

CITY OF NEWARK, DELAWARE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023



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Annual Comprehensive Financial Report
For the Fiscal Year Ended
December 31, 2023



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, 2023

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INTRODUCTORY SECTION



FINANCE DEPARTMENT CITY OF NEWARK

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June 25, 2024

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, 2023. 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, bondholders, 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, 2023. 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. Utility sales were generally back to normal in 2023. However, the abnormally warm winter and cooler summer temperatures

impacted electric sales by 7.7% compared to our budget expectations, and by 3% compared to 2022 activity. As such, we believe the lingering effects of the pandemic to be mostly behind us. 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 record freshmen applications for the fall of 2024. Additionally, construction and development activity remained brisk throughout 2023. Most Electric and sewer growth has been driven by activity related to the University of Delaware, including some private activity on their 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 generally did not have in the past (we only served portions of the property) 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 5.5% as a multitude of redevelopment projects came to completion. As a college town, Newark continues to be more affluent and economically stable, with many of our lower income students financially supported as dependents by parents living out of town. 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 that are generally associated with such degrees, tends to bring more stable employment. The City's unemployment rate of 3.5% in December of 2023 is lower than both the national (3.7%) and state (4.1%) levels in December, 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. Newark's inclusion in the Mid Atlantic Hydrogen Hub will help drive future research and technology efforts in this area to the STAR Campus and surrounding industrial areas, 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 one million square feet of real estate in use and under construction – labs, offices, clinical, incubation and coworking space.

Additional long-time industry leaders have remained and continue to grow in Newark, including DOW, DuPont, Chemours, Bloom Energy, 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.

As a result of our efforts, the [League of American Bicyclists](#) awarded the City a silver-level Bicycle Friendly Community (BFC) Award in 2023. Newark is the first city in Delaware to be recognized at the silver level and joins 115 communities across the country that have achieved this same level of excellence in the movement for safer streets and better bicycling for everyone. The silver-award recognizes Newark for its commitment over the past 12 years to improving conditions for all people who bike through investments in bike education programs, regular bike events that promote and encourage people to choose biking, pro-bike policies, and bike infrastructure.

The hotel industry has recognized the City of Newark's need for overnight accommodation. The City welcomed the new 104-room Hyatt Place hotel to Main Street in May 2023 with 104 rooms, conference space, and the City's first underground garage parking. The existing Red Roof Inn is approved to be redeveloped into a Home2Suites hotel with a pad site. Another older motel site currently is in the redevelopment process. 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 drinking water system, we plan to activate our Laird Tract Well Field wells for reintroduction into our treatment process at the Curtis Water Treatment Plant (CWTP). 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 supplement inputs to the Newark Reservoir during droughts, considerably extending the resiliency it provides our water supply. This project is currently under design and due to new regulations discussed below, is now expected to begin construction in late 2024. Recent headlines nationwide and final 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 final regulations will require that the contaminants be below any detection limit in the finished water. We expect to have this treatment in place at our South Well Field Water Treatment Plant in Spring 2024, well ahead of the enforceable regulation date. We will begin the planning process for similar treatment at our Curtis Water Treatment Plant in late 2024 with expected completion in 2026.

Since the market for off-campus housing continues to grow due to the increased University of Delaware student population, the City has approved 1,176 new rental units from 2019 through March of 2024, with another 278 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. However, this growth also includes 72 new below market rate units set to be offered to individuals and families making 50% or less of the Area Median Income (AMI). 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:

- 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. Park construction began in 2020 and was completed in 2022. In 2023, Hillside Park won the “Parks and Places” award from the Water Resources Association of the Delaware River Basin. Newark was praised for “exemplifying a resilient, community-based approach to overcoming the challenges of water quality and flooding by improving headwater conditions of Silver Brook, a tributary to the upper Christina River.”
- 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. The final inspections and repairs associated with the loan funds will be completed in late 2024.
- Water and Sewer Supervisory Control and Data Acquisition (SCADA) System: Development of a SCADA system for the PWWR Department will allow the City to manage and monitor the water and sewer system (i.e., treatment plants, water storage tanks, booster stations, and wells) more efficiently and effectively. 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.
- 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 allow for the treatment of existing wells that were out of service due to contamination but still connected to the plant’s raw water system.
- 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 underway and expected to be completed in late 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).
- In 2023, the City of Newark's Electric Department 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 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 19 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 has rehabilitated or replaced over 4000 linear feet of Corrugated Metal Pipe (CMP) since 2018. 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.
- 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 13 years.
- Pursuant to City Code, the Finance Department prepares a five-year Capital Improvement Program (CIP) on an annual basis to outline the City's capital needs and funding sources for the upcoming budget year and the following four-year period. The CIP document is reviewed and approved by the City Council after a minimum of one council workshop and public hearing and a review and nod of support by the City's Planning Commission. The CIP process addresses the availability of current resources and reserve balances, as well as potential grant funding and the need for capital financing over the five-year horizon to help the City plan and prioritize projects based on needs, goals, and objectives. CIP funding is derived from the City's current resources, grants, and debt service through the State Revolving Loan Program. The City makes prudent use of debt service to provide our customers with the quality levels of service they expect. Debt service, when used appropriately, will also ensure that 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 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.
- The Administration Department's Facilities Maintenance Division continues to use grant funding procured to improve the safety, security, and longevity of the City's facilities. With recently received grants, Facilities Maintenance:
 - Replaced the dilapidated fencing around the Field Operations Complex with new 8-foot-tall opaque security fencing,
 - Repaired/replaced several failing roofs on utility facilities and the Newark Police Department,
 - Replaced City Hall's parking lot lighting with newer, more efficient LED models,
 - Installed security fencing around the Police Department, and
 - Completed building envelope improvements at the Parks Maintenance building.
- 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. Our GIS team, while less than 10 years old, has won multiple awards and been recognized at the ESRI national conference for innovative projects that help push the use of GIS into new areas to improve organizational efficiency.
- Staff are currently working to implement Tyler Technologies Enterprise Permitting and Licensing Program (EPL) with an expected launch date by the end of the third quarter in 2024. This program will allow City staff to fully digitize the plan and permit review process for over 115 different processes that the City currently has. It has also provided the opportunity to review each of these processes for redundancies and efficiencies to find savings in staff time. It is expected that the end product will decrease the time it takes for customers to go through the City's processes and provide more transparency for the public.
- 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. The City is currently implementing the workplan and working to bring individual policy recommendations to Council for consideration. In May of 2023, Council adopted several Code amendments to address affordable housing including creating an expedited review process, removing parking minimum requirements, adding affordable housing as a criterion for our site plan approval process to allow for area and density requirement relief by Council for these projects, and waiving subdivision and zoning application fees. These changes have already resulted in the first new below market rate development plan in a decade getting through the City's development process in 6.5 months instead of the normal 12-24 months that is typically seen. Staff has also begun working on public outreach and information gathering for a potential inclusionary zoning ordinance holding six public sessions as well as several targeted focus groups for stakeholders and multiple sessions with Planning Commission and Council.
- The City partnered with DART First State to launch DART Connect, a microtransit public transportation program, in the City of Newark in August of 2023. For \$0.80 to \$2 per ride, individuals can book a ride anywhere within the Newark city limits during its hours of operation providing a more flexible and reliable public transit option as well as expanding its user potential far beyond typical fixed route services. This program has replaced the City's former fixed route Unicity bus program, which had been underutilized and was sunset in September 2023. DART Connect has seen steady growth since its inception in Newark and is being reviewed by DART as a potential model for other communities in the state.
- 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 660 acres of parkland and open space, 19 miles of trails and more than 300 recreational activities and community events to choose from.
- In 2023, the Parks and Recreation Department continued with all the Community Events

scheduled for the year and returned to normal scheduling of recreation programs and camps. It felt like we were back to a “normal” year pre-COVID.

- The safety of the participants and their families, spectators and staff continued to be our #1 priority as we offer programs and events throughout the year. Forty-six 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 with waiting lists for the sessions offered. We also received generous support from the Christina School District when they ordered over \$10,000 in supplies for STEAM (Science, Technology, Engineering, Arts & Math) activities to be used at the summer camps. This provided a diversity of activities that we offered at each camp and helped with the themes for some of the weeks including science & energy, space, and weather. Many of these items we will continue to be able to use in future years at camp as well.
- Pickleball still continues to rise in popularity for our adult programming schedule. We were able to expand our instructional pickleball classes this year and had over 200 participants register for the introduction, fundamentals, or intermediate classes. In 2024, we will continue to offer a full slate of introduction, fundamental, intermediate, and advanced classes.
- Introduction to Mountain Biking was a new program addition in 2023 offering opportunities for individuals 10 & over to learn mountain biking skills, bike maintenance and included a trail ride through Redd Park as part of the program. Another new popular offering was Chess Camp during the summer for ages 7 – 12.
- Camp R.E.A.L. was moved to a new location, Alder Creek, in 2023 since the previous year it was canceled at Dickey Park due to low enrollment. After conversations with the Newark Police Department, a need was identified to continue to conduct a summer camp and possibly change the site of the camp to a new location while still servicing children from both the Dickey Park and Alder Creek areas. When the Newark PAL (Police Athletic League) conducted pop up events at Alder Creek the response from children living in the immediate vicinity ranged anywhere between 15 – 40 kids ranging in ages from kindergarten through high school. We moved the location for Camp R.E.A.L. to Alder Creek and the registration filled at 40, however, on a daily basis we averaged about 8 – 12 kids. The campers enjoyed field trips, walked to the Newark Library every Monday to check out books, held a bike rodeo with Newark Police, had guest speakers including the City of Newark Electric Department and Public Works, included weekly swim time and numerous other activities.
- The parks and trails system continued to be heavily used in 2023. The number of visitors to the parks and trails remains high as people continue to look for ways to get outside and enjoy fresh air. The parks division introduced two new additions to the staff which included hiring a new full-time staff member. They also had several seasonal Park Land Stewards assist with numerous work orders, mowing and trimming throughout the park system all summer.
- Much needed updates were completed at both outdoor pool locations, Dickey Park and the George Wilson Center, including resurfacing both pools and installing new filtration systems for both in 2023. Also, at Lumbrook Park a new pavilion was installed and dedicated in memory of Sharon Hughes, former City Council member, in October.
- The addition of 20 Community Garden plots at Dickey Park expanded the Community Garden program this year with its dedication held in August. Both gardens (Fairfield and Dickey Parks) filled and thrived. The new addition at Dickey was a big hit in 2023. All the spots were filled and

the community around the park along with others from nearby neighborhoods enjoyed the fruits/vegetables of their labor.

- Additional 2023 Additional Parks and Recreation accomplishments:

- Completed the design phase for development of Old Paper Mill Park Plan.
- Awarded Transportation Alternative Program (TAP) grant to cover the Olan Thomas to Kershaw Park sidewalk/trail expansion.
- Completed fish stocking at Hillside Park Pond.

Completed two CAC Tree & Plant Giveaway events utilizing the Civic Rec registration software for sign up. 213 trees and shrubs were given away in 2023 expanding the urban tree canopy in Newark.

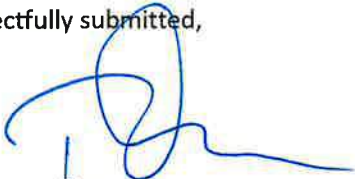
- Completed Lumbrook Park parking lot resurfacing.
- Completed basketball court improvements, stormwater improvements and resurfacing of parking lot at Dickey Park.
- Completed resurfacing of Handloff Park basketball court.
- Completed resurfacing of the existing Reservoir Parking Lot.
- Completed initial GWC/School Hill History display at the George Wilson Center.
- Conducted the Summer Camp and Program Fair in conjunction with the Egg Hunt to highlight summer camps during an event drawing children and families in attendance.
- Completed quarterly newsletters for upcoming volunteer opportunities and sent to the mailing lists created in Constant Contact.
- Created new mailing lists in Constant Contact with fitness and yoga program contacts to send out information for upcoming programs offerings on a regular basis.

While management is proud of the City's accomplishments through 2023, we look forward with excitement towards 2024 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 Del Grande
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Newark
Delaware**

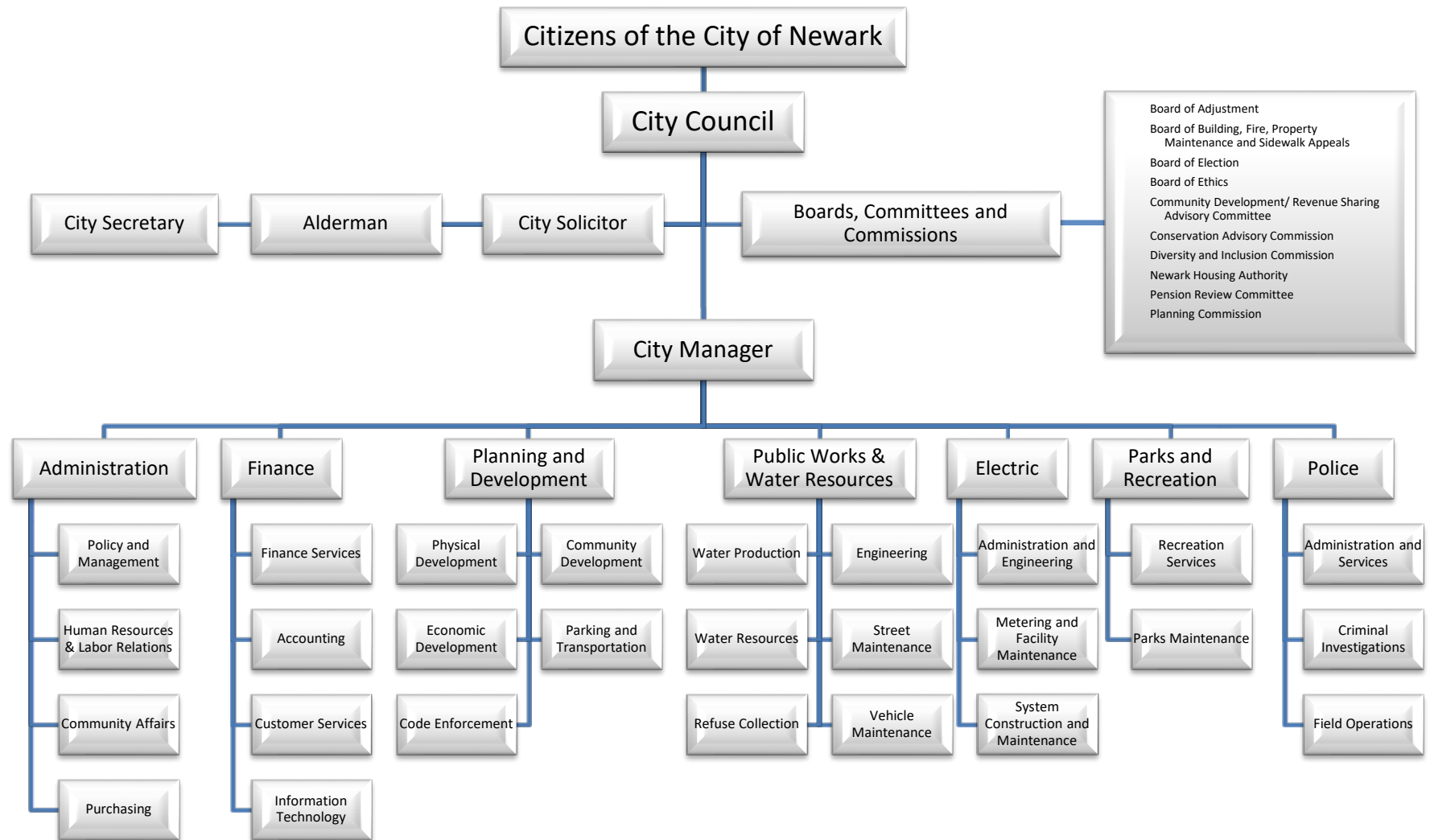
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morrell

Executive Director/CEO

City of Newark, Delaware



CITY OF NEWARK

Delaware

LIST OF ELECTED OFFICIALS, APPOINTED OFFICIALS,
AND MANAGEMENT STAFF

DECEMBER 31, 2023

Elected Officials

Mayor

Vacant

Council Member - District 1

John Suchanec

Council Member - District 2

Corinth Ford

Council Member - District 3

Jay Bancroft

Council Member - District 4

Dwendolyn Creecy

Council Member - District 5

Jason Lawhorn

Council Member - District 6

Travis McDermott

Appointed Officials

City Manager

Thomas Coleman

City Secretary

Tara Schiano

Alderman

Lisa R. Hatfield

Deputy Alderman

Donald Gregory

City Solicitor

Paul E. Bilodeau

Deputy City Solicitor

Robert O'Neill

Management Staff

Chief Human Resource Officer

Devan Hardin

Chief of Police

Mark Farrall

Director of Electric

Bhadresh Patel

Director of Finance

David A. Del Grande

Director of Parks & Recreation

Joseph Spadafino

Director of Planning & Development

Renee K. Bensley

Director of Public Works & Water Resources

Tim Filasky



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, 2023, 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, 2023, 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, 2023, the City adopted new accounting guidance for SBITAs, *subscription-based information technology arrangements*. The guidance requires entities to recognize a right-to-use subscription asset and corresponding subscription liability. 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 June 25, 2024, 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
June 25, 2024

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, 2023. 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 \$136.5 million (*representing its net position*). The change in net position of \$12.1 million represents an increase as compared to the change in the prior year.
- The City's unrestricted net position increased by \$6.7 million in 2023 to \$28.5 million. This amount may be used to meet the government's ongoing obligations to citizens and creditors.
- As of December 31, 2023, the City's governmental funds reported combined ending fund balances of \$19.1 million, an increase of \$2.7 million from the prior year. This increase is attributable to an increase in interest and investment earnings due to the better market conditions compared to 2022. Approximately \$6.1 million is *available for spending* at the City's discretion (*unassigned fund balance*).
- As of December 31, 2023, the City's enterprise funds reported combined ending net position of \$107 million. Increased utility purchases, personnel costs and transfers to other funds resulted in a smaller increase in net position as compared to 2022. The increase in net position was \$4.8 million as compared to an increase of \$5.2 million in 2022.

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, parking and stormwater operations.

The government-wide financial statements may be found on Pages 32 through 33 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 34 and 36 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 94 and 95 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 all funds. 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 34 through 38 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, Parking and Stormwater operations, all of which are major funds of the City.

The proprietary fund financial statements may be found on Pages 39 through 42 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.
- 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.

City of Newark, Delaware

Management's Discussion & Analysis

The fiduciary fund financial statements may be found on Pages 43 through 44 of this report.

3. Notes to the Financial Statements: The notes provide additional information that is essential to gain a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on Pages 45 through 87 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 88 through 93 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, lease obligations, notes payable incurred to support efficiency projects and finance equipment purchases, 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 \$28.5 million at the close of 2023 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, 2023						
	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
ASSETS						
Total current and other assets	\$ 38,438,741	\$ 34,580,708	\$ 71,110,078	\$ 63,468,165	\$ 109,548,819	\$ 98,048,873
Total capital assets	43,057,852	39,036,968	92,307,399	91,794,066	135,365,251	130,831,034
Total Assets	81,496,593	73,617,676	163,417,477	155,262,231	244,914,070	228,879,907
DEFERRED OUTFLOW OF RESOURCES						
Deferred pension amounts	5,029,621	11,343,758	1,340,212	3,022,699	6,369,833	14,366,457
Deferred OPEB amounts	2,032,419	1,631,223	652,415	523,630	2,684,834	2,154,853
Total Deferred Outflow Resources	7,062,040	12,974,981	1,992,627	3,546,329	9,054,667	16,521,310
LIABILITIES						
Total current liabilities	5,299,866	4,952,320	16,938,514	17,227,022	22,238,380	22,179,342
Total noncurrent liabilities	46,063,789	50,580,699	39,948,833	37,387,376	86,012,622	87,968,075
Total Liabilities	51,363,656	55,533,019	56,887,347	54,614,398	108,251,003	110,147,417
DEFERRED INFLOW OF RESOURCES						
Deferred pension amounts	1,572,263	2,396,507	418,952	638,582	1,991,215	3,035,089
Deferred OPEB amounts	382,625	795,883	122,823	255,482	505,448	1,051,365
Deferred revenue	5,693,967	5,610,399	-	-	5,693,967	5,610,399
Deferred right to use leased assets	-	-	1,025,814	1,107,615	1,025,814	1,107,615
Total Deferred Inflow Resources	7,648,855	8,802,789	1,567,589	2,001,679	9,216,444	10,804,468
NET POSITION						
Net investment in capital assets	35,657,001	33,510,885	66,344,060	64,971,735	102,001,061	98,482,620
Restricted	1,838,476	1,102,982	3,100,000	3,100,000	4,938,476	4,202,982
Unrestricted	(7,949,355)	(12,357,018)	37,511,108	34,120,748	29,561,753	21,763,730
Total Net Position	\$ 29,546,122	\$ 22,256,849	\$ 106,955,168	\$ 102,192,483	\$ 136,501,290	\$ 124,449,332

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 \$136.5 million at the close of this fiscal year, representing an increase of \$12.1 million from the prior year net position of \$124.4 million. Within Business-type activities, net position increased from \$102.2 million to \$107 million or \$4.8 million. The governmental activities net position of \$29.55 million represents an increase of \$7.29 million as compared to net position of \$22.26 million in 2022.

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 \$12.6 million in 2023. The lower deficit versus 2022 is attributable to an increase in revenues and a decrease in expenses as compared to 2022. As in previous years the City offsets the governmental deficit with transfers from the business type funds.

Table 2

CITY OF NEWARK CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2023						
	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program Revenues:						
Charges for services	\$ 6,104,927	\$ 5,074,198	\$ 81,171,296	\$ 79,765,830	\$ 87,276,223	\$ 84,840,028
Operating Grants & Contributions	2,225,848	2,503,575	-	-	2,225,848	2,503,575
Capital Grants & Contributions	2,911,370	1,777,861	2,036,185	1,404,694	4,947,555	3,182,555
General Revenues:						
Total Taxes	11,514,306	14,910,044	-	-	11,514,306	14,910,044
Investment Earnings/ (Loss)	2,614,363	(180,750)	777,562	(1,158,595)	3,391,925	(1,339,345)
Other Revenues	(60,246)	68,996	93,301	133,168	33,055	202,164
Total Revenues	<u>25,310,568</u>	<u>24,153,924</u>	<u>84,078,344</u>	<u>80,145,097</u>	<u>109,388,912</u>	<u>104,299,021</u>
EXPENSES						
General Government	9,251,109	9,311,372	-	-	9,251,109	9,311,372
Public Safety	18,694,763	19,153,539	-	-	18,694,763	19,153,539
Public Works	5,133,522	5,605,081	-	-	5,133,522	5,605,081
Community Development	360,136	429,060	-	-	360,136	429,060
Culture and Recreation	4,315,556	4,491,292	-	-	4,315,556	4,491,292
Interest Expense	186,549	216,874	-	-	186,549	216,874
Business-type activities	-	-	59,395,319	57,318,781	59,395,319	57,318,781
Total Expenses	<u>37,941,635</u>	<u>39,207,218</u>	<u>59,395,319</u>	<u>57,318,781</u>	<u>97,336,954</u>	<u>96,525,999</u>
Increase (Decrease) in						
Net Position before Transfers	(12,631,067)	(15,053,294)	24,683,025	22,826,316	12,051,958	7,773,022
Transfers	19,920,340	17,616,327	(19,920,340)	(17,616,327)	-	-
Change in Net Position	7,289,273	2,563,033	4,762,685	5,209,989	12,051,958	7,773,022
Net Position - Beginning of Year	22,256,849	19,693,816	102,192,483	96,982,494	124,449,332	116,676,310
Net Position - End of Year	<u>\$ 29,546,122</u>	<u>\$ 22,256,849</u>	<u>\$ 106,955,168</u>	<u>\$ 102,192,483</u>	<u>\$ 136,501,290</u>	<u>\$ 124,449,332</u>

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

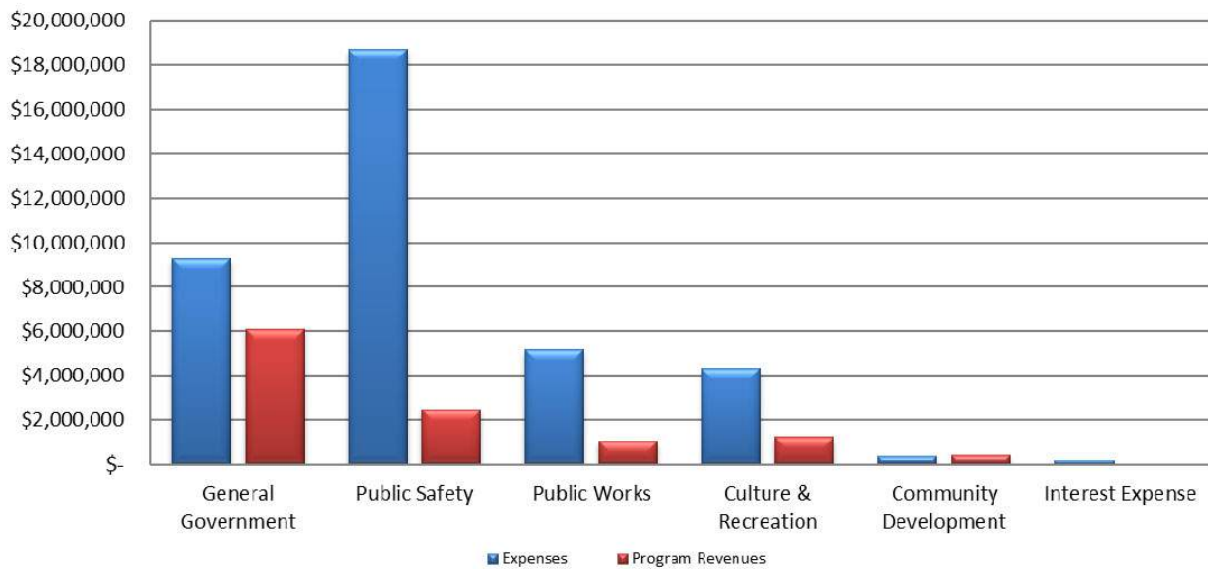
City of Newark, Delaware

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 2023 graphs depicting Expenses and Program Revenues by Function as well as Revenues by Source, and the Schedule of Net Costs (Table 3). The graph below illustrates that, aside from the negligible totals in the Community Development and Interest Expense categories, program income alone does not generate the revenue required to support governmental activities.

Program Revenues, Property and Realty Transfer Taxes, and Grants and other funding sources account for 55.9 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.

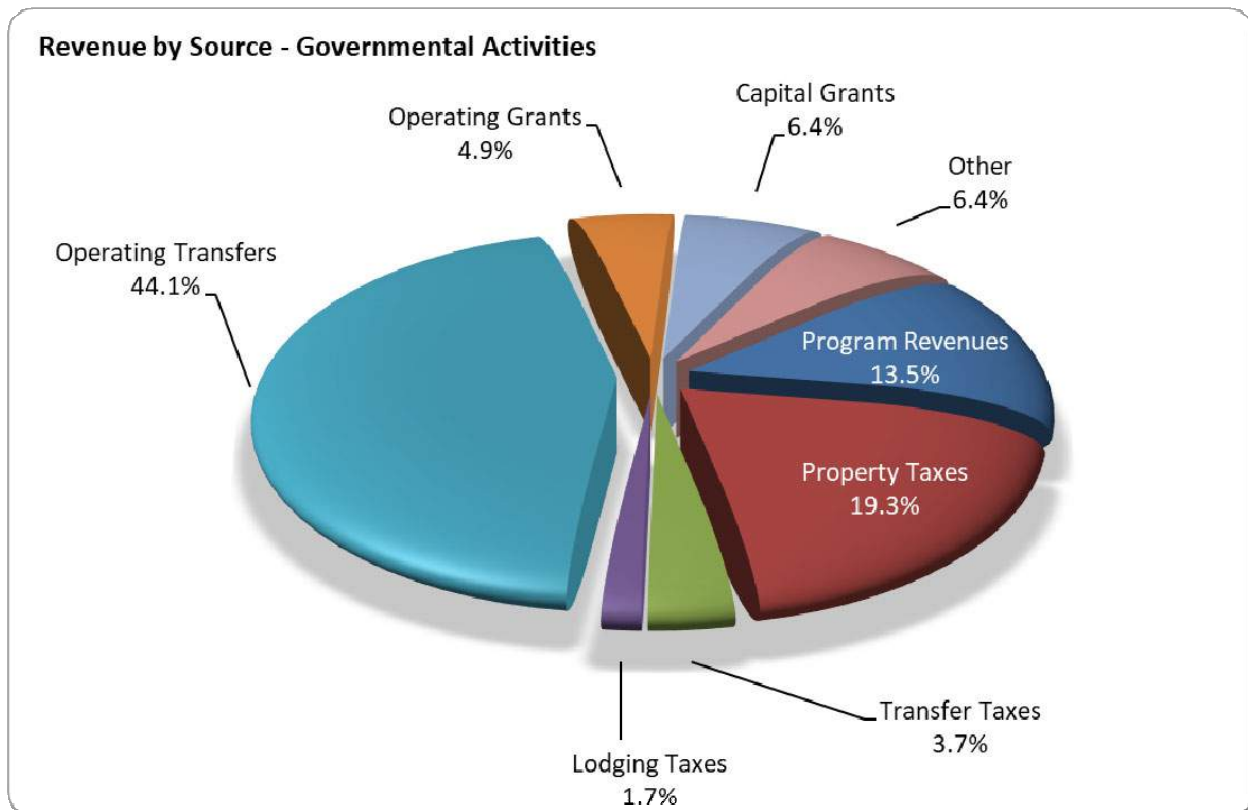
Expenses and Program Revenues - Governmental Activities



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 44.1 percent of revenues. Property taxes supply 19.3 percent of revenues. Program revenues contribute 13.5 percent, real estate transfer taxes add 3.7 percent and the lodging tax contributes 1.7 percent. The City relies on these revenue sources, as well as grants and miscellaneous funding of 17.7 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 \$37.9 million. These costs were partially supported by total program revenues of \$11.2 million, leaving a net cost of \$26.7 million. The program revenues were paid by those who directly benefited from the programs (\$6.1 million) or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions (\$5.1 million). The balance of the cost was primarily funded by City taxes totaling \$11.5 million and enterprise fund transfers of \$19.9 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.

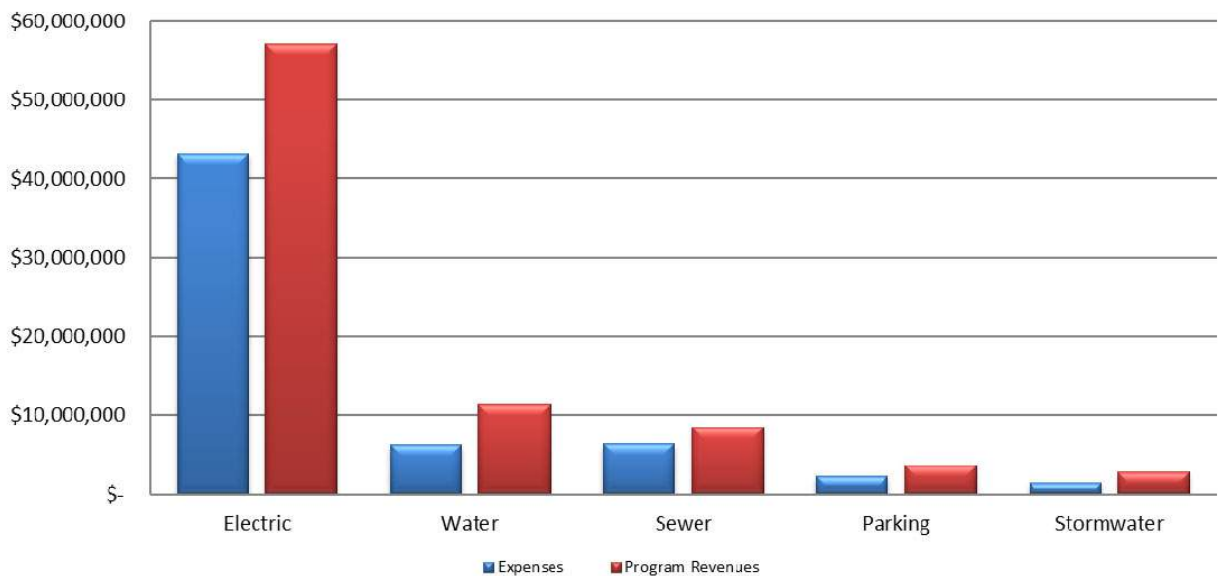
Table 3

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	\$ 9,251,109	24.4%	\$ 3,496,390	\$ 2,599,761	\$ 6,096,151	\$ (3,154,958)
Public Safety	18,694,763	49.2%	1,738,289	739,679	2,477,968	(16,216,795)
Public Works	5,133,522	13.5%	36,898	992,039	1,028,937	(4,104,585)
Culture & Recreation	4,315,556	11.4%	833,350	397,266	1,230,616	(3,084,940)
Community Development	360,136	0.9%	-	408,473	408,473	48,337
Interest Expense	186,549	0.5%	-	-	-	(186,549)
Total	<u>\$ 37,941,635</u>	<u>100%</u>	<u>\$ 6,104,927</u>	<u>\$ 5,137,218</u>	<u>\$ 11,242,145</u>	<u>\$ (26,699,490)</u>

Business-type Activities: The City provides electric, water, sewer, stormwater, 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 business-type revenue is derived from service charges.

Expenses and Program Revenues - Business-type Activities



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 \$84 million for the year, which represents an increase of \$4 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 \$59.4 million in 2023, which represents an increase of \$2.1 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 \$4.8 million in 2023.

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, 2023, the City's governmental funds reported combined ending balances of \$19.1 million, an increase of \$2.7 million as compared to the prior year. The bulk of the fund balance is restricted and assigned, which means that it is not available for new spending because it has already been appropriated for: 1) capital improvements, 2) debt service or 3) a variety of other restricted and assigned purposes. Almost seventy percent of the fund balance – \$13.1 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, 2023, the total fund balance of the General Fund was \$7.3 million, \$6.1 million which is unassigned.

The General Fund balance increased by \$1.9 million in fiscal year 2023. The increase in General Fund balance is attributable to a rebound of interest and investment earnings due to a favorable market.

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, 2023, the total fund balance of the Capital Projects Fund was \$10.8 million, all of which is restricted and assigned.

The Capital Projects Fund balance increased by \$761 thousand in 2023 as opposed to an increase of \$3.5 million in 2022. The difference between the results of the two years is due to decreased debt financing in 2023 as compared with 2022.

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 increased by \$9 thousand in 2023.

The City maintains a Debt Service Fund to set aside resources to meet current and future obligations of the City. As of December 31, 2023, the fund balance was \$46,064 all of which is assigned.

The financial statements for the governmental funds may be found on Pages 34 through 38 as well as Pages 94 through 100 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 \$38.5 million as of December 31, 2023, \$19.8 million which was unrestricted. Total net position increased by \$392 thousand in 2023 as a result of \$13.8 million in operating income before capital grants and transfers, plus capital grants and contributions of \$572 thousand less \$14 million transferred to the General Fund to support governmental activities. The fund expended \$1.3 million in improvements to the City's electrical distribution system. The electric fund reports long-term debt of \$4.6 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 \$42.3 million as of December 31, 2023. Total net position increased \$1.9 million in 2023. Income before capital grants and transfers amounted to \$3.9 million, representing an increase of \$.8 million versus 2022 as a result of increases in operating expenses. \$3.4 million was transferred from the Water Fund to the General Fund to support governmental activities. The fund expended \$2.2 million in improvements to the City's water purification, containment and distribution system. The Water Fund also carries roughly \$10 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 \$14.3 million as of December 31, 2023, \$7.3 million of which was unrestricted. Total net position increased by \$.9 million in 2023. Income before capital grants and transfers amounted to \$2.1 million of which \$1.3 million was transferred to the General Fund to support governmental activities. The fund expended \$.7 million in improvements to the City's sewage transport and elimination system. The Sewer Fund reports \$1.9 million of State Revolving Loan and financed equipment debt.

The Parking Fund had total net position of \$3.6 million as of December 31, 2023. Total net position increased by \$95 thousand in 2023. The fund transferred \$1.3 million to the General Fund to support governmental activities.

City of Newark, Delaware

Management's Discussion & Analysis

The Stormwater Fund had total net position of \$8.2 million as of December 31, 2023. Income before capital grants and transfers totaled \$1.4 million. The fund expended \$560 thousand in improvements. The fund had long term debt from State Revolving Loans which totaled \$8.6 million December 31, 2023.

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 32. The net revenue of certain activities of the internal service funds are reported with governmental activities on the statement of activities on Page 33. The assets and liabilities as well as revenue and expenses are also reported on Pages 101 through 103 of the fund financial statements.

The financial statements for the proprietary funds may be found on Pages 39 through 42 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 \$93.7 million, an increase of \$11.2 million as compared to the prior fiscal year. The total pension liability, as of December 31, 2023, is \$127 million, representing a funding ratio of 73.7 percent. The City contribution was \$506 thousand more than the annual required contribution of \$4.5 million.

The OPEB Trust Fund ended the fiscal year with a balance of \$19.8 million, representing an increase of \$3.5 million over the prior fiscal year. The total OPEB liability, as of December 31, 2023, is \$25.7 million, representing a funding ratio of 77 percent. The City contribution was \$891 thousand more than the annual required contribution of \$1 million.

The financial statements for the fiduciary funds can be found on Pages 43 through 44 as well as Pages 104 through 105 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The schedule comparing the City's budget and actual results can be found on Page 38.

Actual revenues in the General Fund were more than budgeted revenues by \$2.2 million. The favorable variance from budget is attributable to a \$1.9 million in interest and investment earnings as well as various smaller favorable variances in real estate taxes, lodging taxes and license and permit revenue. Expenditures were \$2.3 million dollars lower than the final total budget. All departments had lower than expected expenditures. Capital outlays for subscriptions were reclassified for financial statement purposes from the Information Technology department where it had been originally budgeted.

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, 2023 amounted to \$134.5 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 \$11.9 million in 2023. Net additions, after depreciation, amortization and retirements, totaled \$3.3 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, 2023, 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), \$7.5 million in various energy efficiency loans and leases, \$17.9 million in State Revolving Loans and \$1.8 million bank loan for 2018 referendum capital projects, \$1.9 million for various equipment loans, \$510 thousand for leases and \$297 thousand for subscription based IT arrangements. 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 \$33.4 million of net pension liability, \$5.9 million of net OPEB liability and \$1.8 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 23 percent residential and 77 percent commercial or industrial, with the largest customer being the University of Delaware with 40 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 (66 percent residential, 27 percent commercial and 7 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 98.15 cents per \$100 of assessed value throughout 2023 and 1.0551 cents per \$100 in 2024.
- The City Council adopted the 2024 General Operating Budget on November 6, 2023. The budget includes total operating revenues of \$115 million, an increase of 3.0 percent from 2023, and total operating expenditures of \$111 million, an increase of 3.6 percent from 2023.

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, 2023

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 16,122,057	\$ 27,552,898	\$ 43,674,955
Investments	10,367,942	10,345,036	20,712,978
Accounts receivables, net	2,548,408	12,445,863	14,994,271
Leases receivable	-	1,062,640	1,062,640
Internal balances	(36,200)	36,200	-
Taxes receivable	1,404,874	-	1,404,874
Inventory - supplies	100,644	2,835,329	2,935,973
Prepaid items	769,032	363,191	1,132,223
Restricted Assets:			
Cash and cash equivalents	6,228,453	14,640,593	20,869,046
Investments	933,531	1,828,328	2,761,859
Total current assets	38,438,741	71,110,078	109,548,819
Noncurrent assets:			
Capital assets, net:			
Land	5,544,921	14,906,964	20,451,885
Construction in progress	650,758	1,586,430	2,237,188
Buildings	9,475,638	19,143,188	28,618,826
Improvements	21,011,937	53,316,726	74,328,663
Machinery and Equipment	5,940,009	3,345,965	9,285,974
Intangibles	434,589	8,126	442,715
Total capital assets, net	43,057,852	92,307,399	135,365,251
Total noncurrent assets	43,057,852	92,307,399	135,365,251
Total assets	81,496,593	163,417,477	244,914,070
DEFERRED OUTFLOW OF RESOURCES			
Deferred pension amounts	5,029,621	1,340,212	6,369,833
Deferred OPEB amounts	2,032,419	652,415	2,684,834
Total deferred outflows of resources	7,062,040	1,992,627	9,054,667
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	3,354,144	4,308,085	7,662,229
Customer deposits	933,531	1,828,328	2,761,859
Regulatory liability	-	4,385,166	4,385,166
Compensated absences	143,744	39,260	183,004
Due to other governments	26,378	98,390	124,768
Accrued interest payable	-	174,876	174,876
Unearned revenue	-	3,733,782	3,733,782
Subscription Based IT Arrangements (SBITAs)	145,909	-	145,909
Bonds, notes, and lease payable	696,160	2,370,627	3,066,787
Total current liabilities	5,299,866	16,938,514	22,238,380
Noncurrent liabilities:			
Compensated absences	1,293,700	353,351	1,647,051
Net OPEB liability	4,479,316	1,430,071	5,909,387
Net pension liability	26,365,376	7,025,424	33,390,800
Unearned revenue	7,122,704	7,996,924	15,119,628
Subscription Based IT Arrangements (SBITAs)	150,786	-	150,786
Bonds, notes, and lease payable	6,651,908	23,143,063	29,794,971
Total noncurrent liabilities	46,063,789	39,948,833	86,012,622
Total liabilities	51,363,656	56,887,347	108,251,003
DEFERRED INFLOW OF RESOURCES			
Deferred pension amounts	1,572,263	418,952	1,991,215
Deferred OPEB amounts	382,625	122,823	505,448
Deferred property taxes	5,693,967	-	5,693,967
Deferred right to use leased assets	-	1,025,814	1,025,814
Total deferred inflows of resources	7,648,855	1,567,589	9,216,444
Net Position			
Net investment in capital assets	35,657,001	66,344,060	102,001,061
Restricted for:			
Special revenue funds	967,377	-	967,377
Alderman's court security	109,975	-	109,975
Capital projects	761,124	3,100,000	3,861,124
Unrestricted	(7,949,355)	37,511,108	29,561,753
Total net position	\$ 29,546,122	\$ 106,955,168	\$ 136,501,290

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

CITY OF NEWARK, DELAWARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

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	\$ 9,251,109	\$ 3,496,390	\$ 1,300,904	\$ 1,298,857	\$ (3,154,958)	\$ -	\$ (3,154,958)
Public safety	18,694,763	1,738,289	522,761	216,918	(16,216,795)	-	(16,216,795)
Public works	5,133,522	36,898	-	992,039	(4,104,585)	-	(4,104,585)
Community development	360,136	-	360,136	48,337	48,337	-	48,337
Culture and recreation	4,315,556	833,350	42,047	355,219	(3,084,940)	-	(3,084,940)
Interest expense	186,549	-	-	-	(186,549)	-	(186,549)
Total governmental activities	37,941,635	6,104,927	2,225,848	2,911,370	(26,699,490)	-	(26,699,490)
Business-type activities:							
Electric	43,186,038	56,501,425	-	571,526	-	13,886,913	13,886,913
Water	6,218,423	9,955,495	-	1,389,165	-	5,126,237	5,126,237
Sewer	6,358,269	8,385,798	-	-	-	2,027,529	2,027,529
Parking	2,279,192	3,662,378	-	-	-	1,383,186	1,383,186
Stormwater	1,353,397	2,666,200	-	75,494	-	1,388,297	1,388,297
Total business-type activities	59,395,319	81,171,296	-	2,036,185	-	23,812,162	23,812,162
Total primary government	\$ 97,336,954	\$ 87,276,223	\$ 2,225,848	\$ 4,947,555	(26,699,490)	23,812,162	(2,887,328)
General Revenues							
Taxes:							
Real estate taxes					8,747,465	-	8,747,465
Real estate transfer taxes					1,687,587	-	1,687,587
Franchise fees					317,491	-	317,491
Lodging tax					761,763	-	761,763
Rent					-	81,801	81,801
Unrestricted investment earnings/(loss)					2,614,363	777,562	3,391,925
Gain (loss) on sale of capital assets					(60,246)	11,500	(48,746)
Transfers					19,920,340	(19,920,340)	-
Total general revenues and transfers					33,988,763	(19,049,477)	14,939,286
Change in net position					7,289,273	4,762,685	12,051,958
Net position - beginning of year					22,256,849	102,192,483	124,449,332
Net position - end of year					\$ 29,546,122	\$ 106,955,168	\$ 136,501,290

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

CITY OF NEWARK, DELAWARE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General	Capital Projects	Total Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,698,124	\$ 7,848,278	\$ 1,254,539	\$ 14,800,941
Investments	6,589,729	3,116,821	-	9,706,550
Accounts receivable	1,880,607	309,377	355,137	2,545,121
Taxes receivable, net	1,404,874	-	-	1,404,874
Due from other funds	305,000	-	-	305,000
Inventory - supplies	80,515	-	-	80,515
Prepaid items	722,547	-	-	722,547
Restricted assets:				
Cash and cash equivalents	158,631	3,576,584	-	3,735,215
Investments	933,531	-	-	933,531
Total assets	<u>\$ 17,773,558</u>	<u>\$ 14,851,060</u>	<u>\$ 1,609,676</u>	<u>\$ 34,234,294</u>
LIABILITIES				
Liabilities:				
Accounts payable and accrued expenses	\$ 1,186,689	\$ 352,173	\$ 52,326	\$ 1,591,188
Customer deposits	933,531	-	-	933,531
Due to other governments	26,378	-	-	26,378
Unearned revenue	594,796	3,731,313	325,992	4,652,101
Due to other funds	2,017,900	-	181,400	2,199,300
Total liabilities	<u>4,759,294</u>	<u>4,083,486</u>	<u>559,718</u>	<u>9,402,498</u>
DEFERRED INFLOW OF RESOURCES				
Deferred property taxes	5,693,967	-	-	5,693,967
Total deferred inflows of resources	<u>5,693,967</u>	<u>-</u>	<u>-</u>	<u>5,693,967</u>
FUND BALANCES				
Nonspendable				
Inventory	80,515	-	-	80,515
Prepaid items	722,547	-	-	722,547
Restricted for				
Safetytown programs	-	-	68,312	68,312
Parks donations	-	-	34,990	34,990
Recreation donations	-	-	38,167	38,167
Island beautification	-	-	104,353	104,353
Parkland improvements	-	-	75,384	75,384
Other parks programs	-	-	88,962	88,962
Capital projects	-	761,124	-	761,124
Law enforcement	-	-	557,209	557,209
Alderman's court security	109,975	-	-	109,975
Assigned to				
Other departmental purposes	338,364	-	-	338,364
Debt service	-	-	46,064	46,064
Transportation	-	-	36,517	36,517
Capital projects	-	10,006,450	-	10,006,450
Unassigned	6,068,896	-	-	6,068,896
Total fund balances	<u>7,320,297</u>	<u>10,767,574</u>	<u>1,049,958</u>	<u>19,137,829</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,773,558</u>	<u>\$ 14,851,060</u>	<u>\$ 1,609,676</u>	<u>\$ 34,234,294</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, 2023**

Total Fund Balance - Governmental Funds	\$ 19,137,829
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 \$5,436,885 of internal service capital assets accounted for in the following line	37,620,967
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	4,154,732
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Lease, SIBTA and notes payable (net of Internal Service Fund, \$2,801,122 included in net position)	(4,843,413)
Compensated absences (net of Internal Service Fund, \$68,678 included in net position)	(1,368,766)
Net other post employment benefits liability (net of Internal Service Fund, \$118,188 included in net position)	(4,361,128)
Net pension liability (net of Internal Service Fund, \$584,339 included in net position)	(25,781,037)
Deferred resources relate to:	
Deferred outflow of pension amounts (net of internal service funds \$111,472)	4,918,149
Deferred inflow of pension amounts (net of internal service funds \$34,846)	(1,537,417)
Deferred outflow of other post employment benefit amounts (net of internal service funds \$53,697)	1,978,722
Deferred inflow of other post employment benefit amounts (net of internal service funds \$10,109)	(372,516)
Net position of governmental activities	\$ 29,546,122

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, 2023

	<u>General</u>	<u>Capital Projects</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes:				
Real estate	\$ 8,747,465	\$ -	\$ -	\$ 8,747,465
Real estate transfer	1,687,587	-	-	1,687,587
Franchise	317,491	-	-	317,491
Lodging	761,763	-	-	761,763
Licenses and permits	1,601,947	-	-	1,601,947
Fines, forfeits and costs	1,999,573	-	4,964	2,004,537
Interest and investment earnings	1,901,394	667,309	14,711	2,583,414
Intergovernmental revenues	787,754	2,108,710	888,014	3,784,478
Charges for services	2,493,932	-	4,511	2,498,443
Subvention - University of Delaware	598,415	-	-	598,415
Total revenues	<u>20,897,321</u>	<u>2,776,019</u>	<u>912,200</u>	<u>24,585,540</u>
EXPENDITURES				
Current:				
General government	8,579,813	-	195,395	8,775,208
Public safety	18,284,222	-	305,756	18,589,978
Public works	4,228,195	-	-	4,228,195
Community development	-	-	360,136	360,136
Culture and recreation	3,580,614	-	6,008	3,586,622
Debt service:				
Principal	370,493	-	444,946	815,439
Interest	4,141	-	115,749	119,890
Capital outlay	683,213	6,078,549	155,099	6,916,861
Total expenditures	<u>35,730,691</u>	<u>6,078,549</u>	<u>1,583,089</u>	<u>43,392,329</u>
Deficiency of revenues under expenditures	<u>(14,833,370)</u>	<u>(3,302,530)</u>	<u>(670,889)</u>	<u>(18,806,789)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	19,937,664	3,093,063	697,641	23,728,368
Transfers out	(3,923,704)	-	(17,324)	(3,941,028)
Leases/subscriptions	672,379	-	-	672,379
Proceeds from the sale of capital assets	74,852	-	-	74,852
Proceeds from debt issuance/ financed purchases	-	970,710	-	970,710
Total other financing sources and uses	<u>16,761,191</u>	<u>4,063,773</u>	<u>680,317</u>	<u>21,505,281</u>
Net change in fund balances	1,927,821	761,243	9,428	2,698,492
Fund balances - beginning of year	5,392,476	10,006,331	1,040,530	16,439,337
Fund balances - end of year	<u>\$ 7,320,297</u>	<u>\$ 10,767,574</u>	<u>\$ 1,049,958</u>	<u>\$ 19,137,829</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, 2023

Net Changes in Fund Balances - Total Governmental Funds	\$ 2,698,492
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 (\$6,938,528) is allocated over their estimated useful lives as depreciation expense (\$3,516,260) net of the internal service funds of \$5,436,885. This is the amount by which depreciation exceeded capital outlays in the current period.	3,432,769
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	(137,696)
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 (net of internal service funds \$122,324)	429,863
SIBTA payments	370,493
Financing /debt proceeds	(1,643,089)
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 \$8,170 included in net position)	20,914
Net pension liability and related deferred inflows and outflows (net of the internal service funds (\$3,513) included in net position)	155,002
Net OPEB liability and related deferred inflows and outflows (net of the internal service funds (\$28,257) included in net position)	1,041,631
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.	920,894
Change in Net Position of Governmental Activities	<u><u>\$ 7,289,273</u></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, 2023

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual Amounts	
REVENUES				
Taxes:				
Real estate - current	\$ 8,508,500	\$ 8,508,500	8,662,875	\$ 154,375
Real estate - delinquent and interest	60,000	60,000	84,590	24,590
Real estate - transfer	1,650,000	1,650,000	1,687,587	37,587
Franchise	350,000	350,000	317,491	(32,509)
Lodging	640,000	640,000	761,763	121,763
Licenses and permits	1,341,000	1,341,000	1,601,947	260,947
Fines, forfeits and costs	2,040,300	2,040,300	1,999,573	(40,727)
Interest and investment earnings/(loss)	172,000	172,000	1,901,394	1,729,394
Intergovernmental revenues	948,513	953,513	787,754	(165,759)
Charges for services/fees	2,425,845	2,425,845	2,493,932	68,087
Subvention - University of Delaware	598,415	598,415	598,415	-
Total revenues	<u>18,734,573</u>	<u>18,739,573</u>	<u>20,897,321</u>	<u>2,157,748</u>
EXPENDITURES				
Current:				
General government:				
Finance	2,161,220	2,182,438	2,148,485	33,953
Planning & development	1,345,863	1,353,756	1,207,782	145,974
Administration	1,865,198	1,909,274	1,791,614	117,660
Legislative	1,656,885	1,664,564	1,507,045	157,519
Judicial	644,720	648,908	628,589	20,319
Information technology	2,056,208	2,064,359	1,670,932	393,427
Total general government	<u>9,730,094</u>	<u>9,823,299</u>	<u>8,954,447</u>	<u>868,852</u>
Public safety:				
Code enforcement	1,619,427	1,638,105	1,564,860	73,245
Police	17,451,327	17,679,632	16,719,362	960,270
Total public safety	<u>19,070,754</u>	<u>19,317,737</u>	<u>18,284,222</u>	<u>1,033,515</u>
Public works:				
Highways and streets	2,615,149	2,643,628	2,133,212	510,416
Sanitation	2,330,959	2,345,112	2,094,983	250,129
Total public works	<u>4,946,108</u>	<u>4,988,740</u>	<u>4,228,195</u>	<u>760,545</u>
Culture and recreation	3,895,103	3,931,861	3,580,614	351,247
Capital Outlay	-	-	683,213	(683,213)
Total expenditures	<u>37,642,059</u>	<u>38,061,637</u>	<u>35,730,691</u>	<u>2,330,946</u>
Deficiency of revenues under expenditures	<u>(18,907,486)</u>	<u>(19,322,064)</u>	<u>(14,833,370)</u>	<u>4,488,694</u>
Other Financing Sources (Uses)				
Transfers in	22,949,934	22,949,934	19,937,664	(3,012,270)
Transfers out	(4,060,994)	(4,060,994)	(3,923,704)	137,290
Leases/subscriptions/financed purchases	-	-	672,379	672,379
Proceeds from the sale of capital assets	20,000	20,000	74,852	54,852
Total other financing sources and uses	<u>18,908,940</u>	<u>18,908,940</u>	<u>16,761,191</u>	<u>(2,147,749)</u>
Net change in fund balances	<u>\$ 1,454</u>	<u>\$ (413,124)</u>	<u>1,927,821</u>	<u>\$ 2,340,945</u>
Fund balances - January 1			<u>5,392,476</u>	
Fund balances - December 31			<u>\$ 7,320,297</u>	

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

CITY OF NEWARK, DELAWARE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2023

	Business-Type Activities Enterprise Funds						Governmental Activities Internal Service Funds
	Electric	Water	Sewer	Parking	Stormwater	Total Enterprise Funds	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 11,363,141	\$ 7,067,386	\$ 4,196,597	\$ 273,681	\$ 4,652,093	\$ 27,552,898	\$ 1,321,116
Investments, unrestricted	8,265,354	160,814	1,790,145	-	128,723	10,345,036	661,392
Accounts receivable, net	8,855,128	1,520,045	1,427,233	92,944	550,513	12,445,863	3,287
Leases receivable	233,634	829,006	-	-	-	1,062,640	-
Due from other funds	1,078,072	-	15,540	-	-	1,093,612	3,824,000
Inventory - supplies	2,314,096	479,480	34,146	-	7,607	2,835,329	20,129
Prepaid items	164,778	85,211	15,180	83,016	15,006	363,191	68,152
Restricted assets:							
Cash and cash equivalents	3,970,647	9,252,040	861,000	-	556,906	14,640,593	2,493,238
Investments	1,802,386	19,142	6,800	-	-	1,828,328	-
Total current assets	38,047,236	19,413,124	8,346,641	449,641	5,910,848	72,167,490	8,391,314
Noncurrent assets:							
Capital assets, net:							
Land	-	7,957,954	-	3,545,582	3,403,428	14,906,964	44,230
Construction in progress	492,062	1,032,662	-	61,706	-	1,586,430	-
Buildings	10,126,913	8,791,983	-	224,292	-	19,143,188	5,008,345
Improvements	8,207,764	27,401,651	8,624,761	639,242	8,443,308	53,316,726	53,787
Machinery and equipment	1,541,079	515,658	319,208	674,440	295,580	3,345,965	330,523
Intangibles	1,000	7,126	-	-	-	8,126	-
Total noncurrent assets	20,368,818	45,707,034	8,943,969	5,145,262	12,142,316	92,307,399	5,436,885
Total assets	58,416,054	65,120,158	17,290,610	5,594,903	18,053,164	164,474,889	13,828,199
DEFERRED OUTFLOW OF RESOURCES							
Deferred pension amounts	720,428	373,272	5,096	136,951	104,465	1,340,212	111,472
Deferred OPEB amounts	343,659	166,460	2,685	77,860	61,751	652,415	53,697
Total deferred outflow of resources	1,064,087	539,732	7,781	214,811	166,216	1,992,627	165,169
LIABILITIES							
Current liabilities:							
Accounts payable and accrued expenses	3,592,452	482,850	103,782	95,139	33,862	4,308,085	1,762,956
Customer deposits payable	1,802,386	19,142	6,800	-	-	1,828,328	-
Regulatory liability	4,385,166	-	-	-	-	4,385,166	-
Compensated absences	14,256	15,676	121	4,919	4,288	39,260	40,598
Due to other funds	324,600	120,140	36,200	556,672	19,800	1,057,412	1,965,900
Due to other governments	63,735	-	34,655	-	-	98,390	-
Accrued interest payable	54,345	102,048	10,269	1,062	7,152	174,876	21,895
Unearned revenue	73,316	3,072,418	287,000	107,090	193,958	3,733,782	-
Bonds, notes, and lease payable	652,028	1,138,254	87,857	48,659	443,829	2,370,627	126,247
Total current liabilities	10,962,284	4,950,528	566,684	813,541	702,889	17,995,926	3,917,596
Noncurrent liabilities:							
Compensated absences	128,305	141,086	1,095	44,269	38,596	353,351	28,080
Net OPEB liability	750,492	366,382	5,909	171,372	135,916	1,430,071	118,188
Net pension liability	3,776,499	1,956,701	26,713	717,902	547,609	7,025,424	584,339
Unearned revenue	911,934	6,146,133	574,940	-	363,917	7,996,924	2,470,603
Bonds, notes, and lease payable	3,938,259	8,818,641	1,815,394	431,910	8,138,859	23,143,063	2,674,875
Total noncurrent liabilities	9,505,489	17,428,943	2,424,051	1,365,453	9,224,897	39,948,833	5,876,085
Total liabilities	20,467,773	22,379,471	2,990,735	2,178,994	9,927,786	57,944,759	9,793,681
DEFERRED INFLOW OF RESOURCES							
Deferred pension amounts	225,207	116,685	1,593	42,811	32,656	418,952	34,846
Deferred OPEB amounts	64,697	31,338	505	14,658	11,625	122,823	10,109
Deferred right to use leased assets	224,289	801,525	-	-	-	1,025,814	-
Total deferred inflow of resources	514,193	949,548	2,098	57,469	44,281	1,567,589	44,955
NET POSITION							
Net investment in capital assets	15,605,029	35,542,659	7,010,834	4,650,163	3,535,375	66,344,060	2,443,819
Restricted for:							
Capital projects	3,100,000	-	-	-	-	3,100,000	-
Unrestricted	19,793,146	6,788,212	7,294,724	(1,076,912)	4,711,938	37,511,108	1,710,913
Total net position	\$ 38,498,175	\$ 42,330,871	\$ 14,305,558	\$ 3,573,251	\$ 8,247,313	\$ 106,955,168	\$ 4,154,732

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, 2023

	Business-Type Activities Enterprise Funds					Governmental Activities
	Electric	Water	Sewer	Parking	Stormwater	Internal Service Funds
Operating Revenues:						
Charges for service	\$ 56,081,259	\$ 9,744,308	\$ 8,360,135	\$ 3,646,087	\$ 2,646,576	\$ 80,478,365
Penalties and fees	417,156	149,323	23,420	-	18,959	608,858
Miscellaneous	3,010	61,864	2,243	16,291	665	84,073
Total operating revenues	56,501,425	9,955,495	8,385,798	3,662,378	2,666,200	81,171,296
Operating Expenses:						
Personnel	3,508,268	2,810,554	269,648	1,203,862	672,348	8,464,680
Utility purchases	35,250,000	-	5,309,725	-	-	40,559,725
Materials and supplies	247,346	505,458	35,786	42,746	31,659	862,995
Contracted services	2,189,981	846,054	318,163	784,751	235,158	4,374,107
Depreciation/Amortization	1,547,697	1,819,034	385,304	244,042	235,373	4,231,450
Other	335,581	14,564	8,188	3,791	10,693	372,817
Total operating expenses	43,078,873	5,995,664	6,326,814	2,279,192	1,185,231	58,865,774
Operating income (loss)	13,422,552	3,959,831	2,058,984	1,383,186	1,480,969	22,305,522
Nonoperating Revenues (Expenses):						
Interest and investment revenue	458,581	128,855	113,282	843	82,904	784,465
Rent revenue	23,202	58,599	-	-	-	81,801
Interest expense	(107,165)	(222,759)	(31,455)	-	(168,166)	(529,545)
Lease/financed purchases Interest expense	-	-	-	(6,903)	-	(6,903)
Gain (loss) on Sale of Capital Assets	-	11,500	-	-	-	11,500
Total nonoperating revenues (expenses)	374,618	(23,805)	81,827	(6,060)	(85,262)	341,318
Income before capital grants, capital contributions, and transfers	13,797,170	3,936,026	2,140,811	1,377,126	1,395,707	22,646,840
Capital grants and contributions	571,526	1,389,165	-	-	75,494	2,036,185
Transfers in	-	-	-	-	-	-
Transfers out	(13,976,640)	(3,397,919)	(1,263,700)	(1,282,081)	-	(19,920,340)
Change in net position	392,056	1,927,272	877,111	95,045	1,471,201	4,762,685
Total net position - beginning of year	38,106,119	40,403,599	13,428,447	3,478,206	6,776,112	102,192,483
Total net position - end of year	\$ 38,498,175	\$ 42,330,871	\$ 14,305,558	\$ 3,573,251	\$ 8,247,313	\$ 106,955,168

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, 2023

	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	\$ 54,721,300	\$ 9,740,731	\$ 8,097,049	\$ 3,686,571	\$ 2,552,250	\$ 78,797,901
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	762,644	-	-	-	-	762,644
Customer deposits returned	(721,405)	-	-	-	-	(721,405)
Other operating receipts	17,310	61,864	2,243	16,291	665	98,373
Payments to suppliers for goods and services	(34,184,060)	(1,035,832)	(6,375,656)	(780,665)	(260,268)	(42,636,481)
Payments to employees for services	(3,713,557)	(2,914,400)	(278,201)	(1,241,018)	(716,501)	(8,863,677)
Payments for interfund services used	(319,787)	(149,036)	(52,764)	(49,666)	(70,222)	(641,475)
Net cash provided (used) by operating activities	<u>16,562,445</u>	<u>5,703,327</u>	<u>1,392,671</u>	<u>1,631,513</u>	<u>1,505,924</u>	<u>26,795,880</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	-	-	-	-
Transfers out	(13,976,640)	(3,397,919)	(1,263,700)	(1,282,081)	-	(19,920,340)
Net cash provided (used) by noncapital financing activities	<u>(13,976,640)</u>	<u>(3,397,919)</u>	<u>(1,263,700)</u>	<u>(1,282,081)</u>	<u>-</u>	<u>(19,920,340)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from bonds and notes	-	916,612	665,534	-	205,947	1,788,093
Payments of retainage	-	(132,646)	(33,601)	-	(38,106)	(204,353)
Purchases of capital assets	(1,261,334)	(2,161,130)	(681,414)	(48,313)	(559,032)	(4,711,223)
Proceeds from sale of capital assets	-	11,500	-	-	-	11,500
Capital grants received	1,251,726	1,010,733	(200,000)	-	42,414	2,104,873
Principal paid on capital debt	(143,873)	(641,065)	(62,283)	-	(218,624)	(1,065,845)
Interest paid on capital debt	(79,649)	(217,888)	(31,972)	-	(175,683)	(505,192)
Principal paid on lease payable	-	-	-	(47,004)	-	(47,004)
Interest paid on lease payable	-	-	-	(6,396)	-	(6,396)
Net cash provided (used) by capital and related financing activities	<u>(233,130)</u>	<u>(1,213,884)</u>	<u>(343,736)</u>	<u>(101,713)</u>	<u>(743,084)</u>	<u>(2,635,547)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest and rents received	185,611	112,410	39,852	843	30,358	369,074
Net cash provided (used) by investing activities	<u>185,611</u>	<u>112,410</u>	<u>39,852</u>	<u>843</u>	<u>30,358</u>	<u>369,074</u>
Net increase (decrease) in cash and cash equivalents	2,538,286	1,203,934	(174,913)	248,562	793,198	4,609,067
Cash and cash equivalents - beginning of year	<u>12,795,502</u>	<u>15,115,492</u>	<u>5,232,510</u>	<u>25,119</u>	<u>4,415,801</u>	<u>37,584,424</u>
Cash and cash equivalents - end of year	<u>\$ 15,333,788</u>	<u>\$ 16,319,426</u>	<u>\$ 5,057,597</u>	<u>\$ 273,681</u>	<u>\$ 5,208,999</u>	<u>\$ 42,193,491</u>
						<u>\$ 3,814,354</u>

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, 2023

	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)	\$ 13,422,552	\$ 3,959,831	\$ 2,058,984	\$ 1,383,186	\$ 1,480,969	\$ 22,305,522
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	1,547,697	1,819,034	385,304	244,042	235,373	4,231,450
Effect of changes in operating assets, liabilities and deferred outflows and inflows:						
Accounts receivable	(1,719,392)	(97,224)	(282,938)	38,394	(113,160)	(2,174,320)
Leases receivable	(21,979)	(57,019)	-	-	-	(78,998)
Due from other funds	(835)	-	(4,015)	-	-	(4,850)
Allowance for uncollectible accounts	(24,819)	1,343	447	-	(125)	(23,154)
Inventory	(428,192)	(129,847)	(17,593)	-	4,864	(570,768)
Prepaid expenses	(16,025)	(6,655)	(5,382)	(4,609)	(396)	(33,067)
Deferred outflow pension amounts	904,417	468,601	6,397	171,927	131,145	1,682,487
Deferred outflow OPEB amounts	(67,838)	(32,859)	(530)	(15,369)	(12,189)	(128,785)
Customer deposits	41,239	-	-	-	-	41,239
Accounts payable	39,251	327,982	(149,725)	9,883	(57,570)	169,821
Regulatory liability	3,834,741	-	-	-	-	3,834,741
Compensated absences	(490)	(18,769)	(8,277)	2,983	(8,243)	(32,796)
Net OPEB liability	(42,797)	(20,893)	(337)	(9,773)	(7,751)	(81,551)
Net pension liability	(809,062)	(419,195)	(5,722)	(153,801)	(117,318)	(1,505,098)
Due to other funds	-	4,015	-	835	-	4,850
Due to other governments	63,735	-	(582,561)	-	-	(518,826)
Unearned revenue	28,182	-	-	2,090	-	30,272
Deferred inflow pension amounts	(118,062)	(61,171)	(835)	(22,443)	(17,119)	(219,630)
Deferred inflow OPEB amounts	(69,878)	(33,847)	(546)	(15,832)	(12,556)	(132,659)
Total adjustments	3,139,893	1,743,496	(666,313)	248,327	24,955	4,490,358
Net cash provided (used) by operating activities	\$ 16,562,445	\$ 5,703,327	\$ 1,392,671	\$ 1,631,513	\$ 1,505,924	\$ 26,795,880
Noncash investing, capital, and financing activities:						
Increase (decrease) in fair value of investments	294,949	73,464	73,430	-	52,546	494,389
Increase (decrease) in capital grants receivable	150,770	(207,674)	-	-	-	(56,904)
Increase (decrease) in accrued interest receivable	8,373	2,147	2,077	-	1,517	14,114
Increase (decrease) in accrued interest payable	27,516	4,871	(517)	-	(7,517)	24,353
Increase (decrease) in accrued interest payable-leases	-	-	-	507	-	507
Capitalization of accrued payables, retainage	3,453	29,617	-	-	490	33,560
Capital contributions of property and equipment	39,677	-	-	-	-	39,677
Gain (Loss) on Capital Asset Disposal	-	-	-	-	-	-
Non-cash rent income over(under) payments received	1,223	1,580	-	-	-	2,803

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

CITY OF NEWARK, DELAWARE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023

	Pension and Other Benefits Funds
ASSETS	
Cash and cash equivalents	\$ 45,034
Investments:	
Domestic equity mutual funds	41,951,193
International equity mutual funds	25,195,349
Fixed income mutual funds	40,692,738
Real estate equity funds	5,650,499
Total assets	<u>113,534,813</u>
 NET POSITION	
Net position restricted for employee pension benefits	93,747,200
Net position restricted for other post employment benefits	19,787,613
Total net position	<u><u>\$ 113,534,813</u></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, 2023

	Pension and Other Benefits Funds
ADDITIONS	
Contributions:	
Employer	\$ 6,431,632
State aid - police	514,314
Employee	<u>588,722</u>
Total contributions	<u>7,534,668</u>
Investments:	
Investment earnings	2,897,160
Net increase in fair value of investments	11,533,800
Investment expense	<u>(87,580)</u>
Total investment income	<u>14,343,380</u>
Total additions	<u>21,878,048</u>
DEDUCTIONS	
Benefits	7,123,252
Administrative expenses	<u>109,305</u>
Total deductions	<u>7,232,557</u>
Change in net position	14,645,491
Net position - beginning of year	<u>98,889,322</u>
Net position - end of year	<u><u>\$ 113,534,813</u></u>

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

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023

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 the 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, 2023

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, 2023

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, 2023, 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, 2023, the allowance for doubtful accounts in the General Fund amounted to \$177,433.

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

As of December 31, 2023, the allowance for doubtful accounts amounted to \$409,470 in the Electric Fund, \$18,298 in the Water Fund, and \$25,136 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, 2023

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 accumulates at the rate of 15 days per year. Any unused sick leave in excess of 90 days is paid to the employee annually at the rate of one day for every three days accumulated. Employees have no vested interest in unused sick leave at termination and, accordingly, the City has no such liability. Employees may carry forward up to two weeks of vacation leave and any remaining balance is payable to the employee upon terminating employment with the City.

Compensatory time is accumulated as earned up to a maximum limit. Any unused compensatory time is payable to the employee upon terminating employment with 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.

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, 2023

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). Constraints 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, 2023.
- 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, 2023

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 2023 was \$0.9815 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, 2023, actual revenues in the General Fund exceeded budgeted revenues by \$2.2 million. The City experienced unfavorable variances in intergovernmental revenue, franchise fee revenue, and fines and forfeitures which were offset by investment and interest earnings.

General Fund operating expenditures were \$2.3 million less than appropriated. Capital outlays related to GASB 96 SIBTA implementation were not included in budgeted amounts but were offset by favorable variances in all other expenditure categories.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, Subscription Based Information Technology Agreements (SIBTAs). This standard provides guidance on the accounting and financial reporting for SIBTAs for government end users. This statement also provides a definition for SIBTA and establishes that SIBTAS result in an intangible right to use subscription asset and corresponding subscription liability.

The City adopted the requirements of the guidance effective January 1, 2023, 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, 2023

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, 2023, the carrying amount of the City's cash accounts and cash on hand was \$65,544,001, net of \$45,034 included in Fiduciary Funds. The bank balances were \$64,328,164. Of the bank balances, \$276,522 was covered by Federal Depository Insurance, \$64,051,642 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, 2023 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, 2023, 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	\$ 14,104,585	\$ 1,473	\$ 12,618,195	\$ 845,152	\$ 639,765
Corporate Notes	5,627,249	976,249	4,312,867	338,133	-
Municipal Bonds	3,743,003	642,903	3,100,100	-	-
	<u>\$ 23,474,837</u>	<u>\$ 1,620,625</u>	<u>\$ 20,031,162</u>	<u>\$ 1,183,285</u>	<u>\$ 639,765</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	20.0%
Aa2	16.0%
Aa3	11.0%
A1	47.0%
A3	3.0%
Baa2	3.0%
N/A	0.0%

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023, 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, 2023

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	\$ -	\$ 14,104,585	\$ -	\$ 14,104,585
Corporate Notes	-	5,627,249	-	5,627,249
Municipal Bonds	-	3,743,003	-	3,743,003
Domestic Equity Mutual Funds	41,951,193	-	-	41,951,193
International Equity Mutual Funds	25,195,349	-	-	25,195,349
Fixed Income Mutual Funds	40,692,738	-	-	40,692,738
Real Estate Equity Funds	5,650,499	-	-	5,650,499
	<u>\$ 113,489,779</u>	<u>\$ 23,474,837</u>	<u>\$ -</u>	<u>\$ 136,964,616</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CAPITAL ASSETS

The capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 5,543,610	\$ 1,311	\$ -	\$ 5,544,921
Construction in progress	<u>699,387</u>	<u>272,104</u>	<u>320,733</u>	<u>650,758</u>
Total capital assets not being depreciated	<u>6,242,997</u>	<u>273,415</u>	<u>320,733</u>	<u>6,195,679</u>
Capital assets being depreciated/amortized:				
Buildings	17,078,669	877,073	-	17,955,742
Improvements	40,990,471	3,145,659	-	44,136,130
Machinery and equipment	19,910,850	3,209,696	994,548	22,125,998
Right to use leased equipment	138,956	5,191	82,366	61,781
Intangible subscriptions	<u>-</u>	<u>699,689</u>	<u>-</u>	<u>699,689</u>
Total capital assets being depreciated/amortized	<u>78,118,946</u>	<u>7,937,308</u>	<u>1,076,914</u>	<u>84,979,340</u>
Less accumulated depreciation/amortization for:				
Buildings	8,057,846	422,258	-	8,480,104
Improvements	21,681,071	1,443,122	-	23,124,193
Machinery and equipment	15,527,511	1,543,236	856,852	16,213,895
Less accumulated amortization for:				
Right to use leased equipment	58,547	57,694	82,366	33,875
Intangible subscriptions	<u>-</u>	<u>265,100</u>	<u>-</u>	<u>265,100</u>
Total accumulated depreciation/amortization	<u>45,324,975</u>	<u>3,731,410</u>	<u>939,218</u>	<u>48,117,167</u>
Total capital assets being depreciated/amortized, net	<u>32,793,971</u>	<u>4,205,898</u>	<u>137,696</u>	<u>36,862,173</u>
Governmental activities capital assets, net	<u>\$ 39,036,968</u>	<u>\$ 4,479,313</u>	<u>\$ 458,429</u>	<u>\$ 43,057,852</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 CAPITAL ASSETS (cont'd)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Capital assets not being depreciated:				
Land	\$ 14,906,964	\$ -	\$ -	\$ 14,906,964
Construction in progress	630,149	1,113,556	157,275	1,586,430
Intangibles	8,126	-	-	8,126
Total capital assets not being depreciated	<u>15,545,239</u>	<u>1,113,556</u>	<u>157,275</u>	<u>16,501,520</u>
Capital assets being depreciated/amortized:				
Buildings	41,707,016	1,008,785	-	42,715,801
Right to use leased buildings	291,580	-	-	291,580
Improvements	95,364,925	1,819,161	-	97,184,086
Right to use leased improvements	271,744	-	-	271,744
Machinery and equipment	7,261,207	960,556	70,272	8,151,491
Total capital assets being depreciated/amortized	<u>144,896,472</u>	<u>3,788,502</u>	<u>70,272</u>	<u>148,614,702</u>
Less accumulated depreciation/amortization for:				
Buildings	22,514,047	1,282,858	-	23,796,905
Improvements	41,852,637	2,250,829	-	44,103,466
Machinery and equipment	4,229,498	646,300	70,272	4,805,526
Less accumulated amortization for:				
Right to use leased buildings	33,644	33,644	-	67,288
Right to use leased improvements	17,819	17,819	-	35,638
Total accumulated depreciation/amortization	<u>68,647,645</u>	<u>4,231,450</u>	<u>70,272</u>	<u>72,808,823</u>
Total capital assets being depreciated/amortized, net	<u>76,248,827</u>	<u>(442,948)</u>	<u>-</u>	<u>75,805,879</u>
Business-type activities capital assets, net	<u>\$ 91,794,066</u>	<u>\$ 670,608</u>	<u>\$ 157,275</u>	<u>\$ 92,307,399</u>

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

General government	\$ 801,314
Public safety	840,370
Public works	1,037,100
Culture and recreation	837,476
Capital assets held by the government's internal service funds and charged to the various functions based on their usage	<u>215,150</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 3,731,410</u>

Business-type activities:

Electric	\$ 1,547,697
Water	1,819,034
Sewer	385,304
Parking	244,042
Stormwater	<u>235,373</u>
Total depreciation/amortization expense - business-type activities	<u>\$ 4,231,450</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023, payments under this lease obligation are as follows:

<u>Year Ending December 31</u>	<u>Business Type Activities</u>
2024	\$ 703,350
2025	703,350
2026	703,350
2027	<u>703,350</u>
Total payments	2,813,400
Less: interest	<u>(148,182)</u>
Present value of payments	<u><u>\$ 2,665,218</u></u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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>
2024	\$ 49,255
2025	49,255
2026	49,255
2027	<u>28,732</u>
Total payments	176,497
Less: interest	<u>(8,384)</u>
Present value of payments	<u><u>\$ 168,113</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>
2024	\$ 60,290
2025	60,290
2026	60,290
2027	<u>30,148</u>
Total payments	211,018
Less: interest	<u>(10,755)</u>
Present value of payments	<u><u>\$ 200,263</u></u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

	<u>Year Ending December 31</u>	
2024		23,624
2025		23,624
2026		23,624
Total payments		70,872
Less: interest		(4,650)
Present value of payments		<u>\$ 66,222</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>
2024	31,506
2025	31,506
2026	31,507
Total payments	94,519
Less: interest	(4,232)
Present value of payments	<u>\$ 90,287</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 \$318,296 is included in total depreciation reported on the Statement of Revenues, Expenses, and Changes in Net Position.

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
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	286,590	237,054	523,644
2029 - 2033	1,465,641	1,212,308	2,677,949
2034 - 2038	1,518,623	1,256,131	2,774,754
2039 - 2040	621,702	514,234	1,135,936
Total payments	5,022,451	4,154,320	9,176,771
Less: interest	(915,698)	(757,322)	(1,673,020)
Present value of payments	<u>\$ 4,106,753</u>	<u>\$ 3,396,998</u>	<u>\$ 7,503,751</u>

On June 8, 2023, the City entered into a \$1,345,945 Equipment Purchase Agreement with Bank of America Public Capital Corporation. The loan bears an interest rate of 3.6226 percent. Payments are due semiannually starting June 28, 2024, with the final payment due December 28, 2030. The proceeds were used to reimburse the City for the purchase of twenty five vehicles for governmental and business-type departments. The present value of all future minimum payments is reported as an obligation in the Statement of Net Position and related depreciation of \$141,518 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>
2024	\$ 178,882	\$ 62,469	\$ 241,351
2025	178,882	62,469	241,351
2026	178,882	62,469	241,351
2027	178,882	62,469	241,351
2028	178,882	62,469	241,351
2029 - 2030	196,956	113,881	310,837
Total payments	1,091,366	426,226	1,517,592
Less: interest	(120,656)	(50,991)	(1,673,020)
Present value of payments	<u>\$ 970,710</u>	<u>\$ 375,235</u>	<u>\$ (155,428)</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM DEBT (cont'd)

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:

Year Ending December 31	Total
2024	\$ 16,334
2025	10,925
2026	<u>2,428</u>
Total lease payments	29,687
Less: interest	<u>(700)</u>
Present value of lease payments	<u><u>\$ 28,987</u></u>

Business Type Activities:

Year Ending December 31	
2024	\$ 54,468
2025	55,557
2026	56,668
2027	57,501
2028	58,251
2029 - 2033	165,499
2034 - 2037	<u>65,127</u>
Total lease payments	513,071
Less: interest	<u>(32,502)</u>
Present value of lease payments	<u><u>\$ 480,569</u></u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM DEBT (cont'd)

GASB 96 SIBTAs

The City has entered into several subscription-based IT agreements for information technology purposes and initiatives. Payments are made annually and interest is based on the City's incremental borrowing rate.

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 145,909	\$ 7,885	\$ 153,794
2025	150,786	4,007	154,793
Total	<u>\$ 296,695</u>	<u>\$ 11,892</u>	<u>\$ 308,587</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>
2024	\$ 210,526
2025	210,526
2026	210,526
2027	210,526
2028	210,526
2029 - 2032	736,844
Total	<u>\$ 1,789,474</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 with an interest rate of 2%. The City began making semi-annual principal and interest payments on December 1, 2023.

Year Ending December 31	Principal	Interest	Total
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	480,603	132,671	613,274
2029 - 2033	2,551,862	514,513	3,066,375
2034 - 2038	2,818,843	247,532	3,066,375
2039 - 2040	901,816	18,096	919,912
Total	<u>\$ 8,582,688</u>	<u>\$ 1,536,348</u>	<u>\$ 10,119,036</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 with an interest rate of 2.489%. The City began making semi-annual principal and interest payments on March 1, 2023.

Year Ending December 31	Principal	Interest	Total
2024	\$ 63,843	\$ 30,412	\$ 94,255
2025	65,441	28,813	94,254
2026	67,080	27,174	94,254
2027	68,760	25,494	94,254
2028	70,483	23,772	94,255
2029 - 2033	379,792	91,480	471,272
2034 - 2038	429,794	41,479	471,273
2039	92,524	1,731	94,255
Total	<u>\$ 1,237,717</u>	<u>\$ 270,355</u>	<u>\$ 1,508,072</u>

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. Draws total \$478,207 at December 31, 2023.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 LONG-TERM DEBT (cont'd)

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 began making semi-annual principal and interest payments at 2.489% on March 1, 2023.

Year Ending December 31	Principal	Interest	Total
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	204,710	72,450	277,160
2029 - 2033	1,103,069	282,730	1,385,799
2034 - 2038	1,248,294	137,505	1,385,799
2039 - 2040	405,603	10,137	415,740
Total	<u>\$ 3,731,705</u>	<u>\$ 841,433</u>	<u>\$ 4,573,138</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 through March 2040.

Year Ending December 31	Principal	Interest	Total
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	51,159	18,106	69,265
2029 - 2033	275,668	70,657	346,325
2034 - 2038	311,962	34,364	346,326
2039 - 2040	101,365	2,533	103,898
Total	<u>\$ 932,592</u>	<u>\$ 210,282</u>	<u>\$ 1,142,874</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 \$550,000 at December 31, 2023.

Year Ending			
December 31	Principal	Interest	Total
2024	\$ 72,863	\$ 13,239	\$ 86,102
2025	74,687	11,414	86,101
2026	76,558	9,543	86,101
2027	78,475	7,626	86,101
2028	80,441	5,661	86,102
2029 - 2033	166,976	5,227	172,203
Total	<u>\$ 550,000</u>	<u>\$ 52,710</u>	<u>\$ 602,710</u>

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, 2023.

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 \$1,992,568 at December 31, 2023.

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, 2023.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 CHANGES IN LONG-TERM LIABILITIES

Long term liability activity for the year ended December 31, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Lease payable	\$ 85,039	\$ 5,191	\$ (61,243)	\$ 28,987	\$ 16,334
Subscription Based IT Arrangements (SBITAs)	-	667,188	(370,493)	296,695	145,909
Notes payable/ financed purchase obligations	6,839,315	970,710	(490,944)	7,319,081	679,826
Net pension liability	32,013,784	-	(5,648,408)	26,365,376	-
Net OPEB liability	4,734,750	-	(255,434)	4,479,316	-
Compensated absences	<u>1,450,188</u>	<u>1,748,653</u>	<u>(1,761,397)</u>	<u>1,437,444</u>	<u>143,744</u>
Long-term liabilities	<u>\$ 45,123,076</u>	<u>\$ 3,391,742</u>	<u>\$ (8,587,919)</u>	<u>\$ 39,926,899</u>	<u>\$ 985,813</u>
<u>Business-Type Activities</u>					
Lease payable	\$ 527,573	\$ -	\$ (47,004)	\$ 480,569	\$ 48,659
Notes payable/ financed purchase obligations	6,960,507	375,235	(177,168)	7,158,574	1,509,670
State Revolving loans	17,174,643	1,206,911	(507,007)	17,874,547	812,298
Net pension liability	8,530,522	-	(1,505,098)	7,025,424	-
Net OPEB liability	1,511,622	-	(81,551)	1,430,071	-
Compensated absences	<u>425,407</u>	<u>419,922</u>	<u>(452,718)</u>	<u>392,611</u>	<u>39,260</u>
Long-term liabilities	<u>\$ 36,437,009</u>	<u>\$ 2,002,068</u>	<u>\$ (4,077,281)</u>	<u>\$ 34,361,796</u>	<u>\$ 2,409,887</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, 2023, \$2,801,122 of notes payable, \$68,678 of compensated absences, \$584,339 of net pension liability and \$118,188 of net OPEB liability from internal service funds are included in the above amounts.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 6 INTERFUND TRANSFERS, RECEIVABLES & PAYABLES

The composition of interfund transfers as of the year ended December 31, 2023 was as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 19,937,664	\$ 3,923,704
Capital Projects Fund	3,093,063	-
Nonmajor Governmental Funds	697,641	17,324
Electric Fund	-	13,976,640
Water Fund	-	3,397,919
Sewer Fund	-	1,263,700
Parking Fund	-	1,282,081
Stormwater Fund	-	-
Internal Services Fund	133,000	-
	<u>\$ 23,861,368</u>	<u>\$ 23,861,368</u>
Total transfers	<u>\$ 23,861,368</u>	<u>\$ 23,861,368</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, 2023 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	378,072
Sewer	Water	15,540
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
		<u>\$ 5,222,612</u>
Total		<u>\$ 5,222,612</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, 2023

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, 2023, the City recognized \$81,801 and \$16,512 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>
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	78,535	10,456	88,991
2029 - 2033	435,360	34,998	470,358
2034 - 2038	193,039	11,083	204,122
2039 - 2041	70,569	1,529	72,098
Total	<u>\$ 1,062,640</u>	<u>\$ 110,061</u>	<u>\$ 1,172,701</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, 2023

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, 2023

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 2023 was 4.5 percent of current base and longevity pay earned. Contributions for AFSCME Locals 1670 and 3919 for 2023 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 2023.

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, 2023

NOTE 8 PENSIONS (cont'd)

The City's contributions for the fiscal year ended December 31, 2023 totaled \$5,051,314 including \$514,314 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, 2023, the most recent actuarial valuation, employee membership consisted of:

Police and Nonpolice Participants	Police	Non Police	Total
Active employees	60	81	141
Retired and disabled members receiving benefits	78	134	212
Deferred vested participants	1	12	13
Total	139	227	366

The City's total payroll for all employees covered by the Plan for the current year was \$11,295,736. 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, 2023

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, 2023:

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, 2023

NOTE 8 PENSIONS (cont'd)

The condensed financial statements as of and for the year ended December 31, 2023 are as follows:

Statement of Fiduciary Net Position
Employee's Pension Trust Fund

ASSETS

Investments:

Domestic equity mutual funds	\$ 34,603,378
International equity mutual funds	20,644,033
Fixed income mutual funds	33,889,458
Real estate equity funds	<u>4,610,331</u>

Total assets	<u>93,747,200</u>
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NET POSITION

Restricted for employee post employment benefits	<u>\$ 93,747,200</u>
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Statement of Changes in Fiduciary Net Position
Employee's Pension Trust Fund

ADDITIONS

Contributions:

Employer contributions	\$ 4,537,000
State aid - police	514,314
Employee contributions	<u>588,722</u>
Total contributions	<u>5,640,036</u>

Investments:

Investment earnings	2,392,203
Net increase in fair value of investments	9,537,324
Investment expense	<u>(76,222)</u>
Total investment earnings (deficit)	<u>11,853,305</u>
Total additions	<u>17,493,341</u>

DEDUCTIONS

Benefits	6,228,620
Administrative expenses	<u>87,215</u>
Total deductions	<u>6,315,835</u>

Change in net position	11,177,506
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Net position, January 1	<u>82,569,694</u>
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Net position, December 31	<u>\$ 93,747,200</u>
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CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023.

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, 2023 was 14.45 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, 2023 are detailed below:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
U.S. Cash	2.00%	0.76%
U.S. Corporate Bonds	18.00%	2.21%
U.S. Government Bonds	5.00%	1.98%
U.S. Intermediate-Term Bonds	5.00%	2.47%
U.S. High Yield Bonds	7.00%	4.02%
U.S. Large Cap	12.50%	5.38%
U.S. Large/Mid Cap	12.50%	5.42%
U.S. Mid Cap	10.00%	5.95%
U.S. Small Cap	5.00%	6.94%
Foreign Developed Equity	10.00%	6.92%
Emerging Markets Equity	5.00%	9.59%
U.S. REITs	5.00%	6.63%
Commodities	3.00%	3.11%

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 PENSIONS (cont'd)

Net Pension Liability

The net pension liability of the trust as of December 31, 2023 was for the measurement date December 31, 2023:

Total pension liability	\$ 127,138,000
Fiduciary net position	<u>(93,747,200)</u>
Net pension liability	<u>\$ 33,390,800</u>
Fiduciary net position as a % of total pension liability	73.74%
Changes in net pension liability:	
Service cost	\$ 2,365,284
Interest on total pension liability	7,344,620
Effect of plan changes	-
Effect of economic/demographic (gains) or losses	542,716
Effect of assumptions changes or inputs	-
Benefit payments	<u>(6,228,620)</u>
Net change in total pension liability	4,024,000
Total pension liability, beginning	<u>123,114,000</u>
Total pension liability, ending (a)	<u>\$ 127,138,000</u>
Fiduciary Net Position	
Employer contributions	5,051,314
Member contributions	588,722
Investment income net of investment expenses	11,853,305
Benefit payments	(6,228,620)
Administrative expenses	<u>(87,215)</u>
Net change in plan fiduciary net position	11,177,506
Fiduciary net position, beginning	<u>82,569,694</u>
Fiduciary net position, ending (b)	<u>\$ 93,747,200</u>
Net pension liability, ending = (a) - (b)	<u>\$ 33,390,800</u>
Covered payroll	\$ 11,295,736
Net pension liability as a % of covered payroll	295.61%

**CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 PENSIONS (cont'd)

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

Valuation date	January 1, 2023, rolled forward to December 31, 2023
Measurement date	December 31, 2023
Actuarial cost method	Entry Age Normal
Amortization period	Level dollar 19 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,
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	3.26%

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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	\$ 143,248,000	\$ 127,138,000	\$ 113,764,000
Fiduciary net position	93,747,200	93,747,200	93,747,200
Net pension liability	<u>\$ 49,500,800</u>	<u>\$ 33,390,800</u>	<u>\$ 20,016,800</u>

Deferred Inflows/Outflows of Resources

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ (10,045)	\$ 1,297,495
Changes of assumptions	(1,981,170)	1,671,550
Net difference between projected and actual earnings	-	3,400,788
Total	<u>\$ (1,991,215)</u>	<u>\$ 6,369,833</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:

2024	\$ 1,677,724
2025	1,318,813
2026	2,765,903
2027	(1,383,822)
	<u>\$ 4,378,618</u>

**CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

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 has not been prepared.

Participant data consisted of the following at January 1, 2023, the date of the latest actuarial valuation:

<u>Participants</u>	
Active	150
Retired	<u>174</u>
Total	<u><u>324</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 2023, the City contributed \$1,894,632 to prefund benefits and to pay current premiums for post-employment benefits. For 2023, the current premium costs of those benefits were \$894,632.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023, was 14.82 percent. The money-weighted rate of return considers the changing amounts 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	3.26%

The condensed financial statements as of and for the year ended December 31, 2023 are as follows:

Statement of Fiduciary Net Position
Other Post-Employment Benefits Plan
December 31, 2023

ASSETS	
Cash and cash equivalents	\$ 45,034
Investments:	
Domestic equity mutual funds	7,347,815
International equity mutual funds	4,551,316
Fixed income mutual funds	6,803,280
Real estate equity funds	1,040,168
Total assets	<u>19,787,613</u>
NET POSITION	
Restricted for employee post employment benefits	<u>\$ 19,787,613</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023

ADDITIONS	
Contributions:	
Employer contributions	\$ 1,894,632
Investments:	
Investment earnings	504,957
Net increase (decrease) in fair value of investments	1,996,476
Investment expense	<u>(11,358)</u>
Total additions	<u>4,384,707</u>
DEDUCTIONS	
Benefits	894,632
Administrative expenses	<u>22,090</u>
Total deductions	<u>916,722</u>
Change in net position	3,467,985
Net position, January 1	<u>16,319,628</u>
Net position, December 31	<u><u>\$ 19,787,613</u></u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023 were as follows:

Total OPEB liability	\$ 25,697,000
Fiduciary net position	<u>(19,787,613)</u>
Net OPEB liability	<u>\$ 5,909,387</u>
Fiduciary net position as a % of total OPEB liability	77.00%

Changes in Net OPEB Liability

Total OPEB liability	
Service cost	\$ 424,411
Interest on total OPEB liability	1,343,487
Effect of plan changes	-
Effect of economic/demographic (gains) or losses	969,734
Effect of assumptions changes or inputs	1,609,000
Benefit payments	<u>(1,215,632)</u>
Net change in total OPEB liability	3,131,000
Total OPEB liability, beginning	<u>22,566,000</u>
Total OPEB liability, ending (a)	<u>\$ 25,697,000</u>
Fiduciary net position	
Employer contributions	2,215,632
Investment income net of investment expenses	2,490,075
Benefit payments	(1,215,632)
Administrative expenses	<u>(22,090)</u>
Net change in plan fiduciary net position	3,467,985
Fiduciary net position, beginning	<u>16,319,628</u>
Fiduciary net position, ending (b)	<u>\$ 19,787,613</u>
Net OPEB liability, ending = (a) - (b)	<u>\$ 5,909,387</u>
Fiduciary net position as a % of total OPEB liability	77.00%
Covered payroll	\$ 12,483,748
Net OPEB liability as a % of covered payroll	47.34%

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

The City's net OPEB liability was measured as of December 31, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2023.

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

Valuation date	January 1, 2023, rolled forward to December 31, 2023
Measurement date	December 31, 2023
Actuarial cost method	Entry Age Normal
Amortization period	Level dollar 19 year amortization period and will decline by 1 year each year.
Asset valuation method	Market value
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.
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	\$ 28,083,000	\$ 25,697,000	\$ 23,589,000
Fiduciary net position	19,787,613	19,787,613	19,787,613
Net OPEB liability	<u>\$ 8,295,387</u>	<u>\$ 5,909,387</u>	<u>\$ 3,801,387</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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	\$ 24,442,000	\$ 25,697,000	\$ 26,781,000
Fiduciary net position	19,787,613	19,787,613	19,787,613
Net OPEB liability	<u>\$ 4,654,387</u>	<u>\$ 5,909,387</u>	<u>\$ 6,993,387</u>

Deferred Inflows/Outflows of Resources

At December 31, 2023, 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	\$ (6,457)	\$ 938,336
Changes of assumptions	(498,991)	1,271,965
Net difference between projected and actual earnings	-	474,533
Total	<u>\$ (505,448)</u>	<u>\$ 2,684,834</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:	
2024	\$ 510,670
2025	799,627
2026	1,102,590
2027	(233,501)
	<u>\$ 2,179,386</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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 2023.

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 2023, total contributions to the plan were \$948,665.

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 2023, contributions to the plan were \$13,517.

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 2023, plan contributions totaled \$283,888.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023, 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
2023	\$ 1,400,713	\$ -	\$ 29,730	\$ 1,370,983
2022	\$ 1,771,903	\$ -	\$ 371,190	\$ 1,400,713
2021	\$ 1,753,596	\$ 18,307	\$ -	\$ 1,771,903

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, 2023

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, 2023:

	Total	General Fund	Capital Projects Fund	Other Governmental Funds
General government	\$ 172,578	\$ 172,578	\$ -	\$ -
Public safety	140,329	114,006	-	26,323
Public works	43,967	43,967	-	-
Community development	82,723	-	-	82,723
Culture & recreation	7,813	7,813	-	-
Capital projects	<u>2,733,068</u>	<u>-</u>	<u>2,710,570</u>	<u>22,498</u>
	<u>\$ 3,180,478</u>	<u>\$ 338,364</u>	<u>\$ 2,710,570</u>	<u>\$ 131,544</u>

NOTE 16 LITIGATION

There were three pending lawsuits in which the City was involved at December 31, 2023. The City has filed a motion to dismiss one suit and the other two cases are in their initial stages. Additionally, there were two pending claims against the City as of the date of the financial statements.



NEWARK
PRESTON'S
PLAYGROUND
NEWARK PARKS & RECREATION

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	2023
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	\$ 2,365,284
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	7,344,620
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	542,716
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>	<u>(6,228,620)</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	4,024,000
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>	<u>123,114,000</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>	<u>\$ 127,138,000</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	5,051,314
Member contributions	513,766	522,921	529,344	565,748	641,550	671,488	637,250	618,836	588,722
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)	11,853,305
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>	<u>(6,228,620)</u>
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>	<u>(87,215)</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)	11,177,506
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>	<u>82,569,694</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>	<u>\$ 93,747,200</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>	<u>\$ 33,390,800</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%	73.74%
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	\$ 11,295,736
Net pension liability as a % of covered payroll	183.71%	210.09%	183.85%	261.69%	221.69%	186.94%	185.28%	324.16%	295.61%

* 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, 2023

Notes to schedule:

Valuation date	January 1, 2023, rolled forward to December 31, 2023
Measurement date	December 31, 2023
Actuarial cost method	Entry Age Normal
Amortization period	Level dollar 19 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,
Mortality rate	PUBG/PUBS-2010 Mortality Tables projected on a generational basis using Scale MP-2021.

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

<u>Fiscal Year Ending December 31</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contribution as a % of Covered Payroll</u>
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%
2023	4,545,763	5,051,314	(505,551)	11,295,736	44.72%

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%
Year Ended December 31, 2023	14.45%

* 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	2023
Total OPEB liability						
Service cost	\$ 440,270	\$ 467,117	\$ 463,065	\$ 482,265	\$ 482,173	\$ 424,411
Interest on total OPEB liability	1,289,956	1,342,448	1,221,074	1,305,308	1,255,262	1,343,487
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	969,734
Effect of assumptions changes or inputs	(51,000)	(1,194,000)	372,000	(1,217,000)	(91,000)	1,609,000
Benefit payments (including implicit rate subsidy)	<u>(918,064)</u>	<u>(827,178)</u>	<u>(843,975)</u>	<u>(806,001)</u>	<u>(903,681)</u>	<u>(1,215,632)</u>
Net change in total OPEB liability	736,000	(289,000)	1,366,000	124,000	772,000	3,131,000
Total OPEB liability, beginning	<u>19,857,000</u>	<u>20,593,000</u>	<u>20,304,000</u>	<u>21,670,000</u>	<u>21,794,000</u>	<u>22,566,000</u>
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>	<u>\$ 25,697,000</u>
Fiduciary net position						
Employer contributions	1,414,064	1,426,178	1,638,975	1,679,226	1,803,681	2,215,632
Implicit rate subsidy contribution*	304,000	201,000	205,000	132,000	136,000	321,000
Investment income (loss) net of investment expenses	(543,150)	2,044,852	2,042,865	2,000,344	(2,820,984)	2,490,075
Benefit payments	(614,064)	(626,178)	(638,975)	(674,001)	(903,681)	(1,215,632)
Implicit rate subsidy payments*	(304,000)	(201,000)	(205,000)	(132,000)	(136,000)	(321,000)
Administrative expenses	<u>(22,390)</u>	<u>(15,440)</u>	<u>(21,290)</u>	<u>(12,265)</u>	<u>(27,340)</u>	<u>(22,090)</u>
Net change in plan fiduciary net position	234,460	2,829,412	3,021,575	2,993,304	(1,948,324)	3,467,985
Fiduciary net position, beginning	<u>9,189,201</u>	<u>9,423,661</u>	<u>12,253,073</u>	<u>15,274,648</u>	<u>18,267,952</u>	<u>16,319,628</u>
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>	<u>\$ 19,787,613</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>	<u>\$ 5,909,387</u>
Fiduciary net position as a % of total OPEB liability	45.76%	60.35%	70.49%	83.82%	72.32%	77.00%
Covered payroll	\$ 11,696,145	\$ 12,425,486	\$ 12,826,195	\$ 12,775,169	\$ 12,371,445	\$ 12,483,748
Net OPEB liability as a % of covered payroll	95.50%	64.79%	49.86%	27.60%	50.49%	47.34%

*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, 2023, rolled forward to December 31, 2023
Measurement date	December 31, 2023
Actuarial cost method	Entry Age Normal
Amortization period	Level dollar 19 year amortization period and will decline by 1 year each year.
Asset valuation method	Market value
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.
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>
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%
2023	1,003,858	1,894,632	(890,774)	12,483,748	15.18%

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%
Year Ended December 31, 2023	14.82%

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



NEWARK HIST

COMBINING FUND STATEMENTS

**CITY OF NEWARK, DELAWARE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	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	\$ 35,402	\$ 6,275	\$ 749,264	\$ 417,258	\$ 1,254,539
Accounts receivable	-	107,515	198,295	49,327	-	355,137
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 46,340</u>	<u>\$ 142,917</u>	<u>\$ 204,570</u>	<u>\$ 798,591</u>	<u>\$ 417,258</u>	<u>\$ 1,609,676</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 276	\$ -	\$ 30,014	\$ 14,946	\$ 7,090	\$ 52,326
Unearned revenues	-	-	99,556	226,436	-	325,992
Due to other funds	-	106,400	75,000	-	-	181,400
Total liabilities	<u>276</u>	<u>106,400</u>	<u>204,570</u>	<u>241,382</u>	<u>7,090</u>	<u>559,718</u>
FUND BALANCES						
Nonspendable						
Prepaid items	-	-	-	-	-	-
Restricted for						
Safetytown programs	-	-	-	-	68,312	68,312
Parks donations	-	-	-	-	34,990	34,990
Recreation donations	-	-	-	-	38,167	38,167
Island beautification	-	-	-	-	104,353	104,353
Parkland improvements	-	-	-	-	75,384	75,384
Other parks programs	-	-	-	-	88,962	88,962
Law enforcement	-	-	-	557,209	-	557,209
Assigned to						
Debt service	46,064	-	-	-	-	46,064
Transportation	-	36,517	-	-	-	36,517
Total fund balances	<u>46,064</u>	<u>36,517</u>	<u>-</u>	<u>557,209</u>	<u>410,168</u>	<u>1,049,958</u>
Total liabilities and fund balances	<u>\$ 46,340</u>	<u>\$ 142,917</u>	<u>\$ 204,570</u>	<u>\$ 798,591</u>	<u>\$ 417,258</u>	<u>\$ 1,609,676</u>

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

		Special Revenue Funds				Total Nonmajor Governmental Funds
	Debt Service	Transportation Fund	Community Development Fund	Law Enforcement	Parks and Recreation	
REVENUES						
Fines, forfeits and costs	\$ -	\$ -	\$ -	\$ 4,964	\$ -	\$ 4,964
Interest and investment earnings	-	-	-	14,711	-	14,711
Intergovernmental revenues	-	107,535	408,472	329,961	42,046	888,014
Charges for services	-	-	-	-	4,511	4,511
Total revenues	-	107,535	408,472	349,636	46,557	912,200
EXPENDITURES						
Current:						
General government	-	195,395	-	-	-	195,395
Public safety	-	-	-	305,756	-	305,756
Community development	-	-	360,136	-	-	360,136
Culture and recreation	-	-	-	-	6,008	6,008
Debt service:						
Principal	444,946	-	-	-	-	444,946
Interest	115,749	-	-	-	-	115,749
Capital outlay	-	-	48,336	100,253	6,510	155,099
Total expenditures	560,695	195,395	408,472	406,009	12,518	1,583,089
Excess (deficiency) of revenues over (under) expenditures	(560,695)	(87,860)	-	(56,373)	34,039	(670,889)
OTHER FINANCING SOURCES (USES)						
Transfers in	578,202	119,439	-	-	-	697,641
Transfers out	(17,324)	-	-	-	-	(17,324)
Total other financing sources and (uses)	560,878	119,439	-	-	-	680,317
Net change in fund balances	183	31,579	-	(56,373)	34,039	9,428
Fund balances - January 1	45,881	4,938	-	613,582	376,129	1,040,530
Fund balances - December 31	\$ 46,064	\$ 36,517	\$ -	\$ 557,209	\$ 410,168	\$ 1,049,958

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Debt service:				
Principal	\$ 767,153	\$ 767,153	\$ 444,946	\$ 322,207
Interest	<u>515,692</u>	<u>515,692</u>	<u>115,749</u>	<u>399,943</u>
Total debt service	<u>1,282,845</u>	<u>1,282,845</u>	<u>560,695</u>	<u>722,150</u>
Total expenditures	<u>1,282,845</u>	<u>1,282,845</u>	<u>560,695</u>	<u>722,150</u>
Deficiency of revenues under expenditures	<u>(1,282,845)</u>	<u>(1,282,845)</u>	<u>(560,695)</u>	<u>722,150</u>
Other Financing Sources (Uses)				
Transfers In	1,282,845	1,282,845	578,202	(704,643)
Transfers Out	<u>-</u>	<u>-</u>	<u>(17,324)</u>	<u>(17,324)</u>
Total other financing sources and uses	<u>1,282,845</u>	<u>1,282,845</u>	<u>560,878</u>	<u>(721,967)</u>
Net change in fund balances	-	-	183	<u>\$ 183</u>
Fund balances - January 1	<u>45,881</u>	<u>45,881</u>	<u>45,881</u>	
Fund balances - December 31	<u>\$ 45,881</u>	<u>\$ 45,881</u>	<u>\$ 46,064</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, 2023

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental revenues	\$ 143,380	\$ 143,380	\$ 107,535	\$ (35,845)
Total revenues	143,380	143,380	107,535	(35,845)
EXPENDITURES				
Current:				
General government	305,279	305,279	195,395	109,884
Total general government	305,279	305,279	195,395	109,884
Capital outlay	-	-	-	-
Total expenditures	305,279	305,279	195,395	109,884
Excess (deficiency) of revenues over (under) expenditures	(161,899)	(161,899)	(87,860)	74,039
Other Financing Sources (Uses)				
Transfers in	161,899	161,899	119,439	(42,460)
Total other financing sources and uses	161,899	161,899	119,439	(42,460)
Net change in fund balances	-	-	31,579	\$ 31,579
Fund balances - January 1	4,938	4,938	4,938	
Fund balances - December 31	\$ 4,938	\$ 4,938	\$ 36,517	

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues	<u>\$ 284,268</u>	<u>\$ 284,268</u>	<u>\$ 408,472</u>	<u>\$ 124,204</u>
Total revenues	<u>284,268</u>	<u>284,268</u>	<u>408,472</u>	<u>124,204</u>
EXPENDITURES				
Current:				
Community development:				
Community development & subventions	<u>283,984</u>	<u>283,984</u>	<u>360,136</u>	<u>(76,152)</u>
Total community development	<u>283,984</u>	<u>283,984</u>	<u>360,136</u>	<u>(76,152)</u>
Capital outlay	<u>25,000</u>	<u>25,000</u>	<u>48,336</u>	<u>(23,336)</u>
Total expenditures	<u>308,984</u>	<u>308,984</u>	<u>408,472</u>	<u>(99,488)</u>
Excess of revenues over expenditures	<u>(24,716)</u>	<u>(24,716)</u>	<u>-</u>	<u>24,716</u>
Other Financing Sources (Uses)				
Transfers In	<u>24,716</u>	<u>24,716</u>	<u>-</u>	<u>(24,716)</u>
Total other financing sources and uses	<u>24,716</u>	<u>24,716</u>	<u>-</u>	<u>(24,716)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>\$ -</u>
Fund balances - January 1	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balances - December 31	<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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines, forfeits and costs	\$ 5,000	\$ 5,000	\$ 4,964	\$ (36)
Interest and investment earnings	-	-	14,711	14,711
Intergovernmental revenues	322,885	322,885	329,961	7,076
Total revenues	327,885	327,885	349,636	21,751
EXPENDITURES				
Current:				
Public safety:				
Police	321,709	321,709	305,756	15,953
Total public safety	321,709	321,709	305,756	15,953
Capital outlay	-	-	100,253	(100,253)
Total expenditures	321,709	321,709	406,009	(84,300)
Excess (deficiency) of revenues over (under) expenditures	6,176	6,176	(56,373)	(62,549)
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	6,176	6,176	(56,373)	\$ (62,549)
Fund balances - January 1	613,582	613,582	613,582	
Fund balances - December 31	\$ 619,758	\$ 619,758	\$ 557,209	

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenue	\$ 23,775	\$ 23,775	\$ 42,046	\$ 18,271
Charges for services	2,500	2,500	4,511	2,011
Total revenues	26,275	26,275	46,557	20,282
EXPENDITURES				
Current:				
Culture and recreation:				
Parks and recreation	42,020	42,020	5,625	36,395
Landscape beautification	12,200	12,200	383	11,817
Total culture and recreation	54,220	54,220	6,008	48,212
Capital Outlay	-	35,000	6,510	28,490
Total expenditures	54,220	89,220	12,518	76,702
Excess (deficiency) of revenues over (under) expenditures	(27,945)	(62,945)	34,039	96,984
Other Financing Sources (Uses)				
Transfers in	27,945	27,945	-	(27,945)
Transfers Out	-	-	-	-
Total other financing sources and uses	27,945	27,945	-	(27,945)
Net change in fund balances	-	(35,000)	34,039	\$ 69,039
Fund balances - January 1	376,129	376,129	376,129	
Fund balances - December 31	\$ 376,129	\$ 341,129	\$ 410,168	

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2023

	Maintenance Fund	Self- Insurance Fund	Total Internal Service Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 261,695	\$ 1,059,421	\$ 1,321,116
Investments, unrestricted	-	661,392	661,392
Accounts receivable, net	23	3,264	3,287
Due from other funds	2,558,100	1,265,900	3,824,000
Inventory	20,129	-	20,129
Prepaid items	63,152	5,000	68,152
Restricted Assets:			
Cash and cash equivalents	2,493,238	-	2,493,238
Total current assets	<u>5,396,337</u>	<u>2,994,977</u>	<u>8,391,314</u>
Noncurrent assets:			
Capital assets, net:			
Land	44,230	-	44,230
Buildings	5,008,345	-	5,008,345
Improvements	53,787	-	53,787
Machinery and equipment	330,523	-	330,523
Total noncurrent assets	<u>5,436,885</u>	<u>-</u>	<u>5,436,885</u>
Total assets	<u>10,833,222</u>	<u>2,994,977</u>	<u>13,828,199</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred pension amounts	111,472	-	111,472
Deferred OPEB amounts	53,697	-	53,697
Total deferred outflow of resources	<u>165,169</u>	<u>-</u>	<u>165,169</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	369,568	1,393,388	1,762,956
Compensated absences	40,598	-	40,598
Due to other funds	1,965,900	-	1,965,900
Accrued interest payable	21,895	-	21,895
Bonds, notes, and lease payable	126,247	-	126,247
Total current liabilities	<u>2,524,208</u>	<u>1,393,388</u>	<u>3,917,596</u>
Noncurrent liabilities:			
Compensated absences	28,080	-	28,080
Net OPEB liability	118,188	-	118,188
Net pension liability	584,339	-	584,339
Unearned revenue	2,470,603	-	2,470,603
Bonds, notes, and lease payable	2,674,875	-	2,674,875
Total noncurrent liabilities	<u>5,876,085</u>	<u>-</u>	<u>5,876,085</u>
Total liabilities	<u>8,400,293</u>	<u>1,393,388</u>	<u>9,793,681</u>
DEFERRED INFLOW OF RESOURCES			
Deferred pension amounts	34,846	-	34,846
Deferred OPEB amounts	10,109	-	10,109
	<u>44,955</u>	<u>-</u>	<u>44,955</u>
NET POSITION			
Net investment in capital assets	2,443,819	-	2,443,819
Unrestricted	109,324	1,601,589	1,710,913
Total net position	<u>\$ 2,553,143</u>	<u>\$ 1,601,589</u>	<u>\$ 4,154,732</u>

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Maintenance Fund	Self- Insurance Fund	Total Internal Service Funds
Operating Revenues:			
Charges for service	\$ 2,773,541	\$ 25,464	\$ 2,799,005
Miscellaneous	-	-	-
Total operating revenues	<u>2,773,541</u>	<u>25,464</u>	<u>2,799,005</u>
Operating Expenses:			
Personnel	864,822	-	864,822
Materials and supplies	841,396	-	841,396
Contracted services	615,812	25,464	641,276
Depreciation	215,150	-	215,150
Other	169,450	-	169,450
Total operating expenses	<u>2,706,630</u>	<u>25,464</u>	<u>2,732,094</u>
Operating income	<u>66,911</u>	<u>-</u>	<u>66,911</u>
Nonoperating Revenues (Expenses):			
Interest and investment loss	-	30,949	30,949
Interest expense	(66,888)	-	(66,888)
Gain (loss) on Sale of Capital Assets	<u>2,598</u>	<u>-</u>	<u>2,598</u>
Total nonoperating revenues (expenses)	<u>(64,290)</u>	<u>30,949</u>	<u>(33,341)</u>
Income before capital grants, capital contributions, and transfers	2,621	30,949	33,570
Capital grants and contributions	754,324	-	754,324
Transfers in	<u>-</u>	<u>133,000</u>	<u>133,000</u>
Change in net position	756,945	163,949	920,894
Total net position - beginning of year	<u>1,796,198</u>	<u>1,437,640</u>	<u>3,233,838</u>
Total net position - end of year	<u><u>\$ 2,553,143</u></u>	<u><u>\$ 1,601,589</u></u>	<u><u>\$ 4,154,732</u></u>

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Maintenance Fund	Self- Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund charges for fleet management services	\$ 1,653,890	\$ -	\$ 1,653,890
Receipts from interfund charges for facility management services	1,119,651	-	1,119,651
Receipts from interfund charges for risk management services	-	25,464	25,464
Other operating receipts	207	-	207
Payments to suppliers for goods and services	(1,533,287)	(42,964)	(1,576,251)
Payments to employees for services	(888,969)	-	(888,969)
	<u>351,492</u>	<u>(17,500)</u>	<u>333,992</u>
Net cash provided (used) by operating activities			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	133,000	133,000
Net cash provided (used) by noncapital financing activities	-	133,000	133,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payments of retainage	(18,631)	-	(18,631)
Purchases of capital assets	(942,904)	-	(942,904)
Proceeds from sale of capital assets	13,100	-	13,100
Capital grants received	3,029,402	-	3,029,402
Principal paid on capital debt	(122,553)	-	(122,553)
Interest paid on capital debt	(67,846)	-	(67,846)
Net cash provided (used) by capital and related financing activities	1,890,568	-	1,890,568
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	10,704	10,704
Net cash provided (used) by investing activities	-	10,704	10,704
Net increase (decrease) in cash and cash equivalents	2,242,060	126,204	2,368,264
Cash and cash equivalents - beginning of year	512,873	933,217	1,446,090
Cash and cash equivalents - end of year	<u>\$ 2,754,933</u>	<u>\$ 1,059,421</u>	<u>\$ 3,814,354</u>
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income	\$ 66,911	\$ -	\$ 66,911
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	215,150	-	215,150
Effect of changes in operating assets and liabilities			
Accounts receivable	207	-	207
Inventory	(4,407)	-	(4,407)
Prepaid expenses	(10,391)	(5,000)	(15,391)
Deferred outflow pension amounts	139,941	-	139,941
Deferred outflow OPEB amounts	(10,600)	-	(10,600)
Accounts payable	107,622	(12,500)	95,122
Compensated absences	8,170	-	8,170
Net OPEB liability	(6,739)	-	(6,739)
Net pension liability	(125,186)	-	(125,186)
Deferred inflow pension amounts	(18,268)	-	(18,268)
Deferred inflow OPEB amounts	(10,918)	-	(10,918)
Total adjustments	284,581	(17,500)	267,081
Net cash provided (used) by operating activities	<u>\$ 351,492</u>	<u>\$ (17,500)</u>	<u>\$ 333,992</u>
Noncash investing, capital, and financing activities:			
Increase (decrease) in fair value of investments	-	20,245	20,245
Increase (decrease) in capital grants receivable	(229,332)	-	(229,332)
Increase (decrease) in accrued interest payable	(958)	-	(958)
Capitalization of accrued payables, retainage	8,558	-	8,558
Gain (loss) on capital asset disposal	(10,502)	-	(10,502)

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023

	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	34,603,378	7,347,815	41,951,193
International equity mutual funds	20,644,033	4,551,316	25,195,349
Fixed income mutual funds	33,889,458	6,803,280	40,692,738
Real estate equity funds	4,610,331	1,040,168	5,650,499
 Total assets	 <u>93,747,200</u>	 <u>19,787,613</u>	 <u>113,534,813</u>
 NET POSITION			
Net position restricted for employee pension benefits	93,747,200	-	93,747,200
Net position restricted for other post employment benefits	-	19,787,613	19,787,613
Total net position	<u>\$ 93,747,200</u>	<u>\$ 19,787,613</u>	<u>\$ 113,534,813</u>

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Employees Pension Trust Fund	Other Post- Employment Benefits Fund	Total Fiduciary Funds
ADDITIONS			
Contributions:			
Employer contributions	\$ 4,537,000	\$ 1,894,632	\$ 6,431,632
State aid - police	514,314	-	514,314
Employee contributions	588,722	-	588,722
Total contributions	<u>5,640,036</u>	<u>1,894,632</u>	<u>7,534,668</u>
Investments:			
Investment earnings	2,392,203	504,957	2,897,160
Net increase in fair value of investments	9,537,324	1,996,476	11,533,800
Investment expense	(76,222)	(11,358)	(87,580)
Total investment earnings (deficit)	<u>11,853,305</u>	<u>2,490,075</u>	<u>14,343,380</u>
Total additions	<u>17,493,341</u>	<u>4,384,707</u>	<u>21,878,048</u>
DEDUCTIONS			
Benefits	6,228,620	894,632	7,123,252
Administrative expenses	87,215	22,090	109,305
Total deductions	<u>6,315,835</u>	<u>916,722</u>	<u>7,232,557</u>
Change in net position	11,177,506	3,467,985	14,645,491
Net position - January 1	<u>82,569,694</u>	<u>16,319,628</u>	<u>98,889,322</u>
Net position - December 31	<u>\$ 93,747,200</u>	<u>\$ 19,787,613</u>	<u>\$ 113,534,813</u>



STATISTICAL SECTION

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends	106-110
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	111-118
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	119-122
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	123-124
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	125-127
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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 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	\$ 35,657,001
Restricted	426,369	176,186	1,337	893,224	1,172,296	1,117,957	1,390,826	1,750,464	1,102,982	1,838,476
Unrestricted	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)	(7,949,355)
Total governmental activities net position	<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>	<u>\$ 29,546,122</u>
Business-type activities										
Net investment in capital assets	\$ 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	\$ 66,344,060
Restricted	817,815	-	-	-	-	-	-	1,889,150	3,100,000	3,100,000
Unrestricted	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	37,511,108
Total business-type activities net position	<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>	<u>\$ 106,955,168</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 102,001,061
Restricted	1,244,184	176,186	1,337	893,224	1,172,296	1,117,957	1,390,826	3,639,614	4,202,982	4,938,476
Unrestricted	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	29,561,753
Total primary government net position	<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>	<u>\$ 136,501,290</u>

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 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	\$ 9,251,109
Public safety	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	18,694,763
Public works	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	5,133,522
Community development	178,555	238,997	204,919	152,971	257,509	201,776	142,761	221,966	429,060	360,136
Culture and recreation	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	4,315,556
Interest expense	28,512	22,073	19,551	21,032	22,037	15,087	8,942	42,324	216,874	186,549
Total governmental activities expenses	<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>	<u>37,941,635</u>
Business-type activities:										
Electric	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	43,186,038
Water	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	6,218,423
Sewer	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	6,358,269
Parking	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	2,279,192
Stormwater (initiated in 2018)					1,104,922	911,681	1,434,692	808,604	1,336,943	1,353,397
Total business-type activities expenses	<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>	<u>59,395,319</u>
Total primary government expenses	<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>	<u>\$ 97,336,954</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 3,496,390
Public safety	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	1,738,289
Public works	10,169	8,843	8,687	20,564	17,804	39,147	19,353	18,175	19,514	36,898
Culture and recreation	586,013	623,025	655,634	668,514	706,987	720,923	206,126	504,454	743,550	833,350
Operating grants and contributions	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	2,225,848
Capital grants and contributions	2,051,726	665,475	588,637	1,670,470	1,338,317	1,305,054	55,346	2,895,410	1,777,861	2,911,370
Total governmental activities program revenues	<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>	<u>11,242,145</u>
Business-type activities:										
Charges for services:										
Electric	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	56,501,425
Water	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	9,955,495
Sewer	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	8,385,798
Parking	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	3,662,378
Stormwater (initiated in 2018)					2,028,116	2,435,618	2,414,657	2,369,352	2,655,647	2,666,200
Capital grants and contributions	1,796,634	298,368	149,250	69,764	145,869	535,109	37,380	211,144	1,404,694	2,036,185
Total business-type activities program revenues	<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>	<u>83,207,481</u>
Total primary government program revenues	<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>	<u>\$ 94,449,626</u>
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (26,699,490)
Business-type activities	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	23,812,162
Total primary government net expense	<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>	<u>\$ (2,887,328)</u>

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Real estate taxes	\$ 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	\$ 8,747,465
Real estate transfer taxes	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	1,687,587
Franchise fees	444,853	462,368	482,218	471,456	628,907	423,106	439,346	350,911	333,423	317,491
Lodging taxes (initiated 12/01/2018)	-	-	-	-	46,937	760,647	351,790	508,134	623,473	761,763
Investment earnings	126,100	116,947	116,018	115,172	124,038	640,030	603,706	(81,325)	(180,750)	2,614,363
Gain (loss) on sale of capital assets	22,960	18,912	9,730	59,200	51,403	25,863	-	14,800	68,996	(60,246)
Transfers	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	19,920,340
Total governmental activities	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	33,988,763
Business-type activities:										
Rents	-	-	-	-	-	-	-	-	81,801	81,801
Investment earnings	118,376	124,235	92,917	166,645	192,272	742,903	802,976	(256,789)	(1,158,595)	777,562
Gain on sale of capital assets	-	25,750	-	40,151	-	38,900	53,061	-	51,367	11,500
Transfers	(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)	(19,920,340)
Total business-type activities	(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)	(19,049,477)
Total primary government	\$ 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	\$ 14,939,286
Change in Net Position										
Governmental activities	\$ 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	\$ 7,289,273
Business-type activities	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	4,762,685
Total primary government	\$ 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	\$ 12,051,958

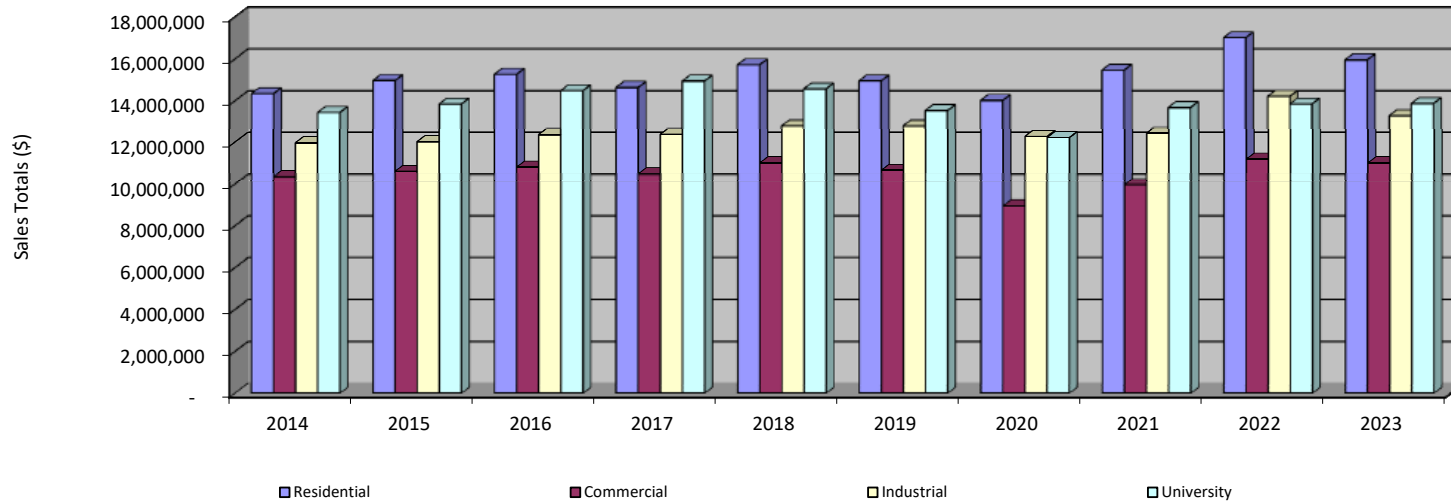
CITY OF NEWARK, DELAWARE
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Fund balances:										
Nonspendable	\$ 128,618	\$ 309,223	\$ 126,359	\$ 156,325	\$ 165,163	\$ 574,799	\$ 567,389	\$ 557,087	\$ 578,295	\$ 803,062
Restricted	98,682	-	-	-	-	170,540	172,576	244,257	113,271	109,975
Assigned	108,022	108,720	111,514	93,285	156,304	128,675	126,440	366,412	408,946	338,364
Unassigned	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	6,068,896
Total general fund	<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>	<u>\$ 7,320,297</u>
 All other governmental funds										
Fund balances:										
Nonspendable	\$ 20,257	\$ 52,846	\$ 12,199	\$ 7,699	\$ 68,829	\$ 69,828	\$ 50,553	\$ 8,823	\$ 1,267	\$ -
Restricted	946,722	747,478	875,174	893,224	1,172,296	1,117,957	1,218,250	1,057,510	2,989,711	1,728,501
Assigned	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	10,089,031
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 11,817,532</u>

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Taxes	\$ 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	\$ 11,514,306
Licenses and permits	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	1,601,947
Fines, forfeits and costs	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	2,004,537
Investment earnings	126,100	109,343	110,008	107,460	113,998	612,396	560,871	(66,909)	(133,234)	2,583,414
Intergovernmental revenues	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	3,784,478
Charges for services/fees	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	2,498,443
Community donations	-	-	-	-	425,249	5,000	-	98,888	-	-
Subvention-University of Delaware	516,620	504,953	492,149	499,331	506,658	515,271	527,122	529,231	553,575	598,415
Total revenues	<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>	<u>24,585,540</u>
Expenditures										
General government	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	8,775,208
Public safety	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	18,589,978
Public works	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	4,228,195
Community development	178,555	238,997	204,919	152,971	257,509	201,776	142,761	221,966	429,060	360,136
Culture and recreation	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	3,586,622
Capital outlay	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	6,916,861
Debt service										
Principal	179,609	191,603	197,137	218,293	241,458	248,112	259,807	150,982	284,679	815,439
Interest and other charges	33,239	30,744	26,910	28,418	29,944	23,040	15,945	42,473	89,478	119,890
Total expenditures	<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>	<u>43,392,329</u>
Excess of revenues over (under) expenditures	(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)	(18,806,789)
Other financing sources (uses)										
Proceeds of long-term capital-related lease	-	-	-	430,000	-	-	1,418,245	336,653	-	-
Transfers in	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	23,728,368
Transfers out	(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)	(3,941,028)
Net Proceeds from debt issuance	-	-	-	-	-	-	-	-	2,109,756	970,710
Leases/subscriptions	-	-	-	-	-	-	-	-	138,956	672,379
Proceeds from sales of capital assets	22,960	56,388	9,730	60,824	54,470	46,154	-	14,800	106,033	74,852
Total other financing sources (uses)	<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>	<u>21,505,281</u>
Net change in fund balances	<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>	<u>\$ 2,698,492</u>
Debt service as a percentage of noncapital expenditures	0.8%	0.8%	0.8%	0.9%	0.8%	0.9%	0.9%	0.6%	1.1%	2.6%

**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)
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
2023	95,586,208	15,958,220	0.167	72,583,597	11,009,901	0.152	92,304,252	13,293,394	0.144	151,512,363	13,868,747	0.092	411,986,420	54,130,262	0.131

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

Customer	Type of Business	2023			2014		
		Consumption (1)	Rank	Percentage of Total Consumption	Consumption (1)	Rank	Percentage of Total Consumption
University of Delaware (2)	Public University	165,515,162	1	40.17%	158,903,719	1	39.25%
Rohm & Haas Electronics	Manufacturing-Various	29,199,632	2	7.09%	27,338,592	2	6.75%
The Chemours Company	Chemical Research Hub	15,840,000	3	3.84%			
DuPont Specialty Products USA LLC (3)	Chemicals and Synthetics	6,520,920	4	1.58%			
Acme Markets (4)	Retail - Groceries	5,622,400	5	1.36%			
Newark Charter School	Public Schools	4,089,975	6	0.99%			
GWL 300 McIntire LLC (5)	Warehousing	3,574,800	7	0.87%			
Quest Pharmaceutical Services	Pharmaceutical Research	3,552,285	8	0.86%			
Verizon Communications	Public Utility	3,439,248	9	0.83%	3,783,951	9	0.93%
Christina School District	Public Schools	3,431,077	10	0.83%	3,851,998	8	0.95%
Power Systems Composites LLC	Wholesale Electric Equipment				9,255,120	3	2.29%
E I Dupont De Nemours & Company (3)	Chemicals and Synthetics				5,812,968	4	1.44%
A & P Food Stores (4)	Retail - Groceries				5,430,304	5	1.34%
CHF - Del LLC (6)	Rental Apartments				4,644,269	6	1.15%
Fraunhofer USA, Inc. (7)	Biotechnology Research				4,353,840	7	1.08%
618 G P Warehouse LLC (5)	Warehousing				3,628,080	10	0.90%
		<u>240,785,499</u>		<u>58.45%</u>	<u>227,002,841</u>		<u>56.08%</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.

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
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
2023	602,149,020	976,402,400	662,904,327	915,647,093	0.9815	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	
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
2023	0.9815	0.2747	3.3540	4.61016

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	2023			2014		
		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	3.34%			
Pauline A. Mayer, Inc.	Retail Property / Apartments	19,952,200	2	2.18%	19,883,000	1	2.43%
Delmarva Power & Light Company	Public Utility	13,831,700	3	1.51%	8,594,200	5	1.05%
BPG Hotel Partners, LLC	Hotels	11,112,300	4	1.21%	11,112,300	3	1.36%
CS Residential LLC	Apartments	10,894,100	5	1.19%			
KRE UP III Delaware Owner LLC	Apartments	10,680,300	6	1.17%			
Rohm and Haas Electronic Materials	Manufacturing	8,584,800	7	0.94%	8,562,000	6	1.05%
Verizon Communication	Public Utility	7,684,700	8	0.84%	11,629,800	2	1.42%
University of Delaware	Education (Non-exempt portion)	7,596,000	9	0.83%	7,625,100	9	0.93%
96 East Main Street Associates LLC	Hotel & Apartments	7,269,240	10	0.79%			
CHF-Delaware LLC	Apartments				9,769,700	4	1.20%
UDEL Holdings LLC	Apartments				8,248,100	7	1.01%
Emory Hill & Company	Industrial Park				7,781,700	8	0.95%
Fusco Properties L P	Apartments				7,369,800	10	0.90%
		128,195,660		14.00%	100,575,700		12.31%

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.
• Fusco Enterprises L P has divested their properties among several successor entities.

Source: City of Newark Finance Department

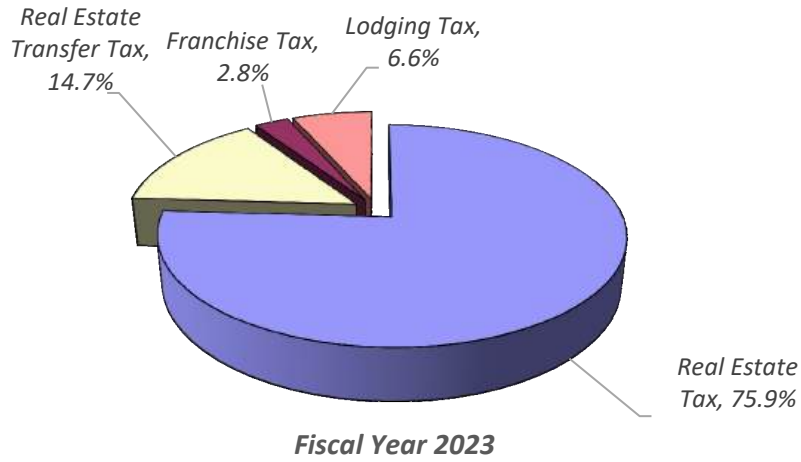
**CITY OF NEWARK, DELAWARE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

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
2014	5,681,209	5,583,639	98.3%	90,175	5,673,814	99.9%
2015	5,876,646	5,679,339	96.6%	188,216	5,867,555	99.8%
2016	6,592,320 ³	6,462,051	98.0%	116,082	6,578,133	99.8%
2017	6,626,727	6,505,395	98.2%	104,109	6,609,504	99.7%
2018	6,655,070	6,554,123	98.5%	80,978	6,635,101	99.7%
2019	6,892,362	6,770,258	98.2%	101,728	6,871,986	99.7%
2020	7,947,586 ⁴	7,689,670	96.8%	232,200	7,921,870	99.7%
2021	8,018,039	7,907,254	98.6%	70,812	7,978,066	99.5%
2022	8,315,502	8,119,172	97.6%	109,909	8,229,081	99.0%
2023	8,993,324	8,818,106	98.1%	-	8,818,106	98.1%

Notes:

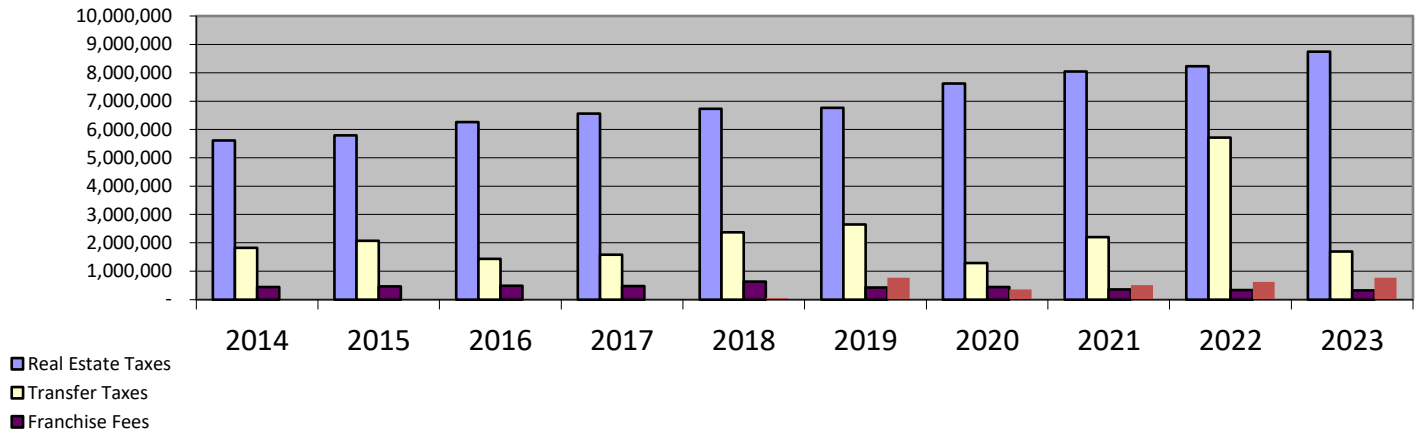
- (1) Represents initial annual levy plus quarterly supplementary billings.
- (2) Excludes tax penalties/interest.
- (3) Tax billings represent a tax rate increase of 9.5% over prior year.
- (4) Tax billings represent a tax rate increase of 13.33% over prior year.

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



Fiscal Year	Real Estate Tax	Real Estate Transfer Tax	Franchise Tax	Lodging Tax	Total
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%
2023	8,747,465	1,687,587	317,491	761,763	11,514,306
% of total	75.9%	14.7%	2.8%	6.6%	100.0%

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



Fiscal Year	Real Estate Taxes	Real Estate Transfer Taxes	Franchise Fees	Lodging Taxes	Total
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
2023	8,747,465	1,687,587	317,491	761,763	11,514,306

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			
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
2023	-	7,348,068	-	25,513,690	32,861,758	3.33%	1,050

*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
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
2023	31,296	915,647,093	-	-	-	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, 2023**

<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	\$ 180,575,587 ¹	4.60% ²	\$ 8,306,477
Christina School District	<u>17,884,797</u>	13.25% ³	<u>2,369,736</u>
Overlapping Debt	<u>\$ 198,460,384</u>		<u>\$ 10,676,213</u>
City of Newark General Obligation Bonds	\$ - ¹	100.00%	\$ -
City of Newark Other Notes Payable	<u>7,348,068 ¹</u>	100.00%	<u>7,348,068</u>
Direct Debt	<u>\$ 7,348,068</u>		<u>\$ 7,348,068</u>
Total Direct and Overlapping Debt	<u><u>\$ 205,808,452</u></u>		<u><u>\$ 18,024,281</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 (\$915,647,093) by the total taxable assessed valuation of New Castle County (\$19,913,627,000). Net Debt Outstanding is as of June 30, 2023.
- (3) Determined by dividing the students enrolled in the City of Newark (1,758) by the total student enrollment of the Christina School District (13,264). Net debt outstanding is as of June 30, 2023.

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

	<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>	<u>2023</u>
Debt limit (1)	81,690	82,872	84,807	85,357	85,899	85,481	87,413	87,941	88,977	91,565
Total net debt applicable to limit	<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>	<u>-</u>
Legal debt margin	<u><u>71,291</u></u>	<u><u>73,703</u></u>	<u><u>76,892</u></u>	<u><u>78,731</u></u>	<u><u>80,588</u></u>	<u><u>81,534</u></u>	<u><u>84,880</u></u>	<u><u>86,680</u></u>	<u><u>88,977</u></u>	<u><u>91,565</u></u>
Total net debt applicable to the limit as a percentage of debt limit	12.73%	11.06%	9.33%	7.76%	6.18%	4.62%	2.90%	1.43%	0.00%	0.00%

Legal Debt Margin for Fiscal Year 2023

Total assessed value	\$ 1,578,551
Less: exempt real property	<u>(662,904)</u>
Total taxable assessed value	\$ 915,647
Debt limit (10% of taxable assessed value)	91,565
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	\$ 91,565

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)
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%
2023	31,296	987,980,279	*	31,569	4,885	24,221	3.5%

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	2023			2014		
	Employment	Rank	Percentage of Total County Employment	Employment	Rank	Percentage of Total County Employment
Health care and social assistance	71,453	1	15.5%	64,790	1	14.9%
Retail trade	50,354	2	10.9%	55,149	2	12.7%
Finance and insurance	44,341	3	9.6%	40,986	3	9.5%
Accommodation and food services	40,458	4	8.8%	35,762	4	8.2%
State government	32,300	5	7.0%	29,698	5	6.9%
Local government	29,471	6	6.4%	26,799	8	6.2%
Administration and waste services	29,126	7	6.3%	29,034	6	6.7%
Professional and technical services	27,626	8	6.0%	28,982	7	6.7%
Manufacturing	26,822	9	5.8%	25,909	9	6.0%
Construction	23,293	10	5.0%	20,751	10	4.8%
Transportation and warehousing	22,623	11	4.9%			
Other services, except public administration				8,674	11	3.1%
Total	397,867		86.2%	366,534		85.7%

(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 2023 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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	39.0	39.5	42.5	43.0	48.0	49.0	47.5	49.0	49.0	51.5
Public safety										
Police										
Officers	68.0	71.0	71.0	71.0	71.0	71.0	72.0	72.0	72.0	79.0
Civilian	20.5	19.0	19.0	20.0	20.0	20.0	19.5	19.5	19.5	22.5
Code enforcement	11.0	15.0	15.0	11.0	11.0	11.0	11.0	11.0	11.0	12.0
Streets										
Engineering	7.0	7.0	7.0	8.0	8.0	8.0	8.0	7.0	7.0	7.0
Maintenance	9.0	9.0	9.0	7.0	8.0	7.0	7.0	7.0	7.0	7.0
Sanitation	9.0	10.0	9.0	9.0	9.0	9.0	9.0	9.0	9.5	9.0
Culture and recreation	18.5	18.0	18.0	18.0	18.0	18.0	18.0	18.0	18.0	19.0
Electric	22.0	22.0	23.0	23.0	24.0	23.0	23.0	23.0	24.0	24.0
Water & wastewater	25.0	27.0	27.5	30.0	29.0	31.0	31.0	31.5	31.5	33.5
Parking	9.0	10.0	10.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Fleet/facilities maintenance	4.0	4.0	4.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Total	<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>	<u>287.5</u>

Source: City's Personnel Office.

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

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Police calls for service	39,260	45,572	48,017	53,441	50,679	45,010	34,724	43,222	39,987	43,378
Criminal charges	3,313	2,244	2,488	2,277	2,124	2,615	1,516	1,737	2,072	1,984
Traffic summonses	9,909	9,325	10,453	9,313	10,270	11,551	4,202	12,454	10,734	6,455
Parking summonses	5,612	5,952	6,959	7,604	10,652	11,676	10,040	7,157	8,973	9,540
Meter summonses	16,525	15,780	22,710	23,630	23,297	17,546	14,179	23,770	28,017	28,948
Building permits issued	2,115	1,751	1,552	1,812	1,669	1,703	1,482	1,654	1,374	1,414
Public Works										
Refuse tons collected	5,709	5,722	5,799	5,826	5,944	6,246	5,816	6,068	5,962	4,884
Recycling tons collected	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	1,280.33
Miles of street	66	66	66	66	66	66	66	66	66	66
Patches (s.f.)	48,588	62,154	35,178	61,905	37,016	36,171	15,509	12,163	30,414	14,362
Curbs replaced and installed (l.f.)	11,775	16,550	12,871	11,181	6,859	9,485	7,729	12,514	4,640	18,324
Sidewalks										
4" (s.f.)	25,132	24,976	23,065	19,485	8,215	12,172	21,940	28,248	39,927	15,136
6" (s.f.)	17,650	12,326	10,386	7,277	4,492	4,661	4,756	5,491	5,604	5,355
General Government										
Parking tickets issued	22,283	21,174	29,669	31,234	33,949	29,222	24,219	30,927	36,990	38,488
Culture and Recreation										
Trails in Newark parks (mi)	16.8	16.8	16.8	16.8	16.8	17.1	17.1	17.6	19.1	19.1
Registrants	7,290	7,344	7,422	7,484	7,582	7,608	4,020	5,413	6,834	6,841
Participants	73,946	76,152	77,831	75,944	76,236	76,332	34,505	45,422	61,129	62,349
Electric										
MWH's sold	404,815	416,744	416,518	413,594	425,591	424,291	402,097	421,301	423,748	411,986
MWH's purchased	428,573	457,749	453,550	445,869	464,741	461,483	433,533	451,781	454,611	438,876
Meters in service	12,280	12,734	12,754	12,823	12,714	12,628	12,761	13,142	13,331	13,377
Water and Waste Water										
Meters in service	10,140	10,259	10,282	10,279	10,339	10,364	10,440	10,483	10,489	10,563
Fire hydrants in system	900	762	762	768	758	745	752	754	759	761
Gallons of water sold (000's)	1,215,020	1,092,816	1,056,537	1,028,878	1,028,295	1,021,183	895,007	945,988	963,311	922,643
Gallons of sewage collected (000's)	912,999	803,602	798,070	816,068	845,285	852,374	742,140	804,068	809,145	796,283

Sources: Various city departments.

Gallons of sewage collected excludes large sewer accounts (2014-2016).

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

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	35	35	35	35	35	34	34	34	35	41
Sanitation										
Collection trucks	12	10	8	8	9	9	9	9	9	9
Streets										
Miles of streets	66	66	66	66	66	66	66	66	66	66
Street lights	2,909	2,837	2,834	2,948	2,960	2,960	2,960	3,005	3,030	3,032
Traffic signals	74	75	75	69	71	73	73	73	73	73
Culture and recreation										
Parks acreage	654.9	654.9	658.2	658.2	658.2	658.2	658.2	665.2	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	28	29	29	29	29	29	28	27
Miles of high voltage service lines	175	175	175	175	175	175	175	176	176	176
Miles of low voltage service lines	N/A	190.00	182.00	181.00	182.00	182.00	182.00	182.00	182.00	182.00
Water										
Water mains (miles)	170	146	143	144	137	135	136	136	136	135
Wells in operation	9	4	4	4	4	4	4	6	4	4
Maximum daily capacity (Mgal)	8.5	5.8	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Sewer										
Sanitary sewers (miles)	99	96	94	96	94	94	94	94	94	94
Storm sewers (miles)	59	70	74	74	74	74	74	74	74	65
Parking										
On-street parking spaces	457	457	457	457	448	489	491	491	491	501
Parking lots maintained	7	7	7	6	6	6	7	7	8	8

Sources: Various city departments.

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