



CITY OF NEWARK, DELAWARE
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016



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Comprehensive Annual Financial Report For the Fiscal Year Ended December 31, 2016



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, 2016

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CITY OF NEWARK POLICE DEPARTMENT

POLICE DEPARTMENT TRADING CARD PROJECT



INTRODUCTORY SECTION



FINANCE DEPARTMENT CITY OF NEWARK

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June 30, 2017

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, 2016. This report is published to comply with the provisions of Section 807 of the City Charter. It is also intended to provide financial data to the tax and utility payers, bond holders, trustees, lenders, depository institutions, federal and state agencies and the financial community at large.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements.

The financial statements in this report have been audited by CliftonLarsonAllen LLP, 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, 2016. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with the basic financial statements and notes to the financial statements. The MD&A can be found immediately following the report of our independent auditors.

THE REPORTING ENTITY AND ITS SERVICES

The City of Newark is in the northwestern part of the state of Delaware. Pursuant to Title 22, Delaware Code, 1953, the City was granted the right to exercise all expressed and implied powers and authority of local self-government and home rule under a Charter governed by the Delaware Constitution.

The City employs a Council-City Manager form of government with a non-partisan Mayor and six non-partisan members of Council. The Council members are elected from six separate districts for staggered terms of two years. The City Council has responsibility for all legislative matters, including the enactment of all ordinances and resolutions. Policy is formulated by the City Council and Mayor, with input from the professional staff, as well as our active citizenry and the resident volunteers who serve on the City's twelve boards and committees.

THE ECONOMY

Newark is one of Delaware's principal economic, industrial and academic centers. Our electric load and water distribution has remained level over the last several years, in association with citizen conservation and greater information sharing with customers following our 2012 smart electric and water utility metering project. During the same period, taxable assessments have increased in relationship to above average commercial development experienced throughout the City. As a college town, Newark continues to be more affluent and economically stable, as supported by median family income levels that are significantly higher than state and national levels. Newark boasts a disproportionate number of residents with four-year, graduate and post-

graduate degrees compared to Delaware and the broader U.S., which, along with the higher income levels, tends to bring more stable employment. The City's unemployment rate is lower than national and state levels, and City and neighboring County residents enjoy employment opportunities in high-paying sectors such as finance, healthcare and education. The diversity and size of the businesses and industries in and around Newark serve to ensure relatively smooth and stable local economic growth. Newark remains an industrial, commercial and service hub for New Castle County and nearby counties in Pennsylvania and Maryland, in addition to its status as the State's principal home for higher education.

The main campus of the University of Delaware is located within Newark. The University is a leading scientific and research institution with a special focus on bio-technology, chemical engineering and composite materials. Nearly 23,000 full and part-time undergraduate and graduate students attend the University in Newark. UD also owns a 272 acre site that combines business, research, health sciences, education and more. The STAR (Science, Technology & Advanced Research) campus is already home to:

- o A performance computing company named by Forbes as one of America's Most Promising Companies.
- o A manufacturer of clean fuel-cell power sources whose energy servers provide power to Fortune 500 clients including Google, Wal-Mart, AT&T and Coca-Cola.
- o A test zero-emissions vehicle laboratory supported by the U.S. Department of Energy, the State of Delaware, NRG Energy, Honda and BMW.
- o UD's Health Sciences Complex of classrooms, research laboratories, and open-to-the-public care clinics. Operating under the name STAR Health, UD's comprehensive clinics offer major health and prevention services including: primary care, physical therapy, speech therapy, mental health services, care coordination, nutrition counseling, fitness counseling and health coaching.
 - Residents can access high quality care and work directly with researchers developing advanced ways to treat illnesses and injuries.
 - UD students train to become the next generation of healthcare practitioners in the clinics, including one belonging to the world-class physical therapy department, a program ranked #1 by U.S. News and World Report.
- o A 10,000 square-foot wet lab that will serve as an incubator for small research companies.

Additional long-time industry leaders have remained and continue to grow in Newark, including E.I. DuPont de Nemours and Company (agricultural research) and Dow Chemical (silicon wafer polishing compounds), which has been in the process of merging to form DowDuPont. Gore (Gore-Tex), FMC (biopolymers), GE Aviation (jet airplane composites) and other international firms also maintain large facilities in the City. In addition, Newark is the home of Delaware's premier high-tech incubation center – the Delaware Technology Park. Bank of America, one of the nation's leading credit card banks, also anchors a robust financial services sector in the region. While Newark's industrial sector remains healthy, the City consistently engages the Delaware Technology Park, the State, the New Castle County Chamber of Commerce and the Delaware Economic Development Office – to bring new, high-quality, low-impact manufacturing firms to Newark. The City offers several tax and related benefits as incentives to attract 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, passing the City-owned, historic Newark Railroad Station, now home to the Newark Historic Society. A nearby SEPTA commuter rail station provides daily service to Wilmington and Philadelphia, and design is underway for an expanded Newark Train station with enhanced passenger service along on the Northeast Corridor. CSX and Norfolk Southern freight lines pass through the community and provide

freight rail connections to all major points along the eastern seaboard. Design plans are underway to develop a Downtown Sculpture Park in cooperation with CSX along Newark's South Main Street gateway.

Over the last quarter century, the City successfully revitalized its traditional Main Street with an exciting and vibrant mix of adaptively reused historic and modern buildings, offering street level commercial businesses and apartments and condominium living on the upper floors. Newark has encouraged pedestrian, rather than auto-oriented, businesses to limit the traffic impact on Main Street and curb the demand for off-street parking. With this in mind, the City completed construction of the James Hall and Pomeroy Trails in 2003 and 2012 respectively. These award-winning trails are the most heavily used in the State and offer cycling and pedestrian access that connects to the Downtown corridor, the University's Laird Campus and state park property before reaching the Pennsylvania State line as part of the East Coast Greenway. The City's paved and well-connected trail system, along with other bike-friendly initiatives such as the shared lane pavement markings or "sharrows" on our Main Street, the successful Newark Bike Project, intense 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 continued award-winning designation as a Bike Friendly Community since 2010. Newark welcomes thousands of cycling and mountain biking enthusiasts year-round and has been recognized as the only Gold-level "Healthy Community" in the state, and is designated as only one of two bike-friendly employers in Delaware. The latter a result of our further promotion of alternate transportation through offering bicycles to employees for use to attend meetings, or to ride recreationally during their lunch breaks around town or on the James F. Hall Trail two blocks away from City Hall.

Recognized for providing a high quality of life for students, the City of Newark was ranked the [8th Best College City in America by WalletHub](#). The personal finance website's analysts compared 415 U.S. cities of varying sizes based on 26 key indicators of academic, social and economic opportunities for students. Newark also ranked 8th among small cities of less than 125,000 people. The ranking indicators included cost of living, quality and cost of higher education, and city accessibility. The City ranked 6th in the Social Environment category, which considers crime rate, number of students per capita, and attractions. The City also ranked 1st in nightlife options per capita. In addition, Newark was ranked the 4th Safest City in Delaware by SafeWise in September 2016, and NerdWallet listed Newark among the 100 Best Small Cities in America in 2015.

Since the grand opening of the Embassy Suites on South College Avenue in March 2000, three additional hotels have been constructed – a Homewood Suites adjoining the Embassy Suites at the University's Athletic Complex, the Marriott Courtyard Hotel on the University's north campus and a new five-story, 101 Candlewood suites hotel on South College Avenue (completed March 2017) – each of which contribute to the City's hotel inventory. In addition, the 125 room Spring Hill Suites hotel began construction in March of 2017. The continued growth in this area again highlights our community as an attractive and vibrant place to visit, hold meetings, and engage.

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 redesigned the South Well Field Water Treatment Plant in 2003, and our 318-million-gallon pump storage reservoir went online in 2006. Now 10 years old, the Newark Reservoir is a destination for recreational hiking and birdwatching, as well as a popular break away point to our trail system. Now in its 5th year, the Top of Delaware Triathlon draws nearly 400 participants and uses the Newark Reservoir for the swimming portion of the event. Weekly open water practice swims are expanding the attraction and meeting the needs of those training for events. Operationally speaking, the Newark Reservoir is a resounding success story. Capable of providing three months of drinking water supply, the reservoir was the first of its kind constructed in Delaware in over 70 years and has not failed our residents, who voted overwhelmingly to fund its development.

Since the market for off-campus housing continues to grow, the City has approved over 900 new rental units, many as part of mixed use development downtown answering the call to move students from rental homes in residential neighborhoods. In addition, 35 new apartment units are under development review for consideration and approximately 48 new condominium units at Twin Lakes. Development activity has slowed considerably since 2013, when more new apartment units were approved 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. The same can be said for the area 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 of nearly \$1.3 billion, ranking it 70th among 815 colleges and universities surveyed nationwide by the National Association of College and University Business Officers ending June 30, 2016. The University is also the City's single largest employer and electric customer. The City's December 2016 unemployment rate was 3.8% which was lower than the 2015 rate of 4.4%. By comparison, the State unemployment rate was 3.9% and the national rate was 4.7% at the conclusion of 2016.

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 focused primarily on downtown economic development efforts but also incorporated 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 (DNP), which serves to bring together the business and residential communities, the City and the University to continue the enhancement of Newark's Downtown. 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 represents what makes Newark 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 to develop the appropriate downtown streetscape and improve pedestrian and bicycle access for this newly expanded part of Downtown Newark. New in 2015, was the addition of solar powered refuse and recycling units that reduced the need for collections from six days a week to two while presenting a cleaner and greener appearance. The State of Delaware also funded major upgrades to the remaining portion of Elkton Road to the state line, while Newark's Downtown has seen the construction of more than a dozen new buildings, 83 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 evidenced with the National Trust for Historic Preservation's presentation of the "Great American Main Street Award," which stimulated interest in downtown mixed use development. The 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."

Most recently, Newark's East Main Street was selected to represent Delaware on the National Life Group list of Main Streets Across America, recognized for its rich history, strong community connection and bustling business district. Main Streets Across America is a celebration of streets in each of the 50 states

and the District of Columbia that reflect strong main street values, play a central role in the communities in which they are located and have great stories to tell. East Main Street was chosen based on four primary categories of community attributes: a strong local business presence, local gathering spots and community spaces, celebrations of history and traditions and diverse social and cultural activities.

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 in recent years to improve its network of infrastructure assets. The City relies heavily on the sale of utilities to its customer base, and management is committed to the need to maintain its utility systems and to carefully prepare for the growth of each system.

- The City completed a community solar project in October of 2014. McKees Solar Park is a 3.91-acre brownfield site that was redeveloped to 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 and brought the site back to usefulness.
- Newark invested in a complete replacement of its 12,000 electric and 9,000 water meters in 2012 with "SMART" Automated Meter Infrastructure (AMI) technology through a \$15 million dollar guaranteed performance contract with Honeywell. A mesh network installed (by our own city electric crews) throughout the city provides constant readings improving efficiencies and accuracy while allowing customers to better control and be aware of their usage. While this has resulted in a leveling of usage and revenues, it's ushered in opportunity for a more sustainable and higher quality of life living for our residents.
- The Electric utility completed the installation of more than 1900 LED streetlights; voltage upgrades on Nottingham Road and Nottingham Green; and installed a new 10MVA substation transformer at the West Main Street Substation to ensure a more reliable system.
- Through our membership in the Delaware Municipal Electric Corporation (DEMEC), Newark and other member communities have aggregated together to achieve greater economies of scale that benefit our citizens. In 2013, DEMEC member communities joined Delaware's statewide initiative to increase the amount of renewable energy sources used to generate electricity. Known as the Municipal Renewable Portfolio Standard (MRPS), the program has a twofold goal: the inclusion of 25% renewables in the DEMEC power portfolio by 2025, with 3.5% of that amount coming specifically from solar generation resources.
- The Water utility is addressing the need to proactively reline and replace, as needed, all 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 beyond its tenth 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. Of great issue in our nation, the quality of our water supply continues to be a priority for our utility that has been delivering high-quality of our water since 1888. This commitment includes regular sampling and testing and we are proud to report Newark's trifecta water supply system (ground, surface and storage supplies) meets or exceeds all water quality standards of the Delaware Division of Public Health Office of Drinking Water and

that of the Environmental Protection Agency. An annual Consumer Confidence or water quality report is produced every July and made available to our community.

- The Sewer utility completed the project to repair and replace the major sewer crossings over the Christina River. Repairs or replacement of the major sewer lines that transmit wastewater to the New Castle County sewer system in Wilmington is currently being prioritized. In addition, the City is planning to improve the storm sewer infrastructure to improve water quality and reduce flooding frequency and severity. City Council has approved the concept of a stormwater utility, and current plans are to have the utility operational by January 2018.
- The Parking division has installed “SMART” parking meters that allow for multiple forms of payment for a more user-friendly experience. Upgrades to all current parking facilities continues including improved access and restriping to provide additional parking spaces. Former Parking Enforcement Officers have been transformed and trained as Parking Ambassadors that strive to educate in advance to taking enforcement action.
- Our community welcomed the addition of the Curtis Mill Park in 2014, constructed on the site of the former Curtis Paper Mill, a brownfield site for which the City utilized nearly \$1 million of Brownfield remediation funds from the state. The park’s proximity to the wild and scenic White Clay Creek adds to its charm, as does its connections to the Pomeroy trail and historical markers honoring its history.
- Pursuant to City Code, the Finance Department prepares a five-year Capital Improvement Program (CIP) on an annual basis to outline the City’s capital needs and funding sources for the upcoming budget year and the following four-year period. The CIP document is reviewed and approved by the City Council after a minimum of one council workshop and public hearing and a review and nod of support by the City’s Planning Commission. The CIP process addresses the availability of current resources and reserve balances, as well as potential grant funding and the need for capital financing over the five-year horizon to help the City plan and prioritize projects based on needs, goals and objectives.

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

- A strong effort to improve the streets within the City with annual funding for street maintenance.
- The Community Garden at Fairfield Park created by the Parks and Recreation department in collaboration with a citizen advisory committee. For a minimal fee gardeners get a 10 ft. by 4 ft. plot and access to water and tools.
- Continued enhancements to the City’s information technology system that improve the productivity and proficiency of our employees engaged in efforts to serve our customers, as well as enable our customers to “self-serve” their needs through online or remote services.
- Twenty-five recreational events occur throughout the year. Three new events were introduced during 2015. The Mayor’s Family Fun Bike Ride, “Newbark” Palooza and Newark’s Youth Got Talent were all well-received in their inaugural year and continued into 2016. The City has also continued its participation in Newark’s annual “Bike to Work Day” event.
- The Police department was actively involved in community events such as National Night Out. The addition of the Community Policing Center located in downtown Newark (opened in May of 2017), will provide a social presence and keep them engaged with the community.
- Newark’s Comprehensive Development Plan V was approved by Council on September 26, 2016 and certified by the State of Delaware on January 5th, 2017. The adoption of Plan V was the

culmination of four years of active public engagement in the planning process and established a *vision* of Newark as a community that is healthy, sustainable and inclusive.

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

1. The member utilities shall reduce electric rates by no 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 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 to comply with provision #1 ahead of the required deadline. 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 2016, 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 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, Newark and the University agreed to the terms of a landmark 15-year electric service agreement. The City was able to provide the University, its largest customer with rates comparable to regional market prices pursuant to the findings of 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. It has further provided the momentum to other beneficial infrastructure and departmental partnerships in areas such as water main replacements, street paving, information technology, and policing.

While management is proud of the City's accomplishments through 2016, we look forward with excitement toward 2017 achievements and beyond. The City's motto is "Committed to Service Excellence," and Newark is indeed well-positioned to continue delivering the highest quality of municipal services the residents and businesses expect and deserve. From our CALEA-certified police department, through nationally recognized parks, trails and recreational facilities, to our 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 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 Downtown (an evening festival on a closed-off Main Street), Newark's Food and Brew, Wine & Dine, 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 offering an unparalleled variety of educational, social, and economic opportunities for all our citizens. In Newark, whether residing here temporarily as a student or permanently rooted in the community, all our residents share in the makeup of our social fabric, and the City will continue steadfastly in its endeavor to provide services with pride and excellence.

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 Jill Hollander, James Smith and Debi Keeley 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,



David A. Del Grande
Director of Finance



Government Finance Officers Association

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

Presented to

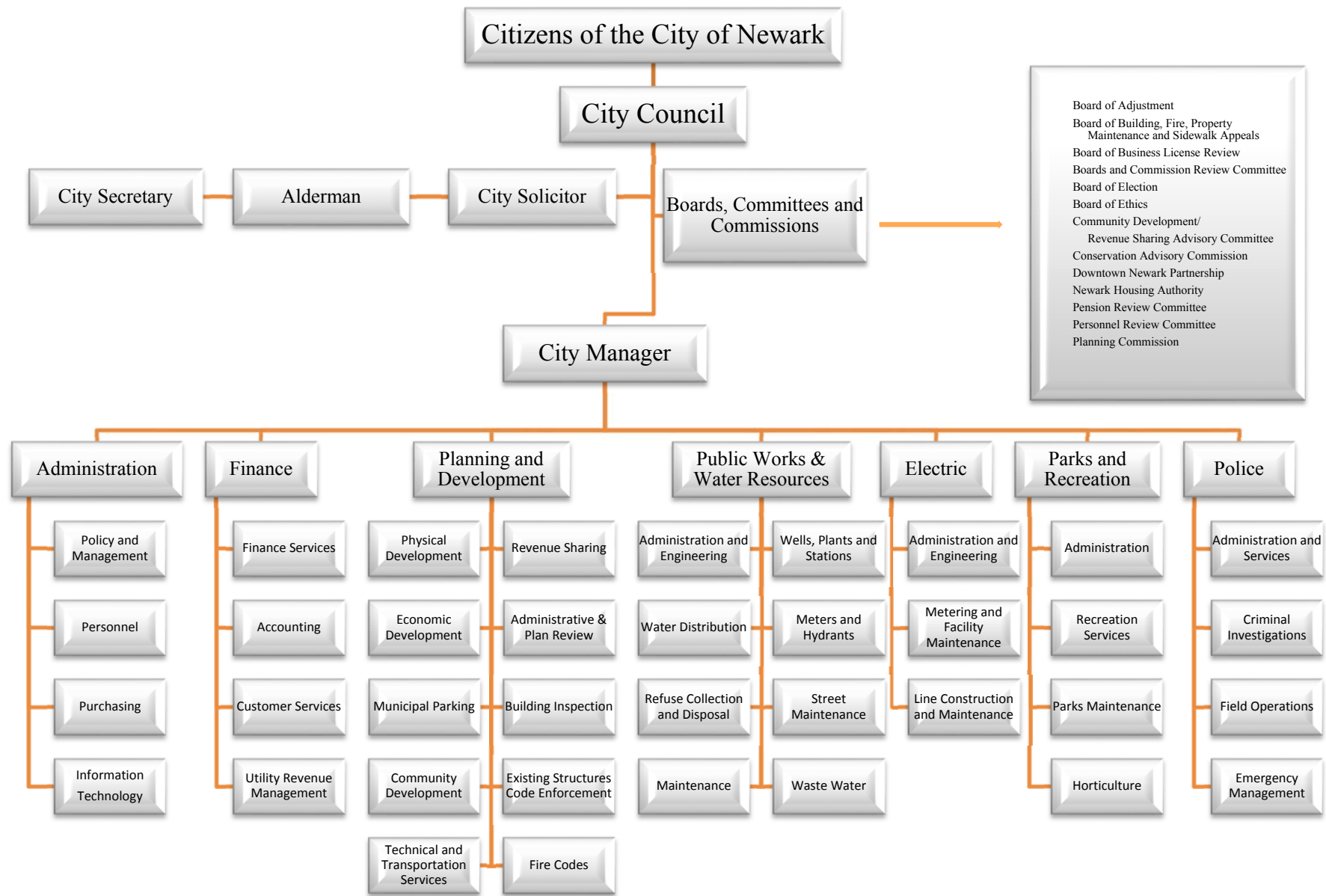
**City of Newark
Delaware**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

City of Newark, Delaware



CITY OF NEWARK

Delaware

LIST OF ELECTED OFFICIALS, APPOINTED OFFICIALS
AND MANAGEMENT STAFF

DECEMBER 31, 2016

Elected Officials

Mayor	Polly A. Sierer
Council Member - District 1	Mark R. Morehead
Council Member - District 2	Todd Ruckle
Council Member - District 3	Jennifer Wallace
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
City Secretary	Renee K. Bensley
Alderman	Lisa R. Hatfield
Deputy Alderman	Donald Gregory
City Solicitor	Bruce C. Herron
Deputy City Solicitor	Paul E. Bilodeau

Management Staff

Deputy City Manager	Andrew S. Haines
Director of Finance	David Del Grande
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	Joseph Spadafino
Chief of Police	Paul M. Tiernan

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DOWNTOWN NEWARK PARTNERSHIP

A NEW NIGHT DOWNTOWN



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newark, Delaware (the City), as of and for the year ended December 31, 2016, 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

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, 2016, 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 15-29, the pension and OPEB funding status and progress schedule of employer contributions and annual OPEB cost on pages 88, the schedule of changes in employer's net pension liability and related ratios on page 85 and the schedules of employer contributions and investment returns on page 87, 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 them.

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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2017, 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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Baltimore, Maryland
June 30, 2017

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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, 2016. 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 \$95.4 million (*representing its net position*). The net position is \$3.2 million higher than the prior year and is attributable to increases in revenues and decreases in expenses in both governmental and business-type activities as compared to 2015.
- The City's unrestricted net position decreased by \$2.1 million in 2016 to \$9.7 million. This amount may be used to meet the government's ongoing obligations to citizens and creditors.
- As of December 31, 2016, the City's governmental funds reported combined ending fund balances of \$10.9 million, a decrease of \$1.4 million from the prior year. This decrease is mainly a result of the \$1.2 million increase in capital outlay as compared to 2015. 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 30 through 31 of this report.

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

City of Newark, Delaware

Management's Discussion & Analysis

legal requirements. All 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* 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 32 and 34 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 89 and 90 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. Downtown Newark Partnership Fund: Funding, accounting and reporting of donations and other funding received for the events and programs of the Downtown Newark Partnership.
- v. Community Development Fund: Funding, accounting and reporting of the City's Community Development Block Grants (CDBG) from the United States federal government.
- vi. Law Enforcement Fund: Funding, accounting and reporting of grants and other funding designated for law enforcement operating expenditures.
- vii. 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.

City of Newark, Delaware

Management's Discussion & Analysis

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

The basic governmental fund financial statements may be found on Pages 32 through 36 of this report.

- b. *Proprietary Funds*: The City maintains two different types of proprietary funds. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The following are the City's enterprise funds:

- i. Electric Fund: Funding, accounting and reporting of the operations of the Electric Department.
- ii. Water Fund: Funding, accounting and reporting of the operations of the Water Department.
- iii. Sewer Fund: Funding, accounting and reporting of the operations of the Sewer Department.
- iv. Parking Fund: Funding, accounting and reporting of the operations of the Parking Department.

The following are the City's internal service funds:

- v. Fleet Maintenance Fund: Funding, accounting and reporting of the operations of the Fleet Maintenance Department.
- vi. Self-Insurance Fund: Funding, accounting and reporting of disability and medical claim payments made for job-related employee injuries and deductibles paid to insurance underwriters.

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

The proprietary fund financial statements may be found on Pages 37 through 40 of this report.

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

City of Newark, Delaware

Management's Discussion & Analysis

- 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.

The fiduciary fund financial statements may be found on Pages 41 through 42 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 43 through 84 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 85 through 88 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 \$9.7 million at the close of 2016 may be used to meet the current and ongoing obligations to citizens and creditors. The City maintains an "Aa2" rating from Moody's and an "AA+" rating from Fitch for its current debt issuances. These high investment-grade ratings reflect the City's strong financial operations characterized by substantial reserves, low reliance on debt, a robust residential and commercial base and stable employment in the healthcare and education sectors.

City of Newark, Delaware

Management's Discussion & Analysis

Table 1

CITY OF NEWARK STATEMENT OF NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2016						
	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
ASSETS						
Total current and other assets	\$ 19,219,885	\$ 19,651,102	\$ 26,794,282	\$ 24,225,955	\$ 46,014,167	\$ 43,877,057
Total capital assets	32,280,704	31,372,663	70,346,368	67,758,735	102,627,072	99,131,398
Total Assets	\$ 51,500,589	\$ 51,023,765	\$ 97,140,650	\$ 91,984,690	\$ 148,641,239	\$ 143,008,455
DEFERRED OUTFLOW OF RESOURCES						
Deferred pension amounts	\$ 4,838,402	\$ 2,658,873	\$ 1,440,996	\$ 786,658	\$ 6,279,398	\$ -
Deferred loss on defeasance	8,423	10,621	200,923	235,366	209,346	245,987
Total Deferred Outflow Resources	\$ 4,846,825	\$ 2,669,494	\$ 1,641,919	\$ 1,022,024	\$ 6,488,744	\$ 245,987
LIABILITIES						
Total current liabilities	\$ 2,796,709	\$ 2,289,549	\$ 8,207,290	\$ 6,605,914	\$ 11,003,999	\$ 8,895,463
Total noncurrent liabilities	23,878,957	20,416,535	20,945,704	21,717,493	44,824,661	42,134,028
Total Liabilities	\$ 26,675,666	\$ 22,706,084	\$ 29,152,994	\$ 28,323,407	\$ 55,828,660	\$ 51,029,491
DEFERRED INFLOW OF RESOURCES						
Unearned revenue	\$ 3,881,541	\$ 3,506,143	\$ -	\$ -	\$ 3,881,541	\$ 3,506,143
Total Deferred Inflow Resources	\$ 3,881,541	\$ 3,506,143	\$ -	\$ -	\$ 3,881,541	\$ 3,506,143
NET POSITION						
Net investment in capital assets	\$ 31,378,295	\$ 30,269,082	\$ 54,356,297	\$ 49,953,621	\$ 85,734,592	\$ 80,222,703
Restricted	1,337	176,186	-	-	1,337	176,186
Unrestricted	(5,589,425)	(2,964,236)	15,273,278	14,729,686	9,683,853	11,765,450
Total Net Position	\$ 25,790,207	\$ 27,481,032	\$ 69,629,575	\$ 64,683,307	\$ 95,419,782	\$ 92,164,339

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 \$95.4 million at the close of this fiscal year, representing an increase of \$3.2 million from the prior year. Within Business-type activities, net position increased by \$4.9 million due to increased revenues and decreased expenses. The governmental activities net position decreased by \$1.7 million which represents a \$2.2 million more favorable result than in 2015. The revenues increased and expenses decreased as compared to 2015 but expenses continued to exceed revenues.

The City's net position consists principally of its investment in capital assets (land, buildings, machinery and equipment), net of any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources required to repay this debt must be provided from other sources because the capital assets themselves cannot be liquidated and used to satisfy these liabilities.

City of Newark, Delaware

Management's Discussion & Analysis

Table 2

**CITY OF NEWARK
CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Governmental Activities		Business-type Activities		Totals	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program Revenues:						
Charges for services	\$ 4,635,295	\$ 3,966,762	\$ 72,713,684	\$ 71,489,542	\$ 77,348,979	\$ 75,456,304
Operating Grants & Contributions	1,250,818	1,220,225	-	-	1,250,818	1,220,225
Capital Grants & Contributions	588,637	665,475	149,250	298,368	737,887	963,843
General Revenues:						
Total Taxes	8,176,877	8,331,220	-	-	8,176,877	8,331,220
Investment Earnings	116,018	116,947	92,917	124,235	208,935	241,182
Other Revenues	9,730	18,912	-	25,750	9,730	44,662
Total Revenues	14,777,375	14,319,541	72,955,851	71,937,895	87,733,226	86,257,436
EXPENSES						
General Government	7,758,601	7,515,728	-	-	7,758,601	7,515,728
Public Safety	14,523,004	15,712,929	-	-	14,523,004	15,712,929
Public Works	5,234,161	5,355,309	-	-	5,234,161	5,355,309
Community Development	204,919	238,997	-	-	204,919	238,997
Culture and Recreation	3,476,444	3,646,885	-	-	3,476,444	3,646,885
Interest Expense	19,551	22,073	-	-	19,551	22,073
Business-type activities	-	-	53,261,103	54,264,798	53,261,103	54,264,798
Total Expenses	31,216,680	32,491,921	53,261,103	54,264,798	84,477,783	86,756,719
Increase (Decrease) in Net Position before Transfers	(16,439,305)	(18,172,380)	19,694,748	17,673,097	3,255,443	(499,283)
Transfers	14,748,480	14,255,640	(14,748,480)	(14,255,640)	-	-
Change in Net Position	(1,690,825)	(3,916,740)	4,946,268	3,417,457	3,255,443	(499,283)
Net Position - Beginning of Year	27,481,032	31,397,772	64,683,307	61,265,850	92,164,339	92,663,622
Net Position - End of Year	\$ 25,790,207	\$ 27,481,032	\$ 69,629,575	\$ 64,683,307	\$ 95,419,782	\$ 92,164,339

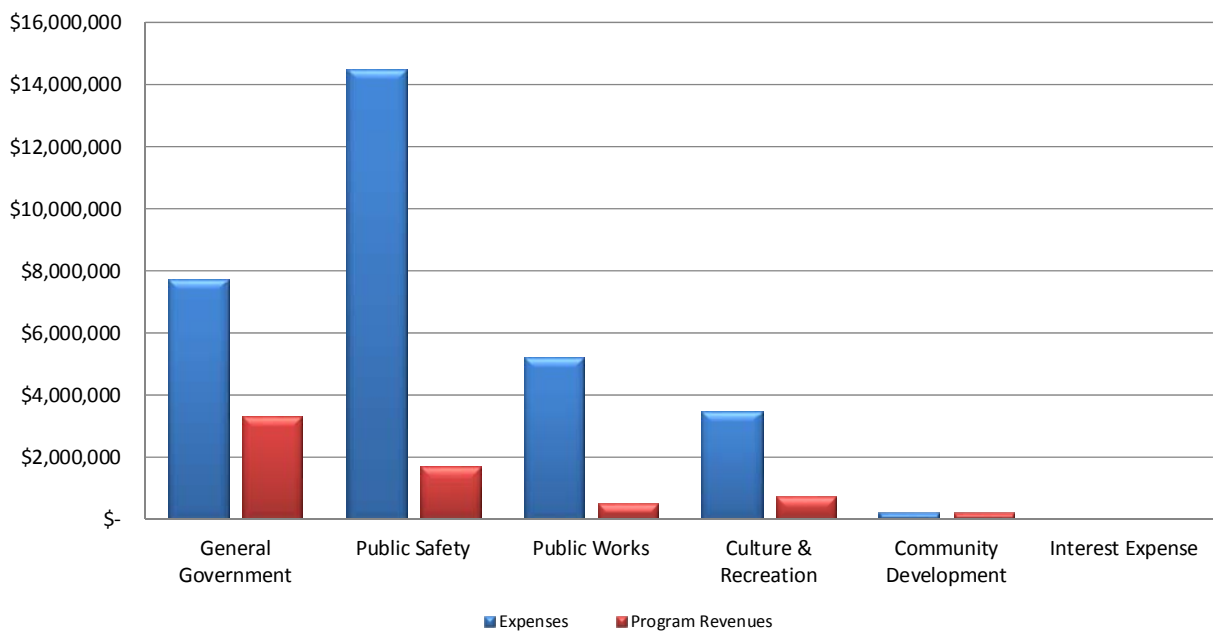
As shown in Table 2, governmental activities expenses exceeded revenues by \$16.4 million in 2016. The lower deficit versus 2015 is attributable to a rebounding of some revenues such as licenses and permits as well as fines and an offsetting decrease in some departmental spending mainly in public works, community development and parks and recreation.

City of Newark, Delaware

Management's Discussion & Analysis

Governmental Activities: Our analysis of the City's governmental activities will focus on the Schedule of Net Position (Table 1), the Schedule of Changes in Net Position (Table 2), the following 2016 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 50% 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.

Expenses and Program Revenues - Governmental Activities

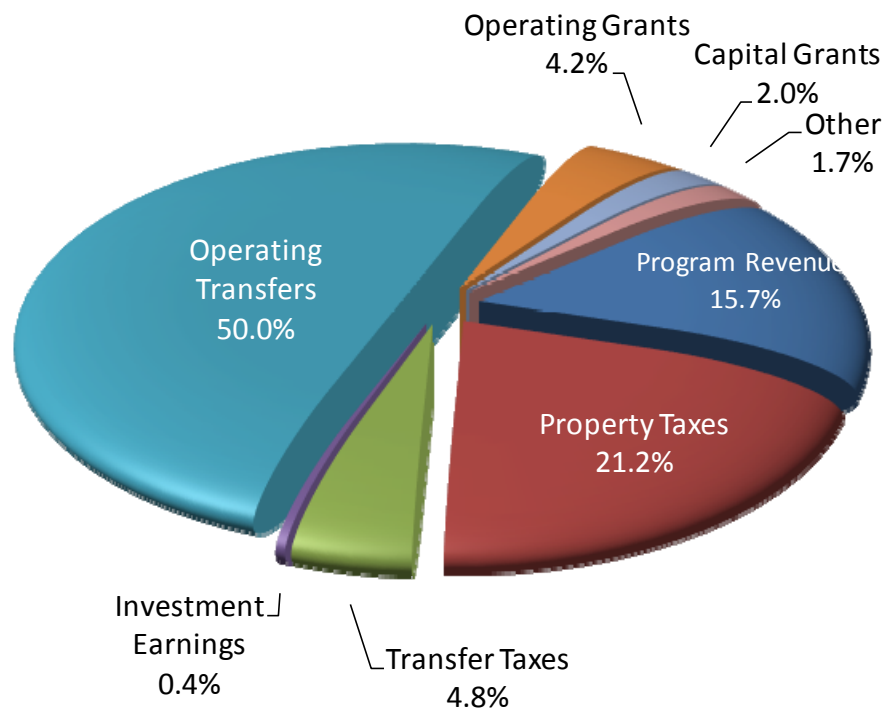


City of Newark, Delaware

Management's Discussion & Analysis

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 nearly 50% of revenues. Property taxes supply just 21% of revenues. Program revenues contribute 16%, while real estate transfer taxes add 5%. The City relies on all of these revenue sources, as well as grants and miscellaneous funding 8%, 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.

Revenue by Source - Governmental Activities



City of Newark, Delaware

Management's Discussion & Analysis

As shown in Table 3, the total cost of all governmental activities this year was \$31.2 million. These costs were partially supported by total program revenues of \$6.5 million, leaving a net cost of \$24.7 million. The program revenues were paid by those who directly benefited from the programs (\$4.6 million) or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions (\$1.8 million). The balance of the cost was funded by City taxes totaling \$8.2 million and enterprise fund transfers of \$14.7 million. Public safety programs are the largest single spending commitment, accounting for 47% of the City's governmental activities expenses. Various general administration, public works, and culture and recreation services combine for about 53% of expenses.

Table 3

Governmental Activities Net Cost

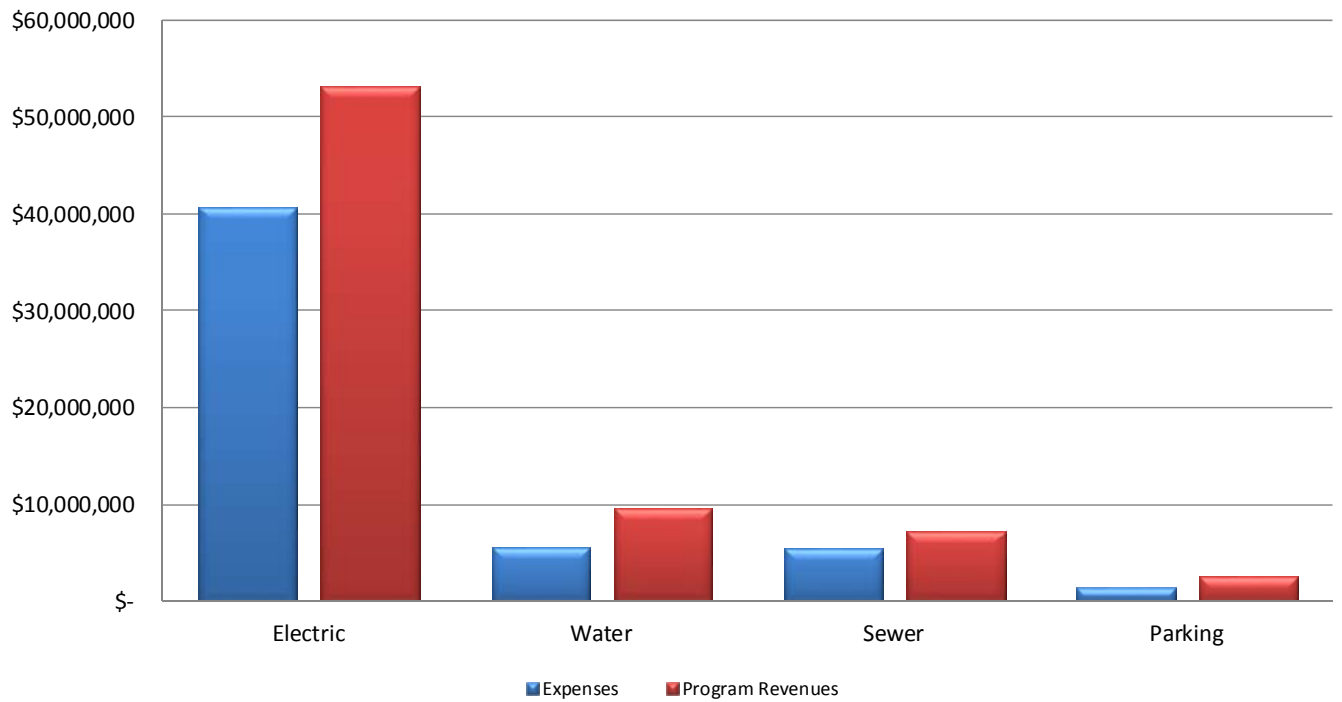
<u>Functions/Programs</u>	<u>Total Cost of Services</u>	<u>% of Total Cost</u>	<u>Service Charges</u>	<u>Grants</u>	<u>Total Program Revenues</u>	<u>Net Cost of Services</u>
General Government	\$ 7,758,601	24.9%	\$ 2,657,236	\$ 644,868	\$ 3,302,104	\$ 4,456,497
Public Safety	14,523,004	46.5%	1,313,738	373,781	1,687,519	12,835,485
Public Works	5,234,161	16.8%	8,687	514,143	522,830	4,711,331
Culture & Recreation	3,476,444	11.1%	655,634	107,725	763,359	2,713,085
Community Development	204,919	0.7%	-	198,938	198,938	5,981
Interest Expense	19,551	0.1%	-	-	-	19,551
Total	<u>\$ 31,216,680</u>	<u>100%</u>	<u>\$ 4,635,295</u>	<u>\$ 1,839,455</u>	<u>\$ 6,474,750</u>	<u>\$ 24,741,930</u>

Business-Type Activities: The City provides electric, water, sewer, and parking services to its residents, businesses, and visitors. These services constitute the business-type activities presented in the City-wide financial statements. The City Council establishes rates and collects fees from users of the utility and parking systems. The revenues include investment income in addition to charges for services (operating revenues). The investment income is not specific to an individual program, but to 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 0.2% of 2016 revenue and unrestricted investment earnings followed with 0.1% of 2016 revenue.

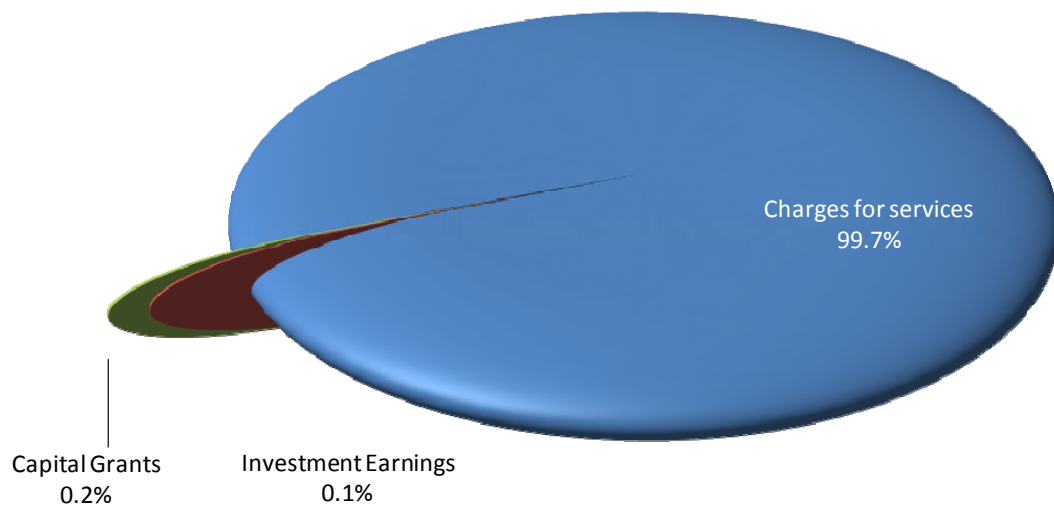
City of Newark, Delaware

Management's Discussion & Analysis

Expenses and Program Revenues - Business-type Activities



Revenue by Source - Business-type Activities



City of Newark, Delaware

Management's Discussion & Analysis

The City is a full-requirements member of the Delaware Municipal Electric Corporation, Inc. (DEMEC). DEMEC is a public corporation constituted as a Joint Action Agency and a wholesale electric utility. DEMEC represents nine municipal electric distribution utilities located in the state of Delaware. The creation of DEMEC was made possible by an act of the Delaware General Assembly on June 6, 1978, and the entity was incorporated on July 12, 1979. The City purchases all of its baseload power from DEMEC for resale to its customers. Beginning in October 2014, a very small portion of the City's load is being met with intermittent power generated by McKees Solar Park, which was constructed at a former municipal landfill site in Newark. All residential and commercial electric users within the City limits are customers of the City's electric utility. The Electric Department maintains 175 miles of high voltage electric lines, nine substation sites, 60 circuit breakers, and 28 power transformers in order to provide 12,700 customers with reliable electrical service. Over 417,000 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. More than 1.0 billion gallons of water are pumped through 143 miles of pipe annually to serve more than 10,000 water service connections. The Sewer Division of the Public Works and Water Resources Department is responsible for the City's 94 miles of sanitary sewer collection and three sewer pumping stations with force mains. The sanitary sewer system operates primarily on a gravity system, while the lowest points of the City are served by a series of three lift stations. The sewage flows out of the City's system and through the New Castle County system before being treated at the Wilmington Regional Wastewater Treatment Facility. The County charges the City for this service, which represents the most significant operating cost in the Sewer Fund.

The Parking Division manages six surface parking lots within the City's downtown area. The City has 577 pay-to-use parking spaces and 150 paid permit parking spaces. In addition to the surface lot parking, the City maintains 424 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 \$73 million for the year, which represents an increase of \$1.1 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 2016, partially offset by a slight decrease in wholesale power costs and the distribution of 2014 over-collections. Expenses related to these business type activities totaled \$53.3 million in 2016, which represents a decrease of \$1 million from the prior year. This decrease in expenses is due primarily to utility volume decreases and decreased 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 2016. Operating cost decreases included \$.2 million decrease in personnel expenses, a \$.5 million decrease in utility purchases, as well as minor decreases in material and supplies and contractual expenses. In total, revenues exceeded expenses and transfers by \$4.9 million in 2016.

City of Newark, Delaware

Management's Discussion & Analysis

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, 2016, the City's governmental funds reported combined ending balances of \$10.9 million, a decrease of \$1.4 million as compared to the prior year. The bulk of the fund balance is restricted and assigned, which means that it is not available for new spending because it has already been appropriated for: 1) capital improvements, 2) debt service or 3) a variety of other restricted and assigned purposes. More than half of the fund balance – \$6.8 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, 2016, the total fund balance of the General Fund was \$4.4 million, \$4.1 million which is unassigned.

The General Fund balance increased by \$0.1 million in fiscal year 2016. The increase in General Fund balance is largely attributable to the dissolution of the Street Fund from a special revenue fund into the General Fund.

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, 2016, the total fund balance of the Capital Projects Fund was \$5.6 million, all of which is nonspendable, restricted or assigned.

The Capital Projects Fund balance decreased by \$1.6 million from the prior year. Revenues decreased by \$95 thousand from intergovernmental sources compared to 2015; but the expenditures for capital outlay increased by \$1.3 million and transfers decreased by \$.3 million. The City remains committed to its efforts to maintain and enhance Newark's infrastructure of streets, sidewalks, parks, parking facilities, and other structures supporting governmental operations.

The City maintains special revenue funds to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The special revenue funds include the Community Development Fund, the Downtown Newark Partnership Fund, the Law Enforcement Fund, and the Parks and Recreation Fund. Prior to 2016, the Street Fund was classified as a special revenue fund but has been reclassified to a department of the General Fund in the current year. 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, 2016, the fund balance was \$46,340, all of which is assigned.

The financial statements for the governmental funds may be found on Pages 32 through 36 as well as 89 through 95 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 \$25.1 million as of December 31, 2016, \$10.8 million which was unrestricted. Total net position increased by \$2.5 million in 2016 as a result of \$12.5 million in operating income before capital 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 24% in 2016 will result in a distribution back to rate payers in the form of the Revenue Stabilization Adjustment ("RSA") in future periods. The fund expended \$1.2 million in improvements to the City's electrical distribution system. The electric

City of Newark, Delaware

Management's Discussion & Analysis

fund reports long-term debt of \$4.5 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 \$29.3 million as of December 31, 2016, of which \$.3 million was unrestricted. Total net position increased \$2 million in 2016. Income before capital grants and transfers amounted to \$4 million, representing an increase of \$0.7 million versus 2015 as a result of a water billing rate increase and higher volume delivered. \$2.2 million was transferred from the Water Fund to the General Fund to support governmental activities. The fund expended \$3.0 million in improvements to the City's water purification, containment and distribution system. The Water Fund also carries roughly \$7 million of long-term debt associated with the construction of the City's water reservoir.

The Sewer Fund had a total net position of \$10.5 million as of December 31, 2016, \$3.9 million of which was unrestricted. Total net position increased by about \$0.4 million in 2016 as a result of higher volume billed, partially offset by higher treatment costs. Income before capital grants and transfers amounted to \$1.8 million of which \$1.5 million was transferred to the General Fund to support governmental activities. The fund expended \$744 thousand in improvements to the City's sewage transport and elimination system.

The Parking Fund had total net position of \$4.7 million as of December 31, 2016, of which \$0.3 million was unrestricted. Total net position increased by \$94 thousand in 2016. Income before capital grants and transfers totaled \$1.2 million, of which \$1.1 million was transferred to the General Fund to support governmental activities.

Internal Service Funds: The City maintains two internal service funds. The Fleet Maintenance Fund is used to account for the operation of machinery, vehicle, and building maintenance provided to other departments of the City on a cost reimbursable basis, and the Self Insurance Fund is used to account for disability and medical claim payments for job related injuries. The internal service funds' assets and liabilities are included with the governmental activities on the statement of net position on Page 30. The net revenue of certain activities of the internal service funds are reported with governmental activities on the statement of activities on Page 31. The assets and liabilities as well as revenue and expenses are also reported on Pages 96 through 98 of the fund financial statements.

The financial statements for the proprietary funds may be found on Pages 37 through 40 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.

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 \$60.6 million, an increase of \$4.1 million over the prior fiscal year. The total pension liability, as of December 31, 2016, is \$87.7 million, representing a funding ratio of 69 percent. The City contribution was \$0.4 million more than the annual required contribution of \$3 million.

The OPEB Trust Fund ended the fiscal year with a balance of \$7.7 million, representing an increase of \$0.6 million over the prior fiscal year. The actuarial accrued liability, as of January 1, 2016, (the latest actuarial report), was \$16.1 million, representing a funded ratio of 43.9%. The City contributed \$731 thousand less than the annual required contribution in 2016.

The financial statements for the fiduciary funds can be found on Pages 99 through 100 of this report.

GENERAL FUND BUDGETARY HIGHLIGHTS

The schedule comparing the City's budget and actual results can be found on Page 36.

City of Newark, Delaware

Management's Discussion & Analysis

Actual revenues in the General Fund were less than budgeted revenues by \$898 thousand. This decrease is attributable to lower than anticipated revenues in real estate transfer taxes, licenses and permits, fines and forfeits, and intergovernmental sources during 2016. Expenditures were \$241 thousand dollars higher than the total budget. Higher expenditures are related to the City's expanded efforts in public safety as well as administration personnel and recruitment costs.

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, 2016, amounted to \$103 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 \$9.1 million in 2016. Net additions, after depreciation and retirements, totaled \$3.5 million.

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

Long-Term Debt

At December 31, 2016, the City had \$8 million in bonds outstanding versus \$9.2 million at the end of the prior year – a decrease of 13.5 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, 2016, the City had additional long-term debt in the form of a lease payable and notes payable totaling \$9.1 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 \$27.1 million of net pension liability, \$1.8 million of net OPEB liability and \$0.9 million of compensated absences which include carry forward vacation and compensatory time.

The City maintains an "Aa2" rating from Moody's Investor Service and an "AA+" rating from Fitch Ratings for its current debt issuances.

Additional information about the City's long-term debt can be found in Notes 4 and 5 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The City derives the vast majority of its operating revenue from the sale of electricity to a stable and diversified customer base that is 23 percent residential and 77 percent commercial or industrial, with the largest customer being the University of Delaware with 36 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, 26 percent commercial and 8 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 77.37 cents per \$100 of assessed value throughout 2016 and will not increase for 2017.

City of Newark, Delaware

Management's Discussion & Analysis

- The City Council adopted the 2017 General Operating Budget on December 19, 2016. The budget includes total revenues of \$49.9 million, an increase of 1.1% from 2016, and total expenditures of \$42.3 million, an increase of 6.3% from 2016.

REQUESTS FOR INFORMATION

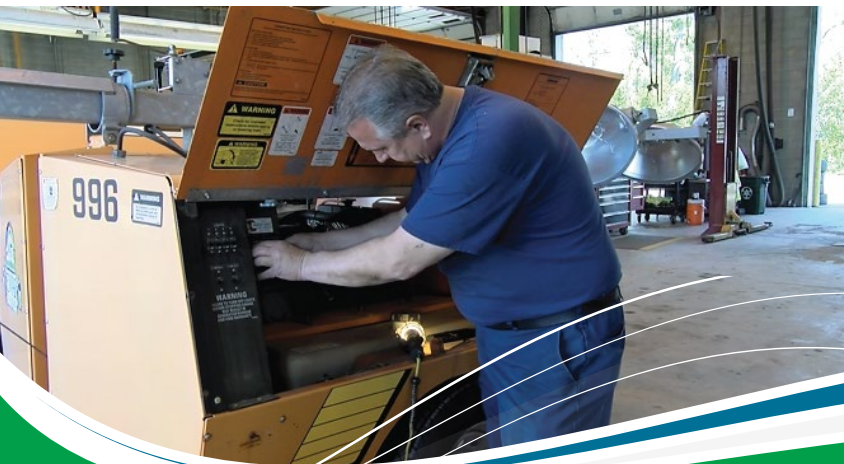
This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to: Director of Finance,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

General information relating to the City of Newark can be found on its website www.newarkde.gov.

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CITY OF NEWARK PUBLIC WORKS AND WATER RESOURCES



BASIC FINANCIAL STATEMENTS

CITY OF NEWARK, DELAWARE
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 6,031,771	\$ 5,676,911	\$ 11,708,682
Investments	9,418,187	8,245,142	17,663,329
Accounts receivables, net	1,892,495	9,829,426	11,721,921
Taxes receivable	768,239	-	768,239
Inventories	59,063	1,667,193	1,726,256
Prepaid items	101,401	388,683	490,084
Restricted Assets:			
Investments	948,729	986,927	1,935,656
Total current assets	19,219,885	26,794,282	46,014,167
Noncurrent Assets:			
Capital assets, net:			
Land	5,499,380	11,245,583	16,744,963
Construction in progress	88,458	163,984	252,442
Buildings	4,709,438	11,603,488	16,312,926
Improvements	17,873,521	45,150,794	63,024,315
Machinery and Equipment	4,109,907	2,174,393	6,284,300
Intangibles	-	8,126	8,126
Total capital assets, net	32,280,704	70,346,368	102,627,072
Total noncurrent assets	32,280,704	70,346,368	102,627,072
Total assets	51,500,589	97,140,650	148,641,239
DEFERRED OUTFLOW OF RESOURCES			
Deferred pension amounts	4,838,402	1,440,996	6,279,398
Deferred loss on defeasance	8,423	200,923	209,346
Total deferred outflows of resources	4,846,825	1,641,919	6,488,744
LIABILITIES			
Current liabilities:			
Accounts payable	1,542,684	4,005,058	5,547,742
Customer deposits	948,729	986,927	1,935,656
Regulatory liability	-	402,319	402,319
Compensated absences	76,350	13,729	90,079
Due to other governments	-	37,597	37,597
Accrued interest payable	6,620	62,161	68,781
Unearned revenue	-	662,047	662,047
Bonds, notes, and lease payable	208,915	2,037,452	2,246,367
Other current liabilities	13,411	-	13,411
Total current liabilities	2,796,709	8,207,290	11,003,999
Noncurrent liabilities:			
Compensated absences	687,151	123,565	810,716
Net other post employment benefits obligation	1,412,597	425,988	1,838,585
Net pension liability	20,883,378	6,236,818	27,120,196
Unearned revenue	193,914	5,791	199,705
Bonds, notes, and lease payable	701,917	14,153,542	14,855,459
Total noncurrent liabilities	23,878,957	20,945,704	44,824,661
Total liabilities	26,675,666	29,152,994	55,828,660
DEFERRED INFLOW OF RESOURCES			
Unearned revenue - property taxes	3,881,541	-	3,881,541
Total deferred inflows of resources	3,881,541	-	3,881,541
Net Position			
Net investment in capital assets	31,378,295	54,356,297	85,734,592
Restricted for:			
Capital projects	1,337	-	1,337
Unrestricted	(5,589,425)	15,273,278	9,683,853
Total net position	\$ 25,790,207	\$ 69,629,575	\$ 95,419,782

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

CITY OF NEWARK, DELAWARE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

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	Primary Government Business-Type Activities	Total
Primary government:							
Governmental activities:							
General Government	\$ 7,758,601	\$ 2,657,236	\$ 644,868	\$ -	\$ (4,456,497)	\$ -	\$ (4,456,497)
Public Safety	14,523,004	1,313,738	363,018	10,763	(12,835,485)	-	(12,835,485)
Public Works	5,234,161	8,687	-	514,143	(4,711,331)	-	(4,711,331)
Community Development	204,919	-	135,207	63,731	(5,981)	-	(5,981)
Culture and Recreation	3,476,444	655,634	107,725	-	(2,713,085)	-	(2,713,085)
Interest Expense	19,551	-	-	-	(19,551)	-	(19,551)
Total governmental activities	<u>31,216,680</u>	<u>4,635,295</u>	<u>1,250,818</u>	<u>588,637</u>	<u>(24,741,930)</u>	<u>-</u>	<u>(24,741,930)</u>
Business-type activities:							
Electric	40,754,499	53,202,489	-	34,622	-	12,482,612	12,482,612
Water	5,551,922	9,564,594	-	77,624	-	4,090,296	4,090,296
Sewer	5,388,663	7,174,004	-	37,004	-	1,822,345	1,822,345
Parking	1,566,019	2,772,597	-	-	-	1,206,578	1,206,578
Total business-type activities	<u>53,261,103</u>	<u>72,713,684</u>	<u>-</u>	<u>149,250</u>	<u>-</u>	<u>19,601,831</u>	<u>19,601,831</u>
Total primary government	<u>\$ 84,477,783</u>	<u>\$ 77,348,979</u>	<u>\$ 1,250,818</u>	<u>\$ 737,887</u>	<u>(24,741,930)</u>	<u>19,601,831</u>	<u>(5,140,099)</u>
General Revenues							
Taxes:							
Real estate taxes					6,264,005	-	6,264,005
Real estate transfer taxes					1,430,654	-	1,430,654
Franchise fees					482,218	-	482,218
Unrestricted investment earnings					116,018	92,917	208,935
Gain on sale of capital assets					9,730	-	9,730
Transfers					<u>14,748,480</u>	<u>(14,748,480)</u>	<u>-</u>
Total General Revenues and Transfers					<u>23,051,105</u>	<u>(14,655,563)</u>	<u>8,395,542</u>
Change in Net Position					(1,690,825)	4,946,268	3,255,443
Net Position - Beginning of Year					<u>27,481,032</u>	<u>64,683,307</u>	<u>92,164,339</u>
Net Position - End of Year					<u>\$ 25,790,207</u>	<u>\$ 69,629,575</u>	<u>\$ 95,419,782</u>

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

CITY OF NEWARK, DELAWARE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

	<u>General</u>	<u>Capital Projects</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 3,152,072	\$ 630,940	\$ 1,094,757	\$ 4,877,769
Investments	4,534,797	5,134,734	-	9,669,531
Accounts receivable	1,321,643	337,308	230,618	1,889,569
Taxes receivable, net	768,239	-	-	768,239
Due from other funds	169,000	-	-	169,000
Inventory	44,323	-	-	44,323
Prepaid items	82,036	-	12,199	94,235
Total assets	<u>\$ 10,072,110</u>	<u>\$ 6,102,982</u>	<u>\$ 1,337,574</u>	<u>\$ 17,512,666</u>
LIABILITIES				
Liabilities:				
Accounts payable	844,439	480,574	38,064	1,363,077
Customer deposits	948,729	-	-	948,729
Unearned revenue	15,277	53,794	124,843	193,914
Due to other funds	-	-	169,000	169,000
Other liabilities	-	-	13,411	13,411
Total liabilities	<u>1,808,445</u>	<u>534,368</u>	<u>345,318</u>	<u>2,688,131</u>
DEFERRED INFLOW OF RESOURCES				
Deferred revenue - property taxes	3,881,541	-	-	3,881,541
Total deferred inflows of resources	<u>3,881,541</u>	<u>-</u>	<u>-</u>	<u>3,881,541</u>
FUND BALANCES				
Nonspendable				
Inventory	\$ 44,323	\$ -	\$ -	\$ 44,323
Prepaid Items	82,036	-	12,199	94,235
Restricted for				
Safetytown programs	-	-	59,947	59,947
Parks donations	-	-	14,791	14,791
Recreation donations	-	-	27,926	27,926
Island beautification	-	-	91,873	91,873
Parkland improvements	-	-	58,020	58,020
Other parks programs	-	-	10,402	10,402
Capital projects	-	1,337	-	1,337
Law Enforcement	-	-	610,878	610,878
Assigned to				
Other departmental purposes	111,514	-	-	111,514
Debt service	-	-	38,641	38,641
Economic development	-	-	67,579	67,579
Capital projects	-	5,567,277	-	5,567,277
Unassigned	4,144,251	-	-	4,144,251
Total fund balances	<u>4,382,124</u>	<u>5,568,614</u>	<u>992,256</u>	<u>10,942,994</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,072,110</u>	<u>\$ 6,102,982</u>	<u>\$ 1,337,574</u>	<u>\$ 17,512,666</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, 2016

Total Fund Balance - Governmental Funds	\$ 10,942,994
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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 \$408,355 of internal service capital assets accounted for in the following line:	31,872,349
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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	1,681,299
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Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds and notes payable	(910,832)
Compensated absences (net of Internal Service Fund, \$18,245 included in net assets above)	(745,256)
Net other post employment benefits obligation (net of Internal Service Fund, \$34,908 included in net assets above)	(1,377,689)
Net pension liability (net of Internal Service Fund, \$485,896 included in net assets above)	(20,397,482)
Accrued interest payable	(6,620)

Deferred inflows of resources relate to:

Deferred loss on bond refunding	8,423
Deferred pension amounts (net of internal service funds \$115,381)	4,723,021

Net position of governmental activities	\$ 25,790,207
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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
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>General</u>	<u>Capital Projects</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes:				
Real Estate	\$ 6,264,005	\$ -	\$ -	\$ 6,264,005
Real estate transfer	1,430,654	-	-	1,430,654
Franchise	482,218	-	-	482,218
Licenses and permits	1,649,231	-	-	1,649,231
Fines, forfeits and costs	1,706,239	-	308,088	2,014,327
Interest, dividends and rents	72,505	37,502	1	110,008
Intergovernmental revenues	220,768	490,664	603,750	1,315,182
Charges for services	963,273	34,242	6,346	1,003,861
Subvention - University of Delaware	492,149	-	-	492,149
Total revenues	<u>13,281,042</u>	<u>562,408</u>	<u>918,185</u>	<u>14,761,635</u>
EXPENDITURES				
Current:				
General Government	7,102,547	-	-	7,102,547
Public Safety	12,994,812	-	300,826	13,295,638
Public Works	3,799,250	-	-	3,799,250
Community Development	-	-	204,919	204,919
Culture and recreation	2,663,646	-	76,232	2,739,878
Debt Service:				
Principal	-	-	197,137	197,137
Interest	-	-	26,910	26,910
Capital Outlay	-	3,501,038	13,151	3,514,189
Total expenditures	<u>26,560,255</u>	<u>3,501,038</u>	<u>819,175</u>	<u>30,880,468</u>
Deficiency of revenues under expenditures	<u>(13,279,213)</u>	<u>(2,938,630)</u>	<u>99,010</u>	<u>(16,118,833)</u>
OTHER FINANCING SOURCES (USES)				
Dissolution of Street Fund	158,289	-	(158,289)	-
Transfers in	14,748,480	1,317,795	230,028	16,296,303
Transfers out	(1,541,842)	(5,981)	-	(1,547,823)
Proceeds from the sale of capital assets	9,730	-	-	9,730
Total other financing sources and uses	<u>13,374,657</u>	<u>1,311,814</u>	<u>71,739</u>	<u>14,758,210</u>
Net change in fund balances	95,444	(1,626,816)	170,749	(1,360,623)
Fund balances - Beginning of Year	4,286,680	7,195,430	821,507	12,303,617
Fund balances - End of Year	<u>\$ 4,382,124</u>	<u>\$ 5,568,614</u>	<u>\$ 992,256</u>	<u>\$ 10,942,994</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, 2016

Net Changes in Fund Balances - Total Governmental Funds **\$ (1,360,623)**

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 (\$3,514,189) is allocated over
their estimated useful lives as depreciation expense (\$2,659,167) net of the internal service
funds of \$408,355 included in net assets above. This is the amount by which depreciation
exceeded capital outlays in the current period. 896,408

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	197,137
Accrued interest payable	1,127
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 the internal service funds \$1,986 included in net assets above)	(29,099)
Net pension liability and related deferred outflows (net of the internal service funds \$81,301 included in net assets above)	(867,951)
Net other post employment benefits obligation (net of the internal service funds \$11,689 included in net assets above)	(531,860)

Change in Net Position of Governmental Activities	\$ (1,690,825)
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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, 2016

	Budgeted Amounts			Variance with Final Budget - Favorable (Unfavorable)
	Original	Final	Actual Amounts	
REVENUES				
Taxes:				
Real estate - current	\$ 6,170,630	6,170,630	\$ 6,217,952	\$ 47,322
Real estate - delinquent and interest	35,000	35,000	46,053	11,053
Real estate - transfer	1,600,000	1,600,000	1,430,654	(169,346)
Franchise	424,430	424,430	482,218	57,788
Licenses and permits	2,165,010	2,165,010	1,649,231	(515,779)
Fines, forfeits and costs	1,968,392	1,968,392	1,706,239	(262,153)
Interest, dividends and rents	75,890	75,890	72,505	(3,385)
Intergovernmental revenues	284,374	284,374	220,768	(63,606)
Charges for services/fees	957,298	957,298	963,273	5,975
Subvention - University of Delaware	497,766	497,766	492,149	(5,617)
Total revenues	<u>14,178,790</u>	<u>14,178,790</u>	<u>13,281,042</u>	<u>(897,748)</u>
EXPENDITURES				
Current:				
General government:				
Finance department	1,766,574	1,766,574	1,664,784	101,790
Planning & development	710,785	710,785	635,943	74,842
Administration	1,349,101	1,340,429	1,415,580	(75,151)
Legislative	1,496,748	1,496,748	1,418,580	78,168
Judicial	476,113	443,780	453,333	(9,553)
Information technology	1,569,647	1,569,647	1,514,327	55,320
Total general government	<u>7,368,968</u>	<u>7,327,963</u>	<u>7,102,547</u>	<u>225,416</u>
Public safety:				
Code Enforcement	1,534,404	1,534,404	1,215,878	318,526
Police	11,268,820	11,153,281	11,778,934	(625,653)
Total public safety	<u>12,803,224</u>	<u>12,687,685</u>	<u>12,994,812</u>	<u>(307,127)</u>
Public works:				
Highways and streets	2,135,406	2,135,406	2,098,886	36,520
Sanitation	1,551,769	1,551,769	1,700,364	(148,595)
Total public works	<u>3,687,175</u>	<u>3,687,175</u>	<u>3,799,250</u>	<u>(112,075)</u>
Culture and recreation	2,616,856	2,616,856	2,663,646	(46,790)
Total expenditures	<u>26,476,223</u>	<u>26,319,679</u>	<u>26,560,255</u>	<u>(240,576)</u>
Deficiency of revenues under expenditures	<u>(12,297,433)</u>	<u>(12,140,889)</u>	<u>(13,279,213)</u>	<u>(1,138,324)</u>
Other Financing Sources (Uses)				
Dissolution of Street Fund	-	-	158,289	158,289
Transfers In	14,028,500	14,028,500	14,748,480	719,980
Transfers Out	(2,272,333)	(2,272,333)	(1,541,842)	730,491
Proceeds from the sale of capital assets	-	-	9,730	9,730
Total other financing sources and uses	<u>11,756,167</u>	<u>11,756,167</u>	<u>13,374,657</u>	<u>1,618,490</u>
Net change in fund balances	<u>\$ (541,266)</u>	<u>\$ (384,722)</u>	<u>95,444</u>	<u>\$ 480,166</u>
Fund Balances - January 1			4,286,680	
Fund Balances - December 31			<u>\$ 4,382,124</u>	

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

CITY OF NEWARK
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2016

	Business-Type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Electric	Water	Sewer	Parking	Total Enterprise Funds	
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 3,909,337	\$ 880,568	\$ 633,024	\$ 253,982	\$ 5,676,911	\$ 1,154,002
Investments, unrestricted	5,178,588	794,076	1,917,102	355,376	8,245,142	697,385
Accounts receivable, net	6,922,329	1,281,944	1,534,054	91,099	9,829,426	2,926
Inventory	1,370,503	271,619	25,071	-	1,667,193	14,740
Prepaid items	117,522	42,785	25,703	202,673	388,683	7,166
Restricted Assets:						
Investments	960,985	19,142	6,800	-	986,927	-
Total current assets	18,459,264	3,290,134	4,141,754	903,130	26,794,282	1,876,219
Noncurrent Assets:						
Capital assets, net:						
Land	-	7,957,954	-	3,287,629	11,245,583	-
Construction in progress	-	100,770	-	63,214	163,984	-
Buildings	7,841,862	3,761,626	-	-	11,603,488	323,137
Improvements	10,143,591	28,065,924	6,370,575	570,704	45,150,794	-
Machinery and Equipment	896,152	377,945	271,547	628,749	2,174,393	85,218
Intangibles	1,000	7,126	-	-	8,126	-
Total noncurrent assets	18,882,605	40,271,345	6,642,122	4,550,296	70,346,368	408,355
Total Assets	37,341,869	43,561,479	10,783,876	5,453,426	97,140,650	2,284,574
DEFERRED OUTFLOW OF RESOURCES						
Deferred pension amounts	692,328	557,995	24,287	166,386	1,440,996	115,381
Deferred loss on bond refunding	-	200,923	-	-	200,923	-
Total deferred outflow of resources	692,328	758,918	24,287	166,386	1,641,919	115,381
LIABILITIES						
Current Liabilities:						
Accounts payable	3,120,440	683,555	146,841	54,222	4,005,058	179,607
Customer deposits payable	960,985	19,142	6,800	-	986,927	-
Regulatory liability	402,319	-	-	-	402,319	-
Compensated absences	5,237	6,740	320	1,432	13,729	1,825
Due to other governments	-	-	37,597	-	37,597	-
Accrued interest payable	3,185	58,085	-	891	62,161	-
Unearned revenue	662,047	-	-	-	662,047	-
Bonds, notes, and lease payable	526,817	1,476,853	-	33,782	2,037,452	-
Total Current Liabilities	5,681,030	2,244,375	191,558	90,327	8,207,290	181,432
Noncurrent Liabilities:						
Compensated absences	47,137	60,664	2,873	12,891	123,565	16,420
Net other post employment benefits obligation	207,269	169,990	8,065	40,664	425,988	34,908
Net pension liability	2,942,282	2,498,071	102,040	694,425	6,236,818	485,896
Unearned revenue	-	4,751	1,040	-	5,791	-
Bonds, notes, and lease payable	4,019,750	10,062,019	-	71,773	14,153,542	-
Total Noncurrent Liabilities	7,216,438	12,795,495	114,018	819,753	20,945,704	537,224
Total Liabilities	12,897,468	15,039,870	305,576	910,080	29,152,994	718,656
NET POSITION						
Net investment in capital assets	14,336,038	28,933,396	6,642,122	4,444,741	54,356,297	408,355
Unrestricted	10,800,691	347,131	3,860,465	264,991	15,273,278	1,272,944
Total Net Position	\$ 25,136,729	\$ 29,280,527	\$ 10,502,587	\$ 4,709,732	\$ 69,629,575	\$ 1,681,299

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, 2016

	Business-Type Activities Enterprise Funds				Governmental Activities
	Electric	Water	Sewer	Parking	Internal Service Funds
Operating Revenues:					
Charges for service	\$ 52,737,035	\$ 9,280,668	\$ 7,149,429	\$ 2,763,371	\$ 71,930,503
Penalties and fees	169,929	79,279	24,340	3,309	276,857
Miscellaneous	295,525	204,647	235	5,917	506,324
Total operating revenues	53,202,489	9,564,594	7,174,004	2,772,597	72,713,684
Operating Expenses:					
Personnel	2,741,317	2,713,968	291,553	1,059,899	6,806,737
Utility purchases	35,141,018	-	4,609,867	-	39,750,885
Materials and supplies	176,388	297,038	12,713	27,916	514,055
Contracted services	1,204,031	919,515	211,943	325,115	2,660,604
Depreciation	1,279,489	1,301,642	260,650	142,178	2,983,959
Other	108,175	8,423	1,937	4,939	123,474
Total operating expenses	40,650,418	5,240,586	5,388,663	1,560,047	52,839,714
Operating income (loss)	12,552,071	4,324,008	1,785,341	1,212,550	19,873,970
Nonoperating Revenues (Expenses):					
Interest and investment revenue	51,391	21,964	16,956	2,606	92,917
Amortization of bond premium	-	38,081	-	-	38,081
Amortization of loss on bond refunding	-	(34,443)	-	-	(34,443)
Interest expense	(104,081)	(314,974)	-	(5,972)	(425,027)
Total nonoperating revenues (expenses)	(52,690)	(289,372)	16,956	(3,366)	(328,472)
Income before capital grants, capital contributions, and transfers	12,499,381	4,034,636	1,802,297	1,209,184	19,545,498
Capital grants and contributions	34,622	77,624	37,004	-	149,250
Transfers in	-	-	-	-	-
Transfers out	(10,015,980)	(2,154,996)	(1,462,500)	(1,115,004)	(14,748,480)
Change in net position	2,518,023	1,957,264	376,801	94,180	4,946,268
Total net position - Beginning of year	22,618,706	27,323,263	10,125,786	4,615,552	64,683,307
Total net position - End of Year	\$ 25,136,729	\$ 29,280,527	\$ 10,502,587	\$ 4,709,732	\$ 69,629,575

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, 2016**

	Business-Type Activities Enterprise Funds					Governmental Activities Internal Service Funds
	Electric	Water	Sewer	Parking	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 52,046,342	\$ 9,468,361	\$ 7,197,554	\$ 2,817,461	\$ 71,529,718	\$ -
Receipts from interfund services provided	-	-	-	-	-	1,445,489
Customer deposits received	429,507	750	-	-	430,257	-
Customer deposits returned	(300,034)	-	-	-	(300,034)	-
Other operating receipts	277,654	92,939	235	5,917	376,745	2,429
Payments to suppliers for goods and services	(35,708,924)	(700,858)	(4,846,592)	(363,096)	(41,619,470)	(929,804)
Payments to employees for services	(2,459,543)	(2,514,674)	(277,061)	(998,206)	(6,249,484)	(436,979)
Payments for interfund services used	(163,051)	(162,236)	(15,748)	(23,103)	(364,138)	-
Net cash provided (used) by operating activities	<u>14,121,951</u>	<u>6,184,282</u>	<u>2,058,388</u>	<u>1,438,973</u>	<u>23,803,594</u>	<u>81,135</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers out	(10,015,980)	(2,154,996)	(1,462,500)	(1,115,004)	(14,748,480)	-
Net cash provided (used) by noncapital financing activities	<u>(10,015,980)</u>	<u>(2,154,996)</u>	<u>(1,462,500)</u>	<u>(1,115,004)</u>	<u>(14,748,480)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Proceeds from bonds, notes and capital lease issuance	-	-	-	138,008	138,008	-
Purchases of capital assets	(1,200,285)	(3,077,755)	(744,075)	(205,950)	(5,228,065)	(53,018)
Capital grants received	34,622	106,401	65,328	-	206,351	-
Principal paid on capital debt	(516,075)	(1,400,908)	-	(32,453)	(1,949,436)	-
Interest paid on capital debt	(104,598)	(321,041)	-	(5,081)	(430,720)	-
Net cash provided (used) by capital and related financing activities	<u>(1,786,336)</u>	<u>(4,693,303)</u>	<u>(678,747)</u>	<u>(105,476)</u>	<u>(7,263,862)</u>	<u>(53,018)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of investments	-	720,000	-	-	720,000	-
Interest received	85,317	32,537	29,323	6,324	153,501	10,065
Net cash provided (used) by investing activities	<u>85,317</u>	<u>752,537</u>	<u>29,323</u>	<u>6,324</u>	<u>873,501</u>	<u>10,065</u>
Net increase (decrease) in cash and cash equivalents	2,404,952	88,520	(53,536)	224,817	2,664,753	38,182
Cash and cash equivalents - Beginning of Year	<u>1,504,385</u>	<u>792,048</u>	<u>686,560</u>	<u>29,165</u>	<u>3,012,158</u>	<u>1,115,820</u>
Cash and cash equivalents - End of Year	<u>\$ 3,909,337</u>	<u>\$ 880,568</u>	<u>\$ 633,024</u>	<u>\$ 253,982</u>	<u>\$ 5,676,911</u>	<u>\$ 1,154,002</u>

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

CITY OF NEWARK, DELAWARE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2016

	Business-Type Activities Enterprise Funds					Governmental Activities
	Electric	Water	Sewer	Parking	Total Enterprise Funds	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities						
Operating income (loss)	\$ 12,552,071	\$ 4,324,008	\$ 1,785,341	\$ 1,212,550	\$ 19,873,970	\$ (6,010)
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation expense	1,279,489	1,301,642	260,650	142,178	2,983,959	41,386
Effect of changes in operating assets and liabilities						
Accounts receivable	(882,719)	(4,732)	23,401	50,781	(813,269)	1,582
Allowance for uncollectible accounts	3,426	627	384	-	4,437	-
Inventory	(44,268)	(34,797)	(3,280)	-	(82,345)	(2,286)
Prepaid expenses	(49,757)	(20,734)	(22,846)	(25,795)	(119,132)	(1,293)
Deferred pension amounts	(324,762)	(237,477)	(11,618)	(80,481)	(654,338)	(54,977)
Customer deposits	129,473	-	-	-	129,473	-
Accounts payable	211,596	428,505	55,463	2,961	698,525	7,755
Regulatory asset or liability	671,369	-	-	-	671,369	-
Compensated absences	5,840	2,165	1,183	(4,886)	4,302	1,988
Net other post employment benefits obligation	89,130	72,327	2,922	22,647	187,026	11,689
Net pension liability	480,263	351,187	17,182	119,018	967,650	81,301
Due to other governments	-	-	(50,394)	-	(50,394)	-
Deferred revenue	800	1,561	-	-	2,361	-
Total adjustments	1,569,880	1,860,274	273,047	226,423	3,929,624	87,145
Net cash provided (used) by operating activities	\$ 14,121,951	\$ 6,184,282	\$ 2,058,388	\$ 1,438,973	\$ 23,803,594	\$ 81,135
Noncash investing, capital, and financing activities:						
Increase (decrease) in fair value of investments	(44,675)	(11,929)	(12,994)	(2,517)	(72,115)	(4,485)
Increase (decrease) in capital grants receivable	-	(28,777)	(28,324)	-	(57,101)	-
Increase (decrease) in accrued interest receivable	10,749	1,356	627	(1,201)	11,531	430
Increase (decrease) in accrued interest payable	(517)	(6,067)	-	891	(5,693)	-
Amortization of bond premium	-	38,081	-	-	38,081	-

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

CITY OF NEWARK, DELAWARE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2016

	Pension and Other Benefits Funds
ASSETS	
Cash and cash equivalents	\$ 49,690
Investments:	
Domestic equity mutual funds	33,818,777
International equity mutual funds	9,991,979
Fixed income mutual funds	24,592,098
Real estate equity funds	2,183
Balanced asset allocation mutual funds	946,034
Accounts receivable	167,350
Contributions receivable	<u>57</u>
Total Assets	<u>69,568,168</u>
LIABILITIES	
Accounts payable	<u>4,713</u>
Total Liabilities	<u>4,713</u>
NET POSITION	
Net position restricted for employee post employment benefits	<u><u>\$ 69,563,455</u></u>

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

CITY OF NEWARK, DELAWARE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2016

	Pension and Other Benefits Funds
ADDITIONS	
Contributions:	
Employer	\$ 3,890,522
State aid - police	298,648
Employee	<u>706,303</u>
Total contributions	<u>4,895,473</u>
Investments:	
Investment earnings	1,218,982
Net increase in fair value of investments	<u>4,103,590</u>
Total investment earnings	<u>5,322,572</u>
Total additions	<u>10,218,045</u>
DEDUCTIONS	
Benefits	4,711,861
Administrative expenses	<u>366,543</u>
Total Deductions	<u>5,078,404</u>
Change in Net Position	5,139,641
Net Position - Beginning of Year	<u>64,423,814</u>
Net Position - End of Year	<u><u>\$ 69,563,455</u></u>

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

The Government Accounting Standards Board established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. The criteria used in determining whether such organizations should be included in the City's financial reporting entity are financial 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 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

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

levied. Grants and similar items (nonexchange transactions) are recognized as revenue as soon as all eligibility requirements imposed by the providers have been satisfied.

In February 2015, the GASB issued statement No. 72 – Fair Value Measurement and Application. The statement addresses accounting and financial reporting issues related to fair value measurements. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This standard was implemented January 1, 2016.

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.

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

The City reports the following major internal service funds:

Fleet Maintenance Fund – This fund is used to account for the operation of machinery, vehicle and building maintenance provided to other departments of the City on a cost-reimbursement basis.

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

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.

Downtown Newark Partnership Fund – Used to account for donations and other funding received for the events and programs of the Downtown Newark Partnership.

Community Development Fund – Used to account for the City's Community Development Block Grant from the United States Department of Housing and Urban Development passed through New Castle County Department of Community Development and Housing.

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

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

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 plan 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 plan during the year including contributions made by the City and the various employee groups detailed above.

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 plan 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 plan 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, 2016, 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 may not be recoverable through a transfer or munitions sale and one percent of the remaining

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

receivable balance. As of December 31, 2016, the allowance for doubtful accounts in the General Fund amounted to \$77,527.

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, 2016, the allowance for doubtful accounts amounted to \$190,210 in the Electric Fund, \$19,902 in the Water Fund, and \$25,520 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.

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 two items that qualify for reporting in this category, the deferred loss on refunding and deferred pension amounts, which are 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 "Net Investment in Capital Assets," legally "Restricted" for a specific purpose, or "Unrestricted" and available for appropriation for the general purposes of the fund or activity.

Fund Balance

GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions", establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. In the Governmental Fund financial statements, fund balances are classified as:

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, 2016.
- Assigned – includes items that have been allocated by budgetary action (approved by City Council) where the City's intent is to use the funds for a specific purpose.
- Unassigned – this category is for any balances that have no restrictions placed upon them. The General Fund is the only fund that reports a positive unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance and then unassigned fund balance.

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 2016 was .7737 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

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

- c. periods for these funds may differ from the City's fiscal year; comparisons of budgetary information for these funds are presented as supplemental information.
- d. 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.
- e. 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, 2016, budgeted revenues in the General Fund exceeded actual revenues by \$897,748. This amount represents lower than anticipated revenues in Real Estate Transfer Taxes, Licenses & Permits, Fines & Forfeits, Interest & Dividends, Intergovernmental revenues and Subvention.

Operating expenditures were \$240,576 greater than appropriated. This amount represents greater than anticipated expenditures in the Administration, Judicial, Police, Public Works, and Culture and Recreation functions of the General Fund. More significant variances were in the Administration personnel and recruitment, Public Safety Police personnel, overtime, other post-retirement benefits and internal maintenance charges, and Public Works internal maintenance expenditure lines. Internal service fund interdepartmental charges are not included in the department level budgets.

Pensions

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

Dissolution of Street Special Revenue Fund

Effective January 1, 2016, the Street Fund was dissolved and activities were transferred to the General Fund.

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

The following table represents the components of the transfer as of January 1, 2016:

	Street Fund Balance 12/31/2015	General Fund
Transfer from:	\$ 158,289	\$ -
Transfer to:	-	158,289

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, 2016, the carrying amount of the City's cash accounts and cash on hand was \$12,202,547. The bank balances were \$9,968,557. Of the bank balances, \$500,000 was covered by Federal Depository Insurance. The remaining balance of \$9,468,557 was secured by collateral consisting of uninsured and unregistered investments held by the pledging financial institution but not in the City's name.

Investments

The City is authorized to invest in United States Government Securities; Federal Agency Securities; Certificates of Deposits, Time Deposits, and Bankers Acceptances; Corporate Debt Instruments; Repurchase Agreements; Money Market Mutual Funds; the pooled investment fund known as the Delaware Local Government Investment Pool (DELGIP) as authorized by Title 29, Chapter 12 of the Delaware Code; Municipal Obligations that are rated in either of the two highest rating categories by a nationally recognized rating agency; and Guaranteed Investment Contracts. Amounts that may be invested in any one of these categories are subject to percentage limitations as set forth in the City's written Investment Policy. The investments of the Pension trust are not subject to these restrictions. Refer to Note 8 for further discussion of the investment policy of the Pension Plan.

As of December 31, 2016 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):

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

<u>Investment Type</u>	<u>INVESTMENT MATURITIES (in years)</u>				
	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Six to Ten Years</u>	<u>More Than Ten Years</u>
Certificates of Deposit	\$ 7,689,474	\$ 3,073,144	\$ 4,616,330	\$ -	\$ -
U. S. Government Securities	9,871,894	-	5,795,955	4,075,939	-
U. S. Government Securities - Pension	810,255 *	-	810,255 *	-	-
Corporate Notes	1,518,363	910,620	607,743	-	-
Municipal Bonds	496,665	194,934	301,731	-	-
Real Estate	22,589	-	22,589	-	-
	<u>\$ 20,409,240</u>	<u>\$ 4,178,698</u>	<u>\$ 12,154,603</u>	<u>\$ 4,075,939</u>	<u>\$ -</u>

*Assets included in Pension Trust Fund.

Credit Risk

The City and the Pension Plan have 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.

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

The City's and the Pension Plan's investment policies limit and stagger the maturity of investments to mitigate interest rate risk and maintain adequate liquidity to meet cash flow needs. The portfolio is structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. The portfolio is invested in permitted securities with a stated maturity of no more than ten years from the date of purchase, unless the security is matched to a specific obligation or debt of the City. To control volatility of the portfolio and to further mitigate interest rate risk, the City manages the portfolio's effective duration target not to exceed three years.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

All investment securities purchased by the City or the Pension Plan or held as collateral on deposits or investments are held in third-party safekeeping at a qualified financial institution that is not a counterparty to the investment transaction. All investment securities are held in the name of the City.

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, 2016, there were no investments with a fair value in excess of 5% of the City's portfolio invested in any single issuer. Additional information concerning the concentration of credit risk applicable to the Pension Plan can be found in Note 8.

Foreign Currency Risk

The City and Pension Plan's investment policies do not allow for investments denominated in foreign currencies. The City and Pension Plan do not hold such investments.

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

Investments and Valuation

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

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

The City's investments are categorized in the following table:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	Balance <u>December 31, 2016</u>
Certificates of Deposit	\$ 7,689,474	-	-	\$ 7,689,474
U. S. Government Securities	9,871,894	-	-	9,871,894
Corporate Notes	1,518,363	-	-	1,518,363
Municipal Bonds	496,665	-	-	496,665
Domestic Equity Mutual Funds	33,818,777	-	-	33,818,777
International Equity Mutual Funds	9,991,979	-	-	9,991,979
Fixed Income Mutual Funds	24,592,098	-	-	24,592,098
Real Estate Equity Funds	2,183	-	-	2,183
Balanced Asset Allocation Mutual Funds	946,034	-	-	946,034
Real Estate	-	-	22,589	22,589
	<u>\$ 88,927,467</u>	<u>\$ -</u>	<u>\$ 22,589</u>	<u>\$ 88,950,056</u>

NOTE 3 CAPITAL ASSETS

The capital asset activity for the year ended December 31, 2016 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	<u>88,458</u>	<u>-</u>	<u>-</u>	<u>88,458</u>
Total capital assets not being depreciated	<u>5,587,838</u>	<u>-</u>	<u>-</u>	<u>5,587,838</u>
Capital assets being depreciated:				
Buildings	10,799,547	177,294	-	10,976,841
Improvements	29,019,652	1,478,975	-	30,498,627
Machinery and equipment	<u>14,597,941</u>	<u>1,910,939</u>	<u>119,595</u>	<u>16,389,285</u>
Total capital assets being depreciated	<u>54,417,140</u>	<u>3,567,208</u>	<u>119,595</u>	<u>57,864,753</u>
Less accumulated depreciation for:				
Buildings	5,994,719	272,684	-	6,267,403
Improvements	11,207,633	1,417,473	-	12,625,106
Machinery and equipment	<u>11,429,963</u>	<u>969,010</u>	<u>119,595</u>	<u>12,279,378</u>
Total accumulated depreciation	<u>28,632,315</u>	<u>2,659,167</u>	<u>119,595</u>	<u>31,171,887</u>
Total capital assets being depreciated, net	<u>25,784,825</u>	<u>908,041</u>	<u>-</u>	<u>26,692,866</u>
Governmental activities capital assets, net	<u>\$ 31,372,663</u>	<u>\$ 908,041</u>	<u>\$ -</u>	<u>\$ 32,280,704</u>

NOTE 3 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities</u>				
Capital assets not being depreciated:				
Land	\$ 11,245,583	\$ -	\$ -	\$ 11,245,583
Construction in progress	129,422	38,006	3,444	163,984
Intangibles	8,126	-	-	8,126
Total capital assets not being depreciated	<u>11,383,131</u>	<u>38,006</u>	<u>3,444</u>	<u>11,417,693</u>
Capital assets being depreciated:				
Buildings	27,385,307	1,128,125	-	28,513,432
Improvements	71,665,096	3,287,298	-	74,952,394
Machinery and equipment	3,823,792	1,121,607	12,805	4,932,594
Total capital assets being depreciated	<u>102,874,195</u>	<u>5,537,030</u>	<u>12,805</u>	<u>108,398,420</u>
Less accumulated depreciation for:				
Buildings	16,150,143	759,801	-	16,909,944
Improvements	27,905,834	1,895,766	-	29,801,600
Machinery and equipment	2,442,614	328,392	12,805	2,758,201
Total accumulated depreciation	<u>46,498,591</u>	<u>2,983,959</u>	<u>12,805</u>	<u>49,469,745</u>
Total capital assets being depreciated, net	<u>56,375,604</u>	<u>2,553,071</u>	<u>-</u>	<u>58,928,675</u>
Business-type activities capital assets, net	<u>\$ 67,758,735</u>	<u>\$ 2,591,077</u>	<u>\$ 3,444</u>	<u>\$ 70,346,368</u>
Depreciation expense was charged to the functions as follows:				
General Government			\$	379,084
Public Safety				395,852
Public Works				1,228,772
Culture and Recreation				614,073
Capital assets held by the government's internal service funds and charged to the various functions based on their usage				<u>41,386</u>
Total depreciation expense - governmental activities			\$	<u>2,659,167</u>
Business-type activities:				
Electric			\$	1,279,489
Water				1,301,642
Sewer				260,650
Parking				<u>142,178</u>
Total depreciation expense - business-type activities			\$	<u>2,983,959</u>

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 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, 2016, are general obligation debt supported by the full faith and credit of the City and are summarized as follows:

Purpose	Amount
Governmental activities	\$ 720,000
Business-type activities	6,995,000
	<u>\$ 7,715,000</u>

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

Year Ending December 31	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
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	190,000	5,700	195,700	1,185,000	110,700	1,295,700
2021	-	-	-	1,230,000	75,150	1,305,150
2021-2022	-	-	-	1,275,000	38,250	1,313,250
	<u>\$ 720,000</u>	<u>\$ 53,000</u>	<u>\$ 773,000</u>	<u>\$ 6,995,000</u>	<u>\$ 745,900</u>	<u>\$ 7,740,900</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, 2016, \$6.99 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.

NOTE 4 LONG-TERM DEBT (cont'd)

As of December 31, 2016, payments under this lease obligation are as follows:

<u>Year Ending December 31</u>	<u>Business Type</u> Activities
2017	703,350
2018	703,350
2019	703,350
2020	703,350
2021	703,350
2022-2026	3,516,750
2027	<u>703,350</u>
Total lease payments	7,736,850
Less: interest	<u>(930,934)</u>
Present value of lease payments	<u>\$ 6,805,916</u>

Equipment Lease/Purchase Agreement – Business Type Activities

On October 15, 2015, the City entered into an Equipment Lease/Purchase Agreement with KS State Bank for \$138,008. The loan bears an interest rate of 4.055%. Payments are due quarterly starting January 1, 2016, with the final payment due October 15, 2019. The proceeds, which were used to partially finance the City's purchase of parking equipment and gated access controls in the Parking Fund, were deposited in a Vendor Payable Account under the City's name. Disbursements for project 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.

<u>Year Ending December 31</u>	<u>Business Type</u> Activities
2017	37,534
2018	37,534
2019	<u>37,534</u>
Total lease payments	112,602
Less: interest	<u>(7,047)</u>
Present value of lease payments	<u>\$ 105,555</u>

NOTE 4 LONG-TERM DEBT (cont'd)

Energy Improvement Loans – Governmental & Business Type Activities

On July 20, 2012, the City signed a \$2,851,935 financing agreement with the Delaware Department of Natural Resources & Environmental Control. The agreement, under the American Recovery and Reinvestment Act of 2009, consists of a promissory note and a security agreement related to the Automated Meter Infrastructure Project in the business-type activities. The loan proceeds partially financed the installation and acquisition of equipment for the Automated Meter Infrastructure Project. The loan bears an interest rate of 1.99%. 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, 2016, are summarized below:

<u>Purpose</u>	<u>Amount</u>
Governmental activities	\$ 166,936
Business-type activities	<u>2,062,384</u>
	<u><u>\$ 2,229,320</u></u>

Annual debt service requirements to maturity for the energy improvement loans 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>
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	29,379	1,418	30,797	362,964	17,516	380,480
2021	29,968	829	30,797	370,240	10,240	380,480
2022	<u>22,870</u>	<u>228</u>	<u>23,098</u>	<u>282,534</u>	<u>2,816</u>	<u>285,350</u>
	<u>\$ 166,936</u>	<u>\$ 10,147</u>	<u>\$ 177,083</u>	<u>\$ 2,062,384</u>	<u>\$ 125,366</u>	<u>\$ 2,187,750</u>

NOTE 5 CHANGES IN LONG-TERM LIABILITIES

Long term liability activity for the year ended December 31, 2016, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Bonds payable	\$ 890,000	\$ -	\$ (170,000)	\$ 720,000	\$ 175,000
Plus: deferred amounts - bond premium	<u>30,130</u>	<u>-</u>	<u>(6,234)</u>	<u>23,896</u>	<u>6,234</u>
Total bonds payable	920,130	-	(176,234)	743,896	181,234
Notes payable	194,073	-	(27,137)	166,936	27,681
Net pension liability	17,809,574	3,073,804	-	20,883,378	-
Net OPEB liability	869,046	543,551	-	1,412,597	-
Compensated absences	<u>732,416</u>	<u>1,251,377</u>	<u>(1,220,292)</u>	<u>763,501</u>	<u>76,350</u>
Long-term liabilities	<u>\$ 20,525,239</u>	<u>\$ 4,868,732</u>	<u>\$ (1,423,663)</u>	<u>\$ 23,970,308</u>	<u>\$ 285,265</u>
<u>Business-Type Activities</u>					
Bonds payable	\$ 8,035,000	\$ -	\$ (1,040,000)	\$ 6,995,000	\$ 1,070,000
Plus: deferred amounts - bond premium	<u>260,220</u>	<u>-</u>	<u>(38,080)</u>	<u>222,140</u>	<u>38,080</u>
Total bonds payable	8,295,220	-	(1,078,080)	7,217,140	1,108,080
Lease payable	7,347,618	138,008	(574,155)	6,911,471	587,402
Notes payable	2,397,643	-	(335,259)	2,062,384	341,980
Net pension liability	5,269,168	967,650	-	6,236,818	-
Net OPEB liability	238,962	187,026	-	425,988	-
Compensated absences	<u>132,994</u>	<u>317,284</u>	<u>(312,984)</u>	<u>137,294</u>	<u>13,729</u>
Long-term liabilities	<u>\$ 23,681,605</u>	<u>\$ 1,609,968</u>	<u>\$ (2,300,478)</u>	<u>\$ 22,991,095</u>	<u>\$ 2,051,191</u>

The compensated absences liability, the net pension liability and the net OPEB liability attributable to governmental activities will be paid by the governmental and internal service funds. 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.

Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. As of December 31, 2016, \$18,245 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, 2016, was as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 14,748,480	\$ 1,541,842
Capital Projects Fund	1,317,795	5,981
Nonmajor Governmental Funds	230,028	-
Electric Fund	-	10,015,980
Water Fund	-	2,154,996
Sewer Fund	-	1,462,500
Parking Fund	-	1,115,004
Total transfers	<u>\$ 16,296,303</u>	<u>\$ 16,296,303</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, 2016, was as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Community Development	<u>\$ 169,000</u>
Total		<u>\$ 169,000</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, 2016, \$155,000 was due from the Community Development Fund for working capital advances. The General Fund expects to collect this amount in the subsequent year.

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, 2016:

	<u>Total</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>
General Government	\$ 79,165	\$ 31,673	\$ -	\$ 47,492
Public Safety	17,082	17,082	-	-
Public Works	50,671	50,671	-	-
Culture & Recreation	8,088	8,088	-	-
Capital Projects	909,167	-	909,167	-
	<u>\$ 1,064,173</u>	<u>\$ 107,514</u>	<u>\$ 909,167</u>	<u>\$ 47,492</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

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.

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 2016 was 2.5 percent of current base and longevity pay earned throughout the year.

Police employees of the City are required to contribute a variable percentage of their current base and longevity pay.

The Police employee contribution rate, as outlined in the FOP Collective Bargaining Agreement approved by City Council, is equal to the City's contribution rate to the police fund for the prior year; however, the rate increase is limited to not more than 2 percent over the previous year's contribution rate and the overall rate cannot exceed 7.0 percent. The Police employee contribution rate was 7.0 percent in 2016.

In 2006, the assumed retirement rates for police officers hired before 1989 were updated to reflect actual plan experience. Previously, it was assumed that these officers retired by age 50. Now, their assumed retirement age follows a table of rates, ending at the age at which they attain maximum accumulated service credits (67.5 percent of final average earnings). Significant actuarial assumptions used in determining the net pension benefit obligation include:

- (a) rate of return on the investment present and future assets of 6.5 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.

NOTE 8 PENSIONS (cont'd)

The City's contributions for the fiscal year ended December 31, 2016, totaled \$3,448,649 including \$298,648 of funds provided by the State of Delaware. The State aid for police pension is recorded through the general fund escrow account.

Plan Membership

As of January 1, 2016, the most recent actuarial valuation, employee membership consisted of:

Police and Nonpolice Participants	Police	Non Police	Total
Active employees	71	130	201
Retired and disabled members receiving benefits	66	110	176
Deferred vested participants	<u>0</u>	<u>13</u>	<u>13</u>
Total	<u>137</u>	<u>253</u>	<u>390</u>

The City's total payroll for all employees covered by Plan for the current year was \$12,908,988. Participation in the plan is required for management employees hired prior to January 1, 2012, Local 1670 employees hired prior to April 1, 2014, and Employees Council hired prior to January 1, 2014.

Plan Administration

The City Council of Newark, Delaware, acting as Trustees of the Amended Pension Plan for Employees of the City of Newark, Delaware is responsible for directing and monitoring the investment policies and management of Plan Assets. Administration of the Plan is overseen by the Operations and Investment Committee and is composed of three individuals appointed by City Council. The Operations and Investment Committee has the authority to determine the accuracy and timeliness of all payments due the Plan, accounting for and depositing all payments made to the Plan, making payment and distribution of moneys as authorized by the Trustees, answering all correspondence on the rights and benefits of members and employees, certifying application for benefits to the Trustees for approval or confirmation, directing and monitoring the performance of all consultants, managers, custodians, compiling information on investments for presentation to Trustees, keeping records, files, and documents belonging to Trustees, assisting the Trustees in the discharge of their functions, reviewing and determining actuarial assumptions.

Investment Policy

The 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.

NOTE 8 PENSIONS (cont'd)

Plan Assets

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The Vanguard Company manages the investment of pension plan assets and maintains numerous commingled investment funds for qualified public employee pension plans. These investments are not categorized according to the level of risk assumed at year end because they are not represented by securities.

Administrative Costs

Administrative costs, including the investment manager, custodial trustee and actuarial services, are charged and paid by short-term assets of the plan.

The condensed financial statements as of and for the year ended December 31, 2016, are as follows:

Statement of Plan Net Position
Employee's Pension Trust Fund
December 31, 2016

ASSETS	
Investments:	
Domestic equity mutual funds	\$ 29,983,033
International equity mutual funds	8,798,940
Fixed income mutual funds	21,645,507
Contributions receivable	<u>149,324</u>
Total assets	<u>60,576,804</u>
LIABILITIES	
Accounts payable	<u>-</u>
Total liabilities	<u>-</u>
NET POSITION	
Restricted for employee post employment benefits	<u>\$ 60,576,804</u>

NOTE 8 PENSIONS (cont'd)

Statement of Changes in Plan Net Position
Employee's Pension Trust Fund
For the Year Ended December 31, 2016

ADDITIONS

Contributions:

Employer contributions	\$ 3,150,001
State aid - police	298,648
Employee contributions	<u>522,921</u>
Total contributions	<u>3,971,570</u>

Investments:

Net increase in fair value of investments	<u>4,701,763</u>
Total investments earnings	<u>4,701,763</u>
Total additions	<u>8,673,333</u>

DEDUCTIONS

Benefits	4,206,811
Administrative expenses	<u>360,976</u>
Total deductions	<u>4,567,787</u>

Change in Net Position	4,105,546
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Net Position, January 1	<u>56,471,258</u>
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Net Position, December 31	<u>\$ 60,576,804</u>
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The following was the Plan's adopted asset allocation policy as of December 31, 2016:

<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, 2016:

<u>Investment</u>	<u>Fair Value</u>	<u>% of Pension Fiduciary Net Position</u>
Domestic equity mutual funds	\$ 29,983,033	49%
International equity mutual funds	8,798,940	15%
Fixed income mutual funds	21,645,507	36%

NOTE 8 PENSIONS (cont'd)

Net Pension Liability

The net pension liability of the trust as of December 31, 2016, was for the measurement date December 31, 2016:

Total pension liability	\$ 87,697,000
Fiduciary net position	<u>(60,576,804)</u>
Net pension liability	<u>\$ 27,120,196</u>
Fiduciary net position as a % of total pension liability	69.08%

Changes in net pension liability:

Service cost	\$ 1,739,878
Interest on total pension liability	5,545,543
Effect of economic/demographic (gains) or losses	503,390
Effect of assumptions changes or inputs	4,565,000
Benefit payments	<u>(4,206,811)</u>
Net change in total pension liability	8,147,000
Total pension liability, beginning	<u>79,550,000</u>
Total pension liability, ending (a)	<u><u>\$ 87,697,000</u></u>

Fiduciary Net Position

Employer contributions	3,448,649
Member contributions	522,921
Investment income net of investment expenses	4,421,702
Benefit payments	(4,206,811)
Administrative expenses	<u>(80,915)</u>
Net change in plan fiduciary net position	4,105,546

Fiduciary net position, beginning	<u>56,471,258</u>
Fiduciary net position, ending (b)	<u><u>\$ 60,576,804</u></u>

Net pension liability, ending = (a) - (b)	<u><u>\$ 27,120,196</u></u>
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Covered employee payroll	\$ 12,908,988
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NOTE 8 PENSIONS (cont'd)

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

Valuation date	January 1, 2016
Measurement date	December 31, 2016
Actuarial cost method	Entry Age Normal
Amortization period	Level dollar 25 year amortization period 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	6.5%
Projected salary increases	Based on 3.0% 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.

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, 2016, are detailed below:

<u>Asset Class</u>	<u>Long-Term Expected Rate of Return</u>	<u>Target Allocation</u>
U.S. Cash	0.47%	2.00%
U.S. Core Fixed Income	1.67%	18.00%
U.S. Core Bonds	1.89%	10.00%
U.S. High Yield Bonds	5.04%	7.00%
U.S. Large Cap	4.80%	12.50%
U.S. Large/Mid Cap	5.01%	12.50%
U.S. Small Cap	6.06%	5.00%
U.S. Mid Cap	5.36%	10.00%
Foreign Developed Equity	6.06%	10.00%
Emerging Markets Equity	8.39%	5.00%

NOTE 8 PENSIONS (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. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Discount rate	6.50%
Long-term expected rate of return	6.50%
Municipal bond rate (1)	3.78%

(1) Bond Buyer 20-Bond General Obligation Bond Index as of December 29, 2016;
3.57% as of December 25, 2015.

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Amended Pension Plan for the Employees of the City of Newark, Delaware, calculated using the discount rate of 6.5%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate of 1 percentage point lower (5.5%) or 1 percentage point higher (7.5%) than the current rate.

	1% Decrease <u>5.50%</u>	Current Discount Rate <u>6.50%</u>	1% Increase <u>7.50%</u>
Total pension liability	\$ 98,595,000	\$ 87,697,000	\$ 78,575,000
Fiduciary net position	<u>60,576,804</u>	<u>60,576,804</u>	<u>60,576,804</u>
Net pension liability	<u>38,018,196</u>	<u>27,120,196</u>	<u>17,998,196</u>

NOTE 8 PENSIONS (cont'd)

Deferred Inflows/Outflows of Resources

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	-	\$ 776,308
Changes of assumptions	-	3,669,902
Net difference between projected and actual earnings	-	1,833,188
Total	<u>-</u>	<u>\$ 6,279,398</u>

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

Year ended December 31:

2017	\$ 1,749,793
2018	1,749,793
2019	1,749,793
2021	930,639
2021	99,830
Thereafter	-

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, 2016, was 7.86%. The money weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

NOTE 9 DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. All assets and income of the DCP are held in the DCP Trust for the exclusive benefit of participants and their beneficiaries. These assets are not the sole property of the City and are not subject to the claims of the City's general creditors, therefore, the assets are not on the City's balance sheet and all costs and expenses of administering the plan are borne by the participants.

NOTE 10 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.

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (cont'd)

Participant data consisted of the following at January 1, 2015, the date of the latest actuarial valuation:

<u>Participants</u>	
Active	202
Retired	<u>143</u>
Total	<u><u>345</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 2016, the City contributed \$509,586 to prefund benefits and to pay current premiums for post-employment benefits. For 2016, the current premium costs of those benefits were \$509,586.

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.

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	1,256,296
Interest on net OPEB obligation	77,561
Adjustment to annual required contribution	<u>(93,694)</u>
Annual OPEB cost (expense)	1,240,163
Contributions made	<u>(509,586)</u>
Increase in net OPEB obligation	730,577
Net OPEB obligation, beginning of year	<u>1,108,008</u>
Net OPEB obligation, end of year	<u><u>\$ 1,838,585</u></u>

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (cont'd)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 were as follows:

Calendar Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	1,207,774	103.7%	347,952
12/31/2015	1,167,265	34.9%	1,108,008
12/31/2016	1,240,163	41.1%	1,838,585

Funded Status

As of January 1, 2015, the most recent actuarial valuation date, the plan was 43.9 percent funded. The actuarial accrued liability for benefits was \$16,071,546, the actuarial value of assets was \$7,051,780 and the unfunded actuarial accrued liability was \$9,019,766. The covered payroll (annual payroll of active employees covered by the plan) was \$12,562,421 and the ratio of UAAL to the covered payroll was (UAAL) 71.8 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:

Actuarial Valuation Date	Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability	Funded Ratio	Payroll	Unfunded AAL as a Percentage of Payroll
January 1, 2011	1,810,265	15,001,532	13,191,267	12.07%	12,683,712	104.00%
January 1, 2013	4,172,150	13,764,788	9,592,638	30.30%	12,866,664	74.60%
January 1, 2015	7,051,780	16,071,546	9,019,766	43.90%	12,562,421	71.80%

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.

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (cont'd)

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 7.3 percent initially for pre-medicare and 9.3 percent for medicare eligible, reduced by decrements to an ultimate rate of 4.5 percent for pre-medicare and 4.7 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.

The condensed financial statements as of and for the year ended December 31, 2016, are as follows:

Statement of Plan Net Position
Other Post-Employment Benefits Plan
December 31, 2016

ASSETS	
Cash and cash equivalents	\$ 49,690
Investments:	
Domestic equity mutual funds	3,687,058
International equity mutual funds	1,173,128
Fixed income mutual funds	2,748,623
Accounts receivable	<u>57</u>
Total assets	<u>7,658,556</u>
LIABILITIES	
Accounts payable	<u>4,713</u>
Total liabilities	<u>4,713</u>
NET POSITION	
Restricted for employee post employment benefits	<u><u>\$ 7,653,843</u></u>

NOTE 10 OTHER POST EMPLOYMENT BENEFITS (cont'd)

Statement of Changes in Plan Net Position
Other Post-Employment Benefits Plan
For the Year Ended December 31, 2016

ADDITIONS

Contributions:

Employer contributions	\$ 509,586
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Investments:

Net increase (decrease) in fair value of investments	544,385
--	---------

Total additions	<u>1,053,971</u>
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DEDUCTIONS

Benefits	484,900
----------	---------

Administrative expenses	<u>2,192</u>
-------------------------	--------------

Total deductions	<u>487,092</u>
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Change in Net Position	566,879
------------------------	---------

Net Position, January 1	<u>7,086,964</u>
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Net Position, December 31	<u><u>\$ 7,653,843</u></u>
---------------------------	----------------------------

NOTE 11 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 2016.

The condensed financial statements as of and for the year ended December 31, 2016, are as follows:

Statement of Plan Net Position
Section 401(a) City Manager's Retirement Fund
December 31, 2016

ASSETS

Investments:

Balanced asset allocation mutual funds	\$ 215,953
--	------------

Total assets	<u>215,953</u>
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NET POSITION

Restricted for employee post employment benefits	<u>\$ 215,953</u>
--	-------------------

Statement of Changes in Plan Net Position
Section 401(a) City Manager's Retirement Fund
For the Year Ended December 31, 2016

ADDITIONS

Investments:

Net increase in fair value of investments	\$ 12,119
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Total investments earnings	<u>12,119</u>
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Total additions	12,119
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Net Position, January 1	<u>203,834</u>
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Net Position, December 31	<u>\$ 215,953</u>
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NOTE 12 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 2016, total contributions to the Fund were \$290,967.

The condensed financial statements as of and for the year ended December 31, 2016, are as follows:

Statement of Plan Assets
Section 401(a) Management Employees' Retirement Fund
December 31, 2016

ASSETS

Investments:

Domestic equity mutual funds	\$ 117,809
International equity mutual funds	17,097
Fixed income mutual funds	190,152
Real estate equity funds	2,183
Balance asset allocation mutual funds	296,955
Accounts receivable	<u>18,026</u>
Total assets	<u>642,222</u>

NET POSITION

Restricted for employee post employment benefits	<u>\$ 642,222</u>
--	-------------------

NOTE 12 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, 2016

ADDITIONS

Contributions:

Employer contributions	\$ 163,148
Employee contributions	<u>127,819</u>
Total contributions	<u>290,967</u>

Investments:

Investment earnings	514
Net increase (decrease) in fair value of investments	<u>33,083</u>
Total investments earnings (deficit)	<u>33,597</u>
Total additions	<u>324,564</u>

DEDUCTIONS

Benefits	9,050
Administrative expenses	<u>280</u>
Total deductions	<u>9,330</u>

Change in Net Position	315,234
------------------------	---------

Net Position, January 1	<u>326,988</u>
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Net Position, December 31	<u><u>\$ 642,222</u></u>
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NOTE 13 RETIREMENT HEALTH SAVINGS PLAN 2009

The City of Newark Retirement Health Savings Plan 2009 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, 2016, are as follows:

Statement of Plan Net Position
Retirement Health Savings Plan 2009
December 31, 2016

ASSETS

Investments:

Domestic equity mutual funds	\$ 16,266
International equity mutual funds	831
Fixed income mutual funds	6,429
Balanced asset allocation mutual funds	<u>241,535</u>
 Total assets	 <u>265,061</u>

NET POSITION

Restricted for employee post employment benefits	<u><u>\$ 265,061</u></u>
--	--------------------------

NOTE 13 RETIREMENT HEALTH SAVINGS PLAN 2009 (cont'd)

Statement of Changes in Plan Net Position
Retirement Health Savings Plan 2009
For the Year Ended December 31, 2016

ADDITIONS

Contributions:

Employee contributions	\$ 26,664
Total contributions	<u>26,664</u>

Investments:

Net increase (decrease) in fair value of investments	<u>16,600</u>
Total investments earnings (deficit)	<u>16,600</u>
Total additions	<u>43,264</u>

DEDUCTIONS

Benefits	11,100
Administrative expenses	<u>1,504</u>
Total deductions	<u>12,604</u>

Change in Net Position	30,660
------------------------	--------

Net Position, January 1	<u>234,401</u>
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Net Position, December 31	<u><u>\$ 265,061</u></u>
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NOTE 14 RETIREMENT HEALTH SAVINGS PLAN 2012

The City of Newark Retirement Health Savings Plan 2012 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, 2016, are as follows:

Statement of Plan Net Position Retirement Health Savings Plan 2012 December 31, 2016	
ASSETS	
Investments:	
Domestic equity mutual funds	\$ 14,611
International equity mutual funds	1,983
Fixed income mutual funds	1,387
Balanced asset allocation mutual funds	<u>191,591</u>
Total assets	<u>209,572</u>
NET POSITION	
Restricted for employee post employment benefits	<u>\$ 209,572</u>

NOTE 14 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, 2016

ADDITIONS

Contributions:

Employer contributions	\$ 67,787
Employee contributions	<u>28,899</u>
Total contributions	<u>96,686</u>

Investments:

Net increase (decrease) in fair value of investments	14,108
Total investments earnings (deficit)	<u>14,108</u>
Total additions	<u>110,794</u>

DEDUCTIONS

Administrative expenses	<u>1,591</u>
Total deductions	<u>1,591</u>

Change in Net Position	109,203
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Net Position, January 1	<u>100,369</u>
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Net Position, December 31	<u><u>\$ 209,572</u></u>
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NOTE 15 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, 2016, there were three outstanding workers compensation claims:

<u>Fiscal Year</u>	<u>Aggregate Liability for Claims beginning 1/1</u>	<u>Current Year Claims</u>	<u>Actual Claims Payments</u>	<u>Aggregate Liability for Claims ending 12/31</u>
2016	\$ 88,600	\$ 299,584	\$ 266,402	\$ 121,782
2015	\$ 241,339	\$ 174,764	\$ 327,503	\$ 88,600
2014	\$ 96,197	\$ 306,649	\$ 161,507	\$ 241,339

NOTE 16 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.

NOTE 16 THE DELAWARE MUNICIPAL ELECTRIC CORPORATION, INC. (Cont'd)

On May 1, 2011, the City entered into separate power sales agreements to purchase a 43.7% 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 from the existing nominal 50 MW natural gas fired combustion turbine generator for the useful life of the facility.

Under the terms of the various agreements, DEMEC is authorized to act as agent for the City in all matters relating to the acquisition and delivery of its wholesale power supply and management of energy cost risk on behalf of the City in the deregulated energy markets.

In December 2015, DEMEC entered into a loan agreement with the Delaware Sustainable Energy Utility for the purpose of financing an LED Streetlight Project for the City. This loan is recorded on DEMEC's financial statement. DEMEC is repaying the debt with the City's Green Energy Funds which are held by DEMEC. Upon completion of the project in 2016 the City recognized the LED streetlights as assets. Capital grant revenue will be recognized over the repayment period.

NOTE 17 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.

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DOWNTOWN NEWARK PARTNERSHIP

FIVE & WINE / WINE & DINE



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NEWARK, DELAWARE
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS *
December 31, 2016

	2014	2015	2016
Total Pension Liability			
Service cost	\$ 1,657,347	\$ 1,630,162	\$ 1,739,878
Interest on total pension liability	5,109,595	5,295,916	5,545,543
Effect of economic/demographic (gains) or losses	(336,929)	596,848	503,390
Effect of assumptions changes or inputs	-	-	4,565,000
Benefit payments	<u>(3,617,747)</u>	<u>(3,930,926)</u>	<u>(4,206,811)</u>
Net change in total pension liability	2,812,266	3,592,000	8,147,000
Total pension liability, beginning	<u>73,145,734</u>	<u>75,958,000</u>	<u>79,550,000</u>
Total pension liability, ending (a)	<u>\$ 75,958,000</u>	<u>\$ 79,550,000</u>	<u>\$ 87,697,000</u>
Fiduciary Net Position			
Employer contributions	3,607,379	3,546,256	3,448,649
Member contributions	498,028	513,766	522,921
Investment income net of investment expenses	3,328,627	231,608	4,421,702
Benefit payments	(3,617,747)	(3,930,926)	(4,206,811)
Administrative expenses	<u>(134,643)</u>	<u>(29,425)</u>	<u>(80,915)</u>
Net change in plan fiduciary net position	3,681,644	331,279	4,105,546
Fiduciary net position, beginning	<u>52,458,335</u>	<u>56,139,979</u>	<u>56,471,258</u>
Fiduciary net position, ending (b)	<u>\$ 56,139,979</u>	<u>\$ 56,471,258</u>	<u>\$ 60,576,804</u>
Net pension liability, ending = (a) - (b)	<u>\$ 19,818,021</u>	<u>\$ 23,078,742</u>	<u>\$ 27,120,196</u>
Fiduciary net position as a % of total pension liability	73.91%	70.99%	69.08%
Covered employee payroll	\$ 12,880,696	\$ 12,562,421	\$ 12,908,988
Net pension liability as a % of covered payroll	153.86%	183.71%	211.24%

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

CITY OF NEWARK, DELAWARE
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS *
December 31, 2016

Notes to schedule:

Valuation date	January 1, 2016
Measurement date	December 31, 2016
Actuarial cost method	Entry Age Normal
Amortization period	Level dollar 25 year amortization period 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	6.5%
Projected salary increases	Based on 3.0% 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
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
December 31, 2016

<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>
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%
2015	2,998,093	3,546,256	(548,163)	12,562,421	28.23%
2016	3,044,590	3,448,649	(404,059)	12,908,988	26.72%

Schedule of Investment Returns

Year Ended December 31, 2014	6.33%
Year Ended December 31, 2015	0.41%
Year Ended December 31, 2016	7.86%

**CITY OF NEWARK, DELAWARE
SCHEDULE OF ANNUAL OPEB COST
December 31, 2016**

<u>Calendar Year Ended</u>	<u>Annual OPEB cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2014	1,207,774	103.7%	347,952
December 31, 2015	1,167,265	34.9%	1,108,008
December 31, 2016	1,240,163	41.1%	1,838,585

**CITY OF NEWARK, DELAWARE
OBEP FUNDING PROGRESS
December 31, 2016**

<u>Actuarial Valuation Date</u>	<u>Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Payroll</u>	<u>Unfunded AAL as a Percentage of Payroll</u>
January 1, 2011	1,810,265	15,001,532	13,191,267	12.07%	12,683,712	104.00%
January 1, 2013	4,172,150	13,764,788	9,592,638	30.30%	12,866,664	74.60%
January 1, 2015	7,051,780	16,071,546	9,019,766	43.90%	12,562,421	71.80%



CITY OF NEWARK COMMUNITY CLEAN UP



COMBINING FUND STATEMENTS

**CITY OF NEWARK, DELAWARE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2016**

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Debt Service	Street Fund	Downtown Newark Partnership Fund	Community Development Fund	Law Enforcement	Parks and Recreation	
ASSETS							
Cash and cash equivalents	\$ 38,641	\$ -	\$ 57,665	\$ 1,709	\$ 733,572	\$ 263,170	\$ 1,094,757
Investments	-	-	-	-	-	-	-
Accounts receivable	-	-	11,792	194,806	24,020	-	230,618
Prepaid items	7,699	-	-	-	4,500	-	12,199
Total assets	<u>\$ 46,340</u>	<u>\$ -</u>	<u>\$ 69,457</u>	<u>\$ 196,515</u>	<u>\$ 762,092</u>	<u>\$ 263,170</u>	<u>\$ 1,337,574</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 1,878	\$ 27,515	\$ 8,460	\$ 211	\$ 38,064
Unearned revenues	-	-	-	-	124,843	-	124,843
Due to other funds	-	-	-	169,000	-	-	169,000
Other liabilities	-	-	-	-	13,411	-	13,411
Total liabilities	<u>-</u>	<u>-</u>	<u>1,878</u>	<u>196,515</u>	<u>146,714</u>	<u>211</u>	<u>345,318</u>
FUND BALANCES							
Nonspendable							
Prepaid Items	7,699	-	-	-	4,500	-	12,199
Restricted for							
Safetytown programs	-	-	-	-	-	59,947	59,947
Parks donations	-	-	-	-	-	14,791	14,791
Recreation donations	-	-	-	-	-	27,926	27,926
Island beautification	-	-	-	-	-	91,873	91,873
Parkland improvements	-	-	-	-	-	58,020	58,020
Other parks programs	-	-	-	-	-	10,402	10,402
Capital projects	-	-	-	-	-	-	-
Law Enforcement	-	-	-	-	610,878	-	610,878
Assigned to							
Debt service	38,641	-	-	-	-	-	38,641
Streets	-	-	-	-	-	-	-
Economic development	-	-	67,579	-	-	-	67,579
Total fund balances	<u>46,340</u>	<u>-</u>	<u>67,579</u>	<u>-</u>	<u>615,378</u>	<u>262,959</u>	<u>992,256</u>
Total liabilities and fund balances	<u>\$ 46,340</u>	<u>\$ -</u>	<u>\$ 69,457</u>	<u>\$ 196,515</u>	<u>\$ 762,092</u>	<u>\$ 263,170</u>	<u>\$ 1,337,574</u>

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Revenue Funds						Total Nonmajor Governmental Funds
	Debt Service	Street Fund	Downtown Newark Partnership Fund	Community Development Fund	Law Enforcement	Parks and Recreation	
REVENUES							
Fines, forfeits and costs	\$ -	\$ -	\$ -	\$ -	\$ 308,088	\$ -	\$ 308,088
Interest, dividends and rents	-	-	-	-	1	-	1
Intergovernmental revenues	-	-	66,927	198,938	294,969	42,916	603,750
Charges for services	-	-	6,346	-	-	-	6,346
Total revenues	-	-	73,273	198,938	603,058	42,916	918,185
EXPENDITURES							
Current:							
Public Safety	-	-	-	-	300,826	-	300,826
Community Development	-	-	-	204,919	-	-	204,919
Culture and recreation	-	-	51,280	-	-	24,952	76,232
Debt Service:							
Principal	197,137	-	-	-	-	-	197,137
Interest	26,910	-	-	-	-	-	26,910
Capital Outlay	-	-	-	-	13,151	-	13,151
Total expenditures	224,047	-	51,280	204,919	313,977	24,952	819,175
Excess (deficiency) of revenues over (under) expenditures	(224,047)	-	21,993	(5,981)	289,081	17,964	99,010
OTHER FINANCING SOURCES (USES)							
Dissolution of Street Fund	-	(158,289)	-	-	-	-	(158,289)
Transfers in	224,047	-	-	5,981	-	-	230,028
Total other financing sources and (uses)	224,047	(158,289)	-	5,981	-	-	71,739
Net change in fund balances	-	(158,289)	21,993	-	289,081	17,964	170,749
Fund balances - January 1	46,340	158,289	45,586	-	326,297	244,995	821,507
Fund balances - December 31	\$ 46,340	\$ -	\$ 67,579	\$ -	\$ 615,378	\$ 262,959	\$ 992,256

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, 2016

	<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	\$ 197,137	\$ 197,137	\$ 197,137	\$ -
Interest	26,910	26,910	26,910	-
Total debt service	224,047	224,047	224,047	-
Total expenditures	224,047	224,047	224,047	-
Deficiency of revenues under expenditures	(224,047)	(224,047)	(224,047)	-
Other Financing Sources (Uses)				
Transfers In	224,047	224,047	224,047	-
Transfers Out	-	-	-	-
Total other financing sources and uses	224,047	224,047	224,047	-
Net change in fund balances	-	-	-	\$ -
Fund Balances - January 1	46,340	46,340	46,340	
Fund Balances - December 31	\$ 46,340	\$ 46,340	\$ 46,340	

CITY OF NEWARK, DELAWARE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
DOWNTOWN NEWARK PARTNERSHIP SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental revenues	\$ 145,800	\$ 145,800	\$ 66,927	\$ (78,873)
Charges for services	7,000	7,000	6,346	(654)
Total revenues	152,800	152,800	73,273	(79,527)
EXPENDITURES				
Current:				
Community Development	152,800	152,800	51,280	101,520
Total Insurance Special Revenue Fund	152,800	152,800	51,280	101,520
Total expenditures	152,800	152,800	51,280	101,520
Excess (deficiency) of revenues over (under) expenditures	-	-	21,993	21,993
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	-	21,993	<u>\$ 21,993</u>
Fund Balances - January 1	45,586	45,586	45,586	
Fund Balances - December 31	<u>\$ 45,586</u>	<u>\$ 45,586</u>	<u>\$ 67,579</u>	

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget -</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
REVENUES				
Intergovernmental revenues	\$ 205,000	\$ 205,000	\$ 198,938	\$ (6,062)
Total revenues	205,000	205,000	198,938	(6,062)
EXPENDITURES				
Current:				
Community development:				
Community Development & Subventions	205,000	205,000	204,919	81
Total Community Development	205,000	205,000	204,919	81
Capital Outlay	-	-	-	-
Total expenditures	205,000	205,000	204,919	81
Excess of revenues over expenditures	-	-	(5,981)	(5,981)
Other Financing Sources (Uses)				
Transfers In	-	-	5,981	5,981
Total other financing sources and uses	-	-	5,981	5,981
Net change in fund balances	-	-	-	\$ -
Fund Balances - January 1	-	-	-	
Fund Balances - December 31	\$ -	\$ -	\$ -	

CITY OF NEWARK, DELAWARE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL
LAW ENFORCEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Favorable
				(Unfavorable)
REVENUES				
Fines, forfeits and costs	\$ 27,000	\$ 27,000	\$ 308,088	\$ 281,088
Interest, dividends and rents	-	-	1	1
Intergovernmental revenues	305,970	305,970	294,969	(11,001)
Charges for service	-	-	-	-
Total revenues	332,970	332,970	603,058	270,088
EXPENDITURES				
Current:				
Public safety:				
Police	264,683	264,683	300,826	(36,143)
Total public safety	264,683	264,683	300,826	(36,143)
Capital Outlay	-	-	13,151	(13,151)
Total expenditures	264,683	264,683	313,977	(49,294)
Excess (deficiency) of revenues over (under) expenditures	68,287	68,287	289,081	220,794
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	68,287	68,287	289,081	\$ 220,794
Fund Balances - January 1	326,297	326,297	326,297	
Fund Balances - December 31	\$ 394,584	\$ 394,584	\$ 615,378	

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, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental Revenue	\$ 22,120	\$ 22,120	\$ 42,916	\$ 20,796
Total revenues	22,120	22,120	42,916	20,796
EXPENDITURES				
Current:				
Culture and recreation:				
Parks and recreation	12,799	12,799	16,245	(3,446)
Landscape beautification	11,975	11,975	8,707	3,268
Total culture and recreation	24,774	24,774	24,952	(178)
Capital Outlay	-	-	-	-
Total expenditures	24,774	24,774	24,952	(178)
Excess (deficiency) of revenues over (under) expenditures	(2,654)	(2,654)	17,964	20,618
Other Financing Sources (Uses)				
Transfers In	2,654	2,654	-	(2,654)
Total other financing sources and uses	2,654	2,654	-	(2,654)
Net change in fund balances	-	-	17,964	\$ 17,964
Fund Balances - January 1	244,995	244,995	244,995	
Fund Balances - December 31	\$ 244,995	\$ 244,995	\$ 262,959	

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICES FUNDS
DECEMBER 31, 2016

	Fleet Maintenance Fund	Self- Insurance Fund	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 827,216	\$ 326,786	\$ 1,154,002
Investments, unrestricted	-	697,385	697,385
Accounts receivable, net	-	2,926	2,926
Inventory	14,740	-	14,740
Prepaid items	7,166	-	7,166
Total current assets	<u>849,122</u>	<u>1,027,097</u>	<u>1,876,219</u>
Noncurrent Assets:			
Capital assets, net:			
Buildings	323,137	-	323,137
Machinery and equipment	85,218	-	85,218
Total noncurrent assets	<u>408,355</u>	<u>-</u>	<u>408,355</u>
Total assets	<u>1,257,477</u>	<u>1,027,097</u>	<u>2,284,574</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred pension amounts	<u>115,381</u>	<u>-</u>	<u>115,381</u>
Total deferred outflow of resources	<u>115,381</u>	<u>-</u>	<u>115,381</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	57,825	121,782	179,607
Compensated absences	1,825	-	1,825
Total current liabilities	<u>59,650</u>	<u>121,782</u>	<u>181,432</u>
Noncurrent Liabilities:			
Compensated absences	16,420	-	16,420
Net other post employment benefits obligation	34,908	-	34,908
Net pension liability	485,896	-	485,896
Total noncurrent liabilities	<u>537,224</u>	<u>-</u>	<u>537,224</u>
Total liabilities	<u>596,874</u>	<u>121,782</u>	<u>718,656</u>
NET POSITION			
Net investment in capital assets	408,355	-	408,355
Unrestricted	<u>367,629</u>	<u>905,315</u>	<u>1,272,944</u>
Total net position	<u>\$ 775,984</u>	<u>\$ 905,315</u>	<u>\$ 1,681,299</u>

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICES FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Fleet Maintenance Fund	Self- Insurance Fund	Total Internal Service Funds
Operating Revenues:			
Charges for service	\$ 1,223,504	\$ 221,985	\$ 1,445,489
Miscellaneous	847	-	847
Total operating revenues	<u>1,224,351</u>	<u>221,985</u>	<u>1,446,336</u>
Operating Expenses:			
Personnel	478,146	-	478,146
Materials and supplies	542,195	1,593	543,788
Contracted services	160,398	226,402	386,800
Depreciation	41,386	-	41,386
Other	2,226	-	2,226
Total operating expenses	<u>1,224,351</u>	<u>227,995</u>	<u>1,452,346</u>
Operating income	<u>-</u>	<u>(6,010)</u>	<u>(6,010)</u>
Nonoperating Revenues (Expenses):			
Interest and investment revenue	<u>-</u>	<u>6,010</u>	<u>6,010</u>
Total nonoperating revenues (expenses)	<u>-</u>	<u>6,010</u>	<u>6,010</u>
Change in net position	-	-	-
Total net position - Beginning of year	<u>775,984</u>	<u>905,315</u>	<u>1,681,299</u>
Total net position - End of Year	<u><u>\$ 775,984</u></u>	<u><u>\$ 905,315</u></u>	<u><u>\$ 1,681,299</u></u>

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICES FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Fleet Maintenance Fund	Self- Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 1,223,504	\$ 221,985	\$ 1,445,489
Other operating receipts	2,429	-	2,429
Payments to suppliers for goods and services	(734,991)	(194,813)	(929,804)
Payments to employees for services	(436,979)	-	(436,979)
	<u>53,963</u>	<u>27,172</u>	<u>81,135</u>
Net cash provided (used) by operating activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(53,018)	-	(53,018)
Net cash provided (used) by capital and related financing activities	<u>(53,018)</u>	<u>-</u>	<u>(53,018)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	-	10,065	10,065
Net cash provided (used) by investing activities	<u>-</u>	<u>10,065</u>	<u>10,065</u>
Net increase (decrease) in cash and cash equivalents	945	37,237	38,182
Cash and cash equivalents - Beginning of Year	<u>826,271</u>	<u>289,549</u>	<u>1,115,820</u>
Cash and cash equivalents - End of Year	<u><u>\$ 827,216</u></u>	<u><u>\$ 326,786</u></u>	<u><u>\$ 1,154,002</u></u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ -	\$ (6,010)	\$ (6,010)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	41,386	-	41,386
Effect of changes in operating assets and liabilities			
Accounts receivable	1,582	-	1,582
Inventory	(2,286)	-	(2,286)
Prepaid expenses	(1,293)	-	(1,293)
Deferred pension amounts	(54,977)	-	(54,977)
Accounts payable	(25,427)	33,182	7,755
Compensated absences	1,988	-	1,988
Net other post employment benefits obligation	11,689	-	11,689
Net pension liability	81,301	-	81,301
	<u>53,963</u>	<u>33,182</u>	<u>87,145</u>
Total adjustments			
Net cash provided (used) by operating activities	<u><u>\$ 53,963</u></u>	<u><u>\$ 27,172</u></u>	<u><u>\$ 81,135</u></u>
Noncash investing, capital, and financing activities:			
Increase (decrease) in fair value of investments	-	(4,485)	(4,485)
Increase (decrease) in accrued interest receivable	-	430	430

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2016

	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	\$ -	\$ -	\$ -	\$ 49,690	\$ -	\$ -	\$ 49,690
Investments:							
Domestic equity mutual funds	29,983,033		117,809	3,687,058	16,266	14,611	33,818,777
International equity mutual funds	8,798,940	-	17,097	1,173,128	831	1,983	9,991,979
Fixed income mutual funds	21,645,507	-	190,152	2,748,623	6,429	1,387	24,592,098
Real estate equity funds	-	-	2,183	-	-	-	2,183
Balanced asset allocation mutual funds	-	215,953	296,955	-	241,535	191,591	946,034
Accounts receivable	149,324	-	18,026	-	-	-	167,350
Contributions receivable	-	-	-	57	-	-	57
Total Assets	60,576,804	215,953	642,222	7,658,556	265,061	209,572	69,568,168
LIABILITIES							
Accounts payable	-	-	-	4,713	-	-	4,713
Total Liabilities	-	-	-	4,713	-	-	4,713
NET POSITION							
Net position restricted for employee post employment benefits	\$ 60,576,804	\$ 215,953	\$ 642,222	\$ 7,653,843	\$ 265,061	\$ 209,572	\$ 69,563,455

CITY OF NEWARK, DELAWARE
COMBINING STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	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	\$ 3,150,001	\$ -	\$ 163,148	\$ 509,586	\$ -	\$ 67,787	\$ 3,890,522
State aid - police	298,648	-	-	-	-	-	298,648
Employee contributions	522,921	-	127,819	-	26,664	28,899	706,303
Total contributions	<u>3,971,570</u>	<u>-</u>	<u>290,967</u>	<u>509,586</u>	<u>26,664</u>	<u>96,686</u>	<u>4,895,473</u>
Investments:							
Investment earnings	1,218,468	-	514	-	-	-	1,218,982
Net increase (decrease) in fair value of investments	<u>3,483,295</u>	<u>12,119</u>	<u>33,083</u>	<u>544,385</u>	<u>16,600</u>	<u>14,108</u>	<u>4,103,590</u>
Total investment earnings (deficit)	<u>4,701,763</u>	<u>12,119</u>	<u>33,597</u>	<u>544,385</u>	<u>16,600</u>	<u>14,108</u>	<u>5,322,572</u>
Total additions	<u>8,673,333</u>	<u>12,119</u>	<u>324,564</u>	<u>1,053,971</u>	<u>43,264</u>	<u>110,794</u>	<u>10,218,045</u>
DEDUCTIONS							
Benefits	4,206,811	-	9,050	484,900	11,100	-	4,711,861
Administrative expenses	<u>360,976</u>	<u>-</u>	<u>280</u>	<u>2,192</u>	<u>1,504</u>	<u>1,591</u>	<u>366,543</u>
Total Deductions	<u>4,567,787</u>	<u>-</u>	<u>9,330</u>	<u>487,092</u>	<u>12,604</u>	<u>1,591</u>	<u>5,078,404</u>
Change in Net Position	4,105,546	12,119	315,234	566,879	30,660	109,203	5,139,641
Net Position - January 1	<u>56,471,258</u>	<u>203,834</u>	<u>326,988</u>	<u>7,086,964</u>	<u>234,401</u>	<u>100,369</u>	<u>64,423,814</u>
Net Position - December 31	<u>\$ 60,576,804</u>	<u>\$ 215,953</u>	<u>\$ 642,222</u>	<u>\$ 7,653,843</u>	<u>\$ 265,061</u>	<u>\$ 209,572</u>	<u>\$ 69,563,455</u>



CITY OF NEWARK PARKS AND RECREATION SUMMER CAMPS



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	101-105
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	106-113
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	114-117
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	118-119
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	120-122
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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Invested in capital assets, net of related debt	\$ 19,664,200	\$ 21,116,573	\$ 22,282,046	\$ 23,098,225	\$ 23,474,857	\$ 27,031,981	\$ 28,039,416	\$ 30,202,907	\$ 30,269,082	\$ 31,378,295
Restricted	-	-	-	-	241,912	337,388	322,332	426,369	176,186	1,337
Unrestricted	9,891,354	8,351,970	9,722,132	13,325,662	13,830,066	12,002,129	13,562,419	13,531,373	(2,964,236)	(5,589,425)
Total governmental activities net position	<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>	<u>\$ 27,481,032</u>	<u>\$ 25,790,207</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 33,883,335	\$ 36,343,169	\$ 36,781,751	\$ 37,038,824	\$ 37,821,033	\$ 39,486,456	\$ 45,847,342	\$ 45,621,495	\$ 49,953,620	\$ 54,356,297
Restricted	-	-	-	-	668,642	8,786,225	1,928,424	817,815	-	-
Unrestricted	9,875,035	10,319,843	7,701,016	11,979,078	14,561,705	8,290,134	12,604,948	18,603,562	14,729,687	15,273,278
Total business-type activities net position	<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>	<u>\$ 64,683,307</u>	<u>\$ 69,629,575</u>
Primary government										
Invested in capital assets, net of related debt	\$ 53,547,535	\$ 57,459,742	\$ 59,063,797	\$ 60,137,049	\$ 61,295,890	\$ 66,518,437	\$ 73,886,758	\$ 75,824,402	\$ 80,222,702	\$ 85,734,592
Restricted	-	-	-	-	910,554	9,123,613	2,250,756	1,244,184	176,186	1,337
Unrestricted	19,766,389	18,671,813	17,423,148	25,304,740	28,391,771	20,292,263	26,167,367	32,134,935	11,765,451	9,683,853
Total primary government net position	<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>	<u>\$ 92,164,339</u>	<u>\$ 95,419,782</u>

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental activities:										
General Government	\$ 5,291,456	\$ 5,893,962	\$ 6,706,122	\$ 7,100,937	\$ 8,380,516	\$ 6,237,220	\$ 6,395,748	\$ 7,079,702	\$ 7,515,728	\$ 7,758,601
Public Safety	9,255,012	10,078,299	10,482,878	10,494,199	10,899,136	11,426,222	12,220,141	13,012,788	15,712,929	14,523,004
Public Works	5,223,684	4,897,004	4,274,977	4,608,499	4,303,785	5,938,001	5,034,078	4,920,853	5,355,309	5,234,161
Community Development	308,268	391,652	173,473	297,483	320,682	150,939	219,480	178,555	238,997	204,919
Culture and Recreation	2,131,537	2,594,927	2,385,848	1,916,029	2,020,999	2,908,610	2,992,043	3,263,524	3,646,885	3,476,444
Interest Expense	126,851	112,984	99,565	86,321	87,994	37,453	30,814	28,512	22,073	19,551
Total governmental activities expenses	22,336,808	23,968,828	24,122,863	24,503,468	26,013,112	26,698,445	26,892,304	28,483,934	32,491,921	31,216,680
Business-type activities:										
Electric	40,222,278	43,343,324	42,318,337	45,272,708	44,815,073	41,681,970	39,515,400	39,747,555	41,767,161	40,754,499
Water	3,913,342	4,259,128	4,101,573	3,930,138	4,105,171	3,928,933	4,534,736	5,262,775	5,702,289	5,551,922
Sewer	4,214,297	3,915,177	3,643,891	4,195,238	4,206,078	4,559,881	4,947,453	5,092,098	5,201,543	5,388,663
Parking	588,443	690,479	750,768	765,549	809,599	805,008	865,948	1,012,311	1,593,805	1,566,019
Total business-type activities expenses	48,938,360	52,208,108	50,814,569	54,163,633	53,935,921	50,975,792	49,863,537	51,114,739	54,264,798	53,261,103
Total primary government expenses	\$ 71,275,168	\$ 76,176,936	\$ 74,937,432	\$ 78,667,101	\$ 79,949,033	\$ 77,674,237	\$ 76,755,841	\$ 79,598,673	\$ 86,756,719	\$ 84,477,783
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 1,566,680	\$ 3,383,722 ¹	\$ 3,513,820 ¹	\$ 3,858,308 ¹	\$ 3,969,259 ¹	\$ 3,996,682 ¹	\$ 3,942,052 ¹	\$ 3,723,116 ¹	\$ 2,443,382 ¹	\$ 2,657,236 ¹
Public Safety	935,273	800,518 ¹	681,636 ¹	1,641,801 ¹	1,519,987 ¹	1,436,915 ¹	1,921,357 ¹	1,702,677 ¹	891,512 ¹	1,313,738 ¹
Public Works	193,430	203,222	24,509	178,582	223,603	184,811	113,402	10,169	8,843	8,687
Culture and Recreation	585,475	614,836	609,299	522,701	538,444	570,866	614,771	586,013	623,025	655,634
Operating Grants and Contributions	2,177,480	1,730,478	1,054,982	1,240,437	1,262,306	1,067,730	1,328,639	1,347,577	1,220,225	1,250,818
Capital Grants and Contributions	153,996	861,235	941,869	1,698,039	1,565,828	3,393,569	1,493,727	2,051,726	665,475	588,637
Total governmental activities program revenues	5,612,334	7,594,011	6,826,115	9,139,868	9,079,427	10,650,573	9,413,948	9,421,278	5,852,462	6,474,750
Business-type activities:										
Charges for services:										
Electric	49,511,071	53,356,156	50,851,870	57,757,600	56,230,178	53,455,096	51,156,188	50,484,772	53,022,467	53,202,489
Water	4,782,907	4,310,761	4,886,534	6,610,742	6,346,031	7,347,756	7,288,821	8,455,187	9,045,018	9,564,594
Sewer	5,022,231	4,533,959	4,167,965	5,528,975	5,643,113	6,002,001	5,989,085	6,691,812	6,709,584	7,174,004
Parking	757,340	807,875	894,013	1,138,887	1,383,768	1,381,148	1,422,411	1,501,768	2,712,473	2,772,597
Capital Grants and Contributions	86,742	125,765	-	660,740	644,724	66,045	442,870	1,796,634	298,368	149,250
Total business-type activities program revenues	60,160,291	63,134,516	60,800,382	71,696,944	70,247,814	68,252,046	66,299,375	68,930,173	71,787,910	72,862,934
Total primary government program revenues	\$ 65,772,625	\$ 70,728,527	\$ 67,626,497	\$ 80,836,812	\$ 79,327,241	\$ 78,902,619	\$ 75,713,323	\$ 78,351,451	\$ 77,640,372	\$ 79,337,684
Net (expense)/revenue										
Governmental activities	\$ (16,724,474)	\$ (16,374,817)	\$ (17,296,748)	\$ (15,363,600)	\$ (16,933,685)	\$ (16,047,872)	\$ (17,478,356)	\$ (19,062,656)	\$ (26,639,459)	\$ (24,741,930)
Business-type activities	11,221,931	10,926,408	9,985,813	17,533,311	16,311,893	17,276,254	16,435,838	17,815,434	17,523,112	19,601,831
Total primary government net expense	\$ (5,502,543)	\$ (5,448,409)	\$ (7,310,935)	\$ 2,169,711	\$ (621,792)	\$ 1,228,382	\$ (1,042,518)	\$ (1,247,222)	\$ (9,116,347)	\$ (5,140,099)

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Real estate taxes	\$ 4,433,787	\$ 4,437,008	\$ 4,751,835	\$ 5,027,187	\$ 5,102,146	\$ 5,264,245	\$ 5,515,859	\$ 5,612,294	\$ 5,794,770	\$ 6,264,005
Real estate transfer taxes	2,962,355 ³	2,764,929	1,000,710	969,617	988,807	1,162,016	1,424,534	1,821,278	2,074,082	1,430,654
Franchise fees	318,771	345,174	372,816	383,816	399,960	412,079	424,649	444,853	462,368	482,218
Fines and forfeits	1,775,150	- ¹	- ¹	- ¹	- ¹	- ¹	- ¹	- ¹	- ¹	- ¹
Investment earnings	328,743	286,154	307,296	247,932	117,447	129,570	8,984	126,100	116,947	116,018
Increase (decrease) in fair value of investments	-	-	-	-	-	-	-	-	-	-
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	-	-	-	13,172	-	41,176	34,040	22,960	18,912	9,730
Transfers	6,917,369	8,421,574	12,385,000	13,115,896	12,389,994	13,732,314	12,622,960	13,271,652	14,255,640	14,748,480
Total governmental activities	<u>16,753,783</u>	<u>16,287,806</u>	<u>18,861,702</u>	<u>19,783,309</u>	<u>19,006,633</u>	<u>20,741,400</u>	<u>20,031,026</u>	<u>21,299,137</u>	<u>22,722,719</u>	<u>23,051,105</u>
Business-type activities:										
Investment earnings	278,038	344,635	212,468	111,882	74,758	126,956	5,021	118,376	124,235	92,917
Increase (decrease) in fair value of investments	80,175	48,699	- ²	- ²	- ²	- ²	- ²	- ²	- ²	- ²
Miscellaneous	6,474	6,474	6,474	6,474	12,821	-	-	-	-	-
Gain (loss) on sale of capital assets	-	-	-	(636)	24,000	-	-	-	25,750	-
Extraordinary Item	(3,600,000) ⁴	-	-	-	-	-	-	-	-	-
Transfers	(6,917,369)	(8,421,574)	(12,385,000)	(13,115,896)	(12,389,994)	(13,732,314)	(12,622,960)	(13,271,652)	(14,255,640)	(14,748,480)
Total business-type activities	<u>(10,152,682)</u>	<u>(8,021,766)</u>	<u>(12,166,058)</u>	<u>(12,998,176)</u>	<u>(12,278,415)</u>	<u>(13,605,358)</u>	<u>(12,617,939)</u>	<u>(13,153,276)</u>	<u>(14,105,655)</u>	<u>(14,655,563)</u>
Total primary government	<u>\$ 6,601,101</u>	<u>\$ 8,266,040</u>	<u>\$ 6,695,644</u>	<u>\$ 6,785,133</u>	<u>\$ 6,728,218</u>	<u>\$ 7,136,042</u>	<u>\$ 7,413,087</u>	<u>\$ 8,145,861</u>	<u>\$ 8,617,064</u>	<u>\$ 8,395,542</u>
Change in Net Position										
Governmental activities	\$ 29,309	\$ (87,011)	\$ 1,564,954	\$ 4,419,709	\$ 2,072,948	\$ 4,693,528	\$ 2,552,670	\$ 2,236,481	\$ (3,916,740)	\$ (1,690,825)
Business-type activities	1,069,249	2,904,642	(2,180,245)	4,535,135	4,033,478	3,670,896	3,817,899	4,662,158	3,417,457	4,946,268
Total primary government	<u>\$ 1,098,558</u>	<u>\$ 2,817,631</u>	<u>\$ (615,291)</u>	<u>\$ 8,954,844</u>	<u>\$ 6,106,426</u>	<u>\$ 8,364,424</u>	<u>\$ 6,370,569</u>	<u>\$ 6,898,639</u>	<u>\$ (499,283)</u>	<u>\$ 3,255,443</u>

Notes:

¹ For 2008 and later, fines and forfeits are classified as charges for services in general government and public safety.

² For 2009 and later, changes in the fair value of investments is included as a component of investment earnings.

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 reservior construction.

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General fund										
Reserved	\$ 50,171	\$ 12,903	\$ 110,139	\$ 124,999	(1)					
Unreserved (deficit)	645,971	675,353	1,168,040	2,424,341						
Total general fund	<u>\$ 696,142</u>	<u>\$ 688,256</u>	<u>\$ 1,278,179</u>	<u>\$ 2,549,340</u>						
All other governmental funds										
Reserved	\$ 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>\$ 7,204,082</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	\$ 309,223	\$ 126,359
Restricted					150,664	132,891	85,030	98,682	-	-
Committed					-	-	-	-	-	-
Assigned					25,257	24,165	115,804	108,022	108,720	111,514
Unassigned					2,559,055	2,697,321	4,295,720	4,082,549	3,868,737	4,144,251
Total general fund					<u>\$ 2,840,417</u>	<u>\$ 2,908,403</u>	<u>\$ 4,577,134</u>	<u>\$ 4,417,871</u>	<u>\$ 4,286,680</u>	<u>\$ 4,382,124</u>
All other governmental funds										
Fund balances:										
Nonspendable					\$ 34,559	\$ 54,176	\$ 27,363	\$ 20,257	\$ 52,846	\$ 12,199
Restricted					2,434,591	760,724	877,335	946,722	747,478	875,174
Committed					-	-	-	-	-	-
Assigned					6,470,015	8,141,835	8,010,460	7,895,040	7,216,613	5,673,497
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>	<u>\$ 8,016,937</u>	<u>\$ 6,560,870</u>

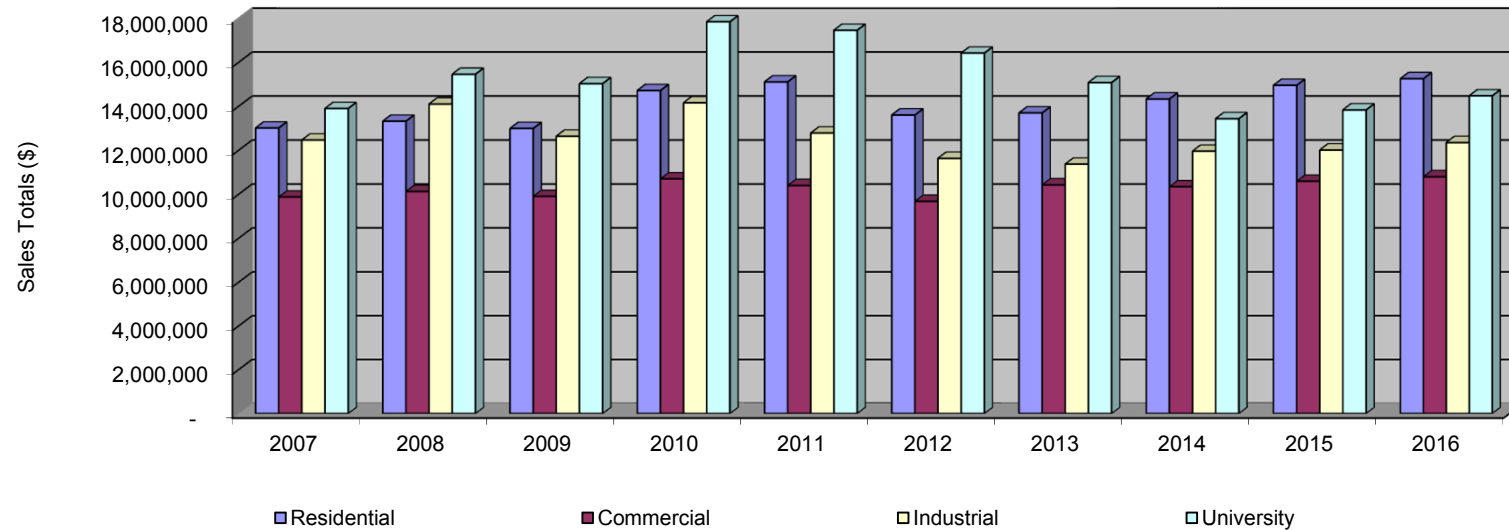
Note:
(1) In Fiscal Year 2011, GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions" was implemented.

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 7,545,477	\$ 7,451,469	\$ 5,949,963	\$ 6,203,242	\$ 6,412,978	\$ 6,838,340	\$ 7,365,042	\$ 7,878,425	\$ 8,331,220	\$ 8,176,877
Licenses and permits	1,831,706	1,460,441	1,322,388	2,253,729	1,945,632	1,961,647	2,291,368	2,140,480	1,494,793	1,649,231
Fines,forfeits and costs	1,775,150	1,927,392	1,994,227	2,265,043	2,465,745	2,306,788	2,394,708	1,989,715	1,507,219	2,014,327
Investment earnings	328,285	283,600	307,660	241,324	169,599	129,570	8,984	126,100	109,343	110,008
Intergovernmental revenues	2,120,417	2,391,084	1,734,340	2,739,318	2,618,365	4,251,023	2,238,117	2,893,994	1,457,261	1,315,182
Charges for services/fees	1,448,877	1,614,466	1,512,652	1,682,618	1,836,072	1,920,840	1,905,503	1,891,780	986,429	1,003,861
Subvention-University of Delaware	204,000	204,000	204,000	204,000	207,125	211,500	511,003	516,620	504,953	492,149
Total revenues	15,253,912	15,332,452	13,025,230	15,589,274	15,655,516	17,619,708	16,714,725	17,437,114	14,391,218	14,761,635
Expenditures										
General government	4,576,443	5,271,780	5,141,241	5,083,006	5,650,131	5,977,569	6,067,682	6,783,535	6,532,539	7,102,547
Public safety	8,873,197	9,807,106	10,052,962	10,413,230	10,899,188	10,976,608	11,646,760	12,724,277	12,946,674	13,295,638
Public works	4,476,693	4,315,593	4,382,222	4,440,437	4,966,108	4,932,173	3,929,085	3,863,765	3,804,497	3,799,250
Community development	308,268	391,652	173,473	297,483	320,682	150,939	219,480	178,555	238,997	204,919
Culture and recreation	2,216,830	2,451,252	2,455,410	2,473,122	2,584,379	2,623,249	2,575,895	2,778,489	2,720,807	2,739,878
Bond issuance costs	-	-	-	-	22,189	-	-	-	-	-
Lease acquisition costs	-	-	-	-	-	4,500	-	-	-	-
Capital outlay	1,065,827	2,386,991	2,369,487	1,990,104	2,547,520	5,772,745	3,079,323	4,402,660	2,308,342	3,514,189
Debt service										
Principal	490,000	480,000	450,000	285,000	1,670,000	160,000	183,880	179,609	191,603	197,137
Interest and other charges	129,003	115,043	101,262	89,718	101,709	31,444	42,466	33,239	30,744	26,910
Total expenditures	22,136,261	25,219,417	25,126,057	25,072,100	28,761,906	30,629,227	27,744,571	30,944,129	28,774,203	30,880,468
Excess of revenues over (under) expenditures	(6,882,349)	(9,886,965)	(12,100,827)	(9,482,826)	(13,106,390)	(13,009,519)	(11,029,846)	(13,507,015)	(14,382,985)	(16,118,833)
Other financing sources (uses)										
Transfers in	8,704,661	13,306,520	15,802,339	16,954,694	17,366,337	17,981,393	16,634,009	17,415,013	17,672,928	16,296,303
Transfers out	(1,919,912)	(4,948,456)	(3,417,339)	(4,258,798)	(4,986,260)	(4,249,079)	(4,011,049)	(4,143,360)	(3,417,288)	(1,547,823)
Proceeds from debt	-	-	-	-	1,530,000	269,164	-	-	-	-
Proceeds from sales of capital assets	17,608	32,206	44,045	53,121	7,240	43,633	34,040	22,960	56,388	9,730
Litigation Settlement	-	-	-	-	-	(950,000)	-	-	-	-
Net effect of restatement	-	970,681	-	-	-	-	-	-	-	-
Total other financing sources (uses)	6,802,357	9,360,951	12,429,045	12,749,017	13,917,317	13,095,111	12,657,000	13,294,613	14,312,028	14,758,210
Net change in fund balances	<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>	<u>\$ (70,957)</u>	<u>\$ (1,360,623)</u>
Debt service as a percentage of noncapital expenditures	2.9%	2.6%	2.4%	1.6%	6.8%	0.8%	0.9%	0.8%	0.8%	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 (\$224,047) by the total expenditures net of capital outlay amounts (\$27,366,279).

**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)
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
2015	96,750,581	14,964,142	0.155	75,642,389	10,602,388	0.140	91,831,587	12,022,056	0.131	152,519,176	13,844,523	0.091	416,743,733	51,433,109	0.123
2016	95,925,301	15,266,720	0.159	75,032,185	10,806,310	0.144	91,430,937	12,361,327	0.135	154,130,075	14,485,603	0.094	416,518,498	52,919,960	0.127

City of Newark, Delaware
Principal Electric Utility Customers
December 31, 2016

Customer	Type of Business	2016			2007		
		Consumption (1)	Rank	Percentage of Total Consumption	Consumption (1)	Rank	Percentage of Total Consumption
University of Delaware (2)	Public University	165,418,382	1	39.71%	133,616,527	1	33.31%
Rohm & Haas Electronics	Manufacturing-Variou	27,573,784	2	6.62%	30,008,640	2	7.48%
Power Systems Composites LLC	Wholesale Electric Equipment	11,249,616	3	2.70%	6,301,008	3	1.57%
A & P Food Stores (3)	Retail - Groceries	6,151,800	4	1.48%	5,598,936	4	1.40%
E I Dupont De Nemours & Company	Chemicals and Synthetics	5,650,680	5	1.36%			
Fraunhofer USA, Inc.	Biotechnology Research	4,260,960	6	1.02%			
CHF - Del LLC	Rental Apartments	3,847,377	7	0.92%			
Christina School District	Public Schools	3,587,262	8	0.86%			
Quest Pharmaceutical Services	Pharmaceutical Research	3,398,480	9	0.82%			
BPG Hotel Partners, IV	Hospitality	2,912,880	10	0.70%			
ADVO, Inc.	Direct Advertising				4,100,880	5	1.02%
Delaware Biotech Institute	Research				4,043,088	6	1.01%
Verizon Communications	Public Utility	-			3,051,720	8	0.76%
Pathmark Inc Site #65900000	Retail - Groceries	-			3,828,400	7	0.95%
Computer Science Corporation	Systems Consulting				2,678,160	9	0.67%
Acme Markets	Grocery Store	-			2,595,600	10	0.65%
		<u>234,051,221</u>		<u>56.19%</u>	<u>195,822,959</u>		<u>48.82%</u>

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 Value (1)	Direct Tax Rate (Per \$100)	Estimated Actual Value
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 ²	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
2015	587,674,420	937,377,045	696,332,863	828,718,602	0.7065	N/A
2016	592,327,020	950,452,300	694,712,283	848,067,037	0.7737	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	
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
2015	0.7065	0.2436	2.2709	3.2210
2016	0.7737	0.2436	2.5614	3.5787

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, 2016 and December 31, 2007

Customer	Type of Business	2016			2007		
		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	\$ 19,894,400	1	2.35%			
BPG Hotel Partners, LLC	Hotel	11,112,300	2	1.31%	11,112,300	3	1.37%
Verizon Communication	Public Utility	11,073,300	3	1.31%			
1743 Holdings LLC	Industrial & Education Park	10,975,600	4	1.29%			
Bainbridge CC Delaware Apartments	Apartments	10,680,300	5	1.26%			
CHF-Delaware LLC	Apartments	9,769,700	6	1.15%	9,769,700	5	1.20%
Delmarva Power & Light Company	Public Utility	9,637,800	7	1.14%			
Rohm and Haas Electronic Materials	Manufacturing	8,562,000	8	1.01%	8,562,000	6	1.06%
UDEL Holdings LLC	Apartments	8,248,100	9	0.97%			
University of Delaware	Education (Non-exempt portion)	7,616,800	10	0.90%	11,695,900	2	1.44%
Chrysler Corporation	Manufacturing-Automobiles				67,872,100	1	8.37%
Fusco Properties L P	Apartments				10,668,700	4	1.32%
Fusco Enterprises L P	Retail Property Owner				7,876,300	7	0.97%
Schwab IV A LLC	Apartments				7,846,900	8	0.97%
Emory Hill & Company	Industrial Park				7,616,200	9	0.94%
FRP Interchange LLC	Apartments				6,810,400	10	0.84%
		<u>107,570,300</u>		<u>12.68%</u>	<u>149,830,500</u>		<u>18.47%</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.

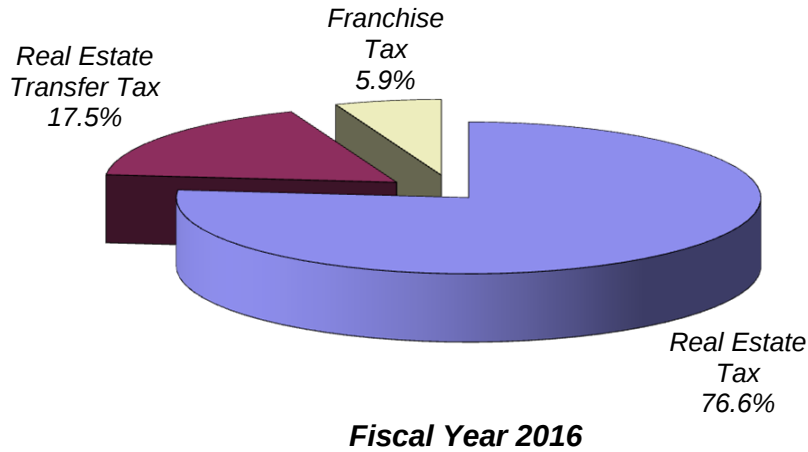
Source: City of Newark Finance Department

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

Fiscal Year	Total Tax Levy (1)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections for Year	
		Amount	Percent of Levy		Amount (2)	Percent of Levy
2007	4,274,197	4,257,691	99.6%	13,490	4,271,181	99.9%
2008	4,381,947	4,345,317	99.2%	33,190	4,378,507	99.9%
2009	4,681,253	4,617,380	98.6%	58,904	4,676,284	99.9%
2010	4,980,536	4,898,066	98.3%	74,316	4,972,382	99.8%
2011	5,028,511	4,919,181	97.8%	98,851	5,018,032	99.8%
2012	5,423,483	5,316,521	98.0%	94,484	5,411,005	99.8%
2013	5,600,551	5,465,413	97.6%	118,582	5,583,995	99.7%
2014	5,681,209	5,583,639	98.3%	53,538	5,637,177	99.2%
2015	5,876,646	5,679,339	96.6%	130,847	5,810,186	98.9%
2016	6,592,320 ³	6,462,051	98.0%	-	6,462,051	98.0%

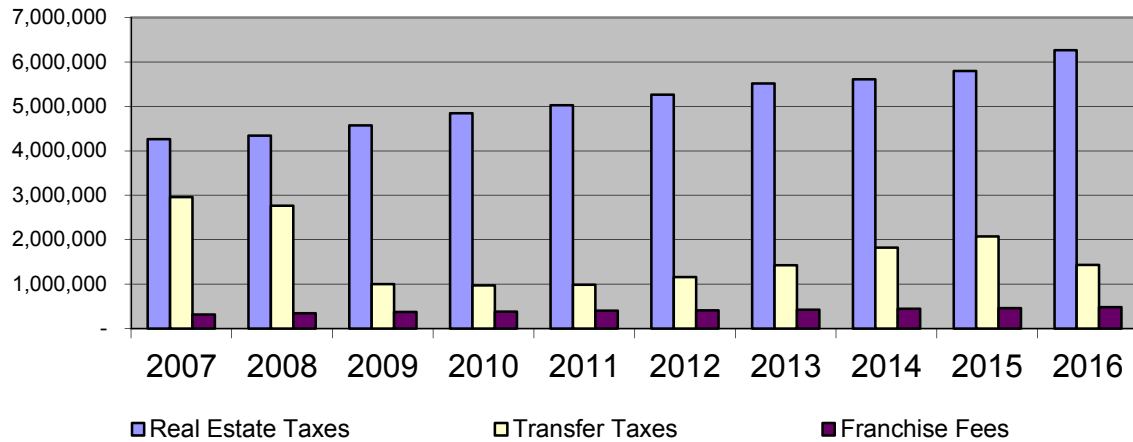
Notes: (1) Represents initial annual levy plus quarterly supplementary billings.
(2) Excludes tax penalties/interest.
(3) Tax billings represent a tax rate increase of 9.5% over prior year.

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



Fiscal Year	Real Estate Tax	Real Estate Transfer Tax	Franchise Tax	Total
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	71.3%	23.1%	5.6%	100.0%
2015	5,794,770	2,074,082	462,368	8,331,220
% of total	69.6%	24.9%	5.5%	100.0%
2016	6,264,005	1,430,654	482,218	8,176,877
% of total	76.6%	17.5%	5.9%	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
2007	4,264,351	2,962,355 ¹	318,771	7,545,477
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
2015	5,794,770	2,074,082	462,368	8,331,220
2016	6,264,005 ²	1,430,654	482,218	8,176,877

Notes:

¹ Includes taxes of \$803,735 on sale of Chrysler assembly plant to Cerberus Capital Management.

² Tax billings represent a tax rate increase of 9.5% over previous year, 50% recognized in 2016.

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			
2007	2,885,000	-	15,055,000	-	17,940,000	N/A	594
2008	2,405,000	-	14,290,000	-	16,695,000	2.70%	552
2009	1,955,000	-	13,500,000	-	15,455,000	2.53%	510
2010	1,670,000	-	12,685,000	-	14,355,000	2.32%	456
2011	1,530,000	-	12,035,000	-	13,565,000	1.98%	429
2012	1,418,832	269,164	11,419,461	12,078,276	25,185,733	3.60%	801
2013	1,257,598	240,284	10,396,381	11,508,591	23,402,854	3.26%	739
2014	1,091,364	220,675	9,353,300	10,603,972	21,269,311	2.96%	649
2015	920,130	194,073	8,295,220	9,745,261	19,154,684	2.57%	555
2016	743,896	166,936	7,217,140	8,973,855	17,101,827	2.23%	480

Sources: Population - US Census Bureau Population Estimates Program (2006, 2009, 2012) and Census 2010;
Delaware Population Consortium projection (2007, 2014-2016)
2008, 2011 and 2013 are projected estimates by the City of Newark

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 Value (1)	Net Long-Term Debt Per Capita
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	816,895,847	1,091,364	9,353,300	10,444,664	1.28%	319
2015	34,511	828,718,602	920,130	8,295,220	9,215,350	1.11%	267
2016	35,642	848,067,037	743,896	7,217,140	7,961,036	0.94%	223

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 (2006, 2009, 2012) and Census 2010;

Delaware Population Consortium projection (2007,2014-2016)

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

City of Newark, Delaware
Computation of Direct and Overlapping Debt
December 31, 2016

<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	\$ 178,168,951 ¹	4.57% ²	\$ 8,142,321
Christina School District	<u>36,478,778</u>	12.96% ³	<u>4,727,650</u>
Overlapping Debt	\$ 214,647,729		\$ 12,869,971
City of Newark General Obligation Bonds	743,896 ¹	100.00%	743,896
City of Newark Other Notes Payable	<u>166,936 ¹</u>	100.00%	<u>166,936</u>
Total Direct and Overlapping Debt	<u><u>\$ 215,558,561</u></u>		<u><u>\$ 13,780,803</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 (\$848,067,037) by the total taxable assessed valuation of New Castle County (\$18,557,224,000). Net Debt Outstanding is as of June 30, 2015.
- (3) Determined by dividing the students enrolled in the City of Newark (1,954) by the total student enrollment of the Christina School District (15,076). Net debt outstanding is as of June 30, 2015.

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt Limit (1)	81,112	81,864	83,594	77,051 ¹	77,713	78,991	80,066	81,690	82,872	84,807
Total net debt applicable to limit	<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>	<u>9,169</u>	<u>7,915</u>
Legal debt margin	<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>	<u>73,703</u>	<u>76,892</u>
Total net debt applicable to the limit as a percentage of debt limit	22.06%	20.34%	18.49%	18.57%	17.39%	16.19%	14.50%	12.73%	11.06%	9.33%

Legal Debt Margin for Fiscal Year 2016

Total assessed value	\$ 1,542,779
Less: exempt real property	<u>(694,712)</u>
Total taxable assessed value	\$ 848,067
Debt limit (10% of taxable assessed value)	84,807
Debt applicable to limit:	
General obligation bonds	7,961
Less: Amount set aside for repayment of general obligation debt	<u>(46)</u>
Total net debt applicable to limit	<u>7,915</u>
Legal debt margin	\$ 76,892

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	Population (1)	Personal Income (2)		Per Capita Income (3)	School Enrollment (4)	Univ of DE Enrollment (5)	Unemployment Rate (6)
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%
2015	34,511	745,875,480	*	21,613	4,176	22,852	4.4%
2016	35,642	767,505,869	*	21,534	4,354	23,009	3.8%

Sources: (1) US Census Bureau Population Estimates Program (2005-2006, 2009, 2012) and Census 2010; Delaware Population Consortium projection (2007, 2014-2016) (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 2016: Christina School District 1,954, Local Independent Schools 2,400
(5) University of Delaware Office of Institutional Research
(6) Economagic.com (2006), Delaware Department of Labor (2007-2016)
(*) Estimated based on increase in Personal Income growth for Delaware from US Department of Commerce.

N/A = Information not available

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

Industry Description	2016			2007		
	Employment	Rank	Percentage of Total County Employment	Employment	Rank	Percentage of Total County Employment
Health care and social assistance	46,030	1	15.7%	34,822	2	12.0%
Finance and insurance	37,209	2	12.7%	35,402	1	12.2%
Retail trade	33,019	3	11.2%	34,139	3	11.8%
Professional and technical services	23,068	4	7.9%	22,195	4	7.7%
Administrative and waste services	22,539	5	7.7%	19,009	6	6.6%
Accommodation and food services	22,383	6	7.6%	19,207	5	6.6%
State government	16,251	7	5.5%	15,461	9	5.3%
Local government	15,227	8	5.2%	14,751	10	5.1%
Construction	13,237	9	4.5%	17,912	7	6.2%
Manufacturing	12,592	10	4.3%	16,462	8	5.7%
Transportation and warehousing	10,687	11	3.6%	6,418	13	2.2%
Total	252,242		85.9%	235,778		81.4%

(1) The United States Department of Labor, Employment & Training Administration has informed the Delaware Department of Labor that pursuant to 20 CFR (Code of Federal Regulations) Part 603, this information (the names of Delaware's top employers) is confidential and may not be disclosed to the public. Therefore, information about employment by industry is provided. 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 2016 Comprehensive Annual Financial Report, page 123.

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	39.0	40.0	40.0	37.0	36.5	36.0	37.5	39.0	39.5	42.5
Public Safety										
Police										
Officers	65.0	65.0	66.0	68.0	68.0	68.0	68.0	68.0	71.0	71.0
Civilian	21.5	22.0	25.0	19.0	21.5	21.5	21.0	20.5	19.0	19.0
Code Enforcement	12.5	12.5	12.0	11.0	11.0	10.0	10.0	11.0	15.0	15.0
Streets										
Engineering	11.0	11.0	10.5	10.5	10.0	10.0	5.0	7.0	7.0	7.0
Maintenance	12.5	12.5	12.5	12.5	11.5	11.5	9.0	9.0	9.0	9.0
Sanitation	15.0	14.0	13.0	13.0	12.0	12.0	10.0	9.0	10.0	9.0
Culture and Recreation	19.5	20.0	20.0	20.0	19.5	19.5	19.5	18.5	18.0	18.0
Electric	21.0	21.0	21.0	22.0	22.0	22.0	22.0	22.0	22.0	23.0
Water & Wastewater	19.0	19.0	19.0	19.0	19.0	19.0	26.0	25.0	27.0	27.5
Parking	3.5	4.5	4.5	4.5	4.5	4.5	5.0	9.0	10.0	10.0
Fleet Maintenance	6.0	6.0	6.0	5.0	5.0	5.0	4.0	4.0	4.0	4.0
Total	<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>	<u>251.5</u>	<u>255.0</u>

Source: City's Personnel Office.

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

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Police calls for service	27,343	32,274	35,645	45,562	48,348	44,115	40,015	39,260	45,572	48,017
Criminal charges	2,564	3,650	3,166	3,675	3,215	3,825	4,346	3,313	2,244	2,488
Traffic summonses	8,826	12,067	10,066	11,724	12,302	12,962	12,612	9,909	9,325	10,453
Parking summonses	9,454	7,571	6,183	8,005	6,916	6,562	7,365	5,612	5,952	6,959
Meter summonses	29,144	18,206	19,736	26,024	22,740	20,229	19,515	16,525	15,780	22,710
Building permits issued	870	1,856	1,826	2,108	1,976	1,894	1,893	2,115	1,751	1,552
Public Works										
Refuse tons collected	12,846	11,624	9,079	8,091	7,746	7,936	6,714	5,709	5,722	5,799
Recycling tons collected	N/A	N/A	N/A	N/A	1,989	2,074	2,175	1,535	2,412	1,985
Miles of street	65	65	65	66	66	66	66	66	66	66
Patches (s.f.)	38,689	53,962	41,792	57,631	34,086	25,559	30,714	48,588	62,154	35,178
Curbs replaced and installed (l.f.)	10,293	10,031	14,212	8,967	24,569	24,151	17,193	11,775	16,550	12,871
Sidewalks										
4" (s.f.)	41,337	23,203	22,660	18,804	24,344	21,512	23,631	25,132	24,976	23,065
6" (s.f.)	8,698	9,404	5,599	4,555	7,965	6,941	9,548	17,650	12,326	10,386
General Government										
Parking tickets issued	39,010	26,335	26,163	34,388	29,957	27,102	27,080	22,283	21,174	29,669
Culture and Recreation										
Trails in Newark parks (mi)	15.2	15.2	15.2	15.2	15.2	16.8	16.8	16.8	16.8	16.8
Registrants	8,077	8,379	8,863	8,316	7,876	7,902	7,602	7,290	7,344	7,422
Participants	83,072	84,826	86,400	86,700	76,684	84,292	77,482	73,946	76,152	77,831
Electric										
MWH's sold	401,090	405,234	391,916	406,053	401,980	402,465	402,020	404,815	416,744	417,837
MWH's purchased	437,712	434,097	422,048	438,960	436,108	436,313	435,318	428,573	457,749	453,550
Meters in service	11,568	11,528	11,906	11,988	11,948	11,763	11,722	12,280	11,923	12,759
Water and Waste Water										
Meters in service	9,567	9,587	9,751	9,795	9,842	9,842	9,628	10,140	10,259	10,282
Fire Hydrants maintained	200	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fire Hydrants in system	N/A	877	877	877	877	876	880	900	762	762
Gallons of water sold (000's)	1,152,011	1,092,399	1,045,249	1,023,461	1,029,332	1,028,271	919,383	1,215,020	1,092,816	1,056,537
Gallons of sewage collected (000's)	1,020,098	954,057	774,068	768,424	760,850	794,165	714,996	912,999	803,602	798,070

Sources: Various city departments.

N/A = not available

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

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	33	35	35	36	36	38	35	35	35	35
Sanitation										
Collection trucks	16	16	16	14	12	12	12	12	10	8
Streets										
Miles of streets	65	65	65	66	66	66	66	66	66	66
Street lights	2,640	2,640	2,710	2,776	2,776	2,856	2,870	2,909	2,837	2,834
Traffic signals	52	57	56	56	57	70	74	74	75	75
Culture and recreation										
Parks acreage	619.2	632.3	652.0	652.0	657.0	658.2	658.2	654.9	654.9	680.0
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	27	27	27	27	27	28
Miles of high voltage service lines	105	106	108	108	165	175 ¹	175 ¹	175 ¹	175 ¹	175 ¹
Miles of low voltage service lines	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	190 ²	182 ²
Water										
Water mains (miles)	170	170	170	170	170	170	170	170	146 ¹	143 ¹
Wells in operation	11	11	9	9	9	9	9	9	4	4
Maximum daily capacity (Mgal)	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	6	6
Sewer										
Sanitary sewers (miles)	99	99	99	99	99	99	99	99	96	94
Storm sewers (miles)	59	59	59	59	59	59	59	59	70	74
Parking										
Meters maintained	370	380	380	392	430	455	457	457	457	457

Sources: Various city departments.

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