MARY	63-00-2010	Refund Check	109.71
100833	12/8/2011	JIMENEZ NANCY	63-00-2010	Refund Check	36.62
100834	12/8/2011	BARAJAS ADRIANA	63-00-2010	Refund Check	34.79
100835	12/8/2011	UNIVAR USA, INC	63-56-6300	175 galls sodium hypochlorite delivered	514.95
100836	12/8/2011	VALLEY PARTS SERVICE	63-56-6530	Wiper blades	11.42
100836	12/8/2011	VALLEY PARTS SERVICE	63-56-6530	Armorall wipes	5.23
100836	12/8/2011	VALLEY PARTS SERVICE	60-50-6530	Air, oil, transmission filters/3 gals motor oil/WWTP	151.57
100836	12/8/2011	VALLEY PARTS SERVICE	10-44-6300	Tire repair/lamp	23.38
100837	12/8/2011	VARGAS GEORGE	10-22-6500		50.00

176,947.64

Accounts Payable

Manual Check Register



City of Newman
1162 MAIN ST
PO BOX 787
NEWMAN, CA 95360

User: efaria
Printed: 12/07/2011 - 4:38PM
Batch: 50009.12.2011

		amount	Invoice No
Check: 100770	11/28/2011		
Vendor: CHI01	CHICAGO TITLE CO.		
		17,820.00	11/21/11
	Check total:	<u>17,820.00</u>	
Check: 100771	12/06/2011		
Vendor: BUS05	BUSINESS CARD		
		46.15	10/25/11
		252.50	11/30/11
		252.50	11/30/11
		252.50	11/30/11
		677.34	10/28/11
		92.20	11/2/11
	Check total:	<u>1,573.19</u>	
	Total for Accounts Payable Check Run:	<u><u>19,393.19</u></u>	

Accounts Payable

Manual Check Register

User: efaria
Printed: 11/18/2011 - 11:50AM
Batch: 50018.11.2011



City of Newman
1162 MAIN ST
PO BOX 787
NEWMAN, CA 95360

		amount	Invoice No
Check: 100757	11/18/2011		
Vendor: DEPA5	Depot Garage, Inc		
		15,500.00	11/17/11
	Check total:	<u>15,500.00</u>	
	Total for Accounts Payable Check Run:	<u>15,500.00</u>	

Accounts Payable

Manual Check Register



City of Newman
1162 MAIN ST
PO BOX 787
NEWMAN, CA 95360

User: efaria
Printed: 11/15/2011 - 11:42AM
Batch: 50015.11.2011

		amount	Invoice No
Check: 100687	11/14/2011		
Vendor: CHI01	CHICAGO TITLE CO.	31,561.69	11-51121390
	Check total:	<u>31,561.69</u>	
	Total for Accounts Payable Check Run:	<u><u>31,561.69</u></u>	

Accounts Payable

AP Check Register for Council



City of Newman
 1162 MAIN ST
 PO BOX 787
 NEWMAN, CA 95360

User: efaría

Printed: 11/18/2011 - 8:59 AM

Check Nu	Check D	Name	Account	Description	Amount
100688	11/18/201	ARAMARK UNIFORM SERVICES	10-33-620	Uniform cleaning/mat rental/towels/Oct 2011	66.66
100688	11/18/201	ARAMARK UNIFORM SERVICES	10-44-620	Uniform cleaning/mat rental/towels/Oct 2011	44.44
100688	11/18/201	ARAMARK UNIFORM SERVICES	60-50-620	Uniform cleaning/mat rental/towels/Oct 2011	66.66
100688	11/18/201	ARAMARK UNIFORM SERVICES	63-56-620	Uniform cleaning/mat rental/towels/Oct 2011	44.44
100688	11/18/201	ARAMARK UNIFORM SERVICES	10-22-620	Uniform cleaning/mat rental/towels/Oct 2011	26.33
100688	11/18/201	ARAMARK UNIFORM SERVICES	10-07-620	Uniform cleaning/mat rental/towels/Oct 2011	112.72
100688	11/18/201	ARAMARK UNIFORM SERVICES	10-21-620	Uniform cleaning/mat rental/towels/Oct 2011	91.64
100689	11/18/201	ARROWHEAD MOUNTAIN SPRING	10-07-630	Bottled water/Oct 2011	32.58
100689	11/18/201	ARROWHEAD MOUNTAIN SPRING	63-56-630	Bottled water/Oct 2011	14.97
100689	11/18/201	ARROWHEAD MOUNTAIN SPRING	63-56-630	Bottled water/Oct 2011	32.46
100689	11/18/201	ARROWHEAD MOUNTAIN SPRING	10-21-630	Bottled water/Oct 2011	10.97
100689	11/18/201	ARROWHEAD MOUNTAIN SPRING	63-56-630	Bottled water/Oct 2011	59.88
100689	11/18/201	ARROWHEAD MOUNTAIN SPRING	60-50-630	Bottled water/Oct 2011	31.34
100690	11/18/201	AT&T MOBILITY	10-21-640	Cell phone usage & monthly charges/PD	435.82
100690	11/18/201	AT&T MOBILITY	63-56-640	Cell phone usage & monthly charges	251.52
100690	11/18/201	AT&T MOBILITY	10-44-640	Cell phone usage & monthly charges	26.94
100690	11/18/201	AT&T MOBILITY	69-47-640	Cell phone usage & monthly charges	4.08
100690	11/18/201	AT&T MOBILITY	60-50-640	Cell phone usage & monthly charges	122.02
100690	11/18/201	AT&T MOBILITY	10-07-640	Cell phone usage & monthly charges	16.33
100690	11/18/201	AT&T MOBILITY	10-22-640	Cell phone usage & monthly charges	16.33
100690	11/18/201	AT&T MOBILITY	10-33-640	Cell phone usage & monthly charges	20.42
100690	11/18/201	AT&T MOBILITY	10-02-640	Cell phone usage & monthly charges	75.18
100690	11/18/201	AT&T MOBILITY	10-45-640	Cell phone usage & monthly charges	28.23
100690	11/18/201	AT&T MOBILITY	10-03-640	Cell phone usage & monthly charges	70.18
100690	11/18/201	AT&T MOBILITY	10-14-640	Cell phone usage & monthly charges	42.03
100690	11/18/201	AT&T MOBILITY	73-70-640	Cell phone usage & monthly charges	9.38
100690	11/18/201	AT&T MOBILITY	74-70-640	Cell phone usage & monthly charges	4.40
100690	11/18/201	AT&T MOBILITY	10-21-640	Wireless access 10/3/11 to 11/02/11/PD	406.34
100691	11/18/201	AT&T	10-21-640	Monthly telephone serv/634-0508 11/1 to 11/30/11	65.70
100691	11/18/201	AT&T	10-14-640	Monthly telephone serv/668-3946/11/1 to 11/30/11	71.11
100692	11/18/201	BELL JAMES J.	10-21-620	Contract evidence clerk/J. Bell	632.25
100693	11/18/201	BERTOLOTTI DISPOSAL	10-33-620	Garbage bin rental/corp yard	78.00
100694	11/18/201	BLUE SHIELD OF CALIFORNIA	10-00-220	Health insurance premium/Dec 2011	5,211.06
100695	11/18/201	BUSINESS CARD	10-02-660	meals/city manager	54.03
100695	11/18/201	BUSINESS CARD	10-02-660	meals/city manager	58.47
100695	11/18/201	BUSINESS CARD	10-44-660	PAPA seminar order/Pardo	10.00
100696	11/18/201	CRA	73-70-660	Calif RDA agency dues 12/1 to 11/30/12	1,590.00
100697	11/18/201	CBA (ADMIN FEES)	10-00-220	Dental-vision admin fees/Nov 2011	214.50
100698	11/18/201	C B MERCHANT SERVICES,INC	63-56-660	Reimburse bad debt	72.96
100699	11/18/201	CODE PUBLISHING COMPANY	10-03-620	Web Hosting/municipal code/11/11 to 11/12	500.00
100700	11/18/201	COFFEE ROAD VETERINARY CL	10-21-620	X-rays/office exam/K-9 dog Odin	661.00
100701	11/18/201	CONTRACT SWEEPING SERVICE	10-33-620	street sweeping/Oct 2011	3,297.49
100702	11/18/201	CROP PRODUCTION SERVICES	60-50-620	7500 lbs forage mix/WWTP	2,355.00
100703	11/18/201	CASHIER,DEPT OF PESTICIDE	60-50-660	Pesticide applicator renewal/Pardo	60.00
100703	11/18/201	CASHIER,DEPT OF PESTICIDE	60-50-660	Pesticide applicator renewal/Perry	60.00

Check Nu	Check D	Name	Account	Description	Amount
100704	11/18/201	E&M ELECTRIC, INC.	10-33-620	no power at plaza outlets	108.75
100704	11/18/201	E&M ELECTRIC, INC.	62-60-620	heater element/Sherman/Hills Ferry lift station	362.90
100704	11/18/201	E&M ELECTRIC, INC.	60-50-620	Wired new aerator/hoisted old one out/installed new	584.54
100705	11/18/201	ENERPOWER	63-56-620	electric energy services 8/17 to 9/15/11	1,634.00
100705	11/18/201	ENERPOWER	10-14-620	electric energy services 8/17 to 9/15/11	32.00
100705	11/18/201	ENERPOWER	69-47-620	electric energy services 8/17 to 9/15/11	5.00
100706	11/18/201	Esquivel Ernie	10-45-670	Soccer referee/clean-up/Ernie Esquivel	50.00
100707	11/18/201	FIREtoWIRE, INC	10-02-620	MANAGER	6.99
100707	11/18/201	FIREtoWIRE, INC	63-56-620	WATER	6.99
100707	11/18/201	FIREtoWIRE, INC	60-50-620	SEWER	6.99
100707	11/18/201	FIREtoWIRE, INC	10-14-620	FINANCE	3.50
100707	11/18/201	FIREtoWIRE, INC	10-21-620	POLICE	6.98
100707	11/18/201	FIREtoWIRE, INC	10-22-620	FIRE DEPT	3.50
100708	11/18/201	FRANKLIN PET CEMETERY & C	10-21-620	Animal disposal clinics/Oct 2011	54.40
100709	11/18/201	GARTON TRACTOR	69-47-630	Installed deluxe light kit/beacon kit/new mule	350.37
100709	11/18/201	GARTON TRACTOR	10-44-630	Installed deluxe light kit/beacon kit/new mule	90.24
100709	11/18/201	GARTON TRACTOR	10-33-630	Installed deluxe light kit/beacon kit/new mule	90.24
100710	11/18/201	GEOANALYTICAL LAB, INC.	60-50-620	BOD/TSS/Nitrate testing/WWTP/Oct 2011	301.75
100710	11/18/201	GEOANALYTICAL LAB, INC.	63-56-620	Water sampling/Oct 2011	272.00
100711	11/18/201	Grand Lodge of California	40-07-810	City hall payment/Dec 2011	502.36
100711	11/18/201	Grand Lodge of California	60-50-810	City hall payment/Dec 2011	502.36
100711	11/18/201	Grand Lodge of California	63-56-810		502.36
100711	11/18/201	Grand Lodge of California	40-07-810		1,135.87
100711	11/18/201	Grand Lodge of California	60-50-810		1,135.87
100711	11/18/201	Grand Lodge of California	63-56-810		1,135.87
100712	11/18/201	GROENIGER & CO.	63-56-630	Clow gate valve/well #6	376.89
100713	11/18/201	HOWK SYSTEMS, INC.	62-60-620	Pull & repaired sewer pump/canal & inyo	2,855.42
100714	11/18/201	IKON OFFICE SOLUTIONS	10-21-620	Copier lease 10/25/11 to 11/24/11/PD	325.36
100715	11/18/201	INFOSEND, INC	60-50-620		890.37
100715	11/18/201	INFOSEND, INC	63-56-620		890.37
100716	11/18/201	IWORQ SYSTEMS	10-21-620	Internet work management system 11/2011 to 10/2012	450.00
100716	11/18/201	IWORQ SYSTEMS	63-56-620	Internet work management system 11/2011 to 10/2012	450.00
100716	11/18/201	IWORQ SYSTEMS	10-06-620	Internet work management system 11/2011 to 10/2012	450.00
100716	11/18/201	IWORQ SYSTEMS	60-50-620	Internet work management system 11/2011 to 10/2012	450.00
100717	11/18/201	Joey's Tire & Retreading	60-50-650	2 new tires & tubes/Ford tractor/WWTP	1,071.14
100718	11/18/201	JOE'S LANDSCAPING & CONCR	69-47-620	Landscape services/LLD/Oct 2011	8,660.00
100719	11/18/201	MALLARD EXPRESS AUTO	10-21-650	Radiator flushed/replaced vacuum hose/PD	104.00
100719	11/18/201	MALLARD EXPRESS AUTO	10-21-650	Radiator hose leak/filled with antifreeze/replaced hoses	234.61
100720	11/18/201	Manzo Jesus	10-00-280	Refund Memorial Bldg deposit/Ana Flores	100.00
100721	11/18/201	MEDINA AUTO REPAIR	10-33-650	Oil & filter change/repairs to pump/2005 truck	117.14
100721	11/18/201	MEDINA AUTO REPAIR	10-44-650	Oil & filter change/new battery/wiper blades	111.22
100721	11/18/201	MEDINA AUTO REPAIR	10-33-650	Oil & filter change/new battery/wiper blades	55.61
100721	11/18/201	MEDINA AUTO REPAIR	69-47-650	Oil & filter change/new battery/wiper blades	55.61
100721	11/18/201	MEDINA AUTO REPAIR	60-50-650	Oil & filter change	39.38
100722	11/18/201	Merced County Tax Collector	60-50-660	2011-2012 property taxes	68.34
100722	11/18/201	Merced County Tax Collector	60-50-660	2011-2012 property taxes	445.08
100722	11/18/201	Merced County Tax Collector	60-50-660	2011-2012 property taxes	3,552.68
100722	11/18/201	Merced County Tax Collector	60-50-660	2011-2012 property taxes	702.18
100722	11/18/201	Merced County Tax Collector	73-70-660	2011-2012 property taxes	141.44
100723	11/18/201	MID VALLEY IT, INC	10-21-620	IT CONTRACT/PD	613.74
100723	11/18/201	MID VALLEY IT, INC	10-14-620	IT CONTRACT/FIN	306.86
100723	11/18/201	MID VALLEY IT, INC	63-56-620	IT CONTRACT/WATR	306.87
100723	11/18/201	MID VALLEY IT, INC	60-50-620	IT CONTRACT/SEWR	306.87
100724	11/18/201	Munos Teresa	10-00-280	Refund Memorial Bldg deposit/Mara Gil	200.00
100725	11/18/201	Nationwide Trust Co Contract #907-80102	10-22-620	Volunteer firefighters length of service award/2010-2011	2,100.00

Check Nu	Check D	Name	Account	Description	Amount
100726	11/18/201	NEWMAN SMOG AND LUBE	63-56-65:	Smog check/2004 GMC	40.95
100726	11/18/201	NEWMAN SMOG AND LUBE	10-33-65:	Smog check/spark plugs/fuel filler cap/ignition wires 1991 flat	244.42
100726	11/18/201	NEWMAN SMOG AND LUBE	10-33-65:	Smog check/adjust carburetor/1979 dump truck	112.95
100726	11/18/201	NEWMAN SMOG AND LUBE	10-44-65:	Smog check/evap test/1990 Ford Ranger	47.95
100727	11/18/201	Nunes Eleanor	10-00-57:	Refund youth basketball registration/Brooke Riggs	35.00
100728	11/18/201	P&L Farms Inc.	60-50-62:	Levees on front 66 acres/WWTP	792.00
100729	11/18/201	CITY OF PATTERSON	10-03-62:	Video reimbursement/Oct 2011	660.00
100730	11/18/201	PATTERSON IRRIGATOR	60-50-66:	Employment ad/supervisor of PW/9/30/11	33.33
100730	11/18/201	PATTERSON IRRIGATOR	63-56-66:	Employment ad/supervisor of PW/9/30/11	33.33
100731	11/18/201	P G & E	10-21-65:	Natural gas purchases/10/05 to 11/04/11	32.17
100731	11/18/201	P G & E	10-33-65:	Natural gas purchases/10/05 to 11/04/11	96.51
100731	11/18/201	P G & E	10-44-65:	Natural gas purchases/10/05 to 11/04/11	64.34
100731	11/18/201	P G & E	60-50-65:	Natural gas purchases/10/05 to 11/04/11	32.17
100731	11/18/201	P G & E	63-56-65:	Natural gas purchases/10/05 to 11/04/11	32.13
100731	11/18/201	P G & E	10-07-64:	Gas & electric usage 6/14/11-10/17/11	2,115.38
100731	11/18/201	P G & E	10-22-64:	Gas & electric usage 6/14/11-10/17/11	385.12
100731	11/18/201	P G & E	10-33-64:	Gas & electric usage 6/14/11-10/17/11	4,765.04
100731	11/18/201	P G & E	10-44-64:	Gas & electric usage 6/14/11-10/17/11	449.23
100731	11/18/201	P G & E	10-45-64:	Gas & electric usage 6/14/11-10/17/11	174.61
100731	11/18/201	P G & E	10-46-64:	Gas & electric usage 6/14/11-10/17/11	306.39
100731	11/18/201	P G & E	10-44-66:	Gas & electric usage 6/14/11-10/17/11	119.56
100731	11/18/201	P G & E	10-07-66:	Gas & electric usage 6/14/11-10/17/11	110.06
100731	11/18/201	P G & E	10-44-66:	Gas & electric usage 6/14/11-10/17/11	297.50
100731	11/18/201	P G & E	60-50-64:	Gas & electric usage 6/14/11-10/17/11	22,075.28
100731	11/18/201	P G & E	62-60-64:	Gas & electric usage 6/14/11-10/17/11	319.73
100731	11/18/201	P G & E	62-60-64:	Gas & electric usage 6/14/11-10/17/11	1,723.59
100731	11/18/201	P G & E	63-56-64:	Gas & electric usage 6/14/11-10/17/11	14,666.12
100731	11/18/201	P G & E	69-47-64:	Gas & electric usage 6/14/11-10/17/11	3,138.53
100731	11/18/201	P G & E	73-70-66:	Gas & electric usage 6/14/11-10/17/11	310.85
100731	11/18/201	P G & E	73-70-66:	Gas & electric usage 6/14/11-10/17/11	554.18
100731	11/18/201	P G & E	10-07-64:	Gas & electric 10/06 to 11/04/11/new city hall	278.07
100732	11/18/201	PRECISION INSPECTION, INC	10-23-62:	Building permit issuance/Oct 2011	1,976.34
100732	11/18/201	PRECISION INSPECTION, INC	10-23-62:	Plan check deposits/Oct 2011	1,200.00
100732	11/18/201	PRECISION INSPECTION, INC	10-23-62:	In house plan check deposits/Oct 2011	150.00
100732	11/18/201	PRECISION INSPECTION, INC	10-23-62:	In house plan check fees/Oct 2011	215.24
100732	11/18/201	PRECISION INSPECTION, INC	10-23-62:	Permit finals/Oct 2011	276.05
100732	11/18/201	PRECISION INSPECTION, INC	10-23-62:	Occupancy inspects/AJM Pro/State Farm/Dynamic Fit	75.00
100733	11/18/201	RALEY'S IN STORE CHARGE	10-14-63:	sugar cubes/city hall	3.99
100733	11/18/201	RALEY'S IN STORE CHARGE	10-46-63:	cups and spoons/corp yard	17.96
100733	11/18/201	RALEY'S IN STORE CHARGE	10-06-66:	Supplies for Planning Directors meeting	40.84
100734	11/18/201	REIS MARTY	63-56-62:	Backflow device tested/Nob Hill	55.00
100735	11/18/201	RELIABLE OFFICE SUPPLIES	60-50-63:	Hand sanitizer/ink cartridges/desk calendar/day minder	252.47
100736	11/18/201	SAFE-T-LITE	63-56-70:	Light bars for new pickup/water dept	685.16
100736	11/18/201	SAFE-T-LITE	10-33-63:	Supplies for street signs	886.03
100737	11/18/201	SHELL FLEET PLUS	10-33-65:	gas purchases/Oct 2011	442.24
100737	11/18/201	SHELL FLEET PLUS	10-44-65:	gas purchases/Oct 2011	221.31
100737	11/18/201	SHELL FLEET PLUS	63-56-65:	gas purchases/Oct 2011	1,148.16
100737	11/18/201	SHELL FLEET PLUS	60-50-65:	gas purchases/Oct 2011	218.99
100737	11/18/201	SHELL FLEET PLUS	10-21-65:	gas purchases/Oct 2011	3,364.10
100737	11/18/201	SHELL FLEET PLUS	10-22-65:	gas purchases/Oct 2011	276.07
100737	11/18/201	SHELL FLEET PLUS	69-47-65:	gas purchases/Oct 2011	133.99
100738	11/18/201	SIERRA DISPLAY, INC.	68-68-66:	1000 C-7 steady burning clear lights/downtown lighting	300.52
100739	11/18/201	Stanislaus County Dept of Environmental Resou	10-45-62:	Food establishment permit/Matteri Field snack shack	587.00
100740	11/18/201	GORDON B. FORD	60-50-66:	Property taxes/WWTP 2011/2012	5,775.14
100740	11/18/201	GORDON B. FORD	60-50-66:	Property taxes/WWTP 2011/2012	6,449.78

Check Nu	Check D	Name	Account	Description	Amount
100740	11/18/201	GORDON B. FORD	60-50-668	Property taxes/WWTP 2011/2012	1,312.84
100740	11/18/201	GORDON B. FORD	10-44-668	Property taxes/648 W. Mariposa/2011/2012	723.46
100740	11/18/201	GORDON B. FORD	10-44-668	Property taxes/648 W. Mariposa/2011/2012	723.46
100740	11/18/201	GORDON B. FORD	69-47-668	Drain Basin at Marquez Manor/2011/2012	155.54
100740	11/18/201	GORDON B. FORD	69-47-668	Sherman Parkway/2011/2012	12.74
100741	11/18/201	State of Calif Dept of Justice	10-00-201	Fingerprint applications	268.00
100742	11/18/201	STAN CNTY CLERK RECORDER	10-00-263	Release of lien/700 Real Ave	12.00
100743	11/18/201	STAPLES ADVANTAGE	10-14-630	colored paper/binder clips/correction tape/folders	20.91
100743	11/18/201	STAPLES ADVANTAGE	60-50-630	colored paper/binder clips/correction tape/folders	20.91
100743	11/18/201	STAPLES ADVANTAGE	63-56-630	colored paper/binder clips/correction tape/folders	20.92
100744	11/18/201	STANTEC CONSULTING SERVIC	63-56-620	Water on-call services thru 8/19/11	646.00
100745	11/18/201	STILES TRUCK BODY, INC.	63-56-701	Lift gate for 2012 Ford 3/4 ton pickup	2,564.12
100746	11/18/201	SUNSHINE EXPRESS, INC.	24-32-774	Cold mix asphalt	1,101.92
100746	11/18/201	SUNSHINE EXPRESS, INC.	63-56-630	Cold mix asphalt	1,101.93
100747	11/18/201	SWRCB FEES/ACCT OFFICE	60-50-667	Annual permit fees 11/12 RM#146793/WWTP	18,087.00
100747	11/18/201	SWRCB FEES/ACCT OFFICE	60-50-667	Annual permit fees 11/12 RM#300879	1,521.00
100748	11/18/201	T.H.E. OFFICE CITY	10-14-630	2012 wall calendars	57.22
100748	11/18/201	T.H.E. OFFICE CITY	10-03-630	2012 wall calendars	20.90
100748	11/18/201	T.H.E. OFFICE CITY	10-06-630	2012 wall calendars	13.95
100748	11/18/201	T.H.E. OFFICE CITY	63-56-630	2012 wall calendars	40.25
100748	11/18/201	T.H.E. OFFICE CITY	10-45-630	2012 wall calendars	27.90
100748	11/18/201	T.H.E. OFFICE CITY	10-01-630	2012 wall calendars	29.33
100748	11/18/201	T.H.E. OFFICE CITY	10-02-630	2012 wall calendars	13.95
100749	11/18/201	TOSTA BARBARA J.	10-45-672	Young at Heart Instructor/Oct 2011/Tosta	150.00
100750	11/18/201	Turlock Journal Act# 13106174	60-50-660	Employment ad/Supervisor of PW	72.00
100750	11/18/201	Turlock Journal Act# 13106174	63-56-630	Employment ad/Supervisor of PW	72.00
100751	11/18/201	UNITED STATES POSTMASTER	10-21-633	2 rolls postage stamps/PD	88.00
100752	11/18/201	Veterinary Specialty Center	10-21-620	Veterinary services/Odin K-9	373.00
100753	11/18/201	MATTOS NEWSPAPERS, INC.	60-50-660	Employment ad/supervisor PW	21.50
100753	11/18/201	MATTOS NEWSPAPERS, INC.	63-56-660	Employment ad/supervisor PW	21.50
100753	11/18/201	MATTOS NEWSPAPERS, INC.	10-07-630	Notice to contractors/Yancey Bldg	208.00
100753	11/18/201	MATTOS NEWSPAPERS, INC.	10-07-630	Notice to contractors/Yancey Bldg	208.00
100753	11/18/201	MATTOS NEWSPAPERS, INC.	60-50-660	Notice to contractors/M St alley sewerline	377.00
100753	11/18/201	MATTOS NEWSPAPERS, INC.	60-50-660	Notice to contractors/M St alley sewerline	435.00
100753	11/18/201	MATTOS NEWSPAPERS, INC.	20-06-660	Community development block grant ad	135.00
100753	11/18/201	MATTOS NEWSPAPERS, INC.	10-21-660	Misc copy services/PD	11.47
100753	11/18/201	MATTOS NEWSPAPERS, INC.	60-50-660	Notice to Bid/M St alley sewer line	377.00
100754	11/18/201	WEST SIDE PUBLIC SCALE	60-50-622	Weight tags/WWTP	27.00
100755	11/18/201	YANCEY LUMBER COMPANY	10-21-630	Lamb & rice dog food/K-9	50.46
100755	11/18/201	YANCEY LUMBER COMPANY	63-56-630	galv elbow/concrete/teflon tape/flat washers/wrench	134.89
100755	11/18/201	YANCEY LUMBER COMPANY	69-47-630	sprinkler/rake/private prop sign/bushing	61.14
100755	11/18/201	YANCEY LUMBER COMPANY	10-33-630	strainer/sprayer tip/brush/drylok/spry hose/	168.70
100755	11/18/201	YANCEY LUMBER COMPANY	10-44-630	edger blade	8.69
100755	11/18/201	YANCEY LUMBER COMPANY	10-46-630	SDS bit/key/pvc elbow	22.33
100755	11/18/201	YANCEY LUMBER COMPANY	10-07-630	Toilet spud	21.46
100755	11/18/201	YANCEY LUMBER COMPANY	60-50-630	9v battery/wasp killer/ready mix concrete	40.99
100755	11/18/201	YANCEY LUMBER COMPANY	10-21-630	single-sided key/pliers/misc bolts	16.62
100755	11/18/201	YANCEY LUMBER COMPANY	10-22-630	Smoke alarm/epoxy	15.13
100755	11/18/201	YANCEY LUMBER COMPANY	10-21-630	sanding paper	3.38
100755	11/18/201	YANCEY LUMBER COMPANY	63-56-750	Trencher rental	62.50
100755	11/18/201	YANCEY LUMBER COMPANY	60-50-750	Trencher rental	62.50
100755	11/18/201	YANCEY LUMBER COMPANY	10-21-630	Lamb and rice dog food/K-9	50.46
100756	11/18/201	ZEE MEDICAL SERVICE CO	10-21-630	Band-aids/Pain aid	39.62

Check Nu	Check D	Name	Account	Description	Amount
					163,102.33



MINUTES
NEWMAN CITY COUNCIL/REDEVELOPMENT AGENCY
REGULAR MEETING NOVEMBER 8, 2011
CITY COUNCIL CHAMBERS, 7:00 P.M., 1200 MAIN STREET

1. **Call To Order** - Mayor Katen 7:01 P.M.
2. **Pledge Of Allegiance.**
3. **Invocation** - Council Member Hutchins.
4. **Roll Call PRESENT:** Davis, Hutchins, Candea, Martina And Mayor Katen.
ABSENT: None.
5. **Declaration Of Conflicts Of Interest** - None.
6. **Ceremonial Matters**
 - a. Presentation By County Librarian, Vanessa Czopek (Annual Report For Fiscal Year 2010/2011).

Stanislaus County Librarian Vanessa Czopek Reviewed The Annual Library Systems And Local Library Report For The 2010/2011 Fiscal Year And Encouraged The Council To Support The Extension Of The Stanislaus County Library 1/8 Cent Sales Tax.

Wayne Philbrook, Newman Library Branch Manager, Reviewed Some Of The Free Newman Library Programs Being Offered During The Months Of November And December.

Crescencia Maurer, Friends Of The Newman Library, Spoke To The Council About Her Organization And Their Efforts To Support The Newman Library.

- b. Badge Pinning Of Reserve Officer Richard Watts.

Chief Richardson Introduced Reserve Officer Richard Watts And Presided Over His Badge Pinning Ceremony.

7. **Items from the Public - Non-Agenda Items** - None.
8. **Consent Calendar**
 - a. Waive All Readings Of Ordinances And Resolutions Except By Title.
 - b. Approval Of Warrants.
 - c. Approval Of Minutes Of The October 11, 2011 Regular Meeting.
 - d. Adopt Resolution No. 2011-69, A Resolution Supporting The Extension Of The Stanislaus County Library 1/8 Cent Sales Tax.
 - e. Adopt Resolution No. 2011-70, A Resolution Authorizing The City Manager And The Director Of Public Works To Execute Any Agreements, All Master Agreements, Program Supplemental Agreements, Fund Exchange Agreements, Fund Transfer Agreements And Any Amendments Thereto With The California Department Of Transportation For The Construction Of A CNG Fast Fill Fueling Facility CMAQ Project For Fiscal Year 2011/2012.

- f. Adopt Resolution No. 2011-71, A Resolution Authorizing The Repair Of The Roof Of The Newman Fire Department/West Stanislaus County Fire Protection District Station And Authorizing A Budget Adjustment Of \$20,000.

Council Member Hutchins Requested That Warrants No. 100547 And No. 100633 Be Pulled From The Consent Calendar.

ACTION: On A Motion By Candea Seconded By Martina And Unanimously Carried, The Consent Calendar Minus Warrants No. 100547 And No. 100633 Was Approved.

ACTION: On A Motion By Candea Seconded By Martina And Unanimously Carried, Warrants No. 100547 And No. 100633 Were Approved With Council Member Hutchins Not Participating.

9. Public Hearings

- a. Adopt Resolution No. 2011-72, A Resolution Declaring The Existence Of A Public Nuisance Under Ordinance No. 95-4.

Mayor Katen Opened The Public Hearing At 7:29 P.M.

There Being No Public Comment, Katen Closed The Public Hearing At 7:30 P.M.

ACTION: On Motion By Hutchins Seconded By Candea And Unanimously Carried, Resolution No. 2010- 72, A Resolution Declaring The Existence Of A Public Nuisance Under Ordinance No. 95-4, Was Adopted.

10. Regular Business

- a. Adopt Resolution No. 2011- 73, A Resolution Authorizing The City Manager To Execute An Agreement With The City Of Turlock Designating The City Of Newman As A Sub-Recipient Of HOME Funds For Fiscal Year 2011-2012.

ACTION: On Motion By Candea Seconded By Hutchins And Unanimously Carried, Resolution No. 2011-73, A Resolution Authorizing The City Manager To Execute An Agreement With The City Of Turlock Designating The City Of Newman As A Sub-Recipient Of HOME Funds For Fiscal Year 2011-2012, Was Adopted.

- b. Approve A Contract Amendment In The Amount Of \$21,600 To The Groundwater Monitoring Services Agreement With Stantec Consulting Services, Inc. And Authorize The City Manager To Execute The Agreement.

ACTION: On Motion By Martina Seconded By Candea And Unanimously Carried, The Council Approved A Contract Amendment In The Amount Of \$21,600 To The Groundwater Monitoring Services Agreement With Stantec Consulting Services Inc. And Authorized The City Manager To Execute The Agreement.

- c. Adopt Resolution No. 2011-74, A Resolution Awarding The "M" Street Alley Sewer Line Replacement Project To MCI Engineering For A Not-To-Exceed Amount Of \$125,600.

ACTION: On Motion By Hutchins Seconded By Davis And Unanimously Carried, Resolution No. 2011-74, A Resolution Awarding The "M" Street Alley Sewer Line Replacement Project To MCI Engineering For A Not-To-Exceed Amount Of \$125,600, Was Adopted.

- d. Adopt Resolution No. 2011-75, A Resolution Authorizing The Purchase Of One Vehicle For Police Department Administrative Purposes And Authorizing A Budget Adjustment Of \$20,000.

ACTION: On Motion By Martina Seconded By Candea And Unanimously Carried, Resolution No. 2011-75, A Resolution Authorizing The Purchase Of One Vehicle For Police Department Administrative Purposes And Authorizing A Budget Adjustment Of \$20,000, Was Adopted.

- e. Adopt Resolution No. 2011-76, A Resolution Authorizing The Allocation Of Funding From The Capital Water, Capital Sewer And Public Facility Impact Fees Funds, In The Amount Of \$83,333 From Each Fund For Improvements To The New City Hall.

ACTION: On Motion By Candea Seconded By Hutchins And Unanimously Carried, Resolution No. 2011-76, A Resolution Authorizing The Allocation Of Funding From The Capital Water, Capital Sewer And Public Facility Impact Fees Funds, In The Amount Of \$83,333 From Each Fund For Improvements To The New City Hall, Was Adopted.

- f. Report On Stanislaus County Mayors' Agriculture Preservation Strategy.

City Manager Holland Presented And Reviewed Potential Newman Area Boundaries For The 2050 Agricultural Preservation Plan. Holland Offered The Council Four Different Boundary Options For The Proposed Plan. He Noted That The Current City Limits Equaled Approximately 1,050 Acres And That The Options Ranged From Option 1 Which Contained 3,611 Acres To Option 4 Which Contained 8,850 Acres.

Mayor Katen Thanked The Planning Commission For The Time They Spent Contemplating The Different 2050 Agricultural Preservation Boundaries. Katen Noted He Really Liked Option 3 And That He Thought It Made The Most Sense.

Council Member Martina Commented That Newman Has Always Done A Good Job Of Planning For The Future And Has Managed Growth Carefully. Martina Mentioned That A Lot Of Community Time And Effort Went Into The General Plan Process And That He Thought Option 3 Was Consistent With The City's General Plan.

Council Member Hutchins Stated That He Thought That Options 1 And 2 May Not Be Sufficient To Accommodate The City's Growth Until The Year 2050.

ACTION: On Motion By Hutchins Seconded By Davis And Unanimously Carried, The Council Directed Staff To Proceed With Option 3 Which Included The City Limits, Sphere Of Influence, Urban Reserve, And The Northern Planning Area Boundary; Totaling Approximately 6,900 Acres.

11. Items From District Five Stanislaus County Supervisor.

Supervisor DeMartini Noted That The West Side Healthcare Taskforce Biggest Loser Contest Was Won By A Patterson Team And Updated The Council On Other Taskforce Endeavors. DeMartini Concluded His Remarks By Reminding The Council That The Next Taskforce Meeting Was Scheduled For December 17th In Patterson.

12. Items From The City Manager And Staff.

City Manager Holland Reminded The City Council That City Offices Would Be Closed For Veteran's Day And The Thanksgiving Holiday. Holland Noted That The December Planning Commission And The December 22nd City Council Meetings Were Cancelled. He Encouraged The Community To Attend The Chamber Of Commerce's Christmas Tree Lighting Event On December 3rd. Holland Informed The Council That The Nine Stanislaus County Cities Are Still Meeting Regularly And That They Are Collaboratively Working On An Equitable Countywide Regional Transportation Fee.

Chief Richardson Reported That K-9 Officer Odin Will Be Forced To Retire Due To An Injury And That Officer Singh Had Completed His Field Training. Richardson Mentioned That The Police Department Had Begun Its Second Annual Tickets For Tots Campaign Which Will Benefit The Toys For Tots Program.

Public Works Director Reynolds Provided The City Council With Updates On Several Public Works Projects.

13. Items From City Council Members.

Council Member Hutchins Asked About The Status Of The Public Works Supervisor Recruitment Process. He Asked Staff To Provide Additional Information To The Council Regarding Filling The Aforementioned Position. Hutchins Stated That He Thinks That Council Should Review The Financial Impact Anytime A Position Is Being Filled.

Mayor Katen Noted That It Is The Responsibility Of The City Council To Ensure That The City Is Spending Its Funds Wisely And Wondered Initially If This Was A Critical Position That Needed To Be Filled. Katen Mentioned That He Thought That This Was A Discussion Worthy Item.

City Manager Holland Responded That He Thought That The Public Works Supervisor Was An Essential Position And Clarified That This Was Not A New Position But Was An Existing One. Holland Mentioned That He Was Not Opposed To Holding Positions As A Cost Saving Measure But Noted That He Felt The City Was Already At Minimum Staffing Levels. He Pointed Out That This Position Is Funded By The More Healthy Enterprise Funds And Not The General Fund. Holland Stated That In The Future, Staff Would Keep The Council Abreast Of All Open Positions Prior To Them Being Advertised Publicly.

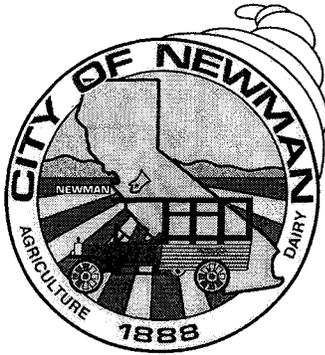
Council Member Martina Inquired About The Progress Of The New City Hall Building.

City Manager Holland Responded That Management Staff Was Holding Weekly Meetings Regarding The New Building And Noted That Everything Was Progressing Well. Holland Followed Up By Asking The Council For Input Regarding The New Council Chambers And Asked If They Council Members Like The Shape Of The Existing Dias.

The Council Collectively Confirmed That They Like The Current Dias Configuration.

14. Adjournment.

ACTION: On Motion By Katen Seconded By Martina And Unanimously Carried, The Meeting Was Adjourned At 9:07 P.M.



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

Date: December 5, 2011

To: City Council

From: Mike Maier *MCM*

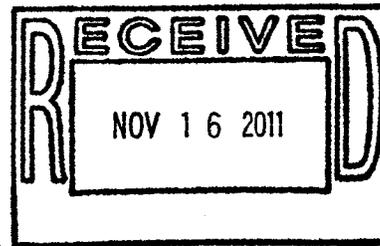
Subject: Rejection of claim.

A claim against the City of Newman was filed by Katrina Delgado, on November 16, 2011. Based upon the recommendation of our insurance provider, Staff recommends the Council reject said claim. A copy of the claim submitted by Ms. Delgado along with the proposed resolution rejecting the claim are attached. Any discussions of the claim must be done in closed session as potential litigation.



CITY OF NEWMAN
CLAIM FORM
FORM B

(Please Type Or Print)



CLAIM AGAINST City of Newman
(Name of Entity)

Claimant's name: Katrina Delgado

[Redacted] Gender: Male Female

Claimant's address: 2030 Prince St. Apt. 3D Newman, CA 95360

Address where notices about claim are to be sent, if different from above: _____

Date of incident/accident: August 9th 2011

Date injuries, damages, or losses were discovered: August 9th 2011

Location of incident/accident: J.J. Liquor 1361 Main St. Newman, CA 95360

What did entity or employee do to cause this loss, damage, or injury? There was uneven pavement on the sidewalk.
(Use back of this form or separate sheet if necessary to answer this question in detail.)

What are the names of the entity's employees who caused this injury, damage, or loss (if known)? _____

The City of Newman

What specific injuries, damages, or losses did claimant receive? Knee pain and swelling.

Foot and ankle pain.
(Use back of this form or separate sheet if necessary to answer this question in detail.)

What amount of money is claimant seeking or, if the amount is in excess of \$10,000, which is the appropriate court of jurisdiction. Note: If Superior and Municipal Courts are consolidated, you must represent whether it is a "limited civil case" [see Government Code 910(f)] _____

\$5,000.00

How was this amount calculated (please itemize)? Medication costs, X-rays, doctor's appointments, pain & suffering, Physical Therapist costs. (see back)

(Use back of this form or separate sheet if necessary to answer this question in detail.)

Date Signed: 10/27/11 Signature: X Katrina Delgado

If signed by representative:

Representative's Name _____ Address _____

Telephone # _____

Relationship to Claimant _____

RESOLUTION NO. 2011-

A RESOLUTION REJECTING THE CLAIM OF KATRINA DELGADO

WHEREAS, a claim for damages in an amount within the Superior Court jurisdiction was filed against the City of Newman by Katrina Delgado, on November 16, 2011 for alleged damages.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Newman that it hereby rejects the said claim for alleged damages in an amount within the Superior Court jurisdiction against the City of Newman for alleged damages.

The foregoing resolution was introduced at a regular meeting of the City Council of the City of Newman held on the 13th day of December, 2011, by Council Member _____, who moved its adoption, which motion was duly seconded and it was upon roll call carried and the resolution adopted by the following roll call vote:

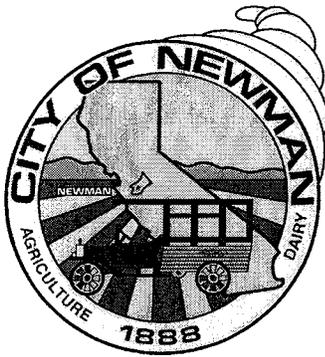
AYES:
NOES:
ABSENT:

APPROVED:

Mayor of the City of Newman

ATTEST:

Deputy City Clerk



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

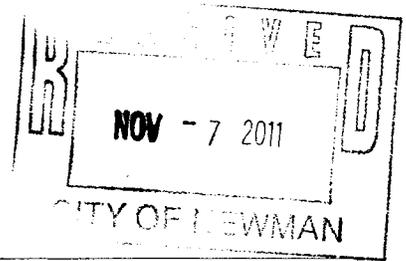
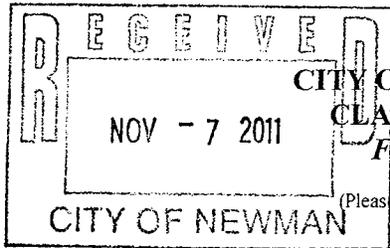
Date: December 5, 2011

To: City Council

From: Mike Maier *MCM*

Subject: Rejection of claim.

A claim against the City of Newman was filed by Monica Hernandez, on November 7, 2011. Based upon the recommendation of our insurance provider, Staff recommends the Council reject said claim. A copy of the claim submitted by Ms. Hernandez along with the proposed resolution rejecting the claim are attached. Any discussions of the claim must be done in closed session as potential litigation.



CLAIM AGAINST City of Newman
(Name of Entity)

Claimant's name: Monica Hernandez Cell # 626-0139

[Redacted] Gender: Male Female

Claimant's address: 1350 Eucalyptus ave. Newman, CA 95360

Address where notices about claim are to be sent, if different from above: same

Date of incident/accident: 11/2/11

Date injuries, damages, or losses were discovered: 11/2/11

Location of incident/accident: Merced St., Newman

What did entity or employee do to cause this loss, damage, or injury? _____

(Use back of this form or separate sheet if necessary to answer this question in detail.)

PTO →

What are the names of the entity's employees who caused this injury, damage, or loss (if known)? _____

not known

What specific injuries, damages, or losses did claimant receive? Front bumper is now cracked and scraped.

(Use back of this form or separate sheet if necessary to answer this question in detail.)

What amount of money is claimant seeking or, if the amount is in excess of \$10,000, which is the appropriate court of jurisdiction. Note: If Superior and Municipal Courts are consolidated, you must represent whether it is a "limited civil case" [see Government Code 910(f)] _____

\$486.50

How was this amount calculated (please itemize)? Estimate taken at Gen Cal auto body.

(Use back of this form or separate sheet if necessary to answer this question in detail.)

Date Signed: 11/2/11 Signature: Monica Hernandez

If signed by representative:
Representative's Name _____ Address _____
Telephone # _____
Relationship to Claimant _____

AS I was driving East bound on Merced St,
I was behind a city of Newman work
truck that had a flat bed. All of a
sudden, a white bucket flew from the
flat bed, bounced on the road and hit
my front bumper. Mike and Alicia
were notified as I reported the
accident about 20 min. after it
happened. The work truck had 3
guys inside.

CEN-CAL
 737A MERCED ST.
 NEWMAN CA 95360
 (209)862 3945

Monica Hernandez
 DOI: 11-2-11

ESTIMATE
 (Valid for 30 days)

DATE / /		<input type="checkbox"/> SERVICE <input type="checkbox"/> WILL CALL <input type="checkbox"/> INSTALL <input type="checkbox"/> DELIVER		PHONE
NAME Ezequiel Manzo			MAKE 03 Chevy	
ADDRESS 1335 tamarack ct			MODEL truck 1500	
Newman ca 95360			SERIAL	
ITEM TO BE SERVICED			NATURE OF SERVICE REQUEST	
QTY.	PART #	DESCRIPTION OF PARTS OR MATERIALS	PRICE	AMOUNT
		Repair front bumper	3.0	
		Refinish front bumper	2.0	
		Rt-I front bumper	1.5	
LABOR PERFORMED			TOTAL MATERIALS	\$ 64.00
			TAX	
			TOTAL LABOR	\$ 422.50
			TOTAL AMOUNT	\$ 486.50
DATE WANTED		DEPOSIT	RECEIVED BY	
/ /		\$		
ESTIMATES ARE FOR LABOR ONLY, MATERIAL ADDITIONAL. WE WILL NOT BE RESPONSIBLE FOR LOSS OR DAMAGE CAUSED BY FIRE, THEFT, TESTING OR ANY OTHER CAUSES BEYOND OUR CONTROL.				
272512			REPAIR ORDER ORIGINAL	
AUTHORIZED BY:				

adams

TERMS - NET CASH
 NO GOODS HELD OVER 30 DAYS

5064



209.862.3945
 209.862.3842
 cenca169@sbcglobal.net

owner

737-A Merced Street • Newman, CA 95360

RESOLUTION NO. 2011-

A RESOLUTION REJECTING THE CLAIM OF MONICA HERNANDEZ

WHEREAS, a claim for damages in an amount within the Superior Court jurisdiction was filed against the City of Newman by Monica Hernandez, on November 7, 2011 for alleged damages.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Newman that it hereby rejects the said claim for alleged damages in an amount within the Superior Court jurisdiction against the City of Newman for alleged damages.

The foregoing resolution was introduced at a regular meeting of the City Council of the City of Newman held on the 13th day of December, 2011, by Council Member _____, who moved its adoption, which motion was duly seconded and it was upon roll call carried and the resolution adopted by the following roll call vote:

AYES:
NOES:
ABSENT:

APPROVED:

Mayor of the City of Newman

ATTEST:

Deputy City Clerk

**RESOLUTION AUTHORIZING THE CITY MANAGER TO FILE A CLAIM FOR REIMBURSEMENT
OF PROPERTY TAX ADMINISTRATION FEES WITH STANISLAUS COUNTY**

RECOMMENDATION:

It is recommended that we Approve Resolution No. 2011 – authorizing the City Manager to file a claim for reimbursement of Property Tax Administration Fees (PTAF) with Stanislaus County.

BACKGROUND:

During the Budget Act of 2004, SB1096 was passed, dramatically changing local property tax revenues. In fiscal year 2004/2005 the distribution of certain Sales Taxes and Vehicle License Fees to cities were partially eliminated and replaced by property tax revenue. These two changes became known as the Sales Tax (Triple Flip) and the VLF Swap. With this change the County considered the flipped and swapped funds to be property taxes for PTAF calculations. Since not all jurisdictions receive Triple Flip and VLF Swap fund this resulted in our property tax revenues appearing larger than typical (increasing more than other jurisdictions) and resulted in us paying a larger share of PTAF. In essence we are paying PTAF on Sales Tax and VLF monies.

In 2004/2005 and 2005/2006 the State required additional transfers from Cities to the Educational Revenue Augmentation Fund (ERAF III). The State recognized that this charge along with higher property tax administration costs would severely compromise local agencies budgets. To alleviate this inequity, the State suspended the recover of property tax administration costs at the higher percentages until the sunset of ERAF III.

Two cases have been filed in California regarding these higher PTAFs. In the case of City of Alhambra, et al, v. County of Los Angeles Case # BS 116375, the courts initially agreed with the County. The Court of Appeals reversed this decision and remanded it back to the lower court. This case is pending in the California Supreme Court. In a second case the City of Clovis, et al, v. County of Fresno et al, Case # 08CECG03585, the court ruled in favor of the City and is awaiting outcome from the State Supreme Court. The City of Turlock and the City of Waterford have filed claims with Stanislaus County in the amount of \$526,596.75 and \$64,827.68 respectively.

ANALYSIS:

In 2005/2006, the last year prior to the current situation, we received \$458,709 in apportioned property tax revenues. Our PTAF was \$6,963 or 0.1373% of the total County PTAF. The following year 2006/2007 our property tax revenues were \$694,410, not including Sale Tax Triple Flip and VLF swap. Our PTAF was \$22,405.72 and 0.4164% of the total County PTAF. Since that time our percentage of the total County PTAF has varied between 0.29% and 0.41%.

FISCAL IMPACT:

Fiscal impact is currently undetermined, pending calculations from county records. We anticipate \$75,000 to \$100,000.

CONCLUSION:

Staff recommends the approval of Resolution No. 2011 – authorizing the City Manager to file a claim for reimbursement of PTAF with Stanislaus County.

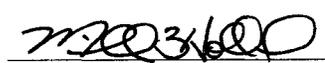
ATTACHMENTS:

1. Resolution No. 2011-
2. Claim Against the County of Stanislaus
3. Calculation of Claim Amount

Respectfully submitted:

REVIEWED/CONCUR:


Lewis Humphries
Finance Director


Michael Holland
City Manager

RESOLUTION NO. 2011-

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NEWMAN AUTHORIZING
THE CLAIM AGAINST THE COUNTY OF STANISLAUS FOR MISCALCULATION OF
PROPERTY TAX ADMINISTRATION FEES.**

WHEREAS, the City of Newman (the "City") and the County of Stanislaus (the "County") (collectively, the "Parties") may become involved in litigation regarding the County's calculation of the property tax administration fees (the "PTAF") as related to the Triple Flip (rev. & Tax Code § 97.68) and the Vehicle License Fee swap (Rev. & Tax Code § 97.70) that the County charges the City, pursuant to the Revenue and Taxation Code, beginning in the fiscal year 2006/2007; and

WHEREAS, conflicting legal opinions as to the calculation of the PTAF have been rendered by various state and local agencies and their counsel, and the City and County are aware that other cities and counties in other areas of the State are involved, or may become involved, in litigation concerning the calculation of the PTAF; and

WHEREAS, The California Supreme Court has taken up the case City of Alhambra, et al v. County of Los Angeles, et al. (Case No. S185457) to consider and decide the proper method for calculation of the PTAF; and

WHEREAS, the City believes the current calculations for PTAF are incorrect and are collecting PTAF on Sales Tax and Vehicle License Fee swapped amounts.

NOW, THEREFORE, BE IT RESOLVED that the City of Newman authorizes the City Manager to file a claim with Stanislaus County in the amount of \$76,285.14 for miscalculated Property Tax Administration Fees

The foregoing resolution was introduced at a regular meeting of the City Council of the City of Newman held on the 13th day of December, 2011 by Council Member _____, who moved its adoption, which motion was duly seconded and it was upon roll call carried and the resolution adopted by the following roll call vote:

AYES:
NOES:
ABSENT:

APPROVED:

Mayor of the City of Newman

ATTEST:

Deputy City Clerk of the City of Newman

**CLAIM AGAINST THE COUNTY OF STANISLAUS
(Government Code Section 910. et seq.)**

Claimants:

Name CITY OF NEWMAN SSN# 94-6000381 Date of Birth N/A

Address 1162 MAIN STREET, NEWMAN, CA 95360

Phone Number 209-862-3725

Name, address and phone number of person to receive notices concerning this claim. _____

MICHAEL HOLLAND, CITY MANAGER, 1162 MAIN STREET, NEWMAN, CA 95360

Date and time when damage or injury occurred. FISCAL YEAR 2006/2007, 2007/2008, 2008/2009, 2009/2010, 2010/2011

Location of occurrence. STANISLAUS COUNTY

Circumstances of occurrence. COUNTY MISCALCULATED THE PROPERTY TAX ADMINISTRATION FEES RELATED TO THE TRIPLE FLIP (REV & TAX CODE 97.68 AND THE VEHICLE LICENSE FEE SWAP (REV & TAX CODE 97.70) THAT THE COUNTY CHARGES THE CITY PURSUANT TO THE REVENUE AND TAXATION CODE

Description of loss, damage or injury. UNDER-ALLOCATION OF PROPERTY TAXES AND/OR OVER-ALLOCATION OF PROPERTY TAX ADMINISTRATION FEES

Name(s) of County Employee(s) causing injury, damage or loss, if known. LAUREN KLEIN, AUDITOR-CONTROLLER

Amount claimed at present including estimated amount of any prospective loss. APPROXIMATELY \$76,285.14 AND APPROXIMATELY \$15,257.03 ANNUALLY. ALL AMOUNTS ARE SUBJECT TO PROOF AND ARE ESTIMATES BASED UPON INFORMATION AVAILABLE AT THIS TIME.

Names and addresses of witnesses, doctors and/or hospitals. LAUREN KLEIN, AUDITOR-CONTROLLER, 1010 10TH STREET, STE 5100 MODESTO, CA 95354.

Claim must be signed and dated by claimant or person acting on claimant's behalf.

DATED: _____ SIGNED: _____

Claimant(s)

~WARNING~

Section 72 of the Penal Code provides:

“Every person who, with intent to defraud, presents for allowance or for payment to any state board or officer, or to any county, town, city, district, ward or village board or officer, authorized to allow or pay the same if genuine, any false or fraudulent claim, bill, or account, voucher, or writing, is guilty of a felony”

This document is a public record and pursuant to the California Public Record Act must be made available for inspection and copying upon the request of any person, including, but not limited to a representative of the news media. (Please see California Government Code sections 6250 et seq.)

SEE REVERSE SIDE FOR INSTRUCTIONS

City of Newman
 Claim for Property Tax Administration Fees
 Fiscal Years 2006/2007 to 2010/2011

	BASE YEAR 2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
Administration Fee City of Newman	\$ 6,963.00	\$ 22,405.72	\$ 25,209.84	\$ 23,221.93	\$ 21,985.37	\$ 20,995.56
(Amounts from Annual County Reports of Admin Fee Calculations)						
Computation of Estimated Excess Admin Fees due to Sales Tax Triple Flip and VLF Swap						
Base Year Amount	6,963.00					
% of Admin Applied from County Reports	0.1373255812 %					
2006/2007						
% of Admin Applied	0.4164352580 %					
Increase on Admin Applied	0.2791096768 %	Estimate of Excess Admin Fees Charged - due to Sales Tax Triple Flip and VLF Swap				
Admin Fee From County Reports:		\$ 22,405.72	\$ 25,209.84	\$ 23,221.93	\$ 21,985.37	\$ 20,995.56
Fee Analysis:						
Base	0.1373255812	32.98%	\$ 7,388.61	\$ 8,313.31	\$ 7,657.77	\$ 7,250.00
Increase	0.2791096768	67.02%	\$ 15,017.11	\$ 16,896.53	\$ 15,564.16	\$ 14,735.37
	0.4164352580	100.00%	\$ 22,405.72	\$ 25,209.84	\$ 23,221.93	\$ 21,985.37
						\$ 20,995.56

Total Estimate of Increase 76,285.14

Honorable Mayor and Members
of the Newman City Council

Agenda Item: **9.a.**
City Council Meeting
of December 13, 2011

REPORT ON NUISANCE ABATEMENT

RECOMMENDATION:

Adopt Resolution No. 2011- , 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 Monday, December 12, 2011. 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.

ATTACHMENTS:

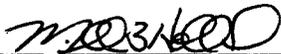
1. Resolution No. 2011- , a resolution declaring the existence of a public nuisance
2. Exhibit A – Abatement List

Respectfully submitted,



Randy Richardson, Chief of Police

REVIEWED/CONCUR:



Michael Holland, City Manager

RESOLUTION NO. 2011-

**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 December 13, 2011, 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 13th day of December, 2011 by Council Member _____, who moved its adoption, which motion was duly seconded and was adopted upon roll call vote.

AYES:
NOES:
ABSENT:

APPROVED:

Mayor

ATTEST:

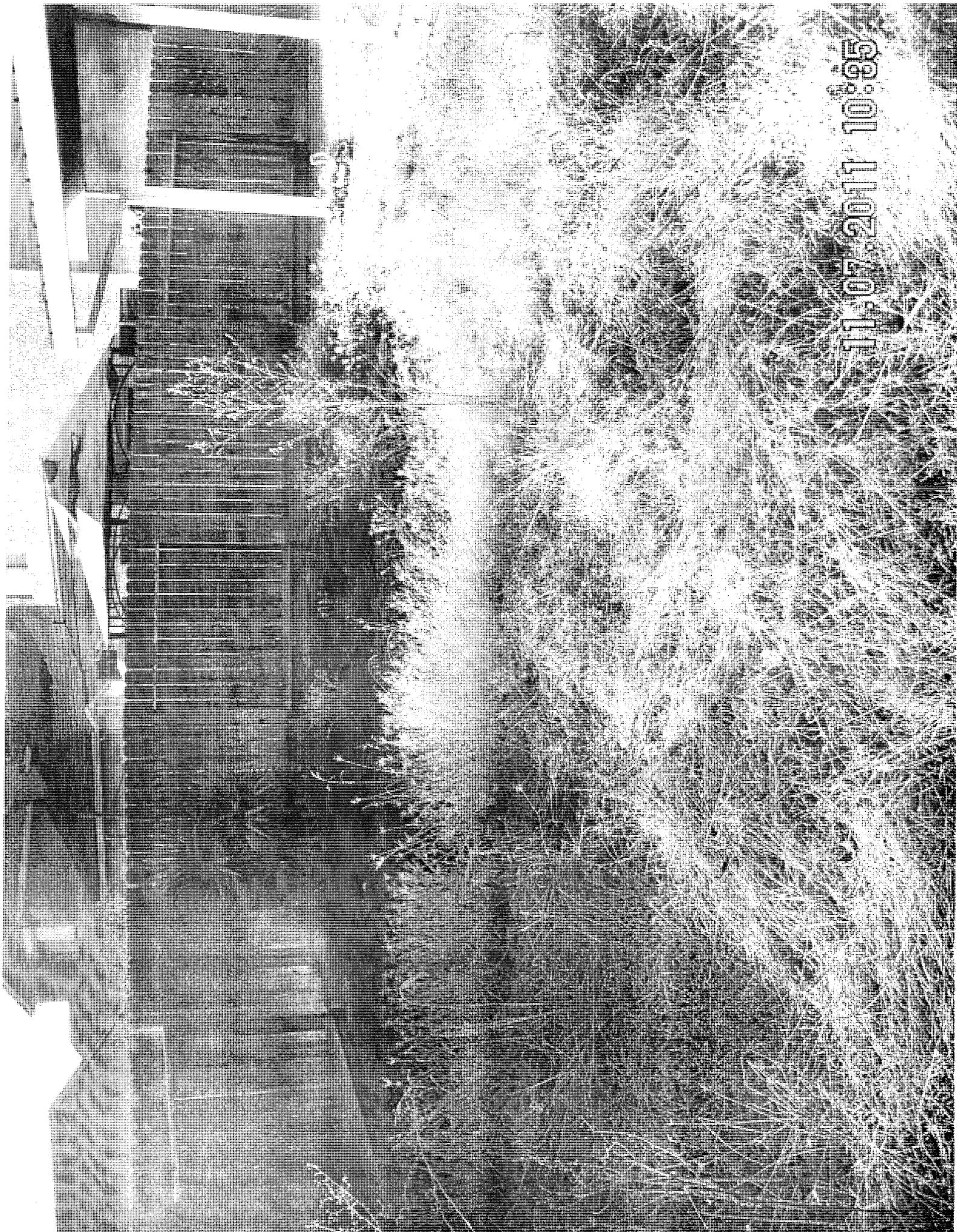
Deputy City Clerk

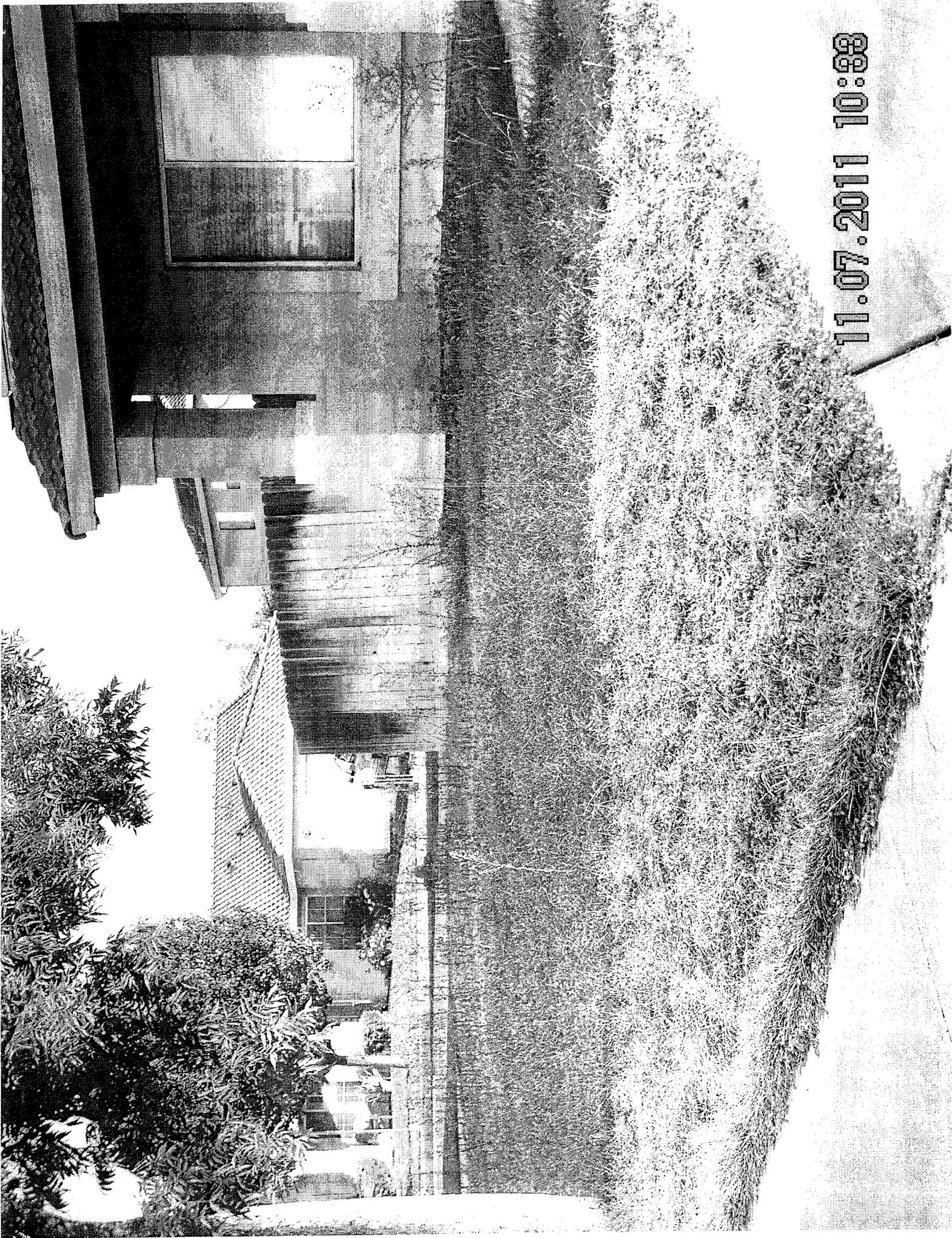
City of Newman
Abatement list

1. 1214 Duckblind Cir.

Tall weeds through out the front and backyard of the property

11-07-2011 10:35





11.07.2011 10:33

Honorable Mayor and Members
of the Newman City Council

**RECEIVE AND FILE THE CERTIFIED AUDITS OF THE CITY OF NEWMAN AND THE CITY OF
NEWMAN REDEVELOPMENT AGENCY FOR THE PERIOD ENDING JUNE 30, 2011**

RECOMMENDATION:

It is recommended that we Approve Resolution No. 2011- and RDA Resolution No. 2011- receiving and accepting the General Purpose Financial Statement, Newman Redevelopment Agency, Single Audit and Transportation Development Act Audits for the Fiscal Year ending June 30th, 2011.

BACKGROUND:

Each year the City's financial records are audited by an independent Certified Public Accounting firm. For the last several years this firm has been Clendenin Bird & Company., CPA's. The firm's partner 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.

ANALYSIS:

The Financial Statements audit shows the City of Newman General Fund ending balance at \$3,030,387. This figure is an increase from the beginning fund balance of \$2,978,834 by \$51,553. Total General Fund expenditures were \$3,736,246. A more detailed analysis is found in the Management's Discussion and Analysis and Notes of the financial statements.

The Statement of Revenues and Expenditure of the Redevelopment Agency Audit shows the Ending Fund Balances of the Redevelopment Agency and the Low to Moderate Income Housing Fund at \$(37,877) and \$816,744, respectively. The negative fund balance of the Redevelopment Agency was due in part to the passing of ABX4-26 requiring the Redevelopment Agency to make a payment of \$402,877 in 2009/2010 and an additional payment of \$82,945 in 2010/2011 to the Stanislaus County Supplemental Education Revenue Augmentation Fund (SERAF). The Redevelopment Agency has over \$572,830 in long term loan receivables.

Pages 69 through 74 include the schedule of findings and questioned costs, the general audit, the single audit and the Transportation development act audit.

FISCAL IMPACT:

The cost of the audit was budgeted and came in at the 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 and this is what we want and would expect. Robert Kehl will be at the Council meeting to further discuss the audit findings with you.

ATTACHMENTS:

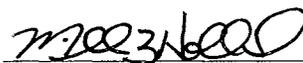
1. Resolution No. 2011-
2. RDA Resolution No. 2011-
3. City of Newman Annual Financial Report
4. City of Newman Redevelopment Agency Component Unit Annual Financial Report

Respectfully submitted:



Lewis Humphries
Finance Director

REVIEWED/CONCUR:



Michael Holland
City Manager

RESOLUTION NO. 2011-

A RESOLUTION RECEIVING AND ACCEPTING THE GENERAL PURPOSE FINANCIAL STATEMENT, SINGLE AUDIT AND TRANSPORTATION DEVELOPMENT ACT FUNDS AUDIT FOR THE FISCAL YEAR ENDING JUNE 30, 2011

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 Audit, Single Audit, and Transportation Development Act Funds Audit for the fiscal year ending June 30, 2011; 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 Audit, Single Audit and Transportation Development Act Funds Audit of the City of Newman for the fiscal year ended June 30, 2011, 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 13th day of December, 2011, by Council Member _____, 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:

Deputy City Clerk of the City of Newman

RESOLUTION NO. 2011-

RDA RESOLUTION NO. 2011-

A RESOLUTION RECEIVING AND ACCEPTING THE COMPONENT UNIT ANNUAL FINANCIAL REPORT AND AUDIT REPORT OF THE NEWMAN REDEVELOPMENT AGENCY, FOR THE FISCAL YEAR ENDING JUNE 30, 2011

WHEREAS, there has been submitted to the Board of Directors of the Newman Redevelopment Agency by CLENDENIN BIRD & COMPANY, LLP, CERTIFIED PUBLIC ACCOUNTANT, the Component Unit Annual Financial Report and Audit of the Newman Redevelopment Agency for the fiscal year ending June 30, 2011; and

WHEREAS, said Annual Financial Reports have been examined and considered by the Board of Directors of the Newman Redevelopment Agency.

NOW, THEREFORE, BE IT RESOLVED by Board of Directors of the Newman Redevelopment Agency that the Component Unit Annual Financial Report of the Newman Redevelopment Agency and Audit Report, for the fiscal year ended June 30, 2011, 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 Board of Directors of the Newman Redevelopment Agency held on the 13th day of December, 2011, by Board Member _____, 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:

Chairperson of the RDA

ATTEST:

Executive Director/Secretary of the RDA

CITY OF NEWMAN
REDEVELOPMENT AGENCY
COMPONENT UNIT
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2011

**CITY OF NEWMAN
REDEVELOPMENT AGENCY**

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Michelle L. Gallagher, CPA
Cathy L. Gatwood, EA

Constance Hiras Bird, CPA
Sara Goor, EA

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 years ended June 30, 2011, 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's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. The prior year comparative information has been derived from the City of Newman Redevelopment Agency's financial statements and, in our report dated November 4, 2010, we expressed an unqualified opinion on the financial statements.

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, as of June 30, 2011, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2011 on our consideration of the City of Newman Redevelopment Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 7, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Clendenin Bird & Company,

CLENDENIN BIRD & COMPANY, PC

Modesto, California
November 15, 2011

**City of Newman Redevelopment Agency
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011**

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, 2011. 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 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 2010-2011 with comparative totals for the previous three fiscal years.

<u>Fiscal Year Receipt</u>	<u>2010-2011</u>	<u>2009-2010</u>	<u>2008-2009</u>	<u>2007-2008</u>
Total for the year	\$ 570,860	\$ 651,598	\$ 882,343	\$ 926,507

The assets of the Agency exceeded its liabilities at the close of the fiscal year by \$357,083 (net assets). 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 \$778,867 which is an increase of \$39,094 in comparison with the prior year. Even though revenues declined, the increase in fund balance was attributable to the significant reduction of expenditures in general government and community development. In 2009-2010 the State Legislation passed ABX4-26 requiring the Redevelopment Agency to make a \$402,877 payment in 2009-2010 to the Stanislaus County Supplemental Education Revenue Augmentation Fund (SERAF) and an additional SERAF payment in 2010-2011 of \$82,945. With the passing of ABX1-26 and 27 in 2010-2011, the State is continuing its attempted raids on Redevelopment Agencies statewide. Due to challenges from the League of California Cities and the California Redevelopment Association this legislation has been stayed and is pending judgment in the California Supreme Court.

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.

**City of Newman Redevelopment Agency
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011**

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 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.

**City of Newman Redevelopment Agency
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011**

Redevelopment Agency		
Net Assets:		
	2011	2010
Current Assets	\$ 1,199,059	\$ 822,546
Noncurrent Assets	2,078,216	2,136,022
Total Assets	3,277,275	2,958,568
Current Liabilities	420,192	82,783
Noncurrent Liabilities	2,500,000	2,620,000
Total Liabilities	2,920,192	2,702,783
Net Assets:		
Invested In capital Assets	(421,784)	(483,978)
Restricted	1,040,407	1,001,300
Unrestricted	(261,540)	(261,527)
Total Net Assets	\$ 357,083	\$ 255,795

There was an increase of \$101,288 in the Agency's net assets (including any prior year adjustments) during the fiscal year.

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

Redevelopment Agency		
Change In Net Assets:		
	2011	2010
General Revenues:		
Property Tax (Tax Increments)	\$ 570,860	\$ 651,598
Miscellaneous and Transfers	22,297	(217,757)
Use of Money and Property	8,734	5,820
Total General Revenues	601,891	439,661
Net Expenses	500,602	1,104,675
Change In Net Assets:	101,289	(665,014)
Net Assets Beginning of Year	255,794	920,808
Net Assets End of Year	\$ 357,083	\$ 255,794

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. Prior to the 2010-2011 fiscal year, fund balance was divided between reserved and unreserved. In

**City of Newman Redevelopment Agency
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011**

particular, unreserved fund balance may have served as a useful measure of a government's net resources available for spending at the end of the fiscal year. Starting with the 2010-2011 fiscal year GASB #54 requires fund balance to be classified into one of five classifications. The classifications of fund balance are Non-spendable, Restricted, Committed, Assigned, and Unassigned. Note #6, Net Assets and Fund Equity contains more detailed presentation of these classifications. It should, however, be noted that most of the fund balance is restricted by the Agency for specific uses due to the nature of the Redevelopment Agency fund.

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 \$50,134 to \$816,744.

The fund balance in the Redevelopment General Fund, decreased by \$(11,040) to \$(37,877).

Budgetary Highlights

The Agency's overall revenues were \$5,538 less than estimated. The Agency's overall expenditures were \$10,854 over the estimated amount.

Capital Asset and Debt Administration

Capital Assets: As of June 30, 2011, the Agency's capital assets were \$2,078,216. 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 \$2,500,000. The tax increments revenue of the Agency secures all bonded debt of the Agency.

The Agency's debt decreased by \$120,000 during the fiscal year.

Additional information on the Agency long-term receivables can be found in Note IV D 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 decreased by 12.4% in fiscal year 2010-2011. The decrease is due to a decrease in property values in the Redevelopment Area and adjustment of prior year assessments.

**City of Newman Redevelopment Agency
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011**

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

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**CITY OF NEWMAN
REDEVELOPMENT AGENCY
STATEMENT OF NET ASSETS
JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

	Primary Government		
	Governmental Activities	Totals	
		2011	2010
ASSETS			
Cash And Investments	25,678	25,678	3,239
Cash with Fiscal Agent	261,540	261,540	261,527
Accounts Receivable	39,011	39,011	0
Loans Receivable	872,830	872,830	557,790
Capital Assets (Net Of Accumulated Depreciation):			
Land	1,262,332	1,262,332	1,262,332
Construction In Progress	57,669	57,669	57,669
Buildings And Improvements	161,502	161,502	172,103
Infrastructure	596,713	596,713	643,918
Total Assets	<u>3,277,275</u>	<u>3,277,275</u>	<u>2,958,577</u>
LIABILITIES			
Accounts Payable And Other			
Current Liabilities	4,311	4,311	73,144
Compensated Absences	6,641	6,641	9,639
Other Liabilities	409,240	409,240	0
Long-Term Liabilities:			
Due Within One Year	125,000	125,000	120,000
Due In More Than One Year	2,375,000	2,375,000	2,500,000
Total Liabilities	<u>2,920,192</u>	<u>2,920,192</u>	<u>2,702,783</u>
NET ASSETS			
Invested In Capital Assets			
Net Of Related Debt	(421,784)	(421,784)	(483,978)
Restricted For			
Community Development Projects	778,867	778,867	739,773
Debt Service	261,540	261,540	261,527
Unrestricted	<u>(261,540)</u>	<u>(261,540)</u>	<u>(261,527)</u>
Total Net Assets	<u>357,083</u>	<u>357,083</u>	<u>255,794</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
 REDEVELOPMENT AGENCY
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2011
 WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

Functions/Programs	Expenses
Primary Government:	
Governmental Activities:	
General Government	88,431
Community Development	274,125
Pass Through To Others	0
Interest On Long-Term Debt	138,046
Total Governmental Activities	<u>500,602</u>
Total Primary Government	<u><u>500,602</u></u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Program Revenues			Net (Expense) Revenue And Changes In Net Assets Primary Government		
Fines, Fees And Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	2011	Totals 2010
0	0	0	(88,431)	(88,431)	(402,877)
0	0	0	(274,125)	(274,125)	(508,262)
0	0	0	0	0	(49,613)
0	0	0	(138,046)	(138,046)	(143,923)
0	0	0	(500,602)	(500,602)	(1,104,675)
0	0	0	(500,602)	(500,602)	(1,104,675)

General Revenues:

Taxes:			
Property Tax Increments	570,860	570,860	651,598
Investment Earnings	8,734	8,734	5,820
Intergovernmental	0	0	0
Service Charges And Miscellaneous Transfers	22,297	22,297	25,071
	0	0	(242,828)
Total General Revenues And Transfers	601,891	601,891	439,661
Change In Net Assets	101,289	101,289	(665,014)
Net Assets - Beginning	255,794	255,794	920,808
Net Assets - Ending	357,083	357,083	255,794

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

	<u>General</u>	<u>Redevelopment Housing</u>	<u>Total Governmental 2011</u>	<u>2010</u>
Assets				
Cash And Investments	(409,240)	25,678	(383,562)	3,239
Cash with Fiscal Agent	261,540	0	261,540	261,527
Accounts Receivable	33,763	5,248	39,011	0
Loans Receivable	572,830	300,000	872,830	557,790
Interfund Receivable	0	485,822	485,822	402,877
Total Assets	<u>458,893</u>	<u>816,748</u>	<u>1,275,641</u>	<u>822,556</u>
Liabilities				
Accounts Payable	4,307	4	4,311	73,144
Compensated Absences	6,641	0	6,641	9,639
Interfund Payable	485,822	0	485,822	402,877
Total Liabilities	<u>496,770</u>	<u>4</u>	<u>496,774</u>	<u>485,660</u>
Fund Balances				
Nonspendable	0	0	0	0
Restricted for:				
Housing	0	816,744	816,744	766,610
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	(37,877)	0	(37,877)	(26,837)
Total Fund Balances	<u>(37,877)</u>	<u>816,744</u>	<u>778,867</u>	<u>739,773</u>
Total Liabilities And Fund Balances	<u>458,893</u>	<u>816,748</u>	<u>1,275,641</u>	<u>1,225,433</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
JUNE 30, 2011**

Total fund balances - governmental funds 778,867

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	1,262,332	
Construction In Progress	57,669	
Buildings and improvements, net of \$64,049, accumulated depreciation	161,502	
Infrastructure, net of \$347,402 accumulated depreciation	596,713	
Total capital assets		2,078,216

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	(2,500,000)	
Total long-term liabilities		(2,500,000)

Total net assets - governmental activities 357,083

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

	<u>General</u>	<u>Redevelopment Housing</u>	<u>Total Governmental 2011</u>	<u>2010</u>
Revenues				
Property Tax Increments	456,688	114,172	570,860	651,598
Investment Earnings	6,254	2,480	8,734	5,820
Intergovernmental	0	0	0	0
Service Charges And Miscellaneous	1,000	21,297	22,297	25,071
Total Revenues	<u>463,942</u>	<u>137,949</u>	<u>601,891</u>	<u>682,489</u>
Expenditures				
Current				
General Government	0	0	0	0
Community Development	185,600	36,206	221,806	450,457
SERAF Shift	82,945	0	82,945	402,877
Pass Through To Others	0	0	0	49,613
Debt Service				
Principal	96,000	24,000	120,000	115,000
Interest And Other Charges	110,437	27,609	138,046	143,923
Capital Outlay	0	0	0	57,669
Total Expenditures	<u>474,982</u>	<u>87,815</u>	<u>562,797</u>	<u>1,219,539</u>
Excess (Deficiency) Of Revenues				
Over Expenditures	(11,040)	50,134	39,094	(537,050)
Other Financing Sources (Uses)				
Operating Transfers In	0	0	0	25,500
Operating Transfers Out	0	0	0	(268,328)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(242,828)</u>
Net Change In Fund Balances	(11,040)	50,134	39,094	(779,878)
Fund Balance - Beginning	(26,837)	766,610	739,773	1,519,651
Fund Balance- Ending	<u>(37,877)</u>	<u>816,744</u>	<u>778,867</u>	<u>739,773</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, 2011**

Net change in fund balances - total governmental funds 39,094

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 (\$57,805) exceeded capital outlay (\$0) in the current period. (57,805)

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. 120,000

Changes in net assets of governmental activities 101,289

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

	Budgeted Amounts		Actual	Variance	2010 Actual
	Original	Final		With Final Budget Over (Under)	
REVENUES					
Property Tax Increments	469,380	469,380	456,688	(12,692)	521,278
Investment Earnings	100	100	6,254	6,154	(164)
Service Charges And Miscellaneous	0	0	1,000	1,000	24,573
Intergovernmental	0	0	0	0	0
Total Revenues	<u>469,480</u>	<u>469,480</u>	<u>463,942</u>	<u>(5,538)</u>	<u>545,687</u>
EXPENDITURES					
Salaries And Benefits	75,490	75,490	100,888	25,398	119,064
Supplies And Services	46,777	46,777	84,712	37,935	245,184
Capital Outlay	0	0	0	0	57,669
SERAF Shift	0	83,000	82,945	(55)	402,877
Pass Through To Others	50,000	50,000	0	(50,000)	49,613
Debt Service					
Principal	96,000	96,000	96,000	0	92,000
Interest	112,861	112,861	110,437	(2,424)	115,138
Total Expenditures	<u>381,128</u>	<u>464,128</u>	<u>474,982</u>	<u>10,854</u>	<u>1,081,545</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>88,352</u>	<u>5,352</u>	<u>(11,040)</u>	<u>(16,392)</u>	<u>(535,858)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	0	83,000	0	(83,000)	25,500
Transfers Out	(400,000)	(400,000)	0	400,000	(268,328)
Total Other Financing Sources And (Uses)	<u>(400,000)</u>	<u>317,000</u>	<u>0</u>	<u>317,000</u>	<u>(242,828)</u>
Net Change In Fund Balance	(311,648)	(311,648)	(11,040)	300,608	(778,686)
Fund Balance - Beginning	(26,837)	(26,837)	(26,837)	0	751,849
Fund Balance - Ending	<u>(338,485)</u>	<u>(338,485)</u>	<u>(37,877)</u>	<u>300,608</u>	<u>(26,837)</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

	Budgeted Amounts		Actual	Variance	2010 Actual
	Original	Final		With Final Budget Over (Under)	
REVENUES					
Property Tax Increments	116,100	116,100	114,172	(1,928)	130,320
Investment Earnings	2,000	2,000	2,480	480	5,984
Service Charges And Miscellaneous	0	0	21,297	21,297	498
Total Revenues	<u>118,100</u>	<u>118,100</u>	<u>137,949</u>	<u>19,849</u>	<u>136,802</u>
EXPENDITURES					
Salaries And Benefits	38,837	38,837	20,875	(17,962)	28,544
Supplies And Services	2,300	2,300	15,331	13,031	57,665
Debt Service					
Principal	24,000	24,000	24,000	0	23,000
Interest	28,215	28,215	27,609	(606)	28,785
Total Expenditures	<u>93,352</u>	<u>93,352</u>	<u>87,815</u>	<u>(5,537)</u>	<u>137,994</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>24,748</u>	<u>24,748</u>	<u>50,134</u>	<u>25,386</u>	<u>(1,192)</u>
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	24,748	24,748	50,134	25,386	(1,192)
Fund Balance - Beginning	<u>766,610</u>	<u>766,610</u>	<u>766,610</u>	<u>0</u>	<u>767,802</u>
Fund Balance - Ending	<u>791,358</u>	<u>791,358</u>	<u>816,744</u>	<u>25,386</u>	<u>766,610</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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, 2011**

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 non-fiduciary 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, 2011**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)**

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, 2011**

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, 2011**

2. Receivables and Payables (continued)

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	<u>5%</u>
	<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.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

4. Capital Assets (continued)

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 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
Storm Drains	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.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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) 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, fund balance is reported in classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are Non-spendable, Restricted, Committed, Assigned, and Unassigned. Non-spendable and Restricted fund balances represent the restricted classifications, and Committed, Assigned, and Unassigned represent the unrestricted classifications.

- Non-spendable fund balance includes amounts that cannot be spent because either 1) it is not in a spendable form, such as inventory or prepaid items or 2) legally or contractually required to be maintained intact.
- Restricted fund balance includes amounts that are constrained for specific purposes which are externally (outside the City) imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation.
- Committed fund balance includes amounts that are constrained for specified purpose that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned fund balance represents limitations imposed by management.
- Unassigned fund balance represents the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources, unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Within unrestricted resources, committed and assigned are considered spent (if available) before unassigned amounts.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments as of June 30, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and investments	25,678
Cash with Fiscal Agent	<u>261,540</u>
Total cash and investments	<u>287,218</u>

Cash and investments as of June 30, 2011 consist of the following:

Investment in Local Agency Investment Fund (LAIF)	25,678
Deposit with financial institution	<u>261,540</u>
Total cash and investments	<u>287,218</u>

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

A. Cash and Investments (continued)

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 7.8 months.

		<u>Maturity Date</u>
State investment pool	<u>25,678</u>	7.8 months average maturity
Total	<u>25,678</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 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.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

A. Cash and Investments (continued)

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.

B. Evaluation of Subsequent Events

The Agency has evaluated subsequent events through November 15, 2011, the date which the financial statements were available to be issued.

California Redevelopment Association along with League of California Cities and the cities of San Jose and Union City filed the initial petition on July 18, 2011, challenging the constitutionality of the state's plan to eliminate redevelopment agencies unless they agree to pay \$1.7 billion for FY 2011-12 and \$400 million in subsequent budget years. The central claim in the lawsuit is that AB 1x 26 and AB 1x 27 violate the California State Constitution, including Proposition 22, which was passed by 61 percent of California voters in November 2010. The California Supreme Court will hear oral arguments on November 10, 2011. A decision is expected to be reached before January 15, 2012, when the first payment under AB 1x 27 would be due.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

C. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental-type Activities</u>				
Capital assets not being depreciated:				
Land	1,262,332	0	0	1,262,332
Construction in progress	<u>57,669</u>	<u>0</u>	<u>0</u>	<u>57,669</u>
Total capital assets not being depreciated	<u>1,320,001</u>	<u>0</u>	<u>0</u>	<u>1,320,001</u>
Capital assets being depreciated:				
Infrastructure	944,114	0	0	944,114
Building and improvements	<u>225,553</u>	<u>0</u>	<u>0</u>	<u>225,553</u>
Total capital assets being depreciated	<u>1,169,667</u>	<u>0</u>	<u>0</u>	<u>1,169,667</u>
Less accumulated depreciation for:				
Infrastructure	(300,196)	(47,206)	0	(347,402)
Building and improvements	<u>(53,450)</u>	<u>(10,599)</u>	<u>0</u>	<u>(64,049)</u>
Total accumulated depreciation	<u>(353,646)</u>	<u>(57,805)</u>	<u>0</u>	<u>(411,451)</u>
Net capital assets being depreciated	<u>816,021</u>	<u>(57,805)</u>	<u>0</u>	<u>758,216</u>
Total net capital assets - Governmental-type activities	<u>2,136,022</u>	<u>(57,805)</u>	<u>0</u>	<u>2,078,217</u>

Depreciation was charged to functions/programs of governmental activities for the year ended June 30, 2011 as follows:

General government	5,486
Community Development	<u>52,319</u>
Total depreciation expense – governmental	<u>57,805</u>

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

D. Loans Receivable

The Agency had the following loans receivables as of June 30, 2011:

Westside Village	\$377,790
Newman Family Apartments	300,000
Jose Reynose	160,000
West Side Theatre	20,000
Daniel Gray	<u>15,040</u>
Total	<u>\$872,830</u>

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, 2011 was \$377,790.

A 55 year loan was issued to Newman Family Apartments L.P., a California Limited Partnership for \$300,000 on September 1, 2010 at a 3.00% interest rate. First payment is due May 1, 2012. The loan receivable balance as of June 30, 2011 was \$300,000.

A 10 year loan was issued to Jose Reynose for \$200,000 on June 24, 2009. The interest varies between 0% for two years, 3% for three years and 5.00% for the remainder of the loan. . The loan receivable balance as of June 30, 2011 was \$160,000.

A 5 year loan was issued to West Side Theatre Foundation for \$20,000 on April 12, 2011. If the Foundation is not in default under the loan agreement, the loan principle will be forgiven. The interest rate is 0.0% unless default then 10% or higher rate then allowed by law. The loan receivable balance as of June 30, 2011 was \$20,000.

A 6 year loan was issued to Daniel Gray for up to \$25,000 on April 1, 2011. The interest varies between 0% for the first year, 1.9% for the second year, and 2.9% - 3.9% for the remainder of the loan. The loan receivable balance as of June 30, 2011 was \$15,040.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

E. 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 \$2,500,000 as of June 30, 2011.

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2012	125,000	131,798	256,798
2013	125,000	125,298	250,298
2014	130,000	118,571	248,571
2015	135,000	111,515	246,515
2016	145,000	103,953	248,953
2017-2021	695,000	402,825	1,097,825
2022-2026	785,000	203,847	988,847
2027-2028	360,000	19,619	379,619
	<u>2,500,000</u>	<u>1,217,426</u>	<u>3,717,426</u>

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, 2011:

	<u>Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>
Governmental Activities:				
Certificates of Participation	<u>2,620,000</u>	<u>0</u>	<u>(120,000)</u>	<u>2,500,000</u>
Total long-term liabilities	<u>2,620,000</u>	<u>0</u>	<u>(120,000)</u>	<u>2,500,000</u>

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

F. Stanislaus County Supplemental Education Revenue Augmentation Fund (SERAF)

On February 9, 2010 the Agency Board of Directors authorizing a loan of \$402,877 (the LMIHF Loan) from the Housing Fund to the Redevelopment Fund at 0% interest. The purpose for this loan was to comply with State Legislation ABX4-26 which among other things required the Redevelopment Agency to make payments to the Stanislaus County Supplemental Education Revenue Augmentation Fund (SERAF). Statute allows for the Agency to borrow funds from its Low and Moderate Income Housing Fund if there are insufficient other monies to make the required payment. An additional \$82,945 was loan in 2011, for a total of \$485,822.

According to SB68, the Redevelopment Fund has until 2015 to repay the May 2010 payment (\$402,877) and until 2016 to repay the payment that will be made in May 2011 (\$82,945). Redevelopment monies come from tax increments. With the recent reduction in housing prices the Agency needs to look at the newly reduced tax increments. Should the values fall to the Redevelopment inception date levels there would be little to no tax increment. In the near future, most likely prior to the second SERAF payment, the Agency will have more information from which to create a more accurate repayment schedule. Currently the Agency is planning to repay the loan prior to the 5 year deadline to avoid incurring any interest charges.

G. New Accounting Pronouncements:

The following new Governmental Accounting Standards Board (GASB) statement was implemented effective for periods beginning after June 15, 2010:

GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, established new fund balance classifications for governmental funds. It changed the previous terminology of Reserved and Unreserved to five new classifications, which are Non-spendable, Restricted, Committed, Assigned, and Unassigned. GASB Statement 54 added additional note disclosures for the new classifications and refined the definitions of the various governmental fund types. For more information concerning this change, see the Fund Balance Policies note.

**CITY OF NEWMAN
REDEVELOPMENT AGENCY
NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

G. New Accounting Pronouncements (Continued)

The following tables illustrate the reclassification of fund balances:

Fund Balances as of June 30, 2010

	General	Redevelopment Housing	Totals
Fund Balances:			
Reserved	0	0	0
Unreserved	(26,837)	766,610	739,773
Total Fund Balances	<u>(26,837)</u>	<u>766,610</u>	<u>739,773</u>

Fund Balances Reclassification as of June 30, 2010

	General	Redevelopment Housing	Totals
Fund Balances:			
Nonspendable	0	0	0
Restricted	0	766,610	766,610
Committed	0	0	0
Assigned	0	0	0
Unassigned	(26,837)	0	(26,837)
Total Fund Balances	<u>(26,837)</u>	<u>766,610</u>	<u>739,773</u>

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

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

We have audited the financial statements of the City of Newman Redevelopment Agency, State of California, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 15, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Newman Redevelopment Agency, State of California's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Newman Redevelopment Agency, State of California's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Newman Redevelopment Agency, State of California's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable

possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, City Council, other within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

CLENDENIN BIRD & COMPANY, PC

Clendenin Bird & Company,

Modesto, California
November 15, 2011

INDEPENDENT AUDITOR'S COMPLIANCE REPORT

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

We have audited City of Newman Redevelopment Agency's compliance with the compliance requirements contained in the *Guidelines for Compliance Audits of California Redevelopment Agencies* applicable to City of Newman's Redevelopment Agency for the year ended June 30, 2011. Compliance with the requirements referred to above is the responsibility of City of Newman Redevelopment Agency's management. Our responsibility is to express an opinion on City of Newman Redevelopment Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Guidelines for Compliance Audits of California Redevelopment Agencies* issued by the State Controller's Office, Division of Local Government Fiscal Affairs. Those standards and *Guidelines for Compliance Audits of California Redevelopment Agencies* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the component unit financial statements occurred. An audit includes examining, on a test basis, evidence about City of Newman Redevelopment Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Newman Redevelopment Agency's compliance with those requirements. In our opinion, City of Newman Redevelopment Agency complied, in all material respects, with the compliance requirement referred to above that are applicable to the Redevelopment Agency for the year ended June 30, 2011.

Internal Control Over Compliance

Management of City of Newman Redevelopment Agency is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered City of Newman Redevelopment Agency's internal control over compliance to determine the auditing procedures for the purpose of

expressing our opinion over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Newman Redevelopment Agency's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance.

We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, other within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clendenin Bird & Company,

CLENDENIN BIRD & COMPANY, PC

Modesto, California
November 15, 2011

CITY OF NEWMAN
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2011

CITY OF NEWMAN, CALIFORNIA

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CITY OF NEWMAN, CALIFORNIA

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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 aggregate discretely presented component unit, 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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Newman, State of California's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the City's 2010 financial statements and, in our report dated November 4, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information.

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, as of June 30, 2011 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 15, 2011 on our consideration of the City of Newman, State of California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newman, State of California's financial statements as a whole. The introductory section, combining and individual non-major fund financial statements, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual non-major fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Clendenin Bird & Company,
CLENDENIN BIRD & COMPANY, PC

Modesto, California
November 15, 2011

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011

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, 2011. Please read this document in conjunction with the accompanying Basic Financial Statements.

The City of Newman (the City) has been impacted by the weakness in the economy in fiscal year 2011. Revenues returned mixed as property tax revenues decreased due to the continued housing market woes; while sales tax revenues increased. The City's financial highlights are presented below:

FISCAL YEAR 2011 FINANCIAL HIGHLIGHTS

Financial highlights of fiscal year 2011 include the following:

Entity-wide:

- The City's total net assets were \$37,508,964 as of June 30, 2011. Of this total, \$25,905,086 were Governmental assets and \$11,603,878 were Business-type assets.
- Entity-wide Governmental revenues include program revenues of \$6,367,122 and general revenues and transfers of \$2,525,837 for a total of \$8,892,959.
- Entity-wide Governmental expenses were \$4,954,491.
- Entity-wide Business-type program revenues and interest revenue were \$3,323,074 while Business-type expenses and transfers were \$2,524,122.

Fund Level:

- Governmental Fund balances increased \$808,098 in fiscal year 2011
- Governmental Fund revenues increased \$3,191,276 in fiscal year 2011.
- Governmental Fund expenditures increased \$1,413,934 in fiscal year 2011.

General Fund:

- General Fund revenues of \$3,339,731 were \$68,006 more than the prior year.
- General Fund expenditures of \$3,736,246 represent an increase of \$127,545 over the prior year.
- General Fund balance of \$3,030,387 as of June 30, 2011, is up \$51,553 from the fiscal year 2010's fund balance of \$2,978,834.

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.

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011

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.

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.

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011

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.

- 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 five Major Governmental Funds in addition to the General Fund: The CDBG Fund (Funds 15, 19 and 26), the Public Facility Improvement Fund (Fund 40), the Redevelopment Agency Fund (Funds 73 and 74), the Storm Drain Fund (Fund 42) and Federal Grants (Fund 18). 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

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011

Statement of Activities, while Tables 4 and 5 focus on the City's Business-type Statement of Net Assets and Statement of Activities.

Governmental Activities

Table 1
Governmental Net Assets at June 30, 2011

	2011	2010
Cash and Investments	\$ 10,379,953	\$ 10,567,835
Other Assets	6,240,738	5,181,513
Capital Assets	14,041,328	11,029,780
Total Assets	<u>30,662,019</u>	<u>26,779,128</u>
Long-Term Debt Outstanding	2,617,345	2,738,241
Other Liabilities	2,139,588	2,073,846
Total Liabilities	<u>4,756,933</u>	<u>4,812,087</u>
Net Assets:		
Invested In Capital Assets, Net of Debt	11,423,983	8,291,539
Restricted	10,897,227	10,268,690
Unrestricted	3,583,876	3,406,812
Total Net Assets	<u>\$ 25,905,086</u>	<u>\$ 21,967,041</u>

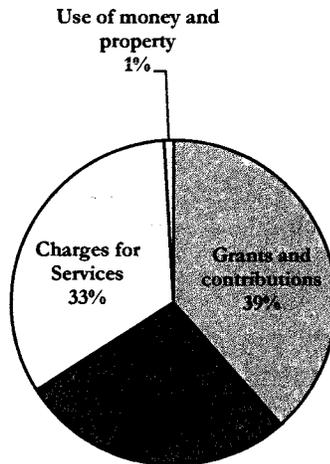
The City's governmental net assets amounted to \$25,905,086 as of June 30, 2011; an increase of \$3,938,045 from 2010. This increase is the Change in Net Assets reflected in the Governmental Activities column of the Statement of Activities shown in Table 2. The City's net assets as of June 30, 2011 comprised the following:

- Cash and investments comprised \$10,118,413 in the city treasury and \$261,540 of restricted cash and investments. Substantially all of these amounts were held in short term investments in government securities, as detailed in Note III to the financial statements.
- Receivables comprised \$1,082,087 of current receivables and loans receivable for \$5,151,688.
- Capital assets of \$14,041,328, 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 \$2,018,927.
- Accrued compensated absence liabilities payable to employees of \$120,661, as detailed in Note III G to the financial statements.

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011

- Long-term debt of \$2,617,345 of which \$2,446,860 is due in future years and \$170,485 is due currently.
- Net assets invested in capital assets, net of related debt, of \$11,423,983, representing the City's investment in capital assets used in Governmental Activities, net of amounts borrowed to finance that investment.
- Restricted net assets totaling \$10,897,227, 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 \$3,583,876 of unrestricted net assets as of June 30, 2011.

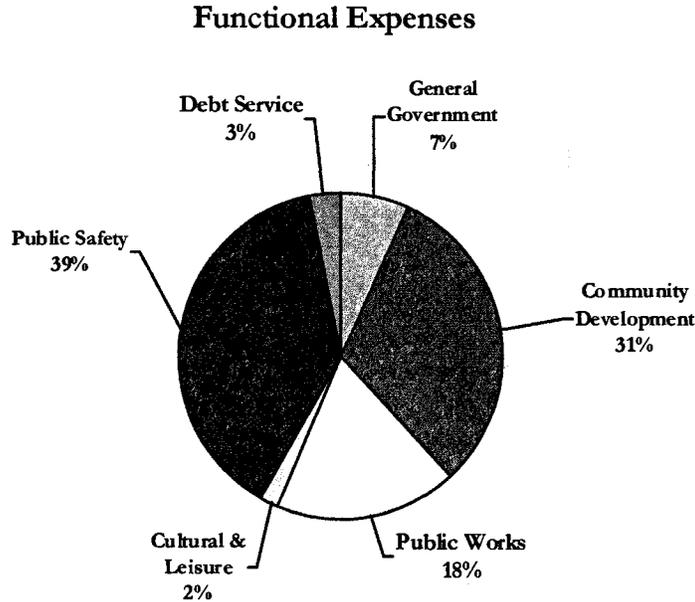
Sources of Revenues



As the Sources of Revenue Chart above shows, \$2,437,327, or 27%, of the City's fiscal year 2011 governmental activities revenue came from taxes, while \$3,425,946, or 39%,

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011

came from grants and contributions, \$2,941,176, or 33%, 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 \$363,633, or 7%, of total government expenses, community development and planning is \$1,531,655, or 31%, Public Safety is \$1,921,529, or 39%, Public Works is \$904,314, or 18%, Culture & Leisure is \$89,414, or 2%, and Debt Service is \$143,946 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.

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011

Table 2
Change In Governmental Net Assets:

	2011
Expenses	
General Government	\$ 363,633
Public Safety	1,921,529
Public Works	904,314
Community Development	1,531,655
Culture And Leisure	89,414
Interest on Long-Term Debt	143,946
Total Expenses	4,954,491
Revenues	
Program Revenues	
Charges For Services	2,941,176
Operating and Capital Grants	3,425,946
Total Program Revenues	6,367,122
General Revenues	
Taxes	2,437,327
Use of Money and Property	88,510
Other	0
Total General Revenues	2,525,837
Total Revenues	8,892,959
 Change in Governmental Net Assets	 \$ 3,938,467

As the Sources of Revenue Chart and Table 2 above show, \$6,367,122, or 72%, of the City's fiscal year 2011 governmental revenue, came from program revenues and \$2,525,837, or 28%, came from general revenues such as taxes and interest and transfers.

Program revenues were composed of charges for services of \$2,941,176, which include permit revenues, fees and charges used to fund expenses incurred in providing services; \$3,425,946 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.

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011

Table 3
Governmental Activities

	Net (Expense) Revenue From Services 2011
General Government	1,405,536
Public Safety	(1,430,536)
Public Works	3,113,320
Community Development	(1,442,329)
Culture And Leisure	(89,414)
Interest on Long-Term Debt	(143,946)
Totals	<u>1,412,631</u>

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 Net Assets at June 30, 2011

	2011	2010
Cash and Investments	\$ 5,699,983	\$ 7,723,749
Other Assets	347,361	320,608
Capital Assets	<u>7,588,302</u>	<u>5,450,373</u>
Total Assets	<u>13,635,646</u>	<u>13,494,730</u>
Long-Term Debt Outstanding	1,552,473	2,374,000
Other Liabilities	<u>479,295</u>	<u>315,804</u>
Total Liabilities	<u>2,031,768</u>	<u>2,689,804</u>
Net Assets:		
Invested In Capital Assets, Net of Debt	5,925,974	3,076,373
Restricted	0	282,359
Unrestricted	<u>5,677,904</u>	<u>7,446,194</u>
Total Net Assets	<u>\$ 11,603,878</u>	<u>\$ 10,804,926</u>

The net assets of business-type activities increased \$798,952 in fiscal year 2011.

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011

Table 5
Change In Business-Type Net Assets:

	Net (Expense) Revenue From Services 2011	Net (Expense) Revenue From Services 2010
Water Fund	\$ (176,187)	\$ 692
Sewer Fund	920,707	856,867
Totals	<u>\$ 744,520</u>	<u>\$ 857,559</u>

Analyses of Major Funds

Governmental Funds

General Fund

General Fund revenues increased \$68,006 this fiscal year due primarily to greater increases in Sales Tax, Fines and Forfeiture, and Service Charge revenues over declines in property tax revenue. Actual revenues exceeded budgeted amounts by \$136,591. Property taxes decreased \$31,947 as assessed valuations decreased due to falling real estate values. Charges for services were up \$91,915, due to increases in administrative fees, reimbursed salaries and other miscellaneous revenues.

General Fund expenditures were \$3,736,246, an increase of \$127,545 from the prior year. Expenditures were \$43,122 less than budgeted, primarily related to cost reductions associated with General Government, Capital Outlay and Public Safety.

As of June 30, 2011, the General Fund's ending fund balance totaled \$3,030,387. In February of 2009 GASB issued Statement #54 changing the presentation of this fund balance. See the Note I. D.9 to the Basic Financial Statements for detail on the changes and classifications of fund balance. The unassigned portion of General Fund's fund balance is \$3,023,424. This represents the funds available liquid resources.

CDBG Fund

This fund is used to account for grants received to loan out to 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. Current Receivable from Valley Manor Housing is \$975,000.

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011

Public Facility Improvement Fund

This fund accounts for the improvement of public facilities funded by developer fees. In fiscal year 2011, the fund received \$392,608 in developer fees. Developer fee revenue increased \$349,480 from the prior year mostly due to the completion of the Newman Family Apartments Project (now Mustang Peak Village Apartments).

The fund's fiscal year end fund balance of \$4,535,770 represents developer fees that have not yet been expended on public facility projects and improvements.

On July 29th 2011 the City purchased 938 Fresno Street. The City will be locating it's City Hall on the second floor of this property. A portion of collected developer fees are for improvements to City Hall and will be spent on this acquisition in fiscal year 2012.

Storm Drain Fund

The fees accounted for here are to be used for expansion and improvements to the City's storm drain system. The fund currently shows a negative balance due to the Fee Credit Parks liability. As homes are built these fee credits reduce.

Proprietary Funds

Water Fund

Operating Revenues decreased \$3,273 to a total of \$889,572 in fiscal year 2011 due to a decline in consumption. Operating Expenses increased \$62,668 to \$1,019,362. There was a resulting operating loss of \$129,790. The fund's net assets decreased \$165,280, to a new total of \$2,692,083. A water rate study awarded to Ecologic (now StanTech) is currently underway.

Sewer Fund

Net assets of the Sewer Fund increased \$964,232 in fiscal year 2011 to a total of \$8,911,795. This increase came from an increase in rates charged and increases in connection fees.

As of June 30, 2011, the fund's net assets were \$8,911,795, of which \$4,594,930 was invested in capital assets, net of related debt. This fiscal year the outstanding sewer bonds were refunded; paying down \$826,141 of the outstanding debt with only a standard loan of \$973,859 remaining. No funds are restricted for debt service. The unrestricted balance is \$4,316,865.

CAPITAL ASSETS

GASB Statement 34 requires the City to record all its capital assets including infrastructure. Infrastructure includes roads, bridges, signals and similar assets used by the entire population.

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011

In fiscal year 2011, 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 2011 the cost of infrastructure and other capital assets recorded on the City's financial statements was as shown in Table 6 below:

Table 6
Capital Assets at Year End

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Governmental Activities		
Land	\$ 3,360,205	\$ 3,360,205
Construction in Progress	795,678	1,170,854
Streets and Roads	3,506,657	3,506,657
Buildings	7,785,477	4,139,829
Equipment	2,812,080	2,599,953
Accumulated Depreciation	(4,218,769)	(3,747,718)
Governmental Activities Capital Assets Net	<u>\$ 14,041,328</u>	<u>\$ 11,029,780</u>
Business-Type Activities		
Land	\$ 3,456,477	\$ 1,460,000
Construction in Progress	236,304	9,340
Buildings	107,566	107,566
Plant and Equipment	8,121,212	7,973,961
Accumulated Depreciation	(4,333,256)	(4,100,494)
Business-Type Activities Capital Assets Net	<u>\$ 7,588,303</u>	<u>\$ 5,450,373</u>

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

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 E to the financial statements.

City of Newman
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2011

DEBT ADMINISTRATION

The City issued no new bonded debt in fiscal year 2011. The City made all scheduled repayments of existing debt. In 1991 the City issued Sewer bonds which were refunded in 1999. In May of 2011 the City refunded these bonds paying down \$826,141 leaving the outstanding balance as a simple loan with no requirements as to collateral or reserve fund. Each of the City's debt issues is discussed in detail in Note III G to the financial statements. As of June 30, 2011, the City's debt comprised:

Table 7
 Outstanding Debt

	June 30 2011	June 30 2010
<u>Governmental Activity Debt:</u>		
<u>Certificates of Participation:</u>		
1997 Tax allocation and housing, 5.375%-6.200%, due 8/1/27	\$ 2,500,000	\$ 2,620,000
<u>Other Long Term Obligations:</u>		
Note, 5%, due 9/26/12	80,731	118,242
Accounting Software, 5%, Due May 2017	36,614	0
Total Governmental Activity Debt	\$ 2,617,345	\$ 2,738,242
 <u>Business-type Activity Debt:</u>		
<u>Certificates of Participation:</u>		
1991 Sewer treatment facility, 3.60%-5.3%, due 5/1/18	\$ 0	\$ 1,800,000
<u>Revenue Bonds:</u>		
1982 Water Revenue Bonds, Series B, 5.00%, due in 2022	542,000	574,000
<u>Other Long Term Obligations:</u>		
2011 refunding of CoPs, 3.9% due 5/1/2017	937,245	0
Accounting Software, 5%, Due May 2017	73,229	0
Total Business-type Activity Debt:	\$ 1,552,474	\$ 2,374,000

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.

CITY OF NEWMAN
STATEMENTS OF NET ASSETS
JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010

	Primary Government		Totals	
	Governmental Activities	Proprietary Activities	2011	2010
ASSETS				
Cash And Investments	10,118,413	5,699,983	15,818,396	17,747,276
Cash With Fiscal Agent	261,540	0	261,540	543,886
Accounts Receivable	1,082,087	347,361	1,429,448	698,981
Loans Receivable	5,151,688	0	5,151,688	4,795,671
Prepaid Expenses	6,963	0	6,963	7,469
Capital Assets (Net Of Accumulated Depreciation):				
Land	3,360,205	3,456,477	6,816,682	4,820,205
Construction In Progress	795,678	236,304	1,031,982	1,180,194
Buildings And Improvements	6,162,610	3,596,323	9,758,933	6,470,732
Equipment And Vehicles	1,012,634	47,960	1,060,594	1,006,100
Infrastructure	2,710,201	251,238	2,961,439	3,002,922
Total Assets	<u>30,662,019</u>	<u>13,635,646</u>	<u>44,297,665</u>	<u>40,273,436</u>
LIABILITIES				
Accounts Payable And Other Current Liabilities	2,018,927	422,054	2,440,981	2,219,285
Compensated Absences	120,661	57,241	177,902	170,365
Long-Term Liabilities:				
Due Within One Year	170,485	183,405	353,890	368,511
Due In More Than One Year	2,446,860	1,369,068	3,815,928	4,743,730
Total Liabilities	<u>4,756,933</u>	<u>2,031,768</u>	<u>6,788,701</u>	<u>7,501,891</u>
NET ASSETS				
Invested In Capital Assets Net Of Related Debt	11,423,983	5,925,974	17,349,957	11,367,912
Restricted For:				
Capital Projects	4,964,903	0	4,964,903	4,431,622
Community Development Projects	5,105,235	0	5,105,235	4,969,903
Debt Service	827,089	0	827,089	1,149,102
Unrestricted	3,583,876	5,677,904	9,261,780	10,853,006
Total Net Assets	<u>25,905,086</u>	<u>11,603,878</u>	<u>37,508,964</u>	<u>32,771,545</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF NEWMAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010

Functions/Programs	Expenses
Primary Government:	
Governmental Activities:	
General Government	363,633
Public Safety	1,921,529
Public Works	904,314
Community Development	1,531,655
Culture And Leisure	89,414
Interest on Long-Term Debt	143,946
Total Governmental Activities	<u>4,954,491</u>
Business-Type Activities	
Water Services	1,047,262
Sewer Services	1,476,860
Total Business-Type Activities	<u>2,524,122</u>
Total Primary Government	<u><u>7,478,613</u></u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Program Revenues			Net (Expense) Revenue And Changes In Net Assets			
Fines, Fees And Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Primary Government		Total	
			Governmental Activities	Proprietary Activities	2011	2010
1,761,091	8,078	0	1,405,536	0	1,405,536	1,057,257
275,347	215,646	0	(1,430,536)	0	(1,430,536)	(1,853,589)
815,412	0	3,202,222	3,113,320	0	3,113,320	(17,953)
89,326	0	0	(1,442,329)	0	(1,442,329)	(1,817,690)
0	0	0	(89,414)	0	(89,414)	(88,436)
0	0	0	(143,946)	0	(143,946)	(151,606)
<u>2,941,176</u>	<u>223,724</u>	<u>3,202,222</u>	<u>1,412,631</u>	<u>0</u>	<u>1,412,631</u>	<u>(2,872,017)</u>
871,075	0	0	0	(176,187)	(176,187)	692
<u>2,397,567</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>920,707</u>	<u>920,707</u>	<u>856,867</u>
<u>3,268,642</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>744,520</u>	<u>744,520</u>	<u>857,559</u>
<u>6,209,818</u>	<u>223,724</u>	<u>3,202,222</u>	<u>1,412,631</u>	<u>744,520</u>	<u>2,157,151</u>	<u>(2,014,458)</u>
General Revenues:						
Taxes:						
Property Tax			1,106,467	0	1,106,467	1,219,152
Sales Tax			355,293	0	355,293	310,958
Motor Vehicle Tax			586,339	0	586,339	629,537
Franchise Tax			111,289	0	111,289	109,714
Other Taxes			277,939	0	277,939	384,634
Investment Earnings			88,510	54,432	142,942	155,399
Transfers			0	0	0	0
Total General Revenues And Transfers			<u>2,525,837</u>	<u>54,432</u>	<u>2,580,269</u>	<u>2,809,394</u>
Change In Net Assets			3,938,467	798,952	4,737,419	794,936
Net Assets - Beginning			<u>21,966,619</u>	<u>10,804,926</u>	<u>32,771,545</u>	<u>31,976,609</u>
Net Assets - Ending			<u>25,905,086</u>	<u>11,603,878</u>	<u>37,508,964</u>	<u>32,771,545</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

	<u>General</u>	<u>CDBG</u>	<u>Public Facility Improvement Fund</u>
Assets			
Cash And Investments	3,611,023	657,588	4,539,937
Cash with Fiscal Agent	0	0	0
Accounts Receivable	308,387	59,981	0
Loans Receivable	0	4,106,920	0
Prepaid Expenses	6,963	0	0
Total Assets	<u>3,926,373</u>	<u>4,824,489</u>	<u>4,539,937</u>
Liabilities			
Accounts Payable	212,971	0	4,167
Compensated Absences	0	0	0
Other Liabilities	683,015	0	0
Total Liabilities	<u>895,986</u>	<u>0</u>	<u>4,167</u>
Fund Balances			
Nonspendable	6,963	0	0
Restricted	0	4,824,489	0
Committed	0	0	4,535,770
Assigned	0	0	0
Unassigned	3,023,424	0	0
Total Fund Balances	<u>3,030,387</u>	<u>4,824,489</u>	<u>4,535,770</u>
Total Liabilities And Fund Balances	<u>3,926,373</u>	<u>4,824,489</u>	<u>4,539,937</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Redevelopment Capital Fund	Storm Drain Fund	Federal Grants	Other Funds	Total Governmental Funds	
				2011	2010
(383,562)	198,947	(177,648)	1,672,128	10,118,413	10,305,886
261,540	0	0	0	261,540	261,527
39,011	0	257,778	416,930	1,082,087	378,373
872,830	0	0	171,938	5,151,688	4,795,671
0	0	0	0	6,963	7,469
<u>789,819</u>	<u>198,947</u>	<u>80,130</u>	<u>2,260,996</u>	<u>16,620,691</u>	<u>15,748,926</u>
4,311	0	73,122	160,232	454,803	439,284
6,641	0	0	378	7,019	10,029
0	770,563	0	110,546	1,564,124	1,512,966
<u>10,952</u>	<u>770,563</u>	<u>73,122</u>	<u>271,156</u>	<u>2,025,946</u>	<u>1,962,279</u>
0	0	0	0	6,963	7,469
816,744	0	7,008	315,575	5,963,816	6,758,797
0	0	0	1,109,562	5,645,332	100,999
0	0	0	662,680	662,680	4,668,284
(37,877)	(571,616)	0	(97,977)	2,315,954	2,251,098
<u>778,867</u>	<u>(571,616)</u>	<u>7,008</u>	<u>1,989,840</u>	<u>14,594,745</u>	<u>13,786,647</u>
<u>789,819</u>	<u>198,947</u>	<u>80,130</u>	<u>2,260,996</u>	<u>16,620,691</u>	<u>15,748,926</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

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**CITY OF NEWMAN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2011**

Total fund balances - governmental funds 14,594,745

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	3,360,205	
Construction In Progress	795,678	
Infrastruture net of \$796,456 accumulated depreciation	2,710,201	
Buildings and Improvements, net of \$1,622,867 accumulated depreciation	6,162,610	
Equipment and Vehicles, net of \$1,799,446 accumulated depreciation	1,012,634	
Total capital assets		14,041,328

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	(2,617,345)	
Compensated absences	(113,642)	
Total long-term liabilities		(2,730,987)

Total net assets - governmental activities 25,905,086

**CITY OF NEWMAN
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

	<u>General</u>	<u>CDBG</u>	<u>Public Facility Improvement Fund</u>
Revenues			
Property Tax	535,607	0	0
Sales Tax	355,293	0	0
Other Tax And Franchises	717,883	0	0
Licenses And Permits	93,496	0	0
Fines And Forfeitures	163,965	0	0
Investment Earnings	25,343	8,689	31,130
Intergovernmental	35,453	0	0
Impact Fees	0	0	392,608
Service Charges And Miscellaneous	1,412,691	61,161	0
Total Revenues	<u>3,339,731</u>	<u>69,850</u>	<u>423,738</u>
Expenditures			
Current			
General Government	329,098	0	0
Public Safety	1,796,060	0	0
Public Works	617,072	0	8,324
Community Development	896,945	13,334	0
Culture And Leisure	76,699	0	0
Debt Service			
Principal	0	0	13,129
Interest & Other Charges	0	0	2,065
Capital Outlay	20,372	0	2,833
Total Expenditures	<u>3,736,246</u>	<u>13,334</u>	<u>26,351</u>
Excess (Deficiency) Of Revenues Over Expenditures	(396,515)	56,516	397,387
Other Financing Sources (Uses)			
Operating Transfers In	488,068	0	0
Operating Transfers Out	(40,000)	0	0
Total Other Financing Sources (Uses)	<u>448,068</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balances	51,553	56,516	397,387
Fund Balance - Beginning	<u>2,978,834</u>	<u>4,767,973</u>	<u>4,138,383</u>
Fund Balance- Ending	<u>3,030,387</u>	<u>4,824,489</u>	<u>4,535,770</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Redevelopment Agency Fund	Storm Drain Fund	Federal Grants	Other Funds	Total Governmental Funds	
				2011	2010
570,860	0	0	0	1,106,467	1,219,152
0	0	0	0	355,293	310,958
0	0	0	257,682	975,565	1,123,885
0	0	0	10,872	104,368	147,807
0	0	0	0	163,965	105,444
8,734	1,268	47	13,299	88,510	92,912
0	0	2,282,148	1,108,345	3,425,946	1,298,872
0	39,324	0	524,714	956,646	50,921
22,297	317	0	219,732	1,716,198	1,351,731
<u>601,891</u>	<u>40,909</u>	<u>2,282,195</u>	<u>2,134,644</u>	<u>8,892,958</u>	<u>5,701,682</u>
0	0	0	9,665	338,763	302,807
0	0	0	10,485	1,806,545	1,967,822
0	0	904	59,826	686,126	860,540
304,751	0	0	214,182	1,429,212	2,030,822
0	0	0	2,149	78,848	77,870
120,000	0	0	24,382	157,511	150,728
138,046	0	0	3,835	143,946	151,606
0	0	2,430,435	990,269	3,443,909	1,128,731
<u>562,797</u>	<u>0</u>	<u>2,431,339</u>	<u>1,314,793</u>	<u>8,084,860</u>	<u>6,670,926</u>
<u>39,094</u>	<u>40,909</u>	<u>(149,144)</u>	<u>819,851</u>	<u>808,098</u>	<u>(969,244)</u>
0	0	64,146	40,000	592,214	846,127
0	0	(80,163)	(472,051)	(592,214)	(820,627)
0	0	(16,017)	(432,051)	0	25,500
39,094	40,909	(165,161)	387,800	808,098	(943,744)
<u>739,773</u>	<u>(612,525)</u>	<u>172,169</u>	<u>1,602,040</u>	<u>13,786,647</u>	<u>14,730,391</u>
<u>778,867</u>	<u>(571,616)</u>	<u>7,008</u>	<u>1,989,840</u>	<u>14,594,745</u>	<u>13,786,647</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, 2011**

Net change in fund balances - total governmental funds 808,098

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 (\$3,443,909) exceeded depreciation (\$471,051) in the current period.

2,972,858

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.

157,511

Changes in net assets of governmental activities

3,938,467

**CITY OF NEWMAN
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

	2011				
	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)	2010 Actual
	Original	Final			
REVENUES					
Property Tax	499,500	484,500	535,607	51,107	567,554
Sales Tax	320,000	320,000	355,293	35,293	310,958
Other Tax And Franchise Fees	757,500	757,500	717,883	(39,617)	764,221
Licenses And Permits	88,150	88,150	93,496	5,346	137,843
Intergovernmental	37,000	37,000	35,453	(1,547)	33,538
Fines And Forfeitures	54,100	152,600	163,965	11,365	105,444
Investment Earnings	60,000	60,000	25,343	(34,657)	31,391
Service Charges And Miscellaneous	1,269,033	1,303,390	1,412,691	109,301	1,320,776
Total Revenues	<u>3,085,283</u>	<u>3,203,140</u>	<u>3,339,731</u>	<u>136,591</u>	<u>3,271,725</u>
EXPENDITURES					
General Government	351,738	353,238	329,098	(24,140)	284,323
Public Safety	1,968,945	1,966,245	1,796,060	(170,185)	1,964,135
Public Works	491,098	493,048	617,072	124,024	409,944
Community Development	777,166	837,166	896,945	59,779	872,429
Recreation And Leisure	78,271	84,271	76,699	(7,572)	77,870
Capital Outlay	0	45,400	20,372	(25,028)	0
Total Expenditures	<u>3,667,218</u>	<u>3,779,368</u>	<u>3,736,246</u>	<u>(43,122)</u>	<u>3,608,701</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>(581,935)</u>	<u>(576,228)</u>	<u>(396,515)</u>	<u>179,713</u>	<u>(336,976)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	358,307	462,807	488,068	25,261	345,299
Transfers Out	(40,000)	(40,000)	(40,000)	0	0
Total Other Financing Sources And (Uses)	<u>318,307</u>	<u>422,807</u>	<u>448,068</u>	<u>25,261</u>	<u>345,299</u>
Net Change In Fund Balance	<u>(263,628)</u>	<u>(153,421)</u>	<u>51,553</u>	<u>204,974</u>	<u>8,323</u>
Fund Balance - Beginning	<u>2,978,834</u>	<u>2,978,834</u>	<u>2,978,834</u>	<u>0</u>	<u>2,970,511</u>
Fund Balance - Ending	<u>2,715,206</u>	<u>2,825,413</u>	<u>3,030,387</u>	<u>204,974</u>	<u>2,978,834</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

	2011				
	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)	2010 Actual
	Original	Final			
General Government					
City Council	40,988	42,488	25,628	(16,860)	24,616
City Manager	120,000	120,000	133,616	13,616	118,928
City Clerk	69,606	69,606	51,617	(17,989)	31,458
Finance And Treasurer	121,144	138,844	123,477	(15,367)	109,321
Total General Government	<u>351,738</u>	<u>370,938</u>	<u>334,338</u>	<u>(36,600)</u>	<u>284,323</u>
Public Safety					
Police	1,868,076	1,893,076	1,713,677	(179,399)	1,881,267
Fire	100,869	100,869	89,949	(10,920)	82,868
Total Public Safety	<u>1,968,945</u>	<u>1,993,945</u>	<u>1,803,626</u>	<u>(190,319)</u>	<u>1,964,135</u>
Public Works					
Government Buildings	50,298	50,298	53,456	3,158	49,964
Government Auxiliary	63,685	63,685	228,199	164,514	80,139
Street Maintenance	230,807	232,307	203,126	(29,181)	159,037
Parks	146,308	146,758	139,857	(6,901)	120,804
Total Public Works	<u>491,098</u>	<u>493,048</u>	<u>624,638</u>	<u>131,590</u>	<u>409,944</u>
Community Development					
Planning	67,366	67,366	81,948	14,582	105,384
Building Regulation	51,500	51,500	94,713	43,213	118,538
Refuse Disposal	633,750	633,750	640,702	6,952	609,946
Corporation Yard	4,550	4,550	5,903	1,353	9,487
Engineering	20,000	80,000	73,677	(6,323)	29,074
Total Community Development	<u>777,166</u>	<u>837,166</u>	<u>896,943</u>	<u>59,777</u>	<u>872,429</u>
Recreation And Leisure					
Recreation	78,271	84,271	76,699	(7,572)	77,870
Total Culture And Leisure	<u>78,271</u>	<u>84,271</u>	<u>76,699</u>	<u>(7,572)</u>	<u>77,870</u>
Total General Fund	<u>3,667,218</u>	<u>3,779,368</u>	<u>3,736,244</u>	<u>(43,124)</u>	<u>3,608,701</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

	2011				
	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)	2010 Actual
	Original	Final			
REVENUES					
Interest Income	1,500	1,500	8,689	7,189	1,995
Program Income	282,092	332,317	61,161	(271,156)	1,121
Intergovernmental	0	0	0	0	243,455
Total Revenues	<u>283,592</u>	<u>333,817</u>	<u>69,850</u>	<u>(263,967)</u>	<u>246,571</u>
EXPENDITURES					
Supplies And Services	265,092	315,317	13,334	(301,983)	11,028
Total Expenditures	<u>265,092</u>	<u>315,317</u>	<u>13,334</u>	<u>(301,983)</u>	<u>11,028</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>18,500</u>	<u>18,500</u>	<u>56,516</u>	<u>38,016</u>	<u>235,543</u>
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	18,500	18,500	56,516	38,016	235,543
Fund Balance - Beginning	<u>4,767,973</u>	<u>4,767,973</u>	<u>4,767,973</u>	<u>0</u>	<u>4,532,430</u>
Fund Balance - Ending	<u>4,786,473</u>	<u>4,786,473</u>	<u>4,824,489</u>	<u>38,016</u>	<u>4,767,973</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

	2011				
	Budgeted Amounts		Actual	Variance	2010 Actual
	Original	Final		With Final Budget Over (Under)	
REVENUES					
Interest Income	20,000	20,000	31,130	11,130	35,144
Impact Fees	<u>378,716</u>	<u>378,716</u>	<u>392,608</u>	<u>13,892</u>	<u>43,128</u>
Total Revenues	<u>398,716</u>	<u>398,716</u>	<u>423,738</u>	<u>25,022</u>	<u>78,272</u>
EXPENDITURES					
Supplies And Services	0	0	8,324	8,324	21,336
Capital Outlay	0	0	2,833	2,833	0
Debt Service					
Principal	13,129	13,129	13,129	0	12,504
Interest & Other Charges	<u>2,065</u>	<u>2,065</u>	<u>2,065</u>	<u>0</u>	<u>2,689</u>
Total Expenditures	<u>15,194</u>	<u>15,194</u>	<u>26,351</u>	<u>11,157</u>	<u>36,529</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>383,522</u>	<u>383,522</u>	<u>397,387</u>	<u>13,865</u>	<u>41,743</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	383,522	383,522	397,387	13,865	41,743
Fund Balance - Beginning	<u>4,138,383</u>	<u>4,138,383</u>	<u>4,138,383</u>	<u>0</u>	<u>4,096,640</u>
Fund Balance - Ending	<u>4,521,905</u>	<u>4,521,905</u>	<u>4,535,770</u>	<u>13,865</u>	<u>4,138,383</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, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

	2011				
	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)	2010 Actual
	Original	Final			
REVENUES					
Property Taxes	585,480	585,480	570,860	(14,620)	651,598
Interest Income	2,100	2,100	8,734	6,634	5,820
Intergovernmental	400,000	0	0	0	0
Miscellaneous Revenues	20,000	20,000	22,297	2,297	25,071
Total Revenues	<u>1,007,580</u>	<u>607,580</u>	<u>601,891</u>	<u>(5,689)</u>	<u>682,489</u>
EXPENDITURES					
Salaries And Benefits	114,327	114,327	121,763	7,436	147,608
Supplies And Services	49,077	49,077	100,043	50,966	302,849
SERAF Shift	0	83,000	82,945	(55)	402,877
Pass Through To Others	50,000	50,000	0	(50,000)	49,613
Capital Outlay	0	0	0	0	57,669
Debt Service					
Principal	120,000	120,000	120,000	0	115,000
Interest & Other Charges	141,076	141,076	138,046	(3,030)	143,923
Total Expenditures	<u>474,480</u>	<u>557,480</u>	<u>562,797</u>	<u>5,317</u>	<u>1,219,539</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>533,100</u>	<u>50,100</u>	<u>39,094</u>	<u>(11,006)</u>	<u>(537,050)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	0	83,000	0	(83,000)	25,500
Transfers Out	(400,000)	(400,000)	0	400,000	(268,328)
Total Other Financing Sources And (Uses)	<u>(400,000)</u>	<u>(317,000)</u>	<u>0</u>	<u>317,000</u>	<u>(242,828)</u>
Net Change In Fund Balance	133,100	(266,900)	39,094	305,994	(779,878)
Fund Balance - Beginning	<u>739,773</u>	<u>739,773</u>	<u>739,773</u>	<u>0</u>	<u>1,519,651</u>
Fund Balance - Ending	<u>872,873</u>	<u>472,873</u>	<u>778,867</u>	<u>305,994</u>	<u>739,773</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, 2011
 WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

	2011				
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>	<u>2010</u>
	<u>Original</u>	<u>Final</u>		<u>With Final Budget Over (Under)</u>	
REVENUES					
Interest Income	785	785	1,268	483	1,342
Impact Fees	0	19,945	39,324	19,379	1,488
Service Charges And Miscellaneous	0	0	317	317	317
Total Revenues	<u>785</u>	<u>20,730</u>	<u>40,909</u>	<u>20,179</u>	<u>3,147</u>
EXPENDITURES					
Supplies And Services	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>785</u>	<u>20,730</u>	<u>40,909</u>	<u>20,179</u>	<u>3,147</u>
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	785	20,730	40,909	20,179	3,147
Fund Balance - Beginning	(612,525)	(612,525)	(612,525)	0	(615,672)
Fund Balance - Ending	<u>(611,740)</u>	<u>(591,795)</u>	<u>(571,616)</u>	<u>20,179</u>	<u>(612,525)</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
FEDERAL GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

	2011				
	Budgeted Amounts		Actual	Variance With Final Budget Over (Under)	2010 Actual
	Original	Final			
REVENUES					
Interest Income	0	0	47	47	44
Intergovernmental	<u>1,905,259</u>	<u>1,905,259</u>	<u>2,282,148</u>	<u>376,889</u>	<u>56,188</u>
Total Revenues	<u>1,905,259</u>	<u>1,905,259</u>	<u>2,282,195</u>	<u>376,936</u>	<u>56,232</u>
EXPENDITURES					
Supplies And Services	0	0	904	904	287
Capital Outlay	<u>2,520,337</u>	<u>2,670,337</u>	<u>2,430,435</u>	<u>(239,902)</u>	<u>87,970</u>
Total Expenditures	<u>2,520,337</u>	<u>2,670,337</u>	<u>2,431,339</u>	<u>(238,998)</u>	<u>88,257</u>
Excess (Deficiency) Of Revenues Over Expenditures	<u>(615,078)</u>	<u>(765,078)</u>	<u>(149,144)</u>	<u>615,934</u>	<u>(32,025)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	780,217	780,217	64,146	(716,071)	268,328
Transfers Out	<u>83,491</u>	<u>83,491</u>	<u>(80,163)</u>	<u>(163,654)</u>	<u>(63,792)</u>
Total Other Financing Sources And (Uses)	<u>863,708</u>	<u>863,708</u>	<u>(16,017)</u>	<u>(879,725)</u>	<u>204,536</u>
Net Change In Fund Balance	248,630	98,630	(165,161)	(263,791)	172,511
Fund Balance - Beginning	<u>172,169</u>	<u>172,169</u>	<u>172,169</u>	<u>0</u>	<u>(342)</u>
Fund Balance - Ending	<u>420,799</u>	<u>270,799</u>	<u>7,008</u>	<u>(263,791)</u>	<u>172,169</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS**

JUNE 30, 2011

WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010

Business-Type Activities-Enterprise Funds

	Sewer Fund	Water Fund	Totals	
			2011	2010
Assets				
Cash And Investments	4,202,543	1,497,440	5,699,983	7,441,390
Cash With Fiscal Agent	0	0	0	282,359
Accounts Receivable	263,798	83,563	347,361	320,608
Fixed Assets	8,826,908	2,858,346	11,685,254	9,541,527
Accumulated Depreciation	(3,347,954)	(985,302)	(4,333,256)	(4,100,494)
Work In Progress	89,835	146,469	236,304	9,340
Total Assets	10,035,130	3,600,516	13,635,646	13,494,730
Liabilities				
Accounts Payable	115,421	112,824	228,245	73,764
Customer Deposits	0	92,819	92,819	92,281
Compensated Absences	34,055	23,186	57,241	48,769
Other Liabilities	0	100,990	100,990	100,990
Loan Payable	973,859	36,614	1,010,473	1,800,000
Bond Payable	0	542,000	542,000	574,000
Total Liabilities	1,123,335	908,433	2,031,768	2,689,804
Net Assets				
Invested In Capital Assets, Net Of Related Debt	4,594,930	1,331,044	5,925,974	3,076,373
Restricted For Debt Service	0	0	0	282,359
Unrestricted	4,316,865	1,361,039	5,677,904	7,446,194
Total Net Assets	8,911,795	2,692,083	11,603,878	10,804,926

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2011
 WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

	Business-Type Activities-Enterprise Funds			
	Sewer Fund	Water Fund	Totals	
			2011	2010
Operating Revenues				
Service Charges	2,109,693	857,757	2,967,450	2,877,369
Miscellaneous Revenues	<u>112,710</u>	<u>31,815</u>	<u>144,525</u>	<u>101,625</u>
Total Operating Revenues	<u>2,222,403</u>	<u>889,572</u>	<u>3,111,975</u>	<u>2,978,994</u>
Operating Expenses				
Employee Services	481,582	410,058	891,640	798,868
Supplies And Services	742,990	528,456	1,271,446	1,302,006
Depreciation	<u>151,914</u>	<u>80,848</u>	<u>232,762</u>	<u>213,997</u>
Total Operating Expenses	<u>1,376,486</u>	<u>1,019,362</u>	<u>2,395,848</u>	<u>2,314,871</u>
Operating Income (Loss)	<u>845,917</u>	<u>(129,790)</u>	<u>716,127</u>	<u>664,123</u>
Nonoperating Revenues (Expenses)				
Investment Earnings	43,525	10,907	54,432	62,487
Connection Fees	42,358	(42,358)	0	216,036
Development Fees	132,806	23,861	156,667	106,928
Development Contribution	0	0	0	0
Interest Expense	(100,374)	(27,900)	(128,274)	(129,528)
Total Nonoperating Revenues (Expenses)	<u>118,315</u>	<u>(35,490)</u>	<u>82,825</u>	<u>255,923</u>
Income Before Transfers	<u>964,232</u>	<u>(165,280)</u>	<u>798,952</u>	<u>920,046</u>
Operating Transfer In	2,638,798	0	2,638,798	190,000
Operating Transfer Out	(2,638,798)	0	(2,638,798)	(215,500)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(25,500)</u>
Change In Net Assets	964,232	(165,280)	798,952	894,546
Total Net Assets - Beginning	<u>7,947,563</u>	<u>2,857,363</u>	<u>10,804,926</u>	<u>9,910,380</u>
Total Net Assets - Ending	<u>8,911,795</u>	<u>2,692,083</u>	<u>11,603,878</u>	<u>10,804,926</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2011
 WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

	Business-Type Activities-Enterprise Funds			
	Sewer Fund	Water Fund	Totals	
			2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts From Customers And Users	2,184,254	901,506	3,085,760	3,104,025
Payments To Suppliers	(659,692)	(457,272)	(1,116,963)	(1,290,087)
Payments To Employees	(476,094)	(407,075)	(883,169)	(797,525)
Net Cash Provided By Operating Activities	<u>1,048,468</u>	<u>37,159</u>	<u>1,085,627</u>	<u>1,016,412</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer Ins	2,638,798	0	2,638,798	190,000
Transfer Out	(2,638,798)	0	(2,638,798)	(215,500)
Net Cash Provided (Used) By Capital And Related Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>	<u>(25,500)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Connection Fees	42,358	(42,358)	0	216,035
Development Fees	132,806	23,861	156,667	106,928
Purchase Of Capital Assets	(2,092,726)	(204,737)	(2,297,463)	(819,066)
Principal Paid On Capital Debt	(862,755)	(32,000)	(894,755)	(211,000)
Interest Paid On Capital Debt	(100,374)	(27,900)	(128,274)	(129,828)
Net Cash Provided (Used) By Capital And Related Financing Activities	<u>(2,880,691)</u>	<u>(283,134)</u>	<u>(3,163,825)</u>	<u>(836,931)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received	<u>43,525</u>	<u>10,907</u>	<u>54,432</u>	<u>62,487</u>
Net Cash Provided By Investing Activities	<u>43,525</u>	<u>10,907</u>	<u>54,432</u>	<u>62,487</u>
Net Increase In Cash And Cash Equivalents	(1,788,698)	(235,068)	(2,023,766)	216,768
Cash And Equivalents, July 1	<u>5,991,241</u>	<u>1,732,508</u>	<u>7,723,749</u>	<u>7,506,981</u>
Cash And Equivalents, June 30	<u>4,202,543</u>	<u>1,497,440</u>	<u>5,699,983</u>	<u>7,723,749</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

Reconciliation Of Operating Income To Net Cash Provided (Used) By Operating Activities	Business-Type Activities-Enterprise Funds			
	Sewer Fund	Water Fund	Totals	
			2011	2010
Operating Income	845,917	(129,790)	716,127	664,123
Adjustments To Reconcile Operating Income To Net Cash Provided (Used) By Operating Activities				
Depreciation Expense	151,914	80,848	232,762	213,997
(Increase) Decrease In Accounts Receivable	(38,149)	11,396	(26,753)	96,659
Increase (Decrease) In Accounts Payable	83,298	71,183	154,481	11,917
Compensated Absences	5,488	2,984	8,472	1,344
Customer Deposits	0	538	538	28,372
Net Cash Provided (Used) By Operating Activities	<u>1,048,468</u>	<u>37,159</u>	<u>1,085,627</u>	<u>1,016,412</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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.

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

City of Newman(continued)

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.

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.

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

C. Measurement Focus, Basis of Accounting and Basis of Presentation(continued)

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 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.

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

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.

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

C. Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

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 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.

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

1. Cash and Investments (continued)

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.

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 January 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.

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

3. Property Taxes (continued)

Taxes become a lien on the property on January 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>

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.

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

6. Capital Assets (continued)

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.

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.

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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, fund balance is reported in classifications that comprise a hierarchy based on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are Non-spendable, Restricted, Committed, Assigned, and Unassigned. Non-spendable and Restricted fund balances represent the restricted classifications, and Committed, Assigned, and Unassigned represent the unrestricted classifications.

- Non-spendable fund balance includes amounts that cannot be spent because either 1) it is not in a spendable form, such as inventory or prepaid items or 2) legally or contractually required to be maintained intact.
- Restricted fund balance includes amounts that are constrained for specific purposes which are externally (outside the City) imposed by creditors, grantors, contributors, laws and regulations of other governments, or laws through constitutional provisions or enabling legislation.
- Committed fund balance includes amounts that are constrained for specified purpose that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned fund balance represents limitations imposed by management.
- Unassigned fund balance represents the residual net resources in excess of the other classifications. The General Fund is the only fund that can report a positive unassigned fund balance and any governmental fund can report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources, unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Within unrestricted resources, committed and assigned are considered spent (if available) before unassigned amounts.

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

9. Net Assets and Fund Equity (continued)

	General	CDBG	Public Facility Improv.	Redevelop- ment Capital	Storn Drain	Federal Grants	Other Funds	Totals
Fund Balances:								
Nonspendable	6,963	0	0	0	0	0	0	6,963
Restricted To:								
Capital Projects	0	0	0	0	0	7,008	14,077	21,085
Housing	0	0	0	816,744	0	0	171,938	988,682
Public Safety	0	0	0	0	0	0	0	0
Community Development	0	4,824,489	0	0	0	0	129,560	4,954,049
Committed To:								
Streets and Highway	0	0	0	0	0	0	682,544	682,544
Parks and Recreation	0	0	0	0	0	0	395,097	395,097
Housing	0	0	0	0	0	0	31,921	31,921
Public Safety	0	0	0	0	0	0	0	0
Community Development	0	0	0	0	0	0	0	0
Public Fac Improvements	0	0	4,535,770	0	0	0	0	4,535,770
Assigned To								
Streets and Highway	0	0	0	0	0	0	0	0
Transportation	0	0	0	0	0	0	0	0
Contingencies	0	0	0	0	0	0	200,666	200,666
Other Purposes	0	0	0	0	0	0	462,014	462,014
Unassigned	<u>3,023,424</u>	<u>0</u>	<u>0</u>	<u>(37,877)</u>	<u>(571,616)</u>	<u>0</u>	<u>(97,977)</u>	<u>2,315,954</u>
Total Fund Balances	<u>3,030,387</u>	<u>4,824,489</u>	<u>4,535,770</u>	<u>778,867</u>	<u>(571,616)</u>	<u>7,008</u>	<u>1,989,840</u>	<u>14,594,745</u>

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 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.

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

B. Deficit Fund Equity

For the year ended June 30, 2011, the following fund has a deficit fund balance:

Storm Drain Fund	\$571,616
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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, 2011 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and investments	15,818,396
Cash and investments held by bond trustee	<u>261,540</u>
Total cash and investments	<u>16,079,936</u>

Cash and investments as of June 30, 2011 consist of the following:

Cash on hand	1,000
Deposits with financial institutions	8,971,449
Investments in LAIF	<u>7,107,487</u>
Total cash and investments	<u>16,079,936</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
JUNE 30, 2011**

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 7.8 months.

		<u>Maturity Date</u>
State investment pool	<u>7,107,487</u>	7.8 months average maturity
Total	<u>7,107,487</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. 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).

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

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, 2011 is \$261,540 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.

B. Accounts Receivable

Receivables at June 30, 2011 for the City's individual major funds and non-major 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>Federal Grants</u>	<u>Non-Major Govern- mental</u>	<u>Total</u>
Governmental Activities:						
Utility Billing	87,247	0	0	0	0	87,247
Intergovernmental	168,845	59,981	39,011	257,778	416,930	942,545
Other	<u>52,295</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>52,295</u>
Total	<u>308,387</u>	<u>59,981</u>	<u>39,011</u>	<u>257,778</u>	<u>416,930</u>	<u>1,082,087</u>

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

B. Accounts Receivable (continued)

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Business-Type Activities:			
Utility Billing	83,563	163,941	247,504
Other	<u>0</u>	<u>99,857</u>	<u>99,857</u>
Total	<u>83,563</u>	<u>263,798</u>	<u>347,361</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, 2011 is \$4,106,920. Additional Loans Receivable of the Redevelopment Agency are as follows:

The Agency had the following loans receivables as of June 30, 2011:

Westside Village	377,790
Newman Family Apartments	300,000
Jose Reynose	160,000
West Side Theatre	20,000
Daniel Gray	<u>15,040</u>
Total	<u>872,830</u>

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, 2011 was \$377,790.

A 55 year loan was issued to Newman Family Apartments L.P a California Limited Partnership for \$300,000 on September 1, 2010 at a 3.00% interest rate. First payment is due May 1, 2012. The loan receivable balance as of June 30, 2011 was \$300,000.

A 10 year loan was issued to Jose Reynose for \$200,000 on June 24, 2009. The interest varies between 0% for two years, 3% for three years and 5.00% for the remainder of the loan. The loan receivable balance as of June 30, 2011 was \$160,000.

A 5 year loan was issued to West Side Theatre Foundation for \$20,000 on April 12, 2011. If the Foundation is not in default under the loan agreement, the loan principle will be forgiven. The interest rate is 0.0% unless default the 105 or higher rate then allowed by law. The loan receivable balance as of June 30, 2011 was \$20,000.

CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

C. Loans Receivable (continued)

A 5 year loan was issued to Daniel Gray for up to \$25,000 on April 1, 2011. The interest varies between 0% for the first year, 1.9% for the second year and 2.9% - 3.9% for the remainder of the loan. The loan receivable balance as of June 30, 2011 was \$15,040.

D. Evaluation of Subsequent Events

The City has evaluated subsequent events through November 15, 2011, the date which the financial statements were available to be issued. On July 29th, 2011 the City of Newman closed escrow on a building which will become the new location of the City Hall. The cost of the building was \$980,000 plus escrow/closing costs. The building is a 7500 sq. ft. two story located at 938 Fresno Street.

California Redevelopment Association along with League of California Cities and the cities of San Jose and Union City filed the initial petition on July 18, 2011, challenging the constitutionality of the state's plan to eliminate redevelopment agencies unless they agree to pay \$1.7 billion for FY 2011-12 and \$400 million in subsequent budget years. The central claim in the lawsuit is that AB 1x 26 and AB 1x 27 violate the California State Constitution, including Proposition 22, which was passed by 61 percent of California voters in November 2010. The California Supreme Court will hear oral arguments on November 10, 2011. A decision is expected to be reached before January 15, 2012, when the first payment under AB 1x 27 would be due.

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

E. Capital Assets

Capital asset activity for the year ended June 30, 2011 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	3,360,205	0	0	3,360,205
Construction in progress	<u>1,170,855</u>	<u>536,520</u>	<u>(911,697)</u>	<u>795,678</u>
Total capital assets not being depreciated	<u>4,531,060</u>	<u>536,520</u>	<u>(911,697)</u>	<u>4,155,883</u>
Capital assets being depreciated:				
Infrastructure	3,506,657	0	0	3,506,657
Equipment and vehicles	2,599,953	212,127	0	2,812,080
Building and improvements	<u>4,139,829</u>	<u>3,645,648</u>	<u>0</u>	<u>7,785,477</u>
Total capital assets being depreciated	<u>10,246,439</u>	<u>3,857,775</u>	<u>0</u>	<u>14,104,214</u>
Less accumulated depreciation for:				
Infrastructure	(672,735)	(123,721)	0	(796,456)
Equipment and vehicles	(1,614,889)	(184,557)	0	(1,799,446)
Building and improvements	<u>(1,460,094)</u>	<u>(162,773)</u>	<u>0</u>	<u>(1,622,867)</u>
Total accumulated depreciation	<u>(3,747,718)</u>	<u>(471,051)</u>	<u>0</u>	<u>(4,218,769)</u>
Net capital assets being depreciated	<u>6,498,721</u>	<u>3,386,724</u>	<u>0</u>	<u>9,885,445</u>
Total net capital assets - Governmental-type activities	<u>11,029,781</u>	<u>3,923,244</u>	<u>(911,697)</u>	<u>14,041,328</u>

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

Government Activities:

General Government	24,870
Public Safety	114,984
Public Works	218,188
Community Development	102,443
Culture And Leisure	<u>10,566</u>
Total Depreciation Expense – Government Activities	<u>471,051</u>

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

E. Capital Assets(continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital assets not being depreciated:				
Land	1,460,000	1,996,477	0	3,456,477
Construction in progress	<u>9,340</u>	<u>226,964</u>	<u>0</u>	<u>236,304</u>
Total capital assets not being depreciated	<u>1,469,340</u>	<u>2,223,441</u>	<u>0</u>	<u>3,692,781</u>
Capital assets being depreciated:				
Infrastructure	7,106,956	0	0	7,106,956
Equipment and vehicles	867,005	147,251	0	1,014,256
Building and improvements	<u>107,566</u>	<u>0</u>	<u>0</u>	<u>107,566</u>
Total capital assets being depreciated	<u>8,081,527</u>	<u>147,251</u>	<u>0</u>	<u>8,228,778</u>
Less accumulated depreciation for:				
Infrastructure	(3,318,480)	(183,135)	0	(3,501,615)
Equipment and vehicles	(698,177)	(44,445)	0	(742,622)
Building and improvements	<u>(83,837)</u>	<u>(5,182)</u>	<u>0</u>	<u>(89,019)</u>
Total accumulated depreciation	<u>(4,100,494)</u>	<u>(232,762)</u>	<u>0</u>	<u>(4,333,256)</u>
Net capital assets being depreciated	<u>3,981,033</u>	<u>(85,511)</u>	<u>0</u>	<u>3,895,522</u>
Total net capital assets - Business-type activities	<u>5,450,373</u>	<u>2,137,930</u>	<u>0</u>	<u>7,588,303</u>

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

Business- Type Activities:

Water	80,848
Sewer	<u>151,914</u>
Total Depreciation Expense – Business-Type Activities	<u>232,762</u>

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

F. Transfers

Interfund transfers for the year ended June 30, 2011 consisted of the following amounts:

Fund	Transfer In	Transfer Out
General Fund	488,068	40,000
Federal Grants	64,146	0
Employee Home Loan	40,000	0
COPS Grant	0	149,536
Federal Grants	0	80,163
Gas Tax	0	258,369
Local Transportation	0	64,146
Total	592,214	592,214

G. Long-Term Debt

Long-term debt consists of the following:

Governmental-Type Activities:

Fire Truck Purchase

The City purchased a Pierce F in September 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 \$80,731 as of June 30, 2011.

Year Ending June 30	Principal	Interest	Total
2012	39,383	4,028	43,411
2013	41,348	2,063	43,411
Total	80,731	6,091	86,822

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

G. Long-Term Debt (continued)

Certificates of Participation

In the year ended June 30, 1997 the City issued tax allocation project and housing bonds. The bonds payable were \$2,500,000 as of June 30, 2011.

Year Ending June 30	Principal	Interest	Total
2012	125,000	131,798	256,798
2013	125,000	125,298	250,298
2014	130,000	118,571	248,571
2015	135,000	111,515	246,515
2016	145,000	103,953	248,953
2017-2021	695,000	402,825	1,097,825
2022-2026	785,000	203,847	988,847
2027-2028	360,000	19,619	379,619
	<u>2,500,000</u>	<u>1,217,426</u>	<u>3,717,426</u>

Springbrook Accounting Software Purchase

The City purchased Springbrook Accounting Software in May 2011 from Springbrook Software Inc. for \$142,191. The purchase price was split three ways with Water, Sewer and General Fund. Repayment will be made in yearly installments, the first year of \$18,307 at a 0% and the remaining payments at \$21,140 at a 5% rate of interest. The loan matures in May 2017. The General Fund principal balance was \$36,614 as of June 30, 2011.

Year Ending June 30	Principal	Interest	Total
2012	6,102	0	6,102
2013	5,521	1,526	7,047
2014	5,797	1,250	7,047
2015	6,087	960	7,047
2016	6,391	655	7,046
2017	6,716	335	7,051
	<u>36,614</u>	<u>4,726</u>	<u>41,340</u>

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

G. Long-Term Debt (continued)

Business-Type Activities:

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, 2011 is \$542,000.

Year Ending June 30	Principal	Interest	Total
2012	34,000	26,250	60,250
2013	36,000	24,500	60,500
2014	38,000	22,650	60,650
2015	39,000	20,725	59,725
2016	41,000	18,725	59,725
2017-2021	240,000	57,110	297,110
2022-2026	114,000	5,800	119,800
	<u>542,000</u>	<u>175,760</u>	<u>717,760</u>

Certificates of Participation

The City issued certifications of participation in May 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%. This was refinanced in 2011, which paid down the bond payable and set the interest rate at 3.9% for the remainder of the payments. The bonds payable as of June 30, 2011 is \$937,245.

Year Ending June 30	Principal	Interest	Total
2012	137,200	39,914	177,114
2013	145,900	31,399	177,299
2014	156,400	25,709	182,109
2015	161,500	19,609	181,109
2016	166,100	13,311	179,411
2017	170,145	6,833	176,978
Total	<u>937,245</u>	<u>136,775</u>	<u>1,074,020</u>

CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

G.Long-Term Debt (continued)

Springbrook Accounting Software Purchase

The City purchased Springbrook Accounting Software in May 2011 from Springbrook Software Inc. for \$142,191. The purchase price was split three ways with Water, Sewer and General Fund. Repayment will be made in yearly installments, the first year of \$18,307 at a 0% and the remaining payments at \$21,140 at a 5% rate of interest. The loan matures in May 2017. The Water and Sewer Fund principal balance is \$73,229 split evenly as of June 30, 2011.

Year Ending June 30	Principal	Interest	Total
2012	12,204	0	12,204
2013	11,042	3,052	14,094
2014	11,594	2,500	14,094
2015	12,174	1,920	14,094
2016	12,782	1,310	14,092
2017	13,433	670	14,103
	<u>73,229</u>	<u>9,452</u>	<u>82,681</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, 2011:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities:					
Loans Payable	118,242	0	(37,511)	80,731	39,383
Certificate of Participation	2,620,000	0	(120,000)	2,500,000	125,000
Springbrook Software Note	0	36,614		36,614	6,102
Compensated Absences	121,372	0	(711)	120,661	0
Long-term liabilities of Governmental Activities:	<u>2,859,614</u>	<u>36,614</u>	<u>(158,222)</u>	<u>2,738,006</u>	<u>170,485</u>

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

G. 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	574,000	0	(32,000)	542,000	34,000
Certificate of Participation (Refinanced)	1,800,000	0	(862,755)	937,245	137,200
Springbrook Software Note	0	73,229		73,229	12,205
Compensated Absences	<u>48,719</u>	<u>8,522</u>	<u>0</u>	<u>57,241</u>	<u>0</u>
Long-term liabilities of Governmental Activities:	<u>2,422,719</u>	<u>81,751</u>	<u>(894,755)</u>	<u>1,609,715</u>	<u>183,405</u>

H. Payables And Other Liabilities

Payables at June 30, 2011 for the City's individual major funds and nonmajor funds in the aggregate are as follows:

	<u>General</u>	<u>Storm Drain</u>	<u>Public Facility Improv</u>	<u>Federal Grants</u>	<u>Redevelop- ment Agency</u>	<u>Non- major Govern- mental</u>	<u>Total</u>
Governmental Activities:							
Vendors	212,971	0	4,167	73,122	4,311	160,232	454,803
Compensated Absences Developer	0	0	0	0	6,641	378	7,019
Deposits	<u>683,015</u>	<u>770,563</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>110,546</u>	<u>1,564,124</u>
Total	<u>895,986</u>	<u>770,563</u>	<u>4,167</u>	<u>73,122</u>	<u>10,952</u>	<u>271,156</u>	<u>2,025,946</u>

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

H. Payables And Other Liabilities (continued)

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Business-Type Activities:			
Vendors	112,824	115,421	228,245
Customer Deposits	92,819	0	92,819
Developer Deposits	100,990	0	100,990
Total	<u>306,633</u>	<u>115,421</u>	<u>422,054</u>

I. StanislausCounty Supplemental Education Revenue Augmentation Fund (SERAF)

On February 9, 2010 the Agency Board of Directors authorizing a loan of \$402,877 (the LMIHF Loan) from the Housing Fund to the Redevelopment Fund at 0% interest. The purpose for this loan was to comply with State Legislation ABX4-26 which among other things required the Redevelopment Agency to make payments to the Stanislaus County Supplemental Education Revenue Augmentation Fund (SERAF). Statute allows for the Agency to borrow funds from its Low and Moderate Income Housing Fund if there are insufficient other monies to make the required payment. An additional \$82,945 was loan in 2011, for a total of \$485,822.

According to SB68 the Redevelopment Fund until 2015 to repay the May 2010 payment (\$402,822) and until 2016 to repay the payment that will be made in May 2011 of 82,945. Redevelopment monies come from tax increments. With the recent reduction in housing prices the Agency needs to look at the newly reduced tax increments. Should the values fall to the Redevelopment inception date levels there would be little to no tax increment. In the near future, most likely prior to the second SERAF payment, the Agency will have more information from which to create a more accurate repayment schedule. Currently the Agency is planning to repay the loan prior to the 5 year deadline to avoid incurring any interest charges.

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, 2011**

A. Risk Management (continued)

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, 2010, are presented below:

Total Assets	<u>67,337,173</u>
Total Liabilities	55,453,249
Total Net Assets	<u>11,883,924</u>
Total Liabilities & Retained Earnings	<u>67,337,173</u>
Total Revenues for Year	32,727,775
Total Expenses for Year	<u>30,147,304</u>
Net Income for Year	<u>2,580,471</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.

CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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 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 8% (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 17.444% for non-safety employees, 26.923% of police employees, of annual covered payroll.

For June 30, 2011, the City's annual pension cost was \$369,861 due to excess PERS funds determined as part of the June 30, 2008, 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, 2008, 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>
06/30/09	\$376,800	100%	0
06/30/10	\$400,072	100%	0
06/30/11	\$369,891	100%	0

D. New Accounting Pronouncements

The following new Governmental Accounting Standards Board (GASB) statement was implemented effective for periods beginning after June 15, 2010:

**CITY OF NEWMAN
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011**

D. New Accounting Pronouncements (continued)

GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, established new fund balance classifications for governmental funds. It changed the previous terminology of Reserved and Unreserved to five new classifications, which are Non-spendable, Restricted, Committed, Assigned, and Unassigned.

GASB Statement 54 added additional note disclosures for the new classifications and refined the definitions of the various governmental fund types. For more information concerning this change, see the Fund Balance Policies note.

The following tables illustrate the reclassification of fund balances:

Fund Balances as of June 30, 2010

	General	CDBG	Public Facility Improve.	Redevelop- ment Capital	Storn Drain	Other Funds	Totals
Fund Balances:							
Reserved	0	0	0	0	0	0	0
Unreserved	2,978,834	4,767,973	4,138,383	739,773	(612,525)	1,774,209	13,786,647
Total Fund Balances	<u>2,978,834</u>	<u>4,767,973</u>	<u>4,138,383</u>	<u>739,773</u>	<u>(612,525)</u>	<u>1,774,209</u>	<u>13,786,647</u>

Fund Balances Reclassification as of June 30, 2010

	General	CDBG	Public Facility Improve.	Redevelop- ment Capital	Storn Drain	Other Funds	Totals
Fund Balances:							
Nonspendable	7,469	0	0	0	0	0	7,469
Restricted	0	4,767,973	0	766,610	0	1,224,214	6,758,797
Committed	0	0	0	0	0	100,999	100,999
Assigned	0	0	4,138,383	0	0	529,901	4,668,284
Unassigned	2,971,365	0	0	(26,837)	(612,525)	(80,905)	2,251,098
Total Fund Balances	<u>2,978,834</u>	<u>4,767,973</u>	<u>4,138,383</u>	<u>739,773</u>	<u>(612,525)</u>	<u>1,774,209</u>	<u>13,786,647</u>

**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.

Abandon Vehicle Fund- To account for money received by the Police Department for the disposal of abandon vehicles.

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.

Employee Home Loan Fund- To account for funds set aside for City of Newman employees home loan program..

K-9 Fund- To account for donations made to the City for the purpose of the police K-9 Units.

COPS Grant Fund- To account for grant funds for police services.

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.

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.

County CDBG Fund- To account for various repayments received from the Stanislaus County. Refunds are for various public works and community development projects.

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.

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**COMBINING FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS**

Special Revenue Funds

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.

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

**CITY OF NEWMAN
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2011
 WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

	Special Revenue			
	Program Income Misc. Fund	Park Facility Fee Fund	State Grants Fund	Abandoned Vehicle Program
Assets				
Cash And Investments	1,596	505,643	(108,254)	14,901
Cash with Fiscal Agent	0	0	0	0
Accounts Receivable	0	0	10,277	0
Loans Receivable	0	0	0	0
Due From Other Funds	0	0	0	0
Total Assets	<u>1,596</u>	<u>505,643</u>	<u>(97,977)</u>	<u>14,901</u>
Liabilities And Fund Balances				
Liabilities				
Accounts Payable	0	0	0	0
Compensated Absences	0	0	0	105
Other Liabilities	0	110,546	0	0
Due To Other Funds	0	0	0	0
Total Liabilities	<u>0</u>	<u>110,546</u>	<u>0</u>	<u>105</u>
Fund Balances				
Reserved	0	0	0	0
Unreserved	1,596	395,097	(97,977)	14,796
Total Fund Balances	<u>1,596</u>	<u>395,097</u>	<u>(97,977)</u>	<u>14,796</u>
Total Liabilities And Fund Balances	<u>1,596</u>	<u>505,643</u>	<u>(97,977)</u>	<u>14,901</u>

Special Revenue

Gas Tax Fund	Employee Home Loan Fund	K-9 Fund	COPS Grant Fund	Asset Forfeit Fund	Local Transportation Fund	County CDBG Construction Fund
0	31,921	0	(25,004)	992	682,544	(200,431)
0	0	0	0	0	0	0
0	0	0	25,004	0	0	343,560
0	171,938	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>203,859</u>	<u>0</u>	<u>0</u>	<u>992</u>	<u>682,544</u>	<u>143,129</u>
0	0	0	0	0	0	129,052
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>129,052</u>
0	0	0	0	0	0	0
0	203,859	0	0	992	682,544	14,077
0	203,859	0	0	992	682,544	14,077
<u>0</u>	<u>203,859</u>	<u>0</u>	<u>0</u>	<u>992</u>	<u>682,544</u>	<u>143,129</u>

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**CITY OF NEWMAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

Special Revenue

	Business License Surcharge Fund	Lighting Landscape District Fund	Contingency Fund	Capital Repair Replacement Fund	Total Non-Major Special Revenue Funds	
					2011	2010
Assets						
Cash And Investments	12,212	106,261	200,666	449,081	1,672,128	1,763,186
Cash with Fiscal Agent	0	0	0	0	0	0
Accounts Receivable	0	22,628	0	15,461	416,930	162,659
Loans Receivable	0	0	0	0	171,938	142,600
Due From Other Funds	0	0	0	0	0	0
Total Assets	12,212	128,889	200,666	464,542	2,260,996	2,068,445
Liabilities And Fund Balances						
Liabilities						
Accounts Payable	1,867	13,852	0	15,461	160,232	181,433
Compensated Absences	0	273	0	0	378	390
Other Liabilities	0	0	0	0	110,546	112,413
Due To Other Funds	0	0	0	0	0	0
Total Liabilities	1,867	14,125	0	15,461	271,156	294,236
Fund Balances						
Reserved	0	0	0	0	0	0
Unreserved	10,345	114,764	200,666	449,081	1,989,840	1,774,209
Total Fund Balances	10,345	114,764	200,666	449,081	1,989,840	1,774,209
Total Liabilities And Fund Balances	12,212	128,889	200,666	464,542	2,260,996	2,068,445

**CITY OF NEWMAN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2011
 WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

Special Revenue

	Program Income Misc. Fund	Park Facility Fee Fund	State Grants Fund	Abandoned Vehicle Program
Revenues				
Investment Earnings	11	2,347	0	89
Intergovernmental	0	0	370,781	8,078
Property Taxes	0	0	0	0
Other Taxes	0	0	0	0
Impact Fees	0	312,760	0	0
Licenses And Permits	0	0	0	0
Service Charges And Miscellaneous	0	0	0	0
Total Revenues	11	315,107	370,781	8,167
Expenditures				
General Government	0	0	0	0
Public Safety	0	0	0	4,613
Public Works	0	0	4,915	0
Community Development	0	0	0	0
Culture And Leisure	0	0	0	0
Debt Service				
Principal	0	0	0	0
Interest & Other Charges	0	0	0	0
Capital Outlay	0	0	382,938	0
Total Expenditures	0	0	387,853	4,613
Excess(Deficiency) Of Revenues Over Expenditures	11	315,107	(17,072)	3,554
Other Financing Sources (Uses)				
Operating Transfers In	0	0	0	0
Operating Transfers Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change In Fund Balances	11	315,107	(17,072)	3,554
Fund Balance - Beginning	1,585	79,990	(80,905)	11,242
Fund Balance - Ending	1,596	395,097	(97,977)	14,796

Special Revenue

Gas Tax Fund	Employee Home Loan Fund	K-9 Fund	COPS Grant Fund	Asset Forfeit Fund	Local Transportation Fund	County CDBG Construction Fund	Business License Surcharge Fund
687	250	0	619	7	4,724	43	284
0	0	0	100,030	0	250,067	379,389	0
0	0	0	0	0	0	0	0
257,682	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	10,872
0	0	0	0	0	108	0	0
<u>258,369</u>	<u>250</u>	<u>0</u>	<u>100,649</u>	<u>7</u>	<u>254,899</u>	<u>379,432</u>	<u>11,156</u>
0	0	0	0	0	0	0	2,830
0	0	1	0	0	0	0	0
0	0	0	0	0	0	54,911	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	161,850	391,735	0
0	0	1	0	0	161,850	446,646	2,830
<u>258,369</u>	<u>250</u>	<u>(1)</u>	<u>100,649</u>	<u>7</u>	<u>93,049</u>	<u>(67,214)</u>	<u>8,326</u>
0	40,000	0	0	0	0	0	0
(258,369)	0	0	(149,536)	0	(64,146)	0	0
(258,369)	40,000	0	(149,536)	0	(64,146)	0	0
0	40,250	(1)	(48,887)	7	28,903	(67,214)	8,326
0	163,609	1	48,887	985	653,641	81,291	2,019
0	203,859	0	0	992	682,544	14,077	10,345

**CITY OF NEWMAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011
WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2010**

Special Revenue

	Lighting Landscape District Fund	Contingency Fund	Capital Repair Replacement Fund	Total Non-Major Special Revenue Funds	
				2011	2010
Revenues					
Investment Earnings	629	1,445	2,164	13,299	17,220
Intergovernmental	0	0	0	1,108,345	1,021,879
Property Taxes	0	0	0	0	0
Other Taxes	0	0	0	257,682	359,664
Impact Fees	211,954	0	0	524,714	6,305
Licenses And Permits	0	0	0	10,872	9,964
Service Charges And Miscellaneous	1,979	0	217,645	219,732	4,446
Total Revenues	214,562	1,445	219,809	2,134,644	1,419,478
Expenditures					
General Government	0	5	6,830	9,665	18,484
Public Safety	0	0	5,871	10,485	3,687
Public Works	0	0	0	59,826	429,260
Community Development	214,182	0	0	214,182	244,418
Culture And Leisure	0	0	2,149	2,149	0
Debt Service					
Principal	0	0	24,382	24,382	23,224
Interest & Other Charges	0	0	3,835	3,835	4,994
Capital Outlay	0	0	53,746	990,269	1,071,062
Total Expenditures	214,182	5	96,813	1,314,793	1,795,129
Excess(Deficiency) Of Revenues Over Expenditures	380	1,440	122,996	819,851	(375,651)
Other Financing Sources (Uses)					
Operating Transfers In	0	0	0	40,000	475,328
Operating Transfers Out	0	0	0	(472,051)	(552,299)
Total Other Financing Sources (Uses)	0	0	0	(432,051)	(76,971)
Net Change In Fund Balances	380	1,440	122,996	387,800	(452,622)
Fund Balance - Beginning	114,384	199,226	326,085	1,602,040	2,226,831
Fund Balance - Ending	114,764	200,666	449,081	1,989,840	1,774,209

CITY OF NEWMAN
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2011

FEDERAL GRANTOR/PASS- THROUGH GRANTOR/ PROGRAM TITLE	Federal CFDA Number	Pass-Through Grantor's Number	Program or Award Amount	Federal Expenditures
U.S. Department of Transportation				
Passed Through State of California:				
ARRA Stimulus	20.507	N/A	2,201,985	2,201,985
U.S. Department of Transportation				
CMAQ Grant	20.509	N/A	<u>161,850</u>	<u>161,850</u>
Total U.S. Department of Transportation			<u>2,363,835</u>	<u>2,363,835</u>
U.S. Department of Justice				
COPS Recovery Hiring Program grant	16.738	N/A	280,314	80,163
Local Law Enforcement Block Grant	16.710	N/A	<u>100,030</u>	<u>100,030</u>
Total U.S. Department Of Justice			<u>380,344</u>	<u>180,193</u>
Total Expenditures of Federal Awards			<u>2,744,179</u>	<u>2,544,028</u>

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS

**CITY OF NEWMAN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011**

SUMMARY OF AUDITOR'S RESULTS

1. Type of report issued on the financial statements – Unqualified
2. Significant deficiencies in internal control disclosed by the audit of the financial statements and any such conditions that are material weaknesses– None
3. Disclosure of any noncompliance which are material to the financial statements - None
4. Disclosure of any significant deficiencies in internal control over major programs and any such conditions that are material weaknesses – None
5. Type of report issued on compliance for major programs – Unqualified
6. Audit findings relative to the major federal programs – None
7. Major programs are as follows: ARRA Stimulus, U.S. Department of Transportation (Passed through State of California) CFDA numbers 20.507 and CMAQ Grant, U.S. Department of Transportation, CFDA numbers 20.509
8. Expenses in excess of \$300,000 was used as the threshold to distinguish between Type A and Type B programs

FINDINGS - FINANCIAL STATEMENT AUDIT

Findings relating to financial statements which are required to be reported – None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS

Findings relating to major federal award programs which are required to be reported – None

PRIOR YEAR'S FINDINGS - None

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Cathy L. Galwood, EA

Constance Lynn Bird, CPA
Sara Geer, EA

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

To The City Council
City of Newman
State of California

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Newman, State of California, as of and for the year ended June 30, 2011 which collectively comprise the City of Newman, State of California's basic financial statements and have issued our report thereon dated November 15, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Newman, State of California's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Newman, State of California's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Newman, State of California's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties

Clendenin Bird & Company,
CLENDENIN BIRD & COMPANY, PC

Modesto, California
November 15, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To The City Council
City of Newman
State of California

We have audited City of Newman, State of California's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Newman, State of California's major federal programs for the year ended June 30, 2011. City of Newman, State of California's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Newman, State of California's management. Our responsibility is to express an opinion on City of Newman, State of California's compliance based on our audit

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Newman, State of California's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Newman, State of California's compliance with those requirements.

In our opinion, City of Newman, State of California, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of City of Newman, State of California, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Newman, State of California's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Newman, State of California's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

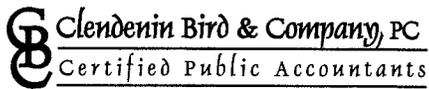
This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clendenin Bird & Company,

CLENDENIN, BIRD & COMPANY, PC

Modesto, California

November 15, 2011



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**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, 2011, and have issued our report thereon dated November 15, 2011. 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,
CLENDENIN BIRD & COMPANY, PC

Modesto, California
November 15, 2011

Honorable Mayor and Members
of the Newman City Council

Agenda Item: **10.b.**
City Council Meeting
of December 13, 2011

**AUTHORIZE CITY MANAGER TO EXECUTE A CONTRACT WITH
THE PLANNING CENTER | DC&E FOR PLANNING SERVICES**

RECOMMENDATION:

Staff recommends the Council authorize the City Manager to enter into a contract with The Planning Center | DC&E for contract Planning Services.

BACKGROUND:

In 2010, the City Council adopted Resolution 2010-71 Approving The Application For Grant Funds For The Sustainable Communities Planning Grant And Incentives Program Under The Safe Drinking Water, Water Quality And Supply, Flood Control, River And Coastal Protection Bond Act Of 2006 (Proposition 84).

The submitted County-wide proposal requested a total of \$1,115,000 to be distributed equally among the ten municipal jurisdictions to implement the Stanislaus County Sustainability Toolbox, a collaborative effort to implement a variety of specific actions and activities that will provide a comprehensive regional template that that can be utilized by each jurisdiction for the updating and creation of short and long term planning documents. Newman's portion of the toolbox is known as "Component 4"; Non-Motorized Transportation Plan and Policies. Stanislaus County was successful in its grant application and was awarded \$1,000,000.00.

ANALYSIS:

Given that grant funds are now available for expenditure, the City intends to initiate the preparation of a model Non-Motorized Transportation Plan that will include policies and implementation measures that would be effective in individual neighborhood designs, applicable to both small communities and to designated areas of larger cities. It is envisioned that the City of Newman's Non-Motorized Transportation Plan will result in a greater number of individuals freely choosing alternative transportation modes (walking, bicycling, etc.), which will lead to healthier lifestyles, improved air and water quality, and a safer, more sustainable community.

Given that The Planning Center | DC&E prepared the City's General Plan and EIR, staff believes that they are the best consultant for preparation of a Non-Motorized Transportation Plan. An RFP is not required for contract services such as this.

FISCAL IMPACT:

None, the Sustainable Communities Planning Grant and Incentives Program has awarded the City of Newman with \$87,628.19 to prepare the plan.

CONCLUSION:

In order to meet the requirements of the grant, the City must complete a Non-Motorized Transportation Plan. The Planning Center | DC&E is the most logical choice given their experience with and knowledge of the City of Newman. Thereby, staff recommends that the City Council authorize the City Manager to enter into a contract with The Planning Center | DC&E for contract Planning Services in relation to the preparation of a Non-Motorized Transportation Plan.

ATTACHMENTS:

1. Exhibit A – Sample Consultant Agreement

Respectfully submitted,



Stephanie Ocasio
Assistant Planner

REVIEWED/CONCUR



Michael Holland
City Manager

1 projects; and (d) coordinate with City and associated representatives.

2 CONSULTANT shall provide all labor, equipment, material and
3 supplies required or necessary to properly, competently and completely
4 perform the work or render the services under this Agreement.
5 CONSULTANT shall determine the method, details and means of doing the
6 work or rendering the services.

7 All plans, surveys, reports, drawings, calculations, specifications
8 and other documents prepared by Consultant pursuant to this agreement
9 shall be the property of City. The parties acknowledge and agree that
10 the documents produced pursuant to this agreement are produced for hire.

11 2. Compensation

12 Compensation shall be on a _____ basis, based on the work
13 described immediately above and pursuant to the fee schedule attached
14 hereto and made a part hereof (Exhibit A).

15 3. Term and Time For Completion

16 This Agreement shall become effective on the date first hereinabove
17 written and will continue in effect until the services provided herein
18 have been completed, unless sooner terminated as provided in Paragraph
19 8.

20 4. Payment For Services

21 CONSULTANT shall submit to CITY monthly itemized bills for the
22 services rendered. If the work is satisfactorily completed, CITY shall
23 pay such bill within thirty (30) days of its receipt. Should CITY
24 dispute any portion of any bill, CITY shall pay the undisputed portion
25 within the time stated above, and at same time advise CONSULTANT in
26 writing of the disputed portion.

27 5. Compliance With Laws

1 CONSULTANT agrees that it shall conduct its work and perform its
2 services in compliance with all laws and regulations of STANISLAUS
3 County, California, and any officer, department or agency thereof, as
4 well as other laws and regulations as may be applicable thereto,
5 including obtaining a business license in the CITY.

6 6. Errors and Omissions Insurance

7 CONSULTANT shall have such errors and omissions insurance as shall
8 protect CITY, it's officers, directors, employees and agents from claims
9 based on alleged errors or negligent acts or omissions which may arise
10 from CONSULTANT's operations or performance under this Agreement, whether
11 claims be made during or subsequent to the term of this Agreement, and
12 whether such operations or performance be by CONSULTANT or its
13 employees, consultants, agents or anyone else directly or indirectly
14 employed by any of the foregoing. The amount of this insurance shall
15 not be less than \$1,000,000.

16 Said policy shall be continued in full force and effect during the
17 term of this Agreement and for a period of five (5) years following the
18 completion of the services provided for in this Agreement. In the event
19 of termination of said policy, new coverage shall be obtained for the
20 required period to insure for the prior acts of CONSULTANT during the
21 course of performing services under the terms of this Agreement.

22 CONSULTANT shall provide to CITY a certificate of insurance on a
23 form acceptable to CITY indicating the deductible or self-retention
24 amounts and the expiration date of said policy, and shall provide
25 renewal certificates within ten (10) days after expiration of each
26 policy term.

27

28

1 7. General Insurance

2 CONSULTANT shall, at its expense, maintain in effect at all times
3 during the duration of this Agreement not less than the following
4 coverage and limits of insurances:

5 A. Workers Compensation CONSULTANT shall carry such insurance as
6 will protect CITY and CONSULTANT from claims under Worker's
7 Compensation and Employers' Liability Acts; such insurance to
8 be maintained as to the type and amount in strict compliance
9 with State statutes. This insurance shall also waive all
10 right to subrogation against CITY, its employees, directors,
11 officers and agents.

12 B. General Liability. CONSULTANT shall obtain and keep in full
13 force and effect general liability insurance including
14 provisions for contractual liability, personal injury,
15 independent consultants and broad form property damage
16 coverages. This insurance shall be on a comprehensive
17 occurrence basis form with a stand cross liability clause or
18 endorsement. The limit for this insurance shall be no less
19 than \$1,000,000 per occurrence for bodily injury, personal
20 injury and property damage. If commercial General Liability
21 Insurance or other form with a general aggregate limit is
22 used, either the general aggregate limit shall apply
23 separately to this project/location or the general aggregate
24 limit shall be twice the required occurrence limit.

25 C. Automobile Liability. CONSULTANT shall maintain automobile
26 liability insurance with coverage for any vehicle including
27

1 those owned, leased, rented or borrowed. This insurance shall
2 have a standard cross liability clause or endorsement. The
3 limit amount for this insurance shall be no less than
4 \$1,000,000 per occurrence combined single limit for bodily
5 injury and property damage.

6 D. Certificates of Insurance. Promptly upon execution of this
7 Agreement and prior to commencement of any work, CONSULTANT
8 shall provide CITY with certificates of insurance evidencing
9 that all insurance and/or endorsements required by this
10 Agreement have been obtained and are in full force and effect.

11 Approval of the insurance by CITY shall not relieve or
12 decrease any liability of CONSULTANT. The certificates and
13 policies shall provide that thirty (30) days' written notice
14 of any material change, reduction in coverage or cancellation
15 of the insurance policies will be provided to CITY. In
16 addition, in the event any change is made in the insurance
17 carrier, policies or nature of coverage required under this
18 Agreement, CONSULTANT shall notify CITY prior to making such
19 changes.

20 Such insurance shall include a provision for endorsement
21 naming CITY, its officers, directors, employees and agents as
22 additional insured's with respect to liability arising out of
23 the performance of any work under this Agreement, and
24 providing that such insurance is primary insurance with
25 respect to the interest of CITY and that any other insurance
26 maintained by CITY is excess and not contributing insurance
27

1 with the insurance required hereunder.

2 8. Indemnification and Hold Harmless

3 CONSULTANT shall protect, indemnify, hold harmless and defend CITY,
4 its directors, officers, employees and agents, from any and all claims,
5 fines, demands, costs, expenses (including but not limited to attorney's
6 fees and costs of litigation or arbitration), liability, losses,
7 penalties, causes of action, awards, suits or judgements for damages of
8 any nature whatsoever (hereinafter collectively referred to as "Claims")
9 to the extent arising out of the breach of this Agreement in whole or in
10 part by, or willful or fraudulent misconduct or negligent acts, errors
11 or omissions by CONSULTANT, its employees, agents or consultants, or the
12 agent, employee or consultant of any one of them in the performance of
13 their duties or in their operations under this Agreement, but not
14 including the sole or active negligence or the willful misconduct of
15 CITY.

16 Neither termination of this Agreement nor completion of the acts to
17 be performed under this Agreement shall release CONSULTANT from its
18 obligations to indemnify as to any claims so long as the event upon
19 which such Claims is predicated shall have occurred prior to the
20 effective date of any such termination or completion and arose out of or
21 was in any way connected with performance or operations under this
22 Agreement by CONSULTANT, its employees, agents or consultants, or the
23 employee, agent or consultant of any one of them.

24 Submission of insurance certificates or other proof of compliance
25 with the insurance requirements in this Agreement does not relieve
26 CONSULTANT from liability under this indemnification and hold harmless

1 clause. The obligation of this indemnity article shall apply whether or
2 not such insurance policies shall have been determined to be applicable
3 to any of such damages or claims for damages.

4 9. Termination

5 This Agreement may be terminated at any time and for any reason by
6 CITY upon five (5) days' advance written notice. In the event of such
7 termination, CONSULTANT is to be fairly compensated for all work
8 performed to the date of termination as calculated by CITY based on
9 Paragraph 2 hereof, provided that such compensation shall not in any
10 case exceed the maximum sum set forth in Paragraph 2 hereof.
11 Compensation under this paragraph shall not include costs related to
12 lost profit associated with the expected completion of the work or other
13 such payments relating to the benefit of the bargain.

14 10. Attorney's Fees

15 In the event that any arbitration, litigation or other action or
16 proceeding of any nature between CITY and CONSULTANT becomes necessary
17 to enforce or interpret all or any portion of this Agreement or because
18 of an alleged breach by either party of any of the terms hereof, it is
19 mutually agreed that the losing or defaulting party shall pay the
20 prevailing party's reasonable attorney's fees, costs and expenses
21 incurred in connection with the prosecution or defense of such action or
22 proceeding.

23 11. Entire Agreement

24 This writing constitutes the entire Agreement between the parties
25 relative to the services specified herein, and no modifications hereof
26 shall be effective unless and until such modification is evidenced by a
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1 writing signed by both parties to this Agreement. There are no
2 understandings, agreements, conditions, representations, warranties or
3 promises with respect to the subject matter of this Agreement except
4 those contained in or referred to in this writing.

5 12. Independent CONSULTANT

6 It is expressly understood and agreed by the parties hereto that
7 CONSULTANT's relationship to CITY is that of an independent consultant.

8 All persons hired by CONSULTANT and performing the work shall be
9 consultant's employees or agents. CITY shall not be obligated in any way
10 to pay any wages or other claims by any such employees or agents or any
11 other person by reason of this Agreement. CONSULTANT shall be solely
12 liable to such employees and agents for losses, costs, damage of
13 injuries by said employees or agents during the course of the work.

14 13. Successors and Assignment

15 This Agreement shall be binding on the heirs, successors,
16 executors, administrators and assigns of the parties; however,
17 CONSULTANT agrees that it will not assign, transfer, convey or otherwise
18 dispose of this Agreement or any part thereof, or its rights, title or
19 interest therein, or its power to execute the same without the prior
20 written consent of CITY.

21 14. Severability

22 If any provision of this Agreement is held to be unenforceable, the
23 remainder of this Agreement shall be severable and not affected thereby.

24 15. Waiver of Rights

25 Any waiver at any time by either party hereto of its rights with
26 respect to a breach or default, or any other matter arising in
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1 connection with this Agreement, shall not be deemed to be a waiver with
2 respect to any other breach, default or matter.

3 16. Remedies Not Exclusive

4 The use by either party of any remedy specified herein for the
5 enforcement of this Agreement is not exclusive and shall not deprive the
6 party using such remedy of, or limit the application of any remedy
7 provided by law.

8 17. Notices

9 All notices, statements, reports, approvals or requests or other
10 communications that are required either expressly or by implication to
11 be given by either party to the other under this Agreement shall be in
12 writing and signed for each party by such officers as each may, from
13 time to time, authorize in writing to so act. All such notices shall be
14 deemed to have been received on the date of delivery if delivered
15 personally or three (3) days after mailing if enclosed in a properly
16 addressed and stamped envelope and deposited in the U.S. post office for
17 delivery. Unless and until formally notified otherwise, all notices
18 shall be addressed to the parties at their addresses shown below:

19 CITY OF NEWMAN
20 1162 Main Street/P.O. Box 787
21 Newman, California 95360

22 CONSULTANT
23 THE PLANNING CENTER | DC&E
24 1625 Shattuck Avenue, Suite 300
25 Berkeley CA 94709

26 18. Sub-Consultants

1 No subcontract shall be awarded or an outside consultant engaged by
2 CONSULTANT unless prior written approval is obtained from CITY.
3 **IN WITNESS WHEREOF** the parties execute this Agreement on the day and
4 year first hereinabove written.

5 CITY OF NEWMAN

CONSULTANT

6

7

8 By: _____
9 Name: _____
10 Title: _____

By: _____
Name: _____
Title: _____

11 ATTEST:

APPROVED AS TO FORM:

12 _____
13 Secretary

TOM P. HALLINAN
City Attorney

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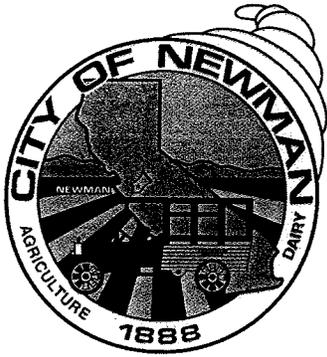
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**City of Newman
City Manager's Office
Memorandum**

Date: December 9, 2011
To: Newman City Council
From: Michael E. Holland, City Manager *MWH*

Subject: Item 10.c. Appointment(s) to Youth Baseball/Softball Board

Over the last couple of decades the local youth baseball/softball league has alternated between a City managed and a community organized program. The City has always, however, continued to support the league through maintenance of the facilities, financial contributions towards annual projects, etc. In an effort to enhance communication and to facilitate a stronger working relationship, I am recommending that the City add a condition to their annual agreement that allows the City to appoint three voting members to the League board. These appointments would be for a two-year trial period and evaluated after each season. The appointments would serve as City liaisons and periodically update the Council on league activities; while demonstrating the City's commitment to the long-term viability and continuity of the program. With Council concurrence, staff recommends Derek Solano, Todd Rocha and Tony Lemus to serve on the Board during the two-year trial period.

AGENDA
NEWMAN PLANNING COMMISSION
REGULAR MEETING OF DECEMBER 15, 2011
CITY COUNCIL CHAMBERS, 7:00 P.M., 1200 MAIN STREET

DECEMBER 15, 2011 MEETING CANCELLED

AGENDA
NEWMAN CITY COUNCIL/REDEVELOPMENT AGENCY
REGULAR MEETING DECEMBER 27, 2011
CITY COUNCIL CHAMBERS, 7:00 P.M., 1200 MAIN STREET

DECEMBER 27, 2011 MEETING CANCELLED