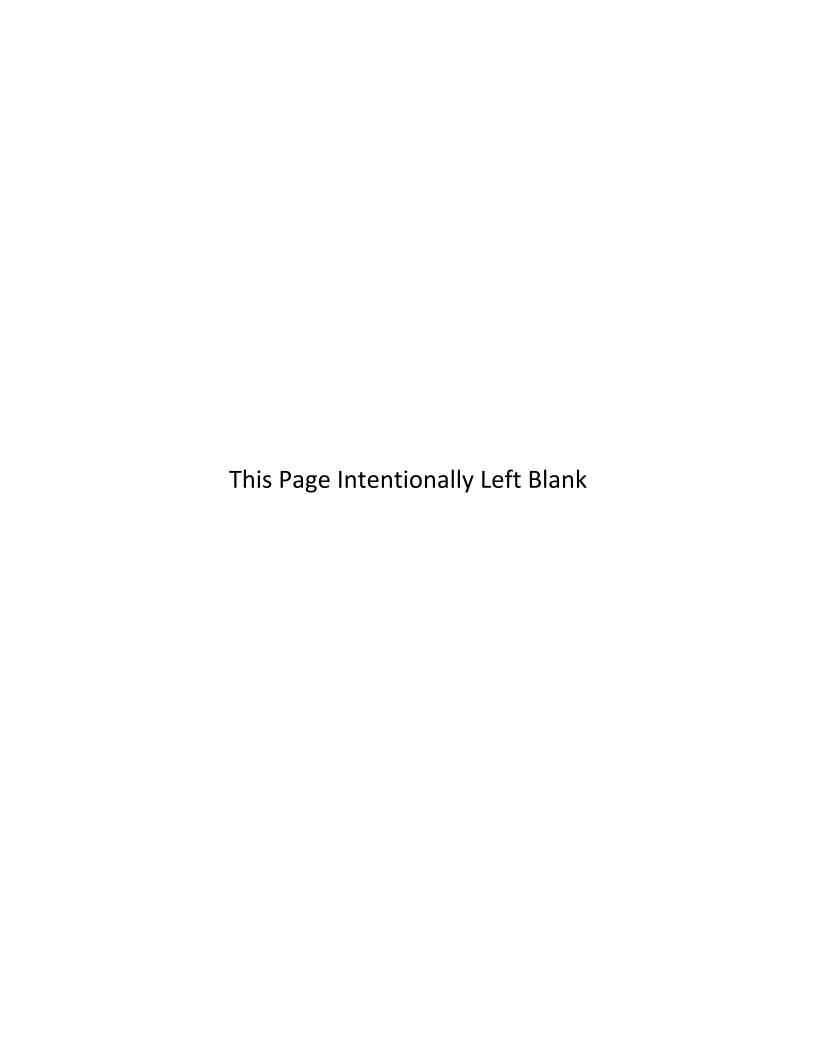


# **CITY OF NEWARK, DELAWARE**

# ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2020

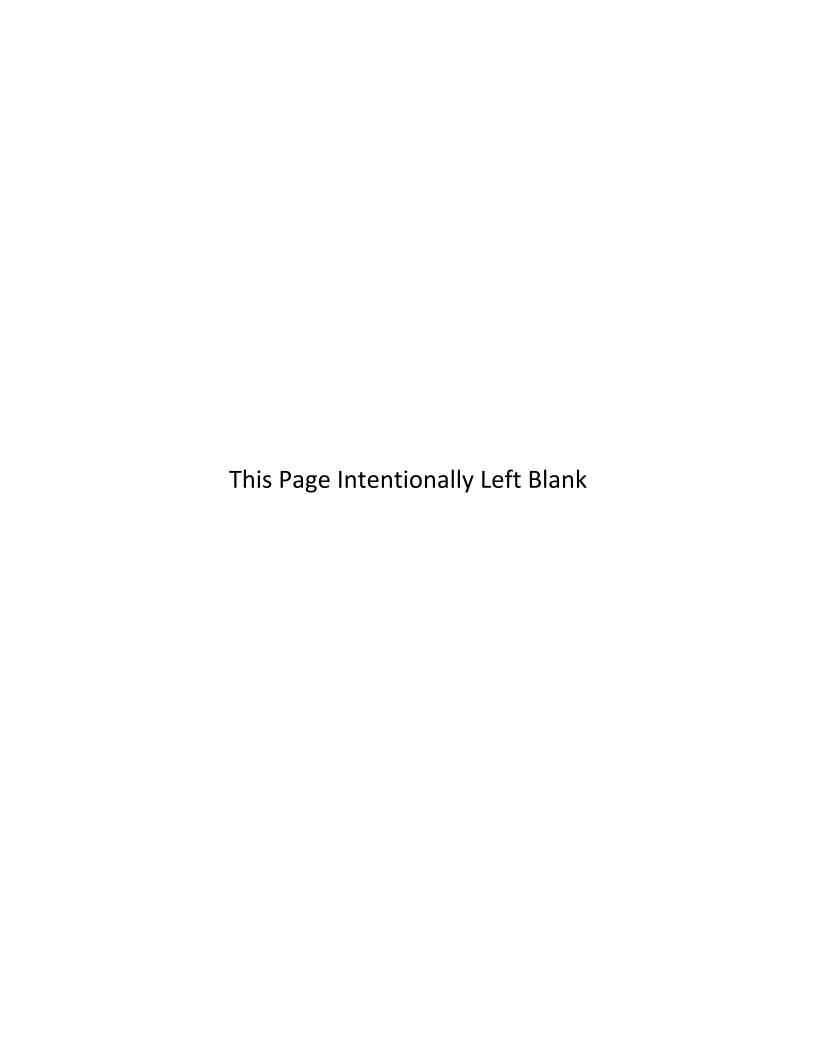


# Annual Comprehensive Financial Report For the Fiscal Year Ended December 31, 2020



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

# Annual Comprehensive Financial Report For the Fiscal Year Ended December 31, 2020

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#### FINANCE DEPARTMENT

CITY OF NEWARK

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June 23, 2021

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

We are pleased to submit to you the Annual Comprehensive Financial Report of the City of Newark for the fiscal year ended December 31, 2020. 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 (CLA), an independent firm of certified public accountants as required by Section 807 of the City Charter. CLA has provided an unmodified opinion on the City of Newark financial statements for the year ended December 31, 2020. 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 13 boards and committees.

#### THE ECONOMY

Newark is one of Delaware's principal economic, industrial, and academic centers. Our electric load and water/sewer sales saw steep decreases early in the COVID-19 pandemic but rebounded relatively quickly following the initial lockdowns and were nearly back to normal by the end of 2020. At this time, we do not anticipate a significant lingering impact from COVID beyond the first half of 2021. This is supported by encouraging fall 2021 enrollment numbers from the University and largely uninterrupted construction and

development activity that remained brisk throughout 2020. Ignoring the transient impact from COVID, we have seen a generally upward trending electric load and relatively flat water and sewer sales. Electric growth has been driven by activity related to the University of Delaware, especially STAR Campus. Overall water and sewer sales growth from development is largely being offset by conservation and updated plumbing code requirements, along with greater access to consumption data following our 2012 smart electric and water utility metering project. The City's STAR Campus is providing new electric, water, and sewer activity that we did not have in the past and is expected to offset the conservation efforts from our other customers. The utility impact from STAR will be most pronounced on electric and sewer sales because the City has exclusive service for the entirety of STAR. The City only provides water to a portion of STAR Campus due to Suez (previously United Water Delaware) holding the Certificate of Public Convenience and Necessity (CPCN) for the majority of the area developed to date.

Over the past two years, taxable assessments remained relatively flat, but a multitude of projects are in various stages of development 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 (4.5% April 2021) is lower than national (6.1%) and state (6.4%) 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. As many shoppers attracted to the nearby Christiana Mall are aware, doing business in Delaware is favorable due to the absence of sales taxes.

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 engineering. Just under 24,000 students attend the University in Newark. UD also owns a 272-acre site known as the STAR (Science, Technology & Advanced Research) campus that combines business, research, health sciences, education and more. The STAR campus is home to:

- A performance computing company named by Forbes as one of America's Most Promising Companies.
- o 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-the-public care clinics. This complex provides residents with access to high quality care in the areas of primary care, physical and speech therapies, mental health and fitness counseling, care coordination and health coaching. UD students prepare to become healthcare professionals in the world-class physical therapy department.
- o A 10,000 square-foot wet lab incubator for small research companies.
- O A 10-story office building, known as the Tower at STAR. The Tower at STAR is an integral part of the College of Health Sciences' mission to train the next generation of healthcare professionals. The 120,000 square foot building is based on the science of health with an emphasis on prevention and wellness. The research underway in the labs in the Tower at STAR directly influences the healthcare provided in the adjoining UD Health clinics.
- A world leader in titanium technologies, fluoroproducts and chemical solutions,
   Chemours constructed a state-of-the-art research and innovation center. A spinoff

of Delaware's own DuPont company, Chemours joined the Fortune 500 in 2017, a year where it posted net sales of \$6.2 billion. On STAR, the performance chemicals powerhouse will establish a world-class innovation partnership and talent development pipeline with UD.

- A biopharmaceutical innovation building where researchers will tackle some of the world's most pressing health challenges. The building will also be home to the National Institute for Innovation in Manufacturing Biopharmaceuticals (NIIMBL). NIIMBL is a public-private consortium of 120 partners addressing the challenges associated with manufacturing biopharmaceuticals and training the highly skilled workforce to produce them. Sponsored by the U.S. Department of Commerce, NIIMBL is one of 14 Manufacturing USA institutes, designed to increase American competitiveness in manufacturing.
- The redevelopment of the Newark Train Station was completed in early 2021. Integrated into UD's STAR Campus, the improved station will bring together Amtrak and SEPTA trains, three bus services, trail connections, and bicycle and motor vehicle parking in a multimodal hub. Discussions are underway currently that may result in the extension of Maryland's MARC commuter rail service to the station as well. The improved transportation center, with extensive sustainable and environmental design features, boasts a station building with bathrooms, a high-level platform that is Americans with Disabilities Act (ADA) compliant, a pedestrian overpass and expanded parking.

Additional long-time industry leaders have remained and continue to grow in Newark, including DOW, and other international firms that 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, anchors a robust financial services sector in the region. FMC recently centralized agricultural research operations at the Stine research center located just to the southwest of the City along the state line with Maryland. While Newark's industrial sector remains healthy, the City 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.

Over the years, 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, the Pomeroy Trail in 2012, and completed a new multi-use trail that connects Fremont Road to Creek Road in 2019, providing more of our residents and visitors convenient access to Newark's historical trail network. Newark is home to three of the most heavily used trails in the State and offers 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, upgraded bike lanes on Academy, Street Hillside Road, Cleveland Avenue east of 72, and Apple Road, the successful Newark Bike Project, newly installed low stress bikeway route signage, intense offroad mountain biking trails in our parks system and surrounding area, the popular bike to work day event every May and the annual fun ride all contribute to the City's continued award-winning designation as a Bike-Friendly Community since 2010. The City was also designated as one of only two bike-friendly employers in Delaware as 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. Future bicycle infrastructure

projects include a two-way, protected bicycle lane along Delaware Ave connecting residential neighborhoods and downtown to Newark High School and the Pomeroy Trail, new bike lanes on Cleveland Avenue between routes 896 and 72, and well as an off-road bicycle trail along Elkton Road to the Delaware state-line. The construction of the Charles Emerson Bicycle and Pedestrian Bridge that will cross over the White Clay Creek along Paper Mill Road will be completed this fall. The 12' wide, 194' bridge will make for safer travel and improved connectivity to the Pomeroy Trail, Main Street, the Newark Reservoir, and our trail system. As a result, Newark was ranked by PeopleForBikes as #7 nationally out of cities with a population of under 100,000 for cycling, and 39<sup>th</sup> overall in the nation. Newark welcomes thousands of cycling and mountain biking enthusiasts year-round.

The hotel industry has recognized the City of Newark's needs for overnight accommodations. 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 east of downtown on Ogletown Road. The recently approved Hyatt Hotel on Main Street will include 104 rooms and conference space, as well as retail and parking. The continued growth in this area again highlights our community as an attractive and vibrant place to visit, to hold meetings, and to engage in all that the City has to offer.

In the late 1990s, Newark focused heavily on water supply 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 to increase capacity in 2003, and our 318-milliongallon pump storage reservoir went online in 2006. The South Well Field Water Treatment Plant was upgraded further to address new water contaminants throughout 2020, with construction to be completed in early 2021. Now 14 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. Operationally speaking, the Newark Reservoir is a resounding success story. Capable of providing three months of uninterrupted 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 more than paid for itself through avoided water purchases, as Newark no longer needs to purchase water from neighboring utilities for its customers during periods of drought or high demand.

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 over the past decade, with another 710 pending approval. This growth has been focused in areas surrounding the University of Delaware Campus and downtown to provide increased housing opportunities and move students from rental homes in single-family neighborhoods to areas close to campus. The local Newark economy is considerably resilient in part due to the presence of the University of Delaware. The University is also the City's single largest employer and utility customer.

In March of 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is continuing to have significant effects on global markets, supply chains, businesses, and communities including the City of Newark. Specific to the City of Newark, COVID-19 impacted various 2020 operations and its financial results. Management and Council's swift actions in early 2020 helped mitigate some of the immediate negative impact, and its continued repercussions. The full impact of COVID-19 is yet to be fully determined, but we are optimistic due to the rapid rollout of vaccines and the high vaccination rates in both Delaware and the surrounding states, including those that provide a majority of UD's out of state students. While we experienced a number of business closings during 2020, most were in the student focused restaurant industry. With the return of most students for fall semester, that industry has largely stabilized and many of the vacant spaces have again begun to fill up.

#### **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. 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 American Recovery Plan Act designated just over \$18 million toward Newark that will help augment the City's traditional revenue sources for infrastructure rehabilitation, especially in the water and sewer utilities. In recent years, Newark has undertaken the following major initiatives to improve our infrastructure:

- Following an affirmative vote by Council in January 2018, the City began taking the necessary planning steps regarding its first referendum in nearly twenty years to fund significant infrastructure projects. The funding from the referendum will fund a large portion of the City's Capital Improvement Plan from 2018 through 2022. Historically, the City has not had to pay for most infrastructure because it was paid for by developers or the federal government through grants during initial installation. When capital projects did get approved for funding in the budget, they were paid for with cash reserves. On June 19, 2018 Newark residents overwhelmingly approved the City to borrow up to \$26,765,000 for several capital projects, that will address many critical needs of Newark, such as:
  - O Rodney Regional Stormwater Park: The Public Works and Water Resources (PWWR) Department has worked with the public, Council, Parks and Recreation, and our consultant JMT to purchase the shuttered Rodney Dorms in order to turn them into a state-of-the-art stormwater pond and park. Much of the demolition was completed in 2019, making way for the final park construction which began in 2020 and will be completed in 2021.
  - Sanitary Sewer Study and Rehabilitation: Each year, the PWWR Department plans to visually inspect 5 10% of the sanitary sewer system and address the deficiencies through a combination of repair, lining, and replacement. The first phase of inspections was completed in 2019 and the first phase of repairs is underway in 2021. Additional inspections and repairs will continue into 2022.
  - O Water and Sewer Supervisory Control and Data Acquisition (SCADA) System: Development of a SCADA system for the PWWR Department will allow the City to more efficiently and effectively manage and monitor the water and sewer system (i.e. treatment plants, water storage tanks, booster stations, and wells). Phase 1 of this project was completed in 2019 and the project will wrap up n 2021 Future SCADA improvements will be funded through annual operating budgets and incorporated into new and rehabilitated facilities capital improvement plans.
  - South Well Field Upgrades: This project will allow the City to continue to utilize the South Well Field Water Treatment Plant at full capacity. A replacement air stripper and storage tank reconfiguration will allow for the treatment of wells currently out of service due to contamination but still connected to the plant. This project was completed in early 2021.
  - O Water Main Replacement: A large percentage of the water mains in Newark are approaching or beyond their expected service life. This project involves either replacing mains or lining the interior to minimize main breaks, improve water quality, and improve hydrant fire flows. Phase 1 was designed and bid in 2019, with construction slated for early 2020. Phase 2 plans are under design with bidding and construction expected in late 2021.
  - Water Tank Maintenance: In order to function over their expected service life, water storage tanks must be repaired and painted periodically. The Public Works and Water

Resources department regularly evaluates the age and coating conditions of the City's seven water tanks and recommends repairs or replacement based on the most cost-effective option. Phase 1 of this project included replacement of the two 500,000-gallon tanks at the South Well Field WTP. This work was bid and awarded in 2019, with construction commencing in 2020 with an early 2021 planned completion date.

- The ADA transition plan, which has been in place for over a decade and utilizes city funds as well as federal block grant funds to upgrade accessibility and transportation routes to comply with current ADA standards. To date, the City has replaced 1509 of 1777 existing ramps or locations in need of ramps, as well as upgraded many City-owned facilities. The 2020 ramp contract included 37 ramps but was delayed into early 2021 due to COVID impacts. These 37 locations will be upgraded in addition to the regularly planned 2021 contract during 2021.
- o Hard Surface Improvements project: Focuses on upgrading and maintaining some of the infrastructure and amenities in the City's park system like courts and trails.
- The City's Field Operations Complex is home to all the equipment and material used for maintaining the streets, water lines, parks, and sewers. Yet, there is a lack of storage space to adequately and safely keep this expensive equipment out of the elements. During phase one of a master plan to address this issue, the City built a new salt shed. An obsolete warehouse was demolished in 2019 to make way for additional storage planned for 2024.
- In April 2020, City earned a Reliable Public Power designation from the American Public Power Association (APPA) for providing reliable and safe electric service. The RP3 designation, which lasts for three years, recognizes public power utilities that demonstrate proficiency in four key disciplines: reliability, safety, workforce development, and system improvement. Criteria include sound business practices and a utility-wide commitment to safe and reliable delivery of electricity.
- We migrated from our existing electric Supervisory Control and Data Acquisition (SCADA) system
  to a new SCADA system by Survalent. The Survalent SCADA brings cost saving in the future (low
  yearly maintenance cost) as well as new functionality to help increase system reliability. Phase 1
  of this project was completed in 2021 and the project will wrap up in 2023.
- The city started expanding its automation system to 12kV distribution level. So far, we have installed 17 12kV reclosers to our distribution system. This system will increase reliability to the UD Center Campus, North Campus, South Campus, and customers on Bellevue road.
- Through our membership in the Delaware Municipal Electric Corporation (DEMEC), Newark and other member communities have achieved 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. To further enhance our commitment to reducing our carbon footprint, the City has chosen to integrate electric vehicles into our fleet where appropriate and working with DEMEC to increase the City's diversification of our energy portfolio. As the cost of renewable energy begins to align with the cost of other sources of energy, the City of Newark is poised to increase its renewable portfolio in the short-term future.
- The stormwater utility rehabilitated or replaced 700 linear feet of Corrugated Metal Pipe (CMP) in 2020. This is the third year of a 14-year effort to repair or replace all the CMP in the City, due to the rapidly deterioration of this material. An additional 500 linear feet of rehabilitation is scheduled for 2021.
- The Parks and Recreation Department met the challenges in 2020 caused by COVID-19 by developing new and creative ways to stay an active part of the community. The Department

stayed on top of the restrictions with federal, state, and local mandates while ensuring safety protocols for all participants were followed. The safety of the participants and their families, spectators and staff was our #1 priority as we implemented limited programs and events throughout the year. Summer camps were held with new protocols in place, new outdoor events were created, and some programs were held virtually as an alternative to in person classes.

- The parks and trails system were heavily used during 2020. The number of visitors to the parks and trails increased significantly as people were looking for ways to get outside and enjoy fresh air at a safe, social distance. The Newark Reservoir trail use still tops the list as one of the busiest trails in the state of Delaware with over 145,000 visits for 2020 based on the trail counters used at the site. This is an increase of almost 45,000 visits from 2019 which is a good indicator of how important it was for people to get outside during the pandemic.
- Additional 2020 Parks and Recreation Accomplishments:
  - o Implemented a new online registration software system that will better serve our needs and be PCI compliant.
  - o Installation of central air conditioning at the George Wilson Center.
  - o Completed update to Landscape Screening and Treatment Ordinance.
  - Completed a COVID-19 Camp Procedures Guide and Communicable Disease Plan for the summer camps as per recommendations from the Centers for Disease Control, American Camp Association, and the Delaware Division of Public Health.
  - Handled all coronavirus mandated safety guidelines which included removal and replacement of basketball rims and tennis nets, closing and opening of play features and ongoing updated signage throughout the park system and on the trails.
  - o Power washed Lumbrook and Fairfield Crest tennis courts for mold remediation.
- 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. CIP funding is derived from the City's current resources; grants and debt service through the State Revolving Loan Program. The City makes 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:

Energy Savings Performance Contract (ESPC) projects are unique, cost-neutral initiatives that cut
costs or generate revenue by completing performance-enhancing engineering and construction
projects. The City engaged Seiberlich Trane Energy Services (STES) as the energy service company

(ESCO) to help advance the City's progress towards multiple sustainability goals outlined in the City's Sustainability Plan. The major components of the project are:

- o HVAC upgrades, and repairs at the City Municipal Center & George Wilson Center (GWC)
- Lighting upgrades for City facilities, streetlights, and parking lots
- Installation of approximately 1,300 kW of new solar generation on City buildings and land (increases City owned solar generation by roughly 500%)
- o Roof repair or replacement at multiple City buildings
- Multiple smaller energy efficiency enhancements like water pump upgrades and building automation/controls

Energy Savings Performance Contracting is a project financing approach that improves facilities' energy conservation in a cost-neutral or revenue positive manner.

- 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.
- 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 2019, residents were able to view and pay their tax bills, rental permits, and business licenses online. Utility bills are now paid by phone directly to a third-party vendor, which reduced the wait-times for non-bill payment calls to our Payments and Utility Billing Group. This enhancement came be a valuable resource as City Hall was closed for periods of time throughout the Covid-19 pandemic.
- In 1968, Newark City Council approved an ordinance to establish a Parks and Recreation Department. Today, Newark Parks and Recreation manages 37 parks, totaling over 657 acres of parkland and open space, 17 miles of trails and more than 350 recreational activities and community events to choose from.
- Per the Newark Comprehensive Development Plan V (Plan V) Creation of "Sustainable Newark," the City's plan for sustainability. The 48-page plan was presented to the public in October 2019 and finalized in November 2019. It is focused on three pillars of sustainability: economic strength, social fairness, and environmental health.
- Per the Comprehensive Development Plan V Establishment of a working group to begin development of a Transportation Improvement District (TID) for Newark. The TID will link Newark's future land-use projections to future transportation needs and help the City plan for and fund new infrastructure. This work continues and is expected to be completed by mid-2022.
- The Rental Housing Workgroup was established in early 2019 to develop and provide rental housing planning, legislative, and policy recommendations to City Council regarding student and non-student rental housing supplies, creating affordable housing opportunities, and improving the City's property management and enforcement policies. City Council adopted these recommendations and a workplan in July 2020 and the City is currently implementing the workplan.
- Establishment of a Technical Review of the Planning Commission's Parking Subcommittee report
  that focused on ways to better managing the existing parking supply and plan for future parking
  needs. Council approved the report and workplan in March 2019. The City is currently
  implementing the workplan.
- Planning Staff worked with the Planning Commission on establishing a Green Building workgroup to make proposed recommended revisions to the LEED provisions of the Code. The Green Building

workgroup started meeting in November 2018 and met monthly through the end of 2019. In 2020, they have held a public workshop on February 6, 2020, presented the draft ordinance to the Planning Commission on April 7, 2020 and to the City Council on May 4, 2020 for their input and have met again on June 15, 2020 to make final tweaks on ordinance in anticipation to make a presentation of the final ordinance to Council in the near future.

The City Manager participated in the State's Local Service Function Task Force which redesigned
the Local Service Function property tax credit program for residents of municipalities. This task
force resulted in Newark regaining our credit for fire service.

This year was dominated by the City's response to the COVID-19 pandemic. Some of the major components to this response were:

- Facilitation of transition to work from home for office personnel.
- Negotiation of MOU's with our unionized labor to address contractual issues raised by the pandemic.
- Development of staff preservation shift scheduling for field staff who are unable to work from home.
- Implementation of mobile workforce applications to allow inspection personnel to minimize office time and instead report directly to the field.
- Implementation off FFCRA requirements.
- Analysis of CARES Act funding restrictions and cost tracking to facilitate reimbursement.
- Modifications to mailroom activities to maintain continuity of operations during work from home.
- Modification to facilities staff scheduling to meet building sanitization requirements necessary to
  protect police personnel and allow staff to come back into the office.
- Selection and implementation of a queue management software solution to use in conjunction with the Bailiffs for entry control and mask compliance.
- Implementation of temperature screening kiosks.
- Installation of barriers and plexiglass dividers to allow staff to safely occupy workspaces in areas where social distancing is difficult.
- Coordination of multiple COVID testing events at City Hall.
- Development of several COVID-19 driven policies like exposure protocols, return to work standards, work from home requirements, etc.
- Produce several fiscal impact projections and work with our legislators to seek financial support for the City and its residents.
- In addition to internal, operational changes, the City completed many COVID related actions in the community such as:
  - Development of "Welcome Back Main Street" ribbon cutting and alfresco dining event to celebrate the completion of construction. This event turned into a weekly event by the end of summer to allow restaurants to expand outdoor dining and improve revenues during a time when indoor dining is considered higher risk.
  - o Continuation of last year's Parks on Draft event series with two events over the summer.
  - Development of several emergency ordinances related to the pandemic in coordination with Council, the City Secretary, and the City Solicitor.
  - o Coordination with the Governor's office on regular calls.
  - Coordination with the Department of Public Health on enforcement of the Governor's executive orders related to the COVID-19 state of emergency.

While management is proud of the City's accomplishments through 2020, we look forward with excitement toward 2021 achievements and beyond. The City's motto is "Committed to Service Excellence," and Newark is indeed well-positioned to continue delivering the highest quality 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 commitment to high quality public works, 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 Annual Comprehensive 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, 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 City Manager David A. Del Grande Director of Finance



#### Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

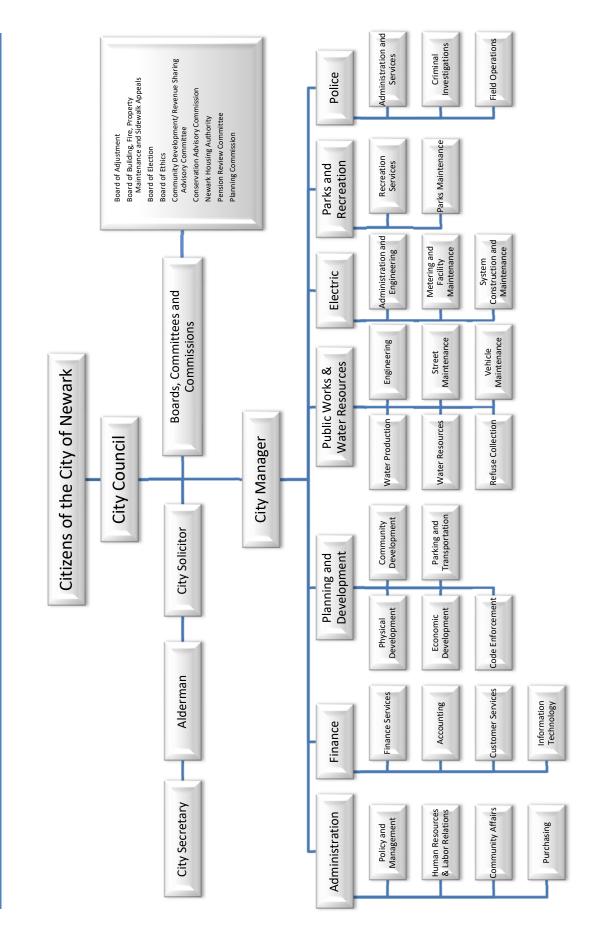
### City of Newark Delaware

For its Comprehensive Annual Financial Report For the Fiscal Year Ended

December 31, 2019

Christopher P. Morrill

Executive Director/CEO



#### **CITY OF NEWARK**

#### Delaware

# LIST OF ELECTED OFFICIALS, APPOINTED OFFICIALS, AND MANAGEMENT STAFF

#### **DECEMBER 31, 2020**

#### **Elected Officials**

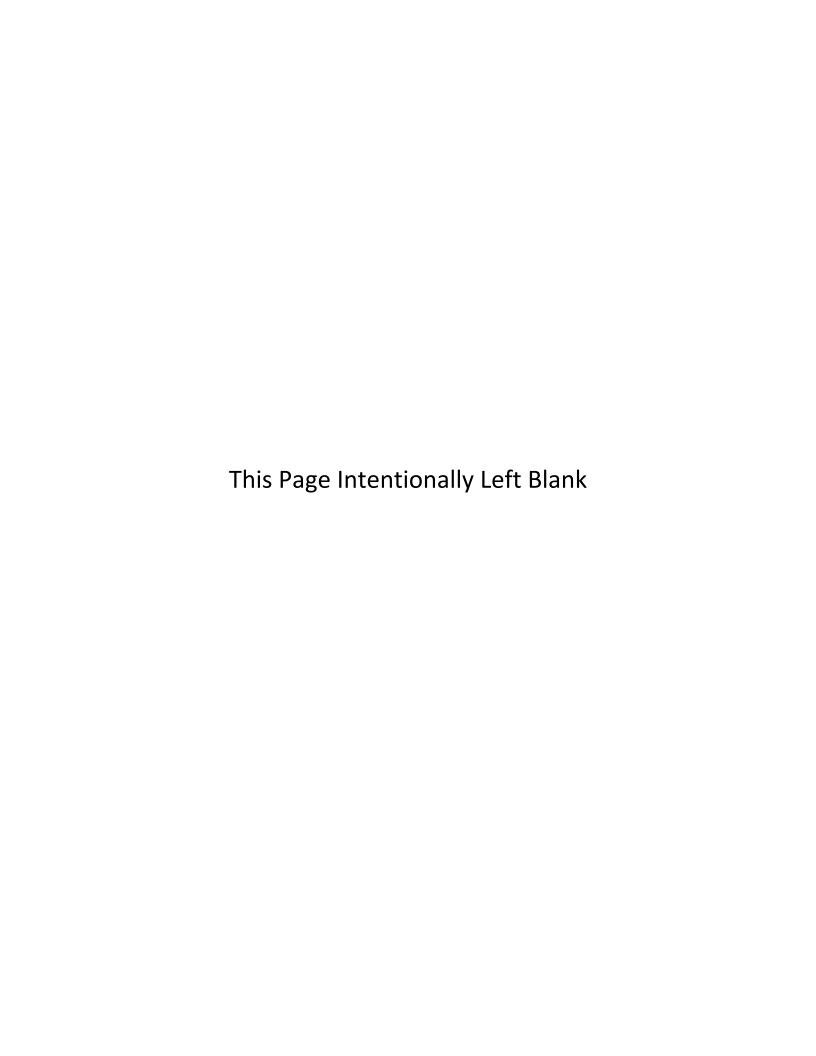
Mayor	Jerry Clifton
Council Member - District 1	James Horning
Council Member - District 2	Sharon Hughes
Council Member - District 3	Jay Bancroft
Council Member - District 4	<b>Chris Hamilton</b>
Council Member - District 5	Jason Lawhorn
Council Member - District 6	Travis McDermott

#### **Appointed Officials**

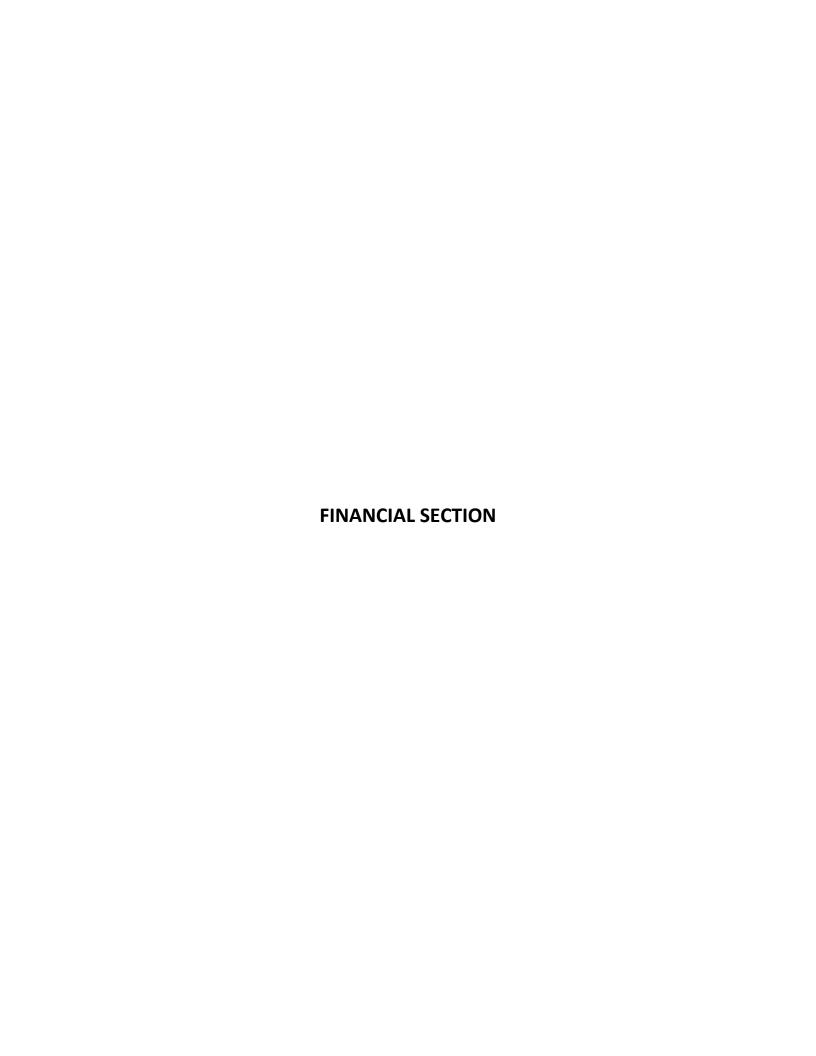
City Manager	Thomas Coleman
City Secretary	Renee K. Bensley
Alderman	Lisa R. Hatfield
Deputy Alderman	Donald Gregory
City Solicitor	Paul E. Bilodeau
Deputy City Solicitor	Robert O'Neill

#### **Management Staff**

Chief Human Resource Officer	Devan Hardin
Chief of Police	Paul M. Tiernan
Director of Electric	Bhadresh Patel
Director of Finance	David A. Del Grande
Director of Parks & Recreation	Joseph Spadafino
Director of Planning & Development	Mary Ellen Gray
Director of Public Works & Water Resources	Tim Filasky









#### 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, 2020, 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, 2020, 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.

#### Emphasis of Matter – Change in Accounting Principle

During the fiscal year ended December 31, 2020, the City adopted GASB Statements No. 84, *Fiduciary Activities*, and No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. As a result of the implementation of these standards, the City reported a restatement for the change in accounting principle (See Note 1). Our auditors' opinion was not modified with respect to the restatement.

#### 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 17-30, and the required supplementary information on 84-89 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 fund statements and 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 fund statements and schedules 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.

Members of City Council City of Newark, Delaware

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.

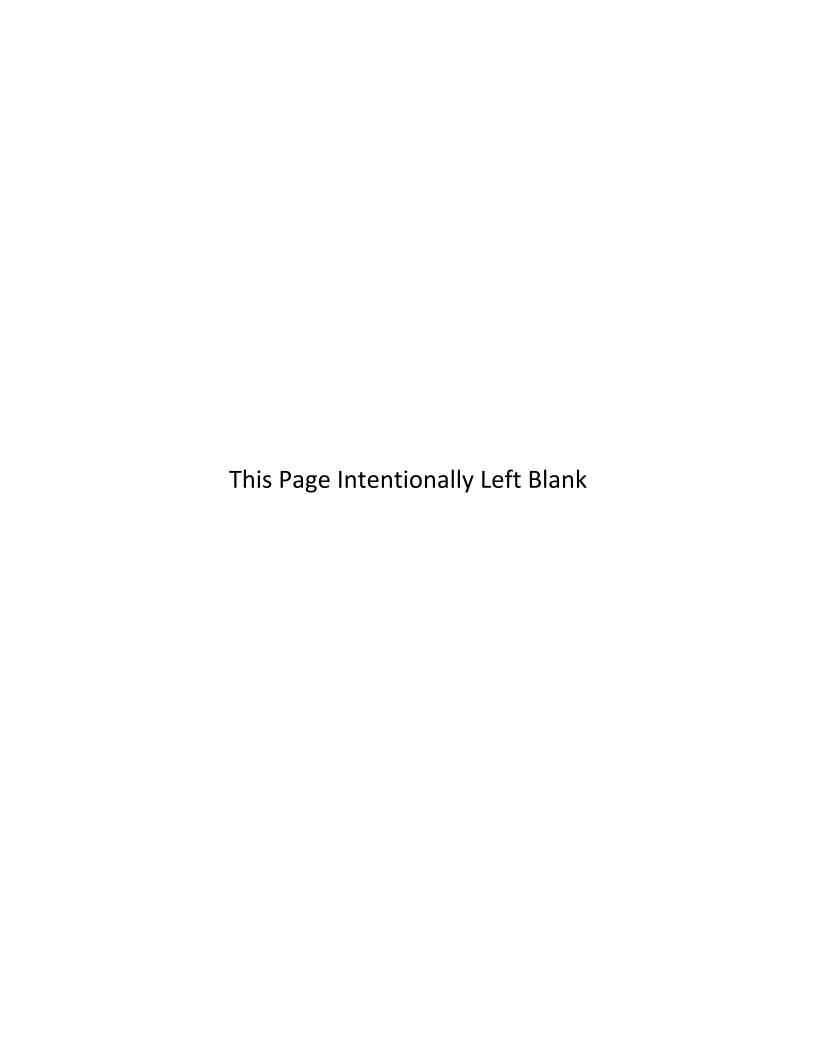
#### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2021, 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 results 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

Clifton Larson Allen LLP

Baltimore, Maryland June 23, 2021



#### 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, 2020. 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 \$106.3 million (representing its net position). The change in net position of \$3.5 million represents a decrease as compared to the change in the prior year. The decrease is attributable to the decrease consumption in the utility funds as well as the reduction in governmental revenues as a result of restrictions and limits on economic activities during the pandemic.
- The City's unrestricted net position decreased by \$.4 million in 2020 to \$3.3 million. This amount may be used to meet the government's ongoing obligations to citizens and creditors.
- As of December 31, 2020, the City's governmental funds reported combined ending fund balances of \$11.8 million, an increase of \$.4 million from the prior year. This increase is the result of decreased spending to alleviate the economic impact of the COVID-19 pandemic and CARES Act funding received from New Castle County as a pass through from the federal government which offset the revenue loss sustained from restrictions related to the pandemic. Approximately \$2.9 million is available for spending at the City's discretion (unassigned fund balance).
- As of December 31, 2020, the City's enterprise funds reported combined ending net position of \$88.8 million. Despite decreased revenues due to decreases in utility consumption measures were taken to alleviate the impact by curtailing expenses. The increase in net position was \$3.6 million as compared to an increase of \$5.8 million in 2019.

#### **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 of 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 31 through 32 of this report.

#### **Management's Discussion & Analysis**

- 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, 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 33 and 35 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 90 and 91 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. Community Development Fund: Funding, accounting and reporting of the City's Community Development Block Grants (CDBG) from the United States federal government.
- v. Law Enforcement Fund: Funding, accounting and reporting of grants and other funding designated for law enforcement operating expenditures.
- vi. 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.

#### **Management's Discussion & Analysis**

vii. Transportation Fund: Funding, accounting and reporting of the Unicity bus program and related state grant from the Department of Transportation.

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 33 through 37 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.
- v. Stormwater Fund: Funding, accounting and reporting of the operations of the Stormwater Utility.

The following are the City's internal service funds:

- vi. Maintenance Fund: Funding, accounting and reporting of the maintenance of City machinery, vehicles and buildings.
- vii. 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 38 through 40 of this report.

#### Management's Discussion & Analysis

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:

- Pension Trust Fund: The City acts as a 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.

The fiduciary fund financial statements may be found on Pages 42 through 44 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 44 through 83 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 and other post-employment benefits and to its enrolled employees. Required supplementary information may be found on Pages 84 through 89 of this report.

#### **Management's Discussion & Analysis**

#### **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 \$3.3 million at the close of 2020 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.

Table 1

## CITY OF NEWARK STATEMENT OF NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2020

	Governmental Activities		Business-ty	pe Activities	Totals	
	2020	2019	2020	2019	2020	2019
ASSETS						
Total current and other assets	\$ 26,258,147	\$ 22,915,106	\$ 41,943,742	\$ 34,592,171	\$ 68,201,889	\$ 57,507,277
Total capital assets	34,128,853	33,472,448	81,096,817	75,839,055	115,225,670	109,311,503
Total Assets	60,387,000	56,387,554	123,040,559	110,431,226	183,427,559	166,818,780
DEFERRED OUTFLOW OF RESOURCES						
Deferred pension amounts	3,732,490	5,136,050	1,350,563	1,441,508	5,083,053	6,577,558
Deferred OPEB amounts	220,224	-	72,627	-	292,851	-
Deferred loss on defeasance		1,829	63,151	97,594	63,151	99,423
Total Deferred Outflow						
Resources	3,952,714	5,137,879	1,486,341	1,539,102	5,439,055	6,676,981
LIABILITIES						
Total current liabilities	4,543,805	5,044,380	10,387,799	8,405,691	14,931,604	13,450,071
Total noncurrent liabilities	29,474,212	29,572,357	22,641,619	16,677,212	52,115,831	46,249,569
Total Liabilities	34,018,017	34,616,737	33,029,418	25,082,903	67,047,435	59,699,640
DEFERRED INFLOW OF RESOURCES						
Deferred pension amounts	6,020,233	3,708,930	2,178,367	1,327,640	8,198,600	5,036,570
Deferred OPEB amounts	1,679,940	1,106,382	554,022	390,248	2,233,962	1,496,630
Deferred revenue	5,067,752	4,408,916	-	-	5,067,752	4,408,916
Total Deferred Inflow						
Resources	12,767,925	9,224,228	2,732,389	1,717,888	15,500,314	10,942,116
NET POSITION						
Net investment in						
capital assets	29,318,618	32,860,010	72,315,548	65,964,765	101,634,166	98,824,775
Restricted	1,390,826	1,117,957	=	=	1,390,826	1,117,957
Unrestricted	(13,155,672)	(16,293,499)	16,449,545	19,204,772	3,293,873	2,911,273
Total Net Position	\$ 17,553,772	\$ 17,684,468	\$ 88,765,093	\$ 85,169,537	\$ 106,318,865	\$ 102,854,005

Note: This statement was generated for MD&A using the Statement of Net Position Information.

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 \$106.3 million at the close of this fiscal year, representing an increase of \$3.5 million from the prior year net position of \$102.8 million. Within Business-type activities, net position increased from \$85.2 million to

#### **Management's Discussion & Analysis**

\$88.8 million or \$3.6 million. The governmental activities net position of \$17.5 million represents a decrease of \$131 thousand as compared to net position of \$17.6 million in 2019.

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.

As shown in Table 2, governmental activities expenses exceeded revenues by \$15.6 million in 2020. The higher deficit versus 2019 is attributable to a net decrease in revenues of \$1.5 million that was partially offset by CARES Act grant funding and a decrease in expenses in all functional areas except Culture and Recreation.

Table 2

# CITY OF NEWARK CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2020

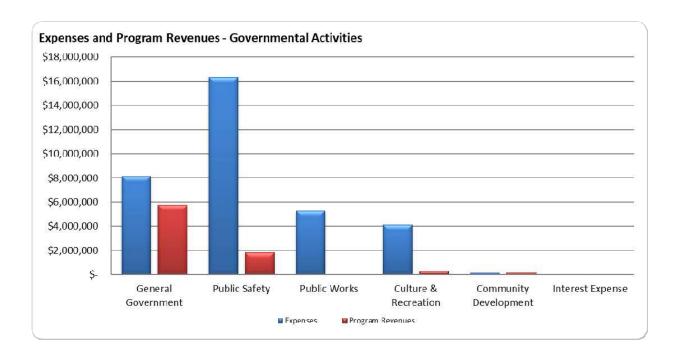
	<b>Governmental Activities</b>		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program Revenues:						
Charges for services	\$ 3,840,471	\$ 5,465,651	\$ 70,520,535	\$ 74,721,053	\$ 74,361,006	\$ 80,186,704
Operating Grants &	+ -,-·-,··-	+ -,,	+,==,===	7,. ==,	+,,	, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Contributions	4,174,291	1,845,043	-	-	4,174,291	1,845,043
Capital Grants &	, , ,	,,			, , -	,,-
Contributions	55,346	1,305,054	37,380	535,109	92,726	1,840,163
General Revenues:	,	, ,	,	,	,	, ,
Total Taxes	9,699,072	10,596,904	-	=	9,699,072	10,596,904
Investment Earnings	603,706	640,030	802,976	742,903	1,406,682	1,382,933
Other Revenues	<u> </u>	25,863	53,061	38,900	53,061	64,763
Total Revenues	18,372,886	19,878,545	71,413,952	76,037,965	89,786,838	95,916,510
EXPENSES						
General Government	8,139,725	8,162,236	-	-	8,139,725	8,162,236
Public Safety	16,316,043	17,371,732	-	-	16,316,043	17,371,732
Public Works	5,282,098	5,383,774	-	-	5,282,098	5,383,774
Community Development	142,761	201,776	-	=	142,761	201,776
Culture and Recreation	4,124,613	3,948,473	-	=	4,124,613	3,948,473
Interest Expense	8,942	15,087	=	=	8,942	15,087
Business-type activities			52,307,796	53,926,250	52,307,796	53,926,250
Total Expenses	34,014,182	35,083,078	52,307,796	53,926,250	86,321,978	89,009,328
Increase (Decrease) in						
Net Position before Transfers	(15,641,296)	(15,204,533)	19,106,156	22,111,715	3,464,860	6,907,182
Transfers	15,510,600	16,352,028	(15,510,600)	(16,352,028)		
Change in Net Position	(130,696)	1,147,495	3,595,556	5,759,687	3,464,860	6,907,182
Net Position - Beginning of Year	17,684,468	16,536,973	85,169,537	79,409,850	102,854,005	95,946,823
Net Position - End of Year	\$ 17,553,772	\$ 17,684,468	\$ 88,765,093	\$ 85,169,537	\$ 106,318,865	\$ 102,854,005

Note: This statement was generated for MD&A using the Statement of Activities Information.

#### **Management's Discussion & Analysis**

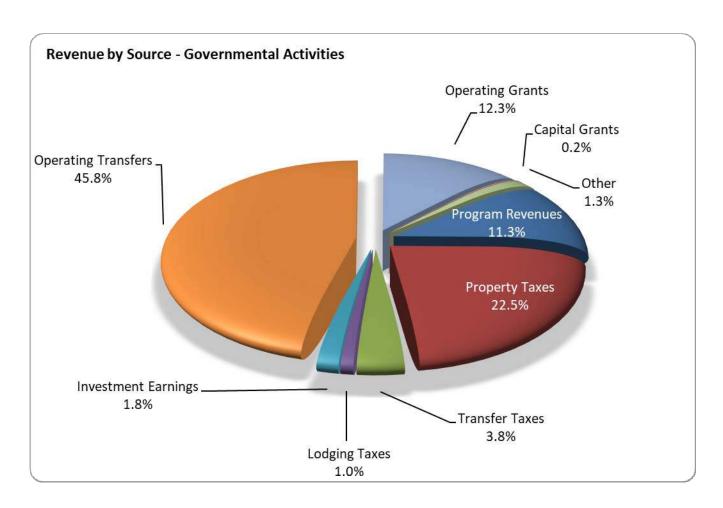
**Governmental Activities:** Our analysis of the City's governmental activities will focus on the Schedule of Net Position (Table 1), the Schedule of Changes in Net Position (Table 2), the following 2020 graphs depicting Expenses and Program Revenues by Function as well as Revenues by Source, and the 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 54 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 46 percent of revenues. Property taxes supply 22.5 percent of revenues. Program revenues contribute 11 percent, real estate transfer taxes add 4 percent and the lodging tax contributes 1 percent which is lower than 2019 due to the COVID pandemic. The City relies on these revenue sources, as well as grants and miscellaneous funding of 16 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. Operating grants increased significantly as a result of pass through CARES Act revenue received from New Castle County.



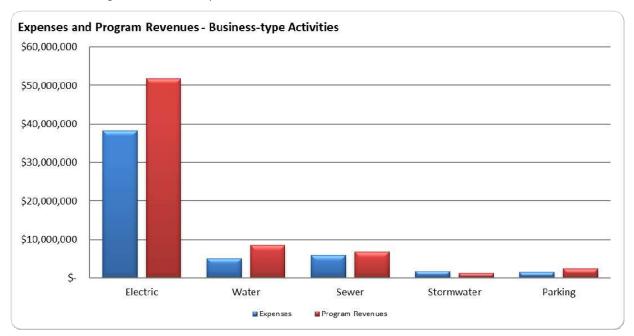
#### **Management's Discussion & Analysis**

As shown in Table 3, the total cost of all governmental activities this year was \$34 million. These costs were partially supported by total program revenues of \$8.1 million, leaving a net cost of \$25.9 million. The program revenues were paid by those who directly benefited from the programs (\$3.8 million) or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions (\$4.2 million). The balance of the cost was primarily funded by City taxes totaling \$9.7 million and enterprise fund transfers of \$15.5 million. Public safety programs are the largest single spending commitment, accounting for 48 percent of the City's governmental activities expenses. Various general administration, public works, and culture and recreation services combine for about 52 percent of expenses.

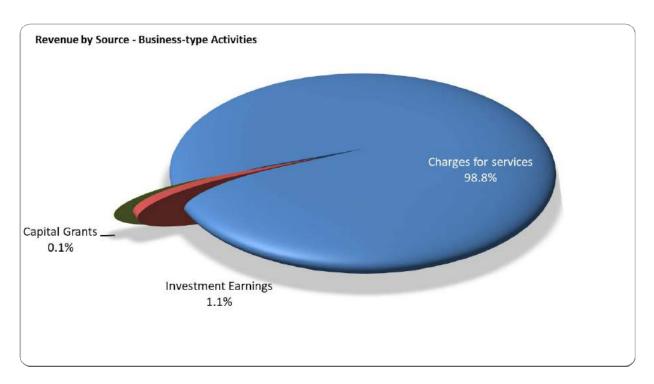
Table 3

Governmental Activities Net	Cost									
	Т	otal Cost of					To	tal Program	1	Net Cost of
Functions/Programs		Services	% of Total Cost	Sen	vice Charges	Grants		Revenues		Services
General Government	\$	8,139,725	23.9%	\$	2,365,192	\$ 3,403,215	\$	5,768,407	\$	2,371,318
Public Safety		16,316,043	48.0%		1,249,800	582,912		1,832,712		14,483,331
Public Works		5,282,098	15.5%		19,353	9,346		28,699		5,253,399
Culture & Recreation		4,124,613	12.1%		206,126	66,403		272,529		3,852,084
Community Development		142,761	0.4%		-	167,761		167,761		(25,000)
Interest Expense		8,942	0.0%		-	 		-		8,942
Total	\$	34,014,182	100%	\$	3,840,471	\$ 4,229,637	\$	8,070,108	\$	25,944,074

**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 below 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 .1 percent of 2020 revenue and unrestricted investment earnings followed with 1 percent of 2020 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 of 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 12,000 customers with reliable electrical service. Over 400,000 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 of 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 136 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 94 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. In addition to the surface lot parking, the City maintains 491 on-street metered parking spaces in the City's downtown area. While the City

#### **Management's Discussion & Analysis**

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 \$71 million for the year, which represents a decrease of \$4.6 million from the prior year. This decrease was driven by reduced electric and water consumption. Expenses related to these business type activities totaled \$52.3 million in 2020, which represents a decrease of \$1.6 million from the prior year. The decrease in operating costs is attributable to the \$2.9 million decrease in utility purchases as well as decreases in material purchases which were offset by increases in personnel, contractual expense and depreciation. Utility consumption amounts were down combined with decreases in the electric purchase rate. In total, revenues exceeded expenses and transfers by \$3.6 million in 2020.

#### 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, 2020, the City's governmental funds reported combined ending balances of \$11.8 million, an increase of \$.4 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 seventy five percent of the fund balance – \$9 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, 2020, the total fund balance of the General Fund was \$3.7 million, \$2.9 million which is unassigned.

The General Fund balance decreased by \$1.0 million in fiscal year 2020. The decrease in General Fund balance is attributable to the decreased revenue especially in Charges for Services as a result of the pandemic.

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, 2020, the total fund balance of the Capital Projects Fund was \$6.8 million, all of which is nonspendable, restricted or assigned.

The Capital Projects Fund balance increased by \$1.3 million in 2020 as opposed to an increase of \$1.7 million in 2019. Revenues decreased but the expenditures for capital outlay increased by \$.3 million and there was a net increase in transfers of \$1 million attributable to the transfer of lease proceeds from the Debt Service Fund for the energy efficiency projects funded by the Bank of America/Energy Savings Performance Contract. Although some projects were delayed as a result of the COVID-19 pandemic 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 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 combined fund balance for the special revenue funds decreased by \$101 thousand as compared to 2019.

The City maintains a Debt Service Fund to set aside resources to meet current and future obligations of the City. As of December 31, 2020, the fund balance was \$42,034 of which \$34,335 is assigned.

The financial statements for the governmental funds may be found on Pages 33 through 35 as well as 90 through 96 of this report.

#### **Management's Discussion & Analysis**

**Proprietary Funds:** As previously mentioned, the City maintains five 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 \$33.2 million as of December 31, 2020, \$17.1 million which was unrestricted. Total net position increased by \$1.7 million in 2020 as a result of \$13.5 million in operating income before capital grants and transfers, less \$12.4 million transferred to the General Fund to support governmental activities. The fund expended \$.5 million in improvements to the City's electrical distribution system. The electric fund reports long-term debt of \$5.9 million related to the lease obligation employed to finance the City's Advanced Metering Infrastructure project in 2012 and the Bank of America/Energy Savings Performance Contract energy efficiency projects; 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 \$35.3 million as of December 31, 2020. Total net position increased \$1.8 million in 2020. Income before capital grants and transfers amounted to \$3.6 million, representing a decrease of \$.3 million versus 2019 as a result of decreases in operating revenues due to decreases in consumption. \$1.8 million was transferred from the Water Fund to the General Fund to support governmental activities. The fund expended \$5 million in improvements to the City's water purification, containment and distribution system. The Water Fund also carries roughly \$2.5 million of long-term debt associated with the construction of the City's water reservoir and \$4.3 million related to other lease financing agreements and State Revolving Loans.

The Sewer Fund had a total net position of \$11.5 million as of December 31, 2020, \$4.2 million of which was unrestricted. Total net position increased by \$.2 million in 2020. Income before capital grants and transfers amounted to \$1 million of which \$.8 million was transferred to the General Fund to support governmental activities. The fund expended \$169 thousand in improvements to the City's sewage transport and elimination system.

The Parking Fund had total net position of \$4 million as of December 31, 2020. Total net position decreased by \$1.1 million in 2020. The City suspended the collection of parking fees from March to June as a result of the COVID-19 pandemic and additional loss of revenue continued through the remainder of 2020 due to lack of vehicle traffic as a result of business restrictions.

The Stormwater Fund had total net position of \$4.7 million as of December 31, 2020. Income before capital grants and transfers totaled \$987 thousand. The fund expended \$2.5 million in improvements. The fund had long term debt from State Revolving Loans which totaled \$3.2 million December 31, 2020.

Internal Service Funds: The City maintains two internal service funds. The Maintenance Fund is used to account for the maintenance of 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 31. The net revenue of certain activities of the internal service funds are reported with governmental activities on the statement of activities on Page 32. The assets and liabilities as well as revenue and expenses are also reported on Pages 97 through 99 of the fund financial statements.

The financial statements for the proprietary funds may be found on Pages 38 through 40 of this report.

**Fiduciary Funds:** As previously mentioned, the City maintains two fiduciary funds – the Employees' Pension Trust Fund and the Other Post-Employment Benefits 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 \$87.8 million, an increase of \$10.3 million as compared to the prior fiscal year. The total pension liability, as of December 31, 2020, is \$112 million,

#### **Management's Discussion & Analysis**

representing a funding ratio of 78.4 percent. The City contribution was \$60,093 more than the annual required contribution of \$4.5 million.

The OPEB Trust Fund ended the fiscal year with a balance of \$15.3 million, representing an increase of \$3 million over the prior fiscal year. The total OPEB liability, as of December 31, 2020, is \$21.7 million, representing a funding ratio of 70.5 percent. The City contribution was \$435,826 more than the annual required contribution of \$1.2 million.

The financial statements for the fiduciary funds can be found on Pages 42 through 44 of this report.

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The schedule comparing the City's budget and actual results can be found on Page 37.

Actual revenues in the General Fund were more than budgeted revenues by \$.5 million. Many of the revenue sources of the General Fund were reduced due to the COVID-19 pandemic and the resulting restriction of economic activity and programs. The City received \$2.3 million of CARES Act grant funding which was passed through New Castle County from the federal government. Expenditures were \$2.5 million dollars lower than the final total budget. All departments had lower than expected expenditures as a result of the City limiting expenditures to alleviate some of the loss of revenue resulting from the impact of COVID-19 on operations.

#### 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, 2020 amounted to \$115.2 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 \$12 million in 2020. Net additions, after depreciation and retirements, totaled \$5.9 million.

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

#### **Long-term Debt**

At December 31, 2020, the City had \$2.5 million in bonds outstanding versus \$3.9 million at the end of the prior year – a decrease of 35 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, 2020, the City had the following additional long-term debt: lease and note payable totaling \$5.1 million to fund an Automated Metering Infrastructure Project (the "AMI" or "Smart Meter" Project), \$8.3 million in various energy efficiency loans and leases, \$4.7 million in State Revolving Loans for various capital projects and \$296 thousand lease for fiber installation. The leases 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 \$24.2 million of net pension liability, \$6.4 million of net OPEB liability and \$2.7 million of compensated absences which include carry forward vacation, sick 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.

#### **Management's Discussion & Analysis**

#### 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 24 percent residential and 76 percent commercial or industrial, with the largest customer being the University of Delaware with 37 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 (65 percent residential, 25 percent commercial and 10 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 91.20 cents per \$100 of assessed value throughout 2020 and there was no increase in 2021.
- The City Council adopted the 2021 General Operating Budget on November 2, 2020. The budget includes total operating revenues of \$94.6 million, a decrease of 2.5 percent from 2020, and total operating expenditures of \$88 million, a decrease of 2.9 percent from 2020.

#### 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, DELAWARE STATEMENT OF NET POSITION DECEMBER 31, 2020

	Primary Government		
	Governmental	Business-type	_
	Activities	Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 5,811,116	\$ 11,274,417	\$ 17,085,533
Investments	10,064,167	12,324,194	22,388,361
Accounts receivables, net	4,658,380	10,983,084	15,641,464
Internal balances	(92,600)	92,600	-
Taxes receivable	1,321,285	-	1,321,285
Inventories	56,781	1,664,928	1,721,709
Prepaid items	605,589	496,949	1,102,538
Restricted Assets:	,	,	, ,
Cash and cash equivalents	3,281,001	3,689,996	6,970,997
Investments	552,428	1,417,574	1,970,002
Total current assets	26,258,147	41,943,742	68,201,889
Noncurrent assets:			
Capital assets, net:			
Land	5,543,610	11,503,536	17,047,146
Construction in progress	2,386,767	8,597,574	10,984,341
Buildings	4,503,469	12,843,300	17,346,769
Improvements	18,032,095	45,216,642	63,248,737
•			
Machinery and Equipment	3,662,912	2,927,639	6,590,551
Intangibles	24.420.052	8,126	8,126
Total capital assets, net	34,128,853	81,096,817	115,225,670
Total noncurrent assets	34,128,853	81,096,817	115,225,670
Total assets	60,387,000	123,040,559	183,427,559
DEFERRED OUTFLOW OF RESOURCES			
Deferred pension amounts	3,732,490	1,350,563	5,083,053
Deferred OPEB amounts	220,224	72,627	292,851
Deferred loss on bond defeasance		63,151	63,151
Total deferred outflows of resources	3,952,714	1,486,341	5,439,055
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	3,725,298	4,327,153	8,052,451
Customer deposits	552,428	1,417,574	1,970,002
Regulatory liability	-	1,264,715	1,264,715
Compensated absences	171,661	545,285	716,946
Due to other governments	22,609	469,011	491,620
Accrued interest payable	263	21,760	22,023
Unearned revenue	-	100,011	100,011
Bonds, notes, and lease payable	71,546	2,242,290	2,313,836
Total current liabilities	4,543,805	10,387,799	14,931,604
Noncurrent liabilities:	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		
Compensated absences	1,544,945	464,419	2,009,364
Net OPEB liability	4,809,303	1,586,049	6,395,352
Net pension liability	17,790,317	6,437,271	24,227,588
Unearned revenue	590,958	207,539	798,497
Bonds, notes, and lease payable	4,738,689	13,946,341	18,685,030
Total noncurrent liabilities	29,474,212	22,641,619	52,115,831
Total liabilities	34,018,017	33,029,418	67,047,435
DEFENDED INTLOW OF DECOLIDERS			
DEFERRED INFLOW OF RESOURCES	6 020 222	2 170 267	0.100.000
Deferred pension amounts	6,020,233	2,178,367	8,198,600
Deferred OPEB amounts	1,679,940	554,022	2,233,962
Deferred property taxes	5,067,752		5,067,752
Total deferred inflows of resources	12,767,925	2,732,389	15,500,314
N . B . W			
Net Position			
Net investment in capital assets	29,318,618	72,315,548	101,634,166
Restricted for:			
Special revenue funds	1,218,250	-	1,218,250
Alderman's court security	172,576	-	172,576
Unrestricted	(13,155,672)	16,449,545	3,293,873
Total net position	\$ 17,553,772	\$ 88,765,093	\$ 106,318,865
	Ţ 17,555,772	- 00,703,033	- 100,310,003

# CITY OF NEWARK, DELAWARE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

				Operating		Capital			Prima	Primary Government	
Expenses	ا ا	Charges for Services	- ŏ	Grants and Contributions	Gra	Grants and Contributions	ָס פֿ	Governmental Activities	ĕ	Business-Type Activities	Total
\$ 8,139,725	↔	2,365,192	↔	3,382,215	↔	21,000	↔	(2,371,318)	\$		\$ (2,371,318)
16,316,043		1,249,800		582,912		•		(14,483,331)			(14,483,331)
5,282,098		19,353		•		9,346		(5,253,399)		•	(5,253,399)
142,761		•		142,761		25,000		25,000		•	25,000
4,124,613		206,126		66,403				(3,852,084)		1	(3,852,084)
34,014,182		3,840,471		4,174,291		55,346		(25,944,074)			(25,944,074)
38,257,145		51,712,301		1		37,380		,		13,492,536	13,492,536
5,075,577		8,519,986		•		•		•		3,444,409	3,444,409
5,823,686		6,744,804		•		•				921,118	921,118
1,716,696		1,128,787		•		•				(587,909)	(587,909)
1,434,692		2,414,657		•		-				979,965	979,965
52,307,796		70,520,535		•		37,380				18,250,119	18,250,119
\$ 86,321,978	Ş	74,361,006	٠	4,174,291	Ŷ	92,726		(25,944,074)		18,250,119	(7,693,955)
General Revenues											
Taxes:											
Real estate taxes								7,614,898		•	7,614,898
Real estate transfer taxes	taxes							1,293,038			1,293,038
Franchise fees								439,346		•	439,346
Lodging tax								351,790		•	351,790
Unrestricted investment earnings	nt earnir	ngs						902,209		802,976	1,406,682
Gain on sale of capital assets	assets							•		53,061	53,061
Transfers								15,510,600		(15,510,600)	
Total general revenues and transfers	es and ti	ransfers						25,813,378		(14,654,563)	11,158,815
Change in net position	tion							(130,696)		3,595,556	3,464,860
Net position - beginning of year	3 of year							17,684,468		85,169,537	102,854,005
Net position - end of year	ar						❖	17,553,772	Υ.	88,765,093	\$ 106,318,865

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

Total business-type activities

Parking Stormwater Total primary government

Total governmental activities Business-type activities:

Electric Water Sewer

Interest expense

General government Public safety Public works Community development

Functions/Programs
Primary government:
Governmental activities:

#### CITY OF NEWARK, DELAWARE BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2020

	 General		Capital Projects	ľ	Total Non-Major Funds	Go	Total overnmental Funds
ASSETS							
Cash and cash equivalents	\$ 474,958	\$	2,589,864	\$	1,471,680	\$	4,536,502
Investments	5,961,357		3,369,010		-		9,330,367
Accounts receivable	3,863,883		558,471		231,798		4,654,152
Taxes receivable, net	1,321,285		-		-		1,321,285
Due from other funds	53,500		-		-		53,500
Inventory - supplies	47,081		-		-		47,081
Prepaid items	520,308		41,796		8,757		570,861
Restricted assets:							
Cash and cash equivalents	-		841,852		-		841,852
Investments	 552,428		-				552,428
Total assets	\$ 12,794,800	\$	7,400,993	\$	1,712,235	\$	21,908,028
LIABILITIES							
Liabilities:							
Accounts payable and accrued expenses	\$ 1,105,613	\$	137,402	\$	257,936	\$	1,500,951
Customer deposits	552,428		-		-		552,428
Due to other governments	22,609		-		-		22,609
Unearned revenue	23,547		439,134		128,277		590,958
Due to other funds	2,296,400				60,800		2,357,200
Total liabilities	 4,000,597		576,536		447,013		5,024,146
DEFERRED INFLOW OF RESOURCES							
Deferred property taxes	 5,067,752		-				5,067,752
Total deferred inflows of resources	5,067,752				<u>-</u>		5,067,752
FUND BALANCES							
Nonspendable							
Inventory	47,081		-		-		47,081
Prepaid items	520,308		41,796		8,757		570,861
Restricted for							
Safetytown programs	-		-		64,245		64,245
Parks donations	-		-		34,731		34,731
Recreation donations	-		-		37,233		37,233
Island beautification	-		-		133,663		133,663
Parkland improvements	-		-		104,344		104,344
Other parks programs	-		-		15,537		15,537
Law enforcement	-		-		828,497		828,497
Alderman's court security	172,576		-		-		172,576
Assigned to							
Other departmental purposes	126,440		-		-		126,440
Debt service	-		-		34,335		34,335
Transportation	-		-		3,880		3,880
Capital projects	-		6,782,661		-		6,782,661
Unassigned	2,860,046		-		-		2,860,046
Total fund balances	 3,726,451	-	6,824,457	-	1,265,222		11,816,130
Total liabilities, deferred inflows of	 				· · ·		, , , , , , , , , , , , , , , , , , , ,
resources and fund balances	\$ 12,794,800	\$	7,400,993	\$	1,712,235	\$	21,908,028

# CITY OF NEWARK, DELAWARE RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION DECEMBER 31, 2020

Total Fund Balance - Governmental Funds	\$ 11,816,130
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 \$1,920,983	
of internal service capital assets accounted for in the following line	32,207,870
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	2,492,842
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 (net of Internal Service Fund, \$3,042,724 included in net position)	(1,767,511)
Compensated absences (net of Internal Service Fund, \$171,470 included in net position)	(1,545,136)
Net other post employment benefits liability (net of Internal Service Fund, \$115,116 included in net position)	(4,694,187)
Net pension liability (net of Internal Service Fund, \$484,552 included in net position)	(17,305,765)
Accrued interest payable	(263)
Deferred resources relate to:	
Deferred outflow of pension amounts (net of internal service funds \$101,661)	3,630,829
Deferred inflow of pension amounts (net of internal service funds \$163,972)	(5,856,261)
Deferred outflow of other post employment benefit amounts (net of internal service funds \$5,271)	214,953
Deferred inflow of other post employment benefit amounts (net of internal service funds \$40,211)	(1,639,729)
Net position of governmental activities	\$ 17,553,772

# CITY OF NEWARK, DELAWARE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

		General	Capital Projects	 Total Non-Major Funds	Go	Total overnmental Funds
REVENUES						
Taxes:						
Real estate	\$	7,614,898	\$ -	\$ -	\$	7,614,898
Real estate transfer		1,293,038	-	-		1,293,038
Franchise		439,346	-	-		439,346
Lodging		351,790	-	-		351,790
Licenses and permits		1,098,034	-	-		1,098,034
Fines, forfeits and costs		1,063,680	-	25,720		1,089,400
Interest, dividends and rents		403,299	157,273	299		560,871
Intergovernmental revenues		2,882,698	7,104	752,802		3,642,604
Charges for services		1,648,054	2,242	41,650		1,691,946
Subvention - University of Delaware		527,122	 _	 -		527,122
Total revenues		17,321,959	166,619	820,471		18,309,049
EXPENDITURES	·		_			
Current:						
General government		7,523,739	-	155,129		7,678,868
Public safety		16,514,960	-	306,338		16,821,298
Public works		4,264,973	-	-		4,264,973
Community development		-	-	142,761		142,761
Culture and recreation		2,973,119	-	12,913		2,986,032
Debt service:						
Principal		-	-	259,807		259,807
Interest		-	-	15,945		15,945
Capital outlay		<u>-</u>	 2,289,447	114,786		2,404,233
Total expenditures		31,276,791	2,289,447	1,007,679		34,573,917
Deficiency of revenues under expenditures		(13,954,832)	(2,122,828)	(187,208)		(16,264,868)
OTHER FINANCING SOURCES (USES)						
Proceeds of long-term capital-related lease		-	-	1,418,245		1,418,245
Transfers in		15,510,600	3,421,926	283,195		19,215,721
Transfers out		(2,506,476)		(1,418,245)		(3,924,721)
Total other financing sources and uses		13,004,124	 3,421,926	 283,195		16,709,245
Net change in fund balances		(950,708)	1,299,098	95,987		444,377
Fund balances - beginning of year		4,677,159	 5,525,359	 1,169,235		11,371,753
Fund balances - end of year	\$	3,726,451	\$ 6,824,457	\$ 1,265,222	\$	11,816,130

#### **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, 2020

Net Changes in Fund Balances - Total Governmental Funds	\$ 444,377
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 (\$2,404,233) is allocated over	
their estimated useful lives as depreciation expense (\$2,652,734) net of the internal service	
funds of \$904,906. This is the amount by which depreciation exceeded capital outlays	
in the current period.	(248,501)
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	(1,158,438)
Accrued interest payable	1,809
Deferred loss on refunding	(1,829)
Bond premium amortization	5,194
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 \$137,785 included in net position)	(579,503)
Net pension liability and related deferred inflows and outflows (net of the internal service	(373,303)
funds \$71,947 included in net position)	290,548
Net OPEB liability and related deferred inflows and outflows (net of the internal service	230,340
funds \$21,801 included in net position)	832,212
runus 721,001 metuded minet position)	032,212
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 net revenue of	
certain activities of internal service funds is reported with governmental activities.	283,435
	 (120.555)
Change in Net Position of Governmental Activities	\$ (130,696)

# CITY OF NEWARK, DELAWARE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL GENERAL FUND

#### FOR THE YEAR ENDED DECEMBER 31, 2020

		Budgeted	Amoun	ts		Variance wi Final Budge Favorable	t -
	О	riginal		Final	Actual Amounts	(Unfavorabl	
REVENUES							<u> </u>
Taxes:							
Real estate - current	\$	7,468,000	\$	7,468,000	7,563,605	\$ 95,6	605
Real estate - delinquent and interest		36,000		36,000	51,293	15,2	293
Real estate - transfer		1,600,000		1,600,000	1,293,038	(306,9	962)
Franchise		475,000		475,000	439,346	(35,6	654)
Lodging		750,000		750,000	351,790	(398,2	210)
Licenses and permits		1,309,000		1,309,000	1,098,034	(210,9	966)
Fines, forfeits and costs		2,102,715		2,102,715	1,063,680	(1,039,0	035)
Interest, dividends and rents		286,175		286,175	403,299	117,3	124
Intergovernmental revenues		101,700		149,700	2,882,698	2,732,9	998
Charges for services/fees		2,108,545		2,108,545	1,648,054	(460,4	491)
Subvention - University of Delaware		525,575		525,575	527,122	1,5	547
Total revenues		16,762,710		16,810,710	17,321,959	511,2	
EXPENDITURES							
Current:							
General government:							
Finance		2,052,461		2,052,461	1,901,646	150,8	815
Planning & development		945,732		945,732	816,882	128,8	350
Administration		1,679,330		1,679,330	1,466,546	212,7	784
Legislative		1,573,681		1,573,681	1,334,439	239,2	242
Judicial		490,867		500,120	490,325	9,7	795
Information technology		1,791,491		1,791,491	1,513,901	277,5	590
Total general government		8,533,562		8,542,815	7,523,739	1,019,0	ე76
Public safety:							
Code enforcement		1,530,524		1,530,524	1,523,792	6,7	732
Police		14,973,570		15,075,836	14,991,168	84,6	668
Total public safety		16,504,094		16,606,360	16,514,960	91,4	400
Public works:							
Highways and streets		2,444,780		2,444,780	2,133,330	311,4	450
Sanitation		2,168,909		2,168,909	2,131,643	37,2	266
Total public works		4,613,689		4,613,689	4,264,973	348,7	716
Culture and recreation		3,491,637		3,491,637	2,973,119	518,5	518
Total expenditures		33,142,982		33,254,501	31,276,791	1,977,	710
Deficiency of revenues under expenditures		(16,380,272)		(16,443,791)	(13,954,832)	2,488,9	959
Other Financing Sources (Uses)							
Transfers in		18,142,780		18,142,780	15,510,600	(2,632,	180)
Transfers out		(2,483,560)		(2,483,560)	(2,506,476)	(22,9	
Proceeds from the sale of capital assets		20,000		20,000	-	(20,0	000)
Total other financing sources and uses		15,679,220		15,679,220	13,004,124	(2,675,0	096)
Net change in fund balances	\$	(701,052)	\$	(764,571)	(950,708)	\$ (186,2	137)
Fund balances - January 1					4,677,159		
Fund balances - December 31					\$ 3,726,451		

CITY OF NEWARK, DELAWARE STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2020

Control of the cont					Curero	Se ruins			ACTIVITIES
1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1, 1,			Electric	Water			Stormwater	Total Enterprise Funds	Internal Service Funds
1,12,20.0	ASSETS								
1,000,000,000,000,000,000,000,000,000,0	Current assets:								
tricked the particles are already as a series of the particles are already as a series a	Cash and cash equivalents	ψ,	6,980,942		⋄				1
c. et. et. 1, 1, 1, 1, 1, 2, 2, 2, 2, 2, 2, 3, 4, 4, 4, 4, 4, 4, 4, 4, 4, 4, 4, 4, 4,	Investments, unrestricted		9,730,534	343,57		217,568	•	12,324,194	733,800
the control of the co	Accounts receivable, net		7,640,935	1,182,14		78,353	891,925	10,983,084	4,228
1,13,100   1,13,100   1,14,100	Due from other funds		1,077,237					1,077,237	4,530,000
1,000,000   1,00	Inventory		1,333,503	314,99		•	•	1,664,928	9,700
1,2,2,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,	Prepaid items		216,006	153,43		70,596	24,495	496,949	34,728
1875   1875	Restricted assets:								
1,11,12,12,12,12,12,12,12,12,12,12,12,12	Cash and cash equivalents		3,572,054	117,94			•	3,689,996	2,439,149
1,12,12,12,13,13,13,13,13,13,13,13,13,13,13,13,13,	Investments		1,391,632	19,14				1,417,574	
Frogress (A1857) (A1756) (A175	Total current assets		31,942,843	2,172,25		380,787	3,084,636	42,928,379	9,026,219
properties         4185 284         3.985         3.845,872         3.845,872         4.848,370         4.	Noncurrent assets:								
March   Marc	Capital assets, net:								
## 1997   4,949.81   4	Land			56,756,7		3,545,582		11,503,536	44,230
RATES   RATE	Construction in progress		' !	4,097,09		61,706	4,434,871	8,597,574	971,482
1,00,000	Buildings		8,418,975	4,424,32				12,843,300	631,029
1,565,10   277,280   134,53   910,553   333,53   323,53	Improvements		8,814,200	27,258,07		580,378	1,324,978	45,216,642	19,404
18,893,386   44,014   12,725,488	Machinery and equipment		1,265,210	277,29		910,653	339,853	2,927,639	254,838
1,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0,0	Intangibles		1,000	7,12				8,126	
Sept. 1987, 238   Sept. 228   Sept. 228   Sept. 238	Total noncurrent assets		18,499,385	44,021,86		5,098,319	6,099,702	81,096,817	1,920,983
1,000,000,000,000,000,000,000,000,000,0	Total assets		50,442,228	46,194,11	12,725	5,479,106	9,184,338	124,025,196	10,947,202
Fig. 16   Fig. 16   Fig. 16   Fig. 17   Fig. 17   Fig. 16   Fig. 17   Fig. 17   Fig. 16   Fig. 17   Fig.	DEFERRED OUTFLOW OF RESOURCES								
Second   S	Deferred pension amounts		684,687	369,53		149,441	118,943	1,350,563	101,661
Common Commons         771,566         69,151	Deferred OPEB amounts		36,899	19,91		1,464	7,907	72,627	5,271
Owo of resources         721,586         452,602         34,388         150,905         126,890         1,486,341         2,437,153         2,238,425         2,437,153         2,238,425         2,437,153         2,238,425         2,437,153         2,238,425         2,437,153         2,238,425         2,437,153         2,238,425         2,437,153         2,238,425         2,437,153         2,238,425         2,437,153         2,238,425         2,437,153         2,238,425         2,437,153         2,238,425         2,437,153         2,238,425         2,437,153         2,238,425         2,437,153         2,238,425         2,	Deferred loss on bond defeasance		1	63,15				63,151	
1,000,000,000,000,000,000,000,000,000,0	Total deferred outflow of recourses		721 586	752 FO		150 005	126 950	1 496 341	106 937
ENRAL238         942,777         198,395         90,011         211,742         4,327,153         2,277,44         2,1,264,715         4,327,153         2,2,274         2,2,243         2,2,243         2,2,243         2,2,243         2,2,244         2,2,244         2,2,244         2,2,244         2,2,244         3,2,2,244         3,2,244         3,2,244         3,2,244         3,2,244         3,2,2,244         3,2,2,244         3,2,2,244         3,2,2,244         3,2,2,2,244         3,2,2,2,244         3,2,2,2,2,244         3,2,2,2,2,244         3,2,2,2,2,2,2,2,2,2,2,2,2,2,2,2,2,2,2,2			000	00/10				100000	10000
xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx	JABIUTIES								
xxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxxx	urrent liabilities:								
1.286,633	Accounts payable and accrued expenses		2,884,228	942,77		90,011	211,742	4,327,153	2,224,347
127,246 15 240,715 240	Customer deposits payable		1,391,632	19,14		•	•	1,417,574	
26,7033 2,40,079 4,1042 4,535 7,589 5,485 2,485 2,485 3,487	Regulatory liability		1,264,715	0.00			. 000	1,264,715	
360,000   119,000   41,200   432,537   22,550   994,637   2,250   994,637   2,250   994,637   2,250   994,637   2,250   994,637   2,250   994,637   2,250   994,637   2,250   994,637   2,250   994,637   2,250   994,637   2,250   994,637   2,250   994,637   2,250   994,637   2,250   994,637   2,242,290   994,637   2,242,290   994,637   2,242,290   994,637   2,242,290   994,637   2,242,290   2,242,242,290   2,242,242,242,242,242,242,242,242,242,2	Compensated absences		287,693	240,07		4,995	7,869	545, 285	110,424
1,008	Due to other funds		369,400	119,00		432,537	22,500	984,637	2,318,900
1,000 or	Due to other governments		' 00	5		•	•	110,694	•
137,246	Accrued interest payable		1,008	50,75		. 00.5		21,760	•
137,246	Unearned revenue		38,131	C C C C	'	61,880	•	110,001	•
137,246	Bonds, notes, and lease payable		372,108	1,0/0,12		- 600 003		2,242,290	, CES CES
137,246 169,551 41,843 44,959 70,820 464,419 180,581 137,246 150,582 140,668 131,977 171,291 560,99 180,583 11,864,419 180,583 11,2673 11,288 130,522 138,000 1207,539 139,64,319 180,539 130,	local current liabilities		0,000,973	3,011,0/		309,443	242,111	11,3/2,430	1/0,000,4
805,814 434,885 140,698 31,977 172,675 1,586,049 3,577 172,91 560,045 1,586,049 1,541,340 1,341,340 1,341,340 1,341,340 1,341,340 1,341,340 1,341,340 1,341,	Compensated absences		137 246	169 55		44 959	70.820	464 419	61 046
3,263,456 1,761,346 133,552 712,291 566,926 6,437,271 3	Net OPEB liability		805.814	434.88		31,977	172,675	1.586,049	115.116
167,301	Net pension liability		3,263,456	1,761,34		712,291	566,926	6,437,271	484,552
Signature   Sign	Unearned revenue		167,301	1,29		•	38,000	207,539	•
9/46.137         7/571,478         446.953         7/89.227         46.953-641.619         22.722.389         22.722.389<	Bonds, notes, and lease payable		5,372,320	5,204,39			3,239,403	13,946,341	3,042,724
1,104,351   10,583,339   1,167,008   1,1378,650   4,329,935   34,014,055   34,014,014   34,014	Total noncurrent liabilities		9,746,137	7,571,47		789,227	4,087,824	22,641,619	3,703,438
1,104,351   596,038   45,092   241,039   191,847   2,178,367   2,178,367   2,178,367   2,178,367   2,178,367   2,178,367   2,178,367   2,178,367   2,178,389   2,131,389   2	Total liabilities		16,555,112	10,583,35	π.	1,378,650	4,329,935	34,014,055	8,357,109
1,104,351 596,038 45,092 241,039 191,847 2,178,367 254,022 241,039 191,847 2,178,367 241,029 241,039 191,847 2,178,367 241,029 241,039 191,847 2,178,367 241,029 241,039 241,0	DEFERRED INFLOW OF RESOURCES								
Be amounts         281,479         151,909         49,147         11,170         60,317         554,022           octal deferred inflow of resources         1,385,830         747,947         94,239         252,209         252,164         2,732,389           ntin capital assets         16,126,951         37,743,245         7,247,331         5,098,319         6,099,702         72,315,548           1,375,952,1         4,231,437         4,251,437         1,099,167         1,099,167         1,099,167           1,375,783,783,783         4,131,431         4,109,167         4,731,548         1,099,167         4,731,548	Deferred pension amounts		1,104,351	596,03		241,039	191,847	2,178,367	163,972
cotal deferred inflow of resources         1,385,880         747,947         94,239         252,209         252,164         2,732,389           ntin capital assets         16,126,91         37,743,245         7,247,331         5,098,319         6,099,702         72,315,548           1,009,107         4,231,548         1,009,107         1,009,107         1,009,107         1,009,107           1,009,107         4,31,474         4,141,474         4,141,474         4,141,474         4,141,474	Deferred OPEB amounts		281,479	151,90		11,170	60,317	554,022	40,211
16,126,951 37,743,245 7,247,331 5,098,319 6,099,702 72,315,548 (109),670 (10	Total deferred inflow of resources		1,385,830	747,94		252,209	252,164	2,732,389	204,183
ntin capital assets         16,126,951         37,743,245         7,247,331         5,098,319         6,099,702         72,315,48           17,095,921         (2,427,824)         4,251,228         (1,099,167)         (1,370,613)         16,449,545           5         31,727,877         5         31,574,474         11,488,559         5         47,794,089         5         88,765,093         5									
17,095,921 (1,099,167) (1,370,613) (1,370,	NET POSITION Not investment in canital accets		16 126 951	NC 2N7 72		7 008 310	202 000 9	72 315 548	1026 686
x 272,827         x 272,827 <t< td=""><td>Net IIIVestifiert in capital assets IInractrictad</td><td></td><td>17.095.921</td><td>72,077,00</td><td></td><td>(1.099.167)</td><td>(1.370.613)</td><td></td><td>1.466.156</td></t<>	Net IIIVestifiert in capital assets IInractrictad		17.095.921	72,077,00		(1.099.167)	(1.370.613)		1.466.156
	Oll estilicted	v	120,000,11	25,215,A7	v	2 000 152	C A 720 080	v	CA9 COA C

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

# FROPRIETARY FONDS FOR THE YEAR ENDED DECEMBER 31, 2020

						Business-Type Activities Enterprise Funds	e Activi e Funds	ties					ß	Governmental Activities
												Total		Internal
		Electric		Water		Sewer		Parking	Stc	Stormwater	Ente	Enterprise Funds	S	Service Funds
Operating Revenues:														
Charges for service	s	51,322,444	s	8,319,470	δ.	6,732,557	s	1,108,098	s	2,407,430	φ.	666'888'69	ᡐ	2,366,610
Penalties and fees		177,680		77,841		11,969		3,719		7,047		278,256		1
Miscellaneous		212,177		122,675		278		16,970		180		352,280		18,374
Total operating revenues		51,712,301		8,519,986		6,744,804		1,128,787		2,414,657		70,520,535		2,384,984
Operating Expenses:														
Personnel		4,569,746		2,385,217		543,604		1,163,398		1,158,189		9,820,154		1,070,033
Utility purchases		29,267,161		•		4,695,293		•		•		33,962,454		1
Materials and supplies		216,996		319,009		23,810		21,632		10,414		591,861		570,117
Contracted services		2,420,399		773,024		233,102		364,302		164,475		3,955,302		513,530
Depreciation		1,354,236		1,422,122		320,596		163,897		77,173		3,338,024		80,756
Other		369,000		10,953		6,515		3,467		10,969		400,904		150,548
Total operating expenses		38,197,538		4,910,325		5,822,920		1,716,696		1,421,220		52,068,699		2,384,984
Operating income (loss)		13,514,763		3,609,661		921,884		(587,909)		993,437		18,451,836		-
Nonoperating Revenues (Expenses):														
Interest and investment revenue		606,683		37,874		126,744		24,852		6,823		802,976		42,835
Amortization of bond premium		1		38,080		1		•		•		38,080		1
Amortization of loss on bond defeasance		•		(34,441)		•		•		•		(34,441)		•
Interest expense		(29,607)		(168,891)		(992)		•		(13,472)		(242,736)		'
Gain (loss) on Sale of Capital Assets		19,500		33,561		-		-		-		53,061		-
Total nonoperating revenues (expenses)		566,576		(93,817)		125,978		24,852		(6,649)		616,940		42,835
Income before capital grants, capital														
contributions, and transfers		14,081,339		3,515,844		1,047,862		(563,057)		986,788		19,068,776		42,835
Capital grants and contributions		37,380		1		1		•		1		37,380		21,000
Transfers in		•		•		•		•		•				219,600
Transfers out		(12,377,200)		(1,781,000)		(858,000)		(494,400)		-		(15,510,600)		1
Change in net position		1,741,519		1,734,844		189,862		(1,057,457)		986,788		3,595,556		283,435
Total net position - beginning of year		31,481,353		33,580,577		11,308,697		5,056,609		3,742,301		85,169,537		2,209,407
Total net position - end of year	↔	33,222,872	÷	35,315,421	ᡐ	11,498,559	δ.	3,999,152	ψ.	4,729,089	ψ.	88,765,093	↔	2,492,842

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, 2020

						Business-Type Activities Enterprise Funds	pe Activ se Fund	ities s					Gove	Governmental Activities
		Electric		Water		Sewer		Parking	st	Stormwater	Ent	Total Enterprise Funds	Serv	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES  Receipts from customers and users	⋄	50,724,798	٠,	8,314,259	₩	6,644,300	٠	1,119,756	۰	2,234,731	φ.	69,037,844	٠	1
Receipts from interfund charges for fleet management services Receipts from interfund charges for facility management services								1 1		1 1				1,515,514 744,363
Receipts from interfund charges for risk management services		- C		1		1		1		1		' (C		521,333
Customer deposits reterived		(289,952)		1 1								(289,952)		
Other operating receipts		45,003		69,858		278		16,970		180		132,289		17,975
Payments to suppliers for goods and services		(32,145,364)		(791,023)		(4,518,498)		(317,218)		(462,591)		(38,234,694)		(1,292,302)
rayments to employees for services Payments for interfund services used		(186,705)		(2,612,239)		(45,229)		315,841		(67,807)		(6,506,204)		- (TOC'/OO)
Net cash provided (used) by operating activities		15,037,543		4,829,592		1,747,785		(81,461)		1,085,763		22,619,222		639,322
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES Transfers in		,		,		,		,		1		,		219 600
Translets out		(12,377,200)		(1,781,000)		(858,000)		(494,400)		1		(15,510,600)		
net cash provided (used) by noncapital financing activities		(12,377,200)		(1,781,000)		(858,000)		(494,400)		ı		(15,510,600)		219,600
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				6										
Proceeds from bonds, notes and capital lease issuance Purchases of capital assets		3,572,054 (414,242)		1,502,082 (4,519,745)		130,220 (168,670)		- (424,370)		3,189,403 (2,485,893)		8,393,759 (8,012,920)		3,042,724 (985,662)
captica graits received Principal paid on captical debt Interest paid on captical debt		(560,476) (60.167)		(1,578,456) (180.427)		- (992)				- - (13.472)		(2,138,932) (254.832)		7,000
Net cash provided (used) by capital and related financing activities		2,537,169		(4,776,546)		(39,216)		(424,370)		690,038		(2,012,925)		2,078,062
CASH FLOWS FROM INVESTING ACTIVITIES Proceeds from sale of investments				200,000				170,000		,		670,000		
Purchase of investments Interest received		(3,520,000) 251,856		21,531		53,286		10,028		- 6,830		(3,520,000) 343,531		18,391
Net cash provided (used) by investing activities		(3,268,144)		521,531		53,286		180,028		6,830		(2,506,469)		18,391
Net increase (decrease) in cash and cash equivalents		1,929,368		(1,206,423)		903,855		(820,203)		1,782,631		2,589,228		2,955,375
Cash and cash equivalents - beginning of year		8,623,628		1,365,393		1,166,106		834,473		385,585		12,375,185		758,388
Cash and cash equivalents - end of year (1)	w	10,552,996	⋄	158,970	٠	2,069,961	Ŷ	14,270	٠	2,168,216	٠	14,964,413	φ.	3,713,763

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

# CITY OF NEWARK, DELAWARE STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2020

						Business-Type Activities Enterprise Funds	e Activities Funds					Governmental Activities	ental ies
		Electric	>	Water		Sewer	Parking	 	Stormwater	Ē	Total Enterprise Funds	Internal Service Funds	al unds
Reconciliation of operating income to net cash provided by operating activities Operating income (loss)	٠	13,514,763	<b>↔</b>	3,609,661	Ś	921,884	(606'285) \$	\$ (60	993,437	v.	18,451,836	v.	
Adjustments to reconcile operating income to net cash provided by operating activities:								1					
Depreciation expense Effect of changes in operating assets, liabilities and deferred outflows and inflows:		1,354,236		1,422,122		320,596	163,897	26	77,173		3,338,024		80,756
Accounts received be		(891,866)		(134,374)		(66,206)	24,919	19	(179,746)		(1,280,276)	Ċ	(399)
Due from other funds Allowance for uncollectible accounts		(377,237) 12,023		(1,495)		(917)					(377,237) 9,611	×	
Inventory		(25,376)		(55,283)		6,959		,	•		(73,700)		3,151
Prepaid expenses		(4,352)		(1,246)		(266)	(14,312)	12)	(1,026)		(21,933)		(2,090)
Deferred outflow pension amounts		51,194		122,203		(2,533)	1,955	55	(81,874)		90,945		18,239
Customer deposits		325,150		(+16,61)		(0,443)	†,'T)	f '	(106(1)		325,150		(1,7,6)
Accounts payable		(170,880)		165,311		124,189	3,293	93	(350,987)		(229,074)	ٽ	(44,626)
Regulatory liability		490,641		1		•		,	1		490,641		
Compensated absences		335,057		341,330		38,167	26,950	20	50,911		792,415	ਜ	137,784
Net OPEB liability		(214,840)		(193,088)		100,443	(163,059)	29)	22,316		(448,228)	3	(29,801)
Net pension liability		196,330		(639,437)		27,482	36,983	83	492,540		113,898	<u>.</u>	(15,576)
Due to other funds		(52,600)		(17,000)		(2,900)	369,337	37	(3,200)		290,637	4)	414,600)
Due to other governments				1		263,598	2	' 6	1		263,598		
Unearned revenue		(41,879)		' '		(100)	(16,980)	() ()	' 1		(58,959)		' '
Deferred inflow pension amounts Deferred inflow OPEB amounts		478,305 95,773		195,631 35,171		18,902 41,664	104,044 (29,115)	44 15)	20,281		850,727 163,774		69,284 13,271
Total adjust ments		1,522,780		1,219,931		825,901	506,448	84	92,326		4,167,386	9	639,322
Net cash provided (used) by operating activities	·Λ	15,037,543	ψ	4,829,592	⋄	1,747,785	\$ (81,461)	61) \$	1,085,763	❖	22,619,222	\$	639,322
Noncash investing, capital, and financing activities: Increase (decrease) in fair value of investments Increase (decrease) in accrued interest receivable Increase (decrease) in accrued interest payable Capitalization of accrued payables, retainage Capital contributions of property and equipment Capitalization of trade-in credits Gain (Loss) on Capital Asset Disposal Amortization of bond premium Amortization of loss on bond defeasance		354,827 (1,246) (560) 38,815 37,380 19,500		16,343 (58) (11,536) 458,482 - 55,000 (21,439) 38,080 (34,441)		73.458 (258)	14,824 (52) - 12,381	,824 (52) - - - - -	(7)		459,452 (1,614) (12,096) 509,678 37,380 74,500 (21,439) 38,080 (34,441)		24,444

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

# CITY OF NEWARK, DELAWARE STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2020

	Pensio Other B Fun	enefits
ASSETS		
Cash and cash equivalents	\$	45,034
Investments:		
Domestic equity mutual funds	37	7,156,229
International equity mutual funds	23	3,341,079
Fixed income mutual funds	34	1,656,597
Real estate equity funds	7	7,826,118
Accounts receivable		3,003
Total assets	103	3,028,060
NET POSITION		
Net position restricted for employee pension benefits	87	7,753,412
Net position restricted for other post employment benefits	15	,274,648
Total net position	\$ 103	3,028,060

# CITY OF NEWARK, DELAWARE STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	Pension and Other Benefits Funds
ADDITIONS	
Contributions:	
Employer	\$ 5,788,975
State aid - police	374,655
Employee	671,488
Total contributions	6,835,118
Investments:	
Investment earnings	1,928,174
Net increase in fair value of investments	10,402,906
Total investment losses	12,331,080
Total additions	19,166,198
DEDUCTIONS	
Benefits	5,732,072
Administrative expenses	84,985
Total deductions	5,817,057
Change in net position	13,349,141
Net position - beginning of year (as restated)	89,678,919
Net position - end of year	\$ 103,028,060

#### 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 interdependencies, 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 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 classified as 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 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:

Electric Fund – 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.

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

<u>Stormwater Fund</u> – Used to account for the operation of a stormwater collection 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>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.

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.

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

#### 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, 2020 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 monitions sale and one percent of the remaining receivable balance. As of December 31, 2020, the allowance for doubtful accounts in the General Fund amounted to \$144,345.

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.

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 .20 percent of annual revenues, excluding adjustments, penalties and miscellaneous revenues. This amount approximates the City's actual loss experience.

As of December 31, 2020, the allowance for doubtful accounts amounted to \$342,115 in the Electric Fund, \$16,566 in the Water Fund, and \$24,173 in the Sewer Fund.

#### **Inventories and Prepaid Items**

Inventories of governmental and proprietary fund types are valued at average 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.

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

#### **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 acquisition value 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.

#### **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 costs 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 are reported as debt service expenditures.

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

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position reports 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 three items that qualify for reporting in this category, the deferred loss on refunding, deferred pension amounts and deferred OPEB amounts, which are reported on the Statement of Net Position.

In addition to liabilities, the statements of financial position reports 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, liens and deferred pension and OPEB amounts.

#### **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. Net investment in capital assets is defined as capital assets less accumulated depreciation and outstanding debt incurred to finance those capital assets.

#### **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.
- 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, 2020.
- 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.

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

#### **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 2020 was .9120 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.
- 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, 2020, actual revenues in the General Fund exceeded budgeted revenues by \$511,249. The City experienced unfavorable variances in numerous revenue categories which were offset by grant funding.

General Fund operating expenditures were \$1,977,710 less than appropriated. No departments had higher expenditures that budgeted.

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

#### <u>Pensions</u>

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.

#### OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and the deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of City's plan and additions to/deductions from the plan's net position have been determined on the same basis as the plan. Benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity time of purchase of one year or less, which are reported at cost.

#### **GASB Pronouncements**

The Governmental Accounting Standards Board (GASB) released, GASB Statement No. 84, Fiduciary Activities and GASB Statement No. 97, Certain Component Unit Criterial and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. The objective of GASB No. 84 is to improve guidance related to identifying fiduciary activities by state and local governments. The statement establishes criteria for activities that should be included in the basic financial statements. The focus of the criteria is on whether the government controls the assets of the fiduciary activity and the beneficiaries with whom the fiduciary relationship exists. GASB No. 97 further clarified the criteria for reporting certain defined contribution plans as component units. The City implemented these standards in 2020 and identified four funds previously reported as fiduciary funds that no longer met the criteria to be included in the financial statements.

The implementation of GASB 84 and GASB 97 resulted in the restatement of beginning net position of fiduciary funds as detailed below.

Net position- beginning as previously reported\$ 93,522,255Amounts no longer reported under GASB 84(3,843,336)Net position- beginning as restated\$ 89,678,919

#### 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, 2020, the carrying amount of the City's cash accounts and cash on hand was \$17,085,533, net of \$45,034 included in Fiduciary Funds. The bank balances were \$17,886,545. Of the bank balances, \$16,978,046 was covered by Federal Depository Insurance, \$908,499 was secured by collateral consisting of uninsured and unregistered investments held by the pledging financial institution but not in the City's name.

#### Investments

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, 2020 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, 2020, the City had the following investments (excluding investments of the City's fiduciary funds):

	INVES	TMEN	T MATURITIES (i	n year	<u>s)</u>				
Investment Type	Fair Value	Less Than			One to Five	Six to Ten		1	More Than
			One Year	<u>Years</u>			<u>Years</u>		Ten Years
U. S. Government Securities	\$ 12,272,617	\$	58,517	\$	5,094,124	\$	5,145,496	\$	1,974,480
Corporate Notes	11,775,352		431,241		10,121,356		1,222,755		-
Municipal Bonds	257,692		-		257,692		-		-
Real Estate	 52,702								-
	\$ 24,358,363	\$	489,758	\$	15,473,172	\$	6,368,251	\$	1,974,480

#### Credit Risk

The City and the Pension Plan have no policy regarding credit risk for U.S. Government Securities or Federal Agency Securities. The City's investments in corporate bonds have varying ratings from Standard & Poor's ranging from AAA to A-.

#### Interest Rate Risk

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

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.

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

#### **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.

#### 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. At the time of purchase, the investment in any single issuer shall not exceed 5 percent of the City's investment portfolio market value. This rule excludes direct obligations of the U.S. Government, U.S. Government Agencies and Enterprises, money market funds, and securities that have an effective maturity no longer than the next business day.

As of December 31, 2020, 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 (including investments of the City's fiduciary funds) are categorized in the following table:

					Balance
	<u>Level 1</u>	<u>Level 2</u>	Level 3	De	<u>cember 31, 2020</u>
Certificates of Deposit	\$ -	\$ -	\$ -	\$	-
U. S. Government Securities	12,272,617	-	-		12,272,617
Corporate Notes	11,775,352	-	-		11,775,352
Municipal Bonds	257,692	-	-		257,692
Domestic Equity Mutual Funds	37,156,229	-	-		37,156,229
International Equity Mutual Funds	23,341,079	-	-		23,341,079
Fixed Income Mutual Funds	34,656,597	-	-		34,656,597
Real Estate Equity Funds	7,826,118	-	-		7,826,118
Real Estate	 	 -	 52,702		52,702
	\$ 127,285,684	\$ -	\$ 52,702	\$	127,338,386

#### NOTE 3 CAPITAL ASSETS

The capital asset activity for the year ended December 31, 2020 was as follows:

		Beginning						Ending
		Balance	Balance Increases		Decreases			Balance
Governmental Activities								
Capital assets not being depreciated:		F F 42 C40	<u>,</u>				<u>,</u>	F F 42 C 40
Land	\$	5,543,610	\$	-	\$	-	\$	5,543,610
Construction in progress		595,376		1,995,959	_	204,568		2,386,767
Total capital assets not being depreciated		6,138,986		1,995,959		204,568		7,930,377
Capital assets being depreciated:								
Buildings		11,579,702		279,116		-		11,858,818
Improvements		36,004,796		744,311		-		36,749,107
Machinery and equipment		17,149,261		575,077		141,318		17,583,020
Total capital assets being depreciated		64,733,759		1,598,504		141,318		66,190,945
Less accumulated depreciation for:								
Buildings		7,086,056		269,293		-		7,355,349
Improvements		17,191,496		1,525,516		-		18,717,012
Machinery and equipment		13,122,745		938,681		141,318		13,920,108
Total accumulated depreciation	_	37,400,297		2,733,490		141,318		39,992,469
Total capital assets being depreciated, net		27,333,462		(1,134,986)		<del>-</del>		26,198,476
Governmental activities capital assets, net	\$	33,472,448	\$	860,973	\$	204,568	\$	34,128,853

#### NOTE 3 CAPITAL ASSETS (cont'd)

		Beginning					Ending
		Balance		Increases	 Decreases		Balance
Business-Type Activities							
Capital assets not being depreciated:							
Land	\$	11,503,536	\$	-	\$ -	\$	11,503,536
Construction in progress		2,795,586		5,929,224	127,236		8,597,574
Intangibles	_	8,126	_		 		8,126
Total capital assets not being depreciated		14,307,248		5,929,224	 127,236		20,109,236
Capital assets being depreciated:							
Buildings		33,157,408		54,551	105,333		33,106,626
Improvements		80,574,014		2,235,864	-		82,809,878
Machinery and equipment		6,205,436	_	524,822	 323,061		6,407,197
Total capital assets being depreciated		119,936,858		2,815,237	 428,394		122,323,701
Less accumulated depreciation for:							
Buildings		19,446,451		918,115	101,240		20,263,326
Improvements		35,614,602		1,978,634	-		37,593,236
Machinery and equipment	_	3,343,998	_	441,275	 305,715		3,479,558
Total accumulated depreciation		58,405,051		3,338,024	 406,955		61,336,120
Total capital assets being depreciated, net		61,531,807	_	(522,787)	 21,439	_	60,987,581
Business-type activities capital assets, net	\$	75,839,055	\$	5,406,437	\$ 148,675	\$	81,096,817
Depreciation expense was charged to the functions a	s foll	ows:					
General government					\$		348,137
Public safety							449,414
Public works							1,178,235
Culture and recreation							676,948
Capital assets held by the government's internal serv							
and charged to the various functions based on their	r usa	ge					80,756
Total depreciation expense - governmental activities					<u>\$</u>		2,733,490
Business-type activities:							
Electric					\$		1,354,236
Water					ڔ		1,422,122
Sewer							320,596
Parking							163,897
Stormwater							77,173
Total depreciation expense - business-type activities					\$		3,338,024
. J.a. acpicolation expense business type detivities					<u></u>		5,550,024

#### 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 governmental portion of these bonds were satisfied in 2020.

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, 2020 are general obligation debt supported by the full faith and credit of the City.

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

Business-Type Activities								
Year Ending								
December 31	Principal		Interest					
2021 2022	\$ 1,230,000 1,275,000	\$	75,150 38,250					
2022	\$ 2,505,000	\$	113,400					

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, 2020, \$2.5 million of bonds outstanding were considered defeased.

#### NOTE 4 LONG-TERM DEBT (cont'd)

#### Equipment Lease/Purchase Agreement – Business Type Activities

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 from 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 \$444,114 is included in total depreciation reported on the Statement of Revenues, Expenses, and Changes in Net Position.

As of December 31, 2020, payments under this lease obligation are as follows:

Year Ending December 31	Business Type Activities		
	:	Accivities	
2021	\$	703,350	
2022		703,350	
2023		703,350	
2024		703,350	
2025		703,350	
2026-2028		1,406,697	
Total lease payments		4,923,447	
Less: interest		(406,168)	
Present value of lease payments	\$	4,517,279	

#### 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 account. 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 \$21,500 is included in expenses of the General Government reported on the Statement of Activities.

Year Ending December 31	Gov	ernmental
	<u>Activities</u>	
2021	\$	49,255
2022		49,255
2023		49,255
2024		49,255
2025		49,255
2026-2027		77,985
Total lease payments		324,260
Less: interest		(27,832)
Present value of lease payments	\$	296,428

#### NOTE 4 LONG-TERM DEBT (cont'd)

#### Equipment Lease/Purchase Agreement - Governmental & Business Type Activities

On August 21, 2020, the City entered into an \$8,150,965 Equipment Lease/Purchase Agreement with Bank of America Public Capital Corporation. The loan bears an interest rate of 2.345 percent. Payments are due quarterly starting February 21, 2021, with the final payment due August 21, 2040. The proceeds, which were used to finance the Citywide Energy Savings Performance Contract project which includes HVAC and roof repair/replacement projects in the governmental and business-type activities, were deposited in an Acquisition Fund under the City's name. Disbursements for project construction costs were made from 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 \$9,216 is included in total depreciation reported on the Statement of Revenues, Expenses, and Changes in Net Position.

Year Ending	Governmental		В	usiness Type	
December 31	Activities			Activities	 Total
2021	\$	104,611	\$	86,529	\$ 191,140
2022		278,136		230,060	508,196
2023		279,149		230,899	510,048
2024		280,320		231,868	512,188
2025		281,650		232,968	514,618
2026 - 2030		1,433,751		1,185,929	2,619,680
2031 - 2035		1,490,939		1,233,232	2,724,171
2036 - 2040		1,535,786		1,270,328	 2,806,114
Total lease payments		5,684,342		4,701,813	10,386,155
Less: interest		(1,223,373)		(1,011,817)	(2,235,190)
Present value of lease payments	\$	4,460,969	\$	3,689,996	\$ 8,150,965

The assets acquired through these capital leases are as follows:

				Less:		
			a	ccumulated	Tota	al asset values
	E	Equipment	depreciation		unde	er capital leases
Governmental Activities	\$	2,068,907	\$	(84,466)	\$	1,984,441
Electric Fund		4,879,448		(1,805,265)		3,074,183
Water Fund		4,017,926		(1,484,916)		2,533,010
Parking Fund		138,008		(75,904)		62,104
Total	\$	11,104,289	\$	(3,450,551)	\$	7,653,738

#### 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, 2020 are summarized below:

Purpose		Amount
Governmental activities	\$	52,838
Business-type activities	652,77	
	\$	705,613

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

Year Ending		Governmen	tal A	Activities			Business-Type Activities					
December 31	<u>F</u>	rincipal		Interest		Total		Principal		Interest		Total
2021	\$	29,968	\$	829	\$	30,797	\$	370,240	\$	10,240	\$	380,480
2022		22,870		227		23,097		282,535		2,816		285,351
	\$	52,838	\$	1,056	\$	53,894	\$	652,775	\$	13,056	\$	665,831

#### NOTE 4 LONG-TERM DEBT (cont'd)

#### State Revolving Loans (SRL) - Business Type Activities

On June 19, 2018 a City referendum was approved by voters allowing for 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. Funding for the majority of these projects is through State Revolving Loans.

#### Clean Water State Revolving Loans

On November 27, 2018 the City entered into a financing agreement with the Delaware Water Pollution Control Revolving Fund, acting by and through the Department of Natural Resources and Environmental Control for the construction of a stormwater management facility at the site of the closed University of Delaware Dormitory complex in an amount up to \$9 million. The City is required to make semi-annual interest only payments at 2% during construction based on cumulative loan draws. Draws total \$3,239,403 at December 31, 2020.

On February 28, 2019 the City entered into a financing agreement with the Delaware Water Pollution Control Revolving Fund, acting by and through the Department of Natural Resources and Environmental Control for the Newark Sanitary Sewer Study Rehab – Phase One project in an amount up to \$1.3 million. The City is required to make semi-annual interest only payments at 2.489% during construction based on cumulative loan draws. Draws total \$130,220 at December 31, 2020.

#### **Drinking Water State Revolving Loans**

On February 28, 2019 the City entered into a financing agreement with the Delaware Drinking Water State Revolving Fund, acting by and through the Delaware Department of Health and Social Services, Division of Public Health for the South Well Field Water Treatment Plant upgrade project in an amount up to \$3 million. The City is required to make semi-annual interest only payments at 2.489% during construction based on cumulative loan draws. Draws total \$414,812 at December 31, 2020.

On February 28, 2019 the City entered into a financing agreement with the Delaware Drinking Water State Revolving Fund, acting by and through the Delaware Department of Health and Social Services, Division of Public Health for the Water Main Replacement Project in an amount up to \$1 million. The City is required to make semi-annual interest only payments at 2.489% during construction based on cumulative loan draws. Draws total \$969,328 at December 31, 2020.

On February 28, 2019 the City entered into a financing agreement with the Delaware Drinking Water State Revolving Fund, acting by and through the Delaware Department of Health and Social Services, Division of Public Health for the SCADA Upgrade Project in an amount up to \$550 thousand. The City is required to make semi-annual interest only payments at 2.489% during construction based on cumulative loan draws. There were no draws at December 31, 2020.

On December 12, 2019 the City entered into a financing agreement with the Delaware Drinking Water State Revolving Fund, acting by and through the Delaware Department of Health and Social Services, Division of Public Health for the Water Tank Rehabilitation Project in an amount up to \$2.25 million. The City is required to make semi-annual interest only payments at 2.489% during construction based on cumulative loan draws. There were no draws at December 31, 2020.

#### NOTE 5 CHANGES IN LONG-TERM LIABILITIES

Long term liability activity for the year ended December 31, 2020, was as follows:

		Beginning Balance		Additions		Reductions		Ending Balance		Oue Within One Year
Governmental Activities										
Bonds payable	\$	190,000	\$	-	\$	(190,000)	\$	-	\$	-
Plus: deferred amounts - bond premium		5,194		<u>-</u>		(5,194)		_		<u>-</u>
Total bonds payable		195,194		-		(195,194)		-		-
Lease payable		336,856		4,460,969		(40,428)		4,757,397		41,578
Notes payable		82,217		-		(29,379)		52,838		29,968
Net pension liability		21,723,781				(3,933,464)		17,790,317		-
Net OPEB liability		6,016,650				(1,207,347)		4,809,303		-
Compensated absences	_	999,318	_	2,201,831	_	(1,484,543)		1,716,606		171,661
Long-term liabilities	\$	29,354,016	\$	6,662,800	\$	(6,890,355)	\$	29,126,461	\$	243,207
Business-Type Activities										
Bonds payable	\$	3,690,000	\$	-	\$	(1,185,000)	\$	2,505,000	\$	1,230,000
Plus: deferred amounts - bond premium	•	107,898	·	-	·	(38,080)	·	69,818	·	38,080
Total bonds payable		3,797,898		-		(1,223,080)		2,574,818		1,268,080
Lease payable		5,108,247		3,689,996		(590,968)		8,207,275		603,970
Notes payable		1,015,739				(362,964)		652,775		370,240
State Revolving loans		50,000		4,703,763		-		4,753,763		-
Net pension liability		6,323,373		113,898		-		6,437,271		-
Net OPEB liability		2,034,277				(448,228)		1,586,049		-
Compensated absences	_	217,289	_	1,412,800	_	(620,385)		1,009,704		545,285
Long-term liabilities	\$	18,546,823	\$	9,920,457	\$	(3,245,625)	\$	25,221,655	\$	2,787,575

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. The internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. As of December 31, 2020, \$3,042,724 of leases payable, \$171,470 of compensated absences, \$484,552 of net pension liability and \$115,116 of net OPEB liability from internal service funds are included in the above amounts.

#### NOTE 6 INTERFUND TRANSFERS, RECEIVABLES & PAYABLES

The composition of interfund transfers as of the year ended December 31, 2020 was as follows:

		Transfer In		Transfer Out		
General Fund	\$	15,510,600	\$	2,506,476		
Capital Projects Fund	Y	3,421,926	Y	-		
Nonmajor Governmental Funds		283,195		1,418,245		
Electric Fund		-		12,377,200		
Water Fund		-		1,781,000		
Sewer Fund		-		858,000		
Parking Fund Internal Services Fund		219,600		494,400 -		
Total transfers	\$	19,435,321	\$	19,435,321		

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, 2020 was as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	 Amount
General	Community Development	\$ 46,000
General	Transportation	7,500
Electric	Maintenance	700,000
Electric	Parking	377,237
Maintenance	General	2,296,400
Maintenance	Transportation	7,300
Maintenance	Electric	369,400
Maintenance	Water	119,000
Maintenance	Sewer	41,200
Maintenance	Parking	55,300
Maintenance	Stormwater	22,500
Self Insurance	Maintenance	 1,618,900
Total		\$ 5,660,737

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. Due to /from between governmental activities and business type activities are shown net on the Government Wide Statement of Net Position and total \$92,600.

#### 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, 2020:

	 Total	General Fund	 Capital Projects Fund	Go	Other overnmental Funds
General government	\$ 103,253	\$ 103,253	\$ -	\$	-
Public safety	58,092	12,371	-		45,721
Public works	3,550	3,550	-		-
Culture & recreation	7,806	7,266	-		540
Capital projects	 600,794	 <u>-</u>	 600,794		<u>-</u>
	\$ 773,495	\$ 126,440	\$ 600,794	\$	46,261

#### 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 50<sup>th</sup> 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 Employees Council, Management Employees and Special Police employees in 2020 was 4.5 percent of current base and longevity pay earned. Contributions for AFSCME Locals 1670 and 3919 for 2020 was 2.5 percent.

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 2020.

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 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) 2.5 percent employee contribution rate for AFSCME, 4.5 percent for CWA, Management and Special 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, 2020 totaled \$4,524,655 including \$374,655 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, 2020, the most recent actuarial valuation, employee membership consisted of:

Police and Nonpolice Participants	Police	Police	Total
Active employees	72	100	172
Retired and disabled members receiving benefits	70	130	200
Deferred vested participants	0	10	10
Total	142	240	382

The City's total payroll for all employees covered by Plan for the current year was \$12,959,760. 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, 2020:

Asset Class	Minimum	Maximum	Target
Risk Based Assets	60%	80%	70%
Large Cap U.S. Equity	20%	30%	25%
Mid Cap U.S. Equity	5%	20%	10%
Small Cap U.S. Equity	0%	15%	5%
Non-U.S. Equity	5%	20%	10%
Emerging Market Equity	0%	10%	5%
Real Estate	0%	10%	5%
High Yield Bonds	0%	15%	7%
Commodities	0%	5%	3%
Fixed Income	25%	35%	28%
Cash	0%	30%	2%

#### 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, 2020 are as follows:

### Statement of Plan Net Position Employee's Pension Trust Fund

ASSETS	
Investments:	
Domestic equity mutual funds	\$ 31,384,067
International equity mutual funds	19,625,074
Fixed income mutual funds	30,057,127
Real estate equity funds	 6,684,141
Total investments	 87,750,409
Contributions receivable	 3,003
Total assets	 87,753,412
NET POSITION	
Restricted for employee post employment benefits	\$ 87,753,412
Statement of Changes in Plan Net Position Employee's Pension Trust Fund	
ADDITIONS	
Contributions:	
Employer contributions	\$ 4,150,000
State aid - police	374,655
Employee contributions	 671,488
Total contributions	 5,196,143
Investments:	1 645 000
Investment earnings  Net increase in fair value of investments	1,645,000 8,643,215
Total additions	 10,288,215
Total additions	 15,484,358
DEDUCTIONS	F 000 007
Benefits	5,093,097
Administrative expenses	 63,695
Total deductions	 5,156,792
Change in net position	10,327,566
Net position, January 1	 77,425,846
Net position, December 31	\$ 87,753,412

#### 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, 2020.

#### 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, 2020 was 13.3 percent. The money weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by proportion of time they are available to earn a return during that period.

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, 2020 are detailed below:

	Long-Term	
	Expected	Target
Asset Class	Rate of Return	Allocation
U.S. Cash	-0.59%	2.00%
U.S. Core Fixed Income	0.73%	18.00%
U.S. Core Bonds	0.69%	10.00%
U.S. High Yield Bonds	3.78%	7.00%
U.S. Large Cap	3.94%	12.50%
U.S. Large/Mid Cap	4.00%	12.50%
U.S. Small Cap	5.12%	5.00%
U.S. Mid Cap	4.29%	10.00%
Foreign Developed Equity	5.75%	10.00%
Emerging Markets Equity	7.55%	5.00%
U.S. REITs	5.11%	5.00%
Commodities	2.22%	3.00%
U.S. Core Fixed Income U.S. Core Bonds U.S. High Yield Bonds U.S. Large Cap U.S. Large/Mid Cap U.S. Small Cap U.S. Mid Cap Foreign Developed Equity Emerging Markets Equity U.S. REITS	0.73% 0.69% 3.78% 3.94% 4.00% 5.12% 4.29% 5.75% 7.55% 5.11%	18.00% 10.00% 7.00% 12.50% 12.50% 5.00% 10.00% 5.00% 5.00%

#### NOTE 8 PENSIONS (cont'd)

#### **Net Pension Liability**

The net pension liability of the trust as of December 31, 2020 was for the measurement date December 31, 2020:

Total pension liability	\$	111,981,000
Fiduciary net position		(87,753,412)
Nick remains listelity.	<u> </u>	24 227 500
Net pension liability	\$	24,227,588
Fiduciary net position as a % of total pension liability		78.36%
Changes in net pension liability:	<b>.</b>	2 250 660
Service cost	\$	2,359,669
Interest on total pension liability		6,319,393
Effect of plan changes		1,377,000
Effect of economic/demographic (gains) or losses		(143,965)
Effect of assumptions changes or inputs Benefit payments		1,689,000
• •		(5,093,097)
Net change in total pension liability		6,508,000
Total pension liability, beginning		105,473,000
Total pension liability, ending (a)	\$	111,981,000
Fiduciany Not Position		
Fiduciary Net Position Employer contributions		4,524,655
Member contributions		671,488
Investment income net of investment expenses		10,288,215
Benefit payments		(5,093,097)
Administrative expenses		(63,695)
Net change in plan fiduciary net position		10,327,566
Net change in plan haddlary het position		10,327,300
Fiduciary net position, beginning		77,425,846
Fiduciary net position, ending (b)	\$	87,753,412
Net pension liability, ending = (a) - (b)	\$	24,227,588
Covered payroll	\$	12,959,760
Net pension liability as a % of covered payroll		186.94%

#### NOTE 8 PENSIONS (cont'd)

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

Valuation date January 1, 2020, rolled forward to December 31,2020

Measurement date December 31, 2020 Actuarial cost method Entry Age Normal

Amortization period Level dollar 22 year amortization period and will decline

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

2017 Early Retirement Incentive Plan (ERIP) - 5 year closed period.

Asset valuation method Fair 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 6.0%

Projected salary increases Based on 2.5% wage inflation rates plus reflecting wage

progression and longevity increases for each employee

group.

Cost of living adjustments None General inflation 2.3%

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

2% to 100%

Mortality rate PUBG/PUBS-2010 Mortality Tables projected on a generational basis

using Scale MP-2019.

#### **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	6.00%
Long-term expected rate of return, net of investment return	6.00%
Bond Buyer General Obligation 20- Bond Municipal Bond Index	2.12%

#### 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 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 percent) or 1 percentage point higher (7 percent) than the current rate.

	1% Decrease <u>5.00</u> %	Current Discount Rate <u>6.00</u> %		1% Increase <u>7.00</u> %	
Total pension liability Fiduciary net position	\$ 126,618,000 87,753,412	\$	111,981,000 87,753,412	\$ 99,870,000 87,753,412	
Net pension liability	\$ 38,864,588	\$	24,227,588	\$ 12,116,588	

#### Deferred Inflows/Outflows of Resources

	erred Inflows Resources	Deferred Outflows of Resources		
Differences between expected and actual experience Changes of assumptions	\$ 400,726 -	\$	737,028 4,346,025	
Net difference between projected and actual earnings	 7,797,874		<u> </u>	
Total	\$ 8,198,600	\$	5,083,053	

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:	
2020	\$ (279,430)
2021	306,263
2022	(2,121,870)
2023	(1.020.510)

#### 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 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

#### 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, 2019, the date of the latest actuarial valuation:

Participants	
Active	174
Retired	173
Total	347

#### **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 2020, the City contributed \$1,638,975 to prefund benefits and to pay current premiums for postemployment benefits. For 2020, the current premium costs of those benefits were \$638,975.

#### NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)(cont'd)

#### Investment Policy/ Rate of Return/Discount Rate

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

The annual money weighted rate of return on OPEB plan investments, net of plan investment expenses, for the fiscal year ended December 31, 2020 was 16 percent. The money weighted rate of return considers the changing amounts actually invested during a period and weights the amount of plan investments by the proportion of time they are available to earn a return during that period. The money weighted rate of return is calculated net of investment expenses.

#### **Discount Rate**

The plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the 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.

Discount rate	6.00%
Long-term expected rate of return, net of investment return	6.00%
Bond Buyer General Obligation 20- Bond Municipal Bond Index	2.12%

The condensed financial statements as of and for the year ended December 31, 2020 are as follows:

### Statement of Plan Net Position Other Post-Employment Benefits Plan December 31, 2020

ASSETS		
Cash and cash equivalents	\$	45,034
Investments:		
Domestic equity mutual funds		5,772,162
International equity mutual funds		3,716,005
Fixed income mutual funds		4,599,470
Real estate equity funds		1,141,977
Prepaid expenses		
Total assets		15,274,648
NET POSITION		
Restricted for employee post employment benefits	<u>\$</u>	15,274,648

#### NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)(cont'd)

Statement of Changes in Plan Net Position Other Post-Employment Benefits Plan For the Year Ended December 31, 2020

ADDITIONS Contributions: Employer contributions	\$	1,638,975
Investments:		
Investment earnings		283,174
Net increase (decrease) in fair value of investments		1,759,691
Total additions		3,681,840
DEDUCTIONS		
Benefits		638,975
Administrative expenses		21,290
Total deductions		660,265
Change in net position		3,021,575
Net position, January 1		12,253,073
Net position, December 31	\$ :	15,274,648

#### NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

#### **Net OPEB Liability**

The components of the net OPEB liability of the trust as of December 31, 2020 were as follows:

Total OPEB liability	\$ 21,670,000
Fiduciary net position	(15,274,648)
Net OPEB liability	\$ 6,395,352
Fiduciary net position as a % of	
total OPEB liability	70.49%

#### **Changes in Net OPEB Liability**

Total OPEB liability	
Service cost	\$ 463,065
Interest on total OPEB liability	1,221,074
Effect of plan changes	187,000
Effect of economic/demographic (gains) or losses	(33,164)
Effect of assumptions changes or inputs	372,000
Benefit payments	(843,975)
Net change in total OPEB liability	1,366,000
Total OPEB liability, beginning	 20,304,000
Total OPEB liability, ending (a)	\$ 21,670,000
Fiduciary net position	
Employer contributions	1,638,975
Investment income net of investment expenses	2,042,865
Benefit payments	(638,975)
Administrative expenses	 (21,290)
Net change in plan fiduciary net position	3,021,575
Fiduciary net position, beginning	 12,253,073
Fiduciary net position, ending (b)	\$ 15,274,648
Net OPEB liability, ending = (a) - (b)	\$ 6,395,352
Fiduciary net position as a % of total OPEB liability	70.49%
Covered payroll	\$ 12,826,195
Net OPEB liability as a % of covered payroll	49.86%

#### NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

The City's net OPEB liability was measured as of December 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2019.

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

Valuation date	January 1, 2019, rolled forward to December 31, 2020
Measurement date	December 31, 2020
Actuarial cost method	Entry Age Normal
Amortization period	Level dollar 22 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	Fair value
Actuarial assumptions:	
Investment rate of return	6.0%
Projected salary increases	Based on 2.5% 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	PUBG/PUBS-2010 Mortality Tables projected on a generational basis
	using Scale MP-2019.

#### **Sensitivity Analysis**

The following presents the net OPEB for the City, calculated using the discount rate of 6 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 percent) or 1 percentage point higher (7 percent) than the current rate.

	ا	1% Decrease 5.00%		Di	Current scount Rate 6.00%		1% Increase 7.00%
Total OPEB liability Fiduciary net position	\$	24,108,000 15,274,648		\$	21,670,000 15,274,648	\$	19,570,000 15,274,648
Net OPEB liability	\$	8,833,352	,	\$	6,395,352	\$	4,295,352

#### NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

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 healthcare cost trend rate of 1 percentage point lower or 1 percentage point higher than the current trend rates.

	 1% Decrease	٦	Current Frend Rate		1% Increase
Total OPEB liability Fiduciary net position	\$ 20,302,000 15,274,648	\$	21,670,000 15,274,648		\$ 22,971,000 15,274,648
Net OPEB liability	\$ 5,027,352	\$	6,395,352	_:	\$ 7,696,352

#### Deferred Inflows/Outflows of Resources

For the year ended December 31, 2020, the City recognized OPEB expense of \$427,881 net of the implicit rate subsidy of \$205,000 noted in the valuation. At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	erred Inflows Resources	 rred Outflows f Resources
Differences between expected and actual experience	\$ 84,329	\$ -
Changes of assumptions	748,432	292,851
Net difference between projected and actual earnings	 1,401,201	 <u> </u>
Total	\$ 2,233,962	292,851

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

Year ended December 31:	
2021	\$ (495,430)
2022	(495,432)
2023	(720,035)
2024	(230,214)

#### NOTE 11 SECTION 401A PLANS

#### CITY MANAGER'S RETIREMENT FUND

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 Council of Newark serving as the trustee and there is no formal board for the plan. 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 2020.

#### **EMPLOYEES RETIREMENT FUND**

The City of Newark 401A Retirement Fund is a money purchase retirement plan and trust known as the City of Newark, Delaware Employee Defined Contribution Pension Plan. This plan is administered by the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust, with the City Council of Newark serving as the trustee and there is no formal board for the plan. 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 2020, total contributions to the plan were \$622,449.

#### NOTE 12 RETIREMENT HEALTH SAVINGS PLANS

City employees participate in the following Retirement Health Savings Plans depending on date of hire:

The City of Newark Retirement Health Savings Plan 2009 is an employer-sponsored health savings plan that is administered by the ICMA Retirement Corporation with the City Council acting as trustee and there is no formal board for the plan. 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. In 2020, contributions to the plan were \$14,471.

The City of Newark Retirement Health Savings Plan 2012 is an employer-sponsored health savings plan that is administered by the ICMA Retirement Corporation with the City Council acting as trustee and there is no formal board for the plan. 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 employees 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 covered employees according to the plan contribution provisions. In 2020, plan contributions totaled \$203,667.

#### NOTE 13 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 are no outstanding general liability claims above the insurance limit.

The City is self-insured for workers' compensation claims prior to May 14, 2019; 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. There is one workers' compensation claim above the insurance limit. 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, 2020, there were several outstanding workers compensation claims included in accrued liabilities:

Fiscal Year	L	Aggregate iability for s beginning 1/1	 Current Year Claims	 Actual Claims Payments	L	Aggregate Liability for as ending 12/31
2020	\$	2,171,165	\$ -	\$ 417,569	\$	1,753,596
2019	\$	2,886,356	\$ 78,026	\$ 793,217	\$	2,171,165
2018	\$	204,500	\$ 4,017,785	\$ 1,335,929	\$	2,886,356

#### NOTE 14 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 14 THE DELAWARE MUNICIPAL ELECTRIC CORPORATION, INC. (cont'd)

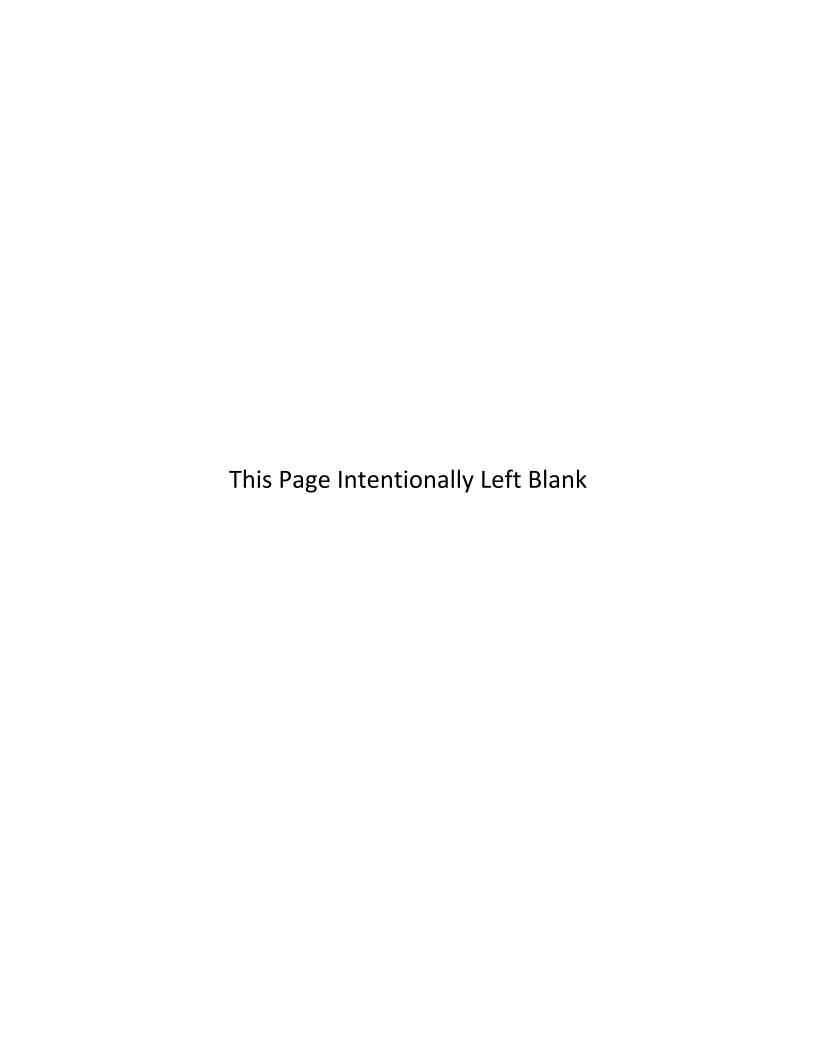
On May 1, 2011, the City entered into separate power sales agreements to purchase a 43.7 percent interest in the capacity produced by Unit 2 of the Warren F. "Sam" Beasley Power Station located in Smyrna, Delaware, owned by DEMEC. The City is entitled to 43.7 percent of all power supply and ancillary 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 a 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 15 LITIGATION

There was one pending lawsuit in which the City was involved at December 31, 2020. The lawsuit is currently in the beginning stages as it was delayed due to court closures as a result of the pandemic and if the case goes to trial it will not likely happen until 2023. Additionally, there were four pending claims against the City as of the date of the financial statements. Two of the claimants have hired counsel and there has been no suits filed against the City on the other claims.







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

Total Pension Liability		2014	(4	2015	(7	2016	2017	7	2018			2019	•	2020
Service cost	↔	1,657,347	\$	1,630,162	.,	1,739,878 \$		\$ 026,681	1,828,519	519 \$		1,970,556		2,359,669
Interest on total pension liability		5,109,595				5,545,543	5,6	2,667,566	5,888,322	322				6,319,393
Effect of plan changes		1		•		٠	3	301,000	c	3,000		895,000		1,377,000
Effect of economic/demographic (gains) or losses		(336,929)		596,848		503,390	4	403,715	1,877,397	397		(513,503)		(143,965)
Effect of assumptions changes or inputs		1		1	7	4,565,000		٠	1,603,000	000		4,251,000		1,689,000
Benefit payments		(3,617,747)	<u></u>	(3,930,926)	7)	(4,206,811)	(4,76	(4,762,251)	(4,848,238)	238)		(4,936,658)		(5,093,097)
Net change in total pension liability		2,812,266	,	3,592,000	~	8,147,000	3,4	3,450,000	6,352,000	000		7,974,000		6,508,000
Total pension liability, beginning		73,145,734	75	75,958,000	75	79,550,000	87,69	87,697,000	91,147,000	000	0,	97,499,000	1(	105,473,000
Total pension liability, ending (a)	↔	75,958,000	\$ 75	79,550,000	8	87,697,000	91,1	91,147,000 \$	97,499,000	\$ 000	10	105,473,000	13	111,981,000
Fiduciary Net Position														
Employer contributions		3,607,379	(17	3,546,256	(17	3,448,649	3,3	3,341,627	3,850,986	986		3,912,802		4,524,655
Member contributions		498,028		513,766		522,921	5.	529,344	292	565,748		641,550		671,488
Investment income (loss) net of investment expenses		3,328,627		231,608	7	4,421,702	9,2	9,216,606	(3,787,283)	283)		13,381,274	` '	10,288,215
Benefit payments		(3,617,747)	<u></u>	(3,930,926)	7	(4,206,811)	(4,7	(4,762,251)	(4,848,238)	(388)		(4,936,658)		(5,093,097)
Administrative expenses	l	(134,643)		(29,425)		(80,915)	1)	(53,630)	98)	(86,550)		(116,285)		(63,695)
Net change in plan fiduciary net position		3,681,644		331,279	7	4,105,546	8,2	8,271,696	(4,305,337)	337)		12,882,683	` '	10,327,566
Fiduciary net position, beginning	ļ	52,458,335	2(	56,139,979	2(	56,471,258	60,57	60,576,804	68,848,500	200	)	64,543,163		77,425,846
Fiduciary net position, ending (b)	❖	56,139,979	\$ 26	56,471,258	\$	60,576,804 \$	68,8	68,848,500 \$	64,543,163	163 \$		77,425,846	χ.	87,753,412
Net pension liability, ending = (a) - (b)	₩	19,818,021	\$ 23	23,078,742	\$ 27	27,120,196 \$		22,298,500 \$	32,955,837	837 \$		28,047,154	., .,	24,227,588
Fiduciary net position as a % of total pension liability		73.91%		70.99%		%80.69		75.54%	99	66.20%		73.41%		78.36%
Covered payroll	↔	12,880,696	\$ 13	12,562,421	\$ 13	12,908,988 \$		12,128,926 \$	12,593,688	\$ 889		12,651,764	.,	12,959,760
Net pension liability as a % of covered payroll		153.86%		183.71%		210.09%	Ä	183.85%	261	261.69%		221.69%		186.94%

\* 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, 2020

#### Notes to schedule:

Valuation date January 1, 2020, rolled forward to December 31,2020

Measurement date December 31, 2020 Actuarial cost method Entry Age Normal

Amortization period Level dollar 22 year amortization period and will decline

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

2017 Early Retirement Incentive Plan (ERIP) - 5 year closed period.

Asset valuation method Fair 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 6.0%

Projected salary increases Based on 2.5% wage inflation rates plus reflecting wage

progression and longevity increases for each employee

group.

Cost of living adjustments None General inflation 2.3%

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

2% to 100%

Mortality rate PUBG/PUBS-2010 Mortality Tables projected on a generational basis

using Scale MP-2019.

## CITY OF NEWARK, DELAWARE SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS DECEMBER 31, 2020

Fiscal Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
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%
2018	3,857,788	3,850,986	6,802	12,593,688	30.58%
2019	3,897,013	3,912,802	(15,789)	12,651,764	30.93%
2020	4,464,562	4,524,655	(60,093)	12,959,760	34.91%

#### **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%
Year Ended December 31, 2018	-5.53%
Year Ended December 31, 2019	20.84%
Year Ended December 31, 2020	13.30%

## CITY OF NEWARK, DELAWARE SCHEDULE OF CHANGES IN EMPLOYER'S NET OPEB LIABILITY AND RELATED RATIOS \*\* FOR THE YEAR ENDED DECEMBER 31

	2017	2018	2019		2020
Total OPEB liability					
Service cost	\$ 427,447	\$ 440,270	\$ 467,117	\$	463,065
Interest on total OPEB liability	1,239,529	1,289,956	1,342,448		1,221,074
Effect of plan changes	-	187,000	-		187,000
Effect of economic/demographic (gains) or losses	(33,805)	(25,162)	(77,387)		(33,164)
Effect of assumptions changes or inputs	-	(51,000)	(1,194,000)		372,000
Benefit payments (including implicit rate subsidy)	 (823,852)	 (918,064)	 (827,178)	_	(843,975)
Net change in total OPEB liability	809,319	923,000	(289,000)		1,366,000
Total OPEB liability, beginning	19,047,681	19,857,000	20,593,000		20,304,000
Total OPEB liability, ending (a)	\$ 19,857,000	\$ 20,780,000	\$ 20,304,000	\$	21,670,000
Fiduciary net position					
Employer contributions	1,001,172	1,414,064	1,426,178		1,638,975
Implicit rate subsidy contribution*	222,000	304,000	201,000		205,000
Investment income (loss) net of investment expenses	1,156,971	(543,150)	2,044,852		2,042,865
Benefit payments	(601,852)	(614,064)	(626,178)		(638,975)
Implicit rate subsidy payments*	(222,000)	(304,000)	(201,000)		(205,000)
Administrative expenses	 (20,933)	 (22,390)	 (15,440)	_	(21,290)
Net change in plan fiduciary net position	1,535,358	234,460	2,829,412		3,021,575
Fiduciary net position, beginning	 7,653,843	9,189,201	9,423,661		12,253,073
Fiduciary net position, ending (b)	\$ 9,189,201	\$ 9,423,661	\$ 12,253,073	\$	15,274,648
Net OPEB liability, ending = (a) - (b)	\$ 10,667,799	\$ 11,356,339	\$ 8,050,927	\$	6,395,352
Fiduciary net position as a % of total OPEB liability	46.31%	45.35%	60.35%		70.49%
Covered payroll	\$ 11,696,145	\$ 11,696,145	\$ 12,425,486	\$	12,826,195
Net OPEB liability as a % of covered payroll	91.15%	97.09%	64.79%		49.86%

<sup>\*</sup>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 \$201,000 are not reflected on the Statement of Changes in Net Position – Fiduciary Funds.

<sup>\*\*</sup> 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 \*\* FOR THE YEAR ENDED DECEMBER 31

#### Notes to schedule:

Valuation date January 1, 2019, rolled forward to December 31, 2020

Measurement date December 31, 2020 Actuarial cost method Entry Age Normal

Amortization period Level dollar 22 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 Fair value

Actuarial assumptions:

Investment rate of return 6.0%

Projected salary increases Based on 2.5% 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 PUBG/PUBS-2010 Mortality Tables projected on a generational basis

using Scale MP-2019.

#### CITY OF NEWARK, DELAWARE RSI - OPEB DECEMBER 31, 2020

#### **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 Payroll
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%
2018	1,383,560	1,414,064	(30,504)	11,696,145	12.09%
2019	1,249,413	1,426,178	(176,765)	12,425,486	11.48%
2020	1,203,149	1,638,975	(435,826)	12,826,195	12.78%

#### **SCHEDULE OF INVESTMENT RETURNS**

Year Ended December 31, 2014	N/A
Year Ended December 31, 2015	N/A
Year Ended December 31, 2016	N/A
Year Ended December 31, 2017	15.14%
Year Ended December 31, 2018	-5.65%
Year Ended December 31, 2019	20.79%
Year Ended December 31, 2020	16.00%





## CITY OF NEWARK, DELAWARE COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2020

					•	Special Revenue Funds	nue Fun	ds		ı	Total	
					Com	Community					Nonmajor	
			Trans	Transportation	Develo	Development	,	Law	Parks and	Ĝ	Governmental	
ASSETS	Debi	Debt Service		Fund		Fund	Ent	Entorcement	Recreation		Funds	
Cash and cash equivalents Accounts receivable Prepaid if ems	<b>⋄</b>	38,641	<b>⋄</b>	393 71,690 1,058	<b>⋄</b>	469 73,284	⋄	1,041,754 86,824	\$ 390,423	\$\sqrt{\sqrt{\sqrt{\chi}}}	1,471,680 231,798 8,757	
Total assets	φ	46,340	٠	73,141	↔	73,753	⋄	1,128,578	\$ 390,423	φ <b> </b>	1,712,235	
LIABILITIES												
Accounts payable and accrued expenses	❖	4,306	↔	53,403	❖	27,753	❖	171,804	\$ 670	↔	257,936	
One to other funds				14,800		46,000			'		60,800	
Total liabilities		4,306		68,203		73,753		300,081	029		447,013	
FUND BALANCES												
Nonspendable												
Prepaid items		669'2		1,058		1		İ	•		8,757	
Restricted for												
Safetytown programs		İ		•				İ	64,245		64,245	
Parks donations		1		1		1		ı	34,731		34,731	
Recreation donations		1		1		1		İ	37,233		37,233	
Island beautification		1		•		•		İ	133,663		133,663	
Parkland improvements		i		•		•		İ	104,344		104,344	
Other parks programs		1				1		İ	15,537		15,537	
Law enforcement		•		ı		•		828,497	'		828,497	
Assigned to												
Debt service		34,335		i		1		İ	'		34,335	
Transportation		•		3,880		•		1	'		3,880	
Total fund balances		42,034		4,938		ı		828,497	389,753		1,265,222	
Total liabilities and fund balances	ş	46,340	❖	73,141	\$	73,753	\$	1,128,578	\$ 390,423	\$	1,712,235	

# CITY OF NEWARK, DELAWARE COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

			Special Rev	Special Revenue Funds		Total
		Transportation	Community Development	Law	Parks and	Nonmajor Governmental
	Debt Service	Fund	Fund	Enforcement	Recreation	Funds
REVENUES						
Fines, forfeits and costs	·	· •>	· \$	\$ 25,720	· ◆	\$ 25,720
Interest, dividends and rents	1	1	•	299	1	299
Intergovernmental revenues	1	143,380	167,761	414,426	27,235	752,802
Charges for services	1	•	•	•	41,650	41,650
Total revenues	1	143,380	167,761	440,445	68,885	820,471
EXPENDITURES						
Current:						
General government	1	155,129	•	•	•	155,129
Public safety	ı	•	•	306,338	•	306,338
Community development	1	•	142,761	•	•	142,761
Culture and recreation	1	•	•	•	12,913	12,913
Debt service:						
Principal	259,807	•	•	•	•	259,807
Interest	15,945	•	•	•	•	15,945
Capital outlay	ı	•	25,000	89,786	•	114,786
Total expenditures	275,752	155,129	167,761	396,124	12,913	1,007,679
Excess (deficiency) of revenues	(0.10)	(00 0 00)		700	r 6	(000 000)
over (under) expenditures	(75/,57)	(11,749)		44,321	57,6,55	(187,208)
OTHER FINANCING SOURCES (USES)						
Proceeds of long-term capital-related lease	1,418,245	' !	•	•	•	1,418,245
Transfers in	271,446	11,749	1			283,195
Iransrers out	(1,418,245)	' (	'	•	'	(1,418,245)
lotal other financing sources and (uses)	271,446	11,749	'		'	283,195
Net change in fund balances	(4,306)	1	ı	44,321	55,972	95,987
Fund balances - January 1	46,340	4,938	'	784,176	333,781	1,169,235
Fund balances - December 31	\$ 42,034	\$ 4,938	· •	\$ 828,497	\$ 389,753	\$ 1,265,222

# 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, 2020

		Budgeted	<b>Budgeted Amounts</b>				Variar Final B	Variance with Final Budget -
	ō	Original		Final	Actua (Budg	Actual Amounts (Budgetary Basis)	Fave (Unfa	Favorable (Unfavorable)
EXPENDITURES								
Debt service: Principal Interest	₩.	258,689 92,063	₩.	258,689 92,063	φ.	259,807 15,945	v.	(1,118) 76,118
Total debt service		350,752		350,752		275,752		75,000
Total expenditures		350,752		350,752		275,752		75,000
Deficiency of revenues under expenditures		(350,752)		(350,752)		(275,752)		75,000
Other Financing Sources (Uses)								
Proceeds of long-term capital-related lease Transfers In Transfers Out		350,752		350,752		1,418,245 271,446 (1,418,245)	1, 1,	1,418,245 (79,306) (1,418,245)
Total other financing sources and uses		350,752		350,752		271,446		(79,306)
Net change in fund balances		1		1		(4,306)	❖	(4,306)
Fund balances - January 1		46,340		46,340		46,340		
Fund balances - December 31	❖	46,340	⋄	46,340	⋄	42,034		

# CITY OF NEWARK, DELAWARE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES— BUDGET AND ACTUAL TRANSPORTATION SPECIAL REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 2020

	Budgeted	Budgeted Amounts		Variance with Final Budget -
	Original	Final	Actual Amounts	Favorable (Hinfavorable)
REVENUES		5	(Signa Lippagna)	
Intergovernmental revenues	\$ 143,380	\$ 143,380	\$ 143,380	\$
Total revenues	143,380	143,380	143,380	
EXPENDITURES				
Current: General government	280,269	280,269	155,129	125,140
Total general government	280,269	280,269	155,129	125,140
Total expenditures	280,269	280,269	155,129	125,140
Excess (deficiency) of revenues over (under) expenditures	(136,889)	(136,889)	(11,749)	125,140
Other Financing Sources (Uses)				
Transfers in	136,889	136,889	11,749	(125,140)
Total other financing sources and uses	136,889	136,889	11,749	(125,140)
Net change in fund balances	ı	1	•	\$
Fund balances - January 1	4,938	4,938	4,938	
Fund balances - December 31	\$ 4,938	\$ 4,938	\$ 4,938	

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

	Budgeted	Budgeted Amounts		Variance with Final Budget -
	Original	Final	Actual Amounts (Budgetary Basis)	Favorable (Unfavorable)
REVENUES	b			
Intergovernmental revenues	\$ 245,000	\$ 413,782	\$ 167,761	\$ (246,021)
Total revenues	245,000	413,782	167,761	(246,021)
EXPENDITURES				
Current: Community development: Community development & subventions	245,000	413,782	142,761	271,021
Total community development	245,000	413,782	142,761	271,021
Capital outlay	25,000	25,000	25,000	1
Total expenditures	270,000	438,782	167,761	271,021
Excess of revenues over expenditures	(25,000)	(25,000)		25,000
Other Financing Sources (Uses)				
Transfers In	1,248	1,248		(1,248)
Total other financing sources and uses	1,248	1,248		(1,248)
Net change in fund balances	(23,752)	(23,752)	•	\$ 23,752
Fund balances - January 1				
Fund balances - December 31	\$ (23,752)	\$ (23,752)	· ·	

# 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, 2020

Variance with

		Budgeted Amounts	Amounts				Final	Final Budget -
	Ori	Original		Final	Actual (Budge	Actual Amounts (Budgetary Basis)	Fav (Unfa	Favorable (Unfavorable)
REVENUES								
Fines, forfeits and costs Interest, dividends and rents Intergovernmental revenues	φ.	7,000	₩.	7,000	φ.	25,720 299 414,426		18,720 299 89,776
Total revenues		331,650		331,650		440,445		108,795
EXPENDITURES								
Current: Public safety: Police		335,286		335,286		306,338		28,948
Total public safety		335,286		335,286		306,338		28,948
Capital outlay		'		1		89,786		(89,786)
Total expenditures		335,286		335,286		396,124		(60,838)
Excess (deficiency) of revenues over (under) expenditures		(3,636)		(3,636)		44,321		47,957
Other Financing Sources (Uses)								
Transfers In		3,636		3,636		'		(3,636)
Total other financing sources and uses		3,636		3,636		1		(3,636)
Net change in fund balances		•		1		44,321	❖	44,321
Fund balances - January 1		784,176		784,176		784,176		
Fund balances - December 31	∿	784,176	↔	784,176	↔	828,497		

# CITY OF NEWARK, DELAWARE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — BUDGET AND ACTUAL PARKS AND RECREATION SPECIAL REVENUE FUND FOR THE YEAR ENDED DECEMBER 31, 2020

		<b>Budgeted Amounts</b>	Amounts				Variance with Final Budget -	it t-
	Orig	Original	•	Final	Actual (Rudget	Actual Amounts	Favorable (Linfavorable)	a <u>a</u>
REVENUES	5	5			200	(cond to		2
Intergovernmental revenue Charges for services	-γ-	28,200	φ.	28,200	φ.	27,235 41,650	\$ (965) 41,650	(965)
Total revenues		28,200		28,200		68,885	40,685	585
EXPENDITURES								
Current: Culture and recreation:								
Parks and recreation Landscape beautification		20,121 14,975		20,121 14,975		4,201 8,712	15,920 6,263	15,920 6,263
Total culture and recreation		35,096		35,096		12,913	22,183	183
Total expenditures		35,096		32,096		12,913	22,183	183
Excess (deficiency) of revenues over (under) expenditures		(968'9)		(968'9)		55,972	62,868	898
Other Financing Sources (Uses)								
Transfers in		968'9		968'9			(6,8	(968'9)
Total other financing sources and uses		968'9		968'9			(6,8	(968'9)
Net change in fund balances		ı		ı		55,972	\$ 55,972	972
Fund balances - January 1		333,781		333,781		333,781		
Fund balances - December 31	<b>\$</b>	333,781	φ	333,781	φ.	389,753		

## CITY OF NEWARK, DELAWARE COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS DECEMBER 31, 2020

	Maintenance Fund	Self- Insurance Fund	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 388,847	\$ 885,767	\$ 1,274,614
Investments, unrestricted	-	733,800	733,800
Accounts receivable, net	1,280	2,948	4,228
Due from other funds	2,911,100	1,618,900	4,530,000
Inventory	9,700	-	9,700
Prepaid items	34,728	-	34,728
Restricted Assets:			
Cash and cash equivalents	2,439,149		2,439,149
Total current assets	5,784,804	3,241,415	9,026,219
Noncurrent assets:			
Capital assets, net:			
Land	44,230	-	44,230
Construction in progress	971,482	-	971,482
Buildings	631,029	-	631,029
Improvements	19,404	-	19,404
Machinery and equipment	254,838		254,838
Total noncurrent assets	1,920,983		1,920,983
Total assets	7,705,787	3,241,415	10,947,202
DEFERRED OUTFLOW OF RESOURCES			
Deferred pension amounts	101,661	_	101,661
Deferred OPEB amounts	5,271	_	5,271
Deletted OF LD attlounts	5,271		5,271
Total deferred outflow of resources	106,932		106,932
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	416,988	1,807,359	2,224,347
Compensated absences	110,424	-	110,424
Due to other funds	2,318,900		2,318,900
Total current liabilities	2,846,312	1,807,359	4,653,671
Noncurrent liabilities:			
Compensated absences	61,046	-	61,046
Net OPEB liability	115,116	-	115,116
Net pension liability	484,552	-	484,552
Bonds, notes, and lease payable	3,042,724		3,042,724
Total noncurrent liabilities	3,703,438		3,703,438
Total liabilities	6,549,750	1,807,359	8,357,109
DEFERRED INFLOW OF RESOURCES			
	162.072		162.072
Deferred pension amounts	163,972	-	163,972
Deferred OPEB amounts	40,211 204,183		40,211 204,183
	204,183	<u>-</u>	204,183
NET POSITION			
Net investment in capital assets	1,026,686	-	1,026,686
Unrestricted	32,100	1,434,056	1,466,156
Total net position	\$ 1,058,786	\$ 1,434,056	\$ 2,492,842

## CITY OF NEWARK, DELAWARE COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	Maintenance Fund	Self- Insurance Fund	Total Internal Service Funds
Operating Revenues:			
Charges for service	\$ 2,259,877	\$ 106,733	\$ 2,366,610
Miscellaneous	18,374		18,374
Total operating revenues	2,278,251	106,733	2,384,984
Operating Expenses:			
Personnel	1,070,033	-	1,070,033
Materials and supplies	570,117	-	570,117
Contracted services	406,797	106,733	513,530
Depreciation	80,756	-	80,756
Other	150,548	-	150,548
Total operating expenses	2,278,251	106,733	2,384,984
Operating income			
Nonoperating Revenues (Expenses):			
Interest and investment revenue		42,835	42,835
Total nonoperating revenues (expenses) Income before capital grants, capital		42,835	42,835
contributions, and transfers	-	42,835	42,835
Capital grants and contributions	21,000	-	21,000
Transfers in		219,600	219,600
Change in net position	21,000	262,435	283,435
Total net position - beginning of year (as restated)	1,037,786	1,171,621	2,209,407
Total net position - end of year	\$ 1,058,786	\$ 1,434,056	\$ 2,492,842

## CITY OF NEWARK, DELAWARE COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	Maintenance Fund	Self- Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund charges for fleet management services	\$ 1,515,514	\$ -	\$ 1,515,514
Receipts from interfund charges for facility management services	744,363	-	744,363
Receipts from interfund charges for risk management services	· -	521,333	521,333
Other operating receipts	17,975	-	17,975
Payments to suppliers for goods and services	(816,488)	(475,814)	(1,292,302)
Payments to employees for services	(867,561)		(867,561)
Net cash provided (used) by operating activities	593,803	45,519	639,322
CASH FLOWS FROM NONCAPITAL			
FINANCING ACTIVITIES			
Transfers in	-	219,600	219,600
Net cash provided (used) by noncapital			
financing activities		219,600	219,600
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from bonds, notes and capital lease issuance	3,042,724	_	3,042,724
Purchases of capital assets	(985,662)	-	(985,662)
Capital grants received	21,000	-	21,000
Net cash provided (used) by capital and related	<u> </u>		<u>,                                      </u>
financing activities	2,078,062		2,078,062
CASH FLOWS FROM INVESTING ACTIVITIES Interest received		18,391	18,391
Net cash provided (used) by investing activities	<del>_</del> _	18,391	18,391
Net increase (decrease) in cash and cash equivalents	2,671,865	283,510	2,955,375
Cash and cash equivalents - beginning of year	156,131	602,257	758,388
Cash and cash equivalents - end of year	\$ 2,827,996	\$ 885,767	\$ 3,713,763
Reconciliation of operating income to net cash			
provided by operating activities			
Operating income	\$ -	\$ -	\$ -
Adjustments to reconcile operating income to net cash			
provided by operating activities:	90.750		90.756
Depreciation expense Effect of changes in operating assets and liabilities	80,756	-	80,756
Accounts receivable	(399)	-	(399)
Due from other funds	414,600	414,600	829,200
Inventory	3,151	-	3,151
Prepaid expenses	(2,090)	-	(2,090)
Deferred outflow pension amounts	18,239	-	18,239
Deferred outflow OPEB amounts	(5,271)	-	(5,271)
Accounts payable	324,455	(369,081)	(44,626)
Compensated absences	137,784	-	137,784
Net OPEB liability	(29,801)	-	(29,801)
Net pension liability	(15,576)	-	(15,576)
Due to other funds	(414,600)	-	(414,600)
Deferred inflow pension amounts	69,284	-	69,284
Deferred inflow OPEB amounts	13,271		13,271
Total adjustments	593,803	45,519	639,322
Net cash provided (used) by operating activities	\$ 593,803	\$ 45,519	\$ 639,322
Noncash investing, capital, and financing activities: Increase (decrease) in fair value of investments	-	24,444	24,444
(		= -,	= .,

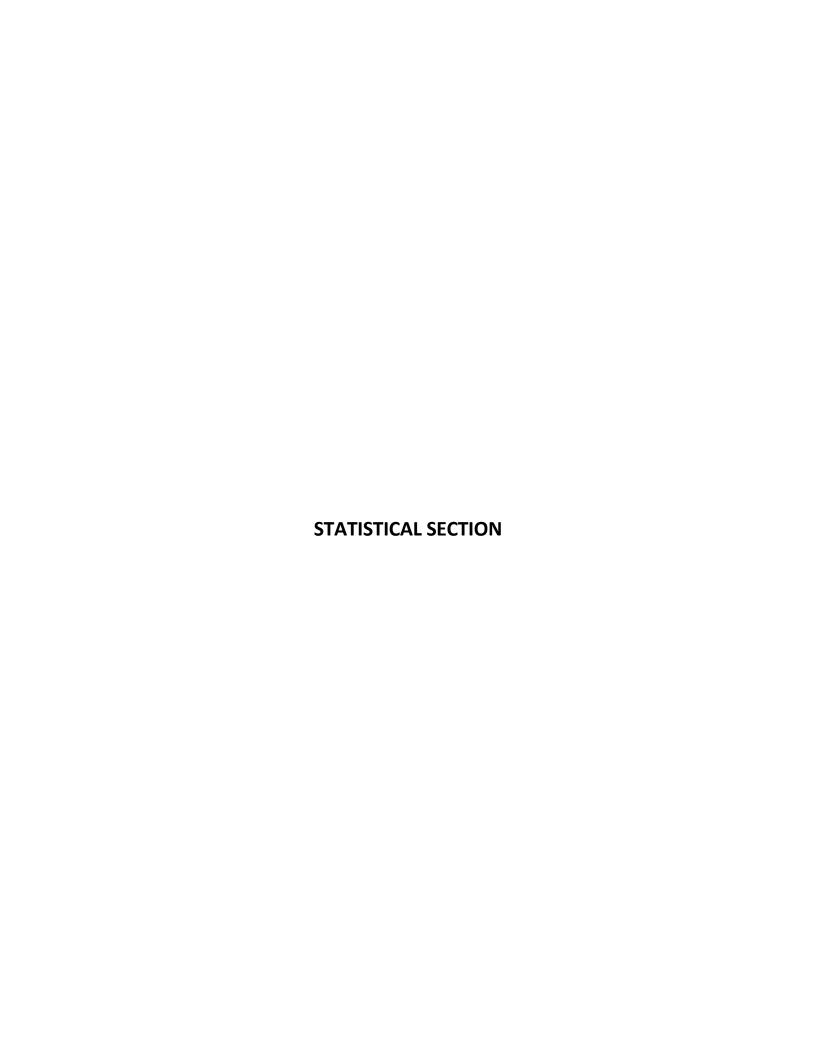
## CITY OF NEWARK, DELAWARE COMBINING STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2020

		Employees ension Trust Fund	E	Other Post- mployment enefits Fund	 Total Fiduciary Funds
ASSETS	<u> </u>	_			
Cash and cash equivalents	\$	-	\$	45,034	\$ 45,034
Investments:					
Domestic equity mutual funds		31,384,067		5,772,162	37,156,229
International equity mutual funds		19,625,074		3,716,005	23,341,079
Fixed income mutual funds		30,057,127		4,599,470	34,656,597
Real estate equity funds		6,684,141		1,141,977	7,826,118
Accounts receivable		3,003			3,003
Total assets		87,753,412		15,274,648	 103,028,060
NET POSITION					
Net position restricted for employee pension benefits		87,753,412		-	87,753,412
Net position restricted for other post employment benefits				15,274,648	15,274,648
Total net position	\$	87,753,412	\$	15,274,648	\$ 103,028,060

## CITY OF NEWARK, DELAWARE COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2020

	Employees Pension Trust Fund	Other Post- Employment Benefits Fund	Total Fiduciary Funds
ADDITIONS			
Contributions:			
Employer contributions	\$ 4,150,000	\$ 1,638,975	\$ 5,788,975
State aid - police	374,655	-	374,655
Employee contributions	671,488		671,488
Total contributions	5,196,143	1,638,975	6,835,118
Investments:			
Investment earnings	1,645,000	283,174	1,928,174
Net increase in			
fair value of investments	8,643,215	1,759,691	10,402,906
Total investment earnings (deficit)	10,288,215	2,042,865	12,331,080
Total additions	15,484,358	3,681,840	19,166,198
DEDUCTIONS			
Benefits	5,093,097	638,975	5,732,072
Administrative expenses	63,695	21,290	84,985
Total deductions	5,156,792	660,265	5,817,057
Change in net position	10,327,566	3,021,575	13,349,141
Net position - January 1	77,425,846	12,253,073	89,678,919
Net position - December 31	\$ 87,753,412	\$ 15,274,648	\$ 103,028,060





## STATISTICAL SECTION

This part of the City of Newark's annual comprehensive 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** 102-106 These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. 107-114 **Revenue Capacity** 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** 115-118 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 119-120 These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.

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.

121-123

**Operating Information** 

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

## CITY OF NEWARK, DELAWARE CHANGES IN NET POSITION LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

										Fiscal Year	ĭ									
		2011		2012		2013		2014		2015		2016		2017		2018		2019		2020
Governmental activities																				
Net investment in capital assets	∽	23,474,857	ψ.	27,031,981	δ.	28,039,416	s	30,202,907	\$	30,269,082	s	31,378,295	\$	32,033,351	ψ,	32,127,961	\$	32,860,010	s	29,318,618
Restricted		241,912		337,388		322,332		426,369		176,186		1,337		893,224		1,172,296		1,117,957		1,390,826
Unrestricted		13,830,066		12,002,129		13,562,419		13,531,373		(2,964,236)		(5,589,425)		(8,585,727)	ت	(16,763,284)		(16,293,499)	_	(13,155,672)
Total governmental activities net position	\$	37,546,835	\$	39,371,498	ş	41,924,168	Ş	44,160,649	\$	27,481,032	ş	25,790,207	\$	24,340,848	\$	16,536,973	ş	17,684,468	Ş	17,553,772
Business-type activities																				
Net investment in capital assets	\$	37,821,033	φ.	39,486,456	\$	45,847,342	\$	45,621,495	\$	49,953,620	\$	54,356,297	\$	58,842,536	\$	60,558,726	φ.	65,964,765	φ.	72,315,548
Restricted		668,642		8,786,225		1,928,424		817,815		•		•		•						
Unrestricted		14,561,705		8,290,134		12,604,948		18,603,562		14,729,687		15,273,278	1	16,417,133		18,851,124		19,204,772		16,449,545
Total business-type activities net position	\$	53,051,380	\$	56,562,815	\$	60,380,714	\$	65,042,872	\$	64,683,307	\$	69,629,575	\$	75,259,669	\$	79,409,850	\$	85,169,537	\$	88,765,093
Primary government																				
Net investment in capital assets	₩.	66,518,437	ψ,	73,886,758	φ.	75,824,402	₩.	80,222,702	s	85,734,592	s	85,734,592	\$	90,875,887	\$	92,686,687	ψ,	98,824,775	\$	.01,634,166
Restricted		9,123,613		2,250,756		1,244,184		176,186		1,337		1,337		893,224		1,172,296		1,117,957		1,390,826
Unrestricted		20,292,263		26,167,367		32,134,935		11,765,451		9,683,853		9,683,853		7,831,406		2,087,840		2,911,273		3,293,873
Total primary government net position	\$	95,934,313	ş	102,304,882	ş	109,203,521	ş	92,164,339	\$	95,419,782	\$	95,419,782	\$	99,600,517	\$	95,946,823	\$ 1	102,854,005	\$ 1	106,318,865

## CITY OF NEWARK, DELAWARE CHANGES IN NET POSITION LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

							Fiscal Year								
	2011	2012	2013		2014	2015	20	2016	20	2017	2018		2019		2020
FXDPDSPS															
Governmental activities:															
General government	\$ 8,380,516	\$ 6,237,220	\$ 6,395,748	748 \$	7,079,702	\$ 7,515,728	s	7,758,601	\$	7,934,478 \$	8,513,469	\$ 6	8,162,236	\$	8,139,725
Public safety	10,899,136	11,426,222	12,220,141	141	13,012,788	15,712,929	1	14,523,004	-	15,256,085	17,692,838	œ	17,371,732		16,316,043
Public works	4,303,785	5,938,001	5,034,078	078	4,920,853	5,355,309		5,234,161		5,435,573	5,853,165	5	5,383,774		5,282,098
Community development	320,682	150,939	219	219,480	178,555	238,997		204,919		152,971	257,509	6	201,776		142,761
Culture and recreation	2,020,999	2,908,610	2,992,043	043	3,263,524	3,646,885		3,476,444		3,575,722	4,543,526	9	3,948,473		4,124,613
Interest expense	87,994	37,453	30	30,814	28,512	22,073		19,551		21,032	22,037	7	15,087		8,942
Total governmental activities expenses	26,013,112	26,698,445	26,892,304	304	28,483,934	32,491,921	3	31,216,680	(1)	32,375,861	36,882,544		35,083,078		34,014,182
Business-type activities:				] [								] [			
Electric	44,815,073	41,681,970	39,515,400	400	39,747,555	41,767,161	4	10,754,499	(1)	39,901,201	40,724,087	.7	39,003,819		38,257,145
Water	4,105,171	3,928,933	4,534,736	736	5,262,775	5,702,289		5,551,922		5,851,339	5,046,620	0	5,603,083		5,075,577
Sewer	4,206,078	4,559,881	4,947,453	453	5,092,098	5,201,543		5,388,663		5,560,685	5,973,196	9	6,358,390		5,823,686
Parking	809,599	802,008	865	865,948	1,012,311	1,593,805		1,566,019		1,740,399	1,952,617	7	2,049,277		1,716,696
Stormwater (initiated in 2018)	•	•									1,104,922	7	911,681		1,434,692
Total business-type activities expenses	53,935,921	50,975,792	49,863,537	537	51,114,739	54,264,798	2	53,261,103	u,	53,053,624	54,801,442	2	53,926,250		52,307,796
Total primary government expenses	\$ 79,949,033	\$ 77,674,237	\$ 76,755,841	841 \$	79,598,673	\$ 86,756,719	\$	84,477,783	\$	85,429,485	91,683,986	\$ 9	89,009,328	Ş	86,321,978
Program Revenues															
Governmental activities:															
Charges for services:															
General government	\$ 3.969.259	3.996.682	3.942.052	052 \$	3.723.116	\$ 2.443.382	v	2.657.236	Ş	3.081.864	3.068.057	\$	3.292.784	÷	2.365.192
Public safety			1 921 357		1 702 677	891 512		1 313 738					1 412 797		1 249 800
Public works	223 603	184 811	113	113 402	10 169	8 843		8 687		20.564	17.804	4	39 147		19 353
Culture and recreation	520,023	110,401	611	517,771	505,013	300 203		655 634		569 514	706 907		550 057		20,233
	538,444	3/0,800	014	1/1	580,013	623,025		655,634		908,514	86,007	٠, ١	7 20,923		206,126
Operating grants and contributions	1,262,306	1,067,730	1,328,639	639	1,347,577	1,220,225		1,250,818		1,321,862	1,388,615	vi i	1,845,043		4,1/4,291
	1,565,828	3,393,569	1,493,727	727	2,051,726	665,475		588,637		1,670,470	1,338,317	ا <sub>ح</sub> ا	1,305,054		55,346
Total governmental activities program revenues	9,079,427	10,650,573	9,413,948	948	9,421,278	5,852,462		6,474,750		8,112,037	9,107,425	5	8,615,748		8,070,108
Business-type activities:															
charges for services.							ı	000	٠	0					
Electric	56,230,1/8	53,455,096	51,156,188	188	50,484,772	53,022,467	ς.	53,202,489	2)	52,884,838	55,311,837	_	52,817,450		51,712,301
Water	6,346,031	7,347,756	7,288,821	821	8,455,187	9,045,018		9,564,594		9,595,035	9,600,198	<u>∞</u>	9,307,957		8,519,986
Sewer	5,643,113	6,002,001	5,989,085	085	6,691,812	6,709,584		7,174,004		7,054,106	7,237,658	∞	7,415,214		6,744,804
Parking	1,383,768	1,381,148	1,422,411	411	1,501,768	2,712,473		2,772,597		2,899,949	2,930,539	6	2,744,814		1,128,787
Stormwater (initiated in 2018)											2,028,116	9	2,435,618		2,414,657
Capital grants and contributions	644,724	66,045	442	442,870	1,796,634	298,368		149,250		69,764	145,869	6	535,109		37,380
Total business-type activities program revenues	70,247,814	68,252,046	66,299,375	375	68,930,173	71,787,910	7	72,862,934	_	72,503,692	77,254,217	7.	75,256,162		70,557,915
Total primary government program revenues	\$ 79,327,241	\$ 78,902,619	\$ 75,713,323	323 \$	78,351,451	\$ 77,640,372	\$ 7	79,337,684	3 \$	80,615,729	\$ 86,361,642	.2 \$	83,871,910	\$	78,628,023
Net (expense)/revenue					1000			0				!			6
Governmental activities	\$ (16,933,685)	(16,047,872)	\$ (17,478,356)	356) \$	(19,062,656)	\$ (26,639,459)	'n	(24, /41,930)	∑. ` ^-	_	\$ (27,7,5,119)	٠ (6)	(26,467,330)	٨	(25,944,074)
Business-type activities	16,311,893	17,276,254	16,435,838	838	17,815,434	17,523,112		19,601,831				2	21,329,912		18,250,119
Total primary government net expense	\$ (621,792)	\$ 1,228,382	\$ (1,042,518)	518) \$	(1,247,222)	\$ (9,116,347)	\$	(5,140,099)	\$	(4,813,756) \$	5,322,344)	4) \$	(5,137,418)	\$	(7,693,955)

## **CHANGES IN NET POSITION - CONTINUED** (ACCRUAL BASIS OF ACCOUNTING) **CITY OF NEWARK, DELAWARE** LAST TEN FISCAL YEARS

										Fiscal Year										
		2011		2012		2013		2014	2015		2016		2017		2018	l	2019	l	2020	
General Revenues and Other Changes in Net Position																				
Governmental activities:																				
Taxes																				
Real estate taxes	s	5,102,146	\$	5,264,245	\$	5,515,859	ş	5,612,294	\$ 5,79	\$,794,770 \$	. 6,2	\$,264,005 \$	9	6,557,441 \$	6,73	\$ 6,729,794 \$	9	\$,766,578 \$	7,61	,614,898
Real estate transfer taxes		988,807		1,162,016		1,424,534		1,821,278	2,07	2,074,082	1,4	1,430,654	1	1,584,426	2,36	2,365,285	2,	2,646,573	1,29	1,293,038
Franchise fees		399,960		412,079		424,649		444,853	46	462,368	4	482,218		471,456	.9	628,907		423,106	43	439,346
Lodging taxes (intiated 12/01/2018)															7	46,937		760,647	35	351,790
Investment earnings		117,447		129,570		8,984		126,100	11	116,947	1	116,018		115,172	12	124,038		640,030	9	903,706
Miscellaneous		1,039						,				,		,		,		,		,
Proceeds from sale of capital assets		7,240												,				,		
Gain (loss) on sale of capital assets		•		41,176		34,040		22,960	1	18,912		9,730		59,200	υ,	51,403		25,863		
Transfers		12,389,994		13,732,314		12,622,960		13,271,652	14,25	14,255,640	14,7	14,748,480	14	14,026,770	16,29	16,292,527	16,	16,352,028	15,51	15,510,600
Total governmental activities		19,006,633		20,741,400		20,031,026		21,299,137	22,72	22,722,719	23,62	23,051,105	22	22,814,465	26,23	26,238,891	27,	27,614,825	25,81	25,813,378
Business-type activities:																				
Investment earnings		74,758		126,956		5,021		118,376	12	124,235		92,917		166,645	15	192,272		742,903	80	802,976
Miscellaneous		12,821																		
Gain (loss) on sale of capital assets		24,000						,	2	25,750		,		40,151				38,900	2	53,061
Transfers		(12,389,994)	_	(13,732,314)		(12,622,960)		(13,271,652)	(14,25	(14,255,640)	(14,7	(14,748,480)	(14	(14,026,770)	(16,29	(16,292,527)	(16,	(16,352,028)	(15,51	(15,510,600)
Total business-type activities		(12,278,415)	  -	(13,605,358)		(12,617,939)		(13,153,276)	(14,10	(14,105,655)	(14,6	(14,655,563)	(13	(13,819,974)	(16,10	(16,100,255)	(15,	(15,570,225)	(14,65	(14,654,563)
Total primary government	φ	6,728,218	ς. 	7,136,042	ş	7,413,087	ş	8,145,861	\$ 8,61	8,617,064 \$	8,8	8,395,542 \$	00	8,994,491 \$	10,13	10,138,636 \$	12,	12,044,600 \$	11,15	11,158,815
Change in Net Position																				
Governmental activities	<b>s</b>	4,693,528	s	2,552,670	\$	2,236,481	\$	(3,916,740)	\$ (1,69	\$ (1,690,825)	4(1)	\$ (1,449,359) \$	(1)	(1,536,228) \$	(1,5	\$ (1,536,228) \$	1,	\$ 1,147,495	(13	(130,696)
Business-type activities		3,670,896		3,817,899		4,662,158		3,417,457	4,94	4,946,268	5,6	5,630,094	9	6,352,520	6,35	6,352,520	. 2,	5,759,687	3,59	3,595,556
Total primary government	\$	8,364,424	\$	6,370,569	\$	6,898,639	\$	(499,283)	\$ 3,25	3,255,443 \$	4,1	4,180,735 \$	4	4,816,292 \$	4,81	4,816,292 \$	9	6,907,182 \$	3,46	3,464,860
1										1										

Taxes

Real estate taxes

Real estate taxes

Real estate transfer taxes
Franchise fees

Lodging taxes (initated 12/01/2018)

Investment earnings

Miscellaneous

Proceeds from sale of capital assets

Gain (loss) on sale of capital assets

Taxisfers

Total governmental activities

Business-type activities:

Investment earnings

Miscellaneous

Gain (loss) on sale of capital assets

Taxin service activities:

Investment earnings

Miscellaneous

Gain (loss) on sale of capital assets

Taxin services

Total business-type activities

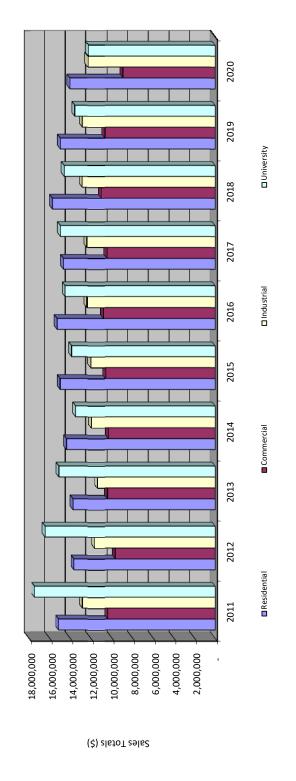
## CITY OF NEWARK, DELAWARE FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

										Fiscal Year	Year									
		2011		2012		2013		2014		2015		2016		2017		2018		2019		2020
General fund Fund balances:																				
Nonspendable	↔	105,441	ş	54,026	ς,	80,580	ş	128,618	ş	309,223	s	126,359	ş	156,325	❖	165,163	❖	574,799	❖	567,389
Restricted		150,664		132,891		85,030		98,682						,		,		170,540		172,576
Assigned		25,257		24,165		115,804		108,022		108,720		111,514		93,285		156,304		128,675		126,440
Unassigned		2,559,055		2,697,321		4,295,720		4,082,549		3,868,737		4,144,251		4,283,966		3,637,979		3,803,145		2,860,046
Total general fund	↔	2,840,417	Ş	2,908,403	\$	4,577,134	ş	4,417,871	\$	4,286,680	ş	4,382,124	\$	4,533,576	ş	3,959,446	ş	4,677,159	ş	3,726,451
All other governmental funds Fund balances:																				
Nonspendable	❖	34,559	❖	54,176	⋄	27,363	❖	20,257	s	52,846	⋄	12,199	δ.	7,699	ş	68,839	↔	69,828	ş	50,553
Restricted		2,434,591		760,724		877,335		946,722		747,478		875,174		893,224		1,172,296		1,117,957		1,218,250
Assigned		6,470,015		8,141,835		8,010,460		7,895,040		7,216,613		5,673,497		4,598,693		3,949,378		5,506,809		6,820,876
Unassigned		(36)										,				-		-		
Total all other governmental funds	↔	8,939,129	ş	8,956,735	8 \$	8,915,158	ş	8,862,019	ş	8,016,937	ş	6,560,870	\$	5,499,616	\$	5,190,503	ş	6,694,594	\$	8,089,679

# CITY OF NEWARK, DELAWARE CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

					Fisc	Fiscal Year				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Taxes	\$ 6,412,978	\$ 6,838,340	\$ 7,365,042	\$ 7,878,425	\$ 8,331,220	\$ 8,176,877	\$ 8,613,323	\$ 9,770,923	\$ 10,596,904	\$ 9,699,072
Licenses and permits	1 945 632	1 961 647	2 291 368	2 140 480	1 494 793	1 649 231	2 174 978	2 896 107	1 254 096	1 098 034
	20072.200	305 306 6	907 406 6	1 000 715	1 507 710	700 100	1 057 794	270 270	002 440 1	1 080 400
rilles, iorieits and costs	2,403,743	2,300,700	2,394,700	L1,909,7 L3	ETZ,/UC,L	2,014,327	T,007,204	011,012,2	L,944,709	1,009,400
Investment earnings	169,599	129,570	8,984	126,100	109,343	110,008	107,460	113,998	612,396	560,871
Intergovernmental revenues	2,618,365	4,251,023	2,238,117	2,893,994	1,457,261	1,315,182	2,464,797	1,785,210	2,615,126	3,642,604
Charges for services/fees	1,836,072	1,920,840	1,905,503	1,891,780	986,429	1,003,861	1,105,646	1,276,082	2,281,547	1,691,946
Community donations								425,249	2,000	
Subvention-University of Delaware	207,125	211,500	511,003	516,620	504,953	492,149	499,331	506,658	515,271	527,122
Total revenues	15,655,516	17,619,708	16,714,725	17,437,114	14,391,218	14,761,635	16,832,819	18,992,345	19,825,049	18,309,049
Expenditures										
General government	5,650,131	5,977,569	6,067,682	6,783,535	6,532,539	7,102,547	7,333,498	7,996,746	7,592,387	7,678,868
Public safety	10,899,188	10,976,608	11,646,760	12,724,277	12,946,674	13,295,638	14,230,492	16,286,387	15,992,469	16,821,298
Public works	4,966,108	4,932,173	3,929,085	3,863,765	3,804,497	3,799,250	4,056,558	4,472,833	4,007,015	4,264,973
Community development	320,682	150,939	219,480	178,555	238,997	204.919	152,971	257,509	201.776	142.761
Culture and recreation	2 584 379	2 623 249	2 575 895	2 7 7 8 4 8 9	708 067 6	7 739 878	7 899 397	3 783 579	3 127 665	2 986 032
Bond issuance costs	22,22,33	0+1,010,1	,	5,000	,00,03,1,7	0.0,00		- '	000,131,0	1,000,000,1
	001,11	7 500								
Lease acquisition costs	. !	000,4	. :	. :	. :	. :	. !	. !	. !	,
Capital outlay	2,547,520	5,772,745	3,079,323	4,402,660	2,308,342	3,514,189	3,410,170	3,154,129	2,317,855	2,404,233
Debt service										
Principal 10	1,670,000	160,000	183,880	179,609	191,603	197,137	218,293	241,458	248,112	259,807
Jointerest and other charges	101,709	31,444	42,466	33,239	30,744	26,910	28,418	29,944	23,040	15,945
Total expenditures	28,761,906	30,629,227	27,744,571	30,944,129	28,774,203	30,880,468	32,329,797	36,222,585	33,510,319	34,573,917
Excess of revenues										
over (under) expenditures	(13,106,390)	(13,009,519)	(11,029,846)	(13,507,015)	(14,382,985)	(16,118,833)	(15,496,978)	(17,230,240)	(13,685,270)	(16,264,868)
Other financing sources (uses)										
Proceeds of long-term capital-related lease	•					•	430,000	•	•	1,418,245
Transfers in	17,366,337	17,981,393	16,634,009	17,415,013	17,672,928	16,296,303	14,649,848	17,686,213	18,893,176	19,215,721
Transfers out	(4,986,260)	(4,249,079)	(4,011,049)	(4,143,360)	(3,417,288)	(1,547,823)	(553,496)	(1,393,686)	(3,032,256)	(3,924,721)
Proceeds from debt	1,530,000	269,164	•			•	•	•	•	
Proceeds from sales of capital assets	7,240	43,633	34,040	22,960	56,388	9,730	60,824	54,470	46,154	•
Litigation Settlement		(920,000)				•		•	•	
Total other financing sources (uses)	13,917,317	13,095,111	12,657,000	13,294,613	14,312,028	14,758,210	14,587,176	16,346,997	15,907,074	16,709,245
Net change in fund balances	\$ 810,927	\$ 85,592	\$ 1,627,154	\$ (212,402)	\$ (70,957)	\$ (1,360,623)	\$ (909,802)	\$ (883,243)	\$ 2,221,804	\$ 444,377
Debt service as a percentage of noncapital	% «	% C	% <del>o</del>	% C	% C	% C	% C	% C	% C	% <b>5</b> C
cyballatrates	0.00	0.0	20.0	0.00	0.00	80.0	20.0	900	50.0	20.0

# CITY OF NEWARK, DELAWARE ELECTRIC USAGE AND ACTUAL SALES TOTALS LAST TEN FISCAL YEARS



		RESIDENTIAL			COMMERCIAL			INDUSTRIAL			UNIVERSITY			TOTALS	
ΙĄ	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)
	91,825,911	15,120,100	0.165	69,658,960	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
	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
	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
	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
	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
	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
	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
	98,863,064	15,720,735	0.159	76,218,764	11,011,743	0.144	94,250,040	12,804,462	0.136	156,259,346	14,570,633	0.093	425,591,214	54,107,573	0.127
	96,397,523	14,943,381	0.155	76,310,791	10,664,016	0.140	98,051,478	12,800,345	0.131	153,531,544	13,536,632	0.088	424,291,336	51,944,374	0.122
	94,888,915	14,014,819	0.148	66,880,388	8.944.946	0.134	99,691,994	12.282.140	0.123	140,635,692	12,223,046	0.087	402,096,989	47,464,951	0.118

## PRINCIPAL ELECTRIC UTILITY CUSTOMERS **CURRENT YEAR AND NINE YEARS AGO CITY OF NEWARK, DELAWARE**

			2020			2011	
				Percentage of Total			Percentage of Total
Customer	Type of Business	Consumption (1)	Rank	Consumption	Consumption (1)	Rank	Consumption
University of Delaware (2)	Public University	148,259,082	Н	36.87%	147,296,641	Н	36.64%
Rohm & Haas Electronics	Manufacturing-Various	29,481,956	2	7.33%	29,631,424	2	7.37%
The Chemours Company	Chemical Research Hub	13,946,400	8	3.47%			
Power Systems Composites LLC	Wholesale Electric Equipment	8,939,952	4	2.22%	6,537,648	æ	1.63%
Acme Markets	Retail - Groceries	5,894,040	2	1.47%	2,606,640	10	0.65%
DuPont Specialty Products USA LLC (3)	Chemicals and Synthetics	5,344,920	9	1.33%			
GWL 300 McIntire LLC (4)	Warehousing	3,396,960	7	0.84%			
Quest Pharmaceutical Services	Pharmaceutical Research	3,297,695	8	0.82%			
Christina School District	Public Schools	3,218,884	6	0.80%	3,828,852	9	0.95%
Verizon Communications	Public Utility	3,208,957	10	0.80%	3,190,752	6	0.79%
E I Dupont De Nemours & Company (3)	Chemicals and Synthetics				5,603,400	4	1.39%
Fraunhofer USA, Inc.	Biotechnology Research				4,229,040	2	1.05%
Supermarkets General Corp.	Retail-Groceries				3,727,600	∞	0.93%
618 G P Warehouse LLC (4)	Warehousing				3,752,400	7	0.93%
		224,988,846		55.95%	210,404,397		52.34%

Note: (1) Peak demand rate is not considered.

<sup>(2)</sup> University totals include accounts not billed at "University" rate.
(3) DuPont Specialty Products USA LLC is the successor of E I DuPont De Nemours & Company.
(4) GWL 300 McIntire LLC is the successor of 618 G P Warehouse LLC.

## 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
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	0.6458	N/A
2013	568,315,120	915,930,100 2	683,587,511 2	800,657,709	0.6858	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	0.6961	N/A
2016	592,327,020	950,452,300	694,712,283	848,067,037	0.7065	N/A
2017	592,310,200	956,158,820	694,898,159	853,570,861	0.7737	N/A
2018	595,920,120	960,560,200	697,490,594	858,989,726	0.7737	N/A
2019	589,537,920	974,675,100	709,403,008	854,810,012 <sup>3</sup>	0.8047	N/A
2020	591,064,220	951,711,000 4	668,648,475 4	874,126,745	0.9120	N/A

- (1) Source: City of Newark Finance Department, in consultation with New Castle County Department of Land Use.
- (2) 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.
- (3) A large apartment parcel was transferred to the University of Delaware and was granted an educational exemption.
- (4) Two large University of Delaware dormitory complexes, which were exempt from taxation, were demolished in 2020.

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.

## 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
2011	0.6458	0.2436	1.9427	2.83212
2012	0.6858	0.2436	2.1107	3.04010
2013	0.6961	0.2436	2.1711	3.11077
2014	0.6961	0.2436	2.2700	3.20968
2015	0.7065	0.2436	2.2709	3.22097
2016	0.7737	0.2436	2.5614	3.57865
2017	0.7737	0.2436	2.5695	3.58679
2018	0.7737	0.2618	2.6372	3.67270
2019	0.8047	0.2904	2.6774	3.77251
2020	0.9120	0.2562	3.1293	4.29750

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.

## CITY OF NEWARK, DELAWARE PRINCIPAL PROPERTY TAXPAYERS CURRENT YEAR AND NINE YEARS AGO

Total Taxable         Total Taxable         Total Taxable         Percentage of Total Taxable         Percentage of Total Taxable         Percentage of Total Taxable         Percentage of Total Taxable         Percentage of Total Taxable         Assessed					2020				2011	
net         Type of Business         Value         Rank         Assessed         Assessed         Rank         Value         Value         Nalue         Nalue         Nalue         Nalue         Nalue         Nalue         Nalue         Value         Value         Nalue         > <th></th> <th></th> <th>Taxable</th> <th></th> <th>Percentage of Total Taxable</th> <th></th> <th>Taxable</th> <th></th> <th>Percentage of Total Taxable</th>				Taxable		Percentage of Total Taxable		Taxable		Percentage of Total Taxable
nef         Type of Business         Value         Rank         Value         Value         Rank         Value         Value         Rank         Value				Assessed		Assessed		Assessed		Assessed
Retail Property / Apartments         \$ 30,578,120         1         3.50%         \$ 10,484,500         4           Company         Public Utility         11,716,400         3         1.34%         11,112,300         2           Apartments         Apartments         11,112,300         4         1.27%         11,112,300         2           Apartments         Apartments         Nanufacturing         8,562,000         6         0.98%         8,562,000         6           Public Utility         8,253,600         7         0.94%         11,379,400         1           Public Utility         8,253,600         7         0.94%         11,379,400         1           Industrial Park         7,029,200         9         0.80%         7,154,400         10           Apartments         Apartments         6,945,800         10         0.79%         10,668,700         3           Apartments         Apartments         8,281,100         7,876,300         8         8,281,000         7           Retail Property         10 optivity         7,781,700         9         9,69,700         9	Customer	Type of Business		Value	Rank	Value		Value	Rank	Value
Company         Retail Property / Apartments         19,894,400         2         2.28%           Company         Public Utility         11,716,400         3         1.34%         11,112,300         2           Apartments         Apartments         10,680,300         5         1.27%         11,112,300         2           Ic Materials         Manufacturing         8,562,000         6         0.98%         8,562,000         6           Public Utility         8,223,600         7         0.94%         11,379,400         1           Industrial Park         7,978,800         8         0.94%         1,1379,400         1           Industrial Park         7,029,200         9         0.80%         7,154,400         10           Apartments         Apartments         6,945,800         10         0.79%         10,668,700         3           Retail Property         Retail Property         7,781,700         9         7,781,700         9	1743 Holdings LLC	Industrial & Education Park	⋄	30,578,120	Н	3.50%	⋄	10,484,500	4	1.35%
Company         Public Utility         11,716,400         3         1.34%         1.1112,300         2           Apartments         Apartments         10,680,300         5         1.22%         11,112,300         2           Apartments         Manufacturing         8,562,000         6         0.98%         8,562,000         6           Public Utility         8,253,600         7         0.94%         11,379,400         1           Industrial Park         7,029,200         9         0.91%         7,154,400         10           Apartments         Apartments         6,945,800         10         0.79%         10,668,700         5           Apartments         Apartments         8,248,100         7         8,248,100         7           Retail Property         Retail Property         7,781,700         9         7,781,700         9	Pauline A. Mayer, Inc.	Retail Property / Apartments		19,894,400	2	2.28%				
Apartments         Hotels         11,112,300         4         1.27%         11,112,300         2           Apartments         Apartments         10,680,300         5         1.22%         11,112,300         2           ic Materials         Manufacturing         8,562,000         6         0.98%         8,562,000         6           Public Utility         8,253,600         7         0.94%         11,379,400         1           Industrial Park         7,029,200         9         0.80%         7,154,400         10           Apartments         6,945,800         10         0.79%         10,668,700         3           Apartments         8,248,100         7         8,248,100         7           Retail Property         7,781,700         9         7,781,700         9	Delmarva Power & Light Company	Public Utility		11,716,400	ю	1.34%				
Apartments         Apartments         10,680,300         5         1.22%         8,562,000         6         1.22%         8,562,000         6         1.379,400         1         2	BPG Hotel Partners, LLC	Hotels		11,112,300	4	1.27%		11,112,300	2	1.43%
ic Materials         Manufacturing         8,562,000         6         0.98%         8,562,000         6           Public Utility         8,253,600         7         0.94%         11,379,400         1           Education (Non-exempt portion)         7,978,800         8         0.91%         7,154,400         10           Industrial Park         7,029,200         9         0.80%         10         0.79%         10           Apartments         Apartments         8,769,700         5         2         2           Retail Property         Retail Property         7,781,700         9         2	Bainbridge CC Delaware Apartments	Apartments		10,680,300	2	1.22%				
Public Utility         8,253,600         7         0.94%         11,379,400         1           Education (Non-exempt portion)         7,978,800         8         0.91%         7,154,400         10           Industrial Park         7,029,200         9         0.80%         10         0.79%         10,668,700         3           Apartments         Apartments         8,769,700         5         5         5         5           Retail Property         Retail Property         7,781,700         9         7,781,700         9         5	Rohm and Haas Electronic Materials	Manufacturing		8,562,000	9	0.98%		8,562,000	9	1.10%
Education (Non-exempt portion)         7,978,800         8         0.91%         7,154,400         10         0           Industrial Park         7,029,200         9         0.80%         10         0,80%         10         0         10         0         3         2<	Verizon Communication	Public Utility		8,253,600	7	0.94%		11,379,400	⊣	1.46%
Industrial Park         7,029,200         9         0.80%           ducts USA LLC         Chemicals and Synthetics         6,945,800         10         0.79%         10,668,700         3           Apartments         Apartments         9,769,700         5         5         5           Apartments         8,248,100         7         7,876,300         8           Ny         Industrial Park         7,781,700         9         3	University of Delaware	Education (Non-exempt portion)		7,978,800	8	0.91%		7,154,400	10	0.92%
ducts USA LLC         Chemicals and Synthetics         6,945,800         10         0.79%         10,668,700         3           Apartments         Apartments         9,769,700         5         5         5           Apartments         8,248,100         7         7,876,300         8           Ny         Industrial Park         7,781,700         9         7	BRE Foxtrot	Industrial Park		7,029,200	6	0.80%				
Apartments Apartments 3 (10,668,700 3 3 (10,668,700 5 5 (10,468,700 5 5 (10,468,700 5 5 (10,468,700 5 5 (10,468,700 5 5 (10,48,100 7 5 (10,48,100 7 5 (10,48,100 7 10,48,100 10,	<b>DuPont Specialty Products USA LLC</b>	Chemicals and Synthetics		6,945,800	10	0.79%				
Apartments 9,769,700 5 Apartments 8,248,100 7 Retail Property 7,876,300 8 Industrial Park 7,781,700 9	Fusco Properties L P	Apartments						10,668,700	33	1.37%
Apartments 8,248,100 7 Retail Property 7,876,300 8 Industrial Park 7,781,700 9	CHF-Delaware LLC	Apartments						9,769,700	2	1.26%
Retail Property         7,876,300         8            Industrial Park         7,781,700         9	UDEL Holdings LLC	Apartments						8,248,100	7	1.06%
Industrial Park 7,781,700 9 ::	Fusco Enterprises L P	Retail Property						7,876,300	8	1.01%
	Emory Hill & Company	Industrial Park						7,781,700	6	1.00%

former Chrysler Assembly Plant, now called the STAR Campus. The taxable assessed values of their holdings primarily include the Notes: • 1743 Holdings LLC was established by the University of Delaware to develop an industrial and educational hub on the site of the Chemours Building (\$17.4 million), the STAR Tower (\$2.2 million), Bloom Energy (\$6 million) and 550 South College (\$5 million).

11.97%

93,037,100

14.04%

122,750,920

Fusco Properties L P and Fusco Enterprises L P have divested their properties among several successor entities.

• CHF-Delaware LLC has tranferred its interest to the University of Delaware. This property now receives an educational exemption.

UDEL Holdings has divested its properties among several successor entities.

• Emory Hill & Company has divested some of its properties among several successor entities, including BRE Foxtrot.

Source: City of Newark Finance Department

## CITY OF NEWARK, DELAWARE PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN FISCAL YEARS

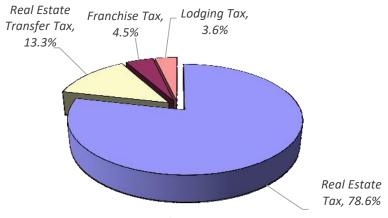
## **Collected within the**

	Total	_	Fiscal Year o	f Levy	Collections	Total Collection	s for Year
Fiscal	Tax			Percent	in Subsequent		Percent
Year	Levy (1)	_	Amount	of Levy	Years	Amount (2)	of Levy
2011	5,028,511		4,919,181	97.8%	103,776	5,022,957	99.9%
2012	5,423,483		5,316,521	98.0%	100,946	5,417,467	99.9%
2013	5,600,551		5,465,413	97.6%	127,062	5,592,475	99.9%
2014	5,681,209		5,583,639	98.3%	89,987	5,673,626	99.9%
2015	5,876,646		5,679,339	96.6%	185,393	5,864,732	99.8%
2016	6,592,320	3	6,462,051	98.0%	112,173	6,574,224	99.7%
2017	6,626,727		6,505,395	98.2%	99,090	6,604,485	99.7%
2018	6,655,070		6,554,123	98.5%	70,493	6,624,616	99.5%
2019	6,892,362		6,770,258	98.2%	79,232	6,849,490	99.4%
2020	8,048,586	4	7,790,670	96.8%	-	7,790,670	96.8%

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.
- (4) Tax billings represent a tax rate increase of 13.33% over prior year.

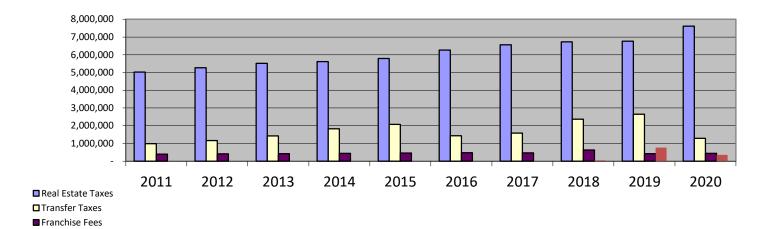
## CITY OF NEWARK, DELAWARE GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE LAST TEN YEARS (ACCRUAL BASIS OF ACCOUNTING)



Fiscal	l Year	2020
riscui	leui	2020

Fiscal Year	Real Estate Tax	Real Estate Transfer Tax	Franchise Tax	Lodging Tax	Total
2011	5,102,146	988,807	399,960	0	6,490,913
% of total	78.6%	15.2%	6.2%	0.0%	100.0%
2012	5,264,245	1,162,016	412,079	0	6,838,340
% of total	77.0%	17.0%	6.0%	0.0%	100.0%
2013	5,515,859	1,424,534	424,649	0	7,365,042
% of total	74.9%	19.3%	5.8%	0.0%	100.0%
2014	5,612,294	1,821,278	444,853	0	7,878,425
% of total	71.3%	23.1%	5.6%	0.0%	100.0%
2015	5,794,770	2,074,082	462,368	0	8,331,220
% of total	69.6%	24.9%	5.5%	0.0%	100.0%
2016	6,264,005	1,430,654	482,218	0	8,176,877
% of total	76.6%	17.5%	5.9%	0.0%	100.0%
2017	6,557,441	1,584,426	471,456	0	8,613,323
% of total	76.1%	18.4%	5.5%	0.0%	100.0%
2018	6,729,794	2,365,285	628,907	46,937	9,770,923
% of total	68.9%	24.2%	6.4%	0.5%	100.0%
2019	6,766,578	2,646,573	423,106	760,647	10,596,904
% of total	63.8%	25.0%	4.0%	7.2%	100.0%
2020	7,614,898	1,293,038	439,346	351,790	9,699,072
% of total	78.6%	13.3%	4.5%	3.6%	100.0%

## CITY OF NEWARK, DELAWARE GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE LAST TEN FISCAL YEARS (MODIFIED ACCRUAL BASIS OF ACCOUNTING)



## **Real Estate Transfer**

Fiscal Year	Real Estate Taxes	Taxes	Franchise Fees	Lodging Taxes	Total
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
2018	6,729,794	2,365,285	628,907	46,937	9,770,923
2019	6,766,578	2,646,573	423,106	760,647	10,596,904
2020	7,614,898	<sup>2</sup> <b>1,293,038</b>	439,346	351,790	9,699,072

## Notes:

- (1) Tax billings represent a tax rate increase of 9.5% over previous year, 50% recognized in 2016.
- (2) Tax billings represent a tax rate increase of 13.33% over previous year, 50% recognized in 2020.

## CITY OF NEWARK, DELAWARE RATIOS OF OUTSTANDING DEBT BY TYPE LAST TEN FISCAL YEARS

	Per Capita	431	790	724	655	585	512	459	386	314	610
	Percentage of Personal Income	2.22%	4.08%	3.41%	3.04%	2.67%	2.29%	1.99%	1.63%	1.28%	2.31%
	Total Primary Government	13,565,000	25,185,733	23,402,854	21,269,311	19,154,684	17,101,827	15,269,835	12,989,261	10,586,151	20,998,866
Activities	Other Notes Payable	ı	12,078,276	11,508,591	10,603,972	9,745,261	8,973,855	8,044,470	7,144,669	6,173,986	13,613,813
Business-Type Activities	General Obligation Bonds *	12,035,000	11,419,461	10,396,381	9,353,300	8,295,220	7,217,140	6,109,060	4,975,979	3,797,898	2,574,818
nmental Activities	Other Notes Payable	1	269,164	240,284	220,675	194,073	166,936	553,643	487,185	419,073	4,810,235
Governmental	General Obligation Bonds*	1,530,000	1,418,832	1,257,598	1,091,364	920,130	743,896	562,662	381,428	195,194	•
•	Fiscal	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020

<sup>\*</sup>Includes unamortized premiums

Sources: Population - Delaware Population Consortium projection

Federal Reserve Bank of Philadelphia Quarterly Percent Change (2011 Personal Income)

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

of Commerce, Bureau of Economic Analysis (2012-2020 Personal Income)

CITY OF NEWARK, DELAWARE RATIOS OF GENERAL BONDED DEBT OUTSTANDING TO TAXABLE ASSESSED VALUE AND PER CAPITA LAST TEN FISCAL YEARS

		Governmental	Business-Type		Percentage of Net	
	Total Taxable	Activities	Activities General	Net General Obligation	Long-Term	Net Iong-Term
Population	Assessed	Obligation Bonds	Obligation Bonds & Notes	Bonds and Notes Payable	Assessed Value (1)	Debt Per Capita
31,880	777,128,237	1,530,000	12,035,000	13,565,000	1.75%	426
32,324	789,907,990	1,418,832	11,419,461	12,838,293	1.63%	397
32,449	800,657,709	1,257,598	10,396,381	11,653,979	1.46%	359
32,760	816,895,847	1,091,364	9,353,300	10,444,664	1.28%	319
33,395	828,718,602	920,130	8,295,220	9,215,350	1.11%	276
33,264	848,067,037	743,896	7,217,140	7,961,036	0.94%	239
33,674	853,570,861	562,662	6,109,060	6,671,722	0.78%	198
33,673	858,989,726	381,428	4,975,979	5,357,407	0.62%	159
33,941	854,810,012	195,194	3,797,898	3,993,092	0.47%	118
34,430	874,126,745	•	2,574,818	2,574,818	0.29%	75

 $^{\rm 1}$  A City-wide reassessment of all real property was last updated on July 1, 1985 Notes:

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

Delaware Population Consortium projection

City of Newark Finance Department (Taxable Assessments)

Sources:

## CITY OF NEWARK, DELAWARE COMPUTATION OF DIRECT AND OVERLAPPING DEBT DECEMBER 31, 2020

Jurisdiction	 Net Debt Outstanding	Percentage Applicable to City of Newark	Amount pplicable to ry of Newark
New Castle County	\$ 166,085,000 1	4.54% <sup>2</sup>	\$ 7,540,259
Christina School District	 17,574,520	13.97% <sup>3</sup>	2,455,160
Overlapping Debt	\$ 183,659,520		\$ 9,995,419
City of Newark General Obligation Bonds City of Newark Other Notes Payable	\$ 4,810,235	100.00% 100.00%	\$ - 4,810,235
Direct Debt	\$ 4,810,235		\$ 4,810,235
Total Direct and Overlapping Debt	\$ 188,469,755		\$ 14,805,654

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 (\$874,126,745) by the total taxable assessed valuation of New Castle County (\$19,274,354,000). Net Debt Outstanding is as of June 30, 2020.
- (3) Determined by dividing the students enrolled in the City of Newark (1,832) by the total student enrollment of the Christina School District (13,113). Net debt outstanding is as of June 30, 2020.

## CITY OF NEWARK, DELAWARE LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS (AMOUNTS EXPRESSED IN THOUSANDS)

2019 2020	85,481 87,413	3,947 2,533	81,534 84,880	4.62% 2.90%
2018	85,899	5,311	80,588	6.18%
2017	85,357	6,626	78,731	7.76%
2016	84,807	7,915	76,892	9.33%
2015	82,872	9,169	73,703	11.06%
2014	81,690	10,399	71,291	12.73%
2013	80,066	11,608	68,458	14.50%
2012	78,991	12,792	66,199	16.19%
2011	77,713	13,518	64,195	17.39%
	Debt limit (1)	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit

## Legal Debt Margin for Fiscal Year 2020

❖	Legal debt margin
	Total net debt applicable to limit
	general obligation debt
	Less: amount set aside for repayment of
	General obligation bonds
	Debt applicable to limit:
	Debt limit (10% of taxable assessed value)
❖	Total taxable assessed value
	Less: exempt real property
❖	Total assessed value
	\$ 1,542,775 (668,648) \$ 874,127 87,413 2,575 \$ 44,880 \$ 84,880

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.

**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)
2011	31,880	617,771,142		19,378	3,740	21,489	7.4%
2012	32,324	686,636,280	*	21,242	3,842	21,856	6.5%
2013	32,449	700,369,005	*	21,584	4,519	22,166	5.3%
2014	32,760	717,878,230	*	21,913	4,508	22,680	5.3%
2015	33,395	745,875,480	*	22,335	2,112	22,852	4.4%
2016	33,264	767,505,869	*	23,073	4,176	23,009	3.8%
2017	33,674	795,903,586	*	23,636	4,834	23,774	3.3%
2018	33,673	827,739,730	*	24,582	4,289	24,120	3.1%
2019	33,941	861,677,058	*	25,387	4,354	23,808	2.6%
2020	34,430	909,930,973	*	26,428	4,348	23,613	4.2%

Sources:

 <sup>(1)</sup> Delaware Population Consortium projection (Population)
 (2) and (3) Federal Reserve Bank of Philadelphia Quarterly Percent Change (Personal Income 2010-2011)
 (4) For 2020: Christina School District 1,832 / Local Independent Schools 2,516
 (5) University of Delaware Office of Institutional Research
 (6) Delaware Department of Labor
 (\*) 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

		2020			2011	
Industry Description	Employment	Rank	Percentage of Total County Employment	Employment	Rank	Percentage of Total County Employment
Health care and social assistance	72,737	Н	16.4%	58,793	Н	14.5%
Retail trade	49,938	2	11.2%	53,218	2	13.1%
Finance and insurance	42,027	ю	9.5%	37,189	ю	9.1%
Accommodation and food services	39,121	4	8.8%	32,664	4	8.0%
State government	30,505	5	%6.9	29,113	5	7.2%
Local government	28,400	9	6.4%	26,139	7	6.4%
Administration and waste services	28,400	7	6.4%	23,506	6	2.8%
Manufacturing	26,989	œ	6.1%	25,464	∞	6.3%
Professional and technical services	25,606	6	5.8%	26,466	9	6.5%
Construction	22,922	10	5.2%	18,783	10	4.6%
Transportation and warehousing	14,722	11	3.3%	9,412	13	2.3%
Total	381,367		%0'98	340,747		83.8%

(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 2020 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	quivalent Emp	Full-time Equivalent Employees as of December 31	cember 31			
Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	36.5	36.0	37.5	39.0	39.5	42.5	43.0	48.0	49.0	47.5
Public safety										
Police										
Officers	68.0	0.89	0.89	68.0	71.0	71.0	71.0	71.0	71.0	71.0
Civilian	21.5	21.5	21.0	20.5	19.0	19.0	20.0	20.0	20.0	20.0
Code enforcement	11.0	10.0	10.0	11.0	15.0	15.0	11.0	11.0	11.0	11.0
Streets										
Engineering	10.0	10.0	5.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0
Maintenance	11.5	11.5	9.0	9.0	9.0	9.0	7.0	8.0	7.0	7.0
Sanitation	12.0	12.0	10.0	9.0	10.0	9.0	9.0	9.0	9.0	9.0
Culture and recreation	19.5	19.5	19.5	18.5	18.0	18.0	18.0	18.0	18.0	18.0
Electric	22.0	22.0	22.0	22.0	22.0	23.0	23.0	24.0	23.0	23.0
Water & wastewater	19.0	19.0	26.0	25.0	27.0	27.5	30.0	29.0	31.0	31.0
Parking	4.5	4.5	5.0	9.0	10.0	10.0	13.0	13.0	13.0	13.0
Fleet/facilities maintenance	5.0	5.0	4.0	4.0	4.0	4.0	10.0	10.0	10.0	10.0
Total	240.5	239.0	237.0	242.0	251.5	255.0	263.0	269.0	270.0	268.5

Source: City's Personnel Office.

## CITY OF NEWARK, DELAWARE OPERATING INDICATORS BY FUNCTION LAST TEN FISCAL YEARS

					Fiscal Year	Year				
Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police calls for service	48,348	44,115	40,015	39,260	45,572	48,017	53,441	50,679	45,010	34,724
Criminal charges	3,215	3,825	4,346	3,313	2,244	2,488	2,277	2,124	2,615	1,516
Traffic summonses	12,302	12,962	12,612	606′6	9,325	10,453	9,313	10,270	11,551	4,202
Parking summonses	6,916	6,562	7,365	5,612	5,952	6,959	7,604	10,652	11,676	10,040
Meter summonses	22,740	20,229	19,515	16,525	15,780	22,710	23,630	23,297	17,546	14,179
Building permits issued	1,976	1,894	1,893	2,115	1,751	1,552	1,812	1,669	1,703	1,482
Public Works										
Refuse tons collected	7,746	7,936	6,714	5,709	5,722	5,799	5,826	5,944	6,246	5,816
Recycling tons collected	1,989.00	2,074.00	2,175.00	1,535.00	2,411.52	1,984.85	1,804.43	1,902.85	1,496.89	1,678.15
Miles of street	99	99	99	99	99	99	99	99	99	99
Patches (s.f.)	34,086	25,559	30,714	48,588	62,154	35,178	61,905	37,016	36,171	15,509
Curbs replaced and installed (I.f.)	24,569	24,151	17,193	11,775	16,550	12,871	11,181	6,859	9,485	7,729
Sidewalks										
4" (s.f.)	24,344	21,512	23,631	25,132	24,976	23,065	19,485	8,215	12,172	21,940
6" (s.f.)	7,965	6,941	9,548	17,650	12,326	10,386	7,277	4,492	4,661	4,756
S General Government										
Parking tickets issued	29,957	27,102	27,080	22,283	21,174	59,669	31,234	33,949	29,222	24,219
Culture and Recreation										
Trails in Newark parks (mi)	15.2	16.8	16.8	16.8	16.8	16.8	16.8	16.8	17.1	17.1
Registrants	7,876	7,902	7,602	7,290	7,344	7,422	7,484	7,582	2,608	4,020
Participants	76,684	84,292	77,482	73,946	76,152	77,831	75,944	76,236	76,332	34,505
Electric										
MWH's sold	401,980	402,465	402,020	404,815	416,744	416,518	413,594	425,591	424,291	402,097
MWH's purchased	436,108	436,313	435,318	428,573	457,749	453,550	445,869	464,741	461,483	433,533
Meters in service	11,948	11,763	11,722	12,280	12,734	12,754	12,823	12,714	12,628	12,761
Water and Waste Water										
Meters in service	9,842	9,842	9,628	10,140	10,259	10,282	10,279	10,339	10,364	10,440
Fire hydrants in system	877	876	880	006	762	762	292	758	745	752
Gallons of water sold (000's)	1,029,332	1,028,271	919,383	1,215,020	1,092,816	1,056,537	1,028,878	1,028,295	1,021,183	895,007
Gallons of sewage collected (000's)	760,850	794,165	714,996	912,999	803,602	798,070	816,068	845,285	852,374	742,140

Sources: Various city departments.

Gallons of sewage collected excludes large sewer accounts (2011-2016).

## CITY OF NEWARK, DELAWARE CAPITAL ASSET STATISTICS BY FUNCTION LAST TEN FISCAL YEARS

					Fiscal Year	Year				
Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police stations	1	1	1	1	Н	1	1	Н	Т	1
Patrol units	36	38	35	35	35	35	35	35	34	34
Sanitation										
Collection trucks	12	12	12	12	10	∞	∞	6	6	6
Streets										
Miles of streets	99	99	99	99	99	99	99	99	99	99
Street lights	2,776	2,856	2,870	2,909	2,837	2,834	2,948	2,960	2,960	2,960
Traffic signals	57	70	74	74	75	75	69	71	73	73
Culture and recreation										
Parks acreage	657.0	658.2	658.2	654.9	654.9	658.2	658.2	658.2	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	П	П	1	н	П	П	П	П	Н
Electric										
Substations transformers	27	27	27	27	27	28	29	29	29	29
Miles of high voltage service lines	165	175 1	175	175	175	175	175	175	175	175
Miles of low voltage service lines Water	N/A	N/A	A/N	N/A	190.00 2	182	181	182	182	182
Water mains (miles)	170	170	170	170	146	143	144	137	135	136
Wells in operation	6	6	6	6	4	4	4	4	4	4
Maximum daily capacity (Mgal)	8.5	8.5	8.5	8.5	5.8	0.9	6.0	0.9	6.0	0.9
Sewer										
Sanitary sewers (miles)	66	66	66	66	96	94	96	94	94	94
Storm sewers (miles)	59	59	59	59	70	74	74	74	74	74
Parking										
On-street parking spaces	430	455	457	457	457	457	457	448	489	491
Parking lots maintained	9	9	9	7	7	7	9	9	9	7

Sources: Various city departments.

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