

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF NEWARK, DELAWARE

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014



McKees Solar Park



Comprehensive Annual Financial Report For the Fiscal Year Ended December 31, 2014



Prepared by the City of Newark Finance Department

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CITY OF NEWARK

Delaware

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014

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Installing Smart Water Meters

COMPREHENSIVE ANNUAL FINANCIAL REPORT

INTRODUCTORY SECTION



FINANCE DEPARTMENT

CITY OF NEWARK

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June 30, 2015

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

I am pleased to submit to you the Comprehensive Annual Financial Report of the City of Newark for the fiscal year ended December 31, 2014. This report is published to comply with the provisions of Section 807 of the City Charter. It is also intended to provide financial data to the tax and utility payers, bond holders, trustees, lenders, depository institutions, federal and state agencies and the financial community at large.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that 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 that the financial statements are free of any material misstatements.

The financial statements in this report have been audited by CliftonLarsonAllen LLP, an independent firm of certified public accountants as required by Section 807 of the City Charter. CliftonLarsonAllen LLP has provided an unqualified opinion on the City of Newark financial statements for the year ended December 31, 2014. 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 located 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 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 fourteen boards and committees.

THE ECONOMY

Newark is one of Delaware's principal economic, industrial and academic centers. Newark's population, taxable assessments, electric load and water distribution have all steadily grown over the last several years, which provides evidence of sustainable levels of growth throughout the City. As a college town, Newark is more affluent and economically stable, as supported by median family income levels that are significantly higher than state and national levels. Newark boasts a disproportionate amount of residents with four-year, graduate and post-graduate degrees compared to Delaware and the broader US, which, along with the higher income levels, tends to bring more stable employment levels. The City's unemployment rate is lower than the national and state levels. City and neighboring County residents enjoy employment opportunities in high-paying sectors such as finance, healthcare and education. The diversity and size of the businesses and industries in and around Newark serve to ensure relatively smooth and stable local economic growth. Newark remains an industrial, commercial and service hub for New Castle County and nearby counties in Pennsylvania and Maryland, in addition to its status as the State's principal home for higher education.

The main campus of the University of Delaware is located within the City. The University is a leading scientific and research institution with a special focus on bio-technology, chemical engineering and composite materials. Nearly 23,000 full- and part-time undergraduate and graduate students attend the University in Newark. Newark's largest manufacturer had been the East Coast assembly plant for the Chrysler Corporation, which in recent years had produced a line of sport utility vehicles. However, Chrysler closed the plant in 2008 due to the well-publicized financial difficulties that crippled US auto makers at the time. The plant site has since been purchased by the University of Delaware, which has extensive plans for development of the site as a science and technology center in connection with Thomas Jefferson University, Christiana Care and Nemours through the Delaware Health Sciences Alliance (DHSA), the U.S. Army's Aberdeen Proving Grounds and Bloom Energy. E.I. DuPont de Nemours and Company (agricultural research), Dow Chemical (silicone wafer polishing compounds), Gore (Gore-Tex), FMC (biopolymers), GE Aviation (composites) and other major international firms maintain large facilities in and around the City. Newark is also the home of Delaware's premier high-tech industrial center – the Delaware Technology Park – located south of the College Square Shopping Center between Library Avenue and Marrows Road. The Bank of America, one of the nation's leading credit card banks, also anchors a robust financial services sector in the region. While Newark's industrial sector remains relatively healthy, the City works with area industrial park operators – including the Delaware Technology Park, the State and New Castle County Chambers of Commerce and the Delaware Development Office – to bring new high quality, low impact manufacturing firms to Newark. The City offers several tax and related benefits as incentives for high quality industrial growth and recently expanded this program by offering targeted electric rate discounts for new or enlarged industrial facilities.

Our nation's main East Coast north-south roadway, Interstate 95, passes through the southern portion of the City. In addition, AMTRAK provides limited intercity passenger rail service up and down the eastern seaboard at the City owned, historic Newark Railroad Station. A nearby SEPTA commuter rail station provides daily service to Wilmington and Philadelphia, and future plans for Maryland Transportation Administration (MARC) service to Baltimore and Washington, DC are well underway. The CSX and Norfolk Southern freight lines pass through the community and provide freight rail connections to all major points along the eastern seaboard.

The City has, over the last quarter century, successfully revitalized its traditional Main Street with an exciting and vibrant mix of adaptively reused historic and new buildings occupied with street level commercial businesses and apartments and condominiums on upper floors. The City has encouraged pedestrian, rather than auto-oriented, businesses to limit the traffic impact on Main Street and curb the demand for off-street parking. With this in mind, the City completed construction of the Pomeroy Trail in the summer of 2012. A cycling / pedestrian trail that bisects the Downtown corridor, the Pomeroy connects the University's Laird Campus with the already established James Hall Trail, which parallels the AMTRAK rail tracks. These trails, the most heavily used in the State of Delaware, are a part of the East Coast Greenway, a 2,900 mile urban trail linking Calais, Maine at the Canadian border with Key West, Florida. The City's paved trail system, along with other bike-friendly initiatives such as the "sharrows" on our Main Street, the successful Newark Bike Project, off-road mountain biking trails in our parks system, an annual triathlon and the Mayor's annual fun ride all contribute to the City's award winning designation as a Bike Friendly Community. Newark welcomes thousands of cycling and mountain biking enthusiasts year round and has been recognized as the only Gold-level "Healthy Community" in Delaware.

Since the grand opening of the Embassy Suites on South College Avenue in March 2000, two additional hotels have been constructed – a Homewood Suites adjoining the Embassy Suites at the University's Athletic Complex and a Marriot Courtyard Hotel on the University's north campus – each of which contributed to the City's hotel inventory.

In 1999 and 2000, two facilities totaling 50,000 square feet were located at the Delaware Technology Park. Shortly thereafter, the City's last idle downtown industrial site – the old National Vulcanized Fiber plant on White Clay Creek – was successfully redeveloped with waterfront dining and shops, forty apartments and 107,000 square feet of commercial office space. The original mill at this location was constructed in the early eighteenth century and the current structure, built in 1853, operated as a woolen mill and later produced vulcanized fiber (a composite material) up to the early 1990s. Many of the historic structures on the site have been preserved and renovated. The City's creative and flexible approach to planning and zoning that made the project possible was highlighted in the November 11, 2000 Sunday edition of *The New York Times*.

In 2001, one of the City's most acclaimed historic landmarks, the Deer Park Hotel, was fully restored and reopened under new management as the Deer Park Tavern. The property was recorded in 1982 on the U.S. Department of the

Interior National Register of Historic Places inventory; it has been operated continuously at its current location since 1851, with original roots dating back to 1747 as St. Patrick's Inn. Notable travelers staying at the Inn include surveyors Charles Mason and Jeremiah Dixon, General George Washington and soldiers of the American Revolution. Later in the 19th Century, Edgar Allen Poe stayed at the Tavern after lecturing at Newark Academy. The restored Deer Park Tavern, reviewed and approved through the City's strict historic preservation ordinance, has drawn large crowds since reopening in the fall of 2001. In addition to being one of the City's most notable landmarks and a popular local entertainment center, the Deer Park is a significant business anchor at the west end of Main Street near the edge of the University campus.

In the late 1990s, Newark focused heavily on water infrastructure investments to ensure sufficient quantity and quality of drinking water for future needs. Following a successful referendum, Newark was able to design and build its South Well Field Water Treatment Plant in 2003 and a 318 million gallon pump storage reservoir in 2006. Capable of providing three months of drinking water supply, the reservoir was the first of its kind constructed in Delaware in over 70 years.

Construction of the Washington House, which consists of mixed-use condominiums and commercial development, received Council approval in 2005. The facility was completed in 2008 with occupancy beginning in early 2009. The project brought 54 up-scale condominium apartments, commercial space and parking availability to the site of the former Stone Balloon tavern. The significance of this project included the introduction of housing for "non-students" in the Downtown neighborhood, reflecting a desire that exists today for a more diverse mix of residential housing. Newark continues to make efforts to bring owner-occupied or "post-college" professionals back downtown by encouraging development of one and two bedroom housing units. In addition, some of Newark's most recent development projects have been limited to adults, age fifty-five and older, as part of the City's effort to increase its available housing stock for more mature Newarkers.

While the City has a strong and diverse economic base, it has not been entirely immune to the effects of the national economic recession. The impact of the recession on the local housing market was significant, as the slowdown in housing sales reduced the City's real estate transfer tax revenues in several consecutive years. However, the City is confident that the recovery is well underway and ongoing. While the construction of new stand-alone single family housing remains slow, the construction of apartments, primarily designed for the student population, is at an all-time high. Prior to the recession, off-campus student housing entered a new era in Newark when the University Courtyard complex was opened in August 2001. This attractive garden apartment complex on a 22 acre abandoned brownfield factory site is the City's first privately financed "dormitory" intended to provide high quality apartment amenities for University of Delaware students seeking off-campus housing near University facilities and a short walk from downtown. Since, the market for off-campus housing has continued to grow. Beginning in 2012, the City has approved 714 new rental units (representing an increase of 18%), many as part of mixed use development downtown. In addition, nearly 100 new apartment units are under development review for consideration. This development activity has been beneficial to the City's financial position over the last several years; more new apartment units were approved in 2013 than in the previous 12 years combined. Many of these developments contain commercial space on the first floor with upper story apartments clustered around the downtown corridors of East Main Street and Delaware Avenue, and now along South Main Street, which saw significant streetscape enhancements in 2013, and was renamed and dedicated as part of the downtown district to take advantage of the booming downtown economy.

The local Newark economy is considerably resilient in part due to the presence of the University of Delaware, which boasts an endowment in excess of \$1.3 billion, ranking it 69th among 851 colleges and universities surveyed nationwide by the National Association of College and University Business Officers in 2014. The University is also the City's single largest employer and electric customer. The City's December, 2014 unemployment rate was stable at 5.3% after falling from 6.5% in 2012 to 5.3% in 2013, while the State unemployment rate was 5.2%. For at least the third consecutive year, each measure remains below the national unemployment rate, which was 5.7% at the conclusion of 2014. As previously mentioned, the University has acquired the dormant Chrysler assembly plant site and has developed a twenty-five year plan to revitalize the site into a science and technology campus with designs for renewable energy research / manufacturing and health sciences, as well as residential and other commercial activities and an intermodal transportation hub for rail service by AMTRAK, SEPTA and the Maryland Transit Administration. Bloom Energy Corporation was the first manufacturing facility to locate at the site. The manufacturer of solid oxide fuel cells marketed under the name Bloom Energy Servers™ has completed the

construction of its first East Coast facility, which is expected to bring hundreds of 21st century manufacturing jobs to Newark. The activity on the STAR campus is occurring in conjunction with continued construction on the University campus, including new science facilities and a new dining and residence hall.

DOWNTOWN NEWARK AND ECONOMIC DEVELOPMENT

Beginning in the mid-1980s, Newark experienced a downtown development boom. In 1998, the City adopted the “Downtown Newark Economic Enhancement Strategy,” which focuses primarily on downtown economic development efforts but also incorporates information applicable to the overall economic health of Newark. One of the key recommendations from the “Enhancement Strategy” was the establishment of the Downtown Newark Partnership, which has served to bring together the business and residential communities, the City and the University to continue the enhancement of Newark’s Downtown. Formation of the Partnership has underscored an important aspect of the City’s land use policy; that is, to continue to review annexation and related development requests on the City’s fringes for possible negative impacts on downtown development. While not the exclusive home for all of our restaurants, retailers and offices, the Downtown area continues to embody the City’s commercial heart and soul and represent what makes Newark especially unique.

As a result of the business community’s confidence in Newark, new commercial development spans the entire length of Main Street, including the northernmost spur of the former Elkton Road, which has been rededicated as South Main Street. The City invested significant resources and worked closely with Delaware’s Department of Transportation in an effort to develop the appropriate downtown streetscape and improve pedestrian and bicycle access for this newly expanded part of Downtown Newark. The State of Delaware also funded major upgrades to the remaining portion of Elkton Road south of the City to improve traffic flow, install bicycle lanes, and install landscaped traffic islands to beautify the entry into Newark’s Downtown. The efforts are clearly bearing fruit, as the downtown area boasts successful new projects on every block of Main Street and has enjoyed more than \$40 million in private investment and over 30 net new businesses since the formation of the Downtown Newark Partnership. Over that same time period, Newark’s Downtown has seen the construction of a dozen or more new buildings, 24 successful building rehabilitation projects, and an improvement in the commercial vacancy rate from 11% to 5%. In fact, recognition of this success and confidence in the City’s downtown efforts was recently evidenced with the National Trust for Historic Preservation’s presentation of the “Great American Main Street Award,” which has stimulated national interest in downtown mixed use development. The Downtown Newark Partnership (DNP) was recognized for its “exceptional accomplishments in revitalizing” one of the nation’s historic and traditional main street commercial districts by, “capitalizing on the city’s business and tourism opportunities without losing its historic identity or small-city roots.”

MAJOR INITIATIVES

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

- The City completed a landmark community solar project on October 8, 2014. McKees Solar Park is a 3.91-acre brownfield site that was redeveloped for the purpose of a 230-kilowatt solar farm. This behind-the-meter renewable power source serves all residents by reducing the City’s peak power demand, lowering the wholesale cost of power, generating solar renewable energy credits, bringing locally produced green energy to the City’s electric users, and reducing the City’s carbon footprint. The 900-panel array produces enough electricity to power approximately 26 to 36 homes, depending on the season.
- The Electric utility has completed the construction of additional capacity at the Phillips Substation and is making plans to construct a new substation at the former Chrysler assembly plant. This 272-acre site will experience tremendous growth as the University’s Science, Technology and Advanced Research Campus builds out, resulting in the need for expanded electrical service. The new substation will allow the City to meet new demand but also will provide a higher level of reliability and redundancy for customers situated throughout the City.

- The Water utility is addressing the need to proactively reline and replace, as needed, all of the water mains in the City, which is being done in conjunction with street replacements with annual appropriations of \$1 million each or more over the five-year Capital Improvement Plan. With the City's reservoir now in its ninth year of operation, the utility has become self-sustaining and has not had to rely on water purchases from outside Newark's borders. The Curtis Mill Water Treatment Plant was expanded and upgraded, which resulted in a higher quality of water throughout the City's system.
- The Sewer utility has initiated a project to repair and replace the major sewer crossings over the Christina River and to repair or replace major sewer lines that transmit wastewater to the New Castle County sewer system in Wilmington. In addition, the City is planning to improve the storm sewer infrastructure in an effort to improve water quality and reduce flooding frequency and severity.
- The Parking division has been exploring alternatives in an effort to increase the capacity of parking spaces in the Downtown area. The City's Parking Lot #1 between West Main Street and Delaware Avenue has been identified as a potential location for a parking structure or increased surface parking levels, which would serve to mitigate the capacity shortfall in the Downtown area during peak times. The City has completed the final stages of acquiring properties that make up its largest surface lot, reducing some of the barriers to the development of additional parking inventory and foster economic development on Main Street.
- The City has completed a project to install "smart meters" for all of its electric and water customers. The smart meters provide instant electricity and water consumption data, the ability to remotely connect and disconnect meters, and allow for prompt billing of consumption. The City has partnered with Honeywell Corporation to ensure guaranteed service enhancements and annual savings that will fund the lease payments, resulting in a budget-neutral deployment of the infrastructure required for this project.
- 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 public hearing and a review 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.

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

- A strong effort to improve the streets within the City with increased funding for street maintenance.
- The transformation of the former Curtis Mill Paper Mill from a "brownfield" into a passive recreational facility, including the receipt of \$1 million in brownfield remediation funds for its redevelopment.
- The continued enhancements to the City's information technology system that will improve the productivity and proficiency of our employees engaged in efforts to serve our customers, as well as enabling our customers to "self-serve" their needs through online or remote services.

In the spring of 2012, the City, in association with the other towns and cities that comprise the Delaware Municipal Electric Corporation, entered into a Memorandum of Understanding (MOU) with Delaware Governor Jack Markell to reduce electric rates. The Governor has held the belief that electric rates hindered economic development and that the member communities were relying too heavily on electric revenue to finance municipal operations. The May 10, 2012 agreement provided four provisions that were intended to further stimulate economic activity in Newark:

1. The member utilities shall reduce electric rates by not less than an average of 10% prior to December 31, 2014.
2. All member utilities will establish an economic development rate to incentivize job creation.
3. All member utilities will limit the transfers from the electric utility to the general fund from 2013 through 2016 at the amount established in fiscal year 2012.

4. The State of Delaware shall preserve the member utilities' exclusive right to provide electric power to its customer base without the limitation of retail choice.

The City has complied with all requirements to date and plans to adhere to all requirements through the term of the MOU and beyond. The retail electric rates were reduced by 9.5% by January 1, 2012 and completely reduced by a cumulative total of at least 10% by January 1, 2013 in an effort to comply with provision #1 ahead of the required deadline. The City's rates have naturally fallen even further since then as a result of favorable decreases in the wholesale cost of power. The City complied with provision #2 after the introduction of a new rate structure precipitated by an independent rate study completed in July 2011, which included an economic development rate. The City had placed, effective for fiscal years 2012 through 2014, a cap on the amounts that may be transferred from the electric utility at 20% of gross receipts, which complies with provision #3. The preservation of the City's right to serve all residential and corporate citizens of Newark enables the utility to provide reliable power to all of its customers, to make investments for expanded development, and to guarantee a revenue stream that is critical to the City. Management expects electricity sales revenue to grow organically as economic development initiatives and the growth of the University of Delaware continue to support growth in the utility's customer base.

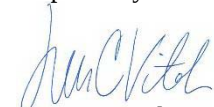
Early in 2013, the City and the University agreed to the terms of a landmark 15-year electric service agreement after more than two years of discussions. The City was able to provide the University with rates comparable to regional market prices pursuant to an electric rate study commissioned by the City, rate stability, approval for a limited amount of self-generation, and limits to future rate increases. The City achieved the certainty of a stable, steadily growing revenue stream over the course of 15 years, an increase in the University's subvention payment, a guaranteed minimum delivery charge, and control of meter size and location distribution, while retaining the ability to raise rates if required in the future. The agreement was truly a win for both parties, and the partnership set the stage for coordinated efforts on important issues such as reliability and energy efficiency.

While management is proud of the City's accomplishments through 2014, we look forward with excitement toward the rest of 2014 and 2015. The City's motto is "Committed to Service Excellence," and Newark is indeed well positioned to continue delivering the highest quality of municipal services that the residents and businesses expect and deserve. From our CALEA-certified police department, through nationally recognized parks, trails and recreational facilities, to our high commitment to public works services, electric delivery and water / sewer services, Newark takes great pride in meeting the demands of our constituents. The City is moving toward easing the constraints of governmental interaction with more services available online. Newark is firmly committed to the use of technology to connect and communicate with our residents in a more comprehensive and efficient manner. The partnership that has been developed between government, the Downtown business community and our residents has fostered City-wide community activities such as the Memorial Day Parade, A New Night in Newark (an evening festival on a closed-off Main Street), the Food and Brew Fest, Wine & Dine Night, Taste of Newark and Winterfest, as well as the Spring Concert Series and many other joint activities that bring the community together and truly underscore the high-quality of life available to our residents. The City's relationship with the University is one of mutual benefit and has produced a culturally diverse community that offers an unparalleled variety of educational, social, and economic opportunities for all of our citizens. In Newark, whether residing here temporarily as a student or permanently rooted in the community, all of 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.

ACKNOWLEDGMENTS

The compilation of the Comprehensive Annual Financial Report in an accurate and timely manner was made possible by the professional and dedicated service of the City's entire financial staff. In particular, Deputy Finance Director Wilma Garriz, James Smith, Debi Keeley, and Jill Hollander 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,



Louis C. Vitola
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

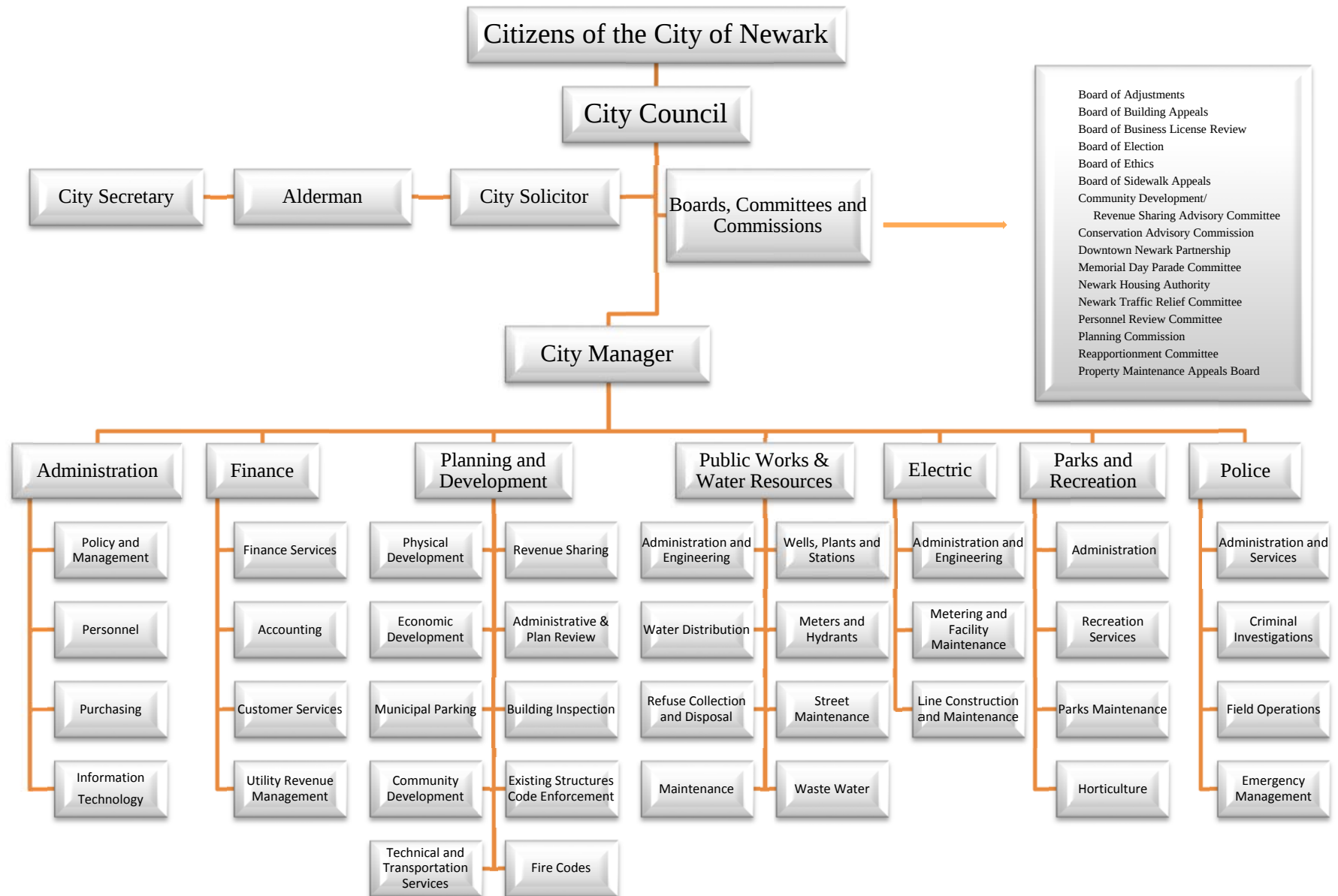
**City of Newark
Delaware**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

City of Newark, Delaware



CITY OF NEWARK
Delaware

LIST OF ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2014

Elected Officials

Mayor	Polly A. Sierer
Council Member - District 1	Mark R. Morehead
Council Member - District 2	Todd Ruckle
Council Member - District 3	Robert Gifford
Council Member - District 4	Margrit Hadden
Council Member - District 5	Luke R. Chapman
Council Member - District 6	Stu Markham

Appointed Officials

City Manager	Carol S. Houck
Deputy City Manager	Andrew S. Haines
City Secretary	Renee K. Bensley
Alderman	Lisa R. Hatfield
Deputy Alderman	Donald Gregory
City Solicitor	Bruce C. Herron
Deputy City Solicitor	Paul E. Bilodeau
Director of Finance	Louis C. Vitola
Director of Planning & Development	Maureen Feeney-Roser
Director of Public Works & Water Resources	Thomas Coleman
Director of Electric	Serafino H. Vitelli
Director of Parks & Recreation	Charles R. Emerson
Chief of Police	Paul M. Tiernan



Hybrid City Vehicle



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Member of City Council
City of Newark, Delaware
Newark, Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newark, Delaware (the City), as of and for the year ended December 31, 2014, the budgetary comparison for the general fund and related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newark, Delaware as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12-24, the pension and OPEB funding status and progress schedule of employer contributions and annual OPEB cost on pages 78-79, the schedule of changes in employer's net pension liability and related ratios on page 80 and the schedules of employer contributions, investment returns and employer's net pension liability on page 81, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2015, on our consideration of the City of Newark, Delaware'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 to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on 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 City of Newark, Delaware's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
June 23, 2015

City of Newark, Delaware

Management's Discussion & Analysis

On behalf of the City of Newark, Delaware (the "City"), I am pleased to offer the following narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2014. I encourage all readers of the City's financial statements to consider the financial information in conjunction with the additional information presented in the following financial summaries, notes, and analyses, as well as in our letter of transmittal at the opening of this report.

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 \$109.2 million (*representing its net position*). The net position is \$6.9 million higher than the prior year and is attributable to increases in both governmental and business-type activities.
- The City's unrestricted net position increased by \$6.0 million in 2014 to \$32.1 million. This amount may be used to meet the government's ongoing obligations to citizens and creditors.
- As of December 31, 2014, the City's governmental funds reported combined ending fund balances of \$13.3 million, a decrease of \$0.2 million from the prior year. Approximately \$4.1 million is *available for spending* at the City's discretion (*unassigned fund balance*).

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The government-wide financial statements may be found on Pages 25 through 26 of this report.

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

City of Newark, Delaware

Management's Discussion & Analysis

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 27 and 29 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 82 and 83 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. Street Fund: Funding, accounting and reporting of the City's street maintenance program.
- v. Insurance Fund: Funding, accounting and reporting of disability and medical claim payments made for job-related employee injuries and deductibles paid to insurance underwriters.
- vi. Community Development Fund: Funding, accounting and reporting of the City's Community Development Block Grants (CDBG) from the United States federal government.
- vii. Law Enforcement Fund: Funding, accounting and reporting of grants and other funding designated for law enforcement operating expenditures.
- viii. 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.

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

The basic governmental fund financial statements may be found on Pages 27 through 31 of this report.

City of Newark, Delaware

Management's Discussion & Analysis

- b. *Proprietary Funds*: The City maintains two different 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.

The following is the City's internal service fund:

- v. Maintenance Fund: Funding, accounting and reporting of the operations of the Fleet Maintenance Department.

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

The proprietary fund financial statements may be found on Pages 32 through 35 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 similar to that used for proprietary funds.

The following are the City's fiduciary funds:

- i. Pension Trust Fund: The City, acting as trustee of the assets contributed by both the City and its employees, which are being held for the future payment of retirement annuities to qualified retirees.
- ii. OPEB Trust Fund: The City, acting as trustee of the assets contributed by the City, which are being held for the future payment of post-employment benefits other than pension benefits.
- iii. Section 401A Retirement Fund: The City, acting as trustee of the assets contributed by both the City and the City Manager, which are being held on behalf of the City Manager.
- iv. Section 401A Management Employees' Retirement Fund: The City, acting as trustee of the assets contributed by both the City and management employees hired after January 1, 2012, which are being held on behalf of these employees.
- v. Retirement Health Savings Plan for Management Employees 2009: The City, acting as trustee of the assets contributed by senior management employees hired prior to January 1, 2012, which are being held on behalf of these employees for post-employment medical expenditures.
- vi. Retirement Health Savings Plan for Management Employees 2012: The City, acting as trustee of the assets contributed by both the City and senior management employees hired after January 1, 2012, which are being held on behalf of these employees for post-employment medical expenditures.

City of Newark, Delaware

Management's Discussion & Analysis

The fiduciary fund financial statements may be found on Pages 36 through 37 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 38 through 77 of this report.

In addition to the basic financial statements, the accompanying notes and this MD&A, this report also presents certain other *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its enrolled employees. Required supplementary information may be found on Pages 78 through 81 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Newark's assets are comprised primarily of long-term public and utility infrastructure assets, property and equipment. Roughly half of the City's long-term debt consists of bonded indebtedness incurred in 2002 (refunded in 2011) for the acquisition of land and construction of the City's water reservoir; the balance consists of a capital lease obligation and notes payable incurred to support efficiency projects and an Automated Meter Infrastructure Project. Long-term debt is discussed in more detail in note 4 to the financial statements. The unrestricted net position balance of \$32.1 million at the close of 2014 may be used to meet the current and ongoing obligations to citizens and creditors. The City maintains an "Aa2" rating from Moody's and an "AA+" rating from Fitch for its current debt issuances. These high investment-grade ratings reflect the City's strong financial operations characterized by substantial reserves, low reliance on debt, a robust residential and commercial base and stable employment in the healthcare and education sectors.

Table 1

CITY OF NEWARK STATEMENT OF NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2014						
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
ASSETS						
Total current and other assets	\$ 20,161,554	\$ 19,652,319	\$ 25,253,448	\$ 24,688,487	\$ 45,415,002	\$ 44,340,806
Total capital assets	31,514,946	29,537,298	65,578,767	62,087,176	97,093,713	91,624,474
Total Assets	\$ 51,676,500	\$ 49,189,617	\$ 90,832,215	\$ 86,775,663	\$ 142,508,715	\$ 135,965,280
DEFERRED OUTFLOW OF RESOURCES						
Deferred loss on defeasance	\$ 12,819	\$ 15,017	\$ 269,809	\$ 304,252	\$ 282,628	\$ 319,269
Total Deferred Outflow Resources	\$ 12,819	\$ 15,017	\$ 269,809	\$ 304,252	\$ 282,628	\$ 319,269
LIABILITIES						
Total current liabilities	\$ 2,173,875	\$ 1,894,405	\$ 7,834,695	\$ 6,050,361	\$ 10,008,570	\$ 7,944,766
Total noncurrent liabilities	2,025,946	2,206,608	18,224,457	20,648,840	20,250,403	22,855,448
Total Liabilities	\$ 4,199,821	\$ 4,101,013	\$ 26,059,152	\$ 26,699,201	\$ 30,258,973	\$ 30,800,214
DEFERRED INFLOW OF RESOURCES						
Unearned revenue	\$ 3,328,849	\$ 3,179,454	\$ -	\$ -	\$ 3,328,849	\$ 3,179,454
Total Deferred Inflow Resources	\$ 3,328,849	\$ 3,179,454	\$ -	\$ -	\$ 3,328,849	\$ 3,179,454
NET POSITION						
Net investment in capital assets	\$ 30,202,907	\$ 28,039,417	\$ 45,621,495	\$ 45,847,342	\$ 75,824,402	\$ 73,886,758
Restricted	426,369	322,332	817,815	1,928,424	1,244,184	2,250,756
Unrestricted	13,531,373	13,562,419	18,603,562	12,604,948	32,134,935	26,167,367
Total Net Position	\$ 44,160,649	\$ 41,924,168	\$ 65,042,872	\$ 60,380,714	\$ 109,203,521	\$ 102,304,882

City of Newark, Delaware

Management's Discussion & Analysis

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 \$109.2 million at the close of this fiscal year, representing an increase of \$6.9 million over the prior year. Within Business-type activities, net position rose by \$4.7 million due to lower operating expenses, which were partially offset by reduced charges for services. The governmental activities net position increased by \$2.2 million due to stronger real estate transfer taxes, higher property tax assessments, higher franchise fee receipts, and transfers from the business type activities.

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.

Table 2

CITY OF NEWARK CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2014

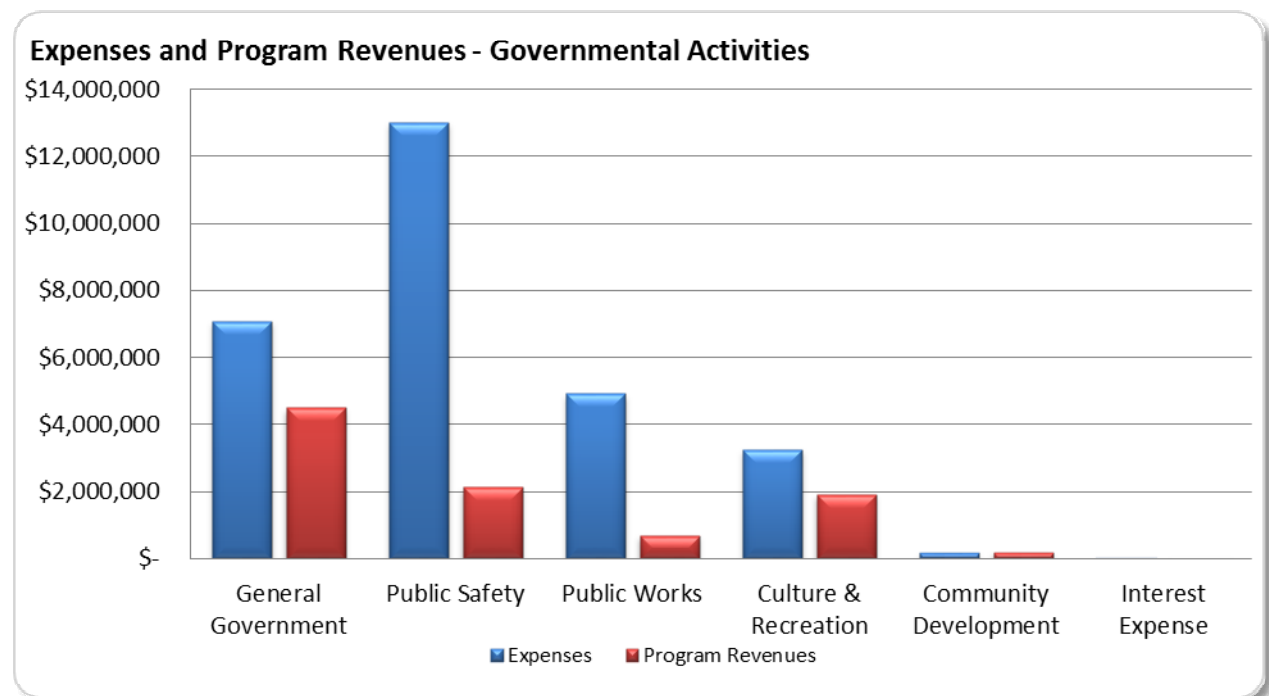
	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
REVENUES						
Program Revenues:						
Charges for services	\$ 6,021,975	\$ 6,591,582	\$ 67,133,539	\$ 65,856,505	\$ 73,155,514	\$ 72,448,087
Operating Grants & Contributions	1,347,577	1,328,639	-	-	1,347,577	1,328,639
Capital Grants & Contributions	2,051,726	1,493,727	1,796,634	442,870	3,848,360	1,936,597
General Revenues:						
Total Taxes	7,878,425	7,365,042	-	-	7,878,425	7,365,042
Investment Earnings	126,100	8,984	118,376	5,021	244,476	14,005
Other Revenues	22,960	34,040	-	-	22,960	34,040
Total Revenues	17,448,763	16,822,014	69,048,549	66,304,396	86,497,312	83,126,410
EXPENSES						
General Government	7,079,702	6,395,748	-	-	7,079,702	6,395,748
Public Safety	13,012,788	12,220,141	-	-	13,012,788	12,220,141
Public Works	4,920,853	5,034,078	-	-	4,920,853	5,034,078
Community Development	178,555	219,480	-	-	178,555	219,480
Culture and Recreation	3,263,524	2,992,043	-	-	3,263,524	2,992,043
Interest Expense	28,512	30,814	-	-	28,512	30,814
Business-type activities	-	-	51,114,739	49,863,537	51,114,739	49,863,537
Total Expenses	28,483,934	26,892,304	51,114,739	49,863,537	79,598,673	76,755,841
Increase (Decrease) in						
Net Position before Transfers	(11,035,171)	(10,070,290)	17,933,810	16,440,859	6,898,639	6,370,569
Transfers	13,271,652	12,622,960	(13,271,652)	(12,622,960)	-	-
Change in Net Position	2,236,481	2,552,670	4,662,158	3,817,899	6,898,639	6,370,569
Net Position - Beginning of Year	41,924,168	39,371,498	60,380,714	56,562,815	102,304,882	95,934,313
Net Position - End of Year	\$ 44,160,649	\$ 41,924,168	\$ 65,042,872	\$ 60,380,714	\$ 109,203,521	\$ 102,304,882

City of Newark, Delaware

Management's Discussion & Analysis

As shown in Table 2, governmental activities expenses exceeded revenues by \$11.0 million in 2014. The wider deficit versus 2013 is attributable to higher expenses, which were only partially offset by stronger revenues. The revenue increase was driven by strong real estate transfer tax receipts in 2014 resulting from several large commercial transactions, and more important, a higher number of residential property transfers within City limits. The increase in governmental expenses was driven by increased public safety, costs related to the City's expanded efforts to increase reliability and security of its information technology infrastructure, legal fees related to land use and property acquisition, and culture and recreation spending, which was partially offset by the second consecutive year of public works expense reductions totaling \$1.1 million year over year and more than \$3 million cumulatively since a reorganization of the department in 2012.

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 2014 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 less than 57% 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 in an effort to keep property taxes low and utility rates competitive while maintaining a high level of service across a diverse set of public offerings.

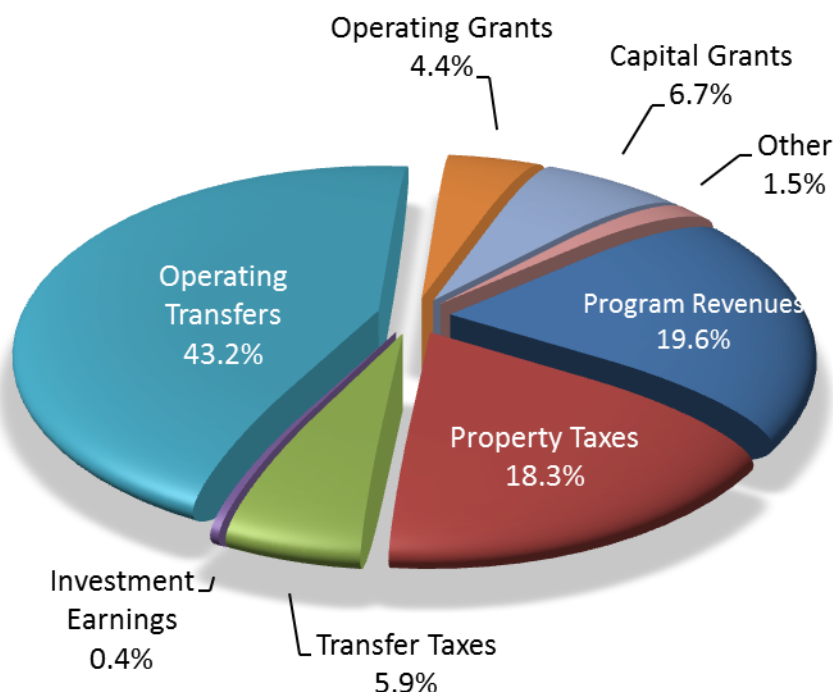


As the following graph further illustrates, operating transfers from the enterprise funds, real property taxes, and program revenues (grants & contributions and charges for service) provide the majority of funding for the City's governmental activities. Transfers from the City's proprietary funds are the largest revenue source, accounting for more than 43% of revenues. Property taxes supply just 18% of revenues. Program revenues contribute 20%, while real estate transfer taxes add 6%. The City relies on all of these revenue sources, as well as grants and miscellaneous funding, 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

Revenue by Source - Governmental Activities



As shown in Table 3, the total cost of all governmental activities this year was \$28.5 million. These costs were partially supported by total program revenues of \$9.4 million, leaving a net cost of \$19.0 million. The program revenues were paid by those who directly benefited from the programs (\$6.0 million) or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions (\$3.4 million). The balance of the cost was funded by City taxes totaling \$7.4 million and enterprise fund transfers of \$13.3 million. Public safety programs are the largest single spending commitment, accounting for almost 46% of the City's governmental activities expenses. Various general administration, public works, and culture and recreation services combine for about 54% of expenses.

Table 3

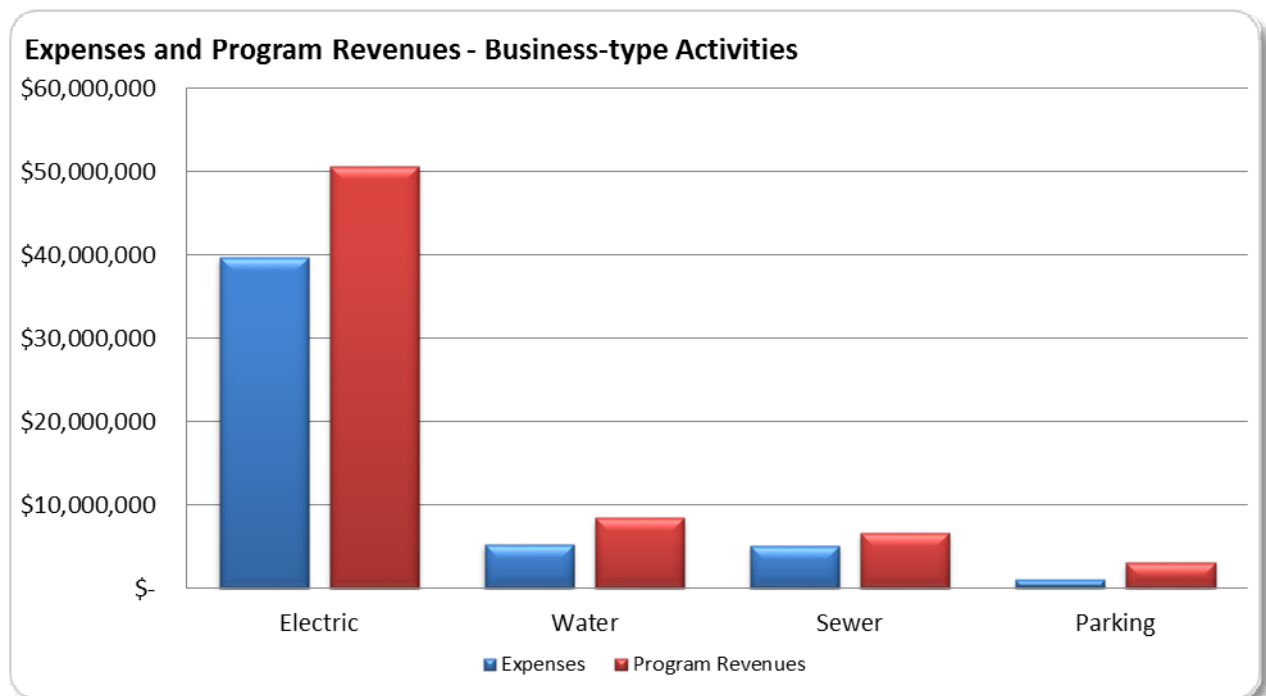
Governmental Activities Net Cost

Functions/Programs	Total Cost of Services	% of Total Cost	Service Charges	Grants	Total Program Revenues	Net Cost of Services
General Government	\$ 7,079,702	24.9%	\$ 3,723,116	\$ 767,212	\$ 4,490,328	\$ 2,589,374
Public Safety	13,012,788	45.7%	1,702,677	424,185	2,126,862	10,885,926
Public Works	4,920,853	17.3%	10,169	684,074	694,243	4,226,610
Culture & Recreation	3,263,524	11.5%	586,013	1,322,869	1,908,882	1,354,642
Community Development	178,555	0.6%	-	200,963	200,963	(22,408)
Interest Expense	28,512	0.1%	-	-	-	28,512
Total	<u>\$ 28,483,934</u>	<u>100%</u>	<u>\$ 6,021,975</u>	<u>\$ 3,399,303</u>	<u>\$ 9,421,278</u>	<u>\$ 19,062,656</u>

City of Newark, Delaware

Management's Discussion & Analysis

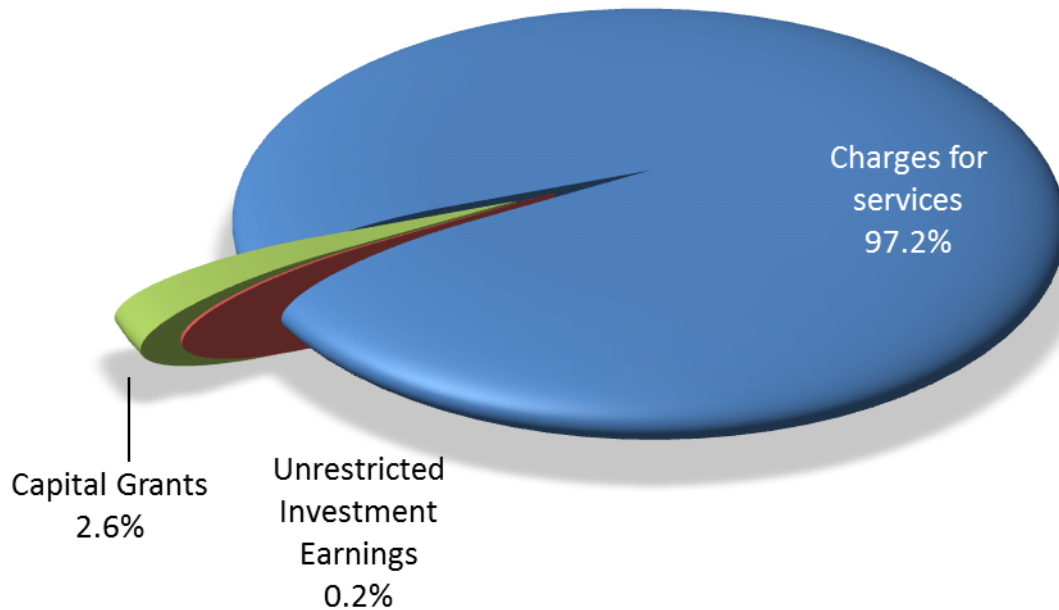
Business-type Activities: The City provides electric, water, sewer, and parking services to its residents, businesses, and visitors. These services constitute the business-type activities presented in the City-wide financial statements. The City Council establishes rates and collects fees from users of the utility and parking systems. The revenues include investment income in addition to charges for services (operating revenues). The investment income is not specific to an individual program, but to the activities as a whole. The graph immediately below exhibits gross revenue by enterprise (including service charges and grants) alongside the total cost to provide the utility services provided. The pie chart on the following exhibits revenues by source for the enterprise funds. The vast majority of business-type revenue is derived from service charges, while capital grants contributed 2.6% of 2014 revenue and unrestricted investment earnings followed with 0.2% of 2014 revenue.



City of Newark, Delaware

Management's Discussion & Analysis

Revenue by Source - Business-type Activities



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 165 miles of high voltage electric lines, nine substation sites, 58 circuit breakers, and 27 power transformers in order to provide 12,300 customers with reliable electrical service. Over 408,000 megawatt-hours were delivered to our customers in this reporting period.

The City provides all customers within the City limits with drinking water and wastewater services. The City also provides drinking water to customers in certain territories outside the City. The Water Division of the Public Works and Water Resources Department is responsible for the maintenance and operation of all the equipment and facilities at each of the nine water supply wells, the Curtis Water Treatment Plant, the South Well Field Water Treatment Plant, nine finished water storage tanks, one raw water storage tank, 317 million gallon raw water reservoir, and six booster pumping stations. The water distribution system provides drinking water to approximately 37,000 customers, including 31,454 residents. More than 1.0 billion gallons of water are pumped through 170 miles of pipe annually to serve 10,000 water service connections. The Sewer Division of the Public Works and Water Resources Department is responsible for the City's 95 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.

City of Newark, Delaware

Management's Discussion & Analysis

The Parking Division manages six surface parking lots within the City's downtown area. The City has 577 pay-to-use parking spaces and 112 paid permit parking spaces. In addition to the surface lot parking, the City maintains 422 on-street metered parking spaces and 33 metered spaces located in a surface lot in the City's downtown area. While the City owns two of the six surface parking lots, various other lots, components of lots, and entrances to lots are owned by third parties that lease the space to the City for the benefit of its parking operations.

As shown in Table 2, revenues totaled \$69.0 million for the year, which represents an increase of \$2.7 million from the prior year. This increase was driven by increased water and sewer volumes, increased water rates, and a slight increase in electric utility rates, which were adjusted due to the adoption of a new electric rate structure in 2011 that includes a Revenue Stabilization Adjustment ("RSA"). The RSA is adjusted annually to reflect changes in wholesale power costs, to dispose of over- or under-collections from the prior year operating cycle and to assure recovery of the budgeted operating margin. The electric utility revenue increased by design, as a function of higher operating costs in 2014, partially offset by a slight decrease in wholesale power costs and the distribution of 2013 over-collections. A \$1.3 million regulatory liability is included in the statement of net position to reflect this year's over collection, which will be distributed to electric rate payers over the course of 2015 electric utility billings. Expenses related to these business type activities totaled \$51.1 million in 2014, which represents an increase of \$1.2 million from the prior year. This increase in expenses is due primarily to utility volume increases and increased operating expenditures, as wholesale power costs were slightly lower on a per kWh basis and sewerage treatment costs did not increase on a per-gallon basis in 2014. Operating cost increases included \$0.5 million increase in personnel expenses, a \$0.2 million increase in utility purchases, and \$0.4 million in additional depreciation charges in 2014. In total, revenues exceeded expenses and transfers by \$4.7 million in 2014, resulting in an overall increase in net position within the business-type activities.

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, 2014, the City's governmental funds reported combined ending balances of \$13.3 million, a decrease of \$0.2 million as compared to the prior year. The bulk of the fund balance is restricted and assigned, which means that it is not available for new spending because it has already been appropriated for: 1) capital improvements, 2) debt service or 3) a variety of other restricted and assigned purposes. More than half of the fund balance – \$9.1 million – is either restricted to or assigned to general, capital projects, or other non-major governmental funds.

The City maintains a General Fund which serves as the chief operating fund of the City. As of December 31, 2014, the total fund balance of the General Fund was \$4.4 million, \$4.1 million of which is unassigned.

The General Fund balance decreased by less than \$0.2 million in fiscal year 2014. The decrease in General Fund balance is largely attributable to increases in accounts payable, customer deposits and deferred property tax revenue, partially offset by increases in cash and accounts receivable balances.

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, 2014, the total fund balance of the Capital Projects Fund was \$7.2 million, all of which is either restricted or assigned.

The Capital Projects Fund balance increased by \$902 thousand from the prior year. Revenues increased by \$923 thousand from intergovernmental sources compared to 2013; the increase was partially offset by capital spending activity and transfers in. The City remains committed to its efforts to maintain and enhance Newark's infrastructure of streets, sidewalks, parks, parking facilities, and other structures supporting governmental operations.

City of Newark, Delaware

Management's Discussion & Analysis

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 Street Fund, Insurance Fund, Community Development Fund, the Law Enforcement Funds, and the Parks and Recreation Fund. Revenue sources for these funds include grants from State and other governmental units as well as interest earnings.

The City maintains a Debt Service Fund to set aside resources to meet current and future obligations of the City. As of December 31, 2014, the fund balance was \$46,340, all of which is assigned.

The financial statements for the governmental funds may be found on Pages 27 through 31 as well as 82 through 89 of this report.

Proprietary Funds: As previously mentioned, the City maintains four principal proprietary funds related to the provision of utility services and parking, as well as an internal service fund for the maintenance of the City's fleet of vehicles and rolling stock. 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 \$23.0 million as of December 31, 2014, \$9.0 million of which was unrestricted. Total net position increased by \$1.0 million from the prior year as a result of \$10.8 million in operating income before grants and transfers, less \$10.0 million transferred to the General Fund to support governmental activities. City policy targets a 20% operating margin in the electric utility. The operating margin of 21% in 2014 will result in a distribution back to rate payers in the form of the Revenue Stabilization Adjustment ("RSA") in future periods. The fund expended \$2.1 million in improvements to the City's electrical distribution system. The electric fund reports long-term debt of \$5.6 million related to the lease obligation employed to finance the City's Advanced Metering Infrastructure project in 2012; otherwise, the electric fund does not share in any general obligation debt of the City and has not issued revenue bonds.

The Water Fund had a total net position of \$26.8 million as of December 31, 2014 of which \$3.9 million was unrestricted. Total net position increased \$1.4 million from the prior year. Income before transfers amounted to \$3.2 million, representing an increase of \$0.5 million versus 2013 as a result of a water billing rate increase and higher volume delivered. \$1.8 million was transferred from the Water Fund to the General Fund to support governmental activities. The fund expended \$1.9 million in improvements to the City's water purification, containment and distribution system. The Water Fund also carries roughly \$9 million of long-term debt associated with the construction of the City's water reservoir.

The Sewer Fund had a total net position of \$10.1 million as of December 31, 2014, \$3.8 million of which was unrestricted. Total net position increased by about \$0.2 million in 2014 as a result of higher volume billed, partially offset by higher treatment costs. Income before transfers amounted to \$1.6 million. \$1.4 million was transferred to the General Fund to support governmental activities. The fund expended \$229 thousand in improvements to the City's sewage transport and elimination system.

The Parking Fund had total net position of \$5.1 million as of December 31, 2014 of which \$1.9 million was unrestricted. Total net position increased by \$2.0 million in 2014, which was driven by capital grant activity related to surface parking lot acquisition. Income before transfers totaled to \$0.5 million, roughly half of which was transferred to the General Fund to support governmental activities.

Internal Service Fund: The City maintains an Internal Service Fund to account for the operation of machinery, vehicle, and building maintenance provided to other departments of the City on a cost reimbursable basis. The Internal Service Fund's assets and liabilities are included with the governmental activities on the statement of net position on Page 25. The net revenue of certain activities of the internal service fund is reported with governmental activities on the statement of activities on Page 26. The fund's assets and liabilities as well as revenue and expenses are also reported on Pages 32 through 33 of the fund financial statements.

The financial statements for the proprietary funds may be found on Pages 32 through 35 of this report.

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

City of Newark, Delaware

Management's Discussion & Analysis

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 \$56.1 million, increase of \$3.7 million over the prior fiscal year. The actuarial accrued liability, as of January 1, 2014, is \$73.1 million, representing a funding ratio of 66.7 percent. The City contribution was \$0.4 million more than the annual required contribution of \$3.17 million.

The OPEB Trust Fund ended the fiscal year with a balance of \$7.1 million, an increase of \$1.3 million over the prior fiscal year. The actuarial accrued liability, as of January 1, 2013 (the latest actuarial report), was \$13.8 million, representing a funded ratio of 30.3 percent. The City contributed \$39 thousand more than the annual required contribution in 2014.

The financial statements for the fiduciary funds can be found on Pages 36 through 37 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The schedules comparing the City's budget and actual results can be found on Page 31.

Actual revenues in the General Fund exceeded budgeted revenues by \$21 thousand. This increase is attributable to higher than expected collections in permitting, licensing, and real estate transfer taxes collected during 2014. Expenditures were \$937 thousand higher than the total budget, exceeding the budget by 4.0 percent. Higher expenditures are related to the City's expanded efforts to increase reliability and security of its information technology infrastructure, including additional staffing, legal fees related to land use and property acquisition, personnel expenditures related to the development and launch of the customer interface component of the City's Automated Meter Infrastructure project, public works expenditures related to above-normal snow accumulations and inclement weather, and higher personnel expenditures in the legislative division.

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, 2014 amounted to \$97.1 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 \$11.5 million in 2014. Net additions, after depreciation and retirements, totaled \$5.5 million.

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

Long-term Debt

At December 31, 2014, the City had \$10.1 million in bonds outstanding versus \$11.3 million at the end of the prior year – a decrease of 10.3 percent. All outstanding bonds are general obligation bonds supported by the full faith and credit of the City. The vast majority of the outstanding debt was issued to finance the construction of the water reservoir.

At December 31, 2014, the City had additional long-term debt in the form of a lease payable and notes payable totaling \$10.8 million to fund an Automated Metering Infrastructure Project (the "AMI" or "Smart Meter" Project) and various energy efficiency loans. These various efficiencies will combine to provide the cost savings required to meet the payments associated with the project. The lease and notes payable are recorded as long-term debt, although the City's obligation to make principal and interest payments under the note and the security agreement, and lease payments under the lease agreement, constitute current obligations payable exclusively from legally available funds and shall not be construed to be an indebtedness within the meaning of any applicable constitutional or statutory limitation or requirement. All such payments made pursuant to the note, security agreement and lease agreement are subject to annual appropriations by the City.

Other long term obligations of the City include \$0.8 million of compensated absences which include carry forward vacation and compensatory time.

City of Newark, Delaware

Management's Discussion & Analysis

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 25 percent residential and 75 percent commercial or industrial, with the largest customer being the University of Delaware with 33 percent of the City's sales in kilowatt hours. As the result of a rate study, the City instituted a revised rate structure in July 2011 that fairly and equitably assessed usage charges across various residential, commercial and industrial classifications.
- The City continues to maintain a diversified real estate revenue base (67 percent residential, 22 percent commercial and 11 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 69.61 cents per \$100 of assessed value throughout 2014 and will increase to 70.65 cents per \$100 of assessed value effective July 1, 2015
- In 2014, the City felt the continued effect of a modest economic recovery as evidenced by strong license and permit revenues, higher realty transfer taxes, an increased tax base, and higher revenues generated from services. Most governmental revenues increased, with the exception of interest income, which fell as a result of the continued low interest rate environment.
- In 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions. The objective of this Statement is to improve accounting and financial reporting by state and local government employers for the pensions in which they are involved. This Statement will become effective for the year-ending December 31, 2015. GASB Statement No. 68 will require the City to record the unfunded pension liability program. As of January 1, 2014, the unfunded accrued pension liability was nearly \$24.4 million, representing a funded ratio of 66.7%. Over the last six years, the City has overfunded the Annual Required Contribution ("ARC") by an average of 4.7%, or by more than \$750,000 over that period, in addition to successfully implementing significant pension plan reform for new hires. In the coming years, the City will continue to prioritize pension funding. In 2015, the City will again overfund the ARC, and preliminary actuarial results indicate that the funded ratio will exceed 70% in the next reporting period, which, if achieved, would constitute the fifth consecutive year of improvement despite meaningful reductions in both the discount rate and the amortization period. The recordation of the unfunded pension liability is not expected to result in a material impact to the City's liquidity or cost of capital.

REQUESTS FOR INFORMATION

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

General information relating to the City of Newark can be found on its website <http://www.cityofnewarkde.us>.



Bicycle Friendly City

COMPREHENSIVE ANNUAL FINANCIAL REPORT

BASIC FINANCIAL STATEMENTS

CITY OF NEWARK, DELAWARE
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 5,625,138	\$ 3,543,661	\$ 9,168,799
Investments	9,703,633	9,248,831	18,952,464
Accounts receivables, net	2,859,755	9,723,836	12,583,591
Taxes receivable	577,392	-	577,392
Inventories	37,912	1,422,185	1,460,097
Prepaid items	144,721	263,408	408,129
Restricted Assets:			
Cash and cash equivalents	-	1,373	1,373
Investments	426,369	816,442	1,242,811
Total current assets	<u>19,374,920</u>	<u>25,019,736</u>	<u>44,394,656</u>
Noncurrent Assets:			
Net pension asset	786,634	233,712	1,020,346
Capital assets, net:			
Land	5,499,380	10,045,583	15,544,963
Construction in progress	88,458	372,105	460,563
Buildings	4,937,223	10,961,454	15,898,677
Improvements	17,602,329	43,044,191	60,646,520
Machinery and Equipment	3,387,556	1,147,308	4,534,864
Intangibles	-	8,126	8,126
Total capital assets, net	<u>31,514,946</u>	<u>65,578,767</u>	<u>97,093,713</u>
Total noncurrent assets	<u>32,301,580</u>	<u>65,812,479</u>	<u>98,114,059</u>
Total assets	<u>51,676,500</u>	<u>90,832,215</u>	<u>142,508,715</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred loss on defeasance	12,819	269,809	282,628
Total deferred outflows of resources	<u>12,819</u>	<u>269,809</u>	<u>282,628</u>
LIABILITIES			
Current liabilities:			
Accounts payable	1,456,535	3,362,048	4,818,583
Customer deposits	426,369	816,442	1,242,811
Regulatory liability	-	1,310,576	1,310,576
Compensated absences	70,160	12,307	82,467
Due to other governments	-	52,256	52,256
Accrued interest payable	10,184	75,654	85,838
Unearned revenue	-	288,620	288,620
Bonds, notes, and lease payable	197,837	1,916,792	2,114,629
Other current liabilities	12,790	-	12,790
Total current liabilities	<u>2,173,875</u>	<u>7,834,695</u>	<u>10,008,570</u>
Noncurrent liabilities:			
Compensated absences	631,437	110,763	742,200
Net other post employment benefits obligation	280,307	67,645	347,952
Unearned revenue	-	5,569	5,569
Bonds, notes, and lease payable	1,114,202	18,040,480	19,154,682
Total noncurrent liabilities	<u>2,025,946</u>	<u>18,224,457</u>	<u>20,250,403</u>
Total liabilities	<u>4,199,821</u>	<u>26,059,152</u>	<u>30,258,973</u>
DEFERRED INFLOW OF RESOURCES			
Unearned revenue - property taxes	3,328,849	-	3,328,849
Total deferred inflows of resources	<u>3,328,849</u>	<u>-</u>	<u>3,328,849</u>
Net Position			
Net investment in capital assets	30,202,907	45,621,495	75,824,402
Restricted for:			
Customer deposits	426,369	816,442	1,242,811
Capital projects	-	1,373	1,373
Unrestricted	13,531,373	18,603,562	32,134,935
Total net position	<u>\$ 44,160,649</u>	<u>\$ 65,042,872</u>	<u>\$ 109,203,521</u>

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

CITY OF NEWARK, DELAWARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General Government	\$ 7,079,702	\$ 3,723,116	\$ 662,812	\$ 104,400	\$ (2,589,374)	\$ -	\$ (2,589,374)
Public Safety	13,012,788	1,702,677	360,402	63,783	(10,885,926)	-	(10,885,926)
Public Works	4,920,853	10,169	-	684,074	(4,226,610)	-	(4,226,610)
Community Development	178,555	-	172,047	28,916	22,408	-	22,408
Culture and Recreation	3,263,524	586,013	152,316	1,170,553	(1,354,642)	-	(1,354,642)
Interest Expense	28,512	-	-	-	(28,512)	-	(28,512)
Total governmental activities	<u>28,483,934</u>	<u>6,021,975</u>	<u>1,347,577</u>	<u>2,051,726</u>	<u>(19,062,656)</u>	<u>-</u>	<u>(19,062,656)</u>
Business-type activities:							
Electric	39,747,555	50,484,772	-	179,830	-	10,917,047	10,917,047
Water	5,262,775	8,455,187	-	70	-	3,192,482	3,192,482
Sewer	5,092,098	6,691,812	-	-	-	1,599,714	1,599,714
Parking	1,012,311	1,501,768	-	1,616,734	-	2,106,191	2,106,191
Total business-type activities	<u>51,114,739</u>	<u>67,133,539</u>	<u>-</u>	<u>1,796,634</u>	<u>-</u>	<u>17,815,434</u>	<u>17,815,434</u>
Total primary government	<u>\$ 79,598,673</u>	<u>\$ 73,155,514</u>	<u>\$ 1,347,577</u>	<u>\$ 3,848,360</u>	<u>(19,062,656)</u>	<u>17,815,434</u>	<u>(1,247,222)</u>
General Revenues							
Taxes:							
Real estate taxes					5,612,294	-	5,612,294
Real estate transfer taxes					1,821,278	-	1,821,278
Franchise fees					444,853	-	444,853
Unrestricted investment earnings					126,100	118,376	244,476
Gain (Loss) on sale of capital assets					22,960	-	22,960
Transfers					<u>13,271,652</u>	<u>(13,271,652)</u>	<u>-</u>
Total General Revenues, Extraordinary Item, and Transfers					<u>21,299,137</u>	<u>(13,153,276)</u>	<u>8,145,861</u>
Change in Net Position					2,236,481	4,662,158	6,898,639
Net Position - Beginning of Year					41,924,168	60,380,714	102,304,882
Net Position - End of Year					<u>\$ 44,160,649</u>	<u>\$ 65,042,872</u>	<u>\$ 109,203,521</u>

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

CITY OF NEWARK, DELAWARE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 2,107,726	\$ 1,470,137	\$ 1,241,649	\$ 4,819,512
Investments	4,243,464	5,181,781	704,757	10,130,002
Accounts receivable	1,612,631	1,006,301	240,735	2,859,667
Taxes receivable, net	577,392	-	-	577,392
Due from other funds	168,453	-	-	168,453
Inventory	-	-	17,277	17,277
Prepaid items	128,618	-	2,980	131,598
Total assets	<u>\$ 8,838,284</u>	<u>\$ 7,658,219</u>	<u>\$ 2,207,398</u>	<u>\$ 18,703,901</u>
LIABILITIES				
Liabilities:				
Accounts payable	652,022	463,717	273,620	1,389,359
Customer deposits	426,369	-	-	426,369
Unearned revenue	13,174	-	85,018	98,192
Due to other funds	-	-	168,453	168,453
Other liabilities	-	-	12,790	12,790
Total liabilities	<u>1,091,565</u>	<u>463,717</u>	<u>539,881</u>	<u>2,095,163</u>
DEFERRED INFLOW OF RESOURCES				
Deferred revenue - property taxes	3,328,848	-	-	3,328,848
Total deferred inflows of resources	<u>3,328,848</u>	<u>-</u>	<u>-</u>	<u>3,328,848</u>
FUND BALANCES				
Nonspendable				
Inventory	\$ -	\$ -	\$ 17,277	\$ 17,277
Prepaid Items	128,618	-	2,980	131,598
Restricted for				
Downtown Newark Partnership	98,682	-	-	98,682
Safetytown programs	-	-	61,308	61,308
Parks donations	-	-	943	943
Recreation donations	-	-	16,420	16,420
Island beautification	-	-	78,976	78,976
Parkland improvements	-	-	68,071	68,071
Capital projects	-	395,144	-	395,144
Law Enforcement	-	-	325,860	325,860
Assigned to				
Other departmental purposes	108,022	-	-	108,022
Debt service	-	-	46,340	46,340
Streets	-	-	144,026	144,026
Self insurance	-	-	905,316	905,316
Capital projects	-	6,799,358	-	6,799,358
Unassigned	4,082,549	-	-	4,082,549
Total fund balances	<u>4,417,871</u>	<u>7,194,502</u>	<u>1,667,517</u>	<u>13,279,890</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,838,284</u>	<u>\$ 7,658,219</u>	<u>\$ 2,207,398</u>	<u>\$ 18,703,901</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, 2014

Total Fund Balance - Governmental Funds	\$ 13,279,890
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 \$300,920 of internal service capital assets accounted for in the following line:	31,214,026
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 assets	1,072,593
Other long term assets such as net pension assets are not available to pay for current period expenditures and, therefore, are deferred in the funds (net of Internal Service Fund, \$24,535 included in net assets above)	762,099
Bonds and notes payable	(1,312,039)
Compensated absences (net of Internal Service Fund, \$15,164 included in net assets above)	(686,433)
Net other post employment benefits obligation (net of Internal Service Fund, \$9,994 included in net assets above)	(270,313)
Accrued interest payable	(10,184)
Unearned revenue	98,191
Deferred loss on bond refunding	12,819
Net position of governmental activities	<u>\$ 44,160,649</u>

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, 2014

	<u>General</u>	<u>Capital Projects</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes:				
Real Estate	\$ 5,612,294	\$ -	\$ -	\$ 5,612,294
Real estate transfer	1,821,278	-	-	1,821,278
Franchise	444,853	-	-	444,853
Licenses and permits	2,140,480	-	-	2,140,480
Fines, forfeits and costs	1,929,185	-	60,530	1,989,715
Interest, dividends and rents	64,931	52,085	9,084	126,100
Intergovernmental revenues	340,975	1,965,795	587,224	2,893,994
Charges for services	1,887,182	-	4,598	1,891,780
Subvention - University of Delaware	516,620	-	-	516,620
Total revenues	<u>14,757,798</u>	<u>2,017,880</u>	<u>661,436</u>	<u>17,437,114</u>
EXPENDITURES				
Current:				
General Government	6,605,786	-	177,749	6,783,535
Public Safety	12,333,866	-	390,411	12,724,277
Public Works	2,549,645	-	1,314,120	3,863,765
Community Development	-	-	178,555	178,555
Culture and recreation	2,713,832	-	64,657	2,778,489
Debt Service:				
Principal	-	-	179,609	179,609
Interest	-	-	33,239	33,239
Capital Outlay	-	4,317,611	85,049	4,402,660
Total expenditures	<u>24,203,129</u>	<u>4,317,611</u>	<u>2,423,389</u>	<u>30,944,129</u>
Deficiency of revenues under expenditures	<u>(9,445,331)</u>	<u>(2,299,731)</u>	<u>(1,761,953)</u>	<u>(13,507,015)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	12,698,555	2,300,433	2,416,025	17,415,013
Transfers out	(3,435,247)	-	(708,113)	(4,143,360)
Proceeds from the sale of capital assets	22,760	200	-	22,960
Total other financing sources and uses	<u>9,286,068</u>	<u>2,300,633</u>	<u>1,707,912</u>	<u>13,294,613</u>
Net change in fund balances	(159,263)	902	(54,041)	(212,402)
Fund balances - Beginning of Year	4,577,134	7,193,600	1,721,558	13,492,292
Fund balances - End of Year	<u>\$ 4,417,871</u>	<u>\$ 7,194,502</u>	<u>\$ 1,667,517</u>	<u>\$ 13,279,890</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, 2014

Net Changes in Fund Balances - Total Governmental Funds \$ (212,402)

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets (\$4,402,660) is allocated over
their estimated useful lives as depreciation expense (\$2,416,961) net of Internal Service
Fund of \$28,041 included in net assets above. This is the amount by which capital
outlays exceeded depreciation in the current period. 1,985,699

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the funds. (11,315)

Repayment of debt principal is an expenditure in the governmental funds,
but the repayment reduces long-term liabilities in the statement of net assets:

Bond and note principal	179,609
Accrued interest payable	(1,507)
Deferred loss on refunding	(2,198)

The issuance of long-term debt provides current financial resources to governmental
funds, while the repayment of the principal of long-term debt consumes the current
financial resources of governmental funds. Neither transaction, however, has any effect on
net position. 6,234

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 Internal Service Fund \$2,820 included in net assets above)	(67,293)
Net pension asset (net of Internal Service Fund \$7,934 included in net assets above)	323,293
Net other post employment benefits obligation (net of Internal Service Fund \$771 included in net assets above)	33,510

Change in Net Position of Governmental Activities	\$ 2,236,481
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The accompanying notes are an integral part of these financial statements.

CITY OF NEWARK, DELAWARE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual Amounts	
REVENUES				
Taxes:				
Real estate - current	\$ 5,615,180	5,573,730	\$ 5,576,278	\$ 2,548
Real estate - delinquent and interest	38,870	38,870	36,016	(2,854)
Real estate - transfer	1,250,000	1,250,000	1,821,278	571,278
Franchise	406,330	406,330	444,853	38,523
Licenses and permits	1,855,490	1,855,490	2,140,480	284,990
Fines, forfeits and costs	2,405,021	2,322,021	1,929,185	(392,836)
Interest, dividends and rents	74,770	74,770	64,931	(9,839)
Intergovernmental revenues	287,270	287,270	340,975	53,705
Charges for services/fees	2,512,009	2,412,009	1,887,182	(524,827)
Subvention - University of Delaware	516,620	516,620	516,620	-
Total revenues	14,961,560	14,737,110	14,757,798	20,688
EXPENDITURES				
Current:				
General government:				
Finance department	1,755,619	1,748,239	1,588,199	160,040
Planning & development	920,245	914,572	1,073,783	(159,211)
Administration	1,807,702	1,912,362	2,006,432	(94,070)
Legislative	1,453,945	1,452,202	1,532,668	(80,466)
Judicial	491,858	440,100	404,704	35,396
Total general government	6,429,369	6,467,475	6,605,786	(138,311)
Public safety:				
Code Enforcement	1,117,462	1,116,222	1,157,033	(40,811)
Police	10,717,712	10,709,057	11,176,833	(467,776)
Total public safety	11,835,174	11,825,279	12,333,866	(508,587)
Public works:				
Highways and streets	585,226	583,345	620,979	(37,634)
Sanitation	1,713,921	1,714,215	1,928,666	(214,451)
Total public works	2,299,147	2,297,560	2,549,645	(252,085)
Culture and recreation	2,683,548	2,675,256	2,713,832	(38,576)
Total expenditures	23,247,238	23,265,570	24,203,129	(937,559)
Deficiency of revenues under expenditures	(8,285,678)	(8,528,460)	(9,445,331)	(916,871)
Other Financing Sources (Uses)				
Transfers In	12,675,000	12,675,000	12,698,555	23,555
Transfers Out	(4,695,422)	(4,695,422)	(3,435,247)	1,260,175
Proceeds from the sale of capital assets	-	-	22,760	22,760
Total other financing sources and uses	7,979,578	7,979,578	9,286,068	1,306,490
Net change in fund balances	\$ (306,100)	\$ (548,882)	(159,263)	\$ 389,619
Fund Balances - January 1			4,577,134	
Fund Balances - December 31			\$ 4,417,871	

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

CITY OF NEWARK, DELAWARE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

	Business-Type Activities Enterprise Funds					Governmental Activities Internal Service Fund
	Electric	Water	Sewer	Parking	Total Enterprise Funds	
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 2,164,622	\$ 352,598	\$ 848,389	\$ 178,052	\$ 3,543,661	\$ 805,626
Investments, unrestricted	3,857,281	2,043,190	1,887,178	1,461,182	9,248,831	-
Accounts receivable, net	6,987,526	1,346,027	1,266,766	123,517	9,723,836	88
Inventory	1,241,654	159,265	21,266	-	1,422,185	20,635
Prepaid items	37,164	50,317	254	175,673	263,408	13,123
Restricted Assets:						
Cash and cash equivalents	-	1,373	-	-	1,373	-
Investments	748,250	9,392	58,800	-	816,442	-
Total current assets	15,036,497	3,962,162	4,082,653	1,938,424	25,019,736	839,472
Noncurrent Assets:						
Net pension asset	121,315	89,733	5,192	17,472	233,712	24,535
Capital assets, net:						
Land	-	7,957,954	-	2,087,629	10,045,583	-
Construction in progress	-	337,653	-	34,452	372,105	-
Buildings	7,351,475	3,609,979	-	-	10,961,454	300,920
Improvements	11,044,476	25,054,395	6,195,489	749,831	43,044,191	-
Machinery and Equipment	401,239	380,789	14,222	351,058	1,147,308	-
Intangibles	1,000	7,126	-	-	8,126	-
Total noncurrent assets	18,919,505	37,437,629	6,214,903	3,240,442	65,812,479	325,455
Total Assets	33,956,002	41,399,791	10,297,556	5,178,866	90,832,215	1,164,927
DEFERRED OUTFLOW OF RESOURCES						
Deferred loss on bond refunding	-	269,809	-	-	269,809	-
Total deferred outflow of resources	-	269,809	-	-	269,809	-
LIABILITIES						
Current Liabilities:						
Accounts payable	2,978,352	251,186	98,988	33,522	3,362,048	67,176
Customer deposits payable	748,250	9,392	58,800	-	816,442	-
Regulatory liability	1,310,576	-	-	-	1,310,576	-
Compensated absences	5,572	5,583	195	957	12,307	1,516
Due to other governments	-	-	52,256	-	52,256	-
Accrued interest payable	4,210	71,444	-	-	75,654	-
Unearned revenue	288,620	-	-	-	288,620	-
Bonds, notes, and lease payable	505,510	1,411,282	-	-	1,916,792	-
Total Current Liabilities	5,841,090	1,748,887	210,239	34,479	7,834,695	68,692
Noncurrent Liabilities:						
Compensated absences	50,143	50,250	1,756	8,614	110,763	13,648
Net other post employment benefits obligation	33,850	30,778	(178)	3,195	67,645	9,994
Unearned revenue	-	4,529	1,040	-	5,569	-
Bonds, notes, and lease payable	5,062,619	12,977,861	-	-	18,040,480	-
Total Noncurrent Liabilities	5,146,612	13,063,418	2,618	11,809	18,224,457	23,642
Total Liabilities	10,987,702	14,812,305	212,857	46,288	26,059,152	92,334
NET POSITION						
Net investment in capital assets	13,230,061	22,958,753	6,209,711	3,222,970	45,621,495	300,920
Restricted for:						
Customer deposits	748,250	9,392	58,800	-	816,442	-
Capital projects	-	1,373	-	-	1,373	-
Unrestricted	8,989,989	3,887,777	3,816,188	1,909,608	18,603,562	771,673
Total Net Position	\$ 22,968,300	\$ 26,857,295	\$ 10,084,699	\$ 5,132,578	\$ 65,042,872	\$ 1,072,593

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

CITY OF NEWARK, DELAWARE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-Type Activities Enterprise Funds					Governmental Activities
	Electric	Water	Sewer	Parking	Total Enterprise Funds	Internal Service Fund
Operating Revenues:						
Charges for service	\$ 50,110,111	\$ 8,187,663	\$ 6,673,718	\$ 1,497,304	\$ 66,468,796	\$ 1,578,030
Penalties and fees	287,421	102,069	18,075	-	407,565	-
Miscellaneous	88,181	165,455	19	4,464	258,119	1,234
Total operating revenues	50,485,713	8,455,187	6,691,812	1,501,768	67,134,480	1,579,264
Operating Expenses:					353,405	
Personnel	2,489,292	2,576,919	136,199	684,101	5,886,511	424,272
Utility purchases	34,492,434	131,389	4,522,287	-	39,146,110	-
Materials and supplies	167,200	245,863	29,327	26,859	469,249	830,328
Contracted services	1,125,881	762,383	172,483	196,279	2,257,026	291,697
Depreciation	1,224,891	1,168,206	229,023	95,567	2,717,687	28,041
Other	122,888	9,701	2,779	9,505	144,873	2,075
Total operating expenses	39,622,586	4,894,461	5,092,098	1,012,311	50,621,456	1,576,413
Operating income	10,863,127	3,560,726	1,599,714	489,457	16,513,024	2,851
Nonoperating Revenues (Expenses):						
Interest and investment revenue	50,446	25,907	25,036	16,987	118,376	-
Amortization of bond premium	-	38,081	-	-	38,081	-
Amortization of loss on bond refunding	-	(34,443)	-	-	(34,443)	-
Interest expense	(124,969)	(371,952)	-	-	(496,921)	-
Gain (loss) on Sale of Capital Assets	(941)	-	-	-	(941)	-
Total nonoperating revenues (expenses)	(75,464)	(342,407)	25,036	16,987	(375,848)	-
Income Before capital grants and transfers	10,787,663	3,218,319	1,624,750	506,444	16,137,176	2,851
Capital grants	179,830	70	-	1,616,734	1,796,634	-
Transfers in	70,327	-	-	249,996	320,323	-
Transfers out	(10,014,996)	(1,810,184)	(1,433,776)	(333,019)	(13,591,975)	-
Change in net position	1,022,824	1,408,205	190,974	2,040,155	4,662,158	2,851
Total net position - Beginning of year	21,945,476	25,449,090	9,893,725	3,092,423	60,380,714	1,069,742
Total net position - End of Year	\$ 22,968,300	\$ 26,857,295	\$ 10,084,699	\$ 5,132,578	\$ 65,042,872	\$ 1,072,593

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, 2014

	Business-Type Activities Enterprise Funds					Governmental Activities
	Electric	Water	Sewer	Parking	Total Enterprise Funds	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 50,825,766	\$ 8,705,577	\$ 6,784,436	\$ 1,410,295	\$ 67,726,074	\$ -
Receipts from interfund services provided	-	-	-	-	-	1,579,081
Customer deposits received	287,441	-	57,000	-	344,441	-
Customer deposits returned	(285,935)	-	-	-	(285,935)	-
Other operating receipts	51,216	58,597	19	4,464	114,296	1,234
Payments to suppliers for goods and services	(34,949,694)	(971,374)	(4,683,599)	(220,253)	(40,824,920)	(1,192,539)
Payments to employees for services	(2,544,008)	(2,612,221)	(139,755)	(690,186)	(5,986,170)	(435,797)
Payments for interfund services used	(139,644)	(173,067)	(2,799)	(11,549)	(327,059)	-
Net cash provided (used) by operating activities	<u>13,245,142</u>	<u>5,007,512</u>	<u>2,015,302</u>	<u>492,771</u>	<u>20,760,727</u>	<u>(48,021)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	70,327	-	-	249,996	320,323	-
Transfers out	(10,014,996)	(1,810,184)	(1,433,776)	(333,019)	(13,591,975)	-
Net cash provided (used) by noncapital financing activities	<u>(9,944,669)</u>	<u>(1,810,184)</u>	<u>(1,433,776)</u>	<u>(83,023)</u>	<u>(13,271,652)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	(2,043,252)	(1,904,502)	(228,719)	(361,944)	(4,538,417)	(19,990)
Proceeds from sale of capital assets	15,529	-	-	-	15,529	-
Capital grants received	171,015	150	-	-	171,165	-
Inter-fund payable related to bond refunding	-	(3,132)	-	-	(3,132)	-
Principal paid on capital debt	(566,869)	(1,342,748)	-	-	(1,909,617)	-
Interest paid on capital debt	(125,466)	(375,131)	-	-	(500,597)	-
Net cash provided (used) by capital and related financing activities	<u>(2,549,043)</u>	<u>(3,625,363)</u>	<u>(228,719)</u>	<u>(361,944)</u>	<u>(6,765,069)</u>	<u>(19,990)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	63,921	31,254	30,900	20,832	146,907	-
Net cash provided (used) by investing activities	<u>63,921</u>	<u>31,254</u>	<u>30,900</u>	<u>20,832</u>	<u>146,907</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	815,351	(396,781)	383,707	68,636	870,913	(68,011)
Cash and cash equivalents - Beginning of Year	<u>1,349,271</u>	<u>750,752</u>	<u>464,682</u>	<u>109,416</u>	<u>2,674,121</u>	<u>873,637</u>
Cash and cash equivalents - End of Year (including \$1,373 reported in restricted Water account)	<u>\$ 2,164,622</u>	<u>\$ 353,971</u>	<u>\$ 848,389</u>	<u>\$ 178,052</u>	<u>\$ 3,545,034</u>	<u>\$ 805,626</u>

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, 2014

	Business-Type Activities Enterprise Funds					Governmental Activities
	Electric	Water	Sewer	Parking	Total Enterprise Funds	Internal Service Fund
Reconciliation of operating income to net cash provided by operating activities						
Operating income	\$ 10,863,127	\$ 3,560,726	\$ 1,599,714	\$ 489,457	\$ 16,513,024	\$ 2,851
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	1,224,891	1,168,206	229,023	95,567	2,717,687	28,041
Accounts receivable	231,539	308,782	92,544	(87,009)	545,856	1,051
Allowance for uncollectible accounts	(17,987)	205	99	-	(17,683)	-
Inventory	(47,101)	(25,986)	12,625	-	(60,462)	599
Prepaid expenses	(31,451)	(44,923)	(16)	561	(75,829)	(11,441)
Net pension asset	(50,513)	(39,999)	(3,215)	(8,864)	(102,591)	(7,934)
Customer deposits	1,506	-	57,000	-	58,506	-
Accounts payable	(206,161)	75,804	19,036	280	(111,041)	(57,597)
Regulatory liability	1,103,778	-	-	-	1,103,778	-
Compensated absences	707	8,591	(30)	3,641	12,909	(2,820)
Net other post employment benefits obligation	(4,910)	(3,894)	(311)	(862)	(9,977)	(771)
Due to other governments	-	-	8,833	-	8,833	-
Deferred revenue	177,717	-	-	-	177,717	-
Total adjustments	2,382,015	1,446,786	415,588	3,314	4,247,703	(50,872)
Net cash provided (used) by operating activities	\$ 13,245,142	\$ 5,007,512	\$ 2,015,302	\$ 492,771	\$ 20,760,727	\$ (48,021)
Noncash investing, capital, and financing activities:						
Increase (decrease) in fair value of investments	(13,475)	(5,346)	(5,863)	(3,845)	(28,529)	-
Increase (decrease) in capital grants receivable	8,815	(80)	-	-	8,735	-
Increase (decrease) in accrued interest receivable	864	(61)	1,239	664	2,706	-
Increase (decrease) in accrued interest payable	(497)	(4,521)	-	-	(5,018)	-
Capitalization of accrued payables, retainage	34,642	35,725	230	-	70,597	-
Capital contributions of property and equipment	-	-	-	1,616,734	1,616,734	-
Capitalization of trade-in credits	12,500	-	-	-	12,500	-
Loss on Capital Asset Disposal	(13,441)	-	-	-	(13,441)	-
Amortization of bond premium	-	38,081	-	-	38,081	-
Amortization of loss on bond refinancing	-	(34,443)	-	-	(34,443)	-
TEST: Operating Activities	-	-	-	-	-	-
TEST: Cash and Cash Equivalents	-	-	-	-	-	-

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

CITY OF NEWARK, DELAWARE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2014

	Pension and Other Benefits Funds
ASSETS	
Cash and cash equivalents	\$ 19,516
Investments:	
Money market funds	-
Domestic equity mutual funds	27,043,568
International equity mutual funds	11,455,552
Fixed income mutual funds	18,458,938
Real estate equity funds	4,789,581
Balanced asset allocation mutual funds	498,848
U.S. stocks	67,478
International global stocks	7,691
Obligations of U.S. governments and agencies	1,333,945
Accounts receivable	4,795
Contributions receivable	141,891
Total Assets	63,821,803
LIABILITIES	
Accounts payable	714
Total Liabilities	714
NET POSITION	
Position held in trust for employee post employment benefits	\$ 63,821,089

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

CITY OF NEWARK, DELAWARE
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Pension and Other Benefits Funds
ADDITIONS	
Contributions:	
Employer	\$ 4,654,226
State aid - police	283,781
Employee	<u>585,969</u>
Total contributions	<u>5,523,976</u>
Investments:	
Investment earnings	350,784
Net increase in fair value of investments	<u>3,685,666</u>
Total investment earnings	<u>4,036,450</u>
Total additions	<u>9,560,426</u>
DEDUCTIONS	
Benefits	4,009,329
Administrative expenses	<u>434,691</u>
Total Deductions	<u>4,444,020</u>
Change in Net Position	5,116,406
Net Position - Beginning of Year	<u>58,704,683</u>
Net Position - End of Year	<u><u>\$ 63,821,089</u></u>

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

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Newark complies with generally accepted accounting principles (GAAP) including all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. The City has implemented all applicable GASB financial reporting requirements through GASB Statement No. 67. The objective of GASB Statement No. 67 is to improve financial reporting by state and local governmental pension plans. The effect on this statement is a new disclosure of the City's pension plan.

In 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions. The objective of this Statement is to improve accounting and financial reporting by state and local government employers for the pensions in which they are involved. This Statement will become effective for the year-ending December 31, 2015. GASB Statement No. 68 will require the City to record the unfunded pension liability program.

Financial Reporting Entity

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

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

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the City. Eliminations of interfund activity have been made to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the last are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

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.

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

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

The City reports the following major governmental funds:

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.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

Internal Service 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.

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.

Street Fund – Used to account for the City's street maintenance program, two-thirds of the City's roadways are maintained under this program.

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

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 Funds – 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.

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.

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

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

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

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

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

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

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

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

Cash and Cash Equivalents

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

Receivables

Receivables as of December 31, 2014 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% 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

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

may not be recoverable through a transfer or munitions sale and one percent of the remaining receivable balance. As of December 31, 2014, the allowance for doubtful accounts in the General Fund amounted to \$67,135.

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

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

As of December 31, 2014, the allowance for doubtful accounts amounted to \$166,450 in the Electric Fund, \$22,660 in the Water Fund, and \$27,717 in the Sewer Fund.

Inventories and Prepaid Items

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

Capital Assets

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

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

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

Compensated Absences

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

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

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

Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current financial period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

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

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

Net Position and Fund Equity

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

Fund Balance

Fund balances presented in the governmental fund financial statements represent the difference between assets, liabilities, and deferred outflows/inflows of resources reported in the governmental funds. 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:

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

- Nonspendable – includes items that cannot be spent because they are not in spendable form, such as prepaid and inventory items reported in the general fund, capital projects fund, and other governmental funds.
- Restricted – includes items that are restricted by external parties or imposed by grants, law, or legislation.
- Committed – includes items that can be used only for the specific purposes determined by formal action (council bill) of the City's highest level of decision making authority (City Council). Constraint can be removed or changed only by taking the same action (council bill) prior to the end of the fiscal year. The City had no committed fund balances at December 31, 2014.
- Assigned – includes items that have been allocated by budgetary action (approved by City Council) where the City's intent is to use the funds for a specific purpose.
- Unassigned – this category is for any balances that have no restrictions placed upon them. The General Fund is the only fund that reports a positive unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

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 2014 was .6961 cents per \$100 of assessed value.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgetary Information

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

- a. Formal budgetary integration is employed as a management control device during the year for the General fund. This budget is adopted on a basis consistent with generally accepted accounting principles.
- b. The City Council adopts legal annual budgets for the General Fund, Proprietary Funds, Street Fund, Parks Special Revenue Funds, Debt Service 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

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

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, 2014, actual revenues in the General Fund exceeded budgeted revenues by \$20,688. This amount represents greater than anticipated revenues in Transfer Taxes, Franchise Taxes, Licenses & Permits, and Intergovernmental revenues.

Operating expenditures were \$937,559 greater than appropriated. This amount represents greater than anticipated expenditures in the Planning, Administration, Legislative, Code Enforcement, Police, Public Works, and Culture and Recreation functions of the General Fund. More significant variances were in the General Government Administration - Information Technology personnel and supplies, Administration legal services, Legislative personnel and legal services, Public Safety Police overtime and other post retirement benefits, and Public Works overtime and snow removal expenditure lines.

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, 2014, the carrying amount of the City's cash accounts and cash on hand was \$9,170,172. The bank balances were \$8,971,972. Of the bank balances, \$642,000 was covered by Federal Depository Insurance. The remaining balance of \$8,329,737 was secured by collateral consisting of uninsured and unregistered investments held by the pledging financial institution but not in the City's name. Of the cash accounts and cash on hand, \$1,373 was restricted for the Automated Meter Infrastructure project and was deposited in an acquisition fund in the City's name.

The above does not include pension and post-employment benefits fund deposits reflected in Notes 8 and 10.

Investments

The City's investments are reported at fair value. 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

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

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. 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.

As of December 31, 2014 the City had the following investments (investments in certificates of deposits are insured, registered, or held by the City or its agent in the City's name):

<u>Investment Type</u>	<u>Fair Value</u>	<u>INVESTMENT MATURITIES (in years)</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>
Certificates of Deposit	\$ 14,975,714	\$ 3,976,423	\$ 10,479,667	\$ 519,624	\$ -
U. S. Government Securities	1,140,264	-	1,140,264	-	-
Corporate Notes	3,521,892	-	3,521,892	-	-
Municipal Bonds	557,405	-	557,405	-	-
	<u>\$ 20,195,275</u>	<u>\$ 3,976,423</u>	<u>\$ 15,699,228</u>	<u>\$ 519,624</u>	<u>\$ -</u>

Credit Risk

The City has no policy regarding credit risk for U.S. Government Securities or Federal Agency Securities.

Interest Rate Risk

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

The City's investment policy limits and staggers the maturity of investments to mitigate interest rate risk and maintain adequate liquidity to meet its 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 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 securities in the City investment portfolio are held in the name of the City and are free and clear of any lien.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

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

Concentration of Credit Risk

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

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

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

As of December 31, 2014, there were no investments with a fair value in excess of 5% of the City's portfolio invested in any single issuer.

NOTE 3 CAPITAL ASSETS

The capital asset activity for the year ended December 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 5,499,380	\$ -	\$ -	\$ 5,499,380
Construction in progress	908,200	-	819,742	88,458
Total capital assets not being depreciated	<u>6,407,580</u>	<u>-</u>	<u>819,742</u>	<u>5,587,838</u>
Capital assets being depreciated:				
Buildings	10,385,357	274,413	-	10,659,770
Improvements	23,664,205	3,769,094	-	27,433,299
Machinery and equipment	13,513,750	1,198,885	541,408	14,171,227
Total capital assets being depreciated	<u>47,563,312</u>	<u>5,242,392</u>	<u>541,408</u>	<u>52,264,296</u>
Less accumulated depreciation for:				
Buildings	5,438,923	283,624	-	5,722,547
Improvements	8,568,855	1,262,115	-	9,830,970
Machinery and equipment	10,425,816	899,263	541,408	10,783,671
Total accumulated depreciation	<u>24,433,594</u>	<u>2,445,002</u>	<u>541,408</u>	<u>26,337,188</u>
Total capital assets being depreciated, net	<u>23,129,718</u>	<u>2,797,390</u>	<u>-</u>	<u>25,927,108</u>
Governmental activities capital assets, net	<u>\$ 29,537,298</u>	<u>\$ 2,797,390</u>	<u>\$ 819,742</u>	<u>\$ 31,514,946</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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	\$ 8,788,127	\$ 1,257,456	\$ -	\$ 10,045,583
Construction in progress	173,045	220,706	21,646	372,105
Intangibles	8,126	-	-	8,126
Total capital assets not being depreciated	<u>8,969,298</u>	<u>1,478,162</u>	<u>21,646</u>	<u>10,425,814</u>
Capital assets being depreciated:				
Buildings	24,721,120	1,660,774	-	26,381,894
Improvements	66,549,683	2,527,461	-	69,077,144
Machinery and equipment	<u>3,043,670</u>	<u>580,997</u>	<u>174,746</u>	<u>3,449,921</u>
Total capital assets being depreciated	<u>94,314,473</u>	<u>4,769,232</u>	<u>174,746</u>	<u>98,908,959</u>
Less accumulated depreciation for:				
Buildings	14,738,220	682,220	-	15,420,440
Improvements	24,246,266	1,786,687	-	26,032,953
Machinery and equipment	<u>2,212,109</u>	<u>248,780</u>	<u>158,276</u>	<u>2,302,613</u>
Total accumulated depreciation	<u>41,196,595</u>	<u>2,717,687</u>	<u>158,276</u>	<u>43,756,006</u>
Total capital assets being depreciated, net	<u>53,117,878</u>	<u>2,051,545</u>	<u>16,470</u>	<u>55,152,953</u>
Business-type activities capital assets, net	<u>\$ 62,087,176</u>	<u>\$ 3,529,707</u>	<u>\$ 38,116</u>	<u>\$ 65,578,767</u>
Depreciation expense was charged to the functions as follows:				
General Government			\$	330,280
Public Safety				470,678
Public Works				1,103,609
Culture and Recreation				512,394
Capital assets held by the government's internal service funds and charged to the various functions based on their usage				<u>28,041</u>
Total depreciation expense - governmental activities			\$	<u>2,445,002</u>
Business-type activities:				
Electric			\$	1,224,891
Water				1,168,206
Sewer				229,023
Parking				<u>95,567</u>
Total depreciation expense - business-type activities			\$	<u>2,717,687</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 4 LONG-TERM DEBT

General Obligation Bonds

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

The bonds mature September 15, 2012 through September 14, 2022 and bear interest rates that vary from 2.0 percent to 3.0 percent, payable March 15 and September 15.

The bonds outstanding on December 31, 2014 are general obligation debt supported by the full faith and credit of the City and are summarized as follows:

<u>Purpose</u>	<u>Amount</u>
Governmental activities	\$ 1,055,000
Business-type activities	<u>9,055,000</u>
	<u><u>\$ 10,110,000</u></u>

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

<u>Year Ending</u>	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
<u>December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 165,000	\$ 26,550	\$ 191,550	\$ 1,020,000	\$ 240,350	\$ 1,260,350
2016	170,000	23,250	193,250	1,040,000	219,950	1,259,950
2017	175,000	19,850	194,850	1,070,000	199,150	1,269,150
2018	175,000	16,350	191,350	1,095,000	177,750	1,272,750
2019	180,000	11,100	191,100	1,140,000	144,900	1,284,900
2020-2022	<u>\$ 190,000</u>	<u>\$ 5,700</u>	<u>195,700</u>	<u>3,690,000</u>	<u>224,100</u>	<u>3,914,100</u>
	<u>\$ 1,055,000</u>	<u>\$ 102,800</u>	<u>\$ 1,157,800</u>	<u>\$ 9,055,000</u>	<u>\$ 1,206,200</u>	<u>\$ 10,261,200</u>

In 2011, the City defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, assets in the trust account and the liability for the defeased bonds are not included in the City's financial statements. On December 31, 2014, \$9.06 million of bonds outstanding were considered defeased.

Equipment Lease/Purchase Agreement – Business Type Activities

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

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 4 LONG-TERM DEBT (cont'd)

As of December 31, 2014, payments under this lease obligation are as follows:

<u>Year Ending December 31</u>	<u>Business Type</u> <u>Activities</u>
2015	\$ 703,350
2016	703,350
2017	703,350
2018	703,350
2019	703,350
2020-2024	3,516,750
2025-2028	2,110,049
Total lease payments	9,143,549
Less: interest	(1,265,890)
Present value of lease payments	<u>\$ 7,877,659</u>

Energy Improvement Loans – Governmental & Business Type Activities

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

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

The loan outstanding on December 31, 2014 are summarized below:

<u>Purpose</u>	<u>Amount</u>
Governmental activities	\$ 220,675
Business-type activities	2,726,313
	<u>\$ 2,946,988</u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 4 LONG-TERM DEBT (cont'd)

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

Year Ending December 31	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 26,603	\$ 4,194	\$ 30,797	\$ 328,669	\$ 51,812	\$ 380,481
2016	27,137	3,660	30,797	335,258	45,222	380,480
2017	27,681	3,116	30,797	341,980	38,500	380,480
2018	28,236	2,561	30,797	348,836	31,644	380,480
2019	28,802	1,995	30,797	355,830	24,650	380,480
2020-2022	\$ 82,216	\$ 2,475	84,691	1,015,740	30,570	1,046,310
	<u>\$ 220,675</u>	<u>\$ 18,001</u>	<u>\$ 238,676</u>	<u>\$ 2,726,313</u>	<u>\$ 222,398</u>	<u>\$ 2,948,711</u>

NOTE 5 CHANGES IN LONG-TERM LIABILITIES

Long term liability activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
Bonds payable	\$ 1,215,000	\$ -	\$ (160,000)	\$ 1,055,000	\$ 165,000
Plus: deferred amounts - bond premium	42,598	-	(6,234)	36,364	6,234
Total bonds payable	1,257,598	-	(166,234)	1,091,364	171,234
Notes Payable	240,284	-	(19,609)	220,675	26,603
Compensated absences	637,124	1,184,628	(1,120,155)	701,597	70,160
Long-term liabilities	<u>\$ 2,135,006</u>	<u>\$ 1,184,628</u>	<u>\$ (1,305,998)</u>	<u>\$ 2,013,636</u>	<u>\$ 267,997</u>
<u>Business-Type Activities</u>					
Bonds payable	\$ 10,060,000	\$ -	\$ (1,005,000)	\$ 9,055,000	\$ 1,020,000
Plus: deferred amounts - bond premium	336,381	-	(38,081)	298,300	38,081
Total bonds payable	10,396,381	-	(1,043,081)	9,353,300	1,058,081
Lease payable	8,396,291	-	(518,632)	7,877,659	530,042
Notes Payable	3,112,300	-	(385,987)	2,726,313	328,669
Compensated absences	110,161	293,433	(280,524)	123,070	12,307
Long-term liabilities	<u>\$ 22,015,133</u>	<u>\$ 293,433</u>	<u>\$ (2,228,224)</u>	<u>\$ 20,080,342</u>	<u>\$ 1,929,099</u>

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

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 5 CHANGES IN LONG-TERM LIABILITIES (cont'd)

Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. As of December 31, 2014, \$15,164 of internal service funds compensated absences is included in the above amounts.

NOTE 6 INTERFUND TRANSFERS, RECEIVABLES & PAYABLES

The composition of interfund transfers as of the year ended December 31, 2014 was as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 12,698,555	\$ 3,435,247
Capital Projects Fund	2,300,433	-
Nonmajor Governmental Funds	2,416,025	708,113
Electric Fund	70,327	10,014,996
Water Fund	-	1,810,184
Sewer Fund	-	1,433,776
Parking Fund	<u>249,996</u>	<u>333,019</u>
Total transfers	<u>\$ 17,735,335</u>	<u>\$ 17,735,335</u>

Annual operating transfers of electric utility revenues have been made to the General Fund since 1996. The City's policy is that operating 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, 2014 was as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Community Development	<u>\$ 168,453</u>
Total		<u>\$ 168,453</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.

The Community Development Fund incurs expenditures for goods and services related to Community Development Grant (CDBG) funded programs which are later reimbursed by grant proceeds. On December 31, 2014, \$168,453 was due from the Community Development Fund for working capital advances. The General Fund expects to collect this amount in the subsequent year.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 7 ENCUMBRANCES

Encumbrances represent claims against appropriations for purchase order and executed contracts that have not been expended. Amounts reported as encumbrances in the General Fund are reported as an assignment of Fund Balance. Encumbrances in the Capital Projects Fund and Other Governmental Funds are reported as restricted and assigned fund balances. The following table includes functional encumbrance balances as of December 31, 2014:

	<u>Total</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>
General Government	\$ 49,807	\$ 49,807	\$ -	\$ -
Public Safety	87,220	36,528	-	50,692
Public Works	10,888	-	-	10,888
Culture & Recreation	27,115	26,960	-	155
Capital Projects	<u>1,068,455</u>	<u>-</u>	<u>1,068,455</u>	<u>-</u>
	<u>\$ 1,243,485</u>	<u>\$ 113,295</u>	<u>\$ 1,068,455</u>	<u>\$ 61,735</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, Russell Investment Group and the Principal Financial Group, prepare a performance monitoring report on the investment returns of plan assets. Finance Department staff prepares a separate report which, along with those of the consultants, is transmitted to the Board of Trustees, discussed at regular public meetings and made available for review in the Finance Department.

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

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

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

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 8 PENSIONS (cont'd)

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

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

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

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

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

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

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

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 8 PENSIONS (cont'd)

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

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

The contribution percentage for Non-Police and Special Police employees in 2014 was 2.5 percent of current base and longevity pay earned throughout the year.

Police employees of the City are required to contribute a floating 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 2014.

Annual Pension Cost

The City is required to make annual contributions based on actuarially computed percentage of covered wages in amounts sufficient to cover normal costs of benefits and amortize the prior service liabilities over a period of 28 years as a level percent of pay. The annual required contribution for the current year was determined as part of the January 1, 2014 actuarial valuation using the entry age normal cost method as defined in Section B of GASB Statement No. 27. The actuarial value of assets was determined using the asset valuation method that smooths gains and losses over a three-year period.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 8 PENSIONS (cont'd)

The unfunded actuarial accrued liability is amortized over an open 28 year period for police and closed 28 year period for non-police employees, as a level dollar amount, from the valuation date.

Annual required contribution	\$ 3,166,294
Interest on net pension asset	(41,057)
Adjustment to annual required contribution	<u>48,325</u>
Annual pension cost	3,173,562
Contributions made	<u>3,607,379</u>
Increase in net pension asset	(433,817)
Net pension asset , beginning of year	<u>(586,529)</u>
Net pension asset, end of year	<u><u>\$ (1,020,346)</u></u>

The following summarizes the annual pension cost, percentage of annual cost contributed, and the net pension asset for the past three years:

Calendar Year Ending December 31	Annual Pension Cost	Contributions Made	Percentage of APC Contributed	Net Pension Asset
2012	\$2,838,525	\$2,923,317	103%	\$759,176
2013	\$3,079,111	\$2,906,464	94%	\$586,529
2014	\$3,173,562	\$3,607,379	105%	\$1,020,346

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

The City's annual employer pension cost for the fiscal year ended December 31, 2014 was \$3,173,562. The contributions for the year by various City funds totaled \$3,607,379 including \$283,781 of funds provided by the State of Delaware. The State aid for police pension is recorded through the general fund escrow account.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 8 PENSIONS (cont'd)

Plan Membership

As of January 1, 2014, the most recent actuarial valuation, employee membership consisted of:

Police and Nonpolice Participants	Police	Non Police	Total
Active employees	66	147	213
Retired and disabled members receiving benefits	51	109	160
Deferred vested participants	<u>0</u>	<u>12</u>	<u>12</u>
Total	<u>117</u>	<u>268</u>	<u>385</u>

The City's total payroll for all employees covered by Plan for the current year was \$12,880,696. 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 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 Frank Russell Trust 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.

Concentration of Plan Assets

As of December 31, 2014 there were no individual investments, other than those backed by the U.S. Government, which constituted five percent or more of the plan's net position.

Required Supplementary Information – Municipal General Employees Pension Plan Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 8 PENSIONS (cont'd)

Funding Progress, as presented below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities benefits.

Schedule of Funding Progress

Actuarial Valuation Date	Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability	Funded Ratio	Payroll	Unfunded AAL as a Percentage of Payroll
January 1, 2009	\$38,956,105	\$53,944,288	\$14,988,183	72.22%	\$12,572,244	119.22%
January 1, 2010	\$37,710,603	\$56,605,675	\$18,895,072	66.62%	\$12,735,266	148.37%
January 1, 2011	\$37,139,934	\$60,197,225	\$23,057,291	61.70%	\$12,683,712	181.79%
January 1, 2012	\$40,760,760	\$62,857,392	\$22,096,632	64.80%	\$12,927,854	170.90%
January 1, 2013	\$44,467,160	\$68,475,265	\$24,008,105	64.90%	\$12,866,664	186.60%
January 1, 2014	\$48,752,031	\$73,126,314	\$24,374,283	66.70%	\$12,880,696	189.20%

Schedule of Contributions from Employer and Other Contributing Entities

Valuation Date	Annual Required Contribution	Actual Contribution	Percentage Contributed
January 1, 2012	\$2,832,003	\$2,923,317	103.22%
January 1, 2013	\$3,070,787	\$2,906,464	94.65%
January 1, 2014	\$3,166,294	\$3,607,379	104.97%

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

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 8 PENSIONS (cont'd)

The condensed financial statements as of and for the year ended December 31, 2014 are as follows:

Statement of Plan Net Position
Employee's Pension Trust Fund
December 31, 2014

ASSETS

Investments:

Domestic equity mutual funds	\$ 23,975,073
International equity mutual funds	10,184,714
Fixed income mutual funds	16,219,335
Real estate equity funds	4,287,844
Obligations of U.S. governments & agencies	1,331,122
Contributions receivable	<u>141,891</u>
Total assets	<u>56,139,979</u>

NET POSITION

Position held in trust for employee post employment benefits	<u><u>\$ 56,139,979</u></u>
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CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 8 PENSIONS (cont'd)

Statement of Changes in Plan Net Position
Employee's Pension Trust Fund
For the Year Ended December 31, 2014

ADDITIONS

Contributions:

Employer contributions	\$ 3,323,598
State aid - police	283,781
Employee contributions	498,028
Total contributions	<u>4,105,407</u>

Investments:

Net increase in fair value of investments	<u>3,626,635</u>
Total investments earnings	<u>3,626,635</u>
Total additions	<u>7,732,042</u>

DEDUCTIONS

Benefits	3,617,747
Administrative expenses	<u>432,651</u>
Total deductions	<u>4,050,398</u>

Change in Net Position 3,681,644

Net Position, January 1 52,458,335

Net Position, December 31 \$ 56,139,979

NOTE 9 GASB 67, FINANCIAL REPORTING FOR PENSION PLANS

The City has adopted GASB Statement No. 67, Financial Reporting for Pension Plans, an amendment to GASB Statement No. 25. This Statement enhances the City's footnote disclosures and expands the Required Supplementary Information (RSI) data with new schedules. The Statement was issued to improve financial reporting by state and local government pension plans. The following provides information required to be disclosed under Statement No. 67 that is not discussed as part of the information disclosed in Note 8, Pensions.

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, 2014

NOTE 9 GASB 67, FINANCIAL REPORTING FOR PENSION PLANS (cont'd)

Investment Policy

The Operations and Investment 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 following was the Plan's adopted asset allocation policy as of December 31, 2014:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Equities	55%	60%	65%
Large Cap U.S. Equity	30%	35%	40%
Small Cap U.S. Equity	0%	5%	10%
Non-U.S. Equity	15%	20%	25%
Fixed Income	25%	30%	35%
Real Estate	5%	10%	15%

Concentrations

The Pension Plan held investments in any one organization that represented 5% or more of the Plan's fiduciary net position as of December 31, 2014:

<u>Investment</u>	<u>Fair Market Value</u>	<u>% of Pension Fiduciary Net Position</u>
Russell Domestic equity mutual funds	\$ 23,975,093	43%
Russell International equity mutual funds	10,184,714	18%
Russell Fixed income mutual funds	16,219,335	29%
Russell Real estate equity funds	4,287,844	8%

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 9 GASB 67, FINANCIAL REPORTING FOR PENSION PLAN (cont'd)

Net Pension Liability

The net pension liability of the trust as of December 31, 2014 was for the measurement date December 31, 2014:

Total pension liability	\$ 75,958,000
Fiduciary net position	<u>(56,139,979)</u>
Net pension liability	<u>\$ 19,818,021</u>
Fiduciary net position as a % of total pension liability	73.91%

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

Valuation date	January 1, 2014
Measurement date	December 31, 2014
Actuarial cost method	Entry Age Normal
Amortization period	28 years (27 years for the 2015 fiscal year and will decline by 1 year each year until 1 year for non-police and 15 years for police)
Asset valuation method	Market value of assets less unrecognized gains/losses over a 3-year period. Gains/losses are based on actuarial value of assets.
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases	Based on 3.5% wage inflation rates plus reflecting wage progression and longevity increases for each employee group.
Cost of living adjustments	None
General inflation	2.5%
Retirement	Rates vary by employee group, age, and type of retirement, 2% to 100%
Mortality rate	RP-2000 Healthy Combined Mortality projected on a generational basis using Scale AA.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 9 GASB 67, FINANCIAL REPORTING FOR PENSION PLAN (cont'd)

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, 2014 are detailed below:

Asset Class	Long-Term Expected Rate of Return
Cash	0.54%
U.S. Core Fixed Income	2.12%
U.S. Core Bonds	1.93%
U.S. Short-Term Bonds	1.49%
U.S. Intermediate-Term Bonds	1.79%
U.S. Long-Term Bonds	2.84%
U.S. Mortgages	2.54%
U.S. Municipal Bonds	1.36%
U.S. High Yield Bonds	4.57%
Global Bonds	0.85%
Non-U.S. Bonds	0.92%
U.S. Large Cap	5.33%
U.S. Large/Mid Cap	5.54%
U.S. Large Growth	6.10%
U.S. Large Value	5.18%
U.S. Small Growth	7.51%
U.S. Small Value	5.81%
U.S. Small Cap	6.53%
U.S. Mid Cap	5.49%
Non-U.S. Equity	6.68%
Developed Foreign Equities	6.22%
Emerging Market Equities	8.46%
Real Estate	5.39%
Global Real Estate	6.29%

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 9 GASB 67, FINANCIAL REPORTING FOR PENSION PLAN (cont'd)

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.

Discount rate	7.00%
Long-term expected rate of return	7.00%
Municipal bond rate (1)	3.65%

(1) Bond Buyer 20-Bond General Obligation Bond Index as of December 25, 2014;
4.73% as of December 26, 2013.

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 7.0%, 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 (6.0%) or 1 percentage point higher (8.0%) than the current rate.

	1% Decrease 6%	Current Discount Rate 7%	1% Increase 8%
Total pension liability	\$ 85,223,000	\$ 75,958,000	\$ 68,166,000
Fiduciary net position	<u>56,139,979</u>	<u>53,139,979</u>	<u>56,139,979</u>
Net pension liability	<u><u>29,083,021</u></u>	<u><u>19,818,021</u></u>	<u><u>12,026,021</u></u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 9 GASB 67, FINANCIAL REPORTING FOR PENSION PLAN (cont'd)

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, 2014 was 6.33%. The money weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

NOTE 10 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 11 OTHER POST EMPLOYMENT BENEFITS

Plan Description

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

Participant data consisted of the following at January 1, 2013, the date of the latest actuarial valuation:

<u>Participants</u>	
Active	218
Retired	<u>116</u>
Total	<u><u>334</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 2014, the City contributed \$1,252,031 to prefund benefits and to pay current premiums for post-employment benefits. For 2014, the current premium costs of those benefits were \$370,568.

Annual OPEB Cost and Net OPEB Obligation

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

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (cont'd)

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

Annual required contribution	\$ 1,212,634
Interest on net OPEB obligation	27,455
Adjustment to annual required contribution	<u>(32,315)</u>
Annual OPEB cost (expense)	1,207,774
Contributions made	<u>1,252,031</u>
Decrease in net OPEB obligation	(44,257)
Net OPEB obligation, beginning of year	<u>392,209</u>
Net OPEB obligation, end of year	<u><u>\$ 347,952</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 were as follows:

<u>Calendar Year Ended</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2009	1,067,503	78.0%	689,419
12/31/2010	1,104,640	103.7%	648,949
12/31/2011	1,192,310	122.5%	380,416
12/31/2012	1,087,957	100.7%	372,489
12/31/2013	1,208,751	98.4%	392,209
12/31/2014	1,207,774	100.4%	347,952

Funded Status

As of January 1, 2013, the most recent actuarial valuation date, the plan was 30.3 percent funded. The actuarial accrued liability for benefits was \$13,764,788, the actuarial value of assets was \$4,172,150 and the unfunded actuarial accrued liability was \$9,592,638. The covered payroll (annual payroll of active employees covered by the plan) was \$12,866,664 and the ratio of UAAL to the covered payroll was (UAAL) 74.6 percent.

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

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (cont'd)

Actuarial Valuation Date	Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability	Funded Ratio	Payroll	Unfunded AAL as a Percentage of Payroll
January 1, 2007	\$ -	\$ 11,740,000	\$ 11,740,000	0.00%	\$ 11,634,740	100.90%
January 1, 2009	300,007	11,582,043	11,282,036	2.59%	12,712,244	88.70%
January 1, 2011	1,810,265	15,001,532	13,191,267	12.07%	12,683,712	104.00%
January 1, 2012	2,991,033	14,763,000	11,771,967	20.26%	12,927,854	91.10%
January 1, 2013	4,172,150	13,764,788	9,592,638	30.30%	12,866,664	74.60%

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

Actuarial Methods & Assumptions

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

The actuarial assumptions used for turnover, mortality, and retirement age were generally the same as those used for the Amended Pension Plan for the employees of the City of Newark. The assumed claims cost and contributions were updated to reflect recent plan experience. The entry age normal method was used for this valuation. Entry age normal method accrues liability in level dollar amounts over the career of the participant. The actuarial assumptions include a 7.00 percent investment rate of return and annual health care cost trend rates of 9.6 percent initially for pre-medicare and 8.7 percent for medicare eligible, reduced by decrements to an ultimate rate of 5.4 percent for pre-medicare and 6.1 percent for medicare eligible after twenty-nine years and the assumption that benefits will not increase after retirement. Adjustments were made for changes due to the Affordable Care Act (ACA), aging, percentage of costs associated with administrative expenses, inflation on administrative costs, and potential excise tax due to the ACA. The plan does not have a provision for inflation rate. The unfunded actuarial liability is being amortized over a twenty-eight year closed period with level dollar payments. For this purpose, payroll is assumed to grow by 3.5 percent per year.

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (cont'd)

The condensed financial statements as of and for the year ended December 31, 2014 are as follows:

Statement of Plan Net Position
Other Post Employment Benefits Plan
December 31, 2014

ASSETS	
Cash and cash equivalents	\$ 19,516
Investments:	
Domestic equity mutual funds	3,068,475
International equity mutual funds	1,269,854
Fixed income mutual funds	2,190,865
Real estate equity funds	501,737
Accounts receivable	<u>2,047</u>
Total assets	<u>7,052,494</u>
LIABILITIES	
Accounts payable	<u>714</u>
Total liabilities	<u>714</u>
NET POSITION	
Position held in trust for employee post employment benefits	<u><u>\$ 7,051,780</u></u>

Statement of Changes in Plan Net Position
Other Post Employment Benefits Plan
For the Year Ended December 31, 2014

ADDITIONS	
Contributions:	
Employer contributions	\$ 1,252,031
Investments:	
Investment earnings	342,937
Net increase in fair value of investments	<u>42,302</u>
Total additions	<u>1,637,270</u>
DEDUCTIONS	
Benefits	370,568
Administrative expenses	<u>-</u>
Total deductions	<u>370,568</u>
Change in Net Position	1,266,702
Net Position, January 1	<u>5,785,078</u>
Net Position, December 31	<u><u>\$ 7,051,780</u></u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 12 SECTION 401A 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 of Newark serving as the trustee. The plan was adopted under Resolution No. 08-W on October 13, 2008. The former City Manager participated in the plan. Contributions to the plan were made by the City and the former City Manager according to the plan contribution provisions. There were no contributions to the Fund in 2014.

The condensed financial statements as of and for the year ended December 31, 2014 are as follows:

Statement of Plan Net Position
Section 401(a) City Manager's Retirement Fund
December 31, 2014

ASSETS

Investments:

Balanced asset allocation mutual funds	\$ 207,032
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Total assets	<u>207,032</u>
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NET POSITION

Position held in trust for employee post employment benefits	<u><u>\$ 207,032</u></u>
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Statement of Changes in Plan Net Position
Section 401(a) City Manager's Retirement Fund
For the Year Ended December 31, 2014

ADDITIONS

Investments:

Net increase in fair value of investments	\$ 7,742
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Total investments earnings	<u>7,742</u>
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Total additions	<u>7,742</u>
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Net Position, January 1	<u>199,290</u>
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Net Position, December 31	<u><u>\$ 207,032</u></u>
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CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 13 SECTION 401A MANAGEMENT EMPLOYEES RETIREMENT FUND

The City of Newark 401A Management Employees Retirement Fund is a money purchase retirement plan and trust known as the City of Newark, Delaware Management Employee Defined Contribution Pension Plan. This plan is administered by the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust with the City of Newark serving as the trustee. The plan, adopted under Resolution No. 12-R on October 8, 2012 and amended on January 1, 2014, includes management employees hired after January 1, 2012, Local 1670 employees hired after April 1, 2014, and Employees Council hired after January 1, 2014. Contributions to the plan are made by the City and covered employees according to the plan's contribution provisions. In 2014, total contributions to the Fund were \$108,462.

The condensed financial statements as of and for the year ended December 31, 2014 are as follows:

Statement of Plan Assets
Section 401(a) Management Employees' Retirement Fund
December 31, 2014

ASSETS

Investments:

Fixed income mutual funds	\$ 47,628
Balance asset allocation mutual funds	58,516
U.S. stocks	47,168
Obligations of U.S. governments & agencies	2,115
International global stocks	7,691
Accounts receivable	<u>2,748</u>
Total assets	<u>165,866</u>

NET POSITION

Position held in trust for employee post employment benefits	\$ <u>165,866</u>
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CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 13 SECTION 401A MANAGEMENT EMPLOYEES RETIREMENT FUND (cont'd)

Statement of Changes in Plan Net Position
Section 401(a) Management Employees' Retirement Fund
For the Year Ended December 31, 2014

ADDITIONS

Contributions:

Employer contributions	\$ 61,102
Employee contributions	<u>47,360</u>
Total contributions	<u>108,462</u>

Investments:

Investment earnings	105
Net increase (decrease) in fair value of investments	<u>5,588</u>
Total investments earnings (deficit)	<u>5,693</u>
Total additions	<u>114,155</u>

DEDUCTIONS

Benefits	-
Administrative expenses	<u>75</u>
Total deductions	<u>75</u>

Change in Net Position	114,080
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Net Position, January 1	<u>51,786</u>
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Net Position, December 31	<u><u>\$ 165,866</u></u>
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CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 14 RETIREMENT HEALTH SAVINGS PLAN 2009

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

The condensed financial statements as of and for the year ended December 31, 2014 are as follows:

Statement of Plan Net Position
Retirement Health Savings Plan 2009
December 31, 2014

ASSETS

Investments:	
Fixed income mutual funds	\$ 1,110
Balanced asset allocation mutual funds	193,815
U.S. stocks	<u>13,757</u>
 Total assets	 <u>208,682</u>

NET POSITION

Position held in trust for employee post employment benefits	<u><u>\$ 208,682</u></u>
--	--------------------------

Statement of Changes in Plan Net Position
Retirement Health Savings Plan 2009
For the Year Ended December 31, 2014

ADDITIONS

Contributions:	
Employee contributions	<u>\$ 31,668</u>
Total contributions	31,668
Investments:	
Net increase (decrease) in fair value of investments	<u>9,474</u>
Total investments earnings (deficit)	<u>9,474</u>
Total additions	<u>41,142</u>

DEDUCTIONS

Benefits	21,014
Administrative expenses	<u>1,608</u>
Total deductions	<u>22,622</u>
 Change in Net Position	 18,520
Net Position, January 1	<u>190,162</u>
Net Position, December 31	<u><u>\$ 208,682</u></u>

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 15 RETIREMENT HEALTH SAVINGS PLAN 2012

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

The condensed financial statements as of and for the year ended December 31, 2014 are as follows:

Statement of Plan Net Position
Retirement Health Savings Plan 2012
December 31, 2014

ASSETS

Investments:

International equity mutual funds	\$ 984
Balanced asset allocation mutual funds	39,485
U.S. Stocks	6,553
Obligations of U.S. government and agencies	<u>728</u>

Total assets	<u>47,750</u>
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NET POSITION

Position held in trust for employee post employment benefits	<u>\$ 47,750</u>
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CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 15 RETIREMENT HEALTH SAVINGS PLAN 2012 (cont'd)

Statement of Changes in Plan Net Position
Retirement Health Savings Plan 2012
For the Year Ended December 31, 2014

ADDITIONS

Contributions:

Employer contributions	\$ 17,495
Employee contributions	<u>8,913</u>
Total contributions	26,408

Investments:

Net increase (decrease) in fair value of investments	<u>1,667</u>
Total investments earnings (deficit)	<u>1,667</u>
Total additions	<u>28,075</u>

DEDUCTIONS

Benefits	-
Administrative expenses	<u>357</u>
Total deductions	357

Change in Net Position 27,718

Net Position, January 1 20,032

Net Position, December 31 \$ 47,750

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 16 RISK MANAGEMENT

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

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

The City maintains an insurance fund for worker's compensation claims and deductible amounts paid to its insurance underwriters. That insurance fund is included in these statements. Resources are allocated to this fund from operating funds. Historically, the City has experienced very few individual claims. As of December 31, 2014, there were two outstanding workers compensation claims and two outstanding general liability claims below the City's deductible:

Fiscal Year	Aggregate Liability for Claims 1/1/14	Current Year Claims	Actual Claims Payments	Aggregate Liability for Claims 12/31/14
2014	\$ 96,197	\$ 306,649	\$ 161,507	\$ 241,339
2013	6,757	172,023	82,583	96,197
2012	2,080	89,253	84,576	6,757
2011	346	169,014	167,280	2,080
2010	1,392	85,550	86,596	346

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 17 POLLUTION REMEDIATION

In 2008, the City hired an environmental engineering firm to perform a remedial investigation of its Cleveland Avenue Landfill site, which was operated by the City from 1914 to the early 1960's. After the site was closed, it served as McKees Park until 2009. The investigation of the site was conducted for the City at the request of the Delaware Department of Natural Resources and Environmental Control (DNREC) in order to characterize the site and its actual or potential risk to public health, welfare, or the environment, and to provide data for development of remedial alternatives, if necessary, to reduce or eliminate hazards. In 2010, all park amenities were removed and the site ceased to exist as an active park. In 2011, the City secured the site by installing a fence around the perimeter and began conducting quarterly sampling from two wells on site as required by DNREC for review of the need for any further action. In 2012, the City identified the potential for a beneficial reuse of the site by constructing a photovoltaic power station on the property and issued request for proposals through its wholesale electric supplier accordingly. Construction of the photovoltaic power station was completed in 2014.

In the fall of 2008, the State declared the City's Curtis Mill property a Certified Brownfield site. A Brownfield is a property or land previously used as an industrial site where the potential presence of low concentrations of hazardous waste may hinder expansion or redevelopment. By certifying a property as a Brownfield site, DNREC encourages the cleanup and redevelopment of vacant, abandoned, or underutilized properties which may be contaminated with hazardous substances. The City entered into a Brownfield Voluntary Cleanup Program agreement with the State. This agreement provided funds for testing and remediation. The Curtis Mill site was purchased by the City in 1999 and remained vacant for several years. Testing of the property for hazardous waste was completed in 2009. The proposed plan of remedial action was issued by DNREC in November 2011 and approved in January 2012. The plan presents DNREC's determination that the cleanup actions are in accordance with the Delaware Hazardous Substance Cleanup Act and will be protective of human health and environment. The cleanup was completed in 2014 and the site now serves as a public park.

NOTE 18 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% 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% 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% 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.

On May 1, 2011, the City entered into separate power sales agreements to purchase a 43.7% 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% of all power supply and ancillary products generated

CITY OF NEWARK, DELAWARE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 18 THE DELAWARE MUNICIPAL ELECTRIC CORPORATION, INC. (cont'd)

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.

NOTE 19 LITIGATION

There are three pending lawsuits in which the City is involved. The City's insurance carrier, defending these lawsuits, has moved to dismiss one of the claims. The City's legal counsel anticipates a favorable outcome on the second lawsuit. The outcome of the third lawsuit is not presently determinable, however, in the opinion of the City's legal counsel, the resolution of this matter will not have a material adverse effect on the financial condition of the City.



Newark Community Garden

COMPREHENSIVE ANNUAL FINANCIAL REPORT

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF NEWARK, DELAWARE
PENSION FUNDING PROGRESS
December 31, 2014**

Actuarial Valuation Date	Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability	Funded Ratio	Payroll	Unfunded AAL as a Percentage of Payroll
January 1, 2009	\$38,956,105	\$53,944,288	\$14,988,183	72.22%	\$12,572,244	119.22%
January 1, 2010	\$37,710,603	\$56,605,675	\$18,895,072	66.62%	\$12,735,266	148.37%
January 1, 2011	\$37,139,934	\$60,197,225	\$23,057,291	61.70%	\$12,683,712	181.79%
January 1, 2012	\$40,760,760	\$62,857,392	\$22,096,632	64.80%	\$12,927,854	170.90%
January 1, 2013	\$44,467,160	\$68,475,265	\$24,008,105	64.90%	\$12,866,664	186.60%
January 1, 2014	\$48,752,031	\$73,126,314	\$24,374,283	66.70%	\$12,880,696	189.20%

**CITY OF NEWARK, DELAWARE
OPEB FUNDING PROGRESS
December 31, 2014**

Actuarial Valuation Date	Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability	Funded Ratio	Payroll	Unfunded AAL as a Percentage of Payroll
January 1, 2007	\$0	\$11,740,000	\$11,740,000	0.0%	\$11,634,740	100.9%
January 1, 2009	\$300,007	\$11,582,043	\$11,282,036	2.59%	\$12,712,244	88.7%
January 1, 2011	\$1,810,265	\$15,001,532	\$13,191,267	12.07%	\$12,683,712	104.0%
January 1, 2012	\$2,991,033	\$14,763,000	\$11,771,967	20.26%	\$12,927,854	91.1%
January 1, 2013	\$4,172,150	\$13,764,788	\$9,592,638	30.30%	\$12,866,664	74.6%

CITY OF NEWARK, DELAWARE
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION
December 31, 2014

<u>Valuation Date</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>
January 1, 2009	\$1,958,483	\$2,020,967	103.19%
January 1, 2010	\$2,277,619	\$2,469,544	108.43%
January 1, 2011	\$2,614,758	\$2,743,738	104.93%
January 1, 2012	\$2,832,003	\$2,923,317	103.22%
January 1, 2013	\$3,070,787	\$2,906,464	94.65%
January 1, 2014	\$3,166,294	\$3,607,379	113.93%

CITY OF NEWARK, DELAWARE
SCHEDULE OF ANNUAL OPEB COST
December 31, 2014

<u>Calendar Year Ended</u>	<u>Annual OPEB cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
January 1, 2008	\$930,000	51.1%	\$454,916
January 1, 2009	\$1,067,503	78.0%	\$689,419
January 1, 2010	\$1,104,640	103.7%	\$648,949
January 1, 2011	\$1,192,310	122.5%	\$380,416
January 1, 2012	\$1,087,957	100.7%	\$372,489
January 1, 2013	\$1,208,751	98.4%	\$392,209

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

Total Pension Liability	
Service cost	\$ 1,657,347
Interest on total pension liability	5,109,595
Effect of economic/demographic (gains) or losses	(336,929)
Benefit payments	<u>(3,617,747)</u>
Net change in total pension liability	2,812,266
Total pension liability, beginning	<u>73,145,734</u>
Total pension liability, ending (a)	<u><u>\$ 75,958,000</u></u>
 Fiduciary Net Position	
Employer contributions	3,607,379
Member contributions	498,028
Investment income net of investment expenses	3,328,627
Benefit payments	(3,617,747)
Administrative expenses	<u>(134,643)</u>
Net change in plan fiduciary net position	3,681,644
Fiduciary net position, beginning	<u>52,458,335</u>
Fiduciary net position, ending (b)	<u><u>\$ 56,139,979</u></u>
 Net pension liability, ending = (a) - (b)	<u><u>\$ 19,818,021</u></u>
 Fiduciary net position as a % of total pension liability	73.91%
 Covered employee payroll	\$ 12,880,696
 Net pension liability as a % of covered payroll	153.86%

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

CITY OF NEWARK, DELAWARE
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>
2005	\$ 1,453,304	\$ 1,542,735	\$ (89,431)	\$ 10,720,609	14.39%
2006	1,420,363	1,502,867	(82,504)	10,892,965	13.80%
2007	1,559,167	1,640,433	(81,266)	11,478,460	14.29%
2008	1,605,989	1,710,432	(104,443)	12,053,590	14.19%
2009	1,958,483	2,020,967	(62,484)	12,572,244	16.07%
2010	2,277,619	2,469,544	(191,925)	12,735,266	19.39%
2011	2,614,758	2,743,738	(128,980)	12,683,712	21.63%
2012	2,832,003	2,923,317	(91,314)	12,927,854	22.61%
2013	3,070,787	2,906,464	164,323	12,866,664	22.59%
2014	3,166,294	3,607,379	(441,085)	12,880,696	28.01%

Schedule of Investment Returns

In accordance with GASB No. 67, the following required supplementary information is provided indicating the annual money-weighted rate of return, net of investment expense. Information prior to 2014 is not readily available.

Year Ended December 31, 2014	6.33%
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Schedule of Employer's Net Pension Liability *

<u>Fiscal Year Ending 31-Dec</u>	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability</u>	<u>Plan Net Position as a % of Total Pension Liability</u>	<u>Covered Payroll</u>	<u>Net Pension Liability as a % of Covered Payroll</u>
2014	\$ 75,958,000	\$ 56,139,979	\$ 19,818,021	73.91%	\$ 12,880,696	153.86%

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



Solar Powered Refuse Compactors

COMPREHENSIVE ANNUAL FINANCIAL REPORT

COMBINING FUND STATEMENTS

**CITY OF NEWARK, DELAWARE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Debt Service	Street Fund	Insurance Fund	Community Development Fund	Law Enforcement	Parks and Recreation	
ASSETS							
Cash and cash equivalents	\$ 46,340	\$ 154,265	\$ 439,348	\$ 63	\$ 378,345	\$ 223,288	\$ 1,241,649
Investments	-	-	704,757	-	-	-	704,757
Accounts receivable	-	20,873	2,550	172,505	42,307	2,500	240,735
Inventory	-	17,277	-	-	-	-	17,277
Prepaid items	-	2,980	-	-	-	-	2,980
Total assets	<u>\$ 46,340</u>	<u>\$ 195,395</u>	<u>\$ 1,146,655</u>	<u>\$ 172,568</u>	<u>\$ 420,652</u>	<u>\$ 225,788</u>	<u>\$ 2,207,398</u>
LIABILITIES							
Accounts payable	\$ -	\$ 25,230	\$ 241,339	\$ 4,115	\$ 2,866	\$ 70	\$ 273,620
Unearned revenues	-	5,882	-	-	79,136	-	85,018
Due to other funds	-	-	-	168,453	-	-	168,453
Other liabilities	-	-	-	-	12,790	-	12,790
Total liabilities	<u>-</u>	<u>31,112</u>	<u>241,339</u>	<u>172,568</u>	<u>94,792</u>	<u>70</u>	<u>539,881</u>
FUND BALANCES							
Nonspendable							
Inventory	-	17,277	-	-	-	-	17,277
Prepaid Items	-	2,980	-	-	-	-	2,980
Restricted for							
Safetytown programs	-	-	-	-	-	61,308	61,308
Parks donations	-	-	-	-	-	943	943
Recreation donations	-	-	-	-	-	16,420	16,420
Island beautification	-	-	-	-	-	78,976	78,976
Parkland improvements	-	-	-	-	-	68,071	68,071
Law Enforcement	-	-	-	-	325,860	-	325,860
Assigned to							
Debt service	46,340	-	-	-	-	-	46,340
Streets	-	144,026	-	-	-	-	144,026
Self insurance	-	-	905,316	-	-	-	905,316
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>46,340</u>	<u>164,283</u>	<u>905,316</u>	<u>-</u>	<u>325,860</u>	<u>225,718</u>	<u>1,667,517</u>
Total liabilities and fund balances	<u>\$ 46,340</u>	<u>\$ 195,395</u>	<u>\$ 1,146,655</u>	<u>\$ 172,568</u>	<u>\$ 420,652</u>	<u>\$ 225,788</u>	<u>\$ 2,207,398</u>

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Debt Service	Street Fund	Insurance Fund	Community Development Fund	Law Enforcement	Parks and Recreation	
REVENUES							
Fines, forfeits and costs	\$ -	\$ -	\$ -	\$ -	\$ 60,530	\$ -	\$ 60,530
Interest, dividends and rents	-	-	9,084	-	-	-	9,084
Intergovernmental revenues	-	-	-	200,963	358,502	27,759	587,224
Charges for services	-	2,915	-	-	1,683	-	4,598
Total revenues	-	2,915	9,084	200,963	420,715	27,759	661,436
EXPENDITURES							
Current:							
General Government	-	-	177,749	-	-	-	177,749
Public Safety	-	-	61,623	-	328,788	-	390,411
Public Works	-	1,292,566	21,554	-	-	-	1,314,120
Community Development	-	-	-	178,555	-	-	178,555
Culture and recreation	-	-	45,723	-	-	18,934	64,657
Debt Service:							
Principal	179,609	-	-	-	-	-	179,609
Interest	33,239	-	-	-	-	-	33,239
Capital Outlay	-	-	-	28,916	56,133	-	85,049
Total expenditures	212,848	1,292,566	306,649	207,471	384,921	18,934	2,423,389
Excess (deficiency) of revenues over (under) expenditures	(212,848)	(1,289,651)	(297,565)	(6,508)	35,794	8,825	(1,761,953)
OTHER FINANCING SOURCES (USES)							
Transfers in	212,848	1,993,570	203,099	6,508	-	-	2,416,025
Transfers out	-	(708,113)	-	-	-	-	(708,113)
Proceeds from the sale of capital assets	-	-	-	-	-	-	-
Total other financing sources and (uses)	212,848	1,285,457	203,099	6,508	-	-	1,707,912
Net change in fund balances	-	(4,194)	(94,466)	-	35,794	8,825	(54,041)
Fund balances - January 1	46,340	168,477	999,782	-	290,066	216,893	1,721,558
Fund balances - December 31	\$ 46,340	\$ 164,283	\$ 905,316	\$ -	\$ 325,860	\$ 225,718	\$ 1,667,517

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget -</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
EXPENDITURES				
Debt service:				
Principal	\$ 186,080	\$ 186,080	\$ 179,609	\$ 6,471
Interest	34,467	34,467	33,239	1,228
Total debt service	220,547	220,547	212,848	7,699
Total expenditures	220,547	220,547	212,848	7,699
Deficiency of revenues under expenditures	(220,547)	(220,547)	(212,848)	7,699
Other Financing Sources (Uses)				
Transfers In	220,547	220,547	212,848	(7,699)
Transfers Out	-	-	-	-
Total other financing sources and uses	220,547	220,547	212,848	(7,699)
Net change in fund balances	-	-	-	-
Fund Balances - January 1	46,340	46,340	46,340	-
Fund Balances - December 31	<u>\$ 46,340</u>	<u>\$ 46,340</u>	<u>\$ 46,340</u>	<u>\$ -</u>

CITY OF NEWARK, DELAWARE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
STREET SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Charges for service	600	600	2,915	2,315
Total revenues	600	600	2,915	2,315
EXPENDITURES				
Current:				
Public works:				
Highways and streets	1,160,104	1,154,424	1,292,566	(138,142)
Total public works	1,160,104	1,154,424	1,292,566	(138,142)
Total expenditures	1,160,104	1,154,424	1,292,566	(138,142)
Excess (deficiency) of revenues over (under) expenditures	(1,159,504)	(1,153,824)	(1,289,651)	(135,827)
Other Financing Sources (Uses)				
Transfers In	1,770,000	1,770,000	1,993,570	223,570
Transfers Out	-	-	(708,113)	(708,113)
Proceeds from the sale of capital assets	-	-	-	-
Total other financing sources and uses	1,770,000	1,770,000	1,285,457	(484,543)
Net change in fund balances	610,496	616,176	(4,194)	(620,370)
Fund Balances - January 1	168,477	168,477	168,477	-
Fund Balances - December 31	\$ 778,973	\$ 784,653	\$ 164,283	\$ (620,370)

CITY OF NEWARK, DELAWARE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
INSURANCE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Interest, dividends and rents	\$ 11,060	\$ 11,060	\$ 9,084	\$ (1,976)
Total revenues	11,060	11,060	9,084	(1,976)
EXPENDITURES				
Current:				
General government	142,014	130,421	177,749	(47,328)
Public safety	49,234	45,215	61,623	(16,408)
Public works	17,221	15,815	21,554	(5,739)
Culture and recreation	36,530	33,548	45,723	(12,174)
Total Insurance Special Revenue Fund	245,000	225,000	306,649	(81,649)
Total expenditures	245,000	225,000	306,649	(81,649)
Excess (deficiency) of revenues over (under) expenditures	(233,940)	(213,940)	(297,565)	(83,625)
Other Financing Sources (Uses)				
Transfers In	233,940	233,940	203,099	(30,841)
Total other financing sources and uses	233,940	233,940	203,099	(30,841)
Net change in fund balances	-	20,000	(94,466)	(114,466)
Fund Balances - January 1	999,782	999,782	999,782	-
Fund Balances - December 31	\$ 999,782	\$ 1,019,782	\$ 905,316	\$ (114,466)

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget -</u>
REVENUES				Favorable
				(Unfavorable)
Intergovernmental revenues	\$ 249,418	\$ 249,418	\$ 200,963	\$ (48,455)
Total revenues	249,418	249,418	200,963	(48,455)
EXPENDITURES				
Current:				
Community development:				
Community Development & Subventions	249,418	248,801	178,555	70,246
Total Community Development	249,418	248,801	178,555	70,246
Capital Outlay	-	-	28,916	(28,916)
Total expenditures	249,418	248,801	207,471	41,330
Excess of revenues over expenditures	-	617	(6,508)	(7,125)
Other Financing Sources (Uses)				
Transfers In	-	-	6,508	6,508
Total other financing sources and uses	-	-	6,508	6,508
Net change in fund balances	-	617	-	(617)
Fund Balances - January 1	-	-	-	-
Fund Balances - December 31	\$ -	\$ 617	\$ -	\$ (617)

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Favorable
				(Unfavorable)
REVENUES				
Fines, forfeits and costs	\$ 26,250	\$ 26,250	\$ 60,530	\$ 34,280
Interest, dividends and rents	-	-	-	-
Intergovernmental revenues	453,709	453,709	358,502	(95,207)
Charges for service	-	-	1,683	1,683
Total revenues	479,959	479,959	420,715	(59,244)
EXPENDITURES				
Current:				
Public safety:				
Police	415,323	415,454	328,788	86,666
Total public safety	415,323	415,454	328,788	86,666
Capital Outlay	-	-	56,133	(56,133)
Total expenditures	415,323	415,454	384,921	30,533
Excess (deficiency) of revenues over (under) expenditures	64,636	64,505	35,794	(28,711)
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	64,636	64,505	35,794	(28,711)
Fund Balances - January 1	290,066	290,066	290,066	-
Fund Balances - December 31	\$ 354,702	\$ 354,571	\$ 325,860	\$ (28,711)

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Favorable (Unfavorable)
REVENUES				
Intergovernmental Revenue	19,530	19,530	27,759	8,229
Total revenues	19,530	19,530	27,759	8,229
EXPENDITURES				
Current:				
Culture and recreation:				
Parks and recreation	6,000	6,000	8,182	(2,182)
Landscape beautification	8,475	8,475	10,752	(2,277)
Total culture and recreation	14,475	14,475	18,934	(4,459)
Capital Outlay	-	-	-	-
Total expenditures	14,475	14,475	18,934	(4,459)
Excess (deficiency) of revenues over (under) expenditures	5,055	5,055	8,825	3,770
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	5,055	5,055	8,825	3,770
Fund Balances - January 1	216,893	216,893	216,893	-
Fund Balances - December 31	\$ 221,948	\$ 221,948	\$ 225,718	\$ 3,770

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2014

	Employees Pension Trust Fund	Section 401(a) City Manager's Retirement Fund	Section 401(a) Management EE Retirement Fund	Other Post- Employment Benefits Fund	RHS Plan 2009 Management Employees	RHS Plan 2012 Management Employees	Total Fiduciary Funds
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 19,516	\$ -	\$ -	\$ 19,516
Investments:							
Domestic equity mutual funds	23,975,093	-	-	3,068,475	-	-	27,043,568
International equity mutual funds	10,184,714	-	-	1,269,854	-	984	11,455,552
Fixed income mutual funds	16,219,335	-	47,628	2,190,865	1,110	-	18,458,938
Real estate equity funds	4,287,844	-	-	501,737	-	-	4,789,581
Balanced asset allocation mutual funds	-	207,032	58,516	-	193,815	39,485	498,848
U.S. stocks	-	-	47,168	-	13,757	6,553	67,478
International global stocks	-	-	7,691	-	-	-	7,691
Obligations of U.S. governments and agencies	1,331,102	-	2,115	-	-	728	1,333,945
Accounts receivable	-	-	2,748	2,047	-	-	4,795
Contributions receivable	141,891	-	-	-	-	-	141,891
Total Assets	56,139,979	207,032	165,866	7,052,494	208,682	47,750	63,821,803
LIABILITIES							
Accounts payable	-	-	-	714	-	-	714
Total Liabilities	-	-	-	714	-	-	714
NET POSITION							
Position held in trust for employee post employment benefits	\$ 56,139,979	\$ 207,032	\$ 165,866	\$ 7,051,780	\$ 208,682	\$ 47,750	\$ 63,821,089

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Employees Pension Trust Fund	Section 401(a) City Manager's Retirement Fund	Section 401(a) Mgt Employees Retirement Fund	Other Post- Employment Benefits Fund	RHS Plan 2009 Management Employees	RHS Plan 2012 Management Employees	Total Fiduciary Funds
ADDITIONS							
Contributions:							
Employer contributions	\$ 3,323,598	\$ -	\$ 61,102	\$ 1,252,031	\$ -	\$ 17,495	\$ 4,654,226
State aid - police	283,781	-	-	-	-	-	283,781
Employee contributions	498,028	-	47,360	-	31,668	8,913	585,969
Total contributions	<u>4,105,407</u>	<u>-</u>	<u>108,462</u>	<u>1,252,031</u>	<u>31,668</u>	<u>26,408</u>	<u>5,523,976</u>
Investments:							
Investment earnings	-	7,742	105	342,937	-	-	350,784
Net increase (decrease) in fair value of investments	<u>3,626,635</u>	<u>-</u>	<u>5,588</u>	<u>42,302</u>	<u>9,474</u>	<u>1,667</u>	<u>3,685,666</u>
Total investment earnings (deficit)	<u>3,626,635</u>	<u>7,742</u>	<u>5,693</u>	<u>385,239</u>	<u>9,474</u>	<u>1,667</u>	<u>4,036,450</u>
Total additions	<u>7,732,042</u>	<u>7,742</u>	<u>114,155</u>	<u>1,637,270</u>	<u>41,142</u>	<u>28,075</u>	<u>9,560,426</u>
DEDUCTIONS							
Benefits	3,617,747	-	-	370,568	21,014	-	4,009,329
Administrative expenses	<u>432,651</u>	<u>-</u>	<u>75</u>	<u>-</u>	<u>1,608</u>	<u>357</u>	<u>434,691</u>
Total Deductions	<u>4,050,398</u>	<u>-</u>	<u>75</u>	<u>370,568</u>	<u>22,622</u>	<u>357</u>	<u>4,444,020</u>
Change in Net Position	3,681,644	7,742	114,080	1,266,702	18,520	27,718	5,116,406
Net Position - January 1	<u>52,458,335</u>	<u>199,290</u>	<u>51,786</u>	<u>5,785,078</u>	<u>190,162</u>	<u>20,032</u>	<u>58,704,683</u>
Net Position - December 31	<u>\$ 56,139,979</u>	<u>\$ 207,032</u>	<u>\$ 165,866</u>	<u>\$ 7,051,780</u>	<u>\$ 208,682</u>	<u>\$ 47,750</u>	<u>\$ 63,821,089</u>



McKees Solar Park Construction Phase

STATISTICAL SECTION

STATISTICAL SECTION

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

<u>Contents</u>	Page
Financial Trends	92-96
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	97-104
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	105-108
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	109-110
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	111-113
These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	

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

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Invested in capital assets, net of related debt	\$ 19,167,547	\$ 19,738,481	\$ 19,664,200	\$ 21,116,573	\$ 22,282,046	\$ 23,098,225	\$ 23,474,857	\$ 27,031,981	\$ 28,039,416	\$ 30,202,907
Restricted	-	-	-	-	-	-	241,912	337,388	322,332	426,369
Unrestricted	9,316,040	9,787,764	9,891,354	8,351,970	9,722,132	13,325,662	13,830,066	12,002,129	13,562,419	13,531,373
Total governmental activities net position	<u>\$ 28,483,587</u>	<u>\$ 29,526,245</u>	<u>\$ 29,555,554</u>	<u>\$ 29,468,543</u>	<u>\$ 32,004,178</u>	<u>\$ 36,423,887</u>	<u>\$ 37,546,835</u>	<u>\$ 39,371,498</u>	<u>\$ 41,924,168</u>	<u>\$ 44,160,649</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 31,916,587	\$ 33,520,059	\$ 33,883,335	\$ 36,343,169	\$ 36,781,751	\$ 37,038,824	\$ 37,821,033	\$ 39,486,456	\$ 45,847,342	\$ 45,621,495
Restricted	-	-	-	-	-	-	668,642	8,786,225	1,928,424	817,815
Unrestricted	10,415,679	9,169,062	9,875,035	10,319,843	7,701,016	11,979,078	14,561,705	8,290,134	12,604,948	18,603,562
Total business-type activities net position	<u>\$ 42,332,266</u>	<u>\$ 42,689,121</u>	<u>\$ 43,758,370</u>	<u>\$ 46,663,012</u>	<u>\$ 44,482,767</u>	<u>\$ 49,017,902</u>	<u>\$ 53,051,380</u>	<u>\$ 56,562,815</u>	<u>\$ 60,380,714</u>	<u>\$ 65,042,872</u>
Primary government										
Invested in capital assets, net of related debt	\$ 51,084,134	\$ 53,258,540	\$ 53,547,535	\$ 57,459,742	\$ 59,063,797	\$ 60,137,049	\$ 61,295,890	\$ 66,518,437	\$ 73,886,758	\$ 75,824,402
Restricted	-	-	-	-	-	-	910,554	9,123,613	2,250,756	1,244,184
Unrestricted	19,731,719	18,956,826	19,766,389	18,671,813	17,423,148	25,304,740	28,391,771	20,292,263	26,167,367	32,134,935
Total primary government net position	<u>\$ 70,815,853</u>	<u>\$ 72,215,366</u>	<u>\$ 73,313,924</u>	<u>\$ 76,131,555</u>	<u>\$ 76,486,945</u>	<u>\$ 85,441,789</u>	<u>\$ 90,598,215</u>	<u>\$ 95,934,313</u>	<u>\$ 102,304,882</u>	<u>\$ 109,203,521</u>

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General Government	\$ 4,895,612	\$ 4,897,378	\$ 5,291,456	\$ 5,893,962	\$ 6,706,122	\$ 7,100,937	\$ 8,380,516	\$ 6,237,220	\$ 6,395,748	\$ 7,079,702
Public Safety	8,380,903	8,727,705	9,255,012	10,078,299	10,482,878	10,494,199	10,899,136	11,426,222	12,220,141	13,012,788
Public Works	5,185,938	5,155,210	5,223,684	4,897,004	4,274,977	4,608,499	4,303,785	5,938,001	5,034,078	4,920,853
Community Development	349,775	643,663	308,268	391,652	173,473	297,483	320,682	150,939	219,480	178,555
Culture and Recreation	1,979,929	2,123,181	2,131,537	2,594,927	2,385,848	1,916,029	2,020,999	2,908,610	2,992,043	3,263,524
Interest Expense	154,763	140,879	126,851	112,984	99,565	86,321	87,994	37,453	30,814	28,512
Total governmental activities expenses	20,946,920	21,688,016	22,336,808	23,968,828	24,122,863	24,503,468	26,013,112	26,698,445	26,892,304	28,483,934
Business-type activities:										
Electric	36,021,168 ¹	40,127,409	40,222,278	43,343,324	42,318,337	45,272,708	44,815,073	41,681,970	39,515,400	39,747,555
Water	3,810,564	4,191,572	3,913,342	4,259,128	4,101,573	3,930,138	4,105,171	3,928,933	4,534,736	5,262,775
Sewer	3,402,353	3,987,793	4,214,297	3,915,177	3,643,891	4,195,238	4,206,078	4,559,881	4,947,453	5,092,098
Parking	508,099	538,188	588,443	690,479	750,768	765,549	809,599	805,008	865,948	1,012,311
Total business-type activities expenses	43,742,184	48,844,962	48,938,360	52,208,108	50,814,569	54,163,633	53,935,921	50,975,792	49,863,537	51,114,739
Total primary government expenses	<u>\$ 64,689,104</u>	<u>\$ 70,532,978</u>	<u>\$ 71,275,168</u>	<u>\$ 76,176,936</u>	<u>\$ 74,937,432</u>	<u>\$ 78,667,101</u>	<u>\$ 79,949,033</u>	<u>\$ 77,674,237</u>	<u>\$ 76,755,841</u>	<u>\$ 79,598,673</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 1,467,235	\$ 1,544,438	\$ 1,566,680	\$ 3,383,722 ⁵	\$ 3,513,820 ⁵	\$ 3,858,308 ⁵	\$ 3,969,259 ⁵	\$ 3,996,682 ⁵	\$ 3,942,052 ⁵	\$ 3,723,116
Public Safety	614,251	589,566	935,273	800,518 ⁵	681,636 ⁵	1,641,801 ⁵	1,519,987 ⁵	1,436,915 ⁵	1,921,357 ⁵	1,702,677
Public Works	345,565	214,556	193,430	203,222	24,509	178,582	223,603	184,811	113,402	10,169
Culture and Recreation	508,156	574,454	585,475	614,836	609,299	522,701	538,444	570,866	614,771	586,013
Operating Grants and Contributions	2,079,616	2,356,218	2,177,480	1,730,478	1,054,982	1,240,437	1,262,306	1,067,730	1,328,639	1,347,577
Capital Grants and Contributions	27,300	23,000	153,996	861,235	941,869	1,698,039	1,565,828	3,393,569	1,493,727	2,051,726
Total governmental activities program revenues	5,042,123	5,302,232	5,612,334	7,594,011	6,826,115	9,139,868	9,079,427	10,650,573	9,413,948	9,421,278
Business-type activities:										
Charges for services:										
Electric	34,773,723	47,556,558 ²	49,511,071	53,356,156	50,851,870	57,757,600	56,230,178	53,455,096	51,156,188	50,484,772
Water	4,658,273	4,501,017	4,782,907	4,310,761	4,886,534	6,610,742	6,346,031	7,347,756	7,288,821	8,455,187
Sewer	3,293,750	5,266,222	5,022,231	4,533,959	4,167,965	5,528,975	5,643,113	6,002,001	5,989,085	6,691,812
Parking	648,538	754,160	757,340	807,875	894,013	1,138,887	1,383,768	1,381,148	1,422,411	1,501,768
Capital Grants and Contributions	585,189	118,094	86,742	125,765	-	660,740	644,724	66,045	442,870	1,796,634
Total business-type activities program revenues	43,959,473	58,196,051	60,160,291	63,134,516	60,800,382	71,696,944	70,247,814	68,252,046	66,299,375	68,930,173
Total primary government program revenues	<u>\$ 49,001,596</u>	<u>\$ 63,498,283</u>	<u>\$ 65,772,625</u>	<u>\$ 70,728,527</u>	<u>\$ 67,626,497</u>	<u>\$ 80,836,812</u>	<u>\$ 79,327,241</u>	<u>\$ 78,902,619</u>	<u>\$ 75,713,323</u>	<u>\$ 78,351,451</u>
Net (expense)/revenue										
Governmental activities	\$ (15,904,797)	\$ (16,385,784)	\$ (16,724,474)	\$ (16,374,817)	\$ (17,296,748)	\$ (15,363,600)	\$ (16,933,685)	\$ (16,047,872)	\$ (17,478,356)	\$ (19,062,656)
Business-type activities	217,289	9,351,089	11,221,931	10,926,408	9,985,813	17,533,311	16,311,893	17,276,254	16,435,838	17,815,434
Total primary government net expense	<u>\$ (15,687,508)</u>	<u>\$ (7,034,695)</u>	<u>\$ (5,502,543)</u>	<u>\$ (5,448,409)</u>	<u>\$ (7,310,935)</u>	<u>\$ 2,169,711</u>	<u>\$ (621,792)</u>	<u>\$ 1,228,382</u>	<u>\$ (1,042,518)</u>	<u>\$ (1,247,222)</u>

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Real estate taxes	\$ 3,654,026	\$ 4,084,439	\$ 4,433,787	\$ 4,437,008	\$ 4,751,835	\$ 5,027,187	\$ 5,102,146	\$ 5,264,245	\$ 5,515,859	\$ 5,612,294
Real estate transfer taxes	2,291,841	1,842,126	2,962,355	2,764,929	1,000,710	969,617	988,807	1,162,016	1,424,534	1,821,278
Franchise fees	283,799	282,401	318,771	345,174	372,816	383,816	399,960	412,079	424,649	444,853
Fines and forfeits	1,646,455	1,620,792	1,775,150	-	-	-	-	-	-	-
Investment earnings	255,169	216,770	328,743	286,154	307,296	247,932	117,447	129,570	8,984	126,100
Increase (decrease) in fair value of investments	(220,807)	83,360	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	761	-	42	1,039	-	-	-
Proceeds from sale of capital assets	-	-	17,608	32,206	44,045	25,647	7,240	-	-	-
Gain (loss) on sale of capital assets	(4,424)	10,204	-	-	-	13,172	-	41,176	34,040	22,960
Transfers	9,489,197	9,288,350	6,917,369	8,421,574	12,385,000	13,115,896	12,389,994	13,732,314	12,622,960	13,271,652
Total governmental activities	17,395,256	17,428,442	16,753,783	16,287,806	18,861,702	19,783,309	19,006,633	20,741,400	20,031,026	21,299,137
Business-type activities:										
Investment earnings	620,250	236,845	278,038	344,635	212,468	111,882	74,758	126,956	5,021	118,376
Increase (decrease) in fair value of investments	(324,041)	29,668	80,175	48,699	-	-	-	-	-	-
Miscellaneous	6,474	6,474	6,474	6,474	6,474	6,474	12,821	-	-	-
Gain (loss) on sale of capital assets	-	21,129	-	-	-	(636)	24,000	-	-	-
Extraordinary Item	-	-	(3,600,000)	-	-	-	-	-	-	-
Transfers	(9,489,197)	(9,288,350)	(6,917,369)	(8,421,574)	(12,385,000)	(13,115,896)	(12,389,994)	(13,732,314)	(12,622,960)	(13,271,652)
Total business-type activities	(9,186,514)	(8,994,234)	(10,152,682)	(8,021,766)	(12,166,058)	(12,998,176)	(12,278,415)	(13,605,358)	(12,617,939)	(13,153,276)
Total primary government	\$ 8,208,742	\$ 8,434,208	\$ 6,601,101	\$ 8,266,040	\$ 6,695,644	\$ 6,785,133	\$ 6,728,218	\$ 7,136,042	\$ 7,413,087	\$ 8,145,861
Change in Net Position										
Governmental activities	\$ 1,490,459	\$ 1,042,658	\$ 29,309	\$ (87,011)	\$ 1,564,954	\$ 4,419,709	\$ 2,072,948	\$ 4,693,528	\$ 2,552,670	\$ 2,236,481
Business-type activities	(8,969,225)	356,855	1,069,249	2,904,642	(2,180,245)	4,535,135	4,033,478	3,670,896	3,817,899	4,662,158
Total primary government	\$ (7,478,766)	\$ 1,399,513	\$ 1,098,558	\$ 2,817,631	\$ (615,291)	\$ 8,954,844	\$ 6,106,426	\$ 8,364,424	\$ 6,370,569	\$ 6,898,639

Notes:

¹ The increase reflects changes in the wholesale electric market during 2005.

² Electric rates were increased approximately 6.6 percent in July of 2006.

³ Includes tax from the sale of the Chrysler assembly plant to Cerberus Capital Management in the amount of \$803,735.

⁴ Litigation settlement relating to reservoir construction.

⁵ For 2008 and later, fines and forfeits are classified as charges for services in general government and public safety.

⁶ For 2009 and later, changes in the fair value of investments is included as a component of investment earnings.

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General fund										
Reserved	\$ -	\$ -	\$ 50,171	\$ 12,903	\$ 110,139	\$ 124,999	(1)			
Unreserved (deficit)	(50,417)	71,213	645,971	675,353	1,168,040	2,424,341				
Total general fund	<u>\$ (50,417)</u>	<u>\$ 71,213</u>	<u>\$ 696,142</u>	<u>\$ 688,256</u>	<u>\$ 1,278,179</u>	<u>\$ 2,549,340</u>				
All other governmental funds										
Reserved	\$ 7,869,972	\$ 7,909,003	\$ 6,787,903	\$ 5,994,337	\$ 6,103,920	\$ 8,215,681	(1)			
Unreserved, reported in:										
Special revenue funds	-	-	416,179	691,617	320,329	203,598				
Capital projects fund	-	-	-	-	-	-				
Total all other governmental funds	<u>\$ 7,869,972</u>	<u>\$ 7,909,003</u>	<u>\$ 7,204,082</u>	<u>\$ 6,685,954</u>	<u>\$ 6,424,249</u>	<u>\$ 8,419,279</u>				
General fund										
Fund balances:										
Nonspendable							\$ 105,441	\$ 54,026	\$ 80,580	\$ 128,618
Restricted							150,664	132,891	85,030	98,682
Committed							-	-	-	-
Assigned							25,257	24,165	115,804	108,022
Unassigned							2,559,055	2,697,321	4,295,720	4,082,549
Total general fund							<u>\$ 2,840,417</u>	<u>\$ 2,908,403</u>	<u>\$ 4,577,134</u>	<u>\$ 4,417,871</u>
All other governmental funds										
Fund balances:										
Nonspendable							\$ 34,559	\$ 54,176	\$ 27,363	\$ 20,257
Restricted							2,434,591	760,724	877,335	946,722
Committed							-	-	-	-
Assigned							6,470,015	8,141,835	8,010,460	7,895,040
Unassigned							(36)	-	-	-
Total all other governmental funds							<u>\$ 8,939,129</u>	<u>\$ 8,956,735</u>	<u>\$ 8,915,158</u>	<u>\$ 8,862,019</u>

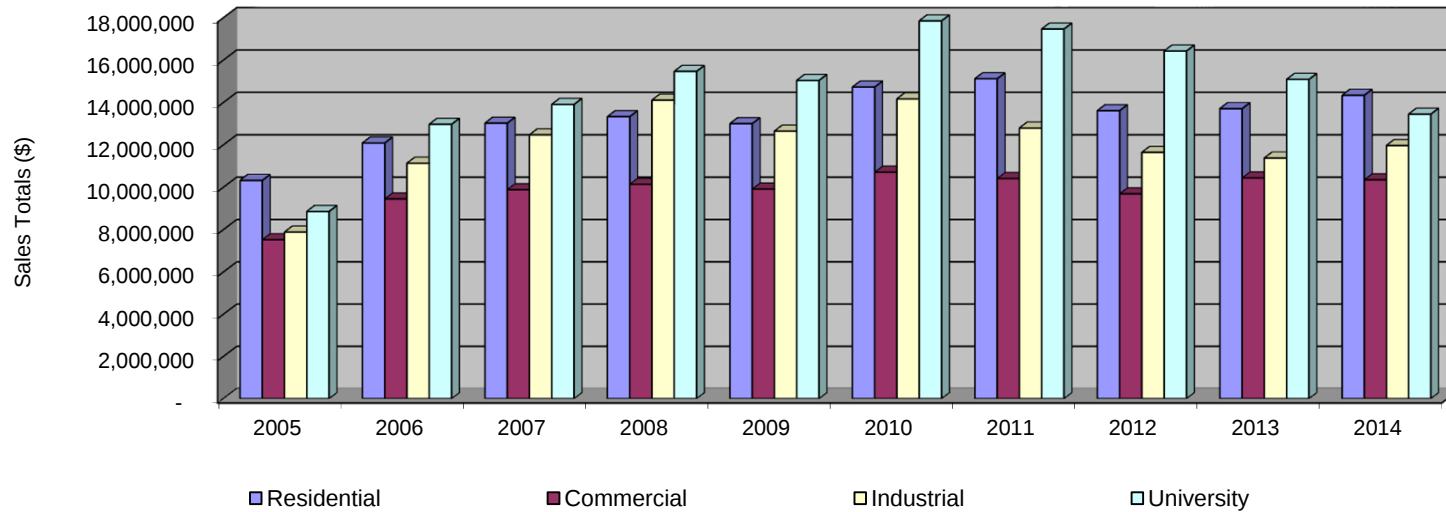
Note:
(1) In Fiscal Year 2011, GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions" was implemented.

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 6,139,393	\$ 5,923,624	\$ 7,545,477	\$ 7,451,469	\$ 5,949,963	\$ 6,203,242	\$ 6,412,978	\$ 6,838,340	\$ 7,365,042	\$ 7,878,425
Licenses and permits	1,529,526	1,460,470	1,831,706	1,460,441	1,322,388	2,253,729	1,945,632	1,961,647	2,291,368	2,140,480
Fines,forfeits and costs	1,646,455	1,620,792	1,775,150	1,927,392	1,994,227	2,265,043	2,465,745	2,306,788	2,394,708	1,989,715
Investment earnings	255,169	216,770	328,285	283,600	307,660	241,324	169,599	129,570	8,984	126,100
Intergovernmental revenues	1,902,916	2,175,218	2,120,417	2,391,084	1,734,340	2,739,318	2,618,365	4,251,023	2,238,117	2,893,994
Charges for services/fees	1,405,681	1,462,530	1,448,877	1,614,466	1,512,652	1,682,618	1,836,072	1,920,840	1,905,503	1,891,780
Subvention-University of Delaware	204,000	204,000	204,000	204,000	204,000	204,000	207,125	211,500	511,003	516,620
Total revenues	13,083,140	13,063,404	15,253,912	15,332,452	13,025,230	15,589,274	15,655,516	17,619,708	16,714,725	17,437,114
Expenditures										
General government	4,314,201	4,346,685	4,576,443	5,271,780	5,141,241	5,083,006	5,650,131	5,977,569	6,067,682	6,783,535
Public safety	8,029,046	8,317,059	8,873,197	9,807,106	10,052,962	10,413,230	10,899,188	10,976,608	11,646,760	12,724,277
Public works	4,660,427	4,550,320	4,476,693	4,315,593	4,382,222	4,440,437	4,966,108	4,932,173	3,929,085	3,863,765
Community development	349,775	643,663	308,268	391,652	173,473	297,483	320,682	150,939	219,480	178,555
Culture and recreation	2,102,916	2,146,234	2,216,830	2,451,252	2,455,410	2,473,122	2,584,379	2,623,249	2,575,895	2,778,489
(Increase) decrease in fair value of investments	220,807	(83,360)	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	22,189	-	-	-
Lease acquisition costs								4,500	-	-
Capital outlay	2,003,627	1,673,285	1,065,827	2,386,991	2,369,487	1,990,104	2,547,520	5,772,745	3,079,323	4,402,660
Debt service										
Principal	505,000	495,000	490,000	480,000	450,000	285,000	1,670,000	160,000	183,880	179,609
Interest and other charges	157,089	143,097	129,003	115,043	101,262	89,718	101,709	31,444	42,466	33,239
Total expenditures	22,342,888	22,231,983	22,136,261	25,219,417	25,126,057	25,072,100	28,761,906	30,629,227	27,744,571	30,944,129
Excess of revenues over (under) expenditures	(9,259,748)	(9,168,579)	(6,882,349)	(9,886,965)	(12,100,827)	(9,482,826)	(13,106,390)	(13,009,519)	(11,029,846)	(13,507,015)
Other financing sources (uses)										
Transfers in	12,947,274	12,808,252	8,704,661	13,306,520	15,802,339	16,954,694	17,366,337	17,981,393	16,634,009	17,415,013
Transfers out	(3,458,077)	(3,519,901)	(1,919,912)	(4,948,456)	(3,417,339)	(4,258,798)	(4,986,260)	(4,249,079)	(4,011,049)	(4,143,360)
Proceeds from debt	-	-	-	-	-	-	1,530,000	269,164	-	-
Proceeds from sales of capital assets	22,734	40,889	17,608	32,206	44,045	53,121	7,240	43,633	34,040	22,960
Litigation Settlement	-	-	-	-	-	-	-	(950,000)	-	-
Net effect of restatement	-	-	-	970,681	-	-	-	-	-	-
Total other financing sources (uses)	9,511,931	9,329,240	6,802,357	9,360,951	12,429,045	12,749,017	13,917,317	13,095,111	12,657,000	13,294,613
Net change in fund balances	<u>\$ 252,183</u>	<u>\$ 160,661</u>	<u>\$ (79,992)</u>	<u>\$ (526,014)</u>	<u>\$ 328,218</u>	<u>\$ 3,266,191</u>	<u>\$ 810,927</u>	<u>\$ 85,592</u>	<u>\$ 1,627,154</u>	<u>\$ (212,402)</u>
Debt service as a percentage of noncapital expenditures	3.3%	3.1%	2.9%	2.6%	2.4%	1.6%	6.8%	0.8%	0.9%	0.8%

Note: Debt service as a percentage of noncapital expenditures is calculated by dividing the total of the debt service principal and interest amounts (\$212,848) by the total expenditures net of capital outlay amounts (\$26,541,469).

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)
2005	101,147,622	10,322,536	0.102	72,096,285	7,526,829	0.104	95,934,668	7,883,381	0.082	132,186,077	8,856,840	0.067	401,364,652	34,589,586	0.086
2006	91,267,630	12,088,909	0.132	71,952,626	9,449,201	0.131	92,955,211	11,132,663	0.120	132,988,724	12,971,590	0.098	389,164,191	45,642,363	0.117
2007	93,500,629	13,024,245	0.139	75,696,947	9,885,974	0.131	98,276,336	12,472,474	0.127	133,616,527	13,908,227	0.104	401,090,439	49,290,920	0.123
2008	90,912,923	13,332,225	0.147	72,463,286	10,139,848	0.140	104,279,135	14,111,313	0.135	137,578,450	15,465,962	0.112	405,233,794	53,049,348	0.131
2009	88,897,987	13,002,979	0.146	70,135,918	9,912,707	0.141	98,225,136	12,648,019	0.129	134,656,684	15,040,237	0.112	391,915,725	50,603,942	0.129
2010	95,050,384	14,726,803	0.155	70,985,485	10,709,367	0.151	99,556,219	14,169,577	0.142	140,461,314	17,851,612	0.127	406,053,402	57,457,359	0.142
2011	91,825,911	15,120,100	0.165	69,658,960	10,409,620	0.149	94,563,322	12,792,357	0.135	145,931,881	17,466,559	0.120	401,980,074	55,788,636	0.139
2012	90,231,853	13,615,230	0.151	70,596,053	9,689,088	0.137	94,263,963	11,644,586	0.124	147,373,607	16,428,015	0.111	402,465,476	51,376,919	0.128
2013	90,374,056	13,710,184	0.152	76,290,773	10,439,109	0.137	90,233,965	11,380,234	0.126	145,121,562	15,088,929	0.104	402,020,356	50,618,456	0.126
2014	93,042,185	14,341,836	0.154	74,147,270	10,351,510	0.140	91,928,003	11,969,138	0.130	145,697,539	13,447,627	0.092	404,814,997	50,110,111	0.124

**City of Newark, Delaware
Principal Electric Utility Customers
December 31, 2014**

Customer	Type of Business	2014			2005		
		Consumption (1)	Rank	Percentage of Total Consumption	Consumption (1)	Rank	Percentage of Total Consumption
University of Delaware (2)	Public University	158,903,719	1	39.25%	140,898,232	1	35.10%
Rohm & Haas Electronics	Manufacturing-Various	27,338,592	2	6.75%	26,076,644	2	6.50%
Power Systems Composites LLC	Wholesale Electric Equipment	9,255,120	3	2.29%	6,919,584	3	1.72%
E I Dupont De Nemours & Company	Chemicals and Synthetics	5,812,968	4	1.44%	5,264,952	5	1.31%
A & P Food Stores (3)	Retail - Groceries	5,430,304	5	1.34%			
CHF - Del LLC	Rental Apartments	4,644,269	6	1.15%	5,569,443	4	1.39%
Fraunhofer USA, Inc.	Biotechnology Research	4,353,840	7	1.08%			
Christina School District	Public Schools	3,851,998	8	0.95%	3,297,310	9	0.82%
Verizon Communications	Public Utility	3,783,951	9	0.93%	3,018,998	10	0.75%
618 G P Warehouse LLC	Warehousing	3,628,080	10	0.90%	4,378,080	6	1.09%
Pathmark Inc Site #65900000	Retail - Groceries				4,097,600	7	1.02%
BPG Hotel Partners IV	Hotel				3,419,280	8	0.85%
		227,002,841		56.08%	202,940,123		50.56%

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

(2) University totals include accounts not billed at "University" rate.

(3) A&P Food Stores acquired the Pathmark, Inc. store in January, 2011.

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 Value¹	Direct Tax Rate (Per \$100)	Estimated Actual Value
2005	534,835,200	925,741,500	666,309,369	794,267,331	0.4500	N/A
2006	537,386,700	928,502,100	664,626,551	801,262,249	0.5233	N/A
2007	542,708,600	934,791,900	666,378,761	811,121,739	0.5233	N/A
2008	547,750,500	941,846,500	670,959,887	818,637,113	0.5333	N/A
2009	555,619,120	951,107,900	670,790,114	835,936,906	0.5558	N/A
2010	557,224,520	953,153,800	739,864,508	770,513,812 ²	0.6458	N/A
2011	559,853,320	955,678,400	738,403,483	777,128,237	0.6458	N/A
2012	564,568,720	965,638,700	740,299,430	789,907,990	0.6858	N/A
2013	568,315,120	915,930,100 ³	683,587,511 ³	800,657,709	0.6961	N/A
2014	580,370,620	924,677,400	688,152,173	816,895,847	0.6961	N/A

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

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

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

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

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

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

Fiscal Year	Direct Rate	Overlapping Rates		Total Tax Rate
	City of Newark	New Castle County	Christina School District	
2005	0.4500	0.1580	1.7257	2.3337
2006	0.5233	0.1659	1.8343	2.5235
2007	0.5233	0.1949	1.8229	2.5411
2008	0.5333	0.1949	1.6808	2.4090
2009	0.5558	0.2436	1.6746	2.4740
2010	0.6458	0.2436	1.8187	2.7081
2011	0.6458	0.2436	1.9427	2.8321
2012	0.6858	0.2436	2.1107	3.0401
2013	0.6961	0.2436	2.1711	3.1108
2014	0.6961	0.2436	2.2670	3.2067

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
December 31, 2014 and December 31, 2005

Customer	Type of Business	2014			2005		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Pauline A. Mayer, Inc.	Retail Property Owner / Apartments	\$ 19,883,000	1	2.43%			
Verizon Communication	Public Utility	11,629,800	2	1.42%	\$ 9,174,800	6	1.16%
BPG Hotel Partners, LLC	Hotel	11,112,300	3	1.36%	11,112,300	2	1.40%
CHF-Delaware LLC	Apartments	9,769,700	4	1.20%	9,769,700	5	1.23%
Delmarva Power & Light Company	Public Utility	8,594,200	5	1.05%			
Rohm and Haas Electronic Materials	Manufacturing	8,562,000	6	1.05%	7,307,000	9	0.92%
UDEL Holdings LLC	Apartments	8,248,100	7	1.01%			
Emory Hill & Company	Industrial Park	7,781,700	8	0.95%	7,616,200	8	0.96%
University of Delaware	Education (Non-exempt portion)	7,625,100	9	0.93%	10,373,900	4	1.31%
Fusco Enterprises L P	Retail Property Owner	7,369,800	10	0.90%	7,876,300	7	0.99%
Chrysler Corporation	Manufacturing-Automobiles				67,872,100	1	8.55%
Fusco Properties L P	Apartments				10,668,700	3	1.34%
FRP Interchange LLC	Industrial Park				6,810,400	10	0.86%
		<u>100,575,700</u>		<u>12.31%</u>	<u>148,581,400</u>		<u>18.71%</u>

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

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

The factory has been demolished and the property has received a partial tax exemption. The site will be developed for educational purposes as well as taxable commercial uses.

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

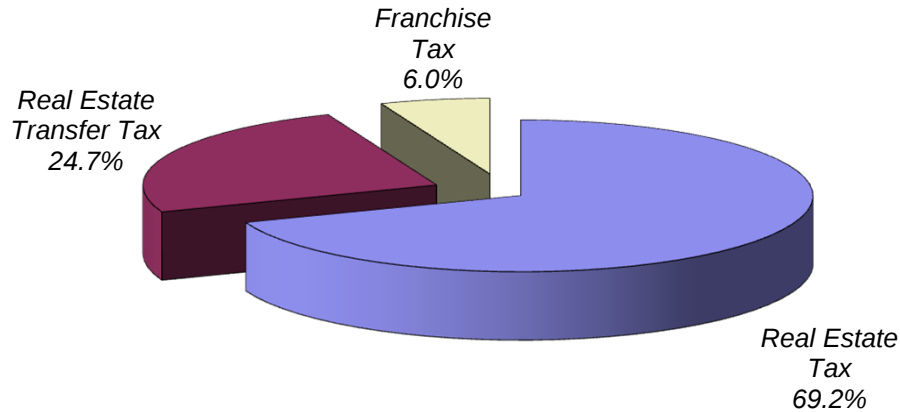
Source: City of Newark Finance Department

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

Fiscal Year	Total Tax Levy¹	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections for Year	
		Amount	Percent of Levy		Amount²	Percent of Levy
2005	3,581,102	3,567,585	99.6%	11,013	3,578,598	99.9%
2006	4,196,269 ³	4,149,161	98.9%	43,708	4,192,869	99.9%
2007	4,274,197	4,257,691	99.6%	13,040	4,270,731	99.9%
2008	4,381,947	4,345,317	99.2%	31,560	4,376,877	99.9%
2009	4,681,253	4,617,380	98.6%	55,903	4,673,283	99.8%
2010	4,980,536	4,898,066	98.3%	70,383	4,968,449	99.8%
2011	5,028,511	4,919,181	97.8%	93,511	5,012,692	99.7%
2012	5,423,483	5,316,521	98.0%	86,273	5,402,794	99.6%
2013	5,600,551	5,465,413	97.6%	100,527	5,565,940	99.4%
2014	5,681,209	5,583,639	98.3%	-	5,583,639	98.3%

Notes: (1) Represents initial annual levy plus quarterly supplementary billings.
(2) Excludes tax penalties/interest.
(3) Tax billings represent a tax rate increase of 16.6% over prior year.

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



Fiscal Year 2014

Fiscal Year	Real Estate Tax	Real Estate Transfer Tax	Franchise Tax	Total
2005	3,654,026	2,291,841	283,799	6,229,666
% of total	58.7%	36.8%	4.6%	100.0%
2006	4,084,439	1,842,126	282,401	6,208,966
% of total	65.8%	29.7%	4.6%	100.0%
2007	4,433,787	2,962,355	318,771	7,714,913
% of total	57.5%	38.4%	4.1%	100.0%
2008	4,437,008	2,764,929	345,174	7,547,111
% of total	58.8%	36.6%	4.6%	100.0%
2009	4,751,835	1,000,710	372,816	6,125,361
% of total	77.6%	16.3%	6.1%	100.0%
2010	5,027,187	969,617	383,816	6,380,620
% of total	78.8%	15.2%	6.0%	100.0%
2011	5,102,146	988,807	399,960	6,490,913
% of total	78.6%	15.2%	6.2%	100.0%
2012	5,264,245	1,162,016	412,079	6,838,340
% of total	77.0%	17.0%	6.0%	100.0%
2013	5,515,859	1,424,534	424,649	7,365,042
% of total	74.9%	19.3%	5.8%	100.0%
2014	5,612,294	1,821,278	444,853	7,878,425
% of total	69.2%	24.7%	6.0%	100.0%

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



Fiscal Year	Real Estate Taxes	Real Estate Transfer Taxes	Franchise Fees	Total
2005	3,563,753	2,291,841	283,799	6,139,393
2006	3,799,097	1,842,126	282,401	5,923,624
2007	4,264,351 ¹	2,962,355 ²	318,771	7,545,480
2008	4,341,366	2,764,929	345,174	7,451,469
2009	4,576,436	1,000,710	372,817	5,949,963
2010	4,849,809	969,617	383,816	6,203,242
2011	5,024,211	988,807	399,960	6,412,978
2012	5,264,245	1,162,016	412,079	6,838,340
2013	5,515,859	1,424,534	424,649	7,365,042
2014	5,612,294	1,821,278	444,853	7,878,425

Notes:

¹ Revenue recognized from tax rate increase of 16.6% over prior year.

² Includes taxes of \$803,735 on sale of Chrysler assembly plant to Cerberus Capital Management.

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			
2005	3,870,000	-	16,525,000	37,528	20,432,528	N/A	680
2006	3,375,000	-	15,800,000	4,356	19,179,356	N/A	639
2007	2,885,000	-	15,055,000	-	17,940,000	N/A	594
2008	2,405,000	-	14,290,000	-	16,695,000	2.73%	552
2009	1,955,000	-	13,500,000	-	15,455,000	2.50%	510
2010	1,670,000	-	12,685,000	-	14,355,000	2.35%	456
2011	1,530,000	-	12,035,000	-	13,565,000	2.20%	429
2012	1,418,832	269,164	11,419,461	12,078,276	25,185,733	3.67%	801
2013	1,257,598	240,284	10,396,381	11,508,591	23,402,854	3.34%	739
2014	1,091,364	220,675	9,353,300	10,603,972	21,269,311	3.04%	667

Sources: US Census Bureau Population Estimates Program (2001-2006, 2009, 2012) and Census 2000, 2010;
Delaware Population Consortium projection (2007) (Population)
2008, 2011, 2013 and 2014 are projected estimates by the City of Newark (Population)
Newark Planning Department (2000, 2010, 2011 Personal Income)
Money Magazine Income Survey (2008 Personal Income)
Federal Reserve Bank of Philadelphia Quarterly Percent Change (2009 Personal Income)

City of Newark, 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 Value¹	Net Long-Term Debt Per Capita
2005	30,060	794,009,563	3,870,000	16,562,528	20,432,528	2.57%	680
2006	30,014	801,182,949	3,375,000	15,804,356	19,179,356	2.39%	639
2007	30,194	811,121,739	2,885,000	15,055,000	17,940,000	2.21%	594
2008	30,260	818,637,113	2,405,000	14,290,000	16,695,000	2.04%	552
2009	30,316	835,936,906	1,955,000	13,500,000	15,455,000	1.85%	510
2010	31,454	770,513,812 ²	1,670,000	12,685,000	14,355,000	1.86%	456
2011	31,611	777,128,237	1,530,000	12,035,000	13,565,000	1.75%	429
2012	31,456	789,907,990	1,418,832	11,419,461	12,838,293	1.63%	408
2013	31,679	800,657,709	1,257,598	10,396,381	11,653,979	1.46%	368
2014	32,792	800,657,709	1,091,364	9,353,300	10,444,664	1.30%	319

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.

² The Chrysler Assembly Plant site was purchased by the University of Delaware on November 23, 2009.

The property has received a tax exemption for educational purposes. As of 2014, portions of the property have been developed as commercial enterprises and have been assessed as taxable (\$7,036,400).

Sources: City of Newark Finance Department (Taxable Assessments).

US Census Bureau Population Estimates Program (2005-2006, 2009, 2012) and Census 2010;

Delaware Population Consortium projection (2007,2014).

2008, 2011, 2013 and 2014 are projected estimates by the City of Newark.

City of Newark, Delaware
Computation of Direct and Overlapping Debt
December 31, 2014

<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	\$ 173,673,181 ¹	4.49% ²	\$ 7,797,926
Christina School District	<u>47,222,593</u>	15.04% ³	<u>7,102,278</u>
Overlapping Debt	\$ 220,895,774		\$ 14,900,204
City of Newark General Obligation Bonds	1,091,364 ¹	100.00%	1,091,364
City of Newark Other Notes Payable	<u>220,675 ¹</u>	100.00%	<u>220,675</u>
Total Direct and Overlapping Debt	<u><u>\$ 222,207,813</u></u>		<u><u>\$ 16,212,243</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 (\$816,895,847) by the total taxable assessed valuation of New Castle County (\$18,187,898,000). Net Debt Outstanding is as of June 30, 2014.
- (3) Determined by dividing the students enrolled in the City of Newark (2,444) by the total student enrollment of the Christina School District (16,255). Net debt outstanding is as of June 30, 2014.

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt Limit (1)	79,427	80,126	81,112	81,864	83,594	77,051 ¹	77,713	78,991	80,066	81,690
Total net debt applicable to limit	<u>20,386</u>	<u>19,133</u>	<u>17,893</u>	<u>16,648</u>	<u>15,455</u>	<u>14,308</u>	<u>13,518</u>	<u>12,792</u>	<u>11,608</u>	<u>10,399</u>
Legal debt margin	<u>59,041</u>	<u>60,993</u>	<u>63,219</u>	<u>65,216</u>	<u>68,139</u>	<u>62,743</u>	<u>64,195</u>	<u>66,199</u>	<u>68,458</u>	<u>71,291</u>
Total net debt applicable to the limit as a percentage of debt limit	25.67%	23.88%	22.06%	20.34%	18.49%	18.57%	17.39%	16.19%	14.50%	12.73%

Legal Debt Margin for Fiscal Year 2014

Total Assessed Value	\$ 1,505,048
Less: exempt real property	<u>(688,152)</u>
Total assessed value	\$ 816,896
Debt limit (10% of taxable assessed value)	81,690
Debt applicable to limit:	
General obligation bonds	10,445
Less: Amount set aside for repayment of general obligation debt	<u>(46)</u>
Total net debt applicable to limit	<u>10,399</u>
Legal debt margin	\$ 71,291

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.

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

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

Fiscal Year	Population¹	Personal Income²	Per Capita Income³	School Enrollment⁴	Univ of DE Enrollment⁵	Unemployment Rate⁶
2005	30,060	N/A	N/A	N/A	20,982	2.3%
2006	30,014	N/A	N/A	N/A	20,380	2.0%
2007	30,194	N/A	N/A	N/A	20,342	2.1%
2008	30,260	616,577,760	20,376	3,755	20,500	3.5%
2009	30,316	613,835,944	20,248	3,747	21,138	3.5%
2010	31,454	610,928,740	19,423	3,854	21,176	7.5%
2011	31,611	617,771,142	19,543	3,740	21,489	7.4%
2012	31,456	686,636,280	21,828	3,842	21,856	6.5%
2013	31,679	700,369,005	22,108	4,519	22,166	5.3%
2014	32,792	717,878,230	21,892	4,508	22,680	5.3%

Sources: (1) US Census Bureau Population Estimates Program (2005-2006, 2009, 2012) and Census 2010;
Delaware Population Consortium projection (2007, 2014) (Population)
2008, 2011, and 2013 are projected estimates by the City of Newark (Population)
(2) and (3) Money Magazine Income Survey (2008 Personal Income)
(2) and (3) Federal Reserve Bank of Philadelphia Quarterly Percent Change (2009, 2010 Personal Income)
(4) For 2014: Christina School District 2,444, Local Independent Schools 2,064
(5) University of Delaware Office of Institutional Research
(6) Economagic.com (2005-2006), Delaware Department of Labor (2007-2014)

N/A = Information not available

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

Industry Description	2014			2005		
	Employment	Rank	Percentage of Total County Employment	Employment	Rank	Percentage of Total County Employment
Health care and social assistance	42,345	1	15.2%	32,451	3	11.3%
Finance and insurance	35,105	2	12.6%	33,463	2	11.6%
Retail trade	32,246	3	11.6%	35,365	1	12.3%
Professional and technical services	23,530	4	8.5%	23,420	4	8.1%
Accommodation and food services	20,782	5	7.5%	18,575	6	6.5%
Administrative and waste services	19,318	6	6.9%	19,693	5	6.8%
State government	15,909	7	5.7%	15,016	9	5.2%
Local government	14,909	8	5.4%	14,701	10	5.1%
Construction	12,578	9	4.5%	17,874	7	6.2%
Manufacturing	11,200	10	4.0%	16,667	8	5.8%
Other services, except public administration	8,674	11	3.1%	8,996	13	3.1%
Total	236,596		85.0%	236,221		82.0%

(1) The United State 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 (Delaware's Top Employers) is confidential and may not be disclosed to the public.
In addition, the State of Delaware Department of Labor and the Delaware Economic Development Office have notified the City of Newark that, due to the Federal Economic Stimulus Package legislation, individual employer's data cannot be disclosed.

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 2014 Comprehensive Annual Financial Report, page 105.

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									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General government	39.5	39.0	39.0	40.0	40.0	37.0	36.5	36.0	37.5	39.0
Public Safety										
Police										
Officers	60.0	65.0	65.0	65.0	66.0	68.0	68.0	68.0	68.0	68.0
Civilian	19.5	20.5	21.5	22.0	25.0	19.0	21.5	21.5	21.0	20.5
Code Enforcement	12.5	12.5	12.5	12.5	12.0	11.0	11.0	10.0	10.0	11.0
Streets										
Engineering	11.0	11.0	11.0	11.0	10.5	10.5	10.0	10.0	5.0	7.0
Maintenance	12.5	12.5	12.5	12.5	12.5	12.5	11.5	11.5	9.0	9.0
Sanitation	16.0	15.0	15.0	14.0	13.0	13.0	12.0	12.0	10.0	9.0
Culture and Recreation	19.0	19.0	19.5	20.0	20.0	20.0	19.5	19.5	19.5	18.5
Electric	21.0	21.0	21.0	21.0	21.0	22.0	22.0	22.0	22.0	22.0
Water & Wastewater	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	26.0	25.0
Parking	3.5	3.5	3.5	4.5	4.5	4.5	4.5	4.5	5.0	9.0
Fleet Maintenance	6.0	6.0	6.0	6.0	6.0	5.0	5.0	5.0	4.0	4.0
Total	<u>239.5</u>	<u>244.0</u>	<u>245.5</u>	<u>247.5</u>	<u>249.5</u>	<u>241.5</u>	<u>240.5</u>	<u>239.0</u>	<u>237.0</u>	<u>242.0</u>

Source: City's Personnel Office.

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

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police calls for service	29,350	28,132	27,343	32,274	35,645	45,562	48,348	44,115	40,015	39,260
Criminal charges	3,136	2,890	2,564	3,650	3,166	3,675	3,215	3,825	4,346	3,313
Traffic summonses	8,775	7,798	8,826	12,067	10,066	11,724	12,302	12,962	12,612	9,909
Parking summonses	9,956	8,797	9,454	7,571	6,183	8,005	6,916	6,562	7,365	5,612
Meter summonses	39,337	28,420	29,144	18,206	19,736	26,024	22,740	20,229	19,515	16,525
Building permits issued	1,080	1,021	870	1,856	1,826	2,108	1,976	1,894	1,893	2,115
Public Works										
Refuse tons collected	13,656	14,462	12,846	11,624	9,079	8,091	7,746	7,936	6,714	5,709
Recycling tons collected	N/A	N/A	N/A	N/A	N/A	N/A	1,989	2,074	2,175	1,535
Miles of street	65	65	65	65	65	66	66	66	66	66
Patches (s.f.)	79,399	31,050	38,689	53,962	41,792	57,631	34,086	25,559	30,714	48,588
Curbs replaced and installed (l.f.)	18,330	13,448	10,293	10,031	14,212	8,967	24,569	24,151	17,193	11,775
Sidewalks										
4" (s.f.)	27,786	35,166	41,337	23,203	22,660	18,804	24,344	21,512	23,631	25,132
6" (s.f.)	11,326	10,483	8,698	9,404	5,599	4,555	7,965	6,941	9,548	17,650
Leaves collected (cubic yards)	12,820	14,640	15,200	15,200	9,344	8,000	9,089	9,089	10,086	10,239
General Government										
Parking tickets issued	49,293	37,629	39,010	26,335	26,163	34,388	29,957	27,102	27,080	22,283
Culture and Recreation										
Trails in Newark parks (mi)	N/A	N/A	15.2	15.2	15.2	15.2	15.2	16.8	16.8	16.8
Registrants	7,977	7,924	8,077	8,379	8,863	8,316	7,876	7,902	7,602	7,290
Participants	82,622	83,942	83,072	84,826	86,400	86,700	76,684	84,292	77,482	73,946
Electric										
MWH's sold	401,365	389,164	401,090	405,234	391,916	406,053	401,980	402,465	402,020	404,815
MWH's purchased	436,513	425,069	437,712	434,097	422,048	438,960	436,108	436,313	435,318	428,573
Meters in service	11,503	11,878	11,568	11,528	11,906	11,988	11,948	11,763	11,722	12,280
Water and Waste Water										
Meters in service	9,494	9,593	9,567	9,587	9,751	9,795	9,842	9,842	9,628	10,140
Fire Hydrants maintained	200	200	200	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire Hydrants in system	N/A	N/A	N/A	877	877	877	877	876	880	900
Gallons of water sold (000's)	1,178,167	1,105,380	1,152,011	1,092,399	1,045,249	1,023,461	1,029,332	1,028,271	919,383	1,215,020
Gallons of sewage collected (000's)	1,109,095	1,148,817	1,020,098	954,057	774,068	768,424	760,850	794,165	714,996	912,999

Sources: Various city departments.

N/A = not available

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

Function	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	29	33	33	35	35	36	36	38	35	35
Sanitation										
Collection trucks	14	16	16	16	16	14	12	12	12	12
Streets										
Miles of streets	65	65	65	65	65	66	66	66	66	66
Street lights	2,615	2,640	2,640	2,640	2,710	2,776	2,776	2,856	2,870	2,909
Traffic signals	55	55	52	57	56	56	57	70	74	74
Culture and recreation										
Parks acreage	562.9	567.2	619.2	632.3	652.0	652.0	657.0	658.2	658.2	654.9
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										
Distribution substations	25	25	25	25	25	25	27	27	27	27
Miles of service lines	104	104	105	106	108	108	165	175 ¹	175 ¹	175 ¹
Water										
Water mains (miles)	169	170	170	170	170	170	170	170	170	170
Wells in operation	7	11	11	11	9	9	9	9	9	9
Maximum daily capacity (Mgal)	N/A	N/A	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Sewer										
Sanitary sewers (miles)	98	98	99	99	99	99	99	99	99	99
Storm sewers (miles)	N/A	N/A	59	59	59	59	59	59	59	59
Parking										
Meters maintained	391	370	370	380	380	392	430	455	457	457

Sources: Various city departments.

(1) A new GIS system was utilized to measure the infrastructure.