

CITY OF NEWARK, DELAWARE ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED DECEMBER 31, 2022

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Annual Comprehensive Financial Report
For the Fiscal Year Ended
December 31, 2022



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, 2022

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INTRODUCTORY SECTION



FINANCE DEPARTMENT CITY OF NEWARK

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July 20, 2023

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, 2022. 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, 2022. 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 11 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. Currently, we do not anticipate a significant lingering impact from COVID beyond 2021. This is supported by the record number of University of Delaware freshmen students for the fall 2022 semester, continued strong freshmen enrollment

for the fall 2023 semester, and largely uninterrupted construction and development activity that remained brisk throughout 2022. Ignoring the transient impact from COVID, we have seen a generally upward trending electric load (back to 2019 levels), and relatively flat water and sewer sales (water and sewer sales increased slightly over 2021 but are still below 2019). Most 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. In addition to new tax revenue, 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 most of the area developed to date.

Since 2019, taxable assessments increased 4% as a multitude of redevelopment projects came to completion. 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 (3.2% April 2023) is lower than both the national (3.4%) and state (4.3%) levels, as 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 over 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 300,000 square foot state-of-the-art research and innovation center.

- A biopharmaceutical innovation building where researchers will tackle some of the world's most pressing health challenges. The building will also be home to the National Institute for Innovation in Manufacturing Biopharmaceuticals (NIIMBL). NIIMBL is a public-private consortium of 120 partners addressing the challenges associated with manufacturing biopharmaceuticals and training the highly skilled workforce to produce them. Sponsored by the U.S. Department of Commerce, NIIMBL is one of 14 Manufacturing USA institutes, designed to increase American competitiveness in manufacturing.
- The 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.
- Engineering is underway for a seven-story apartment building with retail space and parking as the first residential project on STAR Campus. Construction is anticipated to begin in 2023.
- The first phase of redevelopment of the Newark Train Station was completed in early 2021. Integrated into UD's STAR Campus, the improved station brought together Amtrak and SEPTA trains, three bus services, trail connections, and bicycle and motor vehicle parking in a multimodal hub. Discussions continue 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, DuPont, GE, 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, which is slated to construct additional expanded lab space. 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. In 2022, a two-way, protected bicycle lane along Delaware Ave connecting residential neighborhoods and downtown to Newark High School and the Pomeroy Trail was opened for use, along with the completion of new bike lanes on Cleveland Avenue between routes 896 and 72, and an off-road bicycle trail along Elkton Road to the Delaware state-line as part of the Elkton Road rehabilitation project. Newark welcomes thousands of cycling and mountain biking enthusiasts year-round. Newark has completed a grant funded study of cycling and pedestrian improvements to the Wyoming Road corridor from Campus to the redevelopment of the Grove at Newark and has included this work on the recently adopted Transportation Improvement District (TID). In addition, New Castle County is proposing a plan that would connect Newark's trails all the way to the City of Wilmington.

The hotel industry has recognized the City of Newark's need for overnight accommodation. 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 approved Hyatt Hotel on Main Street will include 104 rooms and conference space, as well as retail and parking, and will open in May of 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 as well as provides a sustainable General Fund revenue stream through our lodging tax.

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. Nearing 20 years in operation, the Newark Reservoir is a destination for recreational hiking and birdwatching, as well as a popular breakaway 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 has the potential to provide up to 1.0 million gallons per day, which will allow us to be able to reduce withdraws from the reservoir during droughts, considerably extending the resiliency it provides our water supply. This project is currently under design and expected to be constructed in late 2023 into 2024. Recent headlines nationwide and proposed Environmental Protection Agency (EPA) regulations for emerging contaminants, notably PFAS, or 'forever chemicals', have shifted the focus of our water treatment plant upgrades to include treatment for these contaminants. While our current levels remain below any action levels, EPA proposed regulations will require that the contaminants be below any detection limit in the finished water. We expect to have this treatment under construction at our South Well Field Water Treatment Plant in Fall 2023, well ahead of the expected regulation date.

Since the market for off-campus housing continues to grow due to the increased University of Delaware student population, the City has approved 1,017 new rental units from 2018 through March of 2023, with another 615 pending consideration for 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.

MAJOR INITIATIVES

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 is helping the City augment 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 City 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 referendum funded a large portion of the City's Capital Improvement Plan from 2018 through 2023. Historically, the City has not had to pay for most infrastructure because it was paid for by developers or the federal government through grants during initial installation. When capital projects did get approved for funding in the budget, they were paid for with cash reserves. On June 19, 2018, Newark residents overwhelmingly approved the City to borrow up to \$26,765,000 for several capital projects, that will address many critical needs of Newark, such as:
 - o Hillside Park, formerly referred as Rodney Regional Stormwater Park: The Public Works and Water Resources (PWWR) Department has worked with the public, City 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 2022.
 - o 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 began in 2021. Additional inspections and repairs associated with this loan will be completed in 2023.
 - o Water and Sewer Supervisory Control and Data Acquisition (SCADA) System: Development of a SCADA system for the PWWR Department will allow the City to more efficiently and effectively manage and monitor the water and sewer system (i.e., treatment plants, water storage tanks, booster stations, and wells). The project was completed in 2022. Future SCADA improvements will be funded through annual operating budgets and incorporated into new and rehabilitated facilities capital improvement plans.
 - o South Well Field Upgrades: This project was completed in early 2021 and allows the City to continue to utilize the South Well Field Water Treatment Plant at full capacity of about 2 million gallons per day, while also making future maintenance easier. A replacement air stripper and storage tank reconfiguration allows for the treatment of existing wells that were out of service due to contamination but still connected to the plant's raw water system.
 - o Water Main Replacement: A large percentage of the water mains in Newark are approaching or beyond their expected service life. This project involves replacing mains

to minimize main breaks, improve water quality, and improve hydrant fire flows. The referendum funded portion of this project was completed in early 2023.

- 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 is in the design phase and will be completed in late 2023 into 2024.
- The ADA transition plan, which has been in place for over 15 years 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 more than 1600 of 1,777 existing ramps or locations in need of ramps, as well as upgraded many City-owned facilities. The 2022 ramp contract included 40 ramps including several high traffic areas along state-maintained roads.
- 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 keep this expensive equipment out of the elements and protected from theft. 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.
- The City of Newark's Electric Department was honored with the Safety Award of Excellence by the American Public Power Association (APPA) in April 2023 for our outstanding safe operating practices in 2022. The Department secured Second place in Group C, which caters to utilities with 30,000 to 59,999 worker-hours of exposure and was recognized at the APPA Engineering and Operations Conference. A total of 283 utilities from around the country participated in the annual Safety Awards and were categorized based on their worker-hours. The utilities were ranked according to their incident-free records, safety programs, and culture during 2022. The incident rate was determined by the number of reportable work-related injuries or illnesses and the number of worker-hours in 2022, as defined by the Occupational Safety and Health Administration (OSHA).
- The City of Newark's Electric Department has earned a Platinum Reliable Public Power Provider (RP3) designation from the American Public Power Association for providing reliable and safe electric service. The RP3 designation is awarded to public power utilities that excel in four key areas - reliability, safety, workforce development, and system improvement - with the utility-wide commitment to delivering electricity safely and reliably being a crucial criterion.

The City of Newark's Electric Department is now one of the 271 public power utilities across the nation that holds the RP3 designation, which remains valid for three years. The American Public Power Association, which represents not-for-profit, community-owned utilities that provide electricity to 49 million people in 2,000 towns and cities throughout the United States, has been offering the RP3 designation for 18 years now. As a leading advocate and advisor on electricity policy, technology, trends, training, and operations, the American Public Power Association's RP3 designation has become a trusted benchmark for public power utilities to demonstrate their proficiency in delivering reliable, safe, and affordable electricity service.

- 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 we are 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 4,700 of the City's electric accounts enrolling in this program in 2022.
- 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 City's contractor completed the first major stormwater facility retrofit in the Abbotsford community in the Fall of 2022, converting a dry pond to a submerged gravel wetland.
- Newark's commitment to preserving its natural resources and strengthening our standing as a Tree City USA community.
- Newark's commitment to improving cycling and making it accessible and enjoyable for everyone, regardless of their skill level or experience through a consistent focus to enhance cycling infrastructure with a goal to create a community that is healthier and less dependent on cars for our day-to-day needs. The City has been recognized as a Bike Friendly Community by the League of American Bicyclists for the past 12 years.
- Pursuant to City Code, the Finance Department prepares an annual operating budget and a five-year Capital Improvement Program (CIP) each year that outlines the City's operating and capital needs and funding sources for the upcoming budget year and the following four-year period. The budget documents are 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 process addresses the availability of current resources and reserve balances, as well as potential grant funding and the need for capital financing 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 Newark's infrastructure will be paid for by the customers who will be using them.

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

- The Police Department continued their long-standing commitment to service excellence by embarking on another level of accreditation for the agency. The Police Department has been internationally accredited by the Commission on Accreditation for Law Enforcement Agencies Inc. (CALEA) in the Advanced Law Enforcement category since 1997. In 2021, the agency began the process of accrediting the 911 Communications Center. In March 2022, the 911 Communications Center was awarded communications accreditation by CALEA. The Police Department is currently

in the process of attaining its 10th Advanced Law Enforcement reaccreditation and its 1st Communications reaccreditation. Reaccreditation is a 4-year process where CALEA Compliance Service Members conduct annual remote reviews of the agency, culminating in an on-site assessment in 2025.

- 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 substantially completed by the end of 2022, are:
 - HVAC replacement and/or upgrades at City Hall, the Newark Police Department, the George Wilson Community Center, and the Parks Department's office building located at the Field Operations Complex.
 - Lighting upgrades for City facilities, streetlights, and parking lots
 - Installation of approximately 1,300 kW of new solar generation on City buildings and land (increases City owned solar generation by roughly 500%)

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 that provide 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. Staff continues to harden cyber security protocols, upgrade anti-virus and content filtering applications, strengthen our Wi-Fi security, and create redundancies to protect and preserve our technology assets and meet the requirements of our cyber insurance carrier.
- The City has made great progress in moving toward utilizing spatial data and information using Geographic Information Systems (GIS). Starting with utility data and building our database through field investigations and verification, we can locate and manage our utilities in a fraction of the time and with incredible accuracy. In addition to the utility work, we are able to leverage a work order system and complete tasks that are tied to parcels such as bulk refuse collection, stormwater facility inspections, and resident surveys. This gives us the ability to track and report for a better understanding of our services.
- The five-year review of Comprehensive Development Plan V led by the Planning and Development Department was completed and approved by the City Council in August 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 and the City's consultant presented the final changes to the Planning Commission and Council, which were adopted in December of 2022.
- Council approved the first Transportation Improvement District (TID) for Newark in March of 2023. The TID will link Newark's future land-use projections to future transportation needs and help the City plan for and fund new infrastructure.

- 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 2023, with the first items to assist affordable housing being slated for consideration in May.
- The Planning Commission's Parking Subcommittee report focused on ways to better manage the existing parking supply and plan for future parking needs. The City Council approved the report and work plan in March 2019. Phase I and Phase II of the workplan were presented to Council in March 2022. Initial policy items were substantially completed in 2023 and staff is in the process of developing the next phase of the workplan implementation.
- 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 Parks and Recreation Department was able to resume community events along with most of the recreation programs in 2022 after COVID-19 restrictions and mandates were updated or removed during year. A full year of special events occurred in 2022 making it feel a little closer to normal starting with the Egg Hunt through Winterfest. The crowd sizes were not as large as in pre-COVID years but the enthusiasm and appreciation for their occurrence was felt.
- The safety of the participants and their families, spectators and staff continued to be our #1 priority as we implemented programs and events throughout the year. Fifty-five summer camps were offered during the summer and the full day camps such as Rittenhouse Camp, Camp GWC and Safe Kids Camp were all full capacity with waiting lists for the sessions offered. We once again saw strong participation in all our summer camps and numerous outdoor programs including golf, skateboarding and instructional soccer. We continued to offer some virtual classes and camps as well as an alternative to in-person classes. It was nice to finally return to a full schedule of events which were held and well attended. The fall and winter events including the Halloween Parade, Turkey Trot, Thanksgiving Day Breakfast and Winterfest saw close to pre-COVID spectator/participation numbers.
- Pickleball continues to rise in popularity for our adult programming schedule. We were able to expand our instructional pickleball classes this year and had a great response to almost every class we offered with many full sessions. In 2023, we will continue to offer a full slate of instructional, fundamental, and intermediate classes.
- The Before and After School Care programs continues to operate every day but we have not reached maximum capacity for the program at either school. Staffing continues to be the biggest challenge for this program. To help assist with the cost of conducting these programs additional funding was received through the Childcare Stabilization Grant from the American Rescue Plan Act for a total amount of over \$295,000 for both schools. In 2022, funding from the grant was used towards payroll expenses for the spring and fall, a gaga pit, outdoor equipment storage box, picnic tables and installation of an outdoor pavilion with ADA accessibility for each of the schools where we conduct the Before and After school programs.
- We continued with the Fishing with First Responders throughout the year and all dates were very successful in providing an opportunity for positive engagement for the Newark Police Department

with the Community. We once again assisted with the Presents with Police initiative providing new toys, crafts, etc. to over 60 children in the community.

- Additional 2022 Parks and Recreation accomplishments:
 - Developed a preliminary design for Old Paper Mill Road Park that includes a multipurpose grass field, pickleball courts and pavilion area.
 - Completed the installation and dedication of the Charles Emerson Pedestrian and Bicycle bridge over the White Clay Creek.
 - Completed the installation of the new park signage throughout the park system.
 - Completed repairs and resurfacing of the Fairfield and Phillips Park tennis courts and the White Chapel basketball court.
 - Completed tree giveaway of 240 trees to Newark residents with financial support from the Conservation Advisory Commission (CAC)
 - Received grant funding from the Delmarva Sustainability Grant Program to plant over 900 trees throughout the park system. Had over 100 volunteers assisting with the plantings at 5 different sites.
 - Improved the drainage issues at the multi-purpose court at Dickey Park.
 - Installed new park pavilion at Lumbrook Park in honor of former Councilwoman Sharon Hughes.

While management is proud of the City's accomplishments through 2022, we look forward with excitement towards 2023 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. 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**

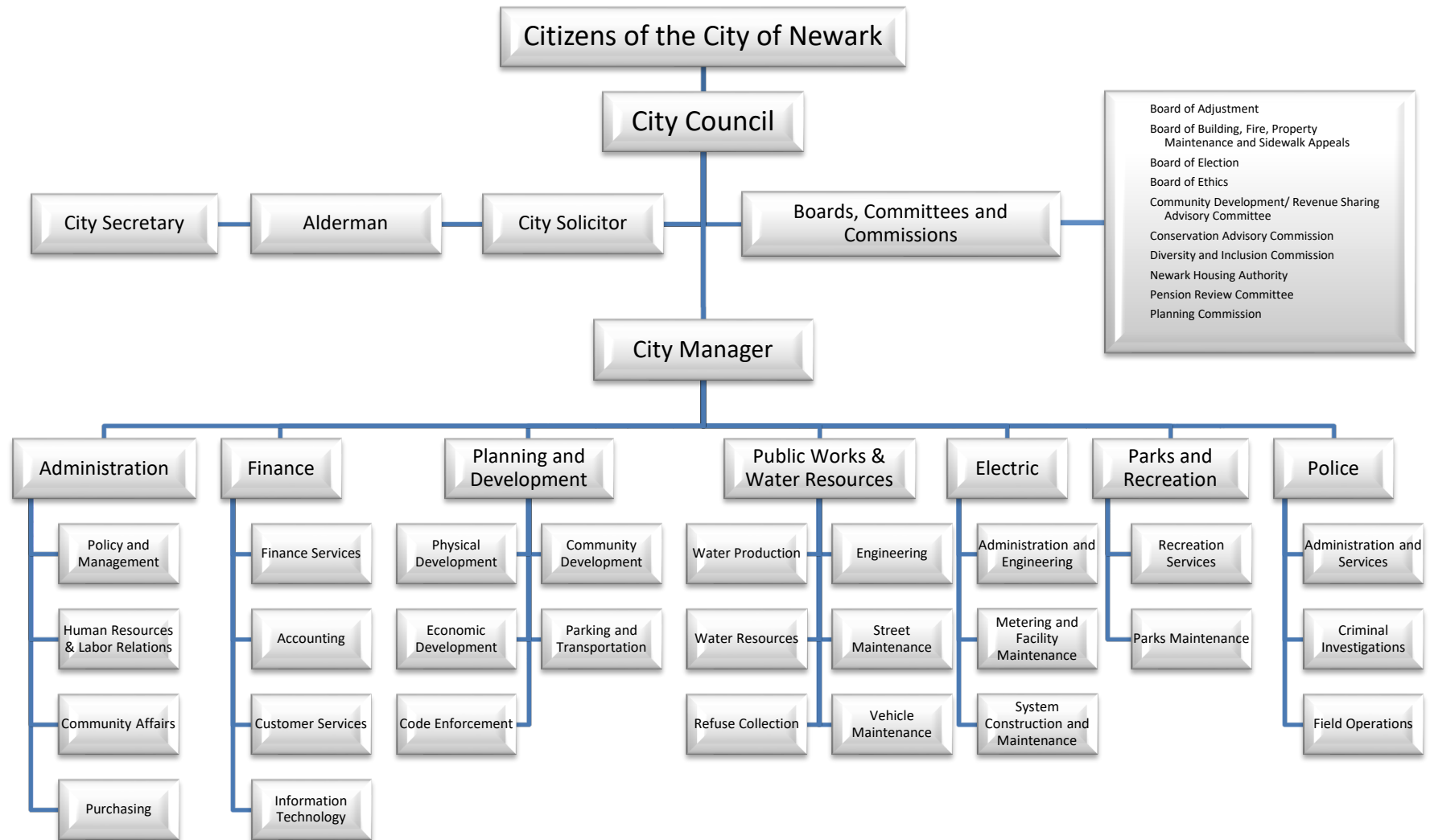
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

City of Newark, Delaware



CITY OF NEWARK

Delaware

LIST OF ELECTED OFFICIALS, APPOINTED OFFICIALS,
AND MANAGEMENT STAFF

DECEMBER 31, 2022

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

Stu Markham

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

Tara Schiano

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

Renee K. Bensley

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, 2022, and the related notes to the financial statements, which collectively comprise the City'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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, 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 (GAAS) 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective January 1, 2022, the City adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinions are not modified with respect to this matter.

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 GAAS 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 GAAS 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'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'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 and the required supplementary information, 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 GAAS, 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'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 GAAS. 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

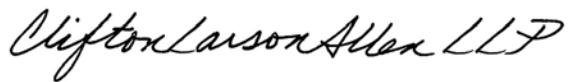
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover 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 July 20, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Baltimore, Maryland
July 20, 2023

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, 2022. 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 \$124.4 million (*representing its net position*). The change in net position of \$7.8 million represents an increase as compared to the change in the prior year.
- The City's unrestricted net position increased by \$7.7 million in 2022 to \$19.8 million. This amount may be used to meet the government's ongoing obligations to citizens and creditors.
- As of December 31, 2022, the City's governmental funds reported combined ending fund balances of \$16.4 million, an increase of \$5.4 million from the prior year. This increase is the result of an increase in real estate transfer taxes and other financing sources compared to 2021. Approximately \$4.3 million is *available for spending* at the City's discretion (*unassigned fund balance*).
- As of December 31, 2022, the City's enterprise funds reported combined ending net position of \$102.2 million. Increased utility purchases, personnel costs and transfers to other funds resulted in a smaller increase in net position as compared to 2021. The increase in net position was \$5.2 million as compared to an increase of \$8.2 million in 2021.

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 92 and 93 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 41 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 43 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 85 of this report.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Newark's assets are comprised primarily of long-term public and utility infrastructure assets, property and equipment. The City's long-term debt consists of 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 of the financial statements. The unrestricted net position balance of \$21.0 million at the close of 2022 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, 2022						
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
ASSETS						
Total current and other assets	\$ 34,580,708	\$ 26,989,202	\$ 63,468,165	\$ 51,356,246	\$ 98,048,873	\$ 78,345,448
Total capital assets	39,036,968	38,236,083	91,794,066	87,134,753	130,831,034	125,370,836
Total Assets	73,617,676	65,225,285	155,262,231	138,490,999	228,879,907	203,716,284
DEFERRED OUTFLOW OF RESOURCES						
Deferred pension amounts	11,343,758	6,649,533	3,022,699	1,704,151	14,366,457	8,353,684
Deferred OPEB amounts	1,631,223	480,621	523,630	156,807	2,154,853	637,428
Deferred loss on defeasance	-	-	-	28,708	-	28,708
Total Deferred Outflow Resources	12,974,981	7,130,154	3,546,329	1,889,666	16,521,310	9,019,820
LIABILITIES						
Total current liabilities	4,952,320	4,570,310	17,227,022	11,223,292	22,179,342	15,793,602
Total noncurrent liabilities	50,580,699	31,953,926	37,387,376	29,197,148	87,968,075	61,151,074
Total Liabilities	55,533,019	36,524,236	54,614,398	40,420,440	110,147,417	76,944,676
DEFERRED INFLOW OF RESOURCES						
Deferred pension amounts	2,396,507	8,302,186	638,582	2,127,696	3,035,089	10,429,882
Deferred OPEB amounts	795,883	2,605,391	255,482	850,035	1,051,365	3,455,426
Deferred revenue	5,610,399	5,229,810	-	-	5,610,399	5,229,810
Deferred right to use leased assets	-	-	1,107,615	-	1,107,615	-
Total Deferred Inflow Resources	8,802,789	16,137,387	2,001,679	2,977,731	10,804,468	19,115,118
NET POSITION						
Net investment in capital assets	33,510,885	33,185,058	64,971,735	67,806,267	98,482,620	100,991,325
Restricted	1,102,982	1,750,464	3,100,000	1,889,150	4,202,982	3,639,614
Unrestricted	(12,357,018)	(15,241,706)	34,120,748	27,287,077	21,763,730	12,045,371
Total Net Position	\$ 22,256,849	\$ 19,693,816	\$ 102,192,483	\$ 96,982,494	\$ 124,449,332	\$ 116,676,310

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 \$124.4 million at the close of this fiscal year, representing an increase of \$7.8 million from the prior year net position of \$116.6 million. Within Business-type activities, net position increased from \$97 million to \$102.2 million or \$5.2 million. The governmental activities net position of \$22.3 million represents an increase of \$2.6 million as compared to net position of \$19.7 million in 2021.

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 \$15.1 million in 2022. The higher deficit versus 2021 is attributable to an increase in expenses and was offset by additional transfers from other funds

Table 2

CITY OF NEWARK CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2022						
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
REVENUES						
Program Revenues:						
Charges for services	\$ 5,074,198	\$ 5,146,034	\$ 79,765,830	\$ 75,027,950	\$ 84,840,028	\$ 80,173,984
Operating Grants & Contributions	2,503,575	2,047,839	-	-	2,503,575	2,047,839
Capital Grants & Contributions	1,777,861	2,895,410	1,404,694	211,144	3,182,555	3,106,554
General Revenues:						
Total Taxes	14,910,044	11,110,691	-	-	14,910,044	11,110,691
Investment Earnings/ (Loss)	(180,750)	(81,325)	(1,158,595)	(256,789)	(1,339,345)	(338,114)
Other Revenues	68,996	14,800	133,168	-	202,164	14,800
Total Revenues	<u>24,153,924</u>	<u>21,133,449</u>	<u>80,145,097</u>	<u>74,982,305</u>	<u>104,299,021</u>	<u>96,115,754</u>
EXPENSES						
General Government	9,311,372	8,256,255	-	-	9,311,372	8,256,255
Public Safety	19,153,539	18,332,122	-	-	19,153,539	18,332,122
Public Works	5,605,081	5,112,424	-	-	5,605,081	5,112,424
Community Development	429,060	221,966	-	-	429,060	221,966
Culture and Recreation	4,491,292	3,073,253	-	-	4,491,292	3,073,253
Interest Expense	216,874	42,324	-	-	216,874	42,324
Business-type activities	-	-	57,318,781	50,719,965	57,318,781	50,719,965
Total Expenses	<u>39,207,218</u>	<u>35,038,344</u>	<u>57,318,781</u>	<u>50,719,965</u>	<u>96,525,999</u>	<u>85,758,309</u>
Increase (Decrease) in						
Net Position before Transfers	(15,053,294)	(13,904,895)	22,826,316	24,262,340	7,773,022	10,357,445
Transfers	17,616,327	16,044,939	(17,616,327)	(16,044,939)	-	-
Change in Net Position	2,563,033	2,140,044	5,209,989	8,217,401	7,773,022	10,357,445
Net Position - Beginning of Year	19,693,816	17,553,772	96,982,494	88,765,093	116,676,310	106,318,865
Net Position - End of Year	<u>\$ 22,256,849</u>	<u>\$ 19,693,816</u>	<u>\$ 102,192,483</u>	<u>\$ 96,982,494</u>	<u>\$ 124,449,332</u>	<u>\$ 116,676,310</u>

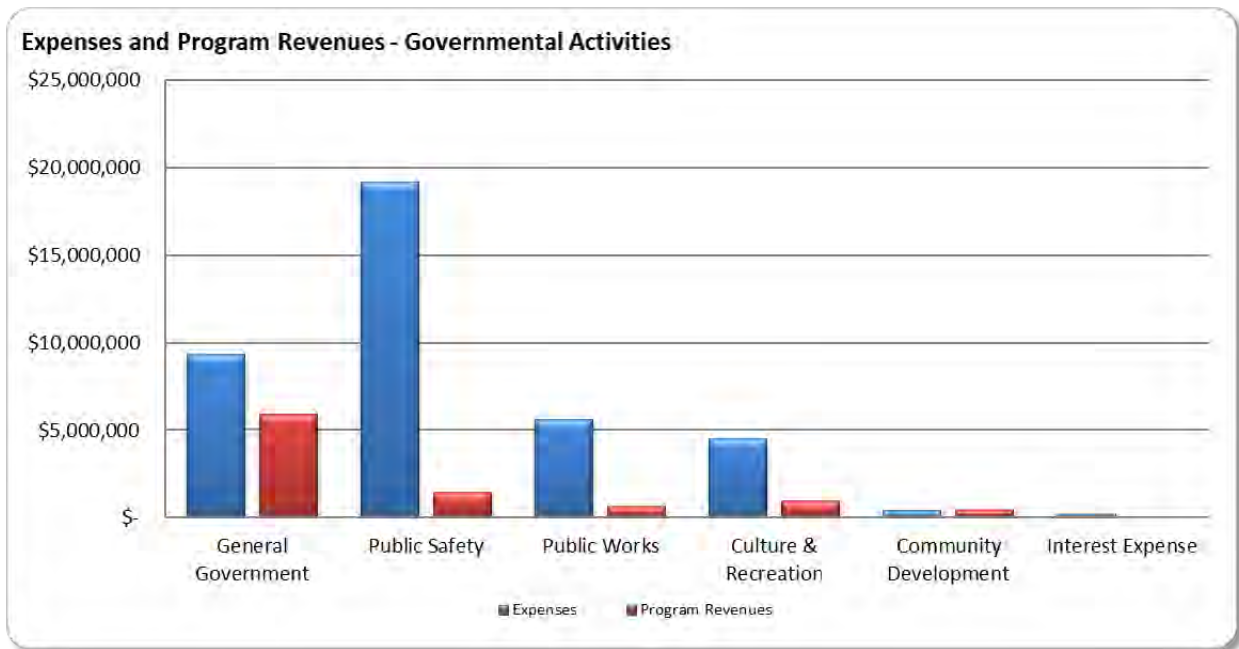
Note: This statement was generated for MD&A using the Statement of Activities Information.

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 2022 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.

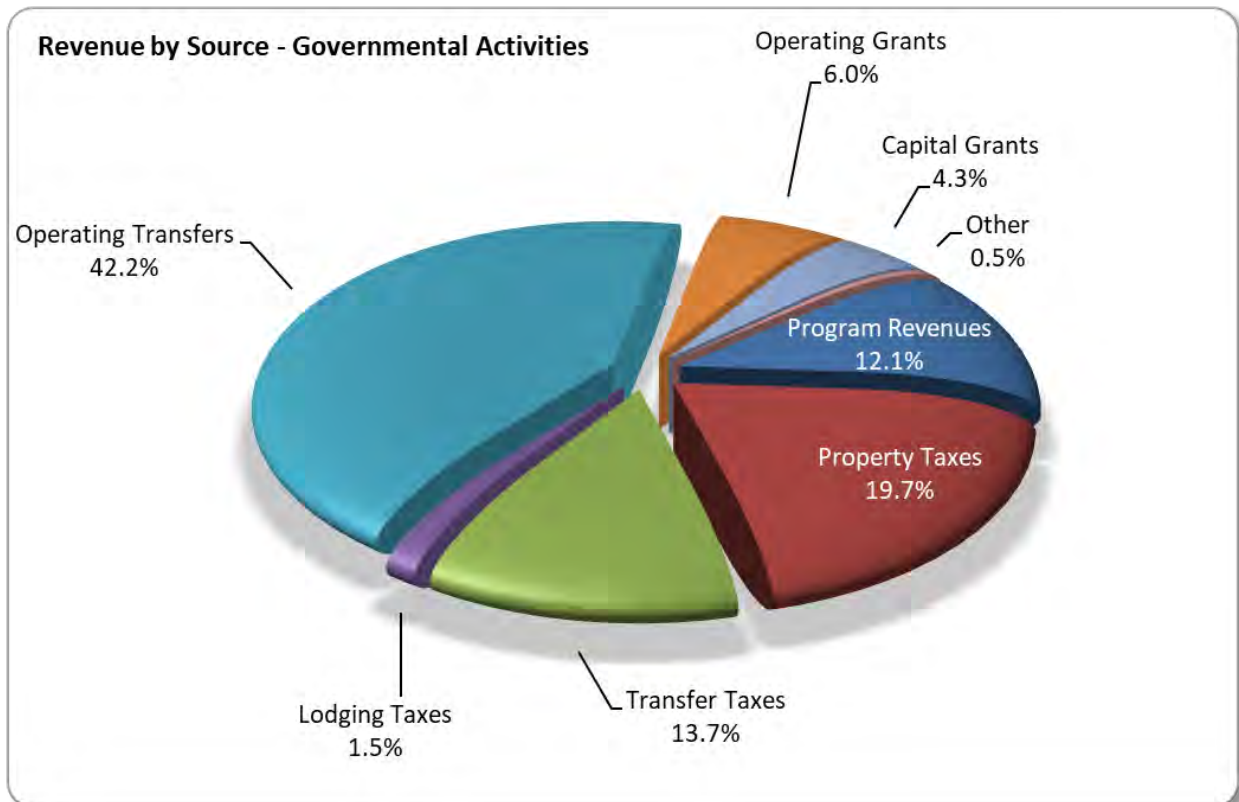
Program Revenues, Property and Realty Transfer Taxes, and Grants and other funding sources account for 57.8 percent of total governmental funding. The balance is met through operating transfers from the enterprise funds, as the City of Newark embraces the public utility business model to keep property 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 42.2 percent of revenues. Property taxes supply 19.7 percent of revenues. Program revenues contribute 12.1 percent, real estate transfer taxes add 13.7 percent and the lodging tax contributes 1.5 percent. The City relies on these revenue sources, as well as grants and miscellaneous funding of 10.8 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

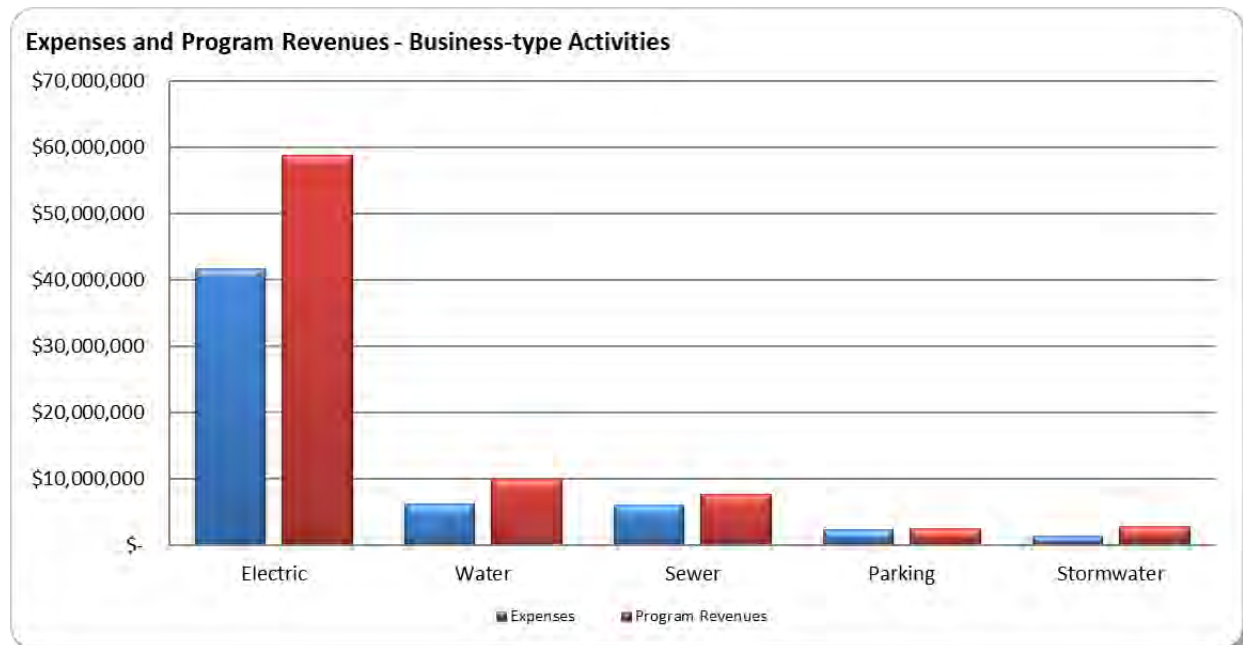
As shown in Table 3, the total cost of all governmental activities this year was \$39.2 million. These costs were partially supported by total program revenues of \$9.4 million, leaving a net cost of \$29.9 million. The program revenues were paid by those who directly benefited from the programs (\$5.1 million) or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions (\$4.3 million). The balance of the cost was primarily funded by City taxes totaling \$14.9 million and enterprise fund transfers of \$17.6 million. Public safety programs are the largest single spending commitment, accounting for 49 percent of the City's governmental activities expenses. Various general administration, public works, and culture and recreation services combine for about 51 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	\$ 9,311,372	23.7%	\$ 3,396,337	\$ 2,495,599	\$ 5,891,936	\$ (3,419,436)
Public Safety	19,153,539	48.8%	914,797	507,841	1,422,638	(17,730,901)
Public Works	5,605,081	14.3%	19,514	614,212	633,726	(4,971,355)
Culture & Recreation	4,491,292	11.5%	743,550	185,624	929,174	(3,562,118)
Community Development	429,060	1.1%	-	478,160	478,160	49,100
Interest Expense	216,874	0.6%	-	-	-	(216,874)
Total	<u>\$ 39,207,218</u>	<u>100%</u>	<u>\$ 5,074,198</u>	<u>\$ 4,281,436</u>	<u>\$ 9,355,634</u>	<u>\$ (29,851,584)</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 \$80 million for the year, which represents an increase of \$5.2 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 \$57.3 million in 2022, which represents an increase of \$6.6 million from the prior year. The increase in operating costs is mainly attributable to personnel expenditures and pension and OPEB adjustments. In total, revenues exceeded expenses and transfers by \$5.2 million in 2022.

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, 2022, the City's governmental funds reported combined ending balances of \$16.4 million, an increase of \$5.4 million as compared to the prior year. The bulk of the fund balance is restricted and assigned, which means that it is not available for new spending because it has already been appropriated for: 1) capital improvements, 2) debt service or 3) a variety of other restricted and assigned purposes. Almost seventy five percent of the fund balance – \$12 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, 2022, the total fund balance of the General Fund was \$5.4 million, \$4.3 million which is unassigned.

The General Fund balance increased by \$1.9 million in fiscal year 2022. The increase in General Fund balance is attributable to City programs and other revenue sources returning to pre-pandemic levels.

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, 2022, the total fund balance of the Capital Projects Fund was \$10 million, all of which is assigned.

The Capital Projects Fund balance increased by \$3.5 million in 2022 as opposed to an decrease of \$.3 million in 2021. This increase was the result of proceeds from debt and transfers from other funds.

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 \$68 thousand in 2022.

The City maintains a Debt Service Fund to set aside resources to meet current and future obligations of the City. As of December 31, 2022, the fund balance was \$45,881 all of which is assigned.

The financial statements for the governmental funds may be found on Pages 33 through 36 as well as 92 through 98 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 \$38.1 million as of December 31, 2022, \$19.1 million which was unrestricted. Total net position increased by \$1.8 million in 2022 as a result of \$15.5 million in operating income before capital grants and transfers, less \$14.5 million transferred to the General Fund to support governmental activities. The fund expended \$2.5 million in improvements to the City's electrical distribution system. The electric fund reports long-term debt of \$4.7 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 \$40.4 million as of December 31, 2022. Total net position increased \$1.7 million in 2022. Income before capital grants and transfers amounted to \$3.1 million, representing a decrease of \$.9 million versus 2021 as a result of increases in operating expenses. \$1.9 million was transferred from the Water Fund to the General Fund to support governmental activities. The fund expended \$3.4 million in improvements to the City's water purification, containment and distribution system. The Water Fund also carries roughly \$9.3 million of long-term debt related to lease financing agreements and State Revolving Loans detailed in Note 4.

The Sewer Fund had a total net position of \$13.4 million as of December 31, 2022, \$6.1 million of which was unrestricted. Total net position increased by \$.7 million in 2022. Income before capital grants and transfers amounted to \$1.5 million of which \$.8 million was transferred to the General Fund to support governmental activities. The fund expended \$.9 million in improvements to the City's sewage transport and elimination system. The Sewer Fund reports \$1.3 million of State Revolving Loan debt.

The Parking Fund had total net position of \$3.5 million as of December 31, 2022. Total net position decreased by \$290 thousand in 2022. The loss is attributable to an increase in transfers to the General Fund.

City of Newark, Delaware

Management's Discussion & Analysis

The Stormwater Fund had total net position of \$6.8 million as of December 31, 2022. Income before capital grants and transfers totaled \$1.2 million. The fund expended \$900 thousand in improvements. The fund had long term debt from State Revolving Loans which totaled \$8.8 million December 31, 2022.

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 99 through 101 of the fund financial statements.

The financial statements for the proprietary funds may be found on Pages 38 through 41 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 \$82.6 million, a decrease of \$16.1 million as compared to the prior fiscal year. The total pension liability, as of December 31, 2022, is \$123 million, representing a funding ratio of 67.1 percent. The City contribution was \$472 thousand less than the annual required contribution of \$4.8 million.

The OPEB Trust Fund ended the fiscal year with a balance of \$16.3 million, representing a decrease of \$1.9 million over the prior fiscal year. The total OPEB liability, as of December 31, 2022, is \$22.6 million, representing a funding ratio of 72.3 percent. The City contribution was \$850 thousand more than the annual required contribution of \$818 thousand.

The financial statements for the fiduciary funds can be found on Pages 42 through 43 as well as Pages 102 through 103 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 \$2.3 million. The favorable variance from budget is attributable to a \$3.3 million increase in real estate transfer revenue. Expenditures were \$4 million dollars lower than the final total budget. All departments, with the exception of Judicial, had lower than expected expenditures. The unfavorable budget variance in the Judicial department was the result of additional personnel costs for bailiffs.

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, 2022 amounted to \$130.8 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements and machinery and equipment.

- The City made gross additions to capital assets of \$12.5 million in 2022. Net additions, after depreciation, amortization and retirements, totaled \$5.5 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, 2022, the City had the following additional long-term debt: lease and note payable totaling \$3.3 million to fund an Automated Metering Infrastructure Project (the "AMI" or "Smart Meter" Project), \$7.8 million in various energy efficiency loans and leases, \$17.2 million in State Revolving Loans and \$2 million bank loan for 2018 referendum capital projects, \$672 thousand for various equipment loans and \$613 thousand for 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 \$40.5 million of net pension liability, \$6.2 million of net OPEB liability and \$1.9 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.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The City derives the vast majority of its operating revenue from the sale of electricity to a stable and diversified customer base that is 24 percent residential and 76 percent commercial or industrial, with the largest customer being the University of Delaware with 39 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 (64 percent residential, 26 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 93.48 cents per \$100 of assessed value throughout 2022 and 98.15 cents per \$100 in 2023.
- The City Council adopted the 2023 General Operating Budget on November 7, 2022. The budget includes total operating revenues of \$112 million, an increase of 12.1 percent from 2022, and total operating expenditures of \$107 million, an increase of 10.9 percent from 2022.

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: Deputy 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, 2022

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 18,363,496	\$ 23,041,110	\$ 41,404,606
Investments	9,330,341	9,906,001	19,236,342
Accounts receivables, net	2,824,536	11,559,766	14,384,302
Internal balances	(36,200)	36,200	-
Taxes receivable	1,625,153	-	1,625,153
Inventory - supplies	65,352	2,264,561	2,329,913
Prepaid items	582,693	330,124	912,817
Restricted Assets:			
Cash and cash equivalents	858,682	14,543,314	15,401,996
Investments	966,655	1,787,089	2,753,744
Total current assets	<u>34,580,708</u>	<u>63,468,165</u>	<u>98,048,873</u>
Noncurrent assets:			
Capital assets, net:			
Land	5,543,610	14,906,964	20,450,574
Construction in progress	699,387	630,149	1,329,536
Buildings	9,020,823	19,450,905	28,471,728
Improvements	19,309,400	53,766,213	73,075,613
Machinery and Equipment	4,463,748	3,031,709	7,495,457
Intangibles	-	8,126	8,126
Total capital assets, net	<u>39,036,968</u>	<u>91,794,066</u>	<u>130,831,034</u>
Total noncurrent assets	<u>39,036,968</u>	<u>91,794,066</u>	<u>130,831,034</u>
Total assets	<u>73,617,676</u>	<u>155,262,231</u>	<u>228,879,907</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred pension amounts	11,343,758	3,022,699	14,366,457
Deferred OPEB amounts	1,631,223	523,630	2,154,853
Total deferred outflows of resources	<u>12,974,981</u>	<u>3,546,329</u>	<u>16,521,310</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	3,225,402	4,734,600	7,960,002
Customer deposits	966,655	1,787,089	2,753,744
Regulatory liability	-	550,425	550,425
Compensated absences	145,019	42,540	187,559
Due to other governments	46,065	617,216	663,281
Accrued interest payable	-	106,144	106,144
Unearned revenue	-	8,026,991	8,026,991
Bonds, notes, and lease payable	569,179	1,362,017	1,931,196
Total current liabilities	<u>4,952,320</u>	<u>17,227,022</u>	<u>22,179,342</u>
Noncurrent liabilities:			
Compensated absences	1,305,169	382,867	1,688,036
Net OPEB liability	4,734,750	1,511,622	6,246,372
Net pension liability	32,013,784	8,530,522	40,544,306
Unearned revenue	6,171,821	3,661,659	9,833,480
Bonds, notes, and lease payable	6,355,175	23,300,706	29,655,881
Total noncurrent liabilities	<u>50,580,699</u>	<u>37,387,376</u>	<u>87,968,075</u>
Total liabilities	<u>55,533,019</u>	<u>54,614,398</u>	<u>110,147,417</u>
DEFERRED INFLOW OF RESOURCES			
Deferred pension amounts	2,396,507	638,582	3,035,089
Deferred OPEB amounts	795,883	255,482	1,051,365
Deferred property taxes	5,610,399	-	5,610,399
Deferred right to use leased assets	-	1,107,615	1,107,615
Total deferred inflows of resources	<u>8,802,789</u>	<u>2,001,679</u>	<u>10,804,468</u>
Net Position			
Net investment in capital assets	33,510,885	64,971,735	98,482,620
Restricted for:			
Special revenue funds	989,711	-	989,711
Alderman's court security	113,271	-	113,271
Capital projects	-	3,100,000	3,100,000
Unrestricted	(12,357,018)	34,120,748	21,763,730
Total net position	<u>\$ 22,256,849</u>	<u>\$ 102,192,483</u>	<u>\$ 124,449,332</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, 2022

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	Total
Primary government:							
Governmental activities:							
General government	\$ 9,311,372	\$ 3,396,337	\$ 1,488,726	\$ 1,006,873	\$ (3,419,436)	\$ -	\$ (3,419,436)
Public safety	19,153,539	914,797	500,639	7,202	(17,730,901)	-	(17,730,901)
Public works	5,605,081	19,514	-	614,212	(4,971,355)	-	(4,971,355)
Community development	429,060	-	429,060	49,100	49,100	-	49,100
Culture and recreation	4,491,292	743,550	85,150	100,474	(3,562,118)	-	(3,562,118)
Interest expense	216,874	-	-	-	(216,874)	-	(216,874)
Total governmental activities	39,207,218	5,074,198	2,503,575	1,777,861	(29,851,584)	-	(29,851,584)
Business-type activities:							
Electric	41,677,698	57,801,633	-	851,896	-	16,975,831	16,975,831
Water	6,100,449	9,318,894	-	496,420	-	3,714,865	3,714,865
Sewer	5,978,310	7,630,383	-	9,333	-	1,661,406	1,661,406
Parking	2,225,381	2,359,273	-	-	-	133,892	133,892
Stormwater	1,336,943	2,655,647	-	47,045	-	1,365,749	1,365,749
Total business-type activities	57,318,781	79,765,830	-	1,404,694	-	23,851,743	23,851,743
Total primary government	\$ 96,525,999	\$ 84,840,028	\$ 2,503,575	\$ 3,182,555	(29,851,584)	23,851,743	(5,999,841)
General Revenues							
Taxes:							
Real estate taxes					8,234,783	-	8,234,783
Real estate transfer taxes					5,718,365	-	5,718,365
Franchise fees					333,423	-	333,423
Lodging tax					623,473	-	623,473
Rent					-	81,801	81,801
Unrestricted investment earnings/(loss)					(180,750)	(1,158,595)	(1,339,345)
Gain on sale of capital assets					68,996	51,367	120,363
Transfers					17,616,327	(17,616,327)	-
Total general revenues and transfers					32,414,617	(18,641,754)	13,772,863
Change in net position					2,563,033	5,209,989	7,773,022
Net position - beginning of year					19,693,816	96,982,494	116,676,310
Net position - end of year					\$ 22,256,849	\$ 102,192,483	\$ 124,449,332

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

**CITY OF NEWARK, DELAWARE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Capital Projects	Total Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 4,177,744	\$ 11,776,425	\$ 1,388,093	\$ 17,342,262
Investments	5,655,188	3,033,431	-	8,688,619
Accounts receivable	1,916,439	232,353	443,494	2,592,286
Taxes receivable, net	1,625,153	-	-	1,625,153
Due from other funds	305,000	-	-	305,000
Inventory - supplies	49,630	-	-	49,630
Prepaid items	528,665	11	1,256	529,932
Restricted assets:				
Cash and cash equivalents	433,826	-	-	433,826
Investments	966,655	-	-	966,655
Total assets	<u>\$ 15,658,300</u>	<u>\$ 15,042,220</u>	<u>\$ 1,832,843</u>	<u>\$ 32,533,363</u>
LIABILITIES				
Liabilities:				
Accounts payable and accrued expenses	\$ 925,884	\$ 433,590	\$ 165,168	\$ 1,524,642
Customer deposits	966,655	-	-	966,655
Due to other governments	46,065	-	-	46,065
Unearned revenue	698,921	4,602,299	445,745	5,746,965
Due to other funds	2,017,900	-	181,400	2,199,300
Total liabilities	<u>4,655,425</u>	<u>5,035,889</u>	<u>792,313</u>	<u>10,483,627</u>
DEFERRED INFLOW OF RESOURCES				
Deferred property taxes	5,610,399	-	-	5,610,399
Total deferred inflows of resources	<u>5,610,399</u>	<u>-</u>	<u>-</u>	<u>5,610,399</u>
FUND BALANCES				
Nonspendable				
Inventory	49,630	-	-	49,630
Prepaid items	528,665	11	1,256	529,932
Restricted for				
Safetytown programs	-	-	67,339	67,339
Parks donations	-	-	36,466	36,466
Recreation donations	-	-	37,413	37,413
Island beautification	-	-	94,335	94,335
Parkland improvements	-	-	76,994	76,994
Other parks programs	-	-	63,582	63,582
Capital projects	-	2,000,000	-	2,000,000
Law enforcement	-	-	613,582	613,582
Alderman's court security	113,271	-	-	113,271
Assigned to				
Other departmental purposes	408,946	-	-	408,946
Debt service	-	-	45,881	45,881
Transportation	-	-	3,682	3,682
Capital projects	-	8,006,320	-	8,006,320
Unassigned	4,291,964	-	-	4,291,964
Total fund balances	<u>5,392,476</u>	<u>10,006,331</u>	<u>1,040,530</u>	<u>16,439,337</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,658,300</u>	<u>\$ 15,042,220</u>	<u>\$ 1,832,843</u>	<u>\$ 32,533,363</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, 2022**

Total Fund Balance - Governmental Funds	\$ 16,439,337
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 \$4,711,074 of internal service capital assets accounted for in the following line	34,325,894
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	3,233,838
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, \$2,923,673 included in net position)	(4,000,680)
Compensated absences (net of Internal Service Fund, \$60,508 included in net position)	(1,389,680)
Net other post employment benefits liability (net of Internal Service Fund, \$124,927 included in net position)	(4,609,823)
Net pension liability (net of Internal Service Fund, \$709,525 included in net position)	(31,304,259)
Deferred resources relate to:	
Deferred outflow of pension amounts (net of internal service funds \$251,413)	11,092,345
Deferred inflow of pension amounts (net of internal service funds \$53,114)	(2,343,393)
Deferred outflow of other post employment benefit amounts (net of internal service funds \$43,097)	1,588,126
Deferred inflow of other post employment benefit amounts (net of internal service funds \$21,027)	(774,856)
Net position of governmental activities	\$ 22,256,849

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, 2022

	<u>General</u>	<u>Capital Projects</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes:				
Real estate	\$ 8,234,783	\$ -	\$ -	\$ 8,234,783
Real estate transfer	5,718,365	-	-	5,718,365
Franchise	333,423	-	-	333,423
Lodging	623,473	-	-	623,473
Licenses and permits	823,258	-	-	823,258
Fines, forfeits and costs	1,810,187	-	18,704	1,828,891
Interest and investment earnings/(loss)	1,743	(135,511)	534	(133,234)
Intergovernmental revenues	983,371	1,387,542	1,107,229	3,478,142
Charges for services	2,416,684	-	3,865	2,420,549
Subvention - University of Delaware	553,575	-	-	553,575
Total revenues	<u>21,498,862</u>	<u>1,252,031</u>	<u>1,130,332</u>	<u>23,881,225</u>
EXPENDITURES				
Current:				
General government	8,406,675	-	253,749	8,660,424
Public safety	17,315,424	-	367,813	17,683,237
Public works	4,280,679	-	-	4,280,679
Community development	-	-	429,060	429,060
Culture and recreation	3,648,512	-	19,033	3,667,545
Debt service:				
Principal	-	-	284,679	284,679
Interest	-	-	89,478	89,478
Capital outlay	138,956	2,474,252	238,845	2,852,053
Total expenditures	<u>33,790,246</u>	<u>2,474,252</u>	<u>1,682,657</u>	<u>37,947,155</u>
Deficiency of revenues under expenditures	<u>(12,291,384)</u>	<u>(1,222,221)</u>	<u>(552,325)</u>	<u>(14,065,930)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	16,924,371	2,597,936	484,067	20,006,374
Transfers out	(2,937,156)	-	-	(2,937,156)
Leases	138,956	-	-	138,956
Proceeds from the sale of capital assets	106,033	-	-	106,033
Proceeds from debt issuance/ financed purchases	-	2,143,756	-	2,143,756
Costs related to debt issuance	-	(34,000)	-	(34,000)
Total other financing sources and uses	<u>14,232,204</u>	<u>4,707,692</u>	<u>484,067</u>	<u>19,423,963</u>
Net change in fund balances	1,940,820	3,485,471	(68,258)	5,358,033
Fund balances - beginning of year	3,451,656	6,520,860	1,108,788	11,081,304
Fund balances - end of year	<u>\$ 5,392,476</u>	<u>\$ 10,006,331</u>	<u>\$ 1,040,530</u>	<u>\$ 16,439,337</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, 2022

Net Changes in Fund Balances - Total Governmental Funds	\$ 5,358,033
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$2,713,097) is allocated over their estimated useful lives as depreciation expense (\$2,788,230) net of the internal service funds of \$4,711,074. This is the amount by which depreciation exceeded capital outlays in the current period.	5,276
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	284,679
Accrued interest payable	115
Financing /debt proceeds	(2,282,712)
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 (\$13,851) included in net position)	168,227
Net pension liability and related deferred inflows and outflows (net of the internal service funds (\$62,946) included in net position)	(2,496,049)
Net OPEB liability and related deferred inflows and outflows (net of the internal service funds (\$17,680) included in net position)	869,846
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.	699,155
Change in Net Position of Governmental Activities	<u>\$ 2,563,033</u>

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, 2022

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual Amounts	
REVENUES				
Taxes:				
Real estate - current	\$ 8,146,000	\$ 8,146,000	8,185,707	\$ 39,707
Real estate - delinquent and interest	60,000	60,000	49,076	(10,924)
Real estate - transfer	1,650,000	2,431,124	5,718,365	3,287,241
Franchise	425,000	425,000	333,423	(91,577)
Lodging	600,000	600,000	623,473	23,473
Licenses and permits	1,310,000	1,310,000	823,258	(486,742)
Fines, forfeits and costs	1,923,800	1,923,800	1,810,187	(113,613)
Interest and investment earnings/(loss)	172,000	172,000	1,743	(170,257)
Intergovernmental revenues	1,232,836	1,443,418	983,371	(460,047)
Charges for services/fees	2,106,120	2,122,735	2,416,684	293,949
Subvention - University of Delaware	553,575	553,575	553,575	-
Total revenues	18,179,331	19,187,652	21,498,862	2,311,210
EXPENDITURES				
Current:				
General government:				
Finance	2,073,932	2,073,932	1,935,607	138,325
Planning & development	1,311,098	1,415,098	1,353,590	61,508
Administration	1,607,185	1,781,785	1,647,361	134,424
Legislative	1,671,556	1,671,556	1,438,780	232,776
Judicial	573,982	573,982	580,256	(6,274)
Information technology	1,923,695	1,923,695	1,579,377	344,318
Total general government	9,161,448	9,440,048	8,534,971	905,077
Public safety:				
Code enforcement	1,571,872	1,571,872	1,450,781	121,091
Police	16,116,584	16,123,966	15,869,006	254,960
Total public safety	17,688,456	17,695,838	17,319,787	376,051
Public works:				
Highways and streets	2,371,792	2,391,792	2,242,892	148,900
Sanitation	2,126,599	2,126,599	2,037,787	88,812
Total public works	4,498,391	4,518,391	4,280,679	237,712
Culture and recreation	3,614,901	3,773,516	3,654,809	118,707
Total expenditures	34,963,196	35,427,793	33,790,246	1,637,547
Deficiency of revenues under expenditures	(16,783,865)	(16,240,141)	(12,291,384)	3,948,757
Other Financing Sources (Uses)				
Transfers in	19,250,459	19,400,459	16,924,371	(2,476,088)
Transfers out	(2,486,594)	(3,264,315)	(2,937,156)	327,159
Leases/financed purchases	-	-	138,956	138,956
Proceeds from the sale of capital assets	20,000	20,000	106,033	86,033
Total other financing sources and uses	16,783,865	16,156,144	14,232,204	(1,923,940)
Net change in fund balances	\$ -	\$ (83,997)	1,940,820	\$ 2,024,817
Fund balances - January 1			3,451,656	
Fund balances - December 31			\$ 5,392,476	

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

CITY OF NEWARK, DELAWARE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022

	Business-Type Activities Enterprise Funds					Governmental Activities
	Electric	Water	Sewer	Parking	Stormwater	Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 9,695,502	\$ 5,312,133	\$ 4,171,510	\$ 25,119	\$ 3,836,846	\$ 23,041,110
Investments, unrestricted	8,020,017	89,497	1,718,792	-	77,695	9,906,001
Accounts receivable, net	7,185,408	2,458,697	1,142,665	131,338	641,658	11,559,766
Due from other funds	1,077,237	-	11,525	-	-	1,088,762
Inventory - supplies	1,885,904	349,633	16,553	-	12,471	2,264,561
Prepaid items	148,753	78,556	9,798	78,407	14,610	330,124
Restricted assets:						
Cash and cash equivalents	3,100,000	9,803,359	1,061,000	-	578,955	14,543,314
Investments	1,761,147	19,142	6,800	-	-	1,787,089
Total current assets	32,873,968	18,111,017	8,138,643	234,864	5,162,235	64,520,727
Noncurrent assets:						
Capital assets, net:						
Land	-	7,957,954	-	3,545,582	3,403,428	14,906,964
Construction in progress	84,800	427,424	56,219	61,706	-	630,149
Buildings	10,378,539	8,814,430	-	257,936	-	19,450,905
Improvements	8,809,001	27,698,756	8,388,400	714,782	8,155,274	53,766,213
Machinery and equipment	1,378,386	429,632	203,242	760,985	259,464	3,031,709
Intangibles	1,000	7,126	-	-	-	8,126
Total noncurrent assets	20,651,726	45,335,322	8,647,861	5,340,991	11,818,166	91,794,066
Total assets	53,525,694	63,446,339	16,786,504	5,575,855	16,980,401	156,314,793
DEFERRED OUTFLOW OF RESOURCES						
Deferred pension amounts	1,624,845	841,873	11,493	308,878	235,610	3,022,699
Deferred OPEB amounts	275,821	133,601	2,155	62,491	49,562	523,630
Total deferred outflow of resources	1,900,666	975,474	13,648	371,369	285,172	3,546,329
LIABILITIES						
Current liabilities:						
Accounts payable and accrued expenses	3,549,746	683,440	287,110	85,256	129,048	4,734,600
Customer deposits payable	1,761,147	19,142	6,800	-	-	1,787,089
Regulatory liability	550,425	-	-	-	-	550,425
Compensated absences	14,305	17,553	949	4,620	5,113	42,540
Due to other funds	324,600	116,125	36,200	555,837	19,800	1,052,562
Due to other governments	-	-	617,216	-	-	617,216
Accrued interest payable	26,829	53,305	10,786	555	14,669	106,144
Unearned revenue	39,677	7,103,359	200,000	105,000	578,955	8,026,991
Bonds, notes, and lease payable	393,041	641,065	62,283	47,004	218,624	1,362,017
Total current liabilities	6,659,770	8,633,989	1,221,344	798,272	966,209	18,279,584
Noncurrent liabilities:						
Compensated absences	128,746	157,978	8,544	41,585	46,014	382,867
Net OPEB liability	793,289	387,275	6,246	181,145	143,667	1,511,622
Net pension liability	4,585,561	2,375,896	32,435	871,703	664,927	8,530,522
Unearned revenue	86,421	2,701,298	861,940	-	12,000	3,661,659
Bonds, notes, and lease payable	4,341,119	8,658,613	1,237,717	480,569	8,582,688	23,300,706
Total noncurrent liabilities	9,935,136	14,281,060	2,146,882	1,575,002	9,449,296	37,387,376
Total liabilities	16,594,906	22,915,049	3,368,226	2,373,274	10,415,505	55,666,960
DEFERRED INFLOW OF RESOURCES						
Deferred pension amounts	343,269	177,856	2,428	65,254	49,775	638,582
Deferred OPEB amounts	134,575	65,185	1,051	30,490	24,181	255,482
Deferred right to use leased assets	247,491	860,124	-	-	-	1,107,615
Total deferred inflow of resources	725,335	1,103,165	3,479	95,744	73,956	2,001,679
NET POSITION						
Net investment in capital assets	15,512,925	34,617,906	7,113,042	4,813,418	2,914,444	64,971,735
Restricted for:						
Capital projects	3,100,000	-	-	-	-	3,100,000
Unrestricted	19,493,194	5,785,693	6,315,405	(1,335,212)	3,861,668	34,120,748
Total net position	\$ 38,106,119	\$ 40,403,599	\$ 13,428,447	\$ 3,478,206	\$ 6,776,112	\$ 102,192,483

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, 2022

	Business-Type Activities Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Electric	Water	Sewer	Parking	Stormwater		
Operating Revenues:							
Charges for service	\$ 57,519,480	\$ 9,220,196	\$ 7,605,183	\$ 2,356,821	\$ 2,634,707	\$ 79,336,387	\$ 2,733,968
Penalties and fees	182,983	58,988	23,847	-	16,391	282,209	-
Miscellaneous	99,170	39,710	1,353	2,452	4,549	147,234	250
Total operating revenues	57,801,633	9,318,894	7,630,383	2,359,273	2,655,647	79,765,830	2,734,218
Operating Expenses:							
Personnel	3,851,528	2,789,771	249,863	1,221,150	688,099	8,800,411	860,438
Utility purchases	33,501,433	-	5,022,689	-	-	38,524,122	-
Materials and supplies	284,759	386,589	39,876	21,097	25,291	757,612	974,766
Contracted services	2,115,266	960,356	291,111	738,711	245,668	4,351,112	532,207
Depreciation/Amortization	1,442,617	1,738,514	350,571	241,722	216,277	3,989,701	166,446
Other	335,772	15,072	5,796	2,701	13,428	372,769	165,007
Total operating expenses	41,531,375	5,890,302	5,959,906	2,225,381	1,188,763	56,795,727	2,698,864
Operating income (loss)	16,270,258	3,428,592	1,670,477	133,892	1,466,884	22,970,103	35,354
Nonoperating Revenues (Expenses):							
Interest and investment revenue/(loss)	(745,029)	(146,267)	(181,146)	974	(80,245)	(1,151,713)	(47,516)
Rent revenue	23,202	58,599	-	-	-	81,801	-
Amortization of bond premium	-	31,733	-	-	-	31,733	-
Amortization of loss on bond defeasance	-	(28,708)	-	-	-	(28,708)	-
Interest expense	(146,323)	(213,172)	(18,404)	-	(148,180)	(526,079)	(93,511)
Lease/financed purchases Interest expense	-	-	-	(6,882)	-	(6,882)	-
Gain (loss) on Sale of Capital Assets	48,867	-	-	2,500	-	51,367	6,500
Total nonoperating revenues (expenses)	(819,283)	(297,815)	(199,550)	(3,408)	(228,425)	(1,548,481)	(134,527)
Income before capital grants, capital contributions, and transfers	15,450,975	3,130,777	1,470,927	130,484	1,238,459	21,421,622	(99,173)
Capital grants and contributions	851,896	496,420	9,333	-	47,045	1,404,694	251,219
Transfers in	-	19,366	-	-	-	19,366	547,109
Transfers out	(14,552,821)	(1,909,044)	(753,132)	(420,696)	-	(17,635,693)	-
Change in net position	1,750,050	1,737,519	727,128	(290,212)	1,285,504	5,209,989	699,155
Total net position - beginning of year	36,356,069	38,666,080	12,701,319	3,768,418	5,490,608	96,982,494	2,534,683
Total net position - end of year	\$ 38,106,119	\$ 40,403,599	\$ 13,428,447	\$ 3,478,206	\$ 6,776,112	\$ 102,192,483	\$ 3,233,838

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, 2022

	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	\$ 56,831,824	\$ 9,094,731	\$ 7,509,158	\$ 2,426,884	\$ 2,540,602	\$ 78,403,199
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	700,927	-	-	-	-	700,927
Customer deposits returned	(617,660)	-	-	-	-	(617,660)
Other operating receipts	1,821	(16,929)	1,353	2,452	4,549	(6,754)
Payments to suppliers for goods and services	(37,124,422)	(930,408)	(5,421,053)	(756,229)	(463,975)	(44,696,087)
Payments to employees for services	(3,543,503)	(2,752,804)	(264,241)	(1,148,749)	(676,217)	(8,385,514)
Payments for interfund services used	(347,945)	(169,422)	(33,312)	(51,449)	(65,573)	(667,701)
Net cash provided (used) by operating activities	15,901,042	5,225,168	1,791,905	472,909	1,339,386	24,730,410
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	19,366	-	-	-	19,366
Transfers out	(14,552,821)	(1,909,044)	(753,132)	(420,696)	-	(17,635,693)
Net cash provided (used) by noncapital financing activities	(14,552,821)	(1,889,678)	(753,132)	(420,696)	-	(17,616,327)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from bonds and notes	-	2,772,413	1,024,923	-	2,990,096	6,787,432
Payments of retainage	(55,855)	(27,090)	-	-	(193,920)	(276,865)
Purchases of capital assets	(2,480,625)	(3,443,537)	(932,620)	-	(900,357)	(7,757,139)
Proceeds from sale of capital assets	50,000	-	-	2,500	-	52,500
Capital grants received	813,000	7,010,542	(898,623)	8,822	100,000	7,033,741
Principal paid on capital debt	(638,157)	(1,731,000)	-	-	-	(2,369,157)
Interest paid on capital debt	(119,930)	(218,359)	(9,900)	-	(142,853)	(491,042)
Principal paid on lease payable	-	-	-	(35,751)	-	(35,751)
Interest paid on lease payable	-	-	-	(6,327)	-	(6,327)
Net cash provided (used) by capital and related financing activities	(2,431,567)	4,362,969	(816,220)	(30,756)	1,852,966	2,937,392
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and rents received	202,722	101,175	40,014	974	17,710	362,595
Net cash provided (used) by investing activities	202,722	101,175	40,014	974	17,710	362,595
Net increase (decrease) in cash and cash equivalents	(880,624)	7,799,634	262,567	22,431	3,210,062	10,414,070
Cash and cash equivalents - beginning of year	13,676,126	7,315,858	4,969,943	2,688	1,205,739	27,170,354
Cash and cash equivalents - end of year	\$ 12,795,502	\$ 15,115,492	\$ 5,232,510	\$ 25,119	\$ 4,415,801	\$ 37,584,424

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

**CITY OF NEWARK, DELAWARE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Business-Type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Electric	Water	Sewer	Parking	Stormwater	Total Enterprise Funds
Reconciliation of operating income to net cash provided by operating activities						
Operating income (loss)	\$ 16,270,258	\$ 3,428,592	\$ 1,670,477	\$ 133,892	\$ 1,466,884	\$ 22,970,103
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	1,442,617	1,738,514	350,571	241,722	216,277	3,989,701
Effect of changes in operating assets, liabilities and deferred outflows and inflows:						
Accounts receivable	(999,667)	(241,706)	(113,465)	33,118	(84,496)	(1,406,216)
Due from other funds	-	-	(6,325)	-	-	(6,325)
Allowance for uncollectible accounts	58,515	614	(82)	-	-	59,047
Inventory	(386,234)	(56,880)	(831)	-	1,689	(442,256)
Prepaid expenses	79,033	34,874	25,722	(8,399)	13,772	145,002
Deferred outflow pension amounts	(719,305)	(351,511)	(4,811)	(138,464)	(104,457)	(1,318,548)
Deferred outflow OPEB amounts	(198,055)	(88,344)	(2,155)	(44,643)	(33,626)	(366,823)
Customer deposits	83,267	-	-	-	-	83,267
Accounts payable	433,987	298,444	(193,349)	(26,954)	(259,232)	252,896
Regulatory liability	(1,336,760)	-	-	-	-	(1,336,760)
Compensated absences	(89,712)	(37,218)	(22,602)	(4,733)	(21,102)	(175,367)
Net OPEB liability	366,637	136,925	6,246	82,416	55,516	647,740
Net pension liability	2,017,885	985,467	13,485	388,487	293,040	3,698,364
Due to other funds	(44,800)	(8,075)	(5,000)	(6,700)	(2,700)	(67,275)
Due to other governments	-	-	78,889	-	-	78,889
Unearned revenue	(2,307)	-	-	36,945	(26,000)	8,638
Deferred inflow pension amounts	(787,330)	(434,378)	(5,916)	(147,516)	(113,974)	(1,489,114)
Deferred inflow OPEB amounts	(286,987)	(180,150)	1,051	(66,262)	(62,205)	(594,553)
Total adjustments	(369,216)	1,796,576	121,428	339,017	(127,498)	1,760,307
Net cash provided (used) by operating activities	\$ 15,901,042	\$ 5,225,168	\$ 1,791,905	\$ 472,909	\$ 1,339,386	\$ 24,730,410
Noncash investing, capital, and financing activities:						
Increase (decrease) in fair value of investments	(929,766)	(203,579)	(221,160)	-	(97,955)	(1,452,460)
Increase (decrease) in capital grants receivable	-	139,237	(31,044)	(8,822)	-	99,371
Increase (decrease) in accrued interest receivable	5,978	1,309	1,422	-	630	9,339
Increase (decrease) in accrued interest payable	26,393	(5,187)	8,504	-	5,327	35,037
Increase (decrease) in accrued interest payable-leases	-	-	-	555	-	555
Capitalization of accrued payables, retainage	86,126	150,323	33,601	-	33,633	303,683
Capital contributions of property and equipment	38,896	-	-	-	26,000	64,896
Gain (Loss) on Capital Asset Disposal	(1,133)	-	-	-	-	(1,133)
Amortization of bond premium	-	31,733	-	-	-	31,733
Amortization of loss on bond defeasance	-	(28,708)	-	-	-	(28,708)

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

**CITY OF NEWARK, DELAWARE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022**

	Pension and Other Benefits Funds
ASSETS	
Cash and cash equivalents	\$ 45,034
Investments:	
Domestic equity mutual funds	36,506,488
International equity mutual funds	18,179,188
Fixed income mutual funds	36,378,727
Real estate equity funds	7,779,885
Total assets	<u>98,889,322</u>
 NET POSITION	
Net position restricted for employee pension benefits	82,569,694
Net position restricted for other post employment benefits	16,319,628
Total net position	<u>\$ 98,889,322</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, 2022

	Pension and Other Benefits Funds
ADDITIONS	
Contributions:	
Employer	\$ 5,447,681
State aid - police	503,578
Employee	<u>618,836</u>
Total contributions	<u>6,570,095</u>
Investments:	
Investment earnings	2,265,212
Net increase in fair value of investments	(20,091,246)
Investment expense	<u>(87,785)</u>
Total investment income	<u>(17,913,819)</u>
Total additions	<u>(11,343,724)</u>
DEDUCTIONS	
Benefits	6,633,137
Administrative expenses	<u>104,725</u>
Total deductions	<u>6,737,862</u>
Change in net position	(18,081,586)
Net position - beginning of year	<u>116,970,908</u>
Net position - end of year	<u><u>\$ 98,889,322</u></u>

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

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022

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, 2022

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, 2022

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, 2022, 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, 2022, the allowance for doubtful accounts in the General Fund amounted to \$170,426.

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, 2022, the allowance for doubtful accounts amounted to \$434,289 in the Electric Fund, \$16,955 in the Water Fund, and \$24,689 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, 2022**

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, 2022

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 two items that qualify for reporting in this category, the 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, deferred pension and OPEB amounts and deferred lease revenue.

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, 2022.
- 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, 2022

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 2022 was .9348 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, 2022, actual revenues in the General Fund exceeded budgeted revenues by \$2.3 million. The City experienced unfavorable variances in numerous revenue categories which were offset by real estate transfer taxes.

General Fund operating expenditures were \$1.6 million less than appropriated. The only department that had higher expenditures than budgeted was the Judicial department with an overage of \$6,274 that was caused by offsetting favorable and unfavorable variances in numerous categories.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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.

Adoption of New Accounting Standards:

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The City adopted the requirements of the guidance effective January 1, 2022, and has applied the provisions of this standard to the beginning of the period of adoption.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022, the carrying amount of the City's cash accounts and cash on hand was \$56,806,602, net of \$45,034 included in Fiduciary Funds. The bank balances were \$57,816,837. Of the bank balances, \$328,630 was covered by Federal Depository Insurance, \$57,488,207 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, 2022 had varying rates but none lower than A. Amounts that may be invested in any one of these categories are subject to percentage limitations as set forth in the City's written Investment Policy. The investments of the Pension trust are not subject to these restrictions. Refer to Note 8 for further discussion of the investment policy of the Pension Plan.

As of December 31, 2022, 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	\$ 12,108,163	\$ -	\$ 10,089,132	\$ 1,156,414	\$ 862,617
Corporate Notes	5,274,711	-	5,274,711	-	-
Municipal Bonds	4,607,212	645,079	3,962,133	-	-
	<u>\$ 21,990,086</u>	<u>\$ 645,079</u>	<u>\$ 19,325,976</u>	<u>\$ 1,156,414</u>	<u>\$ 862,617</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%

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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.)

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 fair value. This rule excludes direct obligations of the U.S. Government, U.S. Government Agencies and Enterprises, money market funds, and securities that have an effective maturity no longer than the next business day.

As of December 31, 2022, there were no investments with a fair value more than 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.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Investments and Valuation

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

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

The City's investments (including investments of the City's fiduciary funds) are categorized in the following table:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Balance December 31, 2022</u>
U. S. Government Securities	\$ -	\$ 12,108,163	\$ -	\$ 12,108,163
Corporate Notes	-	5,274,711	-	5,274,711
Municipal Bonds	-	4,607,212	-	4,607,212
Domestic Equity Mutual Funds	36,506,488	-	-	36,506,488
International Equity Mutual Funds	18,179,188	-	-	18,179,188
Fixed Income Mutual Funds	36,378,727	-	-	36,378,727
Real Estate Equity Funds	7,779,885	-	-	7,779,885
	<u>\$ 98,844,288</u>	<u>\$ 21,990,086</u>	<u>\$ -</u>	<u>\$ 120,834,374</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 CAPITAL ASSETS

The capital asset activity for the year ended December 31, 2022, 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>749,901</u>	<u>347,917</u>	<u>398,431</u>	<u>699,387</u>
Total capital assets not being depreciated	<u>6,293,511</u>	<u>347,917</u>	<u>398,431</u>	<u>6,242,997</u>
Capital assets being depreciated/amortized:				
Buildings	16,173,055	905,614	-	17,078,669
Improvements	40,191,038	799,433	-	40,990,471
Machinery and equipment	18,231,573	2,064,156	384,879	19,910,850
Right to use leased equipment	<u>-</u>	<u>138,956</u>	<u>-</u>	<u>138,956</u>
Total capital assets being depreciated/amortized	<u>74,595,666</u>	<u>3,908,159</u>	<u>384,879</u>	<u>78,118,946</u>
Less accumulated depreciation/amortization for:				
Buildings	7,672,551	385,295	-	8,057,846
Improvements	20,239,407	1,441,664	-	21,681,071
Machinery and equipment	14,741,136	1,127,717	341,342	15,527,511
Less accumulated amortization for:				
Right to use leased equipment	<u>-</u>	<u>58,547</u>	<u>-</u>	<u>58,547</u>
Total accumulated depreciation	<u>42,653,094</u>	<u>3,013,223</u>	<u>341,342</u>	<u>45,324,975</u>
Total capital assets being depreciated/amortized, net	<u>31,942,572</u>	<u>894,936</u>	<u>43,537</u>	<u>32,793,971</u>
Governmental activities capital assets, net	<u>\$ 38,236,083</u>	<u>\$ 1,242,853</u>	<u>\$ 441,968</u>	<u>\$ 39,036,968</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities</u>				
Capital assets not being depreciated:				
Land	\$ 14,906,964	\$ -	\$ -	\$ 14,906,964
Construction in progress	1,116,707	384,551	871,109	630,149
Intangibles	8,126	-	-	8,126
Total capital assets not being depreciated	<u>16,031,797</u>	<u>384,551</u>	<u>871,109</u>	<u>15,545,239</u>
Capital assets being depreciated/amortized:				
Buildings	38,589,906	3,117,110	-	41,707,016
Right to use leased buildings	-	291,580	-	291,580
Improvements	90,577,364	4,787,561	-	95,364,925
Right to use leased improvements	-	271,744	-	271,744
Machinery and equipment	6,847,344	668,710	254,847	7,261,207
Total capital assets being depreciated/amortized	<u>136,014,614</u>	<u>9,136,705</u>	<u>254,847</u>	<u>144,896,472</u>
Less accumulated depreciation/amortization for:				
Buildings	21,302,683	1,211,364	-	22,514,047
Improvements	39,662,402	2,190,235	-	41,852,637
Machinery and equipment	3,946,573	536,639	253,714	4,229,498
Less accumulated amortization for:				
Right to use leased buildings	-	33,644	-	33,644
Right to use leased improvements	-	17,819	-	17,819
Total accumulated depreciation/amortization	<u>64,911,658</u>	<u>3,989,701</u>	<u>253,714</u>	<u>68,647,645</u>
Total capital assets being depreciated/amortized, net	<u>71,102,956</u>	<u>5,147,004</u>	<u>1,133</u>	<u>76,248,827</u>
Business-type activities capital assets, net	<u>\$ 87,134,753</u>	<u>\$ 5,531,555</u>	<u>\$ 872,242</u>	<u>\$ 91,794,066</u>

Depreciation/amortization expense was charged to the functions as follows:

General government	\$ 387,565
Public safety	623,819
Public works	1,058,919
Culture and recreation	776,474
Capital assets held by the government's internal service funds and charged to the various functions based on their usage	<u>166,446</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 3,013,223</u>

Business-type activities:

Electric	\$ 1,442,617
Water	1,738,514
Sewer	350,571
Parking	241,722
Stormwater	<u>216,277</u>
Total depreciation/amortization expense - business-type activities	<u>\$ 3,989,701</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 LONG-TERM DEBT

Equipment Financed Purchase Obligation – Business Type Activities

On December 19, 2012, the City entered into an \$8,897,374 Equipment 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 payments is reported as an 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, 2022, payments under this lease obligation are as follows:

<u>Year Ending December 31</u>	<u>Business Type Activities</u>
2023	\$ 703,350
2024	703,350
2025	703,350
2026	703,350
2027	703,350
Total payments	3,516,750
Less: interest	(220,695)
Present value of payments	<u>\$ 3,296,055</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 LONG-TERM DEBT (cont'd)

Equipment Financed Purchase Obligations – Governmental Type Activities

On December 23, 2016, the City entered into an Equipment 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 payments is reported as an 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>
2023	\$ 49,255
2024	49,255
2025	49,255
2026	49,255
2027	<u>28,730</u>
Total payments	225,750
Less: interest	<u>(13,660)</u>
Present value of payments	<u><u>\$ 212,090</u></u>

On July 29, 2021, the City entered into an Equipment 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 payments is reported as an obligation in the Government Wide Statement of Net Position and related depreciation of \$67,331 is included in expenses of the General Government reported on the Statement of Activities

<u>Year Ending December 31</u>	<u>Total</u>
2023	\$ 60,290
2024	60,290
2025	60,290
2026	60,290
2027	<u>30,148</u>
Total payments	271,308
Less: interest	<u>(17,135)</u>
Present value of payments	<u><u>\$ 254,173</u></u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 LONG-TERM DEBT (cont'd)

On July 23, 2023, the City entered into four Equipment Purchase Agreements with Fulton Bank totaling \$143,756. The loans bear an interest rate of 3.95 percent. Payments are due semi-annually starting June 25, 2022, with the final payment due June 25, 2027. The proceeds were used to finance the purchase of four new police vehicles. One of the vehicle obligations was terminated because of an accident and the balance was paid off by insurance proceeds. The present value of all future minimum payments is reported as an obligation in the Government Wide Statement of Net Position and related depreciation of \$16,361 is included in expenses of the General Government reported on the Statement of Activities

Year Ending December 31

2023	\$	23,624
2024		23,624
2025		23,624
2026		<u>23,624</u>
Total payments		94,496
Less: interest		<u>(7,873)</u>
Present value of payments	\$	<u><u>86,623</u></u>

Equipment Financed Purchase Obligation – Business Type Activities

On January 21, 2021, the City entered into an Equipment 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 payments is reported as an obligation in the Statement of Net Position and related depreciation of \$35,193 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>
2023	\$ 31,506
2024	31,506
2025	31,506
2026	<u>31,507</u>
Total payments	126,025
Less: interest	<u>(7,194)</u>
Present value of payments	<u><u>\$ 118,831</u></u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 LONG-TERM DEBT (cont'd)

Equipment Financed Purchase Obligation - Governmental & Business Type Activities

On August 21, 2020, the City entered into an \$8,150,965 Equipment 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 payments is reported as an obligation in the Statement of Net Position and related depreciation of \$247,256 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>
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	284,785	235,560	520,345
2028 - 2032	1,454,208	1,202,850	2,657,058
2033 - 2037	1,511,302	1,250,076	2,761,378
2038 - 2040	<u>927,042</u>	<u>766,804</u>	<u>1,693,846</u>
Total payments	5,301,595	4,385,223	9,686,818
Less: interest	<u>(1,015,169)</u>	<u>(839,599)</u>	<u>(1,854,768)</u>
Present value of payments	<u>\$ 4,286,427</u>	<u>\$ 3,545,623</u>	<u>\$ 7,832,050</u>

GASB 87 Leases

The City leases equipment as well as certain operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2037 and provide for renewal options ranging from zero up to sixty months.

Governmental Activities:

<u>Year Ending December 31</u>	<u>Total</u>
2023	\$ 61,498
2024	14,521
2025	9,113
2026	<u>1,219</u>
Total lease payments	86,351
Less: interest	<u>(1,312)</u>
Present value of lease payments	<u>\$ 85,039</u>

**CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 LONG-TERM DEBT (cont'd)

Business Type Activities:

	<u>Year Ending December 31</u>	
2023	\$ 53,400	
2024	54,468	
2025	55,557	
2026	56,668	
2027	57,501	
2028 - 2032	203,711	
2033 - 2037	<u>85,166</u>	
Total lease payments	566,471	
Less: interest	<u>(38,898)</u>	
Present value of lease payments	<u>\$ 527,573</u>	

2018 Referendum

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.

Governmental Referendum Loan

On June 30, 2022 the City entered into a loan agreement with Fulton Bank for \$2 million for reimbursement of various capital projects approved as part of the referendum. The loan bears an interest rate of 3.95 percent. Payments are due monthly starting July 30, 2022, with the final payment due June 30, 2032.

	<u>Year Ending December 31</u>	<u>Governmental Activities</u>
2023	\$ 210,526	
2024	210,526	
2025	210,526	
2026	210,526	
2027	210,526	
2028 - 2032	<u>947,370</u>	
Total	<u>\$ 2,000,000</u>	

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 LONG-TERM DEBT (cont'd)

State Revolving Loans (SRL) – Business Type Activities

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 \$8,801,312 at December 31, 2022.

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 218,624	\$ 88,013	\$ 306,637
2024	443,829	169,446	613,275
2025	452,750	160,525	613,275
2026	461,851	151,424	613,275
2027	471,134	142,141	613,275
2028 - 2032	2,501,580	564,794	3,066,374
2033 - 2037	2,763,300	303,074	3,066,374
2038 - 2040	1,488,244	44,943	1,533,187
Total	<u>\$ 8,801,312</u>	<u>\$ 1,624,360</u>	<u>\$ 10,425,672</u>

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 \$1.3 million at December 31, 2022.

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 62,283	\$ 31,972	\$ 94,255
2024	63,843	30,412	94,255
2025	65,442	28,813	94,255
2026	67,081	27,174	94,255
2027	68,761	25,494	94,255
2028 - 2032	370,512	100,760	471,272
2033 - 2037	419,292	51,980	471,272
2038 - 2039	182,786	5,722	188,508
Total	<u>\$ 1,300,000</u>	<u>\$ 302,327</u>	<u>\$ 1,602,327</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 LONG-TERM DEBT (cont'd)

On February 4, 2021 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 Two project in an amount up to \$2.6 million. The City is required to make semi-annual interest only payments at 2% during construction based on cumulative loan draws. There were no draws as of December 31, 2022.

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. An addendum to the agreement provided for an additional \$1 million in funding. The City is required to make semi-annual interest only payments at 2.489% during construction based on cumulative loan draws. Draws total \$3,912,598 at December 31, 2022.

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 180,894	\$ 96,266	\$ 277,160
2024	185,424	91,736	277,160
2025	190,068	87,092	277,160
2026	194,829	82,331	277,160
2027	199,708	77,452	277,160
2028 - 2032	1,076,118	309,681	1,385,799
2033 - 2037	1,217,795	168,004	1,385,799
2038 - 2040	667,762	25,136	692,898
Total	<u>\$ 3,912,598</u>	<u>\$ 937,698</u>	<u>\$ 4,850,296</u>

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. The project was completed in 2022 and principal and interest payments began in 2022.

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 45,207	\$ 24,058	\$ 69,265
2024	46,339	22,926	69,265
2025	47,500	21,766	69,266
2026	48,690	20,574	69,264
2027	49,909	19,356	69,265
2028 - 2032	268,933	77,392	346,325
2033 - 2037	304,340	39,508	343,848
2038 - 2040	166,881	8,758	175,639
Total	<u>\$ 977,799</u>	<u>\$ 234,338</u>	<u>\$ 1,212,137</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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. Draws total \$443,617 at December 31, 2022.

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. Draws total \$369,070 at December 31, 2022.

On February 18, 2021 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 second phase of the Water Main Replacement Project in an amount up to \$2 million. The City is required to make semi-annual interest only payments at 2% during construction based on cumulative loan draws. Draws total \$1,370,247 at December 31, 2022.

On January 28, 2022 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 Laird Tract Well Restoration Project in an amount up to \$1.925 million. The City is required to make semi-annual interest only payments at 2% during construction based on cumulative loan draws. There were no draws as of December 31, 2022.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 CHANGES IN LONG-TERM LIABILITIES

Long term liability activity for the year ended December 31, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Lease payable	\$ -	\$ 138,956	\$ (53,917)	\$ 85,039	\$ 60,689
Notes payable/ financed purchase obligations	5,045,371	2,143,756	\$ (349,812)	6,839,315	\$ 508,490
Net pension liability	18,854,886	13,158,898	-	32,013,784	-
Net OPEB liability	2,662,166	2,072,584	-	4,734,750	-
Compensated absences	<u>1,632,266</u>	<u>-</u>	<u>(182,078)</u>	<u>1,450,188</u>	<u>145,019</u>
Long-term liabilities	<u>\$ 28,194,689</u>	<u>\$ 17,514,194</u>	<u>\$ (585,807)</u>	<u>\$ 45,123,076</u>	<u>\$ 714,198</u>
<u>Business-Type Activities</u>					
Bonds payable	\$ 1,275,000	\$ -	\$ (1,275,000)	\$ -	\$ -
Plus: deferred amounts - bond premium	<u>31,735</u>	<u>-</u>	<u>(31,735)</u>	<u>-</u>	<u>-</u>
Total bonds payable	1,306,735	-	(1,306,735)	-	-
Lease payable	-	563,324	(35,751)	527,573	47,004
Notes payable/ financed purchase obligations	8,032,474	-	(1,071,967)	6,960,507	808,005
State Revolving loans	10,203,452	6,993,379	(22,188)	17,174,643	507,008
Net pension liability	4,832,158	3,698,364	-	8,530,522	-
Net OPEB liability	863,882	647,740	-	1,511,622	-
Compensated absences	<u>600,774</u>	<u>-</u>	<u>(175,367)</u>	<u>425,407</u>	<u>42,540</u>
Long-term liabilities	<u>\$ 25,839,475</u>	<u>\$ 11,902,807</u>	<u>\$ (2,612,008)</u>	<u>\$ 35,130,274</u>	<u>\$ 1,404,557</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, 2022, \$2,923,674 of notes payable, \$60,508 of compensated absences, \$709,525 of net pension liability and \$124,927 of net OPEB liability from internal service funds are included in the above amounts.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 INTERFUND TRANSFERS, RECEIVABLES & PAYABLES

The composition of interfund transfers as of the year ended December 31, 2022 was as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 16,924,371	\$ 2,937,156
Capital Projects Fund	2,597,936	-
Nonmajor Governmental Funds	484,067	-
Electric Fund	-	14,552,821
Water Fund	19,366	1,909,044
Sewer Fund	-	753,132
Parking Fund	-	420,696
Stormwater Fund	-	-
Internal Services Fund	547,109	-
Total transfers	<u>\$ 20,572,849</u>	<u>\$ 20,572,849</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, 2022 was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Community Development	\$ 75,000
General	Transportation	100,000
General	Parking	130,000
Electric	Maintenance	700,000
Electric	Parking	377,237
Sewer	Water	11,525
Maintenance	General	2,017,900
Maintenance	Transportation	6,400
Maintenance	Electric	324,600
Maintenance	Water	104,600
Maintenance	Sewer	36,200
Maintenance	Parking	48,600
Maintenance	Stormwater	19,800
Self Insurance	Maintenance	1,265,900
Total		<u>\$ 5,217,762</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 \$36,200.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 LEASE RECEIVABLE

The City, acting as lessor, leases access to space on electric and water towers under long-term, non-cancelable lease agreements. The leases expire at various dates through 2041 and provide for renewal options ranging from sixty months to eighteen years. During the year ended December 31, 2022, the City recognized \$63,122 and \$14,823 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Total future minimum lease payments to be received under these lease agreements are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 63,655	\$ 15,309	\$ 78,964
2024	65,582	14,428	80,010
2025	69,071	13,518	82,589
2026	74,164	12,537	86,701
2027	76,320	11,512	87,832
2028 - 2032	428,069	40,928	468,997
2033 - 2037	254,079	14,303	268,382
2038 - 2041	95,355	2,835	98,190
Total	<u>\$ 1,126,295</u>	<u>\$ 125,370</u>	<u>\$ 1,251,665</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.

**CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 PENSIONS (cont'd)

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

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.

**CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 PENSIONS (cont'd)

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.

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 2022 was 4.5 percent of current base and longevity pay earned. Contributions for AFSCME Locals 1670 and 3919 for 2022 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 2022.

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.

**CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 PENSIONS (cont'd)

The City's contributions for the fiscal year ended December 31, 2022 totaled \$4,283,578 including \$503,578 of funds provided by the State of Delaware. The State aid for police pension is recorded through the general fund escrow account.

Plan Membership

As of January 1, 2022, the most recent actuarial valuation, employee membership consisted of:

Police and Nonpolice Participants	Police	Non Police	Total
Active employees	67	89	156
Retired and disabled members receiving benefits	75	129	204
Deferred vested participants	0	12	12
Total	142	230	372

The City's total payroll for all employees covered by Plan for the current year was \$12,507,674. 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.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 PENSIONS (cont'd)

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.

The following was the Plan's adopted asset allocation policy as of December 31, 2022:

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, 2022

NOTE 8 PENSIONS (cont'd)

The condensed financial statements as of and for the year ended December 31, 2022 are as follows:

Statement of Fiduciary Net Position
Employee's Pension Trust Fund

ASSETS

Investments:

Domestic equity mutual funds	\$ 30,628,309
International equity mutual funds	14,871,271
Fixed income mutual funds	30,560,460
Real estate equity funds	<u>6,509,654</u>

Total assets	<u>82,569,694</u>
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NET POSITION

Restricted for employee post employment benefits	<u>\$ 82,569,694</u>
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Statement of Changes in Fiduciary Net Position
Employee's Pension Trust Fund

ADDITIONS

Contributions:

Employer contributions	\$ 3,780,000
State aid - police	503,578
Employee contributions	<u>618,836</u>
Total contributions	<u>4,902,414</u>

Investments:

Investment earnings	1,890,715
Net increase in fair value of investments	(16,906,470)
Investment expense	<u>(77,080)</u>
Total investment earnings (deficit)	<u>(15,092,835)</u>
Total additions	<u>(10,190,421)</u>

DEDUCTIONS

Benefits	5,865,456
Administrative expenses	<u>77,385</u>
Total deductions	<u>5,942,841</u>

Change in net position	(16,133,262)
Net position, January 1	<u>98,702,956</u>
Net position, December 31	<u>\$ 82,569,694</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022.

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, 2022 was -15.39 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, 2022 are detailed below:

Asset Class	Long-Term Expected Rate of Return	Target Allocation
U.S. Cash	0.06%	2.00%
U.S. Corporate Bonds	3.00%	14.00%
U.S. Government Bonds	1.99%	10.00%
U.S. Mortgages	2.95%	4.00%
U.S. High Yield Bonds	4.40%	7.00%
U.S. Large Cap	5.64%	12.50%
U.S. Large/Mid Cap	5.65%	12.50%
U.S. Small Cap	7.25%	5.00%
U.S. Mid Cap	5.99%	10.00%
Foreign Developed Equity	6.90%	10.00%
Emerging Markets Equity	9.58%	5.00%
U.S. REITs	6.71%	5.00%
Commodities	2.96%	3.00%

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 PENSIONS (cont'd)

Net Pension Liability

The net pension liability of the trust as of December 31, 2022 was for the measurement date December 31, 2022:

Total pension liability	\$ 123,114,000
Fiduciary net position	<u>(82,569,694)</u>
Net pension liability	<u>\$ 40,544,306</u>
Fiduciary net position as a % of total pension liability	67.07%
Changes in net pension liability:	
Service cost	\$ 2,663,117
Interest on total pension liability	7,024,279
Effect of plan changes	-
Effect of economic/demographic (gains) or losses	770,060
Effect of assumptions changes or inputs	(3,868,000)
Benefit payments	<u>(5,865,456)</u>
Net change in total pension liability	724,000
Total pension liability, beginning	<u>122,390,000</u>
Total pension liability, ending (a)	<u>\$ 123,114,000</u>
Fiduciary Net Position	
Employer contributions	4,283,578
Member contributions	618,836
Investment income net of investment expenses	(15,092,835)
Benefit payments	(5,865,456)
Administrative expenses	<u>(77,385)</u>
Net change in plan fiduciary net position	(16,133,262)
Fiduciary net position, beginning	<u>98,702,956</u>
Fiduciary net position, ending (b)	<u>\$ 82,569,694</u>
Net pension liability, ending = (a) - (b)	<u>\$ 40,544,306</u>
Covered payroll	\$ 12,507,674
Net pension liability as a % of covered payroll	324.16%

**CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 PENSIONS (cont'd)

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

Valuation date	January 1, 2022, rolled forward to December 31, 2022
Measurement date	December 31, 2022
Actuarial cost method	Entry Age Normal
Amortization period	Level dollar 20 year amortization period and will decline by 1 year each year. The portion of the unfunded liability associated with the adoption of the County Plan death benefit for police is amortized over a closed 10 year period beginning with 2019 valuation. 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	6.00%
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
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	6.00%
Long-term expected rate of return, net of investment return	6.00%
Bond Buyer General Obligation 20- Bond Municipal Bond Index	3.72%

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 PENSIONS (cont'd)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Amended Pension Plan for the Employees of the City of Newark, Delaware, calculated using the discount rate of 6 percent, as well as what the Plan's net pension liability would be if it were calculated using a discount rate of 1 percentage point lower (5 percent) or 1 percentage point higher (7 percent) than the current rate.

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Total pension liability	\$ 138,952,000	\$ 123,114,000	\$ 109,974,000
Fiduciary net position	82,569,694	82,569,694	82,569,694
Net pension liability	<u>\$ 56,382,306</u>	<u>\$ 40,544,306</u>	<u>\$ 27,404,306</u>

Deferred Inflows/Outflows of Resources

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (110,504)	\$ 1,527,177
Changes of assumptions	(2,924,585)	3,913,583
Net difference between projected and actual earnings	-	8,925,697
Total	<u>\$ (3,035,089)</u>	<u>\$ 14,366,457</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:	
2023	\$ 1,805,122
2024	2,906,482
2025	2,547,571
2026	4,072,193

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 2022, the City contributed \$1,667,681 to prefund benefits and to pay current premiums for post-employment benefits. For 2022, the current premium costs of those benefits were \$767,681.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022, was -15.08 percent. The money weighted rate of return considers the changing amounts actually invested during a period and weights the amount of plan investments by the proportion of time they are available to earn a return during that period. The money weighted rate of return is calculated net of investment expenses.

Discount Rate

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

Discount rate	6.00%
Long-term expected rate of return, net of investment return	6.00%
Bond Buyer General Obligation 20- Bond Municipal Bond Index	3.72%

The condensed financial statements as of and for the year ended December 31, 2022 are as follows:

Statement of Fiduciary Net Position
Other Post-Employment Benefits Plan
December 31, 2022

ASSETS	
Cash and cash equivalents	\$ 45,034
Investments:	
Domestic equity mutual funds	5,878,179
International equity mutual funds	3,307,917
Fixed income mutual funds	5,818,267
Real estate equity funds	1,270,231
Total assets	<u>16,319,628</u>
NET POSITION	
Restricted for employee post employment benefits	<u>\$ 16,319,628</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022

ADDITIONS

Contributions:

Employer contributions	\$ 1,667,681
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Investments:

Investment earnings	374,497
Net increase (decrease) in fair value of investments	(3,184,776)
Investment expense	<u>(10,705)</u>
Total additions	<u>(1,153,303)</u>

DEDUCTIONS

Benefits	767,681
Administrative expenses	<u>27,340</u>
Total deductions	<u>795,021</u>

Change in net position	(1,948,324)
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Net position, January 1	<u>18,267,952</u>
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Net position, December 31	<u><u>\$ 16,319,628</u></u>
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CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022 were as follows:

Total OPEB liability	\$ 22,566,000
Fiduciary net position	<u>(16,319,628)</u>
Net OPEB liability	<u>\$ 6,246,372</u>
Fiduciary net position as a % of total OPEB liability	72.32%

Changes in Net OPEB Liability

Total OPEB liability	
Service cost	\$ 482,173
Interest on total OPEB liability	1,255,262
Effect of plan changes	-
Effect of economic/demographic (gains) or losses	29,246
Effect of assumptions changes or inputs	(91,000)
Benefit payments	<u>(903,681)</u>
Net change in total OPEB liability	772,000
Total OPEB liability, beginning	<u>21,794,000</u>
Total OPEB liability, ending (a)	<u>\$ 22,566,000</u>
Fiduciary net position	
Employer contributions	1,803,681
Investment income net of investment expenses	(2,820,984)
Benefit payments	(903,681)
Administrative expenses	<u>(27,340)</u>
Net change in plan fiduciary net position	(1,948,324)
Fiduciary net position, beginning	<u>18,267,952</u>
Fiduciary net position, ending (b)	<u>\$ 16,319,628</u>
Net OPEB liability, ending = (a) - (b)	<u>\$ 6,246,372</u>
Fiduciary net position as a % of total OPEB liability	72.32%
Covered payroll	\$ 12,371,445
Net OPEB liability as a % of covered payroll	50.49%

**CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

The City's net OPEB liability was measured as of December 31, 2022 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, 2022
Measurement date	December 31, 2022
Actuarial cost method	Entry Age Normal
Amortization period	Level dollar 20 year amortization period and will decline by 1 year each year.
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	5.75% for 2022 ADC; 6% as of December 31, 2022
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 (5.00 percent) or 1 percentage point higher (7.00 percent) than the current rate.

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Total OPEB liability	\$ 25,018,000	\$ 22,566,000	\$ 20,450,000
Fiduciary net position	16,319,628	16,319,628	16,319,628
Net OPEB liability	<u>\$ 8,698,372</u>	<u>\$ 6,246,372</u>	<u>\$ 4,130,372</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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	\$ 21,266,000	\$ 22,566,000	\$ 23,776,000
Fiduciary net position	16,319,628	16,319,628	16,319,628
Net OPEB liability	<u>\$ 4,946,372</u>	<u>\$ 6,246,372</u>	<u>\$ 7,456,372</u>

Deferred Inflows/Outflows of Resources

At December 31, 2022, 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	\$ (30,549)	\$ 329,047
Changes of assumptions	(1,020,816)	134,553
Net difference between projected and actual earnings	<u>-</u>	<u>1,691,253</u>
Total	<u>\$ (1,051,365)</u>	<u>\$ 2,154,853</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:	
2023	\$ (311,713)
2024	178,108
2025	467,065
2026	770,028

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 2022.

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 2022, total contributions to the plan were \$780,103.

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 2022, contributions to the plan were \$24,520.

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 2022, plan contributions totaled \$251,703.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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, 2022, 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
2022	\$ 1,771,903	\$ -	\$ 371,190	\$ 1,400,713
2021	\$ 1,753,596	\$ 18,307	\$ -	\$ 1,771,903
2020	\$ 2,171,165	\$ -	\$ 417,569	\$ 1,753,596

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, 2022

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 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, 2022:

	Total	General Fund	Capital Projects Fund	Other Governmental Funds
General government	\$ 118,781	\$ 118,781	\$ -	\$ -
Public safety	287,294	219,534	-	67,760
Public works	62,144	62,144	-	-
Community development	136,320	-	-	136,320
Culture & recreation	8,687	8,487	-	200
Capital projects	<u>3,528,054</u>	<u>-</u>	<u>3,528,054</u>	<u>-</u>
	<u>\$ 4,141,280</u>	<u>\$ 408,946</u>	<u>\$ 3,528,054</u>	<u>\$ 204,280</u>

NOTE 16 LITIGATION

There were two pending lawsuits in which the City was involved at December 31, 2022. 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 five pending claims against the City as of the date of the financial statements. Subsequent to year end, the City reached a settlement for one of the pending claims in the amount of \$15,785. Two of the other claims were settled and paid by the City's insurance company.

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REQUIRED SUPPLEMENTARY INFORMATION

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

	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability								
Service cost	\$ 1,630,162	\$ 1,739,878	\$ 1,839,970	\$ 1,828,519	\$ 1,970,556	\$ 2,359,669	\$ 2,221,396	\$ 2,663,117
Interest on total pension liability	5,295,916	5,545,543	5,667,566	5,888,322	6,307,605	6,319,393	6,693,283	7,024,279
Effect of plan changes	-	-	301,000	3,000	895,000	1,377,000	(374,000)	-
Effect of economic/demographic (gains) or losses	596,848	503,390	403,715	1,877,397	(513,503)	(143,965)	1,803,969	770,060
Effect of assumptions changes or inputs	-	4,565,000	-	1,603,000	4,251,000	1,689,000	5,438,000	(3,868,000)
Benefit payments	<u>(3,930,926)</u>	<u>(4,206,811)</u>	<u>(4,762,251)</u>	<u>(4,848,238)</u>	<u>(4,936,658)</u>	<u>(5,093,097)</u>	<u>(5,373,648)</u>	<u>(5,865,456)</u>
Net change in total pension liability	3,592,000	8,147,000	3,450,000	6,352,000	7,974,000	6,508,000	10,409,000	724,000
Total pension liability, beginning	<u>75,958,000</u>	<u>79,550,000</u>	<u>87,697,000</u>	<u>91,147,000</u>	<u>97,499,000</u>	<u>105,473,000</u>	<u>111,981,000</u>	<u>122,390,000</u>
Total pension liability, ending (a)	<u>\$ 79,550,000</u>	<u>\$ 87,697,000</u>	<u>\$ 91,147,000</u>	<u>\$ 97,499,000</u>	<u>\$ 105,473,000</u>	<u>\$ 111,981,000</u>	<u>\$ 122,390,000</u>	<u>\$ 123,114,000</u>
Fiduciary Net Position								
Employer contributions	3,546,256	3,448,649	3,341,627	3,850,986	3,912,802	4,524,655	4,588,731	4,283,578
Member contributions	513,766	522,921	529,344	565,748	641,550	671,488	637,250	618,836
Investment income (loss) net of investment expenses	231,608	4,421,702	9,216,606	(3,787,283)	13,381,274	10,288,215	11,204,871	(15,092,835)
Benefit payments	(3,930,926)	(4,206,811)	(4,762,251)	(4,848,238)	(4,936,658)	(5,093,097)	(5,373,648)	(5,865,456)
Administrative expenses	<u>(29,425)</u>	<u>(80,915)</u>	<u>(53,630)</u>	<u>(86,550)</u>	<u>(116,285)</u>	<u>(63,695)</u>	<u>(107,660)</u>	<u>(77,385)</u>
Net change in plan fiduciary net position	331,279	4,105,546	8,271,696	(4,305,337)	12,882,683	10,327,566	10,949,544	(16,133,262)
Fiduciary net position, beginning	<u>56,139,979</u>	<u>56,471,258</u>	<u>60,576,804</u>	<u>68,848,500</u>	<u>64,543,163</u>	<u>77,425,846</u>	<u>87,753,412</u>	<u>98,702,956</u>
Fiduciary net position, ending (b)	<u>\$ 56,471,258</u>	<u>\$ 60,576,804</u>	<u>\$ 68,848,500</u>	<u>\$ 64,543,163</u>	<u>\$ 77,425,846</u>	<u>\$ 87,753,412</u>	<u>\$ 98,702,956</u>	<u>\$ 82,569,694</u>
Net pension liability, ending = (a) - (b)	<u>\$ 23,078,742</u>	<u>\$ 27,120,196</u>	<u>\$ 22,298,500</u>	<u>\$ 32,955,837</u>	<u>\$ 28,047,154</u>	<u>\$ 24,227,588</u>	<u>\$ 23,687,044</u>	<u>\$ 40,544,306</u>
Fiduciary net position as a % of total pension liability	70.99%	69.08%	75.54%	66.20%	73.41%	78.36%	80.65%	67.07%
Covered payroll	\$ 12,562,421	\$ 12,908,988	\$ 12,128,926	\$ 12,593,688	\$ 12,651,764	\$ 12,959,760	\$ 12,784,771	\$ 12,507,674
Net pension liability as a % of covered payroll	183.71%	210.09%	183.85%	261.69%	221.69%	186.94%	185.28%	324.16%

* 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, 2022

Notes to schedule:

Valuation date	January 1, 2022, rolled forward to December 31, 2022
Measurement date	December 31, 2022
Actuarial cost method	Entry Age Normal
Amortization period	Level dollar 20 year amortization period and will decline by 1 year each year. The portion of the unfunded liability associated with the adoption of the County Plan death benefit for police is amortized over a closed 10 year period beginning with 2019 valuation. 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	6.00%
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
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

Fiscal Year Ending December 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
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%
2022	4,755,815	4,283,578	472,237	12,507,674	34.25%

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%
Year Ended December 31, 2022	-15.39%

* 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

	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 440,270	\$ 467,117	\$ 463,065	\$ 482,265	\$ 482,173
Interest on total OPEB liability	1,289,956	1,342,448	1,221,074	1,305,308	1,255,262
Effect of plan changes	-	-	187,000	(182,000)	-
Effect of economic/demographic (gains) or losses	(25,162)	(77,387)	(33,164)	541,428	29,246
Effect of assumptions changes or inputs	(51,000)	(1,194,000)	372,000	(1,217,000)	(91,000)
Benefit payments (including implicit rate subsidy)	(918,064)	(827,178)	(843,975)	(806,001)	(903,681)
Net change in total OPEB liability	736,000	(289,000)	1,366,000	124,000	772,000
Total OPEB liability, beginning	19,857,000	20,593,000	20,304,000	21,670,000	21,794,000
Total OPEB liability, ending (a)	<u>\$ 20,593,000</u>	<u>\$ 20,304,000</u>	<u>\$ 21,670,000</u>	<u>\$ 21,794,000</u>	<u>\$ 22,566,000</u>
Fiduciary net position					
Employer contributions	1,414,064	1,426,178	1,638,975	1,679,226	1,803,681
Implicit rate subsidy contribution*	304,000	201,000	205,000	132,000	136,000
Investment income (loss) net of investment expenses	(543,150)	2,044,852	2,042,865	2,000,344	(2,820,984)
Benefit payments	(614,064)	(626,178)	(638,975)	(674,001)	(903,681)
Implicit rate subsidy payments*	(304,000)	(201,000)	(205,000)	(132,000)	(136,000)
Administrative expenses	(22,390)	(15,440)	(21,290)	(12,265)	(27,340)
Net change in plan fiduciary net position	234,460	2,829,412	3,021,575	2,993,304	(1,948,324)
Fiduciary net position, beginning	9,189,201	9,423,661	12,253,073	15,274,648	18,267,952
Fiduciary net position, ending (b)	<u>\$ 9,423,661</u>	<u>\$ 12,253,073</u>	<u>\$ 15,274,648</u>	<u>\$ 18,267,952</u>	<u>\$ 16,319,628</u>
Net OPEB liability, ending = (a) - (b)	<u>\$ 11,169,339</u>	<u>\$ 8,050,927</u>	<u>\$ 6,395,352</u>	<u>\$ 3,526,048</u>	<u>\$ 6,246,372</u>
Fiduciary net position as a % of total OPEB liability	45.76%	60.35%	70.49%	83.82%	72.32%
Covered payroll	\$ 11,696,145	\$ 12,425,486	\$ 12,826,195	\$ 12,775,169	\$ 12,371,445
Net OPEB liability as a % of covered payroll	95.50%	64.79%	49.86%	27.60%	50.49%

*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, 2022
Measurement date	December 31, 2022
Actuarial cost method	Entry Age Normal
Amortization period	Level dollar 20 year amortization period and will decline by 1 year each year.
Asset valuation method	Fair value
Actuarial assumptions:	
Investment rate of return	5.75% for 2022 ADC; 6% as of December 31, 2022
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>
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%
2022	817,551	1,667,681	(850,130)	12,371,445	13.48%

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%
Year Ended December 31, 2022	-15.08%

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



2022 Mixed Use
Community Redevelopment

COMBINING FUND STATEMENTS

**CITY OF NEWARK, DELAWARE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Debt Service	Transportation Fund	Community Development Fund	Law Enforcement	Parks and Recreation	
ASSETS						
Cash and cash equivalents	\$ 46,340	\$ 57,791	\$ 5,414	\$ 854,640	\$ 423,908	\$ 1,388,093
Accounts receivable	-	107,535	287,434	48,525	-	443,494
Prepaid items	-	1,256	-	-	-	1,256
Total assets	<u>\$ 46,340</u>	<u>\$ 166,582</u>	<u>\$ 292,848</u>	<u>\$ 903,165</u>	<u>\$ 423,908</u>	<u>\$ 1,832,843</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 459	\$ 55,244	\$ 46,534	\$ 15,152	\$ 47,779	\$ 165,168
Unearned revenues	-	-	171,314	274,431	-	445,745
Due to other funds	-	106,400	75,000	-	-	181,400
Total liabilities	<u>459</u>	<u>161,644</u>	<u>292,848</u>	<u>289,583</u>	<u>47,779</u>	<u>792,313</u>
FUND BALANCES						
Nonspendable						
Prepaid items	-	1,256	-	-	-	1,256
Restricted for						
Safetytown programs	-	-	-	-	67,339	67,339
Parks donations	-	-	-	-	36,466	36,466
Recreation donations	-	-	-	-	37,413	37,413
Island beautification	-	-	-	-	94,335	94,335
Parkland improvements	-	-	-	-	76,994	76,994
Other parks programs	-	-	-	-	63,582	63,582
Law enforcement	-	-	-	613,582	-	613,582
Assigned to						
Debt service	45,881	-	-	-	-	45,881
Transportation	-	3,682	-	-	-	3,682
Total fund balances	<u>45,881</u>	<u>4,938</u>	<u>-</u>	<u>613,582</u>	<u>376,129</u>	<u>1,040,530</u>
Total liabilities and fund balances	<u>\$ 46,340</u>	<u>\$ 166,582</u>	<u>\$ 292,848</u>	<u>\$ 903,165</u>	<u>\$ 423,908</u>	<u>\$ 1,832,843</u>

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

		Special Revenue Funds				Total Nonmajor Governmental Funds
	Debt Service	Transportation Fund	Community Development Fund	Law Enforcement	Parks and Recreation	
REVENUES						
Fines, forfeits and costs	\$ -	\$ -	\$ -	\$ 18,704	\$ -	\$ 18,704
Interest and investment earnings	-	-	-	534	-	534
Intergovernmental revenues	-	233,380	478,160	310,539	85,150	1,107,229
Charges for services	-	-	-	-	3,865	3,865
Total revenues	-	233,380	478,160	329,777	89,015	1,130,332
EXPENDITURES						
Current:						
General government	-	253,749	-	-	-	253,749
Public safety	-	-	-	367,813	-	367,813
Community development	-	-	429,060	-	-	429,060
Culture and recreation	-	-	-	-	19,033	19,033
Debt service:						
Principal	284,679	-	-	-	-	284,679
Interest	89,478	-	-	-	-	89,478
Capital outlay	-	90,000	49,100	35,565	64,180	238,845
Total expenditures	374,157	343,749	478,160	403,378	83,213	1,682,657
Excess (deficiency) of revenues over (under) expenditures	(374,157)	(110,369)	-	(73,601)	5,802	(552,325)
OTHER FINANCING SOURCES (USES)						
Transfers in	373,698	110,369	-	-	-	484,067
Total other financing sources and (uses)	373,698	110,369	-	-	-	484,067
Net change in fund balances	(459)	-	-	(73,601)	5,802	(68,258)
Fund balances - January 1	46,340	4,938	-	687,183	370,327	1,108,788
Fund balances - December 31	\$ 45,881	\$ 4,938	\$ -	\$ 613,582	\$ 376,129	\$ 1,040,530

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget -</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
EXPENDITURES				
Debt service:				
Principal	\$ 280,048	\$ 280,048	\$ 284,679	\$ (4,631)
Interest	471,191	421,875	89,478	332,397
	<u>751,239</u>	<u>701,923</u>	<u>374,157</u>	<u>327,766</u>
Total debt service				
	<u>751,239</u>	<u>701,923</u>	<u>374,157</u>	<u>327,766</u>
Total expenditures				
	<u>751,239</u>	<u>701,923</u>	<u>374,157</u>	<u>327,766</u>
Deficiency of revenues under expenditures				
	<u>(751,239)</u>	<u>(701,923)</u>	<u>(374,157)</u>	<u>327,766</u>
Other Financing Sources (Uses)				
Transfers In	<u>751,239</u>	<u>702,323</u>	<u>373,698</u>	<u>(328,625)</u>
Total other financing sources and uses				
	<u>751,239</u>	<u>702,323</u>	<u>373,698</u>	<u>(328,625)</u>
Net change in fund balances	-	400	(459)	<u>\$ (859)</u>
Fund balances - January 1	<u>46,340</u>	<u>46,340</u>	<u>46,340</u>	
Fund balances - December 31	<u>\$ 46,340</u>	<u>\$ 46,740</u>	<u>\$ 45,881</u>	

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget -</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
REVENUES				
Intergovernmental revenues	\$ 143,380	\$ 192,380	\$ 233,380	\$ 41,000
Total revenues	143,380	192,380	233,380	41,000
EXPENDITURES				
Current:				
General government	288,637	288,637	253,749	34,888
Total general government	288,637	288,637	253,749	34,888
Capital outlay	-	49,000	90,000	(41,000)
Total expenditures	288,637	337,637	343,749	(6,112)
Excess (deficiency) of revenues over (under) expenditures	(145,257)	(145,257)	(110,369)	34,888
Other Financing Sources (Uses)				
Transfers in	130,581	130,581	110,369	(20,212)
Total other financing sources and uses	130,581	130,581	110,369	(20,212)
Net change in fund balances	(14,676)	(14,676)	-	\$ 14,676
Fund balances - January 1	4,938	4,938	4,938	
Fund balances - December 31	\$ (9,738)	\$ (9,738)	\$ 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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget -</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
REVENUES				
Intergovernmental revenues	<u>\$ 694,329</u>	<u>\$ 694,329</u>	<u>\$ 478,160</u>	<u>\$ (216,169)</u>
Total revenues	<u>694,329</u>	<u>694,329</u>	<u>478,160</u>	<u>(216,169)</u>
EXPENDITURES				
Current:				
Community development:				
Community development & subventions	<u>669,329</u>	<u>669,329</u>	<u>429,060</u>	<u>240,269</u>
Total community development	<u>669,329</u>	<u>669,329</u>	<u>429,060</u>	<u>240,269</u>
Capital outlay	<u>25,000</u>	<u>25,000</u>	<u>49,100</u>	<u>(24,100)</u>
Total expenditures	<u>694,329</u>	<u>694,329</u>	<u>478,160</u>	<u>216,169</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	<u><u>\$ -</u></u>
Fund balances - January 1	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances - December 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget -</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
REVENUES				
Fines, forfeits and costs	\$ 5,000	\$ 5,000	\$ 18,704	\$ 13,704
Interest and investment earnings	-	-	534	534
Intergovernmental revenues	322,885	322,885	310,539	(12,346)
	<u>322,885</u>	<u>322,885</u>	<u>310,539</u>	<u>(12,346)</u>
Total revenues	<u>327,885</u>	<u>327,885</u>	<u>329,777</u>	<u>1,892</u>
EXPENDITURES				
Current:				
Public safety:				
Police	352,885	352,885	367,813	(14,928)
	<u>352,885</u>	<u>352,885</u>	<u>367,813</u>	<u>(14,928)</u>
Total public safety	<u>352,885</u>	<u>352,885</u>	<u>367,813</u>	<u>(14,928)</u>
Capital outlay	-	-	35,565	(35,565)
	<u>-</u>	<u>-</u>	<u>35,565</u>	<u>(35,565)</u>
Total expenditures	<u>352,885</u>	<u>352,885</u>	<u>403,378</u>	<u>(50,493)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(25,000)</u>	<u>(25,000)</u>	<u>(73,601)</u>	<u>(48,601)</u>
Other Financing Sources (Uses)				
Transfers In	-	(150,000)	-	150,000
	<u>-</u>	<u>(150,000)</u>	<u>-</u>	<u>150,000</u>
Total other financing sources and uses	<u>-</u>	<u>(150,000)</u>	<u>-</u>	<u>150,000</u>
Net change in fund balances	(25,000)	(175,000)	(73,601)	<u>\$ 101,399</u>
Fund balances - January 1	<u>687,183</u>	<u>687,183</u>	<u>687,183</u>	
Fund balances - December 31	<u>\$ 662,183</u>	<u>\$ 512,183</u>	<u>\$ 613,582</u>	

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget -</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
REVENUES				
Intergovernmental revenue	\$ 23,500	\$ 23,500	\$ 85,150	\$ 61,650
Charges for services	2,500	2,500	3,865	1,365
Total revenues	26,000	26,000	89,015	63,015
EXPENDITURES				
Current:				
Culture and recreation:				
Parks and recreation	29,995	29,995	17,049	12,946
Landscape beautification	11,200	11,200	1,984	9,216
Total culture and recreation	41,195	41,195	19,033	22,162
Capital Outlay	-	64,180	64,180	-
Total expenditures	41,195	105,375	83,213	22,162
Excess (deficiency) of revenues over (under) expenditures	(15,195)	(79,375)	5,802	85,177
Other Financing Sources (Uses)				
Transfers in	15,195	15,195	-	(15,195)
Transfers Out	-	-	-	-
Total other financing sources and uses	15,195	15,195	-	(15,195)
Net change in fund balances	-	(64,180)	5,802	\$ 69,982
Fund balances - January 1	370,327	370,327	370,327	
Fund balances - December 31	\$ 370,327	\$ 306,147	\$ 376,129	

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2022

	Maintenance Fund	Self- Insurance Fund	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 88,017	\$ 933,217	\$ 1,021,234
Investments, unrestricted	-	641,722	641,722
Accounts receivable, net	229,561	2,689	232,250
Due from other funds	2,558,100	1,265,900	3,824,000
Inventory	15,722	-	15,722
Prepaid items	52,761	-	52,761
Restricted Assets:			
Cash and cash equivalents	424,856	-	424,856
Total current assets	<u>3,369,017</u>	<u>2,843,528</u>	<u>6,212,545</u>
Noncurrent assets:			
Capital assets, net:			
Land	44,230	-	44,230
Construction in progress	37,583	-	37,583
Buildings	4,297,019	-	4,297,019
Improvements	17,041	-	17,041
Machinery and equipment	315,201	-	315,201
Total noncurrent assets	<u>4,711,074</u>	<u>-</u>	<u>4,711,074</u>
Total assets	<u>8,080,091</u>	<u>2,843,528</u>	<u>10,923,619</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred pension amounts	251,413	-	251,413
Deferred OPEB amounts	43,097	-	43,097
Total deferred outflow of resources	<u>294,510</u>	<u>-</u>	<u>294,510</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	294,872	1,405,888	1,700,760
Compensated absences	6,051	-	6,051
Due to other funds	1,965,900	-	1,965,900
Bonds, notes, and lease payable	122,553	-	122,553
Total current liabilities	<u>2,389,376</u>	<u>1,405,888</u>	<u>3,795,264</u>
Noncurrent liabilities:			
Compensated absences	54,457	-	54,457
Net OPEB liability	124,927	-	124,927
Net pension liability	709,525	-	709,525
Unearned revenue	424,856	-	424,856
Bonds, notes, and lease payable	2,801,121	-	2,801,121
Total noncurrent liabilities	<u>4,114,886</u>	<u>-</u>	<u>4,114,886</u>
Total liabilities	<u>6,504,262</u>	<u>1,405,888</u>	<u>7,910,150</u>
DEFERRED INFLOW OF RESOURCES			
Deferred pension amounts	53,114	-	53,114
Deferred OPEB amounts	21,027	-	21,027
	<u>74,141</u>	<u>-</u>	<u>74,141</u>
NET POSITION			
Net investment in capital assets	1,362,544	-	1,362,544
Unrestricted	433,654	1,437,640	1,871,294
Total net position	<u>\$ 1,796,198</u>	<u>\$ 1,437,640</u>	<u>\$ 3,233,838</u>

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Maintenance Fund</u>	<u>Self- Insurance Fund</u>	<u>Total Internal Service Funds</u>
Operating Revenues:			
Charges for service	\$ 2,718,687	\$ 15,281	\$ 2,733,968
Miscellaneous	250	-	250
Total operating revenues	<u>2,718,937</u>	<u>15,281</u>	<u>2,734,218</u>
Operating Expenses:			
Personnel	860,438	-	860,438
Materials and supplies	974,766	-	974,766
Contracted services	516,926	15,281	532,207
Depreciation	166,446	-	166,446
Other	165,007	-	165,007
Total operating expenses	<u>2,683,583</u>	<u>15,281</u>	<u>2,698,864</u>
Operating income	<u>35,354</u>	<u>-</u>	<u>35,354</u>
Nonoperating Revenues (Expenses):			
Interest and investment loss	-	(47,516)	(47,516)
Interest expense	(93,511)	-	(93,511)
Gain (loss) on Sale of Capital Assets	6,500	-	6,500
Total nonoperating revenues (expenses)	<u>(87,011)</u>	<u>(47,516)</u>	<u>(134,527)</u>
Income before capital grants, capital contributions, and transfers	(51,657)	(47,516)	(99,173)
Capital grants and contributions	251,219	-	251,219
Transfers in	<u>499,593</u>	<u>47,516</u>	<u>547,109</u>
Change in net position	699,155	-	699,155
Total net position - beginning of year	<u>1,097,043</u>	<u>1,437,640</u>	<u>2,534,683</u>
Total net position - end of year	<u>\$ 1,796,198</u>	<u>\$ 1,437,640</u>	<u>\$ 3,233,838</u>

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Maintenance Fund	Self- Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund charges for fleet management services	\$ 1,762,242	\$ -	\$ 1,762,242
Receipts from interfund charges for facility management services	956,445	-	956,445
Receipts from interfund charges for risk management services	-	368,281	368,281
Other operating receipts	267	-	267
Payments to suppliers for goods and services	(1,818,374)	(387,328)	(2,205,702)
Payments to employees for services	(830,809)	-	(830,809)
Net cash provided (used) by operating activities	69,771	(19,047)	50,724
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	499,593	47,516	547,109
Net cash provided (used) by noncapital financing activities	499,593	47,516	547,109
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(990,116)	-	(990,116)
Proceeds from sale of capital assets	6,500	-	6,500
Capital grants received	485,000	-	485,000
Principal paid on capital debt	(119,050)	-	(119,050)
Interest paid on capital debt	(93,511)	-	(93,511)
Net cash provided (used) by capital and related financing activities	(711,177)	-	(711,177)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	11,414	11,414
Net cash provided (used) by investing activities	-	11,414	11,414
Net increase (decrease) in cash and cash equivalents	(141,813)	39,883	(101,930)
Cash and cash equivalents - beginning of year	654,686	893,334	1,548,020
Cash and cash equivalents - end of year	\$ 512,873	\$ 933,217	\$ 1,446,090
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income	\$ 35,354	\$ -	\$ 35,354
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	166,446	-	166,446
Effect of changes in operating assets and liabilities			
Accounts receivable	17	-	17
Due from other funds	353,000	353,000	706,000
Inventory	(3,131)	-	(3,131)
Prepaid expenses	(12,790)	-	(12,790)
Deferred outflow pension amounts	(106,059)	-	(106,059)
Deferred outflow OPEB amounts	(30,986)	-	(30,986)
Accounts payable	(147,539)	(372,047)	(519,586)
Compensated absences	(13,851)	-	(13,851)
Net OPEB liability	57,932	-	57,932
Net pension liability	297,370	-	297,370
Due to other funds	(353,000)	-	(353,000)
Deferred inflow pension amounts	(128,366)	-	(128,366)
Deferred inflow OPEB amounts	(44,626)	-	(44,626)
Total adjustments	34,417	(19,047)	15,370
Net cash provided (used) by operating activities	\$ 69,771	\$ (19,047)	\$ 50,724
Noncash investing, capital, and financing activities:			
Increase (decrease) in fair value of investments	-	(58,930)	(58,930)
Increase (decrease) in capital grants receivable	191,075	-	191,075
Capitalization of accrued payables, retainage	15,478	-	15,478

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2022

	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	30,628,309	5,878,179	36,506,488
International equity mutual funds	14,871,271	3,307,917	18,179,188
Fixed income mutual funds	30,560,460	5,818,267	36,378,727
Real estate equity funds	6,509,654	1,270,231	7,779,885
	<u>82,569,694</u>	<u>16,319,628</u>	<u>98,889,322</u>
Total assets	<u>82,569,694</u>	<u>16,319,628</u>	<u>98,889,322</u>
NET POSITION			
Net position restricted for employee pension benefits	82,569,694	-	82,569,694
Net position restricted for other post employment benefits	-	16,319,628	16,319,628
Total net position	<u>\$ 82,569,694</u>	<u>\$ 16,319,628</u>	<u>\$ 98,889,322</u>

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Employees Pension Trust Fund	Other Post- Employment Benefits Fund	Total Fiduciary Funds
ADDITIONS			
Contributions:			
Employer contributions	\$ 3,780,000	\$ 1,667,681	\$ 5,447,681
State aid - police	503,578	-	503,578
Employee contributions	618,836	-	618,836
Total contributions	<u>4,902,414</u>	<u>1,667,681</u>	<u>6,570,095</u>
Investments:			
Investment earnings	1,890,715	374,497	2,265,212
Net decrease in fair value of investments	(16,906,470)	(3,184,776)	(20,091,246)
Investment expense	(77,080)	(10,705)	(87,785)
Total investment earnings (deficit)	<u>(15,092,835)</u>	<u>(2,820,984)</u>	<u>(17,913,819)</u>
Total additions	<u>(10,190,421)</u>	<u>(1,153,303)</u>	<u>(11,343,724)</u>
DEDUCTIONS			
Benefits	5,865,456	767,681	6,633,137
Administrative expenses	77,385	27,340	104,725
Total deductions	<u>5,942,841</u>	<u>795,021</u>	<u>6,737,862</u>
Change in net position	(16,133,262)	(1,948,324)	(18,081,586)
Net position - January 1	<u>98,702,956</u>	<u>18,267,952</u>	<u>116,970,908</u>
Net position - December 31	<u><u>\$ 82,569,694</u></u>	<u><u>\$ 16,319,628</u></u>	<u><u>\$ 98,889,322</u></u>



2022 State Revolving Loan
Water Main Replacement

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

117-120

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

121-122

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

123-125

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 28,039,416	\$ 30,202,907	\$ 30,269,082	\$ 31,378,295	\$ 32,033,351	\$ 32,127,961	\$ 32,860,010	\$ 29,318,618	\$ 33,185,058	\$ 33,510,885
Restricted	322,332	426,369	176,186	1,337	893,224	1,172,296	1,117,957	1,390,826	1,750,464	1,102,982
Unrestricted	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)	(12,357,018)
Total governmental activities net position	<u>\$ 41,924,168</u>	<u>\$ 44,160,649</u>	<u>\$ 27,481,032</u>	<u>\$ 25,790,207</u>	<u>\$ 24,340,848</u>	<u>\$ 16,536,973</u>	<u>\$ 17,684,468</u>	<u>\$ 17,553,771</u>	<u>\$ 19,693,816</u>	<u>\$ 22,256,849</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 64,971,735
Restricted	1,928,424	817,815	-	-	-	-	-	-	1,889,150	3,100,000
Unrestricted	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	34,120,748
Total business-type activities net position	<u>\$ 60,380,714</u>	<u>\$ 65,042,872</u>	<u>\$ 64,683,307</u>	<u>\$ 69,629,575</u>	<u>\$ 75,259,669</u>	<u>\$ 79,409,850</u>	<u>\$ 85,169,537</u>	<u>\$ 88,765,093</u>	<u>\$ 96,982,494</u>	<u>\$ 102,192,483</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 98,482,620
Restricted	2,250,756	1,244,184	176,186	1,337	893,224	1,172,296	1,117,957	1,390,826	3,639,614	4,202,982
Unrestricted	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	21,763,730
Total primary government net position	<u>\$ 102,304,882</u>	<u>\$ 109,203,521</u>	<u>\$ 92,164,339</u>	<u>\$ 95,419,782</u>	<u>\$ 99,600,517</u>	<u>\$ 95,946,823</u>	<u>\$ 102,854,005</u>	<u>\$ 106,318,864</u>	<u>\$ 116,676,310</u>	<u>\$ 124,449,332</u>

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 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	\$ 9,311,372
Public safety	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	19,153,539
Public works	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	5,605,081
Community development	219,480	178,555	238,997	204,919	152,971	257,509	201,776	142,761	221,966	429,060
Culture and recreation	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	4,491,292
Interest expense	30,814	28,512	22,073	19,551	21,032	22,037	15,087	8,942	42,324	216,874
Total governmental activities expenses	<u>26,892,304</u>	<u>28,483,934</u>	<u>32,491,921</u>	<u>31,216,680</u>	<u>32,375,861</u>	<u>36,882,544</u>	<u>35,083,078</u>	<u>34,014,180</u>	<u>35,038,344</u>	<u>39,207,218</u>
Business-type activities:										
Electric	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	41,677,698
Water	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	6,100,449
Sewer	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	5,978,310
Parking	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	2,225,381
Stormwater (initiated in 2018)						1,104,922	911,681	1,434,692	808,604	1,336,943
Total business-type activities expenses	<u>49,863,537</u>	<u>51,114,739</u>	<u>54,264,798</u>	<u>53,261,103</u>	<u>53,053,624</u>	<u>54,801,442</u>	<u>53,926,250</u>	<u>52,307,796</u>	<u>50,719,965</u>	<u>57,318,781</u>
Total primary government expenses	<u>\$ 76,755,841</u>	<u>\$ 79,598,673</u>	<u>\$ 86,756,719</u>	<u>\$ 84,477,783</u>	<u>\$ 85,429,485</u>	<u>\$ 91,683,986</u>	<u>\$ 89,009,328</u>	<u>\$ 86,321,976</u>	<u>\$ 85,758,309</u>	<u>\$ 96,525,999</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 3,396,337
Public safety	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	914,797
Public works	113,402	10,169	8,843	8,687	20,564	17,804	39,147	19,353	18,175	19,514
Culture and recreation	614,771	586,013	623,025	655,634	668,514	706,987	720,923	206,126	504,454	743,550
Operating grants and contributions	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	2,503,575
Capital grants and contributions	1,493,727	2,051,726	665,475	588,637	1,670,470	1,338,317	1,305,054	55,346	2,895,410	1,777,861
Total governmental activities program revenues	<u>9,413,948</u>	<u>9,421,278</u>	<u>5,852,462</u>	<u>6,474,750</u>	<u>8,112,037</u>	<u>9,107,425</u>	<u>8,615,748</u>	<u>8,070,108</u>	<u>10,089,283</u>	<u>9,355,634</u>
Business-type activities:										
Charges for services:										
Electric	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	57,801,633
Water	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	9,318,894
Sewer	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	7,630,383
Parking	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	2,359,273
Stormwater (initiated in 2018)						2,028,116	2,435,618	2,414,657	2,369,352	2,655,647
Capital grants and contributions	442,870	1,796,634	298,368	149,250	69,764	145,869	535,109	37,380	211,144	1,404,694
Total business-type activities program revenues	<u>66,299,375</u>	<u>68,930,173</u>	<u>71,787,910</u>	<u>72,862,934</u>	<u>72,503,692</u>	<u>77,254,217</u>	<u>75,256,162</u>	<u>70,557,915</u>	<u>75,239,094</u>	<u>81,170,524</u>
Total primary government program revenues	<u>\$ 75,713,323</u>	<u>\$ 78,351,451</u>	<u>\$ 77,640,372</u>	<u>\$ 79,337,684</u>	<u>\$ 80,615,729</u>	<u>\$ 86,361,642</u>	<u>\$ 83,871,910</u>	<u>\$ 78,628,023</u>	<u>\$ 85,328,377</u>	<u>\$ 90,526,158</u>
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (29,851,584)
Business-type activities	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	23,851,743
Total primary government net expense	<u>\$ (1,042,518)</u>	<u>\$ (1,247,222)</u>	<u>\$ (9,116,347)</u>	<u>\$ (5,140,099)</u>	<u>\$ (4,813,756)</u>	<u>\$ (5,322,344)</u>	<u>\$ (5,137,418)</u>	<u>\$ (7,693,953)</u>	<u>\$ (429,932)</u>	<u>\$ (5,999,841)</u>

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Real estate taxes	\$ 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	\$ 8,234,783
Real estate transfer taxes	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	5,718,365
Franchise fees	424,649	444,853	462,368	482,218	471,456	628,907	423,106	439,346	350,911	333,423
Lodging taxes (initiated 12/01/2018)						46,937	760,647	351,790	508,134	623,473
Investment earnings	8,984	126,100	116,947	116,018	115,172	124,038	640,030	603,706	(81,325)	(180,750)
Gain on sale of capital assets	34,040	22,960	18,912	9,730	59,200	51,403	25,863	-	14,800	68,996
Transfers	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	17,616,327
Total governmental activities	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	32,414,617
Business-type activities:										
Rents										81,801
Investment earnings	5,021	118,376	124,235	92,917	166,645	192,272	742,903	802,976	(256,789)	(1,158,595)
Gain on sale of capital assets	-	-	25,750	-	40,151	-	38,900	53,061	-	51,367
Transfers	(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)	(17,616,327)
Total business-type activities	(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)	(18,641,754)
Total primary government	\$ 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	\$ 13,772,863
Change in Net Position										
Governmental activities	\$ 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	\$ 2,563,033
Business-type activities	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	5,209,989
Total primary government	\$ 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	\$ 7,773,022

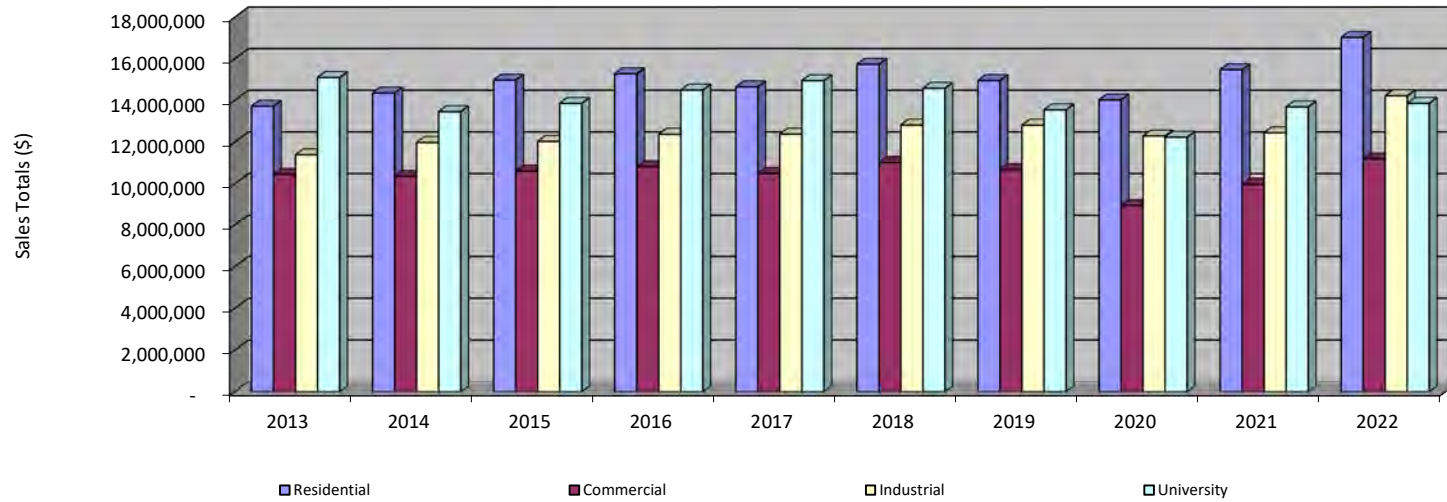
CITY OF NEWARK, DELAWARE
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Fund balances:										
Nonspendable	\$ 80,580	\$ 128,618	\$ 309,223	\$ 126,359	\$ 156,325	\$ 165,163	\$ 574,799	\$ 567,389	\$ 557,087	\$ 578,295
Restricted	85,030	98,682	-	-	-	-	170,540	172,576	244,257	113,271
Assigned	115,804	108,022	108,720	111,514	93,285	156,304	128,675	126,440	366,412	408,946
Unassigned	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	4,291,964
Total general fund	<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>	<u>\$ 5,392,476</u>
 All other governmental funds										
Fund balances:										
Nonspendable	\$ 27,363	\$ 20,257	\$ 52,846	\$ 12,199	\$ 7,699	\$ 68,829	\$ 69,828	\$ 50,553	\$ 8,823	\$ 1,267
Restricted	877,335	946,722	747,478	875,174	893,224	1,172,296	1,117,957	1,218,250	1,057,510	2,989,711
Assigned	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	8,055,883
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 11,046,861</u>

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 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	\$ 14,910,044
Licenses and permits	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	823,258
Fines, forfeits and costs	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	1,828,891
Investment earnings	8,984	126,100	109,343	110,008	107,460	113,998	612,396	560,871	(66,909)	(133,234)
Intergovernmental revenues	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	3,478,142
Charges for services/fees	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	2,420,549
Community donations	-	-	-	-	-	425,249	5,000	-	98,888	-
Subvention-University of Delaware	511,003	516,620	504,953	492,149	499,331	506,658	515,271	527,122	529,231	553,575
Total revenues	<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>	<u>23,881,225</u>
Expenditures										
General government	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	8,660,424
Public safety	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	17,683,237
Public works	3,929,085	3,863,765	3,804,497	3,799,250	4,056,558	4,472,833	4,007,015	4,264,973	4,170,467	4,280,679
Community development	219,480	178,555	238,997	204,919	152,971	257,509	201,776	142,761	221,966	429,060
Culture and recreation	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	3,667,545
Capital outlay	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	2,852,053
Debt service										
Principal	183,880	179,609	191,603	197,137	218,293	241,458	248,112	259,807	150,982	284,679
Interest and other charges	42,466	33,239	30,744	26,910	28,418	29,944	23,040	15,945	42,473	89,478
Total expenditures	<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>	<u>37,947,155</u>
Excess of revenues over (under) expenditures	(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)	(14,065,930)
Other financing sources (uses)										
Proceeds of long-term capital-related lease	-	-	-	-	430,000	-	-	1,418,245	336,653	-
Transfers in	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	20,006,374
Transfers out	(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)	(2,937,156)
Net Proceeds from debt issuance	-	-	-	-	-	-	-	-	-	2,109,756
Leases/financed purchases	-	-	-	-	-	-	-	-	-	138,956
Proceeds from sales of capital assets	34,040	22,960	56,388	9,730	60,824	54,470	46,154	-	14,800	106,033
Total other financing sources (uses)	<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>	<u>19,423,963</u>
Net change in fund balances	<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>	<u>\$ 5,358,033</u>
Debt service as a percentage of noncapital expenditures	0.9%	0.8%	0.8%	0.8%	0.9%	0.8%	0.9%	0.9%	0.6%	1.1%

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



YEAR	RESIDENTIAL			COMMERCIAL			INDUSTRIAL			UNIVERSITY			TOTALS		
	SALES (kWh)	AMOUNT (\$)	AVG RATE (\$/kWh)	SALES (kWh)	AMOUNT (\$)	AVG RATE (\$/kWh)	SALES (kWh)	AMOUNT (\$)	AVG RATE (\$/kWh)	SALES (kWh)	AMOUNT (\$)	AVG RATE (\$/kWh)	SALES (kWh)	AMOUNT (\$)	AVG RATE (\$/kWh)
2013	90,374,056	13,710,184	0.152	76,290,773	10,439,109	0.137	90,233,965	11,380,234	0.126	145,121,562	15,088,929	0.104	402,020,356	50,618,456	0.126
2014	93,042,185	14,341,836	0.154	74,147,270	10,351,510	0.140	91,928,003	11,969,138	0.130	145,697,539	13,447,627	0.092	404,814,997	50,110,111	0.124
2015	96,750,581	14,964,142	0.155	75,642,389	10,602,388	0.140	91,831,587	12,022,056	0.131	152,519,176	13,844,523	0.091	416,743,733	51,433,109	0.123
2016	95,925,301	15,266,720	0.159	75,032,185	10,806,310	0.144	91,430,937	12,361,327	0.135	154,130,075	14,485,603	0.094	416,518,498	52,919,960	0.127
2017	92,951,598	14,640,923	0.158	73,267,323	10,484,103	0.143	92,677,500	12,370,251	0.133	154,697,941	14,935,996	0.097	413,594,362	52,431,273	0.127
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	425,591,214	54,107,573	0.127
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	424,291,336	51,944,374	0.122
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	402,096,989	47,464,951	0.118
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	421,301,325	51,546,046	0.122
2022	100,063,821	17,014,287	0.170	71,904,640	11,190,667	0.156	96,527,305	14,211,724	0.147	155,252,023	13,845,955	0.089	423,747,789	56,262,633	0.133

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

Customer	Type of Business	2022			2013		
		Consumption (1)	Rank	Percentage of Total Consumption	Consumption (1)	Rank	Percentage of Total Consumption
University of Delaware (2)	Public University	165,515,162	1	39.06%	152,689,403	1	37.98%
Rohm & Haas Electronics	Manufacturing-Various	29,199,632	2	6.89%	30,234,962	2	7.52%
The Chemours Company	Chemical Research Hub	15,840,000	3	3.74%			
DuPont Specialty Products USA LLC (3)	Chemicals and Synthetics	6,520,920	4	1.54%			
Acme Markets (4)	Retail - Groceries	5,622,400	5	1.33%			
Newark Charter School	Public Schools	4,089,975	6	0.97%			
GWL 300 McIntire LLC (5)	Warehousing	3,574,800	7	0.84%			
Quest Pharmaceutical Services	Pharmaceutical Research	3,552,285	8	0.84%			
Verizon Communications	Public Utility	3,439,248	9	0.81%	4,026,797	9	1.00%
Christina School District	Public Schools	3,431,077	10	0.81%	4,206,783	7	1.05%
Power Systems Composites LLC	Wholesale Electric Equipment				7,738,080	3	1.92%
E I Dupont De Nemours & Company (3)	Chemicals and Synthetics				6,244,560	4	1.55%
A & P Food Stores (4)	Retail - Groceries				6,105,124	5	1.52%
CHF - Del LLC (6)	Rental Apartments				4,256,138	6	1.06%
Fraunhofer USA, Inc. (7)	Biotechnology Research				4,089,840	8	1.02%
618 G P Warehouse LLC (5)	Warehousing				3,921,120	10	0.98%
		<u>240,785,499</u>		<u>56.82%</u>	<u>223,512,807</u>		<u>55.60%</u>

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.

(6) CHF - Del LLC apartment complex was purchased by the University of Delaware in June, 2019 and became part of their dormitory system.

(7) Fraunhofer USA, Inc. laboratory was acquired by the University of Delaware in July, 2022.

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
2013	568,315,120	915,930,100	683,587,511	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 ²	854,810,012 ³	0.8047	N/A
2020	591,064,220	951,711,000 ³	668,648,475 ³	874,126,745	0.9120	N/A
2021	591,397,420	953,251,100	665,241,277	879,407,243	0.9120	N/A
2022	591,613,120	962,290,000	664,136,810	889,766,310	0.9348	N/A

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

(2) A large apartment parcel was transferred to the University of Delaware and was granted an educational exemption.

(3) 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 effective 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	
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
2022	0.9348	0.2523	3.3252	4.51230

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**

Customer	Type of Business	2022			2013		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
1743 Holdings LLC	Industrial & Education Park	\$ 30,590,320	1	3.44%			
Pauline A. Mayer, Inc.	Retail Property / Apartments	19,875,500	2	2.23%	10,713,000	3	1.34%
Delmarva Power & Light Company	Public Utility	13,065,000	3	1.47%	8,533,800	6	1.07%
BPG Hotel Partners, LLC	Hotels	11,112,300	4	1.25%	11,112,300	1	1.39%
KRE UP III Delaware Owner LLC	Apartments	10,680,300	5	1.20%			
Rohm and Haas Electronic Materials	Manufacturing	8,584,800	6	0.96%	8,562,000	5	1.07%
Verizon Communication	Public Utility	7,650,600	7	0.86%	10,717,100	2	1.34%
University of Delaware	Education (Non-exempt portion)	7,571,000	8	0.85%	7,664,700	9	0.96%
BRE Foxtrot	Industrial Park	7,029,200	9	0.79%			
DuPont Specialty Products USA LLC	Chemicals and Synthetics	6,807,100	10	0.77%			
CHF-Delaware LLC	Apartments				9,769,700	4	1.22%
UDEL Holdings LLC	Apartments				8,248,100	7	1.03%
Emory Hill & Company	Industrial Park				7,781,700	8	0.97%
Fusco Enterprises L P	Retail Property				7,369,800	10	0.92%
		<u>122,966,120</u>		<u>13.82%</u>	<u>90,472,200</u>		<u>11.30%</u>

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

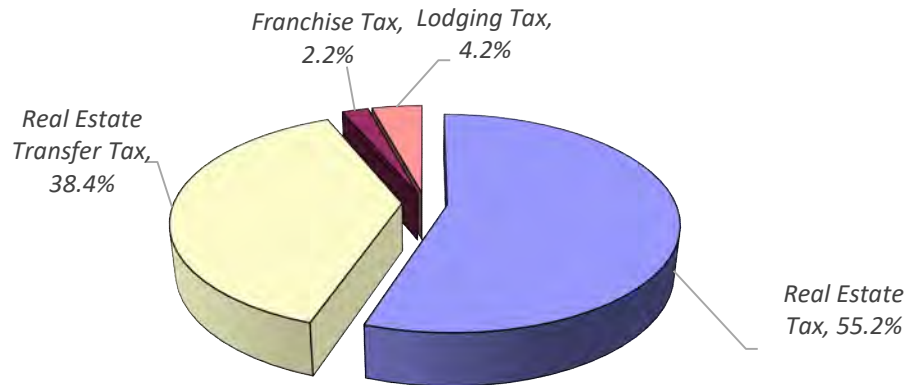
**CITY OF NEWARK, DELAWARE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

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
2013	5,600,551	5,465,413	97.6%	128,800	5,594,213	99.9%
2014	5,681,209	5,583,639	98.3%	91,499	5,675,138	99.9%
2015	5,876,646	5,679,339	96.6%	187,485	5,866,824	99.8%
2016	6,592,320 ³	6,462,051	98.0%	115,815	6,577,866	99.8%
2017	6,626,727	6,505,395	98.2%	104,603	6,609,998	99.7%
2018	6,655,070	6,554,123	98.5%	79,790	6,633,913	99.7%
2019	6,892,362	6,770,258	98.2%	100,579	6,870,837	99.7%
2020	7,947,586 ⁴	7,689,670	96.8%	225,214	7,914,884	99.6%
2021	8,018,039	7,907,254	98.6%	58,170	7,965,424	99.3%
2022	8,315,502	8,119,172	97.6%	-	8,119,172	97.6%

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.

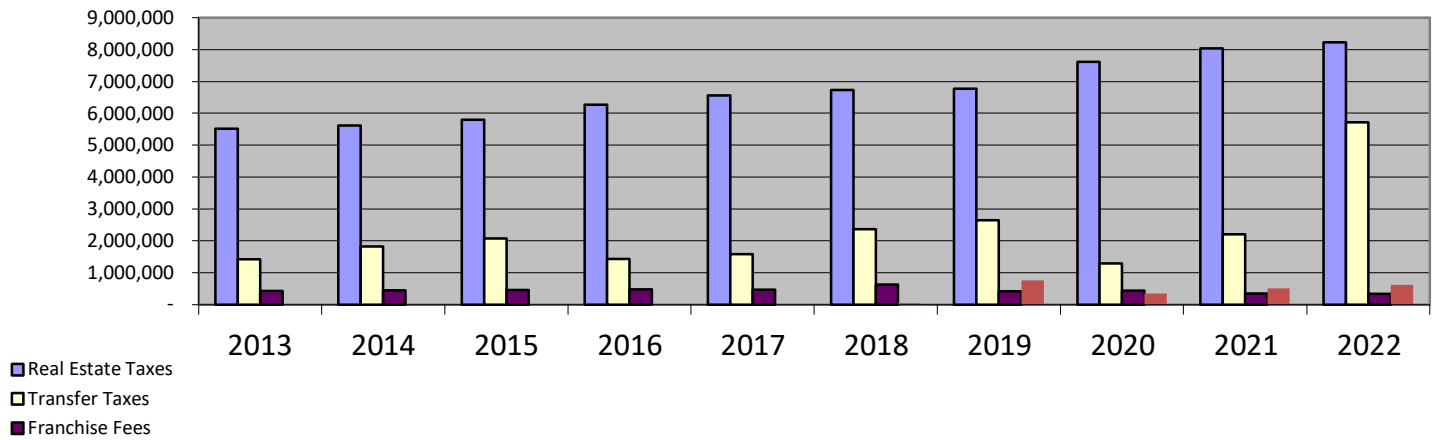
**CITY OF NEWARK, DELAWARE
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST TEN YEARS
(ACCRUAL BASIS OF ACCOUNTING)**



Fiscal Year 2022

Fiscal Year	Real Estate Tax	Real Estate Transfer Tax	Franchise Tax	Lodging Tax	Total
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%
2022	8,234,783	5,718,365	333,423	623,473	14,910,044
% of total	55.2%	38.4%	2.2%	4.2%	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
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
2022	8,234,783	5,718,365	333,423	623,473	14,910,044

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			
2013	\$ 1,257,598	\$ 240,284	\$ 10,396,381	\$ 11,508,591	\$ 23,402,854	3.41%	\$ 724
2014	1,091,364	220,675	9,353,300	10,603,972	21,269,311	3.04%	655
2015	920,130	194,073	8,295,220	9,745,261	19,154,684	2.67%	585
2016	743,896	166,936	7,217,140	8,973,855	17,101,827	2.29%	512
2017	562,662	553,643	6,109,060	8,044,470	15,269,835	1.99%	459
2018	381,428	487,185	4,975,979	7,144,669	12,989,261	1.63%	386
2019	195,194	419,073	3,797,898	6,173,986	10,586,151	1.28%	314
2020	-	4,810,235	2,574,818	13,613,813	20,998,866	2.31%	610
2021	-	5,045,371	1,306,735	18,235,926	24,588,032	2.56%	719
2022	-	6,924,354	-	24,662,723	31,587,077	3.24%	928

*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 General Obligation Bonds	Business-Type Activities General Obligation Bonds & Notes	Net General Obligation Bonds and Notes Payable	Percentage of Net Long-Term Debt to Assessed Value (1)	Net Long-Term Debt Per Capita
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
2022	34,035	889,766,310	-	-	-	0.00%	0

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, 2022

<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	\$ 216,681,137 ¹	4.54% ²	\$ 9,837,324
Christina School District	<u>20,258,886</u>	13.67% ³	<u>2,769,390</u>
Overlapping Debt	<u>\$ 236,940,023</u>		<u>\$ 12,606,714</u>
City of Newark General Obligation Bonds	\$ - ¹	100.00%	\$ -
City of Newark Other Notes Payable	<u>6,924,354 ¹</u>	100.00%	<u>6,924,354</u>
Direct Debt	<u>\$ 6,924,354</u>		<u>\$ 6,924,354</u>
Total Direct and Overlapping Debt	<u><u>\$ 243,864,377</u></u>		<u><u>\$ 19,531,068</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 (\$889,766,310) by the total taxable assessed valuation of New Castle County (\$19,611,603,000). Net Debt Outstanding is as of June 30, 2022.
- (3) Determined by dividing the students enrolled in the City of Newark (1,809) by the total student enrollment of the Christina School District (13,238). Net debt outstanding is as of June 30, 2022.

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt limit (1)	80,066	81,690	82,872	84,807	85,357	85,899	85,481	87,413	87,941	88,977
Total net debt applicable to limit	<u>11,608</u>	<u>10,399</u>	<u>9,169</u>	<u>7,915</u>	<u>6,626</u>	<u>5,311</u>	<u>3,947</u>	<u>2,533</u>	<u>1,261</u>	<u>-</u>
Legal debt margin	<u>68,458</u>	<u>71,291</u>	<u>73,703</u>	<u>76,892</u>	<u>78,731</u>	<u>80,588</u>	<u>81,534</u>	<u>84,880</u>	<u>86,680</u>	<u>88,977</u>
Total net debt applicable to the limit as a percentage of debt limit	14.50%	12.73%	11.06%	9.33%	7.76%	6.18%	4.62%	2.90%	1.43%	0.00%

Legal Debt Margin for Fiscal Year 2022

Total assessed value	\$ 1,553,903
Less: exempt real property	<u>(664,137)</u>
Total taxable assessed value	\$ 889,766
Debt limit (10% of taxable assessed value)	88,977
Debt applicable to limit:	
General obligation bonds	-
Less: amount set aside for repayment of general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>-</u>
Legal debt margin	\$ 88,977

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)
2013	32,449	700,369,005	*	21,584	4,519	22,166	5.3%
2014	32,760	717,878,230	*	21,913	4,508	22,680	5.3%
2015	33,395	745,875,480	*	22,335	4,176	22,852	4.4%
2016	33,264	767,505,869	*	23,073	4,354	23,009	3.8%
2017	33,674	795,903,586	*	23,636	4,834	23,774	3.3%
2018	33,673	827,739,730	*	24,582	4,289	24,120	3.1%
2019	33,941	861,677,058	*	25,387	4,354	23,808	2.6%
2020	34,430	909,930,973	*	26,428	4,348	23,613	4.2%
2021	34,196	960,887,107	*	28,099	4,412	23,996	3.2%
2022	34,035	974,339,526	*	28,628	4,876	24,039	3.4%

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	2022			2013		
	Employment	Rank	Percentage of Total County Employment	Employment	Rank	Percentage of Total County Employment
Health care and social assistance	69,499	1	15.5%	40,896	1	14.9%
Retail trade	49,193	2	11.0%	31,318	3	11.4%
Finance and insurance	42,057	3	9.4%	33,796	2	12.4%
Accommodation and food services	38,693	4	8.6%	20,590	5	7.5%
State government	32,660	5	7.3%	15,467	7	5.7%
Administration and waste services	29,989	6	6.7%	17,472	6	6.4%
Local government	29,185	7	6.5%	15,008	8	5.5%
Professional and technical services	25,926	8	5.8%	23,041	4	8.4%
Manufacturing	25,849	9	5.8%	11,801	10	4.3%
Construction	22,906	10	5.1%	12,765	9	4.7%
Transportation and warehousing	19,608	11	4.4%			
Other services, except public administration				9,024	11	3.3%
Total	385,565		86.1%	231,178		84.5%

(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 2022 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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government	37.5	39.0	39.5	42.5	43.0	48.0	49.0	47.5	49.0	49.0
Public safety										
Police										
Officers	68.0	68.0	71.0	71.0	71.0	71.0	71.0	72.0	72.0	72.0
Civilian	21.0	20.5	19.0	19.0	20.0	20.0	20.0	19.5	19.5	19.5
Code enforcement	10.0	11.0	15.0	15.0	11.0	11.0	11.0	11.0	11.0	11.0
Streets										
Engineering	5.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0	7.0	7.0
Maintenance	9.0	9.0	9.0	9.0	7.0	8.0	7.0	7.0	7.0	7.0
Sanitation	10.0	9.0	10.0	9.0	9.0	9.0	9.0	9.0	9.0	9.5
Culture and recreation	19.5	18.5	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0
Electric	22.0	22.0	22.0	23.0	23.0	24.0	23.0	23.0	23.0	24.0
Water & wastewater	26.0	25.0	27.0	27.5	30.0	29.0	31.0	31.0	31.5	31.5
Parking	5.0	9.0	10.0	10.0	13.0	13.0	13.0	13.0	13.0	13.0
Fleet/facilities maintenance	4.0	4.0	4.0	4.0	10.0	10.0	10.0	10.0	10.0	10.0
Total	<u>237.0</u>	<u>242.0</u>	<u>251.5</u>	<u>255.0</u>	<u>263.0</u>	<u>269.0</u>	<u>270.0</u>	<u>269.0</u>	<u>270.0</u>	<u>271.5</u>

Source: City's Personnel Office.

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

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Police calls for service	40,015	39,260	45,572	48,017	53,441	50,679	45,010	34,724	43,222	39,987
Criminal charges	4,346	3,313	2,244	2,488	2,277	2,124	2,615	1,516	1,737	2,072
Traffic summonses	12,612	9,909	9,325	10,453	9,313	10,270	11,551	4,202	12,454	10,734
Parking summonses	7,365	5,612	5,952	6,959	7,604	10,652	11,676	10,040	7,157	8,973
Meter summonses	19,515	16,525	15,780	22,710	23,630	23,297	17,546	14,179	23,770	28,017
Building permits issued	1,893	2,115	1,751	1,552	1,812	1,669	1,703	1,482	1,654	1,374
Public Works										
Refuse tons collected	6,714	5,709	5,722	5,799	5,826	5,944	6,246	5,816	6,068	5,962
Recycling tons collected	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	1,437.91
Miles of street	66	66	66	66	66	66	66	66	66	66
Patches (s.f.)	30,714	48,588	62,154	35,178	61,905	37,016	36,171	15,509	12,163	30,414
Curbs replaced and installed (l.f.)	17,193	11,775	16,550	12,871	11,181	6,859	9,485	7,729	12,514	4,640
Sidewalks										
4" (s.f.)	23,631	25,132	24,976	23,065	19,485	8,215	12,172	21,940	28,248	39,927
6" (s.f.)	9,548	17,650	12,326	10,386	7,277	4,492	4,661	4,756	5,491	5,604
General Government										
Parking tickets issued	27,080	22,283	21,174	29,669	31,234	33,949	29,222	24,219	30,927	36,990
Culture and Recreation										
Trails in Newark parks (mi)	16.8	16.8	16.8	16.8	16.8	16.8	17.1	17.1	17.6	19.1
Registrants	7,602	7,290	7,344	7,422	7,484	7,582	7,608	4,020	5,413	6,834
Participants	77,482	73,946	76,152	77,831	75,944	76,236	76,332	34,505	45,422	61,129
Electric										
MWH's sold	402,020	404,815	416,744	416,518	413,594	425,591	424,291	402,097	421,301	423,748
MWH's purchased	435,318	428,573	457,749	453,550	445,869	464,741	461,483	433,533	451,781	454,611
Meters in service	11,722	12,280	12,734	12,754	12,823	12,714	12,628	12,761	13,142	13,331
Water and Waste Water										
Meters in service	9,628	10,140	10,259	10,282	10,279	10,339	10,364	10,440	10,483	10,489
Fire hydrants in system	880	900	762	762	768	758	745	752	754	759
Gallons of water sold (000's)	919,383	1,215,020	1,092,816	1,056,537	1,028,878	1,028,295	1,021,183	895,007	945,988	963,311
Gallons of sewage collected (000's)	714,996	912,999	803,602	798,070	816,068	845,285	852,374	742,140	804,068	809,145

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	35	35	35	35	35	35	34	34	34	35
Sanitation										
Collection trucks	12	12	10	8	8	9	9	9	9	9
Streets										
Miles of streets	66	66	66	66	66	66	66	66	66	66
Street lights	2,870	2,909	2,837	2,834	2,948	2,960	2,960	2,960	3,005	2,254
Traffic signals	74	74	75	75	69	71	73	73	73	73
Culture and recreation										
Parks acreage	658.2	654.9	654.9	658.2	658.2	658.2	658.2	658.2	665.2	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	28	29	29	29	29	29	28
Miles of high voltage service lines	175	175	175	175	175	175	175	175	176	176
Miles of low voltage service lines	N/A	N/A	190.00 ¹	182.00	181.00	182.00	182.00	182.00	182.00	182.00
Water										
Water mains (miles)	170	170	146	143	144	137	135	136	136	136
Wells in operation	9	9	4	4	4	4	4	4	6	4
Maximum daily capacity (Mgal)	8.5	8.5	5.8	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Sewer										
Sanitary sewers (miles)	99	99	96	94	96	94	94	94	94	94
Storm sewers (miles)	59	59	70	74	74	74	74	74	74	74
Parking										
On-street parking spaces	457	457	457	457	457	448	489	491	491	491
Parking lots maintained	6	7	7	7	6	6	6	7	7	8

Sources: Various city departments.

(1) Information was previously not available and unable to estimate.