

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF NEWARK, DELAWARE





Comprehensive Annual Financial Report For the Fiscal Year Ended December 31, 2017



Prepared by the City of Newark Finance Department

David A. Del Grande, Finance Director
Jill A. Hollander, Deputy Finance Director
James W. Smith, Accountant



CITY OF NEWARK

Delaware

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

TABLE OF CONTENTS

ı.	INTRODUCTORY SECTION	
	Letter of Transmittal	1
	GFOA Certificate of Achievement	9
	Organizational Chart	
	List of Elected and Appointed Officials and Management Staff	11
II.	FINANCIAL SECTION	
	Independent Auditor's Report	12
	Management's Discussion and Analysis	15
	BASIC FINANCIAL STATEMENTS	
	GOVERNMENT-WIDE FINANCIAL STATEMENTS	
	Statement of Net Position	
	Statement of Activities	30
	GOVERNMENTAL FUND FINANCIAL STATEMENTS	24
	Balance Sheet Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	_
	Statement of Revenues, Expenditures, and Changes in Fund Balances	
	Reconciliation of the Statement of Revenues, Expenditures, and Changes in	
	Fund Balances of the Governmental Funds to the Statements of Activities	34
	Statement of Revenues, Expenditures, and Changes in	
	Fund Balance – Budget and Actual – General Fund	35
	PROPRIETARY FUND FINANCIAL STATEMENTS	
	Statement of Net Position	
	Statement of Revenues, Expenses, and Changes in Net Position	
	Statement of Cash Flows	38
	Statement of Fiduciary Net Position	40
	Statement of Changes in Fiduciary Net Position	
	Notes to Financial Statements	
	REQUIRED SUPPLEMENTARY INFORMATION	
	Schedule of Changes in Employer's Net Pension Liability, and Related Ratios	86
	Schedule of Employer Pension Contributions and Schedule of Investment Returns	
	Schedule of Changes in Employer's Net OPEB Liability, and Related Ratios	89
	Schedule of OPEB Employer Contributions, Cost, Funding Progress and Investment Returns	91
	COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
	GOVERNMENTAL FUNDS	
	Combining Balance Sheet – Nonmajor	
	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor	93
	Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	0.4
	Debt Service Fund Transportation Fund	
	Downtown Newark Partnership Special Revenue Fund	93 96

	Community Development Block Grant Fund	
	Law Enforcement Special Revenue Fund	
	Parks and Recreation Special Revenue Fund	99
	Internal Service Funds	
	Combining Statement of Net Position	
	Combining Statement of Revenues, Expenses, and Changes in Net Position	
	Combining Statement of Cash Flows	102
	FIDUCIARY FUNDS	
	Combining Statement of Fiduciary Net Position	
	Combining Statement of Changes in Fiduciary Net Position	104
III.	STATISTICAL SECTION	
	FINANCIAL TRENDS	
	Net Position By Component	105
	Changes in Net Position	106
	Fund Balances of Governmental Funds	108
	Changes in Fund Balances of Governmental Funds	109
	REVENUE CAPACITY	
	Electric Usage and Actual Sales Total	110
	Principal Electric Utility Customers	111
	Assessed Value and Estimated Actual Value of Taxable Property	
	Property Tax Rates Direct and Overlapping Governments	
	Principal Property Taxpayers	114
	Property Tax Levies and Collections	
	Governmental Activities Tax Revenues by Source	
	General Governmental Tax Revenues by Source	117
	DEBT CAPACITY	
	Ratios of Outstanding Debt by Type	
	Ratios of General Bonded Debt Outstanding	
	Computation of Direct and Overlapping Debt	
	Legal Debt Margin Information	121
	DEMOGRAPHIC AND ECONOMIC INFORMATION	
	Demographic and Economic Statistics	
	Principal Employers in New Castle County	123
	OPERATING INFORMATION	
	Full-time Equivalent City Government Employees by Function	
	Operating Indicators by Function	
	Capital Assets Statistics by Function	126



CITY OF NEWARK PUBLIC WORKS AND WATER RESOURCES























FINANCE DEPARTMENT CITY OF NEWARK

220 South Main Street · Newark, Delaware 19711 302.366.7000 · Fax 302.366.7169 · www.cityofnewarkde.us

June 28, 2018

The Honorable Mayor, Members of City Council and Citizens of Newark,

We are pleased to submit to you the Comprehensive Annual Financial Report of the City of Newark for the fiscal year ended December 31, 2017. This report is published to comply with the provisions of Section 807 of the City Charter. It is also intended to provide financial data to the tax and utility payers, bond holders, trustees, lenders, depository institutions, federal and state agencies and the financial community at large.

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

The financial statements in this report have been audited by CliftonLarsonAllen LLP, an independent firm of certified public accountants as required by Section 807 of the City Charter. CliftonLarsonAllen LLP has provided an unmodified opinion on the City of Newark financial statements for the year ended December 31, 2017. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with the basic financial statements and notes to the financial statements. The MD&A can be found immediately following the report of our independent auditors.

THE REPORTING ENTITY AND ITS SERVICES

The City of Newark is in the northwestern part of the state of Delaware. Pursuant to Title 22, Delaware Code, 1953, the City was granted the right to exercise all expressed and implied powers and authority of local self-government and home rule under a Charter governed by the Delaware Constitution.

The City employs a Council-City Manager form of government with a non-partisan Mayor and six non-partisan members of Council. The Council members are elected from six separate districts for staggered terms of two years. The City Council has responsibility for all legislative matters, including the enactment of all ordinances and resolutions. Policy is formulated by the City Council and Mayor, with input from the professional staff, as well as our active citizenry and the resident volunteers who serve on the City's twelve boards and committees.

THE ECONOMY

Newark is one of Delaware's principal economic, industrial and academic centers. Our electric load and water distribution has declined slightly over the past two years, due to citizen conservation and greater information sharing with customers following our 2012 smart electric and water utility metering project. Over the past year, taxable assessments increased slightly over 2016, with the 0.6% growth attributed towards commercial development experienced throughout the City. As a college town, Newark continues to be more affluent and economically stable, as supported by median family income levels that are significantly higher than state and

national levels. Newark boasts a disproportionate number of residents with four-year, graduate and post-graduate degrees compared to Delaware and the broader U.S., which, along with the higher income levels, tends to bring more stable employment. The City's unemployment rate is lower than national and state levels, and City and neighboring County residents enjoy employment opportunities in high-paying sectors such as finance, healthcare and education. The diversity and size of the businesses and industries in and around Newark serve to ensure relatively smooth and stable local economic growth. Newark remains an industrial, commercial and service hub for New Castle County and nearby counties in Pennsylvania and Maryland, in addition to its status as the State's principal home for higher education.

The main campus of the University of Delaware is located within Newark. The University is a leading scientific and research institution with a special focus on bio-technology, chemical engineering and composite materials. Nearly 24,000 full and part-time undergraduate and graduate students attend the University in Newark. UD also owns a 272-acre site that combines business, research, health sciences, education and more. The STAR (Science, Technology & Advanced Research) campus is home to:

- A performance computing company named by Forbes as one of America's Most Promising Companies.
- A manufacturer of clean fuel-cell power sources whose energy servers provide power to Fortune 500 clients including Google, Wal-Mart, AT&T and Coca-Cola.
- A test zero-emissions vehicle laboratory supported by the U.S. Department of Energy, the State of Delaware, NRG Energy, Honda and BMW.
- UD's Health Sciences Complex of classrooms, research laboratories, and open-to-thepublic care clinics. Operating under the name STAR Health, UD's comprehensive clinics offer major health and prevention services including: primary care, physical therapy, speech therapy, mental health services, care coordination, nutrition counseling, fitness counseling and health coaching.
 - Residents can access high quality care and work directly with researchers developing advanced ways to treat illnesses and injuries.
 - UD students train to become the next generation of healthcare practitioners in the clinics, including one belonging to the world-class physical therapy department, a program ranked #1 by U.S. News and World Report.
- A 10,000 square-foot wet lab incubator for small research companies.

In addition to the above, the STAR campus will also feature:

- The Chemours Company's Discovery Hub, a 312,000-square-foot facility where the global chemical company will conduct its research and innovation work.
- A biopharmaceutical innovation building where researchers will tackle some of the world's most pressing health challenges.
- A 10-story office tower housing state-of-the-art classrooms and labs along with hightech commercial tenants.

Additional long-time industry leaders have remained and continue to grow in Newark, including E.I. DuPont de Nemours and Company (agricultural research) and Dow Chemical (silicon wafer polishing compounds), merging in August 2017 to form DowDuPont. W.L. Gore and Associates (Gore-Tex), FMC (biopolymers), GE Aviation (jet airplane composites) and other international firms also maintain large facilities in the City. In addition, Newark is the home of Delaware's premier high-tech incubation center – the Delaware Technology Park. Bank of America, one of the nation's leading credit card banks, also anchors a robust financial services sector in the region. While Newark's industrial sector remains healthy, the City consistently engages the Delaware Technology Park, the State, the University of Delaware and the New Castle County Chamber of Commerce – to bring new, high-quality, low-impact manufacturing firms to Newark. The City offers several tax and related benefits as incentives to attract high-quality industrial growth, including offering targeted electric rate discounts for new or enlarged industrial facilities.

Our nation's main East Coast north-south roadway, Interstate 95, passes through the southern portion of the City. AMTRAK provides limited intercity passenger rail service up and down the eastern seaboard, passing the City-owned, historic Newark Railroad Station, now home to the Newark Historic Society. Groundbreaking for the Newark Regional Transportation Center, a \$50 million project to improve the Newark Train Station, took place on July 17, 2017. Upgrades will enhance passenger service along on the Northeast Corridor, and provide more transportation opportunities to all within the City of Newark and our surrounding community. In addition, a nearby SEPTA commuter rail station provides daily service to Wilmington and Philadelphia; and CSX and Norfolk Southern freight lines pass through our City providing freight rail connections to all major points along the eastern seaboard.

Over the last quarter century, the City successfully revitalized its traditional Main Street with an exciting and vibrant mix of adaptively reused historic and modern buildings, offering street level commercial businesses and apartments and condominium living on the upper floors. Newark has encouraged pedestrian, rather than auto-oriented, businesses to limit the traffic impact on Main Street and curb the demand for off-street parking. The City completed construction of the James Hall in 2003, the Newark Reservoir Trail in 2006, and the Pomeroy Trail in 2012 respectively. These award-winning trails are the three most heavily used in the State and offer cycling and pedestrian access that connects to the Downtown corridor, the University's Laird Campus and state park property before reaching the Pennsylvania State line as part of the East Coast Greenway. The City's paved and well-connected trail system, along with other bike-friendly initiatives such as the shared lane pavement markings or "sharrows" on our Main Street, the successful Newark Bike Project, intense off-road mountain biking trails in our parks system, an annual triathlon and the Mayor's annual fun ride all contribute to the City's continued award-winning designation as a Bike-Friendly Community since 2010. Newark was ranked by PeopleForBikes as #7 City under a population of 100,000 for cycling, and 39th overall in the nation. Newark welcomes thousands of cycling and mountain biking enthusiasts year-round and has been recognized as the only Gold-level "Healthy Community" in the state, and is designated as only one of two bike-friendly employers in Delaware. The latter a result of our further promotion of alternate transportation through offering bicycles to employees for use to attend meetings, or to ride recreationally during their lunch breaks around town or on the James F. Hall Trail two blocks away from City Hall.

Recognized for providing a high quality of life for students, the City of Newark was ranked the <u>47th Overall Best College City in America by WalletHub, and ranked 23rd for Small Cities</u>. The personal finance website's analysts compared 415 U.S. cities of varying sizes based on 28 key indicators of academic, social and economic opportunities for students. The ranking indicators included cost of living, quality and cost of higher education, and city accessibility. In addition, Newark was ranked the 4th Safest City in Delaware by SafeWise in September 2018, and NerdWallet listed Newark among the 100 Best Small Cities in America in 2015.

Since the grand opening of the Embassy Suites on South College Avenue in March 2000, four additional hotels have been constructed – a Homewood Suites adjoining the Embassy Suites at the University's Athletic Complex, the Marriott Courtyard Hotel on the University's north campus, Candlewood Suites on South College Avenue, and the Spring Hill Suites which opened for business in April of 2018. The continued growth in this area again highlights our community as an attractive and vibrant place to visit, hold meetings, and engage.

In the late 1990s, Newark focused heavily on water infrastructure investments to ensure sufficient quantity and quality of drinking water for future needs. Following a successful referendum, Newark redesigned the South Well Field Water Treatment Plant in 2003, and our 318-million-gallon pump storage reservoir went online in 2006. Now 12 years old, the Newark Reservoir is a destination for recreational hiking and birdwatching, as well as a popular break away point to our trail system. Now in its 7th year, the

Top of Delaware Triathlon draws nearly 400 participants and uses the Newark Reservoir for the swimming portion of the event. Weekly open water practice swims are expanding the attraction and meeting the needs of those training for events. Operationally speaking, the Newark Reservoir is a resounding success story. Capable of providing three months of drinking water supply, the reservoir was the first of its kind constructed in Delaware in over 70 years and has not failed our residents, who voted overwhelmingly to fund its development. The Newark Reservoir has now paid for itself, as Newark no longer needs to purchase water for its customers.

Since the market for off-campus housing continues to grow due to the increased University of Delaware student population, the City has approved over 800 new rental units since 2013, many as part of mixed use development downtown answering the call to move students from rental homes in residential neighborhoods. Many of these developments contain commercial space on the first floor, with upper story apartments clustered around the downtown corridors of East Main Street and Delaware Avenue.

The local Newark economy is considerably resilient in part due to the presence of the University of Delaware, which boasts an endowment of nearly \$1.4 billion, ranking it 70th among 815 colleges and universities surveyed nationwide by the National Association of College and University Business Officers ending June 30, 2017. The University is also the City's single largest employer and utility customer. The City's December 2017 unemployment rate was 3.4% which was lower than the 2016 rate of 4.1%. By comparison, the State unemployment rate was 4.5% and the national rate was 4.1% at the conclusion of 2017.

DOWNTOWN NEWARK AND ECONOMIC DEVELOPMENT

Beginning in the mid-1980s, Newark experienced a downtown development boom. In 1998, the City adopted the "Downtown Newark Economic Enhancement Strategy," which focused primarily on downtown economic development efforts but also incorporated information applicable to the overall economic health of Newark. One of the key recommendations from the "Enhancement Strategy" was the establishment of the Downtown Newark Partnership (DNP), which serves to bring together the business and residential communities, the City and the University to continue the enhancement of Newark's Downtown. While not the exclusive home for all our restaurants, retailers and offices, the Downtown area continues to embody the City's commercial heart and soul and represents what makes Newark unique.

As a result of the business community's confidence in Newark, new commercial development spans the entire length of Main Street. The City invested significant resources and worked closely with Delaware's Department of Transportation to develop the appropriate downtown streetscape and improve pedestrian and bicycle access for this newly expanded part of Downtown Newark. New in 2015, was the addition of solar powered refuse and recycling units that reduced the need for collections from six days a week to two while presenting a cleaner and greener appearance. The State of Delaware also funded major upgrades to the remaining portion of South Main Street to the state line, while Newark's Downtown has seen the construction of more than a dozen new buildings over the past few years. Construction at the aforementioned STAR campus will provide an opportunity for growth in Newark not seen since Chrysler closed over a decade ago.

MAJOR INITIATIVES

The maintenance and enhancement of the City's physical infrastructure is a critical component supporting the vital civil services the City provides to its residents and visitors. In recent years, Newark has undertaken the following major initiatives to improve our infrastructure. The City relies heavily on the sale of utilities to its customer base, and management is committed to the need to maintain its utility systems and to carefully prepare for the growth of each system.

- The City completed a community solar project in October of 2014. McKees Solar Park is a 3.91-acre brownfield site that was redeveloped to a 230-kilowatt solar farm. This behind-the-meter renewable power source serves all residents by reducing the City's peak power demand, lowering the wholesale cost of power, generating solar renewable energy credits, bringing locally produced green energy to the City's electric users, and reducing the City's carbon footprint. The 900-panel array produces enough electricity to power approximately 26 to 36 homes, depending on the season and brought the site back to usefulness. Since coming online in October 2014, McKees Solar Park has generated more than one million kilowatt hours (kWh) of clean energy enough power for nearly 111 homes for an entire year. The milestone, achieved the afternoon of February 8, 2018, was attained at a rate much sooner than anticipated, as actual output of McKees has exceeded expectations by 8.5%.
- Newark invested in a complete replacement of its 12,000 electric and 9,000 water meters in 2012 with "SMART" Automated Meter Infrastructure (AMI) technology through a \$15 million-dollar guaranteed performance contract with Honeywell. A mesh network installed (by our own city electric crews) throughout the city provides constant readings improving efficiencies and accuracy while allowing customers to better control and be aware of their usage. While this has resulted in a leveling of usage and revenues, it's ushered in opportunity for a more sustainable and higher quality of life living for our residents.
- The Electric utility completed the installation of more than 1900 LED streetlights in 2015 and 2016. This project, which cost the City \$575,000, will pay for itself in just over four years, as the new street lights consume about 829,000 less kwh annually.
- The Electric utility completed the installation of a 34kV auto transfer system. This project will increase the reliability of our power grid, and decrease the length of outages when they occur by isolating the faulted section of the circuit and transferring customers to an unfaulted circuit if certain system criteria are met.
- Through our membership in the Delaware Municipal Electric Corporation (DEMEC), Newark and
 other member communities have aggregated together to achieve greater economies of scale that
 benefit our citizens. In 2013, DEMEC member communities joined Delaware's statewide initiative
 to increase the amount of renewable energy sources used to generate electricity. Known as the
 Municipal Renewable Portfolio Standard (MRPS), the program has a twofold goal: the inclusion of
 25% renewables in the DEMEC power portfolio by 2025, with 3.5% of that amount coming
 specifically from solar generation resources.
- The Water utility is addressing the need to proactively reline and replace, as needed, all water mains in the City, which is done in conjunction with street replacements with annual appropriations of \$1 million each or more over the five-year Capital Improvement Plan. With the City's reservoir now beyond its tenth year of operation, the utility has become self-sustaining and has not had to rely on water purchases from outside Newark's borders. The Curtis Mill Water Treatment Plant was expanded and upgraded, which resulted in a higher quality of water throughout the City's system. Of great issue in our nation, the quality of our water supply continues to be a priority for our utility that has been delivering high-quality of our water since 1888. This commitment includes regular sampling and testing and we are proud to report Newark's trifecta water supply system (ground, surface and storage supplies) meets or exceeds all water quality standards of the Delaware Division of Public Health Office of Drinking Water and that of the Environmental Protection Agency. An annual Consumer Confidence or water quality report is produced every July and made available to our community.
- Repairs or replacement of the sewer lines that collect and transmit wastewater to the New Castle County sewer system in Wilmington is currently being prioritized. In addition, the City is planning

- to improve the storm sewer infrastructure to improve water quality and reduce flooding frequency and severity.
- To help identify consistent revenue sources from our stormwater customers, City Council
 approved the City's stormwater utility at the end of 2017. Our first utility bills reflecting the new
 stormwater fee, began in January of 2018.
- The City of Newark is interested in developing the former University of Delaware Caesar Rodney Residence Hall Complex, which closed in the spring of 2015. Currently, the City is under contract to purchase the property and has proposed a plan for development of the site, which will integrate a state of the art stormwater management facility along with recreational and educational components. The City implemented a robust public participation program to reimagine the site and make the final product something all will proudly utilize for years to come. The public participation included three workshops held over several months in fall 2017 to collaborate on the design and amenities of the new site. A referendum in June of 2018 will determine the next step for this project.
- The Parking division has installed "SMART" parking meters that allow for multiple forms of payment for a more user-friendly experience. Upgrades to all current parking facilities continues including improved access and restriping to provide additional parking spaces. To provide real-time availability in our downtown parking inventory, we are installing "countdown signs" to better inform our customers as to what lots have spaces available. Currently Lot 1 is operational with the new software, and Lots 3 and 4 will be available by the end of this summer.
- In 2018 Newark will celebrate the completion of Preston's Playground, located at the Newark Reservoir. Preston's Playground is designed to be 100% accessible and will allow children in wheelchairs and typical children to play side-by-side on accessible equipment designed for fitness and fun. Preston's Playground is at its core a wellness project, with the potential to improve the lives of all the children of Delaware. Once completed, Preston's Playground will provide a fun, safe and comfortable space for children of varying abilities to play together. The playground will be a safe space measuring 8,400 square feet with a rubber base and three enter/exit ramps to allow easy access to and from the play areas. It will include slides, rock walls, tunnels, steering wheels and telescopes for imaginative play. Each piece of equipment will be usable by children of all abilities, including a Rock 'N Wave boat that is wheelchair accessible. All kids will be able to feel the breeze on their face, whether they take a ride on one of the standard swings, a Made-for-Me ADA-accessible swing, or a belted swing. Funding for the project was generated through donations generated from the Preston's Playground Committee fundraising efforts and grants. Some of the larger grants include \$100,000 from the Longwood Foundation and a \$78,000 DNREC SORPT Grant. City funds include water and sewer line installation for the future development of two family restrooms at the reservoir at a cost of \$110,000.
- In 2012 the City established a goal of growing our urban tree canopy to 30% within the City limits of Newark by 2021. In 2012 our tree canopy was 24.25%. After a new aerial survey was completed by the State Department of Agriculture Forestry Division in 2018, Newark's tree canopy cover reached 33%. The City achieved its goal three years early, as well as surpassed it by 3%. The tree canopy numbers show Newark's commitment to preserving its natural resources and strengthening our standing as a Tree City USA.
- Pursuant to City Code, the Finance Department prepares a five-year Capital Improvement Program (CIP) on an annual basis to outline the City's capital needs and funding sources for the

upcoming budget year and the following four-year period. The CIP document is reviewed and approved by the City Council after a minimum of one council workshop and public hearing and a review and nod of support by the City's Planning Commission. The CIP process addresses the availability of current resources and reserve balances, as well as potential grant funding and the need for capital financing over the five-year horizon to help the City plan and prioritize projects based on needs, goals and objectives. The majority of CIP funding has been derived from the City's current resources; primarily current-year revenues and cash reserves. As the City moves into the future, with many capital projects on the horizon, the City will be making prudent use of debt service to provide our customers with the quality levels of service they expect. Debt service, when used appropriately, will also ensure that the Newark's infrastructure will be paid for by the customers who will using them.

Within the City's other departments, major initiatives include various projects that enhance the quality of life for our residents and help make the administration of government more efficient:

- A strong effort to improve the streets within the City with annual funding for street maintenance.
 Partnerships with State Senators and Representatives are providing additional funding help complete these projects.
- The Community Garden at Fairfield Park created by the Parks and Recreation department in collaboration with a citizen advisory committee. For a minimal fee, gardeners are provided a 10 ft. by 4 ft. plot and access to water and tools.
- Continued enhancements to the City's information technology system that improve the productivity and proficiency of our employees engaged in efforts to serve our customers, as well as enable our customers to "self-serve" their needs through online or remote services.
- In 2018, the Newark Parks and Recreation Department will celebrate its fiftieth year of providing recreational and park services to the Newark Community. Prior to becoming Newark Parks and Recreation, the department operated as the Greater Newark Recreation Association (GNRA). In 1968, Newark City Council approved an ordinance to establish a Parks and Recreation Department. Today, Newark Parks and Recreation manages 36 parks, totaling over 650 acres of parkland and open space, 17 miles of trails and more than 350 recreational activities and community events to choose from.
- The Police department was actively involved in community events such as National Night Out. 2017 marked the 150th year of service for the Newark Police Department (NPD). Underscoring an ongoing commitment to serving its community, the Newark Police Department recently received its 8th award for Advanced Law Enforcement Accreditation from the Commission on Accreditation for Law Enforcement Agencies (CALEA). The commission awarded NPD the "Gold Standard with Excellence Award," the highest award bestowed upon a police agency.
- Newark's Comprehensive Development Plan V was approved by Council on September 26, 2016 and certified by the State of Delaware on January 5th, 2017. The adoption of Plan V was the culmination of four years of active public engagement in the planning process and established a *vision* of Newark as a community that is healthy, sustainable and inclusive.

Early in 2013, Newark and the University agreed to the terms of a landmark 15-year electric service agreement. The City was able to provide the University, its largest customer with rates comparable to regional market prices pursuant to the findings of an electric rate study commissioned by the City, rate stability, approval for a limited amount of self-generation, and limits to future rate increases. The City achieved the certainty of a stable, steadily growing revenue stream over the course of 15 years, an increase in the University's subvention payment, a guaranteed minimum delivery charge, and control of

meter size and location distribution, while retaining the ability to raise rates if required in the future. The agreement was truly a win for both parties, and the partnership set the stage for coordinated efforts on important issues such as reliability and energy efficiency. It has further provided the momentum to other beneficial infrastructure and departmental partnerships in areas such as water main replacements, street paving, information technology, and policing.

While management is proud of the City's accomplishments through 2017, we look forward with excitement toward 2018 achievements and beyond. The City's motto is "Committed to Service Excellence," and Newark is indeed well-positioned to continue delivering the highest quality of municipal services the residents and businesses expect and deserve. From our CALEA-certified police department, through nationally recognized parks, trails and recreational facilities, to our high commitment to public works services, electric delivery and water/sewer services, Newark takes great pride in meeting the demands of our constituents. The City is moving toward easing the constraints of governmental interaction with more services available online. Newark is firmly committed to the use of technology to connect and communicate with our residents in a more comprehensive and efficient manner. The City's relationship with the University is one of mutual benefit and has produced a culturally diverse community offering an unparalleled variety of educational, social, and economic opportunities for all our citizens. In Newark, whether residing here temporarily as a student or permanently rooted in the community, all our residents share in the makeup of our social fabric, and the City will continue steadfastly in its endeavor to provide services with pride and excellence.

ACKNOWLEDGEMENTS

The compilation of the Comprehensive Annual Financial Report in an accurate and timely manner was made possible by the professional and dedicated service of the City's entire financial staff. In particular, Deputy Finance Director Jill Hollander, James Smith, Debi Keeley, Travis Burke and Trevor Miller deserve special appreciation for the extraordinary effort put forth to compile, prepare and format the various financial schedules and analyses highlighting this report.

Respectfully submitted,

Thomas Coleman Acting City Manager David A. Del Grande Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Newark Delaware

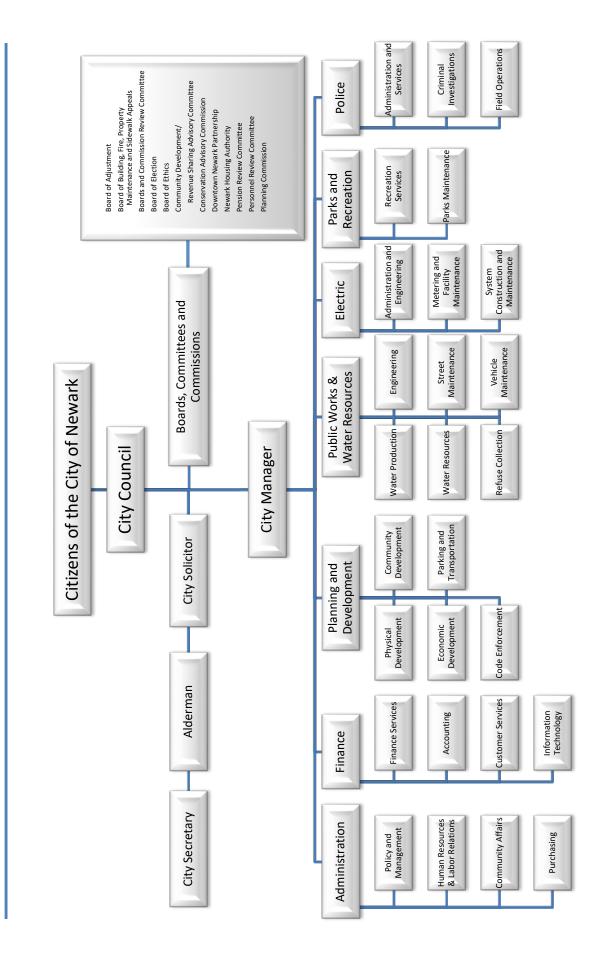
For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2016

Christopher P. Morrill

Executive Director/CEO

City of Newark, Delaware



CITY OF NEWARK

Delaware

LIST OF ELECTED OFFICIALS, APPOINTED OFFICIALS, AND MANAGEMENT STAFF

DECEMBER 31, 2017

Elected Officials

Polly A. Sierer
Mark R. Morehead
Jerry Clifton
Jennifer Wallace
Chris Hamilton
Luke R. Chapman
Stu Markham

Appointed Officials

Acting City Manager	Thomas Coleman
City Secretary	Renee K. Bensley
Alderman	Lisa R. Hatfield
Deputy Alderman	Donald Gregory
City Solicitor	Bruce C. Herron
Deputy City Solicitor	Paul E. Bilodeau

Management Staff

Deputy City Manager	Andrew S. Haines
Director of Finance	David A. Del Grande
Director of Planning & Development	Mary Ellen Gray
Acting Director of Public Works & Water Resources	Tim Filasky
Director of Electric	Bhadresh Patel
Director of Parks & Recreation	Joseph Spadafino
Chief of Police	Paul M. Tiernan





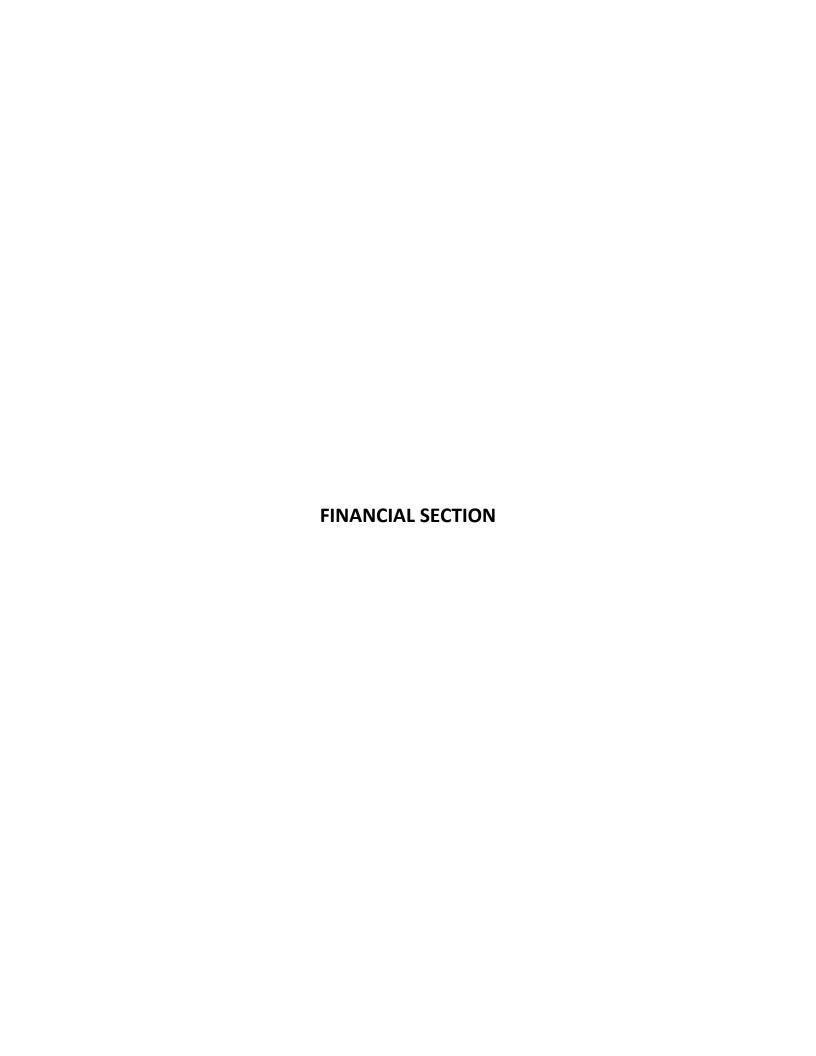
CITY OF NEWARK COMMUNITY POLICING











INDEPENDENT AUDITORS' REPORT

Members of City Council City of Newark, Delaware Newark, Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newark, Delaware (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Opinions

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 the aggregate remaining fund information of the City as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 15-28, and the required supplementary information on 86-91 as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund and combining fiduciary fund financial statements, nonmajor fund budgetary comparison schedules and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund and combining fiduciary fund financial statements, and nonmajor fund budgetary comparisons are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund and combining fiduciary fund financial statements, and nonmajor fund budgetary comparisons are fairly stated, in all material respects, in relation to the basic 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarson Allen LLP

Baltimore, Maryland June 28, 2018



Management's Discussion & Analysis

The Management's Discussion and Analysis section is intended to provide readers with a general overview of the financial activities of the City of Newark, Delaware (the "City") for the fiscal year ended December 31, 2017. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the beginning of this report, as well as the financial statements and notes to the financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The total assets and deferred outflow of resources of the City of Newark exceeded its liabilities and deferred inflow of resources at the close of the most recent fiscal year by \$99.6 million (representing its net position). The net position is \$4.2 million higher than the prior year and is attributable to increases in revenues which exceeded decreases in expenses in both governmental and business-type activities as compared to 2016.
- The City's unrestricted net position decreased by \$1.9 million in 2017 to \$7.8 million. This amount may be used to meet the government's ongoing obligations to citizens and creditors.
- As of December 31, 2017, the City's governmental funds reported combined ending fund balances of \$10 million, a decrease of \$.9 million from the prior year. This decrease is mainly a result of the \$.7 million net decrease in transfers as compared to 2016. Approximately \$4.3 million is available for spending at the City's discretion (unassigned fund balance).

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis serves as an introduction to the City's basic financial statements. These statements are comprised of three components:

- 1. Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner like a private-sector business.
 - a. Statement of Net Position: This statement presents information on all the City's assets and liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
 - b. Statement of Activities: This statement presents information indicating how the City's net position changed during the reporting period. All changes in net position 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 result in cash flows in future fiscal periods (for example, uncollected taxes or personnel leave earned but unused by employees).
 - c. Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from the functions that are intended to recover all or most of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government administration, public safety, public works and recreation. The business-type activities of the City are electric, water, sewer and parking operations.

The government-wide financial statements may be found on Pages 29 through 30 of this report.

- 2. 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 City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City may be divided into three categories: governmental funds, proprietary funds and fiduciary funds.
 - a. Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However,

Management's Discussion & Analysis

unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. This information may assist in evaluating the City's near-term financing requirements.

Because the focus of government funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Thus, the long-term impact of the government's near-term financing decisions becomes apparent. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Funds are classified as *major* and *nonmajor*. Data from major governmental funds is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances, and may be found on Pages 31 and 33 of this report. Data from the nonmajor funds are combined into a single, aggregated presentation. Individual fund data for each nonmajor governmental fund is provided in the form of *combining statements* and may be found on Pages 92 and 93 of this report.

Major funds include:

- General Fund: Funding, accounting and reporting of general governmental operations such as administration, public safety, public works, community development and recreation.
- ii. Capital Projects Fund: Funding, accounting and reporting of expenditures on capital projects as per the City's Five-Year Capital Improvement Plan.

Nonmajor funds include:

iii. Debt Service Fund: Funding, accounting and reporting of principal and interest payments to service the City's outstanding debts.

The City utilizes *special revenue funds* to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. Revenue sources for these funds include grants from outside sources as well as interest earnings. The following are *special revenue funds* in addition to being nonmajor funds:

- iv. Downtown Newark Partnership Fund: Funding, accounting and reporting of donations and other funding received for the events and programs of the Downtown Newark Partnership.
- v. Community Development Fund: Funding, accounting and reporting of the City's Community Development Block Grants (CDBG) from the United States federal government.
- vi. Law Enforcement Fund: Funding, accounting and reporting of grants and other funding designated for law enforcement operating expenditures.
- vii. Parks and Recreation Fund: Funding, accounting and reporting of grants and other funding designated for the maintenance and beautification of the City's parks and the operation of the Recreation Department's programs.
- viii. Transportation Fund: Funding, accounting and reporting of the Unicity bus program and related state grant from the Department of Transportation.

Management's Discussion & Analysis

The City adopts an annual appropriated budget for its General Fund, Electric Fund, Water Fund, Sewer Fund and the Parking Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements may be found on Pages 31 through 35 of this report.

b. *Proprietary Funds*: The City maintains two different types of proprietary funds. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The following are the City's enterprise funds:

- Electric Fund: Funding, accounting and reporting of the operations of the Electric Department.
- ii. Water Fund: Funding, accounting and reporting of the operations of the Water Department.
- iii. Sewer Fund: Funding, accounting and reporting of the operations of the Sewer Department.
- iv. Parking Fund: Funding, accounting and reporting of the operations of the Parking Department.

The following are the City's internal service funds:

- v. Maintenance Fund: Funding, accounting and reporting of the maintenance of City machinery, vehicles and buildings.
- vi. Self-Insurance Fund: Funding, accounting and reporting of disability and medical claim payments made for job-related employee injuries and deductibles paid to insurance underwriters.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Electric, Water, Sewer and Parking operations, all of which are major funds of the City.

The proprietary fund financial statements may be found on Pages 36 through 39 of this report.

c. Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside of government. Fiduciary funds are not reflected in the government-wide financial statements because the resources contained in these funds are not available to support the City's programs and operations. The accounting used for fiduciary funds is like that used for proprietary funds.

The following are the City's fiduciary funds:

- i. Pension Trust Fund: The City, acting as trustee of the assets contributed by both the City and its employees, which are being held for the future payment of retirement annuities to qualified retirees.
- ii. OPEB Trust Fund: The City, acting as trustee of the assets contributed by the City, which are being held for the future payment of post-employment benefits other than pension benefits.
- iii. Section 401A Retirement Fund: The City, acting as trustee of the assets contributed by both the City and the City Manager, which are being held on behalf of the City Manager.

Management's Discussion & Analysis

- iv. Section 401A Management Employees' Retirement Fund: The City, acting as trustee of the assets contributed by both the City and management employees hired after January 1, 2012, which are being held on behalf of these employees.
- v. Retirement Health Savings Plan for Management Employees 2009: The City, acting as trustee of the assets contributed by senior management employees hired prior to January 1, 2012, which are being held on behalf of these employees for postemployment medical expenditures.
- vi. Retirement Health Savings Plan for Management Employees 2012: The City, acting as trustee of the assets contributed by both the City and senior management employees hired after January 1, 2012, which are being held on behalf of these employees for postemployment medical expenditures.

The fiduciary fund financial statements may be found on Pages 40 through 41 of this report.

3. Notes to the Financial Statements: The notes provide additional information that is essential to gain a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on Pages 42 through 85 of this report.

In addition to the basic financial statements, the accompanying notes and this MD&A, this report also presents certain other *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its enrolled employees. Required supplementary information may be found on Pages 86 through 91 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's total activity.

Newark's assets are comprised primarily of long-term public and utility infrastructure assets, property and equipment. Roughly half of the City's long-term debt consists of bonded indebtedness incurred in 2002 (refunded in 2011) for the acquisition of land and construction of the City's water reservoir; the balance consists of a capital lease obligation and notes payable incurred to support efficiency projects and an Automated Meter Infrastructure Project. Long-term debt is discussed in more detail in note 4 to the financial statements. The unrestricted net position balance of \$8.7 million at the close of 2017 may be used to meet the current and ongoing obligations to citizens and creditors. The City maintains an "Aa2" rating from Moody's and an "AA+" rating from Fitch for its current debt issuances. These high investment-grade ratings reflect the City's strong financial operations characterized by substantial reserves, low reliance on debt, a robust residential and commercial base and stable employment in the healthcare and education sectors.

Management's Discussion & Analysis

Table 1

CITY OF NEWARK STATEMENT OF NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2017

	Governmen	tal Activities	Business-type Activities		Totals		
	2017	2016	2017	2016	2017	2016	
ASSETS							
Total current and other assets	\$ 18,674,618	\$ 19,219,885	\$ 28,618,789	\$ 26,794,282	\$ 47,293,407	\$ 46,014,167	
Total capital assets	33,143,431	32,280,704	72,829,586	70,346,368	105,973,017	102,627,072	
Total capital assets	33,143,431	32,280,704	72,823,380	70,340,308	103,973,017	102,027,072	
Total Assets	\$ 51,818,049	\$ 51,500,589	\$ 101,448,375	\$ 97,140,650	\$ 153,266,424	\$ 148,641,239	
DEFERRED OUTFLOW OF RESOURCES							
Deferred pension amounts	\$ 2,846,674	\$ 4,838,402	\$ 814,445	\$ 1,440,996	\$ 3,661,119	\$ 6,279,398	
Deferred loss on defeasance	6,225	8,423	166,480	200,923	172,705	209,346	
Total Deferred Outflow							
Resources	\$ 2,852,899	\$ 4,846,825	\$ 980,925	\$ 1,641,919	\$ 3,833,824	\$ 6,488,744	
LIABILITIES							
Total current liabilities	\$ 2,960,074	\$ 2,796,709	\$ 8,630,618	\$ 8,207,290	\$ 11,590,692	\$ 11,003,999	
Total noncurrent liabilities	21,035,751	23,878,957	17,804,895	20,945,704	38,840,646	44,824,661	
					22,212,212		
Total Liabilities	\$ 23,995,825	\$ 26,675,666	\$ 26,435,513	\$ 29,152,994	\$ 50,431,338	\$ 55,828,660	
DEFERRED INFLOW OF RESOURCES							
Deferred pension amounts	2,325,963	-	731,699	-	3,057,662	-	
Deferred revenue	\$ 4,008,312	\$ 3,881,541	\$ -	\$ -	\$ 4,008,312	\$ 3,881,541	
Total Deferred Inflow							
Resources	\$ 6,334,275	\$ 3,881,541	\$ 731,699	\$ -	\$ 7,065,974	\$ 3,881,541	
NET POSITION							
Net investment in							
capital assets	\$ 32,033,351	\$ 31,378,295	\$ 58,842,536	\$ 54,356,297	\$ 90,875,887	\$ 85,734,592	
Restricted	893,224	1,337	-	-	893,224	1,337	
Unrestricted	(8,585,727)	(5,589,425)	16,419,552	15,273,278	7,833,825	9,683,853	
Total Net Position	\$ 24,340,848	\$ 25,790,207	\$ 75,262,088	\$ 69,629,575	\$ 99,602,936	\$ 95,419,782	

Net Position: Comparing net position over time may serve as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$99.6 million at the close of this fiscal year, representing an increase of \$4.2 million from the prior year. Within Business-type activities, net position increased by \$5.6 million due to decreased expenses and decreased interfund transfers. The governmental activities net position decreased by \$1.4 million which represents a \$.2 million more favorable result than in 2016. Although the increase in revenues exceeded the increase in expenses, the operating deficit of \$15.5 million was not fully covered by transfers from other funds.

The City's net position consists principally of its investment in capital assets (land, buildings, machinery and equipment), net of any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources required to repay this debt must be provided from other sources because the capital assets themselves cannot be liquidated and used to satisfy these liabilities.

Management's Discussion & Analysis

Table 2

CITY OF NEWARK CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2017

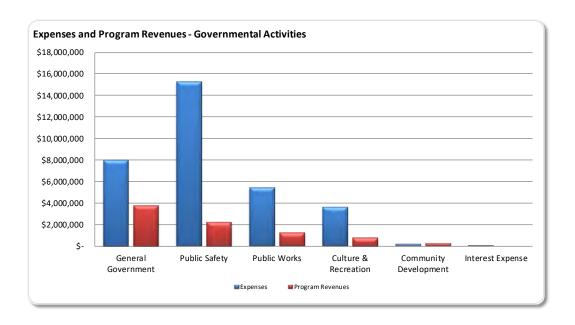
	Government	al Activities	Business-type Activities		Totals	
	2017	2016	2017	2016	2017	2016
REVENUES						
Program Revenues:	\$ 5.119.705	\$ 4.635.295	\$ 72.433.928	\$ 72.713.684	\$ 77.553.633	\$ 77.348.979
Charges for services	\$ 5,119,705	\$ 4,635,295	\$ 72,433,928	\$ 72,713,684	\$ 77,553,633	\$ 77,348,979
Operating Grants & Contributions	1,321,862	1,250,818			1,321,862	1 250 010
Capital Grants &	1,321,002	1,230,616	-	-	1,321,002	1,250,818
Contributions	1,670,470	588,637	69,764	149,250	1,740,234	737,887
General Revenues:	1,070,470	366,037	09,704	149,230	1,740,234	737,007
Total Taxes	8,613,323	8,176,877	_	_	8,613,323	8,176,877
Investment Earnings	115,172	116,018	166,645	92,917	281,817	208,935
Other Revenues	59,200	9,730	40,151	52,517	99,351	9,730
Other Nevenues	33,200	9,730	40,131		33,331	9,730
Total Revenues	16,899,732	14,777,375	72,710,488	72,955,851	89,610,220	87,733,226
EXPENSES						
General Government	7,934,478	7,758,601	_		7,934,478	7,758,601
Public Safety	15,256,085	14,523,004			15,256,085	14,523,004
Public Works	5,435,573	5,234,161			5,435,573	5,234,161
Community Development	152,971	204,919	_	_	152,971	204,919
Culture and Recreation	3,575,722	3,476,444	_	_	3,575,722	3,476,444
Interest Expense	21,032	19,551	_	_	21,032	19,551
Business-type activities	-	-	53,051,205	53,261,103	53,051,205	53,261,103
Total Expenses	32,375,861	31,216,680	53,051,205	53,261,103	85,427,066	84,477,783
Increase (Decrease) in						
Net Position before Transfers	(15,476,129)	(16,439,305)	19,659,283	19,694,748	4,183,154	3,255,443
- <i>'</i>	14.006.770	44740400	(4.4.006.770)	(4.4.7.40.400)		
Transfers	14,026,770	14,748,480	(14,026,770)	(14,748,480)		
Change in Net Position	(1,449,359)	(1,690,825)	5,632,513	4,946,268	4,183,154	3,255,443
Net Position - Beginning of Year	25,790,207	27,481,032	69,629,575	64,683,307	95,419,782	92,164,339
Net Position - End of Year	\$ 24,340,848	\$ 25,790,207	\$ 75,262,088	\$ 69,629,575	\$ 99,602,936	\$ 95,419,782

As shown in Table 2, governmental activities expenses exceeded revenues by \$15.5 million in 2017. The lower deficit versus 2016 is attributable to the increase in revenue exceeding the increase in departmental expenses.

Management's Discussion & Analysis

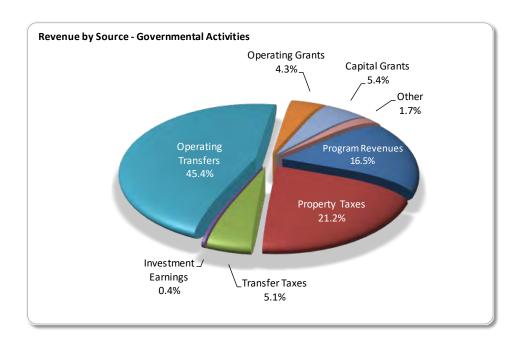
Governmental Activities: Our analysis of the City's governmental activities will focus on the Schedule of Net Position (Table 1), the Schedule of Changes in Net Position (Table 2), the following 2017 graphs depicting Expenses and Program Revenues by Function as well as Revenues by Source, and the Schedule of Net Costs (Table 3). The graph below illustrates that, aside from the negligible totals in the Community Development and Interest Expense categories, program income alone does not generate the revenue required to support governmental activities.

Program Revenues, Property and Realty Transfer Taxes, and Grants and other funding sources account for 55 percent of total governmental funding. The balance is met through operating transfers from the enterprise funds, as the City of Newark embraces the public utility business model to keep property taxes low and utility rates competitive while maintaining a high level of service across a diverse set of public offerings.



Management's Discussion & Analysis

As the following graph further illustrates, transfers from the enterprise funds, real property taxes, and program revenues (grants & contributions and charges for service) provide most of the funding for the City's governmental activities. Transfers from the City's proprietary funds are the largest revenue source, accounting for 45 percent of revenues. Property taxes supply just 21 percent of revenues. Program revenues contribute nearly 17 percent, while real estate transfer taxes add 5 percent. The City relies on these revenue sources, as well as grants and miscellaneous funding 12 percent, to provide the high quality of life to its citizens and the highest level of service to its business community that each has come to expect.



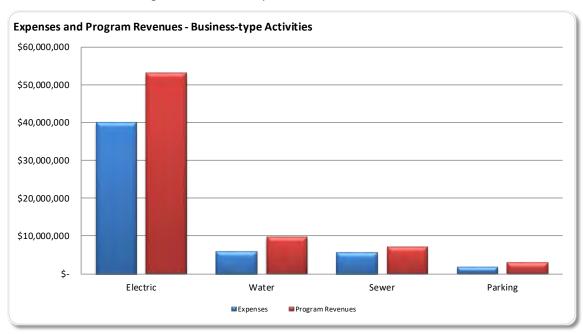
As shown in Table 3, the total cost of all governmental activities this year was \$32.4 million. These costs were partially supported by total program revenues of \$8.1 million, leaving a net cost of \$24.3 million. The program revenues were paid by those who directly benefited from the programs (\$5.1 million) or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions (\$3 million). The balance of the cost was funded by City taxes totaling \$8.6 million and enterprise fund transfers of \$14 million. Public safety programs are the largest single spending commitment, accounting for 47 percent of the City's governmental activities expenses. Various general administration, public works, and culture and recreation services combine for about 53 percent of expenses.

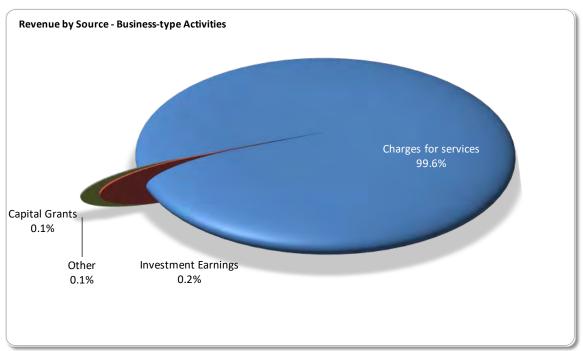
<u>Table 3</u>

Governmental Activities Net Cost							
	Total Cost of				Total Program	Net Cost of	
Functions/Programs	Services	% of Total Cost	Service Charges	Grants	Revenues	Services	
General Government	\$ 7,934,478	24.5%	\$ 3,081,864	\$ 670,078	\$ 3,751,942	\$ 4,182,536	
Public Safety	15,256,085	47.1%	1,348,763	838,214	2,186,977	13,069,108	
Public Works	5,435,573	16.8%	20,564	1,175,061	1,195,625	4,239,948	
Culture & Recreation	3,575,722	11.0%	668,514	101,008	769,522	2,806,200	
Community Development	152,971	0.5%	-	207,971	207,971	(55,000)	
Interest Expense	21,032	0.1%				21,032	
Total	\$ 32,375,861	100%	\$ 5,119,705	\$ 2,992,332	\$ 8,112,037	\$ 24,263,824	

Management's Discussion & Analysis

Business-type Activities: The City provides electric, water, sewer, and parking services to its residents, businesses, and visitors. These services constitute the business-type activities presented in the City-wide financial statements. The City Council establishes rates and collects fees from users of the utility and parking systems. The revenues include investment income in addition to charges for services (operating revenues). The investment income is not specific to an individual program, but to all the activities. The graph on the following page exhibits gross revenue by enterprise (including service charges and grants) alongside the total cost to provide the utility services provided. The pie chart on the following page illustrates revenues by source for the enterprise funds. Most of business-type revenue is derived from service charges, while capital grants contributed 0.1 percent of 2017 revenue and unrestricted investment earnings followed with 0.2 percent of 2017 revenue.





Management's Discussion & Analysis

The City is a full-requirements member of the Delaware Municipal Electric Corporation, Inc. (DEMEC). DEMEC is a public corporation constituted as a Joint Action Agency and a wholesale electric utility. DEMEC represents nine municipal electric distribution utilities located in the state of Delaware. The creation of DEMEC was made possible by an act of the Delaware General Assembly on June 6, 1978, and the entity was incorporated on July 12, 1979. The City purchases all its baseload power from DEMEC for resale to its customers. Beginning in October 2014, a very small portion of the City's load is being met with intermittent power generated by McKees Solar Park, which was constructed at a former municipal landfill site in Newark. All residential and commercial electric users within the City limits are customers of the City's electric utility. The Electric Department maintains 175 miles of high voltage electric lines, nine substation sites, 60 circuit breakers, and 29 power transformers to provide over 12,800 customers with reliable electrical service. Over 417,000 megawatt-hours were delivered to our customers in this reporting period.

The City provides all customers within the City limits with drinking water and wastewater services. The City also provides drinking water to customers in certain territories outside the City. The Water Division of the Public Works and Water Resources Department is responsible for the maintenance and operation of all the equipment and facilities at each of the nine water supply wells, the Curtis Water Treatment Plant, the South Well Field Water Treatment Plant, nine finished water storage tanks, one raw water storage tank, the 317-million-gallon raw water reservoir, and six booster pumping stations. More than 1.0 billion gallons of water are pumped through 144 miles of pipe annually to serve more than 10,000 water service connections. The Sewer Division of the Public Works and Water Resources Department is responsible for the City's 96 miles of sanitary sewer collection and three sewer pumping stations with force mains. The sanitary sewer system operates primarily on a gravity system, while the lowest points of the City are served by a series of three lift stations. The sewage flows out of the City's system and through the New Castle County system before being treated at the Wilmington Regional Wastewater Treatment Facility. The County charges the City for this service, which represents the most significant operating cost in the Sewer Fund.

The Parking Division manages six surface parking lots within the City's downtown area. The City has 577 pay-to-use parking spaces and 150 paid permit parking spaces. In addition to the surface lot parking, the City maintains 424 on-street metered parking spaces and 33 metered spaces located in a surface lot in the City's downtown area. While the City owns two of the six surface parking lots, various other lots, components of lots, and entrances to lots are owned by third parties that lease the space to the City for the benefit of its parking operations.

As shown in Table 2, revenues totaled \$72.7 million for the year, which represents a decrease of \$.2 million from the prior year. This decrease was driven by water and sewer volumes and a slight decrease in electric utility rates, which were adjusted due to the adoption of a new electric rate structure in 2011 that includes a Revenue Stabilization Adjustment ("RSA"). The RSA is adjusted annually to reflect changes in wholesale power costs, to dispose of over- or under-collections from the prior year operating cycle and to assure recovery of the budgeted operating margin. The electric utility revenue decreased. Expenses related to these business type activities totaled \$53.1 million in 2017, which represents a decrease of \$.2 million from the prior year. This decrease in expenses is due primarily to utility volume decreases and decreased operating expenditures, as wholesale power costs were slightly lower on a per kWh basis and sewerage treatment costs did not increase on a per-gallon basis in 2017. There was a net decrease of \$.2 million in operating costs as compared to 2016 as a result of a \$1.4 million decrease in utility purchases offset by increases in all other expense categories including \$.5 million in personnel and \$.3 million in contractual expenses. In total, revenues exceeded expenses and transfers by \$5.6 million in 2017.

Management's Discussion & Analysis

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds: The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balances* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2017, the City's governmental funds reported combined ending balances of \$10 million, a decrease of \$.9 million as compared to the prior year. The bulk of the fund balance is restricted and assigned, which means that it is not available for new spending because it has already been appropriated for: 1) capital improvements, 2) debt service or 3) a variety of other restricted and assigned purposes. More than half of the fund balance — \$5.7 million — is either restricted to or assigned to general, capital projects, or other non-major governmental funds.

The City maintains a General Fund which serves as the chief operating fund of the City. As of December 31, 2017, the total fund balance of the General Fund was \$4.5 million, \$4.3 million which is unassigned.

The General Fund balance increased by \$0.1 million in fiscal year 2017. The increase in General Fund balance is flat as compared to 2016 and is consistent with the policy of utilizing transfers to fund excess General Fund operating expenditures.

The City maintains a Capital Projects Fund to account for major capital acquisitions and construction related to governmental activities separately from the ongoing operating activities. As of December 31, 2017, the total fund balance of the Capital Projects Fund was \$4.5 million, all of which is nonspendable, restricted or assigned.

The Capital Projects Fund balance decreased by \$1.1 million from the prior year. Revenues increased by \$1.1 million from intergovernmental sources compared to 2016 and the expenditures for capital outlay decreased by \$.6 million but there was a decrease in transfers as compared with transfers in 2016. The City remains committed to its efforts to maintain and enhance Newark's infrastructure of streets, sidewalks, parks, parking facilities, and other structures supporting governmental operations.

The City maintains special revenue funds to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The special revenue funds include the Community Development Fund, the Downtown Newark Partnership Fund, the Law Enforcement Fund, the Parks and Recreation Fund and the Transportation Fund. Revenue sources for these funds include grants from State and other governmental units as well as interest earnings.

The City maintains a Debt Service Fund to set aside resources to meet current and future obligations of the City. As of December 31, 2017, the fund balance was \$46,340, all of which is assigned.

The financial statements for the governmental funds may be found on Pages 31 through 35 as well as 92 through 99 of this report.

Proprietary Funds: As previously mentioned, the City maintains four principal proprietary funds related to the provision of utility services and parking, as well as two internal service funds for the maintenance of the City's fleet of vehicles and for the self-insurance claims of the City. The City's proprietary funds provide the same type of information found in the government-wide financial statements.

The Electric Fund reported a total net position of \$27.9 million as of December 31, 2017, \$11.9 million which was unrestricted. Total net position increased by \$2.8 million in 2017 as a result of \$13.1 million in operating income before capital grants and transfers, less \$10.3 million transferred to the General Fund to support governmental activities. City policy targets a 20 percent operating margin in the electric utility. The operating margin of 25 percent in 2017 will result in a distribution back to rate payers in the form of the Revenue Stabilization Adjustment ("RSA") in future periods. The fund expended \$1.9 million in improvements to the City's electrical distribution system. The electric fund reports long-term debt of \$4 million related to the lease obligation employed to finance

Management's Discussion & Analysis

the City's Advanced Metering Infrastructure project in 2012; otherwise, the electric fund does not share in any general obligation debt of the City and has not issued revenue bonds.

The Water Fund had a total net position of \$31.7 million as of December 31, 2017 of which \$.6 million was unrestricted. Total net position increased \$2.4 million in 2017. Income before capital grants and transfers amounted to \$3.8 million, representing a decrease of \$0.3 million versus 2016 as a result of decreases in water consumption. \$1.5 million was transferred from the Water Fund to the General Fund to support governmental activities. The fund expended \$2.1 million in improvements to the City's water purification, containment and distribution system. The Water Fund also carries roughly \$6 million of long-term debt associated with the construction of the City's water reservoir and \$4 million related to other lease financing agreements.

The Sewer Fund had a total net position of \$10.6 million as of December 31, 2017, \$3.2 million of which was unrestricted. Total net position increased by \$95 thousand in 2017. Income before capital grants and transfers amounted to \$1.5 million of which \$1.48 million was transferred to the General Fund to support governmental activities. The fund expended \$757 thousand in improvements to the City's sewage transport and elimination system.

The Parking Fund had total net position of \$5 million as of December 31, 2017 of which \$0.6 million was unrestricted. Total net position increased by \$0.3 million in 2017. Income before capital grants and transfers totaled \$1.2 million, of which \$0.9 million was transferred to the General Fund to support governmental activities.

Internal Service Funds: The City maintains two internal service funds. The Maintenance Fund is used to account for the machinery, vehicles, and buildings for all departments of the City, and the Self Insurance Fund is used to account for disability and medical claim payments for job related injuries. The internal service funds' assets and liabilities are included with the governmental activities on the statement of net position on Page 29. The net revenue of certain activities of the internal service funds are reported with governmental activities on the statement of activities on Page 30. The assets and liabilities as well as revenue and expenses are also reported on Pages 100 through 102 of the fund financial statements.

The financial statements for the proprietary funds may be found on Pages 36 through 39 of this report.

Fiduciary Funds: As previously mentioned, the City maintains four fiduciary funds – the Employees' Pension Trust Fund, the Other Post-Employment Benefits Fund, the Section 401(a) Retirement Fund, and the Retirement Health Savings Fund. These funds contain assets held by the City in a trustee capacity.

The assets in the Pension Fund pertain to three distinct plans, although the plans are collectively managed and administered. These plans are the police plan covering all sworn police officers except the Chief of Police, the special police plan covering the Chief of Police, and the non-police plan covering civilian, non-sworn and regular full-time employees. The Pension Fund ended the fiscal year with a balance of \$68.8 million, an increase of \$8.3 million over the prior fiscal year. The total pension liability, as of December 31, 2017, is \$91.1 million, representing a funding ratio of 75.5 percent. The City contribution was \$166 thousand more than the annual required contribution of \$3.5 million.

The OPEB Trust Fund ended the fiscal year with a balance of \$9.2 million, representing an increase of \$1.5 million over the prior fiscal year. The actuarial accrued liability, as of January 1, 2017 (the latest actuarial report), was \$19 million, representing a funded ratio of 40.2 percent. The City contributed \$390 thousand less than the annual required contribution in 2017.

The financial statements for the fiduciary funds can be found on Pages 40 through 42 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The schedule comparing the City's budget and actual results can be found on Page 35.

Actual revenues in the General Fund were more than budgeted revenues by \$339 thousand. This increase is attributable to higher than anticipated revenues in fines and forfeits and charges for services which offset other categories of revenue having lower than anticipated revenues during 2017. Expenditures were \$208 thousand

Management's Discussion & Analysis

dollars higher than the total budget. Higher expenditures are related to the City's expanded efforts in public safety as well as settlement costs in public works.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2017 amounted to \$106 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements and machinery and equipment.

• The City made gross additions to capital assets of \$9.4 million in 2017. Net additions, after depreciation and retirements, totaled \$3.5 million.

Additional information on the City's capital assets can be found in Note 3 of this report.

Long-term Debt

At December 31, 2017, the City had \$6.5 million in bonds outstanding versus \$8 million at the end of the prior year – a decrease of 16 percent. All outstanding bonds are general obligation bonds supported by the full faith and credit of the City. Much of the outstanding debt was issued to finance the construction of the water reservoir.

At December 31, 2017, the City had additional long-term debt in the form of a lease payable and notes payable totaling \$8.1 million to fund an Automated Metering Infrastructure Project (the "AMI" or "Smart Meter" Project) and various energy efficiency loans. These various efficiencies will combine to provide the cost savings required to meet the payments associated with the project. The lease and notes payable are recorded as long-term debt, although the City's obligation to make principal and interest payments under the note and the security agreement, and lease payments under the lease agreement, constitute current obligations payable exclusively from legally available funds and shall not be construed to be an indebtedness within the meaning of any applicable constitutional or statutory limitation or requirement. All such payments made pursuant to the note, security agreement and lease agreement are subject to annual appropriations by the City.

Other long-term obligations of the City include \$22.3 million of net pension liability, \$2.2 million of net OPEB liability and \$0.9 million of compensated absences which include carry forward vacation and compensatory time.

The City maintains an "Aa2" rating from Moody's Investor Service and an "AA+" rating from Fitch Ratings for its current debt issuances.

Additional information about the City's long-term debt can be found in Notes 4 and 5 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The City derives the vast majority of its operating revenue from the sale of electricity to a stable and diversified customer base that is 23 percent residential and 77 percent commercial or industrial, with the largest customer being the University of Delaware with 42 percent of the City's sales in kilowatt hours. As the result of a rate study, the City instituted a revised rate structure in July 2011 that fairly and equitably assessed usage charges across various residential, commercial and industrial classifications.
- The City continues to maintain a diversified real estate revenue base (66 percent residential, 26 percent commercial and 8 percent industrial), which protects the City's real estate tax revenue against short-term fluctuations in any one segment. The real estate tax millage was 77.37 cents per \$100 of assessed value throughout 2017 and will not increase for 2018.
- The City Council adopted the 2018 General Operating Budget on December 4, 2017. The budget includes total operating revenues of \$87.4 million, an increase of 1.7 percent from 2017, and total operating expenditures of \$82.4 million, an increase of 1.3 percent from 2017.

Management's Discussion & Analysis

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to: Director of Finance, City of Newark, 220 South Main Street, Newark, Delaware 19711.

General information relating to the City of Newark can be found on its website www.newarkde.gov.



CITY OF NEWARK EMPLOYEE PHILANTHROPY















CITY OF NEWARK, DELAWARE STATEMENT OF NET POSITION DECEMBER 31, 2017

			Primary Government	
	G	Governmental	Business-type	
		Activities	Activities	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$	5,358,084	\$ 5,657,204	\$ 11,015,288
Investments		9,128,369	10,097,541	19,225,910
Accounts receivables, net		2,303,683	9,896,996	12,200,679
Taxes receivable		845,674		845,674
Inventories		50,644	1,605,678	1,656,322
Prepaid items		142,011	361,733	503,744
Restricted Assets:				
Investments		846,153	999,637	1,845,790
Total current assets		18,674,618	28,618,789	47,293,407
Noncurrent Assets:				
Capital assets, net:				
Land		5,499,380	11,245,583	16,744,963
Construction in progress		400,256	914,168	1,314,424
Buildings		4,903,871	12,110,481	17,014,352
Improvements		18,371,151	45,899,865	64,271,016
·		3,968,773		
Machinery and Equipment		3,306,773	2,651,363	6,620,136
Intangibles		22 142 421	8,126	8,126
Total capital assets, net	-	33,143,431	72,829,586	105,973,017
Total assets		33,143,431	72,829,586	105,973,017
Total assets		51,818,049	101,448,375	153,266,424
DEFERRED OUTFLOW OF RESOURCES				
Deferred pension amounts		2,846,674	814,445	3,661,119
Deferred loss on defeasance		6,225	166,480	172,705
Total deferred outflows of resources		2,852,899	980,925	3,833,824
LIABILITIES				
Current liabilities:		4 750 704	4.050.070	5.040.400
Accounts payable		1,758,724	4,060,379	5,819,103
Customer deposits		846,153	999,637	1,845,790
Regulatory liability		-	976,451	976,451
Compensated absences		80,527	12,706	93,233
Due to other governments		59,738	105,958	165,696
Accrued interest payable		5,462	55,106	60,568
Unearned revenue		-	356,534	356,534
Bonds, notes, and lease payable		209,470	2,063,847	2,273,317
Total current liabilities		2,960,074	8,630,618	11,590,692
Noncurrent liabilities:				
Compensated absences		724,740	114,356	839,096
Net other post employment benefits obligation		1,679,863	515,531	2,195,394
Net pension liability		17,215,513	5,082,987	22,298,500
Unearned revenue		508,800	2,338	511,138
Bonds, notes, and lease payable		906,835	12,089,683_	12,996,518_
Total noncurrent liabilities		21,035,751	17,804,895	38,840,646
Total liabilities		23,995,825	26,435,513	50,431,338
DEFERRED INFLOW OF RESOURCES				
Deferred pension amounts		2,325,963	731,699	3,057,662
Deferred property taxes			731,039	4,008,312
Total deferred inflows of resources		4,008,312 6,334,275	731,699	7,065,974
Total deferred limows of resources		0,334,273	731,099	7,003,974
Net Position				
Net investment in capital assets		32,033,351	58,842,536	90,875,887
Restricted for:				
Special revenue funds		892,919	-	892,919
Capital projects		305	-	305
Unrestricted		(8,585,727)	16,419,552	7,833,825
Total net position	\$	24,340,848	\$ 75,262,088	\$ 99,602,936

FOR THE YEAR ENDED DECEMBER 31, 2017 **CITY OF NEWARK, DELAWARE** STATEMENT OF ACTIVITIES

			Program Revenues	S	Net (Expense)	Net (Expense) Revenue and Changes in Net Position	Net Position
			Operating	Capital		Primary Government	
Finctions/Programs	Fynenses	Charges for	Grants and	Grants and	Governmental Activities	Business-Type	Total
Primary government:							
Governmental activities:							
General Government	\$ 7,934,478	\$ 3,081,864	\$ 670,078	· \$ 8	\$ (4,182,536)	٠.	\$ (4,182,536)
Public Safety	15,256,085	1,348,763	398,805	5 439,409	(13,069,108)	•	(13,069,108)
Public Works	5,435,573	20,564		1,	(4,239,948)	•	(4,239,948)
Community Development	152,971	•	152,971		25,000	•	55,000
Culture and Recreation	3,575,722	668,514	100,008		(2,806,200)		(2,806,200)
Interest Expense	21,032	•			(21,032)	•	(21,032)
Total governmental activities	32,375,861	5,119,705	1,321,862	1,670,470	(24,263,824)		(24,263,824)
Business-type activities:							
Electric	39,901,201	52,884,838			•	12,983,637	12,983,637
Water	5,851,339	9,595,035		- 20,000	•	3,763,696	3,763,696
Sewer	5,558,266	7,054,106		- 49,764	•	1,545,604	1,545,604
Parking	1,740,399	2,899,949			•	1,159,550	1,159,550
Total business-type activities	53,051,205	72,433,928		- 69,764		19,452,487	19,452,487
Total primary government	\$ 85,427,066	\$ 77,553,633	\$ 1,321,862	2 \$ 1,740,234	(24,263,824)	19,452,487	(4,811,337)
	Tayer:						
	Real estate taxes				6.557.441	•	6.557.441
	Real estate transfer	r taxes			1,584,426		1,584,426
	Franchise fees				471,456	•	471,456
	Unrestricted investment earnings	nent earnings			115,172	166,645	281,817
	Gain on sale of capital	al assets			59,200	40,151	99,351
	Transfers				14,026,770	(14,026,770)	•
	Total General Reve	Total General Revenues and Transfers			22,814,465	(13,819,974)	8,994,491
	Change in Net Position	sition			(1,449,359)	5,632,513	4,183,154
	Net Position - Beginning of Year	ng of Year			25,790,207	69,629,575	95,419,782

99,602,936 95,419,782

69,629,575 75,262,088

24,340,848

Net Position - Beginning of Year Net Position - End of Year

The accompanying notes are an integral part of these financial statements.

CITY OF NEWARK, DELAWARE BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2017

	 General	 Capital Projects	 Total lon-Major Funds	Go	Total vernmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,049,003	\$ 1,041,353	\$ 1,247,252	\$	4,337,608
Investments	6,044,994	3,233,950	-		9,278,944
Accounts receivable	1,381,437	711,535	205,150		2,298,122
Taxes receivable, net	845,674	-	-		845,674
Due from other funds	140,000	-	-		140,000
Inventory	35,693	-	-		35,693
Prepaid items	 120,632	-	 7,699		128,331
Total assets	\$ 10,617,433	\$ 4,986,838	\$ 1,460,101	\$	17,064,372
LIABILITIES					
Liabilities:					
Accounts payable	936,995	480,826	50,356		1,468,177
Customer deposits	846,153	-	-		846,153
Due to other governments	59,738	-	-		59,738
Unearned revenue	232,659	32,397	243,744		508,800
Due to other funds	 -	 	 140,000		140,000
Total liabilities	 2,075,545	 513,223	 434,100		3,022,868
DEFERRED INFLOW OF RESOURCES					
Deferred property taxes	 4,008,312	 	<u> </u>		4,008,312
Total deferred inflows of resources	 4,008,312	 -	 -		4,008,312
FUND BALANCES					
Nonspendable					
Inventory	\$ 35,693	\$ -	\$ -	\$	35,693
Prepaid Items	120,632	-	7,699		128,331
Restricted for					
Safetytown programs	-	-	62,669		62,669
Parks donations	-	-	18,409		18,409
Recreation donations	-	-	31,288		31,288
Island beautification	-	-	102,573		102,573
Parkland improvements	-	-	38,269		38,269
Other parks programs	-	-	11,721		11,721
Capital projects	-	305	-		305
Law Enforcement	-	-	627,990		627,990
Assigned to					
Other departmental purposes	93,285	-	-		93,285
Debt service	-	-	38,641		38,641
Transportation	-	-	4,938		4,938
Economic development	-	-	81,804		81,804
Capital projects	-	4,473,310	-		4,473,310
Unassigned	 4,283,966	 -	 -		4,283,966
Total fund balances	 4,533,576	4,473,615	 1,026,001		10,033,192
Total liabilities, deferred inflows of resources and fund balances	\$ 10,617,433	\$ 4,986,838	\$ 1,460,101	\$	17,064,372

CITY OF NEWARK, DELAWARE RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION DECEMBER 31, 2017

Total Fund Balance - Governmental Funds	\$ 10,033,192
Amounts reported for governmental activities in the statement of	
net position are different because:	
Capital assets used in governmental activities are not financial resources	
and, therefore, are not reported in the funds. Also excluded are \$675,830	
of internal service capital assets accounted for in the following line	32,467,601
Internal service funds are used by management to charge the costs of the	
operation of machinery, vehicle and building maintenance provided to other	
departments of the City on a cost-reimbursement basis. The assets and	
liabilities of the internal service fund are included in the governmental activities	
in the statement of net position	1,689,011
Some liabilities are not due and payable in the current period and therefore	
are not reported in the funds. Those liabilities consist of:	
Bonds and notes payable	(1,116,305)
Compensated absences (net of Internal Service Fund, \$22,876 included in net position above)	(782,391)
Net other post employment benefits obligation (net of Internal Service Fund, \$40,656 included in net position above)	(1,639,207)
Net pension liability (net of Internal Service Fund, \$415,499 included in net position above)	(16,800,014)
Accrued interest payable	(5,462)
Deferred resources relate to:	
Deferred loss on bond refunding	6,225
Deferred outflow of pension amounts (net of internal service funds \$77,154)	2,769,520
Deferred inflow of pension amounts (net of internal service funds \$44,641)	(2,281,322)
Net position of governmental activities	\$ 24,340,848

CITY OF NEWARK, DELAWARE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	General	Capital Projects	Total Non-Major Funds	Total Governme Funds	ntal
REVENUES					
Taxes:					
Real Estate	\$ 6,557,441	\$ -	\$ -	\$ 6,557	,441
Real estate transfer	1,584,426	-	-	1,584	,426
Franchise	471,456	-	-	471	,456
Licenses and permits	2,174,978	-	-	2,174	,978
Fines, forfeits and costs	1,847,537	-	19,747	1,867	,284
Interest, dividends and rents	100,870	6,590	-	107	,460
Intergovernmental revenues	98,317	1,585,390	781,090	2,464	,797
Charges for services	1,069,835	30,080	5,731	1,105	,646
Subvention - University of Delaware	499,331			499	,331
Total revenues	14,404,191	1,622,060	806,568	16,832	,819
EXPENDITURES					
Current:					
General Government	7,095,056	-	238,442	7,333	,498
Public Safety	13,906,628	-	323,864	14,230	,492
Public Works	4,056,558	-	-	4,056	,558
Community Development	-	-	152,971	152	,971
Culture and recreation	2,798,177	-	101,220	2,899	,397
Debt Service:					
Principal	-	-	218,293	218	,293
Interest	-	-	28,418	28	,418
Capital Outlay	 _	3,343,844	66,326	3,410	,170
Total expenditures	 27,856,419	3,343,844	1,129,534	32,329	,797
Deficiency of revenues under expenditures	 (13,452,228)	(1,721,784)	(322,966)	(15,496	,978)
OTHER FINANCING SOURCES (USES)					
Proceeds of long-term capital-related lease	-	430,000	-	430	,000
Transfers in	14,096,352	196,785	356,711	14,649	,848
Transfers out	(553,496)	-	-	(553	,496)
Proceeds from the sale of capital assets	 60,824			60	,824
Total other financing sources and uses	 13,603,680	626,785	356,711	14,587	,176
Net change in fund balances	151,452	(1,094,999)	33,745	(909	,802)
Fund balances - Beginning of Year	 4,382,124	5,568,614	992,256	10,942	
Fund balances - End of Year	\$ 4,533,576	\$ 4,473,615	\$ 1,026,001	\$ 10,033	,192

CITY OF NEWARK, DELAWARE

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

Net Changes in Fund Balances - Total Governmental Funds	\$ (909,802)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$3,410,170) is allocated over their estimated useful lives as depreciation expense (\$2,743,712) net of the internal service funds of \$675,830 included in net position above. This is the amount by which capital outlays exceeded depreciation in the current period.	666,458
The net effect of various miscellaneous transactions involving capital assets (I.e., sales, trade-ins, and donations) is to decrease net position.	(63,499)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position: Bond and note principal Accrued interest payable Deferred loss on refunding	218,293 1,158 (2,198)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.	(423,766)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Compensated absences (net of the internal service funds \$4,632 included in net position above) Net pension liability and related deferred inflows and outflows (net of the internal service funds \$12,471 included in net position above)	(37,134) (637,351)
Net other post employment benefits obligation (net of the internal service funds \$5,748 included in net position above)	(261,518)
Change in Net Position of Governmental Activities	\$ (1,449,359)

CITY OF NEWARK, DELAWARE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgete	ed Amounts		Variance with Final Budget - Favorable
	Original	Final	Actual Amounts	(Unfavorable)
REVENUES				<u> (Ca.c.a.c.</u>
Taxes:				
Real estate - current	\$ 6,577,185	\$ 6,577,185	6,501,355	\$ (75,830)
Real estate - delinquent and interest	35,000	35,000	56,086	21,086
Real estate - transfer	1,600,000	1,600,000	1,584,426	(15,574)
Franchise	443,000	443,000	471,456	28,456
Licenses and permits	2,137,506	2,137,506	2,174,978	37,472
Fines, forfeits and costs	1,659,675	1,659,675	1,847,537	187,862
Interest, dividends and rents	114,500	114,500	100,870	(13,630)
Intergovernmental revenues	76,500	76,500	98,317	21,817
Charges for services/fees	922,658	922,658	1,069,835	147,177
Subvention - University of Delaware	499,331	499,331	499,331	
Total revenues	14,065,355	14,065,355	14,404,191	338,836
EXPENDITURES				
Current:				
General government:				
Finance department	1,930,418	1,930,418	1,875,757	54,661
Planning & development	551,908	551,908	515,221	36,687
Administration	1,448,782	1,448,782	1,389,587	59,195
Legislative	1,421,836	1,421,836	1,197,314	224,522
Judicial	445,171	445,171	454,771	(9,600)
Information technology	1,946,331	1,946,331	1,662,406	283,925
Total general government	7,744,446	7,744,446	7,095,056	649,390
Public safety:				
Code Enforcement	1,268,692	1,268,692	1,281,568	(12,876)
Police	12,224,237	12,224,237	12,625,060	(400,823)
Total public safety	13,492,929	13,492,929	13,906,628	(413,699)
Public works:				
Highways and streets	2,178,361	2,178,361	2,123,211	55,150
Sanitation	1,547,271	1,547,271	1,933,347	(386,076)
Total public works	3,725,632	3,725,632	4,056,558	(330,926)
Culture and recreation	2,685,185	2,685,185	2,798,177	(112,992)
Total expenditures	27,648,192	27,648,192	27,856,419	(208,227)
Deficiency of revenues under expenditures	(13,582,837)	(13,582,837)	(13,452,228)	130,609
Other Financing Sources (Uses)				
Transfers In	14,096,355	14,096,355	14,096,352	(3)
Transfers Out	(906,121)		(553,496)	352,625
Proceeds from the sale of capital assets	-	-	60,824	60,824
Total other financing sources and uses	13,190,234	13,190,234	13,603,680	413,446
Net change in fund balances	\$ (392,603)	\$ (392,603)	151,452	\$ 544,055
Fund Balances - January 1			4,382,124	
Fund Balances - December 31			\$ 4,533,576	
			,555,576	

CITY OF NEWARK, DELAWARE STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2017

					Business-Type Activities Enterprise Funds	e Activities e Funds				Ó	Governmental
		Electric		Water	Sewer	er	Parking	- " -	Total Enterprise Funds		Activities Internal
ASSETS										Ser	Service Funds
Current Assets: Cash and cash equivalents	v	3 030 611	v	1 051 368	v	863 911	\$ 711 314	24	5 657 204	v	1 020 476
Investments, unrestricted)	7,042,663	`	790,098		1,911,220			10,097,541)	695,578
Accounts receivable, net		7,604,559		1,178,690	1	1,048,748	64,999	66	966'968'6		5,561
Inventory		1,356,556		228,714		20,408	- 182 711	' -	1,605,678		14,951
Restricted Assets:		54,450		310,00		7,200	102,7	1	201,100		13,000
Investments		973,695		19,142		6,800		 -	999,637		1
Total current assets		20,090,529		3,363,384	m	3,852,292	1,312,584	28 	28,618,789		1,750,246
Noticul en Assets. Capital assets, net:											
Land		1		7,957,954			3,287,629	59	11,245,583		
Construction in progress		725,910		125,044		1	63,214	14	914,168		' (
Buildings		8,289,307		3,821,174	4	- 200 68 8	- 496 713	٠ ٢	12,110,481		605,273
Machinery and Equipment		1,190,936		367,832)	477,858	614,737	37	2,651,363		70,557
Intangibles		1,000		7,126				 -	8,126		
l otal noncurrent assets Total Assets		19,997,758		41,018,683	11	7,350,852	5,774,877	2 K	101,448,375		2,426,076
DEEFBBED OITELOW OF BECOLIECES]]			
Deferred live on hond refunding		396,986		313,711		13,553	90,195	95	814,445		77,154
עפונין פע וספס סון ססומן פועוועון פּ				100,400		 		 -	100,400		
Total deferred outflow of resources		396,986		480,191		13,553	90,195	95	980,925		77,154
LIABILITIES											
Current Liabilities: Accounts payable		3,195,135		420,067		397,594	47,583	33	4,060,379		290,547
Customer deposits payable		973,695		19,142		6,800	•	,	999,637		
Regulatory liability		976,451		'		' (,	' [976,451		' (
Compensated absences Due to other governments		3,653		6,594		542 105.958	7,16,1	, '	105.958		2,876
Accrued interest payable		2,656		51,844		')9	909	55,106		•
Unearned revenue		356,534						. ;	356,534		
Bonds, notes, and lease payable Total Current Liabilities		526,817		1,501,864		510 894	35,166	200	2,063,847		- 203 773
Noncurrent Liabilities:		110,100,0		1,000,1		100,010	2,00	1	0.000,0		20,450
Compensated absences		32,876		59,345		4,879	17,256	99	114,356		20,000
Net other post employment benefits obligation		251,095		205,553		7,083	51,800	00	515,531		40,656
net pension nability Unearned revenue				2,046,207		1,040	934,114	‡ '	2.338		413,499
Bonds, notes, and lease payable		3,492,922		8,560,155		' 	36,606	90	12,089,683		1
Total Noncurrent Liabilities		6,175,288		10,874,558		95,273	659,776	9/	17,804,895		476,155
Total Liabilities		12,210,229		12,874,069		606,167	745,048	48	26,435,513		769,578
DEFERRED INFLOW OF RESOURCES Deferred pension amounts		344,904		285,280		12,537	88,978	28	731,699		44,641
NET POSITION					ı	0		;			
Net investment in capital assets Unrestricted		15,978,019 11,952,121		31,123,144 579,765	` ε	7,350,852 3,247,141	4,390,521 640,525	21 25	58,842,536 16,419,552		675,830 1,013,181
Total Net Position	Ϋ́	27,930,140	ş	31,702,909	\$ 10	10,597,993	\$ 5,031,046	46 \$	75,262,088	ş	1,689,011

The accompanying notes are an integral part of these financial statements.

CITY OF NEWARK, DELAWARE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

				8	usines	Business-Type Activities Enterprise Funds					69	Governmental Activities
		Electric		Water		Sewer		Parking	Ente	Total Enterprise Funds	Ser	Internal Service Funds
Operating Revenues:												
Charges for service	↔	52,431,273	ş	9,337,039	ş	7,031,354	ς.	2,892,654	φ.	71,692,320	φ.	2,145,106
Penalties and fees		181,420		67,145		22,573		2,024		273,162		1
Miscellaneous		272,145		190,851		179		5,271		468,446		_
Total operating revenues		52,884,838		9,595,035		7,054,106		2,899,949		72,433,928		2,145,106
Operating Expenses:												
Personnel		2,946,051		2,871,029		337,431		1,201,224		7,355,735		665,114
Utility purchases		33,699,575		1		4,639,046		1		38,338,621		1
Materials and supplies		238,318		347,630		20,837		31,885		638,670		662,712
Contracted services		1,333,310		973,558		255,592		357,779		2,920,239		768,358
Depreciation		1,302,787		1,364,617		303,623		140,838		3,111,865		46,447
Other		287,853		10,839		1,737		5,207		305,636		2,475
Total operating expenses		39,807,894		5,567,673		5,558,266		1,736,933		52,670,766		2,145,106
Operating income (loss)		13,076,944		4,027,362		1,495,840		1,163,016		19,763,162		1
Nonoperating Revenues (Expenses):										ľ		
Interest and investment revenue		104,452		23,135		30,398		8,660		166,645		7,712
Amortization of bond premium		1		38,081		1		1		38,081		ı
Amortization of loss on bond refunding		1		(34,443)		1		1		(34,443)		ı
Interest expense		(93,307)		(287,304)		1		(3,466)		(384,077)		ı
Gain (loss) on Sale of Capital Assets		33,000		4,051		1		3,100		40,151		1
Total nonoperating revenues (expenses)		44,145		(256,480)		30,398		8,294		(173,643)		7,712
Income before capital grants, capital												
contributions, and transfers		13,121,089		3,770,882		1,526,238		1,171,310		19,589,519		7,712
Capital grants and contributions		69,582		20,000		49,764		1		139,346		1
Transfers in		1		100,000		i		•		100,000		İ
Transfers out		(10,397,260)		(1,468,500)		(1,480,596)		(849,996)		(14,196,352)		1
Change in net position		2,793,411		2,422,382		95,406		321,314		5,632,513		7,712
Total net position - Beginning of year		25,136,729		29,280,527		10,502,587		4,709,732		69,629,575		1,681,299
Total net position - End of Year	ᡐ	27,930,140	s	31,702,909	Ş	10,597,993	ۍ	5,031,046	ᡐ	75,262,088	ᡐ	1,689,011

The accompanying notes are an integral part of these financial statements.

CITY OF NEWARK, DELAWARE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

Governmental Activities Internal

Total

Business-Type Activities Enterprise Funds

	Electric	Water	Sewer	Parking	Enterprise Funds	Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			·		•	•
receipts from customers and users Receipts from interfund services provided	- -	9,644,579	,504,821 -	, 2,921,833 -	, / L,/98,413	- 2,130,379
Customer deposits received	293,765		•		293,765	
Customer deposits returned	(281,055)	•	1		(281,055)	•
Other operating receipts	151,528	40,370	179	5,271	197,348	11,850
Payments to suppliers for goods and services	(34,667,079)	(1,432,189)	(4,543,273)	(368,342)	(41,010,883)	(1,329,330)
Payments to employees for services	(2,837,596)	(2,751,488)	(332,565)	(1,153,760)	(7,075,409)	(642,264)
Payments for interfund services used	(154,517)	(178,751)	(25,782)	(19,826)	(378,876)	•
Net cash provided (used) by operating activities	14,232,226	5,322,521	2,603,380	1,385,176	23,543,303	170,635
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES Transfers in	•	100,000	,		100,000	
Transfers out	(10,397,260)	(1,468,500)	(1,480,596)	(849,996)	(14,196,352)	'
Net cash provided (used) by noncapital financing activities	(10,397,260)	(1,368,500)	(1,480,596)	(849,996)	(14,096,352)	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	(2,315,358)	(2,111,454)	(1,012,353)	(52,836)	(5,492,001)	(313,922)
Proceeds from sale of capital assets		3,551		3,100	6,651	
Capital grants received	•	28,013	84,436	•	112,449	•
Principal paid on capital debt	(526,828)	(1,438,773)	1 1	(33,782)	(1,999,383)	
interest pard on capital debt. Net cash provided (fised) by capital and related	(000,00)	(545,565)		(107,01)	(331,132)	
financing activities	(2,936,022)	(3,812,208)	(927,917)	(87,269)	(7,763,416)	(313,922)
CASH FLOWS FROM INVESTING ACTIVITIES Proceeds from sale of investments	(1,900,000)	•	•	•	(1,900,000)	•
Interest received	122,330	28,987	36,020	9,421	196,758	9,761
Net cash provided (used) by investing activities	(1,777,670)	28,987	36,020	9,421	(1,703,242)	9,761
Net increase (decrease) in cash and cash equivalents	(878,726)	170,800	230,887	457,332	(19,707)	(133,526)
Cash and cash equivalents - Beginning of Year	3,909,337	880,568	633,024	253,982	5,676,911	1,154,002
Cash and cash equivalents - End of Year	\$ 3,030,611	\$ 1,051,368	\$ 863,911	\$ 711,314	\$ 5,657,204	\$ 1,020,476

CITY OF NEWARK, DELAWARE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017

Governmental

Business-Type Activities Enterprise Funds

					E	Enterprise Funds	spı				Activities
	ļ	Electric		Water		Sewer]	Parking	Ent	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities											
Operating income (loss)	\$	13,076,944	944 \$	4,027,362	362 \$	1,495,840		\$ 1,163,016	\$	19,763,162	· \$
Adjustments to reconcile operating income to net cash provided by operating activities.											
Depreciation expense		1.302.787	787	1.364.617	617	303,623	523	140.838		3.111.865	46,447
Effect of changes in operating assets and liabilities			i		į		}))) () ()	
Accounts receivable		66/2/9)	(666	93,	93,393	451,100	001	27,155		(106,351)	(2,877)
Allowance for uncollectible accounts		Ţ	1,106		(56)	. (3)	(506)	•		874	
Inventory		13,947	947	42,	42,905	4,6	4,663	•		61,515	(211)
Prepaid expenses		35,077	770	(52,	(52,587)	24,498	861	19,962		26,950	(6,514)
Deferred pension amounts		640,246	246	529,564	564	23,271	271	165,169		1,358,250	82,868
Customer deposits		12,710	710				,	1		12,710	•
Accounts payable		74,695	595	(263,489)	489)	250,753	753	(6,639)	_	55,320	110,940
Regulatory asset or liability		574,132	132				,	•		574,132	•
Compensated absences		(15,845)	345)	(1,	(1,465)	2,2	2,228	4,850		(10,232)	4,631
Net other post employment benefits obligation		43,826	326	35,	35,564	5)	(885)	11,136		89,544	5,748
Net pension liability		(543,887)	387)	(449,864)	864)	(19,769)	(69)	(140,311)	_	(1,153,831)	(70,397)
Due to other governments					1	68,361	361	1		68,361	1
Deferred revenue		(305,513)	513)	(3,	(3,453)		 - 	-		(308,966)	1
Total adjustments		1,155,282	282	1,295,159	159	1,107,540	240	222,160		3,780,141	170,635
Net cash provided (used) by operating activities	❖	14,232,226	\$ \$	5,322,521	521 \$	2,603,380		\$ 1,385,176	↔	23,543,303	\$ 170,635
Noncash investing, capital, and financing activities:											
Increase (decrease) in fair value of investments		(23,215)	215)	(3,	(3,978)	(5,8	(5,882)	(1,816)	_	(34,891)	(1,807)
Increase (decrease) in capital grants receivable				(8)	(8,013)	78,324	324	•		70,311	
Increase (decrease) in accrued interest receivable		5,	5,337	(1,	(1,874)		260	1,055		4,778	(242)
Increase (decrease) in accrued interest payable		<u>.</u>	(529)	(6,	(6,241)		,	(582)	_	(2,055)	•
Capital contributions of property and equipment		69	69,582					•		69,582	•
Capitalization of trade-in credits		33)	33,000		200			•		33,500	•
Amortization of bond premium				38,	38,081			•		38,081	•
Amortization of loss on bond refinancing				(34,	(34,443)		1	1		(34,443)	•

The accompanying notes are an integral part of these financial statements.

CITY OF NEWARK, DELAWARE STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2017

	Pension and Other Benefits Funds
ASSETS	
Cash and cash equivalents	\$ 53,655
Investments:	
Domestic equity mutual funds	47,551,424
International equity mutual funds	5,473,983
Fixed income mutual funds	22,426,879
Real estate equity funds	4,456,927
Balanced asset allocation mutual funds	236,488
Accounts receivable	36,764
Total Assets	80,236,120
LIABILITIES	
Accounts payable	6,665
Unearned revenue	1,955_
Total Liabilities	8,620
NET POSITION	
Net position restricted for employee	
post employment benefits	\$ 80,227,500

CITY OF NEWARK, DELAWARE STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Pension and Other Benefits Funds
ADDITIONS	
Contributions:	
Employer	\$ 4,380,133
State aid - police	320,973
Employee	828,449
Total contributions	5,529,555
Investments:	
Investment earnings	1,731,702
Net increase in fair value of investments	8,942,988
Total investment earnings	10,674,690
Total additions	16,204,245
DEDUCTIONS	
Benefits	5,389,661
Administrative expenses	150,539
Total Deductions	5,540,200
Change in Net Position	10,664,045
Net Position - Beginning of Year	69,563,455
Net Position - End of Year	\$ 80,227,500

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The City of Newark, Delaware (the "City") was incorporated in 1852, under the provisions of the State of Delaware. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, streets, sanitation, utilities, health and social services, culture and recreation, public improvements, planning and zoning, and general administration.

The Government Accounting Standards Board established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. The criteria used in determining whether such organizations should be included in the City's financial reporting entity are financial interdependences, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service and special financing relationships.

The City has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the City's financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the City. Eliminations of interfund activity have been made to minimize the double counting of internal activities. 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 is 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 who purchase, use or directly benefit from goods, services or privileges provided by a function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a 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 last are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor funds. In addition, the fund financial statements present internal service funds and fiduciary funds by fund type.

Measurement Focus, Basis of Accounting, And Financial Statement Presentation

The entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items (nonexchange transactions) are recognized as revenue as soon as all eligibility requirements imposed by the providers have been satisfied.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The 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 become both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For governmental fund types, the City considers all revenues to be available if they are collected within 60 days after fiscal year end. Revenues considered susceptible to accrual include property taxes, franchise taxes, licenses, interest and dividend income, and grants associated with the current fiscal year. Only the portion of the special assessments receivable due within the current fiscal year is considered to be susceptible to accrual and recognized as revenue in the current fiscal year. All other revenue items are considered measurable and available only when cash is received by the City.

Expenditures are recorded when the related fund liability is incurred (upon receipt of goods or services), except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Long-term debt issues and acquisitions under capital leases are reported as other financing sources.

The City reports the following major governmental funds:

<u>General Fund</u> – This fund is used to account for the general operating activities of the City. General government, public safety, public works, parks and recreation, and judiciary offices are financed through this fund with receipts from general property taxes, licenses and permits, investment interest, fines, charges for current services, intergovernmental and other revenue.

<u>Capital Projects Fund</u> – This fund is used to account for the design, construction and improvement of City buildings, land improvements, and the purchase and replacement of vehicles, machinery and equipment.

The City reports the following major proprietary funds:

<u>Electric Fund</u> – Used to account for the operation of an electric distribution system.

Water Fund – Used to account for the operation of a water supply system.

<u>Sewer Fund</u> – Used to account for the operation of a sewage collection system.

<u>Parking Fund</u> – Used to account for the operation of a municipal parking lot system.

The City reports the following internal service funds:

<u>Maintenance Fund</u> – This fund is used to account for the operation of machinery, vehicle and building maintenance provided to other departments of the City on a cost-reimbursement basis.

<u>Self Insurance Fund</u> – This fund accounts for disability and medical claim payments made for employee job related injuries and deductible amounts paid to insurance underwriters.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The City reports the following non-major governmental funds:

<u>Debt Service Fund</u> – Used to account for principal and interest payments made for the City's General Obligation Bonds Series 2011 and the Energy Improvement Loan.

<u>Downtown Newark Partnership Fund</u> – Used to account for donations and other funding received for the events and programs of the Downtown Newark Partnership.

<u>Community Development Fund</u> – Used to account for the City's Community Development Block Grant from the United States Department of Housing and Urban Development passed through New Castle County Department of Community Development and Housing.

<u>Law Enforcement Fund</u> – Used to account for grants and other funding designated for Law Enforcement operating expenditures.

<u>Parks and Recreation Fund</u> – Used to account for grants and other funding designated for Parks maintenance and beautification and for the City's Recreational program operating expenditures.

<u>Transportation Fund</u> – Used to account for the Unicity bus program and the related grant.

The City reports the following fiduciary fund types:

<u>Pension Trust Fund</u> – This fund is used to account for the assets held by the Pension Program in a trustee capacity for the employees of the City. The Pension Program, which is part of the City's legal entity, is a single-employer defined benefit pension plan that provides benefits to City employees.

<u>OPEB Trust Fund</u> – This fund is used to account for the funding, accounting, and reporting of postemployment benefits other than pension.

<u>Section 401A City Manager's Retirement Fund</u> – This fund is used to account for the assets held by a third party administrator in a retirement savings plan for the former City Manager. The fund accounts for all activities in the plan during the year including contributions made by the City and the former City Manager.

<u>Section 401A Management Employees' Retirement Fund</u> – This fund is used to account for the assets held by a third party administrator in a retirement savings plan for management employees hired after January 1, 2012 Local 1670 employees hired after April 1, 2014, and Employees Council hired after January 1, 2014. The fund accounts for all activities in the plan during the year including contributions made by the City and the various employee groups detailed above.

Retirement Health Savings Plan for Management Employees 2009 – This fund is used to account for the assets held by a third party administrator in a retirement health savings plan for management employees hired prior to January 1, 2012. The fund accounts for all activities in the plan during the year including contributions made by the management employees hired prior to January 1, 2012.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Retirement Health Savings Plan for Management Employees 2012 – This fund is used to account for the assets held by a third-party administrator in a retirement health savings plan for management employees hired after January 1, 2012, Local 1670 employees hired after April 1, 2014, and Employees Council hired after January 1, 2014. The fund accounts for all activities in the plan during the year including contributions made by the City and the management employees hired after January 1, 2012.

With limited exceptions, the effects of interfund activity have been eliminated from the government-wide financial statements. Exceptions include charges by one government function to another where services have been provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the electric, water, sewer and parking proprietary funds and the maintenance internal service fund are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use in certain programs, it is the City's policy to apply cost-reimbursement grant resources first to those programs, followed by bond proceeds, categorical block grants and then by general revenues, as they are needed.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the proprietary funds consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Receivables

Receivables as of December 31, 2017 for the City's governmental activities include real estate taxes receivable, home buyer's assistance program receivables, grants receivable, permits and licenses receivable, liens receivable, interest receivables, and other miscellaneous receivables.

Allowance for Doubtful Accounts

Historically, the City of Newark has experienced a 99 percent collection rate for real estate taxes. Taxes constitute a lien against real property and are collected in full when title transfers. An allowance for doubtful accounts is established which includes outstanding receivables for parcels of undeveloped land that may not be recoverable through a transfer or munitions sale and one percent of the remaining receivable balance. As of December 31, 2017, the allowance for doubtful accounts in the General Fund amounted to \$127,798.

The City of Newark's water, sewer and electric utilities experience very small losses from uncollectible accounts. Water and sewer fees constitute a lien against real property and can usually be collected in full when title transfers. Accordingly, an allowance for doubtful accounts is funded annually at the rate of .01 percent of annual revenues, excluding adjustment, penalties and miscellaneous revenues. This amount approximates actual losses. Only balances that remain after tax sales are written off each year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Electric fees do not constitute a lien; however, maintenance of adequate customer deposits, monthly billing and diligent collection procedures minimize losses from uncollectible accounts. Accordingly, an allowance for doubtful accounts is funded annually at the rate of .16 percent of annual revenues, excluding adjustments, penalties and miscellaneous revenues. This amount approximates the City's actual loss experience.

As of December 31, 2017, the allowance for doubtful accounts amounted to \$191,316 in the Electric Fund, \$19,876 in the Water Fund, and \$25,315 in the Sewer Fund.

Inventories and Prepaid Items

Inventories of governmental and proprietary fund types are valued at cost. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. These items are recorded as expense/expenditures when consumed.

Capital Assets

Capital assets including property, plant and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City has defined capital assets as assets with a minimum individual cost of \$20,000 and an estimated useful life in excess of one year. Capital assets may be purchased or constructed and are recorded at cost. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the estimated useful lives of the related assets. The City generally uses the following estimated useful lives unless an asset's life has been adjusted based on actual experience:

Buildings	20-40 years	Electric System	15-30 years
Sewer System	50 years	Water System	20-50 years
Improvements	10-20 years	Equipment	5-10 years

Compensated Absences

City employees earn vacation and sick leave depending on their length of service. Sick leave is accumulated at the rate of 15 days per year. Any unused sick leave is paid annually at the rate of one day for every three days accumulated in excess of 90 days. Employees have no vested interest in unused sick leave at termination and, accordingly, the City has no such liability. After 10 years of service, employees may carry forward up to two weeks of vacation time which, if unused, is paid at time of leaving the City.

Compensatory time is accumulated as earned, with any unused amounts up to a maximum limit, being paid at the time of leaving the City.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities or proprietary fund type statement of net position. Debt issuance costs are expensed in the year the cost are incurred. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Deferred loss on refunding is presented as Deferred Outflow of Resources in the Statement of Net Position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current financial 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The City has two items that qualify for reporting in this category, the deferred loss on refunding and deferred pension amounts, which are reported on the Statement of Net Position.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as inflow of resources (revenue) until that time. The items that qualify for reporting in this category are billed but uncollected property tax interest & penalties, assessments, and liens.

Net Position and Fund Equity

The difference between fund assets, liabilities, and deferred outflows/inflows of resources is "Net Position" on the government-wide, proprietary and fiduciary fund statements and "Fund Balance" on governmental fund statements. Net Position is classified as "Net Investment in Capital Assets," legally "Restricted" for a specific purpose, or "Unrestricted" and available for appropriation for the general purposes of the fund or activity.

Fund Balance

GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions", establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. In the Governmental Fund financial statements, fund balances are classified as:

• Nonspendable – includes items that cannot be spent because they are not in spendable form, such as prepaid and inventory items reported in the general fund, capital projects fund, and other governmental funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- Restricted includes items that are restricted by external parties or imposed by grants, law, or legislation.
- Committed includes items that can be used only for the specific purposes determined by formal action (council bill) of the City's highest level of decision making authority (City Council). Constraint can be removed or changed only by taking the same action (council bill) prior to the end of the fiscal year. The City had no committed fund balances at December 31, 2017.
- Assigned includes items that have been allocated by budgetary action (approved by City Council) where the City's intent is to use the funds for a specific purpose.
- Unassigned this category is for any balances that have no restrictions placed upon them. The General Fund is the only fund that reports a positive unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance and then unassigned fund balance.

Property Taxes

Property taxes attach as an enforceable lien on property when levied. Taxes are levied on July 1 and are payable on or before September 30. Taxes paid after the payable date are assessed a five percent penalty for nonpayment and one and one-half percent interest per month thereafter. The City bills and collects its own property taxes. City property tax revenues are recognized on a pro rata basis. An allowance for doubtful accounts is calculated on tax balances of identified properties where amounts due may not be collected at the time of a title transfer and one percent of the remaining tax receivable balance. The property tax rate for 2017 was .7737 cents per \$100 of assessed value.

Use of Estimates in the Preparation of Financial Statements

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.

Budgetary Information

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

- a. Formal budgetary integration is employed as a management control device during the year for the General fund. This budget is adopted on a basis consistent with generally accepted accounting principles.
- b. The City Council adopts legal annual budgets for the General Fund, Proprietary Funds, Transportation Fund, Downtown Newark Partnership Fund, Parks Special Revenue Funds, Debt Service Fund, Maintenance Fund, and the Insurance Fund. The City Council also adopts legal project length budgets for its Capital Projects Funds, Community Development Block Grant Fund, and the Law Enforcement Fund. Project periods for these funds may differ from the City's fiscal year; comparisons of budgetary information for these funds are presented as supplemental information.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- c. The City Manager is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total appropriations of any fund must be approved by the City Council. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis. Budget appropriations lapse at year-end.
- d. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Revenue and Expenditures

For the year ended December 31, 2017, actual revenues in the General Fund exceeded budgeted revenues by \$338,836. This amount represents higher than anticipated revenues mainly Licenses & Permits and Charges for services with minor favorable and unfavorable variances for other revenue categories.

General Fund operating expenditures were \$130,609 lower than appropriated. All general government departments except for the Judicial department had lower expenditures that budgeted. Significant differences were noted in the Administration and Information Technology departments some of which was caused by personnel vacancies. Public safety, Public works and Culture and recreation all recorded expenditures higher than appropriated. Large settlements were paid out for workers compensation claims in Public safety and Public works resulting in these variances. These settlements were approved by Council. Over expenditures related to Culture and recreation resulted from higher than anticipated maintenance costs.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Amended Pension Plan for Employees of the City of Newark, Delaware and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the City of Newark. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

GASB Pronouncements

GASB Statement, 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (GASB 74), improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The requirements of GASB 74 are effective for fiscal year 2017. The implementation of GASB 74 did not have a material impact on the City's financial statements other than increasing note disclosures.

NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a written policy for custodial credit risk. At December 31, 2017, the carrying amount of the City's cash accounts and cash on hand was \$10,804,534. The bank balances were \$10,831,011. Of the bank balances, \$500,000 was covered by Federal Depository Insurance. The remaining balance of \$10,331,011 was secured by collateral consisting of uninsured and unregistered investments held by the pledging financial institution but not in the City's name.

<u>Investments</u>

The City is authorized to invest in United States Government Securities; Federal Agency Securities; Certificates of Deposits, Time Deposits, and Bankers Acceptances; Corporate Debt Instruments; Repurchase Agreements; Money Market Mutual Funds; the pooled investment fund known as the Delaware Local Government Investment Pool (DELGIP) as authorized by Title 29, Chapter 12 of the Delaware Code; Municipal Obligations that are rated in either of the two highest rating categories by a nationally recognized rating agency; and Guaranteed Investment Contracts. Investments in certificates of deposits are insured, registered, or held by the City or its agent in the City's name. Corporate notes held as of December 31, 2017 had varying rates but none lower than A. Amounts that may be invested in any one of these categories are subject to percentage limitations as set forth in the City's written Investment Policy. The investments of the Pension trust are not subject to these restrictions. Refer to Note 8 for further discussion of the investment policy of the Pension Plan.

As of December 31, 2017, the City had the following investments (excluding investments of the City's fiduciary funds):

	INVESTMENT M	1ATURI	TIES (in years)			
Investment Type	Fair Value		Less Than	(One to Five	Six to Ten
			One Year		<u>Years</u>	<u>Years</u>
Certificates of Deposit	\$ 3,885,363	\$	1,898,610	\$	1,986,753	\$ -
U. S. Government Securities	9,501,681		193,583		3,478,565	5,829,533
Corporate Notes	7,109,978		1,291,580		4,606,998	1,211,400
Municipal Bonds	549,776		300,669		249,107	-
Real Estate	 24,902				24,902	 -
	\$ 21,071,700	\$	3,684,442	\$	10,346,325	\$ 7,040,933

Credit Risk

The City and the Pension Plan have no policy regarding credit risk for U.S. Government Securities or Federal Agency Securities.

Interest Rate Risk

Interest rate risk is the possibility that an interest rate change could adversely affect an investment's fair value.

NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS (cont'd)

The City's and the Pension Plan's investment policies limit and stagger the maturity of investments to mitigate interest rate risk and maintain adequate liquidity to meet cash flow needs. The portfolio is structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. The portfolio is invested in permitted securities with a stated maturity of no more than ten years from the date of purchase, unless the security is matched to a specific obligation or debt of the City. To control volatility of the portfolio and to further mitigate interest rate risk, the City manages the portfolio's effective duration target not to exceed three years.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

All investment securities purchased by the City or the Pension Plan or held as collateral on deposits or investments are held in third-party safekeeping at a qualified financial institution that is not a counterparty to the investment transaction. All investment securities are held in the name of the City.

Appropriate City officials and representatives of the depository responsible for, or in any manner involved with, the safekeeping and custody process of the City may be required to be bonded.

Concentration of Credit Risk

Concentration of credit risk is the inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification (securities acquired from a single issuer.)

The City's portfolio is diversified to limit exposure to any one issuer. No more than 5 percent of the City's portfolio will be invested in the securities of any single issuer with the following exceptions:

US Treasury
Each Federal Agency
Time Deposits fully insured by FDIC/FSLIC
Each Repurchase Agreement Counterparty
Money Market Mutual Fund
DELGIP

As of December 31, 2017, there were no investments with a fair value in excess of 5 percent of the City's portfolio invested in any single issuer. Additional information concerning the concentration of credit risk applicable to the Pension Plan can be found in Note 8.

Foreign Currency Risk

The City and Pension Plan's investment policies do not allow for investments denominated in foreign currencies. The City and Pension Plan do not hold such investments.

NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS (cont'd)

Investments and Valuation

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below

- Level 1 Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker traded transactions.

The City's investments are categorized in the following table:

					Balance
	Level 1	Level 2	<u>Level 3</u>	Dec	cember 31, 2017
Certificates of Deposit	\$ 3,885,363	=	-	\$	3,885,363
U. S. Government Securities	9,501,681	-	-		9,501,681
Corporate Notes	7,109,978	-	-		7,109,978
Municipal Bonds	549,776	-	-		549,776
Domestic Equity Mutual Funds	47,551,424	-	-		47,551,424
International Equity Mutual Funds	5,473,983	-	-		5,473,983
Fixed Income Mutual Funds	22,426,879	-	-		22,426,879
Real Estate Equity Funds	4,456,927	-	-		4,456,927
Balanced Asset Allocation Mutual Funds	236,488	-	-		236,488
Real Estate	 <u> </u>	 	 24,902		24,902
	\$ 101,192,499	\$ -	\$ 24,902	\$	101,217,401

NOTE 3 CAPITAL ASSETS

The capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning			Ending
	Balance	Increases	Decreases	Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 5,499,380	\$ -	\$ -	\$ 5,499,380
Construction in progress	88,458	311,798		400,256
Total capital assets not being depreciated	5,587,838	311,798		5,899,636
Capital assets being depreciated:				
Buildings	10,976,841	468,695	-	11,445,536
Improvements	30,498,627	1,978,749	-	32,477,376
Machinery and equipment	16,389,285	964,850	894,538	16,459,597
Total capital assets being depreciated	57,864,753	3,412,294	894,538	60,382,509
Less accumulated depreciation for:				
Buildings	6,267,403	274,262	-	6,541,665
Improvements	12,625,106	1,481,119	-	14,106,225
Machinery and equipment	12,279,378	1,034,778	823,332	12,490,824
Total accumulated depreciation	31,171,887	2,790,159	823,332	33,138,714
Total capital assets being depreciated, net	26,692,866	622,135	71,206	27,243,795
Governmental activities capital assets, net	\$ 32,280,704	\$ 933,933	\$ 71,206	\$ 33,143,431

NOTE 3 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 11,245,583	\$ -	\$ -	\$ 11,245,583
Construction in progress	163,984	836,685	86,501	914,168
Intangibles	8,126			8,126
Total capital assets not being depreciated	11,417,693	836,685	86,501	12,167,877
Capital assets being depreciated:				
Buildings	28,513,432	1,303,507	-	29,816,939
Improvements	74,952,394	2,678,834	-	77,631,228
Machinery and equipment	4,932,594	862,558	330,855	5,464,297
Total capital assets being depreciated	108,398,420	4,844,899	330,855	112,912,464
Less accumulated depreciation for:				
Buildings	16,909,944	796,514	_	17,706,458
Improvements	29,801,600	1,929,763	_	31,731,363
Machinery and equipment	2,758,201	385,588	330,855	2,812,934
Total accumulated depreciation	49,469,745	3,111,865	330,855	52,250,755
Total capital assets being depreciated, net	58,928,675	1,733,034		60,661,709
Business-type activities capital assets, net	\$ 70,346,368	\$ 2,569,719	\$ 86,501	\$ 72,829,586
Depreciation expense was charged to the functio	ns as follows:			455 572
General Government			\$	455,573
Public Safety Public Works				403,934 1,276,508
Culture and Recreation				607,697
Capital assets held by the government's internal s	service funds			007,037
and charged to the various functions based on				46,447
Total depreciation expense - governmental activi	ties		\$	2,790,159
Business-type activities:				
Electric			\$	1,302,787
Water			Ţ	1,364,617
Sewer				303,623
Parking				140,838
Total depreciation expense - business-type activit	ties		\$	3,111,865

NOTE 4 LONG-TERM DEBT

General Obligation Bonds

On December 5, 2011, the City issued \$12,695,000 of General Obligation Refunding Bond Series 2011 for both governmental and business-type activities.

The bonds mature through September 14, 2022 and bear interest rates that vary from 2.0 percent to 3.0 percent, payable March 15 and September 15.

The bonds outstanding on December 31, 2017 are general obligation debt supported by the full faith and credit of the City and are summarized as follows:

Purpose	Amount	
Governmental activities	\$	545,000
Business-type activities		5,925,000
	\$	6,470,000

Annual debt service requirements to maturity for the bonds payable are as follows:

Year Ending	Governmenta	al Activities		Business-Type Activities		
December 31	Principal	Interest	Total	Principal	Interest	Total
2017	-	-	-	-	-	-
2018	175,000	16,350	191,350	1,095,000	177,750	1,272,750
2019	180,000	11,100	191,100	1,140,000	144,900	1,284,900
2020	190,000	5,700	195,700	1,185,000	110,700	1,295,700
2021	-	-	-	1,230,000	75,150	1,305,150
2022	-	-	-	1,275,000	38,250	1,313,250
	\$ 545,000	\$ 33,150	\$ 578,150	\$ 5,925,000	\$ 546,750	\$ 6,471,750

In 2011, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, assets in the trust account and the liability for the defeased bonds are not included in the City's financial statements. On December 31, 2017, \$6.47 million of bonds outstanding were considered defeased.

NOTE 4 LONG-TERM DEBT (cont'd)

<u>Equipment Lease/Purchase Agreement – Business Type Activities</u>

On December 19, 2012, the City entered into an \$8,897,374 Equipment Lease/Purchase Agreement with Bank of America Public Capital Corporation. The loan bears an interest rate of 2.20 percent. Payments are due quarterly starting January 1, 2014, with the final payment due January 1, 2028. The proceeds, which were used to partially finance the City's \$11,495,735 Automated Meter Infrastructure Project in the business-type activities, were deposited in an Acquisition Fund under the City's name. Disbursements for project construction costs were made out of this fund. The present value of all future minimum lease payments is reported as a lease obligation in the Statement of Net Position and related depreciation of \$444,869 is included in total depreciation reported on the Statement of Revenues, Expenses, and Changes in Net Position.

As of December 31, 2017, payments under this lease obligation are as follows:

Year Ending December 31	Bu	siness Type
		<u>Activities</u>
2018		703,350
2019		703,350
2020		703,350
2021		703,350
2022		703,350
2023-2027		3,516,750
Total lease payments		7,033,500
Less: interest		(781,206)
Present value of lease payments	\$	6,252,294

Equipment Lease/Purchase Agreement – Business Type Activities

On October 15, 2015, the City entered into an Equipment Lease/Purchase Agreement with KS State Bank for \$138,008. The loan bears an interest rate of 4.055 percent. Payments are due quarterly starting January 1, 2016, with the final payment due October 15, 2019. The proceeds, which were used to partially finance the City's purchase of parking equipment and gated access controls in the Parking Fund, were deposited in a Vendor Payable Account under the City's name. Disbursements for project costs were made out of this fund. The present value of all future minimum lease payments is reported as a lease obligation in the Statement of Net Position and related depreciation of \$13,801 is included in total depreciation reported on the Statement of Revenues, Expenses, and Changes in Net Position.

Year Ending December 31	Business Type <u>Activities</u>
2018	37,534
2019	37,534
Total lease payments	75,068
Less: interest	(3,296)
Present value of lease payments	\$ 71,772
Present value of lease payments	\$ 71,77

NOTE 4 LONG-TERM DEBT (cont'd)

Equipment Lease/Purchase Agreement – Governmental Type Activities

On December 23, 2016, the City entered into an Equipment Lease/Purchase Agreement with Fulton Bank for \$430,000. The loan bears an interest rate of 2.8 percent. Payments are due monthly starting August 5, 2017, with the final payment due August 5, 2027. The proceeds, which were used to partially finance the City's purchase and installation of fiber optic cable for the city's network of security cameras, were deposited in a Vendor Payable Account under the City's name. Disbursements for project costs were made from this fund. The present value of all future minimum lease payments is reported as a lease obligation in the Government Wide Statement of Net Position and related depreciation of \$10,750 is included in expenses of the General Government reported on the Statement of Activities.

Year Ending December 31	Gov	ernmental
	<u>A</u>	ctivities
2018		49,255
2019		49,255
2020		49,255
2021		49,255
2022		49,255
2023-2027		225,749
Total lease payments		472,024
Less: interest		(57,636)
Present value of lease payments	\$	414,388

NOTE 4 LONG-TERM DEBT (cont'd)

Energy Improvement Loans – Governmental & Business Type Activities

On July 20, 2012, the City signed a \$2,851,935 financing agreement with the Delaware Department of Natural Resources & Environmental Control. The agreement, under the American Recovery and Reinvestment Act of 2009, consists of a promissory note and a security agreement related to the Automated Meter Infrastructure Project in the business-type activities. The loan proceeds partially financed the installation and acquisition of equipment for the Automated Meter Infrastructure Project. The loan bears an interest rate of 1.99 percent. Payments are due quarterly starting September 1, 2013, with the final payment due September 1, 2022

On February 29, 2012, the City entered into a \$598,131 financing agreement with the Delaware Department of Natural Resources and Environment Control. The agreement, under the American Recovery and Reinvestment Act of 2009, consists of a promissory note and a security agreement related to the installation of energy efficiency improvements and equipment at various municipal facilities. The loan bears an interest rate of 1.99 percent. Payments are due quarterly starting January 1, 2013, with the final payment due July 1, 2022.

The loan outstanding on December 31, 2017 are summarized below:

Purpose	Amount
Governmental activities	\$ 139,255
Business-type activities	 1,720,404
	\$ 1,859,659

Annual debt service requirements to maturity for the energy improvement loans are as follows:

Year Ending	Year Ending Governmental Activities		Business-Type Activities			
December 31	Principal	Interest	Total	Principal	Interest	Total
2017	-	-	-	-	-	-
2018	28,236	2,561	30,797	348,836	31,644	380,480
2019	28,802	1,995	30,797	355,830	24,650	380,480
2020	29,379	1,418	30,797	362,964	17,516	380,480
2021	29,968	829	30,797	370,240	10,240	380,480
2022	22,870	228	23,098	282,534	2,816	285,350
	\$ 139,255	\$ 7,031	\$ 146,286	\$ 1,720,404	\$ 86,866	\$ 1,807,270

NOTE 5 CHANGES IN LONG-TERM LIABILITIES

Long term liability activity for the year ended December 31, 2017, was as follows:

	Beginning Balance				Reductions		Ending Balance		Due Within One Year	
Governmental Activities	'									
Bonds payable	\$ 720,	000	\$ -	\$	(175,000)	\$	545,000	\$	175,000	
Plus: deferred amounts - bond premium	23,	396			(6,234)		17,662		6,234	
Total bonds payable	743,	396	-		(181,234)		562,662		181,234	
Lease payable		-	430,000		(15,612)		414,388		38,222	
Notes payable	166,	936	-		(27,681)		139,255		28,236	
Net pension liability	20,883,	378			(3,667,864)		17,215,514		-	
Net OPEB liability	1,412,	597	267,266		-		1,679,863		-	
Compensated absences	763,	501	1,315,117		(1,273,351)		805,267		80,527	
Long-term liabilities	\$ 23,970,	308	\$ 2,012,383	\$	(5,165,742)	\$	20,816,949	\$	328,219	
Business-Type Activities										
Bonds payable	\$ 6,995,	000	\$ -	\$	(1,070,000)	\$	5,925,000	\$	1,095,000	
Plus: deferred amounts - bond premium	222,	140			(38,080)		184,060		38,080	
Total bonds payable	7,217,	140	-		(1,108,080)		6,109,060		1,133,080	
Lease payable	6,911,	169	-		(587,403)		6,324,066		600,965	
Notes payable	2,062,	384	-		(341,980)		1,720,404		348,836	
Net pension liability	6,236,	318			(1,153,831)		5,082,987		-	
Net OPEB liability	425,	988	91,962		-		517,950		-	
Compensated absences	137,	294	322,870		(333,102)	_	127,062		12,706	
Long-term liabilities	\$ 22,991,	093	\$ 414,832	\$	(3,524,396)	\$	19,881,529	\$	2,095,587	

The compensated absences liability, the net pension liability and the net OPEB liability attributable to governmental activities will be paid by the governmental and internal service funds. In the past, approximately 90 percent has been paid by the General Fund and the remainder by other governmental and internal service funds. The internal service fund predominantly serves the governmental funds.

Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. As of December 31, 2017, \$22,876 of internal service funds compensated absences is included in the above amounts.

NOTE 6 INTERFUND TRANSFERS, RECEIVABLES & PAYABLES

The composition of interfund transfers as of the year ended December 31, 2017 was as follows:

	 Transfer In		Transfer Out	
General Fund	\$ 14,096,352	\$	553,496	
Capital Projects Fund	196,785		-	
Nonmajor Governmental Funds	356,711		-	
Electric Fund	-		10,397,260	
Water Fund	100,000		1,468,500	
Sewer Fund	-		1,480,596	
Parking Fund	 _		849,996	
Total transfers	\$ 14,749,848	\$	14,749,848	

In addition, a capital asset with a cost basis of \$74,221 and accumulated depreciation of \$4,639 was transferred from the General Fund to the Electric Fund. An additional transfer amount of \$69,582 is reported on the government-wide statements related to this transaction, which results in a net total transfer between fund types of \$14,026,770.

Annual transfers of electric utility revenues have been made to the General Fund since 1996. The City's policy is that transfers may be made from the enterprise funds to the General Fund provided such transfers will take into consideration each enterprise fund's financial strength and operating condition.

The composition of interfund balances as of the year ended December 31, 2017 was as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	 Amount
General	Community Development	\$ 85,000
General	Transportation Fund	\$ 55,000
Total		\$ 140,000

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods & services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These amounts include balances of working capital loans made to funds that are awaiting receivables.

The Community Development Fund incurs expenditures for goods and services related to Community Development Grant (CDBG) funded programs which are later reimbursed by grant proceeds. On December 31, 2017, \$85,000 was due from the Community Development Fund for working capital advances. The General Fund expects to collect this amount in the subsequent year.

The Transportation Fund incurs expenditures for goods and services related to the Unicity bus program which are later reimbursed by grant proceeds. On December 31, 2017, \$55,000 was due from the Transportation Fund for working capital advances. The General Fund expects to collect this amount in the subsequent year.

NOTE 7 ENCUMBRANCES

Encumbrances represent claims against appropriations for purchase order and executed contracts that have not been expended. Amounts reported as encumbrances in the General Fund are reported as an assignment of Fund Balance. Encumbrances in the Capital Projects Fund and Other Governmental Funds are reported as restricted and assigned fund balances. The following table includes functional encumbrance balances as of December 31, 2017:

		Total	General Fund	 Capital Projects Fund	Go	Other vernmental Funds
General Government	\$	79,612 15,174	\$,	\$ -	\$	31,620
Public Safety Public Works		32,842	8,165 32,842	-		7,009 -
Culture & Recreation Capital Projects		4,286 1,454,604	4,286 	 1,454,604	_	<u>-</u>
	<u>\$</u>	1,586,518	\$ 93,285	\$ 1,454,604	\$	38,629

NOTE 8 PENSIONS

Plan Description

Substantially all full-time employees of the City are covered by the Amended Pension Plan for Employees of the City of Newark, Delaware, created and operated under Section 2.98 of the City Code. This is a contributory, single-employer defined benefit pension plan accounted for as a pension trust fund and administered by the City Council sitting as the Board of Trustees. The defined benefit pension plan is reported in the City's financial statements and is not included in the report of any other public employee retirement system or other entity. A separate report for the Pension Trust Fund is not prepared.

Each year, on January 1, Milliman Consulting, prepares a complete Pension Plan Actuarial Valuation Report that is available for review in the Finance Department. On a monthly basis, Vanguard Investment Group, the Principal Financial Group, and DTI Consulting prepare performance monitoring reports on the investment returns of plan assets. Finance Department staff prepares a separate report which, along with those of the consultants, is transmitted to the Board of Trustees, discussed at regular public meetings and made available for review in the Finance Department.

All employees, immediately upon date of hire, who meet one of the five eligible classes of membership, are eligible to enroll in the Plan: Local 1670 employees hired prior to April 1, 2014, Employees Council hired prior to January 1, 2014, exempt employees hired prior to January 1, 2012, police employees and special police (Chief of Police) hired prior to January 1, 2012. The plan is closed to all membership classes except for police employees. Benefits are determined by membership class, but eligibility and vesting are based on total service.

Although plan assets are collectively managed and administered, the plan is actually a combination of three plans with distinctly different levels of benefits. Although there are three benefit levels, all plan assets are available to pay benefits to any plan member. The three plans are:

- 1. Non-Police civilian, non-sworn, regular, full-time employees
- 2. Police all sworn police officers except the Chief of Police
- 3. Special Police the Chief of Police

NOTE 8 PENSIONS (cont'd)

Non-Police and Special Police employees are entitled to a benefit at 2.1 percent of their final average compensation comprised of base pay plus longevity times years of credited service. For Exempt and Special Police employees, final average compensation equals the average of the employee's 60 highest paid consecutive months of City employment. For members of the Communication Workers of America (white collar) and the American Federation of State, County and Municipal Employees (blue collar), final average compensation equals the average of the employee's 36 highest paid consecutive months of City employment. For Non-Police employees the normal retirement date is the first day of the month coinciding with or next following the latter of the fifth anniversary of the member's plan participation date or the member's 65th birthday. For Special Police the normal retirement date is the later of the employee's 50th birthday or the employee's fifth anniversary of participation in the Plan. The Plan permits early retirement for Non-Police employees at age 55 with the completion of 15 or more years of credited service. The early retirement benefit is actuarially reduced unless the sum of years of service and age is equal to 85. There are no early retirement options for Special Police.

Police employees are entitled to a benefit calculated at different rates. For service prior to January 1, 1978, a benefit at 2.2 percent of the final average compensation (the average of the employee's 36 highest paid consecutive months of employment with the City) comprised of base pay plus longevity times years of credited service. For service from January 1, 1978 through December 31, 1987, service credits accumulate at the rate of 2.25 percent for each year of service. For service after December 31, 1987 service credits accumulate at the rate of 2.5 percent for each year of service up to twenty years.

Service credits accumulate at the rate of 3.5 percent per year after twenty years.

Police members shall not be required to contribute after accumulating the maximum normal retirement benefit of 67.5 percent of final average compensation.

Normal retirement for Police employees hired before January 1, 1989 is the earlier of (1) the later of the employee's 50th birthday or the fifth anniversary of the member's date of participation in the plan or (2) the completion of 20 years of credited service as a Police employee. For a Police employee hired after January 1, 1989, normal retirement occurs upon the completion of 20 years of credited service as a contributing member. A Police member who has completed 15 or more years of credited service and who terminates employment no more than five years prior to the member's Normal Retirement Date shall be eligible to receive a retirement pension benefit commencing on the first of the month following the member's Normal Retirement Date.

Each employee who is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment may be eligible for a disability pension equal to the employee's accumulated service credits, reduced by any benefits paid under the City's long-term disability insurance program. Police and Special Police employees whose disability results from the discharge of their official duties, shall receive pension benefits of not less than seventy-five percent of their prior December 1st compensation, reduced by any benefits paid under any workmen's compensation law, the City's long-term disability issuance program and 50 percent of actual Social Security Act disability benefits.

If a member terminates employment before becoming eligible for any other benefits under the plan, the member is entitled to a complete refund of the employee's pension contributions. The contributions are refunded with interest, which accumulates at the rate of four percent annually.

NOTE 8 PENSIONS (cont'd)

With five years or more of credited service, eight vested benefit options of equivalent actuarial value are available as follows:

- 1. A retirement benefit for the remainder of the employee's life.
- 2. A retirement benefit for a minimum of five years and then only for the rest of the member's life. If the member does not live for five years after terminating employment, then the beneficiary would continue to receive the benefit for the remainder of the five-year period.
- 3. A retirement benefit for a minimum of 10 years and then only for the rest of the member's life. If the member does not live for 10 years after terminating employment, then the beneficiary would continue to receive the benefit for the remainder of the 10-year period.
- 4. A retirement benefit for a minimum of 15 years and then only for the rest of the member's life. If the member does not live for 15 years after terminating employment, then the beneficiary would continue to receive the benefit for the remainder of the 15-year period.
- 5. A survivor benefit equal to 50 percent of the employee's benefit after the member's death.
- 6. A survivor benefit equal to 66-2/3 percent of the employee's benefit after the member's death.
- 7. A survivor benefit equal to 75 percent of the employee's benefit after the member's death.
- 8. A survivor benefit equal to 100 percent of the employee's benefit after the member's death.

The contribution percentage for Non-Police and Special Police employees in 2017 was 2.5 percent of current base and longevity pay earned throughout the year.

Police employees of the City are required to contribute a variable percentage of their current base and longevity pay.

The Police employee contribution rate, as outlined in the FOP Collective Bargaining Agreement approved by City Council, is equal to the City's contribution rate to the police fund for the prior year; however, the rate increase is limited to not more than 2 percent over the previous year's contribution rate and the overall rate cannot exceed 7.0 percent. The Police employee contribution rate was 7.0 percent in 2017.

In 2006, the assumed retirement rates for police officers hired before 1989 were updated to reflect actual plan experience. Previously, it was assumed that these officers retired by age 50. Now, their assumed retirement age follows a table of rates, ending at the age at which they attain maximum accumulated service credits (67.5 percent of final average earnings). Significant actuarial assumptions used in determining the net pension benefit obligation include:

- (a) rate of return on the investment present and future assets of 6.5 percent per year compounded annually, net of investment and administrative expenses;
- (b) salaries that are assumed to increase annually by a percentage that is based on years of service with rates varying from 3.5 percent to 6.0 percent for non-police employees and 3.5 percent to 8.5 percent for police employees;
- (c) a 2.5 percent employee contribution rate for non-police and 7.0 percent for police and;
- (d) the assumption that benefits will not increase after retirement.

The City's contributions for the fiscal year ended December 31, 2017 totaled \$3,341,627 including \$320,973 of funds provided by the State of Delaware. The State aid for police pension is recorded through the general fund escrow account.

NOTE 8 PENSIONS (cont'd)

Plan Membership

As of January 1, 2017, the most recent actuarial valuation, employee membership consisted of:

Police and Nonpolice Participants	Police	Police	Total
Active employees	70	112	182
Retired and disabled members receiving benefits	69	126	195
Deferred vested participants	<u>0</u>	<u>11</u>	<u>11</u>
Total	<u>139</u>	<u>249</u>	<u>388</u>

The City's total payroll for all employees covered by Plan for the current year was \$12,128,926. Participation in the plan is required for management employees hired prior to January 1, 2012, Local 1670 employees hired prior to April 1, 2014, and Employees Council hired prior to January 1, 2014.

Plan Administration

The City Council of Newark, Delaware, acting as Trustees of the Amended Pension Plan for Employees of the City of Newark, Delaware is responsible for directing and monitoring the investment policies and management of Plan Assets. Administration of the Plan is overseen by the Operations and Investment Committee and is composed of three individuals appointed by City Council. The Operations and Investment Committee has the authority to determine the accuracy and timeliness of all payments due the Plan, accounting for and depositing all payments made to the Plan, making payment and distribution of moneys as authorized by the Trustees, answering all correspondence on the rights and benefits of members and employees, certifying application for benefits to the Trustees for approval or confirmation, directing and monitoring the performance of all consultants, managers, custodians, compiling information on investments for presentation to Trustees, keeping records, files, and documents belonging to Trustees, assisting the Trustees in the discharge of their functions, reviewing and determining actuarial assumptions.

Investment Policy

The Pension Committee is responsible for administering the investment policies of the Plan and providing oversight for the management of the Plan assets. The investment goal of the Plan is long term growth of capital with emphasis on total return while avoiding excessive risk. Investment managers are expected to adhere to investment management styles for which they are hired and are evaluated regularly for adherence to investment discipline. Managers are expected to purchase and hold a wide variety of different instruments or securities. The trust invests in several fixed income mutual funds with varying rates Ba+ or higher.

NOTE 8 PENSIONS (cont'd)

The following was the Plan's adopted asset allocation policy as of December 31, 2017:

Asset Class	Minimum	Target	Maximum
Risk Based Assets	60%	70%	80%
Large Cap U.S. Equity	20%	25%	30%
Mid Cap U.S. Equity	5%	10%	20%
Small Cap U.S. Equity	0%	5%	15%
Non-U.S. Equity	5%	10%	15%
Emerging Market Equity	0%	5%	10%
Real Estate	0%	5%	10%
High Yield Bonds	0%	7%	15%
Commodities	0%	3%	5%
Fixed Income	25%	28%	35%

Plan Assets

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The Vanguard Company manages the investment of pension plan assets and maintains numerous commingled investment funds for qualified public employee pension plans. These investments are not categorized according to the level of risk assumed at year end because they are not represented by securities.

Administrative Costs

Administrative costs, including the investment manager, custodial trustee and actuarial services, are charged and paid by short-term assets of the plan.

NOTE 8 PENSIONS (cont'd)

The condensed financial statements as of and for the year ended December 31, 2017 are as follows:

Statement of Plan Net Position Employee's Pension Trust Fund

ASSETS	
Investments:	
Domestic equity mutual funds	\$ 36,490,711
International equity mutual funds	5,473,983
Fixed income mutual funds	22,426,879
Real estate equity funds	 4,456,927
Total assets	 68,848,500
NET POSITION	
Restricted for employee post employment benefits	\$ 68,848,500
Statement of Changes in Plan Net Position Employee's Pension Trust Fund	
ADDITIONS	
Contributions:	
Employer contributions	\$ 3,020,654
State aid - police	320,973
Employee contributions	 529,344
Total contributions	 3,870,971
Investments:	
Net increase in fair value of investments	9,288,757
Total investments earnings	 9,288,757
Total additions	 13,159,728
DEDUCTIONS	
Benefits	4,762,251
Administrative expenses	 125,781
Total deductions	 4,888,032
Change in Net Position	8,271,696
Net Position, January 1	 60,576,804
Net Position, December 31	\$ 68,848,500

NOTE 8 PENSIONS (cont'd)

Concentrations

The Pension Plan did not hold investments in any one organization that represented 5 percent or more of the Plan's fiduciary net position as of December 31, 2017.

Rate of Return of Investments

The annual money weighted rate of return on pension plan investments, net of pension plan investment expenses, for the fiscal year ended December 31, 2017 was 15.35 percent. The money weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

The long-term expected rate of return on pension plan investments was determined by adding the expected inflation to expected long-term real returns, reflecting expected volatility and correlation. Best estimates of real rate of return for each major asset class included in the Plan's target asset allocation as of December 31, 2017 are detailed below:

	Long-Term	
	Expected	Target
Asset Class	Rate of Return	Allocation
		-
U.S. Cash	0.16%	2.00%
U.S. Core Fixed Income	1.96%	18.00%
U.S. Core Bonds	1.84%	10.00%
U.S. High Yield Bonds	4.62%	7.00%
U.S. Large Cap	4.31%	12.50%
U.S. Large/Mid Cap	4.52%	12.50%
U.S. Small Cap	5.57%	5.00%
U.S. Mid Cap	4.87%	10.00%
Foreign Developed Equity	5.57%	10.00%
Emerging Markets Equity	7.91%	5.00%
U.S. REITs	5.02%	5.00%
Commodities	2.93%	3.00%

NOTE 8 PENSIONS (cont'd)

Net Pension Liability

The net pension liability of the trust as of December 31, 2017 was for the measurement date December 31, 2017:

Total pension liability Fiduciary net position	\$ 91,147,000 (68,848,500)
Net pension liability	\$ 22,298,500
Fiduciary net position as a % of total pension liability	75.54%
Changes in net pension liability:	
Service cost	\$ 1,839,970
Interest on total pension liability	5,667,566
Effect of plan changes	301,000
Effect of economic/demographic (gains) or losses	403,715
Benefit payments	 (4,762,251)
Net change in total pension liability	3,450,000
Total pension liability, beginning	 87,697,000
Total pension liability, ending (a)	\$ 91,147,000
Fiduciary Net Position	
Employer contributions	3,341,627
Member contributions	529,344
Investment income net of investment expenses	9,216,606
Benefit payments	(4,762,251)
Administrative expenses	 (53,630)
Net change in plan fiduciary net position	8,271,696
Fiduciary net position, beginning	 60,576,804
Fiduciary net position, ending (b)	\$ 68,848,500
Net pension liability, ending = (a) - (b)	\$ 22,298,500
Covered payroll	\$ 12,128,926

NOTE 8 PENSIONS (cont'd)

Method and assumptions used to determine net pension liability were as follows:

Valuation date January 1, 2017

Measurement date December 31, 2017

Actuarial cost method Entry Age Normal

Amortization period Level dollar 24 year amortization period and will decline

by 1 year each year until 1 year for non-police and 15 years

for police)

Asset valuation method Market value of assets less unrecognized gains/losses

over a 3-year period. Gains/losses are based on actuarial

value of assets.

Actuarial assumptions:

Investment rate of return 6.5%

Projected salary increases Based on 3.0% wage inflation rates plus reflecting wage

progression and longevity increases for each employee

group.

Cost of living adjustments None General inflation 2.5%

Retirement Rates vary by employee group, age, and type of retirement,

2% to 100%

Mortality rate RP-2000 Healthy Combined Mortality projected on a

generational basis using Scale AA.

Discount Rate

The discount rate for calculating the total pension liability is equal to a single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payments, to the extent that the plan's fiduciary net position is not projected to be sufficient. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Discount rate 6.50% Long-term expected rate of return 6.50% Municipal bond rate 3.44%

NOTE 8 PENSIONS (cont'd)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Amended Pension Plan for the Employees of the City of Newark, Delaware, calculated using the discount rate of 6.5 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate of 1 percentage point lower (5.5 percent) or 1 percentage point higher (7.5 percent) than the current rate.

	1% Decrease <u>5.50</u> %	Current Discount Rate <u>6.50</u> %		1% Increase <u>7.50</u> %		
Total pension liability	\$ 102,366,000	\$	91,147,000	\$	81,755,000	
Fiduciary net position	 68,848,500		68,848,500		68,848,500	
Net pension liability	 33,517,500		22,298,500		12,906,500	

Deferred Inflows/Outflows of Resources

	Deferred Inflows of Resources	_	erred Outflows of Resources
Differences between expected and actual experience	-	\$	886,315
Changes of assumptions	-		2,774,804
Net difference between projected and actual earnings	(3,057,662)		_
Total	(3,057,662)	\$	3,661,119

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2018	\$ 770,316
2019	770,316
2020	(48,838)
2021	(888,337)
2022	-
Thereafter	-

NOTE 9 DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. All assets and income of the DCP are held in the DCP Trust for the exclusive benefit of participants and their beneficiaries. These assets are not the sole property of the City and are not subject to the claims of the City's general creditors, therefore, the assets are not on the City's balance sheet and all costs and expenses of administering the plan are borne by the participants.

NOTE 10 OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City of Newark Other Post-Employment Benefits Trust Fund is a single employer defined benefit OPEB plan administered by the City Council sitting as the Board of Trustees. The fund, adopted under City Resolution No. 08-DD on December 8, 2008, provides medical and life insurance benefits to eligible retired City employees and their spouses. The plan is reported in the City's financial statements and is not included in the report of any other public employee retirement system or other entity. A separate report for the OPEB Trust Fund is not prepared.

Participant data consisted of the following at January 1, 2017, the date of the latest actuarial valuation:

Participants	
Active	180
Retired	161
Total	341

Funding Policy

The trust is funded through contributions made by the City as an employer, earnings from investments, and reimbursements from retirees and spouses. The City's cost of providing retiree medical coverage and life insurance is paid out of the OPEB Fund. In 2017, the City contributed \$1,001,172 to prefund benefits and to pay current premiums for postemployment benefits. For 2017, the current premium costs of those benefits were \$601,852.

Investment Policy/Rate of Return/Discount Rate

The pension trust and OPEB trust share the same investment policy, rate of return results and discount rate. Refer to footnote 8 for this information.

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (cont'd)

Annual OPEB Cost and Net OPEB Obligation

The City's annual Other Post Employment Benefit cost is based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or excess funding) over a period not to exceed twenty-five years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes to the City's net OPEB obligation:

Annual required contribution Interest on net OPEB obligation Adjustment to annual required contribution	1,389,203 119,508 (150,730)
Annual OPEB cost (expense) Contributions made	1,357,981 (1,001,172)
Increase in net OPEB obligation Net OPEB obligation, beginning of year	356,809 1,838,585
Net OPEB obligation, end of year	\$ 2,195,394

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 were as follows:

Calendar		% of Annual	
Year	Annual	OPEB Cost	Net OPEB
Ended	OPEB Cost	Contributed	Obligation
12/31/2015	1,167,265	34.9%	1,108,008
12/31/2016	1,240,163	41.1%	1,838,585
12/31/2017	1,357,981	73.5%	2,195,394

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (cont'd)

Funded Status

As of January 1, 2017, the most recent actuarial valuation date, the plan was 40.2 percent funded. The actuarial accrued liability for benefits was \$19,047,681, the actuarial value of assets was \$7,653,843 and the unfunded actuarial accrued liability was \$11,393,838. The covered payroll (annual payroll of active employees covered by the plan) was \$11,696,145 and the ratio of UAAL to the covered payroll was (UAAL) 97.4 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, as presented below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities benefits:

Actuarial Valuation Date	Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability	Funded Ratio	Payroll	Unfunded AAL as a Percentage of Payroll
January 1, 2013	4,172,150	13,764,788	9,592,638	30.30%	12,866,664	74.60%
January 1, 2015	7,051,780	16,071,546	9,019,766	43.90%	12,562,421	71.80%
January 1, 2017	7,653,843	19,047,681	11,393,838	40.20%	11,696,145	97.40%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

Actuarial Methods & Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of the valuation.

The actuarial assumptions used for turnover, mortality, and retirement age were generally the same as those used for the Amended Pension Plan for the employees of the City of Newark. The assumed claims cost and contributions were updated

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (cont'd)

to reflect recent plan experience. The entry age normal method was used for this valuation. Entry age normal method accrues liability in level dollar amounts over the career of the participant. The actuarial assumptions include a 6.5 percent investment rate of return and annual health care cost trend rates of 7.3 percent initially for pre-medicare and 9.3 percent for medicare eligible, reduced by decrements to an ultimate rate of 4.5 percent for pre-medicare and 4.7 percent for medicare eligible after twenty-five years and the assumption that benefits will not increase after retirement. Adjustments were made for changes due to the Affordable Care Act (ACA), aging, percentage of costs associated with administrative expenses, inflation on administrative costs, and potential excise tax due to the ACA. The plan does not have a provision for inflation rate. The unfunded actuarial liability is being amortized over a twenty-eight year closed period with level dollar payments. For this purpose, payroll is assumed to grow by 3.5 percent per year.

The condensed financial statements as of and for the year ended December 31, 2017 are as follows:

Statement of Plan Net Position Other Post-Employment Benefits Plan December 31, 2017

ASSETS	
Cash and cash equivalents	\$ 53,655
Investments:	
Domestic equity mutual funds	9,144,166
International equity mutual funds	-
Fixed income mutual funds	-
Accounts receivable	
Total assets	 9,197,821
LIABILITIES	
Accounts payable	6,665
Unearned revenue	 1,955
Total liabilities	 8,620
NET POSITION	
Restricted for employee post employment benefits	\$ 9,189,201

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (cont'd)

Statement of Changes in Plan Net Position Other Post-Employment Benefits Plan For the Year Ended December 31, 2017

ADDITIONS Contributions: Employer contributions	\$ 1,001,172
Investments:	
Investment earnings	249,906
Net increase (decrease) in fair value of investments	 907,065
Total additions	 2,158,143
DEDUCTIONS	
Benefits	601,852
Administrative expenses	 20,933
Total deductions	 622,785
Change in Net Position	1,535,358
Net Position, January 1	 7,653,843
Net Position, December 31	\$ 9,189,201

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (cont'd)

The following represents additional information required by GASB74:

Net OPEB Liability

The components of the net OPEB liability of the trust as of December 31, 2017 were as follows:

Total OPEB liability	\$ 19,857,000
Fiduciary net position	 (9,189,201)

Net OPEB liability \$\frac{\$ 10,667,799}{\$}\$
Fiduciary net position as a % of total OPEB liability 46.28%

Method and assumptions used to determine net OPEB liability were as follows:

Valuation date January 1, 2017

Measurement date December 31, 2017

Actuarial cost method Entry Age Normal

Amortization period Level dollar 25 year amortization period and will decline

by 1 year each year. A separate base was established for

2017 ERIP - 5 years over a closed period.

Asset valuation method Market value of assets.

Actuarial assumptions:

Investment rate of return 6.5%

Projected salary increases Based on 3.0% wage inflation rates plus reflecting wage

progression and longevity increases for each employee

group.

Healthcare cost trend rates Based on Society of Actuaries Getzen Model with adjustments

for administrative expenses, aging factors, potential excise taxes due to healthcare reform and other healthcare reform

provisions.

Mortality rate RP-2000 Healthy Combined Mortality projected on a

generational basis using Scale AA.

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (cont'd)

Sensitivity Analysis

The following presents the net OPEB for the City, calculated using the discount rate of 6.5 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate of 1 percentage point lower (5.5 percent) or 1 percentage point higher (7.5 percent) than the current rate.

	1% Decrease <u>5.50</u> %	Current Discount Rate <u>6.50</u> %	1% Increase <u>7.50</u> %
Total OPEB liability	\$ 22,213,000	\$ 19,857,000	\$ 17,842,000
Fiduciary net position	9,189,201	9,189,201	9,189,201
Net OPEB liability	13,023,799	10,667,799	8,652,799

The following presents the net OPEB for the City, calculated using the current healthcare cost trend rates as well as what the City's net OPEB liability would be if it were calculated using a discount rate of 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1%	Current	1%
	Decrease	Trend Rate	Increase
Total OPEB liability Fiduciary net position	\$ 18,549,000	\$ 19,857,000	\$ 21,161,000
	9,189,201	9,189,201	9,189,201
Net OPEB liability	9,359,799	10,667,799	11,971,799

NOTE 11 <u>SECTION 401A CITY MANAGER'S RETIREMENT FUND</u>

Net Position, December 31

The City of Newark 401A Retirement Fund is a money purchase retirement plan known as the City of Newark, Delaware City Manager's Pension Plan. This plan is administered by the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust with the City of Newark serving as the trustee. The plan was adopted under Resolution No. 08-W on October 13, 2008. The former City Manager participated in the plan. Contributions to the plan were made by the City and the former City Manager according to the plan contribution provisions. There were no contributions to the Fund in 2017.

The condensed financial statements as of and for the year ended December 31, 2017 are as follows:

Statement of Plan Net Position Section 401(a) City Manager's Retirement Fund December 31, 2017

ASSETS Investments: Balanced asset allocation mutual funds	\$	236,488
Total assets		236,488
NET POSITION Restricted for employee post employment benefits	<u>\$</u>	236,488
Statement of Changes in Plan Net Position Section 401(a) City Manager's Retirement Fund For the Year Ended December 31, 2017		
ADDITIONS		
Investments: Net increase in fair value of investments Total investments earnings Total additions	<u>\$</u>	20,535 20,535 20,535
Net Position, January 1		215,953

236,488

NOTE 12 SECTION 401A MANAGEMENT EMPLOYEES RETIREMENT FUND

The City of Newark 401A Management Employees Retirement Fund is a money purchase retirement plan and trust known as the City of Newark, Delaware Management Employee Defined Contribution Pension Plan. This plan is administered by the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust with the City of Newark serving as the trustee. The plan, adopted under Resolution No. 12-R on October 8, 2012 and amended on January 1, 2014, includes management employees hired after January 1, 2012, Local 1670 employees hired after April 1, 2014, and Employees Council hired after January 1, 2014. Contributions to the plan are made by the City and covered employees according to the plan's contribution provisions. In 2017, total contributions to the Fund were \$455,601.

The condensed financial statements as of and for the year ended December 31, 2017 are as follows:

Statement of Plan Assets Section 401(a) Management Employees' Retirement Fund December 31, 2017

ASSETS Investments:	
Domestic equity mutual funds	\$ 1,179,843
Accounts receivable	36,764
Total assets	1,216,607
NET POSITION	
Restricted for employee post employment benefits	\$ 1,216,607

NOTE 12 SECTION 401A MANAGEMENT EMPLOYEES RETIREMENT FUND (cont'd)

Statement of Changes in Plan Net Position Section 401(a) Management Employees' Retirement Fund For the Year Ended December 31, 2017

ADDITIONS	
Contributions:	
Employer contributions	\$ 255,158
Employee contributions	200,443
Total contributions	455,601
Investments:	
Investment earnings	1,076
Net increase (decrease) in fair value of investments	124,765
Total investments earnings (deficit)	125,841
Total additions	581,442
DEDUCTIONS	
Benefits	6,444
Administrative expenses	613
Total deductions	7,057
Change in Net Position	574,385
Net Position, January 1	642,222
Net Position, December 31	\$ 1,216,607

NOTE 13 RETIREMENT HEALTH SAVINGS PLAN 2009

The City of Newark Retirement Health Savings Plan 2009 is an employer-sponsored health savings plan that is administered by the City Council sitting as the Board of Trustees. The fund, adopted under City Resolution No. 09-Q on August 24, 2009, is a savings vehicle that allows management employees to accumulate assets to pay for their medical expenses, their spouse's, and their dependents in retirement.

The condensed financial statements as of and for the year ended December 31, 2017 are as follows:

Statement of Plan Net Position Retirement Health Savings Plan 2009 December 31, 2017

ASSETS Investments:	
Domestic equity mutual funds	\$ 331,335
Total assets	331,335
NET POSITION	Å 224.225
Restricted for employee post employment benefits	\$ 331,335

NOTE 13 RETIREMENT HEALTH SAVINGS PLAN 2009 (cont'd)

Statement of Changes in Plan Net Position Retirement Health Savings Plan 2009 For the Year Ended December 31, 2017

ADDITIONS	
Contributions:	
Employee contributions	\$ 54,903
Total contributions	54,903
Investments:	
Net increase (decrease) in fair value of investments	31,541
Total investments earnings (deficit)	31,541
Total additions	86,444
DEDUCTIONS	
Benefits	19,114
Administrative expenses	1,056
Total deductions	20,170
Change in Net Position	66,274
Net Position, January 1	265,061
Net Position, December 31	\$ 331,335

NOTE 14 RETIREMENT HEALTH SAVINGS PLAN 2012

The City of Newark Retirement Health Savings Plan 2012 is an employer-sponsored health savings plan that is administered by the City Council sitting as the Board of Trustees. The fund, adopted under City Resolution No. 12-S on October 8, 2012 and amended on January 1, 2014, is a savings vehicle that allows management employees hired after January 1, 2012, Local 1670 employees hired after April 1, 2014, and Employees Council hired after January 1, 2014, to accumulate assets to pay for their medical expenses, their spouse's, and their dependents in retirement. Contributions to the plan are made by the City and management employees according to the plan contribution provisions.

The condensed financial statements as of and for the year ended December 31, 2017 are as follows:

Statement of Plan Net Position Retirement Health Savings Plan 2012 December 31, 2017

ASSETS Investments: Domestic equity mutual funds	\$	405,369
	<u> </u>	
Total assets		405,369
NET POSITION		
Restricted for employee post employment benefits	\$	405,369
Statement of Changes in Plan Net Position Retirement Health Savings Plan 2012 For the Year Ended December 31, 2017		
ADDITIONS		
Contributions:		
Employer contributions	\$	103,149
Employee contributions		43,759
Total contributions		146,908
Investments:		
Net increase (decrease) in fair value of investments		51,045
Total investments earnings (deficit)		51,045
Total additions	-	197,953
DEDUCTIONS		
Administrative expenses		2,156
Total deductions		2,156
Change in Net Position		195,797
Net Position, January 1		209,572
Net Position, December 31	\$	405,369

NOTE 15 RISK MANAGEMENT

The City maintains commercial insurance coverage for risk of losses relating to general, automotive, police professional, public officials and crime. There has been no significant change in coverage during the past year. There is one outstanding general liability claim above the insurance limit.

The City is self-insured for workers' compensation; however, medical costs related to on-the-job injuries are covered by the City's health insurance provider for employees covered by the City's group health plan. The City's compensation payments are calculated based upon a written policy administered by the City.

The City maintains an insurance fund for worker's compensation claims and deductible amounts paid to its insurance underwriters. That insurance fund is included in these statements. Resources are allocated to this fund from operating funds. Historically, the City has experienced very few individual claims. As of December 31, 2017, there were three outstanding workers compensation claims:

Fiscal Year	Lia	ggregate ability for beginning 1/1	 Current Year Claims	P	Actual Claims ayments	Lia	ggregate ability for ending 12/31
2017	\$	121,782	\$ 363,058	\$	280,340	\$	204,500
2016	\$	88,600	\$ 299,584	\$	266,402	\$	121,782
2015	\$	241,339	\$ 174,764	\$	327,503	\$	88,600

NOTE 16 THE DELAWARE MUNICIPAL ELECTRIC CORPORATION, INC.

The City is a member of the Delaware Municipal Electric Corporation (DEMEC). DEMEC is a public corporation constituted as a Joint Action Agency and a wholesale electric utility. DEMEC was established in 1979 and represents nine municipal electric distribution utilities located in the State of Delaware and provides full requirements wholesale electric power supply service to eight of the nine members, including the City, through the operation of owned generation assets and various wholesale supply contracts with external parties.

The City purchases 100 percent of its electric supply requirements from DEMEC under a long-term full requirements service contract that became effective January 1, 2004 and which will remain in effect unless terminated upon one year's written notice by either party. The obligation of the City to purchase and pay for full requirements service, including its allocated costs under any then current forward contract for capacity and energy between DEMEC and a third party in effect as of the date of notice of termination, shall survive the termination of this Agreement.

On May 1, 2001, the City entered into separate power sales agreements to purchase a 47.4 percent interest in the capacity produced by Unit 1 of the Warren F. "Sam" Beasley Power Station located in Smyrna, Delaware, owned by DEMEC. The City is entitled to 47.4 percent of all power supply and ancillary products generated from the existing nominal 45 MW natural gas fired combustion turbine generator for the useful life of the facility.

NOTE 16 THE DELAWARE MUNICIPAL ELECTRIC CORPORATION, INC.(cont'd)

On May 1, 2011, the City entered into separate power sales agreements to purchase a 43.7 percent interest in the capacity produced by Unit 2 of the Warren F. "Sam" Beasley Power Station located in Smyrna, Delaware, owned by DEMEC. The City is entitled to 43.7 percent of all power supply and ancillary products generated from the existing nominal 50 MW natural gas fired combustion turbine generator for the useful life of the facility.

Under the terms of the various agreements, DEMEC is authorized to act as agent for the City in all matters relating to the acquisition and delivery of its wholesale power supply and management of energy cost risk on behalf of the City in the deregulated energy markets.

In December 2015, DEMEC entered into a loan agreement with the Delaware Sustainable Energy Utility for the purpose of financing an LED Streetlight Project for the City. This loan is recorded on DEMEC's financial statement. DEMEC is repaying the debt with the City's Green Energy Funds which are held by DEMEC. Upon completion of the project in 2016, the City recognized the LED streetlights as assets. Capital grant revenue will be recognized over the repayment period.

NOTE 17 LITIGATION

There were two pending lawsuits in which the City was involved at 12/31/17. Subsequent to year end, one claim was dismissed and the second was settled for a minimal dollar amount. Additionally, there are three pending claims against the City as of the date of the financial statements. The City has denied liability for two of the claims and there has been no suit filed on the third claim.

NOTE 18 SUBSEQUENT EVENT

On Tuesday, June 19 the City held a referendum to vote for or against the issuance of debt for the purchase and repurposing of the University of Delaware Rodney property to a stormwater facility and park as well as various other capital projects approved in the 2018-2022 Capital Improvement Program budget. The format of the referendum included four questions addressing the various projects all of which were approved. The City is in the process of determining the timing and parameters of the indebtedness to be issued as a result of the voters' approval.





CITY OF NEWARK LIBERTY DAY













CITY OF NEWARK, DELAWARE
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS *
DECEMBER 31, 2017

		2014	2015	2016		2017
Total Pension Liability						
Service cost	ᡐ	1,657,347 \$	1,630,162	\$ 1,73	1,739,878 \$	1,839,970
Interest on total pension liability		5,109,595	5,295,916	5,54	5,545,543	5,667,566
Effect of plan changes			1			301,000
Effect of economic/demographic (gains) or losses		(336,929)	596,848	200	503,390	403,715
Effect of assumptions changes or inputs		ı	ı	4,56	4,565,000	1
Benefit payments		(3,617,747)	(3,930,926)	(4,20	(4,206,811)	(4,762,251)
Net change in total pension liability		2,812,266	3,592,000	8,14	8,147,000	3,450,000
Total pension liability, beginning		73,145,734	75,958,000	79,550,000	0,000	87,697,000
Total pension liability, ending (a)	↔	\$ 000,856,27	79,550,000	\$ 87,697,000	\$ 000′2	91,147,000
Fiduciary Net Position						
Employer contributions		3,607,379	3,546,256	3,44	3,448,649	3,341,627
Member contributions		498,028	513,766	52.	522,921	529,344
Investment income net of investment expenses		3,328,627	231,608	4,45	4,421,702	9,216,606
Benefit payments		(3,617,747)	(3,930,926)	(4,20	(4,206,811)	(4,762,251)
Administrative expenses		(134,643)	(29,425)	(8)	(80,915)	(53,630)
Net change in plan fiduciary net position		3,681,644	331,279	4,10	4,105,546	8,271,696
Fiduciary net position, beginning		52,458,335	56,139,979	56,471,258	1,258	60,576,804
Fiduciary net position, ending (b)	↔	56,139,979 \$	56,471,258	\$ 60,576,804	6,804 \$	68,848,500
Net pension liability, ending = $(a) - (b)$	s,	19,818,021 \$	23,078,742	\$ 27,120,196	3,196 \$	22,298,500
Fiduciary net position as a % of total pension liability		73.91%	70.99%	9	%80.69	75.54%
Covered payroll	↔	12,880,696 \$	12,562,421	\$ 12,908,988	\$ 886′8	12,128,926

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF NEWARK, DELAWARE SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS DECEMBER 31, 2017

Notes to schedule:

Valuation date January 1, 2017

Measurement date December 31, 2017

Actuarial cost method Entry Age Normal

Amortization period Level dollar 24 year amortization period and will decline

by 1 year each year until 1 year for non-police and 15 years

for police)

Asset valuation method Market value of assets less unrecognized gains/losses

over a 3-year period. Gains/losses are based on actuarial

value of assets.

Actuarial assumptions:

Investment rate of return 6.5%

Projected salary increases Based on 3.0% wage inflation rates plus reflecting wage

progression and longevity increases for each employee

group.

Cost of living adjustments None General inflation 2.5%

Retirement Rates vary by employee group, age, and type of retirement,

2% to 100%

Mortality rate RP-2000 Healthy Combined Mortality projected on a

generational basis using Scale AA.

CITY OF NEWARK, DELAWARE SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS DECEMBER 31, 2017

Fiscal Year Ending <u>December 31</u>	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered <u>Payroll</u>
2008	1,605,989	1,710,432	(104,443)	12,053,590	14.19%
2009	1,958,483	2,020,967	(62,484)	12,572,244	16.07%
2010	2,277,619	2,469,544	(191,925)	12,735,266	19.39%
2011	2,614,758	2,743,738	(128,980)	12,683,712	21.63%
2012	2,832,003	2,923,317	(91,314)	12,927,854	22.61%
2013	3,070,787	2,906,464	164,323	12,866,664	22.59%
2014	3,166,294	3,607,379	(441,085)	12,880,696	28.01%
2015	2,998,093	3,546,256	(548,163)	12,562,421	28.23%
2016	3,044,590	3,448,649	(404,059)	12,908,988	26.72%
2017	3,507,333	3,341,627	165,706	12,128,926	27.55%

SCHEDULE OF INVESTMENT RETURNS

Year Ended December 31, 2014	6.33%
Year Ended December 31, 2015	0.41%
Year Ended December 31, 2016	7.86%
Year Ended December 31, 2017	15.35%

CITY OF NEWARK, DELAWARE SCHEDULE OF CHANGES IN EMPLOYER'S NET OPEB LIABILITY AND RELATED RATIOS ** DECEMBER 31, 2017

Total OPEB Liability	
Service cost	\$ 427,447
Interest on total OPEB liability	1,239,529
Effect of plan changes	-
Effect of economic/demographic (gains) or losses	(33,805)
Effect of assumptions changes or inputs	-
Benefit payments (including implicit rate subsidy)	 (823,852)
Net change in total OPEB liability	809,319
Total OPEB liability, beginning	 19,047,681
Total OPEB liability, ending (a)	\$ 19,857,000
Fiduciary Net Position	
Employer contributions	1,001,172
Implicit rate subsidy contribution*	222,000
Investment income net of investment expenses	1,156,971
Benefit payments	(601,852)
Implicit rate subsidy payments*	(222,000)
Administrative expenses	 (20,933)
Net change in plan fiduciary net position	1,535,358
Fiduciary net position, beginning	7,653,843
Fiduciary net position, ending (b)	\$ 9,189,201
Net OPEB liability, ending = (a) - (b)	\$ 10,667,799
Fiduciary net position as a % of total OPEB liability	46.31%
Covered payroll	\$ 11,696,145

^{*}In accordance with illustration B1 of the 2017-2 Implementation Guide, premium payments on behalf of retirees have been adjusted to reflect age-based claims cost. The amount of the implicit rate subsidy adjustment should be subtracted from healthcare costs attributable to active employees. Additionally, the implicit rate subsidy contribution and payments of \$222,000 are not reflected on the Statement of Changes in Net Position – Fiduciary Funds in 2017.

^{**} Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

CITY OF NEWARK, DELAWARE SCHEDULE OF CHANGES IN EMPLOYER'S NET OPEB LIABILITY AND RELATED RATIOS ** DECEMBER 31, 2017

Notes to schedule:

Valuation date January 1, 2017

Measurement date December 31, 2017

Actuarial cost method Entry Age Normal

Amortization period Level dollar 25 year amortization period and will decline

by 1 year each year. A separate base was established for

2017 ERIP - 5 years over a closed period.

Asset valuation method Market value of assets.

Actuarial assumptions:

Investment rate of return 6.5%

Projected salary increases Based on 3.0% wage inflation rates plus reflecting wage

progression and longevity increases for each employee

group.

Healthcare cost trend rates Based on Society of Actuaries Getzen Model with adjustments

for administrative expenses, aging factors, potential excise taxes due to healthcare reform and other healthcare reform

provisions.

Mortality rate RP-2000 Healthy Combined Mortality projected on a

generational basis using Scale AA.

CITY OF NEWARK, DELAWARE RSI - OPEB DECEMBER 31, 2017

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered <u>Payroll</u>
2012	1,081,823	1,095,884	(14,061)	N/A	N/A
2013	1,212,836	1,189,031	23,805	N/A	N/A
2014	1,212,634	1,252,031	(39,397)	N/A	N/A
2015	1,171,936	535,209	636,727	N/A	N/A
2016	1,256,296	628,586	627,710	N/A	N/A
2017	1,389,203	1,001,172	388,031	11,696,145	8.56%

SCHEDULE OF ANNUAL OPEB COST

Calendar Year <u>Ended</u>	Annual <u>OPEB cost</u>	% of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2015	1,167,265	34.9%	1,108,008
December 31, 2016	1,240,163	41.1%	1,838,585
December 31, 2017	1,357,981	73.5%	2,195,394

SCHEDULE OF OPEB FUNDING PROGRESS

						Unfunded
Actuarial		Actuarial	Unfunded			AAL as a
Valuation	Plan	Accrued	Accrued	Funded		Percentage
<u>Date</u>	<u>Assets</u>	Liability (AAL)	<u>Liability</u>	<u>Ratio</u>	<u>Payroll</u>	of Payroll
January 1, 2013	4,172,150	13,764,788	9,592,638	30.3%	12,866,664	74.6%
January 1, 2015	7,051,780	16,071,546	9,019,766	43.9%	12,562,421	71.8%
January 1, 2017	7,653,843	19,047,681	11,393,838	40.2%	11,696,145	97.4%

SCHEDULE OF INVESTMENT RETURNS

Year Ended December 31, 2014	6.33%
Year Ended December 31, 2015	0.41%
Year Ended December 31, 2016	7.86%
Year Ended December 31, 2017	15.35%



SMALL BUSINESS SATURDAY









CITY OF NEWARK, DELAWARE COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2017

						Spe	Special Revenue Funds	ue Funds					_	Total
					Dow	Downtown	Com	Community					S	Nonmajor
	Debi	Debt Service	Transp	Transportation Fund	Newark F	Newark Partnership Fund	Develo	Development Fund	Enfo	Law Enforcement	Parks and Recreation	and	Gove	Governmental Funds
ASSETS														
Cash and cash equivalents	\$	38,641	\$	1,632	\$	80,670	↔	069	\$	860,218	\$ 26	265,401	\$	1,247,252
Accounts receivable		1		71,690		8,146		97,763		27,551				205,150
Prepaid items Total assets	⋄	7,699 46,340	❖	73,322	↔	- 88,816	٠	98,453	٠	- 887,769	\$ 26	_ 265,401	٠	1,460,101
HABILITIES														
Accounts payable	Ş	,	Ş	13.384	ş	1.456	Ş	13.453	Ş	21.591	٠	472	Ş	50.356
Unearned revenues		1				5,556				238,188				243,744
Due to other funds		1		55,000		,		85,000		,		,		140,000
Total liabilities		1		68,384		7,012		98,453		259,779		472		434,100
FUND BALANCES														
Nonspendable														
Prepaid Items		7,699		•		1		•		1				7,699
Restricted for														
Safetytown programs		•		•		1		•		1	9	65,669		65,669
Parks donations		1		•		1		•		1	1	18,409		18,409
Recreation donations		ı		•		1		•		1	3	31,288		31,288
Island beautification		ı		•		1		•		1	10	102,573		102,573
Parkland improvements		1		•		1		•		1	33	38,269		38,269
Other parks programs		1				1		٠		ı	1	11,721		11,721
Law Enforcement		ı		•		ı		•		627,990				627,990
Assigned to														
Debt service		38,641		•		1		•		1				38,641
Transportation		1		4,938		1		1		1				4,938
Economic development		1		1		81,804		1		1				81,804
Total fund balances		46,340		4,938		81,804		1		627,990	26	264,929		1,026,001
Total liabilities and fund balances	↔	46,340	\$.	73,322	❖	88,816	\$	98,453	\$	887,769	\$ 26	265,401	\$	1,460,101

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2017

			Sρ	Special Revenue Funds			Total
	Debt Service	Transportation Fund	Downtown Newark Partnership Fund	Community Development Fund	Law Enforcement	Parks and Recreation	Nonmajor Governmental Funds
REVENUES							
Fines, forfeits and costs	. ◆	· •	\$	· •	\$ 19,747	, \$	\$ 19,747
Intergovernmental revenues	•	143,380	54,479	207,971	328,055	47,205	781,090
Charges for services	1		5,731		•	•	5,731
Total revenues	1	143,380	60,210	207,971	347,802	47,205	806,568
EXPENDITURES							
Current:							
General Government	ı	238,442	•	•	•	•	238,442
Public Safety	ı	•	•	•	323,864	•	323,864
Community Development	ı	•	•	152,971	•	•	152,971
Culture and recreation	•	•	45,985	•	•	55,235	101,220
Debt Service:							
Principal	218,293	•	•	•	•	•	218,293
Interest	28,418	•	1	•	•	•	28,418
Capital Outlay	1	•	1	22,000	11,326	•	66,326
Total expenditures	246,711	238,442	45,985	207,971	335,190	55,235	1,129,534
Evrace (deficiency) of revenues							
over (under) expenditures	(246,711)	(95,062)	14,225	1	12,612	(8,030)	(322,966)
OTHER FINANCING SOURCES (USES)							
Transfers in	246,711	100,000			'	10,000	356,711
Total other financing sources and (uses)	246,711	100,000	1	1	1	10,000	356,711
Net change in fund balances		4,938	14,225	•	12,612	1,970	33,745
Fund balances - January 1	46,340	•	67,579	•	615,378	262,959	992,256
Fund balances - December 31	\$ 46,340	\$ 4,938	\$ 81,804	\$	\$ 627,990	\$ 264,929	\$ 1,026,001

CITY OF NEWARK, DELAWARE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES— BUDGET AND ACTUAL DEBT SERVICE FUND FOR THE YEAR ENDED DECEMBER 31, 2017

		Budgeted	Budgeted Amounts				Vari Fina	Variance with Final Budget -
	0	Original		Final	Actua (Budg	Actual Amounts (Budgetary Basis)	Fa (Unf	Favorable (Unfavorable)
EXPENDITURES								
Debt service: Principal Interest	v.	202,681 22,966	₩.	202,681 22,966	φ.	218,293 28,418	φ.	(15,612)
Total debt service		225,647		225,647		246,711		(21,064)
Total expenditures		225,647		225,647		246,711		(21,064)
Deficiency of revenues under expenditures		(225,647)		(225,647)		(246,711)		(21,064)
Other Financing Sources (Uses)								
Transfers In		225,647		225,647		246,711		21,064
Total other financing sources and uses		225,647		225,647		246,711		21,064
Net change in fund balances		•		1		I	٠	1
Fund Balances - January 1		46,340		46,340		46,340		
Fund Balances - December 31	٠	46,340	❖	46,340	٠	46,340		

CITY OF NEWARK, DELAWARE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — BUDGET AND ACTUAL

BUDGET AND ACTUAL TRANSPORTATION SPECIAL REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 2017

Variance with

	Budgeted Amounts	Amounts		Final Budget -
	Original	Final	Actual Amounts (Budeetary Basis)	Favorable (Unfavorable)
REVENUES				
Intergovernmental revenues	\$ 143,380	\$ 143,380	\$ 143,380	٠,
Total revenues	143,380	143,380	143,380	1
EXPENDITURES				
Current: General Government	211,921	211,921	238,442	(26,521)
Total general government	211,921	211,921	238,442	(26,521)
Total expenditures	211,921	211,921	238,442	(26,521)
Excess (deficiency) of revenues over (under) expenditures	(68,541)	(68,541)	(95,062)	(26,521)
Other Financing Sources (Uses)				
Transfers In	68,541	68,541	100,000	31,459
Total other financing sources and uses	68,541	68,541	100,000	31,459
Net change in fund balances	1	ı	4,938	\$ 4,938
Fund Balances - January 1		1		
Fund Balances - December 31	\$		\$ 4,938	

CITY OF NEWARK, DELAWARE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL DOWNTOWN NEWARK PARTNERSHIP SPECIAL REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 2017

		Budgeted Amounts	Amounts				Varial Final	Variance with Final Budget -
	ō	Original		Final	∢	Actual	Unfa	(Unfavorable)
REVENUES								
Intergovernmental revenues Charges for services	φ.	92,800	φ	92,800	φ	54,479 5,731	\$	(38,321) (1,269)
Total revenues		008′66		008'66		60,210		(39,590)
EXPENDITURES								
Current: Community Development		99,800		008′66		45,985		53,815
Total Insurance Special Revenue Fund		008'66		008'66		45,985		53,815
Total expenditures		008'66		008'66		45,985		53,815
Excess (deficiency) of revenues over (under) expenditures		1		1		14,225		14,225
Net change in fund balances		•		•		14,225	↔	14,225
Fund Balances - January 1		67,579		67,579		67,579		
Fund Balances - December 31	❖	67,579	❖	67,579	❖	81,804		

CITY OF NEWARK, DELAWARE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —

BUDGET AND ACTUAL COMMUNITY DEVELOPMENT BLOCK GRANT FUND FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted	Budgeted Amounts		Variance with Final Budget -
	Original	Final	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable)
REVENUES				
Intergovernmental revenues	\$ 250,000	\$ 250,000	\$ 207,971	\$ (42,029)
Total revenues	250,000	250,000	207,971	(42,029)
EXPENDITURES				
Current: Community development:				
Community Development & Subventions	220,000	220,000	152,971	62,029
Total Community Development	220,000	220,000	152,971	62,029
Capital Outlay	30,000	30,000	55,000	(25,000)
Total expenditures	250,000	250,000	207,971	42,029
Excess of revenues over expenditures				
Net change in fund balances	•	ı	•	\$
Fund Balances - January 1	1	1		
Fund Balances - December 31	٠.	₩.	· •	

CITY OF NEWARK, DELAWARE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — BUDGET AND ACTUAL LAW ENFORCEMENT SPECIAL REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 2017

		Budgeted	Budgeted Amounts				Varia Final	Variance with Final Budget -
	ŏ	Original		Final	Actua (Budge	Actual Amounts (Budgetary Basis)	Fay (Unfa	Favorable (Unfavorable)
REVENUES								
Fines, forfeits and costs Intergovernmental revenues	φ.	25,000 276,450	₩.	25,000 276,450	φ.	19,747 328,055	φ	(5,253) 51,605
Total revenues		301,450		301,450		347,802		46,352
EXPENDITURES								
Current: Public safety:		223 162		232 163		733 867		(107.00)
יטונים		233,103		233,103		323,004		(30,701)
Total public safety		233,163		233,163		323,864		(90,701)
Capital Outlay		-				11,326		(11,326)
Total expenditures		233,163		233,163		335,190		(102,027)
Excess (deficiency) of revenues over (under) expenditures		68,287		68,287		12,612		(55,675)
Net change in fund balances		68,287		68,287		12,612	₩	(55,675)
Fund Balances - January 1		615,378		615,378		615,378		
Fund Balances - December 31	❖	683,665	↔	683,665	φ.	627,990		

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL PARKS AND RECREATION SPECIAL REVENUE FUND

FOR TI	FOR THE YEAR ENDED DECEMBER 31, 2017	BER 31, 2017		
	Budgetec	Budgeted Amounts		Variance with Final Budget -
REVENUES	Original	Final	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable)
Intergovernmental Revenue	\$ 19,760	\$ 19,760	\$ 47,205	\$ 27,445
Total revenues	19,760	19,760	47,205	27,445
EXPENDITURES				
Current: Culture and recreation:				
Parks and recreation Landscape beautification	23,799 14,975	23,799 14,975	48,645 6,590	(24,846) 8,385
Total culture and recreation	38,774	38,774	55,235	(16,461)
Total expenditures	38,774	38,774	55,235	(16,461)
Excess (deficiency) of revenues over (under) expenditures	(19,014)	(19,014)	(8,030)	10,984
Other Financing Sources (Uses)				
Transfers In	19,014	19,014	10,000	(9,014)
Total other financing sources and uses	19,014	19,014	10,000	(9,014)
Net change in fund balances	•	•	1,970	\$ 1,970

262,959

262,959

262,959

262,959

Fund Balances - December 31

Fund Balances - January 1

CITY OF NEWARK, DELAWARE COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Maintenance Fund	Self- Insurance Fund	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 601,828	\$ 418,648	\$ 1,020,476
Investments, unrestricted	-	695,578	695,578
Accounts receivable, net	154	5,407	5,561
Inventory	14,951	-	14,951
Prepaid items	13,680		13,680
Total current assets	630,613	1,119,633	1,750,246
Noncurrent Assets:			
Capital assets, net:			
Buildings	605,273	-	605,273
Machinery and equipment	70,557	-	70,557
Total noncurrent assets	675,830		675,830
Total assets	1,306,443	1,119,633	2,426,076
DEFERRED OUTFLOW OF RESOURCES			
Deferred pension amounts	77,154		77,154
Total deferred outflow of resources	77,154		77,154
LIABILITIES			
Current Liabilities:			
Accounts payable	83,941	206,606	290,547
Compensated absences	2,876	-	2,876
Total current liabilities	86,817	206,606	293,423
Noncurrent Liabilities:		200,000	233,423
Compensated absences	20,000	_	20,000
Net other post employment benefits obligation	40,656	_	40,656
Net pension liability	415,499	_	415,499
Total noncurrent liabilities	476,155		476,155
Total liabilities	562,972	206,606	769,578
DEFERRED INFLOW OF RESOURCES			
Deferred pension amounts	44,641		44,641
NET POSITION			
Net investment in capital assets	675,830	-	675,830
Unrestricted	100,154	913,027	1,013,181
Total net position	\$ 775,984	\$ 913,027	\$ 1,689,011

CITY OF NEWARK, DELAWARE COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Maintenance Fund	Self- Insurance Fund	Total Internal Service Funds
Operating Revenues:			
Charges for service	\$ 1,662,587	\$ 482,519	\$ 2,145,106
Total operating revenues	1,662,587	482,519	2,145,106
Operating Expenses:			
Personnel	665,114	-	665,114
Materials and supplies	662,712	-	662,712
Contracted services	285,839	482,519	768,358
Depreciation	46,447	-	46,447
Other	2,475		2,475
Total operating expenses	1,662,587	482,519	2,145,106
Operating income	<u></u>	<u> </u>	<u> </u>
Nonoperating Revenues (Expenses):			·
Interest and investment revenue		7,712	7,712
Total nonoperating revenues (expenses)		7,712	7,712
Change in net position	-	7,712	7,712
Total net position - Beginning of year	775,984	905,315	1,681,299
Total net position - End of Year	\$ 775,984	\$ 913,027	\$ 1,689,011

CITY OF NEWARK, DELAWARE COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Maintenance Fund	Self- Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 1,650,583	\$ 479,796	\$ 2,130,379
Other operating receipts	11,850	-	11,850
Payments to suppliers for goods and services	(931,635)	(397,695)	(1,329,330)
Payments to employees for services	(642,264)		(642,264)
Net cash provided (used) by operating activities	88,534	82,101	170,635
CASH FLOWS FROM CAPITAL AND			
RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(313,922)		(313,922)
Net cash provided (used) by capital and related			
financing activities	(313,922)		(313,922)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	9,761	9,761
Net cash provided (used) by investing activities		9,761	9,761
Net increase (decrease) in cash and cash equivalents	(225,388)	91,862	(133,526)
Cash and cash equivalents - Beginning of Year	827,216	326,786	1,154,002
Cash and cash equivalents - End of Year	\$ 601,828	\$ 418,648	\$ 1,020,476
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ -	\$ -	\$ -
Adjustments to reconcile operating income to net cash	- y	-	-
provided by operating activities:			
Depreciation expense	46,447	-	46,447
Effect of changes in operating assets and liabilities			
Accounts receivable	(154)	(2,723)	(2,877)
Inventory	(211)	-	(211)
Prepaid expenses	(6,514)	-	(6,514)
Deferred pension amounts	82,868	-	82,868
Accounts payable	26,116	84,824	110,940
Compensated absences	4,631	-	4,631
Net other post employment benefits obligation Net pension liability	5,748 (70,397)	- -	5,748 (70,397)
,	(* 5/55 : /		(1.5/55.1)
Total adjustments	88,534	82,101	170,635
Net cash provided (used) by operating activities	\$ 88,534	\$ 82,101	\$ 170,635
Noncash investing, capital, and financing activities:			
Increase (decrease) in fair value of investments	-	(1,807)	(1,807)
Increase (decrease) in accrued interest receivable	-	(242)	(242)

CITY OF NEWARK, DELAWARE COMBINING STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2017

Employees Pension Trust Fund	yees Trust id	City M. Retir	City Manager's Retirement Fund	Mar	Management EE Retirement Fund	P 및 B	Other Post- Employment Benefits Fund	Man Emj	2009 Management Employees	Man	2012 2012 Management Employees		Total Fiduciary Funds
\$	1	φ.	1	₩	•	❖	53,655	↔	ı	❖	ı	❖	53,655
36,4	190,711				1,179,843		9,144,166		331,335		405,369		47,551,424
5,4	173,983		•		•		•		•		•		5,473,983
22,4	22,426,879		•		•		•		٠		•		22,426,879
4,4	156,927		٠		٠		٠		•		•		4,456,927
	•		236,488		•		•		٠		•		236,488
	'		1		36,764		'		1		'		36,764
8,89	68,848,500		236,488		1,216,607		9,197,821		331,335		405,369		80,236,120
	' '				1 1		6,665						6,665
	1		'		1		8,620		'		1		8,620
\$ 68,8	68,848,500	ς,	236,488	٠	1,216,607	٠	9,189,201	Ϋ́	331.335	Ş	405.369	٠,	80.227.500

Balanced asset allocation mutual funds

Accounts receivable

Total Assets

Domestic equity mutual funds International equity mutual funds

Cash and cash equivalents

ASSETS

Investments:

Fixed income mutual funds Real estate equity funds

Total Liabilities

Accounts payable Unearned revenue

LIABILITIES

NET POSITION

Net position restricted for employee post employment benefits

CITY OF NEWARK, DELAWARE COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Employees Pension Trust	Section 401(a) City Manager's Retirement	Section 401(a) Mgt Employees Retirement	Other Post- Employment	RHS Plan 2009 Management	RHS Plan 2012 Management	Total Fiduciary
ADDITIONS Contributions:					riibioyees	rii bioyees	
Employer contributions	\$ 3,020,654	Υ.	\$ 255,158	\$ 1,001,172		\$ 103,149	\$ 4,380,133
State aid - police	320,973	•	•	•	•	1	320,973
Employee contributions	529,344	•	200,443	1	54,903	43,759	828,449
Total contributions	3,870,971	1	455,601	1,001,172	54,903	146,908	5,529,555
Investments:							
Investment earnings	1,480,720	1	1,076	249,906	1	1	1,731,702
net increase (decrease) in fair value of investments	7,808,037	20,535	124,765	901,065	31,541	51,045	8,942,988
Total investment earnings (deficit)	9,288,757	20,535	125,841	1,156,971	31,541	51,045	10,674,690
Total additions	13,159,728	20,535	581,442	2,158,143	86,444	197,953	16,204,245
DEDUCTIONS Benefits Administrative expenses	4,762,251 125,781		6,444 613	601,852 20,933	19,114 1,056	2,156	5,389,661 150,539
Total Deductions	4,888,032		7,057	622,785	20,170	2,156	5,540,200
Change in Net Position	8,271,696	20,535	574,385	1,535,358	66,274	195,797	10,664,045
Net Position - January 1	60,576,804	215,953	642,222	7,653,843	265,061	209,572	69,563,455
Net Position - December 31	\$ 68,848,500	\$ 236,488	\$ 1,216,607	\$ 9,189,201	\$ 331,335	\$ 405,369	\$ 80,227,500



















STATISTICAL SECTION

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

Contents	Page
Financial Trends	105-109
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	110-117
These schedules contain information to help the reader assess the City's most significant local revenue sources, the electric utility and real estate tax.	
Debt Capacity	118-121
These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	122-123
These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	
Operating Information	124-126
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Newark, Delaware Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)

										Fiscal Year	ar						
	2008	80	2009		7	2010		2011		2012		2013	2014	2015	2016		2017
Governmental activities	4	1	•			0	•	1	4		4			0			
Invested in capital assets, net of related debt	\$ 21,	21,116,573	\$ 22,2	22,282,046	\$	23,098,225	v.	23,474,857	v.	27,031,981	s.	28,039,416	\$ 30,202,907	\$ 30,269,082	\$ 31,378,295	295 \$	32,033,351
Restricted		,				•		241,912		337,388		322,332	426,369	176,186	Ħ	1,337	893,224
Unrestricted	8	8,351,970	7'6	9,722,132	1	13,325,662		13,830,066		12,002,129		13,562,419	13,531,373	(2,964,236)	(5,589,425)	425)	(8,585,727)
Total governmental activities net position	\$ 29,	29,468,543	\$ 32,0	32,004,178	\$ 3	36,423,887	\$	37,546,835	❖	39,371,498	\$	41,924,168	\$ 44,160,649	\$ 27,481,032	\$ 25,790,207	207 \$	24,340,848
Business-type activities																	
Invested in capital assets, net of related debt	\$ 36,	36,343,169	\$ 36,7	36,781,751	\$	37,038,824	\$	37,821,033	s	39,486,456	\$	45,847,342	\$ 45,621,495	\$ 49,953,620	\$ 54,356,297	297 \$	58,842,536
Restricted								668,642		8,786,225		1,928,424	817,815	•			
Unrestricted	10,	10,319,843	7,7	7,701,016	1	11,979,078		14,561,705		8,290,134		12,604,948	18,603,562	14,729,687	15,273,278	278	16,417,133
Total business-type activities net position	\$ 46,	46,663,012	\$ 44,4	44,482,767	\$ 4	49,017,902	❖	53,051,380	\$	56,562,815	\$	60,380,714	\$ 65,042,872	\$ 64,683,307	\$ 69,629,575	575 \$	75,259,669
																ĺ	
Primary government																	
Invested in capital assets, net of related debt	\$ 59,	59,063,797	\$ 60,1	60,137,049	9 \$	61,295,890	φ.	66,518,437	s	73,886,758	\$	75,824,402	\$ 80,222,702	\$ 85,734,592	\$ 85,734,592	592 \$	90,875,887
Restricted				,		910,554		9,123,613		2,250,756		1,244,184	176,186	1,337	Ħ	1,337	893,224
Unrestricted	17,	17,423,148	25,3	25,304,740	7	28,391,771		20,292,263		26,167,367		32,134,935	11,765,451	9,683,853	9,683,853	853	7,831,406
Total primary government net position	\$ 76,	76,486,945	\$ 85,4	85,441,789	6 \$	90,598,215	\$	95,934,313	❖	102,304,882	\$	109,203,521	\$ 92,164,339	\$ 95,419,782	\$ 95,419,782	782 \$	99,600,517

City of Newark, Delaware Changes in Net Position Last Ten Fiscal Years (accrual basis of accounting)

								Fiscal Year	Year								
	2008	2009	1	2010		2011	 	2012		2013	7	2014	2015		2016	2017	17
Expenses																	
Governmental activities:																	
General Government	\$ 5,893,962	\$ 6,700	6,706,122	\$ 7,	7,100,937	\$ 8,380,516	16 \$	6,237,220	٠	6,395,748	Ş	7,079,702 \$	7,515,728	٠S	7,758,601	5 7	7,934,478
Public Safety	10,078,299	1	878	10,	10,494,199	10,899,136	. 98	11,426,222		12,220,141		13,012,788	15,712,929		14,523,004	15,	15,256,085
Public Works	4,897,004	4,274,977	776'1	4	4,608,499	4,303,785	85	5,938,001		5,034,078		4,920,853	5,355,309		5,234,161	, 5,	5,435,573
Community Development	391,652	17.	173,473		297,483	320,682	82	150,939		219,480		178,555	238,997		204,919		152,971
Culture and Recreation	2,594,927	2,38	2,385,848	1,	1,916,029	2,020,999	66	2,908,610		2,992,043		3,263,524	3,646,885		3,476,444	'n	3,575,722
Interest Expense	112,984	6	99,565		86,321	87,994	94	37,453		30,814		28,512	22,073		19,551		21,032
Total governmental activities expenses	23,968,828	24,122,863	.,863	24,	24,503,468	26,013,112	12	26,698,445		26,892,304	2	28,483,934	32,491,921		31,216,680	32,	32,375,861
Business-type activities:]]										
Electric	43,343,324	42,318,337	3,337	45,	45,272,708	44,815,073	73	41,681,970		39,515,400	m	39,747,555	41,767,161		40,754,499	39	39,901,201
Water	4,259,128	4,10	4,101,573	3,	3,930,138	4,105,171	71	3,928,933		4,534,736		5,262,775	5,702,289		5,551,922	ν,	5,851,339
Sewer	3,915,177	3,64	3,643,891	4	4,195,238	4,206,078	78	4,559,881		4,947,453		5,092,098	5,201,543		5,388,663	. 5	5,560,685
Parking	690,479	75(750,768		765,549	665,608	66	802,008		865,948		1,012,311	1,593,805		1,566,019	` , i	1,740,399
Total business-type activities expenses	52,208,108	50,814,569	695'1	54,	54,163,633	53,935,921	21	50,975,792		49,863,537	2	51,114,739	54,264,798		53,261,103	53,	53,053,624
Total primary government expenses	\$ 76,176,936	\$ 74,937,432	,432	\$ 78,	78,667,101	\$ 79,949,033	33 \$	77,674,237	\$	76,755,841	\$ 7	79,598,673 \$	86,756,719	\$	84,477,783	\$ 85,	85,429,485
Program Revenues																	
Governmental activities:																	
Charges for services:																	
General Government	\$ 3,383,722 1	\$	3,513,820 1	\$ 3,	3,858,308 1	\$ 3,969,259	59 1 \$	3,996,682	1 \$	3,942,052 1	\$	3,723,116 1 \$	2,443,382	1 \$	2,657,236 1	\$ 3,	3,081,864 1
Public Safety	800,518	.89	681,636 1	1,	,641,801 1	1,519,987	87 1	1,436,915	1	1,921,357		1,702,677 1	891,512	1	1,313,738 1	1,	1,348,763 1
Public Works	203,222	5,	24,509		178,582	223,603	03	184,811		113,402		10,169	8,843		8,687		20,564
O Culture and Recreation	614,836	909	609,299		522,701	538,444	44	570,866		614,771		586,013	623,025		655,634		668,514
9 Operating Grants and Contributions	1,730,478	1,05	1,054,982	1,	1,240,437	1,262,306	90	1,067,730		1,328,639		1,347,577	1,220,225		1,250,818	Ţ	1,321,862
Capital Grants and Contributions	861,235	94:	941,869	1,	1,698,039	1,565,828	28	3,393,569		1,493,727		2,051,726	665,475		588,637	1,	1,670,470
Total governmental activities program revenues	7,594,011	6,820	6,826,115	6	9,139,868	9,079,427	27	10,650,573		9,413,948		9,421,278	5,852,462		6,474,750	8	8,112,037
Business-type activities: Charges for services:																	
Electric	53,356,156	50,851,870	0/8/1	57,	57,757,600	56,230,178	78	53,455,096		51,156,188	Ŋ	50,484,772	53,022,467		53,202,489	52,	52,884,838
Water	4,310,761	4,886,534	5,534	9	6,610,742	6,346,031	31	7,347,756		7,288,821		8,455,187	9,045,018		9,564,594	6	9,595,035
Sewer	4,533,959	4,16	4,167,965	5,	5,528,975	5,643,113	13	6,002,001		5,989,085		6,691,812	6,709,584		7,174,004	7,	7,054,106
Parking	807,875	68	894,013	1,	1,138,887	1,383,768	89	1,381,148		1,422,411		1,501,768	2,712,473		2,772,597	2,	2,899,949
Capital Grants and Contributions	125,765		,		660,740	644,724	24	66,045		442,870		1,796,634	298,368		149,250		69,764
Total business-type activities program revenues	63,134,516	60,800,382	,382	71,	71,696,944	70,247,814	14	68,252,046		66,299,375	9	68,930,173	71,787,910		72,862,934	72,	72,503,692
Total primary government program revenues	\$ 70,728,527	\$ 67,626,497	,497	\$ 80,	80,836,812	\$ 79,327,241	41 \$	78,902,619	❖	75,713,323	\$ 7	78,351,451 \$	77,640,372	ş	79,337,684	\$ 80,	80,615,729
Net (expense)/revenue										1				4			600
Governmental activities Business-type artivities	\$ (16,3/4,81/) 10,926,408	\$ (17,296,748) 9 985 813		\$ (I5,	(15,363,600)	\$ (16,933,685) 16.311.893	85) 5 93	(16,047,872) 17,276,254	Λ	(17,478,356)	۰ م	(19,062,656) \$ 17,815,434	(26,639,459)	ሉ	(24,/41,930) 19 601 831	, (24, 19	(24,263,824) 19450.068
Total primary government net expense	(5.448.409)	\$ (7.310.935)	935)	\$ 2.	2.169.711	(621,792)	\$ 100	1,278,382	Ş	(1.042.518)	\$	(1.247.222) \$	(9.116.347)	Ş	(5.140.099)	\$ (4)	(4.813.756)
	1 12 12 12 12			ì			i I		F	· / / /			,	١	, , , , , , , , , , , , , , , , , , , ,		, , , , , ,

City of Newark, Delaware Changes in Net Position - continued Last Ten Fiscal Years (accrual basis of accounting)

										Fiscal Year	ar									
	20	2008		2009		2010		2011	3	2012	2	2013	50	2014	2015	.5	20	2016	2017	.7
General Revenues and Other Changes in Net Position																				
Governmental activities:																				
Taxes																				
Real estate taxes	\$	1,437,008	\$	4,751,835	ş	5,027,187	\$	5,102,146	ş	5,264,245	\$	5,515,859	٠,	5,612,294 \$	5,7	\$ 077,760	,	5,264,005	, 6	5,557,441
Real estate transfer taxes	2,	,764,929		1,000,710		969,617		988,807		1,162,016		1,424,534		1,821,278	2,0	2,074,082		1,430,654	1,1	1,584,426
Franchise fees		345,174		372,816		383,816		399,960		412,079		424,649		444,853	7	462,368		482,218	•	471,456
Investment earnings		286,154		307,296		247,932		117,447		129,570		8,984		126,100		116,947		116,018		115,172
Miscellaneous		761		,		42		1,039		,				,		,		,		,
Proceeds from sale of capital assets		32,206		44,045		25,647		7,240		,						,		,		,
Gain (loss) on sale of capital assets				•		13,172				41,176		34,040		22,960		18,912		9,730		59,200
Transfers	8	8,421,574		12,385,000		13,115,896		12,389,994	Ţ	13,732,314	1	12,622,960	13	13,271,652	14,5	14,255,640	17	14,748,480	14,	14,026,770
Total governmental activities	16,	16,287,806		18,861,702		19,783,309		19,006,633	, 7	20,741,400	2	20,031,026	23	21,299,137	22,7	22,722,719	23	23,051,105	22,	22,814,465
Business-type activities:																				
Investment earnings		344,635		212,468		111,882		74,758		126,956		5,021		118,376		124,235		92,917		166,645
Increase (decrease) in fair value of investments		48,699					_		_	- 1		- 1		- 1		. 1		- 1		- 1
Miscellaneous		6,474		6,474		6,474		12,821		,						,				,
Gain (loss) on sale of capital assets				•		(989)		24,000		,						25,750				40,151
Transfers	(8)	(8,421,574))	(12,385,000)		(13,115,896)		(12,389,994)	()	(13,732,314)	(1	(12,622,960)	(13	(13,271,652)	(14,	(14,255,640)	(17	(14,748,480)	(14)	(14,026,770)
Total business-type activities	(8)	(8,021,766))	(12,166,058)		(12,998,176)		(12,278,415)	()	(13,605,358)	(1	(12,617,939)	(13	(13,153,276)	(14,	(14,105,655)	(17	(14,655,563)	(13)	(13,819,974)
Total primary government	\$ 8,	8,266,040	\$	6,695,644	\$	6,785,133	\$	6,728,218	\$	7,136,042	\$	7,413,087	\$ \$	8,145,861 \$, 8,6	8,617,064	3 5	8,395,542	8,	8,994,491
Change in Net Position																				
Governmental activities	φ.	(87,011)	\$	1,564,954	ψ,	4,419,709	s	2,072,948		4,693,528	φ.	2,552,670	10-	2,236,481 \$	3,6	(3,916,740)		(1,690,825)	(1,	(1,449,359)
Business-type activities	2,	2,904,642		(2,180,245)		4,535,135		4,033,478		3,670,896		3,817,899	7	4,662,158	3,4	3,417,457	7	4,946,268	5,	5,630,094
Total primary government	\$ 2,	2,817,631	\$	(615,291)	\$	8,954,844	\$	6,106,426	\$	8,364,424	\$	6,370,569) \$	\$ 6898'639	7) Ş	(499,283)	3	3,255,443	, 4,	4,180,735

Notes: ¹ For 2009 and later, changes in the fair value of investments is included as a component of investment earnings.

City of Newark, Delaware Fund Balances of Governmental Funds Last Ten Years (modified accrual basis of accounting)

	2008	2009	2010	2011	Fisca 2012	Fiscal Year 2013	2014	2015	2016	2017
General fund Reserved Unreserved (deficit) Total general fund	\$ 12,903 675,353 \$ 688,256	\$ 110,139 1,168,040 \$ 1,278,179	\$ 124,999 (2,424,341 \$ 2,549,340	(1)						
All other governmental funds Reserved Unreserved, reported in: Special revenue funds Capital projects fund Total all other governmental funds	\$ 5,994,337 691,617 - \$ 6,685,954	\$ 6,103,920 320,329 - \$ 6,424,249	\$ 8,215,681 (203,598 - \$ 8,419,279	(1)						
General fund Fund balances: Nonspendable Restricted Committed Assigned Unassigned Total general fund				\$ 105,441 150,664 25,257 2,559,055 \$ 2,840,417	\$ 54,026 132,891 - 24,165 2,697,321 \$ 2,908,403	\$ 80,580 85,030 - 115,804 4,295,720 \$ 4,577,134	\$ 128,618 98,682 108,022 4,082,549 \$ 4,417,871	\$ 309,223 - 108,720 3,868,737 \$ 4,286,680	\$ 126,359 - 111,514 4,144,251 \$ 4,382,124	\$ 156,325 - - 93,285 4,283,966 \$ 4,533,576
All other governmental funds Fund balances: Nonspendable Restricted Committed Assigned Unassigned Total all other governmental funds				\$ 34,559 2,434,591 - 6,470,015 (36) \$ 8,939,129	\$ 54,176 760,724 8,141,835 \$ 8,956,735	\$ 27,363 877,335 - 8,010,460 \$ 8,915,158	\$ 20,257 946,722 - 7,895,040 \$ 8,862,019	\$ 52,846 747,478 - 7,216,613 \$ 8,016,937	\$ 12,199 875,174 - 5,673,497 - \$ 6,560,870	\$ 7,699 893,224 - 4,598,693 \$ 5,499,616

Note: (1) In Fiscal Year 2011, GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions" was implemented.

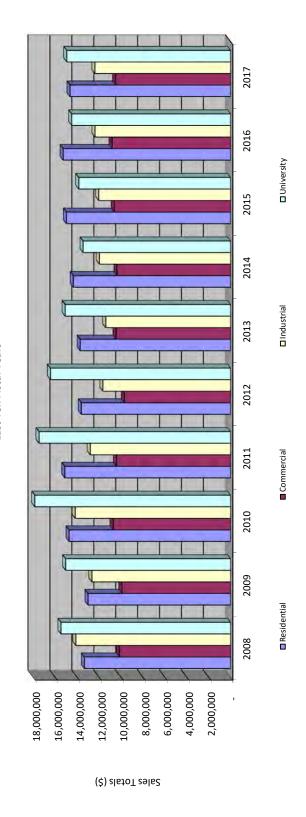
City of Newark, Delaware Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

Fiscal Year

						Fiscal Year				
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Taxes	\$ 7,451,469	\$ 5,949,963	\$ 6,203,242	\$ 6,412,978	\$ 6,838,340	\$ 7,365,042	\$ 7,878,425	\$ 8,331,220	\$ 8,176,877	\$ 8,613,323
Licenses and permits	1,460,441	1,322,388	2,253,729	1,945,632	1,961,647	2,291,368	2,140,480	1,494,793	1,649,231	2,174,978
Fines, forfeits and costs	1,927,392	1,994,227	2,265,043	2,465,745	2,306,788	2,394,708	1,989,715	1,507,219	2,014,327	1,867,284
Investment earnings	283,600	307,660	241,324	169,599	129,570	8,984	126,100	109,343	110,008	107,460
Intergovernmental revenues	2,391,084	1,734,340	2,739,318	2,618,365	4,251,023	2,238,117	2,893,994	1,457,261	1,315,182	2,464,797
Charges for services/fees	1,614,466	1,512,652	1,682,618	1,836,072	1,920,840	1,905,503	1,891,780	986,429	1,003,861	1,105,646
Subvention-University of Delaware	204,000	204,000	204,000	207,125	211,500	511,003	516,620	504,953	492,149	499,331
Total revenues	15,332,452	13,025,230	15,589,274	15,655,516	17,619,708	16,714,725	17,437,114	14,391,218	14,761,635	16,832,819
Expenditures										
General government	5,271,780	5,141,241	5,083,006	5,650,131	5,977,569	6,067,682	6,783,535	6,532,539	7,102,547	7,333,498
Public safety	9,807,106	10,052,962	10,413,230	10,899,188	10,976,608	11,646,760	12,724,277	12,946,674	13,295,638	14,230,492
Public works	4,315,593	4,382,222	4,440,437	4,966,108	4,932,173	3,929,085	3,863,765	3,804,497	3,799,250	4,056,558
Community development	391,652	173,473	297,483	320,682	150,939	219,480	178,555	238,997	204,919	152,971
Culture and recreation	2,451,252	2,455,410	2,473,122	2,584,379	2,623,249	2,575,895	2,778,489	2,720,807	2,739,878	2,899,397
Bond issuance costs		•		22,189	•			•	•	•
Lease acquisition costs	•	•			4,500			•		
T Capital outlay	2,386,991	2,369,487	1,990,104	2,547,520	5,772,745	3,079,323	4,402,660	2,308,342	3,514,189	3,410,170
6 Debt service										
Principal	480,000	450,000	285,000	1,670,000	160,000	183,880	179,609	191,603	197,137	218,293
Interest and other charges	115,043	101,262	89,718	101,709	31,444	42,466	33,239	30,744	26,910	28,418
Total expenditures	25,219,417	25,126,057	25,072,100	28,761,906	30,629,227	27,744,571	30,944,129	28,774,203	30,880,468	32,329,797
Excess of revenues										
over (under) expenditures	(6)886,965)	(12,100,827)	(9,482,826)	(13,106,390)	(13,009,519)	(11,029,846)	(13,507,015)	(14,382,985)	(16,118,833)	(15,496,978)
Other financing sources (uses)	,	,	,	,	,	1	,	,	1	000
רוטנים שלפים ווווספים וחופים והמאם						. :	. !	. !	. :	450,000
Transfers in	13,306,520	15,802,339	16,954,694	17,366,337	17,981,393	16,634,009	17,415,013	17,672,928	16,296,303	14,649,848
Transfers out	(4,948,456)	(3,417,339)	(4,258,798)	(4,986,260)	(4,249,079)	(4,011,049)	(4,143,360)	(3,417,288)	(1,547,823)	(553,496)
Proceeds from debt		•	•	1,530,000	269,164					
Proceeds from sales of capital assets	32,206	44,045	53,121	7,240	43,633	34,040	22,960	26,388	9,730	60,824
Litigation Settlement		•	•		(920,000)			•		
Net effect of restatement	970,681	•	•	1	•	•	•	•	•	•
Total other financing sources (uses)	9,360,951	12,429,045	12,749,017	13,917,317	13,095,111	12,657,000	13,294,613	14,312,028	14,758,210	14,587,176
Net change in fund balances	\$ (526,014)	\$ 328,218	\$ 3,266,191	\$ 810,927	\$ 85,592	\$ 1,627,154	\$ (212,402)	\$ (70,957)	\$ (1,360,623)	\$ (909,802)
Debt service as a percentage of noncapital expenditures	2.6%	2.4%	1.6%	%8.9	%8:0	%6:0	%8:0	0.8%	%8:0	%6:0

Note: Debt service as a percentage of noncapital expenditures is calculated by dividing the total of the debt service principal and interest amounts (\$246,711) by the total expenditures net of capital outlay amounts (\$28,919,627).

City of Newark, Delaware Electric Usage and Actual Sales Totals Last Ten Fiscal Years



		RESIDENTIAL		-	COMMERCIAL			INDUSTRIAL			UNIVERSITY			TOTALS	
YEAR	SALES (kWh)	AMOUNT (\$)	AVG RATE (\$/kwh)	SALES (KWh)	AMOUNT (\$)	AVG RATE (\$/kWh)	SALES (kWh)	AMOUNT (\$)	AVG RATE (\$/kWh)	SALES (kWh)	AMOUNT (\$)	AVG RATE (\$/kwh)	SALES (kWh)	AMOUNT (\$)	AVG RATE (\$/kwh)
2008	90,912,923	13,332,225	0.147	72,463,286	10,139,848	0.140	104,279,135	14,111,313	0.135	137,578,450	15,465,962	0.112	405,233,794	53,049,348	0.131
2009	88,897,987	13,002,979	0.146	70,135,918	9,912,707	0.141	98,225,136	12,648,019	0.129	134,656,684	15,040,237	0.112	391,915,725	50,603,942	0.129
2010	95,050,384	14,726,803	0.155	70,985,485	10,709,367	0.151	99,556,219	14,169,577	0.142	140,461,314	17,851,612	0.127	406,053,402	57,457,359	0.142
2011	91,825,911	15,120,100	0.165	096'859'69	10,409,620	0.149	94,563,322	12,792,357	0.135	145,931,881	17,466,559	0.120	401,980,074	55,788,636	0.139
2012	90,231,853	13,615,230	0.151	70,596,053	880'689'6	0.137	94,263,963	11,644,586	0.124	147,373,607	16,428,015	0.111	402,465,476	51,376,919	0.128
2013	90,374,056	13,710,184	0.152	76,290,773	10,439,109	0.137	90,233,965	11,380,234	0.126	145,121,562	15,088,929	0.104	402,020,356	50,618,456	0.126
2014	93,042,185	14,341,836	0.154	74,147,270	10,351,510	0.140	91,928,003	11,969,138	0.130	145,697,539	13,447,627	0.092	404,814,997	50,110,111	0.124
2015	96,750,581	14,964,142	0.155	75,642,389	10,602,388	0.140	91,831,587	12,022,056	0.131	152,519,176	13,844,523	0.091	416,743,733	51,433,109	0.123
2016	95,925,301	15,266,720	0.159	75,032,185	10,806,310	0.144	91,430,937	12,361,327	0.135	154,130,075	14,485,603	0.094	416,518,498	52,919,960	0.127
2017	92,951,598	14,640,923	0.158	73,267,323	10,484,103	0.143	92,677,500	12,370,251	0.133	154,697,941	14,935,996	0.097	413,594,362	52,431,273	0.127

December 31, 2017 and December 31, 2008 Principal Electric Utility Customers City of Newark, Delaware

			2017			2008	
				Percentage of Total			Percentage of Total
Customer	Type of Business	Consumption (1)	Rank	Consumption	Consumption (1)	Rank	Consumption
University of Delaware (2)	Public University	172,255,901	1	41.65%	141,804,994	1	34.99%
Rohm & Haas Electronics	Manufacturing-Various	28,696,766	2	6.94%	29,785,360	2	7.35%
Power Systems Composites LLC	Wholesale Electric Equipment	11,630,640	33	2.81%	6,540,912	က	1.61%
Acme Markets (3)	Retail - Groceries	6,012,400	4	1.45%	2,856,480	8	0.70%
E I Dupont De Nemours & Company	Chemicals and Synthetics	5,596,584	2	1.35%	5,798,856	4	1.43%
GWL 300 McIntire LLC (4)	Warehousing	4,150,320	9	1.00%			
Delaware Technolgy Park	Research & Development Campus	3,621,172	7	0.88%			
CHF - Del LLC	Rental Apartments	3,533,875	8	0.85%			
Christina School District	Public Schools	3,388,385	6	0.82%	2,851,500	6	0.70%
Quest Pharmaceutical Services	Pharmaceutical Research	3,352,797	10	0.81%			
618 G P Warehouse LLC (4)	Warehousing				4,599,600	2	1.14%
Verizon Communications	Public Utility				3,042,312	7	0.75%
Pathmark Inc. (3)	Retail - Groceries				3,945,800	9	0.97%
Computer Science Corporation	Systems Consulting				2,518,080	10	0.62%
		242,238,840		58.57%	203,743,894		50.28%

Note: (1) Peak demand rate is not considered.
(2) University totals include accounts not billed at "University" rate.
(3) Pathmark, Inc. was acquired by A&P Food Stores in December, 2010. A&P was acquired by Acme Markets in November, 2015.

City of Newark, Delaware Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Less: Tax Exempt Property	Total Taxable Assessed Value (1)	Direct Tax Rate (Per \$100)	Estimated Actual Value
2008	547,750,500	941,846,500	670,959,887	818,637,113	0.5333	N/A
2009	555,619,120	951,107,900	670,790,114	835,936,906	0.5558	N/A
2010	557,224,520	953,153,800	739,864,508 2	770,513,812 ²	0.6458	N/A
2011	559,853,320	955,678,400	738,403,483	777,128,237	0.6458	N/A
2012	564,568,720	965,638,700	740,299,430	789,907,990	0.6858	N/A
2013	568,315,120	915,930,100	683,587,511 ³	800,657,709	0.6961	N/A
2014	580,370,620	924,677,400	688,152,173	816,895,847	0.6961	N/A
2015	587,674,420	937,377,045	696,332,863	828,718,602	0.7065	N/A
2016	592,327,020	950,452,300	694,712,283	848,067,037	0.7737	N/A
2017	592,310,200	956,158,820	694,898,159	853,570,861	0.7737	N/A

⁽¹⁾ Source: City of Newark Finance Department, in consultation with New Castle County Department of Land Use.

Note: As provided by State of Delaware law, the City of Newark utilizes property assessments established by the New Castle County Department of Land Use. The County last conducted a County-wide reassessment of all real property on July 1, 1985. Real property is assessed at 100% of the 1983 market value.

N/A = Property in the City is not reassessed periodically, therefore the estimated actual value is not available.

⁽²⁾ The Chrysler Assembly Plant site was purchased by the University of Delaware on November 23, 2009. As of July 1, 2014, the property has received a partial tax exemption for educational purposes, and a portion has been developed for taxable commercial purposes.

⁽³⁾ The assessment of \$63,299,900 for the Chrysler Assembly Plant, which had initially been listed as fully exempt upon the property acquisition by the University of Delaware, was removed as of July 1, 2013.

City of Newark, Delaware Property Tax Rates Direct and Overlapping Governments (Per \$100 of Assessed Value) Last Ten Fiscal Years

	Direct Rate	Overlappi	ng Rates	
Fiscal Year	City of Newark	New Castle County	Christina School District	Total Tax Rate
2008	0.5333	0.1949	1.68078	2.40898
2009	0.5558	0.2436	1.67464	2.47404
2010	0.6458	0.2436	1.81865	2.70805
2011	0.6458	0.2436	1.94272	2.83212
2012	0.6858	0.2436	2.11070	3.04010
2013	0.6961	0.2436	2.17107	3.11077
2014	0.6961	0.2436	2.26998	3.20968
2015	0.7065	0.2436	2.27087	3.22097
2016	0.7737	0.2436	2.56135	3.57865
2017	0.7737	0.2436	2.56949	3.58679

Note: The real estate tax rate is a single component figure established by City Council through budget adoption and applies to all classes of real property.

December 31, 2017 and December 31, 2008 Principal Property Taxpayers City of Newark, Delaware

2008	Percentage of	Total Taxable	Assessed	Rank Value		0 2 1.36%				0 4 1.19%	0 9 0.92%	0 5 1.05%	%96.0 7 0.96%	0 10 0.91%	0 1 8.29%	0 3 1.30%	%96.0 9 0	%86.0 8 0.93%	0 17.87%
		Taxable	Assessed	Value		11,112,300				9,769,700	7,548,100	8,562,000	7,846,900	7,434,200	67,872,100	10,668,700	7,876,300	7,616,200	146.306.500
	Percentage of	Total Taxable	Assessed	Value	2.33%	1.30%	1.30%	1.25%	1.18%	1.14%	1.14%	1.00%	0.97%	0.89%					12.51%
2017				Rank	-	7	ĸ	4	2	9	7	8	6	10					
		Taxable	Assessed	Value	19.894.400	11,112,300	11,071,800	10,680,300	10,111,000	9,769,700	9,693,500	8,562,000	8,248,100	7,616,800					106.759.900
				Type of Business	Retail Property / Apartments \$	Hotels	Industrial & Education Park	Apartments	Public Utility	Apartments	Public Utility	Manufacturing	Apartments	Education (Non-exempt portion)	Manufacturing-Automobiles	Apartments	Retail Property Owner	Industrial Park	
				Customer	Pauline A. Maver. Inc.	BPG Hotel Partners, LLC	1743 Holdings LLC	Bainbridge CC Delaware Apartments	Delmarva Power & Light Company	CHF-Delaware LLC	Verizon Communication	Rohm and Haas Electronic Materials	UDEL Holdings LLC	University of Delaware	Chrysler Corporation	Fusco Properties L P	Fusco Enterprises L P	Emory Hill & Company	

Notes: • Pauline A. Mayer, Inc. constructed two large townhouse rental complexes in 2014 to add to their retail properties.

Source: City of Newark Finance Department

[•] The Chrysler Assembly Plant site was purchased by the University of Delaware on November 23, 2009.

[•] The factory has been demolished and the property has received a partial tax exemption. The site is being developed for educational purposes as well as taxable commercial uses.

[•] Fusco Properties LP has divested some, but not all, of its apartment properties. Total assessed value for this owner is now \$3,378,600 under the name FP SPE LLC.

City of Newark, Delaware Property Tax Levies and Collections Last Ten Fiscal Years

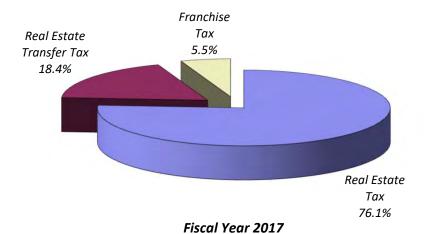
Collected within the

	Total	Fiscal Year o	of Levy	Collections	Total Collection	s for Year
Fiscal	Tax		Percent	in Subsequent		Percent
Year	Levy (1)	Amount	of Levy	Years	Amount (2)	of Levy
2008	4,381,947	4,345,317	99.2%	33,814	4,379,131	99.9%
2009	4,681,253	4,617,380	98.6%	59,767	4,677,147	99.9%
2010	4,980,536	4,898,066	98.3%	75,533	4,973,599	99.9%
2011	5,028,511	4,919,181	97.8%	101,156	5,020,337	99.8%
2012	5,423,483	5,316,521	98.0%	97,476	5,413,997	99.8%
2013	5,600,551	5,465,413	97.6%	123,192	5,588,605	99.8%
2014	5,681,209	5,583,639	98.3%	72,042	5,655,681	99.6%
2015	5,876,646	5,679,339	96.6%	156,223	5,835,562	99.3%
2016	6,592,320	³ 6,462,051	98.0%	65,759	6,527,810	99.0%
2017	6,626,727	6,505,395	98.2%	-	6,505,395	98.2%

Notes:

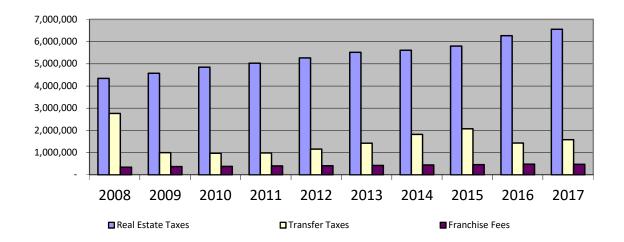
- (1) Represents initial annual levy plus quarterly supplementary billings.
- (2) Excludes tax penalties/interest.
- (3) Tax billings represent a tax rate increase of 9.5% over prior year.

City of Newark, Delaware Governmental Activities Tax Revenues By Source Last Ten Years (accrual basis of accounting)



Fiscal	Real Estate	Real Estate	Franchise	
Year	Тах	Transfer Tax	Тах	Total
2008	4,437,008	2,764,929	345,174	7,547,111
% of total	58.8%	36.6%	4.6%	100.0%
2009	4,751,835	1,000,710	372,816	6,125,361
% of total	77.6%	16.3%	6.1%	100.0%
2010	5,027,187	969,617	383,816	6,380,620
% of total	78.8%	15.2%	6.0%	100.0%
2011	5,102,146	988,807	399,960	6,490,913
% of total	78.6%	15.2%	6.2%	100.0%
2012	5,264,245	1,162,016	412,079	6,838,340
% of total	77.0%	17.0%	6.0%	100.0%
2013	5,515,859	1,424,534	424,649	7,365,042
% of total	74.9%	19.3%	5.8%	100.0%
2014	5,612,294	1,821,278	444,853	7,878,425
% of total	71.3%	23.1%	5.6%	100.0%
2015	5,794,770	2,074,082	462,368	8,331,220
% of total	69.6%	24.9%	5.5%	100.0%
2016	6,264,005	1,430,654	482,218	8,176,877
% of total	76.6%	17.5%	5.9%	100.0%
2017	6,557,441	1,584,426	471,456	8,613,323
% of total	76.1%	18.4%	5.5%	100.0%

City of Newark, Delaware General Governmental Tax Revenues By Source Last Ten Fiscal Years (Modified accrual basis of accounting)



Fiscal Year	Real Estate Taxes	Real Estate Transfer Taxes	Franchise Fees	Total
2008	4,341,366	2,764,929	345,174	7,451,469
2009	4,576,436	1,000,710	372,817	5,949,963
2010	4,849,809	969,617	383,816	6,203,242
2011	5,024,211	988,807	399,960	6,412,978
2012	5,264,245	1,162,016	412,079	6,838,340
2013	5,515,859	1,424,534	424,649	7,365,042
2014	5,612,294	1,821,278	444,853	7,878,425
2015	5,794,770	2,074,082	462,368	8,331,220
2016	6,264,005	1,430,654	482,218	8,176,877
2017	6,557,441	1,584,426	471,456	8,613,323

Notes:

¹ Tax billings represent a tax rate increase of 9.5% over previous year, 50% recognized in 2016.

City of Newark, Delaware Ratios of Outstanding Debt by Type Last Ten Fiscal Years

	Governmental Activities	al Activities	Business-Type Activities	e Activities			
Fiscal Year	General Obligation Bonds	Other Notes Payable	General Obligation Bonds	Other Notes Payable	Total Primary Government	Percentage of Personal Income	Per Capita
2008	2,405,000	1	14,290,000	1	16,695,000	2.70%	552
2009	1,955,000	1	13,500,000	1	15,455,000	2.53%	510
2010	1,670,000	1	12,685,000	1	14,355,000	2.32%	456
2011	1,530,000	1	12,035,000	ı	13,565,000	1.98%	429
2012	1,418,832	269,164	11,419,461	12,078,276	25,185,733	3.60%	801
2013	1,257,598	240,284	10,396,381	11,508,591	23,402,854	3.26%	739
2014	1,091,364	220,675	9,353,300	10,603,972	21,269,311	2.96%	649
2015	920,130	194,073	8,295,220	9,745,261	19,154,684	2.57%	552
2016	743,896	166,936	7,217,140	8,973,855	17,101,827	2.23%	480
2017	562,662	553,643	6,109,060	8,044,470	15,269,835	1.92%	428

Population - US Census Bureau Population Estimates Program (2009, 2012) and Census 2010; Sources:

Delaware Population Consortium projection (2007, 2014-2017)

2008, 2011 and 2013 are projected estimates by the City of Newark

Newark Planning Department (2010, 2011 Personal Income)

Money Magazine Income Survey (2008 Personal Income) Federal Reserve Bank of Philadelphia Quarterly Percent Change (2009 Personal Income)

City of Newark estimate based on increase in Personal Income growth for Delaware from US Department of Commerce.

(2012-2017 Personal Income)

City of Newark, Delaware Ratios of General Bonded Debt Outstanding To Taxable Assessed Value and Per Capita Last Ten Fiscal Years

		Net	Long-Term	Debt	Per Capita	552	510	456	429	408	368	319	267	223	187
Percentage	of Net	Long-Term	Debt to	Assessed	Value (1)	2.04%	1.85%	1.86%	1.75%	1.63%	1.46%	1.28%	1.11%	0.94%	0.78%
		Net General	Obligation	Bonds and	Notes Payable	16,695,000	15,455,000	14,355,000	13,565,000	12,838,293	11,653,979	10,444,664	9,215,350	7,961,036	6,671,722
	Business-Type	Activities	General	Obligation	Bonds & Notes	14,290,000	13,500,000	12,685,000	12,035,000	11,419,461	10,396,381	9,353,300	8,295,220	7,217,140	6,109,060
	Governmental	Activities	General	Obligation	Bonds	2,405,000	1,955,000	1,670,000	1,530,000	1,418,832	1,257,598	1,091,364	920,130	743,896	562,662
		Total	Taxable	Assessed	Value	818,637,113	835,936,906	770,513,812	777,128,237	789,907,990	800,657,709	816,895,847	828,718,602	848,067,037	853,570,861
					Population	30,260	30,316	31,454	31,611	31,456	31,679	32,792	34,511	35,642	35,642
				Fiscal	Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017

tes: ¹ A City-wide reassessment of all real property was last updated on July 1, 1985

Real property is assessed at 100% of the 1983 market value

Sources: City of Newark Finance Department (Taxable Assessments)

US Census Bureau Population Estimates Program (2009, 2012) and Census 2010;

Delaware Population Consortium projection (2014-2017)

2008, 2011 and 2013 are projected estimates by the City of Newark

The property has received a tax exemption for educational purposes. As of 2014, portions of the property ² The Chrysler Assembly Plant site was purchased by the University of Delaware on November 23, 2009 have been developed as commercial enterprises and have been assessed as taxable (\$11,071,800)

City of Newark, Delaware Computation of Direct and Overlapping Debt December 31, 2017

Jurisdiction	 Net Debt Outstanding	Percentage Applicable to City of Newark	Amount pplicable to ty of Newark
New Castle County	\$ 179,696,340 ¹	4.55% ²	\$ 8,176,183
Christina School District	 30,167,263	16.32% ³	 4,923,297
Overlapping Debt	\$ 209,863,603		\$ 13,099,480
City of Newark General Obligation Bonds	562,662 ¹	100.00%	562,662
City of Newark Other Notes Payable	 553,643	100.00%	 553,643
Total Direct and Overlapping Debt	\$ 210,979,908		\$ 14,215,785

Sources: New Castle County Office of Finance, Christina School District, and City of Newark Department of Finance.

- (1) Debt related to business-type activities is not included in this presentation.
- (2) Determined by dividing the taxable assessed valuation of the City of Newark (\$853,570,861) by the total taxable assessed valuation of New Castle County (\$18,776,801,000). Net Debt Outstanding is as of June 30, 2017.
- (3) Determined by dividing the students enrolled in the City of Newark (2,397) by the total student enrollment of the Christina School District (14,689). Net debt outstanding is as of June 30, 2017.

City of Newark, Delaware Legal Debt Margin Information Last Ten Fiscal Years (amounts expressed in thousands)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit (1)	81,864	83,594	77,051	1 77,713	78,991	990'08	81,690	82,872	84,807	85,357
Total net debt applicable to limit	16,648	15,455	14,308	13,518	12,792	11,608	10,399	9,169	7,915	6,626
Legal debt margin	65,216	68,139	62,743	64,195	66,199	68,458	71,291	73,703	76,892	78,731
Total net debt applicable to the limit as a percentage of debt limit	20.34%	18.49%	18.57%	17.39%	16.19%	14.50%	12.73%	11.06%	9.33%	7.76%
								Legal Debt	Legal Debt Margin for Fiscal Year 2017	al Year 2017
						Total assessed value Less: exempt real pro Total taxable assesse	Total assessed value Less: exempt real property Total taxable assessed value		& ⁶	\$ 1,548,469 (694,898) \$ 853,571
						Debt limit (10	Debt limit (10% of taxable assessed value)	sessed value)		85,357

in substance that said bond, including interest thereon, is payable from the revenue pledged to the payment thereof, and that said bond does not constitute a debt ten (10) per centum of the assessed value of all the real estate subject to taxation located within the City. If revenue bonds are issued, each such bond shall recite Notes: In accordance with Section 407.1 of the City Charter, if general obligation bonds are issued, the total outstanding debt secured by such bonds shall not exceed of the City of Newark within the meaning of the bonded indebtedness limitation.

(46) 6,626

78,731

6,672

Less: Amount set aside for repayment of

General obligation bonds

Debt applicable to limit:

Total net debt applicable to limit

Legal debt margin

general obligation debt

¹The Chrysler Assembly Plant site was purchased by the University of Delaware on November 23, 2009. The factory has been demolished and the property has received a partial tax exemption. The site is being developed for educational purposes as well as taxable commercial uses.

Demographic and Economic Statistics City of Newark, Delaware Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Income (3)	School Enrollment (4)	Univ of DE Enrollment (5)	Unemployment Rate (6)
2008	30,260	616,577,760	20,376	3,755	20,500	3.5%
2009	30,316	613,835,944	20,248	3,747	21,138	3.5%
2010	31,454	610,928,740	19,423	3,854	21,176	7.5%
2011	31,611	617,771,142	19,543	3,740	21,489	7.4%
2012	31,456	686,636,280	21,828	3,842	21,856	8:9
2013	31,679	700,369,005	22,108	4,519	22,166	5.3%
2014	32,792	717,878,230	* 21,892	4,508	22,680	5.3%
2015	34,511	745,875,480	* 21,613	4,176	22,852	4.4%
2016	35,642	767,505,869	* 21,534	4,354	23,009	3.8%
2017	35,642	795,903,586	* 22,330	4,834	23,774	3.3%

⁽¹⁾ US Census Bureau Population Estimates Program (2009, 2012) and Census 2010; Sources:

N/A = Information not available

^{2008, 2011,} and 2013 are projected estimates by the City of Newark (Population) Delaware Population Consortium projection (2014-2017) (Population)

⁽²⁾ and (3) Money Magazine Income Survey (2008 Personal Income)
(2) and (3) Federal Reserve Bank of Philadelphia Quarterly Percent Change (2009, 2010 Personal Income)
(4) For 2017: Christina School District 2,397, Local Independent Schools 2,437
(5) University of Delaware Office of Institutional Research
(6) Delaware Department of Labor
(7) Estimated based on increase in Personal Income growth for Delaware from US Department of Commerce.

City of Newark, Delaware Principal Employers in New Castle County¹ Current Year and Ten Years Ago

		2017			2008	
•			Percentage of Total County			Percentage of Total County
Industry Description	Employment	Rank	Employment	Employment	Rank	Employment
Health care and social assistance	68,534	П	15.5%	54,730	П	13.1%
Retail trade	55,492	2	12.6%	54,265	2	12.9%
Finance and insurance	41,940	ю	9.5%	38,484	ю	9.5%
Accommodation and food services	37,619	4	8.5%	31,487	4	7.5%
State government	29,960	Ŋ	%8.9	28,879	9	%6.9
Administrative and waste services	28,618	9	6.5%	22,752	10	5.4%
Local government	27,346	7	6.2%	25,865	7	6.2%
Manufacturing	25,916	∞	2.9%	31,011	2	7.4%
Professional and technical services	25,657	6	5.8%	25,649	∞	6.1%
Construction	21,514	10	4.9%	23,433	6	2.6%
Transportation and warehousing	14,181	11	3.2%	10,297	14	2.5%
Total	376,777		85.4%	346,852		82.8%

(1) The United States Department of Labor, Employment & Training Administration has informed the Delaware Department of Labor that pursuant to 20 CFR (Code of Federal Regulations) Part 603, this information (the names of Delaware's top employers) is confidential and may not be disclosed to the public. Therefore, information about employment by industry is provided.

Note: The information presented is for New Castle County, Delaware, in which the City of Newark is entirely located, and is reprinted, with permission, from their 2017 Comprehensive Annual Financial Report, page 133.

City of Newark, Delaware Full-time Equivalent City Government Employees by Function Last Ten Fiscal Years

				Full-time Ec	luivalent Empl	Full-time Equivalent Employees as of December 31	cember 31			
Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	40.0	40.0	37.0	36.5	36.0	37.5	39.0	39.5	42.5	43.0
Public Safety										
Police										
Officers	65.0	0.99	0.89	0.89	0.89	0.89	0.89	71.0	71.0	71.0
Civilian	22.0	25.0	19.0	21.5	21.5	21.0	20.5	19.0	19.0	20.0
Code Enforcement	12.5	12.0	11.0	11.0	10.0	10.0	11.0	15.0	15.0	11.0
Streets										
Engineering	11.0	10.5	10.5	10.0	10.0	5.0	7.0	7.0	7.0	8.0
Maintenance	12.5	12.5	12.5	11.5	11.5	9.0	9.0	9.0	9.0	7.0
Sanitation	14.0	13.0	13.0	12.0	12.0	10.0	9.0	10.0	0.6	9.0
Culture and Recreation	20.0	20.0	20.0	19.5	19.5	19.5	18.5	18.0	18.0	18.0
Electric	21.0	21.0	22.0	22.0	22.0	22.0	22.0	22.0	23.0	23.0
Water & Wastewater	19.0	19.0	19.0	19.0	19.0	26.0	25.0	27.0	27.5	30.0
Parking	4.5	4.5	4.5	4.5	4.5	5.0	9.0	10.0	10.0	13.0
Fleet/Facilities Maintenance	6.0	0.9	5.0	5.0	5.0	4.0	4.0	4.0	4.0	10.0
Total	247.5	249.5	241.5	240.5	239.0	237.0	242.0	251.5	255.0	263.0

Source: City's Personnel Office.

City of Newark, Delaware Operating Indicators By Function Last Ten Fiscal Years

					Fiscal Year	Year				
Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police calls for service	32,274	35,645	45,562	48,348	44,115	40,015	39,260	45,572	48,017	53,441
Criminal charges	3,650	3,166	3,675	3,215	3,825	4,346	3,313	2,244	2,488	2,277
Traffic summonses	12,067	10,066	11,724	12,302	12,962	12,612	606'6	9,325	10,453	9,313
Parking summonses	7,571	6,183	8,005	6,916	6,562	7,365	5,612	5,952	6,959	7,604
Meter summonses	18,206	19,736	26,024	22,740	20,229	19,515	16,525	15,780	22,710	23,630
Building permits issued	1,856	1,826	2,108	1,976	1,894	1,893	2,115	1,751	1,552	1,812
Public Works										
Refuse tons collected	11,624	6/0′6	8,091	7,746	7,936	6,714	5,709	5,722	5,799	5,826
Recycling tons collected	N/A	N/A	N/A	1,989	2,074	2,175	1,535	2,412	1,985	1,804
Miles of street	9	9	99	99	99	99	99	99	99	99
Patches (s.f.)	53,962	41,792	57,631	34,086	25,559	30,714	48,588	62,154	35,178	61,905
Curbs replaced and installed (I.f.)	10,031	14,212	8,967	24,569	24,151	17,193	11,775	16,550	12,871	11,181
Sidewalks										
4" (s.f.)	23,203	22,660	18,804	24,344	21,512	23,631	25,132	24,976	23,065	19,485
6" (s.f.)	9,404	5,599	4,555	7,965	6,941	9,548	17,650	12,326	10,386	7,277
General Government										
Parking tickets issued	26,335	26,163	34,388	29,957	27,102	27,080	22,283	21,174	29,669	31,234
Culture and Recreation										
Trails in Newark parks (mi)	15.2	15.2	15.2	15.2	16.8	16.8	16.8	16.8	16.8	16.8
Registrants	8,379	8,863	8,316	7,876	7,902	7,602	7,290	7,344	7,422	7,484
Participants	84,826	86,400	86,700	76,684	84,292	77,482	73,946	76,152	77,831	75,944
Electric										
MWH's sold	405,234	391,916	406,053	401,980	402,465	402,020	404,815	416,744	417,837	413,594
MWH's purchased	434,097	422,048	438,960	436,108	436,313	435,318	428,573	457,749	453,550	445,869
Meters in service	11,528	11,906	11,988	11,948	11,763	11,722	12,280	11,923	12,759	12,823
Water and Waste Water										
Meters in service	9,587	9,751	9,795	9,842	9,842	9,628	10,140	10,259	10,282	10,279
Fire Hydrants maintained	N/A	A/N	N/A	N/A	A/N	A/N	N/A	N/A	N/A	N/A
Fire Hydrants in system	877	877	877	877	876	880	006	762	762	292
Gallons of water sold (000's)	1,092,399	1,045,249	1,023,461	1,029,332	1,028,271	919,383	1,215,020	1,092,816	1,056,537	1,028,878
Gallons of sewage collected (000's)	954,057	774,068	768,424	760,850	794,165	714,996	912,999	803,602	798,070	816,068

Sources: Various city departments.

N/A = not available Gallocted excludes large sewer accounts. Starting in 2017, Harris has large sewer. Something to consider for 2017 CAFR.

City of Newark, Delaware Capital Asset Statistics by Function Last Ten Fiscal Years

					Fiscal Year	r				
Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Public Safety										
Police stations	Н	1	П	Н	1	1	П	Н	П	Н
Patrol units	35	35	36	36	38	35	35	35	35	35
Sanitation										
Collection trucks	16	16	14	12	12	12	12	10	∞	∞
Streets										
Miles of streets	65	65	99	99	99	99	99	99	99	99
Street lights	2,640	2,710	2,776	2,776	2,856	2,870	2,909	2,837	2,834	2,948
Traffic signals	57	26	26	57	70	74	74	75	75	69
Culture and recreation										
Parks acreage	632.3	652.0	652.0	657.0	658.2	658.2	654.9	654.9	658.2	658.2
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis and basketball courts	37	37	37	37	37	37	37	37	37	37
Community centers	1	Т	1	1	1	1	1	1	1	1
Electric										
Distribution substations	25	25	25	27	27	27	27	27	28	29
Miles of high voltage service lines	106	108	108	165	175 1	175 1	175 1	175 1	175 1	175
Miles of low voltage service lines	N/A	N/A	N/A	N/A	N/A	N/A	N/A	190 2	182 ²	181
אַ אַמּרְכּוּ								•		,
Water mains (miles)	170	170	170	170	170	170	170	146	143	144
Wells in operation	11	6	6	6	6	6	6	4	4	4
Maximum daily capacity (Mgal) Sewer	8.5	8.5	8.5	8.5	8.5	8.5	8.5	9	9	9
Sanitary sewers (miles)	66	66	66	66	66	66	66	96	94	96
Storm sewers (miles)	59	59	29	29	29	29	59	70	74	74
Parking										
Meters maintained	380	380	392	430	455	457	457	457	457	457

1 2

Sources: Various city departments.

(1) A new GIS system was utilized to measure the infrastructure.(2) Information was previously not available and unable to estimate.