

City of Newark,

Delaware

For the Fiscal

Year Ended

December 31, 2009

Comprehensive

Annual

Financial

Report

Photo: Curtis Paper Mill Smokestack

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2009



*Prepared by the Finance Department
Dennis McFarland, Director*

City of Newark, Delaware

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

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Memorial Day Parade



INTRODUCTORY SECTION



FINANCE DEPARTMENT

CITY OF NEWARK
220 Elkton Road • Newark, Delaware 19711

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June 17, 2010

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, 2009. 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, 2009. 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 bio-technology, 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 has been purchased by the University of Delaware which has extensive plans for development of the site as a research center in connection with Thomas Jefferson and Christiana Hospitals and the U.S. Army's Aberdeen Proving Grounds. E.I. DuPont de Nemours and Company (agricultural research), Dow Chemical (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. A nearby SEPTA commuter rail station provides daily service to Wilmington and Philadelphia. 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 hostels.

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. Most recently, the downtown area has enjoyed nearly \$30 million in private investment.

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 March 2009 unemployment rate was 6.0%. The State unemployment rate for the same period was 9.2%. These rates remain well below the national unemployment rate of 9.7%.

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, three new mixed use buildings with 22,954 square feet of commercial space on the first floors and twenty five apartments have been completed and occupied. Another 10,911 square feet footprint commercial bank building opened this year. In total, these new buildings represent \$8.1 million in new private investment in downtown Newark. In addition to the projects noted, plans 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 have been approved. 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 student housing.

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 21st century high quality industrial growth. In this regard, the City, the Greater Newark Network, the University of Delaware and the New Castle Chamber of Commerce will conduct an economic development study in 2010 to develop plans to update the City’s commercial and industrial incentive programs.

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 2010 to provide interconnectivity among its various facilities.
- The City, in keeping with its commitment to environmental sustainability, implemented 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

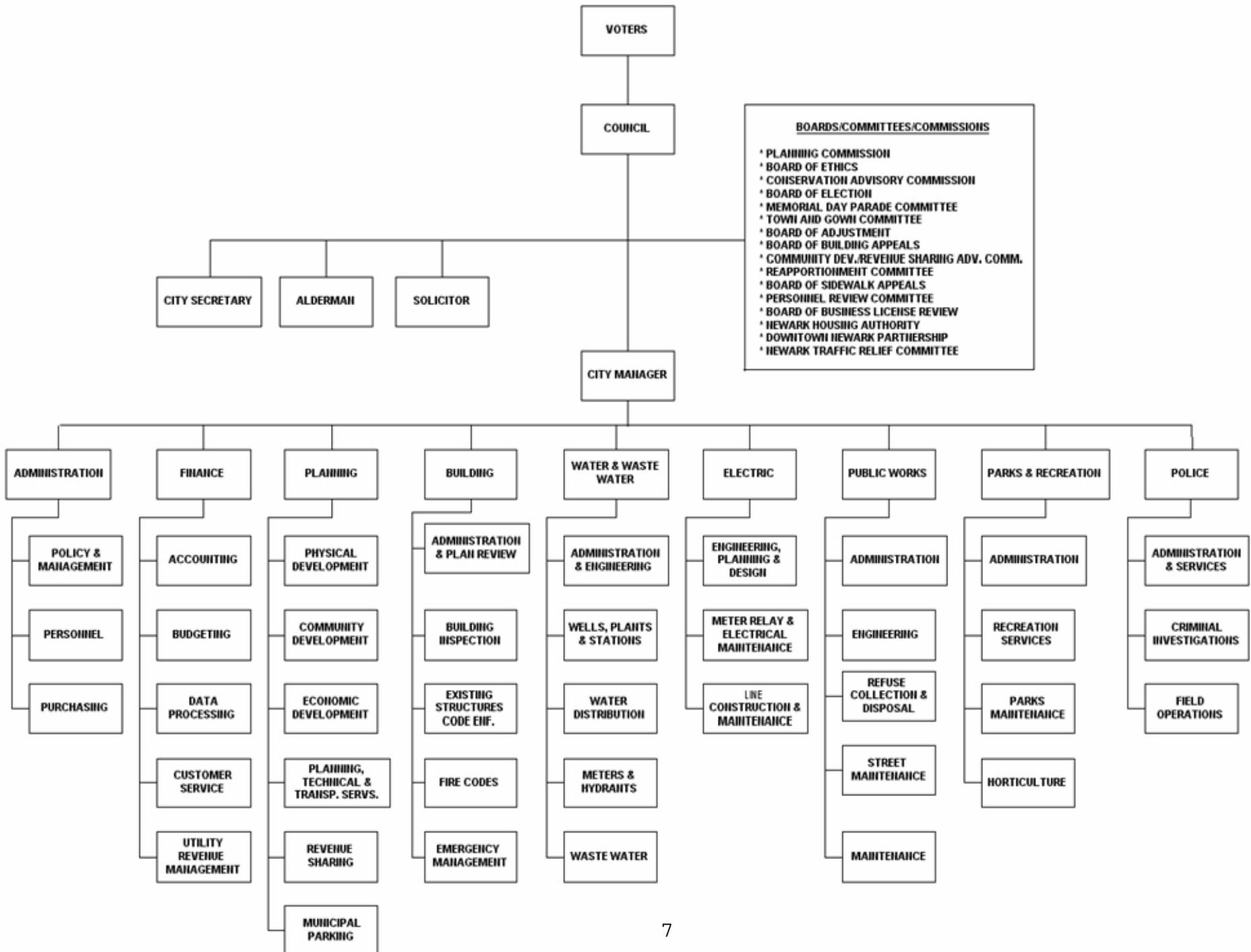
The compilation of the Comprehensive Annual Financial Report in an accurate and timely manner was made possible by the professional and dedicated service of the City's entire financial staff. In particular, Wilma Garriz, Assistant Finance Director, Jim Smith, Accountant and Daina Montgomery, Finance 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, 2009

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 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



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, 2009, and the budgetary comparison for the general fund for the year ended December 31, 2009, 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 prior year summarized comparative information has been derived from the City's 2008 financial statements and, in our report dated May 1, 2009, we expressed an unqualified opinion on those financial statements.

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, 2009, 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 June 16, 2010, 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
June 16, 2010

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, 2009. Please read it in conjunction with the City's financial statements, which begin on page 22.

FINANCIAL HIGHLIGHTS

- The City of Newark experienced a financially difficult year in 2009. Operating margins in the utility operations were adversely affected by the economic recession. Very temperate weather also depressed operating margins. Within governmental activities, financial results were hurt by a dramatic drop in real estate transfer tax revenues and a decrease in State funding. In response to these challenges, actions were taken to reduce both planned operating expenses and capital expenditures.
- Despite the aforementioned challenges, the assets of the City of Newark exceeded its liabilities at the close of the most recent fiscal year by \$76.5 million (representing its net assets). This represents a small decrease from the prior year end.
- The City's unrestricted net assets declined \$2.2 million during 2009 to \$17.4 million. This amount may be used to meet the government's ongoing obligations to citizens and creditors.
- As of December 31, 2009, the City's governmental funds reported a combined ending fund balance of \$7.7 million, an increase of approximately \$300 thousand from the prior year. Approximately \$1.2 million 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

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 and 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

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 2009, \$17.4 million, may be used to meet these current and ongoing obligations to citizens and creditors. In addition, the City maintains an "A" rating from Moody's and an "AA" rating from Fitch for its current debt issuances. These strong ratings reflect 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, 2009**

	Governmental Activities		Business-type Activities		Totals	
	2009	Restated 2008	2009	2008	2009	Restated 2008
ASSETS						
Total current assets	\$ 12,103,829	\$ 10,635,768	\$ 12,399,027	\$ 14,680,763	\$ 24,502,856	\$ 25,316,531
Total noncurrent assets	24,237,046	23,521,573	50,288,225	50,723,812	74,525,271	74,245,385
Total Assets	\$ 36,340,875	\$ 34,157,341	\$ 62,687,252	\$ 65,404,575	\$ 99,028,127	\$ 99,561,916
LIABILITIES						
Total current liabilities	\$ 1,612,778	\$ 1,217,092	\$ 5,218,096	\$ 5,079,535	\$ 6,830,874	\$ 6,296,627
Total noncurrent liabilities	2,723,919	2,501,025	12,986,389	13,662,028	15,710,308	16,163,053
Total Liabilities	\$ 4,336,697	\$ 3,718,117	\$ 18,204,485	\$ 18,741,563	\$ 22,541,182	\$ 22,459,680
NET ASSETS						
Invested in capital assets, net of related debt	\$ 22,282,046	\$ 21,116,573	\$ 36,781,751	\$ 36,343,169	\$ 59,063,797	\$ 57,459,742
Unrestricted	9,722,132	9,322,651	7,701,016	10,319,843	17,423,148	19,642,494
Total Net Assets	\$ 32,004,178	\$ 30,439,224	\$ 44,482,767	\$ 46,663,012	\$ 76,486,945	\$ 77,102,236
Total Liabilities and Net Assets	\$ 36,340,875	\$ 34,157,341	\$ 62,687,252	\$ 65,404,575	\$ 99,028,127	\$ 99,561,916

CITY OF NEWARK

MANAGEMENT'S DISCUSSION AND ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of 2009, the City's assets exceeded its liabilities by \$76.5 million, which is a slight change from the prior year. This is the net result of weak financial performance in the business-type activities offset by aggressive cost management. Business-type activities were adversely affected by the economic recession and temperate weather. Governmental activities, before operating transfers, were depressed by lower real estate transfer tax revenues and a decrease in State funding.

Table 2

CITY OF NEWARK CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2009						
	Governmental Activities		Business-type Activities		Totals	
	2009	Restated 2008	2009	2008	2009	Restated 2008
REVENUES						
Program Revenues:						
Charges for services	\$4,829,264	\$5,002,298	\$60,800,382	\$63,008,751	\$65,629,646	\$68,011,049
Operating Grants & Contributions	1,054,982	1,730,478	-	-	1,054,982	1,730,478
Capital Grants & Contributions	941,869	861,235	-	125,765	941,869	987,000
General Revenues:						
Total Taxes	6,125,361	7,547,111	-	-	6,125,361	7,547,111
Investment Earnings	307,296	319,262	212,468	393,334	519,764	712,596
Other Revenues	44,045	32,967	6,474	6,474	50,519	39,441
Total Revenues	13,302,817	15,493,351	61,019,324	63,534,324	74,322,141	79,027,675
EXPENSES						
General Government	6,706,122	5,893,962	-	-	6,706,122	5,893,962
Public Safety	10,482,878	10,078,299	-	-	10,482,878	10,078,299
Public Works	4,274,977	5,073,415	-	-	4,274,977	5,073,415
Community Development	173,473	391,652	-	-	173,473	391,652
Culture and Recreation	2,385,848	2,594,927	-	-	2,385,848	2,594,927
Interest Expense	99,565	112,984	-	-	99,565	112,984
Business-type activities	-	-	50,814,569	52,208,108	50,814,569	52,208,108
Total Expenses	24,122,863	24,145,239	50,814,569	52,208,108	74,937,432	76,353,347
Subtotal	(10,820,046)	(8,651,888)	10,204,755	11,326,216	(615,291)	2,674,328
Transfers	12,385,000	8,421,574	(12,385,000)	(8,421,574)	-	-
Change in Net Assets	\$1,564,954	(\$230,314)	(\$2,180,245)	\$2,904,642	(\$615,291)	\$2,674,328

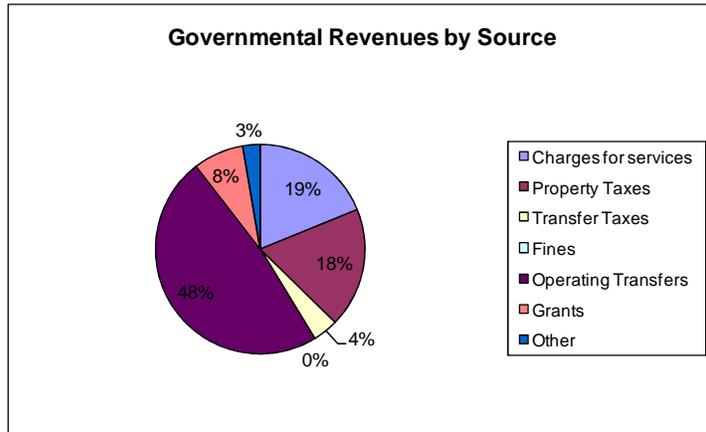
CITY OF NEWARK

MANAGEMENT’S DISCUSSION AND ANALYSIS

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 2009 Revenues by Source graph and Net Costs (Table 3).

As the following graph illustrates, transfers from the utility funds, real estate taxes, real estate transfer taxes and program revenues (grants and contributions and charges for services) provide the major funding for our governmental activities. Transfers are the largest revenue source accounting for 48 percent of revenues. Property taxes supply 18 percent of funding. Real estate transfer taxes provide 4 percent of revenues and program revenues, 19 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 total cost of all governmental activities this year was \$24.1 million. These costs were partially offset by program revenues of \$6.8 million, leaving a net cost of \$17.3 million. The program revenues were paid by those who directly benefited from the programs (\$4.8 million) or by other governments and organizations that subsidized certain programs with intergovernmental aid and contributions (\$2.0 million). The balance of the cost was funded by City taxes of \$6.1 million, transfers of \$12.4 million and \$0.4 million of miscellaneous revenues. Public safety programs are the largest spending commitment, accounting for approximately 44 percent of the City’s governmental activities expenditures. General administration and public works services account for approximately 28 and 17 percent, respectively, of expenditures.

Table 3

<u>Functions/Programs</u>	<u>Total Cost of Services</u>	<u>% of Total Cost</u>	<u>Service Charges</u>	<u>Grants</u>	<u>Program Revenues</u>	<u>Net Cost of Services</u>
General Government	\$ 6,706,122	28%	\$ 3,513,820	\$ 399,950	\$ 3,913,770	\$ 2,792,352
Public Safety	10,482,878	43%	681,636	510,136	1,191,772	9,291,106
Public Works	4,274,977	18%	24,509	528,383	552,892	3,722,085
Community Development	173,473	1%	-	250,428	250,428	(76,955)
Culture & Recreation	2,385,848	10%	609,299	307,954	917,253	1,468,595
Interest Expense	99,565	0%	-	-	-	99,565
Total	\$ 24,122,863	100%	\$ 4,829,264	\$ 1,996,851	\$ 6,826,115	\$ 17,296,748

CITY OF NEWARK

MANAGEMENT'S DISCUSSION AND ANALYSIS

As shown in Table 2, expenses exceeded revenues by \$10.8 million in 2009. General revenues were down \$1.4 million in 2009 compared to 2008. This was due primarily to a \$1.8 million decline in real estate transfer taxes and lower interest income as a result of lower cash balances.

As shown in Table 2, governmental expenses decreased by about \$20 thousand. This decrease was the result of cost management initiatives, including personnel reductions, intended to offset the revenue decreases mentioned above. The City's overall cost structure continues to be affected by inflationary pressures, particularly on labor and benefit expenses.

In 2009, net assets increased by \$1.6 million due largely to \$12.4 million of transfers from business-type activities. These transfers were \$4.0 million greater than those in 2008.

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. The City Council establishes and collects utility rates and parking fees from users of these systems. 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 totaled \$61.0 million for the year, a decrease of \$2.5 million from the prior year. This decrease was the net result of reduced demand for utility services, partially offset by rate increases for water and sewer services enacted during the year. Expenses related to these services totaled \$50.8 million in 2009, a decrease of \$1.4 million from the prior year. This reduction in expenses was the result of cost management efforts during the year. Wholesale power costs remained relatively stable during the year.

As shown in Table 2, expenses and transfers exceeded revenues by \$2.2 million in 2009, resulting in an overall decrease in net assets within the business-type activities. This was due to two factors. First, operating margins within the utility operations were adversely affected by the economic recession and very mild, wet weather. Secondly, transfers to the governmental funds increased by \$4.0 million to \$12.4 million to maintain the financial strength of those funds.

As shown in Table 1, net assets declined \$2.2 million to \$44.5 million. The amount invested in capital assets, net of related debt, increased slightly by \$400 thousand. Unrestricted assets declined by \$2.6 million due to poor operating results and increased transfers.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2009, the City's governmental funds reported combined ending balances of \$7.7 million, an increase of \$300 thousand as compared to the prior year. This increase is composed primarily of a \$600 thousand increase in the General Fund, a \$400 thousand increase in capital reserves partially

CITY OF NEWARK

MANAGEMENT'S DISCUSSION AND ANALYSIS

offset by a \$700 thousand decrease in various other funds. 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, 2009, the total fund balance of the General Fund was \$1.3 million, \$1.2 million of which is unreserved. The General Fund balance increased by almost \$600 thousand in fiscal year 2009. Key factors contributing to this increase are as follows:

- Transfers from the proprietary funds, primarily the Electric Fund, increased \$2.2 million from the prior year and were utilized to achieve a positive balance in the General Fund.
- Revenues declined \$1.7 million reflecting a \$1.8 million decrease in real estate transfer tax revenues due to the economic recession.
- Expenditures remained relatively unchanged year over year as inflationary pressures were offset by cost containment initiatives including reducing personnel.

The City maintains Special Revenue Funds to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Special Revenue Funds include the Street Fund, Insurance Fund, Community Development Fund, the Law Enforcement Funds and the Parks and Recreation Fund. Revenue sources for these funds include grants from 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, 2009, the fund balance was \$46,620, all of which is reserved.

The City maintains a Capital Project Fund to account for major capital acquisitions and construction related to governmental activities separately from the ongoing operating activities. As of December 31, 2009, the fund balance was \$4.9 million, all of which is reserved.

Other governmental funds include one bond 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 \$15.0 million as of December 31, 2009 of which \$3.8 million was unrestricted. Total net assets decreased \$2.6 million. Income before transfers amounted to \$8.6 million. It is the City's policy that the electric operations roughly target a 20 percent operating margin.

The Water Fund had total net assets of \$19.9 million as of December 31, 2009, an increase of \$208 thousand from the prior year. Of this balance, the unrestricted portion was \$900 thousand. The fund had income before transfers of \$808 thousand. The Water Fund also carries roughly \$13.5 million of long-term debt associated with the construction of a reservoir.

CITY OF NEWARK

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Sewer Fund had total net assets of \$7.4 million as of December 31, 2009, of which \$2.2 million was unrestricted. Total net assets increased only slightly during the year. Income before transfers to the General Fund totaled \$600 thousand.

The Parking Fund, the smallest of the proprietary funds, had total net assets of \$2.1 million as of December 31, 2009. Of this amount, \$700 thousand was unrestricted. Total net assets increased \$169 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 three fiduciary funds – the Employees Pension Trust 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 and 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 Other Post Employment Benefits Fund contains assets set aside to fund future retiree healthcare benefits and other benefits. The Section 401(a) Retirement Fund holds assets to provide future benefits to select management employees.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

The schedules comparing the City's budget and actual results can be found on page 28.

Actual revenues in the General Fund fell just short of the budgeted revenues of \$11.3 million. Transfer taxes were almost \$900 thousand less than budget due to the recession. This decline was mostly offset by increases of \$445 thousand in property taxes and \$315 thousand in fine revenues. Expenditures were almost \$1.1 million less than budget as a result of cost containment initiatives across all departments during the year. The impact of these somewhat lower revenues and lower expenditures resulted in a \$1.1 million improvement compared to budget.

CITY OF NEWARK

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2009 amounted to \$74.5 million, net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements and machinery and equipment.

- The City made gross additions to capital assets of \$4.1 million in 2009. Net additions, after depreciation and retirements, totaled \$374 thousand. Capital expenditures were minimized during the year as the result of the difficult financial conditions facing the City.

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

Long-term Debt

At December 31, 2009, the City had \$15.5 million in bonds outstanding versus \$17.0 million last year – a decrease of 9.4 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 \$649 thousand of compensated absences which include carry forward vacation and compensatory time.

The City maintains an "A" rating from Moody's and an "AA" rating from Fitch for its current debt issuances.

Additional information about the City's long-term debt can be found in Notes 4, 5 and 11 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The City continues to maintain a diversified (62 percent residential, 20 percent commercial and 18 percent industrial) real estate revenue base should there be any short-term fluctuations in any one segment.
- The real estate tax millage was 55.6 cents per \$100 of assessed value throughout 2009. The millage was increased by 9 cents to 64.6 cents for 2010 to strengthen the City's financial health.
- In 2009 the City felt the full impact of the nationwide economic recession. This manifested itself in reduced real estate transfer taxes, construction permits and demand for utility services. While it appears that a recovery may have begun, the economy remains very sluggish.
- The 2010 annual operating budget for the general fund forecasts an operating budget surplus of \$1.2 million. The 2010 operating budget assumes a substantial sewer rate increase, a return to historical electric operating margins and the aforementioned .09 cent tax increase.

All of these factors were considered in preparing the City's budget for the 2010 fiscal year.

CITY OF NEWARK

MANAGEMENT'S DISCUSSION AND ANALYSIS

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>.



BASIC FINANCIAL SECTION

CITY OF NEWARK
STATEMENT OF NET ASSETS
DECEMBER 31, 2009
(with Summarized Comparative Data for the Year Ended December 31, 2008)

	Primary Government		Totals	
	Governmental Activities	Business-type Activities	2009	2008 (Restated)
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 3,802,126	\$ 1,408,319	\$ 5,210,445	\$ 5,269,889
Investments	5,198,038	2,042,718	7,240,756	9,122,068
Accounts receivables, net	2,045,368	7,600,863	9,646,231	9,447,994
Taxes receivable	404,889	-	404,889	355,082
Due from other governments	200,000	-	200,000	-
Inventories	51,345	1,242,583	1,293,928	1,104,429
Prepaid items and deferred charges	119,631	30,116	149,747	13,379
Net pension asset	282,432	74,428	356,860	-
Bond issue costs	-	-	-	3,690
Total current assets	<u>12,103,829</u>	<u>12,399,027</u>	<u>24,502,856</u>	<u>25,316,531</u>
Noncurrent Assets:				
Capital assets, net:				
Land	4,989,380	8,788,127	13,777,507	13,777,507
Construction in progress	-	30,000	30,000	104,105
Buildings	5,607,150	9,643,690	15,250,840	15,070,150
Improvements	10,568,085	31,043,053	41,611,138	41,776,123
Machinery and Equipment	3,072,431	783,355	3,855,786	3,517,500
Total noncurrent assets	<u>24,237,046</u>	<u>50,288,225</u>	<u>74,525,271</u>	<u>74,245,385</u>
Total assets	<u>\$ 36,340,875</u>	<u>\$ 62,687,252</u>	<u>\$ 99,028,127</u>	<u>\$ 99,561,916</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 692,606	\$ 3,472,668	\$ 4,165,274	\$ 3,497,652
Customer deposits	341,906	679,139	1,021,045	1,066,134
Compensated absences	56,600	8,341	64,941	68,901
Due to other governments	200,000	73,453	273,453	209,461
Accrued interest payable	23,876	163,021	186,897	195,215
Bonds payable	285,000	821,474	1,106,474	1,246,474
Other current liabilities	12,790	-	12,790	12,790
Total current liabilities	<u>1,612,778</u>	<u>5,218,096</u>	<u>6,830,874</u>	<u>6,296,627</u>
Noncurrent liabilities:				
Compensated absences	509,401	75,066	584,467	620,112
Net other post employment benefits obligation	544,518	144,901	689,419	-
Unearned revenue	-	3,727	3,727	3,772
Bonds payable	1,670,000	12,762,695	14,432,695	15,539,169
Total noncurrent liabilities	<u>2,723,919</u>	<u>12,986,389</u>	<u>15,710,308</u>	<u>16,163,053</u>
Total liabilities	<u>4,336,697</u>	<u>18,204,485</u>	<u>22,541,182</u>	<u>22,459,680</u>
Net Assets				
Invested in capital assets, net of related debt	22,282,046	36,781,751	59,063,797	57,459,742
Unrestricted	9,722,132	7,701,016	17,423,148	19,642,494
Total net assets	<u>32,004,178</u>	<u>44,482,767</u>	<u>76,486,945</u>	<u>77,102,236</u>
Total liabilities and net assets	<u>\$ 36,340,875</u>	<u>\$ 62,687,252</u>	<u>\$ 99,028,127</u>	<u>\$ 99,561,916</u>

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

CITY OF NEWARK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009
(with Summarized Comparative Data for the Year Ended December 31, 2008)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals	
					Governmental Activities	Business-Type Activities	2009	2008 (Restated)
Primary government:								
Governmental activities:								
General Government	\$ 6,706,122	\$ 3,513,820	\$ 378,000	\$ 21,950	\$ (2,792,352)	\$ -	\$ (2,792,352)	\$ (2,106,742)
Public Safety	10,482,878	681,636	312,561	197,575	(9,291,106)	-	(9,291,106)	(8,961,881)
Public Works	4,274,977	24,509	23,521	504,862	(3,722,085)	-	(3,722,085)	(3,871,484)
Community Development	173,473	-	250,428	-	76,955	-	76,955	5,940
Culture and Recreation	2,385,848	609,299	90,472	217,482	(1,468,595)	-	(1,468,595)	(1,504,077)
Interest Expense	99,565	-	-	-	(99,565)	-	(99,565)	(112,984)
Total governmental activities	<u>24,122,863</u>	<u>4,829,264</u>	<u>1,054,982</u>	<u>941,869</u>	<u>(17,296,748)</u>	<u>-</u>	<u>(17,296,748)</u>	<u>(16,551,228)</u>
Business-type activities:								
Electric	42,318,337	50,851,870	-	-	-	8,533,533	8,533,533	10,012,832
Water	4,101,573	4,886,534	-	-	-	784,961	784,961	177,398
Sewer	3,643,891	4,167,965	-	-	-	524,074	524,074	618,782
Parking	750,768	894,013	-	-	-	143,245	143,245	117,396
Total business-type activities	<u>50,814,569</u>	<u>60,800,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,985,813</u>	<u>9,985,813</u>	<u>10,926,408</u>
Total primary government	<u>\$ 74,937,432</u>	<u>\$ 65,629,646</u>	<u>\$ 1,054,982</u>	<u>\$ 941,869</u>	<u>(17,296,748)</u>	<u>9,985,813</u>	<u>(7,310,935)</u>	<u>(5,624,820)</u>
General Revenues								
Taxes:								
Real estate taxes					4,751,835	-	4,751,835	4,437,008
Real estate transfer taxes					1,000,710	-	1,000,710	2,764,929
Franchise fees					372,816	-	372,816	345,174
Unrestricted investment earnings					307,296	212,468	519,764	658,263
Increase (Decrease) in fair value of investments					-	-	-	54,333
Miscellaneous					-	6,474	6,474	7,235
Proceeds from sale of capital assets					44,045	-	44,045	32,206
Transfers					12,385,000	(12,385,000)	-	-
Total General Revenues, Extraordinary Item, and Transfers					<u>18,861,702</u>	<u>(12,166,058)</u>	<u>6,695,644</u>	<u>8,299,148</u>
Change in Net Assets					1,564,954	(2,180,245)	(615,291)	2,674,328
Net Assets - Beginning of Year, as restated					<u>30,439,224</u>	<u>46,663,012</u>	<u>77,102,236</u>	<u>74,427,908</u>
Net Assets - End of Year					<u>\$ 32,004,178</u>	<u>\$ 44,482,767</u>	<u>\$ 76,486,945</u>	<u>\$ 77,102,236</u>

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

**CITY OF NEWARK
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009
(with Summarized Comparative Data for the Year Ended December 31, 2008)**

	<u>Major Funds</u>			<u>Totals</u>	
	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>2009</u>	<u>2008 (Restated)</u>
ASSETS					
Cash and cash equivalents	\$ 1,896,193	\$ 809,339	\$ 840,878	\$ 3,546,410	\$ 2,182,798
Investments	757,920	3,727,597	712,521	5,198,038	5,977,213
Accounts receivable	1,251,149	532,112	261,252	2,044,513	2,096,006
Taxes receivable, net	404,889	-	-	404,889	355,082
Due from other funds	200,000	-	-	200,000	-
Inventory	-	-	39,848	39,848	31,895
Prepaid items	110,139	-	1,179	111,318	12,995
Total assets	<u>\$ 4,620,290</u>	<u>\$ 5,069,048</u>	<u>\$ 1,855,678</u>	<u>\$ 11,545,016</u>	<u>\$ 10,655,989</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 379,787	\$ 180,421	\$ 84,266	\$ 644,474	\$ 211,070
Customer deposits	341,906	-	-	341,906	428,046
Deferred revenue	2,620,418	-	23,000	2,643,418	2,409,873
Due to other funds	-	-	200,000	200,000	220,000
Other liabilities	-	-	12,790	12,790	12,790
Total liabilities	<u>3,342,111</u>	<u>180,421</u>	<u>320,056</u>	<u>3,842,588</u>	<u>3,281,779</u>
Fund balances:					
Reserved for:					
Inventory	-	-	39,848	39,848	31,895
Prepaid Items	110,139	-	1,179	111,318	12,995
Capital projects	-	4,888,627	-	4,888,627	4,647,032
Debt service	-	-	46,620	46,620	46,619
Law enforcement	-	-	199,549	199,549	137,886
Self Insurance	-	-	772,111	772,111	970,681
Parks and recreation	-	-	155,986	155,986	160,132
Unreserved					
General fund	1,168,040	-	-	1,168,040	675,353
Special revenue funds	-	-	320,329	320,329	691,617
Total fund balances	<u>1,278,179</u>	<u>4,888,627</u>	<u>1,535,622</u>	<u>7,702,428</u>	<u>7,374,210</u>
Total liabilities and fund balances	<u>\$ 4,620,290</u>	<u>\$ 5,069,048</u>	<u>\$ 1,855,678</u>	<u>\$ 11,545,016</u>	<u>\$ 10,655,989</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, 2009

Total Fund Balance - Governmental Funds	\$ 7,702,428
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 \$425,425 of internal service capital assets accounted for in the following line:	23,811,621
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	631,267
Other long term assets such as net pension assets are not available to pay for current period expenditures and, therefore, are deferred in the funds (net of Internal Service Fund, \$9,538 included in net assets above)	272,894
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.	2,643,418
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	(1,955,000)
Compensated absences (net of Internal Service Fund, \$13,401 included in net assets above)	(552,600)
Net other post employment benefits obligation (net of Internal Service Fund, \$18,544 included in net assets above)	(525,974)
Accrued interest payable	(23,876)
Net assets of governmental activities	\$ 32,004,178

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, 2009
(with Summarized Comparative Data for the Year Ended December 31, 2008)

	<u>Major Funds</u>			<u>Totals</u>	
	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>2009</u>	<u>2008 (Restated)</u>
REVENUES					
Taxes:					
Real Estate	\$ 4,576,436	\$ -	\$ -	\$ 4,576,436	\$ 4,341,366
Real estate transfer	1,000,710	-	-	1,000,710	2,764,929
Franchise	372,817	-	-	372,817	345,174
Licenses and permits	1,322,388	-	-	1,322,388	1,460,441
Fines, forfeits and costs	1,968,185	-	26,042	1,994,227	1,927,392
Interest, dividends and rents	114,694	152,863	40,103	307,660	316,708
Intergovernmental revenues	266,507	744,294	723,539	1,734,340	2,391,084
Charges for services	1,450,551	61,461	640	1,512,652	1,614,466
Subvention - University of Delaware	204,000	-	-	204,000	204,000
Total revenues	<u>11,276,288</u>	<u>958,618</u>	<u>790,324</u>	<u>13,025,230</u>	<u>15,365,560</u>
EXPENDITURES					
Current:					
General Government	5,081,019	-	60,222	5,141,241	5,309,432
Public Safety	9,697,846	-	355,116	10,052,962	9,878,022
Public Works	2,963,862	-	1,418,360	4,382,222	4,395,068
Community Development	-	-	173,473	173,473	391,652
Culture and recreation	2,428,436	-	26,974	2,455,410	2,454,121
Change in fair value of investments	-	-	-	-	-
Debt Service:					
Principal	-	-	450,000	450,000	480,000
Interest	-	-	101,262	101,262	115,043
Capital Outlay	-	1,782,623	586,864	2,369,487	2,386,991
Total expenditures	<u>20,171,163</u>	<u>1,782,623</u>	<u>3,172,271</u>	<u>25,126,057</u>	<u>25,410,329</u>
Deficiency of revenues under expenditures	<u>(8,894,875)</u>	<u>(824,005)</u>	<u>(2,381,947)</u>	<u>(12,100,827)</u>	<u>(10,044,769)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	12,531,414	1,177,200	2,093,725	15,802,339	13,496,105
Transfers out	(3,054,461)	-	(362,878)	(3,417,339)	(5,123,540)
Proceeds from the sale of capital assets	7,845	36,200	-	44,045	32,206
Total other financing sources and uses	<u>9,484,798</u>	<u>1,213,400</u>	<u>1,730,847</u>	<u>12,429,045</u>	<u>8,404,771</u>
Net change in fund balances	589,923	389,395	(651,100)	328,218	(1,639,998)
Fund balances - January 1, as restated	688,256	4,499,232	2,186,722	7,374,210	9,014,208
Fund balances - December 31	<u>\$ 1,278,179</u>	<u>\$ 4,888,627</u>	<u>\$ 1,535,622</u>	<u>\$ 7,702,428</u>	<u>\$ 7,374,210</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, 2009

Net Changes in Fund Balances - Total Governmental Funds	\$	328,218
<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 (\$2,362,040) is allocated over their estimated useful lives as depreciation expense (\$1,579,692). This is the amount by which capital outlays exceeded depreciation in the current period.</p>		782,348
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		233,545
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.</p>		(10,157)
<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		450,000
Accrued interest payable		5,387
<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>		(2,995)
<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		40,693
Net pension asset		282,432
Net other post employment benefits obligation		(544,518)
Change in Net Assets of Governmental Activities	\$	1,564,953

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Real estate - current	\$ 4,065,300	\$ 4,065,300	\$ 4,510,410	\$ 445,110
Real estate - delinquent and interest	29,000	29,000	66,026	37,026
Real estate - transfer	1,859,000	1,859,000	1,000,710	(858,290)
Franchise	316,510	316,510	372,817	56,307
Licenses and permits	1,388,100	1,388,100	1,322,388	(65,712)
Fines, forfeits and costs	1,653,200	1,653,200	1,968,185	314,985
Interest, dividends and rents	54,700	54,700	114,694	59,994
Intergovernmental revenues	250,400	250,400	266,507	16,107
Charges for services/fees	1,492,400	1,492,400	1,450,551	(41,849)
Subvention - University of Delaware	204,000	204,000	204,000	-
Total revenues	<u>11,312,610</u>	<u>11,312,610</u>	<u>11,276,288</u>	<u>(36,322)</u>
EXPENDITURES				
Current:				
General government:				
Finance department	2,323,240	2,323,240	2,197,880	125,360
Planning	767,670	767,670	833,803	(66,133)
Administration	919,800	919,800	861,608	58,192
Legislative	955,270	955,270	823,107	132,163
Judicial	367,240	367,240	364,621	2,619
Total general government	<u>5,333,220</u>	<u>5,333,220</u>	<u>5,081,019</u>	<u>252,201</u>
Public safety:				
Code Enforcement	1,117,460	1,117,460	1,097,490	19,970
Police	8,839,630	8,839,630	8,600,356	239,274
Total public safety	<u>9,957,090</u>	<u>9,957,090</u>	<u>9,697,846</u>	<u>259,244</u>
Public works:				
Highways and streets	1,345,180	1,345,180	1,075,291	269,889
Sanitation	2,168,850	2,168,850	1,888,571	280,279
Total public works	<u>3,514,030</u>	<u>3,514,030</u>	<u>2,963,862</u>	<u>550,168</u>
Culture and recreation	2,516,350	2,516,350	2,428,436	87,914
Total expenditures	<u>21,320,690</u>	<u>21,320,690</u>	<u>20,171,163</u>	<u>1,149,527</u>
Deficiency of revenues under expenditures	<u>(10,008,080)</u>	<u>(10,008,080)</u>	<u>(8,894,875)</u>	<u>1,113,205</u>
Other Financing Sources (Uses)				
Appropriated fund balance	10,534,343	10,534,343	-	(10,534,343)
Transfers In	-	-	12,531,414	12,531,414
Transfers Out	(551,263)	(551,263)	(3,054,461)	(2,503,198)
Proceeds from the sale of capital assets	25,000	25,000	7,845	(17,155)
Proceeds from sale of bonds	-	-	-	-
Total other financing sources and uses	<u>\$ 10,008,080</u>	<u>\$ 10,008,080</u>	<u>9,484,798</u>	<u>(523,282)</u>
Net change in fund balances			589,923	589,923
Fund Balances - January 1			688,256	688,256
Residual equity transfer			-	-
Fund Balances - December 31			<u>\$ 1,278,179</u>	<u>\$ 1,278,179</u>

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

**CITY OF NEWARK
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2009**

(with Summarized Comparative Data for the Year Ended December 31, 2008)

	Business-Type Activities Enterprise Funds				Totals		Governmental Activities Internal Service Fund	
	Electric	Water	Sewer	Parking	2009	2008	2009	2008
ASSETS								
Current Assets:								
Cash and cash equivalents	\$ 360,324	\$ 56,113	\$ 844,249	\$ 147,633	\$ 1,408,319	\$ 2,899,492	\$ 255,716	\$ 187,599
Investments restricted:								
Customer deposits	606,904	70,435	1,800	-	679,139	638,088	-	-
Investments, unrestricted	110,207	4,615	663,301	585,456	1,363,579	2,506,767	-	-
Accounts receivable, net	5,650,591	1,129,772	818,820	1,680	7,600,863	7,351,488	855	500
Due from other funds	-	-	-	-	-	220,000	-	-
Inventory	1,157,691	79,956	4,936	-	1,242,583	1,064,544	11,497	7,990
Prepaid expenses	12,454	17,259	-	403	30,116	384	8,313	-
Net pension asset	39,343	30,522	-	4,563	74,428	-	9,538	-
Total current assets	<u>7,937,514</u>	<u>1,388,672</u>	<u>2,333,106</u>	<u>739,735</u>	<u>12,399,027</u>	<u>14,680,763</u>	<u>285,919</u>	<u>196,089</u>
Noncurrent Assets:								
Capital assets, net:								
Land	-	7,957,953	-	830,174	8,788,127	8,788,127	-	-
Construction in progress	-	-	-	30,000	30,000	104,105	-	-
Buildings	6,039,351	3,604,339	-	-	9,643,690	9,312,395	391,202	434,523
Improvements	4,724,136	20,673,886	5,197,621	447,410	31,043,053	31,789,891	-	-
Machinery and Equipment	430,617	256,280	-	96,458	783,355	729,294	34,223	47,622
Total noncurrent assets	<u>11,194,104</u>	<u>32,492,458</u>	<u>5,197,621</u>	<u>1,404,042</u>	<u>50,288,225</u>	<u>50,723,812</u>	<u>425,425</u>	<u>482,145</u>
Total Assets	<u>\$ 19,131,618</u>	<u>\$ 33,881,130</u>	<u>\$ 7,530,727</u>	<u>\$ 2,143,777</u>	<u>\$ 62,687,252</u>	<u>\$ 65,404,575</u>	<u>\$ 711,344</u>	<u>\$ 678,234</u>
LIABILITIES								
Current Liabilities:								
Accounts payable	\$ 3,374,972	\$ 75,824	\$ 14,373	\$ 7,499	\$ 3,472,668	\$ 3,261,328	\$ 48,132	\$ 25,254
Customer deposits	606,904	70,435	1,800	-	679,139	638,088	-	-
Compensated absences	4,711	2,175	-	1,455	8,341	8,232	1,340	1,271
Due to other governments	-	-	73,453	-	73,453	209,461	-	-
Accrued interest payable	-	163,021	-	-	163,021	165,952	-	-
Bonds payable	-	815,000	-	-	815,000	790,000	-	-
Bond premium	-	6,474	-	-	6,474	6,474	-	-
Total Current Liabilities	<u>3,986,587</u>	<u>1,132,929</u>	<u>89,626</u>	<u>8,954</u>	<u>5,218,096</u>	<u>5,079,535</u>	<u>49,472</u>	<u>26,525</u>
Noncurrent Liabilities:								
Compensated absences	42,396	19,574	-	13,096	75,066	74,087	12,061	11,436
Net other post employment benefits obligation	76,587	59,422	-	8,892	144,901	-	18,544	-
Deferred revenue	-	2,687	1,040	-	3,727	3,772	-	-
Bonds payable	-	12,685,000	-	-	12,685,000	13,500,000	-	-
Bond premium	-	77,695	-	-	77,695	84,169	-	-
Total Noncurrent Liabilities	<u>118,983</u>	<u>12,844,378</u>	<u>1,040</u>	<u>21,988</u>	<u>12,986,389</u>	<u>13,662,028</u>	<u>30,605</u>	<u>11,436</u>
Total Liabilities	<u>4,105,570</u>	<u>13,977,307</u>	<u>90,666</u>	<u>30,942</u>	<u>18,204,485</u>	<u>18,741,563</u>	<u>80,077</u>	<u>37,961</u>
NET ASSETS								
Invested in Capital Assets, net of related debt	11,194,104	18,985,984	5,197,621	1,404,042	36,781,751	36,343,169	425,425	482,145
Unrestricted	3,831,944	917,839	2,242,440	708,793	7,701,016	10,319,843	205,842	158,128
Total Net Assets	<u>15,026,048</u>	<u>19,903,823</u>	<u>7,440,061</u>	<u>2,112,835</u>	<u>44,482,767</u>	<u>46,663,012</u>	<u>631,267</u>	<u>640,273</u>
Total Liabilities and Net Assets	<u>\$ 19,131,618</u>	<u>\$ 33,881,130</u>	<u>\$ 7,530,727</u>	<u>\$ 2,143,777</u>	<u>\$ 62,687,252</u>	<u>\$ 65,404,575</u>	<u>\$ 711,344</u>	<u>\$ 678,234</u>

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

CITY OF NEWARK
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009
(with Summarized Comparative Data for the Year Ended December 31, 2008)

	Business-Type Activities Enterprise Funds				Totals		Governmental Activities Internal Service Fund	
	Electric	Water	Sewer	Parking	2009	2008	2009	2008
Operating Revenues:								
Charges for service	\$ 50,603,942	\$ 4,843,005	\$ 4,155,257	\$ 892,379	\$ 60,494,583	\$ 62,623,424	\$ 1,337,339	\$ 1,472,597
Penalties and fees	201,595	33,183	12,708	-	247,486	312,584	-	-
Miscellaneous	46,333	10,346	-	1,634	58,313	72,743	-	240
Total operating revenues	<u>50,851,870</u>	<u>4,886,534</u>	<u>4,167,965</u>	<u>894,013</u>	<u>60,800,382</u>	<u>63,008,751</u>	<u>1,337,339</u>	<u>1,472,837</u>
Operating Expenses:								
Personnel	2,166,345	1,742,415	-	451,585	4,360,345	4,010,195	499,645	453,396
Utility purchases	38,537,373	46,803	3,311,200	-	41,895,376	43,529,211	-	-
Materials and supplies	155,241	281,112	11,561	47,964	495,878	478,701	608,306	756,448
Contracted services	538,017	423,826	121,200	140,813	1,223,856	1,382,190	180,282	200,733
Depreciation	750,778	997,518	193,903	105,988	2,048,187	2,012,793	56,719	59,371
Other	153,366	30,199	6,027	4,418	194,010	120,328	1,393	2,128
Total operating expenses	<u>42,301,120</u>	<u>3,521,873</u>	<u>3,643,891</u>	<u>750,768</u>	<u>50,217,652</u>	<u>51,533,418</u>	<u>1,346,345</u>	<u>1,472,076</u>
Operating income (deficit)	<u>8,550,750</u>	<u>1,364,661</u>	<u>524,074</u>	<u>143,245</u>	<u>10,582,730</u>	<u>11,475,333</u>	<u>(9,006)</u>	<u>761</u>
Nonoperating Revenues (Expenses):								
Interest and investment revenue	104,063	16,855	65,672	25,878	212,468	344,635	-	-
Increase in fair value of investments	-	-	-	-	-	48,699	-	-
Amortization of bond premium	-	6,474	-	-	6,474	6,474	-	-
Interest expense	(17,217)	(579,700)	-	-	(596,917)	(619,615)	-	-
Total nonoperating revenues (expenses)	<u>86,846</u>	<u>(556,371)</u>	<u>65,672</u>	<u>25,878</u>	<u>(377,975)</u>	<u>(219,807)</u>	<u>-</u>	<u>-</u>
Income (deficit) Before Capital Grants, Extraordinary Item & Transfers	<u>8,637,596</u>	<u>808,290</u>	<u>589,746</u>	<u>169,123</u>	<u>10,204,755</u>	<u>11,255,526</u>	<u>(9,006)</u>	<u>761</u>
Capital Grants	-	-	-	-	-	125,765	-	-
Transfers In	152,216	-	-	-	152,216	3,406,746	-	-
Transfers Out	(11,437,216)	(600,000)	(500,000)	-	(12,537,216)	(11,883,395)	-	(71,000)
Change in Net Assets	<u>(2,647,404)</u>	<u>208,290</u>	<u>89,746</u>	<u>169,123</u>	<u>(2,180,245)</u>	<u>2,904,642</u>	<u>(9,006)</u>	<u>(70,239)</u>
Total Net Assets - January 1	<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 Net Assets - December 31	<u>\$ 15,026,048</u>	<u>\$ 19,903,823</u>	<u>\$ 7,440,061</u>	<u>\$ 2,112,835</u>	<u>\$ 44,482,767</u>	<u>\$ 46,663,012</u>	<u>\$ 631,267</u>	<u>\$ 640,273</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, 2009
(with Comparative Data for the Year Ended December 31, 2008)

	Business-Type Activities Enterprise Funds				Totals		Governmental Activities Internal Service Fund	
	Electric	Water	Sewer	Parking	2009	2008	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers and users	\$ 50,944,583	\$ 4,536,794	\$ 4,075,158	\$ 936,114	\$ 60,492,649	\$ 62,380,134	\$ -	\$ -
Receipts from interfund services provided	-	-	-	-	-	-	1,336,984	1,472,097
Customer deposits received	899,961	70,435	-	-	970,396	235,628	-	-
Customer deposits returned	(929,345)	-	-	-	(929,345)	(243,117)	-	-
Other operating receipts	46,333	10,346	-	1,634	58,313	72,824	-	240
Payments to suppliers for goods and services	(39,207,381)	(681,224)	(3,576,152)	(175,326)	(43,640,083)	(45,003,964)	(778,922)	(972,951)
Payments to employees for services	(2,127,369)	(1,714,465)	-	(446,950)	(4,288,784)	(3,988,383)	(489,945)	(454,887)
Payments for interfund services used	(124,144)	(98,354)	(12,392)	(12,357)	(247,247)	(285,423)	-	-
Net cash provided by operating activities	9,502,638	2,123,532	486,614	303,115	12,415,899	13,167,699	68,117	44,499
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Interest paid	(17,217)	-	-	-	(17,217)	(14,035)	-	-
Interfund loans	-	-	-	-	-	(220,000)	-	-
Repayments of interfund loans	220,000	-	-	-	220,000	740,000	-	-
Transfers in	152,216	-	-	-	152,216	3,406,746	-	-
Transfers out	(11,435,216)	(596,198)	(500,000)	-	(12,531,414)	(11,883,395)	-	(71,000)
Net cash used by noncapital financing activities	(11,080,217)	(596,198)	(500,000)	-	(12,176,415)	(7,970,684)	-	(71,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Purchases of capital assets	(1,405,394)	(111,259)	(155,978)	-	(1,672,631)	(3,738,239)	-	(62,184)
Capital grants received	-	-	-	-	-	125,765	-	-
Litigation settlement on capital project	-	-	-	-	-	(3,600,000)	-	-
Principal paid on capital debt	-	(790,000)	-	-	(790,000)	(765,000)	-	-
Interest paid on capital debt	-	(582,630)	-	-	(582,630)	(605,580)	-	-
Net cash used by capital and related financing activities	(1,405,394)	(1,483,889)	(155,978)	-	(3,045,261)	(8,583,054)	-	(62,184)
CASH FLOWS FROM INVESTING ACTIVITIES								
Proceeds from sale of investments	3,405,453	1,886	24,622	1,680	3,433,641	4,376,554	-	34,022
Purchase of investments	(2,000,000)	(20,001)	-	(240,821)	(2,260,822)	(1,584,206)	-	-
Interest received	64,324	10,149	41,434	25,878	141,785	344,635	-	-
Net cash provided (used) by investing activities	1,469,777	(7,966)	66,056	(213,263)	1,314,604	3,136,983	-	34,022
Net increase (decrease) in cash and cash equivalents	(1,513,196)	35,479	(103,308)	89,852	(1,491,173)	(249,056)	68,117	(54,663)
Cash and cash equivalents - January 1	1,873,520	20,634	947,557	57,781	2,899,492	3,148,548	187,599	242,262
Cash and cash equivalents - December 31	\$ 360,324	\$ 56,113	\$ 844,249	\$ 147,633	\$ 1,408,319	\$ 2,899,492	\$ 255,716	\$ 187,599

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, 2009
(with Comparative Data for the Year Ended December 31, 2008)

	Business-Type Activities Enterprise Funds				Totals		Governmental Activities Internal Service Fund	
	Electric	Water	Sewer	Parking	2009	2008	2009	2008
Reconciliation of operating income to net cash provided by operating activities								
Operating income (deficit)	\$ 8,550,750	\$ 1,364,661	\$ 524,074	\$ 143,245	\$ 10,582,730	\$ 11,475,333	\$ (9,006)	\$ 761
Adjustments to reconcile operating income to net cash provided by operating activities:								
Depreciation expense	750,778	997,518	193,903	105,988	2,048,187	2,012,793	56,719	59,371
Advanced funding of pension costs	(39,343)	(30,522)	-	(4,563)	(74,428)	-	(9,538)	-
Unfunded other post employment benefits costs	76,587	59,422	-	8,892	144,901	-	18,544	-
Effect of changes in operating assets and liabilities:								
Accounts receivable	147,414	(339,449)	(92,707)	43,735	(241,007)	(570,072)	(355)	(500)
Allowance for uncollectible accounts	(8,368)	-	-	-	(8,368)	14,198	-	-
Inventory	(157,334)	(17,904)	(2,801)	-	(178,039)	(53,474)	(3,507)	12,692
Prepaid expenses	(12,403)	(16,926)	-	(403)	(29,732)	39,411	(8,313)	570
Customer deposits	(29,384)	70,435	-	-	41,051	(7,489)	-	-
Accounts payable	224,209	40,994	253	5,915	271,371	58,401	22,879	(26,904)
Compensated absences	1,732	(950)	-	306	1,088	21,812	694	(1,491)
Due to other governments	-	-	(136,008)	-	(136,008)	176,705	-	-
Deferred revenue	-	55	(100)	-	(45)	81	-	-
Total adjustments	953,888	762,673	(37,460)	159,870	1,838,971	1,692,366	77,123	43,738
Net cash provided by operating activities	<u>\$ 9,504,638</u>	<u>\$ 2,127,334</u>	<u>\$ 486,614</u>	<u>\$ 303,115</u>	<u>\$ 12,421,701</u>	<u>\$ 13,167,699</u>	<u>\$ 68,117</u>	<u>\$ 44,499</u>
Noncash investing, capital, and financing activities:								
Increase in fair value of investments	34,286	4,819	19,616	6,142	64,863	48,699	-	-
Increase in accrued interest receivable	5,453	1,886	4,622	1,680	13,641	-	-	-
Capitalization of accrued retainage	(60,031)	-	-	-	(60,031)	60,031	-	-
Capitalization of trade-in credits	11,000	-	-	-	11,000	-	-	-
Loss on Capital Asset Disposal	-	(10,727)	-	-	(10,727)	-	-	-
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, 2009**

	Pension and Other Benefits and Insurance Trust Funds
ASSETS	
Cash and cash equivalents	\$ 9,303
Investments	35,584,301
Contributions receivable	<u>71,877</u>
Total Assets	<u><u>\$ 35,665,481</u></u>
LIABILITIES	
Accounts payable	<u>\$ 122</u>
Total Liabilities	<u>122</u>
NET ASSETS	
Assets held in trust for employee post employment benefits	<u>35,665,359</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 35,665,481</u></u>

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, 2009**

	<u>Pension and Other Benefits and Insurance Trust Funds</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 2,579,084
State aid - police	287,483
Employee	<u>506,530</u>
Total contributions	<u>3,373,097</u>
Investments:	
Investment earnings	1,254
Net increase (decrease) in fair value of investments	<u>6,020,261</u>
Total investment earnings (deficit)	<u>6,021,515</u>
Total additions	<u>9,394,612</u>
DEDUCTIONS	
Benefits	2,808,195
Claims	-
Administrative expenses	<u>280,411</u>
Total Deductions	<u>3,088,606</u>
Change in Net Assets	6,306,006
Net Assets - January 1, as restated	<u>29,359,353</u>
Net Assets - December 31	<u><u>\$ 35,665,359</u></u>

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

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

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 non-fiduciary 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 non-major 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
DECEMBER 31, 2009

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 (non-exchange 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
DECEMBER 31, 2009

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.

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.

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

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

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

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

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

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

The City reports the following fiduciary fund types:

Pension Trust Fund – This fund is used to account for the assets held by the Pension Program in a trustee capacity for the employees of the City. The Pension Program, which is part of the City's legal entity, is a single-employer defined benefit pension plan that provides benefits to City employees.

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

Section 401A 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.

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

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

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.

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, 2009 for the City's governmental activities include real estate taxes receivables, home buyer's assistance program receivables, grants receivables, permits and licenses receivables, liens receivables, interest receivables, and other miscellaneous receivables.

Allowance for Doubtful Accounts

Historically, the City of Newark has experienced a 99% collection rate for real estate taxes. Taxes constitute a lien against real property and are collected in full when title transfers. In 2009, an allowance for doubtful accounts was established. Included in this allowance are outstanding receivables for parcels of undeveloped land that may not be recoverable through a transfer or munitions sale and one percent of the remaining receivable balance.

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

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

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 .15 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 .02 percent of annual revenues, excluding adjustments, penalties and miscellaneous revenues. This amount approximates the City's actual loss experience.

As of December 31, 2009, the allowance for doubtful accounts amounted to \$179,495 in the Electric Fund, \$17,121 in the Water Fund, and \$22,789 in the Sewer Fund.

Inventories and Prepaid Items

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

Capital Assets

Capital assets including property, plant and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City has defined capital assets as assets with a minimum 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

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

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

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 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.

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

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

Property Taxes

Property taxes attach as an enforceable lien on property when levied. Taxes are levied on July 1 and are payable on or before September 30. Taxes paid after the payable date are assessed a five percent penalty for nonpayment and one and one-half percent interest per month thereafter. The City bills and collects its own property taxes. City property tax revenues are recognized on a pro rata basis. An allowance for doubtful accounts is calculated on tax balances of identified properties where amounts due may not be collected at the time of a title transfer and one percent of the remaining tax receivable balance. The property tax rate for 2009 was 55.58 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.
- 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 control and responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis. Budget appropriations lapse at year-end.
- d. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Revenue and Expenditures

For the year ended December 31, 2009, actual revenues in the General Fund trailed budgeted revenues by \$36,322. The \$965,851 combined deficits in the Real Estate Transfer Tax, Licenses and Permits, and Charges for Services lines were partly offset by greater than anticipated Property Tax, Fines and Forfeits, and miscellaneous other revenue sources.

Operating expenditures were \$1,113,205 less than appropriated.

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a written policy for custodial credit risk. At December 31, 2009, the carrying amount of the City's cash accounts and cash on hand was \$5,210,445. The bank balances were \$5,210,588. Of the bank balances, \$500,000 was covered by Federal Depository Insurance. The remaining balance of \$4,710,588 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.

As of December 31, 2009 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	\$ 7,240,756	\$ 771,874	\$ 6,277,240	\$ 96,324	\$ 95,318
Total	<u>\$ 7,240,756</u>	<u>\$ 771,874</u>	<u>\$ 6,277,240</u>	<u>\$ 96,324</u>	<u>\$ 95,318</u>

Credit Risk

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

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

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

Interest Rate Risk

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

The City's 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).

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:

U.S. 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, 2009, there were no investments with a fair value in excess of 5% of the City's portfolio invested in any single issuer.

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 3 CAPITAL ASSETS

The capital asset activity for the year ended December 31, 2009 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	9,823,300	110,933	-	9,934,233
Improvements	14,765,768	1,092,605	-	15,858,373
Machinery and Equipment	10,050,906	1,158,502	(217,090)	10,992,318
Total capital assets being depreciated	34,639,974	2,362,040	(217,090)	36,784,924
Less Accumulated Depreciation for:				
Buildings	4,065,545	261,538	-	4,327,083
Improvements	4,779,536	510,752	-	5,290,288
Machinery and Equipment	7,262,700	864,120	(206,933)	7,919,887
Total Accumulated Depreciation	16,107,781	1,636,410	(206,933)	17,537,258
Total capital assets being depreciated, net	18,532,193	725,630	(10,157)	19,247,666
Governmental Activities Capital Assets, Net	<u>\$23,521,573</u>	<u>\$ 725,630</u>	<u>\$ (10,157)</u>	<u>\$24,237,046</u>

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 3 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	-	(74,105)	30,000
Total capital assets not being depreciated	8,892,232	-	(74,105)	8,818,127
Capital assets being depreciated:				
Buildings	20,551,358	1,065,850	-	21,617,208
Improvements	50,029,361	377,372	-	50,406,733
Machinery and equipment	2,383,172	254,209	(60,325)	2,577,056
Total capital assets being depreciated	72,963,891	1,697,431	(60,325)	74,600,997
Less accumulated depreciation for:				
Buildings	11,238,963	734,555	-	11,973,518
Improvements	18,239,470	1,124,210	-	19,363,680
Machinery and equipment	1,653,878	189,421	(49,598)	1,793,701
Total accumulated depreciation	31,132,311	2,048,186	(49,598)	33,130,899
Total capital assets being depreciated, net	41,831,580	(350,755)	(10,727)	41,470,098
Business-type activities capital assets, net	\$50,723,812	\$ (350,755)	\$ (84,832)	\$50,288,225

Depreciation expense was charged to the functions as follows:

General Government	\$ 300,441
Public Safety	393,550
Public Works	739,118
Culture and Recreation	146,583
Capital assets held by the government's internal service funds are charged to the various functions based on their usage	<u>56,718</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,636,410</u>
Business-type Activities:	
Electric	\$ 750,778
Water	997,518
Sewer	193,903
Parking	<u>105,987</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 2,048,186</u>

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 4 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, 2009 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, 2009 was \$1,795,000.

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, 2009 was \$13,500,000.

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 2.41%, 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, 2009 was \$160,000.

General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Amount</u>
Governmental activities	\$ 1,955,000
Business-type activities	13,500,000
	<u>\$ 15,455,000</u>

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

<u>Year Ending</u> <u>December 31</u>	<u>Governmental Activities</u>			<u>Business Type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 285,000	\$ 89,718	\$ 374,718	\$ 815,000	\$ 558,930	\$ 1,373,930
2011	130,000	81,915	211,915	840,000	526,330	1,366,330
2012	140,000	75,805	215,805	870,000	492,730	1,362,730
2013	145,000	69,155	214,155	900,000	457,930	1,357,930
2014	155,000	62,195	217,195	935,000	421,930	1,356,930
2015-2019	890,000	189,920	1,079,920	5,295,000	1,517,145	6,812,145
2020-2022	210,000	10,500	220,500	3,845,000	346,675	4,191,675
	<u>\$ 1,955,000</u>	<u>\$ 579,208</u>	<u>\$ 2,534,208</u>	<u>\$ 13,500,000</u>	<u>\$ 4,321,670</u>	<u>\$ 17,821,670</u>

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 5 **CHANGES IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities:</u>					
Bonds Payable	\$ 2,405,000	\$ -	\$ (450,000)	\$ 1,955,000	\$ 285,000
Compensated absences	606,694	1,184,917	(1,225,610)	566,001	56,600
Long-Term Liabilities	\$ 3,011,694	\$ 1,184,917	\$ (1,675,610)	\$ 2,521,001	\$ 341,600
<u>Business Type Activities:</u>					
Bonds Payable	\$ 14,290,000	\$ -	\$ (790,000)	\$ 13,500,000	\$ 815,000
Plus: deferred amounts - bond premium	90,643	-	(6,474)	84,169	6,474
Total bonds payable	14,380,643	-	(796,474)	13,584,169	821,474
Compensated absences	82,319	260,867	(259,779)	83,407	8,341
Long-Term Liabilities	\$ 14,462,962	\$ 260,867	\$ (1,056,253)	\$ 13,667,576	\$ 829,815

The compensated absences liability attributable to governmental activities will be paid by the governmental and internal service funds. In the past, approximately 90% has been paid by the General Fund and the remainder by other governmental and internal service funds. The internal service fund predominantly serves the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. As of December 31, 2009, \$13,401 of internal service funds compensated absences is included in the above amounts.

NOTE 6 **INTERFUND TRANSFERS**

The composition of interfund transfers as of the year ended December 31, 2009 were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 12,531,414	\$ 3,054,461
Capital Projects Fund	1,177,200	-
Non-major Governmental Funds	2,093,725	362,878
Electric Fund	152,216	11,437,216
Water Fund	-	600,000
Sewer Fund	-	500,000
Total Transfers	\$ 15,954,555	\$ 15,954,555

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.

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 7 FUND BALANCE

Amounts are reserved for the following purposes:

Inventory	\$	39,848
Prepaid Items		111,318
Capital Projects		4,888,627
Debt Service		46,620
Law Enforcement Fund		199,549
Insurance		772,111
Parks and Recreation		155,986
		155,986
	<u>\$</u>	6,214,059

NOTE 8 PENSIONS

Plan Description

Substantially all full-time employees of the City are covered by the Amended Pension Plan for Employees of the City of Newark, Delaware, created and operated under Section 2.98 of the City Code. This is a 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
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NOTE 8 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 50th birthday or the fifth anniversary of the member's date of participation in the plan or (2) the completion of 20 years of credited service as a Police employee. For a Police employee hired after January 1, 1989, normal retirement occurs upon the completion of 20 years of credited service as a contributing member. A Police member who has completed 15 or more years of credited service and who terminates employment no more than five years prior to the member's Normal Retirement Date shall be eligible to receive a retirement pension benefit commencing on the first of the month following the member's Normal Retirement Date.

Each employee who is unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment may be eligible for a disability pension equal to the employee's accumulated service credits, reduced by any benefits paid under the City's long-term disability insurance program. Police and Special Police employees whose disability results from the discharge of their official duties, shall receive pension benefits of not less than seventy-five percent of their prior December 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
DECEMBER 31, 2009

NOTE 8 PENSIONS (cont'd)

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

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

The contribution percentage for Non-Police and Special Police employees in 2009 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 7.00 percent in 2009.

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, 2009 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
DECEMBER 31, 2009

NOTE 8 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 contributions	\$ 1,958,483
Interest on net pension obligation	(22,294)
Adjustment to annual required contribution	<u>25,169</u>
Annual pension cost	1,961,358
Contributions made	<u>2,020,967</u>
Increase (decrease) in net pension obligation	(59,609)
Net pension asset, beginning of year	<u>(297,251)</u>
Net pension asset, end of year	<u><u>\$ (356,860)</u></u>

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

<u>Calendar Year</u> <u>Ending December 31</u>	<u>Annual</u> <u>Pension Cost</u>	<u>Contributions</u> <u>Made</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Asset</u>
2007	\$ 1,560,275	\$ 1,640,432	105%	\$ (194,690)
2008	1,607,872	1,710,432	106%	(297,251)
2009	1,961,358	2,020,967	103%	(356,860)

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, 2009 was \$1,961,358. The contributions for the year by various City funds totaled \$2,020,967 including \$287,483 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
DECEMBER 31, 2009

NOTE 8 PENSIONS (cont'd)

Plan Membership

As of January 1, 2009, the most recent actuarial valuation, employee membership consisted of:

<u>Police and Non-police Participants</u>	<u>Police</u>	Non <u>Police</u>	<u>Total</u>
Active Employees	63	162	225
Retired and disabled members receiving benefits	54	85	139
Deferred vested participants	1	10	11
Total	<u>118</u>	<u>257</u>	<u>375</u>

The City's total payroll for all employees covered by the Plan for the current year was \$12,572,244. 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.

Total assets and net assets available for benefits as of December 31, 2009 consisted of the following:

Fixed income mutual funds	\$ 10,061,016
Large cap equity mutual funds	6,321,229
All international markets mutual funds	7,328,398
Small cap equity mutual funds	1,835,658
Equity I mutual funds	6,344,501
Real estate equity funds	1,720,311
Global real estate equity funds	689,466
Government securities funds	<u>326,282</u>
	<u>\$ 34,626,861</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
DECEMBER 31, 2009

NOTE 8 PENSIONS (cont'd)

Concentration of Plan Assets

As of December 31, 2009 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 Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, as presented below, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities benefits:

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, 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%
January 1, 2009	\$38,956,105	\$53,944,288	\$14,988,183	72.22%	\$12,572,244	119.22%

Schedule of Contributions from Employer and Other Contributing Entities

Valuation Date	Annual Required Contribution	Actual Contribution	Percentage Contributed
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	106.80%
January 1, 2009	\$1,958,483	\$2,020,967	103.19%

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 8 PENSIONS (cont'd)

The condensed financial statements as of and for the year ended December 31, 2009 are as follows:

Statement of Plan Net Assets
Employees Pension Trust Fund
As of December 31, 2009

ASSETS	
Investments	\$ 34,626,861
Contributions receivable	71,877
Total Assets	\$ 34,698,738
LIABILITIES	
Accounts payable	\$ -
Total Liabilities	-
NET ASSETS	
Assets held in trust for employee post employment benefits	34,698,738
TOTAL LIABILITIES AND NET ASSETS	\$ 34,698,738

Statement of Changes in Plan Net Assets
Employees Pension Trust Fund
For the Year Ended December 31, 2009

ADDITIONS	
Contributions:	
Employer contributions	\$ 1,733,484
State aid - police	287,483
Employee contributions	476,530
Total contributions	2,497,497
Investments:	
Net increase (decrease) in fair value of investments	5,715,501
Total investment earnings (deficit)	5,715,501
Total additions	8,212,998
DEDUCTIONS	
Benefits	2,607,953
Administrative expenses	256,062
Total Deductions	2,864,015
Change in Net Assets	5,348,983
Net Assets - January 1	29,349,755
Net Assets - December 31	\$ 34,698,738

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 9 **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 three outstanding workers compensation claims at December 31, 2009.

Fiscal Year	Aggregate Liability for Claims 1/1/09	Current Year Claims	Actual Claims Payments	Aggregate Liability for Claims 12/31/09
2009	\$ -	\$ 36,503	\$ 35,111	\$ 1,392
2008	-	186,723	186,723	-
2007	-	222,906	222,906	-
2006	-	211,571	211,571	-
2005	-	139,227	139,227	-

NOTE 10 **DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years.

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 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.

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 11 OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City of Newark Other Post Employment Benefits Trust Fund (OPEB) is a single employer defined benefit OPEB plan administered by the City Council sitting as the Board of Trustees. The OPEB 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. For the year ended December 31, 2009, the current premium cost of those benefits was \$200,242.

Participant data consisted of the following at January 1, 2009, the date of the latest actuarial valuation:

<u>Participants</u>	
Active	227
Retired	63
Total	290

Funding Policy

The trust is funded through contributions made by the City as an employer, earnings from investments, and reimbursements from retirees and spouses. The City's cost of providing retiree medical coverage and life insurance is paid out of the OPEB Fund. In 2009, the City contributed \$600,000 to prefund benefits and transferred \$233,000 from the Insurance Fund to pay current premiums for post employment benefits.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB 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.

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

Annual required contribution	\$ 1,061,059
Interest on net OPEB obligation	31,298
Adjustment to annual required contribution	<u>(24,854)</u>
Annual OPEB cost (expense)	1,067,503
Contributions made	<u>833,000</u>
Increase in net OPEB obligation	234,503
Net OPEB obligation, beginning of year	<u>454,916</u>
Net OPEB obligation, end of year	<u><u>\$ 689,419</u></u>

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (cont'd)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009, the first year of the plan, were as follows:

Calendar Year Ended	Annual OPEB Cost	Contributions Made	% of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2008	\$ 930,000	\$ 475,084	51.1%	\$ 454,916
12/31/2009	1,067,503	833,000	78.0%	689,419

Funded Status

As of January 1, 2009, the most recent actuarial valuation date, the plan was 2.59 percent funded. The actuarial accrued liability for benefits was \$11.58 million, the actuarial value of assets was \$300,007, and the unfunded actuarial accrued liability was \$11.28 million. The covered payroll (annual payroll of active employees covered by the plan) was \$12.71 million, and the ratio of UAAL to the covered payroll was (UAAL) 88.7 percent.

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

Actuarial Valuation Date	Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability	Funded Ratio	Payroll	Unfunded AAL as a Percentage of Payroll
1/1/2007	\$ -	\$ 11,740,000	\$ 11,740,000	0.0%	\$ 11,634,740	100.9%
1/1/2009	\$ 300,007	\$ 11,582,043	\$ 11,282,036	2.59%	\$ 12,712,244	88.7%

Actuarial Methods & Assumptions

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

The 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

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (cont'd)

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 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 6.88 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.

The condensed financial statements as of and for the year ended December 31, 2009 are as follows:

Statement of Plan Net Assets
Other Post Employment Benefits Plan
As of December 31, 2009

ASSETS	
Cash and cash equivalents	\$ 9,303
Investments	<u>900,496</u>
Total Assets	<u><u>\$ 909,799</u></u>
LIABILITIES	
Accounts payable	<u>\$ 122</u>
Total Liabilities	<u>122</u>
NET ASSETS	
Assets held in trust for employee post employment benefits	<u>909,677</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 909,799</u></u>

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (cont'd)

Statement of Changes in Plan Net Asset
Other Post Employment Benefits Plan
For the Year Ended December 31, 2009

ADDITIONS

Contributions:

Employer contributions	\$ 833,000
Total contributions	833,000

Investments:

Investment earnings	1,254
Net increase in fair value of investments	454,916
Total investment earnings	456,170
Total additions	1,289,170

DEDUCTIONS

Benefits	200,242
Administrative expenses	24,349
Total Deductions	224,591
Change in Net Assets	1,064,579
Net Assets - January 1	(154,902)
Net Assets - December 31	\$ 909,677

NOTE 12 SECTION 401A RETIREMENT FUND

The City of Newark 401A Retirement Fund is a money purchase retirement plan known as the City of Newark, Delaware City Manager's Pension Plan. This plan is administered by the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust with the City of Newark serving as the trustee. The plan was adopted under Resolution No. 08-W on October 13, 2008. The incumbent City Manager is eligible to participate in the plan. Contributions to the plan are made by the City and the City Manager according to the plan contribution provisions.

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 12 SECTION 401(a) RETIREMENT FUND (cont'd)

The condensed financial statements as of and for the year ended December 31, 2009 are as follows:

Statement of Net Assets
Section 401(a) Retirement Fund
As of December 31, 2009

ASSETS	
Investments	\$ 56,951
Total Assets	\$ 56,951
 LIABILITIES	
Accounts payable	\$ -
Total Liabilities	-
 NET ASSETS	
Assets held in trust for employee post employment benefits	56,951
TOTAL LIABILITIES AND NET ASSETS	\$ 56,951

Statement of Changes in Plan Net Assets
Section 401(a) Retirement Fund
For the Year Ended December 31, 2009

ADDITIONS	
Contributions:	
Employer contributions	\$ 12,600
Employee contributions	30,000
Total contributions	42,600
 Investments:	
Net increase in fair value of investments	7,510
Total investment earnings	7,510
Total additions	50,110
Change in Net Assets	50,110
Net Assets - January 1	6,841
Net Assets - December 31	\$ 56,951

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

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 plans to secure the site by installing a fence around the landfill's perimeter to prevent access to the site by potential trespassers. DNREC will issue a proposed plan of remedial action for this site, recommending no further action based on restricted land use. If the land use changes in the future, DNREC will require additional investigation at the site.

In the fall of 2008, the State declared the City's Curtis Mill property a Brownfield site. A Brownfield site 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 provides 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 was completed in 2009. Currently, the City is conducting a community outreach to seek input on the future use of the 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 nominal 45 MW natural gas fired combustion turbine generator for the useful life of the facility.

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

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

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.

The City is also a party to a pending claim settlement associated with the reservoir litigation. Such claim settlement would partially offset the \$10.6 million settlement to a small degree.

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.

NOTE 16 PRIOR YEAR SUMMARIZED INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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, 2008, from which the summarized information was derived.

CITY OF NEWARK, DELAWARE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

NOTE 17 RESTATEMENT

Correction of an Accounting Error

Primary Government and Fiduciary Funds

Restatement of Beginning Net Assets

Adjustments were made to correct net asset balances at January 1, 2009, for the following reason:

Net assets of the governmental funds (non-major) and net assets of governmental activities were understated by \$920,681 as the Insurance Fund was improperly included in the Fiduciary Funds, also resulting in an overstatement of Fiduciary Net Assets by \$920,681.

The total change of these net asset accounts were \$970,681 for governmental activities and (\$970,681) for Fiduciary Funds. The following adjustments were made to increase/ (decrease) net asset beginning balances as shown.

Adjustments to Restate Beginning Net Assets Increase/(Decrease)	Governmental Activities	Fiduciary Funds
Inclusion of Insurance Fund in Governmental Activities and proper exclusion from Fiduciary Funds	\$ 970,681	\$ (970,681)
Change in net assets at January 1	\$ 970,681	\$ (970,681)



**REQUIRED SUPPLEMENTARY
INFORMATION**

**City of Newark
Pension Funding Status Progress
December 31, 2009**

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.

Actuarial Valuation Date	Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability	Funded Ratio	Payroll	Unfunded AAL as a Percentage of Payroll
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%
January 1, 2009	\$38,956,105	\$53,944,288	\$14,988,183	72.22%	\$12,572,244	119.22%

**City of Newark
Schedule of OPEB Funding Progress
December 31, 2009**

Actuarial Valuation Date	Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability	Funded Ratio	Payroll	Unfunded AAL as a Percentage of Payroll
January 1, 2007	\$0	\$11,740,000	\$11,740,000	0.0%	\$11,634,740	100.9%
January 1, 2009	\$300,007	\$11,582,043	\$11,282,036	2.59%	\$12,712,244	88.7%

**City of Newark
Schedule of Employer Contributions
December 31, 2009**

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.

Valuation Date	Annual Required Contribution	Actual Contribution	Percentage Contributed
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%
January 1, 2009	\$1,958,483	\$2,020,967	103.19%

**City of Newark
Schedule of Annual OPEB Cost
December 31, 2010**

Calendar Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2008	\$930,000	51.1%	\$454,916
December 31, 2009	\$1,067,503	78.0%	\$689,419



COMBINING FUND STATEMENTS

**CITY OF NEWARK
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

(with Summarized Comparative Data for the Year Ended December 31, 2008)

	Special Revenue Funds						Totals	
	Debt Service	Street Fund	Insurance Fund	Community Development Fund	Law Enforcement	Parks and Recreation	2009	2008 (Restated)
ASSETS								
Cash and cash equivalents	\$ 46,620	\$ 348,801	\$ 58,688	\$ 4,872	\$ 225,911	\$ 155,986	\$ 840,878	\$ 989,743
Investments	-	-	712,521	-	-	-	712,521	934,837
Accounts receivable	-	353	2,294	208,757	49,848	-	261,252	522,161
Inventory	-	39,848	-	-	-	-	39,848	31,895
Prepaid expenses	-	-	-	-	580	599	1,179	92
Total assets	<u>\$ 46,620</u>	<u>\$ 389,002</u>	<u>\$ 773,503</u>	<u>\$ 213,629</u>	<u>\$ 276,339</u>	<u>\$ 156,585</u>	<u>\$ 1,855,678</u>	<u>\$ 2,478,728</u>
LIABILITIES								
Accounts payable	\$ -	\$ 28,825	\$ 1,392	\$ 13,629	\$ 40,420	\$ -	\$ 84,266	\$ 59,216
Deferred revenues	-	-	-	-	23,000	-	23,000	-
Due to other funds	-	-	-	200,000	-	-	200,000	220,000
Other liabilities	-	-	-	-	12,790	-	12,790	12,790
Total liabilities	<u>-</u>	<u>28,825</u>	<u>1,392</u>	<u>213,629</u>	<u>76,210</u>	<u>-</u>	<u>320,056</u>	<u>292,006</u>
FUND BALANCES								
Reserved for:								
Inventory	-	39,848	-	-	-	-	39,848	31,895
Prepaid Items	-	-	-	-	580	599	1,179	92
Capital projects	-	-	-	-	-	-	-	147,800
Debt service	46,620	-	-	-	-	-	46,620	46,619
Law enforcement	-	-	-	-	199,549	-	199,549	137,886
Self Insurance	-	-	772,111	-	-	-	772,111	970,681
Parks and recreation	-	-	-	-	-	155,986	155,986	160,132
Unreserved	-	320,329	-	-	-	-	320,329	691,617
Total fund balances	<u>46,620</u>	<u>360,177</u>	<u>772,111</u>	<u>-</u>	<u>200,129</u>	<u>156,585</u>	<u>1,535,622</u>	<u>2,186,722</u>
Total liabilities and fund balances	<u>\$ 46,620</u>	<u>\$ 389,002</u>	<u>\$ 773,503</u>	<u>\$ 213,629</u>	<u>\$ 276,339</u>	<u>\$ 156,585</u>	<u>\$ 1,855,678</u>	<u>\$ 2,478,728</u>

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, 2009
(with Summarized Comparative Data for the Year Ended December 31, 2008)

	Capital Projects		Special Revenue Funds				Totals		
	Debt Service	Bond Fund Project #6	Street Fund	Insurance Fund	Community Development Fund	Law Enforcement	Parks and Recreation	2009	2008 (Restated)
REVENUES									
Fines, forfeits and costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,042	\$ -	\$ 26,042	\$ 98,822
Interest, dividends and rents	-	4,416	331	35,356	-	-	-	40,103	76,207
Intergovernmental revenues	-	-	23,521	-	250,428	429,106	20,484	723,539	1,197,589
Charges for services	-	-	640	-	-	-	-	640	410
Total revenues	<u>-</u>	<u>4,416</u>	<u>24,492</u>	<u>35,356</u>	<u>250,428</u>	<u>455,148</u>	<u>20,484</u>	<u>790,324</u>	<u>1,373,028</u>
EXPENDITURES									
Current:									
General Government	-	-	-	60,222	-	-	-	60,222	37,652
Public Safety	-	-	-	92,172	-	262,944	-	355,116	340,359
Public Works	-	-	1,311,453	106,907	-	-	-	1,418,360	1,332,119
Community Development	-	-	-	-	173,473	-	-	173,473	391,652
Culture and recreation	-	-	-	16,425	-	-	10,549	26,974	32,503
Debt Service:									
Principal	450,000	-	-	-	-	-	-	450,000	480,000
Interest	101,262	-	-	-	-	-	-	101,262	115,043
Capital Outlay	-	-	-	-	76,955	496,427	13,482	586,864	22,598
Total expenditures	<u>551,262</u>	<u>-</u>	<u>1,311,453</u>	<u>275,726</u>	<u>250,428</u>	<u>759,371</u>	<u>24,031</u>	<u>3,172,271</u>	<u>2,751,926</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(551,262)</u>	<u>4,416</u>	<u>(1,286,961)</u>	<u>(240,370)</u>	<u>-</u>	<u>(304,223)</u>	<u>(3,547)</u>	<u>(2,381,947)</u>	<u>(1,378,898)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	551,263	-	1,500,662	41,800	-	-	-	2,093,725	1,884,629
Transfers out	-	(152,216)	(210,662)	-	-	-	-	(362,878)	(1,555,666)
Total other financing sources and (uses)	<u>551,263</u>	<u>(152,216)</u>	<u>1,290,000</u>	<u>41,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,730,847</u>	<u>328,963</u>
Net change in fund balances	1	(147,800)	3,039	(198,570)	-	(304,223)	(3,547)	(651,100)	(1,049,935)
Fund balances - January 1, as restated	46,619	147,800	357,138	970,681	-	504,352	160,132	2,186,722	3,236,657
Fund balances - December 31	<u>\$ 46,620</u>	<u>\$ -</u>	<u>\$ 360,177</u>	<u>\$ 772,111</u>	<u>\$ -</u>	<u>\$ 200,129</u>	<u>\$ 156,585</u>	<u>\$ 1,535,622</u>	<u>\$ 2,186,722</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Debt service:				
Principal	450,000	450,000	450,000	-
Interest	101,263	101,263	101,262	1
Total debt service	551,263	551,263	551,262	1
Total expenditures	551,263	551,263	551,262	1
Deficiency of revenues under expenditures	(551,263)	(551,263)	(551,262)	1
Other Financing Sources (Uses)				
Transfers In	551,263	551,263	551,263	-
Transfers Out	-	-	-	-
Total other financing sources and uses	551,263	551,263	551,263	-
Net change in fund balances	-	-	1	1
Fund Balances - January 1	46,619	46,619	46,619	-
Fund Balances - December 31	\$ 46,619	\$ 46,619	\$ 46,620	\$ 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
INSURANCE SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -
Interest, dividends and rents	-	-	35,356	35,356
Miscellaneous	-	-	-	-
Total revenues	-	-	35,356	35,356
EXPENDITURES				
Current:				
General Government	-	-	60,222	(60,222)
Public Safety	-	-	92,172	(92,172)
Public works	-	-	106,907	(106,907)
Culture and recreation	-	-	16,425	(16,425)
Total public works	-	-	275,726	(275,726)
Total expenditures	-	-	275,726	(275,726)
Excess (deficiency) of revenues over (under) expenditures	-	-	(240,370)	(240,370)
Other Financing Sources (Uses)				
Transfers In	-	-	41,800	41,800
Transfers Out	-	-	-	-
Total other financing sources and uses	-	-	41,800	41,800
Net change in fund balances	-	-	(198,570)	(198,570)
Fund Balances - January 1	-	-	970,681	970,681
Fund Balances - December 31	\$ -	\$ -	\$ 772,111	\$ 772,111

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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 548,000	\$ 548,000	\$ 23,521	\$ (524,479)
Interest, dividends and rents	-	-	331	331
Miscellaneous	-	-	640	640
Total revenues	548,000	548,000	24,492	(523,508)
EXPENDITURES				
Current:				
Public works:				
Highways and streets	1,345,180	1,345,180	1,311,453	33,727
Total public works	1,345,180	1,345,180	1,311,453	33,727
Total expenditures	1,345,180	1,345,180	1,311,453	33,727
Excess (deficiency) of revenues over (under) expenditures	(797,180)	(797,180)	(1,286,961)	(489,781)
Other Financing Sources (Uses)				
Transfers In	-	-	1,500,662	1,500,662
Transfers Out	-	-	(210,662)	(210,662)
Total other financing sources and uses	-	-	1,290,000	1,290,000
Net change in fund balances	(797,180)	(797,180)	3,039	800,219
Fund Balances - January 1	357,138	357,138	357,138	-
Fund Balances - December 31	<u>\$ (440,042)</u>	<u>\$ (440,042)</u>	<u>\$ 360,177</u>	<u>\$ 800,219</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 320,000	\$ 320,000	\$ 250,428	\$ (69,572)
Total revenues	320,000	320,000	250,428	(69,572)
EXPENDITURES				
Current:				
Community development:				
Community Development & Subventions	264,980	264,980	173,473	91,507
Total Community Development	264,980	264,980	173,473	91,507
Capital Outlay	55,020	55,020	76,955	(21,935)
Total expenditures	320,000	320,000	250,428	69,572
Excess of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund Balances - January 1	-	-	-	-
Fund Balances - December 31	\$ -	\$ -	\$ -	\$ -

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
LAW ENFORCEMENT SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues	\$ 102,000	\$ 102,000	\$ 429,106	\$ 327,106
Fines, forfeits and costs	-	-	26,042	26,042
Interest, dividends and rents	-	-	-	-
Total revenues	<u>102,000</u>	<u>102,000</u>	<u>455,148</u>	<u>353,148</u>
EXPENDITURES				
Current:				
Public safety:				
Police	161,160	161,160	262,944	(101,784)
Total public safety	<u>161,160</u>	<u>161,160</u>	<u>262,944</u>	<u>(101,784)</u>
Capital Outlay	4,000	4,000	496,427	(492,427)
Total expenditures	<u>165,160</u>	<u>165,160</u>	<u>759,371</u>	<u>(594,211)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(63,160)</u>	<u>(63,160)</u>	<u>(304,223)</u>	<u>(241,063)</u>
Net change in fund balances	(63,160)	(63,160)	(304,223)	(241,063)
Fund Balances - January 1	<u>504,352</u>	<u>504,352</u>	<u>504,352</u>	<u>-</u>
Fund Balances - December 31	<u>\$ 441,192</u>	<u>\$ 441,192</u>	<u>\$ 200,129</u>	<u>\$ (241,063)</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ 29,300	\$ 29,300	\$ 20,484	\$ (8,816)
Total revenues	29,300	29,300	20,484	(8,816)
EXPENDITURES				
Current:				
Culture and recreation:				
Parks and recreation	8,700	8,700	3,687	5,013
Landscape beautification	12,900	12,900	6,862	6,038
Total culture and recreation	21,600	21,600	10,549	11,051
Capital Outlay	14,500	14,500	13,482	1,018
Total expenditures	36,100	36,100	24,031	12,069
Excess (deficiency) of revenues over (under) expenditures	(6,800)	(6,800)	(3,547)	3,253
Net change in fund balances	(6,800)	(6,800)	(3,547)	3,253
Fund Balances - January 1	160,132	160,132	160,132	-
Fund Balances - December 31	\$ 153,332	\$ 153,332	\$ 156,585	\$ 3,253

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

CITY OF NEWARK
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2009
(with Summarized Comparative Data for the Year Ended December 31, 2008)

	<u>Employees Pension Trust Fund</u>	<u>Section 401(a) Retirement Fund</u>	<u>Other Post- Employment Benefits Fund</u>	<u>2009</u>	<u>2008 (Restated)</u>
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 9,303	\$ 9,303	\$ -
Investments	34,626,861	56,951	900,489	35,584,301	29,287,468
Other assets	-	-	-	-	297,250
Contributions receivable	71,877	-	-	71,877	71,885
Total Assets	<u>\$ 34,698,738</u>	<u>\$ 56,951</u>	<u>\$ 909,792</u>	<u>\$ 35,665,481</u>	<u>\$ 29,656,603</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ 122	\$ 122	\$ -
Other liabilities	-	-	-	-	454,909
Total Liabilities	<u>-</u>	<u>-</u>	<u>122</u>	<u>122</u>	<u>454,909</u>
NET ASSETS					
Assets held in trust for employee post employment benefits	<u>34,698,738</u>	<u>56,951</u>	<u>909,670</u>	<u>35,665,359</u>	<u>29,201,694</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 34,698,738</u>	<u>\$ 56,951</u>	<u>\$ 909,792</u>	<u>\$ 35,665,481</u>	<u>\$ 29,656,603</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, 2009
(with Summarized Comparative Data for the Year Ended December 31, 2008)

	Employees Pension Trust Fund	Section 401(a) Retirement Fund	Other Post- Employment Benefits Fund	2009	2008 (Restated)
ADDITIONS					
Contributions:					
Employer contributions	\$ 1,733,484	\$ 12,600	\$ 833,000	\$ 2,579,084	\$ 1,898,847
State aid - police	287,483	-	-	287,483	288,608
Employee contributions	476,530	30,000	-	506,530	488,609
Total contributions	<u>2,497,497</u>	<u>42,600</u>	<u>833,000</u>	<u>3,373,097</u>	<u>2,676,064</u>
Investments:					
Investment earnings	-	-	1,254	1,254	7
Net increase (decrease) in fair value of investments	6,012,751	7,510	-	6,020,261	(11,252,433)
Total investment earnings (deficit)	<u>6,012,751</u>	<u>7,510</u>	<u>1,254</u>	<u>6,021,515</u>	<u>(11,252,426)</u>
Total additions	<u>8,510,248</u>	<u>50,110</u>	<u>834,254</u>	<u>9,394,612</u>	<u>(8,576,362)</u>
DEDUCTIONS					
Benefits	2,607,953	-	200,242	2,808,195	3,068,105
Claims	-	-	-	-	-
Administrative expenses	256,062	-	24,349	280,411	302,661
Total Deductions	<u>2,864,015</u>	<u>-</u>	<u>224,591</u>	<u>3,088,606</u>	<u>3,370,766</u>
Change in Net Assets	5,646,233	50,110	609,663	6,306,006	(11,947,128)
Net Assets - January 1, as restated	<u>29,052,505</u>	<u>6,841</u>	<u>300,007</u>	<u>29,359,353</u>	<u>41,148,822</u>
Net Assets - December 31	<u>\$ 34,698,738</u>	<u>\$ 56,951</u>	<u>\$ 909,670</u>	<u>\$ 35,665,359</u>	<u>\$ 29,201,694</u>

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



STATISTICAL SECTION

**City of Newark, Delaware
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)**

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
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	\$ 22,282,046
Restricted	-	4,998,277	-	-	-	-	-
Unrestricted	8,533,507	3,937,233	9,316,040	9,787,764	9,891,354	8,351,970	8,950,021
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>	<u>\$ 31,232,067</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	\$ 36,781,751
Restricted	-	-	-	-	-	-	-
Unrestricted	17,604,911	19,914,679	10,415,679	9,169,062	9,875,035	10,319,843	7,701,016
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>	<u>\$ 44,482,767</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	\$ 59,063,797
Restricted	-	4,998,277	-	-	-	-	-
Unrestricted	26,138,418	23,851,912	19,731,719	18,956,826	19,766,389	18,671,813	16,651,037
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>	<u>\$ 75,714,834</u>

Notes:

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

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General Government	\$ 4,146,875	\$ 4,405,092	\$ 4,895,612	\$ 4,897,378	\$ 5,291,456	\$ 5,893,962	\$ 6,656,733
Public Safety	7,455,881	7,778,963	8,380,903	8,727,705	9,255,012	10,078,299	10,409,693
Public Works	4,907,229	4,977,832	5,185,938	5,155,210	5,223,684	4,897,004	4,173,551
Community Development	339,837	520,893	349,775	643,663	308,268	391,652	173,473
Culture and Recreation	2,002,847	2,201,564	1,979,929	2,123,181	2,131,537	2,594,927	2,370,120
Interest Expense	235,911	209,969	154,763	140,879	126,851	112,984	99,565
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>	<u>23,883,135</u>
Business-type activities:							
Electric	25,670,132	24,223,237	36,021,168 ¹	40,127,409	40,222,278	43,343,324	42,320,337
Water	4,042,736	3,720,485	3,810,564	4,191,572	3,913,342	4,259,128	4,105,375
Sewer	3,203,422	3,144,327	3,402,353	3,987,793	4,214,297	3,915,177	3,643,891
Parking	408,780	499,075	508,099	538,188	588,443	690,479	750,768
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>	<u>50,820,371</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>	<u>\$ 74,703,506</u>
Program Revenues							
Governmental activities:							
Charges for services:							
General Government	\$ 1,446,950	\$ 1,378,055	\$ 1,467,235	\$ 1,544,438	\$ 1,566,680	\$ 3,383,722 ⁵	\$ 3,513,820
Public Safety	455,618	724,281	614,251	589,566	935,273	800,518 ⁵	681,636
Public Works	307,444	346,604	345,565	214,556	193,430	203,222	24,509
Culture and Recreation	512,050	509,959	508,156	574,454	585,475	614,836	609,299
Operating Grants and Contributions	1,818,619	2,856,355	2,079,616	2,356,218	2,177,480	1,730,478	1,054,982
Capital Grants and Contributions	1,188,028	314,611	27,300	23,000	153,996	861,235	941,869
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>7,594,011</u>	<u>6,826,115</u>
Business-type activities:							
Charges for services:							
Electric	31,312,949	31,749,114	34,773,723	47,556,558 ²	49,511,071	53,356,156	50,851,870
Water	4,654,053	4,455,146	4,658,273	4,501,017	4,782,907	4,310,761	4,886,534
Sewer	4,212,858	4,207,934	3,293,750	5,266,222	5,022,231	4,533,959	4,167,965
Parking	493,387	578,383	648,538	754,160	757,340	807,875	894,013
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>	<u>60,800,382</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>\$ 70,728,527</u>	<u>\$ 67,626,497</u>
Net (expense)/revenue							
Governmental activities	\$ (13,359,871)	\$ (13,964,448)	\$ (15,904,797)	\$ (16,385,784)	\$ (16,724,474)	\$ (16,374,817)	\$ (17,057,020)
Business-type activities	7,348,177	9,461,684	217,289	9,351,089	11,221,931	10,926,408	9,980,011
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>\$ (5,448,409)</u>	<u>\$ (7,077,009)</u>

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets							
Governmental activities:							
Taxes							
Real estate taxes	\$ 3,161,145	\$ 3,517,228	\$ 3,654,026	\$ 4,084,439	\$ 4,433,787	\$ 4,437,008	\$ 4,751,835
Real estate transfer taxes	1,328,656	1,810,110	2,291,841	1,842,126	2,962,355 ³	2,764,929	1,000,710
Franchise fees	255,354	275,102	283,799	282,401	318,771	345,174	372,817
Fines and forfeits	1,239,830	1,329,392	1,646,455	1,620,792	1,775,150	-	-
Investment earnings	207,186	260,686	255,169	216,770	328,743	286,154	271,939
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	44,045
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	12,379,198
Total governmental activities	15,507,972	14,749,074	17,395,256	17,428,442	16,753,783	16,287,806	18,820,544
Business-type activities:							
Investment earnings	740,125	660,998	620,250	236,845	278,038	344,635	212,468
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	6,474
Gain on sale of capital assets	-	-	-	21,129	-	-	-
Extraordinary Item	-	-	-	-	(3,600,000) ⁴	-	-
Transfers	(9,551,606)	(7,554,498)	(9,489,197)	(9,288,350)	(6,917,369)	(8,421,574)	(12,379,198)
Total business-type activities	(9,323,479)	(6,944,211)	(9,186,514)	(8,994,234)	(10,152,682)	(8,021,766)	(12,160,256)
Total primary government	\$ 6,184,493	\$ 7,804,863	\$ 8,208,742	\$ 8,434,208	\$ 6,601,101	\$ 8,266,040	\$ 6,660,288
Change in Net Assets							
Governmental activities	\$ 2,148,101	\$ 784,626	\$ 1,490,459	\$ 1,042,658	\$ 29,309	\$ (87,011)	\$ 1,763,524
Business-type activities	(1,975,302)	2,517,473	(8,969,225)	356,855	1,069,249	2,904,642	(2,180,245)
Total primary government	\$ 172,799	\$ 3,302,099	\$ (7,478,766)	\$ 1,399,513	\$ 1,098,558	\$ 2,817,631	\$ (416,721)

Notes:

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

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

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

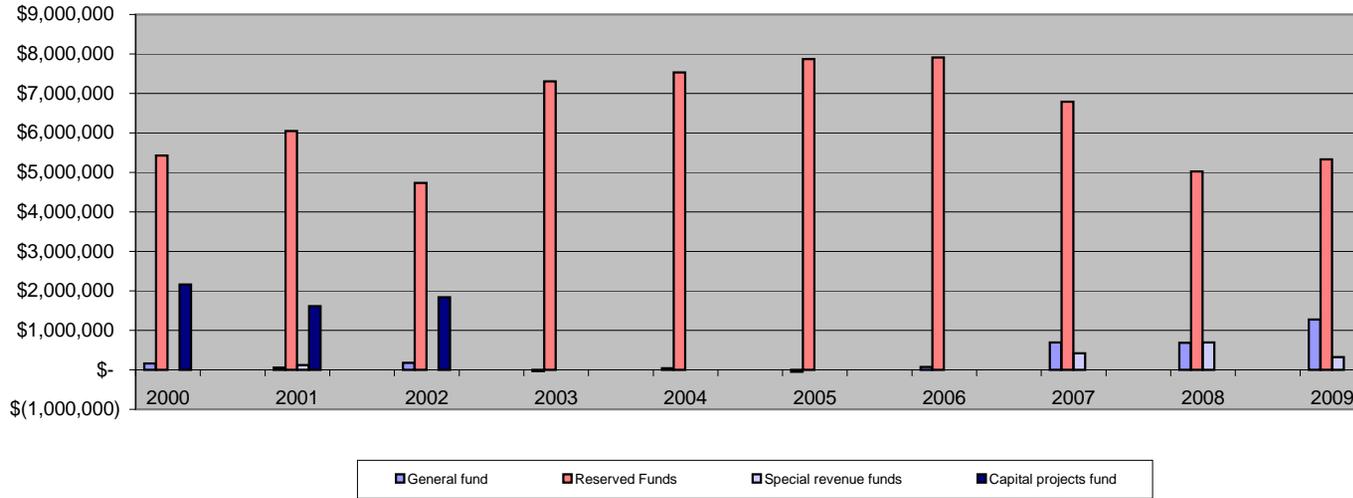
⁴ Litigation settlement relating to reservoir construction.

Seventh year of full-accrual basis accounting.

Prior years statistics are not available.

⁵ For 2008 and 2009, fines and forfeits are classified as charges for services in general government and public safety.

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

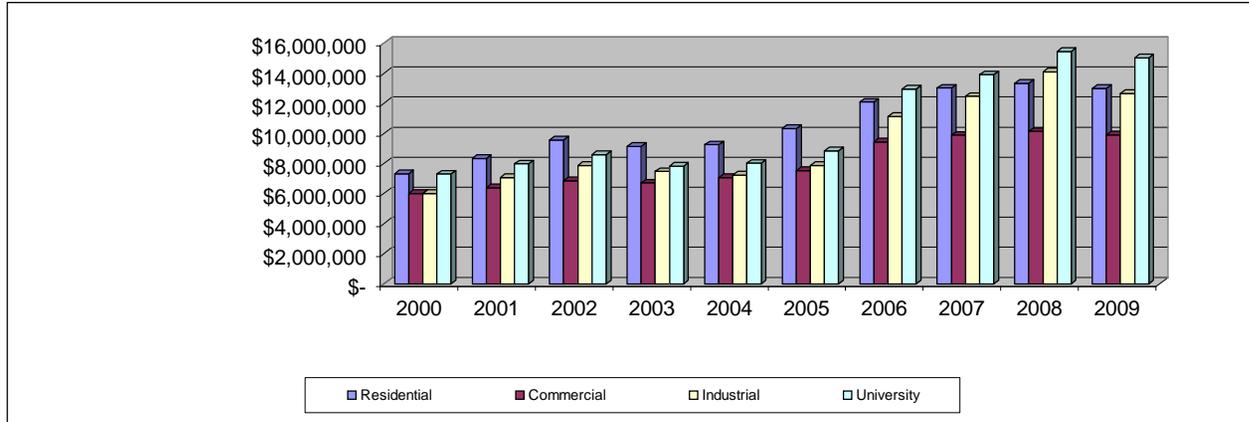


	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General fund										
Reserved	\$ 28,658	\$ 19,570	\$ 40,982	\$ -	\$ -	\$ -	\$ -	\$ 50,171	\$ 12,903	\$ 110,139
Unreserved (deficit)	135,511	40,627	135,073	(28,512)	39,041	(50,417)	71,213	645,971	675,353	1,168,040
Total general fund	<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>	<u>\$ 1,278,179</u>
All other governmental funds										
Reserved	\$ 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	\$ 5,331,809
Unreserved, reported in:										
Special revenue funds	807	123,805	-	-	-	-	-	416,179	691,617	320,329
Capital projects fund	2,159,247	1,614,826	1,842,672	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 5,652,138</u>

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

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Taxes	\$ 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	\$ 5,949,963
Licenses and permits	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	1,322,388
Fines,forfeits and costs	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	1,994,227
Investment earnings	757,372	529,586	332,525	207,186	260,686	255,169	216,770	328,285	283,600	272,304
Intergovernmental revenues	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	1,734,340
Charges for services/fees	730,510	767,189	928,682	1,374,605	1,337,665	1,405,681	1,462,530	1,448,877	1,614,466	1,512,652
Subvention-University of Delaware	174,000	204,000	204,000	204,000	197,300	204,000	204,000	204,000	204,000	204,000
Miscellaneous	92,701	84,514	90,281	-	-	-	-	-	-	-
Total revenues	<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>	<u>12,989,874</u>
Expenditures										
General government	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	5,081,019
Public safety	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	9,960,790
Public works	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	4,275,315
Community development	-	-	-	-	520,893	349,775	643,663	308,268	391,652	173,473
Culture and recreation	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	2,438,985
(Increase) decrease in fair value of investments	(348,072)	(153,727)	(114,175)	246,695	39,786	220,807	(83,360)	-	-	-
Capital outlay	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	2,369,487
Debt service										
Principal	415,000	515,000	480,000	480,000	480,000	505,000	495,000	490,000	480,000	450,000
Interest and other charges	169,601	245,610	261,505	241,131	208,542	157,089	143,097	129,003	115,043	101,262
Total expenditures	<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>	<u>24,850,331</u>
Excess of revenues over (under) expenditures	(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)	(11,860,457)
Other financing sources (uses)										
Transfers in	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	15,760,539
Transfers out	(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)	(3,417,339)
Proceeds from debt	2,597,201	-	-	-	35,000	-	-	-	-	-
Bond issuance costs	-	-	-	-	(22,150)	-	-	-	-	-
Proceeds from sales of capital assets	36,172	84,352	32,518	46,056	84,396	22,734	40,889	17,608	32,206	44,045
Total other financing sources (uses)	<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>	<u>12,387,245</u>
Net change in fund balances	<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>	<u>\$ 526,788</u>
Debt service as a percentage of noncapital expenditures	2.8%	3.2%	2.9%	2.6%	2.5%	2.5%	2.4%	2.3%	2.1%	2.0%

**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
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
2009	88,897,987	13,002,979	0.146	70,135,918	9,912,707	0.141	98,225,136	12,648,019	0.129	134,656,684	15,040,237	0.112	391,915,725	50,603,942	0.129

**City of Newark, Delaware
Principal Electric Utility Customers
December 31, 2009**

Customer	Type of Business	2009			2000		
		Consumption (1)	Rank	Percentage of Total Consumption	Consumption (1)	Rank	Percentage of Total Consumption
University of Delaware	Public University	139,737,947	1	35.66%	125,849,768	1	34.93%
Rohm & Haas Electronics	Manufacturing-Variou	33,424,983	2	8.53%	17,871,376	2	4.96%
Power Systems Composites LLC	Research & Development	7,569,590	3	1.93%			
E I Dupont De Nemours & Company	Chemicals and Synthetics	5,918,395	4	1.51%	15,167,392	3	4.21%
618 G P Warehouse LLC	Warehousing	4,778,529	5	1.22%			
Pathmark, Inc.	Retail-Groceries	4,764,020	6	1.22%			
Verizon Communications	Public Utility	3,626,852	7	0.93%	2,990,056	9	0.83%
Acme Markets	Retail-Groceries	3,085,965	8	0.79%	3,166,080	8	0.88%
Home Depot Store #1610	Retail-Home Improvement	2,705,124	9	0.69%			
Christina School District	Public Schools	2,621,396	10	0.67%	2,979,584	10	0.83%
Honeywell Advanced Composites	Manufacturing-Armor Fibers	-		-	4,823,568	4	1.34%
Astro Power, Inc.	Manufacturing-Solar Panels	-		-	4,520,762	5	1.25%
Supermarkets General Corp.	Retail-Groceries	-		-	3,979,000	6	1.10%
Lear Corporation	Manufacturing-Auto Seating	-		-	3,451,200	7	0.96%
		<u>208,232,801</u>		<u>53.13%</u>	<u>184,798,786</u>		<u>51.29%</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

Fiscal Year	Residential Property	Commercial Property	Less: Tax Exempt Property	Total Taxable Assessed Value (1)	Direct Tax Rate (Per \$100)	Estimated Actual Value
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
2008	547,750,500	941,846,500	670,959,887	818,637,113	0.5333	N/A
2009	555,619,120	951,107,900	670,790,114	835,936,906	0.5558	N/A

(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**

Fiscal Year	Direct Rate	Overlapping Rates		Total Tax Rate
	City of Newark	New Castle County	Christina School District	
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	1.4128	1.9908
2004	0.4400	0.1580	1.5598	2.1578
2005	0.4500	0.1580	1.7257	2.3337
2006	0.5233	0.1659	1.8343	2.5235
2007	0.5233	0.1949	1.8229	2.5411
2008	0.5333	0.1949	1.6808	2.4090
2009	0.5558	0.2436	1.6746	2.4740

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

**City of Newark, Delaware
Principal Property Taxpayers
December 31, 2009**

Customer	Type of Business	2009			2000		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Chrysler Corporation	Manufacturing-Automobiles	\$ 67,872,100	1	8.12%	\$ 52,623,411	1	7.14%
BPG Hotel Partners L L C	Hotels	11,112,300	2	1.33%	7,547,700	5	1.02%
Fusco Properties L P	Apartments	10,668,700	3	1.28%	11,540,900	2	1.57%
Pauline A. Mayer, Inc.	Retail Property Owner	10,369,200	4	1.24%	6,387,200	9	0.87%
Verizon Communication	Public Utility	10,244,900	5	1.23%	8,548,800	3	1.16%
CHF-Delaware LLC	Apartments	9,769,700	6	1.17%			
Rohm and Haas Electronic Materials	Manufacturing	7,997,200	7	0.96%	7,296,100	6	0.99%
Fusco Enterprises L P	Retail Property Owner	7,876,300	8	0.94%	7,876,300	4	1.07%
UDEL I LLC	Apartments	7,846,900	9	0.94%			
Emory Hill & Company	Industrial Park	7,781,700	10	0.93%			
Interstate Business Park LP	Industrial Park	-		-	6,958,600	7	0.94%
Delmarva Power & Light Company	Public Utility	-		-	6,500,300	8	0.88%
E I Dupont De Nemours & Company	Chemicals and Synthetics	-		-	6,234,000	10	0.85%
		<u>151,539,000</u>		<u>18.13%</u>	<u>121,513,311</u>		<u>16.49%</u>

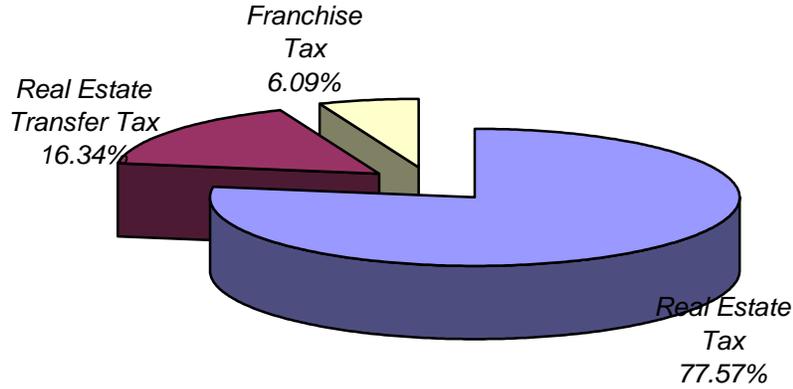
Source: City of Newark Finance Department

**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>
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%
2008	4,381,947	4,345,317	99.2%	26,062	4,371,379	99.8%
2009	4,681,253	4,617,380	98.6%	19,589	4,636,969	99.1%

- 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 Seven Years
(accrual basis of accounting)**



Tax Year 2009

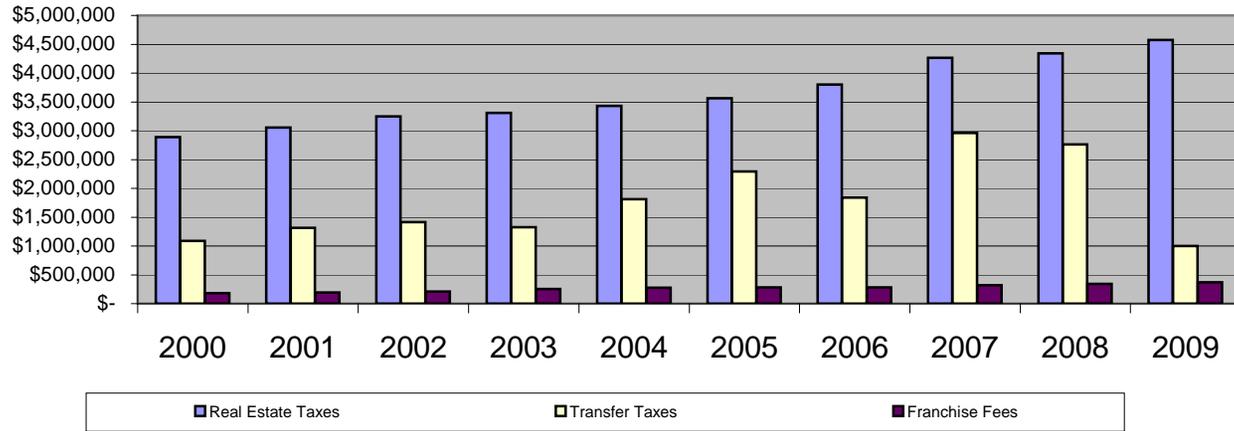
Fiscal Year	Real Estate Tax	Real Estate Transfer Tax	Franchise Tax	Total
2003	\$ 3,161,145	\$ 1,328,656	\$ 255,354	\$ 4,745,155
% of total	66.62%	28.00%	5.38%	100.00%
2004	3,517,228	1,810,110	275,102	5,602,440
% of total	62.78%	32.31%	4.91%	100.00%
2005	3,654,026	2,291,841	283,799	6,229,666
% of total	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%
2009	4,751,835	1,000,710	372,817	6,125,362
% of total	77.57%	16.34%	6.09%	100.00%

Notes:

Seventh 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>
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 ¹	2,962,355 ²	318,771	7,545,479
2008	4,341,366	2,764,929	345,174	7,451,469
2009	4,576,436	1,000,710	372,817	5,949,963

Notes:

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

² Includes taxes of \$803,735 on sale of Chrysler assembly plant.

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

Fiscal Year	Governmental Activities	Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	General Obligation Bonds	Other Notes Payable			
2000	\$ 6,295,000 ¹	\$ -	\$ 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 ²	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
2009	1,955,000	13,500,000	-	15,455,000	2.50%	510

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

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

Sources: US Census Bureau Population Estimates Program (2001-2006, 2009) 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)
Federal Reserve Bank of Philadelphia Quarterly Percent Change (2009 Personal Income)

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

Fiscal Year	Total General Obligation Bonds and Notes Payable	Less: Amounts Available in Debt Service Fund	Net General Obligation Bonds and Notes Payable	Percentage of Total Taxable Assessed Value (1)	Per Capita
2000	\$ 6,479,758 ²	\$ 257,162	\$ 6,222,596	0.84%	\$ 218
2001	5,940,588	28,075	5,912,513	0.78%	198
2002	24,031,667 ³	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
2009	15,455,000	46,620	15,408,380	1.84%	508

- Notes: ¹ A City-wide reassessment of all real property was last updated on July 1, 1985. Real property is assessed at 100% of the 1983 market value.
- ² \$2.7M General Obligation Bonds issued for an advance for the acquisition of a reservoir site and adjacent open space.
- ³ \$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 (2001-2006, 2009) and Census 2000;
 Delaware Population Consortium projection (2007).
 2008 is a projected estimate by the City of Newark.

**City of Newark, Delaware
Computation of Direct and Overlapping Debt
December 31, 2009**

<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)	\$ 349,570,000	4.74% (1)	\$ 16,569,618
Christina School District (2)	<u>75,218,154</u>	13.73% (2)	<u>10,327,453</u>
Overlapping Debt	\$ 424,788,154		\$ 26,897,071
City of Newark	<u>15,455,000</u>	100.00%	<u>15,455,000</u>
Total Direct and Overlapping Debt	<u><u>\$ 440,243,154</u></u>		<u><u>\$ 42,352,071</u></u>

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 (\$835,936,906) by the total taxable assessed valuation of New Castle County (\$17,653,410,000). Net Debt Outstanding is as of June 30, 2009.
- (2) Determined by dividing the students enrolled in the City of Newark (2,331) by the total student enrollment of the Christina School District (16,980). Net debt outstanding is as of June 30, 2009.

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

	<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>	<u>2009</u>
Debt Limit	73,434	75,679	76,982	78,026	79,010	79,427	80,126	81,112	81,864	83,594
Total net debt applicable to limit	<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>	<u>15,455</u>
Legal debt margin	<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>	<u>68,139</u>
Total net debt applicable to the limit as a percentage of debt limit	8.47%	7.81%	31.19%	29.26%	27.38%	25.67%	23.88%	22.06%	20.34%	18.49%

Legal Debt Margin for Fiscal Year 2009

Total Assessed Value	\$ 1,506,727
Less: exempt real property	<u>(670,790)</u>
Total assessed value	\$ 835,937
Debt limit (10% of taxable assessed value)	83,594
Debt applicable to limit:	
General obligation bonds	15,455
Less: Amount set aside for repayment of general obligation debt	<u>(47)</u>
Total net debt applicable to limit	<u>15,408</u>
Legal debt margin	<u>\$ 68,186</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**

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Income (3)	School Enrollment (4)	Univ of DE Enrollment (5)	Unemployment Rate (6)
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%
2008	30,260	616,577,760	20,376	3,755	20,500	3.5%
2009	30,316	613,835,944	20,248	3,747	21,138	5.1%

- Sources:
- (1) US Census Bureau Population Estimates Program (2001-2006, 2009) 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)
 - (2) and (3) Federal Reserve Bank of Philadelphia Quarterly Percent Change (2009 Personal Income)
 - (4) For 2009: Christina School District 2,331, Local Independent Schools 1,416
 - (5) University of Delaware Office of Institutional Research
 - (6) Economagic.com (2000-2006), Delaware Department of Labor (2007-2009)

N/A = Information not available

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

Industry Description	2009			2001		
	Employment (2)	Rank	Percentage of Total County Employment	Employment (2)	Rank	Percentage of Total County Employment
Health care and social assistance	37,753	1	13.4%	28,830	2	10.1%
Finance and insurance	34,306	2	12.2%	28,313	3	9.9%
Retail trade	32,137	3	11.4%	32,966	1	11.5%
Professional and technical services	21,843	4	7.8%	24,236	4	8.5%
Accommodation and food services	18,864	5	6.7%	17,274	8	6.0%
Administrative and waste services	16,601	6	5.9%	20,964	6	7.3%
Construction	15,558	7	5.5%	15,693	9	5.5%
State government	15,266	8	5.4%	-	-	-
Local government	15,182	9	5.4%	13,707	10	4.8%
Manufacturing	14,835	10	5.3%	23,022	5	8.1%
Management of companies/enterprises	-	-	-	20,753	7	7.3%
Total	222,345		79.0%	225,758		79.0%

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

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

(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 2009 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									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government	37.5	38.0	38.0	38.5	38.5	39.5	39.0	39.0	40.0	37.0
Public Safety										
Police										
Officers	52.0	56.0	55.0	60.0	60.0	60.0	65.0	65.0	65.0	66.0
Civilian	23.5	20.5	24.5	19.5	19.0	19.5	20.5	21.5	22.0	21.0
Code Enforcement	13.0	13.0	12.5	12.5	12.5	12.5	12.5	12.5	12.5	11.0
Streets										
Engineering	11.0	12.0	12.0	12.0	11.0	11.0	11.0	11.0	11.0	10.5
Maintenance	12.0	12.0	12.5	12.5	12.5	12.5	12.5	12.5	12.5	12.5
Sanitation	17.0	17.0	17.0	17.0	16.0	16.0	15.0	15.0	14.0	13.0
Culture and Recreation	18.0	18.0	18.0	19.0	19.0	19.0	19.0	19.5	20.0	20.0
Electric	20.0	20.0	20.0	20.0	20.0	21.0	21.0	21.0	21.0	22.0
Water & Wastewater	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Parking	4.0	4.0	3.5	3.5	3.5	3.5	3.5	3.5	4.5	4.5
Fleet Maintenance	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	5.0
Total	233.0	235.5	238.0	239.5	237.0	239.5	244.0	245.5	247.5	241.5

Source: City's Personnel Office.

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

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Police calls received	29,325	31,185	32,162	32,169	30,969	29,350	28,132	27,343	32,274	35,645
Criminal charges	2,375	2,901	3,799	3,694	3,501	3,136	2,890	2,564	3,650	3,166
Traffic complaints	9,540	9,742	8,673	8,683	9,286	8,775	7,798	4,000	12,067	10,066
Parking Summons	11,578	11,345	9,321	9,585	9,766	9,956	8,797	9,454	7,571	6,183
Meter Summons	41,266	47,114	47,011	39,556	42,428	39,337	28,420	29,144	18,206	19,736
Building Permits Issued	877	840	1,065	1,077	1,131	1,080	1,021	870	1,856	1,826
Public Works										
Refuse tons collected	14,543	14,710	14,517	15,009	14,953	13,656	14,462	12,846	11,624	9,079
Miles of street	64	65	65	65	65	65	65	65	65	65
Patches (s.f.)	48,880	45,730	37,021	54,531	54,305	79,399	31,050	38,689	53,962	41,792
Curbs replaced and installed (s.f.)	20,113	29,470	21,011	22,600	19,790	18,330	13,448	10,293	10,031	14,212
Sidewalks										
4" (s.f.)	92,914	85,965	57,960	34,063	21,069	27,786	35,166	41,337	23,203	22,660
6" (s.f.)	29,427	22,200	22,003	18,896	12,557	11,326	10,483	8,698	9,404	5,599
Leaves collected (c.y.)	16,430	16,568	14,486	10,816	10,512	12,820	14,640	15,200	15,200	9,344
General Government										
Parking Tickets issued	52,844	58,459	56,332	49,141	52,058	49,293	37,629	39,010	26,335	26,163
Culture and Recreation										
Trails in Newark parks (mi)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	15.2	15.2	15.2
Registrants	N/A	7,397	7,361	7,352	7,527	7,977	7,924	8,077	8,379	8,863
Participants	81,339	82,453	82,909	83,873	83,292	82,622	83,942	83,072	84,826	86,400
Electric										
MWH's sold	360,329	373,103	382,419	379,844	389,426	401,365	389,164	401,090	405,234	391,916
MWH's purchased	396,690	407,807	418,478	419,915	424,831	436,513	425,069	437,712	434,097	422,048
Meters in service	10,632	10,722	10,934	11,336	11,418	11,503	11,878	11,568	11,528	11,906
Water and Waste Water										
Meters in service	9,217	9,285	9,390	9,444	9,494	9,494	9,593	9,567	9,587	10,161
Hydrants maintained	951	898	912	901	800	200	200	200	877	877
Gallons of water sold	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	1,045,249
Gallons of sewage collected	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	774,068

Sources: Various city departments.

N/A = not available

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

Function	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol units	26	26	27	28	29	29	33	33	35	35
Sanitation										
Collection trucks	14	14	14	14	14	14	16	16	16	16
Streets										
Miles of streets	63.82	64.68	64.79	64.80	65.01	65.16	65.16	65.26	65.26	65.33
Street lights	2,480	2,520	2,570	2,590	2,600	2,615	2,640	2,640	2,640	2,710
Traffic signals	52	52	53	55	55	55	55	52	57	56
Culture and recreation										
Parks acreage	410.2	445.2	558.68	558.68	562.88	562.88	567.18	619.2	632.31	652.03
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis and basketball courts	35	35	35	35	37	37	37	37	37	37
Community centers	1	1	1	1	1	1	1	1	1	1
Electric										
Distribution substations	25	25	25	25	25	25	25	25	25	25
Miles of service lines	101	103	104	104	104	104	104	105	106	108
Water										
Water mains (miles)	163	165	166	169	169	169	170	170	170	170
Wells in operation	9	9	9	7	7	7	11	11	11	9
Maximum daily capacity (gal)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8.5 Mil	8.5 Mil	8.5 Mil
Sewer										
Sanitary sewers (miles)	96	96	96	97	97	98	98	99	99	99
Storm sewers (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	58.77	58.77	58.86
Parking										
Meters maintained	397	397	390	395	391	391	370	370	380	380

Sources: Various city departments.