

**CITY OF NEWARK
LICKING COUNTY**

SINGLE AUDIT

YEAR ENDED DECEMBER 31, 2004



**Auditor of State
Betty Montgomery**

Members of Council
City of Newark

We have reviewed the Independent Auditor's Report of the City of Newark, Licking County, prepared by Wolfe, Wilson & Phillips, Inc. for the audit period January 1, 2004 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Newark is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 27, 2005

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**CITY OF NEWARK
LICKING COUNTY**

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**CITY OF NEWARK
LICKING COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2004**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</u>						
(Direct Award)						
Community Development Block Grant	B-04-MC-39-0001	14.218	\$ 945,201	\$ -	\$ 970,006	\$ -
Lead Based Paint Hazard Control	OHCH-BD222-02	14.900	461,722	-	384,251	-
(pass through Ohio Department of Development) HOME Investment Partnership Program	A-C-03-293-2	14.239	<u>148,870</u>	-	<u>50,055</u>	-
Total U.S. Department of Housing and Urban Development			1,555,793	-	1,404,312	-
<u>U.S. DEPARTMENT OF TRANSPORTATION:</u>						
Pass through Ohio Department of Transportation						
Highway Planning and Construction	PID 22105	20.205	2,065,620.00	-	1,367,670	-
Federal Transit Capital/Operating Grant	OH-90-X463-03	20.507	626,831	-	626,831	-
State and Community Highway Safety	45032AD0	20.600	<u>3,113</u>	-	<u>19,353</u>	-
Total U.S. Department of Transportation			2,695,564	-	2,013,854	-
<u>U.S. DEPARTMENT OF JUSTICE:</u>						
(Direct Award)						
Local Law Enforcement Block Grant	2004-LBBK-1202	16.592	15,119	-	15,119	-
Public Safety Partnership/Policing Grants	2002SHWX0120	16.710	47,264	-	47,264	-
Pass through Ohio Department of Justice						
Bulletproof Vest Grant	4023743	16.607	5,031	-	5,031	-
Edward Bryne Memorial Grant	2003DGB017217	16.580	<u>126,347</u>	-	<u>126,347</u>	-
Total U.S. Department of Justice			193,761	-	193,761	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>						
Pass through Ohio Department of Health						
Immunization Action Plan	K095	93.268	32,045	-	34,622	-
HIV Grant	n/a	93.938	36,909	-	36,909	-
Dental Sealant Plan	J940	93.994	<u>41,012</u>	-	<u>51,962</u>	-
Total U.S. Department of Health and Human Services			109,966	-	123,493	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY:</u>						
Direct Award						
Assistance to Firefighters Grant Program	EMW-03-FG-1598	97.044	64,367	-	64,367	-
Pass through Ohio Department of Health						
Public Health Infrastructure	J321/K552	93.283	<u>143,238</u>	-	<u>153,015</u>	-
Total U.S. Department of Homeland Security			207,605	-	217,382	-
Total Federal Awards Expenditures			<u>\$ 4,762,689</u>	<u>\$ -</u>	<u>\$ 3,952,802</u>	<u>\$ -</u>

See notes to Schedule of Federal Awards Expenditures.

**CITY OF NEWARK
LICKING COUNTY**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the City's federal awards programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of Council
City of Newark
Newark, Ohio 43055

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Newark as of and for the year ended December 31, 2004, and have issued our report thereon dated June 3, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Newark's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City of Newark in a separate letter dated June 3, 2005.

Compliance

As part of obtaining reasonable assurance about whether the City of Newark's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance which we have reported to management of the City of Newark in a separate letter dated June 3, 2005.

This report is intended for the information of the Mayor, City Council, the Auditor of State, federal award agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
June 3, 2005

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL
CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH *OMB CIRCULAR A-133***

Honorable Mayor and Members of Council
City of Newark
Newark, Ohio 43055

Compliance

We have audited the compliance of the City of Newark with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2004. The City of Newark's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Newark's management. Our responsibility is to express an opinion on The City of Newark's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Newark's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Newark's compliance with those requirements.

In our opinion, the City of Newark complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2004.

Internal Control Over Compliance

The management of the City of Newark is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Newark's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Internal Control Over Compliance (Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Award Expenditures

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregated remaining fund information of the City of Newark as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 3, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of federal award expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information of the Mayor, City Council, City Auditor, the Auditor of State, federal award agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
June 3, 2005

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A – 133 SECTION .505**

**CITY OF NEWARK
LICKING COUNTY
DECEMBER 31, 2004**

1. AUDITOR'S RESULTS

<i>(d)(1)(I)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(II)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(iii)</i>	Was there any reported non-compliance at the financial statement level (GAGAS)?	NO
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	NO
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	NO
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under section .510?	NO
<i>(d)(1)(vii)</i>	Major Programs (List):	Federal Transit #20.507 Highway Planning #20.205
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	NO

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

**CITY OF NEWARK
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004**

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
HOME INVESTMENT PARTNERSHIP GRANT CFDA #14.239 (COMPLIANCE)**

Finding 2003-1

Condition: Contracts not signed by contractor and homeowner.

Auditor Recommendation: City officials need reminded that there should be signed contracts between the contractor and homeowner on file.

Current Status: Where applicable, the City has retroactively received signed contracts. The internal investigation will not lead to any charges. The City is incorporating systematic changes in administrative process to ensure accountability.

Finding 2003-2

Condition: Contracts not awarded to lowest bidder.

Auditor Recommendation: City officials need reminded that contracts should be awarded to the lowest bidder and if not, there should be detailed explanation showing why the lowest bidder was not awarded the contract.

Current Status: The City has a new Policy and Procedures manual stating that written documentation must be in file when lowest bidder is not selected. The internal investigation will not lead to any charges. The City is incorporating systematic changes in administrative process to ensure accountability.

Finding 2003-3

Condition: Payments were made with no invoice to support payment.

Auditor Recommendation: City officials need reminded of the procedures in place for proper payments of bills.

Current Status: The City has a new Policy and Procedures manual for Department of Community Development stating that no checks will be written unless a invoice is received and approved. The internal investigation will not lead to any charges. The City is incorporating systematic changes in administrative process to ensure accountability.

**CITY OF NEWARK
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS (continued)
DECEMBER 31, 2004**

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
HOME INVESTMENT PARTNERSHIP GRANT CFDA #14.239 (COMPLIANCE)**

Finding 2003-4

Condition: Drawdowns were deposited into a interest bearing account.

Auditor Recommendation: Drawdowns should be put into a non-interest bearing account.

Current Status: The City is working with the Ohio Department of Development to correct this problem. The internal investigation will not lead to any charges. The City is incorporating systematic changes in administrative process to ensure accountability.

Finding 2003-5

Condition: No documentation of eligibility on file.

Auditor Recommendation: City officials should be made aware of the eligibility requirements and kept on file.

Current Status: The Housing Rehab Specialist will be responsible to document the eligibility of each household. The project file will be reviewed for completeness during project closeout. The internal investigation will not lead to any charges. The City is incorporating systematic changes in administrative process to ensure accountability.

Finding 2003-6

Condition: No documentation of emergency procurement procedures on file for additional costs.

Auditor Recommendation: City officials should be made aware of the emergency procurement requirements and kept on file.

Current Status: The City has implemented and will follow a process in regards to change orders and the policy states that changes orders will kept to a minimum. The internal investigation will not lead to any charges. The City is incorporating systematic changes in administrative process to ensure accountability.

Finding 2003-7

Condition: No clearance from Ohio Historical Preservation Office (OHPO).

Auditor Recommendation: City officials should be made aware of the OHPO clearance and kept on file.

Current Status: A coordination agreement between the City of Newark and OHPO in January 2004 for the administration of CDBG and HOME funded activities. The internal investigation will not lead to any charges. The City is incorporating systematic changes in administrative process to ensure accountability.

**CITY OF NEWARK
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS (continued)
DECEMBER 31, 2004**

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
HOME INVESTMENT PARTNERSHIP GRANT CFDA #14.239 (COMPLIANCE)**

Finding 2003-8

Condition: No signed affidavit waiving the minimum three bid requirement.

Auditor Recommendation: City officials should be made aware of the signed affidavit requirement.

Current Status: The City reviewed their policy and determined that it was not consistent with HUD and OHCP policies. They have updated the policy to be consistent. The internal investigation will not lead to any charges. The City is incorporating systematic changes in administrative process to ensure accountability.

Finding 2003-9

Condition: Mortgages received were not within \$1,000 of the amount spent on property rehabilitation.

Auditor Recommendation: City officials should be made aware of the mortgage requirement.

Current Status: The City is evaluating all existing loans to determine what needs corrective action. The internal investigation will not lead to any charges. The City is incorporating systematic changes in administrative process to ensure accountability.

Finding 2003-10

Condition: No signed client satisfaction form on file and no proof of homeowners hazard insurance on file.

Auditor Recommendation: City officials should be made aware of the signed client satisfaction form and proof of homeowners hazard insurance requirements.

Grantee Response: The Rehab Supervisor will be required to obtain a client satisfaction form prior to issuing final payment. This is also true for homeowner hazard insurance. The internal investigation will not lead to any charges. The City is incorporating systematic changes in administrative process to ensure accountability.

**CITY OF NEWARK
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS (continued)
DECEMBER 31, 2004**

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
HOME INVESTMENT PARTNERSHIP GRANT CFDA #14.239 (INTERNAL CONTROL)**

Finding 2003IC-1

Condition: Mortgage not signed by appropriate parties. One mortgage not signed by party to the mortgage.

Auditor Recommendation: All mortgages should be signed by all parties to the mortgage.

Current Status: The City, where applicable, have gone back and got appropriate signatures. All future mortgages will have appropriate signatures under the new policy and procedures manual.

Finding 2003IC-2

Condition: No list of qualified contractors and instructions to homeowners on file in each contract.

Auditor Recommendation: All files should maintain a list of qualified contractors and homeowner instructions.

Current Status: OHCP does not require copies of documents to be maintained in the project file. However, if the City requires this, OHCP expects the City to follow its own policies. The City will include the instruction to homeowners in the project file when the owner is not considered the contractor as well..

Finding 2003IC-3

Condition: No summary sheets of bids received for each project.

Auditor Recommendation: Summary sheets should be prepared and kept in each project file.

Current Status: The City will include a copy of the bid summary in the project file as required.

Finding 2003IC-4

Condition: There is no HOME priority rating system on file.

Auditor Recommendation: A priority rating system should be approved so that the City approves qualified projects.

Current Status: The City written policy does not state that priority rating form is not required. However, the City, will maintain a copy of this form in the project file.

**CITY OF NEWARK
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS (continued)
DECEMBER 31, 2004**

**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
HOME INVESTMENT PARTNERSHIP GRANT CFDA #14.239 (INTERNAL CONTROL)**

Finding 2003IC-5

Condition: There is no summary of anticipated income and copies of income documentation on file.

Auditor Recommendation: All files should contain a summary of anticipated income and copies of income documentation on file.

Current Status: The City will include a summary of anticipated income and copies of income documentation on file.

City Of
Newark, Ohio



COMPREHENSIVE
Annual Financial Report
For the Year Ended December 31, 2004



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2004

Prepared by the Auditor's Office

Stephen E. Johnson
City Auditor



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CITY OF NEWARK
LICKING COUNTY, OHIO

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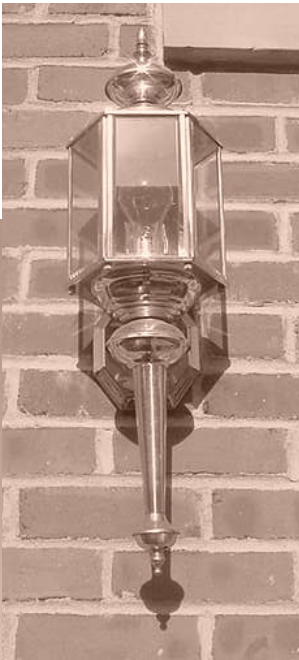
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Looking UP

On The Square



INTRODUCTORY SECTION





CITY OF NEWARK

40 West Main Street • Newark, Ohio 43055
Stephen E. Johnson, City Auditor

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June 3, 2005

To The Members of City Council and
All Citizens of the City of Newark, Ohio

We are pleased to submit for your review the Comprehensive Annual Financial Report of the City of Newark, Ohio for the fiscal year ended December 31, 2004. The report has been prepared in accordance with generally accepted accounting principles established by statements of the Governmental Accounting Standards Board (GASB), other authoritative pronouncements and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

INTRODUCTION

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Newark (the "City") to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data, as presented, is accurate in all material respects; is presented in a manner designed to fairly set forth the financial position and results of operations of the City; and presents all disclosures necessary to enable the reader to gain an understanding of the City's financial activity.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Newark's MD&A can be found immediately following the report of the independent accountants.

The Report:

This Comprehensive Annual Financial Report (CAFR) is designed to assist and guide the reader in understanding its contents. The report is comprised of the following three sections:

1. The Introductory Section includes this letter of transmittal which presents the City's organization, operational structure and accomplishments; an organizational chart; and a list of principal elected officials.
2. The Financial Section contains the Independent Auditors' Report, Management's Discussion and Analysis, basic financial statements and notes that provide an overview of the City's financial position and operating results, the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.
3. The Statistical Section presents social, economic and historical data in a multi-year format which can be used to identify financial trends and data relative to the fiscal capacity of the City.

***Letter of Transmittal
For the Year Ended December 31, 2004***

The Reporting Entity:

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (the "GASB") Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all the organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide financial benefit to or impose a financial burden on the City.

Based on the foregoing, the reporting entity of the City has no component units but includes the following services: police and fire protection, parks and recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and operates the water treatment and distribution system and the wastewater treatment and collection system, each of which is reported as an enterprise fund.

Historical Information:

The hub of a metropolitan area with in excess of 80,000 citizens and the county seat of Licking County, Newark, "Land of Legend," has served for nearly two centuries as a center of commerce and industry.

It will likely remain a mystery how long people inhabited the area where Newark is now located. When settlers first came to the wilderness of the Licking Valley, they found a maze of strange earthworks covering hundreds of acres. They discovered unusual and mysterious mounds of earth, shaped in circles, squares and other geometric forms which were already hundreds, perhaps thousands of years old. Little is known about these prehistoric engineers, the purpose of the earthworks, or the civilization that obviously flourished here, hence, the title "Land of Legend." Two large groups of these mounds are preserved today at Moundbuilders and Octagon State Memorials, where thousands of visitors come each year to look and wonder.

In the spring of 1802, General William Schenk platted around these ancient mounds a settlement named after his hometown of Newark, New Jersey. There were many salt licks in the area and by 1808 the area now known as Licking County was founded. During those early years, Newark remained a small settlement and by 1820 had grown to only 500 people. Then the canal came to Newark and with it settlers and commerce. Newark became known as Ohio's canal capital and by 1830, the population had grown to 3,000. The advent of the steam locomotive resulted in the demise of the canal system as the most important form of transportation. Shortly thereafter, Newark became an important rail center. In 2002 the City celebrated it's bicentennial with various events, including concerts and a 500 unit parade.

The decline of the railroad as a primary source of transportation has changed the emphasis of commerce and business in recent years, but Newark and the surrounding area continue to enjoy great progress in community development and are becoming one of the fastest growing areas in Ohio. Newark is the largest city in Licking County. Results of the 2000 census show that Newark exhibited continued and steady growth throughout the decade of the 1990's. The 2000 census placed the population at 46,279.

CITY OF NEWARK, OHIO

Letter of Transmittal For the Year Ended December 31, 2004

Form of Government:

Statutory

Newark is a charter Mayor-Council form of government as prescribed by the Newark City Charter and Title Seven of the Ohio Revised Code. Newark's government was incorporated in 1826. The City is divided into seven wards with 47 election precincts. The City Council consists of one council person from each ward, plus three council persons at-large and a council president elected at-large. All serve four year terms. Elected officials serving four year terms are the Mayor, Law Director, Auditor and Treasurer. Currently, the Mayor and Law Director are serving their third terms, the Auditor and Treasurer are both serving their first term. The Safety, Service, Human Resources, Community Development and Economic Development Directors are appointed by the Mayor and serve at the pleasure of the Mayor.

City Charter

The Newark City Charter was approved by the voters in November of 1997 and became effective January 1, 1998. The Charter was amended in November 2002. Some highlights of the Charter are as follows:

- ❖ Department of Economic Development established
- ❖ Certain bidding requirements were altered.
- ❖ City council's term of office adjusted from two year to four year term.
- ❖ Residence requirements for safety forces.
- ❖ Auditor and Law Director added to Board of Control.
- ❖ Standards for open meetings and information access.
- ❖ Police Chief and Fire Chief recruitment outside departments is now allowed.

Location:

Newark is located in the central part of the state, approximately 33 miles east of Columbus, the state capital. Its 19.04 square mile area serves a residential population of 46,279. The City's elevation is approximately 830 feet above sea level. Its median temperatures are 75 degrees in summer and 30.2 degrees in winter. State highways 79, 13 and 16 serve as the City's major transportation arteries. The City is also served by the east-west interstate highway I-70 which lies approximately 9 miles to the south. Newark is ranked as Ohio's 24th largest city and the nation's 586th largest city by the Census Bureau.

As part of the Columbus metropolitan area, in particular, its closeness to Port Columbus International Airport (located on Columbus' far east side), places the City of Newark in a very favorable position. Newark is close to a region of rapidly expanding business and industry, close to excellent transportation facilities and the governmental center of Ohio.

***Letter of Transmittal
For the Year Ended December 31, 2004***

As previously noted, Newark is the home of the historic Moundbuilders State Memorial Park, known for its prehistoric Indian lore and featuring an Ohio Indian art museum. The National Heisey Glass Museum exhibits glass produced in Newark from 1895 to 1957. The Heisey Collectors of America operate this striking display of Heisey glassware housed in the 165 year old home of S.D. King, a prominent criminal attorney in the mid 1800's.

The Licking County Courthouse is located in the public square in downtown Newark. A variety of outdoor events are centered around the historic courthouse each year. At Christmas, the courthouse is a magnificent display of holiday splendor which has been featured on several magazine covers and was on the cover of our first comprehensive annual financial report issued for the year ended December 31, 1991. Newark's campus style high school is ranked as one of the five outstanding secondary educational institutions in the nation. As an alternative to public education, Newark has two parochial elementary schools and one high school.

Municipal Services:

The City of Newark provides a variety of services including police and fire protection, emergency medical service, planning and engineering, zoning, code enforcement, street maintenance, traffic control, parks and recreation, building inspection, health services, cemetery, community development, litter control and general administrative services. The City sponsors, with the help of certain grants, the Drug Abuse Resistance Education (D.A.R.E.) program, a drug prevention program serving older elementary school students, Safety City, a safety program for small children, reduced rates for public transportation and owner, rental and small business loans. The City does not operate hospitals or schools, nor is it responsible for public assistance programs.

The City also operates two enterprise activities: water treatment and distribution and wastewater collection and treatment. Funds from these enterprises are set up in accounts for the operation of these facilities. The facilities are operated in a manner similar to a private business. It is the mission of the City that the costs of providing water services to business, industry and the general public on a permanent basis be financed or recovered primarily through user fees.

The enterprise activities are not subject to rate review or determination by the Public Utilities Commission of Ohio or any similar regulatory body. The City Council has the necessary authority to establish and amend appropriate user rates as required. The rates are reviewed on an on-going basis to insure their adequacy. The City Council exercises sole authority regarding the frequency and amount of rate change for these services.

ECONOMIC OUTLOOK

Local Economy:

The Newark-Licking County area continues to benefit from an excellent economy and very low unemployment rates. Several industrial parks in close proximity to Newark provide employment opportunities for residents in and around Newark and neighboring communities within the borders of Licking County. New businesses find this region in Ohio to be in the "heart of it all." The Licking County region is within 500 miles of parcel post bulk mail centers and within 250 miles of all package delivery air hubs.

***Letter of Transmittal
For the Year Ended December 31, 2004***

Newark area businesses continue to manufacture and distribute a wide variety of products. Foremost among these products are plastics, insulation, prefabricated homes, prismatic reflectors, wiping cloths, quartz and specialty products, asphalt, automotive products, bricks, chemicals, electronic equipment, truck axles and transmissions, anodized aluminum products, wood veneer, dairy products, concrete products and many other industrial specialty items. Newark and Licking County have been noted for their diversity of industry and business. During both strong and slow economic periods the area has not experienced wide variations in its economic indicators. The community has been fortunate to have experienced a steady economy along with a low unemployment rate.

Along with the State of Ohio, Newark has a stake in markets overseas and in the world business community. Holophane, a manufacturer of lighting fixtures for commercial and industrial facilities, large retail stores, highways, parking lots and billboards employs 729 at manufacturing facilities in Newark, Utica and Pataskala. Holophane has successfully focused its expansion efforts on Asia and South America the past two years. Over the past several years Holophane has seen a 30 percent growth in international sales. Since 1992 the company has increased its numbers of Licking County employees by 130.

There was tremendous change at the former Newark Air Force Base, now known as the Central Ohio Aerospace and Technology Center (COATC). Serving as anchor tenants, Boeing Guidance Repair Center and Wyle Labs are settling into their areas and into the community. The Heath-Newark-Licking County Port Authority which owns and manages the facility continues to plan for the future of the COATC. In addition to physical improvements to the property, the Port Authority continues to seek tenants who will complement the site's high-technology environment. COATC has over 50,000 square feet of existing multi-purpose space available. Land is also available for development. On-site first response fire protection services are provided by Rural Metro.

Area Development Magazine stated, "The Central Ohio Aerospace and Technology Center is one of Ohio's newest resources for advanced-technology companies. It also represents a unique initiative by the community, people and governments of Licking County who were determined that the decommissioning of the Newark Air Force Base would be a new beginning and not an end." The Port Authority intends to promote this excellent resource to the private sector, and by doing so, expects to create greater economic prosperity for the community. The Port Authority's goal for the facility is to one day become known as one of this country's premier high technology service centers. The Boeing Corporation has taken over operations at the former Newark Air Force Base.

The Longaberger Company, a manufacturer of decorative baskets and pottery sold through a network of 70,000 independent distributors, moved into their new corporate headquarters on the east side of Newark during 1998. The headquarters building is a seven-story, \$30 million complex that follows the design of one of the company's famous handmade baskets. The unusual design has been featured in the Wall Street Journal, U.S. News and World Report and on CNN.

The Owens Corning Corporation remains the largest employer and the largest industry in Newark. The Newark facility is the "worlds largest fiberglass manufacturing facility." It employs 1,400 people and fills roughly 50,000 orders per day. The plant is situated on 250 acres within the city and incorporates 70 buildings with approximately 40 acres under roof. Owens Corning's Research and Technology Center is in nearby Granville and employs over 600 researchers and their support staff. During the fall of 2000, Owens Corning went into bankruptcy. While the City is optimistic, the bankruptcy's impact is unknown.

***Letter of Transmittal
For the Year Ended December 31, 2004***

New business to the Newark area include the Bear Creek Corporation which is one of the nation's leading direct mail marketers. The Bear Creek Corporation includes the companies of Harry and David, Jackson and Perkins, Northwest Express and Bear Creek Gardens. Bear Creek is the largest direct mail marketer of gift fruit.

Unemployment Rates:

The 2004 unemployment rate for Licking County of 7.2% was very close to the State average. The Ohio Bureau of Employment Services does not maintain statistics for the City of Newark, but unemployment within the City was estimated to be 5.9%.

Employee Relations:

The City of Newark negotiates contracts with five employee bargaining units. These groups consist of Local 109 of the International Association of Firefighters, Lodge 12 of the Licking County Fraternal Order of Police, the American Federation of State, County and Municipal Employees (AFSCME) Local 2963, Ohio Council 8, AFL-CIO, certain other non-uniform employees of the City and employees in management and supervisory service. Current contracts with union employees cover the years 2004 through 2006. The contract with the Fraternal Order of Police is a one year contract also expiring on December 31, 2006.

MAJOR INITIATIVE

During 2004, continuing efforts were made to upgrade services and improve the quality of life for the citizens of Newark through the following projects:

Infrastructure Improvements

Construction has been completed on the East Main Street Sanitary Sewer Improvements and extensions. The East Main Street Roadway culvert and signal improvement have been awarded to a construction company and work is proceeding satisfactorily. This entire East Main Street Project is being financed by Tax Increment Financing in conjunction with the Longaberger Company.

The City of Newark and the Longaberger Company entered into an agreement to update and improve the infrastructure on East Main Street where the company headquarters are located. The project involved updating and installing a sanitary sewer, road improvements, street lighting and traffic control lights and flood control improvements. In 1999 the City financed the project by issuing approximately \$3.5 million in general obligation bonds. The infrastructure improvements will eventually be paid by the Longaberger Company through a tax increment financing plan (T.I.F.). The agreement will allow future property taxes collected on the Longaberger site to be divided between the City of Newark and the local school district.

Further development along the State Route 16 corridor is also taking place as a result of the Longaberger project. A beautification project involving Longaberger properties, construction of golf courses and a highway widening project were completed.

***Letter of Transmittal
For the Year Ended December 31, 2004***

Recently the Longaberger Company acquired and refurbished the former Sheraton Hotel in downtown Newark. The Longaberger Company is a generous supporter of local organizations and schools. The Longaberger Company's success will provide a catalyst for additional development on Newark's east side. The Longaberger Company also acquired the Midland Theater and undertook a three year rehabilitation project. The rebuilt theater was turned over to the Midland Theater Association in 2002 after a \$8.5 million rehabilitation project.

Work was completed on the SR 79/Hebron bypass, a new four-lane interchange at SR 40 and new construction to relocate SR 79 east of Hebron, Ohio.

Parks and Recreation

Throughout 2004, activities were provided at the City's youth center and community meeting hall in the newly renovated Everett Pool House. The building was remodeled to provide a meeting center for youth and adults who live on the near east side. It has been a very successful improvement project and has been well received by the near east side residents. In addition, Denman Park was rebuilt and new playground equipment installed. Also included in the renovation was a new road and entrance to the park. Improvements have been made at Hollander Pool on the City's north side, including a waterslide. The City entered into a management agreement with the Newark-Licking County YMCA for Hollander Pool operations.

City-Wide Initiatives

Construction of a precedent setting venture on the Courthouse Square has been completed. The project is located on South Third Street at the site of a March 1994 fire which destroyed the Dollar General Store, a T-shirt design shop, a music workshop and a beauty shop. The project consisted of a four-story, 44-unit apartment building to house senior citizens. A McDonald's restaurant is located on the first floor of the building. The project was sponsored by a development company founded by the Rev. Charles Noble of the Shiloh Missionary Baptist Church and the Licking County Aging Program. The City of Newark has invested approximately \$20,000 towards the project. The remainder of the funding came from the Department of Housing and Urban Development. This was the first time that a federally-funded building has been joined with a commercial development. A new hotel was opened on the City's west side in early 2002.

FINANCIAL INFORMATION

Internal Control, Budgetary Control and the Accounting System:

Development of the City's accounting system included substantial consideration of the adequacy of the internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance that:

1. The City's assets are protected against loss and unauthorized use or disposition; and
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

CITY OF NEWARK, OHIO

***Letter of Transmittal
For the Year Ended December 31, 2004***

The concept of reasonable assurance states that internal controls should be evaluated applying the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation; and
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City administration and members of the finance office.

All internal control evaluations occur within this framework. It is the belief of the administrative and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions. The City Auditor's Office is responsible for the auditing and analysis of all purchase orders and vouchers of the City. The Auditor's Office personnel review the purchase orders and vouchers very carefully to ensure the availability of monies in the proper funds and accounts prior to certification and payment of approved invoices. The City utilizes a fully automated accounting system, as well as an automated system of controls for fixed asset accounting and payroll. These systems coupled with the review and examination performed by the City Auditor's Office ensure that the financial information generated is both accurate and reliable.

Budgetary control is maintained at the object level for each function within each fund by legislation approved by City Council. The various objects are:

- | | |
|-------------------------|------------------------------|
| * Personal services | * Materials and Supplies |
| * Contractual services | * Capital Outlay |
| * Other (Miscellaneous) | * Debt Service:
Principal |
| * Transfers | Interest |

Lower levels within each object are accounted for and reported internally. Such lower levels are referred to as line items of expenditure. Estimated amounts must be encumbered prior to final approval of purchase orders or other contracts to vendors. Encumbrances in excess of the available object level appropriations are not approved unless additional appropriations are authorized. Unencumbered appropriations at year end return (lapse) to the unappropriated balances in the individual funds at the end of each fiscal year which coincides with the calendar year.

Cash Management:

Cash management is a vital component of the City of Newark's overall financial strategy. The primary objective of the City's investment activity is the preservation of capital and the protection of invested principal. The City pools its cash except for that held by fiscal and escrow agents, certain debt service and trust and agency funds for maximum investing efficiency.

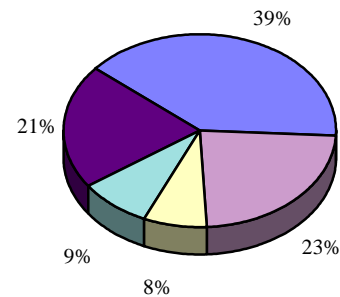
CITY OF NEWARK, OHIO

**Letter of Transmittal
For the Year Ended December 31, 2004**

Public funds are invested to achieve maximum return on the portfolio without assuming unreasonable risk. The City purchases investments only through member banks of the Federal Reserve System or broker-dealers registered with the U.S. Securities and Exchange Commission. Investments are diversified to avoid incurring unreasonable risks related to a specific type of security or a particular individual financial institution. Portfolio investments remain sufficiently liquid to ensure that all operating requirements are satisfied in a timely manner.

The City's cash resources were invested at December 31, 2004 as follows:

Cash Resources *	2004	%
Cash	\$8,596,879	39%
Certificates of Deposit	5,019,119	23%
STAR Ohio	1,656,288	8%
Repurchase Agreement	1,845,122	9%
Investments/Mutual Funds	4,514,468	21%
Total Resources	<u>\$21,631,876</u>	<u>100%</u>



*Does not include Cash with Fiscal Agent

At December 31, 2004, the bank balance of the City's deposits was \$13,802,406 of which \$615,000 was insured by Federal Depository Insurance and the remaining balance was collateralized by pooled collateral. The Ohio Revised Code requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," collateral held in single financial institution collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

Risk Management:

The proactive approach that the administration employs in addressing its ongoing operations is reflected in the composition of the City's insurance protection package and its very favorable loss experience.

The City has contracted with the Hartford Insurance Group for the provision of underlying bodily injury, personal injury, property damage and automotive coverages. Additional personal liability protection is provided by the Personal Service Insurance Company. The Ohio Municipal League Joint Self-Insurance Pool provided coverages for general liability, law enforcement liability, public officials liability, emergency medical service liability and garage keepers coverage. Boiler and machinery coverage is provided by the Travelers Insurance Company.

***Letter of Transmittal
For the Year Ended December 31, 2004***

Deductible levels for the various policies have been selected so as not to expose the City to excessive "first dollars" loss in the case of a claim. In the property damage area, deductibles are \$1,000 per loss. In the professional liability areas, deductibles have been increased to help control the cost. The maximum deductible for professional liability coverage is \$50,000. When a notice of claim does arise, in every instance it is referred to the insurance company. Claims monitoring is reviewed both by the administration and by the City's legal counsel to assure that the City's interests are protected.

Through a periodic review of the City's scope of activities and an evaluation of acquisitions and disposals of capital assets, an up-to-date risk profile is made available to all of our insurance carriers.

OTHER INFORMATION

Independent Audit:

The basic financial statements of the City of Newark were audited by Wolfe, Wilson and Phillips, Inc. The independent auditors' unqualified opinion has been included in this report.

Awards:

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Newark, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards in state and local government financial reporting. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity.

A Certificate of Achievement is valid for a period of one year only. The City of Newark has received a Certificate of Achievement for thirteen consecutive years (1991 - 2003). We believe this current report continues to conform to the Certificate of Achievement for Excellence in Financial Reporting program requirements and are submitting it to the GFOA.

Public Disclosure

The publication of this Comprehensive Annual Financial Report is indicative of the City's commitment to provide significantly enhanced financial information and accountability to its citizens. In addition to the citizens of Newark, the recipients of this report include city, state and federal officials, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The report is made available to any person or organization requesting it. The extensive effort to prepare and distribute this report is indicative of the continued efforts of the City to improve its overall financial accounting, management and reporting capabilities.

***Letter of Transmittal
For the Year Ended December 31, 2004***

Acknowledgments:

This report is a culmination of many hours of concentrated work on the part of a number of dedicated employees and associates, including, but not limited to, the Licking County Auditor and staff, the Newark Area Chamber of Commerce and the administration of the Newark City Schools. We want to thank all the employees who shared and supported us in our endeavor to produce this report.

We also express our sincere appreciation to Donald J. Schonhardt and Associates, Inc. for their professional manner, expertise and countless hours of consultation in completing this annual financial report for the citizens of this community.

We would also like to extend a special thank you to Joe Dooley for their imaginative portrayal of the graphics contained within this publication.

Finally, special thanks to the members of City Council and the City Administration, whose support is necessary for the City of Newark to conform to reporting requirements established for municipal governments. By doing so, the City has been able to maintain the sound financial position it has enjoyed for many years.

Respectfully,



Stephen E. Johnson
City Auditor



Patricia J. Willis
Budget Analyst

Lori J. Resta
Deputy City Auditor

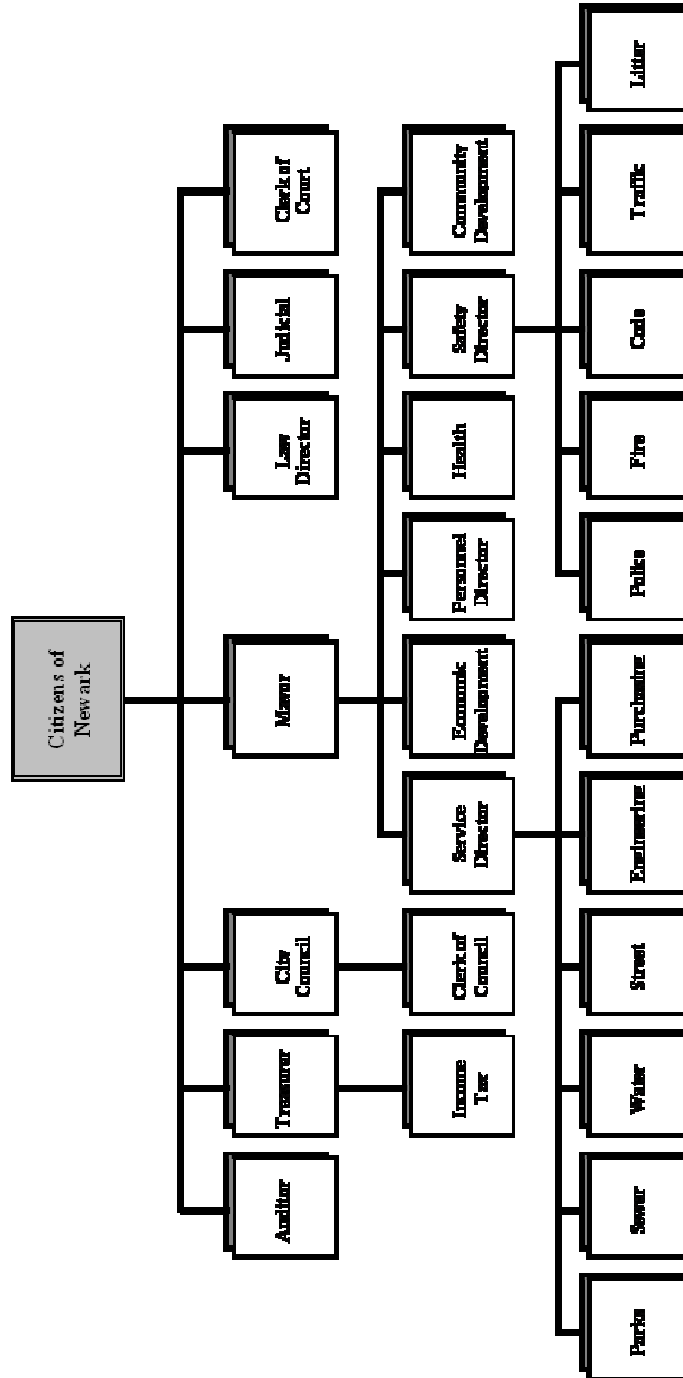
CITY OF NEWARK, OHIO

***List of Principal Officials
For the Year Ended December 31, 2004***

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY DATA *</u>
Bruce Bain	Mayor	01/01/04 to 12/31/07	
Stephen E. Johnson	Auditor	01/01/04 to 12/31/07	\$5,000 01/01/04 to 12/31/07
Michael F. Higgins	Presiding Judge	01/01/98 to 12/31/04	
W. David Branstool	Judge	11/26/03 to 12/31/05	
James W. Hostetter	Law Director	01/01/04 to 12/31/07	
Timothy Bubb	Treasurer	01/01/02 to 12/31/05	\$30,000 01/01/02 to 12/31/05
Marc D. Guthrie	President of Council	01/01/04 to 12/31/07	
Robert Diebold	Council-at-Large	01/01/02 to 12/31/05	
Robert Lehman	Council-at-Large	01/01/04 to 12/31/07	
David R. Rhodes	Council-at-Large	01/01/04 to 12/31/07	
Jeffrey Harris	Council 1st Ward	01/01/02 to 12/31/05	
Shirley Stare	Council 2nd Ward	01/01/02 to 12/31/05	
Rick Henderson	Council 3rd Ward	01/01/02 to 12/31/05	
Kurt Harden	Council 4th Ward	01/01/02 to 12/31/05	
Don Ellington	Council 5th Ward	01/01/02 to 12/31/05	
Douglas Marmie	Council 6th Ward	01/01/02 to 12/31/05	
William J. Rauch	Council 7th Ward	01/01/02 to 12/31/05	
Larry Brown	Clerk of Court	01/01/02 to 12/31/07	\$10,000 01/01/02 to 12/31/07

* - Ohio Casualty Insurance Company

City Organizational Chart
For the Year Ended December 31, 2004



Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Newark,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zielle

President

Jeffrey R. Enos

Executive Director

Looking DOWN

On The Square



FINANCIAL SECTIONS



WOLFE, WILSON, & PHILLIPS, INC.
CERTIFIED PUBLIC ACCOUNTANTS

37 S. SEVENTH STREET • ZANESVILLE, OHIO 43701
(740) 453-9600 • FAX - (740) 453-9763
www.wwpcpa.com

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of City Council
City of Newark
Newark, Ohio 43055

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 as of and for the year ended December 31, 2004, which collectively comprise the City's 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.

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 and *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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Newark as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund and each major fund, thereof 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 a report dated June 3, 2005, on our consideration of the City of Newark's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 supplementary information. However, we did not audit the information and express no opinion on it.

Independent Auditors Report
Page 2

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the City of Newark's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables listed in the table of contents are presented for purposes of additional analysis and are not part of the basic financial statements of the City. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

We did not audit the introductory and statistical information as listed in the table of contents, and, therefore, express no opinion thereon.

Wolfe, Wilson, & Phillips, Inc.

Zanesville, Ohio
June 3, 2005

This discussion and analysis of the City of Newark's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2004. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2004 are as follows:

- ❑ In total, net assets decreased \$3,695,175. Net assets of governmental activities decreased \$2,246,537, which represents a 4% decrease from 2003. Net assets of business-type activities decreased \$1,448,638 or 6% from 2003.
- ❑ General revenues accounted for \$25,731,945 in revenue or 54% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$21,591,262, or 46% of total revenues of \$47,323,207.
- ❑ The City had \$39,301,398 in expenses related to governmental activities; only \$11,088,866 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$25,965,995 were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$28,256,778 in revenues and other financing sources and \$28,992,010 in expenditures and other financing uses. The general fund's fund balance declined from \$2,187,104 to \$1,457,673.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and an optional section that presents *combining and individual statements* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net-assets (the difference between the City's assets and liabilities) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets

The government-wide financial statements of the City are divided into two categories:

- *Governmental Activities* – Most of the City's program's and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.
- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water and sewer services are reported as business-type activities.

Fund Financial Statements

Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole.

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, 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 government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The City's major funds are the General, Income Tax, Community Development and Capital Improvement. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. The proprietary fund financial statements provide separate information for the Water and Sewer funds, both of which are considered major funds.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net assets for 2004 compared to 2003.

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$28,320,787	\$35,015,879	\$8,682,043	\$9,747,067	\$37,002,830	\$44,762,946
Capital assets, Net	55,172,073	48,500,952	34,510,946	36,451,098	89,683,019	84,952,050
Total assets	83,492,860	83,516,831	43,192,989	46,198,165	126,685,849	129,714,996
Long-term debt outstanding	18,917,334	18,920,075	17,982,475	19,356,082	36,899,809	38,276,157
Other liabilities	11,170,529	8,945,222	854,628	1,037,559	12,025,157	9,982,781
Total liabilities	30,087,863	27,865,297	18,837,103	20,393,641	48,924,966	48,258,938
Net assets						
Invested in capital assets, net of related debt	37,431,082	42,233,096	16,562,270	17,091,247	53,993,352	59,324,343
Restricted	9,738,644	19,007,739	0	0	9,738,644	19,007,739
Unrestricted	6,235,271	(5,589,301)	7,793,616	8,713,277	14,028,887	3,123,976
Total net assets	\$53,404,997	\$55,651,534	\$24,355,886	\$25,804,524	\$77,760,883	\$81,456,058

CITY OF NEWARK, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2004 compared with 2003:

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program revenues:						
Charges for Services and Sales	\$4,270,935	\$4,939,957	\$10,502,396	\$10,736,381	\$14,773,331	\$15,676,338
Operating Grants and Contributions	5,355,416	5,524,109	0	0	5,355,416	5,524,109
Capital Grants and Contributions	1,462,515	3,605,567	0	0	1,462,515	3,605,567
General revenues:						
Property Taxes	2,923,448	2,842,328	0	0	2,923,448	2,842,328
Income Taxes	18,301,809	17,760,950	0	0	18,301,809	17,760,950
Shared Revenues	3,451,590	4,127,820	0	0	3,451,590	4,127,820
Investment Earnings	322,867	363,604	0	0	322,867	363,604
Miscellaneous	732,231	622,613	0	0	732,231	622,613
Total revenues	36,820,811	39,786,948	10,502,396	10,736,381	47,323,207	50,523,329
Program Expenses						
Security of Persons and Property	17,852,605	17,393,870	0	0	17,852,605	17,393,870
Leisure Time Activities	779,879	834,761	0	0	779,879	834,761
Community Environment	3,060,056	2,774,565	0	0	3,060,056	2,774,565
Public Health and Welfare	2,984,327	2,680,401	0	0	2,984,327	2,680,401
Transportation	5,512,403	3,557,307	0	0	5,512,403	3,557,307
General Government	8,342,604	8,922,846	0	0	8,342,604	8,922,846
Interest and Fiscal Charges	769,524	371,806	0	0	769,524	371,806
Water	0	0	6,211,742	6,419,205	6,211,742	6,419,205
Sewer	0	0	5,505,242	5,029,926	5,505,242	5,029,926
Total expenses	39,301,398	36,535,556	11,716,984	11,449,131	51,018,382	47,984,687
Change in Net Assets before transfers	(2,480,587)	3,251,392	(1,214,588)	(712,750)	(3,695,175)	2,538,642
Transfers	234,050	234,050	(234,050)	(234,050)	0	0
Total Change in Net Assets	(2,246,537)	3,485,442	(1,448,638)	(946,800)	(3,695,175)	2,538,642
Beginning Net Assets	55,651,534	52,166,092	25,804,524	26,751,324	81,456,058	78,917,416
Ending Net Assets	\$53,404,997	\$55,651,534	\$24,355,886	\$25,804,524	\$77,760,883	\$81,456,058

Governmental Activities

Net assets of the City's governmental activities decreased \$2,246,537. This represents a 4% change from 2003. The City received a large amount of capital donations in 2003, which was not repeated in 2004, causing the large decrease in revenues. Security of persons and property increased as a result of wage increases within the police and fire departments. Expenditures for transportation also increased as a result of wage increases within the street department.

The City receives an income tax, which is based on 1.25% of all salaries, wages, commissions and other compensation and on net profits earned from residents living within the City.

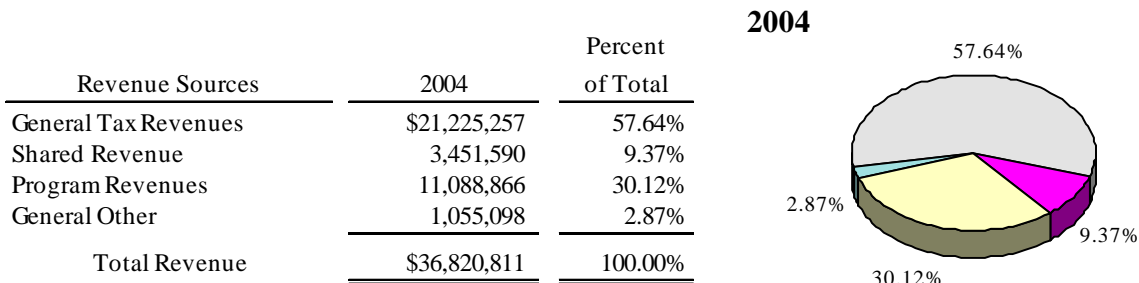
CITY OF NEWARK, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Income taxes and property taxes made up 49.7% and 7.94% respectively of revenues for governmental activities for the City in fiscal year 2004. The City's reliance upon tax revenues is demonstrated by the following graph indicating 57.64% of total revenues from general tax revenues:



Business-Type Activities

Net assets of the business-type activities decreased \$1,448,638. This decrease was consistent with the previous year, as expenses continued to exceed charges for services.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$8,305,762, which is a decrease from last year's balance of \$15,494,266. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2004 and 2003:

	Fund Balance December 31, 2004	Fund Balance December 31, 2003	Increase (Decrease)
General	\$1,457,673	\$2,187,104	(\$729,431)
Income Tax	2,340,481	2,562,811	(222,330)
Community Development	231,063	174,172	56,891
Capital Improvement	3,301,903	10,350,326	(7,048,423)
Other Governmental	974,642	219,853	754,789
Total	\$8,305,762	\$15,494,266	(\$7,188,504)

CITY OF NEWARK, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

General Fund – The City's General Fund balance decrease is due to several factors. The tables that follow assist in illustrating the financial activities of the General Fund:

	2004 <u>Revenues</u>	2003 <u>Revenues</u>	Increase <u>(Decrease)</u>
Taxes	\$2,133,404	\$2,089,612	\$43,792
Intergovernmental Revenue	4,838,617	4,747,611	91,006
Charges for Services	415,864	344,627	71,237
Licenses and Permits and Fees	1,637,294	1,555,806	81,488
Investment Earnings	166,986	189,576	(22,590)
Fines and Forfeitures	1,308,332	1,613,322	(304,990)
All Other Revenue	287,574	204,125	83,449
Total	<u>\$10,788,071</u>	<u>\$10,744,679</u>	<u>\$43,392</u>

Overall, General Fund revenues in 2004 remained very consistent with the previous year, increasing by \$43,392 or less than 1%. Minor increases in several categories offset the large decrease in fines and forfeitures, which was the result of decreases in municipal and civil court receipts.

	2004 <u>Expenditures</u>	2003 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Security of Persons and Property	\$16,772,871	\$15,988,060	\$784,811
Public Health and Welfare Services	2,308,919	2,165,425	143,494
Community Environment	1,332,386	1,241,366	91,020
General Government	6,326,390	6,009,806	316,584
Total	<u>\$26,740,566</u>	<u>\$25,404,657</u>	<u>\$1,335,909</u>

General Fund expenditures increased by \$1,335,909 or 5.2% over the prior year. The majority of this increase can be attributed to wage increases within the police and fire departments, as well as wage increases across several departments within the general government function.

	2004 <u>Other Financing Sources (Uses)</u>	2003 <u>Other Financing Sources (Uses)</u>	Increase <u>(Decrease)</u>
Sale of Capital Assets	\$10,527	\$22,192	(\$11,665)
Transfers In	17,458,180	14,882,063	2,576,117
Transfers Out	(2,251,444)	(1,353,540)	(897,904)
Total	<u>\$15,217,263</u>	<u>\$13,550,715</u>	<u>\$1,666,548</u>

CITY OF NEWARK, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

Income Tax Fund – The City's Income Tax Fund balance decreased \$222,330. This was the result of larger amounts being transferred out to other funds.

Community Development Fund – The Community Development Fund balance increased approximately 33% during 2004. This increase in fund balance was the result of increases in grant monies received.

Capital Improvement Fund - The City's Capital Improvement Fund reported a very large decrease in fund balance. This decrease was the result of capital outlay expenditures for the construction of new facilities for the police and fire departments.

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2004 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$10,834,579 was slightly higher than the original budget estimates of \$10,418,193. This was mainly the result of increases in the amount of grant monies received. The General Fund had an adequate fund balance to cover expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2004 the City had \$89,683,019 net of accumulated depreciation invested in land, buildings, infrastructure, equipment and vehicles. Of this total, \$55,172,073 was related to governmental activities and \$34,510,946 to the business-type activities. The following table shows fiscal year 2004 and 2003 balances:

	Governmental Activities		Increase (Decrease)
	2004	2003	
Land	\$15,547,178	\$15,051,362	\$495,816
Construction In Progress	6,789,926	1,119,028	5,670,898
Buildings	7,118,434	6,954,591	163,843
Improvements Other than Buildings	4,051,428	4,038,728	12,700
Infrastructure	48,387,383	47,041,863	1,345,520
Machinery and Equipment	13,657,312	12,502,173	1,155,139
Less: Accumulated Depreciation	(40,379,588)	(38,206,793)	(2,172,795)
Totals	<u>\$55,172,073</u>	<u>\$48,500,952</u>	<u>\$6,671,121</u>

CITY OF NEWARK, OHIO**Management's Discussion and Analysis
For the Year Ended December 31, 2004****Unaudited**

The primary increase occurred in construction in progress, which was the result of the ongoing construction of new facilities for the police and fire departments.

	Business-Type Activities		Increase (Decrease)
	2004	2003	
Land	\$170,500	\$170,500	\$0
Construction in Progress	70,000	1,198,275	(1,128,275)
Buildings and Improvements	28,842,240	27,336,500	1,505,740
Infrastructure	7,449,528	7,449,528	0
Machinery and Equipment	32,983,189	32,809,151	174,038
Less: Accumulated Depreciation	(35,004,511)	(32,512,856)	(2,491,655)
Totals	<u>\$34,510,946</u>	<u>\$36,451,098</u>	<u>(\$1,940,152)</u>

The primary increase occurred in building and improvements, which was the result of the completion of a new water plant. Additional information on the City's capital assets can be found in Note 9.

Debt

At December 31, 2004, the City had \$24,201,119 in General Obligation bonds outstanding, \$1,228,799 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2004 and 2003:

	2004	2003
Governmental Activities:		
General Obligation Bonds	\$13,489,991	\$13,769,991
Special Assessment Bonds	65,000	85,000
Capital Leases	133,235	173,021
Accrued Pension Liability	2,124,038	2,157,690
Compensated Absences	3,105,070	2,734,373
Total Governmental Activities	<u>18,917,334</u>	<u>18,920,075</u>
Business-Type Activities:		
General Obligation Bonds	\$10,711,128	\$11,537,306
Special Assessment Bonds	51,284	0
OWDA Loans	6,630,766	7,172,421
Compensated Absences	589,297	646,355
Total Business-Type Activities	<u>17,982,475</u>	<u>19,356,082</u>
Totals	<u>\$36,899,809</u>	<u>\$38,276,157</u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. At December 31, 2004, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 12.

ECONOMIC FACTORS

The economy of the city of Newark has historically had a manufacturing base. This has resulted in an economic decline during recessionary periods. Attempts have been made recently to diversify so economic fluctuations will not impact the city as drastically.

A Tax Increment Finance (T.I.F.) district was created in 2003 to aid in the retail development of the north side of the city. The T.I.F. district provided infrastructure as well as road improvements. The T.I.F. district was expanded during 2004 to allow for continued development.

While the city has experienced a general decline in manufacturing jobs over the past decade, the counter has realized a gain in this area. Two major industrial parks are located just outside the city limits and are responsible for growth in not only manufacturing jobs as well. Plans for a JEDZ joint economic district was begun during 2004 with Etna Township and will be completed in early 2005. The unemployment in the city remains under the national average.

The city's operating budget has been affected by the recession and economic uncertainty. To balance the budget, capital improvement funds were for general operating expenses thus causing delays in capital projects. However, the 2004 budget contained funding for a major street paving campaign. The city income tax was increased by the voters to allow for a police station to be built and construction of a replacement fire station. Both are to be completed during 2004. The 2005 budget is projected to increase by approximately 5 percent.

REQUESTS FOR INFORMATION

The purpose of this financial report is to provide a clear picture to citizens, taxpayers, investors and creditors and any interested party of the city's accountability of the funds it receives.

Please direct any questions you may have or request for additional information to: Stephen E. Johnson, City Auditor, 40 West Main Street, Newark, Ohio 43055.



CITY OF NEWARK, OHIO

**Statement of Net Assets
December 31, 2004**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 6,380,021	\$ 3,863,793	\$ 10,243,814
Investments	7,404,332	2,449,725	9,854,057
Receivables:			
Taxes	5,848,565	0	5,848,565
Accounts	289,875	1,324,224	1,614,099
Intergovernmental	4,044,689	0	4,044,689
Interest	38,458	3,575	42,033
Special Assessments	116,860	0	116,860
Loans	3,336,655	0	3,336,655
Internal Balance	(501,060)	501,060	0
Inventory of Supplies at Cost	286,881	409,010	695,891
Prepaid Items	48,292	26,329	74,621
Deferred Charge	0	90,270	90,270
Restricted Assets:			
Cash and Cash Equivalents	474,269	0	474,269
Cash and Cash Equivalents with Fiscal Agent	0	14,057	14,057
Investments	552,950	0	552,950
Non-Depreciable Capital Assets	22,337,104	240,500	22,577,604
Depreciable Capital Assets, net	32,834,969	34,270,446	67,105,415
Total Assets	83,492,860	43,192,989	126,685,849
Liabilities:			
Accounts Payable	2,130,824	282,570	2,413,394
Accrued Wages and Benefits	1,929,917	264,018	2,193,935
Intergovernmental Payable	80,702	0	80,702
Retainage Payable	45,044	0	45,044
Matured Bonds and Interest Payable	0	14,057	14,057
Deferred Revenue	2,699,535	0	2,699,535
Accrued Interest Payable	98,507	293,983	392,490
General Obligation Notes Payable	4,186,000	0	4,186,000
Noncurrent liabilities:			
Due within one year	2,369,774	1,412,019	3,781,793
Due in more than one year	16,547,560	16,570,456	33,118,016
Total Liabilities	30,087,863	18,837,103	48,924,966
Net Assets:			
Invested in Capital Assets, Net of Related Debt	37,431,082	16,562,270	53,993,352
Restricted For:			
Capital Projects	661,368	0	661,368
Debt Service	245,409	0	245,409
Street Improvement	1,316,652	0	1,316,652
Community Environment	4,181,452	0	4,181,452
Cemetery Maintenance	977,205	0	977,205
Other Purposes	2,356,558	0	2,356,558
Unrestricted	6,235,271	7,793,616	14,028,887
Total Net Assets	\$ 53,404,997	\$ 24,355,886	\$ 77,760,883

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Activities
For the Year Ended December 31, 2004**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 17,852,605	\$ 1,491,784	\$ 639,093	\$ 0
Leisure Time Activities	779,879	152,957	0	1,462,515
Community Environment	3,060,056	10,970	266,044	0
Public Health and Welfare Services	2,984,327	653,762	1,178,006	0
Transportation	5,512,403	387,563	3,272,273	0
General Government	8,342,604	1,573,899	0	0
Interest and Fiscal Charges	769,524	0	0	0
Total Governmental Activities	39,301,398	4,270,935	5,355,416	1,462,515
Business-Type Activities:				
Water	6,211,742	5,433,915	0	0
Sewer	5,505,242	5,068,481	0	0
Total Business-Type Activities	11,716,984	10,502,396	0	0
Totals	51,018,382	14,773,331	5,355,416	1,462,515

General Revenues

Property Taxes Levied for:

General Purposes

Special Purposes

Capital Purposes

Income Tax

Shared Revenues

Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year - Restated

Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (15,721,728)	\$ 0	\$ (15,721,728)
835,593	0	835,593
(2,783,042)	0	(2,783,042)
(1,152,559)	0	(1,152,559)
(1,852,567)	0	(1,852,567)
(6,768,705)	0	(6,768,705)
(769,524)	0	(769,524)
<u>(28,212,532)</u>	<u>0</u>	<u>(28,212,532)</u>
0	(777,827)	(777,827)
0	(436,761)	(436,761)
<u>0</u>	<u>(1,214,588)</u>	<u>(1,214,588)</u>
<u>(28,212,532)</u>	<u>(1,214,588)</u>	<u>(29,427,120)</u>
2,104,016	0	2,104,016
395,123	0	395,123
424,309	0	424,309
18,301,809	0	18,301,809
3,451,590	0	3,451,590
322,867	0	322,867
732,231	0	732,231
234,050	(234,050)	0
<u>25,965,995</u>	<u>(234,050)</u>	<u>25,731,945</u>
(2,246,537)	(1,448,638)	(3,695,175)
<u>55,651,534</u>	<u>25,804,524</u>	<u>81,456,058</u>
<u>\$ 53,404,997</u>	<u>\$ 24,355,886</u>	<u>\$ 77,760,883</u>

CITY OF NEWARK, OHIO

**Balance Sheet
Governmental Funds
December 31, 2004**

	General	Income Tax	Community Development	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and Cash Equivalents	\$ 382,920	\$ 52,187	\$ 73,712	\$ 1,158,923	\$ 2,088,554	\$ 3,756,296
Investments	1,297,466	226,319	319,672	5,025,945	534,930	7,404,332
Receivables:						
Taxes	2,382,494	2,999,651	0	0	466,420	5,848,565
Accounts	209,910	0	0	0	79,965	289,875
Intergovernmental	1,614,538	0	620,104	0	1,810,047	4,044,689
Interest	26,350	0	369	8,161	3,578	38,458
Special Assessments	0	0	0	0	116,860	116,860
Loans	0	0	3,336,655	0	0	3,336,655
Interfund Loans Receivables	483,519	0	0	0	0	483,519
Inventory of Supplies, at Cost	65,111	0	0	0	221,770	286,881
Prepaid Items	36,148	0	212	0	11,932	48,292
Restricted Assets:						
Cash and Cash Equivalents	0	0	0	0	474,269	474,269
Investments	0	0	0	0	552,950	552,950
Total Assets	\$ 6,498,456	\$ 3,278,157	\$ 4,350,724	\$ 6,193,029	\$ 6,361,275	\$ 26,681,641
Liabilities:						
Accounts Payable	\$ 247,178	\$ 1,751	\$ 141,384	\$ 1,538,243	\$ 184,580	\$ 2,113,136
Accrued Wages and Benefits Payable	1,398,594	29,594	21,518	0	141,419	1,591,125
Intergovernmental Payable	80,702	0	0	0	0	80,702
Retainage Payable	0	0	0	45,044	0	45,044
Interfund Loans Payable	0	0	0	0	483,519	483,519
Deferred Revenue	3,314,309	906,331	3,956,759	0	1,671,337	9,848,736
Accrued Interest Payable	0	0	0	5,839	21,778	27,617
General Obligation Notes Payable	0	0	0	1,302,000	2,884,000	4,186,000
Total Liabilities	5,040,783	937,676	4,119,661	2,891,126	5,386,633	18,375,879
Fund Balances:						
Reserved for Encumbrances	386,015	56,531	337,643	2,713,990	630,216	4,124,395
Reserved for Prepaid Items	36,148	0	212	0	11,932	48,292
Reserved for Supplies Inventory	65,111	0	0	0	221,770	286,881
Reserved for Debt Service	0	0	0	0	125,902	125,902
Reserved for Endowments	0	0	0	0	591,572	591,572
Undesignated, Unreserved in:						
General Fund	970,399	0	0	0	0	970,399
Special Revenue Funds (Deficit)	0	2,283,950	(106,792)	0	2,194,168	4,371,326
Capital Projects Funds (Deficit)	0	0	0	587,913	(2,800,918)	(2,213,005)
Total Fund Balances	1,457,673	2,340,481	231,063	3,301,903	974,642	8,305,762
Total Liabilities and Fund Balances	\$ 6,498,456	\$ 3,278,157	\$ 4,350,724	\$ 6,193,029	\$ 6,361,275	\$ 26,681,641

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2004***

Total Governmental Fund Balances \$ 8,305,762

***Amounts reported for governmental activities in the
statement of net assets are different because***

Capital Assets used in governmental activities are not resources and therefore are not reported in the funds. 55,172,073

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 7,149,201

Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 1,766,185

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

General Obligation Bonds Payable	(13,489,991)
Special Assessment Bonds Payable	(65,000)
Capital Leases	(133,235)
Accrued Pension Liability	(2,124,038)
Compensated Absences Payable	(3,105,070)
Accrued Interest Payable	(70,890)

(18,988,224)

Net Assets of Governmental Activities

\$ 53,404,997

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004**

	General	Income Tax	Community Development	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 2,133,404	\$ 17,906,620	\$ 0	\$ 0	\$ 827,102	\$ 20,867,126
Intergovernmental Revenues	4,838,617	0	1,214,230	0	5,386,084	11,438,931
Charges for Services	415,864	0	0	0	779,208	1,195,072
Licenses, Permits and Fees	1,637,294	0	0	0	9,842	1,647,136
Investment Earnings	166,986	0	2,864	120,500	32,517	322,867
Special Assessments	0	0	0	0	123,112	123,112
Fines and Forfeitures	1,308,332	0	0	0	211,683	1,520,015
All Other Revenue	287,574	72	333,413	10,576	100,596	732,231
Total Revenue	10,788,071	17,906,692	1,550,507	131,076	7,470,144	37,846,490
Expenditures:						
Current:						
Security of Persons and Property	16,772,871	0	0	0	465,799	17,238,670
Public Health and Welfare Services	2,308,919	0	0	0	586,459	2,895,378
Leisure Time Activities	0	0	0	0	690,045	690,045
Community Environment	1,332,386	0	1,493,616	0	152,111	2,978,113
Transportation	0	0	0	0	4,004,744	4,004,744
General Government	6,326,390	936,703	0	0	44,742	7,307,835
Capital Outlay	0	0	0	8,301,699	1,663,994	9,965,693
Debt Service:						
Principal Retirement	0	0	0	165,000	135,000	300,000
Interest and Fiscal Charges	0	0	0	582,352	199,597	781,949
Total Expenditures	26,740,566	936,703	1,493,616	9,049,051	7,942,491	46,162,427
Excess (Deficiency) of Revenues Over Expenditures	(15,952,495)	16,969,989	56,891	(8,917,975)	(472,347)	(8,315,937)
Other Financing Sources (Uses):						
Sale of Capital Assets	10,527	0	0	0	92,500	103,027
Transfers In	17,458,180	0	0	2,574,252	1,763,960	21,796,392
Transfers Out	(2,251,444)	(17,192,319)	0	(704,700)	(626,519)	(20,774,982)
Total Other Financing Sources (Uses)	15,217,263	(17,192,319)	0	1,869,552	1,229,941	1,124,437
Net Change in Fund Balances	(735,232)	(222,330)	56,891	(7,048,423)	757,594	(7,191,500)
Fund Balances at Beginning of Year	2,187,104	2,562,811	174,172	10,350,326	219,853	15,494,266
Increase (Decrease) in Inventory Reserve	5,801	0	0	0	(2,805)	2,996
Fund Balances End of Year	\$ 1,457,673	\$ 2,340,481	\$ 231,063	\$ 3,301,903	\$ 974,642	\$ 8,305,762

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For the Year Ended December 31, 2004***

Net Change in Fund Balances - Total Governmental Funds \$ (7,191,500)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlay	9,260,915	
Depreciation Expense	<u>(2,413,310)</u>	6,847,605

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to increase net assets.

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.		(176,484)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(1,025,679)
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Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

General Obligation Bond Principal Payment	280,000	
Special Assessment Bond Principal Payment	20,000	
Capital Lease Principal Payment	39,786	
Pension Liability Principal Payment	<u>33,652</u>	373,438

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		12,425
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated Absences	(370,697)	
Change in Inventory	<u>2,996</u>	(367,701)

Internal Service Funds used by management to charge the costs of insurance information services and electrical services to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service revenues are eliminated. The net revenue (expense) of the internal service funds is allocated among the governmental activities.

(718,641)

Change in Net Assets of Governmental Activities \$ (2,246,537)

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,008,742	\$ 2,054,765	\$ 2,133,404	\$ 78,639
Intergovernmental Revenue	4,687,750	4,884,508	4,851,844	(32,664)
Charges for Services	417,950	443,210	415,354	(27,856)
Licenses, Permits and Fees	1,609,340	1,609,340	1,618,161	8,821
Investment Earnings	250,650	250,650	245,206	(5,444)
Fines and Forfeitures	1,330,000	1,470,000	1,315,195	(154,805)
All Other Revenues	113,761	122,106	203,168	81,062
Total Revenues	<u>10,418,193</u>	<u>10,834,579</u>	<u>10,782,332</u>	<u>(52,247)</u>
Expenditures:				
Current:				
Security of Persons and Property	17,497,637	18,323,012	17,371,638	951,374
Public Health and Welfare Services	2,545,611	2,564,237	2,369,222	195,015
Community Environment	1,344,619	1,360,086	1,335,411	24,675
General Government	6,931,498	6,789,795	6,506,088	283,707
Total Expenditures	<u>28,319,365</u>	<u>29,037,130</u>	<u>27,582,359</u>	<u>1,454,771</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,901,172)	(18,202,551)	(16,800,027)	1,402,524
Other Financing Sources (Uses):				
Sale of Capital Assets	22,000	22,000	10,527	(11,473)
Transfers In	34,761,478	35,662,106	34,695,911	(966,195)
Transfers Out	(5,529,010)	(20,354,852)	(19,489,175)	865,677
Advances In	1,289,810	1,289,810	1,289,810	0
Advances Out	(483,519)	(483,519)	(483,519)	0
Total Other Financing Sources (Uses):	<u>30,060,759</u>	<u>16,135,545</u>	<u>16,023,554</u>	<u>(111,991)</u>
Net Change in Fund Balance	12,159,587	(2,067,006)	(776,473)	1,290,533
Fund Balance at Beginning of Year	1,848,589	1,848,589	1,848,589	0
Fund Balance at End of Year	<u>\$ 14,008,176</u>	<u>\$ (218,417)</u>	<u>\$ 1,072,116</u>	<u>\$ 1,290,533</u>

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Income Tax Fund
For the Year Ended December 31, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 17,810,000	\$ 17,810,000	\$ 17,852,116	\$ 42,116
All Other Revenues	0	0	133	133
Total Revenues	<u>17,810,000</u>	<u>17,810,000</u>	<u>17,852,249</u>	<u>42,249</u>
Expenditures:				
General Government	1,091,527	1,134,603	1,007,250	127,353
Total Expenditures	<u>1,091,527</u>	<u>1,134,603</u>	<u>1,007,250</u>	<u>127,353</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,718,473	16,675,397	16,844,999	169,602
Other Financing Sources (Uses):				
Transfers Out	(17,221,780)	(17,221,780)	(17,192,319)	29,461
Total Other Financing Sources (Uses)	<u>(17,221,780)</u>	<u>(17,221,780)</u>	<u>(17,192,319)</u>	<u>29,461</u>
Net Change in Fund Balance	(503,307)	(546,383)	(347,320)	199,063
Fund Balance at Beginning of Year	517,025	517,025	517,025	0
Prior Year Encumbrances	50,518	50,518	50,518	0
Fund Balance at End of Year	<u>\$ 64,236</u>	<u>\$ 21,160</u>	<u>\$ 220,223</u>	<u>\$ 199,063</u>

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – Community Development Fund
For the Year Ended December 31, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 2,440,600	\$ 3,107,451	\$ 1,214,230	\$ (1,893,221)
Investment Earnings	6,000	6,000	2,692	(3,308)
All Other Revenues	210,000	245,000	338,871	93,871
Total Revenues	<u>2,656,600</u>	<u>3,358,451</u>	<u>1,555,793</u>	<u>(1,802,658)</u>
Expenditures:				
Community Environment	<u>3,622,701</u>	<u>3,621,239</u>	<u>1,883,336</u>	<u>1,737,903</u>
Total Expenditures	<u>3,622,701</u>	<u>3,621,239</u>	<u>1,883,336</u>	<u>1,737,903</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(966,101)	(262,788)	(327,543)	(64,755)
Other Financing Sources (Uses):				
Transfers Out	<u>(500)</u>	<u>(2,111)</u>	<u>0</u>	<u>2,111</u>
Total Other Financing Sources (Uses)	<u>(500)</u>	<u>(2,111)</u>	<u>0</u>	<u>2,111</u>
Net Change in Fund Balance	(966,601)	(264,899)	(327,543)	(62,644)
Fund Balance at Beginning of Year	(418,056)	(418,056)	(418,056)	0
Prior Year Encumbrances	<u>659,958</u>	<u>659,958</u>	<u>659,958</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (724,699)</u>	<u>\$ (22,997)</u>	<u>\$ (85,641)</u>	<u>\$ (62,644)</u>

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2004**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Total	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	\$ 564,877	\$ 3,298,916	\$ 3,863,793	\$ 2,623,725
Investments	2,449,725	0	2,449,725	0
Receivables:				
Accounts	662,112	662,112	1,324,224	0
Interest	2,668	907	3,575	0
Inventory of Supplies at Cost	185,549	223,461	409,010	0
Prepaid Items	21,637	4,692	26,329	0
Total Current Assets	3,886,568	4,190,088	8,076,656	2,623,725
Noncurrent Assets:				
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	352	13,705	14,057	0
Total Restricted Assets	352	13,705	14,057	0
Deferred Charges	90,270	0	90,270	0
Non Depreciable Capital Assets	240,500	0	240,500	0
Depreciable Capital Assets, Net	22,487,842	11,782,604	34,270,446	0
Total Noncurrent Assets	22,818,964	11,796,309	34,615,273	0
Total Assets	26,705,532	15,986,397	42,691,929	2,623,725
LIABILITIES				
Current Liabilities:				
Accounts Payable	104,549	178,021	282,570	17,688
Accrued Wages and Benefits	170,879	93,139	264,018	338,792
Matured Bonds and Interest Payable	352	13,705	14,057	0
Accrued Interest Payable	52,078	241,905	293,983	0
General Obligation Bonds Payable - Current	823,799	0	823,799	0
Special Assessment Bonds Payable - Current	0	5,128	5,128	0
OWDA Loans Payable - Current	0	583,092	583,092	0
Total Current Liabilities	1,151,657	1,114,990	2,266,647	356,480
Noncurrent Liabilities:				
General Obligation Bonds Payable	9,887,329	0	9,887,329	0
Special Assessment Bonds Payable	0	46,156	46,156	0
OWDA Loans Payable	0	6,047,674	6,047,674	0
Compensated Absences Payable	372,218	217,079	589,297	0
Total Noncurrent Liabilities	10,259,547	6,310,909	16,570,456	0
Total Liabilities	11,411,204	7,425,899	18,837,103	356,480
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	11,410,432	5,151,838	16,562,270	0
Unrestricted	3,883,896	3,408,660	7,292,556	2,267,245
Total Net Assets	\$ 15,294,328	\$ 8,560,498	\$ 23,854,826	\$ 2,267,245
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			501,060	
Net Assets of Business-type Activities			\$ 24,355,886	

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2004**

	Business-Type Activities - Enterprise Funds			Governmental
	Water	Sewer	Total	Activities - Internal Service Funds
Operating Revenues:				
Charges for Services	\$ 5,417,114	\$ 5,062,753	\$ 10,479,867	\$ 5,000,712
Other Operating Revenues	186	564	750	120,680
Total Operating Revenues	<u>5,417,300</u>	<u>5,063,317</u>	<u>10,480,617</u>	<u>5,121,392</u>
Operating Expenses:				
Personal Services	2,660,071	1,586,412	4,246,483	5,035,023
Contractual Services	1,268,516	1,501,567	2,770,083	4,025
Materials and Supplies	785,567	246,417	1,031,984	0
Depreciation	818,360	1,679,459	2,497,819	0
Total Operating Expenses	<u>5,532,514</u>	<u>5,013,855</u>	<u>10,546,369</u>	<u>5,039,048</u>
Operating Income (Loss)	(115,214)	49,462	(65,752)	82,344
Non-Operating Revenue (Expenses):				
Interest Income	16,615	5,164	21,779	0
Interest and Fiscal Charges	(689,590)	(491,387)	(1,180,977)	0
Other Nonoperating Expense	(3,263)	0	(3,263)	0
Total Non-Operating Revenues (Expenses)	<u>(676,238)</u>	<u>(486,223)</u>	<u>(1,162,461)</u>	<u>0</u>
Income (Loss) Before Operating Transfers	(791,452)	(436,761)	(1,228,213)	82,344
Transfers In	687,267	0	687,267	112,640
Transfers Out	<u>(117,025)</u>	<u>(804,292)</u>	<u>(921,317)</u>	<u>(900,000)</u>
Change in Net Assets	(221,210)	(1,241,053)	(1,462,263)	(705,016)
Net Assets Beginning of Year	<u>15,515,538</u>	<u>9,801,551</u>	<u>25,317,089</u>	<u>2,972,261</u>
Net Assets End of Year	<u>\$ 15,294,328</u>	<u>\$ 8,560,498</u>	<u>\$ 23,854,826</u>	<u>\$ 2,267,245</u>
Change in Net Assets - Total Enterprise Funds			\$ (1,462,263)	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.			<u>13,625</u>	
Change in Net Assets - Business-type Activities			<u>\$ (1,448,638)</u>	

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004**

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Total	
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$5,345,637	\$4,990,797	\$10,336,434	\$5,130,770
Cash Payments for Goods and Services	(1,997,686)	(1,785,371)	(3,783,057)	(5,079,339)
Cash Payments to Employees	(2,644,315)	(1,601,812)	(4,246,127)	0
Net Cash Provided by Operating Activities	703,636	1,603,614	2,307,250	51,431
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers In from Other Funds	842,267	451,300	1,293,567	112,640
Transfers Out to Other Funds	(272,025)	(1,255,592)	(1,527,617)	(900,000)
Net Cash Provided (Used) by Noncapital Financing Activities	570,242	(804,292)	(234,050)	(787,360)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(666,187)	(54,022)	(720,209)	0
Principal Paid on General Obligation Bonds	(877,355)	0	(877,355)	0
Principal Paid on Ohio Water Development Authority Loan	0	(541,655)	(541,655)	0
Special Assessment Bonds Issued	0	51,284	51,284	0
Interest Paid on All Debt	(617,753)	(509,646)	(1,127,399)	0
Net Cash Used for Capital and Related Financing Activities	(2,161,295)	(1,054,039)	(3,215,334)	0
<u>Cash Flows from Investing Activities:</u>				
Purchase of Investments	(248,792)	0	(248,792)	0
Receipts of Interest	14,735	4,410	19,145	0
Net Cash Provided (Used) by Investing Activities	(234,057)	4,410	(229,647)	0
Net Decrease in Cash and Cash Equivalents	(1,121,474)	(250,307)	(1,371,781)	(735,929)
Cash and Cash Equivalents at Beginning of Year	1,686,703	3,562,928	5,249,631	3,359,654
Cash and Cash Equivalents at End of Year	\$565,229	\$3,312,621	\$3,877,850	\$2,623,725
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>				
Cash and Cash Equivalents	\$564,877	\$3,298,916	\$3,863,793	\$2,623,725
Restricted Cash with Fiscal Agent	352	13,705	14,057	0
Cash and Cash Equivalents at End of Year	\$565,229	\$3,312,621	\$3,877,850	\$2,623,725
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</u>				
Operating Income (Loss)	(\$115,214)	\$49,462	(\$65,752)	\$82,344
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	818,360	1,679,459	2,497,819	0
Miscellaneous Nonoperating Expense	(3,263)	0	(3,263)	0
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(71,663)	(72,520)	(144,183)	9,378
Decrease in Inventory	67,218	17,516	84,734	0
(Increase) Decrease in Prepaid Items	(9,207)	6,889	(2,318)	0
Increase (Decrease) in Accounts Payable	1,649	(61,792)	(60,143)	16,920
Increase (Decrease) in Accrued Wages and Benefits	42,716	14,698	57,414	(57,211)
Decrease in Compensated Absences	(26,960)	(30,098)	(57,058)	0
Total Adjustments	818,850	1,554,152	2,373,002	(30,913)
Net Cash Provided by Operating Activities	\$703,636	\$1,603,614	\$2,307,250	\$51,431

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2004 the Water and Sewer Funds had outstanding liabilities of \$8,000 and \$32,150, respectively for the purchase of certain capital assets.

See accompanying notes to the basic financial statements

CITY OF NEWARK, OHIO

***Statement of Net Assets
Fiduciary Funds
December 31, 2004***

	<u>Agency Funds</u>
Assets:	
Restricted Assets:	
Cash and Cash Equivalents	\$ 506,786
Total Assets	<u>506,786</u>
Liabilities:	
Intergovernmental Payable	178,401
Due to Others	<u>328,385</u>
Total Liabilities	<u>506,786</u>
Total Net Assets	<u>\$ 0</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Newark, Ohio (the "City") was incorporated in 1826 under the laws of the State of Ohio. The City operates under a Council-Mayor form of government.

The financial statements are presented as of December 31, 2004 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government, which include the following services: police and fire protection, parks and recreation, planning, zoning, street maintenance and other governmental services. In addition, the City owns and operates a water treatment and distribution system and a wastewater treatment and collection system which are reported as enterprise funds.

B. Basis of Presentation - Fund Accounting

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies:

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). The following fund types are used by the City:

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

Income Tax Fund - This fund is used to account for municipal income tax collections as required by City Ordinance.

Community Development Fund - This fund is used to account for Federal grants administered through the State which are designated for community and environmental improvements.

Capital Improvement Fund - This fund is used to account for financial resources used for the major capital projects undertaken by the City.

Proprietary Funds

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

Water Fund - To account for the operation of the City's water service.

Sewer Fund - To account for the operation of the City's sanitary sewer service.

Internal Service Funds - These funds are used to account for the financing of services provided by one department to other departments or agencies of the governmental unit or to other governmental units on a cost-reimbursement basis.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

Fiduciary funds are used to account for assets the City holds in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds. The only fiduciary funds of the City are agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses in the accounts and reported in the financial statements, and relates to the timing of the measurements made. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Revenue considered susceptible to accrual at year end includes income taxes withheld by employers, interest on investments and state levied locally shared taxes (including motor vehicle license fees and local government assistance). Income taxes other than those withheld by employers, licenses, permits, charges for service and other miscellaneous revenues are recorded as revenue when received in cash because generally this revenue is not measurable until received.

Special assessment installments including related accrued interest, which are measurable but not available at December 31, are recorded as deferred revenue. Property taxes, which are measurable at December 31, 2004 but are not intended to finance 2004 operations, and delinquent property taxes whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

The accrual basis of accounting is utilized for reporting purposes by the governmental activities, proprietary funds and agency funds. Revenues are recognized when they are earned and expenses recognized when incurred.

Pursuant to GASB Statement No. 20, *"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,"* the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The Mary E. Barnes Trust Fund (special revenue fund) was not budgeted because this fund only exists on a GAAP basis. The primary level of budgetary control is at the object level within each department. Budgetary modifications may be made only by ordinance of the City Council.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Tax Budget

The Mayor submits an annual tax budget for the following fiscal year to City Council by July 15 for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2004.

3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified by the County Budget Commission. During the year, several supplemental appropriations were necessary to budget contingency funds, intergovernmental grants and proceeds of debt issues. The allocation of appropriations among departments and objects within a fund may be modified during the year only by an ordinance of City Council. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual for the General Fund and Major Special Revenue Funds" are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

5. Budgetary Basis of Accounting

The City's budgetary process accounts for the City's transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on the cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures (budgetary basis) as opposed to reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary cash basis statements for the General and major Special Revenue funds:

	Net Change in Fund Balances		
	General Fund	Income Tax Fund	Community Development Fund
GAAP Basis (as reported)	(\$735,232)	(\$222,330)	\$56,891
Increase (Decrease):			
Accrued Revenues at December 31, 2004 received during 2005	(112,692)	(2,093,320)	(369)
Accrued Revenues at December 31, 2003 received during 2004	1,325,093	2,038,877	5,653
Accrued Expenditures at December 31, 2004 paid during 2005	1,256,664	31,345	162,902
Accrued Expenditures at December 31, 2003 paid during 2004	(1,870,058)	(43,609)	(73,559)
2003 Prepays for 2004	39,271	0	174
2004 Prepays for 2005	(36,148)	0	(212)
Adjustment to Fair Value	57,953	0	0
Outstanding Encumbrances	(701,324)	(58,283)	(479,023)
Budget Basis	<u>(\$776,473)</u>	<u>(\$347,320)</u>	<u>(\$327,543)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, a repurchase agreement, the State Treasury Asset Reserve (STAR Ohio) and short-term certificates of deposit with original maturities of three months or less. The repurchase agreement, Star Ohio and certificates of deposit are considered cash equivalents because they are highly liquid investments. See Note 4, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon the fund's cash balance at the date of investment. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City records all its investments at fair value except for nonparticipating investment contracts (repurchase agreements and certificates of deposit) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. See Note 4, "Cash, Cash Equivalents and Investments".

The City had invested funds in the STAR Ohio during 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2004.

H. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

2. Property, Plant and Equipment – Business Type Activities

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Assets and in the respective funds.

3. Depreciation

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (in years)</u>
Buildings	45
Improvements other than Buildings	60
Machinery, Equipment, Furniture and Fixtures	3 - 10
Infrastructure	15 - 75

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	Water Fund Tax Increment Financing Fund Capital Improvement Fund
Special Assessment Bonds	Debt Service Fund, Sewer Fund
OWDA Loan	Sewer Fund
Capital Leases	Street Department Fund Capital Improvement Fund
Compensated Absences	General Fund Street Department Fund Income Tax Fund Cemetery Fund Community Development Fund Parks and Recreation Fund Traffic Control Fund Water Fund Sewer Fund
Accrued Pension Liability	General Fund

L. Compensated Absences

Employees of the City earn vacation leave at various rates within limits specified under collective bargaining agreements or under statute. At termination or retirement, employees are paid at their full rate for one-hundred percent (100%) of their unused vacation leave.

Sick leave is accrued by all employees at the rate of 4.615 hours every two weeks for a total of fifteen days of sick leave accrued per year. A percentage of accrued sick leave time is liquidated in cash at termination (in good standing) or at retirement. The rate of cash compensation for sick leave payout varies within specified limits under collective bargaining agreements or under law. Generally, employees with ten years of continuous service may receive 33% of their accrued sick leave if they terminate in good standing prior to retirement. Employees who elect to retire after 25 years of credit in the retirement system receive 50% of their accrued sick leave at time of retirement. Cash compensation for sick leave is paid at the employee's full rate of pay at the time of termination or retirement.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences (Continued)

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," the City records a liability for vacation time and sick leave when the obligation is attributable to services previously rendered or to rights that vest or accumulate, and when payment of the obligation is probable and can be reasonably determined. For governmental funds, the portion of unpaid compensated absences expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The long-term portion of the liability is reported in the Government-wide Statements under Long-term Liabilities.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Assets restricted for Other Purposes include federal grants for public safety and human services and mandatory fines for various court programs. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

O. Bond Discounts/Issuance Costs

In governmental fund types, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond discounts are presented as a reduction of the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

P. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Interfund Activity (Continued)

In order to avoid distorting the measurement of the cost of individual functional activities, entries are made to eliminate the activity provided by the internal service funds to those funds considered governmental and those considered business-type. The elimination of the internal service funds is based on the activity of each fund to which it provides service.

Q. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for prepaid items, inventories, debt service, endowments and encumbered amounts not accrued at year end.

R. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water treatment and distribution and wastewater collection and treatment. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City and that are either unusual in nature or infrequent in occurrence. The City had no special items to report during fiscal year 2004.

NOTE 2 – RESTATEMENT OF NET ASSETS

Beginning with the December 31, 2004 report, the City's Governmental Activities will report infrastructure retroactively. As a result, certain adjustments were made to the Governmental Activities net asset beginning balance to account for this change. As a result of the restatement, the City's Governmental Activities net assets at December 31, 2003 increased \$35,425,632, to a restated amount of \$55,651,534.

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Deficit Fund Equities - The fund deficits at December 31, 2004 of \$553 in the Compost Facility Fund, \$6,070 in the Police Grant Fund, (special revenue funds) and \$168,227 in the Bikeway Upgrade Fund (capital projects fund) arose from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary/cash basis. The fund deficits of \$997,314 in the Deo Drive Improvement Fund, and \$1,751,153 in the East Main Street Bridge Replacement Fund (capital projects funds) are the result of recording notes payable amounts in the individual fund balance sheets. The General Fund provides transfers when cash is required, not when accruals occur.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral, eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*," collateral held in single financial institution collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

The GASB has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

Investments:

- Category 1 Insured or registered with securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

A. Deposits

At year end the carrying amount of the City's deposits was \$12,742,578 and the bank balance was \$13,802,406. Federal depository insurance covered \$615,000 of the bank balance. All remaining deposits were classified as Category 3.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 4 - CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2004 are summarized below:

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Fair Value</u>
Federal Home Loan Bank Bonds	\$3,845,547	\$0	\$3,845,547
Federal Home Loan Corporation Notes	984,550	0	984,550
Federal Mortgage Corporation Notes	497,500	0	497,500
Repurchase Agreement	0	1,845,122	1,845,122
Total Categorized Investments	<u>5,327,597</u>	<u>1,845,122</u>	<u>7,172,719</u>
<u>Non-Categorized Investments</u>			
STAR Ohio	N/A	N/A	1,656,288
Mutual Funds	N/A	N/A	60,291
Total Non-Categorized Investments	<u>N/A</u>	<u>N/A</u>	<u>1,716,579</u>
Total Investments	<u>\$5,327,597</u>	<u>\$1,845,122</u>	<u>\$8,889,298</u>

In addition to deposits and investments, the City has cash with fiscal agents in the amount of \$14,057, which was classified as Category 3. This amount represents unredeemed matured bonds and interest coupons held with various trustees. Additionally, the City has uninsured and uncollateralized cash in the amount of \$438,297 being held by the Licking County Engineer. This cash is restricted in its use for various road improvement projects.

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Repurchase agreements and STAR Ohio are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the financial statements and the classifications per items A and B of this note are as follows:

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Combined Balance Sheet	\$11,224,869	\$10,407,007
Certificates of Deposit (with maturities of more than 3 months)	5,019,119	(5,019,119)
Investments:		
STAR Ohio	(1,656,288)	1,656,288
Repurchase Agreement	(1,845,122)	1,845,122
Per GASB Statement No. 3	<u>\$12,742,578</u>	<u>\$8,889,298</u>

* Does not include Cash with Fiscal Agent

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2004 were levied after October 1, 2003 on assessed values as of January 1, 2003, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reevaluated every six years and equalization adjustments made in the third year following the reappraisal. The last revaluation was completed for tax year 1999. Real property taxes are payable annually or semiannually. If paid annually, payment is due January 31; if paid semiannually, the first payment is due February and the remainder payable in July. Under certain circumstances, state statute permits later payment dates to be established.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semiannually, the first payment is due April 30; the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Newark. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for the City's operations for the year ended December 31, 2004 was \$3.70 per \$1,000 of assessed value. The assessed value upon which the 2004 levy was based was \$742,972,970. This amount constitutes \$653,241,740 in real property assessed value, \$23,897,680 in public utility assessed value and \$65,833,550 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .37% (3.70 mills) of assessed value.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 5 - TAXES (Continued)

B. Income Tax

The City levies a tax of 1.25% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 100% of the tax paid to another municipality to a maximum of 1.00% of taxable salaries, wages, commissions and other compensation.

Employers within the City are required to withhold income tax on employees' compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2004 consisted of taxes, interest, accounts, loans, special assessments and intergovernmental receivables arising from shared revenues.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund balances at December 31, 2004 consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
General Fund	\$483,519	\$0
Other Governmental Funds	<u>0</u>	<u>483,519</u>
Totals	<u>\$483,519</u>	<u>\$483,519</u>

These Interfund Loans are short-term loans to cover a temporary cash deficit.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 8 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2004:

Fund	Transfer In	Transfer Out
General Fund	\$17,458,180	\$2,251,444
Income Tax Fund	0	17,192,319
Capital Improvement Fund	2,574,252	704,700
Other Governmental Funds	1,763,960	626,519
Total Governmental Funds	<u>21,796,392</u>	<u>20,774,982</u>
Water Fund	687,267	117,025
Sewer Fund	0	804,292
Total Proprietary Funds	<u>687,267</u>	<u>921,317</u>
Internal Service Funds	112,640	900,000
Totals	<u>\$22,596,299</u>	<u>\$22,596,299</u>

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 9 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2004:

<i>Historical Cost:</i>		Restated		
Class	December 31, 2003	Additions	Deletions	December 31, 2004
<i>Capital assets not being depreciated:</i>				
Land	\$15,051,362	\$535,816	(\$40,000)	\$15,547,178
Construction in Progress	1,119,028	6,206,714	(535,816)	6,789,926
<i>Capital assets being depreciated:</i>				
Buildings	6,954,591	163,843	0	7,118,434
Improvements Other than Buildings	4,038,728	12,700	0	4,051,428
Infrastructure	47,041,863	1,679,661	(334,141)	48,387,383
Machinery and Equipment	12,502,173	1,197,997	(42,858)	13,657,312
Total Cost	<u>\$86,707,745</u>	<u>\$9,796,731</u>	<u>(\$952,815)</u>	<u>\$95,551,661</u>
<i>Accumulated Depreciation:</i>		Restated		
Class	December 31, 2003	Additions	Deletions	December 31, 2004
Buildings	(\$3,511,138)	(\$130,867)	\$0	(\$3,642,005)
Improvements Other than Buildings	(2,416,984)	(186,413)	0	(2,603,397)
Infrastructure	(22,918,210)	(1,282,420)	197,657	(24,002,973)
Machinery and Equipment	(9,360,461)	(813,610)	42,858	(10,131,213)
Total Depreciation	<u>(\$38,206,793)</u>	<u>(\$2,413,310) *</u>	<u>\$240,515</u>	<u>(\$40,379,588)</u>
<i>Net Value:</i>	<u>\$48,500,952</u>			<u>\$55,172,073</u>

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$487,421
Leisure Time Activities	103,277
Community Environment	42,954
Public Health and Welfare	70,000
Transportation	1,497,696
General Government	211,962
Total Depreciation Expense	<u>\$2,413,310</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 9 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2004:

Historical Cost:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
<i>Capital assets not being depreciated:</i>				
Land	\$170,500	\$0	\$0	\$170,500
Construction in Progress	1,198,275	70,000	(1,198,275)	70,000
<i>Capital assets being depreciated:</i>				
Buildings and Improvements	27,336,500	1,505,740	0	28,842,240
Infrastructure	7,449,528	0	0	7,449,528
Machinery and Equipment	32,809,151	180,205	(6,167)	32,983,189
Total Cost	\$68,963,954	\$1,755,945	(\$1,204,442)	\$69,515,457

Accumulated Depreciation:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
Buildings and Improvements	(\$7,095,184)	(\$732,722)	\$0	(\$7,827,906)
Infrastructure	(3,254,526)	(105,940)	0	(3,360,466)
Machinery and Equipment	(22,163,146)	(1,659,160)	6,167	(23,816,139)
Total Depreciation	(\$32,512,856)	(\$2,497,822)	\$6,167	(\$35,004,511)
Net Value:	\$36,451,098			\$34,510,946

NOTE 10 – DEFINED BENEFIT PENSION PLANS

All of the City’s full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. Ohio Public Employees Retirement System (the “Ohio PERS”)

The following information was provided by the Ohio PERS to assist the City in complying with GASB Statement No. 27, “Accounting for Pensions by State and Local Government Employers.”

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System (the “Ohio PERS”) (Continued)

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by the Ohio PERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2004, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2004 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.55% to fund the pension and 4.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2004, 2003 and 2002 were \$1,670,062, \$1,654,894 and \$1,611,424, respectively, which were equal to the required contributions for each year.

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2004 employer contribution rate (identified above) that was used to fund health care for the year 2004 was 4.0% of covered payroll which amounted to \$493,007.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System (the “Ohio PERS”) (Continued)

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System’s latest actuarial review performed as of December 31, 2003. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2003 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 369,885. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2003 is \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures Ohio PERS’ health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)

B. Ohio Police and Fire Pension Fund (the “OP&F Fund”)

All City full-time police officers and full-time firefighters participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2004, 2003 and 2002 were \$809,856, \$742,754 and \$676,401 for police and \$1,070,794, \$1,009,045 and \$899,822 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2004 covered payroll that was used to fund postemployment health care benefits was \$321,866 representing 7.75% of covered payroll for police and \$345,777 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2003, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,662 for police and 10,474 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2003 were \$150,853,148, which was net of member contributions of \$17,207,506.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 11 - NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five year period. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources.

	Balance January 1, 2004	Issued (Retired)	Balance December 31, 2004
Capital Projects Notes Payable:			
1.49% Fire Truck	\$230,000	(\$230,000)	\$0
2.75% Mausoleum	150,000	(150,000)	0
1.55% Deo Drive Extension	1,125,000	(1,125,000)	0
1.50% Deo Drive Extension	0	1,125,000	1,125,000
1.50% East Main Street Bridge Replacement	1,759,000	(1,759,000)	0
2.34% East Main Street Bridge Replacement	0	1,759,000	1,759,000
2.07% Police and Fire Facilities	0	1,302,000	1,302,000
Total Capital Projects Notes Payable	<u>\$3,264,000</u>	<u>\$922,000</u>	<u>\$4,186,000</u>

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2004 were as follows:

		Balance December 31, 2003	Additions	Deductions	Balance December 31, 2004	Amount Due Within One Year
Governmental Activities:						
General Obligation Bond:						
East Main Street Improvement	2019	\$2,775,000	\$0	(\$115,000)	\$2,660,000	\$125,000
Police and Fire Facilities	2031	10,994,991	0	(165,000)	10,829,991	280,000
Total General Obligation Bonds		<u>13,769,991</u>	<u>0</u>	<u>(280,000)</u>	<u>13,489,991</u>	<u>405,000</u>
Special Assessment Bond: (with governmental commitment)						
Hudson Avenue Street Lighting	2007	85,000	0	(20,000)	65,000	20,000
Capital Leases		173,021	0	(39,786)	133,235	42,014
Accrued Pension Liability		2,157,690	0	(33,652)	2,124,038	35,098
Compensated Absences Payable		2,734,373	3,105,070	(2,734,373)	3,105,070	1,867,662
Total Governmental Activities		<u>18,920,075</u>	<u>3,105,070</u>	<u>(3,107,811)</u>	<u>18,917,334</u>	<u>2,369,774</u>
Business-Type Activities:						
General Obligation Bond:						
Water System Improvement	2008	1,418,605	7,835	(402,355)	1,024,085	367,141
Water System Improvement Refunding	2018	10,118,701	43,342	(475,000)	9,687,043	456,658
Total General Obligation Bonds		<u>11,537,306</u>	<u>51,177</u>	<u>(877,355)</u>	<u>10,711,128</u>	<u>823,799</u>
Special Assessment Bond: (with governmental commitment)						
Morgan Manor	2015	0	51,284	0	51,284	5,128
Ohio Water Development:						
Authority Loan #782 (OWDA):		7,172,421	0	(541,655)	6,630,766	583,092
Compensated Absences		646,355	589,297	(646,355)	589,297	0
Total Business-Type Activities		<u>19,356,082</u>	<u>691,758</u>	<u>(2,065,365)</u>	<u>17,982,475</u>	<u>1,412,019</u>
Totals		<u>\$38,276,157</u>	<u>\$3,796,828</u>	<u>(\$5,173,176)</u>	<u>\$36,899,809</u>	<u>\$3,781,793</u>

The principal amount of the City's special assessment debt outstanding at December 31, 2004, \$116,284, is general obligation debt (backed by the full faith and credit of the City) that is being retired with the proceeds from special assessments levied against benefited property owners. The City is obligated to repay the debt irrespective of the amount of special assessments collected from property owners.

A. Accrued Liability for Police and Firemen's Pension Fund

The City's liability for past service costs relating to the Police and Firemen's Pension Fund at December 31, 2004 was \$3,806,874 in principal and interest payments through the year 2036. Only the principal amount of \$2,124,038 is included in the Government-wide Statement of Net Assets.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

B. Future Long-Term Financing Requirements

A summary of the City's future long-term debt funding requirements including principal and interest payments as of December 31, 2004 follows:

Years	Governmental Activities							
	General Obligation Bonds		Special Assessment Bond		Capital Leases		Accrued Pension Liability	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$405,000	\$595,607	\$20,000	\$3,240	\$42,014	\$7,461	\$35,098	\$89,902
2006	415,000	584,257	20,000	2,250	44,367	5,108	36,604	88,396
2007	425,000	572,447	25,000	1,250	46,854	2,624	38,178	86,822
2008	440,000	558,717	0	0	0	0	39,816	85,184
2009	455,000	543,607	0	0	0	0	41,526	83,474
2010-2014	2,575,000	2,422,755	0	0	0	0	235,970	389,030
2015-2019	2,154,991	2,851,831	0	0	0	0	291,194	333,806
2020-2024	2,325,000	1,361,589	0	0	0	0	359,338	265,662
2025-2029	2,920,000	756,027	0	0	0	0	1,046,314	260,560
2030-2031	1,375,000	98,801	0	0	0	0	0	0
Totals	\$13,489,991	\$10,345,638	\$65,000	\$6,740	\$133,235	\$15,193	\$2,124,038	\$1,682,836

Years	Business-Type Activities						Totals	
	General Obligation Bonds		Special Assessment Bond		OWDA Loan		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2005	\$823,799	\$624,930	\$5,128	\$2,436	\$583,091	\$507,254	\$1,914,130	\$1,830,830
2006	817,612	629,576	5,128	2,192	627,699	462,647	1,966,410	1,774,426
2007	817,648	631,593	5,128	1,948	675,718	414,628	2,033,526	1,711,312
2008	1,326,658	125,540	5,128	1,706	727,410	362,936	2,539,012	1,134,083
2009	1,391,658	64,576	5,128	1,462	783,056	307,289	2,676,368	1,000,408
2010-2014	3,450,585	3,807,706	25,644	3,654	3,233,792	582,415	9,520,991	7,205,560
2015-2019	2,083,168	3,718,470	0	0	0	0	4,529,353	6,904,107
2020-2024	0	0	0	0	0	0	2,684,338	1,627,251
2025-2029	0	0	0	0	0	0	3,966,314	1,016,587
2030-2031	0	0	0	0	0	0	1,375,000	98,801
Totals	\$10,711,128	\$9,602,391	\$51,284	\$13,398	\$6,630,766	\$2,637,169	\$33,205,442	\$24,303,365

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

C. Defeasance of General Obligation Debt

In December 1998, the City defeased \$12,045,000 of Water System Improvement Bonds for Water Improvements dated June 1, 1993 (the "1993 Bond") through the issuance of \$13,093,825 of Water System Improvement Refunding Bonds (the "1998 Bonds"). The net proceeds of the 1998 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$12,045,000 at December 31, 2004 are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

NOTE 13 - CAPITALIZED LEASES

The City leases a street cleaner, a storage building and a bucket truck under capital leases. The original cost of the equipment, \$642,858, and the related liability are reported on the Government – wide Statement of Net Assets.

The following is a schedule of future minimum lease payments under the capital lease together with the present value of the net minimum lease payments as of December 31, 2004:

<u>Year Ending December 31,</u>	<u>Capital Leases</u>
2005	\$49,475
2006	49,475
2007	<u>49,478</u>
Minimum Lease Payments	148,428
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(15,193)</u>
Present value of minimum lease payments	<u><u>\$133,235</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 14 - INSURANCE AND RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters.

A. Ohio Municipal League Joint Self-Insurance Pool

The City of Newark is a participant in the Ohio Municipal League Joint Self-Insurance Pool (the "Pool"). The Pool was established in 1987 and is administered under contract by the Ohio Municipal League to provide a program of property and casualty insurance for its member organizations throughout the State of Ohio.

The Pool's general objectives are to formulate, develop and administer a program of insurance, to obtain lower costs for that coverage, and to develop a comprehensive loss control program on behalf of the member political subdivisions. Political subdivisions joining the Pool may withdraw at the end of any coverage period upon 60 days prior written notice to the Pool. Under agreement, members who terminate participation in the Pool, as well as current members, are subject to a supplemental assessment or a refund, at the discretion of the Board of Trustees, depending on the ultimate loss experience of all the entities it insures for each coverage year. To date there have been no assessments or refunds due to the limited period of time that the Pool has been in existence and the nature of the coverage that is afforded to the participants.

The City of Newark obtained insurance coverage from the Pool for years 2004 and 2005 for losses relating to general liability, law enforcement liability, public officials liability, emergency medical services liability and garage keepers coverage.

The City of Newark carried commercial insurance coverage for the years 2004 through 2005 for all other risks, including property, boiler and machinery, and crime and auto. There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Each participant makes an annual "contribution" to the Pool for the coverage they are provided based on rates established by the Pool using anticipated and actual results of operation for the various coverages provided. Participants are also charged a "surplus contribution" used to build the Pools retained earnings account to fund the activities of the Pool.

In the ordinary course of business, the Pool cedes a portion of its exposure to other insurers. These arrangements limit the Pool's maximum net loss on individual risks.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 14 - INSURANCE AND RISK MANAGEMENT (Continued)

A. Ohio Municipal League Joint Self-Insurance Pool (Continued)

Treaty basis casualty excess of loss contracts in force at December 31, 2004 generally protects the Pool against individual losses over \$100,000. For the preceding two year period, the Pool was reinsured for casualty losses as follows:

<u>Policy Period</u>	<u>Stop Loss Amount</u>
April 1, 2002 to March 31, 2003	\$150,000
April 1, 2003 to March 31, 2004	100,000

Additionally, treaty basis property coverage protects the Pool against losses subject to a deductible of the lesser of \$50,000 per location or \$50,000 per occurrence. Since November 1, 1990, the Pool is limited to an annual aggregate loss of \$300,000 prior to November 1, 1990 under this treaty.

The Pool is, and the participants are, contingently liable should any reinsurer become unable to meet its obligations under the reinsurance agreements.

B. Workers' Compensation

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs. The City also pays unemployment claims to the State of Ohio as incurred.

NOTE 15 - CONTINGENCIES

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.



*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, FIDUCIARY
FUNDS, AND INTERNAL SERVICE FUNDS.*

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specified purposes.

Street Department Fund

To account for revenues derived from the regular motor vehicle license fee and 92.55% of the fuel taxes. Expenditures are used for street construction, maintenance and repair.

Cemetery Fund

To account for monies received from the sale of lots and performance of any other service in or about the cemeteries operated by the City.

Parks and Recreation Fund

To account for the operation and maintenance of public parks and recreational facilities.

Traffic Control Fund

To account for revenues and expenditures related to traffic control services throughout the City.

Compost Facility Fund

To account for monies collected from composting fees.

Veterans Memorial Sidewalk Fund

To account for funds collected for the construction of the Veteran's Sidewalk. The public purchases a brick, has it engraved with the veteran's name and the war in which they served. These bricks are then ceremoniously placed in the Veterans Memorial Sidewalk.

Police Grant Fund

To account for expenses of various Local Law Enforcement Block Grant funds.

Police/Fire Pension Fund

To account for taxes levied toward partial payment of the current and accrued liability for police and fire disability and pension.

Cemetery Rental Fund

To account for monies received and expenditures incurred for the rental properties located on Manning and Buena Vista Streets.

(Continued)

Special Revenue Funds

State Highway Fund

To account for the portion of the state gasoline tax designated for construction, maintenance and repair of streets and highway.

Law Enforcement Fund

To account for funds received by the police department for contraband, per state statute.

Traffic Safety Fund

To account for revenues and expenditures related to traffic safety services throughout the City. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Court Computerization Fund

To account for revenues from fines to be used for computers and upgrading court computer functions.

Broadcast Fund

To account for grant monies received and appropriated to provide for telecasting city council meetings.

Permissive License Tax Fund

To account for the permissive auto license taxes levied for street construction, maintenance and repairs.

Probation Grant Fund

To account for funds from State Justice Grants used to operate the Adult Probation Department. The Probation Department is an instrument whose purpose is to aid in the elimination of overcrowding problems in the county jail.

Impound Fund

To account for revenues from the fees charged for impounding of vehicles. Those vehicles where the owners choose not to recover the vehicle are then auctioned. The proceeds from such an auction are deposited and used to operate the impound lot.

Federal Transit Administration (FTA) Fund

To account for grants providing funding for the Taxi Token Program. This program provides discounted transportation for citizens. Additional programs include a handicap accessible bus as well as other public transit application.

(Continued)

Special Revenue Funds

Litter Grant Fund

To account for funds from grants for environmental education training as well as annual clean-up along the Licking River.

Federal Emergency Management Act (FEMA) Fund

To account for federal monies awarded the City in response to storm damages.

Mary E. Barnes Trust Fund

To account for the funds and investment earnings as stipulated in the bequest. Monies must be used for the Fire Department. (This fund is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

Brownfield Cleanup Fund

To account for monies from the Environmental Protection Agency to be used for cleanup at the site of an abandoned factory.

Judicial Fund

To account for court costs to be set aside and used for judicial purposes.

Debt Service Fund

The Debt Service Fund is used to account for retirement of the City's general obligation and special assessment bonds.

Debt Service Fund

To account for the accumulation of resources for the payments of general obligation debt of the City including self-supporting obligations not otherwise paid from proprietary funds

Capital Projects Funds

The Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than that financed by proprietary funds and trust funds.

City Hall Upgrade Fund

To account for the costs related to the City Hall improvement project.

Deo Drive Improvement Fund

To account for the costs related to the Deo Drive improvement project.

Bikeway Upgrade Fund

To account for the costs related to the bikeway upgrade project.

East Main Street Bridge Replacement Fund

To account for the replacement costs related to the East Main Street Bridge project.

Court Capital Improvement Fund

To account for the revenues and expenditures designated for the capital improvements made to Municipal Court facilities.

Tax Increment Financing (TIF) Fund

To account for the construction of the East Main Street Improvement Project by implementing the tax increment equivalent fund for the Longaberger Company.

Permanent Fund

The Permanent Fund is used to account for the financial resources that are legally restricted in that only the earnings, not the principal, may be used to support the City's programs.

Cemetery Endowment Fund

To account for monies received by specific agreement, gifts, bequests or otherwise to provide perpetual care of individual plots within City cemeteries.

CITY OF NEWARK, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 1,473,085	\$ 128,603	\$ 486,866	\$ 0	\$ 2,088,554
Investments	534,930	0	0	0	534,930
Receivables:					
Taxes	466,420	0	0	0	466,420
Accounts	77,509	0	2,456	0	79,965
Intergovernmental	1,494,425	0	315,622	0	1,810,047
Interest	928	0	0	2,650	3,578
Special Assessments	0	116,860	0	0	116,860
Inventory of Supplies, at Cost	221,770	0	0	0	221,770
Prepaid Items	11,932	0	0	0	11,932
Restricted Assets:					
Cash and Cash Equivalents	438,297	0	0	35,972	474,269
Investments	0	0	0	552,950	552,950
Total Assets	\$ 4,719,296	\$ 245,463	\$ 804,944	\$ 591,572	\$ 6,361,275
Liabilities:					
Accounts Payable	\$ 170,606	\$ 0	\$ 13,974	\$ 0	\$ 184,580
Accrued Wages and Benefits Payable	141,419	0	0	0	141,419
Interfund Loans Payable	13,644	0	469,875	0	483,519
Deferred Revenue	1,554,477	116,860	0	0	1,671,337
Accrued Interest Payable	0	0	21,778	0	21,778
General Obligation Notes Payable	0	0	2,884,000	0	2,884,000
Total Liabilities	1,880,146	116,860	3,389,627	0	5,386,633
Fund Balances:					
Reserved for Encumbrances	411,280	2,701	216,235	0	630,216
Reserved for Prepaid Items	11,932	0	0	0	11,932
Reserved for Supplies Inventory	221,770	0	0	0	221,770
Reserved for Debt Service	0	125,902	0	0	125,902
Reserved for Endowments	0	0	0	591,572	591,572
Undesignated/Unreserved	2,194,168	0	(2,800,918)	0	(606,750)
Total Fund Balances	2,839,150	128,603	(2,584,683)	591,572	974,642
Total Liabilities and Fund Balances	\$ 4,719,296	\$ 245,463	\$ 804,944	\$ 591,572	\$ 6,361,275

CITY OF NEWARK, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2004**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 402,793	\$ 0	\$ 424,309	\$ 0	\$ 827,102
Intergovernmental Revenues	3,876,369	0	1,509,715	0	5,386,084
Charges for Services	771,150	0	0	8,058	779,208
Licenses, Permits and Fees	9,842	0	0	0	9,842
Investment Earnings	24,859	0	0	7,658	32,517
Special Assessments	0	123,112	0	0	123,112
Fines and Forfeitures	178,256	0	33,427	0	211,683
All Other Revenue	93,859	0	6,737	0	100,596
Total Revenue	5,357,128	123,112	1,974,188	15,716	7,470,144
Expenditures:					
Current:					
Security of Persons and Property	465,799	0	0	0	465,799
Public Health and Welfare Services	586,459	0	0	0	586,459
Leisure Time Activities	690,045	0	0	0	690,045
Community Environment	152,111	0	0	0	152,111
Transportation	4,004,744	0	0	0	4,004,744
General Government	44,742	0	0	0	44,742
Capital Outlay	0	0	1,663,994	0	1,663,994
Debt Service:					
Principal Retirement	0	20,000	115,000	0	135,000
Interest and Fiscal Charges	0	6,055	193,542	0	199,597
Total Expenditures	5,943,900	26,055	1,972,536	0	7,942,491
Excess (Deficiency) of Revenues Over Expenditures	(586,772)	97,057	1,652	15,716	(472,347)
Other Financing Sources (Uses):					
Sale of Capital Assets	92,500	0	0	0	92,500
Transfers In	1,724,072	0	39,888	0	1,763,960
Transfers Out	(626,519)	0	0	0	(626,519)
Total Other Financing Sources (Uses)	1,190,053	0	39,888	0	1,229,941
Net Change in Fund Balance	603,281	97,057	41,540	15,716	757,594
Fund Balance (Deficit) at Beginning of Year	2,238,674	31,546	(2,626,223)	575,856	219,853
Decrease in Inventory Reserve	(2,805)	0	0	0	(2,805)
Fund Balance (Deficit) End of Year	\$ 2,839,150	\$ 128,603	\$ (2,584,683)	\$ 591,572	\$ 974,642

CITY OF NEWARK, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004**

	Street Department	Cemetery	Parks and Recreation	Traffic Control	Compost Facility
Assets:					
Cash and Cash Equivalents	\$ 66,743	\$ 394,739	\$ 110,199	\$ 1,948	\$ 188
Investments	289,446	0	0	0	0
Receivables:					
Taxes	0	0	0	0	0
Accounts	2,631	46,816	2,269	0	138
Intergovernmental	1,143,307	0	0	0	0
Interest	0	594	0	0	0
Inventory of Supplies, at Cost	106,997	0	0	114,773	0
Prepaid Items	4,145	841	6,946	0	0
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	0	0
Total Assets	\$ 1,613,269	\$ 442,990	\$ 119,414	\$ 116,721	\$ 326
Liabilities:					
Accounts Payable	\$ 79,013	\$ 7,808	\$ 37,832	\$ 752	\$ 258
Accrued Wages and Benefits Payable	90,614	16,694	17,205	2,356	621
Interfund Loans Payable	0	0	0	0	0
Deferred Revenue	762,204	46,816	0	0	0
Total Liabilities	931,831	71,318	55,037	3,108	879
Fund Balances:					
Reserved for Encumbrances	29,207	22,325	72,441	1,196	0
Reserved for Prepaid Items	4,145	841	6,946	0	0
Reserved for Supplies Inventory	106,997	0	0	114,773	0
Undesignated/Unreserved	541,089	348,506	(15,010)	(2,356)	(553)
Total Fund Balances	681,438	371,672	64,377	113,613	(553)
Total Liabilities and Fund Balances	\$ 1,613,269	\$ 442,990	\$ 119,414	\$ 116,721	\$ 326

CITY OF NEWARK, OHIO

Veterans Memorial Sidewalk	Police Grant	Police/Fire Pension	Cemetery Rental	State Highway	Law Enforcement
\$ 95,568	\$ 0	\$ 85,588	\$ 17,530	\$ 0	\$ 42,703
0	0	0	0	0	185,193
0	0	466,420	0	0	0
0	0	0	0	0	1,588
0	19,769	0	0	69,342	0
334	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 95,902</u>	<u>\$ 19,769</u>	<u>\$ 552,008</u>	<u>\$ 17,530</u>	<u>\$ 69,342</u>	<u>\$ 229,484</u>
\$ 48	\$ 6,715	\$ 0	\$ 0	\$ 0	\$ 0
0	1,780	0	0	0	0
0	13,423	0	0	0	0
0	3,921	466,420	0	46,228	0
<u>48</u>	<u>25,839</u>	<u>466,420</u>	<u>0</u>	<u>46,228</u>	<u>0</u>
555	17,098	0	395	0	11,800
0	0	0	0	0	0
0	0	0	0	0	0
95,299	(23,168)	85,588	17,135	23,114	217,684
<u>95,854</u>	<u>(6,070)</u>	<u>85,588</u>	<u>17,530</u>	<u>23,114</u>	<u>229,484</u>
<u>\$ 95,902</u>	<u>\$ 19,769</u>	<u>\$ 552,008</u>	<u>\$ 17,530</u>	<u>\$ 69,342</u>	<u>\$ 229,484</u>

(Continued)

CITY OF NEWARK, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004**

	Court Computerization	Broadcast	Permissive License Tax	Probation Grant	Impound
Assets:					
Cash and Cash Equivalents	\$ 157,648	\$ 300	\$ 16,842	\$ 0	\$ 98,705
Investments	0	0	0	0	0
Receivables:					
Taxes	0	0	0	0	0
Accounts	3,745	0	0	0	11,811
Intergovernmental	0	0	0	35,370	0
Interest	0	0	0	0	0
Inventory of Supplies, at Cost	0	0	0	0	0
Prepaid Items	0	0	0	0	0
Restricted Assets:					
Cash and Cash Equivalents	0	0	438,297	0	0
Total Assets	\$ 161,393	\$ 300	\$ 455,139	\$ 35,370	\$ 110,516
Liabilities:					
Accounts Payable	\$ 0	\$ 300	\$ 0	\$ 0	\$ 4,875
Accrued Wages and Benefits Payable	0	0	0	5,145	0
Interfund Loans Payable	0	0	0	221	0
Deferred Revenue	0	0	188,297	11,423	0
Total Liabilities	0	300	188,297	16,789	4,875
Fund Balances:					
Reserved for Encumbrances	5,356	0	16,842	555	10,132
Reserved for Prepaid Items	0	0	0	0	0
Reserved for Supplies Inventory	0	0	0	0	0
Undesignated/Unreserved	156,037	0	250,000	18,026	95,509
Total Fund Balances	161,393	0	266,842	18,581	105,641
Total Liabilities and Fund Balances	\$ 161,393	\$ 300	\$ 455,139	\$ 35,370	\$ 110,516

CITY OF NEWARK, OHIO

Federal Transit Administration	Litter Grant	FEMA	Mary E. Barnes Trust	Brownfield Cleanup	Judicial	Total Nonmajor Special Revenue Funds
\$ 29,528	\$ 28,742	\$ 4,366	\$ 65,131	\$ 165,785	\$ 90,832	\$ 1,473,085
0	0	0	60,291	0	0	534,930
0	0	0	0	0	0	466,420
0	245	0	0	0	8,266	77,509
192,728	33,909	0	0	0	0	1,494,425
0	0	0	0	0	0	928
0	0	0	0	0	0	221,770
0	0	0	0	0	0	11,932
0	0	0	0	0	0	438,297
<u>\$ 222,256</u>	<u>\$ 62,896</u>	<u>\$ 4,366</u>	<u>\$ 125,422</u>	<u>\$ 165,785</u>	<u>\$ 99,098</u>	<u>\$ 4,719,296</u>
\$ 28,131	\$ 4,874	\$ 0	\$ 0	\$ 0	\$ 0	\$ 170,606
3,508	3,496	0	0	0	0	141,419
0	0	0	0	0	0	13,644
5,317	23,851	0	0	0	0	1,554,477
<u>36,956</u>	<u>32,221</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,880,146</u>
57,180	413	0	0	165,785	0	411,280
0	0	0	0	0	0	11,932
0	0	0	0	0	0	221,770
128,120	30,262	4,366	125,422	0	99,098	2,194,168
<u>185,300</u>	<u>30,675</u>	<u>4,366</u>	<u>125,422</u>	<u>165,785</u>	<u>99,098</u>	<u>2,839,150</u>
<u>\$ 222,256</u>	<u>\$ 62,896</u>	<u>\$ 4,366</u>	<u>\$ 125,422</u>	<u>\$ 165,785</u>	<u>\$ 99,098</u>	<u>\$ 4,719,296</u>

CITY OF NEWARK, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	Street Department	Cemetery	Parks and Recreation	Traffic Control	Compost Facility
Revenues:					
Taxes	\$ 0	\$ 241	\$ 1,327	\$ 0	\$ 0
Intergovernmental Revenues	1,815,470	0	0	0	0
Charges for Services	0	130,009	143,115	0	10,970
Licenses, Permits and Fees	0	0	9,842	0	0
Investment Earnings	0	18,147	0	0	0
Fines and Forfeitures	0	0	0	0	0
All Other Revenue	43,610	11,263	12,281	0	0
Total Revenue	<u>1,859,080</u>	<u>159,660</u>	<u>166,565</u>	<u>0</u>	<u>10,970</u>
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	66,585	0
Public Health and Welfare Services	0	427,706	0	0	0
Leisure Time Activities	0	0	687,144	0	0
Community Environment	0	0	0	0	21,428
Transportation	2,358,076	0	0	0	0
General Government	0	0	0	0	0
Total Expenditures	<u>2,358,076</u>	<u>427,706</u>	<u>687,144</u>	<u>66,585</u>	<u>21,428</u>
Excess (Deficiency) of Revenues Over Expenditures	(498,996)	(268,046)	(520,579)	(66,585)	(10,458)
Other Financing Sources (Uses):					
Sale of Capital Assets	100	0	0	0	0
Transfers In	805,352	280,234	551,327	55,516	7,145
Transfers Out	0	(10,900)	0	0	0
Total Other Financing Sources (Uses)	<u>805,452</u>	<u>269,334</u>	<u>551,327</u>	<u>55,516</u>	<u>7,145</u>
Net Change in Fund Balances	306,456	1,288	30,748	(11,069)	(3,313)
Fund Balance (Deficit) at Beginning of Year	367,558	370,384	33,629	134,911	2,760
Increase (Decrease) in Inventory Reserve	7,424	0	0	(10,229)	0
Fund Balance (Deficit) End of Year	<u>\$ 681,438</u>	<u>\$ 371,672</u>	<u>\$ 64,377</u>	<u>\$ 113,613</u>	<u>\$ (553)</u>

CITY OF NEWARK, OHIO

Veterans Memorial Sidewalk	Police Grant	Police/Fire Pension	Cemetery Rental	State Highway	Law Enforcement	Traffic Safety
\$ 0	\$ 0	\$ 401,225	\$ 0	\$ 0	\$ 0	\$ 0
0	148,079	48,860	0	139,416	13,492	0
0	0	0	7,048	0	0	0
0	0	0	0	0	0	0
3,911	192	0	0	0	0	0
0	0	0	0	0	25,654	0
4,800	0	0	0	0	0	0
<u>8,711</u>	<u>148,271</u>	<u>450,085</u>	<u>7,048</u>	<u>139,416</u>	<u>39,146</u>	<u>0</u>
0	152,292	0	0	0	38,514	0
0	0	0	844	0	0	0
2,901	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>2,901</u>	<u>152,292</u>	<u>0</u>	<u>844</u>	<u>0</u>	<u>38,514</u>	<u>0</u>
5,810	(4,021)	450,085	6,204	139,416	632	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	(432,230)	(2,000)	(145,149)	0	(16,240)
0	0	(432,230)	(2,000)	(145,149)	0	(16,240)
5,810	(4,021)	17,855	4,204	(5,733)	632	(16,240)
90,044	(2,049)	67,733	13,326	28,847	228,852	16,240
0	0	0	0	0	0	0
<u>\$ 95,854</u>	<u>\$ (6,070)</u>	<u>\$ 85,588</u>	<u>\$ 17,530</u>	<u>\$ 23,114</u>	<u>\$ 229,484</u>	<u>\$ 0</u>

(Continued)

CITY OF NEWARK, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	Court Computerization	Broadcast	Permissive License Tax	Probation Grant	Impound
Revenues:					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	250,000	109,881	0
Charges for Services	0	0	0	0	95,213
Licenses, Permits and Fees	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	53,504	0	0	0	0
All Other Revenue	0	3,600	0	0	0
Total Revenue	<u>53,504</u>	<u>3,600</u>	<u>250,000</u>	<u>109,881</u>	<u>95,213</u>
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	111,586	91,567
Public Health and Welfare Services	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	0	0	387,848	0	0
General Government	40,242	4,500	0	0	0
Total Expenditures	<u>40,242</u>	<u>4,500</u>	<u>387,848</u>	<u>111,586</u>	<u>91,567</u>
Excess (Deficiency) of Revenues Over Expenditures	13,262	(900)	(137,848)	(1,705)	3,646
Other Financing Sources (Uses):					
Sale of Capital Assets	0	0	0	0	92,400
Transfers In	0	900	0	23,598	0
Transfers Out	0	0	0	0	(20,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>900</u>	<u>0</u>	<u>23,598</u>	<u>72,400</u>
Net Change in Fund Balances	13,262	0	(137,848)	21,893	76,046
Fund Balance (Deficit) at Beginning of Year	148,131	0	404,690	(3,312)	29,595
Increase (Decrease) in Inventory Reserve	0	0	0	0	0
Fund Balance (Deficit) End of Year	<u>\$ 161,393</u>	<u>\$ 0</u>	<u>\$ 266,842</u>	<u>\$ 18,581</u>	<u>\$ 105,641</u>

CITY OF NEWARK, OHIO

Federal Transit Administration	Litter Grant	FEMA	Mary E. Barnes Trust	Brownfield Cleanup	Judicial	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 402,793
910,371	117,106	0	0	323,694	0	3,876,369
384,795	0	0	0	0	0	771,150
0	0	0	0	0	0	9,842
0	0	0	2,609	0	0	24,859
0	0	0	0	0	99,098	178,256
1,098	17,207	0	0	0	0	93,859
<u>1,296,264</u>	<u>134,313</u>	<u>0</u>	<u>2,609</u>	<u>323,694</u>	<u>99,098</u>	<u>5,357,128</u>
0	0	0	5,255	0	0	465,799
0	0	0	0	157,909	0	586,459
0	0	0	0	0	0	690,045
0	130,683	0	0	0	0	152,111
1,258,820	0	0	0	0	0	4,004,744
0	0	0	0	0	0	44,742
<u>1,258,820</u>	<u>130,683</u>	<u>0</u>	<u>5,255</u>	<u>157,909</u>	<u>0</u>	<u>5,943,900</u>
37,444	3,630	0	(2,646)	165,785	99,098	(586,772)
0	0	0	0	0	0	92,500
0	0	0	0	0	0	1,724,072
0	0	0	0	0	0	(626,519)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,190,053</u>
37,444	3,630	0	(2,646)	165,785	99,098	603,281
147,856	27,045	4,366	128,068	0	0	2,238,674
0	0	0	0	0	0	(2,805)
<u>\$ 185,300</u>	<u>\$ 30,675</u>	<u>\$ 4,366</u>	<u>\$ 125,422</u>	<u>\$ 165,785</u>	<u>\$ 99,098</u>	<u>\$ 2,839,150</u>

CITY OF NEWARK, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2004**

	City Hall Upgrade	Deo Drive Improvement	Bikeway Upgrade	East Main Street Bridge Replacement
Assets:				
Cash and Cash Equivalents	\$ 3,800	\$ 143,061	\$ 0	\$ 14,250
Receivables:				
Accounts	0	0	0	0
Intergovernmental	0	0	315,622	0
Total Assets	<u>\$ 3,800</u>	<u>\$ 143,061</u>	<u>\$ 315,622</u>	<u>\$ 14,250</u>
Liabilities:				
Accounts Payable	\$ 0	\$ 0	\$ 13,974	\$ 0
Interfund Loans Payable	0	0	469,875	0
Accrued Interest Payable	0	15,375	0	6,403
General Obligation Notes Payable	0	1,125,000	0	1,759,000
Total Liabilities	<u>0</u>	<u>1,140,375</u>	<u>483,849</u>	<u>1,765,403</u>
Fund Balances:				
Reserved for Encumbrances	0	62,958	114,048	0
Undesignated/Unreserved	3,800	(1,060,272)	(282,227)	(1,751,153)
Total Fund Balances	<u>3,800</u>	<u>(997,314)</u>	<u>(168,227)</u>	<u>(1,751,153)</u>
Total Liabilities and Fund Balances	<u>\$ 3,800</u>	<u>\$ 143,061</u>	<u>\$ 315,622</u>	<u>\$ 14,250</u>

CITY OF NEWARK, OHIO

<u>Court Capital Improvement</u>	<u>Tax Increment Financing</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 197,040	\$ 128,715	\$ 486,866
2,456	0	2,456
0	0	315,622
<u>\$ 199,496</u>	<u>\$ 128,715</u>	<u>\$ 804,944</u>
\$ 0	\$ 0	\$ 13,974
0	0	469,875
0	0	21,778
0	0	2,884,000
<u>0</u>	<u>0</u>	<u>3,389,627</u>
0	39,229	216,235
199,496	89,486	(2,800,918)
<u>199,496</u>	<u>128,715</u>	<u>(2,584,683)</u>
<u>\$ 199,496</u>	<u>\$ 128,715</u>	<u>\$ 804,944</u>

CITY OF NEWARK, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2004**

	City Hall Upgrade	Deo Drive Improvement	Bikeway Upgrade	East Main Street Bridge Replacement
Revenues:				
Taxes	\$ 0	\$ 77,911	\$ 0	\$ 0
Intergovernmental Revenues	0	8,766	1,462,515	0
Fines and Forfeitures	0	0	0	2,768
All Other Revenue	0	2,322	0	4,415
Total Revenue	<u>0</u>	<u>88,999</u>	<u>1,462,515</u>	<u>7,183</u>
Expenditures:				
Capital Outlay	0	226,537	1,346,697	5,338
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	12,990	0	34,694
Total Expenditures	<u>0</u>	<u>239,527</u>	<u>1,346,697</u>	<u>40,032</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(150,528)	115,818	(32,849)
Other Financing Sources (Uses):				
Transfers In	0	13,503	0	26,385
Total Other Financing Sources (Uses)	<u>0</u>	<u>13,503</u>	<u>0</u>	<u>26,385</u>
Net Change in Fund Balances	0	(137,025)	115,818	(6,464)
Fund Balance (Deficit) at Beginning of Year	<u>3,800</u>	<u>(860,289)</u>	<u>(284,045)</u>	<u>(1,744,689)</u>
Fund Balance (Deficit) End of Year	<u>\$ 3,800</u>	<u>\$ (997,314)</u>	<u>\$ (168,227)</u>	<u>\$ (1,751,153)</u>

CITY OF NEWARK, OHIO

<u>Court Capital Improvement</u>	<u>Tax Increment Financing</u>	<u>Total Nonmajor Capital Project Funds</u>
\$ 0	\$ 346,398	\$ 424,309
0	38,434	1,509,715
30,659	0	33,427
<u>0</u>	<u>0</u>	<u>6,737</u>
<u>30,659</u>	<u>384,832</u>	<u>1,974,188</u>
0	85,422	1,663,994
0	115,000	115,000
<u>0</u>	<u>145,858</u>	<u>193,542</u>
<u>0</u>	<u>346,280</u>	<u>1,972,536</u>
30,659	38,552	1,652
<u>0</u>	<u>0</u>	<u>39,888</u>
<u>0</u>	<u>0</u>	<u>39,888</u>
30,659	38,552	41,540
<u>168,837</u>	<u>90,163</u>	<u>(2,626,223)</u>
<u>\$ 199,496</u>	<u>\$ 128,715</u>	<u>\$ (2,584,683)</u>

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 2,008,742	\$ 2,054,765	\$ 2,133,404	\$ 78,639
Intergovernmental Revenues	4,687,750	4,884,508	4,851,844	(32,664)
Charges for Services	417,950	443,210	415,354	(27,856)
Licenses, Permits and Fees	1,609,340	1,609,340	1,618,161	8,821
Investment Earnings	250,650	250,650	245,206	(5,444)
Fines and Forfeitures	1,330,000	1,470,000	1,315,195	(154,805)
All Other Revenues	113,761	122,106	203,168	81,062
Total Revenues	<u>10,418,193</u>	<u>10,834,579</u>	<u>10,782,332</u>	<u>(52,247)</u>
Expenditures:				
Security of Persons and Property:				
Flood Control:				
Materials and Supplies	1,050	1,050	278	772
Contractual Services	<u>15,423</u>	<u>15,423</u>	<u>11,442</u>	<u>3,981</u>
Total Flood Control	16,473	16,473	11,720	4,753
Police:				
Personal Services	7,232,852	7,798,958	7,579,368	219,590
Materials and Supplies	229,880	301,636	273,368	28,268
Contractual Services	611,146	685,625	609,288	76,337
Other Expenditures	505	7,218	7,012	206
Capital Outlay	<u>67,196</u>	<u>70,049</u>	<u>66,076</u>	<u>3,973</u>
Total Police	8,141,579	8,863,486	8,535,112	328,374
Fire:				
Personal Services	7,212,989	7,214,510	6,883,548	330,962
Materials and Supplies	285,517	347,488	258,783	88,705
Contractual Services	893,871	899,371	772,448	126,923
Other Expenditures	3,480	4,480	1,000	3,480
Capital Outlay	<u>670,763</u>	<u>704,308</u>	<u>646,131</u>	<u>58,177</u>
Total Fire	<u>9,066,620</u>	<u>9,170,157</u>	<u>8,561,910</u>	<u>608,247</u>
Total Security of Persons and Property	<u>17,224,672</u>	<u>18,050,116</u>	<u>17,108,742</u>	<u>941,374</u>

(Continued)

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Health and Welfare Services:				
Health Department:				
Personal Services	388,321	402,831	392,339	10,492
Materials and Supplies	13,022	11,322	10,614	708
Contractual Services	48,592	57,340	50,406	6,934
Other Expenditures	77,025	77,125	73,854	3,271
Total Health Department	526,960	548,618	527,213	21,405
Sanitation:				
Personal Services	260,180	243,564	235,585	7,979
Materials and Supplies	24,419	23,719	21,301	2,418
Contractual Services	53,951	49,852	32,039	17,813
Other Expenditures	10,280	12,951	11,250	1,701
Total Sanitation	348,830	330,086	300,175	29,911
Nursing:				
Personal Services	496,703	456,573	441,629	14,944
Materials and Supplies	56,217	69,167	59,436	9,731
Contractual Services	50,632	50,932	36,817	14,115
Other Expenditures	7,568	12,368	10,063	2,305
Capital Outlay	2,408	2,408	2,275	133
Total Nursing	613,528	591,448	550,220	41,228
Plumbing:				
Personal Services	69,561	67,569	64,141	3,428
Materials and Supplies	1,590	590	400	190
Contractual Services	5,066	3,042	1,657	1,385
Other Expenditures	100	100	50	50
Total Plumbing	76,317	71,301	66,248	5,053
Dental Sealant:				
Personal Services	54,725	53,815	45,553	8,262
Materials and Supplies	5,180	5,180	5,154	26
Contractual Services	10,693	13,253	9,759	3,494
Total Dental Sealant	70,598	72,248	60,466	11,782

(Continued)

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Pool and Spa:				
Materials and Supplies	3,250	3,250	2,773	477
Contractual Services	2,600	2,400	2,000	400
Other Expenditures	1,400	1,400	1,400	0
Total Pool and Spa	<u>7,250</u>	<u>7,050</u>	<u>6,173</u>	<u>877</u>
Solid Waste:				
Personal Services	69,702	72,256	70,333	1,923
Materials and Supplies	1,314	1,414	1,063	351
Contractual Services	4,620	4,796	3,981	815
Other Expenditures	428	5,428	5,428	0
Total Solid Waste	<u>76,064</u>	<u>83,894</u>	<u>80,805</u>	<u>3,089</u>
AIDS Grant:				
Personal Services	55,216	61,818	60,754	1,064
Materials and Supplies	3,081	2,348	1,986	362
Contractual Services	3,572	2,572	289	2,283
Total AIDS Grant	<u>61,869</u>	<u>66,738</u>	<u>63,029</u>	<u>3,709</u>
Immunization Plan:				
Personal Services	29,147	25,292	17,607	7,685
Materials and Supplies	826	826	450	376
Contractual Services	9,700	15,300	14,675	625
Other Expenditures	150	836	786	50
Total Immunization Plan	<u>39,823</u>	<u>42,254</u>	<u>33,518</u>	<u>8,736</u>
Indigent Women's Health Grant:				
Personal Services	12,217	12,217	7,012	5,205
Materials and Supplies	2,400	2,400	1,038	1,362
Contractual Services	11,600	11,600	626	10,974
Other Expenditures	100	100	0	100
Total Indigent Women's Health Grant	<u>26,317</u>	<u>26,317</u>	<u>8,676</u>	<u>17,641</u>
Help Me Grow Grant:				
Personal Services	350,960	340,868	328,326	12,542
Materials and Supplies	0	3,500	500	3,000
Contractual Services	29,599	31,299	24,402	6,897
Total Help Me Grow Grant	<u>380,559</u>	<u>375,667</u>	<u>353,228</u>	<u>22,439</u>

(Continued)

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Health Infrastructure Grant:				
Personal Services	231,740	236,285	220,177	16,108
Materials and Supplies	7,839	7,225	4,878	2,347
Contractual Services	75,480	102,669	92,060	10,609
Capital Outlay	2,437	2,437	2,356	81
Total Public Health Infrastructure Grant	<u>317,496</u>	<u>348,616</u>	<u>319,471</u>	<u>29,145</u>
Total Public Health and Welfare Services	<u>2,545,611</u>	<u>2,564,237</u>	<u>2,369,222</u>	<u>195,015</u>
Community Environment:				
Code Administration:				
Personal Services	1,239,511	1,246,359	1,227,257	19,102
Materials and Supplies	33,636	34,503	32,989	1,514
Contractual Services	52,388	59,363	57,013	2,350
Other Expenditures	13,450	14,150	13,535	615
Capital Outlay	5,634	5,711	4,617	1,094
Total Code Administration	<u>1,344,619</u>	<u>1,360,086</u>	<u>1,335,411</u>	<u>24,675</u>
Total Community Environment	<u>1,344,619</u>	<u>1,360,086</u>	<u>1,335,411</u>	<u>24,675</u>
General Government:				
City Council:				
Personal Services	138,627	138,674	138,142	532
Contractual Services	1,000	100	0	100
Total City Council	<u>139,627</u>	<u>138,774</u>	<u>138,142</u>	<u>632</u>
Clerk of Council:				
Personal Services	49,719	51,219	50,858	361
Materials and Supplies	1,126	2,076	1,815	261
Contractual Services	47,368	45,338	15,149	30,189
Total Clerk of Council	<u>98,213</u>	<u>98,633</u>	<u>67,822</u>	<u>30,811</u>
Mayor:				
Personal Services	133,261	141,001	138,611	2,390
Materials and Supplies	1,888	2,098	1,361	737
Contractual Services	9,950	6,815	2,152	4,663
Total Mayor	<u>145,099</u>	<u>149,914</u>	<u>142,124</u>	<u>7,790</u>

(Continued)

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Auditor:				
Personal Services	406,311	408,784	408,171	613
Materials and Supplies	5,552	5,497	5,078	419
Contractual Services	200,770	201,300	190,606	10,694
Total Auditor	612,633	615,581	603,855	11,726
Treasurer:				
Personal Services	93,656	95,349	94,389	960
Materials and Supplies	725	725	724	1
Contractual Services	12,567	12,567	12,308	259
Total Treasurer	106,948	108,641	107,421	1,220
Law Director:				
Personal Services	697,538	699,908	686,900	13,008
Materials and Supplies	5,304	9,004	8,091	913
Contractual Services	41,334	41,646	39,536	2,110
Total Law Director	744,176	750,558	734,527	16,031
Clerk of Courts:				
Personal Services	928,559	951,115	936,117	14,998
Materials and Supplies	21,731	33,731	22,821	10,910
Contractual Services	100,831	88,831	71,124	17,707
Total Clerk of Courts	1,051,121	1,073,677	1,030,062	43,615
Civil Service:				
Materials and Supplies	60	60	43	17
Contractual Services	68,678	67,168	31,358	35,810
Total Civil Service	68,738	67,228	31,401	35,827
Contingency-Reserve:				
Claims and Judgements	355,542	13,336	13,333	3
Total Contingency-Reserve	355,542	13,336	13,333	3
Judiciary:				
Personal Services	594,415	626,487	624,333	2,154
Materials and Supplies	14,100	20,280	17,830	2,450
Contractual Services	79,019	74,894	66,760	8,134
Total Judiciary	687,534	721,661	708,923	12,738

(Continued)

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Personnel:				
Personal Services	207,369	208,216	207,979	237
Materials and Supplies	1,618	6,275	5,168	1,107
Contractual Services	15,496	55,868	53,338	2,530
Total Personnel	224,483	270,359	266,485	3,874
Adult Probation:				
Personal Services	614,714	638,125	607,804	30,321
Materials and Supplies	23,333	25,308	21,287	4,021
Contractual Services	58,458	67,185	54,433	12,752
Capital Outlay	5,000	5,000	4,964	36
Total Adult Probation	701,505	735,618	688,488	47,130
Night Prosecutor:				
Personal Services	11,330	11,330	8,553	2,777
Materials and Supplies	250	250	0	250
Total Night Prosecutor	11,580	11,580	8,553	3,027
Service Department:				
Personal Services	255,905	253,872	246,600	7,272
Materials and Supplies	7,194	5,368	4,421	947
Contractual Services	608,908	621,651	601,389	20,262
Other Expenditures	0	84	0	84
Capital Outlay	0	2,314	2,314	0
Total Service Department	872,007	883,289	854,724	28,565
Engineer Department:				
Personal Services	406,337	411,698	410,506	1,192
Materials and Supplies	5,769	7,119	5,964	1,155
Contractual Services	47,182	48,072	43,733	4,339
Other Expenditures	0	35	0	35
Total Engineer Department	459,288	466,924	460,203	6,721
Information Services:				
Personal Services	125,110	122,258	118,638	3,620
Materials and Supplies	5,819	5,920	3,497	2,423
Contractual Services	81,552	94,777	92,147	2,630
Other Expenditures	100	100	0	100
Capital Outlay	2,500	2,500	2,500	0
Total Information Services	215,081	225,555	216,782	8,773

(Continued)

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Custodial:				
Personal Services	123,061	147,188	144,918	2,270
Materials and Supplies	38,353	33,843	31,107	2,736
Contractual Services	202,621	200,876	183,786	17,090
Other Expenditures	200	800	800	0
Total Custodial	<u>364,235</u>	<u>382,707</u>	<u>360,611</u>	<u>22,096</u>
Economic Development:				
Personal Services	62,234	63,339	63,246	93
Materials and Supplies	1,554	1,554	960	594
Contractual Services	7,280	8,247	5,926	2,321
Other Expenditures	120	120	0	120
Capital Outlay	2,500	2,500	2,500	0
Total Economic Development	<u>73,688</u>	<u>75,760</u>	<u>72,632</u>	<u>3,128</u>
Safety Director:				
Personal Services	232,822	232,753	228,115	4,638
Materials and Supplies	4,723	3,748	1,678	2,070
Contractual Services	35,420	36,395	33,103	3,292
Total Safety Director	<u>272,965</u>	<u>272,896</u>	<u>262,896</u>	<u>10,000</u>
Total General Government	<u>7,204,463</u>	<u>7,062,691</u>	<u>6,768,984</u>	<u>293,707</u>
Total Expenditures	<u>28,319,365</u>	<u>29,037,130</u>	<u>27,582,359</u>	<u>1,454,771</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,901,172)	(18,202,551)	(16,800,027)	1,402,524
Other Financing Sources (Uses):				
Sale of Capital Assets	22,000	22,000	10,527	(11,473)
Transfers In	34,761,478	35,662,106	34,695,911	(966,195)
Transfers Out	(5,529,010)	(20,354,852)	(19,489,175)	865,677
Advances In	1,289,810	1,289,810	1,289,810	0
Advances Out	(483,519)	(483,519)	(483,519)	0
Total Other Financing Sources (Uses)	<u>30,060,759</u>	<u>16,135,545</u>	<u>16,023,554</u>	<u>(111,991)</u>
Net Change in Fund Balance	12,159,587	(2,067,006)	(776,473)	1,290,533
Fund Balance at Beginning of Year	552,115	552,115	552,115	0
Prior Year Encumbrances	1,296,474	1,296,474	1,296,474	0
Fund Balance at End of Year	<u>\$ 14,008,176</u>	<u>\$ (218,417)</u>	<u>\$ 1,072,116</u>	<u>\$ 1,290,533</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Funds
For the Year Ended December 31, 2004***

INCOME TAX FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 17,810,000	\$ 17,810,000	\$ 17,852,116	\$ 42,116
All Other Revenues	0	0	133	133
Total Revenues	<u>17,810,000</u>	<u>17,810,000</u>	<u>17,852,249</u>	<u>42,249</u>
Expenditures:				
General Government:				
Personal Services	600,644	600,544	581,161	19,383
Materials and Supplies	67,289	67,289	43,531	23,758
Contractual Services	114,698	124,798	93,502	31,296
Other Expenditures	275,000	320,076	270,539	49,537
Capital Outlay	33,896	21,896	18,517	3,379
Total Expenditures	<u>1,091,527</u>	<u>1,134,603</u>	<u>1,007,250</u>	<u>127,353</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	16,718,473	16,675,397	16,844,999	169,602
Other Financing Sources (Uses):				
Transfers Out	<u>(17,221,780)</u>	<u>(17,221,780)</u>	<u>(17,192,319)</u>	<u>29,461</u>
Total Other Financing Sources (Uses)	<u>(17,221,780)</u>	<u>(17,221,780)</u>	<u>(17,192,319)</u>	<u>29,461</u>
Net Change in Fund Balance	(503,307)	(546,383)	(347,320)	199,063
Fund Balance at Beginning of Year	517,025	517,025	517,025	0
Prior Year Encumbrances	<u>50,518</u>	<u>50,518</u>	<u>50,518</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 64,236</u>	<u>\$ 21,160</u>	<u>\$ 220,223</u>	<u>\$ 199,063</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Funds
For the Year Ended December 31, 2004***

COMMUNITY DEVELOPMENT FUND				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 2,440,600	\$ 3,107,451	\$ 1,214,230	\$ (1,893,221)
Investment Earnings	6,000	6,000	2,692	(3,308)
All Other Revenues	210,000	245,000	338,871	93,871
Total Revenues	<u>2,656,600</u>	<u>3,358,451</u>	<u>1,555,793</u>	<u>(1,802,658)</u>
Expenditures:				
Community Environment:				
Personal Services	431,000	447,367	410,851	36,516
Materials and Supplies	9,893	30,848	28,110	2,738
Contractual Services	3,096,716	3,042,947	1,373,540	1,669,407
Other Expenditures	80,922	95,907	67,165	28,742
Capital Outlay	4,170	4,170	3,670	500
Total Expenditures	<u>3,622,701</u>	<u>3,621,239</u>	<u>1,883,336</u>	<u>1,737,903</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(966,101)	(262,788)	(327,543)	(64,755)
Other Financing Sources (Uses):				
Transfers Out	(500)	(2,111)	0	2,111
Total Other Financing Sources (Uses)	<u>(500)</u>	<u>(2,111)</u>	<u>0</u>	<u>2,111</u>
Net Change in Fund Balance	(966,601)	(264,899)	(327,543)	(62,644)
Fund Balance at Beginning of Year	(418,056)	(418,056)	(418,056)	0
Prior Year Encumbrances	659,958	659,958	659,958	0
Fund Balance at End of Year	<u>\$ (724,699)</u>	<u>\$ (22,997)</u>	<u>\$ (85,641)</u>	<u>\$ (62,644)</u>

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds
For the Year Ended December 31, 2004**

	CAPITAL IMPROVEMENT FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Investment Earnings	\$ 100,000	\$ 100,000	\$ 121,451	\$ 21,451
All Other Revenues	5,000	159,125	10,576	(148,549)
Total Revenues	<u>105,000</u>	<u>259,125</u>	<u>132,027</u>	<u>(127,098)</u>
Expenditures:				
Contractual Services	7,047,002	11,556,371	10,389,879	1,166,492
Materials and Supplies	11,800	30,812	29,435	1,377
Capital Outlay	533,240	710,271	704,250	6,021
Debt Service:				
Principal Retirement	315,000	465,000	315,000	150,000
Interest and Fiscal Charges	581,032	581,089	576,963	4,126
Total Expenditures	<u>8,488,074</u>	<u>13,343,543</u>	<u>12,015,527</u>	<u>1,328,016</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,383,074)	(13,084,418)	(11,883,500)	1,200,918
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	1,302,000	1,302,000	0
Transfers In	2,611,254	2,611,254	2,574,252	(37,002)
Transfers Out	(942,212)	(942,155)	(938,200)	3,955
Total Other Financing Sources (Uses)	<u>1,669,042</u>	<u>2,971,099</u>	<u>2,938,052</u>	<u>(33,047)</u>
Net Change in Fund Balance	(6,714,032)	(10,113,319)	(8,945,448)	1,167,871
Fund Balance at Beginning of Year	7,388,743	7,388,743	7,388,743	0
Prior Year Encumbrances	3,505,693	3,505,693	3,505,693	0
Fund Balance at End of Year	<u>\$ 4,180,404</u>	<u>\$ 781,117</u>	<u>\$ 1,948,988</u>	<u>\$ 1,167,871</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STREET DEPARTMENT FUND			
Revenues:			
Intergovernmental Revenues	\$ 1,643,500	\$ 1,667,640	\$ 24,140
All Other Revenues	43,770	40,979	(2,791)
Total Revenues	<u>1,687,270</u>	<u>1,708,619</u>	<u>21,349</u>
Expenditures:			
Transportation:			
Personal Services	1,745,638	1,737,488	8,150
Materials and Supplies	458,869	433,394	25,475
Contractual Services	193,980	177,860	16,120
Capital Outlay	2,668	2,668	0
Total Expenditures	<u>2,401,155</u>	<u>2,351,410</u>	<u>49,745</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(713,885)	(642,791)	71,094
Other Financing Sources (Uses):			
Sale of Capital Assets	0	100	100
Transfers In	793,967	805,352	11,385
Total Other Financing Sources (Uses)	<u>793,967</u>	<u>805,452</u>	<u>11,485</u>
Net Change in Fund Balance	80,082	162,661	82,579
Fund Balance at Beginning of Year	62,145	62,145	0
Prior Year Encumbrances	49,912	49,912	0
Fund Balance at End of Year	<u>\$ 192,139</u>	<u>\$ 274,718</u>	<u>\$ 82,579</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
CEMETERY FUND			
Revenues:			
Taxes	\$ 500	\$ 241	\$ (259)
Charges for Services	143,464	130,009	(13,455)
Investment Earnings	20,475	20,303	(172)
All Other Revenues	13,000	11,263	(1,737)
Total Revenues	<u>177,439</u>	<u>161,816</u>	<u>(15,623)</u>
Expenditures:			
Public Health and Welfare Services:			
Personal Services	326,302	322,942	3,360
Materials and Supplies	57,671	38,850	18,821
Contractual Services	102,964	79,120	23,844
Other Expenditures	14,639	12,778	1,861
Capital Outlay	4,700	4,194	506
Total Expenditures	<u>506,276</u>	<u>457,884</u>	<u>48,392</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(328,837)	(296,068)	32,769
Other Financing Sources (Uses):			
Transfers In	313,414	280,234	(33,180)
Transfers Out	(10,900)	(10,900)	0
Total Other Financing Sources (Uses)	<u>302,514</u>	<u>269,334</u>	<u>(33,180)</u>
Net Change in Fund Balance	(26,323)	(26,734)	(411)
Fund Balance at Beginning of Year	374,768	374,768	0
Prior Year Encumbrances	16,571	16,571	0
Fund Balance at End of Year	<u>\$ 365,016</u>	<u>\$ 364,605</u>	<u>\$ (411)</u>

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

PARKS AND RECREATION FUND

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 2,500	\$ 1,295	\$ (1,205)
Charges for Services	191,880	141,762	(50,118)
Licenses, Permits and Fees	11,000	9,858	(1,142)
All Other Revenues	9,000	12,281	3,281
Total Revenues	<u>214,380</u>	<u>165,196</u>	<u>(49,184)</u>
Expenditures:			
Leisure Time Activities:			
Parks and Recreation:			
Personal Services	512,626	465,616	47,010
Materials and Supplies	86,061	74,956	11,105
Contractual Services	165,629	142,179	23,450
Other Expenditures	157	23	134
Totals Parks and Recreation	<u>764,473</u>	<u>682,774</u>	<u>81,699</u>
Pools and Concessions:			
Materials and Supplies	8,217	3,571	4,646
Contractual Services	19,923	15,197	4,726
Other Expenditures	1,410	0	1,410
Total Pools and Concessions	<u>29,550</u>	<u>18,768</u>	<u>10,782</u>
Summer Recreation Program:			
Materials and Supplies	3,749	921	2,828
Contractual Services	9,498	5,734	3,764
Other Expenditures	125	0	125
Total Summer Recreation Program	<u>13,372</u>	<u>6,655</u>	<u>6,717</u>
Youth Services:			
Materials and Supplies	425	35	390
Contractual Services	2,654	1,853	801
Total Youth Services	<u>3,079</u>	<u>1,888</u>	<u>1,191</u>

(Continued)

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
PARKS AND RECREATION FUND			
Ice Skating Rink/Concession Trailer:			
Materials and Supplies	43,566	33,868	9,698
Contractual Services	86,530	66,600	19,930
Other Expenditures	2,421	1,394	1,027
Total Ice Skating Rink/Concession Trailer	<u>132,517</u>	<u>101,862</u>	<u>30,655</u>
Total Expenditures	<u>942,991</u>	<u>811,947</u>	<u>131,044</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(728,611)	(646,751)	81,860
Other Financing Sources (Uses):			
Transfers In	<u>650,505</u>	<u>551,327</u>	<u>(99,178)</u>
Total Other Financing Sources (Uses)	<u>650,505</u>	<u>551,327</u>	<u>(99,178)</u>
Net Change in Fund Balance	(78,106)	(95,424)	(17,318)
Fund Balance at Beginning of Year	(1)	(1)	0
Prior Year Encumbrances	<u>95,424</u>	<u>95,424</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 17,317</u>	<u>\$ (1)</u>	<u>\$ (17,318)</u>

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

TRAFFIC CONTROL FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	\$ 0	\$ 0	\$ 0
Expenditures:			
Security of Persons and Property:			
Parking:			
Personal Services	44,551	43,925	626
Materials and Supplies	4,818	3,964	854
Contractual Services	18,657	18,530	127
Total Parking	68,026	66,419	1,607
Traffic Sign:			
Materials and Supplies	12,640	9,568	3,072
Contractual Services	2,213	571	1,642
Total Traffic Sign	14,853	10,139	4,714
Lights:			
Materials and Supplies	5,245	4,990	255
Contractual Services	3,886	3,325	561
Total Lights	9,131	8,315	816
Total Expenditures	92,010	84,873	7,137
Excess (Deficiency) of Revenues Over (Under) Expenditures	(92,010)	(84,873)	7,137
Other Financing Sources (Uses):			
Transfers In	52,800	55,516	2,716
Total Other Financing Sources (Uses)	52,800	55,516	2,716
Net Change in Fund Balance	(39,210)	(29,357)	9,853
Fund Balance at Beginning of Year	(2)	(2)	0
Prior Year Encumbrances	29,358	29,358	0
Fund Balance at End of Year	<u>\$ (9,854)</u>	<u>\$ (1)</u>	<u>\$ 9,853</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 15,000	\$ 10,832	\$ (4,168)
Total Revenues	<u>15,000</u>	<u>10,832</u>	<u>(4,168)</u>
Expenditures:			
Community Environment:			
Personal Services	9,824	9,822	2
Contractual Services	<u>11,372</u>	<u>11,301</u>	<u>71</u>
Total Expenditures	<u>21,196</u>	<u>21,123</u>	<u>73</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,196)	(10,291)	(4,095)
Other Financing Sources (Uses):			
Transfers In	<u>7,145</u>	<u>7,145</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>7,145</u>	<u>7,145</u>	<u>0</u>
Net Change in Fund Balance	949	(3,146)	(4,095)
Fund Balance at Beginning of Year	3,066	3,066	0
Prior Year Encumbrances	<u>80</u>	<u>80</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,095</u>	<u>\$ 0</u>	<u>\$ (4,095)</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Investment Earnings	\$ 5,000	\$ 3,907	\$ (1,093)
All Other Revenues	<u>2,500</u>	<u>4,800</u>	<u>2,300</u>
Total Revenues	<u>7,500</u>	<u>8,707</u>	<u>1,207</u>
Expenditures:			
Security of Persons and Property:			
Contractual Services	<u>7,982</u>	<u>3,796</u>	<u>4,186</u>
Total Expenditures	<u>7,982</u>	<u>3,796</u>	<u>4,186</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(482)	4,911	5,393
Fund Balance at Beginning of Year	89,264	89,264	0
Prior Year Encumbrances	<u>790</u>	<u>790</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 89,572</u>	<u>\$ 94,965</u>	<u>\$ 5,393</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	POLICE GRANT FUND		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Intergovernmental Revenues	\$ 202,006	\$ 132,231	\$ (69,775)
Investment Earnings	1,100	232	(868)
Total Revenues	<u>203,106</u>	<u>132,463</u>	<u>(70,643)</u>
Expenditures:			
Security of Persons and Property:			
Personal Services	40,119	40,039	80
Materials and Supplies	6,347	6,277	70
Contractual Services	65,023	41,245	23,778
Capital Outlay	85,557	81,096	4,461
Total Expenditures	<u>197,046</u>	<u>168,657</u>	<u>28,389</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,060	(36,194)	(42,254)
Other Financing Sources (Uses):			
Advances In	<u>13,423</u>	<u>13,423</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>13,423</u>	<u>13,423</u>	<u>0</u>
Net Change in Fund Balance	19,483	(22,771)	(42,254)
Fund Balance at Beginning of Year	(12,195)	(12,195)	0
Prior Year Encumbrances	<u>14,555</u>	<u>14,555</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 21,843</u>	<u>\$ (20,411)</u>	<u>\$ (42,254)</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 441,864	\$ 401,225	\$ (40,639)
Intergovernmental Revenues	0	48,860	48,860
Total Revenues	<u>441,864</u>	<u>450,085</u>	<u>8,221</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	441,864	450,085	8,221
Other Financing Sources (Uses):			
Transfers Out	<u>(432,230)</u>	<u>(432,230)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(432,230)</u>	<u>(432,230)</u>	<u>0</u>
Net Change in Fund Balance	9,634	17,855	8,221
Fund Balance at Beginning of Year	<u>67,733</u>	<u>67,733</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 77,367</u>	<u>\$ 85,588</u>	<u>\$ 8,221</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 6,500	\$ 7,048	\$ 548
Total Revenues	<u>6,500</u>	<u>7,048</u>	<u>548</u>
Expenditures:			
Public Health and Welfare Services:			
Materials and Supplies	1,200	0	1,200
Contractual Services	<u>3,400</u>	<u>2,084</u>	<u>1,316</u>
Total Expenditures	<u>4,600</u>	<u>2,084</u>	<u>2,516</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,900	4,964	3,064
Other Financing Sources (Uses):			
Transfers Out	<u>(2,000)</u>	<u>(2,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(2,000)</u>	<u>(2,000)</u>	<u>0</u>
Net Change in Fund Balance	(100)	2,964	3,064
Fund Balance at Beginning of Year	13,871	13,871	0
Prior Year Encumbrances	<u>300</u>	<u>300</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 14,071</u>	<u>\$ 17,135</u>	<u>\$ 3,064</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 150,000	\$ 135,215	\$ (14,785)
Total Revenues	<u>150,000</u>	<u>135,215</u>	<u>(14,785)</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	150,000	135,215	(14,785)
Other Financing Sources (Uses):			
Transfers Out	<u>(150,000)</u>	<u>(145,149)</u>	<u>4,851</u>
Total Other Financing Sources (Uses)	<u>(150,000)</u>	<u>(145,149)</u>	<u>4,851</u>
Net Change in Fund Balance	0	(9,934)	(9,934)
Fund Balance at Beginning of Year	<u>9,934</u>	<u>9,934</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 9,934</u>	<u>\$ 0</u>	<u>\$ (9,934)</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 54,370	\$ 13,592	\$ (40,778)
Fines and Forfeitures	25,000	25,227	227
Total Revenues	<u>79,370</u>	<u>38,819</u>	<u>(40,551)</u>
Expenditures:			
Security of Persons and Property:			
Contractual Services	147,906	44,600	103,306
Capital Outlay	5,719	5,714	5
Total Expenditures	<u>153,625</u>	<u>50,314</u>	<u>103,311</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(74,255)	(11,495)	62,760
Fund Balance at Beginning of Year	182,966	182,966	0
Prior Year Encumbrances	44,625	44,625	0
Fund Balance at End of Year	<u>\$ 153,336</u>	<u>\$ 216,096</u>	<u>\$ 62,760</u>

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

	TRAFFIC SAFETY FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Security of Persons and Property:			
Materials and Supplies	<u>585</u>	<u>0</u>	<u>585</u>
Total Expenditures	<u>585</u>	<u>0</u>	<u>585</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(585)	0	585
Other Financing Sources (Uses):			
Transfers In	0	3,113	3,113
Transfers Out	<u>(19,353)</u>	<u>(19,353)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(19,353)</u>	<u>(16,240)</u>	<u>3,113</u>
Net Change in Fund Balance	(19,938)	(16,240)	3,698
Fund Balance at Beginning of Year	15,655	15,655	0
Prior Year Encumbrances	<u>585</u>	<u>585</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (3,698)</u>	<u>\$ 0</u>	<u>\$ 3,698</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 66,000	\$ 54,066	\$ (11,934)
Total Revenues	<u>66,000</u>	<u>54,066</u>	<u>(11,934)</u>
Expenditures:			
General Government:			
Materials and Supplies	5,084	3,815	1,269
Contractual Services	110,107	26,529	83,578
Capital Outlay	28,857	26,414	2,443
Total Expenditures	<u>144,048</u>	<u>56,758</u>	<u>87,290</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(78,048)	(2,692)	75,356
Fund Balance at Beginning of Year	137,794	137,794	0
Prior Year Encumbrances	17,190	17,190	0
Fund Balance at End of Year	<u>\$ 76,936</u>	<u>\$ 152,292</u>	<u>\$ 75,356</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	BROADCAST FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
All Other Revenues	\$ 3,600	\$ 3,600	\$ 0
Total Revenues	<u>3,600</u>	<u>3,600</u>	<u>0</u>
Expenditures:			
General Government:			
Contractual Services	<u>4,500</u>	<u>4,500</u>	<u>0</u>
Total Expenditures	<u>4,500</u>	<u>4,500</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(900)	(900)	0
Other Financing Sources (Uses):			
Transfers In	<u>900</u>	<u>900</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>900</u>	<u>900</u>	<u>0</u>
Net Change in Fund Balance	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 400,000	\$ 145,000	\$ (255,000)
Total Revenues	<u>400,000</u>	<u>145,000</u>	<u>(255,000)</u>
Expenditures:			
Transportation:			
Contractual Services	<u>447,880</u>	<u>447,881</u>	<u>(1)</u>
Total Expenditures	<u>447,880</u>	<u>447,881</u>	<u>(1)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(47,880)	(302,881)	(255,001)
Fund Balance at Beginning of Year	1	1	0
Prior Year Encumbrances	<u>302,880</u>	<u>302,880</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 255,001</u>	<u>\$ 0</u>	<u>\$ (255,001)</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
PROBATION GRANT FUND			
Revenues:			
Intergovernmental Revenues	\$ 87,521	\$ 85,934	\$ (1,587)
Total Revenues	<u>87,521</u>	<u>85,934</u>	<u>(1,587)</u>
Expenditures:			
Security of Persons and Property:			
Personal Services	114,097	101,853	12,244
Materials and Supplies	5,860	4,091	1,769
Contractual Services	8,415	6,150	2,265
Other Expenditures	5,906	0	5,906
Capital Outlay	83	0	83
Total Expenditures	<u>134,361</u>	<u>112,094</u>	<u>22,267</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,840)	(26,160)	20,680
Other Financing Sources (Uses):			
Transfers In	40,197	23,598	(16,599)
Advances In	221	221	0
Total Other Financing Sources (Uses)	<u>40,418</u>	<u>23,819</u>	<u>(16,599)</u>
Net Change in Fund Balance	(6,422)	(2,341)	4,081
Fund Balance at Beginning of Year	373	373	0
Prior Year Encumbrances	1,413	1,413	0
Fund Balance at End of Year	<u>\$ (4,636)</u>	<u>\$ (555)</u>	<u>\$ 4,081</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	IMPOUND FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
Charges for Services	\$ 105,000	\$ 83,402	\$ (21,598)
Total Revenues	<u>105,000</u>	<u>83,402</u>	<u>(21,598)</u>
Expenditures:			
Security of Persons and Property:			
Personal Services	23,566	22,808	758
Materials and Supplies	3,372	2,158	1,214
Contractual Services	106,932	80,438	26,494
Total Expenditures	<u>133,870</u>	<u>105,404</u>	<u>28,466</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(28,870)	(22,002)	6,868
Other Financing Sources (Uses):			
Sale of Capital Assets	120,000	92,400	(27,600)
Transfers Out	<u>(20,000)</u>	<u>(20,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>72,400</u>	<u>(27,600)</u>
Net Change in Fund Balance	71,130	50,398	(20,732)
Fund Balance at Beginning of Year	13,348	13,348	0
Prior Year Encumbrances	<u>19,952</u>	<u>19,952</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 104,430</u>	<u>\$ 83,698</u>	<u>\$ (20,732)</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 1,366,100	\$ 1,006,151	\$ (359,949)
Charges for Services	365,000	385,194	20,194
All Other Revenues	1,000	1,098	98
Total Revenues	<u>1,732,100</u>	<u>1,392,443</u>	<u>(339,657)</u>
Expenditures:			
Transportation:			
Personal Services	71,420	69,280	2,140
Materials and Supplies	41,443	35,105	6,338
Contractual Services	1,545,273	1,241,456	303,817
Other Expenditures	1,000	210	790
Capital Outlay	4,690	1,190	3,500
Total Expenditures	<u>1,663,826</u>	<u>1,347,241</u>	<u>316,585</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	68,274	45,202	(23,072)
Other Financing Sources (Uses):			
Advances Out	<u>(100,985)</u>	<u>(100,985)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(100,985)</u>	<u>(100,985)</u>	<u>0</u>
Net Change in Fund Balance	(32,711)	(55,783)	(23,072)
Fund Balance at Beginning of Year	(132,866)	(132,866)	0
Prior Year Encumbrances	<u>132,866</u>	<u>132,866</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (32,711)</u>	<u>\$ (55,783)</u>	<u>\$ (23,072)</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
LITTER GRANT FUND			
Revenues:			
Intergovernmental Revenues	\$ 107,048	\$ 107,048	\$ 0
All Other Revenues	17,233	17,233	0
Total Revenues	<u>124,281</u>	<u>124,281</u>	<u>0</u>
Expenditures:			
Community Environment:			
Personal Services	62,433	62,422	11
Materials and Supplies	27,767	26,623	1,144
Contractual Services	46,722	45,834	888
Total Expenditures	<u>136,922</u>	<u>134,879</u>	<u>2,043</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,641)	(10,598)	2,043
Fund Balance at Beginning of Year	26,683	26,683	0
Prior Year Encumbrances	7,369	7,369	0
Fund Balance at End of Year	<u>\$ 21,411</u>	<u>\$ 23,454</u>	<u>\$ 2,043</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	FEMA FUND		
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>4,366</u>	<u>4,366</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 4,366</u></u>	<u><u>\$ 4,366</u></u>	<u><u>\$ 0</u></u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 323,695	\$ 323,694	\$ (1)
Total Revenues	<u>323,695</u>	<u>323,694</u>	<u>(1)</u>
Expenditures:			
Public Health and Welfare:			
Contractual Services	<u>323,694</u>	<u>323,695</u>	<u>(1)</u>
Total Expenditures	<u>323,694</u>	<u>323,695</u>	<u>(1)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1	(1)	(2)
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ (1)</u>	<u>\$ (2)</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	JUDICIAL FUND		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
Fines and Forfeitures	\$ 44,000	\$ 90,832	\$ 46,832
Total Revenues	<u>44,000</u>	<u>90,832</u>	<u>46,832</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	44,000	90,832	46,832
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 44,000</u>	<u>\$ 90,832</u>	<u>\$ 46,832</u>

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2004**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Special Assessments	\$ 110,000	\$ 123,112	\$ 13,112
Total Revenues	<u>110,000</u>	<u>123,112</u>	<u>13,112</u>
Expenditures:			
General Government:			
Contractual Services	6,232	0	6,232
Debt Service:			
Principal Retirement	250,000	250,000	0
Interest and Fiscal Charges	22,339	13,058	9,281
Total Expenditures	<u>278,571</u>	<u>263,058</u>	<u>15,513</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(168,571)	(139,946)	28,625
Other Financing Sources (Uses):			
Transfers In	<u>387,625</u>	<u>233,500</u>	<u>(154,125)</u>
Total Other Financing Sources (Uses)	<u>387,625</u>	<u>233,500</u>	<u>(154,125)</u>
Net Change in Fund Balance	219,054	93,554	(125,500)
Fund Balance at Beginning of Year	23,507	23,507	0
Prior Year Encumbrances	<u>8,841</u>	<u>8,841</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 251,402</u>	<u>\$ 125,902</u>	<u>\$ (125,500)</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2004***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year	<u>3,800</u>	<u>3,800</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,800</u>	<u>\$ 3,800</u>	<u>\$ 0</u>

CITY OF NEWARK, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2004**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DEO DRIVE IMPROVEMENT FUND			
Revenues:			
Taxes	\$ 78,000	\$ 77,911	\$ (89)
Intergovernmental Revenues	0	8,766	8,766
All Other Revenues	2,000	2,322	322
Total Revenues	<u>80,000</u>	<u>88,999</u>	<u>8,999</u>
Expenditures:			
Contractual Services	324,577	316,936	7,641
Other Expenditures	10,000	10,000	0
Debt Service:			
Principal Retirement	1,125,000	1,125,000	0
Interest and Fiscal Charges	16,900	13,503	3,397
Total Expenditures	<u>1,476,477</u>	<u>1,465,439</u>	<u>11,038</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,396,477)	(1,376,440)	20,037
Other Financing Sources (Uses):			
General Obligation Notes Issued	1,125,000	1,125,000	0
Transfers In	0	13,503	13,503
Total Other Financing Sources (Uses)	<u>1,125,000</u>	<u>1,138,503</u>	<u>13,503</u>
Net Change in Fund Balance	(271,477)	(237,937)	33,540
Fund Balance at Beginning of Year	3,462	3,462	0
Prior Year Encumbrances	314,577	314,577	0
Fund Balance at End of Year	<u>\$ 46,562</u>	<u>\$ 80,102</u>	<u>\$ 33,540</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2004***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Revenues	\$ 1,131,000	\$ 2,065,915	\$ 934,915
Total Revenues	<u>1,131,000</u>	<u>2,065,915</u>	<u>934,915</u>
Expenditures:			
Contractual Services	1,225,300	1,225,300	0
Capital Outlay	<u>250,094</u>	<u>249,687</u>	<u>407</u>
Total Expenditures	<u>1,475,394</u>	<u>1,474,987</u>	<u>407</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(344,394)	590,928	935,322
Other Financing Sources (Uses):			
Advances In	469,875	469,875	0
Advances Out	<u>(1,188,825)</u>	<u>(1,188,825)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(718,950)</u>	<u>(718,950)</u>	<u>0</u>
Net Change in Fund Balance	(1,063,344)	(128,022)	935,322
Fund Balance at Beginning of Year	(853,599)	(853,599)	0
Prior Year Encumbrances	<u>853,599</u>	<u>853,599</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (1,063,344)</u>	<u>\$ (128,022)</u>	<u>\$ 935,322</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2004***

EAST MAIN STREET BRIDGE REPLACEMENT FUND			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 0	\$ 4,963	\$ 4,963
All Other Revenues	0	4,415	4,415
Total Revenues	<u>0</u>	<u>9,378</u>	<u>9,378</u>
Expenditures:			
Contractual Services	13,200	5,338	7,862
Debt Service:			
Principal Retirement	3,518,000	3,518,000	0
Interest and Fiscal Charges	44,590	43,975	615
Total Expenditures	<u>3,575,790</u>	<u>3,567,313</u>	<u>8,477</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,575,790)	(3,557,935)	17,855
Other Financing Sources (Uses):			
General Obligation Notes Issued	3,518,000	3,518,000	0
Transfers In	27,000	26,385	(615)
Total Other Financing Sources (Uses)	<u>3,545,000</u>	<u>3,544,385</u>	<u>(615)</u>
Net Change in Fund Balance	(30,790)	(13,550)	17,240
Fund Balance at Beginning of Year	<u>27,800</u>	<u>27,800</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (2,990)</u>	<u>\$ 14,250</u>	<u>\$ 17,240</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and Forfeitures	\$ 28,902	\$ 28,902	\$ 0
Total Revenues	<u>28,902</u>	<u>28,902</u>	<u>0</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	28,902	28,902	0
Fund Balance at Beginning of Year	<u>168,138</u>	<u>168,138</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 197,040</u>	<u>\$ 197,040</u>	<u>\$ 0</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes	\$ 500,000	\$ 346,398	\$ (153,602)
Intergovernmental Revenues	0	38,434	38,434
Total Revenues	<u>500,000</u>	<u>384,832</u>	<u>(115,168)</u>
Expenditures:			
Contractual Services	39,253	39,253	0
Other Expenditures	100,000	85,398	14,602
Debt Service:			
Principal Retirement	115,000	115,000	0
Interest and Fiscal Charges	<u>145,858</u>	<u>145,858</u>	<u>0</u>
Total Expenditures	<u>400,111</u>	<u>385,509</u>	<u>14,602</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	99,889	(677)	(100,566)
Fund Balance at Beginning of Year	50,910	50,910	0
Prior Year Encumbrances	<u>39,253</u>	<u>39,253</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 190,052</u>	<u>\$ 89,486</u>	<u>\$ (100,566)</u>

CITY OF NEWARK, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Permanent Fund
For the Year Ended December 31, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for Services	\$ 10,000	\$ 8,058	\$ (1,942)
Total Revenues	<u>10,000</u>	<u>8,058</u>	<u>(1,942)</u>
Expenditures:			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,000	8,058	(1,942)
Fund Balance at Beginning of Year	<u>582,277</u>	<u>582,277</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 592,277</u>	<u>\$ 590,335</u>	<u>\$ (1,942)</u>

Internal Service Funds

These funds are used to account for the financing of goods or services provided by one department to other departments of the City, on a cost-reimbursement basis.

Insurance Fund

To account for the accumulation and allocation of costs associated with insurance costs incurred by the City.

Workers' Compensation Fund

To account for the accumulation and allocation of costs associated with workers' compensation costs incurred by the City.

CITY OF NEWARK, OHIO

**Combining Statement of Net Assets
Internal Service Funds
December 31, 2004**

	<u>Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
ASSETS:			
Current assets:			
Cash and Cash Equivalents	\$ 837,082	\$ 1,786,643	\$ 2,623,725
Total current assets	<u>837,082</u>	<u>1,786,643</u>	<u>2,623,725</u>
Total assets	<u>837,082</u>	<u>1,786,643</u>	<u>2,623,725</u>
LIABILITIES			
Current liabilities:			
Accounts Payable	17,688	0	17,688
Accrued Wages and Benefits	<u>0</u>	<u>338,792</u>	<u>338,792</u>
Total Current Liabilities	<u>17,688</u>	<u>338,792</u>	<u>356,480</u>
Total Liabilities	<u>17,688</u>	<u>338,792</u>	<u>356,480</u>
NET ASSETS			
Unrestricted	<u>819,394</u>	<u>1,447,851</u>	<u>2,267,245</u>
Total Net Assets	<u>\$ 819,394</u>	<u>\$ 1,447,851</u>	<u>\$ 2,267,245</u>

CITY OF NEWARK, OHIO

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2004**

	<u>Insurance</u>	<u>Workers' Compensation</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	\$ 4,421,621	\$ 579,091	\$ 5,000,712
Other Operating Revenue	832	119,848	120,680
Total Operating Revenues	<u>4,422,453</u>	<u>698,939</u>	<u>5,121,392</u>
Operating Expenses:			
Personal Services	4,696,231	338,792	5,035,023
Contractual Services	0	4,025	4,025
Total Operating Expenses	<u>4,696,231</u>	<u>342,817</u>	<u>5,039,048</u>
Income (Loss) Before Transfers	(273,778)	356,122	82,344
Transfers:			
Transfers In	112,640	0	112,640
Transfers Out	0	(900,000)	(900,000)
Total Transfers	<u>112,640</u>	<u>(900,000)</u>	<u>(787,360)</u>
Change in Net Assets	(161,138)	(543,878)	(705,016)
Net Assets Beginning of Year	980,532	1,991,729	2,972,261
Net Assets End of Year	<u>\$ 819,394</u>	<u>\$ 1,447,851</u>	<u>\$ 2,267,245</u>

CITY OF NEWARK, OHIO**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2004**

	Insurance	Workers' Compensation	Totals
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$4,422,453	\$708,317	\$5,130,770
Cash Payments for Goods and Services	(4,679,311)	(400,028)	(5,079,339)
Net Cash Provided (Used) by Operating Activities	<u>(256,858)</u>	<u>308,289</u>	<u>51,431</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	112,640	0	112,640
Transfers Out to Other Funds	0	(900,000)	(900,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>112,640</u>	<u>(900,000)</u>	<u>(787,360)</u>
Net Decrease in Cash and Cash Equivalents	(144,218)	(591,711)	(735,929)
Cash and Cash Equivalents at Beginning of Year	981,300	2,378,354	3,359,654
Cash and Cash Equivalents at End of Year	<u>\$837,082</u>	<u>\$1,786,643</u>	<u>\$2,623,725</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	(\$273,778)	\$356,122	\$82,344
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	0	9,378	9,378
Increase in Accounts Payable	16,920	0	16,920
Decrease in Accrued Wages and Benefits	0	(57,211)	(57,211)
Total Adjustments	<u>16,920</u>	<u>(47,833)</u>	<u>(30,913)</u>
Net Cash Provided (Used) by Operating Activities	<u>(\$256,858)</u>	<u>\$308,289</u>	<u>\$51,431</u>

Fiduciary Funds

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Agency Funds

Municipal Court Fund

To account for funds that flow through the municipal court office.

Fire Code Fund

To account for funds for insurance payments received and disbursed as agent relative to fire damages incurred by City property owners.

Law Library Fund

To account for funds collected for the remittance of fines and forfeitures to the County Law Library.

CITY OF NEWARK, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2004**

	Balance December 31, 2003	Additions	Deductions	Balance December 31, 2004
<u>Municipal Court Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$354,354	\$4,330,077	(\$4,229,975)	\$454,456
Total Assets	<u>\$354,354</u>	<u>\$4,330,077</u>	<u>(\$4,229,975)</u>	<u>\$454,456</u>
Liabilities:				
Intergovernmental Payables	\$183,287	\$2,556,666	(\$2,561,552)	\$178,401
Due to Others	171,067	1,773,411	(1,668,423)	276,055
Total Liabilities	<u>\$354,354</u>	<u>\$4,330,077</u>	<u>(\$4,229,975)</u>	<u>\$454,456</u>
<u>Fire Code Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$10,010	\$58,714	(\$22,000)	\$46,724
Total Assets	<u>\$10,010</u>	<u>\$58,714</u>	<u>(\$22,000)</u>	<u>\$46,724</u>
Liabilities:				
Due to Others	\$10,010	\$58,714	(\$22,000)	\$46,724
Total Liabilities	<u>\$10,010</u>	<u>\$58,714</u>	<u>(\$22,000)</u>	<u>\$46,724</u>
<u>Law Library Fund</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$5,606	\$0	\$0	\$5,606
Total Assets	<u>\$5,606</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,606</u>
Liabilities:				
Due to Others	\$5,606	\$0	\$0	\$5,606
Total Liabilities	<u>\$5,606</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,606</u>
<u>Totals - All Agency Funds</u>				
Restricted Assets:				
Cash and Cash Equivalents	\$369,970	\$4,388,791	(\$4,251,975)	\$506,786
Total Assets	<u>\$369,970</u>	<u>\$4,388,791</u>	<u>(\$4,251,975)</u>	<u>\$506,786</u>
Liabilities:				
Intergovernmental Payables	\$183,287	\$2,556,666	(\$2,561,552)	\$178,401
Due to Others	186,683	1,832,125	(1,690,423)	328,385
Total Liabilities	<u>\$369,970</u>	<u>\$4,388,791</u>	<u>(\$4,251,975)</u>	<u>\$506,786</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*



CITY OF NEWARK, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2004***

Capital Assets

Land	\$15,547,178
Construction in Progress	6,789,926
Buildings	7,118,434
Improvements other than Buildings	4,051,428
Infrastructure	48,387,383
Machinery and Equipment	13,657,312
Total Capital Assets	<u><u>\$95,551,661</u></u>

Investment in Capital Assets

General Fund	\$8,773,882
Special Revenue Funds	4,662,900
Capital Projects Funds	80,477,916
Enterprise Funds	71,804
Bonds	982,580
Grants	455,269
Donated	127,310
Total Investment in Capital Assets	<u><u>\$95,551,661</u></u>

CITY OF NEWARK, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2004**

<u>Function and Activity</u>	<u>Land</u>	<u>Construction in Progress</u>	<u>Buildings</u>	<u>Improvements other than Buildings</u>
<u>General Government:</u>				
Mayor	\$0	\$0	\$0	\$0
Auditor	0	0	0	0
Treasurer	0	0	0	0
Law	0	0	0	0
General Administration	471,437	0	2,171,307	0
Personnel Administration	0	0	0	0
Service	0	0	1,517,744	305,324
Engineer	0	427,461	0	25,000
Information System	0	0	0	125,517
Public Safety	0	0	0	0
Income Tax	0	0	0	0
Code Administration	0	0	0	0
Council/Clerk	0	0	0	3,987
Municipal Court	0	0	0	3,800
Adult Probation	0	0	0	0
Clerk of Court	0	0	0	4,607
General Storage	0	0	0	0
Total	<u>471,437</u>	<u>427,461</u>	<u>3,689,051</u>	<u>468,235</u>
<u>Security of Persons and Property:</u>				
Police	535,816	3,495,923	201,889	129,550
Fire	315,901	2,710,791	401,553	13,193
Animal Control	0	0	0	0
Total	<u>851,717</u>	<u>6,206,714</u>	<u>603,442</u>	<u>142,743</u>
<u>Transportation:</u>				
Street	14,220,424	0	1,427,281	1,274,877
Traffic Control	0	0	0	2,289
Total	<u>14,220,424</u>	<u>0</u>	<u>1,427,281</u>	<u>1,277,166</u>
<u>Public Health and Welfare:</u>				
Health	0	0	0	0
Cemetery	0	0	728,016	579,353
Total	<u>0</u>	<u>0</u>	<u>728,016</u>	<u>579,353</u>
<u>Leisure Time Activities:</u>				
Recreation/Seniors	0	9,869	670,644	1,299,543
<u>Community Environment:</u>				
Economic and Community Development	3,600	145,882	0	284,388
Total Capital Assets	<u>\$15,547,178</u>	<u>\$6,789,926</u>	<u>\$7,118,434</u>	<u>\$4,051,428</u>

CITY OF NEWARK, OHIO

<u>Infrastructure</u>	<u>Machinery and Equipment</u>	<u>Total</u>
\$0	\$8,084	\$8,084
0	72,687	72,687
0	4,555	4,555
0	103,421	103,421
0	593,668	3,236,412
0	6,568	6,568
0	203,365	2,026,433
0	320,969	773,430
0	287,261	412,778
0	44,281	44,281
0	155,244	155,244
0	306,554	306,554
0	7,721	11,708
0	212,178	215,978
0	9,496	9,496
0	101,440	106,047
0	9,224	9,224
<u>0</u>	<u>2,446,716</u>	<u>7,502,900</u>
0	2,007,302	6,370,480
0	4,791,631	8,233,069
0	8,634	8,634
<u>0</u>	<u>6,807,567</u>	<u>14,612,183</u>
48,387,383	2,291,012	67,600,977
0	534,141	536,430
<u>48,387,383</u>	<u>2,825,153</u>	<u>68,137,407</u>
0	385,079	385,079
0	252,735	1,560,104
0	637,814	1,945,183
<u>0</u>	<u>609,750</u>	<u>2,589,806</u>
0	330,312	764,182
<u>\$48,387,383</u>	<u>\$13,657,312</u>	<u>\$95,551,661</u>

CITY OF NEWARK, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For Year Ended December 31, 2004**

Function and Activity	December 31, 2003	Transfers	Additions	Deletions	December 31, 2004
General Government:					
Mayor	\$8,084	\$0	\$0	\$0	\$8,084
Auditor	62,093	0	10,594	0	72,687
Treasurer	4,555	0	0	0	4,555
Law	103,421	0	0	0	103,421
General Administration	3,236,412	0	0	0	3,236,412
Personnel Administration	6,568	0	0	0	6,568
Service	2,024,119	0	2,314	0	2,026,433
Engineer	725,527	0	47,903	0	773,430
Information System	405,269	0	7,509	0	412,778
Public Safety	39,418	0	4,863	0	44,281
Income Tax	136,577	0	18,667	0	155,244
Code Administration	306,554	0	0	0	306,554
Council/Clerk	11,708	0	0	0	11,708
Municipal Court	200,846	0	32,630	(17,498)	215,978
Adult Probation	9,496	0	0	0	9,496
Clerk of Court	106,047	0	0	0	106,047
General Storage	9,224	0	0	0	9,224
Total	7,395,918	0	124,480	(17,498)	7,502,900
Security of Persons and Property:					
Police	2,686,479	21,453	4,212,224	(549,676)	6,370,480
Fire	4,763,500	0	3,481,069	(11,500)	8,233,069
Animal Control	30,087	(21,453)	0	0	8,634
Total	7,480,066	0	7,693,293	(561,176)	14,612,183
Transportation:					
Street	66,170,869	0	1,764,249	(334,141)	67,600,977
Traffic Control	535,262	0	1,168	0	536,430
Total	66,706,131	0	1,765,417	(334,141)	68,137,407
Public Health and Welfare:					
Health	360,001	0	25,078	0	385,079
Cemetery	1,393,261	0	166,843	0	1,560,104
Total	1,753,262	0	191,921	0	1,945,183
Leisure Time Activities:					
Recreation/Seniors	2,571,856	0	17,950	0	2,589,806
Community Environment:					
Economic and Community Development	800,512	0	3,670	(40,000)	764,182
Total Capital Assets	\$86,707,745	\$0	\$9,796,731	(\$952,815)	\$95,551,661

Looking AROUND

On The Square



STATISTICAL SECTION



STATISTICAL TABLES

***T**HE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE CITY.*

CITY OF NEWARK, OHIO

**GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
LAST TEN YEARS**

Year	Security of Persons and Property	Public Health and Welfare	Leisure Time Activities	Community Environment	Trans- portation	General Government	Capital Outlay	Debt Service	Total
1995	\$9,431,101	\$1,421,765	\$605,105	\$2,334,463	\$2,253,170	\$4,385,345	\$1,793,577	\$77,114	\$22,301,640
1996	9,966,142	1,426,893	663,154	2,113,796	2,562,421	4,780,328	3,040,874	68,617	24,622,225
1997	10,713,937	1,530,374	719,179	2,927,923	2,851,409	5,486,454	2,203,024	97,534	26,529,834
1998	11,633,701	1,553,417	741,535	2,676,503	3,354,548	5,813,884	3,770,552	243,060	29,787,200
1999	12,060,959	1,987,846	781,835	2,496,316	3,009,431	6,136,903	3,054,466	220,659	29,748,415
2000	12,401,045	2,028,556	774,609	2,518,321	2,711,224	6,150,877	2,244,604	370,938	29,200,174
2001	13,314,367	2,326,795	849,014	2,571,544	3,357,894	6,301,536	5,733,268	357,955	34,812,373
2002	14,331,955	2,400,745	857,314	2,745,924	3,047,974	6,756,970	3,178,884	401,391	33,721,157
2003	17,017,236	2,591,268	753,238	2,899,829	3,266,226	7,097,236	3,496,371	461,057	37,582,461
2004	17,238,670	2,895,378	690,045	2,978,113	4,004,744	7,307,835	9,965,693	1,081,949	46,162,427

(1) Includes General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds
Beginning in 2003, includes all Governmental Funds

CITY OF NEWARK, OHIO

**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN YEARS**

Year	Taxes	Inter-Governmental Revenues	Charges for Services	Licenses Permits and Fees	Investment Earnings	Fines and Forfeitures	All Other (2)	Total
1995	\$12,684,928	\$5,235,576	\$860,328	\$939,535	\$899,859	\$1,151,498	\$429,529	\$22,201,253
1996	13,355,337	5,472,602	930,694	1,117,447	890,480	1,123,630	755,538	23,645,728
1997	a 12,443,486	9,346,877	1,036,442	1,097,596	998,319	1,130,498	547,107	26,600,325
1998	a 13,445,961	8,801,081	1,161,337	1,127,598	1,203,931	1,138,238	425,535	27,303,681
1999	a 13,672,911	8,718,932	1,137,543	1,395,993	941,367	1,393,728	517,833	27,778,307
2000	a 14,460,762	10,529,901	1,230,212	1,422,641	1,139,430	1,686,475	511,222	30,980,643
2001	a 14,473,914	8,665,294	1,150,907	1,565,619	818,298	1,627,706	589,100	28,890,838
2002	a 19,361,211	9,722,122	1,068,884	1,773,593	460,223	1,611,441	491,157	34,488,631
2003	a 20,584,344	10,505,105	1,158,161	1,724,167	363,604	1,758,405	666,371	36,760,157
2004	a 20,867,126	11,438,931	1,195,072	1,647,136	322,867	1,520,015	855,343	37,846,490

a - Includes State Levied Shared Taxes Reclassified to Intergovernmental Revenue

(1) Includes General Fund, Special Revenue Funds, Debt Service Fund and Capital Project Funds
Beginning in 2003, includes all Governmental Funds

(2) Includes Special Assessment Revenue

CITY OF NEWARK, OHIO

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS**

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes To Total Tax Levy
1995	\$1,875,192	\$1,720,975	\$61,681	\$1,782,656	95.07%	\$92,536	4.93%
1996	1,901,242	1,743,776	44,140	1,787,916	94.04%	113,326	5.96%
1997	2,095,194	1,853,950	76,066	1,930,016	92.12%	165,178	7.88%
1998	2,186,175	2,000,609	113,781	2,114,390	96.72%	71,785	3.28%
1999	2,206,090	2,047,102	63,525	2,110,627	95.67%	95,463	4.33%
2000	2,550,578	2,301,964	68,661	2,370,625	92.94%	179,453	7.04%
2001	2,611,482	2,354,000	120,394	2,474,394	94.75%	137,088	5.25%
2002	2,597,220	2,334,319	82,255	2,416,574	93.04%	180,646	6.96%
2003	2,919,934	2,620,715	93,073	2,713,788	92.94%	206,146	7.06%
2004	2,874,304	2,626,825	88,105	2,714,930	94.46%	164,374	5.72%

Source: Licking County Auditor

**TANGIBLE TAX COLLECTED
LAST TEN YEARS**

<u>Year Paid</u>	<u>Amount</u>
1995	\$225,349
1996	224,837
1997	196,866
1998	307,741
1999	265,716
2000	223,432
2001	350,543
2002	234,636
2003	288,279
2004	271,071

CITY OF NEWARK, OHIO

**ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES
OF TAXABLE PROPERTY
LAST TEN YEARS**

Tax Year	Real Property		Public Utility Personal		Tangible Personal Property		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1995	\$388,820,020	\$1,110,914,340	\$33,824,680	\$33,824,680	\$61,258,690	\$245,034,760	\$483,903,390	\$1,389,773,780	34.82%
1996	436,671,260	1,247,632,171	32,818,540	32,818,540	62,237,040	248,948,160	531,726,840	1,529,398,871	34.77%
1997	447,201,930	1,277,719,800	32,416,900	32,416,900	61,655,510	246,622,040	541,274,340	1,556,758,740	34.77%
1998	466,676,380	1,333,361,086	32,510,910	32,510,910	63,618,490	254,473,960	562,805,780	1,620,345,956	34.73%
1999	545,493,340	1,558,522,400	29,461,150	29,461,150	59,564,470	238,257,888	634,518,960	1,826,241,438	34.74%
2000	554,376,620	1,583,933,200	31,010,390	31,010,390	69,314,670	277,258,680	654,701,680	1,892,202,270	34.60%
2001	563,976,650	1,611,361,860	22,767,980	22,767,980	72,137,560	288,550,240	658,882,190	1,922,680,080	34.27%
2002	625,078,160	1,785,937,600	23,735,560	23,735,560	70,159,740	280,638,960	718,973,460	2,090,312,120	34.40%
2003	638,586,350	1,824,532,429	23,530,710	23,530,710	74,321,520	297,286,080	736,438,580	2,145,349,219	34.33%
2004	653,241,740	1,866,404,971	23,897,680	23,897,680	65,833,550	263,334,200	742,972,970	2,153,636,851	34.50%

Source: Licking County Auditor

CITY OF NEWARK, OHIO

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATIONS)
LAST TEN YEARS**

Collection Year	City of Newark				Newark City School District	Vo-Ed School	Licking County	Total
	General Fund	Police Pension	Fire Pension	Total City				
1995	3.10	0.30	0.30	3.70	48.00	2.00	6.70	60.40
1996	3.10	0.30	0.30	3.70	48.00	2.00	7.20	60.90
1997	3.10	0.30	0.30	3.70	49.00	2.00	7.20	61.90
1998	3.10	0.30	0.30	3.70	49.00	2.00	7.20	61.90
1999	3.10	0.30	0.30	3.70	31.25	2.00	7.20	44.15
2000	3.10	0.30	0.30	3.70	31.22	2.00	7.20	44.12
2001	3.10	0.30	0.30	3.70	31.22	2.00	7.20	44.12
2002	3.10	0.30	0.30	3.70	31.21	2.00	7.20	44.11
2003	3.10	0.30	0.30	3.70	31.14	3.00	7.20	45.04
2004	3.10	0.30	0.30	3.70	37.02	3.00	7.20	50.92

Source: Licking County Auditor

**SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN YEARS**

Collection Year	Amount Billed	Amount Collected	Percent Collected
1995	\$106,797	\$20,858	19.53%
1996	120,684	19,104	15.83%
1997	132,623	15,615	11.77%
1998	64,257	50,379	78.40%
1999	175,546	51,610	29.40%
2000	157,845	49,680	31.47%
2001	174,572	42,285	24.22%
2002	104,473	29,059	27.81%
2003	136,632	80,294	58.77%
2004	21,473	20,643	96.13%

Source: Licking County Auditor

This table reflects only those special assessments collected through the County Auditor's office. It does not reflect lump sum payments received by the City.

**COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2004**

	<u>Total Debt</u>	<u>Unvoted Debt</u>
Net Assessed Valuation	\$742,972,970	\$742,972,970
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	78,012,162	40,863,513
City Debt Outstanding (2)	15,015,991	15,015,991
Less: Applicable Debt Service Fund Amounts	<u>(125,902)</u>	<u>(125,902)</u>
Net Indebtedness Subject to Limitation	<u>14,890,089</u>	<u>14,890,089</u>
Legal Debt Margin	<u><u>\$63,122,073</u></u>	<u><u>\$25,973,424</u></u>

(1) Direct Debt Limitation Based Upon Section 133, The Uniform Bond Act of the Ohio Revised Code

(2) City Debt Outstanding Includes Non Self-Supporting General Obligation Notes and Bonds.
Enterprise Debt and Special Assessment Debt is Not Considered in the Computation of the Legal Debt Margin.

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TWO YEARS**

Year	Population	Assessed Value	Gross Bonded Debt (1)	Debt Service Funds Available	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
2003	46,279	\$736,438,580	\$10,994,991	\$17,864	\$10,977,127	1.49%	\$237.19
2004	46,279	742,972,970	10,829,991	125,902	10,704,089	1.44%	231.29

(1) Includes all general obligation bonded debt supported by property taxes.
Does not include the East Main Street Improvement Tax Increment Financing Bonds which are supported by payments in lieu of taxes.
The City of Newark did not have any General Obligation Debt from 1995-2002.

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION
BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TWO YEARS**

<u>Year</u>	<u>Debt Principal</u>	<u>Debt Interest</u>	<u>Total Bonded Debt Service</u>	<u>Total General Governmental Expenditures(1)</u>	<u>Debt Service to Total General Governmental Expenditures</u>
2003	\$0	\$0	\$0	\$37,582,461	0.00%
2004	165,000	572,781	737,781	46,162,427	1.60%

(1) Includes all Governmental Funds.

The City of Newark did not have any General Obligation Debt from 1995-2002.

CITY OF NEWARK, OHIO

**COMPUTATION OF ALL DIRECT AND OVERLAPPING
GENERAL OBLIGATION DEBT
DECEMBER 31, 2004**

<u>Jurisdiction</u>	<u>Net Debt Outstanding (1)</u>	<u>Percentage Applicable to City of Newark (2)</u>	<u>Amount Applicable to City of Newark</u>
Direct			
City of Newark	\$14,890,089	100.00%	\$14,890,089
Overlapping Subdivisions			
Licking County	10,908,780	22.07%	<u>2,407,568</u>
		Subtotal	<u>2,407,568</u>
		Total	<u><u>\$17,297,657</u></u>

(1) Does not include Self-Supporting General Obligation Bonds or Notes

(2) The percentage of gross indebtedness of the City's overlapping political subdivisions was determined by dividing each overlapping subdivision's assessed value within the City by its total assessed value

Source: Licking County Auditor

**DEMOGRAPHIC STATISTICS
LAST TEN YEARS**

<u>Year</u>	<u>Population (1)</u>		<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
1995	45,200	(a)	8,958	4.4%
1996	47,450	(a)	8,800	3.6%
1997	47,450	(a)	8,796	3.6%
1998	47,450	(a)	8,561	3.5%
1999	47,450	(a)	8,553	3.6%
2000	47,450	(a)	8,605	3.6%
2001	46,279	(b)	8,562	4.3%
2002	46,279	(b)	8,590	5.9%
2003	46,279	(b)	8,531	5.9%
2004	46,279	(b)	8,588	5.9%

(1) Source: U.S. Bureau of Census of Population:
(a) Estimated; (b) Federal 2000 Census

(2) Source: Newark School District, Board of Education and Newark Catholic Schools

(3) Source: Chamber of Commerce

**PROPERTY VALUE AND CONSTRUCTION PERMITS
LAST TEN YEARS**

<u>Year</u>	<u>Residential (1)</u>		<u>Commercial (1)</u>	
	<u>Number of Permits</u>	<u>Property Value</u>	<u>Number of Permits</u>	<u>Property Value</u>
1995 (1)	1,043	\$72,176,209	261	\$39,344,585
1996	423	16,388,537	179	19,863,836
1997	392	14,879,339	200	49,577,820
1998	413	13,745,663	194	33,377,351
1999	346	10,227,271	185	12,604,267
2000	378	18,227,717	172	29,590,974
2001	326	29,963,320	174	19,669,769
2002	411	31,971,545	238	24,467,294
2003	586	35,976,042	191	28,752,140
2004	555	36,576,196	213	43,662,216

Source: City of Newark Building Department

(1) Includes all of Licking County

CITY OF NEWARK, OHIO

**PRINCIPAL TAXPAYERS (PROPERTY TAX)
DECEMBER 31, 2004**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1.	Ohio Power Company	Public Utility	\$14,439,480	1.93%
2.	Alltel Ohio, Inc.	Public Utility	6,422,960	0.86%
3.	Cherry Jack Limited	Real Estate	4,836,200	0.65%
4.	Owens Corning Fiberglass	Manufacturing	3,406,340	0.46%
5.	Health Care Property Investors Inc.	Nursing Homes	2,288,340	0.31%
6.	State Farm Auto Insurance	Insurance	2,043,240	0.28%
7.	Licking Memorial Health Systems	Hospital	1,983,250	0.27%
8.	Southgate Company	Development	1,916,860	0.26%
9.	Meijer Stores	Retail	1,826,410	0.25%
10.	National Gas & Oil Corporation	Public Utility	1,806,620	0.24%
		Sub-Total	40,969,700	5.51%
		All Others	702,003,270	94.49%
		Total	<u>\$742,972,970</u>	<u>100.00%</u>

Source: Licking County, Ohio: County Auditor and Treasurer

**PRINCIPAL EMPLOYERS
DECEMBER 31, 2004**

<u>Employer</u>	<u>Number of Employees</u>
1. State Farm Insurance	1,401
2. Newark City Schools	1,312
3. Licking County Government	1,243
4. Licking Memorial Hospital	1,195
5. Anomatic Corp.	1,145
6. Longaberger, Inc.	1,052
7. Owens Corning, Inc.	1,045
8. OSU-N/COTC	631
9. Newark City Government	521
10. Park National Bank Corporation	493

Source: City of Newark Income Tax Department

CITY OF NEWARK, OHIO

**MISCELLANEOUS STATISTICS
DECEMBER 31, 2004**

Date of Incorporation	1826	Police Services:		Water System:	
Form of Government	Charter	Number of Stations	1	Number of Purification Plants	1
Area (square miles)	19.04	Number of Police Personnel and Officers	92	Miles of Water Mains	193
Facilities and Services:		Number of Patrol Units	20	Number of Fire Hydrants	1,630
Miles of Streets	204	Number of Law Violations:		Number of Service Connections	17,268
Number of Street Lights	3,322	Criminal Juvenile Citations and Charges	1,421	Average Daily Consumption (Gallons)	8.1M
(per American Electric Power and Licking Rural Electric)		Traffic Citations Issued	1,872	Maximum Daily Capacity of Plant (Gallon)	15M
		Parking Tickets Written	1,716	Sewerage System:	
Recreation and Culture:		Fire/Emergency Medical Services:		Number of Treatment Plants	1
Number of Parks	39	Number of Stations	4	Miles of Sanitary Sewers	177
Park Area (acres)	1,422	Number of Fire Personnel and Officers	84	Miles of Storm Sewers	86
Number of Ball Fields:		Number of Calls Answered	10,111	Number of Service Connections	15,017
Lighted	2	Number of Inspections	1,070	Average Daily Treatment (Gallons)	8.02M
Unlighted	8	Parking Facilities:		Maximum Daily Capacity of Treatment (Gallons)	26M
Number of Libraries	2	Parking Spaces	184	Education: *	
Number of Cemeteries	1	Off-Street Parking Lots	3	Elementary Schools	21
Cemetery Area (Acres)	118	Parking Spaces	1,379	Elementary School Students	6,181
Hospitals:		On-Street Parking Meters	373	Elementary School Instructors	407
Number of Hospitals	1	Average Daily Cars Parked	1,286	Secondary Schools	2
Number of Patient Beds	185			Secondary School Students	2,407
Number of Bassinets	25			Secondary School Instructors	164
				Colleges	2
				College Students	3,429

* Total School District data provided by the Newark School District, Newark Catholic Schools and other private schools





1875



**Auditor of State
Betty Montgomery**

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Facsimile 614-466-4490

CITY OF NEWARK

LICKING COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 9, 2005**