



# *Comprehensive Annual Financial Report*

*City of Newark, Delaware*

*For the Fiscal Year Ended  
December 31, 2008*



# *Comprehensive Annual Financial Report*

*For the Fiscal Year Ended December 31, 2008*



*Prepared by the Finance Department  
Dennis McFarland, Director*

*City of Newark, Delaware*

CITY OF NEWARK  
DELAWARE

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

TABLE OF CONTENTS

**I. INTRODUCTORY SECTION**

Letter of Transmittal.....	1
Organizational Chart .....	8
List of Principal Officials .....	9

**II. FINANCIAL SECTION**

Independent Auditor's Report.....	10
Management's Discussion and Analysis .....	12
Basic Financial Statements	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Assets.....	22
Statement of Activities.....	23
FUND FINANCIAL STATEMENTS	
<i>Governmental Funds</i>	
Balance Sheet.....	24
Reconciliation of Balance Sheet – Governmental Funds to the Statement of Net Assets .....	25
Statement of Revenues, Expenditures and Changes in Fund Balances .....	26
Reconciliation of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to Statement of Activities .....	27
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund .....	28
<i>Proprietary Funds</i>	
Statement of Net Assets .....	29
Statement of Revenues, Expenditures and Changes in Fund Net Assets .....	30
Statement of Cash Flows – Proprietary Funds .....	31
<i>Fiduciary Funds</i>	
Statement of Net Assets .....	33
Statement of Changes in Net Assets.....	34
Notes to Financial Statements .....	35
Required Supplementary Information	
Pension Funding Status and Progress.....	58
Schedule of Employer Contributions .....	59
Combining Fund Statements	
Combining Balance Sheet - Nonmajor Governmental Fund Types .....	60
Combining Statements of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Fund Types .....	61
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Debt Service Fund .....	62
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Street Special Revenue Fund.....	63
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Community Development Block Grant Fund.....	64
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Law Enforcement Special Revenue Fund .....	65
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Parks and Recreation Special Revenue Fund.....	66
Combining Statement of Net Assets - Fiduciary Funds .....	67
Combining Statement of Changes in Net Assets - Fiduciary Funds.....	68

### III. STATISTICAL SECTION

#### FINANCIAL TRENDS

Net Assets By Component.....	69
Changes in Net Assets .....	70
Fund Balances of Governmental Funds.....	72
Changes in Fund Balances of Governmental Funds .....	73

#### REVENUE CAPACITY

Electric Usage and Actual Sales Total.....	74
Principal Electric Utility Customers .....	75
Assessed Value and Estimated Actual Value of Taxable Property .....	76
Property Tax Rates Direct and Overlapping Governments .....	77
Principal Property Taxpayers .....	78
Property Tax Levies and Collections.....	79
Governmental Activities Tax Revenues by Source .....	80
General Governmental Tax Revenues by Source.....	81

#### DEBT CAPACITY

Ratios of Outstanding Debt by Type .....	82
Ratios of General Bonded Debt Outstanding .....	83
Direct and Overlapping Governmental Activities Debt .....	84
Legal Debt Margin Information .....	85

#### DEMOGRAPHIC AND ECONOMIC INFORMATION

Demographic and Economic Statistics .....	86
Principal Employers in New Castle County .....	87

#### OPERATING INFORMATION

Full Time Equivalent City Government Employees by Function.....	88
Operating Indicators by Function.....	89
Capital Assets Statistics by Function.....	90

# Downtown Newark



# INTRODUCTORY SECTION



# FINANCE DEPARTMENT

CITY OF NEWARK

220 Elkton Road • P.O. Box 390 • Newark, Delaware 19715-0390

302-366-7080 • Fax 302-366-7169 • [www.cityofnewarkde.us](http://www.cityofnewarkde.us)

May 1, 2009

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, Delaware for the fiscal year ended December 31, 2008. 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 rate payers, bond holders, trustees, banks, federal and state agencies and the financial community at large.

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

The financial statements in this report have been audited by Clifton Gunderson LLP, an independent firm of certified public accountants as required by Section 807 of the City Charter. Clifton Gunderson LLP has provided an unqualified opinion on the City of Newark financial statements for the year ended December 31, 2008. 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 it. The MD&A can be found immediately following the report of our independent auditors.

## **THE REPORTING ENTITY AND ITS SERVICES**

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

The City has a Council-City Manager form of government with a non-partisan Mayor and six members of Council. The Council members are elected from separate districts for staggered two-year terms. 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 resident volunteers who serve on the City's sixteen boards and committees.

Administrative responsibilities are vested in a City Manager who is charged with overseeing the day-to-day operations of the municipal government. Major public services include general administration, public safety, parks and recreation, land use, building code enforcement, refuse collection, residential street repair, snow removal, judiciary and street and stormwater maintenance and improvements. The City also provides electric, water and sewer utility services.

The City Council shall adopt the budget for the ensuing fiscal year not later than the last day of the fiscal year currently ending. This annual budget serves as the foundation of the City's financial planning and control. The City Council approves, by ordinance, total budget appropriations only. The City Manager is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total appropriation of any fund must be approved by the City Council. For management control, appropriations are maintained throughout the accounting system at the department level by object of expenditures.

## **THE ECONOMY**

Newark is one of the State of Delaware's principal economic, industrial and academic centers. The main campus of the University of Delaware is located within the City. The University is a leading scientific and research institution with a special focus on chemical engineering and composite materials. Approximately 21,000 full and part-time undergraduate and graduate students attend the University in Newark. Newark's largest manufacturer had been the East Coast assembly plant for the Chrysler Corporation that produced a line of sport utility vehicles, including the Dodge Durango. Chrysler, however, closed this plant in late 2008 due to its well publicized financial difficulties. The plant site is currently up for sale and its future is uncertain. E.I. DuPont de Nemours and Company (agricultural research), Rohm and Haas (silicone wafer polishing compounds), Lear Corporation (automobile components), Gore (GoreTex), FMC (biopolymers) and other major international firms have large facilities in and around the City. Newark is also the home for the state's major hi-tech industrial center – the Delaware Technology Park – located south of the College Square Shopping Center between Library Avenue and Marrows Road. The Bank of America, one of the nation's leading credit card banks, has purchased all of MBNA's corporate campuses in the Newark area. While Newark's industrial sector remains relatively healthy, the City works with area industrial park operators -- including the Delaware Technology Park, the recently established Greater Newark Network, the State and New Castle County Chambers of Commerce and the Delaware Development Office -- to bring new high quality low impact manufacturing firms to Newark. The City offers several tax and related benefits as incentives for high quality industrial growth and recently expanded this program by offering targeted electric rate discounts for new or enlarged industrial facilities.

Regarding transportation, the nation's major East Coast roadway, I-95, passes through the southern portion of the City. In addition, Amtrak provides limited intercity passenger rail service at the City owned and historic Newark Railroad Station. The CSX and Norfolk Southern freight lines pass through the community and provide freight rail connections to all major points along the eastern seaboard.

Beginning in the mid-1980's, Newark has experienced a downtown development boom. Thereafter, in 1998, the City adopted the Downtown Newark Economic Enhancement Strategy, that while focusing primarily on downtown economic development efforts also contains considerable information applicable to the Newark economy in general. One of the key recommendations from the Enhancement Strategy, the establishment of the tri-partite Downtown Newark Partnership, has, since its formation, brought together the business community, the City and the University to continue the enhancement of Newark's downtown. Formation of the Partnership has underscored an important aspect of the City's land use policy, that is, to continue to review annexation and related development requests on the City's fringes for possible negative impacts on development downtown. While not the exclusive home for all of our local restaurants, retailers and offices, downtown remains Newark's commercial heart and soul that embodies to a considerable extent what makes Newark unique.

The City has successfully revitalized its traditional Main Street with an exciting and vibrant mixture of adaptively reused historic and new buildings occupied with street level commercial businesses and apartments on upper floors. The City has specifically targeted pedestrian rather than auto-oriented businesses to limit the traffic impact on Main Street and the demand for off-street parking.

In 2001, one of the City's most acclaimed historic landmarks, the Deer Park Restaurant, was fully restored and reopened under new management. This U.S. Department of Interior National Registered property dates from 1851 and has been operated continuously at this location since that time. The restored Deer Park Restaurant, reviewed and approved through the City's strict historic preservation ordinance, has drawn large crowds since reopening in early October 2001. In addition to being one of the City's most notable landmarks and a popular local entertainment center, the Deer Park is a significant business anchor at the west end of Main Street near the edge of the University campus.

Another significant project, the Washington House mixed use condominiums and commercial development, received Council approval in 2005. Construction of the facility was completed in 2008 with occupancy in early 2009. This project brings 54 up-scale condominium apartments, commercial space and a two-story parking facility to the site of the former Stone Balloon tavern and concert venue.

At the opposite end of Main Street, the University Courtyard was opened in August 2001. This attractive garden apartment complex on a 22 acre abandoned brownfield factory site is the City's first privately financed "dormitory" intended to provide high quality apartment amenities for University of Delaware students seeking off-campus housing near

University facilities and a short walk from downtown. In addition, the City's first luxury hotel was completed with the opening in March 2000 of the Embassy Suites on South College Avenue across that roadway from the University of Delaware's sports complex. In 2002, two new hotels were approved by the City – a Homewood Suites adjoining the Embassy Suites and the Marriot Blue Hen Hotel on the University's north campus -- significantly adding to the City's stock of high quality hostelryes.

As a result of the business community's confidence in Newark, new commercial development now spans the entire length of Main Street with successful new projects on every block beside traditional local businesses that have existed for generations.

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

The local Newark economy is very resilient to a considerable extent because of the presence of the University of Delaware, with the eighth largest per capita endowment of any public university in the United States. The University is the City's single largest employer. The City's December 2008 unemployment rate was 3.5%. The State unemployment rate for the same period was 6.2%. These rates remain well below the national unemployment rate of 7.2%.

Beyond that, however, the diversity and size of the other businesses and industries in Newark and its environs help ensure relatively smooth and stable local economic growth. Notably, in 2007, Newark was selected as the Small Business Association's Small Business Community of the Year and more recently, was named by Business Week as the best city for business start-ups in Delaware. Moreover, Newark is an industrial, commercial and service hub for New Castle County and nearby counties in Pennsylvania and Maryland – in addition to our status as the State's principal home for higher education.

New development and redevelopment continues to be the major focus of the City. In 2007, the Downtown Newark Partnership extended the original boundaries of downtown Newark to include both sides of Elkton Road from Delaware Avenue to Apple Road. Since that time, one new mixed use building with 8,760 square feet of commercial space on the first floor and nine apartments have been completed and occupied. Two other mixed use buildings are currently under construction, providing an additional 14,194 square feet of commercial space and sixteen new residential units. Another 10,911 square feet footprint commercial bank building is also under construction. In total, these new buildings

represent \$8.1 million in new private investment in downtown Newark. In addition to the projects noted, plans are currently being reviewed for a fourth mixed use building containing 10,600 square feet of commercial space on the first floor and fourteen upper story apartments on Elkton Road. The City is working with the Delaware Department of Transportation on design plans for a downtown appropriate streetscape for this newly expanded part of downtown Newark. Other relatively large residential projects have been approved by the City, primarily through annexation. Some of these new facilities have been limited to adults, fifty-five years and older, as part of the City's effort to increase its available housing stock for older Newarkers. This land use goal is particularly important in a community that is very significantly impacted by the continued demand for off-campus housing.

As previously noted, Chrysler has closed the local auto-assembly plant, a main stay of the regional and state economy for decades. Targeted electric rate business incentives may be especially useful in the future development of the site. Beyond that, a flexible approach to zoning and related City development requirements in ways similar to those developed specifically for the NVF site may need to be considered as Newark moves forward to exploit the obvious opportunities inherent in the addition to our local real estate market of a very large industrial tract in the midst of our community.

As part of its efforts to plan for and promote economic development, the City has begun to participate in a recently formed informal network of business, academic and community leaders – the “Greater Newark Network.” The mission of the network is to foster the expansion of employment centers in the greater Newark area, as well as to establish the Newark community as a central point for innovation and a premier destination for advanced research and high-tech 21st century jobs. To accomplish the mission, the Network intends to work in partnership with the New Castle County Chamber of Commerce and its Economic Development Council, as well as the wider community to achieve the following:

- Provide a forum where all stakeholders in the economic development process can come together, discuss priorities, develop goals and objectives, and implement plans to promote positive economic outcomes.
- Capitalize on the vast economic, academic and technology resources existing in the Greater Newark Area to build a strong, vibrant, diverse and sustainable 21st Century local economy.
- Promote the Greater Newark Area as a regular high-tech corridor.

The Greater Newark Network has begun to hold regular meetings with members of the New Castle County Economic Development Council with the intent of identifying issues and opportunities and establishing local work groups that will develop action plans in order to address these issues. Work groups will be examining areas including zoning, job retention, marketing to perspective employers and addressing existing roadblocks to responsible and sustainable economic growth.

As the Greater Newark Network's plans move forward they will be integrated into the City of Newark's development review system, including the comprehensive planning process, as necessary. As part of this process, the City may also consider adopting new economic incentive programs targeted specifically at recruiting sustainable 21<sup>st</sup> century high quality industrial growth.

While the City has a strong and diverse economic base, it has not been immune to the effects of the national economic recession. In particular the impact upon the local housing market has been noteworthy. The slowdown in housing sales has reduced the City's real estate transfer tax revenues significantly. Construction permit fees have also been adversely affected.

## **MAJOR INITIATIVES**

A key objective for the City is the enhancement of its physical infrastructure to support the provision of vital services and to maintain the quality of its physical assets. To achieve this, the City has in recent years undertaken major investments in its utility operations such as the following:

- The construction of a 318 million gallon water reservoir which went into service in 2006. The reservoir ensures the City's ability to serve the water needs of its customers even in time of significant drought conditions.
- The expansion and upgrading of its Curtis Mill Water Treatment Plant in 2008. The expansion increased the plant's treatment capacity by 67%.
- The 2008 completion of the construction of an additional 138kV substation unit at its Kershaw sub-station.
- The commencement of a multi-year program to install a state of the art SCADA system to monitor and control its electric distribution system.
- The planned replacement and repair of major sewer crossings over the Christina Creek.

Taken as a whole, these and other projects will ensure the provision of economic and reliable utility services for years to come.

The City has also expanded and improved the range of municipal services it provides to residents. These include:

- The establishment in 2008 of a Community Affairs office intended to provide greater communications with and transparency to the City's residents. This will entail expanded use of internet and electronic media to communicate with residents.
- The upgrading of its information technology infrastructure including both hardware and software elements. In 2008, the City upgraded its major accounting software system and has already upgraded its utility billing system in 2009. The City plans to update its primary land management system in

2010. The City has also moved to a Microsoft Exchange server to support various office functions and plans to establish a wide-area network in 2009 to provide interconnectivity among its various facilities.

- The City, in keeping with its commitment to environmental sustainability, is planning to implement a weekly curbside recycling program in 2009.
- In 2008 the City began offering residents an on-line residential home energy audit to assist them with energy conservation efforts.

### **ACKNOWLEDGEMENTS**

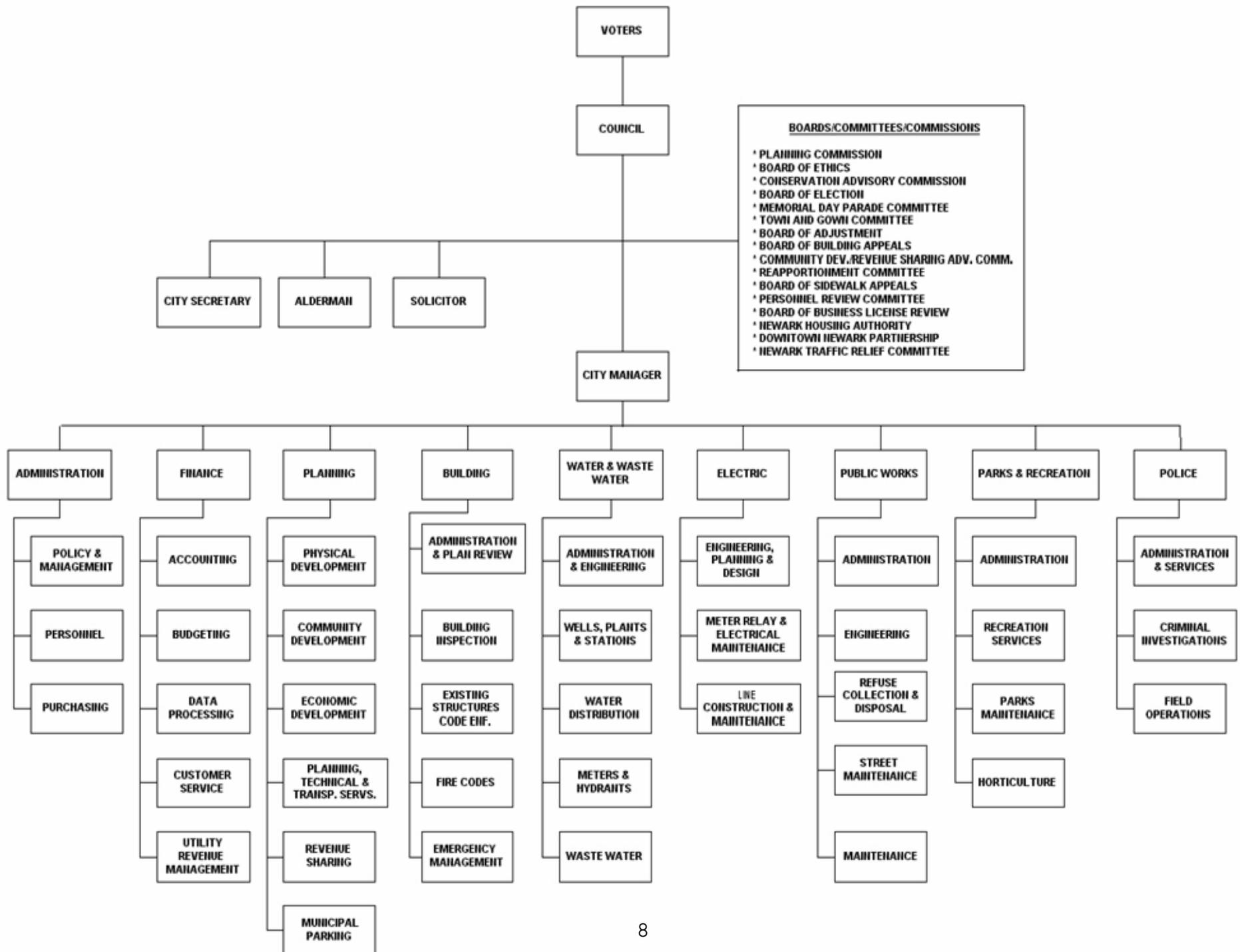
The compilation of the Comprehensive Annual Financial Report in an accurate and timely manner was made possible by the professional and dedicated service of the City's entire financial staff. In particular, Wilma Garriz, Assistant Finance Director, Jim Smith, Accountant and Daina Montgomery, Finance Assistant, deserve thanks for the effort they put into the quality of the presentation.

Respectfully submitted,



Dennis W. McFarland  
Finance Director

# CITY OF NEWARK, DELAWARE



CITY OF NEWARK

DELAWARE

LIST OF PRINCIPAL OFFICIALS  
DECEMBER 31, 2008

Elected Officials

Mayor	Vance A. Funk, III
Council Member - District 1	Paul J. Pomeroy
Council Member - District 2	Jerry Clifton
Council Member - District 3	Doug Tuttle
Council Member - District 4	David J. Athey
Council Member - District 5	Ezra J. Temko
Council Member - District 6	Stu Markham

Appointed Officials

City Manager	Kyle R. Sonnenberg
City Secretary	Patricia M. Fogg
Alderman	Lisa R. Hatfield
Deputy Alderman	Malcolm S. Cobin
City Solicitor	Roger A. Akin
Deputy City Solicitor	Bruce C. Herron
Assistant to the City Manager	Charles M. Zusag
Assistant to the City Manager	Carol S. Houck
Director of Finance	Dennis W. McFarland
Director of Planning & Development	Roy H. Lopata
Director of Building	Thomas J. Sciulli
Director of Water & Waste Water	Roy A. Simonson
Director of Electric	Rick H. Vitelli
Director of Public Works	Richard M. Lapointe
Director of Parks & Recreation	Charles R. Emerson
Chief of Police	Paul M. Tiernan

# Police



# FINANCIAL SECTION

## Independent Auditor's Report

Members of City Council  
City of Newark, Delaware

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, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2007, which were audited by other auditors and from which the summarized information was derived.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 1, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Clifton Gunderson LLP*

Baltimore, Maryland  
May 1, 2009

## CITY OF NEWARK

### MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Newark, Delaware, provides an overview of the City's financial performance for the year ended December 31, 2008. Please read it in conjunction with the City's financial statements, which begin on page 22.

#### FINANCIAL HIGHLIGHTS

- The assets of the City of Newark exceeded its liabilities at the close of the most recent fiscal year by \$76.1 million (representing its net assets). Of this amount, \$18.7 million (or its unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$2.8 million in 2008.
- As of December 31, 2008, the City's governmental funds reported a combined ending funds balance of \$6.4 million, a decrease of \$1.5 million from the prior year. Approximately \$675 thousand is available for spending at the City's discretion (unreserved fund balance).

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities on pages 22 and 23, respectively, provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements start on page 24. For governmental activities, these statements explain how services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

#### Reporting the City as a Whole

##### *Statement of Net Assets and the Statement of Activities*

The analysis of the City as a whole begins on page 22 with the Statement of Net Assets and page 23 with the Statement of Activities.

These statements provide information that will help the reader to determine if the City is financially better off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them during the year. The reader can think of the City's net assets – the difference between assets and liabilities – as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving. The reader will need to consider other nonfinancial factors such as changes in the City's property tax base and the condition of the City's assets, to assess the overall health of the City.

## CITY OF NEWARK

### MANAGEMENT'S DISCUSSION AND ANALYSIS - (CONT'D)

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- **Governmental activities** – Many of the City's basic services are reported here, including the police, general administration, public works, parks and recreation. Operating transfers from the Electric Fund, property taxes, intergovernmental revenues and franchise fees finance most of these activities.
- **Business-type activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's electric, water, sewer and parking funds are reported here.

#### Reporting the City's Most Significant Funds

##### *Fund Financial Statements*

Our analysis of the City's major funds provides detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes (Special Revenue Funds) or to show that it is meeting legal responsibilities for using certain taxes, grants and other monies (Capital Projects Funds). The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

**Governmental funds.** Many of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the reconciliations on pages 25 and 27.

**Proprietary funds.** When the City charges customers for the services it provides, these services generally are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows for proprietary funds.

#### The City as Trustee

##### *Reporting the City's Fiduciary Responsibilities*

The City is the trustee, or fiduciary, responsible for other assets that – because of a trust arrangement – can be used only for the trust beneficiaries. All of the City's fiduciary activities (such as Pension Plans) are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**CITY OF NEWARK**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - (CONT'D)**

**FINANCIAL ANALYSIS OF THE CITY**

***Government-wide***

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

The majority of the outstanding debt of the City was incurred for the acquisition and/or construction of the City's water reservoir. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The balance of unrestricted net assets at the close of 2008, \$18.7 million, may be used to meet these current and ongoing obligations to citizens and creditors. In addition, the City maintains an "Aa" rating from Moody's for its current debt issuances. This is one of Moody's highest ratings and reflects the City's strong financial operations, characterized by substantial reserves, a sizable and affluent tax base and low direct debt position.

**Table 1**

**CITY OF NEWARK  
STATEMENT OF NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>						
Total current assets	\$ 9,660,168	\$ 12,156,641	\$ 14,680,763	\$ 17,623,530	\$ 24,340,931	\$ 29,780,171
Total noncurrent assets	23,521,573	22,552,890	50,723,812	48,938,335	74,245,385	71,491,225
<b>Total Assets</b>	<b>\$ 33,181,741</b>	<b>\$ 34,709,531</b>	<b>\$ 65,404,575</b>	<b>\$ 66,561,865</b>	<b>\$ 98,586,316</b>	<b>\$ 101,271,396</b>
<b>LIABILITIES</b>						
Total current liabilities	\$ 1,212,173	\$ 2,261,480	\$ 5,079,535	\$ 8,364,705	\$ 6,291,708	\$ 10,626,185
Total noncurrent liabilities	2,501,025	2,892,497	13,662,028	14,438,790	16,163,053	17,331,287
<b>Total Liabilities</b>	<b>\$ 3,713,198</b>	<b>\$ 5,153,977</b>	<b>\$ 18,741,563</b>	<b>\$ 22,803,495</b>	<b>\$ 22,454,761</b>	<b>\$ 27,957,472</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	\$ 21,116,573	\$ 19,664,200	\$ 36,343,169	\$ 33,883,335	\$ 57,459,742	\$ 53,547,535
Unrestricted	8,351,970	9,891,354	10,319,843	9,875,035	18,671,813	19,766,389
<b>Total Net Assets</b>	<b>\$ 29,468,543</b>	<b>\$ 29,555,554</b>	<b>\$ 46,663,012</b>	<b>\$ 43,758,370</b>	<b>\$ 76,131,555</b>	<b>\$ 73,313,924</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 33,181,741</b>	<b>\$ 34,709,531</b>	<b>\$ 65,404,575</b>	<b>\$ 66,561,865</b>	<b>\$ 98,586,316</b>	<b>\$ 101,271,396</b>

**CITY OF NEWARK**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - (CONT'D)**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of 2008, the City's assets exceeded its liabilities by \$76.1 million, which is an increase over the prior year of roughly \$2.8 million. This increase is due to strong financial performance in the business-type activities. Business-type activities benefited from strong continued cost management and stable operating margins. Governmental activities, before operating transfers, were depressed by higher operating expenses, particularly personnel related cost.

**Table 2**

CITY OF NEWARK CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2008						
	Governmental Activities		Business-type Activities		Totals	
	2008	2007	2008	2007	2008	2007
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$3,074,906	\$3,280,858	\$63,008,751	\$60,073,549	\$66,083,657	\$63,354,407
Operating Grants & Contributions	1,730,478	2,177,480	-	-	1,730,478	2,177,480
Capital Grants & Contributions	861,235	153,996	125,765	86,742	987,000	240,738
General Revenues:						
Total Taxes	7,547,111	7,714,913	-	-	7,547,111	7,714,913
Fines & Forfeits	1,927,392	1,775,150	-	-	1,927,392	1,775,150
Investment Earnings	286,154	350,612	393,334	470,210	679,488	820,822
Other Revenues	32,967	17,608	6,474	6,474	39,441	24,082
<b>Total Revenues</b>	<b>15,460,243</b>	<b>15,470,617</b>	<b>63,534,324</b>	<b>60,636,975</b>	<b>78,994,567</b>	<b>76,107,592</b>
<b>EXPENSES</b>						
General Government	5,893,962	5,305,639	-	-	5,893,962	5,305,639
Public Safety	10,078,299	9,261,605	-	-	10,078,299	9,261,605
Public Works	4,897,004	5,223,684	-	-	4,897,004	5,223,684
Community Development	391,652	308,268	-	-	391,652	308,268
Culture and Recreation	2,594,927	2,132,630	-	-	2,594,927	2,132,630
Interest Expense	112,984	126,851	-	-	112,984	126,851
Business-type activities	-	-	52,208,108	49,050,357	52,208,108	49,050,357
<b>Total Expenses</b>	<b>23,968,828</b>	<b>22,358,677</b>	<b>52,208,108</b>	<b>49,050,357</b>	<b>76,176,936</b>	<b>71,409,034</b>
<b>Subtotal</b>	<b>(8,508,585)</b>	<b>(6,888,060)</b>	<b>11,326,216</b>	<b>11,586,618</b>	<b>2,817,631</b>	<b>4,698,558</b>
Extraordinary Item	-	-	-	(3,600,000)	-	(3,600,000)
Transfers	8,421,574	6,917,369	(8,421,574)	(6,917,369)	-	-
<b>Change in Net Assets</b>	<b>(\$87,011)</b>	<b>\$29,309</b>	<b>\$2,904,642</b>	<b>\$1,069,249</b>	<b>\$2,817,631</b>	<b>\$1,098,558</b>

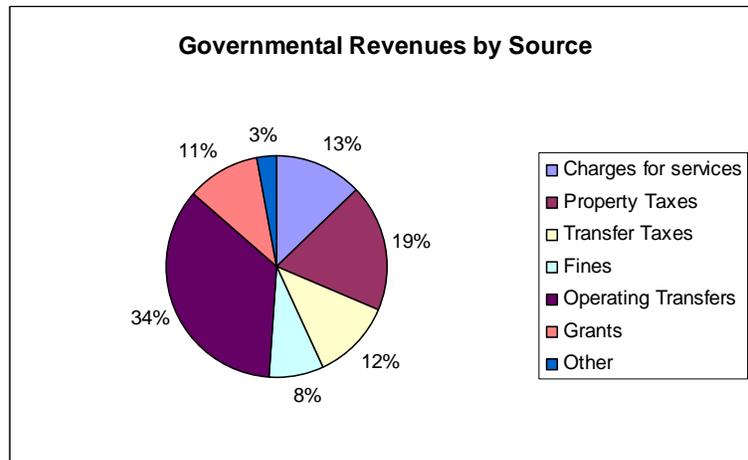
**CITY OF NEWARK**

**MANAGEMENT'S DISCUSSION AND ANALYSIS - (CONT'D)**

**Governmental Activities**

Our analysis focuses on the net assets (Table 1) and changes in net assets (Table 2) of the City's governmental activities, and the following 2008 Revenues by Source graph and Net Costs (Table 3).

As the following graph illustrates, operating transfers from the utility Funds, real estate taxes, real estate transfer taxes and program revenues (grants & contributions and charges for services) provide the major funding for our governmental activities. Operating transfers are the largest revenue source accounting for 34 percent of revenues. Property taxes supply 19 percent of funding. Real estate transfer taxes provide 12 percent of revenues and program revenues 13 percent. The City relies on all of these revenues to provide the quality of life to citizens and businesses which residents have come to expect.



As shown in Table 3, the cost of all governmental activities this year was \$24.0 million. Of this amount, our taxpayers financed, through City taxes, \$7.5 million with the balance funded through program revenues of \$5.7 million, transfers of \$8.4 million and \$2.4 million of miscellaneous revenues. The program revenues were paid by those who directly benefited from the programs (\$3.1 million) or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions (\$2.6 million). Public safety programs are the largest spending commitment, accounting for approximately 42 percent of the City's governmental activities expenditures. General administration and public works services account for approximately 25 and 20 percent, respectively, of expenditures.

**Table 3**

**Governmental Activities Net Cost**

Functions/Programs	Total Cost of		Service Charges	Grants	Program Revenues	Net Cost of Services
	Services	% of Total Cost				
General Government	\$5,893,962	25%	\$1,766,502	\$441,150	\$2,207,652	\$3,686,310
Public Safety	10,078,299	42%	490,346	386,816	877,162	9,201,137
Public Works	4,897,004	20%	203,222	887,272	1,090,494	3,806,510
Community Development	391,652	2%	-	397,592	397,592	(5,940)
Culture & Recreation	2,594,927	11%	614,836	478,883	1,093,719	1,501,208
Interest Expense	112,984	0%	-	-	-	112,984
<b>Total</b>	<b>\$23,968,828</b>	<b>100%</b>	<b>\$3,074,906</b>	<b>\$2,591,713</b>	<b>\$5,666,619</b>	<b>\$18,302,209</b>

## CITY OF NEWARK

### MANAGEMENT'S DISCUSSION AND ANALYSIS - (CONT'D)

As shown in Table 2, expenses exceeded revenues by \$87,011 in 2008, resulting in a slight overall decrease in net assets. General revenues were basically flat in 2008 compared to 2007. Increases in capital grants and fines were offset by decreases in operating grants, taxes and charges for service.

As shown in Table 2, governmental expenses increased by \$1.6 million. This increase was caused primarily by inflationary pressures, particularly on labor and benefit expenses.

In 2008 net assets decreased by \$87,011 as decreases in assets were essentially offset by decreases in liabilities.

#### **Business-type Activities**

The City provides electric, water and sewer services to its residents. Additionally, it operates five surface parking lots within its downtown area. These services constitute the business-type activities presented in the City-wide financial statements. Expenses related to these services totaled \$52.2 million in 2008, an increase of \$3.2 million from the prior year. The City Council establishes and collects utility rates and parking fees from users of these systems. This increase is primarily attributable to higher wholesale power costs along with inflationary increases in other expenses.

The revenues include investment income in addition to charges for services (operating revenues). The investment income revenues are not specific to an individual program, but to the activities as a whole.

As shown in Table 2, revenues exceeded expenses and transfers by \$2.9 million in 2008, resulting in an overall increase in net assets which maintained the financial strength of the City. More importantly, these activities supported the transfer of \$8.4 million to fund governmental activities.

The City recorded a \$3.6 million expense as an extraordinary item in 2007 to reflect the settlement of litigation associated with its construction of a water reservoir. This expense was paid out in early 2008. For more detail see footnote 14.

In 2008, net assets increased by \$2.9 million; assets decreased by \$1.1 million; and liabilities decreased by \$4 million. Net assets invested in capital increased by \$2.5 million while net unrestricted assets increased by \$400 thousand. This difference was primarily the result of increased investment in the electric and water utilities.

#### **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.

## CITY OF NEWARK

### MANAGEMENT'S DISCUSSION AND ANALYSIS - (CONT'D)

As of December 31, 2008, the City's governmental funds reported combined ending balances of \$6.4 million, a decrease of \$1.5 million as compared to the prior year. This decrease is attributable to increased capital expenditures during the year. The bulk of the fund balance is reserved, which means that it is not available for new spending because it has already been committed to pay for: 1) capital improvements, 2) debt service or 3) a variety of other restricted purposes.

The City maintains a General Fund which serves as the chief operating fund of the City. As of December 31, 2008, the total fund balance of the General Fund was \$688 thousand, \$675 thousand of which is unreserved. The General Fund balance decreased by \$8 thousand in fiscal year 2008. Key factors contributing to this decrease are as follows:

- Actual revenues were greater than budgeted revenues in the general fund by approximately 10 percent, or \$1.2 million. The favorable revenue variance to budget was primarily from higher real estate transfer taxes (\$883 thousand), charges for service (\$157 thousand) and higher fines (\$128 thousand).
- Actual expenditures were more than budgeted expenditures by 1.8 percent, or \$350 thousand. Favorable budget variances in the Finance, Legislative and Public Works functions were partially offset by negative variances in the Planning and Police functions.
- Interfund transfers, primarily from the electric fund, were utilized to achieve a positive balance in the General Fund.

The City maintains Special Revenue Funds to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Special Revenue Funds include the Community Development Fund, the Law Enforcement Funds and the Parks and Recreation Fund. Revenue sources for these funds include grants from the 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, 2008, the fund balance was \$46,619, all of which is reserved.

The City maintains Capital Project Funds to account for major capital acquisitions and construction related to governmental activities separately from the ongoing operating activities. As of December 31, 2008, the fund balance was \$4.5 million, all of which is reserved.

Other governmental funds include two bond funds and a street fund.

The financial statements for the governmental funds can be found on pages 24 - 28 as well as 60 - 66 of this report.

#### **Proprietary Funds**

The City maintains four principal proprietary funds related to the provision of utility services and parking. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The Electric Fund had total net assets of \$17.7 million as of December 31, 2008 of which \$7.1 million was unrestricted. Total net assets decreased \$628 thousand. Income before transfers amounted to \$10.3 million. It is the City's policy that the electric operations roughly target a 20% operating margin.

## CITY OF NEWARK

### MANAGEMENT'S DISCUSSION AND ANALYSIS - (CONT'D)

The Water Fund had total net assets of \$19.7 million as of December 31, 2008, an increase of \$3.6 million from the prior year. This was due primarily to a \$3.4 million transfer from other funds to pay for the resolution of litigation. Of this balance, the unrestricted portion was \$697 thousand. The fund had income before transfers and an extraordinary item of \$140 thousand. The Water Fund also carries roughly \$13.5 million of long term debt associated with the construction of a reservoir.

The Sewer fund had total net assets of \$7.4 million as of December 31, 2008 of which \$2.1 million was unrestricted. Total net assets increased \$92 thousand during the year. Income before transfers to the General Fund totaled \$692 thousand.

The Parking Fund, the smallest of the proprietary funds, had total net assets of \$1.9 million as of December 31, 2008. Of this amount, \$434 thousand was unrestricted. Total net assets decreased \$179 thousand during the year.

The financial statements for the proprietary funds can be found on pages 29 - 32 of this report.

#### **Internal Service Fund**

The City maintains an internal service fund to account for the operation of machinery, vehicle and building maintenance provided to other departments of the City on a cost reimbursement basis. The assets and liabilities of the internal service fund are included with the governmental activities on the statement of net assets on page 22. The net revenue of certain activities of the internal service fund is reported with governmental activities on the statement of activities on page 23. The fund's assets and liabilities as well as revenue and expenses are also reported on pages 29 and 30 of the fund financial statements.

#### **Fiduciary Funds**

The City maintains four fiduciary funds – the Employees Pension Trust Fund, the Insurance Fund, the Section 401(a) Retirement Fund and the Other Post Employment Benefits Fund. These funds contain assets held by the City in a trustee capacity. The assets in the Pension Fund pertain to three distinct plans although the plans are collectively managed and administered. These plans are the non-police plan covering civilian, non-sworn, regular full-time employees, the police plan covering all sworn police officers except the Chief of police and the special police plan covering the Chief of Police. The assets held by the Insurance Fund are committed to funding workers' compensation claims and deductible amounts paid to insurance underwriters.

The financial statements for the fiduciary funds can be found on pages 33 and 34, as well as 67 and 68 of this report.

## CITY OF NEWARK

### MANAGEMENT'S DISCUSSION AND ANALYSIS - (CONT'D)

#### GENERAL FUND BUDGETARY HIGHLIGHTS

The schedules comparing the City's budget and actual results can be found on page 26.

Actual revenues in the General Fund exceeded budgeted revenues by \$1.2 million due primarily to increased real estate transfer tax revenues. This was due to several large commercial and industrial real estate transactions which occurred during the year. Charges for services also exceeded budgets due to a revised fee structure adopted during the year. Expenditures were more than budgeted by \$350 thousand. This was due to unanticipated legal expenses and higher police expenses. The impact of these higher revenues and somewhat higher expenditures resulted in an \$849 thousand improvement compared to budget.

#### 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, 2008 amounts to \$74.2 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 \$6.1 million in 2008. Net additions, after depreciation and retirements, totaled \$2.7 million. Large projects completed during the year included the Kershaw electric substation, the expansion of the water treatment plant and the annual street maintenance program.

Additional information on the City's capital assets can be found in Note 4 of this report.

##### Long-term Debt

At December 31, 2008, the City had \$16.7 million in bonds outstanding versus \$17.9 million last year – a decrease of 6.9 percent. All the 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.

Other long term obligations of the City include \$689 thousand of compensated absences which include carry forward vacation and compensatory time.

The City maintains an "Aa" rating from Moody's for its current debt issuances.

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

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The City continues to maintain a diversified (65 percent residential, 20 percent commercial and 15 percent industrial) real estate revenue base should there be any short-term fluctuations in any one segment.
- The real estate tax millage was 53.3 cents per \$100 of assessed value throughout 2008.

## **CITY OF NEWARK**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS - (CONT'D)**

- In 2008 the City began to feel the impact of the nationwide economic downturn. This was most apparent as property transfer taxes trended downward as well as revenue from construction permits. These trends are forecasted to continue throughout 2009.
- The 2009 annual operating budget for the general fund forecasts an operating budget surplus of \$823 thousand. The 2009 operating budget assumes a 15% water rate increase, slight increase in electric operating margins and a 2 cent tax increase.

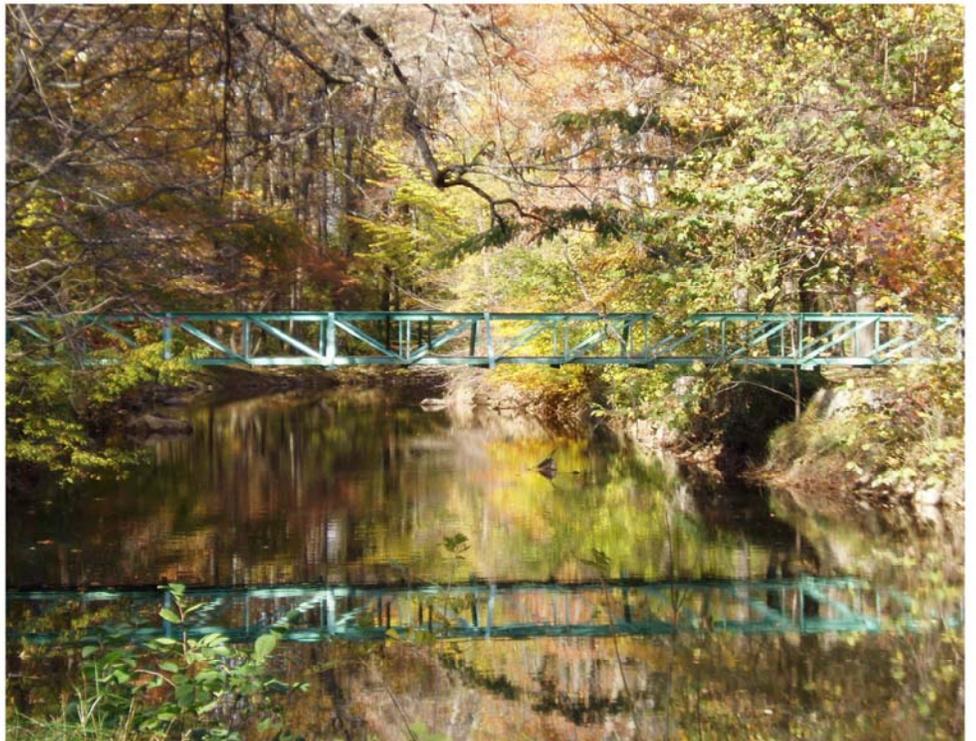
All of these factors were considered in preparing the City's budget for the 2009 fiscal year.

### **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 should be addressed to: Finance Director, City of Newark, 220 Elkton Road, Newark Delaware 19711.

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

# Parks



# BASIC FINANCIAL STATEMENTS

**CITY OF NEWARK**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2008**  
(with Summarized Comparative Data for the Year Ended December 31, 2007)

	Primary Government		Totals	
	Governmental Activities	Business-type Activities	2008	2007
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 2,329,634	\$ 2,899,492	\$ 5,229,126	\$ 5,865,851
Investments	5,042,376	3,144,855	8,187,231	12,078,671
Accounts receivables, net	2,096,506	7,351,488	9,447,994	9,647,848
Taxes receivable	355,082	-	355,082	295,707
Due from other governments	(220,000)	220,000	-	740,000
Inventories	39,885	1,064,544	1,104,429	1,056,687
Prepaid items and deferred charges	12,995	384	13,379	91,715
Bond issue costs	3,690	-	3,690	3,692
Total current assets	<u>9,660,168</u>	<u>14,680,763</u>	<u>24,340,931</u>	<u>29,780,171</u>
Noncurrent Assets:				
Capital assets, net:				
Land	4,989,380	8,788,127	13,777,507	13,777,507
Construction in progress	-	104,105	104,105	-
Buildings	5,757,755	9,312,395	15,070,150	12,639,978
Improvements	9,986,232	31,789,891	41,776,123	41,451,679
Machinery and Equipment	2,788,206	729,294	3,517,500	3,618,371
Bond issue costs	-	-	-	3,690
Total noncurrent assets	<u>23,521,573</u>	<u>50,723,812</u>	<u>74,245,385</u>	<u>71,491,225</u>
Total assets	<u>\$ 33,181,741</u>	<u>\$ 65,404,575</u>	<u>\$ 98,586,316</u>	<u>\$ 101,271,396</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 231,405	\$ 3,261,328	\$ 3,492,733	\$ 3,741,459
Customer deposits	428,046	638,088	1,066,134	987,222
Compensated absences	60,669	8,232	68,901	60,217
Due to other governments	-	209,461	209,461	772,756
Accrued interest payable	29,263	165,952	195,215	200,964
Bonds payable	450,000	796,474	1,246,474	1,245,000
Litigation settlement payable	-	-	-	3,600,000
Other current liabilities	12,790	-	12,790	12,093
Total current liabilities	<u>1,212,173</u>	<u>5,079,535</u>	<u>6,291,708</u>	<u>10,619,711</u>
Noncurrent liabilities:				
Compensated absences	546,025	74,087	620,112	541,953
Unearned revenue	-	3,772	3,772	3,691
Bonds payable	1,955,000	13,584,169	15,539,169	16,792,117
Total noncurrent liabilities	<u>2,501,025</u>	<u>13,662,028</u>	<u>16,163,053</u>	<u>17,337,761</u>
Total liabilities	<u>3,713,198</u>	<u>18,741,563</u>	<u>22,454,761</u>	<u>27,957,472</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	21,116,573	36,343,169	57,459,742	53,454,108
Unrestricted	8,351,970	10,319,843	18,671,813	19,859,816
Total net assets	<u>29,468,543</u>	<u>46,663,012</u>	<u>76,131,555</u>	<u>73,313,924</u>
Total liabilities and net assets	<u>\$ 33,181,741</u>	<u>\$ 65,404,575</u>	<u>\$ 98,586,316</u>	<u>\$ 101,271,396</u>

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

**CITY OF NEWARK**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
(with Summarized Comparative Data for the Year Ended December 31, 2007)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals	
					Governmental Activities	Business-Type Activities	2008	2007
<b>Primary government:</b>								
Governmental activities:								
General Government	\$ 5,893,962	\$ 1,766,502	\$ 341,150	\$ 100,000	\$ (3,686,310)	\$ -	\$ (3,686,310)	\$ (3,395,213)
Public Safety	10,078,299	490,346	335,458	51,358	(9,201,137)	-	(9,201,137)	(7,880,468)
Public Works	4,897,004	203,222	562,612	324,660	(3,806,510)	-	(3,806,510)	(4,140,947)
Community Development	391,652	-	397,592	-	5,940	-	5,940	86,560
Culture and Recreation	2,594,927	614,836	93,666	385,217	(1,501,208)	-	(1,501,208)	(1,289,424)
Interest Expense	112,984	-	-	-	(112,984)	-	(112,984)	(126,851)
Total governmental activities	<u>23,968,828</u>	<u>3,074,906</u>	<u>1,730,478</u>	<u>861,235</u>	<u>(18,302,209)</u>	<u>-</u>	<u>(18,302,209)</u>	<u>(16,746,343)</u>
Business-type activities:								
Electric	43,343,324	53,356,156	-	-	-	10,012,832	10,012,832	9,229,362
Water	4,259,128	4,310,761	-	125,765	-	177,398	177,398	914,527
Sewer	3,915,177	4,533,959	-	-	-	618,782	618,782	798,556
Parking	690,479	807,875	-	-	-	117,396	117,396	167,489
Total business-type activities	<u>52,208,108</u>	<u>63,008,751</u>	<u>-</u>	<u>125,765</u>	<u>-</u>	<u>10,926,408</u>	<u>10,926,408</u>	<u>11,109,934</u>
Total primary government	<u>\$ 76,176,936</u>	<u>\$ 66,083,657</u>	<u>\$ 1,730,478</u>	<u>\$ 987,000</u>	<u>(18,302,209)</u>	<u>10,926,408</u>	<u>(7,375,801)</u>	<u>(5,636,409)</u>
<b>General Revenues</b>								
Taxes:								
Real estate taxes					4,437,008	-	4,437,008	4,433,787
Real estate transfer taxes					2,764,929	-	2,764,929	2,962,355
Franchise fees					345,174	-	345,174	318,771
Fines and Forfeits					1,927,392	-	1,927,392	1,775,150
Unrestricted investment earnings					286,154	344,635	630,789	740,647
Increase (Decrease) in fair value of investments					-	48,699	48,699	80,175
Miscellaneous					761	6,474	7,235	6,474
Proceeds from sale of capital assets					32,206	-	32,206	17,608
<b>Extraordinary Item</b>					-	-	-	(3,600,000)
<b>Transfers</b>					8,421,574	(8,421,574)	-	-
Total General Revenues, Extraordinary Item, and Transfers					<u>18,215,198</u>	<u>(8,021,766)</u>	<u>10,193,432</u>	<u>6,734,967</u>
Change in Net Assets					(87,011)	2,904,642	2,817,631	1,098,558
<b>Net Assets - Beginning of Year</b>					<u>29,555,554</u>	<u>43,758,370</u>	<u>73,313,924</u>	<u>72,215,366</u>
<b>Net Assets - End of Year</b>					<u>\$ 29,468,543</u>	<u>\$ 46,663,012</u>	<u>\$ 76,131,555</u>	<u>\$ 73,313,924</u>

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

**CITY OF NEWARK  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2008  
(with Summarized Comparative Data for the Year Ended December 31, 2007)**

	<u>Major Funds</u>			<u>Totals</u>	
	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 579,424	\$ 613,631	\$ 948,980	\$ 2,142,035	\$ 2,475,041
Investments	1,362,268	3,680,108	-	5,042,376	6,156,146
Accounts receivable	1,312,573	261,272	522,161	2,096,006	2,852,234
Taxes receivable	355,082	-	-	355,082	295,707
Inventory	-	-	31,895	31,895	24,935
Prepaid items	12,903	-	92	12,995	51,350
Total assets	<u>\$ 3,622,250</u>	<u>\$ 4,555,011</u>	<u>\$ 1,503,128</u>	<u>\$ 9,680,389</u>	<u>\$ 11,855,413</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$ 96,075	\$ 55,779	\$ 54,297	\$ 206,151	\$ 546,406
Customer deposits	428,046	-	-	428,046	341,645
Deferred revenue	2,409,873	-	-	2,409,873	2,315,045
Due to other funds	-	-	220,000	220,000	740,000
Other liabilities	-	-	12,790	12,790	12,093
Total liabilities	<u>2,933,994</u>	<u>55,779</u>	<u>287,087</u>	<u>3,276,860</u>	<u>3,955,189</u>
Fund balances:					
Reserved for:					
Inventory	-	-	31,895	31,895	24,935
Prepaid Items	12,903	-	92	12,995	51,350
Capital projects	-	4,499,232	147,800	4,647,032	6,488,458
Debt service	-	-	46,619	46,619	46,618
Law enforcement	-	-	137,886	137,886	71,246
Parks and recreation	-	-	160,132	160,132	155,467
Unreserved	675,353	-	691,617	1,366,970	1,062,150
Total fund balances	<u>688,256</u>	<u>4,499,232</u>	<u>1,216,041</u>	<u>6,403,529</u>	<u>7,900,224</u>
Total liabilities and fund balances	<u>\$ 3,622,250</u>	<u>\$ 4,555,011</u>	<u>\$ 1,503,128</u>	<u>\$ 9,680,389</u>	<u>\$ 11,855,413</u>

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

**City of Newark**  
**Reconciliation of the Balance Sheet-Governmental Funds to the Statement of Net Assets**  
**December 31, 2008**

<b>Total Fund Balance - Governmental Funds</b>	\$ 6,403,529
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Also excluded are \$482,145 of internal service capital assets accounted for in the following line:	23,039,428
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	640,273
Other long term assets such as bond issue costs are not available to pay for current period expenditures and, therefore, are deferred in the funds	3,690
Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	2,409,873
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:	
Bonds Payable	(2,405,000)
Compensated absences (net of Internal Service Fund, \$12,707 included in net assets above)	(593,987)
Accrued interest payable	(29,263)
<b>Net assets of governmental activities</b>	<b>\$ 29,468,543</b>

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

**CITY OF NEWARK**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
(with Summarized Comparative Data for the Year Ended December 31, 2007)

	<u>Major Funds</u>			<u>Totals</u>	
	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>2008</u>	<u>2007</u>
<b>REVENUES</b>					
Taxes:					
Real Estate	\$ 4,341,366	\$ -	\$ -	\$ 4,341,366	\$ 4,264,351
Real estate transfer	2,764,929	-	-	2,764,929	2,962,355
Franchise	345,174	-	-	345,174	318,771
Licenses and permits	1,460,441	-	-	1,460,441	1,831,706
Fines, forfeits and costs	1,828,570	-	98,822	1,927,392	1,775,150
Interest, dividends and rents	103,740	136,761	43,099	283,600	328,285
Intergovernmental revenues	332,260	861,235	1,197,589	2,391,084	2,120,417
Charges for services	1,614,056	-	410	1,614,466	1,448,877
Subvention - University of Delaware	204,000	-	-	204,000	204,000
Total revenues	<u>12,994,536</u>	<u>997,996</u>	<u>1,339,920</u>	<u>15,332,452</u>	<u>15,253,912</u>
<b>EXPENDITURES</b>					
Current:					
General Government	5,271,780	-	-	5,271,780	4,576,443
Public Safety	9,537,663	-	269,443	9,807,106	8,873,197
Public Works	3,062,949	-	1,252,644	4,315,593	4,476,693
Community Development	-	-	391,652	391,652	308,268
Culture and recreation	2,421,618	-	29,634	2,451,252	2,216,830
Debt Service:					
Principal	-	-	480,000	480,000	490,000
Interest	-	-	115,043	115,043	129,003
Capital Outlay	-	2,364,393	22,598	2,386,991	1,065,827
Total expenditures	<u>20,294,010</u>	<u>2,364,393</u>	<u>2,561,014</u>	<u>25,219,417</u>	<u>22,136,261</u>
Deficiency of revenues under expenditures	<u>(7,299,474)</u>	<u>(1,366,397)</u>	<u>(1,221,094)</u>	<u>(9,886,965)</u>	<u>(6,882,349)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	10,311,320	1,300,156	1,695,044	13,306,520	8,704,661
Transfers out	(3,051,938)	(515,936)	(1,380,582)	(4,948,456)	(1,919,912)
Proceeds from the sale of capital assets	32,206	-	-	32,206	17,608
Total other financing sources and uses	<u>7,291,588</u>	<u>784,220</u>	<u>314,462</u>	<u>8,390,270</u>	<u>6,802,357</u>
Net change in fund balances	(7,886)	(582,177)	(906,632)	(1,496,695)	(79,992)
Fund balances - January 1	696,142	5,081,409	2,122,673	7,900,224	7,980,216
Fund balances - December 31	<u>\$ 688,256</u>	<u>\$ 4,499,232</u>	<u>\$ 1,216,041</u>	<u>\$ 6,403,529</u>	<u>\$ 7,900,224</u>

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

**City of Newark**  
**Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2008**

<b>Net Changes in Fund Balances - Total Governmental Funds</b>	<b>\$</b>	<b>(1,496,695)</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets (\$2,386,991) is allocated over their estimated useful lives as depreciation expense (\$1,400,807). This is the amount by which capital outlays exceeded depreciation in the current period.</p>		986,184
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		94,823
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.</p>		(16,623)
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets:</p>		
Bond principal		480,000
Accrued interest payable		5,751
<p>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 assets. Also, governmental funds report the effect of bond issuance costs when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>		(3,690)
<p>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:</p>		
Compensated absences		(66,522)
<p>Internal service funds are used by management to charge the costs of the operation of machinery, vehicle and building maintenance provided to other departments of the City on a cost-reimbursement basis. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>		(70,239)
<b>Change in Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>(87,011)</u></b>

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

**CITY OF NEWARK**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Real estate - current	\$ 4,414,970	\$ 4,414,970	\$ 4,317,593	\$ (97,377)
Real estate - delinquent and interest	28,000	28,000	23,773	(4,227)
Real estate - transfer	1,882,000	1,882,000	2,764,929	882,929
Franchise	304,900	304,900	345,174	40,274
Licenses and permits	1,459,900	1,459,900	1,460,441	541
Fines, forfeits and costs	1,700,900	1,700,900	1,828,570	127,670
Interest, dividends and rents	64,000	64,000	103,740	39,740
Intergovernmental revenues	280,100	280,100	332,260	52,160
Charges for services/fees	1,457,300	1,457,300	1,614,056	156,756
Subvention - University of Delaware	204,000	204,000	204,000	-
Total revenues	<u>11,796,070</u>	<u>11,796,070</u>	<u>12,994,536</u>	<u>1,198,466</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Finance department	2,033,500	2,033,500	1,962,218	71,282
Planning	731,010	731,010	820,617	(89,607)
Administration	841,080	841,080	843,501	(2,421)
Legislative	1,112,690	1,112,690	1,299,989	(187,299)
Judicial	331,830	331,830	345,455	(13,625)
Total general government	<u>5,050,110</u>	<u>5,050,110</u>	<u>5,271,780</u>	<u>(221,670)</u>
Public safety:				
Building	1,055,380	1,055,380	1,070,077	(14,697)
Police	8,177,770	8,177,770	8,467,586	(289,816)
Total public safety	<u>9,233,150</u>	<u>9,233,150</u>	<u>9,537,663</u>	<u>(304,513)</u>
Public works:				
Highways and streets	1,057,960	1,057,960	1,040,679	17,281
Sanitation	2,203,550	2,203,550	2,022,270	181,280
Total public works	<u>3,261,510</u>	<u>3,261,510</u>	<u>3,062,949</u>	<u>198,561</u>
Culture and recreation	2,399,620	2,399,620	2,421,618	(21,998)
Total expenditures	<u>19,944,390</u>	<u>19,944,390</u>	<u>20,294,010</u>	<u>(349,620)</u>
Deficiency of revenues under expenditures	<u>(8,148,320)</u>	<u>(8,148,320)</u>	<u>(7,299,474)</u>	<u>(848,846)</u>
<b>Other Financing Sources (Uses)</b>				
Appropriated fund balance	8,705,362	8,705,362	-	(8,705,362)
Transfers In	-	-	10,311,320	10,311,320
Transfers Out	(595,042)	(595,042)	(3,051,938)	(2,456,896)
Proceeds from the sale of capital assets	38,000	38,000	32,206	(5,794)
Total other financing sources and uses	<u>8,148,320</u>	<u>8,148,320</u>	<u>7,291,588</u>	<u>(856,732)</u>
Net change in fund balances	-	-	(7,886)	(7,886)
Fund Balances - January 1	-	-	696,142	696,142
Fund Balances - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 688,256</u>	<u>\$ 688,256</u>

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

**CITY OF NEWARK  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2008**

(with Summarized Comparative Data for the Year Ended December 31, 2007)

	Business-Type Activities Enterprise Funds				Totals		Governmental Activities Internal Service Fund	
	Electric	Water	Sewer	Parking	2008	2007	2008	2007
<b>ASSETS</b>								
Current Assets:								
Cash and cash equivalents	\$ 1,873,520	\$ 20,634	\$ 947,557	\$ 57,781	\$ 2,899,492	\$ 3,148,548	\$ 187,599	\$ 242,262
Investments restricted:								
Customer deposits	636,288	-	1,800	-	638,088	645,577	-	-
Investments, unrestricted	1,446,537	50,230	663,685	346,315	2,506,767	5,242,926	-	34,022
Accounts receivable, net	5,789,637	790,323	726,113	45,415	7,351,488	6,795,614	500	-
Due from other funds	220,000	-	-	-	220,000	740,000	-	-
Inventory	1,000,357	62,052	2,135	-	1,064,544	1,011,070	7,990	20,682
Prepaid expenses	51	333	-	-	384	39,795	-	570
Total current assets	<u>10,966,390</u>	<u>923,572</u>	<u>2,341,290</u>	<u>449,511</u>	<u>14,680,763</u>	<u>17,623,530</u>	<u>196,089</u>	<u>297,536</u>
Noncurrent Assets:								
Capital assets, net:								
Land	-	7,957,953	-	830,174	8,788,127	8,788,127	-	-
Construction in progress	74,105	-	-	30,000	104,105	-	-	-
Buildings	5,331,451	3,980,944	-	-	9,312,395	6,906,547	434,523	414,884
Improvements	4,915,018	21,130,956	5,235,546	508,371	31,789,891	32,538,297	-	-
Machinery and Equipment	278,945	308,864	-	141,485	729,294	705,364	47,622	64,448
Total noncurrent assets	<u>10,599,519</u>	<u>33,378,717</u>	<u>5,235,546</u>	<u>1,510,030</u>	<u>50,723,812</u>	<u>48,938,335</u>	<u>482,145</u>	<u>479,332</u>
Total Assets	<u>\$ 21,565,909</u>	<u>\$ 34,302,289</u>	<u>\$ 7,576,836</u>	<u>\$ 1,959,541</u>	<u>\$ 65,404,575</u>	<u>\$ 66,561,865</u>	<u>\$ 678,234</u>	<u>\$ 776,868</u>
<b>LIABILITIES</b>								
Current Liabilities:								
Accounts payable	\$ 3,210,794	\$ 34,830	\$ 14,120	\$ 1,584	\$ 3,261,328	\$ 3,142,895	\$ 25,254	\$ 52,158
Customer deposits	636,288	-	1,800	-	638,088	645,577	-	-
Compensated absences	4,537	2,270	-	1,425	8,232	6,051	1,271	1,420
Due to other funds	-	-	-	-	-	-	-	-
Due to other governments	-	-	209,461	-	209,461	32,756	-	-
Accrued interest payable	-	165,952	-	-	165,952	165,952	-	-
Bonds payable	-	790,000	-	-	790,000	765,000	-	-
Litigation settlement payable	-	-	-	-	-	3,600,000	-	-
Bond premium	-	6,474	-	-	6,474	6,474	-	-
Total Current Liabilities	<u>3,851,619</u>	<u>999,526</u>	<u>225,381</u>	<u>3,009</u>	<u>5,079,535</u>	<u>8,364,705</u>	<u>26,525</u>	<u>53,578</u>
Noncurrent Liabilities:								
Compensated absences	40,838	20,429	-	12,820	74,087	54,456	11,436	12,778
Deferred revenue	-	2,632	1,140	-	3,772	3,691	-	-
Bonds payable	-	13,500,000	-	-	13,500,000	14,290,000	-	-
Bond premium	-	84,169	-	-	84,169	90,643	-	-
Total Noncurrent Liabilities	<u>40,838</u>	<u>13,607,230</u>	<u>1,140</u>	<u>12,820</u>	<u>13,662,028</u>	<u>14,438,790</u>	<u>11,436</u>	<u>12,778</u>
Total Liabilities	<u>3,892,457</u>	<u>14,606,756</u>	<u>226,521</u>	<u>15,829</u>	<u>18,741,563</u>	<u>22,803,495</u>	<u>37,961</u>	<u>66,356</u>
<b>NET ASSETS</b>								
Invested in Capital Assets, net of related debt	10,599,519	18,998,074	5,235,546	1,510,030	36,343,169	33,786,218	482,145	479,332
Unrestricted	7,073,933	697,459	2,114,769	433,682	10,319,843	9,972,152	158,128	231,180
Total Net Assets	<u>17,673,452</u>	<u>19,695,533</u>	<u>7,350,315</u>	<u>1,943,712</u>	<u>46,663,012</u>	<u>43,758,370</u>	<u>640,273</u>	<u>710,512</u>
Total Liabilities and Net Assets	<u>\$ 21,565,909</u>	<u>\$ 34,302,289</u>	<u>\$ 7,576,836</u>	<u>\$ 1,959,541</u>	<u>\$ 65,404,575</u>	<u>\$ 66,561,865</u>	<u>\$ 678,234</u>	<u>\$ 776,868</u>

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

**CITY OF NEWARK**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
(with Summarized Comparative Data for the Year Ended December 31, 2007)

	Business-Type Activities Enterprise Funds				Totals		Governmental Activities Internal Service Fund	
	Electric	Water	Sewer	Parking	2008	2007	2008	2007
<b>Operating Revenues:</b>								
Charges for service	\$ 53,049,348	\$ 4,245,940	\$ 4,520,742	\$ 807,394	\$ 62,623,424	\$ 59,743,731	\$ 1,472,597	\$ 1,325,612
Penalties and fees	259,927	39,500	13,157	-	312,584	265,192	-	-
Miscellaneous	46,881	25,321	60	481	72,743	64,626	240	-
Total operating revenues	<u>53,356,156</u>	<u>4,310,761</u>	<u>4,533,959</u>	<u>807,875</u>	<u>63,008,751</u>	<u>60,073,549</u>	<u>1,472,837</u>	<u>1,325,612</u>
<b>Operating Expenses:</b>								
Personnel	1,875,778	1,715,158	-	419,259	4,010,195	3,629,162	453,396	452,833
Utility purchases	39,917,358	9,519	3,602,334	-	43,529,211	41,191,247	-	-
Materials and supplies	152,427	275,466	21,988	28,820	478,701	420,493	756,448	659,867
Contracted services	568,604	594,513	89,012	130,061	1,382,190	989,692	200,733	149,220
Depreciation	701,337	1,002,463	201,843	107,150	2,012,793	1,968,497	59,371	62,099
Other	113,785	3,357	-	3,186	120,328	107,671	2,128	1,593
Total operating expenses	<u>43,329,289</u>	<u>3,600,476</u>	<u>3,915,177</u>	<u>688,476</u>	<u>51,533,418</u>	<u>48,306,762</u>	<u>1,472,076</u>	<u>1,325,612</u>
Operating income	<u>10,026,867</u>	<u>710,285</u>	<u>618,782</u>	<u>119,399</u>	<u>11,475,333</u>	<u>11,766,787</u>	<u>761</u>	<u>-</u>
<b>Nonoperating Revenues (Expenses):</b>								
Interest and investment revenue	234,952	28,712	63,813	17,158	344,635	390,035	-	-
Increase in fair value of investments	35,748	-	9,678	3,273	48,699	80,175	-	-
Amortization of bond premium	-	6,474	-	-	6,474	6,474	-	-
Interest expense	(14,035)	(605,580)	-	-	(619,615)	(638,050)	-	-
Total nonoperating revenues (expenses)	<u>256,665</u>	<u>(570,394)</u>	<u>73,491</u>	<u>20,431</u>	<u>(219,807)</u>	<u>(161,366)</u>	<u>-</u>	<u>-</u>
Income Before Capital Grants, Extraordinary Item & Transfers	10,283,532	139,891	692,273	139,830	11,255,526	11,605,421	761	-
Capital Grants	-	125,765	-	-	125,765	86,742	-	-
Extraordinary Item	-	-	-	-	-	(3,600,000)	-	-
Transfers In	-	3,406,746	-	-	3,406,746	3,955,232	-	-
Transfers Out	(10,911,320)	(53,072)	(600,000)	(319,003)	(11,883,395)	(10,978,146)	(71,000)	(125)
Change in Net Assets	(627,788)	3,619,330	92,273	(179,173)	2,904,642	1,069,249	(70,239)	(125)
Total Net Assets - January 1	18,301,240	16,076,203	7,258,042	2,122,885	43,758,370	42,689,121	710,512	710,637
Total Net Assets - December 31	<u>\$ 17,673,452</u>	<u>\$ 19,695,533</u>	<u>\$ 7,350,315</u>	<u>\$ 1,943,712</u>	<u>\$ 46,663,012</u>	<u>\$ 43,758,370</u>	<u>\$ 640,273</u>	<u>\$ 710,512</u>

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

**CITY OF NEWARK  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(with Comparative Data for the Year Ended December 31, 2007)**

	Business-Type Activities Enterprise Funds				Totals		Governmental Activities Internal Service Fund	
	Electric	Water	Sewer	Parking	2008	2007	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from customers and users	\$ 52,634,449	\$ 4,349,646	\$ 4,616,384	\$ 779,655	\$ 62,380,134	\$ 58,775,400	\$ -	\$ -
Receipts from interfund services provided	-	-	-	-	-	-	1,472,097	1,325,487
Customer deposits received	235,628	-	-	-	235,628	301,084	-	-
Customer deposits returned	(243,117)	-	-	-	(243,117)	(167,696)	-	-
Other operating receipts	46,881	25,402	60	481	72,824	64,626	240	-
Payments to suppliers for goods and services	(40,503,570)	(836,935)	(3,511,164)	(152,295)	(45,003,964)	(42,592,840)	(972,951)	(788,439)
Payments to employees for services	(1,867,181)	(1,708,429)	-	(412,773)	(3,988,383)	(3,635,285)	(454,887)	(450,545)
Payments for interfund services used	(148,185)	(111,763)	(13,741)	(11,734)	(285,423)	(232,093)	-	-
Net cash provided by operating activities	<u>10,154,905</u>	<u>1,717,921</u>	<u>1,091,539</u>	<u>203,334</u>	<u>13,167,699</u>	<u>12,513,196</u>	<u>44,499</u>	<u>86,503</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Interest paid	(14,035)	-	-	-	(14,035)	(10,099)	-	-
Interfund loans	(220,000)	-	-	-	(220,000)	(740,000)	-	-
Repayments of interfund loans	740,000	-	-	-	740,000	(157)	-	-
Transfers in	-	3,406,746	-	-	3,406,746	3,955,232	-	-
Transfers out	(10,911,320)	(53,072)	(600,000)	(319,003)	(11,883,395)	(10,978,146)	(71,000)	(125)
Net cash provided (used) by noncapital financing activities	<u>(10,405,355)</u>	<u>3,353,674</u>	<u>(600,000)</u>	<u>(319,003)</u>	<u>(7,970,684)</u>	<u>(7,773,170)</u>	<u>(71,000)</u>	<u>(125)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Purchases of capital assets	(2,914,591)	(753,584)	(52,767)	(17,297)	(3,738,239)	(1,478,825)	(62,184)	-
Capital grants received	-	125,765	-	-	125,765	86,742	-	-
Litigation settlement on capital project	-	(3,600,000)	-	-	(3,600,000)	-	-	-
Principal paid on capital debt	-	(765,000)	-	-	(765,000)	(749,356)	-	-
Interest paid on capital debt	-	(605,580)	-	-	(605,580)	(627,951)	-	-
Net cash provided (used) by capital and related financing activities	<u>(2,914,591)</u>	<u>(5,598,399)</u>	<u>(52,767)</u>	<u>(17,297)</u>	<u>(8,583,054)</u>	<u>(2,769,390)</u>	<u>(62,184)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Proceeds from sale of investments	3,885,000	491,554	-	-	4,376,554	2,205,439	34,022	-
Purchase of investments	(1,284,206)	-	-	(300,000)	(1,584,206)	(2,350,000)	-	-
Interest received	234,952	28,712	63,813	17,158	344,635	390,035	-	-
Net cash provided (used) by investing activities	<u>2,835,746</u>	<u>520,266</u>	<u>63,813</u>	<u>(282,842)</u>	<u>3,136,983</u>	<u>245,474</u>	<u>34,022</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(329,295)	(6,538)	502,585	(415,808)	(249,056)	2,216,110	(54,663)	86,378
Cash and cash equivalents - January 1	<u>2,202,815</u>	<u>27,172</u>	<u>444,972</u>	<u>473,589</u>	<u>3,148,548</u>	<u>932,438</u>	<u>242,262</u>	<u>155,884</u>
Cash and cash equivalents - December 31	<u>\$ 1,873,520</u>	<u>\$ 20,634</u>	<u>\$ 947,557</u>	<u>\$ 57,781</u>	<u>\$ 2,899,492</u>	<u>\$ 3,148,548</u>	<u>\$ 187,599</u>	<u>\$ 242,262</u>

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

CITY OF NEWARK  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
(with Comparative Data for the Year Ended December 31, 2007)

	Business-Type Activities Enterprise Funds				Totals		Governmental Activities Internal Service Fund	
	Electric	Water	Sewer	Parking	2008	2007	2008	2007
<b>Reconciliation of operating income to net cash provided by operating activities</b>								
Operating income	\$ 10,026,867	\$ 710,285	\$ 618,782	\$ 119,399	\$ 11,475,333	\$ 11,766,787	\$ 761	\$ -
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation expense	701,337	1,002,463	201,843	107,150	2,012,793	1,968,497	59,371	62,099
Effect of changes in operating assets and liabilities:								
Accounts receivables, net	(689,024)	64,206	82,485	(27,739)	(570,072)	(1,189,301)	(500)	-
Due from other funds	-	-	-	-	-	-	-	-
Allowance for uncollectible accounts	14,198	-	-	-	14,198	(44,292)	-	-
Inventory	(49,746)	(3,803)	75	-	(53,474)	(193,093)	12,692	(14,447)
Prepaid expenses	19,933	10,398	8,829	251	39,411	13,287	570	3,903
Customer deposits	(7,489)	-	-	-	(7,489)	133,388	-	-
Accounts payable	130,232	(72,438)	2,820	(2,213)	58,401	80,149	(26,904)	32,785
Compensated absences	8,597	6,729	-	6,486	21,812	(6,123)	(1,491)	2,163
Due to other funds	-	-	-	-	-	-	-	-
Due to other governments	-	-	176,705	-	176,705	(16,173)	-	-
Deferred revenue	-	81	-	-	81	70	-	-
Total adjustments	128,038	1,007,636	472,757	83,935	1,692,366	746,409	43,738	86,503
Net cash provided by operating activities	<u>\$ 10,154,905</u>	<u>\$ 1,717,921</u>	<u>\$ 1,091,539</u>	<u>\$ 203,334</u>	<u>\$ 13,167,699</u>	<u>\$ 12,513,196</u>	<u>\$ 44,499</u>	<u>\$ 86,503</u>
<b>Noncash investing, capital, and financing activities:</b>								
Increase in fair value of investments	35,748	-	9,678	3,273	48,699	80,175	-	-
Capitalization of accrued retainage	60,031	-	-	-	60,031	-	-	-
Amortization of bond premium	-	6,474	-	-	6,474	6,474	-	-

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

**CITY OF NEWARK  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2008**

	<b>Pension and Other Benefits and Insurance Trust Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 40,763
Investments	30,222,305
Net Pension Asset	297,250
Contributions receivable	71,885
Total Assets	\$ 30,632,203
<b>LIABILITIES</b>	
Accounts payable	\$ 4,919
Net OPEB Liability	454,909
Total Liabilities	459,828
<b>NET ASSETS</b>	
Assets held in trust for employee post employment benefits	30,172,375
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 30,632,203</b>

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

**CITY OF NEWARK  
STATEMENT OF CHANGES IN NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u><b>Pension and Insurance Trust Funds</b></u>
<b>ADDITIONS</b>	
Contributions:	
Employer contributions	\$ 1,723,763
State aid - police	288,608
Employee	488,609
Transfer In	364,669
Total contributions	<u>2,865,649</u>
Investments:	
Investment earnings	27,481
Net increase (decrease) in fair value of investments	<u>(11,246,799)</u>
Total investment earnings (deficit)	<u>(11,219,318)</u>
Total additions	<u>(8,353,669)</u>
<b>DEDUCTIONS</b>	
Benefits	3,068,105
Claims	186,723
Administrative expenses	306,850
Transfer Out	175,084
Total Deductions	<u>3,736,762</u>
Change in Net Assets	(12,090,431)
Net Assets - January 1	<u>42,262,806</u>
Net Assets - December 31	<u><u>\$ 30,172,375</u></u>

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

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Newark complies with generally accepted accounting principles (GAAP) including all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note. The City has implemented all applicable GASB financial reporting requirements through GASB Statement No. 49.

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. In addition, the City is not aware of any entity which would exercise such oversight and result in the City being considered a component unit of the entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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.

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Measurement Focus, Basis Of Accounting, And Financial Statement Presentation

The entity-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund statements. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items (nonexchange transactions) are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. Agency funds report only assets and liabilities as they do not have a measurement focus, but do use the accrual basis of accounting.

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 assets acquisitions are reported as expenditures in governmental funds. Long-term debt issues and acquisitions under capital leases are reported as other financing sources.

The City reports the following major governmental funds:

**General Fund** – This fund is used to account for the general operating activities of the City. General government, public safety, public works, parks and recreation, and judiciary offices are financed through this fund with receipts from general property taxes, licenses and permits, investment interest, fines, charges for current services, intergovernmental and other revenue.

**Capital Projects Fund** – This fund is used to account for the design, construction and improvement of City buildings, land improvements, and the purchase and replacement of vehicles, machinery and equipment.

The City reports the following major proprietary funds:

**Electric Fund** – Used to account for the operation of an electric distribution system.

**Water Fund** – Used to account for the operation of a water supply system.

**Sewer Fund** – Used to account for the operation of a sewage collection system.

**Parking Fund** – Used to account for the operation of a municipal parking lot system.

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

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

The City reports the following non-major governmental funds:

**Debt Service Fund** – Used to account for principal and interest payments made for the City's General Obligation Bonds series 2002 and 2004.

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

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

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

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

**Bond Fund No. 4** – Used to account for capital expenditures funded by proceeds from this bond issue. Capital expenditures funded include Water, Sewer, Street, Parks, and Refuse projects.

**Bond Fund No. 6** - Used to account for capital expenditures funded by proceeds from this bond issue. Capital expenditures funded include Water and Electric projects.

The City reports the following fiduciary fund types:

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

**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.

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

**OPEB Trust Fund** – This fund was established toward the end of 2008 for the purpose of funding, accounting, and reporting postemployment benefits other than pension.

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

All governmental and business-type activities and enterprise funds of the City follow Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

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

The City also has the option to follow subsequent private-sector guidance for its business-type activities and enterprise funds with certain limitations, but has elected not to do so.

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, 2008 for the City's governmental activities include property taxes receivables, home buyer's assistance program receivables, grants receivables, permits and licenses receivables, liens receivables, interest receivables, and other miscellaneous receivables.

Delinquent taxes are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided.

Allowance For Doubtful Accounts

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 .1 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 .2 percent of annual revenues, excluding adjustments, penalties and miscellaneous revenues. This amount approximates the City's actual loss experience.

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

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

As of December 31, 2008, the allowance for doubtful accounts amounted to \$187,864 in the Electric Fund, \$21,740 in the Water Fund, and \$26,849 in the Sewer Fund.

Inventories And Prepaid Items

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

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 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.

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 assets. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums, discounts and bond issuance costs during the current financial period. The face amount of debt issued is reported as other financing sources. Premiums received on debt

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

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

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.

Net Assets And Fund Equity

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

In the governmental fund financial statements, reservations of fund balances represent amounts that are legally restricted by outside parties for use for a specific purpose or are otherwise not available for appropriation. Designations of fund balances represent tentative management plans that are subject to change.

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. Delinquent taxes are considered fully collectible and, therefore, no allowance for uncollectible taxes is provided. The property tax rate for 2008 was 53.3 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, Special Parks Revenue Funds, and the Debt Service Fund. The City Council also adopts legal project length budgets for its Capital Projects Funds, Community Development Block Grant Fund, and the Law Enforcement Fund. Project periods for these funds may differ from the City's fiscal year, comparisons of budgetary information for these funds are presented in the accompanying financial statements.

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

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

- c. The City Manager is authorized to transfer budget amounts between departments within any fund; however, any revisions that alter the total appropriations of any fund must be approved by the City Council. Therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis. Budget appropriations lapse at year-end.
- d. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Expenditures Over Appropriations

For the year ended December 31, 2008, expenditures exceeded appropriations in the General Government department of the General Fund by 221,670, in the Public Safety department of the General Fund by \$304,513, and in the Culture and Recreation department of the General Fund by \$21,998. These over expenditures were funded by greater than anticipated revenues in the general fund.

NOTE 2 RECLASSIFICATIONS

Certain amounts in the 2007 summarized financial statements have been reclassified to conform to the presentation in the 2008 financial statements. These reclassifications had no impact on net assets, activities, or cash flows.

NOTE 3 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, 2008, the carrying amount of the City's cash accounts and cash on hand was \$5,269,889. The bank balances were \$5,023,811. Of the bank balances, \$500,000 was covered by Federal Depository Insurance. The remaining balance of \$4,523,811 was secured by collateral consisting of uninsured and unregistered investments held by the pledging financial institution but not in the City's name.

The above does not include pension fund deposits reflected in Note 9.

Investments

The City's investments are reported at fair value. The City is authorized to invest in United States Government Securities; Federal Agency Securities; Certificates of Deposits, Time Deposits, and Bankers Acceptances; Corporate Debt Instruments; Repurchase Agreements; Money Market Mutual Funds; the pooled investment fund known as the Delaware Local Government Investment Pool (DELGIP) as 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.

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (cont'd)

As of December 31, 2008, the City had the following investments (investments in certificates of deposits are insured, registered, or held by the City or its agent in the City's name):

<u>Investment Type</u>	<u>Fair Value</u>	<u>INVESTMENT MATURITIES (in years)</u>			
		<u>Less Than One Year</u>	<u>One to Five Years</u>	<u>Six to Ten Years</u>	<u>More Than Ten Years</u>
Certificates of Deposit	\$8,187,231	\$155,843	\$7,098,605	\$849,576	\$83,207

The above does not include insurance fund investments reported in the Combining Statement of Fiduciary Net Assets.

Credit Risk

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

Interest Rate Risk

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

The City's investment policy regarding maximum maturity of investments requires the maintenance of adequate liquidity to meet cash flow needs of the City. The portfolio is structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. The portfolio is invested in permitted investments with a stated maturity of no more than five 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, the City determines a duration target for the portfolio, not to exceed three years.

Custodial Credit Risk

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

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

All securities in the City investment portfolio are held in the name of the City and are free and clear of any lien.

Appropriate City officials and representatives of the depository responsible for, or in any manner involved with, the safekeeping and custody process of the City are 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 (investments acquired from a single issuer.)

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS (cont'd)

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	100% maximum
Each Federal Agency	25% maximum
Time Deposits fully insured by FDIC/FSLIC	10% maximum
Each Repurchase Agreement Counterparty	25% maximum
Money Market Mutual Fund	25% maximum
DELGIP	25% maximum

As of December 31, 2008, there were no investments with a fair value in excess of 5% of the City's portfolio invested in any single issuer.

NOTE 4 CAPITAL ASSETS

The capital asset activity for the year ended December 31, 2008 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Land	\$4,989,380	-	-	\$4,989,380
Total capital assets not being depreciated	4,989,380	-	-	4,989,380
Capital assets being depreciated				
Buildings	9,541,731	281,569	-	9,823,300
Improvements	13,273,889	1,491,879	-	14,765,768
Machinery and Equipment	9,928,041	675,726	(552,861)	10,050,906
Total capital assets being depreciated	32,743,661	2,449,174	(552,861)	34,639,974
Less Accumulated Depreciation for:				
Buildings	3,808,300	257,245	-	4,065,545
Improvements	4,360,507	419,029	-	4,779,536
Machinery and Equipment	7,015,034	783,904	(536,238)	7,262,700
Total Accumulated Depreciation	15,183,841	1,460,178	(536,238)	16,107,781
Total capital assets being depreciated, net	17,559,820	988,996	(16,623)	18,532,193
Governmental Activities Capital Assets, Net	\$22,549,200	\$988,996	(\$16,623)	\$23,521,573

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 CAPITAL ASSETS (cont'd)

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business Type Activities</u>				
Capital assets not being depreciated:				
Land	\$8,788,127	-	-	\$8,788,127
Construction in progress	-	104,105	-	104,105
Total capital assets not being depreciated	8,788,127	104,105	-	8,892,232
Capital assets being depreciated				
Buildings	17,481,326	3,070,032	-	20,551,358
Improvements	49,642,544	386,817	-	50,029,361
Machinery and Equipment	2,179,281	237,316	(33,425)	2,383,172
Total capital assets being depreciated	69,303,151	3,694,165	(33,425)	72,963,891
Less Accumulated Depreciation for:				
Buildings	10,574,779	664,184	-	11,238,963
Improvements	17,104,247	1,135,223	-	18,239,470
Machinery and Equipment	1,473,917	213,386	(33,425)	1,653,878
Total Accumulated Depreciation	29,152,943	2,012,793	(33,425)	31,132,311
Total capital assets being depreciated, net	40,150,208	1,681,372	-	41,831,580
Business-Type Activities Capital Assets, Net	\$48,938,335	\$1,681,372	\$0	\$50,723,812

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4      CAPITAL ASSETS (cont'd)

Depreciation expense was charged to the functions as follows:

General Government	\$342,582
Public Safety	241,504
Public Works	666,158
Culture and Recreation	150,563
Capital assets held by the government's internal service funds are charged to the various functions based on their usage	59,371
Total Depreciation Expense - Governmental Activities	\$1,460,178

Business-type Activities:

Electric	\$701,337
Water	1,002,463
Sewer	201,843
Parking	107,150
Total Depreciation Expense - Business-type Activities	\$2,012,793

NOTE 5      LONG-TERM DEBT

General Obligation Bonds

General obligation bonds have been issued for both governmental and business-type activities. All bonds outstanding on December 31, 2008 are general obligation debt supported by the full faith and credit of the City.

The 2000 Series General Obligation Bonds were issued to partially reimburse funds advanced for the acquisition of a reservoir site and adjacent open space and to pay the costs of issuing the bonds. The bonds mature September 1, 2003 through September 1, 2020 and bear interest rates that vary from 4.6 percent to 5.1 percent, payable March 1 and September 1. Property tax revenues will be used to pay the principal and interest due on the bonds. The balance outstanding as of December 31, 2008 was \$1,915,000.

The 2002 Series General Obligation Bonds were issued to provide funds for the construction of a water reservoir and South Wellfield water treatment plant and to pay the costs of issuing the bonds. The bonds mature September 15, 2003 through September 15, 2022 and bear interest at rates that vary from 2.0% to 4.5%, payable March 15 and September 15. Water service fees will be used to pay the principal and interest due on the bonds. The balance outstanding as of December 31, 2008 was \$14,290,000.

The 2004 Series A General Obligation Bonds were issued to provide funds necessary for the current refunding of the City's General Obligation Bonds, Series of 1993. The bonds mature January 15, 2005 through January 15, 2010 and bear interest at a rate of 2.41percent, payable January 15 and July 15. Property tax revenues will be used to pay the principal and interest due on the bonds. The balance outstanding as of December 31, 2008 was \$490,000.

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Amount</u>
Governmental activities	\$ 2,405,000
Business-type activities	14,290,000
	\$16,695,000

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 LONG-TERM DEBT (cont'd)

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

<u>Year Ending December 31</u>	<u>Governmental Activities</u>		<u>Business Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$450,000	\$101,263	\$790,000	\$582,630
2010	285,000	89,718	815,000	558,930
2011	130,000	81,915	840,000	526,330
2012	140,000	75,805	870,000	492,730
2013	145,000	69,155	900,000	457,930
2014-2018	850,000	231,865	5,070,000	1,721,050
2019-2022	405,000	30,750	5,005,000	564,700
	<u>\$2,405,000</u>	<u>\$680,471</u>	<u>\$14,290,000</u>	<u>\$4,904,300</u>

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 CHANGES IN LONG-TERM LIABILITIES

Long term liability activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
Bonds Payable	\$2,885,000	\$ -	\$ (480,000)	\$2,405,000	\$420,000
Compensated absences	541,663	1,798,755	(1,733,724)	606,694	60,669
Long-Term Liabilities	<u>\$3,426,663</u>	<u>\$1,798,755</u>	<u>\$ (2,213,724)</u>	<u>\$3,011,694</u>	<u>\$ 480,669</u>
<u>Business Type Activities:</u>					
Bonds Payable	\$15,055,000	\$ -	\$ (765,000)	\$14,290,000	\$ 790,000
Plus: deferred amounts - bond premium	97,117	-	(6,474)	90,643	6,474
Total bonds payable	<u>\$15,152,117</u>	<u>\$ -</u>	<u>\$ (771,474)</u>	<u>\$14,380,643</u>	<u>\$ 796,474</u>
Compensated absences	60,507	261,373	(239,561)	82,319	8,232
Long-Term Liabilities	<u>\$15,212,624</u>	<u>\$ 261,373</u>	<u>\$ (1,011,035)</u>	<u>\$14,462,962</u>	<u>\$ 804,706</u>

The compensated absences liability attributable to governmental activities will be paid by the governmental and internal service funds. In the past, approximately 76% 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, 2008, \$12,707 of internal service funds compensated absences is included in the above amounts.

NOTE 7 INTERFUND TRANSFERS

The composition of interfund transfers as of the year ended December 31, 2008 were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$10,311,320	\$3,051,938
Capital Projects Fund	1,300,156	515,936
Nonmajor Governmental Funds	1,695,044	1,380,582
Electric Fund	-	10,911,320
Water Fund	3,406,746	53,072
Sewer Fund	-	600,000
Parking Fund	-	319,003
Internal Service fund	-	71,000
Self Insurance Fund	189,585	-
Total Transfers	<u>\$16,902,851</u>	<u>\$16,902,851</u>

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 INTERFUND TRANSFERS (cont'd)

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.

NOTE 8 FUND BALANCE

Amounts are reserved for the following purposes:

Inventory	\$31,895
Prepaid Items	12,995
Debt Service	46,619
Law Enforcement Fund	137,886
Capital Projects	4,647,032
Parks and Recreation	160,132
	<hr/>
	\$5,036,559
	<hr/>

NOTE 9 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 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. Each year, on January 1, Mercer Human Resources Consulting, prepares a complete Pension Plan Actuarial Valuation Report that is available for review in the Finance Department. On a monthly basis, Frank Russell Trust Company 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 full-time municipal employees are eligible to enroll in the plan immediately upon hire. Prior service as a part-time or temporary employee is not considered.

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

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

Non-Police and Special Police employees are entitled to a benefit at 2.1 percent of their final average compensation comprised of base pay plus longevity times years of credited service. For Exempt and Special Police employees, final average compensation equals the average of the employee's 60 highest paid consecutive months of City employment.

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 PENSIONS (cont'd)

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 50<sup>th</sup> 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 1 compensation, reduced by any benefits paid under any workmen's compensation law, the City's long-term disability issuance program and 50 percent of actual Social Security Act disability benefits.

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

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 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 2008 was 2.5 percent of current base and longevity pay earned throughout the year.

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

The Police employee contribution rate is equal to the City's contribution rate to the police fund for the prior year; but 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 percent. The Police employee contribution rate was 6.97 percent in 2008.

Annual Pension Cost

The City is required to make annual contributions based on actuarially computed percentage of covered wages in amounts sufficient to cover normal costs of benefits and amortize the prior service liabilities over a period of 30 years as a level percent of pay. The annual required contribution for the current year was determined as part of the January 1, 2008 actuarial valuation using the entry age cost method as defined in Section B of GASB Statement No. 27. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the fair value of investments over a three-year period.

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 PENSIONS (cont'd)

The unfunded actuarial accrued liabilities are funded over an open 30-year period from the valuation date at the rate of 7.5 percent per year.

Annual required contribution	\$1,605,989
Interest on net pension obligation	(14,602)
Adjustment to annual required contribution	<u>16,485</u>
Annual pension cost	<u>\$1,607,872</u>
Contributions made	\$1,710,432
Increase (Decrease) in net pension obligation	(102,560)
Net pension asset, beginning of year	<u>(194,690)</u>
Net pension asset, end of year	<u>(\$297,250)</u>

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

<b>Calendar Year Ending December 31</b>	<b>Annual Pension Cost</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Asset</b>
2006	\$1,421,636	106%	(\$114,531)
2007	1,560,275	105%	(194,690)
2008	1,607,872	106%	(297,250)

During the year ended December 31, 2008, the plan experienced a 1.50 percent decrease in its unfunded actuarial liability. The unfunded actuarial accrued liability decreased \$373,808 for Police, increased \$219,683 for Non-Police and decreased \$154,125 for the Plan as a whole. City costs increased 3 percent.

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% of final average earnings). Significant actuarial assumptions used in determining the net pension benefit obligation include: (a) rate of return on the investment present and future assets of 7.5 percent per year compounded annually, (b) projected salary increases of 4.5 percent per year, (c) a 2.5 percent employee contribution rate for non-police and a rolling three year average of the prior three years actual contribution rates for police, and (d) the assumption that benefits will not increase after retirement. Assumptions for inflation are implicit in assumptions for the investment rate of return, salary increases, and employee contributions. The City's annual employer pension cost for the fiscal year ended December 31, 2008 was \$1,605,989. The contributions for the year by various City funds totaled \$1,710,432 including \$288,608 of funds provided by the State of Delaware. The State aid for police pension is recorded through the general fund escrow account.

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 PENSIONS (cont'd)

Plan Membership

As of January 1, 2008, the most recent actuarial valuation, employee membership consisted of:

<u>Police and Nonpolice Participants</u>	<u>Police</u>	<u>Non Police</u>	<u>Total</u>
Active Employees	65	160	225
Retired and disabled members receiving benefits	52	82	134
Deferred vested participants	1	10	11
Total	<u>118</u>	<u>252</u>	<u>370</u>

The City's total payroll for all employees covered by Plan for the current year was \$12,053,590. Participation in the Plan is voluntary and virtually all eligible employees have chosen to participate.

Plan Assets

In accordance with GASB No. 25, 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. In 2001, the City hired the Frank Russell Trust Company to manage the investment of pension plan assets. The Russell Company 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.

During 2008, financial markets as a whole have incurred significant declines in values. It is the intent of the City to hold all investments to maturity. However, because the values of individual investments fluctuate with market conditions, the amount of losses that the City will recognize in its future financial statements, if any, cannot be determined.

Total assets and net assets available for benefits as of December 31, 2008 consisted of the following:

Fixed income mutual funds	\$8,159,565
Large cap equity mutual funds	4,994,974
All international markets mutual funds	5,775,986
Small cap equity mutual funds	1,487,541
Equity I mutual funds	4,935,621
Real estate equity funds	2,642,920
Global real estate equity funds	550,729
Government securities funds	433,284
	<u>\$28,980,620</u>

Administrative Costs

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

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 PENSIONS (cont'd)

Concentration of Plan Assets

As of December 31, 2008 there were no individual investments, other than those backed by the U.S. Government, which constituted five percent or more of the plan's net assets.

Required Supplementary Information – Municipal General Employees Pension Plan

Schedule of Funding Progress

Actuarial Valuation Date	Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability	Funded Ratio	Payroll	Unfunded AAL as a Percentage of Payroll
January 1, 2003	\$28,809,165	\$36,418,298	\$7,609,133	79.11%	\$9,537,252	79.78%
January 1, 2004	\$30,089,369	\$39,352,244	\$9,262,875	76.46%	\$10,323,409	89.73%
January 1, 2005	\$32,017,782	\$41,509,811	\$9,492,029	77.13%	\$10,720,609	88.54%
January 1, 2006	\$35,354,039	\$44,226,692	\$8,872,653	79.94%	\$10,892,965	81.45%
January 1, 2007	\$38,008,260	\$48,564,433	\$10,556,173	78.26%	\$11,478,460	91.97%
January 1, 2008	\$40,730,848	\$51,132,896	\$10,402,048	79.66%	\$12,053,590	86.30%

Schedule of Contributions from Employer and Other Contributing Entities

Valuation Date	Annual Required Contribution	Actual Contribution	Percentage Contributed
January 1, 2003	\$1,225,756	\$1,175,659	95.91%
January 1, 2004	\$1,438,278	\$1,315,935	91.49%
January 1, 2005	\$1,453,304	\$1,542,735	106.15%
January 1, 2006	\$1,420,363	\$1,502,867	105.81%
January 1, 2007	\$1,559,167	\$1,640,433	105.21%
January 1, 2008	\$1,605,989	\$1,710,432	106.50%

NOTE 10 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. On June 23, 2008, City Council approved a \$10.6 million settlement for the litigation regarding the construction of a reservoir. Of this amount, \$3.6 million is above the insurance limit of \$7 million and was paid by the City directly. There have been no other losses above the insurance limits during the last four years.

The City is self-insured for worker's compensation; however, medical costs related to on-the-job injuries are covered by the City's health insurance provider. 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. There were no outstanding workers compensation claims at December 31, 2008.

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 RISK MANAGEMENT (cont'd)

Fiscal Year	Aggregate Liability for Claims 1/1/08	Current Year Claims	Actual Claims Payments	Aggregate Liability for Claims 12/31/08
2008		\$186,723	\$186,723	-
2007	-	222,906	222,906	-
2006	-	211,571	211,571	-
2005	-	139,227	139,227	-

NOTE 11 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.

The IRC Section 457 was amended by adding subsection (g), which required the City to amend its Deferred Compensation Plan (DCP) Trust Agreement. In December 1996, the City amended its DCP and amended its existing DCP Trust Agreement to comply with changes in the IRC.

The amended DCP provides that all assets and income of the DCP are held in the DCP Trust for the exclusive benefit of participants and their beneficiaries. Therefore, these assets will no longer be the sole property of the City and will not be subject to the claims of the City's general creditors. In addition, as a result of this change, the assets have been eliminated from the City's balance sheet as of January 1, 1999. All costs and expenses of administering the plan are borne by the participants.

NOTE 12 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. Currently, thirty-four retirees meet the eligibility requirements and are receiving benefits. For the year ended December 31, 2008, the current premium cost of those benefits was \$175,085.

Funding Policy

The trust is funded through contributions made by the City as an employer, earnings from investments, and reimbursements from retirees and spouse. The City's cost of providing retiree medical coverage and life insurance is paid out of the OPEB Fund. In 2008, the City contributed \$300,000 to prefund benefits and transferred \$175,085 from the Insurance Fund to pay current premiums for post employment benefits.

Annual OPEB Cost and Net Pension 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 thirty years.

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 OTHER POST EMPLOYMENT BENEFITS (cont'd)

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

Annual required contribution	\$930,000
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	930,000
Contributions made	475,084
Increase in net OPEB obligation	454,916
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	\$454,916

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008, the first year of the plan, were as follows:

Calendar Year Ended	Annual OPEB cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2008	\$930,000	51.1%	\$454,916

Funded Status

As of January 1, 2007, the first and most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$11.74 million, the actuarial value of assets was \$0, and the unfunded actuarial accrued liability was \$11.74 million. The covered payroll (annual payroll of active employees covered by the plan) was \$11.63 million, and the ratio of UAAL to the covered payroll was (UAAL) 100.9% percent.

Actuarial Valuation Date	Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability	Funded Ratio	Payroll	Unfunded AAL as a Percentage of Payroll
1/1/2007	\$0	\$11,740,000	\$11,740,000	0.0%	\$11,634,740	100.9%

Actuarial Methods & Assumptions

The 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. Expected medical costs were based on actual City of Newark insured premium amounts and plan enrollment, standard actuarial factors to translate premiums into expected claims by age, and health care trend/inflation beginning at ten percent, grading down to five percent over ten years. Actuarial cost methods allocate the present value of benefits to past and future periods of service. The entry age normal method was used for this valuation. Entry age normal method accrues liability in level dollar amounts over

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12 OTHER POST EMPLOYMENT BENEFITS (cont'd)

the career of the participant. The actuarial investment return used was the five year phase-in to fully funded annual required contribution (ARC) with an effective 6.9 percent rate of return over thirty years. The unfunded actuarial liability is being amortized as a level percentage of projected payroll over thirty years on an open basis. For this purpose, payroll is assumed to grow by 3.5 percent per year.

NOTE 13 POLLUTION REMEDIATION

In 2008, the City hired an environmental engineering firm to perform a remedial investigation of its old Cleveland Avenue Landfill site. This site was operated by the City from the year 1914 to the early 1960's. An investigation of the site was conducted for the City at the request of the Delaware Department of Natural Resources and Environmental Control (DNREC) in order to characterize the site and its actual or potential risk to public health, welfare, or the environment, and provide data for development of remedial alternatives, if necessary, to reduce or eliminate hazards. The site is currently owned by the City and operated as McKees Park. At this time, the City is not sure if it will keep the property and maintain it as inactive open space, allowing it to revert back to nature, or seek to sell the property. It has not yet been determined if the City will have any future liabilities for this site.

In the fall of 2008, the State declared the City's Curtis Mill property a Brownfield site. A Brownfield is a property or land previously used as an industrial site where the potential presence of low concentrations of hazardous waste may hinder expansion or redevelopment. The site has the potential to be reused or redeveloped once it is cleaned up. By certifying a property as a Brownfield site, DNREC encourages the cleanup and redevelopment of vacant, abandoned, or underutilized properties which may be contaminated with hazardous substances. The City has since entered into a Brownfield Voluntary Cleanup Program agreement with the State. This agreement would provide funds for testing and, if needed, remediation. The Curtis Mill site was purchased by the City in 1999 and is currently vacant. Testing of the property for hazardous waste is underway and future use will be determined after completion of the testing. At this time, the City has not determined if it will have any future liabilities for this site.

NOTE 14 THE DELAWARE MUNICIPAL ELECTRIC CORPORATION, INC.

The City is a member of the Delaware Municipal Electric Corporation (DEMEC). DEMEC is a public corporation constituted as a Joint Action Agency and a wholesale electric utility. DEMEC was established in 1979 and represents nine municipal electric distribution utilities located in the State of Delaware and provides full requirements wholesale electric power supply service to seven 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.

The City entered into a separate power sales agreement effective May 1, 2001 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

CITY OF NEWARK, DELAWARE

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14 THE DELAWARE MUNICIPAL ELECTRIC CORPORATION, INC. (cont'd)

nominal 45 MW natural gas fired combustion turbine generator for the useful life of the facility.

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

NOTE 15 LITIGATION

The City was in litigation regarding the construction of a reservoir near the White Clay Creek. Construction began in June 2002 and was scheduled to be completed in December 2003. The general contractor hired to build the project stopped most work in September 2003 and refused to continue performance of major components of the work, arguing that the project could not be built as designed. After attempts to mediate the dispute, the contract was terminated by the City in early 2004. The contractor filed a civil suit against the City in the U.S. District Court for Delaware alleging breach of contract, defamation, and civil rights violations.

The trial phase of the civil suit initiated by the terminated contractor in 2004 concluded on October 6, 2006. A federal jury awarded the plaintiff \$25 million in civil rights damages for preclusion of the contractor's right to pursue post-termination business without due process and approximately \$11 million in contract damages. Subsequent to post-trial motions, the judge reduced the contract damages award to \$630,819. The City appealed in the Third U.S. Circuit Court of Appeals in Philadelphia, Pennsylvania. Subsequent to the filing of the appeal, the parties have agreed to enter into a nonbinding mediation to resolve the dispute. Such mediation occurred in May 2008. On June 23, 2008, City Council approved a \$10.6 million settlement for the litigation regarding the construction of a reservoir. Of this amount, \$3.6 million is above the insurance limit of \$7 million and was paid by the City directly.

There are two pending lawsuits in which the City is involved. The City attorney estimates that one of the claims will be defended well within the City's liability policy limits while the other claim is in the discovery stage. The issue of damages on these claims has not been passed upon. The possible liability, if any, is not currently determinable.

# Recreation



# REQUIRED SUPPLEMENTARY INFORMATION

**City of Newark  
Pension Funding Progress  
December 31, 2008**

The following required supplementary information is provided in accordance with GASB Statement No. 25. The plan has an actuarial valuation performed each year and the schedule below presents information for the past six plan years.

<b>Actuarial Valuation Date</b>	<b>Plan Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded Accrued Liability</b>	<b>Funded Ratio</b>	<b>Payroll</b>	<b>Unfunded AAL as a Percentage of Payroll</b>
January 1, 2003	\$28,809,165	\$36,418,298	\$7,609,133	79.11%	\$9,537,252	79.78%
January 1, 2004	\$30,089,369	\$39,352,244	\$9,262,875	76.46%	\$10,323,409	89.73%
January 1, 2005	\$32,017,782	\$41,509,811	\$9,492,029	77.13%	\$10,720,609	88.54%
January 1, 2006	\$35,354,039	\$44,226,692	\$8,872,653	79.94%	\$10,892,965	81.45%
January 1, 2007	\$38,008,260	\$48,564,433	\$10,556,173	78.26%	\$11,478,460	91.97%
January 1, 2008	\$40,730,848	\$51,132,896	\$10,402,048	79.66%	\$12,053,590	86.30%

**City of Newark  
Schedule of Employer Contributions  
December 31, 2008**

The following required supplementary information is presented in accordance with GASB Statement No. 25. The plan has an actuarial valuation performed each year and the schedule below presents information for the past six plan years.

<b>Valuation Date</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
January 1, 2003	\$1,225,756	\$1,175,659	95.91%
January 1, 2004	\$1,438,278	\$1,315,935	91.49%
January 1, 2005	\$1,453,304	\$1,542,735	106.15%
January 1, 2006	\$1,420,363	\$1,502,867	105.81%
January 1, 2007	\$1,559,167	\$1,640,433	105.21%
January 1, 2008	\$1,605,989	N/A	N/A

# Stormwater Management



# COMBINING FUND STATEMENTS

**CITY OF NEWARK  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2008  
(with Summarized Comparative Data for the Year Ended December 31, 2007)**

	Capital Projects			Special Revenue Funds				Totals	
	Debt Service	Bond Fund Project #4	Bond Fund Project #6	Street Fund	Community Development Fund	Law Enforcement	Parks and Recreation	2008	2007
<b>ASSETS</b>									
Cash and cash equivalents	\$ 46,619	\$ -	\$ 147,800	\$ 69,274	\$ 17,452	\$ 506,646	\$ 161,189	\$ 948,980	\$ 843,002
Investments	-	-	-	-	-	-	-	-	1,271,706
Accounts receivable	-	-	-	269,602	240,748	11,811	-	522,161	868,141
Due from other funds	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	31,895	-	-	-	31,895	24,935
Prepaid expenses	-	-	-	-	-	92	-	92	1,179
Total assets	\$ 46,619	\$ -	\$ 147,800	\$ 370,771	\$ 258,200	\$ 518,549	\$ 161,189	\$ 1,503,128	\$ 3,008,963
<b>LIABILITIES</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ 13,633	\$ 38,200	\$ 1,407	\$ 1,057	\$ 54,297	\$ 129,197
Deferred revenues	-	-	-	-	-	-	-	-	5,000
Due to other funds	-	-	-	-	220,000	-	-	220,000	740,000
Other liabilities	-	-	-	-	-	12,790	-	12,790	12,093
Total liabilities	-	-	-	13,633	258,200	14,197	1,057	287,087	886,290
<b>FUND BALANCES</b>									
Reserved for:									
Inventory	-	-	-	31,895	-	-	-	31,895	24,935
Prepaid Items	-	-	-	-	-	92	-	92	1,179
Capital projects	-	-	147,800	-	-	-	-	147,800	1,407,049
Debt service	46,619	-	-	-	-	-	-	46,619	46,618
Law enforcement	-	-	-	-	-	137,886	-	137,886	71,246
Parks and recreation	-	-	-	-	-	-	160,132	160,132	155,467
Unreserved	-	-	-	325,243	-	366,374	-	691,617	416,179
Total fund balances	46,619	-	147,800	357,138	-	504,352	160,132	1,216,041	2,122,673
Total liabilities and fund balances	\$ 46,619	\$ -	\$ 147,800	\$ 370,771	\$ 258,200	\$ 518,549	\$ 161,189	\$ 1,503,128	\$ 3,008,963

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

**CITY OF NEWARK**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**(with Summarized Comparative Data for the Year Ended December 31, 2007)**

	Capital Projects			Special Revenue Funds			Totals		
	Debt Service	Bond Fund	Bond Fund	Street Fund	Community	Law	Parks and	2008	2007
		Project #4	Project #6		Development				
<b>REVENUES</b>									
Interest, dividends and rents	\$ -	\$ 31,077	\$ 12,484	\$ -	\$ -	\$ (462)	\$ -	\$ 43,099	\$ 67,591
Intergovernmental revenues	-	-	-	562,612	397,592	203,086	34,299	1,197,589	1,642,944
Penalties and Fees	-	-	-	-	-	98,822	-	98,822	62,836
Charges for services	-	-	-	410	-	-	-	410	3,256
Total revenues	<u>-</u>	<u>31,077</u>	<u>12,484</u>	<u>563,022</u>	<u>397,592</u>	<u>301,446</u>	<u>34,299</u>	<u>1,339,920</u>	<u>1,776,627</u>
<b>EXPENDITURES</b>									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	269,443	-	269,443	245,592
Public Works	-	-	-	1,252,644	-	-	-	1,252,644	1,493,596
Community Development	-	-	-	-	391,652	-	-	391,652	308,268
Culture and recreation	-	-	-	-	-	-	29,634	29,634	18,574
Change in fair value of investments	-	-	-	-	-	-	-	-	-
Debt Service:									
Principal	480,000	-	-	-	-	-	-	480,000	490,000
Interest	115,043	-	-	-	-	-	-	115,043	129,003
Capital Outlay	-	-	-	-	5,940	16,658	-	22,598	240,568
Total expenditures	<u>595,043</u>	<u>-</u>	<u>-</u>	<u>1,252,644</u>	<u>397,592</u>	<u>286,101</u>	<u>29,634</u>	<u>2,561,014</u>	<u>2,925,601</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(595,043)</u>	<u>31,077</u>	<u>12,484</u>	<u>(689,622)</u>	<u>-</u>	<u>15,345</u>	<u>4,665</u>	<u>(1,221,094)</u>	<u>(1,148,974)</u>
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	595,044	-	-	1,100,000	-	-	-	1,695,044	919,003
Transfers out	-	(1,036,770)	(266,040)	(77,772)	-	-	-	(1,380,582)	(768,581)
Total other financing sources and (uses)	<u>595,044</u>	<u>(1,036,770)</u>	<u>(266,040)</u>	<u>1,022,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>314,462</u>	<u>150,422</u>
Net change in fund balances	1	(1,005,693)	(253,556)	332,606	-	15,345	4,665	(906,632)	(998,552)
Fund balances - January 1	46,618	1,005,693	401,356	24,532	-	489,007	155,467	2,122,673	3,121,225
Fund balances - December 31	<u>\$ 46,619</u>	<u>\$ -</u>	<u>\$ 147,800</u>	<u>\$ 357,138</u>	<u>\$ -</u>	<u>\$ 504,352</u>	<u>\$ 160,132</u>	<u>\$ 1,216,041</u>	<u>\$ 2,122,673</u>

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

**CITY OF NEWARK**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<b>EXPENDITURES</b>				
Debt service:				
Principal	480,000	480,000	480,000	-
Interest	115,042	115,042	115,043	(1)
Total debt service	595,042	595,042	595,043	(1)
Total expenditures	595,042	595,042	595,043	(1)
Deficiency of revenues under expenditures	(595,042)	(595,042)	(595,043)	(1)
<b>Other Financing Sources (Uses)</b>				
Transfers In	595,042	595,042	595,044	2
Transfers Out	-	-	-	-
Total other financing sources and uses	595,042	595,042	595,044	2
Net change in fund balances	-	-	1	1
Fund Balances - January 1	46,618	46,618	46,618	-
Fund Balances - December 31	\$ 46,618	\$ 46,618	\$ 46,619	\$ 1

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

**CITY OF NEWARK**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**STREET SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues	\$ 529,000	\$ 529,000	\$ 562,612	\$ 33,612
Interest, dividends and rents	300	300	-	(300)
Miscellaneous	-	-	410	410
<b>Total revenues</b>	<b>529,300</b>	<b>529,300</b>	<b>563,022</b>	<b>33,722</b>
<b>EXPENDITURES</b>				
Current:				
Public works:				
Highways and streets	1,274,000	1,274,000	1,252,644	21,356
<b>Total public works</b>	<b>1,274,000</b>	<b>1,274,000</b>	<b>1,252,644</b>	<b>21,356</b>
<b>Total expenditures</b>	<b>1,274,000</b>	<b>1,274,000</b>	<b>1,252,644</b>	<b>21,356</b>
Excess (deficiency) of revenues over (under) expenditures	(744,700)	(744,700)	(689,622)	55,078
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	1,100,000	1,100,000
Transfers Out	-	-	(77,772)	(77,772)
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>1,022,228</b>	<b>1,022,228</b>
<b>Net change in fund balances</b>	<b>(744,700)</b>	<b>(744,700)</b>	<b>332,606</b>	<b>1,077,306</b>
Fund Balances - January 1	24,532	24,532	24,532	-
Fund Balances - December 31	<u>\$ (720,168)</u>	<u>\$ (720,168)</u>	<u>\$ 357,138</u>	<u>\$ 1,077,306</u>

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

**CITY OF NEWARK**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues	\$ 469,610	\$ 469,610	\$ 397,592	\$ (72,018)
Total revenues	469,610	469,610	397,592	(72,018)
<b>EXPENDITURES</b>				
Current:				
Community development:				
Community Development & Subventions	409,610	409,610	391,652	17,958
Total Community Development	409,610	409,610	391,652	17,958
Capital Outlay	60,000	60,000	5,940	54,060
Total expenditures	469,610	469,610	397,592	72,018
Excess of revenues over expenditures	-	-	-	-
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	-	-	-
Fund Balances - January 1	-	-	-	-
Fund Balances - December 31	\$ -	\$ -	\$ -	\$ -

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

**CITY OF NEWARK**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**LAW ENFORCEMENT SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental revenues	\$ 76,940	\$ 76,940	\$ 301,446	\$ 224,506
Interest, dividends and rents	400	400	-	(400)
Total revenues	<u>77,340</u>	<u>77,340</u>	<u>301,446</u>	<u>224,106</u>
<b>EXPENDITURES</b>				
Current:				
Public safety:				
Police	90,210	90,210	269,443	(179,233)
Total public safety	<u>90,210</u>	<u>90,210</u>	<u>269,443</u>	<u>(179,233)</u>
Capital Outlay	-	-	16,658	(16,658)
Total expenditures	<u>90,210</u>	<u>90,210</u>	<u>286,101</u>	<u>(195,891)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,870)</u>	<u>(12,870)</u>	<u>15,345</u>	<u>28,215</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(12,870)	(12,870)	15,345	28,215
Fund Balances - January 1	<u>489,007</u>	<u>489,007</u>	<u>489,007</u>	<u>-</u>
Fund Balances - December 31	<u>\$ 476,137</u>	<u>\$ 476,137</u>	<u>\$ 504,352</u>	<u>\$ 28,215</u>

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

**CITY OF NEWARK**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**PARKS AND RECREATION SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Charges for services/fees	\$ 10,000	\$ 10,000	\$ 11,460	\$ 1,460
Community donations	17,500	17,500	22,839	5,339
Total revenues	<u>27,500</u>	<u>27,500</u>	<u>34,299</u>	<u>6,799</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation:				
Parks and recreation	8,150	8,150	11,251	(3,101)
Landscape beautification	20,140	20,140	18,383	1,757
Total culture and recreation	<u>28,290</u>	<u>28,290</u>	<u>29,634</u>	<u>(1,344)</u>
Total expenditures	<u>28,290</u>	<u>28,290</u>	<u>29,634</u>	<u>(1,344)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(790)</u>	<u>(790)</u>	<u>4,665</u>	<u>5,455</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(790)	(790)	4,665	5,455
Fund Balances - January 1	<u>155,467</u>	<u>155,467</u>	<u>155,467</u>	<u>-</u>
Fund Balances - December 31	<u>\$ 154,677</u>	<u>\$ 154,677</u>	<u>\$ 160,132</u>	<u>\$ 5,455</u>

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

**CITY OF NEWARK**  
**COMBINING STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2008**  
(with Summarized Comparative Data for the Year Ended December 31, 2007)

	<b>Insurance Fund</b>	<b>Employees Pension Trust Fund</b>	<b>Section 401(a) Retirement Fund</b>	<b>Other Post- Employment Benefits Fund</b>	<b>2008</b>	<b>2007</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 40,763	\$ -	\$ -	\$ -	\$ 40,763	\$ 26,868
Investments	934,837	28,980,620	6,841	300,007	30,222,305	42,103,720
Net Pension Asset	-	297,250	-	-	297,250	-
Contributions receivable	-	71,885	-	-	71,885	224,305
Total Assets	<u>\$ 975,600</u>	<u>\$ 29,349,755</u>	<u>\$ 6,841</u>	<u>\$ 300,007</u>	<u>\$ 30,632,203</u>	<u>\$ 42,354,893</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 4,919	\$ -	\$ -	\$ -	\$ 4,919	\$ 92,087
Net OPEB Liability	-	-	-	454,909	454,909	-
Total Liabilities	<u>4,919</u>	<u>-</u>	<u>-</u>	<u>454,909</u>	<u>459,828</u>	<u>92,087</u>
<b>NET ASSETS</b>						
Assets held in trust for employee post employment benefits	970,681	29,349,755	6,841	(154,902)	30,172,375	42,262,806
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 975,600</u>	<u>\$ 29,349,755</u>	<u>\$ 6,841</u>	<u>\$ 300,007</u>	<u>\$ 30,632,203</u>	<u>\$ 42,354,893</u>

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

**CITY OF NEWARK**  
**COMBINING STATEMENT OF CHANGES IN NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
(with Summarized Comparative Data for the Year Ended December 31, 2007)

	<b>Insurance Fund</b>	<b>Employees Pension Trust Fund</b>	<b>Section 401(a) Retirement Fund</b>	<b>Other Post- Employment Benefits Fund</b>	<b>2008</b>	<b>2007</b>
<b>ADDITIONS</b>						
Contributions:						
Employer contributions	\$ -	\$ 1,421,824	\$ 1,939	\$ 300,000	\$ 1,723,763	\$ 1,334,167
State aid - police	-	288,608	-	-	288,608	306,266
Employee contributions	-	483,994	4,615	-	488,609	385,723
Transfer In	189,585	-	-	175,084	364,669	238,291
Total contributions	<u>189,585</u>	<u>2,194,426</u>	<u>6,554</u>	<u>475,084</u>	<u>2,865,649</u>	<u>2,264,447</u>
Investments:						
Investment earnings	27,474	-	-	7	27,481	32,070
Net increase (decrease) in fair value of investments	5,634	(11,252,720)	287	-	(11,246,799)	3,115,413
Total investment earnings (deficit)	<u>33,108</u>	<u>(11,252,720)</u>	<u>287</u>	<u>7</u>	<u>(11,219,318)</u>	<u>3,147,483</u>
Total additions	<u>222,693</u>	<u>(9,058,294)</u>	<u>6,841</u>	<u>475,091</u>	<u>(8,353,669)</u>	<u>5,411,930</u>
<b>DEDUCTIONS</b>						
Benefits	-	2,438,112	-	629,993	3,068,105	2,553,489
Claims	186,723	-	-	-	186,723	222,906
Administrative expenses	4,189	302,661	-	-	306,850	359,383
Transfer Out	175,084	-	-	-	175,084	-
Total Deductions	<u>365,996</u>	<u>2,740,773</u>	<u>-</u>	<u>629,993</u>	<u>3,736,762</u>	<u>3,135,778</u>
Change in Net Assets	(143,303)	(11,799,067)	6,841	(154,902)	(12,090,431)	2,276,152
Net Assets - January 1	1,113,984	41,148,822	-	-	42,262,806	39,986,654
Net Assets - December 31	<u>\$ 970,681</u>	<u>\$ 29,349,755</u>	<u>\$ 6,841</u>	<u>\$ (154,902)</u>	<u>\$ 30,172,375</u>	<u>\$ 42,262,806</u>

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

# Utility & Other Special Services



# STATISTICAL SECTION

This part of the City of Newark, Delaware’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 government’s overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends	69
<i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	
Revenue Capacity	74
<i>These schedules contain information to help the reader assess the government’s most significant local revenue sources, the sale of electricity and the real estate tax.</i>	
Debt Capacity	82
<i>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	
Demographic and Economic Information	86
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	
Operating Information	88
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	

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 Assets by Component**  
**Last Six Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities						
Invested in capital assets, net of related debt	\$ 17,674,995	\$ 18,057,618	\$ 19,167,547	\$ 19,738,481	\$ 19,664,200	\$ 21,116,573
Restricted	-	4,998,277	-	-	-	-
Unrestricted	8,533,507	3,937,233	9,316,040	9,787,764	9,891,354	8,351,970
Total governmental activities net assets	<u>\$ 26,208,502</u>	<u>\$ 26,993,128</u>	<u>\$ 28,483,587</u>	<u>\$ 29,526,245</u>	<u>\$ 29,555,554</u>	<u>\$ 29,468,543</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 31,179,107	\$ 31,386,812	\$ 31,916,587	\$ 33,520,059	\$ 33,883,335	\$ 36,343,169
Restricted	-	-	-	-	-	-
Unrestricted	17,604,911	19,914,679	10,415,679	9,169,062	9,875,035	10,319,843
Total business-type activities net assets	<u>\$ 48,784,018</u>	<u>\$ 51,301,491</u>	<u>\$ 42,332,266</u>	<u>\$ 42,689,121</u>	<u>\$ 43,758,370</u>	<u>\$ 46,663,012</u>
Primary government						
Invested in capital assets, net of related debt	\$ 48,854,102	\$ 49,444,430	\$ 51,084,134	\$ 53,258,540	\$ 53,547,535	\$ 57,459,742
Restricted	-	4,998,277	-	-	-	-
Unrestricted	26,138,418	23,851,912	19,731,719	18,956,826	19,766,389	18,671,813
Total primary government net assets	<u>\$ 74,992,520</u>	<u>\$ 78,294,619</u>	<u>\$ 70,815,853</u>	<u>\$ 72,215,366</u>	<u>\$ 73,313,924</u>	<u>\$ 76,131,555</u>

Notes:

Sixth year of full-accrual basis accounting.  
Prior years statistics are not available.

**City of Newark, Delaware  
Changes in Net Assets  
Last Six Fiscal Years  
(accrual basis of accounting)**

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>Expenses</b>						
Governmental activities:						
General Government	\$ 4,146,875	\$ 4,405,092	\$ 4,895,612	\$ 4,897,378	\$ 5,291,456	\$ 5,893,962
Public Safety	7,455,881	7,778,963	8,380,903	8,727,705	9,255,012	10,078,299
Public Works	4,907,229	4,977,832	5,185,938	5,155,210	5,223,684	4,897,004
Community Development	339,837	520,893	349,775	643,663	308,268	391,652
Culture and Recreation	2,002,847	2,201,564	1,979,929	2,123,181	2,131,537	2,594,927
Interest Expense	235,911	209,969	154,763	140,879	126,851	112,984
Total governmental activities expenses	<u>19,088,580</u>	<u>20,094,313</u>	<u>20,946,920</u>	<u>21,688,016</u>	<u>22,336,808</u>	<u>23,968,828</u>
Business-type activities:						
Electric	25,670,132	24,223,237	36,021,168 <sup>1</sup>	40,127,409	40,222,278	43,343,324
Water	4,042,736	3,720,485	3,810,564	4,191,572	3,913,342	4,259,128
Sewer	3,203,422	3,144,327	3,402,353	3,987,793	4,214,297	3,915,177
Parking	408,780	499,075	508,099	538,188	588,443	690,479
Total business-type activities expenses	<u>33,325,070</u>	<u>31,587,124</u>	<u>43,742,184</u>	<u>48,844,962</u>	<u>48,938,360</u>	<u>52,208,108</u>
Total primary government expenses	<u>\$ 52,413,650</u>	<u>\$ 51,681,437</u>	<u>\$ 64,689,104</u>	<u>\$ 70,532,978</u>	<u>\$ 71,275,168</u>	<u>\$ 76,176,936</u>
<b>Program Revenues</b>						
Governmental activities:						
Charges for services:						
General Government	\$ 1,446,950	\$ 1,378,055	\$ 1,467,235	\$ 1,544,438	\$ 1,566,680	\$ 1,766,502
Public Safety	455,618	724,281	614,251	589,566	935,273	490,346
Public Works	307,444	346,604	345,565	214,556	193,430	203,222
Culture and Recreation	512,050	509,959	508,156	574,454	585,475	614,836
Operating Grants and Contributions	1,818,619	2,856,355	2,079,616	2,356,218	2,177,480	1,730,478
Capital Grants and Contributions	1,188,028	314,611	27,300	23,000	153,996	861,235
Total governmental activities program revenues	<u>5,728,709</u>	<u>6,129,865</u>	<u>5,042,123</u>	<u>5,302,232</u>	<u>5,612,334</u>	<u>5,666,619</u>
Business-type activities:						
Charges for services:						
Electric	31,312,949	31,749,114	34,773,723	47,556,558 <sup>2</sup>	49,511,071	53,356,156
Water	4,654,053	4,455,146	4,658,273	4,501,017	4,782,907	4,310,761
Sewer	4,212,858	4,207,934	3,293,750	5,266,222	5,022,231	4,533,959
Parking	493,387	578,383	648,538	754,160	757,340	807,875
Capital Grants and Contributions	-	58,231	585,189	118,094	86,742	125,765
Total business-type activities program revenues	<u>40,673,247</u>	<u>41,048,808</u>	<u>43,959,473</u>	<u>58,196,051</u>	<u>60,160,291</u>	<u>63,134,516</u>
Total primary government program revenues	<u>\$ 46,401,956</u>	<u>\$ 47,178,673</u>	<u>\$ 49,001,596</u>	<u>\$ 63,498,283</u>	<u>\$ 65,772,625</u>	<u>\$ 68,801,135</u>
<b>Net (expense)/revenue</b>						
Governmental activities	\$ (13,359,871)	\$ (13,964,448)	\$ (15,904,797)	\$ (16,385,784)	\$ (16,724,474)	\$ (18,302,209)
Business-type activities	7,348,177	9,461,684	217,289	9,351,089	11,221,931	10,926,408
Total primary government net expense	<u>\$ (6,011,694)</u>	<u>\$ (4,502,764)</u>	<u>\$ (15,687,508)</u>	<u>\$ (7,034,695)</u>	<u>\$ (5,502,543)</u>	<u>\$ (7,375,801)</u>

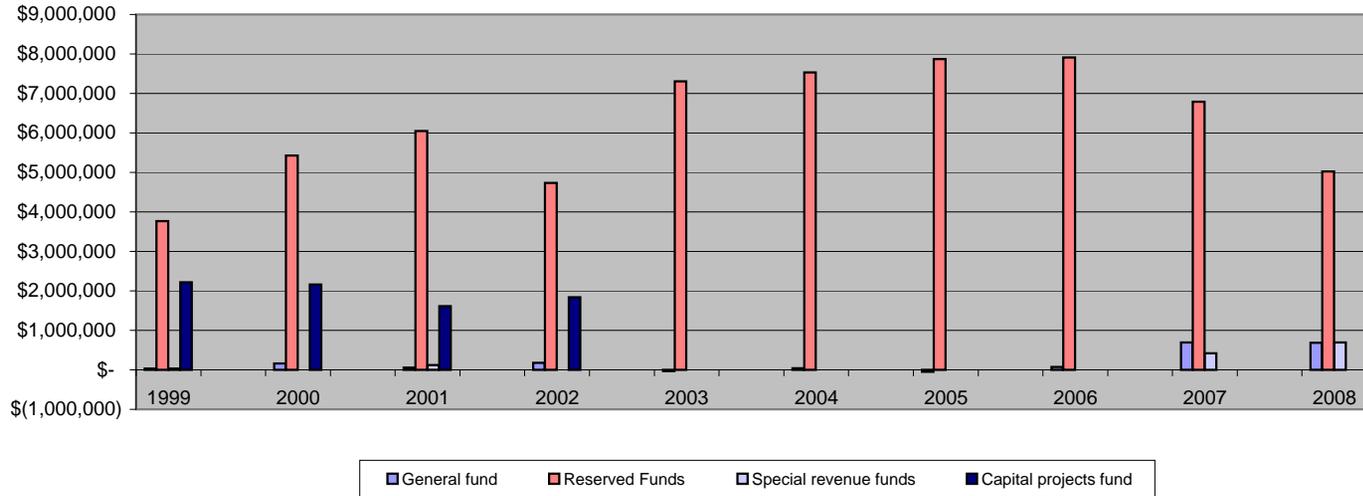
**City of Newark, Delaware**  
**Changes in Net Assets**  
**Last Six Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Taxes						
Real estate taxes	\$ 3,161,145	\$ 3,517,228	\$ 3,654,026	\$ 4,084,439	\$ 4,433,787	\$ 4,437,008
Real estate transfer taxes	1,328,656	1,810,110	2,291,841	1,842,126	2,962,355 <sup>3</sup>	2,764,929
Franchise fees	255,354	275,102	283,799	282,401	318,771	345,174
Fines and forfeits	1,239,830	1,329,392	1,646,455	1,620,792	1,775,150	1,927,392
Investment earnings	207,186	260,686	255,169	216,770	328,743	286,154
Increase (decrease) in fair value of investments	(246,695)	(39,786)	(220,807)	83,360	-	-
Miscellaneous	-	-	-	-	-	761
Proceeds from sale of capital assets	-	-	-	-	17,608	32,206
Gain (loss) on sale of capital assets	10,890	41,844	(4,424)	10,204	-	-
Transfers	9,551,606	7,554,498	9,489,197	9,288,350	6,917,369	8,421,574
<b>Total governmental activities</b>	<b>15,507,972</b>	<b>14,749,074</b>	<b>17,395,256</b>	<b>17,428,442</b>	<b>16,753,783</b>	<b>18,215,198</b>
Business-type activities:						
Investment earnings	740,125	660,998	620,250	236,845	278,038	344,635
Increase (decrease) in fair value of investments	(518,472)	(57,185)	(324,041)	29,668	80,175	48,699
Miscellaneous	6,474	6,474	6,474	6,474	6,474	6,474
Gain on sale of capital assets	-	-	-	21,129	-	-
Extraordinary Item	-	-	-	-	(3,600,000) <sup>4</sup>	-
Transfers	(9,551,606)	(7,554,498)	(9,489,197)	(9,288,350)	(6,917,369)	(8,421,574)
<b>Total business-type activities</b>	<b>(9,323,479)</b>	<b>(6,944,211)</b>	<b>(9,186,514)</b>	<b>(8,994,234)</b>	<b>(10,152,682)</b>	<b>(8,021,766)</b>
<b>Total primary government</b>	<b>\$ 6,184,493</b>	<b>\$ 7,804,863</b>	<b>\$ 8,208,742</b>	<b>\$ 8,434,208</b>	<b>\$ 6,601,101</b>	<b>\$ 10,193,432</b>
<b>Change in Net Assets</b>						
Governmental activities	\$ 2,148,101	\$ 784,626	\$ 1,490,459	\$ 1,042,658	\$ 29,309	\$ (87,011)
Business-type activities	(1,975,302)	2,517,473	(8,969,225)	356,855	1,069,249	2,904,642
<b>Total primary government</b>	<b>\$ 172,799</b>	<b>\$ 3,302,099</b>	<b>\$ (7,478,766)</b>	<b>\$ 1,399,513</b>	<b>\$ 1,098,558</b>	<b>\$ 2,817,631</b>

Notes:

- <sup>1</sup> The increase reflects changes in the wholesale electric market during 2005.
  - <sup>2</sup> Electric rates were increased approximately 6.6 percent in July of 2006.
  - <sup>3</sup> Includes tax from the sale of the Chrysler assembly plant in the amount of \$803,735.
  - <sup>4</sup> Litigation settlement relating to reservoir construction.
- Sixth year of full-accrual basis accounting.  
Prior years statistics are not available.

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

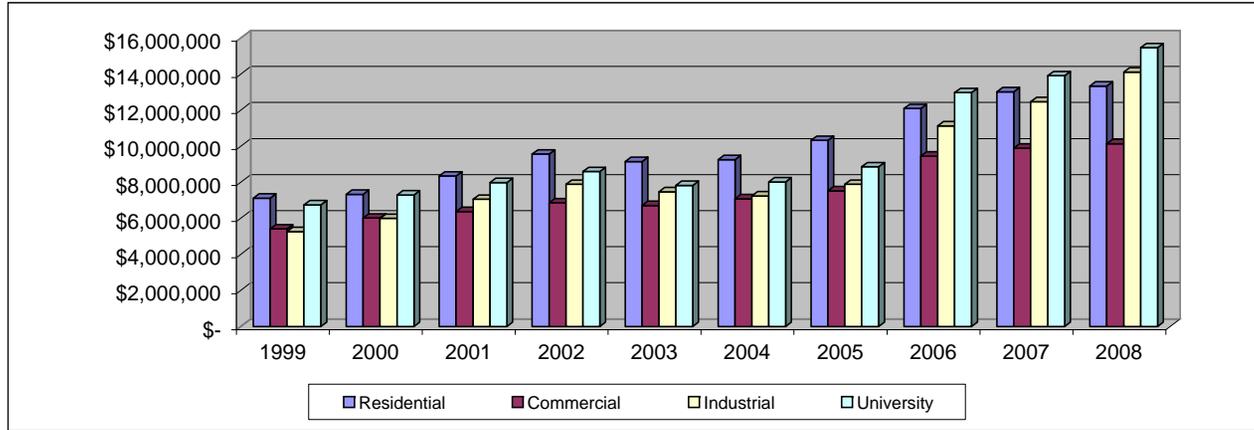


	<b>Fiscal Year</b>									
	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
General fund										
Reserved	\$ -	\$ 28,658	\$ 19,570	\$ 40,982	\$ -	\$ -	\$ -	\$ -	\$ 50,171	\$ 12,903
Unreserved (deficit)	30,610	135,511	40,627	135,073	(28,512)	39,041	(50,417)	71,213	645,971	675,353
Total general fund	<u>\$ 30,610</u>	<u>\$ 164,169</u>	<u>\$ 60,197</u>	<u>\$ 176,055</u>	<u>\$ (28,512)</u>	<u>\$ 39,041</u>	<u>\$ (50,417)</u>	<u>\$ 71,213</u>	<u>\$ 696,142</u>	<u>\$ 688,256</u>
All other governmental funds										
Reserved	\$ 3,764,594	\$ 5,427,001	\$ 6,044,724	\$ 4,736,266	\$ 7,307,919	\$ 7,528,331	\$ 7,869,972	\$ 7,909,003	\$ 6,787,903	\$ 5,023,656
Unreserved, reported in:										
Special revenue funds	30,243	807	123,805	-	-	-	-	-	416,179	691,617
Capital projects fund	2,219,225	2,159,247	1,614,826	1,842,672	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 6,014,062</u>	<u>\$ 7,587,055</u>	<u>\$ 7,783,355</u>	<u>\$ 6,578,938</u>	<u>\$ 7,307,919</u>	<u>\$ 7,528,331</u>	<u>\$ 7,869,972</u>	<u>\$ 7,909,003</u>	<u>\$ 7,204,082</u>	<u>\$ 5,715,273</u>

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Revenues</b>										
Taxes	\$ 4,430,275	\$ 4,160,107	\$ 4,563,477	\$ 4,871,086	\$ 4,892,647	\$ 5,517,443	\$ 6,139,393	\$ 5,923,624	\$ 7,545,477	\$ 7,451,469
Licenses and permits	1,067,297	1,382,784	1,094,121	1,091,787	1,347,457	1,621,234	1,529,526	1,460,470	1,831,706	1,460,441
Fines,forfeits and costs	1,413,629	1,627,778	1,563,335	1,532,289	1,239,830	1,329,392	1,646,455	1,620,792	1,775,150	1,927,392
Investment earnings	630,081	757,372	529,586	332,525	207,186	260,686	255,169	216,770	328,285	283,600
Intergovernmental revenues	1,926,619	1,907,847	2,019,193	2,622,421	2,802,647	2,973,666	1,902,916	2,175,218	2,120,417	2,391,084
Charges for services/fees	767,403	730,510	767,189	928,682	1,374,605	1,337,665	1,405,681	1,462,530	1,448,877	1,614,466
Subvention-University of Delaware	144,000	174,000	204,000	204,000	204,000	197,300	204,000	204,000	204,000	204,000
Miscellaneous	100,579	92,701	84,514	90,281	-	-	-	-	-	-
Total revenues	<u>10,479,883</u>	<u>10,833,099</u>	<u>10,825,415</u>	<u>11,673,071</u>	<u>12,068,372</u>	<u>13,237,386</u>	<u>13,083,140</u>	<u>13,063,404</u>	<u>15,253,912</u>	<u>15,332,452</u>
<b>Expenditures</b>										
General government	3,164,863	3,156,301	3,414,896	3,507,944	3,777,909	4,041,046	4,314,201	4,346,685	4,576,443	5,271,780
Public safety	5,219,648	5,769,784	6,039,881	6,670,740	7,358,245	7,491,990	8,029,046	8,317,059	8,873,197	9,807,106
Public works	3,896,745	4,004,350	4,187,026	4,158,446	4,509,931	4,489,928	4,660,427	4,550,320	4,476,693	4,315,593
Community development	-	-	-	-	-	520,893	349,775	643,663	308,268	391,652
Culture and recreation	1,473,690	1,574,262	1,664,863	1,730,745	1,953,531	2,050,359	2,102,916	2,146,234	2,216,830	2,451,252
Interest	-	-	-	-	-	-	-	-	-	-
(Increase) decrease in fair value of investments	620,415	(348,072)	(153,727)	(114,175)	246,695	39,786	220,807	(83,360)	-	-
Capital outlay	1,253,482	1,435,294	2,053,319	3,806,245	2,574,178	1,278,621	2,003,627	1,673,285	1,065,827	2,386,991
Debt service										
Principal	420,000	415,000	515,000	480,000	480,000	480,000	505,000	495,000	490,000	480,000
Interest and other charges	185,255	169,601	245,610	261,505	241,131	208,542	157,089	143,097	129,003	115,043
Total expenditures	<u>16,234,098</u>	<u>16,176,520</u>	<u>17,966,868</u>	<u>20,501,450</u>	<u>21,141,620</u>	<u>20,601,165</u>	<u>22,342,888</u>	<u>22,231,983</u>	<u>22,136,261</u>	<u>25,219,417</u>
Excess of revenues over (under) expenditures	(5,754,215)	(5,343,421)	(7,141,453)	(8,828,379)	(9,073,248)	(7,363,779)	(9,259,748)	(9,168,579)	(6,882,349)	(9,886,965)
<b>Other financing sources (uses)</b>										
Transfers in	7,261,268	8,778,587	8,733,500	10,548,195	12,276,503	13,268,700	12,947,274	12,808,252	8,704,661	13,306,520
Transfers out	(1,679,308)	(4,361,987)	(1,584,071)	(2,840,893)	(2,724,897)	(5,714,202)	(3,458,077)	(3,519,901)	(1,919,912)	(4,948,456)
Proceeds from debt	-	2,597,201	-	-	-	35,000	-	-	-	-
Bond issuance costs	-	-	-	-	-	(22,150)	-	-	-	-
Proceeds from sales of capital assets	27,671	36,172	84,352	32,518	46,056	84,396	22,734	40,889	17,608	32,206
Total other financing sources (uses)	<u>5,609,631</u>	<u>7,049,973</u>	<u>7,233,781</u>	<u>7,739,820</u>	<u>9,597,662</u>	<u>7,651,744</u>	<u>9,511,931</u>	<u>9,329,240</u>	<u>6,802,357</u>	<u>8,390,270</u>
Net change in fund balances	<u>\$ (144,584)</u>	<u>\$ 1,706,552</u>	<u>\$ 92,328</u>	<u>\$ (1,088,559)</u>	<u>\$ 524,414</u>	<u>\$ 287,965</u>	<u>\$ 252,183</u>	<u>\$ 160,661</u>	<u>\$ (79,992)</u>	<u>\$ (1,496,695)</u>
Debt service as a percentage of noncapital expenditures	2.8%	2.8%	3.2%	2.9%	2.6%	2.5%	2.5%	2.4%	2.3%	2.1%

**City of Newark, Delaware  
Electric Usage and Actual Sales Totals  
Last Ten Fiscal Years**



YEAR	RESIDENTIAL			COMMERCIAL			INDUSTRIAL			UNIVERSITY			TOTALS		
	K.W.H.'S	AMOUNT	AVG RATE	K.W.H.'S	AMOUNT	AVG RATE	K.W.H.'S	AMOUNT	AVG RATE	K.W.H.'S	AMOUNT	AVG RATE	K.W.H.'S	AMOUNT	AVG RATE
1999	82,663,113	\$ 7,119,605	0.086	61,623,625	\$ 5,411,343	0.088	78,008,484	\$ 5,266,567	0.068	118,047,935	\$ 6,740,330	0.057	340,343,157	\$ 24,537,845	0.072
2000	82,726,767	7,325,820	0.089	66,753,182	6,012,919	0.090	84,999,341	5,994,845	0.071	125,849,768	7,298,309	0.058	360,329,058	26,631,893	0.074
2001	88,519,870	8,344,375	0.094	65,464,111	6,376,357	0.097	92,982,421	7,055,401	0.076	126,136,710	7,984,052	0.063	373,103,112	29,760,185	0.080
2002	94,460,229	9,565,888	0.101	65,221,814	6,861,715	0.105	95,028,551	7,887,707	0.083	127,708,904	8,589,799	0.067	382,419,498	32,905,108	0.086
2003	94,231,512	9,155,323	0.097	65,415,679	6,706,108	0.103	95,929,785	7,470,934	0.078	124,266,991	7,819,159	0.063	379,843,967	31,151,524	0.082
2004	94,941,293	9,250,770	0.097	70,386,420	7,076,181	0.101	94,456,491	7,237,815	0.077	129,641,594	8,023,212	0.062	389,425,798	31,587,979	0.081
2005	101,147,622	10,322,536	0.102	72,096,285	7,526,829	0.104	95,934,668	7,883,381	0.082	132,186,077	8,856,840	0.067	401,364,652	34,589,586	0.086
2006	91,267,630	12,088,909	0.132	71,952,626	9,449,201	0.131	92,955,211	11,132,663	0.120	132,988,724	12,971,590	0.098	389,164,191	45,642,363	0.117
2007	93,500,629	13,024,245	0.139	75,696,947	9,885,974	0.131	98,276,336	12,472,474	0.127	133,616,527	13,908,227	0.104	401,090,439	49,290,920	0.123
2008	90,912,923	13,332,225	0.147	72,463,286	10,139,848	0.140	104,279,135	14,111,313	0.135	137,578,450	15,465,962	0.112	405,233,794	53,049,348	0.131

**City of Newark, Delaware  
Principal Electric Utility Customers  
December 31, 2008**

Customer	Type of Business	2008			1999		
		Consumption (1)	Rank	Percentage of Total Consumption	Consumption (1)	Rank	Percentage of Total Consumption
University of Delaware	Public University	141,804,994	1	34.99%	118,047,935	1	34.68%
Rohm & Haas Electronics	Manufacturing	29,785,360	2	7.35%	17,085,226	2	5.02%
Power Systems Composites LLC	Research & Development	6,540,912	3	1.61%			
E I Dupont De Nemours & Company	Chemicals and Synthetics	5,798,856	4	1.43%	14,872,996	3	4.37%
618 G P Warehouse LLC	Warehousing	4,599,600	5	1.14%			
Pathmark, Inc.	Grocery Store	3,945,800	6	0.97%			
Verizon Communications	Public Utility	3,042,312	7	0.75%			
Acme Markets	Grocery Store	2,856,480	8	0.70%	3,165,191	8	0.93%
Christina School District	Public Schools	2,851,500	9	0.70%	2,654,677	9	0.78%
Computer Science Corporation	Systems Consulting	2,518,080	10	0.62%			
Astro Power, Inc.	Manufacturing	-		-	4,798,839	4	1.41%
Lear Corporation	Manufacturing	-		-	4,322,358	5	1.27%
Honeywell Advanced Composites	Manufacturing	-		-	3,879,912	6	1.14%
Supermarkets General Corp.	Grocery Store	-		-	3,709,740	7	1.09%
F. Schumacher & Company	Manufacturing	-		-	2,382,402	10	0.70%
		<u>203,743,894</u>		<u>50.28%</u>	<u>174,919,276</u>		<u>51.39%</u>

Note: (1) Consumptions are based on only those accounts with usage in excess of 20,000 KWH in a month.  
Peak demand rate is not considered.

**City of Newark, Delaware**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Less: Tax Exempt Property</b>	<b>Total Taxable Assessed Value (1)</b>	<b>Direct Tax Rate (Per \$100)</b>	<b>Estimated Actual Value</b>
1999	\$ 493,284,000	\$ 877,476,700	\$ 651,983,306	\$ 718,777,394	\$ 0.3900	N/A
2000	504,125,400	893,688,800	663,471,315	734,342,885	0.3900	N/A
2001	518,037,000	902,534,300	663,782,065	756,789,235	0.4200	N/A
2002	523,657,000	905,744,600	659,584,238	769,817,362	0.4200	N/A
2003	530,195,500	911,248,800	661,182,228	780,262,072	0.4200	N/A
2004	532,337,100	920,378,400	662,614,569	790,100,931	0.4400	N/A
2005	534,835,200	925,741,500	666,309,369	794,267,331	0.4500	N/A
2006	537,386,700	928,502,100	664,626,551	801,262,249	0.5233	N/A
2007	542,708,600	934,791,900	666,378,761	811,121,739	0.5233	N/A
<b>2008</b>	<b>547,750,500</b>	<b>941,846,500</b>	<b>670,959,887</b>	<b>818,637,113</b>	<b>0.5333</b>	N/A

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

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 annually, 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**

<u>Fiscal Year</u>	<u>Direct Rate</u>	<u>Overlapping Rates</u>		<u>Total Tax Rate</u>
	<u>City of Newark</u>	<u>New Castle County</u>	<u>Christina School District</u>	
1999	\$ 0.3900	\$ 0.1580	\$ 1.1438	\$ 1.6918
2000	0.3900	0.1580	1.1958	1.7438
2001	0.4200	0.1580	1.2478	1.8258
2002	0.4200	0.1580	1.2708	1.8488
2003	0.4200	0.1580	1.5708	2.1488
2004	0.4400	0.1580	1.7178	2.3158
2005	0.4500	0.1580	1.8837	2.4917
2006	0.5233	0.1659	2.0002	2.6894
2007	0.5233	0.1949	2.0178	2.7360
<b>2008</b>	<b>0.5333</b>	<b>0.1949</b>	<b>1.8757</b>	<b>2.6039</b>

Note: Tax rate applies to all classes of real property.

**City of Newark, Delaware  
Principal Property Taxpayers  
December 31, 2008**

Customer	Type of Business	2008			1999		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Chrysler Corporation	Manufacturing	\$ 67,872,100	1	8.29%	\$ 67,872,100	1	9.44%
BPG Hotel Partners L L C	Hotels	11,112,300	2	1.36%	7,547,800	6	1.05%
Fusco Properties L P	Apartments	10,668,700	3	1.30%	11,540,900	2	1.61%
CHF-Delaware LLC	Apartments	9,769,700	4	1.19%	-	-	-
Rohm and Haas Electronic Materials	Manufacturing	8,562,000	5	1.05%	6,826,400	8	0.95%
Fusco Enterprises L P	Retail Property Owner	7,876,300	6	0.96%	7,876,300	4	1.10%
UDEL I LLC	Apartments	7,846,900	7	0.96%	-	-	-
Emory Hill & Company	Industrial Park	7,616,200	8	0.93%	7,616,200	5	1.06%
Verizon Communication	Public Utility	7,548,100	9	0.92%	8,347,100	3	1.16%
FRP Interchange LLC	Industrial Park	7,029,200	10	0.86%	7,029,200	7	0.98%
Delmarva Power & Light Company	Public Utility	-	-	-	6,408,500	9	0.89%
E I Dupont De Nemours & Company	Chemicals and Synthetics	-	-	-	6,234,000	10	0.87%
		<u>145,901,500</u>		<u>17.82%</u>	<u>137,298,500</u>		<u>19.10%</u>

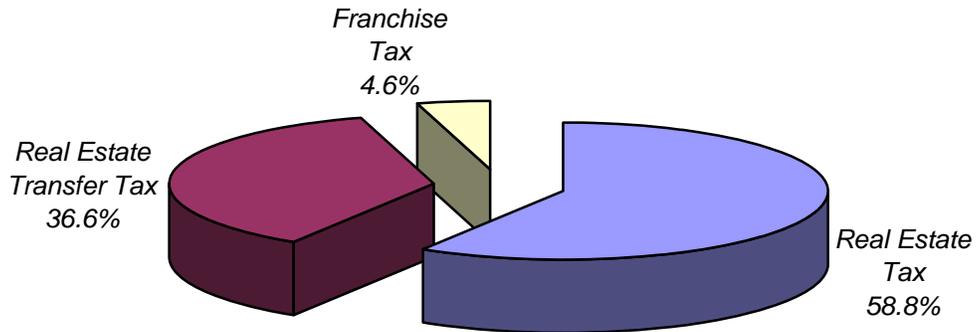
Source: City of Newark Finance Department

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

<u>Year</u>	<u>Total Tax Levy (1)</u>	<u>Collected within the Fiscal Year of Levy</u>		<u>Collections for Previous Years (2)</u>	<u>Total Collections for Year</u>	
		<u>Amount</u>	<u>Percent of Levy</u>		<u>Amount</u>	<u>Percent of Levy</u>
1999	\$ 2,811,129	\$ 2,808,461	99.9%	\$ 28,608	\$ 2,837,069	100.9%
2000	2,873,418	2,836,278	98.7%	30,108	2,866,386	99.8%
2001	3,188,848	3,134,081	98.3%	24,410	3,158,491	99.0%
2002	3,242,998	3,231,588	99.6%	29,561	3,261,149	100.6%
2003	3,290,900	3,260,292	99.1%	26,918	3,287,210	99.9%
2004	3,475,803	3,440,763	99.0%	22,534	3,463,297	99.6%
2005	3,581,102	3,567,585	99.6%	26,788	3,594,373	100.4%
2006	4,196,269 (3)	4,149,161	98.9%	23,317	4,172,478	99.4%
2007	4,274,197	4,257,691	99.6%	19,477	4,277,168	100.1%
<b>2008</b>	<b>4,381,947</b>	<b>4,345,317</b>	<b>99.2%</b>	<b>26,062</b>	<b>4,371,379</b>	<b>99.8%</b>

- Notes:
- (1) Represents initial annual levy plus quarterly additions.
  - (2) Represents collections of tax only for all previous years, excludes tax penalties/interest.
  - (3) Tax billings represent a tax rate increase of 16.6% over prior year.

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



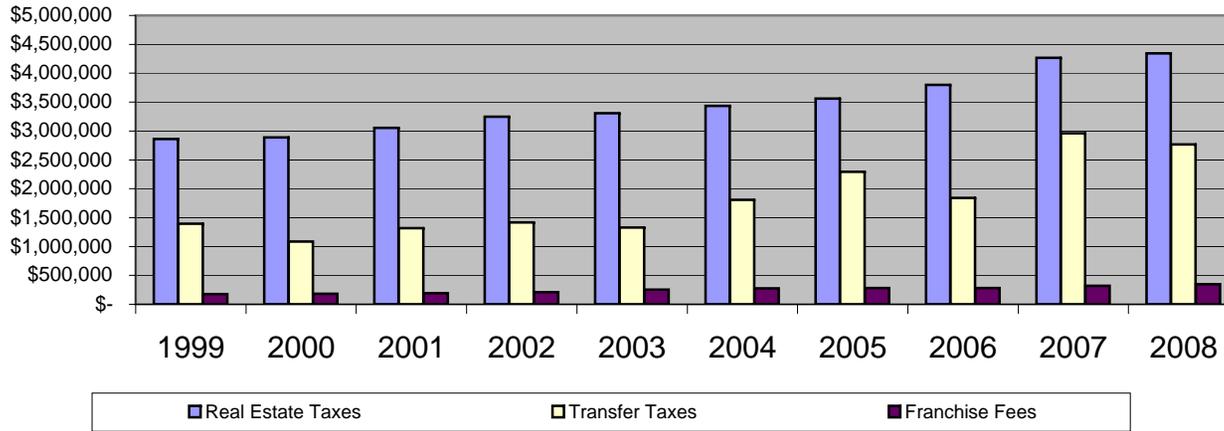
**Tax Year 2008**

<b>Fiscal Year</b>	<b>Real Estate Tax</b>	<b>Real Estate Transfer Tax</b>	<b>Franchise Tax</b>	<b>Total</b>
2003	\$ 3,161,145	\$ 1,328,656	\$ 255,354	\$ 4,745,155
% of total	66.62%	28.00%	5.38%	100.00%
2004	3,517,228	1,810,110	275,102	5,602,440
% of total	62.78%	32.31%	4.91%	100.00%
2005	3,654,026	2,291,841	283,799	6,229,666
% of total	58.66%	36.79%	4.56%	100.00%
2006	4,084,439	1,842,126	282,401	6,208,966
% of total	65.78%	29.67%	4.55%	100.00%
2007	4,433,787	2,962,355	318,771	7,714,913
% of total	57.47%	38.40%	4.13%	100.00%
2008	4,437,008	2,764,929	345,174	7,547,111
% of total	58.79%	36.64%	4.57%	100.00%

Notes:

Sixth year of full-accrual basis accounting.  
Prior years statistics are not available.

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



<u>Fiscal Year</u>	<u>Real Estate Taxes</u>	<u>Real Estate Transfer Taxes</u>	<u>Franchise Fees</u>	<u>Total</u>
1999	\$ 2,859,099	\$ 1,395,308	\$ 175,868	\$ 4,430,275
2000	2,890,873	1,088,634	180,600	4,160,107
2001	3,052,622	1,316,464	194,391	4,563,477
2002	3,247,593	1,414,013	209,480	4,871,086
2003	3,308,637	1,328,656	255,354	4,892,647
2004	3,432,231	1,810,110	275,102	5,517,443
2005	3,563,753	2,291,841	283,799	6,139,393
2006	3,799,097	1,842,126	282,401	5,923,624
2007	4,264,351 <sup>1</sup>	2,962,355 <sup>2</sup>	318,771	7,545,479
2008	4,341,366	2,764,929	345,174	7,451,469

**Notes:**

<sup>1</sup> Revenue recognized from tax rate increase of 16.6% over prior year.

<sup>2</sup> Includes taxes of \$803,735 on sale of Chrysler assembly plant.

**City of Newark, Delaware  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>		<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>General Obligation Bonds</b>	<b>Other Notes Payable</b>			
1999	\$ 4,010,000	\$ -	\$ 204,792	\$ 4,214,792	N/A	\$ 148
2000	6,295,000 <sup>1</sup>	-	184,758	6,479,758	1.48%	227
2001	5,780,000	-	160,588	5,940,588	N/A	199
2002	5,300,000	18,600,000 <sup>2</sup>	131,667	24,031,667	N/A	801
2003	4,820,000	17,925,000	101,059	22,846,059	N/A	759
2004	4,375,000	17,235,000	69,467	21,679,467	N/A	721
2005	3,870,000	16,525,000	37,528	20,432,528	N/A	680
2006	3,375,000	15,800,000	4,356	19,179,356	N/A	639
2007	2,885,000	15,055,000	-	17,940,000	N/A	594
2008	2,405,000	14,290,000	-	16,695,000	2.73%	552

Notes: <sup>1</sup> \$2.7M General Obligation Bonds issued for an advance for the acquisition of a reservoir site and adjacent open space.

<sup>2</sup> \$18.6M General Obligation Bonds issued for the construction of a 318 million gallon water reservoir.

Sources: US Census Bureau Population Estimates Program (1998-1999 and 2001-2006) and Census 2000; Delaware Population Consortium projection (2007).  
2008 is a projected estimate by the City of Newark.  
Newark Planning Department (2000 Personal Income)  
Money Magazine Income Survey (2008 Personal Income)

**City of Newark, Delaware**  
**Ratios of General Bonded Debt Outstanding**  
**To Taxable Assessed Value and Per Capita**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Total General Obligation Bonds and Notes Payable</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Net General Obligation Bonds and Notes Payable</b>	<b>Percentage of Total Taxable Assessed Value (1)</b>	<b>Per Capita</b>
1999	\$ 4,214,792	\$ 250,201	\$ 3,964,591	0.55%	\$ 139
2000	6,479,758 <sup>2</sup>	257,162	6,222,596	0.84%	218
2001	5,940,588	28,075	5,912,513	0.78%	198
2002	24,031,667 <sup>3</sup>	20,476	24,011,191	3.12%	800
2003	22,846,059	18,795	22,827,264	2.93%	758
2004	21,679,467	46,303	21,633,164	2.74%	719
2005	20,432,528	46,619	20,385,909	2.57%	678
2006	19,179,356	46,618	19,132,738	2.39%	637
2007	17,940,000	46,618	17,893,382	2.21%	593
2008	16,695,000	46,619	16,648,381	2.03%	550

Notes: <sup>1</sup> 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.

<sup>2</sup> \$2.7M General Obligation Bonds issued for an advance for the acquisition of a reservoir site and adjacent open space.

<sup>3</sup> \$18.6M General Obligation Bonds issued for the construction of a 318 million gallon water reservoir.

Sources: City of Newark Finance Department (Taxable Assessments)  
US Census Bureau Population Estimates Program (1998-1999 and 2001-2006) and Census 2000;  
Delaware Population Consortium projection (2007).  
2008 is a projected estimate by the City of Newark.

**City of Newark, Delaware  
Direct and Overlapping Governmental Activities Debt  
December 31, 2008**

<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 (1)	\$ 289,805,000	4.71% (1)	\$ 13,649,816
Christina School District (2)	<u>78,404,292</u>	13.63% (2)	<u>10,686,505</u>
<b>Overlapping Debt</b>	<b>\$ 368,209,292</b>		<b>\$ 24,336,321</b>
City of Newark	<u>16,695,000</u>	100.00%	<u>16,695,000</u>
<b>Total Direct and Overlapping Debt</b>	<b><u><u>\$ 384,904,292</u></u></b>		<b><u><u>\$ 41,031,321</u></u></b>

Sources: New Castle County Office of Finance, Christina School District,  
and City of Newark Department of Finance.

- (1) Determined by dividing the taxable assessed valuation of the City of Newark ( \$830,994,473) by the total taxable assessed valuation of New Castle County ( \$17,653,409,920). Net Debt Outstanding is as of June 30, 2008.
- (2) Determined by dividing the students enrolled in the City of Newark ( 2,345) by the total student enrollment of the Christina School District ( 17,200). Net debt outstanding is as of June 30, 2008.

**CITY OF NEWARK, DELAWARE  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(amounts expressed in thousands)**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Debt Limit	71,878	73,434	75,679	76,982	78,026	79,010	79,427	80,126	81,112	81,864
Total net debt applicable to limit	<u>3,965</u>	<u>6,223</u>	<u>5,913</u>	<u>24,011</u>	<u>22,827</u>	<u>21,633</u>	<u>20,386</u>	<u>19,133</u>	<u>17,893</u>	<u>16,648</u>
Legal debt margin	<u>67,913</u>	<u>67,211</u>	<u>69,766</u>	<u>52,971</u>	<u>55,199</u>	<u>57,377</u>	<u>59,041</u>	<u>60,993</u>	<u>63,219</u>	<u>65,216</u>
Total net debt applicable to the limit as a percentage of debt limit	5.52%	8.47%	7.81%	31.19%	29.26%	27.38%	25.67%	23.88%	22.06%	20.34%

**Legal Debt Margin for Fiscal Year 2008**

Total Assessed Value	\$ 1,489,597
Less: exempt real property	<u>(670,960)</u>
Total assessed value	\$ 818,637
Debt limit (10% of taxable assessed value)	81,864
Debt applicable to limit:	
General obligation bonds	16,695
Less: Amount set aside for repayment of general obligation debt	<u>(47)</u>
Total net debt applicable to limit	<u>16,648</u>
Legal debt margin	<u>\$ 65,216</u>

Note: (1) In accordance with Section 407.1 of the City Charter, if general obligation bonds are issued, the total outstanding debt secured by such bonds shall not exceed ten (10) per centum of the assessed value of all the real estate subject to taxation located within the City. If revenue bonds are issued, each such bond shall recite in substance that said bond, including interest thereon, is payable from the revenue pledged to the payment thereof, and that said bond does not constitute a debt of the City of Newark within the meaning of the bonded indebtedness limitation.

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

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (2)</b>	<b>Per Capita Income (3)</b>	<b>School Enrollment (4)</b>	<b>Univ of DE Enrollment (5)</b>	<b>Unemployment Rate (6)</b>
1999	28,458	N/A	N/A	N/A	21,206	2.0%
2000	28,547	438,285,662	15,353	N/A	20,888	1.8%
2001	29,921	N/A	N/A	N/A	20,949	2.5%
2002	30,011	N/A	N/A	N/A	21,289	2.8%
2003	30,116	N/A	N/A	N/A	21,121	2.5%
2004	30,076	N/A	N/A	N/A	21,238	3.1%
2005	30,060	N/A	N/A	N/A	20,982	2.3%
2006	30,014	N/A	N/A	N/A	20,380	2.0%
2007	30,194	N/A	N/A	N/A	20,342	2.1%
<b>2008</b>	<b>30,260</b>	<b>616,577,760</b>	<b>20,376</b>	<b>3,755</b>	<b>20,500</b>	<b>3.5%</b>

Sources: (1) US Census Bureau Population Estimates Program (1998-1999 and 2001-2006) and Census 2000; Delaware Population Consortium projection (2007). 2008 is a projected estimate by the City of Newark.  
 (2) and (3) Newark Planning Department (2000 Personal Income)  
 (2) and (3) Money Magazine Income Survey (2008 Personal Income)  
 (4) Christina School District [2,345], Local Independent Schools [1,410] (numbers are for 2008)  
 (5) University of Delaware Office of Institutional Research  
 (6) Economagic.com (1999-2006), Delaware Department of Labor (2007-2008)

N/A = Information not available

**City of Newark, Delaware  
Principal Employers in New Castle County (1)  
Current Year and Seven Years Ago**

Industry Description	2008			2001		
	Employment (2)	Rank	Percentage of Total County Employment	Employment (2)	Rank	Percentage of Total County Employment
Finance and insurance	35,339	1	12.2%	28,313	3	9.9%
Health care and social assistance	34,747	2	12.0%	28,830	2	10.1%
Retail trade	34,181	3	11.8%	32,966	1	11.5%
Professional and technical services	22,188	4	7.7%	24,236	4	8.5%
Accommodation and food services	19,258	5	6.7%	17,274	8	6.0%
Administrative and waste services	18,896	6	6.5%	20,964	6	7.3%
Construction	17,827	7	6.2%	15,693	9	5.5%
Manufacturing	16,443	8	5.7%	23,022	5	8.1%
State government	15,461	9	5.3%	-	-	-
Local government	14,751	10	5.1%	13,707	10	4.8%
Management of companies/enterprises	-	-	-	20,753	7	7.3%
<b>Total</b>	<b>229,091</b>		<b>79.2%</b>	<b>225,758</b>		<b>79.0%</b>

(1) The United State Department of Labor, Employment & Training Administration has informed the Delaware Department of Labor that pursuant to 20 CFR ( Code of Federal Regulations) Part 603, this information (Delaware's Top Employers) is confidential and may not be disclosed to the public.

In addition, the State of Delaware Department of Labor and the Delaware Economic Development Office have notified the City of Newark that, due to the Federal Economic Stimulus Package legislation, individual employer's data cannot be disclosed.

(2) Source: State of Delaware Department of Labor. Figures are not available for years prior to 2001.

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 comprehensive annual financial report, page 97.

**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									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government	36.5	37.5	38.0	38.0	38.5	38.5	39.5	39.0	39.0	40.0
Public Safety										
Police										
Officers	50.0	52.0	56.0	55.0	60.0	60.0	60.0	65.0	65.0	65.0
Civilian	22.0	23.5	20.5	24.5	19.5	19.0	19.5	20.5	21.5	22.0
Code Enforcement	13.0	13.0	13.0	12.5	12.5	12.5	12.5	12.5	12.5	12.5
Streets										
Engineering	11.0	11.0	12.0	12.0	12.0	11.0	11.0	11.0	11.0	11.0
Maintenance	12.0	12.0	12.0	12.5	12.5	12.5	12.5	12.5	12.5	12.5
Sanitation	17.0	17.0	17.0	17.0	17.0	16.0	16.0	15.0	15.0	14.0
Culture and Recreation	18.0	18.0	18.0	18.0	19.0	19.0	19.0	19.0	19.5	20.0
Electric	20.0	20.0	20.0	20.0	20.0	20.0	21.0	21.0	21.0	21.0
Water & Wastewater	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Parking	3.5	4.0	4.0	3.5	3.5	3.5	3.5	3.5	3.5	4.5
Fleet Maintenance	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
<b>Total</b>	<u>228.0</u>	<u>233.0</u>	<u>235.5</u>	<u>238.0</u>	<u>239.5</u>	<u>237.0</u>	<u>239.5</u>	<u>244.0</u>	<u>245.5</u>	<u>247.5</u>

Source: City's Personnel Office.

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

Function	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Public Safety</b>										
Police calls received	28,641	29,325	31,185	32,162	32,169	30,969	29,350	28,132	27,343	32,274
Criminal charges	2,133	2,375	2,901	3,799	3,694	3,501	3,136	2,890	2,564	3,650
Traffic complaints	9,487	9,540	9,742	8,673	8,683	9,286	8,775	7,798	4,000	12,067
Parking Summons	12,129	11,578	11,345	9,321	9,585	9,766	9,956	8,797	9,454	7,571
Meter Summons	33,987	41,266	47,114	47,011	39,556	42,428	39,337	28,420	29,144	18,206
Building Permits Issued	843	877	840	1,065	1,077	1,131	1,080	1,021	870	1,856
<b>Public Works</b>										
Refuse tons collected	14,100	14,543	14,710	14,517	15,009	14,953	13,656	14,462	12,846	11,624
Miles of street	64	64	65	65	65	65	65	65	65	65
Patches (s.f.)	78,883	48,880	45,730	37,021	54,531	54,305	79,399	31,050	38,689	53,962
Curbs replaced and installed (s.f.)	22,759	20,113	29,470	21,011	22,600	19,790	18,330	13,448	10,293	10,031
Sidewalks										
4" (s.f.)	56,799	92,914	85,965	57,960	34,063	21,069	27,786	35,166	41,337	23,203
6" (s.f.)	15,772	29,427	22,200	22,003	18,896	12,557	11,326	10,483	8,698	9,404
Leaves collected (c.y.)	14,990	16,430	16,568	14,486	10,816	10,512	12,820	14,640	15,200	15,200
<b>General Government</b>										
Parking Tickets issued	46,116	52,844	58,459	56,332	49,141	52,058	49,293	37,629	39,010	26,335
<b>Culture and Recreation</b>										
Trails in Newark parks (mi)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	15	15
Registrants	N/A	N/A	7,397	7,361	7,352	7,527	7,977	7,924	8,077	8,379
Participants	N/A	81,339	82,453	82,909	83,873	83,292	82,622	83,942	83,072	84,826
<b>Electric</b>										
MWH's sold	340,343	360,329	373,103	382,419	379,844	389,429	401,365	389,164	401,090	399,671
MWH's purchased	379,710	396,690	407,807	418,478	419,915	424,831	436,513	425,069	437,712	434,097
Meters in service	10,255	10,632	10,722	10,934	11,336	11,418	11,503	11,878	11,568	11,528
<b>Water and Waste Water</b>										
Meters in service	9,134	9,217	9,285	9,390	9,444	9,494	9,494	9,593	9,567	9,587
Hydrants maintained	873	951	898	912	901	800	200	200	200	877
Gallons of water sold	1,284,678	1,237,535	1,264,606	1,226,975	1,173,178	1,129,480	1,178,167	1,105,380	1,152,011	1,092,399
Gallons of sewage collected	1,275,228	1,338,348	1,303,935	1,271,882	1,252,327	1,132,686	1,109,095	1,148,817	1,020,098	954,057

Sources: Various city departments.

N/A = not available

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

Function	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	25	26	26	27	28	29	29	33	33	35
Sanitation										
Collection trucks	14	14	14	14	14	14	14	16	16	16
Streets										
Miles of streets	62.68	63.82	64.68	64.79	64.80	65.01	65.16	65.16	65.26	65.26
Street lights	2,470	2,480	2,520	2,570	2,590	2,600	2,615	2,640	2,640	2,640
Traffic signals	53	52	52	53	55	55	55	55	52	57
Culture and recreation										
Parks acreage	410.2	410.2	445.2	558.68	558.68	562.88	562.88	567.18	619.2	632.31
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis and basketball courts	35	35	35	35	35	37	37	37	37	37
Community centers	1	1	1	1	1	1	1	1	1	1
Electric										
Distribution substations	24	25	25	25	25	25	25	25	25	25
Miles of service lines	100	101	103	104	104	104	104	104	105	106
Water										
Water mains (miles)	162	163	165	166	169	169	169	170	170	170
Wells in operation	9	9	9	9	7	7	7	11	11	11
Maximum daily capacity (gal)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8.5 Mil	8.5 Mil
Sewer										
Sanitary sewers (miles)	96	96	96	96	97	97	98	98	99	99
Storm sewers (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	58.77	58.77
Parking										
Meters maintained	394	397	397	390	395	391	391	370	370	380

Sources: Various city departments.