

CITY OF NEWARK, DELAWARE ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

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Annual Comprehensive Financial Report
For the Fiscal Year Ended
December 31, 2021



Prepared by the City of Newark Finance Department

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CITY OF NEWARK

Delaware

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

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2021 City Hall
Solar Panels

INTRODUCTORY SECTION



FINANCE DEPARTMENT CITY OF NEWARK

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June 17, 2022

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, 2021. 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, 2021. 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 2021. This is supported by encouraging fall 2021 enrollment numbers from the University and largely uninterrupted construction and development activity

that remained brisk throughout 2021. Ignoring the transient impact from COVID, we have seen a generally upward trending electric load, relatively flat water and a small increase in sewer sales. Electric and sewer growth has been driven by activity related to the University of Delaware, especially STAR Campus. Overall water and, to a lesser extent 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 Veolia (previously Suez Water) holding the Certificate of Public Convenience and Necessity (CPCN) for the majority of the area developed to date.

Over the past 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 (3.4% February 2022) is lower than national (3.8%) and state (4.6%) 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 23,000 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:

- 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.
- o 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.
- o A world leader in titanium technologies, fluoroproducts and chemical solutions, Chemours constructed a state-of-the-art research and innovation center.
- o 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.

- o Construction of the six-story FinTech Innovation Hub, a 100,000 square foot financial technology incubator, which is also part of the Delaware Technology Park. The FinTech building represents a public-private partnership, a convergence of academic rigor, business savvy and technical expertise with the intention of pooling those resources to make financial systems work better, more securely and more equitably for all.
- o The redevelopment of the Newark Train Station was completed in early 2021. Integrated into UD's STAR Campus, the improved station brings 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 off-road mountain biking trails in our parks system and surrounding area, and the popular bike to school and work day events every May, 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. Similar improvements include the construction of the Charles Emerson Bicycle and Pedestrian Bridge that crosses over the White Clay Creek along Paper Mill Road was completed in Fall of 2021. The 12' wide, 194' bridge makes for safer travel and improved connectivity to the Pomeroy Trail, Main Street, the Newark Reservoir, and our trail system. 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, as well as an off-road bicycle trail along Elkton Road to the Delaware state-line that is nearly complete. Newark welcomes thousands of cycling and mountain biking enthusiasts year-round. Newark is currently working with a consultant on a grant funded study of cycling and pedestrian improvements to the Wyoming Road corridor from Campus to the redevelopment of the Grove at Newark.

The hotel industry has recognized the City of Newark's needs for overnight accommodations. In addition to our existing eight hotels, one has plans to redevelop into apartments, and another plans to redevelop into a hotel with a pad site. The recently approved Hyatt Hotel on Main Street will include 104 rooms and conference space, as well as retail and parking, plans to open in 2023. 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-million-gallon 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 completed in early 2021. Now 16 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. In an effort to continue to improve redundancy and drought resilience of our system, we have begun evaluating our Laird Tract Well Field wells for possible reintroduction into our treatment process. The reintroduction of the Laird Tract Well Field wells have the potential to provide up to 1.5 million gallons per day, which will allow us to be able to continue to draw up to 1.5 mgd when our creek passby requirements are not being met and our surface water intake needs to be shut down. We anticipate having the well evaluations complete and the design in place by the end of 2022.

Since the market for off-campus housing continues to grow due to the increased University of Delaware student population, the City has approved 974 new rental units from 2016 through March of 2022, with another 475 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, inflation, and communities including the City of Newark. Specific to the City of Newark, COVID-19 continued to have some impact to 2021 and its financial results. As the economy sharply declined in 2020, 2021 began to show signs of improvement across the City as the year progressed. Mostly all sources of revenue returned to normal levels of expectation with the exception of Parking, which we expect to return to the levels it achieved prior to the onset of Covid in 2022.

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:
 - Hillside Park, formerly referred as 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 was 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 associated with this loan will be completed in 2022.
 - 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 in 2022. 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 was completed in early 2021 and will allow the City to continue to utilize the South Well Field Water Treatment Plant at full capacity of about 2 million gallons per day. A replacement air stripper and storage tank reconfiguration allows for the treatment of wells that were out of service due to contamination but still connected to the plant.
 - 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 is under contract with construction starting in May 2022 consisting of more than 1 mile of pipe slated for replacement.
 - 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. Phase 2 of this work will be completed in 2023.

- 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 1,509 of 1,777 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.
 - 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 2022, the City of Newark Electric Department received the American Public Power Association's (APPA) Safety Award of Excellence for safe operating practices in 2021. The Department won first place in Group C, which has 30,000 to 59,999 worker-hours of exposure and was recognized at the APPA Engineering and Operations Conference. Member utilities are invited to apply for APPA's safety awards by submitting annual injury and illness incidence rate reports for three consecutive years. Applications are judged in multiple groups based on worker exposure hours. The winners of each group are determined by the lowest overall recordable injuries and illness cases for all staff. All shifts are considered, including operating, producing, maintenance, clerical, and office shifts.
- The Electric Department has 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.
- 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 40% renewables in the DEMEC power portfolio by 2035, with 10% 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.
- In an effort to expedite the City's sustainability plan goal of 30% by 2025, 65% by 2035, and 100% as soon as practicable but no later than 2045, the City implemented the Renewable Energy Program. This opt-out program has been highly successful with more than 20% of the City's electric accounts enrolling in this program in 2021.
- The stormwater utility rehabilitated or replaced nearly 1000 linear feet of Corrugated Metal Pipe (CMP) in 2021-2022. This 14-year effort to repair or replace all the CMP in the City is due to the rapid deterioration of this material. This project is on track to be completed in 2034. A

combination of replacement and lining is being considered for the remaining work.

- Stormwater Quality Retrofits help clean the storm runoff prior to entering our local waterways as well as satisfy upcoming permit requirements through our Municipal Separate Storm Sewer System (MS4) program. The contractor has mobilized to complete our first major retrofit in the Abbotsford community in the summer of 2022.
- The City's water system is subject to the EPA's Lead and Copper Rule, which requires periodic sampling to be completed throughout the water system. In order to complete this within the deadline, the City offered credits to its 'Water Quality Ambassadors' who signed up to participate in three rounds of sampling in their homes to test for lead and copper. Neither lead nor copper were found at levels above the EPA action level in any sample.
- Newark's commitment to preserving its natural resources and strengthening our standing as a Tree City USA community.
- The Parks and Recreation Department continued to meet the challenges of State mandates and restrictions of COVID-19 by staying relevant in the Community for recreational program offerings and park development. Over forty-five summer camps were held and continued with the protocols from the previous year along with campers having to wear masks if they were inside. Despite the mask requirement for campers, we saw an increase in participation in all our summer camps and numerous outdoor programs including golf, skateboarding and instructional soccer. We continued to offer virtual classes and camps as well as an alternative to in person classes.
- The Before and After School Care programs started back in full form in the fall with kids attending school every day with masks on. To help assist with the cost of conducting these programs throughout the pandemic, the Department of Education provided an Enhanced Reimbursement grant of over \$87,500 which was used to cover lost revenue, personnel costs and unanticipated expenditures for the Before and After Care programs from the spring. A second grant opportunity was received through the Childcare Stabilization Grant from the American Rescue Plan Act for a total amount of over \$186,400 for both schools. This was used towards a payrate increase for all childcare positions, payroll expenses for the fall, staff bonuses, uniforms, iPads for touchless sign in/out, Ring doorbells for identification at the doors prior to entry into the school and additional outdoor equipment. We were also able to work with the Christina School District to provide an outdoor pavilion with ADA accessibility and gaga pits for each of the schools where we conduct the Before and After school programs.
- Several major accomplishments completed in the parks this year included the installation of the permanent restroom at Preston's Playground, installation of the Charles Emerson pedestrian and bicycle bridge along Paper Mill Road crossing the White Clay Creek, completion of Hillside Park design and installation of the park area and amenities, and completion of the design and fabrication of new park signage for sign replacement within the entire park system.
- Since the annual Egg Hunt held at White Clay Creek State Park was cancelled due to outdoor gathering limitations related to COVID-19 restrictions, we created a new program in its place, Hunt@Home Egg Hunt kits. Five dozen (60) kits were created for each age group and sold out! Registrants could register for kits in any of 4 age groups, which corresponded to our Egg Hunt age categories: 2 and under, 3 - 4, 5 - 6 and 7 - 9. Each kit contained a dozen colorful filled plastic eggs, a stuffed toy, coupons from local businesses, and a helpful hint guide for parents to create a fun Egg hunt at home for their child/ren since we were unable to gather in person.
- Additional 2021 Parks and Recreation Accomplishments:
 - Completed Christmas in July flea market in place of the Spring Clean Out sale with 17 vendors and over 600 spectators.

- o Conducted two outdoor movies, one in July and one in August, in conjunction with The Newark Partnership.
 - o Conducted two successful Fishing with First Responder programs with the Newark Police Department.
 - o Held successful season of summer camps with over 45 camps conducted both in person and virtually including a partnership with the Newark Bike Project for 3 bike camps.
 - o Completed additional overflow parking area at the Newark Reservoir.
 - o Completed hard surface improvements at Fairfield Park and ADA accessibility improvements.
 - o Completed drainage improvements at Lumbrook Park and Preston's Playground.
 - o Completed trunk injection for Emerald Ash Borer control on 36 Ash trees in the park system.
- 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 use 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 which were still ongoing at the end of 2021 are:
 - o HVAC upgrades, and repairs at the City Municipal Center & George Wilson Center (GWC)
 - o Lighting upgrades for City facilities, streetlights, and parking lots
 - o 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
 - o 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.

- Ongoing 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. Hardened cyber security protocols by moving to multi-factor authentication requirements for all staff, upgraded anti-virus and content filtering applications, and strengthened our Wifi security.
- 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.
- The five-year review of Comprehensive Development Plan V is underway, led by the Planning and Development Department. The steering committee established in 2020 for this project completed its work in March of 2022. The Planning Commission has provided a positive recommendation and the Diversity and Inclusion Commission, Conservation Advisory Commission and Council will be considering the Plan revisions in the upcoming months. This project is expected to be completed by the end of the second quarter of 2022.
- After feedback from both Council and members of the public regarding the size of buildings being approved downtown during 2021, the Planning and Development Department began a review of the BB and RA zoning districts to look at potential updates to the zoning code. A weeklong charrette was held in March 2022 to get feedback from the public on potential changes to those districts. Staff currently is working with the City's consultant to prepare a report with those results for review by Council in mid-2022.
- Work continues on the 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 project is expected to be completed in 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 and working to bring individual policy recommendations to Council for consideration throughout 2022 and 2023.
- The Planning Commission's Parking Subcommittee report 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. Phase I and Phase II of the workplan were presented to Council in March 2022 and staff is working on the next steps based on Council feedback.

Much like 2020, 2021 continued to be dominated by the City's continued response to the COVID-19 pandemic. Some of the major ongoing components to this response were:

- Facilitation of transition from work from home to return to work for office personnel.
- Negotiation of MOU's with our unionized labor to address contractual issues raised by the pandemic.
- Continuation of staff preservation by shifting the schedules for field staff who are unable to work from home.
- Continued use of mobile workforce applications to allow inspection personnel to minimize office time and instead report directly to the field.
- Continuation of Families First Coronavirus Response Act (FFCRA) requirements.

- Analysis of American Rescue Plan Act funding restrictions and cost tracking to facilitate the proper use of Federal funding.
- The ability to forecast, manage and keep critical City functions in operation while dealing with staff shortages and supply-chain challenges.
- Managing the inflationary costs relating to City operations without impacting critical City services.
- Modification of several COVID-19 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:
 - Continued development of emergency ordinances related to the pandemic in coordination with Council, the City Secretary, and the City Solicitor.
 - 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 2021, we look forward with excitement towards 2022 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 and 911 communications center, 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**

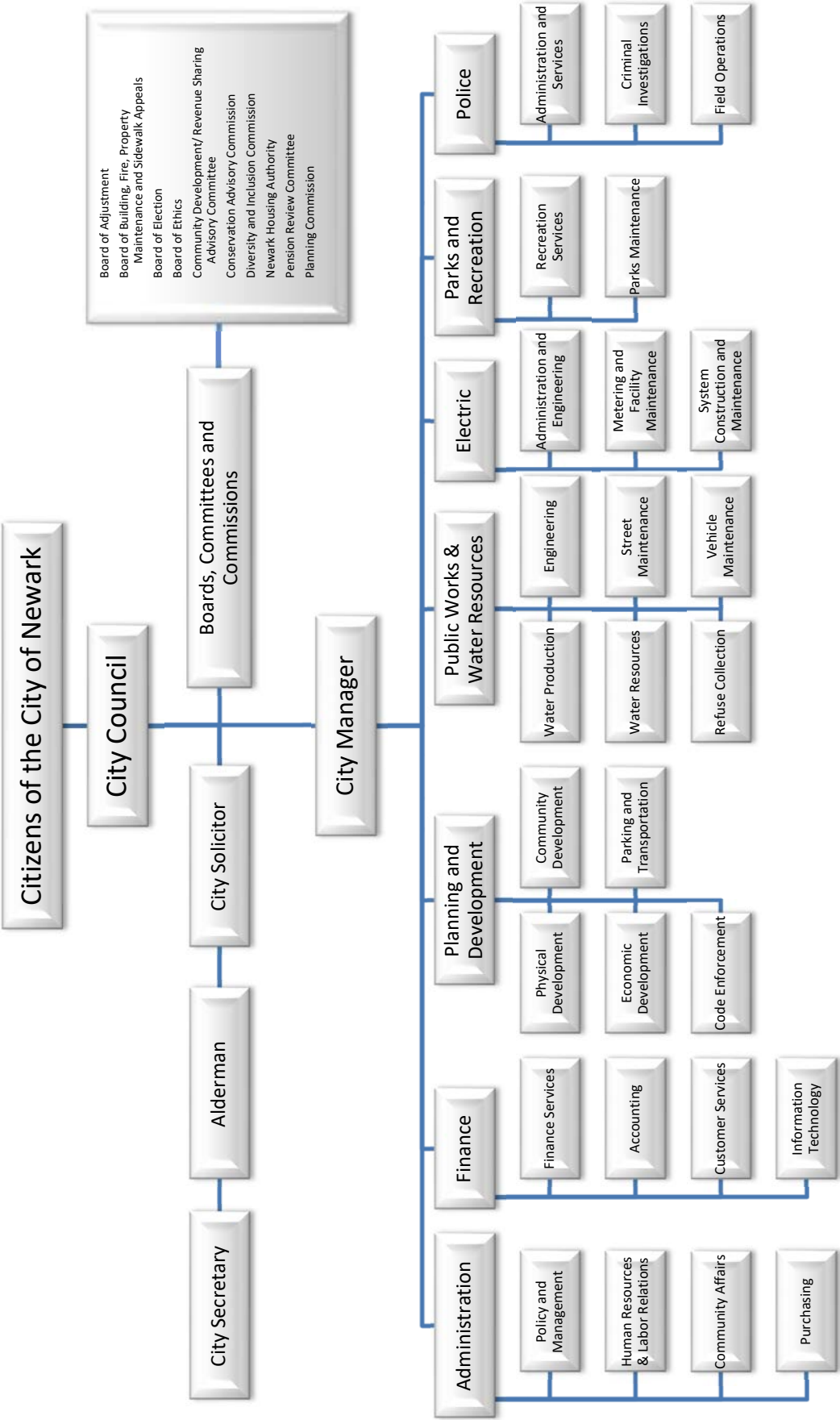
Presented to

**City of Newark
Delaware**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Executive Director/CEO



CITY OF NEWARK

Delaware

LIST OF ELECTED OFFICIALS, APPOINTED OFFICIALS,
AND MANAGEMENT STAFF

DECEMBER 31, 2021

Elected Officials

Mayor

Council Member - District 1

Council Member - District 2

Council Member - District 3

Council Member - District 4

Council Member - District 5

Council Member - District 6

Jerry Clifton

John Suchanec

Corinth Ford

Jay Bancroft

Dwendolyn Creecy

Jason Lawhorn

Travis McDermott

Appointed Officials

City Manager

City Secretary

Alderman

Deputy Alderman

City Solicitor

Deputy City Solicitor

Thomas Coleman

Renee K. Bensley

Lisa R. Hatfield

Donald Gregory

Paul E. Bilodeau

Robert O'Neill

Management Staff

Chief Human Resource Officer

Chief of Police

Director of Electric

Director of Finance

Director of Parks & Recreation

Director of Planning & Development

Director of Public Works & Water Resources

Devan Hardin

Paul M. Tiernan

Bhadresh Patel

David A. Del Grande

Joseph Spadafino

Mary Ellen Gray

Tim Filasky

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2021, and the related notes to the financial statements, which collectively comprise the City of Newark, Delaware's basic financial statements as listed in the table of contents.

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, 2021, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Newark, Delaware's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Newark, Delaware's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 18-30 and the required supplementary information on pages 84-89 as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Newark, Delaware's basic financial statements. The combining and individual nonmajor fund and combining fiduciary fund financial statements, and nonmajor fund budgetary comparisons are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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. 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Members of City Council
City of Newark, Delaware

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2022 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 of Newark, Delaware'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 of Newark, Delaware's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
June 17, 2022

City of Newark, Delaware

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, 2021. 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 \$116.6 million (*representing its net position*). The change in net position of \$10.4 million represents an increase as compared to the change in the prior year. The increase is attributable to the resumption of normal operations following the restrictions and limits on economic activities during the 2020 due to the pandemic.
- The City's unrestricted net position increased by \$8.8 million in 2021 to \$12.0 million. This amount may be used to meet the government's ongoing obligations to citizens and creditors.
- As of December 31, 2021, the City's governmental funds reported combined ending fund balances of \$11.1 million, a decrease of \$.7 million from the prior year. This decrease is the result of increased capital outlay and other expenditures which were put on hold in 2020 to alleviate the economic impact of the COVID-19 pandemic. Approximately \$2.3 million is *available for spending* at the City's discretion (*unassigned fund balance*).
- As of December 31, 2021, the City's enterprise funds reported combined ending net position of \$97 million. Revenues rebounded and expenses decreased resulting in a larger increase in net position. The increase in net position was \$8.2 million as compared to an increase of \$3.6 million in 2020.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The government-wide financial statements may be found on Pages 31 through 32 of this report.

2. Fund financial statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related

City of Newark, Delaware

Management's Discussion & Analysis

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:

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

City of Newark, Delaware

Management's Discussion & Analysis

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

The basic governmental fund financial statements may be found on Pages 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:

- i. 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.

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

The following are the City's fiduciary funds:

- i. Pension Trust Fund: The City 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.

City of Newark, Delaware

Management's Discussion & Analysis

- 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.

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. 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; State Revolving Loans for various water, sewer and stormwater projects and capital lease obligations 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 \$12.0 million at the close of 2021 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.

City of Newark, Delaware

Management's Discussion & Analysis

Table 1

CITY OF NEWARK STATEMENT OF NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2021						
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
ASSETS						
Total current and other assets	\$ 26,989,202	\$ 26,258,147	\$ 51,356,246	\$ 41,943,742	\$ 78,345,448	\$ 68,201,889
Total capital assets	38,236,083	34,128,853	87,134,753	81,096,817	125,370,836	115,225,670
Total Assets	65,225,285	60,387,000	138,490,999	123,040,559	203,716,284	183,427,559
DEFERRED OUTFLOW OF RESOURCES						
Deferred pension amounts	6,649,533	3,732,490	1,704,151	1,350,563	8,353,684	5,083,053
Deferred OPEB amounts	480,621	220,224	156,807	72,627	637,428	292,851
Deferred loss on defeasance	-	-	28,708	63,151	28,708	63,151
Total Deferred Outflow Resources	7,130,154	3,952,714	1,889,666	1,486,341	9,019,820	5,439,055
LIABILITIES						
Total current liabilities	4,570,310	4,543,805	11,223,292	10,387,799	15,793,602	14,931,604
Total noncurrent liabilities	31,953,926	29,474,212	29,197,148	22,641,619	61,151,074	52,115,831
Total Liabilities	36,524,236	34,018,017	40,420,440	33,029,418	76,944,676	67,047,435
DEFERRED INFLOW OF RESOURCES						
Deferred pension amounts	8,302,186	6,020,233	2,127,696	2,178,367	10,429,882	8,198,600
Deferred OPEB amounts	2,605,391	1,679,940	850,035	554,022	3,455,426	2,233,962
Deferred revenue	5,229,810	5,067,752	-	-	5,229,810	5,067,752
Total Deferred Inflow Resources	16,137,387	12,767,925	2,977,731	2,732,389	19,115,118	15,500,314
NET POSITION						
Net investment in capital assets	33,185,058	29,318,618	67,806,267	72,315,548	100,991,325	101,634,166
Restricted	1,750,464	1,390,826	1,889,150	-	3,639,614	1,390,826
Unrestricted	(15,241,706)	(13,155,672)	27,287,077	16,449,545	12,045,371	3,293,873
Total Net Position	\$ 19,693,816	\$ 17,553,772	\$ 96,982,494	\$ 88,765,093	\$ 116,676,310	\$ 106,318,865

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 \$116.6 million at the close of this fiscal year, representing an increase of \$10.4 million from the prior year net position of \$106.3 million. Within Business-type activities, net position increased from \$88.8 million to \$97 million or \$8.2 million. The governmental activities net position of \$19.7 million represents an increase of \$2.1 million as compared to net position of \$17.6 million in 2020.

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.

City of Newark, Delaware

Management's Discussion & Analysis

As shown in Table 2, governmental activities expenses exceeded revenues by \$13.9 million in 2021. The lower deficit versus 2020 is attributable to an increase in revenues of \$2.7 million mainly caused by increased Real Estate Transfer taxes.

Table 2

CITY OF NEWARK CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2021						
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
REVENUES						
Program Revenues:						
Charges for services	\$ 5,146,034	\$ 3,840,471	\$ 75,027,950	\$ 70,520,535	\$ 80,173,984	\$ 74,361,006
Operating Grants & Contributions	2,047,839	4,174,291	-	-	2,047,839	4,174,291
Capital Grants & Contributions	2,895,410	55,346	211,144	37,380	3,106,554	92,726
General Revenues:						
Total Taxes	11,110,691	9,699,072	-	-	11,110,691	9,699,072
Investment Earnings/ (Loss)	(81,325)	603,706	(256,789)	802,976	(338,114)	1,406,682
Other Revenues	14,800	-	-	53,061	14,800	53,061
Total Revenues	21,133,449	18,372,886	74,982,305	71,413,952	96,115,754	89,786,838
EXPENSES						
General Government	8,256,255	8,139,725	-	-	8,256,255	8,139,725
Public Safety	18,332,122	16,316,043	-	-	18,332,122	16,316,043
Public Works	5,112,424	5,282,098	-	-	5,112,424	5,282,098
Community Development	221,966	142,761	-	-	221,966	142,761
Culture and Recreation	3,073,253	4,124,613	-	-	3,073,253	4,124,613
Interest Expense	42,324	8,942	-	-	42,324	8,942
Business-type activities	-	-	50,719,965	52,307,796	50,719,965	52,307,796
Total Expenses	35,038,344	34,014,182	50,719,965	52,307,796	85,758,309	86,321,978
Increase (Decrease) in						
Net Position before Transfers	(13,904,895)	(15,641,296)	24,262,340	19,106,156	10,357,445	3,464,860
Transfers	16,044,939	15,510,600	(16,044,939)	(15,510,600)	-	-
Change in Net Position	2,140,044	(130,696)	8,217,401	3,595,556	10,357,445	3,464,860
Net Position - Beginning of Year	17,553,772	17,684,468	88,765,093	85,169,537	106,318,865	102,854,005
Net Position - End of Year	\$ 19,693,816	\$ 17,553,772	\$ 96,982,494	\$ 88,765,093	\$ 116,676,310	\$ 106,318,865

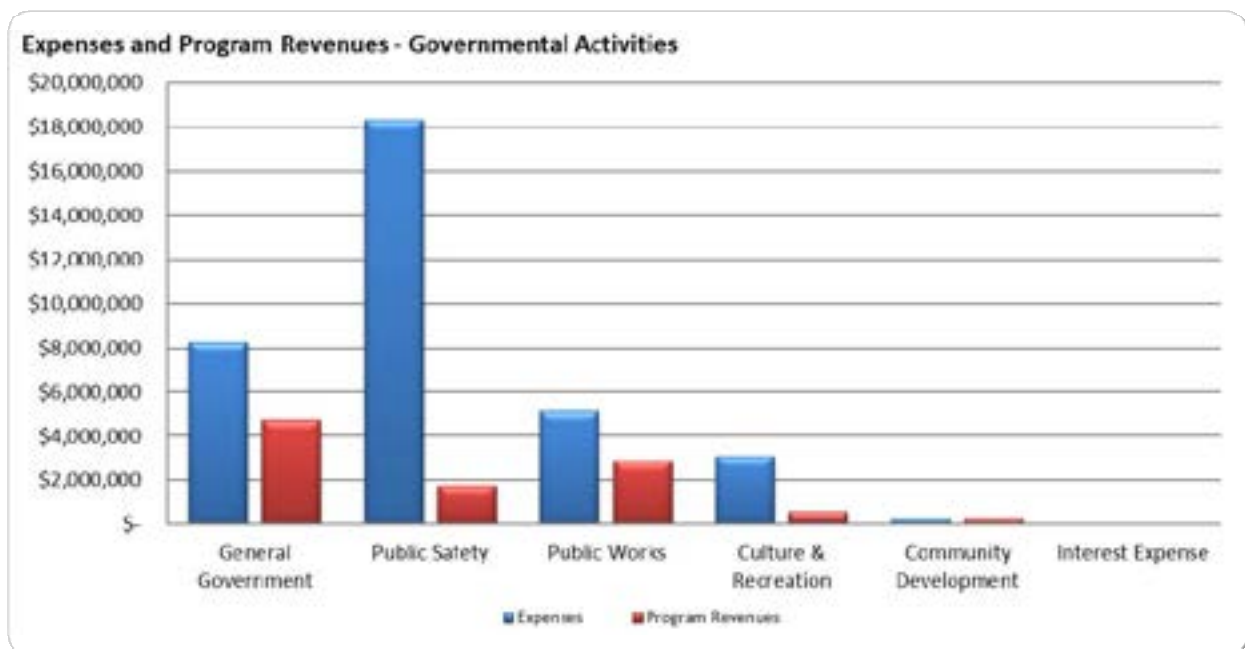
Note: This statement was generated for MD&A using the Statement of Activities Information.

City of Newark, Delaware

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 2021 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.

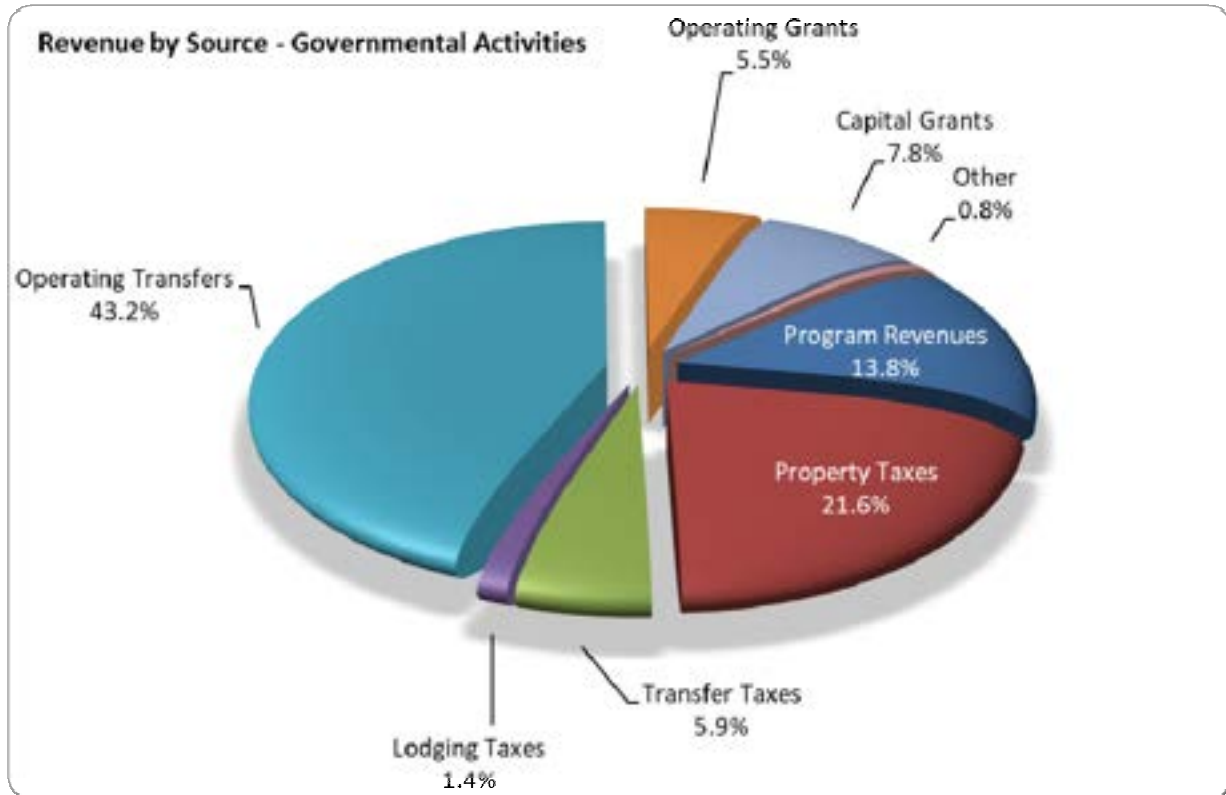
Program Revenues, Property and Realty Transfer Taxes, and Grants and other funding sources account for 57 percent of total governmental funding. The balance is met through operating transfers from the enterprise funds, as the City of Newark embraces the public utility business model to keep property taxes low and utility rates competitive while maintaining a high level of service across a diverse set of public offerings.



City of Newark, Delaware

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 43 percent of revenues. Property taxes supply 21.6 percent of revenues. Program revenues contribute 13.8 percent, real estate transfer taxes add 5.9 percent and the lodging tax contributes 1.4 percent. The City relies on these revenue sources, as well as grants and miscellaneous funding of 14 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.



City of Newark, Delaware

Management's Discussion & Analysis

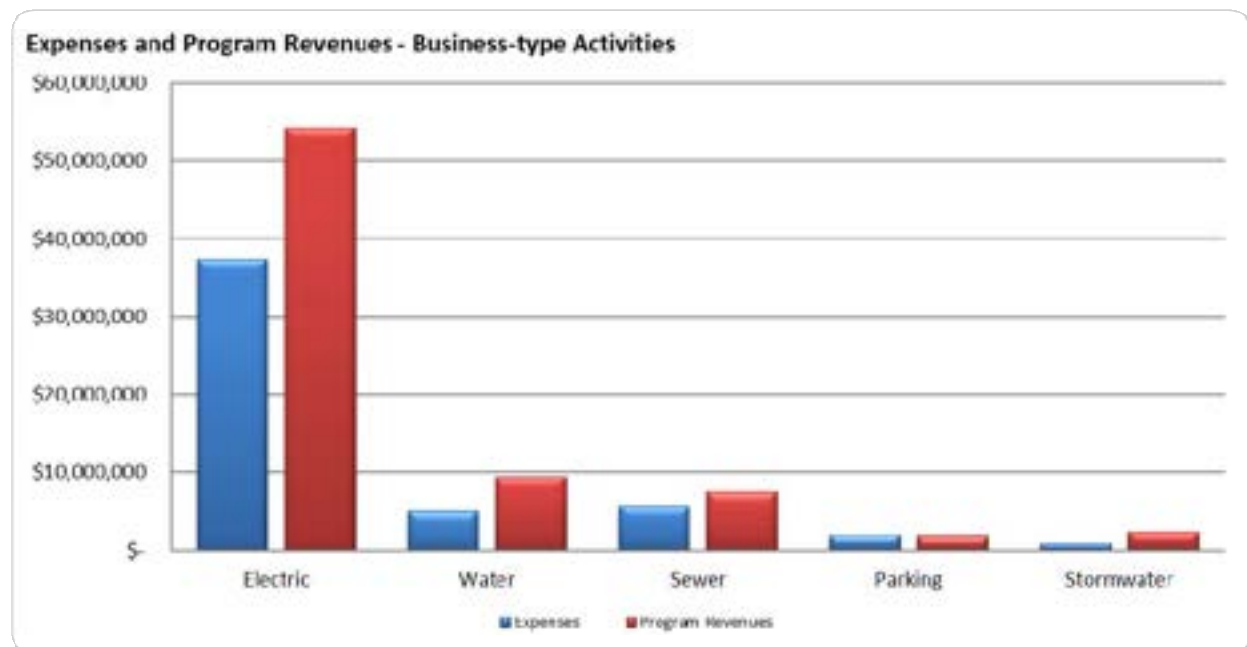
As shown in Table 3, the total cost of all governmental activities this year was \$35.1 million. These costs were partially supported by total program revenues of \$10.1 million, leaving a net cost of \$25 million. The program revenues were paid by those who directly benefited from the programs (\$5.1 million) or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions (\$4.9 million). The balance of the cost was primarily funded by City taxes totaling \$11.1 million and enterprise fund transfers of \$16 million. Public safety programs are the largest single spending commitment, accounting for 52 percent of the City's governmental activities expenses. Various general administration, public works, and culture and recreation services combine for about 48 percent of expenses.

Table 3

Governmental Activities Net Cost

Functions/Programs	Total Cost of Services	% of Total Cost	Service Charges	Grants	Total Program Revenues	Net Revenue (Expense) for Services
General Government	\$ 8,256,255	23.6%	\$ 3,398,121	\$ 1,318,749	\$ 4,716,870	\$ (3,539,385)
Public Safety	18,332,122	52.3%	1,225,284	495,763	1,721,047	(16,611,075)
Public Works	5,112,424	14.6%	18,175	2,832,153	2,850,328	(2,262,096)
Culture & Recreation	3,073,253	8.8%	504,454	49,617	554,071	(2,519,182)
Community Development	221,966	0.6%	-	246,967	246,967	25,001
Interest Expense	42,324	0.1%	-	-	-	(42,324)
Total	<u>\$ 35,038,344</u>	<u>100%</u>	<u>\$ 5,146,034</u>	<u>\$ 4,943,249</u>	<u>\$ 10,089,283</u>	<u>\$ (24,949,061)</u>

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. Most of business-type revenue is derived from service charges.



City of Newark, Delaware

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 176 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 seven 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 owns two of the seven 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 \$75 million for the year, which represents an increase of \$4.5 million from the prior year. This increase was driven by increased consumption and an increase to the customer charge for water and sewer. Expenses related to these business type activities totaled \$50.7 million in 2021, which represents a decrease of \$1.6 million from the prior year. The decrease in operating costs is mainly attributable to personnel expenditures and pension and OPEB adjustments. In total, revenues exceeded expenses and transfers by \$8.2 million in 2021.

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, 2021, the City's governmental funds reported combined ending balances of \$11.1 million, a decrease of \$.7 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. Almost seventy five percent of the fund balance – \$8 million – is either restricted to or assigned to general, capital projects, or other non-major governmental funds.

City of Newark, Delaware

Management's Discussion & Analysis

The City maintains a General Fund which serves as the chief operating fund of the City. As of December 31, 2021, the total fund balance of the General Fund was \$3.5 million, \$2.3 million which is unassigned.

The General Fund balance decreased by \$.3 million in fiscal year 2021. The decrease in General Fund balance is attributable to increased expenditures for General government, Public Safety and Culture and Recreation functions.

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, 2021, the total fund balance of the Capital Projects Fund was \$6.5 million, all of which is assigned.

The Capital Projects Fund balance decreased by \$.3 million in 2021 as opposed to an increase of \$1.3 million in 2020. Revenues and expenditures for capital outlay increased as a result of projects resuming that had been put on hold due to the pandemic.

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 \$161 thousand in 2021.

The City maintains a Debt Service Fund to set aside resources to meet current and future obligations of the City. As of December 31, 2021, the fund balance was \$46,340 of which \$38,641 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.

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 \$36.4 million as of December 31, 2021, \$19.3 million which was unrestricted. Total net position increased by \$3.1 million in 2021 as a result of \$16.6 million in operating income before capital grants and transfers, less \$14.3 million transferred to the General Fund to support governmental activities. The fund expended \$2.4 million in improvements to the City's electrical distribution system. The electric fund reports long-term debt of \$5.4 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 \$38.7 million as of December 31, 2021. Total net position increased \$3.4 million in 2021. Income before capital grants and transfers amounted to \$4.2 million, representing an increase of \$.7 million versus 2020 as a result of increases in operating revenues due to increases to customer charges and decreases in operating expenses. \$.9 million was transferred from the Water Fund to the General Fund to support governmental activities. The fund expended \$.7 million in improvements to the City's water purification, containment and distribution system. The Water Fund also carries roughly \$1.275 million of long-term debt associated with the construction of the City's water reservoir and \$7 million related to other lease financing agreements and State Revolving Loans.

The Sewer Fund had a total net position of \$12.7 million as of December 31, 2021, \$5.4 million of which was unrestricted. Total net position increased by \$1.2 million in 2021. Income before capital grants and transfers amounted to \$1.8 million of which \$.7 million was transferred to the General Fund to support governmental activities. The fund expended \$1 million in improvements to the City's sewage transport and elimination system.

City of Newark, Delaware

Management's Discussion & Analysis

The Parking Fund had total net position of \$3.8 million as of December 31, 2021. Total net position decreased by \$231 thousand in 2021. The City experienced loss of parking revenue for part of 2021 due to lack of vehicle traffic because of business restrictions from the COVID pandemic.

The Stormwater Fund had total net position of \$5.5 million as of December 31, 2021. Income before capital grants and transfers totaled \$1.5 million. The fund expended \$5.1 million in improvements. The fund had long term debt from State Revolving Loans which totaled \$5.6 million December 31, 2021.

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 \$98.7 million, an increase of \$10.9 million as compared to the prior fiscal year. The total pension liability, as of December 31, 2021, is \$122.4 million, representing a funding ratio of 80.6 percent. The City contribution was \$75,363 more than the annual required contribution of \$4.5 million.

The OPEB Trust Fund ended the fiscal year with a balance of \$18.3 million, representing an increase of \$3 million over the prior fiscal year. The total OPEB liability, as of December 31, 2021, is \$21.8 million, representing a funding ratio of 83.8 percent. The City contribution was \$608,578 more than the annual required contribution of \$1.1 million.

The financial statements for the fiduciary funds can be found on Pages 42 through 43 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 \$.6 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. Expenditures were \$2.2 million dollars lower than the final total budget. All departments, with the exception of Administration, 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, 2021 amounted to \$125.4 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 \$16.5 million in 2021. Net additions, after depreciation and retirements, totaled \$10 million.

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

City of Newark, Delaware

Management's Discussion & Analysis

Long-term Debt

At December 31, 2021, the City had \$1.275 million in bonds outstanding versus \$2.5 million at the end of the prior year – a decrease of 49 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, 2021, the City had the following additional long-term debt: lease and note payable totaling \$3.9 million to fund an Automated Metering Infrastructure Project (the "AMI" or "Smart Meter" Project), \$8.5 million in various energy efficiency loans and leases, \$10.2 million in State Revolving Loans for various capital projects and \$562 thousand for governmental equipment leases. 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 \$23.7 million of net pension liability, \$3.5 million of net OPEB liability and \$2.2 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.

MECONOMIC 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 46 percent of the City's consumption 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 2021 and 93.48 cents per \$100 in 2022.
- The City Council adopted the 2022 General Operating Budget on November 1, 2021. The budget includes total operating revenues of \$99 million, an increase of 4.0 percent from 2021, and total operating expenditures of \$95.9 million, an increase of 3.9 percent from 2021.

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.

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BASIC FINANCIAL STATEMENTS

CITY OF NEWARK, DELAWARE
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,553,885	\$ 19,631,204	\$ 26,185,089
Investments	10,446,507	11,451,667	21,898,174
Accounts receivables, net	3,217,979	8,770,372	11,988,351
Internal balances	37,400	(37,400)	-
Taxes receivable	1,247,015	-	1,247,015
Inventory - supplies	52,926	1,822,305	1,875,231
Prepaid items	565,546	475,126	1,040,672
Restricted Assets:			
Cash and cash equivalents	4,328,895	7,539,150	11,868,045
Investments	539,049	1,703,822	2,242,871
Total current assets	<u>26,989,202</u>	<u>51,356,246</u>	<u>78,345,448</u>
Noncurrent assets:			
Capital assets, net:			
Land	5,543,610	14,906,964	20,450,574
Construction in progress	749,901	1,116,707	1,866,608
Buildings	8,500,504	17,287,223	25,787,727
Improvements	19,951,631	50,914,962	70,866,593
Machinery and Equipment	3,490,437	2,900,771	6,391,208
Intangibles	-	8,126	8,126
Total capital assets, net	<u>38,236,083</u>	<u>87,134,753</u>	<u>125,370,836</u>
Total noncurrent assets	<u>38,236,083</u>	<u>87,134,753</u>	<u>125,370,836</u>
Total assets	<u>65,225,285</u>	<u>138,490,999</u>	<u>203,716,284</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred pension amounts	6,649,533	1,704,151	8,353,684
Deferred OPEB amounts	480,621	156,807	637,428
Deferred loss on bond defeasance	-	28,708	28,708
Total deferred outflows of resources	<u>7,130,154</u>	<u>1,889,666</u>	<u>9,019,820</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	3,505,376	4,455,485	7,960,861
Customer deposits	539,049	1,703,822	2,242,871
Regulatory liability	-	1,887,185	1,887,185
Compensated absences	163,227	60,077	223,304
Due to other governments	69,865	538,327	608,192
Accrued interest payable	114	70,552	70,666
Unearned revenue	-	106,951	106,951
Bonds, notes, and lease payable	292,679	2,400,893	2,693,572
Total current liabilities	<u>4,570,310</u>	<u>11,223,292</u>	<u>15,793,602</u>
Noncurrent liabilities:			
Compensated absences	1,469,039	540,697	2,009,736
Net OPEB liability	2,662,166	863,882	3,526,048
Net pension liability	18,854,886	4,832,158	23,687,044
Unearned revenue	4,215,143	5,818,643	10,033,786
Bonds, notes, and lease payable	4,752,692	17,141,768	21,894,460
Total noncurrent liabilities	<u>31,953,926</u>	<u>29,197,148</u>	<u>61,151,074</u>
Total liabilities	<u>36,524,236</u>	<u>40,420,440</u>	<u>76,944,676</u>
DEFERRED INFLOW OF RESOURCES			
Deferred pension amounts	8,302,186	2,127,696	10,429,882
Deferred OPEB amounts	2,605,391	850,035	3,455,426
Deferred property taxes	5,229,810	-	5,229,810
Total deferred inflows of resources	<u>16,137,387</u>	<u>2,977,731</u>	<u>19,115,118</u>
Net Position			
Net investment in capital assets	33,185,058	67,806,267	100,991,325
Restricted for:			
Special revenue funds	1,057,510	-	1,057,510
Alderman's court security	244,257	-	244,257
Capital projects	448,697	1,889,150	2,337,847
Unrestricted	(15,241,706)	27,287,077	12,045,371
Total net position	<u>\$ 19,693,816</u>	<u>\$ 96,982,494</u>	<u>\$ 116,676,310</u>

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

CITY OF NEWARK, DELAWARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Primary government:						
Governmental activities:						
General government	\$ 8,256,255	\$ 3,398,121	\$ 1,280,492	\$ 38,257	\$ (3,539,385)	\$ -
Public safety	18,332,122	1,225,284	495,763	-	(16,611,075)	-
Public works	5,112,424	18,175	-	2,832,153	(2,262,096)	-
Community development	221,966	-	221,967	25,000	25,001	-
Culture and recreation	3,073,253	504,454	49,617	-	(2,519,182)	-
Interest expense	42,324	-	-	-	(42,324)	-
Total governmental activities	35,038,344	5,146,034	2,047,839	2,895,410	(24,949,061)	-
Business-type activities:						
Electric	37,332,580	54,088,119	-	85,631	-	16,841,170
Water	5,046,068	9,296,661	-	68,438	-	4,319,031
Sewer	5,633,461	7,502,317	-	31,044	-	1,899,900
Parking	1,899,252	1,771,501	-	8,822	-	(118,929)
Stormwater	808,604	2,369,352	-	17,209	-	1,577,957
Total business-type activities	50,719,965	75,027,950	-	211,144	-	24,519,129
Total primary government	\$ 85,758,309	\$ 80,173,984	\$ 2,047,839	\$ 3,106,554	(24,949,061)	(429,932)
General Revenues						
Taxes:						
Real estate taxes					8,043,755	-
Real estate transfer taxes					2,207,891	-
Franchise fees					350,911	-
Lodging tax					508,134	-
Unrestricted investment earnings/(loss)					(81,325)	(256,789)
Gain on sale of capital assets					14,800	-
Transfers					16,044,939	(16,044,939)
Total general revenues and transfers					27,089,105	(16,301,728)
Change in net position					2,140,044	8,217,401
Net position - beginning of year					17,553,772	88,765,093
Net position - end of year					\$ 19,693,816	\$ 96,982,494
						\$ 116,676,310

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

CITY OF NEWARK, DELAWARE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General	Capital Projects	Total Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,585,173	\$ 2,491,923	\$ 1,377,466	\$ 5,454,562
Investments	6,480,815	3,264,661	-	9,745,476
Accounts receivable	2,378,595	456,993	341,578	3,177,166
Taxes receivable, net	1,247,015	-	-	1,247,015
Due from other funds	230,000	-	-	230,000
Inventory - supplies	40,335	-	-	40,335
Prepaid items	516,752	-	8,823	525,575
Restricted assets:				
Cash and cash equivalents	-	3,880,198	-	3,880,198
Investments	539,049	-	-	539,049
Total assets	<u>\$ 13,017,734</u>	<u>\$ 10,093,775</u>	<u>\$ 1,727,867</u>	<u>\$ 24,839,376</u>
LIABILITIES				
Liabilities:				
Accounts payable and accrued expenses	\$ 890,002	\$ 234,946	\$ 175,557	\$ 1,300,505
Customer deposits	539,049	-	-	539,049
Due to other governments	69,865	-	-	69,865
Unearned revenue	540,952	3,337,969	336,222	4,215,143
Due to other funds	2,296,400	-	107,300	2,403,700
Total liabilities	<u>4,336,268</u>	<u>3,572,915</u>	<u>619,079</u>	<u>8,528,262</u>
DEFERRED INFLOW OF RESOURCES				
Deferred property taxes	5,229,810	-	-	5,229,810
Total deferred inflows of resources	<u>5,229,810</u>	<u>-</u>	<u>-</u>	<u>5,229,810</u>
FUND BALANCES				
Nonspendable				
Inventory	40,335	-	-	40,335
Prepaid items	516,752	-	8,823	525,575
Restricted for				
Safetytown programs	-	-	66,244	66,244
Parks donations	-	-	38,175	38,175
Recreation donations	-	-	36,523	36,523
Island beautification	-	-	142,594	142,594
Parkland improvements	-	-	60,344	60,344
Other parks programs	-	-	26,447	26,447
Law enforcement	-	-	687,183	687,183
Alderman's court security	244,257	-	-	244,257
Assigned to				
Other departmental purposes	366,412	-	-	366,412
Debt service	-	-	38,641	38,641
Transportation	-	-	3,814	3,814
Capital projects	-	6,520,860	-	6,520,860
Unassigned	2,283,900	-	-	2,283,900
Total fund balances	<u>3,451,656</u>	<u>6,520,860</u>	<u>1,108,788</u>	<u>11,081,304</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,017,734</u>	<u>\$ 10,093,775</u>	<u>\$ 1,727,867</u>	<u>\$ 24,839,376</u>

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

**CITY OF NEWARK, DELAWARE
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021**

Total Fund Balance - Governmental Funds	\$ 11,081,304
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 \$3,871,929 of internal service capital assets accounted for in the following line	34,364,154
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	2,534,683
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Lease and notes payable (net of Internal Service Fund, \$3,042,724 included in net position)	(2,002,647)
Compensated absences (net of Internal Service Fund, \$74,359 included in net position)	(1,557,907)
Net other post employment benefits liability (net of Internal Service Fund, \$66,995 included in net position)	(2,595,171)
Net pension liability (net of Internal Service Fund, \$412,155 included in net position)	(18,442,731)
Accrued interest payable	(114)
Deferred resources relate to:	
Deferred outflow of pension amounts (net of internal service funds \$145,354)	6,504,179
Deferred inflow of pension amounts (net of internal service funds \$181,480)	(8,120,706)
Deferred outflow of other post employment benefit amounts (net of internal service funds \$12,111)	468,510
Deferred inflow of other post employment benefit amounts (net of internal service funds \$65,653)	(2,539,738)
Net position of governmental activities	\$ 19,693,816

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

CITY OF NEWARK, DELAWARE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>General</u>	<u>Capital Projects</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes:				
Real estate	\$ 8,043,755	\$ -	\$ -	\$ 8,043,755
Real estate transfer	2,207,891	-	-	2,207,891
Franchise	350,911	-	-	350,911
Lodging	508,134	-	-	508,134
Licenses and permits	1,139,007	-	-	1,139,007
Fines, forfeits and costs	1,795,179	-	56,339	1,851,518
Interest and investment earnings/(loss)	(28,619)	(38,374)	84	(66,909)
Intergovernmental revenues	796,082	2,733,265	747,526	4,276,873
Charges for services	2,152,787	-	2,721	2,155,508
Community donations	-	98,888	-	98,888
Subvention - University of Delaware	529,231	-	-	529,231
Total revenues	<u>17,494,358</u>	<u>2,793,779</u>	<u>806,670</u>	<u>21,094,807</u>
EXPENDITURES				
Current:				
General government	7,933,042	-	254,369	8,187,411
Public safety	17,049,424	-	313,958	17,363,382
Public works	4,170,467	-	-	4,170,467
Community development	-	-	221,966	221,966
Culture and recreation	3,225,341	-	16,680	3,242,021
Debt service:				
Principal	-	-	150,982	150,982
Interest	-	-	42,473	42,473
Capital outlay	-	4,612,981	216,342	4,829,323
Total expenditures	<u>32,378,274</u>	<u>4,612,981</u>	<u>1,216,770</u>	<u>38,208,025</u>
Deficiency of revenues under expenditures	<u>(14,883,916)</u>	<u>(1,819,202)</u>	<u>(410,100)</u>	<u>(17,113,218)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of long-term capital-related lease	-	336,653	-	336,653
Transfers in	16,045,023	1,178,952	308,750	17,532,725
Transfers out	(1,450,702)	-	(55,084)	(1,505,786)
Proceeds from the sale of capital assets	14,800	-	-	14,800
Total other financing sources and uses	<u>14,609,121</u>	<u>1,515,605</u>	<u>253,666</u>	<u>16,378,392</u>
Net change in fund balances	(274,795)	(303,597)	(156,434)	(734,826)
Fund balances - beginning of year	3,726,451	6,824,457	1,265,222	11,816,130
Fund balances - end of year	<u>\$ 3,451,656</u>	<u>\$ 6,520,860</u>	<u>\$ 1,108,788</u>	<u>\$ 11,081,304</u>

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

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, 2021

Net Changes in Fund Balances - Total Governmental Funds	\$ (734,826)
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 (\$4,829,323) is allocated over their estimated useful lives as depreciation expense (\$2,673,037) net of the internal service funds of \$3,871,929. This is the amount by which depreciation exceeded capital outlays in the current period.	2,156,283
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:	
Lease and note principal	101,517
Accrued interest payable	150
Lease proceeds	(336,653)
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 (\$97,111) included in net position)	(12,771)
Net pension liability and related deferred inflows and outflows (net of the internal service funds (\$98,582) included in net position)	(528,061)
Net OPEB liability and related deferred inflows and outflows (net of the internal service funds (\$29,519) included in net position)	1,452,564
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.	41,841
Change in Net Position of Governmental Activities	\$ 2,140,044

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

CITY OF NEWARK, DELAWARE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual Amounts	
REVENUES				
Taxes:				
Real estate - current	\$ 7,960,000	\$ 7,960,000	7,966,029	\$ 6,029
Real estate - delinquent and interest	20,000	20,000	77,726	57,726
Real estate - transfer	1,450,000	1,450,000	2,207,891	757,891
Franchise	425,000	425,000	350,911	(74,089)
Lodging	450,000	450,000	508,134	58,134
Licenses and permits	1,321,000	1,321,000	1,139,007	(181,993)
Fines, forfeits and costs	1,359,800	1,359,800	1,795,179	435,379
Interest and investment earnings/(loss)	253,000	253,000	(28,619)	(281,619)
Intergovernmental revenues	599,700	1,232,719	796,082	(436,637)
Charges for services/fees	1,947,000	1,947,000	2,152,787	205,787
Subvention - University of Delaware	525,575	525,575	529,231	3,656
Total revenues	<u>16,311,075</u>	<u>16,944,094</u>	<u>17,494,358</u>	<u>550,264</u>
EXPENDITURES				
Current:				
General government:				
Finance	2,018,902	2,020,328	1,942,532	77,796
Planning & development	893,966	1,147,367	873,635	273,732
Administration	1,476,220	1,507,122	1,612,304	(105,182)
Legislative	1,506,366	1,507,422	1,409,331	98,091
Judicial	553,671	554,159	519,002	35,157
Information technology	1,712,482	1,713,284	1,576,238	137,046
Total general government	<u>8,161,607</u>	<u>8,449,682</u>	<u>7,933,042</u>	<u>516,640</u>
Public safety:				
Code enforcement	1,554,665	1,558,610	1,475,033	83,577
Police	15,644,133	15,683,714	15,574,391	109,323
Total public safety	<u>17,198,798</u>	<u>17,242,324</u>	<u>17,049,424</u>	<u>192,900</u>
Public works:				
Highways and streets	2,283,410	2,289,911	2,168,114	121,797
Sanitation	2,161,558	2,164,914	2,002,353	162,561
Total public works	<u>4,444,968</u>	<u>4,454,825</u>	<u>4,170,467</u>	<u>284,358</u>
Culture and recreation	3,507,407	3,885,968	3,225,341	660,627
Total expenditures	<u>33,312,780</u>	<u>34,032,799</u>	<u>32,378,274</u>	<u>1,654,525</u>
Deficiency of revenues under expenditures	<u>(17,001,705)</u>	<u>(17,088,705)</u>	<u>(14,883,916)</u>	<u>2,204,789</u>
Other Financing Sources (Uses)				
Transfers in	18,705,978	18,705,978	16,045,023	(2,660,955)
Transfers out	(1,596,749)	(1,596,749)	(1,450,702)	146,047
Proceeds from the sale of capital assets	20,000	38,606	14,800	(23,806)
Total other financing sources and uses	<u>17,129,229</u>	<u>17,147,835</u>	<u>14,609,121</u>	<u>(2,538,714)</u>
Net change in fund balances	<u>\$ 127,524</u>	<u>\$ 59,130</u>	<u>(274,795)</u>	<u>\$ (333,925)</u>
Fund balances - January 1			3,726,451	
Fund balances - December 31			<u>\$ 3,451,656</u>	

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

CITY OF NEWARK, DELAWARE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2021

	Business-Type Activities						Governmental	
	Enterprise Funds						Activities	
	Electric	Water	Sewer	Parking	Stormwater	Total Enterprise Funds	Internal Service Funds	
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 11,891,874	\$ 4,060,960	\$ 2,969,943	\$ 2,688	\$ 705,739	\$ 19,631,204	\$ 1,099,323	
Investments, unrestricted	9,039,029	294,384	1,941,374	-	176,880	11,451,667	701,031	
Accounts receivable, net	5,985,570	1,202,199	1,058,740	173,278	350,585	8,770,372	40,813	
Due from other funds	1,077,237	-	5,200	-	-	1,082,437	4,530,000	
Inventory - supplies	1,495,670	292,753	15,722	-	14,160	1,822,305	12,591	
Prepaid items	227,786	113,430	35,520	70,008	28,382	475,126	39,971	
Restricted assets:								
Cash and cash equivalents	1,784,252	3,254,898	2,000,000	-	500,000	7,539,150	448,697	
Investments	1,677,880	19,142	6,800	-	-	1,703,822	-	
Total current assets	33,183,298	9,237,766	8,033,299	245,974	1,775,746	52,476,083	6,872,426	
Noncurrent assets:								
Capital assets, net:								
Land	-	7,957,954	-	3,545,582	3,403,428	14,906,964	44,230	
Construction in progress	896,782	120,667	37,552	61,706	-	1,116,707	1,949	
Buildings	8,795,977	8,491,246	-	-	-	17,287,223	3,517,248	
Improvements	8,723,128	26,420,360	7,895,907	520,541	7,355,026	50,914,962	18,223	
Machinery and equipment	1,111,837	482,623	98,751	891,560	316,000	2,900,771	290,279	
Intangibles	1,000	7,126	-	-	8,126	-	-	
Total noncurrent assets	19,528,724	43,479,976	8,032,210	5,019,389	11,074,454	87,134,753	3,871,929	
Total assets	52,712,022	52,717,742	16,065,509	5,265,363	12,850,200	139,610,836	10,744,355	
DEFERRED OUTFLOW OF RESOURCES								
Deferred pension amounts	905,540	490,362	6,682	170,414	131,153	1,704,151	145,354	
Deferred OPEB amounts	77,766	45,257	-	17,848	15,936	156,807	12,111	
Deferred loss on bond defeasance	-	28,708	-	-	-	28,708	-	
Total deferred outflow of resources	983,306	564,327	6,682	188,262	147,089	1,889,666	157,465	
LIABILITIES								
Current liabilities:								
Accounts payable and accrued expenses	3,085,488	261,761	446,858	112,210	549,168	4,455,485	2,204,871	
Customer deposits payable	1,677,880	19,142	6,800	-	-	1,703,822	-	
Regulatory liability	1,887,185	-	-	-	-	1,887,185	-	
Compensated absences	23,276	21,275	3,209	5,094	7,223	60,077	7,436	
Due to other funds	369,400	124,200	41,200	562,537	22,500	1,119,837	2,318,900	
Due to other governments	-	-	538,327	-	-	538,327	-	
Accrued interest payable	436	58,492	2,282	-	9,342	70,552	-	
Unearned revenue	38,896	-	-	68,055	-	106,951	-	
Bonds, notes, and lease payable	638,156	1,762,737	-	-	-	2,400,893	119,050	
Total current liabilities	7,720,717	2,247,607	1,038,676	747,896	588,233	12,343,129	4,650,257	
Noncurrent liabilities:								
Compensated absences	209,487	191,474	28,886	45,844	65,006	540,697	66,923	
Net OPEB liability	426,652	250,350	-	98,729	88,151	863,882	66,995	
Net pension liability	2,567,676	1,390,429	18,950	483,216	371,887	4,832,158	412,155	
Unearned revenue	128,405	3,151,298	2,000,940	-	538,000	5,818,643	-	
Bonds, notes, and lease payable	4,734,161	6,527,262	275,076	-	5,605,269	17,141,768	2,923,674	
Total noncurrent liabilities	8,066,381	11,510,813	2,323,852	627,789	6,668,313	29,197,148	3,469,747	
Total liabilities	15,787,098	13,758,420	3,362,528	1,375,685	7,256,546	41,540,277	8,120,004	
DEFERRED INFLOW OF RESOURCES								
Deferred pension amounts	1,130,599	612,234	8,344	212,770	163,749	2,127,696	181,480	
Deferred OPEB amounts	421,562	245,335	-	96,752	86,386	850,035	65,653	
Total deferred inflow of resources	1,552,161	857,569	8,344	309,522	250,135	2,977,731	247,133	
NET POSITION								
Net investment in capital assets	15,309,837	35,147,719	7,346,936	5,019,389	4,982,386	67,806,267	937,952	
Restricted for:								
Capital projects	1,784,252	104,898	-	-	-	1,889,150	448,697	
Unrestricted	19,261,980	3,413,463	5,354,383	(1,250,971)	508,222	27,287,077	1,148,034	
Total net position	36,356,069	38,666,080	\$ 12,701,319	\$ 3,768,418	\$ 5,490,606	\$ 96,982,494	\$ 2,534,683	

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

CITY OF NEWARK, DELAWARE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities					Governmental Activities
	Electric	Water	Sewer	Parking	Stormwater	Internal Service Funds
						Total Enterprise Funds
Operating Revenues:						
Charges for service	\$ 53,433,133	\$ 9,053,631	\$ 7,477,224	\$ 1,768,423	\$ 2,342,920	\$ 74,075,331
Penalties and fees	229,861	85,769	24,858	-	25,907	366,395
Miscellaneous	425,125	157,261	235	3,078	525	586,224
Total operating revenues	54,088,119	9,296,661	7,502,317	1,771,501	2,369,352	75,027,950
Operating Expenses:						
Personnel	2,414,939	2,055,758	(2,093)	1,008,215	341,877	5,818,696
Utility purchases	30,929,837	-	4,977,881	-	-	35,907,718
Materials and supplies	213,180	353,702	22,059	31,696	21,115	641,752
Contracted services	2,017,936	833,693	291,640	673,581	203,439	4,020,289
Depreciation	1,353,391	1,565,353	330,068	184,210	142,516	3,575,538
Other	271,624	8,785	8,002	1,550	8,614	298,575
Total operating expenses	37,200,907	4,817,291	5,627,557	1,899,252	717,561	50,262,568
Operating income (loss)	16,887,212	4,479,370	1,874,760	(127,751)	1,651,791	24,765,382
Nonoperating Revenues (Expenses):						
Interest and investment revenue/ (loss)	(181,917)	(18,423)	(39,265)	(746)	(16,438)	(256,789)
Amortization of bond premium	-	38,081	-	-	-	38,081
Amortization of loss on bond defeasance	-	(34,443)	-	-	-	(34,443)
Interest expense	(131,673)	(232,415)	(5,904)	-	(91,043)	(461,035)
Total nonoperating revenues (expenses)	(313,590)	(247,200)	(45,169)	(746)	(107,481)	(714,186)
Income before capital grants, capital contributions, and transfers	16,573,622	4,232,170	1,829,591	(128,497)	1,544,310	24,051,196
Capital grants and contributions	85,631	68,438	31,044	8,822	17,209	211,144
Transfers in	800,000	-	-	-	-	800,000
Transfers out	(14,326,056)	(949,949)	(657,875)	(111,059)	(800,000)	(16,844,939)
Change in net position	3,133,197	3,350,659	1,202,760	(230,734)	761,519	8,217,401
Total net position - beginning of year	33,222,872	35,315,421	11,498,559	3,999,152	4,729,089	88,765,093
Total net position - end of year	\$ 36,356,069	\$ 38,666,080	\$ 12,701,319	\$ 3,768,418	\$ 5,490,608	\$ 96,982,494
						\$ 2,534,683

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, 2021**

	Business-Type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Electric	Water	Sewer	Parking	Stormwater	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 55,493,271	\$ 9,243,335	\$ 7,657,144	\$ 1,688,469	\$ 2,581,908	\$ 76,664,127
Receipts from interfund charges for fleet management services	-	-	-	-	-	-
Receipts from interfund charges for facility management services	-	-	-	-	-	-
Receipts from interfund charges for risk management services	-	-	-	-	-	-
Customer deposits received	751,214	-	-	-	-	751,214
Customer deposits returned	(464,966)	-	-	-	-	(464,966)
Other operating receipts	221,332	100,748	235	3,078	525	325,918
Payments to suppliers for goods and services	(32,659,446)	(1,493,063)	(4,956,208)	(616,317)	(53,760)	(39,778,794)
Payments to employees for services	(3,769,639)	(2,839,235)	(325,159)	(1,148,121)	(647,337)	(8,729,491)
Payments for interfund services used	(183,557)	(179,981)	(28,312)	73,183	(35,979)	(354,646)
Net cash provided (used) by operating activities	19,388,209	4,831,804	2,347,700	292	1,845,357	28,413,362
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	800,000	-	-	-	-	800,000
Transfers out	(14,326,056)	(949,949)	(657,875)	(111,059)	(800,000)	(16,844,939)
Net cash provided (used) by noncapital financing activities	(13,526,056)	(949,949)	(657,875)	(111,059)	(800,000)	(16,044,939)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from bonds, notes and capital lease issuance	-	3,114,931	144,856	-	2,365,866	5,625,653
Payments of retainage	(38,815)	(161,186)	-	(12,381)	-	(212,382)
Purchases of capital assets	(2,274,517)	(1,004,391)	(984,727)	(105,281)	(4,894,149)	(9,263,065)
Capital grants received	47,500	3,150,000	2,000,000	-	794,702	5,992,202
Principal paid on capital debt	(572,169)	(1,661,372)	-	-	-	(2,233,541)
Interest paid on capital debt	(132,245)	(194,675)	(3,622)	-	(81,701)	(412,243)
Net cash provided (used) by capital and related financing activities	(2,970,246)	3,243,307	1,156,507	(117,662)	(1,815,282)	(503,376)
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of investments	-	-	-	216,265	-	216,265
Purchase of investments	-	-	-	-	(216,265)	(216,265)
Interest received	231,223	31,726	53,650	582	23,713	340,894
Net cash provided (used) by investing activities	231,223	31,726	53,650	216,847	(192,552)	340,894
Net increase (decrease) in cash and cash equivalents	3,123,130	7,156,888	2,899,982	(11,582)	(962,477)	12,205,941
Cash and cash equivalents - beginning of year	10,552,996	158,970	2,069,961	14,270	2,168,216	14,964,413
Cash and cash equivalents - end of year (1)	\$ 13,676,126	\$ 7,315,858	\$ 4,969,943	\$ 2,688	\$ 1,205,739	\$ 27,170,354
						\$ 1,548,020

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

FOR THE YEAR ENDED DECEMBER 31, 2021

	Business-Type Activities Enterprise Funds				Total Enterprise Funds	Governmental Activities Internal Service Funds
	Electric	Water	Sewer	Parking		
Reconciliation of operating income to net cash provided by operating activities						
Operating income (loss)	\$ 16,887,212	\$ 4,479,370	\$ 1,874,760	\$ (127,751)	\$ 24,765,382	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	1,353,391	1,565,353	330,068	184,210	142,516	108,600
Effect of changes in operating assets, liabilities and deferred outflows and inflows:						
Accounts receivable	1,613,823	47,647	159,664	(86,129)	214,061	1,949,066
Due from other funds	-	-	(5,200)	-	-	(5,200)
Allowance for uncollectible accounts	33,659	(225)	598	-	(980)	33,052
Inventory	(166,167)	22,241	709	-	(14,160)	(157,377)
Prepaid expenses	(11,780)	40,004	(3,102)	588	(3,887)	(5,243)
Deferred outflow pension amounts	(220,853)	(120,825)	21,273	(20,973)	(12,210)	(353,588)
Deferred outflow OPEB amounts	(40,867)	(25,343)	6,443	(16,384)	(8,029)	(84,180)
Customer deposits	286,248	-	-	-	-	286,248
Accounts payable	131,860	(538,907)	248,463	34,582	164,307	40,305
Regulatory liability	622,470	-	-	-	-	622,470
Compensated absences	(192,176)	(196,881)	(14,397)	984	(6,460)	(408,930)
Net OPEB liability	(379,162)	(184,535)	(140,698)	66,752	(84,524)	(772,167)
Net pension liability	(695,780)	(370,917)	(114,302)	(229,075)	(195,039)	(1,605,113)
Due to other funds	-	5,200	-	130,000	-	135,200
Due to other governments	-	-	69,316	-	-	69,316
Unearned revenue	-	-	-	6,175	-	-
Deferred inflow pension amounts	26,248	16,196	(36,748)	(28,269)	(28,098)	17,508
Deferred inflow OPEB amounts	140,083	93,426	(49,147)	85,582	26,069	25,442
Total adjustments	2,500,997	352,434	472,940	128,043	193,566	(242,793)
Net cash provided (used) by operating activities	\$ 19,388,209	\$ 4,831,804	\$ 2,347,700	\$ 292	\$ 28,413,362	\$ (242,793)
Noncash investing, capital, and financing activities:						
Increase (decrease) in fair value of investments	(413,140)	(50,149)	(92,915)	(1,328)	(40,151)	(597,683)
Increase (decrease) in capital grants receivable	-	68,438	31,044	8,822	(277,493)	(169,189)
Increase (decrease) in accrued interest receivable	(7,883)	(957)	(1,773)	(26)	(766)	(11,405)
Increase (decrease) in accrued interest payable	(572)	37,740	2,282	-	9,342	48,792
Capitalization of accrued payables, retainage	108,211	19,078	-	-	173,117	300,406
Capital contributions of property and equipment	38,131	-	-	-	-	38,131
Capital acquisitions from prepaid funds	-	-	-	-	50,000	-
Amortization of bond premium	-	38,081	-	-	-	38,081
Amortization of loss on bond defeasance	-	(34,443)	-	-	-	(34,443)

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

CITY OF NEWARK, DELAWARE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021

	Pension and Other Benefits Funds
ASSETS	
Cash and cash equivalents	\$ 45,034
Investments:	
Domestic equity mutual funds	42,284,067
International equity mutual funds	23,171,188
Fixed income mutual funds	40,613,354
Real estate equity funds	10,857,265
Total assets	<u>116,970,908</u>
 NET POSITION	
Net position restricted for employee pension benefits	98,702,956
Net position restricted for other post employment benefits	18,267,952
Total net position	<u>\$ 116,970,908</u>

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

CITY OF NEWARK, DELAWARE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Pension and Other Benefits Funds
ADDITIONS	
Contributions:	
Employer	\$ 5,829,226
State aid - police	438,731
Employee	<u>637,250</u>
Total contributions	<u>6,905,207</u>
Investments:	
Investment earnings	2,086,849
Net increase in fair value of investments	11,206,867
Investment expense	<u>(88,501)</u>
Total investment income	<u>13,205,215</u>
Total additions	<u>20,110,422</u>
DEDUCTIONS	
Benefits	6,047,649
Administrative expenses	<u>119,925</u>
Total deductions	<u>6,167,574</u>
Change in net position	13,942,848
Net position - beginning of year	<u>103,028,060</u>
Net position - end of year	<u><u>\$ 116,970,908</u></u>

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

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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:

General Fund – 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.

Capital Projects Fund – 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.

Sewer Fund – 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.

Stormwater Fund – Used to account for the operation of a stormwater collection system.

The City reports the following internal service funds:

Maintenance Fund – 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.

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

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

The City reports the following non-major governmental funds:

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

Community Development Fund – 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.

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

Parks and Recreation Fund – Used to account for grants and other funding designated for Parks maintenance and beautification and for the City’s Recreational program operating expenditures.

Transportation Fund – Used to account for the Unicity bus program and the related grant.

The City reports the following fiduciary fund types:

Pension Trust Fund – 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.

OPEB Trust Fund – 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.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021 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, 2021, the allowance for doubtful accounts in the General Fund amounted to \$164,034.

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, 2021, the allowance for doubtful accounts amounted to \$375,774 in the Electric Fund, \$16,340 in the Water Fund, and \$24,771 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.

**CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, represent consumption of net assets that apply 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, represent an acquisition of net assets that apply 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 amounts 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 amounts 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, 2021.
- Assigned – includes amounts that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.
- 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.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 2021 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, 2021, actual revenues in the General Fund exceeded budgeted revenues by \$550,264. The City experienced unfavorable variances in numerous revenue categories which were offset by real estate transfer taxes.

General Fund operating expenditures were \$2,204,789 less than appropriated. The only department that had higher expenditures than budgeted was Administration and was due to additional COVID and legal expenditures.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

Pensions

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

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.

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, 2021, the carrying amount of the City's cash accounts and cash on hand was \$38,053,134, net of \$45,034 included in Fiduciary Funds. The bank balances were \$36,301,631. Of the bank balances, \$25,769,946 was covered by Federal Depository Insurance, \$10,531,686 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, 2021 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.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

As of December 31, 2021, the City had the following investments (excluding investments of the City's fiduciary funds):

<u>Investment Type</u>	<u>INVESTMENT MATURITIES (in years)</u>				
	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Six to Ten Years</u>	<u>More Than Ten Years</u>
U. S. Government Securities	\$ 11,473,482	\$ -	\$ 7,583,278	\$ 2,314,991	\$ 1,575,213
Corporate Notes	7,299,439	-	6,310,427	989,012	-
Municipal Bonds	5,315,422	456,557	4,510,265	348,600	-
Real Estate	52,702	52,702	-	-	-
	<u>\$ 24,141,045</u>	<u>\$ 509,259</u>	<u>\$ 18,403,970</u>	<u>\$ 3,652,603</u>	<u>\$ 1,575,213</u>

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 bonds have varying ratings from Moody's as detailed below:

Aaa	53.7%
Aa2	3.4%
Aa3	2.9%
A1	14.2%
A2	8.9%
Baa2	0.9%
N/A	16.0%

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.

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.)

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

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

As of December 31, 2021, 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.

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:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Balance December 31, 2021</u>
U. S. Government Securities	\$ -	\$ 11,473,482	\$ -	\$ 11,473,482
Corporate Notes	-	7,299,439	-	7,299,439
Municipal Bonds	-	5,315,422	-	5,315,422
Domestic Equity Mutual Funds	42,284,067	-	-	42,284,067
International Equity Mutual Funds	23,171,188	-	-	23,171,188
Fixed Income Mutual Funds	40,613,354	-	-	40,613,354
Real Estate Equity Funds	10,857,265	-	-	10,857,265
Real Estate	-	-	52,702	52,702
	<u>\$ 116,925,874</u>	<u>\$ 24,088,343</u>	<u>\$ 52,702</u>	<u>\$ 141,066,919</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 CAPITAL ASSETS

The capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 5,543,610	\$ -	\$ -	\$ 5,543,610
Construction in progress	<u>2,386,767</u>	<u>399,931</u>	<u>2,036,797</u>	<u>749,901</u>
Total capital assets not being depreciated	<u>7,930,377</u>	<u>399,931</u>	<u>2,036,797</u>	<u>6,293,511</u>
Capital assets being depreciated:				
Buildings	11,858,818	4,314,237	-	16,173,055
Improvements	36,749,107	3,441,931	-	40,191,038
Machinery and equipment	<u>17,583,020</u>	<u>769,565</u>	<u>121,012</u>	<u>18,231,573</u>
Total capital assets being depreciated	<u>66,190,945</u>	<u>8,525,733</u>	<u>121,012</u>	<u>74,595,666</u>
Less accumulated depreciation for:				
Buildings	7,355,349	317,202	-	7,672,551
Improvements	18,717,012	1,522,395	-	20,239,407
Machinery and equipment	<u>13,920,108</u>	<u>942,040</u>	<u>121,012</u>	<u>14,741,136</u>
Total accumulated depreciation	<u>39,992,469</u>	<u>2,781,637</u>	<u>121,012</u>	<u>42,653,094</u>
Total capital assets being depreciated, net	<u>26,198,476</u>	<u>5,744,096</u>	<u>-</u>	<u>31,942,572</u>
Governmental activities capital assets, net	<u><u>\$ 34,128,853</u></u>	<u><u>\$ 6,144,027</u></u>	<u><u>\$ 2,036,797</u></u>	<u><u>\$ 38,236,083</u></u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities</u>				
Capital assets not being depreciated:				
Land	\$ 11,503,536	\$ 3,403,428	\$ -	\$ 14,906,964
Construction in progress	8,597,576	999,117	8,479,986	1,116,707
Intangibles	8,126	-	-	8,126
Total capital assets not being depreciated	<u>20,109,238</u>	<u>4,402,545</u>	<u>8,479,986</u>	<u>16,031,797</u>
Capital assets being depreciated:				
Buildings	33,106,626	5,483,280	-	38,589,906
Improvements	82,809,878	7,767,486	-	90,577,364
Machinery and equipment	6,407,197	440,147	-	6,847,344
Total capital assets being depreciated	<u>122,323,701</u>	<u>13,690,913</u>	<u>-</u>	<u>136,014,614</u>
Less accumulated depreciation for:				
Buildings	20,263,326	1,039,357	-	21,302,683
Improvements	37,593,236	2,069,166	-	39,662,402
Machinery and equipment	3,479,558	467,015	-	3,946,573
Total accumulated depreciation	<u>61,336,120</u>	<u>3,575,538</u>	<u>-</u>	<u>64,911,658</u>
Total capital assets being depreciated, net	<u>60,987,581</u>	<u>10,115,375</u>	<u>-</u>	<u>71,102,956</u>
Business-type activities capital assets, net	<u>\$ 81,096,819</u>	<u>\$ 14,517,920</u>	<u>\$ 8,479,986</u>	<u>\$ 87,134,753</u>
Depreciation expense was charged to the functions as follows:				
General government				\$ 303,694
Public safety				503,623
Public works				1,144,752
Culture and recreation				720,968
Capital assets held by the government's internal service funds and charged to the various functions based on their usage				<u>108,600</u>
Total depreciation expense - governmental activities				<u>\$ 2,781,637</u>
Business-type activities:				
Electric				\$ 1,353,391
Water				1,565,353
Sewer				330,068
Parking				184,210
Stormwater				<u>142,516</u>
Total depreciation expense - business-type activities				<u>\$ 3,575,538</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021, 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	Total
2022	<u>\$ 1,275,000</u>	<u>\$ 38,250</u>	<u>\$ 1,313,250</u>

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, 2021, \$1.275 million of bonds outstanding were considered defeased.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021, payments under this lease obligation are as follows:

<u>Year Ending December 31</u>	<u>Business Type Activities</u>
2022	\$ 703,350
2023	703,350
2024	703,350
2025	703,350
2026	703,350
2027	<u>703,350</u>
Total lease payments	4,220,100
Less: interest	<u>(306,790)</u>
Present value of lease payments	<u>\$ 3,913,310</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

<u>Year Ending December 31</u>	<u>Governmental Activities</u>
2022	49,255
2023	49,255
2024	49,255
2025	49,255
2026	49,255
2027	28,730
Total lease payments	275,005
Less: interest	(20,155)
Present value of lease payments	<u>\$ 254,850</u>

Equipment Lease/Purchase Agreement – Governmental Type Activities

On July 29, 2021, the City entered into an Equipment Lease/Purchase Agreement with Fulton Bank for \$336,653. The loan bears an interest rate of 2.65 percent. Payments are due semi-annually starting August 5, 2021, with the final payment due August 5, 2027. The proceeds were used to finance the City's purchase of a Swap Loader. 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 \$33,665 is included in expenses of the General Government reported on the Statement of Activities

<u>Year Ending December 31</u>	<u>Total</u>
2022	\$ 60,290
2023	60,290
2024	60,290
2025	60,290
2026	60,290
2027 - 2031	30,148
Total lease payments	331,598
Less: interest	(24,916)
Present value of lease payments	<u>\$ 306,682</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 LONG-TERM DEBT (cont'd)

Equipment Lease/Purchase Agreement – Business Type Activities

On January 21, 2021, the City entered into an Equipment Lease/Purchase Agreement with Fulton Bank for \$175,965. The loan bears an interest rate of 2.65 percent. Payments are due semi-annually starting January 25, 2021, with the final payment due July 25, 2026. The proceeds were used to finance the City's purchase of a Dump Truck. 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 \$17,296 is included in total depreciation reported on the Statement of Revenues, Expenses, and Changes in Net Position.

<u>Year Ending December 31</u>	<u>Total</u>
2022	\$ 31,506
2023	31,506
2024	31,506
2025	31,506
2026	<u>31,507</u>
Total lease payments	157,531
Less: interest	<u>(10,898)</u>
Present value of lease payments	<u><u>\$ 146,633</u></u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, roof repair/replacement and solar panel 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 \$97,323 is included in total depreciation reported on the Statement of Revenues, Expenses, and Changes in Net Position.

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
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	283,139	234,198	517,337
2027 - 2031	1,443,579	1,194,058	2,637,637
2032 - 2036	1,504,813	1,244,708	2,749,521
2037 - 2040	1,228,946	1,016,524	2,245,470
Total lease payments	5,579,732	4,615,283	10,195,015
Less: interest	(1,118,763)	(925,287)	(2,044,050)
Present value of lease payments	<u>\$ 4,460,969</u>	<u>\$ 3,689,996</u>	<u>\$ 8,150,965</u>

The assets acquired through these capital leases are as follows:

	<u>Equipment</u>	<u>Less: accumulated depreciation</u>	<u>Total asset values under capital leases</u>
Governmental Activities	\$ 5,357,361	\$ (211,990)	\$ 5,145,371
Electric Fund	7,022,345	(2,073,448)	4,948,897
Water Fund	4,185,184	(1,699,106)	2,486,078
Total	<u>\$ 16,564,890</u>	<u>\$ (3,984,544)</u>	<u>\$ 12,580,346</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021 are summarized below:

<u>Purpose</u>	<u>Amount</u>
Governmental activities	\$ 22,870
Business-type activities	<u>282,535</u>
	<u><u>\$ 305,405</u></u>

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

<u>Year Ending December 31</u>	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	<u>\$ 22,870</u>	<u>\$ 227</u>	<u>\$ 23,097</u>	<u>\$ 282,535</u>	<u>\$ 2,816</u>	<u>\$ 285,351</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 many 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 \$5,605,269 at December 31, 2021.

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 \$275,076 at December 31, 2021.

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 \$3,323,120 at December 31, 2021.

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 principal and interest payments in through March 2040. Draws total \$999,987 at December 31, 2021 and the project was completed in 2022.

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 22,188	\$ 6,222	\$ 28,410
2023	45,207	12,029	57,236
2024	46,339	11,463	57,802
2025	47,500	10,883	58,383
2026	48,690	10,287	58,977
2027 - 2031	262,362	41,982	304,344
2032 - 2036	296,904	24,711	321,615
2037 - 2040	230,797	5,816	236,613
Total	<u>\$ 999,987</u>	<u>\$ 123,393</u>	<u>\$ 1,123,380</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4 LONG-TERM DEBT (cont'd)

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, 2021.

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, 2021.

NOTE 5 CHANGES IN LONG-TERM LIABILITIES

Long term liability activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Lease payable	4,757,397	336,653	(71,549)	5,022,501	269,809
Notes payable	52,838	-	(29,968)	22,870	22,870
Net pension liability	17,790,317	1,064,569	-	18,854,886	-
Net OPEB liability	4,809,303	-	(2,147,137)	2,662,166	-
Compensated absences	1,716,606	1,986,029	(2,070,369)	1,632,266	163,227
Long-term liabilities	<u>\$ 29,126,461</u>	<u>\$ 3,387,251</u>	<u>\$ (4,319,023)</u>	<u>\$ 28,194,689</u>	<u>\$ 455,906</u>
<u>Business-Type Activities</u>					
Bonds payable	\$ 2,505,000	\$ -	\$ (1,230,000)	\$ 1,275,000	\$ 1,275,000
Plus: deferred amounts - bond premium	69,818	-	(38,083)	31,735	31,735
Total bonds payable	2,574,818	-	(1,268,083)	1,306,735	1,306,735
Lease payable	8,207,275	175,965	(633,301)	7,749,939	789,435
Notes payable	652,775	-	(370,240)	282,535	282,535
State Revolving loans	4,753,763	5,449,689	-	10,203,452	22,188
Net pension liability	6,437,271	-	(1,605,113)	4,832,158	-
Net OPEB liability	1,586,049	-	(722,167)	863,882	-
Compensated absences	1,009,704	1,064,715	(1,473,645)	600,774	60,077
Long-term liabilities	<u>\$ 25,221,655</u>	<u>\$ 6,690,369</u>	<u>\$ (6,072,549)</u>	<u>\$ 25,839,475</u>	<u>\$ 2,460,970</u>

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, 2021, \$3,042,724 of leases payable, \$74,359 of compensated absences, \$412,155 of net pension liability and \$66,995 of net OPEB liability from internal service funds are included in the above amounts.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 6 INTERFUND TRANSFERS, RECEIVABLES & PAYABLES

The composition of interfund transfers as of the year ended December 31, 2021 was as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 16,045,023	\$ 1,450,702
Capital Projects Fund	1,178,952	-
Nonmajor Governmental Funds	308,750	55,084
Electric Fund	800,000	14,326,056
Water Fund	-	949,949
Sewer Fund	-	657,875
Parking Fund	-	111,059
Stormwater Fund	-	800,000
Internal Services Fund	18,000	-
	<u>18,000</u>	<u>-</u>
Total transfers	<u>\$ 18,350,725</u>	<u>\$ 18,350,725</u>

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, 2021 was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Transportation	\$ 100,000
General	Parking	130,000
Electric	Maintenance	700,000
Electric	Parking	377,237
Sewer	Water	5,200
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
		<u>1,618,900</u>
Total		<u>\$ 5,842,437</u>

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 \$37,400.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021:

	Total	General Fund	Capital Projects Fund	Other Governmental Funds
General government	\$ 287,043	\$ 287,043	\$ -	\$ -
Public safety	204,729	68,371	-	136,358
Public works	5,525	5,525	-	-
Community development	107,024	-	-	107,024
Culture & recreation	6,242	5,473	-	769
Capital projects	<u>1,236,448</u>	<u>-</u>	<u>1,236,448</u>	<u>-</u>
	<u>\$ 1,847,011</u>	<u>\$ 366,412</u>	<u>\$ 1,236,448</u>	<u>\$ 244,151</u>

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 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

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 PENSIONS (cont'd)

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

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

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

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

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

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

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

**CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 2021 was 4.5 percent of current base and longevity pay earned. Contributions for AFSCME Locals 1670 and 3919 for 2021 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 2021.

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, 2021 totaled \$4,588,731 including \$438,731 of funds provided by the State of Delaware. The State aid for police pension is recorded through the general fund escrow account.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 PENSIONS (cont'd)

Plan Membership

As of January 1, 2021, the most recent actuarial valuation, employee membership consisted of:

Police and Nonpolice Participants	Police	Non Police	Total
Active employees	69	95	164
Retired and disabled members receiving benefits	74	130	204
Deferred vested participants	0	13	13
Total	143	238	381

The City's total payroll for all employees covered by Plan for the current year was \$12,784,771. 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.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 PENSIONS (cont'd)

The following was the Plan's adopted asset allocation policy as of December 31, 2021:

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.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 PENSIONS (cont'd)

The condensed financial statements as of and for the year ended December 31, 2021 are as follows:

Statement of Fiduciary Net Position
Employee's Pension Trust Fund

ASSETS

Investments:

Domestic equity mutual funds	\$ 35,647,178
International equity mutual funds	19,570,737
Fixed income mutual funds	34,345,780
Real estate equity funds	<u>9,139,261</u>

Total assets	<u>98,702,956</u>
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NET POSITION

Restricted for employee post employment benefits	<u>\$ 98,702,956</u>
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Statement of Changes in Fiduciary Net Position
Employee's Pension Trust Fund

ADDITIONS

Contributions:

Employer contributions	\$ 4,150,000
State aid - police	438,731
Employee contributions	<u>637,250</u>
Total contributions	<u>5,225,981</u>

Investments:

Investment earnings	1,759,929
Net increase in fair value of investments	9,523,072
Investment expense	<u>(78,130)</u>
Total investment earnings (deficit)	<u>11,204,871</u>
Total additions	<u>16,430,852</u>

DEDUCTIONS

Benefits	5,373,648
Administrative expenses	<u>107,660</u>
Total deductions	<u>5,481,308</u>

Change in net position	10,949,544
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Net position, January 1	<u>87,753,412</u>
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Net position, December 31	<u>\$ 98,702,956</u>
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CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021.

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, 2021 was 12.8 percent. The money weighted rate of return considers the changing amounts 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, 2021 are detailed below:

Asset Class	Long-Term Expected Rate of Return	Target Allocation
U.S. Cash	-0.26%	2.00%
U.S. Corporate Bonds	5.34%	14.00%
U.S. Government Bonds	1.13%	10.00%
U.S. Mortgages	2.03%	4.00%
U.S. High Yield Bonds	3.92%	7.00%
U.S. Large Cap	4.94%	12.50%
U.S. Large/Mid Cap	5.03%	12.50%
U.S. Small Cap	6.73%	5.00%
U.S. Mid Cap	5.56%	10.00%
Foreign Developed Equity	6.27%	10.00%
Emerging Markets Equity	8.82%	5.00%
U.S. REITs	5.60%	5.00%
Commodities	1.99%	3.00%

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 8 PENSIONS (cont'd)

Net Pension Liability

The net pension liability of the trust as of December 31, 2021 was for the measurement date December 31, 2021:

Total pension liability	\$ 122,390,000
Fiduciary net position	<u>(98,702,956)</u>
Net pension liability	<u>\$ 23,687,044</u>
Fiduciary net position as a % of total pension liability	80.65%
Changes in net pension liability:	
Service cost	\$ 2,221,396
Interest on total pension liability	6,693,283
Effect of plan changes	(374,000)
Effect of economic/demographic (gains) or losses	1,803,969
Effect of assumptions changes or inputs	5,438,000
Benefit payments	<u>(5,373,648)</u>
Net change in total pension liability	10,409,000
Total pension liability, beginning	<u>111,981,000</u>
Total pension liability, ending (a)	<u>\$ 122,390,000</u>
Fiduciary Net Position	
Employer contributions	4,588,731
Member contributions	637,250
Investment income net of investment expenses	11,204,871
Benefit payments	(5,373,648)
Administrative expenses	<u>(107,660)</u>
Net change in plan fiduciary net position	10,949,544
Fiduciary net position, beginning	<u>87,753,412</u>
Fiduciary net position, ending (b)	<u>\$ 98,702,956</u>
Net pension liability, ending = (a) - (b)	<u>\$ 23,687,044</u>
Covered payroll	\$ 12,784,771
Net pension liability as a % of covered payroll	185.28%

**CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 8 PENSIONS (cont'd)

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

Valuation date	January 1, 2021, rolled forward to December 31, 2021
Measurement date	December 31, 2021
Actuarial cost method	Entry Age Normal
Amortization period	Level dollar 21 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. New Plan for electing police is amortized over a closed 10 year period beginning with 2021 valuation.
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	5.75%
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-2021.

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	5.75%
Long-term expected rate of return, net of investment return	5.75%
Bond Buyer General Obligation 20- Bond Municipal Bond Index	2.06%

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 5.75 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 (4.75 percent) or 1 percentage point higher (6.75 percent) than the current rate.

	1% Decrease 4.75%	Current Discount Rate 5.75%	1% Increase 6.75%
Total pension liability	\$ 138,518,000	\$ 122,390,000	\$ 109,047,000
Fiduciary net position	98,702,956	98,702,956	98,702,956
Net pension liability	<u>\$ 39,815,044</u>	<u>\$ 23,687,044</u>	<u>\$ 10,344,044</u>

Deferred Inflows/Outflows of Resources

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (255,615)	\$ 1,619,330
Changes of assumptions	-	6,734,354
Net difference between projected and actual earnings	<u>(10,174,267)</u>	<u>-</u>
Total	<u>\$ (10,429,882)</u>	<u>\$ 8,353,684</u>

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:	
2022	\$ 841,098
2023	(1,587,035)
2024	(485,675)
2025	(844,586)

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021, the date of the latest actuarial valuation:

<u>Participants</u>	
Active	164
Retired	<u>169</u>
Total	<u><u>333</u></u>

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 2021, the City contributed \$1,679,226 to prefund benefits and to pay current premiums for post-employment benefits. For 2021, the current premium costs of those benefits were \$674,001.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021, was 12.66 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	5.75%
Long-term expected rate of return, net of investment return	5.75%
Bond Buyer General Obligation 20- Bond Municipal Bond Index	2.06%

The condensed financial statements as of and for the year ended December 31, 2021 are as follows:

Statement of Fiduciary Net Position
Other Post-Employment Benefits Plan
December 31, 2021

ASSETS

Cash and cash equivalents	\$ 45,034
Investments:	
Domestic equity mutual funds	6,636,889
International equity mutual funds	3,600,451
Fixed income mutual funds	6,267,574
Real estate equity funds	<u>1,718,004</u>
Total assets	<u>18,267,952</u>

NET POSITION

Restricted for employee post employment benefits	<u>\$ 18,267,952</u>
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CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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

Statement of Changes in Fiduciary Net Position
Other Post-Employment Benefits Plan
For the Year Ended December 31, 2021

ADDITIONS	
Contributions:	
Employer contributions	\$ 1,679,226
Investments:	
Investment earnings	326,920
Net increase (decrease) in fair value of investments	1,683,795
Investment expense	<u>(10,371)</u>
Total additions	<u>3,679,570</u>
DEDUCTIONS	
Benefits	674,001
Administrative expenses	<u>12,265</u>
Total deductions	<u>686,266</u>
Change in net position	2,993,304
Net position, January 1	<u>15,274,648</u>
Net position, December 31	<u><u>\$ 18,267,952</u></u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021 were as follows:

Total OPEB liability	\$ 21,794,000
Fiduciary net position	<u>(18,267,952)</u>
Net OPEB liability	<u>\$ 3,526,048</u>
Fiduciary net position as a % of total OPEB liability	83.82%

Changes in Net OPEB Liability

Total OPEB liability	
Service cost	\$ 482,265
Interest on total OPEB liability	1,305,308
Effect of plan changes	(182,000)
Effect of economic/demographic (gains) or losses	541,428
Effect of assumptions changes or inputs	(1,217,000)
Benefit payments	<u>(806,001)</u>
Net change in total OPEB liability	124,000
Total OPEB liability, beginning	<u>21,670,000</u>
Total OPEB liability, ending (a)	<u>\$ 21,794,000</u>
Fiduciary net position	
Employer contributions	1,811,226
Investment income net of investment expenses	2,000,344
Benefit payments	(806,001)
Administrative expenses	<u>(12,265)</u>
Net change in plan fiduciary net position	2,993,304
Fiduciary net position, beginning	<u>15,274,648</u>
Fiduciary net position, ending (b)	<u>\$ 18,267,952</u>
Net OPEB liability, ending = (a) - (b)	<u>\$ 3,526,048</u>
Fiduciary net position as a % of total OPEB liability	83.82%
Covered payroll	\$ 12,775,169
Net OPEB liability as a % of covered payroll	27.60%

**CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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

The City's net OPEB liability was measured as of December 31, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2021.

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

Valuation date	January 1, 2021, rolled forward to December 31, 2021
Measurement date	December 31, 2021
Actuarial cost method	Entry Age Normal
Amortization period	Level dollar 21 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	5.75%
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, and healthcare reform provisions.
Mortality rate	PUBG/PUBS-2010 Mortality Tables projected on a generational basis using Scale MP-2021.

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 (4.75 percent) or 1 percentage point higher (6.75 percent) than the current rate.

	1% Decrease 4.75%	Current Discount Rate 5.75%	1% Increase 6.75%
Total OPEB liability	\$ 24,270,000	\$ 21,794,000	\$ 19,668,000
Fiduciary net position	18,267,952	18,267,952	18,267,952
Net OPEB liability	<u>\$ 6,002,048</u>	<u>\$ 3,526,048</u>	<u>\$ 1,400,048</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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	Current Trend Rate	1% Increase
Total OPEB liability	\$ 20,544,000	\$ 21,794,000	\$ 22,933,000
Fiduciary net position	18,267,952	18,267,952	18,267,952
Net OPEB liability	<u>\$ 2,276,048</u>	<u>\$ 3,526,048</u>	<u>\$ 4,665,048</u>

Deferred Inflows/Outflows of Resources

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (57,439)	\$ 423,726
Changes of assumptions	(1,457,305)	213,702
Net difference between projected and actual earnings	<u>(1,940,682)</u>	<u>-</u>
Total	<u>\$ (3,455,426)</u>	<u>637,428</u>

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:	
2022	\$ (853,197)
2023	(1,077,800)
2024	(587,979)
2025	(299,022)

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 2021.

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 2021, total contributions to the plan were \$713,151.

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 2021, contributions to the plan were \$24,216.

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 2021, plan contributions totaled \$212,154.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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, 2021, there were several outstanding workers compensation claims included in accrued liabilities:

Fiscal Year	Aggregate Liability for Claims beginning 1/1	Current Year Claims	Actual Claims Payments	Aggregate Liability for Claims ending 12/31
2021	\$ 1,753,596	\$ 18,307	\$ -	\$ 1,771,903
2020	\$ 2,171,165	\$ -	\$ 417,569	\$ 1,753,596
2019	\$ 2,886,356	\$ 78,026	\$ 793,217	\$ 2,171,165

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.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

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 were two pending lawsuit in which the City was involved at December 31, 2021. The City has filed a motion to dismiss on one suit and a motion for summary judgement on the other. Both motions are currently pending before the courts. Additionally, there were four pending claims against the City as of the date of the financial statements. Three of the claimants have hired counsel but there have been no suits filed against the City on these claims. Subsequent to year end, the City reached a partial settlement for one of the pending claims in the amount of \$353,000.

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NEWARK
DELAWARE
Service Excellence

REQUIRED SUPPLEMENTARY INFORMATION

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

	2014	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability								
Service cost	\$ 1,657,347	\$ 1,630,162	\$ 1,739,878	\$ 1,839,970	\$ 1,828,519	\$ 1,970,556	\$ 2,359,669	\$ 2,221,396
Interest on total pension liability	5,109,595	5,295,916	5,545,543	5,667,566	5,888,322	6,307,605	6,319,393	6,693,283
Effect of plan changes	-	-	-	301,000	3,000	895,000	1,377,000	(374,000)
Effect of economic/demographic (gains) or losses	(336,929)	596,848	503,390	403,715	1,877,397	(513,503)	(143,965)	1,803,969
Effect of assumptions changes or inputs	-	-	4,565,000	-	1,603,000	4,251,000	1,689,000	5,438,000
Benefit payments	(3,617,747)	(3,930,926)	(4,206,811)	(4,762,251)	(4,848,238)	(4,936,658)	(5,093,097)	(5,373,648)
Net change in total pension liability	2,812,266	3,592,000	8,147,000	3,450,000	6,352,000	7,974,000	6,508,000	10,409,000
Total pension liability, beginning	73,145,734	75,958,000	79,550,000	87,697,000	91,147,000	97,499,000	105,473,000	111,981,000
Total pension liability, ending (a)	\$ 75,958,000	\$ 79,550,000	\$ 87,697,000	\$ 91,147,000	\$ 97,499,000	\$ 105,473,000	\$ 111,981,000	\$ 122,390,000
Fiduciary Net Position								
Employer contributions	3,607,379	3,546,256	3,448,649	3,341,627	3,850,986	3,912,802	4,524,655	4,588,731
Member contributions	498,028	513,766	522,921	529,344	565,748	641,550	671,488	637,250
Investment income (loss) net of investment expenses	3,328,627	231,608	4,421,702	9,216,606	(3,787,283)	13,381,274	10,288,215	11,204,871
Benefit payments	(3,617,747)	(3,930,926)	(4,206,811)	(4,762,251)	(4,848,238)	(4,936,658)	(5,093,097)	(5,373,648)
Administrative expenses	(134,643)	(29,425)	(80,915)	(53,630)	(86,550)	(116,285)	(63,695)	(107,660)
Net change in plan fiduciary net position	3,681,644	331,279	4,105,546	8,271,696	(4,305,337)	12,882,683	10,327,566	10,949,544
Fiduciary net position, beginning	52,458,335	56,139,979	56,471,258	60,576,804	68,848,500	64,543,163	77,425,846	87,753,412
Fiduciary net position, ending (b)	\$ 56,139,979	\$ 56,471,258	\$ 60,576,804	\$ 68,848,500	\$ 64,543,163	\$ 77,425,846	\$ 87,753,412	\$ 98,702,956
Net pension liability, ending = (a) - (b)	\$ 19,818,021	\$ 23,078,742	\$ 27,120,196	\$ 22,298,500	\$ 32,955,837	\$ 28,047,154	\$ 24,227,588	\$ 23,687,044
Fiduciary net position as a % of total pension liability	73.91%	70.99%	69.08%	75.54%	66.20%	73.41%	78.36%	80.65%
Covered payroll	\$ 12,880,696	\$ 12,562,421	\$ 12,908,988	\$ 12,128,926	\$ 12,593,688	\$ 12,651,764	\$ 12,959,760	\$ 12,784,771
Net pension liability as a % of covered payroll	153.86%	183.71%	210.09%	183.85%	261.69%	221.69%	186.94%	185.28%

* 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, 2021

Notes to schedule:

Valuation date	January 1, 2021, rolled forward to December 31, 2021
Measurement date	December 31, 2021
Actuarial cost method	Entry Age Normal
Amortization period	Level dollar 21 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. New Plan for electing police is amortized over a closed 10 year period beginning with 2021 valuation.
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	5.75%
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-2021.

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

<u>Fiscal Year Ending December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contribution as a % of Covered Payroll</u>
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%
2021	4,513,368	4,588,731	(75,363)	12,784,771	35.89%

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%
Year Ended December 31, 2021	12.80%

* 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

	2017	2018	2019	2020	2021
Total OPEB liability					
Service cost	\$ 427,447	\$ 440,270	\$ 467,117	\$ 463,065	\$ 482,265
Interest on total OPEB liability	1,239,529	1,289,956	1,342,448	1,221,074	1,305,308
Effect of plan changes	-	-	-	187,000	(182,000)
Effect of economic/demographic (gains) or losses	(33,805)	(25,162)	(77,387)	(33,164)	541,428
Effect of assumptions changes or inputs	-	(51,000)	(1,194,000)	372,000	(1,217,000)
Benefit payments (including implicit rate subsidy)	<u>(823,852)</u>	<u>(918,064)</u>	<u>(827,178)</u>	<u>(843,975)</u>	<u>(806,001)</u>
Net change in total OPEB liability	809,319	736,000	(289,000)	1,366,000	124,000
Total OPEB liability, beginning	<u>19,047,681</u>	<u>19,857,000</u>	<u>20,593,000</u>	<u>20,304,000</u>	<u>21,670,000</u>
Total OPEB liability, ending (a)	<u>\$ 19,857,000</u>	<u>\$ 20,593,000</u>	<u>\$ 20,304,000</u>	<u>\$ 21,670,000</u>	<u>\$ 21,794,000</u>
Fiduciary net position					
Employer contributions	1,001,172	1,414,064	1,426,178	1,638,975	1,679,226
Implicit rate subsidy contribution*	222,000	304,000	201,000	205,000	132,000
Investment income (loss) net of investment expenses	1,156,971	(543,150)	2,044,852	2,042,865	2,000,344
Benefit payments	(601,852)	(614,064)	(626,178)	(638,975)	(674,001)
Implicit rate subsidy payments*	(222,000)	(304,000)	(201,000)	(205,000)	(132,000)
Administrative expenses	<u>(20,933)</u>	<u>(22,390)</u>	<u>(15,440)</u>	<u>(21,290)</u>	<u>(12,265)</u>
Net change in plan fiduciary net position	1,535,358	234,460	2,829,412	3,021,575	2,993,304
Fiduciary net position, beginning	<u>7,653,843</u>	<u>9,189,201</u>	<u>9,423,661</u>	<u>12,253,073</u>	<u>15,274,648</u>
Fiduciary net position, ending (b)	<u>\$ 9,189,201</u>	<u>\$ 9,423,661</u>	<u>\$ 12,253,073</u>	<u>\$ 15,274,648</u>	<u>\$ 18,267,952</u>
Net OPEB liability, ending = (a) - (b)	<u>\$ 10,667,799</u>	<u>\$ 11,169,339</u>	<u>\$ 8,050,927</u>	<u>\$ 6,395,352</u>	<u>\$ 3,526,048</u>
Fiduciary net position as a % of total OPEB liability	46.31%	45.76%	60.35%	70.49%	83.82%
Covered payroll	\$ 11,696,145	\$ 11,696,145	\$ 12,425,486	\$ 12,826,195	\$ 12,775,169
Net OPEB liability as a % of covered payroll	91.15%	95.50%	64.79%	49.86%	27.60%

*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.

** 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, 2021, rolled forward to December 31, 2021
Measurement date	December 31, 2021
Actuarial cost method	Entry Age Normal
Amortization period	Level dollar 21 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	5.75%
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, and healthcare reform provisions.
Mortality rate	PUBG/PUBS-2010 Mortality Tables projected on a generational basis using Scale MP-2021.

CITY OF NEWARK, DELAWARE
RSI - OPEB
DECEMBER 31

SCHEDULE OF EMPLOYER CONTRIBUTIONS*

<u>Fiscal Year Ending December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contribution as a % of Covered Payroll</u>
2012	1,081,823	1,095,884	(14,061)	N/A	N/A
2013	1,212,836	1,189,031	23,805	N/A	N/A
2014	1,212,634	1,252,031	(39,397)	N/A	N/A
2015	1,171,936	535,209	636,727	N/A	N/A
2016	1,256,296	628,586	627,710	N/A	N/A
2017	1,389,203	1,001,172	388,031	11,696,145	8.56%
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%
2021	1,070,648	1,679,226	(608,578)	12,775,169	13.14%

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%
Year Ended December 31, 2021	12.66%

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



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2021 Electric Vehicle
Fleet Additions

COMBINING FUND STATEMENTS

CITY OF NEWARK, DELAWARE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Debt Service	Special Revenue Funds				Total Nonmajor Governmental Funds
		Transportation Fund	Community Development Fund	Law Enforcement	Parks and Recreation	
ASSETS						
Cash and cash equivalents	\$ 38,641	\$ 1,361	\$ 25,877	\$ 941,260	\$ 370,327	\$ 1,377,466
Accounts receivable	-	143,380	79,488	118,710	-	341,578
Prepaid items	7,699	1,124	-	-	-	8,823
Total assets	<u>\$ 46,340</u>	<u>\$ 145,865</u>	<u>\$ 105,365</u>	<u>\$ 1,059,970</u>	<u>\$ 370,327</u>	<u>\$ 1,727,867</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ -	\$ 33,627	\$ 105,365	\$ 36,565	\$ -	\$ 175,557
Unearned revenues	-	-	-	336,222	-	336,222
Due to other funds	-	107,300	-	-	-	107,300
Total liabilities	<u>-</u>	<u>140,927</u>	<u>105,365</u>	<u>372,787</u>	<u>-</u>	<u>619,079</u>
FUND BALANCES						
Nonspendable						
Prepaid items	7,699	1,124	-	-	-	8,823
Restricted for						
Safetytown programs	-	-	-	-	66,244	66,244
Parks donations	-	-	-	-	38,175	38,175
Recreation donations	-	-	-	-	36,523	36,523
Island beautification	-	-	-	-	142,594	142,594
Parkland improvements	-	-	-	-	60,344	60,344
Other parks programs	-	-	-	-	26,447	26,447
Law enforcement	-	-	-	687,183	-	687,183
Assigned to						
Debt service	38,641	-	-	-	-	38,641
Transportation	-	3,814	-	-	-	3,814
Total fund balances	<u>46,340</u>	<u>4,938</u>	<u>-</u>	<u>687,183</u>	<u>370,327</u>	<u>1,108,788</u>
Total liabilities and fund balances	<u>\$ 46,340</u>	<u>\$ 145,865</u>	<u>\$ 105,365</u>	<u>\$ 1,059,970</u>	<u>\$ 370,327</u>	<u>\$ 1,727,867</u>

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Debt Service	Special Revenue Funds				Total Nonmajor Governmental Funds
		Transportation Fund	Community Development Fund	Law Enforcement	Parks and Recreation	
REVENUES						
Fines, forfeits and costs	\$ -	\$ -	\$ -	\$ 56,339	\$ -	\$ 56,339
Interest and investment earnings	-	-	-	84	-	84
Intergovernmental revenues	-	143,380	246,966	307,563	49,617	747,526
Charges for services	-	-	-	-	2,721	2,721
Total revenues	-	143,380	246,966	363,986	52,338	806,670
EXPENDITURES						
Current:						
General government	-	254,369	-	-	-	254,369
Public safety	-	-	-	313,958	-	313,958
Community development	-	-	221,966	-	-	221,966
Culture and recreation	-	-	-	-	16,680	16,680
Debt service:						
Principal	150,982	-	-	-	-	150,982
Interest	42,473	-	-	-	-	42,473
Capital outlay	-	-	25,000	191,342	-	216,342
Total expenditures	193,455	254,369	246,966	505,300	16,680	1,216,770
Excess (deficiency) of revenues over (under) expenditures	(193,455)	(110,989)	-	(141,314)	35,658	(410,100)
OTHER FINANCING SOURCES (USES)						
Transfers in	197,761	110,989	-	-	-	308,750
Transfers out	-	-	-	-	(55,084)	(55,084)
Total other financing sources and (uses)	197,761	110,989	-	-	(55,084)	253,666
Net change in fund balances	4,306	-	-	(141,314)	(19,426)	(156,434)
Fund balances - January 1	42,034	4,938	-	828,497	389,753	1,265,222
Fund balances - December 31	\$ 46,340	\$ 4,938	\$ -	\$ 687,183	\$ 370,327	\$ 1,108,788

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Favorable (Unfavorable)
EXPENDITURES				
Debt service:				
Principal	\$ 131,877	\$ 204,657	\$ 150,982	\$ 53,675
Interest	120,506	120,506	42,473	78,033
Total debt service	252,383	325,163	193,455	131,708
Total expenditures	252,383	325,163	193,455	131,708
Deficiency of revenues under expenditures	(252,383)	(325,163)	(193,455)	131,708
Other Financing Sources (Uses)				
Transfers In	252,383	325,163	197,761	(127,402)
Total other financing sources and uses	252,383	325,163	197,761	(127,402)
Net change in fund balances	-	-	4,306	\$ 4,306
Fund balances - January 1	42,034	42,034	42,034	
Fund balances - December 31	\$ 42,034	\$ 42,034	\$ 46,340	

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, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 143,380	\$ 143,380	\$ 143,380	\$ -
Total revenues	143,380	143,380	143,380	-
EXPENDITURES				
Current:				
General government	268,958	269,236	254,369	14,867
Total general government	268,958	269,236	254,369	14,867
Total expenditures	268,958	269,236	254,369	14,867
Excess (deficiency) of revenues over (under) expenditures	(125,578)	(125,856)	(110,989)	14,867
Other Financing Sources (Uses)				
Transfers in	125,578	125,578	110,989	(14,589)
Total other financing sources and uses	125,578	125,578	110,989	(14,589)
Net change in fund balances	-	(278)	-	\$ 278
Fund balances - January 1	4,938	4,938	4,938	
Fund balances - December 31	\$ 4,938	\$ 4,660	\$ 4,938	

CITY OF NEWARK, DELAWARE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

REVENUES	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Intergovernmental revenues	\$ 227,885	\$ 227,885	\$ 246,966	\$ 19,081
Total revenues	227,885	227,885	246,966	19,081
EXPENDITURES				
Current:				
Community development:				
Community development & subventions	202,885	202,885	221,966	(19,081)
Total community development	202,885	202,885	221,966	(19,081)
Capital outlay	25,000	25,000	25,000	-
Total expenditures	227,885	227,885	246,966	(19,081)
Excess of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	\$ -
Fund balances - January 1	-	-	-	
Fund balances - December 31	\$ -	\$ -	\$ -	

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, 2021

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Fines, forfeits and costs	\$ 10,000	\$ 10,000	\$ 56,339	\$ 46,339
Interest and investment earnings	-	-	84	84
Intergovernmental revenues	326,287	345,310	307,563	(37,747)
Total revenues	336,287	355,310	363,986	8,676
EXPENDITURES				
Current:				
Public safety:				
Police	339,214	382,214	313,958	68,256
Total public safety	339,214	382,214	313,958	68,256
Capital outlay	-	172,154	191,342	(19,188)
Total expenditures	339,214	554,368	505,300	49,068
Excess (deficiency) of revenues over (under) expenditures	(2,927)	(199,058)	(141,314)	57,744
Other Financing Sources (Uses)				
Transfers In	2,927	2,927	-	(2,927)
Total other financing sources and uses	2,927	2,927	-	(2,927)
Net change in fund balances	-	(196,131)	(141,314)	\$ 54,817
Fund balances - January 1	828,497	828,497	828,497	
Fund balances - December 31	\$ 828,497	\$ 632,366	\$ 687,183	

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, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Favorable (Unfavorable)
REVENUES				
Intergovernmental revenue	\$ 26,000	\$ 26,000	\$ 49,617	\$ 23,617
Charges for services	2,200	2,200	2,721	521
Total revenues	28,200	28,200	52,338	24,138
EXPENDITURES				
Current:				
Culture and recreation:				
Parks and recreation	29,900	29,900	9,011	20,889
Landscape beautification	11,200	11,200	7,669	3,531
Total culture and recreation	41,100	41,100	16,680	24,420
Total expenditures	41,100	41,100	16,680	24,420
Excess (deficiency) of revenues over (under) expenditures	(12,900)	(12,900)	35,658	48,558
Other Financing Sources (Uses)				
Transfers in	12,900	12,900	-	(12,900)
Transfers Out	-	-	(55,084)	(55,084)
Total other financing sources and uses	12,900	12,900	(55,084)	(67,984)
Net change in fund balances	-	-	(19,426)	\$ (19,426)
Fund balances - January 1	389,753	389,753	389,753	
Fund balances - December 31	\$ 389,753	\$ 389,753	\$ 370,327	

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2021

	Maintenance Fund	Self- Insurance Fund	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 205,989	\$ 893,334	\$ 1,099,323
Investments, unrestricted	-	701,031	701,031
Accounts receivable, net	38,503	2,310	40,813
Due from other funds	2,911,100	1,618,900	4,530,000
Inventory	12,591	-	12,591
Prepaid items	39,971	-	39,971
Restricted Assets:			
Cash and cash equivalents	448,697	-	448,697
Total current assets	<u>3,656,851</u>	<u>3,215,575</u>	<u>6,872,426</u>
Noncurrent assets:			
Capital assets, net:			
Land	44,230	-	44,230
Construction in progress	1,949	-	1,949
Buildings	3,517,248	-	3,517,248
Improvements	18,223	-	18,223
Machinery and equipment	290,279	-	290,279
Total noncurrent assets	<u>3,871,929</u>	<u>-</u>	<u>3,871,929</u>
Total assets	<u>7,528,780</u>	<u>3,215,575</u>	<u>10,744,355</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred pension amounts	145,354	-	145,354
Deferred OPEB amounts	<u>12,111</u>	<u>-</u>	<u>12,111</u>
Total deferred outflow of resources	<u>157,465</u>	<u>-</u>	<u>157,465</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	426,936	1,777,935	2,204,871
Compensated absences	7,436	-	7,436
Due to other funds	2,318,900	-	2,318,900
Bonds, notes, and lease payable	119,050	-	119,050
Total current liabilities	<u>2,872,322</u>	<u>1,777,935</u>	<u>4,650,257</u>
Noncurrent liabilities:			
Compensated absences	66,923	-	66,923
Net OPEB liability	66,995	-	66,995
Net pension liability	412,155	-	412,155
Bonds, notes, and lease payable	2,923,674	-	2,923,674
Total noncurrent liabilities	<u>3,469,747</u>	<u>-</u>	<u>3,469,747</u>
Total liabilities	<u>6,342,069</u>	<u>1,777,935</u>	<u>8,120,004</u>
DEFERRED INFLOW OF RESOURCES			
Deferred pension amounts	181,480	-	181,480
Deferred OPEB amounts	65,653	-	65,653
	<u>247,133</u>	<u>-</u>	<u>247,133</u>
NET POSITION			
Net investment in capital assets	937,952	-	937,952
Restricted for:			
Capital projects	448,697	-	448,697
Unrestricted	<u>(289,606)</u>	<u>1,437,640</u>	<u>1,148,034</u>
Total net position	<u>\$ 1,097,043</u>	<u>\$ 1,437,640</u>	<u>\$ 2,534,683</u>

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Maintenance Fund</u>	<u>Self- Insurance Fund</u>	<u>Total Internal Service Funds</u>
Operating Revenues:			
Charges for service	\$ 2,262,344	\$ 170,027	\$ 2,432,371
Miscellaneous	-	-	-
Total operating revenues	<u>2,262,344</u>	<u>170,027</u>	<u>2,432,371</u>
Operating Expenses:			
Personnel	763,854	-	763,854
Materials and supplies	674,446	-	674,446
Contracted services	493,957	170,027	663,984
Depreciation	108,600	-	108,600
Other	221,487	-	221,487
Total operating expenses	<u>2,262,344</u>	<u>170,027</u>	<u>2,432,371</u>
Operating income	<u>-</u>	<u>-</u>	<u>-</u>
Nonoperating Revenues (Expenses):			
Interest and investment loss	<u>-</u>	<u>(14,416)</u>	<u>(14,416)</u>
Total nonoperating revenues (expenses)	<u>-</u>	<u>(14,416)</u>	<u>(14,416)</u>
Income before capital grants, capital contributions, and transfers	-	(14,416)	(14,416)
Capital grants and contributions	38,257	-	38,257
Transfers in	<u>-</u>	<u>18,000</u>	<u>18,000</u>
Change in net position	38,257	3,584	41,841
Total net position - beginning of year	<u>1,058,786</u>	<u>1,434,056</u>	<u>2,492,842</u>
Total net position - end of year	<u>\$ 1,097,043</u>	<u>\$ 1,437,640</u>	<u>\$ 2,534,683</u>

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Maintenance Fund	Self- Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund charges for fleet management services	\$ 1,382,860	\$ -	\$ 1,382,860
Receipts from interfund charges for facility management services	879,484	-	879,484
Receipts from interfund charges for risk management services	-	170,027	170,027
Other operating receipts	1,033	-	1,033
Payments to suppliers for goods and services	(1,488,017)	(199,451)	(1,687,468)
Payments to employees for services	(988,729)	-	(988,729)
	<u>(213,369)</u>	<u>(29,424)</u>	<u>(242,793)</u>
Net cash provided (used) by operating activities			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	18,000	18,000
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>18,000</u>	<u>18,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(1,959,941)	-	(1,959,941)
Net cash provided (used) by capital and related financing activities	<u>(1,959,941)</u>	<u>-</u>	<u>(1,959,941)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	18,991	18,991
Net cash provided (used) by investing activities	<u>-</u>	<u>18,991</u>	<u>18,991</u>
Net increase (decrease) in cash and cash equivalents	(2,173,310)	7,567	(2,165,743)
Cash and cash equivalents - beginning of year	2,827,996	885,767	3,713,763
Cash and cash equivalents - end of year	<u>\$ 654,686</u>	<u>\$ 893,334</u>	<u>\$ 1,548,020</u>
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income	\$ -	\$ -	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	108,600	-	108,600
Effect of changes in operating assets and liabilities			
Accounts receivable	1,033	-	1,033
Inventory	(2,891)	-	(2,891)
Prepaid expenses	(5,243)	-	(5,243)
Deferred outflow pension amounts	(43,693)	-	(43,693)
Deferred outflow OPEB amounts	(6,840)	-	(6,840)
Accounts payable	(89,656)	(29,424)	(119,080)
Compensated absences	(97,111)	-	(97,111)
Net OPEB liability	(48,121)	-	(48,121)
Net pension liability	(72,397)	-	(72,397)
Deferred inflow pension amounts	17,508	-	17,508
Deferred inflow OPEB amounts	25,442	-	25,442
Total adjustments	<u>(213,369)</u>	<u>(29,424)</u>	<u>(242,793)</u>
Net cash provided (used) by operating activities	<u>\$ (213,369)</u>	<u>\$ (29,424)</u>	<u>\$ (242,793)</u>
Noncash investing, capital, and financing activities:			
Increase (decrease) in fair value of investments	-	(33,407)	(33,407)
Increase (decrease) in capital grants receivable	38,257	-	38,257
Capitalization of accrued payables, retainage	99,603	-	99,603

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2021

	Employees Pension Trust Fund	Other Post- Employment Benefits Fund	Total Fiduciary Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 45,034	\$ 45,034
Investments:			
Domestic equity mutual funds	35,647,178	6,636,889	42,284,067
International equity mutual funds	19,570,737	3,600,451	23,171,188
Fixed income mutual funds	34,345,780	6,267,574	40,613,354
Real estate equity funds	9,139,261	1,718,004	10,857,265
Total assets	<u>98,702,956</u>	<u>18,267,952</u>	<u>116,970,908</u>
NET POSITION			
Net position restricted for employee pension benefits	98,702,956	-	98,702,956
Net position restricted for other post employment benefits	-	18,267,952	18,267,952
Total net position	<u>\$ 98,702,956</u>	<u>\$ 18,267,952</u>	<u>\$ 116,970,908</u>

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Employees Pension Trust Fund	Other Post- Employment Benefits Fund	Total Fiduciary Funds
ADDITIONS			
Contributions:			
Employer contributions	\$ 4,150,000	\$ 1,679,226	\$ 5,829,226
State aid - police	438,731	-	438,731
Employee contributions	637,250	-	637,250
Total contributions	<u>5,225,981</u>	<u>1,679,226</u>	<u>6,905,207</u>
Investments:			
Investment earnings	1,759,929	326,920	2,086,849
Net increase in fair value of investments	9,523,072	1,683,795	11,206,867
Investment expense	(78,130)	(10,371)	(88,501)
Total investment earnings (deficit)	<u>11,204,871</u>	<u>2,000,344</u>	<u>13,205,215</u>
Total additions	<u>16,430,852</u>	<u>3,679,570</u>	<u>20,110,422</u>
DEDUCTIONS			
Benefits	5,373,648	674,001	6,047,649
Administrative expenses	107,660	12,265	119,925
Total deductions	<u>5,481,308</u>	<u>686,266</u>	<u>6,167,574</u>
Change in net position	10,949,544	2,993,304	13,942,848
Net position - January 1	<u>87,753,412</u>	<u>15,274,648</u>	<u>103,028,060</u>
Net position - December 31	<u><u>\$ 98,702,956</u></u>	<u><u>\$ 18,267,952</u></u>	<u><u>\$ 116,970,908</u></u>



STATISTICAL SECTION

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

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Financial Trends

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These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

Revenue Capacity

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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.

Operating Information

121-123

These schedules contain service and infrastructure data to help the reader understand how the information in the city’s financial report relates to the services the city provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the 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									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 27,031,981	\$ 28,039,416	\$ 30,202,907	\$ 30,269,082	\$ 31,378,295	\$ 32,033,351	\$ 33,127,961	\$ 32,860,010	\$ 29,318,618	\$ 33,185,058
Restricted	337,388	322,332	426,369	176,186	1,337	893,224	1,172,296	1,117,957	1,390,826	1,750,464
Unrestricted	12,002,129	13,562,419	13,531,373	(2,964,236)	(5,589,425)	(8,585,727)	(16,763,284)	(16,293,499)	(13,155,673)	(15,241,706)
Total governmental activities net position	\$ 39,371,498	\$ 41,924,168	\$ 44,160,649	\$ 27,481,032	\$ 25,790,207	\$ 24,340,848	\$ 16,536,973	\$ 17,684,468	\$ 17,553,771	\$ 19,693,816
Business-type activities										
Net investment in capital assets	\$ 39,486,456	\$ 45,847,342	\$ 45,621,495	\$ 49,953,620	\$ 54,356,297	\$ 58,842,536	\$ 60,558,726	\$ 65,964,765	\$ 72,315,548	\$ 67,806,267
Restricted	8,786,225	1,928,424	817,815	-	-	-	-	-	-	1,889,150
Unrestricted	8,290,134	12,604,948	18,603,562	14,729,687	15,273,278	16,417,133	18,851,124	19,204,772	16,449,545	27,287,077
Total business-type activities net position	\$ 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	\$ 96,982,494
Primary government										
Net investment in capital assets	\$ 66,518,437	\$ 73,886,758	\$ 75,824,402	\$ 80,222,702	\$ 85,734,592	\$ 90,875,887	\$ 92,686,687	\$ 98,824,775	\$ 101,634,166	\$ 100,991,325
Restricted	9,123,613	2,250,756	1,244,184	176,186	1,337	893,224	1,172,296	1,117,957	1,390,826	3,639,614
Unrestricted	20,292,263	26,167,367	32,134,935	11,765,451	9,683,853	7,831,406	2,087,840	2,911,273	3,293,872	12,045,371
Total primary government net position	\$ 95,934,313	\$ 102,304,882	\$ 109,203,521	\$ 92,164,339	\$ 95,419,782	\$ 99,600,517	\$ 95,946,823	\$ 102,854,005	\$ 106,318,864	\$ 116,676,310

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government:										
Public safety	\$ 6,237,220	\$ 6,395,748	\$ 7,079,702	\$ 7,515,728	\$ 7,758,601	\$ 7,934,478	\$ 8,513,469	\$ 8,162,236	\$ 8,139,725	\$ 8,256,255
Public works	11,426,222	12,220,141	13,012,788	15,712,929	14,523,004	15,256,085	17,692,838	17,371,732	16,316,041	18,332,122
Community development	5,938,001	5,034,078	4,920,853	5,355,309	5,234,161	5,435,573	5,853,165	5,383,774	5,282,098	5,112,424
Culture and recreation	150,939	219,480	178,555	238,997	204,919	152,971	257,509	201,776	142,761	221,966
Interest expense	2,908,610	2,992,043	3,263,524	3,646,885	3,476,444	3,575,722	4,543,526	3,948,473	4,124,613	3,073,253
Total governmental activities expenses	37,453	30,814	28,512	22,073	19,551	21,032	22,037	15,087	8,942	42,324
Business-type activities:										
Electric	26,698,445	26,892,304	28,483,934	32,491,921	31,216,680	32,375,861	36,882,544	35,083,078	34,014,180	35,038,344
Water	41,681,970	39,515,400	39,747,555	41,767,161	40,754,499	39,901,201	40,724,087	39,003,819	38,257,145	37,332,580
Sewer	3,928,933	4,534,736	5,262,775	5,702,289	5,551,922	5,851,339	5,046,620	5,603,083	5,075,577	5,046,068
Parking	4,559,881	4,947,453	5,092,098	5,201,543	5,388,663	5,560,685	5,973,196	6,358,390	5,823,686	5,633,461
Stormwater (initiated in 2018)	805,008	865,948	1,012,311	1,593,805	1,566,019	1,740,399	1,952,617	2,049,277	1,716,696	1,899,252
Total business-type activities expenses	50,975,792	49,863,537	51,114,739	54,264,798	53,261,103	53,053,624	54,801,442	53,926,250	52,307,796	50,719,965
Total primary government expenses	\$ 77,674,237	\$ 76,755,841	\$ 79,598,673	\$ 86,756,719	\$ 84,477,783	\$ 85,429,485	\$ 91,683,986	\$ 89,009,328	\$ 86,321,976	\$ 85,758,309
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 3,996,682	\$ 3,942,052	\$ 3,723,116	\$ 2,443,382	\$ 2,657,236	\$ 3,081,864	\$ 3,068,057	\$ 3,292,784	\$ 2,365,192	\$ 3,398,121
Public safety	1,436,915	1,921,357	1,702,677	891,512	1,313,738	1,348,763	2,587,645	1,412,797	1,249,800	1,225,284
Public works	184,811	113,402	10,169	8,843	8,687	20,564	17,804	39,147	19,353	18,175
Culture and recreation	570,866	614,771	586,013	623,025	655,634	668,514	706,987	720,923	206,126	504,454
Operating grants and contributions	1,067,730	1,328,639	1,347,577	1,220,225	1,250,818	1,321,862	1,388,615	1,845,043	4,174,291	2,047,839
Capital grants and contributions	3,393,569	1,493,727	2,051,726	665,475	588,637	1,670,470	1,338,317	1,305,054	55,346	2,895,410
Total governmental activities program revenues	10,650,573	9,413,948	9,421,278	5,852,462	6,474,750	8,112,037	9,107,425	8,615,748	8,070,108	10,089,283
Business-type activities:										
Charges for services:										
Electric	53,455,096	51,156,188	50,484,772	53,022,467	53,202,489	52,884,838	55,311,837	52,817,450	51,712,301	54,088,119
Water	7,347,756	7,288,821	8,455,187	9,045,018	9,564,594	9,595,035	9,600,198	9,307,957	8,519,986	9,296,661
Sewer	6,002,001	5,989,085	6,691,812	6,709,584	7,174,004	7,054,106	7,237,658	7,415,214	6,744,804	7,502,317
Parking	1,381,148	1,422,411	1,501,768	2,712,473	2,772,597	2,899,949	2,930,539	2,744,814	1,128,787	1,771,501
Stormwater (initiated in 2018)	66,045	442,870	1,796,634	298,368	149,250	69,764	145,869	2,435,618	2,414,657	2,369,352
Capital grants and contributions	68,252,046	66,299,375	68,930,173	71,787,910	72,862,934	72,503,692	77,254,211	75,256,162	70,557,915	75,239,094
Total business-type activities program revenues	\$ 78,902,619	\$ 75,713,323	\$ 78,351,451	\$ 77,640,372	\$ 79,337,684	\$ 80,615,729	\$ 86,361,642	\$ 83,871,910	\$ 78,628,023	\$ 85,328,377
Net (expense)/revenue										
Governmental activities	\$ (16,047,872)	\$ (17,478,356)	\$ (19,062,656)	\$ (26,639,459)	\$ (24,741,930)	\$ (24,263,824)	\$ (27,775,119)	\$ (26,467,330)	\$ (25,944,072)	\$ (24,949,061)
Business-type activities	17,276,254	16,435,838	17,815,434	17,523,112	19,601,831	19,450,068	22,452,775	21,329,912	18,250,119	24,519,129
Total primary government net expense	\$ 1,228,382	\$ (1,042,518)	\$ (1,247,222)	\$ (9,116,347)	\$ (5,140,099)	\$ (4,813,756)	\$ (5,322,344)	\$ (5,137,418)	\$ (7,693,953)	\$ (429,932)

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Real estate taxes	\$ 5,264,245	\$ 5,515,859	\$ 5,612,294	\$ 5,794,770	\$ 6,264,005	\$ 6,557,441	\$ 6,729,794	\$ 6,766,578	\$ 7,614,898	\$ 8,043,755
Real estate transfer taxes	1,162,016	1,424,534	1,821,278	2,074,082	1,430,654	1,584,426	2,365,285	2,646,573	1,293,038	2,207,891
Franchise fees	412,079	424,649	444,853	462,368	482,218	471,456	628,907	423,106	439,346	350,911
Lodging taxes (initiated 12/01/2018)							46,937	760,647	351,790	508,134
Investment earnings	129,570	8,984	126,100	116,947	116,018	115,172	124,038	640,030	603,706	(81,325)
Gain (loss) on sale of capital assets	41,176	34,040	22,960	18,912	9,730	59,200	51,403	25,863	-	14,800
Transfers	13,732,314	12,622,960	13,271,652	14,255,640	14,748,480	14,026,770	16,292,527	16,352,028	15,510,600	16,044,939
Total governmental activities	20,741,400	20,031,026	21,299,137	22,722,719	23,051,105	22,814,465	26,238,891	27,614,825	25,813,378	27,089,105
Business-type activities:										
Investment earnings	126,956	5,021	118,376	124,235	92,917	166,645	192,272	742,903	802,976	(256,789)
Gain (loss) on sale of capital assets	-	-	-	25,750	-	40,151	-	38,900	53,061	-
Transfers	(13,732,314)	(12,622,960)	(13,271,652)	(14,255,640)	(14,748,480)	(14,026,770)	(16,292,527)	(16,352,028)	(15,510,600)	(16,044,939)
Total business-type activities	(13,605,358)	(12,617,939)	(13,153,276)	(14,105,655)	(14,655,563)	(13,819,974)	(16,100,255)	(15,570,225)	(14,654,563)	(16,301,728)
Total primary government	\$ 7,136,042	\$ 7,413,087	\$ 8,145,861	\$ 8,617,064	\$ 8,395,542	\$ 8,994,491	\$ 10,138,636	\$ 12,044,600	\$ 11,158,815	\$ 10,787,377
Change in Net Position										
Governmental activities	\$ 4,693,528	\$ 2,552,670	\$ 2,236,481	\$ (3,916,740)	\$ (1,690,825)	\$ (1,449,359)	\$ (1,536,228)	\$ 1,147,495	\$ (130,694)	\$ 2,140,044
Business-type activities	3,670,896	3,817,899	4,662,158	3,417,457	4,946,268	5,630,094	6,352,520	5,759,687	3,595,556	8,217,401
Total primary government	\$ 8,364,424	\$ 6,370,569	\$ 6,898,639	\$ (499,283)	\$ 3,255,443	\$ 4,180,735	\$ 4,816,292	\$ 6,907,182	\$ 3,464,862	\$ 10,357,445

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Fund balances:										
Nonspendable	\$ 54,026	\$ 80,580	\$ 128,618	\$ 309,223	\$ 126,359	\$ 156,325	\$ 165,163	\$ 574,799	\$ 567,389	\$ 557,087
Restricted	132,891	85,030	98,682	-	-	-	-	170,540	172,576	244,257
Assigned	24,165	115,804	108,022	108,720	111,514	93,285	156,304	128,675	126,440	366,412
Unassigned	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	2,283,900
Total general fund	<u>\$ 2,908,403</u>	<u>\$ 4,577,134</u>	<u>\$ 4,417,871</u>	<u>\$ 4,286,680</u>	<u>\$ 4,382,124</u>	<u>\$ 4,533,576</u>	<u>\$ 3,959,446</u>	<u>\$ 4,677,159</u>	<u>\$ 3,726,451</u>	<u>\$ 3,451,656</u>
All other governmental funds										
Fund balances:										
Nonspendable	\$ 54,176	\$ 27,363	\$ 20,257	\$ 52,846	\$ 12,199	\$ 7,699	\$ 68,829	\$ 69,828	\$ 50,553	\$ 8,823
Restricted	760,724	877,335	946,722	747,478	875,174	893,224	1,172,296	1,117,957	1,218,250	1,057,510
Assigned	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	6,563,315
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 8,956,735</u>	<u>\$ 8,915,158</u>	<u>\$ 8,862,019</u>	<u>\$ 8,016,937</u>	<u>\$ 6,560,870</u>	<u>\$ 5,499,616</u>	<u>\$ 5,190,503</u>	<u>\$ 6,694,594</u>	<u>\$ 8,089,679</u>	<u>\$ 7,629,648</u>

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$ 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	\$ 11,110,691
Licenses and permits	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	1,139,007
Fines, forfeits and costs	2,306,788	2,394,708	1,989,715	1,507,219	2,014,327	1,867,284	2,218,118	1,944,709	1,089,400	1,851,518
Investment earnings	129,570	8,984	126,100	109,343	110,008	107,460	113,998	612,396	560,871	(66,909)
Intergovernmental revenues	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	4,276,873
Charges for services/fees	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	2,155,508
Community donations	-	-	-	-	-	-	425,249	5,000	-	98,888
Subvention-University of Delaware	211,500	511,003	516,620	504,953	492,149	499,331	506,658	515,271	527,122	529,231
Total revenues	<u>17,619,708</u>	<u>16,714,725</u>	<u>17,437,114</u>	<u>14,391,218</u>	<u>14,761,635</u>	<u>16,832,819</u>	<u>18,992,345</u>	<u>19,825,049</u>	<u>18,309,049</u>	<u>21,094,807</u>
Expenditures										
General government	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	8,187,411
Public safety	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	17,363,382
Public works	4,932,173	3,929,085	3,863,765	3,804,497	3,799,250	4,056,558	4,472,833	4,007,015	4,264,373	4,170,467
Community development	150,939	219,480	178,555	238,997	204,919	152,971	257,509	201,776	142,761	221,966
Culture and recreation	2,623,249	2,575,895	2,778,489	2,720,807	2,739,878	2,899,397	3,783,579	3,127,665	2,986,032	3,242,021
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Lease acquisition costs	4,500	-	-	-	-	-	-	-	-	-
Capital outlay	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	4,829,323
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	160,000	183,880	179,609	191,603	197,137	218,293	241,458	248,112	259,807	150,982
Interest and other charges	31,444	42,466	33,239	30,744	26,910	28,418	29,944	23,040	15,945	42,473
Total expenditures	<u>30,629,227</u>	<u>27,744,571</u>	<u>30,944,129</u>	<u>28,774,203</u>	<u>30,880,468</u>	<u>32,329,797</u>	<u>36,222,585</u>	<u>33,510,319</u>	<u>34,573,917</u>	<u>38,208,025</u>
Excess of revenues over (under) expenditures	(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)	(17,113,218)
Other financing sources (uses)										
Proceeds of long-term capital-related lease	-	-	-	-	-	430,000	-	-	1,418,245	336,653
Transfers in	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	17,532,725
Transfers out	(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)	(1,505,786)
Proceeds from debt	269,164	-	-	-	-	-	-	-	-	-
Proceeds from sales of capital assets	43,633	34,040	22,960	56,388	9,730	60,824	54,470	46,154	-	14,800
Litigation Settlement	(950,000)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>13,095,111</u>	<u>12,657,000</u>	<u>13,294,613</u>	<u>14,312,028</u>	<u>14,758,210</u>	<u>14,587,176</u>	<u>16,346,997</u>	<u>15,907,074</u>	<u>16,709,245</u>	<u>16,378,392</u>
Net change in fund balances	<u>\$ 85,592</u>	<u>\$ 1,627,154</u>	<u>\$ (212,402)</u>	<u>\$ (70,957)</u>	<u>\$ (1,360,623)</u>	<u>\$ (909,802)</u>	<u>\$ (883,243)</u>	<u>\$ 2,221,804</u>	<u>\$ 444,377</u>	<u>\$ (734,826)</u>
Debt service as a percentage of noncapital expenditures	0.8%	0.9%	0.8%	0.8%	0.8%	0.9%	0.8%	0.9%	0.9%	0.6%

The chart displays the sales volume of four types of houses (Residential, Commercial, Industrial, University) from 2012 to 2021. The Y-axis represents sales volume in units, ranging from 0 to 18,000,000. The X-axis represents the years from 2012 to 2021. The legend indicates: Residential (blue), Commercial (red), Industrial (yellow), and University (cyan).

Year	Residential	Commercial	Industrial	University
2012	14,000,000	11,000,000	13,000,000	17,000,000
2013	14,500,000	11,500,000	13,500,000	17,500,000
2014	15,000,000	12,000,000	14,000,000	18,000,000
2015	15,500,000	12,500,000	14,500,000	18,500,000
2016	16,000,000	13,000,000	15,000,000	19,000,000
2017	16,500,000	13,500,000	15,500,000	19,500,000
2018	17,000,000	14,000,000	16,000,000	20,000,000
2019	17,500,000	14,500,000	16,500,000	20,500,000
2020	18,000,000	15,000,000	17,000,000	21,000,000
2021	18,500,000	15,500,000	17,500,000	21,500,000

YEAR	RESIDENTIAL			COMMERCIAL			INDUSTRIAL			UNIVERSITY		
	SALES (kWh)	AMOUNT (\$)	AVG RATE (\$/kWh)	SALES (kWh)	AMOUNT (\$)	AVG RATE (\$/kWh)	SALES (kWh)	AMOUNT (\$)	AVG RATE (\$/kWh)	SALES (kWh)	AMOUNT (\$)	AVG RATE (\$/kWh)
2012	90,231,853	13,615,230	0.151	70,596,053	9,689,088	0.137	94,263,963	11,644,586	0.124	147,373,607	16,428,015	0.111
2013	90,374,056	13,710,184	0.152	76,290,773	10,439,109	0.137	90,233,965	11,380,234	0.126	145,121,562	15,088,929	0.104
2014	93,042,185	14,341,836	0.154	74,147,270	10,351,510	0.140	91,928,003	11,969,138	0.130	145,697,539	13,447,627	0.092
2015	96,750,581	14,964,142	0.155	75,642,389	10,602,388	0.140	91,831,587	12,022,056	0.131	152,519,176	13,844,523	0.091
2016	95,925,301	15,266,720	0.159	75,032,185	10,806,310	0.144	91,430,937	12,361,327	0.135	154,130,075	14,485,603	0.094
2017	92,951,598	14,640,923	0.158	73,267,323	10,484,103	0.143	92,677,500	12,370,251	0.133	154,697,941	14,935,996	0.097
2018	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
2019	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
2020	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
2021	99,174,200	15,463,873	0.156	71,320,547	9,967,345	0.140	96,208,351	12,436,924	0.129	154,598,227	13,677,904	0.088

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

	2021				2012			
	Customer	Type of Business	Consumption (1)	Rank	Consumption (1)	Rank	Percentage of Total Consumption	
University of Delaware (2) Rohm & Haas Electronics The Chemours Company DuPont Specialty Products USA LLC (3) Acme Markets (4) Power Systems Composites LLC Christina School District GWL 300 McIntire LLC (5) Verizon Communications Quest Pharmaceutical Services	University of Delaware (2)	Public University	164,153,961	1	153,335,944	1	38.96%	
	Rohm & Haas Electronics	Manufacturing-Various	29,730,344	2	30,557,728	2	7.06%	
	The Chemours Company	Chemical Research Hub	14,756,400	3			3.50%	
	DuPont Specialty Products USA LLC (3)	Chemicals and Synthetics	5,700,072	4			1.35%	
	Acme Markets (4)	Retail - Groceries	5,464,560	5			1.30%	
	Power Systems Composites LLC	Wholesale Electric Equipment	3,492,720	6	6,611,472	3	0.83%	
	Christina School District	Public Schools	3,443,939	7	3,177,744	10	0.82%	
	GWL 300 McIntire LLC (5)	Warehousing	3,409,440	8			0.81%	
	Verizon Communications	Public Utility	3,315,447	9	3,311,616	9	0.79%	
	Quest Pharmaceutical Services	Pharmaceutical Research	3,303,755	10			0.78%	
A & P Food Stores (4) E I Dupont De Nemours & Company (3) Fraunhofer USA, Inc. CHF - Del LLC 618 G P Warehouse LLC (5)	A & P Food Stores (4)	Retail - Groceries			5,976,372	4	1.48%	
	E I Dupont De Nemours & Company (3)	Chemicals and Synthetics			5,656,560	5	1.41%	
	Fraunhofer USA, Inc.	Biotechnology Research			4,355,360	6	1.08%	
	CHF - Del LLC	Rental Apartments			4,302,511	7	1.07%	
	618 G P Warehouse LLC (5)	Warehousing			3,594,960	8	0.89%	
			236,770,638		220,880,267		56.20%	
							54.88%	

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

(2) 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) Acme Markets acquired A & P Food Stores in November, 2015.

(5) 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
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 ³	854,810,012 ³	0.8047	N/A
2020	591,064,220	951,711,000 ⁴	668,648,475 ⁴	874,126,745	0.9120	N/A
2021	591,397,420	953,251,100	665,241,277	879,407,243	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**

Fiscal Year	Direct Rate	Overlapping Rates		Total Tax Rate
	City of Newark	New Castle County	Christina School District	
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
2021	0.9120	0.2523	3.2336	4.39790

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**

	2021			2012		
	Customer	Type of Business	Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
	1743 Holdings LLC	Industrial & Education Park	\$ 30,590,320	1		3.48%
	Pauline A. Mayer, Inc.	Retail Property / Apartments	19,894,400	2	10,713,000	2.26%
	Delmarva Power & Light Company	Public Utility	12,455,500	3	8,295,200	1.42%
	BPG Hotel Partners, LLC	Hotels	11,112,300	4	11,112,300	1.26%
	Bainbridge CC Delaware Apartments	Apartments	10,680,300	5		1.21%
	Rohm and Haas Electronic Materials	Manufacturing	8,584,800	6	8,562,000	0.98%
	Verizon Communication	Public Utility	7,876,900	7	11,337,100	0.90%
	University of Delaware	Education (Non-exempt portion)	7,316,800	8	7,658,000	0.83%
	BRE Foxtrot	Industrial Park	7,029,200	9		0.80%
	DuPont Specialty Products USA LLC	Chemicals and Synthetics	6,945,800	10		0.79%
	CHF-Delaware LLC	Apartments			9,769,700	4
	UDEL Holdings LLC	Apartments			8,248,100	7
	Emory Hill & Company	Industrial Park			7,781,700	8
	Fusco Enterprises L P	Retail Property			7,369,800	10
			122,486,320		90,846,900	13.93%
						11.50%

Notes:

- 1743 Holdings LLC was established by the University of Delaware to develop an industrial and educational hub on the site of the former Chrysler Assembly Plant, now called the STAR Campus. The taxable assessed values of their holdings primarily include the Chemours Building (\$17.4 million), Bloom Energy (\$6 million), 550 South College (\$5 million), and the STAR Tower (\$2.2 million).
- CHF-Delaware LLC has transferred 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.
- Fusco Enterprises L P has divested their properties among several successor entities.

Source: City of Newark Finance Department

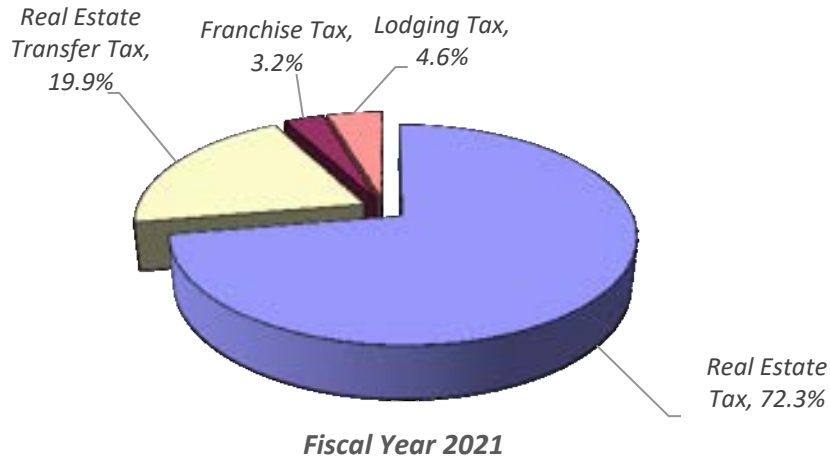
**CITY OF NEWARK, DELAWARE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year	Total Tax Levy (1)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections for Year	
		Amount	Percent of Levy		Amount (2)	Percent of Levy
2012	5,423,483	5,316,521	98.0%	101,403	5,417,924	99.9%
2013	5,600,551	5,465,413	97.6%	128,308	5,593,721	99.9%
2014	5,681,209	5,583,639	98.3%	91,179	5,674,818	99.9%
2015	5,876,646	5,679,339	96.6%	186,498	5,865,837	99.8%
2016	6,592,320 ³	6,462,051	98.0%	114,744	6,576,795	99.8%
2017	6,626,727	6,505,395	98.2%	102,232	6,607,627	99.7%
2018	6,655,070	6,554,123	98.5%	77,705	6,631,828	99.7%
2019	6,892,362	6,770,258	98.2%	94,824	6,865,082	99.6%
2020	7,947,586 ⁴	7,689,670	96.8%	212,600	7,902,270	99.4%
2021	8,018,039	7,907,254	98.6%	-	7,907,254	98.6%

Notes:

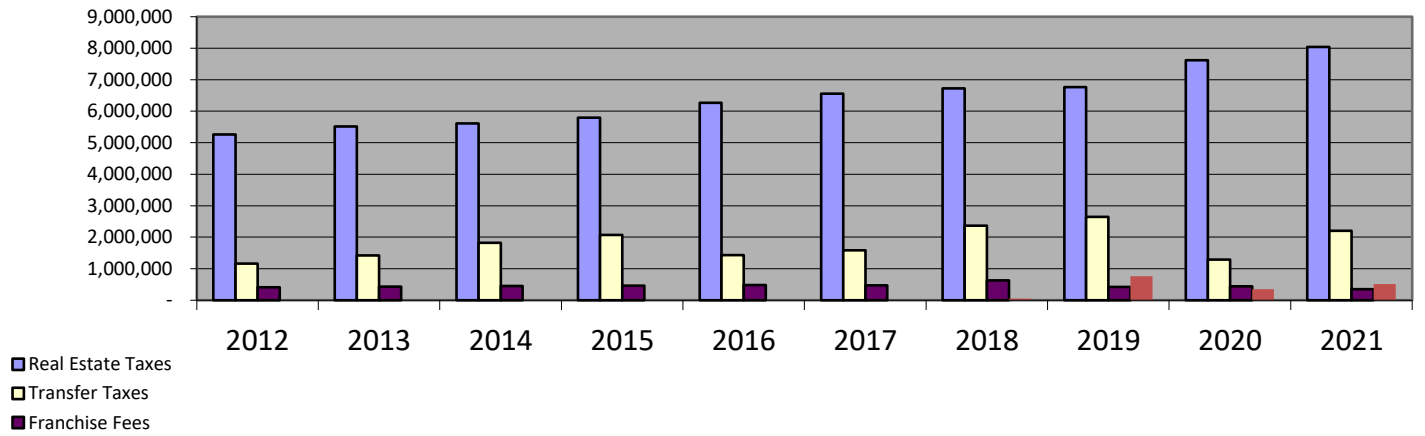
- (1) Represents initial annual levy plus quarterly supplementary billings.
- (2) Excludes tax penalties/interest.
- (3) Tax billings represent a tax rate increase of 9.5% over prior year.
- (4) Tax billings represent a tax rate increase of 13.33% over prior year.

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



Fiscal Year	Real Estate Tax	Real Estate Transfer Tax	Franchise Tax	Lodging Tax	Total
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%
2021	8,043,755	2,207,891	350,911	508,134	11,110,691
% of total	72.3%	19.9%	3.2%	4.6%	100.0%

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



Fiscal Year	Real Estate Taxes	Real Estate Transfer Taxes	Franchise Fees	Lodging Taxes	Total
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	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 ²	1,293,038	439,346	351,790	9,699,072
2021	8,043,755	2,207,891	350,911	508,134	11,110,691

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

Fiscal Year	Governmental Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds*	Other Notes Payable	General Obligation Bonds *	Other Notes Payable	General Obligation Bonds *	Other Notes Payable	General Obligation Bonds *			
2012	1,418,832	269,164	11,419,461	12,078,276	11,419,461	12,078,276	11,419,461	25,185,733	4.08%	790
2013	1,257,598	240,284	10,396,381	11,508,591	10,396,381	11,508,591	10,396,381	23,402,854	3.41%	724
2014	1,091,364	220,675	9,353,300	10,603,972	9,353,300	10,603,972	9,353,300	21,269,311	3.04%	655
2015	920,130	194,073	8,295,220	9,745,261	8,295,220	9,745,261	8,295,220	19,154,684	2.67%	585
2016	743,896	166,936	7,217,140	8,973,855	7,217,140	8,973,855	7,217,140	17,101,827	2.29%	512
2017	562,662	553,643	6,109,060	8,044,470	6,109,060	8,044,470	6,109,060	15,269,835	1.99%	459
2018	381,428	487,185	4,975,979	7,144,669	4,975,979	7,144,669	4,975,979	12,989,261	1.63%	386
2019	195,194	419,073	3,797,898	6,173,986	3,797,898	6,173,986	3,797,898	10,586,151	1.28%	314
2020	-	4,810,235	2,574,818	13,613,813	2,574,818	13,613,813	2,574,818	20,998,866	2.31%	610
2021	-	5,045,371	1,306,735	18,235,926	1,306,735	18,235,926	1,306,735	24,588,032	2.56%	719

*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

Fiscal Year	Population	Total Taxable Assessed Value	Governmental Activities		Business-Type Activities		Net General Obligation Bonds and Notes Payable	Percentage of Net Long-Term Debt to Assessed Value (1)	Net Long-Term Debt Per Capita
			General Obligation Bonds	General Obligation Bonds	General Obligation Bonds	General Obligation Bonds			
2012	32,324	789,907,990	1,418,832		11,419,461		12,838,293	1.63%	397
2013	32,449	800,657,709	1,257,598		10,396,381		11,653,979	1.46%	359
2014	32,760	816,895,847	1,091,364		9,353,300		10,444,664	1.28%	319
2015	33,395	828,718,602	920,130		8,295,220		9,215,350	1.11%	276
2016	33,264	848,067,037	743,896		7,217,140		7,961,036	0.94%	239
2017	33,674	853,570,861	562,662		6,109,060		6,671,722	0.78%	198
2018	33,673	858,989,726	381,428		4,975,979		5,357,407	0.62%	159
2019	33,941	854,810,012	195,194		3,797,898		3,993,092	0.47%	118
2020	34,430	874,126,745	-		2,574,818		2,574,818	0.29%	75
2021	34,196	879,407,243	-		1,306,735		1,306,735	0.15%	38

Notes: ¹ A City-wide reassessment of all real property was last updated on July 1, 1985
Real property is assessed at 100% of the 1983 market value

Sources: City of Newark Finance Department (Taxable Assessments)
Delaware Population Consortium projection

CITY OF NEWARK, DELAWARE
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
DECEMBER 31, 2021

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Newark</u>	<u>Amount Applicable to City of Newark</u>
New Castle County	\$ 210,610,000 ¹	4.52% ²	\$ 9,519,572
Christina School District	<u>17,574,520</u>	13.83% ³	<u>2,430,556</u>
Overlapping Debt	<u>\$ 228,184,520</u>		<u>\$ 11,950,128</u>
City of Newark General Obligation Bonds	\$ - ¹	100.00%	\$ -
City of Newark Other Notes Payable	<u>5,045,371 ¹</u>	100.00%	<u>5,045,371</u>
Direct Debt	<u>\$ 5,045,371</u>		<u>\$ 5,045,371</u>
Total Direct and Overlapping Debt	<u><u>\$ 233,229,891</u></u>		<u><u>\$ 16,995,499</u></u>

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 (\$879,407,243) by the total taxable assessed valuation of New Castle County (\$19,458,255,000). Net Debt Outstanding is as of June 30, 2021.
- (3) Determined by dividing the students enrolled in the City of Newark (1,874) by the total student enrollment of the Christina School District (13,553). Net debt outstanding is as of June 30, 2021.

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Debt limit (1)	78,991	80,066	81,690	82,872	84,807	85,357	85,899	85,481	87,413	87,941
Total net debt applicable to limit	12,792	11,608	10,399	9,169	7,915	6,626	5,311	3,947	2,533	1,261
Legal debt margin	66,199	68,458	71,291	73,703	76,892	78,731	80,588	81,534	84,880	86,680
Total net debt applicable to the limit as a percentage of debt limit	16.19%	14.50%	12.73%	11.06%	9.33%	7.76%	6.18%	4.62%	2.90%	1.43%

Legal Debt Margin for Fiscal Year 2021

Total assessed value	\$ 1,544,649
Less: exempt real property	(665,241)
Total taxable assessed value	\$ 879,408
Debt limit (10% of taxable assessed value)	87,941
Debt applicable to limit:	
General obligation bonds	1,307
Less: amount set aside for repayment of general obligation debt	(46)
Total net debt applicable to limit	1,261
Legal debt margin	\$ 86,680

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 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 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 of the City of Newark within the meaning of the bonded indebtedness limitation.

**CITY OF NEWARK, DELAWARE
DEMOGRAPHIC AND ECONOMIC STATISTICS
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)
2012	32,324	686,636,280	*	21,242	3,842	21,856
2013	32,449	700,369,005	*	21,584	4,519	22,166
2014	32,760	717,878,230	*	21,913	4,508	22,680
2015	33,395	745,875,480	*	22,335	2,112	22,852
2016	33,264	767,505,869	*	23,073	4,176	23,009
2017	33,674	795,903,586	*	23,636	4,834	23,774
2018	33,673	827,739,730	*	24,582	4,289	24,120
2019	33,941	861,677,058	*	25,387	4,354	23,808
2020	34,430	909,930,973	*	26,428	4,348	23,613
2021	34,196	960,887,107	*	28,099	4,412	23,996

Sources:

- (1) 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 Bureau of Economic Analysis.

CITY OF NEWARK, DELAWARE
PRINCIPAL EMPLOYERS IN NEW CASTLE COUNTY¹
CURRENT YEAR AND TEN YEARS AGO

Industry Description	2021			2012		
	Employment	Rank	Percentage of Total County Employment	Employment	Rank	Percentage of Total County Employment
Health care and social assistance	69,353	1	16.1%	60,240	1	14.6%
Retail trade	48,329	2	11.2%	53,056	2	12.9%
Finance and insurance	41,984	3	9.8%	38,210	3	9.3%
Accommodation and food services	33,494	4	7.8%	33,690	4	8.2%
State government	33,313	5	7.7%	29,037	5	7.0%
Administration and waste services	27,649	6	6.4%	23,583	9	5.7%
Local government	27,398	7	6.4%	26,280	7	6.4%
Professional and technical services	25,829	8	6.0%	23,583	6	5.7%
Manufacturing	24,709	9	5.7%	25,738	8	6.2%
Construction	22,824	10	5.3%	19,145	10	4.6%
Transportation and warehousing	16,117	11	3.7%	10,342	13	2.5%
Total	370,999		86.1%	342,904		83.1%

(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 2021 Annual Comprehensive Financial Report.

CITY OF NEWARK, DELAWARE
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

Function	Full-time Equivalent Employees as of December 31									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government	36.0	37.5	39.0	39.5	42.5	43.0	48.0	49.0	47.5	46.0
Public safety										
Police										
Officers	68.0	68.0	68.0	71.0	71.0	71.0	71.0	71.0	72.0	72.0
Civilian	21.5	21.0	20.5	19.0	19.0	20.0	20.0	20.0	19.5	19.5
Code enforcement	10.0	10.0	11.0	15.0	15.0	11.0	11.0	11.0	11.0	11.0
Streets										
Engineering	10.0	5.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0	7.0
Maintenance	11.5	9.0	9.0	9.0	9.0	7.0	8.0	7.0	7.0	7.0
Sanitation	12.0	10.0	9.0	10.0	9.0	9.0	9.0	9.0	9.0	9.0
Culture and recreation	19.5	19.5	18.5	18.0	18.0	18.0	18.0	18.0	18.0	18.0
Electric	22.0	22.0	22.0	22.0	23.0	23.0	24.0	23.0	23.0	22.0
Water & wastewater	19.0	26.0	25.0	27.0	27.5	30.0	29.0	31.0	31.0	31.5
Parking	4.5	5.0	9.0	10.0	10.0	13.0	13.0	13.0	13.0	13.0
Fleet/facilities maintenance	5.0	4.0	4.0	4.0	4.0	10.0	10.0	10.0	10.0	10.0
Total	239.0	237.0	242.0	251.5	255.0	263.0	269.0	270.0	269.0	266.0

Source: City's Personnel Office.

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

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety										
Police calls for service	44,115	40,015	39,260	45,572	48,017	53,441	50,679	45,010	34,724	43,222
Criminal charges	3,825	4,346	3,313	2,244	2,488	2,277	2,124	2,615	1,516	1,737
Traffic summonses	12,962	12,612	9,909	9,325	10,453	9,313	10,270	11,551	4,202	12,454
Parking summonses	6,562	7,365	5,612	5,952	6,959	7,604	10,652	11,676	10,040	7,157
Meter summonses	20,229	19,515	16,525	15,780	22,710	23,630	23,297	17,546	14,179	23,770
Building permits issued	1,894	1,893	2,115	1,751	1,552	1,812	1,669	1,703	1,482	1,654
Public Works										
Refuse tons collected	7,936	6,714	5,709	5,722	5,799	5,826	5,944	6,246	5,816	6,068
Recycling tons collected	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	1,619.13
Miles of street	66	66	66	66	66	66	66	66	66	66
Patches (s.f.)	25,559	30,714	48,588	62,154	35,178	61,905	37,016	36,171	15,509	12,163
Curbs replaced and installed (l.f.)	24,151	17,193	11,775	16,550	12,871	11,181	6,859	9,485	7,729	12,514
Sidewalks										
4" (s.f.)	21,512	23,631	25,132	24,976	23,065	19,485	8,215	12,172	21,940	28,248
6" (s.f.)	6,941	9,548	17,650	12,326	10,386	7,277	4,492	4,661	4,756	5,491
General Government										
Parking tickets issued	27,102	27,080	22,283	21,174	29,669	31,234	33,949	29,222	24,219	30,927
Culture and Recreation										
Trails in Newark parks (mi)	16.8	16.8	16.8	16.8	16.8	16.8	16.8	17.1	17.1	17.6
Registrants	7,902	7,602	7,290	7,344	7,422	7,484	7,582	7,608	4,020	5,413
Participants	84,292	77,482	73,946	76,152	77,831	75,944	76,236	76,332	34,505	45,422
Electric										
MWH's sold	402,465	402,020	404,815	416,744	416,518	413,594	425,591	424,291	402,097	421,301
MWH's purchased	436,313	435,318	428,573	457,749	453,550	445,869	464,741	461,483	433,533	451,781
Meters in service	11,763	11,722	12,280	12,734	12,754	12,823	12,714	12,628	12,761	13,142
Water and Waste Water										
Meters in service	9,842	9,628	10,140	10,259	10,282	10,279	10,339	10,364	10,440	10,483
Fire hydrants in system	876	880	900	762	762	768	758	745	752	754
Gallons of water sold (000's)	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	945,988
Gallons of sewage collected (000's)	794,165	714,996	912,999	803,602	798,070	816,068	845,285	852,374	742,140	804,068

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

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	38	35	35	35	35	35	35	34	34	34
Sanitation										
Collection trucks	12	12	12	10	8	8	9	9	9	9
Streets										
Miles of streets	66	66	66	66	66	66	66	66	66	66
Street lights	2,856	2,870	2,909	2,837	2,834	2,948	2,960	2,960	2,960	3,005
Traffic signals	70	74	74	75	75	69	71	73	73	73
Culture and recreation										
Parks acreage	658.2	658.2	654.9	654.9	658.2	658.2	658.2	658.2	658.2	665.2
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	1	1	1	1	1	1	1	1	1
Electric										
Substations transformers	27	27	27	27	28	29	29	29	29	29
Miles of high voltage service lines	175 ¹	175	175	175	175	175	175	175	175	176
Miles of low voltage service lines	N/A	N/A	N/A	190.00 ²	182.00	181.00	182.00	182.00	182.00	182
Water										
Water mains (miles)	170	170	170	146	143	144	137	135	136	136
Wells in operation	9	9	9	4	4	4	4	4	4	6
Maximum daily capacity (Mgal)	8.5	8.5	8.5	5.8	6.0	6.0	6.0	6.0	6.0	6.0
Sewer										
Sanitary sewers (miles)	99	99	99	96	94	96	94	94	94	94
Storm sewers (miles)	59	59	59	70	74	74	74	74	74	74
Parking										
On-street parking spaces	455	457	457	457	457	457	448	489	491	491
Parking lots maintained	6	6	7	7	7	6	6	6	7	7

Sources: Various city departments.

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